



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

COMPONENT I and COMPONENT II

SUMMARY ANNUAL REPORT
For the Fiscal Year Ended June 30, 2020



GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

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

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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, 2020.

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, 2020, 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's net investment loss for the year ended June 30, 2020, totaled \$16,654,059 with a rate of return of -.78 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	37%
Global Fixed Income	27%
Real Estate/Real assets	15%
Private Equity	8%
Hedge Funds	5%
Diversifying strategies	8%

Historical Asset Class Performance By Calendar Year, As of 12/31/19 (Net of Fees)

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total GRS Plan	16.1%	7.7%	6.7%
Domestic Equity	31.0%	14.3%	10.8%
International Equity	22.5%	11.2%	6.5%
Fixed Income	8.8%	5.0%	3.6%
Hedges Funds	5.0%	1.6%	1.7%
Private Equity	-12.5%	-10.2%	-2.8%
Diversifying Strategies	NA	NA	NA
Real Estate	8.3%	6.3%	9.0%

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, 2019
Pension Plan's Fiscal Year Ending Date	June 30, 2020
Single Discount Rate	7.06%
Long-term Expected Rate of Return	7.06%
Net Pension Liability	\$15,793,699
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 7.06 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 <u>6.06%</u>	Current Single <u>7.06%</u>	1% Increase <u>8.06%</u>
Net Pension Liability	<u>\$ 39,344,149</u>	<u>\$ 15,793,699</u>	<u>\$ (3,268,972)</u>

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ACTUARIAL & STATISTICAL SECTION

COMPONENT I

Membership by the Numbers as of June 30, 2019

Inactive plan members or beneficiaries currently receiving benefits	314
Inactive plan members - Legacy Disabled Members	123
Inactive plan members entitled to but not receiving benefits	838
Active Members	5,794
Total Plan Members	<u>7,069</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%

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, 2019
Pension Plan’s Fiscal Year Ending Date	June 30, 2020
Single Discount Rate	7.06%
Long-term Expected Rate of Return	7.06%
Net Pension Liability	\$1,102,348,071
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 7.06 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 6.06%	Current Single 7.06%	1% Increase 8.06%
Net Pension Liability	\$ 1,337,170,340	\$ 1,102,348,071	\$ 901,292,510

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

Membership by the Numbers at June 30, 2019

Retirees and Beneficiaries	11,557
Inactive, Nonretired Members	2,779
Active plan members	<u>2,793</u>
Total	<u><u>17,129</u></u>

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%

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 \$1,673.40 and the average annual allowance from the Legacy Plan is \$19,997.16.

The total annual retirement allowance paid from the Hybrid Plan is \$731,280 and the annual total allowance from the Legacy Plan is \$231,107,270.

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>2020</u>	<u>2019</u>
Assets		
Cash and Cash Equivalents	\$ 63,276,170	\$ 49,781,983
Investments - At Fair Value	85,882,169	76,816,318
Accrued Investment Income	88,413	32,051
Receivables from Investment Sales	184,954	528,911
Other accounts receivable	2,682,037	3,045,433
Cash & Investments Held as Collateral for securities lending	5,958,490	5,968,399
Restricted Assets	<u>1,219,936</u>	<u>-</u>
Total Assets	<u>\$ 159,292,169</u>	<u>\$ 136,173,095</u>
Liabilities		
Accrued Expenses	737,448	354,038
Payables for Investment Purchases	109,000	423,337
Amounts Due Brokers Under Securities Lending Arrangements	5,885,016	5,131,808
Due to City of Detroit		
Other Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,731,464</u>	<u>5,909,183</u>
Net Position - Restricted for Pensions	<u>\$ 152,560,705</u>	<u>\$ 130,263,912</u>

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

COMPONENT I

	2020	2019
Additions		
Investment Income		
Interest and Dividends	\$ 4,333,132	\$ 1,835,031
Net Increase (Decrease) in Fair Value of Investments	(5,965,876)	2,044,111
Less Investment Expense	(605,371)	(634,863)
Net Investment Income (Loss)	(2,238,115)	3,244,279
Securities Lending Income		
Interest and Dividends	32,805	25,740
Net Unrealized Gain On Collateralized Securities	(10,857)	843
Net Securities Lending Income	21,948	26,583
Contributions:		
Employer	12,515,861	12,205,699
Employee	15,929,752	15,570,185
Total Contributions	28,445,613	27,775,884
Transfer from Component II to Component I (Note 9)	1,178,130	9,015,677
Other Income	59,483	50,611
Total Additions - Net	27,467,059	40,113,034
Deductions		
Retirees' Pension and Annuity Benefits	731,280	518,565
Member Refunds and Withdrawals	2,898,553	3,020,819
General and Administrative Expenses	1,540,433	1,942,064
Total Deductions	5,170,266	5,481,448
Net Increase in Net Position Held in Trust	22,296,793	34,631,586
Net Position Restricted for Pensions - Beginning of Year	130,263,912	95,632,326
Net Position Restricted for Pensions - End of Year	\$ 152,560,705	\$ 130,263,912

