

City of Roseville Employees' Retirement System

Summary Annual Report

June 30, 2013

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

Michael Bronson,
Vice Chairman

Salvatore Aiuto,
Trustee

Michael Busch,
Trustee

Phillip Longueuil,
Trustee

Sharon Maas,
Administrative Assistant

Professional Advisors

Investment Fiduciaries

Alidade Capital
 Comerica Bank, *Custodian*
 Edgewood Investment
 EnTrust Capital
 First Eagle Gold
 Hamlin Capital 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
 Navellier & Associates
 NorthPointe Capital
 Seizert Capital Partners

Service Providers

Rodwan Consulting Company, *Actuary*
 VanOverbeke, Michaud & Timmony,
Attorneys
 Plante Moran, *Auditors*
 Consulting Physicians/MedSource,
Medical Director
 NIMEN, *Medical Director*

Actuarial Information and Assumptions used for this report:

1. Active members: 203
2. Retirees/beneficiaries (including DROP participants): 365
3. Plan is open to new hires
4. Average annual pension benefit: \$34,348
5. Annual pension benefits paid: \$12,537,040
6. Valuation payroll used: \$13,270,937
7. Employer's normal cost of benefits: 7.24% General employees and 13.53% for Police/Fire employees
8. Employer's total contribution rate: 32.91% General employees and 39.20% for Police/Fire employees
9. Weighted average member contribution rate: 9.89% General employees and 9.41% Police/Fire employees
10. The required employer contribution for the fiscal year was received
11. Assumed rate of investment return: 7.5%
12. Assumed rate of long-term wage inflation: 5%
13. Smoothing method: 4 years
14. Amortization period: 21 years
15. Level percent of payroll method used
16. Cost method: individual entry-age
17. Current valuation assets are 68.9% of accrued liability.

2013-2014 Projected Expenditures

Pension Payments/DROP Withdrawals: \$12,350,000
 Refund of Member Contributions: \$600,000
 Investment Fees: \$700,000
 Memberships/Training/Education/Travel: \$18,000
 Administrative Expenses: \$185,000

Investment Performance*

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	16.83%	9.25%	13.10%	6.14%	7.52%

*Calendar year ending December 31, 2013 (net of fees)

City of Roseville Employees' Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2013 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:

Contribution Requirements	<u>General</u>	<u>Police/Fire</u>
Normal Cost of Benefits		
Total	17.13%	22.94%
Member portion	9.89	9.41
Employer portion	7.24	13.53
Amortization of unfunded liability (21 years)	25.67	25.67
Computed Employer Rate	32.91%	39.20%

Contribution rates are expressed as percents of eligible member payroll.

Assets & Liabilities

Funded Status

Market Value of Assets	\$126,265,430
Valuation Assets	124,768,595
Actuarial Accrued Liability	181,218,303
Funded Ratio	68.9%

The valuation reflects Retirement System changes made prior to June 30, 2013. The assumptions and methods are consistent with those used in the June 30, 2012 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, 2013 actuarial valuation available online at <http://www.roseville-mi.gov/>.

Revenues & Expenditures

Beginning Balance (Market Value) – July 1, 2012	\$121,934,533
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Revenues

Employees' contributions	1,275,713
Employer contribution	5,323,023
Investment income	13,590,820
Adjustments	0
Total	20,189,556

Expenditures

Pension payments	-11,102,090
Refund of member contributions (includes DROP withdrawals)	-3,899,955
Investment Fees	-632,503
Memberships/Training/Education/Travel	-14,305
Administrative Expenses	-209,806
Total	-15,858,659

Ending Balance (Market Value) – June 30, 2013	\$126,265,430
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Recognized Return on Smoothed Funding Value of Assets	10.0%
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