



City of Warren Employees Retirement System

Summary Annual Report

December 31, 2018

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

Stanley O'Connor,
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. 70 active members
2. 499 retirees/beneficiaries
3. Plan is closed to new hires
4. \$32,254 average annual pension benefit
5. \$16,095,071 annual pension payroll
6. \$5,384,080 valuation payroll used
7. Employer's normal cost of benefits: 15.68% - entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution rate: \$9,131,943
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, 68.3% under entry age normal cost method

Investment Performance*

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	(6.31%)	5.82%	4.16%	6.27%	7.53%

*Calendar year ending December 31, 2018 (net of fees)

2019 Projected Expenditures

Pension Payments: \$16,750,000
 Refund of Member Contributions: \$11,500
 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, 2018 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	\$195,988,527
Smoothed Valuation Assets	129,607,523
Present Value of Future Member Contributions	0
Unfunded Present Value of Benefits	66,381,004
Present Value of Future Pay	39,137,416
Computed Employer Contribution	
Dollar Amount Based on Valuation Payroll	\$9,131,943

Assets & Liabilities

Funded Status

Market Value of Assets	\$121,884,987
Smoothed Valuation Assets	129,607,523
Actuarial Accrued Liability – Aggregate cost method	129,607,523
Funded Ratio – Aggregate cost method	100.0%
Actuarial Accrued Liability - Entry Age cost method	189,862,746
Funded Ratio - Entry Age cost method	68.3%

Actuary's Statement – The System is being funded based on sound actuarial assumptions and methods. For a complete analysis, please review the December 31, 2018 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – January 1, 2018	\$136,672,410
Revenues	
Employees' contributions	0
Employer contribution	8,888,571
Investment income	(7,116,355)
Other Income	38,101
Total	1,810,317
Expenditures	
Pension payments	16,332,303
Refunds and annuity withdrawal	14,346
Transfer to 401 Defined Contribution Plan	0
Non-Investment Expenses	251,091
Total	16,597,740
Ending Balance (Market Value) – December 31, 2018	\$121,884,987
Recognized Return on Smoothed Funding Value of Assets	3.99%