
General Retirement System of the City of Detroit

**Financial Report
with Supplementary Information
June 30, 2025**

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Independent Auditor's Report

To the Board of Trustees
General Retirement System of the City of Detroit

Opinion

We have audited the financial statements of the General Retirement System of the City of Detroit (the "System") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the General Retirement System of the City of Detroit as of June 30, 2025 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 System 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America 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.

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 System'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 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.

To the Board of Trustees
General Retirement System of the City of Detroit

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and 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.
- 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, 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 auditing standards generally accepted in the United States of America, 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 audit 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the General Retirement System of the City of Detroit's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
General Retirement System of the City of Detroit

Report on Summarized Comparative Information

We have previously audited the General Retirement System of the City of Detroit's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

December 10, 2025

General Retirement System of the City of Detroit

Management's Discussion and Analysis

As management of the General Retirement System of the City of Detroit (DGRS or the "System"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2025.

Using This Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) the required supplementary information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information that further explain and support the information in the financial statements.

Financial Highlights

The U.S. economy has slowed this past fiscal year. The unemployment rate increased, and wage growth slowed. Consumer sentiment has also declined. Despite these things, the U.S. stock market was relatively strong. The markets showed strength in the last half of 2024. However, the markets saw a pull back in the first quarter of 2025, rebounding in the second quarter of 2025. The rebound led to strong investment returns for the close of fiscal year 2025. The fiscal year 2025 investment returns are 10.1 percent.

This year's investment income is up slightly over last year, and contributions are down a bit compared to last year due to the receipt of the State of Michigan Pension Grant received last year. Expenses are down approximately \$10 million despite the 13th check being paid out this year. The primary reason for the difference is the result of last fiscal year's establishment of an allowance for doubtful accounts for the ASF recoupment receivable balance. The plan's combined net position increased by \$34.3 million.

This fiscal year also was the first year wherein the Foundation for Detroit's Future (the "Foundation") began to contribute \$18.3 million to the General Retirement System instead of \$375 thousand. The contribution amount flipped with that of the Police and Fire System. This adjustment is spelled out in the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the "Plan of Adjustment").

Condensed Financial Information

The tables below compare key financial information in a condensed format between the current year and the prior year:

	2025	2024
Assets	\$ 1,908,697,157	\$ 1,871,807,799
Liabilities	106,029,294	103,423,263
Fiduciary Net Position		
Restricted:		
Pension	1,770,424,254	1,739,432,066
Postemployment benefits other than pension	32,243,609	28,952,470
Total fiduciary net position	\$ 1,802,667,863	\$ 1,768,384,536

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

	2025	2024
Additions		
Net investment income (loss):		
Interest, dividends, and other income	\$ 50,845,315	\$ 52,256,064
Net increase in fair value of investments	113,037,635	100,947,610
Investment-related expenses	(9,995,839)	(10,790,036)
Net investment income	153,887,111	142,413,638
Securities lending income	126,971	332,748
Contributions:		
Employer	77,100,108	95,939,289
Employer - Supplemental payment	5,000,000	-
Employee	15,973,110	19,928,667
Foundation and State of Michigan Pension Grant	18,300,000	23,560,142
Total contributions	116,373,218	139,428,098
ASF recoupment interest	4,873,230	5,230,674
Other income	415,791	1,439,010
Total additions	275,676,321	288,844,168
Deductions		
Benefit payments	220,557,364	218,779,021
Member refunds and withdrawals	10,875,654	14,284,872
General and administrative expenses	5,025,011	5,014,119
ASF recoupment write-off	4,934,965	16,000,245
Total deductions	241,392,994	254,078,257
Net Increase in Net Position Held in Trust	\$ 34,283,327	\$ 34,765,911

Fund Overview, Membership, and Governance

The pension plans of the General Retirement System of the City of Detroit consist of defined benefit pension plans and defined contribution plans for the nonuniformed employees of the City of Detroit, Michigan (the "City"), composed of Component I and Component II, which are memorialized in a document titled the Combined Plan for the General Retirement System of the City of Detroit, Michigan, made effective July 1, 2014, as amended and restated on December 8, 2014 (the "Combined Plan"). The System also manages open and closed death benefit funds (collectively, the "Death Benefit Plans"). The Death Benefit Plans are held in a separate trust; the board of the Death Benefit Plans is substantially the same as the board of the pension plans. This discussion and its accompanying financial statements are concerned primarily with Component I, a new pension plan created by the City effective July 1, 2014 for active nonuniformed employees of the City to earn pension benefits on and after that date (also referred to as the "Hybrid Plan"), and Component II, the legacy pension plan wherein benefits were earned through June 30, 2014 (the "Legacy Plan").

As discussed in greater detail below, at the conclusion of the 2014 fiscal year, the City froze Component II. The freeze of Component II, which was the pension plan that existed as of June 30, 2014, means that no further benefit accruals occurred after that date, and no new employees are allowed to participate as members.

DGRS exists to pay benefits to its members. Members of the System include active nonuniformed city employees, retirees, and their beneficiaries. Active members still employed with the City on and after July 1, 2014 earn service credit that entitles them to receive benefits in the future in Component I but not in Component II, which, as noted above, has been frozen. Both the employer and municipal plan sponsor for the System, the City, and actively employed members have historically contributed to the System (the employee contributions were voluntary prior to July 1, 2014). Retirees, their beneficiaries, and disabled members are those currently receiving benefits, though the City elected in fiscal year 2015 to transition new disability claims from the benefit program administered by the System to one administered by a third-party insurance carrier.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Component I of DGRS is a newly created plan (effective July 1, 2014), with more active members earning service credit than members eligible to receive or receiving benefits. As of June 30, 2024, there were 5,959 active members, with 845 retirees and 897 terminated plan members entitled to but not yet receiving benefits.

Component II of DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2024, there were 1,744 active members in Component II, with 10,713 members receiving benefits and 2,268 terminated plan members entitled to but not yet receiving benefits.

By way of background, a brief review of the City's migration from the Legacy Plan to the Hybrid Plan is appropriate. On June 30, 2014, the emergency manager of the City of Detroit, Michigan issued Order No. 30, which froze Component II. After that date, no new employees were allowed to participate in Component II, and benefit accruals for members with respect to service rendered prior to July 1, 2014 were frozen based on the member's years of service, average final compensation, and the pension multiplier formula as of the freeze date. Employees working after July 1, 2014 are now earning service credit in the Hybrid Plan, or Component I. On July 1, 2014, the City first published the Combined Plan with the city clerk. By August 1, 2014, the City completed the payroll information systems project transitions required to allow the now mandatory employee contributions to be contributed to Component I.

On October 19, 2014, the emergency manager issued Order No. 43, which amended and restated the Combined Plan. On December 8, 2014, before leaving office, the emergency manager issued Order No. 44, which again amended and restated the Combined Plan. According to Order No. 44, the latest amendments and restatements to the Combined Plan conformed the combined plan terms to the requirements of the City's bankruptcy plan and made clarifying modifications. The Combined Plan is available at DGRS' website, www.rscd.org.

In December 2014, DGRS governance was modified as part of the City's bankruptcy plan. DGRS is governed by a board of trustees (the "Board"). Although DGRS' investment management is now the ultimate responsibility of a seven-member investment committee (the "Investment Committee"), the Board maintains its role as the governing board vested with responsibility for the general administration, management, and operation of the System, with which the Investment Committee assists, pursuant to Michigan law.

The Board is composed of 10 members. The active membership elects 5 members to serve six-year terms. A 6th member is elected by the retiree membership to serve a two-year term. A 7th member is appointed by the mayor of the City of Detroit, Michigan from the citizens of the City to serve a six-year term. The 3 remaining members, the mayor of the City (or designee), the city treasurer, and one representative from the Detroit City Council, serve ex officio. Expirations of terms of elected trustees are staggered, while the remaining trustees serve in accordance with their office or as a designee of an office.

The Investment Committee has five independent members appointed to initial terms, which will all eventually become six years, with staggered expirations. Additionally, two members, one active and one retired, serve on the Investment Committee based on appointment by the Board. The Investment Committee will be in place through at least December 2034.

Contributions to the System

Historically, both the City and active employees have made regular contributions to the System, with employee contributions being optional in Component II, essentially before July 1, 2014, though there was a period of transition due to the City's aging information technology infrastructure, which meant that voluntary employee contributions to Component II continued through July 2014, and mandatory employee contributions to Component I from active payroll were implemented as of August 1, 2014.

Basic pension and disability benefits in Component II had been funded through employer contributions plus investment earnings on those contributions, but employee contributions are mandatory in Component I. The required employer contributions had been determined by the System's actuaries using the entry age normal cost method, which is still the case. Assumptions used by the actuaries are subject to experience testing every five years, which is also still the case. Effective December 10, 2014, as part of the resolution of the Chapter 9 case, the investment return assumption and discount rate used by the System's actuary for the purpose of determining the System's assets and liabilities for funding purposes was fixed at 6.75 percent through the period ended June 30, 2023. This applies to both Component I and Component II.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Subsequent to the City's bankruptcy, for the Legacy Plan, the obligations for contributions to support Component II of the System through 2023 are determined as fixed amounts by the provisions in the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. Now that we are beyond the 2023 fiscal year, the City and various other employer constituents, such as the library; Detroit Water and Sewer Department; and Huntington Place, formerly known as the COBO Authority, are responsible for the full funding obligations of Component II of the System, consistent with Michigan law. This funding amount is calculated by the System's actuary.

The Plan of Adjustment allowed for certain of the Legacy Plan's funding obligations to DGRS through 2034 to be met by prepayment of the present value equivalent using a discount rate of 6.75 percent. In the fiscal year ended June 30, 2016, a portion of the Detroit Institute of Arts (DIA) obligation to make annual \$5 million contributions over 10 years ending in 2034 was prepaid. This present value prepayment resulted in DGRS receiving \$32,511,827 on June 30, 2016 from the DIA, which represents the present value, using a 6.75 percent discount rate, of \$4,625,000 per year for the 9 years remaining on that annual \$5,000,000 commitment ending in 2024. Pursuant to the Plan of Adjustment, DGRS still expects to receive the equivalent or actual remaining \$375,000 per year from the DIA for that 10-year period ending in 2024.

In addition, the City was to remit payments on the UTGO Stub Bonds to the Combined Plan through 2028. In fiscal year 2017, the City of Detroit, Michigan refunded all of its outstanding UTGO Stub Bonds. Upon refunding, the payments to the Combined Plan were accelerated, with a majority of the outstanding balance paid to the Combined Plan in fiscal year 2017; as a result, the Combined Plan received approximately \$7.7 million in the ISP and \$18.3 million in Component II related to this transaction.

With respect to Component I, the Hybrid Plan, nonuniformed employees who are members of DGRS are now required to make mandatory contributions toward their defined benefit pensions earned with the City. The contribution percentage varies based on the revenue group the member belongs to. That percentage is calculated by the System's actuary. The City contributes an additional 5 percent of the member's base pay. The City no longer counts overtime in the calculation of its employer contribution.

The City is also setting aside an additional 0.75 percent of payroll to meet the premium payments required for the disability insurance established with a third-party carrier. DGRS is not administering those disability benefits managed by the third-party carrier.

On June 30, 2025, the City met its obligation for Component I employer contributions by contributing \$14,563,729 to DGRS.

Impact of City of Detroit, Michigan Collective Bargaining and Bankruptcy Pension Adjustments

Pursuant to Emergency Manager Order No. 30, the existing Component II defined contribution plan and defined benefit plan were frozen, preventing any future accruals or new members in Component II effective June 30, 2014.

The following changes became effective July 1, 2014, with the advent of Component I:

- The Hybrid Plan's defined benefit plan commenced with mandatory contributions of 4 percent of base pay. The City contributes between 3.96 and 4.92 percent of employee base pay, based on division, not including overtime.
- A new Hybrid Plan defined contribution plan commenced for the annuity savings fund. Employees may make voluntary annuity savings fund contributions of up to 7 percent of total after-tax pay. Interest will be credited at the actual net investment rate of return of DGRS, but in no event will it be lower than 0 percent or higher than 5.25 percent.
- The Hybrid Plan provides that future duty disability and nonduty disability retirement allowances for members who become disabled after July 1, 2014 move to a commercial insurance program through the City.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Benefit Payments

The System exists to pay the benefits that its members have earned pursuant to benefits promised by the City, subject to the Chapter 9 case benefit adjustments going forward in the Legacy Plan and the new promises in the Hybrid Plan. Benefits are paid monthly. In fiscal year 2025, DGRS paid out \$230,400,000 in benefits, consisting of \$219,500,000 in benefits to retirees and beneficiaries plus \$10,900,000 in refunds of annuity savings fund balances and mandatory contributions. The benefits and refunds represent approximately 12.8 percent of the net position of the System as of June 30, 2025. Employer, foundation, and employee contributions were \$116,100,000, or 6.4 percent of the net position of the System. The excess of benefits over contributions of \$114.3 million is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board and the Investment Committee of DGRS believe that the principal determinant of total fund investment performance over long periods of time is asset allocation. DGRS' asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board and the Investment Committee must make investment decisions that they believe will be the most beneficial to the System over many years, not just one or two years.

