

LENAWEE COUNTY ADMINISTRATOR'S OFFICE

William R. Bacon, County Administrator
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MEMORANDUM

TO: RETIREMENT ADMINISTRATIVE COMMITTEE (Commissioners Van Doren and Tillotson, Lou Ann Bluntschly, Sgt. Dan Rudd and Irv Shaw (alternate))
FROM: William R. Bacon, County Administrator
DATE: July 30, 2007

SUBJECT: 2007 ACTUARIAL REPORT - DEFINED BENEFIT PLAN

Enclosed please find the **January 1, 2007** actuarial report for the County's defined benefit retirement plan.

Plans are being made to schedule a meeting of the County Retirement Administrative Committee within the next few months. Representatives from Mass Mutual will be in attendance. Agenda items will include a review of the **2007 Actuarial Report** and investment allocations for 2008.

Should you have any questions, please feel free to contact me.

enclosure

cc: Lenawee County Board of Commissioners



July 27, 2007

Mr. William Bacon
County Administrator
Lenawee County Board of Commissioners
Old County Courthouse Building
301 N. Main Street
Adrian, MI 49221-2742

Dear Bill:

SUBJECT: LENAWEЕ COUNTY RETIREMENT INCOME PLAN

We have completed the January 1, 2007 Actuarial Report for your Plan. The report outlines the current funded position of the Plan and presents the contribution requirement for the 2007 Plan Year. Richard A. Erickson, the plan's enrolled actuary, has reviewed the calculations. Please refer to the Executive Summary, Page 1 of the report, for an overview of the Plan's financial status. Along with the Report, I enclose the following:

1. A contribution statement for the 2007 Plan Year.
2. A GASB #25/#27 Report with the required supplementary schedules.

Please call me at (800) 349-8844, ext. 43579, if you have any questions or concerns.

Best regards,

A handwritten signature in black ink that reads 'Dan Mangan' with a long, sweeping horizontal line extending to the right.

Dan Mangan
Actuarial Analyst
MassMutual Financial Group

Enclosures (3)

cc: Rick Erickson
Bev Kampmueller
Carol Masciadrelli
Karrie Morisette
Steve Oman

Actuarial Valuation Report
for
Lenawee County Board of
Commissioners Retirement Income Plan
as of
January 1, 2007

PF 473

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Executive Summary

The Employer's cost for the 2007 Plan Year is \$1,774,236, or about 11.1% of salaries. The cost for the 2006 Plan Year was \$1,783,375, or about 10.8% of salaries.

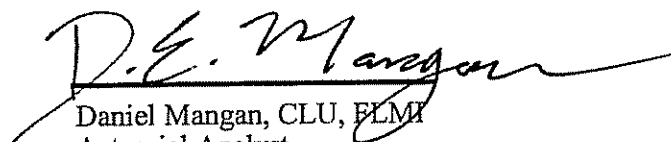
The new Pension Protection Act funding rules take effect in 2008. It remains to be seen whether, or how much, a governmental plan like this one will be affected. We will keep you informed as Treasury issues guidance.

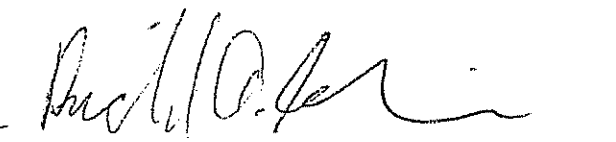
The Plan's Actuarial Value of Assets covers approximately 67% of the Plan's Present Value of Future Benefits and approximately 89% of the Plan's Present value of Accrued Benefits (the FAS'35 liability.) Using the Plan's Market Value of Assets rather than Actuarial Value of Assets these percentages increase to approximately 72% and 95%, respectively.

The reason why the Actuarial Value of Assets and the Market Value of Assets are different is the Actuarial Value is a smoothed value. In other words it smoothes the ups and downs of the Market Value. This is done to help insulate the annual contribution requirement from market volatility. As of January 1, 2007, there was approximately \$3,060,000 in unrecognized asset gains. In 2008, whether or not there any PPA-mandated changes, we will show you the effect that recognizing the stored up gain will have on the 2008 contribution requirement. Recognizing the gain will be accomplished by restarting the smoothing method.

If you have any questions or would like any additional information, please do not hesitate to call.

