

**CIRCUIT COURT COMMISSIONERS BAILIFFS DIVISION**  
**WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
FORTY-SIXTH ANNUAL ACTUARIAL VALUATION AND PROJECTION  
OF FUND ACTIVITY  
SEPTEMBER 30, 2009

July 15, 2010

The Retirement Commission  
Wayne County Employees' Retirement System  
Detroit, Michigan

The results of the **Forty-Sixth Annual Actuarial Valuation** of the actuarial liabilities associated with benefits provided by the Wayne County Employees' Retirement System for the Bailiffs of Wayne County Circuit Court Commissioners are presented in this report. Also included in the report are projections of fund activity to determine cash flow patterns and the potential effect of variations between actual and assumed experience.

The valuation and projections were based upon data, furnished by your Executive Director and his Staff, concerning individual bailiffs, retirees and financial data.

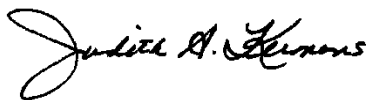
The date of the valuation and beginning of the projection period was September 30, 2009.

The report is divided into five sections:


- Section A: Projection of fund activity
- Section B: Results of the annual valuation
- Section C: Data submitted by the Retirement System
- Section D: Actuarial assumptions and methods
- Section E: Financial reporting

To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice prescribed by the Actuarial Standards Board and in compliance with the Retirement System Ordinance. The actuarial assumptions used for the valuation produce results which, in the aggregate, are reasonable. The actuaries submitting this report are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Judith A. Kermans, EA, MAAA, FCA



Norman L. Jones, FSA, EA, MAAA, FCA

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**SECTION A**

**PROJECTION OF FUND ACTIVITY**

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## **PURPOSE OF ACTUARIAL PROJECTIONS**

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Population and cash flow projections provide annual estimates of:

- i) Number of retirements.
- ii) Pension benefit payroll.
- iii) Number of active members and covered payroll.
- iv) Revenues and expenditures, including fee income, member contributions, contribution refunds, investment income, and benefit payout.
- v) System assets.

A particularly useful feature of actuarial projections (compared with actuarial valuations) is the ability to vary the group size (the Bailiffs Division is a closed group which will gradually diminish) and quantify, year by year, the effect of changes in variables such as investment income rates, volume of retirements, incidence of retirement, contribution levels, etc. The traditional actuarial valuation is a snapshot of the current condition. Year by year effects of variable changes are not produced.

Fee income is now more than sufficient to meet the recommended contribution level, but will dwindle as the present active members retire. Although unlikely, future shortfalls are possible, particularly if the actual investment return is substantially lower than the assumed return.

## PROJECTIONS INCLUDED IN THIS REPORT

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### PROJECTION A

**Projection A** is based on the market value of assets and the same assumptions as used in the actuarial valuation (Section B). These assumptions are described in Section D. In particular:

- 1) Investment return is assumed to be 7% per year.
- 2) Member terminations for events other than death or retirement were set equal to zero.
- 3) Average final compensation of members will increase 3% annually.
- 4) Fee income will continue in proportion with the number of remaining active members.

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### PROJECTION B

**Projection B** is based on the same assumptions as Projection A, except that the market value rate of return was assumed to be 4% per year. These differences illustrate the potential long-term effect of investment return below 7% per year. See the Comments below for a discussion on the investment return assumption.

The recognized rate of return, net of administrative expenses, for the year ended September 30, 2009 was (0.1) %. The corresponding market value rate of return was (6.2) %.

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### COMMENTS

Several years ago an inflation equity fund was established for the Bailiff Divisions. Each year, at the discretion of the Board, the product of (i) recognized investment return over 8.0% (or other threshold decided upon by the Retirement Board), and (ii) the actuarial present value of pensions is added to a reserve for inflation equity that may later be disbursed to retirees in the form of 13th check payments.

Since the rate of return was less than 8.0% as of September 30, 2009, there was no addition to the Inflation Equity fund. Also, a 13<sup>th</sup> check has not been paid to the Bailiffs in the last few years.

