



## Agenda Item Summary

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### **Submitted By**

Steven Drazner, Chief Financial Officer

### **Reviewed By**

LKS

### **Agenda Item Title**

**A Motion to Receive the Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR) and Supporting Documents.**

#### **Overview**

On June 10, 2019, the Village Board reviewed and discussed the independent annual audit (CAFR) and related documents such as the communication letters, for the year ending December 31, 2018. This action is the official receipt of the audit by the Village's independent auditing firm, Sikich. Additionally, the Village must file the audit with the State by June 30, 2019.

### **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, 2018. The audit was completed by Sikich LLP under the direction of Jim Savio 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, 2019.

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, the highest position a municipality can receive for their audit. In addition, staff will apply for the 2018 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, 2018.

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 2018, there were two additional comments pertaining to segregating the processing of external wire transfers and a required prior period adjustment related to a bond issue for the Colt Westgate Garage development. 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, 2019 so that staff can submit the document to the Comptroller of the State of Illinois by the filing deadline.

### **Previous Board Action**

The Village Board reviewed and discussed the audit documents on June 10, 2019.

### **Citizen Advisory Commission Action**

N/A.

### **Anticipated Future Actions/Commitments**

N/A

### **Intergovernmental Cooperation Opportunities**

N/A.