DGRS has established asset allocation policies that are expected to deliver investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Global equity	46.00 %
Global fixed income	33.00
Real estate/Real assets	13.00
Diversifying strategies	8.00

DGRS' asset allocation policies comply with Michigan law.

Investment Results

DGRS calculates investment results on a time-weighted Global Investment Performance Standard (GIPS) basis unless explicitly stated otherwise. All returns for periods of one year or greater have been annualized.

Total Fund Composite

DGRS' total fund composite return for the year was 10.3 percent, net of fees and expenses using a time-weighted methodology. The fund returned 9.0 percent, 9.1 percent, and 7.1 percent for its 3-, 5-, and 10-year annualized returns, respectively, net of fees and expenses.

From July 1, 2024 to June 30, 2025, the investment environment was characterized by moderating but still above-target inflation, restrictive monetary policy, and generally strong asset returns. Against this backdrop, risk assets performed well: the S&P 500 delivered a 12-month total return of roughly 15 percent for the period ended June 30, 2025, while global equities reached new highs as technology-related and AI-linked sectors led the market. Fixed income also produced positive results as long-term yields declined late in the fiscal year, the Bloomberg U.S. Aggregate Bond Index posted a mid-single-digit one-year return and positive year-to-date performance through June 30, 2025, aided by falling interest rates in the second quarter of 2025.

Looking ahead to the new fiscal year, the baseline outlook from major forecasters is for continued but modest global growth, with the IMF projecting world GDP to expand around 3.0 percent in 2025 and 3.1 percent in 2026, and U.S. growth expected to remain comparatively solid at about 2 percent. At the same time, high equity valuations in certain segments (particularly AI-related technology) and ongoing geopolitical and trade tensions (including the potential for renewed U.S. - China tariff escalation) could lead to episodes of increased market volatility. Overall, the coming year is expected to feature a transition toward somewhat easier monetary policy and still-positive, but slower, global growth, with investment outcomes likely to remain sensitive to the path of inflation, policy rates, and geopolitical developments.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Total time-weighted plan returns, net of fees and expenses, for the recent prior fiscal years ended June 30 are shown below:

2024	9.60 %
2023	7.50
2022	(7.34)
2021	28.30
2020	(0.96)
2019	3.40
2018	6.50
2017	14.10
2016	1.40
2015	2.60
2014	14.50
2013	11.70

Money-weighted Rate of Return

GASB Statement No. 67 requires the disclosure of the annual money-weighted rate of return. A money-weighted rate of return (as opposed to the time-weighted rate of return discussed in the previous section) considers both the size and timing of cash flows over the course of the year to determine an internal rate of return (sometimes referred to as IRR). This return is calculated net of expenses and uses cash flows determined on a monthly basis. The DGRS money-weighted rate of return for the year using month-end cash flows was 9.02 percent.

Requests for Further Information

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from employer and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's office or visit its website at www.rscd.org.

General Retirement System of the City of Detroit

Statement of Fiduciary Net Position

June 30, 2025

	Component II Plan (Legacy)		Component I Plan (Hybrid)	Death Benefit Plans	Total
	Defined Benefit Fund	Income Stabilization Fund	Defined Benefit Fund		
Assets					
Cash and cash equivalents (Note 3)	\$ 17,143,369	\$ 1,402,469	\$ 40,642,578	\$ 570,048	\$ 59,758,464
Investments: (Notes 3 and 4)					
Global equities	737,647,055	7,449,100	186,041,254	18,915,163	950,052,572
Global fixed income	142,052,181	1,434,508	35,826,844	6,829,311	186,142,844
Real estate	214,952,693	2,170,690	54,213,010	-	271,336,393
Private equity	130,305,952	1,315,890	32,864,338	-	164,486,180
Diversifying strategies	114,853,992	1,159,849	28,967,215	6,066,270	151,047,326
Receivables:					
Investment income	1,731,114	17,481	436,592	-	2,185,187
Contributions (Note 1)	6,270	-	5,384	-	11,654
Other receivables	591,808	3,493	2	-	595,303
ASF recoupment receivable - Net (Note 1)	69,209,785	-	-	-	69,209,785
Notes receivable from participants	1,299,628	-	1,495,080	-	2,794,708
Receivables from investment sales	723,253	7,304	182,411	-	912,968
Cash and investments held as collateral for securities lending: (Note 3)					
Asset-backed securities	436,734	4,410	110,148	-	551,292
Certificate of deposit	4,477,933	45,220	1,129,375	-	5,652,528
Repurchase agreements	23,815,615	240,501	6,006,513	-	30,062,629
U.S. corporate floating rate	5,002,143	50,514	1,261,586	-	6,314,243
Commercial paper	832,888	8,411	210,062	-	1,051,361
Capital assets - Net (Note 1)	3,723,081	-	2,808,639	-	6,531,720
Total assets	1,468,805,494	15,309,840	392,201,031	32,380,792	1,908,697,157
Liabilities					
Accrued expenses	9,255,096	28,687	1,734,906	137,183	11,155,872
Payables for investment purchases	39,026,179	394,104	9,842,755	-	49,263,038
Due to the City of Detroit, Michigan	412,374	-	-	-	412,374
Amounts due to broker under securities lending agreements (Note 3)	34,555,685	348,959	8,715,256	-	43,619,900
Lease liability	899,523	-	678,587	-	1,578,110
Total liabilities	84,148,857	771,750	20,971,504	137,183	106,029,294
Net Position - Restricted for					
Pension	1,384,656,637	14,538,090	371,229,527	-	1,770,424,254
Postemployment benefits other than pension	-	-	-	32,243,609	32,243,609
Total net position	\$ 1,384,656,637	\$ 14,538,090	\$ 371,229,527	\$ 32,243,609	\$ 1,802,667,863

General Retirement System of the City of Detroit

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	Component II Plan (Legacy)		Component I Plan (Hybrid)	Death Benefit Plans	Total	2024
	Defined Benefit Fund	Income Stabilization Fund	Defined Benefit Fund			
Additions						
Investment income (loss):						
Interest, dividends, and other income	\$ 40,263,598	\$ 394,644	\$ 9,392,666	\$ 794,407	\$ 50,845,315	\$ 52,256,064
Net increase in fair value of investments	87,795,884	867,530	20,917,230	3,456,991	113,037,635	100,947,610
Investment-related expenses	(7,910,489)	(79,705)	(1,966,487)	(39,158)	(9,995,839)	(10,790,036)
Net investment income	120,148,993	1,182,469	28,343,409	4,212,240	153,887,111	142,413,638
Securities lending income (loss):						
Interest and dividends	109,241	1,070	25,360	-	135,671	1,330,824
Net loss on collateralized securities	(7,403)	(63)	(1,234)	-	(8,700)	(998,076)
Total securities lending income	101,838	1,007	24,126	-	126,971	332,748
Contributions:						
Employer	62,400,000	-	14,563,729	136,379	77,100,108	95,939,289
Employer - Supplemental payment	5,000,000	-	-	-	5,000,000	-
Employee	-	-	15,854,572	118,538	15,973,110	19,928,667
Foundation and State of Michigan Pension Grant	18,300,000	-	-	-	18,300,000	23,560,142
Total contributions	85,700,000	-	30,418,301	254,917	116,373,218	139,428,098
ASF recoupment interest (Note 1)	4,873,230	-	-	-	4,873,230	5,230,674
Other income	318,751	220	96,820	-	415,791	1,439,010
Total additions	211,142,812	1,183,696	58,882,656	4,467,157	275,676,321	288,844,168
Deductions						
Benefit payments	215,639,340	418,560	3,447,055	1,052,409	220,557,364	218,779,021
Member refunds and withdrawals	5,721,068	-	5,154,586	-	10,875,654	14,284,872
General and administrative expenses	2,793,800	-	2,107,602	123,609	5,025,011	5,014,119
ASF recoupment write-offs and allowance adjustments (Note 1)	4,934,965	-	-	-	4,934,965	16,000,245
Total deductions	229,089,173	418,560	10,709,243	1,176,018	241,392,994	254,078,257
Net Increase in Fiduciary Net Position	(17,946,361)	765,136	48,173,413	3,291,139	34,283,327	34,765,911
Net Position Restricted for Pension/OPEB - Beginning of year	1,402,602,998	13,772,954	323,056,114	28,952,470	1,768,384,536	1,733,618,625
Net Position Restricted for Pension/OPEB - End of year	\$ 1,384,656,637	\$ 14,538,090	\$ 371,229,527	\$ 32,243,609	\$ 1,802,667,863	\$ 1,768,384,536

See notes to financial statements.

June 30, 2025

Note 1 - Significant Accounting Policies

Reporting Entity

The pension plans of the General Retirement System of the City of Detroit (the "System" or DGRS) and the Death Benefit Plans are managed by the Retirement System of the City of Detroit. The City of Detroit, Michigan (the "City") sponsors these plans, which consist of four single-employer retirement plans - two pension plans (the "Combined Plan") and two other postemployment benefit plans (the "Death Benefit Plans") - as described below.

Pension Plans

Component II

This is the legacy plan (the "Legacy Plan") that is the original defined benefit plan, which includes a defined benefit component and a defined contribution component. Component II generally applies to benefits accrued by members prior to July 1, 2014. On June 30, 2014, as a result of negotiations between the City and the public employee unions, the existing plan benefit formulas were frozen, and no employees were allowed to earn benefits under the existing plan. The emergency manager issued Order No. 30 (General Retirement System of the City of Detroit) on June 30, 2014, which put these changes into effect. Except as specifically provided in the Combined Plan, benefits provided under Component II are frozen effective June 30, 2014.

Component II also includes the Income Stabilization Fund. The fund, which is part of Component II only and established as a special plan of adjustment provision, was established for the sole purpose of paying the Income Stabilization Benefits and Income Stabilization Benefits Plus to eligible pensioners. Beginning in 2022, the investment committee of DGRS (the "Investment Committee") may recommend to the board that a portion or all of the assets that exceed income stabilization benefits (including Income Stabilization Benefits Plus) to be paid in the future be used to fund regular pension payments. As of June 30, 2025, no decisions have been made to transfer any income stabilization funds.

Nonemployer Contributing Entity within Component II

On September 9, 2014, a memorandum of understanding (the "MOU") was entered into by the emergency manager and mayor of the City of Detroit, Michigan; the county executive of each of the charter counties of Wayne and Macomb, Michigan; the County of Oakland, Michigan; and the governor of the State of Michigan. The purpose of the MOU was to establish a framework for the creation of a regional authority (known as Great Lakes Water Authority or GLWA) pursuant to Act 233 of 1955 to operate, control, and improve the regional assets of the water supply system and the sewage disposal system owned by the City.

Pursuant to the MOU, the City of Detroit, Michigan and GLWA entered into two lease agreements: the Regional Water Supply System Lease dated June 12, 2015 and the Regional Sewage Supply System Lease dated June 12, 2015. Under the provisions of the lease agreements, GLWA leases the regional assets of the City for a period of at least 40 years.

Pursuant to the lease agreements, on December 1, 2015, a triparty agreement between the City of Detroit, Michigan; the General Retirement System of the City of Detroit; and GLWA was signed (referred to as the pension reporting agreement). Per the POA and Section 4.3 of the lease agreements, GLWA is required to pay a portion of the pension obligation that will be allocable to the Detroit Water and Sewer Department (DWSD). The purpose of the pension reporting agreement is to set forth determining the funding status for the DWSD pension pool and for DGRS to agree to provide GLWA with certain actuarial and other reports to enable GLWA to properly manage and pay its portion of the pension obligation that is allocable to DWSD.

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Effective January 1, 2016, GLWA was launched. Accordingly, the prior DWSD division was split into two - one representing the ongoing DWSD department, now referenced as DWSD-Retail (DWSD-R), and another to represent Great Lakes Water Authority. In accordance with the pension reporting agreement, the net position and liabilities of DWSD were allocated to DWSD-R and GLWA in accordance with written directions received from DWSD-R and GLWA. Per written directions, GLWA is to be allocated 70.3 percent of the net position and liabilities of DWSD. Because GLWA has no employees or retirees in the Combined Plan, GLWA is considered a nonemployer contributing entity in accordance with GASB Statement No. 67.

