



City of Warren Employees Retirement System

Summary Annual Report

December 31, 2013

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

Patrick Green,
Trustee

Richard Sabaugh,
Trustee

Dolores Thomas,
Trustee

Professional Advisors

Investment Fiduciaries

Franklin Templeton Global
 Hamlin Capital Management
 Lazard Asset Management
 Morgan Stanley-Graystone,
 Investment Consultant
 Reinhart Partners, Inc.
 Seizert Capital Partners
 Vanguard Emerging Markets
 Wentworth, Hauser & Violich
 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. 111 active members
2. 534 retirees/beneficiaries
3. Plan is closed to new hires
4. \$29,280 average annual pension benefit
5. \$15,635,683 annual pension benefits paid
6. \$7,518,452 valuation payroll used
7. Employer's normal cost of benefits: 15.51% - entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution rate: \$8,977,851
9. Weighted average member contribution rate: 0.00%
10. The required employer contribution for the fiscal year was received
11. 7.45% 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, 63.0% under entry age normal cost method

Investment Performance*

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	15.86%	8.46%	11.64%	5.63%	6.49%

*Calendar year ending December 31, 2013 (net of fees)

2014 Projected Expenditures

Pension Payments: \$15.8 million
 Refund of Member Contributions: \$23,000
 Investment Fees: \$604,000
 Memberships/Training/Education/Travel: \$7,000
 Administrative Expenses: \$300,000

City of Warren Employees Retirement System

Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the December 31, 2013 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	\$196,161,777
Smoothed Valuation Assets	117,329,441
Present Value of Future Member Contributions	0
Unfunded Present Value of Benefits	78,832,336
Present Value of Future Pay	66,017,709
Computed Employer Contribution	
Dollar Amount Based on Valuation Payroll	\$8,977,851

Assets & Liabilities

Funded Status	
Market Value of Assets	\$122,098,290
Smoothed Valuation Assets	117,329,441
Actuarial Accrued Liability – Aggregate cost method	117,329,441
Funded Ratio – Aggregate cost method	100.0%
Actuarial Accrued Liability - Entry Age cost method	186,251,000
Funded Ratio - Entry Age cost method	63.0%

The valuation reflects Retirement System changes through December 31, 2013. The assumptions and methods are consistent with those used in the December 31, 2012 valuation.

Actuary's Statement – The System is being funded based on sound actuarial assumptions and methods. For a complete analysis, please review the December 31, 2013 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – January 1, 2013	\$113,255,578
Revenues	
Employees' contributions	0
Employer contribution	8,066,327
Investment income	16,624,279
Other Income	11,234
Total	24,701,840
Expenditures	
Pension payments	15,571,328
Refunds and annuity withdrawal	15,197
Transfer to 401 Defined Contribution Plan	0
Non-Investment Expenses	272,603
Total	15,859,128
Ending Balance (Market Value) – December 31, 2013	\$122,098,290
Recognized Return on Smoothed Funding Value of Assets	8.91%