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>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability			
Service Cost	\$ 22,532,002	\$ 20,171,596	\$ 17,056,732
Interest	10,270,622	7,531,400	5,438,061
Difference Between Expected And Actual Experience	(7,464,424)	7,556,858	4,546,865
Assumption Changes	6,518,200	-	(5,758,189)
Voluntary Employee Contributions	5,723,982	5,804,274	5,302,650
Benefits Payments, Including Refunds	<u>(3,629,833)</u>	<u>(3,539,384)</u>	<u>(2,390,592)</u>
Net Change in Total Pension Liability	33,950,549	37,524,744	24,195,527
Total Pension Liability- Beginning of Year	<u>134,403,855</u>	<u>96,879,111</u>	<u>72,683,584</u>
Total Pension Liability- End of Year	<u>\$ 168,354,404</u>	<u>\$ 134,403,855</u>	<u>\$ 96,879,111</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 12,515,861	\$ 12,205,699	\$ 14,673,644
Contributions - Employee	10,205,770	9,765,911	8,837,967
Net Investment Income (Loss)	(2,216,167)	3,270,862	8,445,590
Administrative Expenses	(1,540,433)	(1,942,064)	(2,171,693)
Voluntary Contributions	5,723,982	5,804,274	5,302,650
Benefit Payments, Including Refunds of Mandatory Contributions	(2,048,198)	(1,920,550)	(1,308,550)
Benefit Payments, Including Refunds of Voluntary Contributions	(1,581,635)	(1,618,834)	(1,082,042)
Other	<u>1,237,613</u>	<u>9,066,288</u>	<u>12,436</u>
Net Change in Plan Fiduciary Net Position	22,296,793	34,631,586	32,710,002
Plan Fiduciary Net Position - Beginning of Year	<u>130,263,912</u>	<u>95,632,326</u>	<u>62,922,324</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 152,560,705</u>	<u>\$ 130,263,912</u>	<u>\$ 95,632,326</u>
Net Pension Liability	<u>\$ 15,793,699</u>	<u>\$ 4,139,943</u>	<u>\$ 1,246,785</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	90.62%	96.92%	98.71%
Covered Employee Payroll	\$ 245,732,111	\$ 224,726,503	\$ 246,173,916
Net Pension Liability as a Percent of Covered Employee Payroll	6.43%	1.84%	0.51%

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT I

PROFESSIONAL SERVICES	\$	83,511
WAGES & BENEFITS		496,277
INSURANCE PREMIUMS		123,189
LEGAL FEES		118,443
IT CONTRACTUAL FEES		103,547
AUDIT		61,898
RENT EXPENSE		127,786
DUES & SUBSCRIPTIONS		965
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		57,804
REPAIR & MAINTENANCE		30,898
PAYROLL PROCESSING FEES		145,097
ACTUARIAL		78,881
TRAVEL & TRAINING		7,472
STORAGE		20,166
MEDIA CONSULTING/PUBLIC RELATIONS		2,592
UTILITIES		7,894
TRUSTEE EXPENSES		7,848
POSTAGE AND MAILING		3,775
TRUSTEE STIPENDS		26,623
PRINTING		2,945
IMAGING		-
TRUSTEE ELECTION EXPENSE		3,371
OFFICE SUPPLIES		3,943
MEDICAL / DISABILITY EXAMS		100
INTERNET SERVICE PROVIDER		4,600
PARKING EXPENSE		5,163
BANK SERVICE CHARGES		381
OTHER EXPENSES		329
BOARD ADMINISTRATIVE EXPENSES		1,350
OFFICE EQUIPMENT		13,586
		<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	1,540,433
		<hr/> <hr/>

