

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

686153

TO: President and Village Board of Trustees
 FROM: William T. Lichter, Village Manager
 DATE: March 11, 2008
 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 Received.....N/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:

Staff recommends that the Village Board waive bids and authorize the Director of Finance to sign an engagement letter for Police and Firefighter Pension Fund Accounting Services for FYE 2009-2011 in accordance with the proposal of Lauterbach & Arnen dated December 10, 2007 (attached). Lauterbach & Arnen are the Village Auditors and have provided Pension Fund Accounting Services to the Village since 1998. There is a 6.1% cost increase for these services in FYE 2009 over the current fiscal year, however they now handle direct deposit for all pensioners directly, which accounts for 2.7% of the increase. Subsequent years' increases will be 3.3% in FYE 2010 and 2.6% in FYE 2011.

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 No

REVIEW (as needed):

Finance Director XX *[Signature]* Date 3/11/08
 Village Manager XX *[Signature]* Date 3/12/08

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.

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December 10, 2007

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, 2009, 2010 and 2011.

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, 2009, 2010 and 2011. 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. A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We will not audit or review the financial statements, and accordingly, will not express an opinion or any other form of assurance on them. 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, 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.

3. 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 management decisions and 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.

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:

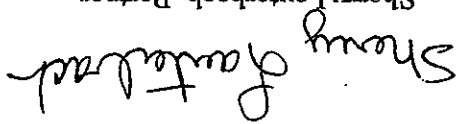
| Services Provided | | 2009 | | 2010 | | 2011 | |
|--|--------------|-----------|--------------|-----------|--------------|-----------|--------------|
| Police | Firefighters | Police | Firefighters | Police | Firefighters | Police | Firefighters |
| Per Month | \$825 | Per Month | \$850 | Per Month | \$870 | Per Month | \$870 |
| Monthly Accounting & Direct Deposit | \$1,000 | Per Month | \$1,050 | Per Month | \$1,100 | Per Month | \$1,100 |
| Illinois Department of Insurance Compliance Report | \$800 | Per Month | \$825 | Per Month | \$845 | Per Month | \$845 |
| Preparation of Year End Auditor's Work Papers | \$300 | Per Month | \$315 | Per Month | \$330 | Per Month | \$330 |
| Payroll Tax Returns & 1099R's | \$12,000 | Per Month | \$12,390 | Per Month | \$12,715 | Per Month | \$12,715 |
| Annual Totals | | | | | | | |

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



Sherry Lauterbach, Partner

RESPONSE:

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

Accepted by: _____

Title: _____

Date: _____