

## Timeline of audit decline

This is a timeline of events surrounding the Kankakee Valley Park District's cycle of failed financial audits and the district's attempts to fix them.

**Dec. 16, 2010** — Auditors from Smith, Koelling, Dykstra and Ohm, of Bourbonnais, give the Kankakee Valley Park District's accounting and financial practices a clean bill of health for the 2010 fiscal year, which ended on May 31, 2010. The park district also had received clean audits in the previous two years.

**July 20, 2011** — Roy Collins is hired as Kankakee Valley Park District's executive director. He replaces Jim Romanek, who left to become executive director of the Mokena Park District.

**Dec. 22, 2011** — Auditors from Smith, Koelling, Dykstra and Ohm give KVPD's accounting and financial practices a clean bill of health for the 2011 fiscal year, which ended on May 31, 2011.

**Jan. 26, 2013** — The park district misses the due date for the audit covering the 2012 fiscal year, which ended on May 31, 2012.

**August 2012** — The month Collins tells the Illinois comptroller's office he "let go" former finance director Brandon Meredith for "poor performance." Meredith had turned in positive audits for several prior years. Kelly Downes is subsequently hired as finance director.

**March 21, 2013** — The 2012 audit is finished. But auditors from SKDO are unable to render an opinion on KVPD's accounting and financial practices because there "was no sufficient evidence" to verify the district's finances are being handled appropriately. Records are missing, many expenses lack documentation, payroll records are jumbled and there is little control over cash.

**April 3, 2013** — The state comptroller's office writes Collins, informing him the park district has failed its 2012 audit and is required to create a corrective action plan.

**April 13, 2013** — Collins writes the comptroller's office saying he fired the former finance director for "poor performance" and hired Kelly Downes as a replacement. His letter states she "has implemented many new policies and training procedures, all of which have produced positive results."

**April 19, 2013** — The park district submits a corrective action plan to the comptroller's office, promising to clean up its financial records and practices.

**Jan. 26, 2014** — The park district misses the due date for the audit covering the 2013 fiscal year, which ended on May 31, 2013.

**Mid-March 2014** — Kelly Downes leaves the park district. She gives a two-week notice and leaves for another job.

**April 2, 2014** — The park district drops SKDO and hires Groskreutz, Schmidt, Abraham, Eshleman & Gerretse, of Kankakee.

**April 8, 2014** — The KVPD Board of Commissioners holds an emergency finance meeting after discovering Downes had not issued bonds needed to fund day-to-day operations.

**April 16, 2014** — Rick Hassett is hired as finance director. He still is finance director today.

**Oct. 22, 2014** — The audit for 2013 is completed. The new auditing firm is unable to render an opinion on KVPD's accounting and financial practices because it "has not been able to obtain sufficient evidence" the park district's finances are being handled appropriately.

**Jan. 15, 2015** — Collins writes the comptroller's office, asking it to abate \$12,340 in fines for filing its audits late. The letter states the park district "went through two different comptrollers [finance directors] who were both in ways derelict in their duties."

**Jan. 26, 2015** — The park district misses the due date for the audit covering the 2014 fiscal year, which ended on May 31, 2014.

**March 12, 2015** — The comptroller's office grants Collins' request to abate fines charged for late audits. The park district ends up paying \$3,085 in fines.

**Feb. 23, 2015** — Hassett emails Collins to inform him the park district appears to be off the comptroller's "hit list" because the district is "focused like a laser beam on all our financial matters." The deadline is extended to June 30, 2015.

**May 26, 2015** — The state comptroller's office extends the audit deadline again for 2014 to Oct. 9, 2015. Park district officials pledge to correct past problems and achieve a favorable audit.

## **Park district doubles back on its books**

On March 26, Rick Hassett, the finance director at the Kankakee Valley Park District, sent an email to the park district's auditors telling them he was unable to find his predecessor's cash receipts for the entire 2012 fiscal year. Cash receipts for the month of November 2012 were missing, too, according to emails The Daily Journal obtained through an open records act request.

