



# Wayne County

Employees' Retirement System

Robert J. Grden, Executive Director

Summary Annual Report  
For the Plan Year Ending September 30, 2016

RETIREMENT COMMISSION  
EMPLOYEE MEMBERS

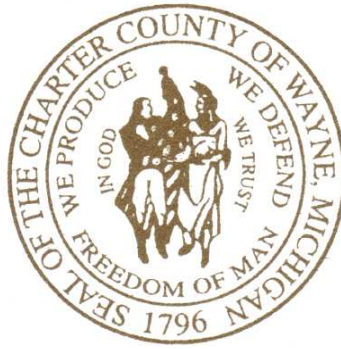
Tina Turner, Chair  
Henry Wilson  
Francesco Simone  
Tom Yee

RETIREE MEMBERS

Hugh S. Macdonald  
Elizabeth Misuraca

EX-OFFICIO MEMBERS

Warren C. Evans  
Wayne County Executive  
Tony Saunders  
Designated Representative  
Gary Woronchak, Chairperson  
Wayne County Commission



ROBERT J. GRDEN  
Executive Director

GERARD J. GRYSKO  
Deputy Director

GABRIEL ROEDER SMITH & CO.  
Actuary

ANDREW VOSBURGH, M.D.  
Medical Director

July 25, 2017

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

Ladies and Gentlemen:

On behalf of the Retirement Commission, I am pleased to present the Wayne County Employees' Retirement System Summary Annual Report for the fiscal year ending September 30, 2016. For fiscal year 2016 the Defined Benefit Plan experienced a robust double digit investment rate of return of 10.37 % gross of fees. Although this report covers only the 2016 fiscal year, it is important to view the growth and progress of the Retirement System in historical context. To help understand how far the system has come over the last decade, I have completed a ten-year historical review of the Retirement System with the period ending September 30, 2016, that may be viewed on [www.wcers.org](http://www.wcers.org) reporting tab.

The following is a brief overview of my last six years as Executive Director of the Wayne County Employees' Retirement System. The Retirement Commission and I worked together to overcome significant obstacles. For example, at one point the Assets of the Retirement System were at a low of \$695 million and the funding level fell to a low of 44% while pension payroll benefits exceeded \$136 million per year. The unfunded liability grew to a high of \$910 million in the pension system. Simply put, the Retirement Commission and I were given the difficult task of increasing the funding level of the Retirement System in spite of growing payroll demands and liabilities combined with shrinking assets.

Under the leadership of the Retirement Commission, I worked with staff to update existing policies and adopt new policies relating to governance, administration and investment. Our policies focused on increasing efficiency and implementing best practices that were codified in our industry leading Policy Codification. Our focus on increasing productivity through innovative management strategies has dramatically reduced costs and fees and helped increase the overall funding level of the Retirement System.

Beyond the normal day-to-day operations and administration of the Retirement System, staff also reviewed and calculated the benefits of Members and Participants that were frozen as of September 30, 2015, in an effort to more accurately report numbers to our Actuary. Further, and in order to streamline and create greater consistency, the Plan documents for Defined Contribution Plan 4 and Hybrid Plan 5 were reviewed, restated and submitted to the IRS in December of 2015. The IRS responded with a favorable determination. The Retirement System also created a new Summary Plan Description for the merged plans and has it posted on [www.wcers.org](http://www.wcers.org); all other plan documents can be found there as well. The Retirement System was able to accomplish all of that while, yet again, reducing costs and ending the fiscal year under budget for the fifth year in a row.

Further and in accordance with best practices and its policy, the Retirement Commission's Actuary conducted an Experience Study to review past experience of economic assumptions and demographics in order to determine whether the projections were accurate and, if not, how best to adjust the economic and demographic assumptions for the future. The study compared prior assumptions and expectations regarding investment performance and membership with actual experience of the Retirement System from October 1, 2010 to September 30, 2015. The Actuary reviewed economic assumptions including the actual versus expected rates of inflation, investment return, salary increases, plan withdrawals, and the number of service and disability retirements.

Based on the Experience Study, the Actuary made two recommendations that had significant impacts on the funding level and projected liabilities of the Retirement System. First, the Actuary reviewed the projected versus actual mortality rates of the Members. The Actuary determined that, as might be expected given all of the advancements in medicine and technology, our Members are living longer than expected. We have 500 members over the age of 90. Members living longer are, thus, drawing a pension for more years than projected, which increases the liabilities of the Retirement System. Accordingly, the Actuary recommended that the Retirement Commission adopt a new mortality table that more accurately reflects the real life experience of the Retirement System's Members.

Additionally, the Actuary reviewed the Retirement System's investment returns to see how the assumed rate of return related to the actual rate of return that the Retirement System experienced. In consultation with the Investment Consultants and their projections of future investment returns and future market volatility, the Actuary recommended that the Retirement Commission lower its assumed rate of return to 7.25% from 7.75%. Consequently, adopting the recommendation of its Actuary and Investment Consultants and lowering the assumed rate of return resulted in an increase to Plan liabilities and impacted the funding status of the Plan.

It is important to note that in spite of incorporating a new, more conservative mortality table and assumed rate of investment return, both of which significantly increased the Plan's projected future liabilities, the Retirement System's funding level was able to remain steady. This is in large part due to the continued success of the Retirement System's investment portfolio and its outstanding investment returns. This rate of investment return of 10.37 % ensured that the Retirement System once again finished in the top 20% of public funds and outperformed its peers.

Despite being underfunded and adopting the changes to the actuarial assumptions, the Retirement Commission has paid over \$804 million in benefit payments while still adding \$186 million in assets to the pension system, increasing the funding level to 56% during my tenure as Executive Director. Today benefit payments are \$136 million and assets have grown to over \$881 million and the unfunded pension liability has been reduced by over \$200 million to \$702 million.

The Retirement System continues to look for ways to improve the performance of the Retirement System. This includes continuous reviews of investments, revision of policies and procedures and internal audits. In addition to our Pre-Retirement seminars to educate those within five years of retirement about Social Security and Medicare benefits, Mid-Career and Understanding Your Retirement Plan seminars were added this year. We have received positive feedback on all of the sessions presented and look forward to working together to find new and creative ways to help our members plan and prepare for retirement. We will continue to work diligently each and every day to ensure the promise of pension benefit payments to our Retirees.

This report is being submitted by the Retirement Commission in accordance with the Wayne County Code of Ordinances and Michigan Public Act §314, setting forth the various activities of the Retirement System as on September 30, 2016.

