

# City of Center Line Police and Fire Retirement System

## SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2015

Dear Retirement System Member:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire or die. The City also supports a retiree health insurance program, which is separate from the Retirement System.

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all of the details of the System, which is governed by the provisions of the City's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Plan Administrator's Office.

Respectfully submitted,

### ***Retirement Board***

#### ***City of Center Line Police and Fire Retirement System***

- Carl (Curt) Winn, II, President
- Mark Knapp, Treasurer/Secretary
- Bernadette Helkowski, Trustee
- Danny Petroff, Trustee
- Richard Stys, Trustee

### ***Investment Consultant***

- The Brice Group, Morgan Stanley-Graystone

### ***Plan Administrator***

- Gregory T. Suma, Deputy Treasurer

### ***Custodial Bank***

- Huntington National Bank
- Morgan Stanley

### ***Actuaries and Consultants***

- Gabriel Roeder Smith & Company

### ***Auditors/Accountants***

- Yeo & Yeo, P.C.

### ***Legal Counsel***

- VanOverbeke, Michaud & Timmony

### ***Medical Director***

- MES Solutions

### ***Investment Managers***

- PIMCO
- Boyd Waterson
- Western Asset Management
- The London Company
- Herndon
- Clearbridge
- AMI
- Great Lakes
- Earnest Partners
- William Blair
- Invesco International Growth

## SUMMARY RESULTS OF THE ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To determine an appropriate employer contribution level for the ensuing year and to gauge how the System's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation, financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2015 valuation, based on the established funding objective, are summarized below:

Valuation Date	December 31, 2015
Actuarial Cost Method	Individual entry age normal
Amortization Method	Level percent-of-payroll, open
Remaining Amortization Period	20 years
Asset Valuation Method	4-year smoothed market
Valuation Payroll	\$1,248,967
Annual Pensions Paid	\$1,112,395
Average Annual Pensions Paid	\$24,720
Retirees and Beneficiaries Receiving Benefits	45
Active Plan Members	16
Total	61
Principal Actuarial Assumptions:	
- Investment Rate of Return	7.00%
- Projected Salary Increases	4.00% - 7.00%
- Includes Wage Inflation at	4.00%

<b>Employer Contribution for Fiscal Year Beginning July 1, 2017</b>
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Contributions for		Funded Status	\$ Millions
Employer portion of Normal Cost	18.69 %	Actuarial accrued liabilities	\$ 18.36
Amortization of unfunded liability	34.56	Applied assets (smoothed market value)	11.51
		% funded	62.7%

### Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

### Other

The Board of Trustees of the Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728 of 2002.

# SUMMARY OF CURRENT ASSET INFORMATION

## Revenues & Expenditures

	2015
Market Value - January 1, 2015	\$11,552,365
Revenues	
Member contributions	102,313
Employer contributions	704,310
Investment income	<u>(12,972)</u>
Total	793,651
Disbursements	
Benefit payments	1,126,048
Refund of member contributions	13,357
Administrative expenses	37,372
Investment expense	120,821
Other	<u>0</u>
Total	1,297,598
Market Value – December 31, 2015	\$11,048,418

The Board of Trustees has confirmed that the employer contributions shown above represent the required employer contribution for the year covered.

## Average Annual Market Rate of Return\* Period Ending December 31, 2015

1-Year	(0.40)%
3-Year	8.10%
5-Year	6.90%
7-Year	9.90%
10-Year	6.00%

\* Net of fees

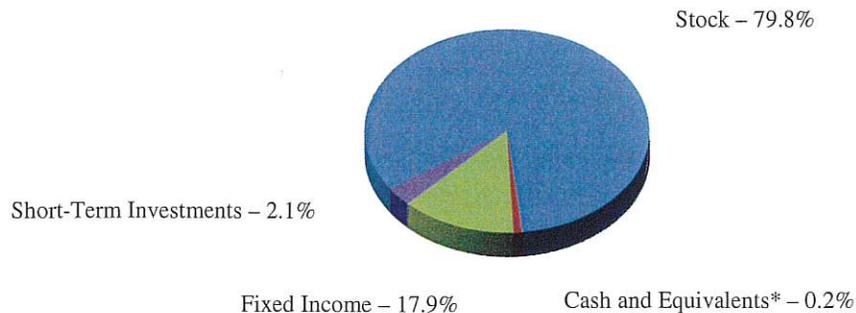
## Current Expenses

Administrative	\$ 6,981
Investment	120,821
Professional	<u>30,391</u>
	\$ 158,193

## Projected Expenses for the Fiscal Year Ending June 30, 2017

Administrative	\$ 19,300
Investment	117,000
Professional Training/Education /Travel	<u>5,000</u>
	\$ 141,300

## Investments



\* Net of Payables

The market rate of return on System assets net of expenses for the year ended December 31, 2015 was (1.2)%.

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