

CITY OF DETROIT
GENERAL RETIREMENT SYSTEM

2014

**ANNUAL REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED JUNE 30TH, 2014**



Ally Detroit Center
500 Woodward Avenue
Suite 3000
Detroit, Michigan 48226

*Report prepared by the staff of the
General Retirement System*

BOARD OF TRUSTEES LETTER

to all active members & retirees of the general retirement system of the city of detroit

DEAR MEMBERS:

On behalf of the Board of Trustees of the General Retirement System of the City of Detroit, I am pleased to present the annual report of the Retirement System for the 2013 – 2014 fiscal year ended June 30, 2014. This report will provide you with a summary of the plan benefit provisions, the financial condition of the Retirement System, assumptions used for actuarial valuations, and the Retirement System's investments.

The Retirement System exists to pay the benefits which its members have earned. The assets of the System provide the means to pay these benefits. The total assets of the System on June 30, 2014 were \$2.082 million. During the fiscal year ended June 30, 2014 the System paid

- *\$253 million in benefits to retirants and beneficiaries, plus*
- *\$144 million in lump sum defined contribution plan benefits*

During the prior year this plan experienced significant changes in structure, methods and assumptions which greatly overshadow the impact of any gains or losses during the year due to experience in specific risk areas. Investment experience during the year ended June 30, 2014 was favorable. The rate of return measured on a market value basis was 15.2%. Also, there were 307 retirements versus 226 expected, leading to an actuarial loss on retirement experience.

BOARD OF TRUSTEES LETTER (CONTINUED)

With the objective of providing the active and retired members of the System with better service, the Retirement System:

- *Established an annuity loan program for active members.*
- *Added staff at the front counter to handle ever increasing service requirements from its members.*
- *Continued to provide an 800 toll free telephone number (1-800-339-8344).*

These accomplishments reflect the continued hard work and dedication of the Board of Trustees, advisors, consultants and staff of the Retirement System. We ask for your continued support so that we can maintain a strong and financially secure Retirement System for all participants.

The Board of Trustees and its staff welcome your suggestions regarding the Retirement System and encourage you to inform us how we might better serve you. If you have any suggestions for the 2014 – 2015 Annual Report, please send them to the Annual Report Committee at Ally Detroit Center, 500 Woodward Ave., Suite 3000, Detroit, Michigan 48226.

Sincerely,



Thomas Sheehan
Chairperson
Board of Trustees

JUNE 30, 2014 BOARD OF TRUSTEES

ELECTED EMPLOYEE MEMBERS:

TASHA COWAN
Principal Accountant
Finance Department
Term expires June 30, 2015

ARMELLA J. NICKLEBERRY
DOT Dispatcher
Transportation Department
Term expires June 30, 2016

LOU HATTY
Legal Investigator
Law Department
Term expires June 30, 2017

LORI CETLINSKI
Manager
Information Technology Services
Term expires June 30, 2019

EX-OFFICIO MEMBERS:

MIKE DUGGAN
Mayor

SCOTT BENSON
Council Designate,
City Council

ELECTED RETIRANT MEMBER:
THOMAS SHEEHAN
Term expires June 30, 2013

APPOINTED CITIZEN MEMBER:
REV. WENDALL ANTHONY

OFFICERS:

CYNTHIA A. THOMAS
Executive Director

DEB WILKERSON
Assistant Executive Director

ACTUARY:

GABRIEL, ROEDER, SMITH & CO.

MEDICAL DIRECTOR:

REGINALD E. O'NEAL, D.O.

PERFORMANCE EVALUATION:

NEW ENGLAND PENSION CONSULTANTS

LEGAL ADVISOR:

MICHAEL VANOVERBEKE

REAL ESTATE CONSULTANT:

THE TOWNSEND GROUP

MASTER CUSTODIAN:

BANK OF NEW YORK

SUMMARY OF PLAN BENEFIT PROVISIONS

AGE AND SERVICE RETIREMENT

ELIGIBILITY – Any age with 30 years of service (Employees hired after January 1, 1996, age 55 with 30 years of service) age 60 with 10 years of service, or age 65 with 8 years of service.

ANNUAL AMOUNT – Sum of (a) a basic pension of \$12 for each of the first 10 years of service, plus (b) a pension equal to the first 10 years of service multiplied by 1.6% of AFC, plus 1.8% of AFC for each year of service greater than 10 years up to 20 years, plus 2.0% of AFC for each year of service greater than 20 years up to 25 years, plus 2.2% of AFC for each year of service greater than 25 years, plus (c) an annuity which is the actuarial equivalent of the member's accumulated contributions at retirement.