For ease of reading, where applicable the Wayne County Airport Authority (WCAA) data has been combined within this report as otherwise noted. The 2016 WCAA Valuation includes only the post 2002 retiree liability. Both the County and the WCAA valuations now include a schedule detailing the shared responsibility for the pre-2002 retiree liability. This report contains information on both the Defined Benefit and the Defined Contribution Plans.

Sincerely,

*Robert Grden*

Robert J. Grden  
Executive Director

## Table of Contents

FIDUCIARIES OF THE RETIREMENT COMMISSION .....	6
RETIREMENT SYSTEM SERVICE PROVIDERS .....	7
FINANCIAL SECTION - PREFACE .....	9
DEFINED BENEFIT PLAN.....	10
STATEMENTS OF FIDUCIARY NET POSITION .....	11
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION .....	12
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER .....	13
GASB STATEMENT 67 REQUIRED SUPPLEMENTARY INFORMATION .....	14
FUNDING NOTES.....	16
FUNDING NOTES.....	17
SUMMARY OF ACTUARIAL ASSUMPTIONS .....	18
CONTRIBUTION RATES .....	19
ADMINISTRATIVE EXPENSES.....	20
INVESTMENT EXPENSES .....	21
BUDGETS .....	22
REPORT ON INVESTMENT ACTIVITY .....	23
REPORT ON MARKET ACTIVITY .....	25
MARKET VALUE BY INVESTMENT TYPE .....	26
ASSET ALLOCATION BY TYPE .....	26
INVESTMENT PERFORMANCE.....	27
DEFINED CONTRIBUTION PLAN .....	28
STATEMENTS OF FIDUCIARY NET POSITION .....	30
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION .....	31
ADMINISTRATIVE EXPENSES.....	32
MARKET VALUE BY INVESTMENT TYPE .....	33
ASSET ALLOCATION BY INVESTMENT TYPE.....	33
ADDITIONAL STATE OF MICHIGAN REQUIRED INFORMATION .....	34

**FIDUCIARIES OF THE RETIREMENT COMMISSION**

*Elected Employee Members*

<b>Tina Turner</b>	Term Expires December 31, 2016
<b>Denis Martin</b> Resigned 7/30/2016, Special election required	Term Expires December 31, 2017
<b>Frank Simone</b>	Term Expires December 31, 2018
<b>Henry Wilson</b>	Term Expires December 31, 2019

*Elected Retiree Members*

<b>Elizabeth Misuraca</b>	Term Expires December 31, 2016
<b>Hugh S. Macdonald</b>	Term Expires December 31, 2018

*Ex-Officio Members*

<b>Tony Saunders</b>	Wayne County Executive Designee
<b>Gary Woronchak</b>	Chairperson, Wayne County Commission

**RETIREMENT STAFF (NON-FIDUCIARIES)**

Executive Director.....	Robert J. Grden
Deputy Director.....	Gerard J. Grysko
Division Director.....	Kelly Tapper
Compliance Officer.....	Annie Hussein, Esq.

**RETIREMENT SYSTEM SERVICE PROVIDERS**

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

**Attorneys**.....  
 Allen Brothers, P.L.L.C. Plunkett Cooney, P.C.  
 Dickinson Wright P.L.L.C. Robbins Geller Rudman and Dowd, L.L.P.  
 Kilpatrick and Associates, P.C. VanOverbeke, Michaud & Timmony, P.C.  
 Kirby McInerney L.L.P. Wayne County Corporation Counsel  
 Labaton Sucharow L.L.P. Wilson & Young, P.L.C.  
 Miller, Canfield, Paddock and Stone P.L.C. Zwerling, Schachter & Zwerling, L.L.P.  
 Miller Law P.C.

**Auditor**.....Rehmann Robson

**Investment Consultants**.....AndCo Consulting (FKA The Bogdahn Group)  
 UBS Financial Services, Inc

**Custodian of Assets**.....Northern Trust

**Defined Contribution Record keeper**..... Prudential Financial

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

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

**Investment Managers** .....

AEW Capital Management, L.P.	Morgan Stanley Real Estate Advisor, Inc. (Prime Property Fund)
Black Diamond Management AKA Greenwich	Mt. Lucas Management Corp.
Capital Dynamics, Inc.	MMA Capital Management, L.L.C.
Crescent Capital Group, L.P.	Northern Trust Investments
Deroy & Devereaux	Northpointe Capital, L.L.C.
Dune Real Estate Manager, L.L.C.	Providence/Benefit Street Partners, L.L.C.
Earnest Partners, L.L.C.	Reinhart Partners
Entrust Capital	Rizvi Traverse Management, L.L.C.
Fisher Investments Institutional Group	Seizert Capital Partners, L.L.C.
Frankenmuth Real Estate	Seminole Advisory Services, L.L.C.
HGK Asset Management Inc.	SIT Investment Associates, Inc.
Landmark Realty Advisors, L.L.C.	Stepstone Group, L.P. (FKA Citigroup Capital Partners)
Lazard Asset Management, L.L.C.	Steward Capital Management
Lee Munder Capital Group	TerraCap Management, L.L.C.
Lightstone REIT	Tier REIT
Loomis, Sayles & Company	Tortoise Capital Advisors, L.L.C.
Mesirow Financial Services, Inc.	UBS Financial Services, Inc.
	Valstone Partners V, L.L.C.
	World Asset Management

FINANCIAL  
SECTION  
&  
REQUIRED  
SUPPLEMENTARY  
INFORMATION





## FINANCIAL SECTION - PREFACE

The independent auditing firm of Rehmann Robson has audited the financial statements of the following plans:

- Wayne County Employees' Retirement System Defined Benefit Plan
- Wayne County Circuit Court Commissioners Bailiffs' Plan\*
- Wayne County Employees' Retirement System Defined Contribution Plan

An electronic version of the complete financial statements can be found at [www.wcers.org](http://www.wcers.org) on the reporting tab.

The financial section of this annual report will include Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for each of the retirement plans\* noted above. Additionally, this section will highlight financial activity for the fiscal year ended September 30, 2016 for each set of financial statements. The financial information was obtained from the audited financial statements dated February 24, 2017, but these summaries were not audited by the independent auditors. Required supplementary information follows the financial statements as necessary.

\*The Wayne County Circuit Court Commissioners Bailiffs' Plan was merged into the Wayne County Defined Benefit plan during the year pursuant to Ordinance 2016-112. The Wayne County Circuit Court Commissioners Bailiffs' Retirement System Financial Statements Six Months Ended March 31, 2016 can be found on [www.wcers.org](http://www.wcers.org).

## WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN

### *Statements of Fiduciary Net Position*

The Wayne County Employees' Defined Benefit Plan's (DB Plan) total net position increased by \$51.5 million over the course of the plan year. The increase was primarily attributable to the favorable change in the fair value of investments. The overall rate of return on investments for the year ended September 30, 2016 was a gain of 10.37% gross of fees, compared to a gain of 1.09% for the year ended September 30, 2015. Assets are held in trust and restricted to meet future benefit payments.

### *Statements of Changes in Fiduciary Net Position*

The DB Plan's benefits are funded by contributions from Wayne County (County), Wayne County Airport Authority (WCAA) and the DB Plan's members/participants, as well as by the investment income earned on the DB Plan's assets.

- Total additions to net position, excluding appreciation or depreciation in the fair value of investments, were lower by \$29.9 million from \$161.0 million for the year ended September 30, 2015 to \$131.2 million for the year ended September 30, 2016. The prior year was higher was primarily due to the judgment of the Inflation Equity Fund lawsuit that awarded the DB Plan the return of the \$32.2 million offset used by the County in 2011 and 2012, plus lost earnings totaling \$18.5 million.
- Total contributions for 2016 decreased by \$9.0 million from those of the prior year. Employer contributions were paid at a rate of 72.22%, 53.95% and 52.91% of covered payroll during the years ended September 30, 2016, 2015 and 2014, respectively. The decrease was related to the \$32.2 million judgment of the Inflation Equity Fund lawsuit. The County's contribution rate increased from 48.95% in 2015 to 50.68% in 2016, which increased employer contributions and the County contributed an additional \$16.5 million above the required contribution. The DWMHA made an additional employer contribution of approximately \$5.6 million as required for its withdrawal liability and its unfunded liability for the year, \$2.5 million less than the prior year. The WCAA made an additional employer contribution of approximately \$4.0 million to fund a retirement incentive and enhancements they offered to employees, \$2.1 million less than the prior year. WCAA also contributed an additional \$4.4 million to the Plan to apply to the combined pre-2002 retiree unfunded liability. Employee contributions decreased as fewer annuities were purchased in the Plan in the current year.
- Other investment income (including securities lending income) totaled \$0.7 million for the years ended September 30, 2016 and 2015. Investment expense totaled \$3.0 million and \$3.1 million for the years ended September 30, 2016 and 2015, respectively. Other investment income and expenses were consistent the past two years.
- The change in the fair value of investments was favorable for the current year. The fair value of investments had a net appreciation of \$62.6 million for the year ending September 30, 2016 and net depreciation of \$12.8 for the year ending September 30, 2015. The net appreciation is attributable to the improving financial markets and the resultant investment performance at the end of the year.
- The deductions of the DB Plan include the payment of pension benefits to members and beneficiaries and the costs of administering the DB Plan. Total deductions for the year ended September 30, 2016, were \$142.2 million and higher than the prior year's deductions were \$139.0 million, due to a new stipend benefit paid to pre-Medicare eligible retirees during the year and an increase in the amount of pension benefits paid to retirees.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT PLAN  
STATEMENTS OF FIDUCIARY NET POSITION**

**September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Investments, at fair value:		
Equity securities and mutual funds	\$ 461,187,869	\$ 417,072,307
Debt securities and mutual funds	117,249,406	115,329,369
Money market funds	27,219,766	17,154,946
Other investments	266,145,661	229,160,974
Total investments	871,802,702	778,717,596
Equity in Wayne County pooled cash	10,678,880	14,156,777
IEF judgment receivable	-	32,512,101
Accounts receivable	2,378	23,295
Due from broker for securities sold	548,939	3,192,194
Accrued interest and dividends	812,349	980,743
Prepaid expense	16,631	16,052
Depreciated capital assets, net	-	1,356
<b>Total assets</b>	<b>883,861,879</b>	<b>829,600,114</b>
<b>Liabilities</b>		
Accounts and contracts payable	615,087	548,421
Due to other Wayne County component units and funds	2,826	-
Due to broker for securities purchased	1,599,539	4,539,328
Accrued wages and benefits	128,859	203,821
Obligation for unfunded other postemployment benefits	476,609	484,000
<b>Total liabilities</b>	<b>2,822,920</b>	<b>5,775,570</b>
<b>Net position restricted for pensions</b>	<b>\$ 881,038,959</b>	<b>\$ 823,824,544</b>

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
For the Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Additions</b>		
Contributions:		
Employer- County	\$ 87,916,274	\$ 66,400,399
Employer – IEF judgment	-	32,212,545
Employer - WCAA	15,421,191	13,105,600
Members – County	10,400,163	9,201,948
Participants – WCAA	334,437	2,168,732
	<u>114,072,065</u>	<u>123,089,224</u>
Total contributions		
IEF judgment investment earnings	<u>741,650</u>	<u>18,497,745</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	62,571,168	(12,754,830)
Interest	11,456,350	15,493,667
Dividends	7,224,350	6,370,062
Securities lending income	255,710	256,675
Other investment income	425,870	447,731
	<u>81,933,448</u>	<u>9,813,305</u>
Total investment income		
Less: Investment expenses	<u>(3,025,306)</u>	<u>(3,146,412)</u>
Net investment income	<u>78,908,142</u>	<u>6,666,893</u>
<b>Total additions</b>	<u>193,721,857</u>	<u>148,253,862</u>
<b>Deductions</b>		
Participant benefit payments and distributions	139,863,597	136,008,966
Administrative expenses	2,314,488	3,039,950
	<u>142,178,085</u>	<u>139,048,916</u>
<b>Total deductions</b>		
<b>Change in net position</b>	51,543,772	9,204,946
<b>Transfer in from Bailiffs' pension plan</b>	5,670,643	-
<b>Net position restricted for pensions</b>		
Beginning of year	<u>823,824,544</u>	<u>814,619,598</u>
<b>End of year</b>	<u>\$ 881,038,959</u>	<u>\$ 823,824,544</u>

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT PLAN  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER  
For the Year Ended September 30, 2016**

