

MONROE COUNTY EMPLOYEES RETIREMENT SYSTEM
BASIC RETIREMENT BENEFITS
ACTUARIAL VALUATION REPORT
DECEMBER 31, 2011

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July 27, 2012

The Board of Trustees
Monroe County Employees
Retirement System
Monroe, Michigan

Re: Monroe County Employees Retirement System Actuarial Valuation as of December 31, 2011

Dear Board Members:

The results of the December 31, 2011 Annual Actuarial Valuation of the Monroe County Employees Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending December 31, 2013, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25.

The actuaries submitting this statement are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

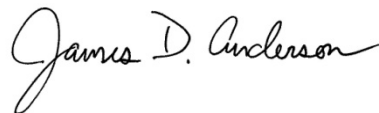
Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Monroe County Employees Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Respectfully submitted,



Mark Buis, FSA, EA, MAAA



James D. Anderson, FSA, EA, MAAA

MB:mrb

DISCLOSURES REQUIRED BY ACTUARIAL STANDARDS OF PRACTICE

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the County, concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County.

The developed findings included in this report consider data or other information through December 31, 2011.

SECTION A

EXECUTIVE SUMMARY

1. Required Employer Contributions - Fiscal Year Beginning January 1, 2013

The computed employer contribution rates for basic retirement benefits are as follows:

Division	Computed Employer Contribution Rates	
	% of Payroll	\$ Based on 12/31/11 Payroll
General County	23.75 %	\$3,383,658
County Agency	34.12	448,003
Sheriff's Office	26.26	2,526,806
County Library	13.11	593,170
Road Commission	19.15	915,648
Mental Health	9.92	650,682
Central Dispatch	19.42	197,695

For detail please see page B-2.

Please note that these costs include the 13th checks for the year 2012.

The pensions provided by the Retirement System are valuable benefits. As covered members earn additional credit toward pensions and move closer to retirement, the System's liabilities grow. Employer contributions are required to pay for the increases in liabilities. All groups now have employer contribution requirements as prior overfunding has generally been eliminated.

2. Contribution Rate Comparison

Required contribution rates have changed from the last valuation as follows:

Division	Computed Contributions	
	Actual 12/31/10	Actual 12/31/11
General County	22.23 %	23.75 %
County Agency	32.33	34.12
Sheriff's Office	24.11	26.26
County Library	11.23	13.11
Road Commission	18.35	19.15
Mental Health	10.42	9.92
Central Dispatch	20.48	19.42

3. Reasons for Change

There are three general reasons why contribution rates change from one valuation to the next. The first is a change in the benefits or eligibility conditions of the plan. The second is a change in the valuation assumptions used to predict future occurrences. The third is the effect of differences during the year between the Plan's actual experience and what the assumptions predicted.

There were no changes in actuarial assumptions or methods since the last actuarial valuation.

There were no changes in plan provisions since the last actuarial valuation.

The rate changes are primarily due to plan experience during the year as discussed below.

4. 2011 Plan Experience

Plan experience during the year was unfavorable for most groups with an overall experience gain/(loss) of (\$8,849,453). The gain/loss development is shown on page B-7 separately for each division.

All groups experienced unfavorable investment experience. Investment experience on the smoothed market basis was 3.48% compared to the 7% return assumed in the valuation.

Investment Gain/(Loss)	\$ (6,671,341)
Non-Investment Gain/(Loss)	<u>(2,178,112)</u>
Gain/(Loss) from all causes	\$(8,849,453)

5. 2011 Funding Position

This year the actuarial value of assets represents 80% of accrued liabilities; last year the ratio was 83%.

As of December 31, 2011 valuation assets exceed the market value of assets by \$26,336,534. This is the amount of past asset losses not yet realized in the valuation. It will be fully recognized over the next six years putting upward pressure on the contribution rates. On a market value basis, the funding position of the plan is 69%.

6. Retiree Reserve Balance

For all divisions except County Agency, Road Commission and Central Dispatch, the accrued liabilities for members who have already retired and their beneficiaries are larger than the reported balance of the retiree reserve accounts. Transfers will be necessary to balance the retiree reserves with the retiree liabilities. Details regarding the transfers are shown in Comment A of Section B.

7. Recommendations

We recommend that the Board authorize the transfers described in Comment A of Section B of this report.

8. Conclusion

In the short-term, employer contributions are expected to increase as the unfavorable investment returns are working through the asset smoothing. If the markets do not fully rebound, employer contributions will continue to rise.

SECTION B

VALUATION RESULTS, COMMENTS AND COMPARABLE SCHEDULES

Financial Objective

The financial objective of the Retirement System is to establish and receive contributions, expressed as a percentage of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens. This objective is stated in the Retirement System Resolution.

Your annual actuarial valuations determine how well the objective is being met.

The Board of Trustees of the Monroe County Employees Retirement System confirms that the System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

Contribution Rates

The Retirement System is supported by contributions from the participating employers and from some of the members and by the investment income earned on System assets. The employers provide an actuarially determined contribution, the amount needed to meet the financial objective.

Contributions cover both (i) normal cost, and (ii) the financing of the unfunded accrued liability, if any, over a period of future years. The normal cost is the portion of System costs allocated to the current year by the valuation method described in Section D. The unfunded accrued liability is the portion of System costs not covered by present System assets and future normal costs.

The contribution requirements for the fiscal year beginning January 1, 2013 are presented on pages B-2 and B-3.

**Contributions to Provide Benefits
December 31, 2011 Valuation**

Contributions	% of Active Payroll						
	General County	County Agency	Sheriff's Office	County Library	Road Comm.	Mental Health	Central Dispatch
Normal cost of benefits:							
Age & service	10.91 %	9.44 %	13.73 %	9.65 %	11.22 %	10.68 %	13.44 %
Disability	0.73	0.96	0.87	0.44	1.09	0.60	0.86
Death in service	0.39	0.41	0.36	0.26	0.28	0.34	0.38
Administrative expenses	0.65	0.65	0.65	0.65	0.65	0.65	0.65
Totals	12.68	11.46	15.61	11.00	13.24	12.27	15.33
Member contributions: Total*	0.04	0.00	0.20	0.00	3.10	0.00	1.48
Future refunds	0.01	0.00	0.02	0.00	0.37	0.00	0.10
Available for pensions	0.03	0.00	0.18	0.00	2.73	0.00	1.38
Employer normal cost	12.65	11.46	15.43	11.00	10.51	12.27	13.95
Amortization of UAL	11.10	22.66	10.83	2.11	8.64	(2.35)	5.47
Computed Employer Rate	23.75	34.12	26.26	13.11	19.15	9.92	19.42

* Weighted average of different rates.

Effective for the 12/31/2008 valuation, the unfunded liability for the Mental Health division is amortized over an open 10 year period, as this group is over 100% funded on a funding valuation basis. Unfunded liabilities for all other divisions are amortized over an open 20 year period, per the 6/26/2006 Board Meeting. Should the Mental Health division fall below 100% funding, unfunded liabilities will be amortized over an open 20 year period.

The procedure for determining dollar contribution amounts is shown on page B-3.

Page B-4 displays the unfunded accrued liabilities or asset surpluses that are amortized by the contribution rates shown above.

Converting Contribution Rates to Dollar Amounts

For any period of time, the percent-of-payroll contribution rates must be converted to dollar amounts. We recommend one of the following procedures.

- (1) Contribute dollar amounts for a period, which are equal to the employer's percent-of-payroll contribution requirement multiplied by the covered active member payroll for the period. Adjustments should be made as necessary to exclude items of pay that are not covered compensation for Retirement System benefits and to include non-payroll payments that are covered compensation.

- (2) Contribute the dollar amounts recommended for each valuation group.

Timing of Contribution Payments

The contributions in this report anticipate regular payments throughout the year. Examples would be at each payroll date or in 12 monthly installments. If the employer contribution pattern is significantly different, an adjustment to the costs may be appropriate. For example, a lump sum contribution at the beginning of the year is available for investment throughout the year and, therefore, ought to be somewhat smaller than 12 monthly payments. Similarly, a lump sum contribution at the end of the year will not generate any investment income that year and so must be greater than 12 monthly payments.

