

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

**AUDITOR'S COMMUNICATION TO THE
BOARD OF COMMISSIONERS**

For the Year Ended
December 31, 2016

We are submitting to you the following draft of the board communication to expedite your review. This draft or elements within should not be shared with any external parties, nor should any inference be made to any parties that no modifications are expected before this board communication is submitted as final.

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS
TABLE OF CONTENTS**

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

	<u>Page(s)</u>
COVER LETTER	1
REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE	2-10
• Adjusting Journal Entries	
• Passed Adjustments	
MANAGEMENT LETTER.....	11-14
FIRM PROFILE	

June 2, 2017

Members of the Board of Commissioners
Hoffman Estates Park District
1685 West Higgins Road
Hoffman Estates, Illinois 60169

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by auditing standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on January 27, 2017.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the District, are enclosed within this document.

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

Sincerely,

Sikich LLP
By: Brian D. LeFevre, CPA, MBA
Partner

June 2, 2017

Members of the Board of Commissioners
Hoffman Estates Park District
Hoffman Estates, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hoffman Estates Park District (the District) for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 January 4, 2017. Professional standards also require that we communicate to you the following information related to our audit.

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 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 December 31, 2016 except for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 77, *Tax Abatement Disclosures*; GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinions were not modified with respect to this matter. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

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. Management's estimate of the District's Illinois Municipal Retirement Fund net pension liability is based on various actuarially determined amounts, including estimated investment returns, dates of employee retirement, and mortality rates. We evaluated the key factors and assumptions used to develop management's estimate of the District's Illinois Municipal Retirement Fund net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole. We noted no other particularly sensitive estimates made by management during our audit of the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive financial statement disclosures.

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.

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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole except for AJE-01 and AJE-02.

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 June 2, 2017.

Management Consultations with Other Independent Accountants

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.

We were engaged to report on the combining and individual fund financial statements and 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 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 supplemental data and introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Sincerely,

Sikich LLP
By: Brian D. LeFevre, CPA, MBA
Partner

Hoffman Estates Park District

Year End: December 31, 2016

Adjusting Journal Entries

Date: 1/1/2016 To 12/31/2016

Number	Date	Name	Account No	Debit	Credit
AJE-01	12/31/2016	MORGAN STANLEY - CD	01-01-0200-1110 01-GF		-10,903.96
AJE-01	12/31/2016	INVESTMENT INCOME	01-10-3600-4000 01-GF	10,903.96	
To record FY 16 accrued interest					
AJE-02	12/31/2016	Deferred Outflow	80-01-04-1050 80-G	1,560,798.00	
AJE-02	12/31/2016	Deferred Outflow	80-01-04-1050 80-G		-1,560,798.00
AJE-02	12/31/2016	Deferred Outflow	80-01-04-1050 80-G	2,172,697.00	
AJE-02	12/31/2016	Deferred Outflow	80-01-04-1050 80-G		-185,728.00
AJE-02	12/31/2016	Net Pension Liability - IMRF	80-02-30-2200 80-G		-885,310.00
AJE-02	12/31/2016	Net Pension Liability - IMRF	80-02-30-2200 80-G	885,310.00	
AJE-02	12/31/2016	Net Pension Liability - IMRF	80-02-30-2200 80-G		-80,548.00
AJE-02	12/31/2016	Net Pension Liability - IMRF	80-02-30-2200 80-G		-804,762.00
AJE-02	12/31/2016	Pension Expense	80-02-30-5100 80-G	185,728.00	
AJE-02	12/31/2016	Pension Expense	80-02-30-5100 80-G	804,762.00	
AJE-02	12/31/2016	FUND BALANCE	80-03-3000-3000 80-G		-1,560,798.00
AJE-02	12/31/2016	FUND BALANCE	80-03-3000-3000 80-G	1,560,798.00	
AJE-02	12/31/2016	FUND BALANCE	80-03-3000-3000 80-G		-2,172,697.00
AJE-02	12/31/2016	FUND BALANCE	80-03-3000-3000 80-G	885,310.00	
AJE-02	12/31/2016	FUND BALANCE	80-03-3000-3000 80-G		-885,310.00
AJE-02	12/31/2016	FUND BALANCE	80-03-3000-3000 80-G	80,548.00	
To record the Change in Accounting Principle Entries needed to present year-old IMRF actuarial data in the CY report and to record the CY change in IMRF NPL and Deferred Outflows/Inflows of Resources					
AJE-03	12/31/2016	MACHINERY/EQUIPMENT	90-01-0800-1000 90-G		-2,199.55
AJE-03	12/31/2016	MACHINERY/EQUIPMENT AD	90-01-0800-1100 90-G	142,517.96	
AJE-03	12/31/2016	VEHICLES AD	90-01-0900-1100 90-G	11,285.28	
AJE-03	12/31/2016	Disposal of Capital Asset	90-01-4100-5000 90-G	2,199.55	
AJE-03	12/31/2016	MACHINERY/EQUIPMENT DEPRE EXP	90-10-1800-5200 90-G		-142,517.96
AJE-03	12/31/2016	VEHICLES DEPRE EXP	90-10-1900-5200 90-G		-11,285.28
To adjust capital assets					

