

CITY OF ROCK FALLS POLICE AND FIRE PENSION FUNDS

REQUEST FOR PROPOSAL

ACTUARIAL SERVICES

FOR THE 2015 TAX LEVY AND YEAR ENDED APRIL 30, 2016

I. Introduction

The City of Rock Falls Police and Fire Pension Funds are seeking proposals for actuarial services. Specifically, the actuarial firm will be required to 1) determine annual employer contributions (tax levy requirement) as required by State law; and 2) calculate minimum annual employer contributions, pursuant to pension reform legislation. In addition, the firm will prepare the calculations and footnote disclosures required by Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 for inclusion in the City's Comprehensive Annual Financial Report. Implementation of GASB No. 68 will be for fiscal year end April 30, 2016.

The Police and Fire Pension Funds require a full actuarial valuation as the basis for its 2015 tax levy and the calculations and disclosures for the financial report for the year ended April 30, 2016. Full actuarial valuation will be performed every year. The initial contract will be for one year, for actuarial work associated with the 2015 tax levy and the April 30, 2016 financial report. However, the Rock Falls Police and Fire Pension Funds anticipate that it may renew the contract if the selected actuarial firm performs satisfactorily.

II. Overview of the Rock Falls Police and Fire Pension Plan

The Rock Falls Police and Fire Pension Plan is a defined benefit, single-employer plan governed by Illinois Compiled Statutes (Chapter 40, Article 5/3). At April 30, 2014, the plan consisted of the following membership:

	Police	Fire
Inactive plan members currently receiving benefits	16	14
Inactive plan members entitled to benefits but not yet receiving them	02	-
Current employees:		
Vested	10	8
Non-vested	<u>11</u>	<u>6</u>
Total	39	28

The information found on pages 42-49 of the City's most recent Comprehensive Annual Financial Report (CAFR) for the year ended April 30, 2015 and provides insight into the funding status of the Police and Fire Pension plans. The complete CAFR can be found on the City's website: www.rockfalls61071.com under the Government/Finance tab.

III. Scope of Services

The Rock Falls Police and Fire Pension Plan/City of Rock Falls will provide the actuary with census information and an Annual Police Pension Fund Report by June 1st of each year of the contract. The draft financial statements prepared by the auditors will be provided to the actuary by July 20 of each year of the contract.

The selected actuarial firm will prepare the preliminary actuarial valuation results by July 31 of each year of the contract (or other mutually agreed upon date). At a minimum, the preliminary actuarial results will include a summary of the results, tax levy requirements, all required GASB annual report calculations and disclosures and a discussion of the actuarial assumptions and methods used. Multiple results should be presented for some predetermined/recommended assumptions for interest rates and salary increases as well as actuarial method, amortization period and amortization target. The "Statutory Minimum" contribution should also be included. These results will be presented and reviewed with the Police Pension Board and Finance Director/Treasurer.

The Actuarial Valuation Report will then be prepared using the chosen/agreed upon assumptions and methods. This report should include the summary of results, actuarial valuation of assets, asset changes during the prior year, normal cost, accrued liability, tax levy requirement, summary of plan participants, duration, projected pension payments, summary of plan provisions, actuarial method, actuarial assumptions and GASB Statement Disclosure Information. Annual Benefit Statements showing benefit information for each member of the plan should also be

prepared. These reports are due by August 15 of each year of the contract (or other mutually agreed upon date).

To support the financial reporting in accordance with GASB S-67 and GASB S-68, please prepared the requested information listed in Attachment "B".

IV. Requested Proposal Information

The actuarial firm is asked to include the following information in its proposal:

- A. Services your firm will provide
- B. Overview of your firm including principals, qualifications of staff, certifications, years in business, etc.
- C. Assumptions your firm recommends for computing evaluations for funds of comparable size.
- D. A complete reference list of Illinois funds/municipalities. Please include name, fund/municipality, phone number and e-mail address.
- E. The complete fee schedule including optional subsequent years.
- F. Sample of actuarial valuation report to be issued.
- G. Identification of the specific actuary within the firm who will directly supervise the work. Include a biographical summary.

V. Selection Procedures

Consideration will be given to the credentials and experience of the actuarial firm and the particular actuary designated to potentially supervise the work for the Rock Falls Police and Fire Pension Plans. Knowledge of the State of Illinois Police Pension Fund Statutes and experience with municipal clients are of particular interest. In addition, the proposed fee will be a selection criterion.

The Rock Falls Police and Fire Pension Plans reserve the right to accept a proposal or reject any and all proposals, as well as negotiate a final agreement with the selected firm. Interviews/oral presentations from any firm which submits a proposal may be requested by the Rock Falls Police and Fire Pension Plan Boards or the Finance Committee/ City Clerk.

Proposals must be received no later than 5:00 PM on Friday, April 29, 2016.

Proposals should be sent to:

Eric Arduini
City Clerk
City of Rock Falls
603 W 10th Street
Rock Falls, 61071

Or via e-mail at cityclerk@rockfalls61071.com

Questions concerning this Request for Proposal should be directed to Eric Arduini at cityclerk@rockfalls61071.com or (815)622-1104.

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ATTACHMENT A

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ATTACHMENT B

Requested information to support financial reporting in accordance with GASB S-67 and GASB S-68:

1. Determination (confirmation) of the measurement date (plans fiscal year end)
2. Determination of the fiscal year to which the actuarially determined contribution (ADC) applies
3. Plan membership as of the measurement date in the following categories:
 - a. Inactive Plan Members Currently Receiving Benefits
 - b. Inactive Plan Members Entitled to but not yet Receiving Benefits
 - c. Active Plan Members
4. Total Pension Liability (TPL) as of the beginning of the measurement period
5. Total Pension Liability as of the end of the measurement period
6. Changes in the total pension liability with the following components disclosed separately:
 - a. Service cost
 - b. Interest
 - c. Changes in benefit terms
 - d. Differences between actual and expected experience
 - e. Changes in assumptions
 - f. Benefit payments (including refunds of contributions)
 - g. Other changes in the total pension liability
7. The long-term expected rate of return on plan investments and how it was determined
8. Calculation of the discount rate used to calculate the TPL and the cash flow analysis to support the calculation
9. Sensitivity analysis of the discount rate on the new pension liability (+/- 1%)
10. The municipal bond rate of return used in the calculation of the discount rate
11. Actuarially determined contribution (ADC) for the period

12. Contributions made in relation to the ADC
13. Covered payroll for the measurement period
14. Complete list of all assumptions used including mortality tables
15. Dates of any experience studies supporting the actuarial assumptions (GASB S-67, p 31b)
16. Schedule of deferred inflows and outflows of resources by type as of the measurement date (GASB S-68, paragraph 45h)
17. Schedule of the net amount of deferred inflows and outflows of resources that will be recognized in pension expense for the subsequent five years and in the aggregate thereafter (GASB S-68, paragraph 45i(1)).