

MONROE COUNTY RETIREE HEALTH PLAN
TWENTIETH ANNUAL ACTUARIAL VALUATION
DECEMBER 31, 2010

September 29, 2011

The County of Monroe
Monroe, Michigan

Submitted in this report are the results of the Twentieth Annual Actuarial Valuation of the assets, benefit values and contribution requirements associated with the retiree health benefits provided by the County of Monroe Retiree Health Plan.

The date of the valuation was December 31, 2010.

The valuation was based upon information, furnished by the County, concerning retiree health benefits, financial transactions, and individual members, terminated members, retirees and beneficiaries. Data was checked for internal consistency, but was not otherwise audited.

An Executive Summary is included as Section A.

Valuation results are contained in Section B.

Cash Flow Projection results are displayed in Section C.

Sensitivity Test results are presented in Section D.

Valuation data is summarized in Section E.

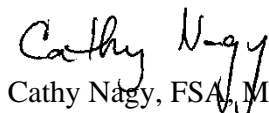
Valuation methods and assumptions are summarized in Section F.

The valuation was performed by or under the supervision of a Member of the American Academy of Actuaries with substantial experience valuing public employee retirement benefit plans. The valuation uses generally accepted actuarial principles and is in accordance with standards of practice prescribed by the Actuarial Standards Board. To the best of our knowledge, this report is complete and accurate and the methods and assumptions employed produce results which are reasonable.

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

The undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Cathy Nagy, FSA, MAAA
Actuary



Curtis Powell, EA, MAAA
Actuary

CN/CP:mrh

Additional 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 above. This report or the financial results contained herein may not be used for any purpose, other than described above.

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. Claims and premium information was provided by the health care providers. 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 and the health care providers.

The developed findings included in this report consider data or other information through December 31, 2010.

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SECTION A

EXECUTIVE SUMMARY

1. Computed Total Contributions and Estimated Pay-as-you-go Costs - Fiscal Year Beginning January 1, 2012

The computed total contributions for each division are shown below:

Division	Computed Total Contributions
General County - Billable	\$1,374,952
General County - Non-Billable	3,557,282
County Agency	654,134
Sheriff's Office - Billable	959,000
Sheriff's Office - Non-Billable	2,367,667
Dispatchers	174,371
All Combined	\$9,087,406

Please note these are the total contributions before adjustment for member contributions. The member contributions need to be subtracted to obtain the net employer contribution. Based on information provided by the County, the expected member contributions will be \$286,303 for the fiscal year beginning January 1, 2012.

The estimated pay-as-you-go costs for the fiscal year beginning January 1, 2012 are \$5,202,400.

2. Contribution Comparison

The contribution amounts for retiree health benefits from this valuation are compared below to the contributions from the 2009 valuation.

Division	Computed Total Contributions	
	12/09	12/10
General County - Billable	\$1,044,781	\$1,374,952
General County - Non-Billable	2,678,405	3,557,282
County Agency	468,331	654,134
Sheriff's Office - Billable	647,703	959,000
Sheriff's Office - Non-Billable	1,706,831	2,367,667
Dispatchers	206,662	174,371

3. Reasons for Change

There are three general reasons why contributions 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 difference during 2010 between the Plan's actual experience and what the assumptions predicted.

Changes in benefits include the following:

- 3% Employee Contributions for all divisions
- Elimination of Express Scripts Drug Program
- Early Retirement Incentive Program

The POAM/Correctional Officers Units I and II are closed to new hires for retiree health care as of January 1, 2011, as such the Sheriff is now amortized using a level dollar method.

The health care trend rates were updated to better reflect future anticipated experience. There were no other changes in assumptions. The actuarial assumptions are recommended by the Actuary based on the results of an experience study and are adopted by the Retirement Board. The actuarial assumptions used in the valuation of the Retiree Health Plan, except for the investment return assumption, are the same as those used in the valuation of the Retirement System.

This report shows all results as dollar amounts, and not as a percent-of-payroll because retiree health benefits are not pay related benefits.

4. 2010 Plan Experience

The effect of Plan experience on the unfunded accrued liability was unfavorable, with a net experience loss of \$(17,117,936).

Investment gain/(loss)	\$ (975,767)
Other gain/(loss)	(16,142,169)
Gain (Loss) from all causes	<u>\$(17,117,936)</u>

The investment loss of \$975,767 is attributable to continued recognition of unfavorable investment performance from 2008. The return on the smoothed value of assets for the 2010 calendar year was 3.37%, compared to the long term expected return of 7.0%.

The other (non-investment) loss of \$16,142,169 during calendar year 2010 was attributable to the following:

- An Early Retirement Incentive Program that was offered within the Retirement System. However, when these members retired, they also received retiree health benefits. Because these members retired earlier than expected, the retiree health benefits are payable earlier than expected, therefore resulting in an increase in the OPEB liabilities.
- All divisions except Dispatch received lower contributions than the recommended amounts. When this happens, future contributions increase.
- Based on information provided by the County, the General Non-billable and the Sheriff Non-billable divisions did not receive any employer contributions. This also resulted in an increased ARC for those divisions.
- The Sheriff groups are financed using a level dollar amortization because most of the group is closed to new hires. This change in financing method results in an increase in ARC.

5. Context

Contributing on the basis of valuation results some what allows the employer to level out somewhat the cost of retiree health benefits. In addition, it provided benefit security to plan members. *However, due to the volatility of health care inflation and utilization, the results of the retiree health valuation are likely to fluctuate more from year to year than the results of the Retirement System valuation.*

Currently there is no federal or state law that requires pre-funding the retiree health benefits. If the County chooses to contribute amounts less than those recommended by the actuarial valuation, absent any favorable experience, future County contributions will increase to make up for the shortfall. If the County contributes less than the recommended amounts over an extended period of time, the long term investment return assumption of 7.0% may no longer be reasonable. According to GASB Statements No. 45 and No. 43, a long term investment return assumption can be used if the plan sponsor contributes the recommended amounts to an irrevocable trust, and the trust has an investment policy that could generate this long term return. This is because the trust is expected to pay the retiree health benefits. If the plan sponsor contributes less than the recommended amount, the following two situations can arise:

- If the plan sponsor contributes less than the full amount, but more than the pay-as-you-go cost, the benefits will be paid from both the trust and the plan sponsor's general assets. In that case GASB requires the use of a blended interest rate.
- If the plan sponsor contributes the pay-as-you-go cost, and there are no assets in a trust, the retiree health benefits will be paid from the plan sponsor's general assets. In that case, GASB requires the use of an interest rate that is representative of the return that can be earned by the plan sponsor's general assets.

We suggest that the County discuss this issue with the auditors.

6. Comments

Comment A: The results shown in this report comply with the requirements of GASB Statements No. 43 and No. 45. Please note that Statements No. 43 and No. 45 are accounting standards, not funding requirements.

