

Monroe County Employees' Retirement System

Years Ended
December 31,
2013 and 2012

Financial
Statements

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

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INDEPENDENT AUDITORS' REPORT

June 19, 2014

To the Board of Trustees
Monroe County Employees' Retirement System
Monroe, Michigan

We have audited the accompanying statements of plan net position of the *Monroe County Employees' Retirement System* (the "System") as of December 31, 2013 and 2012, and the related statements of changes in plan net position for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan's net position held in trust for pension benefits at December 31, 2013 and 2012, and changes therein for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of funding progress and employer contributions, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Rehmann Loborn LLC". The signature is written in a cursive, flowing style.

FINANCIAL STATEMENTS

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Statements of Plan Net Position

December 31, 2013 and 2012

	2013	2012
Assets		
Investments, at fair value		
U.S. treasuries	\$ 13,983,487	\$ 20,418,854
U.S. agencies	2,786,683	10,077,247
Foreign government bonds	953,728	16,012,552
Corporate bonds	22,333,242	31,614,501
Municipal bonds	-	548,237
Bond mutual fund	450,222	2,014,519
Domestic equities	27,762,600	38,690,589
International equities	10,818,716	8,954,123
American depository receipts	38,729,141	33,165,943
Domestic real estate investment trusts	2,329,552	2,276,216
Commingled funds	61,865,156	-
Collateralized mortgage obligations	-	2,502,772
Money market	7,270,303	8,681,146
Total investments	<u>189,282,830</u>	<u>174,956,699</u>
Portfolio cash	2,148	-
Accounts receivable	716,282	694,964
Foreign currency forward contracts receivable	-	30,267
Accrued interest and dividends receivable	<u>444,553</u>	<u>843,361</u>
Total assets	<u>190,445,813</u>	<u>176,525,291</u>
Liabilities		
Accounts payable and accrued expenses	457,342	885,137
Obligation for impaired investment of securities lending collateral	<u>347,334</u>	<u>347,334</u>
Total liabilities	<u>804,676</u>	<u>1,232,471</u>
Net position held in trust for pension benefits	<u>\$ 189,641,137</u>	<u>\$ 175,292,820</u>

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

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Statements of Changes in Plan Net Position

For the Years Ended December 31, 2013 and 2012

	2013	2012
Additions		
Investment income:		
<i>From investing activities:</i>		
Net appreciation in fair value of investments	\$ 16,944,164	\$ 10,628,017
Interest and dividends	4,485,659	4,948,838
Total investment gain	<u>21,429,823</u>	<u>15,576,855</u>
Investment management fees	<u>(987,410)</u>	<u>(937,038)</u>
Net gain from investing activities	<u>20,442,413</u>	<u>14,639,817</u>
<i>From securities lending activities:</i>		
Gross earnings	6,332	20,470
Borrower rebates	37,408	14,009
Securities lending fees	<u>(13,122)</u>	<u>(10,337)</u>
Net income from securities lending activities	<u>30,618</u>	<u>24,142</u>
Total net investment gain	<u>20,473,031</u>	<u>14,663,959</u>
Contributions:		
Employer	7,239,324	7,184,103
Participants:		
Regular	528,509	350,474
Time purchase	<u>203,252</u>	<u>419,446</u>
Total contributions	<u>7,971,085</u>	<u>7,954,023</u>
Total additions	<u>28,444,116</u>	<u>22,617,982</u>
Deductions		
Participant benefits	13,454,068	13,007,231
Participant refunds	434,673	407,201
Administrative expenses	<u>207,058</u>	<u>225,907</u>
Total deductions	<u>14,095,799</u>	<u>13,640,339</u>
Change in net position	14,348,317	8,977,643
Net position held in trust for pension benefits, beginning of year	<u>175,292,820</u>	<u>166,315,177</u>
Net position held in trust for pension benefits, end of year	<u><u>\$ 189,641,137</u></u>	<u><u>\$ 175,292,820</u></u>

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

NOTES TO FINANCIAL STATEMENTS

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

1. PLAN DESCRIPTION

The Monroe County Employees' Retirement System (the "System") is a single-employer defined benefit contributory pension plan administered by the Monroe County Employees' Retirement System Board of Trustees (the "Board"). The System primarily provides pension, disability and death benefits, covering substantially all full-time employees of Monroe County and its component units, including:

- Monroe County Library System
- Monroe County Road Commission
- Monroe County Agency
- Monroe County Community Mental Health Authority

The System was adopted by Monroe County pursuant to Michigan Compiled Laws, Section 46.12a. Benefit provisions are established and may be amended by the Board as permitted by County Ordinances. The System is reported as a pension trust fund in the County's financial statements.

