

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

FINANCIAL STATEMENTS
(With Supplementary Information)

September 30, 2024 and 2023



WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS:	
Statements of Fiduciary Net Position	10
Statements of Changes in Fiduciary Net Position	11
NOTES TO FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Investment Returns (Unaudited)	46
Schedules of Changes in Employers' Net Pension Liability and Related Ratios (Unaudited)	47
Schedule of Employer Contributions (Unaudited)	49
INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER	52
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Changes in Fiduciary Net Position by Employer	55
Notes to Schedule of Changes in Fiduciary Net Position by Employer	56



INDEPENDENT AUDITOR'S REPORT

March 20, 2025

To the Wayne County Retirement Commission
Charter County of Wayne, Michigan

Opinion

We have audited the financial statements of the Wayne County Employees' Retirement System Defined Benefit Plan (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, as well as the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2024 and 2023, and the changes in its fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Plan's management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for 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.

Bank America Tower
110 N. Wacker Drive
Suite 2500
Chicago, Illinois 60606
Tel: (872) 465-1330

PNC Center
201 E. 5th Street
Suite 1900-1239
Cincinnati, Ohio 45202
Tel: (513) 766-9415

1001 Woodward Avenue
Suite 850
Detroit, Michigan 48226
Tel: (313) 965-2655

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. *Reasonable assurance* is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- We obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.
- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP requires that the management's discussion and analysis on pages 4 through 9 and the pension information on pages 46 through 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

GSC CPAs & Advisors

Detroit, Michigan

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2024 and 2023

This section of the annual report of the Wayne County Employees' Retirement System Defined Benefit Plan (the "Plan") presents management's discussion and analysis of the Plan's financial performance during the plan years that ended on September 30, 2024 and 2023. Please read it in conjunction with the Plan's financial statements, which follow this section.

Data for the Charter County of Wayne, Michigan (the "County"), the Third Judicial Circuit of Michigan, and the Wayne County Airport Authority ("WCAA") are all combined, unless otherwise noted. All data for the Third Judicial Circuit of Michigan is included in the County's data.

FINANCIAL HIGHLIGHTS

- The Plan's total net position increased by \$100.4 million, or a 10.1 percent increase; the prior year increase was \$42.5 million, or a 4.5 percent increase. Assets are held in trust and are restricted to meet future benefit payments.
- The Plan's basic benefits are funded by contributions from the County, WCAA, and active members, as well as by the investment income earned on the Plan's assets. As of September 30, 2023 and 2022, the funded ratios for the Plan were 68 and 67 percent, respectively, for pension benefits, based on the most recent actuarial valuations (i.e., a valuation has not yet been completed for the year ended September 30, 2024, as explained in the accompanying required supplementary information).
- Total additions to net position, excluding net appreciation, increased by \$16.8 million from \$105.3 million for the year ended September 30, 2023 to \$122.1 million for the year ended September 30, 2024. The actuarially determined required employer contribution increased by \$9.6 million, while the amount of the additional employer contributions increased by \$0.9 million from the prior year. The County's actuarially determined contribution rate decreased from 55.69 percent for the year ended September 30, 2023 to 55.40 percent for the year ended September 30, 2024, while wages increased by \$16.3 million. The County contributed an additional \$6.4 million above the required contribution for the year ended September 30, 2024, compared to \$5.3 million above the required contribution for the year ended September 30, 2023. WCAA's actuarially determined contribution rate increased from 32.01 percent for the year ended September 30, 2023 to 36.46 percent for the year ended September 30, 2024, while wages decreased by \$0.3 million. WCAA made an additional \$0.1 million in employer contributions to the Plan to apply to its unfunded liability for the year ended September 30, 2024, consistent with the \$0.3 million contribution for the year ended September 30, 2023.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

September 30, 2024 and 2023

FINANCIAL HIGHLIGHTS (CONTINUED)

- The change in the fair value of investments was favorable for the current year. The fair value of investments had net appreciation of \$113.6 million for the year ended September 30, 2024, compared to net appreciation of \$74.1 million and net depreciation of \$172.1 million for the years ended September 30, 2023 and 2022, respectively.
- Total deductions from net position were consistent for the last two years, from \$136.9 million for the year ended September 30, 2023 to \$135.4 million for the year ended September 30, 2024. Both years include a stipend benefit paid to pre-Medicare eligible retirees (see the notes for additional information).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains the Plan's financial statements, which consist of the statements of fiduciary net position and the statements of changes in fiduciary net position (presented on pages 10 and 11). These financial statements report information about the Plan as a whole using accounting methods similar to those used by private-sector pension plans. The statements of fiduciary net position include all of the Plan's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's increases and decreases in the Plan's net position are accounted for in the statements of changes in fiduciary net position, regardless of when cash is received or paid.

These financial statements report the Plan's net position and how it has changed. Net position represents the difference between the Plan's total of assets and deferred outflows of resources and its total of liabilities and deferred inflows of resources, and it represents one way to measure the Plan's financial health, or position. Over time, increases or decreases in the Plan's net position may be affected by several variables, such as active member and employer contributions, investment performance, participant distributions during the current year due to retirements, terminations, and Plan administrative expenses.

The notes to the financial statements, which begin on page 12, explain some of the information in the financial statements and provide more detailed data.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

September 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE PLAN AS A WHOLE

Table 1
Condensed Statements of Fiduciary Net Position
September 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Investments	\$ 1,086,675,730	\$ 989,177,055	\$ 941,753,171
Other assets	5,869,684	3,078,102	7,045,261
	<u>1,092,545,414</u>	<u>992,255,157</u>	<u>948,798,432</u>
Total Assets			
	<u>1,092,545,414</u>	<u>992,255,157</u>	<u>948,798,432</u>
Liabilities	<u>2,937,309</u>	<u>3,063,960</u>	<u>2,134,964</u>
Net Position Restricted for Pensions	<u>\$ 1,089,608,105</u>	<u>\$ 989,191,197</u>	<u>\$ 946,663,468</u>

The Plan's total assets as of September 30, 2024 were \$1.1 billion and were mostly comprised of cash and investments. Total assets increased by \$100.3 million, or 10.1 percent, from the prior year. Total assets as of September 30, 2023 and 2022 were \$992.3 million and \$948.8 million, respectively. The last three years' overall rates of return on investments have been volatile. The year ended September 30, 2024 had a favorable rate of return of 15.10 percent, while the years ended September 30, 2023 and 2022 had an favorable rate of return of 10.34 percent and an unfavorable rate of return of (12.67) percent, respectively.

Other assets include \$0.3 million and \$0.9 million that were due from the Plan's broker for securities sold as of September 30, 2024 and 2023, respectively, and liabilities include \$0.6 million and \$1.8 million that were due to the Plan's broker for securities purchased as of September 30, 2024 and 2023, respectively. The amounts due to and from the broker are a result of security purchase and sale transactions initiated before September 30 of each year, but not completed until after October 1 of each year. Other assets as of September 30, 2024 also include \$2.7 million of equity in the County's pooled cash. The Plan's equity in the County's pooled cash as of September 30, 2023 and 2022 was \$0.9 million and \$0.5 million, respectively. Included in other assets is the right-of-use asset related to leased office space of \$1.4 million as of September 30, 2024. There is also a \$1.4 million liability associated with this lease.

Total net position restricted for pensions as of September 30, 2024 increased by \$100.4 million from September 30, 2023. The increase is primarily attributable to net appreciation of investments. For the year ended September 30, 2023, total net position increased by \$42.5 million from September 30, 2022.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

September 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE PLAN AS A WHOLE (CONTINUED)

Table 2
Condensed Statements of Changes in Fiduciary Net Position
For the Years Ended September 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Additions:			
Contributions	\$ 93,098,904	\$ 84,326,095	\$ 78,951,566
Net investment income	29,042,033	21,001,381	29,327,626
Total Additions	<u>122,140,937</u>	<u>105,327,476</u>	<u>108,279,192</u>
Deductions:			
Participant benefit payments and distributions	132,107,214	133,608,155	134,898,594
Administrative expenses	3,253,669	3,318,619	3,040,787
Total Deductions	<u>135,360,883</u>	<u>136,926,774</u>	<u>137,939,381</u>
Gains and Losses:			
Net appreciation (depreciation) in fair value of investments	113,636,854	74,127,027	(172,074,265)
Change in Net Position Restricted for Pensions	<u>100,416,908</u>	<u>42,527,729</u>	<u>(201,734,454)</u>
Net Position Restricted for Pensions, Beginning of Year	<u>989,191,197</u>	<u>946,663,468</u>	<u>1,148,397,922</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 1,089,608,105</u>	<u>\$ 989,191,197</u>	<u>\$ 946,663,468</u>

