

#130506



VILLAGE OF LOMBARD

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

To: Finance Committee

From: Anne Fairbairn, Accounting Manager

Date: September 25, 2013

Subject: Pension Fund Accounting Services

Staff is requesting the Finance Committee's approval of the recommendation to authorize the Director of Finance to sign an engagement letter for Pension Fund Accounting Services for FYE 2014-2016 in accordance with the proposal of Lauterbach & Amen dated May 13, 2013 (attached). Lauterbach & Amen are the Village Auditors and have provided Pension Fund Accounting Services to the Village since 1998.

If approved, this recommendation will be presented to the Village Board of Trustees for their consideration at the October 17, 2013 meeting.

May 13, 2013

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 Fund for the years ended December 31, 2014, 2015 and 2016.

We will perform the following services:

1. We will compile from information you provide, monthly Treasurer's reports including annual and interim statements of plan net assets – modified cash basis, statements of changes in plan net assets – modified cash basis, and other supplemental information for the years ended December 31, 2014, 2015 and 2016, 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. Management has elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared in accordance with the modified cash basis of accounting.

The objective of a compilation is to assist you in presenting financial information in the form of financial statements. We will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with the modified cash basis of accounting.

You are responsible for the preparation and fair presentation of the financial statements in conformity with the modified cash basis of accounting and designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. You are responsible for preventing and detecting fraud, identifying and ensuring that the company complies with the laws and regulations applicable to its activities. You are responsible for the selection and application of accounting principles, and making all financial records and related information available to us and for the accuracy and completeness of that information.

We will conduct our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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. Accordingly, we will not express an opinion or provide any assurance regarding the financial statements being compiled.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management 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 inform you of 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.

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 Department 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 Department 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.
3. We will process benefit and vendor disbursements upon written authorization of management. 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.

Lombard Police and Firefighters' Pension Fund

May 13, 2013

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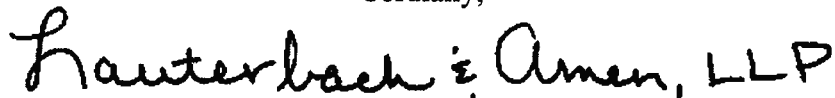
Our fees for the above services will be as follows:

Services Provided	For the Fiscal Year Ended December 31,					
	2014		2015		2016	
	Police	Firefighters'	Police	Firefighters'	Police	Firefighters'
Monthly Accounting & Direct Deposit	\$950 Per Month	\$950 Per Month	\$970 Per Month	\$970 Per Month	\$990 Per Month	\$990 Per Month
Illinois Department of Insurance Compliance Report	\$1,200	\$1,200	\$1,225	\$1,225	\$1,250	\$1,250
Preparation of Year End Auditor's Work Papers	\$890	\$890	\$905	\$905	\$920	\$920
Preparation of Municipal Compliance Report	\$560	\$560	\$570	\$570	\$580	\$580
Payroll Tax Returns & 1099R's	\$355	\$355	\$365	\$365	\$375	\$375
Annual Totals	\$14,405	\$14,405	\$14,705	\$14,705	\$15,005	\$15,005

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

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

RESPONSE:

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

Accepted by: _____

Title: _____

Date: _____