April 30, 2010

Beverly K. Kampmueller
Human Resources Coordinator
Lenawee County
Old County Courthouse Building
301 N. Main Street
Adrian, MI 49221

Dear Beverly,

Subject: Lenawee County Retirement Income Plan - Actuarial Report as of 1/1/2010

Enclosed please find the Actuarial Report for the Lenawee County pension plan for the 2010 plan year.

Please refer to page 6 of the Report for a breakdown of the 2010 recommended contribution by Employer group.

Please feel free to contact me if you have any questions or concerns.

Best regards,

D E Mangan

Daniel E. Mangan
Actuarial Analyst
MassMutual Retirement Services

Enclosure (1)

cc: Steve Oman
Richard Erickson
William Ullmann

Actuarial Valuation Report

for

Lenawee County Board of Commissioners
Retirement Income Plan

as of

January 1, 2010

Contract Number: PF 473

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Executive Summary

The Employer's cost for the 2010 Plan Year is $2,077,505, or about 20.9% of covered salaries (employees under normal retirement age). The cost for the 2009 Plan Year was $2,049,057, or about 19.4% of covered salaries. This recognizes the change in the employee contribution rate in the Sheriff and Deputy groups from 5% to 8% and 7%, respectively.

The Plan's Actuarial Value of Assets covers approximately 63% of the Plan's Present Value of Future Benefits and approximately 77% 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 65% and 80%, respectively.

Effective with the 2010 valuation, we have updated the mortality assumption to use the the fully generational versions of the RP-2000 Tables. In view of the long history of improvement in non-disabled mortality rates, pension valuations should take trends in long term mortality improvement into account. The increase in the 2010 **A**ctuarially **R**ecommended **C**ontribution owing to this change was about $160,000 (1.6% of covered payroll).

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

Respectfully submitted,

D E Mangan

Richard A. Erickson

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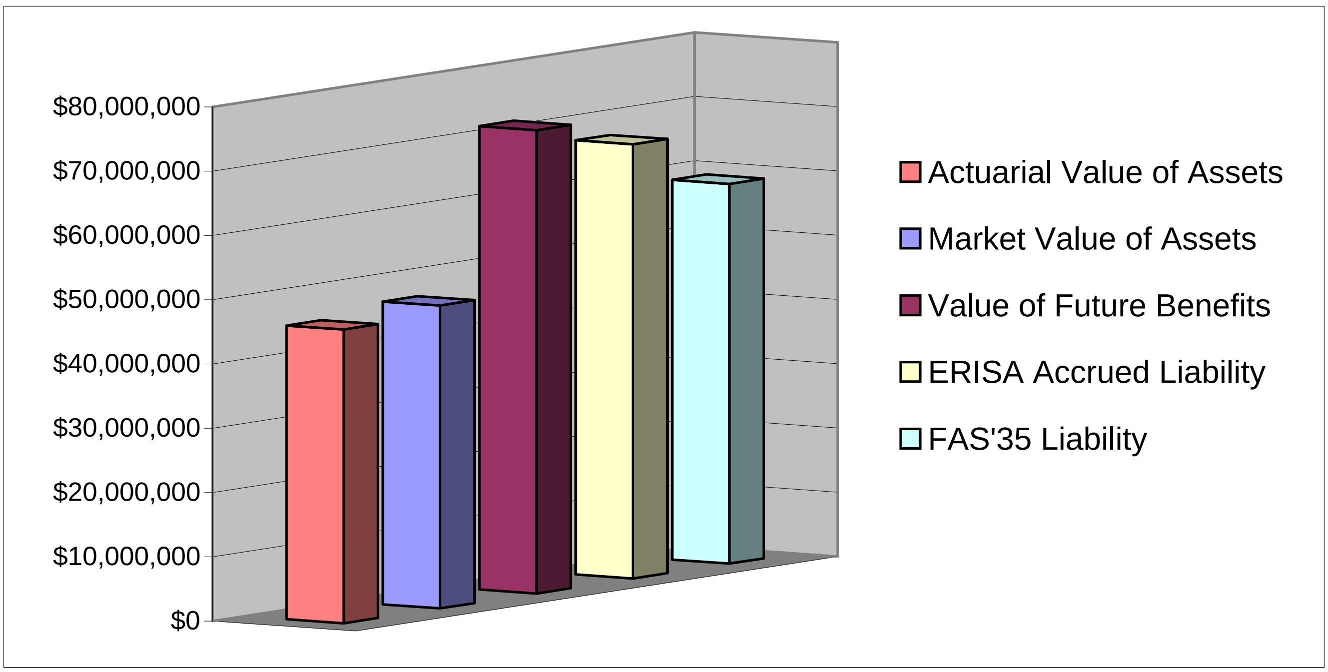
April 30, 2010