HOFFMAN ESTATES PARK DISTRICT **Governmental Activities**

(CLIENT)

(OPINION UNIT)

For the Year Ended 12/31/2016

All entries posted as Debit (Credit)

Description	Workpaper Reference	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
Effect of not booking Accrued Payroll for FY15	PY 4105	\$ -	\$ -	\$ (95,018)	\$ 95,018
Effect of prior year disposals of capital assets not being recorded in the District's capital asset records in the year of disposal and instead being run through FY16's depreciation expense.	3503			153,803	(153,803)
Totals		\$ -	\$ -	\$ 58,785	\$ (58,785)

**HOFFMAN ESTATES PARK DISTRICT
HOFFMAN ESTATES, ILLINOIS**

MANAGEMENT LETTER

December 31, 2016

Members of the Board of Commissioners
Hoffman Estates Park District
Hoffman Estates, Illinois

Ladies and Gentlemen,

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hoffman Estates Park District (the District) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. This letter does not affect our report dated June 2, 2017, on the basic financial statements of the Hoffman Estates Park District.

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

Naperville, Illinois
June 2, 2017

OTHER INFORMATION

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may impact the District in the future.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for the fiscal year ended December 31, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No.75 are effective for financial statements for the fiscal year ended December 31, 2018.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An amendment of GASB Statement No. 14*, requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement are effective for the fiscal year ending December 31, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. The requirements of this statement are effective for the fiscal year ending December 31, 2017.

OTHER INFORMATION (Continued)

Future Accounting Pronouncements (Continued)

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the fiscal year ending December 31, 2017 and December 31, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations [ARO's]*, enhances comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. The Statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this statement are effective for the fiscal year ending December 31, 2019.

GASB Statement No. 84, *Fiduciary Activities*, will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for the fiscal year ending December 31, 2019.

GASB Statement No 85, *Omnibus 2017*, addresses a number of issues across a spectrum of topics including issues related to blending component units where the primary government is a business type activity that reports basic financial statements in a single column, accounting for goodwill, fair value measurement and application related to real estate held by insurance activities and measuring certain investments at cost or amortized cost, and various issues related to accounting and reporting for postemployment benefits (pensions and other postemployment benefits [OPEB]). Statement No 85 is effective for fiscal years ending December 31, 2018.

We will advise the District of any progress made by GASB in developing this and other future pronouncements that may have an impact on the financial position and changes in financial position of the District.

