



GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM ANNUAL REPORT

A Component Unit of Genesee County, Michigan

For the Year Ended
December 31, 2024

RETIREMENT COMMISSION MEMBERS

Amy Goldyn, Chairperson
Tracy Khan, Vice-Chair
Vickie Hall
Gary Goetzinger
Karl Kramer
Tim Elkins
Martin Cousineau
Dan Russell
Chrystal Simpson

Elected Employee Representative
Elected Employee Representative
Elected Retiree Representative
Ex-Officio Commissioner
Elected Employee Representative
Ex-Officio Commissioner
Ex-Officio Commissioner
Ex-Officio Commissioner
Ex-Officio Commissioner

WHERE TO WRITE FOR INFORMATION:

Genesee County Employees' Retirement System
Retirement Services Administrator
1101 Beach Street
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Telephone: (810) 257-2626
Fax: (810) 257-3560
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Web site: www.geneseecountymi.gov

INDEPENDENT AUDITORS

Plante & Moran, PLLC

ACTUARY

Nyhart

INVESTMENT MANAGERS

ABS Emerging Markets

Alidade Capital

BlackRock

Bloomfield Capital

Capital Dynamics Global Secondaries VI (US), LP

Cornerstone Real Estate Advisers, LLC

Deerpath Capital Advantage VI

EARNEST Partners

First Eagle Investment Management

JCR Capital Investment Company, LLC

MacKay Shields, LLC

Mavik Real Estate Special Opportunities Fund GP, LLC

Prudential Investments (PRISA)

SIT Investments

Seizert Capital Partners, LLC

Summit Creek Advisors, LLC

TCW Direct Lending VIII, LLC

Terracap GP V LLC

Terracap VI, LP

WCM Investment Management

COMMISSION RECAPTURE FIRMS

Cowen Plan Sponsor Services

CONSULTING SERVICES/EVALUATIONS/MANAGER SEARCHES

Mariner

CUSTODIAL BANK/SECURITIES LENDING AGENT/PAYROLL SERVICES

Comerica Bank

ATTORNEYS

VanOverbeke, Michaud & Timmony, PC

Bernstein Litowitz Berger & Grossmann LLP

Grant & Eisenhofer P.A.

Robbins, Geller, Rudman & Dowd, LLP

MEDICAL DIRECTOR

Consulting Physicians, P.C.

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I. INTRODUCTORY SECTION

The Introductory Section Contains:

- **Secretary's Letter**
- **Organization Chart**
- **Sources and Disbursements of Revenue**
- **Summary of Benefits**



Genesee County Employees' Retirement System Secretary's Letter

Retirement System Members and Interested Citizens
Genesee County, Flint, Michigan

We are pleased to submit the 46th Annual Report of the Genesee County Employees' Retirement System (also referred to as GCERS or the System or the Fund) for the year ended December 31, 2024.

The annual report is presented in five sections: (1) the Introductory Section which provides information of a general nature regarding the System; (2) the Financial Section consisting of the audited financial statements and the accompanying notes to the Financial Statements; (3) the Required Supplementary Information which contains the schedule of investment returns; (4) the Investment Section with Information on the System's investment performance; and (5) the Actuarial Section which summarizes the results of the annual actuarial report as of December 31, 2024.

ORGANIZATION

The GCERS was organized pursuant to Section 12 (a) of Act #156, Public Acts of 1851 (MSA 5.333(1); MCLA 46.12 (a) as amended, State of Michigan. The GCERS was established in 1946, beginning with the General Unit and the County Road Commission. Water and Waste joined the System in 1956, Genesee Health Systems in 1966, City of Mt. Morris in 1969, and the Genesee District Library in 1980.

The GCERS is regulated under the Genesee County Employees' Retirement System Ordinance and individual union/management collectively-bargained contracts. This Ordinance has been approved by the Genesee County Board of Commissioners.

ADMINISTRATION OF SYSTEM

The administration and responsibility for the proper operation of the System is vested in the Genesee County Retirement Commission (the Commission), which is comprised of the following representatives as defined by Ordinance:

- a. Three employee representatives elected by the System membership for three-year staggered terms, which results in the election of one employee Commissioner yearly.
- b. The Chairperson of the Genesee County Board of Commissioners by virtue of his or her election to that office, or other County Commissioner designated by the Chairperson as his or her designee during the Chairperson's term.

**Genesee County Employees' Retirement System
Secretary's Letter (continued)**

- c. The Chairperson of the Genesee County Finance Committee by virtue of his or her appointment to that office.
- d. The Chairperson of the Board of County Road Commissioners by virtue of his or her election to that office, or other Road Commissioner designated by the Chairperson of the Board of County Road Commissioners as his or her designee during the Chairperson's term.
- e. The Executive Director of the Genesee Health Systems by virtue of his or her appointment to that office.
- f. The Genesee County Chief Financial Officer by virtue of his or her appointment to that position.
- g. A Retiree Representative elected by the retirees to a two-year term of office.

The following describes the Departments and outside firms that assist the Commission in carrying out its fiduciary responsibilities. The Organization Chart, Exhibit I, also illustrates these responsibilities.

PROFESSIONAL SERVICES

The Retirement Commission has a fiduciary responsibility for the proper management of the System, and as such obtains the services of various professionals to aid it in its management. These professionals are:

The **Chief Financial Officer** serves as Secretary to the Retirement Commission and as the Administrative Officer.

The **Retirement Services Administrator** serves as a staff aide to the Retirement Commission and as the Plan Administrator.

The Commission has hired **Independent Legal Counsel** as advisors to the Retirement Commission.

The Commission hires an outside **Professional Payroll Services** company to process pension checks, prepare taxes forms and end of year documents.

The respective **Employer Human Resources Departments** provide services regarding their employee members, as well as administering their retirees' health and life insurance plans.

The Commission appoints an **Actuary** who prepares an annual actuarial valuation to determine the adequacy of the funding of retirement benefit liabilities accrued by System members.

The Commission hires an outside **Professional Investment Consultant** to evaluate investment manager performance, review the asset allocation mix, and perform investment manager searches.

**Genesee County Employees' Retirement System
Secretary's Letter (continued)**

An outside **Auditor** is engaged on an annual basis to ensure that the financial statements accurately reflect the financial position of the System and that the results of its yearly operations conform to generally accepted accounting principles.

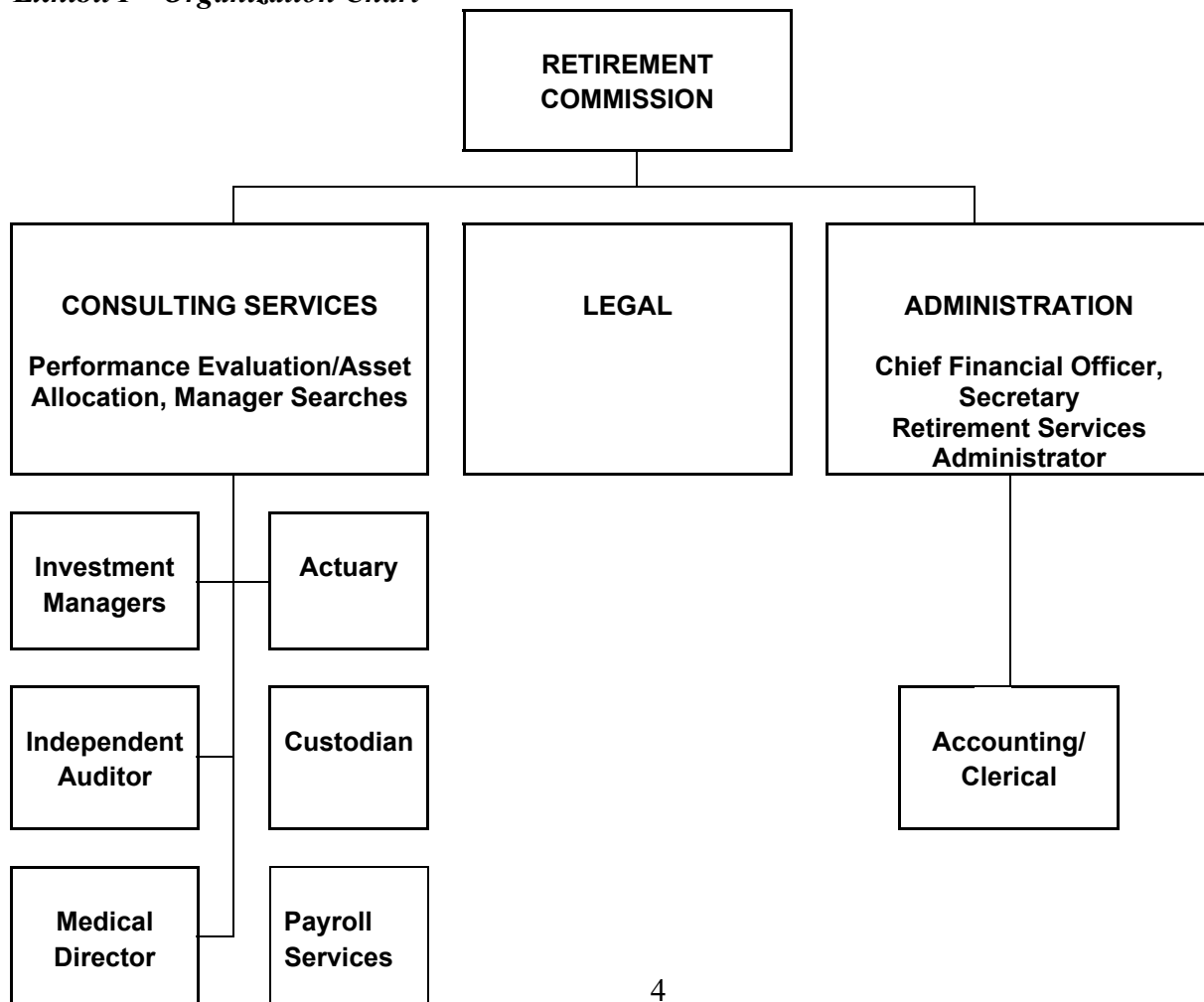
A **Medical Director** is appointed by the Commission to review and evaluate medical evidence and propose recommendations regarding applications for disability retirements.

