

# City of Grosse Pointe Farms Employees Retirement System

## Summary Annual Report

June 30, 2014

Dear Member:

The following is a summary of your Retirement System. Each year, an actuarial valuation is prepared to compare assets to liabilities. Assets are held and invested in a trust separate from other City assets. The only disbursements from this trust are to members who are retired or disabled, beneficiaries of members, members who receive contribution refunds, and for Retirement System expenses.

As Retirement Commission Members, our tasks include making sure trust assets are invested prudently, required City and member contributions are received and that benefits are paid in accordance with the Retirement System's provisions.

Various professionals are hired to help in the administration of the System. They are listed in the column to the right.

The City is funding Retirement System benefits as they accrue in accordance with a sound level percent of payroll funding objective.

Respectfully submitted,

**Retirement Commission**  
**City of Grosse Pointe Employees Retirement System**

### **Commission Members**

Terry Brennan,  
Trustee

Kevin Broderick,  
Trustee

Scott Homminga,  
Trustee

Shane L. Reeside,  
Secretary

Joe Ricci,  
Trustee

Martin West,  
Trustee

John M. Lamerato,  
Administrator/Treasurer

### **Professional Advisors**

Investment Counsel  
JP Morgan

Investment Consultant  
Sheridan Road

Attorney  
VanOverbeke, Michaud & Timmony, P.C.

Actuary  
Rodwan Consulting Company

Auditor  
Plante Moran

### **Actuarial Information Used for this Report:**

1. 38 active members
2. 57 retirees/beneficiaries
3. Plan is closed to new hires
4. \$21,270 average annual pension benefit
5. \$1,169,841 annual pension benefits paid
6. \$2,221,109 valuation payroll used
7. Employer's normal cost of benefits: 10.03% Dispatchers and Union employees and 15.77% for Dept. Heads & Clerical employees
8. Employer's total contribution rate: 12.08% Dispatchers and Union employees and 15.77% for Dept. Heads employees
9. Weighted average member contribution rate: 5.80% Dispatchers and Union employees and 6% Dept. Heads & Clerical employees
10. The required employer contribution for the fiscal year was received
11. 7.5% assumed rate of investment return
12. 4.5% assumed rate of long-term wage inflation
13. 4 year smoothing method used
14. 20 years amortization period used
15. Method used is level percent of payroll
16. Cost methods are individual entry-age (Dispatchers/Union), Aggregate (Dept. Heads/Clerical).
17. Current valuation assets are 95.8% of accrued liability.

### **Investment Performance\***

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	17.29%	11.68%	14.13%	6.95%	8.16%

\*Calendar year ending June 30, 2014 (net of fees)

### **2014-2015 Projected Expenditures**

Pension Payments Withdrawals: \$1,293,000  
 Refund of Member Contributions: \$0  
 Investment Fees: \$50,000  
 Memberships/Training/Education/Travel: \$5,000  
 Administrative Expenses: \$15,000

# City of Grosse Pointe Farms Employees Retirement System Summary Annual Report (cont.)

## Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2014 Actuarial Valuation. The funding objective of the System is to contribute a contribution that remains level from year to year as a percent of payroll. The actual level of contribution is dependent on past and assumed future experience, including investment performance, and benefit provisions. Below is a summary of the results:

<b>Contribution Requirements</b>	<b><u>Dispatchers &amp; Union</u></b>	<b><u>Dept. Heads &amp; Clerical</u></b>
Normal Cost of Benefits		
Total	15.83%	21.77%
Member portion	5.80	6.00
Employer portion	10.03	15.77
Amortization of unfunded liability (20 years)	2.05	N/A
Computed Employer Rate	12.08%	15.77%

Contribution rates are expressed as percents of eligible member payroll.

## **Assets & Liabilities**

### **Funded Status**

Market Value of Assets	\$22,933,313
Valuation Assets	20,905,486
Actuarial Accrued Liability	21,828,431
Funded Ratio	95.8%

The valuation reflects Retirement System changes made prior to June 30, 2014. The assumptions and methods are consistent with those used in the June 30, 2013 valuation.

**Actuary's Statement** – The System is being funded based on sound actuarial assumptions, methods and level percent of payroll funding objective.

### **Revenues & Expenditures**

Beginning Balance (Market Value) – July 1, 2013	\$20,104,133
Revenues	
Employees' contributions	133,663
Employer contribution	560,101
Investment income	<u>3,439,169</u>
Total	4,132,933
Expenditures	
Pension payments	1,292,953
Refund of member contributions	0
Post-Retirement Health Insurance	0
Non-Investment Expense	<u>10,800</u>
Total	1,303,753
Ending Balance (Market Value) – June 30, 2014	\$22,933,313
Recognized Return on Smoothed Funding Value of Assets	13.8%