Respectfully submitted,

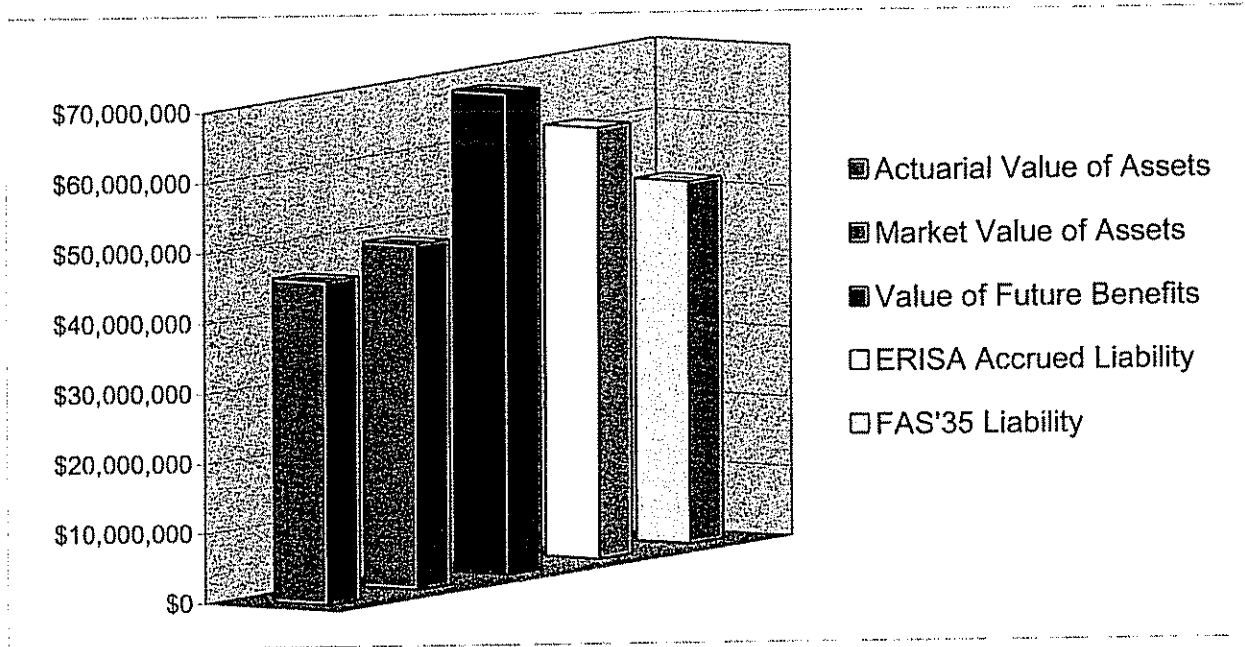

Daniel Mangan, CLU, FLMI
Actuarial Analyst
1-(800)-349-8844, Ext. 43579


Richard A. Erickson, ASA, MAAA, MSPA, QKA
Actuary
1-(800)-349-8844, Ext. 43601

Measures of Plan Liability

There are many measures of Plan liabilities. Four measures that typically are used in the valuation of an ongoing pension plan are shown below and described on the next page. There are other measures of Plan liabilities that are not relevant to the actuarial valuation of an ongoing plan, such as measures of liabilities for plan sponsor accounting purposes, Pension Benefit Guaranty Corporation purposes, or determining plan sufficiency at termination.

	Value of Future Benefits	ERISA Accrued Liability	FAS'35 Liability
Active:	\$ 47,668,020	\$ 40,562,169	\$ 30,748,833
Inactive:	2,694,515	2,694,515	2,694,515
Retired:	<u>18,261,454</u>	<u>18,261,454</u>	<u>18,261,454</u>
Total:	\$ 68,623,989	\$ 61,518,138	\$ 51,704,802
Actuarial Value of Assets:		\$ 46,196,170	
Market Value of Assets:		\$ 49,256,645	



Liability Measurement Assumptions

Before comparing and contrasting different measures of Plan liability, it is first necessary to briefly discuss how liability is measured. In order to measure any pension plan liability, assumptions must be made pertaining to what may happen in the future. Two important assumptions are the **interest assumption** and the **mortality assumption**.

Measures of Plan Liability

The **interest assumption** determines the time-value of money. In other words, it determines how much money is needed today to grow to a given amount at some time in the future. A pension plan's liability consists of promises to pay benefits at some time in the future, so a measure of that liability is how much money is needed today to provide for those promised benefits in the future. The **mortality assumption** predicts how long a participant will live. Since retirement benefits are generally paid for the participant's life, the mortality assumption predicts how long retirement benefits will be paid.

Value of Future Benefits

This is the liability associated with the promise to pay the benefits that participants will be entitled to assuming they work until retirement. Of the four measures of liability discussed here, this is typically the largest because it is based on projected benefits. In other words, it includes not only benefits that have been accrued to date, but also benefits that are expected to be earned in the future. The interest and mortality assumptions are chosen by the plan actuary. The interest assumption is a reasonable long-term expectation of future asset returns given how plan assets are invested, and the mortality assumption is based on a standard, current mortality table.

ERISA Accrued Liability

This measure of liability is closely related to the Value of Future Benefits. Briefly, it is the portion of the Value of Future Benefits that the Actuarial Cost Method attributes to past service. In other words, it is the portion of the Value of Future Benefits that is deemed to be accrued. The actuarial assumptions used here are the same as those used in the Present Value of Future Benefits. Of the four liability measurements discussed here, this is probably the most difficult to understand. It is common to compare it to saving money to buy a home in cash. How much cash you'll need is analogous to the Present Value of Future Benefits. How far along you are in your schedule to accumulate the necessary cash is analogous to the ERISA Accrued Liability.

FASB No. 35 Liability

FASB No. 35 Liability is a measure of accrued benefit liability. How is this different from the ERISA Accrued Liability discussed above? As discussed above, the ERISA Accrued Liability takes into account the benefit projected to retirement. The accrued benefit liability only takes into account the benefit actually accrued. In other words, the benefit it takes into account is the benefit that would be payable if the participant terminated immediately, as opposed to working until retirement. The interest and the mortality assumptions are the same as those used for the Value of Future Benefits and the ERISA Accrued Liability.

