



**CITY OF ZEELAND PENSION PLAN
ANNUAL REPORT AS OF JUNE 30, 2015**

Zeeland City Council

Mayor Kevin Klynstra

Mayor Pro-Tem Sally Gruppen

Councilman Jim Broersma

Councilman Rick Van Dorp

Councilman Glenn Kass

Councilwoman Mary Beth Timmer

Councilman Schyuler Wilson

CITY OF ZEELAND
PENSION PLAN
ANNUAL REPORT AS OF JUNE 30, 2015

The City of Zeeland (Zeeland) sponsors the City of Zeeland Pension Plan (Plan), a defined benefit plan. Zeeland has appointed the City of Zeeland Pension Plan Committee (Committee) to direct the investment of Plan assets.

Committee Members

Kevin Klynstra	Mayor
Schuyler Wilson	Council Person
Timothy Klunder	City Manager
William Cook	Board of Public Works General Manager
Karen Doyle	Assistant City Manager/Finance Director

Trustees

Timothy Klunder	Karen Doyle
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Custodial Bank

PNC Bank

Investment Fiduciaries

Plante Moran Financial Consultants
City of Zeeland Pension Plan Committee

Fiduciary Insurance

Chubb Group of Insurance Companies

Actuary

Watkins Ross

Legal Counsel

Jim Bruinsma
Miller Johnson

STATEMENT OF INVESTMENT OBJECTIVES

The investment objectives of the Plan have been established in conjunction with a comprehensive review of the Plan's financial requirements, including the Committee's attitudes, goals, expectations, and ability to tolerate risk, and the Plan's investment time horizon, present investment allocation, and financial liquidity requirements. The objectives are:

- To maintain the purchasing power of the current assets and all future contributions by producing positive real rates of return on Plan assets.
- To have the ability to pay all benefit and expense obligations when due.
- To maintain flexibility in determining the future level of contributions.
- To maximize return within the risk tolerance parameters set by the Committee and to provide exposure to a wide range of investment opportunities in various markets while limiting risk exposure through prudent diversification as to asset classes (e.g. fixed income, equities and alternatives) and specific securities within each class to minimize Zeeland's contributions to the Plan.
- To control costs of administering the Plan and managing Plan investments.
- To maintain adequate cash reserves.
- To monitor Plan investments periodically in order to make timely decisions as to policy and strategy.
- To safeguard Plan assets by utilizing independent custodians.
- To comply with Michigan Public Act 314 of 1965.

COMPARATIVE SUMMARY RESULTS

Schedule of Funding Progress

To determine an appropriate Employer contribution level for the ensuing year and to gauge how the Pension Fund's funding is meeting this fundamental objective, an independent firm of actuaries, Watkins Ross, conducts annual actuarial valuations.

These valuations are based on the Pension Fund's past experience, information about current members, financial markets and assumptions concerning the future demographic and economic activity. The results of the June 30, 2015 valuation, based on the established funding objectives, are summarized below:

Funded Status

Year Ended June 30	Annual Required Contribution	Contribution from Employees	Contribution from Employer	Total Amount Contributed	Percentage Contributed	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (a+b)	Unfunded AAL (UAAL) (b) ²	Funded Ratio (a)/(a+b)
1991	\$ 180,000	-	\$ 180,000	\$ 180,000	100%	\$ 2,156,120	\$ 3,094,852	938,732	69.7%
1992	191,000	-	191,000	191,000	100%	2,511,861	3,431,908	920,047	73.2%
1993	187,000	-	187,000	187,000	100%	2,817,625	3,702,407	884,782	76.1%
1994	212,000	-	212,000	212,000	100%	2,972,768	3,853,986	881,218	77.1%
1995	225,000	-	225,000	225,000	100%	3,372,049	4,217,158	845,109	80.0%
1996	217,250	-	217,250	217,250	100%	3,770,348	4,582,673	812,325	82.3%
1997	281,500	-	281,500	281,500	100%	4,375,164	5,307,087	931,923	82.4%
1998	280,000	-	280,000	280,000	100%	4,983,783	5,888,548	904,765	84.6%
1999	282,800	-	282,800	282,800	100%	5,392,766	6,231,728	838,962	86.5%
2000	302,000	-	302,000	302,000	100%	5,814,688	6,124,125	309,437	94.9%
2001	193,865	-	193,865	193,865	100%	3,566,172	3,611,452	45,280	98.7%
2002	229,730	-	229,730	229,730	100%	3,579,070	4,612,167	1,033,097	77.6%
2003	208,997	-	208,997	208,997	100%	3,845,588	4,768,193	922,605	80.7%
2004	187,332	-	187,332	187,332	100%	4,182,948	5,127,087	941,139	81.6%
2005	190,850	3,518	187,332	190,850	100%	4,425,925	5,878,268	1,452,343	75.3%
2006	258,176	4,098	254,078	258,176	100%	4,758,716	6,043,775	1,285,059	78.7%
2007	229,128	4,251	224,877	229,128	100%	5,281,385	6,417,866	1,136,481	82.3%
2008	229,334	4,464	224,870	229,334	100%	4,960,020	6,786,649	1,826,629	73.1%
2009	312,921	4,181	308,740	312,921	100%	4,242,748	7,098,239	2,855,491	59.8%
2010	425,166	4,143	565,445	569,588	134%	4,818,887	7,320,641	2,501,754	65.8%
2011	373,494	4,323	406,866	411,189	110%	5,440,065	7,493,057	2,052,992	72.6%
2012	345,189	3,988	379,579	383,567	111%	5,359,035	8,007,100	2,648,065	66.9%
2013	418,161	4,495	1,302,085	1,306,580	313%	6,783,819	8,117,956	1,334,137	83.6%
2014	256,409	4,514	410,186	414,700	162%	7,748,863	8,335,832	583,969	93.0%
2015	278,979	4,209	338,030	342,239	123%	7,887,447	9,001,458	1,114,011	87.6%

