

**CRYSTAL LAKE PARK DISTRICT,  
ILLINOIS**

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**MANAGEMENT LETTER**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2017**



September 7, 2017

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, 2017, 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

## CURRENT RECOMMENDATIONS

1. **GASB STATEMENT NO. 74 FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS AND GASB STATEMENT NO. 75 ACCOUNTING AND FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Comment

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, *Financial Reporting for Post-Employment Benefits Plans Other Than Pension Plans*, which applies to individual postemployment benefit plans, and Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which applies to the state and local government employers that sponsor the plans. The Statements apply to the reporting of other post-employment benefits, including medical, dental, life, vision and other insurance coverages provided by the employer post-employment. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the other post-employment benefit plans, and specifically identify the methods and assumptions that are to be used in calculating and disclosing these OPEB accounts in the financial statements. The Statements also provide for additional note disclosures and required supplementary information and are intended to improve information provided by state and local government employers regarding financial support to their OPEB plans. GASB Statement No. 75 applies to the employer's reporting of other post-employment benefit plans and is applicable to the District's financial statements for the year ended April 30, 2019.

Recommendation

We recommend that the District reach out to the private pension actuary engaged to provide the OPEB actuarial calculations in order to confirm the timeline for implementation and to review requested materials that will be required in order to implement the provisions and requirements of the new Statements. 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 and private actuary, providing all framework for the financial statements in order to complete the implementation, and assist in answering any questions or concerns the District might have related to the implementation process or requirements.

## PRIOR RECOMMENDATIONS

### 1. 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:

	<b>Per 2016 Budget</b>	<b>Fund Balance per CAFR</b>	<b>Amount Not In Compliance</b>
<b>Racket Club</b>			
Expenditures	\$ 1,443,700		
X's 25% per Policy	25%		
	360,925	(476,151)	837,076
 <b>Golf Learning Center</b>			
Expenditures	147,535		
X's 25% per Policy	25%		
	36,884	3,660	33,224
	<b>Per 2017 Budget</b>	<b>Fund Balance per CAFR</b>	<b>Amount Not In Compliance</b>
<b>Racket Club</b>			
Expenditures	\$ 1,424,968		
X's 25% per Policy	25%		
	356,242	(422,710)	778,952

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.

## **PRIOR RECOMMENDATIONS – Continued**

### **1. FUNDS NOT IN COMPLIANCE WITH FUND BALANCE POLICY – Continued**

#### Management Response

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. A significant portion of 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 in the 2015/16 fiscal year for the Racket Club was \$593,040 and continues to account for the major portion of this deficit. The 2016/17 fiscal year deficit was down 6.9%.

New software was implemented in the 2016/17 fiscal year which provided operational efficiencies at The Racket Club. Two full-time positions open at the end of the fiscal year were evaluated and based on the current business needs following the software change, both full-time positions are now covered with part-time hours providing additional savings in wages and benefit costs.

#### Status

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