
City of Detroit General Retiree Health Care Trust

**Financial Report
with Supplementary Information
December 31, 2023**

City of Detroit General Retiree Health Care Trust

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Independent Auditor's Report

To the Board of Trustees
City of Detroit General Retiree Health Care Trust

Opinion

We have audited the financial statements of City of Detroit General Retiree Health Care Trust (the "Trust") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Trust'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 the Trust as of December 31, 2023 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). 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 Trust 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 Trust's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
City of Detroit General Retiree Health Care Trust

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trust'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.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is fluid and cursive, with "Plante & Moran" on the top line and "PLLC" on the bottom line.

April 23, 2024

City of Detroit General Retiree Health Care Trust

Management's Discussion and Analysis

Using This Annual Report

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

Overall Fund Structure and Objectives

City of Detroit General Retiree Health Care Trust (the "Trust") was established on December 10, 2014 (the "Effective Date") under the Plan for the Adjustment of Debts of the City of Detroit (the "Plan of Adjustment") in the matter titled, *In re: City of Detroit, Michigan, Debtor, Chapter 9, Case No. 13-53846*, in the United States Bankruptcy Court for the Eastern District of Michigan. The Trust is newly created as a result of the settlement of certain legal claims made pertinent to that litigation and is established to provide health benefits to existing City of Detroit, Michigan retirees and certain dependents. The trust is established as a governmental Voluntary Employees' Beneficiary Association (VEBA) pursuant to Section 501(c)(9) of the Internal Revenue Code.

City of Detroit General Retiree Health Care Trust is responsible for providing benefits for the welfare of certain general retirees of the City of Detroit, Michigan (the "City"), along with their eligible spouses and dependents, with an effective date of retirement on or before December 31, 2014, who were eligible to receive retiree health care benefits from the City at the time of retirement. Benefits under the Trust will be provided to retirees through the purchase of insurance coverage or by reimbursement of eligible expenses in accordance with the Trust and applicable state and federal laws.

Condensed Financial Information

The table below compares key financial information in a condensed format:

| | 2023 | 2022 |
|---|-----------------------|------------------------|
| Total assets | \$ 205,898,540 | \$ 190,926,102 |
| Total liabilities | 529,816 | 524,612 |
| Fiduciary net position | \$ 205,368,724 | \$ 190,401,490 |
| Net investment income (loss) | \$ 20,710,236 | \$ (29,513,771) |
| Contributions - Foundation for Detroit's Future | 43,750 | 43,750 |
| Retiree health benefits paid - Net of retiree contributions | (5,110,697) | (5,498,642) |
| General and administrative expenses | (676,055) | (718,926) |
| Net increase (decrease) in fiduciary net position | \$ 14,967,234 | \$ (35,687,589) |

Trust Contributions

Contributions to the Trust are established in the Plan of Adjustment and other grant agreements established out of the City's bankruptcy. The Plan of Adjustment required the City to distribute \$238,780,159 of the City's Financial Recovery Bonds, Series 2014B(1) and 2014B(2) on the Effective Date. This contribution represents a complete discharge of the City's OPEB obligation with respect to the Trust's membership, and no additional contributions from the City are required under the Plan of Adjustment. The Trust also received \$1,816,429 from the Foundation for Detroit's Future (the "Foundation") pursuant to two separate grant agreements during the period ended December 31, 2015. The Trust also received \$4,025,000 from the City of Detroit Employee Benefits Plan during the period ended December 31, 2015, of which \$500,000 was a loan that was forgiven during the year ended December 31, 2016. In addition, in 2018, the Trust received \$1,242,646 from the City of Detroit Employee Benefits Plan Rate Stabilization Fund. The only contribution the Trust anticipates in the future is \$43,750 to be made annually until 2034 under a grant agreement with the Foundation. Member contributions to the Trust are required based on the medical plan selected and serve to offset a portion of the monthly insurance premium paid by the Trust on a member's behalf.

City of Detroit General Retiree Health Care Trust

Management's Discussion and Analysis (Continued)

Retiree Health Benefits and Employee Contributions

As of January 1, 2015, the City has no further responsibility to provide retiree health care or any other retiree welfare benefits to the retirees participating in this Trust; such responsibility falls wholly upon the VEBA plan and trust. The board of trustees of the Trust (the "Board") is responsible for designing, adopting, maintaining, and administering retiree health care benefits for eligible retirees and beneficiaries. The Board will be under no obligation to design the retiree health care plan to ensure that the assets of the Trust are sufficient to provide benefits to all potential participants of the plan.

