

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM
ANNUAL ACTUARIAL VALUATION REPORT
SEPTEMBER 30, 2009

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June 30, 2010

The Retirement Commission
Wayne County Employees' Retirement System
Detroit, Michigan

Dear Commission Members:

The results of the Annual Actuarial Valuation of the assets, actuarial present values and contribution rates needed to fund benefits provided by the Wayne County Employees' Retirement System are presented in this report. The date of the valuation was September 30, 2009. The purpose of this valuation was to measure the System's funding progress and to recommend a contribution rate for the fiscal year beginning October 1, 2010. Separate contribution rates are calculated for the County and for the Airport Authority.

Valuation results and comments are presented in Section A.

The valuation was based upon information, furnished by your Executive Secretary and staff concerning Retirement System benefits, financial assets and transactions, individual members, terminated members, retired members and beneficiaries. We wish to express our appreciation for their help. Data was checked for year-to-year consistency, but was not otherwise audited. This information is summarized in Section B.

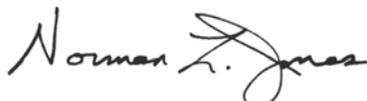
To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice prescribed by the Actuarial Standards Board and in compliance with the Retirement System Ordinance. The actuarial assumptions used for the valuation were adopted by the Retirement Commission pursuant to the 5-year experience study for the period October 1, 1999 through September 30, 2004, and produce results which, in the aggregate, appear to be reasonable.

The actuaries submitting this report are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



Judith A. Kermans, EA, MAAA, FCA



Norman L. Jones, FSA, EA, MAAA, FCA

NLJ/JAK:bd

SECTION A

VALUATION RESULTS AND COMMENTS

FUNDING OBJECTIVE

The funding objective for the Retirement System is to establish and receive percent of payroll contributions which, when invested at the assumed rate of return, will accumulate assets over each member's working years that will be sufficient to pay expected retirement benefits.

CONTRIBUTION RATES

The Retirement System is supported by member contributions, employer contributions and investment income on Retirement System assets. Members contribute percentages of their pay (by Ordinance and/or collective bargaining agreement) and the employer contributes the actuarially determined remainder needed to meet the funding objective.

Contributions are determined by the actuarial valuation and are sufficient to:

- (1) cover the actuarial costs allocated to the current year by the actuarial cost method (the normal cost); and
- (2) finance over a period of future years the actuarial costs not covered by present assets and anticipated future normal costs (unfunded actuarial accrued liability).

Contribution requirements for the fiscal year beginning October 1, 2010 are shown on page A-2.

**CONTRIBUTIONS TO FINANCE DEFINED BENEFIT PLANS
OF THE RETIREMENT SYSTEM
FOR THE FISCAL YEAR BEGINNING OCTOBER 1**

Defined Benefit Plans - Contributions for	2010		2009	
	County	Airport	County	Airport
Normal Cost				
Service allowances	9.20 %	4.84 %	8.57 %	5.14 %
Disability allowances	1.70 %	0.79 %	1.64 %	0.79 %
Survivor allowances	0.55 %	0.43 %	0.54 %	0.43 %
Termination benefits				
Deferred service allowances	0.57 %	0.29 %	0.54 %	0.33 %
Refunds of member contributions	0.26 %	0.01 %	0.16 %	0.03 %
Total Normal Cost	12.28 %	6.36 %	11.45 %	6.72 %
Less Portion Paid by Members*	2.20 %	0.05 %	1.36 %	0.23 %
County Defined Benefit Normal Cost	10.08 %	6.31 %	10.09 %	6.49 %
Unfunded Actuarial Accrued Liability#	20.18 %	8.60 %	17.73 %	7.31 %
Total Computed Employer Rate	30.26 %	14.91 %	27.82 %	13.80 %

* Weighted average of the various contribution rates.

Amortized as a level percent of pay over a period of 30 years.

Historical contribution rates for prior fiscal years are shown on page A-3. The total computed employer contribution rates shown on this page are meant to be applied to Defined Benefit Plan payroll to determine dollar contributions from the County and the Airport into the Retirement System.

Beginning with the September 30, 2007 valuation, separate contribution rates were calculated for the County and Airport Authority.

**HISTORICAL SCHEDULE OF NORMAL COST RATES
AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES
CONTRIBUTION AMOUNTS FOR DEFINED BENEFIT PLANS**

Fiscal Year Beginning	Valuation Date September 30+	County			Airport		
		Normal Cost Rate	UAAL Contribution Rate	Total Contribution Rate	Normal Cost Rate	UAAL Contribution Rate	Total Contribution Rate
2000	1999	13.14 %	(8.35)%	4.79 %	13.14 %	(8.35)%	4.79 %
2001	2000	13.14 %	(13.14)%	0.00 %	13.14 %	(13.14)%	0.00 %
2002	2001*	14.49 %	(11.35)%	3.14 %	14.49 %	(11.35)%	3.14 %
2003	2002	12.39 %	(4.33)%	8.06 %	12.39 %	(4.33)%	8.06 %
2004	2003	11.10 %	1.20 %	12.30 %	11.10 %	1.20 %	12.30 %
2005	2004#	10.08 %	3.72 %	13.80 %	10.08 %	3.72 %	13.80 %
2006	2005	9.32 %	6.71 %	16.03 %	9.32 %	6.71 %	16.03 %
2007	2006*	7.60 %	8.22 %	15.82 %	7.60 %	8.22 %	15.82 %
2008	2007!	9.93 %	13.74 %	23.67%*	6.40 %	7.08 %	13.48 %
2009	2008	10.09 %	17.73 %	27.82%*	6.49 %	7.31 %	13.80 %
2010	2009	10.06 %	24.22 %	34.28 %^a	6.31 %	8.60 %	14.91 %
2010	2009	10.08 %	20.18 %	30.26 %^b	6.31 %	8.60 %	14.91 %

* *Benefit changes are reflected in this valuation.*

After assumption changes.

@ *Adjustment made to funding value of assets.*

+ *Valuations before 1998 were based on a fiscal year ending November 30.*

! *Beginning with the September 30, 2007 valuation, separate contribution rates were calculated for the County and the Airport.*

The results above are displayed as follows:

- a) *Base benefits, without Plan 4 to Plan 5 member transfers*
- b) *Includes benefit changes (if any) and Plan 4 to Plan 5 member transfers*

Note: Hybrid Plan 5 exists September 30, 2003 and later.

FUNDING PROGRESS INDICATORS

The funding progress and status of the defined benefit plans is measured by the following indicators:

- ***The ratio of the funding value of assets to accrued liabilities.*** The ratio is expected to hold steady or gradually move toward 100% in the absence of benefit changes, assumption changes or valuation method changes.
- ***The ratio of the unfunded actuarial accrued liability to member payroll.*** In a soundly financed retirement system, the amount of the unfunded actuarial accrued liabilities will be controlled and prevented from increasing in the absence of benefit improvements. The ratio is a relative indicator of the condition in an inflationary environment.

Valuation Date September 30	Accrued Liability	Funding Value of Assets @	Funded Ratio	Member Payroll +	<u>Unfunded Actuarial Accrued Liability</u> Dollars	<u>% of Payroll</u>
(\$ in thousands)						
<u>County</u>						
2007*	\$1,090,515	\$ 891,423	82%	\$ 276,681	\$ 199,092	72 %
2008*	1,256,869	926,432	74%	281,035	330,437	118 %
2009*	1,350,826	907,238	67%	256,379	443,588	173 %
<u>Airport</u>						
2007	\$ 79,007	\$ 56,441	71%	\$ 48,702	\$ 22,566	46 %
2008	81,927	58,594	72%	49,035	23,333	48 %
2009	93,490	63,707	68%	41,088	29,783	72 %
<u>Total</u>						
2001*	\$ 979,176	\$1,041,645	106%	\$ 294,128	\$ (62,469)	-
2002	1,010,744	1,043,282	103%	308,962	(32,538)	-
2003	1,007,734	996,621	99%	289,250	11,113	4 %
2004#	959,697	910,056	94%	343,330	49,642	14 %
2005	969,333	891,427	92%	298,581	77,906	26 %
2006*	1,000,231	894,499	89%	319,611	105,732	33 %
2007*	1,169,522	947,864	81%	325,383	221,658	68 %
2008*	1,338,796	985,026	74%	330,070	353,770	107 %
2009*	1,444,316	970,945	67%	297,467	473,371	159 %

* Benefit changes and transfers to Plan 5 are reflected in this valuation.

After changes in assumptions.

+ Includes defined contribution Plan 4 payroll.

@ Reserve for inflation equity not included in this schedule.

Note: Hybrid Plan 5 exists September 30, 2003 and later.

DERIVATION OF EXPERIENCE GAIN (LOSS) YEAR ENDED SEPTEMBER 30, 2009

Actual experience will never (except by coincidence) coincide exactly with assumed experience. Gains and losses often cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) is shown below.

(1)	UAAL* at start of year	\$353,769,631
(2)	Normal Cost from last valuation	14,319,080
(3)	Actual employer contributions	32,558,974
(4)	Interest Accrual $(1 + 1/2 (2 - 3)) \times 8\%$	27,571,975
(5)	Expected UAAL Before Changes: (1) + (2) - (3) + (4)	363,101,712
(6)	Change from revised actuarial assumptions/method	0
(7a)	Change due to transfers/upgrades	55,925,323
(7b)	Contributions received	20,853,600
(7c)	Net change from transfers/upgrades: (7a) - (7b)	35,071,723
(8)	Expected UAAL after changes: (5) + (6) + (7c)	398,173,435
(9)	Actual UAAL at end of year	473,371,127
(10)	Gain (loss): (8) - (9)	\$ (75,197,692)
(11)	Gain (loss) as percent of actuarial accrued liabilities at start of year	(5.6%)

* *Unfunded actuarial accrued liability.*

COMMENTS ON THE ACTUARIAL VALUATION

1. **Experience:** The Market Value rate of return during fiscal year 2009 was (2.6)%, which is considerably less than the assumed rate of 8.0%. Under the asset valuation method, gains and losses are spread over a 4-year period. The net result of this year's Market Value loss, and carryover gains and losses from prior years, is a net loss of \$63.5 million. As of September 30, 2009, the Funding Value of assets exceeds the Market Value by \$175.9 million. Given this, and the fact that the remainder of this year's asset losses will be recognized during each of the next three years under the asset valuation method, the computed contribution rates will likely increase significantly over the next three years. GRS could model potential changes in contribution requirements under a variety of economic environments if the Retirement Commission so desires.
2. **Status:** Computed actuarial accrued liabilities exceed the Funding Value of assets by \$443.6 million for the County and \$29.8 million for the Airport. Unfunded actuarial accrued liabilities are currently being amortized over a closed 30-year period in accordance with Retirement Commission policy. The closed 30-year amortization period was first adopted for the September 30, 2009 valuation. Previously, an open 20-year period was used to amortize unfunded actuarial accrued liabilities. Please understand that changing the amortization period does not change the cost of plan benefits but only the timing of contributions. The County group of the Wayne County Employees' Retirement System (WCERS) is 67% funded, and the Airport is 68% funded, both based upon the Funding Value of Assets (see page B-10).
3. **Benefit Changes:** Early Retirement Incentives, transfers from Plan 4 to Plan 5 and Plan 5 to Plan 6 at subsidized service purchase rates, as well as benefit increases for certain Plan 3 members (who purchased an upgrade in the multiplier) contributed to the increase in the County contribution rate. If any further benefit changes are adopted, such changes would act to increase the contribution rate for the September 30, 2010 valuation.
4. **Experience Study:** The last comprehensive study of plan experience in the WCERS was completed after the September 30, 2003 valuation. We suggest that a similar study be undertaken for the 5-year period ending September 30, 2009.
5. **Other Comments:** As mentioned in the September 30, 2007 valuation report, with the County and the Airport now making separate contributions, the WCERS may no longer be considered a cost sharing plan. We recommend that your auditor review the status of the plan and the Governmental Accounting Standards Board (GASB) reporting requirements.
6. **Requested Data for Measurement of Assumed Age and Service Increase:** As indicated on page C-13, certain adjustments are incorporated into the valuation to account for: 1) Missing data for individuals who elected the pop-up. We do not have the straight life amount. 2) Lump sums included in Average Final Compensation at retirement. We continue to request that this information be provided as part of the data request process so that we may verify that these assumptions are in line with experience.