Additions to Fiduciary Net Position

The reserves needed to finance pension benefits are accumulated through the collection of member and employer contributions, as well as through earnings on investments. Contributions and net investment income, excluding net appreciation (depreciation), for the years ended September 30, 2024, 2023, and 2022 totaled \$122.1 million, \$105.3 million, and \$108.3 million, respectively.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

September 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE PLAN AS A WHOLE (CONTINUED)

Additions to Fiduciary Net Position (continued)

Total contributions for the year ended September 30, 2024 increased by \$8.8 million compared to the prior year. Employer contributions increased for the year ended September 30, 2024. Employer contributions were made at the actual rate of 57.21 percent, 56.18 percent, and 55.03 percent of covered payroll during the years ended September 30, 2024, 2023, and 2022, respectively. Employer contributions were \$80.5 million, \$70.0 million, and \$64.8 million for the years ended September 30, 2024, 2023, and 2022, respectively. Member contributions totaled \$11.0 million, \$12.7 million, and \$12.5 million for the years ended September 30, 2024, 2023, and 2022, respectively. The County also made contributions totaling \$1.6 million per year to fund a stipend benefit paid to pre-Medicare retirees for the years ended September 30, 2024, 2023, and 2022.

Other investment income is composed of interest, dividends, securities lending, other income, and investment expenses. Interest and dividends totaled \$31.5 million, \$24.2 million, and \$32.8 million for the years ended September 30, 2024, 2023, and 2022, respectively. Other income (including securities lending income) totaled \$0.1 million for the current year. Other income totaled \$0.1 million and \$0.2 million for the years ended September 30, 2023 and 2022, respectively. Investment expenses were \$2.6 million, \$3.3 million, and \$3.7 million for the years ended September 30, 2024, 2023, and 2022, respectively.

Net Appreciation and Depreciation

The change in the fair value of investments was favorable for the year. The fair value of investments had net appreciation of \$113.6 million for the year ended September 30, 2024, compared to net appreciation of \$74.1 million and net depreciation of \$172.1 million for the years ended September 30, 2023 and 2022, respectively. The net appreciation in the fair value of investments for the current year is attributable to the volatile financial markets and resulting investment performance for the year.

Deductions from Fiduciary Net Position

The Plan's deductions include the payment of pension benefits to members and beneficiaries and the costs of administering the Plan. Total deductions of \$135.4 million for the year ended September 30, 2024 were consistent with the prior year's deductions of \$136.9 million. Included in total deductions is a stipend benefit paid to pre-Medicare eligible retirees of \$1.6 million per year for the years ended September 30, 2024 and 2023. Administrative expenses were consistent the past two years. Total deductions were \$137.9 million for the year ended September 30, 2022.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

September 30, 2024 and 2023

ECONOMIC FACTORS

The financial markets have been volatile over the last several years. The current year saw favorable financial markets and resulting investment performance for the year. Management believes that the Plan is in a financial position to meet its pension benefit obligations. Management does have concerns about the funding level of the Plan. It is anticipated that the financial position can improve with a prudent investment strategy and return to more stable market conditions.

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the funds it holds. If you have any questions about this report or need additional financial information, contact the Wayne County Employees' Retirement System, 28 West Adams, Suite 1900, Detroit, Michigan 48226.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

STATEMENTS OF FIDUCIARY NET POSITION

September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets:		
Investments, at fair value or net asset value (Note C):		
Equity investments	\$ 431,230,125	\$ 550,021,936
Fixed income investments	292,752,874	115,935,291
Short-term investments	34,910,289	37,043,887
Other investments	327,782,442	286,175,941
	<u>1,086,675,730</u>	<u>989,177,055</u>
Total Investments		
Other assets:		
Equity in Wayne County pooled cash (Note C)	2,692,203	910,720
Accounts receivable	49,533	35,335
Due from broker for securities sold	275,925	860,239
Accrued interest and dividends	1,414,366	1,245,693
Right-of-use assets, net (Note E)	1,384,729	-0-
Prepaid expenses	52,928	26,115
	<u>5,869,684</u>	<u>3,078,102</u>
Total Other Assets		
	<u>1,092,545,414</u>	<u>992,255,157</u>
Total Assets		
Liabilities:		
Accounts and contracts payable	652,465	970,572
Due to broker for securities purchased	609,133	1,818,747
Accrued wages and benefits	290,242	274,641
Lease liabilities (Note E)	1,385,469	-0-
	<u>2,937,309</u>	<u>3,063,960</u>
Total Liabilities		
	<u>2,937,309</u>	<u>3,063,960</u>
Net Position Restricted for Pensions (Note B)	<u>\$ 1,089,608,105</u>	<u>\$ 989,191,197</u>

See notes to financial statements.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Additions:		
Contributions:		
Employer (Note A)	\$ 82,111,352	\$ 71,638,940
Members	10,987,552	12,687,155
Total Contributions	<u>93,098,904</u>	<u>84,326,095</u>
Investment income:		
Interest	26,670,142	17,061,122
Dividends	4,823,943	7,165,965
Securities lending income	87,374	85,157
Other investment income	38,755	32,909
Total Investment Income	<u>31,620,214</u>	<u>24,345,153</u>
Less: Investment expenses	<u>(2,578,181)</u>	<u>(3,343,772)</u>
Net Investment Income	<u>29,042,033</u>	<u>21,001,381</u>
Total Additions	<u>122,140,937</u>	<u>105,327,476</u>
Deductions:		
Participant benefit payments and distributions	132,107,214	133,608,155
Administrative expenses	3,253,669	3,318,619
Total Deductions	<u>135,360,883</u>	<u>136,926,774</u>
Gains and Losses:		
Net appreciation in fair value of investments	<u>113,636,854</u>	<u>74,127,027</u>
Change in Net Position Restricted for Pensions	100,416,908	42,527,729
Net Position Restricted for Pensions, Beginning of Year	<u>989,191,197</u>	<u>946,663,468</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 1,089,608,105</u>	<u>\$ 989,191,197</u>

See notes to financial statements.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN

General

The Wayne County Employees' Retirement System Defined Benefit Plan (the "Plan") is a contributory agent multiple-employer defined benefit public employee retirement plan that is established, administered, and governed in accordance with the authority of: (a) Public Act 156 of 1851, section 12a, added by Public Act 249 of 1943, as amended, (b) Michigan Compiled Laws ("MCL") section 46.12a, (c) the Wayne County Charter (the "Charter"), and (d) the Wayne County Employees' Retirement System Ordinance, as amended (the "Retirement Ordinance"). The Plan has three participating employers: the Charter County of Wayne, Michigan (the "County" or "Wayne County"), the Third Judicial Circuit of Michigan (whose data is included in the County's data), and the Wayne County Airport Authority ("WCAA"). The Wayne County Employees' Retirement System ("WCERS") provides retirement, survivor, and disability benefits to the employees of the County and WCAA, pursuant to section 6.112 of the Charter and section 141-35 of the Retirement Ordinance.

Pursuant to the Michigan Public Employee Retirement System Investment Act, Michigan Public Pension Investment Act 314 of 1965, as amended [MCL 38.1132, *et seq.*] ("Act 314"), and the Retirement Ordinance, 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"). As a governmental plan, the Plan is exempt from the requirements of Title 1 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and, as such, is not subject to the reporting and disclosure requirements of ERISA.

Pursuant to both section 6.112 of the Charter and section 141-35 of the Retirement Ordinance, the Retirement Commission consists of eight elected members: four elected employee representatives, two elected retiree representatives, and two ex-officio members, including the Wayne County Executive (or his or her designee) and the Chairperson of the Wayne County Commission (the "Commission"). All elected terms are for four years.

Effective October 1, 2001, the County established the Wayne County Hybrid Retirement Plan #5 ("Plan Option 5"), which contains both defined benefit and defined contribution components. Participants in the plan options previously in existence (Plan Options 1, 2, 3, and 4) could elect to transfer their account balances to Plan Option 5, if authorized, during specific time periods noted within collective bargaining agreements or benefit plans.