Sikich Snapshot

Organization

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking* and advisory services**, has more than 750 employees throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 35 Certified Public Accounting firms and is among the top 10 of all enterprise resource planning solution partners in the country. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

Industries

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

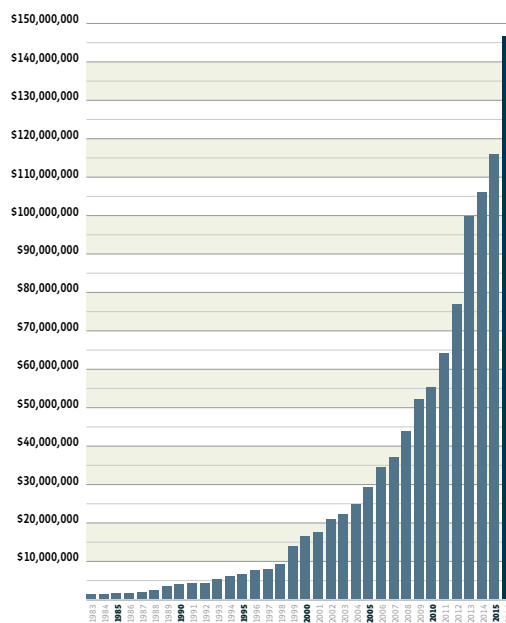
- Agriculture
- Construction & Real Estate
- Energy
- Government
- Manufacturing & Distribution
- Not-for-Profit

Statistics

2016 Revenues	\$146.4M
Total Partners	107
Total Employees	689
Total Personnel	796

Personnel count as of January 19, 2017

Sikich Total Revenues



SERVICES

- Accounting, Audit, Assurance & Tax
- Business Valuation
- Dispute Advisory
- ERP & CRM Software
- Human Resources Consulting
- Insurance Services
- Investment Banking & Corporate Finance
- IT Services
- Marketing & Public Relations
- Retirement Planning
- Supply Chain
- Wealth Management

Awards

- Vault Accounting Top Ranked 2017
- *Accounting Today* Top 100 Firms: ranked 31st nationally, 2016
- *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2016
- *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 10th, 2016
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms: ranked 11th, 2016
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 31st nationally, 2016
- When Work Works Award, 2016
- *WorldatWork* Work-Life 2016 Seal of Distinction
- Best Places to Work in Illinois, 2016
- Best Places to Work in Indiana, 2016
- Chicago's 101 Best and Brightest Companies to Work For®, 2016
- Milwaukee's 101 Best and Brightest Companies to Work For®, 2016
- WICPA Excellence Award - Public Service Award (Firm), 2016
- *Accounting Today* Top 100 Value Added Reseller: ranked 7th, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2016
- US SMB Champions Club Heartland Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- 2016 US SMB Champions Club Heartland Influencer Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- *Inc. 5000*: ranked #4613, 2016
- *Crain's List* Chicago's Largest Privately Held Companies: ranked #249, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 7th, 2016
- National Best & Brightest Companies to Work For®, 2015
- Chicago's 101 Best and Brightest Companies to Work For®, 2015
- National Best & Brightest in Wellness, 2015
- *Chicago Tribune's* Top Workplaces, 2015
- Edge Award - 2015 Community Service
- Microsoft Dynamics Inner Circle and President's Club, 2014



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Certifications

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

Gold Microsoft Partner



Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1 percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- Microsoft Small Business Specialist
- MCP (Microsoft Certified Professional)
- MCSE (Microsoft Certified System Engineer)
- CCNA (Cisco Certified Network Associate)
- CCDA (Certified Cisco Design Associate)
- CCEA (Citrix Certified Enterprise Administrator)
- MRMS (Microsoft Retail Management Systems)
- CISA (Certified Information Systems Auditor)
- CNE (Certified Novell Engineer)
- MS CSM (Microsoft Customer Service Manager)
- MS CAE (Microsoft Certified Account Executive)
- MCDBA (Microsoft Certified Database Admin.)
- Certified for Microsoft Dynamics (NAV)



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The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

**International Accounting Bulletin, 2011*



Sikich is proud to be part of PrimeGlobal

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.

** Securities are offered through Sikich Corporate Finance LLC, a registered broker/dealer with the Securities and Exchange Commission and a member of FINRA and SIPC.*

*** Investment advisory services offered through Sikich Financial, a Registered Investment Advisor. Securities offered through Triad Advisors, Member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.*

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