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ACTUARIAL BALANCE SHEET - SEPTEMBER 30, 2009

Present Resources and Expected Future Resources

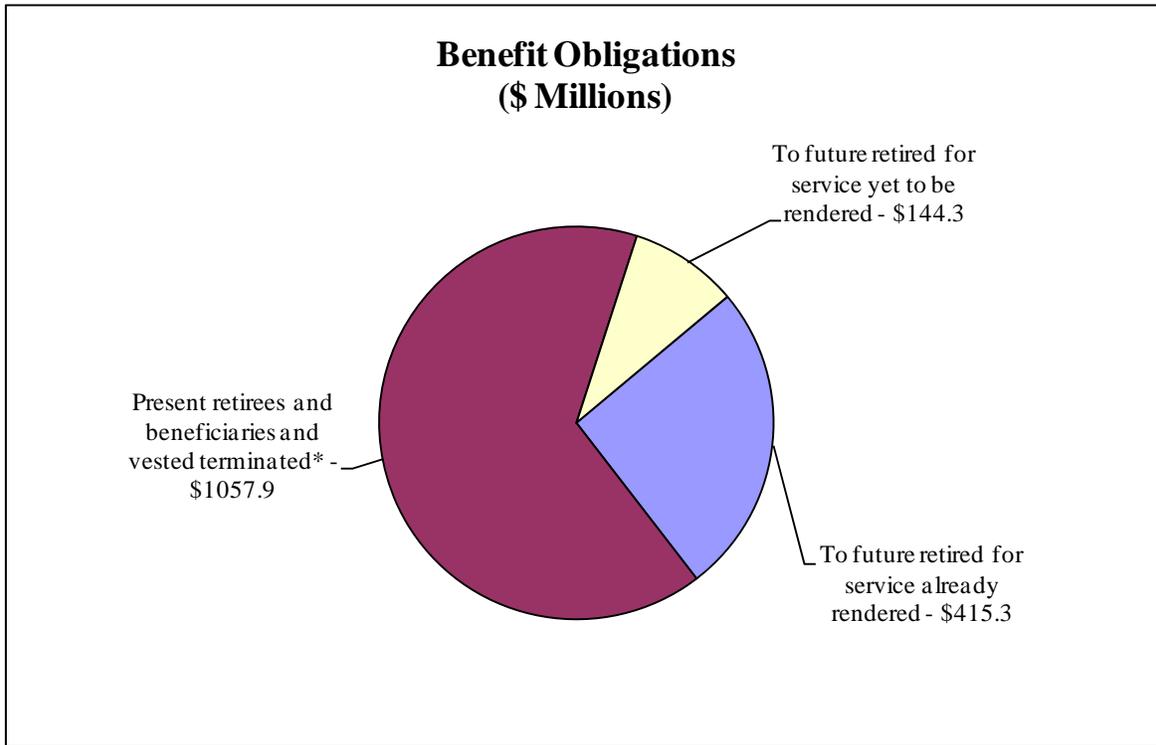
A. Valuation assets	
1. Net assets from system financial statements (market value)	\$823,428,019
2. Valuation adjustment	175,873,625
3. Valuation assets	999,301,644
B. Actuarial present value of expected future employer contributions	
1. For normal costs	121,243,761
2. For unfunded actuarial accrued liabilities	473,371,127
3. Total	594,614,888
C. Actuarial present value of expected future member contributions	23,619,479
D. Total Actuarial Present Value of Present and Expected Future Resources	\$1,617,536,011

Actuarial Present Value of Expected Future Benefit Payments and Reserves

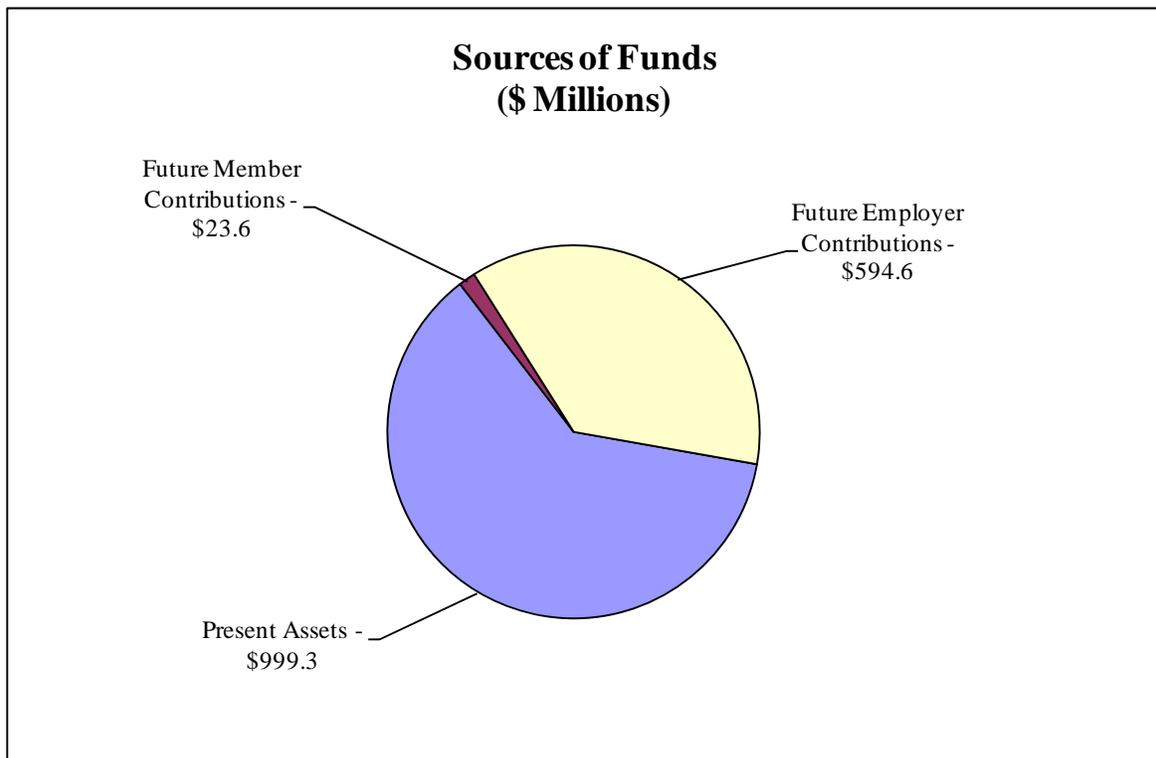
A. To retired members and beneficiaries	\$ 1,003,697,202
B. To vested terminated members	5,055,926
C. To present active members	
1. Allocated to service rendered prior to valuation date*	415,317,307
2. Allocated to service likely to be rendered after valuation date	144,254,995
3. Total	559,572,302
D. Total Actuarial Present Value of Expected Future Benefit Payments	1,568,325,430
E. Inflation Equity Benefits	49,210,581
F. Total Actuarial Present Value of Expected Future Benefit Payments and Reserves	\$1,617,536,011

* Net of post-valuation member payments for benefit upgrades and Plan 5 transfers.

FINANCING \$1,617.5 MILLION OF BENEFIT PROMISES SEPTEMBER 30, 2009



* Includes Inflation Equity Fund



SECTION B

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

BRIEF SUMMARY OF BENEFIT PROVISIONS
DEFINED BENEFIT PLAN 1
(SEPTEMBER 30, 2009)

Availability

Defined Benefit Plan 1 was closed to new hires on August 15, 1983 (or on the date in a negotiated agreement).

Normal Retirement (no reduction factor for age):

Eligibility - Sheriff: 25 years of service.

Others: Age 50 with 25 years of service, age 60 with 5 years of service or any age with 30 years of service.

Pension Amount – Total service times 2.65% of average final compensation.

Maximum pension is 75% of AFC (less worker's compensation payments). Minimum monthly pension is \$5 times years of service.

Average Final Compensation (AFC) - Monthly average of covered compensations for best 4 years of credited service. Some lump sums, overtime & premium pay are included.

Vested Termination (deferred retirement):

Eligibility - 8 years of service. Pension begins at age 60.

Pension Amount - Computed as normal retirement but based upon service and AFC at time of termination.

Duty Disability Retirement:

Eligibility - No age or service requirements.

Pension Amount - Computed as normal retirement with additional service credit granted from date of retirement to age 60. Minimum pension is \$4,800 annually. Maximum pension is the lesser of 75% of AFC, and 100% of AFC less outside earnings and social security disability benefits. Worker's compensation payments offset the maximum.

Non-Duty Disability Retirement:

Eligibility - 10 years of service.

Pension Amount - Computed as normal retirement but based on service and AFC at time of retirement.

BRIEF SUMMARY OF BENEFIT PROVISIONS
DEFINED BENEFIT PLAN 1
(SEPTEMBER 30, 2009)

Duty Death Before Retirement:

Eligibility - No age or service requirements.

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. Additional service credit is granted from date of death to date the deceased member would have attained 60 years of age. If there is no eligible spouse, unmarried children under age 18 receive equal shares of 50% of normal retirement pension. Spouse's pension shall not be less than \$4,800. Worker's compensation payments and social security offset the maximum.

Non-Duty Death Before Retirement:

Eligibility - 10 years of service.

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. If there is no eligible spouse, unmarried children under age 18 receive equal shares of 50% of normal retirement pension.

Post-Retirement Cost-of-Living Adjustment:

Eligible for distributions from Reserve for Inflation Equity.

Member Contributions:

Sheriff Command Officers and Deputies: 5.00% of annual compensation.

Others:

Credited Service	Contribution Rate*
0 yrs. thru 8 yrs.	6.00% or 6.58% of compensation
9 yrs. thru 12 yrs.	4.00% or 4.58% of compensation
13 yrs. thru 16 yrs.	3.00% or 3.58% of compensation
17 yrs. or more	2.00% or 2.58% of compensation

* Contribution rate is determined by coverage group from collective bargaining agreement (CBA).

BRIEF SUMMARY OF BENEFIT PROVISIONS
DEFINED BENEFIT PLAN 2
(SEPTEMBER 30, 2009)

Availability - Defined Benefit Plan 2 was available to persons hired after August 15, 1983 and to DBP 1 and DBP 3 members who elect to be covered by DBP 2. **Eligibility to enter this Plan ceased as of October 1, 2001.**

Normal Retirement (no reduction factor for age):

Eligibility - Age 55 with 25 years of service or age 60 with 15 or 20 years of service; or, age 65 with 8 years of service.

Pension Amount - Average final compensation multiplied by the sum of a) 1% of credited service up to 20 years; and, b) 1.25% of credited service over 20 years. Maximum County financed portion is 75% of AFC.

Average Final Compensation (AFC) - Monthly average of covered compensation for the best 5 years of credited service. Covered compensation includes overtime, premium and holiday pay, but not lump sums.

Vested Termination (deferred retirement):

Eligibility - 8 years of service. Pension begins at age 65.

