



BAY CITY POLICE & FIRE RETIREMENT SYSTEM

SUMMARY ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2015

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 7/15/15 - 6/30/16

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

- Dana Investment Advisors, Inc.
- 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
- Mesirow Financial
- Franklin Templeton Investments
- Brandywine Global Investment Management LLC

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, 2015

Assets

Investments at fair value:

Money market accounts	\$ 1,192,197
Fixed Income	9,456,146
Equities	26,303,645
Alternative Investments	4,042,299
Other Investments	<u>13,979,348</u>

Total investments 54,973,635

Receivables:

Employer contributions	106,359
Employee contributions	26,406
Interest	72,570
Other	<u>3,276</u>

Total receivables 208,611

Total assets 55,182,246

Liabilities

Accounts payable 529,027

Net position held in trust for pension benefits \$ 54,653,219

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

Additions to net position attributed to:

Contributions		
Employer	\$	1,925,400
Plan Members		<u>562,736</u>
Total contributions		<u>2,488,136</u>
Investment Income		
Interest and dividends		696,487
Net appreciation in fair value of investments		<u>2,354,551</u>
Total investment income		3,051,038
Less: Investment expenses		<u>(288,401)</u>
Net investment income		2,762,637
Other revenue		<u>77,830</u>
Total additions		<u>5,328,603</u>
Deductions from net position attributed to:		
Benefits and refunds paid to participants		5,288,925
Professional / Administrative Fees		156,626
Professional Training / Education / Travel		<u>10,841</u>
Total deductions		<u>5,456,392</u>
Net increase (decrease) in fiduciary net position		(127,789)
Net position held in trust for pension benefits		
Beginning of year		<u>54,781,008</u>
End of year	\$	<u><u>54,653,219</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

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
BUDGETED EXPENDITURES FISCAL YEARS ENDED 6/30/15 and 6/30/16**

	<u>6/30/2015</u>	<u>6/30/2016</u>
EXPENDITURES		
Retirement Paid – Police & Fire	\$ 4,925,000	\$ 5,241,000
Professional / Administrative Services	145,156	140,715
Professional Training / Education / Travel	26,750	26,750
Investment Management Fees	<u>402,775</u>	<u>433,887</u>
 Total Expenditures	 <u>\$ 5,499,681</u>	 <u>\$ 5,842,352</u>

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

	<u>Periods Ending 6/30/2014</u>				
	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>10 Years</u>
Total Fund	6.47	12.80	12.67	7.41	6.79
Net of Fees	6.12	12.38	12.21	6.98	*6.41

*Net of fees performance estimated for year 10

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION INFORMATION
JUNE 30, 2015**

Number of Active Members:	76
Number of Retirees and Beneficiaries:	168
Average Annual Retirement Allowance:	\$25,955
Total Annual Retirement Allowances:	\$4,360,446
Valuation Payroll:	\$4,308,434
Employers Normal Cost of Benefits as a Percentage of Valuation Payroll:	11.18%
Employers Total Contribution Rate as a Percentage of Valuation Payroll:	34.61%
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