

**WASHTENAW COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

Financial Statements

**For the Years Ended
December 31, 2009 and 2008**



WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

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INDEPENDENT AUDITORS' REPORT

March 24, 2010

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

We have audited the accompanying statements of plan net assets of the ***Washtenaw County Employees' Retirement System*** (the "System") as of December 31, 2009 and 2008, and the related statements of changes in plan net assets 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

As discussed in Note 1, the financial statements present only the Employees' Retirement System pension trust fund and do not purport to, and do not, present fairly the financial position of Washtenaw County as of December 31, 2009 and 2008, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the System's net assets held in trust for benefits at December 31, 2009 and 2008, and changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information listed in the table of contents is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Rehmann Robson".

FINANCIAL STATEMENTS

**WASHTENAW COUNTY
EMPLOYEES' RETIREMENT SYSTEM**
Statements of Plan Net Assets
December 31, 2009 and 2008

	2009	2008
Assets		
Investments, at fair value:		
Equities	\$ 93,003,792	\$ 51,675,906
United States treasuries	2,621,455	1,146,702
United States treasury strips	10,529,604	10,280,883
United States agencies	27,693,057	26,181,032
Corporate securities	18,313,105	15,642,345
Real estate securities	6,156,966	5,443,852
Mutual funds	18,879,620	9,409,126
Money market funds	<u>11,135,369</u>	<u>32,545,069</u>
Total investments	188,332,968	152,324,915
Contributions receivable	-	14,693
Accrued interest and dividends	<u>419,263</u>	<u>362,735</u>
Total assets	188,752,231	152,702,343
Liabilities		
Accounts payable and accrued expenses	<u>208,979</u>	<u>143,846</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on Page 15)	<u>\$ 188,543,252</u>	<u>\$ 152,558,497</u>

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

WASHTENAW COUNTY
EMPLOYEES' RETIREMENT SYSTEM
Statements of Changes in Plan Net Assets
For the Years Ended December 31, 2009 and 2008

	2009	2008
Additions		
Investment income (loss):		
<i>From investing activities:</i>		
Net appreciation (depreciation) in fair value of investments	\$ 22,061,564	\$ (41,042,596)
Interest and dividends	4,119,789	4,478,072
Total investment income (loss)	26,181,353	(36,564,524)
Investment management fees	(550,978)	(583,527)
Net investment income (loss)	<u>25,630,375</u>	<u>(37,148,051)</u>
<i>From securities lending activities:</i>		
Gross earnings	78,846	818,032
Borrower rebates	125	(600,470)
Securities lending fees	(32,682)	(89,561)
Net investment income from securities lending activities	<u>46,289</u>	<u>128,001</u>
Total net investment income (loss)	<u>25,676,664</u>	<u>(37,020,050)</u>
Contributions:		
Washtenaw County	6,752,093	5,359,824
Participants	5,842,469	738,702
Total contributions	<u>12,594,562</u>	<u>6,098,526</u>
Other additions - eligible transfers from defined contribution plan	<u>14,218,601</u>	<u>32,825,768</u>
Total additions	<u>52,489,827</u>	<u>1,904,244</u>
Deductions		
Participant benefits	15,619,510	14,266,838
Administrative expenses	424,625	384,406
Participant refunds	460,937	-
Total deductions	<u>16,505,072</u>	<u>14,651,244</u>
Net additions (deductions) to net assets held in trust for benefits	<u>35,984,755</u>	<u>(12,747,000)</u>
Net assets held in trust for benefits, beginning of year	<u>152,558,497</u>	<u>165,305,497</u>
Net assets held in trust for benefits, end of year	<u>\$ 188,543,252</u>	<u>\$ 152,558,497</u>

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

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

1. PLAN DESCRIPTION

The Washtenaw County Employees' Retirement System (the "System") is a single-employer defined benefit contributory retirement plan which provides pension, death and disability benefits covering certain full-time employees of Washtenaw County (the "County"). Certain employees hired on or after January 1, 1989, had been covered by a separate defined contribution plan (i.e., the Washtenaw County Money Purchase Pension Plan (MPPP)) but that has changed as described below. The Municipal Employees' Retirement System of Michigan, a separate defined benefit plan, covers Sheriff's Department employees hired on or after January 1, 1989.

Beginning in 2008 and continuing in 2009, because of changes in the collective bargaining agreements, most MPPP members were required to withdraw from that plan and enroll in the System. As a result, 907 MPPP members in 2008 and another 66 in 2009 transferred their account balances to the System.

Retirees and beneficiaries are eligible for postemployment healthcare benefits if they are receiving a pension from the System. The Washtenaw County Voluntary Employees Beneficiary Association (VEBA) pays these benefits.