	<u>County of Wayne</u>	<u>Wayne County Airport Authority</u>	<u>WCERS Total</u>
<b>Additions</b>			
Contributions:			
Employer	\$87,916,274	\$15,421,191	\$103,337,465
Members	10,400,163	334,437	10,734,600
IEF judgment investment earnings	741,650	-	741,650
Net investment income	<u>69,256,097</u>	<u>9,652,045</u>	<u>78,908,142</u>
<b>Total additions</b>	<u>168,314,184</u>	<u>25,407,673</u>	<u>193,721,857</u>
<b>Deductions</b>			
Pension benefits, including refunds	131,961,976	7,901,621	139,863,597
Administrative expenses (See Note 1 Below)	<u>2,286,728</u>	<u>318,694</u>	<u>2,605,422</u>
<b>Total deductions</b>	<u>134,248,704</u>	<u>8,220,315</u>	<u>142,469,019</u>
Changes in net position	34,065,480	17,187,358	51,252,838
Transfer of contribution for pre-2002 retirees (See Note 2 Below)	4,400,000	(4,400,000)	-
Transfer in from Bailiffs' pension plan	5,670,643	-	5,670,643
<b>Net position restricted for pensions</b>			
Beginning of year (See Note 1 Below)	<u>726,624,862</u>	<u>97,490,616</u>	<u>824,115,478</u>
<b>End of year</b>	<u>\$770,760,985</u>	<u>\$110,277,974</u>	<u>\$881,038,959</u>

Note 1: The above administrative expenses include \$290,934 of amortization of deferred pension outflows/inflows recorded in the prior year that was added back for purposes of this schedule. (i.e., processed through the current year operations rather than as a prior year adjustment) This was necessary due to the reversal of the prior year allocation of net pension liability to this pension trust fund. As such, the total beginning net position on this schedule differs from that amount reported on the accompanying financial statements by this \$290, 934, as reconciled.

	<u>Administrative Expenses</u>	<u>Beginning Net Position</u>
Amount reported above	\$2,605,422	\$824,115,478
Prior year amortization	<u>(290,934)</u>	<u>(290,934)</u>
Amount Reported in financial Statements	<u>\$2,314,488</u>	<u>\$823,824,544</u>

Note 2: The above employer contributions for the Wayne County Airport Authority include an additional \$4.4 million in employer contributions to the Plan to apply to the unfunded liability of the combined pre-2002 retirees for the year ended September 30, 2016. The WCAA has agreed to pay \$4.4 million each year for a total of five years as the theoretical portion of the combined pre-2002 retiree liability related to WCAA retirees as calculated by the Plan's actuary. The combined pre-2002 retiree liability is recorded by the County and included in the County's contribution rates.

Note 3: This schedule is prepared on the accrual basis of accounting using the economical 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 Wayne County Pension Ordinance. Administrative expenses are financed through investment earnings.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT PLAN  
GASB STATEMENT 67 REQUIRED SUPPLEMENTARY INFORMATION  
Last Three Years (ultimately building to ten years)  
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios**

	2014	2015	2016
<b>Change in total pension liability</b>			
Service cost	\$ 16,358,829	\$ 15,000,163	\$ 10,431,838
Interest	122,810,391	122,200,908	111,275,067
Changes of benefit terms	9,798,361	-	(141,296,225)
Differences between expected and actual experience	-	(21,264,821)	(532,795)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(133,394,978)	(136,008,966)	(139,863,597)
<b>Net change in total pension liability</b>	15,572,603	(20,072,716)	(159,985,712)
<b>Total pension liability, beginning</b>	1,644,843,098	1,660,415,701	1,640,342,985
<b>Total pension liability, ending (a)</b>	1,660,415,701	1,640,342,985	1,480,357,273
<b>Change in plan fiduciary net position</b>			
Contributions - employer	80,180,620	111,718,544	103,337,465
Contributions - member	8,521,719	11,370,680	10,734,600
Net investment income	80,199,536	25,164,638	79,649,792
Benefit payments, including refunds of member contributions	(133,394,978)	(136,008,966)	(139,863,597)
Administrative expense	(3,011,304)	(3,039,950)	(2,314,488)
<b>Net change in plan fiduciary net position</b>	32,495,593	9,204,946	51,543,772
<b>Transfer in of Bailiffs' Plan assets</b>	-	-	5,670,643
<b>Plan fiduciary net position, beginning</b>	782,124,005	814,619,598	823,824,544
<b>Plan fiduciary net position, ending (b)</b>	814,619,598	823,824,544	881,038,959
<b>Employers' net pension liability, ending (a)-(b)</b>	<u>\$ 845,796,103</u>	<u>\$ 816,518,441</u>	<u>\$ 599,318,314</u>
Plan fiduciary net position as a percentage of the total pension liability	49.06%	50.22%	59.52%
Covered-employee payroll	\$ 151,536,413	\$ 147,363,016	\$ 140,222,696
Employers' net pension liability as a percentage of covered payroll	558.15%	554.09%	427.40%

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

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

<b>Fiscal Year Ended</b>	<b>Annual Money-Weighted Rate of Return, Net of Investment Expense*</b>
9/30/2013	14.09%
9/30/2014	8.33%
9/30/2015	0.70%
9/30/2016	9.82%

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

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

<b>Fiscal Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
9/30/2014	\$ 68,772,171	\$ 80,180,620	\$ (11,408,449)	\$ 151,536,413	52.91%
9/30/2015	\$ 65,289,481	\$ 79,505,999	\$ (14,216,518)	\$ 147,363,016	53.95%
9/30/2016	\$ 70,708,723	\$ 101,264,065	\$ (30,555,342)	\$ 140,222,696	72.22%

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

The Retirement System funding rate has remained steady at 54% in 2015 and 2016 for Wayne County and 69% in 2015 and 2016 for the Wayne County Airport Authority. Factors that have impacted the DB Plans:

- The Retirement Systems Actuary completed an Experience Study for the DB Plans encompassing the time period from October 1, 2010 to September 30, 2015. The Study is a review of past experience of economic assumptions and demographics. The Study can be found on [www.wcers.org](http://www.wcers.org). Based on the results of the experience Study, the Actuary recommended changes to several assumptions, including:
  - Withdrawal Rate
  - Inflation
  - Expected Normal (unreduced) Retirements
  - Expected Early (reduced) Retirements
  - Expected Pay Increases
  - Mortality Rates for Active and Retired Members and Participants
  - Assumed Investment Return
- The adoption of Mortality table RP-2014 with MP-2016 projection scale, which was recommended by the Actuary, caused an increase to plan liabilities resulting in a decrease of funded rate. The Assumed Rate of Return was also decreased from 7.75% to 7.25%, which increased the plan liabilities. However the Retirement System's investment return exceeded the Assumed Rate of Return and was robust enough to compensate for the assumption changes and ensure the Plans funding level did not decrease.
- The Retirement System's Recognized Rate of Return was 8.4% and exceeded the 7.75% Assumed Rate of Return.
- Fixed income investment returns have been relatively flat since 2008.
- The increasing rate of longevity of members in our DB Plan continues to impact the current and future funding levels.



