



BAY CITY POLICE & FIRE RETIREMENT SYSTEM

SUMMARY ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2014

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

Brian Berthiaume
Police Representative
Term 7/1/12 - 6/30/15

Chairman

Ken Skunda
Fire Representative
Term 7/15/12 - 6/30/15

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.
- Munder 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: Gray & Company

Actuarial Services: Rodwan Consulting Company

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

Auditing Services: Smith & Klaczkiwicz, PC

Medical Advisory Services: Consulting Physicians

Custodial Banking Services: PNC Institutional Investments

BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF PLAN NET POSITION
JUNE 30, 2014

Assets

Investments at fair value:

Money market accounts	\$ 1,093,424
Fixed Income	9,373,059
Equities	34,541,488
Alternative Investments	3,126,905
Other Investments	<u>6,512,742</u>

Total investments 54,647,618

Receivables:

Employer contributions	100,715
Employee contributions	23,673
Interest	79,217
Other	<u>2,991</u>

Total receivables 206,596

Total assets 54,854,214

Liabilities

Accounts payable 73,206

Net position held in trust for pension benefits \$ 54,781,008

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Additions to net position attributed to:

Contributions

Employer	\$ 1,808,810
Plan Members	<u>834,201</u>

Total contributions	<u>2,643,011</u>
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Investment Income

Interest and dividends	776,581
Net appreciation in fair value of investments	<u>8,002,786</u>

Total investment income	8,779,367
Less: Investment expenses	<u>(279,183)</u>

Net investment income	8,500,184
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Other revenue	<u>11,063</u>
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Total additions	<u>11,154,258</u>
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Deductions from net position attributed to:

Benefits and refunds paid to participants	4,770,135
Professional / Administrative Fees	132,777
Professional Training / Education / Travel	<u>8,564</u>

Total deductions	<u>4,911,476</u>
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Net increase in plan net position	6,242,782
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Net position held in trust for pension benefits

Beginning of year	<u>48,538,226</u>
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End of year	<u><u>\$ 54,781,008</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

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
BUDGETED EXPENDITURES FISCAL YEARS ENDED 6/30/14 and 6/30/15**

	<u>6/30/2014</u>	<u>6/30/2015</u>
EXPENDITURES		
Retirement Paid – Police & Fire	\$ 4,840,000	\$ 4,925,000
Professional / Administrative Services	133,251	145,156
Professional Training / Education / Travel	23,200	26,750
Investment Management Fees	<u>245,000</u>	<u>402,775</u>
 Total Expenditures	 <u>\$ 5,241,451</u>	 <u>\$ 5,499,681</u>

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

	Periods Ending 6/30/2014				
	1 Year	3 Years	5 Years	7 Years	10 Years
Total Fund	17.99	11.36	13.98	6.99	4.69
Net of Fees	17.50	10.89	13.50	*6.55	*4.25

*Net of fees performance estimated for years 7 and 10

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION INFORMATION
JUNE 30, 2014**

Number of Active Members:	79
Number of Retirees and Beneficiaries:	168
Average Annual Retirement Allowance:	\$24,937
Total Annual Retirement Allowances:	\$4,189,358
Valuation Payroll:	\$4,523,121
Employers Normal Cost of Benefits as a Percentage of Valuation Payroll:	11.58%
Employers Total Contribution Rate as a Percentage of Valuation Payroll:	38.36%
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 27 Year Period
Systems Actuarial Cost Method:	Individual Entry Age Actuarial Cost Method
System Membership Open or Closed :	Open