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:	$ 45,683,440	$ 41,151,580	$ 32,670,457
Inactive:	2,939,708	2,939,708	2,939,708
Retired:	23,472,482	23,472,482	23,472,482
Total:	$ 72,095,630	$ 67,563,770	$ 59,082,647

Actuarial Value of Assets:	$ 45,716,778
Market Value of Assets:	$ 47,124,392



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**.

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.

FAS'35 Liability

FAS'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 may take 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 mortality assumptions are those used for the Value of Future Benefits and the ERISA Accrued Liability.

Contribution History

The following contributions have been made since 1/1/2009.

Date		Amount	For Plan Year	Prior Year's Interest Credited [3]
01/07/2009 [1]	$	444,521	2008	-
04/15/2009 [1]		343,018	2009	19,622
07/01/2009 [1]		507,896	2009	20,483
09/22/2009 [1]		502,988	2009	11,135
01/04/2010 [1]		663,359	2009	-
01/08/2009 [2]		193,090	2008	-
04/06/2009 [2]		197,575	2009	11,692
07/01/2009 [2]		229,911	2009	9,272
10/02/2009 [2]		200,252	2009	3,994
12/30/2009 [2]		224,854	2009	99
Total	$	3,507,465		$ 76,297

[1] Employer Contribution.

[2] Employee Contribution.

[3] 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 2009 Plan Year

A.	**Expected Unfunded Actuarial Accrued Liability**	
1.	Unfunded Actuarial Accrued Liability as of 1/1/2009	$20,746,371
2.	Normal Cost as of 1/1/2009	1,347,614
3.	Interest at 8 %	1,767,519
4.	2009 contributions plus interest at 8 %	(2,946,150)
5.	Expected Unfunded Actuarial Accrued Liability as of 1/1/2010	$20,915,354
B.	**Actual Unfunded Actuarial Accrued Liability**	
1.	Actuarial Accrued Liability as of 1/1/2010	$67,563,770
2.	Actuarial Value of Assets as of 1/1/2010	(45,716,778)
3.	Actual Unfunded Actuarial Accrued Liability as of 1/1/2010 (not less than zero)	$21,846,993
C.	**Changes in Unfunded Actuarial Accrued Liability**	
1.	Increase/(Decrease) due to Plan Amendment(s)	$0
2.	Increase/(Decrease) due to Assumption Change(s)	214,812 [1]
3.	Increase/(Decrease) due to Funding Method Change	0
4.	Total Changes	$214,812
D.	**Actuarial (Gain)/Loss**	
	B(3) - C(4) - A(5)	$716,826

[1] Effective 1/1/10, the mortality assumption has been changed to the RP-2000 Fully Generational Tables (scale AA), from the adjusted RP-2000 Combined Mortality Table for males and females, as described in Treasury Regulation 1.412(l)(7)-1(d).

