

The City of Lake Forest
AUDIT COMMITTEE
Proceedings of the October 21, 2021 Meeting
5:15 p.m. – City Hall, 220 E. Deerpath
Remote Access Meeting

Minutes

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

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

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

Others present: Joe Lightcap of Baker Tilly. There were three others in the audience

II. **Consent Agenda**

Approval of minutes from Audit Committee held on July 15, 2021

Mr. Magnuson made a motion to approve the July 15, 2021 minutes. The motion was seconded by Mr. McFadden. The motion carried unanimously by roll call vote.

III. **Review Draft Comprehensive Annual Report For The Fiscal Year Ended April 30, 2021**

The Committee discussed the supplementary information included in the report. The information is compiled annually for the audit, but reports are run monthly and provided to the City Council in a summary document. Reports are more easily developed in the new ERP system.

Ms. Diane Hall, Assistant Finance Director reviewed a summary of highlighted areas of the Comprehensive Annual Financial Report, including significant changes compared to FY2020. This included the effects of COVID-19 on revenues and expenses and the funding the City has received in Federal grants. Pension funded ratio's increased due to high investment returns resulting in reduce expenses for the fiscal year.

The Committee discussed the number of people that view the City's annual financial report on the website. The City has created the Popular Annual Financial Report that is under the transparency section of the website to provide a high level summary of the annual financial report.

The Committee discussed the Golf Fund financials and the loss generated, which includes a depreciation expense effecting the total loss. They discussed the Deerpath/Route 41 viaduct project. The project is a state project. The City negotiated a reimbursement agreement with IDOT for beatification and clean-up along Deerpath where construction occurred.

They discussed Baker Tilly's disclosure of services rendered for the Meter Monitoring Program. This is an annual maintenance fee for the Finance Departments software program to review water consumption for high and low usage that was designed by Baker Tilly.

IV. **Review Draft of Report to the Audit Committee as Prepared by Baker Tilly Virchow Krause LLP**

Mr. Joe Lightcap of Baker Tilly commended the Finance staff for their preparation for the audit. The letter to the Audit Committee is standardized and does not include any concerns. Internal controls were tested in more detail this year and did not find any issues. No new accounting standards to be implemented in FY21 or FY22.

The Committee discussed the upcoming standard to include leases. The City has begun developing a list of potential leases to be reviewed for inclusion.

The Management Representation letter does not include the language associated with a Single Audit. This will be presented at the January Audit Committee meeting.

V. **Executive Session**

Mr. Magnuson moved, seconded by Ms. Janos to adjourn into Executive Session with Mr. Lightcap at 5:44. The motion carried unanimously by roll call vote.

Committee members adjourned the executive session at 5:51.

VI. **Other Business**

Foundation Summary – Ms. Holleb stated no changes have been made to the schedule. The loan with Ragdale is in the review process and will need to be presented to the City Council for approval.

Foundation Financial Review – Ms. Elizabeth Holleb stated no changes have been made.

Chairman Sparrows will present the audit to the City Council on November 1.

VII. **Opportunity for Public to Address the Audit Committee** – No one in attendance

VIII. **Adjournment**

There being no further business, a motion was made by Ms. Janos to adjourn the meeting. The motion was seconded by Mr. Magnuson. The motion was approved unanimous by voice vote. The meeting was adjourned at 5:54 pm.

Respectfully submitted,

Diane Hall
Assistant Finance Director