Investment Managers are hired to invest the System's assets consistent with the objectives and direction of the Commission. The System's investment performance is monitored externally by an independent evaluation service. The Retirement Commission has also retained a firm to recapture fees paid in commissions on the purchase and sale of assets.

The **Custodian** is hired by the Commission to handle the cash transactions due to the buying and selling of securities. The Custodian follows through on the Investment Managers' decisions on investments.

The Commission retains the services of **Special Counsel** for the purposes of monitoring securities litigation.

Exhibit I – Organization Chart



ACCOUNTING SYSTEM AND REPORTS

The accounting records of the GCERS are maintained on an accrual basis and all System costs and expenses are borne by the System.

Annually, as required by the Retirement Ordinance, the Retirement Commission submits an Actuarial Valuation Report, a Statement of Plan Net Position, and a Statement of Changes in Plan Net Position to the Genesee County Board of Commissioners.

HOW THE FUND OPERATES

The revenues essential to the sound funding of the System are derived from three sources. The chart on page six identifies the percentage of revenues and distribution of revenues by source.

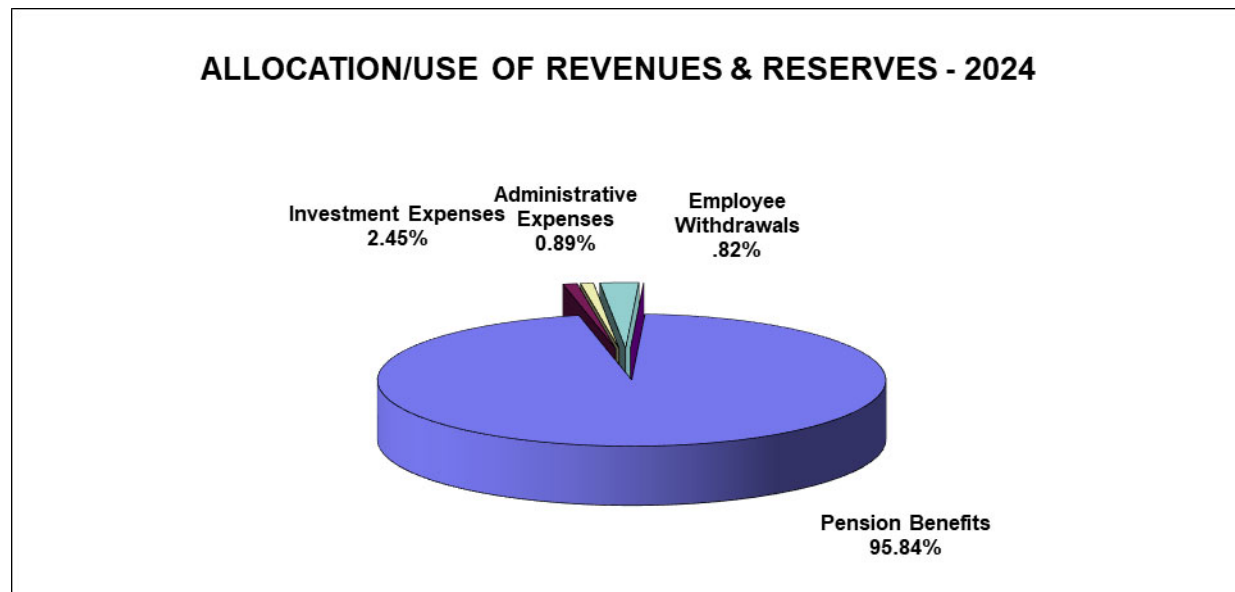
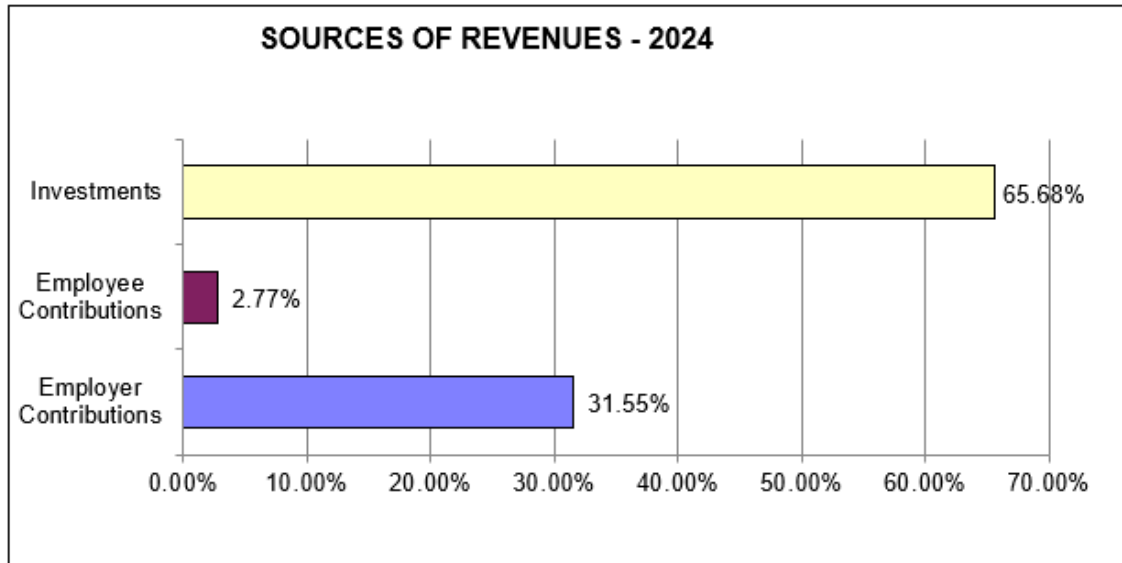
Contributions by Members: Employee contributions are calculated on all monetary compensation as defined by the Retirement Ordinance. The member contribution rates vary by employer and the respective collective bargaining agreements and/or personnel policies. These rates range from 1.0% to 11.0%. The employee deposits are posted to individual accounts for each member. The accumulated amount in each account is used for the member's benefit if he or she remains in service. Members leaving service may withdraw the amount of their accumulated contributions together with interest that was credited to the individual account. Certain employee groups have a deferred retirement benefit that varies by employer, respective collective bargaining agreements and/or personnel policy, and employment starting dates. This benefit varies between 8 and 15 years of credited service and allows an employee to leave employment after satisfying the required service period and commence a pension benefit when that employee would normally have met the age and service requirements had the employee not left employment. If a deferred member dies before retirement and no other death benefits are payable, his or her beneficiary or estate will receive his or her contributions. Employee contributions accounted for 2.77% of total income for 2024.

Contributions by Employer: While members are paying toward their retirement, the employer groups are depositing contributions on behalf of members employed by them. The GCERS provides for payment of required employer contributions, which rates vary among the employer groups and from year-to-year. The employer contribution rates are determined on the basis of the annual actuarial valuation, which indicates the needed revenues, in addition to the members' contributions and assumed investment income, to fund the allowances promised by the System. Employer contributions accounted for 31.55% of total income for 2024.

Investment Income: Investment income must be regarded as both a vital and major contributor to the GCERS. This income assists the governmental employer groups in controlling costs and protects the future security of System members. The investment income for 2024 accounted for 65.68% of the System's total income.

Genesee County Employees' Retirement System
Secretary's Letter (continued)

Expenditures of System: The cost of all benefits, services, and operations are borne by the System. This totaled \$56,446,012 for 2024. The allocation of this cost was 95.84% for retiree pension benefits, 2.45% for investment related fees, 0.82% for employee withdrawal of contributions, and 0.89% for administrative expenses.



Secretary's Letter (continued)

HIGHLIGHTS

The capital markets in 2024 navigated a landscape shaped by moderating inflation, geopolitical tensions, and evolving monetary policies. US equities experienced a strong bull market with technology related stocks delivering the bulk of the returns. The S&P 500 had a total return of approximately 25%, achieving its second consecutive year with gains exceeding 20%. Small cap and international stocks significantly lagged due to a lack of exposure to the AI theme. The fixed income markets presented a mixed picture, heavily influenced by the Federal Reserve's monetary policy adjustments and evolving economic conditions. The Federal Reserve lowered rates three times (1.00%), starting in September; however, rates rose for longer maturities. Fixed income generally posted positive performance for the year; the Bloomberg US Aggregate gained just over 1%. Lower-quality credit segments, such as high yield and emerging markets, generated stronger results. Real estate suffered another negative year, but performance improved in the last two quarters, helping offset losses suffered in the first half of the year.

