

Wayne County Employees' Retirement System Defined Contribution Plan

Years Ended
September 30,
2012 and 2011

Financial
Statements

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

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INDEPENDENT AUDITORS' REPORT

January 23, 2013

To the Wayne County Board of Commissioners
and the Wayne County Retirement Commission
Detroit, Michigan

We have audited the accompanying statements of plan net assets of the *Wayne County Employees' Retirement System Defined Contribution Plan* (the "Plan"), a pension trust fund of the County of Wayne, Michigan, as of September 30, 2012 and 2011 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Plan and do not purport to, and do not, present the financial position of the County of Wayne, Michigan as of September 30, 2012 and 2011, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plan as of September 30, 2012 and 2011, and the changes in its plan net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Management's Discussion and Analysis

This section of the annual report of the Wayne County Employees' Retirement System Defined Contribution Plan (the "Plan") presents management's discussion and analysis of the Plan's financial performance during the plan years that ended on September 30, 2012, 2011 and 2010. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- The Plan's total net assets increased by \$29.0 million, or 9.5%, over the course of the plan year. Net assets are held in trust to meet future benefit payments to plan participants.
- Plan benefits are funded by contributions from Wayne County and plan participants, as specified by the plan option selected, as well as by the investment income earned on the Plan's assets.
- Total additions to net assets increased by \$40.9 million, or 167.3%, increasing from \$24.5 million for the year ended September 30, 2011 to \$65.4 million for the year ended September 30, 2012.
- The fair value of investments changed favorably by \$42.9 million, from a loss of \$4.8 million for 2011 to a gain of \$38.1 million for 2012. The net appreciation in the fair value of investments for the current year is attributable to the improving financial markets and the Plan recovering the losses of the prior plan year.
- Total deductions from net assets increased by \$6.8 million, from \$29.6 million for the year ended September 30, 2011 to \$36.4 million for the year ended September 30, 2012, which is primarily attributable to more participant distributions and withdrawals during the current year.

Overview of the Financial Statements

This annual report contains the Plan's financial statements, which consist of the statements of plan net assets and statements of changes in plan net assets. These financial statements report information about the Plan as a whole using accounting methods similar to those used by private-sector pension plans. The statements of plan net assets include all of the Plan's assets and liabilities. All of the current year's increases and decreases in the Plan's net assets are accounted for in the statements of changes in plan net assets, regardless of when cash is received or paid.

These financial statements report the Plan's net assets and how they have changed. Net assets represent the difference between the Plan's assets and liabilities.

The notes to the financial statements, as listed in the table of contents, explain some of the information in the financial statements and provide more detailed data.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Management's Discussion and Analysis

Financial Analysis of the Plan as a Whole

Below are the condensed statements of plan net assets as of September 30, 2012, 2011, and 2010:

| | Net Assets (in millions) | | |
|--|--------------------------|-------------------|-------------------|
| | 2012 | 2011 | 2010 |
| Assets | | | |
| Investments | \$ 334.3 | \$ 305.3 | \$ 310.4 |
| Other assets | 0.4 | 0.4 | 0.4 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net assets held in trust for pension benefits | <u>\$ 334.7</u> | <u>\$ 305.7</u> | <u>\$ 310.8</u> |

The Plan's total assets as of September 30, 2012 were \$334.7 million and were mostly comprised of investments in registered investment companies or mutual funds. Total assets increased by \$29.0 million, or 9.5%, from the prior year. The net appreciation in the fair value of investments for the current year is attributable to the improving financial markets and the Plan recovering the losses of the prior plan year. Total assets for September 30, 2011 and 2010 were \$305.7 and \$310.8, respectively.

