



**GLENCOE PARK DISTRICT
FINANCE COMMITTEE OF THE WHOLE MEETING
Tuesday, June 18, 2019 - 6:30pm
Takiff Center**

Consistent with the requirements of the Illinois Compiled Statutes
5 ILCS 120/1 through 120/6 (Open Meetings Act), notices of this meeting were posted.
Location of the meeting is the Takiff Center, 999 Green Bay Rd, Glencoe, IL 60022

A G E N D A

- I. Call to Order
- II. Roll Call
- III. Matters from the Public
- IV. Discussion of FY2018/19 Annual Audit Report, Management Letter, Other (pgs. 2-8)
- V. Discussion to Reserve a Portion of Current Fund Balance for Future Capital (pgs. 9-13)
- VI. Discussion of Preliminary 2018 Final Tax Extension (pgs. 14-15)
- VII. Other Business
- VIII. Adjourn

The Glencoe Park District is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or facilities, are asked to contact the Park District at 847-835-3030. Executive Director E-mail address: lsheppard@glencoe parkdistrict.com

IV. Discussion of FY2018/19 Annual Audit Report, Management Letter, Other

The Board received hard copies of the audit and management letter on Thursday, June 13; all other documents are attached.

Glencoe Park District

June 18, 2019

Finance Committee of the Whole Meeting



To: Board of Park Commissioners
From: Carol Mensinger, Director of Finance/HR
cc: Lisa Sheppard, Executive Director
Ronald Amen, Lauterbach & Amen, LLP

Date: June 13, 2019

SUBJECT: Staff Response to Audit Report, Management Letter, SAS Letters

In this packet, you will find the Annual Audit Report, Management Letter, SAS 114 Letter and SAS 115 Letter, which were prepared by the District's independent auditing firm, Lauterbach & Amen, LLP, for the fiscal year ended February 28, 2019. This was the second year of a three-year contract with Lauterbach & Amen, LLP.

Annual Audit Report

The firm of Lauterbach & Amen has issued an unqualified opinion on the financial statements of the Glencoe Park District as of the year ended February 28, 2019. The unqualified opinion means that the auditor concludes that the financial statements give a true and fair view in accordance with Generally Accepted Accounting Principles (GAAP), which in other words means that the District's financial condition, position, and operations are fairly presented in the financial statements. It is the best type of report that can be received from an independent auditor.

I have attached additional summary reports to show comparisons of fund balance levels to the prior four fiscal years, and am happy to report that fund balance levels are healthy. Audited total fund balance levels increased from \$9,001,604 as of February 28, 2018 to \$9,138,892 as of February 28, 2019, which was an increase of \$137,288. The primary reason for the increase is the lower than anticipated expenditures in the park maintenance and G&A departments, as well as the better than anticipated net surplus in our recreation program and beach departments.

Management Letter, SAS 114, SAS 115

As a part of the annual audit process, Lauterbach & Amen also is required to communicate certain items related to the audit process. As such, also included in this packet are three communication letters:

- SAS 114 Letter – Communication to those charged with governance of the audit process.
- SAS 115 Letter – Communication of internal controls that are considered to be significant deficiencies or material weaknesses.
- Management Letter – Communication of internal controls that are considered to be deficiencies, as well as other recommendations related to the audit process.

SAS 114 Letter

Per the attached letter to the Board dated May 20, 2019, items are communicated by Lauterbach & Amen regarding the audit itself and the audit process. This information is self-explanatory, and staff would concur with this information.

SAS 115 Letter

Staff is happy to report that there was not a letter issued this year, as there were no material audit journal entries proposed by Lauterbach & Amen, LLP.

Management Letter

The following is staff's response to the items listed in this letter:

- There is only **current** year item, and it relates to the impact of the *planned* expansion of the Children's Circle Daycare program in September 2018. While the District passed a Supplemental Budget Ordinance to do this, the IMRF and social security/Medicare paid on those additional wages in the Daycare Department, are paid from other respective funds. While current expenses exceeded budgeted amounts, they did not exceed the appropriated amounts.
- There is only one **prior** year item, and it relates to the implementation of GASB 74 and 75. These GASB statements apply to reporting for post-employment benefit plans, and the District implemented them with this report for fiscal year audit ending February 28, 2019.

If you have any questions concerning the annual audit report, management letter or SAS letters, please do not hesitate to contact me. This information will be discussed in further detail at the Finance Committee of the Whole meeting on June 18, 2019 at 6:30pm, just prior to the regular Board meeting. A representative from Lauterbach & Amen will be in attendance to present the information and answer any questions you might have.