Comment B: Employees of the Road Commission, the Library, and the Mental Health Authority have been excluded from this valuation as they do not participate in the County's Retiree Health Plan.

Comment C: At the County's request, the contribution rates for the General County and Sheriff's Office groups have been calculated separately for the Billable and Non-Billable groups. The County provided the billable/non-billable status for each active and retired member in the valuation. Assets are tracked separately, based on actual contributions made by the County and the members as well as benefit payments being paid to the retirees of each group.

Comment D: The General County (Billable and Non-Billable), County Agency and Dispatch groups are closed to new hires (closure dates described in section E). The Sheriff's Office (Billable and Non-Billable) is partially closed as of January 1, 2011. The Annual Required Contributions were calculated based on methods that are appropriate for closed groups. The method is described below:

- The normal cost is projected based on a closed population and will decrease as active members retire. The unfunded accrued liability (UAL) is amortized as a level dollar over 21 years. This means if all assumptions are met, the annual dollar amortization payment is expected to remain level. If the current policy of decreasing the amortization period by one year each year continues, the UAL is expected to be paid off in 21 years. Thereafter, if there are any active members remaining in these groups, the employer contribution will be the employer normal cost only, 21 years from now.

SECTION B

VALUATION RESULTS

Financial Objective

The financial objective of the Retiree Health Plan is to establish and receive contributions, and to accumulate enough assets to pay the benefits when due.

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

Contribution Amounts

The retiree health benefits are supported by contributions from the County and the members and by the investment income earned on Plan assets. The County provides an actuarially determined contribution needed to meet the financial objective.

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

The contribution requirements for retiree health benefits for the fiscal year beginning January 1, 2012 are presented on page B-2.

Total Contributions to Provide Retiree Health Benefits Fiscal Year Beginning January 1, 2012

Contributions for	General County		County Agency	Sheriff's Office		Dispatchers
	Billable	Non-Billable		Billable	Non-Billable	
Normal Cost of Benefits:						
Total	\$ 205,795	\$ 316,042	\$ 70,797	\$ 314,068	\$ 456,793	\$ 64,796
Member Contributions:						
Total	0	0	0	0	0	0
Future Refunds	0	0	0	0	0	0
Usable for Health Premiums	0	0	0	0	0	0
Employer Normal Cost	\$ 205,795	\$ 316,042	\$ 70,797	\$314,068	\$ 456,793	\$ 64,796
Unfunded Accrued Liability	\$1,169,157	\$3,241,240	\$583,337	\$644,932	\$1,910,874	\$109,575
Computed Employer Contribution	<u>\$1,374,952</u>	<u>\$3,557,282</u>	<u>\$654,134</u>	<u>\$959,000</u>	<u>\$2,367,667</u>	<u>\$174,371</u>

Unfunded actuarial accrued liabilities were financed as a level dollar amount over a period of 21 years.

Page B-3 displays the unfunded accrued liabilities that are amortized by the contribution amounts shown above.

Note: These are the total contributions before adjustment for member contributions. The member contributions need to be subtracted to obtain the net employer contribution. Based on information provided by the County, the expected member contributions will be \$286,303 for the fiscal year beginning January 1, 2012.

Determination of Unfunded Accrued Liability December 31, 2010

	<u>General County</u>		<u>County Agency</u>	<u>Sheriff's Office</u>		<u>Dispatchers</u>	<u>Combined</u>
	<u>Billable</u>	<u>Non-Billable</u>		<u>Billable</u>	<u>Non-Billable</u>		
A. Accrued Liability							
1. For retirees and beneficiaries							
a. Health benefits	\$10,806,907	\$34,091,444	\$5,718,329	\$4,521,594	\$20,430,171	\$1,682,186	\$77,250,631
b. Reserves	--	--	--	--	--	--	--
c. Totals	<u>10,806,907</u>	<u>34,091,444</u>	<u>5,718,329</u>	<u>4,521,594</u>	<u>20,430,171</u>	<u>1,682,186</u>	<u>77,250,631</u>
2. For vested terminated members							
	0	0	0	0	0	0	0
3. For present active members							
a. Value of expected future benefit payments	7,635,485	10,868,121	2,258,681	9,023,777	12,891,456	1,766,684	44,444,204
b. Value of future normal costs	<u>1,809,728</u>	<u>2,640,052</u>	<u>712,152</u>	<u>3,587,094</u>	<u>4,956,410</u>	<u>789,637</u>	<u>14,495,073</u>
c. Active member liability: (a) - (b)	<u>5,825,757</u>	<u>8,228,069</u>	<u>1,546,529</u>	<u>5,436,683</u>	<u>7,935,046</u>	<u>977,047</u>	<u>29,949,131</u>
4. Total							
	16,632,664	42,319,513	7,264,858	9,958,277	28,365,217	2,659,233	107,199,762
B. Valuation Assets							
	<u>4,383,293</u>	<u>8,360,731</u>	<u>1,153,176</u>	<u>3,201,264</u>	<u>8,344,803</u>	<u>1,511,201</u>	<u>26,954,468</u>
C. Unfunded Accrued Liability: (A.4) - (B)							
	<u><u>12,249,371</u></u>	<u><u>33,958,782</u></u>	<u><u>6,111,682</u></u>	<u><u>6,757,013</u></u>	<u><u>20,020,414</u></u>	<u><u>1,148,032</u></u>	<u><u>80,245,294</u></u>
D. Funded Ratio: (B) ÷ (A.4)							
	<u><u>26.4%</u></u>	<u><u>19.8%</u></u>	<u><u>15.9%</u></u>	<u><u>32.1%</u></u>	<u><u>29.4%</u></u>	<u><u>56.8%</u></u>	<u><u>25.1%</u></u>

Retiree Premium Rate Development

Premium rates for Monroe County were developed separately for the self-insured and the fully-insured portions and then blended to create one set of premium rates.

Initial self-insured premium rates were developed separately for each class (pre-65 and post-65). The rates were calculated by using claims and exposure data for the period from January 2008 to December 2010 adjusted for catastrophic claims, plus the load for administration, network access fee, and stop loss premiums. The self-insured Medical and prescription drug data were provided by the County. The Medical data was analyzed for the pre-65 and post-65 participants separately since Medicare is available for the post-65 participants and has a significant impact on the claim experience. Furthermore, since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well.

Initial premium rates were developed for the two classes of retirees (pre-65 and post-65). The fully-insured rates provided by the County were utilized to determine the appropriate premium rates. For the pre-65 and post-65 retirees, the fully-insured premium rate is used as the basis of the initial per capita cost without adjustments since the rate reflects the demographics of each group.

