

**CIRCUIT COURT COMMISSIONERS BAILIFFS DIVISION  
WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM  
FORTY-SEVENTH ANNUAL ACTUARIAL VALUATION  
AND PROJECTION OF FUND ACTIVITY  
SEPTEMBER 30, 2010**

June 23, 2011

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

The results of the **Forty-Seventh 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.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. This report does not contain an analysis of the potential range of such future measurements.

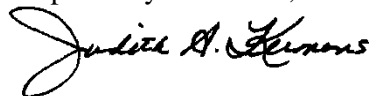
The date of the valuation and beginning of the projection period was September 30, 2010.

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, 2010 was (2.1)%. The corresponding market value rate of return was 4.1%.

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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, 2010, 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 several 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			
2010*	3.0	\$312,392	\$ 4,571,199	\$ 37,926	\$20,641	\$151,219	\$ 188,208	\$ 4,666,755
2011	0.0	0	4,666,755	0	0	274,195	317,076	4,709,636
2012	0.0	0	4,709,636	0	0	373,232	316,611	4,653,015
2013	0.0	0	4,653,015	0	0	347,640	313,544	4,618,919
2014	0.0	0	4,618,919	0	0	322,001	312,054	4,608,972
2015	0.0	0	4,608,972	0	0	296,442	312,253	4,624,783
2016	0.0	0	4,624,783	0	0	271,133	314,245	4,667,895
2017	0.0	0	4,667,895	0	0	246,268	318,133	4,739,760
2018	0.0	0	4,739,760	0	0	222,060	324,011	4,841,711
2019	0.0	0	4,841,711	0	0	198,746	331,964	4,974,929
2024	0.0	0	5,838,885	0	0	102,703	405,127	6,141,309
2029	0.0	0	7,719,322	0	0	46,796	538,715	8,211,241
2034	0.0	0	10,617,913	0	0	19,538	742,570	11,340,945
2039	0.0	0	14,809,028	0	0	6,752	1,036,396	15,838,672

\* 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			
2010*	3.0	\$312,392	\$4,571,199	\$37,926	\$20,641	\$151,219	\$246,775	\$ 4,666,755
2011	0.0	0	4,666,755	0	0	274,195	181,186	4,573,746
2012	0.0	0	4,573,746	0	0	373,232	175,485	4,375,999
2013	0.0	0	4,375,999	0	0	347,640	168,087	4,196,446
2014	0.0	0	4,196,446	0	0	322,001	161,418	4,035,863
2015	0.0	0	4,035,863	0	0	296,442	155,506	3,894,927
2016	0.0	0	3,894,927	0	0	271,133	150,374	3,774,168
2017	0.0	0	3,774,168	0	0	246,268	146,041	3,673,941
2018	0.0	0	3,673,941	0	0	222,060	142,516	3,594,397
2019	0.0	0	3,594,397	0	0	198,746	139,801	3,535,452
2024	0.0	0	3,495,902	0	0	102,703	137,782	3,530,981
2029	0.0	0	3,820,772	0	0	46,796	151,895	3,925,871
2034	0.0	0	4,456,541	0	0	19,538	177,871	4,614,874
2039	0.0	0	5,345,756	0	0	6,752	213,695	5,552,699

\* 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 is expected to remain solvent past the point where benefits are expected to be paid from the Plan. In fact, a considerable surplus develops by the end of the 25 year forecast period. Under Projection B, the fund is also expected to remain solvent for at least 25 years, but with a much smaller ending balance.

**COMMENT B:** Investment experience for the year ended September 30, 2010 was unfavorable. The market rate of return was 4.1%, 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 (2.1)% rate of return on a Funding Value basis (see page C-5). The difference between the 7.0% and the 4.1% 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, 2010. This requirement is lower than the actual contributions during the 2009/2010 fiscal year of \$37,926. 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 have decreased in recent years. 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.