Members who retired or vested their pension after July 1, 1992, and prior to July 1, 1998 – Sum of (a) a basic pension of \$12 for each of the first 10 years of service, plus (b) a pension equal to the first 10 years of service multiplied by 1.5% of AFC, plus 1.7% of AFC for each year of service greater than 10 years up to 20 years, plus 1.9% of AFC for each year of service over 20 years, plus (c) an annuity which is the actuarial equivalent of the member's accumulated contributions at retirement.

Members who retired prior to July 1, 1992, and members who vested their pension prior to July 1, 1992, are computed at 1.5% for the first 10 years and 1.63% for each year greater than 10, of average final compensation, times years of service.

Members who have left employment after October 1, 2005 will no longer lose prior service time regardless of time separated from city employment.

AVERAGE FINAL COMPENSATION (AFC)

Pre-July 1, 1992 – Highest 5 consecutive years out of the last 10 excluding longevity.

July 1, 1992 – June 30, 1998 – Highest 4 consecutive years out of the last 10 including longevity.

July 1, 1998 or After – Highest 3 consecutive years out of the last 10 including longevity.

July 1, 1999 or After – Member has the option of adding the value of 25% of unused accrued sick leave to the earnings used in computing the AFC.

EARLY SERVICE RETIREMENT

ELIGIBILITY – Any age with 25 or more years of service

ANNUAL AMOUNT – Same as regular retirement but actuarially reduced.

DEFERRED RETIREMENT (VESTED BENEFIT)

ELIGIBILITY – July 1, 1980:
Any age with 10 years of service.

BENEFIT COMMENCEMENT – Non-Union, SAAA, and lawyers hired prior to June 30, 1986: Benefit begins at the age the member would have become eligible for regular retirement if service had continued. Others: Benefits based on service rendered by June 30, 1986, begin at the age the member would have become eligible for regular retirement. Benefits based on service rendered after July 1, 1986 (APTE effective July 1, 1988), begin at age 62.

ANNUAL AMOUNT – Same as regular retirement but based on average final compensation, factors and service at the time of termination.

The financial statements of the General Retirement System of the City of Detroit have been audited by the independent auditing firm of Plante Moran. Plante Moran's report is available for review on the Retirement System's web site, www.rscd.org. Copies of the report can be obtained by a request, in writing, to the Retirement System's Office.

I am pleased to submit to you the annual report of the General Retirement System of the City of Detroit. This report was prepared to communicate to all active and retired members of the Retirement System the financial position and the results of operations of the System for the fiscal year ended June 30, 2014. At June 30, 2014 the Retirement System had 5,364 active members, 12,089 retirees and beneficiaries, and 2,395 inactive members entitled to but not yet receiving benefits. This is a consolidated report of the Defined Benefit Plan and the Defined Contribution Plan of the Retirement System. This annual report consists of four (4) sections:

- I Introductory Section** contains the introductory letter from the Board of Trustees, the transmittal letter from the Executive Secretary, a summary of the asset allocation strategy, the officers and members of the Board of Trustees, and summary of plan benefit provisions.
- II Actuarial & Statistical Section** contains the results of the annual valuation and statistical tables prepared by the System's actuaries
- III Financial Section** contains the report of the independent auditors and the financial statements of the Retirement System.
- IV Travel Summary Section** contains the schedule of the costs of travel to destinations outside of the State of Michigan.

Telephone numbers for the Retirement System and its key departments may be found on the last page of this annual report.

Accounting System and Reports: The financial statements contained herein have been prepared in accordance with generally accepted accounting principles applicable to governmental units applied on a consistent basis. This was done in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB).

Revenues: The sources of funds utilized to pay retirement benefits consist of employer and employee contributions to the System plus income from investments. For the fiscal year ended June 30, 2014 employer contributions were \$25.1 million, employee contributions were \$10.2 million and recognized investment income was \$282.2 million.

Expenses: The expenses incurred by the Retirement System include payment of retirement benefits from the Defined Benefit Plan and the Defined Contribution Plan plus the costs of administering the System.

Administrative expenses are funded solely through investment income. For the fiscal year ended June 30, 2014 retirement benefits, refunds and administrative expenses totaled \$408.9 million.

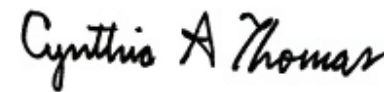
Funding and Reserves: The trust funds consist of contributions and earnings that are accumulated by the Retirement System in order to meet current and future benefit obligations to retirants and beneficiaries. A higher level of funding and a larger accumulation of assets lead to a greater potential for higher investment income. Continuous improvement in the funding of the System is a primary objective of the Board of Trustees.