Pension Amount - Computed as normal retirement based on service and AFC at time of termination.

Duty Disability Retirement:

Eligibility - No age or service requirements.

Pension Amount - Computed as normal retirement with additional service credit granted from date of retirement to age 60. Maximum pension is the lesser of 75% of AFC, and 100% of AFC less outside earnings and social security disability benefits. Worker's compensation payments, social security benefit payments, and outside earnings offset the maximum. Minimum pension for select unions is 75% of AFC.

Non-Duty Disability Retirement:

Eligibility - 10 years of service.

Pension Amount - Computed as normal retirement but based on service and AFC at time of termination. Social security benefit payments and outside earnings offset the maximum.

Death Before Retirement:

Eligibility - 10 years of service; or age 65 and 8 years of service (any amount of service if Duty related).

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. If there is no eligible spouse, unmarried children under 18 receive equal shares of 50% of normal retirement pension.

Post-Retirement Cost-of-Living Adjustment:

Eligible for distributions from the Reserve for Inflation Equity.

Member Contributions:

None.

BRIEF SUMMARY OF BENEFIT PROVISIONS
DEFINED BENEFIT PLAN 3
(SEPTEMBER 30, 2009)

Availability - Plan 3 was available to persons last hired after August 15, 1983; and, to other persons if offered by collective bargaining agreement. **Eligibility to enter this Plan ceased as of March 31, 1986.**

Normal Retirement (no reduction factor for age):

Eligibility - Age 55 with 25 years of service; or age 60 with 15 or 20 years of service; or age 65 with 5 years of service. Sheriff Command Officers may retire with 25 years of service regardless of age.

Pension Amount – Average final compensation multiplied by the sum of:

For select negotiated CBAs: a) 2.0% of credited service up to 20 years; and b) 2.5% of credited service between 20 and 25 years; and c) 3.0% of credited service over 25 years. Certain CBA's also had the option to upgrade (via purchase) to a 2.5% multiplier for the first 20 years of service.

Others: a) 1.5% of credited service up to 20 years; and b) 2.0% of credited service between 20 and 25 years; and, c) 2.5% of credited service over 25 years.

Maximum County financed portion is 75% of AFC (less worker's compensation payments).

Average Final Compensation (AFC) – Monthly average of covered compensation for the best 5 years of credited service.

For select negotiated CBAs: Covered compensation includes overtime, premium and holiday pay, 75% of accumulated sick leave and 100% of accumulated vacation time.

Others: Covered compensation includes overtime, premium and holiday pay, up to 320 hours of lump sum payments for unused sick leave and up to 120 hours of lump sum payments for unused vacation time.

Vested Termination (deferred retirement):

Eligibility - 8 years of service. Pension begins at age 65.

Pension Amount - Computed as normal retirement but based upon service and AFC at time of termination.

Duty Disability Retirement:

Select Unions (Sheriff Command Officers) receive 75% of AFC. Worker's compensation, social security benefit payments, and outside earnings may offset pension.

Others: covered outside of Retirement System.

Non-Duty Disability Retirement:

Covered outside of Retirement System.

Death Before Retirement:

Eligibility - 10 years of service; or, age 65 with 5 years of service (any amount of service if Duty related).

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. If there is no eligible spouse, unmarried children under age 18 receive equal shares of 50% of normal retirement pension.

Post-Retirement Cost-of-Living Adjustment:

Eligible for distributions from the Reserve for Inflation Equity.

Member Contributions:

3% of covered compensation.

BRIEF SUMMARY OF BENEFIT PROVISIONS
DEFINED CONTRIBUTION PLAN 4
(SEPTEMBER 30, 2009)

Defined Contribution Plan 4 is not included in this valuation with the exception of the following provision covered under the Defined Benefit Plans:

Duty Disability Retirement:

Eligibility – No age or service requirements.

The Duty Disability benefit is partially funded by the member's account balance. For select negotiated CBAs (Sheriffs), benefit is equal to 75% of the employee's average final compensation as otherwise provided in Defined Benefit Plan 1. The employee is required to surrender all funds in Defined Contribution Plan 4 and pay any outstanding loans.

Members in Plan 4 are eligible to roll account balances into Defined Benefit Plan 5 to receive a defined benefit during periods as specified in CBAs. This benefit would be based on the amount of service that can be purchased by the member's account balance.

BRIEF SUMMARY OF BENEFIT PROVISIONS
HYBRID PLAN 5
(SEPTEMBER 30, 2009)

Availability - Hybrid Plan 5 is obligatory for persons hired after October 1, 2001. Exempt employees may choose between Plan 5 and DC Plan 4. Members may transfer from Plan 4 into this Plan.

DEFINED BENEFIT PROVISIONS

Normal Retirement (no reduction for age):

Eligibility - Age 55 with 25 years of service; or age 60 with 20 years of service; or age 65 with 8 years of service; or 30 years of service regardless of age.

Pension Amount –

For select negotiated CBAs – Average final compensation multiplied by 2.0% for all years of credited service. Maximum pension is 75% of AFC (less worker's compensation payments).

Others – Average final compensation multiplied by the sum of a) 1.25% of credited service up to 20 years; and b) 1.5% of credited service over 20 years. Maximum pension is 75% of AFC (less worker's compensation payments).

Average Final Compensation (AFC) - Monthly average of covered compensation for the last 5 years of credited service, with the exception of Sheriff Command Officers and Executives where AFC is for the best 5 years of credited service. Covered compensation includes overtime and premium pay, and also includes payout of sick and annual leave banks for select negotiated CBAs.

Vested Termination (deferred retirement):

Eligibility - 8 years of service. Pension begins at age 65.

Pension Amount - Computed as normal retirement but based upon service and AFC at time of termination.

Duty Disability Retirement:

Eligibility - No age or service requirements.

Pension Amount - Computed as normal retirement with additional service credit granted from date of retirement to age 60. Worker's compensation payments, Social Security benefit payments and outside earnings offset the defined benefit portion of the pension. For select negotiated CBAs, the benefit is equal to 75% of AFC as otherwise provided in Defined Benefit Plan 1. The employee is required to surrender all Defined Contribution funds in Hybrid Plan 5 and pay any outstanding loans.

Non-Duty Disability Retirement:

Eligibility - 10 years of service.

Pension Amount - Computed as normal retirement but based on service and AFC at time of termination. Social security benefit payments and outside earnings offset the maximum.

BRIEF SUMMARY OF BENEFIT PROVISIONS
HYBRID PLAN 5
(SEPTEMBER 30, 2009)

Duty Death Before Retirement:

Eligibility - No age or service requirements.

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. Additional service credit is granted from date of death to date the deceased member would have attained 60 years of age. If there is no eligible spouse, unmarried children under age 18 receive equal shares of 50% of normal retirement pension. Worker's compensation payments offset the maximum.

Non-Duty Death Before Retirement:

Eligibility - 10 years of service, or age 65 with 8 years of service.

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. If there is no eligible spouse, unmarried children under age 18 receive equal shares of 50% of normal retirement pension.

Post-Retirement Cost-of-Living Adjustment:

Eligible for distributions from the Reserve for Inflation Equity, except for members hired after execution of certain CBAs, who will not be eligible for distributions upon retirement.

Member Contributions:

Individuals with 2% multiplier contribute 0%, 1% or 5% of covered compensation, depending on CBA.

DEFINED CONTRIBUTION PROVISIONS

Contributions:

Either 4% of base compensation (2% member (contribution rate is determined by coverage group from collective bargaining agreement (CBA)) plus 2% employer) or voluntary amount for members (subject to IRS regulations) plus 0% employer for County. 6% of base compensation (3% member plus 3% employer) for Airport Authority and Circuit Court. Contributions are invested by the members based on investment options established by the Retirement Commission. Contribution balances are credited with actual net market rates of return of the selected investments.

Vesting:

Member portion – 100% immediately.

Employer portion – 50% after 1 year of total service; 75% after 2 years; 100% after 3 years.

Distribution Options:

Terminating members may choose between:

- Lump sum distribution of vested account balance, or
- Rollover of vested account balance to a qualified plan, or
- Annuitized vested account balance if the member is also eligible for a defined benefit pension.

BRIEF SUMMARY OF BENEFIT PROVISIONS
HYBRID PLAN 6
(SEPTEMBER 30, 2009)

Availability - Hybrid Plan 6 is available effective October 1, 2008 for County members of Hybrid Plan 5 who are allowed to transfer and pay the required contribution for each year of service.

DEFINED BENEFIT PROVISIONS

Normal Retirement (no reduction for age):

Eligibility - Age 55 with 25 years of service; or age 60 with 20 years of service; or age 65 with 8 years of service; or 30 years of service regardless of age.

Pension Amount - Average final compensation multiplied by 2.5% for all years of credited service. Maximum pension is 75% of AFC (less worker's compensation payments).

Average Final Compensation (AFC) - Monthly average of covered compensation for the best 5 years of the last 7 years of credited service. Covered compensation includes overtime and premium pay, and also includes payout of sick and annual leave banks for select negotiated CBAs.

Vested Termination (deferred retirement):

Eligibility - 8 years of service. Pension begins at age 65.

Pension Amount - Computed as normal retirement but based upon service and AFC at time of termination.

Duty Disability Retirement:

Eligibility - No age or service requirements.

Pension Amount - Computed as normal retirement with additional service credit granted from date of retirement to age 60. Worker's compensation payments, Social Security benefit payments and outside earnings offset the defined benefit portion of the pension. For select negotiated CBAs, the benefit is equal to 75% of AFC as otherwise provided in Defined Benefit Plan 1. The employee is required to surrender all Defined Contribution funds in Hybrid Plan 6 and pay any outstanding loans.

Non-Duty Disability Retirement:

Eligibility - 10 years of service.

Pension Amount - Computed as normal retirement but based on service and AFC at time of termination. Social security benefit payments and outside earnings offset the maximum.

BRIEF SUMMARY OF BENEFIT PROVISIONS
HYBRID PLAN 6
(SEPTEMBER 30, 2009)

Duty Death Before Retirement:

Eligibility - No age or service requirements.

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. Additional service credit is granted from date of death to date the deceased member would have attained 60 years of age. If there is no eligible spouse, unmarried children under age 18 receive equal shares of 50% of normal retirement pension. Worker's compensation payments offset the maximum.

Non-Duty Death Before Retirement:

Eligibility - 10 years of service, or age 65 with 8 years of service.

Pension Amount - Pension to the spouse is computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election. If there is no eligible spouse, unmarried children under age 18 receive equal shares of 50% of normal retirement pension.

Post-Retirement Cost-of-Living Adjustment:

Eligible for distributions from the Reserve for Inflation Equity, except for members hired after execution of certain CBAs, who will not be eligible for distributions upon retirement.

Member Contributions:

4.0% of covered compensation.

DEFINED CONTRIBUTION PROVISIONS

Contributions:

Voluntary for member (subject to IRS regulations), 0% employer. Contributions are invested by the members based on investment options established by the Retirement Commission. Contribution balances are credited with actual net market rates of return of the selected investments.

Vesting:

Member portion – 100% immediately.

Distribution Options:

Terminating members may choose between:

- Lump sum distribution of vested account balance, or
- Rollover of vested account balance to a qualified plan, or
- Annuitized vested account balance if the member is also eligible for a defined benefit pension.

