



CITY OF LONE TREE
Audit Committee Minutes
September 02, 2015

A meeting of the City of Lone Tree's Audit Committee was held on Wednesday, September 02, 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

Also present:

Heather Lunde, Accountant
Torie Brazitis, Assistant to the City Manager

Ms. Baumgartner called the meeting to order at 9:07 a.m.

Review and Approval of June 12, 2015 Minutes

No corrections were received after the minutes were sent for review after the meeting. There were no corrections noted. Chair Reeb moved, Vice Chair Gibson seconded, to approve the June 12, 2015 Minutes as presented. The motion passed unanimously.

Yosemite Library Reuse Discussion

Ms. Brazitis discussed the agreement for the City to purchase the current library building once the new library building opens, with the purpose of the discussion being to gather feedback from the Committee on possible uses for the space. Ms. Brazitis showed a pictorial drawing of the space of the current library and highlighted which spaces would be available for activities and which spaces were currently being utilized as offices. Additionally, she highlighted that the agreement requires the City needs to maintain limited use library services for two years, which would include having physical books and a sitting area. Ms. Brazitis also shared the costs associated with the purchase of the building, age-related repairs, and repurposing. She mentioned this topic will be discussed with City Council at the September 15 and October 6 Council Sessions.

The Audit Committee presented multiple options, such as a swim school, location for groups to meet to do such activities as needle work, book club, and cooking classes, an area for children to gather that may include an arcade and/or mini golf, and a greenhouse. Additionally, the consensus was that the space did not need to be one that was revenue generating.

External Auditor Discussion & Selection

Ms. Baumgartner presented that a request for proposal was posted to the Rocky Mountain E-Purchasing System for applicants to view and those interested submitted a hardcopy of their proposal in a sealed package or envelope addressed to Ms. Baumgartner no later than Friday, July 31, 2015. There were six auditing firms that responded with offers and the proposal review by City Staff and the Audit Committee were completed mid-August. Of those six, three were selected for interviews, including CliftonLarsonAllen, EideBailly, and our current auditor Wagner, Barnes, & Griggs, PC, with the interviews being held on August 17, 2015 at the City Municipal Office. Ms. Baumgartner and Ms. Gibson updated the Committee on how the interviews went and their thoughts and concerns for each. The City's recommendation to the Committee was to rotate auditors, due to having the same auditor for the past seven years and due to the growth of the City, by engaging EideBailly to become the City's new auditor. The Committee discussed the positives and negatives of switching auditors, ultimately deciding that due to the anticipated continued growth of the City and to have a fresh review of the City's financial statements, Chair Reeb moved, Vice Chair Gibson seconded, to approve the transition of auditors from Wagner, Barnes, and Griggs, PC to EideBailly effective for the 2015 audit. The motion passed unanimously.

GASB 68 Overview

Ms. Baumgartner handed out and discussed the GASB changes to pension reporting for audits, which becomes effective for the City's 2015 audit. Ms. Baumgartner provided a background on the Government Accounting Standards Board (GASB) and the changes associated with the implementation of GASB pronouncements 67 and 68. In particular, GASB 68 will effect year-end audited financial statements by requiring additional disclosures in the Notes to the Financial Statements, while also causing the City to report an asset or liability on the year-end Balance Sheet representing the City's proportionate share of the plan's underfunded status, referred to as net pension liability. This asset or liability is based on PERA's and FPPA's actuarial assumptions. If the plan is overfunded, an asset would be recorded and if the plan is underfunded, a liability would be recorded.

Ms. Baumgartner shared the anticipated impact on the City would be a liability for approximately \$4.6 million related to the underfunding of PERA and a small asset for FPPA, due to FPPA being slightly overfunded. The City's net position as of 12/31/14 was approximately \$101 million, with an unrestricted balance of \$16 million. Therefore, the liability will not cause the City to show a negative net position in the 2015 financial statements.

Commissions, Boards, and Committees (CBC) Appreciation Event

Ms. Baumgartner briefly shared when the next CBC appreciation event will take place to recognize the City's dedicated individuals who have volunteered their time and service to one of the City's Commissions, Boards or Committees. The tentative date is set for October 2015 at the Lone Tree Arts Center.

Next Meeting Date

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

Other Business

The seat that Chair Reeb filled has a term that ends December 2015 and unfortunately he is unable to commit to a new term of three years, so in October 2015 a notification will be sent out to residents in search of an interested and qualified applicant to be appointed as a new member to the Audit Committee effective January 1, 2016.

Adjournment

Chair Reeb moved, Vice Chair Gibson seconded, to adjourn at 10:25 a.m. The motion passed unanimously.

Respectfully Submitted,



Kristin Baumgartner, CPA
Finance Director