



BAY CITY POLICE & FIRE RETIREMENT SYSTEM

SUMMARY ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2016

CITY OF BAY CITY
POLICE & FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES

Ken Skunda
Fire Representative
Term 7/1/15 - 6/30/18

Chairman

Brian Berthiaume
Police Representative
Term 7/15/16 - 6/30/19

Chairman Pro-Tem

Doug Adams
Citizen Representative
Term 7/1/14 - 6/30/17

Trustee

Mike Roznowski
Citizen Representative
Term 7/1/014 - 6/30/17

Trustee

Richard Finn
City Manager
Perpetual

Trustee

BAY CITY POLICE & FIRE RETIREMENT SYSTEM

INVESTMENT FIDUCIARIES

- Northern Trust Investments, Inc.
- Victory Capital Management
- First Eagle Investment Management
- Hexavest Inc.
- American Realty Advisors
- Guggenheim Real Estate
- Millennium Management LLC
- PNC Institutional Investments
- Fisher Investments
- SouthernSun Asset Management
- Franklin Templeton Investments
- Brandywine Global Investment Management LLC
- LS Investment Advisors, LLC
- Courtland Partners, Ltd.

SYSTEM SERVICE PROVIDERS

Investment Consulting Services: The Bogdahn Group

Actuarial Services: Rodwan Consulting Company

Legal Services: Vanoverbeke, Michaud, & Timmony P.C.

Auditing Services: Smith & Klaczkiewicz, PC

Medical Advisory Services: Consulting Physicians

Custodial Banking Services: PNC Institutional Investments

BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

Assets

Investments at fair value:

Money market accounts	\$ 707,098
Fixed Income	8,809,097
Equities	24,530,658
Alternative Investments	4,452,913
Other Investments	<u>13,670,670</u>

Total investments 52,170,436

Receivables:

Employer contributions	101,073
Employee contributions	28,156
Interest	68,114
Other	<u>834</u>

Total receivables 198,177

Total assets 52,368,163

Liabilities

Accounts payable 73,468

Net position held in trust for pension benefits \$ 52,295,145

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Additions to net position attributed to:

Contributions

Employer	\$ 1,720,011
Plan Members	<u>469,924</u>

Total contributions	<u>2,189,935</u>
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Investment Income

Interest and dividends	797,408
Net depreciation in fair value of investments	<u>(270,687)</u>

Total investment income	526,721
Less: Investment expenses	<u>(237,821)</u>

Net investment income	288,900
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Other revenue	<u>15,999</u>
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Total additions	<u>2,494,834</u>
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Deductions from net position attributed to:

Benefits and refunds paid to participants	4,710,583
Professional / Administrative Fees	132,152
Professional Training / Education / Travel	<u>10,173</u>

Total deductions	<u>4,852,908</u>
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Net increase (decrease) in fiduciary net position	<u>(2,358,074)</u>
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Net position held in trust for pension benefits

Beginning of year	<u>54,653,219</u>
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End of year	<u><u>\$ 52,295,145</u></u>
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**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Funded Ratio	Unfunded Actuarial Accrued Liabilities
6/30/1995	\$34,465,751	\$36,936,108	93.3%	\$2,470,357
6/30/1996	38,291,651	38,489,257	99.5	197,606
6/30/1997	40,890,619	41,791,038	97.8	900,419
6/30/1998	44,936,961	44,376,073	101.3	(560,888)
6/30/1999	48,210,388	44,601,010	108.1	(3,609,378)
6/30/2000	49,920,655	39,255,977	127.2	(10,664,678)
6/30/2001	48,468,116	38,017,452	127.5	(10,450,664)
6/30/2002	46,080,307	36,417,979	126.5	(9,662,328)
6/30/2003	42,243,440	42,568,692	99.2	325,252
6/30/2004	40,854,232	46,818,606	87.3	5,964,374
6/30/2005	40,949,739	53,676,056	76.3	12,726,317
6/30/2006	43,663,072	55,877,091	78.1	12,214,019
6/30/2007	46,365,165	59,001,185	78.6	12,636,020
6/30/2008	48,162,620	60,101,971	80.1	11,939,351
6/30/2009	45,290,860	61,088,699	74.1	15,797,839
6/30/2010	43,369,680	61,823,912	70.2	18,454,232
6/30/2011	42,095,297	64,843,292	64.9	22,747,995
6/30/2012	39,819,306	65,058,041	61.2	25,238,735
6/30/2013	39,469,073	64,852,922	60.9	25,383,849
6/30/2014	43,824,808	64,946,510	67.5	21,121,702
6/30/2015	46,508,082	63,672,843	73.0	17,164,761
6/30/2016	47,693,326	63,819,910	74.7	16,126,584

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
BUDGETED EXPENDITURES FISCAL YEARS ENDED 6/30/16 and 6/30/17**

	<u>6/30/2016</u>	<u>6/30/2017</u>
EXPENDITURES		
Retirement Paid – Police & Fire	\$ 5,241,000	\$ 5,738,000
Professional / Administrative Services	140,715	150,457
Professional Training / Education / Travel	26,750	26,910
Investment Management Fees	<u>433,887</u>	<u>394,440</u>
 Total Expenditures	 \$ <u>5,499,681</u>	 \$ <u>6,309,807</u>

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
INVESTMENT PERFORMANCE**

	<u>Periods Ending 6/30/2016</u>				
	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>10 Years</u>
Total Fund	1.11	8.01	8.32	11.01	6.07
Net of Fees	0.72	7.53	7.89	10.58	*5.62

*Net of fees performance estimated for year 10

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION INFORMATION
JUNE 30, 2016**

Number of Active Members:	77
Number of Retirees and Beneficiaries:	170
Average Annual Retirement Allowance:	\$25,925
Total Annual Retirement Allowances:	\$4,407,190
Valuation Payroll:	\$4,380,402
Employers Normal Cost of Benefits as a Percentage of Valuation Payroll:	10.95%
Employers Total Contribution Rate as a Percentage of Valuation Payroll:	32.60%
Weighted Average of Member Contributions:	10.00%
Actuarial Assumed Rate of Investment Return:	7.5%
Actuarial Assumed Rate of Long Term Wage Inflation:	4.0%
Smoothing Method & Period Used to Determine the Funding Value of Assets:	Smoothed Market Value of Assets Over 5 Years
Amortization method & Period Used for Funding the Systems Unfunded Actuarial Accrued Liabilities:	Amortized as a Level Percentage of Payroll Over a 25 Year Period
Systems Actuarial Cost Method:	Individual Entry Age Actuarial Cost Method
System Membership Open or Closed :	Open