Below are the condensed statements of changes in plan net assets for the years ended September 30, 2012, 2011, and 2010:

| | Change in Net Assets (in millions) | | |
|---|------------------------------------|-----------------|-----------------|
| | 2012 | 2011 | 2010 |
| Additions | | | |
| Contributions | \$ 21.7 | \$ 23.1 | \$ 24.0 |
| Investment income: | | | |
| Net appreciation (depreciation) in fair value of investments | 38.1 | (4.8) | 17.3 |
| Other investment income | 5.6 | 6.2 | 6.0 |
| Total additions | <u>65.4</u> | <u>24.5</u> | <u>47.3</u> |
| Deductions | | | |
| Participant distributions and withdrawals | 36.0 | 29.1 | 38.2 |
| Administrative expenses | 0.4 | 0.5 | 0.4 |
| Total deductions | <u>36.4</u> | <u>29.6</u> | <u>38.6</u> |
| Change in net assets | 29.0 | (5.1) | 8.7 |
| Net assets held in trust for pension benefits: | | | |
| Beginning of year | <u>305.7</u> | <u>310.8</u> | <u>302.1</u> |
| End of year | <u>\$ 334.7</u> | <u>\$ 305.7</u> | <u>\$ 310.8</u> |

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Management's Discussion and Analysis

Total net assets held in trust for pension benefits increased by \$29.0 million, or 9.5% from the prior year. Net appreciation in the fair value of investments was \$38.1 million for the year ended September 30, 2012; in 2011 there was a net depreciation in the fair value of investments of \$4.8 million, for 2010 there was a net appreciation of \$17.3 million.

Additions to Plan Net Assets

The net assets held in trust for pension benefits are funded by contributions from Wayne County and the Plan's participants, as well as through investment earnings. Contributions and other investment income have been consistent for the last three years. Contributions and other investment income for the year ended September 30, 2012 totaled \$27.3 million, compared to \$29.3 million and \$30.0 million for the years ended September 30, 2011 and 2010, respectively.

Net Appreciation (Depreciation)

Net appreciation in the fair value of investments was \$38.1 million for the year ended September 30, 2012, compared to net depreciation of \$4.8 million and net appreciation of \$17.3 million for the years ended September 30, 2011 and 2010. The net appreciation or depreciation in the fair value of investments is added to or deducted from plan net assets. The net appreciation in the fair value of investments for the current year is attributable to the improving financial markets and the Plan recovering the losses of the prior plan year.

Deductions from Plan Net Assets

The deductions of the Plan include the payment of participant distributions, withdrawals, and administrative expenses. Total deductions for the year ended September 30, 2012 were \$36.4 million, an increase of \$6.8 million when compared to the prior year. Total deductions for the years ended September 30, 2011 and 2010 were \$29.6 million and \$38.6 million, respectively. This increase is primarily due to higher participant distributions and withdrawals during the current year. The prior year had less distributions and withdrawals related to employees transferring and purchasing service into the hybrid plans.

Economic Factors

The financial markets have been volatile over the last several years. The current year saw improving financial markets and the Plan recovering the losses of the prior plan year during the current plan year.

Financial Contact

This financial report is designed to present its users with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the funds it holds. If you have any questions about this report or need additional financial information, contact the Wayne County Employees' Retirement System, 28 West Adams, Suite 1900, Detroit, Michigan 48226.

BASIC FINANCIAL STATEMENTS

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Statements of Plan Net Assets

September 30, 2012 and 2011

| | 2012 | 2011 |
|--|-----------------------|-----------------------|
| Assets | | |
| Investments, at fair value (Note 3): | | |
| Participant-directed investments: | | |
| Debt mutual funds | \$ 110,465,864 | \$ 110,865,569 |
| Equity mutual funds | 196,797,365 | 166,585,397 |
| Participant loans receivable | 27,025,546 | 27,794,857 |
| | <hr/> | <hr/> |
| Total investments | 334,288,775 | 305,245,823 |
| Equity in Wayne County pooled cash (Note 3) | 422,704 | 436,805 |
| Due from other Wayne County component units and funds | 10,646 | - |
| | <hr/> | <hr/> |
| Total assets | 334,722,125 | 305,682,628 |
| | <hr/> | <hr/> |
| Liabilities | | |
| Accounts and contracts payable | - | 18,183 |
| | <hr/> | <hr/> |
| Net assets held in trust for pension benefits | \$ 334,722,125 | \$ 305,664,445 |
| | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Statements of Changes in Plan Net Assets

