



Summary Annual Report

Our Future

Our Focus



For the Plan Year Ending September 30, 2020

RETIREMENT COMMISSION
EMPLOYEE MEMBERS

Henry Wilson, Chair
Cassandra McDonald
Frank Simone
Tom Yee

RETIREE MEMBERS

Hugh S. Macdonald
Elizabeth Misuraca

EX-OFFICIO MEMBERS

Warren C. Evans
Wayne County Executive
Assad Turfe
Designated Representative
Alisha Bell, Chairperson
Wayne County Commission



ROBERT J. GRDEN
Executive Director

GERARD J. GRYSKO
Deputy Director

GABRIEL ROEDER SMITH & CO.
Actuary

ANDREW VOSBURGH, M.D.
Medical Director

August 31, 2021

The Honorable Wayne County Executive, Honorable Wayne County Commission, Wayne County Airport Authority Chief Executive Officer, Honorable Third Circuit Court Chief Judge, Members, Participants, Beneficiaries, and Retirement Commission.

Ladies and Gentlemen:

On behalf of the Retirement Commission, I am pleased to present the Wayne County Employees' Retirement System Summary Annual Report for the fiscal year ending September 30, 2020. Although this report covers only the 2020 fiscal year, it is important to view the growth and progress of the Retirement System in historical context. To help understand how far the system has come over the last decade, I have completed a ten-year historical review of the Retirement System with the period ending September 30, 2020, that may be viewed on www.wcers.org reporting tab.

While serving as the Executive Director of the Retirement System I have had the privilege of working with the Retirement Commission to oversee its management and operation. During that time, we have worked diligently and, despite significant obstacles, found new and innovative ways to improve the fiscal health of the Retirement System while increasing transparency and reducing costs.

As the most populous county in the State of Michigan and the 19th most populous county in the United States, nearly two million people call Wayne County home. To help its employees get ready for Day One of their retirement (and all the days that will follow), Wayne County and the Wayne County Airport Authority (WCAA) offer a Defined Benefit (DB) Plan, Defined Contribution (DC) Plan, 457 Deferred Compensation (457) Plan, and a 457 FICA Alternative Plan, which are administered by the Retirement Commission.

In 2020, the financial industry felt the impact of one of the most devastating pandemics ever recorded in history. Heads of states and governments collaborated with the World Health Organization (WHO) and other governmental agencies, such as the United States Centers for Disease Control and Prevention (CDC), to develop strategies and procedures to mitigate the spread of COVID-19. As a result, states and the federal government issued numerous emergency orders and guidance to restrict non-essential business and social activities and combat the spread of the virus. Employers were forced to dramatically reduce the size of their labor force which created severe financial hardships for employees as they were furloughed, laid off, or terminated from their jobs. The unemployment rate peaked in April 2020 to a rate of 14.8 percent; by the end of June nearly 49 million Americans filed new unemployment claims in search of benefits.

On March 10, 2020, Governor Gretchen Whitmer declared a State of Emergency in Michigan and issued her first executive order (Executive Order 2020-4) as infection rates soared throughout the state - claiming the lives of many residents. On March 23, 2020, Executive Order 2020-21 was issued ordering all people in Michigan to stay home and stay safe. It also limited gatherings and travel and required non-essential workers to stay at home and provided guidance and regulations governing how public bodies in Michigan could conduct meetings electronically in compliance with the Michigan Open Meetings Act, Public Act 267 of 1976, as amended. Although the State may have, for all intents and purposes, shut down, our responsibilities to the Members and Beneficiaries of Wayne County did not stop. Pandemic or not, we understood that ensuring every single retiree received a pension payment was an essential job that had to be done. The unprecedented challenges posed by COVID-19 became an opportunity to work with our vendors and staff to develop and implement new solutions and use technology to ensure we continued offering the best possible experience for our members and guaranteeing that no retiree missed a single pension payment.

We learned how to work remotely and use virtual meeting software like Zoom, a secure and reliable platform that has video, phone, chat, and hosting capabilities to meet and work on pending projects. Hosting our Retirement Commission meetings on Zoom also allowed us to see and hear each other while viewing reports and presentations in real time. While it is certainly not the same thing as an in-person meeting, assembling over Zoom dramatically increased the ability of the public to join and participate in our meetings. Anyone who had internet access, a computer, a smart phone, or a landline could join the meetings from any location. The virtual meeting option proved to be an effective and efficient way to conduct retirement business, stay in touch with our Members and Participants, and keep our staff and Retirement Commissioners safe while helping to prevent the spread of COVID-19.

In addition to Zoom, we utilized other technical applications to provide services for our Members and Participants. We worked with our technology department to implement Auto Attendant; an automatic telephone system programed to route incoming office calls directly to the appropriate staff member based upon the caller's needs. At the same time, the investment and financial wellness consultants retained by the Retirement Commission used Zoom and Cisco WebEx virtual meeting software to provide monthly educational webinars and to conduct virtual 1-on-1 educational meetings with Members and Participants of the DC and 457 Plans. While COVID-19 forced us be creative and think of new ways to help our Members and Participants, we are proud to report that we were able to continue providing them with the same level of service, support and opportunities in spite of the many challenges we faced while living through a global pandemic.

Our Plan Sponsors, Wayne County and the WCAA also faced serious challenges and did not escape the impact of COVID-19. They were forced to reduce the size of their workforce, furlough employees, and take other drastic action to weather the storm. As employees experienced financials

losses through layoffs and furloughs, the Retirement Commission explored every available avenue to support them. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed into law. It was designed to provide financial aid to Americans, businesses, and bodies of government suffering economic shortfalls due to the pandemic. A provision in the Act allowed employees to withdraw up to \$100,000 from their retirement savings account to use to pay bills and survive during the pandemic. The Retirement System worked with plan sponsors and the Wayne County Commission to approve and authorize employees to access these Coronavirus Related Distribution (CRD). Over 1,500 Participants took a CRD from their DC and/or 457 account totaling over \$39.4 million. However, in spite of these substantial withdrawals, the average DC and 457 Participant's account balance increased from \$63,226 in 2019 to \$79,287 in 2021. Individual accounts were up and as a whole, even after the substantial impact of CRDs, the total assets in the DC and 457 Plans exceeded \$712 million as of July 2021, up significantly from the previous high of around \$615 million. The increase in assets during such a volatile period is evidence of what a robust and low-cost investments lineup the Retirement Commission offers to its DC and 457 Plan Participants.

In addition to monitoring the investment options offered to DC and 457 Plan Participants, the Retirement Commission continued to meet with its investment consultants to review the DB Plan investment portfolio as the number of COVID-19 cases began to rise and the financial sector began to experience increased market volatility. Working with staff and the Retirement Commission to performed comprehensive reviews on how the DB Plan's portfolio was reacting to the unprecedented market volatility. We were pleased to find that our long-term investment strategies to maximizing returns and minimizing risk exceeded expectations. One-year (March 2020 to March 2021) market gains for the DB plan reflected a \$235 million increase, and total assets were valued at over **\$1.1 billion**. As of May 31, 2021, the Fiscal Year-to-Date rate of return was **24.88%** net of all fees and expenses.

As we are excited to see asset growth in our retirement plans, there is still much work to be done. The DB Plan's total funding value of assets were just over \$1 billion (\$1,015 billion) as of September 30, 2020. The actuarial recognized rate of return on investments was 6.1% for the year which was just under the 7.25% assumed rate of return. It is important to note that while paying more than \$132 million of pension benefits to retirees and beneficiaries, the DB Plan's funding level increased from 64% in 2019 to 65% in 2020 for Wayne County and from 77% in 2019 to 79% in 2020 for the WCAA. Although it is never easy to increase the total assets of the plan while paying out nearly \$11 million every month in pension benefits, we are dedicated to making sure that we continue to make prudent decisions and diligently work to keep increasing the funding level of the DB Plan.