The Genesee County Employees' Retirement System returned 11% in 2024. These results exceeded the actuarial assumed rate of return. Longer-term (3 to 5 years), the Fund has performed well relative to return targets.

ACKNOWLEDGEMENTS

The compilation of this report reflects the combined effort of the Retirement Services Administrator and the Genesee County Office of Fiscal Services staff and is designed to provide the County Board of Commissioners, members of the System, and the public with detailed investment, financial, and actuarial information regarding the GCERS' operations.

I hope that this year's report will be of interest to you and will be useful in understanding, evaluating, and assuring the continued success of the System.

Respectfully submitted,

Chrystal Simpson
Secretary

SUMMARY OF BENEFITS – December 31, 2024

(Subject to contractual or management changes – See matrix and applicable union contract for specific benefit provisions)

DESCRIPTION OF THE SYSTEM

The Genesee County Employees' Retirement System is a contributory defined benefit plan that provides for pension and disability benefits for employee members. Because the System is a multiple employer retirement fund, each employer has the ability to negotiate and/or establish through personnel policy retirement benefits with their respective employees. Subsequently, the employers and employees assume the related cost liabilities. The System requires contributions that will provide assets sufficient to meet the future benefits to be paid to members.

The following is a description of the benefits of the Genesee County Employees' Retirement System. Complete details of the benefits and other aspects of the program may be found in the law and in the rules and regulations of the Retirement Commission.

Final Average Compensation (FAC) is a frequently used term describing Genesee County Employees' Retirement System benefits. It means the average of the highest two, three, or five years of earnings contained within the period of service being considered, usually, but not necessarily the last years of employment, depending upon the labor agreement and individual employer personnel policies.

BENEFIT PROVISIONS

Eligible employees may become members of GCERS and are required to deposit from 1.0% to 11.0% of all monetary compensation that is defined as pensionable compensation in the Ordinance, or the applicable collective bargaining agreements. Deposits are accumulated in individual accounts for each member remaining in service. If a member leaves service, he or she may withdraw his or her accumulated contributions together with the interest credited to his or her account; or members with eight or ten years of service may elect a deferred annuity providing a lifetime benefit. Several employers have negotiated a fifteen-year service provision for the deferred annuity for employees, each with a different effective date. The requirements for regular retirement vary by bargaining group from a 20 to 25 year anniversary date of employment or age 60 with the required years of credited service based upon collective bargaining agreement or personnel policy. Full retirement benefits vary by bargaining unit. Benefit computations also vary, but generally are computed at final average compensation times the sum of 1.0-2.5% for the first 25 years of service plus 1% for years of service in excess of 25 years. Some contracts allow 1%, 2.4% or 2.5% for all years of service.

Duty Disability Retirement

Eligibility: No age or service requirements. Must be in receipt of worker's compensation.

Annual Amount: Computed as a regular retirement with additional service credit granted from date of retirement to date regular retirement age would have been attained. Prior to age 65, maximum benefit is 90% of FAC (increased by 2.5% for each year of retirement) less worker's compensation payments and/or other remuneration.

Groups Covered: All.

Non-Duty Disability Retirement

Eligibility: Generally 10 or more years of credited service. Water and Waste employees require 15 years of credited service.

Annual Amount: Computed as a regular retirement. Prior to age 65, maximum benefit is 90% of FAC (increased by 2.5% for each year of retirement) less long-term disability benefits and/or other remuneration.

Groups Covered: All.

Duty Death Before Retirement

Eligibility: No age or service requirements. Must be in receipt of worker's compensation.

Annual Amount: Refund of accumulated contributions. Upon termination of worker's compensation the same amount is paid by the System to the surviving spouse for life or until remarriage, to unmarried children under 18 and to dependent parents.

Groups Covered: All.

Non-Duty Death Before Retirement

Eligibility: 15 or more years of credited service or age 60 with 10 or more years of service.

Annual Amount: Computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election (Option A).

Groups Covered: All.

Nothing contained in this retirement Annual Report is intended, or shall be construed, as in any way creating or establishing any right or entitlement, for any purposes or in any manner whatsoever, for the applicant, until approved by the Actuary and the Retirement Commission.

GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM
(December 31, 2024)

	FAC PERIOD (YRS)			COLA PERCENTAGE				BENEFIT ELIGIBILITY AGE / SERVICE										MULTIPLIER					CONTRIBUTION RATE														
	2	3	5	2%	3%	3.5%	4%	1.75% 9 YR	00/20 60/08	00/22 60/08	00/23 60/08	00/23 60/10	55/23 60/10	00/23 60/15	00/25 60/08	00/25 60/15	00/25 60/12	2.0/ 1.0	2.3/ 1.0	2.4/ 1.0	1.0 (ALL)	2.4 (ALL)	2.5 (ALL)	1.0	1.5	2.0	3.0	3.5	4.0	5.0	6.0	7.0	8.2	9.0	9.5	10.0	11.0
GENERAL COUNTY	X				X						X											X										X		X	X	X	X
GENERAL COUNTY AFTER CERTAIN DATES	X				X										X							X											X	X	X	X	X
SHERIFF LOCAL POAM DEPUTIES - PRIOR 1/1/2000	X							X	X													X										X			X	X	X
SHERIFF LOCAL POAM DEPUTIES - AFTER 1/1/2000	X							X						X								X										X					
SHERIFF LOCAL POAM DEPUTIES - <15 YRS 2/26/13	X							X								X						X										X					
SHERIFF LOCAL 916 5 & 6 LTS./SGTS. - BEFORE 1/1/1999	X							X	X													X										X					
SHERIFF LOCAL 916 5 & 6 LTS./SGTS - AFTER 1/1/1999	X							X						X								X										X					
SHERIFF LOCAL 916 5 & 6 LTS./SGTS - <15 YEARS 2/26/13	X							X								X						X										X					
MENTAL HEALTH - ALL EMPLOYEE GROUPS		X			#						X									X										X							
LIBRARY - NON-UNION & UNION BEFORE 7/1/1995			5/10		#										X				X						X												
LIBRARY-NON-UNION & UNION AFTER 7/1/1995			5/10		#												X		X						X												
LIBRARY-NON-UNION & UNION AFTER 1/1/1998			5/10		#												X		X							X											
WATER & WASTE - AFSCME HIRED PRIOR 12/31/2005	X					X						X										X										X					
WATER & WASTE - AFSCME HIRED AFTER 1/1/2006		3/5				X							X									X										X					
WATER & WASTE - AFSCME HIRED AFTER 1/1/2011		3/5				X							X									X										X					
WATER & WASTE -NON UNION HIRED PRIOR 12/31/05	X					X						X										X										X					
WATER & WASTE - NON-UNION HIRED AFTER 1/1/06		3/5				X							X									X										X					
WATER & WASTE NON-UNION HIRED 1/1/2012		3/5				X							X									X										X					
CITY OF MT MORRIS - Non-Union/POLC/POLC Superv	X				#					X												X								X							
CITY OF MT MORRIS - Local 1918		X			#					X												X									X						
ROAD EXEMPT		X			X										X **							X									X						
ROAD SUPERVISORS HIRED BEFORE 7/9/2002		X					X								X							X						X									
ROAD SUPERVISOR HIRED ON OR AFTER 7/9/2002		X				X										X						X						X									
ROAD SEIU TPOAM* HIRED BEFORE 7/9/2002		X					X								X **							X									X						
ROAD SEIU TPOAM* HIRED ON OR AFTER 7/9/2002		X					X									X **						X										X					
ROAD AFSCME 496 HIRED BEFORE 7/1/2004		X									X ***											X				X											
ROAD AFSCME 496 HIRED AFTER 7/1/2004		X												X ***								X				X											
ROAD AFSCME 496 HIRED AFTER 2/1/2019		X												X ***							X				X												

* SEIU 517M changed to TPOAM September 2022
** Reduced early retirement available age 55-60 with 8 or 15 years credited service
*** Reduced early retirement available age 58 with 8 years credited service if hired prior to 7/1/2004; 58 with 15 years credited service if hired after 7/1/2004

Increases are based on C.P.I. up to stated maximum

II. FINANCIAL SECTION

The Financial Section Contains:

- **Management's Statement of Responsibility**
- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Audited Financial Statements**
- **Notes to Financial Statements**
- **Required Supplementary Information**

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following financial statements and related notes of the Genesee County Employees' Retirement System were prepared by management in accordance with generally accepted accounting principles. The Board of Commissioners through the Finance Committee (composed of Commissioners) is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements.

Management is responsible for the integrity and objectivity of the financial statements that are presented in accordance with generally accepted methods of accounting. Established accounting procedures are designed to provide books, records, and accounts that fairly reflect the transactions of the System.

The training of qualified personnel and the assignment of duties are intended to provide adequate internal controls. This provides reasonable assurances that transactions are executed in accordance with management's authorization and that adequate accountability of System assets is maintained.

Plante & Moran, PLLC, independent public accountants, with direct access to the Retirement Commission, have audited the financial statements prepared by the System and their report follows.