The financial statements of the Combined Plan reflect the net position and pension liabilities of the plan as a whole, which includes the portion allocable to GLWA. GLWA's portion of the total Component II net pension liability of \$797,167,427 at June 30, 2025 was \$14,023,569, with the remainder allocable to the City of Detroit, Michigan and related entities.

Component I

As of July 1, 2014, all current and future employees participate in the new hybrid pension plan (the "Hybrid Plan"), or Component I. Active city employees who participated in the Legacy Plan will receive the benefits they have earned under the plan through June 30, 2014 plus an additional benefit under the new hybrid plan formula, assuming all vesting requirements are met.

Other Postemployment Benefit Plans

Death Benefit Plans

Death benefits are provided to certain employees and retirees of the City of Detroit, Michigan through an employee benefit trust. The following are the benefit plans paid through the trust, both of which are defined benefit plans under GAAP:

- Closed Death Benefit Plan (Closed Plan) - This plan covers those retirees who retired on or before December 10, 2014.
- Death Benefit Plan (Open Plan) - This plan is open to all employees providing services after December 10, 2014.

System Reporting

The Combined Plan and the Death Benefit Plans are separate and independent trusts qualified under applicable provisions of the Internal Revenue Code; they are independent entities (separate and distinct from the employer/plan sponsor), as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the Combined Plan and the Death Benefit Plans have a fiduciary obligation and legal liability for any violations of fiduciary duties as independent trustees. The Combined Plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. The Death Benefit Plans provide death benefits for plan members.

The assets of the System include no securities of loans to the City or other related parties.

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Plan Sponsor Financial Condition - Impact on the System

In the past, the City of Detroit, Michigan (the "plan sponsor") has experienced significant financial difficulty and liquidity concerns. As of June 2013, the City had defaulted on approximately \$36 million of pension contributions due to the Combined Plan. During fiscal year 2014, the City did not pay any employer contributions into the Combined Plan, despite the fact that there were actuarially required contributions.

In February 2013, the governor appointed a financial review team, which determined that a local government financial emergency existed in the City. This culminated in bankruptcy proceedings, which the City initiated in July 2013. Part of the federal court's ruling in December 2013 indicated that the bankruptcy status usurped whatever protections may be offered to governmental pensions under the Michigan Constitution. On December 10, 2014, the City exited from bankruptcy through confirmation of the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the "Plan of Adjustment" or the "POA"). The POA specifies certain provisions pertinent to the legacy and hybrid plans, including contributions and benefits.

From fiscal year 2015 through fiscal year 2023, the contributions received by the Combined Plan were made in accordance with the provisions of the POA. Beginning in fiscal year 2024, the contributions received by the Combined Plan are made in accordance with actuarially determined amounts. See Note 11 for significant changes that were implemented by the Combined Plan under the POA.

The POA also resulted in the City closing the existing supplemental death benefit plan to new members effective December 10, 2014. Benefits to be paid to individuals retiring prior to that date are limited to the assets allocated to that closed plan. There are no further contribution requirements for the City for plan members who were retired as of that date.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the General Retirement System of the City of Detroit.

Accounting and Reporting Principles

The System follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Basis of Accounting

The System uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Specific Balances and Transactions

Cash and Cash Equivalents

The System considers cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value or estimated fair value. 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 sale price at current exchange rates. The fair value of real estate investments is based on periodic appraisals, as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value determined by the System's management.

Approximately \$913,000,000, or 51 percent, of the System's net position as of June 30, 2025 does not have a readily determinable market value. Of this balance, approximately \$12,800,000 has been estimated by management. The remaining \$900,200,000 is based on valuations performed by the investee company management as of June 30, 2025, which are also subject to annual audits that are generally performed as of December 31.

Investments for which market quotations are readily available are generally priced by the custodian using nationally recognized pricing services and practices. For investments that do not have readily observable market prices, including, but not limited to, private equity, public and private real estate, alternatives, and direct loans, management's estimate of fair value is based on information provided by investment managers, general partners, real estate advisors, and other means. However, due to the inherent uncertainty and the degree of judgment involved in determining fair value for such investments, the values reflected in the financial statements may differ significantly from values that would have been used had a readily determinable market value for the investments existed, and the difference could be material.

ASF Recoupment Receivable - Component II (Legacy)

For members who elected to make employee contributions into the defined contributions-style program, referred to as the annuity savings fund (ASF), between July 1, 2003 and June 30, 2013, the POA called for recoupment of amounts that the City calculated were excess interest credited to individual ASF accounts. In 2011, the City Council adopted an ordinance that limited ASF interest credits to the plan's actual net investment return, with a cap of 7.9 percent and a floor of 0 percent. The POA calculation of excess interest applies the interest formula in the 2011 ordinance to the July 1, 2003 - June 30, 2013 recoupment period, recouping all interest paid in excess of the lower of 7.9 percent or the plan's actual return for that year, with a cap on the recoupment amount of 20 percent of the highest ASF balance in this period. The recoupment amount is also capped at 15.5 percent of the retiree's monthly pension check. The City offered a limited lump sum or a monthly payment option. Repayment of these excess interest amounts is not optional. The receivable will be collected, with 6.75 percent interest, as a reduction to monthly pension benefits for those with recoupment balances outstanding. As of June 30, 2025, the System has approximately \$83,900,000 to be collected. In fiscal year 2025, the System, based on historic information related to collection history and write-offs, has recorded an allowance of approximately \$14,700,000 against this gross receivable balance.

Receivable/Payable from Investment Sales/Purchases

The System liquidated investments prior to year end and reported a receivable from investment sales at June 30, 2025 in the amount of \$912,968. The proceeds from the sales were received subsequent to year end. In addition, the System purchased investments prior to year end and reported a payable from investment purchases at June 30, 2025 in the amount of \$49,263,038. This amount was paid subsequent to year end.

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Notes Receivable from Participants

In Component II (Legacy) and Component I (Hybrid), any active general employee who is or has been a participant in the 1973 defined contribution plan (annuity savings fund) may be eligible for the employee loan program. The minimum amount of the loan was established at \$1,000. The maximum loan is the lesser of 50 percent of the member's account balance in the annuity savings fund or \$10,000. Members can borrow as either a general purpose loan payable in 1 to 5 years or a residential loan payable in 1 to 15 years. A member can have only two outstanding loans. The balance of these loans for the year ended June 30, 2025 was \$1,299,628 and \$1,495,080 for Legacy and Hybrid, respectively. The balance is measured at the unpaid principal balance plus any accrued but unpaid interest. Participant notes receivable are written off when deemed uncollectible. As of June 30, 2025, there are no allowances recorded for uncollectible participant notes.

Capital Assets

Capital assets for the System include software, office equipment, and furniture. The System's leased assets are also categorized as part of capital assets (see below). Depreciation and amortization expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Leases

The System is a lessee for its office building. The System recognizes a lease liability and an intangible right-to-use lease asset in the statement of fiduciary net position.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the System determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The System uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the System generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the System is reasonably certain to exercise.

The System monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets (reported with other capital assets) and lease liabilities are reported on the statement of fiduciary net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the System's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the System's financial statements for the year ending June 30, 2026.

Note 2 - Pension Plan Description

Component II (Legacy Plan) and Component I (Hybrid Plan)

Plan Administration

The Combined Plan's governance was modified in December 2014 as part of the City's bankruptcy plan. The Combined Plan's board of trustees and the Investment Committee administer the General Retirement System of the City of Detroit Pension Plan - a single-employer defined benefit and defined contribution plan that provides retirement benefits, as well as survivor and disability benefits, for plan members and beneficiaries. Plan members include active employees, retirees, and beneficiaries from various departments within the City of Detroit, Michigan. Benefit terms have been established by contractual agreements between the City and the employees' collective bargaining unit, as modified by the POA. Future amendments are subject to the same process. However, pursuant to the POA, pension benefit terms presently expressed in the Combined Plan were not subject to amendment before June 30, 2023 unless an amendment was required to maintain the tax-qualified status of the plans. The obligation to contribute to and maintain the Combined Plan was established by the city charter and negotiations with the employees' collective bargaining units.

The board is composed of 10 members. The active membership elects 5 members to serve six-year terms. The retiree membership elects 1 retiree member to serve a two-year term. The mayor of the City of Detroit, Michigan appoints 1 member from the citizens of the City to serve a six-year term. The remaining 3 members, these members being the mayor of the City (or designee), the city treasurer, and one representative from the Detroit City Council, serve ex officio. Expirations of terms of elected trustees are staggered.

The Investment Committee has five independent members appointed to initial terms, which will all eventually become six years, with staggered expirations. Additionally, two members, one active and one retired, serve on the Investment Committee based on appointment by the board. The Investment Committee will be in place through at least December 2034.

Benefits Provided

The Combined Plan provides retirement and disability benefits. Benefit terms had been established by negotiations between the City Council and the employees' collective bargaining unit and were subject to amendment by the City Council. Further changes to benefits were provided for under the POA.

Note 2 - Pension Plan Description (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Component II (Legacy Plan)	Component I (Hybrid Plan)
Date of member count	June 30, 2024	June 30, 2024
Inactive plan members or beneficiaries currently receiving benefits	10,713	845
Inactive plan members entitled to but not yet receiving benefits	2,268	897
Active plan members	1,744	5,959
Total employees covered by the plan	<u>14,725</u>	<u>7,701</u>

As of June 30, 2014, Component II has been frozen. As of that date, no new participants were allowed to enter the plan, and no new benefit accruals were allowed for existing participants.

After July 1, 2014, active members will retain existing service credit in the Legacy Plan but will earn only additional service credit in the new Hybrid Plan.

Contributions

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, in the past, the Combined Plan had retained an independent actuary to determine the annual contribution. The actuarially determined rate was the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. However, from fiscal years 2015 through 2023, contributions were based on specific provisions in accordance with the Plan of Adjustment. Beginning in fiscal year 2024, the contributions are based on the actuarially determined rate.

Employer and Nonemployer Contributing Entity Contributions

Component II

For Component II, during fiscal year 2025, employer contributions were actuarially determined based on the amount necessary to fund the plan on an actuarial basis. For fiscal year 2025, total employer contributions from the city-related entities and GLWA were \$85.7 million, which includes \$18.3 million from the Foundation for Detroit's Future (the "Foundation").

Component I

For Component I, during fiscal year 2025, employer contributions were actuarially determined based on the amount necessary to fund the plan on an actuarial basis. The City and related entities were required to contribute the following percentages of base compensation of active members:

- General City - 3.96 percent
- Department of Transportation - 3.99 percent
- Detroit Water and Sewer Department - 4.41 percent
- Library - 4.92 percent

During fiscal year 2025, the City and related entities contributed \$14,563,729 into the Hybrid Plan.

June 30, 2025

Note 2 - Pension Plan Description (Continued)

Employee Contributions

Component II

Contribution requirements of plan members historically were established and amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended June 30, 2025, there were no employee contributions into Component II, as the plan was frozen as of June 30, 2014.

Component I

Contribution requirements of plan members are established in Sections 9.3 and 10.1 of Component I of the Combined Plan. For the year ended June 30, 2025, the required active member contribution rate for employees was 4 percent of annual pay. Additionally, employees can make voluntary contributions of 3 percent, 5 percent, or 7 percent of annual pay. During fiscal year 2025, the plan received mandatory and voluntary employee contributions of \$15,854,572.

Fiscal Responsibility Provision

To safeguard the long-term actuarial and financial integrity of the Combined Plan, in the event the funding level of Component I projected over a five-year period falls below 100 percent, certain remedial actions are required, as set forth in Section 9.5 of Component I of the Combined Plan, including elimination of COLA, transfers from the rate stabilization fund reserve to the pension accumulation fund reserve, and increases in mandatory employee contributions from 4 percent to 5 percent.

In the event the funding level of Component I is projected to fall below 80 percent, additional remedial actions are required, including further increasing the mandatory employee contributions to 6 percent and the potential for reducing the retirement allowance.

As of June 30, 2025, the enactment of the remedial actions has not been required based on actuarial projections of the funding levels.

Note 3 - Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest, within the pension and Death Benefit Plans, in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized investments according to Michigan Public Act 314 of 1965, as amended. The System's deposits and investment policies are in accordance with statutory authority.

The System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the statement of changes in fiduciary net position.

General Retirement System of the City of Detroit

Notes to Financial Statements

June 30, 2025

Note 3 - Deposits and Investments (Continued)

The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. Approximately \$5.2 million of the System's checking account balances was uninsured and uncollateralized at June 30, 2025. The System believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities.

