



Wayne County

Employees' Retirement System

Robert J. Grden, Executive Director

Historical Review 2006-2015
As of September 30, 2015

This page was intentionally left blank

The numbers reported in this presentation have been pulled from the Annual Actuarial Valuation and our Summary Annual Report, which can be found at www.wcers.org on the reporting tab and also detail financial data from the general ledger. It should be noted that fiscal year ending September 30, 2015 is the first year that the Wayne County Airport Authority and Wayne County had separate Annual Actuarial Reports.

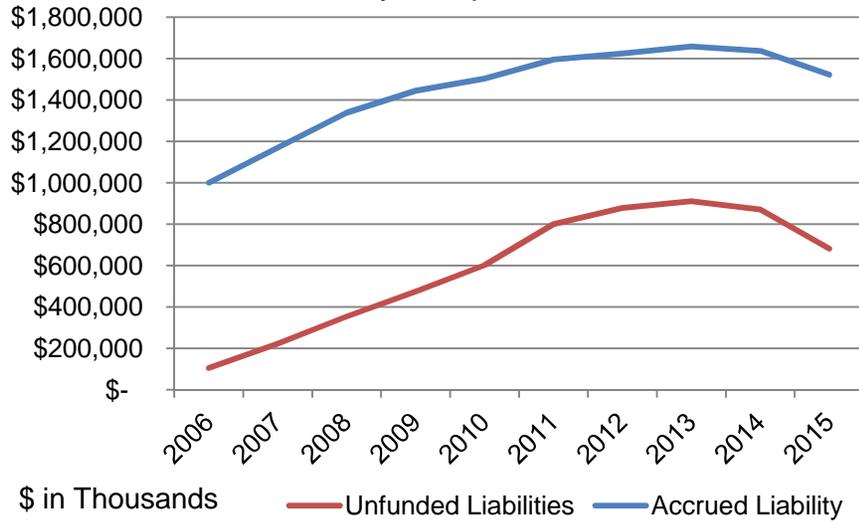
Defined Benefit Plan Funding (\$ in Thousands)

Valuation Date September 30	Accrued Liability	Funding Value of Assets	Funded Ratio	Unfunded Liabilities
<u>County</u>				
2007	\$ 1,090,515	\$ 891,423	82%	\$ 199,092
2008	\$ 1,256,869	\$ 926,432	74%	\$ 330,437
2009	\$ 1,350,826	\$ 907,238	67%	\$ 443,588
2010	\$ 1,403,934	\$ 839,740	60%	\$ 564,195
2011	\$ 1,483,736	\$ 734,104	49%	\$ 749,632
2012	\$ 1,507,526	\$ 682,431	45%	\$ 825,095
2013	\$ 1,512,840	\$ 672,284	44%	\$ 840,556
2014	\$ 1,499,542	\$ 681,573	45%	\$ 817,969
2015	\$ 1,376,742	\$ 740,195	54%	\$ 636,547
<u>Airport</u>				
2007	\$ 79,007	\$ 56,441	71%	\$ 22,566
2008	\$ 81,927	\$ 58,594	72%	\$ 23,333
2009	\$ 93,490	\$ 63,707	68%	\$ 29,783
2010	\$ 98,239	\$ 61,102	62%	\$ 37,137
2011	\$ 111,124	\$ 60,539	54%	\$ 50,585
2012	\$ 117,134	\$ 64,016	55%	\$ 53,118
2013	\$ 131,994	\$ 76,234	58%	\$ 55,760
2014	\$ 136,799	\$ 84,435	62%	\$ 52,364
2015	\$ 144,137	\$ 99,313	69%	\$ 44,824
<u>Total</u>				
2006	\$ 1,000,231	\$ 894,499	89%	\$ 105,732
2007	\$ 1,169,522	\$ 947,864	81%	\$ 221,658
2008	\$ 1,338,796	\$ 985,026	74%	\$ 353,770
2009	\$ 1,444,316	\$ 970,975	67%	\$ 473,371
2010	\$ 1,502,173	\$ 900,842	60%	\$ 601,332
2011	\$ 1,594,860	\$ 794,643	50%	\$ 800,217
2012	\$ 1,624,660	\$ 746,447	46%	\$ 878,213
2013	\$ 1,658,585	\$ 748,518	45%	\$ 910,067
2014	\$ 1,636,341	\$ 766,008	47%	\$ 870,333
2015	\$ 1,520,879	\$ 839,508	55%	\$ 681,371

Effective October 1, 2015, due to changes in collective bargaining agreements, the defined benefit pension plans experienced a reduction in multiplier, an increase in employee contributions, an increase in the age for retirement eligibility, and a change in the computation for determining average final compensation. Also, WCERS recognized rate of return exceeded the assumed rate of return. The aforementioned factors contributed to the increased funding level and the reduced unfunded liabilities.

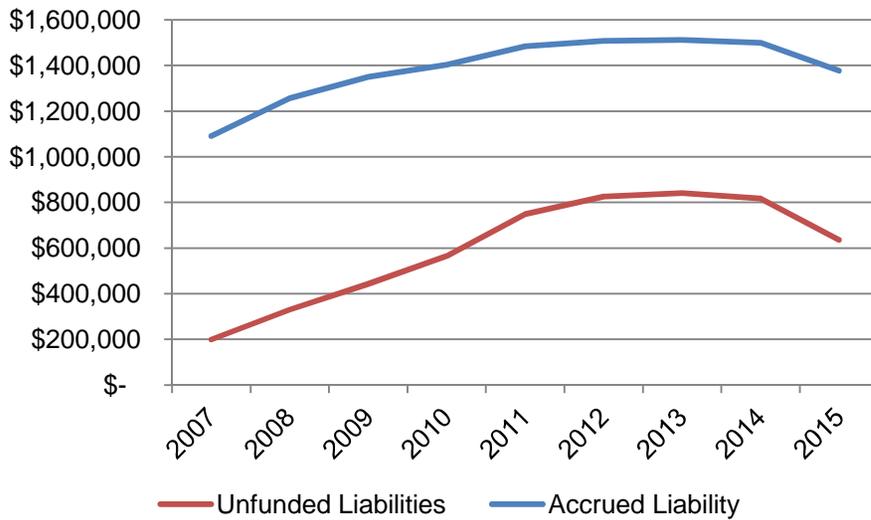
Unfunded Liabilities

County & Airport Combined

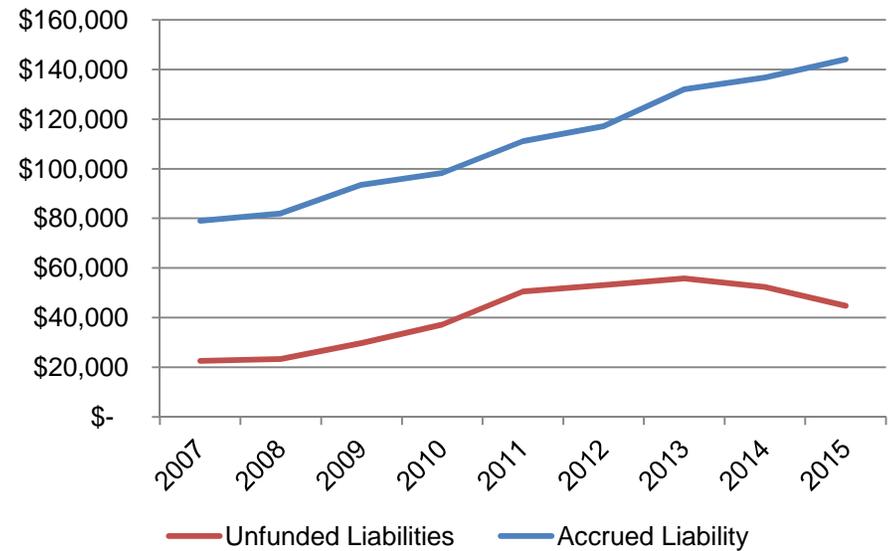


The Airport made additional contributions in FY 2012, FY 2013, FY 2014 and FY 2015 which resulted in the funding ratio increasing from 55% to 58%, 62%, and 69% respectively.

