

**MONROE COUNTY
EMPLOYEES' RETIREMENT
SYSTEM**

Financial Statements

**For the Years Ended
December 31, 2010 and 2009**

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

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INDEPENDENT AUDITORS' REPORT

June 16, 2011

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

We have audited the accompanying statements of plan net assets of the *Monroe County Employees' Retirement System* (the "System") as of December 31, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements present only the Monroe County Employees' Retirement System pension trust fund and do not purport to, and do not present fairly the financial position and the changes in financial position of Monroe County as of and for the years ended December 31, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the System's net assets held in trust for benefits at December 31, 2010 and 2009, and changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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



FINANCIAL STATEMENTS

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Statements of Plan Net Assets

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Investments, at fair value:		
U.S. treasuries	\$ 15,120,941	\$ 11,609,792
U.S. agencies	9,834,087	16,001,801
Foreign government bonds	10,035,931	9,775,253
Corporate bonds	33,674,729	37,172,699
Municipal bonds	715,893	-
Bond mutual fund	3,688,369	7,905,054
Domestic equities	36,973,181	28,535,112
International equities	11,656,389	9,108,075
American depository receipts	34,778,284	27,582,141
Domestic real estate investment trusts	1,987,802	1,663,585
International real estate investment trusts	2,686,448	2,291,568
Collateralized mortgage obligations	3,989,569	3,964,426
Money market	11,997,287	9,375,921
Total investments	<u>177,138,910</u>	<u>164,985,427</u>
Accounts receivable	494,208	322,684
Foreign currency forward contracts receivable	-	33,333
Accrued interest and dividends receivable	873,590	945,912
	<u>494,208</u>	<u>355,917</u>
Total assets	<u>178,506,708</u>	<u>166,287,356</u>
Liabilities		
Accounts payable and accrued expenses	1,364,796	641,110
Obligation for impaired investment of securities lending collateral	347,334	-
Foreign currency forward contracts payable	91,947	-
	<u>1,804,077</u>	<u>641,110</u>
Total liabilities	<u>1,804,077</u>	<u>641,110</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on Page 13)	<u><u>\$ 176,702,631</u></u>	<u><u>\$ 165,646,246</u></u>

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

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Statements of Changes in Plan Net Assets

For the Years Ended December 31, 2010 and 2009

	2010	2009
Additions		
Investment income:		
<i>From investing activities:</i>		
Net appreciation in		
fair value of investments	\$ 11,584,757	\$ 16,491,181
Interest and dividends	5,476,869	5,549,415
Total investment gain	17,061,626	22,040,596
Investment management fees	(976,152)	(901,329)
Net gain from investing activities	16,085,474	21,139,267
<i>From securities lending activities:</i>		
Gross earnings	35,972	118,620
Borrower rebates	1,182	(15,710)
Securities lending fees	(13,205)	(25,897)
Loss on impairment of invested		
securities lending collateral	(347,334)	-
Net income (loss) from securities lending activities	(323,385)	77,013
Total net investment gain	15,762,089	21,216,280
Contributions:		
Employer	5,938,425	5,547,369
Participants:		
Regular	170,359	175,157
Time purchase	1,666,173	20,956
Total contributions	7,774,957	5,743,482
Total additions	23,537,046	26,959,762
Deductions		
Participant benefits	10,717,539	9,136,990
Participant refunds	1,477,250	740,392
Administrative expenses	285,872	199,252
Total deductions	12,480,661	10,076,634
Net additions to net assets held in trust for benefits	11,056,385	16,883,128
Net assets held in trust for benefits, beginning of year	165,646,246	148,763,118
Net assets held in trust for benefits, end of year	\$ 176,702,631	\$ 165,646,246

The accompanying notes are an integral part of these 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 Drain Commissioner
- 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 by 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, 2009 and 2008, respectively, and consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Retirees and beneficiaries currently receiving benefits	556	505
Terminated employees entitled to but not yet receiving benefits	136	142
Active participants	912	955

Central Dispatch supervisors are required to contribute 3.0% of the first \$7,800 in earnings and 5.0% of earnings thereafter to the System. Sheriff Command officers are required to contribute 1.53% of their annual earnings. Technical, Professional and Officeworkers union members hired after October 26, 2010 are required to contribute 3.0% of their annual earnings. Road Commission employees are required to contribute 3.1% of their annual earnings. All other County employees, along with employees of the Library System, Drain Commissioner, County Agency and Community Mental Health Authority, are not required to contribute.