If investment returns average 7% per year, but fluctuate between 4% and 10% (the 7% mean  $\pm$  3%), recognized gains will occur in about half of the years. However, the portion of investment return available to finance base benefits would then fluctuate between 4% and 7% and therefore average less than 7%, since some of the investment return would be shared with retirees. **This scenario is modeled in Projection B.**

**CASH FLOW PROJECTION A**  
**7.0% NET INVESTMENT RETURN**

Year	No. Active	Payroll	Beginning Assets	Contributions		Regular Benefits Pd.	Investment Return	Ending Assets
				Employer	Employee			
2009*	5.0	\$547,209	\$ 4,958,199	\$ 38,339	\$28,174	\$144,742	\$(308,771)	\$ 4,571,199
2010	0.0	0	4,571,199	0	0	331,013	308,398	4,548,584
2011	0.0	0	4,548,584	0	0	501,105	300,862	4,348,341
2012	0.0	0	4,348,341	0	0	468,439	287,989	4,167,891
2013	0.0	0	4,167,891	0	0	434,720	276,537	4,009,708
2014	0.0	0	4,009,708	0	0	400,348	266,667	3,876,027
2015	0.0	0	3,876,027	0	0	365,761	258,520	3,768,786
2016	0.0	0	3,768,786	0	0	331,418	252,215	3,689,583
2017	0.0	0	3,689,583	0	0	297,750	247,850	3,639,683
2018	0.0	0	3,639,683	0	0	265,164	245,497	3,620,016
2023	0.0	0	3,851,817	0	0	129,473	265,096	3,987,440
2028	0.0	0	4,833,710	0	0	49,806	336,616	5,120,520
2033	0.0	0	6,575,272	0	0	15,398	459,730	7,019,604
2038	0.0	0	9,161,726	0	0	4,132	641,176	9,798,770

\* Actual, based on market value of assets.

**CASH FLOW PROJECTION B**  
**4% NET INVESTMENT RETURN**

Year	No. Active	Payroll	Beginning Assets	Contributions		Regular Benefits Pd.	Investment Return	Ending Assets
				Employer	Employee			
2009*	5.0	\$547,209	\$4,958,199	\$38,339	\$28,174	\$144,742	\$(242,258)	\$ 4,571,199
2010	0.0	0	4,571,199	0	0	331,013	176,228	4,416,414
2011	0.0	0	4,416,414	0	0	501,105	166,634	4,081,943
2012	0.0	0	4,081,943	0	0	468,439	153,909	3,767,413
2013	0.0	0	3,767,413	0	0	434,720	142,002	3,474,695
2014	0.0	0	3,474,695	0	0	400,348	130,981	3,205,328
2015	0.0	0	3,205,328	0	0	365,761	120,898	2,960,465
2016	0.0	0	2,960,465	0	0	331,418	111,790	2,740,837
2017	0.0	0	2,740,837	0	0	297,750	103,678	2,546,765
2018	0.0	0	2,546,765	0	0	265,164	96,567	2,378,168
2023	0.0	0	1,944,338	0	0	129,473	75,184	1,890,049
2028	0.0	0	1,843,098	0	0	49,806	72,728	1,866,020
2033	0.0	0	2,055,185	0	0	15,398	81,899	2,121,686
2038	0.0	0	2,445,136	0	0	4,132	97,723	2,538,727

\* Actual, based on market value of assets.

## COMMENTS

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**COMMENT A:** Based on regular valuation assumptions (Projection A), the Circuit Court Bailiffs Division will remain solvent indefinitely. In fact, a considerable surplus develops by the end of the forecast period. Under Projection B, the fund will also remain solvent for 25 years, but with a much smaller ending balance.

**COMMENT B:** Investment experience for the year ended September 30, 2009 was unfavorable. The market rate of return was (6.2)%, which is much lower than the assumed 7.0% rate. However, the recognition of gains and losses from this and prior years were phased in, resulting in a (0.1)% rate of return on a Funding Value basis (see page C-5). The difference between the 7.0% and the (6.2)% will be phased in over the next few years.

**COMMENT C:** The public-financed contribution requirement for the Circuit Court Commissioners Bailiffs Division of the Wayne County Employees' Retirement System has been computed to be \$0 for the year beginning October 1, 2009. This requirement is lower than the actual contributions during the 2008/2009 fiscal year of \$38,339. The current contribution sufficiency could be disrupted if one or more of the following occurred:

- 1) Investment return is substantially below the assumed rate of return for a sustained period.
- 2) Active Bailiff annual pays began to increase at a much greater rate than assumed.
- 3) Substantially all investment gains are paid out in 13<sup>th</sup> check payments.

