



## **BAY CITY POLICE & FIRE RETIREMENT SYSTEM**

### **SUMMARY ANNUAL REPORT**

**FOR THE YEAR ENDED**

**JUNE 30, 2018**

**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 7/1/18 - 6/30/21

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
- WCM Focused International Growth Fund, LP
- Alidade Capital
- 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: AndCo Consulting

Actuarial Services: Rodwan Consulting Company

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

Auditing Services: Smith & Klackiewicz, 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, 2018**

Assets

Investments at fair value:

Money market accounts	\$ 821,092
Fixed Income	8,775,575
Equities	30,648,217
Other Investments	<u>14,375,927</u>

Total investments 54,620,811

Receivables:

Employer contributions	93,495
Employee contributions	71,742
Interest	<u>75,893</u>

Total receivables 241,130

Total assets 54,861,941

Liabilities

Accounts payable 82,507

Net position held in trust for pension benefits \$ 54,779,434

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

Additions to net position attributed to:

Contributions

Employer	\$ 1,406,290
Plan Members	<u>480,790</u>

Total contributions	<u>1,887,080</u>
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Investment Income

Interest and dividends	843,848
Net appreciation in fair value of investments	<u>3,399,277</u>

Total investment income	4,243,125
Less: Investment expenses	<u>(256,936)</u>

Net investment income	3,986,189
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Other revenue	<u>71,133</u>
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Total additions	<u>5,944,402</u>
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Deductions from net position attributed to:

Benefits and refunds paid to participants	5,705,932
Professional / Administrative Fees	138,093
Professional Training / Education / Travel	<u>10,736</u>

Total deductions	<u>5,854,761</u>
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Net increase (decrease) in fiduciary net position	<u>89,641</u>
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Net position held in trust for pension benefits

Beginning of year	<u>54,689,793</u>
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End of year	<u><u>\$ 54,779,434</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
6/30/2017	48,912,762	65,289,512	74.9	16,376,750
6/30/2018	49,481,139	65,832,521	75.2	16,351,382

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM  
BUDGETED EXPENDITURES FISCAL YEARS ENDED 6/30/18 and 6/30/19**

	<u>6/30/2018</u>	<u>6/30/2019</u>
<b>EXPENDITURES</b>		
Retirement Paid – Police & Fire	\$ 5,738,000	\$ 6,070,000
Professional / Administrative Services	150,107	154,692
Professional Training / Education / Travel	27,260	27,610
Investment Management Fees	<u>394,440</u>	<u>408,607</u>
 Total Expenditures	 <u>\$ 6,309,807</u>	 <u>\$ 6,660,909</u>

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

	Periods Ending 6/30/2018				
	1 Year	3 Years	5 Years	7 Years	10 Years
Total Fund	8.16	7.23	9.22	8.92	7.40
Net of Fees	7.83	6.86	8.83	8.51	6.98

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION INFORMATION  
JUNE 30, 2018**

Number of Active Members:	68
Number of Retirees and Beneficiaries:	175
Average Annual Retirement Allowance:	\$26,503
Total Annual Retirement Allowances:	\$4,755,437
Valuation Payroll:	\$4,056,629
Employers Normal Cost of Benefits as a Percentage of Valuation Payroll:	8.09%
Employers Total Contribution Rate as a Percentage of Valuation Payroll:	34.17%
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 23 Year Period
Systems Actuarial Cost Method:	Individual Entry Age Actuarial Cost Method
System Membership Open or Closed :	Open