



**GENERAL RETIREMENT SYSTEM OF THE
CITY OF DETROIT**

COMPONENT I and COMPONENT II

SUMMARY ANNUAL REPORT
For the Fiscal Year Ended June 30, 2023



GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ALLY DETROIT CENTER

500 WOODARD AVENUE, SUITE 3000

DETROIT, MICHIGAN 48226

313-224-3362

800-339-8344

Web address www.rscd.org

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GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

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GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

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GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

INTRODUCTORY SECTION

LETTER FROM THE EXECUTIVE DIRECTOR AND CHAIRPERSON

Active and Retired Members and Interested Individuals:

We are pleased to submit the annual report for Component I and Component II of the General Retirement System of the City of Detroit for the fiscal year ended June 30, 2023.

The General Retirement System of the City of Detroit (“System”) consists of defined benefit pension plans and defined contribution plans for the non-uniformed employees of the City of Detroit, comprised of Component I and Component II. These plans are memorialized in a document entitled *The Combined Plan for the General Retirement System of the City of Detroit* (“Plan of Adjustment”), effective July 1, 2014, as amended and restated December 8, 2014. The System exists to pay benefits to its members.

As a result of the bankruptcy filed by the City of Detroit and the resulting Plan of Adjustment (“POA”), in the fiscal year 2014-2015 there were significant economic and non-economic changes to the retirement plans of the General Retirement System.

In addition to the economic changes discussed below, the POA established a seven member Investment Committee to assume responsibility for the investment of the Plan's assets. The committee is comprised of two General Retirement System Trustees and five financial professionals selected by the State of Michigan, the City of Detroit and the General Retirement System Board of Trustees, in consultation with the Foundation for Detroit’s Future.

As a part of the Plan of Adjustment, the original defined benefit plan, now known as Component II or the Legacy Plan, was frozen on June 30, 2014. All Component II benefits were frozen as of June 30, 2014, based on service and average final compensation accrued as of that date and the provisions of the General Retirement System as of June 30, 2014. Frozen benefits were reduced by 4.5% and all future cost-of-living adjustments were eliminated. Benefits resulting from the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a “Claw-back”.

Component I (Hybrid Plan) was created during the bankruptcy proceedings for active non-uniformed employees of the City of Detroit for benefits earned on and after July 1, 2014. Active members employed with the City on and after July 1, 2014, will earn service credit that entitles them to receive benefits under the Component I plan. Pursuant to the Plan of Adjustment, the benefit terms presently in force under the Component I plan will remain unchanged through June 30, 2023.

Accounting System and Reports

The financial statements of the System are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are subject to external review. The financial statements have been audited by the independent accounting firm of Plante & Moran, PLLC. The June 30, 2023, financial statements contain more detailed information and is available for review on the System’s web site: www.rscd.org. Copies of the report can also be obtained by a written request to the System’s office.

Funding and Reserves

The funds of the System consist of contributions and earnings that are accumulated by the System in order to fund current and future benefit obligations to the retirees and their beneficiaries. Contribution requirements for both Component plans are detailed in the actuarial and statistical sections of this report. Continuous improvement in the funding of the System is a primary objective of the Board of Trustees.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

Investments

The System invests available funds in order to maximize income. The primary objective of the System's investment policies are to ensure that the System meets their obligation to provide retirement benefits. The System's portfolio of investments is diversified to provide the highest possible total return on assets with the least exposure to risk. The system ended the June 30, 2023, fiscal year with a net investment return of \$96,251,712 and a rate of return of 7.5 percent.

Closing

The Board of Trustees and the Retirement System staff continually strive to provide the members of the System with quality customer service. The Board and staff welcome your suggestions regarding the System and encourage you to inform us how we might better serve you.

Respectfully Submitted

June Nickleberry

June Nickleberry
Chair
Board of Trustees

David Cetlinski

David Cetlinski
Executive Director

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

INTRODUCTORY SECTION

SUMMARY OF COMPONENT I PROVISIONS (Hybrid Plan)

Component I (Hybrid Plan) was created during the bankruptcy proceedings for active non-uniformed employees of the City of Detroit to earn pension benefits on and after July 1, 2014. Active members employed with the City on and after July 1, 2014, will earn service credit that entitles them to receive future benefits under the Component I plan. Pursuant to the Plan of Adjustment, the benefit terms presently in force will remain unchanged through June 30, 2023.

Funding requirements of Component I are:

- Mandatory Member Contributions of 4% of base pay
- City Contributions of 5% of employee base pay, not including overtime

Voluntary Employee Contributions – Employees may make voluntary contributions of 3%, 5% or 7% of annual compensation at the election of the member. Each year, accounts are credited with earnings at a rate equal to the net investment rate of return of Retirement System Assets for the second plan year immediately preceding the plan year in which earnings are to be credited. The earnings rate may not be less than 0% and may not exceed 5.25%.