DEVELOPMENT OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

Year Ended September 30:	2007	2008	2009	2010	2011	2012
A. Funding Value Beginning of Year	\$948,313,645	\$967,359,485	\$997,508,337			
B. Market Value End of Year	1,037,978,404	859,527,777	823,428,019			
C. Market Value Beginning of Year	987,415,361	1,037,978,404	859,527,777			
D. Non-Investment Net Cash Flow	(87,186,213)	(22,532,418)	(13,989,263)			
E. Investment Income						
E1. Market Total: B - C - D	137,749,256	(155,918,209)	(22,110,495)			
E2. Amount for Immediate Recognition	72,377,643	76,487,462	79,241,096			
E3. Amount for Phased-In Recognition: E1-E2	65,371,613	(232,405,671)	(101,351,591)			
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.25 x E3	16,342,903	(58,101,418)	(25,337,898)			
F2. First Prior Year	3,637,887	16,342,903	(58,101,418)	\$(25,337,898)		
F3. Second Prior Year	14,314,436	3,637,887	16,342,903	(58,101,418)	\$(25,337,898)	
F4. Third Prior Year	(440,816)	14,314,436	3,637,887	16,342,903	(58,101,418)	\$(25,337,896)
F5. Total Recognized Investment Gain	33,854,410	(23,806,192)	(63,458,526)	(67,096,413)	(83,439,316)	(25,337,896)
G. Funding Value End of Year: A + D + E2 + F5	\$967,359,485	\$ 997,508,337	\$999,301,644			
H. Difference between Market & Funding Value	70,618,919	(137,980,560)	(175,873,625)	(108,777,212)	(25,337,896)	0
I. Recognized Rate of Return	11.7%	5.5%	1.6%			
J. Market Value Rate of Return	14.6%	(15.2)%	(2.6)%			
K. Ratio of Funding Value to Market Value	93.2%	116.1%	121.4%			

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. The Funding Value of Assets is *unbiased* with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for 3 consecutive years, it will become equal to Market Value.

DEVELOPMENT OF ASSET ALLOCATION FOR COUNTY AND AIRPORT AUTHORITY

	County	Airport Authority	WCERS	Inflation Equity Fund	Total (WCERS + IEF)
(1) Market Value BOY	\$ 750,878,597	\$ 49,982,312	\$ 800,860,909	\$58,666,868	\$859,527,777
(2) Employee Contributions	68,106,268	6,307,987	74,414,255		74,414,255
(3) Employer Contributions	29,444,747	3,114,227	32,558,974		32,558,974
(4) Benefit Payments & Refunds	105,445,939	6,060,266	111,506,205	9,456,287	120,962,492
(5) Average Balance: (1) + 1/2 (2+3-4)	746,931,135	51,663,286	798,594,421		852,533,146
(6) Net Investment Income Allocation	(20,680,105)	(1,430,390)	(22,110,495)		(22,110,495)
(7) Market Value EOY: (1)+(2)+(3)-(4)+(6)	\$ 722,303,568	\$ 51,913,870	\$ 774,217,438	\$ 49,210,581	\$823,428,019
(8) Market Value Rate of Return: (6)/(5)	(2.77)%	(2.77)%	(2.77)%	0.0%	(2.59)%
(9) Percentage of WCERS Market Value	93.29%	6.71%	100.00%		
(10) Funding Value Allocation: (Total-IEF) x (9)	\$886,384,278	\$63,706,785	\$950,091,063	\$49,210,581	\$999,301,644

DERIVATION OF RESERVE FOR INFLATION EQUITY FUND (IEF)

	September 30, 2009	September 30, 2008
Rate of investment return		
(1) Actual return on funding value of assets	1.59 %	5.51 %
(2) Threshold return	9.00 %	9.00 %
(3) Excess, if any, of (1) over (2)	0.00 %	0.00 %
Actuarial present value of pensions	\$1,003,697,202	\$883,852,759
Dollars available for allocation to IEF	0	0
Reserve balance - start of year	58,666,868	67,936,788
Disbursements during year	9,456,287	9,269,920
Transfer for minimum pensions	0	0
Current year addition	0	0
Reserve balance - end of year	\$ 49,210,581	\$ 58,666,868
Reserve for year end transfer	N/A	N/A

RETIRED MEMBERS AND BENEFICIARIES ADDED AND REMOVED

Year Ended Sept. 30	Added		Removed		Net Increase		End of Year	
	No.	Annual Pensions	No.	Annual@ Pensions	No.	Annual Pensions	No.	Annual Pensions
1970	298	\$1,887,508	148	\$ 307,186	150	\$1,580,322	2,454	\$ 7,067,753
1975	323	2,300,782	129	575,157	194	1,725,625	3,277	14,532,239
1980	322	3,629,866	140	1,009,861	182	2,620,005	4,359	28,307,255
1985	329	4,609,633	204	2,002,018	125	2,607,615	5,861	53,297,557
1990	176	3,004,814	172	1,986,571	4	1,018,243	6,149	59,607,315
1991	169	2,531,422	154	1,868,781	15	662,641	6,164	60,269,956
1992	195	3,876,810	148	1,831,565	47	2,045,245	6,211	62,315,201
1993	172	3,914,864	173	1,885,010	(1)	2,029,854	6,210	64,345,055
1994	191	3,626,150	163	1,844,072	28	1,782,078	6,238	66,127,133
1995	150	3,481,882	171	2,223,393	(21)	1,258,489	6,217	67,385,622
1996	212	6,445,919	210	3,101,236	2	3,344,683	6,219	70,730,305
1997	171	4,593,132	188	1,328,817	(17)	3,264,315	6,202	73,994,620
1998	112	3,428,743	174	1,823,043	(62)	1,605,700	6,140	75,600,320
1999	133	3,496,500	221	2,143,122	(88)	1,353,378	6,052	76,953,698
2000	136	4,414,263	204	2,481,571	(68)	1,932,692	5,984	78,886,390
2001	131	4,993,401	221	2,733,398	(90)	2,260,003	5,894	81,146,393
2002	125	4,462,475	186	2,247,194	(61)	2,215,281	5,833	83,361,674
2003	177	7,530,715	201	2,267,018	(24)	5,263,697	5,809	88,625,371
2004	96	3,645,959	309	3,569,564	(213)	76,395	5,596	88,701,766
2005	264	10,505,300	225	2,768,648	39	7,736,652	5,635	96,438,418
2006	135	4,004,469	273	2,922,793	(138)	1,081,676	5,497	97,520,094
2007	163	4,746,709	187	2,589,568	(24)	2,157,141	5,473	99,677,235
2008	177	6,300,153	202	2,974,301	(25)	3,325,852	5,448	103,003,087
2009	295	14,354,073	155	2,017,870	140	12,336,203	5,588	115,339,290

@ Includes benefit adjustments.

RETIRED MEMBERS AND BENEFICIARIES COMPARATIVE SCHEDULE

Valuation Date Sept. 30	Pensions Being Paid					Active Member Ratio(2)	
	No.	Amount*	% of Member Payroll#	Annual % Increase(1)			Average Pension
				No.	Amount		
1950	477	\$ 450	2.0 %	37.9 %	44.4 %	\$ 943	11.9
1955	931	1,166	3.6 %	14.3 %	21.0 %	1,252	6.9
1960	1,487	2,454	5.9 %	9.3 %	14.7 %	1,565	4.7
1965	1,949	4,025	7.8 %	7.4 %	14.2 %	2,065	3.8
1970	2,454	7,068	8.7 %	6.5 %	11.9 %	2,880	3.3
1975	3,277	14,532	12.5 %	6.3 %	15.5 %	4,435	2.4
1980	4,359	28,307	15.9 %	5.9 %	14.3 %	6,494	1.6
1985	5,861	53,298	41.0 %	6.1 %	13.5 %	9,094	0.8
1990	6,149	59,607	37.9 %	1.0 %	2.3 %	9,694	0.8
1995	6,217	67,386	85.0 %	0.2 %	2.5 %	10,839	0.9
1996	6,219	70,730	94.9 %	0.0 %	5.0 %	11,373	0.9
1997	6,202	73,995	103.2 %	(0.3)%	4.6 %	11,931	0.9
1998	6,140	75,600	112.1 %	(1.0)%	2.2 %	12,313	0.9
1999	6,052	76,954	113.3 %	(1.4)%	1.8 %	12,715	1.0
2000	5,984	78,886	118.0 %	(1.1)%	2.5 %	13,183	1.0
2001	5,894	81,146	128.7 %	(1.5)%	2.9 %	13,768	1.0
2002	5,833	83,362	97.4 %	(1.0)%	2.7 %	14,291	1.0
2003	5,809	88,625	106.5 %	(0.4)%	6.3 %	15,257	1.0
2004	5,596	88,702	89.8 %	(3.7)%	0.1 %	15,851	1.2
2005	5,635	96,438	113.9 %	0.7 %	8.7 %	17,114	1.0
2006	5,497	97,520	104.4 %	(2.4)%	1.1 %	17,741	1.1
2007	5,473	99,677	74.6 %	(0.4)%	2.2 %	18,213	1.0
2008	5,448	103,003	63.4 %	(0.5)%	3.3 %	18,907	1.0
2009	5,588	115,339	77.3 %	2.6 %	12.0 %	20,641	0.9

(1) For 1950, 1955, 1960, 1965, 1970, 1975, 1980, 1985, 1990 and 1995 the percentage increase shown is the average of the 5 annual increases ending with the stated year.

(2) Number of active members (including defined contribution plan members) divided by number of retired members and beneficiaries.

* In thousands of dollars.

EXCLUDES Defined Contribution Plan payroll after 1991.

**RETIRED MEMBERS AND BENEFICIARIES SEPTEMBER 30, 2009
BY ATTAINED AGE GROUPS**

Attained Age Grouping	County		Airport		WCERS Total	
	Number	Annual Pensions	Number	Annual Pensions	Number	Annual Pensions
Under 35	5	\$ 72,844	0	\$ 0	5	\$ 72,844
35-39	5	165,677	0	0	5	165,677
40-44	35	1,459,087	1	3,402	36	1,462,489
45-49	103	4,528,541	6	305,926	109	4,834,467
50-54	154	6,398,429	17	876,908	171	7,275,337
55-59	425	16,495,591	40	2,107,028	465	18,602,619
60-64	760	23,300,992	40	2,093,938	800	25,394,930
65-69	740	15,913,540	20	688,931	760	16,602,471
70-74	650	11,243,617	9	341,104	659	11,584,721
75-79	748	10,911,208	1	59,673	749	10,970,881
80-84	833	9,644,723	2	145,723	835	9,790,446
85-89	638	6,127,795	0	0	638	6,127,795
90-94	269	2,017,560	0	0	269	2,017,560
95-99	78	416,478	0	0	78	416,478
100 & Over	9	20,575	0	0	9	20,575
Totals	5,452	\$108,716,657	136	\$6,622,633	5,588	\$115,339,290

Average age now:	73.3 yrs.	60.5 yrs.	73.0 yrs.
Average age at retirement:	55.0 yrs.	56.8 yrs.	55.1 yrs.
Average service at retirement:	24.2 yrs.	27.5 yrs.	24.3 yrs.