**COMMENT E:** As shown on page B-2, the ratio of System assets to actuarial accrued liabilities is now 223%. In the absence of sustained poor experience, this ratio is likely to continue to increase as the System continues to wind down. We suggest 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 10/1/2010</b>
Normal Cost:	
Age and service pensions	\$14,263
Casualty pensions	1,423
Total normal cost	15,686
Unfunded Actuarial Accrued Liabilities (Fully funded)	(15,686)
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	37,926
2010	'10-'11	3	312,392	6	162,175	0.5	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**

<b>Valuation Date September 30@</b>	<b>Actuarial Accrued Liabilities (AAL)</b>	<b>Applied Reserve Balances</b>	<b>Unfunded AAL</b>	<b>Ratio of Reserve Balances to AAL</b>
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 %
2010	2,499,222	5,568,687	(3,069,465)	222.8 %

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

## ACTUARIAL LIABILITIES SEPTEMBER 30, 2010

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Present Value, September 30, 2010, 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, 2010	\$1,150,770	\$309,942	\$1,460,712
Expected future refunds of members' contributions made prior to October 1, 2010	0		0
Total member accrued liabilities	1,150,770	309,942	1,460,712
Pensions being paid retirees and beneficiaries			1,038,510
Total Actuarial Accrued Liabilities			\$2,499,222
Prospective portions of age and service pensions likely to be paid present Bailiffs, based upon service to be rendered after September 30, 2010	\$ 7,431	\$ 8,112	\$ 15,543

## **RECOMMENDATIONS**

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**RECOMMENDATION A:** A transfer between the Reserve for Defined Benefit Employer Contributions and the Reserve for Undistributed Investment Income (UII) 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. After such transfer, the UII Fund is equal to \$222,226. The actuarial valuation was based on the assumption that such a transfer was completed.

**RECOMMENDATION B:** We recommend a transfer of \$61,119 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, 2010)**

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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, 2010)**

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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	
	2010	2009
Rate of investment return		
(1) Actual return on funding value of assets	-	-
(2) Threshold return	8.00 %	8.00 %
(3) Excess, if any, of (1) over (2)	-	-
Actuarial present value of pensions		
(4) Total	\$1,038,510	\$850,638
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, 2010, were reported to total \$4,745,112 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, 2010	September 30, 2009
Accumulated Member Contributions	\$1,150,770	\$1,330,477
Defined Benefit Employer Contributions	2,255,249	2,172,408
Pension Payments	1,038,510	850,638
Undist. Investment Income & Expense	222,226	217,676
Inflation Equity	78,357	78,357
<b>Totals</b>	<b>\$4,745,112</b>	<b>\$4,649,556</b>

*In financing the actuarial accrued liabilities*, the reserve balances of \$4,745,112 were distributed as follows:

Reserves for	Reserve Balances Applied to *			
	Active Member Liabilities	Retiree and Beneficiary Liabilities	Contingency Reserves	Totals
Accumulated Member Contributions	\$1,150,770			\$1,150,770
Defined Benefit Employer Contributions	2,255,249		\$ 78,357	2,333,606
Pension Payments		\$1,038,510		1,038,510
Undist. Investment Income & Expenses			222,226	222,226
<b>Totals</b>	<b>\$3,406,019</b>	<b>\$1,038,510</b>	<b>\$300,583</b>	<b>\$4,745,112</b>

\* Based on Market Value.

## DEVELOPMENT OF FUNDING VALUE OF ASSETS

Year Ended September 30	2008	2009	2010	2011	2012	2013
A. Funding Value Beginning of Year	\$6,034,656	\$6,173,905	\$6,090,566			
B. Market Value End of Year	5,036,556	4,649,556	4,745,112			
C. Market Value Beginning of Year	7,009,582	5,036,556	4,649,556			
D. Non-Investment Net Cash Flow	(77,184)	(78,229)	(92,652)			
E. Investment Income						
E1. Market Total: B-C-D	(1,895,842)	(308,771)	188,208			
E2. Amount for Immediate Recognition (7.0%)	419,724	429,435	423,097			
E3. Amount for Phased-In Recognition: E1-E2	(2,315,566)	(738,206)	(234,889)			
F. Phased-In Recognition of Investment Return						
F1. Current Year: 0.25 x E3	(578,892)	(184,552)	(58,722)			
F2. First Prior Year	270,425	(578,892)	(184,552)	\$ (58,722)		
F3. Second Prior Year	58,472	270,425	(578,892)	(184,552)	\$ (58,722)	
F4. Third Prior Year	46,704	58,474	270,425	(578,889)	(184,549)	\$ (58,724)
F5. Total Recognized Investment Gain	(203,291)	(434,545)	(551,741)	(822,163)	(243,271)	(58,724)
G. Funding Value End of Year: A+D+E2+F5	6,173,905	6,090,566	5,869,270			
H. Difference between Market & Funding Value	(1,137,349)	(1,441,010)	(1,124,158)	(301,995)	(58,724)	0
<b>I. Recognized Rate of Return</b>	<b>3.6%</b>	<b>(0.1)%</b>	<b>(2.1)%</b>			
J. Market Value Rate of Return	(27.2)%	(6.2)%	4.1%			
K. Ratio of Funding Value to Market Value	122.6%	131.0%	123.7%			