Average Final Compensation

The average of the compensation received during the 10 consecutive years of credited service (including prior service) immediately preceding the date of the members last termination with the City. If the member has less than ten years of credited service (including prior service), the average final compensation is the average of the compensation received during all years of credited service.

Normal Retirement

Normal Retirement Age – The normal retirement age is 62. For individuals who were active employees and who had 10 or more years of vesting service as of June 30, 2014, the normal retirement age, solely for purposes of Component I, is reduced as follows:

<u>Age as of July 1, 2014</u>	<u>Normal Retirement Age</u>
52 years or younger	62 years
53 years	61 years and 9 months
54 years	61 years and 6 months
55 years	61 years and 3 months
56 years	61 years
57 years	60 years and 9 months
58 years	60 years and 6 months
59 years	60 years and 3 months
60 years	60 years
61 years	60 years

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

INTRODUCTORY SECTION

SUMMARY OF COMPONENT I PROVISIONS (Hybrid Plan)

Normal Retirement Amount – 1.5% times average final compensation times credited service (after June 30, 2014) measured to the nearest month.

Early Retirement

Eligibility – Age 55 with 30 or more years of credited service plus prior service.

Early Retirement Amount – The same as normal retirement but actuarially **reduced**.

Deferred Retirement (Vested Benefits)

Eligibility – 10 years of vesting service.

Deferred Retirement Amount – The same as normal retirement but based on average final compensation and credited service at the time of termination, payable at age 62.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

INTRODUCTORY SECTION

SUMMARY OF COMPONENT II PROVISIONS (Legacy Plan)

Component II (Legacy Plan), the original defined benefit plan, was frozen on June 30, 2014, because of the Plan of Adjustment that was created during the bankruptcy process. All Component II benefits were frozen as of June 30, 2014, based on service and average final compensation accrued as of that date and the provisions of the General Retirement System on June 30, 2014. Frozen benefits were reduced by 4.5% and all future cost-of-living adjustments were eliminated. Certain benefits provided by the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a “Claw-back”.

Employer contribution requirements for the fiscal years 2015 to 2023 were set according to the Plan of Adjustment. Beginning with Fiscal Year 2024, employer contributions will be actuarially determined.

Benefits are payable after separation from service, determined by the eligibility conditions of the plan as it existed on June 30, 2014, as detailed below:

Normal Retirement

Eligibility – Any age (minimum age 55 for non-EMS members hired after 1995) with 30 years of service (25 for EMS members), or age 60 with 10 years of service, or age 65 with 8 years of service.

Annual Amount

- **EMS Members** - Sum of a) a basic pension of \$12 for each of the first 10 years of service, plus b) a pension equal to 2.0% of average final compensation (“AFC”) multiplied by years of service. Maximum benefit is 90% of AFC
- **Other Members** – Sum of a) a basic pension of \$12 for each of the first 10 years of service, plus b) a pension equal to the first 10 years of service multiplied by 1.6% of AFC, plus 1.8% of AFC for each year of service greater than 10 years up to 20 years, plus 2.0% of AFC for each year of service greater than 20 years up to 25 years, plus 2.2% of AFC for each year of service greater than 25 years. Future benefit accruals for certain active members (depending on bargaining unit) were reduced to 1.5% of final average compensation per year of service.

Calculation of Average Final Compensation (AFC)

- Pre-July 1, 1992 – Highest 5 consecutive years out of the last 10, excluding longevity
- July 1, 1992 to June 30, 1998 – Highest 4 consecutive years out of the last 10, including longevity
- July 1, 1998 or After – Highest 3 consecutive years out of the last 10, including longevity
- July 1, 1999 to June 30, 2014 – A one-time election to add the 25% of the value of the member’s unused sick leave to the earnings used in computing AFC

Early Retirement

- Eligibility – Any age with 25 or more years of service (minimum age 55 for members hired after 1995)
- Early Retirement Amount – The same as normal retirement but actuarially **reduced**

Deferred Retirement (Vested Benefits)

- Eligibility – Hired prior to 7-1-80, age 40 with 8 years of service **or** hired on or after 7-1-80, any age, with 10 years of service
- Deferred Retirement Amount – The same as normal retirement but based on average final compensation and credited service at the time of termination
- Eligible to collect based on the individual Union Contract at time of separation

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

INVESTMENT SECTION

The State of Michigan charges the Board of Trustees under the Public Employee Retirement System Investment Act with the responsibility of investing the Retirement System’s portfolio in a prudent manner. Specifically, the Public Employee Retirement System Investment Act requires the Board of Trustees and the other investment fiduciaries to discharge their duties solely in the interest of participants and beneficiaries and to act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. The law also requires the Board of Trustees to prepare and maintain written objectives, policies, and strategies with clearly defined accountability and responsibility for implementing and executing the System’s investments as well as monitor the investments of the System’s assets with regard to the limitations of the law. The Act permits assets to be invested in a mix of fixed income, securities, real estate or other instruments in accordance with the percentages as detailed in the Act.

