



City of Wyandotte Employees'
Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS
SEPTEMBER 30, 2017

Dear Retirement System Members and Retirants:

The Retirement System, which is managed by the Retirement Commission, is designed to help you meet your financial needs should you become disabled, retire or die.

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

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

Respectfully submitted,

The Retirement Commission
City of Wyandotte Employees' Retirement System

Commissioners

- Christopher Brohl – Department of Municipal Services
- Todd Browning – City Treasurer
- William Harkleroad – Police Department
- Paul LaManes – Department of Municipal Services
- Thomas Lyon – Fire Department
- Kelly Roberts – General City
- Robert Szczechowski – City Council

Retirement System Service Providers

- Gabriel Roeder Smith and Company – Actuary
- William R. Look – Legal Advisor
- Plante Moran – Auditor
- US Bank – Custodial Bank
- Oppenheimer & Co. Inc. – Investment Consultant

Investment Managers

- Alliance Bernstein – Equity
- Brandywine – Global Fixed Income
- Invesco Management – Fixed Income
- Lazard – Emerging Markets
- Osterweis – Fixed Income
- Wells Fargo – Absolute Return
- Vanguard – Value/Growth/Equity/International

Statement of Plan Net Position as of September 30, 2017 and September 30, 2016

	<u>2016</u>	<u>2017</u>	Change from Prior Year	
			<u>In Dollars</u>	<u>As %</u>
Assets				
Cash and cash equivalents	\$ 1,682,559	\$ 1,693,582	\$ 11,023	0.7%
U.S. government securities	12,523,077	8,053,493	(4,469,584)	(35.7%)
Common trust funds/Mutual Funds	36,196,859	38,516,564	2,319,705	6.4%
Global equities	1,306,215	1,294,760	(11,455)	(0.9%)
Global fixed income	<u>10,745,749</u>	<u>15,483,028</u>	<u>4,737,279</u>	<u>44.1%</u>
Total cash and investments	62,454,459	65,041,427	2,586,968	4.1%
Receivables	<u>227,725</u>	<u>114,778</u>	<u>(112,947)</u>	<u>(49.6%)</u>
Total assets	62,682,184	65,156,205	2,474,021	3.9%

Liabilities				
Accounts payable	<u>2,000</u>	<u>0</u>	<u>(2,000)</u>	<u>(100.0%)</u>
Total liabilities	2,000	0	(2,000)	(100.0%)
Net position restricted for pension benefits	\$62,680,184	\$65,156,205	\$2,476,021	4.0%

Statement of Changes in Plan Net Position as of September 30, 2017 and September 30, 2016

	<u>2016</u>	<u>2017</u>	<u>Change from Prior Year</u> <u>In Dollars</u>	<u>As %</u>
Additions				
Net investment income (loss)	\$ 5,187,563	\$ 6,274,886	\$1,087,323	21.0%
Contributions	<u>3,718,899</u>	<u>3,790,143</u>	<u>71,244</u>	<u>1.9%</u>
Total additions	8,906,462	10,065,029	1,158,567	13.0%
Deductions				
Benefits	7,245,135	7,372,687	127,552	1.8%
Investment-related expenses	<u>228,399</u>	<u>216,321</u>	<u>(12,078)</u>	<u>(5.3%)</u>
Total deductions	7,473,534	7,589,008	115,474	1.5%
Net increase (decrease)	1,432,928	2,476,021	1,043,093	72.8%
Net position restricted for pension benefits:				
Beginning of year	61,247,256	62,680,184	1,432,928	2.3%
End of year	62,680,184	65,156,205	2,476,021	4.0%

Pension - Funded Status as of September 30, 2016 and September 30, 2015

	<u>2015</u>	<u>2016</u>
• Actuarial accrued liabilities	94,705,990	94,748,992
• Applied assets	61,349,335	60,364,840
• % Funded	64.77%	63.71%

Pension System Investment Performance as of 12/31/17 (Net of Fees)

	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>7-Years</u>	<u>10-Years</u>
Total Fund Return	14.07%	5.75%	5.67%	4.91%	4.04%

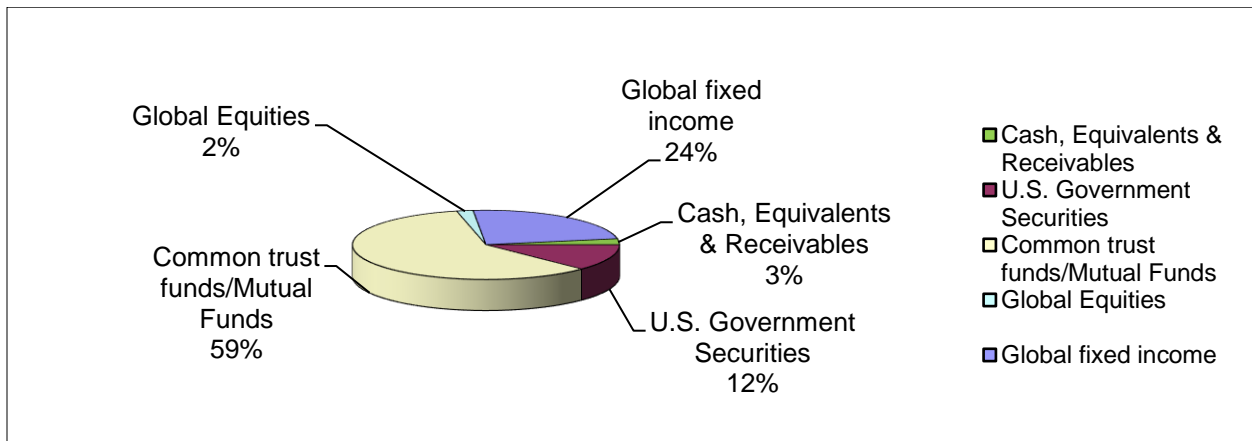
Pension System Revenues and Expenditures as of September 30, 2017

