

**BOARD OF PUBLIC WORKS AND SAFETY
CITY OF NOBLESVILLE**

DATE: DECEMBER 19, 2017

PREVIOUSLY DISCUSSED ITEMS

NEW ITEMS FOR DISCUSSION XXX

MISCELLANEOUS _____

ITEM# #12

SOURCE:

DOCUMENTS PREPARED BY: JEFFREY SPALDING

VERBAL:

INFORMATION ATTACHED: XXX

NO PAPERWORK AT TIME OF PACKETS:

BRING PAPERWORK FROM PREVIOUS MEETING:



MEMORANDUM – Office of Finance & Accounting

TO: Members of the Board of Public Works
FROM: Jeffrey L. Spalding, CFO and Controller *JLS*
DATE: December 19, 2017
SUBJECT: **GASB 68 Compliance Service Agreement**
Cavanaugh Macdonald Consulting, LLC

This is a new agreement with a new vendor for an existing service to the City. Cavanaugh Macdonald Consulting, LLC (CMC) will now calculate the City's pension liability in accordance with Governmental Accounting Standards Board (GASB) rules. The results of their work is then included in the City's Comprehensive Annual Financial Report (CAFR).

For years, the City's selection of its GASB 68 compliance reporting vendor has been based on a preferred vendor designation established by the Indiana Public Retirement System (INPRS). That selection basis is not changing. However, INPRS has chosen a new preferred vendor. Previously, that preferred vendor was PricewaterhouseCoopers, Limited (PwC). CMC is the new preferred vendor.

INPRS hires an actuary to calculate what the State owes each municipality, from its Pension Relief Fund, to offset local costs attributable to several pre-1977 police and firefighter pension plans. As a related service, each city may contract with the same actuarial firm (at a discounted price negotiated by INPRS) to calculate its own pension liability, on a GASB-defined basis, to comply with the GASB 68 reporting requirement.

This is a two (2) year agreement. The negotiated, discounted annual fee is \$3,200 per pension plan actuarial valuation. Since the City operates two (2) pension plans that are subject to the GASB 68 reporting requirement – the 1925 Police Pension Plan and 1937 Fire Pension Plan – our total cost will be \$6,400 annually. That cost may be charged to each plan, and thus, is 100% reimbursable to the City through the State's Pension Relief Fund. So, the net cost to the City is \$0.

I am available at your call for any questions about this agreement.

Attachments

JLS:jls

I:\Clerk, BOW, and Council\Board of Public Works\12 19 2017 BOW Meeting\BOW Approval Request - 12 19 2017 Meeting - Various Contract Approval Requests.docx



ACTUARIAL SERVICES AGREEMENT

THIS AGREEMENT, made and entered into effect this 19th day of December, 2017 by and among the City or Town of Noblesville (hereinafter referred to as "Sponsor") and CAVANAUGH MACDONALD CONSULTING, LLC, a Georgia corporation, 3550 Busbee Parkway, Suite 250, Kennesaw, Georgia 30144, (hereinafter referred to as "CMC")

WITNESSETH:

WHEREAS the SPONSOR is desirous of retaining professional actuarial and pension consulting services to the SPONSOR; and

WHEREAS the SPONSOR selected CMC for that purpose;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and promises therein contained, the parties hereto agree as follows:

1. Annual GASB 68 Actuarial Valuations– At the direction of the SPONSOR, CMC shall prepare an actuarial valuation as of January 1st of each year for disclosure under GASB 68. Such valuations are to be based on detailed and up-to-date tabulations of active and inactive participants, current pensioners, and any other such detailed information as CMC and the SPONSOR may mutually determine to be pertinent to the purpose of the review. Such actuarial valuation shall provide all financial and statistical information as may be now required to prepare financial statements under generally accepted accounting principles (GAAP).
2. Term and Termination – The performance of this Agreement shall commence on the date first hereinabove recited. This Agreement may be terminated: (a) by CMC by providing written notice to the SPONSOR at least sixty (60) days prior to such termination, or (b) by the SPONSOR by providing written notice to CMC at least thirty (30) days prior to such termination provided, however, that this Agreement may be terminated by CMC pursuant to clause (a) above only for reasonable cause relating to CMC's continued ability to provide effective services to the SPONSOR, with such reasonable causes including but not limited to insolvency, sale of the business, or substantial turnover of key personnel; and further provided that this Agreement may be terminated by the SPONSOR pursuant to clause (b) above for any reason or no reason.

In the event the Contract is terminated, CMC shall be paid for work actually performed to the date of termination, plus bona fide expenses to date of termination, less the cost to the SPONSOR of making good any deficiencies, correcting all work improperly performed and any additional cost to the SPONSOR for removing or replacing CMC exclusive of fees to firm(s) hired to replace CMC. Said final payment shall be made to CMC within 30 days of the date of final invoice.

3. Miscellaneous Provisions – This Agreement constitutes the entire Agreement and understanding between the SPONSOR and CMC with respect to all matters contained herein, including the following:



ACTUARIAL SERVICES AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective on the date first hereinabove recited.

SPONSOR Name: City of Noblesville

By: 

Printed Name: Jeffrey K. Spalding

Title: CFO and Controller

Address: 16 South 10th Street
Noblesville, IN 46060

Phone: jspalding@noblesville.in.us

E-mail: (317) 776-6328

CAVANAUGH MACDONALD CONSULTING, LLC

By: 

Brent A. Banister, FSA, FCA, MAAA

Title: Chief Actuary

All of which is approved by the Board of Public Works and Safety of the City of Noblesville this
_____ day of _____ 2017.

JOHN DITSLEAR, MAYOR

LAWRENCE STORK, MEMBER

JACK MARTIN, MEMBER

ATTEST:

EVELYN L. LEES, CLERK
CITY OF NOBLESVILLE, INDIANA