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

Investment Consultant
Morgan Stanley

Actuary
Rodwan Consulting Company

Independent Auditors
Plante & Moran, LLC

Actuarial Information Used for this Report:

1. 315 active members
2. 568 retirees/beneficiaries
3. Plan is open to new hires
4. $52,062 average annual pension benefit
5. $29,626,584 annual pension benefits being paid
6. $25,866,981 valuation payroll used
7. Employer’s normal cost of benefits: 13.95%
8. Employer’s total contribution rate: 41.33%
9. Member contribution rate: 3.80%. 1.20% 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. 23 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 72.8% of accrued liability.

Investment Performance*

<table>
<thead>
<tr>
<th>Combined Account</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>7 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17.09 %</td>
<td>8.40%</td>
<td>10.70%</td>
<td>9.43%</td>
<td>6.67%</td>
</tr>
</tbody>
</table>

*Calendar year ending December 31, 2017

2017 Expenditures

- Pension Payments: $29,970,777
- Refund of Member Contributions: $1,205,752
- Investment Fees: $1,210,426
- Memberships/Training/Education/Travel: $14,095
- Administrative Expenses: $456,309
Actuarial Valuation Summary
Rodwan Consulting Company was hired to prepare the December 31, 2017 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**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Cost of Benefits</td>
<td>17.75%</td>
</tr>
<tr>
<td>Member portion</td>
<td>3.80</td>
</tr>
<tr>
<td>Employer portion</td>
<td>13.95</td>
</tr>
<tr>
<td>Amortization of unfunded liability</td>
<td>1.59</td>
</tr>
<tr>
<td>(1 year)</td>
<td></td>
</tr>
<tr>
<td>(23 years)</td>
<td>25.71</td>
</tr>
<tr>
<td>Computed Employer Rate</td>
<td>41.33%</td>
</tr>
</tbody>
</table>

Contribution rates are expressed as percents of eligible member payroll.

**Assets & Liabilities**

**Funded Status**
- Market Value of Assets: $300,598,677
- Valuation Assets: 290,253,700
- Actuarial Accrued Liability: 398,735,718
- Funded Ratio: 72.8%

The valuation reflects Retirement System changes made prior to December 31, 2017. The assumptions and methods are consistent with those used in the December 31, 2017 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, 2017 actuarial valuation.

**Revenues & Expenditures**

**Beginning Balance (Market Value) – January 1, 2017** $280,400,663

**Revenues**
- Employees’ contributions: 1,192,568
- Employer contribution: 10,477,176
- Investment income: 40,161,108
- Total: 51,830,852

**Expenditures**
- Pension payments: 29,970,777
- Refund of member contributions: 1,185,752
- Incentive bonuses: 20,000
- Administrative expenses: 456,309
- Total: 31,632,838

**Ending Balance (Market Value) – December 31, 2017** $300,598,677

Recognized Return on Smoothed Funding Value of Assets: 7.5%