

**City of Dearborn  
Policemen's and Firemen's Retirement System  
Proposed FY2018, 2019 and 2020 Budget**

**This fund accounts for amounts reserved to pay current and future retirement benefits.**

**Revenue**

- The estimated gain on investments is based around the System's Return Assumption of 7.00%. That assumed gain is then allocated based on estimates provided by the City's investment consultant, NEPC, founded on the asset allocation of the System. Although we are assuming the 7.00% return, the gains estimated are decreasing for years 2018-20 due to the fact that the System expenditures exceed the revenues as there are no Employer or Employee Contributions into this closed System.

**Expenditures**

- FY 2017 Benefit Payments were estimated based on projecting the current year annuities at a full 12 month cycle. For FY2018-20 applying a 5% decrease based on historical trend data.
- Staff Training and Travel is estimated at \$2,000 each for Finance Director and Pension Administrator, for a total of \$4,000/yr.
- Administration/Management fees include custodian fees to Comerica, consultant fees to NEPC, the investment fees to managers in Chapter 21 and the City Administrative Service Fee.
- Actuarial fees paid to GRS include the Annual Valuation and a Supplemental Report that is required for compliance with GASB 67/68.
- Operating Supplies, Fees and Permits include expenses such as MAPERS and NCPERS annual registration fees and IRS Letter of Determination filing fees.
- Insurance Costs pertain to the Fiduciary Liability Insurance Policy paid to Nickel and Saph.

**General Notes**

- Per Compliance with Public Act 314, this Fund is now required to have a budget prepared which requires Pension Board and Council Approval. For FY 2017 and going forward, the Pension funds will be incorporated as part of the City's Budget.
- Funding Status of the System as of June 30, 2016 is 238.5%, using a 5-year investment performance smoothing.