

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

TO: President and Village Board of Trustees
FROM: Scott Niehaus, Village Manager
DATE: April 25, 2016 Agenda Date: May 5, 2016

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 SpecificationsN/A
Bid Security Required Yes No
Performance Bond Required Yes No
Were Any Bids Withdrawn Yes No
If yes, explain:
Waiver of Bids Requested? Yes No
If yes, explain: Sole source for pension administrative services in local area.
Award Recommended to Lowest Responsible Bidder..... Yes No
If no, explain:

BACKGROUND/RECOMMENDATION:

Recommend the Village Board approve a waiver of bids and authorize the Director of Finance to sign an engagement letter for Pension Fund Accounting Services for FYE 2017-2019 in accordance with the proposal of Lauterbach & Amen dated April 15, 2016 (attached). Lauterbach & Amen are the Village Auditors and have provided Pension Fund Accounting Services to the Village since 1998.

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

REVIEW (as needed):

Finance Director XX Timothy Sexton Date 4/26/16
Village Manager XX _____ Date _____

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.



VILLAGE OF LOMBARD

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

To: Village President and Board of Trustees

From: Scott Niehaus, Village Manager

Date: April 26, 2016

Subject: Pension Fund Accounting Services

Lauterbach & Amen are the Village Auditors and have provided Pension Fund Accounting Services to the Village since 1998. They are the only firm in the local area that provides the accounting services and benefit and administration services for Police and Fire Pension Funds.

Lauterbach & Amen provides benefits administration for over 200 of the nearly 700 Article 3 and 4 pension funds in Illinois, representing approximately 15,000 active members and 7,500 pensioners. When an active member has a question about a transfer of service or when a surviving spouse needs assistance their staff is there to guide them. Also, they are available to talk to them on their schedule, in a manner in which they are comfortable, whether that is with a phone call, an email, or even a face-to-face meeting in their office. Below are the proposed services and fees for 2017-2019.

Services Provided	For the Fiscal Year Ended					
	12/31/2017		12/31/2018		12/31/2019	
	Police	Firefighters'	Police	Firefighters'	Police	Firefighters'
Monthly Accounting & Benefits Administration	\$1,010 Monthly	\$1,010 Monthly	\$1,030 Monthly	\$1,030 Monthly	\$1,050 Monthly	\$1,050 Monthly
Payroll Tax Forms	\$385 Annually	\$385 Annually	\$395 Annually	\$395 Annually	\$405 Annually	\$405 Annually
Year End Auditor's Workpapers	\$940 Annually	\$940 Annually	\$960 Annually	\$960 Annually	\$980 Annually	\$980 Annually
Illinois Department of Insurance Compliance Report	\$1,280 Annually	\$1,280 Annually	\$1,310 Annually	\$1,310 Annually	\$1,340 Annually	\$1,340 Annually
Municipal Compliance Report	\$580 Annually	\$580 Annually	\$580 Annually	\$580 Annually	\$580 Annually	\$580 Annually
Total Annual Fees	\$15,305 Annually	\$15,305 Annually	\$15,605 Annually	\$15,605 Annually	\$15,905 Annually	\$15,905 Annually

Staff recommends that the Village Board approves a waiver of bids and authorize the Director of Finance to sign an engagement letter for Pension Fund Accounting Services for FYE 2017-2019 in accordance with the proposal of Lauterbach & Amen dated April 15, 2016 (attached).



April 15, 2016

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, 2017, 2018 and 2019.

We will perform the following services:

1. We will compile from information you provide, monthly Treasurer's reports including annual and interim statements of net position – modified cash basis, statements of changes in net position – modified cash basis, and other supplemental information for the years ended December 31, 2017, 2018 and 2019, 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 entity 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.

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 forms and 1099R's and 1099 MISC'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.

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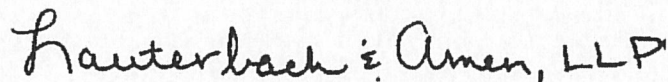
Our costs for the above services will be as follows:

Services Provided	For the Fiscal Year Ended					
	12/31/2017		12/31/2018		12/31/2019	
	Police	Firefighters'	Police	Firefighters'	Police	Firefighters'
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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. If the Pension Fund's needs change during the year, the nature of our services can be adjusted accordingly. 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: _____