RETIRED MEMBERS AND BENEFICIARIES SEPTEMBER 30, 2009
BY TYPE OF RETIREMENT – COUNTY

Type of Pension Being Paid	Benefits Paid	Number
Age & Service Pensions		
S.S. Equated		
Straight Life	\$ 30,142,818	1,285
Option 1	1,263,736	46
Option 2	17,826,868	602
Option 3	13,688,297	413
Total	62,921,719	2,346
Not S.S. Equated		
Straight Life	\$ 14,700,057	1,096
Option 1	1,177,559	36
Option 2	7,254,133	284
Option 3	7,248,955	334
Total	30,380,704	1,750
Survivor beneficiary of deceased retired member	8,248,740	779
Total Age and Service Pensions	\$101,551,163	4,875
Casualty Pensions		
Duty Disability	\$ 3,543,483	179
Non-Duty Disability	1,532,526	161
Survivor beneficiary of deceased retired member	844,852	94
Duty Death	116,498	16
Non-Duty Death	1,128,135	127
Total Casualty Pensions	7,165,494	577
Total Pensions Being Paid	\$108,716,657	5,452

RETIRED MEMBERS AND BENEFICIARIES SEPTEMBER 30, 2009
BY TYPE OF RETIREMENT – AIRPORT

Type of Pension Being Paid	Benefits Paid	Number
Age & Service Pensions		
S.S. Equated		
Straight Life	\$ 1,730,047	33
Option 1	29,454	1
Option 2	1,728,791	39
Option 3	1,754,901	31
Total	5,243,193	104
Not S.S. Equated		
Straight Life	\$ 107,815	3
Option 1	113,452	2
Option 2	331,101	8
Option 3	460,682	7
Total	1,013,050	20
Survivor beneficiary of deceased retired member	107,711	3
Total Age and Service Pensions	\$ 6,363,954	127
Casualty Pensions		
Duty Disability	\$ 193,843	7
Non-Duty Disability	64,836	2
Survivor beneficiary of deceased retired member	-	0
Duty Death	-	0
Non-Duty Death	-	0
Total Casualty Pensions	258,679	9
Total Pensions Being Paid	\$ 6,622,633	136

RETIRED MEMBERS AND BENEFICIARIES SEPTEMBER 30, 2009
BY PENSION AMOUNT AND YEAR OF RETIREMENT

Annual Pension Range	Year of Retirement													Totals	Average Service at Retirement	
	Before 1960	1960s	1970s	1980-84	1985-89	1990-94	1995-99	2000-04	2005	2006	2007	2008	2009			
\$0-999	3	7	12	10	5	13	5	2							57	10
1,000-1,999	3	11	22	20	22	18	18	18	5	5	2	6			150	12
2,000-2,999	2	7	31	22	31	34	38	29	9	5	4	6	2		220	14
3,000-3,999		5	33	31	30	25	36	31	5	2	5	6	8		217	17
4,000-4,999		1	44	41	32	29	24	29	9	5	11	1	4		230	18
5,000-5,999	1	1	56	62	36	43	30	30	4	6	5	6	4		284	19
6,000-6,999			34	85	51	40	26	23	5	2	4	9	4		283	20
7,000-7,999		2	31	83	44	34	19	18	5	6	6	7	6		261	20
8,000-8,999			38	67	28	37	26	16	2	8	5	7	4		238	22
9,000-9,999			25	76	43	34	22	19	3	5	6	6	3		242	22
10,000-10,999		1	20	72	39	38	21	21	2	6	1	4	1		226	23
11,000-11,999			21	67	34	32	24	10	6	4	6	11			215	24
12,000-12,999		2	11	76	38	30	22	14	5	4	2	4	3		211	24
13,000-13,999			15	39	43	36	25	11	4	5	3	4	2		187	25
14,000-14,999			10	43	28	29	16	13	4	1	3	4	2		153	25
15,000-15,999			4	32	23	34	14	13	3	3		2	5		133	25
16,000-16,999			5	26	18	25	20	18		2	1	1			116	27
17,000-17,999			3	38	10	22	13	12	1	4	1	2	4		110	27
18,000-18,999			1	21	14	11	14	9	4	2	5	1	3		85	28
19,000-19,999			2	16	13	20	10	8	4			3	3		79	26
20,000-20,999				12	10	21	17	6	3	3	1	1	6		80	27
21,000-21,999			1	13	10	24	21	5		3	1	1	1		80	27
22,000-22,999			1	11	7	6	20	7		1		1	3		57	28
23,000-23,999			1	13	9	12	18	9	2	1		4			69	29
24,000-24,999			1	12	2	11	12	11	1	1	1	2			54	28
25,000-25,999				7	4	9	14	6	1	2	1	3	2		49	28
26,000-26,999			1	3	8	9	22	11		1	2	2	1		60	28
27,000-27,999				2	4	12	11	8	2		1	7	3		50	28
28,000-28,999				2	5	3	12	9			2	3	2		38	26
29,000-29,999				5	5	9	17	12	2	3	2	2	2		59	30
30,000-39,999			1	11	11	40	116	103	9	18	15	47	23		394	29
40,000-49,999			1	2	2	20	70	115	17	19	12	50	25		333	29
50,000-59,999						3	41	95	11	9	2	32	22		215	30
60,000-69,999						2	10	73	6	6	5	33	16		151	30
70,000-79,999							3	44	2	8	4	21	13		95	30
80,000-89,999								29	2	2	1	8	7		51	31
90,000-99,999								13	2	2		2	10		29	31
100,000-109,999								7	1			2	6		16	34
110,000-119,999								2				1	5		8	34
120,000 & Up								2			1				3	37
Totals	9	37	425	1,020	659	765	829	911	141	154	121	312	205	5,588		

VESTED FORMER MEMBERS SEPTEMBER 30, 2009
TABULATED BY ATTAINED AGE GROUPS

Attained Ages	No.	Estimated Annual Allowances
35-39	2	\$ 5,870
40-44	8	59,379
45-49	18	164,532
50-54	19	119,570
55-59	36	252,094
60-64	24	134,008
65-69	10	39,094
70 & Up	3	59,432
Totals	120	\$833,979

A vested former member is a person who has left the employ of the County after acquiring credited service sufficient for a vested pension and has not withdrawn their accumulated member contributions from the Reserve for Accumulated Member Contributions. A vested former member may retire upon satisfying the conditions for normal retirement.

ACTIVE MEMBERS SEPTEMBER 30, 2009 – COUNTY

Plan	No.	Valuation Payroll	Average		
			Pay	Age	Service
				(in years)	
Defined Benefit Plan 1					
General & DPS	126	\$ 9,325,098	\$74,009	58.1	29.8
Sheriff	9	683,051	75,895	59.6	31.0
Total	135	10,008,149	74,134	58.2	29.9
Defined Benefit Plan 2					
General & DPS	53	2,838,580	53,558	52.8	21.1
Sheriff	23	1,407,108	61,179	42.3	15.2
Total	76	4,245,688	55,864	49.6	19.3
Defined Benefit Plan 3					
General & DPS	28	1,671,897	59,711	55.2	24.2
Sheriff	16	1,074,076	67,130	50.6	25.1
Total	44	2,745,973	62,408	53.5	24.5
Hybrid Plan 5					
General & DPS	858	44,005,590	51,289	45.5	10.0
Sheriff	239	13,375,949	55,966	37.1	9.4
Total	1,097	57,381,539	52,308	43.7	9.9
Hybrid Plan 6					
General & DPS	329	28,050,705	85,261	49.9	20.7
Sheriff	421	26,483,295	62,906	42.3	17.1
Total	750	54,534,000	72,712	45.6	18.7
Defined Benefit Sub-total*	2,102	128,915,349	61,330	45.7	14.9
Defined Contribution Plan 4	2,241	127,463,908	56,878	47.1	13.8
Total	4,343	\$256,379,257	\$59,033	46.4	14.3

* Includes Plan 4 members that transferred into Plan 5 after the valuation date.

ACTIVE MEMBERS SEPTEMBER 30, 2009 – AIRPORT

Plan	No.	Valuation Payroll	Average		
			Pay	Age	Service
Defined Benefit Plan 1				(in years)	
General & DPS	2	\$ 180,065	\$90,033	54.0	30.9
Sheriff	0	n/a	n/a	n/a	n/a
Total	2	180,065	90,033	54.0	30.9
Defined Benefit Plan 2					
General & DPS	2	78,340	39,170	34.6	11.2
Sheriff	2	143,882	71,941	36.8	8.3
Total	4	222,222	55,556	35.7	9.8
Defined Benefit Plan 3					
General & DPS	0	n/a	n/a	n/a	n/a
Sheriff	3	247,547	82,516	49.0	25.4
Total	3	247,547	82,516	49.0	25.4
Hybrid Plan 5					
General & DPS	231	13,927,363	60,292	43.2	9.5
Sheriff	79	5,631,143	71,280	40.3	14.8
Total	310	19,558,506	63,092	42.5	10.9
Defined Benefit Sub-total	319	20,208,340	63,349	42.5	11.1
Defined Contribution Plan 4	276	20,879,942	75,652	47.6	13.3
Total	595	\$41,088,282	\$69,056	44.9	12.1

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**ACTIVE AND INACTIVE MEMBERS IN VALUATION
HISTORICAL SCHEDULE – ALL WCERS
PLAN 1 ONLY**

Valuation Date September 30	Inactive		Active Members				
	No.	Estimated Pensions	No.	Valuation Payroll	Average		
					Pay	Age	Service
Defined Benefit Plan 1							
1970	283	N/A	8,170	\$ 81,395,280	\$ 9,963	41.8 yrs.	10.2 yrs.
1975	254	\$ 579,747	7,906	115,811,211	14,649	42.0	10.5
1980	323	1,107,547	6,832	178,221,092	26,086	42.8	12.1
1985	245	1,229,467	3,520	104,007,698	29,548	43.6	13.4
1990	181	985,556	2,212	83,199,604	37,613	47.7	18.2
1995	110	700,859	1,454	67,055,260	46,118	50.3	22.1
1999	74	529,010	981	55,641,299	56,719	51.8	23.9
2000	72	519,980	874	53,822,371	61,582	52.3	24.2
2001	69	490,230	773	49,891,050	64,542	52.7	24.7
2002	64	454,657	686	46,125,812	67,239	53.4	25.3
2003	60	419,316	525	34,354,679	65,437	53.3	26.3
2004	58	410,561	493	32,695,112	66,319	54.4	27.2
2005	36	236,163	308	20,380,626	66,171	53.7	27.5
2006	56	450,126	307	20,424,223	66,528	54.7	27.4
2007	51	419,300	243	16,492,157	67,869	56.3	28.1
2008	47	395,524	199	14,132,826	71,019	57.3	29.3
2009	38	312,602	137	10,188,214	74,366	58.1	29.9

**ACTIVE AND INACTIVE MEMBERS IN VALUATION
HISTORICAL SCHEDULE – ALL WCERS
PLANS 2, 3, 4 AND 5**

Valuation Date September 30	Inactive		Active Members				
	No.	Estimated Pensions	No.	Valuation Payroll	Average		
					Pay	Age	Service
Defined Benefit Plan 2							
2003	80	\$367,115	137	\$ 5,700,048	\$41,606	44.1 yrs.	12.5 yrs.
2004	55	253,284	123	5,633,831	45,804	44.8	14.5
2005	47	386,506	113	5,212,864	46,132	46.2	15.1
2006	77	478,758	105	5,398,717	51,416	46.6	16.4
2007	75	435,103	101	5,402,969	53,495	47.6	17.2
2008	70	538,486	94	5,316,825	56,562	48.1	18.1
2009	60	266,065	80	4,467,910	55,849	48.9	18.8
Defined Benefit Plan 3							
2003	0	\$ 0	102	\$ 5,719,859	\$56,077	47.9 yrs.	18.4 yrs.
2004	0	0	106	6,097,671	57,525	49.7	19.1
2005	0	0	122	7,083,769	58,064	51.1	19.3
2006	5	21,656	89	5,616,210	63,103	50.3	21.5
2007	6	43,334	85	5,544,204	65,226	50.9	22.4
2008	6	43,334	82	5,758,801	70,229	51.7	24.7
2009	6	43,334	47	2,993,520	63,691	53.2	24.6
Defined Contribution Plan 4							
2003	NA	NA	4,351	\$206,015,408	\$47,349	42.7 yrs.	9.4 yrs.
2004	NA	NA	4,842	244,543,363	50,505	44.4	10.7
2005	NA	NA	4,123	213,910,414	51,882	44.3	11.7
2006	NA	NA	3,983	226,219,515	56,796	45.2	12.5
2007	NA	NA	3,331	191,770,414	57,571	46.2	12.8
2008	NA	NA	2,800	167,715,252	59,899	46.4	13.0
2009	NA	NA	2,517	148,343,850	58,937	47.2	13.7
Hybrid Plan 5							
2003	NA	NA	880	\$ 37,460,262	\$42,568	38.9 yrs.	7.3 yrs.
2004	NA	NA	1,423	54,359,556	38,201	38.4	5.6
2005	NA	NA	1,201	51,992,978	43,291	39.9	7.1
2006	1	\$ 12,178	1,291	61,952,245	47,988	40.7	7.7
2007	7	68,077	1,907	106,173,315	55,675	41.9	10.1
2008	7	68,077	2,173	122,245,821	56,256	42.9	10.9
2009	14	153,120	1,407	76,940,045	54,684	43.4	10.1
Hybrid Plan 6							
2008	NA	NA	160	\$ 14,899,900	\$93,124	48.1 yrs.	22.8
2009	2	\$58,858	750	54,534,000	72,712	45.6	18.7