County



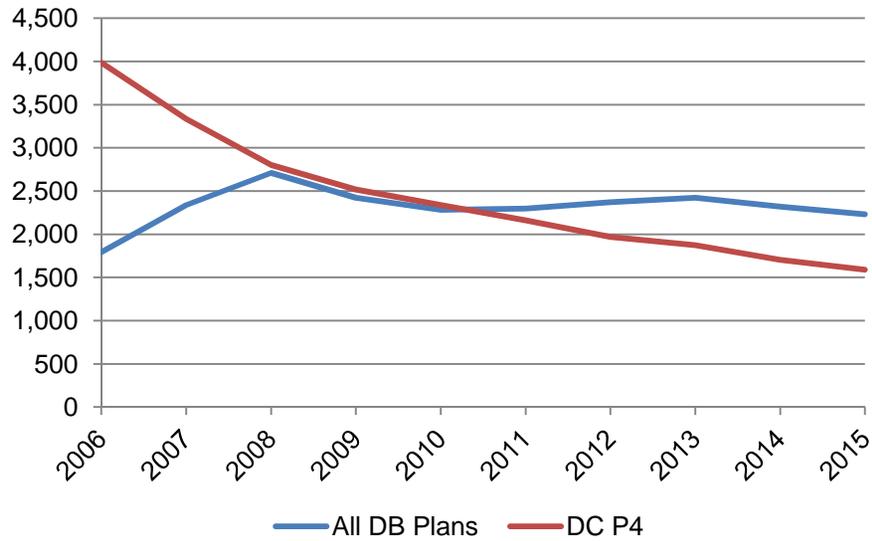
Airport



ACTIVE MEMBERS

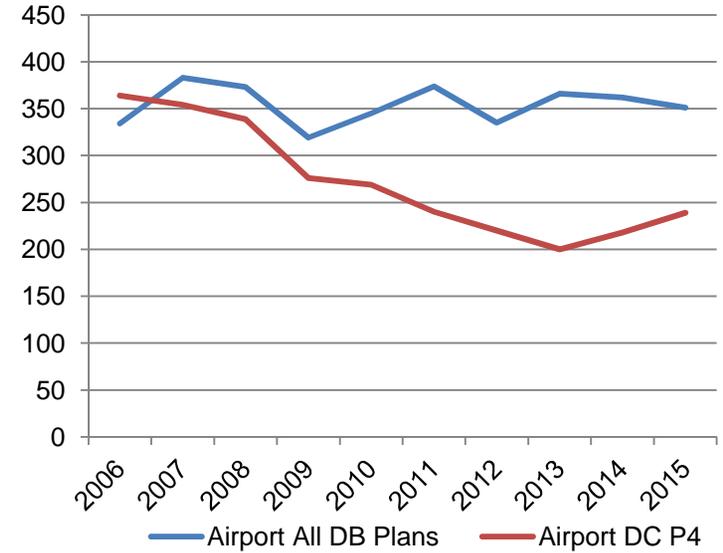
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
County	DB P1	285	225	183	135	109	92	80	68	51	28
Airport	DB P1	22	18	16	2	2	2	2	2	2	2
Total	DB P1	307	243	199	137	111	94	82	70	53	30
County	DB P2	101	97	90	76	70	65	60	56	54	48
Airport	DB P2	4	4	4	4	4	4	4	4	4	4
Total	DB P2	105	101	94	80	74	69	64	60	58	52
County	DB P3	83	81	78	44	33	29	28	22	14	6
Airport	DB P3	6	4	4	3	3	3	2	2	2	2
Total	DB P3	89	85	82	47	36	32	30	24	16	8
County	DB P5	989	1,550	1,824	1,097	1,043	1,016	1,083	1,193	1,189	1,222
Airport	DB P5	302	357	349	310	336	365	327	358	354	343
Total	DB P5	1,291	1,907	2,173	1,407	1,379	1,381	1,410	1,551	1,543	1,565
County	DB P6	0	0	160	750	682	720	784	716	648	574
County	All DB Plans	1,458	1,953	2,335	2,102	1,937	1,922	2,035	2,055	1,956	1,878
Airport	All DB Plans	334	383	373	319	345	374	335	366	362	351
Total	All DB Plans	1,792	2,336	2,708	2,421	2,282	2,296	2,370	2,421	2,318	2,229
County	DC P4	3,619	2,977	2,461	2,241	2,067	1,919	1,750	1,672	1,487	1,349
Airport	DC P4	364	354	339	276	269	240	220	200	218	239
Total	DC P4	3,983	3,331	2,800	2,517	2,336	2,159	1,970	1,872	1,705	1,588
Total	County	5,077	4,930	4,796	4,343	4,004	3,841	3,785	3,727	3,443	3,227
Total	Airport	698	737	712	595	614	614	555	566	580	590
Total	Members	5,775	5,667	5,508	4,938	4,618	4,455	4,340	4,293	4,023	3,817
DB Member %		31.0%	41.2%	49.2%	49.0%	49.4%	51.5%	54.6%	56.4%	57.6%	58.4%

Defined Benefit vs. Defined Contribution Active Members County & Airport Combined

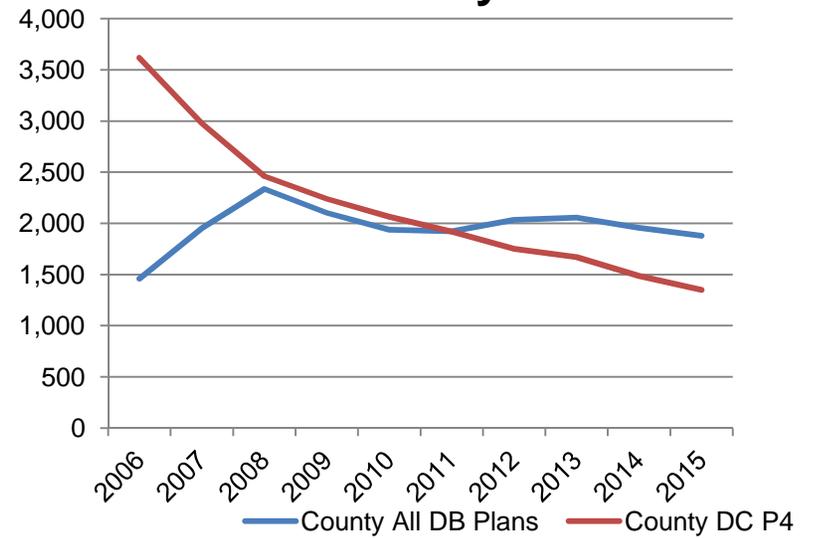


[Refer to data on Page 5]

Airport

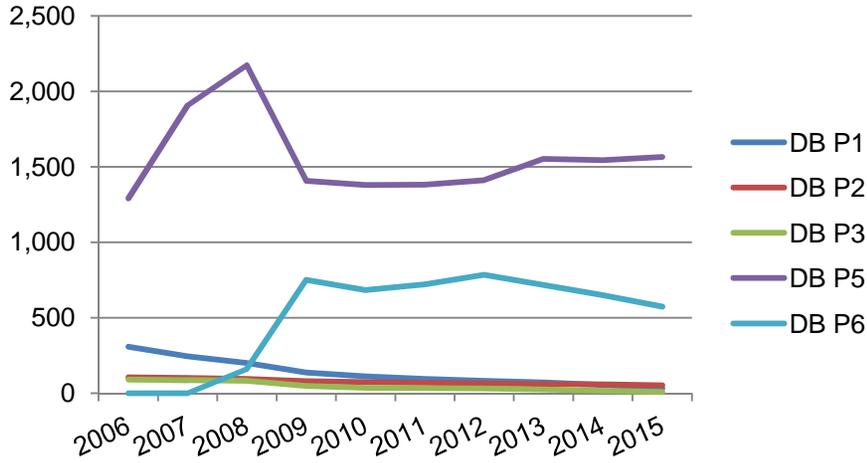


County



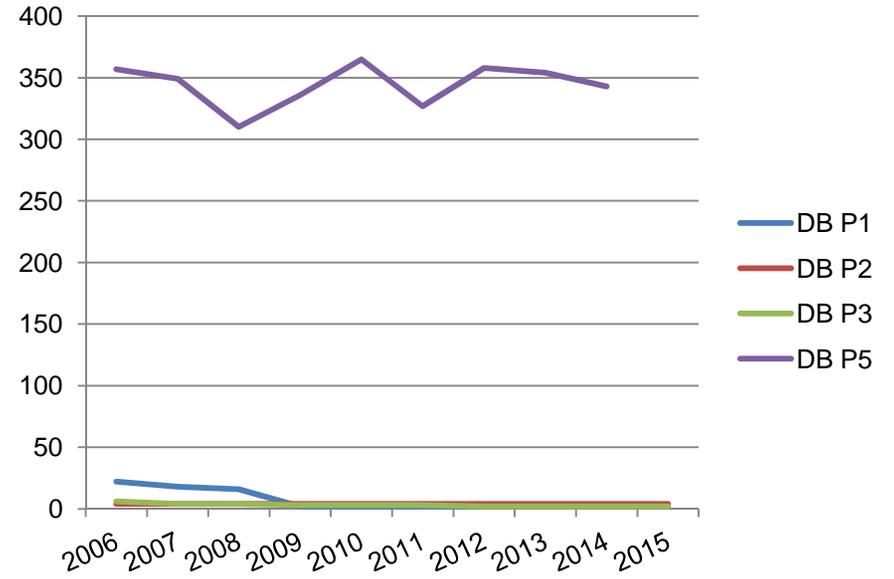
Defined Benefit Active Members

County & Airport Combined

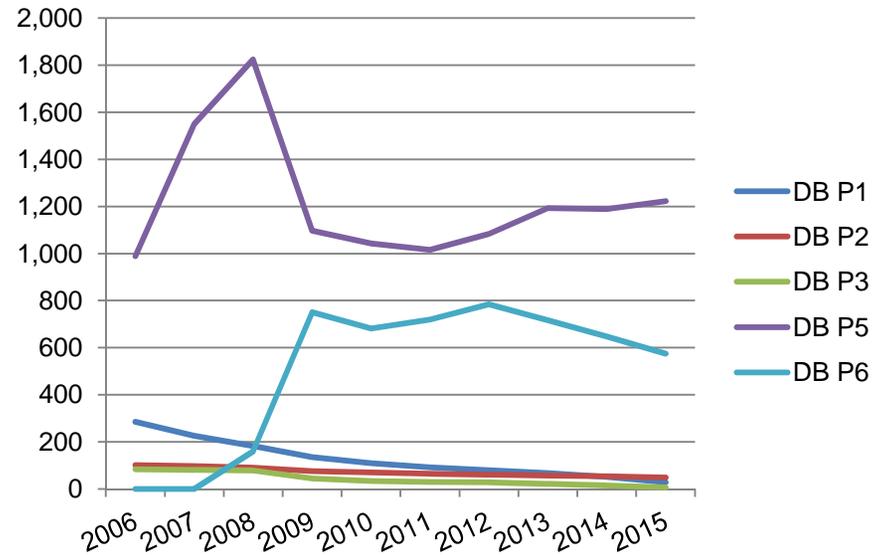


[Refer to data on Page 5]

