



City of Warren Employees Retirement System Summary Annual Report December 31, 2015

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 funding objective.

Respectfully submitted,

Board of Trustees
City of Warren Employees Retirement System

Board Members

Christine C. Cassani,
Chairperson

Rick A. Traub,
Vice Chairperson

Patrick Green,
Trustee

Richard Sabaugh,
Trustee

Dolores Thomas,
Trustee

Professional Advisors

Investment Fiduciaries

Franklin Templeton Global
Hamlin Capital Management
JP Morgan Strategic Income
Lazard Asset Management
Morgan Stanley-Graystone,
Investment Consultant
Reinhart Partners, Inc.
Seizert Capital Partners
Vanguard Emerging Markets
Wentworth, Hauser & Violich
World Asset Management

Service Providers

Comerica Bank, Trust Custodian
Ramie E. Phillips, Jr, PC, CPA, Auditor
Rodwan Consulting Company, *Actuary*
VanOverbeke, Michaud & Timmony,
Attorneys

Actuarial Information Used for this Report:

1. 96 active members
2. 517 retirees/beneficiaries
3. Plan is closed to new hires
4. \$30,556 average annual pension benefit
5. \$15,797,520 annual pension payroll
6. \$6,546,465 valuation payroll used
7. Employer's normal cost of benefits: 15.51% - entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution rate: \$8,701,854
9. Weighted average member contribution rate: 0.00%
10. The required employer contribution for the fiscal year was received
11. 7.35% assumed rate of investment return
12. 4% assumed rate of long-term wage inflation
13. 4 year asset smoothing method used
14. Expected future working lifetime amortization period used
15. Aggregate cost method used
16. Funded ratio 100% under aggregate cost method, 65.8% under entry age normal cost method

Investment Performance*

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	(1.76%)	6.62%	5.79%	8.59%	5.00%

*Calendar year ending December 31, 2015 (net of fees)

2016 Projected Expenditures

Pension Payments: \$16,000,000
Refund of Member Contributions: \$0
Investment Fees: \$536,000
Memberships/Training/Education/Travel: \$7,000
Administrative Expenses: \$280,000

City of Warren Employees Retirement System

Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the December 31, 2015 Actuarial Valuation. The funding objective of the System is to finance the unfunded present value of future benefits over the remaining working lifetimes of the active members. The actual level of contribution is dependent on actual and assumed experience and benefit provisions. Below is a summary of the results:

Contribution Requirements	
Actuarial Present Value of All Future Benefits	\$190,913,288
Smoothed Valuation Assets	120,324,846
Present Value of Future Member Contributions	0
Unfunded Present Value of Benefits	70,588,442
Present Value of Future Pay	53,104,172
Computed Employer Contribution	
Dollar Amount Based on Valuation Payroll	\$8,701,854

Assets & Liabilities

Funded Status

Market Value of Assets	\$113,378,411
Smoothed Valuation Assets	120,324,846
Actuarial Accrued Liability – Aggregate cost method	120,324,846
Funded Ratio – Aggregate cost method	100.0%
Actuarial Accrued Liability - Entry Age cost method	182,843,144
Funded Ratio - Entry Age cost method	65.8%

The valuation reflects Retirement System changes through December 31, 2015. The assumptions and methods are consistent with those used in the December 31, 2014 valuation.

Actuary's Statement – The System is being funded based on sound actuarial assumptions and methods. For a complete analysis, please review the December 31, 2015 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – January 1, 2015	\$122,805,948
Revenues	
Employees' contributions	0
Employer contribution	9,301,612
Investment income	(2,535,676)
Other Income	14,481
Total	6,780,417
Expenditures	
Pension payments	15,912,251
Refunds and annuity withdrawal	0
Transfer to 401 Defined Contribution Plan	0
Non-Investment Expenses	295,700
Total	16,207,951
Ending Balance (Market Value) – December 31, 2015	\$113,378,414
Recognized Return on Smoothed Funding Value of Assets	6.64%