Determination of Unfunded Accrued Liability

	General County	County Agency	Sheriff's Office	County Library	Road Comm.	Mental Health	Central Dispatch
A. Accrued Liability							
1. For retirees and beneficiaries	\$ 61,769,755	\$ 7,988,399	\$ 33,155,565	\$ 7,763,047	\$ 14,788,138	\$ 8,908,673	\$ 1,850,271
2. For vested terminated members	4,334,913	0	398,912	452,769	321,769	3,439,529	0
3. For present active members							
a. Value of expected future benefit payments	47,783,596	4,340,060	41,417,653	11,688,117	18,510,560	16,519,706	3,722,592
b. Value of future normal costs	14,207,562	1,318,822	15,209,396	3,903,574	5,210,430	6,632,091	1,786,324
c. Active member liability: (a) - (b)	33,576,034	3,021,238	26,208,257	7,784,543	13,300,130	9,887,615	1,936,268
4. Total	99,680,702	11,009,637	59,762,734	16,000,359	28,410,037	22,235,817	3,786,539
B. Valuation Assets	76,925,002	6,730,788	44,772,276	14,626,308	22,470,866	23,502,554	2,986,096
C. Unfunded Accrued Liability: (A.4) - (B)	22,755,700	4,278,849	14,990,458	1,374,051	5,939,171	(1,266,737)	800,443
D. Funded percentage: (B)/(A.4)	77.2%	61.1%	74.9%	91.4%	79.1%	105.7%	78.9%

Comments

Comment A: We developed the value of anticipated future benefit payments to retired members and their beneficiaries. We then compared this accrued liability to the reported value of the retirement reserve account. The figures below compare the retired liabilities and reserves for each division.

Division	Accrued Liability	Retiree Reserve	Unfunded Retiree Liability
General County	\$61,769,755	\$60,426,513	\$ 1,343,242
County Agency	7,988,399	8,103,524	(115,125)
Sheriff's Office	33,155,565	32,685,535	470,030
County Library	7,763,047	4,094,723	3,668,324
Road Commission	14,788,138	15,260,735	(472,597)
Mental Health	8,908,673	8,757,871	150,802
Central Dispatch	1,850,271	1,987,693	(137,422)

Amounts should be transferred from the employer reserves to the retiree reserves to cover the unfunded amount for each division.

Comment B: Overall experience during 2011 was unfavorable. The gain/(loss) determination by division is on page B-7. The determination of the investment gain/loss is shown on page B-8.

Comment C: This valuation considers only the basic retirement benefits provided by the Retirement System. The retiree health benefits provided to County employees are not considered in this valuation.

Comment D: We are aware that certain amounts have been authorized or are under consideration for special payments as a result of the various 13th check programs. As payments of these amounts during 2012 are already included in this valuation, these payments will not increase the costs shown in this report. However, please note that the Excess Reserve Fund for the Road Commission is nearly depleted.

Comment E: On December 30, 2002 Michigan Public Act 728 became effective. This act sets new standards for all Michigan State and Local government retirement systems. In particular, the Act requires that supplemental actuarial analysis be performed by the System's actuary (including an analysis of the long term costs associated with any proposed pension benefit change) and provided to the Retirement Board and the decision-making body that will approve the proposed pension benefit change. This analysis is required at least 7 days before a proposed pension benefit change is adopted. There are additional requirements related to the confirmation of receipt by the System of the required employer contributions.

Development of Experience Gain/(Loss) Year Ended December 31, 2011

Actual experience will never (except by coincidence) exactly match assumed experience. It is hoped that gains and losses will cancel each other over a period of years but sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below.

	Gain/Loss for 2011						
	General County	County Agency	Sheriff's Office	County Library	Road Commission	Mental Health	Central Dispatch
(1) UAAL* at start of year	\$18,725,729	\$3,753,564	\$ 11,101,458	\$358,013	\$5,139,484	\$(1,103,603)	\$ 846,880
(2) Normal cost	1,696,571	140,213	1,397,612	449,277	606,965	753,809	147,485
(3) Actual contributions	2,411,996	248,018	1,974,804	388,958	905,899	513,826	214,262
(4) Interest accrual	1,286,047	259,019	757,131	27,148	349,421	(68,949)	56,971
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	19,296,351	3,904,778	11,281,397	445,480	5,189,971	(932,569)	837,074
(6) Change from benefit changes	0	0	0	0	0	0	0
(7) Change from revised assumptions	0	0	0	0	0	0	0
(8) Change from revised asset method	0	0	0	0	0	0	0
(9) Expected UAAL after changes: (5)+(6)+(7)-(8)	19,296,351	3,904,778	11,281,397	445,480	5,189,971	(932,569)	837,074
(10) Actual UAAL at end of year	22,755,700	4,278,849	14,990,458	1,374,051	5,939,171	(1,266,737)	800,443
(11) Gain/(loss): (9) - (10)	(3,459,349)	(374,071)	(3,709,061)	(928,571)	(749,200)	334,168	36,631
(12) Gain/(loss) as percent of actuarial accrued liability at start of year	(3.57)%	(3.48)%	(6.60)%	(6.32)%	(2.73)%	1.52%	0.98%

* *Unfunded actuarial accrued liability*

Development of Valuation Investment Gain/(Loss)
Year Ended December 31, 2011
(Total System Assets)

The valuation assumes a 7.0% return on valuation assets. Net investment return in excess of 7.0% represents a gain. If net investment return falls short of 7.0%, the difference between an income of 7.0% and the net return represents a loss.

(1) Net 2011 Valuation Investment Income	\$ 6,590,867
(2) Average Valuation Assets	189,460,115
(3) Expected Investment Income: (.07) x (2)	13,262,208
(4) Effect of Revised Asset Method	0
(5) Gain (loss): (1) - (3) - (4)	(6,671,341)
(6) 2011 Rate of Return on Valuation Assets	3.48%

Please note that this analysis uses asset values and investment income as defined for the actuarial valuation. It may not, therefore, be appropriate as a measure of manager performance.

Financial Objective Tests

Testing how well the financial objective is being met can be done in many ways. There is no single all-encompassing test.

Contribution rates designed to remain level will do so, as long as:

- (1) the indicated contributions are paid on a timely basis, and
- (2) experience, as it develops, is in accord with the assumptions used in the calculations.

Of course changes in benefits or assumptions will cause discontinuities. But, if these two conditions are satisfied, and the system continues indefinitely, the ultimate test will be met -- the system will be able to meet all promised benefit payments when due.

Since nothing continues in its projected pattern indefinitely, short-term tests of achievement are appropriate. One such test is a comparison of the System's present assets to:

- (1) benefit values attributable to present retired members and beneficiaries;
- (2) benefit values attributable to vested terminated members;
- (3) benefit values allocated to present active members on account of service already rendered (the value of benefits that would be incurred by the System if future service was honored solely for the purpose of qualifying for a benefit and determining final average compensation).

In a system that has been using level percent-of-payroll financing discipline, items (1) and (2) will be fully covered by present assets except in unusual demographic or benefit development circumstances. Item (3) will only be fully covered if the plan's liabilities are at least 100% funded.