For the Years Ended September 30, 2012 and 2011

| | 2012 | 2011 |
|--|-----------------------|-----------------------|
| Additions | | |
| Contributions: | | |
| Employer, net of forfeitures | \$ 16,228,448 | \$ 17,213,956 |
| Employees | 5,509,061 | 5,906,009 |
| Total contributions | <u>21,737,509</u> | <u>23,119,965</u> |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of investments | 38,123,823 | (4,860,434) |
| Interest and dividends | 5,162,878 | 5,834,916 |
| Other investment income | 411,383 | 384,827 |
| Total investment income | <u>43,698,084</u> | <u>1,359,309</u> |
| Total additions | <u>65,435,593</u> | <u>24,479,274</u> |
| Deductions | | |
| Participant benefit payments and distributions | 35,951,277 | 29,151,619 |
| Administrative expenses | 426,636 | 477,086 |
| Total deductions | <u>36,377,913</u> | <u>29,628,705</u> |
| Change in net assets | 29,057,680 | (5,149,431) |
| Net assets held in trust for pension benefits | | |
| Beginning of year | <u>305,664,445</u> | <u>310,813,876</u> |
| End of year | <u>\$ 334,722,125</u> | <u>\$ 305,664,445</u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

1. PLAN DESCRIPTION

General. The Wayne County Employees' Retirement System Defined Contribution Plan (the "Plan") is a single-employer defined contribution public employee retirement plan governed by the Wayne County Employees' Retirement System ("WCERS") and created under Enrolled Ordinance No. 86-486 (November 20, 1986), as amended, of the County of Wayne (the "County"). WCERS was established by the County to provide retirement, survivor, and disability benefits to the County's employees, including those of the primary government (i.e., the general county) as well as of the discretely presented component units, including but not limited to the Wayne County Airport Authority and Wayne County Circuit Courts. WCERS is considered part of the County financial reporting entity and is included in the County's comprehensive annual financial report as a collection of fiduciary pension trust funds.

The administration, management and responsibility for the proper operation of the Plan, and for interpreting and making effective the provisions of the Plan, is vested in the trustees of the Wayne County Retirement Commission. The Plan is exempt from the requirements of Title 1 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and, as such, is not subject to the reporting and disclosure requirements of ERISA.

Effective October 1, 2001, WCERS established the Wayne County Hybrid Retirement Plan #5 ("Plan Option 5"), which contains both defined contribution and defined benefit components. Participants in the plan option previously in existence ("Plan Option 4") could elect to transfer their account balances to Plan Option 5, if authorized, during specific time periods noted within collective bargaining agreements.

Effective October 1, 2008, WCERS established another hybrid defined contribution plan option ("Plan Option 6"), which contains both defined contribution and defined benefit components. Participants in Plan Option 5 could elect to transfer their account balances to Plan Option 6, if authorized, during specific time periods noted within collective bargaining agreements.

New employees could elect to participate in Plan Option 4 through September 30, 2001, except for new executives, who may continue to elect participation in Plan Option 4. Effective October 1, 2001, only Plan Option 5 is available to new employees other than new executives; Plan Option 4 is closed to other new hires. Because there is no legal requirement to segregate the assets relating to Plan Options 4, 5 or 6 in paying benefits, the accompanying financial statements include the net assets and changes in net assets relating to Plan Option 4, as well as the defined contribution component of Plan Options 5 and 6. The defined benefit portion of Plan Options 5 and 6 are included in the financial statements of the WCERS Defined Benefit Plan.

Contributions. The Plan's benefits are funded by contributions from the County and participants, as specified by the plan option selected, and by the investment income earned on the Plan's assets. County and participant contributions under the various plan options are determined as follows:

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

Plan Option 4. Employees contribute from 1.0 percent up to 2.5 percent of gross pay (under certain benefit packages, up to 3.0 percent). The County makes matching contributions at a rate of \$4 or \$5 for each \$1 contributed by each employee, depending upon the employee's coverage group. Participants electing to transfer their benefit accounts from the WCERS Defined Benefit Plan to the Plan receive an additional "bonus" of \$2 for each \$1 contributed by each employee for the number of years equal to the number of years the participant was in the WCERS Defined Benefit Plan. After this period has lapsed, contributions for these participants are matched at the standard matching rates for the Plan.