As of June 30, 2014 the actuarial accrued assets of the Retirement System totaled \$2.02 million. The actuarial valuation as of June 30, 2014 reflects an unfunded actuarial accrued liability of \$1.21 million. This is the difference between the net assets available for benefits and the actuarial liability calculated for the Retirement System. These "unfunded actuarial accrued liabilities" are being amortized over future years.

Investments: The Retirement System invests all available funds in order to maximize both current income and long-term appreciation. The primary objective of the System's investment policy is to assure that the System meets its responsibility for providing retirement benefits. The System's portfolio of investments is diversified to provide the highest possible total return on assets with the least exposure to risk.

Acknowledgements: The preparation of this annual report reflects the combined efforts of the staff of the Retirement System under the direction of the Board of Trustees. The annual report is intended to provide complete and reliable information to the Trustees as a basis for making management decisions, to disclose compliance with legal provisions, and as a means of disseminating vital and pertinent information to all active and retired members of the General Retirement System of the City of Detroit. This report is being distributed to active members, retirees and other interested parties.

Very truly yours,



Cynthia Thomas
Executive Director

CITY OF DETROIT GENERAL RETIREMENT SYSTEM SERVICE PROVIDERS AS OF JUNE 30, 2014

A service provider is any individual, third-party agent or consultant, or other entity that receives direct or indirect compensation for consulting, investment management, brokerage, or custody services related to the System's assets.

- | | | |
|---|--|-------------------------------------|
| ABERDEEN ASSET MANAGEMENT INC. | F. LOGAN DAVIDSON, P.C. | RHUMBLINE ADVISORS |
| ACCUITY | FRANCO PUBLIC RELATIONS GRP | SEIZERT CAPITAL PARTNERS |
| ACCUSOFT PEGASUS | GABRIEL, ROEDER, SMITH & CO | SIMONS MICHELSON ZIEVE, INC |
| AEGON USA INVESTMENT MANAGEMENT, LLC | GLOBALT, INC | STOUT RISIUS ROSS, INC |
| ALEX BROWN REALTY | GOVCONNECTION, INC. | THE TOWNSEND GROUP |
| ALLEGRA | GRANTHAM, MAYO, VAN OTTERLOO & CO. LLC | UNIVERSAL SYSTEM TECHNOLOGIES INC |
| ALPHA PARTNERS, LLC | GREEN MEADOWS LAWNSCAPE, INC | VANOVERBEKE MICHAUD & TIMMONY, P.C. |
| AMERICAN ARBITRATION ASSOCIATION | GREENHILL & CO., LLC | WESTFIELD CAPITAL MANAGEMENT |
| ARNOLD & PORTER LLP | HARLAND TECHNOLOGY SERVICE | WYCOM SYSTEM, INC. |
| ARONSON & JOHNSON & ORTIZ | HERNDON CAPITAL MANAGEMENT, LLC | |
| ATLANTA CAPITAL MANAGEMENT | HOLLAND CAPITAL MANAGEMENT LLC | |
| BA INSIGHT LLC | HUDSON & MUMA, INC | |
| BASSETT & BASSETT | JANZ & KNIGHT | |
| BLACKROCK FINANCIAL MANAGEMENT, INC | MACUGA, LIDDLE & DUBIN, P.C. | |
| BLOOMBERG FINANCE LP | MELLON CAPITAL MANAGEMENT | |
| BRANDYWINE GLOBAL INVESTMENT MANAGEMENT | MONDRIAN INVESTMENT GROUP | |
| BRANDYWINE GLOBAL INVESTMENT MANAGEMENT | MOORE DIVERSIFIED SERVICES, INC | |
| CLARK HILL, P.L.C. | NICKEL & SAPH INC. | |
| COUZENS, LANSKY, FEALK, ELLIS P.C. | PARADIGM ASSET MGT CO., LLC | |
| DELL MARKETING, LP | PEERNET, INC. | |
| DEROY & DEVEREAUX | PEPPER HAMILTON, LLP | |
| DICE HOLDING INC | PIEDMONT INVESTMENT ADVISORS, LLC | |
| EARNEST PARTNERS, LLC | PLANTE & MORAN | |
| EDGAR LOMAX COMPANY | PUTNAM INVESTMENTS | |
| EMC CORPORATION | PZENA INVESTMENT MANAGEMENT, LLC | |
| | RACINE & ASSOCIATES | |
| | REAMS ASSET MANAGEMENT | |

SUMMARY OF PLAN BENEFIT PROVISIONS (CONTINUED)

DUTY DISABILITY RETIREMENT

ELIGIBILITY – Service-related disability before age 60. No service requirement.