May 20, 2019

The Honorable District President
Members of the Board of Commissioners
Glencoe Park District, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Glencoe Park District, Illinois for the year ended February 28, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 20, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended February 28, 2019. We noted no transactions entered into by the Glencoe Park District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental and business-type activities' financial statements was:

Management's estimate of the depreciation expense on capital assets is based on assumed useful lives of the underlying capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant Audit Findings – Continued

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 20, 2019.

Management Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters – Continued

We were engaged to report on the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, and we do not express an opinion or provide any assurance on it.

Restrictions on Use

This information is intended solely for the use of the Board of Commissioners and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to express our gratitude to the Board of Commissioners and staff (in particular the Finance Department) of the Glencoe Park District, Illinois for their valuable cooperation throughout the audit engagement.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

Glencoe Park District
Fund Balance Summary
Audited Amounts as of 2/28/2019

	<u>2/28/2014</u> <u>ACTUAL</u> <u>FUND BAL</u>	<u>2/28/2015</u> <u>ACTUAL</u> <u>FUND BAL</u>	<u>2/29/2016</u> <u>ACTUAL</u> <u>FUND BAL</u>	<u>2/28/2017</u> <u>ACTUAL</u> <u>FUND BAL</u>	<u>2/28/2018</u> <u>ACTUAL</u> <u>FUND BAL</u>	<u>2/28/2019</u> <u>ACTUAL</u> <u>FUND BAL</u>	<u>2/28/2020</u> <u>PROJECTED</u> <u>FUND BAL</u>	Minimum/Undesignated as Fund Balance %
<u>CORPORATE FUND</u>								
Reserve- Undesignated/Committed	\$991,440	\$1,064,580	\$804,910	\$533,504	\$660,760	\$779,228	\$261,035	9%
Designated - Medical Insurance Reserve	\$23,000	\$18,000	\$18,000	\$15,000	\$13,000	\$13,000	\$12,000	
Designated-Minimum Operating Fund Bal 50%	\$592,595	\$620,551	\$1,121,678	\$1,350,981	\$1,224,105	\$1,424,600	\$1,468,767	50%
Designated-Future Capital Reserves	<u>\$400,000</u>	<u>\$300,000</u>	<u>\$150,000</u>	<u>\$600,000</u>	<u>\$500,000</u>	<u>\$300,000</u>	<u>\$650,000</u>	
CORPORATE - TOTAL FUND BALANCE	\$2,007,035	\$2,003,131	\$2,094,588	\$2,499,485	\$2,397,865	\$2,516,828	\$2,391,802	
<u>RECREATION FUND</u>								
Reserve- Undesignated	\$1,494,682	\$1,565,129	\$2,153,266	\$704,557	\$1,110,883	\$850,012	\$293,138	6%
Designated-Minimum Operating Fund Bal 50%	\$947,905	\$991,870	\$970,646	\$2,127,385	\$2,052,932	\$2,404,419	\$2,518,075	50%
Designated-Future Capital Reserves	<u>\$300,000</u>	<u>\$700,000</u>	<u>\$250,000</u>	<u>\$1,100,000</u>	<u>\$500,000</u>	<u>\$700,000</u>	<u>\$850,000</u>	
RECREATION - TOTAL FUND BALANCE	\$2,742,587	\$3,256,999	\$3,373,912	\$3,931,942	\$3,663,815	\$3,954,431	\$3,661,213	
<u>MINOR OPERATING FUNDS</u>								
SPECIAL RECREATION FUND	\$165,823	\$260,181	\$272,131	\$156,259	\$119,329	\$133,651	\$115,106	34%
IMRF RETIREMENT FUND	\$12,142	\$82,330	\$227,608	\$246,903	\$258,749	\$227,252	\$205,603	55%
SOCIAL SECURITY FUND	\$90,541	\$90,945	\$47,609	\$59,889	\$72,656	\$62,999	\$65,999	24%
BOND & INTEREST FUND	\$169,307	\$209,552	\$237,876	\$255,932	\$294,559	\$339,749	\$393,633	34%
LIABILITY INSURANCE FUND	\$56,466	\$61,982	\$94,380	\$113,060	\$114,240	\$136,264	\$128,465	78%
WORKERS' COMPENSATION FUND	\$15,490	\$27,450	\$30,261	\$32,944	\$32,927	\$36,140	\$36,950	88%
AUDIT FUND	\$11,753	\$9,690	\$6,625	\$7,321	\$6,284	\$8,913	\$6,463	44%
SUBTOTAL - OPERATING FUNDS	\$5,271,144	\$6,002,260	\$6,384,990	\$7,303,735	\$6,960,424	\$7,416,227	\$7,005,234	
<u>OTHER CAPITAL FUNDS:</u>								
CAPITAL PROJECTS FUND	\$390,383	\$357,510	\$481,036	\$298,505	\$292,020	\$283,323	\$99,606	
MASTER PLAN CAPITAL PROJECTS FUND	\$0	\$700,000	\$2,480,432	\$1,500,569	\$1,673,805	\$1,397,893	\$611,740	
SPECIAL TRUST FUND	\$113,366	\$108,016	\$97,702	\$73,600	\$67,355	\$41,449	\$0	
IMPACT FEE FUND	<u>\$40,040</u>	<u>\$52,353</u>	<u>\$52,353</u>	<u>\$36,313</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>	
SUBTOTAL - CAPITAL FUNDS	\$543,789	\$1,217,879	\$3,111,523	\$1,908,987	\$2,041,180	\$1,722,665	\$711,346	
TOTAL - ALL FUNDS	\$5,814,933	\$7,220,139	\$9,496,513	\$9,212,722	\$9,001,604	\$9,138,892	\$7,716,580	