Under the healthcare reform bill, government payments to Medicare Advantage plans will be cut by \$132 billion over 10 years. (Those plans currently get somewhat more per person from the government than traditional Medicare does.) The changes will be phased in over three years -- payment rates will be frozen in 2011 and then gradually reduced. Because Medicare payments are calculated on a county-by-county basis, this will vary by area. Premium increases are expected to rise more quickly than healthcare inflation and some plans may reduce the extra benefits they provide as they adjust to lower payments from the government. As a result, we loaded the post-65 premiums by 9.9%.

Age graded and sex distinct premiums are utilized in this valuation. The premiums developed by the preceding process are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process “distributes” the average premium over all age/sex combinations and assigns a unique premium for each specific age/sex combination. The age/sex specific premiums more accurately reflect the health care utilization and cost at that age.

For the current active employees, different retiree health benefit options are available upon retirement. We have developed separate premium rates for future retirees to reflect the benefit differences.

Future Retirees

For Retirees Not Eligible For Medicare

<u>Age</u>	<u>Male</u>	<u>Female</u>
40	\$ 321.15	\$ 503.16
60	969.29	931.70
64	1,128.21	1,045.74

For Retirees Eligible For Medicare

<u>Age</u>	<u>Male</u>	<u>Female</u>
65	\$ 389.71	\$ 358.87
75	499.06	442.90
85	556.49	488.57

Retiree Premium Rate Development

Current Retirees

For Retirees Not Eligible For Medicare

<u>Age</u>	<u>Male</u>	<u>Female</u>
40	\$ 329.91	\$ 516.89
60	995.74	957.12
64	1,158.99	1,074.27

For Retirees Eligible For Medicare

<u>Age</u>	<u>Male</u>	<u>Female</u>
65	\$ 419.29	\$ 386.11
75	536.93	476.51
85	598.72	525.64

The dental and vision claims premiums were not “age graded” for this valuation, since neither dental nor vision claims vary significantly by age. The monthly dental premiums used for this valuation were \$28.23 for the first person and \$19.16 for the second person. The monthly vision premiums used for this valuation were \$2.88 for the first person and \$3.60 for the second person.

The premium rates used for determining the spouse contributions are:

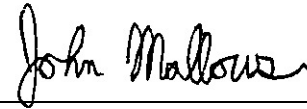
Future Retirees

<u>Age</u>	<u>Spouse</u>
Pre-65	\$ 795.17
Post-65	428.42

Current Retirees

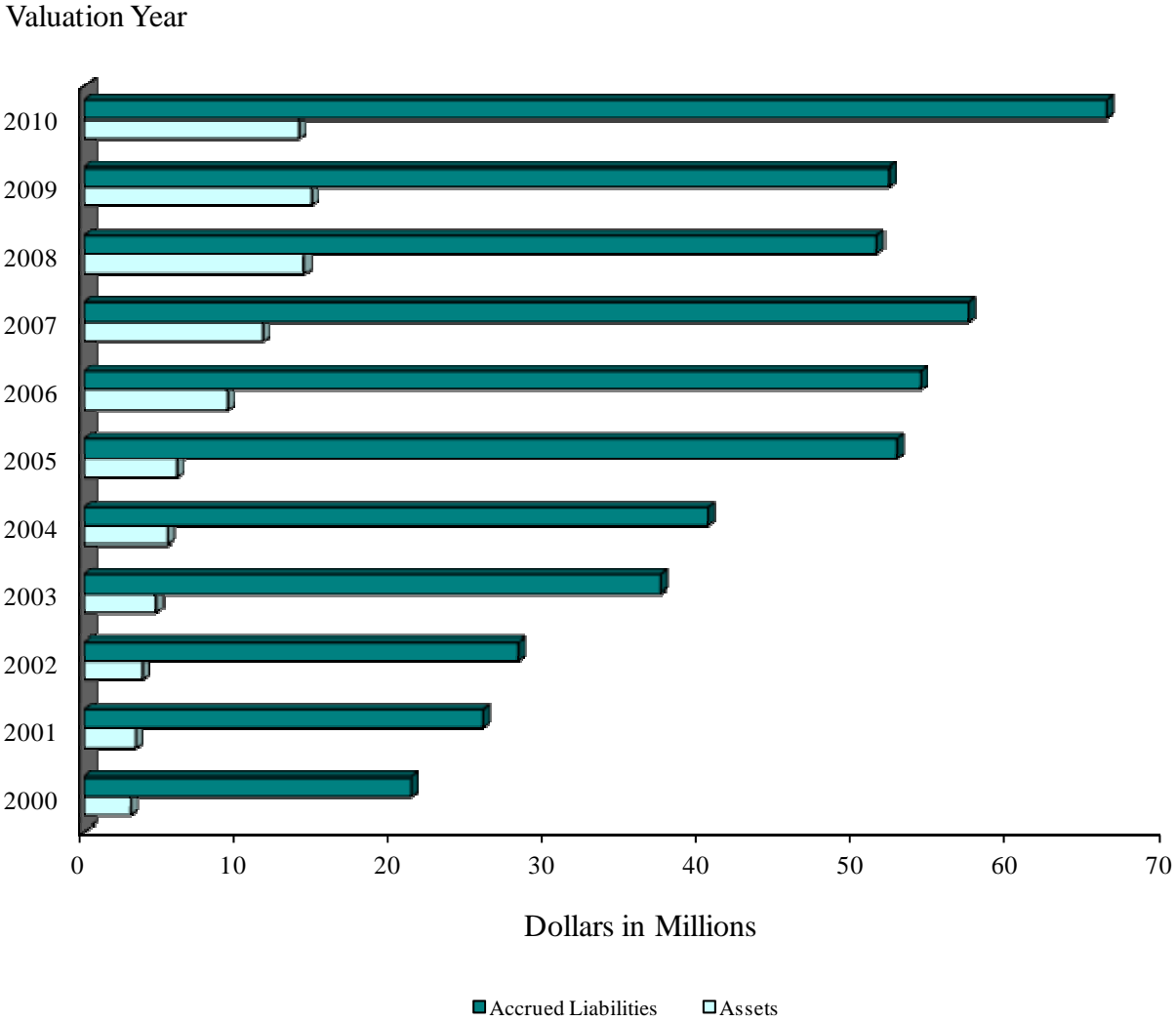
<u>Age</u>	<u>Spouse</u>
Pre-65	\$ 817.30
Post-65	470.24

The undersigned is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the per capita retiree health care rates shown above.



