CITY OF LONE TREE
Audit Committee Minutes
December 4, 2014

A meeting of the City of Lone Tree's Audit Committee was held on Thursday, December 4, 2014, at 10:00 a.m. at the City of Lone Tree Municipal Office, 9220 Kimmer Drive, Suite 100.

The following Committee members were present:
Vice Chair Chris Howson, CPA, Lone Tree Resident
Andrew Dodgen, CPA, Lone Tree Resident
Kim Monson, Council Member
Seth Hoffman, City Manager
Kristin Baumgartner, CPA, Finance Director

Committee Member Suzanne Gibson was absent.

Also present:
Heather Lunde, Accountant

Vice Chair Howson called the meeting to order at 10:03 a.m.

Review and Approval of June 12, 2014 Minutes
No corrections were received after the minutes were sent for review after the meeting. There were no corrections noted. Vice Chair Howson moved, Mr. Dodgen seconded, to approve the June 12, 2014 Minutes. The motion passed unanimously.

Update on Audit Committee Members
Kristin Baumgartner provided an update on two of the audit committee members, Andrew Dodgen and Chris Howson. Andrew Dodgen accepted a position to be a member of the Planning Commission and since the City's policy limits membership to one committee/commission group, this was Andrew's last meeting as a member of the audit committee. Chris Howson recently received a promotion at his employment and will be relocating to Nevada, so this was also Chris' last meeting. The remaining members of the committee extended their gratitude to Andrew and Chris for their time and commitment to the audit committee and wished them well.

The newest members to join the audit committee, Suzanne Gibson and Dan Reeb, were selected by Council and accepted the Council's offer to become a member of the audit committee. There is one vacant position that will be filled soon. Their first meeting will be on March 4, 2015.

Update on 2015 Engagement Letter with Wagner, Barnes, and Griggs, PC
The engagement letter for auditing services was approved by Council at the December 2, 2014 meeting. The total cost of the 2014 audit, to be completed in 2015, was reduced $3,000 due to the auditor not having to complete extra internal control testing. In the previous years audit, this additional testing was required since Finance was brought fully in-house.

Overview of the 2015 Budget Process and Draft
Kristin Baumgartner provided an overview of the 2015 budget process. The process starts in May with a City Council retreat where Council provides staff with policy direction. During June-August, City staff prepare a draft budget, which is presented to Council in late August/September at a two-day work session. A draft is made available to the public on October 15th on the City's website and a public hearing is held in November. The final budget will be adopted at the December 16, 2014 Council meeting.

The draft budget was distributed and the highlighted areas included: the working reserve percentages for 2014 and 2015, the capital reserve and the larger projects in 2015, revenues (sales tax) and expenditures (capital outlay and police department). Additionally, Ms. Baumgartner informed the committee of two new positions for 2015, Planner II in the Building Department and Emergency Manager in the Police Department. The Emergency Manager will be a City of Lone Tree employee, but will also provide services to the Town of Parker and in doing so, the costs associated with this position will be split with the Town of Parker.

Future Projects in the City of Lone Tree
Seth Hoffman provided an overview of a few upcoming projects that will be occurring in the City. First, the City is initiating the process to form a 501(c)(3) to work with the Lone Tree Arts Center for fundraising purposes. This process will take approximately six months and in the meantime, the Arts Center will create a fund with the Douglas County Community Foundation as their fiscal agent. The new 501(c)(3) will be shown in the 2015 audit as a Component Unit on the financial statements.

Mr. Hoffman also discussed that during 2015 the City will be working to complete a long-range fiscal analysis, as well as completing the Eastside fiscal analysis to develop a strategy to ensure the City remains financially stable with the anticipated growth with the development of the Eastside.

Next Meeting Date
Discussion was held concerning the next meeting date which is scheduled for March 4, 2015 at 9:00am. Kristin Baumgartner will be sending out an outline/agenda for the 2015 meetings.

Adjournment
Mr. Dodgen moved, Vice Chair Howson seconded, to adjourn at 10:45 a.m. The motion passed unanimously.

Respectfully Submitted,

Kristin Baumgartner, CPA
Finance Director