

# 2015 WESTMORELAND COUNTY EMPLOYEE RETIREMENT FUND



## YEAR IN REVIEW

October 2016

We are pleased to present the premier edition of the Westmoreland County Employee Retirement Fund "Year in Review". The development and presentation of this type of report has been a goal for the Retirement Board for some time. It is important to get away from the jargon and the hyper-technicality of the investment world and to look at the activities and statistics as laymen. Often times that is the true pathway to common sense analysis.

This particular report has been patterned after one produced by our colleagues in Cambria County as a starting point. Future publications will undoubtedly be customized to address the information needs of this board, its members and the Westmoreland County Taxpayer, who ultimately foots the bill for any Retirement Fund shortfalls.

The number of Retirees and Beneficiaries receiving benefits reached an all-time high of 1,213 as of December 31, 2015. There are another 134 individuals who are terminated and vested who have not yet begun receiving benefits. The number of Active Plan Members (i.e. employees who are working and contributing towards their pension) number 1,867. This Retirement Board is accountable to each of these 3,214 members.

We meet quarterly to monitor investment performance of the fund and to make decisions to best provide for the delivery of promised benefits to our members. Although our fund has made a very strong recovery from the -23% loss in 2008 due to the "crash", markets have proven to be less predictable and noticeably more volatile than what we had experienced in the past. During 2015 our fund net position dropped to approximately \$409.5 million. In spite of the occasional negative years, our fund continues to be well funded due to the diligence of the board and its investment advisors.

This report is designed to give insight to the condition of the fund and the trends in performance and member demographics. As a board we pledge to do all that is necessary to protect the assets of the members and to make decisions that are in the long-term interests of those members.

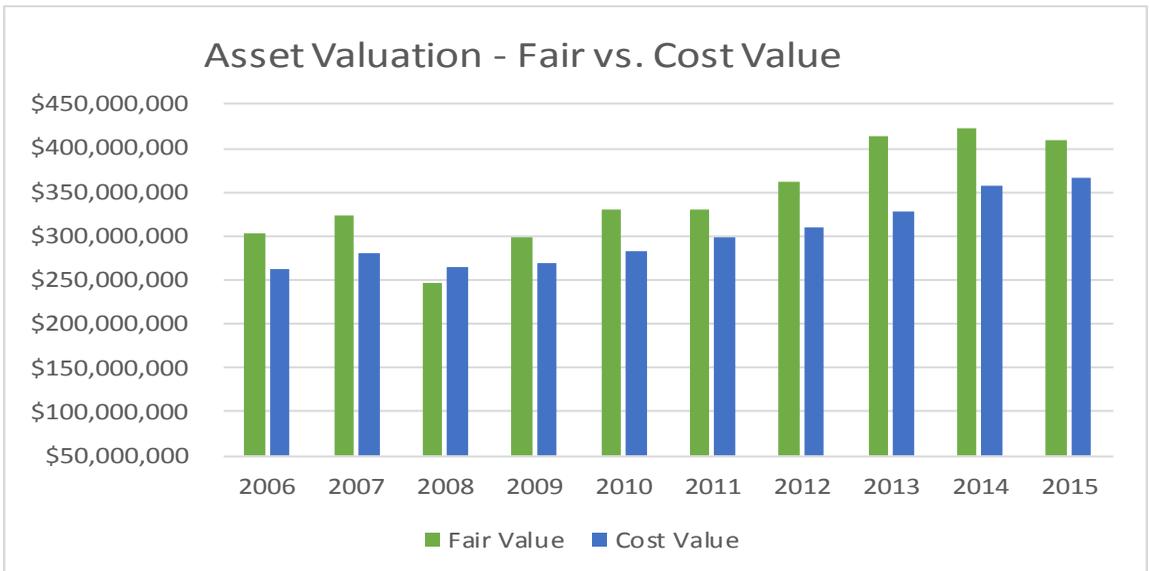
Sincerely,

*Gina Cerilli - Ted Kopas - Chuck Anderson - Jared Squires - Jeff Balzer*  
WESTMORELAND COUNTY RETIREMENT BOARD

