

The City of Lake Forest
AUDIT COMMITTEE
Proceedings of the July 21, 2022 Meeting
5:15 p.m. – City Hall, 220 E. Deerpath

Minutes

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

Chairman Janos called the meeting to order at 5:17 p.m. Audit Committee Members present: Chairman Janos, Mr. Dillon, Mr. Hirsch, Mr. Magnuson, Mr. Mieling and Finance Chairman Morris. Absent: Mayor Pandaleon. Quorum present.

City staff present: Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Sally Swarthout, Director of Parks and Recreation and Joe Mobile, Superintendent of Parks and Recreation

Others present: Susannah Filipovic of Baker Tilly, Michael Cleavenger and Cathy Ramsey of the Ragdale Foundation, Jack Westerman, Karen Rode, Amy Wagliardo and Karen McCabe of the Gorton Community Center, Cheryden Juergensen of Eder, Casella & Company, Jackie Greca, William Gundlach and Joe Oriti of the Parks and Recreation Foundation

II. **Consent Agenda**

Approval of minutes from Audit Committee meeting held on April 21, 2022

Mr. Magnuson made a motion to approve the minutes from the April 21, 2022 Audit Committee meeting. The motion was seconded by Mr. Dillon. The motion carried unanimously by voice vote.

III. **FY22 Audit Status**

Ms. Susannah Filipovic of Baker Tilly provided an overview of the status of the audit. The FY22 audit does not include GASB changes or a Single Audit. FY23 will include a significant GASB change to incorporate leases and a Single Audit. Significant FY22 notes include IMRF net assets were valued at December 31, 2021 and do not reflect the downturn in investment values, the donation of property from the Ragdale Foundation and the first repayment from the Laurel/Western TIF note to the City Capital Fund. A new auditing standard will be incorporated into the opinion. Subsequent events to consider include the volatility of investments and the transfer of the Police Pension Fund assets to the Consolidated Fund.

Ms. Elizabeth Holleb, Finance Director provided an overview of the police and fire consolidations and the need to have a separate actuary prepare the annual City contributions.

The Committee discussed no audit findings at this time and no issues found with internal controls.

IV. **Ragdale Foundation – Financial Presentation**

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

Mr. Cleavenger, Executive Director of Ragdale provided an overview of renovations in progress on the property. The newly acquired Hart property is almost ready to open. Ragdale has been approved for a loan with the City to cover long term financing commitments. Currently, Ragdale is not ready to utilize this loan.

Ragdale is up to 100% capacity since the pandemic but continues to have lower attendance at events.

The Committee discussed staffing levels to support residents. Pricing for residents has changed to pay for spaces.

V. **Gorton Community Center – Financial Presentation**

Ms. Karen Rode, Audit Chair stated a clean audit was completed and continues to improve.

Ms. Juergensen stated the audit went well. Improvements continue to be implemented to internal controls.

The Committee discussed how investments are doing in the current market. The Portfolio is conservative resulting in lower losses.

Ms. Amy Wagliardo, Executive Director stated the pandemic provided an opportunity for outdoor activities, which have continued. They are currently working on balancing these new programs. A grant was received in 2021 to assist with the smaller size daycare classes.

The Committee discussed the recruiting process for employees. Gorton is fully staffed, but vacancies have been challenging to fill.

The Committee discussed how the City is doing with maintenance on the building. The City is currently assisting with the replacement of the porch.

VI. **Parks and Recreation Foundation – Financial Presentation**

Mr. William Gunlach of the Parks and Recreation Foundation provided an overview of programs conducted to support City programs.

Ms. Sally Swarthout, Director of Parks and Recreation provided an overview of restricted funds held by the Foundation for specific programs and project agreements with the City for capital amenities at the golf course.

The Committee discussed the 4th of July event and the resulting hardship. A presentation was made to the City Council and the City has offered to assist the Foundation up to \$300k. This will be brought back to the City Council August 1st.

The Committee discussed a comment included in the audit report referencing accruals not recorded. Invoices had not been received and were not recorded as a liability. The vendors have changed processes and now are providing invoices in a timely manner.

VII. **Other Business**

Foundation Summary – No discussion

Foundation Financial Review – No discussion

VIII. **Opportunity for Public to Address the Audit Committee** – No one requested to address the Audit Committee

IX. **Adjournment**

There being no further business, a motion was made by Mr. Mieling to adjourn the meeting. The motion was seconded by Mr. Hirsch. The motion was approved unanimous by voice vote. The meeting was adjourned at 6:47 pm.

Respectfully submitted,

Diane Hall
Assistant Finance Director