Plan Option 5. Employees contribute from two percent to three percent of gross pay, depending on the employee's coverage group. The County makes matching contributions at a rate equal to the amount contributed by each employee. Under certain employee coverage groups, employees contribute on a voluntary basis with no employer match, subject to applicable Internal Revenue Service rules and regulations.

Plan Option 6. Employees contribute on a voluntary basis with no employer match, subject to applicable Internal Revenue Service rules and regulations.

Eligibility. All full-time, permanent County employees are eligible to join the Plan. Those employees hired prior to July 1, 1984 were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective October 1, 2001, the County closed Plan Option 4 to new hires. Plan Option 5 is available to all persons hired after September 30, 2001. Plan Option 6 is available only upon transfer from Plan Option 5, if authorized, during specific time periods noted within collective bargaining agreements.

At September 30, 2012 and 2011, there were 4,369 and 4,443 active plan participants, respectively.

Investment Options. Both the participants' and County's contributions are invested in one of several investment funds. Effective September 1, 2005, participants may choose to either self-direct their investments or to enroll in one of three investment programs managed by the Plan's custodian with specific investment strategies: aggressive, moderate and conservative. Assets in each of these programs are invested in various mutual funds in specific proportions based on each participant's choice of time horizon and personal investment style. Participants who choose to self-direct their investments have several investment options in various mutual funds. Participants may elect to invest in any of the programs or self-directed funds in one-percent increments and may change contribution percentages on a daily basis.

Participant Accounts. Each participant's account is credited with the participant's and County's contributions and an allocation of Plan earnings. Allocations are based on the relationship of a participant's account balance in each investment fund to the total of all account balances in that fund. The retirement benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

Vesting. The County's contribution is 100 percent invested in the same funds and in the same proportions as selected by the employees. Each employee is free to transfer any portion of his or her account balance to any of the funds in one-percent increments. Employees are immediately vested as to participant contributions and are vested as to County contributions as follows:

Plan Option 4. After three years of service, except for executive members, who are vested after two years of service.

Plan Options 5 and 6. Fifty percent after one year of service, 75 percent after two years of service, and 100 percent after three years of service.

Forfeitures. Nonvested County contributions are forfeited upon termination of employment. Such forfeitures are used to cover certain administrative expenses of the Plan.

Participant Loans. Participants in Plan Option 4 and some participants in Plan Options 5 and 6, depending on applicable collective bargaining agreements, are eligible for a loan from the Plan. An eligible active participant who has a vested account balance of at least \$2,000 is eligible for a loan from the Plan. The maximum loan amount may not exceed the smaller of 50 percent of the employee's vested amount or \$50,000, less the highest loan balance over the previous 12-month period, and is required to be repaid in five years (except where the loan is for the purchase of a principal residence, in which case, the loan may be repaid over 15 years). Interest on a loan is at the prime rate, plus 1% as reported in the Wall Street Journal.

Administrative Expenses. In accordance with the provisions of the Plan, certain administrative expenses, unless paid by the County, are paid from Plan assets.

Payment of Benefits. Benefits may be paid to a participant or beneficiary upon retirement, total and permanent disability, death, or termination of employment in a lump-sum amount equal to the value in the participant's account in accordance with Plan provisions. A participant who leaves for reasons other than termination of employment may elect to receive his or her benefit in monthly payments over the participant's or beneficiary's lifetime through transfer of the participant's benefit entitlement to the WCERS Defined Benefit Plan or through installment payments generated by the Plan's third-party recordkeeper.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The Plan's financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus.

Valuation of Investments and Income Recognition. Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed debt quotations are provided by a national brokerage pricing service. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Retirement Commission, with the assistance of a valuation service.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

Dividend income is recognized based on the ex-dividend date, and interest income is recognized on the accrual basis as earned. All realized gains and losses on investments are recognized at the point of sale and are included in investment income. Purchases and sales of investments are recorded as of the trade date, which is the date when the transaction is initiated.