Contribution History

The following contributions have been made since 1/1/2006.

<u>Date</u>	<u>Amount</u>	<u>For Plan Year</u>	<u>Prior Year's Interest (1) Credited</u>
1/4/2006	\$ 166,850	2005	-
1/17/2006	16,312	2006	1,248
3/29/2006	147,129	2006	8,965
4/4/2006	14,505	2006	865
7/6/2006	165,758	2006	6,503
7/21/2006	14,211	2006	511
9/27/2006	147,211	2006	3,097
10/26/2006	13,687	2006	201
1/3/2007	164,851	2006	-
1/10/2006	460,749	2006	35,951
3/29/2006	581,796	2006	35,450
7/20/2006	531,065	2006	19,206
10/26/2006	<u>483,092</u>	2006	<u>7,094</u>
Total	\$ 2,907,216		\$ 119,090

(1) This is interest credited to the contribution(s) at the valuation interest rate. It is not the actual earnings on the contribution(s).

Determination of Actuarial (Gain) or Loss for 2006 Plan Year

A. Expected Unfunded Actuarial Accrued Liability	
1. Unfunded Actuarial Accrued Liability as of 1/1/2006	\$14,826,463
2. Normal Cost as of 1/1/2006	991,578
3. Interest at 8 %	1,265,443
4. 2006 contributions plus interest at 8 %	(2,859,456)
5. Expected Unfunded Actuarial Accrued Liability as of 1/1/2007	\$14,224,028
B. Actual Unfunded Actuarial Accrued Liability	
1. Actuarial Accrued Liability as of 1/1/2007	\$61,518,138
2. Actuarial Value of Assets as of 1/1/2007	(46,196,170)
3. Actual Unfunded Actuarial Accrued Liability as of 1/1/2007 (not less than zero)	\$15,321,968
C. Changes in Unfunded Actuarial Accrued Liability	
1. Increase/(Decrease) due to Plan Amendment(s)	\$0
2. Increase/(Decrease) due to Assumption Change(s)	1,459,943 ⁽¹⁾
3. Increase/(Decrease) due to Funding Method Change	0
4. Total Changes	\$1,459,943
D. Actuarial (Gain)/Loss	
B(3) - C(4) - A(5)	(\$362,003)

⁽¹⁾ Effect of change in mortality table assumption to RP-2000; from 1983 GAM.

Contribution Breakdown for the 2007 Plan Year

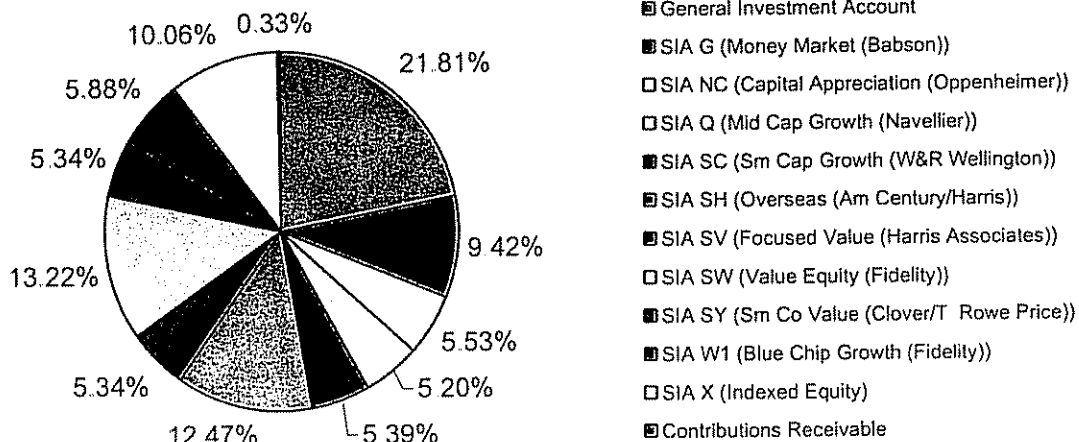
Below is a breakdown of the 2007 plan year contribution. To perform the breakdown, we first subtracted the actuarial accrued liability of the plan's inactive participants from the plan assets, and then allocated the remaining assets among the groups based on the actuarial accrued liability of the active participants. The un-funded actuarial accrued liability of each group was then amortized over a 20-year period. The resulting amortization payment was then added to the Normal Cost of each group to produce the recommended annual cost. Finally, the amount of anticipated employee contributions was subtracted from the total cost, to arrive at the annual contribution due from Lenawee County for each employee group.

