1996 S. Kirk Rd Ste 320
Geneva, IL 60134

Kane County

Forest Preserve, Finance and Administration Committee

Agenda

Chairman Dale Berman, President Christopher Kious, Treasurer Bill Lenert, Executive Director Benjamin Haberthur
Deborah Allan, Michelle Gumz, Leslie Juby, Jarett Sanchez, Vern Tepe, Rick Williams

Tuesday, March 26, 2024 **2:00 PM** **3rd Floor Board Room**

I. Call To Order

II. Approval of Minutes from February 27, 2024

III. Public Comment (Each Speaker is limited to three minutes)

IV. Bids and Proposals

V. New or Unfinished Business

TMP-24-1871 Resolution Approving the District Owned Housing Policy

TMP-24-2084 Resolution Authorizing a Professional Auditing Services Contract with Lauterbach & Amen, LLP

VI. Closed Session to Discuss Land Acquisition, License Agreements, Potential Litigation and Personnel

VII. Communications

VIII. Chairman's Comments

IX. Adjournment
Adjournment until: Tuesday April 23, 2024 at 2:00 p.m. in person at the Forest Preserve District Administration Offices 1996 S. Kirk Road, Suite 320 Geneva, Illinois and via zoom https://zoom.us/j/6302325980?pwd=aURTSGJoRlVJNDRCcHJXd3dvaVVrUT09 Meeting ID: 630 232 5980 Password: 24680 The Request to Speak Form on our website must still be completed for guests to speak at the meeting.

STATE OF ILLINOIS)
SS.
COUNTY OF KANE)

FP RESOLUTION NO. TMP-24-1871

RESOLUTION APPROVING THE DISTRICT OWNED HOUSING POLICY

WHEREAS, the Commissioners of the Forest Preserve District of Kane County have historically supported the provision of District owned housing for employees on certain forest preserve properties; and

WHEREAS, it has been deemed necessary to establish a formal policy to ensure employment law compliance, establish consistent guidelines for employees and the District, and ensure alignment with the District's goals; and

WHEREAS, a new District Owned Housing Policy has been developed to meet the current needs of the employees and the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Forest Preserve District of Kane County, Kane County, be and hereby is authorized to approve the District Owned Housing Policy attached hereto as Exhibit A.

APPROVED AND PASSED on this 12th day of March 2024.

_____
Christopher Kious
President, Kane Forest Preserve
Kane County, Illinois

_____
Myrna Molina
Secretary, Kane Forest Preserve
Kane County, Illinois

AGENDA MEMORANDUM

DATE: February 27, 2024

TO: Forest Preserve District Finance & Administration Committee

FROM: Benjamin Haberthur, Executive Director
Jennifer Clough, Human Resources Director

SUBJECT: Presentation and Approval of the District Owned Housing Policy

PURPOSE:
The purpose of this memorandum is to provide the Committee with information to consider adopting a District Owned Housing Policy.

BACKGROUND:
The District has had residential properties nearly since its inception. Truly vacant land is rarely available for sale. Land is more typically sold with associated residences. Currently the District owns twelve (12) residential properties which it lets, or has the capacity to let, to employees, and one (1) property that is being leased to a non-District person.

Currently, six (6) of the available properties have an active lease agreement. The remaining vacant homes are undergoing improvements prior to re-leasing or becoming available to rent following the full commission's review of this policy document.

The following Forest Preserve properties have residential homes onsite:

Binnie Forest Preserve – staff rental
Bliss Woods Forest Preserve – staff rental
Buffalo Park Forest Preserve – vacant/needs repairs
Burnidge Forest Preserve – non-District rental
Paul Wolff Forest Preserve – staff rental
Dick Young Forest Preserve - vacant/needs repairs
Fabyan Forest Preserve - staff rental
Johnson's Mound Forest Preserve - vacant/needs repairs
Jon J. Duerr Forest Preserve – staff rental
Oakhurst Forest Preserve - vacant
Stoney Creek Forest Preserve - vacant/use under review
Tyler Creek Forest Preserve – staff rental
Tekkawitha Forest Preserve - vacant