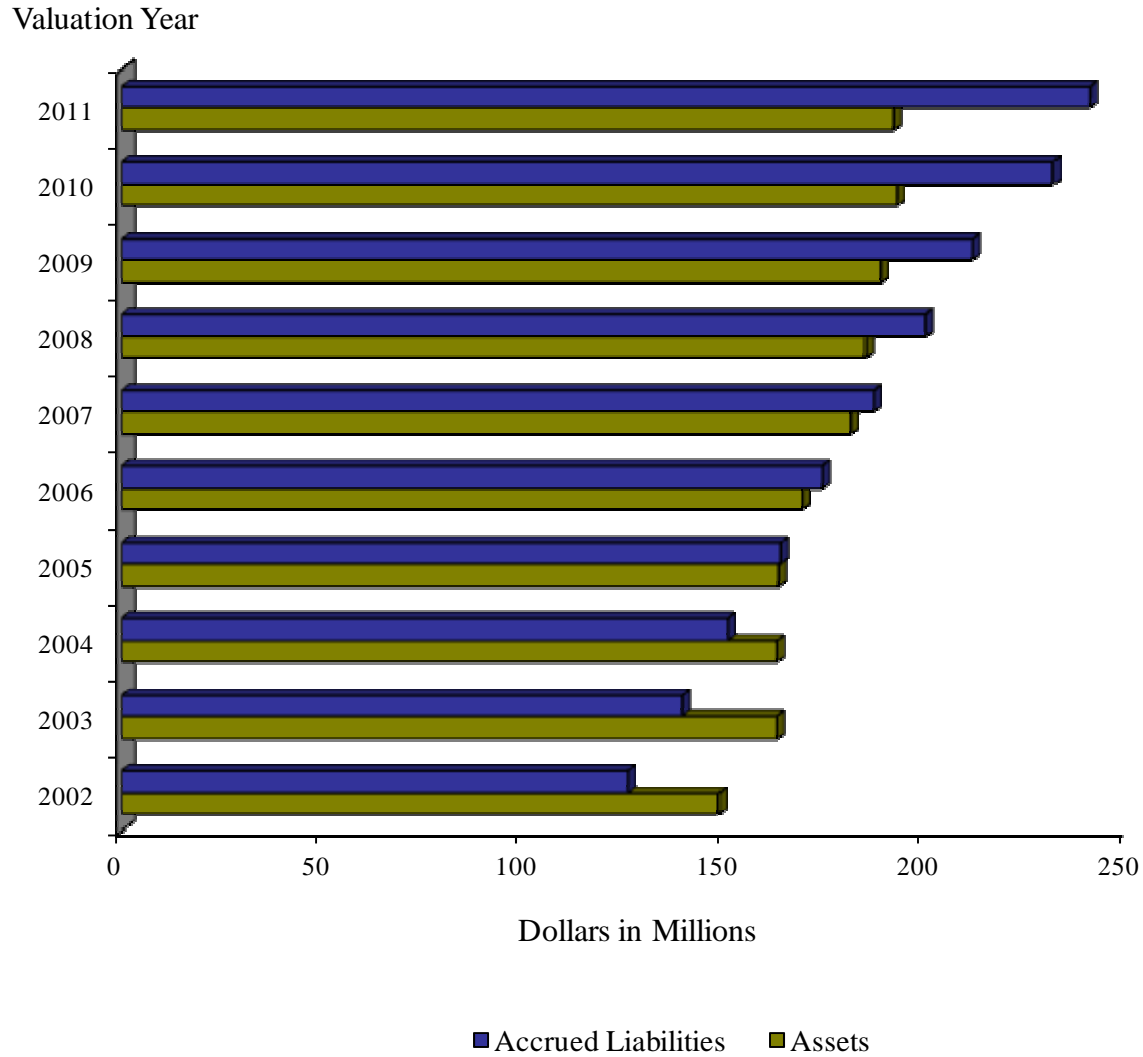
Liabilities, Assets and Funded Percents

Valuation Date	Dollar Amounts in Thousands				Percent Covered			
	Item (1)	Item (2)	Item (3)	Total	Assets	Items (1)+(2)	Item (3)	Total
12-31-97 *	\$28,700	\$2,242	\$56,157	\$ 87,099	\$ 105,789	100.0%	133.3 %	121.5 %
12-31-98 *	31,463	3,145	56,528	91,136	117,699	100.0	147.0	129.1
12-31-99 *	32,247	3,378	62,026	97,651	132,837	100.0	156.7	136.0
12-31-00 *	35,797	4,082	65,949	105,825	143,765	100.0	157.5	135.9
12-31-01 *	37,296	4,764	74,300	116,360	150,305	100.0	145.7	129.2
12-31-02 *#	45,207	5,585	74,861	125,653	148,405	100.0	130.4	118.1
12-31-03 *#	49,666	6,005	83,471	139,142	162,683	100.0	128.2	116.9
12-31-04 *	55,011	6,781	88,718	150,510	162,726	100.0	113.8	108.1
12-31-05	65,187	7,371	91,084	163,642	163,152	100.0	99.5	99.7
12-31-06	74,012	7,925	92,064	174,001	169,284	100.0	94.9	97.3
12-31-07 *	80,000	9,052	97,789	186,841	181,320	100.0	94.4	97.0
12-31-08 *#	82,998	9,360	107,503	199,861	184,968	100.0	86.1	92.5
12-31-09	98,784	9,126	103,423	211,333	188,779	100.0	78.2	89.3
12-31-10	131,317	9,597	90,767	231,681	192,859	100.0	57.2	83.2
12-31-11	136,224	8,948	95,714	240,886	192,014	100.0	48.9	79.7

* Retirement System amended.

Actuarial assumptions and methods were revised.

Assets & Accrued Liabilities



2002 assets equaled 118% of accrued liabilities.
 2011 assets equaled 80% of accrued liabilities.

Computed Employer Contributions Comparative Schedule

Valuation Date December 31	Active Members	Valuation Payroll	Employer Contributions As Payroll Percents						
			General	County Agency	Sheriff's Office	County Library	Road Commission	Mental Health	Central Dispatch
1997 #	890	\$28,814,126	0.00%	\$	0.00%	0.00%	11.34%	3.00%	0.00%
1998 #	874	29,309,641	0.00	\$	0.00	0.00	3.08	0.86	2.24
1999 #	918	31,064,894	0.21	\$	0.00	0.00	0.00	0.00	0.00
2000 #	953	35,059,040	0.00	\$	0.00	0.00	0.00	0.00	2.52
2001 #	961	35,250,392	0.00	0.00	0.00	0.00	0.00	0.00	4.92
2002 #*	942	35,895,185	1.60	0.00	8.54	0.00	6.72	0.00	14.62
2003 *	958	37,862,618	3.42	0.00	9.06	0.00	10.73	0.00	15.50
2004 *	950	38,712,508	7.11	3.54	12.72	0.00	15.03	0.05	19.43
2005	974	41,047,874	12.17	12.12	14.78	4.77	15.01	3.41	18.67
2006	981	41,821,305	13.05	12.87	15.33	4.94	15.37	6.14	20.16
2007 #	961	43,152,156	13.26	14.79	17.58	5.44	14.80	4.89	18.79
2008 #*	955	43,961,798	14.92	17.63	19.43	9.60	17.17	7.12	19.45
2009	912	42,893,801	17.29	17.39	20.50	10.76	17.21	8.67	19.09
2010	818	38,418,135	22.23	32.33	24.11	11.23	18.35	10.42	20.48
2011	813	38,891,988	23.75	34.12	26.26	13.11	19.15	9.92	19.42

Retirement System amended.

* Revised actuarial assumptions or method.

\$ Prior to 2001 the County Agency group was included with the General group.

SECTION C

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

**Brief Summary of Benefit Provisions
(December 31, 2011)**

Eligibility	Amount
REGULAR RETIREMENT	
General, Library, Road Commission and Mental Health: Age 55 with 30 or more years of service or age 60 with 8 or more years of service.	General County: Service multiplied by 2.5% of final average earnings. Multiplier is 2.0% for Library and 2.25% for Mental Health and Road Commission. (Certain Road Commission members have a 2.0% multiplier).
Sheriff's Office and Central Dispatch: Age 50 with 25 years of service or age 60 with 8 or more years of service.	Service multiplied by 2.5% of final average earnings (2.75% for Sheriff Command Officers). Highest 3 consecutive years out of last 10 for all groups. Maximum Benefit: 75% of final average earnings.
Certain union groups and the General non-union group adopted a 1.5% multiplier and 3% member contribution rate for members hired on or after 1/1/11.	
DEFERRED RETIREMENT	
8 or more years of service.	Computed as a regular retirement but based upon service and final average earnings at termination date.
NON-DUTY DEATH IN SERVICE	
15 years of service or age 60 with 10 years of service.	Computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.
DUTY DEATH IN SERVICE	
No age or service requirements.	Computed as regular retirement but computed as if the member had at least 15 years of service. Must be in receipt of worker's compensation.
NON-DUTY DISABILITY	
10 or more years of service.	Computed as a regular retirement.

