

WAUKEGAN PARK DISTRICT,  
ILLINOIS

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MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2022



October 25, 2022

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 (the District), Illinois, for the year ended April 30, 2022, 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 RECOMMENDATION

### 1. FUNDS OVER BUDGET

#### Comment

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	4/30/2022
General	\$ 575,353
Police System	23,553

#### Recommendation

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

#### Management Response

Management acknowledges this comment, and we didn't go over our legal spending authority (Budget and Appropriation Ordinance). The budgets are tighter these days because of COVID-19 pandemic. Also, these notes always appear in the audit document. This year Personal Property Replacement Taxes (PPRT) exceed budget estimates by 286.91% staff and the Board approved a resolution to pay off the IMRF ERI early which accounts for the General Fund overage compared to budget and saving the taxpayers 7.25% over the next five years. Also the Board approved extra police coverage out of the Police Fund. These funds still hit fund balance targets even with extra expenditures. We also did supplemental budget and appropriation ordinances which were board approved on April 26, 2022.

## PRIOR RECOMMENDATIONS

1. **ACCOUNTING SOFTWARE**

Comment

Previously, we noted that the District is using an accounting software package that is outdated and lacking in technical support from its vendor. Additionally, the software has limitations related to accounts payable procedures, fixed asset procedures, and year-end tax documents that reduce the District’s ability to improve internal controls and prevent misstatements of the financial statements. Outdated software minimizes flexibility and increases administrative costs.

Recommendation

We recommended that the Park District review its current accounting software package and consider alternatives that would address the identified issues.

Status

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

2. **FUND NOT IN COMPLIANCE WITH FUND BALANCE POLICY**

Comment

Previously, we noted the following fund with fund balance that was not in compliance with the Board approved fund balance policy:

	Budget Amount	April 30, 2021 Unassigned Fund Balance	Amount Not in Compliance
Liability Insurance Fund			
Budgeted Operating Expenditures	\$ 436,672		
x 25% per Policy	25%		
Minimum Fund Balance Requirement	109,168	55,271	53,897

Recommendation

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

Status

This comment has been implemented with District approved transfer in November 2021 and will not be repeated in the future.

## PRIOR RECOMMENDATIONS - Continued

### 3. **PERSONNEL FILE ORGANIZATION**

#### Comment

Previously and during our current year-end audit procedures, we noted that several employee personnel files were not consistent and missing pertinent information which needs to be kept on file for each District and Golf Course employee.

#### Recommendation

We recommended that the District work with the Golf Course to implement procedures that ensure that each employee's personnel file is organized and includes all necessary information. Typically, personnel files would contain a signed application of employment, state and federal withholding forms, additional withholding verification forms, a completed I-9 form, if applicable, wage verification and performance reviews, and other personnel related information.

#### Status

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

### 4. **GASB STATEMENT NO. 87 LEASES**

#### Comment

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. In accordance with GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which was issued as temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 87, *Leases* is applicable to the District's financial statements for the year ended April 30, 2023.

#### Recommendation

Lauterbach & Amen, LLP will work directly with the District to review the new lease criteria in conjunction with the District's current leases to determine the appropriate financial reporting for these activities under GASB Statement No. 87.

#### Status

This comment has not been implemented and will be implemented at April 30, 2023.

#### Management Response

Management acknowledges this comment and will work with Lauterbach and Amen, LLP to implement when required.