That is the type of problem the park district has had during the past three years in attempting to prove to independent auditors and the state comptroller's office that all of its payments and expenses are verified and legitimate. To date, however, they've been unable to do that. But they've also said they're working toward reestablishing standard financial practices.

"As we've gone back and reconstructed things, we've found things that were never found," said John Coghlan, the park district's attorney. "We checked, 'is money missing?' We were able to document where all the money went. There is no indication anything was paid for inappropriately."

While an analysis of past audits shows patterns of poor accounting practices, they offer no specific details on how much money was poorly managed.

Since being hired in April 2014, Hassett has spent the bulk of his tenure fixing problems. The state comptroller's office told The Daily Journal the park district is making gains, although it is already nine months late turning in its 2014 audit.

Park district officials said it will submit it to the state by Oct. 9, the new deadline.

"We don't know if anything will change until the 2014 audit is done," said Rich Carter, spokesman for Illinois State Comptroller Leslie Geissler Munger, who oversees audits for local governments. "But we believe they are on the right path and coming into compliance. We are satisfied they are working in good faith with us."

### **How did things get this bad?**

Park district officials largely blame two former finance directors and even its former auditing firm.

The last favorable audit the park district received was in fiscal year 2011, which had ended in May 2011. About one year later, Roy Collins, who became executive director in July 2011, "let go" finance director Rich Meredith for alleged "poor performance," according to a letter he submitted to the state comptroller's office in April 2013. Meredith was director when the district earned positive audits for 2009, 2010 and 2011.

In 2012, auditors gave the park district its first negative audit, listing a host of problems, including undocumented expenses, employees who were deleted from the payroll system after getting paid and automated checks. Subsequently, the auditing firm Smith, Koelling, Dykstra and Ohm, of Bourbonnais, the district's longstanding auditor, also was fired.

Coghlan said the firm should have warned the district that things were getting out of whack because they were in the office every month. Marcie Kohlberg, the SKDO manager assigned to the district, said the firm wasn't tasked with the labor-intensive job of monthly audits, only to create monthly balance sheets for the board of commissioners. Auditing was only done annually.

In a letter Collins sent to the comptroller's office in January 2015, he blamed the district's two finance directors, saying they "were both in ways derelict in their duties."

In an interview, Meredith said the park district received positive audits under his tenure with the exception of 2012, the year he left.

"I can stand on what happened and my work," said Meredith. "To hear this kind of thing is troubling to me." The Daily Journal could not locate Kelly Downes, who succeeded Meredith as finance director, for comment.

### **Stopping the buck**

Downes, who left the park district in March 2014, delivered a significant blow. She failed to secure a critical \$800,000 bond prior to leaving after apparently telling the board she had. Coghlan said it's one example of what the park district has gone through with its former finance directors.

The park district had hired Downes with the goal of cleaning up its books. In April 2013, Collins wrote the state comptroller's office saying Downes "has implemented many new policies and training procedures, all of which have produced positive results." Still, the district's new auditor, Groskreutz, Schmidt, Abraham, Eshleman & Gerretse, of Kankakee, gave the park district yet another poor audit for the 2013 fiscal year.

"You rely on your people," Coghlan said. "To say someone is a new executive director and an audit comes up faulty? I don't think that's fair."

Park district officials insist they've made solid improvements, rectified past discrepancies and they will get positive results in 2014. But the feeling is not unanimous.

Commissioner Dave Skelly, a frequent critic of the park district's financial practices, said he's yet to see detailed reports on expenses or even an accounting of where the district stands on its budget. He's skeptical the improvements have gone far enough.

"I have grave concerns about these issues," Skelly said. "I've struggled to get good information, and I don't know where the money is going to. We're stewards of the taxpayers' dollars. We have to have as many controls as possible to treat that money with the utmost respect."