At year end, the System had the following investments and maturities:

Investment (in Thousands)	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	\$ 55,164	\$ 4,050	\$ 39,677	\$ 5,175	\$ 6,262
U.S. government mortgage-backed securities	19,614	-	52	813	18,749
Mutual funds	50,967	38,072	-	12,895	-
Government securities	409	-	235	143	31
U.S. government securities	18,106	-	2,075	9,700	6,331
Total	<u>\$ 144,260</u>	<u>\$ 42,122</u>	<u>\$ 42,039</u>	<u>\$ 28,726</u>	<u>\$ 31,373</u>

Not all fixed-income securities are subject to interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices.

At June 30, 2025, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government), as rated by Standard & Poor's, are as follows:

Investment (in Thousands)	AAA	AA	A	BBB	BB	B or lower	NR
Corporate bonds	\$ 1,459	\$ 199	\$ 5,348	\$ 9,414	\$ 20,120	\$ 14,073	\$ 4,551
U.S. government mortgage-backed securities	-	19,615	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	50,967
Government securities	-	141	143	-	-	-	125
Total	<u>\$ 1,459</u>	<u>\$ 19,955</u>	<u>\$ 5,491</u>	<u>\$ 9,414</u>	<u>\$ 20,120</u>	<u>\$ 14,073</u>	<u>\$ 55,643</u>

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The System does not restrict the amount of investments in foreign currency.

Note 3 - Deposits and Investments (Continued)

The following securities are subject to foreign currency risk:

Currency (in Thousands)	Equity	Cash	Net Investment Receivable
Canadian dollar	\$ 7	\$ -	\$ 124
Eurocurrency unit	-	1	127
Japanese yen	-	-	77
Norwegian krone	-	-	63
Swiss franc	-	-	78
Total	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ 469</u>

Securities Lending

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System, through the Combined Plan, lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to no less than 102 percent of the market value of the loaned securities.

As of June 30, 2025, the collateral provided was 101.99 percent of the market value of the loaned securities, which is less than the required 102 percent.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2025 was one day. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2025, the System had no credit risk exposure to borrowers. The collateral held (at cost) and the fair market value of the underlying securities on loans for the System as of June 30, 2025 were \$43,619,900 and \$42,767,530, respectively.

The following represents the balances relating to the securities lending transactions as of June 30, 2025; investments are reported at fair value:

Securities Lent	Underlying Securities
U.S. corporate fixed income	\$ 8,110,911
U.S. equities	34,068,243
U.S. governments	<u>588,376</u>
Total	<u>\$ 42,767,530</u>

The fair market value of the collateral pool related to securities lending at June 30, 2025 was \$43,632,053. The investments were in asset-backed securities, certificate of deposit, commercial paper, corporate bonds, and repurchase agreements. Approximately 96 percent of these securities had a duration of less than one year, and 4 percent had a duration between one and three years.

Note 3 - Deposits and Investments (Continued)

The credit ratings of the securities lending collateral pool held at June 30, 2025, as rated by S&P, are as follows:

Ratings	Amount
AAA	\$ 551,292
AA	4,138,497
A	8,994,273
NR	29,947,991
Total	\$ 43,632,053

Note 4 - Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Fair Value Measurements (Continued)

The System has the following recurring fair value measurements as of June 30, 2025:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Fixed income:				
Government securities (U.S. and other)	\$ 18,106,681	\$ 409,186	\$ -	\$ 18,515,867
Corporate bonds	-	61,592,849	-	61,592,849
U.S. government mortgage backed	-	19,615,007	-	19,615,007
Asset-backed securities	-	551,293	-	551,293
Certificate of deposit (negotiable)	-	5,652,529	-	5,652,529
Commercial paper	-	1,051,361	-	1,051,361
Mutual funds	50,967,655	-	-	50,967,655
Total fixed income	69,074,336	88,872,225	-	157,946,561
Equity:				
Common stock	665,518,999	-	-	665,518,999
Preferred stock	-	173,145	-	173,145
Total equity	665,518,999	173,145	-	665,692,144
Real estate private equity funds	-	-	9,510,421	9,510,421
Real estate-related investments	-	-	3,300,000	3,300,000
Total	\$ 734,593,335	\$ 89,045,370	\$ 12,810,421	836,449,126
Investments measured at NAV:				
International equity funds				343,364,873
Fixed-income funds				47,977,714
Hedge funds				144,981,055
Real estate funds				199,375,791
Private equity funds				164,486,180
Total investments measured at NAV				900,185,613
Total investments measured at fair value				\$ 1,736,634,739

A total of \$30,062,629 in repurchase agreements is recorded at amortized cost is not included in the fair value table above.

Equity securities, U.S. government securities, and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of preferred stock and fixed-income securities at June 30, 2025 was determined primarily based on Level 2 inputs. The System estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals for identical or similar assets.

Note 4 - Fair Value Measurements (Continued)

The fair value of the remaining investments at June 30, 2025 was determined primarily based on Level 3 inputs. The System estimates the fair value of these investments using the System's own pricing estimate methodology, pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The System holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
International equity funds	\$ 343,364,873	\$ -	Monthly	Up to 30 days
Fixed-income funds	47,977,714	-	Daily	10 business days
Hedge funds	144,981,055	-	Quarterly	100 days
Real estate funds	199,375,791	22,320,054	Quarterly	90 days
Private equity funds	164,486,180	46,019,720	N/A	N/A
Total investments measured at NAV	<u>\$ 900,185,613</u>	<u>\$ 68,339,774</u>		

Multiple funds are held in each category. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive of any of the funds in the category.

The international equity funds class includes investments in funds that invest in predominantly equity securities of non-U.S. companies. The funds invest in developed and emerging market countries and utilize investments across the capitalization spectrum from large to small companies. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The fixed-income funds class includes investments in funds that invest in predominantly fixed-income instruments in the U.S. and developed and emerging market countries. The funds invest across a diverse group of security types, including government, corporate, and mortgage-backed debt, and across the credit quality spectrum of investment grade and high yield. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy investments. Within this group of funds, there is exposure to investment strategies, including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The real estate funds class includes investments in funds whose objective is to operate a core portfolio of real estate investments predominantly located in the U.S. The funds acquire ownership in underlying investments either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment trusts. The funds predominantly target purchases in office, industrial, retail, or multifamily real estate classes. The fair values of the investments in this class have been estimated using net asset value per share of the investments (or its equivalent).

Note 4 - Fair Value Measurements (Continued)

The private equity funds class is an alternative investment class and consists of investments in companies that are not listed on a public exchange. The General Retirement System of the City of Detroit maintains a diversified portfolio of private equity investments by both style (buyout, turnaround, venture capital, etc.) and vintage year exposure. With its private equity allocation, the General Retirement System of the City of Detroit seeks to take advantage of the illiquidity premium associated with these private equity investments. The fair values of the investments in this class have been estimated using net asset value per share of the investments (or its equivalent).

Note 5 - Pension Plan Investments - Policy and Rate of Return

Component II (Legacy Plan) and Component I (Hybrid Plan)

Investment Policy

The assets of Components II and I are commingled and invested together, as allowed by the POA. The Combined Plan's policy in regard to the allocation of invested assets is established and may be amended by governance by a majority vote of its members. It is the policy of the governance to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Combined Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the governance's adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Global equity	46.00 %
Global fixed income	33.00
Real estate/Real assets	13.00
Diversifying strategies	8.00
Total	100.00 %

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.02 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 6 - Pension Plan Reserves

Component II (Legacy Plan)

In accordance with the Combined Plan for the General Retirement System of the City of Detroit and state law, the following reserves are required to be set aside within the Component II (Legacy) pension plan:

The annuity reserve fund is an accumulation of transfers that is made from the annuity savings fund when an employee retires or becomes disabled or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contribution, net of the annuities paid. The balance is currently negative and, as a result, has been combined with the pension reserve fund for disclosure.

The pension reserve fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the pension accumulation fund. The transfers from the pension accumulation fund to the pension reserve fund for fiscal year 2025 retirements have not yet been determined.

Note 6 - Pension Plan Reserves (Continued)

The employee reserve (annuity savings fund) is credited as employee contributions are received throughout the year; the ASF maintains a record of the amount contributed by each employee and credits interest annually at a rate approved by the board. During fiscal year 2025, the board approved the interest rate at 5.25 percent. Eligible active members may elect to withdraw their accumulated (annuity) contributions plus investment earnings. Upon retirement, members can elect to annuitize or receive a lump sum of their accumulated contribution and interest earnings. When an employee retires or becomes disabled or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions, the balance is transferred to the annuity reserve fund. See Note 11 for disclosure of significant changes to the ASF going forward.

The pension accumulation fund is the fund that will accumulate reserves for the pensions and other benefits payable from the contributions made by the City, including various departments thereof, and certain third parties pursuant to the POA and from which pensions and other benefits will be paid on account of members with prior service credit and transfers, as provided in Section E-18. Due to the required transfers to fund the pension reserve fund, the fund as of June 30, 2025 is negative and has been combined with the pension reserve fund for disclosure.

The expense fund is the fund that will be credited with all money provided by the City to pay the administrative expenses of the Combined Plan and from which all the expenses necessary in connection with the administration and operation of the Combined Plan will be paid. At year end, this reserve balance is zero, as all employer contributions were credited to the pension accumulation fund.

The income fund shall be the fund to which all interest, dividends, and other income derived from the investments of Component II of the Combined Plan will be credited. Transfers from the income fund will be made to credit earnings and losses to various reserves of the Combined Plan in accordance with the provisions of Component II of the combined plan document. Amounts credited to the income fund in excess of amounts needed to credit earnings and losses of the Combined Plan, as provided in Component II, for any plan year shall be transferred to the pension accumulation fund and used to pay retirement allowances and other benefits on account of members. During fiscal year 2025, the income fund reserve was not utilized, and all investment income was credited to the pension accumulation fund.

The balances of the reserve accounts for Component II (excluding the Income Stabilization Fund) as of June 30, 2025 are included in the table below. The reserve balances as of June 30, 2025 shown below do not include the current year transfer amount related to fiscal year 2025 retirements for amounts that are transferred from the pension accumulation fund to the pension reserve fund.

The balances of the reserve accounts at June 30, 2025 are as follows:

	Required Reserve	Amount Funded
Annuity savings fund	\$ 71,803,717	\$ 71,803,717
Pension reserve fund	1,770,534,302	1,312,852,920
Annuity reserve fund	-	-
Pension accumulation fund	-	-

Component I (Hybrid Plan)

In accordance with the Combined Plan for the General Retirement System of the City of Detroit and state law, the following reserves are required to be set aside within the Component I (Hybrid) pension plan:

The accumulated mandatory employee contribution fund shall be the fund in which shall be accumulated the contributions of members to provide their retirement allowances. Upon the retirement, termination, or death of a member with a vested retirement allowance, the member's accumulated mandatory employee contributions shall be deemed to be part of the pension reserve that shall be used to pay the member's retirement allowance.

Note 6 - Pension Plan Reserves (Continued)

The accumulated voluntary employee contribution fund shall be the fund in which shall be accumulated the voluntary after-tax contributions of members together with earnings thereon (the board approved a 5.25 percent rate of return for fiscal year ended June 30, 2025).

The pension accumulation fund shall be the fund in which shall be accumulated reserves for the retirement allowances and other benefits payable from that portion of the employer's annual contribution that is not credited to the rate stabilization fund and amounts transferred to Component I and from which shall be paid retirement allowances and other benefits on account of members. During fiscal year 2025, all employer contributions were directed by the City into the pension accumulation fund, and no amounts were credited to the rate stabilization fund.

The rate stabilization fund shall be the fund that shall be credited with the employer's annual contributions in excess of the amount of the employer's contribution that is credited to the pension accumulation fund and amounts transferred to Component I, as provided in Section E-16(C) of Component II. During fiscal year 2025, no amounts were credited to the rate stabilization fund. Therefore, this reserve balance is zero.

The medical benefit fund shall be the fund that will be credited with contributions made for the purpose of funding medical benefits. During the year, no such contributions were made, and, therefore, this reserve balance is zero.

The expense fund shall be the fund to which will be credited any money provided by the employers to pay the administrative expenses of the Combined Plan and from which certain expenses incurred in connection with the administration and operation of the Combined Plan will be paid. At year end, this reserve balance is zero, as all employer contributions were credited to the pension accumulation fund.

The income fund shall be the fund to which all interest, dividends, and other income derived from the investments of Component I of the Combined Plan will be credited. Transfers from the income fund will be made to credit earnings and losses to various reserves of the Combined Plan in accordance with the provisions of Component I of the combined plan document. Amounts credited to the income fund in excess of amounts needed to credit earnings and losses of the Combined Plan, as provided in Component I, for any plan year shall be transferred to the pension accumulation fund. During fiscal year 2025, investment income was transferred to other reserve funds, and, therefore, this reserve balance at June 30, 2025 remains unfunded.