# City of Grosse Pointe Farms Public Safety Retirement System

## Summary Annual Report

June 30, 2014

<p>Dear Member:</p> <p>The following is a summary of your Retirement System. Each year, an actuarial valuation is prepared to compare assets to liabilities. Assets are held and invested in a trust separate from other City assets. The only disbursements from this trust are to members who are retired or disabled, beneficiaries of members, members who receive contribution refunds, and for Retirement System expenses.</p> <p>As Retirement Commission Members, our tasks include making sure trust assets are invested prudently, required City and member contributions are received and that benefits are paid in accordance with the Retirement System's provisions.</p> <p>Various professionals are hired to help in the administration of the System. They are listed in the column to the right.</p> <p>The City is funding Retirement System benefits as they accrue in accordance with a sound level percent of payroll funding objective.</p> <p>Respectfully submitted,</p> <p><b>Retirement Commission</b>  <b>City of Grosse Pointe Public Safety Retirement System</b></p>	<p><b><u>Commission Members</u></b>          Bryan Ford,  <i>Trustee</i></p> <p>Conrad Koski,  <i>Trustee</i></p> <p>Shane L. Reeside,  <i>Secretary</i></p> <p>Joe Ricci,  <i>Trustee</i></p> <p>Richard Rosati,  <i>Trustee</i></p> <p>Martin West,  <i>Trustee</i></p> <p>John M. Lamerato,  <i>Administrator/Treasurer</i></p> <p><b><u>Professional Advisors</u></b></p> <p><u>Investment Counsel</u>          JP Morgan</p> <p><u>Investment Consultant</u>          Sheridan Road</p> <p><u>Attorney</u>          VanOverbeke, Michaud &amp; Timmony, P.C.</p> <p><u>Actuary</u>          Rodwan Consulting Company</p> <p><u>Auditor</u>          Plante Moran</p>																		
<p><b>Actuarial Information Used for this Report:</b></p> <ol style="list-style-type: none"> <li>1. 35 active members</li> <li>2. 44 retirees/beneficiaries</li> <li>3. Plan is open to new hires</li> <li>4. \$33,414 average annual pension benefit</li> <li>5. \$1,470,212 annual pension benefits paid</li> <li>6. \$2,740,880 valuation payroll used</li> <li>7. Employer's normal cost of benefits: 19.32%</li> <li>8. Employer's total contribution rate: 0.05%</li> <li>9. Weighted average member contribution rate: 7.17%</li> <li>10. The required employer contribution for the fiscal year was received</li> <li>11. 7.5% assumed rate of investment return</li> <li>12. 4.5% assumed rate of long-term wage inflation</li> <li>13. 4 year smoothing method used</li> <li>14. 10 years amortization period used</li> <li>15. Method used is level percent of payroll</li> <li>16. Cost method is individual entry-age</li> <li>17. Current valuation assets are 115.7% of accrued liability.</li> </ol>																			
<p><b>Investment Performance*</b></p> <table border="1"> <thead> <tr> <th></th> <th>1</th> <th>3</th> <th>5</th> <th>7</th> <th>10</th> </tr> <tr> <th>Combined Account</th> <th>Year</th> <th>Year</th> <th>Year</th> <th>Year</th> <th>Year</th> </tr> </thead> <tbody> <tr> <td></td> <td>17.28%</td> <td>11.72%</td> <td>14.18%</td> <td>7.00%</td> <td>8.22%</td> </tr> </tbody> </table> <p>*Calendar year ending June 30, 2014 (net of fees)</p>		1	3	5	7	10	Combined Account	Year	Year	Year	Year	Year		17.28%	11.72%	14.18%	7.00%	8.22%	<p><b>2014-2015 Projected Expenditures</b></p> <p>Pension Payments Withdrawals: \$1,640,000          Refund of Member Contributions: \$0          Investment Fees: \$90,000          Memberships/Training/Education/Travel: \$5,000          Administrative Expenses: \$15,000</p>
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Combined Account	Year	Year	Year	Year	Year														
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# City of Grosse Pointe Farms Public Safety Retirement System Summary Annual Report (cont.)

## Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2014 Actuarial Valuation. The funding objective of the System is to contribute a contribution that remains level from year to year as a percent of payroll. The actual level of contribution is dependent on past and assumed future experience, including investment performance, and benefit provisions. Below is a summary of the results:

<b>Contribution Requirements</b>	<b><u>Dispatchers &amp; Union</u></b>
Normal Cost of Benefits	
Total	26.49%
Member portion	7.17
Employer portion	19.32
Amortization of unfunded liability (10 years)	(19.27)
Computed Employer Rate	0.05%

Contribution rates are expressed as percents of eligible member payroll.

## **Assets & Liabilities**

### **Funded Status**

Market Value of Assets	\$37,134,512
Valuation Assets	33,903,788
Actuarial Accrued Liability	29,304,794
Funded Ratio	115.7%

The valuation reflects Retirement System changes made prior to June 30, 2014. The assumptions and methods are consistent with those used in the June 30, 2013 valuation.

**Actuary's Statement** – The System is being funded based on sound actuarial assumptions, methods and level percent of payroll funding objective.

### **Revenues & Expenditures**

Beginning Balance (Market Value) – July 1, 2013	\$32,545,610
Revenues	
Employees' contributions	200,591
Employer contribution	513,890
Investment income	<u>5,527,172</u>
Total	6,241,653
Expenditures	
Pension payments	1,640,042
Refund of member contributions	0
Post-Retirement Health Insurance	0
Non-Investment Expense	<u>12,709</u>
Total	1,652,751
Ending Balance (Market Value) – June 30, 2014	\$37,134,512
Recognized Return on Smoothed Funding Value of Assets	13.74%