This report is being submitted by the Retirement Commission in accordance with the Wayne County Code of Ordinances and Michigan Public Act 314 of 1965, as amended, setting forth the various activities of the Retirement System as on September 30, 2020.

For ease of reading, where applicable the WCAA data has been combined within this report unless otherwise noted. The Third Circuit Court data is always included with Wayne County in this report. The WCAA Valuation includes only the post-2002 retiree liability. Both the County and the WCAA valuations now include a schedule detailing the shared responsibility for the pre-2002 retiree liability. This report contains information on both the Defined Benefit and the Defined Contribution Plans.

Trust is the foundation of any meaningful partnership, and Wayne County, Third Circuit Court and the WCAA depend on the hardworking men and women who carry out essential functions. We will continue to work diligently to ensure that each Member and Participant of the Retirement System can retire in dignity with economic security.

Sincerely,

Robert J. Grden

Robert J. Grden, Executive Director

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FIDUCIARIES OF THE RETIREMENT COMMISSION

Elected Employee Members

Cassandra MacDonald	Term Expires December 31, 2020
Tom Yee	Term Expires December 31, 2021
Frank Simone	Term Expires December 31, 2022
Henry Wilson, Chair	Term Expires December 31, 2023

Elected Retiree Members

Elizabeth Misuraca	Term Expires December 31, 2020
Hugh S. Macdonald	Term Expires December 31, 2022

Ex-Officio Members

Richard Kaufman	Wayne County Executive Designee
Alisha Bell	Chairperson, Wayne County Commission

RETIREMENT STAFF (NON-FIDUCIARIES)

Executive Director.....	Robert J. Grden
Deputy Director.....	Gerard J. Grysco
Department Executive.....	Todd J. Pickett
Division Director.....	Tina Turner
Compliance Officer.....	Annie Hussein, Esq.

RETIREMENT SYSTEM SERVICE PROVIDERS

Actuary.....Gabriel, Roeder, Smith & Company

Attorneys.....

Allen Brothers, P.L.L.C.	Miller Law P.C.
Bleichmar Fonti & Auld, L.L.P.	Plunkett Cooney, P.C.
Kilpatrick and Associates, P.C.	Robbins Geller Rudman and Dowd, L.L.P.
Kirby McInerney L.L.P.	VanOverbeke, Michaud & Timmony, P.C.
Labaton Sucharow L.L.P.	Wayne County Corporation Counsel
Levi & Korsinsky, L.L.P.	

Auditor.....George Johnson & Company

Investment Consultants.....AndCo Consulting
Titan Wealth Advisors of Sigma Planning Corporation

Custodian of Assets.....Northern Trust

Defined Contribution Record keeper..... Prudential Financial

Financial Institutions.....Bank of America
JP Morgan Chase
Northern Trust

Medical Director.....Dr. Andrew Vosburgh, M.D.

Investment Managers

ABS Investment Management, L.L.C.	Morgan Stanley Real Estate Advisor, Inc.
AEW Capital Management, L.P.	Mt. Lucas Management Corp.
Capital Dynamics, Inc.	Northern Trust Investments
Crescent Capital Group, L.P.	Providence/Benefit Street Partners, L.L.C.
Deroy & Devereaux	Raven Capital Management, L.L.C.
Dune Real Estate Manager, L.L.C.	Reinhart Partners
Earnest Partners, L.L.C.	Rizvi Traverse Management, L.L.C.
Entrust Capital	Seizert Capital Partners, L.L.C.
First Eagle Investment Management, L.L.C.	Seminole Advisory Services, L.L.C.
Fisher Investments Institutional Group	SIT Investment Associates, Inc.
Hardman Johnston Global Advisors, L.L.C.	Stepstone Group, L.P.
HGK Asset Management Inc.	Steward Capital Management
Landmark Realty Advisors, L.L.C.	TerraCap Management, L.L.C.
Lazard Asset Management, L.L.C.	Tortoise Capital Advisors, L.L.C.
Lightstone REIT	UBS Financial Services, Inc.
Loomis, Sayles & Company	Valstone Partners, L.L.C.
Mesirow Financial Services, Inc.	

FINANCIAL
SECTION
&
REQUIRED
SUPPLEMENTARY
INFORMATION

FINANCIAL SECTION - PREFACE

The independent auditing firm of George Johnson & Company has audited the financial statements of the following plans:

- Wayne County Employees' Retirement System Defined Benefit Plan
- Wayne County Employees' Retirement System Defined Contribution Plan

An electronic version of the complete financial statements can be found at www.wcers.org on the reporting tab.

The financial section of this annual report will include Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for each of the retirement plans noted above. Additionally, this section will highlight financial activity for the fiscal year ended September 30, 2020 for each set of financial statements. The financial information was obtained from the audited financial statements dated January 22, 2021, but these summaries were not audited by the independent auditors. Governmental Accounting Standards Board required supplementary information follows the financial statements as necessary.

The Wayne County, Third Circuit Court, and Wayne County Airport Authority data are all combined unless otherwise noted. The Third Circuit Court data is always included with Wayne County in this report.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN

Statements of Fiduciary Net Position

The Wayne County Employees' Defined Benefit Plan's (DB Plan) total net position decreased by \$32.8 million, or 3.3% over the course of the plan year. The DB Plan total assets as of September 30, 2020 were \$964.6 million and mostly comprised of cash and investments. The decrease of total net position was primarily attributable to pension payments exceeding contributions and earnings. The overall rate of return on investments gross of fees was a gain of 3.38% and 3.46% for the years ended September 30, 2020 and 2019, respectively. Assets are held in trust and restricted to meet future benefit payments.

Statements of Changes in Fiduciary Net Position

- The DB Plan's benefits are funded by contributions from Wayne County (County), Wayne County Airport Authority (WCAA) and the DB Plan's members/participants, as well as by the investment income earned on the DB Plan's assets.
- Total additions to net position, excluding appreciation in the fair value of investments, decreased by \$13.2 million from \$112.7 million for the year ended September 30, 2019 to \$99.5 million for the year ended September 30, 2020. The current year decrease was primarily due to the reduction in employer contributions compared to the prior year.
- Total contributions for 2020 decreased by \$13.0 million from those of the prior year. The combined employer contributions were made at the actual rate of 51.11% (\$65.2 million) and 58.81% (\$78.0 million) of covered payroll during the years ended September 30, 2020 and 2019, respectively. Member contributions were consistent and totaled \$11.0 million and \$11.1 for the years ended September 30, 2020 and 2019, respectively. The County also made contributions totaling \$1.7 million and \$1.8 million to fund a stipend benefit paid to pre-Medicare retirees for the years ended September 30, 2020 and 2019, respectively.
- The County's employer contribution rate decreased from 52.26% in 2019 to 47.66% in 2020. The County contributed an additional \$5.3 million and \$5.2 million above the required contribution for the years ended September 30, 2020 and 2019, respectively. The WCAA's actuarially determined contribution rate increased from 25.61% for 2019 to 26.79% for 2020. The WCAA made an additional \$0.2 million and \$2.0 million in employer contributions above the required contribution for the years ended September 30, 2020 and 2019, respectively. WCAA contributed an additional \$6.6 million to the Plan for of the year ended September 30, 2019 to apply to the combined pre-2002 retiree unfunded liability.
- Other investment income is composed of interest, dividends, securities lending, other income, and investment expenses. Interest and dividends totaled \$24.4 million and \$24.3 million for the years ended September 30 2020 and 2019, respectively. Other income (including securities lending income) totaled \$0.1 million and \$0.4 million for the years ended September 30, 2020 and 2019, respectively. Investment expense totaled \$2.8 million and \$2.9 million for the years ended September 30, 2020 and 2019, respectively.
- The change in the fair value of investments was favorable for the current year. The fair value of investments had a net appreciation of \$5.7 million and \$12.6 million for the years ending September 30, 2020 and 2019, respectively. The net appreciation is attributable to the improving financial markets and the resultant investment performance at the end of the year.