John Mallows, FSA, MAAA

Assets & Accrued Liabilities General & County Agency

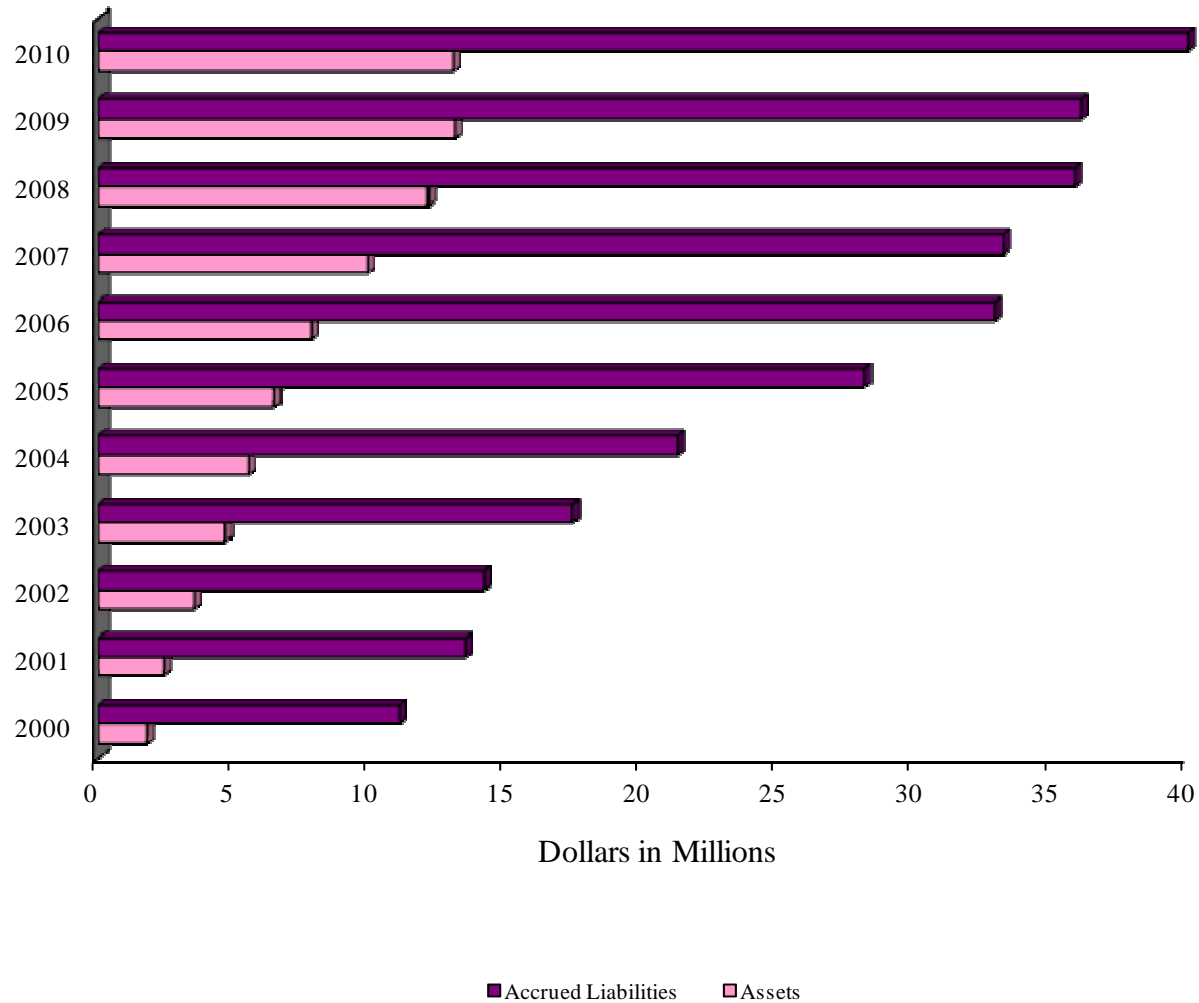


2000 assets equaled 14.0% of accrued liabilities.

2010 assets equaled 21.0% of accrued liabilities.

Assets & Accrued Liabilities Sheriff's Office & Dispatchers

Valuation Year



2000 assets equaled 16.1% of accrued liabilities.

2010 assets equaled 31.9% of accrued liabilities.

Computed Contributions Historical Schedule

Valuation Date December 31,	Active Members	Valuation Payroll	Employer Contributions					
			General		County Agency	Sheriff's Office		Central Dispatch
			Billable	Non-Billable		Billable	Non-Billable	
2001	651	\$24,514,507	\$ 1,383,144		\$ 127,623	\$1,010,279		\$ 57,543
2002*	626	24,653,113	1,949,884		155,435	1,036,036		107,665
2003*	636	25,430,961	2,583,857		189,194	1,313,195		120,657
2004*	615	25,379,284	2,745,801		234,236	1,515,359		121,243
2005*	598	25,441,192	3,810,929		288,074	2,027,592		185,301
2006*	580	25,270,126	4,684,870		330,761	2,333,636		278,372
2007*	560	26,237,483	4,744,783		456,908	2,343,474		242,990
2008*	546	26,551,067	3,808,955		523,476	2,393,160		225,220
2009*#	464	23,660,370	1,044,781	\$ 2,678,405	468,331	647,703	\$ 1,706,831	206,662
2010*#	371	19,091,364	1,374,952	3,557,282	654,134	959,000	2,367,667	174,371

* The split between the member and employer contribution will be determined by the County.

Beginning with the 2009 valuation, the results for General County and Sheriff's Office were split between "Billable" and "Non-Billable" groups.

SECTION C

CASH FLOW PROJECTIONS

Cash Flow Projections - Explanation

Until a retirement program reaches a mature state, the number of members receiving benefits will continue to increase, with commensurate increases in the amount of benefit disbursements. When the retirement benefits being paid are health benefits, health costs can be expected to increase as the result of medical care inflation, changes in utilization and Medicare cost shifting. When both of these reasons for increased disbursements apply, as they do for the Monroe County Retiree Health Plan, it is reasonable to expect that the amount of the Plan's annual disbursements for retiree health care will increase for years to come.

We have projected the Plan's disbursements over the next 40 years. These are closed group projections, assuming no new entrants. The projections are based upon the same assumptions as were used for the valuation of health costs. The schedule on the following page displays the anticipated health disbursements in total only.

The computed contribution rate remains higher than disbursements during the projection period because the contribution rate is funding the accrued liability. Once the liability has been funded, the contribution requirements decrease to the level of the normal cost.

