



**GLENCOE PARK DISTRICT
FINANCE COMMITTEE OF THE WHOLE MEETING
Tuesday, October 17, 2017 – 7:00 p.m.
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 in the Takiff Center, 999 Green Bay Road, Glencoe, IL 60022

A G E N D A

- I. Call to Order
- II. Roll Call
- III. Matters from the Public
- IV. Discussion of Health Insurance Recommendation for 2018
- V. Discussion of Auditor Services Agreement
- VI. Other Business
- VII. Adjournment

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@glencoeParkDistrict.com

IV. Discussion of Health Insurance Recommendation for 2018

Glencoe Park District

October 17, 2017

Finance Committee of the Whole Meeting

MEMORANDUM

TO: Board of Park Commissioners

FROM: Carol Mensinger, Director of Finance/HR
Lisa Sheppard, Executive Director

DATE: October 6, 2017

SUBJECT: Recommendation for 2018 Health Insurance Renewal

The District's total health insurance program consists of the following coverages: medical, dental, EAP, and life. Per the Board's decision in July 2017 to remain in the PDRMA Health Program for another three-year commitment, the decisions relating to the 2018 insurance renewal for the District are slightly limited. The renewal for our current PDRMA Health Program medical, dental, EAP and life insurance coverage is effective January 1, 2018. (Specific instructions on our plan, however, must be submitted to PDRMA by October 27 for the open enrollment period which runs from October 30 through November 21).

Currently, the PDRMA Health Program includes 92 member agencies covering over 2,500 employees, and over 4,000 covered lives. In 2016, PDRMA completely revamped their coverage structure. They removed the \$1,000 and \$2,500 deductible plans, and added new \$1,500, \$2,000 and \$3,000 deductible plans with a HRA option as well for each of these new deductible plans. They also continued to offer the HMO plan, and added a new tier level for prescription coverage. The intent in offering these new plan options was to allow more flexibility to member agencies in offering coverage to their employees. The overwhelming majority (over 50%) of PDRMA Health agencies utilize the \$500 or \$250 deductible plans, and almost all offer the HMO option as an alternative.

The premium rates for the PDRMA Health Program for 2018 for PPO/HMO, prescription, dental and EAP coverage will increase 4.09%. This compares to an increase of 0% in 2017, 5% in 2016, 11.2% in 2015, 10.2% in 2014, and 7.0% in 2013. In 2018, the increases by insurance type are as follows: PPO 4.3%, HMO 3.2%, Dental 0.9% and there is no increase for the Life and EAP coverages.

On October 4, the PDRMA Health Program Council (i.e. governing board of directors) approved rates and benefit plan changes to the plan for 2018. Many of the previous changes (including an increase in out-of-pocket maximums and required payment of regulatory fees) were due to the Affordable Care Act (ACA).

For 2018, the following benefit changes will be made:

1. Changing the PATH wellness provider from Preventure to Interactive Health, effective January 1, 2018.
2. Increasing out-of-pocket maximums for the high deductible PPO Plans, per the ACA.
3. Offering the Teladoc service to provide telemedicine services (for minor medical conditions) effective January 1, 2018.

Applying the new PDRMA 2018 rates to our current \$500 deductible PPO/HMO plans for 31 current eligible enrollees, the total amount of dollars for medical/dental/life/EAP premiums equates to \$519,940. Please see the attached information. This compares to an amount of current enrollees with last year's 2017 rates of \$498,431 – resulting in an additional premium cost of \$21,509. This is an increase of approximately 4.32%. It should be noted that unplanned changes during 2018 are possible which may also impact these costs, i.e. employee changes due to resignations, new hires, new babies, and changes in marital status. Further, due to the fact three employees opted out of coverage for 2017 due to spousal or other family coverage, the anticipated actual cost for 2017 will be much lower than anticipated.

Historically, the Board has been willing to absorb up to 10% of premium increases without considerable plan modification. The District's Medical Reserve balance currently stands at \$15,000. (The Medical Reserve was created in 1998 when dependent coverage was waived by several employees when dependent contributions were implemented. Over the years, as fund balance levels in the Corporate Fund have allowed, additional monies have also been set aside in this reserve.)