Airport



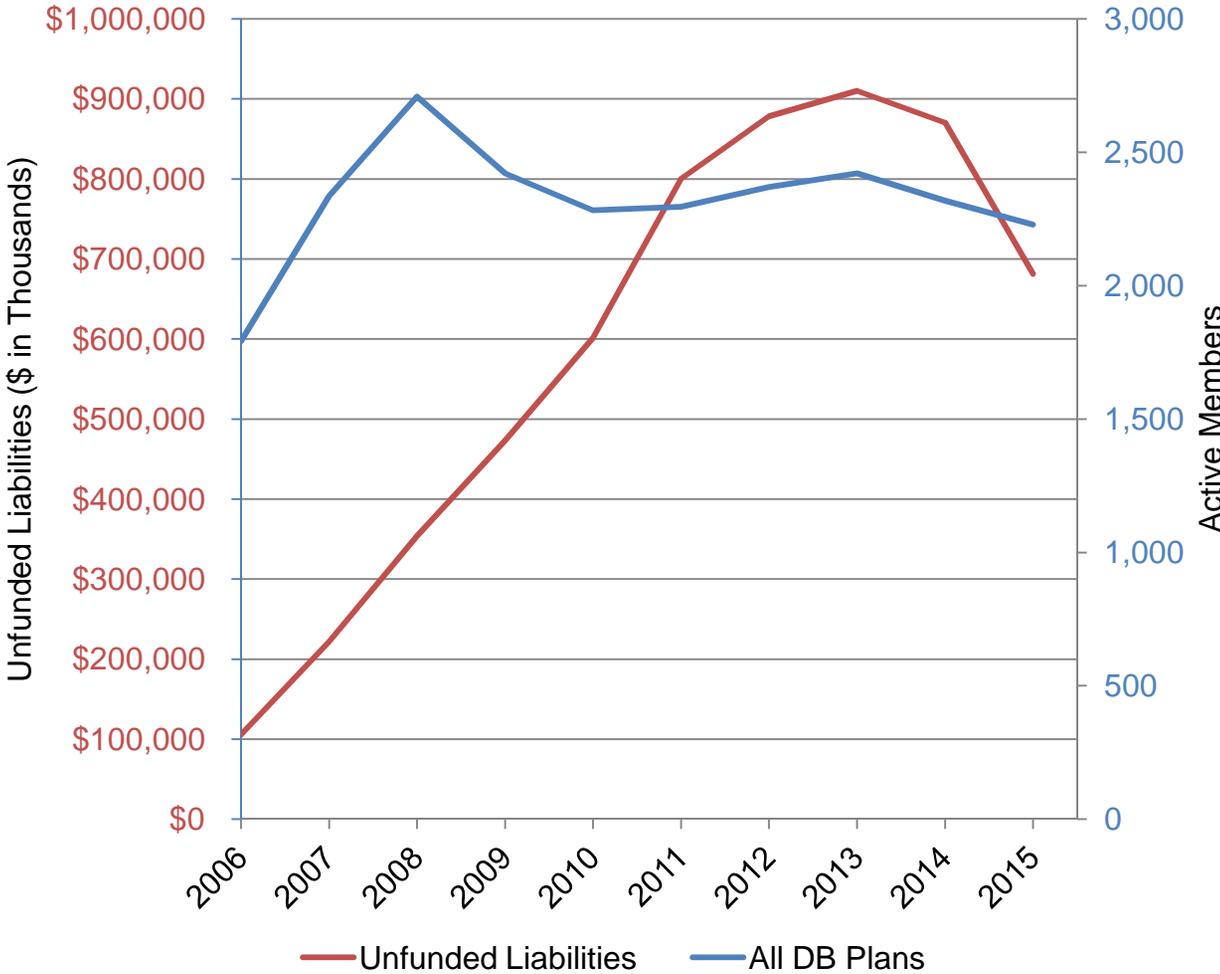
County



Active Members

All Defined Benefit Plans vs. Unfunded Liabilities

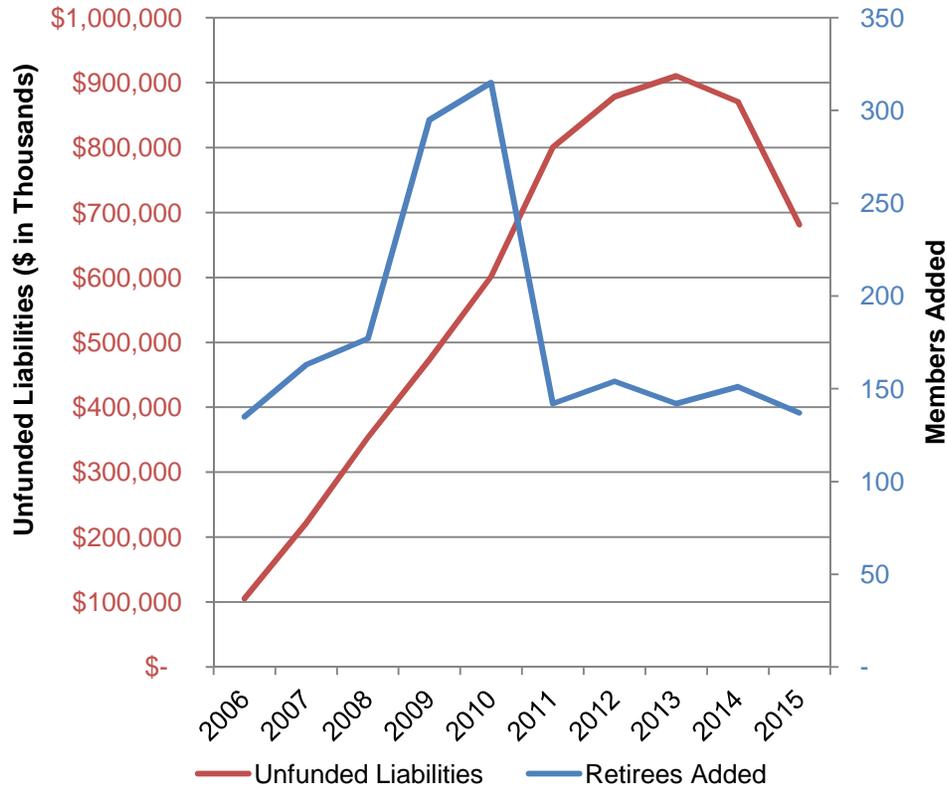
County & Airport Combined



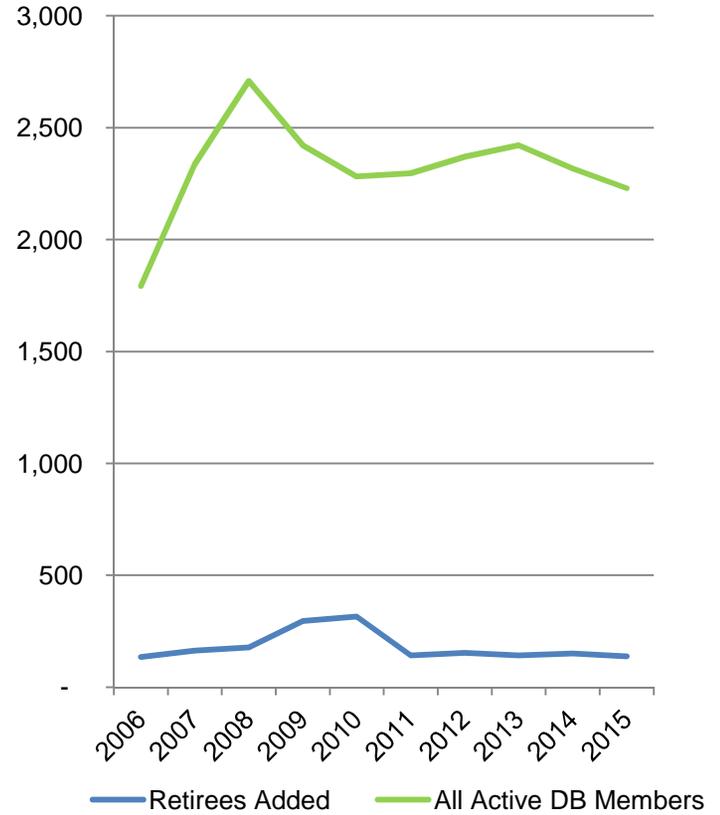
RETIRED MEMBERS AND BENEFICIARIES ADDED AND REMOVED