Effective October 1, 2008, the County established another hybrid defined benefit plan option ("Plan Option 6"), which contains both defined benefit and defined contribution components. Participants in Plan Option 5 could elect to transfer their account balances to Plan Option 6, if authorized, during specific time periods noted within collective bargaining agreements or benefit plans.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

General (continued)

Effective October 1, 2001, only Plan Option 5 is available to new County employees, except for new executive and legislative benefit plan members, who may continue to elect participation in Plan Option 4; Plan Options 1, 2, 3, and 6 are closed to new hires. Effective September 2012, only Plan Option 4A is available to new WCAA employees. Because there is no legal requirement to further segregate the assets relating to Plan Options 1, 2, 3, 5, or 6 in paying benefits, the accompanying financial statements include the net position and changes in net position relating to Plan Options 1, 2, and 3, as well as the defined benefit component of Plan Options 5 and 6. The defined contribution portion of Plan Options 5 and 6 is included in the financial statements of the WCERS Defined Contribution Plan.

On December 18, 2014, the Commission adopted Resolution No. 2014-736, authorizing WCERS to operate an agent multiple-employer retirement system and to be able to enter into an agency agreement with WCAA to administer the retirement plans of WCAA. The intergovernmental agreement between WCERS and WCAA was approved by the WCAA's Board on July 15, 2015.

On November 19, 2015, the Commission adopted Enrolled Ordinance No. 2015-610, establishing the payment of a monthly stipend benefit to pre-Medicare eligible retirees that previously received health insurance. The County contributes to WCERS the funds required for the stipend benefit payments in advance each month, as required in the ordinance. The contributions are currently the amount of the actual benefit payment; thus, there is no balance in a reserve account for the prefunding of the future benefit payments.

Effective October 1, 2015, the County changed its retirement benefits going forward for nearly all of its defined benefit active members, except the legislative plan members and WCAA employees, which continue to use the prior benefits. The accrued benefits earned before that time were frozen using the prior benefits. Benefits earned after this date are noted as "Wayne County After October 1, 2015" in the descriptions below.

Contributions

The Plan's basic benefits, as described in the Retirement Ordinance and as amended by the provisions of applicable collective bargaining agreements or benefit plans (i.e., coverage groups), are funded by contributions from the County, WCAA, and active members, as specified by the plan option selected, and by the investment income earned on the Plan's assets.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Contributions (continued)

Member contribution percentages under the various plan options are as follows:

Wayne County After October 1, 2015

Under Plan Options 1, 3, 5, and 6, members contribute six percent of gross wages or base wages up to \$52,155, then seven percent of gross wages or base wages over \$52,155, based on the coverage group. Plan Option 2 for Wayne County requires no member contributions.

Wayne County Prior to October 1, 2015

Plan Option 1

Contributions are based on credited service, depending on the coverage group in which the member participates, as follows:

<u>Credited Service</u>	<u>Contribution Rates</u>
0 to 8 years	6.00 or 6.58 percent of eligible compensation
9 to 12 years	4.00 or 4.58 percent of eligible compensation
13 to 16 years	3.00 or 3.58 percent of eligible compensation
17 or more years	2.00 or 2.58 percent of eligible compensation

Plan Option 2

No member contributions

Plan Option 3

Three percent of eligible compensation

Plan Option 5

Prior to October 1, 2015, employees make contributions ranging from one to five percent of eligible compensation or no contributions at all, depending on each employee's coverage group.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Contributions (continued)

Wayne County Prior to October 1, 2015 (continued)

Plan Option 6

Four percent of eligible compensation

Wayne County Airport Authority

Plan Option 1

- Airport Police and Command: Five percent of eligible compensation
- All others: Contributions are based on credited service, depending on the coverage group in which the member participates, as follows:

<u>Credited Service</u>	<u>Contribution Rates</u>
0 to 8 years	6.00 or 6.58 percent of eligible compensation
9 to 12 years	4.00 or 4.58 percent of eligible compensation
13 to 16 years	3.00 or 3.58 percent of eligible compensation
17 or more years	2.00 or 2.58 percent of eligible compensation

Plan Option 2

No member contributions

Plan Option 3

Three percent of eligible compensation

Plan Option 5

This option is available to new employees hired after October 1, 2001; however, a defined contribution plan is obligatory for new employees. Members may transfer into Plan Options 5 or 5A when allowed by the applicable collective bargaining agreement.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Contributions (continued)

Wayne County Airport Authority (continued)

Plan Option 5 (continued)

Under Plan Option 5A, contributions are three percent of covered compensation until the WCAA funding ratio is 100 percent. If funding is 100 percent, contributions are reduced to two percent of covered compensation until the WCAA funding ratio is less than 100 percent, at which point, contributions increase to three percent of covered compensation. Depending on the applicable collective bargaining agreement, effective July 29, 2019, some employees contribute six percent of pension eligible compensation.

Wayne County Pension Benefits

Wayne County employees with a frozen benefit before October 1, 2015, current legislative plan members, and Third Circuit Court employees who have eight or more years of credited service and have attained the age specified by the specific plan option chosen are entitled to an annual pension. The County pension benefit changes on or after October 1, 2015 (Third Circuit Court benefits changed October 1, 2016) changed the credited service vesting requirement to 10 years, and pension begins at age 62, unless the early retirement option is selected, which reduces the pension by 0.8 percent for each month retirement precedes age 62. Members are eligible to retire and collect pension (frozen) benefits as outlined in collective bargaining agreements prior to October 1, 2015, and collect pension benefits as outlined after October 1, 2015, upon retirement eligibility without reduction.

The service requirements for receiving a pension under the various plan options are based on the Retirement Ordinance and collective bargaining agreements or benefit plans and are as follows:

Wayne County After October 1, 2015

For Wayne County Plan Options 1, 2, 3, 5, and 6, retirement eligibility is age 62 with 10 years of credited service, and early retirement is age 55 with 30 years of credited service, with a reduction of 0.8 percent for each month retirement precedes age 62 for non-sheriffs. Sheriffs may retire at age 55 with 30 years of credited services without a reduction.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Wayne County Pension Benefits (continued)

Wayne County Prior to October 1, 2015

Plan Option 1

- Any age with 30 years of service, age 50 with 25 years of service, or age 60 with five years of service for employees other than Sheriff Command Officers and Sheriff Deputies
- Any age with 25 years of service for Sheriff Command Officers and Sheriff Deputies

Plan Option 2

Age 55 with 25 years of service, or age 60 with 20 years of service, or age 65 with eight years of service

Plan Option 3

- Age 55 with 25 years of service, or age 60 with 20 years of service, or age 65 with five years of service for employees other than Sheriff Command Officers
- Any age with 25 years of service for Sheriff Command Officers

Plan Options 5 and 6

Any age with 30 or more years of service, or age 55 with 25 years of service, or age 60 with 20 years of service, or age 65 with eight years of service

Amount of Pension Benefits

Benefits are paid monthly over the member's or survivor's lifetime based on the following percentages of average final compensation for each year of credited service:

Wayne County After October 1, 2015

Under Plan Options 1, 3, 5, and 6, the retirement benefit is based on 1.25 percent for each year after October 1, 2015; the maximum pension is 75 percent of average final compensation.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Wayne County Pension Benefits (continued)

Amount of Pension Benefits (continued)

Wayne County After October 1, 2015 (continued)

Average final compensation is based on the average of base wages for the last 10 years of credited service. Plan Option 2 remains the same as the prior rate.

Wayne County Prior to October 1, 2015

Plan Option 1

Depending on the applicable collective bargaining agreement or benefit plan, the retirement benefit is either: (a) 2.65 percent for each year, (b) 2.5 percent for each year, or (c) 2.0 percent for each year up to 20 years, and 2.5 percent for each year over 20 years. The maximum employer-financed portion is 75 percent of average final compensation. The minimum pension is \$5 per month, multiplied by the number of years of service.

Plan Option 2

The retirement benefit is 1.0 percent for each year up to 20 years, and 1.25 percent for each year over 20 years. The maximum employer-financed portion is 75 percent of average final compensation.

Plan Option 3

Depending on the applicable collective bargaining agreement or benefit plan, the retirement benefit is either: (a) 2.0 percent for each year up to 20 years, 2.5 percent for each year between 20 and 25 years, and 3.0 percent for each year over 25 years, (b) 1.5 percent for each year up to 20 years, 2.0 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years, or (c) 2.5 percent for all years of service, contingent upon payment of \$500 per year for each year of credited service up to 20 years. The maximum employer-financed portion is 75 percent of average final compensation.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Wayne County Pension Benefits (continued)

Amount of Pension Benefits (continued)

Wayne County Prior to October 1, 2015 (continued)

Plan Option 5

Depending on the applicable collective bargaining agreement or benefit plan, the retirement benefit is either: (a) 2.0 percent for each year of credited service, (b) 1.25 percent for each year up to 20 years, and 1.5 percent for each year over 20 years, or (c) 1.5 percent for each year up to 20 years, and 1.75 percent for each year over 20 years. The maximum employer-financed portion is 75 percent of average final compensation, less workers' compensation payments.