The balances of the reserve accounts for Component I as of June 30, 2025 are included in the table below. As of June 30, 2025, not all transfers from the accumulated mandatory employee contribution fund to the pension accumulation fund for retirements have occurred.

The balances of the above reserves for Component I that were funded as of June 30, 2025 are as follows:

	Required Reserve		Amount Funded
Accumulated mandatory employee contribution fund	\$ 92,883,959	\$	92,883,959
Accumulated voluntary employee contribution fund	40,576,777		40,576,777
Pension accumulation fund*	N/A		237,768,791

*Required reserve has not been calculated as of June 30, 2025.

June 30, 2025

Note 7 - Net Pension Liability for Component II (Legacy Plan)

The net pension liability has been measured as of June 30, 2025 and is composed of the following:

Total pension liability	\$ 2,181,824,064
Plan fiduciary net position	<u>1,384,656,637</u>
City's pension liability	<u>\$ 797,167,427</u>
Plan fiduciary net position as a percentage of the total pension liability	63.46 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The valuation used the following actuarial assumptions applied to all periods included in the measurement:

Inflation	N/A	
Salary increases	N/A	No inflation assumption or salary increases due to plan freeze as of June 30, 2014
Investment rate of return	6.75%	Net of pension plan investment expense, including inflation

Note that the long-term assumed rate of return used for the purpose of the GASB Statement No. 67 valuations was determined in accordance with generally accepted accounting principles. This rate will change annually based on capital market expectations in consideration of the System's most recently approved asset mix. Although in the current year the assumptions are identical, the investment return used for financial reporting purposes should not be confused with the provisions in the Plan of Adjustment, which established a 6.75 percent assumed rate of return that does not change annually as it is set by the POA for the purpose of the various provisions within the plan; the Plan of Adjustment did not attempt to dictate the long-term rate of return to be used for accounting purposes.

The mortality table assumption was based on the PubG-2010(B) Below-Median General Retiree Table. The tables are projected to be fully generational, based on the two-dimensional, sex-distinct mortality scale MP-2021.

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2024 valuation to calculate the total pension liability as of June 30, 2025 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020.

During the fiscal year, an additional \$5,000,000 contribution from the City was made to the System to finance one-time supplemental checks paid to retirees. This one-time benefit payment was treated as ad hoc and included as a current year benefit change.

Attribution Period

As addressed more fully in Note 11, as of June 30, 2014, the plan was frozen such that no new benefit accruals were allowed, and no new members could join. Starting on July 1, 2014, the participants in the Legacy Plan (Component II) will now be earning benefits under a newly created defined benefit plan (Component I). GASB Statement No. 67 requires that the service costs of all pensions be attributed through all assumed exit ages through retirement. Neither GASB Statement No. 67 nor any other GASB standard has set forth guidance specifically related to frozen plans with successor plans in place. Absent any guidance to the contrary, due to the status as a frozen plan combined with the fact that individuals are now earning service in a new defined benefit pension plan, the retirement date for the purpose of attribution was assumed to be June 30, 2014 for all members. Therefore, the total pension liability at June 30, 2025 is equal to the present value of projected benefit payments.

Note 7 - Net Pension Liability for Component II (Legacy Plan) (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on the above assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees at both the beginning of the year and the end of the year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Contributions to the Combined Plan are projected based on actuarially determined amounts. The projection of cash flows assumes full funding of the actuarially assumed contributions will be made at rates sufficient to fund the benefits by amortizing the unfunded liability over a closed 30-year period, based on the System's adopted funding policy.

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 pension plan 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return as of June 30, 2025 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	4.54 %
Global fixed income	4.62
Real estate/Real assets	3.91
Diversifying strategies	4.01

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

The following presents the net pension liability, calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability	\$ 969,981,142	\$ 797,167,427	\$ 647,187,166

June 30, 2025

Note 8 - Net Pension Asset of the City for Component I (Hybrid Plan)

The net pension asset of the City has been measured as of June 30, 2025 based on benefits in force as of that date and is composed of the following:

Total pension liability	\$ 344,507,889
Plan fiduciary net position	<u>371,229,527</u>
City's net pension asset	<u>\$ (26,721,638)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.76 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The following are the significant assumptions:

Wage inflation assumption was 3 percent.

The investment rate of return (net of pension plan investment expense, including inflation) applied to the beginning of year total pension liability was 6.75 percent, which matched the assumed long-term rate of return as of the end of year. The rates were determined in accordance with generally accepted accounting principles. This rate will change annually based on capital market expectations in consideration of the System's most recently approved asset mix. Although in the current year the assumptions are identical, the investment return used for financial reporting purposes should not be confused with the provisions in the Plan of Adjustment, which established a 6.75 percent assumed rate of return that does not change annually, as it is set by the POA for the purpose of the various provisions within the plan; the Plan of Adjustment did not attempt to dictate the long-term rate of return to be used for accounting purposes.

The mortality table assumption was based on the PubG-2010(B) Below-Median General Mortality Table. The tables are projected to be fully generational, based on the two-dimensional, sex-distinct mortality scale MP-2021.

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2024 valuation to calculate the total pension liability as of June 30, 2025 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020.

Cost of living adjustments (COLA): This plan has a postretirement COLA feature known as the Variable Pension Improvement Factor (VPIF) of a 2 percent simple COLA. It can be granted beginning on July 1, 2018 only if the five-year projection shows the plan's funded status at 100 percent based upon 6.75 percent future investment return. For the purpose of the total pension liability, the actuary assumed a 2 percent simple COLA to model the potential average COLA over time.

There were no changes in benefit provisions during the year affecting the total pension liability.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 8 - Net Pension Asset of the City for Component I (Hybrid Plan) (Continued)

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees at both the beginning of the year and the end of the year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Contributions to the Combined Plan are projected to be at the actuarially determined amounts. The projection of cash flows assumes full funding of the actuarially assumed contributions will be made at rates sufficient to fund the benefits by amortizing the unfunded liability over a closed 15-year period, based on the System's adopted funding policy.

The long-term expected rate of return on future pension plan investments is the same as Component II given that the assets are commingled (see Note 7).

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

The following presents the net pension asset of the City, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability (asset) of the City	\$ 23,792,209	\$ (26,721,638)	\$ (67,844,980)

Note 9 - Other Postemployment Benefit Plan

Closed Death Benefit Plan (Closed Plan) and Death Benefit Plan (Open Plan)

Plan Description

The City of Detroit Employees Death Benefit Board of Trustees administers the Death Benefit Plans, which are single-employer defined benefit OPEB plans used to provide death benefits to employees and retirees. The Death Benefit Board of Trustees is the same as the board of trustees of the General Retirement System of the City of Detroit, with the exception of the civilian member. Also, the one representative from the Detroit City Council is the City Council president.

In accordance with the City of Detroit, Michigan's plan of adjustment, the Death Benefit Plans were split into two parts: an Open Plan and a Closed Plan. Members retired on or before December 10, 2014 are in the Closed Plan. Members who retire after December 10, 2014 (provided they were active on or after December 10, 2014) are in the Open Plan. The City has no further obligations to Closed Plan members. Closed Plan members will receive benefits only if the Closed Plan assets are sufficient.

Benefits Provided

In accordance with the City of Detroit, Michigan Code of Ordinances, effective July 1, 1999, prior to retirement from city services, a death benefit in the amount of \$10,000 or the amount designated in the member's labor agreement, shall be paid. After retirement of the member from the City, the amount of death benefits paid is based upon the retiree's years of city service ranging from \$1,860 (for 8 to 10 years of service) to \$3,720 (for 30 years of service). For years of service beyond 30 years, \$93 will be added per year for each additional year of service.

Employees Covered by Benefit Terms

Closed plan: As of June 30, 2024, 8,556 retirees are covered by the benefit terms in the Closed Plan.

June 30, 2025

Note 9 - Other Postemployment Benefit Plan (Continued)

Open plan: The following members were covered by the benefit terms in the Open Plan:

Date of member count	June 30, 2024
Inactive, nonretired members	379
Retirees and beneficiaries	2,888
Active plan members	<u>8,984</u>
Total participants covered by the plan	<u><u>12,251</u></u>

Contributions

Open Plan

The City of Detroit Employee Benefit Plan board establishes contribution rates for the Open Death Benefit Plan; however, the City of Detroit, Michigan is under no legal obligation to prefund the plan benefits. The board's policy is to develop an employer contribution that is the greater of (1) the per active person rate provided for in the City of Detroit, Michigan Ordinance or (2) normal cost plus a 26-year closed (30-year closed period beginning with the June 30, 2021 valuation) amortization of unfunded actuarial accrued liability on a per active person basis.

For the year ended June 30, 2025, the employer contribution rate for each active member was \$19.63 per year. Active plan members are required to contribute \$10.40 per year, except for police lieutenants and sergeants and fire equivalents, who must contribute \$13.00 a year. For retired plan members, required contributions are \$1.08 a year. During the year ended June 30, 2025, the Open Plan received employer contributions of \$136,379 and employee/retiree contributions of \$45,497.

Closed Plan

The City of Detroit, Michigan allocated \$30,423,997 to the Closed Death Benefit Plan as of December 31, 2014 to fully fund the plan. There are no required additional employer contributions. For retired plan members, required contributions are \$1.08 per year. Total retiree contributions for the year ended June 30, 2025 for the Closed Plan were \$73,041.

Net OPEB Liability

Closed Plan

The Closed Death Benefit Plan will provide future benefits only to the extent that plan assets are available to pay them. After the contribution in 2014, no further employer contributions will be made to the Plan. As such, the total OPEB liability as of June 30, 2025 is equal to the plan net position of \$25,934,465.

Open Plan

The net OPEB liability has been measured as of June 30, 2025 and is composed of the following:

Total OPEB liability	\$ 6,660,745
Plan fiduciary net position	<u>6,309,144</u>
Net OPEB liability of the City	<u><u>\$ 351,601</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	94.72 %

Note 9 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

The inflation assumption was 2.5 percent. The investment rate of return (net of pension plan investment expense, including inflation) was 5.50 percent, which was also the investment rate of return used at the beginning of the year. The rate was determined in accordance with generally accepted accounting principles.

For members in the general retirement system, the mortality table assumption was based on the PubG-2010(B) Below-Median General Retiree Table. For members in the police and fire retirement system, the mortality table assumption was based on the PubS-2010 Safety Retiree Table. All mortality tables are projected to 2021 based on the two-dimensional, sex-distinct mortality improvement scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent, which was also the single discount rate used at the beginning of the year. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2024 valuation to calculate the total pension liability as of June 30, 2025 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020.

Investment Rate of Return

The long-term expected rate of return on OPEB 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 pension plan 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The board has not adopted a formal investment policy; however, the pension board approved a formal investment allocation in August 2014. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	26.00 %	4.68 %
International equities	25.00	5.15
Bonds	25.00	3.16
REITs	4.00	3.97
Global multisector fixed income	20.00	2.74
Total	100.00 %	

Note 9 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the City's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 5.50 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.50 percent) or 1 percentage point higher (6.50 percent) than the current rate:

	1 Percentage Point Decrease (4.50%)	Current Discount Rate (5.50%)	1 Percentage Point Increase (6.50%)
Net OPEB liability of the City	\$ 1,633,746	\$ 351,601	\$ 653,621

Since the OPEB benefits in this plan are life insurance only, there is no health care trend assumption. The sensitivity of net OPEB liability using +/-1 percent health care trend is not applicable to this plan.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 15.57 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 10 - Leases

The System leases its office building from a third party. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability, such as common area maintenance (CAM) and taxes.

The lease asset of the System, reported with other capital assets on the statement of fiduciary net position, is \$2,320,754, with accumulated amortization of \$982,673 as of June 30, 2025.

Future principal and interest payment requirements related to the System's lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 241,081	\$ 79,891	\$ 320,972
2027	264,556	66,046	330,602
2028	289,651	50,869	340,520
2029	316,466	34,269	350,735
2030	355,274	15,918	371,192
2031	94,943	872	95,815
Total	\$ 1,561,971	\$ 247,865	\$ 1,809,836

Note 11 - City of Detroit, Michigan's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan

In March 2013, after enduring years of financial difficulty, the City of Detroit, Michigan filed for bankruptcy protection. The Eighth Amended Plan for Adjustment of Debts of the City of Detroit was filed with the Bankruptcy Court on October 22, 2014. In November 2014, after a confirmation hearing lasting several weeks, the Bankruptcy Court confirmed the Plan of Adjustment, which became effective on December 10, 2014.