- The deductions of the DB Plan include the payment of pension benefits to members and beneficiaries and the costs of administering the DB Plan. Total deductions of \$138.0 million for the year ended September 30, 2020 were consistent with the prior year's deductions of \$137.8 million.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2020 and 2019

	2020	2019
Assets		
Investments, at fair value or net asset value:		
Equity investments	\$567,035,028	\$544,378,416
Fixed income investments	127,883,484	151,035,915
Money market funds	31,406,822	29,322,427
Other investments	235,722,862	270,373,092
Total Investments	962,048,196	995,109,850
 Other Assets		
Equity in Wayne County pooled cash	1,714,187	1,202,948
Accounts receivable	13,332	37,630
Due from broker for securities sold	477,983	713,449
Accrued interest and dividends	338,626	789,184
Prepaid expenses	18,955	21,762
Total Other Assets	2,563,083	2,764,973
 Total Assets	964,611,279	997,874,823
 Liabilities		
Accounts and contracts payable	719,751	684,633
Due to broker for securities purchased	426,282	951,783
Accrued wages and benefits	199,567	146,843
Total Liabilities	1,345,600	1,783,259
 Net Position Restricted for Pensions	\$963,265,679	\$996,091,564

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Additions		
Contributions:		
Employer	\$66,914,695	\$79,800,443
Members	10,961,257	11,122,528
Total Contributions	<u>77,875,952</u>	<u>90,922,971</u>
Investment income:		
Net appreciation in fair value of investments	5,676,478	12,641,634
Interest	17,346,841	18,173,440
Dividends	7,097,084	6,127,836
Securities lending income	22,928	30,993
Other investment income	38,763	377,319
Total Investment income	30,182,094	37,351,222
Less: Investment expenses	<u>(2,842,116)</u>	<u>(2,920,188)</u>
Net Investment income	<u>27,339,978</u>	<u>34,431,034</u>
Total Additions	<u>105,215,930</u>	<u>125,354,005</u>
Deductions		
Participant benefit payments and distributions	135,363,556	135,314,829
Administrative expenses	2,678,259	2,518,758
Total Deductions	<u>138,041,815</u>	<u>137,833,587</u>
Change in Net Position Restricted for Pensions	(32,825,885)	(12,479,582)
Net Position Restricted for Pensions		
Beginning of Year	<u>996,091,564</u>	<u>1,008,571,146</u>
End of Year	<u>\$963,265,679</u>	<u>\$996,091,564</u>

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER
For the Year Ended September 30, 2020**

	Charter County of Wayne, Michigan	Wayne County Airport Authority	Total
Additions:			
Contributions:			
Employer (see Notes B)	\$59,359,934	\$7,554,761	\$66,914,695
Members	10,444,165	517,092	10,961,257
Total Contributions	69,804,099	8,071,853	77,875,952
Net investment income	23,610,241	3,729,737	27,339,978
Total Additions	93,414,340	11,801,590	105,215,930
Deductions:			
Participant benefit payments and distributions	125,507,882	9,855,674	135,363,556
Administrative expenses	2,312,889	365,370	2,678,259
Total Deductions	127,820,771	10,221,044	138,041,815
Changes in Net Position Restricted for Pensions	(34,406,431)	1,580,546	(32,825,885)
Net Position Restricted for Pensions			
Beginning of year	863,233,508	132,858,056	996,091,564
End of the year	\$828,827,077	\$134,438,602	\$963,265,679

Note A: The accompanying schedule of changes in fiduciary net position by employer (the "Schedule") is prepared on the accrual basis of accounting using the economic resources measurement focus. Member contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Wayne County Retirement Ordinance. Administrative expenses are financed through investment earnings.

Note B: Employer contributions from the Charter County of Wayne, Michigan (the "County") and the Wayne County Airport Authority ("WCAA") on the Schedule include an additional \$5.3 million in employer contributions made by the County and an additional \$0.2 million in employer contributions made by WCAA to apply to their respective unfunded liability for the year ended September 30, 2020.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
GASB STATEMENT 67 REQUIRED SUPPLEMENTARY INFORMATION
Last Seven Years (ultimately building to ten years)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Change in Total Pension Liability							
Service cost	\$16,358,829	\$15,000,163	\$10,431,838	\$10,891,944	\$10,524,448	\$10,746,337	\$10,649,616
Interest	122,810,391	122,200,908	111,275,067	110,167,298	112,568,204	111,556,453	110,132,335
Changes of benefit terms	9,798,361	-	(141,296,225)	-	-	1,805,747	(1,948,585)
Differences between expected and actual experience	-	(21,264,821)	(532,795)	50,758,944	(4,104,803)	(9,788,235)	(9,474,507)
Changes of assumptions and other changes	-	-	-	101,352,130	2,131,112	2,736,461	2,711,309
Benefit payments, including refunds of member contributions	(133,394,978)	(136,008,966)	(139,863,597)	(139,888,098)	(136,432,380)	(135,314,829)	(135,363,556)
Change in Total Pension Liability	15,572,603	(20,072,716)	(159,985,712)	133,282,218	(15,313,419)	(18,258,066)	(23,293,388)
Total Pension Liability, Beginning	1,644,843,098	1,660,415,701	1,640,342,985	1,480,357,273	1,613,639,491	1,598,326,072	1,580,068,006
Total Pension Liability, Ending (a)	1,660,415,701	1,640,342,985	1,480,357,273	1,613,639,491	1,598,326,072	1,580,068,006	1,556,774,618
Change in Plan Fiduciary Net Position							
Contributions - employer	80,180,620	111,718,544	103,337,465	71,052,048	153,719,388	79,800,443	66,914,695
Contributions - member	8,521,719	11,370,680	10,734,600	9,199,085	10,286,435	11,122,528	10,961,257
Net investment income	80,199,536	25,164,638	79,649,792	102,026,371	62,294,433	34,431,034	27,339,978
Benefit payments, including refunds of member contributions	(133,394,978)	(136,008,966)	(139,863,597)	(139,888,098)	(136,432,380)	(135,314,829)	(135,363,556)
Administrative expense	(2,811,484)	(3,014,195)	(2,321,879)	(2,676,532)	(2,525,172)	(2,518,758)	(2,678,259)
Change in Plan Fiduciary Net Position Before Asset Transfer	32,695,413	9,230,701	51,536,381	39,712,874	87,342,704	(12,479,582)	(32,825,885)
Transfer of Bailiffs' Plan Assets	-	-	5,670,643	-	-	-	-
Change in Plan Fiduciary Net Position	32,695,413	9,230,701	57,207,024	39,712,874	87,342,704	(12,479,582)	(32,825,885)
Plan Fiduciary Net Position, Beginning	782,382,430	815,077,843	824,308,544	881,515,568	921,228,442	1,008,571,146	996,091,564
Plan Fiduciary Net Position, Ending (b)	815,077,843	824,308,544	881,515,568	921,228,442	1,008,571,146	996,091,564	963,265,679
Employers' Net Pension Liability, Ending (a)-(b)	\$845,337,858	\$816,034,441	\$598,841,705	\$692,411,049	\$589,754,926	\$583,976,442	\$593,508,939
Ratio Information:							
Plan fiduciary net position as a percentage of the total pension liability	49.09%	50.25%	59.55%	57.09%	63.10%	63.04%	61.88%
Covered-employee payroll	151,536,413	147,363,016	140,222,696	129,283,884	\$132,030,801	\$132,578,605	\$127,561,562
Employers' net pension liability as a percentage of the Covered payroll	557.84%	553.76%	427.06%	535.57%	446.68%	440.48%	465.27%

*GASB 67 was effective for the financial statements for fiscal years beginning after June 15, 2013

