

**WASHTENAW COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

**Financial Statements and Required  
Supplementary Information for the Years  
Ended December 31, 1992 and 1991,  
and Independent Auditors' Report**



**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners of  
Washtenaw County Retirement Commission  
Ann Arbor, Michigan

We have audited the statements of net assets available for system benefits of Washtenaw County Employees' Retirement System (the "System") as of December 31, 1992 and 1991, and the related statements of changes in net assets available for system benefits for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, such financial statements present fairly, in all material respects, the net assets available for system benefits of the Washtenaw County Employees' Retirement System as of December 31, 1992 and 1991, and the changes in net assets available for system benefits for the years then ended in conformity with generally accepted accounting principles.

The historical information presented on pages 11 through 13, including the information on pages 11 and 12 which is supplementary information required by the Governmental Accounting Standards Board, is not a required part of the financial statements. We did not audit the information and express no opinion on it.

*Deloitte & Touche*

June 11, 1993

# WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

## STATEMENTS OF NET ASSETS AVAILABLE FOR SYSTEM BENEFITS DECEMBER 31, 1992 AND 1991

|  | 1992                  | 1991                 |
|--|-----------------------|----------------------|
| <b>ASSETS:</b>                           |                       |                      |
| Investments, at fair value (Note 4):     |                       |                      |
| Common stocks                            | \$ 62,105,262         | \$ 55,683,237        |
| Corporate bonds and notes                | 14,014,571            | 15,944,420           |
| United States government securities      | 23,584,141            | 19,991,116           |
| Money market fund                        | 3,029,840             | 4,444,306            |
| Mortgages                                | 45,457                | 46,353               |
| Total investments                        | <u>102,779,271</u>    | <u>96,109,432</u>    |
| Cash (Note 4)                            | 19,675                | 149,801              |
| Accounts receivable                      | 19,073                |                      |
| Accrued interest and dividends           | 550,160               | 855,648              |
| Due from other Washtenaw County funds    | <u>135,644</u>        | <u>50,223</u>        |
| Total assets                             | <u>103,503,823</u>    | <u>97,165,104</u>    |
| <b>LIABILITIES:</b>                      |                       |                      |
| Accounts payable and accrued expenses    | 114,608               | 61,824               |
| Due to other funds                       | <u>108,882</u>        | <u>147,338</u>       |
| Total liabilities                        | <u>223,490</u>        | <u>209,162</u>       |
| <b>NET ASSETS AVAILABLE FOR BENEFITS</b> | <u>\$ 103,280,333</u> | <u>\$ 96,955,942</u> |

See notes to the financial statements.

# WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR SYSTEM BENEFITS YEARS ENDED DECEMBER 31, 1992 AND 1991

|   | 1992                  | 1991                 |
|---|-----------------------|----------------------|
| ADDITIONS TO NET ASSETS:                                  |                       |                      |
| Investment income:  |                       |                      |
| Interest  | \$ 3,078,772          | \$ 3,564,778         |
| Dividends   | 1,225,103             | 1,188,065            |
| Net appreciation in fair value<br>of investments (Note 4) | <u>3,626,900</u>      | <u>12,353,229</u>    |
| Total   | 7,930,775             | 17,106,072           |
| Less investment and administrative expenses               | <u>(398,580)</u>      | <u>(349,845)</u>     |
| Net investment income                                     | <u>7,532,195</u>      | <u>16,756,227</u>    |
| Contributions (Note 3):                                   |                       |                      |
| Employer  | 1,061,230             | 1,013,227            |
| Employees   | <u>1,465,263</u>      | <u>1,201,183</u>     |
| Total contributions                                       | <u>2,526,493</u>      | <u>2,214,410</u>     |
| Total additions   | <u>10,058,688</u>     | <u>18,970,637</u>    |
| DEDUCTIONS FROM NET ASSETS:                               |                       |                      |
| Participants' benefit payments:                           |                       |                      |
| Pension   | 2,920,959             | 2,052,608            |
| Health insurance  | <u>612,742</u>        | <u>499,944</u>       |
| Total participants' benefit payments                      | 3,533,701             | 2,552,552            |
| Refunds to terminated employees                           | <u>200,596</u>        | <u>428,134</u>       |
| Total deductions  | <u>3,734,297</u>      | <u>2,980,686</u>     |
| NET INCREASE  | 6,324,391             | 15,989,951           |
| NET ASSETS AVAILABLE FOR SYSTEM BENEFITS:                 |                       |                      |
| Beginning of year   | <u>96,955,942</u>     | <u>80,965,991</u>    |
| End of year   | <u>\$ 103,280,333</u> | <u>\$ 96,955,942</u> |

See notes to the financial statements.

# WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 1992 AND 1991

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### 1. PLAN DESCRIPTION

General - The Washtenaw County Employees' Retirement System (the "System") administers a single-employer public employee retirement system ("PERS") defined benefit plan covering certain full-time employees of Washtenaw County (the "County").

Effective January 1, 1989, covered employees had the option of:

- (1) Remaining in the System;
- (2) Freezing their benefits in the System and participating in the Washtenaw County Money Purchase Pension Plan ("MPPP"); or
- (3) Withdrawing from the System and participating in the MPPP.

All employees hired on January 1, 1989 or thereafter are covered by the MPPP and not the System.

Membership data related to the System are as follows as of December 31, 1992 and 1991:

|  | 1992 | 1991 |
|--|------|------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 322  | 282  |
| Vested active participants   | 284  | 334  |
| Non-vested active participants   | 115  | 137  |

The System is exempt from the requirements of Title 1 of the Employment Retirement Income Security Act of 1974 ("ERISA") and, as such, is not subject to the reporting and disclosure requirements of ERISA.

Pension Benefits - Pension benefits are determined primarily as a result of collective bargaining agreements. In general, employees with eight or more years of service and having attained the age of 60 years, or certain employees with 25 years or more of service and having attained the age of 50 years, are entitled to annual pension benefits upon reaching the applicable retirement age. Pension benefits are determined based on each employee's years of credited service as a multiple of factors as follows:

#### General Employees

General employees who retired prior to January 1, 1986:

- Option A - 1.2% of the first \$4,200 of their final five-year average annual compensation for each year of service and 1.7% of the portion, if any, of their final average compensation in excess of \$4,200.

Certain general employees who retire on or after January 1, 1986:

- Option B - 2.0% of their final five-year average annual compensation for each year of service.

General employees who retired prior to January 1, 1986, and whose multiplier was less than 2.0% , received a one-time permanent adjustment to their monthly rate based upon changes in the Consumer Price Index from their date of retirement to December 1986.

Sheriff's Department Employees:

- Option C - 2.0% of their final average compensation (highest five consecutive years out of last ten), of which the maximum County - financed portion is limited to 75% of their final average compensation; or
- Option D - 2.5% of their final average compensation until age 62, and 2.0% thereafter.

Employees may elect to receive their pension benefits in the form of a straight-life annuity or in one of four options which include a survivor annuity. If employees terminate before rendering eight years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the County's contributions.

The System's basic benefits, as delineated in the System's Bylaws, as amended, and various collective bargaining agreements, are funded by contributions from the County and active members and by the investment income earned on System assets. General employees who were hired on or after January 1, 1986 contribute 6% of their annual compensation. Nurses contribute 5% of annual compensation. General employees who were hired prior to January 1, 1986 and sheriff employees choosing Option C contribute 3% of the first \$4,200 of annual compensation plus 5% of annual compensation in excess of \$4,200. Command sheriff employees choosing Option D contribute 10% of annual compensation and Deputy Sheriff employees choosing Option D contribute 8% of their first \$4,200 of annual compensation plus 10% (7.5% subsequent to July 1, 1991) of annual compensation in excess of \$4,200. The County contributes an actuarially determined amount, which is the remainder needed to fund normal cost and the amortization of unfunded actuarial accrued liabilities.

Death and Disability Benefits - If an employee dies, a death benefit may be payable to that employee's beneficiary. Active employees with ten or more years of service who become totally and permanently incapacitated for service in the employ of the County receive annual disability benefits.