The participant population of the Trust is composed of approximately 7,000 retirees and beneficiaries in receipt of one of the Medicare Advantage plans or covered by a health reimbursement arrangement (HRA) benefit. Optional dental and vision benefits were also offered to all eligible retirees and beneficiaries at full cost to the participant. Member contributions to the Trust in the 2023 plan year were required as follows:

| Medicare Advantage Plan | Monthly Retiree Contribution Single Coverage | Monthly Retiree Contribution Two-person Coverage |
|-------------------------|--|--|
| BCBSM PPO | \$0.00 | \$0.00 |
| Humana PPO | \$0.00 | \$0.00 |
| BCN HMO | \$0.00 | \$0.00 |
| HAP HMO | \$0.00 | \$0.00 |
| Priority Health HMO | \$0.00 | \$0.00 |

Retiree contributions for 2023 dental and vision coverage options were as follows:

| Plan | Monthly Retiree Contribution Single Coverage | Monthly Retiree Contribution Two-person Coverage | Monthly Retiree Contribution Family Coverage |
|--------------------------|--|--|--|
| BCBS Dental PPO | \$26.58 | \$53.15 | \$93.02 |
| Delta Dental HP | \$32.42 | \$63.19 | \$112.39 |
| Delta Dental LP | \$26.82 | \$51.88 | \$90.67 |
| Dencap Dental (DHMO) | \$21.90 | \$37.40 | \$55.90 |
| Golden Dental (DHMO) | \$22.49 | \$38.12 | \$57.10 |
| Heritage Standard Vision | \$6.46 | \$6.46 | \$6.46 |
| Heritage National Vision | \$6.61 | \$13.18 | \$13.18 |
| VSP Vision | \$5.98 | \$11.94 | \$19.24 |

The City's Financial Recovery Bonds

The B notes owned by the Trust are general unsecured obligations of the City of Detroit, Michigan with a 30-year maturity date, paying interest at a rate of 4 percent for the first 20 years and 6 percent for years 21 through 30. Interest payments are made twice annually, on April 1 and October 1. Amortization of the B notes is interest only for 10 years, with amortization in 20 annual installments beginning on the interest payment date nearest to the 11th anniversary from issuance. During fiscal year 2017, the Trust sold 40 million units of the B notes, receiving proceeds of \$32,230,000. During fiscal year 2018, the Trust sold an additional 135,365,910 units of the B notes, receiving proceeds of \$114,141,023.50. No B notes were sold by the Trust in 2020. During fiscal year 2021, the Trust sold an additional 30 million units of B notes, receiving proceeds of \$27,828,000. No B notes were sold by the Trust in 2022 and 2023. The remaining 33,414,249 units of B notes owned by the Trust have a market value of approximately 74 percent of face value (\$24,740,578) at December 31, 2023.

Economic Factors

The Trust will provide future benefits only to the extent that plan assets are available to pay them. Plan assets available to pay future benefits are highly dependent on performance of the Trust's investment portfolio. Like many investors, the Trust's investments fluctuate due to market volatility and market downturns. The Trust will continue to invest through a prudent, long-term perspective to elongate future benefits provided by the Trust.

City of Detroit General Retiree Health Care Trust

Management's Discussion and Analysis (Continued)

Contacting the Trust's Management

This financial report is intended to provide a general overview of the Trust's finances and investment results in relation to actuarial projections. It shows the Trust's accountability for the money it receives from employer and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the Trust's office at 700 Tower Drive, Troy, MI 48098.

City of Detroit General Retiree Health Care Trust

Statement of Fiduciary Net Position

December 31, 2023

Assets

| | |
|--|--------------|
| Cash and cash equivalents | \$ 2,235,895 |
| Investments: (Note 2) | |
| U.S. Treasury notes | 10,006,468 |
| Equity | 8,720,885 |
| Fixed income | 13,677,379 |
| Mutual funds | 35,430,638 |
| Pooled funds | 88,619,965 |
| Limited partnerships | 21,750,603 |
| City of Detroit Financial Recovery Bonds, Series 2014B | 24,740,578 |
| Receivables - Accrued interest | 673,644 |
| Prepaid expenses | 42,485 |
| | <hr/> |
| Total assets | 205,898,540 |

Liabilities

| | |
|---|---------------|
| Accounts payable | 367,103 |
| Due to brokers for securities purchased | <hr/> 162,713 |
| | <hr/> |
| Total liabilities | 529,816 |