# WESTMORELAND COUNTY

## Statement of Plan Assets as of December 31, 2015

<u>Assets</u>	<u>Fair Value</u>	<u>Cost Value</u>
Cash and Cash Equivalents	\$ 8,841,147	\$ 8,841,147
Receivables	1,592,082	1,592,082
 Investments:		
US Government Securities	58,536,407	58,703,206
Domestic Corporate Debt Obligations	26,897,101	26,783,268
Municipal Bonds	727,144	728,444
Domestic Common Stock	102,312,190	81,614,900
Fixed Income Accounts	10,753,690	10,703,043
Mutual Funds	107,736,874	95,260,869
Alternative Investments	51,031,690	39,942,976
Asset Backed Securities	12,960,819	12,565,531
Mortgages	12,866,853	12,896,217
Exchange Traded Funds	<u>15,662,058</u>	<u>16,638,233</u>
 Totals Assets December 31, 2015	 <u>\$ 409,918,055</u>	 <u>\$ 366,269,916</u>



Dear members of the Westmoreland County Employee Retirement System,

During 2015, the markets were not particularly kind to our fund which delivered a disappointing .65 percent return net of fees. This flat performance coupled with the payment of benefits and expenses caused our net position to decline to \$409,492,109 from a record-high \$422,033,546 the year before. While this may appear to be disconcerting, flat and negative years are part of the business of retirement fund administration. Responsible fund trustees are compelled to take a long-term view of things and that is precisely what the Westmoreland County Retirement Board does.

During 2015, we paid over \$26.5 million in Pension benefits to retired members and survivors. In addition to that we paid over \$1.7 million in refunds and death benefits. Throughout 2015 we counseled hundreds of employees on the details of the pension plan and processed retirements for 73 new retirees. We worked with our consultant and investment managers to make adjustments to our portfolio of investments to better exploit opportunities in today's market. The Retirement Board continues to consider further adjustments to our investment plan. The adjustments may be necessary to honor promises made to our members.

The County Controller as Retirement Board Secretary, is responsible for administering all of the "back office" operations of the Retirement System. We work with our consultant, investment managers, custodian and actuary. We process all of the retirement transactions and produce all of the checks, do all of the accounting and tax reporting. As such, I hold it to be among the most important functions of my office.

As you review the information in this document I invite you to pose your questions and present your comments directly to my attention at 724-830-3142 or [controller@co.westmoreland.pa.us](mailto:controller@co.westmoreland.pa.us).