ANNUAL AMOUNT – An annuity which is the actuarial equivalent of the accumulated contributions at date of disability plus a pension of two-thirds of average final compensation at time of disability. Effective January 1, 1999, the maximum annual pension is \$9,000. At age 60 or with 30 years, the annuity is recomputed assuming contributions would have continued at the employees elected contribution rate at the time of disability, a salary level equal to final compensation. The pension is recomputed with additional service credit granted from the date of disability to the conversion date with no maximum.

NON-DUTY DISABILITY RETIREMENT

ELIGIBILITY – Disability from any cause before age 60 with 10 or more years of service.

ANNUAL AMOUNT – Computed in the same manner as a regular retirement benefit. Effective January 1, 1999, the maximum annual pension to age 60 is \$6,000. Benefit is recomputed at age 60 with no maximum.

DUTY DEATH BEFORE RETIREMENT

ELIGIBILITY – Death from service-related causes. No age or service requirements.

ANNUAL AMOUNT – One-third of final compensation to the surviving spouse for life or until remarriage, plus an equal share of 1/4 of final compensation to each unmarried child under age 18. If there is no eligible spouse, eligible children each receive 1/4 of final compensation; if there are more than 2 such children, each child shares an equal part of 1/2 of final compensation. Maximum total amount for spouse and children

is \$9,000 annually. If there is no eligible spouse or children, dependent parents each receive 1/6 of deceased's final compensation, to a total maximum of \$600 annually.

NON-DUTY DEATH BEFORE RETIREMENT

ELIGIBILITY – Death in service at any age with 20 years of service; or age 60 with 10 years of service, or age 65 with 8 years of service.

ANNUAL AMOUNT – To Surviving Spouse: Computed as a regular retirement benefit but reduced in accordance with a 100% joint and survivor election. To Dependent Children if no Surviving Spouse: \$9,000 payable to age 19 of the youngest child or for life if child is physically or mentally impaired.

ELIGIBILITY – Death in service at any age with at least 15 years of service but less than 20 years of service.

ANNUAL AMOUNT – To Surviving Spouse: Computed as a regular retirement benefit but reduced in accordance with a 50% joint and survivor election. To Dependent Children if no Surviving Spouse: \$6,000 payable to age 19 of the youngest child or for life if child is physically or mentally impaired.

POST RETIREMENT COST-OF-LIVING ADJUSTMENTS

Benefit is increased annually by 2.25% of the original pension amount at retirement.

POST RETIREMENT COST-OF-LIVING ADJUSTMENTS

Members have the option of choosing one of four contribution amounts: (1) 0%; (2) 3.0% of compensation up to the Social Security wage base, plus 5.0% of compensation in excess of the Social Security wage base; (3) 5.0% of total compensation; or (4) 7.0% of total compensation.

SUMMARY OF ASSUMPTIONS USED FOR DGRS ACTUARIAL VALUATIONS

assumptions adopted by board of trustees after consulting with actuary

ECONOMIC ASSUMPTIONS

THE INVESTMENT RETURN RATE used in making the valuation was 6.75% per year, compounded annually (net after investment and administrative expenses). This assumption is prescribed by the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (POA).

NON-ECONOMIC ASSUMPTIONS

THE NUMBER OF ACTIVE MEMBERS is assumed to continue at the present number.

THE MORTALITY TABLE used to measure retired life mortality was 100% of the RP-2014 Blue Collar Annuitant Table for set-forward 1 year for males and 100% of the RP-2014 Blue Collar Annuitant Tables were extended below age 50 with a cubic spline to the published Juvenile rates. Pre-retirement mortality is based on the 2-dimensional, sex distinct mortality improvement scale MP-2014 (which was published and intended to be used with RP-2014). This table was first used as of June 30, 2014. For disabled members, the same tables are used. The rationale for the mortality assumption is based on the 2008-2013 Mortality Experience Study issued February 4, 2015.

THE PROBABILITIES OF AGE/SERVICE RETIREMENT for members eligible to retire are shown on pages 10 and 11. These probabilities were revised for the June 30, 2008 valuation. The rationale is based on the 2002-2007 Experience Study.

THE PROBABILITIES OF SEPARATION from service (including *death-in-service* and *disability*) are shown for sample ages on page 12. These probabilities were revised for the June 30, 2008 valuation. The rationale is based on the 2002-2007 Experience Study.

FUNDING METHODS

THE UNIT CREDIT COST METHOD was used in determining age & service pension liabilities, vesting liabilities and casualty pension liabilities. Under this method, there is no normal cost since benefits are frozen and there are no future accruals and actuarial accrued liability is the present value of each individual's accrued benefit.

