

**CAROL STREAM PARK DISTRICT,
ILLINOIS**

MANAGEMENT LETTER

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018**



April 5, 2019

Members of the Board of Commissioners
Carol Stream Park District
Carol Stream, Illinois

In planning and performing our audit of the financial statements of the Carol Stream Park District (District), Illinois, for the year ended December 31, 2018, 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 of Commissioners and senior management of the Carol Stream 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 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 District staff.

Lauterbach & Amen, LLP

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PRIOR 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 December 31, 2018.

Recommendation

We recommended 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.

Status

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

PRIOR RECOMMENDATIONS – Continued

2. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	12/31/18	12/31/17
Debt Service	\$ 1,129	-
Illinois Municipal Retirement	-	5,816
Paving, Lighting and Roadway	-	983
Reserve for Liability Insurance	-	11,118

Recommendation

We recommended the District investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

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

Management Response

The District has implemented additional forecast reports to monitor expenses. In 2018, the \$1,129 expense was due to a one-time fee associated with the change in the District's Paying Agent. The unbudgeted expense was covered by the fund balance in the Debt Service Fund.

3. 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 Board approved fund balance policy:

	Per 2017 Budget	Fund Balance per CAFR	Amount Not In Compliance
Recreation Fund			
Operating Expenditures	\$ 5,695,420		
Less: Capital Outlay	-		
	5,695,420		
X's 5 Months per Policy	5/12		
	2,373,092	221,545	2,151,547

PRIOR RECOMMENDATIONS – Continued

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

Comment – Continued

	Per 2018 Budget	Fund Balance per CAFR	Amount Not In Compliance
General Fund			
Operating Expenditures	\$ 2,593,179		
Less: Capital Outlay	(117,053)		
	2,476,126		
X's 5 Months per Policy	5/12		
	1,031,719	942,340	89,379
Recreation Fund			
Operating Expenditures	6,076,465		
Less: Capital Outlay	(396,979)		
	5,679,486		
X's 5 Months per Policy	5/12		
	2,366,453	481,428	1,885,025

Recommendation

We recommended the District investigate the fund balances and adopt future budgets to address these items not in compliance.

Status

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

Management Response

The amount not in compliance in the General Fund was an unintentional result from the combination of ancillary funds into the General Fund in fiscal year 2018. The combined funds had different guidelines for their target balances. While the fund balance policy calls for a 3-6 month balance for ancillary funds (Paving and Lighting, Audit, IMRF, FICA, Liability), the General Fund calls for a 5 month balance. The District has adjusted its budget and levy to match the change in fund balance targets.

The Recreation Fund continues to make steady progress to bring funds up to the target balance. The initial deficit was expected as part of the 2013-14 opening of Fountain View Recreation Center.