As recently as August 2023, members of the District's Board of Commissioners expressed interest in the continuation of the district owned housing program for employees for reasons including, but not limited to, the perceived public value of having a consistent and responsive presence on preserve properties, the opportunity to offer reasonably affordable housing options throughout Kane County, and the responsibility to ensure the use and maintenance of preserve structures that have historical significance or are otherwise valuable to the public. In addition, staff suggests a district owned housing program is a valuable tool for employee recruitment and retention and is convenient for contingency planning purposes.

At the same time at which the Board of Commissioners voiced curiosity about and support for the program, staff was in the process of evaluating the District owned properties used for this purpose and considering the codification of the administration of the benefit.

Best practice in benefit program management requires complete policies be in place to ensure employment law compliance, establish guidelines for ease of interpretation by program users and administrators, and to ensure alignment with organizational goals.

Historically, a standard lease agreement has been used to administer the program. While the residential lease agreement is sufficient to provide the terms that govern the landlord and tenant relationship, staff has identified key terms related to the unique nature of employer provided housing that are generally unaddressed by the document. Further, staff has determined that a fringe benefit program policy is the most appropriate record of this relationship. Among other important program guidelines, the policy as drafted intends to ensure Department of Labor (DOL) and Internal Revenue Service (IRS) compliance related to FLSA exemption status and taxable fringe benefits. The intent of the policy is also to ensure consistent and equitable treatment of eligible participants and to set programmatic parameters related to occupancy, lease rates, inspections, maintenance, safety, related employment policies, and program duration.
The policy as presented is a collaborative effort with consideration given to the input of leadership, current employee housing residents, real estate experts, and the District's risk management carrier and corporate counsel.

FINANCIAL IMPACT:
Adoption of the policy does not have a direct financial impact to the District. Its implementation continues the current practice of leasing District owned residential properties to employees in exchange for monthly rent totaling $400.00 dollars per month, per participant. The lease revenue is posted to the General Fund and is used to offset the expenses in account 01-21-24-6105, Rental Property Maintenance.

RECOMMENDATION:
Staff recommends the Committee approve the Employee Housing Policy as presented.

ATTACHMENTS:
Draft Employee Housing Policy

TITLE: DRAFT – DISTRICT OWNED HOUSING PROGRAM

EFFECTIVE: TBD **NUMBER:** 2024-01

PURPOSE

The purpose of this policy is to provide guidance on the District Owned Housing Program. The District does not routinely provide housing to employees. The District has, however, adopted a program in response to the availability of residential properties on forest preserve property. District owned housing programs have known benefits. They allow participating employees the opportunity to live near where they work, resulting in increased employee satisfaction and wellbeing for participants and the environmental advantages associated with the reduction of commuting.

The District also has a responsibility to plan for a variety of contingencies, including public safety, severe weather events, health emergencies, and more. These scenarios make having employees near and/or on District property advantageous in terms of onsite presence and response time. Additionally, residential living provides an appropriate use for properties determined, or understood by, the Forest Preserve District Commissioners to be historically significant or otherwise valuable to the public.

The intent of the policy is to ensure consistent treatment of eligible participants and to set programmatic parameters related to occupancy, lease rates, inspections, maintenance, safety, related employment policies, and program duration.

SCOPE

This policy applies to all regular full-time employees of the District.

ADMINISTRATION

This policy will be administered by the Director of Operations and/or their designee. The Director is responsible for developing and maintaining procedures to implement the program. The Director shall be the central coordinating unit for executing and holding the official files of the District Owned Housing Program and its corresponding Lease Agreements, in accordance with the District's normal lease practices. The Director will facilitate lease negotiations between the District and the participating employee. All dispute resolutions will be handled through the Executive Director.