Note: Designated Minimum Fund Balance increased from 25% to 50% for Recreation Fund in February 2017.

V. Discussion to Reserve a Portion of Current Fund Balance for Future Capital

Glencoe Park District

June 18, 2019

Finance Committee of the Whole Meeting



To: Board of Park Commissioners
From: Carol Mensinger
cc: Lisa Sheppard, Executive Director

Date: June 13, 2019

SUBJECT: Reserving Portion of Fund Balance for Future Capital

During the FY2019/20 budget discussions earlier this year, staff proposed that a portion of the current Corporate Fund and Recreation Fund fund balance reserves be earmarked for future capital (to be identified in the master planning process). As was done in previous years, staff also suggested that we await final audited fund balances to make a determination on the exact amount to be committed for this purpose.

Per the District's current Fund Balance Policy, guidelines for the Corporate Fund and Recreation Fund minimum fund balance levels are as follows:

- A. **General Fund** - The General Fund is a major fund and the general operating fund of the Park District. It is used to account for administrative, maintenance, parks, and greenhouse, Watts Ice, and Beach operations, and all financial resources except those that are accounted for in another fund.
1. Each year a portion of the spendable fund balance will be determined as follows:
 - a. Committed – A portion of the fund balance may be committed through formal action of the Board of Commissioners either through a resolution or ordinance.
 - b. Assigned – Fiscal Sustainability. This assigned fund balance will be maintained at a minimum level of 50% of annual budgeted expenditures. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of six months (50%) of expenditures not including capital, debt service, and interfund transfers.
 - c. Unassigned – The unassigned fund balance will be reviewed annually during the budget process. Balances in excess of six months (50%) of annual budgeted expenditures may be transferred to the Capital Projects Fund to support future capital projects.

B. Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes other than debt service or capital projects. Financing for most special revenue funds is provided by a specific annual property tax levy. In some cases, financing is received from admissions, fees and charges for programs and activities. These proceeds are devoted exclusively to the purposes of which the special tax was authorized. Fund balances in special revenue funds (other than the Recreation Fund) are derived from property taxes and are therefore legally restricted to the purpose of the fund.

1. Recreation - This fund is a major fund and is used exclusively for planning, establishing, and maintaining recreational programs carried out by the Park District. Financing is provided from fees and charges for programs and activities and an annual property tax levy.

Each year a portion of the spendable fund balance will be determined as follows:

- i. The restricted fund balance for this fund will be targeted at a minimum level of 50% of annual budgeted expenditures. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of six months (50%) of expenditures not including capital, debt service and interfund transfers.
- ii. Committed – A portion of the fund balance may be committed through formal action of the Board of Commissioners either through a resolution or ordinance.

As of February 28, 2019, the audited *unassigned* fund balance reserve in the Corporate Fund was \$2,203,828. With a proposed \$650,000 commitment to future capital, the remaining fund balance reserve would remain at just over 59% of annual budgeted expenditures (\$2,937,533).

As of February 28, 2019, the audited fund balance reserve *committed for recreation purposes* in the Recreation Fund was \$3,248,164. With a proposed \$850,000 commitment to future capital, the remaining fund balance would remain at 56% of annual budgeted expenditures (\$5,036,150).

Staff Recommendation

Based on the District's current Fund Balance Policy, staff recommends that an amount of \$650,000 be committed in the Corporate Fund to "Future Capital Projects" AND that an amount of \$850,000 be committed in the Recreation Fund to "Future Capital Projects". These amounts keep the Corporate and Recreation Funds minimum requirements within the policy to hedge against emergencies/unforeseen expenditures, and yet still allow the District to plan for the future. With these new committed amounts, the District will have committed a total of \$7.3 million for future capital projects from the master plan. (This is *in addition* to the \$1 million donation for Berlin Park.) Please see attached for the sample resolution that will be on the agenda for the July regular Board meeting.