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>2020</u>	Income Stabilization Fund <u>2020</u>	<u>Total</u>	<u>Total</u> <u>2019</u>
Assets				
Cash and Cash Equivalents	\$ 26,869,408	\$ 1,881,222	\$ 28,750,630	\$ 53,378,994
Investments - At Fair Value	1,464,526,813	9,803,540	1,474,330,353	1,654,098,150
Accrued Investment Income	1,632,939	10,722	1,643,661	906,398
Receivables from Investment Sales	2,240,426	16,090	2,256,516	8,516,187
ASF Recoupment Receivable	99,368,970	-	99,368,970	101,914,441
Other Accounts Receivable	169,695	470	170,165	73,872
Notes Receivable from Participants	3,423,874	-	3,423,874	3,948,146
Cash & Investments Held as Collateral for securities lending	65,263,755	480,409	65,744,164	82,508,892
Restricted Assets	-	-	-	-
Capital Assets	<u>1,849,037</u>	<u>-</u>	<u>1,849,037</u>	<u>1,197,282</u>
Total Assets	<u><u>\$ 1,665,344,917</u></u>	<u><u>\$ 12,192,453</u></u>	<u><u>\$ 1,677,537,370</u></u>	<u><u>\$ 1,906,542,362</u></u>
Liabilities				
Accrued Expenses	2,372,025	5,267	2,377,292	4,894,452
Payables for Investment Purchases	2,058,350	13,127	2,071,477	7,296,263
Amounts Due Brokers Under Securities Lending Arrangements	64,458,980	474,484	64,933,464	81,554,142
Due to City of Detroit	353,573	-	353,573	1,508,399
Other Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>69,242,928</u></u>	<u><u>492,878</u></u>	<u><u>69,735,806</u></u>	<u><u>95,253,256</u></u>
Net Position - Restricted for Pensions	<u><u>\$ 1,596,101,989</u></u>	<u><u>\$ 11,699,575</u></u>	<u><u>\$ 1,607,801,564</u></u>	<u><u>\$ 1,811,289,106</u></u>

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

COMPONENT II

	Defined Benefit Plan 2020	Income Stabilization Fund 2020	Total	Total 2019
Additions				
Investment Income				
Interest and Dividends	\$ 60,294,369	\$ 417,886	\$ 60,712,255	\$ 34,543,288
Net Increase (Decrease) in Fair Value of Investments	(67,174,497)	(481,088)	(67,655,585)	21,705,562
Less Investment Expense	(7,420,204)	(52,410)	(7,472,614)	(9,230,584)
Net Investment Income (Loss)	(14,300,332)	(115,612)	(14,415,944)	47,018,266
Securities Lending Income				
Interest and Dividends	417,143	2,941	420,084	481,111
Net Unrealized Gain On Collateralized Securities	(118,922)	(875)	(119,797)	13,398
Net Securities Lending Income	298,221	2,066	300,287	494,509
Contributions:				
Employer	47,900,000	-	47,900,000	67,900,000
Employee	-	-	-	-
Foundations	375,000	-	375,000	375,000
Total Contributions	48,275,000	-	48,275,000	68,275,000
ASF Recoupment Interest	6,214,543	-	6,214,543	6,437,967
Other Income	1,829,542	515	1,830,057	445,490
Total Additions - Net	42,316,974	(113,031)	42,203,943	122,671,232
Deductions				
Retirees' Pension and Annuity Benefits	230,537,597	569,673	231,107,270	235,752,819
Member Refunds and Withdrawals	9,344,055	-	9,344,055	13,636,284
Transfer to Component I from Component II (Note 9)	1,178,130	-	1,178,130	9,015,677
General and Administrative Expenses	2,351,273	-	2,351,273	3,023,939
ASF recoupment write-off	1,710,757	-	1,710,757	3,214,754
Total Deductions	245,121,812	569,673	245,691,485	264,643,473
Net Increase (Decrease) in Net Position Held in Trust	(202,804,838)	(682,704)	(203,487,542)	(141,972,241)
Net Position Restricted for Pensions - Beginning of Year	1,798,906,827	12,382,279	1,811,289,106	1,953,261,347
Net Position Restricted for Pensions - End of Year	<u>\$ 1,596,101,989</u>	<u>\$ 11,699,575</u>	<u>\$ 1,607,801,564</u>	<u>\$ 1,811,289,106</u>