Independent Auditor's Report

To the Board of Commissioners
Genesee County Employees' Retirement System

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Genesee County Employees' Retirement System (the "System"), a component unit of Genesee County, Michigan, as of and for the year ended December 31, 2024 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 financial position of Genesee County Employees' Retirement System as of December 31, 2024 and the changes in its financial 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 Commissioners
Genesee County Employees' Retirement System

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section, investment section, actuarial section, glossary of key investment and actuarial terms, and management's statement of responsibility but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Board of Commissioners
Genesee County Employees' Retirement System

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2025 on our consideration of Genesee County Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Genesee County Employees' Retirement System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Genesee County Employees' Retirement System's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

July 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED December 31, 2024

As the administrators of the Genesee County Employees' Retirement System, the Genesee County Retirement Commission and its management offer readers of the System's Annual Report and incorporated financial statements this narrative overview and analysis of the financial activities of the system.

Financial Highlights

- The System's Net Position held in trust for pension benefits increased by \$23,389,159; from \$486,604,545 at December 31, 2023, to \$509,993,704 at December 31, 2024.
- The stock market fluctuated throughout the year. Ultimately, the investment portfolio gained approximately 11% in 2024.
- Employer contributions were \$25,185,896 which increased from \$24,661,683 in 2023.
- During the year, deductions representing the cost of all benefits, investment expense, services and operations borne by the System totaled \$56,446,012. The allocation of this cost was 95.84% for retiree pension benefits, 2.45% for investment related fees, 0.82% for employee withdrawal of contributions, and 0.89% for administrative expenses.
- In 2024 the total contributions to the system, including employer and employee contributions totaled \$27,399,238. The source of this revenue was 91.92% in employer contributions, and 8.08% in employee contributions.

Using This Annual Report

This annual report consists of the financial statements, notes to the financial statements and required supplementary information for the Genesee County Employees' Retirement System. The financial statements, related note disclosures and supplementary tables provide financial information about assets held in trust for six separate employer's pension plans.

Overview of the Financial Statements

The Statement of Plan Net Position (on page 19) and the Statement of Changes in Plan Net Position (on page 20) report the system's net position and the changes therein. The system's net position – the difference between assets and liabilities – is one way to measure the system's financial health or financial position. Over time, increases or decreases in the system's net position are one indicator of whether its financial health is improving or deteriorating. Also taken into consideration are other non-financial factors, such as favorable or unfavorable economic and demographic actuarial experience, as well as actuarial funding progress and current funded status in order to assess the overall health of the system.

**Genesee County Employees' Retirement System
Management's Discussion & Analysis (continued)**

Genesee County is the trustee, or fiduciary, for its own and five other separate employer's pension plans. Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the government. The system's assets are held in trust for the sole purpose of the fund, its participants, and beneficiaries. Fiduciary funds are not reflected in Genesee County's government-wide financial statement because the resources of those funds are not available to support Genesee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found following the Management Discussion & Analysis Section of this Annual Report.

A comparison of plan net position and the changes in plan assets from 2023 to 2024 is contained in the following tables:

Plan Net Position (in Thousands)		Pension Trust Fund 12/31	
		<u>2024</u>	<u>2023</u>
Cash, Short-Term Cash Investments and Receivables	\$	16,472	\$ 21,436
Investments, at Fair Value		<u>494,035</u>	<u>465,926</u>
Total Assets		510,507	487,362
Other Liabilities		<u>513</u>	<u>757</u>
Total Liabilities		513	757
Total Net Position Restricted for Pensions	\$	<u>509,994</u>	<u>486,605</u>

Changes in Plan Net Position (in Thousands)		Pension Trust Fund 12/31	
		<u>2024</u>	<u>2023</u>
Net Investment Income		\$51,055	\$ 52,335
Other Income		-	265
Contributions:			
Employee		2,213	2,128
Employer		<u>25,186</u>	<u>24,662</u>
Total Contributions		27,399	26,790
Benefits Paid to Retirees and Beneficiaries		54,099	53,083
Refunds to Terminated Employees		463	247
Other Expenses		<u>503</u>	<u>429</u>
Net Increase in Net Position	\$	<u>23,389</u>	<u>25,631</u>

**Genesee County Employees' Retirement System
Management's Discussion & Analysis (continued)**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes can be found on pages 21 through 31 of this Annual report.

Economic Factors and Next Year's Employer Contribution Rates

The overall recognized experience of the System for the year ended December 31, 2024 produced results which were more favorable than expected based on the long-term assumptions. This gain is spread over 4 years for purpose of the funding value of assets.

Established employer contribution rates, as a percentage of payroll, for January 1, 2025 to December 31, 2025 are computed to be General and Sheriff's 256.17%, Water and Waste 29.74%, District Library 29.02%, Genesee Health Systems 35.37%, Road Commission 41.50%, and City of Mt. Morris 30.20%.

GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF PLAN NET POSITION – December 31, 2024

ASSETS:

Cash and Short-Term Cash Investments	\$ 14,532,508
Prepaid Expenses	2,636
Receivables:	
Contributions Receivable	833,894
Accrued Interest, Dividends and Other	945,067
Accounts Receivable-Pending Trades	<u>158,148</u>
Total Receivables	1,937,109
Investments, at Fair Value:	
U.S. Government Securities	60,645,542
Corporate Bonds	44,310,831
Foreign Bonds	3,490,001
Mutual Funds	43,456,994
Common Stock	90,009,971
Foreign Equity	73,824,082
Real Estate	20,641,678
Real Estate Limited Partnerships	90,104,932
Real Estate Investment Trusts	1,141,743
Collective Investment Trust	44,444,659
Partnerships Alt. Investments	<u>21,964,428</u>
Total Investments	<u>494,034,861</u>
Total Assets	510,507,114

LIABILITIES:

Accounts Payable	366,937
Other Current Liabilities	<u>146,473</u>
Total Liabilities	513,410

Net Position Restricted for Pensions	<u><u>\$509,993,704</u></u>
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The accompanying notes are an integral part of the financial statements.

**GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED – December 31, 2024**

ADDITIONS:

Contributions

Employee Contributions	\$ 2,213,342
Employer Contributions	<u>25,185,896</u>

Total Contributions	<u>27,399,238</u>
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Investment Income

Net appreciation in Fair Value of Investments	45,594,258
Interest on Corporate Bonds	4,725,754
Dividend Income	<u>2,115,921</u>
	52,435,933
Less Investment Expense	<u>1,381,185</u>

Net Investment Income	51,054,748
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Total Additions	78,453,986
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DEDUCTIONS:

Benefits Paid to Retirees and Beneficiaries	54,099,158
Refunds to Terminated Employees	112,838
Rollover to Other Pension Plan	349,588
Administrative Expenses	<u>503,243</u>

Total Deductions	<u>55,064,827</u>
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Net Increase	23,389,159
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Net Position Restricted for Pensions:

Beginning of Year	<u>486,604,545</u>
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End of Year	<u><u>\$ 509,993,704</u></u>
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The accompanying notes are an integral part of the financial statements.

**GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

Note A – Plan Description, Administration, Provisions, and Reporting Entity

The Genesee County Employees' Retirement System (also known as GCERS) is a contributory agent multiple employer defined benefit pension plan. The GCERS's current-year payroll for all covered employees was \$34,812,670.

The plan covers employees who are paid by a GCERS employer more than 50% of all compensation received by them for personal services, unless they are a member of a defined contribution plan. Exemptions to the 50% rule include the County Board of Commissioners, Judges and County Juvenile Officers who are paid partially by the County and partially by the State. All new-hire General County, Genesee Health Systems, Genesee District Library and certain City of Mt. Morris new-hire employee groups may only join a defined contribution plan. Current membership in the GCERS is comprised of the following:

<u>Group</u>	<u>December 31, 2024</u>
Retirees and beneficiaries	
Currently receiving benefits	1,785
Vested terminated employees	64
34,812 employees:	
Fully vested	258
Non-vested	205
Number of participating employers	6

The GCERS was organized pursuant to Section 12a Act #156, Public Acts of 1851 (MSA 5.333(I); MCLA 46.12a as amended, State of Michigan. The GCERS was established in 1946, beginning with the General Unit and the County Road Commission. Water and Waste joined the System in 1956, Genesee Health Systems in 1966, City of Mt. Morris in 1969, and the Genesee District Library in 1980. The GCERS is regulated under the Genesee County Employees' Retirement System Ordinance, the sections of which have been approved by the Genesee County Board of Commissioners.

The administration and responsibility for the proper operation of the System is vested in the Genesee County Retirement Commission (the Commission), which is comprised of the following representatives as defined by Ordinance:

- a. Three employee representatives elected by the System membership for three-year staggered terms, which results in the election of one employee Commissioner yearly.
- b. The Chairperson of the Genesee County Board of Commissioners by virtue of his or her election to that office, or other County Commissioner designated by the Chairperson as his or her designee during the Chairperson's term.
- c. The Chairperson of the Genesee County Finance Committee by virtue of his or her appointment to that office.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

- d. The Chairperson of the Board of County Road Commissioners by virtue of his or her election to that office, or other Road Commissioner designated by the Chairperson of the Board of County Road Commissioners as his or her designee during the Chairperson's term.
- e. The Executive Director of the Genesee Health Systems by virtue of his or her appointment to that office.
- f. The Genesee County Chief Financial Officer by virtue of his or her appointment to that position.
- g. A Retiree Representative elected by the retirees to a two-year term of office.