**COMMENT D:** Active Bailiff pays decreased this year. Since benefits at retirement are based on the highest 5 years of pay, we used estimated average final compensation (AFC) in the valuation this year rather than reported payroll.

**RECOMMENDATION:** As shown on page B-2, the ratio of System assets to actuarial accrued liabilities is now 176%. In the absence of sustained poor experience, this ratio is likely to remain over 100% as the System continues to wind down. We recommend that a study be undertaken to (i) determine ways to maintain a closer balance between assets and liabilities without materially increasing the risk of a funding shortfall, and (ii) work with the Retirement System to determine the final disposition of assets after there are no remaining participants.

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## **SECTION B**

### **RESULTS OF THE ANNUAL VALUATION**

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**COMPUTED PUBLIC-FINANCED CONTRIBUTIONS  
EXCLUSIVE OF BAILIFFS CONTRIBUTIONS**

<b>Public-Financed Contributions for</b>	<b>Computed Annual Contributions for Fiscal Year Beginning 10/1/2009</b>
Normal Cost:	
Age and service pensions	\$26,143
Casualty pensions	2,283
Total normal cost	28,426
Unfunded Actuarial Accrued Liabilities (Fully funded)	(28,426)
Total Computed Contributions	\$NONE

**CIRCUIT COURT COMMISSIONERS BAILIFFS DIVISION  
COMPARATIVE STATEMENT**

Valuation Date September 30+	Fiscal Year	Active Bailiffs		Retirees and Beneficiaries		Active Per Retired	Public-Financed Contributions	
		No.	Annual Pays@	No.	Annual Pensions		Computed	Actual
1985	'85-'86	11	\$ 696,216	6	\$ 43,635	1.8	\$ 60,115 #	\$ 61,271
1990	'90-'91	10	682,529	5	54,008	2.0	0	62,002
1995	'95-'96	9	808,644	6	87,321	1.5	0 #	64,425
2000	'00-'01	6	714,125	8	179,050	0.8	0	61,159
2001	'01-'02	6	714,125	7	174,678	0.9	0	68,063
2002	'02-'03	6	714,125	6	144,740	1.0	0	63,133
2003	'03-'04	6	714,125	6	144,742	1.0	0	44,023
2004	'04-'05	6	714,125	6	144,742	1.0	0	28,850
2005	'05-'06	5	600,321	6	144,742	0.8	0 #	50,441
2006	'06-'07	5	600,321	6	144,742	0.8	0	38,117
2007	'07-'08	5	700,300	6	144,742	0.8	0	36,135
2008	'08-'09	5	650,730	6	144,742	0.8	0	38,339
2009	'09-'10	5	547,209	6	144,742	0.8	0	N/A

+ November valuation date prior to 1998.

# Revised actuarial assumptions and/or methods.

@ In 1985 through 2006, estimated average final compensation is shown instead of reported annual pay.

**ACTUARIAL ACCRUED LIABILITIES AND RESERVE BALANCES  
COMPARATIVE STATEMENT**

Valuation Date September 30@	Actuarial Accrued Liabilities (AAL)	Applied Reserve Balances	Unfunded AAL	Ratio of Reserve Balances to AAL
1986#	\$1,293,239	\$1,394,933	\$(101,694)	107.9 %
1987	1,383,748	1,587,177	(203,429)	114.7 %
1988+	1,580,781	1,790,605	(209,824)	113.3 %
1989	1,634,473	1,992,759	(358,286)	121.9 %
1990	1,772,509	2,183,563	(411,054)	123.2 %
1991#	1,786,273	2,293,329	(507,056)	128.4 %
1992	1,946,587	2,474,379	(527,792)	127.1 %
1993	2,163,646	2,707,184	(543,538)	125.1 %
1994	2,341,006	2,894,773	(553,767)	123.7 %
1995#	2,922,911	3,113,506	(190,595)	106.5 %
1996	3,216,948	3,359,397	(142,449)	104.4 %
1997	3,408,809	3,616,737	(207,928)	106.1 %
1998	3,454,538	3,852,227	(397,689)	111.5 %
1999	3,730,418	4,096,555	(366,137)	109.8 %
2000	3,788,833	4,323,921	(535,088)	114.1 %
2001	3,788,652	4,390,571	(601,919)	115.9 %
2002	3,527,492	4,366,518	(839,026)	123.8 %
2003	3,556,522	4,403,045	(846,523)	123.8 %
2004	3,583,641	4,437,440	(853,799)	123.8 %
2005#	3,313,863	4,660,906	(1,347,043)	140.6 %
2006	3,278,490	5,056,487	(1,777,997)	154.2 %
2007	3,613,961	5,626,241	(2,012,280)	155.7 %
2008	3,366,833	5,859,443	(2,492,610)	174.0 %
2009	3,286,868	5,794,533	(2,507,665)	176.3 %