Last year, employees were given the option to move to the higher \$1,500 deductible plan with the added \$1,000 HRA component added...and in exchange, pay a lower monthly contribution. The downside to moving to this option is that it increases in IN-Network maximum out-of-pocket amounts for those with dependent coverage. Even more impactful is the fact that it increases OUT-Network deductibles/maximum out-of-pockets drastically as the HRA reimbursement is for IN-network deductibles only. For example, for single coverage, the OUT-Network deductible increases from \$1,000 to \$3,000. Similarly, for family coverage, this deductible increases from \$3,000 to \$9,000.

As in 2017, the District would recommend continuing to offer the \$500 PPO plan and HMO plan options, as well as the \$1,500 deductible/\$1,000 HRA option. The hope is that with a lower monthly employee contribution, many of our younger employees will choose this option and potentially save the District additional monies. For example, with the \$1500 deductible/\$1,000 HRA, if employees did *not* need to use their deductible, additional savings up to \$43,250 could be realized. (Note, this assumes **all** employees would choose the new HRA plan option, however.)

In comparison to other area Park Districts as far as employee contribution amounts, our district typically falls within the median range as compared to the other districts. Historically, the goal is to bring premium contributions for all coverage types (excluding single) to be 10% of monthly premium (with a slight incentive given to those that choose the new \$1500 PPO/HRA option). As such, staff recommends that employee contributions for 2018 be adjusted as follows:

| Type of Coverage | [----- CURRENT-----] | | | [----- PROPOSED -----] | | |
|-----------------------|----------------------|-------|-------|------------------------|-------|-------|
| | PPO | HRA | HMO | PPO | HRA | HMO |
| Single (12) | \$ 35 | \$25 | \$15 | \$35 | \$25 | \$15 |
| Employee + Child (2) | \$130 | \$100 | \$80 | \$135 | \$100 | \$80 |
| Employee + Spouse (3) | \$185 | \$140 | \$110 | \$190 | \$140 | \$110 |
| Family (9) | \$250 | \$195 | \$170 | \$260 | \$195 | \$170 |

*Three employees with Life/EAP coverage only and one employee with Dental only make no monthly contribution.

For the 2018 renewal, staff recommends to Board of Park Commissioners that the District provide three PDRMA plan options: the \$500 deductible PPO plan, the \$1,500 deductible/\$1,000 HRA option and the HMO Plan. Further, staff also recommends that there be an increase in employee contribution levels as shown above, and that \$2,000 of the Medical Reserve be utilized. (These changes will result in an estimated increase in net cost to the District of approximately 3.64%, with a potential for further *savings* if employees sign up for the \$1,500 deductible/HRA option and do not meet their net IN-network deductible).

PDRMA HEALTH PROGRAM

2017 vs. 2018 RATE COMPARISON

Plan - \$500 Deductible PPO/HMO with Dental,EAP,Life Insurance

| Coverage | Employee's Name | # of EE's | 2017 Rate/ Month | 2017 Rate/ Year | 2018 Rate/ Month | 2018 Rate/ Year |
|---|-----------------|-----------|------------------|-------------------|------------------|-------------------|
| SINGLE | | 12 | 997.83 | 143,687.52 | 1,014.56 | 146,096.64 |
| SINGLE DENTAL only | | 1 | 40.83 | 489.96 | 41.19 | 494.28 |
| SINGLE HMO | | 1 | 652.45 | 7,829.40 | 677.56 | 8,130.72 |
| TOTAL | | 14 | | 143,687.52 | | 146,096.64 |
| FAMILY PPO (more than one dependent) | | | | | | |
| | | 9 | 2,446.91 | 264,266.28 | 2,597.70 | 280,551.60 |
| FAMILY HMO (more than one dependent) | | | | | | |
| | | | 0.00 | 0.00 | 0.00 | 0.00 |
| FAMILY DENTAL only | | | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | | 9 | | 264,266.28 | | 280,551.60 |
| Employee + Spouse | | | | | | |
| | | 2 | 1,816.40 | 43,593.60 | 1,847.79 | 44,346.96 |
| TOTAL | | 2 | | 43,593.60 | | 44,346.96 |
| Employee + Child | | | | | | |
| | | 3 | 1,292.01 | 46,512.36 | 1,349.27 | 48,573.72 |
| TOTAL | | 3 | | 46,512.36 | | 48,573.72 |
| Life/EAP only | | | | | | |
| | | 3 | 10.30 | 370.80 | 10.30 | 370.80 |
| Total Medical Coverage (Medical, Dental,Life, EAP) | | 31 | | \$498,431 | | \$519,940 |