Plan Option 6

The retirement benefit is 2.5 percent for each year of service. The maximum employer-financed portion is 75 percent of average final compensation.

Death and Disability Benefits

The Plan also provides non-duty death and disability benefits to members after 10 years of credited service for Plan Options 1, 2, 5, and 6, along with non-duty death benefits for Plan Option 3. The 10-year service provision is waived for duty disability and death benefits.

Eligibility

Effective August 15, 1983, the County closed Plan Option 1 to new hires. Plan Option 2 was available to all persons hired after August 15, 1983 and before October 1, 2001, and was also available to Plan Options 1 and 3 members who wished to transfer to this plan before October 1, 2001. Plan Option 3 was available to all persons last hired prior to June 30, 1984. Plan Option 5 is available to all new persons hired after September 30, 2001.

Wayne County Airport Authority Pension Benefits

WCAA employees who have eight or more years of credited service and have attained the age specified by the specific plan option chosen are entitled to an annual pension.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Wayne County Airport Authority Pension Benefits (continued)

The service requirements for receiving a pension under the various plan options are based on the Retirement Ordinance and collective bargaining agreements or benefit plans and are as follows:

Plan Option 1

- Any age with 30 years of service, age 50 with 25 years of service, or age 60 with five years of service for employees other than Sheriff Command Officers and Sheriff Deputies
- Any age with 25 years of service for Sheriff Command Officers and Sheriff Deputies

Plan Option 2

Age 55 with 25 years of service, or age 60 with 20 years of service, or age 65 with eight years of service.

Plan Option 3

- Age 55 with 25 years of service, or age 60 with 20 years of service, or age 65 with five years of service for employees other than Sheriff Command Officers
- Any age with 25 years of service for Sheriff Command Officers

Plan Option 5

Any age with 30 or more years of service, or age 55 with 25 years of service, or age 60 with 20 years of service, or age 65 with eight years of service

Amount of Pension Benefits

Benefits are paid monthly over the member's or survivor's lifetime based on the following percentages of average final compensation for each year of credited service:

Plan Option 1

Depending on the applicable collective bargaining agreement or benefit plan, the retirement benefit is either: (a) 2.65 percent for each year, (b) 2.5 percent for each year, or (c) 2.0 percent for each year up to 20 years, and 2.5 percent for each year over 20 years.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Wayne County Airport Authority Pension Benefits (continued)

Amount of Pension Benefits (continued)

Plan Option 1 (continued)

The maximum employer-financed portion is 75 percent of average final compensation. The minimum pension is \$5 per month, multiplied by the number of years of service.

Plan Option 2

The retirement benefit is 1.0 percent for each year up to 20 years, and 1.25 percent for each year over 20 years. The maximum employer-financed portion is 75 percent of average final compensation.

Plan Option 3

The retirement benefit is 1.5 percent for each year up to 20 years, 2.0 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years.

Plan Option 5

The retirement benefit is 1.25 percent for each year up to 20 years, and 1.5 percent for each year over 20 years. The maximum employer-financed portion is 75 percent of average final compensation, less workers' compensation payments. Depending on the applicable collective bargaining agreement or benefit plan, effective July 29, 2019, the retirement benefit is equal to 2.0 percent for all years of credited service after July 29, 2019.

Plan Option 5A

The retirement benefit is 1.5 percent for each year up to 20 years, and 1.75 percent for each year over 20 years. The maximum employer-financed portion is 75 percent of average final compensation, less workers' compensation payments. Depending on the applicable collective bargaining agreement or benefit plan, effective July 29, 2019, the retirement benefit is equal to 2.0 percent for all years of credited service after July 29, 2019.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE A — DESCRIPTION OF THE PLAN (CONTINUED)

Wayne County Airport Authority Pension Benefits (continued)

Death and Disability Benefits

The Plan also provides non-duty death and disability benefits to members after 10 years of credited service for Plan Options 1, 2, 5, and 5A, along with non-duty death benefits for Plan Option 3. The 10-year service provision is waived for duty disability and death benefits.

Eligibility

Effective September 2012, only Plan Option 4A is available to new WCAA employees.

Plan Participants

The number of Plan participants as of September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Active participants:		
Vested	925	948
Nonvested	<u>1,079</u>	<u>941</u>
Total Active Participants	2,004	1,889
Terminated vested	231	225
Retired and receiving benefits	<u>4,464</u>	<u>4,596</u>
	<u>6,699</u>	<u>6,710</u>

NOTE B — 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. Employer 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 Retirement Ordinance. Administrative expenses are financed through investment earnings.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Restricted for Pensions

Net position restricted for pensions consists of the following reserves:

Reserve for Member Contributions

Members contribute at rates as stated in the Retirement Ordinance or collective bargaining agreements for the applicable option. Interest is credited at least annually to the reserve for member contributions. The balance represents active members' contributions and interest, less amounts transferred to funds for retirement, amounts refunded to terminated members, and transferred inactive accounts.

Reserve for Employer Contributions

All employer contributions are credited to the reserve for employer contributions. Interest is credited at least annually, and transfers are made to the reserve for pension payments to fund the employers' share of retirement allowances, as recommended by the Plan's actuaries and approved by the Plan's trustees.

Reserve for Pension Payments

This reserve represents the reserves for payment of future retirement benefits to persons already on the retirement rolls. At retirement, a member's accumulated contributions (with interest) are transferred to the reserve for pension payments from the reserve for employer contributions and from the reserve for member contributions. Interest is credited at least annually to the reserve for pension payments.

The reserve balances as of September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Reserve for member contributions	\$ 107,199,826	\$ 104,509,587
Reserve (deficit) for employer contributions	(233,400,035)	(354,753,796)
Reserve for pension payments	<u>1,215,808,314</u>	<u>1,239,435,406</u>
	<u><u>\$ 1,089,608,105</u></u>	<u><u>\$ 989,191,197</u></u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Plan's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed debt quotations are provided by a national brokerage pricing service. Real estate values are determined on the basis of comparable yields available in the marketplace. Investments for which market quotations are not readily available, including investments in commingled funds, are valued at their net asset value per share (or its equivalent) of the funds, which is valued based on the fair values of the underlying assets as determined by the custodian under the direction of the Retirement Commission, with the assistance of a valuation service.

Many of the Plan's investments in real estate private trusts, private equity funds, private credit funds, opportunistic credit funds, and hedge funds are invested in assets which do not have exchange quotations that are readily available. Such assets are valued initially at cost, with subsequent adjustments to values that reflect meaningful third-party transactions, or to net asset value as determined by the general partners or management of the investments. Factors considered in valuing these individual securities may include, but are not limited to, the purchase price, changes in the financial condition and prospects of the issuer, calculations of the total enterprise value using discounted cash flow projections, trading of securities of comparable companies engaged in similar businesses, estimates of liquidation value, the existence of restrictions on transferability, prices received in significant recent placements of securities of the same issuer, and other analytical data relating to the investment.

There are inherent limitations in any estimation technique. Because of the inherent uncertainty of valuations, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

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. Net appreciation and depreciation include gains and losses on investments bought and sold, as well as held, during the year.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Plan uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Plan utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Plan applies assumptions that market participants would use in pricing an asset or liability, including an assumption about market risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Plan has the ability to access
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability
- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost. Depreciation is computed using the straight-line basis method over the estimated useful lives of the assets, which is five years. Expenditures for maintenance and repairs are charged to expense. Renewals or betterments which extend the life or increase the value of the properties are capitalized.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Plan recognizes right-of-use assets and lease liabilities for virtually all leases. At contract inception, the Plan determines whether a contract is or contains a lease, based on whether the Plan has the right to control the asset during the contract period. The Plan's leasing arrangements do not contain any non-lease components. The Plan does not enter into any leases with a defined borrowing rate, so the Plan uses the incremental borrowing rate to measure its right-of-use assets and lease liabilities. The incremental borrowing rate is the rate that the Plan would have to pay to borrow, on a collateralized basis over a similar term, amounts equal to the lease payments in a comparable economic environment.

The Plan has elected not to recognize right-of-use assets or lease liabilities for leases that have an initial term of 12 months or less; the Plan recognizes lease expense for these leases on a straight-line basis over the lease term.

