



**REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SULLIVAN,
ILLINOIS, THURSDAY, MARCH 7, 2024**

1. The City Council of the City of Sullivan, Illinois, met in regular session on Thursday, March 7, 2024, at 6:00 p.m. at the Elizabeth Titus Memorial Library, 2 W. Water Street, Sullivan. The meeting was called to order by Mayor Mike Mossman. A roll call was taken.

Commissioner Abbey Sherwood	- present
Commissioner Mike Kirk	- present
Commissioner Chuck Woodworth	- present
Commissioner Doug Shook	- present
Mayor Mike Mossman	- present

2. Hope Wheeler from Clifton Larson Allen (CLA) presented on the City's 2022-2023 audit. The financial statement audit is completed by reviewing the City's financial statement and looking at areas they feel are at a higher risk for errors or misstatements. This includes a review of internal controls, cash investments, capital assets, debts, long-term leases, accounts receivable, accounts payable, accrued liabilities at year end, revenues, payroll expenses, and all other expenses, invoices, and bank reconciliations. They also confirm with outside parties such as banks and granting agencies, etc.

Clifton Larson Allen issues an audit opinion of the financial statement and a Governmental Auditing Standards Report. The governmental auditing standards report is issued to governments subject to a single audit (uniform grant guidance). The single audit is a federal grant audit that was new this year due to the City's USDA loans and the amount that was spent. When the expenditure of federal funds exceeds \$750,000, a single audit is required and triggers the Uniform Grant Guidance Report. The Consolidated Year-End Financial Report (CYFER) is required when you spend over \$500,000 in federal and state grants combined in one year. Due to the City's federal funding exceeding the threshold, the auditors had to issue an opinion on the CYFER. The TIF report is issued every year. Clifton Larson Allen also assists with the Annual Financial Report for the Comptroller's Office and the form that is completed and filed with the Federal Audit Clearing House when a single audit is completed.

Per auditing standards, the firm is required to provide the Governance Communication. This outlines their interaction with the management group and other items such as new accounting policies impacting the financial statement. The GASB (Governmental Accounting Standards Board) 87 required the review of all leases for governments. If the leases meet a certain criteria, calculations are performed to determine if the lease is a right-to-use asset and a long-term liability. The letter also states that the audit was completed later than normal, due to a transition that occurred in the City at the end of the fiscal year. This resulted in the City needing more time to prepare a trial balance and work papers for the audit process.

The City has new investment accounts, new USDA debt, GASB 87 leases and a single audit for the 2022-2023 audit process. Correcting entries were also required.

CLA issued an unmodified (clean) opinion on the City's financial statement and the Governance Auditing Standards Report. This report covers internal controls over the financial statements, but did note findings on the gas report.

They tested the expenditure of \$6.7 million from the USDA Loan (grant program) for the Uniform Grant Guidance Report (single audit). No findings were reported and an unmodified (clean) opinion was issued. They offered tools that will be useful in meeting compliance requirements and procurement policy requirements for federal and state grants. Finding 2023-001 was issued for the annual financial reporting under generally accepted accounting principles. This states that CLA was hired to assist in the preparation of the financial statements and the adjustments to the full accrual basis of accounting for depreciations, adjustments, pension, debt and post-employment benefit plans. The second finding pertained to correcting journal entries that were found in taxes receivable and unavailable revenue. Both areas can be a little complex with modified accrual basis of accounting and full accrual basis. They corrected the financial statement after finding that the liability of a capital asset hadn't been recorded. Grants that have been funded in advance but haven't been earned shouldn't be recorded as revenue until expenditures start. There was also an adjustment on the timing of capital assets recording and the recording of retainage payable on construction projects at the end of the fiscal year. Treasurer Bushue asked if most of the adjustments were due to the City closing the year end without a Treasurer. Ms. Wheeler agreed that these types of entries are usually completed at year end. The third finding was errors on the City's Schedule of Expenditure Awards (SEFA) which required a modification to CLA's testing, this isn't uncommon. The last finding mentioned internal control areas that can be improved. This includes formalizing IT controls and ensuring that they are kept up to date and reviewed annually, documenting utility billing write-off's, sequentially numbering electronic payments, timing of capital asset purchase recording and depreciation, timing and review of inventory counting, and authorization on check requisitions. Ms. Wheeler suggested that the City document reviews with both the preparer and reviewer's signatures.

The City should expect to see the GASB 96 in 2024, which covers subscription based information technology arrangements. This is similar to the GASB 87 lease standard, but is specific to IT arrangements and may require them to be recorded as a right-to-use asset and a long-term liability. New statements on auditing standards will also apply in the 2024.

3. Mayor Mossman asked if there were any comments from the public.

Bob Ingram thought consent agenda items 4 & 5 should have been discussed under new and unfinished business. Treasurer Bushue explained that item #4 is a claim that will be paid online. The City is unsure what the payment amount is at this time. The payment has to be uploaded by the 15th of every month, which requires authorization from the Council. Mayor Mossman stated that item #5 is a claim that was pulled at the last meeting and needs to be paid.