	01 Sheriff- Command	02 Sheriff- Deputy	03 Nurses- MNA Union	04 G.E.L.C. Union	05 County Non-Union	06 Steelworkers Union	61 Drain Commission	07 Medical Care Facility-Union	08 Medical Care Facility-Non-Union	Total of All Groups
Active Employees	13	79	6	63	169	10	11	130	54	535
Average Age	48.60	41.26	51.98	45.76	50.18	43.94	46.07	34.61	47.22	44.04
Annual Salary (excluding employees over NRA)	\$726,358	\$3,236,470	\$242,472	\$1,775,857	\$4,719,860	\$262,046	\$423,227	\$2,663,291	\$1,984,551	\$16,034,132
Actuarial Accrued Liability (Active Employees)	\$4,515,611	\$7,589,283	\$450,408	\$4,751,069	\$19,310,100	\$327,749	\$911,158	\$681,329	\$2,025,462	\$40,562,169
Allocated Actuarial Value Plan Assets (Active Employees)	<u>2,809,883</u>	<u>4,722,505</u>	<u>280,271</u>	<u>2,956,399</u>	<u>12,015,896</u>	<u>203,945</u>	<u>566,977</u>	<u>423,964</u>	<u>1,260,363</u>	<u>25,240,201</u>
Unfunded Actuarial Accrued Liability (Active Employees)	\$1,705,728	\$2,866,778	\$170,137	\$1,794,670	\$7,294,204	\$123,804	\$344,181	\$257,365	\$765,099	\$15,321,968
Entry Age Normal Cost	\$42,182	\$240,087	\$19,514	\$114,511	\$299,496	\$21,796	\$28,632	\$67,305	\$151,781	\$985,304
Amortization Payment (20 yrs)	<u>160,863</u>	<u>270,359</u>	<u>16,045</u>	<u>169,251</u>	<u>687,899</u>	<u>11,676</u>	<u>32,459</u>	<u>24,272</u>	<u>72,155</u>	<u>1,444,978</u>
Total Annual Cost	\$203,045	\$510,446	\$35,559	\$283,762	\$987,395	\$33,472	\$61,091	\$91,577	\$223,936	\$2,430,282
Estimated Employee Contrib. (% salary)	36,318 (5.00%)	161,824 (5.00%)	13,336 (5.50%)	97,672 (5.50%)	259,592 (5.50%)	14,413 (5.50%)	23,277 (5.50%)	0 (0.00%)	49,614 (2.50%)	656,046 (4.09%)
Employer Annual Cost (% salary)	\$166,727 (22.95%)	\$348,622 (10.77%)	\$22,223 (9.17%)	\$186,090 (10.48%)	\$727,803 (15.42%)	\$19,059 (7.27%)	\$37,814 (8.93%)	\$91,577 (3.44%)	\$174,322 (8.78%)	\$1,774,236 (11.07%)

Plan Assets as of 1/1/2007

		<u>Actuarial Value</u>	<u>Market Value</u>
General Investment Account		\$10,742,009	\$10,742,009
Separate Investment Account	G	\$4,639,223	\$4,639,223
(Money Market (Babson))			
Separate Investment Account	NC	\$2,618,861	\$2,723,905
(Capital Appreciation (Oppenheimer))			
Separate Investment Account	Q	\$2,373,329	\$2,562,439
(Mid Cap Growth (Navellier))			
Separate Investment Account	SC	\$2,414,251	\$2,657,267
(Sm Cap Growth (W&R Wellington))			
Separate Investment Account	SH	\$5,392,770	\$6,140,956
(Overseas (Am Century/Harris))			
Separate Investment Account	SV	\$2,350,810	\$2,631,179
(Focused Value (Harris Associates))			
Separate Investment Account	SW	\$5,859,836	\$6,511,389
(Value Equity (Fidelity))			
Separate Investment Account	SY	\$2,401,718	\$2,630,812
(Sm Co Value (Clover/T. Rowe Price))			
Separate Investment Account	W1	\$2,733,110	\$2,894,965
(Blue Chip Growth (Fidelity))			
Separate Investment Account	X	\$4,505,405	\$4,957,650
(Indexed Equity)			
Contributions Receivable		\$164,851	\$164,851
Total		\$46,196,170	\$49,256,645

Market Value of Assets



Reconciliation of Actuarial Value of Plan Assets from 1/1/2006 to 12/31/2006

	Actuarial	Market
	<u>Value</u>	<u>Value</u>
Assets as of 1/1/2006	\$41,790,792	\$43,448,219
Contributions	2,740,366	2,742,365
Investment Income	687,836	687,836
Appreciation/(Depreciation)	3,005,896	4,242,093
Benefit payments	(1,956,126)	(1,956,126)
Expenses	(72,595)	(72,595)
Assets as of 1/1/2007	\$46,196,170	\$49,091,794 ⁽²⁾
Rate of Return ⁽¹⁾	8.76%	11.25%

⁽¹⁾ *Calculated according to formula prescribed for Schedule B of Form 5500.*

⁽²⁾ *Cash Basis. Does not include any contributions receivable.*

Participant Summary

	<u>2006</u>	<u>2007</u>
<u>Classification of Funded Participants</u>		
Actives Under Retirement Age	523	492
Actives Over Retirement Age	38	43
Terminated Vested	106	121
Disabled Receiving Benefits	9	9
Retired	<u>207</u>	<u>217</u>
Total Participants	883	882

Monthly Funded Retirement Benefits

Actives Under Retirement Age	\$320,751	\$324,513
Actives Over Retirement Age	73,280	84,399
Terminated Vested	39,995	46,533
Disabled Receiving Benefits	5,398	5,905
Retired	<u>147,981</u>	<u>159,567</u>
Total Accrued Benefits	\$587,405	\$620,917
Total Projected Benefits	\$1,704,115	\$1,661,011

Averages for Active Participants

Average Eligibility Age	31.75	31.78
Average Attained Age	43.37	44.04
Average Compensation	\$32,236	\$33,180

Auditor's Information and FAS35 Reconciliation

The following information is provided to assist your accountant with the reporting requirements of FAS35. The information reported here should not be used for any other purposes. Information reporting for other purposes, such as determining sufficiency in the event of a plan termination, may be significantly different.