ELIGIBILITY

Regular full-time employees who have successfully completed a predetermined introductory period, if applicable, may be eligible for participation in the District Owned Housing Program. Employees holding positions at or above the title of Manager and those with positions in pay grade 7 or above are ineligible for participation. Current employee housing participants who do not meet the above-mentioned eligibility requirements will be grandfathered into the program for the duration of their existing participation.

Unless otherwise noted in the conditions of employment, participation in the District Owned Housing Program is discretionary. An employee must be in good standing at the time of the application and without pending discipline or performance issues to be eligible for consideration. In the case of a denial to participate in the District Owned Housing Program, an employee may request to appeal the decision. A written request would be sent to the Executive Director for consideration. If after consideration the denial still stands, a written

explanation for the denial of the appeal will be provided to the employee and a copy will be forwarded to HR for the employee personnel file and to the Director of Operations for program record keeping purposes.

If at any time, the District's selection process does not result in the District letting the property, or for any other reason deemed appropriate in their capacity, the Executive Director may extend eligibility to other employees of the District.

REQUEST TO PARTICIPATE AND SELECTION PROCESS

The process to participate in the District Owned Housing Program generally consists of three (3) steps as follows:

1. Interested and eligible employees may complete an Application to Participate in the District Owned Housing Program application at any time. Applications to Participate will be kept on file with the Director of Operations and will be considered valid for one (1) year.

2. At any time in which the District acquires a property with residential housing that is deemed appropriate for inclusion in the District Owned House Program, and also at any time in which a District owned residential property within the program becomes vacant, the Director of Operations will issue an invitation to interested and eligible employees to complete an application.

3. Eligible and interested employees who have submitted a completed Application to Participate will be selected at random, by lottery, at the time of property acquisition/vacancy. Should the identified individual choose not to pursue a lease with the District for the residential property, the next drawn employee will be presented the opportunity to do so. All lottery participants will be notified of the outcome of the drawing.

OCCUPANCY

Occupancy shall be limited to District employees and additional individuals as specified in the provisions of the lease agreement. The employee resident shall be the sole signatory on the District residential lease agreement and the only responsible and liable party for the payment of rent and adherence to all other provisions of the agreement.

LEASE RATES

Lease rates will be standardized across properties with consideration given to available rental rates for comparable properties in the locality being served, and then discounted as appropriate by benefits to the District including, but not limited to, the value provided by a presence on the property and protection and care of District assets. The District's current lease rate for all residences in the employee housing program is four hundred dollars ($400.00) per month. Lease rates will be developed by the Director of Operations, reviewed by the Chief Financial Officer and presented to the Board of Commissioners for consideration and approval. Lease rates will be evaluated annually. Any approved adjustments to the District's lease rate will be incorporated into lease agreements effective July 1 of the year in which the change is adopted.

Consistent with the provisions of the lease agreement, lease payments will be deducted from participating employees' compensation from the District bi-monthly in two equal assessments on the employees' first (1st) and second (2nd) paychecks of each month for the duration of the lease agreement.

Residing in District owned property is a taxable fringe benefit per IRS regulations. To determine the value of the benefit, the District engages a third-party licensed real estate expert to provide fair value market data on each unique property. The comprehensive analysis considers a five (5) year trend when establishing comparable

market information. The difference between the five (5) year average market value lease rate on each property specifically and the monthly rent charged to the employee participating in the District Owned Housing program will be taxable as a fringe benefit. This payment will be processed bi-monthly in two equal assessments on the employees' first (1st) and second (2nd) paychecks of each month for the duration of the lease agreement.

PROPERTY INSPECTIONS

The District shall maintain reasonable access to the residential property and is responsible for inspecting the condition of the facility on a regular, but no less than bi-annual, basis for deferred maintenance, health, safety, and code compliance. The property inspection program will be managed by the Director of Operations and/or their designee.

UTILITIES, GENERAL CONDITION, MAINTENANCE AND MAJOR REPAIRS

Consistent with the provisions of the lease agreement, the employee shall be responsible for normal utility costs including electricity and gas.