In accordance with the requirement ordinance, eligible employee members of GCERS are required to deposit from 1.0% to 11.0% of eligible monetary compensation. Deposits are accumulated in individual accounts for each member remaining in service. Members leaving service may withdraw their accumulated contributions together with the interest credited to their account. Employers allow members with 8 to 15 years of service to elect a deferred annuity providing a lifetime benefit which vary by employer and bargaining unit. The requirements for regular retirement vary by bargaining group from a 20 to 25 year anniversary date of employment; or age 60 with a minimum of 8 to 15 years of service. Full retirement benefits vary by bargaining unit. Benefit computations also vary, but generally are computed at final average compensation times the sum of 2.0-2.5% for the first 25 years of service, plus 1% for years of service in excess of 25 years. Some contracts allow 2.4% or 2.5% for all years of service.

The GCERS employers are required by the System Ordinance to make adequate contributions to fund the retirement allowances provided by the System. Because the System is a multiple employer retirement fund, each employer has the ability to negotiate and/or establish through personnel policy retirement benefits with their respective employees. The contribution rates are determined by an annual actuarial valuation based on certain assumptions along with consideration of members' contributions and assumed investment income.

Reporting entity – The financial statements of the System are also included in the financial statements of Genesee County as a Pension Trust Fund.

In December 2023, the Government Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the primary government or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the System's financial statements for the year ending December 31, 2025.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

In April 2024, the Government 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 revenues, 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 December 31, 2026.

Note B – Summary of Significant Accounting Policies and Plan Asset Matters

The pension fund financial statements are reflected on the accrual basis of accounting; revenues are recorded when earned and expenses are recorded as incurred. Employer and employee contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable. 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.

The System's investment assets, which are trustee by Comerica Bank of Detroit, are stated at fair value (as prescribed by the Michigan Public Employee Retirement Act) as determined and certified by the Trustee. Short-term investments are reported at cost, which approximates fair value. Subsequent to year-end, it was approved to change Trustee from Comerica Bank of Detroit to Northern Trust.

The plan held no investment of more than 5% of the outstanding stock of any one corporation, nor invested more than 5% of the system's assets in the stock of any one corporation.

There were no loans outstanding to GCERS employers at December 31, 2024. Retirement investments are subject to a number of restrictions as to the type, quality and concentration of investments made, including limiting common stock to no more than 70% (market) of the portfolio and foreign equities to 20% of the portfolio as stated in Public Act 307 of 2000; and the Amendments to Public Act 347 of 2012.

Note C – Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan and its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

The System is also authorized by Michigan Public Act 347 of 2012, as amended, to invest 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 Commission is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 347. The System's deposits and investment policies are in accordance with statutory authority.

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.

The System does not have a deposit policy for custodial credit risk. At year end, the System had no bank deposits (money markets, certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. 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 average maturities of investments broken down by years are as follows:

	<u>Fair Value</u>	<u>Less than 5</u>	<u>6 – 10</u>	<u>>10</u>
US Government				
US Gov Mortgage Backed	\$17,192,259	27,810	589,390	16,575,059
US Gov CMO	2,551,679	38,481	358,942	2,154,256
US Gov Treas, Notes & Bonds	28,375,846	16,437,109	11,938,737	-
US Gov Agency	831,985	91,524	740,461	-
Municipal	11,693,773	995,328	3,417,662	7,280,783
Foreign Bonds				
Corporate Bonds	\$ 3,354,597	2,741,697	612,900	-
Government Bonds	135,404	135,404	-	-
Corporate Bonds				
Asset Backed	\$8,450,167	4,519,733	1,716,265	2,214,169
Corporate – Bonds	24,767,122	10,963,035	12,413,491	1,390,596
Corporate – CMO	7,900,837	823,813	139,125	6,937,899
Private Placement	3,192,705	1,886,110	1,306,595	-

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

Credit Risk

Public Act 347 of 2012 limits investments in commercial paper for pension plans to the two highest classifications of quality ratings. Additionally, the System has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities are as follows:

<u>Investment and Moody's Rating</u>	<u>Fair Value (in \$000's)</u>
Corporate Bonds – AAA	434
Corporate Bonds – AA2	627
Corporate Bonds – A1	961
Corporate Bonds – A2	1,335
Corporate Bonds – A3	655
Corporate Bonds – BAA1 and Below	3,167
Corporate Bonds – N/R	3,653
Corporate Bond Sinking – N/R	791
Corporate VAR Rate B – A1	1,929
Corporate VAR Rate B – A2	707
Corporate VAR Rate B – A3	83
Corporate VAR Rate B – BAA1 and Below	1,310
Corporate VAR Rate B – N/R	2,692
Corporate Bond Structured Notes – AA3	149
Corporate Bond Structured Notes – A1	199
Corporate Bond Structured Notes – A2	579
Corporate Bond Structured Notes – A3	566
Corporate Bond Structured Notes – BAA1 and Below	4,104
Corporate Bond Structured Notes – N/R	823
Foreign Bonds – A1	582
Foreign Bonds – A2	484
Foreign Bonds – A3	405
Foreign Bonds – BAA1 and Below	389
Foreign Bonds – N/R	410
Foreign Bonds Government B - BAA1 and Below	135
Foreign Bonds-Sinking Funds-BAA1 and Below	21
Foreign Variable Bond- BAA1 and Below	201
Foreign Variable Bond – N/R	863
Municipal – AAA	2,353
Municipal – AA1	903
Municipal – AA3	582
Municipal– A1	263
Municipal – N/R	7,593
Private Placement – AA3	120
Private Placement – A2	127
Private Placement - BAA1 and Below	2,088
Private Placement – N/R	858

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

Small Business Administration – AAA	20
Small Business Administration – N/R	5
US Government Agency – N/R	832
US Government -Treasuries, Notes, & Bonds – AAA	1,394
US Government - Treasuries, Notes & Bonds N/R	26,982
US Government- Mortgage Asset Backed – AAA	1,144
US Government- Mortgage Asset Backed – AA1	44
US Government- Mortgage Asset Backed – AA2	327
US Government- Mortgage Asset Backed – AA3	63
US Government- Mortgage Asset Backed – A2	97
US Government- Mortgage Asset Backed – A3	219
US Government- Mortgage Asset Backed – BAA1 and Below	92
US Government- Mortgage Asset Backed – N/R	6,440
Mortgage CMO – AAA	1,504
Mortgage CMO – AA1	89
Mortgage CMO – AA3	46
Mortgage CMO – A3	124
Mortgage CMO – N/R	8,690
Mortgage backed Securities - FHLMC N/R	5,945
Mortgage backed Securities – FNMA N/R	7,349
Mortgage backed Securities – GNMA I N/R	310
Mortgage backed Securities – GNMA II N/R	3,589

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. System does not restrict the amount of investments in foreign currency. At December 31, 2024 the System did not hold any securities that are subject to foreign currency risk.

Note D – Contributions Required and Contributions Made

The GCERS's funding policy provides for periodic employer contributions at actuarially determined rates that are expressed as percentages of annual covered payroll, which are designed to accumulate sufficient assets to pay benefits when due. The System has received the required employer contributions for the year.

Employee contributions range from 1.0% to 11.0% of annual compensation and the remaining required contributions are paid by the employer. The normal cost is determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities were amortized as a level dollar amount over 25 years for General County and Genesee Health Systems, and added to the computed normal costs. Unfunded actuarial accrued liabilities were amortized as a level percent-of-payroll over 25 years in all other employers, and added to the computed normal costs. Administrative costs are financed via investment earnings and employer contributions.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

Established employer contribution rates, as a percentage of payroll, for January 1, 2024 to December 31, 2024 are computed to be General and Sheriff's 239.10% Water and Waste 30.30%, District Library 23.80%, Genesee Health Systems 23.73%, Road Commission 37.83%, and City of Mt. Morris 26.13%. There were additional voluntary contributions made by employers.

Note E – Post retirement Benefits Contributions

Each employer pays directly to the group providers for their retirees' health and life insurance, with some including dental and optical and does not remit contributions for these benefits to the System.

Note F – Pension Plan Reserves

In accordance with State Law, the following reserves are required to be set aside within the pension plan:

The **retiree reserve** is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The **employee reserve** is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 3.0 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

	<u>Required Reserve</u>	<u>Amount Funded</u>
Reserved for employee contributions	\$ 45,636,806	\$ 45,636,806
Reserved for retired employees	584,916,182	\$464,356,898

The **employer reserve account** is used to account for the residual net position balance in the pension plan after funding the above two reserves which was zero as of December 31, 2024. The Plan credits interest annually at a rate of 8.0 percent.

Note G – Pension Plan –

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

The pension 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 Board's adopted asset allocation policy as of 12/31/2024:

Asset Class	Target Allocation
U.S. Equities Active or Passive	40%
Non-U.S. Equities	12%
Domestic Fixed Income	22%
Real Estate	14%
Non-Core Fixed Income	5%
Private Equities	5%
Cash Equivalents	2%
Total Fund	100%

Concentrations - At December 31, 2024 the Plan held approximately 45% of its investment portfolio in US. Equities. With the change in the target allocation, rebalancing is currently taking place.

Rate of Return – The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of investment expenses, not including inflation. This expresses investment performance, adjusted for the changing amounts invested throughout the year, measured on monthly inputs with expenses measured on an accrual basis. At December 31, 2024 the annual money-weighted rate of return, net of investment expenses, was 11%.

