



**AGENDA
CITY OF CREVE COEUR
AUDIT COMMITTEE
ONLINE MEETING
SEPTEMBER 26, 2023
3:00 PM**

ZOOM MEETING INFORMATION

Members of the public may access live audio and/or video at the following link:
<https://us02web.zoom.us/j/85621859380?pwd=VVVVNDAYZUw0V3c2bVpzZTIacmd5UT09>

Meeting ID: 856 2185 9380

Passcode: 232580

Summary: Zoom Meeting Information

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MINUTES

Approval of April 7, 2023 Minutes

UNFINISHED BUSINESS

NEW BUSINESS

Nomination of Chair and Vice-Chair

Pre-Audit Discussion

BUSINESS FROM STAFF

ADJOURNMENT

Posted by: *Krista Akers*
Accounting Associate
Date/Time posted: 9-20-2023 / 3:00 pm



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If you need special accommodations to attend a meeting, services may be arranged by contacting the Office of the City Administrator in advance.



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CITY OF CREVE COEUR
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APRIL 7, 2023
10:00 AM**

CALL TO ORDER

Lori Obermoeller called the meeting to order at 9:57 a.m.

Zoom Meeting Information

ROLL CALL

Cynthia Jordan	Chair	(Absent)
Nicole Greer	Vice Chair & Council Liaison Ward 2	
David Hoffman	Committee Member & Council Liaison Ward 3	
Dan Tierney	Committee Member & Council Liaison Ward 4	
Betty Kagan	Committee Member	(Absent)
Lori Obermoeller	Director of Finance	
Tracy Brothers	Senior Accounting Associate	
Krista Akers	Accounting Associate	

APPROVAL OF MINUTES

1. Approval of 12/2/22 minutes

The Committee approved the minutes from the December 2, 2022 meeting.

Mover: David Hoffman

Seconder: Nicole Greer

All present voted Aye.

UNFINISHED BUSINESS

NEW BUSINESS

2. Review Distributed RFP for Audit Services

Lori Obermoeller stated:

- The RFP for audit services was sent to 11 companies.
- 2 companies declined to bid.



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- The city received 3 proposals.

3. Review Submitted Proposal from CLA

Lori Obermoeller stated:

- CLA's proposal was the highest of the three received.

4. Review Submitted Proposal from Schowalter & Jabouri

Lori Obermoeller stated:

- Schowalter & Jabouri was the most recent audit firm serving the City.
- They asked that we renew our contract at a 40% increase in fees and informed us that it would be more expensive if they submitted a proposal.
- They submitted a proposal that was significantly higher than a 40% increase, and their proposal was higher than the lowest bid.
- Past experiences with Schowalter & Jabouri have shown that this firm tends to charge additional fees for "out of scope" items.

5. Review Submitted Proposal from Sikich

Lori Obermoeller recommends selecting Sikich as the new audit firm and stated:

- Sikich acquired a firm that had previously served as the City auditor for over 20 years, Hochschild Bloom & Company.
- Sikich also serves as the auditor for WCDC, and we consider this an added benefit.
- Sikich is the lowest bid.

Nicole Greer questioned why the City discontinued audit services with Hochschild Bloom & Co. with no issues.

Lori Obermoeller stated:



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- The City went out to bid as a GFOA best practice and selected the lowest bid, which was not Hochschild Bloom & Co.

Lori Obermoeller also stated:

- City staff is familiar with the partner in charge of the proposed audit team, and believe Sikich would be a good company to provide audit services because they are familiar with our organization.

Dan Tierney stated:

- It is noted that changes in reporting method may incur additional fees from any audit firm.

The committee approved recommending Sikich as the new audit services provider.

Mover: Dan Tierney

Seconder: David Hoffman

All present voted Aye.

The recommendation to approve Sikich as the new audit services provider will be submitted to City Council at the 4/10/23 council meeting.