NOTE C — DEPOSITS AND INVESTMENTS

The Retirement Commission is vested with a fiduciary responsibility for administration, management, and proper operation of WCERS. The Plan's assets are held and invested in accordance with Act 314. Based on the advice of its investment consultant, the Retirement Commission has established an investment policy statement ("IPS") for the Plan. The IPS outlines the goals and investment objectives of WCERS and is intended to provide guidelines for the investment and management of the Plan's assets. Act 314 incorporates the prudent person rule and requires investment fiduciaries to act solely in the interest of the Plan's participants and beneficiaries. Accordingly, the Retirement Commission has the authority to invest the Plan's assets in common and preferred stock, obligations of the United States, its agencies or United States government-sponsored enterprises, obligations of any state or political subdivision of a state having the power to levy taxes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, reverse repurchase agreements, real and personal property, mortgages, and certain other investments.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Allocation Policy

The IPS regarding the allocation of invested assets is established and may be amended by the Retirement Commission. The IPS pursues an investment strategy that protects the financial health of the Plan and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets are invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the Plan may not maintain strict adherence to the targets in the short term, but may allow the values to fluctuate within these ranges. Over the long term, the Plan will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

The adopted asset allocation policy as of September 30, 2024 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Allocation Range</u>	
		<u>Minimum</u>	<u>Maximum</u>
Equity	37 %	35 %	70 %
Domestic fixed income	30	5	50
International fixed income	3	-0-	20
Real estate	15	5	20
Alternative investments	15	10	20
Michigan-based private equity	-0-	-0-	2
Short-term or cash	-0-	-0-	10
	<u>100 %</u>		

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value

The Plan's fair value hierarchy for those assets measured on a recurring basis as of September 30, 2024 and 2023 is summarized as follows:

	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Measured at Net Asset Value	
2024				
Assets:				
Investments:				
Equity investments:				
Common stocks	\$ 275,600,536	\$ -0-	\$ -0-	\$ 275,600,536
Commingled equity funds			148,398,040	148,398,040
International equities	7,231,549			7,231,549
Total Equity Investments	282,832,085	-0-	148,398,040	431,230,125
Fixed income investments:				
Asset-backed securities		10,948,430		10,948,430
International fixed income funds		3,809,100		3,809,100
Commingled fixed income funds			172,088,264	172,088,264
Government bonds		44,395,356		44,395,356
Mortgage-backed securities		40,218,411		40,218,411
Corporate bonds		21,293,313		21,293,313
Total Fixed Income Investments	-0-	120,664,610	172,088,264	292,752,874
Short-term investments:				
Money market funds	34,910,289			34,910,289
Other investments:				
Real estate private trusts (net of valuation allowance of \$1,000,000)			170,370,729	170,370,729
Private equity funds			50,336,653	50,336,653
Private credit funds			45,044,209	45,044,209
Opportunistic credit funds			16,230,733	16,230,733
Hedge funds			45,800,118	45,800,118
Total Other Investments	-0-	-0-	327,782,442	327,782,442
	\$ 317,742,374	\$ 120,664,610	\$ 648,268,746	\$ 1,086,675,730

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value (continued)

	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Measured at Net Asset Value	
2023				
Assets:				
Investments:				
Equity investments:				
Common stocks	\$ 392,766,767	\$ -0-	\$ -0-	\$ 392,766,767
Commingled equity funds			125,242,614	125,242,614
Registered investment companies:				
Equity funds	26,465,785			26,465,785
International equities	5,546,770			5,546,770
Total Equity Investments	424,779,322	-0-	125,242,614	550,021,936
Fixed income investments:				
Asset-backed securities		12,885,873		12,885,873
International fixed income funds		3,089,603		3,089,603
Commingled fixed income funds			6,836,591	6,836,591
Government bonds		37,333,343		37,333,343
Mortgage-backed securities		38,166,812		38,166,812
Corporate bonds		17,623,069		17,623,069
Total Fixed Income Investments	-0-	109,098,700	6,836,591	115,935,291
Investments (continued):				
Short-term investments:				
Money market funds	37,043,887			37,043,887
Other investments:				
Real estate private trusts (net of valuation allowance of \$1,000,000)			171,530,639	171,530,639
Private equity funds			60,970,592	60,970,592
Hedge funds			53,674,710	53,674,710
Total Other Investments	-0-	-0-	286,175,941	286,175,941
	\$ 461,823,209	\$ 109,098,700	\$ 418,255,146	\$ 989,177,055

The Plan did not have any assets classified in Level 3 of the fair value hierarchy as of September 30, 2024 or 2023.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Measured at Net Asset Value

The primary investments that have been estimated using net asset value per share as a practical expedient are described below.

Commingled Funds

This type includes six commingled funds that invest in publicly traded global stocks and global fixed income securities. The fair values of the investments in this type have been determined using the net asset value per share (or its equivalent) of the investments. Of the total commingled funds as of September 30, 2024, \$199,360,831 of the assets can be liquidated on a daily basis, and \$121,125,473 can be liquidated on a monthly basis with 30 days' notice. All of the underlying securities within the commingled funds carrying a recurring fair value measurement of Level 1 or Level 2.

Real Estate Private Trusts

This type includes 17 real estate private trust funds (including a mortgage trust) that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the net asset value per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next one to eight years. 100 percent of the total investment in this type is expected to be sold. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the net asset value per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. As of September 30, 2024, approximately 59 percent of the assets are able to be liquidated via a quarterly redemption queue. The balance of the assets will be liquidated as underlying properties are sold or the investee fund's management approves of the buyer before the sale of the investments can be completed.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Measured at Net Asset Value (continued)

Private Equity Funds

This type includes nine private equity funds (seven that invest primarily in equities, and two in debt securities). The investments do not offer a stated redemption window. Instead, the nature of the investments in this type is that the distributions are received through the liquidation of the underlying assets of the funds. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over one to eight years. However, as of September 30, 2024, it is probable that all of the investments in this type will be sold at an amount different from the net asset value per share (or its equivalent) of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. As of September 30, 2024, a buyer (or buyers) for these investments has not yet been identified. Once a buyer has been identified, the investee fund's management is required to approve of the buyer before a sale of the investments can be completed.

Private Credit Funds

This type includes six private credit funds that invest primarily in loans to private companies aiming to generate income through these investments. Three of these funds, with balances totaling \$27,365,385 as of September 30, 2024, have the ability to request redemptions quarterly.

Opportunistic Credit Funds

This type includes two opportunistic credit funds, providing investors access to opportunities with strong return potential. These funds capitalize on inefficiencies in both syndicated and non-syndicated investments across securities and lending, while tapping into specialized lending strategies that offer robust returns, especially during downturns.

Hedge Funds

This type invests in two hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this type includes investments in global stocks and global fixed income securities. The fair values of the investments in this type have been determined using the net asset value per share (or its equivalent) of the investments.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Measured at Net Asset Value (continued)

Hedge Funds (continued)

As of September 30, 2024, investments representing \$45,800,118 in this type are able to be liquidated via a monthly redemption queue. The balance of the assets will be liquidated as underlying investments are sold or the investee fund's management approves of the buyer before the sale of the investments can be completed.

The Plan has the following unfunded commitments to acquire additional units of these funds as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Real estate private trusts	\$ 16,309,457	\$ 21,838,570
Private equity funds	24,713,428	46,411,891
Private credit funds	22,198,588	-0-
Opportunistic credit funds	17,300,000	-0-
Hedge funds	-0-	3,300,000
	<u>\$ 80,521,473</u>	<u>\$ 71,550,461</u>

The Plan's management believes that \$9,654,754 of the total unfunded commitments as of September 30, 2024 is unlikely to be called.

There are no unfunded commitments to acquire additional units of commingled funds as of September 30, 2024 or 2023.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks

The Plan's deposits and investments are subject to certain types of risk, as discussed below:

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Plan's deposits may not be returned to the Plan. State of Michigan (the "State") statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State that are also members of a federal or national insurance corporation.

The Plan's carrying amount of deposits of \$2,692,203 and \$910,720 as of September 30, 2024 and 2023, respectively, are maintained in the County's pooled cash account maintained by the County Treasurer. In accordance with the County's investment policy and Act 314, all deposits are uncollateralized and are held in the County's name. The County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an accepted estimated risk level are used as depositories. In addition, the County's investment policy places concentration limits on the total amount deposited with a single financial institution. Due to the dollar amounts of cash deposits in the County's pooled cash account and the limits of Federal Depository Insurance Corporation ("FDIC") insurance, the Plan's management believes it is impractical to obtain FDIC insurance for all bank deposits.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the entity, and are held by either the counterparty, or the counterparty's trust department or agent, but not in the entity's name.

