



City of Urbandale  
Audit Committee of the City Council  
November 19, 2012

**Audit Committee Members**

- Robert Andeweg, Mayor
- Ron Pogge, Council Member
- John Forbes, Council Member
- Donald J. Brush, Public Member / City Treasurer

**Meeting Summary and Action Taken**

The Audit Committee of the Urbandale City Council met on Monday, November 19, 2012, in the large conference room adjacent the Council Chambers at the Urbandale City Administrative Offices, 3600 86<sup>th</sup> Street, Urbandale, Iowa. Audit Committee Members in attendance were Council Members Ron Pogge and John Forbes, and Public Member Donald J. Brush. Mayor Robert Andeweg as absent from the meeting due to another commitment. Also in attendance was Nicole Lamb, Finance Director for the City of Urbandale, A. J. Johnson, City Manager, and David R. Cahill, CPA representing Eide Bailly LLP, the independent auditors for the City. The meeting was called to order at 1:31 PM by Chairperson Brush.

The agenda for the meeting was accepted and approved by a motion from Forbes and seconded by Pogge.

The minutes of the Audit Committee meeting of December 5, 2011 were reviewed and approved by the Committee on a motion made by Forbes and seconded by Brush ó Pogge abstained.

Each member of the Audit Committee had previously been provided with a draft copy of the City's Comprehensive Annual Financial Report (the "CAFR") for the Fiscal Years Ended June 30, 2012, which also included the audited financial statements and other supporting documents.

Mr. Cahill of Eide Bailly LLP proceeded to provide the Committee with a synopsis and summary on each of the four primary sections of the CAFR document. These sections are categorized as follows: Introductory; Financial; Statistical; and Compliance.

**I - Introductory Section**

- Reference was first made to the inclusion and significance of the "Certificate of Achievement for Excellence in Financial Reporting" as presented to the City of Urbandale by the Government Finance Officers Association (the "GFOA") for its CAFR for the Fiscal Year Ended June 30, 2011. Mr. Cahill stressed the importance of this particular Certificate and such a Certificate is issued only to a limited number of governmental entities on an annual basis. This is the twenty-ninth year that the City of Urbandale has been issued the Certificate of Achievement. Appropriate financial data and supporting documents will be submitted again this year to the GFOA for consideration of this recognition.

- Reference was then made to the **Letter of Transmittal** that was prepared by the City Manager and Financial Director on behalf of the City of Urbandale. The **Letter of Transmittal** as prepared by the City of Urbandale exceeds the minimal requirements for such a document as prescribed by GFOA. As prepared by the City, the document provides an excellent overview of the activities of the City over the past fiscal year in addition to providing an appropriate narrative in support of the financial statements.

## **II - Financial Section**

- The **Independent Auditor's Report** as issued by Eide Bailly LLP as to an unqualified opinion on the financial statements of the City as presented in the CAFR for the Year Ended June 30, 2012. Attention was given to the two paragraphs on the second page (page 2) of the Auditor's Report that provide discussion on the supplemental data that is required to be provided under the provisions of the Governmental Accounting Standards Board (GASB).
- Reference was again made to the significance of the **Management's Discussion and Analysis** (the "MDA") section of the CAFR as prepared by the City's Financial Management Team and the City Manager, and reviewed by Eide Bailly LLP. It was again noted that this particular section of the report, along with the Letter of Transmittal in the Introductory Section, both provide an excellent overview of the financial position of the City. It was noted by Mr. Cahill that these documents as prepared by the Finance Director and City Manager far exceed the minimum requirements of GFOA and are certainly top-quality in both their form and the information when compared to similar reports of other governmental entities.
- The **Basic Financial Statements** consisting of both the **Government-wide Financial Statements of Net Assets & Activities** (page 15-16) and the individual **Fund Financial Statements** (pages 17-24) were then discussed in detail. Attention was made to the Statement of Net Assets which now includes, in addition to the governmental activities, a separate column entitled "Business-type Activities" which represents the storm-water utility funds classified as a non-major enterprise funds, and the Component Unit which represents the water department. The Statement of New Assets is presented recognizing a full accrual method of accounting. The subsequent financial statements presented in this section reflect a breakdown of the major or primary governmental funds and the proprietary or enterprise funds both external and internal. Also included is the latter pages of the financial statement information is the fiduciary or Agency Funds (which are funds held for others).

Attention was then given to the review, overview, and discussion of each the Governmental Funds' statements in the report with reference given to the reporting standards as to those funds that are required to be reported individually or in detail within the report. Specific reference was also given to the footnotes related to the governmental funds.

- **Notes to the Financial Statements** as are presented on pages 25-49 were referenced and it was noted that this section of the CAFR provides an important overview summary of the significant accounting policies in addition to supporting narrative relating to the financial statements. Mr. Cahill stressed the importance of the footnotes which constitute an integral part of the total financial statement presentation.
- **Required Supplementary Information** in support of the financial statements including Budgetary Comparison schedules and other supplementary information such as financial information on Non-major Governmental Funds, Proprietary Funds, and Agency Funds. It was noted that certain segments of these statements are presented in a format that is specifically intended to meet the financial presentation policies established within the State of Iowa. It was noted that this section of the report provides a comparative financial summary

of actual financial results to budget, and a modified reconciliation between the cash to accrual basis of financial presentation. Particular reference was made to the decrease in the unfunded actuarial accrued liability (UAAL) amount for the Retiree Health Plan schedule as shown on page 54 of the CAFR and the supporting narrative as provide in Note 7 of the financial footnotes. There was also some additional discussion on the Non-Major Governmental Funds as presented and shown on pages 57 through 61 of the CAFT.

### **III - Statistical Section**

- **Other Statistical and Financial Information** (Unaudited) relating to the City's activities as prepared by the City's Financial Management Team and reviewed by Eide Bailly LLP. A very informative section within the report with significant data relating not only to financial measurements and trends but also information on debt capacity, population, demographic and economic data, and other statistical data. The information presented in this section has been standardized and is in accordance with the requirements of GASB Statement No. 34. Since the implementation and fulfillment of these reporting requirements, ten years of comparative data has now been accumulated and assembled for presentation in this section.

### **IV – Section on Compliance and Internal Controls**

- **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements** as issued by Eide Bailly LLP and in compliance with the standards applicable under the Government Auditing Standards as issued by the Comptroller General of the United States.
- **Report on Compliance with Requirements Applicable to Major Federal Programs** as required by the U.S. Office of Management and Budget (the "OMB") Circular A-133.
- **Schedule of Expenditures of Federal Awards** as required by the U.S. Office of Management and Budget (the "OMB") Circular A-133 along with notes in support of the individual fund programs and grants.
- **Schedule of Findings and Questioned Costs** section of the reports provides a summary of observations and findings that were noted by Eide Bailly LLP during the audit engagement. Included in this section is a reference of the reportable individual items noted, recommendation for correction, response from the City's Management Team, and the conclusion of the Auditors to each of the respective items.

Mr. Cahill then provided the Committee with an outstanding "Executive Summary" narrative report on the financial activities of the City for the year along some comparative references to changes in ending balances between the current fiscal year and last year.

The members of the Audit Committee were provided with an opportunity to ask questions and/or to make observations during the entire presentation and were provided with additional information when and where required.

At the conclusion of the presentation, Mr. Cahill of Eide Bailly reported to the Audit Committee that they were very pleased with the continuing improved ease in the performance of each year's audit engagement. He further reported that the staff and personnel of the City were extremely helpful and cooperative during the audit engagement, and that they were very appreciative of both the quality and timing of the advanced audit field work data that is prepared for them prior to their performing their field work.

A motion was made by Pogge and seconded by Forbes to accept the CAFR report as presented and authorized forwarding the report on to the City Council for their acceptance and approval at their meeting on November 27, 2012.

The Committee thanked Mr. Cahill for his presentation and he was excused from the meeting.

### **Policy & Procedure Review**

The next item to come before the Committee was the summary review and discussion on certain updates to certain policies and procedures of the City. Normally the annual discussions and reviews of City Policies is done at a separate meeting of the Audit Committee and usually done at mid-year. Due to scheduling difficulties, the Committee was unable to be accomplished this particular normal review although there were no major areas or items within any of the City's policies and procedures that needed to be addressed or have significant revisions done requiring a special meeting. Therefore, the annual review is being conducted at this meeting with a summary review of the following policies, and operational and/or functional procedures:

- **Policy on Conflict of Interest, Code of Ethics, Gifts** ó No additions, changes, revisions or recommendations necessary to the current policy as written.
- **Investment Policy** ó No additions, changes, revisions or recommendations necessary to the current policy as written.
- **Whistle-Blower Policy** - No additions, changes, revisions or recommendations necessary to the current policy as written.
- **Procurement Card Program Policy and Procedures Manual** - No significant changes, necessary to the current policy and procedures except as noted and discussed relating to Section 5 (page 4) on suspension of a user of the card program for failure to follow the provisions of the policy and procedures. Recommended change acknowledged.
- **External Organizations Funding Request Form for the FY 13-14** ó Updating and adopting the form to be used by organizations in requesting funds from the City in the upcoming budget process.
- **City's Bid & Quote Threshold Grid** ó An annual update and adopting the bid grid as required by Iowa Code Section 314.1B and established by the Iowa DOT.
- **Fiscal Performance Goals** - No additions, changes, revisions or recommendations necessary to the current policy as written other than clarification of the provision relating to debt financing as noted on page one. Some discussion on a possible change in the percentage of reserves as provided on page two but it was the decision of the Committee to defer such a change until mid next year following adoption of the City budget, assessment of any possible legislative action that might be taken, and reviewing updates in the City's long-term fiscal projections.

Following the discussions and review of the proposed minor revisions, a motion was made by Forbes and seconded by Pogge to forward to the Council the recommendations of the Committee as to the annual review and approval of the above Policies and Procedures.

Having no others items to be brought before the Committee for consideration, the Audit Committee meeting was adjourned at approximately 3:10 PM with the motion being made by Brush and seconded by Pogge.