



City of Warren Employees Retirement System

Summary Annual Report

December 31, 2017

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

Keith Sadowski,
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
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. 76 active members
2. 503 retirees/beneficiaries
3. Plan is closed to new hires
4. \$32,001 average annual pension benefit
5. \$16,064,265 annual pension payroll
6. \$5,560,697 valuation payroll used
7. Employer's normal cost of benefits: 15.57% - entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution rate: \$8,384,920
9. Weighted average member contribution rate: 0.00%
10. The required employer contribution for the fiscal year was received
11. 7.25% 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, 69.7% under entry age normal cost method

Investment Performance*

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	14.24%	7.25%	8.58%	7.33%	5.62%

*Calendar year ending December 31, 2017 (net of fees)

2018 Projected Expenditures

Pension Payments: \$16,500,000
Refund of Member Contributions: \$14,300
Investment Fees: \$620,000
Memberships/Training/Education/Travel: \$7,000
Administrative Expenses: \$260,000

City of Warren Employees Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the December 31, 2017 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	\$196,445,180
Smoothed Valuation Assets	132,196,151
Present Value of Future Member Contributions	0
Unfunded Present Value of Benefits	64,249,029
Present Value of Future Pay	42,608,562
Computed Employer Contribution	
Dollar Amount Based on Valuation Payroll	\$8,384,920

Assets & Liabilities

Funded Status

Market Value of Assets	\$136,672,410
Smoothed Valuation Assets	132,196,151
Actuarial Accrued Liability – Aggregate cost method	132,196,151
Funded Ratio – Aggregate cost method	100.0%
Actuarial Accrued Liability - Entry Age cost method	189,769,577
Funded Ratio - Entry Age cost method	69.7%

The valuation reflects Retirement System changes through December 31, 2017. The assumed rate of investment return was decreased to 7.25% from 7.30%. The mortality table was changed from RP 2000 Combined Healthy to RP 2014 Healthy Annuitant Table.

Actuary's Statement – The System is being funded based on sound actuarial assumptions and methods. For a complete analysis, please review the December 31, 2017 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – January 1, 2017	\$117,981,347
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Revenues

Employees' contributions	0
Employer contribution	18,721,115
Investment income	16,436,102
Other Income	16,887
Total	35,174,104

Expenditures

Pension payments	16,222,114
Refunds and annuity withdrawal	5,210
Transfer to 401 Defined Contribution Plan	0
Non-Investment Expenses	255,717
Total	16,483,041

Ending Balance (Market Value) – December 31, 2017	\$136,672,410
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Recognized Return on Smoothed Funding Value of Assets	6.88%
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