

Finance Committee Meeting Minutes

Galena Country Tourism

Tues., August 21, 2018, 3p.m.

Admin Office

101 Bouthillier St., Galena IL 61036

Present: Committee Chair, Nikki Peebles, Birgit Radin, Colin Sanderson, Katie Burcham, Rose Noble.

Other: Pat McCarthy

The Finance Committee met with Pat McCarthy of O'Connor Brooks & Co., P.C. to discuss the audit and acquire explanations from questions the committee had regarding the financial reports. Pat provided a draft of the audit that was performed at year end on June 30th. The auditor's report concluded that all statements are prepared correctly, no discrepancies were found. McCarthy met with Peebles and Noble earlier in the month and learned about Direct Method accounting. The Finance Committee will now receive direct method reports. This method breaks down operating expenses, budget, and financial activities more clearly verse the indirect method. When going over the statement of cash flows Sanderson asked if the money we took in includes monies received from the County and it does. Our gross receipts were \$1.9 million, and that was hotel/motel tax, county funds, and also includes our 4-month withholding of operating expenses as a contingency (\$300k) that we cannot spend. Colin also asked if the County still sitting on any tourism money. Noble believed it was near \$400K but noted that number is not included in total for gross receipts. Noble mentioned that with our contingency and the counties funds, there is quite a bit of money not being spent. Colin is concerned that the public will have questions about why a portion available money isn't being spent and wants to note what our contingency amount is so to avoid confusion. McCarthy did note that next year there won't be as much money to start the fiscal a large portion of this money GGMI received from the county as an equity transfer. Regarding in-kind rent, Noble confirmed with McCarthy that GGMI was tracking this in previous audits. McCarthy explained that the \$70,071 number in the audit represents the fair market value of rent that was donated to GGMI from the city, this is shown on the statements as what would have been spent if we had to pay actual rent. It is shown as rent but then removed as a donation in financial statements. Radin asks to clarify pg. 13, Expenses which is then broken into two columns, Program services and Management and General. This sheet breaks down the time that management spends doing certain tasks. These amounts have to be reported and will be shown on yearly tax returns.

Noble went over the monthly financials. She did explain that monthly financial reports will be off depending on when bills come in and when they are paid. Also stated the monthly reports are good to see what the marketing and office expenditures are. Noble did point out that our recent collection of \$98k in taxes from the county and that number could increase since some properties pay quarterly. Rose will be meeting with Cindy form the city to see what goes into collecting hotel/motel tax so she can have a better understanding when she meets with the County to discuss their collection efforts.

Invoices have come in for the depot renovation and most bills are right on target, Earl Thompson's bill was about \$2,500 over. The actual cost owed to the city will be \$169K. Noble is still going over all bills just to make sure there are no discrepancies. And will go over the numbers to adjust them accordingly for accounting purposes as far as what expense column they belong to.