The Plan's investment policy and Act 314 require that (a) investments are held by a third-party safe-keeper in the Plan's name, (b) investments are held by a trustee in the Plan's name, or (c) investments are part of a mutual fund.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Custodial Credit Risk (continued)

Investments (continued)

The Plan's investment policy also requires that the safekeeping institution shall annually provide a copy of its most recent report on internal controls (also referred to as a "SOC 1 report"). As of September 30, 2024 and 2023, none of the Plan's investments were subject to custodial credit risk, as they were held in accordance with the Plan's investment policy.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy places no restrictions greater than what is allowed under Act 314 that would further limit its investment choices. Ratings are not required for U.S. treasuries or certain money market funds.

The Plan's investments in debt securities as of September 30, 2024 and 2023 were rated as follows:

	<u>Asset- Backed Securities</u>	<u>International Fixed Income Funds</u>	<u>Commingled Fixed Income Funds</u>	<u>Government Bonds</u>	<u>Mortgage- Backed Securities</u>	<u>Corporate Bonds</u>	<u>Total</u>
2024							
Standard & Poor's rating:							
AAA	\$ 3,841,375	\$ -0-	\$ 75,543,978	\$ 42,899,317	\$ 34,459,029	\$ 943,492	\$ 157,687,191
AA+	602,645			431,394	130,086		1,164,125
AA	387,248			519,124	199,325		1,105,697
AA-	326,447	218,620		132,101		549,533	1,226,701
A+	357,125	345,259			190,599	2,038,416	2,931,399
A	504,816	638,761			67,979	1,911,297	3,122,853
A-	219,870	1,632,541			42,091	4,893,320	6,787,822
BBB+	139,903	789,741				5,359,898	6,289,542
BBB	621,878		96,544,286			3,659,886	100,826,050
BBB-		184,178				1,237,308	1,421,486
Moody's rating:							
Aaa	3,145,458			331,088	2,875,991		6,352,537
Aa1				82,332	106,336		188,668
Aa2	167,943						167,943
Aa3					346,124		346,124
A1						248,531	248,531
A2	305,027						305,027
A3					234,937		234,937
Baa3						451,630	451,630
Unrated	328,695				1,565,914	2	1,894,611
	<u>\$ 10,948,430</u>	<u>\$ 3,809,100</u>	<u>\$ 172,088,264</u>	<u>\$ 44,395,356</u>	<u>\$ 40,218,411</u>	<u>\$ 21,293,313</u>	<u>\$ 292,752,874</u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Credit Risk (continued)

	Asset- Backed Securities	International Fixed Income Funds	Commingled Fixed Income Funds	Government Funds	Mortgage- Backed Securities	Corporate Bonds	Total
2023							
Standard & Poor's rating:							
AAA	\$ 4,362,700	\$ -0-	\$ 6,836,591	\$ 36,260,873	\$ 33,482,452	\$ 46,543	\$ 80,989,159
AA+	1,513,230			283,768	168,021		1,965,019
AA	738,792			185,516	236,914	19,828	1,181,050
AA-		364,719		228,728		124,239	717,686
A+	718,979	158,495		113,314	217,608	282,496	1,490,892
A	348,033	625,586				1,388,469	2,362,088
A-	381,212	1,768,388			74,051	5,926,276	8,149,927
BBB+	151,213	172,415				5,237,632	5,561,260
BBB	615,842					2,610,065	3,225,907
BBB-						1,425,362	1,425,362
Moody's rating:							
Aaa	3,226,554			98,066	1,875,221		5,199,841
Aa1				163,078	266,185		429,263
Aa2	375,034				155,713		530,747
Aa3	63,713				532,833		596,546
A2	76,730						76,730
A3						253,277	253,277
Baa3						308,877	308,877
Unrated	313,841				1,157,814	5	1,471,660
	<u>\$ 12,885,873</u>	<u>\$ 3,089,603</u>	<u>\$ 6,836,591</u>	<u>\$ 37,333,343</u>	<u>\$ 38,166,812</u>	<u>\$ 17,623,069</u>	<u>\$ 115,935,291</u>

As of September 30, 2024 and 2023, the Plan's money market fund was rated A1+ by Standard & Poor's, with a weighted average maturity of 32 and 30 days, respectively.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income or debt security investments will vary unfavorably as a result of a change in interest rates. The Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the practice of the Plan to manage this risk by purchasing a mix of short-term and long-term investments.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Interest Rate Risk (continued)

Maturities of the Plan's debt securities as of September 30, 2024 and 2023 are as follows:

	<u>Maturity Dates</u>				<u>Total</u>
	<u>One Year or Less</u>	<u>One to Five Years</u>	<u>Five to Ten Years</u>	<u>More than Ten Years</u>	
2024					
Asset-backed securities	\$ -0-	\$ 6,673,423	\$ 965,139	\$ 3,309,868	\$ 10,948,430
International fixed income funds		2,350,658	1,341,940	116,502	3,809,100
Commingled fixed income funds		118,899,093	53,189,171		172,088,264
Government bonds		9,256,296	34,074,771	1,064,289	44,395,356
Mortgage-backed securities		608,895	771,036	38,838,480	40,218,411
Corporate bonds	272,539	8,124,733	11,317,199	1,578,842	21,293,313
	<u>\$ 272,539</u>	<u>\$ 145,913,098</u>	<u>\$ 101,659,256</u>	<u>\$ 44,907,981</u>	<u>\$ 292,752,874</u>
2023					
Asset-backed securities	\$ -0-	\$ 7,523,220	\$ 1,597,026	\$ 3,765,627	\$ 12,885,873
International fixed income funds		2,476,135	363,865	249,603	3,089,603
Commingled fixed income funds				6,836,591	6,836,591
Government bonds		16,392,736	19,691,195	1,249,412	37,333,343
Mortgage-backed securities		557,782	1,957,620	35,651,410	38,166,812
Corporate bonds		5,445,109	10,972,854	1,205,106	17,623,069
	<u>\$ -0-</u>	<u>\$ 32,394,982</u>	<u>\$ 34,582,560</u>	<u>\$ 48,957,749</u>	<u>\$ 115,935,291</u>

Foreign Currency Risk

Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Foreign Currency Risk (continued)

The Plan's exposure to foreign currency risk as of September 30, 2024 and 2023 is summarized as follows:

<u>Country</u>	<u>Currency</u>	<u>International Equities</u>	<u>International Fixed Income Funds</u>	<u>Total</u>
2024				
Canada	Canadian dollar	\$ 5,634,462	\$ 2,285,622	\$ 7,920,084
Australia	Australian dollar		298,658	298,658
France	Euro		130,653	130,653
Ireland	Euro		211,265	211,265
Israel	Israeli new shekel	2,356		2,356
Netherlands	Euro	1,008,768		1,008,768
Sweden	Swedish krona	585,963		585,963
Switzerland	Swiss franc		214,606	214,606
United Kingdom	British pound		668,296	668,296
		<u>\$ 7,231,549</u>	<u>\$ 3,809,100</u>	<u>\$ 11,040,649</u>
2023				
Canada	Canadian dollar	\$ 3,927,258	\$ 1,986,851	\$ 5,914,109
Australia	Australian dollar		351,057	351,057
India	Indian rupee	339,375		339,375
Israel	Israeli new shekel	1,669		1,669
Netherlands	Euro	1,278,468		1,278,468
Norway	Norwegian krone		184,581	184,581
Switzerland	Swiss franc		158,495	158,495
United Kingdom	British pound		408,619	408,619
		<u>\$ 5,546,770</u>	<u>\$ 3,089,603</u>	<u>\$ 8,636,373</u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an entity's investments with a single issuer. Other than obligations issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises, the Plan is prohibited by Act 314 from investing in more than five percent of the outstanding obligations of any one issuer or investing more than five percent of the Plan's assets in the obligations of any one issuer. The Plan places no limit on the amount it may invest in any one issuer. As of September 30, 2024 and 2023, there were no investments that exceeded five percent or more of the Plan's total investments, other than investments in registered investment companies, similar pooled investments, or investments issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises.

