



BAY CITY POLICE & FIRE RETIREMENT SYSTEM

SUMMARY ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2012

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

Brian Berthiaume
Police Representative
Term 7/1/09 - 6/30/15

Chairman

Ken Skunda
Fire Representative
Term 7/15/10 - 6/30/15

Chairman Pro-Tem

Doug Adams
Citizen Representative
Term 7/1/08 - 6/30/14

Trustee

Mike Roznowski
Citizen Representative
Term 7/1/011 - 6/30/14

Trustee

Dana Muscott
City Manager
Perpetual

Trustee

BAY CITY POLICE & FIRE RETIREMENT SYSTEM

INVESTMENT FIDUCIARIES

- Dana Investment Advisors, Inc.
- Northern Trust Investments, Inc.
- Munder Capital Management
- Guggenheim Investments
- First Eagle Investment Management
- Hexavest Inc.
- American Real Estate
- Guggenheim Real Estate
- Millennium Management
- PNC Institutional Investments

SYSTEM SERVICE PROVIDERS

Investment Consulting Services: Gray & Company

Actuarial Services: Rodwan Consulting Company

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

Auditing Services: Rehmann Robson, PC

Medical Advisory Services: Consulting Physicians

Custodial Banking Services: PNC Institutional Investments

BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2012

Assets

Investments at fair value:

Money market accounts	\$ 646,374
Mutual funds	19,094,402
Government securities	6,203,434
Corporate debt	5,384,212
Corporate stock	<u>13,232,744</u>

Total investments 44,561,166

Receivables:

Employer contributions	91,036
Employee contributions	21,896
Interest	102,422
Other	<u>54,855</u>

Total receivables 207,209

Total assets 44,831,375

Liabilities

Accounts payable 51,758

Net assets held in trust for pension benefits \$ 44,779,617

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET ASSETS
JUNE 30, 2012**

Additions to net assets attributed to

Contributions:

Employer	\$ 1,725,255
Plan Members	<u>458,068</u>

Total contributions	<u>2,183,323</u>
---------------------	------------------

Investment Income

Interest and dividends	901,160
Net appreciation in fair value of investments	<u>148,153</u>

Total investment income	1,049,313
Less: Investment expenses	<u>(181,022)</u>

Net investment income	868,291
-----------------------	---------

Other revenue	<u>32,087</u>
---------------	---------------

Total additions	<u>3,083,701</u>
-----------------	------------------

Deductions from net assets attributed to

Benefits and refunds paid to participants	4,447,669
Professional / Administrative Fees	128,454
Professional Training / Education / Travel	10,088
Miscellaneous	<u>808</u>

Total deductions	<u>4,587,019</u>
------------------	------------------

Net decrease in plan net assets	(1,503,318)
---------------------------------	-------------

Net assets held in trust for pension benefits

Beginning of year	<u>46,282,935</u>
-------------------	-------------------

End of year	<u><u>\$ 44,779,617</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

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
BUDGETED EXPENDITURES FISCAL YEARS ENDED 6/30/12 and 6/30/13**

	<u>6/30/2012</u>	<u>6/30/2013</u>
EXPENDITURES		
Retirement Paid – Police & Fire	\$ 4,920,000	\$ 4,815,000
Professional / Administrative Services	129,940	132,378
Professional Training / Education / Travel	17,900	25,300
Investment Management Fees	<u>280,000</u>	<u>265,000</u>
 Total Expenditures	 <u>\$ 5,374,840</u>	 <u>\$ 5,237,678</u>

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

	Periods Ending 12/31				
	1 Year	3 Years	5 Years	7 Years	10 Years
Total Fund	12.76	9.18	2.60	4.22	6.77
Net of Fees	12.26	8.71	2.18	--	--

--Net of fees performance not available for years 7 and 10

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION INFORMATION**

Number of Active Members:	95
Number of Retirees and Beneficiaries:	168
Average Annual Retirement Allowance:	\$24,246
Total Annual Retirement Allowances:	\$4,073,377
Valuation Payroll:	\$5,228,425
Employers Normal Cost of Benefits as a Percentage of Valuation Payroll:	14.86%
Employers Total Contribution Rate as a Percentage of Valuation Payroll:	41.31%
Weighted Average of Member Contributions:	9.09%
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 28 Year Period
Systems Actuarial Cost Method:	Individual Entry Age Actuarial Cost Method
System Membership Open or Closed :	Open