Contribution Breakdown for the 2010 Plan Year

Below is a breakdown of the 2010 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 unfunded 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	Total of All Groups
Active Employees	11	67	6	56	141	9	8	298
Average Age	46.72	43.93	54.98	47.94	51.59	48.78	47.09	48.17
Annual Salary (excluding employees over NRA)	$527,808	$3,087,604	$151,828	$1,772,232	$3,812,553	$274,168	$306,234	$9,932,427
Actuarial Accrued Liability (Active Employees)	$3,325,753	$9,234,735	$687,522	$5,642,680	$20,776,788	$526,780	$957,322	$41,151,580
Allocated Actuarial Value Plan Assets (Active Employees)	1,560,142	4,332,100	322,523	2,647,034	9,746,584	247,117	449,089	19,304,588
Unfunded Actuarial Accrued Liability (Active Employees)	$1,765,611	$4,902,635	$364,999	$2,995,646	$11,030,204	$279,663	$508,233	$21,846,992
Entry Age Normal Cost	$34,943	$239,687	$13,799	$114,022	$237,991	$24,007	$21,682	$686,131
Amortization Payment (20 yrs)	166,511	462,356	34,422	282,512	1,040,232	26,374	47,930	2,060,337
Total Annual Cost	$201,454	$702,043	$48,221	$396,534	$1,278,223	$50,381	$69,612	$2,746,468
Estimated Employee Contrib.	42,225	216,132	9,869	115,195	247,816	17,821	19,905	668,963
(% salary)	(8.00%)	(7.00%)	(6.50%)	(6.50%)	(6.50%)	(6.50%)	(6.50%)	(6.74%)
Employer Annual Cost	**$159,229**	**$485,911**	**$38,352**	**$281,339**	**$1,030,407**	**$32,560**	**$49,707**	**$2,077,505**
(% salary)	(30.17%)	(15.74%)	(25.26%)	(15.87%)	(27.03%)	(11.88%)	(16.23%)	(20.92%)

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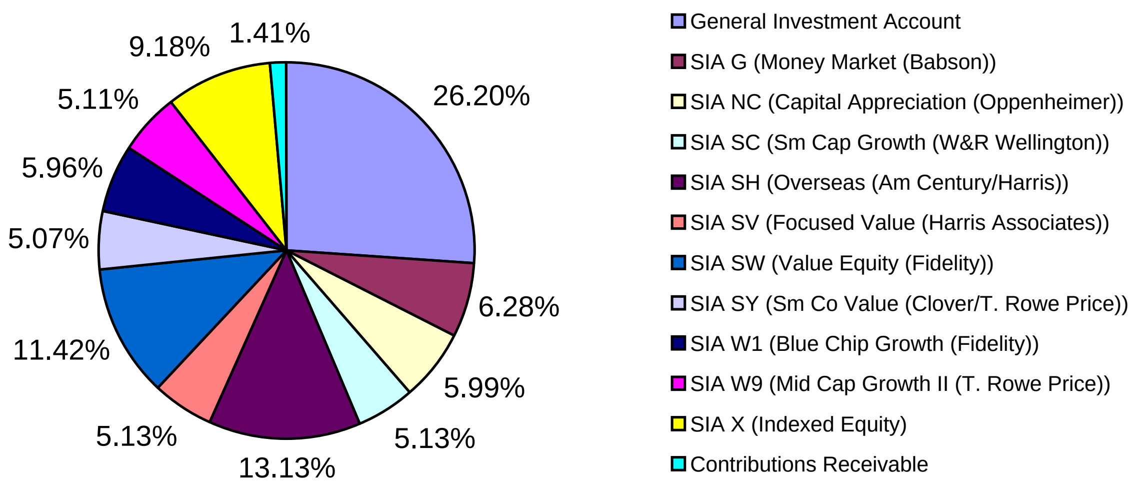
Plan Assets as of 1/1/2010

		Actuarial Value	Market Value
General Investment Account		$12,348,440	$12,348,440
Separate Investment Account (Money Market (Babson))	G	$2,960,295	$2,960,295
Separate Investment Account (Capital Appreciation (Oppenheimer))	NC	$2,672,038	$2,821,748
Separate Investment Account (Sm Cap Growth (W&R Wellington))	SC	$2,263,719	$2,415,326
Separate Investment Account (Overseas (Am Century/Harris))	SH	$5,758,401	$6,186,171
Separate Investment Account (Focused Value (Harris Associates))	SV	$2,115,549	$2,415,309
Separate Investment Account (Value Equity (Fidelity))	SW	$5,413,648	$5,382,568
Separate Investment Account (Sm Co Value (Clover/T. Rowe Price))	SY	$2,305,543	$2,387,891
Separate Investment Account (Blue Chip Growth (Fidelity))	W1	$2,641,230	$2,810,704
Separate Investment Account (Mid Cap Growth II (T. Rowe Price))	W9	$2,308,230	$2,408,402
Separate Investment Account (Indexed Equity)	X	$4,266,327	$4,324,179
Contributions Receivable		$663,359	$663,359
Total		$45,716,778	$47,124,392