Reporting Date	January 1, 2007
Present Value of Accumulated Plan Benefits	
For Retired Participants and Beneficiaries receiving payments	\$18,261,454
For Terminated Vested Participants	2,694,515
For other vested Participants	29,749,880
Present Value of Vested Accumulated Plan Benefits	\$50,705,849
Present Value of Nonvested Accumulated Plan Benefits	998,953
Present Value of Accumulated Plan Benefits	\$51,704,802
Present Value of Accumulated Plan Benefits as of 1/1/2006	\$46,989,672
Increase Due to Benefit Accruals	1,631,871
Decrease Due to Disbursements	(1,956,126)
Increase Due to Passage of Time	3,811,478
Other ⁽¹⁾	65,804
Present Value of Accumulated Plan Benefits as of 1/1/2007 before changes	\$50,542,699
Effect of Interest Rate Change ⁽²⁾	0
Effect of Other Assumption Change(s) ⁽³⁾	1,162,103
Effect of Plan Change(s) ⁽⁴⁾	0
Present Value of Accumulated Plan Benefits as of 1/1/2007 after changes	\$51,704,802
Total Market Value of Assets	\$49,256,645

The Present Value of Accumulated Plan Benefits is measured using the Unit Credit Actuarial Cost Method. The actuarial assumptions used are shown in the Actuarial Assumptions section of this Report, and the Plan provisions are summarized in the Plan Summary section of this Report.

⁽¹⁾ Effect of miscellaneous gains/losses and other demographic changes.

⁽²⁾ None

⁽³⁾ Effect of change in mortality table to RP-2000; from 1983 GAM.

⁽⁴⁾ None.

Actuarial Assumptions

Many of the factors affecting the long term cost of the Plan are variables which cannot be predicted with certainty. The following actuarial assumptions have been selected to reasonably anticipate future experience with respect to these variables.

Preretirement Mortality

Funding: The adjusted RP-2000 Combined Mortality Table for males and females, as described in Treasury Regulation 1.412(l)(7)-1(d)

FAS35: The adjusted RP-2000 Combined Mortality Table for males and females, as described in Treasury Regulation 1.412(l)(7)-1(d)

Postretirement Mortality

Funding: The adjusted RP-2000 Combined Mortality Table for males and females, as described in Treasury Regulation 1.412(l)(7)-1(d)

FAS35: The adjusted RP-2000 Combined Mortality Table for males and females, as described in Treasury Regulation 1.412(l)(7)-1(d)

Preretirement Interest

Funding: 8.00%

FAS35: 8.00%

Postretirement Interest

Funding: 8.00%

FAS35: 8.00%

Assumed Retirement Age: Plan Normal Retirement Age

Termination of Employment: Termination Table T-5 from the Actuary's Handbook

Age adjustments: 0 for males and -5 for females.

Funding Exclusion

All plan participants are included in the funding calculations.

Salary Scale: 4.00% per year.

Plan Expenses: Interest rate is assumed to be net of plan expenses.

Optional Forms: Liabilities include no load to account for the value of optional annuity forms.

Incidence of Disability: 1952 Disability Table, Period 2, Benefit 5, with a 6 month waiting period.

Survivor's Benefit:

It is assumed that 100% of participants will be married or otherwise survived by an eligible beneficiary. It is further assumed that the male spouse is 3 years older than the female.

Asset Valuation and Actuarial Cost Methods

Actuarial Cost Method

Individual Entry Age Normal

The Normal Cost is the level dollar premium necessary to fund the benefit projected to assumed retirement date over the working lifetime of each participants. The Accrued Liability is the excess of the present value as of the valuation date of the benefit projected to assumed retirement age over the present value of future Normal Costs. Or, equivalently, the accumulated value of all past Normal Costs. The benefit projected to assumed retirement date uses projected service, compensation if applicable, and any other components that would be used in the calculation of the benefit. The difference between the Accrued Liability and the Actuarial Value of Assets is the Unfunded Actuarial Accrued Liability. Each year the difference between the expected Unfunded Actuarial Accrued Liability (based on actuarial assumptions being realized exactly) and the actual Unfunded Actuarial Accrued Liability is the Actuarial Gain or Loss.

Actuarial Value of Assets

For assets held in the General Investment Account, Active Life Fund, or Experience Account, the Actuarial Value is the value assigned by the Insurance Company.

For the assets listed below, the Actuarial Value is equal to the prior year's Actuarial Value plus the net deposit and investment income, minus withdrawals, plus (or minus) 50% of the unrecognized appreciation (or depreciation) during the year. The Actuarial Value is not greater than 120% of the Market Value, or less than 80% of the Market Value.