The Retirement System’s portfolio distribution is continually monitored to ensure that it complies with the State of Michigan Public Employee Retirement System Investment Act. A summary of the System’s asset allocation policy is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Global Equity	46%
Global Fixed Income	33%
Real Estate/Real assets	13%
Diversifying strategies	8%

Historical Asset Class Performance By Calendar Year, As of 12/31/22 (Net of Fees)

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Total GRS Plan	-8.4%	4.4%	4.5%	6.9%
Domestic Equity	-17.8%	6.5%	8.2%	11.7%
Equity	-17.8%	6.5%	8.2%	11.7%
Fixed Income	-5.7%	2.4%	2.9%	2.7%
Private Equity	-9.4%	11.5%	0.50%	3.2%
Diversifying Strategies	1.8%	8.9%	NA	NA
Real Estate	6.5%	5.5%	5.6%	7.6%
Real Assets	23.3%	8.5%	NA	NA

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ACTUARIAL & STATISTICAL SECTION

COMPONENT I

The actuarial valuations are conducted and reported by Gabriel Roeder Smith & Company. Copies of the valuations are available on the Retirement System’s website: www.rscd.org or at the Retirement System Office at 500 Woodward Avenue, Suite 3000, Detroit, MI 48226.

Assumptions, Methods and Additional Information

Actuarial Valuation Date	June 30, 2021
Pension Plan’s Fiscal Year Ending Date	June 30, 2022
Single Discount Rate	6.75%
Long-term Expected Rate of Return	6.75
Net Pension Liability	(\$13,889,258)
Mortality Table Used	RP-2014 Blue Collar Annuitant Table
Service Credit Accruals	A member is credited with one month of Credited Service for each calendar month in which the individual performs 140 hours or more of service for the employer as an employee. Credited Service is recorded from the later of July 1, 2014, or the date of hire, whichever is later.
Unfunded Actuarial Accrued Liabilities	Actual employer contributions through June 30, 2023, are set by the Plan of Adjustment at 5% of pay. The amortization period and method after 2023 has not yet been established by the Board.

Sensitivity of Net Position Liability to the Single Discount Rate Assumption

The following presents the net pension liability of the City, calculated using the discount rate of 6.50 percent as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percentage point higher than the current rate:

	1% Decrease	Current Single	1% Increase
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net Pension Liability	\$ 14,827,379	\$ (13,889,258)	\$ (37,336,183)

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ACTUARIAL & STATISTICAL SECTION

COMPONENT I

Membership by the Numbers as of June 30, 2022

Retirees and Beneficiaries currently receiving benefits	598
Legacy Disabled Members	94
Inactive, Nonretired Members	957
Active Members	<u>4,841</u>
Total Plan Members	<u>6,490</u>

Schedule of Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	N/A	\$8,811,369	N/A	\$180,069,852	4.89%
2016	N/A	\$9,048,831	N/A	\$185,147,364	4.89%
2017	N/A	\$9,484,993	N/A	\$199,307,987	4.76%
2018	N/A	\$14,673,644	N/A	\$246,173,916	5.96%
2019	N/A	\$12,205,699	N/A	\$224,726,503	5.43%
2020	N/A	\$12,515,861	N/A	\$245,732,111	5.09%
2021	N/A	\$11,690,984	N/A	\$233,681,019	5.00%
2022	N/A	\$15,689,188	N/A	\$260,683,104	6.00%
2023	N/A	\$15,592,259	N/A	\$293,017,696	6.00%

Note: The Actuarial Determined Contribution does not apply at this time due to the Plan of Adjustment dictated by the bankruptcy.

Contribution Requirements

The employer contributions for Fiscal Years 2015 to 2023 were set by the Plan of Adjustment as follows:

- 5% of compensation commencing July 1, 2014, and ending June 30, 2023

Beginning with Fiscal Year 2024, the employer contributions will be actuarially determined.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

The actuarial valuations are conducted and reported by Gabriel Roeder Smith & Company. Copies of the valuations are available on the Retirement System’s website: rscd.org or at the Retirement System Office at 500 Woodward Avenue, Suite 3000, Detroit, MI 48226.

Assumptions, Methods and Additional Information

Actuarial Valuation Date	June 30, 2021
Pension Plan’s Fiscal Year Ending Date	June 30, 2022
Single Discount Rate	6.75%
Long-term Expected Rate of Return	6.75%
Net Pension Liability	\$911,864,450
Mortality Table Used	RP-2014 Blue Collar Annuitant Table
Service Credit Accruals	Service accruals stopped as of June 30, 2014 - Due to the freezing of the plan, pay was not assumed to increase in the future and no inflation assumption was utilized.
Unfunded Actuarial Accrued Liabilities	Actual employer contributions through June 30, 2023, are set by the Plan of Adjustment. The amortization period and method after 2023 has not yet been established by the Board.