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
GASB STATEMENT 67 REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Investment Returns
Last Eight Fiscal Years (ultimately building to ten years)**

<u>Fiscal Year Ended September 30,</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense*</u>
2013	14.09%
2014	8.33%
2015	0.70%
2016	9.82%
2017	11.95%
2018	6.12%
2019	2.98%
2020	2.86%

*As calculated by our Custodian, Northern Trust. (Internal Rate of Return)

**Schedule of Employer Contributions
Last Seven Fiscal Years (ultimately building to ten years)**

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
9/30/2014	\$68,772,171	\$80,180,620	\$(11,408,449)	\$151,536,413	52.91%
9/30/2015	65,289,481	79,505,999	(14,216,518)	147,363,016	53.95%
9/30/2016	70,708,723	101,264,065	(30,555,342)	140,222,696	72.22%
9/30/2017	53,549,811	68,176,195	(14,626,384)	129,283,884	52.73%
9/30/2018	62,347,690	151,905,122	(89,557,432)	132,030,801	115.05%
9/30/2019	64,211,390	77,975,445	(13,764,055)	132,578,605	58.81%
9/30/2020	59,598,643	65,193,269	(5,594,626)	127,561,562	51.11%

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
FUNDING NOTES COMBINED PLANS**

The Retirement System funding rate increased from 64% in 2019 to 65% in 2020 for Wayne County and from 77% in 2019 to 79% in 2020 for the Wayne County Airport Authority. The following factors that have impacted the DB Plans are:

- The Retirement System's Actuary completed an Experience Study for the DB Plans encompassing the time period from October 1, 2010 to September 30, 2015. The Study is a review of past experience of economic assumptions and demographics. The Study can be found on www.wcers.org reporting tab. Based on the results of the experience Study, the Actuary recommended changes to several assumptions, including;
 - Withdrawal Rate
 - Inflation
 - Expected Normal (unreduced) Retirements
 - Expected Early (reduced) Retirements
 - Expected Pay Increases
 - Mortality Rates for Active and Retired Members and Participants
 - Assumed Investment Return
- The adoption of Mortality table RP-2014 with MP-2016 projection scale, which was recommended by the Actuary, caused an increase to plan liabilities resulting in a decrease of funded rate. The Assumed Rate of Return was also decreased from 7.75% to 7.25%, which increased the plan liabilities.
- The Retirement System's Actuary calculated Recognized Rate of Return was 6.1% and below the 7.25% Assumed Rate of Return.
- Detail investment activity for 2020 can be found starting on page 25.
- The increasing rate of longevity of members in our DB Plan continues to impact the current and future funding levels.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
FUNDING NOTES BY EMPLOYER**

Wayne County / Third Circuit

- The County Administration, using its authority under the Consent Agreement entered into by and between Wayne County and Michigan State Treasurer N.A. Khouri on August 21, 2015 negotiated and imposed new contractual terms and conditions of employment on represented employees effective October 1, 2015. The contract terms reduced the multiplier from as high as 2.65% to 1.25% for all future years post October 1, 2015.
- For all years of County service earned post October 1, 2015, the Average Final Compensation (AFC) shall be computed using the last 10 years of base wage pay history, instead of utilizing the highest years of service with overtime, sick, and vacation accruals included.
- The County eligibility for 25 years of service or 30 years of service without an age requirement was changed to a minimum age requirement of age 62, although an early pickup at age 55 is available at an actuarial reduced rate.
- The County police unions can retire at age 55 with the service eligibility without a reduced actuarially rate.
- A change in the County maximum duty disability pension benefit from a flat rate of 75% of the best 4 years of average final compensation to an accelerated rate at 1.25% of AFC to age 60 with a maximum benefit of 60% with a pre October 1, 2015 benefit and a post October 1, 2015 benefit. Non-duty disabilities were also capped at 60% of AFC.
- Wayne County Third Circuit Court employees in JAA and GAA unions were frozen as of October 1, 2016.
- Wayne County included an additional \$5.3 million in employer contributions to the DB Plan for 2020.
- Wayne County included an additional \$5.2 million in employer contributions to the DB Plan for 2019.
- Wayne County included an additional \$83.0 million in employer contributions to the DB Plan for 2018.
- Wayne County included an additional \$10.0 million in employer contributions to the DB Plan for 2017.
- Wayne County included an additional \$22.2 million in employer contributions to the DB Plan for 2016.

Wayne County Airport Authority

- The Wayne County Airport Authority (WCAA) had its 6th separate Annual Actuarial Valuation done as of September 30, 2020; prior to the September 30, 2015 report all reports were a combined County/Airport report.
- WCAA made additional employer contributions totaling \$22 million into the Plan over the last five years to apply to the theoretical portion of the unfunded liability of the combined pre-2002 retirees liability related to WCAA retirees as calculated by the Plan's actuary. After the five year period, the resulting UAAL, if any, would either be paid in a lump sum or amortized in a manner to be determined at that time. The combined pre-2002 retiree liability is recorded by the County and included in the County's contribution rates.
- WCAA increased the pension multiplier and the employee required contribution for Local 741 during FY 2019.
- WCAA offered an early retirement incentive during FY 2020.
- WCAA included an additional \$0.2 million in employer contributions to the DB Plan for 2020.
- WCAA included an additional \$2.0 million in employer contributions to the DB Plan for 2019.
- WCAA included an additional \$0.0 million in employer contributions to the DB Plan for 2018.
- WCAA included an additional \$0.3 million in employer contributions to the DB Plan for 2017.
- WCAA included an additional \$4.0 million in employer contributions to the DB Plan for 2016.

A historical DB Plan review with further details can be found at www.wcers.org on the reporting tab.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
SUMMARY OF ACTUARIAL ASSUMPTIONS
September 30, 2020**

The information presented in the accompanying required supplementary schedules was determined as part of the actuarial valuations as of the dates indicated additional information as of the latest actuarial valuation is as follows:

Valuation date.....	September 30, 2020
Actuarial cost method.....	Entry Age Normal
Amortization method	
County	Level percent of payroll
WCAA	Level dollar
Base UAAL remaining amortization period.....	14 years (closed)
Asset valuation method.....	4-year smoothed market, 20% corridor
Actuarial assumptions:	
Investment rate of return	
County and WCAA.....	7.25%*
Projected salary increases	
County.....	3.00%–12.15%*
WCAA.....	3.00%–13.15%*
Cost-of-living adjustments.....	N/A
Actuarial assumed rate of long-term wage inflation.....	3.00%

*Includes wage inflation at 3.00%

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
CONTRIBUTION RATES**

	Valuation Measurement Date 9/30/2018		Valuation Measurement Date 9/30/2019		Valuation Measurement Date 9/30/2020	
	Rate Used During FYE 9/30/20		Rate Used During FYE 9/30/21		Rate Used During FYE 9/30/22	
	County	WCAA	County	WCAA	County	WCAA
Normal Cost	9.56%	8.07%	9.41%	8.83%	9.50%	8.82%
Less Portion Paid by Members *	-7.24%	-1.05%	-7.25%	-2.01%	-7.60%	-1.94%
Employer Defined Benefit Normal Cost	2.32%	7.02%	2.16%	6.82%	1.90%	6.88%
Unfunded Actuarial Accrued Liability	45.34%	19.77%	43.59%	17.59%	49.33%	19.70%
Total Computed Employer Rate	47.66%	26.79%	45.75%	24.41%	51.23%	26.58%

Contribution Type	Contribution Rates			Valuation Projected Payroll		
	County	WCAA	Combined	County	WCAA	Combined
Employer's Normal Cost	1.90%	6.88%	2.83%	\$102,310,188	\$23,540,801	\$125,850,989
Employer's Total Rate	51.23%	26.58%	46.62%	\$102,310,188	\$23,540,801	\$125,850,989
Weighted Average of Member Contributions *	7.60%	1.94%	6.54%	\$102,310,188	\$23,540,801	\$125,850,989

