

The City of Lake Forest
AUDIT COMMITTEE
Proceedings of the October 19, 2023 Meeting
5:15 p.m. – City Hall, 220 E. Deerpath

Minutes

I. **Request for a motion to appoint Member Magnuson as Chairman Pro-Tem**

Ms. Elizabeth Holleb, Finance Director asked for a motion to appoint Member Magnuson as Chairman Pro-Tem for the evening. Mr. Hirsch made a motion to appoint Member Magnuson as Chairman Pro-Tem. The motion was seconded by Mr. Dillon. The motion carried unanimously by voice vote.

II. **Call to Order and Roll Call**

Mr. Magnuson, Chairman Pro-Tem called the meeting to order at 5:18 p.m. Audit Committee Members present: Chairman Pro-Tem Magnuson, Mr. Dillon and Mr. Hirsch. Absent: Chairman Janos, Mayor Tack and Finance Committee Chairman Preschlack. Quorum present.

City staff present: Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Mark Krygeris, Accountant and James Scott, Accountant

Others present: Joe Lightcap of Baker Tilly and Ishwar Laxminarayan, Executive Director of Lake Forest Library

III. **Consent Agenda**

Approval of minutes from Audit Committee meeting held on July 20, 2023

Mr. Hirsch made a motion to approve the minutes from the July 20, 2023 Audit Committee meeting. The motion was seconded by Mr. Dillon. The motion carried unanimously by voice vote.

IV. **Review Draft Annual Comprehensive Financial Report for the Fiscal Year Ended April 30, 2023**

The Committee discussed the current open position on the Committee. The Caucus has provided recommendations to be approved on December 4, 2023. The Chairman position was discussed and how the position is appointed by the Mayor and the best timing for a member to become Chairman. The City is in the process of receiving a resignation letter from Chairman Janos.

Ms. Diane Hall, Assistant Finance Director reviewed a summary of highlighted areas of the Annual Comprehensive Financial Report, including significant changes compared to FY2022. This included increased revenues reflective of increased interest revenue and increased grant contributions. In addition, expenses increased due to personnel pension costs resulting from IMRF funding level falling below 100%. Surplus revenues over expenses in the General Fund were transferred to the Capital Fund to assist with the funding of the Deerpath Park Athletic Field project. The City issued \$10.8m in bonds at the end of April to fund the Deerpath Park Athletic Field project.

The Committee discussed the concept of adding a separate section in the Management's Discussion and Analysis for pension costs. The City does not control the investments for Police and Fire Pensions. These have been moved to two consolidated funds, where investments are moving to more aggressive investments. The City's cash balances remain high due to a positive relationship with Lake Forest Bank and Trust which provides a very favorable interest rate on account balances.

The Committee discussed recommended changes to the report including adding a reference to the City's Popular Annual Financial Report and updating language for the Northern Suburban Special Recreation Association note.

- V. **Review Draft of Report to the Audit Committee as Prepared by Baker Tilly Virchow Krause, LLP**
Mr. Joe Lightcap of Baker Tilly provided an overview of the Report to the Audit Committee. No unusual transactions were identified, and internal controls are good. A compliance letter for the City's TIF District was provided. A Single Audit will be conducted in November and will be presented at the January Audit Committee meeting.

The Committee discussed non-attested services by Baker Tilly of a compensation survey and a current workload analysis project. Potential risks include clean energy credits and environmental governance.

Ms. Elizabeth Holleb, Finance Director confirmed with the Committee the City's Representation Letter was approved to be signed.

City staff, Mark Krygeris and James Scott were asked to provide an overview of their experience in assisting with the audit preparation.

VI. **Executive Session**

The Committee elected not to adjourn into executive session.

VII. **Other Business**

Foundation Summary – No discussion

Foundation Financial Review – No discussion

Annual Committee Chair Report to the City Council – Monday November 6. - Mr. Magnuson will present the audit on November 6.

Ongoing discussion re. Foundation Presentation Format – This item was deferred until the January 2024 meeting.

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 6:56 pm.

Respectfully submitted,

Diane Hall
Assistant Finance Director