**Brief Summary of Benefit Provisions
(December 31, 2011)**

Eligibility	Amount
DUTY DISABILITY	
No age or service requirements.	Computed as a regular retirement benefit but computed as if the member had at least 10 years of service.
POST-RETIREMENT INCREASES	
	Beginning January 1, 1994 for the Road Commission Local 543 members, a program of discretionary annual increases was begun.
	Other Payments
	The System may from year to year pay a “13 th check”. The 13 th check will be based upon investment earnings that are in excess of the assumed level on assets to cover retiree liabilities.
MEMBER CONTRIBUTIONS	
Central Dispatch Supervisors:	3.00% of the first \$7,800 and 5.00% of excess.
Road Commission:	3.10%.
Sheriff Command Officers:	1.53%.
General County:	None.
All Others:	None.
Certain union groups and the non-union General Group adopted a 3% member contribution for members hired after 1/1/2011.	

Retiree and Beneficiary Comparative Schedule

Valuation Date December 31	Added#@		Removed		End of Year		% Incr. in Annual Pensions	Ratio of Number Active Members to Number Retired	Annual Pensions as a % of Active Payroll
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions			
1988	25	\$ 185,464	5	\$ 27,285	140	\$ 664,936	31.2 %	6	3.5 %
1989	9	77,128	3	3,742	146	738,322	11.1	6	3.7
1990	23	212,335	3	10,063	166	940,594	27.4	5	4.3
1991	22	215,357	4	7,603	184	1,148,348	21.5	5	4.9
1992	13	353,438	1	15,774	196	1,486,012	29.4	4	5.3
1993	57	871,050	4	11,283	249	2,345,779	57.9	3	9.8
1994	11	127,455	5	33,167	255	2,440,067	4.0	3	9.8
1995	15	128,773	8	45,620	262	2,523,220	3.4	3	9.6
1996	15	155,424	13	101,327	264	2,577,317	2.1	3	9.7
1997 [¢]	32 [¢]	349,817	7	84,785	289	2,842,351	10.3	3	9.9
1998	29	356,408	13	94,770	305	3,103,989	9.2	3	10.6
1999	20	245,927	19	108,557	306	3,241,359	4.4	3	10.4
2000	27	471,307	12	97,495	321	3,615,170	11.5	3	11.0
2001	18	303,760	12	126,214	327	3,792,716	4.9	3	10.8
2002	37	851,345	14	129,016	350	4,515,045	19.0	3	12.6
2003	24	367,108	10	81,849	364	4,800,304	6.3	3	12.7
2004	50	808,337	32	410,843	382	5,197,798	8.3	2	13.4
2005	64	1,196,093	12	161,273	434	6,232,617	19.9	2	15.2
2006	41	897,712	11	103,828	464	7,026,501	12.7	2	16.8
2007	51	772,282	18	147,009	497	7,651,774	8.9	2	17.7
2008	20	390,306	12	122,465	505	7,919,615	3.5	2	18.0
2009	76	1,691,456	25	289,107	556	9,321,964	17.7	2	21.7
2010	106	2,903,205	17	150,288	645	12,074,881	29.5	1	31.4
2011	40	828,299	19	279,510	666	12,623,670	4.5	1	32.5

Includes beneficiaries of deceased retirees.

@ Includes post-retirement adjustments.

¢ Includes 8 1998 Library retirees and 6 pre 1997 retirees not previously reported.

Retirees and Beneficiaries December 31, 2011
Tabulated by Attained Age
General County

Age	Age & Service		Disability		Survivor		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 35					1	\$ 7,196	1	\$ 7,196
35-39								
40-44								
45-49	3	\$ 102,550	1	\$ 4,521			4	107,071
50-54	24	661,541	1	12,165			25	673,706
55-59	35	1,006,621	5	74,632	1	23,058	41	1,104,311
60-64	80	1,520,052	7	76,562			87	1,596,614
65-69	51	976,979	3	31,916	1	9,012	55	1,017,907
70-74	37	551,149	1	7,845	1	13,812	39	572,806
75-79	29	270,978	2	6,461			31	277,439
80-84	22	304,767	1	7,232			23	311,999
85-89	10	75,520					10	75,520
90+	13	69,116					13	69,116
Total	304	\$ 5,539,273	21	\$ 221,334	4	\$ 53,078	329	\$ 5,813,685

Average Age at Retirement: 59.6 years.

Average Age Now: 67.6 years.

Retirees and Beneficiaries December 31, 2011
Tabulated by Attained Age
County Agency

Age	Age & Service		Disability		Survivor		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 35								
35-39								
40-44								
45-49	3	\$ 106,553	1	\$ 24,158			4	\$ 130,711
50-54	5	188,630					5	188,630
55-59	1	30,816					1	30,816
60-64	6	187,513			1	\$ 12,454	7	199,967
65-69	2	50,506					2	50,506
70-74	3	42,656					3	42,656
75-79	2	16,405					2	16,405
80-84	2	15,989			1	5,337	3	21,326
85-89	2	12,259					2	12,259
90+								
Total	26	\$ 651,327	1	\$ 24,158	2	\$ 17,791	29	\$ 693,276

Average Age at Retirement: 56.2 years.

Average Age Now: 65.2 years.

Retirees and Beneficiaries December 31, 2011
Tabulated by Attained Age
Sheriff's Office

Age	Age & Service		Disability		Survivor		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 35								
35-39								
40-44			1	\$ 13,230			1	\$ 13,230
45-49	1	\$ 48,100	1	10,208			2	58,308
50-54	9	386,353	5	104,781			14	491,134
55-59	23	915,272	4	69,961	1	\$ 15,035	28	1,000,268
60-64	29	754,522	1	13,222	1	11,126	31	778,870
65-69	8	169,316	4	23,334			12	192,650
70-74	10	186,858	3	26,428			13	213,286
75-79	7	105,692					7	105,692
80-84	4	40,683					4	40,683
85-89	1	7,828					1	7,828
90+								
Total	92	\$ 2,614,624	19	\$ 261,164	2	\$ 26,161	113	\$ 2,901,949

Average Age at Retirement: 53.7 years.

Average Age Now: 63.2 years.

Retirees and Beneficiaries December 31, 2011
Tabulated by Attained Age
Library

Age	Age & Service		Disability		Survivor		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 35								
35-39								
40-44								
45-49								
50-54								
55-59	3	\$ 101,542					3	\$ 101,542
60-64	10	263,198					10	263,198
65-69	11	192,680					11	192,680
70-74	7	82,893					7	82,893
75-79	5	76,882					5	76,882
80-84	4	51,046					4	51,046
85-89	3	6,086					3	6,086
90+	1	4,799					1	4,799
Total	44	\$ 779,126					44	\$ 779,126

Average Age at Retirement: 60.8 years.

Average Age Now: 71.3 years.

Retirees and Beneficiaries December 31, 2011
Tabulated by Attained Age
Road Commission

Age	Age & Service		Disability		Survivor		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 35								
35-39								
40-44								
45-49								
50-54								
55-59	9	\$ 212,884	1	\$ 13,741			10	\$ 226,625
60-64	7	190,854	3	33,699			10	224,553
65-69	18	325,850	1	19,206			19	345,056
70-74	11	252,746	1	6,673			12	259,419
75-79	9	132,346			1	\$ 10,542	10	142,888
80-84	14	172,238			1	9,698	15	181,936
85-89	3	31,511					3	31,511
90+								
Total	71	\$ 1,318,429	6	\$ 73,319	2	\$ 20,240	79	\$ 1,411,988

Average Age at Retirement: 57.8 years.

Average Age Now: 71.3 years.

Retirees and Beneficiaries December 31, 2011
Tabulated by Attained Age
Mental Health Authority

Age	Age & Service		Disability		Survivor		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 35								
35-39								
40-44								
45-49								
50-54	2	\$ 17,603					2	\$ 17,603
55-59	10	135,981			2	\$ 35,849	12	171,830
60-64	24	307,282					24	307,282
65-69	14	199,129					14	199,129
70-74	5	90,326					5	90,326
75-79	5	51,569					5	51,569
80-84	2	15,670					2	15,670
85-89								
90+								
Total	62	\$ 817,560			2	\$ 35,849	64	\$ 853,409

Average Age at Retirement: 59.6 years.

