

Board of Trustees
City of Ypsilanti Fire & Police Retirement System
1 South Huron Street
Ypsilanti, MI 48197

Annual Report to Members: Fiscal Year Ending June 30, 2014

October, 2014

To All Retirement System Participants:

The Board of Trustees of the Ypsilanti Fire and Police Retirement System is charged by law to administer the funds deposited in the retirement system so as to serve the best interests of the system's participants. Our job is to oversee the management of the system's funds, to arrange for the efficient and accurate payment of pensions to retirees, and to keep the members informed as to the status of the system. In the following pages you will find a summary report for the system covering the fiscal year from July, 2013 through June, 2014.

The Pension Board now manages the investment of money deposited in the DROP (Deferred Retirement Option Plan) program set up by the City and some police/fire unions.

What follows is a summary detail of the most significant aspects of the Retirement System's performance over the year. We remind you that a summary cannot cover all details of the system. Rules and regulations established by state law, city charter, and collective bargaining agreements all impact the fund and guide the Board in its actions. Please feel free to attend Board meetings if you want to learn more about how we operate.

The full audit of the City of Ypsilanti and the Pension System will be available upon completion for public inspection and notice will be given when it has been received.

Donald Pearson, President
Citizen Trustee

Patrick Quinn, Citizen Trustee

John Roe, Secretary
Fire Trustee

Deric Gress, Police Trustee

Kimberly Teamer, City Treasurer

Active Members and Beneficiaries

As of: June 30, 2014: Retirees and beneficiaries receiving pensions: 112
Active members: 47

As of: June 30, 2013 Retirees and beneficiaries receiving pensions: 113
Active members: 39

Average Annual Pension Benefit

As of: June 30, 2014 \$27,484.00

As of: June 30, 2013 \$24,452.39

Minimum Pension Benefit

As of : June 30, 2014 the Board Approved adjustments to keep the pension of long-time retirees from falling below the government-determined poverty level. This action makes the minimum pension being paid in 2014, \$14,081.00.

Total Annual Retirement Benefits Paid

As of: June 30, 2014 \$ 3,078,287.00

As of: June 30, 2013 \$ 2,763,120.00

Contribution Information

Valuation Date	Payroll	Estimated Employer Contribution	Amount
June 30, 2014	\$3,440,058	37.39%	\$1,302,223

37.39% Estimated Employer Contribution Breaks Down as:

City's Normal Cost	21.96%
(Less Members' Contributions	8.40%)
Equals City's Normal Net Cost	13.56%
Plus Unfunded Accrued Liabilities	23.83%
Equals City Required Contribution	37.39%

The City of Ypsilanti each year has paid 100% of the Required Employer Contribution.

Assumptions used by the Board for Actuarial Purposes:

1. Assumed Rate of Investment Return: 7.5%
2. Assumed Rate of Long Term wage inflation: 4.0%
3. Smoothing Method used to determine funding value of assets: 5 Years
4. Amortization period used for funding actuarial accrued liabilities: 30 years
5. Actuarial cost method: Entry Age

Funded Ratio

Using GASB Statements No. 25 and No. 27, Funded Ratio as of June 30, 2014, was 65.4%

Investment Fiduciaries of the Fund

Actuaries:	Gabriel, Roeder, Smith and Company
Auditors:	Rehmann Robson Certified Public Accountants
Financial Consultant:	Robert S. Diskin Raymond James Financial Services
Legal Counsel:	VanOverbeke, Michaud & Timmony, P.C.
Money Managers:	Essex Investment Management Co. Stonebridge Capital Advisors. Orleans Capital Management Orleans Strategic Dividend Management
Mutual Funds:	First Eagle Overseas Fund

Retirement Fund Market Value

Market Value – June 30, 2014	\$30,573,553
Disbursements to City of Ypsilanti	\$ (1,980,000)
Increase in value less expenses	\$ 4,971,859
Market Value – June 30, 2013	\$27,581,694

Investment Performance (net of fees) for Fiscal Year 2013-2014: 19.4%

Investment Performance (net of fees) on a rolling calendar year basis:

1 Year	19.11%
3 Years	10.18%
5 Years	13.87%
7 Years	6.47%
10 Years	8.06%

Investment Allocations as of June 30, 2014

Domestic Stocks	\$16,509,718	54.0%
International Equities	\$ 4,952,916	16.2%
Fixed Income	\$ 7,368,226	24.1%
Cash Equivalents	\$ 1,742,693	8.0%

**Fiscal Year Budget
Year ending June 30, 2014**

Revenue

From Investment Portfolio	\$5,081,997
Employee Contributions	275,422
Employer Contributions(police)	803,812
Employer Contributions(fire)	554,354
Interest	8,900
Total Revenue	\$6,724,432

Expenditures

Audit Fees	\$ 11,094
Contractual Services	14,980
Legal Services	7,752
Conferences and workshops	911
Administrative Charges	25,173
Memberships and dues	100
Money Managers' fees	108,610
Police Pension payments	1,894,553
Fire Pension payments	1,183,734
Total Expenditures	\$ 3,246,909

Revenues Over Expenditures \$ 3,477,522