

Note 8 - Pension Plans (Continued)

Effective January 1, 2016, Great Lakes Water Authority was launched. Accordingly, the prior DWSD division in Component II was split into two - one representing the ongoing DWSD department, now referenced as DWSD-Retail (DWSD-R), and another to represent the GLWA serving water and sewer customers in areas outside of the City. On December 1, 2015, a triparty agreement referred to as the pension reporting agreement between the City of Detroit, Michigan; the General Retirement System of the City of Detroit, and GLWA was signed. Per the POA and Section 4.3 of the lease agreements, GLWA is required to pay a portion of the pension obligation that would be allocable to the Detroit Water and Sewer Department. The purpose of the pension reporting agreement is to set forth determining the funding status for the DWSD pension pool and for GRS to agree to provide GLWA with certain actuarial and other reports to enable GLWA to properly manage and pay its portion of the pension obligation that is allocable to DWSD. In accordance with the pension reporting agreement, the net position and liabilities of DWSD were allocated between DWSD-R and GLWA. Per written directions, GLWA is to be allocated 70.3 percent of the net position and liabilities of DWSD. Because GLWA has no employees or retirees in the Combined Plan, GLWA is considered a nonemployer contributing entity in accordance with GASB Statement No. 67.

The net pension liability (asset), total deferred outflows of resources, and total deferred inflows of resources included in the following tables include the portion allocable to GLWA. GLWA's portion of the total Component II net pension liability of \$843,993,547 at June 30, 2024 was \$29,537,162, with the remainder allocable to the City and related entities. GLWA's portion of the total Component II deferred inflow and outflow was \$5,903,229 and \$0, respectively. As this arrangement meets the definition of a special funding situation per GASB Statement No. 68, GLWA's pension expense is recognized by the City.

Changes in the net pension liability (asset) during the measurement year were as follows:

GRS Component I

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at July 1, 2023	\$ 242,486,802	\$ 275,775,230	\$ (33,288,428)
Changes for the year:			
Service cost	23,496,093	-	23,496,093
Interest	16,505,580	-	16,505,580
Changes in assumptions	31,718,494	-	31,718,494
Difference between expected and actual experience	(11,142,531)	-	(11,142,531)
Contributions - Employer	-	13,673,679	(13,673,679)
Contributions - Employee	-	13,238,970	(13,238,970)
Voluntary contributions	6,582,488	6,582,488	-
Net investment income	-	23,576,401	(23,576,401)
Benefit payments, including refunds	(8,133,900)	(8,133,900)	-
Administrative expenses	-	(2,143,618)	2,143,618
Miscellaneous other income	-	486,864	(486,864)
Net changes	59,026,224	47,280,884	11,745,340
Balance at June 30, 2024	\$ 301,513,026	\$ 323,056,114	\$ (21,543,088)

June 30, 2025

Note 8 - Pension Plans (Continued)

GRS Component II

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2023	\$ 2,341,573,565	\$ 1,418,609,280	\$ 922,964,285
Changes for the year:			
Interest	150,743,004	-	150,743,004
Changes in assumptions	1,677,964	-	1,677,964
Differences between expected and actual experience	(24,103,038)	-	(24,103,038)
Contributions - Employer	-	82,500,000	(82,500,000)
Contributions - Nonemployer entity	-	23,185,142	(23,185,142)
Contributions - Employee	-	-	-
Net investment income	-	114,261,080	(114,261,080)
Benefit payments, including refunds	(223,294,950)	(223,294,950)	-
Administrative expenses	-	(2,838,847)	2,838,847
Other (includes ASF recoupment)	-	(9,818,707)	9,818,707
Net changes	(94,977,020)	(16,006,282)	(78,970,738)
Balance at June 30, 2024	\$ 2,246,596,545	\$ 1,402,602,998	\$ 843,993,547

Contributions from nonemployer entity represent funds received from the Protecting Michigan Pension Grant Program.

PFRS Component I

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at July 1, 2023	\$ 302,069,330	\$ 329,599,406	\$ (27,530,076)
Changes for the year:			
Service cost	32,970,409	-	32,970,409
Interest	21,731,369	-	21,731,369
Changes in assumptions	10,488,779	-	10,488,779
Differences between expected and actual experience	27,136,940	-	27,136,940
Contributions - Employer	-	26,739,022	(26,739,022)
Contributions - Employee	-	15,180,977	(15,180,977)
Net investment income	-	31,775,980	(31,775,980)
Benefit payments, including refunds	(7,981,191)	(7,981,191)	-
Administrative expenses	-	(2,239,890)	2,239,890
Miscellaneous other income	-	617,213	(617,213)
Net changes	84,346,306	64,092,111	20,254,195
Balance at June 30, 2024	\$ 386,415,636	\$ 393,691,517	\$ (7,275,881)

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Note 8 - Pension Plans (Continued)

PFRS Component II

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2023	\$ 3,090,082,388	\$ 2,311,735,032	\$ 778,347,356
Changes for the year:			
Interest	204,037,131	-	204,037,131
Changes in assumptions	45,860,741	-	45,860,741
Differences between expected and actual experience	27,488,387	-	27,488,387
Contributions - Employer	-	89,100,000	(89,100,000)
Contributions - Employee	-	-	-
Net investment income	-	211,256,894	(211,256,894)
Benefit payments, including refunds	(291,647,281)	(291,647,281)	-
Administrative expenses	-	(2,969,158)	2,969,158
Other income	-	1,852,507	(1,852,507)
Net changes	(14,261,022)	7,592,962	(21,853,984)
Balance at June 30, 2024	\$ 3,075,821,366	\$ 2,319,327,994	\$ 756,493,372

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, pension expense was \$8,725,426 for the General Retirement System Component I, \$58,878,034 for the General Retirement System Component II, \$21,973,411 for the Police and Fire Retirement System Component I, and \$95,206,119 for the Police and Fire Retirement System Component II.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	GRS - Component I		GRS - Component II	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions to the plan subsequent to the measurement date	\$ 14,560,805	\$ -	\$ 85,700,000	\$ -
Net difference between projected and actual earnings on pension plan investments	4,283,461	-	17,092,560	-
Assumption changes	34,572,387	(12,599,790)	-	-
Differences between expected and actual experience	3,126,397	(30,122,851)	-	-
Total	<u>\$ 56,543,050</u>	<u>\$ (42,722,641)</u>	<u>\$ 102,792,560</u>	<u>\$ -</u>