June 30, 2025

Note 11 - City of Detroit, Michigan's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

Legacy Plan (Component II)

The pension settlement, as part of the Plan of Adjustment, compromised pension claims and provided funding support for legacy pension benefit obligations under the General Retirement System of the City of Detroit Component II from the State of Michigan, the Detroit Institute of Arts, and certain foundation donors. The Plan of Adjustment also required certain governance changes for DGRS. Those governance changes included establishment of the Investment Committee effective December 10, 2014, which officially marked the beginning of implementation of the Plan of Adjustment, although DGRS had for months already undertaken contingency planning for all of the pension adjustments. In addition to governance changes, the POA requires of the System, through its board of trustees and the Investment Committee, certain periodic and interim reporting obligations to the City, the Foundation for Detroit's Future, and the State of Michigan. Although there were some delays in meeting certain obligations because of new actuarial reporting requirements for governmental systems, which in turn impacted the preparation of the System's audited financial statements, the System believes it has ultimately met its special reporting obligations in fiscal year 2016 and continued to do so in fiscal years 2017 through 2025.

For DGRS, with respect to Component II benefit adjustments, the pension settlement (for which benefit levels were and are contingent on other factors, including receipt of outside contributions) is provided for the following:

- A loss of cost of living adjustments, or escalators, paid after July 1, 2014
- A 4.5 percent cut to the remaining accrued pension benefit after the COLA loss
- For DGRS members who participated in the annuity savings fund plan between 2003 and 2013, subject to certain caps, recoupment of certain amounts of interest deemed by the City to be in excess of that which should have been credited to individual ASF accounts, referred to as "ASF Recoupment." ASF Recoupment, like other provisions of the pension settlement, was not optional. Most members will pay their ASF Recoupment by a monthly deduction from their future pension benefits for a set term of months, including interest calculated at 6.75 percent. All members were offered a lump-sum cash option, which was limited in the aggregate to \$30 million in member recoupment. In fiscal year 2016, the Bankruptcy Court approved certain additional members whose application submissions were not timely received to participate in the lump-sum cash option.
- The possibility of restoration of certain pension benefit cuts, based on a program for the most financially vulnerable pensioners and beneficiaries through the State of Michigan Treasury Department, as well as a new feature of Component II allowing restoration depending on the System's funding level over time
- An Income Stabilization Program (the "ISF Program") was established as part of the State Contribution Agreement, another facet of the pension settlement. The ISF Program, supported by city funds arising from an unlimited tax general obligation bonds settlement, is intended to ensure that the most financially vulnerable retirees and beneficiaries do not fall below the poverty line as a result of bankruptcy-related pension changes. Beginning on March 1, 2015, certain DGRS members also received benefit pension cut restoration under the ISF Program administered by DGRS, pursuant to the State Contribution Agreement, based on eligibility and benefit payments calculated by the State of Michigan. Following the close of the fiscal year ended June 30, 2016 and pursuant to Component II of the Combined Plan and the State Contribution Agreement, the System implemented the first annual ISF Program benefit adjustments effective July 1, 2016.

June 30, 2025

Note 11 - City of Detroit, Michigan's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

- The POA also discusses a restoration plan. Terms of the pension restoration are contained in Exhibit II.B.3.r.ii.C of the POA, and the terms govern how accrued pensions, including COLA benefits that were reduced as a part of the POA, may be restored over the 30-year period following the confirmation order. The Investment Committee will supervise the restoration process in accordance with the restoration plan. The restoration plan shall be deemed a part of Component II. The funding levels have not been attained as of June 30, 2025 for the restoration process to initiate.

The obligations for contributions to support Component II of the System through 2023 was determined as fixed amounts by the provisions in the Plan of Adjustment. Pursuant to the Plan of Adjustment, the System was expected to receive contributions totaling \$718.6 million through fiscal year 2023. The Plan of Adjustment calls for the System to receive \$98.8 million from the State of Michigan; \$428.5 million from DWSD; \$31.7 million from UTGO settlement proceeds; the actual or present value equivalent of \$50 million from the DIA and its foundation donors; and \$114.6 million from the other city-related employer contribution sources, such as the General Fund, Detroit Library Commission, and COBO Authority, over a 10-year period covering fiscal year 2014 through fiscal year 2023. Between 2025 and 2034, DGRS will receive \$18.3 million per year from certain foundation donors. After 2023, the City, and various other employer constituents, such as the Library, DWSD, and COBO Authority, will retain responsibility for the full funding obligations of Component I of the System, consistent with Michigan law.

In fiscal year 2017, DGRS received from the City, its employer-related contribution sources, and the DIA and its foundation donors all contributions required by the Plan of Adjustment. The City was to remit payments on the UTGO Stub Bonds to the Combined Plan through 2028. In fiscal year 2017, the City of Detroit, Michigan refunded all of its outstanding UTGO Stub Bonds. Upon refunding, the payments to the Combined Plan were accelerated, with a majority of the outstanding balance paid to the Combined Plan in fiscal year 2017; as a result, the Combined Plan received approximately \$9.4 million in the ISF and \$18.3 million in the Component II Defined Benefit Fund related to this transaction.

DGRS continues to implement the POA, which includes ongoing compliance and additional reporting requirements by the board and the Investment Committee, annual review of benefit levels, and essentially provides for a 40-year plan to close the DGRS Legacy Component II underfunded liability. ASF Recoupment, in particular, is a notable facet of the Plan of Adjustment that will continue to be implemented as members apply for Component II pension benefits over time.

Note 12 - City of Detroit, Michigan Commitment to Future Funding

In anticipation of significant actuarially required contributions commencing in fiscal year 2024, the City, independent of the System, has established a Retiree Protection Trust Fund (the "Trust"). The Trust, a permanent irrevocable trust under Sections 115 and 414(d) of the Internal Revenue Code, is to receive, maintain, and invest city funds restricted for future deposits to the General Retirement System Plan and the Police and Fire Retirement System Plan as part of an effort to manage and stabilize future required city contributions to the plans. The City has set aside approximately \$354 million for this Trust as of June 30, 2025 for future contributions to the General Retirement System Plan and the Police and Fire Retirement System Plan. Contributions to the System will be recognized as the City makes distributions from this independent trust to the System.

Note 13 - Pension Reporting Agreement

Effective January 1, 2016, Great Lakes Water Authority was launched. Accordingly, the prior DWSD division in Component II was split into two - one representing the ongoing DWSD department, now referenced as DWSD-Retail, and another to represent the GLWA serving water and sewer customers in areas outside of the City.

June 30, 2025

Note 13 - Pension Reporting Agreement (Continued)

On December 1, 2015, a triparty agreement referred to as the pension reporting agreement between the City of Detroit, Michigan; the General Retirement System of the City of Detroit; and GLWA was signed. Per the Plan of Adjustment and Section 4.3 of the lease agreements, GLWA is required to pay a portion of the pension obligation that would otherwise have been allocated in full to the DWSD pension pool.

The purpose of the pension reporting agreement is to set forth determining the funding status for the DWSD pension pool and for DGRS to agree to provide GLWA with certain actuarial and other reports to enable GLWA to properly manage and pay its portion of the pension obligation that is allocable to the DWSD pension pool. In accordance with the pension reporting agreement, the net position and liabilities of the DWSD pension pool were allocated between DWSD-R and GLWA. Per written directions, GLWA is to be allocated 70.3 percent of the net position and liabilities of the DWSD pension pool.

Additionally, per Section 2.3 of the pension reporting agreement, the DWSD pension pool was to pay \$2.5 million annually for administrative expenses into the System. This annual payment occurred for the nine years ending with fiscal year June 30, 2023. According to the pension reporting agreement, DGRS was to track the actual annual administrative expenses allocable to the DWSD pension pool, and then, beginning with the fiscal year commencing on July 1, 2023, DGRS was required to calculate the actual aggregate amount of administrative expenses allocable to the DWSD pension pool during such nine-year period. In the event that the aggregate amount paid by the DWSD pension pool was more than the actual aggregate amount of administrative expenses allocable to the DWSD pension pool during such nine-year period, such amount was to be considered the aggregate excess of administrative expenses as of June 30, 2023. Based on this required reporting by DGRS, as of June 30, 2023, the aggregate excess of administrative expenses paid by the DWSD pension pool was approximately \$13 million.

During the fiscal year beginning on July 1, 2023, the parties to the pension reporting agreement were to mutually determine and resolve whether any aggregate excess or shortfall of administrative expenses as of June 30, 2023 shall have any effect on the obligation of DWSD-R or GLWA to make payments to the General Retirement System of the City of Detroit under the pension reporting agreement. During fiscal year 2025, the parties agreed to have the City make the DWSD-R/GLWA annual required contribution until such time that the aggregate excess of approximately \$13 million is exhausted. The City did make the annual payment of \$2.2 million for fiscal year 2025 on behalf of DWSD-R/GLWA in accordance with this verbal agreement. During fiscal year 2025, it was agreed-upon that the remaining amount will be transferred from the general division reserve at the System to the DWSD division.

Required Supplementary Information

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of Changes in the Net Pension Liability and Related Ratios Legacy Plan

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Interest	\$ 144,174,353	\$ 150,743,003	\$ 157,105,662	\$ 168,079,194	\$ 182,140,105	\$ 192,888,245	\$ 195,489,643	\$ 192,359,745	\$ 201,919,236	\$ 214,011,164
Changes in benefit terms	5,168,751	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	7,244,823	(24,103,038)	(27,014,766)	(12,568,209)	(59,232,849)	(55,836,749)	13,596,902	34,154,327	(27,508,380)	(43,719,112)
Changes in assumptions	-	1,677,964	(1,789,161)	(181,357,524)	119,876,694	67,677,535	-	(110,274,515)	76,925,957	90,034,927
Benefit payments, including refunds	(221,360,408)	(223,294,949)	(228,438,915)	(236,552,949)	(237,123,777)	(239,881,652)	(248,790,017)	(253,442,630)	(267,249,539)	(292,282,179)
Net Change in Total Pension Liability	(64,772,481)	(94,977,020)	(100,137,180)	(262,399,488)	5,660,173	(35,152,621)	(39,703,472)	(137,203,073)	(15,912,726)	(31,955,200)
Total Pension Liability - Beginning of year	<u>2,246,596,545</u>	<u>2,341,573,565</u>	<u>2,441,710,745</u>	<u>2,704,110,233</u>	<u>2,698,450,060</u>	<u>2,733,602,681</u>	<u>2,773,306,153</u>	<u>2,910,509,226</u>	<u>2,926,421,952</u>	<u>2,958,377,152</u>
Total Pension Liability - End of year	<u>\$ 2,181,824,064</u>	<u>\$ 2,246,596,545</u>	<u>\$ 2,341,573,565</u>	<u>\$ 2,441,710,745</u>	<u>\$ 2,704,110,233</u>	<u>\$ 2,698,450,060</u>	<u>\$ 2,733,602,681</u>	<u>\$ 2,773,306,153</u>	<u>\$ 2,910,509,226</u>	<u>\$ 2,926,421,952</u>
Plan Fiduciary Net Position										
Contributions - Employer, state, and foundation	\$ 85,700,000	\$ 105,685,142	\$ 48,281,252	\$ 48,275,000	\$ 48,275,000	\$ 48,275,000	\$ 68,275,000	\$ 68,275,000	\$ 91,238,402	\$ 104,792,657
Net investment income (loss)	120,250,831	114,261,078	80,971,836	(102,790,030)	406,977,916	(14,002,111)	47,170,004	155,423,193	206,896,568	(12,450,547)
Administrative expenses	(2,793,800)	(2,838,846)	(2,680,907)	(2,541,080)	(1,987,194)	(2,351,273)	(3,023,939)	(3,313,418)	(6,021,837)	(3,742,618)
Benefit payments, including refunds	(221,360,408)	(223,294,949)	(228,438,915)	(236,552,949)	(237,123,777)	(239,881,652)	(248,790,017)	(253,442,630)	(267,249,539)	(292,282,179)
Other (includes ASF recoupment)	257,016	(9,818,707)	(9,370,281)	4,806,056	6,405,364	5,155,198	(5,347,863)	6,952,522	8,324,074	5,945,783
Net Change in Plan Fiduciary Net Position	(17,946,361)	(16,006,282)	(111,237,015)	(288,803,003)	222,547,309	(202,804,838)	(141,716,815)	(26,105,333)	33,187,668	(197,736,904)
Plan Fiduciary Net Position - Beginning of year	<u>1,402,602,998</u>	<u>1,418,609,280</u>	<u>1,529,846,295</u>	<u>1,818,649,298</u>	<u>1,596,101,989</u>	<u>1,798,906,827</u>	<u>1,940,623,642</u>	<u>1,966,728,975</u>	<u>1,933,541,307</u>	<u>2,131,278,211</u>
Plan Fiduciary Net Position - End of year	<u>\$ 1,384,656,637</u>	<u>\$ 1,402,602,998</u>	<u>\$ 1,418,609,280</u>	<u>\$ 1,529,846,295</u>	<u>\$ 1,818,649,298</u>	<u>\$ 1,596,101,989</u>	<u>\$ 1,798,906,827</u>	<u>\$ 1,940,623,642</u>	<u>\$ 1,966,728,975</u>	<u>\$ 1,933,541,307</u>
Net Pension Liability - Ending	<u>\$ 797,167,427</u>	<u>\$ 843,993,547</u>	<u>\$ 922,964,285</u>	<u>\$ 911,864,450</u>	<u>\$ 885,460,935</u>	<u>\$ 1,102,348,071</u>	<u>\$ 934,695,854</u>	<u>\$ 832,682,511</u>	<u>\$ 943,780,251</u>	<u>\$ 992,880,645</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.46 %	62.43 %	60.58 %	62.65 %	67.25 %	59.15 %	65.81 %	69.98 %	67.57 %	66.07 %
Covered Payroll	\$ -	\$ 78,724,515	\$ 78,649,527	\$ 83,104,746	\$ 102,653,636	\$ 111,124,304	\$ 142,215,060	\$ 149,373,313	\$ 141,454,717	\$ 143,882,722
Net Pension Liability as a Percentage of Covered Payroll	- %	1,072.08 %	1,173.52 %	1,097.25 %	862.57 %	992.00 %	657.24 %	557.45 %	667.20 %	690.06 %