@ November valuation date prior to 1998.  
 # Revised actuarial assumptions and/or methods.  
 + Reflects 2% benefit formula.

## ACTUARIAL LIABILITIES SEPTEMBER 30, 2009

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Present Value, September 30, 2009, of	Actuarial Liabilities		
	Bailiff- Financed	Public- Financed	Totals
Accrued portions of pensions likely to be paid present Bailiffs, based upon service rendered prior to October 1, 2009	\$1,330,477	\$1,105,753	\$2,436,230
Expected future refunds of members' contributions made prior to October 1, 2009	0		0
Total member accrued liabilities	1,330,477	1,105,753	2,436,230
Pensions being paid retirees and beneficiaries			850,638
Total Actuarial Accrued Liabilities			\$3,286,868
Prospective portions of age and service pensions likely to be paid present Bailiffs, based upon service to be rendered after September 30, 2009	\$ 13,038	\$ 15,107	\$ 28,145

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## **RECOMMENDATIONS**

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**RECOMMENDATION A:** A transfer between the Reserve for Defined Benefit Employer Contributions and the Reserve for Undistributed Investment Income and Administrative Expense is required in order for the latter reserve to equal 5% of the sum of the balances in the Reserve for Accumulated Member Contributions, Reserve for Defined Benefit Employer Contributions, and the Reserve for Pension Payments (\$217,676). The actuarial valuation was based on the assumption that such a transfer was completed.

**RECOMMENDATION B:** We recommend a transfer of \$64,415 from the Reserve for Defined Benefit Employer Contributions to the Reserve for Pension Payments in order to make the latter reserve exactly 100% funded on the valuation date. The actuarial valuation was based on the assumption that such a transfer would be made.

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**SECTION C**

**DATA SUBMITTED BY THE RETIREMENT SYSTEM**

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**BRIEF SUMMARY OF BENEFIT PROVISIONS**  
**(SEPTEMBER 30, 2009)**

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**Regular Retirement** (no reduction factor for age):

*Eligibility* - Age 50 with 25 years of service or age 60 with 5 years of service.

*Mandatory Retirement Age* - None.

*Annual Amount* - Total service times 2.0% of average final compensation (AFC).  
Maximum County-financed portion is 75% of AFC.

*Type of Average Final Compensation* - Highest 5 years of service.

**Deferred Retirement** (vested benefit):

*Eligibility* - 8 years of service. Benefit begins at age 60.

*Annual Amount* - Computed as regular retirement but based upon service and AFC at time of termination.

**Duty Disability Retirement:**

**Eligibility** - No age or service requirements.

*Annual Amount* - Computed as regular retirement with additional service credit granted from date of retirement to age 60. Minimum benefit is the smaller of \$4,800 or 3/4 of AFC. Worker's compensation payments are offset.

**Non-Duty Disability Retirement:**

*Eligibility* - 10 years of service.

*Annual Amount* - Computed as regular retirement.

**BRIEF SUMMARY OF BENEFIT PROVISIONS**  
**(SEPTEMBER 30, 2009)**

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**Duty Death Before Retirement:**

*Eligibility* - No age or service requirements.

*Annual Amount* - Benefit to the spouse is computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election. Additional service credit is granted from date of death to date the deceased member would have attained 60 years of age. If there is no eligible spouse, unmarried children under 18 receive equal shares of 50% of regular retirement benefit. Spouse's benefit shall not be less than the lesser of \$4,800, or 3/4 of AFC. Worker's compensation payments are offset.