WCAA - Wayne County Airport Authority

* Weighted average of the various contribution rates.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
ADMINISTRATIVE EXPENSES
For the Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Personnel Services:		
Staff Salaries	\$798,811	\$844,309
Other Fringe Benefits	321,415	252,138
Retirement Benefits	300,197	246,574
Total	1,420,423	1,343,021
Building and Equipment:		
Building Rent	217,754	215,767
Equipment, Equipment Rent and Maintenance	22,819	12,704
Utilities	5,296	5,330
Total	245,869	233,801
Professional Service		
Actuary Fees	173,225	152,447
Audit Fees	22,215	26,316
Consultant Fees	270,672	285,397
Fiduciary Insurance	165,485	126,560
Medical Director	8,425	8,225
Miscellaneous Fees	2,871	-
Total	642,893	598,945
Miscellaneous		
Office Supplies	12,848	15,267
Postage, Dues, Membership, and Other	19,604	31,059
Printing	8,537	9,397
Training, Travel and Board Meeting - Trustees	12,793	39,181
Training, Travel and Board Meeting - Staff	9,405	25,986
Wayne County Chargebacks	408,067	317,021
Operating Expenses Allocated to other Plans	(102,180)	(94,920)
Total	369,074	342,991
Total Administrative Expenses	<u>\$2,678,259</u>	<u>\$2,518,758</u>

The Retirement System is not aware of paying for any fees with the use of soft dollars.

**WAYNE COUNTY EMPLOYEES' RETIRMENT SYSTEM
DEFINED BENEFIT PLAN
INVESTMENT EXPENSES
For the Years Ended September 30, 2020 and 2019**

	2020	2019
Professional Service		
Attorney Fees	\$257,837	\$213,694
Consultant Fees	250,000	250,000
Custodian Fees	124,834	133,503
Management Fees	2,209,445	2,322,991
Total Investment Expenses	\$2,842,116	\$2,920,188

The Retirement System is not aware of paying for any fees with the use of soft dollars.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
BUDGETS**

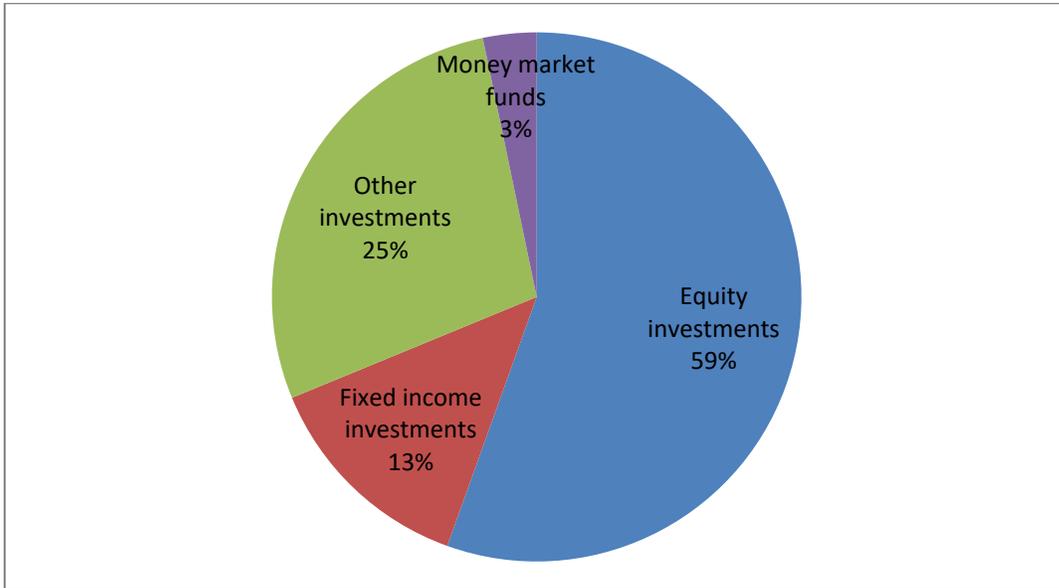
	FY 2020 Budget	FY 2020 Actual	Variance Favorable (Unfavorable)	FY 2021 Budget
Revenue				
Interest & Dividends	\$7,626,900	\$24,443,925	\$16,817,025	\$7,626,900
Total Budgeted Revenue	\$7,626,900	\$24,443,925	\$16,817,025	\$7,626,900
Expense				
Personnel Services:				
Staff Salaries	\$1,584,512	\$985,664	\$598,848	\$1,602,712
Other Fringe Benefits	484,976	387,244	97,732	495,594
Retirement Benefits	454,831	367,184	87,647	398,767
Reimbursed Expenses *	-	(319,669)	319,669	-
Total	2,524,319	1,420,423	1,103,896	2,497,073
Building and Equipment:				
Building Rent	240,000	217,754	22,246	240,000
Equipment, Equipment Rent and Maintenance	66,000	22,819	43,181	66,000
Utilities	8,000	5,296	2,704	8,000
Depreciation	-	-	-	-
Total	314,000	245,869	68,131	314,000
Professional Service				
Investment & Miscellaneous Expenses	3,959,660	3,385,440	574,220	3,928,697
Actuary	175,000	173,225	1,775	175,000
Medical Director	15,000	8,425	6,575	15,000
Reimbursed Expenses *	-	(82,081)	82,081	-
Total	4,149,660	3,485,009	664,651	4,118,697
Miscellaneous				
Office Supplies	30,000	12,848	17,152	30,000
Postage, Dues, Membership, and Other	77,200	19,604	57,596	109,894
Printing	30,000	8,537	21,463	30,000
Training, Education & Travel - Trustees	70,500	12,793	57,707	70,500
Training, Education & Travel - Other	29,500	9,405	20,095	27,500
Wayne County Chargebacks	401,721	408,067	(6,346)	429,236
Reimbursed Expenses *	-	(102,180)	102,180	-
Total	638,921	369,074	269,847	697,130
Total Budgeted Expenses	\$7,626,900	\$5,520,375	\$2,106,525	\$7,626,900
Change in Budgeted Net Assets	\$ -	\$18,923,550	\$18,923,550	\$ -

*Administrative expenses reimbursed by the Defined Contribution Plan.

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
MARKET VALUE BY INVESTMENT TYPE
As of September 30, 2020**

<u>Investment Type</u>	<u>Market Value at 9/30/2020</u>
Equity investments	\$567,035,028
Fixed income investments	127,883,484
Other investments	235,722,862
Money market funds	<u>31,406,822</u>
Total Investments	<u><u>\$962,048,196</u></u>

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
ASSET ALLOCATION BY INVESTMENT TYPE
As of September 30, 2020**



**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
 DEFINED BENEFIT PLAN
 INVESTMENT PERFORMANCE
 RATE OF RETURN-NET OF FEES**

	Rolling Calendar - Year Basis	Fiscal Year Basis
1 Year	9.72%	3.31%
3 Year	6.71%	4.19%
5 Year	8.54%	6.80%
7 Year	6.90%	6.06%
10 Year	7.22%	6.89%

Returns calculated by our Custodian, Northern Trust

The Retirement System is required by the State of Michigan under Michigan Public Act 314 to show market rate rolling calendar year returns. Because we are based on a fiscal year end of September 30 we have included those numbers for continuity as of September 30, 2020.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
REPORT ON INVESTMENT ACTIVITY**

INTRODUCTION

The Retirement Commission (Board) for the Wayne County Employees' Retirement System (WCERS) is a fiduciary of the WCERS in accordance with state law. Investment decisions, including investment policies and procedures, are subject to statutory regulations imposed by the Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended.

As the fiduciary of the WCERS, the Board's responsibilities include, but are not limited to: (1) establishing an investment policy and asset allocation for the pension fund; (2) prudently selecting investment managers and consultants, and (3) conducting periodic reviews to ensure that its policies are followed and that its investment professionals perform satisfactorily in accordance with established standards and goals.