GASB Statement No. 67, as amended, requires covered payroll to be presented, as well as the net pension liability as a percentage of covered payroll. Covered payroll for 2025 is not available.

General Retirement System of the City of Detroit

Required Supplementary Information
 Schedule of Investment Returns
 Legacy and Hybrid Plans

**Last Ten Fiscal Years
 Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	9.02 %	9.38 %	4.94 %	(7.27)%	28.31 %	(0.78)%	3.28 %	6.70 %	12.60 %	1.10 %

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of Pension Contributions Legacy Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2025**	2024	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Actuarially determined contribution	\$ 80,700,000	\$ 82,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	80,700,000	82,500,000	-	-	-	-	-	-	-	-
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ 78,724,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	- %	104.80 %	- %	- %	- %	- %	- %	- %	- %	- %

*The contributions starting with fiscal year 2016 through 2023 were determined by the provisions of the POA; the contributions were not actuarially determined and, therefore, not subject to disclosure in accordance with GASB Statement No. 67 within this schedule.

**Excludes \$5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees. Covered payroll for 2025 is not available.

Notes to Schedule of Pension Contributions Legacy Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Unit Credit
Amortization method	Level principal, closed
Remaining amortization period	29 years (beginning with fiscal year 2024 contribution)
Asset valuation method	3-year smoothed market
Inflation	2.50 percent price inflation
Salary increase	N/A
Investment rate of return	6.75 percent
Mortality	PubG-2010(B) Below-Median General Mortality Table

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios Hybrid Plan

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 29,291,015	\$ 23,496,093	\$ 22,742,191	\$ 27,040,658	\$ 25,208,118	\$ 22,532,002	\$ 20,171,596	\$ 17,056,732	\$ 18,417,036	\$ 18,302,706
Interest	20,509,458	16,505,580	14,296,616	14,050,863	12,218,430	10,270,622	7,531,400	5,438,061	4,084,390	2,495,896
Differences between expected and actual experience	331,837	(11,142,531)	(6,162,346)	(18,137,902)	(10,183,406)	(7,464,424)	7,556,858	4,546,865	(4,667,487)	(1,263,760)
Changes in assumptions	-	31,718,494	(278,694)	(22,668,570)	14,453,739	6,518,200	-	(5,758,189)	2,780,462	2,111,451
Changes in benefit terms	-	-	3,617,374	-	-	-	-	-	-	-
Voluntary employee contributions	1,464,194	6,582,488	6,588,107	5,691,594	5,183,291	5,723,982	5,804,274	5,302,650	5,043,347	5,213,744
Benefit payments, including refunds	(8,601,641)	(8,133,900)	(7,013,532)	(7,395,729)	(5,118,404)	(3,629,833)	(3,539,384)	(2,390,592)	(2,134,809)	(2,287,214)
Net Change in Total Pension Liability	42,994,863	59,026,224	33,789,716	(1,419,086)	41,761,768	33,950,549	37,524,744	24,195,527	23,522,939	24,572,823
Total Pension Liability - Beginning of year	301,513,026	242,486,802	208,697,086	210,116,172	168,354,404	134,403,855	96,879,111	72,683,584	49,160,645	24,587,822
Total Pension Liability - End of year	\$ 344,507,889	\$ 301,513,026	\$ 242,486,802	\$ 208,697,086	\$ 210,116,172	\$ 168,354,404	\$ 134,403,855	\$ 96,879,111	\$ 72,683,584	\$ 49,160,645
Plan Fiduciary Net Position										
Contributions - Employer	\$ 14,563,729	\$ 13,673,679	\$ 15,126,876	\$ 15,689,188	\$ 11,690,984	\$ 12,515,861	\$ 12,205,699	\$ 14,673,644	\$ 9,484,992	\$ 9,048,831
Mandatory employee contributions	14,390,378	13,238,970	12,149,463	10,418,809	9,333,975	10,205,770	9,765,911	8,837,967	7,752,058	7,345,515
Net investment income (loss)	28,367,535	23,576,401	12,717,757	(13,857,941)	41,527,492	(2,216,167)	3,270,862	8,445,590	9,109,732	(76,608)
Administrative expenses	(2,107,602)	(2,143,618)	(2,022,440)	(1,894,415)	(1,316,430)	(1,540,433)	(1,942,064)	(2,171,693)	(2,648,385)	(3,094,197)
Voluntary employee contributions	1,464,194	6,582,488	6,588,107	5,691,594	5,183,291	5,723,982	5,804,274	5,302,650	5,043,347	5,213,744
Benefit payments, including refunds of mandatory contributions	(5,994,577)	(4,888,237)	(4,621,285)	(4,058,032)	(2,743,760)	(2,048,198)	(1,920,550)	(1,308,550)	(1,021,847)	(1,031,060)
Refunds based on voluntary contributions	(2,607,064)	(3,245,663)	(2,392,247)	(3,337,697)	(2,374,644)	(1,581,635)	(1,618,834)	(1,082,042)	(1,112,962)	(1,256,154)
Other	96,820	486,864	15,642,655	40,981	32,244	1,237,613	9,066,288	12,436	61,834	6,586
Net Change in Plan Fiduciary Net Position	48,173,413	47,280,884	53,188,886	8,692,487	61,333,152	22,296,793	34,631,586	32,710,002	26,668,769	16,156,657
Plan Fiduciary Net Position - Beginning of year	323,056,114	275,775,230	222,586,344	213,893,857	152,560,705	130,263,912	95,632,326	62,922,324	36,253,555	20,096,898
Plan Fiduciary Net Position - End of year	\$ 371,229,527	\$ 323,056,114	\$ 275,775,230	\$ 222,586,344	\$ 213,893,857	\$ 152,560,705	\$ 130,263,912	\$ 95,632,326	\$ 62,922,324	\$ 36,253,555
City's Net Pension (Asset) Liability - Ending	\$ (26,721,638)	\$ (21,543,088)	\$ (33,288,428)	\$ (13,889,258)	\$ (3,777,685)	\$ 15,793,699	\$ 4,139,943	\$ 1,246,785	\$ 9,761,260	\$ 12,907,090
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.76 %	107.14 %	113.73 %	106.66 %	101.80 %	90.62 %	96.92 %	98.71 %	86.57 %	73.75 %
Covered Payroll	\$ 359,593,090	\$ 330,528,688	\$ 293,017,696	\$ 260,683,104	\$ 233,681,019	\$ 245,732,111	\$ 224,726,503	\$ 246,173,916	\$ 199,307,987	\$ 185,147,364
City's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(7.43)%	(6.52)%	(11.36)%	(5.33)%	(1.62)%	6.43 %	1.84 %	0.51 %	4.90 %	6.97 %

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of Pension Contributions Hybrid Plan

Last Two Fiscal Years Year Ended June 30

	2025	2024
Actuarially determined contribution	\$ 14,563,729	\$ 13,673,679
Contributions in relation to the actuarially determined contribution	14,563,729	13,673,679
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 359,593,090	\$ 330,528,688
Contributions as a Percentage of Covered Payroll	4.05 %	4.14 %

Contributions before fiscal year 2024 were determined by the provisions of the POA; the contributions were not actuarially determined and, therefore, not subject to disclosure in accordance with GASB Statement No. 67 within this schedule.

Notes to Schedule of Pension Contributions Hybrid Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14 years
Asset valuation method	3-year smoothed market
Inflation	3.00 percent wage inflation
Salary increase	3.00 percent to 7.90 percent, including inflation
Investment rate of return	6.75 percent
VPIF	2.00 percent per year
Mortality	PubG-2010(B) Below-Median General Mortality Table

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of Changes in the City's Net OPEB Liability and Related Ratios Open Death Benefit Plan

Last Nine Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 168,360	\$ 159,364	\$ 132,945	\$ 154,693	\$ 129,692	\$ 142,198	\$ 129,558	\$ 114,919	\$ 103,457
Interest	348,060	323,009	326,131	331,758	311,172	281,348	255,501	223,231	215,053
Differences between expected and actual experience	176,059	(289,588)	21,270	33,174	2,304	215,945	197,652	325,148	-
Changes in assumptions	(1,756)	-	-	117,486	806,689	-	-	-	-
Benefit payments, including refunds	(196,200)	(218,724)	(260,207)	(186,198)	(213,821)	(205,148)	(234,422)	(184,826)	(230,000)
Net Change in Total OPEB Liability	494,523	(25,939)	220,139	450,913	1,036,036	434,343	348,289	478,472	88,510
Total OPEB Liability - Beginning of year	6,166,222	6,192,161	5,972,022	5,521,109	4,485,073	4,050,730	3,702,441	3,223,969	3,135,459
Total OPEB Liability - End of year	\$ 6,660,745	\$ 6,166,222	\$ 6,192,161	\$ 5,972,022	\$ 5,521,109	\$ 4,485,073	\$ 4,050,730	\$ 3,702,441	\$ 3,223,969
Plan Fiduciary Net Position									
Contributions - Employer	\$ 136,379	\$ 140,610	\$ 126,937	\$ 106,510	\$ 114,790	\$ 113,842	\$ 92,990	\$ 107,627	\$ 88,709
Contributions - Employee	45,497	94,319	89,485	85,236	96,996	86,147	73,457	96,337	80,151
Net investment income (loss)	814,075	724,251	393,971	(671,339)	1,128,321	11,617	246,685	296,957	315,310
Administrative expenses	(30,837)	(5,824)	(5,104)	(6,584)	(18,094)	(55,108)	(61,160)	(32,001)	(61,755)
Benefit payments, including refunds	(196,200)	(218,724)	(260,207)	(186,198)	(213,821)	(205,148)	(234,422)	(184,826)	(230,000)
Other	-	-	-	-	-	-	-	(221,948)	-
Net Change in Plan Fiduciary Net Position	768,914	734,632	345,082	(672,375)	1,108,192	(48,650)	117,550	62,146	192,415
Plan Fiduciary Net Position - Beginning of year	5,540,230	4,805,598	4,460,516	5,132,891	4,024,699	4,073,349	3,955,799	3,893,653	3,701,238
Plan Fiduciary Net Position - End of year	\$ 6,309,144	\$ 5,540,230	\$ 4,805,598	\$ 4,460,516	\$ 5,132,891	\$ 4,024,699	\$ 4,073,349	\$ 3,955,799	\$ 3,893,653
City's Net OPEB Liability (Asset) - Ending	\$ 351,601	\$ 625,992	\$ 1,386,563	\$ 1,511,506	\$ 388,218	\$ 460,374	\$ (22,619)	\$ (253,358)	\$ (669,684)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	94.72 %	89.85 %	77.61 %	74.69 %	92.97 %	89.74 %	100.56 %	106.84 %	120.77 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

GASB Statement No. 74 was implemented on June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of OPEB Contributions Open Death Benefit Plan

**Last Nine Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 136,379	\$ 140,610	\$ 126,937	\$ 106,510	\$ 114,790	\$ 113,842	\$ 92,990	\$ 93,797	\$ 104,659
Contributions in relation to the actuarially determined contribution	136,379	140,610	126,937	106,510	114,790	113,842	92,990	107,627	88,709
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,830	\$ (15,950)

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retrospective implementation. Data will be added as information is available until 10 years of such information is reported.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Level dollar entry age normal
Amortization method	Level dollar, closed beginning with contribution for fiscal year ended June 30, 2021
Remaining amortization period	26-year, board policy
Asset valuation method	3-year smoothed market, no corridor
Inflation	N/A
Investment rate of return	5.50 percent - Net of OPEB plan expenses, including price inflation at 2.50 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For members in the General Retirement System, the PubG-2010(B) Below-Median General Retiree table for males and females with male rates multiplied by 97 percent and female rates multiplied by 126 percent For members in the Police and Fire Retirement System, the PubS-2010 Safety Retiree table for males and females with male rates multiplied by 115 percent and female rates multiplied by 125 percent All mortality tables are projected to 2021, based on the two-dimensional, sex-distinct mortality improvement scale MP-2021. This table contains no margin for future improvements in life expectancies for conservatism in this valuation.
Other information	There were no benefit changes during the year.