**ACTIVE AND INACTIVE MEMBERS IN VALUATION
HISTORICAL SCHEDULE – ALL WCERS
RETIREMENT SYSTEM TOTALS**

Valuation Date September 30	Inactive		Active Members				
	No.	Estimated Pensions	No.	Valuation Payroll	Average		
					Pay	Age	Service
Retirement System Totals							
1970	283	\$ 461,045	8,170	\$ 81,396,280	\$ 9,963	41.7 yrs.	10.2 yrs.
1975	254	579,747	7,906	115,811,211	14,649	42.0	10.5
1980	323	1,107,547	6,832	178,221,092	26,086	42.8	12.1
1985	245	1,229,467	4,758	129,534,998	27,225	41.1	11.0
1990	251	1,286,311	4,999	157,406,461	31,488	41.0	10.9
1995	198	1,114,099	5,407	192,903,829	35,677	41.1	10.3
1999	153	893,028	5,903	256,378,506	43,432	41.9	10.3
2000	152	885,974	5,995	275,626,572	45,976	42.1	10.3
2001	150	860,061	6,076	294,127,729	48,408	42.6	10.4
2002	145	824,488	6,019	308,961,722	51,331	43.1	10.7
2003	140	786,431	5,995	289,250,256	48,249	43.2	10.8
2004	118	956,869	6,987	343,329,533	49,138	44.0	11.0
2005	83	622,669	5,867	298,580,651	50,892	44.1	11.8
2006	139	962,718	5,775	319,610,910	55,344	44.8	12.4
2007	139	965,814	5,667	325,383,059	57,417	45.3	12.8
2008	130	1,045,421	5,508	330,069,425	59,926	45.6	13.3
2009	120	833,979	4,938	297,467,539	60,241	46.2	14.1

**DEFINED BENEFIT PLAN 1 – COUNTY
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
45-49					3	7	1	11	\$ 794,191
50-54				2	7	14	5	28	2,182,489
55-59			1	5	1	19	20	46	3,910,865
60				1			2	3	255,625
61					2	3	2	7	413,900
62				1	1		3	5	245,270
63			2			1	5	8	445,913
64				1	1	1	4	7	530,878
65				1	1		1	3	224,316
66							4	4	233,462
67					1	1	2	4	211,784
68				1			2	3	132,090
69							1	1	73,257
72							1	1	44,030
73							2	2	118,157
79 & Over							2	2	191,922
Totals			3	12	17	46	57	135	\$10,008,149

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

Age: 58.2 years
Service: 29.9 years
Annual Pay: \$74,134

* Includes purchased service.

**DEFINED BENEFIT PLAN 1 – AIRPORT
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
50-54						1		1	\$ 81,118
55-59							1	1	98,947
Totals						1	1	2	\$180,065

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

Age: 54.0 years
Service: 30.9 years
Annual Pay: \$90,033

**DEFINED BENEFIT PLAN 2 – COUNTY
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
25-29		1						1	\$ 50,125
30-34		1						1	53,987
35-39		3	6	1				10	531,797
40-44		2	1	2	5			10	513,396
45-49		1		3	8	2		14	836,919
50-54		1	4	4	7			16	1,020,621
55-59		1	1	2	5	1	3	13	704,510
60			1	1	2		1	5	227,009
61						1		1	37,526
62					1			1	83,329
64							1	1	58,798
66				1				1	39,025
67					1			1	38,810
73					1			1	49,836
Totals		10	13	14	30	4	5	76	\$4,245,688

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

Age: 49.6 years
Service: 19.3 years
Annual Pay: \$55,864

* Includes purchased service.

**DEFINED BENEFIT PLAN 2 – AIRPORT
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
30-34			1					1	\$ 43,119
35-39		2	1					3	179,103
Totals		2	2					4	\$222,222

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

Age: 35.7 years
Service: 9.8 years
Annual Pay: \$55,556

**DEFINED BENEFIT PLAN 3 – COUNTY
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
40-44					3	1		4	\$ 241,649
45-49					5	6		11	730,342
50-54					8	3		11	721,494
55-59					10	1		11	567,431
60					1	1		2	166,225
64					1			1	58,115
65				1		1		2	129,112
69						1		1	73,727
70					1			1	57,878
Totals				1	29	14		44	\$2,745,973

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

Age: 53.5 years
Service: 24.5 years
Annual Pay: \$62,408

* Includes purchased service.

**DEFINED BENEFIT PLAN 3 – AIRPORT
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
45-49					1	1		2	\$180,239
50-54						1		1	67,308
Totals					1	2		3	\$247,547

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

Age: 49.0 years
Service: 25.4 years
Annual Pay: \$82,516

**DEFINED CONTRIBUTION PLAN 4 – COUNTY
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
20-24	1							1	\$ 45,000
25-29	6	16	3					25	1,056,432
30-34	24	49	78	2				153	7,675,892
35-39	13	88	165	50	6			322	16,851,901
40-44	23	83	153	92	74			425	23,783,154
45-49	20	59	134	104	85	10		412	23,890,723
50-54	30	64	120	80	79	20	6	399	24,094,086
55-59	21	40	92	66	44	10	11	284	16,926,596
60	5	10	18	14	10	1	1	59	3,698,246
61	4	5	5	4	5		3	26	1,505,183
62	1	9	12	7	3	2	1	35	2,210,806
63		8	8	5	2	1		24	1,374,730
64		1	6	1	2			10	598,298
65		3	9	2	1		1	16	897,511
66	2	4	4	2	3	1		16	983,665
67	1	1	4	3		1		10	576,835
68		1	2	1	1			5	221,661
69			2	3	1			6	360,718
70		1				1		2	188,400
71				2		1		3	153,694
72			2					2	93,003
73				1				1	35,149
74				2	1			3	160,713
77	1							1	54,200
79 & Over			1					1	27,312
Totals	152	442	818	441	317	48	23	2,241	\$127,463,908

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

Age: 47.1 years
Service: 13.8 years
Annual Pay: \$56,878

Excludes members that transferred to Plan 5 after the valuation date.

**DEFINED CONTRIBUTION PLAN 4 – AIRPORT
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
25-29		1						1	\$ 39,858
30-34	3	12	12					27	1,435,707
35-39	4	1	19	4	1			29	1,985,084
40-44	1	12	18	12	1			44	3,143,394
45-49	3	11	14	13	10	1		52	3,965,045
50-54	4	13	16	11	11	2	2	59	4,771,536
55-59	2	10	12	7	8	3	1	43	3,502,684
60	1	1	2		1		1	6	515,883
61	1	2	1	1		1		6	578,322
62	2	3	1					6	597,917
63			1					1	136,213
64			1					1	40,134
71		1						1	168,165
Totals	21	67	97	48	32	7	4	276	\$20,879,942

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

Age: 47.6 years
Service: 13.3 years
Annual Pay: \$75,652

**HYBRID PLAN 5 – COUNTY
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
20-24	10							10	\$ 312,069
25-29	61	47	1					109	4,865,269
30-34	65	72	19	2				158	7,742,510
35-39	41	59	30	10	2			142	7,640,584
40-44	51	43	22	21	28	4		169	8,878,375
45-49	46	45	22	23	23	7		166	8,845,725
50-54	34	33	16	22	28	18	4	155	8,509,106
55-59	21	23	12	16	16	6	6	100	5,762,680
60	5	3	2	7	1			18	962,172
61	6	5	2		1			14	842,344
62	3	2	1	1	1			8	484,404
63	1	1	1	1	2		1	7	457,437
64	4	2		2		1		9	488,308
65	2	2	1	3			1	9	512,501
66		3			1	1		5	290,340
67		1		1				2	66,942
68		1	1	2	1			5	264,713
69		1	1					2	56,450
70					1			1	30,649
71	1	1						2	113,796
72	1							1	23,388
73		2	1					3	148,429
75		1						1	31,138
79 & Over							1	1	52,210
Totals	352	347	132	111	105	37	13	1,097	\$57,381,539

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

Age: 43.7 years
Service: 9.9 years
Annual Pay: \$52,308

Includes members that transferred from Plan 4 after the valuation date.

* Includes purchased service.

**HYBRID PLAN 5 – AIRPORT
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
20-24	3							3	\$ 126,649
25-29	22	4						26	1,279,175
30-34	16	16	3					35	1,804,038
35-39	16	6	18	7				47	3,101,895
40-44	13	12	11	14	15			65	4,242,539
45-49	10	14	12	11	19	3		69	4,628,680
50-54	11	6	1	3	11	2	1	35	2,340,108
55-59	7	9	2	3	5			26	1,786,124
61					1			1	64,715
62		2						2	120,878
64				1				1	63,705
Totals	98	69	47	39	51	5	1	310	\$19,558,506

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

Age: 42.5 years
Service: 10.9 years
Annual Pay: \$63,092

**HYBRID PLAN 6 – COUNTY
ACTIVE MEMBERS SEPTEMBER 30, 2009
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.	Salary
20-24	2							2	\$ 66,868
25-29	9	12	3					24	1,206,650
30-34	8	30	21	3				62	3,620,805
35-39	2	17	32	30	10	1		92	5,910,263
40-44	2	7	18	56	67	14		164	11,742,125
45-49	3	9	15	24	70	44	4	169	12,644,189
50-54	4	4	15	21	35	30	5	114	9,150,531
55-59	1	3	5	13	24	21	13	80	6,656,996
60			1	2	2		2	7	597,429
61		1	2	2	3	4	2	14	1,048,065
62					1	1		2	158,470
63			1	2	1	1	1	6	448,970
64		1				1		2	178,439
65					2	2		4	340,669
66				2				2	290,709
67				1	2			3	220,705
68			1					1	70,285
69			1					1	115,345
70						1		1	66,487
Totals	31	84	115	156	217	120	27	750	\$54,534,000

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

Age: 45.6 years
Service: 18.7 years
Annual Pay: \$72,712

* Includes purchased service.

SECTION C

METHODS AND ASSUMPTIONS

BASIC FINANCIAL PRINCIPLES AND OPERATION OF THE RETIREMENT SYSTEM

Benefit Promises Made Which Must Be Paid For. A retirement program is an orderly means of handing out, keeping track of, and financing pension promises to a group of employees. As each member of the retirement program acquires a unit of service credit the member is, in effect, handed an "IOU" which reads: "The Retirement System promises to pay you one unit of retirement benefits, payments in cash commencing when you retire."

