

**The City of Lake Forest**  
**AUDIT COMMITTEE**  
**Proceedings of the July 19, 2018 Meeting**  
**5:15 p.m. – City Hall, 220 E. Deerpath**  
**City Hall Conference Room**

**Minutes**

**I. Call to Order and Roll Call**

Chairman Sparrow called the meeting to order at 5:15 p.m. Audit Committee Members present: Magnuson, Smith, Mayor Lansing and Finance Chairman Morris. Absent: Mr. McFadden and Mr. Stieber. Quorum present.

City staff present: Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director

Others present: Joe Lightcap of Baker Tilly, Ragdale Foundation representatives; Jeff Meeuwsen, Jeanna Park, Fred Klein, Shawn Ward, Gorton Foundation Representatives; Tim Hender, Barrett Davie, Karen Rode, William Moskoff and Amy Wagliardo, Auditor for both Foundations Cheryden Jeurgensen

**II. Consent Agenda**

**Approval of minutes from Audit Committee held on April 19, 2018**

Mr. Smith made a motion to approve the April 19, 2018 minutes. The motion was seconded by Mr. Magnuson. The motion carried unanimously by voice vote.

**III. FY2018 Audit Status**

Mr. Joe Lightcap of Baker Tilly stated the second week of the audit was currently in process. He stated everything was ready when they arrived and there have been no unexpected results. He stated they were working on the separate review of the contingency accounting. He stated an internal review was conducted with Baker Tilly and it was determined that the additional services regarding the ERP selection process did not result in a conflict of interest.

Committee members discussed cyber security audits. Baker Tilly looks at IT controls, including individual security to the systems.

Ms. Elizabeth Holleb, Finance Director stated the City had an IT security audit in late 2017 and will provide a copy to the Committee.

Mr. Kiely entered the meeting at 5:22.

The Committee discussed the City's new financial system will be in-house and will also have online options and will be looking at a new vendor to provide online credit card processing. Committee requested after the ERP implementation is complete for the vendor that conducted the security audit to come back out to perform an update.

**IV. Ragdale Foundation – Financial Presentation**

Mr. Sparrow read a brief statement as to the purpose of the Audit Committee as it relates to each Foundation.

Ms. Cheryden Jeurgensen of Eder, Casella and Company reviewed the financial statements from 2017. She stated the audit went very well with few journal entries. She stated net income increased by \$69,000. She stated revenues increased based on gifts and investment gains. She stated in-kind

services were received for legal work. This includes working with a prospective donor for a dance studio. The new space would not generate revenue, but would be a low maintenance area.

V. **Gorton – Financial Presentation**

Mr. Sparrow read a brief statement as to the purpose of the Audit Committee as it relates to each Foundation.

Ms. Cheryden Jeurgensen of Eder, Casella and Company reviewed the financial statements from 2017. She stated the audit went very well with few journal entries. She stated net income increased by \$280,000.

Gorton members discussed the building is fully occupied, with increases in daily contracts and theatre rentals.

The Committee discussed an audit note reflecting deposits in excess of the FDIC limit. The Foundation has a policy to move any balance above \$175,000 at year-end and normally does not have the excess cash in the account.

The Foundation stated the City is great to work with. The City is responsible for the outside of the building and the Foundation is responsible for the inside.

VI. **Other Business**

Foundation Summary – Ragdale has been updated to reflect final loan payment.

Foundation Financial Review – All foundations have been updated and are complying with all requirements.

Ms. Holleb noted included in the packet was a new decision-making parameter document to be provided to all boards and commissions.

Mr. Kiely, City Manager stated the Library may need a capital campaign for needed improvements to the building.

Ms. Holleb provided an update on information that has been provided to the Finance Committee regarding purchasing procedures.

VII. **Opportunity for Public to Address the Audit Committee** – None

VIII. **Adjournment**

There being no further business, a motion was made by Mr. Smith to adjourn the meeting. The motion was seconded by Mr. Magnuson. The motion was approved unanimously by voice vote. The meeting was adjourned at 6:06 p.m.

Respectfully submitted,

Diane Hall  
Assistant Finance Director