



City of Urbandale
Audit Committee of the City Council
December 5, 2011

Audit Committee Members

- Robert Andeweg, Mayor
- Mary Polson, 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, December 5, 2011, in the large conference room adjacent the Council Chambers at the Urbandale City Administrative Offices, 3600 86th Street, Urbandale, Iowa. Audit Committee Members in attendance were Mayor Robert Andeweg, Council Members Mary Polson and John Forbes, and Public Member Donald J. Brush. Also in attendance was Nicole Lamb, Finance Director for the City of Urbandale, A. J. Johnson, City Manager, Kim Keisler, Assistant Finance Director, and David R. Cahill, CPA representing Eide Bailly LLP, the independent auditors for the City. The meeting was called to order at 1:03 PM by Chairperson Brush.

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

The minutes of the Audit Committee meeting of August 16, 2011 were reviewed and approved by the Committee on a motion made by Andeweg and seconded by Forbes.

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, 2011, 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, 2010. 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-eighth 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. Mr. Cahill expressed the importance of this document along with the **Management's Discussion and Analysis** (the "MDA") included in the financial section of CAFR. 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, both of these specific documents provide an excellent recap 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, 2011. Attention was given to the new paragraph relating to the City's adoption of the new required provisions of GASB Statement 54 as to additional requirements for reporting specific and individual funds within the CAFR.
- 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** and the individual **Fund Financial Statements** were then discussed in detail. Attention was made to change in the Statement of Net Assets which now includes a separate column entitled "Business-type Activities" which represents the storm-water utility funds classified as a non-major enterprise funds. The Statement of Net Assets is presented recognizing a full accrual method of accounting. These statements as presented are for all financial accounts of the City with the exception of Agency Funds (which are funds held for others) which are reflected separately in latter pages of the basic financial section of the report. The Statements reflect both the "primary governmental activities", "business-type activities" (storm-water utility fund), and "component unit" which is the Water Department.

Attention was then given to the review, overview, and discussion of 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** 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 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 56 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 page 59 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, a minimum of nine years and in most cases 10 years of comparative data has assembled and now presented 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. It was also reported to the Committee that certain statements with comparative fiscal year-end financial data have been discontinued due to the implementation of some of the new reporting compliance requirements and the amount time that would be required to re-assemble the data for the prior year. The City of Urbandale has been one of the only cities to have previously provided the comparative financial data in their CAFR reports.

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, the members of the City's Financial Management Team in attendance were excused from the meeting. 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. Mr. Cahill specifically noted that there are very few communities that have a financial management team of the caliber as in Urbandale, and an Audit Committee as active and involved as is the case in the City of Urbandale. Particularly made reference and complimented Nicci Lamb for her knowledge and ability in maintaining compliance with the ever changing financial reporting standards.

The Committee thanked Mr. Cahill for his presentation and the members of the City's Financial Management Team were requested to return to the conference room to meet with the Committee.

Policy Review

The next item to come before the Committee was the review and discussion on certain updates to the City's Debt Management Policies. Each of the Committee Members had previously been provided with a copy of the debt policies with the required revisions and amendments highlighted in yellow. The Finance Director provided the Committee with overview of the changes that assures further compliance with the Internal Revenue Code and Treasury Regulations. The changes and revisions have been reviewed by the City's Bond Counsel.

On a motions was made by Andeweg and seconded by Forbes, the Committee recommended updated Debt Management Policies be forwarded to the City Council for formal action and approval.

Finance Director's Update

The Finance Director then provided the Committee with update on the status and activities within the procurement cards and AP programs. It was noted that there has been several employees that have had their card usage privileges suspended due to use of the card for the purchase of food which is identified within the "Procurement Card Program Policies and Procedures" as one of the excluded items. Following a discussion on such suspensions and the possible reinstatement of a suspended card user, it was the recommendation of the Committee to address that topic at the time the Procurement Card Policy and Procedures are reviewed by the Committee in approximately six months.

The Committee was also provided with a report by the Finance Director on the number of external organizations that had submitted requests for Hotel/Motel Tax funding. The Mayor will be designating a special committee to review the individual requests applications following the opportunity for the organizations to make an oral presentations made before the Council. The Mayor's designated committee will meet some time in early January.

Having no others items to be brought before the Committee for consideration, the Audit Committee meeting was adjourned at approximately 2:18 PM with the motion being made by Polson and seconded by Andeweg.