Net Position - Restricted for retiree health care

\$ 205,368,724

City of Detroit General Retiree Health Care Trust

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2023

Additions

| | |
|---|--------------|
| Investment income (loss): | |
| Interest and dividends | \$ 5,515,054 |
| Net increase in fair value of investments | 15,724,983 |
| Investment-related expenses | (529,801) |
| Net investment income | 20,710,236 |
| Contributions - Foundation for Detroit's Future | 43,750 |
| Total additions | 20,753,986 |

Deductions

| | |
|--|-----------|
| Premium payments - Net of retiree contributions (Note 1) | 4,276,371 |
| Health reimbursement account reimbursements (Note 1) | 834,326 |
| Administrative expenses | 676,055 |
| Total deductions | 5,786,752 |

Net Increase in Fiduciary Net Position

| | |
|----------------------------------|-----------------------|
| Net Position - Beginning of year | 14,967,234 |
| Net Position - End of year | 190,401,490 |
| | \$ 205,368,724 |

December 31, 2023

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

City of Detroit General Retiree Health Care Trust (the "Trust") 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 (GASB).

The following is a summary of the significant accounting policies used by the Trust:

Reporting Entity

City of Detroit General Retiree Health Care Trust is governed by a seven-member board of trustees. The Trust was established under the Plan for the Adjustment of Debts of the City of Detroit (the "Plan of Adjustment") related to the City of Detroit, Michigan's (the "City") Chapter 9 bankruptcy on December 10, 2014. The Plan of Adjustment provides for the establishment of the Trust as a governmental Voluntary Employees' Beneficiary Association (VEBA) pursuant to Section 501(c)(9) of the Internal Revenue Code of 1986, as amended.

The Trust is responsible for providing benefits for the welfare of certain general retirees of the City of Detroit, Michigan, along with their eligible spouses and dependents, with an effective date of retirement on or before December 31, 2014 and who were eligible to receive retiree health care benefits from the City at the time of retirement. Benefits under the Trust will be provided to retirees through the purchase of insurance coverage or by reimbursement of eligible expenses in accordance with the Trust and applicable state and federal laws. Benefit expense for the year ended December 31, 2023 was \$5,110,697, which is net of \$2,398,524 in retiree contributions toward premiums.

The Trust was established on December 10, 2014 under the Plan of Adjustment, at which point the Trust was distributed approximately \$238.8 million of the City's Financial Recovery Bonds, Series 2014B(1) and 2014B(2) (the "bonds"). During the subsequent years, certain units were sold. As of December 31, 2023, the remaining bonds held by the Trust had a market value of \$24,740,578. These bonds represent the entire funding responsibility of the City.

The Trust will provide future benefits only to the extent that plan assets are available to pay them. The Trust is under no obligation to design the retiree health care benefits plan to ensure that the assets of the Trust are sufficient to provide benefits to all potential participants in the plan for any particular period.

The Trust sponsors a health reimbursement arrangement (HRA) benefit for non-Medicare-eligible retirees and spouses. This benefit is offered to Medicare-eligible retirees electing to opt out of coverage under the Trust's Medicare program. Upon enrollment, eligible retirees receive a monthly HRA benefit.

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Trust.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

December 31, 2023

Note 1 - Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value or estimated fair value. Investments that do not have an established market value are reported at estimated fair value determined by the Trust's management.

As of December 31, 2023, the Trust holds City of Detroit Financial Recovery Bonds, Series 2014B(1) with a face value of \$33,414,249 and an estimated market value of \$24,740,578. Management's estimates of these values are based on information provided by investment custodians and other pricing services. The City of Detroit, Michigan's financial position has a significant effect on the value of the B notes, as any concerns with meeting debt service obligations will decrease the value of these notes.

The bonds mature in 2044 and carry an interest rate of 4.0 percent for the first 20 years and a 6.0 percent interest rate thereafter. For the first 10 years, semiannual interest-only payments will be made on the bonds. Beginning on the 11th anniversary of the issuance, 20 installments will be made annually.

Use of Estimates

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

Federal Income Taxes

The Trust is tax exempt under Section 501(c)(9) of the Internal Revenue Code.

Note 2 - Deposits and Investments

The Trust is not limited in the types of investments held by any legal or contractual provisions. The Trust has designated two banks for the deposit of its funds. Under the Plan of Adjustment, the City was required to distribute the bonds to provide initial funding for the Trust. Initially, these bonds were the primary investment held by the Trust, but, since then, the Trust has sold a majority of the bonds to diversify its portfolio. At December 31, 2023, approximately 12 percent of the Trust's portfolio is represented by the City of Detroit, Michigan B notes.

The Trust'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 Trust's deposits may not be returned to it. The Trust does not have a deposit policy for custodial credit risk. At year end, the Trust had \$182,654 of bank deposits that were uninsured and uncollateralized.

