

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

 X

Resolution or Ordinance (Blue) _____ *Waiver of First Requested*
Recommendations of Boards, Commissions & Committees (Green)
Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: September 17, 2025 (COW)(B of T) October 2, 2025

TITLE: Motion to Waive Bids and Approve a Three (3) Year Engagement Letter for Pension Fund Accounting Services in the amount of \$125,352 to Lauterbach & Amen

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

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 2026-2028 in accordance with the proposal of Lauterbach & Amen dated September 15, 2025 (attached). Lauterbach & Amen are the Village Auditors and have provided Pension Fund Accounting Services to the Village since 1998.

Review (as necessary):

Village Attorney X _____	Date _____
Finance Director X  _____	Date <u>9/18/25</u>
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

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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: 09/18/2025

Subject: Pension Fund Accounting Services FY 2026-2028

Background

Since 1998, Lauterbach & Amen, LLP (L&A) has served as the Village's auditors and provided Pension Fund Accounting Services for both the Police and Firefighters' Pension Funds. L&A is a highly specialized accounting firm with expertise in pension fund accounting and reporting. Importantly, L&A is the only accounting firm that provides the full range of these services tailored specifically to Illinois municipal pension funds.

On September 15, 2025, L&A submitted a proposal to continue providing Pension Fund Accounting Services for fiscal years ending December 31, 2026, 2027, and 2028.

Summary of Services

Under the engagement, L&A will:

- Compile monthly Treasurer's Reports and prepare annual and interim financial statements (modified cash basis).
- Provide bookkeeping services including reconciliation of bank accounts, general ledger maintenance, vendor and pension benefit payment processing, and contribution tracking.
- Prepare and file the Illinois Department of Insurance (IDOI) Annual Statement, Municipal Compliance Report, Auditor's Workpapers, and all required tax filings (Forms 1099-R, 945, 1099-MISC, 1099-NEC, 1096).
- Perform pension benefit calculations and disbursements as authorized by the Pension Boards, in compliance with State statutes.
- Maintain cyber and professional liability insurance coverage.

These services ensure compliance with statutory reporting requirements, provide critical pension benefit administration, and support financial transparency for both pension boards.

Cost Proposal

The proposal includes the following costs for services to each Pension Fund:

- Firefighters' Pension Fund:

- \$19,548 in 2026, \$20,712 in 2027, and \$21,948 in 2028

- Police Pension Fund:

- \$19,692 in 2026, \$21,024 in 2027, and \$22,428 in 2028

The combined annual cost for both funds increases from \$37,780 in 2025 to \$40,188 in 2026, representing an increase of \$2,360, or 6.4%. Each subsequent year reflects an annual increase of 6.4% for 2027 and 2028.

Recommendation

Because Lauterbach & Amen is the only provider of these specialized Pension Fund Accounting Services and has successfully served the Village since 1998, staff recommends that the Village Board waive competitive bidding requirements pursuant to Village policy and authorize the Director of Finance to execute the engagement letter with Lauterbach & Amen, LLP for Pension Fund Accounting Services for fiscal years ending 2026 through 2028, in accordance with the attached proposal dated September 15, 2025.



September 15, 2025

Members of the Board of Trustees
Village of Lombard
255 E Wilson Avenue
Lombard, Illinois 60145

We are pleased to confirm our acceptance and understanding of the following services we are to provide for the Village of Lombard for the years ended December 31, 2026, 2027, and 2028.

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 supplementary information for the years ended December 31, 2026, 2027, and 2028 and perform a compilation engagement with respect to those financial statements. These financial statements will not include related notes to the financial statements as required for the financial statements prepared in accordance with the modified cash basis of accounting. In addition, the supplementary information accompanying the compiled financial statements will be prepared and presented with the financial statements. Such supplementary information is the responsibility of management and will be subject to our compilation engagement. We will not audit or review the supplementary information. We will not express an opinion, a conclusion or provide any assurance on such supplementary information.

Our Responsibilities

1. We will provide you with the following bookkeeping services: post the cash receipt and cash disbursement journals; reconcile all bank accounts; account for all investment transactions; post the general ledger; issue vendor, contribution refund, and pension benefit payments; maintain vendor and benefit payment history; maintain records of contributions paid by members.
2. We will prepare financial statements in accordance with the modified cash basis of accounting based on information provided by you.
3. We will apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the modified cash basis of accounting.