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

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, 2010 totaled \$5,938,425 (including \$184,022 from the County for Central Dispatch employees, \$737,517 from the Road Commission, \$461,557 from the Community Mental Health Authority, \$355,740 from the Library and \$247,904 from the County Agency).

Employer contributions for the year ended December 31, 2009 totaled \$5,547,369 (including \$173,678 from the County for Central Dispatch employees, \$666,529 from the Road Commission, \$310,040 from the Community Mental Health Authority, \$228,027 from the Library and \$240,208 from the County Agency).

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 that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

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

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

3. INVESTMENTS AND SECURITY 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:

	<u>2010</u>	<u>2009</u>
Investments at fair value, as determined by quoted market price:		
U.S. treasuries	\$ 15,120,941	\$ 11,609,792
U.S. agencies:		
Not on securities loan	9,573,787	10,593,648
On securities loan	260,300	5,408,153
Foreign government bonds	10,035,931	9,775,253
Corporate bonds:		
Not on securities loan	32,458,812	36,243,736
On securities loan	1,215,917	928,963
Municipal bonds	715,893	-
Bond mutual fund	3,688,369	7,905,054
Domestic equities:		
Not on securities loan	19,468,272	21,154,230
On securities loan	17,504,909	7,380,882
International equities	11,656,389	9,108,075
American depository receipts	34,778,284	27,582,141
Domestic real estate investment trusts	1,987,802	1,663,585
International real estate investment trusts	2,686,448	2,291,568
Collateralized mortgage obligations	3,989,569	3,964,426
Money market	11,997,287	9,375,921
Total investments	<u>\$ 177,138,910</u>	<u>\$ 164,985,427</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.

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.

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

As of December 31, 2010, the System's investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Foreign government bonds</u>	<u>Corporate bonds</u>	<u>Municipal bonds</u>	<u>Collateralized mortgage obligations</u>
AAA	\$ 9,834,087	\$ 3,357,144	\$ 660,037	\$ -	\$ 456,244
AA+	-	-	2,368,719	-	-
AA	-	-	793,118	-	369,535
AA-	-	-	3,246,124	-	-
A+	-	-	3,286,283	715,893	100,402
A	-	1,506,195	11,432,819	-	-
A-	-	-	4,199,813	-	-
BBB+	-	-	4,529,777	-	-
BBB	-	-	1,682,952	-	-
BBB-	-	-	1,460,860	-	-
BB-	-	-	-	-	98,204
B+	-	-	14,227	-	-
B	-	-	-	-	152,529
CCC	-	-	-	-	83,901
Not rated	-	5,172,592	-	-	2,728,754
	<u><u>\$ 9,834,087</u></u>	<u><u>\$ 10,035,931</u></u>	<u><u>\$ 33,674,729</u></u>	<u><u>\$ 715,893</u></u>	<u><u>\$ 3,989,569</u></u>

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

As of December 31, 2009, the System's investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Foreign government bonds</u>	<u>Corporate bonds</u>	<u>Collateralized mortgage obligations</u>
AAA	\$ 16,001,801	\$ 6,658,086	\$ 2,461,997	\$ 2,226,039
AA+	-	177,884	2,540,784	34,974
AA	-	-	1,895,205	236,449
AA-	-	227,801	3,788,034	-
A+	-	309,045	5,501,512	215,864
A	-	1,260,517	13,412,826	-
A-	-	-	2,145,954	-
BBB+	-	-	3,720,980	-
BBB	-	-	1,225,677	-
BBB-	-	-	299,764	-
BB-	-	-	-	86,888
B-	-	-	-	219,294
CCC	-	-	167,368	-
Not rated	-	1,141,920	12,598	944,918
	<u>\$ 16,001,801</u>	<u>\$ 9,775,253</u>	<u>\$ 37,172,699</u>	<u>\$ 3,964,426</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.

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.