**Non-Duty Death Before Retirement:**

*Eligibility* - 10 years of service.

*Annual Amount* - Benefit to the spouse is computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election. If there is no eligible spouse, unmarried children under 18 receive equal shares of 50% of regular retirement benefit.

**Member Contributions:**

3.0% of the first \$4,200 of annual compensation plus 5.0% of annual compensation in excess of \$4,200.

**Post-Retirement Cost-of-Living Adjustments:**

Eligible for distributions from Reserve for Inflation Equity.

## DERIVATION OF RESERVE FOR INFLATION EQUITY

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	September 30	
	2009	2008
Rate of investment return		
(1) Actual return on funding value of assets	-	3.60 %
(2) Threshold return	8.00 %	8.00 %
(3) Excess, if any, of (1) over (2)	-	-
Actuarial present value of pensions		
(4) Total	\$850,638	\$886,634
Addition to reserve - current year		
(5) line (3) times line (4)	0	0
Reserve balance - start of year	78,357	78,357
Disbursements during year	0	0
Current year addition	0	0
<b>Reserve balance - end of year</b>	<b>\$ 78,357</b>	<b>\$ 78,357</b>

*The reserve balances* of the Circuit Court Commissioners Bailiffs Division, as of September 30, 2009, were reported to total \$4,649,556 distributed as follows, after year-end interest credits, transfers to exactly fully fund the Reserve for Pension Payments and setting the Reserve for Undistributed Investment Income and Expense equal to 5% of the other reserves (see recommendations on page B-4):

Reserves for	Reserve Balances	
	September 30, 2009	September 30, 2008
Accumulated Member Contributions	\$1,330,477	\$1,648,046
Defined Benefit Employer Contributions	2,172,408	2,187,414
Pension Payments	850,638	886,634
Undist. Investment Income & Expense	217,676	236,105
Inflation Equity	78,357	78,357
<b>Totals</b>	<b>\$4,649,556</b>	<b>\$5,036,556</b>

*In financing the actuarial accrued liabilities*, the reserve balances of \$4,649,556 were distributed as follows:

Reserves for	Reserve Balances Applied to *			
	Active Member Liabilities	Retiree and Beneficiary Liabilities	Contingency Reserves	Totals
Accumulated Member Contributions	\$1,330,477	\$	\$	\$1,330,477
Defined Benefit Employer Contributions	2,172,408		78,357	2,250,765
Pension Payments		850,638		850,638
Undist. Investment Income & Expenses			217,676	217,676
<b>Totals</b>	<b>\$3,502,885</b>	<b>\$850,638</b>	<b>\$296,033</b>	<b>\$4,649,556</b>

\* Based on Market Value.

## DEVELOPMENT OF FUNDING VALUE OF ASSETS

Year Ended September 30	2007	2008	2009	2010	2011	2012
A. Funding Value Beginning of Year	\$5,346,196	\$6,034,656	\$6,173,905			
B. Market Value End of Year	7,009,582	5,036,556	4,649,556			
C. Market Value Beginning of Year	5,606,215	7,009,582	5,036,556			
D. Non-Investment Net Cash Flow	(50,789)	(77,184)	(78,229)			
E. Investment Income						
E1. Market Total: B-C-D	1,454,156	(1,895,842)	(308,771)			
E2. Amount for Immediate Recognition (7.0%)	372,456	419,724	429,435			
E3. Amount for Phased-In Recognition: E1-E2	1,081,700	(2,315,566)	(738,206)			
F. Phased-In Recognition of Investment Return						
F1. Current Year: 0.25 x E3	270,425	(578,892)	(184,552)			
F2. First Prior Year	58,472	270,425	(578,892)	\$ (184,552)		
F3. Second Prior Year	46,704	58,472	270,425	(578,892)	\$ (184,552)	
F4. Third Prior Year	(8,808)	46,704	58,474	270,425	(578,889)	\$ (184,549)
F5. Total Recognized Investment Gain	366,793	(203,291)	(434,545)	(493,019)	(763,441)	(184,549)
G. Funding Value End of Year	6,034,656	6,173,905	6,090,566			
H. Difference between Market & Funding Value	974,926	(1,137,349)	(1,441,010)	(947,991)	(184,550)	0

The Funding Value of Assets recognizes assumed investment return (line E2) fully each year. Differences between actual and assumed investment return (line E3) are phased-in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. The Funding Value of Assets is *unbiased* with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for three consecutive years, it will become equal to Market Value.

**RETIREES ADDED TO AND REMOVED FROM ROLLS  
COMPARATIVE STATEMENT**

Year Ended Sep. 30+	Added to Rolls		Removed from Rolls		Net Increase		Rolls End of Year	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
1976							2	\$ 6,298.92
1977							2	6,298.92
1978							2	6,298.92
1979	1	\$ 13,007.40			1	\$ 13,007.40	3	19,306.32
1980	2	13,704.72			2	13,704.72	5	33,011.04
1981	2	11,810.28	1	\$ 1,395.96	1	10,414.32	6	43,425.36
1982			1	11,021.04	(1)	(11,021.04)	5	32,404.32
1983							5	32,404.32
1984							5	32,404.32
1985	1	11,230.56			1	11,230.56	6	43,634.88
1986							6	43,634.88
1987			1	698.04	(1)	(698.04)	5	42,936.84
1988							5	42,936.84
1989	2	33,720.84	2	22,649.76		11,071.08	5	54,007.92
1990							5	54,007.92
1991	2	52,443.48	1	20,622.24	1	31,821.24	6	85,829.16
1992							6	85,829.16
1993		1,440.12 #				1,440.12	6	87,269.28
1994		51.60 #				51.60	6	87,320.88
1995							6	87,320.88
1996			1	4,902.96	(1)	(4,902.96)	5	82,417.92
1997	1	30,118.00		34.68 #	1	30,083.32	6	112,501.24
1998	1	22,006.68			1	22,006.68	7	134,507.92
1999		0.44 #				0.44	7	134,508.36
2000	1	44,541.96			1	44,541.96	8	179,050.32
2001			1	4,372.20	(1)	(4,372.20)	7	174,678.12
2002		180.00 #	1	30,118.44	(1)	(29,938.44)	6	144,739.68
2003		2.76 #				2.76	6	144,742.44
2004							6	144,742.44
2005							6	144,742.44
2006							6	144,742.44
2007							6	144,742.44
2008							6	144,742.44
2009							6	144,742.44

# Adjustments.

+ November valuation date prior to 1998.

**RETIREES - SEPTEMBER 30, 2009**  
**TABULATED BY TYPE OF PENSIONS BEING PAID**

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<b>Type of Allowances</b>	<b>Number</b>	<b>Annual Allowances</b>
Age and Service Pensions		
Regular - life of member	2	\$ 55,789
Option 2 - 100% joint & survivor	1	32,353
Survivor beneficiary	3	56,600
Casualty Pensions	0	0
<b>Totals</b>	<b>6</b>	<b>\$144,742</b>

**RETIREES AND BENEFICIARIES - SEPTEMBER 30, 2009**  
**TABULATED BY ATTAINED AGE**

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<b>Attained Ages</b>	<b>No.</b>	<b>Annual Pensions</b>
66	1	\$ 20,657
78	1	22,155
82	1	44,542
85	1	13,788
90	1	32,353
94	1	11,247
<b>Totals</b>	<b>6</b>	<b>\$144,742</b>

Average Age at Retirement: 71.6 years  
Average Age Now: 83.1 years

**ACTIVE MEMBERS - SEPTEMBER 30, 2009**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

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Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
73						1		1	\$ 96,768
74							1	1	117,133
78						1		1	124,209
79 & Up							2	2	209,099
<b>Totals</b>						<b>2</b>	<b>3</b>	<b>5</b>	<b>\$547,209</b>

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 77.1 years  
Service: 29.7 years  
Annual Pay: \$109,442

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## **SECTION D**

### **ACTUARIAL ASSUMPTIONS AND METHODS**

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## INVESTMENT INCOME & MORTALITY ASSUMPTIONS

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*Assumed Rate of Investment Return.* 7% per year, net after administrative and investment expenses.

*The mortality table* used to measure post-retirement mortality was the RP-2000 Mortality Table.

The assumption is used to measure the probabilities of members dying before retirement and the probabilities of each retirement allowance payment being made after retirement.

Sample Attained Ages	Single Life Retirement Values			
	Present Value of \$1 Monthly for Life		Future Life Expectancy (years)	
	Men	Women	Men	Women
45	\$155.95	\$159.14	35.51	38.35
50	148.88	153.00	30.80	33.59
55	139.65	144.94	26.18	28.91
60	128.17	134.76	21.74	24.38
65	114.66	122.67	17.61	20.12
70	99.62	108.97	13.88	16.23
75	83.30	93.94	10.57	12.74
80	66.63	77.98	7.75	9.68
Ref:	506 x 1.00	507 x 1.00		

## **EXPERIENCE ASSUMPTIONS (OTHER THAN INVESTMENT & MORTALITY)**

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*Rates of Separation from Active Employment Before Retirement:* None.

*Probabilities of retirement* for members eligible to retire were:

<b>Retirement Ages</b>	<b>Percent of Active Members Retiring Within Next Year</b>
50	5%
51	5%
52	5%
53	5%
54	5%
55	5%
56	5%
57	5%
58	5%
59	5%
60	5%
61	5%
62	30%
63	10%
64	10%
65	60%
66	30%
67	40%
68	50%
69	90%
70	100%
Ref	568

A member was assumed to be eligible for retirement after attaining age 50 with 25 years of service or after attaining age 60 with 5 or more years of service.

*The actuarial valuation method* used was the entry age normal cost method.

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## **SECTION E**

### **FINANCIAL REPORTING**

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## STATEMENT OF MARKET VALUE OF PLAN NET ASSETS

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	September 30, 2009	September 30, 2008
<b>Assets</b>		
Cash and short-term investments	\$ 120,472	\$ 214,946
Other: Demand Obligations	149,140	137,520
Other: Due from other Wayne County Funds	0	0
<b>Receivables</b>		
Accrued interest & contributions rec.	342	593
Other receivables	0	0
<b>Investments</b>		
U.S. Government Bonds	49,920	53,168
Stock Mutual Funds	4,294,336	4,595,075
Common Stocks	0	0
Foreign Government Bonds	35,346	35,254
Mortgages	0	0
	\$4,379,602	\$4,683,497
<b>Total Assets</b>	<b>4,649,556</b>	<b>5,036,556</b>
<b>Liabilities</b>		
Payables	0	0
<b>Net Assets held in trust for pension benefits</b> (A schedule of funding progress for the plan is presented on page E-5).	<b>\$4,649,556</b>	<b>\$5,036,556</b>

## STATEMENT OF CHANGES IN MARKET VALUE OF PLAN NET ASSETS

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	Reconciliation	
	September 30, 2009	September 30, 2008
Additions		
Contributions		
Employer	\$ 38,339	\$ 36,135
Plan members	28,174	31,423
Total contributions	\$ 66,513	\$ 67,558
Investment Income	(271,807)	(1,868,623)
Total additions	(205,294)	(1,801,065)
Deductions		
Benefits	144,742	144,742
Refunds of contributions	0	0
Expenses	36,964	27,219
Total deductions	181,706	171,961
Net Increase	(387,000)	(1,973,026)
Net assets held in trust for pension benefits		
Beginning of year	\$5,036,556	\$7,009,582
End of year	\$4,649,556	\$5,036,556

**Plan Description.** The Wayne County – Circuit Court Commissioners Bailiffs Division is a single-employer defined benefit pension plan that covers Circuit Court Bailiffs of Wayne County.

The plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

**Contributions.** Plan members’ contributions are in accordance with the information on page C-2.

The employer’s funding policy provides for periodic employer contributions based upon a *fundamental financial objective of having rates of contribution which remain relatively level from generation to generation of Wayne County citizens*. To determine the employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, the System has actuarial valuations prepared annually. In preparing those valuations, the entry age actuarial cost method is used to determine normal cost and actuarial accrued liabilities.

Unfunded actuarial accrued liabilities, if any, are amortized by level percent-of-payroll contributions over a period not to exceed 30 years. The full funding credit is currently more than sufficient to offset the computed normal cost.