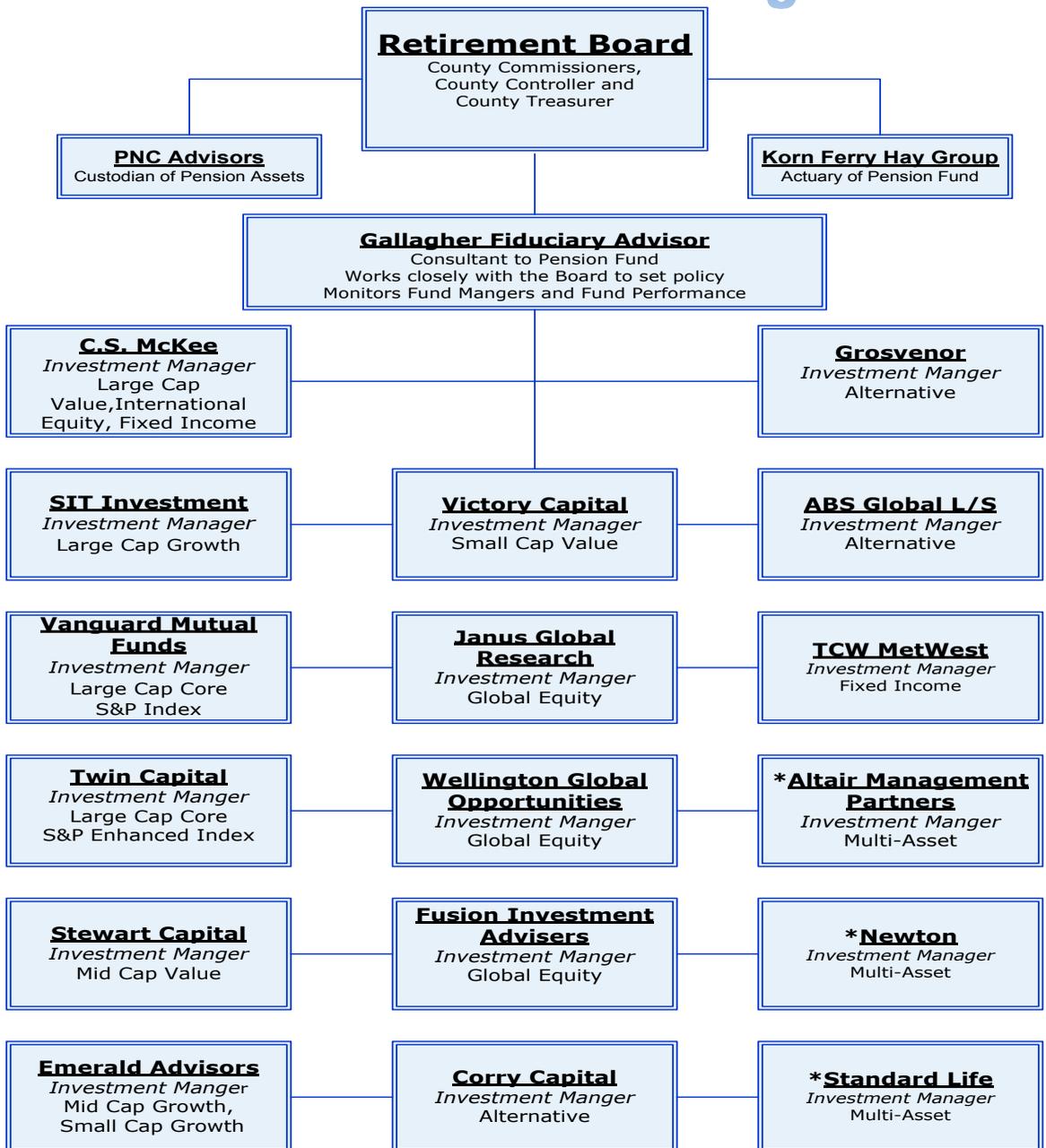
Sincerely,

*Jeffrey Balzer*

Jeffrey Balzer  
Retirement Board Secretary



# Structure of the Plan Management



\* added in 2016

## Westmoreland County Retirement Fund Comparison of Market Value by Fund to Management Fees

	12/31/15 Market Value	Annual Fees	Estimated Fees on Mutual FDS/Alt	Total Mgmt Fees
CS McKee	143,603,102.99	291,226.13	-	291,226.13
Victory Capital	12,769,645.40	113,601.00	-	113,601.00
TCW Met West	59,195,863.07	178,672.79	-	178,672.79
Emerald Advisors	18,991,125.13	113,650.97	-	113,650.97
Vanguard	48,790,750.99	-	19,516.30	19,516.30
Janus	8,375,623.46	-	58,629.36	58,629.36
Wellington	8,494,374.31	-	63,707.81	63,707.81
Corry Capital Advisors	15,753,565.40	-	315,071.31	315,071.31
Grosvenor	24,414,023.00	-	280,761.26	280,761.26
ABS Offshore Global	10,035,930.25	-	90,323.37	90,323.37
SIT Investment	26,168,523.77	190,527.87	-	190,527.87
Twin Capital	15,088,468.79	65,112.48	-	65,112.48
Stewart Capital	5,126,540.02	42,239.53	-	42,239.53
Fusion Investment	8,086,512.39	57,300.56	-	57,300.56
PNC Bank (Custodian)	-	156,925.09	-	156,925.09
Cash/Other	5,024,007.00	-	-	-
Gallagher Fiduciary	-	48,000.00	-	48,000.00
	<u>409,918,055.97</u>	<u>1,257,256.42</u>	<u>828,009.41</u>	<u>2,085,265.83</u>
Korn Ferry Hay Group**	-	39,600.00	-	39,600.00

