



MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
ANNUAL ACTUARIAL VALUATION REPORT DECEMBER 31, 2011
MANISTEE CO (5101)

Fall, 2012

Manistee Co

In care of:

Municipal Employees' Retirement System of Michigan
1134 Municipal Way
Lansing, Michigan 48917

This report presents the results of the Annual Actuarial Valuation, prepared as of December 31, 2011. The report includes the determination of liabilities and contribution rates resulting from the participation of Manistee Co (5101) in the Municipal Employees' Retirement System of Michigan ("MERS"). MERS is an independent public nonprofit organization that has partnered with Michigan municipalities for more than 65 years, helping them provide safe, secure retirement plans for their employees. Manistee Co 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.

The purpose of the December 31, 2011 annual actuarial valuation is to (i) measure funding progress, (ii) establish contribution requirements for the fiscal year beginning January 1, 2013, and (iii) provide actuarial information in connection with applicable Governmental Accounting Standards Board statements. This valuation report should not be relied upon for any other purpose.

The valuation uses financial data, plan provision data, and participant data as of December 31, 2011 furnished by MERS' administrative staff. The data was checked for internal and year to year consistency as well as general reasonableness, but was not otherwise audited. The MERS of Michigan Actuarial Services Department does not assume responsibility for the accuracy or completeness of the data used in this valuation.

The actuarial assumptions and methods are adopted by the Retirement Board. For this annual actuarial valuation, the Retirement Board adopted some revised actuarial assumptions. Please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at: <http://www.mersofmich.com/Appendix>. The actuarial assumptions used for this valuation produce results that we believe are reasonable.

To the best of our knowledge, this report is complete and accurate, was prepared in conformity with generally recognized actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and is 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 employees of MERS, 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 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.

This report was prepared at the request of the Retirement Board and may be provided only in its entirety by the municipality to other interested parties (MERS customarily provides the full report on request to related third parties such as the auditor for the municipality).

Please contact MERS at <http://www.mersofmich.com/MERS/About-MERS/Contact-Us> if you have any questions.

Sincerely,

Alan Sonnanstine, MAAA, ASA
Cathy Nagy, MAAA, FSA
Jim Koss, MAAA, ASA

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Executive Summary for Manistee Co (5101)

Required Employer Contributions

The computed minimum required employer contributions to the retirement system for the fiscal years beginning January 1, 2013 (2011 Valuation) and January 1, 2012 (2010 Valuation) are as follows:

Division	Percentage of Payroll		Monthly \$ Based on Valuation Payroll	
	2011 Valuation	2010 Valuation	2011 Valuation	2010 Valuation
01 - General	0.00%	0.00%	\$ 0	\$ 0
02 - Sheriff/POAM	12.00%	12.00%	11,731	11,455
04 - MCF	9.95%	10.37%	45,707	47,068
10 - 911 Employees	7.05%	6.19%	2,721	2,315
11 - Exec Employees	17.03%	15.99%	11,450	10,762
12 - Elected Officials	20.20%	15.21%	2,669	2,778
13 - GEA & TPOAM	-	13.98%	9,516	10,136
14 - Court Employees	16.34%	15.29%	20,752	19,669
20 - Sheriff/Adm	23.32%	22.12%	4,582	4,247
41 - Medical Facility Adminstr	33.02%	30.92%	2,981	2,777
Municipality Total			\$ 112,109	\$ 111,207

The above employer contribution requirements are in addition to the member contributions, if any, shown in Table 2.

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 1). 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 11-16 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 provisions, changes in the actuarial assumptions, and experience of the plan (investment experience and demographic experience).

The 2011 valuation reflects changes in actuarial assumptions and/or methods (see the [Appendix](#)). For benefit provision changes see Table 2.

2011 System Experience

Based on the smoothed Actuarial Value of Assets (Valuation Assets), the recognized rate of investment return for MERS overall was 5.2% (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.

2011 Funded Position

The ratio of the Valuation Assets to the Actuarial Accrued Liability for Manistee Co in aggregate is 77%; last year's ratio was 79%.

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 three years, 2009 - 2011, have been less volatile and MERS' portfolio recovered with average annual investment returns of over 10%. While economic worries continue to haunt investors world-wide and market volatility continues, equity markets have rebounded, particularly in the United States. At this time, MERS maintains the 8% annual return assumption on investments in the belief that over the long term this is achievable. However, MERS continuously monitors the investment return assumption to make sure it is reasonable compared to long term expectations.

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 (four-tenths, for 2008 - 2011) of the 2008 investment market losses was 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, 2011 the actuarial value of assets is 121% of market value (up from 116% in 2010). 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, 2011 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 64% (instead of 77%); and ii) your total employer contribution requirement for the fiscal year starting January 1, 2013 would be \$ 1,626,144 (instead of \$ 1,345,308). 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 four-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 6 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 6 years (as described above).

Employer Contribution Details for Manistee Co (5101) For the Fiscal Year Beginning January 1, 2013

Table 1

Division	Amort. Period for Unfund. Liab. ^{4,5}	Employer Contributions ¹			Blended Employer Contribut. ⁷	GASB ARC ⁶	Member Contribut. Conversion Factor ²
		Normal Cost	Unfunded Accrued Liability	Total Required Employer Contribut.			
Percentage of Payroll							
01 - General	27	9.11%	-1005.87%	0.00%			
02 - Sheriff/POAM	27	6.34%	5.66%	12.00%			
04 - MCF	27	7.12%	2.83%	9.95%			
10 - 911 Employees	27	6.99%	0.06%	7.05%			
11 - Exec Employees	27	9.25%	7.78%	17.03%			
12 - Elected Officials	27	6.44%	13.76%	20.20%			
13 - GEA & TPOAM	27	-	-	-			
14 - Court Employees	27	9.67%	6.67%	16.34%			
20 - Sheriff/Adm	27	8.25%	15.07%	23.32%			
41 - Medical Facility Adm	27	9.78%	23.24%	33.02%			
Estimated Monthly Contribution³							
01 - General	27	\$ 65	\$ (7,142)	\$ 0			0.80%
02 - Sheriff/POAM	27	6,198	5,533	11,731			0.83%
04 - MCF	27	32,707	13,000	45,707			0.90%
10 - 911 Employees	27	2,698	23	2,721			0.88%
11 - Exec Employees	27	6,219	5,231	11,450			0.85%
12 - Elected Officials	27	851	1,818	2,669			0.81%
13 - GEA & TPOAM	27	4,981	4,535	9,516			
14 - Court Employees	27	12,281	8,471	20,752			0.87%
20 - Sheriff/Adm	27	1,621	2,961	4,582			0.80%
41 - Medical Facility Adm	27	883	2,098	2,981			0.79%
Total Municipality		\$ 68,504	\$ 36,528	\$ 112,109			
Estimated Annual Contribution³		\$ 822,048	\$ 438,336	\$ 1,345,308			

¹ The above Employer contribution requirements are in addition to the Member contributions, if any, shown in Table 2.

² If Member contributions are increased/decreased by 1.00% of pay, the Employer contribution requirement will decrease/increase by the Member Contribution Conversion Factor.

³ 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). For divisions that will have no new hires, invoices will be based on the above dollar amounts which are based on projected fiscal year payroll. See description of Open Divisions and Closed Divisions in the [Appendix](#).

⁴ If projected assets exceed projected liabilities as of the beginning of the January 1, 2013 fiscal year, the negative unfunded accrued liability is amortized (spread) over 10 years. This amortization is used to reduce the employer contribution rate.

⁵ If the division is closed to new hires, with new hires not covered by MERS defined benefit or hybrid provisions, the amortization period will decrease by 2 years each valuation year, until a minimum 5 year amortization is attained. This will result in amortization payments that increase faster than 4.5% each year. If the division is closed to new hires, with new hires (and transfers) covered by MERS defined benefit or hybrid provisions, the standard open division amortization period will apply.

⁶ For reporting and disclosure purposes under Statement Nos. 25 and 27 of the Governmental Accounting Standards Board, the annual required contribution (ARC) for this division is based on a 30 year level dollar amortization.

⁷ For linked divisions, the employer will be invoiced the Total Required Employer Contribution rate shown above for each linked division (a contribution rate for the open division; a contribution dollar for the closed-but-linked division), unless the employer elects to contribute the Blended Employer Contribution rate shown above, by contacting MERS at 800-767-2308.

Please see the Comments on the Investment Markets.

Benefit Provisions for Manistee Co (5101)

Table 2

01 - General: Open Division

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-2	Benefit B-2
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	-	-
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	0%	0%
Act 88:	Yes	Yes

02 - Sheriff/POAM: Open Division

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-4 (80% max)	Benefit B-4 (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	5 years	5 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Member Contributions:	7.84%	7.54%
Act 88:	Yes	Yes

04 - MCF: Open Division

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-2	Benefit B-2
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	30 and Out	30 and Out
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	1.79%	1.09%
Act 88:	Yes	Yes

Table 2**10 - 911 Employees: Open Division**

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-4 (80% max)	Benefit B-4 (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	-	-
Early Retirement (Reduced):	55/15 50/25	50/25 55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	2.52%	2.52%
Act 88:	Yes	Yes

11 - Exec Employees: Open Division

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-4 (80% max)	Benefit B-4 (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	55/20	55/20
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	2.44%	2.44%
Act 88:	Yes	Yes

12 - Elected Officials: Open Division

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-4 (80% max)	Benefit B-4 (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	55/20	55/20
Early Retirement (Reduced):	55/15 50/25	50/25 55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	4.53%	4.53%
Act 88:	Yes	Yes

13 - GEA & TPOAM: Closed to new hires, linked to Division HA

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-4 (80% max)	Benefit B-4 (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	55/20	55/20
Early Retirement (Reduced):	55/15 50/25	50/25 55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	3.56%	3.56%
Act 88:	Yes	Yes

Table 2**14 - Court Employees: Open Division**

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-4 (80% max)	Benefit B-4 (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	55/20	55/20
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	3.28%	3.28%
Act 88:	Yes	Yes

20 - Sheriff/Adm: Open Division

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-4 (80% max)	Benefit B-4 (80% max)
Normal Retirement Age:	60	60
Vesting:	8 years	8 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	5 years	5 years
Member Contributions:	2.88%	2.88%
Act 88:	Yes	Yes

41 - Medical Facility Administrator: Open Division

	2011 Valuation	2010 Valuation
Benefit Multiplier:	Benefit B-2	Benefit B-2
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	50/30	50/30
Early Retirement (Reduced):	55/15	50/25
	50/25	55/15
Final Average Compensation:	3 years	3 years
Member Contributions:	0%	0%
Act 88:	Yes	Yes

Membership Summary for Manistee Co (5101)

Table 3

Division	2011 Valuation		2010 Valuation		2011 Valuation		
	Number	Annual Payroll ¹	Number	Annual Payroll ¹	Average Age	Average Benefit Service ²	Average Eligibility Service ²
01 - General							
Active Members	1	\$ 8,520	1	\$ 8,640	71.5	29.0	29.0
Vested Former Members	4	26,335	4	26,335	56.3	11.7	14.0
Retirees and Beneficiaries	20	56,363	21	59,803	80.6		
02 - Sheriff/POAM							
Active Members	25	\$ 1,173,102	25	\$ 1,145,538	39.1	9.4	9.4
Vested Former Members	7	44,479	7	44,675	47.9	8.4	13.4
Retirees and Beneficiaries	15	191,313	15	184,181	69.3		
04 - MCF							
Active Members	164	\$ 5,512,443	166	\$ 5,446,601	43.1	8.4	8.5
Vested Former Members	31	147,259	26	134,023	47.6	9.8	11.5
Retirees and Beneficiaries	86	734,913	84	687,640	70.3		
10 - 911 Employees							
Active Members	11	\$ 463,095	11	\$ 448,872	45.2	13.8	14.0
Vested Former Members	3	9,510	2	9,083	52.7	5.1	11.2
Retirees and Beneficiaries	0	0	0	0	0.0		
11 - Exec Employees							
Active Members	18	\$ 806,819	18	\$ 807,660	44.8	10.4	12.3
Vested Former Members	2	11,963	2	22,374	40.0	6.2	8.7
Retirees and Beneficiaries	7	179,282	6	143,641	63.7		
12 - Elected Officials							
Active Members	2	\$ 158,524	3	\$ 219,128	50.9	23.1	23.1
Vested Former Members	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	2	63,281	1	31,041	67.5		
13 - GEA & TPOAM							
Active Members	29	\$ 822,796	31	\$ 870,042	51.5	11.8	12.7
Vested Former Members	3	16,288	2	8,765	57.7	8.8	12.3
Retirees and Beneficiaries	10	138,940	11	142,498	68.4		
14 - Court Employees							
Active Members	36	\$ 1,524,043	36	\$ 1,543,725	49.9	10.5	14.1
Vested Former Members	5	77,810	4	36,517	52.4	14.8	18.5
Retirees and Beneficiaries	15	252,104	12	222,100	62.8		
20 - Sheriff/Adm							
Active Members	4	\$ 235,776	4	\$ 230,387	47.6	24.9	24.9
Vested Former Members	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	3	94,303	3	94,303	58.3		
41 - Medical Facility Administrator							
Active Members	1	\$ 108,352	1	\$ 107,776	62.8	6.4	6.4
Vested Former Members	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	1	88,963	1	88,963	68.0		

Table 3

Division	2011 Valuation		2010 Valuation		2011 Valuation		
	Number	Annual Payroll ¹	Number	Annual Payroll ¹	Average Age	Average Benefit Service ²	Average Eligibility Service ²
Total Municipality							
Active Members	291	\$ 10,813,470	296	\$ 10,828,369	44.9	9.8	10.5
Vested Former Members	55	333,644	47	281,772	49.3	9.8	12.5
Retirees and Beneficiaries	<u>159</u>	1,799,462	<u>154</u>	1,654,170	70.1		
Total Participants	505		497				

¹ Annual payroll for active members; annual deferred benefits payable for vested former members; annual benefits being paid for retirees and beneficiaries.

² Description can be found under Miscellaneous and Technical Assumptions in the [Appendix](#).

Reported Assets (Market Value) for Manistee Co (5101)

Table 4

Division	2011 Valuation		2010 Valuation	
	Employer and Retiree ¹	Employee ²	Employer and Retiree ¹	Employee ²
01 - General	\$ 1,074,425	\$ 30,357	\$ 1,111,262	\$ 30,327
02 - Sheriff/POAM	2,351,612	393,383	2,346,686	316,427
04 - MCF	9,691,377	397,698	9,673,285	342,519
10 - 911 Employees	755,206	144,356	705,769	132,835
11 - Exec Employees	1,772,066	188,518	1,753,181	203,514
12 - Elected Officials	697,280	83,513	649,090	105,642
13 - GEA & TPOAM	1,794,120	279,671	1,780,341	249,086
14 - Court Employees	3,360,100	403,735	3,283,881	386,080
20 - Sheriff/Adm	1,231,478	89,045	1,249,764	82,173
41 - Medical Facility Administrator	354,266	0	394,432	0
Municipality Total	\$ 23,081,930	\$ 2,010,276	\$ 22,947,691	\$ 1,848,603
Combined Reserves	\$ 25,092,206		\$ 24,796,294	

¹ Reserve for Employer Contributions and Benefit Payments

² Reserve for Employee Contributions

The December 31, 2011 valuation assets are equal to 1.205815 times the reported market value of assets (compared to 1.162921 as of December 31, 2010). The derivation of valuation assets is described, and detailed calculations of valuation assets are shown, in the [Appendix](#).

Flow of Valuation Assets for Manistee Co (5101)

Table 5

Year Ended 12/31	Contributions		Investment Income	Benefit Payments	Member Contrib. Refunds	Net Transfers	Valuation Asset 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
2011	1,329,259	298,496	1,572,288	(1,763,005)	(16,612)	0	30,256,558

Note: 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.

Actuarial Accrued Liabilities and Valuation Assets for Manistee Co (5101) As of December 31, 2011

Table 6

Division	Actuarial Accrued Liability	Valuation Assets ¹	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
01 - General				
Active Members	\$ 39,503	\$ 762,624	1,930.5%	\$ (723,121)
Vested Former Members	217,082	217,082	100.0%	0
Retirees And Beneficiaries	352,457	352,457	100.0%	0
Pending Refunds	<u>0</u>	<u>0</u>	100.0%	<u>0</u>
Total	\$ 609,042	\$ 1,332,163	218.7%	\$ (723,121)
02 - Sheriff/POAM				
Active Members	\$ 2,340,746	\$ 1,098,206	46.9%	\$ 1,242,540
Vested Former Members	291,322	291,322	100.0%	0
Retirees And Beneficiaries	1,918,905	1,918,905	100.0%	0
Pending Refunds	<u>1,523</u>	<u>1,523</u>	100.0%	<u>0</u>
Total	\$ 4,552,496	\$ 3,309,956	72.7%	\$ 1,242,540
04 - MCF				
Active Members	\$ 7,788,574	\$ 4,852,477	62.3%	\$ 2,936,097
Vested Former Members	706,783	706,783	100.0%	0
Retirees And Beneficiaries	6,584,990	6,584,990	100.0%	0
Pending Refunds	<u>21,308</u>	<u>21,308</u>	100.0%	<u>0</u>
Total	\$ 15,101,655	\$ 12,165,558	80.6%	\$ 2,936,097
10 - 911 Employees				
Active Members	\$ 1,001,499	\$ 999,947	99.8%	\$ 1,552
Vested Former Members	84,475	84,475	100.0%	0
Retirees And Beneficiaries	0	0	100.0%	0
Pending Refunds	<u>283</u>	<u>283</u>	100.0%	<u>0</u>
Total	\$ 1,086,257	\$ 1,084,705	99.9%	\$ 1,552
11 - Exec Employees				
Active Members	\$ 1,692,707	\$ 527,146	31.1%	\$ 1,165,561
Vested Former Members	29,701	29,701	100.0%	0
Retirees And Beneficiaries	1,796,435	1,796,435	100.0%	0
Pending Refunds	<u>10,820</u>	<u>10,820</u>	100.0%	<u>0</u>
Total	\$ 3,529,663	\$ 2,364,102	67.0%	\$ 1,165,561
12 - Elected Officials				
Active Members	\$ 718,229	\$ 318,372	44.3%	\$ 399,857
Vested Former Members	0	0	100.0%	0
Retirees And Beneficiaries	623,120	623,120	100.0%	0
Pending Refunds	<u>0</u>	<u>0</u>	100.0%	<u>0</u>
Total	\$ 1,341,349	\$ 941,492	70.2%	\$ 399,857

Table 6

Division	Actuarial Accrued Liability	Valuation Assets ¹	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
13 - GEA & TPOAM				
Active Members	\$ 2,005,642	\$ 1,070,230	53.4%	\$ 935,412
Vested Former Members	154,409	154,409	100.0%	0
Retirees And Beneficiaries	1,262,459	1,262,459	100.0%	0
Pending Refunds	<u>13,510</u>	<u>13,510</u>	100.0%	<u>0</u>
Total	\$ 3,436,020	\$ 2,500,608	72.8%	\$ 935,412
14 - Court Employees				
Active Members	\$ 3,269,788	\$ 1,386,036	42.4%	\$ 1,883,752
Vested Former Members	644,223	644,223	100.0%	0
Retirees And Beneficiaries	2,502,328	2,502,328	100.0%	0
Pending Refunds	<u>5,902</u>	<u>5,902</u>	100.0%	<u>0</u>
Total	\$ 6,422,241	\$ 4,538,489	70.7%	\$ 1,883,752
20 - Sheriff/Adm				
Active Members	\$ 1,220,057	\$ 558,719	45.8%	\$ 661,338
Vested Former Members	0	0	100.0%	0
Retirees And Beneficiaries	1,033,587	1,033,587	100.0%	0
Pending Refunds	<u>0</u>	<u>0</u>	100.0%	<u>0</u>
Total	\$ 2,253,644	\$ 1,592,306	70.7%	\$ 661,338
41 - Medical Facility Administrator				
Active Members	\$ 118,138	\$ 0	0.0%	\$ 118,138
Vested Former Members	0	0	100.0%	0
Retirees And Beneficiaries	777,555	427,179	54.9%	350,376
Pending Refunds	<u>0</u>	<u>0</u>	100.0%	<u>0</u>
Total	\$ 895,693	\$ 427,179	47.7%	\$ 468,514
Total Municipality				
Active Members	\$ 20,194,883	\$ 11,573,757	57.3%	\$ 8,621,126
Vested Former Members	2,127,995	2,127,995	100.0%	0
Retirees and Beneficiaries	16,851,836	16,501,460	97.9%	350,376
Pending Refunds	<u>53,346</u>	<u>53,346</u>	100.0%	<u>0</u>
Total Participants	\$ 39,228,060	\$ 30,256,558	77.1%	\$ 8,971,502
Linked Divisions HA, 13				
Active Members	\$ 2,005,642	\$ 1,070,230	53.4%	\$ 935,412
Vested Former Members	154,409	154,409	100.0%	0
Retirees and Beneficiaries	1,262,459	1,262,459	100.0%	0
Pending Refunds	<u>13,510</u>	<u>13,510</u>	100.0%	<u>0</u>
Total	\$ 3,436,020	\$ 2,500,608	72.8%	\$ 935,412

¹ Includes both employer and member assets.

Please see the Comments on the Investment Markets.

See the MERS Fiscal Responsibility Policy on the MERS website at:

http://www.mersofmich.com/Portals/0/Assets/PageResources/MERS/PlanDocument/Pension/sec_43c.pdf.

Actuarial Accrued Liabilities - Comparative Schedule for Manistee Co (5101)

Table 7

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities	UAL as Percent of Annual Payroll
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%
2011	39,228,060	30,256,558	77%	8,971,502	83%

Notes: Actuarial assumptions were revised for the 1997, 2000, 2004, 2008, 2009, 2010, and 2011 actuarial valuations.

GASB 25 and GASB 27 Information for Manistee Co (5101)

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, 2011 actuarial valuation. The entry age normal actuarial method was used to determine the disclosure entries.

GASB 25 Information (as of 12/31/2011)

Actuarial Accrued Liability

Retirees and beneficiaries currently receiving benefits	\$ 16,851,836
Terminated employees (vested former members) not yet receiving benefits	2,127,995
Non-Vested terminated employees (pending refunds of accumulated member contributions)	53,346
Current employees -	
Accumulated employee contributions including allocated investment income	1,824,787
Employer financed	<u>18,370,096</u>
Total Actuarial Accrued Liability	\$ 39,228,060
Net Assets Available for Benefits at Actuarial Value	\$ <u>30,256,558</u>
(Market Value is 25,092,206)	
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 8,971,502

GASB 27 Information (as of 12/31/2011)

Fiscal Year Beginning	January 1, 2013
Annual Required Contribution (ARC)	\$ 1,345,308 ¹

¹ 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, 2013) times the computed employer contribution rate(s) shown in Table 1. The ARC shown here is the sum of the ARC's calculated separately for each division.

GASB 27 Information (Used in the 12/31/2011 Annual Actuarial Valuation)

Amortization Factors Used to Compute Employer Contribution Requirements Used for Funding Calculations and Most ARC Calculations (see below) (Payments Increase 4.5% per Year)