On the basis of the September 30, 2009 actuarial valuation, the employer rates were determined to be as follows:

<b>Contributions for</b>	<b>Dollar Amount</b>
Normal Cost	\$28,426
Accrued Liabilities	(28,426)
Total Employer Rate	\$ 0

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

Valuation Date September 30@	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
1990	\$2,184	\$1,773	\$ (411)	123.2%	\$683	-
1991#	2,293	1,786	(507)	128.4%	644	-
1992	2,474	1,947	(527)	127.1%	672	-
1993	2,707	2,164	(543)	125.1%	706	-
1994	2,895	2,341	(554)	123.7%	744	-
1995#	3,114	2,923	(191)	106.5%	808	-
1996	3,359	3,217	(142)	104.4%	889	-
1997	3,617	3,409	(208)	106.1%	827	-
1998	3,854	3,455	(399)	111.5%	768	-
1999	4,097	3,730	(367)	109.8%	838	-
2000	4,324	3,789	(535)	114.1%	714	-
2001	4,391	3,789	(602)	115.9%	714	-
2002	4,367	3,527	(840)	123.8%	714	-
2003	4,403	3,557	(846)	123.8%	714	-
2004	4,437	3,584	(853)	123.8%	714	-
2005#	4,661	3,314	(1,347)	140.6%	600	-
2006	5,056	3,278	(1,778)	154.2%	600	-
2007	5,626	3,614	(2,012)	155.7%	700	-
2008	5,859	3,367	(2,492)	174.0%	651	-
2009	5,795	3,287	(2,508)	176.3%	547	-

# After changes in actuarial assumptions.

@ Valuation date of November 30, prior to 1998.

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

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Fiscal Year Ending September 30@	Annual@ Required Contribution	Actual Contributions	Percent Contributed
1990	\$0	\$45,129	-
1991#	0	62,002	-
1992	0	66,721	-
1993	0	62,881	-
1994	0	71,222	-
1995#	0	71,809	-
1996	0	64,425	-
1997	0	72,675	-
1998	0	42,051	-
1999	0	71,046	-
2000	0	66,718	-
2001	0	61,159	-
2002	0	68,063	-
2003	0	63,133	-
2004	0	44,023	-
2005#	0	28,850	-
2006	0	50,441	-
2007	0	38,117	-
2008	0	36,135	-
2009	0	38,339	-

# After changes in actuarial assumptions.

@ Valuation date of November 30, prior to 1998.

**This information is presented in draft form for review by the Plan's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the Plan's financial statements.**

## **SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS**

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The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2009
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of pay
Remaining amortization period	Fully funded
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	0.0%
Cost-of-living adjustments	Inflation Equity Reserve distributions

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## MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

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<b>Marriage Assumption:</b>	100% of members are assumed to be married for purposes of valuing death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
<b>Pay Increase Timing:</b>	Beginning of (fiscal) year.
<b>Decrement Timing:</b>	All decrements are assumed to occur mid-year.
<b>Eligibility Testing:</b>	Eligibility for benefits is determined based upon the age nearest birthday and exact fractional service on the date the decrement is assumed to occur.
<b>Benefit Service:</b>	Exact fractional service is used to determine the amount of benefit payable.
<b>Decrement Relativity:</b>	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
<b>Adjustments:</b>	The calculated Normal Cost and Accrued Liability for age and service benefits were increased by 5% to account for potential lump sums included in AFC.
<b>Other:</b>	Disability and withdrawal decrements do not operate after member reaches retirement eligibility.

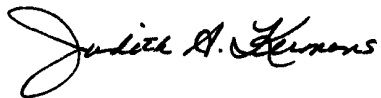
July 15, 2010

Mr. Richard Noelke  
Interim Executive Director  
Wayne County Employees' Retirement System  
28 W. Adams, Suite 1900  
Detroit, Michigan 48226

Dear Rich:

Enclosed please find 35 copies of the report of the Forty-Sixth Annual Actuarial Valuation and Projection of Fund Activity, as of September 30, 2009, of the Circuit Court Commissioners Bailiffs Division of the Wayne County Employees' Retirement System.

Sincerely,

A handwritten signature in black ink, reading "Judith A. Kermans". The signature is written in a cursive style with a large, looping initial "J".

Judith A. Kermans

JAK:sac  
Enclosures