



Agenda Item Summary

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Submitted By

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Reviewed By

CLP

Agenda Item Title

Motion to Receive the FY 2016 Comprehensive Annual Financial Report (CAFR) and Supporting Documents.

Overview

Consistent with past practice, on June 19, 2017, the Finance Committee of the Village Board reviewed the independent annual audit (CAFR) with related auditor communication letters for the year ending December 31, 2016. The Audit will be presented by the Village's independent auditing firm, Sikich, for formal acceptance. Additionally, the Village must file the audit with the State by June 30th.

Staff Recommendation

Approve and recommend acceptance to the Village Board

Fiscal Impact

N/A.

Background

Presented for your review and information is the Village's annual financial audit (CAFR or Comprehensive Financial Annual Report) for the calendar year ended December 31, 2016. The audit was performed by as prepared by Sikich LLP with Dan Berg as the partner in-charge. As standard practice, also presented are The Auditor's Communication (Management) Letter and a separate Communication of Deficiencies in Internal Controls.

Pursuant to Section 2-6-3 of the Municipal Code, as soon as practicable at the close of each fiscal year, and no later than six (6) months thereafter, there shall be an independent audit of all accounts of the Village, conducted independently of the Village Manager, made by a competent person authorized to act as an auditor under the laws of the State to be selected by the Board of Trustees. Acceptance of the audit and CAFR is required prior to submittal to the State, annually by June 30.

In addition to the CAFR, the Auditor's Communication to the Board of Trustees includes a description of the audit processes, adjusting journal entries made pursuant to the audit as well as the Management Letter which is a report intended to be used by the Board of Trustees, although the Village also releases this document to the public. The Management Letter generally identifies matters that the independent auditor believes will

assist the organization moving forward.

The Management Letter for the Fiscal Year ending December 31, 2016 includes two auditor comments regarding a variance and reconciliation issue discovered with the Water and Parking Funds and the collateralization of a separate bank account used to deposit parking meter coins. Village responses to these two comments have been incorporated into the report.

In addition, the auditors also issue the Communication of Deficiencies in Internal Control and Other Comments to Management which identifies specific opportunities for strengthening internal controls and operating efficiencies within the Village. For FY 2016, there are four comments focused on outstanding A/P checks, water billing ratios, year-end deficit balances, and budgetary compliance. Staff responses to each of these items are contained within the auditor communication letter and the intent is to improve controls so these items are not repeated next year.

The purpose of the financial audit is to determine whether the financial reports of the Village are presented fairly and whether the Village has complied with applicable laws and regulations. The Village's audited financial statements convey to the public that the statements are presented in accordance with generally accepted accounting principles.

Of significant importance, Sikich LLP has provided the Village with an unqualified opinion of the Village's financial position. In addition, staff will apply for the 2016 GFOA Certificate of Achievement Award for Financial Reporting Excellence.

Alternatives

The Board could defer acceptance to a later date.

Previous Board Action

The Finance Committee reviewed the audit documents on June 19, 2017.

Citizen Advisory Commission Action

N/A.

Anticipated Future Actions/Commitments

This motion concludes the FY 2016 Audit process.

Intergovernmental Cooperation Opportunities

N/A.

Performance Management (MAP) Alignment

N/A.