Average Age Now: 65.0 years.

Retirees and Beneficiaries December 31, 2011
Tabulated by Attained Age
Central Dispatchers

Age	Age & Service		Disability		Survivor		Totals	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 35								
35-39								
40-44								
45-49			1	\$ 16,739			1	\$ 16,739
50-54	1	\$ 41,491					1	41,491
55-59	1	25,494					1	25,494
60-64	1	24,828	2	27,512			3	52,340
65-69								
70-74	2	23,745					2	23,745
75-79								
80-84								
85-89								
90+								
Total	5	\$ 115,558	3	\$ 44,251			8	\$ 159,809

Average Age at Retirement: 55.1 years.

Average Age Now: 60.3 years.

**Inactive Vested Members December 31, 2011
Tabulated by Attained Age**

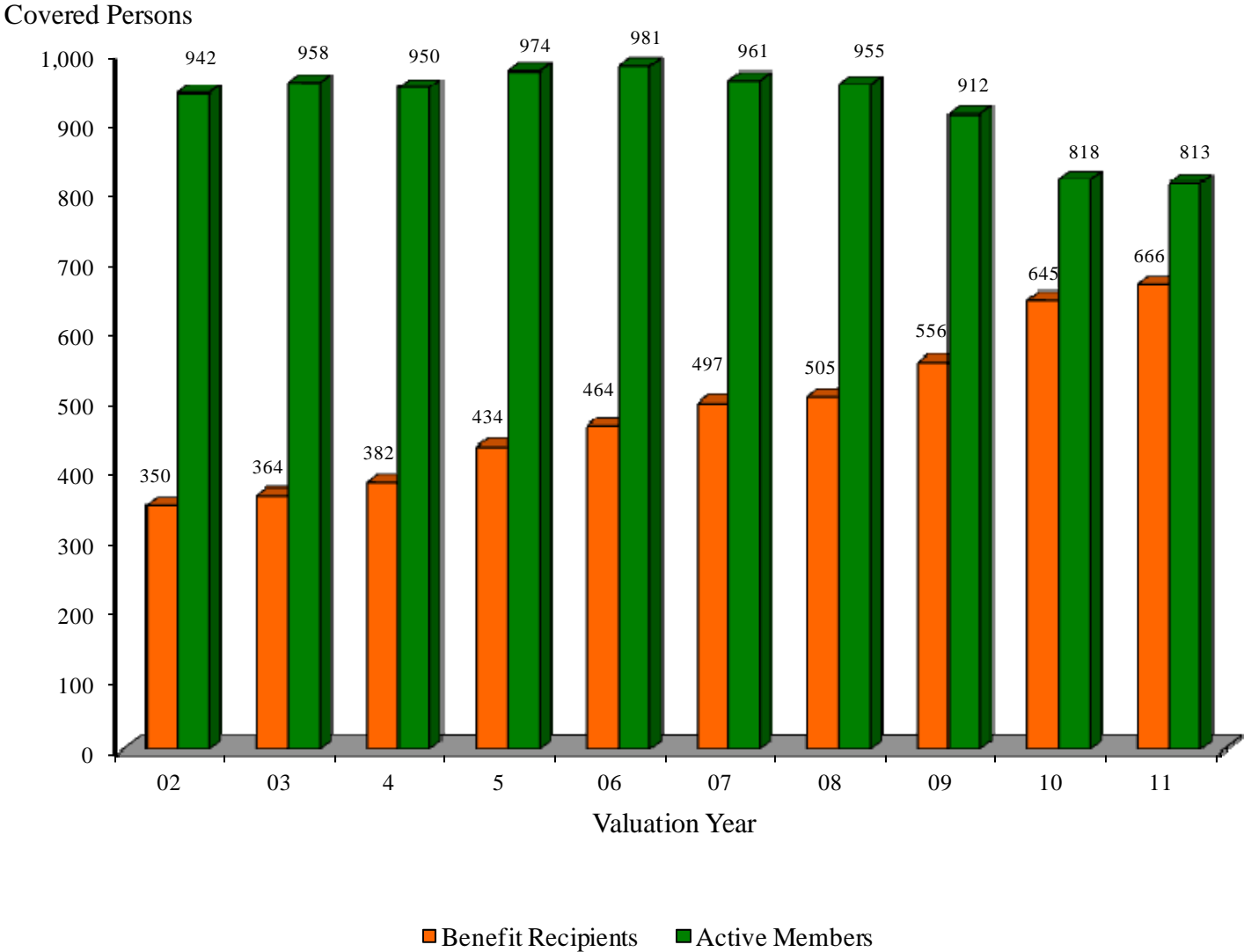
<u>Age</u>	<u>Age & Service</u>	
	<u>No.</u>	<u>Annual Benefits</u>
28	1	\$ 8,460
34	1	13,884
35	1	10,535
37	2	15,840
38	3	26,345
39	2	27,975
40	3	26,151
41	3	35,389
43	5	44,402
44	4	30,367
45	5	40,455
46	7	43,874
47	7	83,589
48	6	78,702
49	8	63,734
50	8	79,459
51	5	70,651
52	4	37,994
53	6	73,350
54	3	28,604
55	9	127,591
56	6	81,315
57	11	140,537
58	5	58,289
59	9	91,481
61	1	16,848

Total	125	\$1,355,821
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Average Age at Termination: 40.8 years.

Average Age Now: 50.5 years.

Active Members & Benefit Recipients



Active Members December 31, 2011

Division	Total	
	No.	Annual Pays
General County	298	\$13,172,137
County Agency	25	1,213,962
Sheriff's Office	141	8,896,323
County Library	116	4,183,212
Road Commission	83	4,420,722
Mental Health	131	6,064,436
Central Dispatchers	19	941,196
Total	813	\$38,891,988

Comparative Schedule

Valuation Date December 31	Active Members	Valuation Payroll	Average			% Increase
			Age	Service	Pay	
1987	765	\$17,550,003	41.4	9.4	\$22,941	5.2 %
1988	796	19,142,880	41.1	9.4	24,049	4.8
1989	817	20,190,049	41.5	9.7	24,712	2.8
1990	836	21,801,469	41.3	9.6	26,078	5.5
1991	873	23,521,982	41.4	9.6	26,944	3.3
1992	861	24,393,164	41.9	10.1	28,331	5.1
1993	867	23,999,619	41.1	9.3	27,681	(2.3)
1994	862	24,966,463	41.7	9.9	28,963	4.6
1995	892	26,408,333	41.8	10.1	29,606	2.2
1996	870	26,643,235	42.3	10.8	30,624	3.4
1997	890	28,814,126	42.6	10.9	32,375	5.7
1998	874	29,309,641	42.5	10.8	33,335	3.6
1999	918	31,064,894	42.8	10.7	33,840	1.5
2000	953	32,749,688	42.8	10.5	34,365	1.6
2001	961	35,250,392	42.8	10.5	36,681	6.7
2002	942	35,895,185	43.3	10.8	38,105	3.9
2003	958	37,862,618	43.9	11.1	39,523	3.7
2004	950	38,712,508	44.0	11.2	40,750	3.1
2005	974	41,047,874	44.1	10.8	42,144	3.4
2006	981	41,821,305	44.1	10.8	42,631	1.2
2007	961	43,152,156	44.4	11.0	44,903	5.3
2008	955	43,961,798	45.1	11.4	46,033	2.5
2009	912	42,893,801	44.9	11.2	47,033	2.2
2010	818	38,418,135	44.5	11.0	46,966	(0.1)
2011	813	38,891,988	44.9	11.2	47,838	1.9

Certain Road Commission employees were included in this schedule for the first time in 1984. Certain other Road Commission employees were included in this schedule for the first time in 1987.