**GLENCOE PARK DISTRICT
RESOLUTION No. XXX**

**A RESOLUTION FOR THE COMMITMENT OF \$650,000 OF THE CORPORATE
FUND BALANCE AND \$850,000 OF THE RECREATION FUND BALANCE
FOR FUTURE CAPITAL PROJECTS OF THE GLENCOE PARK DISTRICT**

WHEREAS, the Board of Park Commissioners (the “Board”) of the Glencoe Park District, has a Fund Balance Policy which was adopted by the Board in December 2011 and amended in August 2012 and again in February 2017;

WHEREAS, the District has more than the 50% required fund balance reserve in the Corporate Fund of the District and more than 50% required fund balance reserve in the Recreation Fund; and

WHEREAS, as the District has completed its master plan process which identifies future capital needs of the District;

NOW THEREFORE, Be It and It is Hereby Ordained by the Board of Park Commissioners of the Glencoe Park District, Cook County, Illinois that

Section 1: In the current Fiscal Year 2019/2020, the Park District will designate an amount of \$650,000 in the Corporate Fund and an additional \$850,000 in the Recreation Fund as “committed fund balance” to be used specifically for “Future Capital Projects of the District” as specifically outlined in the Master Plan.

Section 2: The Resolution shall be in full force and effect from after its adoption as provided by law.

Adopted by roll call vote on July 16, 2019:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Michael Covey, Treasurer
Board of Park Commissioners

ATTEST:

Lisa M. Sheppard, Secretary
Board of Park Commissioners

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SECRETARY'S CERTIFICATE

I, Lisa M. Sheppard, do hereby certify that I am Secretary of the Board of Park Commissioners of the Glencoe Park District, Cook County, Illinois, and as such official, I am keeper of the records, ordinances, files and seal of said Park District; and,

I HEREBY CERTIFY that the foregoing instrument is a true and correct copy of Resolution No. **XXX**:

A RESOLUTION FOR THE COMMITMENT OF \$650,000 OF THE CORPORATE FUND BALANCE AND \$850,000 OF THE RECREATION FUND BALANCE FOR FUTURE CAPITAL PROJECTS OF THE GLENCOE PARK DISTRICT

adopted at a duly called Regular Meeting of the Board of Park Commissioners of the Glencoe Park District, held at Glencoe, Illinois, in said District at 7:00 p.m. on the 16th day of July 2019.

I DO FURTHER CERTIFY that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Park District Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Glencoe Park District at Glencoe, Illinois this 16th day of July 2019.

Lisa M. Sheppard, Secretary
Board of Park Commissioners
Glencoe Park District

[SEAL]

VII. Discussion of Preliminary 2018 Final Tax Extension

Glencoe Park District

June 18, 2019

Finance Committee of the Whole Meeting

To: Board of Park Commissioners
From: Carol Mensinger, Director of Finance/HR
Date: June 13, 2019

cc: Lisa Sheppard, Executive Director

Subject: Summary – 2018 Final Tax Extension

Please see below for a summary of the draft copy of the 2018 final tax year information (FY2019/20 budget year), as well as a comparison to previous tax year 2017. Final 2018 tax year information is typically finalized and published by the county late June.

For the sixth time in the last ten years, the District has experienced a **decrease** in equalized assessed valuation (EAV).

The *total* EAV decreased \$37,436,396 or approximately 3.98%. The District's *new* property EAV totaled \$7,186,910 which equates to an approximate increase in new growth of 0.76%, and therefore, the District's *old* property EAV actually decreased \$44,622,502 or 4.74%.

The total tax rate increased from .5938 to .6323. The total rate consists of a "capped" operating rate of .462 and a "non-capped" rate (for Bond & Interest and Special Recreation) of .1712. Until actual tax bills are received this summer, the true impact (i.e., the total tax increase/decrease) to individual taxpayers cannot be determined.

If the collection rate is 100% of extended taxes, the District could receive approximately \$116,033 more in tax revenues than what was included in the current FY2019/20 budget. This is due to the fact that the budget amount is based on an anticipated collection rate of only 98.5% (based on past history).

	New Current Year	Prior Year	
	<u>Tax Year 2018</u>	<u>Tax Year 2017</u>	<u>Difference</u>
Total EAV	903,764,241	941,200,637	37,436,396
Extended Tax Dollars:			
Operating Funds	4,491,703	4,362,410	129,293
Bond & Interest Fund	1,222,725	1,226,663	(3,938)
Total	5,714,428	5,589,073	125,355

	New Current Year	Prior Year	
	<u>Tax Year 2018</u>	<u>Tax Year 2017</u>	<u>Difference</u>
Total Budgeted Taxes	5,598,395	5,406,545	126,655
Total Taxes Actually Rec'd	not yet known	5,466,479	
Tax Rate:			
Operating Funds	.4970	.4635	.0335
Bond & Interest Rate	.1353	.1303	.0050
Total	.6323	.5983	.0385