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
2010	2	71,940.96	2	54,508.08		17,432.88	6	162,175.32

# Adjustments.

+ November valuation date prior to 1998.

**RETIREES - SEPTEMBER 30, 2010**  
**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	39,588
Survivor beneficiary	3	66,798
Casualty Pensions	0	0
<b>Totals</b>	<b>6</b>	<b>\$162,175</b>

**RETIREES AND BENEFICIARIES - SEPTEMBER 30, 2010**  
**TABULATED BY ATTAINED AGE**

---

<b>Attained Ages</b>	<b>No.</b>	<b>Annual Pensions</b>
67	1	\$ 20,657
83	2	84,130
86	1	13,788
87	1	32,353
95	1	11,247
<b>Totals</b>	<b>6</b>	<b>\$162,175</b>

Average Age at Retirement: 75.2 years  
Average Age Now: 84.0 years

**ACTIVE MEMBERS - SEPTEMBER 30, 2010**  
**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
75							1	1	\$104,490
79 & Up						1	1	2	207,902
<b>Totals</b>						<b>1</b>	<b>2</b>	<b>3</b>	<b>\$312,392</b>

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

Age: 77.8 years  
Service: 31.1 years  
Annual Pay: \$104,131

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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, 2010	September 30, 2009
<b>Assets</b>		
Cash and short-term investments	\$ 15,239	\$ 120,472
Other: Demand Obligations	160,772	149,140
Other: Due from other Wayne County Funds	0	0
<b>Receivables</b>		
Accrued interest & contributions rec.	295	342
Other receivables	0	0
<b>Investments</b>		
U.S. Government Bonds	44,413	49,920
Stock Mutual Funds	4,488,402	4,294,336
Common Stocks	0	0
Foreign Government Bonds	35,991	35,346
Mortgages	0	0
	\$4,568,806	\$4,379,602
<b>Total Assets</b>	<b>4,745,112</b>	<b>4,649,556</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>\$4,745,112</b>	<b>\$4,649,556</b>

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

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	Reconciliation	
	September 30, 2010	September 30, 2009
Additions		
Contributions		
Employer	\$ 37,926	\$ 38,339
Plan members	20,641	28,174
Total contributions	\$ 58,567	\$ 66,513
Investment Income	233,682	(271,807)
Total additions	292,249	(205,294)
Deductions		
Benefits	151,219	144,742
Refunds of contributions	0	0
Expenses	45,474	36,964
Total deductions	196,693	181,706
Net Increase	95,556	(387,000)
Net assets held in trust for pension benefits		
Beginning of year	\$4,649,556	\$5,036,556
End of year	\$4,745,112	\$4,649,556

**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, 2010 actuarial valuation, the employer rates were determined to be as follows:

<b>Contributions for</b>	<b>Dollar Amount</b>
Normal Cost	\$15,686
Accrued Liabilities	(15,686)
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	-
2010	5,569	2,499	(3,070)	222.8%	312	-

# 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	-
2010	0	37,926	-

# 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, 2010
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.

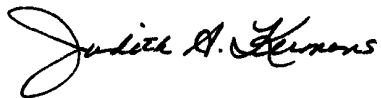
June 23, 2011

Mr. Rob Grden  
Executive Director  
Wayne County Employees' Retirement System  
28 W. Adams, Suite 1900  
Detroit, Michigan 48226

Dear Rob:

Enclosed please find 20 copies of the report of the Forty-Seventh Annual Actuarial Valuation and Projection of Fund Activity, as of September 30, 2010, of the Circuit Court Commissioners Bailiffs Division of the Wayne County Employees' Retirement System.

Sincerely,



Judith A. Kermans

JAK:sac  
Enclosures