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.

City of Detroit General Retiree Health Care Trust

Notes to Financial Statements

December 31, 2023

Note 2 - Deposits and Investments (Continued)

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

| Fiduciary Funds | Fair Value | Less Than 1 Year | 1-5 Years | 6-10 Years | More Than 10 Years |
|--|----------------------|------------------|---------------------|----------------------|----------------------|
| U.S. Treasury notes | \$ 10,006,468 | \$ - | \$ 720,709 | \$ 6,021,322 | \$ 3,264,437 |
| Fixed income | 13,677,379 | - | 5,070,800 | 8,606,579 | - |
| City of Detroit Financial Recovery bonds | 24,740,578 | - | - | - | 24,740,578 |
| Total | \$ 48,424,425 | \$ - | \$ 5,791,509 | \$ 14,627,901 | \$ 28,005,015 |

Credit Risk

As of year end, the credit quality ratings of debt securities per Standard & Poor's (other than the U.S. government) are as follows:

| Investment | AAA | AA+ | A+ | A | A- | BBB+ | Not Rated |
|--|---------------|------|------------|------|--------------|--------------|------------|
| U.S. Treasury notes | \$ 10,006,468 | \$ - | \$ 524,736 | \$ - | \$ 1,776,978 | \$ 1,071,463 | \$ - |
| Fixed income | 10,304,202 | - | - | - | - | - | - |
| City of Detroit Financial Recovery bonds | - | - | - | - | - | - | 24,740,578 |

Concentration of Credit Risk

The Trust places no limit on the amount it may invest in any one issuer. More than 5 percent of the Trust's investments are in the City of Detroit Financial Recovery Bonds, Series 2014B(1) and Arena Short Duration High Yield fund (12 and 11 percent, respectively, of the Trust's total investments).

Fair Value Measurements

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

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

As of December 31, 2023, the Trust has the following recurring fair value measurements:

- Equity securities of \$8,720,885 and mutual funds of \$35,430,638 are valued using quoted marketed prices (Level 1 inputs).
- U.S. Treasury notes of \$10,006,468 and various bonds of \$38,417,957 are valued using a matrix pricing model (Level 2 inputs).

The Trust did not have any investments valued with Level 3 inputs at December 31, 2023.

In addition, the Trust has investments of \$1,868,266 reported at amortized cost in accordance with GASB Statement No. 79. This investment is not subject to any limitations or restrictions on withdrawals.

City of Detroit General Retiree Health Care Trust

Notes to Financial Statements

December 31, 2023

Note 2 - Deposits and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

As of December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | Fair Value | Unfunded Commitments | Redemption Frequency, if Eligible | Redemption Notice Period |
|----------------------|---------------|----------------------|-----------------------------------|--------------------------|
| Pooled funds | \$ 88,619,965 | \$ - | Immediate | N/A |
| Limited partnerships | 21,750,603 | - | Immediate | N/A |

The pooled fund class includes investments in funds that invest predominantly in equity instruments in U.S., developed, and emerging-market countries. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The limited partnership fund class includes investments in funds that invest predominantly in common stock of emerging country issuers and short-duration investments consisting primarily of high-yield convertible bonds, corporate loans, preferred equities, stressed and distressed securities, and special situation investments. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

Note 3 - Other Postemployment Benefits

Plan Description

The Trust provides health care benefits to retirees and their eligible spouses and dependents with an effective date of retirement on or before December 31, 2014 and were eligible to receive retiree health care benefits from the City of Detroit, Michigan at the time of retirement. This is a single-employer benefit plan administered by the Trust. As of December 31, 2023, there were 7,011 participants in the plan.

Management of the Trust is vested with the board of trustees, which consists of seven members.

Benefits Provided

The Trust provides health care and vision benefits for certain general retirees of the City of Detroit, Michigan, along with their eligible spouses and dependents, with an effective date of retirement on or before December 31, 2014 and were eligible to receive retiree health care benefits from the City at the time of retirement. Benefits are provided through third-party insurers or by reimbursement of eligible expenses in accordance with the Trust and applicable state and federal laws.

Contributions

Contributions are established in the Plan of Adjustment and other grant agreements. The Plan of Adjustment required the City to distribute \$238,780,158 of the City's Financial Recovery Bonds, Series 2014B(1) and 2014B(2) on the effective date. The City of Detroit, Michigan no longer has any responsibility to provide retiree health care or any other retiree welfare benefits for the group of retirees covered under the Trust. The only future contributions anticipated are contributions of \$43,750 annually through 2034 under a grant agreement with the Foundation for Detroit's Future (the "Foundation"). Plan members are required to contribute based on the cost-sharing provisions of the medical plan selected.