3. DEPOSITS AND INVESTMENTS

The authority for the investment options offered to participants under the Plan rests with the Retirement Commission. Investments made are subject to statutory regulations imposed under the Michigan Public Pension Investment Act 314 of 1965, as amended (Act 55, P.A. 1982), and investment policy established by the Retirement Commission. The Investment Act incorporates the prudent-person rule and requires investment fiduciaries to act solely in the interest of the Plan's participants and beneficiaries. The Retirement Commission has authority to allow participants to invest the Plan's assets in common and preferred stock; obligations of the United States, its agencies, or United States government-sponsored enterprises; obligations of any state or political subdivision of a state having the power to levy taxes; bankers' acceptances; certificates of deposit; commercial paper; repurchase agreements; reverse repurchase agreements; real and personal property; mortgages; and certain other investments.

The Plan's investments are summarized as follows as of September 30:

| | 2012 | 2011 |
|--------------------------------------|------------------------------|------------------------------|
| Debt mutual funds | | |
| Guaranteed income fund | \$ 93,622,216 | \$ 97,999,550 |
| Bond mutual funds | <u>16,843,648</u> | <u>12,866,019</u> |
| Total debt funds | 110,465,864 | 110,865,569 |
| Equity mutual funds | 196,797,365 | 166,585,397 |
| Participants loans receivable | <u>27,025,546</u> | <u>27,794,857</u> |
| Total investments | <u><u>\$ 334,288,775</u></u> | <u><u>\$ 305,245,823</u></u> |

The Plan's deposits and investments are subject to various types of risk as discussed below.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Plan's deposits may not be returned to the Plan. State of Michigan statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

The Plan's carrying amount of deposits of \$422,704 and \$436,805 as of September 30, 2012 and 2011, respectively, are maintained in the County's pooled cash account maintained by the Wayne County Treasurer. In accordance with the County's investment policy, all deposits are uncollateralized and held in the County's name. The County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. In addition, the County's investment policy places concentration limits on the total amount deposited with a single financial institution. Due to the dollar amounts of cash deposits in the County's pooled cash account and limits of FDIC insurance, Plan management believes it is impractical to obtain FDIC insurance for all bank deposits.

Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the entity, and are held by either the counterparty or the counterparty's trust department or agent, but not in the entity's name.

The Plan's investment policy requires that (a) investments are held by a third-party safe-keeper in the Plan's name; (b) investments are held by a trustee in the Plan's name; or (c) investments are part of a mutual fund. The Plan's investment policy also requires that the safekeeping institution shall annually provide a copy of its most recent report on internal controls (also referred to as a "SOC 1 report").

As of September 30, 2012 and 2011, none of the Plan's investments were subject to custodial credit risk due to one of the following: (a) investments were held by a third-party safe-keeper in the Plan's name; (b) investments were held by a trustee in the Plan's name; or (c) investments were part of a mutual fund.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income or debt security investments will vary unfavorably as a result of a change in interest rates. The Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The interest rate risk information, expressed as weighted average maturities, is presented in the following schedule.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As the Plan investments are participant-directed subject to certain quality criteria, the investment policy places no restrictions greater than what is allowed under applicable statutes. Ratings are not required for U.S. treasuries or certain money market funds.

The Plan has investments in a guaranteed income fund that has an average portfolio credit rating of AA- and AA- by Standard & Poor's and weighted average maturity of 3.2 and 3.1 years at September 30, 2012 and 2011, respectively.

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

The Plan has investments in bond mutual funds that have the following portfolio characteristics as of September 30:

| | Amount | Standard & Poor's Credit Rating | Weighted Average Maturity |
|------|-----------------------------|---------------------------------|---------------------------|
| 2012 | \$ 2,379,695 | AAA | 4.01 |
| | 12,563,477 | AAA | 6.05 |
| | <u>1,900,476</u> | BB | 12.92 |
| | <u><u>\$ 16,843,648</u></u> | | |

| | Amount | Standard & Poor's Credit Rating | Weighted Average Maturity |
|------|-----------------------------|---------------------------------|---------------------------|
| 2011 | \$ 1,897,288 | AAA | 4.08 |
| | 9,452,679 | AA | 5.67 |
| | <u>1,516,052</u> | BB | 10.6 |
| | <u><u>\$ 12,866,019</u></u> | | |

Finally, the participant loans have a weighted average maturity of 3.1 years at both September 30, 2012 and 2011.