\*\*Annual Actuary Fee

### Funded Ratio

Westmoreland County

91.2%

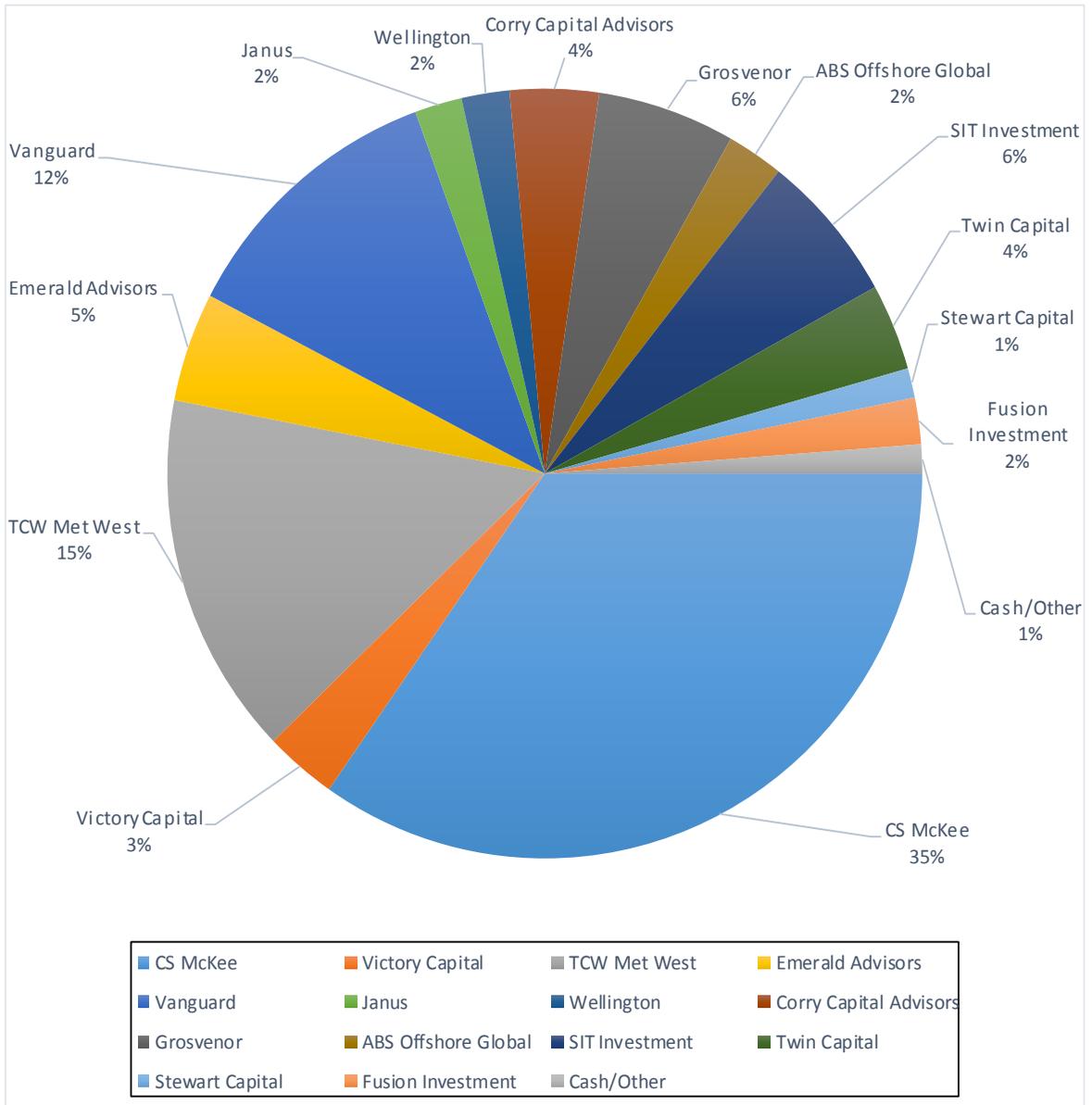
as of 1-1-2016

#### Pension Funded Ratio

Strong	90% or above
Above Average	80% to 90%
Below Average	60% to 80%
Weak	60% or below