Separate Investment Account NC, Q, SC, SH, SV, SW, SY, W1, and X

For the assets listed below, the Actuarial Value of Assets is equal to the Market Value.

Separate Investment Account G

Summary of Plan Provisions

The provisions shown here are only summaries. In the interest of space and simplicity, many of them have been abbreviated, simplified, or paraphrased. In matters of Plan interpretation or application, the actual Plan Document should be consulted.

Plan: Lenawee County Board of Commissioners Retirement Income Plan

Employer Identification Number/Plan Number: 38-6005798/001

Effective Date: January 1, 1976

Plan Year: Calendar Year

Employer: Lenawee County Board of Commissioners.

Employee: Any person who is employed by the Employer. An individual who performs services for the Employer pursuant to an agreement between the Employer and an employee leasing organization shall not be considered to be an Employee.

Participation: Each person employed by the County in a position normally requiring 1,000 hours or more per year is eligible to join the plan on date of hire. Except that Participation has been frozen for the following Groups:

Group 02: Sheriff Deputy (Police Officers Association of Michigan) - *Employees hired after September 1, 2005.*

Group 03: Nurses M.N.A. Union - *Employees hired after January 31, 2002.*

Group 04: Government Employees' Labor Council - *Employees hired after May 1, 2003, except that for District Court Employees, after March 1, 2004.*

Group 05: Lenawee County Employees (Non-union) - *Employees hired after January 1, 2001.*

Group 06: Steelworkers Union - *Employees hired after August 1, 2002.*

Group 61: Drain Commission - *Employees hired after January 1, 2002.*

Service: The period of an Employee's employment with the Employer, as determined by the Employer from its personnel records.

Vesting Service: All years of Service with the Employer from Date of Employment.

Benefit Service: All years of Service with the Employer from Date of Employment.

Normal Retirement Date:

Group 01: Sheriff Command and Group 02: Sheriff Deputy - First day of the month coincident with otherwise next following the earlier of 1) age 55 and 25 years of service, and 2) age 65 and 8 years of service.

Group 04: Government Employees' Labor Council (GELC), Group 05: Lenawee County Employees (Non-union), Group 06: Steelworkers Union, Group 03: Nurses M.N.A. Union, and Group 61: Drain Commission Employees - the earlier of 1) date age and years of service equal 85, and 2) age 62 and 8 years of service.

All other Groups - Age 65 and 8 years of service.

Summary of Plan Provisions

Early Retirement Date: Any Participant who has attained age 55 and completed 10 years of Benefit Service may elect early retirement on the first day of any calendar month following the termination of Service.

Disability Retirement Date: Any Participant who has completed 10 years of Benefit Service may elect disability retirement on the first day of any calendar month following the determination of total and permanent disability.

Average Monthly Earnings:

Group 01: Sheriff Command and Group 02: Sheriff Deputy - The average of Monthly Earnings in the period of 48 consecutive months with respect to which such sum is the greatest.

All Other Groups - The average of Monthly Earnings in the period of 60 consecutive months with respect to which such sum is the greatest.

Normal Retirement Benefit:

Group 01: Sheriff Command - 2.50% of average monthly earnings times **all** years of benefit service. The maximum monthly benefit is 80% of average monthly earnings.

Group 02: Sheriff Deputy - 2.50% of average monthly earnings times **all** years of benefit service. The maximum monthly benefit is 80% of average monthly earnings.

Group 03: Nurses M.N.A. Union - 2.00% of average monthly earnings times all years of benefit service.

Group 04: Government Employees' Labor Council - 2.00% of average monthly earnings times all years of benefit service.

Group 05: Lenawee County Employees (Non-union) - 2.00% of average monthly earnings times all years of benefit service.

Group 06: Steelworkers Union - 2.00% of average monthly earnings times all years of benefit service.

Group 61: Drain Commission - 2.00% of average monthly earnings times all years of benefit service.

Group 07: Medical Care Facility (Union) - 1.00% of average monthly earnings times all years of benefit service.

Group 08: Medical Care Facility (Non-union) - 2.00% of average monthly earnings times all years of benefit service.

Termination Benefit: A Participant who has at least eight years of Vesting Service has a nonforfeitable right to 100% of his or her Accrued Benefit. Benefit is payable at Normal Retirement Date.

Early Retirement Benefit: The accrued benefit reduced 1/15 for the first five years, and 1/30 for the next five years for each year the Retirement Date precedes the Normal Retirement Date.

Summary of Plan Provisions

Disability Retirement Benefit: The accrued benefit reduced by any amounts payable under any worker's compensation or salary continuance program.

Normal Form: Single: Modified Cash Refund; Married: Qualified 50% Joint and Survivor Annuity.

Optional Forms: Joint and Survivor Annuity, Life Annuity with 60 or 120 monthly payments guaranteed, Life Annuity.

Death Benefits:

For all employees except Group 7: Medical Care Facility (Union)

Pre-retirement: If the Participant is not vested, no death benefits are payable. If the participant is vested, then the death benefit is 50% of the amount that would have been payable to the Participant under the 50% Joint and Survivor option.