40-Year Projection of Benefit Disbursements In Total

Year	Retiree Health Payments on Behalf of Present		
	Retirees	Employees	Total
2011	\$5,162,700	\$ 39,700	\$ 5,202,400
2012	5,451,300	138,600	5,589,900
2013	5,764,200	261,200	6,025,400
2014	5,981,100	400,300	6,381,400
2015	6,180,100	585,300	6,765,400
2016	6,347,500	783,800	7,131,300
2017	6,341,300	994,300	7,335,600
2018	6,298,700	1,217,500	7,516,200
2019	6,279,300	1,428,500	7,707,800
2020	6,290,200	1,737,600	8,027,800
2021	6,291,700	2,100,900	8,392,600
2022	6,129,900	2,440,000	8,569,900
2023	6,120,100	2,805,100	8,925,200
2024	6,013,700	3,154,400	9,168,100
2025	5,885,100	3,555,100	9,440,200
2026	5,796,800	4,039,000	9,835,800
2027	5,728,200	4,510,400	10,238,600
2028	5,628,700	4,966,000	10,594,700
2029	5,538,700	5,428,900	10,967,600
2030	5,443,900	5,883,400	11,327,300
2031	5,380,400	6,268,500	11,648,900
2032	5,325,000	6,660,000	11,985,000
2033	5,216,900	7,103,300	12,320,200
2034	5,092,400	7,434,200	12,526,600
2035	4,927,400	7,696,300	12,623,700
2036	4,783,700	8,055,000	12,838,700
2037	4,618,500	8,353,700	12,972,200
2038	4,433,000	8,524,900	12,957,900
2039	4,228,900	8,642,500	12,871,400
2040	4,007,900	8,676,300	12,684,200
2041	3,773,000	8,625,000	12,398,000
2042	3,527,300	8,567,500	12,094,800
2043	3,274,000	8,493,200	11,767,200
2044	3,016,400	8,380,300	11,396,700
2045	2,757,800	8,224,100	10,981,900
2046	2,501,600	8,054,800	10,556,400
2047	2,250,800	7,966,200	10,217,000
2048	2,008,500	7,819,600	9,828,100
2049	1,777,200	7,608,500	9,385,700
2050	1,559,000	7,462,300	9,021,300

SECTION D
SENSITIVITY TESTS

Sensitivity Tests - Explanation

Actuarial valuations deal with the cost of benefits to be paid in the future. The payments considered will range from one month in the future to decades from the valuation date (for a young, newly hired employee who may retire many years from now and live many years after that). In order to establish a present day cost for these future benefit obligations, the actuary bases the valuation on a number of assumptions about future occurrences. The occurrences that must be considered include employee turnover, pay increases, disablements, retirements, deaths and investment income on Plan assets.

When the benefits being valued are health benefits, a key factor is the future cost of the benefits being promised. This is projected using the anticipated per capita payments for the coming year and assumed rates of future health cost increases. The actual Plan disbursements for retiree health will depend upon how the charges for health benefits actually increase in the future.

In order to demonstrate how the computed contribution rate for these benefits will vary depending upon future health care inflation, we have performed additional valuations based upon alternative health care inflation assumptions. The schedules on pages D-2 through D-5 compare (i) the computed contribution for retiree health benefits using the valuation assumptions to (ii) results of alternate valuations. One of the alternate valuations is based upon a more optimistic health care inflation assumption than was used for the valuation. The other is based upon a more pessimistic health care inflation assumption than was used for the valuation.

Of course, outcomes worse than the pessimistic scenario or better than the optimistic are possible.

The schedule on page D-6 shows the health cost increase assumptions used in each of the valuations.

**Sensitivity Tests - Future Medical Inflation
General County
Computed Contribution Requirements**

<u>Computed Cost</u>	<u>Future Medical Inflation</u>		
	<u>Optimistic Assumption</u>	<u>Valuation Assumption</u>	<u>Pessimistic Assumption</u>
Normal cost	\$ 463,913	\$ 521,837	\$ 576,473
Accrued liability	52,408,486	58,952,177	65,124,470
Valuation assets	<u>12,744,024</u>	<u>12,744,024</u>	<u>12,744,024</u>
Unfunded liability	39,664,462	46,208,153	52,380,446
Amortization payment*	3,785,826	4,410,397	4,999,518
Contribution	\$ 4,249,739	\$ 4,932,234	\$ 5,575,991

* 21-year amortization as a level dollar amount.

**Sensitivity Tests - Future Medical Inflation
County Agency
Computed Contribution Requirements**

<u>Computed Cost</u>	<u>Future Medical Inflation</u>		
	<u>Optimistic Assumption</u>	<u>Valuation Assumption</u>	<u>Pessimistic Assumption</u>
Normal cost	\$ 62,939	\$ 70,797	\$ 78,209
Accrued liability	6,458,458	7,264,858	8,025,488
Valuation assets	<u>1,153,176</u>	<u>1,153,176</u>	<u>1,153,176</u>
Unfunded liability	5,305,282	6,111,682	6,872,312
Amortization payment*	506,369	583,337	655,937
Contribution	\$ 569,308	\$ 654,134	\$ 734,146

* 21-year amortization as a level dollar amount.

**Sensitivity Tests - Future Medical Inflation
Sheriff's Office
Computed Contribution Requirements**

<u>Computed Cost</u>	<u>Future Medical Inflation</u>		
	<u>Optimistic Assumption</u>	<u>Valuation Assumption</u>	<u>Pessimistic Assumption</u>
Normal cost	\$ 685,295	\$ 770,861	\$ 851,570
Accrued liability	34,069,586	38,323,494	42,335,965
Valuation assets	<u>11,546,067</u>	<u>11,546,067</u>	<u>11,546,067</u>
Unfunded liability	22,523,519	26,777,427	30,789,898
Amortization payment*	2,149,786	2,555,806	2,938,781
Contribution	\$ 2,835,081	\$ 3,326,667	\$ 3,790,351

* 21-year amortization as a level dollar amount.

**Sensitivity Tests - Future Medical Inflation
Dispatchers
Computed Contribution Requirements**

<u>Computed Cost</u>	<u>Future Medical Inflation</u>		
	<u>Optimistic Assumption</u>	<u>Valuation Assumption</u>	<u>Pessimistic Assumption</u>
Normal cost	\$ 57,604	\$ 64,796	\$ 71,580
Accrued liability	2,364,058	2,659,233	2,937,654
Valuation assets	<u>1,511,201</u>	<u>1,511,201</u>	<u>1,511,201</u>
Unfunded liability	852,857	1,148,032	1,426,453
Amortization payment*	81,402	109,575	136,150
Contribution	\$ 139,006	\$ 174,371	\$ 207,730

* 21-year amortization as a level dollar amount.

