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

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*

<table>
<thead>
<tr>
<th>Combined Account</th>
<th>Year</th>
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<th>Year</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>7</td>
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<td>(6.31%)</td>
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*Calendar year ending December 31, 2018 (net of fees)

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

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
Rodway 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: 189,862,746
- 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: $8,886,571
- 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%