System membership consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Retirees and beneficiaries currently receiving benefits	703	643
Terminated employees entitled to but not yet receiving benefits	24	24
Vested active participants	<u>1,065</u>	<u>1,073</u>
Total membership	<u>1,792</u>	<u>1,740</u>

Participating Sheriff and non-Sheriff department members are required to contribute 7% and 7.5%, respectively, of their annual compensation to the System for pension benefits. The County contributes such additional amounts, as necessary based on an actuarial determination, to provide assets sufficient to pay for member benefits. The County's contribution for the Sheriff department and non-Sheriff members for the year ended December 31, 2009, represents 480.50% and 8.57%, respectively, of annual covered payroll. The County's contribution for the Sheriff department and non-Sheriff members for the year ended December 31, 2008, represents 204.55% and 45.28%, respectively, of annual covered payroll.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

The System is administered by the County; accordingly, it is included as a pension trust fund in the County's financial statements. Plan amendments are under the authority of County Ordinances. Changes in required contributions are subject to collective bargaining agreements and approval by the Washtenaw County Board of Commissioners.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The System's financial statements are prepared on the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The County's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments - The System's investments are stated at fair value which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

Administration – Administrative costs are financed through investment earnings.

3. DEPOSITS, INVESTMENTS AND SECURITIES LENDING

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31: (investments at fair value, as determined by quoted market price)

	2009	2008
Equities:		
Not on securities loan	\$ 82,356,834	\$ 48,634,014
On securities loan	10,646,958	3,041,892
U.S. treasuries	2,621,455	1,146,702
U.S. treasury strips	10,529,604	10,280,883
U.S. agencies:		
Not on securities loan	26,229,684	17,564,238
On securities loan	1,463,373	8,616,794
Corporate securities	18,313,105	15,642,345
Real estate securities	6,156,966	5,443,852
Mutual funds	18,879,620	9,409,126
Money market funds	<u>11,135,369</u>	<u>32,545,069</u>
Total investments	<u>\$ 188,332,968</u>	<u>\$ 152,324,915</u>

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

Total realized and unrealized gains and losses for the year ended December 31, 2009 and 2008, were as follows:

	<u>Realized Gain (Loss)</u>	<u>Unrealized Gain (Loss)</u>	<u>Net Appreciation (Depreciation)</u>
2009			
Equities	\$ 7,930,183	\$ 14,533,601	\$ 22,463,784
Corporate, real estate, and U.S. securities	<u>183,091</u>	<u>(585,311)</u>	<u>(402,220)</u>
	<u>\$ 8,113,274</u>	<u>\$ 13,948,290</u>	<u>\$ 22,061,564</u>
2008			
Equities	\$ (19,963,384)	\$ (20,184,413)	\$ (40,147,797)
Corporate, real estate, and U.S. securities	<u>(55,405)</u>	<u>(839,394)</u>	<u>(894,799)</u>
	<u>\$ (20,018,789)</u>	<u>\$ (21,023,807)</u>	<u>\$ (41,042,596)</u>

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of System investments. Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net appreciation (depreciation) reported in prior years and the current year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy provides that 90% of its investments in fixed income securities be limited to those rated BAA or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

As of December 31, the System's investments in securities of U.S. agencies that are implicitly guaranteed (\$3,102,167 and \$2,868,599 of U.S. agencies are explicitly guaranteed during 2009 and 2008, respectively) by the U.S. government were rated AAA by Standard & Poor's, except for \$157,585 and \$158,946 which were rated AA.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

The System's investments in corporate securities were rated by Standard & Poor's as follows at December 31:

	<u>2009</u>	<u>2008</u>
AAA	\$ 5,797,526	\$ 6,036,256
AA	2,309,016	1,511,012
A	5,378,299	4,978,166
BBB	3,199,715	2,237,483
BB	315,908	127,529
B	94,370	39,030
CCC	156,910	-
D	-	11,400
Not rated	<u>1,061,361</u>	<u>701,469</u>
	<u>\$18,313,105</u>	<u>\$15,642,345</u>

The System's investments in money market funds and real estate are not rated. The System does not invest in bond mutual funds.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 5% of equity securities be invested in any one issuer, no more than 20% of equity securities be invested in any one industry, and no more than 8% of each manager's large cap equities fund be invested in any one company. The policy also provides that no more than 10% of fixed income securities may be invested in any one company and no more than 8% may be invested in any single issue.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

At December 31, 2009 and 2008, the System's investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
<u>2009</u>		
Equities	D. E. Shaw Group Limited Partnership	30.60%
U.S. agencies	Federal National Mortgage Association	6.30%
<u>2008</u>		
Equities	D. E. Shaw Group Limited Partnership	20.30%
U.S. agencies	Federal National Mortgage Association	9.40%
	Federal Home Loan Mortgage Association	5.70%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The System's investment policy does not address weighted average portfolio maturities.

As of December 31, 2009, maturities of the System's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)				
		Less Than 1	1-5	6-10	More Than 10	
U.S. treasuries	\$ 2,621,455	\$ -	\$ 49,855	\$ 1,495,809	\$ 1,075,791	
U.S. treasury strips	10,529,604	-	4,900,889	5,490,132	138,583	
U.S. agencies	27,693,057	168	848,750	6,322,973	20,521,166	
Corporate securities	18,313,105	1,543,641	6,250,365	4,055,214	6,463,885	
	<u>\$ 59,157,221</u>	<u>\$ 1,543,809</u>	<u>\$ 12,049,859</u>	<u>\$ 17,364,128</u>	<u>\$ 28,199,425</u>	

Of the above balances, \$10,374,554 of the U.S. agencies securities and \$13,237,573 of corporate securities are callable.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

As of December 31, 2008, maturities of the System's debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
	U.S. treasuries	\$ 1,146,702	\$ -	\$ -	\$ 148,867
U.S. treasury strips	10,280,883	-	3,763,189	6,455,833	61,861
U.S. agencies	26,181,032	24,066	523,949	6,738,907	18,894,110
Corporate securities	15,642,345	2,135,146	6,157,436	2,531,476	4,818,287
	<u>\$ 53,250,962</u>	<u>\$ 2,159,212</u>	<u>\$ 10,444,574</u>	<u>\$ 15,875,083</u>	<u>\$ 24,772,093</u>

Of the above balances, \$9,501,032 of the U.S. agencies securities and \$6,534,736 of corporate securities are callable.

The System's portfolio of U.S. agencies and corporate securities includes certain collateralized mortgage obligations (with interest-only and principal-only strips), mortgage pass-through asset-backed securities, variable-rate securities, and inverse variable-rate securities. The fair value of these investments was summarized as follows at December 31:

	2009	2008
Collateralized mortgage obligations:		
Interest-only strips	\$ 2,477,273	\$ 253,034
Principal-only strips	2,837,788	3,267,536
Mortgage pass-through asset-backed securities	7,379,451	7,567,206
Variable-rate securities	2,673,088	1,354,015
Inverse variable-rate securities	3,271,282	2,396,653

The System invests in interest-only strips, in part, to maximize yields and as protection against a rise in interest rates. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to increased prepayments by mortgagees, which may result from a decline in interest rates. If interest rates decline, the value of interest-only strips declines. If interest rates increase, the value of interest-only strips increases.

The System invests in principal-only strips to reduce the price sensitivity of its fixed-income portfolio to changes in interest rates. These principal-only strips are sensitive to decreased mortgage prepayments that may result from rising interest rates. If interest rates increase, the value of principal-only strips declines. If interest rates decrease, the value of principal-only strips increases.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

The System invests in mortgage pass-through asset-backed securities issued by Fannie Mae (Federal National Mortgage Association), Ginnie Mae (Government National Mortgage Association), and Freddie Mac (Federal Home Loan Mortgage Corporation), in order to reduce the fair value sensitivity of its fixed-income portfolio to changes in interest rates. These securities are sensitive to increased mortgage prepayments that may result from declining interest rates, thus decreasing the fair value of these investments.

A variable-rate investment's coupon amount enhances or amplifies the effects of interest rate changes by greater than a one-to-one basis. The multiplier makes the fair value of these investments highly sensitive to interest rate changes. As of December 31, 2009, the System holds 31 variable-rate investments with a fair value of \$2,673,088. The coupon rates for these investments range from 0.0% to 18.675%; the benchmark indexes include one-month, six-month, and twelve-month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), and Federal Reserve US H.15 Treasury Note Constant Maturity One Year; and the coupon payment frequency is monthly.

As of December 31, 2009, the System holds 78 inverse variable-rate investments with a fair value of \$3,271,282. With inverse variable-rate securities, coupon payments decline as interest rates increase. The coupon rates for these investments range from 4.82% to 99.99%; the benchmark indexes include one-month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), and three-month treasury rate; and the coupon payment frequency is monthly.

As of December 31, 2008, the System holds 16 variable-rate investments with a fair value of \$1,354,015. The coupon rates for these investments range from 0.0% to 5.06%; the benchmark indexes include one-month, six-month, and twelve-month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), and Federal Reserve US H.15 Treasury Note Constant Maturity One Year, and one-year treasury rate; the reset frequency is monthly, semi-annually, or annually; the coupon payment frequency is monthly; and coupon multipliers range from 1.0 to 44.8 times the benchmark index, minus 268.8% to plus 2.25%, with a cap ranging from 6.75% to 13.548% and a floor ranging from 0.0% to 3.20%.

