

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

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 nonspecialists.