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

**Wayne County**

- The County Administration, using its authority under the Consent Agreement entered into by and between Wayne County and Michigan State Treasurer N.A. Khouri on August 21, 2015 negotiated and imposed new contractual terms and conditions of employment on represented employees effective October 1, 2015. The contract terms reduced the multiplier from as high as 2.65% to 1.25% for all future years post October 1, 2015.
- For all years of County service earned post October 1, 2015, the Average Final Compensation (AFC) shall be computed using the last 10 years of base wage pay history, instead of utilizing the highest years of service with overtime, sick, and vacation accruals included.
- The County eligibility for 25 years of service or 30 years of service without an age requirement was changed to a minimum age requirement of age 62, although an early pickup at age 55 is available at an actuarial reduced rate.
- The County police unions can retire at age 55 with the service eligibility without a reduced actuarially rate.
- A change in the County maximum duty disability pension benefit from a flat rate of 75% of the best 4 years of average final compensation to an accelerated rate at 1.25% of AFC to age 60 with a maximum benefit of 60 % with a pre October 1, 2015 benefit and a post October 1, 2015 benefit. Non-duty disabilities were also capped at 60% of AFC.
- Wayne County included an additional \$16.5 million in employer contributions to the DB Plan.
- Wayne County Third Circuit Court employees in JAA and GAA unions were frozen as of October 1, 2016.

**Wayne County Airport Authority**

- The Wayne County Airport Authority had its 2<sup>nd</sup> separate Annual Actuarial Valuation done as of September 30, 2016; prior to the September 30, 2015 report all reports were a combined County/Airport report.
- The Wayne County Airport Authority included an additional \$4 million in employer contributions to the DB Plan to fund retirement incentives and enhancements offered to employees.

A historical DB Plan review with further details can be found at [www.wcers.org](http://www.wcers.org) on the reporting tab.

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

**NOTES TO SCHEDULES OF FUNDING PROGRESS AND  
EMPLOYER CONTRIBUTIONS (UNAUDITED)**

**September 30, 2016**

---

**SUMMARY OF ACTUARIAL ASSUMPTIONS**

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

Valuation date.....	September 30, 2016
Actuarial cost method.....	Entry Age Normal
Amortization method	
County .....	Level percent of payroll
WCAA .....	Level dollar
Base UAAL remaining amortization period.....	20 years (closed)
Asset valuation method.....	4-year smoothed market, 20% corridor
Actuarial assumptions:	
Investment rate of return	
County and WCAA.....	7.25%*
Projected salary increases	
County.....	3.00%–9.51%*
WCAA.....	3.00%–10.51%*
Cost-of-living adjustments.....	N/A
Actuarial assumed rate of long term wage inflation.....	3.00%

\* Includes wage inflation at 3.00%

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

	Valuation Measurement Date 9/30/14		Valuation Measurement Date 9/30/15		Valuation Measurement Date 9/30/16	
	County Rate used during FYE 9/30/16	WCAA Rate used during FYE 9/30/16	County Rate used during FYE 9/30/17	WCAA Rate used during FYE 9/30/17	County Rate used during FYE 9/30/18	WCAA Rate used during FYE 9/30/18
<b>Normal Cost</b>	11.64%	6.75%	6.53%	6.76%	9.71%	8.10%
<b>Less Portion Paid by Members *</b>	<u>(4.54%)</u>	<u>(1.11%)</u>	<u>(6.50%)</u>	<u>(1.14%)</u>	<u>(7.4%)</u>	<u>(1.16%)</u>
<b>Employer Defined Benefit Normal Cost</b>	7.10%	5.64%	0.03%	5.62%	2.31%	6.94%
<b>Unfunded Actuarial Accrued Liability</b>	<u>43.58%</u>	<u>17.36%</u>	<u>46.69%</u>	<u>14.91%</u>	<u>50.68%</u>	<u>17.69%</u>
<b>Total Computed Employer Rate</b>	<u>50.68%</u>	<u>23.00%</u>	<u>46.72%</u>	<u>20.53%</u>	<u>52.99%</u>	<u>24.63%</u>

WCAA – Wayne County Airport Authority

\* Weighted average of the various contribution rates

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT PLAN  
ADMINISTRATIVE EXPENSES**

	<u>2016</u>	<u>2015</u>
Personnel Services:		
Staff Salaries	\$ 907,180	\$ 1,033,258
Other Fringe Benefits	377,486	510,403
Retirement Benefits	349,922	757,962
Total	<u>1,634,588</u>	<u>2,301,623</u>
Building and Equipment:		
Building Rent	190,068	189,514
Equipment, Equipment Rent and Maintenance	29,870	26,390
Utilities	6,037	6,364
Depreciation	1,356	1,808
Total	<u>227,331</u>	<u>224,076</u>
Professional Service		
Actuary	129,491	129,582
Medical Director	8,400	12,175
Total	<u>137,891</u>	<u>141,757</u>
Miscellaneous		
Office Supplies	14,986	15,220
Postage, Dues, Membership, and Other	39,458	49,936
Printing	9,297	10,755
Training, Travel and Board Meeting – Retirement Commissioners	35,867	48,266
Training, Travel and Board Meeting - Staff	19,925	18,764
Wayne County Chargeback's	306,992	334,731
Operating Expenses Allocated to other Plans	(111,847)	(105,178)
Total	<u>314,678</u>	<u>372,494</u>
Total Administrative Expenses	<u>\$ 2,314,488</u>	<u>\$ 3,039,950</u>

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

**WAYNE COUNTY EMPLOYEES' RETIRMENT SYSTEM  
DEFINED BENEFIT PLAN  
INVESTMENT EXPENSES**

Professional Service	<u>2016</u>	<u>2015</u>
Attorney Fees	\$ 302,442	\$ 389,491
Audit Fees	21,333	26,536
Consultant Fees	366,091	250,000
Custodian Fees	153,648	159,181
Fiduciary Insurance	106,838	214,037
Management Fees	2,070,204	2,103,867
Miscellaneous Fees	4,750	3,300
<b>Total</b>	<u><u>\$ 3,025,306</u></u>	<u><u>\$ 3,146,412</u></u>