The Actuarial Assumed rate of return is 6.75%.

Sensitivity of Net Position Liability to the Single Discount Rate Assumption

The following presents the net pension liability of the City, calculated using the discount rate of 6.50 percent as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percentage point higher than the current rate:

	1% Decrease 5.75%	Current Single 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 1,116,375,379	\$ 911,864,450	\$ 735,637,319

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

Membership by the Numbers as of June 30, 2022

Retirees and Beneficiaries	10,918
Inactive, Nonretired Members	2,633
Active plan members	1,850
Total	15,401

Schedule of Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$72,643,307	\$25,126,131	\$47,517,176	\$238,669,871	10.53%
2015	N/A	\$189,282,094	N/A	\$188,210,536	100.57%
2016	N/A	\$104,792,657	N/A	\$185,147,364	56.60%
2017	N/A	\$ 91,238,402	N/A	\$141,454,717	64.50%
2018	N/A	\$ 68,275,000	N/A	\$149,373,313	45.71%
2019	N/A	\$ 68,275,000	N/A	\$141,646,750	48.20%
2020	N/A	\$ 48,275,000	N/A	\$149,373,313	32.32%
2021	N/A	\$ 48,275,000	N/A	N/A	N/A
2022	N/A	\$ 48,275,000	N/A	N/A	N/A
2023	N/A	\$ 48,275,000	N/A	N/A	N/A

Note: The Actuarial Determined Contribution does not apply at this time due to the Plan of Adjustment dictated by the bankruptcy.

The average annual retirement allowance from the Hybrid Plan is \$2,624.55 and the average annual allowance from the Legacy Plan is \$19,969.55.

The total annual retirement allowance paid from the Hybrid Plan is \$1,816,188 and the annual total allowance from the Legacy Plan is \$218,027,543.

Long-term wage inflation as of 6/30/14 is assumed at 2% for the first five years, 2.5% for the next five years and 3% thereafter.

There is no smoothing utilized due to the bankruptcy.

The Hybrid Plan's amortization period and method after 2023 have not yet been established.

The Legacy Plan's amortization method for the period subsequent to the 10 year period ending 6/30/2023 has not been established.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

Contribution Requirements

The employer contributions for Fiscal Years 2015 to 2023 were set by the Plan of Adjustment. Subsequent to the POA, the DIA entered into an agreement to pay part of its contribution requirement to the General Retirement Plan in a single lump sum payment in 2016. Further, in August 2016 the City modified all of its outstanding UTGO Stub Bonds. The current contribution schedule is as follows:

For DWSD Liabilities

Fiscal Year	DWSD	Transfers	Foundation for Detroit's Future	Other	Transfers from DWSD	Total
2018	\$45,400,000	(\$2,500,000)	\$400,000	\$22,500,000	\$2,500,000	\$68,300,000
2019	\$45,400,000	(\$2,500,000)	\$400,000	\$22,500,000	\$2,500,000	\$68,300,000
2020	\$45,400,000	(\$2,500,000)	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
2021	\$45,400,000	(\$2,500,000)	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
2022	\$45,400,000	(\$2,500,000)	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
2023	\$45,400,000	(\$2,500,000)	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
Total	\$272,400,000	(\$15,000,000)	\$2,400,000	\$55,000,000	\$15,000,000	\$329,800,000

Beginning with Fiscal Year 2024, the employer contributions will be actuarially determined.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

STATEMENT OF FIDUCIARY NET POSITON

COMPONENT I

	<u>2023</u>	<u>2022</u>
Assets		
Cash and Cash Equivalents	\$ 19,321,255	\$ 14,876,255
Investments - At Fair Value	248,539,305	201,890,672
Accrued Investment Income	241,430	272,929
Receivables from Investment Sales	149,974	168,342
Other accounts receivable	5,096,100	3,709,163
Cash & Investments Held as Collateral for securities lending	7,325,738	8,023,839
Prepaid Expenses	10,793	-
Restricted Investments	555,024	689,376
Restricted Assets	<u>3,049,750</u>	<u>3,425,326</u>
 Total Assets	 <u>\$ 284,289,369</u>	 <u>\$ 233,055,902</u>
Liabilities		
Accrued Expenses	277,055	1,490,942
Payables for Investment Purchases	204,436	159,407
Amounts Due Brokers Under Securities Lending Arrangements	7,174,427	7,890,760
Due to City of Detroit		
Other Liabilities	<u>858,221</u>	<u>928,449</u>
 Total Liabilities	 <u>8,514,139</u>	 <u>10,469,558</u>
 Net Position - Restricted for Pensions	 <u>\$ 275,775,230</u>	 <u>\$ 222,586,344</u>