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

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

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

This Retirement System meets this requirement by having as its financial objective the establishment and receipt of contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers.

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

Normal Cost (the present value of future benefits assigned to members' service being rendered in the current year)

. . . plus . . .

Interest on the Unfunded Actuarial Accrued Liability (the difference between the actuarial accrued liability and current system assets).

The accumulation of invested assets is a by-product of level percent of payroll contributions, not the objective. Investment income becomes the third major contributor to the retirement program, and the amount is directly reacted to the amount of contributions and investment performance.

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

$$\mathbf{B = C + I - E}$$

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

The aggregate amount of **C**ontributions received on behalf of the group

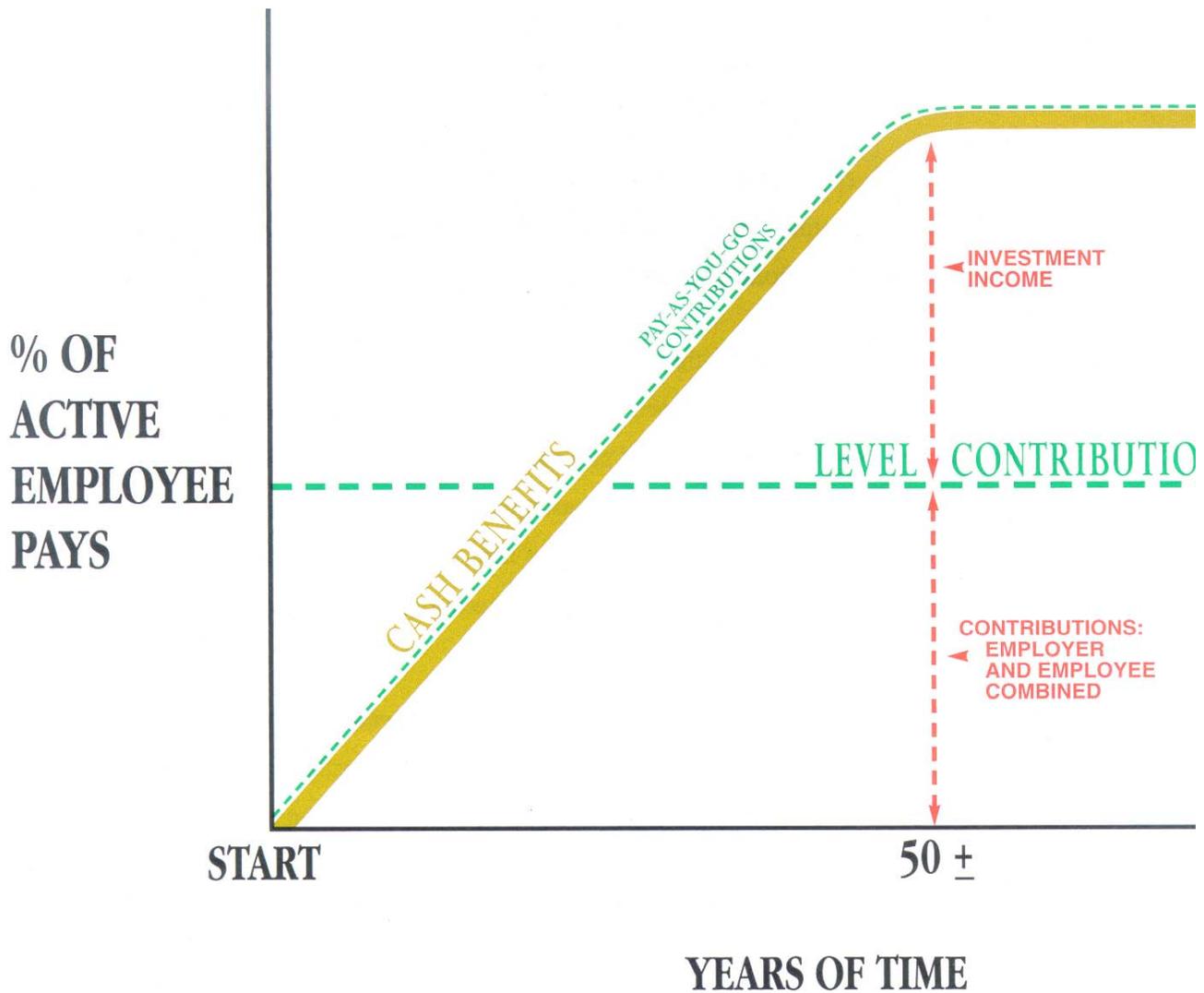
. . . plus . . .

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

. . . minus . . .

The **E**xpenses of operating the program.

Computed Contribution Rate Needed To Finance Benefits. From a given schedule of benefits and from the data furnished, the actuary calculates the contribution rate *by means of an actuarial valuation* - the technique of assigning monetary values to the risks assumed in operating a retirement program.



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

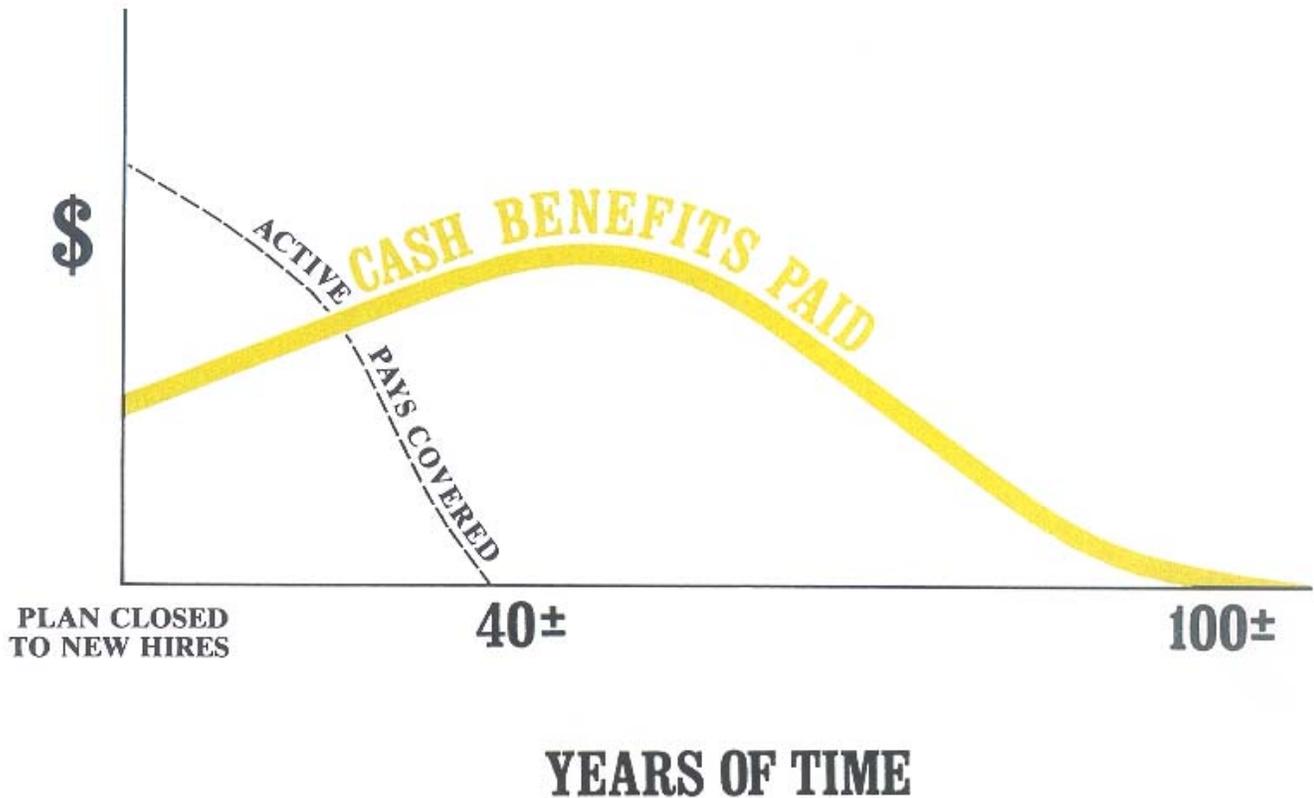
Economic Risk Areas

- Rates of investment return
- Rates of pay increase
- Changes in active member group size

Non-Economic Risk Areas

- Ages at actual retirement
- Rates of mortality
- Rates of withdrawal of active members (turnover)
- Rates of disability

A CLOSED PENSION PLAN



A plan becomes closed when no new hires are admitted to active membership. The persons covered by the plan at the time of closing continue their normal activities and continue to be covered by the plan, until the last survivor dies.

CASH BENEFITS LINE. After a pension plan becomes closed, the usual pattern is for cash benefits to continue to increase for decades of time. Eventually the cash benefits will peak, and then gradually decrease over more decades of time, ultimately to zero. The last cash benefit is likely to occur a century after the time the plan is closed.

The precise amounts of cash benefits cannot be known now, and must be estimated by assumptions of future experiences in a variety of financial risk areas.

THE ACTUARIAL VALUATION PROCESS

The financing diagram on page C-3 shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program) which is an *increasing contribution method*; and the *level contribution method* which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

- A. *Census Data*, furnished by plan administrator.
 - Retired lives now receiving benefits
 - Former employees with vested benefits not yet payable
 - Active employees

- B. + *Asset data* (cash & investments), furnished by plan administrator

- C. + *Assumptions concerning future experience in various risk areas*, which assumptions are established by the Retirement System after consulting with the actuary

- D. + *The funding method* (the long-term, planned pattern for employer contributions)

- E. + *Mathematically combining the assumptions, the funding method, and the data*

- F. = Determination of:
 - Plan financial position; and/or
 - New Employer Contribution Rate

ACTUARIAL COST METHODS

Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using the *individual entry-age actuarial cost method* having the following characteristics:

- the annual normal costs for each individual active member, payable from the date of employment to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- 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 reduced by refunds, benefit payments and expenses. An amount equal to the assumed investment return for the year is then added. Differences between actual return on a market value basis and an assumed return are phased in over a four-year period.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability.

The base rate of increase in salaries used to calculate the actuarial liability was assumed to be 4.0%.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

Contribution requirements and actuarial present values are calculated by applying estimates of future experience (actuarial assumptions) to the benefit provisions and participant data of the System, using the actuarial cost methods described on page C-6.

The principal areas of activity which require experience estimates are:

- long-term rates of investment return to be generated by the assets of the System
- patterns of pay increases to members
- rates of mortality among members, retired members and beneficiaries
- rates of withdrawal of active members
- rates of disability among active members
- the age patterns of actual retirements

In an actuarial valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual experience of the System will not coincide exactly with the experience estimates. Each valuation provides a complete recalculation of estimated future experience and takes into account all past differences between estimated and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time one or more of the estimates are modified to reflect experience trends but not random or temporary year-to-year fluctuations.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

Investment Return (net of administrative expenses).

8.0% per year, compounded annually. This rate consists of a real rate of return of **4.0%** a year plus a long-term rate of wage inflation of **4.0%** a year.

No specific Price Inflation assumption is made for this valuation. However, the above assumptions would be consistent with a price inflation assumption in the 3% area.

This assumption is used to equate the value of payments due at different points in time and was first used for the September 30, 1998 valuation. Approximate rates of investment return, for the purpose of comparisons with assumed rates, are shown below.