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

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

	<b>BUDGETS</b>			
	<b>FY 2016</b>	<b>FY 2016</b>	<b>Variance</b>	<b>FY 2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable</b>	<b>Budget</b>
			<b>(Unfavorable)</b>	
<b>Revenue</b>				
Interest & Dividends	\$8,002,000	\$18,680,701	\$10,678,701	\$7,626,900
<b>Total Budgeted Revenue</b>	<b>\$8,002,000</b>	<b>\$18,680,701</b>	<b>\$10,678,701</b>	<b>\$7,626,900</b>
<b>Expense</b>				
Personnel Services:				
Staff Salaries	\$1,384,762	\$ 1,087,327	\$ 297,435	\$1,447,514
Other Fringe Benefits	568,569	459,059	109,510	508,947
Retirement Benefits	528,784	423,983	104,801	375,747
Reimbursed Expenses*	-	(335,781)	335,781	-
<b>Total</b>	<b>2,482,115</b>	<b>1,634,588</b>	<b>847,527</b>	<b>2,332,208</b>
Building and Equipment:				
Building Rent	200,000	190,068	9,932	200,000
Equipment, Equipment Rent & Maintenance	156,000	29,870	126,130	156,000
Utilities	8,000	6,037	1,963	8,000
Depreciation	2,000	1,356	644	2,000
<b>Total</b>	<b>366,000</b>	<b>227,331</b>	<b>138,669</b>	<b>366,000</b>
Professional Service				
Investment Expenses	4,301,280	3,025,306	1,275,974	4,217,226
Actuary	130,000	129,491	509	100,000
Medical Director	15,000	8,400	6,600	15,000
<b>Total</b>	<b>4,446,280</b>	<b>3,163,197</b>	<b>1,283,083</b>	<b>4,332,226</b>
Miscellaneous				
Office Supplies	30,000	14,986	15,014	30,000
Postage, Dues, Membership, & Other	78,840	39,458	39,382	82,360
Printing	30,000	9,297	20,703	30,000
Training, Education & Travel – Retirement Commissioners	70,500	35,867	34,633	70,500
Training, Education & Travel - Staff	25,500	19,925	5,575	25,500
Wayne County Chargebacks	472,765	306,992	165,773	358,106
Reimbursed Expenses*	-	(111,847)	111,847	-
<b>Total</b>	<b>707,605</b>	<b>314,678</b>	<b>392,927</b>	<b>596,466</b>
<b>Total Budgeted Expenses</b>	<b>\$8,002,000</b>	<b>\$ 5,339,794</b>	<b>\$ 2,662,206</b>	<b>\$7,626,900</b>
<b>Change in Budgeted Net Position</b>	<b>\$ -</b>	<b>\$13,340,907</b>	<b>\$ 13,340,907</b>	<b>\$ -</b>

\*Administrative expense reimbursed by DC and Circuit Court Commissioners Bailiff Plans.

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

**INTRODUCTION**

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

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

**INVESTMENT OBJECTIVES**

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

The fiscal year ended September 30, 2016 was a year of volatility across investment markets. The fiscal year began with the market digesting the first rate hike by the Federal Reserve (+0.25%) in December 2015. While the rate increase was widely expected, the equity markets started calendar year 2016 well into negative territory. By mid-February 2016, the S&P 500 Index had fallen by -10.3%. However, equity prices quickly recovered through the second half of the quarter as investors reacted to improving economic data, a recovery in commodity prices, and various central bank announcements of continued monetary policy easing. As markets settled into an upward trajectory in the spring, the global economy was faced with a potential recession in China and the US followed by the chaos around the United Kingdom's decision to exit the European Union. Asset class returns were broadly positive for the final quarter of the fiscal year as global markets continued to rebound from the late June shock caused by the "Brexit" decision. Investment returns also benefited from continued expansionary global central bank policies as well as general improvement in economic data. Domestic and international equity, particularly small cap and emerging markets, easily outperformed bonds as investor sentiment shifted once again to a "risk-on" posture. Returns for the trailing twelve months illustrated a similar pattern with higher risk assets generally outperforming defensive investments.

Also recall that all of this market volatility was occurring during the the US presidential primary season and ensuing November election to determine whether Republicans or Democrats would control the Executive and Legislative branch. During all of this, , there was great speculation impacting the markets on just who would become the next occupant of the White House.

Equity market indices were positive for the fiscal year ended September 30, 2016. Domestic large cap stock market returns represented by the S&P 500 Index were strong, returning +15.4% over the trailing year. Within domestic small cap stocks, the Russell 2000 Small Cap Index marginally outperformed the return of domestic equity large cap stock indices for the 1-year period.

Similar to domestic equity results, international equity indices also yielded robust performance for the fiscal year. In U.S. Dollar (USD) terms, the MSCI ACWI ex U.S. Index (net) appreciated 9.3% over the last year and the Emerging market index posted a return of 16.8% for the same 1- year period.

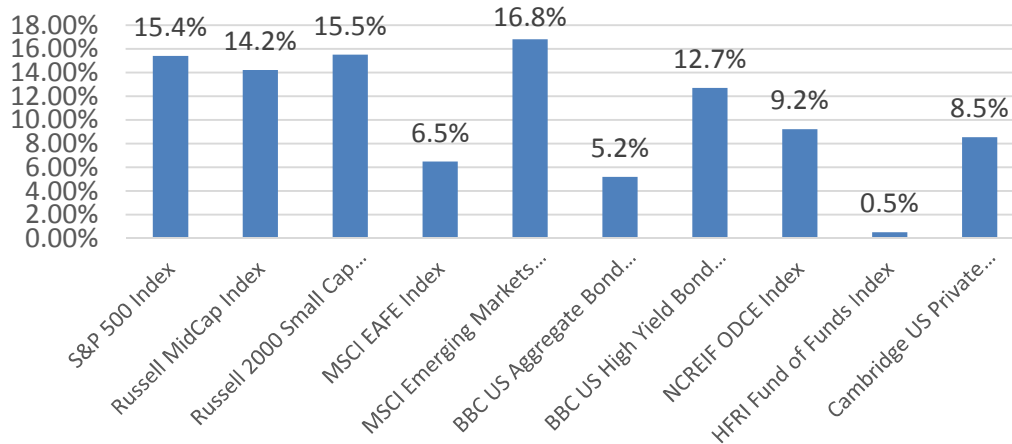
Despite a brief drop in yields at the start of the 3rd quarter, the U.S. Treasury yield curve moved higher as interest rates rose moderately across the maturity spectrum. This upward shift in the yield curve caused U.S. Government bonds to post negative returns for the quarter. In contrast, the investment grade corporate and mortgage-backed bond components of the Bloomberg Barclay's Aggregate benchmark managed to post positive performance for the quarter. Investment grade corporate issues benefited from increased demand for yield, which led to tightening credit spreads throughout the quarter, particularly in lower credit quality issues.