**Active General County Members December 31, 2011
by Attained Age and Years of Service**

Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	7	1						8	\$ 253,394
25-29	6	3						9	261,536
30-34	15	10	8	1				34	1,387,741
35-39	10	12	10	2				34	1,521,148
40-44	5	3	5	15	3			31	1,443,098
45-49	12	10	11	6	12	3		54	2,274,024
50-54	9	9	12	11	3	5	4	53	2,356,286
55-59	11	7	11	5	5	1	3	43	2,042,488
60	2	1	1	1				5	167,497
61	3	3	3	2			2	13	599,170
62				1	1	1	1	4	249,109
63	1		1					2	102,431
64	1	1					1	3	138,022
65									
66					1			1	95,994
67		1						1	94,328
68									
69							1	1	111,920
70 & Up		1				1		2	73,951
Totals	82	62	62	44	25	11	12	298	\$13,172,137

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.6 years.

Service: 11.6 years.

Annual Pay: \$44,202.

**Active County Agency Members December 31, 2011
by Attained Age and Years of Service**

Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	2							2	\$ 84,643
25-29	1	1						2	95,850
30-34		1						1	50,958
35-39	1	2	1					4	202,386
40-44		1						1	58,345
45-49		1	1	2	3			7	362,338
50-54		2	1	1	1	2		7	309,057
55-59									
60									
61					1			1	50,385
Totals	4	8	3	3	5	2		25	\$1,213,962

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 43.1 years.
 Service: 12.8 years.
 Annual Pay: \$48,558.

**Active Sheriff's Office Members December 31, 2011
by Attained Age and Years of Service**

Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	1							1	\$ 43,697
25-29	2	4						6	287,312
30-34	4	14	5					23	1,244,302
35-39	1	9	19	7				36	2,378,100
40-44	3	4	15	5	4			31	2,058,084
45-49		2	7	5	8	5		27	1,819,490
50-54		1	3	3	3			10	648,487
55-59			4	2				6	379,113
61									
62									
63	1							1	37,738
Totals	12	34	53	22	15	5		141	\$8,896,323

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 40.7 years.

Service: 12.7 years.

Annual Pay: \$63,094.

**Active County Library Members December 31, 2011
by Attained Age and Years of Service**

Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	2							2	\$ 55,871
25-29	10	3						13	421,057
30-34	4	3						7	252,889
35-39	4	1	1					6	203,894
40-44	7	3	2	1				13	473,438
45-49	10	1	2	1	2		1	17	576,917
50-54	9	4	2	1	1	2	3	22	840,486
55-59	6	4	4		1	2	1	18	692,678
60	2		1		2			5	197,824
61				1				1	52,970
62	1	2		1				4	146,922
63	2					1		3	117,162
65 & Up	4	1						5	151,104
Totals	61	22	12	5	6	5	5	116	\$4,183,212

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 47.3 years.

Service: 8.3 years.

Annual Pay: \$36,062.

**Active Road Commission Members December 31, 2011
by Attained Age and Years of Service**

Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
25-29		1						1	\$ 50,650
30-34		1	2					3	158,446
35-39		4	4	3				11	598,070
40-44	1	3	3	6	1			14	756,254
45-49	1	2	8	7	5	4		27	1,434,812
50-54		3	6	1	2	2		14	749,258
55-59		2	2	3		1		8	393,391
61				2		1		3	154,688
64		1						1	77,432
65					1			1	47,721
Totals	2	17	25	22	9	8		83	\$4,420,722

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.8 years.

Service: 15.0 years.

Annual Pay: \$53,262.

**Active Mental Health Members December 31, 2011
by Attained Age and Years of Service**

Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	1							1	\$ 21,970
25-29	8	2						10	374,073
30-34	12	7	2					21	802,251
35-39	4	4	6					14	601,500
40-44	7	6	4	3	1			21	1,034,140
45-49	7	1	5	1	7	1		22	1,021,049
50-54	6	4		1	9			20	892,908
55-59	3		3	2	2			10	606,065
60		1	1					2	90,699
61			1					1	43,757
62			1					1	30,252
63	1	1						2	128,328
64			1					1	37,482
65		2						2	223,210
67	1		1					2	103,671
68		1						1	53,081
Totals	50	29	25	7	19	1		131	\$6,064,436

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 44.0 years.
Service: 8.9 years.
Annual Pay: \$46,293.

**Active Central Dispatch Members December 31, 2011
by Attained Age and Years of Service**

Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	1	1						2	\$ 87,411
25-29	1							1	41,866
30-34	1	3						4	194,476
35-39	2		2					4	193,764
40-44		3		1				4	197,697
45-49			1					1	58,938
50-54			1					1	54,768
55-59				1		1		2	112,276
Totals	5	7	4	2		1		19	\$941,196

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 38.1 years.

Service: 9.2 years.

Annual Pay: \$49,537.

Summary of Financial Information Furnished for Valuation (System Totals)

Market Value

Revenues and Expenditures

REVENUES:

a. Member contributions	\$	662,938
b. Employer contributions		5,994,825
c. Interest and Dividends		5,241,544
d. Realized and unrealized gain (loss)		<u>(7,916,133)</u>
e. Total revenues		3,983,174

EXPENDITURES:

a. Refunds of member contributions		736,163
b. Retirement benefits paid		12,431,710
c. Administrative expense		288,432
d. Investment expense		<u>914,322</u>
e. Total expenditures		<u>14,370,627</u>

RESERVE INCREASE:

Total revenues minus total expenditures	\$	<u><u>(10,387,453)</u></u>
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Market Value Assets

Cash and cash equivalents*	\$	353,537
Other short-term investments		11,451,852
Bonds - U.S. Guaranteed		26,327,871
- Other		53,104,910
Stocks		73,081,416
Real Estate		<u>1,995,591</u>
Total Assets		<u><u>\$166,315,177</u></u>

* Net of payables, if any.

Development of Pension Valuation Assets

Valuation Date December 31:	2007	2008	2009	2010	2011
1. Beginning of Year Assets					
a) Market Value	\$177,532,251	\$187,790,674	\$148,763,118	\$165,646,245	\$176,702,630
b) Valuation Assets	169,283,765	181,320,182	184,967,843	188,779,278	192,859,386
2. End of Year Market Value Assets	187,790,674	148,763,118	165,646,245	176,702,630	166,315,177
3. Net Additions to Market Value					
a) Net Contributions	5,269,167	5,609,406	5,743,482	7,774,958	6,657,763
b) Net Investment Income = (3d) - (3a) - (3c)	13,707,764	(35,945,076)	21,216,280	15,762,089	(3,588,911)
c) Benefit Payments, Refunds, and Admin Expenses	(8,718,508)	(8,691,886)	(10,076,635)	(12,480,662)	(13,456,305)
d) Total Additions to Market Value = (2) - (1a)	10,258,423	(39,027,556)	16,883,127	11,056,385	(10,387,453)
4. Average Valuation Assets =					
(1b) + .5 x [(3a) + (3c)]	167,559,095	179,778,942	182,801,267	186,426,426	189,460,115
5. Expected Income at Valuation Rate = 7% x (4)	11,729,137	12,584,526	12,796,089	13,049,850	13,262,208
6. Gain (Loss) = (3b) - (5)	1,978,627	(48,529,602)	8,420,191	2,712,239	(16,851,119)
7. Phased-In Recognition of Investment Return					
a) Current Year: 1/7 x (6) [20% prior to 2008]	395,725	(6,932,800)	1,202,884	387,463	(2,407,303)
b) First Prior Year	1,407,608	1,078,415	(6,932,800)	1,202,884	387,463
c) Second Prior Year	278,149	0	1,078,415	(6,932,800)	1,202,884
d) Third Prior Year	108,470	0	0	1,078,415	(6,932,800)
e) Fourth Prior Year	1,566,669	0	0	0	1,078,415
f) Fifth Prior Year	0	0	0	0	0
g) Sixth Prior Year	0	0	0	0	0
h) Total Recognized Investment Gain	3,756,621	(5,854,385)	(4,651,501)	(4,264,038)	(6,671,341)
8. Change in Valuation Assets					
(3a) + (3c) + (5) + (7h)	12,036,417	3,647,661	3,811,435	4,080,108	(207,675)
9. Preliminary Valuation Assets = (1b) + (8)	181,320,182	184,967,843	188,779,278	192,859,386	192,651,711
10. Corridor					
a) Lower Limit: 76% x (2) [80% prior to 2008]	150,232,539	104,134,183	119,265,296	130,759,946	126,399,535
b) Upper Limit: 124% x (2) [120% prior to 2008]	225,348,809	193,392,053	212,027,194	222,645,314	206,230,819
c) Adjustment to (9) to fit Limits	0	0	0	0	0
11. End of Year Assets					
a) Market Value = (2)	187,790,674	148,763,118	165,646,245	176,702,630	166,315,177
b) Valuation Assets = (9) + (10c)	181,320,182	184,967,843	188,779,278	192,859,386	192,651,711
c) Difference Between Market & Valuation Assets	6,470,492	(36,204,725)	(23,133,033)	(16,156,756)	(26,336,534)
d) Investment Return = (5) + (7h) + (10c)	15,485,758	6,730,141	8,144,588	8,785,812	6,590,867
12. Recognized Rate of Return = (11d) / (4)	9.24%	3.74%	4.46%	4.71%	3.48%
13. Market Rate of Return = 2 x (3b) / [(1a) + (2) - (3b)]	7.80%	(19.30%)	14.47%	9.65%	(2.07%)

