



Agenda Item Summary

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Submitted By

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Reviewed By

LKS

Agenda Item Title

A Motion to Receive the Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR) and Supporting Documents.

Overview

Consistent with past practice, on June 18, 2018, the Finance Committee of the Village Board reviewed the independent annual audit (CAFR) and related documents such as the communication letters, for the year ending December 31, 2017. At the June 25, 2018 meeting, the audit will be presented to the full Board for review and formal receipt. The audit will be presented by the Village's independent auditing firm, Sikich, and formal receipt of the document by the Village Board will follow. Additionally, the Village must file the audit with the State by June 30, 2018.

Staff Recommendation

Adopt the Motion

Fiscal Impact

N/A.

Background

Presented for the Board's review and information is the Village's annual financial audit (CAFR or Comprehensive Financial Annual Report) for the calendar year ended December 31, 2017. The audit was completed by Sikich LLP under the direction of Dan Berg as the partner in-charge. Per 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. This is done prior to submittal to the State of Illinois within six months after the Village's fiscal year end, or June 30, 2018.

The overall purpose of the financial audit is to determine if the financial reports of the Village are presented fairly in all material respects and whether the Village has complied with applicable laws and regulations. Per

the auditor's opinion letter located within the CAFR document, Sikich LLP has conveyed that the financial statements have been presented fairly, in all material respects, and are in accordance with US generally accepted accounting principles.

Of primary importance, Sikich LLP has provided the Village with an unqualified opinion on the Village's financial position. In addition, staff will apply for the 2017 GFOA Certificate of Achievement Award for Financial Reporting Excellence.

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 communicated to and used by the Board of Trustees, although the Village also releases this document publicly as well. The Management Letter generally identifies matters that the independent auditor believes will assist the organization moving forward. There were no such Management Letter auditor comments for the Fiscal Year ending December 31, 2017.

In addition, the Auditor also issued 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. These issues or comments are not considered as significant as those communicated in the Management Letter. For FY 2017, there were four comments focused on water pump to bill ratios, deficit fund balances, budgetary compliance, and the payroll approval process. Staff responses to each of these items are contained within the Auditor Communication Letter and the intent is to improve controls so that these items are not repeated next year.

Alternatives

The Board could defer receipt to a later date, however another date must be set in advance of June 30, 2018 so that staff can submit the document to the Comptroller of the State of Illinois by the filing deadline.

Previous Board Action

The Finance Committee of the Village Board reviewed the audit documents on June 18, 2018.

Citizen Advisory Commission Action

N/A.

Anticipated Future Actions/Commitments

This motion concludes the FY 2017 audit process.

Intergovernmental Cooperation Opportunities

N/A.

Performance Management (MAP) Alignment

N/A.