

**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, 2016**

December, 2016

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, 2015 through June, 2016.

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 posted on the City of Ypsilanti website and will be available for public inspection when it is received.

Donald Pearson,  
President  
Citizen Trustee

Patrick Quinn,  
Citizen Trustee

Deric Gress,  
Secretary  
Police Trustee

Richard Barnabo,  
Fire Trustee

Kimberly Teamer,  
City Treasurer

## Active Members and Beneficiaries

As of: June 30, 2016: Retirees and beneficiaries receiving pensions: 109  
Active members: 47

As of: June 30, 2015: Retirees and beneficiaries receiving pensions: 112  
Active members: 49

## Average Annual Pension Benefit

As of: June 30, 2015 \$25,584.25  
As of: June 30, 2014 \$27,484.00

## Minimum Pension Benefit

As of: June 30, 2016 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 2016, \$14,326.00.

## Total Annual Retirement Benefits Paid

As of June 30, 2016 \$2,816,089.00

As of: June 30, 2015 \$ 2,865,435.82

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

## Contribution Information

Valuation Date	Payroll	Estimated Employer Contribution	Amount
June 30, 2016	3,174,402	44.24%	\$1,466,260
June 30, 2015	\$3,321,320	40.66%	\$1,350,449

Estimated Employer Contribution Breaks Down as:

City's Normal Cost	20.42%
(Less Members' Contributions)	7.89%)
Equals City's Normal Net Cost	12.53%
Plus Unfunded Accrued liabilities	31.71%
Equals City Required Contribution	44.24%

**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%-9.0%
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 Normal

## Funded Ratio

The Funded Ratio as of June 30, 2016, was 61.1%

### 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, 2016	\$27,133,341
Market Value - June 30, 2015	\$30,272,850

### Investment Performance (net of fees) Fiscal Year 2015-2016: **-.27%**

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

1 Year	-1.08%
3 Years	7.84%
5 Years	7.04%
7 Years	10.40%
10 Years	6.50%

### Investment Allocations as of June 30, 2016

Domestic Stocks	\$14,231,961	51.7%
International Equities	\$ 4,339,742	15.8%
Fixed Income	\$ 7,249,534	26.3%
Cash Equivalents	\$ 1,706,734	6.2%

**CITY OF YPSILANTI  
FIRE & POLICE PENSION SYSTEM  
BUDGET FY 15-16,16-17 & 17-18**

Account	ACCOUNT NAME	YTD ACTUAL 2015/2016	AMENDED BUDGET #2 2015/2016	COUNCIL BUDGET 2016/2017	COUNCIL BUDGET 2017/2018
<b>Revenue</b>					
Member Contributions		219,953	235,953	240,672	245,485
Employer Contributions		1,193,704	1,327,266	1,350,449	1,404,467
Interest on Cash Balance		3,555	4,597	3,448	3,103
Transfer from Retirement Fund		2,125,000	2,485,000	2,640,000	2,393,000
<b>Revenue Total</b>		<b>3,542,212</b>	<b>4,052,816</b>	<b>4,234,569</b>	<b>4,046,055</b>
<b>Expenses</b>					
Pension Benefit Payment		(2,833,112)	(2,884,000)	(2,980,000)	(3,030,000)
Refund of Member Contributions		(827,220)	(991,370)	(400,000)	(400,000)
Drop Holding Payment		(111,354)	(596,100)	(635,000)	(514,000)
Audit Fees		(11,379)	(11,379)	(11,636)	(11,901)
City's Administrative Fee		0	(25,784)	(29,285)	(29,285)
Conference and Workshops		(3,647)	(4,500)	(4,500)	(4,500)
Contractual Service		(16,670)	(20,000)	(20,000)	(20,000)
Legal Fees		0	(10,000)	(10,000)	(10,000)
Membership and Dues		(100)	(100)	(100)	(100)
<b>Expenses Total</b>		<b>(3,803,482)</b>	<b>(4,543,233)</b>	<b>(4,090,521)</b>	<b>(4,019,786)</b>
<b>Net Change</b>		<b>(261,270)</b>	<b>(490,417)</b>	<b>144,047</b>	<b>26,269</b>
<b>Cash Balance, Beginning</b>					
			920,101	429,684	573,731
<b>Cash Balance, End</b>					
		920,101	429,684	573,731	600,000