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

COMPONENT I

	2023	2022
Additions		
Investment Income		
Interest and Dividends	\$ 5,422,485	\$ 4,625,270
Net Increase (Decrease) in Fair Value of Investments	8,497,293	(17,366,479)
Less Investment Expense	(1,283,068)	(1,151,622)
Net Investment Income (Loss)	12,636,710	(13,892,831)
Securities Lending Income		
Interest and Dividends	90,144	23,782
Net Unrealized Gain On Collateralized Securities	(9,097)	11,108
Net Securities Lending Income	81,047	34,890
Contributions:		
Employer	15,126,876	15,689,188
Employee	18,737,570	16,110,403
Total Contributions	33,864,446	31,799,591
Transfer from Component II to Component I (Note 9)	15,592,259	
Other Income	50,396	40,981
Total Additions - Net	62,224,858	17,982,631
Deductions		
Retirees' Pension and Annuity Benefits	1,816,188	1,463,041
Member Refunds and Withdrawals	5,197,344	5,932,688
General and Administrative Expenses	2,022,440	1,894,415
Total Deductions	9,035,972	9,290,144
Net Increase in Net Position Held in Trust	53,188,886	8,692,487
Net Position Restricted for Pensions - Beginning of Year	222,586,344	213,893,857
Net Position Restricted for Pensions - End of Year	\$ 275,775,230	\$ 222,586,344

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

STATEMENT OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

COMPONENT I

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability			
Service Cost	\$ 22,742,191	\$ 27,040,658	\$ 25,208,118
Interest	14,296,616	14,050,863	12,218,430
Difference Between Expected And Actual Experience	(6,162,346)	(18,137,902)	(10,183,406)
Assumption Changes	(278,694)	(22,668,570)	14,453,739
Benefit Terms Changes	3,617,374		
Voluntary Employee Contributions	6,588,107	5,691,594	5,183,291
Benefits Payments, Including Refunds	<u>(7,013,532)</u>	<u>(7,395,729)</u>	<u>(5,118,404)</u>
Net Change in Total Pension Liability	33,789,716	(1,419,086)	41,761,768
Total Pension Liability- Beginning of Year	<u>208,697,086</u>	<u>210,116,172</u>	<u>168,354,404</u>
Total Pension Liability- End of Year	<u>\$ 242,486,802</u>	<u>\$ 208,697,086</u>	<u>\$ 210,116,172</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 15,126,876	\$ 15,689,188	\$ 11,690,984
Contributions - Employee	12,149,463	10,418,809	9,333,975
Net Investment Income (Loss)	12,717,757	(13,857,941)	41,527,492
Administrative Expenses	(2,022,440)	(1,894,415)	(1,316,430)
Voluntary Contributions	6,588,107	5,691,594	5,183,291
Benefit Payments, Including Refunds of Mandatory Contributions	(4,621,285)	(4,058,032)	(2,743,760)
Benefit Payments, Including Refunds of Voluntary Contributions	(2,392,247)	(3,337,697)	(2,374,644)
Other	<u>15,642,655</u>	<u>40,981</u>	<u>32,244</u>
Net Change in Plan Fiduciary Net Position	53,188,886	8,692,487	61,333,152
Plan Fiduciary Net Position - Beginning of Year	<u>222,586,344</u>	<u>213,893,857</u>	<u>152,560,705</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 275,775,230</u>	<u>\$ 222,586,344</u>	<u>\$ 213,893,857</u>
Net Pension Liability	<u>\$ (33,288,428)</u>	<u>\$ (13,889,258)</u>	<u>\$ (3,777,685)</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	113.73%	106.66%	101.80%
Covered Employee Payroll	\$ 293,017,696	\$ 260,683,104	\$ 233,681,019
Net Pension Liability as a Percent of Covered Employee Payroll	-11.36%	-5.33%	-1.62%

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT I

PROFESSIONAL SERVICES	\$	84,991
WAGES & BENEFITS		624,904
INSURANCE PREMIUMS		139,269
LEGAL FEES		145,812
IT CONTRACTUAL FEES		135,791
AUDIT		69,574
AMORTIZATION EXPENSE		98,895
INTEREST EXPENSE - GASB87		45,238
NON-CAPITALIZED BLDG LEASE EXP (CAM & TAX)		10,062
DUES & SUBSCRIPTIONS		1,383
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		9,580
REPAIR & MAINTENANCE		124,998
PAYROLL PROCESSING FEES		130,243
ACTUARIAL		83,614
TRAVEL & TRAINING		8,764
STORAGE		25,988
MEDIA CONSULTING/PUBLIC RELATIONS		625
UTILITIES		7,956
TRUSTEE EXPENSES		6,280
POSTAGE AND MAILING		4,492
TRUSTEE STIPENDS		29,563
PRINTING		2,841
TRUSTEE ELECTION EXPENSE		3,761
OFFICE SUPPLIES		3,733
MEDICAL / DISABILITY EXAMS		-
INTERNET SERVICE PROVIDER		4,567
PARKING EXPENSE		7,258
BANK SERVICE CHARGES		(2,846)
OTHER EXPENSES		5,552
BOARD ADMINISTRATIVE EXPENSES		1,783
OFFICE EQUIPMENT & FURNITURE		1,640
DEPRECIATION		206,128
		<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	2,022,440