INVESTMENT OBJECTIVES

The WCERS' primary investment objective is to provide a real rate of return, net of inflation, sufficient to support its ability to meet its obligations to DB Plan participants and beneficiaries without undue exposure to risk. In absolute terms, this return objective should approximate the WCERS' actuarial assumed rate of return, which is 7.25%. The WCERS seeks to attain investment results over a full market cycle. It does not expect that all investment objectives will be attained in each year and recognizes that over various periods of time the WCERS' investment results may produce "over" or "under" performance relative to broad markets. For this reason, the Retirement Commission takes a LONG-TERM perspective and will measure quantitative investment returns over a 5-year moving period. Investment managers are also expected to meet qualitative performance objectives (adherence to its investment philosophy and the WCERS' policies, continuity of firm personnel and practices, etc.) as established by the Retirement Commission in consultation with its investment consultants and advisors.

The fiscal year ending September 30, 2020, was a year of gains across markets despite the continued impact of the COVID-19 pandemic. Domestic and international markets were all in positive territory, with fixed income markets returning better than expected returns. Investors faced headwinds from varying shutdowns of the economy as the COVID-19 pandemic exposed the global markets to unprecedented challenges. February and March 2020 saw a 33.8% decline in the S&P 500 over a 23 day period, and larger declines across other parts of the equity market. By the end of the fiscal year (9/30/2020) nearly all of these market losses had been recovered. The overall returns of the equity market mask the extreme volatility experienced by investors in the early stages of the pandemic.

Domestic equity market indices were positive for the fiscal year ended September 30, 2020. Domestic large cap stock market returns represented by the S&P 500 Index returned +15.2% over the trailing year. Within domestic small cap stocks, the Russell 2000 Small Cap Index rose 0.4%. In U.S. Dollar (USD) terms, the MSCI EAFE Index rose +0.49% over the last year. The Emerging market index posted a return of +10.50% for the 1- year period.

Following aggressive action by the Federal Reserve in March 2020, short term interest rates were cut to near zero in an effort to stimulate the economy due to the pandemic. This decline in rates benefitted fixed income investors, as we saw strong positive returns across the board. The broad Bloomberg Barclays Aggregate Bond Index rose +6.98%. Below investment grade bonds returned 3.25% for the fiscal year.

On the alternative investment front, Private Real Estate, as measured by the NCREIF Property Index, gained +2.00% as real estate markets processed the impact of COVID-19 in the 2nd and 3rd quarters of 2020. Private equity also returned a positive year, returning +12.62%. Hedge Funds, given their conservative nature and focus on global markets, returned +5.67% for the year.

WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM MARKET PERFORMANCE

Equities	Index Returns (%)					
	Month	3 M	YTD	1 Year	3 Yr. Ann	5 Yr. Ann
S&P 500 Total Return	-3.80	8.93	5.57	15.15	12.25	14.15
Russell Midcap Index	-1.95	7.46	-2.35	4.55	7.13	10.13
Russell 2000 Index	-3.34	4.93	-8.69	0.39	1.77	8.00
Russell 1000 Growth Index	-4.71	13.22	24.33	37.53	21.67	20.10
Russell 1000 Value Index	-2.46	5.59	-11.58	-5.03	2.63	7.66
Russell 3000 Index	-3.64	9.21	5.41	15.00	11.65	13.69
MSCI EAFE NR	-2.60	4.80	-7.09	0.49	0.62	5.26
MSCI EM NR	-1.60	9.56	-1.16	10.54	2.42	8.97

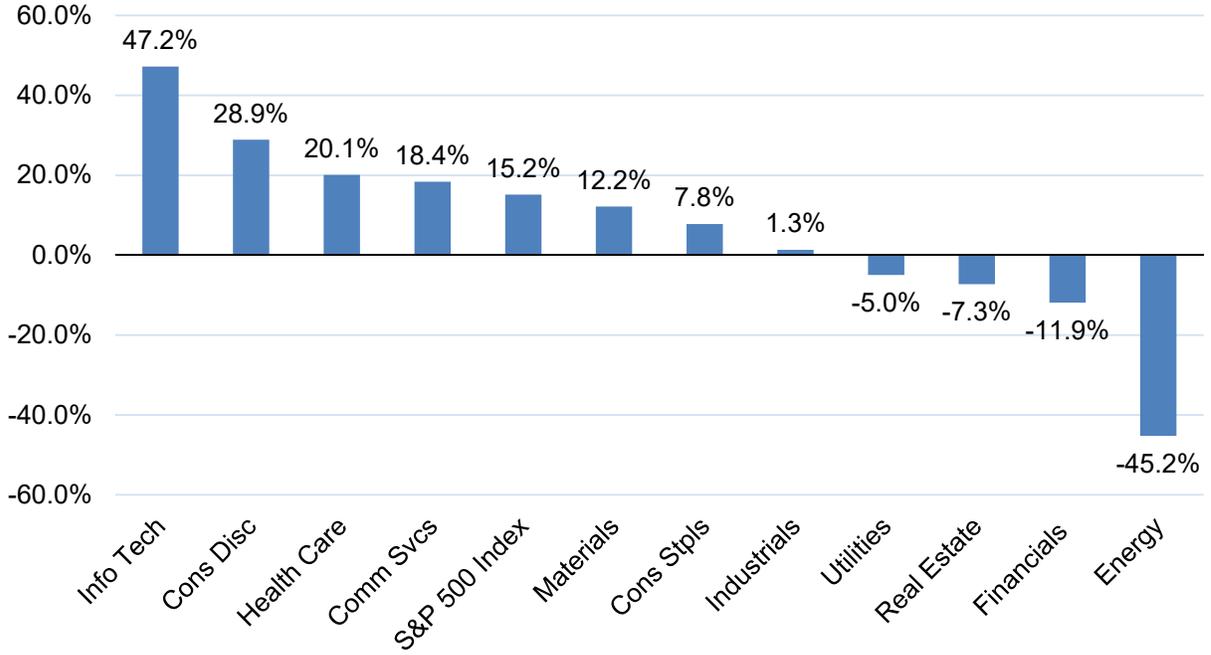
Real Estate	Index Returns (%)					
	3 M	1 Year	3 Year	5 Year	7 Year	10 Year
NCREIF Index	0.74	2.00	5.11	6.28	7.98	9.37

Fixed Income	Index Returns (%)				Index Returns (%)	
	Month	3 M	YTD	1 Year	Mod. Adj. Duration	Yield to Worst
U.S. Aggregate	-0.05	0.62	6.79	6.98	6.12	1.18
U.S. Corporate Investment Grade	-0.29	1.54	6.64	7.90	8.68	2.01
U.S. Corporate High Yield	-1.03	4.60	0.62	3.25	3.75	5.77
Global Aggregate	-0.36	2.66	5.72	6.24	7.36	0.90

Key Rates	Levels (%)					Levels (%)
	9/30/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	
3 Month	0.09	1.54	2.35	1.38	0.50	
US 2 Year	0.13	1.57	2.49	1.88	1.19	
US 10 Year	0.68	1.92	2.68	2.41	2.44	
US 30 Year	1.46	2.39	3.01	2.74	3.07	
ICE LIBOR USD 3M	0.23	1.91	2.81	1.69	1.00	
Euribor 3 Month ACT/360	-0.50	-0.38	-0.31	-0.33	-0.32	
Bankrate 30Y Mortgage Rates Na	3.08	3.86	4.51	3.85	4.06	
Prime	3.25	4.75	5.50	4.50	3.75	

**WAYYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
MARKET PERFORMANCE**

Fiscal Year Sector Returns (10/1/2019 to 9/30/2020)