Year Ended Sept. 30	Added			Removed			Net Change		End of Year			Unfunded Liabilities (\$ In Thousands)
	No.	Annual Pensions	Average Pension	No.	Annual Pensions	Average Pension	No.	Annual Pensions	No.	Annual Pensions	Average Pension	
2006	135	\$4,004,469	\$29,663	273	\$2,922,793	\$10,706	(138)	1,081,676	5,497	\$97,520,094	\$17,741	\$105,732
2007	163	\$4,746,709	\$29,121	187	\$2,589,568	\$13,848	(24)	2,157,141	5,473	\$99,677,235	\$18,213	\$221,658
2008	177	\$6,300,153	\$35,594	202	\$2,974,301	\$14,724	(25)	3,325,852	5,448	\$103,003,087	\$18,907	\$353,770
2009	295	\$14,354,073	\$48,658	155	\$2,017,870	\$13,019	140	12,336,203	5,588	\$115,339,290	\$20,641	\$473,371
2010	315	\$14,240,898	\$45,209	276	\$3,687,346	\$13,360	39	10,553,552	5,627	\$125,892,842	\$22,373	\$601,332
2011	142	\$5,627,241	\$39,628	216	\$2,994,494	\$13,863	(74)	2,632,747	5,553	\$128,525,589	\$23,145	\$800,217
2012	154	\$4,065,999	\$26,403	161	\$3,009,985	\$18,696	(7)	1,056,014	5,546	\$129,581,603	\$23,365	\$878,213
2013	142	\$5,313,174	\$37,417	194	\$3,512,872	\$18,108	(52)	1,800,302	5,494	\$131,381,905	\$23,914	\$910,067
2014 C	151	\$5,743,411	\$38,036	206	\$3,417,098	\$16,588	(55)	2,326,313	5,253	\$125,993,903	\$23,985	\$817,969
2014 A	3	\$137,462	\$45,821	2	\$139,300	\$69,650	1	(1,838)	187	\$7,712,477	\$41,243	\$52,364
2014 T	154	5,880,873	\$38,187	208	3,556,398	\$17,098	(54)	2,324,475	5,440	133,706,380	\$24,578	\$870,333
2015 C	137	\$5,816,687	\$42,458	272	\$4,061,561	\$14,932	(135)	1,755,126	5,118	\$127,749,029	\$24,961	\$636,547
2015 A	9	\$277,419	\$30,824	-	\$54,889	N/A	9	222,530	196	\$7,935,007	\$40,485	\$44,824
2015 T	146	6,094,106	\$41,740	272	4,116,450	\$15,134	(126)	1,977,656	5,314	135,684,036	\$25,533	\$681,371

New Defined Benefit Retirees Added vs. Unfunded Liabilities



New Defined Benefit Retirees Added vs. All Active Defined Benefit Members



RETIRED MEMBERS AND BENEFICIARIES ADDED AND REMOVED

Year Ended Sept. 30	<u>Added</u>			<u>Removed</u>			<u>Net Change</u>		<u>End of Year</u>			Average Pension % Change
	No.	Annual Pensions	Average Pension	No.	Annual Pensions	Average Pension	No.	Annual Pensions	No.	Annual Pensions	Average Pension	
2006	135	\$4,004,469	\$29,663	273	\$2,922,793	\$10,706	(138)	1,081,676	5,497	\$97,520,094	\$17,741	3.66%
2007	163	\$4,746,709	\$29,121	187	\$2,589,568	\$13,848	(24)	2,157,141	5,473	\$99,677,235	\$18,213	2.66%
2008	177	\$6,300,153	\$35,594	202	\$2,974,301	\$14,724	(25)	3,325,852	5,448	\$103,003,087	\$18,907	3.81%
2009	295	\$14,354,073	\$48,658	155	\$2,017,870	\$13,019	140	12,336,203	5,588	\$115,339,290	\$20,641	9.17%
2010	315	\$14,240,898	\$45,209	276	\$3,687,346	\$13,360	39	10,553,552	5,627	\$125,892,842	\$22,373	8.39%
2011	142	\$5,627,241	\$39,628	216	\$2,994,494	\$13,863	(74)	2,632,747	5,553	\$128,525,589	\$23,145	3.45%
2012	154	\$4,065,999	\$26,403	161	\$3,009,985	\$18,696	(7)	1,056,014	5,546	\$129,581,603	\$23,365	0.95%
2013	142	\$5,313,174	\$37,417	194	\$3,512,872	\$18,108	(52)	1,800,302	5,494	\$131,381,905	\$23,914	2.35%
2014	154	\$5,880,873	\$38,187	208	\$3,556,398	\$17,098	(54)	2,324,475	5,440	\$133,706,380	\$24,578	2.78%
2015	146	\$6,094,106	\$41,740	272	\$4,116,450	\$15,134	(126)	1,977,656	5,314	\$135,684,036	\$25,533	3.89%

Increase from 2006 to 2015 43.92%

Average Annual Pension Added and Removed

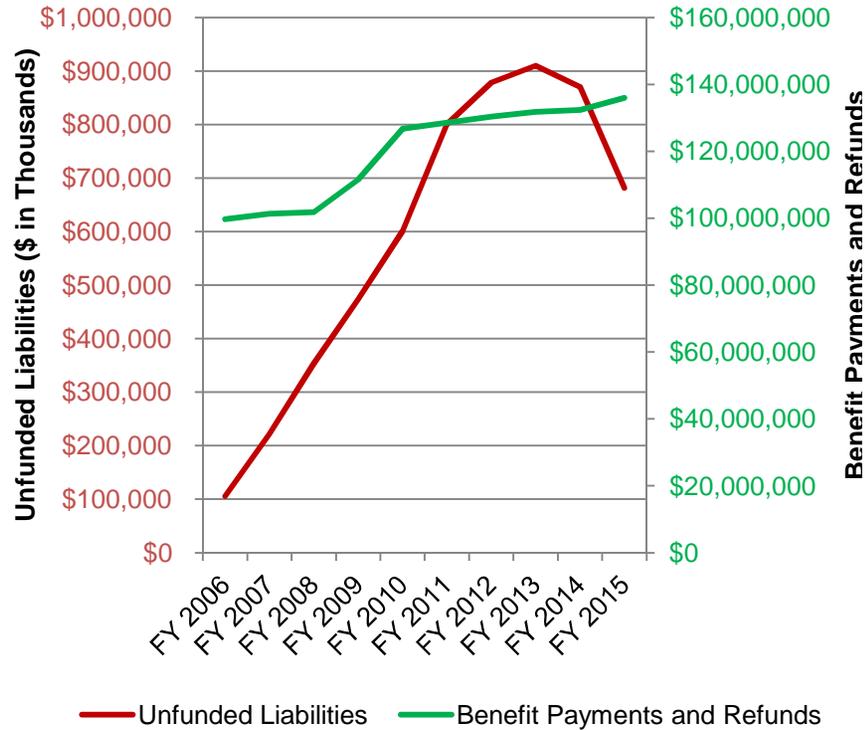


Description	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Beginning Market Value of Net Position	\$991,448,564	\$987,415,361	\$1,037,978,404	\$859,527,777	\$823,428,019	\$808,600,303
Employer Contributions	\$12,662,630	\$15,398,157	\$18,419,624	\$32,558,974	\$35,400,544	\$13,427,952
Employee Contributions	\$7,589,805	\$7,834,258	\$70,096,239	\$74,414,255	\$29,499,084	\$15,874,203
Benefit Payments & Refunds	(\$99,706,234)	(\$101,284,798)	(\$101,778,361)	(\$111,506,205)	(\$126,753,180)	(\$128,564,140)
13th Check Payments	(\$11,165,981)	(\$9,133,830)	(\$9,269,920)	(\$9,456,287)	(\$4,989,984)	(\$3,874,184)
Non-Investment Net Cash Flow	(\$90,619,780)	(\$87,186,213)	(\$22,532,418)	(\$13,989,263)	(\$66,843,536)	(\$103,136,169)
Investment Gains (Losses)	\$93,134,924	\$144,677,156	(\$148,972,587)	(\$14,882,372)	\$59,172,873	(\$2,194,977)
Investment Expenses	(\$3,604,614)	(\$3,785,565)	(\$3,709,573)	(\$3,545,039)	(\$4,182,844)	(\$4,639,798)
Administrative Expenses	(\$2,943,733)	(\$3,142,335)	(\$3,236,049)	(\$3,683,084)	(\$2,974,209)	(\$3,183,680)
Investment Net Income (Loss)	\$86,586,577	\$137,749,256	(\$155,918,209)	(\$22,110,495)	\$52,015,820	(\$10,018,455)
Change in Net Position	(\$4,033,203)	\$50,563,043	(\$178,450,627)	(\$36,099,758)	(\$14,827,716)	(\$113,154,624)
Ending Market Value of Net Position	\$987,415,361	\$1,037,978,404	\$859,527,777	\$823,428,019	\$808,600,303	\$695,445,679