Life Insurance Benefit - If a retiree dies, a nominal death benefit may be payable to that retiree's beneficiary.

Medical Insurance - A Sheriff's Department member who retires at age 55 and other members who retire at age 62 receive the same medical insurance coverage in effect for the employees of their respective bargaining units until the retiree is eligible for Medicare. At such time, the retiree receives Medicare Supplemental coverage.

Covered Payroll - The County's Covered Payroll is defined and estimated by the actuary for the fiscal year beginning on the valuation date for employees participating in the System.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The System uses the accrual basis of accounting, which recognizes revenues as earned and expenses as incurred.

Valuation of Investments - If available, quoted market prices are used to value investments. The amounts shown in Note 4 for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at the fair value. In general, however, mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments.

Pension Benefit Obligation - The amount shown in Note 6 as the pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the System's funding status on a going-concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due, and (iii) allow for comparisons among public employee retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the System.

The pension benefit obligation is determined by the System's actuary and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in determining the pension benefit obligation were (a) life expectancy of participants (the 1971 Group Annuity Mortality Table was used); (b) retirement age assumptions (the assumed average retirement age was 60 for general employees and 50 for sheriff deputies); (c) a rate of return of the investment of present and future assets of 6.5% per year compounded annually; (d) projected salary increases of 4.5% per year compounded annually, attributable to inflation; (e) additional projected salary increases ranging from 0.2% to 3.8% per year, depending on age, attributable to seniority/merit; and (f) the assumption that benefits will not increase after retirement. Health insurance premiums are projected to increase 5.5% per year.

The foregoing actuarial assumptions are based on the presumption that the System will continue. Were the System to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated System benefits.

Administrative Expense - In accordance with County policies, the administrative costs associated with the retirement fund are paid by the System.

Reporting Entity - These financial statements represent the financial condition of a component unit of the County and are an integral part of that reporting entity.

### 3. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The County's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an aggregate cost actuarial funding method. Although the System is in an overfunded status, unfunded actuarial accrued liabilities would be amortized as a level percentage of payroll over a period of 27 years.

During the year ended December 31, 1992, contributions totaling \$2,526,493 (\$1,061,230 employer and \$1,465,263 employee) were made. Employer contributions were made in accordance with contribution requirements determined by an actuarial valuation of the System as of December 31, 1990. The employer contribution consisted of \$1,061,230 for normal cost and \$-0- for amortization of the unfunded actuarial accrued liability. Employer and employee contributions represented 6.5% and 9.0%, respectively, of Covered Payroll of \$16,233,676, as estimated by the actuary as of the actuarial valuation date. Actual payroll for System participants was \$15,271,098 and total County payroll was \$47,134,533 for the year ended December 31, 1992.

During the year ended December 31, 1991, contributions totaling \$2,214,410 (\$1,013,227 employer and \$1,201,183 employee) were made. Employer contributions were made in accordance with contribution requirements determined by an actuarial valuation of the System as of December 31, 1989. The employer contribution consisted of \$1,013,227 for normal cost and S-o- for amortization of unfunded actuarial accrued liability. Employer and employee contributions represented 6.2% and 7.3%, respectively, of Covered Payroll of \$16,401,602, as estimated by the actuary as of the actuarial valuation date. Actual payroll for System participants was \$16,960,098 and total County payroll was \$42,222,807 for the year ended December 31, 1991.

Ten-year historical trend information is disclosed on pages 11, 12 and 13 of these statements. This required supplementary information provides progress made in accumulating sufficient assets to pay benefits when due.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

#### 4. CASH AND INVESTMENTS

Cash - The carrying amount of the System's deposits was \$19,675 and \$149,801 and the bank balance was \$19,675 and \$149,801 at December 31, 1992 and 1991, respectively. The entire bank balance at December 31, 1992 and \$100,000 of the bank balance at December 31, 1991 were covered by federal depository insurance. The remaining bank balance of \$49,801 at December 31, 1991 was uninsured and collateralized.

Investments - State of Michigan statutes and County policy authorize the County to invest in obligations of the United States or agencies and instrumentalities of the U.S. government, commercial paper rated at the time of purchase within the top two classifications by at least two of the four rating agencies, certificates of deposit, repurchase agreements, bankers' acceptances, and mutual funds. The System is also authorized to invest in corporate bonds rated in the top three classifications by Standard & Poor's Corporation or Moody's Bond Ratings, mortgages, and common stocks.

The System's investments are held by a bank-administered trust fund. The following table presents the fair values of those investments. None of the investments represent more than 5% of the System's net assets.

|   | December 31                 |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 1992                        |                             | 1991                        |                             |
|   | Fair Value                  | Cost                        | Fair Value                  | Cost                        |
| Investments at fair value as determined by quoted market price: |                             |                             |                             |                             |
| Common stock  | \$ 62,105,262               | \$43,223,773                | \$ 55,683,237               | \$ 37,929,354               |
| Corporate bonds and notes                                       | 14,014,571                  | 13,916,025                  | 15,944,420                  | 15,463,254                  |
| U.S. government securities                                      | 23,584,141                  | 23,155,519                  | 19,991,116                  | 19,600,401                  |
| Money Market Funds:   |                             |                             |                             |                             |
| NBD Bank short term investment fund for employee benefit plans  | 609,422                     | 609,422                     | 2,207,085                   | 2,207,085                   |
| Other   | 2,420,418                   | 2,420,418                   | 2,237,221                   | 2,237,221                   |
| Investments at estimated fair value -                           |                             |                             |                             |                             |
| Mortgages   | <u>45,457</u>               | <u>45,457</u>               | <u>46,353</u>               | <u>46,353</u>               |
| <b>Total Investments</b>  | <b><u>\$102,779,271</u></b> | <b><u>\$ 83,370,614</u></b> | <b><u>\$ 96,109,432</u></b> | <b><u>\$ 77,483,668</u></b> |

During 1992 and 1991, the System investments appreciated in value by \$3,626,900 and \$12,353,229, respectively. Unrealized appreciation and depreciation is computed by determining the change in the unrealized gain or loss between the beginning of the year and the end of the year. Realized gains are determined by subtracting the historical cost from the proceeds of investments sold during the year.



Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information is included as supplemental data in the statistical section of the CAFR. For the three years ended December 31, 1991, 1990 and 1989, available assets were sufficient to fund 183.7%, 164.5%, and 180.8%, respectively, of the County's pension benefit obligation. For the three years ended December 31 1992, 1991, 1990, assets in excess of the pension benefit obligation represented 272.2%, 193.5%, and 200.9%, respectively, of the annual Covered Payroll. Presenting the assets in excess of the pension benefit obligation as a percentage of annual Covered Payroll approximately adjusts for the effecting inflation for analysis purposes. In addition, for the three years ended December 31, 1992, 1991 and 1990, the County's contributions to the System, all made in accordance with actuarially determined requirements, were 6.5%, 6.2%, and 11.5%, respectively, of annual Covered Payroll.

|  | For the Years Ended December 31 |                   |                     |                  |                     |                      |
|--|---------------------------------|-------------------|---------------------|------------------|---------------------|----------------------|
|  | 1992                            |                   |                     | 1991             |                     |                      |
|  | Realized Gain                   | Unrealized Gain   | Net Appreciation    | Realized Gain    | Unrealized Gain     | Net Appreciation     |
| Investments recorded at fair value as determined by quoted market price: |                                 |                   |                     |                  |                     |                      |
| Common stocks  | \$2,216,089                     | \$ 782,893        | \$ 2,998,982        | \$702,517        | \$11,623,296        | \$ 12,325,813        |
| Corporate bonds and U.S. government securities                           | <u>627,918</u>                  |                   | <u>627,918</u>      | <u>27,416</u>    |                     | <u>27,416</u>        |
| Total  | <u>\$2,844,007</u>              | <u>\$ 782,893</u> | <u>\$ 3,626,900</u> | <u>\$729,933</u> | <u>\$11,623,296</u> | <u>\$ 12,353,229</u> |

Investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the System's name. Investments in pooled accounts are not required to be categorized.

| Investments   | For the Years Ended December 31 |                      |                     |                     |
|---|---------------------------------|----------------------|---------------------|---------------------|
|   | 1992                            |                      | 1991                |                     |
|   | Category 3                      | Carrying Amount      | Category 3          | Carrying Amount     |
| Common stocks   | \$62,105,262                    | \$ 62,105,262        | \$55,683,237        | \$55,683,237        |
| Corporate bonds and notes                                       | 14,014,571                      | 14,014,571           | 15,944,420          | 15,944,420          |
| U.S. government securities                                      | 23,584,141                      | 23,584,141           | 19,991,116          | 19,991,116          |
| Mortgages   | <u>45,457</u>                   | <u>45,457</u>        | <u>46,353</u>       | <u>46,353</u>       |
| Total   | <u>\$99,749,431</u>             | <u>99,749,431</u>    | <u>\$91,665,126</u> | <u>91,665,126</u>   |
| Investments in pooled bank short-term funds with custodial bank |                                 | <u>3,029,840</u>     |                     | <u>4,444,306</u>    |
| Total investments   |                                 | <u>\$102,779,271</u> |                     | <u>\$96,109,432</u> |

## 5. NET ASSETS

The System has established three categories of net assets reserved for pension benefits, as follows:

Reserved for Employee Contributions - represents amounts contributed by active employees.

Reserved for Pension - represents amounts contributed by the County on behalf of active employees.

Reserved for Retirement - represents amounts sufficient to fund the pension benefits for employees who are now inactive or retired. Such amounts are determined by the System's actuary and assume no interest is earned on the funds.

The following is an analysis of changes in fund balance for the years ended December 31, 1992 and 1991:

|  | <b>Reserved for<br/>Employee<br/>Contributions</b> | <b>Reserved<br/>for<br/>Pension</b> | <b>Reserved<br/>for<br/>Retirement</b> | <b>Total<br/>Reserve</b> |
|--|--|-------------------------------------|--|--------------------------|
| Balance, January 1, 1991               | \$ 9,807,557                                       | \$ 49,804,335                       | \$21,354,099                           | \$ 80,965,991            |
| Additions:                             |  |                                     |  |                          |
| Employees' contributions               | 1,201,183  |                                     |  | 1,201,183                |
| Employer's contributions               |  | 1,013,227                           |  | 1,013,227                |
| Investment income                      | 458,592  | 16,647,480                          |  | 17,106,072               |
| Annuities awarded                      | <u>(260,221)</u>                                   | <u>(1,476,069)</u>                  | <u>1,736,290</u>                       | <u>-0-</u>               |
| Total additions                        | <u>1,399,554</u>                                   | <u>16,184,638</u>                   | <u>1,736,290</u>                       | <u>19,320,482</u>        |
| Deductions:                            |  |                                     |  |                          |
| Participants' benefit payments         |  |                                     | (2,552,552)                            | (2,552,552)              |
| Refunds to terminated employees        | (428,134)  |                                     |  | (428,134)                |
| Investment and administrative expenses |  | (349,845)                           |  | (349,845)                |
| Transfers and other                    |  | <u>(2,461,305)</u>                  | <u>2,461,305</u>                       | <u>-0-</u>               |
| Total deductions                       | <u>(428,134)</u>                                   | <u>(2,811,150)</u>                  | <u>(91,247)</u>                        | <u>(3,330,531)</u>       |
| Balance, December 31, 1991             | 10,778,977   | 63,177,823                          | 22,999,142                             | 96,955,942               |
| Additions:                             |  |                                     |  |                          |
| Employees' contributions               | 1,465,263  |                                     |  | 1,465,263                |
| Employers' contributions               |  | 1,061,230                           |  | 1,061,230                |
| Investment income                      | 455,383  | 7,475,392                           |  | 7,930,775                |
| Annuities awarded                      | <u>(2,045,196)</u>                                 | <u>(11,038,493)</u>                 | <u>13,083,689</u>                      | <u>-0-</u>               |
| Total additions                        | <u>(124,550)</u>                                   | <u>(2,501,871)</u>                  | <u>13,083,689</u>                      | <u>10,457,268</u>        |
| Deductions:                            |  |                                     |  |                          |
| Participants' benefit payments         |  |                                     | (3,533,701)                            | (3,533,701)              |
| Refunds to terminated employees        | (200,596)  |                                     |  | (200,596)                |
| Investment and administrative expenses |  | (398,580)                           |  | (398,580)                |
| Transfers and other                    |  | <u>(1,939,020)</u>                  | <u>1,939,020</u>                       | <u>-0-</u>               |
| Total deductions                       | <u>(200,596)</u>                                   | <u>(2,337,600)</u>                  | <u>(1,594,681)</u>                     | <u>(4,132,877)</u>       |
| Balance, December 31, 1992             | <u>\$ 10,453,831</u>                               | <u>\$ 58,338,352</u>                | <u>\$34,488,150</u>                    | <u>\$ 103,280,333</u>    |

6. RETIREMENT SYSTEM BENEFITS

At December 31, 1991, the latest date for which such information is available, the amount of assets in excess of the pension benefit obligation was \$25,373,120, determined as follows:

Pension benefit obligation (including retired member health insurance):

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits \$ 27,278,758

Current employees:

Accumulated employee contributions, including allocated investment income 10,762,253  
Employer financed - vested 19,737,944  
Employer financed - nonvested 1,715,726  
Employer financed - health benefits 12,088,141

Total pension benefit obligation 71,582,822

Net assets available for benefits (at fair value) 96,955,942

Assets in excess of the pension benefit obligation \$ 25,373,120

During the year ended December 31, 1991, the System experienced a net increase of \$3,541,214 in the pension benefit obligation, including \$12,217 due to System amendments. There were no changes in actuarial assumptions from 1990 to 1991. Significant actuarial assumptions include a 8.0% rate of return on investments and a 5.5% projected rate of increase in salaries.

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# WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

## REQUIRED SUPPLEMENTARY INFORMATION ANALYSIS OF FUNDING PROGRESS (UNAUDITED)

| Fiscal Year | Valuation Date December 31 | Net Assets Available for Benefits | Pension Benefit Obligation* |                      |                 | Percentage Funded (1)/(4) | Unfunded (Overfunded) PBO (4)-(1) | Annual Covered Payroll | Unfunded (Overfunded) PBO as a Percentage of Covered Payroll (6)/(7) |
|-------------|----------------------------|-----------------------------------|-----------------------------|----------------------|-----------------|---------------------------|-----------------------------------|------------------------|--|
|             |                            |                                   | Pension Benefits            | Health Care Benefits | Total (2) + (3) |                           |                                   |                        |  |
| 1983        | 1982                       | \$23,541,995                      |                             |                      |                 |                           | \$ 20,455,564                     |                        |  |
| 1984        | 1983                       | 28,604,270                        | \$32,169,083                | \$ 4,896,072         | \$ 37,065,155   | 140.5%                    | 20,561,298                        | (73.0)%                |  |
| 1985        | 1984                       | 33,619,257                        | 43,412,189                  | 6,307,807            | 49,719,996      | 113.2                     | 23,079,794                        | (28.4)                 |  |
| 1986        | 1985                       | 44,139,448                        | 46,714,139                  | 13,203,362           | 59,917,501      | 105.6                     | 19,141,043                        | (17.7)                 |  |
| 1987        | 1986                       | 52,074,207                        | 43,685,397                  | 16,266,606           | 59,952,003      | 131.7                     | 17,560,488                        | (108.3)                |  |
| 1988        | 1987                       | 56,286,149                        | 49,233,567                  | 18,104,192           | 67,337,759      | 120.2                     | 16,401,602                        | (83.1)                 |  |
| 1989        | 1988                       | 63,298,819                        | 52,774,781                  | 18,808,041           | 71,582,822      | 135.4                     | 16,233,676                        | (156.3)                |  |
| 1990        | 1989                       | 78,962,250                        |                             |                      |                 |                           |                                   |                        |  |
| 1991        | 1990                       | 80,965,991                        |                             |                      |                 |                           |                                   |                        |  |
| 1992        | 1991                       | 96,955,942                        |                             |                      |                 |                           |                                   |                        |  |

\*Prior to 1986 actuarial liabilities were not computed using the projected unit credit actuarial cost method.

