



BAY CITY POLICE & FIRE RETIREMENT SYSTEM

SUMMARY ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2017

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

Doug Adams
Citizen Representative
Term 7/1/17 - 6/30/20

Chairman

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

Chairman Pro-Tem

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

Trustee

Mike Roznowski
Citizen Representative
Term 7/1/17 - 6/30/20

Trustee

Dana Muscott
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, 2017

Assets

Investments at fair value:

Money market accounts	\$ 1,077,050
Fixed Income	8,735,364
Equities	26,627,338
Other Investments	<u>18,143,824</u>

Total investments 54,583,576

Receivables:

Employer contributions	94,580
Employee contributions	28,252
Interest	<u>69,837</u>

Total receivables 192,669

Total assets 54,776,245

Liabilities

Accounts payable 86,452

Net position held in trust for pension benefits \$ 54,689,793

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

Additions to net position attributed to:

Contributions		
Employer	\$	1,521,054
Plan Members		<u>456,986</u>
Total contributions		<u>1,978,040</u>
Investment Income		
Interest and dividends		989,188
Net appreciation in fair value of investments		<u>5,441,254</u>
Total investment income		6,430,442
Less: Investment expenses		<u>(238,901)</u>
Net investment income		6,191,541
Other revenue		<u>65,035</u>
Total additions		<u>8,234,616</u>
Deductions from net position attributed to:		
Benefits and refunds paid to participants		5,679,596
Professional / Administrative Fees		146,593
Professional Training / Education / Travel		<u>13,779</u>
Total deductions		<u>5,839,968</u>
Net increase (decrease) in fiduciary net position		<u>2,394,648</u>
Net position held in trust for pension benefits		
Beginning of year		<u>52,295,145</u>
End of year	\$	<u><u>54,689,793</u></u>

**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
6/30/2017	48,912,762	65,289,512	74.9	16,376,750

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
BUDGETED EXPENDITURES FISCAL YEARS ENDED 6/30/17 and 6/30/18**

	<u>6/30/2017</u>	<u>6/30/2018</u>
EXPENDITURES		
Retirement Paid – Police & Fire	\$ 5,433,000	\$ 5,738,000
Professional / Administrative Services	162,554	150,107
Professional Training / Education / Travel	27,860	27,260
Investment Management Fees	<u>386,793</u>	<u>394,440</u>
 Total Expenditures	 <u>\$ 6,010,207</u>	 <u>\$ 6,309,807</u>

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

	Periods Ending 6/30/2017				
	1 Year	3 Years	5 Years	7 Years	10 Years
Total Fund	12.70	6.69	10.42	11.00	5.94
Net of Fees	12.32	6.31	10.01	10.56	*5.70

*Net of fees performance estimated for year 10

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION INFORMATION
JUNE 30, 2017**

Number of Active Members:	73
Number of Retirees and Beneficiaries:	174
Average Annual Retirement Allowance:	\$26,503
Total Annual Retirement Allowances:	\$4,611,437
Valuation Payroll:	\$4,204,892
Employers Normal Cost of Benefits as a Percentage of Valuation Payroll:	7.11%
Employers Total Contribution Rate as a Percentage of Valuation Payroll:	31.83%
Weighted Average of Member Contributions:	10.00%
Actuarial Assumed Rate of Investment Return:	7.5%
Actuarial Assumed Rate of Long Term Wage Inflation:	3.5%
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 24 Year Period
Systems Actuarial Cost Method:	Individual Entry Age Actuarial Cost Method
System Membership Open or Closed :	Open