Allocation of Pension Valuation Assets
December 31, 2011 Valuation

	Allocation of Retirement Systems Assets for 2011						
	General County	County Agency	Sheriff's Office	County Library	Road Commission	Mental Health	Central Dispatch
(1) Valuation assets at start of year	\$78,180,952	\$6,988,424	\$45,067,407	\$14,329,128	\$22,340,076	\$23,070,053	\$2,883,346
(2) Employee contributions	281,791	36,547	177,826	0	143,362	0	23,412
(3) Employer contributions	2,130,205	211,471	1,796,978	388,958	762,537	513,826	190,850
(4) Benefits paid	5,776,063	699,536	2,895,768	565,383	1,470,828	829,990	194,142
(5) Refund of contributions	81,390	0	641,715	0	0	13,058	0
(6) Administrative expense Allocated on BOY asset value	116,923	10,452	67,401	21,430	33,411	34,503	4,312
(7) Average valuation assets [(1) + 0.5*(2) + (3) - (4) - (5) - (6)]	76,399,761	6,757,439	44,252,367	14,230,201	22,040,906	22,888,191	2,891,250
(8) Investment income Allocated on average valuation assets	2,657,765	235,075	1,539,435	495,035	766,751	796,226	100,580
(9) Transfer In	0	0	0	0	0	0	0
Transfer Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Transfer of Assets	0	0	0	0	0	0	0
(10) Valuation assets at end of year [(1) + (2) + (3) - (4) - (5) - (6) + (8) + (9)]	77,276,337	6,761,529	44,976,762	14,626,308	22,508,487	23,502,554	2,999,734
(11) Total revenues [(2) + (3) + (8)]	5,069,761	483,093	3,514,239	883,993	1,672,650	1,310,052	314,842
Percentage of revenue attributable to:							
Employee contributions	5.6%	7.6%	5.1%	0.0%	8.6%	0.0%	7.4%
Employer contributions	42.0%	43.8%	51.1%	44.0%	45.6%	39.2%	60.6%
Investment income	52.4%	48.6%	43.8%	56.0%	45.8%	60.8%	32.0%
(12) Total expenditures [(4) + (5) + (6)]	5,974,376	709,988	3,604,884	586,813	1,504,239	877,551	198,454
Percentage of expenditure attributable to:							
Benefits paid	96.6%	98.5%	80.3%	96.3%	97.8%	94.6%	97.8%
Refund of contributions	1.4%	0.0%	17.8%	0.0%	0.0%	1.5%	0.0%
Administrative expenses	2.0%	1.5%	1.9%	3.7%	2.2%	3.9%	2.2%

Note: Revenues and expenditures exclude transfers in/out of assets.

Monroe County
General County, County Agency, Sheriff's and Dispatchers
13th Check Excess Reserve Fund

Year	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Fund Balance EOY 1/	
	Return on AVA	Assumed Return on AVA	Net Rate of Return (a)-(b)	Retiree Liabilities as of 12/31	Annual Transfer Amount Before Limit (c) * (d)	Fund Balance BOY	Distributions During Year	(h) Before Limit (e) + (f) + (g)	(i) After Limit
2001	7.02%	7.00%	0.02%	\$22,261,453	\$ 4,452	\$ 1,000,000	\$ (106,087)	\$ 898,365	\$ 898,365
2002	1.92%	7.00%	0.00%	29,537,898	-	898,365	(100,000)	798,365	798,365
2003	2.97%	7.00%	0.00%	32,530,519	-	798,365	(100,000)	698,365	698,365
2004	2.68%	7.00%	0.00%	37,200,540	-	698,365	(100,000)	598,365	598,365
2005	3.30%	7.00%	0.00%	45,437,890	-	598,365	(100,000)	498,365	498,365
2006	6.34%	7.00%	0.00%	53,127,878	-	498,365	(100,000)	398,365	398,365
2007	9.24%	7.00%	2.24%	55,057,742	1,233,293	398,365	(100,000)	1,531,658	1,000,000
2008	3.74%	7.00%	0.00%	56,708,971	-	1,000,000	(100,000)	900,000	900,000
2009	4.46%	7.00%	0.00%	72,423,887	-	900,000	(100,000)	800,000	800,000
2010	4.71%	7.00%	0.00%	103,203,265	-	800,000	(99,900)	700,100	700,100
2011	3.48%	7.00%	0.00%	104,763,990	-	700,100	(99,900)	600,200	600,200

1/ Based on the 13th Check provisions of crediting 0% to Excess Reserve Fund.

**Monroe County
Road Commission
13th Check Excess Reserve Fund**

Year	(a)	(b)	(c)	1/	(d)	(e)	(f)	(g)	Fund Balance EOY 2/	
	Return on AVA	Assumed Return on AVA	Net Rate of Return (a)-(b)		Mean Value of Retiree Liabilities as of 12/31	Annual Transfer Amount Before Limit (c) * (d)	Fund Balance BOY	Distributions During Year	(h) Before Limit (e) + (f) + (g)	(i) After Limit
2003	2.97%	7.00%	0.00%		11,728,123	\$ 0	\$ 226,996	\$ (39,618)	\$ 187,378	\$ 187,378
2004	2.68%	7.00%	0.00%		12,200,993	-	187,378	(44,227)	143,151	143,151
2005	3.30%	7.00%	0.00%		12,726,404	-	143,151	(46,959)	96,192	96,192
2006	6.34%	7.00%	0.00%		13,526,748	-	96,192	(54,213)	41,979	41,979
2007	9.24%	7.00%	2.24%		13,827,789	309,742	41,979	(58,500)	293,221	293,221
2008	3.74%	7.00%	0.00%		14,150,636	-	293,221	(64,900)	228,321	228,321
2009	4.46%	7.00%	0.00%		14,320,440	-	228,321	(62,800)	165,521	165,521
2010	4.71%	7.00%	0.00%		14,662,971	-	165,521	(62,800)	102,721	102,721
2011	3.48%	7.00%	0.00%		14,426,673	-	102,721	(65,100)	37,621	37,621

1/ Average of retiree liabilities as of beginning and end of year.

2/ Based on the 13th check provision of crediting 0% to the Excess Reserve Fund.

SECTION D

**FINANCIAL PRINCIPLES, ACTUARIAL VALUATION
PROCESS, ACTUARIAL COST METHODS, AND
ACTUARIAL ASSUMPTIONS**

Valuation Methods

Actuarial Cost Method. Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry-age actuarial cost method having the following characteristics:

- i) the annual normal costs for each individual active member, payable from the hire date to the date of retirement, are sufficient to accumulate to the value of the member's benefit earned.
- ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Asset Valuation Method. Last year's valuation assets are increased by contributions and regular investment income and reduced by refunds, benefit payments and expenses. The difference between the actual investment return and the expected return is phased in over a 7 year period. The result must be no more than 30% from the market value of assets for the December 31, 2008 valuation. The percentage that the valuation assets can differ from the market value of assets will decrease each subsequent year by 2% until a 20% corridor is reached. In the December 31, 2011 valuation the corridor is 24%.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities were amortized by level (principal & interest combined) percent-of-payroll contributions as follows:

Divisions that are underfunded – 20 year open amortization

Divisions that are over-funded – 10 year open amortization

Actuarial Assumptions Used for the Valuation

Investment Return (net of investment expenses).

