



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

### **SUMMARY ANNUAL REPORT**

**FOR THE YEAR ENDED**

**JUNE 30, 2013**

**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 7/1/11 - 6/30/14

Trustee

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

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

### **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 POSITION**  
**JUNE 30, 2013**

Assets

Investments at fair value:

Money market accounts	\$ 1,083,669
Mutual funds	17,425,372
Government securities	6,781,842
Corporate debt	4,448,274
Corporate stock	<u>19,054,176</u>

Total investments 48,793,333

Receivables:

Employer contributions	203,789
Employee contributions	57,431
Interest	108,557
Other	<u>3,880</u>

Total receivables 373,657

Total assets 49,166,990

Liabilities

Accounts payable 628,764

Net position held in trust for pension benefits \$ 48,538,226

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

Additions to net position attributed to:

Contributions

Employer	\$ 1,979,219
Plan Members	<u>497,166</u>

Total contributions	<u>2,476,385</u>
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Investment Income

Interest and dividends	835,935
Net appreciation in fair value of investments	<u>5,423,769</u>

Total investment income	6,259,704
Less: Investment expenses	<u>(202,076)</u>

Net investment income	6,057,628
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Other revenue	<u>4,081</u>
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Total additions	<u>8,538,094</u>
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Deductions from net position attributed to:

Benefits and refunds paid to participants	4,592,651
Professional / Administrative Fees	129,171
Professional Training / Education / Travel	8,578
Bad Debt	<u>49,085</u>

Total deductions	<u>4,779,485</u>
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Net increase in plan net position	3,758,609
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Net position held in trust for pension benefits

Beginning of year	<u>44,779,617</u>
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End of year	<u>\$ 48,538,226</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

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM  
BUDGETED EXPENDITURES FISCAL YEARS ENDED 6/30/13 and 6/30/14**

	<u>6/30/2013</u>	<u>6/30/2014</u>
EXPENDITURES		
Retirement Paid – Police & Fire	\$ 4,815,000	\$ 4,840,000
Professional / Administrative Services	132,378	133,251
Professional Training / Education / Travel	25,300	23,200
Investment Management Fees	<u>265,000</u>	<u>245,000</u>
 Total Expenditures	 <u>\$ 5,237,678</u>	 <u>\$ 5,241,451</u>

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

	<u>Periods Ending 6/30/2013</u>				
	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>10 Years</u>
Total Fund	14.27	13.06	5.60	5.07	6.6
Net of Fees	13.83	12.58	5.16	*4.63	*6.16

\*Net of fees performance estimated for years 7 and 10

**BAY CITY POLICE & FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION INFORMATION  
JUNE 30, 2013**

Number of Active Members:	88
Number of Retirees and Beneficiaries:	170
Average Annual Retirement Allowance:	\$24,308
Total Annual Retirement Allowances:	\$4,132,437
Valuation Payroll:	\$4,828,091
Employers Normal Cost of Benefits as a Percentage of Valuation Payroll:	13.96%
Employers Total Contribution Rate as a Percentage of Valuation Payroll:	43.41%
Weighted Average of Member Contributions:	9.12%
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