

# Do We Really Need Financial Reports?

Presented by:  
Cheryden N. Juergensen, CPA/Audit Partner  
Eder, Casella & Co.  
Certified Public Accountants

# Overview

- Purpose of Financial Reporting
- Required Historical Financial Reports
- Audit Requirements
- Fund Accounting Basics
- Basis of Accounting
- Official's Roles

# Purpose of Financial Reporting

- Accountability
- Internal controls
- Management

# Required Historical Financial Reports

- Monthly Treasurer's Reports
  - Balances of all cash and investment accounts
  - Revenues received by category/account
  - Expenses paid
- Comptroller's Report
  - Due 180 days after the end of the fiscal year

# Required Historical Financial Reports (Cont'd)

- Annual Report for Publication
  - Includes:
    - Revenues received by category/account
    - Expenses paid by vendor – exceeding \$2,500 per vendor
    - Names of all employees paid by category of amount
    - Summary statement of operations excerpted from the Illinois Comptroller's Report
  - Due 6 months after the end of each fiscal year
  - Publish in at least one newspaper published within the municipality or having general circulation within the municipality
  - File with the County Collector – include proof of publication

# Other Required Financial Reports

- Numerous other required reports:
  - Budget and Appropriations Ordinance
  - Estimate of Revenues
  - Property Tax Levy Ordinance
  - Payroll Tax Returns
  - Etc.

# Audit Requirements

- Municipalities
  - Bonded Debt, or
  - Population over 800, **or**
  - Owning and operating a public utility
- Special Purpose Governments
  - Total revenue over \$850,000
- Townships
  - Township or Road & Bridge whose total revenue exceeds \$850,000
  - Township (No Road & Bridge) whose total revenue exceeds \$850,000
- All Counties must file
- Due Date – 180 days after fiscal year end
- Filing
  - Comptroller
  - County Clerk

# Fund Accounting Basics

- Funds are separate sets of self balancing accounts
- Types of Funds
  - General Fund – catch all
  - Special Revenue Funds – restricted revenue streams
  - Proprietary Funds – business like activities
  - Internal Service Funds – business like activities that the government provides to itself
  - Fiduciary Funds – money the Village holds for others



# Basis of Accounting

- Cash
  - Revenue when it is **received**
  - Expense when it is **disbursed**
- Accrual
  - Revenue when it is **earned** (not necessarily received)
  - Expense when it is **incurred** (not necessarily when it is paid)
- Modified Accrual – basically accrual except:
  - Revenues also have to be available (60 day rule)
  - Debt inflows and outflows are income and expense
  - Capital purchases are income and expense

# Official's Roles

- Board Members
  - Read
  - Understand
  - Ask Questions, such as
    - Why is this expenditure necessary?
    - Have we appropriated/budgeted enough for this expenditure?
    - Why did xyz expense increase so much from the prior year or budget?
    - Why is xyz revenue so much less than prior year or budget?
    - What does the auditor's opinion mean?
    - How many journal entries did the auditor have to make? And how does the auditor characterize those adjustments (material?)
    - Did the auditor note any areas in which we can improve our financial reporting or internal controls over financial reporting?
    - Does the auditor believe we are appropriately staffed and that our staff is appropriately trained?

# Official's Roles (Cont'd)

- Board Members (Cont'd)
  - Hire the Auditor
  - Meet with the Auditor – before and after
  - Accept Monthly Treasurer's Reports
  - Accept the Audit Report
- Finance Committee Members and Treasurers
  - Understand the Law
  - [www.illinoiscomptroller.com](http://www.illinoiscomptroller.com)
    - Local Government Department
    - Local Government Statutes
- Other Officials, including the Treasurer
  - Numerous other responsibilities not covered in this session

# Thank You!

Cheryden Juergensen, CPA/Audit Partner  
Eder, Casella & Co.

Certified Public Accountants

509 W Old Northwest Highway, Ste 103, Barrington, IL 60010

5400 W Elm Street, Ste 203, McHenry, IL 60050

847/382-3366

[cjuergensen@edercasella.com](mailto:cjuergensen@edercasella.com)

[www.edercasella.com](http://www.edercasella.com)