UNFUNDED ACTUARIAL ACCRUED LIABILITIES Actual employer contributions through June, 30, 2023 are set by the POA. The amortized period and method after 2023 has not yet been established by the Board.

EMPLOYER CONTRIBUTION dollars were assumed to be paid at the end of the employer fiscal year.

PRESENT ASSETS are set equal to the Market Value.

THE DATA ABOUT PERSONS NOW COVERED AND ABOUT PRESENT ASSETS were furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (M.A.A.A.).

**PROBABILITIES OF AGE/SERVICE RETIREMENT
FOR MEMBERS ELIGIBLE TO RETIRE**

RETIREMENT AGE	Percent of Eligible Active Members Retiring Within Next Year with Unreduced Benefits		
	EMS	D.O.T.	OTHERS
45	25%		
46	25%		
47	25%		
48	22%		
49	20%		
50	18%	55%	50%
51	15%	50%	50%
52	15%	50%	45%
53	15%	50%	45%
54	15%	55%	40%
55	15%	50%	30%
56	15%	50%	30%
57	15%	50%	30%
58	15%	50%	30%
59	15%	55%	40%
60	40%	40%	25%
61	30%	30%	25%
62	30%	30%	25%
63	30%	30%	25%
64	30%	30%	25%
65	30%	30%	35%
66	30%	30%	30%
67	30%	30%	25%
68	30%	50%	25%
69	30%	50%	25%
70	100%	100%	20%
71			20%
72			20%
73			20%
74			20%
75			20%
76			20%
77			20%
78			20%
79			20%
80			100%
Ref	537	1648	1647

The rationale is based on the 2002-2007 Experience Study.

**PROBABILITIES OF EARLY RETIREMENT
FOR MEMBERS ELIGIBLE FOR EARLY RETIREMENT**

RETIREMENT AGES	Percent of Eligible Active Members Retiring Within Next Year with Reduced Benefits
55	7%
56	8%
57	9%
58	10%
59	12%
60	12%
61	12%
62	12%
63	12%
64	12%
Ref	1649

The rationale is based on the 2002-2007 Experience Study.

SAMPLE RATES OF SEPARATION FROM ACTIVE EMPLOYMENT BEFORE RETIREMENT

SAMPLE AGES	YEARS OF SERVICE	% of Active Members Separating Within Next Year			
		Withdrawal			
		EMS	D.O.T.	OTHERS	
Men	Women				
ALL	0	11.00%	18.00%	18.00%	20.00%
46	1	10.00%	16.00%	15.00%	16.00%
47	2	8.00%	14.00%	13.00%	14.00%
48	3	8.00%	11.00%	11.00%	12.00%
49	4	7.00%	9.00%	10.00%	10.00%
25	5 & Over	6.70%	8.00%	7.60%	7.60%
30		5.90%	7.60%	7.22%	7.22%
35		5.20%	5.56%	5.28%	5.28%
40		4.40%	4.26%	4.05%	4.05%
45		3.40%	3.69%	3.51%	3.51%
50		2.40%	3.50%	3.33%	3.33%
55		2.00%	3.50%	3.33%	3.33%
60		0.00%	3.50%	3.33%	3.33%
Ref		338	143	584	188
		1068	212	212 x 0.95	212 x 0.95

SAMPLE AGES	% of Active Members Becoming Disabled Within Next Year			
	D.O.T.		OTHERS	
	Ordinary	Duty	Ordinary	Duty
25	0.02%	0.03%	0.01%	0.25%
30	0.05%	0.08%	0.04%	0.29%
35	0.14%	0.21%	0.11%	0.34%
40	0.27%	0.42%	0.21%	0.39%
45	0.51%	0.79%	0.40%	0.45%
50	0.66%	1.03%	0.51%	0.52%
55	0.76%	1.18%	0.59%	0.60%
60	0.86%	1.34%	0.67%	0.70%
Ref	23 x 0.45	23 x 0.70	23 x 0.35	23 x 0.90

The rationale is based on the 2002-2007 Experience Study.