4.32%

Less: Additional Employee Contributions (\$1,380)
 Less: Portion of Medical Insurance Reserve (\$2,000)

Net Total **\$516,560** 3.64%

2018 Medical Plans - Rx 1 (\$10/\$30/\$50)

| \$250 Deductible | | | \$500 Deductible | | | \$1,250 Deductible | | | \$1,500 Deductible | | | \$2,000 Deductible | | | \$3,000 Deductible | | | HMO Plan | | | |
|---------------------------------|--------------------|----------------------|------------------|--------------------|----------------------|--|-------------------------|--|-------------------------|--|-------------------------|--|-------------------------|----------------------|--------------------|--------------------|----------------------|------------|--------------------|----------------------|---------|
| Enrollment | 2018 Rate Estimate | Annual Cost Estimate | Enrollment | 2018 Rate Estimate | Annual Cost Estimate | Enrollment | 2018 Rate Estimate | Annual Cost Estimate | Enrollment | 2018 Rate Estimate | Annual Cost Estimate | Enrollment | 2018 Rate Estimate | Annual Cost Estimate | Enrollment | 2018 Rate Estimate | Annual Cost Estimate | Enrollment | 2018 Rate Estimate | Annual Cost Estimate | |
| EE Only | 12 | \$1,000.57 | \$144,082 | 12 | \$963.07 | \$138,682 | 12 | \$904.18 | \$130,202 | 12 | \$886.24 | \$127,619 | 0 | \$829.88 | \$0 | 0 | \$771.11 | \$0 | 1 | \$626.07 | \$7,513 |
| EE + CH | 3 | \$1,319.40 | \$47,498 | 3 | \$1,266.91 | \$45,609 | 3 | \$1,184.46 | \$42,641 | 3 | \$1,159.34 | \$41,736 | 0 | \$1,080.45 | \$0 | 0 | \$998.16 | \$0 | 0 | \$835.94 | \$0 |
| EE + SP | 2 | \$1,837.50 | \$44,100 | 2 | \$1,760.63 | \$42,255 | 2 | \$1,639.90 | \$39,358 | 2 | \$1,603.13 | \$38,475 | 0 | \$1,487.60 | \$0 | 0 | \$1,367.10 | \$0 | 0 | \$1,177.00 | \$0 |
| Family | 9 | \$2,594.73 | \$280,231 | 9 | \$2,482.25 | \$268,083 | 9 | \$2,305.56 | \$249,000 | 9 | \$2,251.75 | \$243,189 | 0 | \$2,082.68 | \$0 | 0 | \$1,906.35 | \$0 | 0 | \$1,675.47 | \$0 |
| Total EEs | 26 | \$515,911 | | 26 | \$494,629 | | 26 | \$461,201 | | 26 | \$451,019 | | 0 | \$0 | | 0 | \$0 | | 1 | \$7,513 | |
| HRA Plans | | | | | | | | | | | | | | | | | | | | | |
| Option A | | | | | | \$1,000 HRA | | \$1,250 HRA | | \$1,500 HRA | | \$2,500 HRA | | | | | | | | | |
| | | | | | | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | | | | | | | | |
| EE Only | | | | | | \$1,000 | \$12,000 | \$1,250 | \$15,000 | \$1,500 | \$0 | \$2,500 | \$0 | | | | | | | | |
| EE + CH | | | | | | \$1,750 | \$5,250 | \$2,188 | \$6,564 | \$2,625 | \$0 | \$4,375 | \$0 | | | | | | | | |
| EE + SP | | | | | | \$1,750 | \$3,500 | \$2,188 | \$4,376 | \$2,625 | \$0 | \$4,375 | \$0 | | | | | | | | |
| Family | | | | | | \$2,500 | \$22,500 | \$3,125 | \$28,125 | \$3,750 | \$0 | \$6,250 | \$0 | | | | | | | | |
| | | | | | | | \$43,250 | | \$54,065 | | \$0 | | \$0 | | | | | | | | |
| Annualized Cost Per Plan | | | | | | \$1,250 Deductible/\$1,000 HRA Plan | | \$1,500 Deductible/\$1,250 HRA Plan | | \$2,000 Deductible/\$1,500 HRA Plan | | \$3,000 Deductible/\$2,500 HRA Plan | | | | | | | | | |
| | | | | | | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | | | | | | | | |
| | | | | | | \$461,201 | - | \$504,451 | \$451,019 | - | \$505,084 | \$0 | - | \$0 | \$0 | - | \$0 | | | | |
| Option B | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$1,000 HRA | | \$1,250 HRA | | \$2,000 HRA | | \$2,000 HRA | | | | | | | | | |
| | | | | | | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | | | | | | | | |
| EE Only | | | | | | \$1,000 | \$12,000 | \$1,250 | \$15,000 | \$1,250 | \$0 | \$2,000 | \$0 | | | | | | | | |
| EE + CH | | | | | | \$1,750 | \$5,250 | \$2,188 | \$6,564 | \$2,188 | \$0 | \$3,500 | \$0 | | | | | | | | |
| EE + SP | | | | | | \$1,750 | \$3,500 | \$2,188 | \$4,376 | \$2,188 | \$0 | \$3,500 | \$0 | | | | | | | | |
| Family | | | | | | \$2,500 | \$22,500 | \$3,125 | \$28,125 | \$3,125 | \$0 | \$5,000 | \$0 | | | | | | | | |
| | | | | | | | \$43,250 | | \$0 | | \$0 | | \$0 | | | | | | | | |
| Annualized Cost Per Plan | | | | | | \$1,500 Deductible/\$1,000 HRA Plan | | \$2,000 Deductible/\$1,250 HRA Plan | | \$3,000 Deductible/\$2,000 HRA Plan | | | | | | | | | | | |
| | | | | | | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | | | | | | | | |
| | | | | | | \$451,019 | - | \$494,269 | \$0 | - | \$0 | \$0 | - | \$0 | \$0 | - | \$0 | | | | |
| Option C | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | \$1,000 HRA | | \$1,500 HRA | | | | | | | | | |
| | | | | | | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | | | | | | | | |
| EE Only | | | | | | \$1,000 | \$0 | \$1,500 | \$0 | \$1,000 | \$0 | \$1,500 | \$0 | | | | | | | | |
| EE + CH | | | | | | \$1,750 | \$0 | \$2,625 | \$0 | \$1,750 | \$0 | \$2,625 | \$0 | | | | | | | | |
| EE + SP | | | | | | \$1,750 | \$0 | \$2,625 | \$0 | \$1,750 | \$0 | \$2,625 | \$0 | | | | | | | | |
| Family | | | | | | \$2,500 | \$0 | \$3,750 | \$0 | \$2,500 | \$0 | \$3,750 | \$0 | | | | | | | | |
| | | | | | | | \$0 | | \$0 | | \$0 | | \$0 | | | | | | | | |
| Annualized Cost Per Plan | | | | | | \$2,000 Deductible/\$1,000 HRA Plan | | \$3,000 Deductible/\$1,500 HRA Plan | | | | | | | | | | | | | |
| | | | | | | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | | | | | | | | |
| | | | | | | \$0 | - | \$0 | \$0 | - | \$0 | \$0 | - | \$0 | \$0 | - | \$0 | | | | |
| Option D | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | \$1,000 HRA | | | | | | | | | |
| | | | | | | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | <i>HRA Reimbursement</i> | <i>Maximum Exposure</i> | | | | | | | | |
| EE Only | | | | | | \$1,000 | \$0 | \$1,750 | \$0 | \$1,750 | \$0 | \$2,500 | \$0 | | | | | | | | |
| EE + CH | | | | | | \$1,750 | \$0 | \$2,500 | \$0 | \$1,750 | \$0 | \$2,500 | \$0 | | | | | | | | |
| EE + SP | | | | | | \$1,750 | \$0 | \$2,500 | \$0 | \$1,750 | \$0 | \$2,500 | \$0 | | | | | | | | |
| Family | | | | | | \$2,500 | \$0 | \$3,750 | \$0 | \$2,500 | \$0 | \$3,750 | \$0 | | | | | | | | |
| | | | | | | | \$0 | | \$0 | | \$0 | | \$0 | | | | | | | | |
| Annualized Cost Per Plan | | | | | | \$3,000 Deductible/\$1,000 HRA Plan | | | | | | | | | | | | | | | |
| | | | | | | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Minimum</i> | <i>Maximum</i> | | | | | | | | |
| | | | | | | \$0 | - | \$0 | \$0 | - | \$0 | \$0 | - | \$0 | \$0 | - | \$0 | | | | |