The Federal Reserve indicated future rate increases would be implemented at a measured pace and with an ongoing assessment of current economic data. Despite this domestic policy assertion, geopolitical events and non-U.S. stimulus programs are likely to keep demand for U.S. Treasury issues elevated and exert significant downward pressure on how high domestic interest rates will rise in the short-term.

On the alternative investment front, Private Real Estate, as measured by the NCREIF ODCE Index, gained +9.2% as continued strength in the economy drove real estate process higher. Private equity also turned in a solid year, returning +8.5%. Hedge Funds, given their conservative nature and focus on global markets, returned +0.5% for the year.



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



<b>Equities</b>	<b>Index Returns (%)</b>					
	<b>Month</b>	<b>3 M</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Yr Ann</b>	<b>5 Yr Ann</b>
S&P 500 Total Return	0.02	3.85	7.84	15.43	11.15	16.35
Russell Midcap Index	0.20	4.52	10.25	14.24	9.68	16.66
Russell 2000 Index	1.11	9.05	11.45	15.46	6.70	15.81
Russell 1000 Growth Indx	0.37	4.58	6.00	13.75	11.81	16.57
Russell 1000 Value Index	(0.21)	3.48	10.00	16.18	9.69	16.13
Russell 3000 Index	0.16	4.40	8.18	14.95	10.43	16.34
MSCI EAFE NR	1.23	6.43	1.73	6.52	0.48	7.38
MSCI EM NR	1.29	9.03	16.02	16.78	(0.56)	3.03

<b>Fixed Income</b>	<b>Index Returns (%)</b>					<b>Mod. Adj. Duration</b>	<b>Yield to Worst</b>
	<b>Month</b>	<b>3 M</b>	<b>YTD</b>	<b>1 Year</b>			
Bloomberg BC U.S. Aggregate	(0.06)	0.46	5.80	5.19	5.51	1.96	
Bloomberg BC U.S. Corp Inv Grade	(0.25)	1.41	9.20	8.56	7.52	2.84	
Bloomberg BC U.S. Corporate HY	0.67	5.55	15.11	12.73	4.05	6.17	
Bloomberg BC Global Aggregate	0.55	0.82	9.85	8.83	6.91	1.13	

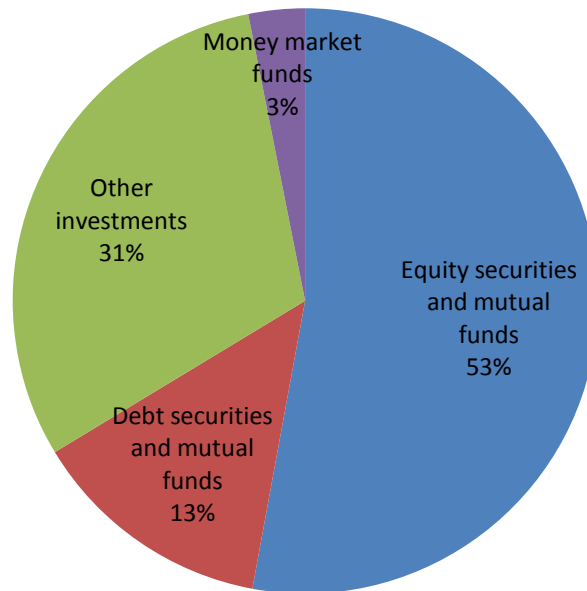
<b>Key Rates</b>	<b>Levels (%)</b>				
	<b>09/30/16</b>	<b>12/31/15</b>	<b>12/31/14</b>	<b>12/31/13</b>	<b>12/31/12</b>
3 Month	0.27	0.16	0.04	0.07	0.04
US 2 Year	0.76	1.05	0.66	0.38	0.25
US 10 Year	1.59	2.27	2.17	3.03	1.76
US 30 Year	2.32	3.02	2.75	3.97	2.95
ICE LIBOR USD 3M	0.85	0.61	0.26	0.25	0.31
Euribor 3 Month ACT/360	(0.30)	(0.13)	0.08	0.29	0.19
Bankrate 30Y Mortgage Rates Na	3.34	3.90	3.99	4.54	3.40
Prime	3.50	3.50	3.25	3.25	3.25



**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT PLAN  
MARKET VALUE BY INVESTMENT TYPE  
As of September 30, 2016**

<u>Investment Type</u>	<u>Market Value at 9/30/2016</u>
Equity securities and mutual funds	\$ 461,187,869
Debt securities and mutual funds	117,249,406
Other investments	266,145,661
Money market funds	27,219,766
<b>Total Investments</b>	<b>\$ 871,802,702</b>

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED BENEFIT PLAN  
ASSET ALLOCATION BY TYPE  
As of September 30, 2016**



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

	Rolling Calendar- Year Basis	Fiscal Year Basis
1 Year	9.13%	9.90%
3 Year	4.96%	6.10%
5 Year	8.66%	9.56%
7 Year	7.03%	7.18%
10 Year	3.91%	4.31%

\* As calculated by our Custodian, Northern Trust

The Retirement System is required by the State of Michigan under Michigan Public Act 314 to show market rate rolling calendar year returns. Because we are based on a fiscal year end of September 30 we have included those numbers for continuity as of September 30, 2016.

## WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN OVERVIEW

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

WCERS has developed a rigorous process and procedure protocol as it applies to the selection, monitoring, removal and replacement of funds within the DC Plan. The intent has always been to work with an open architecture platform that allows WCERS to choose a variety of asset classes from any mutual fund company, thereby ensuring the ability to offer best-in-class investments to their participating employees.

WCERS employs the services of an experienced investment advisor, the Sterling Institutional Consulting Group of UBS Financial Services, Inc., that serves as co-fiduciary on plan assets, and offers one-on-one investment consulting and retirement planning to all members. A consultant with the group attends all new employee orientations for the County, as well as the WCAA.

Additionally, the DC Plan record keeper, Prudential Financial, offers an asset allocation program to participants called GoalMaker©. This program is age-based as well as risk based. The three different risk categories, Conservative, Moderate and Aggressive, allow participants more choice when selecting their allocation program.

## WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

### *Statements of Fiduciary Net Position*

The Defined Contribution Plan's (DC Plan) total net position increased by approximately \$19.7 million, or 5.4%, over the course of the plan year. The DC Plan's total assets of \$384.8 million as of September 30, 2016 were mostly comprised of investments in registered investment companies or mutual funds. The net appreciation in fair value of investments for the current year is attributable to the improving financial market and resultant investment performance during the year. Assets are restricted to provide future benefit payments to plan participants.

### *Statements of Changes in Fiduciary Net Position*

- The DC Plan's benefits are funded by contributions from Wayne County (County), the Wayne County Airport Authority (WCAA) and the DC Plan's members/participants contributions; gains and losses on each individuals account will vary based on individual selection.
- Additions to net position, excluding appreciation (depreciation) in the fair value of investments, include contributions made to the DC Plan by the County, WCAA and the Plan's participants, as well as investment income, both of which amounted \$23.6 million at September 30, 2016, compared to \$24.9 for the year ended September 30, 2015. Employer contributions have decreased for the last three years as more members transferred or are hired into the hybrid plans that have a lower employer contribution rate.
- The change in the fair value of investments was favorable for the current year. Net appreciation in the fair value of investments was \$24.7 million for the year ended September 30, 2016, compared to net depreciation of \$7.0 million in the fair value of investments for the year ended September 30, 2015, which is attributable to the improving financial markets and the resultant investment performance for the current year.
- Total deductions from net position decreased by approximately \$16.3 million, decreasing from \$44.9 million for the year ended September 30, 2015 to \$28.6 million for the year ended September 30, 2016, which is primarily attributable to higher participant distributions and withdrawals during the prior year due to retirements, terminations, and Detroit Wayne Mental Authority (DWMHA) transferring assets out of the plan to a new provider.

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED CONTRIBUTION PLAN  
STATEMENTS OF FIDUCIARY NET POSITION**

**September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Investments, at fair value		
Equity mutual funds	\$ 252,928,974	\$ 234,654,752
Debt mutual funds	110,813,315	106,661,492
Participant loans receivable	20,647,833	23,397,796
Total investments	384,390,122	364,714,040
Equity in Wayne County pooled cash	422,995	405,906
Due from other Wayne County component units and funds	-	25,140
Accounts receivable	17,008	4,495
<b>Net position restricted for pensions</b>	<b>\$ 384,830,125</b>	<b>\$ 365,149,581</b>

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED CONTRIBUTION PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

**For the Years Ended September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Additions</b>		
Contributions:		
Employer, net of forfeitures	\$ 12,321,348	\$ 13,325,890
Employees	6,018,595	5,574,247
Total contributions	18,339,943	18,900,137
Investment income:		
Net appreciation (depreciation) in fair value of investments	24,715,985	(6,956,421)
Interest and dividends	4,877,400	5,224,674
Other investment income	384,305	750,527
Total investment income (loss)	29,977,690	(981,220)
<b>Total additions</b>	<b>48,317,633</b>	<b>17,918,917</b>
<b>Deductions</b>		
Participant distributions and withdrawals	28,125,652	44,307,503
Administrative expenses	511,437	591,484
<b>Total deductions</b>	<b>28,637,089</b>	<b>44,898,987</b>
<b>Change in net position</b>	19,680,544	(26,980,070)
<b>Net position restricted for pensions</b>		
Beginning of year	365,149,581	392,129,651
End of Year	<b>\$ 384,830,125</b>	<b>\$ 365,149,581</b>

**WAYNE COUNTY EMPLOYEES' RETIRMENT SYSTEM  
DEFINED CONTRIBUTION PLAN  
ADMINISTRATIVE EXPENSES**

**September 30, 2016 and 2015**

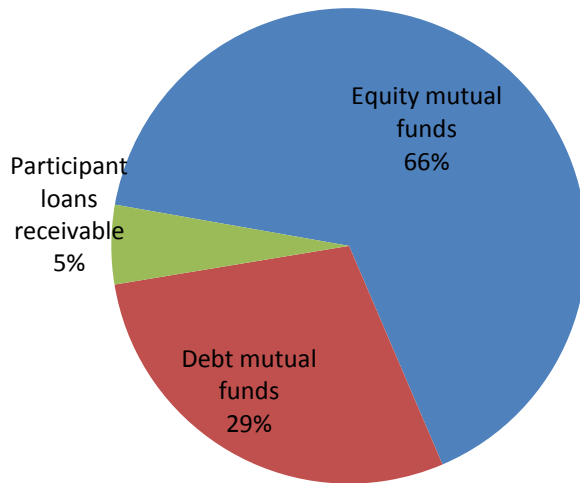
	<b>2016</b>	<b>2015</b>
Personnel Services:		
Staff Salaries	\$ 176,495	\$ 202,618
Other Fringe Benefits	79,722	100,923
Retirement Benefits	72,751	144,690
Total	328,968	448,231
Professional Service		
Consultant Fees	20,520	-
Audit Fees	17,035	16,215
Total	37,555	16,215
Miscellaneous		
Miscellaneous Fees	34,755	25,253
Allocated Operating Expenses	110,159	101,785
Total	144,914	127,038
Total Administrative Expenses	\$ 511,437	\$ 591,484



**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED CONTRIBUTION  
MARKET VALUE BY INVESTMENT TYPE  
As of September 30, 2016**

<u>Investment Type</u>	<u>Market Value at 9/30/2016</u>
Equity mutual funds	\$ 252,928,974
Debt mutual funds	110,813,315
Participant loans receivable	20,647,833
<b>Total Investments</b>	<b>\$ 384,390,122</b>

**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
DEFINED CONTRIBUTION  
ASSET ALLOCATION BY INVESTMENT TYPE  
As of September 30, 2016**



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

Type of Plan	Open/Closed	Number of Active Members		Valuation Payroll	
		County	WCAA	County	WCAA
Defined Benefit	Open	1,924	348	\$97,972,865	\$30,105,635
Defined Contribution	Open	1,250	304	\$85,269,009	\$24,261,739
<b>Totals</b>		<b>3,174</b>	<b>652</b>	<b>\$183,241,874</b>	<b>\$54,367,374</b>

Number of Retirees and Beneficiaries

County.....5,067  
WCAA\*.....205

Average Annual Retirement Allowance

County.....\$25,236  
WCAA\*.....\$40,023

Annual Retirement Allowances Being Paid

County.....\$127,871,297  
WCAA\*.....\$8,204,811  
Total.....\$136,076,108

\*Includes only members that retired from WCAA after September 2002

Further information about the Retirement System can be found at [www.wcers.org](http://www.wcers.org) on the reporting tab, including Audited Financials, Annual Actuarial Valuation and previous years reports.