Our Responsibilities - Continued

4. In addition, we will prepare the Illinois Department of Insurance (IDOI) Annual Statement, Year End Auditor's Workpapers, and the Municipal Compliance Report, per Public Act 95-0950. We will also prepare and file the annual tax forms 1099-R, 945, 1099-MISC and 1099-NEC and 1096 for the years ended December 31, 2026, 2027, and 2028. All transactions will be recorded utilizing the chart of accounts established by the IDOI. 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 Pension Board at the regularly scheduled Board Meetings.
5. We will perform pension benefit calculations and 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. We will also perform requested non-actuarial calculations for all creditable service transfers and purchases allowable per State Statutes in effect as of December 31, 2024. An additional cost may be incurred to perform such calculations in effect as of January 1, 2025.
6. Lauterbach & Amen will maintain cyber and professional liability insurance and provide documentation of such coverage upon request.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA) and comply with applicable professional standards, including the AICPA's Code of Professional Conduct and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the bookkeeping services, preparing the financial statements, and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the Pension Board of any material errors, and of any evidence or information that comes to our attention during the performance of our compilation procedures with respect to possible instances of fraud or misstatements unless they are clearly inconsequential.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities since performing those procedures or taking such action would impair our independence.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with the modified cash basis of accounting and assist you in the presentation of the financial statements in accordance with the modified cash basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of the modified cash basis of accounting as the financial reporting framework to be applied in the preparation of the financial statements.
2. The preparation and fair presentation of financial statements in accordance with the modified cash basis of accounting and the inclusion of a description of the modified cash basis of accounting.
3. The design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
4. The prevention and detection of fraud.
5. To ensure that the Village of Lombard complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with -
 - a. access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters,
 - b. additional information that we may request from you for the purpose of the compilation engagement,
 - c. unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual, with suitable skills, knowledge, and experience to oversee our bookkeeping services and the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Lauterbach & Amen, LLP does not assume any management responsibilities for the Pension Fund. We are not engaged to, and will not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. These services cannot be relied upon to detect errors, irregularities, or illegal acts that may exist. However, we will inform you of any such matters that may come to our attention.

Your Responsibilities - Continued

It is the understanding of the parties that the statements and records provided to or held by Lauterbach & Amen, LLP, is a supplement to, and not a replacement for, the original paper and electronic public records of the Pension Fund.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. There may be circumstances in which the report differs from the expected form and content. Our report will disclose that the Pension Fund management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were to be included in the financial statements, they might influence the user's conclusions about the Pension Fund's assets, liabilities, net position, additions and deductions. Accordingly, the financial statements will not be designed for those who are not informed about such matters. 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.

Our report will disclose that the financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing financial statements that indicates that we have performed a compilation engagement on such financial statements and, prior to inclusion of the report, to ask our permission to do so. The supplementary information accompanying the financial statements will be presented for purposes of additional analysis. Our report will not express an opinion, a conclusion, nor provide any assurance on such information.

Other Relevant Information

Costs for the above services to the Lombard Firefighters' Pension Fund will be as follows:

Annual Services Provided	Calendar Year Ended 12/31/2026	Calendar Year Ended 12/31/2027	Calendar Year Ended 12/31/2028
• IDOI Annual Statement	\$1,680	\$1,780	\$1,886
• Municipal Compliance Report	\$600	\$636	\$674
• Year End Auditor's Workpapers	\$1,213	\$1,285	\$1,362
• Payroll & Vendor Tax Forms	\$527	\$559	\$590
Total Costs of Annual Services	\$4,020	\$4,260	\$4,512
Amount to be Billed Monthly - See Below	\$335	\$355	\$376

	Calendar Year Ended 12/31/2026	Calendar Year Ended 12/31/2027	Calendar Year Ended 12/31/2028
Total Monthly Services Provided			
• Monthly Accounting & Benefits Administration	\$1,294	\$1,371	\$1,453
• Annual Services (Billed Monthly - See Above)	\$335	\$355	\$376
Monthly Total Costs of Services	\$1,629	\$1,726	\$1,829
Total Annual Cost	\$19,548	\$20,712	\$21,948

Costs for the above services to the Lombard Police Pension Fund will be as follows:

	Calendar Year Ended 12/31/2026	Calendar Year Ended 12/31/2027	Calendar Year Ended 12/31/2028
Annual Services Provided			
• IDOI Annual Statement	\$1,680	\$1,780	\$1,886
• Municipal Compliance Report	\$600	\$636	\$674
• Year End Auditor's Workpapers	\$1,213	\$1,285	\$1,362
• Payroll & Vendor Tax Forms	\$527	\$559	\$566
Total Costs of Annual Services	\$4,020	\$4,260	\$4,488
Amount to be Billed Monthly - See Below	\$335	\$355	\$374

	Calendar Year Ended 12/31/2026	Calendar Year Ended 12/31/2027	Calendar Year Ended 12/31/2028
Total Monthly Services Provided			
• Monthly Accounting & Benefits Administration	\$1,306	\$1,397	\$1,495
• Annual Services (Billed Monthly - See Above)	\$335	\$355	\$374
Monthly Total Costs of Services	\$1,641	\$1,752	\$1,869
Total Annual Cost	\$19,692	\$21,024	\$22,428

In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. Please be advised that we will charge interest on late invoices over sixty days.

All services will be billed monthly, as indicated in the above table.

Other Relevant Information – Continued

In connection with this agreement, the Village of Lombard authorizes Lauterbach & Amen, LLP to automatically debit the Pension Fund's disbursement account at BMO Bank N.A. upon completion of any past, present, or future services for the cost agreed upon in the respective engagement letter. Either the Pension Fund or Lauterbach & Amen, LLP may terminate this auto debit arrangement at any time by providing prior written notice to the other.

Either party may terminate all or a portion of the services contemplated by this engagement at any time for any reason upon 30 days written notice to the other. Subcontracting is prohibited without the express written approval of the Village's Board of Trustees. This agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

We appreciate the opportunity to be of service to the Village of Lombard and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please indicate your acceptance of the above understanding by signing below and returning a signed copy to us. 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

Lauterbach & Amen, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Village of Lombard:

Accepted by: _____

Title: _____