

VILLAGE OF LOMBARD
 REQUEST FOR BOARD OF TRUSTEES ACTION

For Inclusion on Board Agenda

080811

Resolution or Ordinance (Blue)
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

PRESIDENT AND BOARD OF TRUSTEES

TO:

David A. Huliseberg *DAH*

FROM:

January 27, 2009 (COW)(B of T) Date: February 5, 2009

DATE:

A Motion to Accept and File with the Village Clerk the 2008 Comprehensive Annual Financial Report, Management Letter and Recommendations regarding the Management Letter Comments.

TITLE:

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The Finance Committee voted unanimously to recommend that the Village Board accept and place on file with the Village Clerk the 2008 Comprehensive Annual Financial Report and Management Letter. In addition, the Finance Committee has unanimously concurred with staff recommendations prepared in response to the Management Letter comments. Village Board approval of these recommendations is requested. The 2008 Comprehensive Annual Financial Report, the Management Letter and staff responses are attached.

Fiscal Impact/Funding Source: N/A

Review (as necessary):

Village Attorney
 Finance Director
 Village Manager

Date 1/27/09
 Date 1/25/09

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



To: Village President and Board of Trustees
David Hulseberg, Village Manager

From: Timothy Sexton, Director of Finance

Date: January 27, 2009

Subject: Fiscal Year 2008 Comprehensive Annual Financial Report and Management Letter Comments

The Finance Committee at their January 20, 2009 meeting reviewed the 2008 Comprehensive Annual Financial Report, Management Letter and staff recommendations prepared in response to the Management Letter comments.

The management letter comment is an informational comment which has been on the last few management letters. As Ron Amen from Lauterbach & Amen discussed during the Finance Committee meeting, the requirements of GASB statement number 43/45 regarding Other Post Employment Benefits will be implemented in the 2009 Comprehensive Annual Financial Report. There are two components which make up Other Post Employment Benefits for Lombard. The first is the continuation of health insurance benefits by retirees. Since the Village does not pay anything towards retiree health insurance benefits, Lombard only has implicit costs, which likely will not need to be funded. However, the Public Safety Employee Benefits Act (PSEBA), which requires the Village to provide lifetime health insurance coverage to police officers and firefighters who receive a line of duty disability and their dependents, may require funding in the future depending on the explicit costs. Both of these components will be discussed in further detail by the Finance Committee at a future meeting.

The Finance Committee voted unanimously to recommend that the Village Board accept and place on file with the Village Clerk the 2008 Comprehensive Annual Financial Report and Management Letter. In addition, the Finance Committee has unanimously concurred with staff recommendations prepared in response to the Management Letter comments. Village Board approval of these recommendations is requested. The 2008 Comprehensive Annual Financial Report, the Management Letter and staff responses are attached.

VILLAGE OF LOMBARD, ILLINOIS
MANAGEMENT LETTER
FOR THE YEAR ENDED
MAY 31, 2008

October 8, 2008

The Honorable Village President
Members of the Board of Trustees
Village of Lombard, Illinois

In planning and performing our audit of the financial statements of the Village of Lombard, Illinois, for the year ended May 31, 2008, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Finance Committee, Board of Trustees, management, and others within the Village of Lombard, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

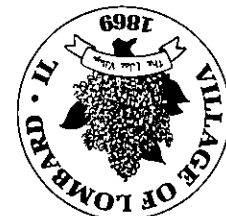
1. GASB STATEMENT NO. 43 / 45 - FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSION PLANS

Comment

In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. Other postemployment benefits include postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. GASB Statement No. 43 / 45 requires that employers accrue the cost of other postemployment benefits as those benefits are earned by employees systematically over the employees' years of service. The liability for these benefits is reported in the government-wide financial statements. The provisions of this Statement are effective for the Village's fiscal year ending May 31, 2009.

Recommendation

For financial reporting purposes, an actuarial valuation is required at least biennially for other postemployment benefit plans with a total membership (including employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits) of 200 or more, and at least triennially for plans with a total membership of fewer than 200. Other postemployment benefit plans with a total membership of fewer than one hundred have the option to apply a simplified alternative measurement method instead of obtaining actuarial valuations. This alternative method includes the same broad measurement steps as an actuarial valuation (projecting future cash outlays for benefits, discounting projected benefits to present value, and allocating the present value of projected benefits to periods using an actuarial cost method). However, it permits simplification of certain assumptions to make the method potentially usable by non-specialists.



TO:

Finance Committee Members

David Hulseberg, Village Manager

Timothy Sexton, Director of Finance

FROM:

Rhonda Heabel, Assistant Director of Finance
Anne M. Fairbairn, Accounting Manager

DATE:

January 14, 2009

SUBJECT:

Responses to the FYE 2008 Management Letter

The FYE 2008 Management Letter comments from the Village auditors Lauterbach & Amen are enclosed for your review. The staff response to the Management Letter comments is as follows:

**1. GASB STATEMENT NO. 43/45 - FINANCIAL REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION PLANS**

Management Letter Recommendation: An actuarial valuation will be required at least biennially for other post employment benefit (healthcare and life insurance) plans because our total membership is 200 or more employees in active service, terminated employees who have accumulated benefits but are not yet receiving them and retired employees and beneficiaries currently receiving benefits. This statement affects the Village's fiscal year ending May 31, 2009 audit.

Staff Response: The Finance department contracted with Timothy W. Sharpe, Actuary after the end of FY2008. While working with Lauterbach & Amen to implement this GASB requirement, it was decided to have a beginning figure prior to the implementation date of FY2009.

The auditors will be in attendance at the January 20th meeting to answer any questions regarding the above comment.

cc: Village President & Board of Trustees
All Department Heads