



**Council
Communication**
Office of the City Manager

Date	February 11, 2008
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Agenda Item No.	32
Roll Call No.	08-
Communication No.	<u>08-057</u>
Submitted by:	Craig S. Smith, Aviation Director

AGENDA HEADING:

Receive and File the Financial Statements of the Des Moines International Airport (City of Des Moines Aviation Department) for the year ended June 30, 2007, including Independent Auditor's Reports as prepared by McGladrey & Pullen, LLP.

SYNOPSIS:

Recommend that Council receive and file the Financial Statements of the Des Moines International Airport for Fiscal Year 2007, including Independent Auditor's Reports as prepared by McGladrey & Pullen, LLP.

FISCAL IMPACT:

Amount: \$13,425 (paid to McGladrey & Pullen LLP, Moline, IL, for auditing services)

Funding Source: Fiscal Year 2008 Operating Budget, Airport Operations Fund, Administration, EN002, AIR010100, pg. 66.

ADDITIONAL INFORMATION:

Ordinance 12,040 established the Airport Board and assigned the responsibility to "ensure that all Airport revenues collected by or under Board authority are credited to the Airport Enterprise Fund, and that all expenditures from said fund are done in accordance with applicable state and federal laws and regulations." Because the Aviation Department functions as an Enterprise Fund of the City, the City Finance Department has historically managed all audit requirements related to Airport receipts and disbursements.

Based on recommendations from the Airport Board, the Aviation Department automatically engages the same independent accounting firm as used by the City. Currently, the City issues a Request for Proposals (RFP) for auditing services every three years as part of its normal

procedures. The City's most recent RFP covers fiscal years ending June 30, 2004, 2005, and 2006, with the option of extending an additional two years by mutual agreement. This RFP included the completion of the Airport's required audit reports in its listing of audit requirements. The successful bidder on this RFP was McGladrey and Pullen, LLP (McGladrey) and the option year on the contract was utilized to cover the fiscal year ended June 30, 2007.

McGladrey recently completed the City and Airport audits for the fiscal year ended June 30, 2007, and issued an unqualified audit report on the Airport's financial statements, its compliance and control over financial reporting procedures, and its compliance with requirements applicable to the Passenger Facility Charge program. Copies of each audit report and financial statements have previously been presented to the Airport Board for review and a complete copy is now submitted for Council review. The financial statements as presented also include comparative information from the fiscal year ended June 30, 2006. It should also be noted that the Airport's financial information and Federal grant information is reported as part of the City's Comprehensive Annual Financial Report (CAFR).

The financial statements have been presented to the general public via the Airport's website using the following address:

http://www.dsmaairport.com/AboutUs/Annual_Report.htm.

As noted within the Auditor's Report, there were no findings or questioned costs related to the audit.

PREVIOUS COUNCIL ACTION(S):

Date: May 7, 2007

Roll Call Number: 07-881

Action: One-year renewal of contract for independent auditing services with McGladrey & Pullen, LLP. (Council Communication No. 07-281) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: April 9, 2007

Roll Call Number: 07-677

Action: Receive and file the Financial Statements of the Des Moines International Airport for year ended June 30, 2006 and Independent Auditor's Report. (Council Communication No. 07-199) Moved by Kiernan to adopt. Motion Carried 7-0.

Date: May 17, 2004

Roll Call Number: 04-1033

Action: Selection of McGladrey & Pullen, LLP as the City's independent financial auditor and directing negotiation and execution of a contract for fiscal years ending June 30, 2004, 2005 and 2006, with the option of two one-year renewals. (Council Communication No. 04-228) Moved by Brooks to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: December 4, 2007

Resolution Number: A07-216

Action: Acceptance of the Airport's Audited Financial Statements for the Year Ended June 30, 2007, Including the Independent Auditors' Reports as Prepared by McGladrey & Pullen, LLP (Board Communication No. 07-122). Moved by Mr. Ashman to adopt. Motion Carried: 5-0-0-2.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE