



May 2011

RE: Notice to Employers Regarding Benefit E, Cost-of-Living Adjustments

Dear MERS Employer:

It's that time of year again, when your municipality can adopt a one-time only cost-of-living adjustment for your current retirees.

Now your municipality can provide a "Benefit E" COLA, while continuing to focus on long-term sustainability of your plan. Benefit E, with an effective date of Jan. 1, 2012, may be adopted without regard to the standard benefit adoption requirements of an 80% minimum funding level.

Please remember, any municipality can add a one-time COLA — regardless of funded level. Municipalities less than 80% funded, however, must pay the actuarial cost **upfront and in full at the time of adoption**.

How to Get Started

To start the adoption process, request a supplemental valuation to determine your cost (in actuarial accrued liability) of the one-time COLA. The supplemental valuation fee is \$150 for the first division, \$100 for each additional division, and a maximum actuarial fee limit of \$650. This \$650 limit will benefit municipalities with more than six divisions.

If your municipality and/or affected division is less than 80% funded, the COLA can only be adopted **by paying 100%** of the increased liability **upfront**.

If your municipality and/or affected division is 80% or more funded, the regular valuation and standard benefit adoption requirements apply.

Don't Miss the Deadline

Please contact a member of your MERS Regional Team at 800.767.2308 by **Friday, July 29, 2011**, to submit your request. Your governing body's adoption documentation (along with full payment of the increase of actuarial accrued liability for plans not meeting the 80% funding requirement) must be received by **Oct. 14, 2011**, for the Jan. 1, 2012, effective date.

Sincerely,

Your MERS Regional Team

Municipal Employees' Retirement System of Michigan (MERS)

Manistee County (5101)

Projections of Employer Contributions Needed to Attain a Target Higher Funded Percentage in 5 or 15 Years

(Based on the December 31, 2010 Annual Actuarial Valuation)

Background

The December 31, 2010 annual actuarial valuation of MERS participation has been completed for Manistee County. For each employee division, Table 16 in the valuation report displays the required employer contribution to MERS for the fiscal year starting January 1, 2012. That employer contribution requirement is based on MERS' amortization policy, as described in the Appendix of the valuation report under the heading Amortization of Unfunded Actuarial Accrued Liability.

During the fiscal year beginning January 1, 2012, the MERS Finance Department will on a monthly basis invoice the employer the total contribution shown in Table 16 (a percentage of payroll for open divisions; a dollar amount for divisions with no new hires). However, the employer is always free to contribute more than the required amount, and MERS encourages employers to do so. Higher employer contributions now will result in lower employer contribution requirements in later years, more rapid funding of the unfunded actuarial accrued liability, and increased opportunity for positive investment returns. Higher contributions should cause the funded percentage to increase more rapidly toward 100% funding.

The 2010 annual valuation includes, in Chart 17.5 for each division, a 20-year projection of the employer contribution requirement and the funded percentage. The projections displayed in Chart 17.5 represent the baseline (status quo) projections – based on the current MERS amortization policy for each division, and assuming that the financial markets fully recover (see page 4).

For divisions that are projected to be less than 99% funded in 15 years, MERS asked the actuary to provide alternate projections to show the employer what additional contribution would be required to become 80% or 100% funded in either 5 or 15 years. These alternate employer contribution levels are the subject of this supplemental projection report.

In this supplemental report, we have computed the additional employer contributions needed to reach a higher target funded percentage. If the baseline projection in Chart 17.5 indicates the division will be 79% - 99% funded in 15 years, the target funded percentage is 100%. Otherwise (under 79% funded in 15 years), the target is 80% funding. Note that if the baseline projection in the annual valuation report indicates the division will already be 99% funded in 15 years, the division is not included in this supplemental report.

The table on the next page displays the additional required employer contribution needed to reach the target in either 5 years or 15 years. For open divisions (newly hired employees are included in the division), the additional employer contribution is expressed as a percentage of payroll. For divisions with no new hires, the additional employer contribution is displayed as an annual dollar amount.

This report may be provided only in its entirety by the municipality to other interested parties (MERS or the Actuary customarily provides the full report on request to related third parties such as the auditor for the municipality).

Please review the Comments on the Investment Markets on page 4.

Manistee County (5101)

Division	Current Funded Percentage	Current Employer Contribution Requirement	Target Funded Percentage	Additional Employer* Contribution Needed to Reach Target Funded Percentage in	
				5 Years	15 Years
02 - Sheriff/POAM	74%	12.00% of Pay	100%	15.26% of Pay	2.61% of Pay
04 - MCF	83%	10.37% of Pay	100%	6.82% of Pay	1.08% of Pay
11 - Exec Employees	69%	15.99% of Pay	100%	19.99% of Pay	3.55% of Pay
12 - Elected Official	72%	15.21% of Pay	100%	24.43% of Pay	4.52% of Pay
13 - AFSCME	72%	13.98% of Pay	100%	16.60% of Pay	2.80% of Pay
14 - Court Employees	72%	15.29% of Pay	100%	17.52% of Pay	3.02% of Pay
20 - Sheriff/Adm	72%	22.12% of Pay	80%	10.69% of Pay	1.44% of Pay
41 - Medical Facilit	51%	30.92% of Pay	80%	43.13% of Pay	9.09% of Pay

** If additional employee contributions were to be made instead of employer contributions, the employee contributions would be somewhat higher (refer to Table 16 footnote in the annual valuation report).*

Note: For open divisions (newly hired employees are included in the division), the employer contribution is expressed as a percentage of payroll. For divisions with no new hires, the employer contribution is displayed as an annual dollar amount.

The target funded percentages are examples to demonstrate the additional employer contributions needed to accelerate your funding progress. MERS encourages employers to consider making additional contributions in order to improve the funded level of your municipality. However, MERS will continue to invoice you based on the baseline contribution amount (as displayed in Table 16 of the annual valuation report).

The 20-year projections of employer contributions and funded percentages displayed on the following pages are based on the following assumptions:

- All demographic assumptions will be met during the projection period.
- The actuarial value of assets will earn the assumed 8% return each year during the projection period (**see comments on page 4**).
- There will be no benefit changes during the projection period.
- The employer contributions through January 1, 2012 are not affected, and are based on previous annual actuarial valuations.
- For open divisions (new hires are added to the division), the number of active members is assumed to remain constant. However, if an open division is linked to a division that will have no new hires (whose new hires enter the open division), the total number of active members in the linked divisions (combined) is assumed to remain constant. For closed divisions (no new hires), the number of active members is assumed to gradually decline to zero, based on the assumptions for retirement, disability, termination, and death.

Please refer to the discussions of Projections of Employer Contributions and Funded Percentage, Closed and Open Divisions, and Linked Divisions near the end of your annual actuarial valuation report.

The projected contribution amounts should not be used for short term budgeting purposes because the assumptions are designed to be a long term expectation of future events. These projections illustrate the long term pattern of employer contributions under varying payment periods (or patterns). A projection of contribution rates for budgeting purposes would require additional short-term actuarial analysis, which is beyond the scope of this report.

If your municipality is interested in increasing the employer contribution as discussed in this report, please contact the Finance Department at MERS (800-767-2308; billingteam@mersofmich.com). Please contact your Regional Manager in the MERS Office of Marketing and Employer Services for a formal review of this projection report.

Manistee County (5101)

Comments on the Investment Markets

The dramatic price declines across the world financial markets in 2008 led to increased volatility unlike any experienced in decades. The following two years, 2009 and 2010, have been more stable and MERS' portfolio recovered with investment returns of over 17% and 14%, respectively. While economic worries continue to haunt investors world-wide, equity markets have rebounded, particularly in the United States. MERS maintains the 8% annual return assumption on investments in the belief that over the long term this is achievable.

The actuarial value of assets (funding value), used to determine both your funded status and your required employer contribution, is based on a 10-year smoothed value of assets. Only a portion (three-tenths, for 2008, 2009, and 2010) of the 2008 investment market losses were recognized in your December 31, 2010 actuarial valuation report and in this projection report. This reduces the volatility of the valuation results, which affects your required employer contribution and your actuarial funded percentage.

As of December 31, 2010 the actuarial value of assets is 116% of market value (down from 125% in 2009). This means that meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 8% investment return assumption.

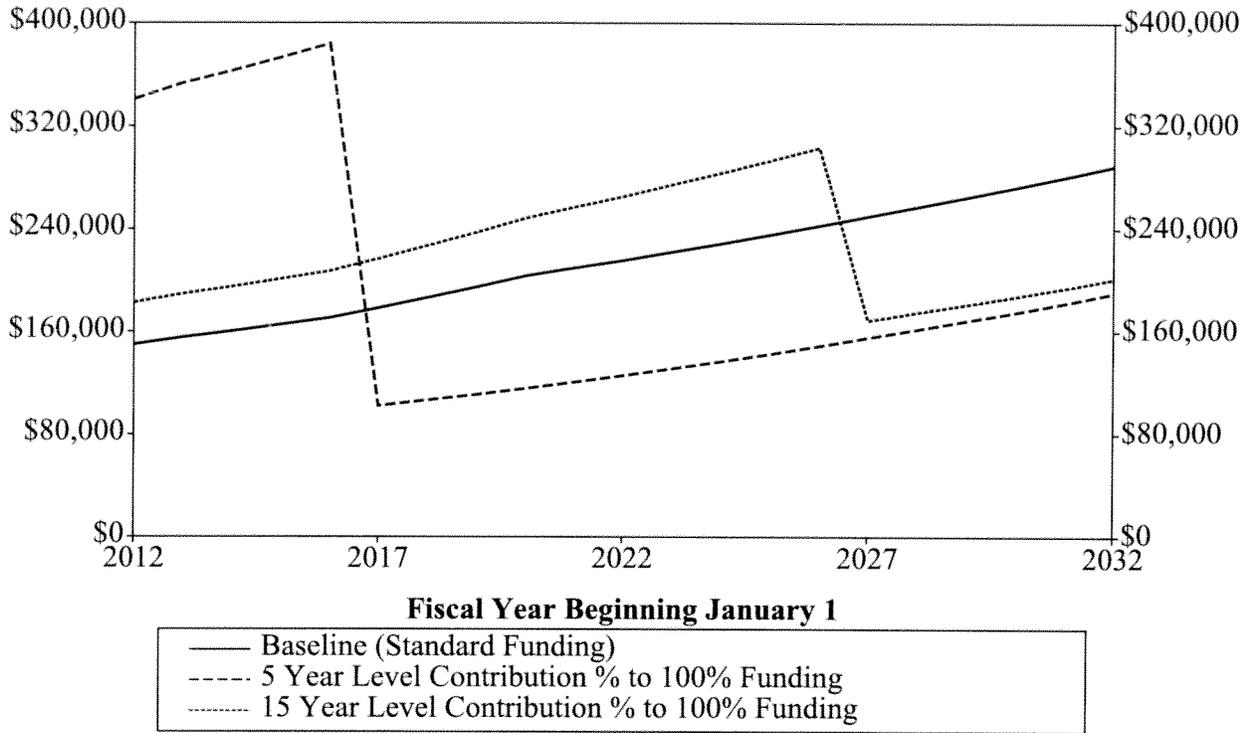
If the December 31, 2010 valuation results were based on market value on that date instead of 10-year smoothed funding value: i) the funded percent of your entire municipality would be 68% (instead of 79%); and ii) your total employer contribution requirement for the fiscal year starting January 1, 2012 would be \$1,550,280 (instead of \$1,334,484). If the investment markets do not fully make-up for the 2008 losses, employer contribution requirements may rise. MERS' investment strategy employs diversification using various asset categories (stocks, bonds, and to a smaller extent real estate and private equity) to capture as much of the upside return as possible while managing acceptable risk. If contribution increases do become necessary, MERS would work to impose them incrementally.

Remember that only three-tenths of the 2008 market losses are reflected in this projection report and your December 31, 2010 valuation results. As was true for past market downturns, MERS expects the markets to continue to rebound. By the time the 2008 market losses would be fully recognized (over the following 7 years), future market gains are expected to partly or fully offset 2008 market losses. This smoothing method is a powerful tool for reducing the volatility of your required employer contributions. However, if the financial markets do not rebound, the result would be gradual increases in your employer contribution requirement over the next 7 years (as described above). These increases would be in addition to the projected contributions in this report. Contributing more than the required contribution now will lower the required employer contribution in later years, and position you to earn investment gains as the financial markets rebound.

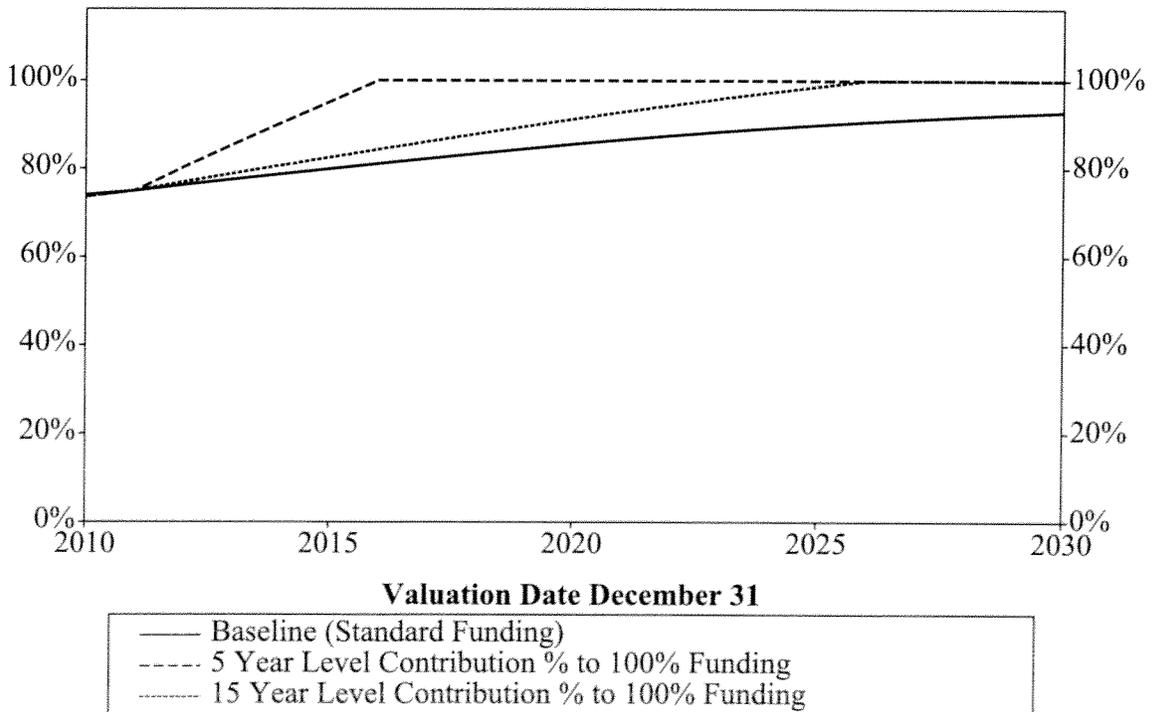
Comment on Actuarial Calculations - The projections of your future employer contributions in this report are based on the current actuarial assumptions used in the December 31, 2010 actuarial valuation. As always, your required employer contribution rate changes every year, in response to demographic changes, financial experience, benefit provision changes, etc, within your specific plan. The results of future actuarial valuations will differ from the projections, sometimes materially.

Manistee County (5101)
Division 02 - Sheriff/POAM

Employer Contributions Under Various Contribution Patterns



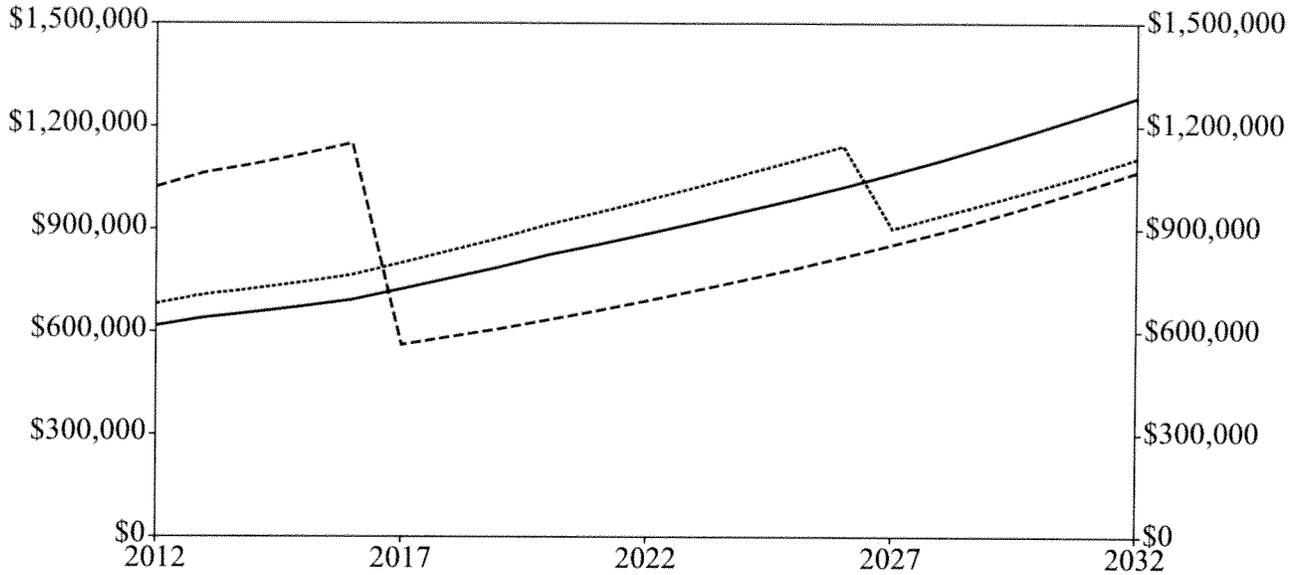
Funded Percentage Under Various Contribution Patterns



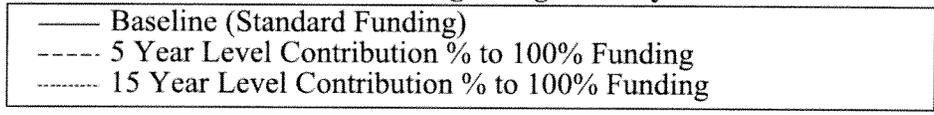
Manistee County (5101)

Division 04 - MCF

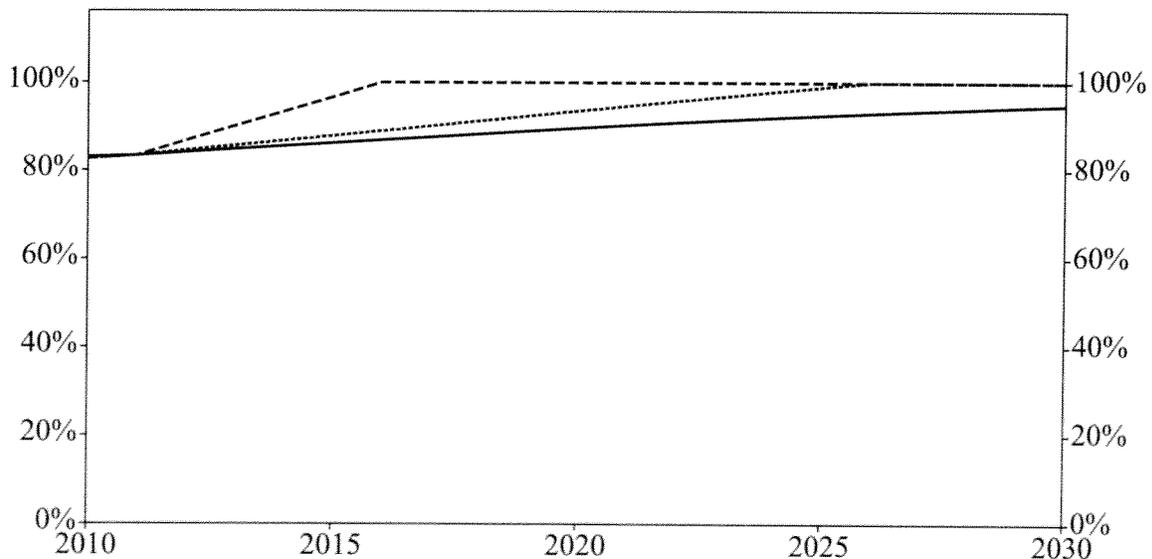
Employer Contributions Under Various Contribution Patterns



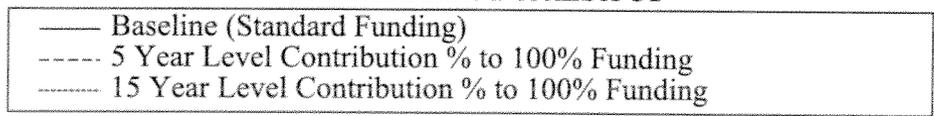
Fiscal Year Beginning January 1



Funded Percentage Under Various Contribution Patterns



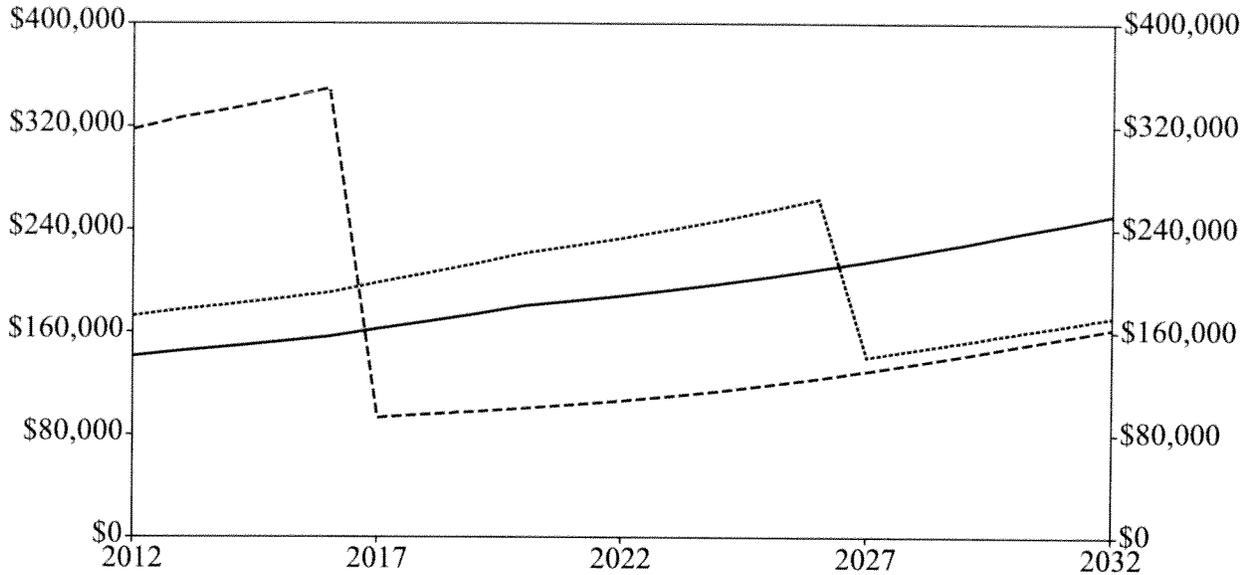
Valuation Date December 31



Manistee County (5101)

Division 11 - Exec Employees

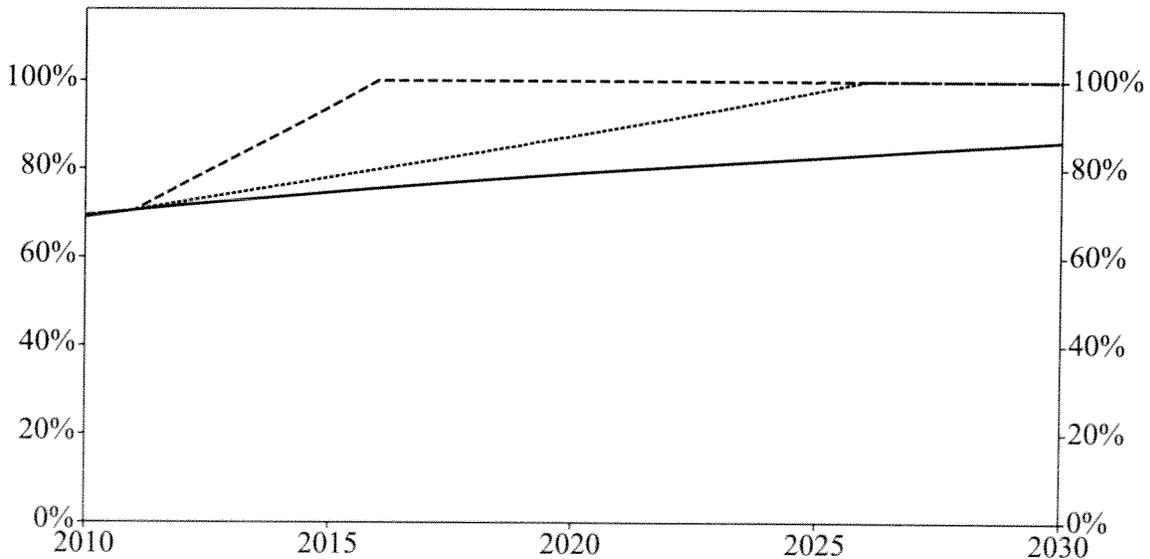
Employer Contributions Under Various Contribution Patterns



Fiscal Year Beginning January 1

- Baseline (Standard Funding)
- - - 5 Year Level Contribution % to 100% Funding
- · · 15 Year Level Contribution % to 100% Funding

Funded Percentage Under Various Contribution Patterns



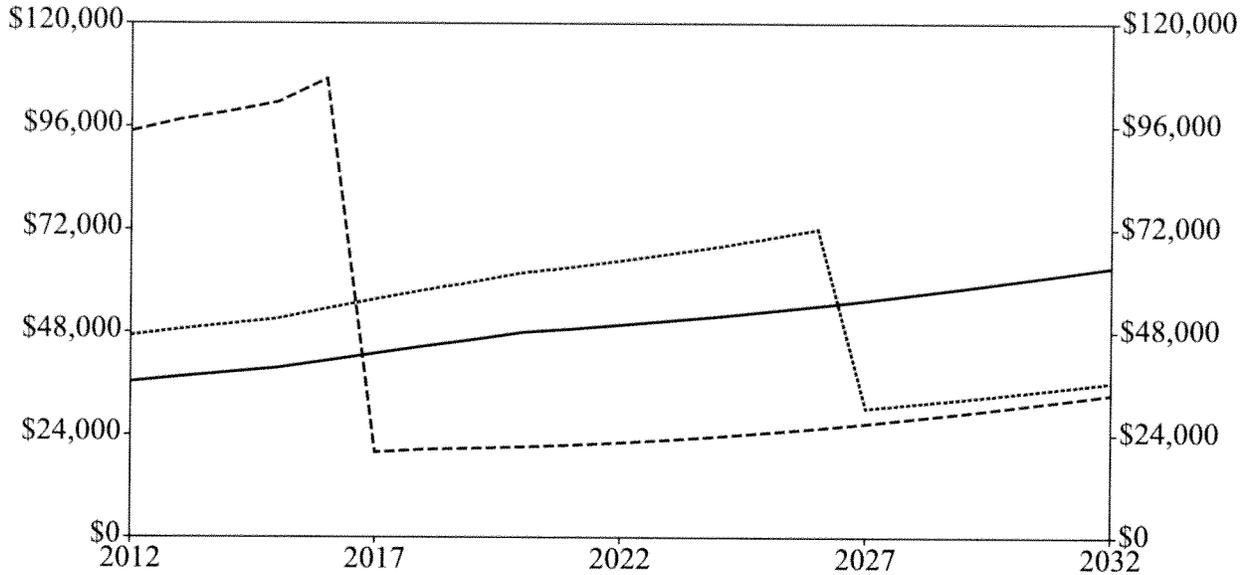
Valuation Date December 31

- Baseline (Standard Funding)
- - - 5 Year Level Contribution % to 100% Funding
- · · 15 Year Level Contribution % to 100% Funding

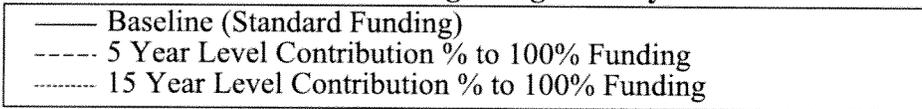
Manistee County (5101)

Division 12 - Elected Officials

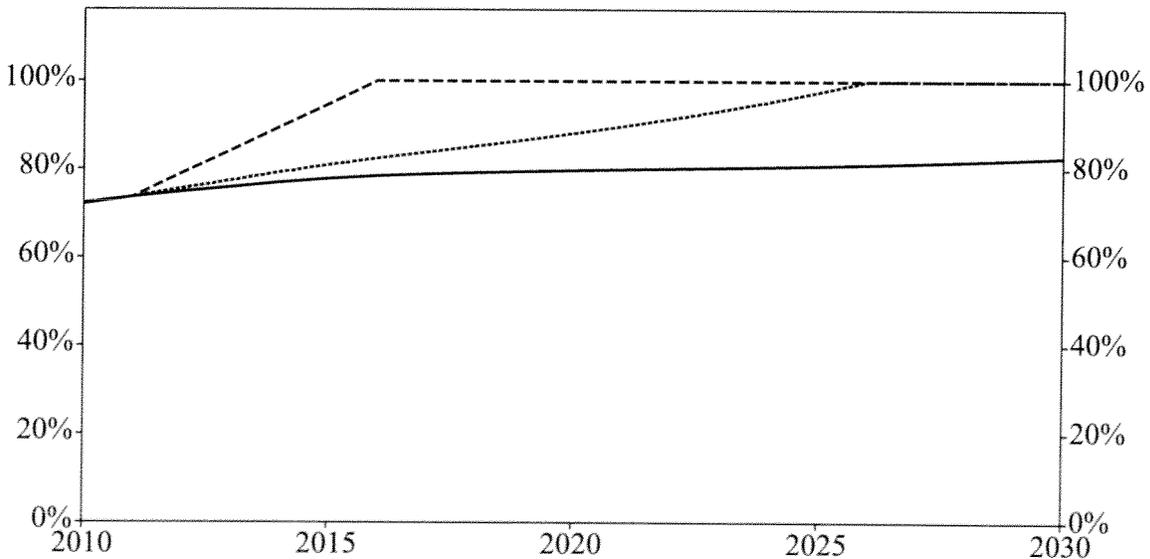
Employer Contributions Under Various Contribution Patterns



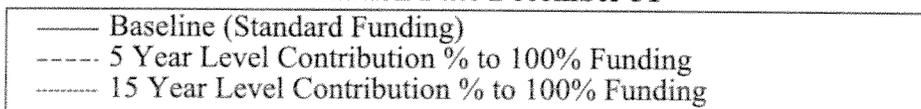
Fiscal Year Beginning January 1



Funded Percentage Under Various Contribution Patterns



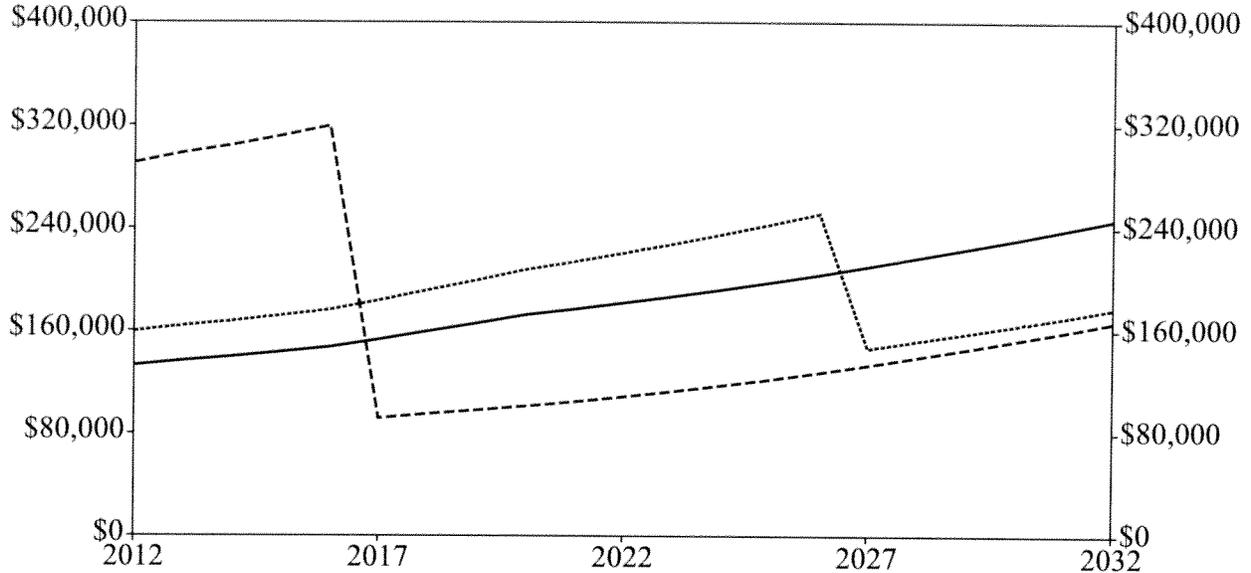
Valuation Date December 31



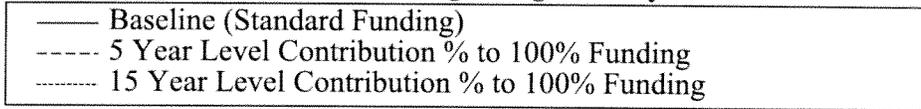
Manistee County (5101)

Division 13 - AFSCME

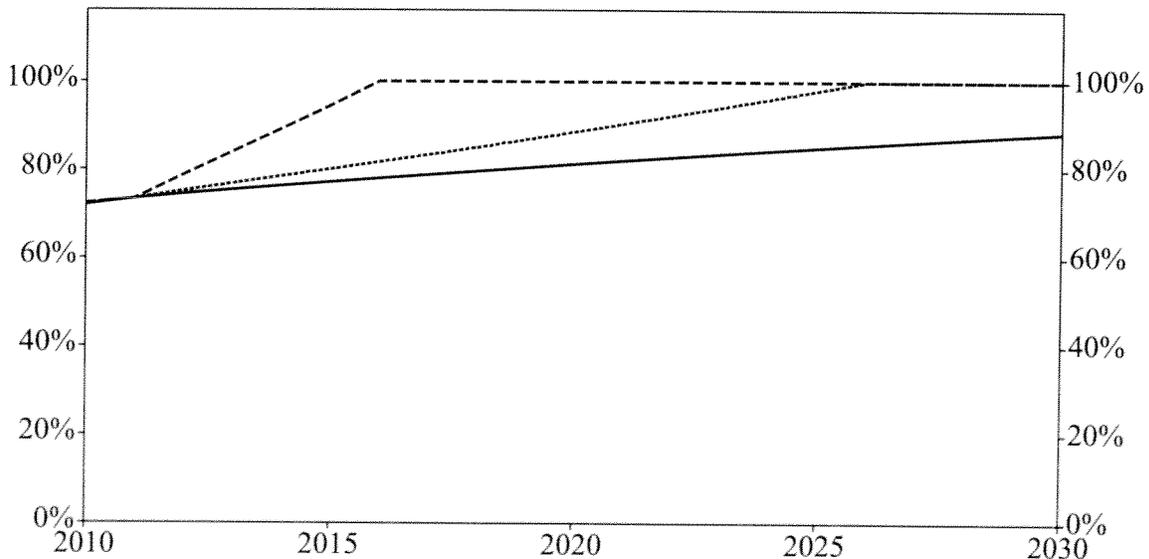
Employer Contributions Under Various Contribution Patterns



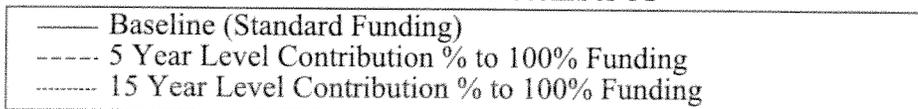
Fiscal Year Beginning January 1



Funded Percentage Under Various Contribution Patterns

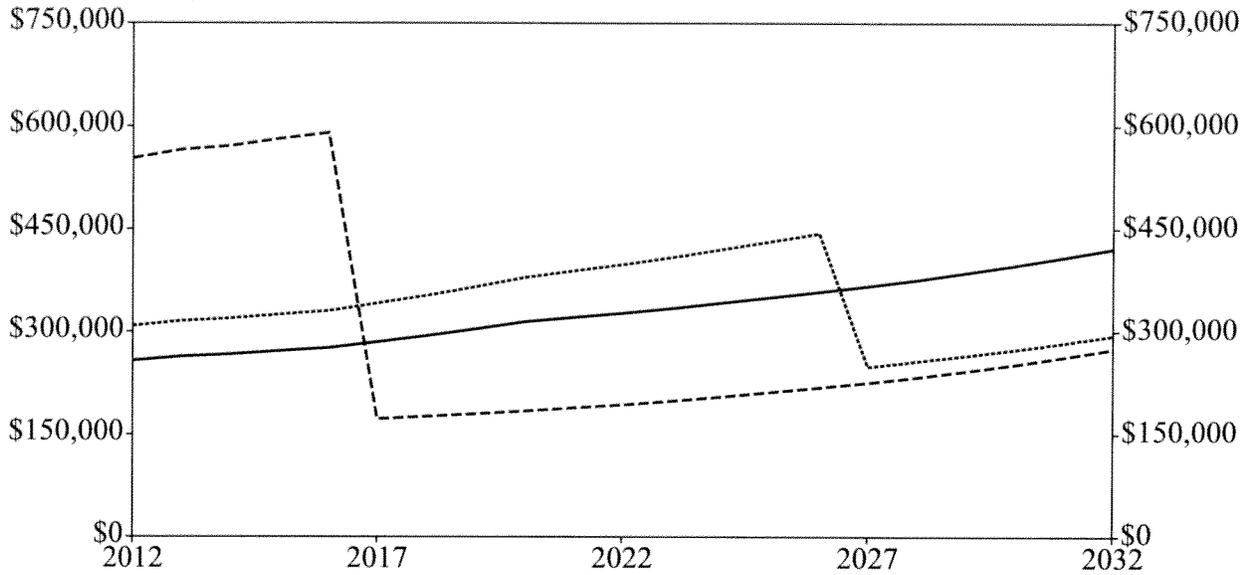


Valuation Date December 31

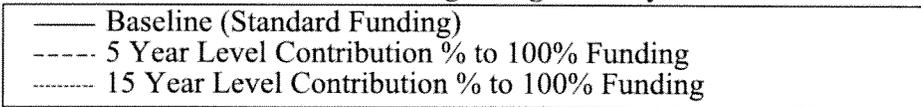


Manistee County (5101)
Division 14 - Court Employees

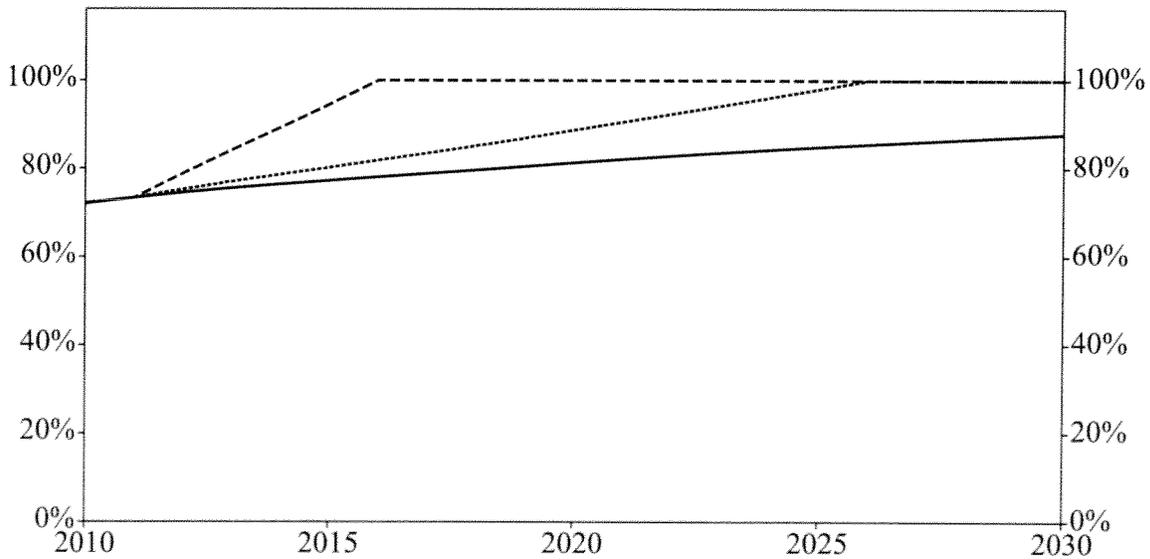
Employer Contributions Under Various Contribution Patterns



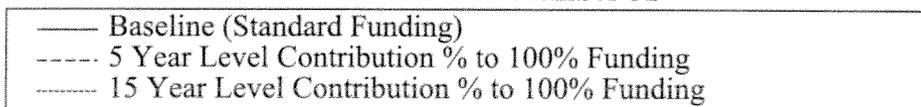
Fiscal Year Beginning January 1



Funded Percentage Under Various Contribution Patterns



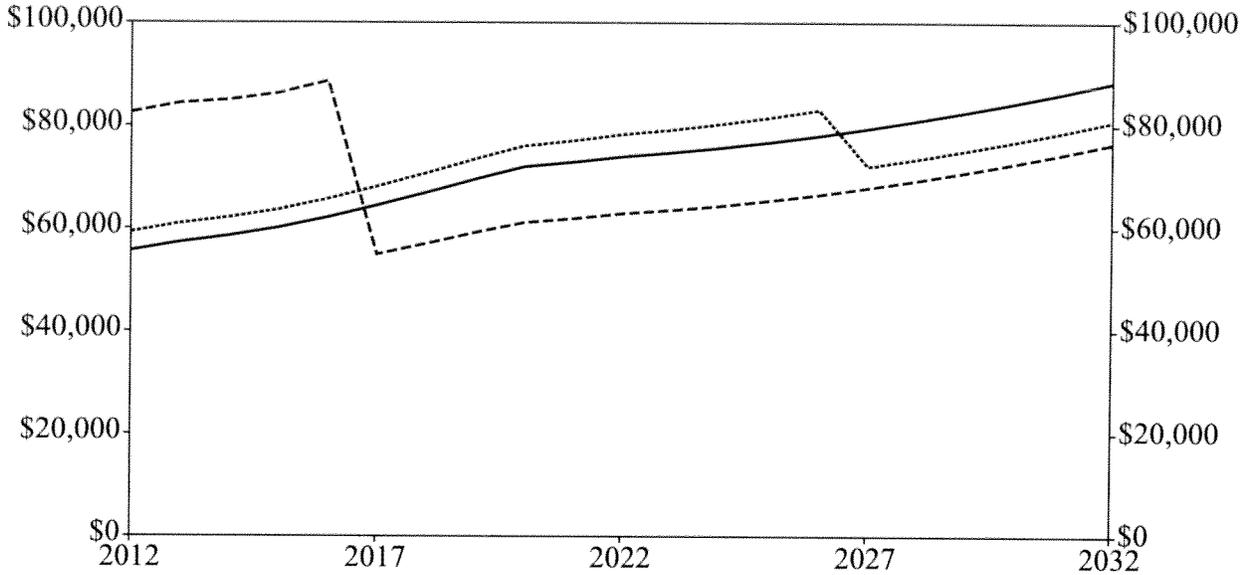
Valuation Date December 31



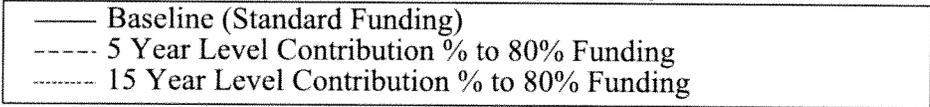
Manistee County (5101)

Division 20 - Sheriff/Adm

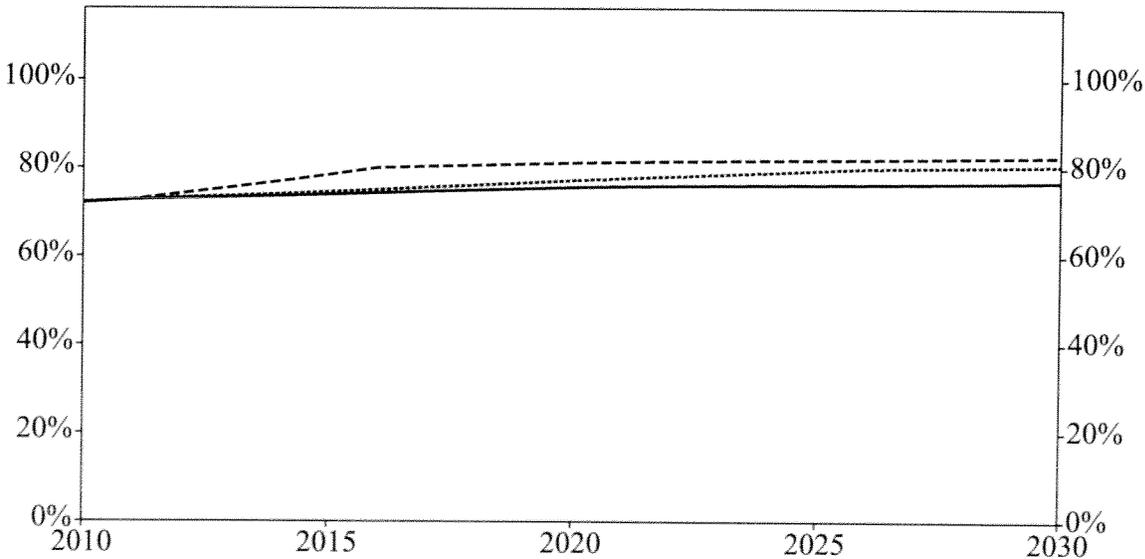
Employer Contributions Under Various Contribution Patterns



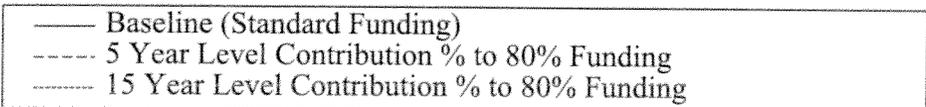
Fiscal Year Beginning January 1



Funded Percentage Under Various Contribution Patterns



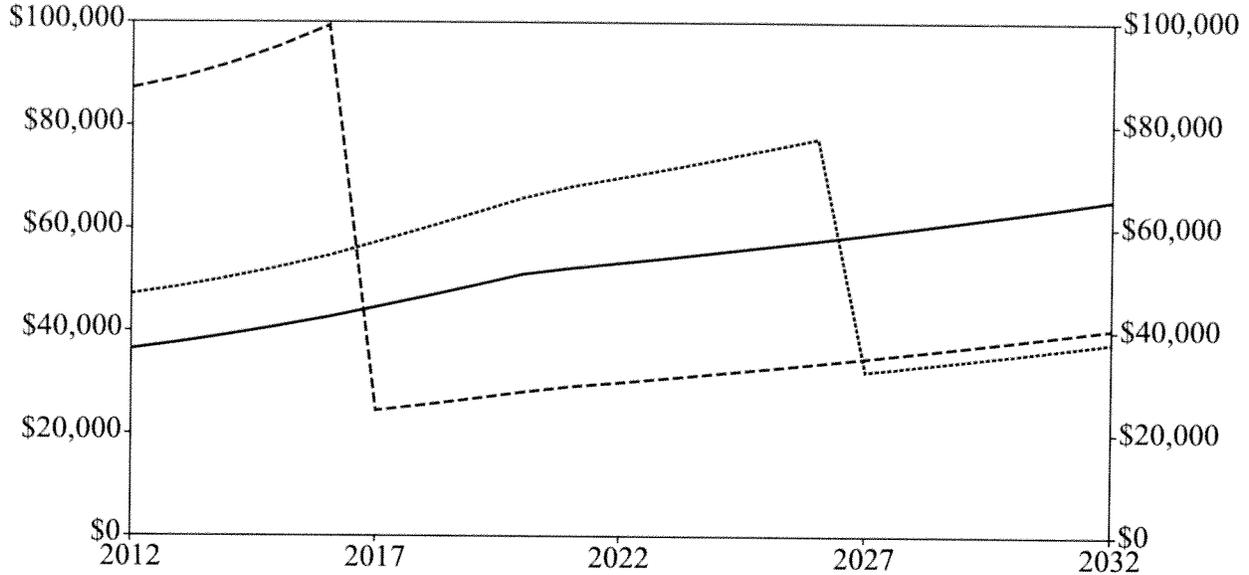
Valuation Date December 31



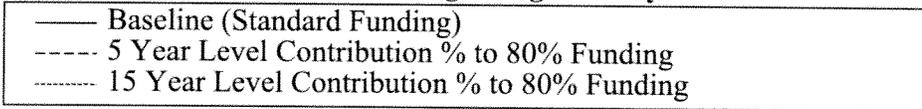
Manistee County (5101)

Division 41 - Medical Facility Administrator

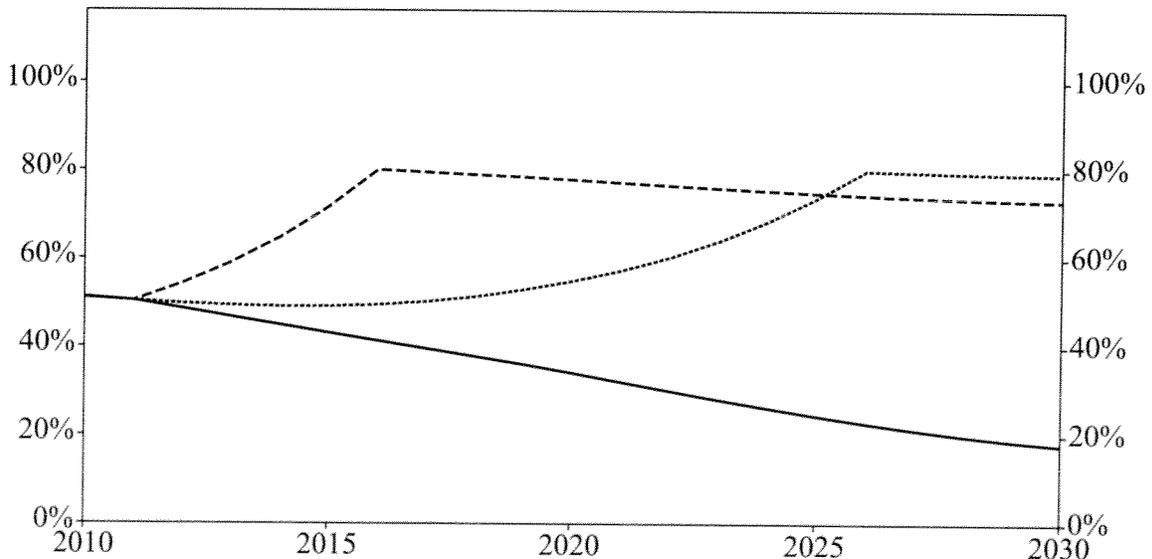
Employer Contributions Under Various Contribution Patterns



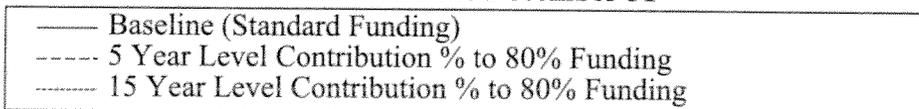
Fiscal Year Beginning January 1



Funded Percentage Under Various Contribution Patterns



Valuation Date December 31





MERS
Municipal Employees' Retirement System

Municipal Employees' Retirement System
of Michigan

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
ANNUAL ACTUARIAL VALUATION REPORT
MANISTEE COUNTY (5101)
DECEMBER 31, 2010



May 31, 2011

The Retirement Board
Municipal Employees' Retirement System of Michigan

Ladies and Gentlemen:

This report presents the results of the Annual Actuarial Valuation, prepared as of December 31, 2010. The report includes the determination of liabilities and contribution rates resulting from the participation of Manistee County in the Municipal Employees' Retirement System of Michigan ("MERS").

MERS is an agent multiple-employer public employee pension plan and is a tax-qualified plan under section 401(a) of the Internal Revenue Code (most recent letter of Favorable Determination issued June 15, 2005). MERS is an independent non-profit public corporation established by the Legislature pursuant to Public Act 220 of 1996, as amended, and is an instrumentality of the participating municipalities and courts. Manistee County is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees under the Michigan Constitution and the MERS Plan Document.

For this annual actuarial valuation, the Retirement Board adopted revised actuarial assumptions and/or methods. Please refer to page 93 for an explanation of the Board's action.

The valuation utilized information furnished by the MERS administrative staff concerning Retirement System benefits, financial transactions, and individual member information. Data was checked for consistency with the prior year, but was not otherwise audited by us.

To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods in compliance with Act No. 220 of the Public Acts of 1996, as amended, and the MERS Plan Document as revised. All of the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The actuarial assumptions used for this valuation produce results that we believe are reasonable. The Retirement Board of the Municipal Employees' Retirement System of Michigan confirms that the System provides for payment of the required employer contribution as described in Section 20m of Act No. 314 of 1965 (MCL 38.1140m).

Please review the Comments on the Investment Markets on page 3.

This report may be provided only in its entirety by the municipality to other interested parties (MERS or the Actuary customarily provides the full report on request to related third parties such as the auditor for the municipality).

Please contact the Finance Department at MERS if you would like to receive future annual valuations in electronic format, instead of a printed report (800-767-2308; billingteam@mersofmich.com).

Sincerely,

Alan Sonnanstine, MAAA, ASA

Cathy Nagy, MAAA, FSA

Jim Koss, MAAA, ASA

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Manistee County (5101)

Executive Summary

Required Employer Contributions

The computed minimum required employer contributions to the retirement system for the fiscal years beginning January 1, 2012 (2010 Valuation) and January 1, 2011 (2009 Valuation) are as follows:

Division	Minimum Required Monthly Employer Contributions @			
	Percentage of Payroll		\$ Based on Valuation Payroll	
	2010 Valuation	2009 Valuation	2010 Valuation	2009 Valuation
01 - General	0.00%	0.00%	\$0	\$0
02 - Sheriff/POAM *	12.00%	12.00%	11,455	11,211
04 - MCF	10.37%	10.12%	47,068	42,072
10 - 911 Employees	6.19%	7.61%	2,315	2,774
11 - Exec Employees	15.99%	15.98%	10,762	10,573
12 - Elected Officials	15.21%	15.48%	2,778	2,774
13 - AFSCME	13.98%	14.09%	10,136	10,067
14 - Court Employees	15.29%	14.66%	19,669	18,519
20 - Sheriff/Adm	22.12%	22.36%	4,247	4,276
41 - Medical Facility A	30.92%	38.93%	2,777	3,379
Total Municipality			\$111,207	\$105,645

@ The above employer contribution requirements are in addition to the member contributions, if any, shown in Table 1.

* The current year's required employer contributions reflect a change in benefit provisions or a change in member contribution rates. Please see Tables 16 and 17 for details.

Please see the Comments on the Investment Markets on page 3.

For additional details see Table 15.

It is important to note that the contribution rates shown above are not expected to remain at present levels indefinitely. If future experience were to match the valuation assumptions exactly, the computed employer rates for divisions that are open to new hires would trend over time toward the long-term cost of system benefits, known as the Normal Cost (see Table 15). For underfunded divisions that are closed to new hires and are not linked to an open division, the computed employer dollar contribution would increase 4%-8% annually, until full funding is reached. The required employer contribution for such a closed division typically reaches its highest level about 11-12 years after the division becomes closed. Prospective benefit changes as well as Retirement System gains and losses will also affect future contribution rates.

Contribution rates will change from one year to the next as a result of changes in benefit

Manistee County (5101)

Executive Summary (continued)

provisions, changes in the actuarial assumptions, and experience of the plan (investment experience and demographic experience).

The 2010 valuation reflects changes in actuarial assumptions and/or methods (please refer to page 93). The effects of the changes are shown in the note below Table 16 for each division. For benefit provision changes see Table 1.

2010 System Experience

Based on the smoothed Actuarial Value of Assets, the recognized rate of investment return for MERS overall was 5.7% (up from 5.3% in 2009, but less than the 8% actuarial assumption). On average this will result in increases in computed employer contributions.

Demographic experience varied by division. This reflects what actually happened to participants (active members, retirees, and vested former members) compared to what was projected by the actuarial assumptions.

2010 Funded Position

The ratio of the Valuation Assets to the Actuarial Accrued Liability for Manistee County in aggregate is 79%; last year's ratio was 78%.

Comments on the Investment Markets

The dramatic price declines across the world financial markets in 2008 led to increased volatility unlike any experienced in decades. The following two years, 2009 and 2010, have been more stable and MERS' portfolio recovered with investment returns of over 17% and 14%, respectively. While economic worries continue to haunt investors world-wide, equity markets have rebounded, particularly in the United States. MERS maintains the 8% annual return assumption on investments in the belief that over the long term this is achievable.

The actuarial value of assets (funding value), used to determine both your funded status and your required employer contribution, is based on a 10-year smoothed value of assets. Only a portion (three-tenths, for 2008, 2009, and 2010) of the 2008 investment market losses were recognized in this actuarial valuation report. This reduces the volatility of the valuation results, which affects your required employer contribution and actuarial funded percentage.

As of December 31, 2010 the actuarial value of assets is 116% of market value (down from 125% in 2009). This means that meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 8% investment return assumption.

Manistee County (5101)

Executive Summary (continued)

If the December 31, 2010 valuation results were based on market value on that date instead of 10-year smoothed funding value: i) the funded percent of your entire municipality would be 68% (instead of 79%); and ii) your total employer contribution requirement for the fiscal year starting January 1, 2012 would be \$1,550,280 (instead of \$1,334,484). If the investment markets do not fully make-up for the 2008 losses, employer contribution requirements may rise. MERS' investment strategy employs diversification using various asset categories (stocks, bonds, and to a smaller extent real estate and private equity) to capture as much of the upside return as possible while managing acceptable risk. If contribution increases do become necessary, MERS would work to impose them incrementally.

Remember that only three-tenths of the 2008 market losses are reflected in this actuarial valuation report. As was true for past market downturns, MERS expects the markets to continue to rebound. By the time the 2008 market losses would be fully recognized (over the following 7 years), future market gains are expected to partly or fully offset 2008 market losses. This smoothing method is a powerful tool for reducing the volatility of your required employer contributions. However, if the financial markets do not rebound, the result would be gradual increases in your employer contribution requirement over the next 7 years (as described above).

Possible Future Changes in Actuarial Assumptions

Actuarial assumptions are reviewed every five years, and sometimes more often. The most recent review of MERS actuarial assumptions was completed in March 2010, and covered the 2004-2008 valuation years. All areas of activity were studied, and the Retirement Board adopted revised actuarial assumptions that will be reflected in this valuation (see page 93), and in the December 31, 2011 valuation. MERS expects to provide employers with general updates concerning pending revised actuarial assumptions and the ongoing effects of the financial markets.

Projections of Employer Contributions and Funded Percentage - Combined for All Divisions

The following page combines the projections for each division (see chart 17.5 for each division) into a projection for the municipality as a whole. Please refer to page 116 for a discussion of the projection. As noted there, the projection should not be used for short term budgeting purposes because the assumptions are designed to be a long term expectation of future events. For example, the projection assumes that the 10-year smoothed actuarial value of assets always reflects 8% annual investment income (which would require all of the 2008 market losses to be recouped sooner than is likely).

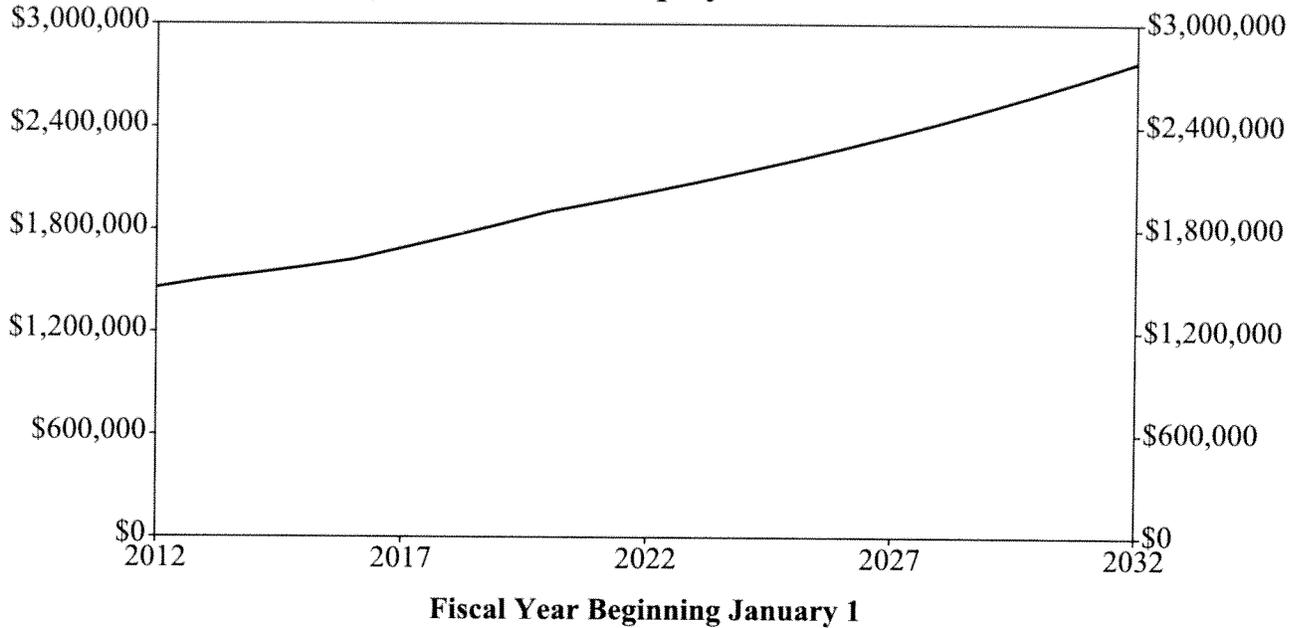
Manistee County (5101)

Executive Summary (continued)

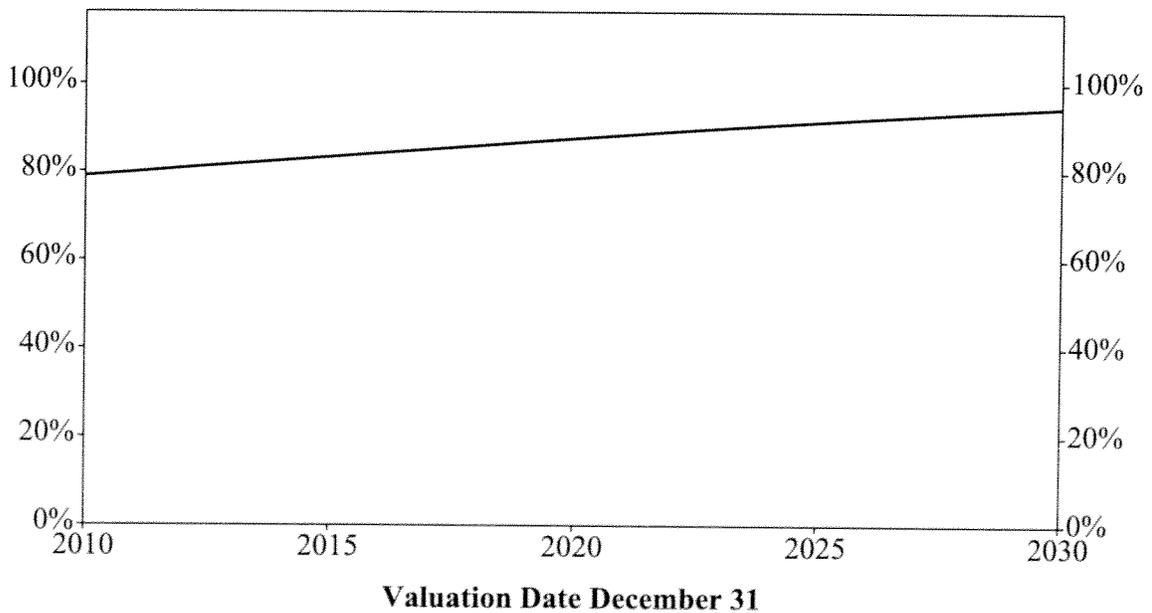
Comment on Actuarial Calculations - The projections of your future employer contributions in this report are based on the current actuarial assumptions used in the December 31, 2010 actuarial valuation. As always, your required employer contribution rate changes every year, in response to demographic changes, financial experience, benefit provision changes, etc, within your specific plan. The results of future actuarial valuations will differ from the projections, sometimes materially.

Manistee County (5101)
Executive Summary (concluded)
All Divisions Combined

Projected Annual Employer Contributions



Projected Funded Percentage



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Table 1

Benefit Provisions Evaluated and/or Considered

Division	2010 Valuation	2009 Valuation
01 - General	B-2 Normal Ret Age: 60 V-8 FAC-5 0.00% Member Contrib. Act 88 Election (12/08/1970)	B-2 Normal Ret Age: 60 V-8 FAC-5 0.00% Member Contrib. Act 88 Election (12/08/1970)
02 - Sheriff/POAM	B-4 - 80% Max Normal Ret Age: 60 V-8 F50(25) FAC-5 E-2 (2.5%) (07/01/2006) 7.54% Member Contrib. Act 88 Election (12/08/1970)	B-4 - 80% Max Normal Ret Age: 60 V-8 F50(25) FAC-5 E-2 (2.5%) (07/01/2006) 7.72% Member Contrib. Act 88 Election (12/08/1970)
04 - MCF	B-2 Normal Ret Age: 60 V-6 F/N(30) FAC-5 1.09% Member Contrib. Act 88 Election (12/08/1970)	B-2 Normal Ret Age: 60 V-6 F/N(30) FAC-5 1.09% Member Contrib. Act 88 Election (12/08/1970)
10 - 911 Employees	B-4 - 80% Max Normal Ret Age: 60 V-8 FAC-5 2.52% Member Contrib. Act 88 Election (12/08/1970)	B-4 - 80% Max Normal Ret Age: 60 V-8 FAC-5 2.52% Member Contrib. Act 88 Election (12/08/1970)
11 - Exec Employees	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 2.44% Member Contrib. Act 88 Election (12/08/1970)	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 2.44% Member Contrib. Act 88 Election (12/08/1970)

Manistee County (5101)

Table 1 (continued)

Benefit Provisions Evaluated and/or Considered

Division	2010 Valuation	2009 Valuation
12 - Elected Officials	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 4.53% Member Contrib. Act 88 Election (12/08/1970)	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 4.53% Member Contrib. Act 88 Election (12/08/1970)
13 - AFSCME	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 3.56% Member Contrib. Act 88 Election (12/08/1970)	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 3.56% Member Contrib. Act 88 Election (12/08/1970)
14 - Court Employees	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 3.28% Member Contrib. Act 88 Election (12/08/1970)	B-4 - 80% Max Normal Ret Age: 60 V-8 F55(20) FAC-5 3.28% Member Contrib. Act 88 Election (12/08/1970)
20 - Sheriff/Adm	B-4 - 80% Max Normal Ret Age: 60 V-8 F50(25) FAC-5 2.88% Member Contrib. Act 88 Election (12/08/1970)	B-4 - 80% Max Normal Ret Age: 60 V-8 F50(25) FAC-5 2.88% Member Contrib. Act 88 Election (12/08/1970)
41 - Medical Facility	B-2 Normal Ret Age: 60 V-6 F50(30) FAC-3 0.00% Member Contrib. Act 88 Election (12/08/1970)	B-2 Normal Ret Age: 60 V-6 F50(30) FAC-3 0.00% Member Contrib. Act 88 Election (12/08/1970)

MERS provides the actuary with the benefit provisions in effect in Table 1 above. Any corrections to the benefit provisions should be reported to your Regional Manager in the MERS Office of

Manistee County (5101)

Table 1 (continued)

Benefit Provisions Evaluated and/or Considered

Marketing and Employer services.

Manistee County (5101)

Table 2

Membership Summary

Division	2010 Valuation		2009 Valuation	
	Number	Annual Payroll*	Number	Annual Payroll*
01 - General				
Active Members	1	\$8,640	1	\$8,640
Vested Former Members	4	26,335	6	38,205
Retirees and Beneficiaries	21	59,803	20	57,560
02 - Sheriff/POAM				
Active Members	25	\$1,145,538	25	\$1,121,135
Vested Former Members	7	44,675	7	44,578
Retirees and Beneficiaries	15	184,181	16	185,728
04 - MCF				
Active Members	166	\$5,446,601	155	\$4,988,760
Vested Former Members	26	134,023	26	154,723
Retirees and Beneficiaries	84	687,640	75	540,913
10 - 911 Employees				
Active Members	11	\$448,872	11	\$437,482
Vested Former Members	2	9,083	2	9,083
Retirees and Beneficiaries	0	0	0	0
11 - Exec Employees				
Active Members	18	\$807,660	19	\$794,052
Vested Former Members	2	22,374	1	3,700
Retirees and Beneficiaries	6	143,641	5	140,732
12 - Elected Officials				
Active Members	3	\$219,128	3	\$215,059
Vested Former Members	0	0	0	0
Retirees and Beneficiaries	1	31,041	1	31,041
13 - AFSCME				
Active Members	31	\$870,042	32	\$857,407
Vested Former Members	2	8,765	2	8,765
Retirees and Beneficiaries	11	142,498	10	138,048
14 - Court Employees				
Active Members	36	\$1,543,725	36	\$1,515,890
Vested Former Members	4	36,517	4	36,517
Retirees and Beneficiaries	12	222,100	11	179,602

Manistee County (5101)

Table 2 (continued)

Membership Summary

Division	2010 Valuation		2009 Valuation	
	Number	Annual Payroll*	Number	Annual Payroll*
20 - Sheriff/Adm				
Active Members	4	\$230,387	4	\$229,462
Vested Former Members	0	0	0	0
Retirees and Beneficiaries	3	94,303	3	94,303
41 - Medical Facility Admins				
Active Members	1	\$107,776	1	\$104,165
Vested Former Members	0	0	0	0
Retirees and Beneficiaries	1	88,963	1	88,963
Total Municipality				
Active Members	296	\$10,828,369	287	\$10,272,052
Vested Former Members	47	281,772	48	295,571
Retirees and Beneficiaries	154	1,654,170	142	1,456,890
Total Participants	497		477	

* Annual payroll for active members; annual deferred benefits payable for vested former members; annual benefits being paid for retirees and beneficiaries.

Manistee County (5101)

Table 3

Active Members in the Valuation - Comparative Schedule

Valuation Date 12/31	Number	Annual Payroll	Average Pay		Average Age	Average Benefit Service*	Average Eligibility Service*
			Annual \$	% Increase			
2000	245	\$ 6,144,830	\$ 25,080	5.0%	43.6	10.2	
2001	250	6,670,818	26,683	6.4	43.6	10.2	10.3
2002	260	7,212,616	27,741	4.0	43.9	9.9	10.0
2003	276	7,882,405	28,559	3.0	44.2	10.0	10.2
2004	287	8,406,496	29,291	2.6	44.6	9.7	9.9
2005	292	8,841,896	30,280	3.4	45.5	9.9	10.2
2006	272	9,155,329	33,659	11.2	46.1	10.3	10.7
2007	267	9,646,993	36,131	7.3	46.0	10.6	11.1
2008	280	10,121,218	36,147	0.0	46.1	10.3	10.7
2009	287	10,272,052	35,791	(1.0)	45.2	9.9	10.4
2010	296	10,828,369	36,582	2.2	44.7	9.6	10.3

* See description on page 112.

Table 4

Flow of Active Membership

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Net Transfers*	New Member	End of Year
				Vested	Non-Vested			
2001	(4)			(5)	(21)		35	250
2002	(7)			(2)	(10)		29	260
2003	(4)		(1)	(5)	(8)	1	33	276
2004	(7)		(1)	(6)	(20)	(1)	46	287
2005	(4)	(1)		(3)	(12)		25	292
2006	(9)			(4)	(32)		25	272
2007	(5)	(2)		(3)	(17)		22	267
2008	(6)	(1)	(1)	(7)	(12)	2	38	280
2009	(13)			(2)	(15)		37	287
2010	(9)	(1)		(4)	(16)	1	38	296

* Net transfers can include members transferring to a Defined Contribution plan or members who transfer between divisions and subsequently retire or terminate within the same plan year.

Manistee County (5101)

Table 5

Vested Former Members in the Valuation - Comparative Schedule

Valuation Date 12/31	Number	Annual Deferred Benefits	Average Age	Average Benefit Service*	Average Eligibility Service*
2000	33	\$			
2001	39	180,325	46.0	10.4	11.4
2002	40	195,909	48.4	11.6	12.8
2003	41	192,935	46.9	11.0	12.4
2004	47	222,309	46.7	10.7	12.2
2005	54	225,241	46.1	9.4	11.2
2006	50	232,197	47.5	10.5	12.4
2007	50	254,998	49.1	10.8	12.8
2008	50	267,577	48.9	10.5	12.8
2009	48	295,571	49.2	10.8	13.1
2010	47	281,772	49.5	10.7	12.6

* See description on page 112.

Table 6

Flow of Vested Former Members

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Net Transfers*	New	End of Year
2001	(1)			(8)		15	39
2002				(5)		6	40
2003	(2)			(3)	(1)	7	41
2004				(1)	1	6	47
2005	(1)					8	54
2006	(1)			(7)		4	50
2007	(2)			(2)		4	50
2008	(3)	(1)		(3)		7	50
2009	(3)	(1)				2	48
2010	(2)	(1)		(1)	(1)	4	47

* Net transfers can include members transferring to a Defined Contribution plan or members who transfer between divisions and subsequently retire or terminate within the same plan year.

Manistee County (5101)

Table 7

Retirees and Beneficiaries in the Valuation - Comparative Schedule

Valuation Date 12/31	Retirees		Beneficiaries		Total Recipients		No. of Actives per Recip.	Benefits As % of Active Payroll
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2000		\$		\$	92	\$ 418,035	2.7	6.8%
2001	84	409,993	11	56,218	95	466,211	2.6	7.0
2002	89	489,722	11	56,218	100	545,940	2.6	7.6
2003	91	506,237	12	58,942	103	565,179	2.7	7.2
2004	95	585,427	13	72,834	108	658,261	2.7	7.8
2005	99	728,050	13	72,834	112	800,884	2.6	9.1
2006	100	865,012	14	76,232	114	941,244	2.4	10.3
2007	108	1,025,586	15	78,993	123	1,104,579	2.2	11.4
2008	112	1,113,984	18	102,989	130	1,216,973	2.2	12.0
2009	124	1,354,800	18	102,090	142	1,456,890	2.0	14.2
2010	135	1,539,239	19	114,931	154	1,654,170	1.9	15.3

Table 8

Flow of Retirees and Beneficiaries

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust. *	Number	Annual Benefits	Benefit Adjust. #	Number	Annual Benefits
2000	6	\$ 72,714	\$	(4)	\$ (6,899)	\$	92	\$ 418,035
2001	6	67,706		(3)	(19,530)		95	466,211
2002	7	88,340	576	(2)	(9,187)		100	545,940
2003	7	33,015		(4)	(8,554)	(5,222)	103	565,179
2004	9	101,232	315	(4)	(6,995)	(1,470)	108	658,261
2005	6	146,855		(2)	(4,232)		112	800,884
2006	12	185,570		(10)	(45,210)		114	941,244
2007	11	167,935	1,599	(2)	(6,199)		123	1,104,579
2008	14	155,265	1,296	(7)	(44,167)		130	1,216,973
2009	17	257,903	1,259	(5)	(19,245)		142	1,456,890
2010	14	202,447	3,076	(2)	(8,243)		154	1,654,170

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Table 9

Retirees and Beneficiaries on the Rolls as of December 31, 2010

Distribution by Type of Benefit Being Paid

Benefits Being Paid to:	Annual Benefits	
	Number	Amount
Age and service retirants	128	\$1,464,997
Non-duty disability retirants	7	74,242
Duty disability retirants	0	0
Beneficiaries of deceased retirants*	14	83,603
Beneficiaries of deceased members:		
Non-duty death	4	24,152
Duty death	<u>1</u>	<u>7,176</u>
Total Benefits Being Paid	154	\$1,654,170

* *Alternate Payees, if any, are all included with beneficiaries of deceased retirants.*

Manistee County (5101)

Table 10

Reported Assets (Market Value)

Division	2010 Valuation		2009 Valuation	
	Employer And Retiree*	Employee#	Employer And Retiree*	Employee#
01 - General	\$ 1,111,262	\$ 30,327	\$ 1,125,458	\$ 51,046
02 - Sheriff/POAM	2,346,686	316,427	2,073,942	234,698
04 - MCF	9,673,285	342,519	8,425,356	337,367
10 - 911 Employees	705,769	132,835	527,819	121,343
11 - Exec Employees	1,753,181	203,514	1,536,899	186,572
12 - Elected Officials	649,090	105,642	553,600	95,448
13 - AFSCME	1,780,341	249,086	1,548,602	233,117
14 - Court Employees	3,283,881	386,080	2,672,078	358,713
20 - Sheriff/Adm	1,249,764	82,173	1,137,259	75,722
41 - Medical Facility Admin	394,432	0	252,574	0
Total Municipality	\$ 22,947,691	\$ 1,848,603	\$ 19,853,587	\$ 1,694,026
Combined Reserves	\$24,796,294		\$21,547,613	

* Reserve for Employer Contributions and Benefit Payments

Reserve for Employee Contributions

The December 31, 2010 Valuation Assets are equal to 1.162921 times the reported Market Value of assets. The derivation of Valuation Assets is described on page 121 and the detailed calculations are shown on pages 122 - 124.

Manistee County (5101)

Table 11

Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Net Transfers*	Balance
	Employer	Member					
2001	\$ 641,762	\$ 94,267	\$ 1,035,964	\$ (451,991)	\$ (13,422)	\$ 12,543	\$ 14,180,756
2002	699,799	102,180	586,711	(496,492)	(4,858)	0	15,068,096
2003	799,940	109,985	1,292,220	(555,136)	(4,791)	0	16,710,314
2004	873,549	115,684	1,172,511	(600,645)	(4,504)	0	18,266,909
2005	929,721	124,285	1,209,641	(678,110)	(342)	0	19,852,104
2006	1,068,561	189,730	1,620,885	(851,189)	(7,341)	0	21,872,750
2007	1,123,584	224,450	1,771,002	(1,045,981)	(19,857)	9,097	23,935,045
2008	1,178,188	230,119	1,182,754	(1,182,275)	(6,298)	23,222	25,360,755
2009	1,256,070	247,418	1,402,588	(1,339,391)	(9,407)	52,425	26,970,458
2010	1,536,237	276,547	1,639,656	(1,561,388)	(25,378)	0	28,836,132

* *Transfers in and out are usually related to the transfer of participants between municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.*

Manistee County (5101)

Table 12

Termination Liability as of December 31, 2010

Division	Termination Liability*	Valuation Assets	Percent Funded	Unfunded (Overfunded)
01 - General				
Active Members	\$ 40,935			
Vested Former Members	200,198			
Retirees and Beneficiaries	384,358			
Pending Refunds	<u>0</u>			
Total	\$ 625,491	\$ 1,327,578	212.2%	\$ (702,087)
02 - Sheriff/POAM				
Active Members	\$ 936,198			
Vested Former Members	269,910			
Retirees and Beneficiaries	1,866,915			
Pending Refunds	<u>3,447</u>			
Total	\$ 3,076,470	\$ 3,096,990	100.7%	\$ (20,520)
04 - MCF				
Active Members	\$ 5,608,494			
Vested Former Members	629,685			
Retirees and Beneficiaries	6,185,469			
Pending Refunds	<u>14,717</u>			
Total	\$ 12,438,365	\$ 11,647,589	93.6%	\$ 790,776
10 - 911 Employees				
Active Members	\$ 612,085			
Vested Former Members	83,414			
Retirees and Beneficiaries	0			
Pending Refunds	<u>282</u>			
Total	\$ 695,781	\$ 975,230	140.2%	\$ (279,449)
11 - Exec Employees				
Active Members	\$ 1,641,560			
Vested Former Members	55,381			
Retirees and Beneficiaries	1,432,685			
Pending Refunds	<u>10,809</u>			
Total	\$ 3,140,435	\$ 2,275,482	72.5%	\$ 864,953
12 - Elected Officials				
Active Members	\$ 738,528			
Vested Former Members	0			
Retirees and Beneficiaries	337,786			
Pending Refunds	<u>0</u>			
Total	\$ 1,076,314	\$ 877,694	81.5%	\$ 198,620

Manistee County (5101)

Table 12 (continued)

Termination Liability and Present Value of Accrued Benefits as of December 31, 2010

Division	Termination Liability*	Valuation Assets	Percent Funded	Unfunded (Overfunded)
13 - AFSCME				
Active Members	\$ 1,687,458			
Vested Former Members	89,493			
Retirees and Beneficiaries	1,309,809			
Pending Refunds	<u>12,546</u>			
Total	\$ 3,099,306	\$ 2,360,063	76.1%	\$ 739,243
14 - Court Employees				
Active Members	\$ 3,305,523			
Vested Former Members	199,879			
Retirees and Beneficiaries	2,216,718			
Pending Refunds	<u>5,896</u>			
Total	\$ 5,728,016	\$ 4,267,875	74.5%	\$ 1,460,141
20 - Sheriff/Adm				
Active Members	\$ 817,016			
Vested Former Members	0			
Retirees and Beneficiaries	1,044,413			
Pending Refunds	<u>0</u>			
Total	\$ 1,861,429	\$ 1,548,938	83.2%	\$ 312,491
41 - Medical Facility				
Active Members	\$ 112,213			
Vested Former Members	0			
Retirees and Beneficiaries	799,546			
Pending Refunds	<u>0</u>			
Total	\$ 911,759	\$ 458,693	50.3%	\$ 453,066
Total Municipality				
Active Members	\$ 15,500,010			
Vested Former Members	1,527,960			
Retirees and Beneficiaries	15,577,699			
Pending Refunds	<u>47,697</u>			
Total	\$ 32,653,366	\$ 28,836,132	88.3%	\$ 3,817,234

* The Termination Liability represents the present value of benefits payable in the event that all active members terminate employment on December 31, 2010, based upon the valuation interest and mortality assumptions. Pending refunds represent expected refunds of accumulated member contributions to persons who have terminated membership before becoming eligible for pension benefits.

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Table 13

Actuarial Accrued Liabilities and Valuation Assets as of December 31, 2010

Division	Actuarial Accrued Liabilities	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
01 - General				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 38,663	\$ 742,764	1,921.1%	\$ (704,101)
Vested Former Members	170,128	170,128	100.0	0
Retirees and Beneficiaries	<u>384,358</u>	<u>384,358</u>	100.0	<u>0</u>
Total	\$ 593,149	\$ 1,297,250	218.7%	\$ (704,101)
Reserve for Employee Contributions				
Active Members	\$ 258	\$ 258		
Vested Former Members	30,070	30,070		
Pending Refunds	<u>0</u>	<u>0</u>		
Total	\$ 30,328	\$ 30,328	100.0%	\$ 0
Division Total	\$ 623,477	\$ 1,327,578	212.9%	\$ (704,101)
02 - Sheriff/POAM				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 1,765,961	\$ 653,569	37.0%	\$ 1,112,392
Vested Former Members	260,080	260,080	100.0	0
Retirees and Beneficiaries	<u>1,866,915</u>	<u>1,866,915</u>	100.0	<u>0</u>
Total	\$ 3,892,956	\$ 2,780,564	71.4%	\$ 1,112,392
Reserve for Employee Contributions				
Active Members	\$ 303,149	\$ 303,149		
Vested Former Members	9,830	9,830		
Pending Refunds	<u>3,447</u>	<u>3,447</u>		
Total	\$ 316,426	\$ 316,426	100.0%	\$ 0
Division Total	\$ 4,209,382	\$ 3,096,990	73.6%	\$ 1,112,392
04 - MCF				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 6,995,453	\$ 4,541,102	64.9%	\$ 2,454,351
Vested Former Members	582,171	582,171	100.0	0
Retirees and Beneficiaries	<u>6,185,469</u>	<u>6,185,469</u>	100.0	<u>0</u>
Total	\$ 13,763,093	\$ 11,308,742	82.2%	\$ 2,454,351
Reserve for Employee Contributions				
Active Members	\$ 276,616	\$ 276,616		
Vested Former Members	47,514	47,514		
Pending Refunds	<u>14,717</u>	<u>14,717</u>		
Total	\$ 338,847	\$ 338,847	100.0%	\$ 0
Division Total	\$ 14,101,940	\$ 11,647,589	82.6%	\$ 2,454,351

Manistee County (5101)

Table 13 (continued)

Actuarial Accrued Liabilities and Valuation Assets as of December 31, 2010

Division	Actuarial Accrued Liabilities	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
10 - 911 Employees				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 724,331	\$ 760,754	105.0%	\$ (36,423)
Vested Former Members	81,643	81,643	100.0	0
Retirees and Beneficiaries	<u>0</u>	<u>0</u>	0.0	<u>0</u>
Total	\$ 805,974	\$ 842,397	104.5%	\$ (36,423)
Reserve for Employee Contributions				
Active Members	\$ 130,780	\$ 130,780		
Vested Former Members	1,771	1,771		
Pending Refunds	<u>282</u>	<u>282</u>		
Total	\$ 132,833	\$ 132,833	100.0%	\$ 0
Division Total	\$ 938,807	\$ 975,230	103.9%	\$ (36,423)
11 - Exec Employees				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 1,603,402	\$ 600,338	37.4%	\$ 1,003,064
Vested Former Members	38,981	38,981	100.0	0
Retirees and Beneficiaries	<u>1,432,685</u>	<u>1,432,685</u>	100.0	<u>0</u>
Total	\$ 3,075,068	\$ 2,072,004	67.4%	\$ 1,003,064
Reserve for Employee Contributions				
Active Members	\$ 176,269	\$ 176,269		
Vested Former Members	16,400	16,400		
Pending Refunds	<u>10,809</u>	<u>10,809</u>		
Total	\$ 203,478	\$ 203,478	100.0%	\$ 0
Division Total	\$ 3,278,546	\$ 2,275,482	69.4%	\$ 1,003,064
12 - Elected Officials				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 771,838	\$ 434,266	56.3%	\$ 337,572
Vested Former Members	0	0	0.0	0
Retirees and Beneficiaries	<u>337,786</u>	<u>337,786</u>	100.0	<u>0</u>
Total	\$ 1,109,624	\$ 772,052	69.6%	\$ 337,572
Reserve for Employee Contributions				
Active Members	\$ 105,642	\$ 105,642		
Vested Former Members	0	0		
Pending Refunds	<u>0</u>	<u>0</u>		
Total	\$ 105,642	\$ 105,642	100.0%	\$ 0
Division Total	\$ 1,215,266	\$ 877,694	72.2%	\$ 337,572

Manistee County (5101)

Table 13 (continued)

Actuarial Accrued Liabilities and Valuation Assets as of December 31, 2010

Division	Actuarial Accrued Liabilities	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
13 - AFSCME				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 1,618,279	\$ 713,692	44.1%	\$ 904,587
Vested Former Members	87,500	87,500	100.0	0
Retirees and Beneficiaries	<u>1,309,809</u>	<u>1,309,809</u>	100.0	<u>0</u>
Total	\$ 3,015,588	\$ 2,111,001	70.0%	\$ 904,587
Reserve for Employee Contributions				
Active Members	\$ 234,523	\$ 234,523		
Vested Former Members	1,993	1,993		
Pending Refunds	<u>12,546</u>	<u>12,546</u>		
Total	\$ 249,062	\$ 249,062	100.0%	\$ 0
Division Total	\$ 3,264,650	\$ 2,360,063	72.3%	\$ 904,587
14 - Court Employees				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 3,130,260	\$ 1,482,472	47.4%	\$ 1,647,788
Vested Former Members	189,052	189,052	100.0	0
Retirees and Beneficiaries	<u>2,216,718</u>	<u>2,216,718</u>	100.0	<u>0</u>
Total	\$ 5,536,030	\$ 3,888,242	70.2%	\$ 1,647,788
Reserve for Employee Contributions				
Active Members	\$ 362,910	\$ 362,910		
Vested Former Members	10,827	10,827		
Pending Refunds	<u>5,896</u>	<u>5,896</u>		
Total	\$ 379,633	\$ 379,633	100.0%	\$ 0
Division Total	\$ 5,915,663	\$ 4,267,875	72.1%	\$ 1,647,788
20 - Sheriff/Adm				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 1,020,119	\$ 422,353	41.4%	\$ 597,766
Vested Former Members	0	0	0.0	0
Retirees and Beneficiaries	<u>1,044,413</u>	<u>1,044,413</u>	100.0	<u>0</u>
Total	\$ 2,064,532	\$ 1,466,766	71.0%	\$ 597,766
Reserve for Employee Contributions				
Active Members	\$ 82,172	\$ 82,172		
Vested Former Members	0	0		
Pending Refunds	<u>0</u>	<u>0</u>		
Total	\$ 82,172	\$ 82,172	100.0%	\$ 0
Division Total	\$ 2,146,704	\$ 1,548,938	72.2%	\$ 597,766

Manistee County (5101)

Table 13 (continued)

Actuarial Accrued Liabilities and Valuation Assets as of December 31, 2010

Division	Actuarial Accrued Liabilities	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
41 - Medical Facility Administrator				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 98,552	\$ 0	0.0%	\$ 98,552
Vested Former Members	0	0	0.0	0
Retirees and Beneficiaries	<u>799,546</u>	<u>458,693</u>	57.4	<u>340,853</u>
Total	\$ 898,098	\$ 458,693	51.1%	\$ 439,405
Reserve for Employee Contributions				
Active Members	\$ 0	\$ 0		
Vested Former Members	0	0		
Pending Refunds	<u>0</u>	<u>0</u>		
Total	\$ 0	\$ 0	0.0%	\$ 0
Division Total	\$ 898,098	\$ 458,693	51.1%	\$ 439,405
Municipality Totals				
Reserve for Employer Contributions and Benefit Payments				
Active Members	\$ 17,766,858	\$ 10,351,310	58.3%	\$ 7,415,548
Vested Former Members	1,409,555	1,409,555	100.0	0
Retirees and Beneficiaries	<u>15,577,699</u>	<u>15,236,846</u>	97.8	<u>340,853</u>
Total	\$ 34,754,112	\$ 26,997,711	77.7%	\$ 7,756,401
Reserve for Employee Contributions				
Active Members	\$ 1,672,319	\$ 1,672,319		
Vested Former Members	118,405	118,405		
Pending Refunds	<u>47,697</u>	<u>47,697</u>		
Total	\$ 1,838,421	\$ 1,838,421	100.0%	\$ 0
Municipality Total	\$ 36,592,533	\$ 28,836,132	78.8%	\$ 7,756,401

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Table 14

Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
1996	\$ 10,090,750	\$ 7,417,865	74%	\$ 2,672,885	52%
1997	10,835,793	8,473,598	78	2,362,195	47
1998	11,990,148	9,720,694	81	2,269,454	41
1999	13,140,093	11,423,376	87	1,716,717	29
2000	15,322,368	12,861,632	84	2,460,736	40
2001	17,304,572	14,180,756	82	3,123,816	47
2002	18,936,031	15,068,096	80	3,867,935	54
2003	20,679,808	16,710,314	81	3,969,494	50
2004	22,701,054	18,266,909	80	4,434,145	53
2005	24,390,467	19,852,104	81	4,538,363	51
2006	27,629,462	21,872,750	79	5,756,712	63
2007	31,065,279	23,935,045	77	7,130,234	74
2008	33,375,896	25,360,755	76	8,015,141	79
2009	34,479,961	26,970,458	78	7,509,503	73
2010	36,592,533	28,836,132	79	7,756,401	72

Notes: Actuarial assumptions were revised for the 1997, 2000, 2004, 2008, 2009 and 2010 actuarial valuations.

Manistee County (5101)

Table 15

Computed Employer Contributions to the Retirement System For the Fiscal Year Beginning January 1, 2012

Division	Employer Contributions @		
	Normal Cost	Unfunded Accrued Liability #	Total Required Employer Contribution
Percentage of Payroll			
01 - General	10.00%	(965.66)%	0.00%
02 - Sheriff/POAM	6.92%	5.08%	12.00%
04 - MCF	8.00%	2.37%	10.37%
10 - 911 Employees	7.20%	(1.01)%	6.19%
11 - Exec Employees	9.49%	6.50%	15.99%
12 - Elected Officials	7.16%	8.05%	15.21%
13 - AFSCME	8.54%	5.44%	13.98%
14 - Court Employees	9.67%	5.62%	15.29%
20 - Sheriff/Adm	8.55%	13.57%	22.12%
41 - Medical Facility Adminstr	9.99%	20.93%	30.92%
Estimated Monthly Contribution*			
01 - General	\$ 72	\$ (72)	\$ 0
02 - Sheriff/POAM	6,606	4,849	11,455
04 - MCF	36,311	10,757	47,068
10 - 911 Employees	2,693	(378)	2,315
11 - Exec Employees	6,387	4,375	10,762
12 - Elected Officials	1,308	1,470	2,778
13 - AFSCME	6,192	3,944	10,136
14 - Court Employees	12,439	7,230	19,669
20 - Sheriff/Adm	1,642	2,605	4,247
41 - Medical Facility Adminstr	897	1,880	2,777
Total Municipality	\$ 74,547	\$ 36,660	\$ 111,207
Estimated Annual Contribution*			
Total Municipality	\$ 894,564	\$ 439,920	\$ 1,334,484

@ The above Employer contribution requirements are in addition to the Member contributions, if any, shown in Table 1.

* For divisions that are open to new hires, estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher). See Open Divisions and Closed Divisions on page 119.

The amortization method and period are described in Table 16 for each division.

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 01 - General

Table 16A

Computed Employer Contributions to the Retirement System For the Fiscal Year Beginning January 1, 2012

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	10.00%	\$72
Member Contributions	0.00	0
Less Potential Refunds	<u>0.00</u>	<u>0</u>
Net Member Contributions	0.00	0
Employer Normal Cost @	10.00%	\$72
Amortization of Unfunded Accrued Liability (28 years) #	<u>(449.89)</u>	<u>(3,239)</u>
Total Long Term Contribution	0.00	(3,167)
Overfunding Credit #	<u>(515.77)</u>	<u>(3,714)</u>
Total Employer Contribution @	0.00%	\$0 *

@ The above Employer contribution requirement is based on Member contributions of 0.00% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.83% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

For this division, projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24). The negative unfunded accrued liability is amortized (spread) over 10 years, and used to reduce the employer contribution rate. The total credit is 965.66% (449.89% plus 515.77%). The additional 515.77% results from spreading the negative unfunded accrued liability over 10 years instead of 28 years.

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(34)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.00%
Amortization Payment:	(0.02)%
Total:	(0.02)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 01 - General

Table 17A

Computed Employer Contributions - Comparative Statement

Valuation Date December 31,	Active Members		Employer Contribution	
	Number	Annual Payroll	Regular Contribution	Minimum Required Contribution
1996	68	\$ 1,669,442	11.93%	11.93%
1997	63	1,434,067	11.39%	11.39%
1998	60	1,512,996	11.05%	11.05%
1999	26	752,439	8.58%	8.57%
2000	5	98,834	0.00%	0.00%
2001	4	87,062	0.00%	0.00%
2002	4	84,690	0.00%	0.00%
2003	3	57,380	0.00%	0.00%
2004	1	7,560	0.00%	0.00%
2005	1	8,318	0.00%	0.00%
2006	1	8,121	0.00%	0.00%
2007	1	9,656	0.00%	0.00%
2008	1	9,040	0.00%	0.00%
2009	1	8,640	0.00%	0.00%
2010	1	8,640	0.00%	0.00%

Notes:

- Adoption of Benefit B-2 reflected in 1996 valuation.
- Actuarial assumptions were revised for the 1997 valuation.
- Actuarial assumptions were revised for the 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

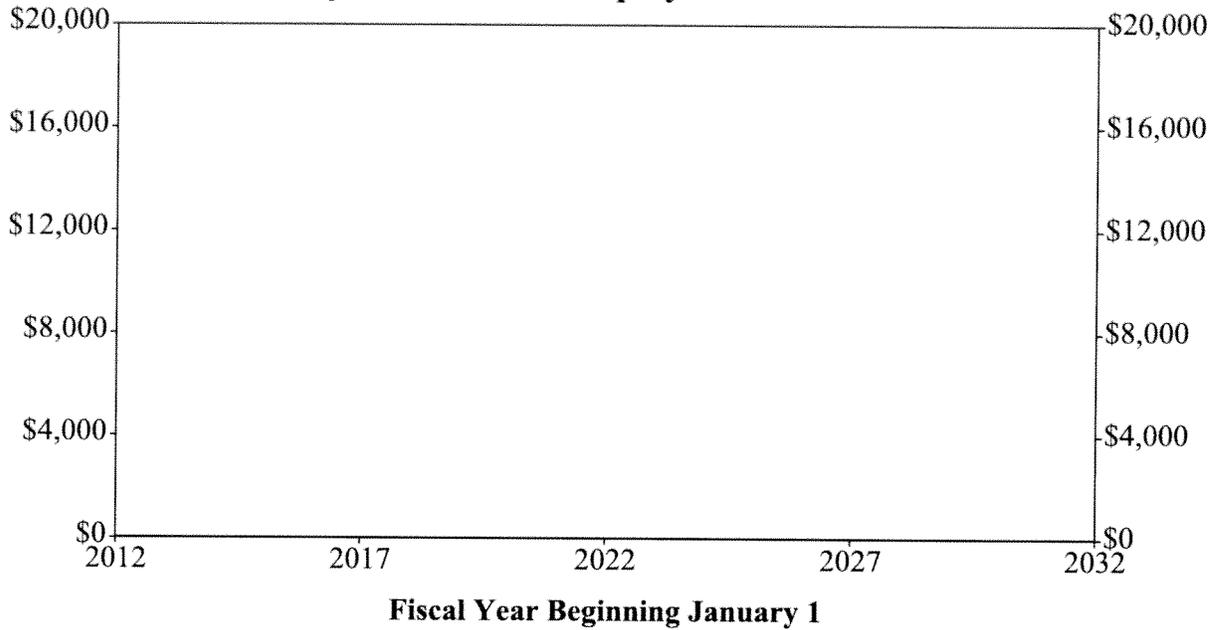
The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)

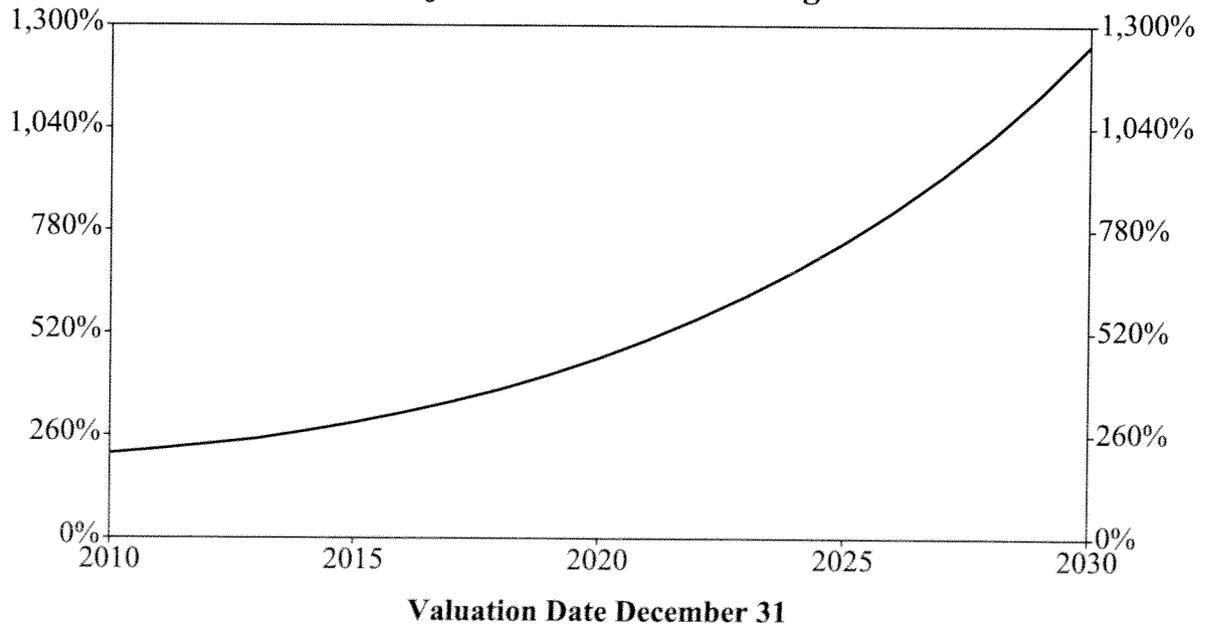
Division 01 - General

Chart 17.5A

Projected Annual Employer Contributions



Projected Funded Percentage



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 01 - General

**Table 18A
Flow of Active Membership**

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001					(1)				4
2002									4
2003						(1)			3
2004						(2)			1
2005									1
2006									1
2007									1
2008									1
2009									1
2010									1

**Table 19A
Flow of Vested Former Members**

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001				(1)			1	8
2002							1	9
2003					(1)		1	9
2004				(1)		1		9
2005								9
2006								9
2007					(1)		1	9
2008	(1)							8
2009	(1)				(1)			6
2010	(1)				(1)			4

Manistee County (5101)

Division 01 - General

Table 20A Flow of Retirees and Beneficiaries

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001		\$	\$		\$	\$	27	\$ 98,759
2002				(1)	(1,352)		26	97,407
2003						(5,222)	26	92,185
2004				(1)	(1,044)		25	91,141
2005				(1)	(2,031)		24	89,110
2006				(3)	(20,423)		21	68,687
2007							21	68,687
2008	1	3,583		(2)	(14,818)		20	57,452
2009	1	1,005		(1)	(897)		20	57,560
2010	1	2,243					21	59,803

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 01 - General

Table 21A
Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 7,461	\$ 0	\$ 122,472	\$ (98,759)	\$ 0	\$ (4,156)	\$ 4,156	\$ 1,752,642
2002	0	0	38,088	(97,970)	0	0	0	1,692,760
2003	0	119	94,064	(96,102)	0	(84,471)	0	1,606,370
2004	0	0	76,591	(91,402)	0	(195,044)	0	1,396,515
2005	0	0	84,106	(89,110)	0	(537)	537	1,391,511
2006	0	0	109,832	(65,581)	0	0	0	1,435,762
2007	0	261	115,879	(68,687)	0	(6,834)	0	1,476,381
2008	0	0	59,551	(61,046)	0	0	0	1,474,886
2009	0	0	55,183	(57,477)	0	(1,243)	1,243	1,472,592
2010	0	0	32,485	(58,870)	0	(118,629)	0	1,327,578

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22A
Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 1,130,294	\$ 1,752,642	155%	\$ (622,348)	0%
2002	1,127,300	1,692,760	150	(565,460)	0
2003	1,024,424	1,606,370	157	(581,946)	0
2004	866,209	1,396,515	161	(530,306)	0
2005	861,372	1,391,511	162	(530,139)	0
2006	739,318	1,435,762	194	(696,444)	0
2007	762,484	1,476,381	194	(713,897)	0
2008	724,670	1,474,886	204	(750,216)	0
2009	691,759	1,472,592	213	(780,833)	0
2010	623,477	1,327,578	213	(704,101)	0

Manistee County (5101)

Division 02 - Sheriff/POAM

Table 16B

**Computed Employer Contributions to the Retirement System
For the Fiscal Year Beginning January 1, 2012**

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	13.29%	\$12,687
Member Contributions	7.54	7,198
Less Potential Refunds	<u>(1.17)</u>	<u>(1,117)</u>
Net Member Contributions	6.37	6,081
Employer Normal Cost @	6.92%	\$6,606
Amortization of Unfunded Accrued Liability (28 years)	<u>5.08</u>	<u>4,849</u>
Total Long Term Contribution	12.00	11,455
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	12.00%	\$11,455 *

@ The above Employer contribution requirement is based on Member contributions of 7.54% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.86% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(72,236)
 Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.01%
Amortization Payment:	(0.35)%
Total:	(0.34)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 02 - Sheriff/POAM

Table 17B

Computed Employer Contributions - Comparative Statement

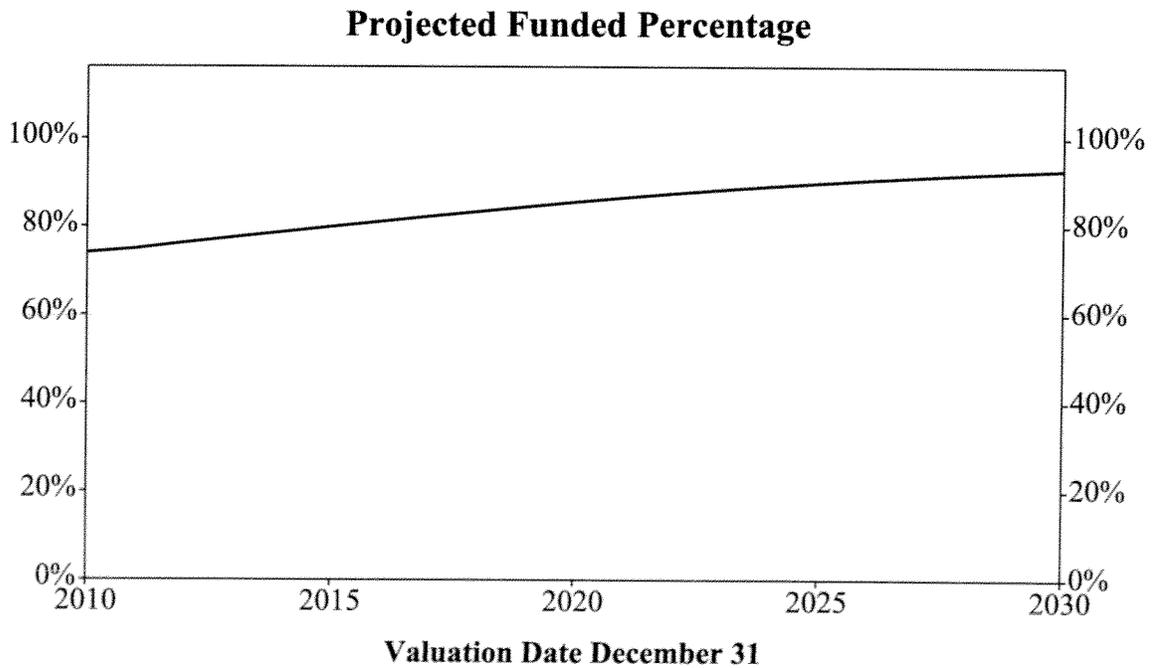
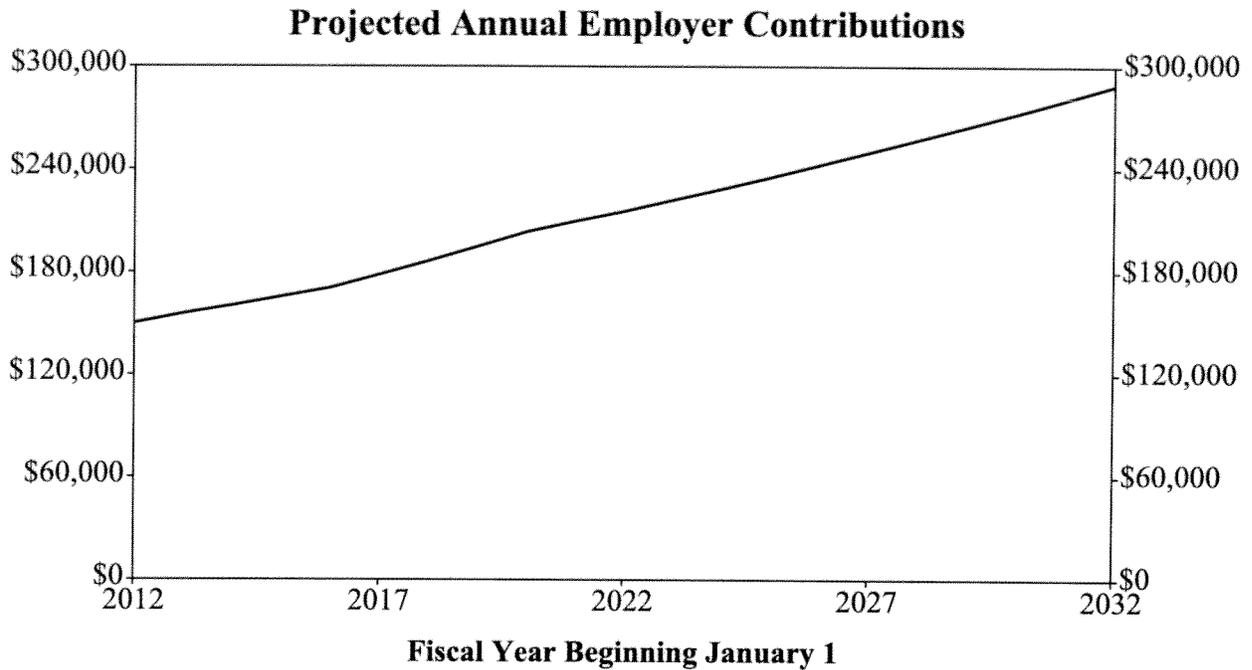
Valuation Date December 31,	Active Members		Employer Contribution
	Number	Annual Payroll	
1996	24	\$ 737,723	11.27%
1997	24	740,502	10.36%
1998	27	801,845	8.60%
1999	22	666,196	8.59%
2000	20	710,685	7.79%
2001	24	816,062	9.13%
2002	24	869,136	9.96%
2003	25	859,824	9.56%
2004	23	889,610	11.25%
2005	22	855,823	11.24%
2006	24	976,582	11.80%
2007	24	1,070,070	12.00%
2008	24	1,045,353	12.00%
2009	25	1,121,135	12.00%
2010	25	1,145,538	12.00%

Notes:

- Adoption of Benefit B-4 and 2.88% member contributions reflected in 1996 valuation.
- Actuarial assumptions were revised for the 1997 valuation.
- Adoption of 1.24% member contributions reflected in 1999 valuation.
- Actuarial assumptions were revised for the 2000 valuation.
- Adoption of 1.33% Member Contributions reflected in 2001 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Adoption of Benefit E-2 (2.5%), 5.91% Member Contributions (due to employer contribution cap) reflected in 2007 valuation.
- Adoption of 7.91% Member Contributions (due to employer contribution cap) reflected in 2008 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Adoption of 7.72% Member Contributions (due to employer contribution cap) reflected in 2009 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Adoption of 7.54% Member Contributions (due to employer contribution cap) reflected in 2010 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)
Division 02 - Sheriff/POAM
Chart 17.5B



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 02 - Sheriff/POAM

Table 18B

Flow of Active Membership

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001					(1)	(2)		7	24
2002	(2)							2	24
2003								1	25
2004	(2)			(2)	(2)			4	23
2005					(2)			1	22
2006	(1)							3	24
2007						(2)		2	24
2008	(1)			(1)	(1)			3	24
2009					(1)			2	25
2010					(1)			1	25

Table 19B

Flow of Vested Former Members

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001				(1)			3	4
2002				(1)				3
2003								3
2004							2	5
2005							1	6
2006				(1)				5
2007						1		6
2008							1	7
2009								7
2010								7

Manistee County (5101)

Division 02 - Sheriff/POAM

**Table 20B
Flow of Retirees and Beneficiaries**

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001	1	\$ 13,827	\$	(1)	\$ (13,827)	\$	11	\$ 73,679
2002	2	31,046					13	104,725
2003							13	104,725
2004	3	35,567		(1)	(3,404)		15	136,888
2005							15	136,888
2006	2	36,199		(1)	(7,075)		16	166,012
2007	1	2,761	1,599	(1)	(2,761)		16	167,611
2008	1	19,078	750				17	187,439
2009			1,215	(1)	(2,926)		16	185,728
2010			1,214	(1)	(2,761)		15	184,181

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 02 - Sheriff/POAM

Table 21B

Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 67,440	\$ 10,584	\$ 140,191	\$ (73,681)	\$ (720)	\$ (150,053)	\$ 0	\$ 1,999,233
2002	68,647	11,770	68,464	(92,565)	(179)	0	0	2,055,370
2003	102,207	13,365	163,866	(104,727)	0	0	0	2,230,081
2004	88,153	11,400	150,075	(114,310)	0	0	0	2,365,399
2005	84,044	11,693	150,527	(136,890)	(342)	(105)	105	2,474,431
2006	107,708	29,119	198,949	(144,171)	(1,905)	(105)	105	2,664,131
2007	137,482	53,128	218,273	(167,076)	0	(166,627)	0	2,739,311
2008	125,036	49,823	122,428	(184,157)	(3,596)	(103,590)	0	2,745,255
2009	128,696	62,464	140,356	(186,465)	(655)	(3)	3	2,889,651
2010	133,896	88,637	177,417	(185,039)	(7,572)	0	0	3,096,990

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22B

Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 2,150,147	\$ 1,999,233	93%	\$ 150,914	18%
2002	2,391,321	2,055,370	86	335,951	39
2003	2,514,392	2,230,081	89	284,311	33
2004	2,850,500	2,365,399	83	485,101	55
2005	2,965,186	2,474,431	83	490,755	57
2006	3,268,713	2,664,131	82	604,582	62
2007	3,805,191	2,739,311	72	1,065,880	100
2008	3,894,810	2,745,255	70	1,149,555	110
2009	4,016,871	2,889,651	72	1,127,220	101
2010	4,209,382	3,096,990	74	1,112,392	97

Manistee County (5101)

Division 04 - MCF

Table 16C

Computed Employer Contributions to the Retirement System For the Fiscal Year Beginning January 1, 2012

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	8.95%	\$40,623
Member Contributions	1.09	4,947
Less Potential Refunds	<u>(0.14)</u>	<u>(635)</u>
Net Member Contributions	0.95	4,312
Employer Normal Cost @	8.00%	\$36,311
Amortization of Unfunded Accrued Liability (28 years)	<u>2.37</u>	<u>10,757</u>
Total Long Term Contribution	10.37	47,068
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	10.37%	\$47,068 *

@ The above Employer contribution requirement is based on Member contributions of 1.09% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.89% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(187,554)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.00%
Amortization Payment:	(0.19)%
Total:	(0.19)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 04 - MCF

Table 17C

Computed Employer Contributions - Comparative Statement

Valuation Date December 31,	Active Members		Employer Contribution
	Number	Annual Payroll	
1996	149	\$ 2,547,060	8.17%
1997	132	2,267,007	7.43%
1998	128	2,528,631	7.37%
1999	135	2,770,696	6.32%
2000	133	2,900,563	6.29%
2001	129	3,004,256	8.01%
2002	136	3,371,938	8.45%
2003	139	3,559,908	8.53%
2004	160	3,957,423	7.91%
2005	162	4,246,291	7.98%
2006	147	4,521,201	9.48%
2007	140	4,698,734	10.16%
2008	150	4,948,211	10.84%
2009	155	4,988,760	10.12%
2010	166	5,446,601	10.37%

Notes:

- Actuarial assumptions were revised for the 1997 valuation.
- Actuarial assumptions were revised for the 2000 valuation.
- Adoption of Benefit V-6, F/N(30), B-1 reflected in 2001 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Adoption of Benefit B-2, 1.09% Member Contributions reflected in 2006 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

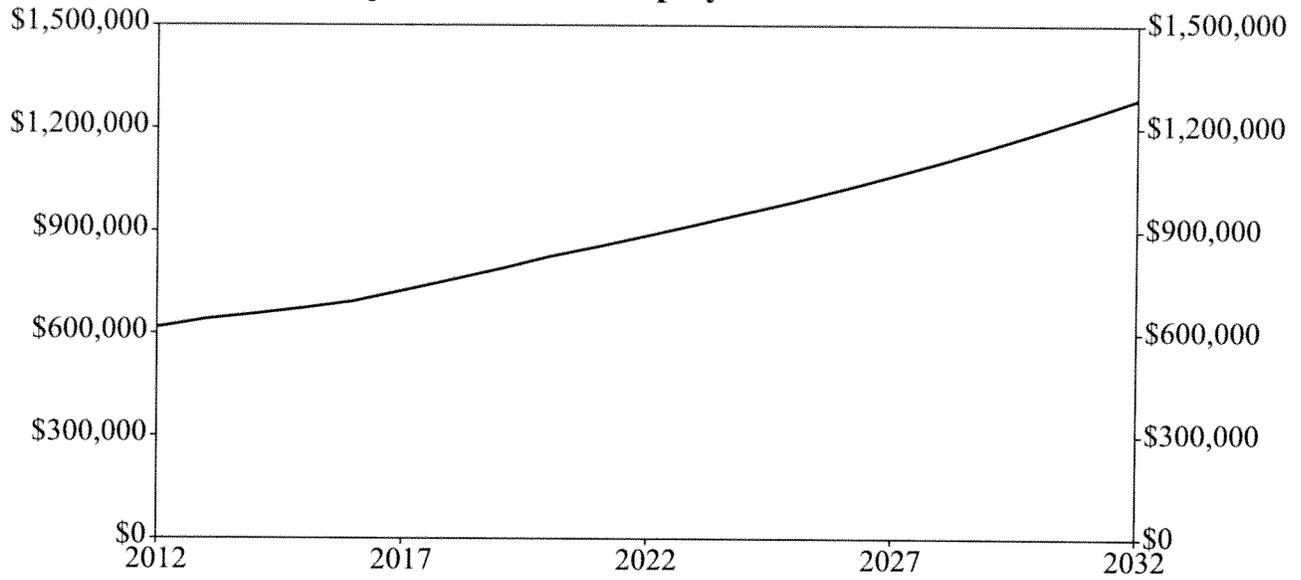
The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)

Division 04 - MCF

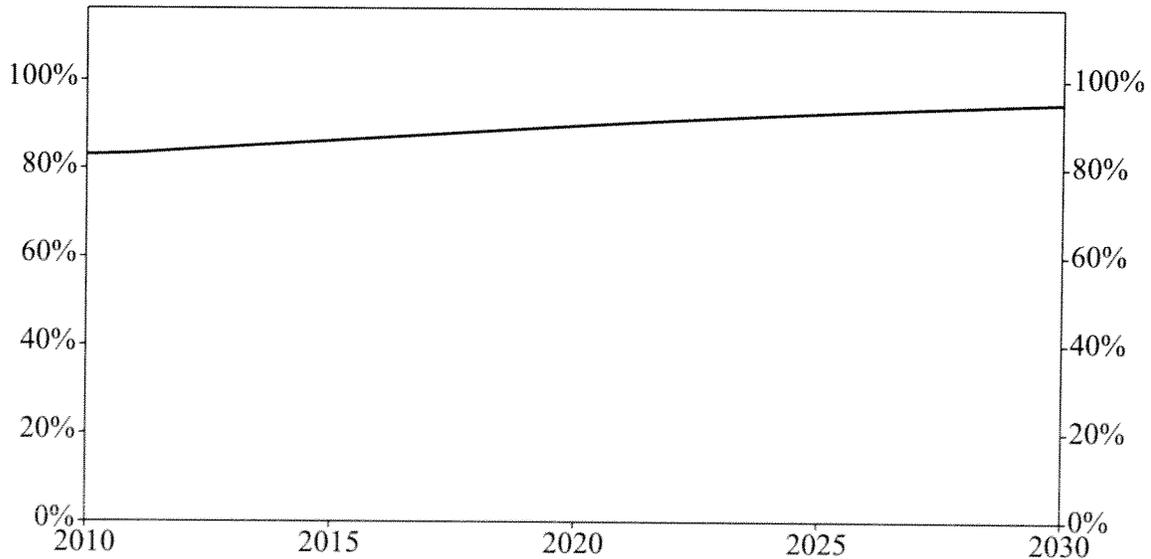
Chart 17.5C

Projected Annual Employer Contributions



Fiscal Year Beginning January 1

Projected Funded Percentage



Valuation Date December 31

Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 04 - MCF

**Table 18C
Flow of Active Membership**

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001	(3)			(2)	(12)			13	129
2002	(4)			(2)	(7)			20	136
2003	(2)		(1)	(5)	(7)			18	139
2004	(2)		(1)	(1)	(9)			34	160
2005	(1)	(1)		(2)	(9)			15	162
2006	(4)			(3)	(24)			16	147
2007	(2)	(1)		(2)	(15)			13	140
2008	(3)	(1)	(1)	(6)	(8)			29	150
2009	(9)			(2)	(12)			28	155
2010	(6)	(1)		(3)	(13)			34	166

**Table 19C
Flow of Vested Former Members**

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001	(1)			(5)			6	20
2002				(3)			4	21
2003	(1)			(2)			5	23
2004							1	24
2005	(1)						3	26
2006	(1)			(3)			3	25
2007	(2)						2	25
2008	(2)	(1)		(2)			6	26
2009	(1)	(1)					2	26
2010	(1)	(1)		(1)			3	26

Manistee County (5101)

Division 04 - MCF

**Table 20C
Flow of Retirees and Beneficiaries**

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001	4	\$ 29,810	\$	(2)	\$ (5,703)	\$	52	\$ 216,127
2002	4	29,598	576	(1)	(7,835)		55	238,466
2003	4	12,831		(4)	(8,554)		55	242,743
2004	3	14,825	315	(2)	(2,547)	(1,470)	56	253,866
2005	3	24,326		(1)	(2,201)		58	275,991
2006	5	49,243		(6)	(17,712)		57	307,522
2007	6	75,964		(1)	(3,438)		62	380,048
2008	9	74,916	546	(4)	(23,325)		67	432,185
2009	11	124,106	44	(3)	(15,422)		75	540,913
2010	9	144,865	1,862				84	687,640

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 04 - MCF

Table 21C Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 241,651	\$ 74	\$ 426,679	\$ (208,603)	\$ (12,486)	\$ 0	\$ 0	\$ 5,877,426
2002	260,341	0	223,417	(221,387)	0	(124)	124	6,139,797
2003	289,076	0	505,550	(242,530)	0	(34)	34	6,691,893
2004	315,137	0	465,348	(246,289)	0	0	0	7,226,089
2005	360,430	0	476,276	(259,690)	0	(704)	704	7,803,105
2006	421,298	37,393	637,847	(301,785)	0	(21)	21	8,597,858
2007	461,608	52,574	697,424	(328,587)	(716)	0	213,353	9,693,514
2008	475,746	54,665	482,160	(419,725)	(2,331)	(888)	888	10,284,029
2009	522,286	56,052	581,522	(469,168)	(6,701)	(93)	93	10,968,020
2010	585,332	58,942	655,774	(616,177)	(4,302)	(419)	419	11,647,589

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22C Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 6,498,056	\$ 5,877,426	90%	\$ 620,630	21%
2002	7,077,011	6,139,797	87	937,214	28
2003	7,709,807	6,691,893	87	1,017,914	29
2004	7,869,705	7,226,089	92	643,616	16
2005	8,494,618	7,803,105	92	691,513	16
2006	10,249,703	8,597,858	84	1,651,845	37
2007	12,025,114	9,693,514	81	2,331,600	50
2008	12,956,859	10,284,029	79	2,672,830	54
2009	13,070,921	10,968,020	84	2,102,901	42
2010	14,101,940	11,647,589	83	2,454,351	45

Manistee County (5101)

Division 10 - 911 Employees

Table 16D

Computed Employer Contributions to the Retirement System For the Fiscal Year Beginning January 1, 2012

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	9.34%	\$3,494
Member Contributions	2.52	943
Less Potential Refunds	<u>(0.38)</u>	<u>(142)</u>
Net Member Contributions	2.14	801
Employer Normal Cost @	7.20%	\$2,693
Amortization of Unfunded Accrued Liability (28 years) #	<u>(0.47)</u>	<u>(176)</u>
Total Long Term Contribution	6.73	2,517
Overfunding Credit #	<u>(0.54)</u>	<u>(202)</u>
Total Employer Contribution @	6.19%	\$2,315 *

@ The above Employer contribution requirement is based on Member contributions of 2.52% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.89% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

For this division, projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24). The negative unfunded accrued liability is amortized (spread) over 10 years, and used to reduce the employer contribution rate. The total credit is 1.01% (0.47% plus 0.54%). The additional 0.54% results from spreading the negative unfunded accrued liability over 10 years instead of 28 years.

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(30,153)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	(0.01)%
Amortization Payment:	(0.37)%
Total:	(0.38)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 10 - 911 Employees

Table 17D

Computed Employer Contributions - Comparative Statement

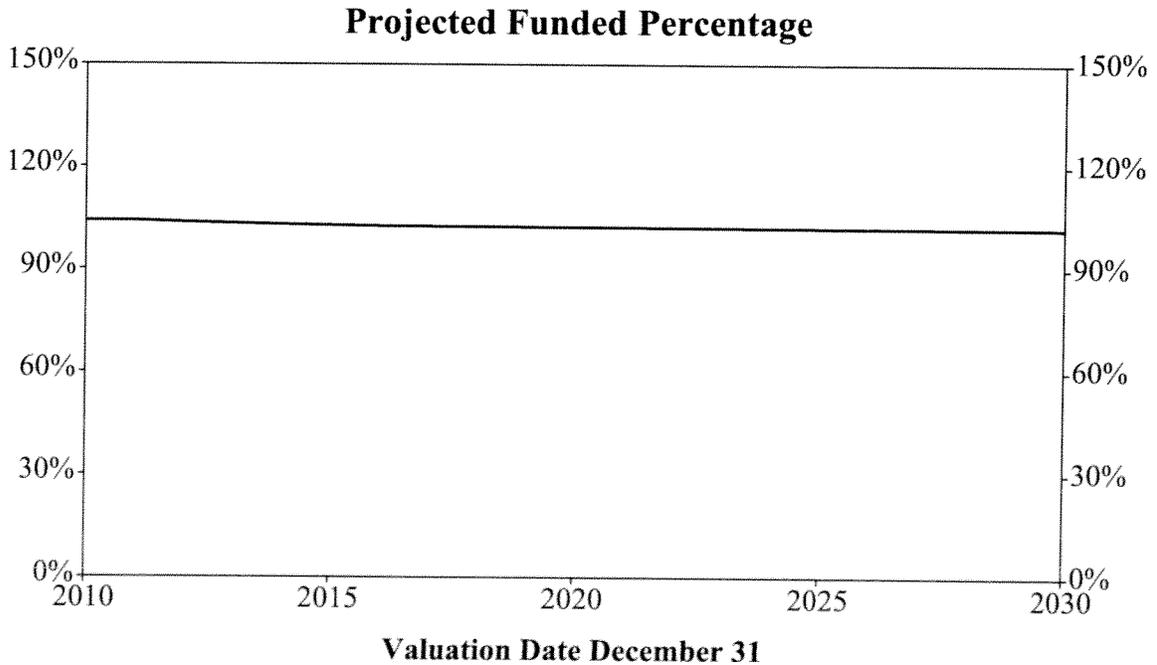
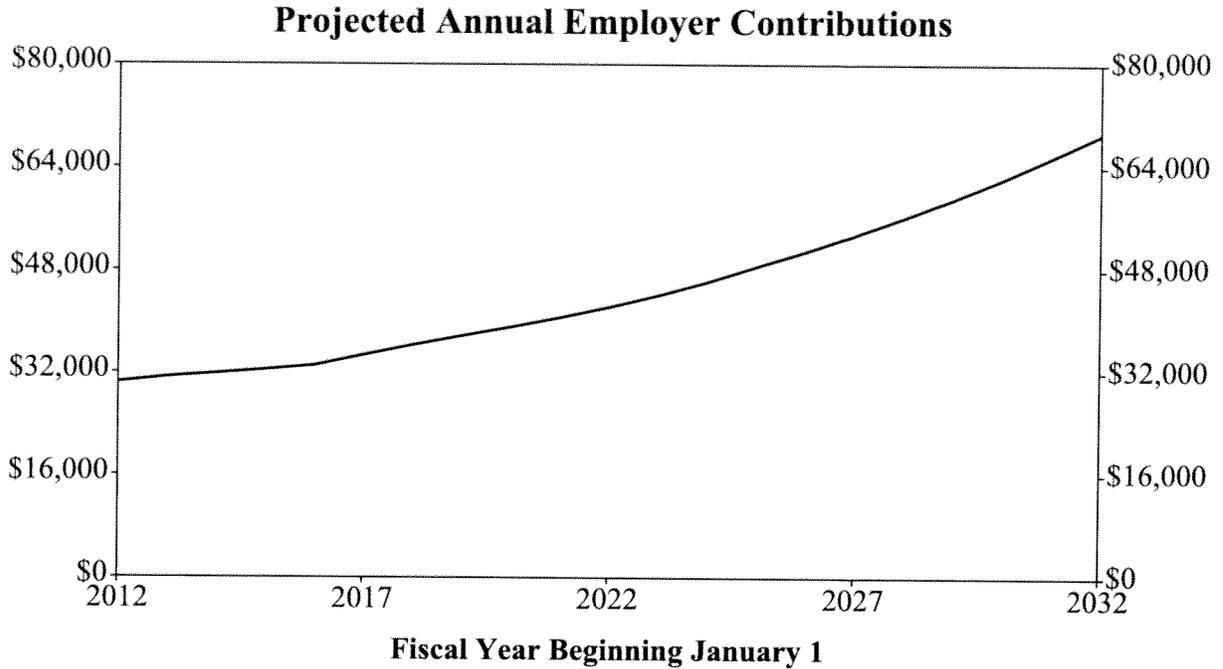
Valuation Date December 31,	Active Members		Employer Contribution
	Number	Annual Payroll	
1996	9	\$ 192,689	8.01%
1997	10	225,695	8.62%
1998	10	258,257	8.92%
1999	11	283,417	9.05%
2000	14	301,297	8.75%
2001	11	301,020	8.80%
2002	11	317,245	8.14%
2003	11	343,815	8.11%
2004	10	358,901	8.49%
2005	10	352,135	8.35%
2006	11	387,106	8.43%
2007	11	410,300	8.82%
2008	11	425,346	9.16%
2009	11	437,482	7.61%
2010	11	448,872	6.19%

Notes:

- Actuarial assumptions were revised for the 1997 valuation.
- Adoption of Benefit B-2 reflected in 1997 valuation.
- Adoption of 2.52% member contributions reflected in 2000 valuation.
- Actuarial assumptions were revised for the 2000 valuation.
- Adoption of Benefit B-4 reflected in 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)
Division 10 - 911 Employees
Chart 17.5D



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)
Division 10 - 911 Employees

Table 18D
Flow of Active Membership

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001					(4)			1	11
2002									11
2003									11
2004				(1)	(1)			1	10
2005									10
2006								1	11
2007									11
2008									11
2009									11
2010									11

Table 19D
Flow of Vested Former Members

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001				(1)				1
2002								1
2003							1	2
2004							1	3
2005							1	4
2006				(1)				3
2007								3
2008				(1)				2
2009								2
2010								2

Manistee County (5101)
Division 10 - 911 Employees

Table 20D
Flow of Retirees and Beneficiaries

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001		\$	\$		\$	\$	0	\$ 0
2002							0	0
2003							0	0
2004							0	0
2005							0	0
2006							0	0
2007							0	0
2008							0	0
2009							0	0
2010							0	0

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 10 - 911 Employees

Table 21D
Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 26,992	\$ 7,604	\$ 14,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 188,810
2002	27,759	8,006	15,518	0	0	0	0	240,093
2003	28,657	8,274	26,401	0	0	0	76	303,501
2004	29,079	8,825	23,374	0	(2,362)	0	0	362,417
2005	28,558	8,874	25,704	0	0	0	0	425,553
2006	31,703	9,432	35,785	0	0	0	0	502,473
2007	32,275	9,740	40,599	0	0	0	0	585,087
2008	35,023	10,510	34,298	0	0	0	0	664,918
2009	37,495	10,796	67,775	0	0	0	31,551	812,535
2010	82,424	11,152	69,119	0	0	0	0	975,230

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22D
Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 273,931	\$ 188,810	69%	\$ 85,121	28%
2002	304,875	240,093	79	64,782	20
2003	375,276	303,501	81	71,775	21
2004	472,560	362,417	77	110,143	31
2005	525,814	425,553	81	100,261	28
2006	615,270	502,473	82	112,797	29
2007	720,834	585,087	81	135,747	33
2008	817,655	664,918	81	152,737	36
2009	854,423	812,535	95	41,888	10
2010	938,807	975,230	104	(36,423)	0

Manistee County (5101)
Division 11 - Exec Employees

Table 16E

Computed Employer Contributions to the Retirement System
For the Fiscal Year Beginning January 1, 2012

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	11.57%	\$7,787
Member Contributions	2.44	1,642
Less Potential Refunds	<u>(0.36)</u>	<u>(242)</u>
Net Member Contributions	2.08	1,400
Employer Normal Cost @	9.49%	\$6,387
Amortization of Unfunded Accrued Liability (28 years)	<u>6.50</u>	<u>4,375</u>
Total Long Term Contribution	15.99	10,762
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	15.99%	\$10,762 *

@ The above Employer contribution requirement is based on Member contributions of 2.44% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.87% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(44,968)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.00%
Amortization Payment:	(0.31)%
Total:	(0.31)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 11 - Exec Employees

Table 17E

Computed Employer Contributions - Comparative Statement

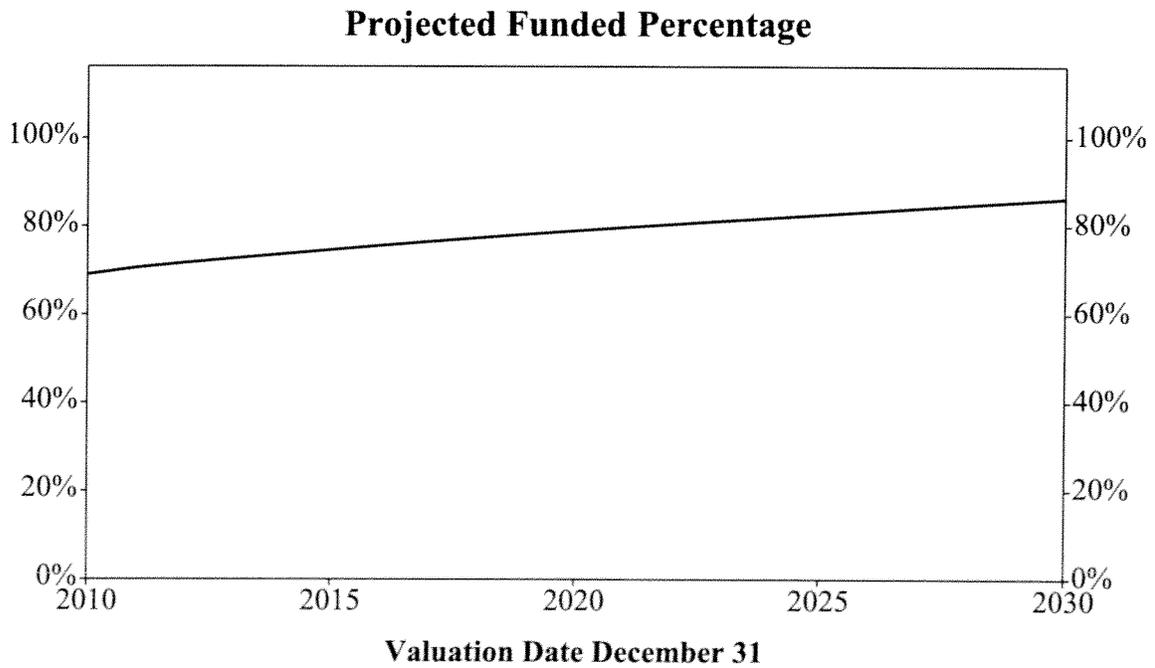
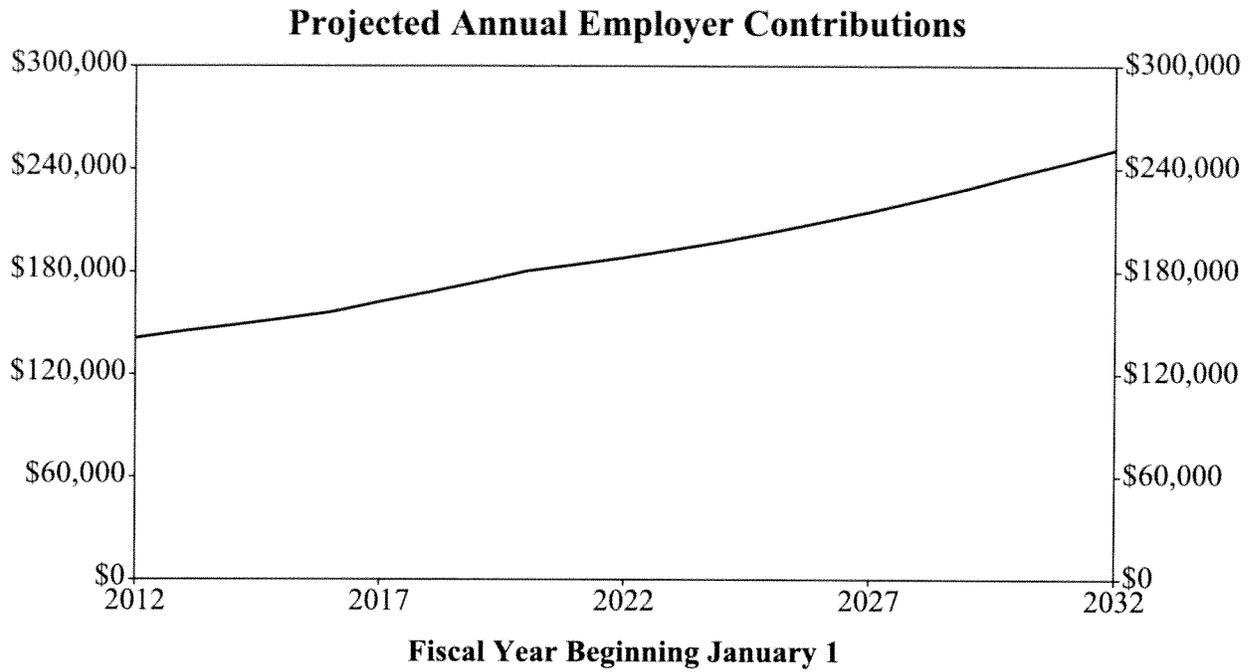
Valuation Date December 31,	Active Members		Employer Contribution
	Number	Annual Payroll	
1997	5	\$ 171,257	10.46%
1998	5	195,816	11.12%
1999	7	261,827	12.37%
2000	7	239,677	12.06%
2001	8	292,048	13.12%
2002	14	515,871	13.40%
2003	15	573,805	12.73%
2004	14	590,281	12.68%
2005	15	649,310	12.35%
2006	10	458,324	15.57%
2007	12	556,571	15.37%
2008	17	742,830	14.58%
2009	19	794,052	15.98%
2010	18	807,660	15.99%

Notes:

- Actuarial assumptions were revised for the 1997 valuation.
- Actuarial assumptions were revised for the 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)
Division 11 - Exec Employees
Chart 17.5E



Note: Please refer to page I16 for a discussion of the projection.

Manistee County (5101)

Division 11 - Exec Employees

Table 18E

Flow of Active Membership

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001							1		8
2002							6		14
2003								1	15
2004	(1)				(1)			1	14
2005								1	15
2006	(2)			(1)	(2)				10
2007	(1)				(1)		2	2	12
2008							3	2	17
2009	(1)					(1)	3	1	19
2010	(1)			(1)				1	18

Table 19E

Flow of Vested Former Members

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001								0
2002							1	1
2003				(1)				0
2004								0
2005							1	1
2006				(1)			1	1
2007								1
2008								1
2009								1
2010							1	2

Manistee County (5101)

Division 11 - Exec Employees

**Table 20E
Flow of Retirees and Beneficiaries**

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001		\$	\$		\$	\$	0	\$ 0
2002							0	0
2003							0	0
2004	1	25,703					1	25,703
2005							1	25,703
2006	2	51,386					3	77,089
2007	1	10,975					4	88,064
2008							4	88,064
2009	1	52,668					5	140,732
2010	1	2,909					6	143,641

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 11 - Exec Employees

Table 21E
Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 33,298	\$ 6,614	\$ 35,728	\$ 0	\$ 0	\$ 0	\$ 99,123	\$ 381,941
2002	59,726	12,168	86,587	0	0	0	263,903	804,325
2003	75,283	14,010	86,993	0	(762)	0	0	979,849
2004	78,704	13,803	74,819	(6,328)	0	0	0	1,140,847
2005	81,907	15,699	78,862	(25,801)	0	(16)	16	1,291,514
2006	78,301	15,138	106,888	(46,668)	(1,006)	0	0	1,444,167
2007	63,355	12,585	113,449	(83,492)	(3,275)	0	173,873	1,720,662
2008	104,719	16,482	95,532	(88,065)	0	0	87,157	1,936,487
2009	126,920	20,486	134,184	(114,399)	0	0	53,535	2,157,213
2010	115,480	19,484	124,523	(141,218)	0	0	0	2,275,482

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22E
Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 675,602	\$ 381,941	57%	\$ 293,661	101%
2002	1,339,446	804,325	60	535,121	104
2003	1,511,482	979,849	65	531,633	93
2004	1,693,650	1,140,847	67	552,803	94
2005	1,858,680	1,291,514	69	567,166	87
2006	2,104,166	1,444,167	69	659,999	144
2007	2,500,478	1,720,662	69	779,816	140
2008	2,788,124	1,936,487	69	851,637	115
2009	3,211,291	2,157,213	67	1,054,078	133
2010	3,278,546	2,275,482	69	1,003,064	124

Manistee County (5101)
Division 12 - Elected Officials

Table 16F

Computed Employer Contributions to the Retirement System
For the Fiscal Year Beginning January 1, 2012

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	10.95%	\$2,000
Member Contributions	4.53	827
Less Potential Refunds	<u>(0.74)</u>	<u>(135)</u>
Net Member Contributions	3.79	692
Employer Normal Cost @	7.16%	\$1,308
Amortization of Unfunded Accrued Liability (28 years)	<u>8.05</u>	<u>1,470</u>
Total Long Term Contribution	15.21	2,778
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	15.21%	\$2,778 *

@ The above Employer contribution requirement is based on Member contributions of 4.53% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.83% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(21,698)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.00%
Amortization Payment:	(0.55)%
Total:	(0.55)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 12 - Elected Officials

Table 17F

Computed Employer Contributions - Comparative Statement

Valuation Date December 31,	Active Members		Employer Contribution
	Number	Annual Payroll	
1997	4	\$ 163,580	14.39%
1998	4	177,220	16.00%
1999	4	185,799	15.52%
2000	4	168,799	13.81%
2001	4	213,059	14.10%
2002	4	204,831	13.92%
2003	4	216,244	13.52%
2004	4	227,001	13.23%
2005	4	235,763	12.86%
2006	4	242,835	12.30%
2007	3	202,975	15.51%
2008	3	210,143	16.02%
2009	3	215,059	15.48%
2010	3	219,128	15.21%

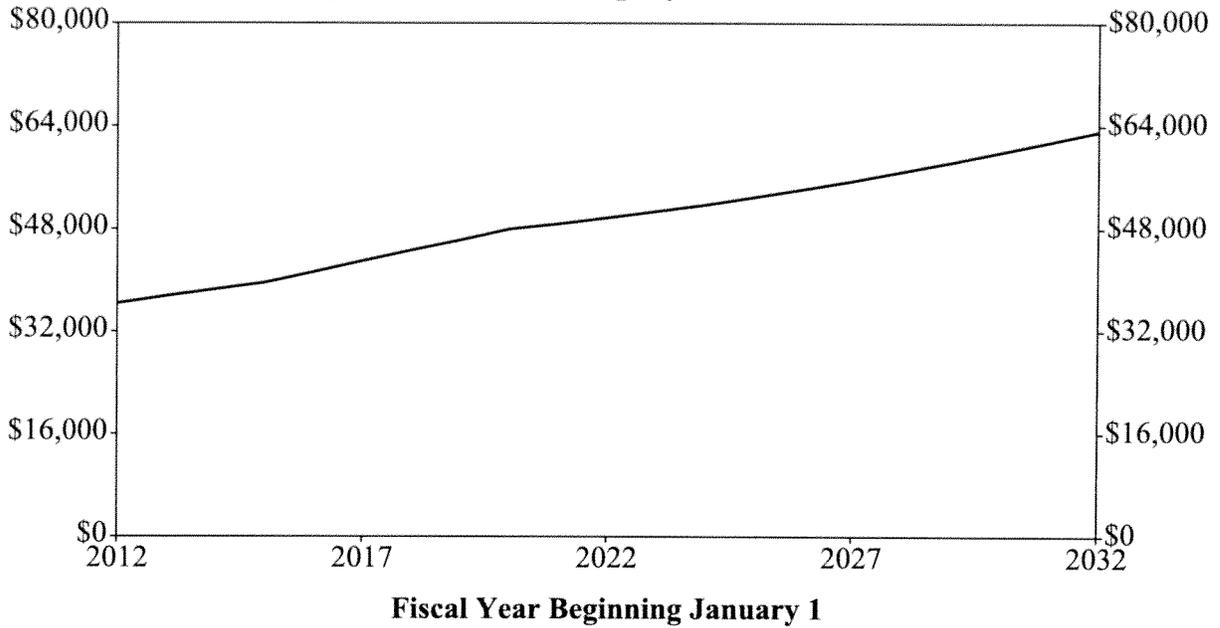
Notes:

- Actuarial assumptions were revised for the 1997 valuation.
- Actuarial assumptions were revised for the 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

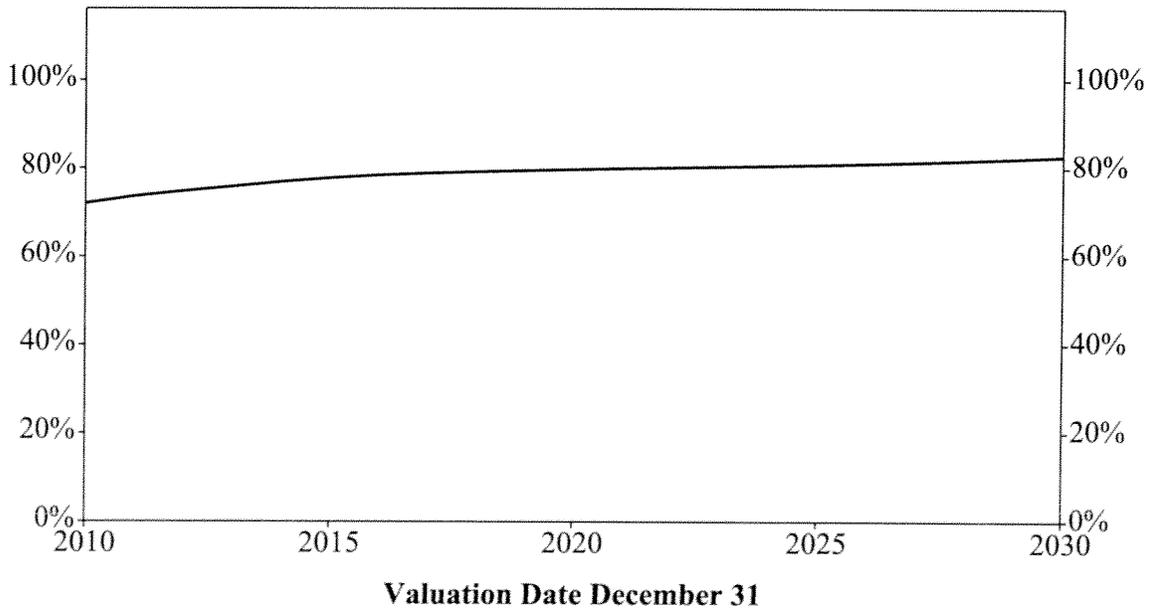
The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)
Division 12 - Elected Officials
Chart 17.5F

Projected Annual Employer Contributions



Projected Funded Percentage



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 12 - Elected Officials

Table 18F

Flow of Active Membership

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001									4
2002									4
2003									4
2004									4
2005									4
2006									4
2007	(1)								3
2008									3
2009									3
2010									3

Table 19F

Flow of Vested Former Members

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001								0
2002								0
2003								0
2004								0
2005								0
2006								0
2007								0
2008								0
2009								0
2010								0

Manistee County (5101)
Division 12 - Elected Officials

Table 20F
Flow of Retirees and Beneficiaries

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001		\$	\$		\$	\$	0	\$ 0
2002							0	0
2003							0	0
2004							0	0
2005							0	0
2006							0	0
2007	1	31,041					1	31,041
2008							1	31,041
2009							1	31,041
2010							1	31,041

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 12 - Elected Officials

Table 21F
Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 33,067	\$ 9,642	\$ 21,543	\$ 0	\$ 0	\$ 0	\$ 0	\$ 277,642
2002	28,287	9,279	19,183	0	0	0	0	334,391
2003	30,490	9,796	36,715	0	0	0	0	411,392
2004	31,599	9,902	31,467	0	0	0	0	484,360
2005	31,875	10,680	34,058	0	0	0	0	560,973
2006	32,127	11,000	46,956	0	0	0	0	651,056
2007	27,643	9,782	52,805	(23,281)	0	0	0	718,005
2008	25,848	9,520	34,432	(31,041)	0	0	0	756,764
2009	33,356	9,742	43,572	(31,041)	0	0	0	812,393
2010	35,104	9,927	51,311	(31,041)	0	0	0	877,694

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22F
Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 585,212	\$ 277,642	47%	\$ 307,570	144%
2002	621,985	334,391	54	287,594	140
2003	701,364	411,392	59	289,972	134
2004	783,789	484,360	62	299,429	132
2005	855,121	560,973	66	294,148	125
2006	922,024	651,056	71	270,968	112
2007	1,059,238	718,005	68	341,233	168
2008	1,126,015	756,764	67	369,251	176
2009	1,155,370	812,393	70	342,977	159
2010	1,215,266	877,694	72	337,572	154

Manistee County (5101)

Division 13 - AFSCME

Table 16G

Computed Employer Contributions to the Retirement System For the Fiscal Year Beginning January 1, 2012

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	11.48%	\$8,323
Member Contributions	3.56	2,581
Less Potential Refunds	<u>(0.62)</u>	<u>(450)</u>
Net Member Contributions	2.94	2,131
Employer Normal Cost @	8.54%	\$6,192
Amortization of Unfunded Accrued Liability (28 years)	<u>5.44</u>	<u>3,944</u>
Total Long Term Contribution	13.98	10,136
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	13.98%	\$10,136 *

@ The above Employer contribution requirement is based on Member contributions of 3.56% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.85% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(44,075)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.00%
Amortization Payment:	(0.28)%
Total:	(0.28)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 13 - AFSCME

Table 17G

Computed Employer Contributions - Comparative Statement

Valuation Date December 31,	Active Members		Employer Contribution	
	Number	Annual Payroll	Regular Contribution	Minimum Required Contribution
1999	38	\$ 785,646	12.06%	12.06%
2000	35	764,237	11.85%	11.84%
2001	39	882,057	12.19%	12.19%
2002	36	776,884	11.76%	11.76%
2003	42	877,203	11.72%	11.72%
2004	39	944,687	12.17%	12.17%
2005	37	914,912	12.44%	12.44%
2006	35	944,223	12.58%	12.58%
2007	36	977,433	11.96%	11.96%
2008	32	890,442	13.58%	13.58%
2009	32	857,407	14.09%	14.09%
2010	31	870,042	13.98%	13.98%

Notes:

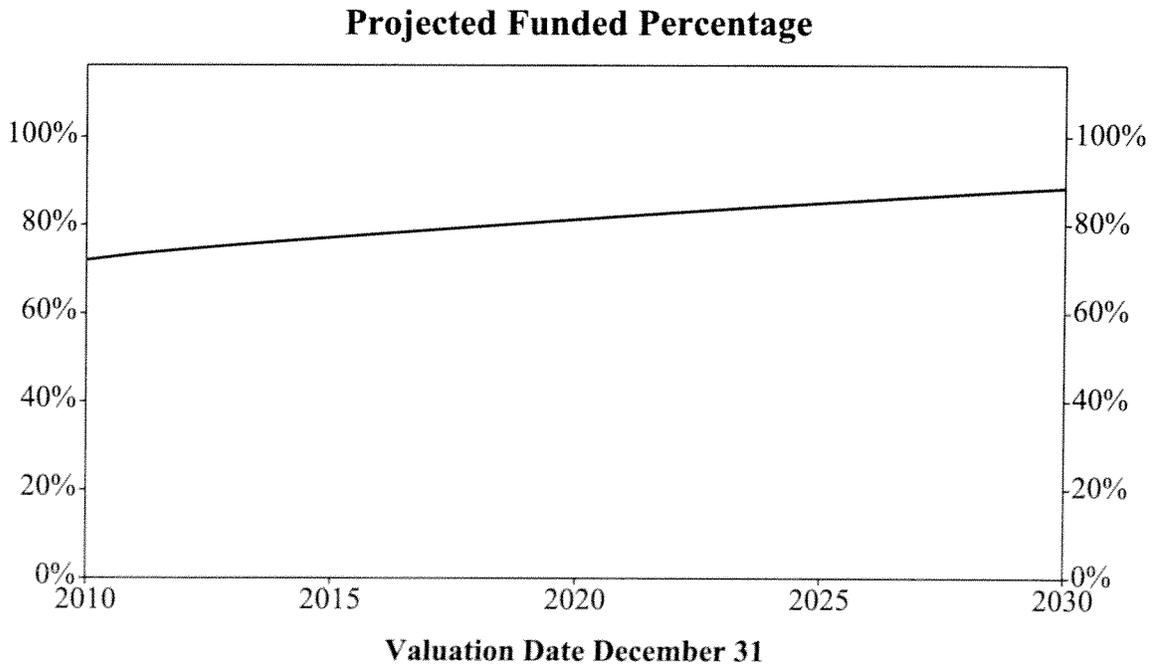
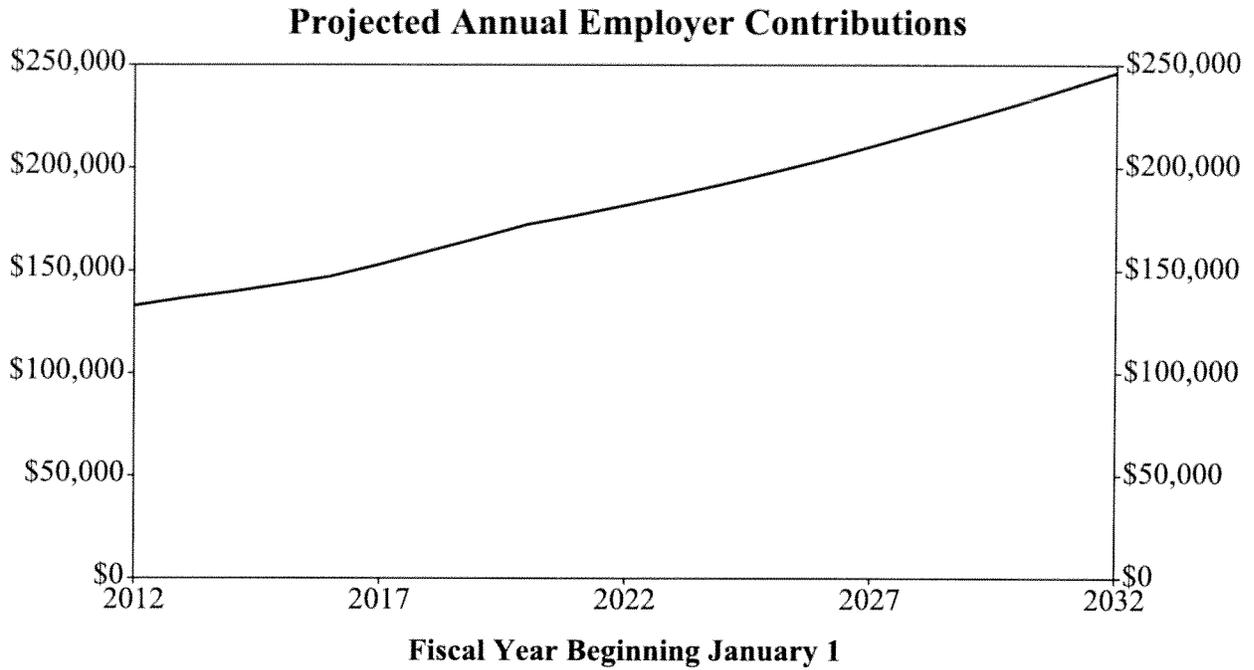
- Actuarial assumptions were revised for the 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)

Division 13 - AFSCME

Chart 17.5G



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 13 - AFSCME

**Table 18G
Flow of Active Membership**

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001				(1)	(2)	(1)		8	39
2002					(1)	(6)		4	36
2003	(1)							7	42
2004	(1)			(1)	(3)	(1)		3	39
2005	(2)			(1)				1	37
2006					(4)			2	35
2007						(2)	1	2	36
2008	(1)				(2)	(3)		2	32
2009	(1)				(2)	(1)		4	32
2010	(1)				(1)			1	31

**Table 19G
Flow of Vested Former Members**

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001							2	3
2002								3
2003	(1)							2
2004							1	3
2005							1	4
2006								4
2007				(2)				2
2008								2
2009								2
2010								2

Manistee County (5101)

Division 13 - AFSCME

Table 20G
Flow of Retirees and Beneficiaries

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001		\$	\$		\$	\$	3	\$ 24,249
2002							3	24,249
2003	2	12,419					5	36,668
2004	1	19,113					6	55,781
2005	2	33,566					8	89,347
2006							8	89,347
2007							8	89,347
2008	1	20,095					9	109,442
2009	1	28,606					10	138,048
2010	2	9,932		(1)	(5,482)		11	142,498

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 13 - AFSCME

Table 21G
Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 104,721	\$ 30,941	\$ 96,956	\$ (25,574)	\$ (216)	\$ (99,123)	\$ 0	\$ 1,364,272
2002	98,230	29,743	21,223	(24,249)	(959)	(263,903)	0	1,224,357
2003	104,429	30,873	125,324	(29,423)	0	0	0	1,455,560
2004	110,511	32,324	107,275	(49,409)	0	(1,183)	1,108	1,656,186
2005	114,648	34,796	113,797	(58,398)	0	(688)	688	1,861,029
2006	126,111	36,801	153,746	(89,402)	(4,430)	(2,393)	2,393	2,083,855
2007	123,152	34,815	172,530	(89,346)	(9,114)	(218,020)	0	2,097,872
2008	115,847	32,815	101,562	(101,068)	0	(95,021)	23,222	2,175,229
2009	105,645	31,479	96,675	(123,744)	(2,051)	(53,112)	0	2,230,121
2010	119,213	31,310	130,969	(141,385)	(10,165)	0	0	2,360,063

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22G
Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 2,126,475	\$ 1,364,272	64%	\$ 762,203	86%
2002	1,788,084	1,224,357	68	563,727	73
2003	2,076,884	1,455,560	70	621,324	71
2004	2,447,502	1,656,186	68	791,316	84
2005	2,693,735	1,861,029	69	832,706	91
2006	2,954,578	2,083,855	71	870,723	92
2007	2,876,309	2,097,872	73	778,437	80
2008	3,101,910	2,175,229	70	926,681	104
2009	3,140,019	2,230,121	71	909,898	106
2010	3,264,650	2,360,063	72	904,587	104

Manistee County (5101)

Division 14 - Court Employees

Table 16H

**Computed Employer Contributions to the Retirement System
For the Fiscal Year Beginning January 1, 2012**

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	12.53%	\$16,119
Member Contributions	3.28	4,220
Less Potential Refunds	<u>(0.42)</u>	<u>(540)</u>
Net Member Contributions	2.86	3,680
Employer Normal Cost @	9.67%	\$12,439
Amortization of Unfunded Accrued Liability (28 years)	<u>5.62</u>	<u>7,230</u>
Total Long Term Contribution	15.29	19,669
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	15.29%	\$19,669 *

@ The above Employer contribution requirement is based on Member contributions of 3.28% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.87% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(75,694)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.01%
Amortization Payment:	(0.27)%
Total:	(0.26)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 14 - Court Employees

Table 17H

Computed Employer Contributions - Comparative Statement

Valuation Date December 31,	Active Members		Employer Contribution
	Number	Annual Payroll	
2000	22	\$ 740,580	14.72%
2001	25	771,849	13.78%
2002	25	766,628	15.41%
2003	31	1,068,022	14.28%
2004	30	1,066,478	14.93%
2005	35	1,257,413	14.01%
2006	34	1,253,205	15.15%
2007	34	1,378,853	14.93%
2008	35	1,468,586	14.88%
2009	36	1,515,890	14.66%
2010	36	1,543,725	15.29%

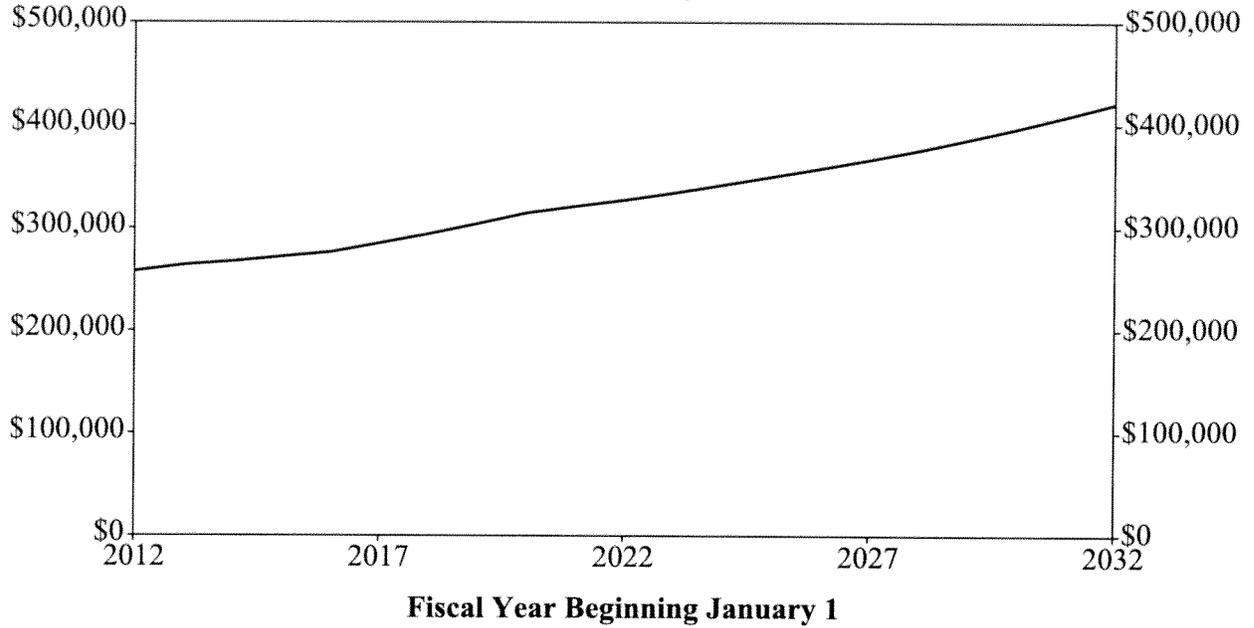
Notes:

- Actuarial assumptions were revised for the 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

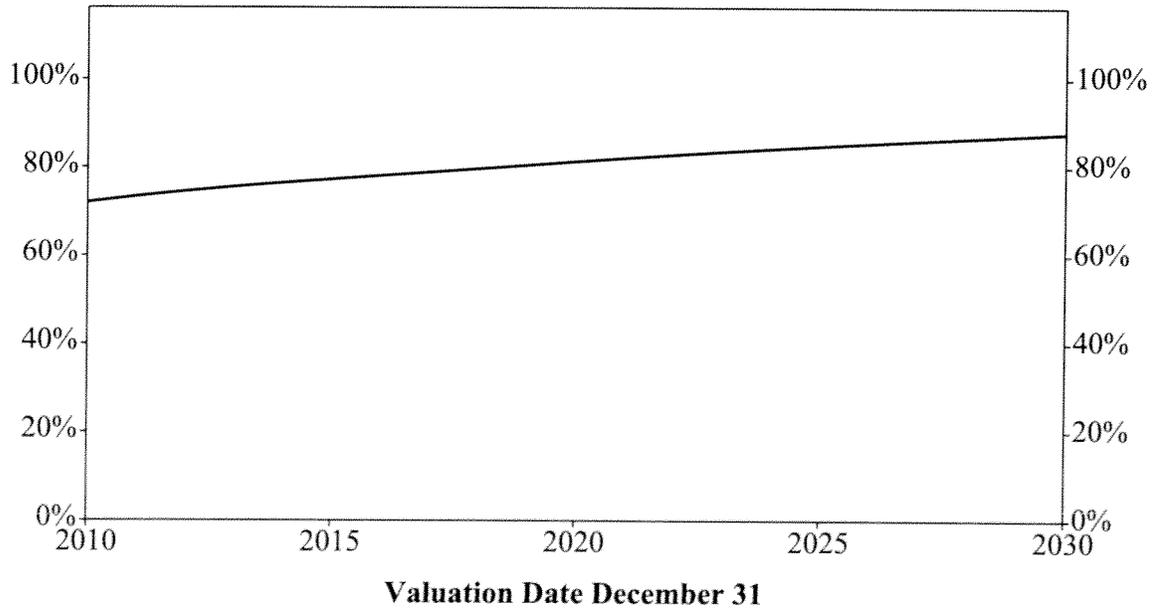
The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)
Division 14 - Court Employees
Chart 17.5H

Projected Annual Employer Contributions



Projected Funded Percentage



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 14 - Court Employees

**Table 18H
Flow of Active Membership**

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001	(1)			(2)	(1)		1	6	25
2002	(1)				(2)			3	25
2003	(1)				(1)		2	6	31
2004	(1)			(1)	(4)	(1)	3	3	30
2005					(1)			6	35
2006	(2)				(2)			3	34
2007		(1)		(1)	(1)			3	34
2008					(1)			2	35
2009	(2)						1	2	36
2010	(1)				(1)		1	1	36

**Table 19H
Flow of Vested Former Members**

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001							3	3
2002				(1)				2
2003								2
2004							1	3
2005							1	4
2006				(1)				3
2007							1	4
2008								4
2009	(1)					1		4
2010								4

Manistee County (5101)
Division 14 - Court Employees

Table 20H
Flow of Retirees and Beneficiaries

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001	1	\$ 24,069	\$		\$	\$	1	\$ 24,069
2002	1	27,696					2	51,765
2003	1	7,765					3	59,530
2004	1	6,024					4	65,554
2005							4	65,554
2006	3	48,742					7	114,296
2007	1	11,706					8	126,002
2008	1	8,106		(1)	(6,024)		8	128,084
2009	3	51,518					11	179,602
2010	1	42,498					12	222,100

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 14 - Court Employees

Table 21H
Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 96,773	\$ 24,337	\$ 85,604	\$ (16,046)	\$ 0	\$ 0	\$ 44,786	\$ 1,110,488
2002	115,546	26,254	67,327	(30,993)	(3,720)	0	0	1,284,902
2003	116,306	28,521	147,539	(53,026)	(4,029)	0	84,235	1,604,448
2004	161,318	34,083	143,796	(63,579)	(2,142)	0	195,119	2,073,043
2005	165,685	36,991	143,917	(65,554)	0	(2,016)	2,016	2,354,082
2006	204,102	45,074	197,613	(83,803)	0	0	0	2,717,068
2007	194,703	45,774	220,322	(121,124)	(6,752)	0	0	3,049,991
2008	222,455	48,204	169,916	(126,194)	(371)	0	0	3,364,001
2009	222,055	48,918	247,314	(173,832)	0	0	85,088	3,793,544
2010	230,448	50,856	282,130	(204,393)	(3,339)	0	118,629	4,267,875

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22H
Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 2,064,115	\$ 1,110,488	54%	\$ 953,627	124%
2002	2,414,674	1,284,902	53	1,129,772	147
2003	2,717,331	1,604,448	59	1,112,883	104
2004	3,398,022	2,073,043	61	1,324,979	124
2005	3,598,963	2,354,082	65	1,244,881	99
2006	4,135,910	2,717,068	66	1,418,842	113
2007	4,538,473	3,049,991	67	1,488,482	108
2008	4,887,832	3,364,001	69	1,523,831	104
2009	5,331,403	3,793,544	71	1,537,859	101
2010	5,915,663	4,267,875	72	1,647,788	107

Manistee County (5101)

Division 20 - Sheriff/Adm

Table 16I

**Computed Employer Contributions to the Retirement System
For the Fiscal Year Beginning January 1, 2012**

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	11.04%	\$2,120
Member Contributions	2.88	553
Less Potential Refunds	<u>(0.39)</u>	<u>(75)</u>
Net Member Contributions	2.49	478
Employer Normal Cost @	8.55%	\$1,642
Amortization of Unfunded Accrued Liability (28 years)	<u>13.57</u>	<u>2,605</u>
Total Long Term Contribution	22.12	4,247
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	22.12%	\$4,247 *

@ The above Employer contribution requirement is based on Member contributions of 2.88% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.77% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(24,400)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.00%
Amortization Payment:	(0.59)%
Total:	(0.59)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 20 - Sheriff/Adm

Table 171

Computed Employer Contributions - Comparative Statement

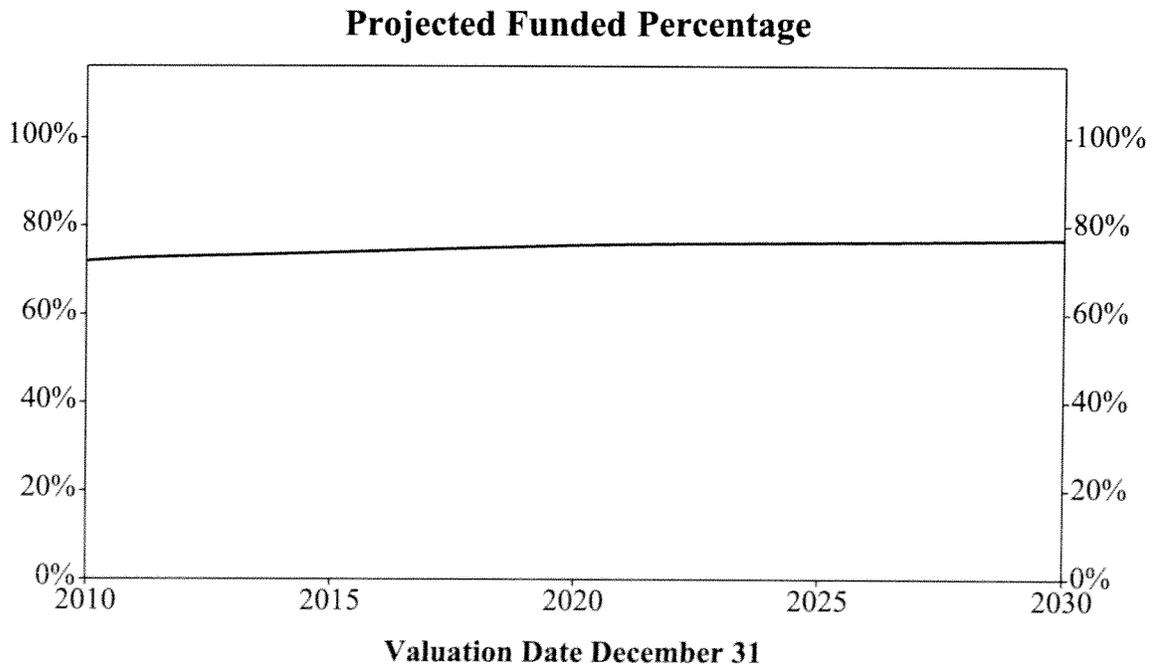
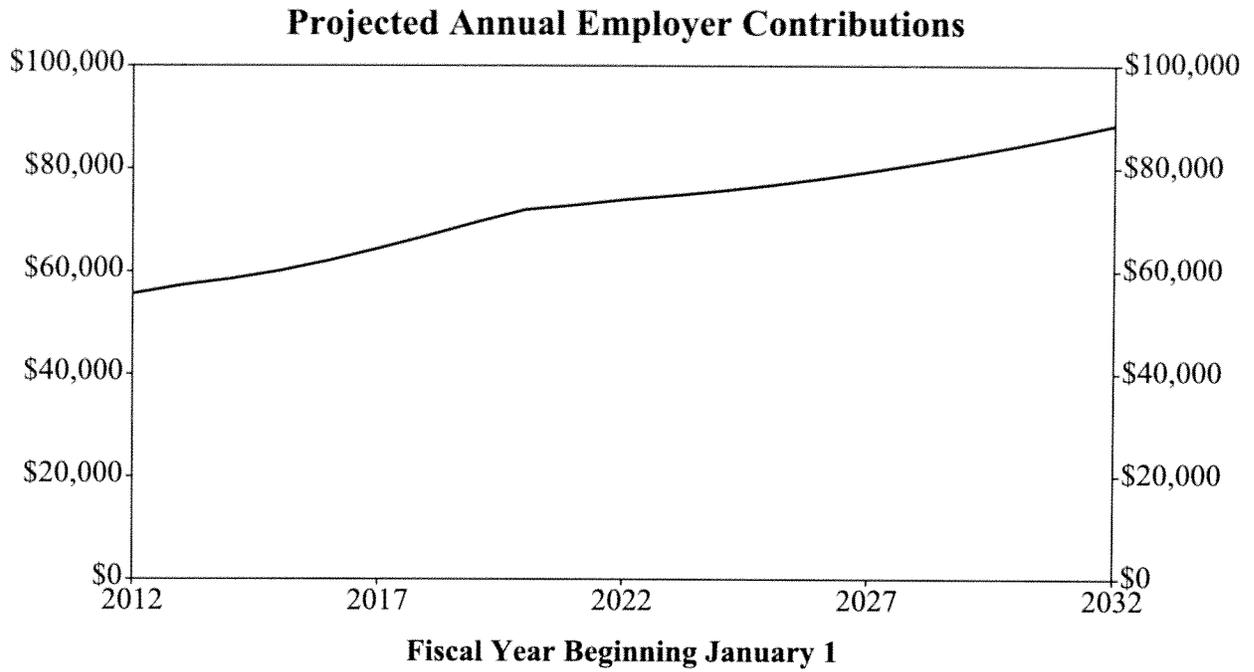
Valuation Date December 31,	Active Members		Employer Contribution	
	Number	Annual Payroll	Regular Contribution	Minimum Required Contribution
1999	4	\$ 156,416	8.78%	8.77%
2000	3	111,954	10.83%	10.83%
2001	4	178,792	14.55%	14.55%
2002	4	166,498	13.50%	13.50%
2003	4	169,998	13.22%	13.22%
2004	4	191,987	15.86%	15.86%
2005	4	191,599	15.10%	15.10%
2006	4	200,457	14.17%	14.17%
2007	5	243,343	16.10%	16.10%
2008	6	286,767	19.27%	19.27%
2009	4	229,462	22.36%	22.36%
2010	4	230,387	22.12%	22.12%

Notes:

- Actuarial assumptions were revised for the 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)
Division 20 - Sheriff/Adm
Chart 17.5I



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 20 - Sheriff/Adm

**Table 18I
Flow of Active Membership**

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001							1		4
2002									4
2003									4
2004									4
2005									4
2006									4
2007	(1)						2		5
2008	(1)						2		6
2009						(2)			4
2010									4

**Table 19I
Flow of Vested Former Members**

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001								0
2002								0
2003								0
2004								0
2005								0
2006								0
2007								0
2008								0
2009								0
2010								0

Manistee County (5101)

Division 20 - Sheriff/Adm

**Table 201
Flow of Retirees and Beneficiaries**

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001		\$	\$		\$	\$	1	\$ 29,328
2002							1	29,328
2003							1	29,328
2004							1	29,328
2005							1	29,328
2006							1	29,328
2007	1	35,488					2	64,816
2008	1	29,487					3	94,303
2009							3	94,303
2010							3	94,303

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 20 - Sheriff/Adm

Table 21I
Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 13,769	\$ 4,471	\$ 64,358	\$ (29,328)	\$ 0	\$ 0	\$ 117,810	\$ 841,672
2002	18,032	4,960	28,308	(29,328)	0	0	0	863,644
2003	24,735	5,027	64,798	(29,328)	0	0	160	929,036
2004	25,033	5,347	63,146	(29,328)	0	(1,927)	1,927	993,234
2005	26,215	5,552	64,414	(29,328)	0	(1,927)	1,927	1,060,087
2006	30,920	5,773	85,970	(29,328)	0	0	0	1,153,422
2007	30,308	5,791	89,594	(55,944)	0	0	217,609	1,440,780
2008	39,560	8,100	70,364	(82,016)	0	0	111,454	1,588,242
2009	42,472	7,481	38,994	(94,302)	0	(64,637)	0	1,518,250
2010	42,059	6,239	76,692	(94,302)	0	0	0	1,548,938

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22I
Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 1,141,133	\$ 841,672	74%	\$ 299,461	167%
2002	1,108,072	863,644	78	244,428	147
2003	1,169,534	929,036	79	240,498	141
2004	1,347,162	993,234	74	353,928	184
2005	1,394,032	1,060,087	76	333,945	174
2006	1,460,355	1,153,422	79	306,933	153
2007	1,884,275	1,440,780	76	443,495	182
2008	2,187,117	1,588,242	73	598,875	209
2009	2,115,719	1,518,250	72	597,469	260
2010	2,146,704	1,548,938	72	597,766	259

Manistee County (5101)

Division 41 - Medical Facility Administrator

Table 16J

Computed Employer Contributions to the Retirement System For the Fiscal Year Beginning January 1, 2012

Contribution for	As Percentage of Active Member Payroll	Estimated Monthly Dollar Contribution *
Total Normal Cost	9.99%	\$897
Member Contributions	0.00	0
Less Potential Refunds	<u>0.00</u>	<u>0</u>
Net Member Contributions	0.00	0
Employer Normal Cost @	9.99%	\$897
Amortization of Unfunded Accrued Liability (28 years)	<u>20.93</u>	<u>1,880</u>
Total Long Term Contribution	30.92	2,777
Overfunding Credit #	<u>0.00</u>	<u>0</u>
Total Employer Contribution @	30.92%	\$2,777 *

@ The above Employer contribution requirement is based on Member contributions of 0.00% of pay. If Member contributions are increased/decreased by 1.00% of pay, the Employer long term contribution requirement (based on a 28 year amortization) will decrease/increase by 0.91% of pay.

* Estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher).

Only applies if projected assets exceed projected liabilities as of the beginning of the January 1, 2012 fiscal year (see Table 24).

Note: Changes in actuarial assumptions and/or methods were reflected in the December 31, 2010 actuarial valuation. The effects of the changes are shown below:

Increase in Actuarial Accrued Liabilities:	\$(2,580)
Increase in Computed Long Term Employer Contribution As a Percentage of Active Member Payroll	
Normal Cost:	0.00%
Amortization Payment:	(0.13)%
Total:	(0.13)%

Please see the Comments on the Investment Markets on page 3.

Manistee County (5101)

Division 41 - Medical Facility Administrator

Table 17J

Computed Employer Contributions - Comparative Statement

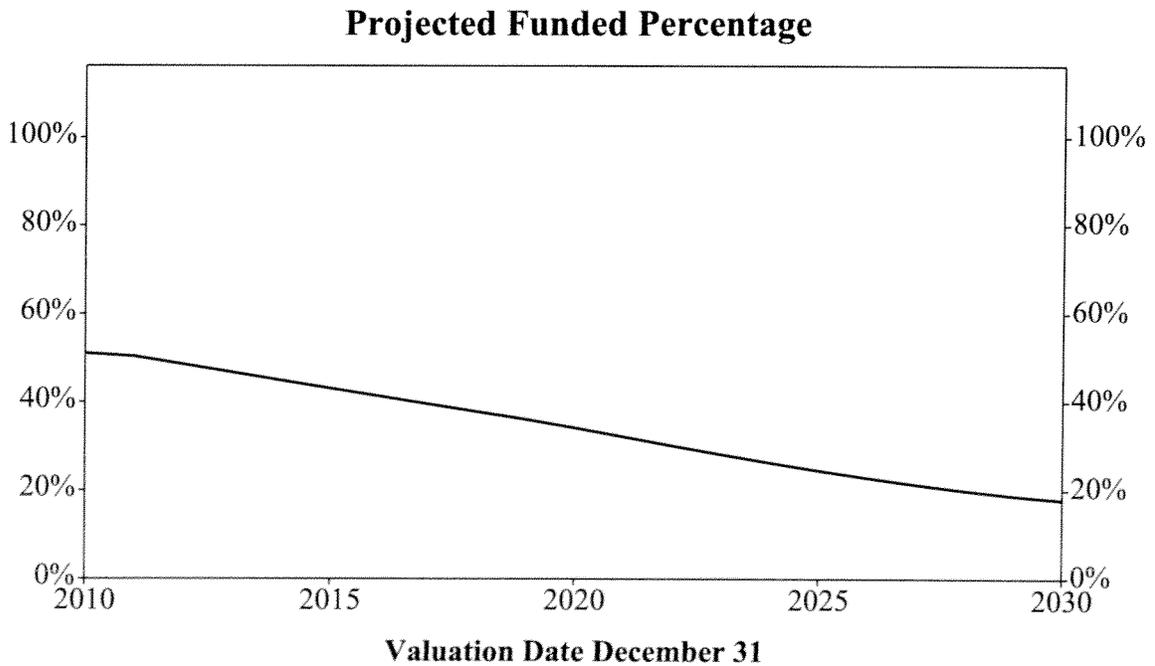
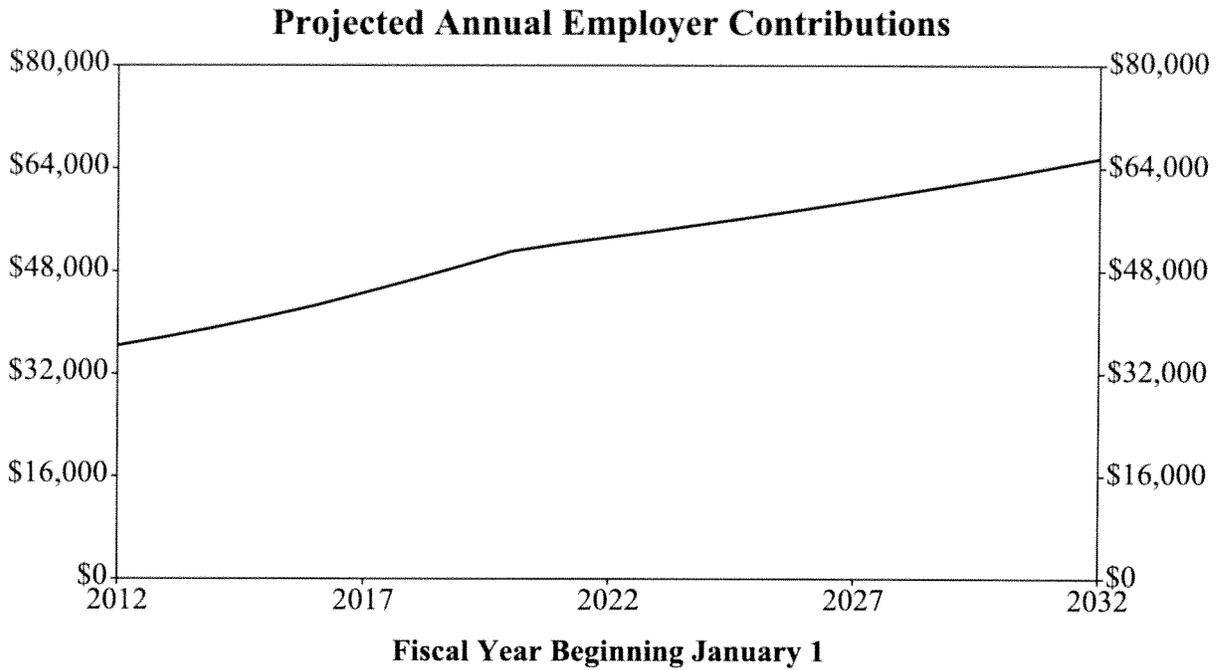
Valuation Date December 31,	Active Members		Employer Contribution
	Number	Annual Payroll	
1998	1	\$ 47,227	18.35%
1999	1	64,265	22.88%
2000	1	61,246	20.12%
2001	1	72,507	21.40%
2002	1	82,429	22.55%
2003	1	91,322	22.29%
2004	1	106,540	21.00%
2005	1	63,466	45.82%
2006	1	91,308	35.93%
2007	1	99,058	35.66%
2008	1	94,500	39.23%
2009	1	104,165	38.93%
2010	1	107,776	30.92%

Notes:

- Actuarial assumptions were revised for the 2000 valuation.
- Actuarial assumptions were revised for the 2004 valuation.
- Actuarial assumptions and methods were revised for the 2008 valuation.
- Actuarial assumptions were revised for the 2009 valuation.
- Actuarial assumptions and methods were revised for the 2010 valuation.

The most recent 15 years of benefit changes are reflected in this table. For a complete benefit history see Table 25.

Manistee County (5101)
Division 41 - Medical Facility Administrator
Chart 17.5J



Note: Please refer to page 116 for a discussion of the projection.

Manistee County (5101)

Division 41 - Medical Facility Administrator

**Table 18J
Flow of Active Membership**

Year Ended 12/31	Retired	Disabled	Died (Survivor Benefit)	Other Termination		Transfer		New Member	End of Year
				Vested	Non-Vested	Out	In		
2001									1
2002									1
2003									1
2004									1
2005	(1)							1	1
2006									1
2007									1
2008									1
2009									1
2010									1

**Table 19J
Flow of Vested Former Members**

Year Ended 12/31	Retired	Return To Work	Died (Survivor Benefit)	Forfeit Benefit	Transfer		New	End of Year
					Out	In		
2001								0
2002								0
2003								0
2004								0
2005								0
2006								0
2007								0
2008								0
2009								0
2010								0

Manistee County (5101)

Division 41 - Medical Facility Administrator

Table 20J
Flow of Retirees and Beneficiaries

Year Ended 12/31	Added to Rolls			Removed from Rolls			Year End	
	Number@	Annual Benefits	Benefit Adjust.*	Number	Annual Benefits	Benefit Adjust.#	Number	Annual Benefits
2001		\$	\$		\$	\$	0	\$ 0
2002							0	0
2003							0	0
2004							0	0
2005	1	88,963					1	88,963
2006							1	88,963
2007							1	88,963
2008							1	88,963
2009							1	88,963
2010							1	88,963

@ Includes beneficiaries of retirees who died during the year.

