



Agenda Item Summary

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Submitted By

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Reviewed By

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Agenda Item Title

A Motion to Receive the Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR) and Supporting Documents as Reviewed by the Finance Committee on June 13, 2022

Overview

On June 13, 2022, the Village Board reviewed and discussed the independent annual audit (ACFR) and related documents such as the communication letters, for the year ending December 31, 2021. 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, 2022.

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 (ACFR or Annual Comprehensive Financial Report) for the calendar year ended December 31, 2021. 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, 2022.

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 ACFR document, Sikich LLP has conveyed that the financial statements have been presented fairly, in all material respects, and are in accordance with the 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 2021 GFOA Certificate of Achievement Award for Financial Reporting Excellence.

In addition to the ACFR, 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, 2021.

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 2021, there was only one repeat comment in the Deficiencies report pertaining to the Village's water gallons pumped versus billed ratio. The loss ratio improved from the prior year, dropping from 29% to 20%. However, even with this improvement, the loss is still considered significant enough that the auditors believe it is justified to bring to the attention of the Board. The staff response pertaining to the loss ratio is included within the report.

Alternatives

The Board could defer receipt to a later date, however, another date must be set in advance of June 30, 2022, so that the report can be submitted 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 13, 2022.

Citizen Advisory Commission Action

N/A.

Anticipated Future Actions/Commitments

N/A

Intergovernmental Cooperation Opportunities

N/A.