September 30, 2017

1.	Balance – Beginning of year 10/1/16	\$62,680,184
2.	Revenues:	
	a. Employee Contributions	15,258
	b. Employer Contributions	3,774,885
	c. Investment Income (Loss)	<u>6,274,886</u>
	Total Revenues	10,065,029
3.	Expenditures:	
	a. Benefit Payments	7,128,787
	b. Supplemental Pension Distribution	243,900
	c. Expenses	<u>216,321</u>
	Total Expenditures	7,589,008
4.	Balance – End of Year 9/30/17	\$65,156,205

The Retirement Commission has confirmed that the Retirement System provides for the payment of the required employer contribution and the employer contributions shown above represent the required employer contribution for the year covered. The System had \$0.00 of “soft dollar” expenditures.

Pension Investments as of September 30, 2017



Pension Actuarial Valuation Information as of September 30, 2016

• Active Members	58
• Number of Retirees/Beneficiaries	306
• Average Annual Retirement Allowance	\$22,999
• Total Annual Retirement Allowance	\$7,037,549
• Valuation Payroll	\$4,031,336
• Employer's Normal Cost as % Valuation Payroll	13.91%
• Employer's Contribution Rate beginning 10/1/17:	
○ General	75.61
○ Police/Fire	127.90
○ Municipal Service	61.12
• Weighted Average of Member Contributions	0.42%
• Actuarial Assumed Rate of Investment Return	7.00%
• Actuarial Assumed Rate of Long-term Wage Inflation	3.00%
• Smoothing Method Utilized	4-Year Smoothed Market
• Amortization Method Utilized	Level Dollar
• Amortization Period Remaining:	
○ General	13 years
○ Police/Fire	10 years
○ Municipal Services	18 years
○ Municipal Services	5 years
• Actuarial Cost Method Utilized	Entry Age
• System Membership Status	Closed

Retiree Health Care

Retiree Health Care Service Providers

- Gabriel Roeder Smith and Company – Actuary
- William R. Look – Legal Advisor
- Plante Moran – Auditor
- Morgan Stanley Smith Barney LLC – Custodial Bank, Investment Consultant

Statement of Plan Net Position as of September 30, 2017 and September 30, 2016

	<u>2016</u>	<u>2017</u>	Change from Prior Year	
			<u>In Dollars</u>	<u>As %</u>
Assets				
Cash and cash equivalents	\$ 21,079	\$ 51,664	\$ 30,585	145.1%
U.S. government securities	106,709	102,197	(4,512)	(4.2%)
Common trust funds/Mutual Funds	1,658,570	1,782,751	124,181	7.5%
Global equities	356,055	408,808	52,753	14.8%
Global fixed income	<u>181,549</u>	<u>183,425</u>	<u>1,876</u>	<u>1.0%</u>
Total cash and investments	2,323,962	2,528,845	204,883	8.8%
Receivables	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total assets	2,323,962	2,528,845	204,883	8.8%
Liabilities				
Accounts payable	<u>82,768</u>	<u>170,837</u>	<u>88,069</u>	<u>106.4%</u>
Total liabilities	82,768	170,837	88,069	106.4%
Net position restricted for health care benefits	\$ 2,241,194	\$ 2,358,008	\$ 116,814	5.2%

Statement of Changes in Plan Net Position as of September 30, 2017 and September 30, 2016

	<u>2016</u>	<u>2017</u>	Change from Prior Year	
			<u>In Dollars</u>	<u>As %</u>
Additions				
Net investment income (loss)	\$ 177,664	\$ 189,012	\$ 11,348	6.4%
Contributions	<u>3,802,672</u>	<u>3,985,588</u>	<u>182,916</u>	<u>4.8%</u>
Total additions	3,980,336	4,174,600	194,264	4.9%
Deductions				
Health Benefits	3,705,471	4,044,307	338,836	9.1%
Investment-related expenses	<u>0</u>	<u>13,479</u>	<u>13,479</u>	<u>100.0%</u>
Total deductions	3,705,471	4,057,786	352,315	9.5%

Net increase (decrease)	274,865	116,814	158,051	(57.5%)
Net position restricted for pension benefits:				
Beginning of year	1,966,329	2,241,194	274,865	14.0%
End of year	2,241,194	2,358,008	116,814	5.2%

Retiree Health Care - Funded Status as of September 30, 2015 and September 30, 2013

	<u>2013</u>	<u>2015</u>
• Actuarial accrued liabilities	97,950,537	129,130,793
• Applied assets	2,161,623	2,138,550
• % Funded	2.2%	1.7%

Retiree Health Care Investment Performance as of 12/31/16 (Net of Fees)

	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>7-Years</u>	<u>10-Years</u>
Total Fund Return	14.10%	4.89%	4.69%	4.74%	n/a

Retiree Health Care Revenues and Expenditures as of September 30, 2017

		<u>September 30, 2017</u>
1.	Balance – Beginning of year 10/1/16	\$ 2,241,194
2.	Revenues:	
	a. Employee Contributions	0
	b. Employer Contributions	3,985,588
	c. Investment Income (Loss)	<u>189,012</u>
	Total Revenues	4,174,600
3.	Expenditures:	
	a. Health Benefit Payments	4,044,307
	b. Expenses	<u>13,479</u>
	Total Expenditures	4,057,786
4.	Balance – End of Year 9/30/17	\$ 2,358,008

Retiree Health Care Investments as of September 30, 2017