Rate of Return

For the years ended September 30, 2024 and 2023, the annual money-weighted rate of return on Plan investments, net of expenses, was 14.6 percent and 10.1 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Securities Lending

A contract approved by the Plan's Board permits the Plan to lend its securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The Plan's custodial bank manages the securities lending program and receives predominantly cash and equities as collateral. The collateral securities cannot be pledged or sold by the Plan unless the borrower defaults. For that reason, these collateral securities are not included in the Plan's financial statements. Collateral cash is initially pledged at 102 percent of the fair value of the securities lent for domestic securities and 105 percent for international securities, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Securities Lending (continued)

The fair value of collateral securities on loan as of September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Common stocks	\$ 6,631,977	\$ 14,956,493
Corporate bonds	559,574	-0-
Government fixed income investments	-0-	3,619,698
Cash	4,159,515	6,018,823
	<u>\$ 11,351,066</u>	<u>\$ 24,595,014</u>

As of September 30, 2024 and 2023, the Plan has no credit risk exposure to borrowers as the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities (and if the collateral is inadequate to repay the securities lent) or fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan.

NOTE D — CAPITAL ASSETS

Capital assets consist of equipment, furniture, and fixtures. Depreciable capital asset activity for the years ended September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Cost:		
Balance, beginning of year	\$ 346,177	\$ 431,434
Less: Dispositions	-0-	(85,257)
Balance, End of Year	<u>\$ 346,177</u>	<u>\$ 346,177</u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE D — CAPITAL ASSETS (CONTINUED)

	<u>2024</u>	<u>2023</u>
Accumulated Depreciation:		
Balance, beginning of year	\$ 346,177	\$ 431,434
Less: Dispositions	<u>-0-</u>	<u>(85,257)</u>
Balance, End of Year	<u>346,177</u>	<u>346,177</u>
Net Depreciable Capital Assets	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

NOTE E — LEASES

WCERS has entered into an agreement to lease office space. The lease commenced on September 1, 2024 and expires on August 31, 2031. Amortization of the lease is computed using the straight-line method over the lease term.

The total amounts of the right-of-use assets and related accumulated amortization, as well as the related lease liabilities, associated with this lease are as follows as of September 30, 2024:

Right-of-use assets	\$ 1,400,028
Less: Accumulated amortization	<u>(15,299)</u>
	<u><u>\$ 1,384,729</u></u>
Lease liabilities:	
Due or expected to be paid within one year	\$ 177,084
Due or expected to be paid in more than one year	<u>1,208,385</u>
	<u><u>\$ 1,385,469</u></u>

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE E — LEASES (CONTINUED)

The principal and interest requirements under these lease liabilities are as follows as of September 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the Years Ending September 30:			
2025	\$ 177,084	\$ 32,617	\$ 209,701
2026	181,908	28,139	210,047
2027	190,705	23,491	214,196
2028	199,724	18,620	218,344
2029	208,971	13,521	222,492
2030-2031	427,077	10,806	437,883
	<u><u>\$ 1,385,469</u></u>	<u><u>\$ 127,194</u></u>	<u><u>\$ 1,512,663</u></u>

For the year ended September 30, 2024, amortization expense under this lease was \$15,299, and interest expense on this lease was \$2,917.

NOTE F — NET PENSION LIABILITY

The components of the net pension liability of the employers as of September 30, 2024 are as follows:

Total pension liability	\$ 1,513,537,723
Plan fiduciary net position	<u>1,089,608,105</u>
Employers' Net Pension Liability	<u>\$ 423,929,618</u>
Plan fiduciary net position as a percentage of total pension liability	71.99%

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE F — NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2023 and rolled forward to September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation:	3.0 percent
Salary increases:	County — 3.00 percent to 11.35 percent, including inflation WCAA — 3.00 percent to 13.15 percent, including inflation
Investment rate of return:	6.75 percent, net of pension plan investment expense, including inflation
Mortality rates:	105 percent of the PubG-2010 Retiree tables and 100 percent of the PubG-2010 Disabled and Employee Mortality tables, all projected using the MP-2020 improvement scale

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage and by adding expected inflation.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE F — NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions (continued)

The best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2024 (see the discussion of the Plan's investment allocation policy) are summarized as follows:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equities	3.6 %
International equities	5.7
Domestic bonds	1.0
Domestic high-yield	3.0
International bonds	1.6
Real estate	1.0
Alternative investments	9.2

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE F — NET PENSION LIABILITY (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employers, calculated using the discount rate of 6.75 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	<u>One Percent Decrease (5.75 Percent)</u>	<u>Current Discount (6.75 Percent)</u>	<u>One Percent Increase (7.75 Percent)</u>
Net pension liability	\$ 564,924,516	\$ 423,929,618	\$ 303,685,644

REQUIRED SUPPLEMENTARY INFORMATION

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

For the Ten Years Ended September 30, 2024

<u>Fiscal Year Ended September 30</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2015	0.70 %
2016	9.82
2017	11.95
2018	6.12
2019	2.98
2020	2.86
2021	26.47
2022	(12.85)
2023	10.14
2024	14.64

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN

SCHEDULES OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

For the Ten Years Ended September 30, 2024

	2015	2016	2017	2018	2019
Changes in Total Pension Liability:					
Service cost	\$ 15,000,163	\$ 10,431,838	\$ 10,891,944	\$ 10,524,448	\$ 10,746,337
Interest	122,200,908	111,275,067	110,167,298	112,568,204	111,556,453
Changes in benefit terms	-0-	(141,296,225)	-0-	-0-	1,805,747
Differences between expected and actual experience	(21,264,821)	(532,795)	50,758,944	(4,104,803)	(9,788,235)
Changes in actuarial assumptions and other changes	-0-	-0-	101,352,130	2,131,112	2,736,461
Benefit payments, including refunds of member contributions	(136,008,966)	(139,863,597)	(139,888,098)	(136,432,380)	(135,314,829)
Change in Total Pension Liability	(20,072,716)	(159,985,712)	133,282,218	(15,313,419)	(18,258,066)
Total Pension Liability, Beginning of Year	1,660,415,701	1,640,342,985	1,480,357,273	1,613,639,491	1,598,326,072
Total Pension Liability, End of Year	1,640,342,985	1,480,357,273	1,613,639,491	1,598,326,072	1,580,068,006
Changes in Plan Fiduciary Net Position:					
Contributions:					
Employer	111,718,544	103,337,465	71,052,048	153,719,388	79,800,443
Member	11,370,680	10,734,600	9,199,085	10,286,435	11,122,528
Net investment income	37,919,468	17,078,624	18,263,095	18,311,178	21,789,400
Participant benefit payments and distributions, including refunds of member contributions	(136,008,966)	(139,863,597)	(139,888,098)	(136,432,380)	(135,314,829)
Administrative expenses	(3,014,195)	(2,321,879)	(2,676,532)	(2,525,172)	(2,518,758)
Net appreciation (depreciation) in fair value of investments	(12,754,830)	62,571,168	83,763,276	43,983,255	12,641,634
Change in Plan Fiduciary Net Position Before Asset Transfer	9,230,701	51,536,381	39,712,874	87,342,704	(12,479,582)
Other Changes:					
Transfer of assets from Wayne County Circuit Court Commissioners Bailiffs' Retirement System	-0-	5,670,643	-0-	-0-	-0-
Change in Plan Fiduciary Net Position	9,230,701	57,207,024	39,712,874	87,342,704	(12,479,582)
Plan Fiduciary Net Position, Beginning of Year	815,077,843	824,308,544	881,515,568	921,228,442	1,008,571,146
Plan Fiduciary Net Position, End of Year	824,308,544	881,515,568	921,228,442	1,008,571,146	996,091,564
Employers' Net Pension Liability, End of Year	\$ 816,034,441	\$ 598,841,705	\$ 692,411,049	\$ 589,754,926	\$ 583,976,442
Ratio Information:					
Plan fiduciary net position as a percentage of total pension liability	50.25%	59.55%	57.09%	63.10%	63.04%
Covered employee payroll	\$ 147,363,016	\$ 140,222,696	\$ 129,283,884	\$ 132,030,801	\$ 132,578,605
Employers' net pension liability as a percentage of covered payroll	553.76%	427.06%	535.57%	446.68%	440.48%