SUMMARY OF BUDGET PLAN EXPENDITURES FOR FISCAL YEAR ENDING JUNE 30, 2014*

	2014
Salaries - Full Time	\$718,238
Salaries - Overtime	50,000
Employee Benefits - Pension	86,540
Employee Benefits - Pension UAAL	166,617
Employee Benefits - Hospitalization	132,309
Employee Benefits - Hospitalization Retired	198,002
Employee Benefits - FICA	58,847
Employee Benefits - Unemployment	23,154
Worker's Compensation	37,924
Employee Benefits -Miscellaneous	1,076
Retirement Sick Leave	10,770
Other Comp -Suppl	1,690
Life Insurance	1,460
Eye care - Active	1,460
Eye Care - Retired	1,921
Income Protection	1,460
Dental -Active	9,846
Dental - Retired	9,846
Actuarial	122,350
Medical - Other	37,500
Investment Consultant Fees **	13,513,243
Contract Services- - Other Miscellaneous	1,071,250
Office Supplies	18,500
Repairs and Maintenance - Equipment	16,500
Printing	54,250
Rental - Building	133,996
Telecommunications	19,743
Purchases Comp. Services	512,500
Travel and Education **	120,000
Office Equipment	13,000
Total Budgeted Expenditures	\$17,143,992

*Costs shared with Police and Fire Retirement System of the City of Detroit on a 50/50 basis

** General Retirement System Only

FINANCIAL SECTION

STATEMENT OF FIDUCIARY NET POSITION

Assets	2014	2013
Cash and Cash Equivalents	\$25,742,786	\$16,852,995
Investments - At Fair Value	1,997,292,361	2,101,243,873
Accrued Investment Income	3,220,916	3,459,158
Receivables from Investment Sales	13,646,430	31,990,292
Other accounts receivable	47,647	41,610
Notes Receivable from Participants	9,649,208	11,877,740
Cash Collateral Securities Lending	30,949,483	77,490,826
Capital Assets	1,333,145	1,278,630
Total Assets	\$2,081,881,976	\$2,244,235,124
Liabilities		
Payables for Investment Purchases	\$15,593,379	\$37,771,258
Claims Payable to Retirees and Beneficiaries	11,692,026	7,381,391
Amounts Due Brokers Under Securities Lending Arrangements	35,241,386	96,535,642
Due to City of Detroit	1,156,317	1,394,434
Other Liabilities	2,990,989	2,130,445
Total Liabilities	66,674,097	145,213,170
Net Position - Restricted for Pensions	\$2,015,207,879	\$2,099,021,954

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Additions	2014	2013
Investment Income		
Interest and Dividends	\$21,065,114	\$34,809,221
Net Increase in Fair Value of Investments	269,067,717	241,561,967
Less Investment Expense	(8,947,895)	(11,696,933)
Net Investment Income	281,184,936	264,674,255
Securities Lending Income		
Interest and Dividends	161,964	434,418
Net Unrealized Gain on Collateralized Securities	838,430	5,239,390
Net Securities Lending Income	1,000,394	5,673,808
Contributions		
Employer	25,126,131	26,515,782
Employee	10,241,761	13,395,701
Total Contributions	35,367,892	39,911,483
Other Income		
	7,604,277	11,861,477
Total Additions - Net	325,157,499	322,121,023
Deductions		
Retirees' Pension and Annuity Benefits	253,683,194	246,617,947
Member Refunds and Withdrawals	144,050,613	126,498,794
General and Administrative Expenses	11,131,076	8,745,727
Depreciation Expense	106,691	74,449
Total Deductions	408,971,574	381,936,917
Net Increase In Net Position Held In Trust	(83,814,075)	(59,815,894)
Net Position Restricted for Pensions - Beginning of Year	2,099,021,954	2,158,837,848
Net Position Restricted for Pensions - End of Year	\$2,015,207,879	\$2,099,021,954

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Additions

Total Pension Liability	2014
Service Cost	\$32,736,019
Interest	242,611,073
Benefit Changes	(113,311,571)
Assumption Changes	(271,190,194)
Benefit Payments, Including Refunds	(253,683,194)
Refunds	(144,050,613)
Net Change In Total Pension Liability	(506,888,480)
Total Pension Liability - Beginning of Year	4,308,537,551
Total Pension Liability - End of Year	\$3,801,649,071
Plan Fiduciary Net Position	
Contributions - Employer	\$25,126,131
Contributions - Employee	10,241,761
Net Investment Income	299,534,236
Benefit Payments	(253,683,194)
Refunds	(144,050,613)
Administrative Expenses	(20,982,396)
Net Change in Plan Fiduciary Net Position	(83,814,075)
Plan Fiduciary Net Position - Beginning of Year	2,099,021,954
Plan Fiduciary Net Position - End of Year	\$2,015,207,879
Net Pension Liability	\$1,786,441,192
Plan Fiduciary Net Position as a Percent of Total Pension Liability	53.01%
Covered Employee Payroll	\$231,291,083
Net Pension Liability as a Percent of Covered Payroll	837.56%