The employee is responsible for the general condition and appearance of the facility. This includes but is not limited to general cleaning and upkeep of the interior, exterior, and landscape, reasonable wear and tear excepted.

The District is responsible for facility maintenance and major repairs including but not limited to roofs, foundations, exterior wall structures and coverings, code compliance, etc.

The first use of lease revenue is to cover the costs of lease administration, inspections, maintenance, and major repairs. In the event maintenance or repair costs exceed the resources available, staff will prepare and present a recommendation to the Commission consistent with the description provided below in the section titled, "Duration".

SAFETY AND WORKERS COMPENSATION

With the exception of on-duty work assignments that might take place at the property at which an employee maintains a residential lease agreement with the District, participants in the program will not be acting as District employees while residing on the premises. In situations in which an employee is acting in an official and District directed employment activity on the property at which they also reside, the employee is required to follow all other District policies and procedures related to reporting a work-related injury/accident. Otherwise, instances of injury to the tenant and/or their guests as well as issues related to property damage are subject to the provisions of the residential lease agreement and related insurance coverage(s). Notwithstanding the provisions of the residential lease agreement, the District does not assume responsibility for either.

COMPENSATION AND BENEFITS

Employee compensation, benefits, work status, number of working hours, and work responsibilities will not change due to their participation in the District Owned Housing Program. Requests to work overtime or use accrued leave by employees residing in District Owned Housing are subject to standard District policy.

OTHER DISTRICT POLICIES

Participation in the District Owned Housing Program is not a contract of employment and does not provide any contractual rights to continued employment. It does not alter or supersede the terms of the existing employment relationship. The employee remains obligated to comply with all District rules, policies, practices and instructions. The violation of any policy of the District, including the provisions of an employee's residential

lease agreement, may be cause for termination of an agreement. The Executive Director and/or their designee may develop additional procedures consistent with this policy.

DURATION
Each individual lease agreement will establish the applicable rental period. The District currently offers annual lease agreements with a July 1 renewal.

When an employee separates employment with the District, the employee will become ineligible for participation in the district owned housing program. The terms of the lease agreement will define the period of time following employment termination that a former participating employee has to vacate the premises. The District currently offers thirty (30) days.

DISTRICT OWNED HOUSING STRUCTURE REVIEW
Upon acquisition of land with a freestanding residential structure, and at any time a currently leased residential property owned by the District becomes vacant, or when a District owned residential property is determined to need major repairs, staff will conduct an evaluation of the property considering, but not limited to, the following factors:

- Structural integrity
- Benefit of the structure's existence to the public
- Alternative uses of the space on which the residential property sits
- Costs associated with restoration renovation or work consistent with otherwise bringing the residential structure up to living conditions consistent with a reasonable person standard and to applicable building codes
- Costs associated with ongoing maintenance
- Market value of the residential property, and the proposed rental rate.

If at any time, a change in the status of the structure's inclusion in the employee housing program is recommended, or at any time the capital improvement costs exceed the spending authority of the Executive Director, or as otherwise determined by the Executive Director, his analysis will be presented to the Planning and Utilization Committee of the Forest Preserve District of Kane County Board of Commissioners to provide direction on the inclusion of the property in the District Owned Housing Program.

The District has the right to modify or terminate this policy at any time. The provisions of any and all active lease agreements may supersede the contents of this policy as determined by law.

Appendix A: Application to Participate in the District Owned Housing Program
Appendix B: Sample Forest Preserve District of Kane County Residential Property Lease Agreement

Approved: TBD

STATE OF ILLINOIS)
SS.
COUNTY OF KANE)

FP RESOLUTION NO. TMP-24-2084

RESOLUTION AUTHORIZING A PROFESSIONAL AUDITING SERVICES CONTRACT WITH LAUTERBACH & AMEN, LLP

WHEREAS, the Forest Preserve District of Kane County, Kane County, Illinois has requested an extension of all three option years for the audit of records of the District under the current agreement; and

WHEREAS, the current audit engagement, with respect to audit of the records was received from the audit firm Lauterbach & Amen, LLP (L&A) of Naperville, Illinois included three additional one-year extensions; and

WHEREAS, for the fiscal year 2024, Lauterbach & Amen's standard audit fee would be $23,100 and increase annually per Exhibit A. Fees for a single audit, if required, in fiscal year 2024 would be $3,400 and increase annually per Exhibit A; and

WHEREAS, Staff has been very satisfied with the professionalism and punctuality in dealing with L&A. The District has been able to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the past 11 years and has again submitted and expects to receive this distinguished achievement this year, for fiscal year 2023.