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN

**SCHEDULES OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY
AND RELATED RATIOS (UNAUDITED) (CONTINUED)**

For the Ten Years Ended September 30, 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Changes in Total Pension Liability:					
Service cost	\$ 10,649,616	\$ 9,635,303	\$ 9,388,695	\$ 9,795,191	\$ 10,607,860
Interest	110,132,335	108,417,531	103,511,495	101,346,284	99,799,638
Changes in benefit terms	(1,948,585)	1,067,339	356,201	-0-	1,077,008
Differences between expected and actual experience	(9,474,507)	(11,455,759)	(16,103,850)	(5,116,330)	(6,340,460)
Changes in actuarial assumptions and other changes	2,711,309	64,010,422	5,090,985	4,549,774	2,476,101
Benefit payments, including refunds of member contributions	(135,363,556)	(134,736,360)	(134,898,594)	(133,608,155)	(132,107,214)
	<u>(23,293,388)</u>	<u>36,938,476</u>	<u>(32,655,068)</u>	<u>(23,033,236)</u>	<u>(24,487,067)</u>
Change in Total Pension Liability	(23,293,388)	36,938,476	(32,655,068)	(23,033,236)	(24,487,067)
Total Pension Liability, Beginning of Year	1,580,068,006	1,556,774,618	1,593,713,094	1,561,058,026	1,538,024,790
	<u>1,556,774,618</u>	<u>1,593,713,094</u>	<u>1,561,058,026</u>	<u>1,538,024,790</u>	<u>1,513,537,723</u>
Total Pension Liability, End of Year	1,556,774,618	1,593,713,094	1,561,058,026	1,538,024,790	1,513,537,723
Changes in Plan Fiduciary Net Position:					
Contributions:					
Employer	66,914,695	65,035,776	66,461,671	71,638,940	82,111,352
Member	10,961,257	9,800,842	12,489,895	12,687,155	10,987,552
Net investment income	21,663,500	26,108,033	29,327,626	21,001,381	29,042,033
Participant benefit payments and distributions, including refunds of member contributions	(135,363,556)	(134,736,360)	(134,898,594)	(133,608,155)	(132,107,214)
Administrative expenses	(2,678,259)	(2,882,305)	(3,040,787)	(3,318,619)	(3,253,669)
Net appreciation (depreciation) in fair value of investments	5,676,478	221,806,257	(172,074,265)	74,127,027	113,636,854
	<u>(32,825,885)</u>	<u>185,132,243</u>	<u>(201,734,454)</u>	<u>42,527,729</u>	<u>100,416,908</u>
Change in Plan Fiduciary Net Position	(32,825,885)	185,132,243	(201,734,454)	42,527,729	100,416,908
Plan Fiduciary Net Position, Beginning of Year	996,091,564	963,265,679	1,148,397,922	946,663,468	989,191,197
	<u>963,265,679</u>	<u>1,148,397,922</u>	<u>946,663,468</u>	<u>989,191,197</u>	<u>1,089,608,105</u>
Plan Fiduciary Net Position, End of Year	963,265,679	1,148,397,922	946,663,468	989,191,197	1,089,608,105
Employers' Net Pension Liability, End of Year	\$ 593,508,939	\$ 445,315,172	\$ 614,394,558	\$ 548,833,593	\$ 423,929,618
Ratio Information:					
Plan fiduciary net position as a percentage of total pension liability	61.88%	72.06%	60.64%	64.32%	71.99%
Covered employee payroll	\$ 127,561,562	\$ 114,839,984	\$ 117,786,409	\$ 124,567,024	\$ 140,625,870
Employers' net pension liability as a percentage of covered payroll	465.27%	387.77%	521.62%	440.59%	301.46%

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)

For the Ten Years Ended September 30, 2024

Fiscal Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 65,289,481	\$ 79,505,999	\$(14,216,518)	\$ 147,363,016	53.95 %
2016	70,708,723	101,264,065	(30,555,342)	140,222,696	72.22
2017	53,549,811	68,176,195	(14,626,384)	129,283,884	52.73
2018	62,347,690	151,905,122	(89,557,432)	132,030,801	115.05
2019	64,211,390	77,975,445	(13,764,055)	132,578,605	58.81
2020	59,598,643	65,193,269	(5,594,626)	127,561,562	51.11
2021	58,130,071	63,464,841	(5,334,770)	114,839,984	55.26
2022	58,787,153	64,814,053	(6,026,900)	117,786,409	55.03
2023	64,392,765	69,976,399	(5,583,634)	124,567,024	56.18
2024	73,978,737	80,458,198	(6,479,461)	140,625,870	57.21

The following valuation dates, methods, and assumptions were used to determine contribution rates:

Valuation date:	Actuarially determined contribution rates are calculated as of September 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported
Actuarial cost method:	Entry age normal
Amortization method:	Charter County of Wayne, Michigan — Layered level percentage of payroll, closed Wayne County Airport Authority — Layered level dollar, closed
Remaining amortization period:	13 years used in the September 30, 2022 valuation (see actuarial funding policy in actuarial valuation report for more details)
Asset valuation method:	Four-year smoothed market; 20 percent corridor
Wage inflation:	3.0 percent

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED) (CONTINUED)

For the Ten Years Ended September 30, 2024

Salary increases:	3.0 percent to 13.15 percent, including inflation
Investment rate of return:	6.75 percent, net of pension plan investment expense, including inflation
Mortality rates:	105 percent of the PubG-2010 Retiree tables, all projected using the MP-2020 improvement scale

OTHER SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITOR’S REPORT ON SCHEDULE OF CHANGES
IN FIDUCIARY NET POSITION BY EMPLOYER**

March 20, 2025

To the Wayne County Retirement Commission
Charter County of Wayne, Michigan

Opinion on the Schedule

We have audited the fiduciary net position as of September 30, 2024, and the changes in fiduciary net position for the year then ended, included in the accompanying schedule of changes in fiduciary net position by employer (the “Schedule”) of the Wayne County Employees’ Retirement System Defined Benefit Plan (the “Plan”), as well as the related notes to the Schedule. We have also audited the fiduciary net position of each individual employer as of September 30, 2024, and the changes in fiduciary net position of each employer for the year then ended, included in the accompanying Schedule.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2024, and the changes in its fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Also, in our opinion, the accompanying Schedule presents fairly, in all material respects, the fiduciary net position of each individual employer as of September 30, 2024, and the changes in fiduciary net position of each individual employer for the year then ended, in accordance with U.S. GAAP.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Schedule” section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Bank America Tower
110 N. Wacker Drive
Suite 2500
Chicago, Illinois 60606
Tel: (872) 465-1330

PNC Center
201 E. 5th Street
Suite 1900-1239
Cincinnati, Ohio 45202
Tel: (513) 766-9415

1001 Woodward Avenue
Suite 850
Detroit, Michigan 48226
Tel: (313) 965-2655

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF CHANGES
IN FIDUCIARY NET POSITION BY EMPLOYER (CONTINUED)**

Responsibilities of Management for the Schedule

The Plan's management is responsible for the preparation and fair presentation of the Schedule in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for 12 months beyond the Schedule date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. *Reasonable assurance* is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with U.S. GAAS:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and we design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- We obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF CHANGES
IN FIDUCIARY NET POSITION BY EMPLOYER (CONTINUED)**

Auditor's Responsibilities for the Audit of the Schedule (continued)

- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the Schedule.
- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter — Restrictions on Use

This report is intended solely for the information and use of the Plan, its participating employers, and the independent auditors of the participating employers and is not intended to be, and should not be, used by anyone other than these specified parties.

GJC CPAs & Advisors

Detroit, Michigan

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER

For the Year Ended September 30, 2024

	Charter County of Wayne, Michigan	Wayne County Airport Authority	Totals
Additions:			
Contributions:			
Employer (see Note B on page 56)	\$ 74,437,866	\$ 7,673,486	\$ 82,111,352
Members	10,615,530	372,022	10,987,552
Total Contributions	85,053,396	8,045,508	93,098,904
Net investment income	24,665,548	4,376,485	29,042,033
Total Additions	109,718,944	12,421,993	122,140,937
Deductions:			
Participant benefit payments and distributions	119,766,500	12,340,714	132,107,214
Administrative expenses	2,763,358	490,311	3,253,669
Total Deductions	122,529,858	12,831,025	135,360,883
Gains and Losses:			
Net appreciation in fair value of investments	96,512,365	17,124,489	113,636,854
Change in Net Position Restricted for Pensions	83,701,451	16,715,457	100,416,908
Net Position Restricted for Pensions, Beginning of Year	840,916,746	148,274,451	989,191,197
Net Position Restricted for Pensions, End of Year	\$ 924,618,197	\$ 164,989,908	\$ 1,089,608,105

See notes to schedule of changes in fiduciary net position by employer.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
DEFINED BENEFIT PLAN

**NOTES TO SCHEDULE OF CHANGES IN FIDUCIARY
NET POSITION BY EMPLOYER**

For the Year Ended September 30, 2024

NOTE A — BASIS OF ACCOUNTING

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

Employer contributions from the Charter County of Wayne, Michigan (the "County") and the Wayne County Airport Authority ("WCAA") on the Schedule include an additional \$6.4 million in employer contributions made by the County and an additional \$0.1 million in employer contributions made by WCAA to apply to their respective unfunded liabilities for the year ended September 30, 2024.