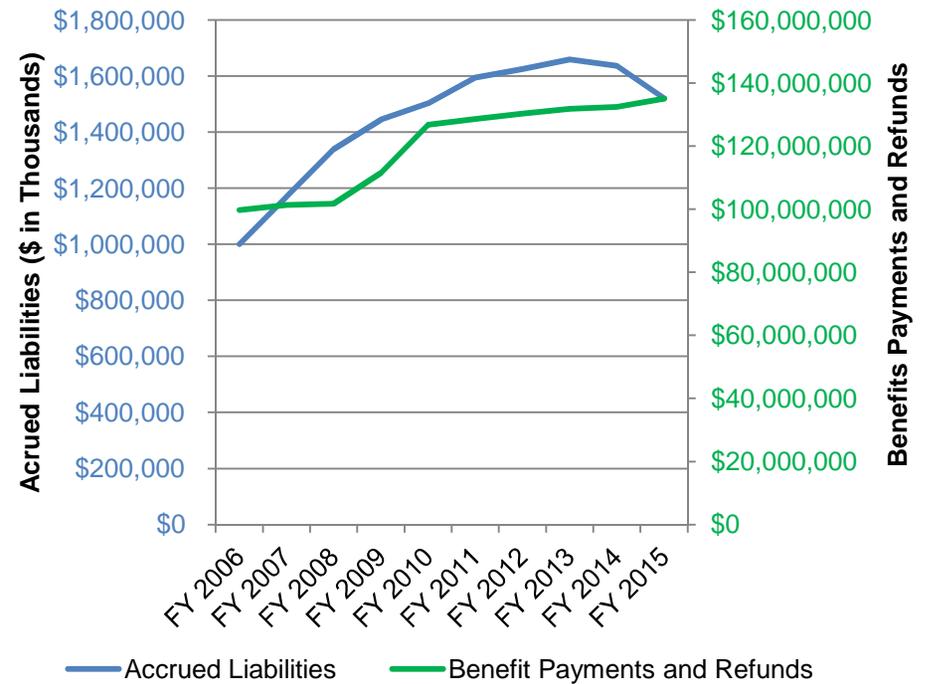
Description	FY 2012	FY 2013	FY 2014	FY 2015	FYTD 2016*
Beginning Market Value of Net Position	\$695,445,679	\$728,084,796	\$782,124,005	\$814,619,598	\$819,072,539
Employer Contributions	\$47,676,230	\$68,888,700	\$80,180,620	\$111,718,544	\$70,026,411
Employee Contributions	\$24,308,321	\$17,922,429	\$8,521,719	\$11,370,680	\$7,907,372
Benefit Payments & Refunds	(\$130,311,200)	(\$131,808,687)	(\$132,395,450)	(\$135,009,456)	(\$93,585,859)
13th Check Payments	(\$3,873,264)	(\$995,417)	(\$999,528)	(\$999,510)	-
Non-Investment Net Cash Flow	(\$62,199,913)	(\$45,992,975)	(\$44,692,639)	(\$12,919,742)	(\$15,652,076)
Investment Gains (Losses)	\$100,984,836	\$105,997,345	\$83,906,232	\$28,311,050	\$45,249,709
Investment Expenses	(\$3,091,235)	(\$3,022,415)	(\$3,706,696)	(\$3,146,412)	(\$1,668,555)
Administrative Expenses	(\$3,054,571)	(\$2,942,746)	(\$3,011,304)	(\$2,749,016)	(\$1,702,363)
Investment Net Income (Loss)	\$94,839,030	\$100,032,184	\$77,188,232	\$22,415,622	\$41,878,791
Change in Net Position	\$32,639,117	\$54,039,209	\$32,495,593	\$9,495,880	\$26,226,715
GASB 68 Restatement	-	-	-	(\$5,042,939)	-
Transfer in Bailiffs	-	-	-	-	\$5,670,643
Ending Market Value of Net Position	\$728,084,796	\$782,124,005	\$814,619,598	\$819,072,539	\$850,969,897

*FYTD is 9 months, as of June 30, 2016

Benefit Payments & Refunds vs. Unfunded Liabilities



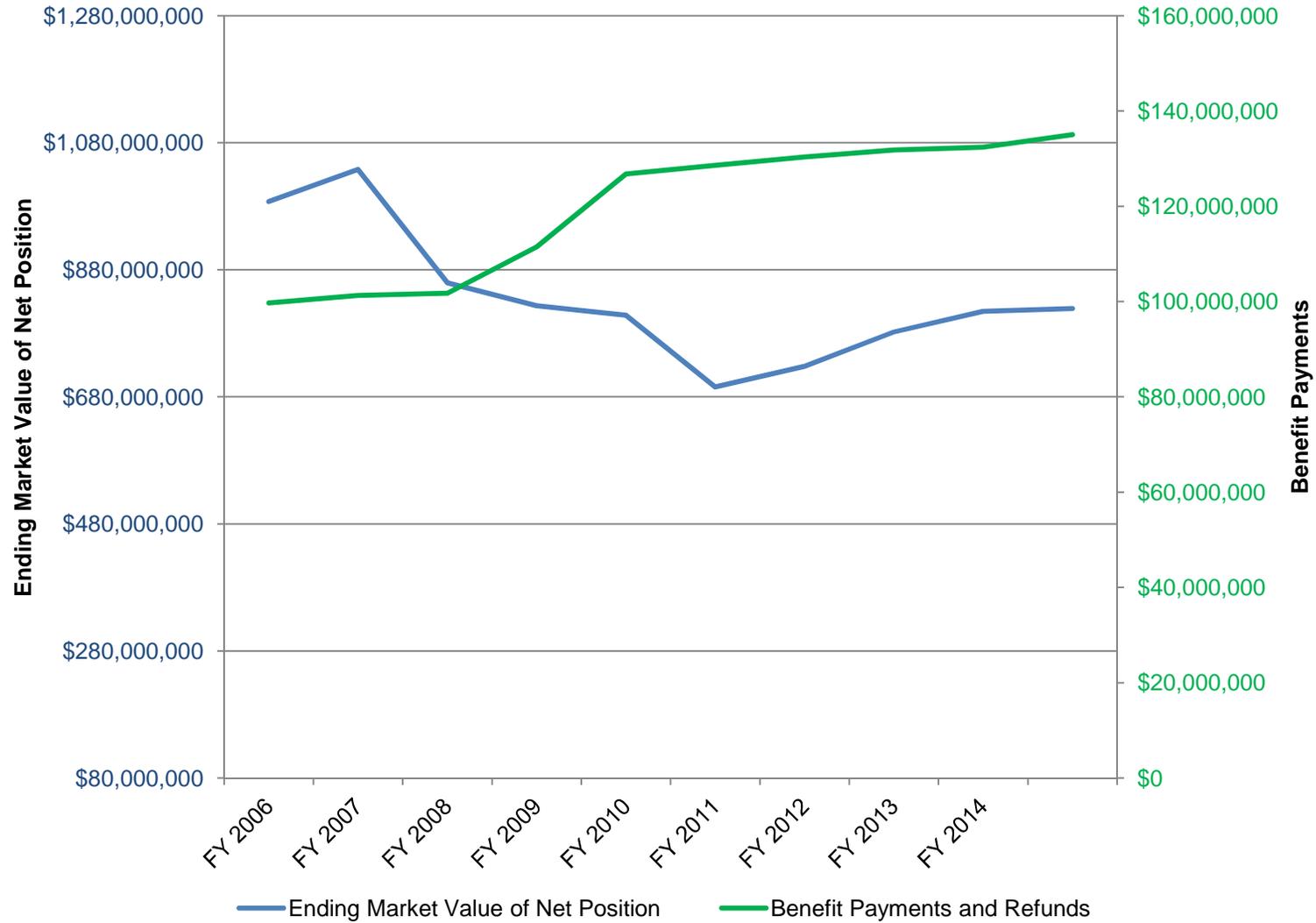
Benefit Payments & Refunds vs. Accrued Liabilities



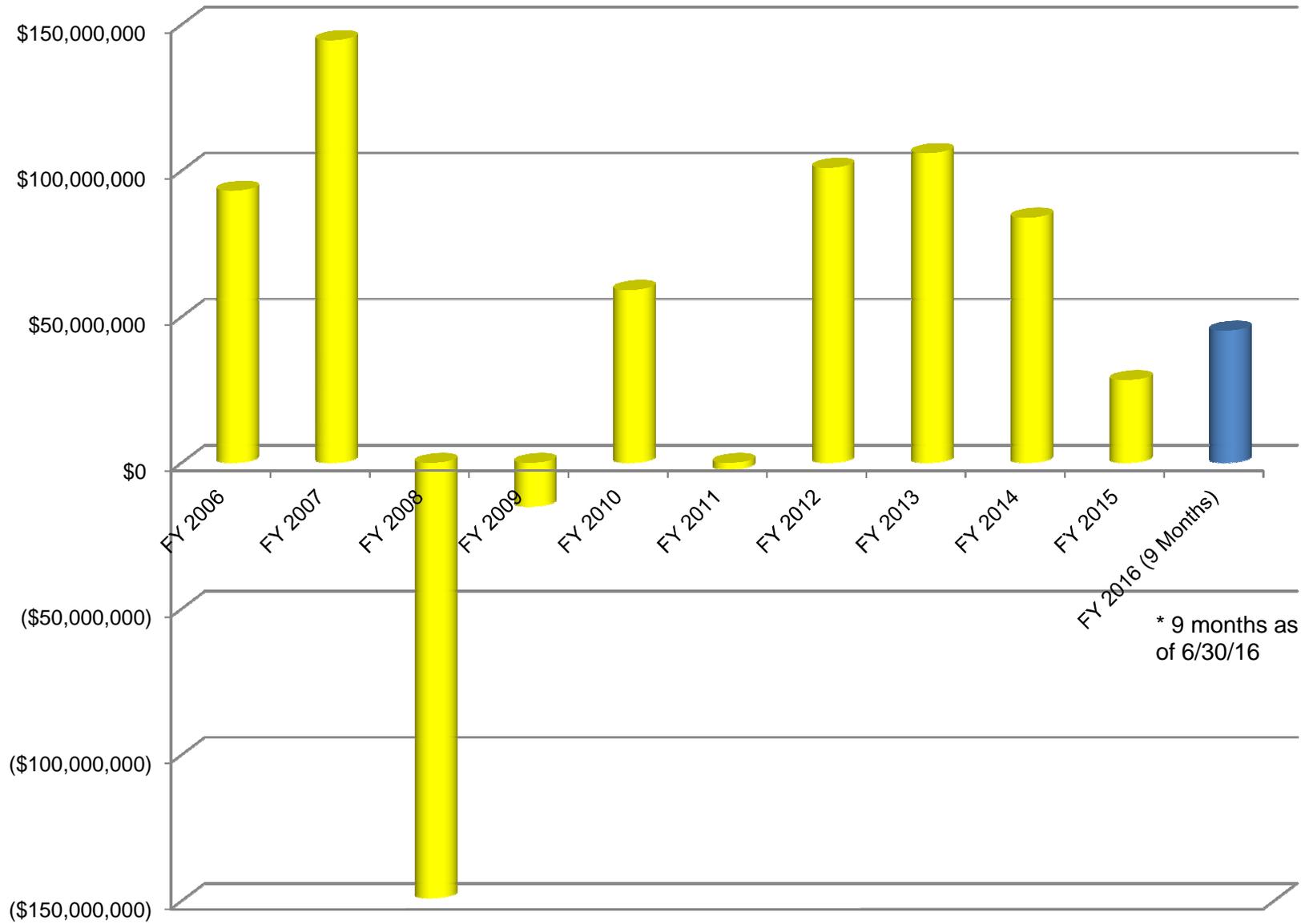
Benefit Payments: Increase of 35.41% from 2006 to 2015