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

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, 2009 and 2010 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:

		Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
	Fair Value				
2010					
U.S. treasuries	\$ 15,120,941	\$ 1,077,562	\$ 6,907,624	\$ 3,626,078	\$ 3,509,677
U.S. agencies	9,834,087	151,575	6,598,874	360,698	2,722,940
Foreign governments	10,035,931	2,295,842	2,706,500	3,725,272	1,308,317
Corporate bonds	33,674,729	2,593,031	16,666,159	11,241,228	3,174,311
Municipal bonds	715,893	-	-	-	715,893
CMO	3,989,569	-	-	-	3,989,569
	\$ 73,371,150	\$ 6,118,010	\$ 32,879,157	\$ 18,953,276	\$ 15,420,707
2009					
U.S. treasuries	\$ 11,609,792	\$ 751,494	\$ 6,378,149	\$ 2,872,383	\$ 1,607,766
U.S. agencies	16,001,801	468,050	10,902,236	1,379,927	3,251,588
Foreign governments	9,775,253	260,879	2,835,420	4,367,654	2,311,300
Corporate bonds	37,172,699	980,994	20,587,535	11,936,774	3,667,396
CMO	3,964,426	-	-	-	3,964,426
	\$ 78,523,971	\$ 2,461,417	\$ 40,703,340	\$ 20,556,738	\$ 14,802,476

CMO – Collateralized mortgage obligations

Of the above balances as of December 31, 2010 and 2009, none of the corporate securities were callable.

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:

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

<u>Investment / Country</u>	<u>Currency</u>	<u>Fair Value (in U.S. Dollars)</u>	
		<u>2010</u>	<u>2009</u>
Foreign government bonds			
Australia	Australian dollar	\$ 1,999,652	\$ 2,524,034
Canada	Canadian dollar	1,568,465	1,022,895
France	European euro	-	1,222,230
Germany	European euro	-	134,440
Korea	South Korean won	-	165,960
Malaysia	Malaysian ringgit	1,068,309	1,141,920
New Zealand	New Zealand dollar	386,858	137,408
Norway	Norwegian krone	966,406	-
Poland	Polish zloty	1,506,195	1,094,557
South Africa	South African rand	-	309,045
Sweden	Swedish krona	1,248,260	769,402
United Kingdom	British pound	1,291,786	1,253,362
		<u>10,035,931</u>	<u>9,775,253</u>
International equities			
Australia	Australian dollar	35,979	36,496
Bermuda	Bermudian dollar	1,135,824	1,235,942
Canada	Canadian dollar	3,008,607	2,571,883
Cayman Islands	Cayman Islands dollar	228,833	-
China	Chinese renminbi	280,205	358,653
France	European euro	104,991	114,800
Germany	European euro	1,073,634	762,630
India	Indian rupee	306,085	-
Ireland	European euro	273,109	-
Israel	Israeli new shekel	500,856	503,606
Italy	European euro	1,005,042	-
Japan	Japanese yen	-	27,194
Luxembourg	European euro	591,479	309,859
Netherlands	European euro	448,151	764,126
Norway	Norwegian krone	455,312	-
Portugal	European euro	-	43,532
Singapore	Singapore dollar	239,245	272,258
Spain	European euro	-	178,061
Sweden	Swedish krona	56,536	52,961
Switzerland	Swiss franc	1,258,293	823,760
Taiwan	Taiwan dollar	97,365	-
United Kingdom	British pound	556,843	1,052,314
		<u>11,656,389</u>	<u>9,108,075</u>
Total		<u>\$ 21,692,320</u>	<u>\$ 18,883,328</u>

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

As part of a foreign currency overlay plan, the System has entered into certain forward contracts (derivatives) to reduce overall portfolio volatility caused by foreign currency risk. Following is a summary of these forward contracts, for which a liability in the amount of \$91,947 and an asset in the amount of \$33,333 as of December 31, 2010 and 2009, respectively, representing the fair value of those contracts, has been reported in the accompanying statements of plan net assets:

<u>Investment / Currency</u>	<u>Current Maturity Date</u>	<u>Receivable (Payable)</u> <i>[in U.S. Dollars]</i>	
		<u>2010</u>	<u>2009</u>
Australian dollar payable	01/12/11	\$(1,597,566)	\$ (698,674)
British pounds receivable	03/02/11	2,079,828	-
Canadian dollar receivable		-	204,136
Canadian dollar payable	02/16/11	(453,417)	-
Chinese yuan receivable	01/21/11	487,489	-
Chinese yuan payable	01/21/11	(75,279)	-
European euros payable	02/03/11	(934,971)	(1,324,149)
New Zealand dollars payable	03/09/11	(254,842)	(235,757)
Norwegian krone receivable		-	1,135,154
Polish zloty payable	01/25/11	(444,710)	-
Polish zloty receivable	01/25/11	444,710	-
South Korea won receivable	02/22/11	1,016,998	907,651
Swedish krona payable	03/14/11	(410,944)	-
Swedish krona receivable	03/14/11	410,944	513,649
United Kingdom pounds receivable		-	1,882,202
United States dollars payable	01/21/11	(486,004)	(597,431)
United States dollars payable	02/22/11	(1,025,318)	(151,325)
United States dollars payable	03/02/11	(2,067,923)	(91,032)
United States dollars payable	01/25/11	(439,047)	(582,999)
United States dollars payable	03/14/11	(403,596)	(588,602)
United States dollars payable		-	(2,669,267)
United States dollars receivable	01/21/11	1,596,810	2,329,777
United States dollars receivable	01/25/11	461,051	-
United States dollars receivable	02/03/11	911,045	-
United States dollars receivable	02/16/11	446,729	-
United States dollars receivable	03/09/11	245,875	-
United States dollars receivable	03/14/11	400,191	-
Net contracts receivable (payable)		<u>\$ (91,947)</u>	<u>\$ 33,333</u>

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 year-end, 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.

4. ANNUAL REQUIRED CONTRIBUTION

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

	<u>2010</u>	<u>2009</u>
Annual required contribution/ pension cost	\$ 5,938,425	\$ 5,547,369
Contribution made	<u>5,938,425</u>	<u>5,547,369</u>
Increase (decrease) in net pension obligation	-	-
Net pension asset, beginning of year	-	-
Net pension asset, end of year	<u>\$ -</u>	<u>\$ -</u>

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

The annual required contribution for 2010 and 2009 was determined as part of an actuarial valuation of the System as of December 31, 2008 and 2007, 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.

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 five-year period. Liabilities created by plan, assumption or method changes are amortized as a level percentage of payroll over a 12-year closed period. Liabilities created by plan experience and all other liabilities or over-funding are amortized as a level percentage of payroll over a 9-year open period.

5. FUNDED STATUS AND FUNDING PROGRESS

The funded status of the System as of December 31, 2009, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	(1)	\$ 211,333,497	
Actuarial value of assets	(2)	<u>188,779,278</u>	
Unfunded AAL (UAAL)	(3)	<u>\$ 22,554,219</u>	(1) - (2)
Funded ratio	(4)	<u>89.3%</u>	(2) / (1)
Covered payroll	(5)	<u>\$ 42,893,801</u>	
UAAL as % of covered payroll	(6)	<u>52.6%</u>	(2) / (5)

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For purposes of the schedule of funding progress, the actuarial accrued liability value as shown is determined using the entry age actuarial cost method.

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.

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, 2009
Actuarial cost method	Individual Entry Age Normal Cost
Amortization method	General Division liabilities were amortized using a 20 year level dollar method. Library liabilities were amortized using 10 year level dollar method. Mental Health liabilities were amortized using a 10 year level dollar method.
Asset valuation method	7-year smoothed market

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Notes To Financial Statements

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08	\$ 5,391,367	100%	\$ -
12/31/09	5,547,369	100%	-
12/31/10	5,938,425	100%	-

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

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**REQUIRED SUPPLEMENTARY
INFORMATION**

MONROE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (Overfunded) (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2000	\$ 143,765,352	\$ 105,824,598	\$ (37,940,754)	135.9%	\$ 32,749,688	-115.9%
2001	150,304,504	116,359,159	(33,945,345)	129.2%	35,250,392	-96.3%
2002	148,404,995	125,652,447	(22,752,548)	118.1%	35,895,185	-63.4%
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
2001	\$ 133,907	\$ 133,907	100.00%
2002	155,524	155,524	100.00%
2003	191,979	191,979	100.00%
2004	1,411,037	1,411,037	100.00%
2005	2,034,222	2,034,222	100.00%
2006	3,170,195	3,170,195	100.00%
2007	4,910,784	4,910,784	100.00%
2008	5,391,367	5,391,367	100.00%
2009	5,547,369	5,547,369	100.00%
2010	5,938,425	5,938,425	100.00%