No soft dollar cost used.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

STATEMENT OF FIDUCIARY NET POSITION

COMPONENT II

	Defined Benefit Plan <u>2023</u>	Income Stabilization Fund <u>2023</u>	<u>Total</u>	Total <u>2022</u>
Assets				
Cash and Cash Equivalents	\$ (5,517,641)	\$ 406,246	\$ (5,111,395)	\$ 29,252,987
Investments - At Fair Value	1,322,424,240	12,663,905	1,335,088,145	1,407,079,584
Accrued Investment Income	2,173,117	16,966	2,190,083	2,399,023
Receivables from Investment Sales	1,700,611	12,464	1,713,075	1,734,092
ASF Recoupment Receivable	93,180,996	-	93,180,996	95,719,734
Other Accounts Receivable	184,371	1,098	185,469	172,717
Notes Receivable from Participants	2,154,243	-	2,154,243	2,491,580
Cash & Investments Held as Collateral for securities lending	41,621,049	384,786	42,005,835	57,104,728
Prepaid Expenses	14,307			
Restricted Assets	4,918,883	38,483	4,957,366	6,472,845
Capital Assets	4,042,692	-	4,042,692	3,803,811
Total Assets	<u>\$ 1,466,896,868</u>	<u>\$ 13,523,948</u>	<u>\$ 1,480,406,509</u>	<u>\$ 1,606,231,101</u>
Liabilities				
Accrued Expenses	3,804,939	13,258	3,818,197	4,044,713
Payables for Investment Purchases	2,055,848	15,829	2,071,677	1,721,962
Amounts Due Brokers Under Securities Lending Arrangements	40,761,376	376,839	41,138,215	56,157,615
Due to City of Detroit	527,783	-	527,783	354,457
Other Liabilities	1,137,642	-	1,137,642	1,230,735
Total Liabilities	<u>48,287,588</u>	<u>405,926</u>	<u>48,693,514</u>	<u>63,509,482</u>
Net Position - Restricted for Pensions	<u>\$ 1,418,609,280</u>	<u>\$ 13,118,022</u>	<u>\$ 1,431,712,995</u>	<u>\$ 1,542,721,619</u>

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

COMPONENT II

	Defined Benefit Plan 2023	Income Stabilization Fund 2023	Total	Total 2022
Additions				
Investment Income				
Interest and Dividends	\$ 34,714,312	\$ 302,199	\$ 35,016,511	\$ 37,041,717
Net Increase (Decrease) in Fair Value of Investments	53,781,537	464,120	54,245,657	(131,805,863)
Less Investment Expense	(7,851,493)	(69,736)	(7,921,229)	(8,936,290)
Net Investment Income (Loss)	80,644,356	696,583	81,340,939	(103,700,436)
Securities Lending Income				
Interest and Dividends	379,167	4,062	383,229	190,674
Net Unrealized Gain On Collateralized Securities	(51,687)	(478)	(52,165)	(129,065)
Net Securities Lending Income	327,480	3,584	331,064	61,609
Contributions:				
Employer	47,900,000	-	47,900,000	47,900,000
Employee	6,252	-	6,252	-
Foundations	375,000	-	375,000	375,000
Total Contributions	48,281,252	-	48,281,252	48,275,000
ASF Recoupment Interest	5,509,059	-	5,509,059	5,775,503
Other Income	2,092,008	556	2,092,564	253,064
Total Additions - Net	136,854,155	700,723	137,554,878	(49,335,260)
Deductions				
Retirees' Pension and Annuity Benefits	217,569,518	458,025	218,485,568	223,243,817
Member Refunds and Withdrawals	10,869,397	-	10,869,397	13,796,354
Transfer to Component I from Component II (Note 9)	15,992,259	-	15,992,259	-
General and Administrative Expenses	2,680,907	-	2,680,907	2,541,080
ASF recoupment write-off	1,379,089	-	1,379,089	1,221,731
Total Deductions	248,491,170	458,025	249,407,220	240,802,982
Net Increase (Decrease) in Net Position Held in Trust	(111,237,015)	242,698	(111,852,342)	(290,138,242)
Net Position Restricted for Pensions - Beginning of Year	1,529,846,295	12,875,324	1,542,721,619	1,832,859,861
Net Position Restricted for Pensions - End of Year	\$ 1,418,609,280	\$ 13,118,022	\$ 1,430,869,277	\$ 1,542,721,619