As of December 31, 2008, the System holds 52 inverse variable-rate investments with a fair value of \$2,396,653. With inverse variable-rate securities, coupon payments decline as interest rates increase. The coupon rates for these investments range from 4.63% to 100%; the benchmark indexes include one-month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), and three-month treasury rate; the reset and coupon payment frequency is monthly; and coupon multipliers range from negative 2,253.07 to negative .89 times the benchmark index, plus 5.05% to 22,541.20%, with a cap ranging from 5.05% to 15,573.50% and a floor ranging from 0.0% to 11.0%.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

Securities Lending. A contract approved by the System's Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

4. ANNUAL REQUIRED CONTRIBUTION

The County's annual retirement benefits cost and net retirement benefits obligation for the year ended December 31, 2009 and 2008, were as follows:

	2009	2008
Annual required contribution / retirement benefit cost	\$ 6,752,093	\$ 5,359,824
Contribution made	<u>6,752,093</u>	<u>5,359,824</u>
Increase (decrease) in net retirement benefit obligation	-	-
Net retirement benefit obligation, beginning of year	-	-
 Net retirement benefit obligation, end of year	 <u>\$ _____</u>	 <u>\$ _____</u>

The annual required contribution for 2009 and 2008 was determined as part of an actuarial valuation of the System as of December 31, 2007 and 2006, respectively, using the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

For the three years ended December 31, 2007, 2008 and 2009 the annual retirement benefit cost for the County was \$4,827,249, \$5,359,824 and \$6,752,093, respectively. The County contributed 100% of the annual retirement benefit cost and there was no net retirement benefit obligation.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

5. FUNDED STATUS AND FUNDING PROGRESS

The funded status of the System as of December 31, 2008, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	(1)	\$ 270,299,282	
Actuarial value of assets	(2)	209,556,482	
Unfunded AAL (UAAL)	(3)	<u>\$ 60,742,800</u>	(1) - (2)
 Funded ratio	(4)	<u>77.5%</u>	(2) / (1)
 Covered payroll	(5)	<u>\$ 61,746,106</u>	
 UAAL as % of covered payroll	(6)	<u>98.4%</u>	(3) / (5)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For purposes of the schedule of funding progress, the actuarial accrued liability value as shown is determined using the entry age actuarial cost method. However, for purposes of calculating the annual required contribution (ARC), the System uses the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the System by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement 25. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

WASHTENAW COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

Valuation date	12/31/08
Actuarial cost method	Aggregate cost method for Sheriff's division; entry-age normal cost for General division
Amortization method	General division liabilities funded as a level percent of payroll over 30 years. Sheriff's division liabilities were amortized over 10 years using level dollar method.
Asset valuation method	Market value with 5 year smoothing of gains and losses.
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases *	4.5% to 11.9%
Cost-of-Living Adjustments	None

*Includes pay inflation of 4.5%

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REQUIRED SUPPLEMENTARY INFORMATION

WASHTENAW COUNTY

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31,</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (Overfunded) (UAAL) (2-1)		Funded Ratio (1/2)	Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
1999	\$ 146,587,299	\$ 144,026,699	\$ (2,560,600)	101.8%	\$ 11,609,168	-22.1%	
2000	156,959,460	152,942,076	(4,017,384)	102.6%	11,589,561	-34.7%	
2001	163,564,179	166,381,778	2,817,599	98.3%	13,843,557	20.4%	
2002	157,473,610	169,389,000	11,915,390	93.0%	12,836,355	92.8%	
2003	157,237,691	173,989,111	16,751,420	90.4%	12,332,026	135.8%	
2004	150,576,655	177,524,551	26,947,896	84.8%	12,134,962	222.1%	
2005	145,093,140	177,684,410	32,591,270	81.7%	11,076,300	294.2%	
2006	145,235,953	181,591,924	36,355,971	80.0%	10,243,828	354.9%	
2007	150,229,089	190,725,826	40,496,737	78.8%	9,354,679	432.9%	
2007 *	210,446,657	265,463,304	55,016,647	79.3%	57,943,478	94.9%	
2008	209,556,482	270,299,282	60,742,800	77.5%	61,746,106	98.4%	

NOTE: For purposes of the Schedule of Funding Progress, the actuarial accrued liability values as shown are determined using the entry age actuarial cost method. However, for purposes of calculating the ARC, the System uses the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

* Includes General division employees from the County's defined contribution plan (MPPP).

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>December 31,</u>	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
2000	\$ 1,513,759	\$ 1,513,759	100.0%
2001	1,449,631	1,449,631	100.0%
2002	1,456,780	1,456,780	100.0%
2003	1,651,416	1,651,416	100.0%
2004	2,451,764	2,451,764	100.0%
2005	2,700,525	2,700,525	100.0%
2006	3,845,384	3,845,384	100.0%
2007	4,827,249	4,827,249	100.0%
2008	5,359,824	5,359,824	100.0%
2009	6,752,093	6,752,093	100.0%