\*Standard & Poor's

# Westmoreland County Retirement Plan Portfolio As of December 31, 2015 (% of Portfolio by Manager)



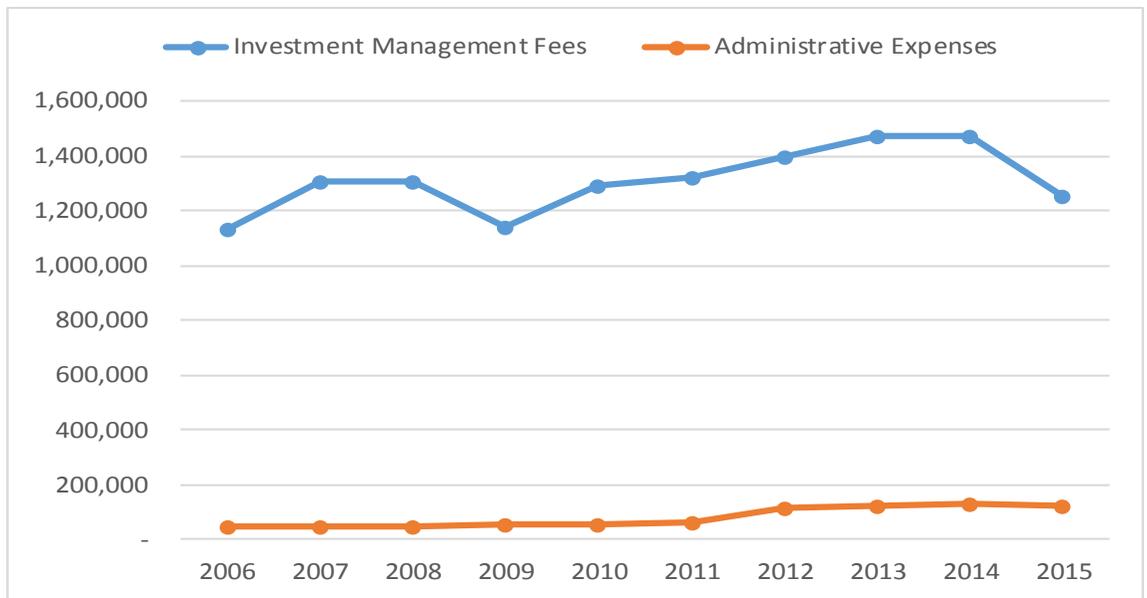
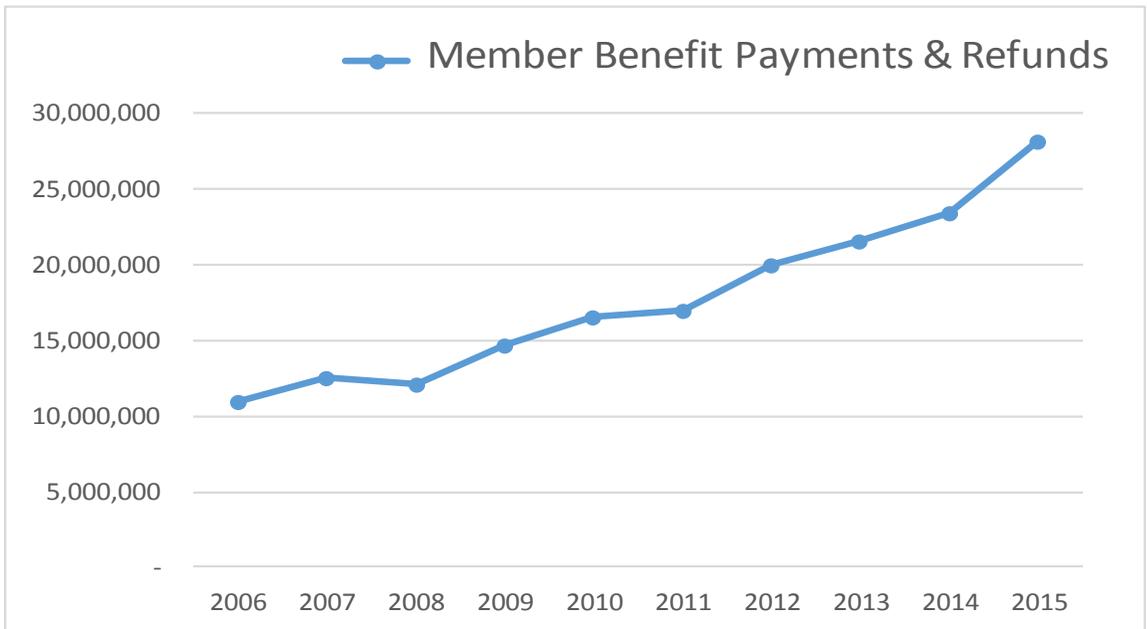
# Westmoreland County Employees' Retirement Fund 2015 Financial Report

## Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended December 31, 2015

	<u>2015</u>
Additions:	
Contributions:	
Employer	\$ 6,418,453
Plan members	<u>7,724,552</u>
Total contributions	<u>14,143,005</u>
Investment income:	
Net (depreciation) in fair value of investments	(5,537,249)
Interest	2,336,913
Dividends	6,024,825
Miscellaneous investment income	<u>133,907</u>
Total investment income	2,958,396
Less: Investment expense	<u>1,257,256</u>
Net investment income	<u>1,701,140</u>
Total additions	<u>15,844,145</u>
Deductions:	
Pension benefits	26,508,886
Death benefits	617,735
Refund of contributions	1,136,735
Administrative expense	<u>122,226</u>
Total deductions	<u>28,385,582</u>
Net (decrease) in net position	(12,541,437)
Net position restricted for pensions:	
Beginning of the year	<u>422,033,546</u>
End of the year	<u>\$ 409,492,109</u>

# Comparison of Annual Expenses



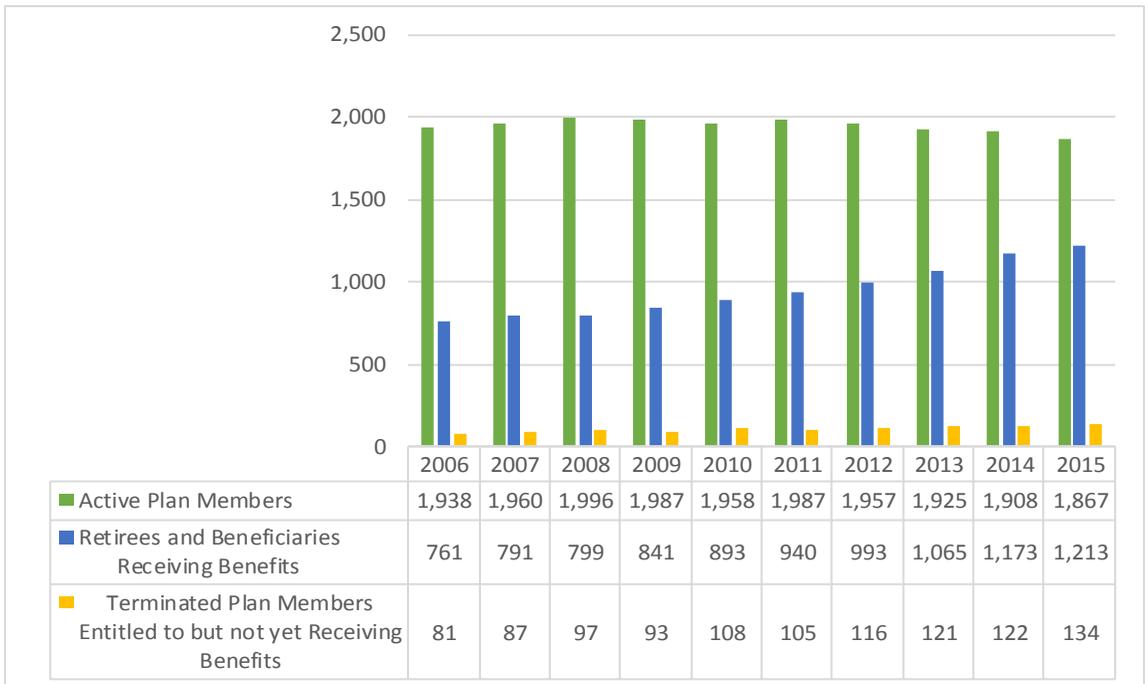
Does not include Estimated Mutual Fund/Alternative Fees