GENERAL AND ADMINISTRATIVE EXPENSES

	2014
ACTUARIAL	\$931,481
IT CONTRACTUAL FEES	662,806
IMAGING	3,598
COMPUTER SUPPLIES	101,931
PRINTING	2,020
COMPUTER EQUIPMENT	123,772
MEDICAL / DISABILITY EXAMS	19,970
REPAIR & MAINTENANCE - OFFICE EQUIPMENT	25,159
SUBSCRIPTION FEES	4,754
POSTAGE AND MAILING	38,480
TRAINING	199
TRAVEL	62,669
TRUSTEE EXPENSES	24,786
TRUSTEE STIPENDS	36,912
PETTY CASH EXPENSES	17,727
STORAGE	25,568
COMPUTER SUPPLIES, EQUIP & SERVER	102,830
ADMINISTRATIVE EXPENSE	1,156,317
AUDITOR FEES	211,117
INSURANCE PREMIUM	460,389
PROFESSIONAL SERVICES	1,933
OFFICE REPAIR & MAINTENANCE	24,540
ANNUAL REPORT EXPENSES	38,325
REPAIR & MAINTENANCE - HARDWARE	3,685
REPAIR & MAINTENANCE - SOFTWARE	119,207
REPAIR & MAINTENANCE - TELEPHONE	42,817
TRUSTEE ELECTION EXPENSE	32,420
OFFICE SUPPLIES	6,012
OFFICE EQUIPMENT & FURNITURE	158,495
ADP FEES	138,822
MEDIA CONSULTING	244,297
RESTRUCTURING FEES	1,029,455
INTERNET SERVICE PROVIDER	294
EMPLOYEE SALARIES	427,250
SPECIAL LEGAL FEES - BANKRUPTCY LITIGATION	861,148
OTHER LEGAL FEES	4,113,327
CONTRACTUAL - PROGRAMMER FEE	483
CARRIER AUDIT	37,202
DEPRECIATION EXPENSE	106,691
MISCELLANEOUS	(161,121)
Total General and Administrative Expenses	\$11,237,767

TRAVEL SUMMARY SECTION

GENERAL RETIREMENT SYSTEM

NAME	REASON	LOCATION	DATE	REGISTRATION
Benson, Scott	Educational - NASP	San Francisco, CA	6/22-6/25/14	175.00
Berdijo, Marilyn Roc	Educational - Future of Corporate Reform	Newport, CA	9/16-9/20/13	780.00
Bigelow, Ryan	Investment Due Diligence - Landmark	Hartford, CT/NYC, NY	9/26-9/28/13	-
Bigelow, Ryan	Investment Due Diligence - Corbin	New York, NY	12/12-12/15/13	-
Cowan, Tasha	Investment Due Diligence - Holland	Chicago, IL	8/27/13	-
Cowan, Tasha	Investment Due Diligence - Herndon Capital	Atlanta, Georgia	10/4/13	-
Cowan, Tasha	Educational - IFEBP	Las Vegas, NV	10/19-10/23/13	2,015.00
Cowan, Tasha	Client Due Diligence - BLBG	New York, NY	3/30-4/2/14	-
Cowan, Tasha	Educational - NCPERS	Waldorf Astoria	4/25-4/28/14	400.00
Cowan, Tasha	Educational - Portfolio Concepts & Mngmnt	Philadelphia, Penn	5/5-5/9/14	4,695.00
Lou, Hatty	Client Due Diligence - Klausner	Fort Lauderdale, FL	3/8-3/13/14	-
Lou, Hatty	Client Due Diligence - BLBG	New York, NY	3/30-4/2/14	-
Nickleberry Armella	Educational - NCPERS	Chicago, Illinois	4/25-4/27/14	400.00
Nickleberry Armella	Educational - Portfolio Concepts & Mngmnt	Philadelphia, Penn	5/5-5/9/14	4,695.00
Nickleberry Armella	Educational - NASP	San Francisco, CA	6/22-6/25/14	175.00
Riehl, John	Educational - NCPERS	Washington, DC	1/25-1/28/14	500.00
Sheehan, Thomas	Investment Due Diligence - AQR	Greenwich, Conn	7/2/13	-
Sheehan, Thomas	Investment due Diligence - Holland	Chicago, IL	8/27/13	-
Sheehan, Thomas	Investment Due Diligence - Herndon Capital	Atlanta, Georgia	10/4/13	-
Sheehan, Thomas	Investment Due Diligence - Passport Capital	San Francisco, CA	2/8-2/10/14	-
Sheehan, Thomas	Client Due Diligence - Klausner	Fort Lauderdale, FL	3/9-3/11/14	-
Sheehan, Thomas	Investment Due Diligence - Mackay Shields	New York, NY	5/12/14	-
Thomas, Cynthia	Client Due Diligence - BLBG	New York, NY	3/29-4/2/14	-