**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
MARKET PERFORMANCE**

Currencies	Levels		
	09/30/2020	12/31/2019	12/31/2018
Euro Spot	1.17	1.12	1.15
British Pound Spot	1.29	1.33	1.28
Japanese Yen Spot	105.48	108.61	109.69
Swiss Franc Spot	0.92	0.97	0.98

Commodities	Levels		
	09/30/2020	12/31/2019	12/31/2018
Oil	40.22	56.85	49.67
Gasoline	2.19	2.59	2.26
Natural Gas	2.53	2.43	2.60
Gold	1895.5	1550.6	1187.3
Silver	23.49	18.26	16.50
Copper	303.25	282.55	267.10
Corn	379.00	402.50	411.00
BBG Commodity TR Idx	151.22	172.00	159.72

Russell Indices Style Returns

	V	B	G
L	-5.0	16.0	37.5
M	-7.3	4.6	23.2
S	-14.9	0.4	15.7

Fiscal Year (10/1/2019 – 9/30/2020)

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN OVERVIEW

The Wayne County Employees' Retirement System (WCERS) administers a participant directed Defined Contribution Plan (DC Plan) to provide savings and retirement benefits for County and Wayne County Airport Authority (WCAA) employees participating in the DC Plan. The DC Plan provides a vehicle for employees to save for retirement through payroll deductions, employer contributions, and investment earnings. The DC Plan is structured to take advantage of tax regulations that allow for the tax-deferred accumulation of earnings and asset growth.

The Retirement Commission continued to retain the services of Prudential as the DC Plan recordkeeper and the services of Titan Wealth Advisors, LLC of Sigma Planning Corp as an investment consultant. Titan Wealth Advisors served as a fiduciary and gave the Retirement Commission advice while consulting on vendor consolidation, plan design efforts, investment menu design and fee negotiations, along with developing an investment education and retirement planning structure for the participants in the DC Plan and the 457(b) and FICA alternative plans as well.

As part of its ongoing due diligence and review of its service structure and service providers, WCERS, with the assistance of their consultant, found it necessary to adjust its Plan offerings during the last fiscal year resulting from the emerging COVID 19 pandemic. County and WCAA employees and participants were significantly impacted by the virus, both directly and in-directly. WCERS made several adjustments and asked their vendor partners to adjust the servicing model to meet the current needs of plan participants. Mostly notably, WCERS had to operate remotely for participants that were also working remotely, which forced an immediate review of the acceptable servicing methods.

Specifically, some highlights WCERS made or asked vendors servicing the DC Plan and 457(b) plan to adjust included the following:

- WCERS asked its main vendors (Prudential and Titan Wealth Advisors) to offer and conduct virtual education meetings in lieu of normal face to face education opportunities. This included newly e meetings as well, as part of the on-boarding process. WCERS team and vendors met with multiple hundreds of participants virtually during this time.
- WCERS increased its on-line and traditional mailing campaigns and initiatives to help compensate for less face-to-face contact. These additional efforts were very effective in keeping participants abreast of ever-changing plan features and volatile investment markets during this period of time.

- WCERS consulted with the County and WCAA on many of the CARES ACT provisions that became available to Retirement Plans. At their direction, WCERS implement nearly all of the available provisions to give participants maximum flexibility and access to funds during this uncertain time. The provisions included the availability of Covid Related Distributions (CRDs) for up to \$100,000 without IRS penalty, along with more expanded Loan features in the DC Plan. Through fiscal year end, WCERS had executed the following:
 - Processed over 1,000 CRDs totaling over \$30M in retirement plan assets from both the DC and 457(b) Plans.
 - Processed over 100 Covid new loan requests and over 100 loan payment suspensions for participants in the DC Plan.
- WCERS directed its consultant to increase the offering of investment related webinars directed to Plan participants. In anticipation of increased market volatility, WCERS' consultant conducted a series of 3 monthly webinars in preparation for the pending Presidential election of November 2020.

The Retirement Commission also extended the Education and Advice contract with Titan Wealth Advisors of Sigma Planning Corp. The original one-year contract with Titan Wealth Advisors expired on June 30, 2020. This contract extension was for an additional 5 years to provide investment advice and education to Wayne County DC/457 Plan participants and increase their financial wellness. The Retirement Commission determined the added impact in providing advice to participants was critical during these volatile and uncertain times in the investment markets and the economy due to the pandemic. The primary objectives are to make active and retired participants of the DC and 457 Plan more aware of the benefits of the Plan. This includes investment allocation advice, deferral guidance (Pre-tax versus Post-tax/Roth) and to help in preparing and planning for retirement. The Retirement Commission also intends to further advise participants, who chose to request a CRD, of potential tax consequences related to this distribution and the options for returning these funds to plan within the 3 year period as established in the CARES ACT.

WCERS has developed and implemented a rigorous process and procedure protocol to use in the selection, monitoring, removal and replacement of funds offered in the DC Plan. The intent has always been to work with an open architecture platform that allows WCERS to choose a variety of asset classes from any mutual fund company or collective investment trust, thereby ensuring the ability to offer best-in-class, lowest-cost investment options to members and participants. This process was reviewed each quarter during the past year by the Retirement Commission in consultation with its investment consultant. At the recommendation of the consultant, the investment menus for each of the aforementioned plans were re-vamped in 2018 and no changes have been recommended since. Both plans offer the same low cost, high quality and streamlined investment menu of 25 funds.

The record keeping firm for the Defined Contribution and Deferred Compensation Plans, Prudential Financial, continues to offer this well diversified set of 25 investment options ranging in scope from

low risk to higher risk. They also offer an asset allocation program to all participants known as Goal Maker. This program is an age-based and risk-based asset allocation model with three different risk categories; conservative, moderate and aggressive. Participants make their own election in this program.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Statements of Fiduciary Net Position

The Defined Contribution Plan's (DC Plan) total net position decreased by approximately \$10.5 million, or 2.3 percent, over the course of the plan year. The DC Plan's total assets as of September 30, 2020 were \$437.6 million and mostly comprised of investments in mutual funds. Assets are restricted to provide future benefit payments to plan participants.

Statements of Changes in Fiduciary Net Position

- The DC Plan's benefits are funded by contributions from Wayne County (County), the Wayne County Airport Authority (WCAA) and the DC Plan's participants, as specified by the plan option selected, as well as by the investment income earned on the DC Plan's assets.
- Additions to net position, excluding appreciation (depreciation) in the fair value of investments, include contributions made to the DC Plan by the County, WCAA and the Plan's participants, as well as investment income, both of which amounted to \$21.8 million and \$25.6 as of September 30, 2020 and 2019, respectively.
- The fair value of investments was favorable at the end of the year. Net appreciation in the fair value of investments was \$29.3 million and \$1.8 million for the years ended September 30, 2020, and 2019, respectively. The net appreciation in the fair value of investments for the current year is attributable to the improving financial markets and the resultant investment performance for the current year.
- Total deductions from net position increased by approximately \$32.8 million, from \$28.8 million for the year ended September 30, 2019 to \$61.6 million for the year ended September 30, 2020, which is attributable to higher participant distributions and withdrawals during the current year due to retirements, terminations and approximately \$27.7 million in distributions pursuant to the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Assets:		
Participant-directed investments, at fair value:		
Equity mutual funds	\$277,744,908	\$290,266,465
Bond mutual funds	45,048,219	44,965,907
Guaranteed income funds	<u>100,178,556</u>	<u>96,350,933</u>
 Total investments	 <u>422,971,683</u>	 <u>431,583,305</u>
 Other assets:		
Notes receivable from participants	14,618,903	16,482,126
Accounts receivable	<u>13,332</u>	<u>12,105</u>
 Total Other Assets	 <u>14,632,235</u>	 <u>16,494,231</u>
 Total Assets	 437,603,918	 448,077,536
 Liabilities:		
Accounts payable	<u>62,805</u>	<u>85,606</u>
 Net position restricted for pensions	 <u>\$437,541,113</u>	 <u>\$447,991,930</u>