[Refer to data on Pages 3 & 13]

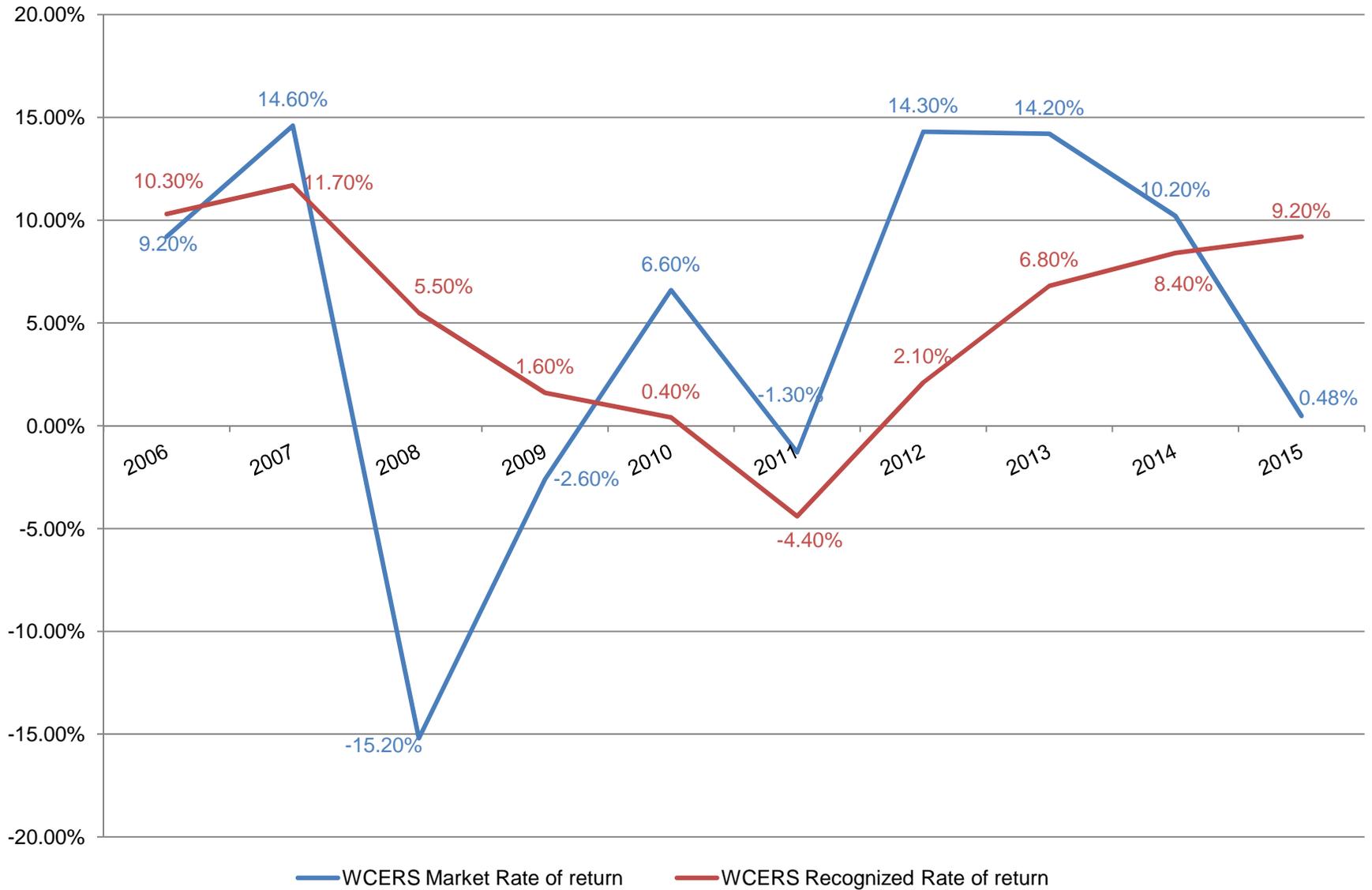
Ending Market Value of Net Position vs. Benefit Payments



Investment Gains (Losses)

