

WAUKEGAN PARK DISTRICT,  
ILLINOIS

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MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2018



July 31, 2018

Members of the Board of Commissioners  
Waukegan Park District  
Waukegan, Illinois

In planning and performing our audit of the financial statements of the Waukegan Park District (District), Illinois, for the year ended April 30, 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, Executive Director and senior management of the Waukegan 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*  
LAUTERBACH & AMEN, LLP

## **CURRENT RECOMMENDATIONS**

### 1. **CAPITAL ASSET THRESHOLD AND ASSET APPRAISAL**

#### Comment

During our current year-end audit procedures, we noted that the District has a capital asset threshold of \$1,000, which is low for a District the size of Waukegan.

#### Recommendation

We recommend the District review and update the capital asset policy with a more appropriate minimum threshold established by category, ranging from \$2,500 to \$50,000, as the Board and Finance Director deem appropriate. The capital asset policy should also establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. We recommend the District undertake a complete inventory and valuation of capital assets to create detail capital asset records that are in compliance with the new policy.

## 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 April 30, 2019.

### 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 not been implemented and will be implemented for the year ended April 30, 2019, when required.

## PRIOR RECOMMENDATIONS – CONTINUED

### 2. ACCOUNTING SOFTWARE

#### Comment

Previously, we noted that the trial balance provided for the Recreation Fund was out of balance (debits did not equal credits). An inherent system of internal controls is in place when the general ledger accounting system only allows double-entry accounting adjustments to be posted.

#### Recommendation

We recommended the Park District investigate the nature of the out-of-balance transactions and implement system or procedural changes as necessary to prohibit out-of-balance transactions. We also recommended that management review the trial balances on a monthly basis as part of the bank reconciliation and month end close process to ensure that system allowed one-sided entries are immediately identified.

#### Status

This comment has been implemented and will not be repeated.