

# City of Dearborn Policemen's and Firemen's Retirement System

Summary Annual Report To Members  
June 30, 2010

Dear Retirement System Member:

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. *The City also supports a Retiree Health Insurance Program, which is separate from the Retirement System.*

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

We have prepared this summary report to give you a brief overview of the Retirement 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 City's charter, the City's retirement ordinance and the Retirement Board's official rules and regulations. Additional information about the System and its financial operation is available in the Finance Department.

Respectfully submitted,

***Retirement Board  
City of Dearborn Policemen's and Firemen's Retirement  
System***

Carl Meyers, Chairman  
Brodie Killian, Vice-Chairman  
Thomas Norwood, Citizen Trustee  
Edward Sikora, Police Member  
Edward Kluesner, Police Member  
Kenneth Godwin, Fire Member  
Victor A. Todor, Fire Member

***Investment Fiduciaries***

- Atlantic Asset Management
- PIMCO Funds
- Prudential Real Estate Investors
- Wells Capital Management
- Munder Capital Management
- World Assets Management
- Brandywine Asset Management
- Blackrock, Inc.
- DeRoy and Devereaux
- ROBECO Investment Management

***Master Trust Custodian***

- Comerica Bank

***Investment Consultant***

- New England Pension Consultants

***Actuary***

- Gabriel, Roeder, Smith & Company

***Secretary***

- James J. O'Connor

***Legal Advisor***

- Kimberly M. Craig

***Pension Administrator***

- Thomas F. Smith

## Summary Results of Actuarial Valuation

Your retirement system's financial objective is to establish and receive contributions, which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers.

To determine an appropriate Employer contribution level for the ensuing year and to gauge how the system's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the June 30, 2010 valuation, based on the established funding objective, are summarized below:

<b>Fiscal year 2012 Employer Contribution Rates</b>
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*Computed Employer Rate 0.0% Payment of \$0*

**No payment is necessary as the market value of assets (\$29.3 million) exceeds the actuarial accrued liabilities (\$22.3 million.)**

**The System received the required amount of contributions (\$0) for the year covered by the actuarial report.**

Funded Status	<u>\$ Millions</u>
• Actuarial accrued liabilities	\$ 22.3
• Applied assets (smoothed market value)	32.9
• % Funded (Actuarial accrued liabilities exceed Applied Assets)	147.6 %

## SUMMARY OF CURRENT ASSET INFORMATION

### Revenues & Expenditures

Operating Revenues:		
Employer contributions	\$	-----
Interest and dividends		790,808
Net decrease in value of investments		2,681,581
Miscellaneous income		-----
Total Operating Revenues		<u>3,472,389</u>
Operating Expenses:		
Annuities		3,187,394
Administrative Expenses		<u>101,238</u>
Total Operating Expenses		<u>3,288,632</u>
Net Income (Loss)		183,757
Fund Balance, July 1, 2009		<u>29,147,591</u>
Fund Balance, June 30, 2010		<u>\$ 29,331,348</u>

### Investments

Stock and equity mutual funds .....	32 %
Bonds .....	55
Cash and equivalents .....	9
Real Estate.....	<u>4</u>
Total	<u>100%</u>

The market rate of return on system assets for the year ended June 30, 2010 was 12.2 %.

## SUMMARY OF PROVISIONS

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The City of Dearborn Chapter 21 Police and Fire Retirement System is a closed plan. The last active member retired in the plan year ending June 30, 1995. The plan contains an "unlimited escalator" provision which calls for annuity payments to be changed automatically whenever the active member pay schedule changes for Chapter 23.