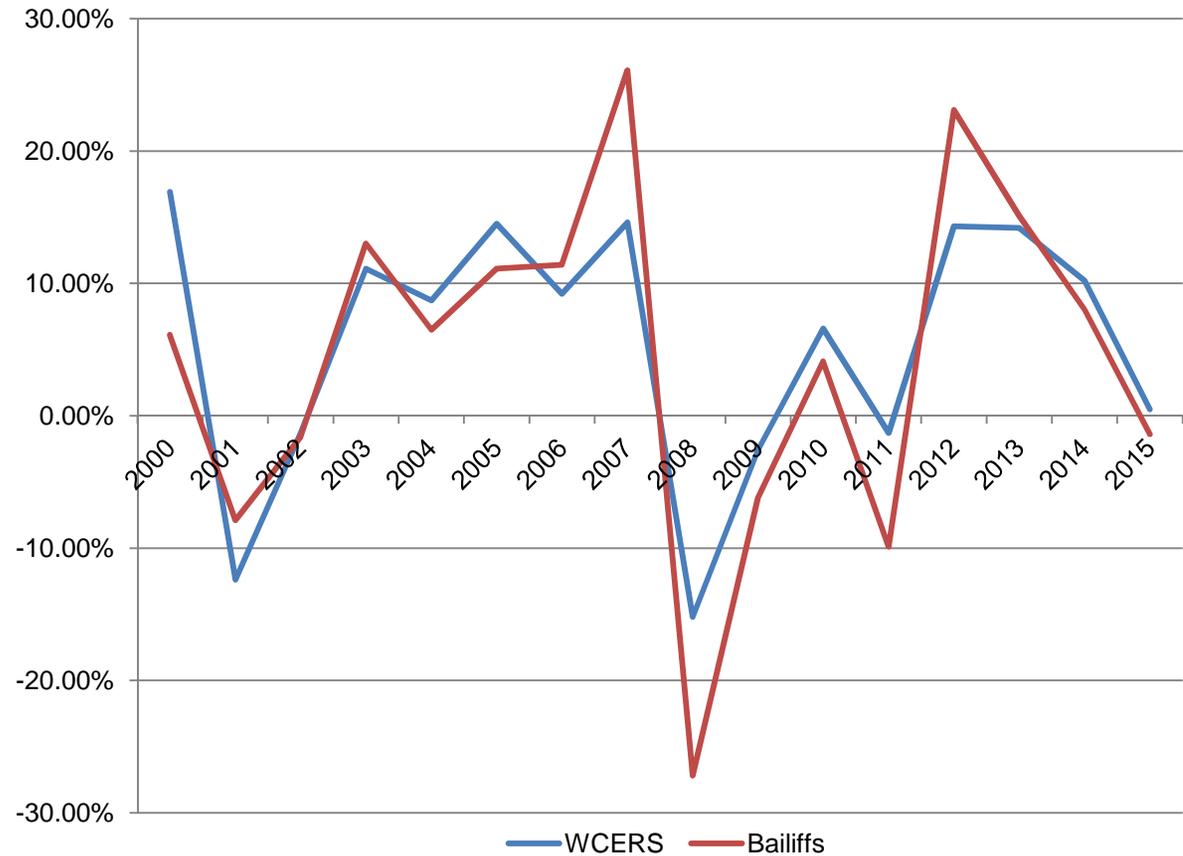


Market Rate versus Recognized Rate of Return



Market Value Rates of Return WCERS vs Bailiffs

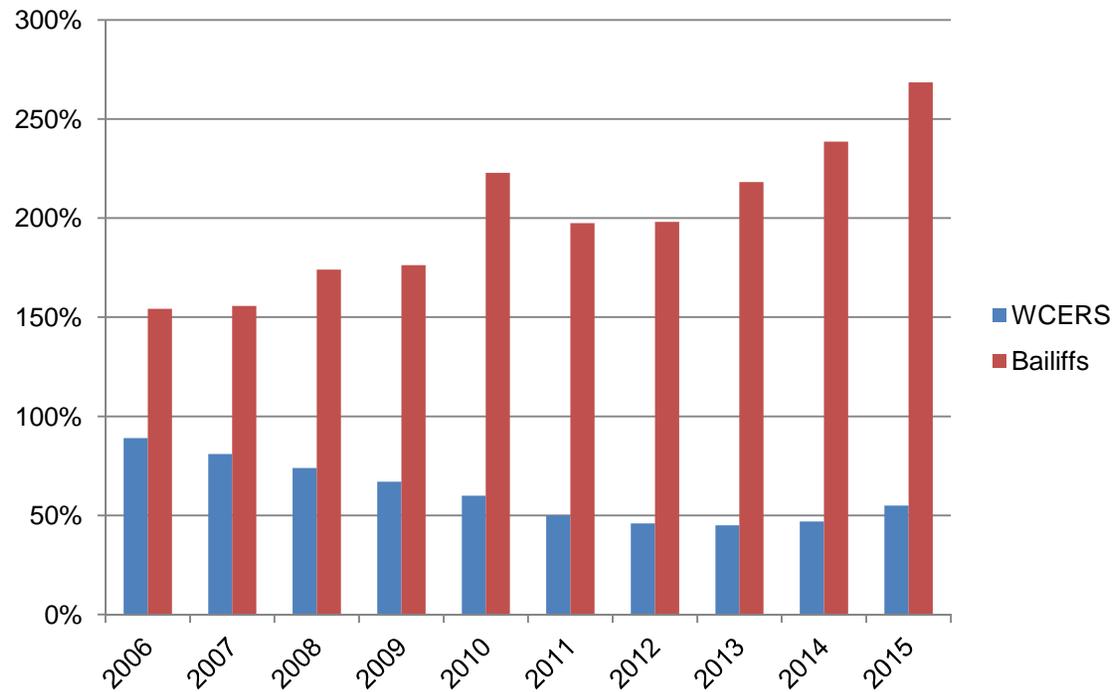
Market Value Rates of Return		
Year	WCERS	Bailiffs
2000	16.90%	6.10%
2001	-12.40%	-7.90%
2002	-1.30%	-1.60%
2003	11.10%	13.00%
2004	8.70%	6.50%
2005	14.50%	11.10%
2006	9.20%	11.40%
2007	14.60%	26.10%
2008	-15.20%	-27.20%
2009	-2.60%	-6.20%
2010	6.60%	4.10%
2011	-1.30%	-9.90%
2012	14.30%	23.10%
2013	14.20%	15.10%
2014	10.20%	8.00%
2015	0.48%	-1.40%



Funded Ratio

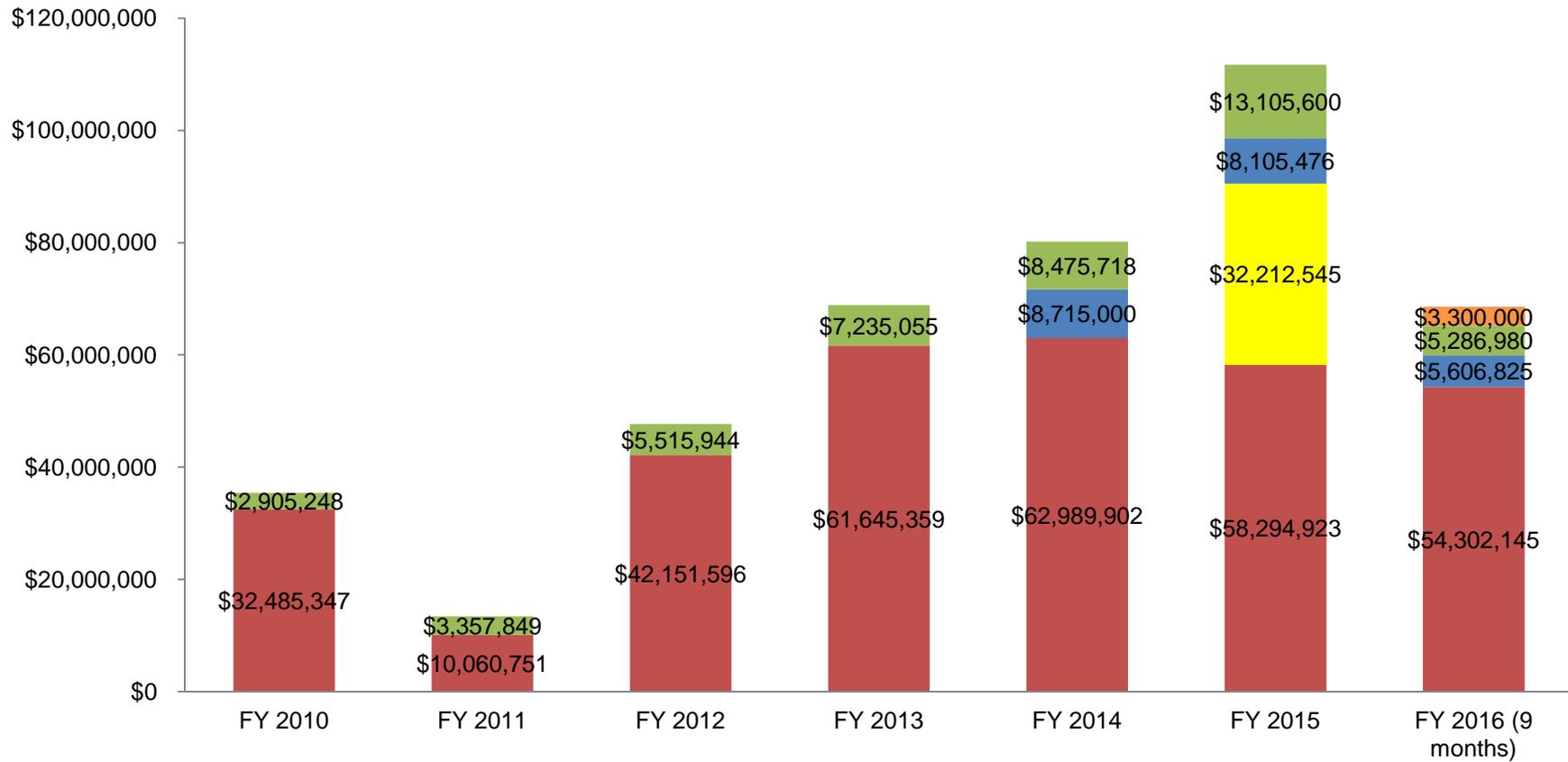
Year	WCERS	Bailiffs
2006	89%	154.2%
2007	81%	155.7%
2008	74%	174.0%
2009	67%	176.3%
2010	60%	222.8%
2011	50%	197.4%
2012	46%	198.1%
2013	45%	218.1%
2014	47%	238.5%
2015	55%	268.4%

Funded Ratio



	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016 (9 Months)</u>
Beginning Net Position	808,600,303	695,445,679	728,084,796	782,124,005	814,619,598	819,072,539
County Employer Contributions	10,060,751	42,151,596	61,645,359	62,989,902	58,294,923	40,140,891
IEF Judgment	-	-	-	-	32,212,545	-
County Additional Contribution	-	-	-	-	-	14,164,415
DWMHA Additional Contribution	-	-	-	8,715,000	8,105,476	5,606,825
County Employee Contributions	3,010,082	3,206,764	3,547,805	4,104,733	5,371,193	4,980,809
IEF Judgment Investment Earnings	-	-	-	-	18,497,745	741,650
County Pension Payments	<u>(121,816,795)</u>	<u>(122,974,390)</u>	<u>(124,159,870)</u>	<u>(124,774,103)</u>	<u>(127,219,158)</u>	<u>(87,014,590)</u>
Difference	(108,745,962)	(77,616,030)	(58,966,706)	(48,964,468)	(4,737,276)	(21,380,000)
Airport Employer Contributions	3,357,849	3,545,795	4,541,608	5,782,271	6,995,408	5,286,980
Airport Additional Contributions	-	1,970,149	2,693,447	2,693,447	6,110,192	-
Airport Additional Pre-2002 Liability	-	-	-	-	-	3,300,000
Airport Employee Contributions	20,460	19,486	93,427	276,566	330,332	280,757
Airport Pension Payments	<u>(6,747,345)</u>	<u>(7,336,810)</u>	<u>(7,648,817)</u>	<u>(7,621,347)</u>	<u>(7,790,298)</u>	<u>(5,224,819)</u>
Difference	(3,369,036)	(1,801,380)	(320,335)	1,130,937	5,645,634	3,642,918
IEF Check Payments	(3,874,184)	(3,873,264)	(995,417)	(999,528)	(999,510)	-
Net of remaining Employee Contributions, Income & Expenses	2,834,558	115,929,791	114,321,667	81,328,652	9,587,032	43,963,797
Residual Equity Transfer In from Bailiffs	-	-	-	-	-	5,670,643
Restatement for Implementation of GASB 68	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,042,939)</u>	<u>-</u>
Ending Net Position	<u>695,445,679</u>	<u>728,084,796</u>	<u>782,124,005</u>	<u>814,619,598</u>	<u>819,072,539</u>	<u>850,969,897</u>

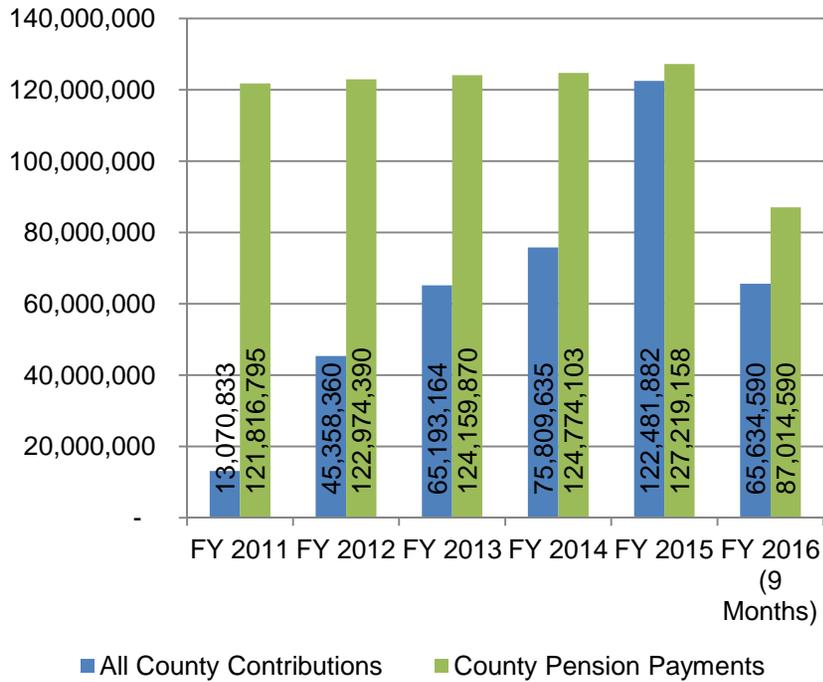
Employer Contributions to Finance Defined Benefit Plans