Sensitivity Tests - Medical Inflation Assumptions

Year	Assumed Rate of Medical Inflation		
	Optimistic	Valuation	Pessimistic
2012	7.00 %	9.00 %	11.00 %
2013	6.50	8.25	10.00
2014	6.00	7.50	9.25
2015	5.50	7.00	8.50
2016	5.00	6.50	7.75
2017	4.50	6.00	7.00
2018	4.25	5.50	6.25
2019	4.00	5.00	5.50
2020	4.00	4.50	4.75
2021 & After	4.00	4.00	4.00

SECTION E

**SUMMARY OF BENEFIT PROVISIONS AND
VALUATION DATA**

Summary of Benefits December 31, 2010

Group	Eligibility Condition ¹	Medical Benefits ^{2,7}	Prescription Drug	Spouse Coverage	Cost Sharing	Employee Contributions
General County ⁶	Age 55 with 30 years or age 60 with 8 years of service. New hires are no longer eligible for County – paid retiree health care (the effective dates vary by unit).	Yes	Yes	County pays 50% plus 2.27% for each year in excess of 8 years at retirement. ⁴	3	3% of Pay
County Agency	Age 55 with 30 years or age 60 with 8 years of service. Effective 1/1/2008, new hires are no longer eligible for retiree health care.	Yes	Yes	County pays 50% plus 2.27% for each year in excess of 8 years at retirement. ⁴	3	3% of Pay
Sheriff's Office	Age 50 with 25 years or age 60 with 8 years of service. Effective 1/1/2011, Correction Officer new hires are no longer eligible for County – paid retiree health care (the effective dates vary by unit).	Yes	Yes	County pays 50% plus 2.94% for each year in excess of 8 years at retirement. ⁵	3	3% of Pay
Dispatchers ⁶	Age 50 with 25 years or age 60 with 8 years of service. Effective 10/1/2007, new hires are no longer eligible for County paid retiree health care.	Yes	Yes	County pays 50% plus 2.94% for each year in excess of 8 years at retirement. ⁵	3	3% of Pay

¹ Disabled retirees and survivors of deceased employees receive coverage. Deferred vested members do not receive retiree health care coverage.

² Retirees are covered by various plans with different deductibles and co-pays.

³ Different groups contribute as defined in the various union contracts based on date of hire.

⁴ For members who retire on or after 12/31/1996. Coverage to the spouse continues upon the retiree's death, provided the spouse is receiving the deceased retiree's retirement allowance.

⁵ For members who retire on or after 1/1/2001. Coverage to the spouse continues upon the retiree's death, provided the spouse is receiving the deceased retiree's retirement allowance.

⁶ General County & Dispatch employees who retired prior to a date defined in their CBA will receive retiree health care benefits upon attainment of the age and service requirements listed.

⁷ Retirees are also provided Life Insurance in the amount of \$10,000 for Department Heads, and \$4,000 for all other Retirees.

Summary of Benefits December 31, 2010

Valuation Group	Union Name	No Retiree Health Care Available if Hired on or After	No Retiree Life Insurance Available if Hired on or After
General County	Non-Union Other	10/28/2003	1/1/2003
	Non-Union Management	10/28/2003	1/1/2003
	Elected Officials - Non-Union	10/28/2003	1/1/2003
	Michigan Nurses Association Unit I	10/28/2003	8/28/2007
	UAW/Friend of the Court	10/28/2003	3/23/2004
	UAW/Probate Court	10/28/2003	8/24/2004
	United Steelworkers/Youth Center	6/14/2005	1/1/2011
	POAM/District Court Unit I	9/2/2005	1/1/2011
	POAM/District Court Unit II	9/2/2005	1/1/2011
	POAM/Assistant Prosecutor's	9/13/2005	9/13/2005
	AFSCME General	7/25/2006	7/25/2006
	AFSCME District Court	7/25/2006	7/25/2006
	AFSCME Youth Center	7/25/2006	7/25/2006
	UAW/Youth Center	8/28/2007	8/28/2007
	County (Non-Union) Part-time	n/a	n/a
County Agency	Utility Workers of America/County Agency	1/1/2008	Available
	Non-Union/County Agency	1/1/2008	Available
Sheriff's Office	POAM/Sheriff Deputies	Available	Available
	POLC/Command Officers	Available	Available
	POAM/Correctional Officers Unit I	1/1/2011	12/11/2007
	POAM/Correctional Officers Unit II	1/1/2011	2/12/2008
Dispatchers	POLC/Communication Officers	10/1/2007	10/1/2007
	POLC/Communication Supervisors	10/1/2007	10/1/2007

Reported Financial Information at Market Value Year Ended December 31, 2010

REVENUES AND DISBURSEMENTS

Revenues:

a. Employer contributions	\$2,746,767
b. Member contributions	284,985
c. Medicare Part D Reimbursements	0
d. Interest and Dividends	691,534
e. Investment Gain	1,549,806
f. Other Investment Income	<u>266,684</u>
g. Total	<u>5,539,776</u>

Disbursements:

a. Health care benefits	4,660,265
b. Refunds of member contributions	14,644
c. Administrative expenses	76,087
d. Investment expenses	<u>178,325</u>
e. Total	<u>4,929,321</u>

Reserve Increase:

Total revenues minus total disbursements	<u><u>\$610,455</u></u>
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REPORTED ASSETS

Securities:

a. Cash and short term investments	\$ 1,807,227
b. Bonds	13,464,073
c. Stocks	10,087,612
d. Less: Accounts payables	<u>199,476</u>
e. Net assets	<u><u>\$25,159,436</u></u>

Development of Valuation Assets

Valuation Date December 31:	2006	2007	2008	2009	2010
1. Beginning of Year Assets					
a) Market Value	\$ 12,144,296	\$ 17,628,805	\$ 21,221,477	\$ 21,032,303	\$ 24,548,981
b) Valuation Assets	12,404,997	17,080,952	21,413,565	26,350,668	27,766,030
2. End of Year Market Value Assets	17,628,805	21,221,477	21,032,303	24,548,981	25,159,436
3. Net Additions to Market Value					
a) Net Contributions (includes Medicare D Reimbursement)	5,823,891	6,281,837	7,652,921	5,275,262	3,031,752
b) Net Investment Income = (3d) - (3a) - (3c)	1,859,981	626,123	(4,802,212)	2,815,242	2,329,699
c) Benefit Payments, Refunds, and Admin. Expenses	(2,199,363)	(3,315,288)	(3,039,883)	(4,573,826)	(4,750,996)
d) Total Additions to Market Value = (2) - (1a)	5,484,509	3,592,672	(189,174)	3,516,678	610,455
4. Average Valuation Assets = (1b) + .5 x [(3a) + (3c)]	14,217,261	18,564,227	23,720,084	26,701,386	26,906,408
5. Expected Income at Valuation Rate = 7% x (4)	995,208	1,299,496	1,660,406	1,869,097	1,883,449
6. Gain (Loss) = (3b) - (5)	864,773	(673,373)	(6,462,618)	946,145	446,250
7. Phased-In Recognition of Investment Return					
a) Current Year: 0.2 x (6)	172,955	(134,675)	(1,292,524)	189,229	89,250
b) First Prior Year	(90,157)	172,955	(134,675)	(1,292,524)	189,229
c) Second Prior Year	8,061	(90,157)	172,955	(134,675)	(1,292,524)
d) Third Prior Year	110,386	8,061	(90,157)	172,955	(134,675)
e) Fourth Prior Year	(145,026)	110,384	8,060	(90,156)	172,953
f) Total Recognized Investment Gain	56,219	66,568	(1,336,341)	(1,155,171)	(975,767)
8. Change in Valuation Assets (3a) + (3c) + (5) + (7f)	4,675,955	4,332,613	4,937,103	1,415,362	(811,562)
9. End of Year Assets					
a) Market Value = (2)	17,628,805	21,221,477	21,032,303	24,548,981	25,159,436
b) Valuation Assets = (1b) + (8)	17,080,952	21,413,565	26,350,668	27,766,030	26,954,468
c) Difference Between Market & Valuation Assets	547,853	(192,088)	(5,318,365)	(3,217,049)	(1,795,032)
10. Recognized Rate of Return = [(5) + (7f)] / (4)	7.40%	7.36%	1.37%	2.67%	3.37%
11. Market Rate of Return = 2 x (3b) / [(1a) + (2) - (3b)]	13.33%	3.28%	(20.41)%	13.17%	9.83%

