



**City of Warren
Police and Fire Retirement System
Summary Annual Report
December 31, 2016**



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 Commission 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 level percent of payroll funding objective.

Respectfully submitted,

City of Warren Policemen and Firemen Retirement Commission

Commission Members

Scott Salyers, *Chairman*
Lawrence Garner, *Vice-Chairperson*
Lorie Barnwell, *City Treasurer/Secretary*
Gregory Paliczuk, *Commissioner*
Frank Badalamente, *Commissioner*

Professional Advisors

Investment Fiduciaries

Alidade Capital
Avista II Offshore
Bloomfield Capital
Columbia Management
Goldman Sachs Vintage
Horizon Asset Management
Johnston Asset Management
Loomis Sayles
MacKay Shields
Munder Capital
NWQ
Orleans Capital
Franklin Templeton
Tradewinds
Voya Investment Management
Cohesive Capital
Morgan Dempsey
Mount Lucas
World Asset Management

Investment Consultant

GrayStone Smith Barney

Actuary

Rodwan Consulting Company

Independent Auditors

Plante & Moran, LLC

Actuarial Information Used for this Report:

1. 320 active members
2. 569 retirees/beneficiaries
3. Plan is open to new hires
4. \$51,661 average annual pension benefit
5. \$29,395,321 annual pension benefits being paid
6. \$24,915,136 valuation payroll used
7. Employer's normal cost of benefits: 13.98%
8. Employer's total contribution rate: 45.10%
9. Member contribution rate: 3.77%. 1.23% of payroll from the Employer contribution is allocated to member contributions
10. The required employer contribution for the fiscal year was received
11. 7.4% assumed rate of investment return
12. 4% assumed rate of long-term wage inflation
13. 4 year smoothing method used
14. 1 year closed UAAL as of 12/31/2004. 24 years for remaining amortization period used
15. Method used is level percent of payroll
16. Cost method is individual entry-age
17. Current valuation assets are 73.1% of accrued liability.

Investment Performance*

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	8.77 %	5.01%	10.05%	9.10%	5.73%

*Calendar year ending December 31, 2016

2016 Expenditures

Pension Payments: \$ 29,678,172
Refund of Member Contributions: \$ 1,470,367
Investment Fees: \$ 1,194,178
Memberships/Training/Education/Travel: \$ 15,453
Administrative Expenses: \$ 426,932

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the December 31, 2016 Actuarial Valuation. The funding objective of the System is to contribute a contribution that remains level from year to year as a percent of payroll. The actual level of contribution is dependent on past and assumed future experience, including investment performance, and benefit provisions. Below is a summary of the results:

Contribution Requirements

Normal Cost of Benefits	
Total	17.75%
Member portion	3.77
Employer portion	13.98
Amortization of unfunded liability	
(1 year)	5.87
(24 years)	25.2
Computed Employer Rate	45.10%

Contribution rates are expressed as percents of eligible member payroll.

Assets & Liabilities

Funded Status

Market Value of Assets	\$280,400,662
Valuation Assets	289,182,641
Actuarial Accrued Liability	395,629,817
Funded Ratio	73.10%

The valuation reflects Retirement System changes made prior to December 31, 2016. The assumptions and methods are consistent with those used in the December 31, 2016 valuation.

Actuary's Statement – The System is being funded based on sound actuarial assumptions, methods and level percent of payroll funding objective. For a complete analysis, please review the December 31, 2016 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – January 1, 2016 \$279,553,406

Revenues

Employees' contributions	1,138,678
Employer contribution	10,481,016
Investment income	<u>20,803,034</u>
Total	32,422,728

Expenditures

Pension payments	29,678,172
Refund of member contributions	1,455,367
Incentive bonuses	15,000
Administrative expenses	<u>426,932</u>
Total	31,575,471

Ending Balance (Market Value) – December 31, 2016 \$280,400,663

Recognized Return on Smoothed Funding Value of Assets 9.0%

