

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

| | | |
|-------------------|---|--|
| <u> </u> | Resolution or Ordinance (Blue) | <u> </u> <i>Waiver of First Requested</i> |
| <u> X </u> | Recommendations of Boards, Commissions & Committees (Green) | |
| <u> </u> | Other Business (Pink) | |

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: December 16, 2019 (COW)(B of T) January 9, 2020

TITLE: Motion to Waive Bids and Approve a Three (3) Year Contract Extension for Pension Fund Accounting Services in the amount of \$99,180 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 2020-2022 in accordance with the proposal of Lauterbach & Amen dated November 18, 2019 (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 | <u>Timothy Sexton</u> | Date | <u>12/17/19</u> |
| Village Manager X | <u>Scott Niehaus</u> | Date | <u>12/17/19</u> |

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

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: 12/16/2019

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 hundreds of the Article 3 and Article 4 pension funds in existence in Illinois. They represent roughly 15,000 active service members and some 11,000 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 Fiscal Year Ended 2020-2022.

| Services Provided | For the Fiscal Year Ended 12/31/2020 | For the Fiscal Year Ended 12/31/2021 | For the Fiscal Year Ended 12/31/2022 |
|---|--|--|--|
| Monthly Accounting & Benefits Administration | \$1,075 Monthly | \$1,095 Monthly | \$1,115 Monthly |
| Payroll & Vendor Tax Forms For the Calendar Year Ended Dec. 31st within the FY | \$415 for 2020 | \$425 for 2021 | \$450 for 2022 |
| Year End Auditor's Workpapers | \$1,010 Annually | \$1,030 Annually | \$1,050 Annually |
| IDOI Annual Statement | \$1,380 Annually | \$1,415 Annually | \$1,445 Annually |
| Municipal Compliance Report | \$500 Annually | \$510 Annually | \$525 Annually |
| Total Annual Police Pension Fund Fees | \$16,205 Annually | \$16,520 Annually | \$16,850 Annually |

| Services Provided | For the Fiscal Year Ended 12/31/2020 | For the Fiscal Year Ended 12/31/2021 | For the Fiscal Year Ended 12/31/2022 |
|--|--|--|--|
| Monthly Accounting & Benefits Administration | \$1,075 Monthly | \$1,095 Monthly | \$1,115 Monthly |
| Payroll & Vendor Tax Forms <small>For the Calendar Year Ended Dec. 31st within the FY</small> | \$420 for 2020 | \$435 for 2021 | \$450 for 2022 |
| Year End Auditor's Workpapers | \$1,010 Annually | \$1,030 Annually | \$1,050 Annually |
| IDOI Annual Statement | \$1,380 Annually | \$1,415 Annually | \$1,450 Annually |
| Municipal Compliance Report | \$500 Annually | \$515 Annually | \$530 Annually |
| Total Annual Firefighter's Pension Fund Fees | \$16,210 Annually | \$16,535 Annually | \$16,860 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 2020-2022 in accordance with the proposal of Lauterbach & Amen dated November 18, 2019 (attached).



Lauterbach & Amen, LLP

CHARTERED ACCOUNTANTS

100 N. FARMINGTON • LAURELVIEW, ILLINOIS 60148

PHONE 630.515.1432 • FAX 630.593.2516

www.lauterbachandamen.com

November 18, 2019

Village of Lombard
Finance Department
255 E Wilson Avenue
Lombard, Illinois 60148

To the Director of Finance:

We are pleased to confirm our acceptance and understanding of the following services we are to provide for the Lombard Firefighters' and Police Pension Funds for the years ended December 31, 2020, 2021, and 2022.

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, 2020, 2021, and 2022, 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.

4. In addition, we will prepare the Illinois Department of Insurance report, the year-end auditor's work papers, 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 1096 for the calendar years ended December 31, 2020, 2021, and 2022. 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.
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.
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 Lombard Firefighters' and Police Pension Funds 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.

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

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

| Services Provided | For the Fiscal Year Ended 12/31/2020 | For the Fiscal Year Ended 12/31/2021 | For the Fiscal Year Ended 12/31/2022 |
|--|--|--|--|
| Monthly Accounting & Benefits Administration | \$1,075 Monthly | \$1,095 Monthly | \$1,115 Monthly |
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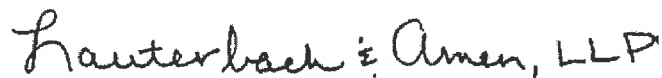
Our costs for the above services to the Lombard Police Pension Fund will be as follows:

| Services Provided | For the Fiscal Year Ended 12/31/2020 | For the Fiscal Year Ended 12/31/2021 | For the Fiscal Year Ended 12/31/2022 |
|--|--|--|--|
| Monthly Accounting & Benefits Administration | \$1,075 Monthly | \$1,095 Monthly | \$1,115 Monthly |
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| Total Annual Police Pension Fund Fees | \$16,205 Annually | \$16,520 Annually | \$16,850 Annually |

Monthly services will be billed on a monthly basis and annual services will be billed as completed.

We appreciate the opportunity to be of service to you 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 sign below and return this letter 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

RESPONSE:

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

Accepted by: _____

Title: _____