Schedule of Active and Retiree Population

Valuation Date December 31,	Active		Retiree	
	Active Members	Valuation Payroll	Number Retired	Number Covered
2001	651	\$24,514,507	178	266
2002	626	24,653,113	190	294
2003	636	25,430,961	204	317
2004	615	25,379,284	227	356
2005	598	25,441,192	256	374
2006	580	25,270,126	271	398
2007	560	26,237,483	277	405
2008	546	26,551,067	275	408
2009	464	23,660,370	322	486
2010	371	19,091,364	392	604

Retirees Eligible for Health Benefits - December 31, 2010
Tabulated by Attained Age

Attained Age	Number Retired	Number Covered
40 - 44	1	2
45 - 49	16	28
50 - 54	51	88
55 - 59	70	120
60 - 64	83	129
65 - 69	57	80
70	12	13
71	11	17
72	6	9
73	8	12
74	8	10
75	5	6
76	7	11
77	3	5
78	4	6
79	5	7
80	4	6
81	2	4
82	7	7
83	2	4
84	3	4
85	5	7
86		
87	5	6
88	4	5
89	5	7
90	1	1
91	2	3
92	2	4
93		
94	1	1
95	2	2
Totals	392	604

**Active Billable General Members* December 31, 2010
by Attained Age and Years of Service**

Attained 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	\$ 53,976
25-29	2	1						3	85,118
30-34		1	4	1				6	252,730
35-39	2	2	4	2				10	380,870
40-44			3	7	1	1		12	525,992
45-49		3	6	6	7	1		23	1,037,903
50-54		4	4	3		4	1	16	670,938
55-59		1	2	3	2	1		9	408,241
60	1	1	1			1	1	5	216,079
61			1					1	56,336
66		1						1	94,001
Totals	7	14	25	22	10	8	2	88	\$3,782,184

* New hires after various dates are excluded as they are no longer eligible for County paid retiree health care coverage.

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

Age: 45.9 years

Service: 14.9 years

Annual Pay: \$42,979

Active Non-Billable General Members* December 31, 2010
by Attained Age and Years of Service

Attained 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									
25-29		1						1	\$ 20,676
30-34		6	5					11	478,653
35-39		4	2	1				7	300,471
40-44			3	7	2			12	657,889
45-49		6	10	2	4	1		23	980,006
50-54	1	2	10	3	2	3	2	23	1,215,901
55-59		3	7	2	2	1	1	16	816,288
60		1		2			1	4	201,577
61					1	1	1	3	182,270
62		1						1	38,730
63							1	1	45,724
65					1			1	95,994
68							1	1	106,165
69						1		1	52,313
Totals	1	24	37	17	12	7	7	105	\$5,192,657

* New hires after various dates are excluded as they are no longer eligible for County paid retiree health care coverage.

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

Age: 48.5 years

Service: 15.6 years

Annual Pay: \$49,454

**Active County Agency Members* December 31, 2010
by Attained Age and Years of Service**

Attained Age	Years of Service to Valuation Date						Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	No.	Valuation Payroll
20-24	2						2	\$ 79,069
25-29	1	1					2	91,783
30-34	1	2					3	147,772
35-39	1	1	1				3	143,562
40-44								
45-49	2		1	2	3		8	386,148
50-54		1	1	2	1	1	6	266,519
55-59								
60				1			1	46,068
Totals	7	5	3	5	4	1	25	\$1,160,921

* New hires after January 1, 2008 are excluded as they are no longer eligible for County paid retiree health care coverage.

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

Age: 42.1 years

Service: 11.8 years

Annual Pay: \$46,437

**Active Sheriff's Office Billable Members December 31, 2010
by Attained Age and Years of Service**

Attained Age	Years of Service to Valuation Date					Totals	
	5-9	10-14	15-19	20-24	25-29	No.	Valuation Payroll
20-24							
25-29	1					1	\$ 65,835
30-34	6	4				10	588,235
35-39	4	13	2			19	1,151,249
40-44	3	6	1	2		12	699,930
45-49		5	1	2	2	10	615,501
50-54		2	1			3	197,143
55-59							
64		1				1	62,297
Totals	14	31	5	4	2	56	\$3,380,190

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

Age: 40.2 years

Service: 12.4 years

Annual Pay: \$60,361

**Active Sheriff's Office Non-Billable Members December 31, 2010
by Attained Age and Years of Service**

Attained Age	Years of Service to Valuation Date						Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	No.	Valuation Payroll
20-24	1						1	\$ 36,523
25-29	1	4					5	275,530
30-34	4	9	2				15	786,084
35-39	3	4	8	2			17	1,028,181
40-44	2	3	4	7	3		19	1,153,839
45-49	1	2		2	5	2	12	759,388
50-54			2	3	2	1	8	491,566
55-59			3	1			4	220,378
61						1	1	67,973
62	1						1	35,411
Totals	13	22	19	15	10	4	83	\$4,854,873

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: 12.1 years

Annual Pay: \$58,492

**Active Dispatcher* Members December 31, 2010
by Attained Age and Years of Service**

Attained Age	Years of Service to Valuation Date					Totals	
	0-4	5-9	10-14	15-19	20-24	No.	Valuation Payroll
20-24	1					1	\$ 43,166
25-29							
30-34	1	2				3	145,365
35-39		1	2			3	157,059
40-44		2	1	1		4	204,654
45-49							
50-54			1	1		2	104,743
55-59					1	1	65,552
Totals	2	5	4	2	1	14	\$ 720,539

* New hires after October 1, 2007 are excluded as they are no longer eligible for County paid retiree health care coverage.

