



City Council Agenda Memo

Crest Hill, IL

Meeting Date: June 19, 2023

Submitter: Lisa Banovetz, Director of Finance / Glen Conklin, Treasurer

Department: Treasurer's Office

Agenda Item: Approval for two insurance appraisal proposals from Kroll.

Summary: The City is a member of the Southwest Agency for Risk Management (SWARM) which manages property and casualty insurance for the municipalities who are members of this group.

During Fiscal Year 2023, SWARM discussed having each municipality obtain a recent insurance appraisal for their respective property and equipment which would be used for insurance purposes. During a quarterly meeting of the SWARM board, the board members voted unanimously to retain Kroll to perform the property insurance appraisals for all SWARM members.

Kroll offered an option to all members for an additional proposal for a comprehensive inventory of all each municipality's fixed assets which would be used to track items purchased that had a value that exceeded \$1,000. The City has established a capitalization threshold of \$10,000 for infrastructure improvements, \$5,000 for land improvements, buildings, and water and sewer systems, and \$1,000 for equipment.

The City is asking City Council to consider two proposals that were provided to the City by Kroll. A summary of those proposals is included below.

The first Kroll proposal is to provide a property insurance appraisal for the City's use in connection with its internal analysis of its insurance needs and financial reporting as of June 30, 2023 for \$15,925. The scope of this proposal includes:

- Property insurance valuation of the replacement cost of the insured assets
- Building inspection and appraisal services
- Independent determination of construction, occupancy, protection, and exposure
- Appraisal of building contents
- Inventory and appraisal of major machinery and equipment

The City budgeted \$20,000 for this service for Fiscal Year 2023~2024 and the proposal is estimated to be \$15,925 for this service.

The second Kroll proposal is to provide updated fixed asset accounting records for internal accounting control and financial reporting as of June 30, 2023 for \$28,000. The scope of this proposal includes:

- Inventory, reconciling and reporting the historical cost of the City's identified fixed assets

The City believes that this process will strengthen its internal accounting controls over the fixed assets that are purchased with City funds and will help track purchases of items and where those items are being stored within the City.

The City spoke with its external auditor, WRDR, who expressed the additional comprehensive fixed asset inventory would be a wise investment for the City as it would track all capitalized items and would add accountability to track items that were purchased with City funds.

The City did not budget for this additional proposal as the costs associated with this service were unknown at the time the budget was completed. The first SWARM insurance proposal is \$4,075 less than what was budgeted for this service. If the City were to complete both proposals, the City would use the excess from the first proposal and the remaining \$23,925 would be expended from the City's General Fund from its \$100,000 contracted services contingency budget for Fiscal Year 2023~2024.

Recommended Council Action: Approval for two insurance contracts from Kroll below (A and B). as discussed at the June 19th, 2023 regular City Council meeting:

- (A) A motion to approve a Kroll property insurance appraisal for the City's use in connection with its internal analysis of its insurance needs and financial reporting as of June 30, 2023 for \$15,925.
- (B) A motion to approve a Kroll contract to provide updated fixed asset accounting records for internal accounting control and financial reporting as of June 30, 2023 for \$28,000.

Financial Impact:

Funding Source: General Fund.

Budgeted Amount: \$20,000 for the first Kroll proposal of \$15,925

\$0 for the second Kroll proposal of \$28,000

Cost: \$15,925 for the first Kroll Proposal

\$28,000 for the second Kroll proposal which would be funded from the City's contingency for contracted services

Attachments

- Kroll property insurance appraisal for the City's use in connection with its internal analysis of its insurance needs and financial reporting as of 6-30-2023 for \$15,925.pdf
- Kroll proposal to provide updated fixed asset accounting records for internal accounting control and financial reporting as of 6-30-23 for \$28,000.pdf