COST

NAME	TRANSPORTATION	LODGING	MEALS	MISC	TOTAL
Benson, Scott	875.00	1,082.00	300.00	60.00	\$2,492.00
Berdijo, Marilyn Roc	551.60	1,387.28	375.00	75.00	3,168.00
Bigelow, Ryan	695.37	310.96	192.00	45.00	1,243.33
Bigelow, Ryan	601.46	1,251.55	300.00	60.00	2,213.01
Cowan, Tasha	489.80	-	75.00	15.00	579.80
Cowan, Tasha	611.80	-	64.00	15.00	690.80
Cowan, Tasha	485.30	1,232.00	448.00	105.00	4,285.30
Cowan, Tasha	762.11	1,039.83	300.00	60.00	2,161.94
Cowan, Tasha	588.00	1,159.36	300.00	60.00	2,507.36
Cowan, Tasha	718.00	1,264.74	384.00	90.00	7,151.74
Lou, Hatty	880.04	975.00	384.00	110.21	2,349.25
Lou, Hatty	326.28	1,005.38	300.00	60.00	1,691.66
Nickleberry Armella	333.75	579.68	225.00	45.00	1,583.00
Nickleberry Armella	572.00	1,074.16	320.00	75.00	6,736.16
Nickleberry Armella	868.00	777.73	300.00	60.00	2,180.73
Riehl, John	446.00	872.49	-	-	1,818.49
Sheehan, Thomas	1,281.80	-	64.00	15.00	1,360.80
Sheehan, Thomas	599.80	-	75.00	15.00	689.80
Sheehan, Thomas	631.80	-	64.00	15.00	710.80
Sheehan, Thomas	753.00	373.70	225.00	45.00	1,396.70
Sheehan, Thomas	485.94	488.74	192.00	45.00	1,211.68
Sheehan, Thomas	1,586.66	-	75.00	15.00	1,676.66
Thomas, Cynthia	371.01	1,375.28	375.00	75.00	2,196.29
TOTAL					\$52,097.51

TRAVEL SUMMARY SECTION

TRAVEL SUMMARY JULY 01, 2013 - JUNE 30, 2014

NAME	AIRLINES	HOTEL	LEASE AGENT	AUTO TYPE	CONFERENCE
Benson, Scott	Delta	Stanford Court Hotel	None	None	NASP Conference
Berdijo, Marilyn Roc	Delta	Pelican Hill	None	None	The Future of Corporate Reform
Bigelow, Ryan	Delta	Hilton	Enterprise	Chrysler 200	Site Inspection Landmark
Bigelow, Ryan	Delta	Fitzpatrick	None	None	Site Inspection Corbin Capital
Cowan, Tasha	Delta	None	None	None	Site Inspection Holland Capital
Cowan, Tasha	Delta	None	None	None	Site Inspection Herndon Capital
Cowan, Tasha	Delta	Paris	None	None	Annual Emp Benefits Conference
Cowan, Tasha	Delta	Waldorf Astoria	None	None	BLB&G Protecting Securities Against Fraud
Cowan, Tasha	None	Sheraton	Enterprise	Chevy Malibu	NCPERS Trustee Seminar
Cowan, Tasha	Delta	Sheraton	None	None	Portfolia Concepts and Mngmnt.
Lou, Hatty	Spirit	Hyatt	Enterprise	Chevy Cruz	Klausner 16th Annual Client Conf.
Lou, Hatty	Spirit	Waldorf Astoria	None	None	BLB&G Protecting Securities Against Fraud
Nickleberry Armella	Delta	Sheraton	None	None	NCPERS Trustee Seminar
Nickleberry Armella	Airtran	Sheraton	None	None	Portfolia Concepts and Management
Nickleberry Armella	US Airways	Exec Hotel Vintage Court	None	None	NASP Conference
Riehl, John	Unable to Attend	None	None	None	NCPERS Legislative Conf. <small>(non-refundable amounts)</small>
Sheehan, Thomas	Delta	None	None	None	Site Inspection AQR
Sheehan, Thomas	Delta	None	None	None	Site Inspection Holland Capital
Sheehan, Thomas	Delta	None	None	None	Site Inspection Herndon Capital
Sheehan, Thomas	Delta	Marriott	None	None	Site Inspection Passport Capital
Sheehan, Thomas	Delta	Renaissance	None	None	Klausner 16th Annual Client Conf.
Sheehan, Thomas	Delta	None	None	None	Site Inspection Mackay Shields
Thomas, Cynthia	American	Waldorf Astoria	None	None	BLB&G Protecting Securities Against Fraud

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