Post-Retirement: None except as provided by the annuity form elected.

Employee Contributions: (picked up by the Employer under IRC §414(h)(2))

Group 01: Sheriff Command - 5.00% of pay.

Group 02: Sheriff Deputy - 5.00% of pay.

Group 03: Nurses M.N.A. Union - 5.50% of pay.

Group 04: Government Employees' Labor Council (GELC) - 5.50% of pay

Group 05: Lenawee County Employees (Non-union) – 5.50% of pay.

Group 06: Steelworkers Union - 5.50% of pay.

Group 61: Drain Commission - 5.50% of pay.

Group 07: Medical Care Facility (Union) - none.

Group 08: Medical Care Facility (Non-union) - 2.50% of pay.



CONTRIBUTION STATEMENT

Group Contract No. PF 473 Date July 27, 2007

Contractholder Lenawee County Board of Commissioners Retirement Income Plan

Contribution Payable 01/01/2007 Covering Period from 01/01/07 to 01/01/08

1. Contractholder Normal Contribution	\$985,304.00
2. Past Service Contribution (20 year amortization schedule)	1,444,978.00
3. Less Estimated Employee Contributions	656,046.00
4. Less Employer Contributions received: 01/16/2007	510,890.46
03/29/2007	468,867.84
07/17/2007	520,077.15
5. Amount Payable	\$274,400.55

NOTE: In order to ensure immediate and proper allocation, please include a copy of this statement with your next contribution.

Send to: MassMutual Financial Group
 Retirement Services Division, B220
 1295 State Street
 Springfield, MA 01111-3000



G. A. S. B. Statements Nos.25 & 27

REQUIRED SUPPLEMENTARY SCHEDULES

for

Lenawee County Retirement Income Plan

as of

January 1, 2007

Lenawee County Retirement Income Plan

Schedule of Funding Progress

Actuarial Valuation Date	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 Percentage of Covered Payroll (b-a)/c
01/01/1992	\$11,024,724	\$11,527,284	\$502,560	95.6%	\$12,444,049	4.0%
01/01/1993	12,521,551	11,554,521	0	108.4%	12,733,046	0.0%
01/01/1993 (a)	12,521,551	15,232,409	2,710,858	82.2%	12,733,046	21.3%
01/01/1994	14,108,501	16,463,259	2,354,758	85.7%	13,985,174	16.8%
01/01/1994 (a)	14,108,501	18,467,404	4,358,903	76.4%	13,985,174	31.2%
01/01/1995	15,676,011	20,867,553	5,191,542	75.1%	14,762,897	35.2%
01/01/1996	19,066,860	23,054,192	3,987,332	82.7%	15,627,001	25.5%
01/01/1996 (a)	19,066,860	23,580,263	4,513,403	80.9%	15,627,001	28.9%
01/01/1997	22,580,698	25,962,327	3,381,629	87.0%	15,585,860	21.7%
01/01/1997 (b)	21,787,417	25,962,327	4,174,910	83.9%	15,585,860	26.8%
01/01/1998	25,472,876	28,990,058	3,517,182	87.9%	16,292,942	21.6%
01/01/1999	28,861,936	31,725,598	2,863,662	91.0%	16,930,071	16.9%
01/01/1999 (a)	28,861,936	34,298,939	5,437,003	84.1%	16,394,322	33.2%
01/01/2000	31,286,863	37,343,462	6,056,599	83.8%	16,597,449	36.5%
01/01/2000 (a)	31,286,863	38,090,065	6,803,202	82.1%	16,501,605	41.2%
01/01/2001	33,671,164	42,055,911	8,384,747	80.1%	17,310,962	48.4%
01/01/2002	34,016,979	46,394,067	12,377,088	73.3%	17,588,820	70.4%
01/01/2002 (c)	34,016,979	47,181,537	13,164,558	72.1%	17,588,820	74.8%
01/01/2002 (d)	31,310,910	42,970,744	11,659,834	72.9%	15,416,295	75.6%
01/01/2003	30,430,043	44,875,929	14,445,886	67.8%	16,367,621	88.3%
01/01/2004	33,854,728	50,224,035	16,369,307	67.4%	16,600,507	98.6%
01/01/2005	37,771,373	52,684,997	14,913,624	71.7%	16,339,433	91.3%
01/01/2006	41,790,792	56,617,255	14,826,463	73.8%	16,593,939	89.3%
01/01/2007	46,196,170	60,058,195	13,862,025	76.9%	16,034,132	86.5%
01/01/2007 (e)	46,196,170	61,518,138	15,321,968	75.1%	16,034,132	95.6%

- (a) After changes in benefits provisions.
- (b) After change in actuarial value of assets.
- (c) After change in actuarial assumptions
- (d) After spin-off of Community Mental Health Authority
- (e) After change in actuarial assumptions

Lenawee County Retirement Income Program

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1992	\$549,156	100%
1993	543,895	100%
1994	773,376	100%
1995	925,441	100%
1996	882,122	100%
1997	842,433	100%
1998	783,894	100%
1999	1,021,428	100%
2000	1,230,360	100%
2001	1,329,417	100%
2002	1,465,050	129%
2003	1,669,712	100%
2004	1,939,034	97%
2005	1,805,708	123%
2006	1,783,375	115%
2007	1,774,236	