Note H – Fair Value Measurement

The Genesee County Employees' Retirement 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; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

GCERS has various investments that can be difficult to value in that there are not readily accessible comparable market values. GCERS also has investments of approximately \$251 million (chiefly in foreign equity, collective investment trust, and real estate limited partnership) that are valued at net asset value. As a result, there may not be readily marketable prices for the investments identified above.

Management's estimates of these values are based on information provided by investment managers, general partners, real estate advisors, and other means. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for these securities existed. The difference could be material.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

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

GCERS has the following recurring fair value measurements as of December 31, 2024:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		<u>Fair Value Measurements Using</u>		
	Balance at	Quoted Prices in	Significant Other	Significant
	<u>12/31/24</u>	Active Markets for	Observable Inputs	Unobservable Inputs
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level:				
Debt Securities				
U.S. government	\$ 60,645,542	\$ 28,375,846	\$ 32,269,696	\$ -
Corporate bonds	44,310,831		44,310,831	-
Foreign governments	<u>3,490,001</u>		<u>3,490,001</u>	-
Total debt securities	108,446,374	28,375,846	80,070,528	-
Equity Securities				
Mutual Fund	43,456,994	43,456,994		
Common stock	<u>90,009,971</u>	<u>90,009,971</u>		
Total equity securities	133,466,965	133,466,965		
Commercial Real Estate				
Real estate investments	<u>1,141,743</u>		<u>1,141,743</u>	
Total real estate securities	1,141,743		<u>1,141,743</u>	-
Total investments by fair value level		<u>161,842,811</u>	<u>81,212,271</u>	
Investments measured at net asset value (NAV)				
Foreign equity	73,824,082			
Real estate investments	20,641,678			
Collective investment trust	44,444,659			
Real estate limited partnerships	90,104,932			
Partnerships alt. investments	<u>21,964,428</u>			
Total investments measured at NAV	250,979,779			
Total inv. measured at fair value	<u>494,034,861</u>			

Debt and equity securities classified in Level 1 are valued using prices quoted in active market for those securities.

The fair value of debt securities and real estate investments at December 31, 2024 was determined primarily based on level 2 inputs. The System estimates the fair value of these investments using prices quoted in active market for those securities and other inputs that are observable, such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of closely held real estate investments, foreign equity, and partnership investments at December 31, 2024 was determined primarily based on net asset value. The System estimates the fair value of these investments using audited financial statements.

The System has investments valued at \$14,154,784 that qualify as an investment pool in accordance with GASB Statement No. 79. These investments have been recorded at amortized cost.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

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 are measured on a recurring basis using net asset value per share (or its equivalent) as a practical expedient.

At the year ended December 31, 2024, the fair value, unfunded commitments and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Foreign equity	\$ 73,824,082	\$ -	Monthly	30 days
Collective investment trusts	44,444,659	-	Monthly	30 days
Real estate investments	110,746,610	24,743,797	Quarterly	90 days
Partnerships alt. investments	<u>21,964,428</u>	<u>-</u>	N/A	N/A
Total investments measured at NAV	<u>250,979,779</u>			

The foreign equity funds class includes investments in funds that invest predominantly in 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 the net asset value per share of the investments.

The collective investment trusts class includes investments in funds that are various short-term instruments and investment vehicles including investment-grade corporate fixed income securities with maturities of 365 days or less. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The real estate investment trust funds class includes investments in funds whose objective is to operate a core portfolio of real estate investments predominately 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 value of the investments in this class have been estimated using the net asset value per share of the investments.

The partnership alternative investments class includes investments in funds that may invest in the following securities, 1) short-term securities including investment-grade corporate fixed income securities with maturities of 365 days or less, and 2) domestic and foreign equities. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Disclosures regarding redemption and liquidation

Periodically the Retirement System invests in partnerships that are in the process of liquidating their portfolios. Based on the partnership's liquidation policies, cash may be held back until a final audit is completed for the partnership, at which time all cash is returned to the Retirement System.

Genesee County Employees' Retirement System
Notes to Financial Statements (continued)

Disclosures regarding planned sales

GCERS did not have any investments planned to be sold. However, it is assumed that when investments are sold, they will be sold at the market value.

III. Required Supplementary information

Required Supplementary Information
Schedule of Investment Returns
Last Ten Years

Annual Money-Weighted Rate of Return, Net of Investment Expenses

2015	0.96%
2016	8.85%
2017	11.87%
2018	-2.30%
2019	19.17%
2020	8.72%
2021	14.06%
2022	-12.26%
2023	11.64%
2024	11.00%

IV. INVESTMENT SECTION

The Investment Section Contains:

- **Investment Goal**
- **Investment Policy**
- **Investment Portfolio Distribution**
- **Return on Investment**

GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM INVESTMENT POLICY

GOAL

The Plan's overall investment objective is to earn an average, annual return of 6.85% over five-year rolling periods. Subtracting the assumed rate of payroll inflation (3.0%) produces a net 4% real rate of return. Achievement of this objective is likely to result in stable to declining future contribution rates for the System and ensure its ability to pay retirement benefits for all current plan participants.

INVESTMENT POLICY

The fund is long-term in nature and the selection of investments is regulated by (1) statutory limitations, (2) limits of acceptable risk and (3) the objective of a maximized total rate of return.

Investment decisions shall be made within the framework of the goals established for the rate of return, limits of acceptable risk and fund objectives. At any point in time, certain types of investments have greater relative attractiveness than others. To maximize the realized rate of return, it is necessary to determine the relative values ascribed to differing types of investments within a given investment environment.

The System believes that individual holdings should stand alone on merit as well as complement the entire group of holdings.

Diversification shall be considered as part of the effort to minimize liquidity risks, maximize total rate of return and limit exposure to unanticipated business risks. Since the portfolio is long-term in nature and is constructed to avoid the necessity of liquidating holdings to meet benefit payments, liquidity is not a first consideration; however, every reasonable effort will be made to provide protection for the portfolio in future deteriorating markets.

No holding will be considered a "permanent" part of the portfolio. Any security can be sold at any time either to maximize gains or to minimize losses. The portfolio shall be continuously monitored in order to identify such instruments as overvalued stocks or low yield bonds in order to take appropriate action.

In making decisions, the Commission shall avail itself of the highest caliber advice obtainable, both internally and externally. The Commission has retained the services of a professional investment consultant to monitor investments, returns, and peer performance of the investment managers. Investment managers are hired to invest the System's assets on a daily basis in a variety of asset classes to maximize returns at a lower overall risk to the plan.

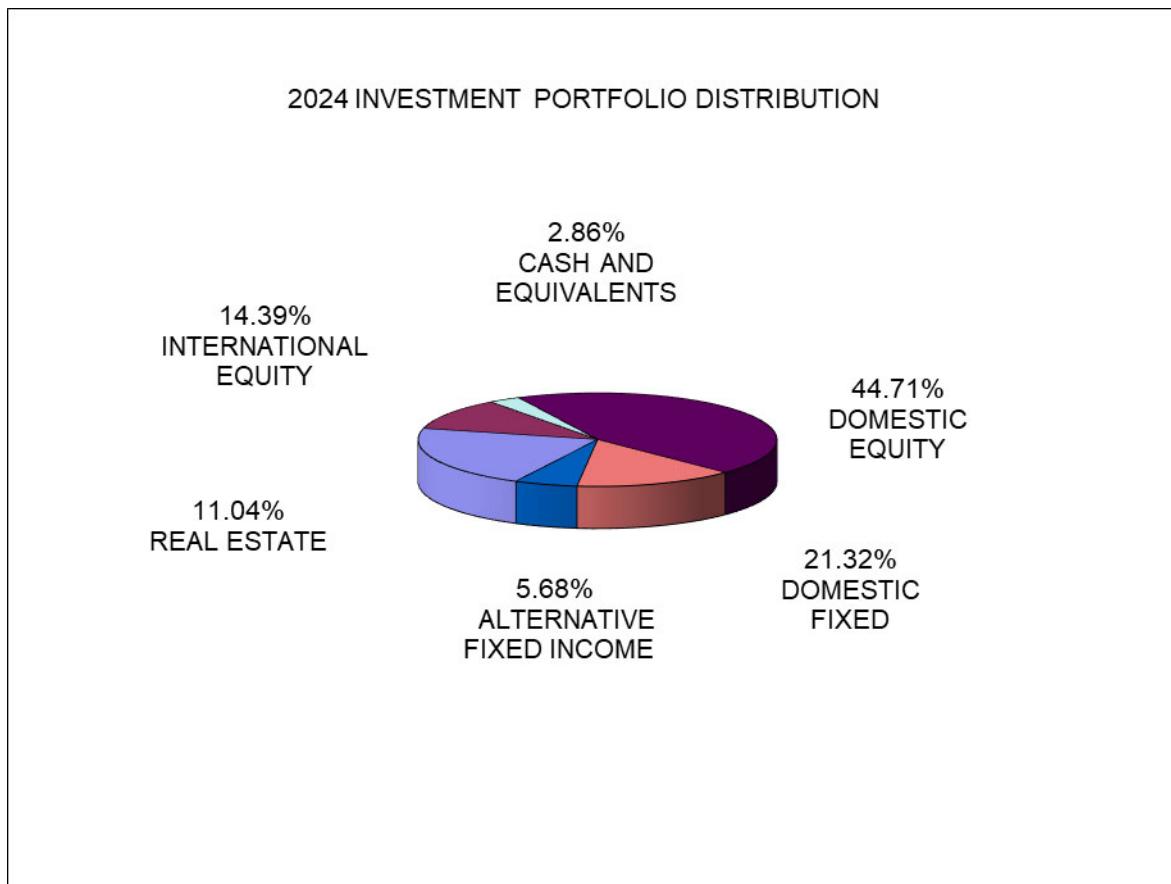
The Governmental Accounting Standards Board Statement Number 67 and 72 will be followed in accounting for the portfolio. Securities will be recorded at market values and will be reported to the Commission monthly. The firm engaged for the annual audit shall be consulted when questions concerning accounting procedures arise.