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

COMPONENT II

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	157,105,662	168,079,194	182,140,105	192,888,245
Changes in Benefit Terms	-	-	-	-
Difference Between Expected And Actual Experience	(27,014,766)	(12,568,209)	(59,232,849)	(55,836,749)
Assumption Changes	(1,789,161)	(181,357,524)	119,876,694	67,677,535
Benefit Payments, Including Refunds	<u>(228,438,915)</u>	<u>(236,552,949)</u>	<u>(237,123,777)</u>	<u>(239,881,652)</u>
Net Change in Total Pension Liability	<u>(100,137,180)</u>	<u>(262,399,488)</u>	<u>5,660,173</u>	<u>(35,152,621)</u>
Total Pension Liability- Beginning of Year	<u>2,441,710,745</u>	<u>2,704,110,233</u>	<u>2,698,450,060</u>	<u>2,733,602,681</u>
Total Pension Liability- End of Year	<u>\$ 2,341,573,565</u>	<u>\$ 2,441,710,745</u>	<u>\$ 2,704,110,233</u>	<u>\$ 2,698,450,060</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 48,281,252	\$ 48,275,000	\$ 48,275,000	\$ 48,275,000
Contributions - State and Foundation	-	-	-	-
Contributions - Employee	-	-	-	-
Net Investment Income (Loss)	80,971,836	(102,790,030)	406,977,916	(14,002,111)
Administrative Expenses	(2,680,907)	(2,541,080)	(1,987,194)	(2,351,273)
Benefit Payments, including refunds	(228,438,915)	(236,552,949)	(237,123,777)	(239,881,652)
Other Additions - Includes ASF Recoupment	<u>(9,370,281)</u>	<u>4,806,056</u>	<u>6,405,364</u>	<u>5,155,198</u>
Net Change in Plan Fiduciary Net Position	<u>(111,237,015)</u>	<u>(288,803,003)</u>	<u>222,547,309</u>	<u>(202,804,838)</u>
Plan Fiduciary Net Position - Beginning of Year	<u>1,529,846,295</u>	<u>1,818,649,298</u>	<u>1,596,101,989</u>	<u>1,798,906,827</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 1,418,609,280</u>	<u>\$ 1,529,846,295</u>	<u>\$ 1,818,649,298</u>	<u>\$ 1,596,101,989</u>
Net Pension Liability	<u>\$ 922,964,285</u>	<u>\$ 911,864,450</u>	<u>\$ 885,460,935</u>	<u>\$ 1,102,348,071</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	60.58%	62.65%	67.25%	59.15%
Covered Employee Payroll	\$ -	\$ -	\$ 102,653,636	\$ 111,124,304
Net Pension Liability as a Percent of Covered Employee Payroll	0.00%	1097.25%	862.57%	992.00%

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT II

PROFESSIONAL SERVICES	\$	112,663
WAGES & BENEFITS		828,360
INSURANCE PREMIUMS		184,612
LEGAL FEES		193,286
IT CONTRACTUAL FEES		180,002
AUDIT		92,226
OFFICE REPAIR & MAINTENANCE		17,812
AMORTIZATION EXPENSE		131,093
INTEREST EXPENSE - GASB87		59,966
NON-CAPITALIZED BLDG LEASE EXP (CAM & TAX)		13,338
TAX DUES & SUBSCRIPTIONS		1,833
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		12,699
REPAIR & MAINTENANCE		147,884
PAYROLL PROCESSING FEES		172,647
ACTUARIAL		110,837
TRAVEL & TRAINING		11,618
STORAGE		34,448
MEDIA CONSULTING/PUBLIC RELATIONS		829
UTILITIES		10,546
TRUSTEE EXPENSES		8,324
POSTAGE AND MAILING		5,955
TRUSTEE STIPENDS		39,188
PRINTING		3,767
TRUSTEE ELECTION EXPENSE		4,986
OFFICE SUPPLIES		4,949
MEDICAL / DISABILITY EXAMS		0
INTERNET SERVICE PROVIDER		6,054
PARKING EXPENSE		9,621
BANK SERVICE CHARGES		(3,773)
OTHER EXPENSES		7,360
BOARD ADMINISTRATIVE EXPENSES		2,363
OFFICE EQUIPMENT & FURNITURE		2,175
DEPRECIATION		273,240
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TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	2,680,907
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No soft dollar cost used.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

BUDGET

COMPONENT I AND COMPONENT II

Investment Consultant Fees	\$	8,550,000
Total Budgeted Investment Consulting Fees	\$	8,550,000
Professional Services	\$	1,000,000
Wages & Benefits		1,848,516
Insurance Premiums		430,000
Legal Non-Investment		375,000
Contract Services		331,750
Audit, Benefit & Annual Reports		225,000
Dues & Subscription		5,500
Computer Supplies, Equipment & Serv		27,000
Office Repairs and Maintenance & Software		305,000
Payroll Processing Fee		217,000
Actuarial		254,307
Travel and Education		135,000
Storage		60,000
Media Consulting/Public Relations		39,000
Utilities		25,000
Trustee Expense		35,500
Postage & Mailing		40,000
Trustee Stipends		68,500
Printing		10,000
Trustee Election Expense		35,000
Office Supplies		17,500
Medical		5,400
Internet Service Provider		15,000
Parking Expense		20,000
Bank Service Charge		5,000
Other Expense		12,000
Board Administrative Expenses		5,000
Office Equipment & Furniture		25,000
Depreciation		82,500
Amortization Expense		295,000
Interest Expense - GASB87		125,000
Non-Capitalized Bldg Lease Expense (CAM & Tax)		30,000
Total General & Administrative Budget	\$	6,104,473
Total Budgeted Expenses	\$	14,654,473