Amortization Factor Used - Underfunded or Overfunded Liabilities (5 years)	0.221706
Amortization Factor Used - Underfunded or Overfunded Liabilities (6 years)	0.187731
Amortization Factor Used - Underfunded or Overfunded Liabilities (7 years)	0.163488
Amortization Factor Used - Underfunded or Overfunded Liabilities (8 years)	0.145330
Amortization Factor Used - Underfunded or Overfunded Liabilities (9 years)	0.131227
Amortization Factor Used - Underfunded or Overfunded Liabilities (10 years)	0.119963
Amortization Factor Used - Underfunded or Overfunded Liabilities (11 years)	0.110763
Amortization Factor Used - Underfunded or Overfunded Liabilities (12 years)	0.103112
Amortization Factor Used - Underfunded or Overfunded Liabilities (13 years)	0.096652
Amortization Factor Used - Underfunded or Overfunded Liabilities (14 years)	0.091128
Amortization Factor Used - Underfunded or Overfunded Liabilities (15 years)	0.086353
Amortization Factor Used - Underfunded or Overfunded Liabilities (16 years)	0.082185
Amortization Factor Used - Underfunded or Overfunded Liabilities (17 years)	0.078519
Amortization Factor Used - Underfunded or Overfunded Liabilities (18 years)	0.075270
Amortization Factor Used - Underfunded or Overfunded Liabilities (19 years)	0.072372
Amortization Factor Used - Underfunded or Overfunded Liabilities (20 years)	0.069773
Amortization Factor Used - Underfunded or Overfunded Liabilities (21 years)	0.067430
Amortization Factor Used - Underfunded or Overfunded Liabilities (22 years)	0.065308
Amortization Factor Used - Underfunded or Overfunded Liabilities (23 years)	0.063378
Amortization Factor Used - Underfunded or Overfunded Liabilities (24 years)	0.061616
Amortization Factor Used - Underfunded or Overfunded Liabilities (25 years)	0.060002
Amortization Factor Used - Underfunded or Overfunded Liabilities (26 years)	0.058519
Amortization Factor Used - Underfunded or Overfunded Liabilities (27 years)	0.057152

Amortization Factor Used to Compute the GASB Annual Required Contribution (ARC) For Divisions that are Closed to New Hires

**(and new hires are not covered by MERS DB or Hybrid provisions in a linked division)
If Division is Less than 100% Funded, and Uses a Funding Period over 15 Years**

Amortization Factor Used - Underfunded Liabilities (30 year level \$)	0.085453
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Assumptions: Continuous Payments; Interest at 8% Per Year

Benefit Provision History for Manistee Co (5101)

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 MERS. All provisions are listed by date of adoption.

01 - General

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	Benefit FAC-5 (5 Year Final Average Compensation)
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

02 - Sheriff/POAM

1/1/2011	Member Contribution Rate 7.72%
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	Benefit B-4 (80% max)
10/1/1998	Member Contribution Rate 2.88%
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)
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	Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
12/1/1964	Fiscal Month - January

Benefit Provision History for Manistee Co (5101)

04 - MCF

6/1/2011	Member Contribution Rate 1.79%
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	Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
12/1/1964	Fiscal Month - January

10 - 911 Employees

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

11 - Exec Employees

10/1/1998	8 Year Vesting
10/1/1998	Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1998	Benefit B-4 (80% max)
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

12 - Elected Officials

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

Benefit Provision History for Manistee Co (5101)

12 - Elected Officials

12/1/1964 Fiscal Month - January

13 - GEA & TPOAM

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

14 - Court Employees

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

20 - Sheriff/Adm

1/1/1999 8 Year Vesting
 1/1/1999 Benefit FAC-5 (5 Year Final Average Compensation)
 1/1/1999 Benefit B-4 (80% max)
 1/1/1999 Member Contribution Rate 2.88%
 1/1/1999 Benefit F50 (With 25 Years of Service)
 12/8/1970 Covered by Act 88
 12/1/1964 Fiscal Month - January

41 - Medical Facility Administrator

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

Plan Provisions, Actuarial Assumptions, and Actuarial Funding Method

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the [Appendix](#). Some actuarial assumptions are specific to this municipality and its divisions. These are listed below.

Increase in Final Average Compensation

Division	FAC Increase Assumption
All Divisions	1.00%

Withdrawal Rate Scaling Factor

Division	Withdrawal Rate Scaling Factor
All Divisions	110%

Miscellaneous and Technical Assumptions

Loads – None.