

City of Utica Police and Fire Retirement System

Summary Annual Report

June 30, 2018

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,

The Retirement Board
City of Utica Police and Fire Retirement System

Board Members

Matthew Kaluzny
President

Bryan Orlowski
Secretary

Nancy Carter
Trustee

Mayor Jacqueline K. Noonan
Trustee

Randy Plante
Trustee

Philip Paternoster
Treasurer

Actuarial Information Used for this Report:

1. 15 active members
2. 10 retirees/beneficiaries (and 2 deferred retirees)
3. Plan is open to new hires
4. \$61,426 average annual pension benefit
5. \$614,264 annual pension benefits paid
6. \$1,149,906 valuation payroll used
7. Employer's normal cost of benefits: 12.84% Police employees and 11.86% for Fire employees
8. Employer's actual total contribution rate: 25.17% Police employees and 11.86% for Fire employees
9. Member contribution rate: 5.00%
10. The required employer contribution for the fiscal year was received
11. 7.50% assumed rate of investment return
12. 4% assumed rate of long-term wage inflation
13. 4 year smoothing method used
14. 25 year amortization period used
15. Method used is level percent of payroll
16. Cost method is individual entry-age
17. Current funding value of assets is 78.6% of accrued liability.

Professional Advisors

Investment Fiduciaries
 World Asset Management
 SouthernSun Asset Management
 NorthPointe Capital
 WCM Investment Management
 Thompson Siegel and Walmsley
 Victory Capital Management
 Intercontinental Real Estate

Consultants
 AndCo Consulting, formerly The
 Bogdahn Group
 Rodwan Consulting Company
 VanOverbeke, Michaud and
 Timmony, PC

Investment Performance

	1	3	5	7	10
Combined Account	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
	7.31%	6.24%	8.24%	7.31%	6.61%

2019-2020 Projected Expenditures

Pension Payments/ Withdrawals: \$635,040
 Refund of Member Contributions: \$0
 Investment Fees: \$27,500
 Memberships/Training/Travel: \$9,950
 Administrative Expenses: \$34,400

City of Utica Police and Fire Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2018 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>Police</u>	<u>Fire</u>	<u>Total</u>
Normal Cost of Benefits			
Total	17.84%	16.86%	17.82%
Member portion	5.00	5.00	5.00
Employer portion	12.84	11.86	12.82
Amortization of unfunded liability (25 years)	12.33	0.00	12.09
Computed Employer Rate	26.17%	11.86%	24.91%

Contribution rates are expressed as percents of eligible member payroll.

Assets & Liabilities

Funded Status

Market Value of Assets	\$8,536,368
Valuation Assets	8,670,436
Actuarial Accrued Liability	11,035,019
Funded Ratio	78.6%

There were no changes in benefit provisions, assumptions or methods.

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, 2018 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – July 1, 2017	\$8,235,426
Revenues	
Employees' contributions	142,337
Employer contribution	275,684
Investment income	<u>533,965</u>
Total	951,986
Expenditures	
Pension payments, including refunds of member contributions	635,039
Administrative Expenses	<u>16,005</u>
Total	651,044
Ending Balance (Market Value) – June 30, 2018	\$8,536,368
Recognized Return on Smoothed Funding Value of Assets	5.20%