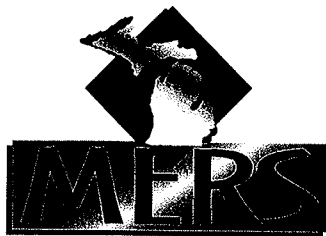


**MERS**

# A SOLID FOUNDATION

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT - YEAR ENDED DECEMBER 31, 2001



*Municipal Employees Retirement System  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2001  
 Anne Wagner, Executive Director*

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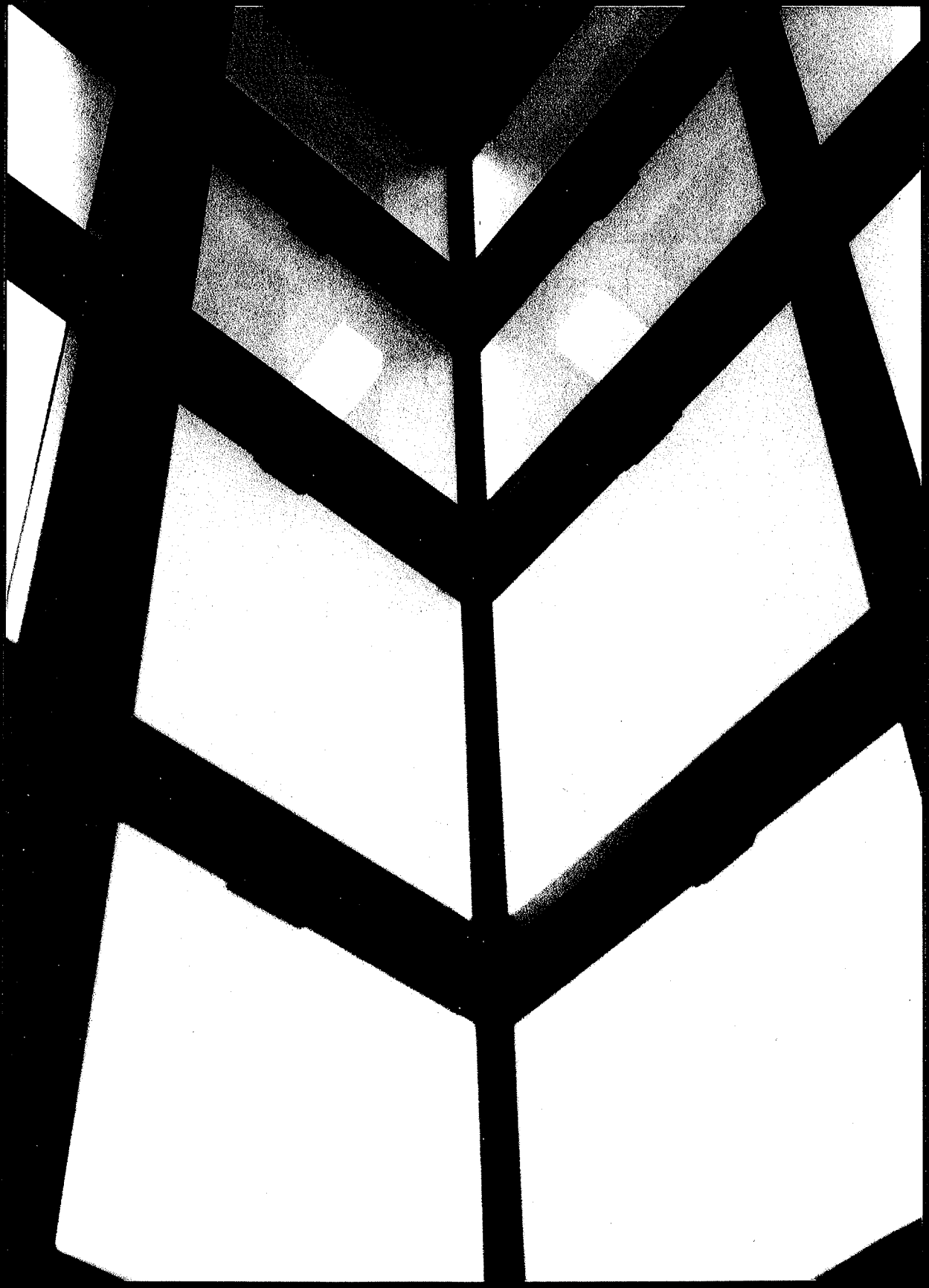
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# INTRODUCTORY SECTION



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Municipal Employees' Retirement System of Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2000

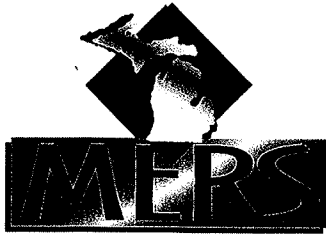
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Imelda Cruz*  
President

*Jeffrey L. Esser*  
Executive Director

*Letter of Transmittal*



May 23, 2002

The Retirement Board  
Municipal Employees Retirement System of Michigan  
1134 Municipal Way  
Lansing, MI 48917

Dear Board Members:

It is with great pleasure that I submit the annual report of the Municipal Employees Retirement System of Michigan (MERS).