* Includes where applicable E, E-1, and E-2 benefits, and corrections.

Includes where applicable C-2 and Accelerated Option benefits, and corrections.

Manistee County (5101)

Division 41 - Medical Facility Administrator

Table 21J

Flow of Valuation Assets (Actuarial Value)

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Transfer*		Balance
	Employer	Member				Out	In	
2001	\$ 16,590	\$ 0	\$ 20,844	\$ 0	\$ 0	\$ 0	\$ 0	\$ 284,329
2002	16,585	0	13,881	0	0	0	0	314,795
2003	19,543	0	30,000	0	0	0	0	364,338
2004	24,025	0	26,940	0	0	0	0	415,303
2005	25,594	0	27,790	(13,339)	0	0	0	455,348
2006	25,863	0	33,226	(90,451)	0	0	0	423,986
2007	45,388	0	33,031	(88,963)	0	0	0	413,442
2008	33,954	0	12,511	(88,963)	0	0	0	370,944
2009	37,145	0	(2,987)	(88,963)	0	0	0	316,139
2010	192,281	0	39,236	(88,963)	0	0	0	458,693

* Transfers out and in are usually related to the transfer of participants between divisions or municipalities, and to employer and member payments for service credit purchases (if any) that the governing body has approved.

Table 22J

Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2001	\$ 499,516	\$ 284,329	57%	\$ 215,187	297%
2002	577,124	314,795	55	262,329	318
2003	650,557	364,338	56	286,219	313
2004	733,857	415,303	57	318,554	299
2005	886,758	455,348	51	431,410	680
2006	888,604	423,986	48	464,618	509
2007	892,883	413,442	46	479,441	484
2008	890,904	370,944	42	519,960	550
2009	892,185	316,139	35	576,046	553
2010	898,098	458,693	51	439,405	408

Manistee County (5101)

Table 23

GASB 25 And GASB 27 Information

The following information has been prepared to provide the information necessary to comply with GASB Statements Number 25 and 27. Statement 25 is effective for fiscal years beginning after June 15, 1996 and Statement 27 is effective for fiscal years beginning after June 15, 1997.

All entries and the annual employer contribution amount were based on the actuarial methods and assumptions used in the December 31, 2010 actuarial valuation. The entry age normal actuarial method was used to determine the disclosure entries.

GASB 25 Information (as of 12/31/2010)

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$15,577,699
Terminated employees (vested former members) not yet receiving benefits	1,527,960
Non-vested terminated employees (pending refunds of accumulated member contributions)	47,697
Current employees -	
Accumulated employee contributions including allocated investment income	1,672,319
Employer financed	<u>17,766,858</u>
Total Actuarial Accrued Liability	\$36,592,533
Net Assets Available for Benefits at Actuarial Value	<u>28,836,132</u>
(Market Value is \$24,796,294)	
Unfunded (Overfunded) Actuarial Accrued Liability	\$7,756,401

GASB 27 Information (as of 12/31/2010)

Fiscal Year Beginning	January 1, 2012
Annual Required Contribution (ARC)	\$ 1,334,484*
Amortization Factor Used - Underfunded Liabilities (28 years)	0.055889
Amortization Factor Used - Overfunded Liabilities (10 years)	0.119963

* Based on valuation payroll (based on projected fiscal year payroll for divisions that will have no new hires). For divisions that are open to new hires the actual required contribution will be based on current monthly payroll (during the fiscal year beginning January 1, 2012) times the computed employer contribution rate(s) shown in Tables 15 and 16. The ARC shown here is the sum of the ARC's calculated separately for each division.

Manistee County (5101)

Table 24

Development of Projected Unfunded Accrued Liability At Beginning of Fiscal Year (January 1, 2012)

Division	Unfunded Accrued Liability 12/31/2010	Employer Normal Cost	Expected Employer Contrib.	Interest	Unfunded Accrued Liability 1/1/2012	Projected Fiscal Year Payroll
01 - General	\$ (704,101)	\$ 903	\$ 0	\$ (56,292)	\$ (759,490)	\$ 9,435
02 - Sheriff/PO	1,112,392	82,838	(143,650)	86,559	1,138,139	1,250,956
04 - MCF	2,454,351	455,336	(576,000)	191,522	2,525,209	5,947,824
10 - 911 Employ	(36,423)	33,773	(35,696)	(2,991)	(41,337)	490,179
11 - Exec Empl	1,003,064	80,096	(134,872)	78,054	1,026,342	881,985
12 - Elected Of	337,572	16,396	(35,447)	26,244	344,765	239,294
13 - AFSCME	904,587	77,645	(128,105)	70,349	924,476	950,108
14 - Court Empl	1,647,788	155,996	(236,494)	128,603	1,695,893	1,685,787
20 - Sheriff/Ad	597,766	20,584	(53,833)	46,491	611,008	251,588
41 - Medical Fa	439,405	11,251	(43,845)	33,849	440,660	117,694

The unfunded accrued liability as of December 31, 2010 (see Table 13) is projected to the beginning of the fiscal year for which employer contributions are being calculated (January 1, 2012). This allows the 2010 valuation to take into account the expected future contributions that are based on past valuations. This projection process will result in more stable computed contribution rates, and was first used for the December 31, 2004 actuarial valuations.

The projected unfunded accrued liability is amortized over the appropriate period (see Table 16 for each division) to determine the amortization payment. For divisions that will have no new hires this is the dollar amortization payment. For divisions that are open to new hires this payment is divided by the projected fiscal year payroll to determine the amortization payment as a percentage of active member payroll. The resulting amortization contributions are displayed in Table 16 for each division.

Manistee County (5101)

Table 25

Benefit Provision History

The following benefit provision history is provided by MERS. Any corrections to this history or discrepancies between this information and information displayed elsewhere in the valuation report should be reported to your Regional Manager in the MERS Office of Marketing and Employer Services.

Division 01 - General

Provisions by Date

7/1/1996	Benefit B-2
9/1/1992	Temporary 6 Year Vesting (09/01/1992 - 11/03/1992)
1/1/1992	8 Year Vesting
4/15/1986	Day of work defined as 4 Hours a Day for all employees
1/1/1984	Member Contribution Rate 0.00%
12/8/1970	Covered by Act 88
12/1/1970	Benefit C-1 (Old)
12/1/1964	10 Year Vesting
12/1/1964	Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
12/1/1964	Benefit C (Old)
12/1/1964	Benefit FAC-5 (5 Year Final Average Compensation)
12/1/1964	Fiscal Month - January

Division 02 - Sheriff/POAM

Provisions by Date

1/1/2010	Member Contribution Rate 7.91%
1/1/2009	Member Contribution Rate 5.91%
1/1/2008	Member Contribution Rate 4.77%
1/1/2007	E2 2.5% Annual COLA for future retirees (07/01/2006)
7/1/2006	Member Contribution Rate 4.82%
7/1/2001	Member Contribution Rate 1.33%
10/1/1999	Member Contribution Rate 1.24%
7/1/1999	Member Contribution Rate 0.00%
10/1/1998	Member Contribution Rate 2.88%
10/1/1998	Benefit B-4 (80% max)
1/1/1997	Temporary Benefit B-4 (80% max) (01/01/1997 - 04/03/1997)
1/1/1995	8 Year Vesting
1/1/1995	Benefit B-2
1/1/1990	Blanket Resolution (All Service)
1/1/1988	Benefit C-2/Base C-1 (Old)
1/1/1988	Benefit F50 (With 25 Years of Service)
4/15/1986	Day of work defined as 4 Hours a Day for all employees
1/1/1984	Member Contribution Rate 0.00%
12/8/1970	Covered by Act 88
12/1/1970	Benefit C-1 (Old)

Manistee County (5101)

Table 25 (continued)

Benefit Provision History

Division 02 - Sheriff/POAM

Provisions by Date

12/1/1964 Benefit FAC-5 (5 Year Final Average Compensation)
12/1/1964 10 Year Vesting
12/1/1964 Benefit C (Old)
12/1/1964 Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
12/1/1964 Fiscal Month - January

Division 04 - MCF

Provisions by Date

4/1/2006 Member Contribution Rate 1.09%
2/1/2006 Benefit B-2
1/1/2001 30 Years & Out
1/1/2001 6 Year Vesting
1/1/2001 Benefit B-1
4/1/1986 Member Contribution Rate 0.00%
12/8/1970 Covered by Act 88
12/1/1970 Benefit C-1 (Old)
12/1/1964 10 Year Vesting
12/1/1964 Benefit FAC-5 (5 Year Final Average Compensation)
12/1/1964 Benefit C (Old)
12/1/1964 Fiscal Month - January
12/1/1964 Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%

Division 10 - 911 Employees

Provisions by Date

7/1/2000 Benefit B-4 (80% max)
7/1/2000 Member Contribution Rate 2.52%
9/1/1997 Benefit B-2
1/1/1992 8 Year Vesting
4/15/1986 Day of work defined as 4 Hours a Day for all employees
1/1/1984 Member Contribution Rate 0.00%
12/8/1970 Covered by Act 88
12/1/1964 10 Year Vesting
12/1/1964 Benefit FAC-5 (5 Year Final Average Compensation)
12/1/1964 Benefit C-1 (Old)
12/1/1964 Fiscal Month - January

Division 11 - Exec Employees

Provisions by Date

10/1/1998 8 Year Vesting
10/1/1998 Benefit B-4 (80% max)

Manistee County (5101)

Table 25 (continued)

Benefit Provision History

Division 11 - Exec Employees

Provisions by Date

10/1/1998 Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1998 Member Contribution Rate 2.44%
10/1/1998 Benefit F55 (With 20 Years of Service)
12/8/1970 Covered by Act 88
12/1/1964 Fiscal Month - January

Division 12 - Elected Officials

Provisions by Date

10/1/1998 Member Contribution Rate 4.53%
10/1/1998 Benefit B-4 (80% max)
10/1/1998 Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1998 8 Year Vesting
10/1/1998 Benefit F55 (With 20 Years of Service)
12/8/1970 Covered by Act 88
12/1/1964 Fiscal Month - January

Division 13 - AFSCME

Provisions by Date

7/1/1999 Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1999 Benefit F55 (With 20 Years of Service)
7/1/1999 Member Contribution Rate 3.56%
7/1/1999 Benefit B-4 (80% max)
7/1/1999 8 Year Vesting
12/8/1970 Covered by Act 88
12/1/1964 Fiscal Month - January

Division 14 - Court Employees

Provisions by Date

7/1/2000 8 Year Vesting
7/1/2000 Benefit B-4 (80% max)
7/1/2000 Benefit F55 (With 20 Years of Service)
7/1/2000 Member Contribution Rate 3.28%
7/1/2000 Benefit FAC-5 (5 Year Final Average Compensation)
12/8/1970 Covered by Act 88
12/1/1964 Fiscal Month - January

Division 20 - Sheriff/Adm

Provisions by Date

1/1/1999 Benefit F50 (With 25 Years of Service)
1/1/1999 Member Contribution Rate 2.88%

Manistee County (5101)

Table 25 (continued)

Benefit Provision History

Division 20 - Sheriff/Adm

Provisions by Date

1/1/1999	Benefit B-4 (80% max)
1/1/1999	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/1999	8 Year Vesting
12/8/1970	Covered by Act 88
12/1/1964	Fiscal Month - January

Division 41 - Medical Facility Administrator

Provisions by Date

1/1/1998	6 Year Vesting
1/1/1998	Benefit FAC-3 (3 Year Final Average Compensation)
1/1/1998	Benefit F50 (With 30 Years of Service)
1/1/1998	Member Contribution Rate 0.00%
1/1/1998	Benefit B-2
12/8/1970	Covered by Act 88
12/1/1964	Fiscal Month - January

APPENDIX

**SUMMARY OF
PLAN PROVISIONS
AND
ACTUARIAL ASSUMPTIONS
AND
ACTUARIAL FUNDING METHOD**

AS OF DECEMBER 31, 2010

FOR THE

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF MICHIGAN**

INTRODUCTION

An actuarial valuation is the mathematical process that estimates plan liabilities and employer contribution requirements for purposes of financing the retirement system. This process is repeated annually to update the liabilities and contribution requirements for changes in member census and plan features, and to reflect actual plan experience in the process. The valuation reflects the present provisions of the Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 (as amended), as embodied in the MERS Plan Document (as revised). The specific benefit provisions in effect for each municipality are listed in Table 1 in the results section of the report.

In addition to utilizing current membership and financial data, an actuarial valuation requires the use of a series of assumptions regarding uncertain future events. The assumptions and methods used in the December 31, 2010 actuarial valuation are those adopted by the Retirement Board. The actuarial assumptions were last revised as of December 31, 2010 to reflect the results of the study of plan experience covering the period from December 31, 2003 through December 31, 2008.

There have been no changes in the funding method which was adopted by the Retirement Board commencing with the December 31, 1993 valuations. The basic funding method is entry age normal and employer contribution amounts are developed as a level percentage of payroll.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA). Gabriel, Roeder, Smith & Company is an independent firm of consultants and actuaries.

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology follow this section.

ASSUMPTION AND METHOD CHANGES FOR THE DECEMBER 31, 2010 ACTUARIAL VALUATION

The December 31, 2010 actuarial valuation reflects the following changes in the actuarial assumptions and methods:

- Temporary lower wage inflation assumption (see page 106).
- New assumption related to increases in final average compensation for some municipalities (see page 107)
- The standard amortization period for positive unfunded accrued liabilities is maintained at 28 years.

The effects of these changes are shown in the note below Table 16 for each division.

SUMMARY OF PLAN PROVISIONS - DEFINED BENEFIT PLAN *

The benefits summarized in this section are intended only as general information regarding the Municipal Employees' Retirement System of Michigan. They are not a substitute for Act. No. 220 of the Public Acts of 1996, and the MERS Plan Document as revised. If any conflict occurs between the information in this summary and Act. No. 220 of the Public Acts of 1996, as amended, or the MERS Plan Document, as revised, the provisions of Act. No. 220 and the MERS Plan Document govern.

Eligibility for Retirement (Plan Section 10)

Age 60 with 10 or more years of credited service (reduced to 8 or 6 years if either Benefit V-8 or V-6, respectively, is adopted).

Age 55 with 15 or more years of credited service (reduced benefit unless Benefit F55 is adopted).

Age 50 with 25 or more years of credited service (reduced benefit unless Benefit F50 is adopted).

The retirement allowance is reduced $\frac{1}{2}$ of 1% for each complete month that the retirement date precedes the age at which full normal retirement benefits are available. The reduction may be partially or fully waived by adopting Benefit F55 and/or Benefit F50 and/or Benefit F(N).

Optional Retirement Programs (Unreduced Benefits) (Plan Section 10)

Benefit F50 - Age 50 with a required period of credited service of either 25 or 30 years.

Benefit F55 - Age 55 with a required period of credited service of 15, 20, 25 or 30 years.

Benefit F(N) - Any age with a required period of credited service of either 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 or 30 years.

Mandatory Retirement

None.

Deferred Retirement (Plan Section 12)

Termination of membership before age 60 other than by retirement or death, after 10 years of credited service (8 or 6 years if Benefit V-8 or V-6 is adopted). Retirement allowance begins upon application filed with MERS and satisfaction of the eligibility requirements for retirement. The deferred retirement allowance is computed in the same manner as a service retirement allowance, based on the benefit program in effect as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are refunded after termination of employment.

** Please see page 101 for a description of the Hybrid Plan.*

Service Retirement Allowance (Plan Sections 13-19)

Credited service at time of termination of membership is multiplied by:

- Benefit A - 1.0% of a member's final average compensation (FAC). Benefit A may not be adopted after January 2, 1986.
- Benefit C New - 1.3% of FAC.
- Benefit C Old - Sum of 1.0% times the first \$4,200 of FAC, plus 1.5% times the portion of FAC over \$4,200. Benefit C Old may not be adopted after January 2, 1986.
- Benefit C-1 New - 1.5% of FAC.
- Benefit C-1 Old - Sum of 1.2% times the first \$4,200 of FAC, plus 1.7% times the portion of FAC over \$4,200. Benefit C-1 Old may not be adopted after January 2, 1986.
- Benefit B-1 - 1.7% of FAC.
- Benefit C-2 - 2.0% of FAC, payable until attainment of the age at which unreduced Social Security benefits are available (currently age 66 for normal retirement, gradually increasing to age 67). Upon attainment of this age, the benefit reverts to the basic Benefit A, C New, C Old, C-1 New, C-1 Old or B-1.
- Benefit B-2 - 2.0% of FAC.
- Benefit B-3 - 2.25% of FAC, with a maximum benefit of 80% of FAC.
- Benefit B-4 - 2.5% of FAC, with a maximum benefit of 80% of FAC.

Maximum Benefit Payable by MERS (Plan Section 55)

The maximum benefit that may be paid by MERS is governed by Section 415 of the Internal Revenue Code (see page 104). Benefits in excess of the maximum benefit will be paid by the MERS Excess Benefit Plan under Plan Section 55A.

Act 88 (Reciprocal Retirement Act, 1961 P.A. 88)

If the municipality has elected to come under the provision of Act 88 (see Table 1), service with former and future public employers in Michigan may be used to satisfy the service eligibility conditions of MERS. MERS maintains a statewide Act 88 adoption list:

www.mersofmich.com/images/stories/Forms/Member/form_77.pdf

Final Average Compensation (Plan Sections 2A(6) and 2A(11))

MERS plan benefits are based on a member's final average compensation (FAC), subject to the dollar compensation limits under Section 401(a)(17) of the Internal Revenue Code (see page 104). For this purpose, final average compensation means one-fifth of the aggregate amount of compensation (as defined in the MERS Plan Document, Section 2A(6)) paid to a member during the period of 5 consecutive years of the member's credited service in which the aggregate compensation paid is highest, known as FAC-5. Adoption of Benefit FAC-3 results in final average compensation being averaged over 3 years, instead of 5 years.

Disability Retirement Allowance (Plan Section 24)

Total and permanent disability while employed by a participating municipality and after meeting the vesting requirement of the benefit program. The service requirement is waived if the disability is the natural and proximate result of duty-connected causes.

The allowance is computed in the same manner as a service retirement allowance, except that the reduction for retirement before age 60 is not applied.

If disability is due to duty-connected causes, the amount of the retirement allowance shall not be less than 25% of the member's final average compensation.

Adoption of optional Benefit Program D-2 will provide a retirement allowance for a duty-connected disability that is the greater of:

- (i) 25% of the member's final average compensation; or
- (ii) A benefit based on 10 years of credited service in addition to the member's actual period of service, provided the total years of service do not exceed the greater of 30 years or the member's actual period of service.

Non-Duty Death Allowance (Plan Sections 26 and 28)

If a member or vested former member with the minimum years of service required to be vested dies before retirement, a monthly survivor allowance may be payable.

If the member is married, the spouse is the automatic beneficiary unless the spouse, in writing, declines a benefit in favor of another named beneficiary.

A contingent survivor beneficiary (named in an Option II Contingent Beneficiary Designation form filed with MERS) will receive a retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at death, but reduced to reflect an Option II (100% joint and survivor) election. The reduction for retirement before age 60 is not applied. Payment of a retirement allowance to the contingent survivor beneficiary of a deceased member commences immediately. Payment of a retirement allowance to the contingent survivor beneficiary of a deceased vested former member commences on the date the member would have first satisfied eligibility for retirement with an unreduced service retirement allowance.

If there is no named beneficiary and the member leaves a spouse, the spouse will receive an Option II survivor allowance. Payment of a retirement allowance to the surviving spouse of a deceased member commences immediately. Payment of a retirement allowance to the surviving spouse of a deceased vested former member commences on the date the member would have first satisfied eligibility for retirement for an unreduced service retirement allowance. The amount of a surviving spouse's retirement allowance shall be 85% of the deceased member's or deceased vested former member's accrued retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at time of death.

The amount of a surviving spouse's benefit is always the larger of i) the benefit computed as a contingent survivor beneficiary, and ii) the 85% of accrued retirement allowance benefit described above.

If there is no named beneficiary and no retirement allowance being paid to a surviving spouse, unmarried children under age 21 will be paid an equal share of 50% of the deceased member's or deceased vested former member's accrued retirement allowance. The reduction for retirement before age 60 is not applied.

If no retirement allowance becomes payable at death, the member's accumulated contributions, if any, are paid to the beneficiary or to the decedent's estate.

Duty-Connected Death Allowance (Plan Section 27)

A duty death allowance, computed in the same manner as a non-duty death allowance, may be payable to a spouse or children if death occurs as the natural and proximate result of performance of duty with a participating municipality. The vesting requirement is waived, and the minimum benefit is 25% of the deceased member's final average compensation.

Adoption of optional Benefit Program D-2 will provide a retirement allowance for a duty-connected death that is the greater of:

- (i) 25% of the member's final average compensation; or
- (ii) A benefit based on 10 years of credited service in addition to the member's actual period of service, provided the total years of service do not exceed the greater of 30 years or the member's actual period of service.

Member Contributions (Plan Sections 32 and 35)

Each member contributes a percent of annual compensation, as selected by the municipality, on the member's annual compensation up to the compensation limit under Section 401(a)(17) of the Internal Revenue Code (see page 104). Any percentage from 0% to 10% (in 0.1% increments) may be selected. A 3%/5% contribution program was available prior to 1985 and may be continued (until any new benefit programs are adopted), but not adopted, after 1984. Under this program the member contributes 3% of the first \$4,200 of annual compensation and 5% of portions of annual compensation over \$4,200. Interest is credited to accumulated member contributions each December 31 (and reflected in the Annual Member Statement provided to each member) at a rate determined by MERS, currently the one-year U.S. Treasury Bill rate determined as of each December 31. The interest rate credited for the 12-month period ending on the valuation date was 0.28%.

If a member leaves the employ of the municipality, or dies, without a retirement allowance or other benefit payable on his/her account, the member's accumulated contributions plus interest (as described above) are refunded with spousal consent, to the member, if living, or to the member's surviving spouse, if any, or to a named beneficiary (after spousal consent, if applicable).

Note for MERS' Defined Contribution Program (Plan Section 19A): The Annual Actuarial Valuation addresses assets and liabilities for participation under MERS' Defined Benefit Programs. MERS' Defined Contribution Program (Benefit Program DC), which first became available for adoption in late 1997, is not addressed in the valuation results as it is not a defined benefit program.

Post-Retirement Adjustments (Plan Sections 20-22)

Benefit E – provides a one-time benefit increase to present retirants and beneficiaries. The amount of the increase is equal to a fixed percentage of the present benefit, or a fixed dollar amount times the number of years since the later of retirement or the date specified in the resolution. Benefit E may be readopted from time to time.

Benefit E-1 – provides automatic 2.5% annual non-compounded benefit increases to persons (and their beneficiaries) retired before the effective date of Benefit E-1. Such increases are further limited to increases in the Consumer Price Index (CPI) if Benefit E-1 was adopted before January 1, 1999. For all adoptions or readoptions after that date, the increase is an automatic 2.5% non-compounded increase without any CPI limitation.

Benefit E-2 – provides automatic 2.5% annual non-compounded benefit increases to persons (and their beneficiaries) retired on or after the effective date of Benefit E-2. Such increases are further limited to increases in the Consumer Price Index (CPI) if Benefit E-2 was adopted before January 1, 1999. For all adoptions or readoptions after that date, the increase is an automatic 2.5% non-compounded increase without any CPI limitation.

Death-After-Retirement Surviving Spouse Benefit (Plan Sections 23 and 23A)

A retiring member electing form of payment SL (straight life retirement allowance) is normally paid a lifetime retirement allowance, with payments terminating at death. The retiring member could provide benefits to a surviving spouse or another named beneficiary (see below) by electing Option II (100% continuation to beneficiary) or Option II-A (75% continuation to beneficiary) or Option III (50% continuation to beneficiary). A surviving spouse is automatically the beneficiary to an Option II, IIA or III allowance unless the spouse, in writing, relinquishes the benefit to the member electing a straight life allowance or to another named beneficiary. Electing these alternate forms of payment would lower the retiring member's retirement allowance.

If Benefit Program RS50% is adopted, a member retiring on or after the effective date of Benefit RS50% may elect form of payment SL and still provide a 50% survivor benefit to the member's spouse. To be eligible for a surviving spouse benefit, the retiring member and spouse must have been married to each other both at the time of death and during the full one-year period just before retirement.

DROP+ Delayed Retirement Option Partial Lump Sum (Plan Section 10(6))

Any member who is eligible to retire with full, immediate retirement benefits has the option to:

- (i) Retire immediately and receive a monthly benefit payable immediately, or
- (ii) Delay his or her retirement date and continue to work.

If the member is covered by Benefit Program DROP+ and the member retires at least 12 months after first becoming eligible for unreduced benefits, at actual retirement the member *has the option* to receive a partial lump sum and a reduced monthly benefit:

- (i) The member can elect a lump sum equal to 12, 24, 36, 48, or 60 times the member's monthly accrued benefit (if the member has delayed retirement at least that many months).
- (ii) For each 12 months included in the lump sum, the member's lifetime benefit is reduced by the DROP+ Percentage adopted by the employer. The employer can adopt any of the following DROP+ reduction percentages: 4%, 5%, 6%, 7%, or 8%.

SUMMARY OF PLAN PROVISIONS - HYBRID PLAN *

The benefits summarized in this section are intended only as general information regarding the Municipal Employees' Retirement System of Michigan. They are not a substitute for Act. No. 220 of the Public Acts of 1996, and the MERS Plan Document as revised. If any conflict occurs between the information in this summary and Act. No. 220 of the Public Acts of 1996, as amended, or the MERS Plan Document, as revised, the provisions of Act. No. 220 and the MERS Plan Document govern.

Part I - Defined Benefit Portion of Hybrid Plan

Eligibility for Retirement (Plan Section 19B)

Age 60 and 6 or more years of service.

Optional Retirement Programs (Unreduced Benefits) (Plan Section 10)

None

Mandatory Retirement

None

Deferred Retirement (Plan Sections 12 and 19B)

Termination of membership before age 60 other than death, after 6 years of credited service. Retirement allowances begin upon application filed with MERS, at age 60 or later. The deferred retirement allowance is computed in the same manner as a service retirement allowance, based on the final average compensation and years of service at termination.

Service Retirement Allowance (Plan Section 19B)

Credited service at time of termination is multiplied by:

Hybrid 1.0%	1.0% of a member's final average compensation (FAC)
Hybrid 1.25%	1.25% of FAC
Hybrid 1.5%	1.5% of FAC

* Please see page 94 for a description of the Defined Benefit Plan.

Maximum Benefit Payable by MERS (Plan Section 55)

The maximum benefit that may be paid by MERS is governed by Section 415 of the Internal Revenue Code (see page 104). Benefits in excess of the maximum benefit will be paid by the MERS Excess Benefit Plan under Plan Section 55A.

Act 88 (Reciprocal Retirement Act, 1961 P.A. 88)

If the municipality has elected to come under the provision of Act 88 (see Table 1), service with former and future public employers in Michigan may be used to satisfy the service eligibility conditions of MERS. MERS maintains a statewide Act 88 adoption list:

http://www.mersofmich.com/images/stories/Forms/Member/form_77.pdf

Final Average Compensation (Plan Sections 2A(6), 2A(11) and 19(B))

Computed under defined benefit plan Benefit Program FAC-3.

Disability Retirement Allowance (Plan Section 24)

Benefits are the same as under the defined benefit plan, except that optional Benefit Program D-2 does not apply.

Non-Duty Death Allowance (Plan Sections 26 and 28)

Benefits are the same as under the defined benefit plan.

Duty-Connected Death Allowance (Plan Section 27)

Benefits are the same as under the defined benefit plan, except that optional Benefit Program D-2 does not apply.

Member Contributions (Plan Section 19B)

None

Post-Retirement Adjustments (Plan Sections 20-22)

None

Death-After-Retirement Surviving Spouse Benefit (Plan Sections 23 and 23A)

The same optional forms of payment are available as under the defined benefit plan, except that optional Benefit Program RS50% does not apply.

DROP+ Delayed Retirement Option Partial Lump Sum (Plan Section 10(6))

None

Part II - Defined Contribution Portion of Hybrid Plan

Employer Contributions (Plan Section 19B)

Contribution Amount - Any percentage of compensation allowed by federal law.

Vesting Schedule - One of the following vesting schedules for employer contributions can be adopted by the employer:

1. Immediate vesting upon participation, or
2. 100% vesting after stated years (participant is 100% vested after not to exceed maximum 5 years of service ("cliff" vesting)), or
3. Graded vesting percentages per year of service, not to exceed maximum 6 years of service for 100% vesting, nor be less than certain stated minimums

Member Contributions (Plan Section 19B)

Contribution Amount - Any amount allowed by federal law and subject to procedures established by the Retirement Board.

Vesting Schedule - 100% immediate vesting

**Municipal Employees' Retirement System of Michigan
IRC Section 415(b)(1)(A) Benefit Dollar Limits - 2011**

The limits are based on the retiree's age at retirement. The limit at ages 62-65 is indexed with inflation, in \$5,000 increments. The limits at earlier ages are then increased proportionately. The limit applies to the retiree's or beneficiary's employer-financed straight life benefit, except in the case of an Option II, IIA, or III election with the retiree's spouse as named beneficiary, in which case the limit applies to the employer-financed portion of the reduced joint and survivor benefit.

Age at Retirement	General Employees	Police and Fire Members #
35	\$ 35,498	\$ 195,000
36	37,513	195,000
37	39,655	195,000
38	41,934	195,000
39	44,361	195,000
40	46,947	195,000
41	49,705	195,000
42	52,648	195,000
43	55,793	195,000
44	59,154	195,000
45	62,753	195,000
46	66,608	195,000
47	70,744	195,000
48	75,185	195,000
49	79,961	195,000
50	85,103	195,000
51	90,649	195,000
52	96,639	195,000
53	103,118	195,000
54	110,140	195,000
55	117,764	195,000
56	126,057	195,000
57	135,094	195,000
58	144,963	195,000
59	155,763	195,000
60	167,610	195,000
61	180,638	195,000
62	195,000	195,000
63	195,000	195,000
64	195,000	195,000
65 & older	195,000	195,000

Requires that the member have at least 15 years of police, fire, and/or armed forces service as defined in the final regulations issues on April 5, 2007. Otherwise, use the limits for general members.

IRC Section 401(a)(17) Compensation Limit - 2011

For 2011 the IRC Section 401(a)(17) limit is \$245,000. This limit is indexed with inflation in \$5,000 increments.

ACTUARIAL ASSUMPTIONS

Actuarial Assumptions

To calculate MERS contribution requirements, assumptions are made about future events that could affect the amount and timing of benefits to be paid and the assets to be accumulated. The economic and demographic assumptions include:

- An assumed rate of investment return that is used to discount liabilities and project what plan assets will earn.
- A mortality table projecting the number of members who will die before retirement and the duration of benefit payments after retirement.
- Assumed retirement rates projecting when members will retire and commence receiving retirement benefits.
- A set of withdrawal and disability rates to estimate the number of members who will leave the work force before retirement.
- Assumed rates of pay increase to project member compensation in future years.

The actuarial assumptions used in connection with this December 31, 2010 actuarial valuation are unchanged from the December 31, 2009 valuation assumptions, with the exceptions noted on page 93. The actuarial assumptions currently utilized are summarized below and on the following pages.