## Active Plan Members vs Active Retirees & Vested Members

This graph represents the Active Plan members vs. the Active Retirees. Over the past ten years, the number of retirees receiving benefits from the retirement plan has grown.

As of December 31, 2015, there were 3,214 plan members—1,213 Retirees and Beneficiaries receiving benefits, 134 Terminated Plan Members entitled to but not yet receiving benefits and 1,867 Active Plan Members.

This graph also represents the number of terminated plan members who are entitled to receive benefits in the future. These terminated plan members represent employees who were terminated and are entitled to an involuntary pension and members who were entitled to vest upon leaving County employment.



# 2015

## WESTMORELAND COUNTY RETIREES

LILLIAN REYNOLDS  
CYNTHIA SHERWIN  
DENISE CARASELLA  
ROBERT LOWTHER  
RICHARD FRANCOWIC  
EDWARD MATTHEWS  
REBECCA KEMERER  
DARLA SMITH  
GEORGE KATICH  
JEAN HEALEY  
EDWARD CHEARNEY  
RITA KING  
MICHAEL STURNICK  
PATRICK MERLINO  
CLYDE RAY  
CHARLES MCCALLEN  
ROSE HALL  
KATHLEEN BARTOLO-  
MUCCI  
BRUNO MEDIATE  
SHARON PROUD  
KEVIN MARKIEWICZ  
LINDA FINLAY  
MARY NICHOLLS  
SCOTT HELFFERICH  
DAVID WRIGHT

DENISE TESTA  
WILLIAM BROWN  
KIMBERLY GROSSER  
THOMAS VIVIO  
JAMES MOORE  
JAMES WILLIAMS  
THOMAS JONES  
SANDY FLANDERS  
THERESA LYNCH  
DANIEL STEVENS  
JOYCE SINGER  
CHARLES MOORE  
RODNEY ZAMPOGNA  
BEVERLY TROVATO  
PAULA VEVERKA  
THERESE RAYMAN  
DORIS HARDY  
DARLA ZEFFE  
ANTHONY MATUSZKY  
MICHAEL GUY  
ANITA TENEROWICZ  
TIMOTHY HIXSON  
GREGORY SILVESTRI  
RONALD HOPKINS  
SHARON GREECE  
CAROL KOZA

PETER BASILE  
TERRI REBICH-  
YURCISIN  
EDWARD WISNIEWSKI  
CHARLES HILL  
LARRY KOLICK  
RUTH THOMAS  
LINDA THOMPSON  
BRENDA WRIGHT  
REGINA SMITH  
CINDY SHANDORF  
MARY MOCK  
PAUL RESETAR  
GLORIA MURRMAN  
SHARON MANOWN  
LENORE TIGER  
VICKIE L BUCCI-  
MCFADDEN  
MONA MILLER  
KATHLEEN DELATTRE  
JOYCE CONNOLLY  
SUSAN DECARO  
ANITA HOLMES  
JOSEPH DEMARCHIS



# WESTMORELAND COUNTY RETIREMENT BOARD MEMBERS



**Gina Cerilli, Chairperson**  
County Commissioner



**Ted Kopas, Vice-Chairperson**  
County Commissioner



**Charles W. Anderson, Trustee**  
County Commissioner



**Jared M. Squires, Trustee**  
County Treasurer



**Jeffrey Balzer, Secretary**  
County Controller