V. Discussion on Auditor Services Agreement

Glencoe Park District

October 17, 2017

Finance Committee of the Whole Meeting



To: Board of Park Commissioners

Date: October 6, 2017

From: Carol Mensinger and Lisa Sheppard

SUBJECT: Recommendation to Extend Auditor Services Contract

With the completion of the FY16/17 Audit, the District has now completed six years with Lauterbach and Amen (L&A). They were selected after a competitive proposal process, and staff has been extremely pleased with their services.

Our current contract with L&A is a three-year contract, with the extension of two additional years in FY17/18 and FY18/19. Staff was contacted by the Director of Finance, Dave Clark, at the Village of Glencoe, to inquire whether we would be interested in a cooperative agreement to both continue with L&A for the next 3-5 year period. (The Village has utilized L&A for the past 10 years.) We both reached out to L&A with an opportunity to receive discounted fees over the course of the next 3-5 year period.

Please see attached for the engagement letter that was presented to staff for consideration. The costs include only a \$250 increase in each of the next two years, then a freeze at the annual amount of \$12,350 for the following three years.

Staff recommends that the District approve the attached engagement letter for audit services.



September 27, 2017

Members of the Board of Commissioners
Glencoe Park District
Glencoe, Illinois

We are pleased to confirm our understanding of the services we are to provide the Glencoe Park District, Illinois for the years ended February 28, 2018, February 28, 2019 and February 29, 2020. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Park District as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Park 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 Park District's RSI in accordance with auditing standards generally accepted in the United States of America. 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 generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited: management's discussion and analysis, the budgetary comparison schedules, pension plan employer contribution schedules, changes in the employer's net pension liability schedules, and pension plan investment return schedules.

We have also been engaged to report on supplementary information other than RSI that accompanies the Park 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 auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole: combining and individual fund statements and budgetary comparison schedules, and other information listed as supplemental schedules.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to 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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Park District's financial statements. Our report will be addressed to the Board of Commissioners of the Park District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements 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 may withdraw from this engagement.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute 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 entity or to acts by management or employees acting on behalf of the government.

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 a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. 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, any fraudulent financial reporting, or misappropriation of assets that come 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.

Audit Procedures – General (Continued)

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the Park District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. 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.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, will perform tests of the Park 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 Park District in conformity with U.S. generally accepted accounting principles 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 statements 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.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles.

Management Responsibilities (Continued)

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. 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, (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.

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 taken as a whole.

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 government 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, 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 U.S. generally accepted accounting principles. 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.

You agree to assume all management responsibilities for financial statement preparation services 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.

Engagement Administration, Fees, and Other

Our fees for the February, 28, 2018, February 28, 2019 and February 29, 2020 audit will be \$12,100, \$12,350, and \$12,350, respectively. The Glencoe Park District has the option to extend this agreement to include its February 21, 2021 audit and its February 28, 2022 audit by providing written notice to us no later than ninety days prior to the end of the respective fiscal year. If the Park District exercises that option, the fees for the February 28, 2021 and February 28, 2022 audits shall be \$12,350 per audit year. The above fee structure reflects the joint pricing for the Park District and the Village of Glencoe:

We appreciate the opportunity to be of service to the Glencoe Park District, 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 Glencoe Park District, Illinois.

By: _____

Title: _____