Lenawee County Retirement Income Program

PF 473

Lenawee County Retirement Income Plan
Net Pension Obligation and Pension Liability at Transition

Year Ended 12/31	County's Contributions		Investment Return	Amortization Factor ⁽¹⁾
	Actuarially Determined	Actually Made		
1993	543,895	543,895	8.50%	10.64
1994	773,376	773,376	8.50%	10.46
1995	925,441	925,441	8.50%	10.27
1996	882,122	882,122	8.50%	10.06
1997	842,433	842,433	8.50%	9.83
1998	783,894	783,894	8.50%	9.58

(1) amortization factors based on level dollar over 22 years, closed

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Actuarially determined contribution (A)	543,895	773,376	925,441	882,122	842,433	783,894
Interest on NPO	0	0	0	0	0	0
Adjustment to (A)	0	0	0	0	0	0
Annual pension cost	543,895	773,376	925,441	882,122	842,433	783,894
Contributions made	<u>543,895</u>	<u>773,376</u>	<u>925,441</u>	<u>882,122</u>	<u>842,433</u>	<u>783,894</u>
Increase in NPO	0	0	0	0	0	0
NPO beginning of year	0	0	0	0	0	0
NPO end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Calculations:

Interest (NPO at beginning of year times investment return rate)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Adjustment to (A) (NPO at beginning of year divided by amortization factor)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	10.46	10.27	10.06	9.83	9.58	

Pension Liability at Transition (12/31/1998): \$ -

Lenawee County Retirement Income Program

PF 473
 Lenawee County Retirement Income Plan
 Annual Pension Cost

Year Ended 12/31	County's Contributions		Investment Return	Amortization Factor
	Actuarially Determined	Actually Made		
1999	1,021,248	1,021,248	8.50%	9.30 ⁽¹⁾
2000	1,230,360	1,230,360	8.50%	9.01 ⁽¹⁾
2001	1,329,417	1,329,417	8.50%	10.27 ⁽²⁾
2002	1,465,050	1,886,928	8.00%	10.60 ⁽²⁾
2003	1,669,712	1,669,712	8.00%	10.60 ⁽²⁾
2004	1,939,034	1,884,202	8.00%	10.60 ⁽²⁾
2005	1,805,708	2,227,493	8.00%	10.60 ⁽²⁾
2006	1,783,375	2,056,702	8.00%	10.60 ⁽²⁾
2007	1,774,236		8.00%	10.60 ⁽²⁾

(1) amortization factors based on level dollar over 22 years, closed.

(2) amortization factors based on level dollar over 20 years, open.

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Actuarially determined contribution (A)	1,021,248	1,230,360	1,329,417	1,465,050	1,669,712	1,939,034	1,805,708	1,783,375	1,774,236
Interest on NPO	0	0	0	0	\$ (33,750)	\$ (39,634)	\$ (42,158)	\$ (83,250)	\$ (119,630)
Adjustment to (A)	0	0	0	0	\$ (39,800)	\$ (46,738)	\$ (49,714)	\$ (98,172)	\$ (141,073)
Annual pension cost	1,021,248	1,230,360	1,329,417	1,465,050	1,596,162	1,852,661	1,713,836	1,601,953	1,513,533
Contributions made	<u>1,021,248</u>	<u>1,230,360</u>	<u>1,329,417</u>	<u>1,886,928</u>	<u>1,669,712</u>	<u>1,884,202</u>	<u>2,227,493</u>	<u>2,056,702</u>	0
Increase in NPO	0	0	0	(421,878)	(73,550)	(31,541)	(513,657)	(454,749)	1,513,533
NPO beginning of year	0	0	0	0	(421,878)	(495,428)	(526,969)	(1,040,625)	(1,495,375)
NPO end of year	\$ -	\$ -	\$ -	\$ (421,878)	\$ (495,428)	\$ (526,969)	\$ (1,040,625)	\$ (1,495,375)	\$ 18,158

Calculations:

Interest (NPO at beginning of year times investment return rate)	\$ -	\$ -	\$ -	\$ -	\$ (33,750)	\$ (39,634)	\$ (42,158)	\$ (83,250)	\$ (119,630)
		8.50%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Adjustment to (A) (NPO at beginning of year divided by amortization factor)	\$ -	\$ -	\$ -	\$ -	\$ (39,800)	\$ (46,738)	\$ (49,714)	\$ (98,172)	\$ (141,073)
		9.01	10.27	10.60	10.60	10.60	10.60	10.60	10.60

Lenawee County Retirement Income Program

Notes to the Required Schedules

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:	January 1, 2007
Actuarial cost method	Entry Age Normal
Amortization method	Open amortization period
Remaining amortization period	20 years
Asset valuation method	Insurance company assigned value for General Account assets; 50% recognition capital gains/losses for Separate Investment Account assets.
<u>Actuarial assumptions:</u>	
Investment rate of return	8.00%
Projected salary increases *	4.00%
* includes inflation at	2.00%
Cost of living adjustments	n/a