System membership was determined as part of an actuarial valuation of the System as of December 31, 2012 and 2011, respectively, and consisted of the following at December 31:

	2012	2011
Retirees and beneficiaries currently receiving benefits	673	666
Terminated employees entitled to but not yet receiving benefits	135	125
Active participants	771	813
	1,579	1,604

Employee contributions are required from 0.0% to 5.0% depending on the bargaining unit. The funding requirements for the Monroe County Employees Retirement Plan are established and may be amended by the Monroe County Employees Retirement System Board of Trustees.

The employer contributes such additional amounts, as necessary based on an actuarial determination, to provide assets sufficient to pay for member benefits. Employer contributions for the year ended December 31, 2013 totaled \$7,239,324 (including \$157,087 from the County for Central Dispatch employees, \$833,716 from the Road Commission, \$525,095 from the Community Mental Health Authority, \$443,019 from the Library and \$447,396 from the County Agency).

Employer contributions for the year ended December 31, 2012 totaled \$7,184,103 (including \$192,853 from the County for Central Dispatch employees, \$842,879 from the Road Commission, \$639,128 from the Community Mental Health Authority, \$384,203 from the Library and \$415,032 from the County Agency).

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

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. Employer 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 and Income Recognition - 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 for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the System's Board of Directors, with the assistance of a valuation service; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

Administration - Administrative costs are paid through the System's investment earnings.

3. INVESTMENTS AND SECURITIES LENDING

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:

	2013	2012
Investments at fair value, as determined by quoted market price:		
U.S. treasuries	\$ 13,983,487	\$ 20,418,854
U.S. agencies	2,786,683	10,077,247
Foreign government bonds	953,728	16,012,552
Corporate bonds:		
Not on securities loan	22,333,242	31,378,158
On securities loan	-	236,343
Municipal bonds	-	548,237
Bond mutual fund	450,222	2,014,519
Domestic equities:		
Not on securities loan	24,325,258	33,275,564
On securities loan	3,437,342	5,415,025
International equities	10,818,716	8,954,123
American depository receipts	38,729,141	33,165,943
Domestic real estate investment trusts	2,329,552	2,276,216
Commingled funds	61,865,156	-
Collateralized mortgage obligations	-	2,502,772
Money market	7,270,303	8,681,146
	<u>7,270,303</u>	<u>8,681,146</u>
Total investments	<u>\$ 189,282,830</u>	<u>\$ 174,956,699</u>

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

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

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 emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks.

As of December 31, 2013, the System's investments in debt securities were rated by Standard & Poor's as follows:

Rating	U.S. agencies	Foreign government bonds	Corporate bonds
AAA	\$ -	\$ -	\$ -
AA	2,786,683	-	879,982
A	-	457,317	10,027,873
BBB	-	496,411	11,425,387
	<u>\$ 2,786,683</u>	<u>\$ 953,728</u>	<u>\$ 22,333,242</u>

As of December 31, 2012, the System's investments in debt securities were rated by Moody's as follows:

Rating	U.S. agencies	Foreign government bonds	Corporate bonds	Municipal bonds	Collateralized mortgage obligations
Aaa	\$ 10,077,247	\$ 6,199,411	\$ -	\$ -	\$ 2,228,778
Aa3	-	-	712,456	-	-
A1	-	-	4,222,729	-	-
A2	-	1,773,452	5,661,570	548,237	-
A3	-	1,094,890	5,003,605	-	-
Baa1	-	4,789,086	5,354,110	-	-
Baa2	-	1,749,884	9,578,115	-	-
Baa3	-	-	1,081,916	-	-
Ba1	-	405,829	-	-	-
Not rated	-	-	-	-	273,994
	<u>\$ 10,077,247</u>	<u>\$ 16,012,552</u>	<u>\$ 31,614,501</u>	<u>\$ 548,237</u>	<u>\$ 2,502,772</u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The System's investments in bond mutual and money market funds are not rated.

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.

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

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 manager will hold more than 5% of its portion of the total fund in any single company and no more than 5% may be held in any single common stock. At December 31, 2013 and 2012 the System's investment portfolio was not concentrated.

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 does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

Maturities of the System's debt securities were as follows as of December 31:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
2013					
U.S. treasuries	\$ 13,983,487	\$ -	\$ 8,524,525	\$ 5,458,962	\$ -
U.S. agencies	2,786,683	401,472	2,385,211	-	-
Foreign government bonds	953,728	-	496,411	457,317	-
Corporate bonds	22,333,242	-	18,051,578	4,281,664	-
	<u>\$ 40,057,140</u>	<u>\$ 401,472</u>	<u>\$ 29,457,725</u>	<u>\$ 10,197,943</u>	<u>\$ -</u>
2012					
U.S. treasuries	\$ 20,418,854	\$ -	\$ 8,313,920	\$ 9,068,208	\$ 3,036,726
U.S. agencies	10,077,247	-	9,228,812	606,306	242,129
Foreign government bonds	16,012,552	-	5,030,165	3,920,625	7,061,762
Corporate bonds	31,614,501	-	16,253,827	12,486,847	2,873,827
Municipal bonds	548,237	-	-	-	548,237
CMO	2,502,772	-	-	-	2,502,772
	<u>\$ 81,174,163</u>	<u>\$ -</u>	<u>\$ 38,826,724</u>	<u>\$ 26,081,986</u>	<u>\$ 16,265,453</u>

CMO - Collateralized mortgage obligations

Of the above balances as of December 31, 2013 and 2012, none of the corporate securities were callable.