Market Value of Assets



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Reconciliation of Actuarial Value of Plan Assets from 1/1/2009 to 12/31/2009

	Actuarial Value	**Market Value**
Assets as of 1/1/2009	$43,714,226	$37,430,985
Contributions	2,869,853	2,844,105
Appreciation/(Depreciation)	1,932,098	8,985,342
Benefit payments	(2,730,660)	(2,730,660)
Expenses	(68,739)	(68,739)
Assets as of 1/1/2010	$45,716,778	$46,461,033 [2]
Rate of Return [1]	4.42%	23.99%

[1] *Calculated according to the formula: $Y = 2I / (A + B - I)$*

[2] *Cash Basis. Does not include any contributions receivable.*

Participant Summary

Classification of Funded Participants	2009	2010
Actives Under Retirement Age	261	242
Actives Over Retirement Age	44	56
Terminated Vested	78	75
Disabled Receiving Benefits	12	12
Retired	241	241
Total Participants	636	626

Monthly Funded Retirement Benefits	2009	2010
Actives Under Retirement Age	$278,564	$266,501
Actives Over Retirement Age	90,734	119,981
Terminated Vested	36,311	41,555
Disabled Receiving Benefits	8,798	8,798
Retired	206,067	211,754
Total Accrued Benefits	$620,474	$648,589
Total Projected Benefits	$1,127,467	$1,120,191

Averages for Active Participants	2009	2010
Average Eligibility Age	31.11	30.97
Average Attained Age	48.17	48.86
Average Compensation	$40,723	$41,783

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, 2010
Present Value of Accumulated Plan Benefits	
For Retired Participants and Beneficiaries receiving payments	$23,472,482
For Terminated Vested Participants	2,939,708
For other vested Participants	32,468,591
Present Value of Vested Accumulated Plan Benefits	$58,880,781
Present Value of Nonvested Accumulated Plan Benefits	201,866
Present Value of Accumulated Plan Benefits	$59,082,647
Present Value of Accumulated Plan Benefits as of 1/1/2009	$55,806,649
Increase Due to Benefit Accruals	1,610,580
Decrease Due to Disbursements	(2,730,660)
Increase Due to Passage of Time	4,484,152
Other [(1)]	(188,081)
Present Value of Accumulated Plan Benefits as of 1/1/2010 before changes	$58,982,640
Effect of Interest Rate Change [(2)]	0
Effect of Other Assumption Change(s) [(3)]	100,007
Effect of Plan Change(s) [(4)]	0
Present Value of Accumulated Plan Benefits as of 1/1/2010 after changes	$59,082,647
Total Market Value of Assets	$47,124,392

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) *Effective 1/1/10, the mortality assumption has been changed to the RP-2000 Fully Generational Tables (scale AA), from the adjusted RP-2000 Combined Mortality Table for males and females, as described in Treasury Regulation 1.412(l)(7)-1(d).*

(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

RP-2000 Mortality Tables for Non-Annuitants, Fully Generational With Scale AA

Postretirement Mortality

RP-2000 Mortality Tables for Annuitants, Fully Generational With Scale AA

Postdisablement Mortality

RP-2000 Mortality Tables for Disabled Annuitants, Fully Generational With Scale AA

Preretirement Interest

8.00%

Postretirement Interest

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.

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, SC, SH, SV, SW, SY, W1, W9 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.

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

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.

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

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.

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:

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 - 8.00% of pay.

Group 02: Sheriff Deputy - 7.00% of pay.

Group 03: Nurses M.N.A. Union - 6.50% of pay.

Group 04: Government Employees' Labor Council (GELC) - 6.50% of pay

Group 05: Lenawee County Employees (Non-union) – 6.50% of pay.

Group 06: Steelworkers Union - 6.50% of pay.

Group 61: Drain Commission - 6.50% of pay.