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of OPEB Investment Returns Open and Closed Death Benefit Plans

	Last Nine Fiscal Years Years Ended June 30								
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	15.57 %	14.69 %	10.19 %	(14.46)%	24.52 %	0.30 %	2.97 %	5.93 %	7.23 %

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retrospective implementation. Data will be added as information is available until 10 years of such information is reported.

General Retirement System of the City of Detroit

Required Supplementary Information Schedule of Changes in the City's Net OPEB Liability and Related Ratios Closed Death Benefit Plan

	Last Nine Fiscal Years								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability -									
Increase (decrease) in total OPEB liability due to availability of assets	\$ 2,522,225	\$ 2,101,745	\$ 553,487	\$ (4,209,561)	\$ 4,496,393	\$ (944,616)	\$ 12,295	\$ 38,822	\$ (15,035)
Total OPEB Liability - Beginning of year	23,412,240	21,310,495	20,757,008	24,966,569	20,470,176	21,414,792	21,402,497	21,363,675	21,378,710
Total OPEB Liability - End of year	\$ 25,934,465	\$ 23,412,240	\$ 21,310,495	\$ 20,757,008	\$ 24,966,569	\$ 20,470,176	\$ 21,414,792	\$ 21,402,497	\$ 21,363,675
Plan Fiduciary Net Position									
Retiree contribution	\$ 73,041	\$ 12,890	\$ 9,244	\$ 9,390	\$ 19,867	\$ 12,925	\$ 9,080	\$ 9,528	\$ -
Net investment income (loss)	3,405,552	3,097,095	1,880,092	(3,277,720)	5,538,571	63,605	1,295,090	1,416,686	1,996,352
Administrative expenses	(100,159)	(25,829)	(24,922)	(32,147)	(18,096)	-	-	-	-
Benefit payments, including refunds	(856,209)	(982,411)	(1,310,927)	(909,084)	(1,043,949)	(1,074,935)	(1,230,715)	(1,355,391)	(1,949,612)
Other	-	-	-	-	-	53,789	(61,160)	(32,001)	(61,775)
Net Change in Plan Fiduciary Net Position	2,522,225	2,101,745	553,487	(4,209,561)	4,496,393	(944,616)	12,295	38,822	(15,035)
Plan Fiduciary Net Position - Beginning of year	23,412,240	21,310,495	20,757,008	24,966,569	20,470,176	21,414,792	21,402,497	21,363,675	21,378,710
Plan Fiduciary Net Position - End of year	\$ 25,934,465	\$ 23,412,240	\$ 21,310,495	\$ 20,757,008	\$ 24,966,569	\$ 20,470,176	\$ 21,414,792	\$ 21,402,497	\$ 21,363,675
City's Net OPEB Liability - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retrospective implementation. Data will be added as information is available until 10 years of such information is reported.

As the plan will provide future benefits only to the extent that plan assets are available to pay them, the total OPEB liability is equal to the plan's ending net position.

Contributions to the OPEB plan are not based on a measure of pay, nor is there applicable payroll; therefore, no covered payroll is presented.

General Retirement System of the City of Detroit

Notes to Required Supplementary Information

June 30, 2025

Pension Information

Benefit Changes

Legacy Plan

In 2025, an additional \$5,000,000 contribution from the City was made to the System to finance one-time supplemental checks paid to retirees. This one-time benefit payment was treated as ad hoc and included as a current year benefit change.

Hybrid Plan

In 2023, the bankruptcy court granted a change to the Hybrid Plan to allow members in the work share program during the period April 1, 2020 through December 31, 2022 to get credited service for that period.

Changes in Assumptions

Legacy and Hybrid Plan

In 2016, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.61 percent to 7.23 percent.

In 2017, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.23 percent to 6.91 percent.

In 2018, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.91 percent to 7.38 percent.

In 2020, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.38 percent to 7.06 percent.

In 2021, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.06 percent to 6.50 percent.

In 2022, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.50 percent to 6.75 percent and updating the mortality tables from the RP-2014 Blue Collar Annuitant Table to the Pub-2010 General Employee table, as well as updates to wage inflation, withdrawal, and disability rates.

In 2023, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.75 percent to 6.76 percent.

In 2024, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.76 percent to 6.75 percent. Also, for Component I, the Variable Pension Improvement Factor assumption changed from 0.50 percent to 2 percent.

OPEB Information

Changes in Assumptions

In 2021, the discount rate changed from 7.00 percent to 5.99 percent.

In 2022, the discount rate changed from 5.99 percent to 5.50 percent and updating the mortality tables from the RP-2014 Blue Collar Annuitant Table to the PubG-2010(B) Below-Median General Retiree table for members in the general retirement system and to the PubS-2010 Safety Retiree table for members in the police and fire retirement system, as well as updates to the withdrawal and disability rates.

Supplementary Information

General Retirement System of the City of Detroit

Statement of Changes in Fiduciary Net Position by Division - Legacy Defined Benefit Plan

For the Year Ended June 30, 2025

	DWSD Subdivisions		General Retirement System - Divisions				
	GLWA	DWSD-R	DWSD - Division	General Division	DOT	Library	Total - General Retirement System (all Divisions)
			Total (all DWSD Subdivisions)				
Beginning Net Position - July 1, 2024	403,956,842	170,661,716	574,618,558	676,841,099	73,287,213	77,856,128	1,402,602,998
Additions:							
Investment income (loss):							
Interest, dividends, and other income	11,473,797	4,847,394	16,321,191	19,477,126	2,282,196	2,292,326	40,372,839
Net increase in fair value of investments	26,139,059	11,043,102	37,182,161	42,080,686	3,822,158	4,710,879	87,795,884
Net unrealized loss on collateralized securities	(2,200)	(935)	(3,135)	(3,548)	(322)	(398)	(7,403)
Investment related expenses	(2,355,153)	(994,994)	(3,350,147)	(3,791,508)	(344,380)	(424,454)	(7,910,489)
Net investment income	35,255,503	14,894,567	50,150,070	57,762,756	5,759,652	6,578,353	120,250,831
Contributions:							
Employer contributions	-	-	-	35,200,000	27,100,000	100,000	62,400,000
General division contribution on behalf of DWSD/GLWA	1,546,600	653,400	2,200,000	(2,200,000)	-	-	-
Foundation for Detroit's Future	-	-	-	12,932,610	5,367,390	-	18,300,000
Employer - Supplemental	-	-	-	5,000,000	-	-	5,000,000
Total contributions	1,546,600	653,400	2,200,000	50,932,610	32,467,390	100,000	85,700,000
ASF recoupment interest	949,492	401,137	1,350,629	2,529,296	904,674	88,631	4,873,230
Other income	80,491	34,005	114,496	160,264	23,675	20,316	318,751
Total additions - net	37,832,086	15,983,109	53,815,195	111,384,926	39,155,391	6,787,300	211,142,812
Deductions:							
Member refunds and withdrawals	491,385	207,598	698,983	3,143,702	1,265,216	613,167	5,721,068
Retirees' pension and annuity benefits	41,299,448	17,447,989	58,747,437	119,806,442	30,511,703	6,573,758	215,639,340
General and administrative expenses	804,628	339,935	1,144,563	1,348,180	145,978	155,079	2,793,800
Transfer from general division to DWSD/GLWA	(7,565,382)	(3,196,185)	(10,761,567)	10,761,567	-	-	-
ASF Recoupment Write-off	515,935	217,970	733,905	2,750,812	966,814	483,434	4,934,965
Total deductions	35,546,014	15,017,307	50,563,321	137,810,703	32,889,711	7,825,438	229,089,173
Net Increase (Decrease) in Net Position	2,286,072	965,802	3,251,874	(26,425,777)	6,265,680	(1,038,138)	(17,946,361)
End of Year Net Position Restricted for Pensions - June 30, 2025	406,242,914	171,627,518	577,870,432	650,415,322	79,552,893	76,817,990	1,384,656,637

General Retirement System of the City of Detroit

Schedule of DWSD/GLWA Excess of Contributions Paid Toward Administrative Expenses

For the Year Ended June 30, 2025

	DWSD Division Total	
	GLWA	DWSD-R
Amount Paid in Excess of Administrative Expenses		
Otherwise Allocable - June 30, 2024	\$ 9,111,980	\$ 3,849,587
Annual required contribution made by City of Detroit on behalf of DWSD/GLWA	(1,546,600)	(653,400)
General Division transfer to DWSD	<u>(7,565,380)</u>	<u>(3,196,187)</u>
Cumulative Amount Paid in Excess of Administrative Expenses		
Otherwise Allocable - June 30, 2025	<u>\$ -</u>	<u>\$ -</u>

Allocation Between Divisions

The Combined Plan's allocation methodology to allocate fiscal year 2025 activity between the four main divisions (General Division, DOT, DWSD, and Library) is dependent upon each revenue or expense type. Below is a description of the allocation methodology used by the Combined Plan. Where applicable, the allocation methodology outlined in the pension reporting agreement was utilized.

Investment Income - Investment income (including income from securities lending activity) and investment expenses were allocated to the divisions, with the exception of the allocation between DWSD-R and GLWA, based on the net position of each division compared to total net position (excluding the Annuity Savings Fund) as of fiscal year ended June 30, 2025. The investment income and expenses allocated were after adjusting for interest credited to the Annuity Savings Fund.

Administrative Expenses - In accordance with Section 2.3 of the pension reporting agreement, DWSD-R and GLWA's collective allocable share of administrative expenses through fiscal year 2023 had been allocated to the general division. Correspondingly, the expenses transferred to the general division were offset by a \$2.5 million contribution made by DWSD-R and GLWA, collectively, for administrative expenses, which was credited to the general division. This occurred until 2023, at which point the City and GLWA were to mutually determine and resolve whether any aggregate over- or underpayment will impact the obligation of DWSD-R and GLWA to make payments to GRS under the pension reporting agreement. As of June 30, 2023, the aggregate excess of administrative expenses paid by DWSD-R and GLWA were \$12,961,567. The parties agreed to have the City make the DWSD-R/GLWA annual required contribution until such time that the aggregate excess is exhausted. The City did make the annual payment of \$2.2m for fiscal year 2025 on behalf of DWSD-R/GLWA in accordance with this verbal agreement. During fiscal year 2025, it was agreed-upon that the remaining amount will be transferred from the general division reserve at the System to the DWSD division.

Contributions - In fiscal year 2025, the Plan received contributions from the divisions and the Foundation for Detroit's Future. The employer contributions were allocated between the divisions according to which division the contribution was received from. The payment from the Foundation was allocated based on a common understanding from the bankruptcy proceedings, which was ultimately determined by the City of Detroit and agreed to by the other divisions. The Foundation proceeds were allocated solely to the general division and DOT (approximately 70% and 30%, respectively).

ASF Recoupment - Revenue from the ASF recoupment was allocated between the divisions, other than between DWSD-R and GLWA, according to the division under which the individual's ASF earnings were originally accumulated and paid out.

Member Refunds, Withdrawals, Retirees' Pension, and Annuity Benefits - These deductions were allocated, other than the allocation between DWSD-R and GLWA, based on the original division from which benefits were being provided and withdrawals were being made.

Allocation between DWSD-R and GLWA - Once the above activity was allocated to the divisions, the DWSD division was further subdivided between DWSD-R and GLWA in accordance with the pension reporting agreement, which stipulated such allocation would be dictated to the Plan by DWSD-R and GLWA. Per those instructions, the Plan allocated the DWSD activity between GLWA (70.3 percent) and DWSD-R (29.7 percent).