4. Mayor Mossman read the items in the consent agenda:

- Approval of minutes of the regular meeting held February 26, 2024
- Approval of closed session minutes for February 13, 2024
- Approval of claims
- Authorize the March 20, 2024 IMRF online payment – amount to be determined
- Approval of the Clark Baird Smith invoice that was pulled at the February 26, 2024 meeting

A motion was made by Commissioner Shook and seconded by Commissioner Sherwood to pass the consent agenda. Upon a roll call being taken the results were as follows:

Commissioner Doug Shook	- yea
Commissioner Abbey Sherwood	- yea
Commissioner Mike Kirk	- yea
Commissioner Chuck Woodworth	- yea
Mayor Mike Mossman	- yea

and the motion was declared carried by omnibus vote.

5. Commissioner Sherwood reported that Jennifer Scott has been offered a position at the Civic Center. The facility is currently looking for additional lifeguards, as there are only two on staff. The gym elevator was repaired and Ed Briscoe is helping with repairs on the large slide.

A Revolving Loan Fund meeting will be held tomorrow. Treasurer Bushue sent an email to Commissioners Kirk & Sherwood regarding the \$585,000 transfer from the Meeder account. Commissioner Sherwood is unsure of how the Council would like to handle the transfer but thought that the Commissioner had authorized them in the past.

Next year, Clifton Larson Allen will be increasing their fees by twenty-eight percent. This will result in an audit cost of approximately \$78,000. Commissioner Sherwood would like Treasurer Bushue to prepare an RFP seeking rates from other audit companies. The cost of the City's Fiscal Year 2022-2023 audit was \$58,000. Chris Wright stated that the Sullivan Fire Protection District received bids of \$55,000 and \$70,000 for their audit.

Sarah Edwards resigned from the City last Friday. Commissioner Sherwood thanked her for her five years of service.

Commissioner Sherwood stated that Ed Moody would be retiring from the City on April 12th and thanked him for his thirty-one years of service.

6. Commissioner Kirk reported that the contractors set six fifty-foot poles for the lighting at the south ball diamond, changed out a fifty kVA padmount transformer at Eastview, and pulled and replaced 105 feet of primary at Eastview.

The Distribution Crew completed sixteen JULIE locates, helped set the transformer on Eastview and completed their normal tasks.

The construction crew working on the fuel tank replacement at the Electric Plant hit a marked electrical line while digging in an underground line this morning. The contractors were able to repair the damaged line. Wires were also pulled out of a transformer during the incident causing it to leak.

7. Commissioner Woodworth reported that the Eastview Lift Station Project will start Monday and should be completed within a few months. A few of the pumps at the Sewer Plant are beyond repair, new pumps have been ordered. Commissioner Woodworth has talked with Treasurer Bushue about moving money in the budget to cover the expense.

The lime pits at the Water Plant have been cleaned out. The pits filled up faster than anticipated, as there was a lot of excess lime flow while trying to adjust the chemical setting during the plant start up. They are hopeful that the tanks don't fill up as quickly, if they do recalculations will need to be made as it will expensive to clean them out every six months.

He believes the sewer line installation on Route 32 from 1200N to the IDOT Shed is getting closer to bid. This process is being held up as the City hasn't received all of the easements for the project. Commissioner Woodworth has already received calls from contractors interested in bidding the project.

8. Commissioner Shook reported that the Safe Routes to School sidewalk project will begin on Monday. He will meet with Street Foreman Ryan Nuding, Milano & Grunloh Engineers, the Contractor and Kevin Landrus from the school tomorrow to discuss the project and where they will begin. Commissioner Shook is hopeful that the landscaping can be repaired before summer so the grass will start growing in. The project is expected to take six weeks to complete.

9. Mayor Mossman reported that the Gas Department installed the last gas line for the Cedar Dale Subdivision. A recording is currently being run on the line to ensure that there are no leaks. The mains will be ready to tap by the first of next week; this will be done by USDI. There is a currently a home construction pending in the subdivision.

10. Mayor Mossman stated that there had been a recent change that may need to be addressed in the TIF IV Amendment. Due to this he asked to table the TIF IV amendment to the next meeting. Contractors have requested the addition of two areas to TIF IV. A new request was received for property that is located outside of City limits which will require annexation. Commissioner Shook added that developments are moving faster than expected.

11. A motion was made by Commissioner Woodworth and seconded by Commissioner Shook to adjourn the meeting. Upon a roll call being taken, the results were as follows:

Commissioner Chuck Woodworth	- yea
Commissioner Doug Shook	- yea
Commissioner Abbey Sherwood	- yea
Commissioner Mike Kirk	- yea
Mayor Mike Mossman	- yea

and the motion was declared carried and the meeting was adjourned at 6:49 p.m.



Mayor Mike Mossman

Attest 

Carrie Creek, City Clerk