

The City of Lake Forest
AUDIT COMMITTEE
Proceedings of the January 19, 2023 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 5:16 p.m. Audit Committee Members present: Chairman Janos, Mr. Dillon and Mr. Hirsch. Absent: Mr. Magnuson, Mr. Mieling, Finance Committee Chairman Morris and Mayor Pandaleon. Quorum present.

City staff present: Jason Wicha, City Manager; Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Rob Copeland, Deputy Police Chief; Kevin Zelk, Police Commander; Joe Gabanski, Assistant Director of Innovation and Technology; Tricia Schwall, Senior Resource Manager; Todd Nahigian, Croya Manager and Sally Swarthout, Director of Parks and Recreation

Others present: Jennifer Karras of the Croya Foundation, JoAnn Desmond and Steve Potsic of the LFLB Senior Resources Commission

Paul Lemieux of the LFLB Senior Resources Commission via phone

II. **Consent Agenda**

Approval of minutes from Audit Committee meeting held on October 20, 2022

Approval of closed session minutes from Audit Committee meeting held on October 20, 2022

Mr. Hirsch made a motion to approve the regular and closed sessions minutes from the October 20, 2022 Audit Committee meeting. The motion was seconded by Mr. Dillon. The motion carried unanimously by voice vote.

III. **Police Foundation – Financial Presentation**

Mr. Rob Copeland, Deputy Police Chief stated that the Mr. Kevin Zelk, Police Commander would be taking over the responsibilities of the Police Foundation when he retires.

Mr. Mieling entered the meeting at 5:18.

The Foundation does not employ staff and only pays for accounting services. Programs completed in 2022 were reviewed including programs with Croya and the Senior Center. Shields for squad cars were purchased for safety. The K-9 program is under review and money will be put aside for future years. Currently looking for more programs to interact with Croya and the community.

The Committee discussed the difference between the Foundation and City. The Foundation can purchase equipment for the Police Department that is outside the City's budget or partner with the City for larger projects. The Foundation develops programs to have officers out in the community. The Foundation spends the funds raised each year and is not as affected by increased inflation.

IV. **Croya Foundation – Financial Presentation**

Mr. Todd Nahigian, Croya Manager provided a history of the Foundation. The Foundation raises funds for specific projects. Currently raising funds to remodel the Croya kitchen. In 2022 additional service projects were completed with the reduction in Covid restrictions. Activities conducted throughout the year were reviewed.

The Committee discussed the matrix used to see if Croya programs are working. The average number of programs run are used to measure contacts made throughout the schools.

V. **Lake Forest-Lake Bluff Senior Citizens Foundation – Financial Presentation**

Mr. Mark Dillon stated that is he currently on the LFLF Senior Citizens Foundation Board and would be recusing himself from the discussion.

Steve Potsic, President of the Foundation provided an overview of how the Foundation supports the Senior Center including partnering with the City to remodel the kitchen. The Foundation is partnering with the City to build 12 senior cottages. The City will donate the land for the project and the Foundation has secured two additional grants for \$50k each.

Paul Lemieux, Vice President of the Foundation provided an overview of what the Foundation represents and financial information. The last audit was conducted in 2021 when multiple members termed off the board and the previous audit was conducted four years prior. An audit is required every four years or if over \$300k in contributions are received. Interest income has been affected by the market.

The Committee discussed the purpose of Nehl’s account, which was a donation from a resident to be used for transportation purposes only. A grant is normally received from Shields Township to assist with the cost of the Senior Advocate. The Foundation uses a matrix to determine what projects to be funded. Community Partners will assist with the senior cottage project. Concerns outlined by the Foundation include a continued downturn in the market and funding the Senior Advocate.

VI. **Innovation and Technology (IT) Presentation**

Mr. Joe Gabanski, Assistant Director of IT provided an overview of third party support used for incident response. The City is insured through Intergovernmental Risk Management Agency (IRMA) with an annual aggregate limit of \$1m. The coverage is for all City sites and does not include the Library or school district.

The Committee discussed \$1m seems small. IRMA added cyber security two years ago. The 2023 renewal was challenged to obtain coverage. The City has not looked into supplemental insurance.

Mr. Gabanski provided an overview of the City’s incident response and annual testing that is conducted. On average the City has six incidents a year. The City utilizes third parties for assistance with monitoring our systems.

The Committee discussed if funding is received for security and if the City is a high target. Funding is provided and the City is a high target because funding sources are not as high to fund security. The City is required to report all incidents unless categorized as low.

VII. **Other Business**

Foundation Summary – No discussion

Foundation Financial Review – Ms. Holleb noted Ragdale has received their first loan installment.

The Committee discussed developing a list of questions for each Foundation. Add additional time on the April agenda for discussion. Would like to develop a 1-2 page Audit Committee background document.

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. Hirsch to adjourn the meeting. The motion was seconded by Mr. Dillon. The motion was approved unanimous by voice vote. The meeting was adjourned at 7:29 pm.

Respectfully submitted,

Diane Hall
Assistant Finance Director