

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

X

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

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: August 7, 2015 (COW)(B of T) Date: September 3, 2015

TITLE: A Motion to Accept and File with the Village Clerk the 2014 Comprehensive Annual Financial Report, Management Letter and Recommendations regarding the Management Letter Comments.

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 FYE 2014 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 FYE 2014 Comprehensive Annual Financial Report, the Management Letter and staff responses are attached.

Fiscal Impact/Funding Source: N/A

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X *Timothy Sexton* _____ Date 8/25/15
Village Manager X _____ Date _____

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.

VILLAGE OF LOMBARD, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014



Lauterbach & Amen, LLP

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May 7, 2015

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 (Village), Illinois, for the year ended December 31, 2014, 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

PRIOR RECOMMENDATIONS

1 **GASB STATEMENT NO. 67 FINANCIAL REPORTING FOR PENSION PLANS AND GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS**

Comment

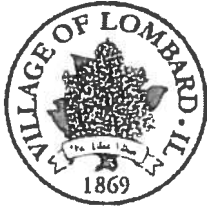
In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans*, which applies to individual pension plans issuing their own audited financial statements, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which applies to the state and local government employers that sponsor pension plans. The Statements apply to the reporting of the Illinois Municipal Retirement Fund (IMRF), Police Pension Fund and Firefighters' Pension Fund for the Village. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the pension plans. The Statements specifically identify the methods and assumptions that are to be used in calculating and disclosing these pension-related accounts in the financial statements and also provide for additional note disclosures and required supplementary information. The Statements are intended to improve information provided by state and local government employers regarding financial support to their pension plans, and ultimately requires that the total net pension liabilities of the pension plans be recorded on the face of the financial statements of the sponsoring government. GASB Statement No. 67 is applicable to the separately issued financial statements of the pension plan(s) for the year ended December 31, 2014. GASB Statement No. 68 is applicable to the Village's financial statements for the year ended December 31, 2015.

Recommendation

We recommended that the Village reach out to the private pension actuary engaged to provide the pension fund actuarial calculations (IMRF will automatically be providing the necessary information to all member agencies) in order to confirm the timeline for implementation and to review requested materials that will be required in order to implement the provisions and requirements of the new Statements. Lauterbach & Amen, LLP will also work directly with the Village to assist in the implementation process, including assistance in determining the implementation timeline with the Village and private actuary, providing all framework for the financial statements in order to complete the implementation, and assisting in answering any questions or concerns the Village or pension fund(s) might have related to the implementation process or requirements.

Status

This comment has not yet been implemented and will be implemented in the December 31, 2015 Comprehensive Annual Financial Report.



TO: Finance Committee Members
Scott Niehaus, Village Manager
Timothy Sexton, Director of Finance

FROM: Jamie Cunningham, Assistant Director of Finance
Anne M. Fairbairn, Accounting Manager

DATE: July 15, 2015

SUBJECT: Responses to the FYE 2014 Management Letter

The FYE 2014 Management Letter does not have any current year comments or recommendations from the Village auditors Lauterbach & Amen (see attached). The prior year recommendation and status is as follows:

***1. GASB STATEMENT NO. 67 FINANCIAL REPORTING FOR PENSION PLANS
AND GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL
REPORTING FOR PENSIONS***

Management Letter Recommendation: The Village should reach out to the private pension actuary engaged to provide the pension fund actuarial calculations (for the Police & Firefighters pension funds) in order to confirm the timeline for implementation and to review requested materials required in order to implement. (IMRF will automatically be providing the necessary information to all member agencies.)

Status: This comment has not yet been implemented and will be implemented in the December 31, 2015 Comprehensive Annual Financial Report.

The auditors will be in attendance at the July 27th meeting to answer any questions regarding the Combined Annual Financial Report and the management letter.

cc: Village President & Board of Trustees
All Department Heads