Certain amendments were made to the Plan during 1982, 1984, 1988, and 1989.

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension benefit obligation as a factor.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded and overfunded pension benefit obligations in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the System's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded and overfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded and overfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the unfunded percentage, the stronger the plan.

# WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

## REVENUES BY SOURCE AND EXPENSES BY TYPE (UNAUDITED)

| Fiscal Year | Revenues by Source      |                        |                   | Total        |
|-------------|-------------------------|------------------------|-------------------|--------------|
|             | Employees Contributions | Employer Contributions | Investment Income |              |
| 1983        | \$ 979,232              | \$ 1,979,889           | \$ 2,776,151      | \$ 5,735,272 |
| 1984        | 1,025,986               | 2,133,548              | 3,308,663         | 6,468,197    |
| 1985        | 963,340                 | 2,005,265              | 8,943,094         | 11,911,699   |
| 1986        | 1,009,730               | 2,090,466              | 6,275,299         | 9,375,495    |
| 1987        | 1,139,201               | 2,107,190              | 2,258,305         | 5,504,696    |
| 1988        | 1,466,256               | 2,258,072              | 5,117,308         | 8,841,636    |
| 1989        | 1,393,025               | 2,225,619              | 14,997,340        | 18,615,984   |
| 1990        | 1,513,667               | 2,015,630              | 1,360,357         | 4,889,654    |
| 1991        | 1,201,183               | 1,013,227              | 17,106,072        | 19,320,482   |
| 1992        | 1,465,263               | 1,061,230              | 7,930,775         | 10,457,268   |

| Fiscal Year | Expenses by Type |                         |            | Total      |
|-------------|------------------|-------------------------|------------|------------|
|             | Benefits         | Administrative Expenses | Refunds    |            |
| 1983        | \$ 409,108       | \$ 45,590               | \$ 218,299 | \$ 672,997 |
| 1984        | 440,280          | 176,891                 | 836,039    | 1,453,210  |
| 1985        | 586,177          | 117,106                 | 688,225    | 1,391,508  |
| 1986        | 698,190          | 155,674                 | 586,872    | 1,440,736  |
| 1987        | 873,206          | 160,747                 | 258,801    | 1,292,754  |
| 1988        | 1,321,163        | 211,606                 | 296,197    | 1,828,966  |
| 1989        | 1,516,428        | 292,095                 | 1,144,030  | 2,952,553  |
| 1990        | 2,231,932        | 294,824                 | 359,157    | 2,885,913  |
| 1991        | 2,552,552        | 349,845                 | 428,134    | 3,330,531  |
| 1992        | 3,533,701        | 398,580                 | 200,596    | 4,132,877  |

# WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

## ANALYSIS OF EMPLOYER CONTRIBUTIONS (UNAUDITED)

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| Valuation<br>Date<br>December 31 | (1)<br><br>Employer<br>Contributions* | (2)<br><br>Annual<br>Covered<br>Payroll | (3)<br><br>Employer<br>Contribution<br>as a Percentage<br>of Annual<br>Covered Payroll<br>(1)/(2) |
|----------------------------------|---------------------------------------|---|---|
| 1982                             | \$ 1,979,889                          | \$ 20,455,564                           | 9.68  |
| 1983                             | 2,133,548                             | 21,655,910                              | 9.85  |
| 1984                             | 2,005,265                             | 20,475,053                              | 9.79  |
| 1985                             | 2,090,466                             | 20,452,566                              | 10.22   |
| 1986                             | 2,107,190                             | 20,561,298                              | 10.25   |
| 1987                             | 2,258,072                             | 23,079,794                              | 9.78  |
| 1988                             | 2,225,619                             | 19,141,043                              | 11.63   |
| 1989                             | 2,015,630                             | 17,560,488                              | 11.48   |
| 1990                             | 1,013,227                             | 16,401,602                              | 6.18  |
| 1991                             | 1,061,230                             | 16,233,676                              | 6.54  |

\*Contributions to date have been made in accordance with actuarially determined requirements.