

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda
BIDS AND PROPOSALS

To: President and Village Board of Trustees
FROM: David A. Hulseberg, Village Manager *Dahr*
DATE: April 26, 2011 Agenda Date: May 5, 2011
TITLE: Pension Fund Accounting Services

SUBMITTED BY: Timothy Sexton, Director Of Finance

RESULTS:

Date Bids Were Published: N/A.....Date Bidding Closed: N/A
Total Number of Bids ReceivedN/A
Total Number of Bidders Meeting Specifications ...N/A
Bid Security RequiredYes No
Performance Bond RequiredYes No
Were Any Bids WithdrawnYes No
If yes, explain:
Waiver of Bids Requested?Yes No
If yes, explain:
Award Recommended to Lowest Responsible BidderYes No
If no, explain:

BACKGROUND/RECOMMENDATION:

The Finance Committee voted unanimously on April 25, 2011 to recommend the Village Board approve a waiver of bids and authorize the Director of Finance to sign an engagement letter for Pension Fund Accounting Services for FYE 2012-2014 in accordance with the proposal of Lauterbach & Amen dated November 4, 2010 (attached). Lauterbach & Amen are the Village Auditors and have provided Pension Fund Accounting Services to the Village since 1998.

Has Recommended Bidder Worked for Village Previously Yes No
If yes, was quality of work acceptable Yes No
Was item bid in accordance with Public Act 85-1295? Yes No
Waiver of bids - Public Act 85-1295 does not apply Yes

REVIEW (as needed):

Finance Director *Timothy Sexton* Date 4/26/11
Village Manager *David A. Hulseberg* Date 4/27/11

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 Noon, Wednesday, prior to the Board Agenda distribution.



VILLAGE OF LOMBARD

255 E. Wilson Ave.
Lombard, Illinois 60148-3931
(630) 620-5700 Fax (630) 620-8222
www.villageoflombard.org

To: Village President and Board of Trustees
From: David A. Hulseberg, Village Manager
Date: April 26, 2011
Subject: **Pension Fund Accounting Services**

The Finance Committee voted unanimously on April 25, 2011 to recommend the Village Board approve a waiver of bids and authorize the Director of Finance to sign an engagement letter for Pension Fund Accounting Services for FYE 2012-2014 in accordance with the proposal of Lauterbach & Amen dated November 4, 2010 (attached). Lauterbach & Amen are the Village Auditors and have provided Pension Fund Accounting Services to the Village since 1998.

Staff is requesting approval of this request at the May 5, 2011 Village Board of Trustees meeting.

November 4, 2010

Tim Sexton, Director of Finance
Village of Lombard
255 E. Wilson Avenue
Lombard, Illinois 60148-3931

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and the limitations of the services we will provide for the Lombard Police and Firefighters' Pension Funds for the years ended May 31, 2012, 2013 and 2014.

We will perform the following services:

1. We will compile from information you provide, monthly Treasurer's reports including annual and interim statement of plan net assets, statement changes in plan net assets, and other supplemental information for the years ended May 31, 2012, 2013 and 2014. Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles.

We will compile the financial statements and issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to present in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the financial statements.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; tests of accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Therefore, a compilation does not provide a basis for expressing any level of assurance on the financial statements being compiled.

If for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

2. We will provide monthly accounting services including: post the cash receipt and cash disbursement journals; reconcile all bank accounts; account for all investment transactions; post the general ledger; issue vendor and benefit checks; maintain vendor and benefit payment history; and maintain contributions by member. In addition we will prepare the Illinois Division of Insurance report, the year-end auditor's work papers, the Municipal Compliance Report, and the annual 1096 and 945 payroll tax returns and 1099R's for the applicable calendar year ended. All transactions will be recorded utilizing the chart of accounts established by the Illinois Division of Insurance. Account coding for transactions is self-evident based upon the chart of accounts established. It is our understanding that the transactions posted, along with the monthly Treasurer's reports will be approved by the Board at the regularly scheduled Board Meetings.

- We will process benefit and vendor disbursements. A list of the scheduled pension benefit increases for each calendar year will be provided to the Pension Board for approval. All benefits are calculated in accordance with State Statutes and are based upon the pension benefit calculation schedules prepared for each beneficiary and approved by the Pension Board. We will disburse to the pensioners the gross pension benefit amounts indicated on the list provided for the applicable twelve-month benefit period. Any other amendments or changes to the gross benefits will require written authorization from the Pension Board. Vendor checks will be issued upon the written instruction and authorization by the Board and will be forwarded to the Board for signature.

You are responsible for making all management decisions and performing all management functions, and for designating an individual with suitable skill, knowledge, or experience to oversee any bookkeeping services or other services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform you of any material errors and any evidence or information that comes to our attention during the performance of our compilation procedures, that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Our fees for the above services will be as follows:

Services Provided	For the Fiscal Year Ended May 31,					
	2012		2013		2014	
	Police	Firefighters'	Police	Firefighters'	Police	Firefighters'
Monthly Accounting & Direct Deposit	\$890 Per Month	\$890 Per Month	\$910 Per Month	\$910 Per Month	\$930 Per Month	\$930 Per Month
Illinois Department of Insurance Compliance Report	\$1,125	\$1,125	\$1,150	\$1,150	\$1,175	\$1,175
Preparation of Year End Auditor's Work Papers	\$850	\$850	\$860	\$860	\$875	\$875
Preparation of Municipal Compliance Report	\$550	\$550	\$550	\$550	\$550	\$550
Payroll Tax Returns & 1099R's	\$335	\$335	\$340	\$340	\$350	\$350
Annual Totals	\$13,540	\$13,540	\$13,820	\$13,820	\$14,110	\$14,110

Monthly accounting services will be billed on a monthly basis and the additional services will be billed as completed.

Lombard Police and Firefighters' Pension Funds

November 4, 2010

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Please indicate your acceptance of the above understanding by signing below. A copy is enclosed for your records. If the Pension Fund's needs change during the year, the nature of our services can be adjusted appropriately. Likewise, if you have special projects with which we can assist, please let us know.

Cordially,

LAUTERBACH & AMEN, LLP



Sherry Lauterbach, Partner

RESPONSE:

This letter correctly sets forth the understanding of the Lombard Police and Firefighters' Pension Funds:

Accepted by: _____

Title: _____

Date: _____