	Year Ended September 30					5-Year Average
	2009	2008	2007	2006	2005	
Recognized Rate of Return	1.6%	5.5%	11.7%	10.3%	7.1%	7.2%

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

Rates of salary increase were as follows:

Merit and Longevity Pay Increases			
Other		Sheriffs	
Age	Increase	Service	Increase
20	3.70%	5	4.22%
25	3.40%	10	3.38%
30	2.50%	15	2.54%
35	1.90%	20	2.18%
40	1.60%	25	2.04%
45	1.20%	30	1.76%
50	1.00%	35	1.06%
55	0.80%	40	0.64%
60	0.50%	60	0.60%
65 & Over	0.00%	61 & Over	0.00%
Ref:	107	Ref:	110

These rates are used to project current salaries to those upon which pension amounts are likely to be based. The current rates were first used for the September 30, 2004 actuarial valuation.

Rates of separation from active membership were as follows:

% of Active Members Separating Within the Next Year							
Other				Sheriffs			
Ages		Service (Plan 5 only)		Ages		Service (Plan 5 only)	
20	6.00%	0 - 1	20%	20	4.70%	0 - 1	15%
21	6.00%	1 - 2	15%	21	4.70%	1 - 2	13%
22	6.00%	2 - 3	12%	22	4.70%	2 - 3	10%
23	6.00%	3 - 4	10%	23	4.70%	3 - 4	7%
24	6.00%	4 - 5	7%	24	4.70%	4 - 5	5%
25	6.00%			25	4.70%		
30	6.00%			30	3.78%		
35	4.50%			35	2.86%		
40	3.50%			40	1.96%		
45	3.00%			45	1.30%		
50	2.00%			50	0.98%		
55	1.00%			55	0.66%		
60 & Over	0.00%			60 & Over	0.21%		
Ref:	290		31	Ref:	660		148

Rates for all divisions were first used for the September 30, 2004 valuation.

The probabilities of retirement for members satisfying the age and service conditions for retirement are as follows:

Percent of Defined Benefit Active Members Retiring Within Next Year									
Retirement Ages	Plan 1 Non-Sheriffs and Plan 3 Sheriffs	Plan 2 Sheriffs	Plans 2, 3, 5, & 6 Non-Sheriffs	Plan 5 Sheriffs	Service Years	Plan 1 Non-Sheriffs	Plans 1 & 3 Sheriffs	Plans 5 & 6 Non-Sheriffs	Plans 5 & 6 Sheriffs
					25		22%		
					26		20%		
					27		20%		
					28		30%		
					29		40%		
50	25%				30	30%	50%	10%	22%
51	25%				31	30%	25%	10%	20%
52	25%				32	30%	25%	10%	20%
53	25%				33	30%	25%	10%	30%
54	25%				34	30%	25%	10%	40%
55	25%	30%	10%	25%	35	30%	100%	10%	50%
56	25%	30%	10%	25%	36	30%	100%	10%	25%
57	25%	30%	10%	25%	37	30%	100%	10%	25%
58	25%	30%	10%	25%	38	30%	100%	10%	25%
59	25%	30%	10%	25%	39	30%	100%	10%	25%
60	25%	25%	10%	25%	40 & Over	100%	100%	100%	100%
61	25%	25%	10%	25%					
62	35%	35%	20%	25%					
63	35%	35%	20%	27%					
64	35%	35%	30%	27%					
65	35%	35%	50%	27%					
66	35%	35%	30%	27%					
67	35%	35%	40%	27%					
68	35%	35%	50%	30%					
69	35%	35%	80%	30%					
70 & Over	100%	100%	100%	100%					
Ref:	560	1704	92	369	Ref:	556	957	54	957

The rates were first used for the September 30, 2004 valuation for Plans 1, 2, and 3, and for the September 30, 2008 valuation for Plans 5 and 6.

Probabilities of retirement were increased to 50% once the member accrues the maximum benefit of 75% of Average Final Compensation.

Rates of disability are represented by the following table:

Sample Ages	Percent Becoming Disabled Within Next Year					
	Non-Sheriffs (Plan 1 only)			Others		
20	0.08%			0.10%		
25	0.08%			0.10%		
30	0.08%			0.07%		
35	0.08%			0.12%		
40	0.20%			0.28%		
45	0.26%			0.51%		
50	0.49%			0.81%		
55	0.89%			1.13%		
60	1.41%			1.44%		
Ref	9	x	1	8	x	1

Number of active members: The number of active members was assumed to remain constant.

The mortality table used to measure pre and post-retirement mortality was the 1983 Group Annuity Mortality Table. This assumption was first used for the September 30, 1998 supplemental actuarial valuation. Rates were set forward 5 years for disabled retirees.

Mortality rates are used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement.

Sample Attained Ages	Single Life Retirement Values			
	Present Value of \$1 Monthly for Life		Future Life Expectancy (years)	
	Men	Women	Men	Women
45	\$138.18	\$144.67	33.74	39.69
50	132.10	140.42	29.18	34.92
55	124.57	134.74	24.82	30.24
60	115.04	127.24	20.64	25.67
65	103.26	117.61	16.69	21.29
70	90.18	105.53	13.18	17.13
75	76.40	91.57	10.15	13.37
80	62.65	77.16	7.64	10.20
Ref:	30 x 1.00	31 x 1.00		

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

SEPTEMBER 30, 2009

Marriage Assumption:	100% of males and 100% of females are assumed to be married. Male spouses are assumed to be three years older than female spouses.
Pay Increase Timing:	Beginning of (Fiscal) year.
Decrement Timing:	Decrements are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and the exact fractional service on the date the decrement is assumed to occur.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and turnover do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the straight life form.
Adjustments:	<p>Age and service benefits were increased by the following percentages to account for lump sum redemptions of unused sick leave, vacation time, and other items at retirement: County Plan One: 5%. County Plan Two: 3%. County Plans Three, Five, and Six: 7%. Airport Plans One and Three, 5%. Airport Plans Two and Five: 2%.</p> <p>Age and service benefits were increased by 1% to account for missing or incomplete data.</p> <p>Straight Life amounts are not provided for retired members who elect the pop-up provision. Retiree liabilities were increased by 2% to account for the plan's pop-up provision.</p>
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.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Option Factors:	Option factors are based upon 7.0% interest and the 1971 Group Annuity Mortality Table projected to 1984, set back six years for females with an 85% Unisex Blend.

SECTION D

FINANCIAL REPORTING

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.

**STATEMENT OF MARKET VALUE OF ASSETS
AS OF SEPTEMBER 30, 2008 AND SEPTEMBER 30, 2009**

	2009	2008
Assets:		
Cash and short-term investments	\$ 26,793,438	\$ 41,054,953
Receivables:		
Accrued interest and dividends	1,299,480	1,628,053
Investments, at fair value:		
U.S. Government Bonds	32,953,189	65,666,797
Corporate Bonds	75,460,162	49,604,584
Capital Assets	0	0
Bond Mutual Funds	19,490,729	17,052,628
Mortgages	39,182,442	0
Stock Mutual Funds	187,284,947	192,530,737
Real Estate Investment Trusts	35,295,335	78,858,956
Investments in Partnerships	107,310,028	110,020,545
Stocks	287,019,246	309,236,993
Other	15,022,625	4,343,057
	799,018,703	827,314,297
Total Assets	\$827,111,621	\$869,997,303
Liabilities		
Payables	3,683,602	10,469,526
Net assets held in trust for pension benefits (A schedule of funding progress for the plan is presented on page D-4.)	\$ 823,428,019	\$859,527,777

**STATEMENT OF CHANGES IN MARKET VALUE OF NET ASSETS FOR THE
FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND SEPTEMBER 30, 2009**

	Reconciliation as of September 30	
	2009	2008
Additions:		
Contributions		
Employer	\$ 32,558,974	\$ 18,419,624
Plan members	74,414,255	70,096,239
Total contributions	106,973,229	88,515,863
Investment Income	(14,882,372)	(148,972,587)
Total Additions	92,090,857	(60,456,724)
Deductions:		
Benefits	111,423,313	101,778,361
13th Check and Refunds	9,539,179	9,269,920
Investment expenses	3,545,039	3,709,573
Administrative expenses & Other	3,683,084	3,236,049
Total deductions	128,190,615	117,993,903
Net Increase	(36,099,758)	(178,450,627)
Net assets held in trust for pension benefits:		
Beginning of year	859,527,777	1,037,978,404
End of year	\$823,428,019	\$859,527,777

Plan Description. The Wayne County Employees' Retirement System is a defined benefit and defined contribution pension plan that covers the employees of Wayne County.

The plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

Contributions. Plan members' contributions are in accordance with Section B.

The employer's funding policy provides for periodic employer contributions based upon a *fundamental financial objective of having rates of contribution which remain relatively level from generation to generation of Wayne County citizens.* To determine the employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, the System has actuarial valuations prepared annually. In preparing those valuations, the individual entry age normal actuarial cost method is used to determine normal cost and actuarial accrued liabilities.

On the basis of the September 30, 2009 actuarial valuation, the employer contributions were determined to be as follows:

Contributions for	% of Payroll	
	30-year Amortization	
	County	Airport
Normal Cost	10.08 %	6.31 %
Unfunded Accrued Liabilities	20.18 %	8.60 %
Total Employer DB Plan Contributions	30.26 %	14.91 %

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(DOLLAR AMOUNTS IN MILLIONS)

TOTAL WCERS

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
9/30/2000&	\$1,028.6	\$ 947.6	\$ (81.0)	108.5 %	\$275.6	--
9/30/2001#	1,041.6	979.2	(62.4)	106.4 %	294.1	--
9/30/2002	1,043.3	1,010.7	(32.6)	103.2 %	309.0	--
9/30/2003	996.6	1,007.7	11.1	98.9 %	289.3	3.8 %
9/30/2004#	910.1	959.7	49.6	94.8 %	343.3	14.4 %
9/30/2005	891.4	969.3	77.9	92.0 %	298.6	26.1 %
9/30/2006#	894.5	1,000.2	105.7	89.4 %	319.6	33.1 %
9/30/2007#	947.8	1,169.5	221.7	81.0 %	325.4	68.1 %
9/30/2008#	985.0	1,338.8	353.8	73.6 %	330.0	107.2 %
9/30/2009#	970.9	1,444.3	473.4	67.2 %	297.5	159.1 %

After changes in benefit provisions or revised actuarial assumptions.

* Excludes reserve for inflation equity.

& Change in Inflation Equity calculation.

Note: Hybrid Plan 5 exists September 30, 2003 and later. Hybrid Plan 6 exists October 1, 2008.

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.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
DEFINED BENEFIT PLANS ONLY
(\$ IN THOUSANDS)**

Valuation Date	Fiscal Year Ended	Annual Required Contributions		WCERS Total Actual Contributions +
		County	Airport	
	September 30#			
2000	2002	0.0%	0.0%	\$ 45
2001	2003	3.14%	3.14%	3,002
2002	2004	8.06%	8.06%	7,374
2003	2005	12.30%	12.30%	11,106
2004	2006	13.80%	13.80%	12,663
2005	2007	16.03%	16.03%	15,398
2006	2008	15.82%	15.82%	18,420
2007	2009	23.67%	13.48%	32,559
2008	2010	27.82%	13.80%	N/A
2009	2011	30.26%	14.91%	N/A

+ Actual contributions are based on a percent of current payroll.

Separate contribution rates for County and Airport begin in the September 30, 2007 valuation.

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.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level percent-of-payroll
Remaining amortization period	30 years – closed
Asset valuation method	4-year smoothed market

Actuarial assumptions:

Investment rate of return*	8.0%
Projected salary increases*	4.0% - 8.4%
Cost-of-living adjustments	N/A

* Includes wage inflation at 4.0%