



Legislation Text

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Title

Acceptance of the Fiscal Year 2019 Comprehensive Annual Financial Report - Approval

History

The Village of Orland Park Fiscal Year 2019 Comprehensive Annual Financial Report (CAFR) has been completed. This report is management's annual financial report to the taxpayers, Village Board, oversight bodies, investors and creditors of the Village. This report provides a historical picture of the Village's financial status as of December 31, 2019 and activities for the year (January 1, 2019 to December 31, 2019). *Our auditing firm, BKD, has expressed that the Village's financial statements present fairly, in all material respects, the financial position of the Village for the fiscal year ended December 31, 2019 (a "clean" opinion, the highest obtainable).*

State law (65 ILCS 5/8-8) requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. With staff turnover, COVID-19 shutdowns, and delays on final reports from others, the final CAFR reporting was delayed.

In addition, Public Act 98-0738 requires the auditor to perform the following within sixty days after the issuance of audited financial statements:

- Provide a copy of the management letter and audited financial statements to the Municipality's Corporate Authorities. If the county or municipality maintains a website, these reports shall be posted to the website.
- Present the information from the audit to the Municipality's Corporate Authorities either in person or by a live phone or web connection during a public meeting.

This memo will provide an overview of three documents prepared or reviewed by BKD:

- Comprehensive Annual Financial Report,
- Communication with Those Charged with Governance, and
- Report on Internal Control Over Financial Reporting on Compliance and Other Matters (Management Letter).

Upon acceptance, the CAFR and Management Letter will be published on the Village's website and distributed to as appropriate.

Comprehensive Annual Financial Report (CAFR)

The CAFR is a thorough, detailed presentation of the Village's financial position and activities for the year. **The 2019 CAFR was audited by BKD. The Village received a "clean" opinion (see page x, or 20 of the pdf), the highest obtainable.** As indicated in the CAFR, the auditors note:

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Village of Orland Park, Illinois as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The CAFR is a valuable tool that enables Village officials and investors to make financial decisions from sound and timely information. The report provides an independently audited accounting of the financial condition of the Village. The CAFR contains a set of financial statements comprising the financial report of the Village that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). GASB provides standards for the content of a CAFR in its annually updated publication Codification of Governmental Accounting and Financial Reporting Standards. The CAFR is composed of three sections: Introductory, Financial and Statistical. It combines the financial information of fund accounting and Enterprise Authorities accounting.

Communication with those Charged with Governance and Management Letter

Currently, Auditing Standards require two separate communications following the audit of the financial statements. The Auditor's **Communication with Those Charged with Governance** requires the communication of: the auditor's responsibilities under generally accepted auditing standards, Qualitative Aspects of Significant Account Policies and Practices, Management Judgments and Accounting Estimates, Audit Adjustments, Auditor's Judgment About the Quality of the Village's Accounting Principles, and Other Material Communications. As indicated in the attached Communication, the auditors:

- Found no reportable matters relating to the accounting treatment of material items, including recognition, measurement and disclosure for specific transactions as well as general accounting practices
- Reviewed management judgement and accounting estimates and financial disclosures
- Found no reportable matters relating to the quality of the Village's accounting principles.
- Communicated to management certain deficiencies in internal control the were identified during the audit, but are not considered material weaknesses or significant deficiencies.

This letter also highlights upcoming GASB pronouncements.

Also included in this Communication are the "Schedule of Uncorrected Misstatements (Adjustments Passed)", which reflects the effects on the financial statements if the uncorrected misstatements were corrected

Management Letter

The second communication following the audit of the financial statements (Report on Internal Control Over Financial Reporting and on Compliance and Other Matters) which requires the communication of deficiencies in internal control that meet the definition of a material weakness or a significant deficiency (commonly referred to as the Management Letter). **The attached Management Letter notes that the auditors did not identify any deficiencies in internal control that they consider to be**

material weakness.

In addition to the two required communications, the auditor may communicate other matters to those charged with governance that are not required by US Auditing Standards if the auditor feels such matters are of importance to the local government. These communications may be combined into one report or delivered in separate reports.

Certificate of Achievement for Excellence in Financial Reporting Program (GFOA CAFR Program)

The Government Finance Officers Association (GFOA) is a professional association of approximately 17,500 state, provincial, and local government finance officers in the United States and Canada. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which is comprised of individuals with expertise in public-sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.

For over 30 consecutive years, the Village's financial report has been prepared to comply with the high standards of the GFOA Certificate of Conformance for Excellence in Financial Reporting Award Program criteria. We believe the 2019 CAFR continues to meet the requirements of the program, and have submitted the CAFR for review.

Financial Impact
None

Recommended Action/Motion

I move to approve accepting the Fiscal Year 2019 Comprehensive Annual Financial Report ending December 31, 2019.