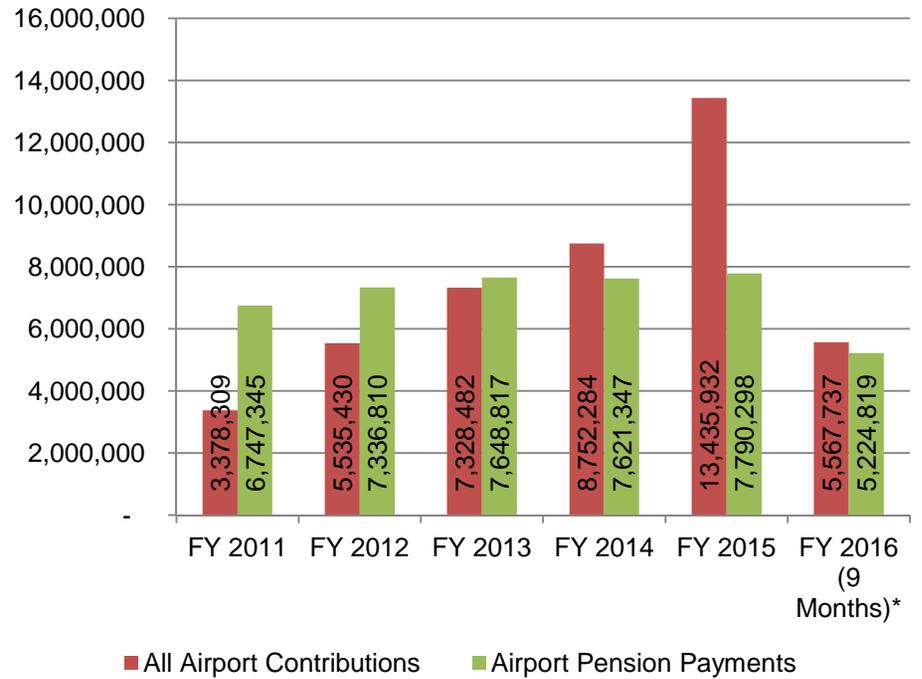
The County failed to contribute its annual required contribution to the Retirement System by the amount of \$26.2 million in FY 2011 and \$6.0 million in FY 2012 by using the Inflation Equity Fund (IEF) to offset contributions. On December 18, 2014 the Michigan Supreme Court unanimously decided to uphold the Court of Appeals decision requiring the County to repay \$32.2 in missed contribution, which are recorded in FY 2015.

■ County ■ IEF Judgement ■ DWMHA ■ Airport ■ Airport Pre-2002

County



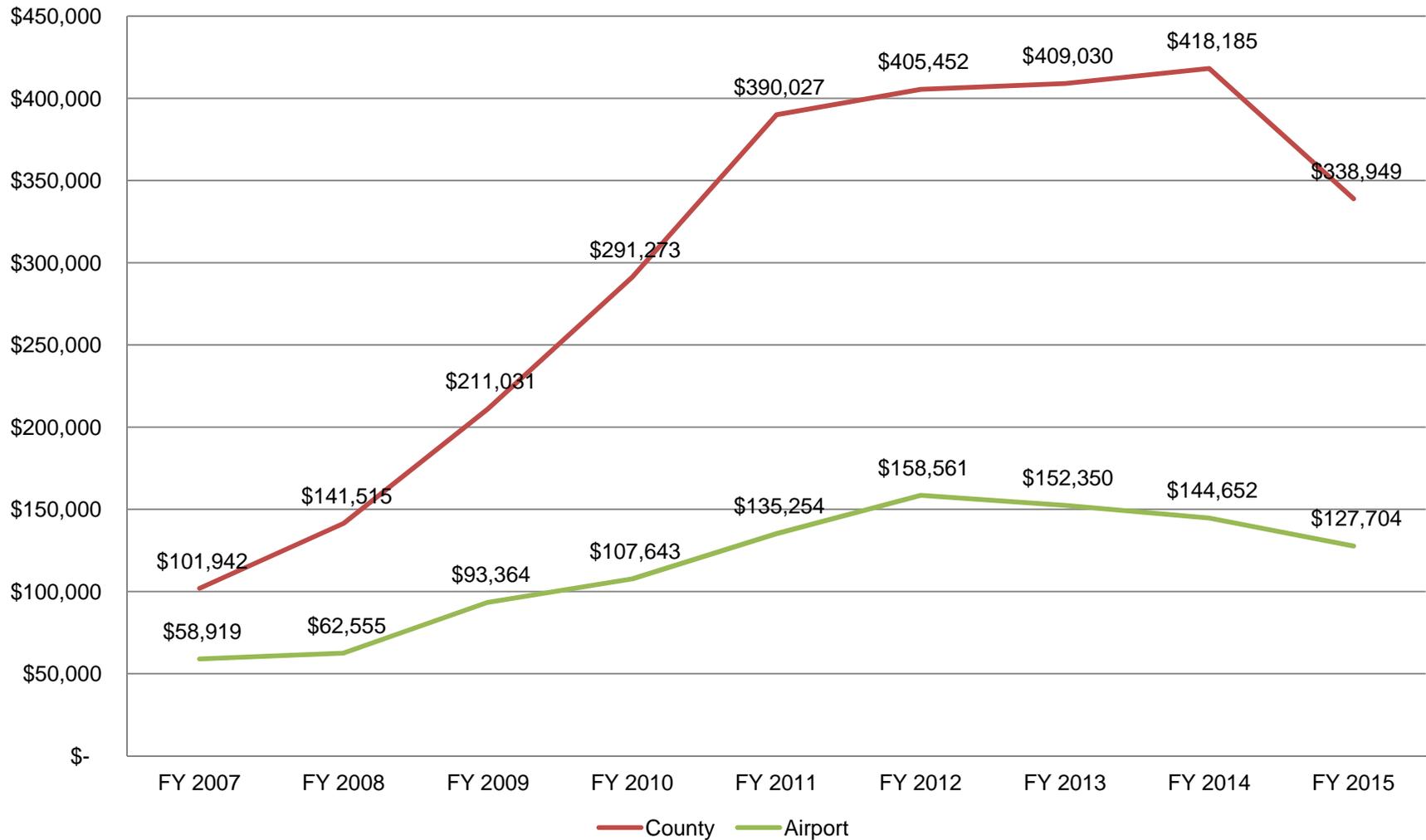
Airport



County pension payments exceed contributions. This requires the retirement system to liquidate investments periodically to make pension payroll payments; this can exacerbate the funding issue depending on investment gains (losses). Additional contributions by the County could increase the funding ratio.

*Excludes Airport Additional Pre-2002 Liability contribution

Unfunded Actuarial Accrued Liability per Active Member



2017 Employer Contributions to Finance Defined Benefit Plans

DEFINED BENEFIT PLANS-CONTRIBUTIONS FOR:

TOTAL NORMAL COST

LESS PORTION PAID BY MEMBERS

EMPLOYER DEFINED BENEFIT NORMAL COST

UNFUNDED ACTUARIAL ACCRUED LIABILITY

TOTAL COMPUTED EMPLOYER RATE

MINIMUM UNFUNDED CONTRIBUTION REQUIRED

	AIRPORT	COUNTY
TOTAL NORMAL COST	6.76%	6.53%
LESS PORTION PAID BY MEMBERS	1.14%	6.50%
EMPLOYER DEFINED BENEFIT NORMAL COST	5.62%	.03%
UNFUNDED ACTUARIAL ACCRUED LIABILITY	14.91%	46.69%
TOTAL COMPUTED EMPLOYER RATE	20.53%	46.72%
MINIMUM UNFUNDED CONTRIBUTION REQUIRED	\$5,693,734	\$47,467,616

Budget Analysis

Year	Budget	Actual	Net Position	% of Net Position
FY 2006	\$7,502,000	\$6,548,347	\$987,415,361	0.66%
FY 2007	\$7,502,000	\$6,927,900	\$1,037,978,404	0.67%
FY 2008	\$7,502,000	\$6,945,622	\$859,527,777	0.81%
FY 2009	\$7,502,000	\$7,228,123	\$823,428,019	0.88%
FY 2010	\$7,502,000	\$7,157,053	\$808,600,303	0.89%
FY 2011	\$7,502,000	\$7,823,478	\$695,445,679	1.12%
FY 2012	\$7,502,000	\$6,145,806	\$728,084,796	0.84%
FY 2013	\$8,002,000	\$5,965,161	\$782,124,005	0.76%
FY 2014	\$8,002,000	\$6,718,000	\$814,619,598	0.82%
FY 2015	\$8,002,000	\$5,895,428	\$819,072,539	0.72%
FY 2016 (9 Months)	\$8,002,000	\$3,370,918	\$850,969,897	

Budget Analysis