**Genesee County Employees' Retirement System
Investment Policy (continued)**

A quarterly evaluation of the System's portfolio will be conducted to monitor the investment performance by each of the Investment Managers. In addition, the annual external audit and the annual actuarial valuation shall be reviewed in conjunction with the evaluation of investment performance. All evaluations will be related to the Commission's stated goals. Because these goals are long-term, cumulative performance results will be considered as more important than performance in any single year.

INVESTMENT PORTFOLIO DISTRIBUTION

The State of Michigan charges the Retirement Commission with the responsibility of investing the System's portfolio in a prudent manner and in a fiduciary capacity. On December 31, 2024, the market value of the portfolio distribution of investments was as follows: 44.71% in domestic equities, 14.39% in international equities, 21.32% in domestic fixed income securities, 11.04% in real estate, 5.68% in alternative fixed income and 2.86% in cash and equivalents (receivables and accruals).



**Genesee County Employees' Retirement System
Investment Policy (continued)**

RETURN ON INVESTMENT

The return on investments, which is defined as the income plus or minus the appreciation or depreciation in value, is analyzed each quarter. The Genesee County Employees' Retirement System's investment performance is compared with the results within a universe of other public funds. The investment performance of the System is continually monitored through the use of a number of different methods. The performance of the domestic equity, international equity, fixed income, and real estate portfolios is monitored by a highly respected portfolio evaluation service and consultant in the United States. A hedge fund-of-fund manager is employed to select and monitor the best performing funds.

- The return for 2024 was 11.43%. The three, five and ten year total returns were 3.16%, 6.64% and 7.27% respectively.

V. ACTUARIAL SECTION

The Actuarial Section Contains:

- **Actuarial Principles**
- **Actuarial Status**
- **Member Statistics**
- **Employer Computed Contributions**

GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL PRINCIPLES

Promises Made, and Eventually Paid – As each year is completed, the Genesee County Employees' Retirement System in effect hands an "IOU" to each member then acquiring a year of service credit – the "IOU" says: "The Genesee County Employees' Retirement System owes you a retirement benefit, payments to be made in cash commencing when you qualify for retirement."

The principal related financial question is: "When shall the money required to cover the "IOU" be contributed?" The year when the benefit of the member's service is received, or some future year when the "IOU" becomes a cash demand?

The Constitution of the State of Michigan is directed to the question:

"Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities."

The majority of public employers meet this constitutional requirement by level percent-of-payroll contributions.

Translated into actuarial terminology, a level percent-of-payroll contribution objective means that the contribution rate must be at least:

Normal Cost – (the present value of benefits likely to be paid on account of members' service being rendered in the current year).

...PLUS

The Financing of Unfunded Actuarial Accrued Liabilities – (unfunded actuarial accrued liabilities are the difference between (1) the actuarial accrued liability, and (2) the valuation assets of the retirement program).

A byproduct of a level percent-of-payroll contribution objective is the accumulation on invested assets of varying periods of time. Invested assets are a byproduct of level percent-of-payroll contributions, not the objective. Investment income becomes the third major contributor to the retirement program, and the amount is directly related to the amount of contributions and investment performance.

If contributions to the retirement program are less than the preceding amount, the difference plus investment earnings not realized thereon, will have to be contributed at some later time or benefits will have to be reduced to satisfy the fundamental fiscal equation under which all retirement programs must operate; that is;

The aggregate amount of benefit payments to any group of members and their beneficiaries cannot exceed the sum of:

Genesee County Employees' Retirement System
Actuarial Principles (continued)

The aggregate amount of contributions received on behalf of the group

...PLUS

Investment earnings on contributions received and not required for immediate cash payments of benefits

...MINUS

The expenses of operating the program.

There are retirement programs designed to defer the bulk of contributions far into the future. Lured by artificially low present contributions, the inevitable consequence of a relentlessly increasing contribution rate – to a level that may be greatly in excess of the level percent-of-payroll rate – is ignored.

This method of financing is prohibited in Michigan by the State Constitution.

COMPUTED CONTRIBUTION RATE NEEDED TO FINANCE BENEFITS

The actuary calculates the contribution requirements and benefit values of the Fund by applying actuarial assumptions to the benefit provisions and demographic information furnished, using the actuarial cost methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- a. Long-term rates of investment return to be generated by the assets of the Fund.
- b. Rates of mortality among members, retirees, and beneficiaries.
- c. Patterns of actual retirements.
- d. The age patterns of actual retirements.
- e. Rates of withdrawal of active members (without entitlement to a retirement benefit).
- f. Rates of disability among members.

In preparing a valuation, the actuary calculates the monetary effect of each assumption for as long as a present covered person survives – a period of time which can be as long as a century.

Actual experience of the Fund will not coincide with assumed experience, regardless of the wisdom of the assumptions, or the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes in account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions to reflect experience trends (but not random year to year fluctuations).

GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL STATUS

Overall recognized experience of the System for the year ended December 31, 2018 produced results which were less favorable than expected based on the long-term assumptions. However, the method of calculating the actuarial value of assets was changed from using a method that recognizes changes in capital value over four years to a method which adjusts the actual fair market value of assets with a 4-year phase-in of gains and losses on a fair market value of assets. This results in an increase in the actuarial value of assets and an increase in funded percentages.

In all divisions the computed retiree liabilities were greater than the Reserve for Retirement Benefit Payments as of December 31, 2024. Transfers were recommended to be made to the Reserve for Retired Benefit Payments so that it equals the retired life liabilities as of December 31, 2024.

The ratio of the funding value of accrued assets to accrued liabilities was 70.89%

FUNDING PROGRESS INDICATORS

There is no single all-encompassing indicator that measures a system's funding progress and current funded status.

A traditional measure has been the relationship of valuation assets to actuarial accrued liability – a measure that is influenced by the choice of actuarial cost method. This relationship is as follows:

GCERS Unfunded Actuarial Accrued Liability As of December 31, 2024 By Divisions (\$ in thousands)

	General & Sheriffs	Water & Waste	District Library	Genesee Health	Road Commission	City Mt. Morris	TOTALS
Actuarial Accrued Liability & Reserves:	\$349,145	\$95,962	\$20,061	\$142,030	\$107,082	\$ 7,551	\$721,831
Assets Allocated to Funding:	\$221,120	\$67,805	\$19,599	\$125,784	\$71,029	\$ 6,397	\$511,734
Unfunded Actuarial Accrued Liability:	\$128,025	\$28,157	\$ 462	\$ 16,246	\$36,053	\$ 1,154	\$210,097
Funded Ratio:	63.33%	70.66%	97.70%	88.56%	66.33%	84.72%	70.89%
Funded Ratio: Prior Year	63.77%	69.90%	86.70%	90.28%	67.97%	86.13%	71.26%

Genesee County Employees' Retirement System
Actuarial Status (continued)

We believe an understanding of short-term funding progress and status can be achieved using the following indicators:

- (1) The ratio of the unfunded actuarial accrued liability to participant payroll.** In a soundly financed retirement system, the amount of the unfunded actuarial accrued liability will be controlled and prevented from increasing in the absence of benefit improvements. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts that are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease over time but the basic trend may be interrupted by benefit improvements.
- (2) The ratio of the funding value of assets to the actuarial accrued liability.** The ratio is expected to increase over time but the basic trend may be interrupted by benefit improvements.
- (3) The actuarial present value of gains or losses realized in the operation of the system.** Gains and losses are expected to cancel each other over a period of years but sizable year-to-year fluctuations are common.