NOW, THEREFORE, BE IT RESOLVED that the Forest Preserve District of Kane County, Kane County, Illinois, that the audit engagement proposal of Lauterbach & Amen, LLP of Naperville, Illinois accepting a three year contract extension for fiscal years 2024 through 2026 with an option of three additional one-year extensions, for the audit of the records be, and herby is approved.

APPROVED AND PASSED on this 9th day of April, 2024

_____	_____
Christopher Kious	Myrna Molina
President, Kane Forest Preserve	Secretary, Kane Forest Preserve
Kane County, Illinois	Kane County, Illinois

AGENDA MEMORANDUM

DATE: March 26, 2024

TO: Forest Preserve District Finance and Administration Committee

FROM: David Petschke, Chief Financial Officer
Benjamin Haberthur, Executive Director

VIA: David Petschke, Chief Financial Officer

SUBJECT: Presentation and Approval of Three Mutual Option Years for Professional Auditing Services with Lauterbach & Amen, LLP

PURPOSE:
The purpose of this memorandum is to provide the committee with information to consider the approval of a three year extension for auditing services by executing the three mutual option years available on the current contract.

BACKGROUND:
The 2023 fiscal year was the last contract year with the District's current auditors, Lauterbach & Amen, LLP. In January 2020, the District issued a Request for Proposals (RFP) for auditing services. The proposed term was for four years with the option for three additional one-year extensions, if approved by the Commission and mutually agreeable by the Audit Firm.

Due to concerns of inflated audit service costs caused by the pandemic, staff reached out to Lauterbach & Amen to request an extension of all three option years. The auditors acknowledged an overall increase for audit services, but agreed to executing all three option years at the pricing included in the 2020 RFP submittal and they also provided three additional mutually agreeable option years as well.

The Government Finance Officers Association (GFOA) recommends the following best practices:

- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors.
- Governmental entities should enter into multiyear agreements.
- The scope of the independent audit should encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds and component units.
- Governmental entities should require in their audit contracts that the auditors of their financial statements perform their audits in accordance with the audit standards promulgated in the U.S. Government Accountability Office's Government Auditing Standards.

The GFOA also states that due to the possibility of limited competition in a given area, current auditors should be encouraged to participate if their past performance was satisfactory. The District has been very satisfied with the work product and process of our current auditors, Lauterbach & Amen, LLP. The District has also seen reduced audit fees since the first engagement with Lauterbach & Amen, due to the hard work of staff to ensure a clean audit process each year.

Historical Audit Fees:

2014-2016 RFP for Audit Services			
Standard Audit 2014:	$ 23,200	Single Audit 2014:	$ 3,000
Standard Audit 2015:	$ 23,800	Single Audit 2015:	$ 3,100
Standard Audit 2016:	$ 24,400	Single Audit 2016:	$ 3,200
Standard Audit 2017:	$ 24,400	Single Audit 2017:	$ 3,200
Standard Audit 2018:	$ 25,000	Single Audit 2018:	$ 3,300
Standard Audit 2019:	$ 25,600	Single Audit 2019:	$ 3,400
2020-2023 RFP for Audit Services			
Standard Audit 2020:	$ 21,500	Single Audit 2020:	$ 3,000
Standard Audit 2021:	$ 21,900	Single Audit 2021:	$ 3,100
Standard Audit 2022:	$ 22,300	Single Audit 2022:	$ 3,200
Standard Audit 2023:	$ 22,700	Single Audit 2023:	$ 3,300
2024-2026 Proposed Audit Services			
Standard Audit 2024:	$ 23,100	Single Audit 2024:	$ 3,400
Standard Audit 2025:	$ 23,500	Single Audit 2025:	$ 3,500
Standard Audit 2026:	$ 23,900	Single Audit 2026:	$ 3,600
Standard Audit 2027:	$ 24,300	Single Audit 2027:	$ 4,500
Standard Audit 2028:	$ 25,000	Single Audit 2028:	$ 4,700
Standard Audit 2029:	$ 25,700	Single Audit 2029:	$ 4,900