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

Foreign Currency Risk. Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System's exposure to foreign currency risk is summarized as follows:

Investment/Country	Currency	Fair Value (in U.S. Dollars)	
		2013	2012
Foreign government bonds			
Australia	Australian dollar	\$ -	\$ 2,511,293
Brazil	Brazilian real	953,728	208,500
Germany	European euro	-	749,472
Ireland	European euro	-	405,829
Italy	European euro	-	1,541,384
Malaysia	Malaysian ringgit	-	1,094,890
Mexico	Mexican peso	-	3,794,249
New Zealand	New Zealand dollar	-	998,942
Poland	Polish zloty	-	1,773,452
South Africa	South African rand	-	994,837
United Kingdom	British pound	-	1,939,704
		<u>953,728</u>	<u>16,012,552</u>
International equities			
Bermuda	Bermudian dollar	1,714,632	944,506
Brazil	Brazilian real	-	488,089
Canada	Canadian dollar	2,713,299	2,735,103
Cayman Islands	Cayman Islands dollar	260,812	587,963
China	Chinese renminbi	113,134	210,222
France	European euro	560,054	115,151
Germany	European euro	708,094	517,876
Hong Kong	Hong Kong dollar	194,671	-
India	Indian rupee	-	196,636
Ireland	European euro	438,550	202,090
Israel	Israeli new shekel	173,825	128,390
Italy	European euro	244,828	-
Japan	Japanese yen	91,356	-
Luxembourg	European euro	-	152,069
Netherlands	European euro	826,255	358,673
Norway	Norwegian krone	47,313	-
Panama	Panamanian balboa	463,198	287,709
Peru	Peruvian nuevo sol	215,023	-
Portugal	European euro	90,692	-
Singapore	Singapore dollar	332,496	344,378
Switzerland	Swiss franc	902,473	618,960
Taiwan	Taiwan dollar	-	135,087
United Kingdom	British pound	728,011	931,221
		<u>10,818,716</u>	<u>8,954,123</u>
	Total	<u>\$ 11,772,444</u>	<u>\$ 24,966,675</u>

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

To reduce overall portfolio volatility, the System held the following forward contracts (derivatives) as of December 31, 2012, for which an asset representing the fair value of those contracts in the amount of \$30,267 has been reported in the accompanying statements of plan net position:

Investment/Currency	Current Maturity Date	Receivable (Payable) [in U.S. Dollars]	
		2013	2012
Australian dollar payable	02/11/13	\$ -	\$ (3,031,137)
British pounds receivable	03/12/13	-	1,563,374
Brazilian real receivable	03/05/13	-	636,591
Chilean peso receivable	02/12/13	-	630,474
Chilean peso receivable	05/15/13	-	222,132
European euros payable	02/05/13	-	(377,183)
New Zealand dollars payable	03/13/13	-	(937,814)
South Korea won receivable	02/12/13	-	1,219,828
United States dollars payable	02/12/13	-	(1,169,614)
United States dollars payable	02/12/13	-	(628,347)
United States dollars payable	05/15/13	-	(218,387)
United States dollars payable	03/05/13	-	(617,191)
United States dollars payable	03/05/13	-	(1,547,858)
United States dollars receivable	02/11/13	-	2,962,625
United States dollars receivable	02/05/13	-	371,157
United States dollars receivable	03/13/13	-	951,617
Net contracts receivable (payable)		\$ -	\$ 30,267

During 2013, the System divested of its individual holdings in foreign government bonds and forward contracts, and invested in a commingled fund (global fixed income as shown below) that had similar investing strategies including foreign fixed income securities and forward contracts.

Commingled Funds. Following is a summary of the System's investments in commingled funds as of December 31, 2013 (no such investments were held as of December 31, 2012):

Large cap growth fund (Winslow)	\$ 24,422,633
Limited duration mid-grade fund (Boyd Watterson)	3,005,176
Global fixed income fund (Brandywine)	25,712,635
Multi-strategy hedge fund (Mesirow)	2,096,479
Multi-strategy hedge fund (Pinehurst)	3,128,233
Real estate fund (GSA Titanium)	3,500,000
Total commingled funds	\$ 61,865,156

The investments in commingled funds are generally characterized by limited liquidity as compared to holdings in stocks, bonds and mutual funds that are normally traded on national exchanges. By example, certain commingled funds may allow units of participation to be redeemed only through the fund on a monthly or other periodic basis.

