

Responses to Questions re: RFPs for Audit and Actuarial Services

Q: What is the reason for going to bid? Are your former auditors or actuaries allowed to bid?

A: The purpose of the RFPs is to be in compliance with Illinois law and by the Fund's own initiatives, the Fund seeks to obtain competitive pricing for services, along with high quality service. All providers, including the providers used in the prior year, are invited to submit proposals.

Q: What are the prior year audit fees?

A: The 2015 audit fee for the Fund was \$39,500. The 2014 audit fee is detailed on page 74 of the 2015 CAFR. The most significant difference between the 2014 and 2015 audit fee is the Agreed-Upon-Procedures report, a copy of which is included on the Fund's website as Exhibit A to the RFP. Note that no additional services are required by the City with respect to GASB 68 at this time. Should such services be required at a later date, a separate billing estimate would be requested.

The 2014 audit fee for the Richard J. Jones Annuitants Assistance Fund is \$6,200. Fees for the 2015 audit of RJJAAF are not available.

Q: What are the prior year actuarial fees?

A: The 2015 actuarial fee for the Fund was \$64,500 plus \$5,000 for the GASB 67 and 68 report. Fees to prepare the benefit statements were \$18,337. The 2015 actuarial fee is detailed on page 75 of the 2015 CAFR. These fees do not include the calculation of the staff retiree healthcare plan, which is prepared every three years. A copy of the most recent staff retiree healthcare plan valuation is now included on the Fund's website as Exhibit C to the RFP. Impact statements are subject to separate billing estimates.

Q: Have there been any significant changes in personnel, third party administrators, internal controls, laws, investment allocations, or other significant matters?

A: There have been some noteworthy changes:

1. The Fund's Assistant Comptroller retired on October 31, 2016. He was replaced by the Fund's senior staff accountant.
2. The Fund hired a new Chief Investment Officer effective April 5, 2016.
3. Legislation impacting the Fund, specifically Public Act 99-0506 became law on May 31, 2016.

4. The Fund has completed approximately 8 investment agreements with new managers in 2016.

Q: When are you typically ready for auditors to begin interim and final fieldwork? When can the auditor obtain a copy of the final trial balance?

A: A copy of the final trial balance is typically available at the end of March. Interim fieldwork can be performed at the auditor's discretion. Final fieldwork is best performed in April. Many of the deadlines for financial reporting are driven by the City of Chicago reporting needs. While there is some flexibility in final issuance of the financials and actuarial valuation, the Fund desires a May 31 final issuance date.

Q: Are there any adjustments planned for your valuation schedule in light of a possible actuarial transition?

A: There is some flexibility in reporting deadlines, however, many of the timing requirements are based upon City of Chicago reporting needs. The Fund will work with any providers selected to ensure a smooth transition and appropriate timelines to ensure adherence to professional standards. Census data is typically available in early February.

Q: Per the Fund's website it appears that the Fund provides a "CAFR" as well as "Audited Financial Statements" for each fiscal year. Does the Fund prepare both of these reports in entirety? What is the level of journal entries that occurred as part of the audit process last year? What is the level of auditor involvement expected for GASB 72?

A: The Fund's staff prepares the CAFR and the Audited Financial Statements in entirety. The auditor is responsible for review, formatting and printing. There have been no journal entries made by the Fund's staff as a result of audit procedures in recent years. With respect to GASB 72, the Fund expects the auditors to assist in providing guidance and examples in financial reporting, however, the Fund's staff will prepare all necessary disclosures. With respect to the RJAAF, the Fund's staff prepares the financial statements and the Form 990.

Q: Number 3 in the scope of services indicates that the Fund is looking for 50 year projections? Please provide clarification.

A: Projections required are included in the prior year actuarial valuation on the Fund's website. At this time, only 25 year projections are required.

Q: Please forward the proposal guarantees and warranties referenced in page 12 of the RFP.

A: Please see the two documents labeled, "Certifications and Conflicts" and "Terms and Conditions" on the bottom of the RFP page on the Fund's website.