FINANCIAL IMPACT:
Funds for the audit would be budgeted in the upcoming budget cycle within the General Fund, account 01-12-12-5010, Audit Management Services.

RECOMMENDATION:
Staff recommends the Committee approve the proposal/agreement with Lauterbach & Amen, LLP, for audit services for fiscal years 2024 through 2026 along with the option years provided from 2027-2029, per the attached audit engagement and fee schedule.

ATTACHMENTS: *Audit engagement including fee schedule*

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
668 N. RIVER ROAD • NAPERVILLE, ILLINOIS 60563
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

March 4, 2024

The Honorable President
Members of the Board of Commissioners
Forest Preserve District of Kane County, Illinois

We are pleased to confirm our understanding of the services we are to provide the Forest Preserve District of Kane County, Illinois for the years ended June 30, 2024, June 30, 2025, and June 30, 2026, with optional years June 30, 2027, June 30, 2028, and June 30, 2029.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the District as of and for the years ended June 30, 2024, June 30, 2025, and June 30, 2026, with optional years June 30, 2027, June 30, 2028, and June 30, 2029. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited: management's discussion and analysis, budgetary comparison schedules, and GASB-required pension and other postemployment benefit (OPEB) reporting.

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements: combining and individual fund statements and budgetary comparison schedules, and other information listed as supplemental schedules.

Audit Scope and Objectives – Continued

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report: introductory and statistical information.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Auditor's Responsibilities for the Audit of the Financial Statements – Continued

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, if applicable, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures – Internal Control

We will obtain an understanding of the District and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning: management override of controls, improper revenue recognition, and general or local economic challenges. Planning for this engagement has not concluded and is subject to change.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements and required audit adjustments, if any, for the District in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform these services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services, and required audit adjustments, if any, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Responsibilities of Management for the Financial Statements – Continued

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on, the supplementary information in any document that contains, and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

Our fees for the years ended June 30, 2024, June 30, 2025, and June 30, 2026, with optional years June 30, 2027, June 30, 2028, and June 30, 2029 audits will be as follows:

Service Provided	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029
Standard Audit	$23,100	$23,500	$23,900	$24,300	$25,000	$25,700
Single Audit (if needed)*	$3,400	$3,500	$3,600	$4,500	$4,700	$4,900

In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. Please be advised that we will charge interest on late invoices over 30 days.

Lauterbach & Amen's client portal is used solely as a method of exchanging information and is not intended to store the District's information. At the end of the engagement, we will provide the District with a copy (in an agreed-upon format) of deliverables and data related to the engagement from the portal. For multi-year engagements, this exchange will occur annually.

Upon completion of the engagement, data and other content will either be removed from the portal or become unavailable to Lauterbach & Amen, LLP within twelve months. For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year.

Engagement Administration, Fees, and Other - Continued

The District agrees that during the term of this agreement and for a period of twelve months thereafter, the District shall not solicit, or arrange an employment contract with personnel of Lauterbach & Amen, LLP. Violation of this provision shall, in addition to other relief, require the District to compensate Lauterbach & Amen, LLP with one hundred percent of the solicited person's annual compensation.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Commissioners of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to the Forest Preserve District of Kane County, Illinois and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Cordially,

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Forest Preserve District of Kane County, Illinois.

By: _____

Title: _____