3.0% per year in excess of pay inflation. If pay inflation matches the assumption of 4.0%, this implies a 7% rate of return.

This assumption is used to equate the value of payments due at different points in time and was first used for the December 31, 2002 valuation and re-evaluated for the December 31, 2008 valuation. Approximate rates of investment return, for the purpose of comparisons with assumed rates, are shown below. Actual increases in average active member pay are also shown for comparative purposes.

	Year Ended December 31					5 Year Average*
	2011	2010	2009	2008	2007	
Rate of Investment Return	3.5%	4.7%	4.5%	3.7%	9.2%	5.1%
Increase in Average Pay	1.9	(0.1)	2.2	2.5	5.3	2.3%
Real Rate of Return	1.6	4.8	2.3	1.2	3.9	2.8

* Compound rate of increase.

The nominal rate of return was computed using the approximate formula $i = I$ divided by $1/2 (A + B - I)$, where I is actual investment income net of expenses, A is the beginning of year asset value, and B is the end of year asset value.

These rates of return should not be used for measurement of an investment advisor's performance or for comparisons with other systems. The rate of return on member contribution was assumed to be 5.0%.

Pay Projections. These assumptions are used to project current pays to those upon which benefits will be based. The assumptions were first used for the December 31, 2008 valuation.

Annual Rate of Pay Increases for Sample Ages							
Years of Service	Base (Economic)	Merit and Longevity			Total		
		General, Library, County Agency, Sheriff's Office, Cent. Dispatch	Road Commission	Mental Health	General, Library, County Agency, Sheriff's Office, Cent. Dispatch	Road Commission	Mental Health
1	4.0%	2.8%	2.0%	7.0%	6.8%	6.0%	11.0%
2	4.0	2.8	2.0	4.0	6.8	6.0	8.0
3	4.0	2.8	2.0	4.0	6.8	6.0	8.0
4	4.0	2.8	2.0	4.0	6.8	6.0	8.0
5	4.0	2.8	0.5	4.0	6.8	4.5	8.0
6	4.0	2.8	0.5	4.0	6.8	4.5	8.0
7	4.0	2.8	0.5	0.5	6.8	4.5	4.5
8	4.0	2.8	0.5	0.5	6.8	4.5	4.5
9+	4.0	0.5	0.5	0.5	4.5	4.5	4.5

Actual average pay has increased at the following rates.

Year Ended December 31					5 Year
2011	2010	2009	2008	2007	Average
1.9%	(0.1)%	2.2%	2.5%	5.3%	2.3%

* Compound rate of increase.

The mortality table (a risk assumption) used was the RP-2000 Mortality Table for males and females, projected 20 years. The assumptions were first used for the December 31, 2008 valuation.

Sample Ages	Single Life Retirement Values			
	Value at Retirement of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$152.58	\$154.61	32.77	34.63
55	144.15	146.80	28.04	29.88
60	133.48	137.08	23.47	25.31
65	120.71	125.53	19.17	21.02
70	106.09	112.39	15.22	17.06
75	89.18	97.66	11.58	13.47
80	71.11	81.35	8.42	10.23

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement. For disability retirements, the RP-2000 Mortality Table was used with a 3-year set forward.

The **Rates of Retirement.** (A risk assumption) used to measure the probabilities of an eligible member retiring during the next year were as follows:

Retirement Ages	Percent of Active Members Retiring within Next Year		
	General County, County Agency Mental Health and County Library	Sheriff's Office & Central Dispatch	Road Commission
50		18.8 %	
51		18.8	
52		18.8	
53		25.0	
54		25.0	
55	37.5 %	25.0	12.5 %
56	12.5	25.0	12.5
57	12.5	12.5	25.0
58	12.5	6.3	25.0
59	12.5	6.3	25.0
60	18.8	6.3	50.0
61	18.8	6.3	50.0
62	18.8	6.3	50.0
63	18.8	6.3	50.0
64	6.3	6.3	50.0
65	6.3	100.0	100.0
66	6.3		
67	6.3		
68	6.3		
69	6.3		
70	100.0		

These rates were first used for the December 31, 2008 valuation for all groups.

Administrative Expenses. 0.65% of payroll.

Active Member Group Size. The number of active members was assumed to remain constant. This assumption is unchanged from previous valuations.

Rates of separation from active membership (a risk assumption) were as follows:

(Rates do not apply to members eligible for regular retirement and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment. These rates were first used for the December 31, 2008 valuation for all groups.

**Sample Rates of Separation from Active Employment
Before Retirement, Death or Disability**

Sample Ages	% of Active Members Separating within Next Year			
	Years of Service	General County, County Agency, Mental Health and County Library	Sheriff's Office & Central Dispatch	Road Commission
ALL	0	15.00%	15.00%	15.00%
	1	13.00	9.00	12.00
	2	12.00	7.00	10.50
	3	8.00	7.00	9.00
	4	8.00	7.00	9.00
25	5 & Over	7.65	3.00	6.00
30		7.65	3.00	3.00
35		6.80	2.00	3.00
40		5.10	2.00	3.00
45		3.40	1.75	2.00
50		3.40	1.00	2.00
55	0.85	0.50	1.00	
60	0.85	0.00	1.00	

Rates of Disability. These rates represent the probabilities of active members becoming disabled.

Sample Ages	Number of Disabilities Per 100 Eligible Members	
	Men	Women
20	0.09%	0.08%
25	0.09	0.08
30	0.09	0.08
35	0.09	0.08
40	0.24	0.28
45	0.32	0.32
50	0.59	0.45
55	1.07	0.61
60	1.70	0.81

85% of the disabilities were assumed to be non-duty related. For the Sheriff's Office and Road Commission employees, 50% of the disabilities are assumed to be duty related.

Miscellaneous and Technical Assumptions

Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
Pay Increase Timing:	On the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and death-in-service decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is straight life form.
Loads:	None.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.

SECTION E

FINANCIAL DISCLOSURE IN CONFORMANCE WITH STATEMENT NO. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

Monroe County Employees Retirement System

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/02*#	\$148,404,995	\$ 125,652,447	\$ (22,752,548)	118.1	\$35,895,185	(63.4) %
12/31/03#	162,683,115	139,141,015	(23,542,100)	116.9	37,862,618	(62.2)
12/31/04*	162,725,639	150,510,011	(12,215,628)	108.1	38,712,508	(31.6)
12/31/05	163,151,579	163,641,875	490,296	99.7	41,047,874	1.2
12/31/06	169,283,765	174,001,978	4,718,213	97.3	41,821,305	11.3
12/31/07*	181,320,182	186,841,313	5,521,131	97.0	43,152,156	12.8
12/31/08*#	184,967,843	199,860,437	14,892,594	92.5	43,961,798	33.9
12/31/09	188,779,278	211,333,497	22,554,219	89.3	42,893,801	52.6
12/31/10	192,859,386	231,680,911	38,821,525	83.2	38,418,135	101.0
12/31/11	192,013,890	240,885,825	48,871,935	79.7	38,891,988	125.7

* Plan amended.

Assumptions revised.

Notes: Values take account of all System benefits except retiree health benefits. 13th checks to retirees that were paid from System assets before the valuation date and as scheduled to be paid during 2012 are reflected in the valuation. No additional 13th checks have been considered.

Actuarial Cost Method

Individual Entry Age Normal Cost

Asset Valuation

Market value with 7-year smoothing

Amortization Method

Level percent of payroll

Equivalent single amortization period

Mental Health 10 years, open

All Others 20 years, open

Principal actuarial assumptions (last revised for the 12/31/08 valuation):

- Net Investment Return*

7.0%

- Projected Salary Increases*

4.5% to 11.0%

- Cost-of-Living Adjustments

4.5%, certain Road Commission members only.

* Includes pay inflation at 4.0%.