

Wayne County Circuit Court Commissioners Bailiffs' Retirement System

Six Months Ended
March 31, 2016

Financial
Statements

WAYNE COUNTY CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM

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INDEPENDENT AUDITORS' REPORT

February 24, 2017

To the Wayne County Board of Commissioners
and the Wayne County Retirement Commission
Detroit, Michigan

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the *Wayne County Circuit Court Commissioners Bailiffs' Retirement System* (the "Plan"), a pension trust fund of the Charter County of Wayne, Michigan, as of March 31, 2016, and the related statement of changes in fiduciary net position for the six months then ended and the related notes to the financial statements, which collectively comprise the Plan's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of March 31, 2016, and the changes in its fiduciary net position for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements present only the Wayne County Circuit Court Commissioners Bailiffs' Retirement System pension trust fund and do not purport to, and do not, present fairly the financial position of the Charter County of Wayne as of March 31, 2016, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Plan Transfer

Effective March 31, 2016, as discussed in Note 1, the Plan was transferred and merged into the Wayne County Employees' Retirement System Defined Benefit Plan.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

BASIC FINANCIAL STATEMENTS

WAYNE COUNTY CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM

Statements of Fiduciary Net Position

March 31, 2016

Assets

Investments, at fair value:

Equity mutual funds	\$ -
Debt mutual funds	-
Money market funds	-
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Total investments	-
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Equity in Wayne County pooled cash	-
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Accounts receivable	-
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Accrued interest and dividends	-
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Total assets	<hr/> -
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Liabilities

Accounts and contracts payable	-
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Due to broker for securities purchased	-
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Total liabilities	<hr/> -
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Net position restricted for pension benefits	<hr/> \$ - <hr/>
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The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM

Statements of Changes in Fiduciary Net Position

For the Six Months Ended March 31, 2016

Additions

Contributions:

State of Michigan	\$ 3,577
Members	1,070

Total contributions	<u>4,647</u>
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Investment income:

Net appreciation in fair value of investments	78,250
Interest and dividends	101,602

Total investment income	179,852
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Investment expenses	<u>(45,844)</u>
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Net investment income	<u>134,008</u>
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Total additions	<u>138,655</u>
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Deductions

Participant benefit payments and distributions	53,963
Administrative expenses	8,502

Total deductions	<u>62,465</u>
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Change in net position	76,190
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Transfer out to Wayne County pension plan	(5,670,643)
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Net position restricted for pension benefits

Beginning of year	<u>5,594,453</u>
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End of year	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM

Notes to Financial Statements

1. PLAN DESCRIPTION

General. The Wayne County Circuit Court Commissioners Bailiffs' Retirement System (the "Plan") is a single-employer defined benefit public employee retirement plan governed by the Wayne County Employees' Retirement System ("WCERS") and created under Enrolled Ordinance No. 86-486 (November 20, 1986), as amended, of the County of Wayne (the "County"). WCERS was established by the County to provide retirement, survivor, and disability benefits to the County's employees.

WCERS is considered part of the County financial reporting entity and is included in the County's comprehensive annual financial report as a collection of fiduciary pension trust funds.

The Wayne County Commission adopted Enrolled Ordinance No. 2016-112 in March of 2016, which merged the Wayne County Circuit Court Commissioners Bailiffs' (Bailiffs') retirement fund into the WCERS Defined Benefit Plan. The Bailiffs' net position was transferred to the WCERS Defined Benefit Plan effective March 31, 2016. All Bailiffs' participants became members in the WCERS plan at that time.

The administration, management, and responsibility for the proper operation of the Plan, and for interpreting and making effective the provisions of the Plan, is vested in the trustees of the Wayne County Retirement Commission (the "Retirement Commission"). The Plan is exempt from the requirements of Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and, as such, is not subject to the reporting and disclosure requirements of ERISA.

The Retirement Commission consists of eight individual trustees either elected or appointed in accordance with the County pension ordinance. Four members (active employees) are elected by active members of the retirement system and must be from different county departments. Two members (retired members) are elected by retired members and beneficiaries. One member is the chairperson of the county commission and one member is the county executive or his designated appointee. All elected terms are four years.

Contributions. The Plan's basic benefits, as described in the Plan document, are primarily funded by contributions from the State of Michigan and active members, and by the investment income earned on the Plan's assets. Members contribute three percent of the first \$4,200 of annual compensation, plus five percent of annual compensation in excess of \$4,200.

Pension Benefits. Employees with 25 years of service and having attained age 50, as well as employees with five years of service and having attained age 60, are entitled to annual pension benefits upon reaching the applicable retirement age. There is no mandatory retirement age. Pension benefits are calculated as total years of service, multiplied by two percent of average final compensation. The maximum employer financed portion of the pension benefit is 75 percent of average final compensation.

Death and Disability Benefits. The Plan also provides non-duty death and disability benefits to members after ten years of credited service. The ten-year service provision is waived for duty disability and death benefits.

Eligibility. The Plan is closed to new hires. At March 31, 2016, the Plan had three active vested participants and four retired members receiving benefits.

WAYNE COUNTY CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM

■ Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The Plan's financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Member contributions are recognized in the period in which the contributions are due. State of Michigan contributions are recognized when due and the State of Michigan 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 Plan document. Administrative expenses are financed through investment earnings.

Dividend income is recognized based on the ex-dividend date, and interest income is recognized on the accrual basis as earned. All realized gains and losses on investments are recognized at the point of sale and are included in investment income. Purchases and sales of investments are recorded as of the trade date, which is the date when the transaction is initiated.

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