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

OTHER INFORMATION SECTION

SERVICE PROVIDERS

COMPONENT I AND COMPONENT II

360 Life Safety	Metcom
500 Webward, LLC	Metropolis Parking
8x8, Inc.	Money-Media, Inc.
Accident Fund Insurance Co. of America	MSCI, Inc.
Accusoft Pegasus	Nasdaq Corporation Solutions, LLC
ADP	NASP
Allegra Marketing	NBS Commercial Interiors
American Arbitration Association	NCPERS
Ascension Michigan	NEPC, LLC
Avalon Technologies, Inc.	Northstar Life Services
Avanade Inc.	ODP Business Solutions, LLC
Bloomberg Finance LP	Open Text, Inc.
Canon Solutions America, Inc.	Peernet, Inc.
CDW Government	Pension Benefit Information LLC (PBI)
Cintas Corporation	Planet Technologies, Inc.
Clark Hill, PLC	Plante & Moran
Cogent Communications, Inc.	Procentia, Inc.
Comcast	Public Pension Financial Forum
Crain's Detroit Business	Quadient Leasing USA, Inc. (fka MailFinance)
Crestwood Associates, LLC	Quill Corporation
Dell Marketing, LP	Republic Underwriters
Easy Verification, Inc.	Revel Solutions LLC
Eternal Security Services	Revize LLC
F. Logan Davidson, PC	Ricoh
Fedex	Rock Security, LLC
First Choice Coffee Services	Scantron
Frank Russell Company	Smartsheet, Inc.
Gabriel, Roeder, Smith & Co.	Stericycle, Inc fka Shred-It USA
Government Finance Officers Assn (GFOA)	Teamviewer Germany GmbH
Graphic Sciences, Inc.	The Hartford
Great Lakes Electronics Corporation	TransUnion Risk & Alt Data Solutions, Inc. (TLOxp)
Headsets.com, Inc.	Truscott Rossman Group LLC
Hudson & Muma, Inc.	UHY, Advisors
International Foundation of Employee Benefits (IFEBC)	United States Postal Service
Iron Mountain	VanOverbeke, Michaud & Timmony, PC
KJK Associates, LLC	Veriato
KnowBe4, Inc.	Verizon Wireless
KPMG Limited	Wells Fargo Vendor Financial Svcs, LLC
Laforce, Inc. (fka Electronic Security Systems, Inc.)	Xerox
MAPERS	
Melissa Data Corp	
Metasource, LLC	

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

OTHER INFORMATION SECTION

MEMBER LOAN PROGRAM

COMPONENT I AND COMPONENT II

July 1, 2022 – June 30, 2023

COMPONENT I - For the year ended June 30, 2023, the program made loans totaling \$ 739,077. There were 163 new Hybrid loans.

COMPONENT II - For the year ended June 30, 2023, the program made loans totaling \$795,542. There were 132 new Legacy loans.

Payments received during the fiscal year including interest total \$1,219,581.25 for component II and \$356,237.10 for component I. The combined value of the outstanding loans for component I and component II on June 30, 2023, is reported at \$3,172,896.13.

The General Retirement System of the City of Detroit believes the interest received is sufficient to cover the costs of administering the Loan Program.

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

OTHER INFORMATION SECTION

TRAVEL SUMMARY REPORT

COMPONENT I AND COMPONENT II

July 1, 2022 –June 30, 2023

GENERAL RETIREMENT SYSTEM														
Travel Summary July 1, 2022 - June 30, 2023														
NAME	REASON/CONFERENCE	LOCATION	DATE	COST										
				REGISTRATION	TRANSPORTATION	LODGING	VEHICLE RENTAL	MEALS	MISC PER DIEM	TOTAL	HOTEL	LEASE AGENT	AUTO TYPE	AIRLINE
David Sowerby	Entrust Conference	New York, NY	October 17-19, 2022		\$ 582.20	\$ 828.60	\$ 66.90	\$ 150.00	\$ 45.00	\$ 1,672.70	Sheraton			Delta
June Nickleberry	NEPC Investment Conference	Boston, MA	May 8-10, 2023		\$ 322.80	\$ 336.64	\$ 147.64	\$ 150.00	\$ 45.00	\$ 1,002.08	Comfort Inn			Delta
Total				\$ -	\$ 905.00	\$ 1,165.24	\$ 214.54	\$ 300.00	\$ 90.00	\$ 2,674.78				