

CHUCK ENGELKEN, CHAIR  
Councilmember, District 2

JOHN ZEMANEK  
Councilmember, At-Large-A  
JAY MARTIN  
Councilmember, District 5

NANCY OJEDA  
Councilmember, District 6  
Alternate



## **CITY OF LA PORTE FISCAL AFFAIRS COMMITTEE MEETING AGENDA**

**Notice is hereby given of a meeting of the City of La Porte Fiscal Affairs Committee to be held on January 14, 2019, in the City Hall Council Chambers, 604 W. Fairmont Parkway, La Porte, Texas, beginning at 4:30 PM regarding the items of business according to the agenda listed below:**

1. Call to order
2. Receive presentation from firm of Whitley Penn on the 2018 audit of the City of La Porte - M. Dolby
3. Set date for next meeting – M. Dolby
4. Administrative Reports – C. Alexander
5. Committee Comments regarding matters appearing on agenda – Committee members Engelken, Martin, and Zemanek
6. Adjourn

**In compliance with the Americans with Disabilities Act, the City of La Porte will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meetings. Please contact, City Secretary, at 281.470.5019.**

### **CERTIFICATION**

I certify that a copy of the January 14, 2019 , agenda of items to be considered by the Fiscal Affairs Committee was placed on the City Hall Bulletin Board on January 8, 2019.

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City Secretary

**REQUEST FOR FISCAL AFFAIRS AGENDA ITEM**

Agenda Date Requested: <u>January 14, 2019</u>
Requested By: <u>Michael Dolby, Director of Finance</u>
Department: <u>Finance</u>
Report: <u>xx</u> Resolution: <u>    </u> Ordinance: <u>    </u>

<u>Amount Budgeted</u>
Source of Funds: <u>                                </u>
Account Number: <u>                                </u>
Amount Budgeted <u>                                </u>
Amount Requested: \$ <u>                                </u>
Budgeted Item: YES    NO

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The current audit firm of the City of La Porte is Whitley Penn. Whitley Penn is in the process of performing an audit on the City of La Porte for the fiscal year 2018. They will make a presentation.

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Action Required by Council:

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Approved for City Council Agenda

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Corby Alexander, City Manager

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Date



City of La Porte, Texas

FY18 Audit Planning Presentation

whitleypenn

*CPAs and Professional Consultants*

# Audit Team

- Engagement Partner – Lupe Garcia, CPA
- Concurring Partner – Tom Pedersen, CPA
- Senior Manager – Laura Lynch, CPA
- In-charge staff – Jordan Henneman
- Staff – Dustin Hicks



## Whitley Penn Audit Approach

- We communicate early and often with management.
- We and management will agree on the facts.
- We perform procedures in areas prone to noncompliance early in the audit process.
- We are believers in no surprises.
- We will provide guidance and information that may be helpful to the City.



# The Audit Process



# Audit Process – Interim Fieldwork Procedures

- Documenting processes and controls over:
  - Payroll
  - Human Resources
  - Non-payroll transactions (Accounts Payable)
  - Purchasing
  - Municipal Court
  - Permits
  - Utility Billing
  - Cash collections – Parks Department
  - Bank reconciliations, financial close and reporting



# Audit Process – Interim Fieldwork Procedures

- Test of controls over the following:
  - Payroll
  - Non-payroll (Accounts Payable)
  - P-cards
  - Purchasing
  - Municipal Court
  - Licenses and Permits
  - Parks Department
  - Utilities
- Test of compliance with Public Funds Investment Act (PFIA)





# Audit Process – Year-End

- Information to be confirmed with third parties:
  - Cash and investment accounts
  - Pledged collateral
  - Property taxes collected
  - Property value assessed
  - Significant franchise fees
  - Long-term debt
  - Hotel/Motel taxes – State of Texas open records request
  - Sales taxes – State website
- Other substantive procedures to include analytics and testing of significant items



# New accounting standards FY18

GASB Statement No. 75 – Accounting and financial reporting for postemployment benefits other than pensions (“OPEB”)

Replaces GASB Statement No. 45

OPEB – Retiree Medical Plan

- Net OPEB Liability at 9/30/2017 = \$42.1M
- Net OPEB Liability at 9/30/2018 = \$47.5M
- Change in accounting principle resulted in a prior period adjustment of (\$26.4 M)



# Audit Process – Timing

- On-site Field Work:
  - January 7 – January 18, 2019
- Reporting:
  - February 15, 2019 – Comprehensive Annual Financial Report (CAFR) Draft due for client review
  - February 18, 2019 – comments back from client for changes
  - February 19, 2019 – concurring partner review
  - February 22, 2019 – CAFR draft due for Council packet
  - March 11, 2019 – FFAC and Council presentation
  - March 30, 2019 – deadline to file with GFOA



