



**City of Warren
Police and Fire Retirement System
Summary Annual Report
December 31, 2022**



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, *Chairperson*
Lawrence Garner, *Vice-Chairperson*
Lorie Barnwell, *City Treasurer/Secretary*
Gregory Paliczuk, *Commissioner*
Richard Fox, *Commissioner*

Professional Advisors

Investment Fiduciaries

ABS Emerging Mkts Strategic Portfolio
Alidade Capital
American Core
American Realty Advisors
Ancora Advisors
Avista II Offshore
Bloomfield Capital
Cohesive Capital
Columbia Management
Franklin Templeton
Goldman Sachs Vintage
HGK Trinity St. Int'l Equity Fund
HIG Bayside
Ironsides
Johnston Asset Management
MacKay Shields
Marathon Distressed Credit Fund
Next Century
Orleans Capital
Portfolio Advisors Secondary Fund IV
RCP Fund XVI
Reinhart Partners
Seizert Capital Partners
TerraCap Partners
World Asset Management

Investment Consultant

AndCo Consulting Company

Actuary

Foster & Foster Consulting Company

Independent Auditors

Plante & Moran, LLC

Actuarial Information Used for this Report:

1. 353 active members
2. 632 retirees/beneficiaries
3. Plan is open to new hires
4. \$64,591 average annual pension benefit
5. \$35,911,469 annual pension benefits being paid
6. \$34,383,192 valuation payroll used
7. Employer's normal cost of benefits: 12.46%
8. Employer's total contribution rate: 44.55%
9. Member contribution rate: 4.09%
10. The required employer contribution for the fiscal year was received
11. 7.20% assumed rate of investment return
12. 3.5% assumed rate of long-term wage inflation
13. 4 year smoothing method used
14. 1 year closed UAAL as of 12/31/2004. 18 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 66.8% of accrued liability.

Investment Performance*

	1	3	5	7	10
Combined Account	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
	-13.63%	5.23%	6.16%	7.92%	8.33%

*Calendar year ending December 31, 2022

2022 Expenditures

Pension Payments: \$33,510,683
Refund of Member Contributions: \$1,887,772
Investment Fees: \$862,848
Memberships/Training/Education/Travel: \$ 14,860.06
Administrative Expenses: \$ 528,023

Actuarial Valuation Summary

Foster & Foster Consulting Company was hired to prepare the December 31, 2022 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	16.55%
Member portion	4.09
Employer portion	12.46
Amortization of unfunded liability (19 years)	32.02
Contribution for Incentives	.07
Computed Employer Rate	44.55%

Contribution rates are expressed as percents of eligible member payroll.

Assets & Liabilities

Funded Status

Market Value of Assets	\$276,004,613
Valuation Assets	306,384,610
Actuarial Accrued Liability	458,745,369
Funded Ratio	66.8%

The valuation reflects Retirement System changes made prior to December 31, 2022. The assumptions and methods are consistent with those used in the December 31, 2022 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, 2022 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – January 1, 2022	\$343,475,691
Revenues	
Employees' contributions	2,134,819
Employer contribution	12,808,785
Investment income	<u>(46,473,204)</u>
Total	(31,529,600)
Expenditures	
Pension payments	33,510,683
Refund of member contributions	1,887,772
Incentive bonuses	15,000
Administrative expenses	<u>528,023</u>
Total	35,941,478
Ending Balance (Market Value) – December 31, 2021	\$276,004,613
Recognized Return on Smoothed Funding Value of Assets	8.45%

ASSET ALLOCATION

Segments	Market Value	Allocation
■ Domestic Equity	121,090,412	43.8
■ International Equity	34,757,987	12.6
■ Emerging Equity	9,075,815	3.3
■ Domestic Fixed Income	49,339,183	17.8
■ Other Fixed Income	7,843,448	2.8
■ Real Estate	29,266,734	10.6
■ Private Equity	19,494,279	7.0
■ Cash	5,792,727	2.1