INVESTMENT PERFORMANCE

Plante Moran Financial Advisors
 PORTFOLIO ACTIVITY REPORT
 City of Zeeland Pension Plan

		12/31/2014
	To	12/31/2015

Beginning Portfolio Value	\$	7,840,367
Net Contributions/Withdrawals		-242,704
Realized Gains		9,497
Unrealized Gains		-260,849
Interest and Dividends		325,169
Management Fees		-24,665
Portfolio Fees		-7,606

Portfolio Value on 12-31-2015	\$	7,639,209
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Total Fees		-32,271
Total Gain After Fees		41,545
Time Weighted Return		0.51%
Annualized Return		0.51%
Evaluation Benchmark		-0.40%
Annualized Benchmark		-0.40%
Cumulative Market Indices through 12-31-15		
Barclays Capital U.S. Aggregate Bond Index		0.55%
S&P 500 Index		1.38%
MSCI EAFE (USD) Index		-0.81%

SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenses

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Market Value -- July 1	\$ 7,748,863	\$ 6,783,819	\$ 5,359,035
Revenues:			
Employer Contributions	\$ 338,030	\$ 410,186	\$ 1,302,085
Member Contributions	4,209	4,514	4,495
Net Investment Income	311,385	1,071,239	603,158
 Total Revenues	 \$ 653,624	 \$ 1,485,939	 \$ 1,909,738
Expenditures:			
Monthly Benefit Payments	\$ 471,909	\$ 458,795	\$ 458,516
Investment Managent & Trustee Fees	43,131	62,100	26,438
Other Expenses			-
 Total Expenditures	 \$ 515,040	 \$ 520,895	 \$ 484,954
 Market Value -- June 30	 \$ 7,887,447	 \$ 7,748,863	 \$ 6,783,819

MEMBER and RETIREE DATA

RETIREES	<u>2015</u>	<u>2014</u>	<u>2013</u>
Retirees and beneficiaries receiving benefits	28	29	28
Terminated members not yet receiving benefits	10	8	9
 Active plan members	 <u>10</u>	 <u>13</u>	 <u>14</u>
 Total plan members	 48	 50	 51

Note: Participation in the Plan was "frozen" as of July 1, 2008. A Zeeland employee who was not a participant in the Plan as of July 1, 2008 is ineligible to participate. Further, this "freeze" applied to some Zeeland employees before July 1, 2008. Most Zeeland employees now earn retirement benefits under the City of Zeeland Defined Contribution Plan.

Annual Budget July 1, 2015 through June 30, 2016

	<u>Budget</u> 2015-16	<u>Actual</u> 2014-15
Revenues:		
Employer Contributions	\$ 325,000	\$ 338,030
Member Contributions	5,000	4,209
Investment Income	250,030	315,012
Realized Gain/Loss	-	4,395
Other Income	-	
Total Revenues	\$ 580,030	\$ 661,646
Expenditures:		
Monthly Benefit Payments	\$ 600,000	\$ 471,909
Investment Consulting & Actuary Fees	40,000	33,621
Administrative Fees	8,000	7,606
Legal Fees	1,000	1,188
Insurance -- Fiduciary	8,345	8,322
Other Expenses	-	416
Total Expenditures	\$ 657,345	\$ 523,062

COMPUTED AND ACTUAL CITY CONTRIBUTIONS COMPARATIVE STATEMENT

Fiscal Year	Recommended Employer Contribution	Actual Dollar Contribution	Valuation Payroll	City's Computed % of payroll Contributions
2011/12	\$345,189	\$ 383,567	\$766,665	50%
2012/13	418,161	1,306,580	742,087	176.1%
2013/14	256,409	414,700	797,194	52.0%
2014/15	278,979	342,239	762,685	N/A
2015/16	261,024*			

*10-Year Amortization

ACTUARIAL METHODS

Cost Method:	Entry Age Normal level percent of pay
Asset Valuation Method:	Equal to market value of assets
Amortization Method:	Spread gain/loss
Amortization Period:	Asset gain/loss: 5 years Non-asset gain/loss: Future service of active employees

ACTUARIAL ASSUMPTIONS

Retirement age:	55 for police after June 30,2004 (58 prior to that date); 62 for all other active participants (minimum 5 years participation)
Investment Rate of Return:	5.74% per year; floats based upon long-term expected rate of return
Salary Scale:	3.0% annual increase
Mortality Table:	RP-2000 Combined Healthy Mortality Table (post-retirement only)
Turnover Rates:	None
Disability Rates:	None
Marriage Assumption:	100%