CRYSTAL LAKE PARK DISTRICT, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

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September 8, 2016

Members of the Board of Commissioners
Crystal Lake Park District
Crystal Lake, Illinois

In planning and performing our audit of the financial statements of the Crystal Lake Park District (District), Illinois, for the year ended April 30, 2016, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Executive Director and senior management of the Crystal Lake Park District, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Park District personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Park District staff.

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATIONS

1. **GASB STATEMENT NO. 67 FINANCIAL REPORTING FOR PENSION PLANS AND GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS**

Comment

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans*, which applies to individual pension plans issuing their own audited financial statements, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which applies to the state and local government employers that sponsor pension plans. The Statements apply to the reporting of the Illinois Municipal Retirement Fund (IMRF) for the District. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the pension plans. The Statements specifically identify the methods and assumptions that are to be used in calculating and disclosing these pension-related accounts in the financial statements and also provide for additional note disclosures and required supplementary information. The Statements are intended to improve information provided by state and local government employers regarding financial support to their pension plans, and ultimately requires that the total net pension liabilities of the pension plans be recorded on the face of the financial statements of the sponsoring government. GASB Statement No. 67 is applicable to the separately issued financial statements of IMRF for the year ended April 30, 2015. GASB Statement No. 68 is applicable to the District's financial statements for the year ended April 30, 2016.

Recommendation

IMRF will automatically be providing the necessary information to all member agencies; we recommended the District review the information provided by IMRF. Lauterbach & Amen, LLP will also work directly with the District to assist in the implementation process, including assistance in determining the implementation timeline with the District, providing all framework for the financial statements in order to complete the implementation, and assisting in answering any questions or concerns the District might have related to the implementation process or requirements.

Status

This comment has been implemented and will not be repeated in the future.

2. FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY

Comment

Previously and during our current year-end audit procedures, we noted the following funds with fund balances that were not in compliance with the boards approved fund balance policy:

	Per 2015 Budget	Fund Balance per CAFR	Amount Not In Compliance
Racket Club			
Expenditures	$ 1,613,940		
X's 25% per Policy	25%		
	403,485	(116,551)	520,036
Golf Learning Center			
Expenditures	131,245		
X's 25% per Policy	25%		
	32,811	(49,639)	82,450

	Per 2016 Budget	Fund Balance per CAFR	Amount Not In Compliance
Racket Club			
Expenditures	$ 1,443,700		
X's 25% per Policy	25%		
	360,925	(476,151)	837,076
Golf Learning Center			
Expenditures	147,535		
X's 25% per Policy	25%		
	36,884	3,660	33,224

Recommendation

We recommended the District investigate the fund balances and adopt future budgets to address the above funds that are not in compliance with the District's fund balance policy.

2. FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY – Continued

Management Response

The Golf Learning Center Fund is not in compliance with the fund balance policy; however, significant progress was realized in the 2015/16 fiscal year, decreasing the negative fund balance by $49,226. The District is committed to reaching the fund balance goal of at least 25% of annual expenditures by the end of the 2016/17 fiscal year.

The Racket Club is not in compliance with the fund balance policy due to several operational and facility updates completed with the objective of increasing usage and operational savings. The District is committed to re-establishing The Racket Club's fund balance to policy level within the next five years. The significant increase in the Racket Club's fund balance non-compliance is due to the implementation of GASB 68, which requires that enterprise funds' net pension liability be included their financial statements. The net pension liability determined for the Racket Club was $593,040.