

# City of Roseville 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 Board 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,

**Board of Trustees**  
**City of Roseville Employees Retirement System**

**BOARD MEMBERS**

John Chirkun,  
*Chairman*

Philip Longueuil,  
*Vice Chairman*

Salvatore Aiuto,  
*Trustee*

Mitchell Berlin,  
*Trustee*

Michael Busch,  
*Trustee*

Sharon Maas,  
*Administrative Assistant*

**PROFESSIONAL ADVISORS**

Investment Fiduciaries

Alidade Capital

Comerica Bank, *Custodian*

Edgewood Investment

EnTrust Capital

Hamlin Capital Management

HGK Asset Management

ITS Capital

KBS Real Estate Investment Trust

Loomis, Sayles and Co.

McDonnell Investment

Morgan Stanley Smith Barney-Graystone  
*Consulting, Investment Consultant*

MSCI EAFE Index Fund

NorthPointe Capital

Seizert Capital Partners

Service Providers

Rodwan Consulting Company, *Actuary*  
 VanOverbeke, Michaud & Timmony,  
*Attorneys*

Plante Moran, *Auditors*

Consulting Physicians/MedSource,  
*Medical Director*

**ACTUARIAL INFORMATION USED FOR THIS REPORT:**

1. 215 active members
2. 363 retirees/beneficiaries (including DROP participants)
3. Plan is open to new hires
4. \$34,975 average annual pension benefit
5. \$12,724,030 annual pension benefits paid
6. \$13,421,085 valuation payroll used
7. Employer's normal cost of benefits: 6.51% General employees and 14.34% for Police/Fire employees
8. Employer's total contribution rate: 30.09% General employees and 37.92% for Police/Fire employees
9. Weighted average member contribution rate: 9.96% General employees and 9.42% Police/Fire employees
10. The required employer contribution for the fiscal year was received
11. 7.5% assumed rate of investment return
12. 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 method is individual entry-age
17. Current valuation assets are 72.3% of accrued liability.

**INVESTMENT PERFORMANCE\***

	1	3	5	7	10
Combined Account	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
	5.56%	11.21%	9.52%	5.82%	6.85%

\*Calendar year ending December 31, 2014 (net of fees)

**2014-2015 PROJECTED EXPENDITURES**

Pension Payments/DROP Withdrawals: \$12,500,000  
 Refund of Member Contributions: \$800,000  
 Investment Fees: \$775,000  
 Memberships/Training/Education/Travel: \$18,000  
 Administrative Expenses: \$190,000

**CORRECTED**

## City of Roseville 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>General</u></b>	<b><u>Police/Fire</u></b>
Normal Cost of Benefits		
Total	16.47%	23.76%
Member portion	9.96	9.42
Employer portion	6.51	14.34
Amortization of unfunded liability (20 years)	23.58	23.58
Computed Employer Rate	30.09%	37.92%

*Contribution rates are expressed as percents of eligible member payroll.*

### ASSETS & LIABILITIES

#### Funded Status

Market Value of Assets	\$140,692,329
Valuation Assets	132,003,172
Actuarial Accrued Liability	182,491,368
Funded Ratio	72.3%

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. For a complete analysis, please review the June 30, 2014 actuarial valuation available online at <http://www.roseville-mi.gov/Departments/Retirement.aspx>.

#### Revenues & Expenditures

Beginning Balance (Market Value) – July 1, 2013		\$126,265,433
Revenues		
Employees' contributions	1,330,465	
Employer contributions	5,041,298	
Investment income	21,607,647	
Other Income	<u>58,733</u>	
Total		28,038,143
Expenditures		
Pension payments	12,148,022	
Refund of member contributions	576,008	
Memberships/Training/Education/Travel	15,646	
Investment Fees	715,355	
Administrative Expenses	<u>156,211</u>	
Total		13,611,242
Ending Balance (Market Value) – June 30, 2014		\$140,692,334
Recognized Return on Smoothed Funding Value of Assets		11.3%