



CITY OF LONE TREE  
Audit Committee Minutes  
June 12, 2015

A meeting of the City of Lone Tree's Audit Committee was held on Friday, June 12, 2015, at 9:00 a.m. at the City of Lone Tree Municipal Office, 9220 Kimmer Drive, Suite 100.

The following Committee members were present:

Chair Daniel Reeb, CPA, Lone Tree Resident  
Vice Chair Suzanne Gibson, CPA, Lone Tree Resident  
Peter Frenchman, CPA, Lone Tree Resident  
Seth Hoffman, City Manager  
Kristin Baumgartner, CPA, Finance Director

Kim Monson, Council Member was present via conference call

Also present:

Heather Lunde, Accountant  
Susan Opalinski, Manager, Wagner, Barnes, & Griggs, PC

Mr. Hoffman called the meeting to order at 9:05 a.m.

**Review and Approval of March 4, 2015 Minutes**

No corrections were received after the minutes were sent for review after the meeting. There were no corrections noted. Vice Chair Gibson moved, Mr. Frenchman seconded, to approve the March 4, 2015 Minutes as presented. The motion passed unanimously.

**Comprehensive Annual Financial Report (CAFR) Review**

Kristin Baumgartner provided a detailed review of the Comprehensive Annual Financial Report. Areas that were highlighted included: the transmittal letter; GFOA Certificate of Achievement; draft audit opinion; Management's Discussion and Analysis section; year-end full accrual financial statements, including the Statement of Net Position and Statement of Activities; Statement of Revenues, Expenditures, and Changes in Fund Balances, along with the respective reconciliation schedules; and Notes to the Financial Statements. Additionally, a brief overview was given of the statistical section.

**Wagner, Barnes & Griggs, PC Review of the 2014 Audit Process and Opinion**

Ms. Opalinski, provided a timeline of the audit process and what types of information were reviewed to formulate an opinion. The auditors are responsible for expressing an opinion on the financial statements based on their audit, in accordance with auditing standards generally accepted in the United States of America. Those standards require that the audit is completed in a manner that will enable the auditors to obtain reasonable assurance about whether the financial statements are free from material misstatement. Specifically, the procedure included a risk analysis of material misstatement of the financial statements, either due to fraud or error. In conducting the risk analysis, the auditors determine if adequate internal controls are in place and that they are being followed. Ms. Opalinski stated that since a thorough analysis of internal controls were done

in the 2013 audit, they focused on reviewing the process for issuing building permits to ensure that personnel were following the City's outlined procedures in this area. Additionally, the audit includes the evaluation of the appropriateness of accounting policies being used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Once the auditor determines that the evidence they have obtained is sufficient and appropriate to provide a basis for an opinion, one is given. In conclusion, the City of Lone Tree was issued an Unmodified Opinion, signifying that the financial statements were presented fairly and accurately in accordance with accounting principles generally accepted in the United States of America. Additionally, Ms. Opalinski noted that no adjusting entries were required. Mr. Hoffman and Ms. Baumgartner reviewed with the committee the recommendations given by the auditors, specifically related to a data recovery plan for IT, key person succession, City Clerk office fines and penalties, security of cash receipts of permit fee payments, and a fraud hotline.

After the presentation and discussion of the 2014 Comprehensive Annual Financial Report (CAFR), Chair Reeb moved, Vice Chair Gibson seconded, to accept the 2014 CAFR. The motion passed unanimously.

#### **Review Draft RFP for Auditing Services**

In the March 4, 2015 meeting the Audit Committee unanimously agreed to go out for a RFP for 2015 audit services. At the current meeting, Ms. Baumgartner presented an overview of the RFP in which she highlighted the scope and nature of services to be completed by the selected auditors, the reporting requirements, the audit timeline and schedule, and the firm's qualifications. Additionally, she briefly outlined the proposal evaluation criteria, which included qualifications, audit personnel, their approach to the audit and the general fee schedule. The request for proposal will be posted to the Rocky Mountain E-Purchasing System for applicants to view and those interested would submit a hardcopy of their proposal in a sealed package or envelope addressed to Ms. Baumgartner no later than Friday, July 31, 2015. The proposal review by City Staff and Audit Committee is to be completed August 3 – 14, 2015. Once a short-list of applicants are selected, in-person interviews will be conducted August 17-28, 2015. The finalist will be selected no later than September 4, 2015. The audit committee unanimously agreed that the time frame is ample and that they did not see any pertinent data missing from the RFP and directed staff to proceed with posting the RFP.

#### **Next Meeting Date**

Discussion was held concerning the next meeting date and it is tentatively scheduled for Wednesday September 2, 2015 at 9:00 am.

#### **Adjournment**

Chair Reeb moved, Vice Chair Gibson seconded, to adjourn at 10:30 a.m. The motion passed unanimously.

Respectfully Submitted,



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Kristin Baumgartner, CPA  
Finance Director