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	192,888,245	195,489,643	192,359,745	201,919,236
Changes in Benefit Terms	-	-	-	-
Difference Between Expected And Actual Experience	(55,836,749)	13,596,902	34,154,327	(27,508,380)
Assumption Changes	67,677,535	-	(110,274,515)	76,925,957
Benefit Payments, Including Refunds	<u>(239,881,652)</u>	<u>(248,790,017)</u>	<u>(253,442,630)</u>	<u>(267,249,539)</u>
Net Change in Total Pension Liability	(35,152,621)	(39,703,472)	(137,203,073)	(15,912,726)
Total Pension Liability- Beginning of Year	<u>2,733,602,681</u>	<u>2,773,306,153</u>	<u>2,910,509,226</u>	<u>2,926,421,952</u>
Total Pension Liability- End of Year	<u>\$ 2,698,450,060</u>	<u>\$ 2,733,602,681</u>	<u>\$ 2,773,306,153</u>	<u>\$ 2,910,509,226</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 48,275,000	\$ 68,275,000	\$ 68,275,000	\$ 91,238,402
Contributions - State and Foundation	-	-	-	-
Contributions - Employee	-	-	-	-
Net Investment Income (Loss)	(14,002,111)	47,170,004	155,423,193	206,896,568
Administrative Expenses	(2,351,273)	(3,023,939)	(3,313,418)	(6,021,837)
Benefit Payments, including refunds	(239,881,652)	(248,790,017)	(253,442,630)	(267,249,539)
Other Additions - Includes ASF Recoupment	5,155,198	(5,347,863)	6,952,522	8,324,074
Net Change in Plan Fiduciary Net Position	<u>(202,804,838)</u>	<u>(141,716,815)</u>	<u>(26,105,333)</u>	<u>33,187,668</u>
Plan Fiduciary Net Position - Beginning of Year	<u>1,798,906,827</u>	<u>1,940,623,642</u>	<u>1,966,728,975</u>	<u>1,933,541,307</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 1,596,101,989</u>	<u>\$ 1,798,906,827</u>	<u>\$ 1,940,623,642</u>	<u>\$ 1,966,728,975</u>
Net Pension Liability	<u>\$ 1,102,348,071</u>	<u>\$ 934,695,854</u>	<u>\$ 832,682,511</u>	<u>\$ 943,780,251</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	59.15%	65.81%	69.98%	67.57%
Covered Employee Payroll	\$ 149,373,313	\$ 141,646,750	\$ 149,373,313	\$ 141,454,717
Net Pension Liability as a Percent of Covered Employee Payroll	737.98%	659.88%	557.45%	667.20%

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT II

PROFESSIONAL SERVICES	\$	125,266
WAGES & BENEFITS		744,416
INSURANCE PREMIUMS		184,784
LEGAL FEES		177,664
IT CONTRACTUAL FEES		155,321
AUDIT		92,847
RENT EXPENSE		191,679
DUES & SUBSCRIPTIONS		1,448
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		86,705
REPAIR & MAINTENANCE		46,346
PAYROLL PROCESSING FEES		217,645
ACTUARIAL		118,322
TRAVEL & TRAINING		11,208
STORAGE		30,250
MEDIA CONSULTING/PUBLIC RELATIONS		3,888
UTILITIES		11,841
TRUSTEE EXPENSES		11,771
POSTAGE AND MAILING		5,662
TRUSTEE STIPENDS		39,935
PRINTING		4,417
TRUSTEE ELECTION EXPENSE		5,057
OFFICE SUPPLIES		5,914
MEDICAL / DISABILITY EXAMS		150
INTERNET SERVICE PROVIDER		6,900
PARKING EXPENSE		7,744
BANK SERVICE CHARGES		571
OTHER EXPENSES		21,631
BOARD ADMINISTRATIVE EXPENSES		2,025
OFFICE EQUIPMENT & FURNITURE		20,379
DEPRECIATION		19,487

TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	2,351,273
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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	\$	8,750,000
Total Budgeted Investment Consulting Fees	\$	<u>8,750,000</u>
Professional Services	\$	1,250,000
Wages & Benefits		1,569,894
Insurance Premiums		450,000
Legal Non-Investment		450,000
Contract Services		310,000
Audit, Benefit & Annual Reports		300,000
Rental-Building		350,000
Dues & Subscription		25,000
Computer Supplies, Equipment & Serv		120,000
Office Repairs and Maintenance & Software		142,500
Payroll Processing Fee		430,000
Actuarial		325,000
Travel and Education		141,000
Storage		60,000
Media Consulting/Public Relations		39,000
Utilities		26,000
Trustee Expense		35,500
Postage & Mailing		37,000
Trustee Stipends		65,000
Printing		20,000
Trustee Election Expense		17,000
Office Supplies		12,500
Medical		5,400
Internet Service Provider		16,380
Parking Expense		20,000
Bank Service Charge		7,500
Other Expense		12,000
Office Equipment & Furniture		25,000
Depreciation		<u>82,500</u>
Total General & Administrative Budget	\$	<u>6,344,174</u>
Total Budgeted Expenses	\$	<u><u>15,094,174</u></u>