BUSINESS FROM STAFF

ADJOURNMENT

The meeting adjourned at 10:09 am

Mover: Nicole Greer

Seconder: David Tierney

All present voted Aye.



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DRAFT

12655 Olive Blvd, Suite 200
St. Louis, MO 63141
314-275.7277

SIKICH.COM

City of Creve Coeur—September 26, 2023 Meeting with External Auditors

Attendees:

City of Creve Coeur Audit Committee

External Audit Team Members:

Tammy Alsop, CPA, CFE, Partner

Victoria Dailey, CPA, Director

Discussion of:

1. Significant risks – During our planning stage of the audit, we have deemed the following two risks of the City which are management override of controls and improper revenue recognition. Do you think there are any other risks that we should be aware of?
2. Areas of concern – We have considered credit card testing to be an area of concern with many governments and will test those during the audit. Do you think there are any other areas that we should consider to test during the audit? Any remote cash locations?
3. Noncompliance – Was there any noncompliance with laws and regulations?
4. Related parties – Are there any related party transactions that you're aware of?
5. Lawsuits - Was the City involved in any lawsuits or threatened lawsuits?
6. New accounting pronouncements – The GASB has issued various statements that are effective for fiscal year ending June 30, 2023

GASB Statement No. 91, *Conduit Debt Obligations*, which intends to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the fiscal year ending June 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* addresses issues related to accounting and reporting for public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental

or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for fiscal year ending June 30, 2023.

GASB Statement No. 99, *Omnibus 2022*, addresses a variety of topics including: Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to nonmonetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement 53 to refer to resource flows statements. This statement is effective upon issuance for requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The effective date for the requirements related to leases, PPPs, and SBITAs is the fiscal year ending June 30, 2023. The effective date for the requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 is the fiscal year ending June 30, 2024.

7. Audit process –

Planning Stage - We complete the risk assessment of the City and determine the City's risks. This meeting is part of that stage where we meet with representatives of the City and discuss the audit approach and ask if there are any areas of concern that we should consider.

Preliminary fieldwork where we develop an understanding of the City's accounting and administrative controls using its accounting procedures manual and by discussing with staff. We then complete walkthroughs, in which we perform testing of those controls by sampling a few cash receipts, disbursements, and payroll. We develop our planning materiality and complete a preliminary analytical review of the City's accounts. In addition, we review all minutes from the Board meetings, review debt and other agreements, and perform fraud interviews in accordance with Statement on Auditing Standards (SAS) No. 99.

Fieldwork - we would complete all of our substantive testing of the account balances and prepare the draft of the City's financial statements with a rough draft of the financial statements provided to the City at the conclusion of fieldwork. We would also prepare the draft of the management report. In addition, an exit conference would be held with officials from the City to discuss the preliminary results of the fieldwork, review any proposed audit adjustments, final adjusted trial balances that agree to the financial statements and any significant findings.

Workpaper Review and Report Production – the workpapers, drafts of all financial reports and the management letter will be reviewed to ensure that all necessary information is compiled during this phase to avoid imposing upon the City's staff after fieldwork has been completed.

Drafts to the City - We will deliver a preliminary draft of the Annual Comprehensive Financial Report as noted below in the audit timeline. fieldwork. A revised draft, if necessary, will be delivered to the City.

Audit Completion - Upon approval of the drafts by the City, we will present the signed, bound copies of the annual comprehensive financial report, the management letter and the additional reports described in this proposal. The engagement director will be available for meetings with representatives of the City including the City, the City Council and management for formal presentations of the reports.

8. Audit Timeline:

July/August 2023 -- Planning/confirmations, preliminary fieldwork

September 26, 2023 – Audit Committee meeting

October 2, 2023 -- Fieldwork commences

October 6, 2023 -- Adjusting journal entries to City for approval, exit conference

November 16, 2023 – Draft of audit, board report, and management letter

November 23, 2023 – Return to Sikich with revisions

November 30, 2023 – Final audit report, board report, and management letter