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended September 30, 2020 and 2019**

	2020	2019
Additions		
Contributions:		
Employer, net of certain forfeitures	\$11,131,043	\$11,718,696
Participants	6,488,553	6,708,348
Total contributions	17,619,596	18,427,044
Investment income:		
Net appreciation in fair value of investments	29,345,193	1,817,899
Interest and dividends	4,073,985	6,928,922
Other investment income	193,754	483,569
Total investment income	33,612,932	9,230,390
Less: Investment expenses	(97,337)	(207,370)
Net investment income	33,515,595	9,023,020
Total additions	51,135,191	27,450,064
Deductions		
Participant distributions and withdrawals	60,888,644	28,267,108
Administrative expenses	697,364	531,045
Total deductions	61,586,008	28,798,153
Change in net position restricted for pensions	(10,450,817)	(1,348,089)
Net position restricted for pensions		
Beginning of year	447,991,930	449,340,019
End of year	\$437,541,113	\$447,991,930

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER
For the Year Ended September 30, 2020**

	Charter County of Wayne, Michigan	Wayne County Airport Authority	Totals
Additions			
Contributions:			
Employer, net of certain forfeitures	\$7,193,267	\$3,937,776	\$11,131,043
Participants	4,357,485	2,131,068	6,488,553
Total Contributions	11,550,752	6,068,844	17,619,596
Net Investment Income	25,398,243	8,117,352	33,515,595
Total Additions	36,948,995	14,186,196	51,135,191
Deductions			
Participant distributions and withdrawals	50,130,529	10,758,115	60,888,644
Administrative expenses	560,087	137,277	697,364
Total deductions	50,690,616	10,895,392	61,586,008
Changes in net position restricted for pensions	(13,741,621)	3,290,804	(10,450,817)
Net position restricted for pensions			
Beginning of year	346,335,931	101,655,999	447,991,930
End of year	\$332,594,310	\$104,946,803	\$437,541,113

Note A: The accompanying schedule of changes in fiduciary net position by employer is prepared on the accrual basis of accounting using the economic resources measurement focus. Participant contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Distributions and refunds are recognized when due and payable in accordance with the terms of the Wayne County Retirement Ordinance. Administrative expenses are paid from Plan assets, unless paid by the employer.

**WAYNE COUNTY EMPLOYEES' RETIRMENT SYSTEM
DEFINED CONTRIBUTION PLAN
ADMINISTRATIVE EXPENSES
For the Years Ended September 30, 2020 and 2019**

	2020	2019
Personnel Services:		
Staff Salaries	\$186,854	\$178,912
Other Fringe Benefits	65,828	61,313
Retirement Benefits	66,987	61,689
Total	319,669	301,914
Professional Service		
Administrative Consultant Fee	59,246	58,214
Education Consultant Fee	66,241	-
Audit Fees	22,835	17,384
Total	148,322	75,598
Miscellaneous		
Miscellaneous Fees	127,193	58,613
Allocated Operating Expenses	102,180	94,920
Total	229,373	153,533
Total Administrative Expenses	\$697,364	\$531,045

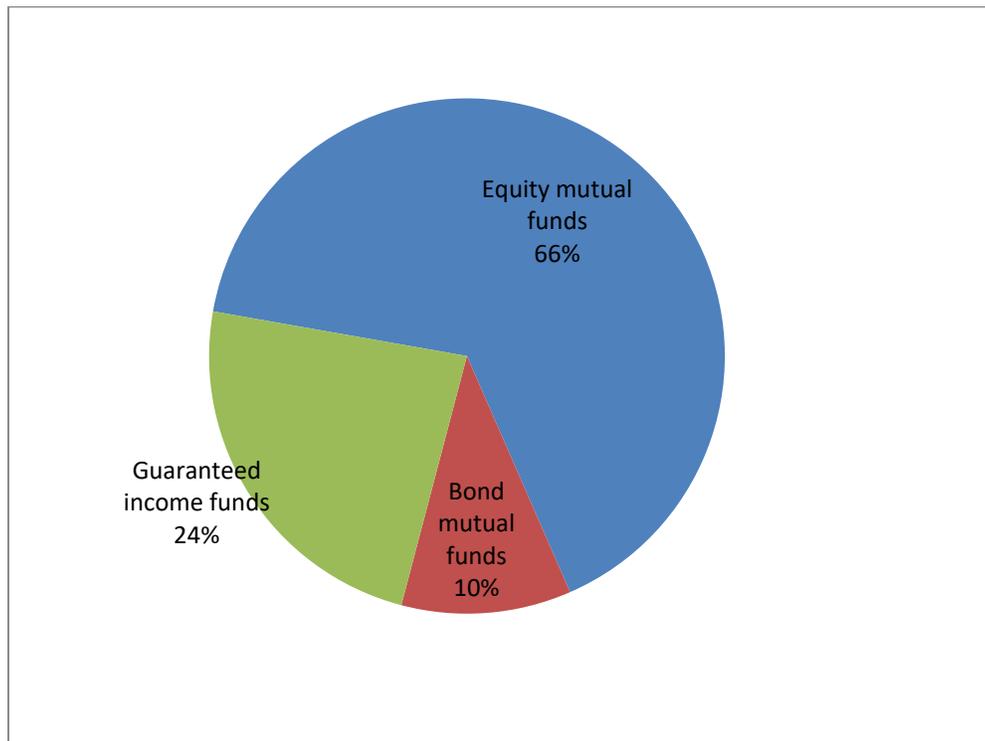
**WAYNE COUNTY EMPLOYEES' RETIRMENT SYSTEM
DEFINED CONTRIBUTION PLAN
INVESTMENT EXPENSES
For the Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Professional Service		
Consultant Fees	<u>\$97,337</u>	<u>\$207,370</u>
Total Investment Expenses	<u>\$97,337</u>	<u>\$207,370</u>

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
MARKET VALUE BY INVESTMENT TYPE
As of September 30, 2020**

Investment Type	Market Value at 9/30/2020
Equity mutual funds	\$277,744,908
Bond mutual funds	45,048,219
Guaranteed income funds	100,178,556
Total Investments	\$422,971,683

**WAYNE COUNTY EMPLOYEE'S RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
ASSET ALLOCATION BY INVESTMENT TYPE
As of September 30, 2020**



**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
ADDITIONAL STATE OF MICHIGAN REQUIRED INFORMATION**

Type of Plan	Open/Closed	Number of Active Members			Valuation Payroll		
		County	WCAA	Combined	County	WCAA	Combined
Defined Benefit	Open - County Closed - WCAA	1,789	272	2,061	\$96,437,165	\$25,618,945	\$122,056,110
Defined Contribution	Open	1,018	377	1,395	\$72,986,860	\$31,370,701	\$104,357,561
Totals		2,807	649	3,456	\$169,424,025	\$56,989,646	\$226,413,671

Number of Retirees and Beneficiaries

County.....	4,527
WCAA*.....	<u>266</u>
Combined.....	<u>4,793</u>

Average Annual Retirement Allowance

County.....	\$26,840
WCAA*.....	\$38,554
Combined.....	\$27,490

Annual Retirement Allowances Being Paid

County.....	\$121,504,411
WCAA*.....	<u>\$10,255,370</u>
Combined.....	<u>\$131,759,781</u>

Funding Level			
	County	WCAA	Combined
Actuarial Accrued Liabilities	\$1,343,982,271	\$178,467,344	\$1,522,449,615
Actuarial Value of Assets	\$873,374,789	\$141,664,394	\$1,015,039,183
Unfunded Actuarial Accrued Liabilities	\$470,607,482	\$36,802,950	\$507,410,432
Funded Ratio	65%	79%	67%

*Includes only members that retired from WCAA after September 2002

Further information about the Retirement System can be found at www.wcers.org on the reporting tab, including Audited Financials, Annual Actuarial Valuation and previous years' reports.