Interest Rate

Funding plan benefits involves the accumulation of assets to pay benefits in the future. These assets are invested and the net rate of investment earnings is a significant factor in determining the contributions required to support the ultimate cost of benefits. For the 2010 actuarial valuation, the net long-term investment yield is assumed to be 8%. This assumption was first used for the December 31, 1981 actuarial valuations.

The reader should note that, given that the actuarial value of assets is currently 16% higher than the market value, meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 8% investment return assumption.

Please see the Comments on the the Investment Markets on page 3 .

Pay Increases

Because benefits are based on a member's final average compensation, it is necessary to make an assumption with respect to each member's estimated pay progression. The pay increase assumption used in the actuarial valuation projects annual pay increases of 4.5% (1% for calendar years 2011-2014) plus a percentage based on an age-related scale to reflect merit, longevity and promotional pay increases.

The pay increase assumption for selected ages is shown below. The 4.5% long-term wage inflation assumption was first used for the December 31, 1997 actuarial valuations. The merit and longevity pay increase assumption was first used for the December 31, 2004 actuarial valuations.

Age	Base (Wage Inflation)#	Merit and Longevity	Total Percentage Increase in Pay
20	4.50%	8.40%	12.90%
25	4.50	5.33	9.83
30	4.50	3.26	7.76
35	4.50	2.05	6.55
40	4.50	1.30	5.80
45	4.50	0.81	5.31
50	4.50	0.52	5.02
55	4.50	0.30	4.80
60	4.50	0.00	4.50

For calendar years 2011, 2012, 2013 and 2014, the wage inflation assumption is 1%, instead of 4.5%. This assumption was first used for the December 31, 2010 actuarial valuations.

Inflation

Although no specific price inflation assumption is needed for this valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% to 4%.

Payroll Growth

For divisions that are open to new hires, the number of active members is projected to remain constant, and the total payroll is projected to increase 4.5% annually in the long term (1% annually for calendar years 2011 - 2014). This assumption was first used for the December 31, 1997 actuarial valuations.

Increase in Final Average Compensation

The 1999-2003 and 2004-2008 experience studies determined that for some retirees of some municipalities, the actual final average compensation (FAC) at retirement was larger than would be expected based on reported annual pays and FAC's for the years just before retirement. Some possible sources for the differences are:

- Lump sum payments for unused paid time off. Unused sick leave payouts have been excluded from FAC since the mid 1970s. However, since that time it has become popular to combine sick and vacation time into paid time off, which is included in the FAC. Consequently, the lump sums that are includible in FAC have grown over the years.
- Extra overtime pay during the final year of employment. Our studies only reflect any increase in overtime during the final year, not any increase that occurs during the full 3 to 5 year averaging period.

We analyzed the variation among municipalities. The amount of unexpected FAC increase varies quite a bit between municipalities. Some municipalities show no sign of FAC loading, while other municipalities show increases above the average increase. This is presumably the result of different personnel policies among municipalities.

The Retirement Board adopted new FAC assumptions to be first used for the December 31, 2010 annual actuarial valuations. These assumptions reflect an FAC load of 0% to 4% for each municipality, based on the municipality's experience. The FAC increase assumption(s) for your municipality are shown in the table below.

Division	FAC Increase Assumption
All divisions	0.00%

Withdrawal Rates

The withdrawal rates are used to estimate the number of employees at each age that are expected to terminate employment before qualifying for retirement benefits. The withdrawal rates do not apply to members eligible to retire, and do not include separation on account of death or disability. The assumed rates of withdrawal applied in the current valuation are based on years of service, and scaled up or down according to each division's experience.

Division	Withdrawal Rate Scaling Factor
All divisions	100%

The base withdrawal rates (see the table below) are multiplied by the scaling factor to obtain the assumed withdrawal rates.

Sample rates of withdrawal from active employment, before application of the scaling factor, are shown below. These rates were first used for the December 31, 2008 actuarial valuations.

Sample Years of Service	% of Active Members Withdrawing Within the Next Year
0	20.00%
1	17.00
2	14.00
3	11.00
4	9.00
5	6.50
10	5.00
15	3.70
20	3.00
25	2.70
30	2.60
34 and over	2.40

Retirement Rates

A schedule of retirement rates is used to measure the probability of eligible members retiring during the next year. The retirement rates for Normal Retirement are determined by each member's replacement index at the time of retirement. The replacement index is defined as the approximate percentage of the member's pay (after reducing for MERS member contributions) that will be replaced by the member's benefit at retirement. The index is calculated as:

$$\text{Replacement Index} = 100 \times \text{Accrued Benefit} \text{ divided by } [\text{Pay less Member Contributions}]$$

Retirement rates for Early (reduced) Retirement are determined by the member's age at early retirement.

The revised Normal Retirement rates below were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2004 actuarial valuations.

NORMAL RETIREMENT

EARLY RETIREMENT - REDUCED BENEFIT

Sample Replacement Index	Percent of Eligible Active Members Retiring Within Next Year
5	5%
10	11
15	16
20	19
25	20
30	20
35	20
40	20
45	20
50	20
55	21
60	22
65	24
70	24
75	28
80	32
85	38
90	45
95	48
100+	50

Retirement Ages	Percent of Eligible Active Members Retiring Within Next Year
50	2%
51	2
52	3
53	5
54	8
55	4
56	4
57	4
58	6
59	8

Disability Rates

Disability rates are used in the valuation to estimate the incidence of member disability in future years.

The assumed rates of disablement at various ages are shown below. These rates were first used for the December 31, 2004 actuarial valuations.

Sample Ages	Percent Becoming Disabled Within Next Year
20	0.02%
25	0.02
30	0.02
35	0.06
40	0.06
45	0.11
50	0.24
55	0.41
60	0.41
65	0.41

85% of the disabilities are assumed to be non-duty and 15% of the disabilities are assumed to be duty related. For those plans which have adopted disability provision D-2, 70% of the disabilities are assumed to be non-duty and 30% are assumed to be duty related.

Mortality Table

In estimating the amount of the reserves required at the time of retirement to pay a member's benefit for the remainder of his or her lifetime, it is necessary to make an assumption with respect to the probability of surviving to retirement and the life expectancy after retirement.

The mortality table used to project the mortality experience of plan members is a 50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members. These mortality tables were first used for the December 31, 2004 actuarial valuations.

90% of active member deaths are assumed to be non-duty deaths and 10% of the deaths are assumed to be duty related.

The life expectancies and mortality rates projected for **non-disabled** members are shown below for selected ages:

Age	Expected Years of Life Remaining	Mortality Rates
20	61.55	0.04%
25	56.68	0.05
30	51.82	0.06
35	46.97	0.07
40	42.13	0.09
45	37.34	0.13
50	32.60	0.20
55	27.98	0.34
60	23.53	0.62
65	19.40	1.16
70	15.66	1.87
75	12.24	2.99
80	9.25	5.07

The life expectancies and mortality rates projected for **disabled** members are shown below for selected ages:

Age	Expected Years of Life Remaining	Mortality Rates
20	51.82	0.06%
25	46.97	0.07
30	42.13	0.09
35	37.34	0.13
40	32.60	0.20
45	27.98	0.34
50	23.53	0.62
55	19.40	1.16
60	15.66	1.87
65	12.24	2.99
70	9.25	5.07
75	6.81	8.25
80	4.85	13.46

Miscellaneous and Technical Assumptions

- Loads - None
- Marriage Assumptions - 70% of males and 70% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
- Pay Increase Timing - Beginning of valuation year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
- Pay Adjustment - None.
- Decrement Timing - Decrements of all types are assumed to occur mid-year.
- Future Service - Members are assumed to earn 1.0 years of service in each future year.
- Eligibility Testing - Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
- Benefit Service - Exact fractional service is used to determine the amount of benefit payable. Benefit service is the service used in the benefit formula.
- Eligibility Service - The larger of reported Eligibility Service and reported Vesting Service was used as eligibility service in the valuation. Eligibility service is the service used to meet the conditions for retirement, and is generally equal to or larger than benefit service.
- Decrement Relativity - Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
- Decrement Operation - Disability and withdrawal do not operate during retirement eligibility.
- Normal Form of Payment - Future retiring members are assumed to elect:

<u>Form of Payment</u>	<u>Percentage</u>
SL	40%
II	30
IIA	10
III	15
IV	5
- Incidence of Contributions - Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.
- Maximum Compensation - The dollar compensation limits under Section 401(a)(17) of the Internal Revenue Code are projected to increase 4.5% annually. No member or employer contributions are projected to be made on the portion of any member's annual compensation in excess of the IRC Section 401(a)(17) limit for the year.

Miscellaneous and Technical Assumptions (continued)

- Maximum Benefit - The dollar benefit limitations under Section 415 of the Internal Revenue Code are projected to increase 4.5% annually. Employee divisions 02, 20-29 (Police), 05 and 50-59 (Fire) are presumed eligible for the public safety benefit limits. No benefits in excess of the IRC section 415 limits are projected to be paid, except as provided under the Qualified Excess Benefit Arrangement, Plan Section 55A.
- Member Contribution Interest - The interest rate credited on member contributions is the one-year Treasury Bill rate as of December 31, determined annually. The long-term rate assumed in the valuation is 4%, which is consistent with the 3% to 4% price inflation assumption.
- DROP+ Assumptions - Each eligible member is assumed to make the DROP+ election with the most valuable combination of lump sum and reduced monthly benefit.
- The retirement probabilities on page 109 are used for members who are *not* covered by Benefit Program DROP+. For members covered by Benefit Program DROP+, it is assumed that retirement will be delayed long enough to become eligible for at least 4 years worth of DROP+ lump sum.

ACTUARIAL FUNDING METHOD

The Retirement Board has adopted funding methodology for the Retirement System to achieve the following major objectives:

- Develop level required contribution rates as a percentage of payroll (for divisions that are open to new hires);
- Finance benefits earned by present employees on a current basis;
- Accumulate assets to enhance members' benefit security;
- Produce investment earnings on accumulated assets to help meet future benefit costs;
- Make it possible to estimate the long-term actuarial cost of proposed amendments to System provisions; and
- Assist in maintaining the Retirement System's long-term financial viability.

The basic funding objective is a level pattern of cost as a percentage of pay throughout each member's working lifetime. The funding method used in this actuarial valuation – the entry age normal cost method – is intended to i) meet this objective, and ii) result in a relatively level long-term contribution requirement as a percentage of pay. This actuarial method was first used for the December 31, 1993 actuarial valuations.

Under the entry age normal cost method, the total actuarially-determined contribution requirement is equal to the sum of the normal cost plus the payment required to fund the unfunded actuarial accrued liability over a period of years. Funding or amortizing the unfunded actuarial accrued liability includes a payment toward the liability (principal) plus a payment to reflect the time value of money (interest).

Normal Cost

In general terms, the normal cost is the cost of benefit rights accruing on the basis of current service. Technically, the normal cost rate is the level percentage-of-pay contribution required each year, with respect to each member, to accumulate over his or her projected working lifetime the reserves needed to meet the cost of earned benefits. The normal cost represents the ultimate cost of the Retirement System, if the unfunded liability is paid up and the actual experience of the System conforms to the assumptions.

Actuarial Accrued Liability

The total actuarial present value of future benefits is computed using the valuation's actuarial assumptions. Subtracting the present value of future normal costs results in the actuarial accrued liability.

The total actuarial accrued liability essentially represents the amount that would have been accumulated as of December 31, 2010, if contributions sufficient to meet the normal costs of the Retirement System had been made each year in the past, benefit provisions had always been the same as current benefit provisions, and actual past experience had always conformed to current actuarial assumptions. If assets equaled the total accrued liability, there would be no unfunded liability and future contribution requirements would consist solely of the calculated normal cost rates.

Amortization of Unfunded Actuarial Accrued Liability

The unfunded actuarial accrued liability is projected to the beginning of the fiscal year for which employer contributions are being calculated (see page 87 for a description of the projection). The projected unfunded accrued liability is then amortized by level percent of payroll contributions over a period of years. Active member payroll is assumed to increase 4.5% a year for the purpose of determining the level percent contributions.

The standard amortization period to fund the unfunded liability is 28 years for positive unfunded liabilities in the 2010 valuation. This period will be reduced by one year in each of the next eight annual valuations, reaching 20 years in the 2018 valuation. Beginning with the 2019 valuation the 20 year period will be reestablished with each annual valuation. Section 20m of Act No. 314 of the Public Acts of 1965 as amended (MCL 38.1140m) requires that the amortization period not exceed 30 years.

The standard amortization period for negative unfunded liabilities is 10 years, with the 10 year period reestablished with each annual actuarial valuation.

For divisions that are closed to new hires, and the new hires are not covered by MERS defined benefit or hybrid provisions (in a linked division, as discussed on page 119), the otherwise applicable MERS-wide standard amortization period for positive unfunded liabilities in effect in the valuation year in which the division is closed is decreased annually by 2 years until the period reaches 5 years. At that point, the amortization period will remain at 5 years.

Shorter amortization periods may be elected by a municipality (but not shorter than 5 years for

negative unfunded liabilities).

Table 16 in the results section of this report indicates the current length of the amortization period for each division. Note that when the 10 year amortization is used for negative unfunded liabilities, Table 16 reports the amortization in two parts: i) a long term credit based on the long term amortization period (usually the standard amortization period described above), plus ii) an overfunding credit resulting from using a 10 year amortization.

In calculating the annual required contribution (ARC) for reporting and disclosure purposes under Statement Nos. 25 and 27 of the Governmental Accounting Standards Board, the following amortization methods are used:

- A level percentage of payroll amortization is used, based on the amortization periods described in the previous paragraph and based on the assumption that payroll increases 4.5% per year.
- For divisions that are less than 100% funded and are closed to new hires (and new hires are not covered by MERS defined benefit or hybrid provisions in a linked division, as discussed on page 119), a 30-year level dollar amortization is used, if it results in a higher amortization payment.

Termination Liability

The termination liability represents the value of the benefits that have been earned as of the valuation date based on final average compensation and benefit service as of the valuation date. All active members are assumed to terminate employment on the valuation date. Vested and non-vested active members are assumed to retire at the first age when the member would be eligible for unreduced deferred retirement benefits, assuming no continued employment after the valuation date (non-vested benefits are assumed to commence at age 60).

Projections of Employer Contributions and Funded Percentage

The 20-year projections of employer contributions and funded percentages displayed in Chart 17.5 are based on the following assumptions:

- All demographic assumptions will be met during the projection period, including the assumption that active members' pays increase in accordance with the pay increase assumption (see page 106). If the number of active members remains constant, projected total active member payroll will increase about 4.5% annually (1% annually for calendar years 2011-2014), the wage inflation assumption. For open divisions (an open division is open to newly hired employees), this projected payroll growth results

in increasing employer contributions even when the employer contribution rate is stable or slowly declining.

- The actuarial value of assets will earn the assumed 8% return each year during the projection period (**see Comments on the Investment Markets on page 3**).
- There will be no benefit changes during the projection period.
- The employer contributions through January 1, 2012 are not affected, and are based on previous annual actuarial valuations.
- For open divisions (new hires are added to the division), the number of active members is assumed to remain constant. However, if an open division is linked to a division that will have no new hires (whose new hires, transfers and rehires enter the open division - see page 119), the total number of active members in the linked divisions (combined) is assumed to remain constant. For closed divisions (no new hires), the number of active members is assumed to gradually decline to zero, based on the assumptions for retirement, disability, termination, and death.

The projected contribution amounts should not be used for short term budgeting purposes because the assumptions are designed to be a long term expectation of future events. These projections illustrate the long term pattern of employer contributions under current funding policies. A projection of contribution rates for budgeting purposes would require additional short-term actuarial analysis, which is beyond the scope of this report.

Most open division projections (an open division is open to newly hired employees, transfers and rehires - see page 119) will show a very gradual change, up or down, in the funded percentage toward 100% funding. For divisions that are currently less than 100% funded, the reader may be surprised at how long it takes to approach 100% funding. This happens because the standard amortization period for unfunded accrued liabilities, after declining to 20 years in the 2018 annual actuarial valuations, will be reset each year thereafter to a new 20 year period. This results in more stable employer contribution rates, but also a very gradual approach to 100% funding. Additional employer contributions would accelerate the funding progress.

A closed division (no new hires) that is not linked to an open division (see page 119 for a discussion of linked divisions) and is less than 100% funded will have a projected employer contribution that increases each year for the first 11-12 years after closure. This results in a more rapid amortization of unfunded accrued liabilities and a more rapid increase in the division's funded percentage. This is necessary to ensure that the division has adequate assets to pay benefits. However, the closed division's funded percentage may start to decline several years after all the members have retired. Once the average age of the retiree-only division reaches the late 70's or older, the 5-year

amortization period may result in insufficient assets to cover the pension payout. This issue was reviewed in the 2004-2008 study of MERS experience, and beginning with the December 31, 2011 valuation, a minimum contribution will become effective, based on cash flow needs. The projections in this report reflect the minimum contribution requirement, if applicable, in fiscal years starting in 2013 and later.

A few open divisions will see a decline in the funded percentage. This is usually an open division with a very small number of active members (often only one) and a much larger number of retirees. Because the division is open to new hires, the standard amortization period is used. For many years this may result in a declining funded percentage, before the funded percentage begins to head up toward 100% funding. The minimum contribution requirement based on cash flow needs (see previous paragraph) will keep the funded percentage from going negative. However, such a division should be considered a candidate for either merging with a different division, or an accelerated funding schedule.

A division with no new hires that is linked to an open division within the same employee classification (with new hires, transfers and rehires – see page 119 for a discussion of linked divisions) will typically show a projected funded percentage that declines and may even become negative. This is an expected condition, because the standard open division amortization policy applies to a division with no new hires that is linked to an open division. The linked division with no new hires is allowed to share the assets of the linked open division. The division with no new hires alone will run out of assets; however, the combined linked divisions will not run out of assets and the combined funded percentage will head towards 100%. For a linked division the projections also show a dashed line that represents the combined projection of all the linked divisions.

A small number of divisions currently have negative assets, and a negative funded percentage. These are generally divisions for which many or most of the employees have been transferred to a different division, with the bulk of the assets also being transferred to the other division. Negative assets means the division is temporarily borrowing from better funded divisions within the same municipality. The minimum contribution requirement based on cash flow needs will result in a positive funded percentage by 2014 or 2015. However such a division should be considered a candidate for either merging with a different division, or an accelerated funding schedule.

Some divisions are so well funded that no future employer contributions will be needed; assuming that there are no major changes in the covered participants, benefit provisions are not changed, and the actuarial assumptions are met. Assets substantially exceed present liabilities. The funded percentage will continue to increase during the projection period. Such a division may be a

candidate for a reallocation of assets among other divisions, if appropriate.

For divisions that are affected by employer contribution rate caps, the projections of employer contributions in Chart 17.5 do not reflect the impact of the employer cap provision. Member contribution rates are assumed to remain constant at the rates shown in Table 1. The projected employer contribution rate is allowed to move up or down, as needed, to adequately fund the benefit obligations. In other words, projection of the future impact of the employer cap provision is beyond the scope of the Chart 17.5 projections. Future annual actuarial valuation reports will, of course, reflect (in the results) the application of the then-current employer cap provision.

Open Divisions and Closed Divisions

Open divisions will include the future new hires within an employee classification (bargaining unit). Rehired members will also become members of the open division. Members transferred to the employee classification will also become members of the open division, unless the Alternate Transfer Provision is adopted by the municipality. In the latter case, each transferring member is given a choice of entering the open division or a closed division within the employee classification (if there are still active members in the closed division, and the closed division is of the same type - defined benefit, hybrid, or defined contribution - as the division from which the member transferred).

There may also be one or more divisions within the employee classification that no longer accept new hires. These are generally referred to as closed divisions, but in some situations are linked to the open division with the new hires (for actuarial valuation purposes - see Linked Divisions below). Note that a division is also treated like a closed division if the division has no active members reported as of the valuation date.

Linked Divisions

The closed division funding policy described at the bottom of page 115 was adopted by the Retirement Board (Amortization Policy for Closed Divisions Within Open Municipalities, as revised by the Retirement Board on March 9, 2010). The purpose is to ensure that a defined benefit (DB) division that is closed to new hires does not run out of money. Funding the unfunded liabilities over the MERS standard amortization period will likely deplete a closed division's assets before the death of the last participant in the division. Assets cannot be shared between the closed DB division and a defined contribution (DC) plan covering the new hires, or a non-MERS DB plan covering the new hires, even if the employees are part of the same employee classification (bargaining unit).

However, if the new hires, transfers and rehires are covered by a new tier of benefits in the MERS

DB Plan (including the DB portion of the MERS Hybrid Plan), there can be a sharing of employer assets between the DB division with no new hires (with the old benefit structure) and the DB/Hybrid division covering the new hires within the same employee classification. The employer can avoid the required more rapid amortization of the unfunded liabilities by putting new hires into a MERS DB or MERS Hybrid division, instead of a DC plan or non-MERS DB plan.

If a division with no new hires is “linked” to an open MERS DB division, this is indicated in Table 1, in the footnote to Table 16, and in the projections in Chart 17.5. Both the linked divisions will use the standard open division funding policy.

ASSET VALUATION METHOD

The actuarial value of assets is determined on the basis of a method that calculates expected investment income at the valuation rate of return and adds a portion of the difference between the expected investment income and actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 10-year period at the rate of 10% per year. This asset valuation method was first adopted for the December 31, 2005 valuation, and is applied as follows:

Actuarial Value equals:

- (a) Actuarial value of assets from the previous actuarial valuation, plus
- (b) Aggregate employer and member contributions since the last valuation, minus
- (c) Benefit payments and refunds of member contributions since the last valuation, plus
- (d) Estimated investment income at the 8% valuation interest rate, plus
- (e) Portion of gain (loss) recognized in the current valuation.

For the above purpose, gain (loss) is defined as the excess during the period of the investment return on the market value of assets over the expected investment income. The portion recognized in the valuation is 10% of the current year's gain (loss) plus 10% of the gain (loss) from each of the 9 preceding years. The cumulative difference between the market value and valuation assets as of December 31, 2005 is recognized over 9 years.

During 2010, the approximate net investment return on average total assets at actuarial value (determined as the actuarial value of investment income divided by the average actuarial value of assets during the year) was 5.74%. The corresponding amounts for 2009, 2008, 2007 and 2006 were 5.30%, 4.73%, 8.12%, and 8.14%, respectively.

For the December 31, 2010 valuation, the actuarial value of assets is equal to 116.29% of market value (compared to 125.17%, 139.15%, 98.85%, and 98.62% in 2009, 2008, 2007, and 2006, respectively). This percentage is applied to each division's reported market value of assets to estimate the actuarial value of assets for the division. The chart on page 122 provides the details of the derivation of the actuarial value of assets for the retirement system in the aggregate.

The reader should note that, given that the actuarial value of assets is currently 16% higher than the market value, meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 8% investment return assumption.

Please see the Comments on the Investment Markets on page 3 .

Municipal Employees' Retirement System of Michigan
Derivation of Actuarial Value of Assets

Valuation Date December 31:	2001	2002	2003	2004	2005
1. Beginning of Year Assets					
a) Market Value	\$ 3,788,886,471	\$ 3,647,820,869	\$ 3,285,304,333	\$ 4,071,997,180	\$ 4,619,201,287
b) Valuation Assets	3,791,423,339	4,034,377,419	4,134,404,645	4,459,492,020	4,732,208,229
2. End of Year Market Value Assets	3,647,820,869	3,285,304,333	4,071,997,180	4,619,201,287	4,906,288,690
3. Net Additions to Market Value					
a) Net Contributions	154,103,475	167,427,558	223,450,393	223,057,268	277,589,524
b) Net Investment Income = (3d) - (3a) - (3c)	(93,269,286)	(324,926,459)	792,139,959	577,562,751	288,223,418
c) Benefit Payments	(201,899,791)	(205,017,635)	(228,897,505)	(253,415,912)	(278,725,539)
d) Total Additions to Market Value = (2) - (1a)	(141,065,602)	(362,516,536)	786,692,847	547,204,107	287,087,403
4. Average Valuation Assets = (1b) + .5x[(3a) + (3c)]	3,767,525,181	4,015,582,381	4,131,681,089	4,444,312,698	4,731,640,222
5. Expected Income at Valuation Rate = 8% x (4)	301,402,014	321,246,590	330,534,487	355,545,016	378,531,218
6. Gain (Loss) = (3b) - (5)	(394,671,300)	(646,173,049)	461,605,472	222,017,735	(90,307,800)
7. Phased-In Recognition of Investment Return					
a) Current Year: 0.2 x (6)	(78,934,260)	(129,234,610)		44,403,547	(18,061,560)
b) First Prior Year	(79,670,266)	(78,934,260)			44,403,547
c) Second Prior Year	63,981,441	(79,670,266)			
d) Third Prior Year	40,228,410	63,981,441			
e) Fourth Prior Year	43,743,057	40,228,408			
f) 1999-2003 Years Combined	N/A	N/A	0		
g) Total Recognized Investment Gain (Loss)	(10,651,618)	(183,629,287)	0	(96,873,710)	(96,873,710)
8. Change in Valuation Assets (3a) + (3c) + (5) + (7g)	242,954,080	100,027,226	325,087,375	272,716,209	306,863,480
9. End of Year Assets					
a) Market Value = (2)	3,647,820,869	3,285,304,333	4,071,997,180	4,619,201,287	4,906,288,690
b) Valuation Assets = (1b) + (8)	4,034,377,419	4,134,404,645	4,459,492,020	4,732,208,229	5,039,071,709
c) Difference Between Market & Valuation Assets	(386,556,550)	(849,100,312)	(387,494,840)	(113,006,942)	(132,783,019)
10. Recognized Rate of Return = [(5) + (7g)] / (4)	7.72%	3.43%	8.00%	6.82%	6.51%
11. Market Rate of Return	(2.48%)	(8.95%)	24.13%	14.24%	6.24%
12. Valuation Asset Adjustment Factor = (9b) / (9a)	1.105969	1.258454	1.095161	1.024465	1.027064

Municipal Employees' Retirement System of Michigan
Derivation of Actuarial Value of Assets (cont.)

Valuation Date December 31:	2006	2007	2008	2009	2010
1. Beginning of Year Assets					
a) Market Value	\$ 4,906,288,690	\$ 5,590,042,317	\$ 6,071,046,914	\$ 4,512,260,955	\$ 5,276,645,338
b) Valuation Assets	5,039,071,709	5,512,924,466	6,001,040,078	6,278,731,673	6,604,608,397
2. End of Year Market Value Assets	5,590,042,317	6,071,046,914	4,512,260,955	5,276,645,338	5,971,593,444
3. Net Additions to Market Value					
a) Net Contributions	371,505,157	386,942,952	374,214,134	413,354,720	423,489,032
b) Net Investment Income = (3d) - (3a) - (3c)	622,409,716	442,377,206	(1,553,001,917)	771,066,207	733,059,352
c) Benefit Payments	(310,161,246)	(348,315,561)	(379,998,176)	(420,036,544)	(461,600,278)
d) Total Additions to Market Value = (2) - (1a)	683,753,627	481,004,597	(1,558,785,959)	764,384,383	694,948,106
4. Average Valuation Assets = (1b) + .5x[(3a) + (3c)]	5,069,743,665	5,532,238,162	5,998,148,057	6,275,390,761	6,585,552,774
5. Expected Income at Valuation Rate = 8% x (4)	405,579,493	442,579,053	479,851,845	502,031,261	526,844,222
6. Gain (Loss) = (3b) - (5)	216,830,223	(201,847)	(2,032,853,762)	269,034,946	206,215,130
7. Phased-In Recognition of Investment Return					
a) Current Year: 0.1 x (6)	21,683,022	(20,185)	(203,285,376)	26,903,495	20,621,513
b) First Prior Year	(14,753,669)	21,683,022	(20,185)	(203,285,376)	26,903,495
c) Second Prior Year		(14,753,669)	21,683,022	(20,185)	(203,285,376)
d) Third Prior Year			(14,753,669)	21,683,022	(20,185)
e) Fourth Prior Year				(14,753,669)	21,683,022
f) Fifth Prior Year					(14,753,669)
g) Sixth Prior Year					
h) Seventh Prior Year					
i) Eighth Prior Year					
j) Ninth Prior Year					
k) Total Recognized Investment Gain (Loss)	6,929,353	6,909,168	(196,376,208)	(169,472,713)	(148,851,200)
8. Change in Valuation Assets (3a) + (3c) + (5) + (7k)	473,852,757	488,115,612	277,691,595	325,876,724	339,881,776
9. End of Year Assets					
a) Market Value = (2)	5,590,042,317	6,071,046,914	4,512,260,955	5,276,645,338	5,971,593,444
b) Valuation Assets = (1b) + (8)	5,512,924,466	6,001,040,078	6,278,731,673	6,604,608,397	6,944,490,173
c) Difference Between Market & Valuation Assets	77,117,851	70,006,836	(1,766,470,718)	(1,327,963,059)	(972,896,729)
10. Recognized Rate of Return = [(5) + (7k)] / (4)	8.14%	8.12%	4.73%	5.30%	5.74%
11. Market Rate of Return	12.61%	7.89%	(25.59%)	17.10%	13.94%
12. Valuation Asset Adjustment Factor = (9b) / (9a)	0.986204	0.988469	1.391482	1.251668	1.162921

**Municipal Employees' Retirement System of Michigan
Derivation of Actuarial Value of Assets (cont.)**

Valuation Date December 31:	2011	2012	2013	2014	2015
1. Beginning of Year Assets					
a) Market Value					
b) Valuation Assets					
2. End of Year Market Value Assets					
3. Net Additions to Market Value					
a) Net Contributions					
b) Net Investment Income = (3d) - (3a) - (3c)					
c) Benefit Payments					
d) Total Additions to Market Value = (2) - (1a)					
4. Average Valuation Assets = (1b) + .5x[(3a) + (3c)]					
5. Expected Income at Valuation Rate = 8% x (4)					
6. Gain (Loss) = (3b) - (5)					
7. Phased-In Recognition of Investment Return					
a) Current Year: 0.1 x (6)					
b) First Prior Year	20,621,513				
c) Second Prior Year	26,903,495	20,621,513			
d) Third Prior Year	(203,285,376)	26,903,495	20,621,513		
e) Fourth Prior Year	(20,185)	(203,285,376)	26,903,495	20,621,513	
f) Fifth Prior Year	21,683,022	(20,185)	(203,285,376)	26,903,495	20,621,513
g) Sixth Prior Year	(14,753,669)	21,683,022	(20,185)	(203,285,376)	26,903,495
h) Seventh Prior Year		(14,753,669)	21,683,022	(20,185)	(203,285,376)
i) Eighth Prior Year			(14,753,669)	21,683,022	(20,185)
j) Ninth Prior Year				(14,753,667)	21,683,025
k) Total Recognized Investment Gain (Loss)	(148,851,200)	(148,851,200)	(148,851,200)	(148,851,198)	(134,097,528)
8. Change in Valuation Assets (3a) + (3c) + (5) + (7k)					
9. End of Year Assets					
a) Market Value = (2)					
b) Valuation Assets = (1b) + (8)					
c) Difference Between Market & Valuation Assets					
10. Recognized Rate of Return = [(5) + (7k)] / (4)					
11. Market Rate of Return					
12. Valuation Asset Adjustment Factor = (9b) / (9a)					