**Highlights of Fiscal Year 2001**

During the fiscal year, the MERS staff undertook several significant projects. Searches were completed for service providers; construction of the new home office began; and plans were implemented for an in-house library-records media system.

In the spring, bids were solicited from third party administrator candidates for the Defined Contribution (DC) program. Following an extensive due diligence process, the Board approved ICMA-RC to retain the contract. Subsequent negotiations resulted in substantial fee reductions for DC program and section 457 participants. Altogether, 19 new DC plans were set up during the year, seven were municipalities joining MERS for the first time.

During the year, MERS bid out the actuarial services contract, which was awarded to Gabriel Roeder Smith (GRS) of Southfield, Michigan. The transition of services occurred successfully late in the fall and GRS will produce the December 31, 2001 actuarial valuation reports for the system.

In the spring, the Board authorized the purchase of approximately four acres of land, on the west side of Lansing, on which to build a new home office. Prior to the purchase, a space needs study was completed to examine the requirements for this project. It was determined that the new property will be an investment asset in the Defined Benefit real estate portfolio. MERS has always leased office space, before independence in 1996 in state offices and later in commercial space. This will be the first time in MERS history that the System will be housed in its' own building.

Integrated Architecture of Grand Rapids, Michigan was selected to design the building. The groundbreaking ceremony was held June 19, 2001, with an expected completion in the spring of 2002. The new office will provide space for programs and seminars for the membership, a meeting room for the Retirement Board, and room for expansion in the future.

The System's annual meeting was held in late September at the Hyatt Regency in Dearborn. Following so close behind the September 11<sup>th</sup> terrorist attack, the event was well attended but somber. Events included education seminars, investment analysis, review of the economy and a book signing by author

## *Introductory Section*

Doug Stanton for his best selling novel *In Harm's Way*. Board members Dale Walker, finance director for the City of Cadillac, and Kristen Wade, benefit analyst from Muskegon County, were re-elected to three year terms as employer and employee member representatives, respectively.

The new library-records center was organized in the spring of 2001 and will house all of MERS' historical documents and membership information. An extensive records management system is in the process of development to allow the staff on-line access to records. In addition, a new comprehensive record retention policy is being written for the system to include the use of updated technology. This policy will detail both document longevity as well as location. Document imaging is scheduled to become an in-house operation in the new office.

### **Report Contents and Structure**

MERS is an agent multiple-employer, statewide, public employee pension plan. MERS is an independent non-profit public corporation pursuant to Public Act 220 of 1996, which is an instrumentality of the participating municipalities and courts. The MERS Plan Document, which is a tax-qualified public pension plan under section 401(a) of the Internal Revenue Code (IRS Letter of Favorable Determination dated July 8, 1997), provides participants with options for defined benefit and defined contribution programs.

As of December 31, 2001, the \$3.6 billion Defined Benefit Plan included 563 participating municipalities and courts with a membership of 36,856 active members, 16,932 retired members and beneficiaries and 4,660 vested former members. A list of the current participating municipalities and courts begins on page 73. As of December 31, 2001, there were 102 plans in the Defined Contribution Plan, with 4,427 MERS participants, and net assets totaling \$83.3 million. Thus, the total MERS DB and DC membership as of December 31, 2001 was 62,875.

This *Comprehensive Annual Financial Report* is intended to provide complete and reliable information that will facilitate the management decision process; allow for the evaluation of responsible stewardship of the funds of the system; and serve as a means for determining compliance with legal requirements.

The financial information presented in this report is the responsibility of the management of MERS, and sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of the assets and fair presentation of the financial statements, supporting schedules and statistical tables. This report is also designed to comply with the reporting requirements of State law as provided by the Municipal Employees Retirement Act of 1984, section 36(2)(e)-(f); MCL 38.1536(2)(e)-(f). This report is divided into the following five sections:

- ◆ The Introductory Section contains general information regarding MERS' operations.
- ◆ The Financial Section presents the auditor's report, the financial statements of the system, schedules, certain required supplementary information, and additional financial information.
- ◆ The Investment Section summarizes information regarding investment activity, investment policies, investment performance, and includes various investment schedules.
- ◆ The Actuarial Section contains information regarding the financial condition of the retirement plans administered by the system.
- ◆ The Statistical Section contains general statistical information regarding system participants and finances.

**Summary of Financial Information**

The following schedule presents the pension trust funds' additions and deductions for the years ended December 31, 2001 and December 31, 2000:

	<u>2001</u>	<u>2000</u>
Additions	\$ 88,416,727	\$ 63,732,465
Deductions	<u>213,285,142</u>	<u>198,678,300</u>
Net Increase (Decrease)	\$ (124,868,415)	\$ (134,945,835)

The additions increased by \$24,684,262 primarily as a result of a decrease of \$47,337,963 in the net depreciation in the fair value of investments, a decrease in interest income of \$11,415,215 and a decrease in employer contributions of \$6,832,595. The deductions increased by \$14,606,842 primarily due to an increase in benefit payments of \$19,667,207 and a decrease in refunds of employer contributions from the Defined Benefit Program of \$4,815,420.