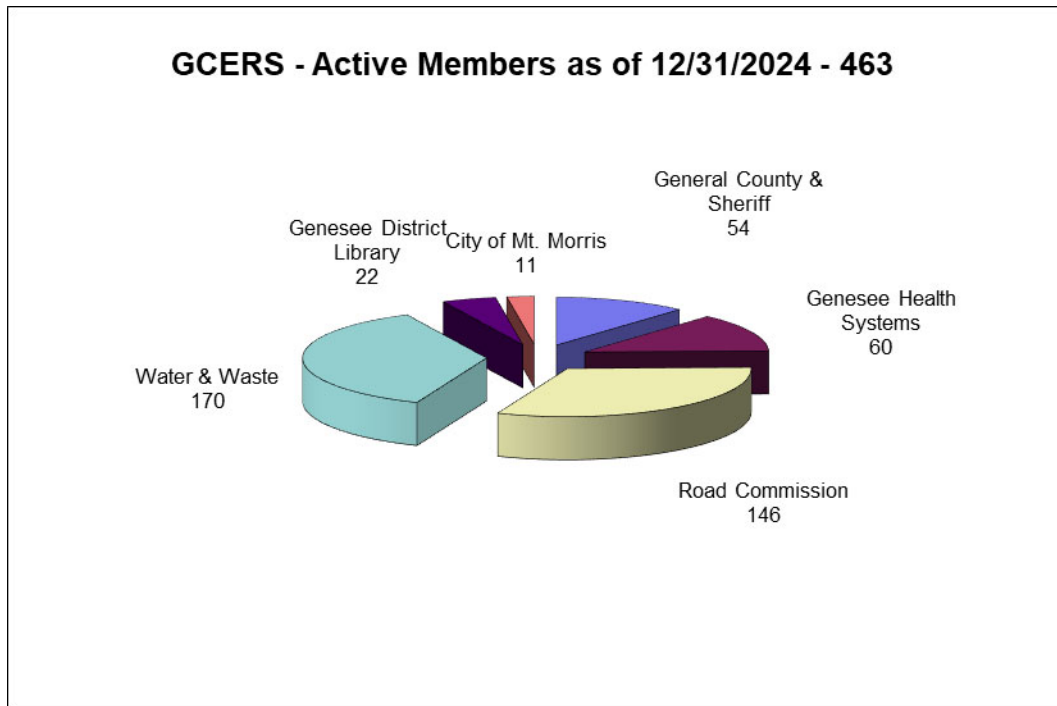
**Genesee County Employees' Retirement System
Actuarial Status (continued)**

ACTUARIAL CONCLUSION

The System is financing benefits as they accrue in accordance with a sound level percent-of-payroll funding objective.

CERTIFICATION: Nyhart certified that the December 31, 2024 actuarial valuation has been conducted in accordance with generally accepted actuarial principles and practices. Data concerning active members, retirees, beneficiaries and assets was provided by the County. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation was based on the provisions of the System as amended through December 31, 2024. The actuarial assumptions used in this valuation are reasonably related to past experience of the System and produce results which we believe are reasonable.

**GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM
MEMBER STATISTICS**



Genesee County Employees' Retirement System
Member Statistics (continued)

COMPARATIVE SCHEDULE

Valuation Date Dec 31	Total Active Members	Valuation Payroll*	Average Age	Average Service	Average Annual Pay	% Increase
1998	1,502	62,421	42.8	10.4	41,558	1.7
1999	1,521	64,378	42.7	9.9	42,326	1.8
2000	1,474	63,781	42.8	10.4	43,271	2.2
2001	1,447	65,765	42.8	10.2	45,449	4.8
2002	1,481	68,667	43.5	10.2	46,365	2.0
2003	1,450	70,143	43.7	10.6	48,374	4.3
2004	1,395	71,274	43.8	10.8	51,092	5.3
2005	1,399	70,433	44.1	10.8	50,346	(1.5)
2006	1,346	70,205	44.6	11.2	52,115	3.5
2007	1,261	68,341	45.2	12.0	54,196	4.0
2008	1,205	67,721	45.8	12.4	56,200	3.6
2009	1,151	65,511	46.3	12.9	56,917	1.3
2010	1,002	57,795	46.3	13.0	57,679	1.3
2011	902	52,237	46.7	13.3	57,912	0.4
2012	840	49,737	47.2	13.6	59,210	2.2
2013	793	47,628	47.6	14.2	60,060	1.4
2014	713	43,724	48.3	14.7	61,324	2.1
2015	671	41,687	48.6	15.1	62,167	1.4
2016	627	39,466	48.5	15.7	62,944	1.3
2017	597	39,302	49.4	15.7	63,928	1.6
2018	581	39,550	49.2	15.3	65,729	2.8
2019	562	38,030	49.1	15.0	64,766	(1.5)
2020	508	36,096	49.0	15.0	71,055	9.7
2021	491	34,347	48.9	14.6	69,953	(1.6)
2022	487	34,304	48.7	14.2	70,440	0.7
2023	471	34,485	48.6	14.1	73,216	3.9
2024	463	34,813	48.1	13.3	75,189	2.7

**in thousands*

**Genesee County Employees' Retirement System
Member Statistics (continued)**

EMPLOYER COMPUTED CONTRIBUTIONS-COMPARABLE SCHEDULE

Valuation Date Dec.	General & Sheriffs	Water & Waste	District Library	Mental Health	Road Commission	City of Mt. Morris	Valuation Payroll*
1986	6.04%	4.99%	7.22%	6.54%	9.63%	4.34%	\$46,136
1987 (a)	11.40	4.79	5.72	6.44	9.07	3.35	50,282
1988 (a)	12.51	2.32	4.67	10.43	9.12	2.72	50,342
1989 (a)	15.66	0.45	4.42	9.14	6.54	1.24	50,694
1990 (a)	16.21	6.82	4.15	9.12	9.31	1.62	53,332
1991	17.03	6.19	8.27	8.97	15.98	0.58	53,167
1992	21.09	7.98	6.63	9.41	19.89	0.62	57,807
1993	23.34	13.41	6.36	10.67	19.91	0.23	60,516
1994	22.53	14.19	4.50	10.34	20.66	0.23	65,137
1995	18.44	9.99	.69	7.17	23.34	0.00	69,200
1996	20.19	3.22	0.00	4.69	26.04	3.78	66,206
1997	17.32	10.88	0.00	5.68	19.33	3.76	61,108
1998	11.09	4.14	0.00	1.89	13.78	0.00	62,421
1999	10.29	2.08	0.00	1.20	10.95	0.00	64,378
2000	10.70	3.02	0.00	8.97	12.02	0.00	63,781
2001	10.39	4.71	0.00	8.09	16.93	5.22	65,765
2002	15.52**	14.00**	0.56**	9.44**	16.42**	11.56**	68,667
2003	19.27	15.94	5.40	11.47	18.19	14.96	70,143
2004	22.31	17.11	8.95	13.61	19.57	18.47	71,274
2005	24.28	17.58	12.68	12.80	18.18	18.76	70,433
2006	23.48	15.94	11.20	11.49	16.00	18.21	70,205
2007	25.38	16.49	8.58	11.63	16.60	20.56	68,341
2008	29.33	17.76	11.64	13.96	18.34	20.40	67,721
2009	31.74	18.81	12.00	15.16	19.46	21.46	65,511
2010	40.58	16.62	12.85	16.65	19.89	26.74	57,795
2011	53.48	20.30	16.87	21.09	25.18	28.43	52,237
2012	52.70	20.35	15.93	19.58	25.15	24.34	49,737
2013	54.36	18.41	14.34	20.02	23.29	16.45	47,628
2014	64.38	16.20	17.65	26.11	23.67	12.52	43,724
2015	71.59	15.94	19.53	29.19	24.34	11.15	41,687
2016	94.93	19.15	23.98	35.25	32.78	14.15	39,466
2017	124.88	25.50	29.58	43.22	39.66	15.70	39,302
2018	135.69	25.39	29.95	48.33	37.65	15.61	39,550
2019	159.74	24.22	27.83	48.37	37.96	24.28	38,030
2020	217.95	26.19	28.06	48.83	38.90	24.97	36,096
2021	217.77	29.04	25.62	19.59	38.68	25.01	34,347
2022	239.10	30.30	23.80	23.73	37.83	26.13	34,304
2023	256.17	29.74	29.02	35.37	41.50	30.20	34,485
2024	288.86	29.47	18.84	41.89	42.65	28.54	34,813

* \$ In Thousands

** Rate represents those adopted by Retirement Commission on 6/16/2003.

VI. GLOSSARY OF KEY INVESTMENT AND ACTUARIAL TERMS

Glossary of Key Investment and Actuarial Terms:

ACTUARIAL ACCRUED LIABILITY-

The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Sometimes referred to as "accrued liability".

ACTUARIAL ASSUMPTIONS-

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover, and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

ACTUARIAL RESERVE-

A fund for the purpose of paying benefits which will not be paid in the very near future but which have already been earned. An actuarial reserve retirement fund sets aside money for benefits earned before the benefits will actually have to be paid.

ACTUARIAL VALUATION-

An examination by an actuary of a group of people, with regard to certain characteristics of the people in that group. Some of the characteristics are age, service, salary and rate of turnover by death or termination. The actuary can then determine whether contributions are sufficient to fund liabilities earned. An annual actuarial valuation of active and retired members is conducted by Nyhart, the actuary for the Genesee County Employees' Retirement System.

AMORTIZE-

To pay off an interest-discounted amount with periodic payments of interest and principal as opposed to paying off with a lump sum payment.

AUDIT-

An examination by someone or some firm outside an organization of accounting records developed by the staff of the organization. Recommendations and suggestions for better record keeping and management are often part of an audit. An annual audit is conducted by Plante & Moran, PLLC, independent auditors for the Genesee County Employees' Retirement System.

CORPORATE OBLIGATION-

An investment in a corporation with specified payments of principal and interest over a definite period of time.

DIVERSIFICATION-

The practice of investing in several different investment areas in order to minimize total portfolio risks.

LEVEL-COST FINANCING-

A method of financing a retirement system in which contributions, as a percentage of payroll, remain level from generation to generation, if benefit provisions are not changed.