City of Detroit General Retiree Health Care Trust

Notes to Financial Statements

December 31, 2023

Note 3 - Other Postemployment Benefits (Continued)

Total OPEB Liability

The Trust will provide future benefits only to the extent that plan assets are available to pay them. After the contribution of the bonds, no further employer contributions will be made to the Trust. As such, the total OPEB liability as of December 31, 2023 is equal to the plan net position of \$205,368,724.

Investment Policy

The Trust's policy in regard to the allocation of invested assets is established and may be amended by the board by a majority vote of its members. It is the policy of the board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Trust's adopted asset allocation policy as of December 31, 2023:

| Asset Class | Target Allocation |
|---------------------------|-------------------|
| Short duration core bonds | 12.50 % |
| Core bonds | 12.50 |
| Absolute return | 25.00 |
| Short duration high yield | 10.00 |
| Global asset allocation | 20.00 |
| Equity | 20.00 |
| Total | 100.00 % |

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on trust investments, net of investment expense, was 11.8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Required Supplementary Information

City of Detroit General Retiree Health Care Trust

Required Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios

| | Last Eight Fiscal Years | | | | | | | |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total OPEB Liability - | | | | | | | | |
| Increase (decrease) in total OPEB liability due to availability of assets | \$ 14,967,234 | \$ (35,687,589) | \$ 19,997,638 | \$ 3,110,663 | \$ 7,096,755 | \$ 5,539,756 | \$ 97,339,363 | \$ (17,629,233) |
| Total OPEB Liability - Beginning of year | 190,401,490 | 226,089,079 | 206,091,441 | 202,980,778 | 195,884,023 | 190,344,267 | 93,004,904 | 110,634,137 |
| Total OPEB Liability - End of year | \$ 205,368,724 | \$ 190,401,490 | \$ 226,089,079 | \$ 206,091,441 | \$ 202,980,778 | \$ 195,884,023 | \$ 190,344,267 | \$ 93,004,904 |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions | \$ 43,750 | \$ 43,750 | \$ 43,750 | \$ 43,750 | \$ 43,750 | \$ 1,286,396 | \$ 43,750 | \$ - |
| Net investment income (loss) | 20,710,236 | (29,513,771) | 26,496,937 | 11,977,854 | 16,479,800 | 14,157,650 | 109,422,006 | (6,013,251) |
| Benefit payments - Net of employee contributions | (5,110,697) | (5,498,642) | (5,881,623) | (8,125,440) | (8,694,906) | (8,996,591) | (10,725,101) | (10,654,061) |
| Administrative expenses | (676,055) | (718,926) | (661,426) | (785,501) | (731,889) | (907,699) | (1,401,292) | (1,461,921) |
| Other income | - | - | - | - | - | - | - | 500,000 |
| Net Change in Plan Fiduciary Net Position | 14,967,234 | (35,687,589) | 19,997,638 | 3,110,663 | 7,096,755 | 5,539,756 | 97,339,363 | (17,629,233) |
| Plan Fiduciary Net Position - Beginning of year | 190,401,490 | 226,089,079 | 206,091,441 | 202,980,778 | 195,884,023 | 190,344,267 | 93,004,904 | 110,634,137 |
| Plan Fiduciary Net Position - End of year | \$ 205,368,724 | \$ 190,401,490 | \$ 226,089,079 | \$ 206,091,441 | \$ 202,980,778 | \$ 195,884,023 | \$ 190,344,267 | \$ 93,004,904 |
| Net OPEB Liability - Ending | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

As the Trust will provide future benefits only to the extent that plan assets are available to pay them, the total OPEB liability is either the present value of future benefits based on current benefit levels or the Trust's ending net position plus the present value of future assets, whichever is lower. For December 31, 2023, the Trust's total OPEB liability is the ending net position, as this is currently lower than the present value of future benefits.

There is no applicable payroll; therefore, no covered payroll is presented.

City of Detroit General Retiree Health Care Trust

Required Supplementary Information Schedule of OPEB Investment Returns

| | Last Six Fiscal Years Years Ended December 31 | | | | | |
|--|--|-------------|-------------|-------------|-------------|-------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Annual money-weighted rate of return - Net of investment expense | 11.80 % | (11.85)% | 10.10 % | 10.30 % | 9.40 % | (0.34)% |

*GASB Statement No. 74 was implemented in fiscal year 2017. Data will be added each of the succeeding years until 10 years of such information is available. For the year ended December 31, 2017, the annual money-weighted rate of return was not calculated.