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

OTHER INFORMATION SECTION

SERVICE PROVIDERS

COMPONENT I AND COMPONENT II

500 Webward, LLC	Metcom
8x8, Inc.	Micro Center
Accident Fund Insurance Co. of America	Miller Law
Accusoft Pegasus	MSCI, Inc.
ADP	Nasdaq Corporation Solutions, LLC
Allegra Marketing	NCPERS
American Arbitration Association	Neopost
Ascension Michigan at Work	NEPC, LLC
Association for Talent Development	New Center Plumbing & Heating, Inc.
Asysco	Northstar Life Services
Bloomberg Finance LP	Office Depot
Canon Solutions America, Inc.	Open Text
CDW Government	Paylocity
Chrysalis Consulting LLC	Peernet, Inc.
Cintas Corporation	Pension Benefit Information LLC (PBI)
Clark Hill, PLC	Planet Technologies, Inc.
Cogent Communications, Inc.	Plante & Moran
Comcast	Premier Parking (fka Ultimate Parking)
Couzens, Lansky, Fealk, Ellis, PC	Procentia, Inc.
Crain's Detroit Business	Quadient Leasing USA, Inc. (fka MailFinance)
Creative Breakthroughs, Inc.	Qualstar Corporation
Crestwood Associates, LLC	Quill Corporation
Datawatch Corp.	Racine & Associates
Dell Marketing, LP	Rehmann Technology Solutions LLC (fka Trivalent)
Direct TV	Republic Underwriters
Easy Verification, Inc.	Revize LLC
F. Logan Davidson, PC	Ricoh
Fedex	RSC US LLP
First Choice Coffee Services	Scantron
Frank Russell Company	Shred-It USA
Gabriel, Roeder, Smith & Co.	Smartsheet, Inc.
Government Finance Officers Assn (GFOA)	Society for Human Resource Management
Headsets.com, Inc.	Stout Risius Ross, Inc.
Hudson & Muma, Inc.	The Hartford
International Foundation of Employee Benefits	The Townsend Group
Iron Mountain Records Management	TransUnion Risk & Alt Data Solutions, Inc. (TLOxp)
K&F Associates (fka Tape4backup.com)	Truscott Rossman Group LLC
KJK Associates, LLC	UHY, Advisors
KPMG Limited	United States Postal Service
Laforce, Inc. (fka Electronic Security Systems, Inc.)	VanOverbeke, Michaud & Timmony, PC
Liebert Services / Vertiv	Veriato
Mad Dog Professional Services	Verizon Wireless
MAPERS	Wells Fargo Vendor Financial Svcs, LLC
Melissa Data Corp	Xerox
Metasource, LLC	

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

OTHER INFORMATION SECTION

MEMBER LOAN PROGRAM

COMPONENT I AND COMPONENT II

July 1, 2019 – June 30, 2020

COMPONENT I - No member loan activity.

COMPONENT II - For the year ended June 30, 2020, the program made 188 loans totaling \$1,141,875. The cost of administering the loan program is approximately \$5,000 for the year.

Payments received during the fiscal year including interest total \$1,806,803.20. The value of the outstanding loans at June 30, 2020, is reported at \$3,423,874.38.

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, 2019 – June 30, 2020

GENERAL RETIREMENT SYSTEM													
Travel Summary July 1, 2019 - June 30, 2020													
NAME	REASON/CONFERENCE	LOCATION	DATE	COST									
				REGISTRATION	TRANSPORTATION	LODGING	VEHICLE RENTAL	MEALS	TOTAL	HOTEL	LEASE AGENT	AUTO TYPE	AIRLINE
Thomas Sheehan	IFEBP 65th Ann EB Conf	San Diego, CA	Oct 19-22, 2019	1,595.00	\$ 758.66	\$ 1,061.37		\$ 360.00	\$3,775.03	Marriot			Delta
Scott Benson	IFEBP 65th Ann EB Conf	San Diego, CA	Oct 18-23, 2019	2,745.00	\$ 758.60	\$ 806.50	\$ 85.61	\$ 540.00	\$4,935.71	Little Italy		Hertz-Malibu	Delta
Jermaine Brown	IFEBP 65th Ann EB Conf	San Diego, CA	Oct 19-24, 2019	1,595.00	\$ 595.78	\$ 1,459.45		\$ 540.00	\$4,190.23	Kimpton			Spirit
Tasha L. Cowan	IFEBP 65th Ann EB Conf	San Diego, CA	Oct 19-24, 2019	1,595.00	\$ 600.80	\$ 1,121.90		\$ 540.00	\$3,857.70	Wyndham			Delta