MONROE 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.

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 custodial bank 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.

Also at both year-ends, through a cash collateral investing program provided by the custodial bank, the System has an obligation to repay \$347,334 of cash collateral that was invested in a Sigma Finance Medium Term Note which is impaired. Any current or future recoveries from Sigma Finance are not expected.

Subsequent to December 31, 2013, the System terminated the securities lending program and contract.

4. ANNUAL REQUIRED CONTRIBUTION

The annual pension cost and net pension obligation for the year ended December 31 were as follows:

	2013	2012
Annual required contribution	\$ 7,169,324	\$ 7,114,103
Interest on net pension asset	(4,900)	-
Adjustment to annual required contribution	6,607	-
Annual pension cost	<u>7,171,031</u>	<u>7,114,103</u>
Contributions made	<u>(7,239,324)</u>	<u>(7,184,103)</u>
Increase in net pension asset	(68,293)	(70,000)
Net pension asset, beginning of year	<u>(70,000)</u>	-
 Net pension asset, end of year	 <u>\$ (138,293)</u>	 <u>\$ (70,000)</u>

The annual required contribution for 2013 and 2012 was determined as part of an actuarial valuation of the System as of December 31, 2011 and 2010, respectively, using the entry age normal cost method and is designed to accumulate sufficient assets to pay benefits when due. Normal cost is funded on a current basis. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 20 years. Significant actuarial assumptions used include: (a) a rate of return on investments of 7.0% per year compounded annually; (b) projected salary increases of 4.0% per year compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 1.0% to 8.0% per year, depending on age and service, attributable to seniority/merit; and (d) the assumption that pension benefits will not increase after retirement.

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a seven-year period. Liabilities created by plan, assumption or method changes are amortized as a level percentage of payroll over a 20-year open period. Liabilities created by plan experience and all other liabilities or over-funding are amortized as a level percentage of payroll over a 10-year closed period.

5. FUNDED STATUS AND FUNDING PROGRESS

The funded status of the System as of December 31, 2012, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	(1)	\$ 244,370,734	
Actuarial value of assets	(2)	<u>193,740,298</u>	
Unfunded AAL (UAAL)	(3)	<u>\$ 50,630,436</u>	(1) - (2)
Funded ratio	(4)	<u>79.3%</u>	(2) / (1)
Covered payroll	(5)	<u>\$ 37,587,747</u>	
UAAL as % of covered payroll	(6)	<u>134.7%</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 multiyear 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.

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.

MONROE 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	December 31, 2012
Actuarial cost method	Individual entry
Amortization method	General Division liabilities were amortized using a 20-year level dollar method. Mental Health liabilities were amortized using a 10-year level dollar method
Asset valuation method	7-year smoothed market

Three-Year Trend Information			
Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/11	\$ 5,994,825	100.00%	\$ -
12/31/12	7,114,103	100.98%	(70,000)
12/31/13	7,171,031	100.95%	(138,293)

GASB Statement 25 required supplementary information is presented after the notes to the financial statements section of this report.



REQUIRED SUPPLEMENTARY INFORMATION

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date, December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (Overfunded) (UAAL) (2-1)	Funded Ratio (1/2)	Covered Payroll	UAAL as a % of Covered Payroll (3/5)
2003	\$ 162,683,115	\$ 139,141,015	\$ (23,542,100)	116.9%	\$ 37,862,618	-62.2%
2004	162,725,639	150,510,011	(12,215,628)	108.1%	38,712,508	-31.6%
2005	163,151,579	163,641,875	490,296	99.7%	41,047,874	1.2%
2006	169,283,765	174,001,978	4,718,213	97.3%	41,821,305	11.3%
2007	181,320,182	186,841,313	5,521,131	97.0%	43,152,156	12.8%
2008	184,967,843	199,860,437	14,892,594	92.5%	43,961,798	33.9%
2009	188,779,278	211,333,497	22,554,219	89.3%	42,893,801	52.6%
2010	192,859,386	231,680,911	38,821,525	83.2%	38,418,135	101.0%
2011	192,013,890	240,885,825	48,871,935	79.7%	38,891,988	125.7%
2012	193,740,298	244,370,734	50,630,436	79.3%	37,587,747	134.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2004	\$ 1,411,037	100.00%
2005	2,034,222	100.00%
2006	3,170,195	100.00%
2007	4,910,784	100.00%
2008	5,391,367	100.00%
2009	5,547,369	100.00%
2010	5,938,425	100.00%
2011	5,994,825	100.00%
2012	7,114,103	100.98%
2013	7,169,324	100.95%