



City of Urbandale  
Audit Committee of the City Council  
December 7, 2010

**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 Tuesday, December 7, 2010, 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 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, and David R. Cahill, CPA representing Eide Bailly LLP, the independent auditors for the City. The meeting was called to order at 3:35 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 April 27, 2010 were reviewed and approved by the Committee on a motion made by Andeweg and seconded by Polson.

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, 2010 and 2009, which also included the audited financial statements and other supporting documents. The Letter of Transmittal for inclusion in the CAFR was presented to the Committee at the meeting.

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

**I - Introductory Section**

- Reference was 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, 2009. 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-seventh year that the City of Urbandale has been issued the Certificate of Achievement.

- 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") as a part of the CAFR. The **Letter of Transmittal** as prepared by the City of Urbandale exceeds the minimal requirements for the document as prescribed by GFOA. As prepared by the City, it provides an exceptional summary of the significant activities during the year, and, combined with the MDA, also provides an excellent overview narrative of the City's fiscal performance. He noted that these documents as prepared by the Finance Director and City Manager would be considered "top notch" as to both the form and information when compared to similar reports of other governmental entities. The documents provide an excellent recap of the activities of the City over the past fiscal year in addition to providing narrative in support of the financial statements sections.

## **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 Years Ended June 30, 2010 and 2009.
- 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 section of the report provides an excellent overview of the financial position of the City.
- 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. The Statement of Net Assets is presented recognizing a full accrual method. The statements all financial accounts and data of the City with the exception of Agency Funds (which are funds held for others) which are reflected separately in the report. The Statement reflects both the "primary governmental activities" and "component unit" which represents the Water Department. The Statement of Activities represent Reference was made to the format of these statements and the presentation of the financial data in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.
- **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 integrate 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 polices 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 to the schedule of funding progress for the Retiree Health Plan page 62 of the CAFR and as was also noted in note 7 pertaining to other postemployment benefits (OPEB), the funding policy, and the annual OPEB cost and net obligation.

### **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 eight 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 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 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 discussed with the Audit Committee some of the additional procedures required under the Governmental Accounting Standards (GASB) including the Risk Assessment Audit Standards that were implemented during the current audit engagement.

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, Chairperson Brush stated that in lieu of having the members of the City's Financial Management Team excused from the meeting for purposes of direct discussions between the Audit Committee Members and Mr. Cahill of Eide Bailly, it was suggested that Members of the Audit Committee contact the Chairperson Brush directly if they wished to have the Committee discussed specific issues or topics with Mr. Cahill or a representative of Eide Bailly. There were no objections to this purposed arrangement.

Mr. Cahill reported to the Audit Committee that this is the sixth year in their role as the auditors for the City of Urbandale and that they were again pleased and appreciative of assistance and cooperation from the City personnel during the audit engagement. Mr. Cahill again 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. He further noted that this year's engagement is the final within the current three year engagement agreement, and noted

that the City will need to give consideration to a new engagement arrangement. There was some discussion by the Committee Members as to whether to issue an RFP for future audit services or to consider extending a request for a professional service proposal from our current auditors. The matter will be discussed at the next Audit Committee meeting which is scheduled for January of 2011.

The Audit Committee was advised that the final draft of the City's Comprehensive Annual Financial Report (the "CAFR") will be prepared and submitted to the City's Financial Management Team for submittal to the City Council at their meeting on Tuesday, December 14, 2010. It was also suggested that minutes of this Audit Committee meeting accompany the final report to the City Council and that a member of the Audit Committee and/or of the Financial Management Team be prepared to provide a summary overview of the CAFR and be prepared to respond to any questions from the City Council Members.

A motion was made by Polson and seconded by Andeweg 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 December 14, 2010.

The Finance Director then provided the Audit Committee Members with information and updates on the following topics:

- Procedures for Securing an Annual Affirmation from Boards & Commissions Members on the City's Conflicts of Interest, Code of Ethics and Gifts Policy.
- Procurement Cards & AP Programs – An informational update.
- I-Cash Program – An informational update.

Based on the proposed letter provided to the Committee for review, the Committee acknowledged and authorized Management to proceed in the issuance of a letter, over the Mayor signature, to request individual affirmation from each of the City's Board and Commission Members on the City's Conflicts of Interest, Code of Ethics and Gifts Policy.

As it pertains to the activities role of the Audit Committee, it was suggested and recommended that the Committee review and assess the adequacy of the current Audit Committee Charter and update it if appropriate. It was also requested that the Committee give consider the possibility of adding one or two additional public members to the Audit Committee. The designation of membership for the Committee is provided in the Audit Committee Charter. Both of these items will be discussed at the next scheduled Audit Committee Meeting.

The Committee meeting was adjourned at approximately 4:55 PM with the motion being made by Andeweg and seconded by Polson.