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

Age: 39.7 years

Service: 10.7 years

Annual Pay: \$51,467

SECTION F

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS AND GLOSSARY

Valuation Methods

The normal cost was computed as follows:

The series of contributions necessary to accumulate the present value at time of retirement of an employee's post-retirement health benefits was computed so that each contribution in the series, from entry age to retirement, was a constant percentage of the employee's year-by-year projected covered compensation. This is referred to as the individual entry-age actuarial cost method.

The accrued liability was computed as follows:

Retirees and Beneficiaries: The discounted value of health benefits likely to be paid for retirees and beneficiaries was computed using the investment return, health cost increase and mortality assumptions.

Active Employees: The discounted value of health benefits likely to be paid after retirement for active employees was computed using the assumptions outlined on the following pages and was reduced by the value of normal costs to be paid for service after the valuation date.

Asset Valuation Method: Last year's valuation assets are increased by contributions and investment income and reduced by refunds, and benefit payments. The difference between the actual investment return and the expected return is phased in over a 5-year period.

Financing of Unfunded Actuarial Accrued Liabilities: Unfunded actuarial accrued liabilities were amortized by level (principal & interest combined) dollar contributions over 21 years. The following table shows the amortization factor for each division.

Division	Amortization Period	Amortization Factor
All	21	11.2105

Actuarial Assumptions Used for the Valuation

Investment return (net of investment expenses):

7.0% per year compounded annually. This rate consists of a real rate of return of 3.0% a year plus a long-term rate of inflation of 4.0% a year. This assumption is used to equate the value of payments due at different points in time.

Pay Projections: These assumptions are used to project current pays to those upon which future contributions will be paid.

Annual Rate of Pay Increases for Sample Ages			
		Merit and Longevity	Total
Years of Service	Base (Economic)	General County, County Agency, Sheriff's Office, and Dispatchers	General County, County Agency, Sheriff's Office, and Dispatchers
1	4.0 %	2.8 %	6.8 %
2	4.0	2.8	6.8
3	4.0	2.8	6.8
4	4.0	2.8	6.8
5	4.0	2.8	6.8
6	4.0	2.8	6.8
7	4.0	2.8	6.8
8	4.0	2.8	6.8
9+	4.0	0.5	4.5

If the number of active members remains constant, the total active member payroll will increase 4.0% annually, the base portion of the individual pay increase assumptions. This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities for the open groups.

Health cost increases: 4.0% is the assumed rate of inflation, the base of all the economic assumptions. The rate of increase is used to predict the amount of health benefits payable in future years.

Medical, Prescription Drug and Dental	
Year	
2012	9.00 %
2013	8.25
2014	7.50
2015	7.00
2016	6.50
2017	6.00
2018	5.50
2019	5.00
2020	4.50
2021 & After	4.00

Mortality: The RP-2000 Mortality Table for males and females projected, 20 years. Sample values follow:

Sample Ages	Actuarial Present Value of \$1 Monthly for Life with 4.0% Compound Annual Increases*		Future Life Expectancy (Years)	
	Men	Women	Men	Women
	50	\$244.13	\$251.75	32.77
55	220.41	228.95	28.04	29.88
60	194.54	204.31	23.47	25.31
65	167.37	178.49	19.17	21.02
70	139.78	152.27	15.22	17.06
75	111.64	126.00	11.58	13.47

* These values do not take into account the temporary period when increases are assumed to exceed 4.0% or the continuation of benefits after death to a beneficiary.

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of participants surviving after retirement to require health coverage.

Disabled lives were valued using the RP-2000 Mortality Table for males and females, projected 20 years, set forward three years for both males and females.

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.

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

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

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 employees, 50% of the disabilities are assumed to be duty related.

The rates of retirement (a risk assumption) used to measure the probability of eligible members retiring during the next year were as follows:

Age	Percent of Active Members Retiring Within Next Year	
	General County & County Agency	Sheriff's Office & Dispatchers
50		18.8 %
51		18.8
52		18.8
53		25.0
54		25.0
55	37.5 %	25.0
56	12.5	25.0
57	12.5	12.5
58	12.5	6.3
59	12.5	6.3
60	18.8	6.3
61	18.8	6.3
62	18.8	6.3
63	18.8	6.3
64	6.3	6.3
65	6.3	100.0
66	6.3	
67	6.3	
68	6.3	
69	6.3	
70	100.0	

Health care coverage at retirement: 85% of male and 30% of female General and County Agency employees and 90% of male and 50% of female Sheriff's Office employees and Dispatchers were assumed to have 2 person coverage at retirement.

Medicare Coverage was assumed to be available for all covered members on attainment of age 65.

Medicare benefits: Medicare benefits are assumed to cover the same percentage of health expenses as they do currently. Reductions in the benefits provided by Medicare will result in cost shifting that will increase the cost of this Plan and also the employer's obligation. Due to the unpredictability of such an event, any future changes in Medicare have not been reflected in this valuation.

Continuation percentage to spouse: 80% married retirees are assumed to continue coverage to the surviving spouse.

Non-investment administration expenses: none.

Active member group size: The valuation was based on a closed active member group size.

Glossary

Actuarial Accrued Liability - The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability." Under the actuarial cost method used the "AAL" differs somewhat from the value of future payments based on benefits earned as of the valuation date.

Accrued Service - The service credited under the plan which was rendered before the date of the actuarial valuation.

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

Actuarial Cost Method - A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the normal costs to be paid in the future and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent - Benefits whose actuarial present values are equal.

Actuarial Present Value - The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization - Paying off an interest-bearing liability by means of periodic contributions of interest and principal, as opposed to a lump sum payment.

Experience Gain (Loss) - A measure of the difference between actual experience and experience anticipated by a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Implicit Rate Subsidy - It is common practice for employers to allow retirees to continue in the employer's group health insurance plan (which also covers active employees), often charging the retiree some portion of the premium charged for active employees. Under the theory that retirees have higher utilization of services, the difference between the true cost of providing retiree coverage and what the retiree is being charged is known as the implicit rate subsidy.

Normal Cost - The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost". An amortization payment toward the unfunded actuarial accrued liability is in addition to the normal cost.

Other Postemployment Benefits (OPEB) - OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance, dental, vision, prescription drugs, life insurance or other health care benefits.

Plan Termination Liability - The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for the future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account - An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability - The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability".

Valuation Assets - The value of current plan assets recognized for valuation purposes.



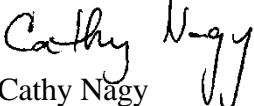
September 29, 2011

The County of Monroe
125 E. Second Street
Monroe, Michigan 48161

Attention: Ms. Julie Hegyi

Enclosed please find 8 copies of the report of the Twentieth Annual Actuarial Valuation of the retiree health benefits provided for County employees (General and Sheriff's Office). We would be pleased to meet with you to discuss the report.

Sincerely,


Cathy Nagy

CN:mrh
Enclosures

cc: Mr. Michael Bosanac (e-mail copy only)