**Plan Financial Condition**

The financial condition of MERS remains financially secure. The funding objective of MERS' defined benefit pension trust fund is to meet long-term benefit obligations. During the year ended December 31, 2001, the funding status of the actuarial accrued liability dipped slightly from 90.3% to 86.1%. MERS funding objective is for each participating municipality and court to be able to meet their long term benefit promises through contributions that remain approximately level as a percent of member payroll over a long period of years and from investment income. Net assets available for pension benefits for MERS Defined Benefit Plan was \$3.6 billion as of December 31, 2001. A historical trend of funding levels based upon valuation assets is presented on page 28.

**Professional Services**

Professional consultants are appointed by the Retirement Board to perform professional services that are essential to the effective and efficient operation of MERS. In keeping with past practice, MERS received an unqualified opinion from our independent auditors on the financial statements included in this report. The audit opinion from the certified public accounting firm of Andrews Hooper & Pavlik P.L.C. is included in the financial section of this report on page 15. The Actuarial Certification Letter from the actuary firm of The Segal Company (MERS' actuary prior to replacement by Gabriel, Roeder Smith & Company effective January 1, 2002) is included in the actuarial section on page 53. Consultants are listed on page 12.

**Investment Activity**

The MERS' investment portfolio produced a total return, net of expenses, of -2.11% for the year ended December 31, 2001. While the return was negative, the well-diversified investment strategy worked to provide positive 90 basis points over the System's policy index and 215 basis points over The Northern Trust Public Fund Universe.

The overall investment strategy is to maximize the total long-term rate of return on investments consistent with a high degree of prudence and sufficient diversification to eliminate inordinate risk, in conformity with State law. The long-term goals are expected to exceed the actuarial assumed investment return rate of 8% on an annualized basis and achieve a real rate of return of at least 3.5% per year. The Board employs outside investment managers and monitors their respective performance and compliance on a quarterly basis. The managers are listed on page 12.

## *Introductory Section*

A summary of the asset allocation of the Defined Benefit Plan investment portfolio can be found on page 38. The members participating in MERS Defined Contribution Plan direct their own investments. Various investment categories in actively or passively managed pooled funds or mutual funds are available. They are described in more detail on pages 49-50.

Additional information regarding the investment activity is included in the investment section of this report.

### **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MERS for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2000. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which meet or exceed program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for only one year. We believe this report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Conclusion**

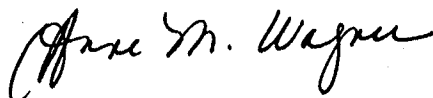
This report combines the best efforts and cooperation of the MERS' staff, consultants and other advisors functioning under your leadership. It is intended to provide complete and reliable information, which will facilitate the management decision-making process, serve as a means for determining compliance with legal requirements, and allow for the evaluation of responsible stewardship of the funds in the System.

Pursuant to MCL 38.1536(2)(f), copies of this report will be mailed to the Governor, each participating municipality and court and will be posted on the MERS' website. In addition, a copy will be provided to the Secretary of the Senate and the Clerk of the House, and will be read into the Official Record of both Houses of the Legislature. We believe that all recipients will find it informative and useful.

The unwavering goal of MERS is to assist our members in the creation of a financially secure retirement. We are committed to meet the challenges that lie ahead as we explore new ways to streamline our business processes. We will maintain our focus on providing the best service possible to the membership. In that pursuit, we will continue to rely on the Board's sound leadership and the work of our dedicated staff.

I would like to take a moment to express my appreciation to you, the Board Members, the staff and all of our member municipalities and courts and others who have worked so diligently to contribute to the continued success of the system.

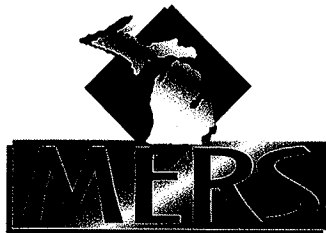
Respectfully submitted,



Anne M. Wagner  
Executive Director



*Letter from the Chairperson*



May 23, 2002

Dear Members:

On behalf of the Retirement Board, I am pleased to present the MERS' Fifth-Fifth *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended December 31, 2001. This report provides information on the financial status of your retirement system and highlights the important changes that occurred during the year.

Although faced with a difficult investment environment this year, the system remains well funded. The primary focus of the Board remains the preservation and long-term growth of the System's assets to ensure that benefit obligations will be met. Through the Board's guidance and commitment to the due diligence process and the staff's dedication, MERS will persevere during the unsteady times and markets. The members can be confident in the security and safety of the system both now and in the years to come.

A significant project of historical proportions was undertaken this year by the Board to build a new home office. Faced with the expiration of the five-year lease on the current space and the identified needs for additional space, the Board approved building the new office as an investment asset. This will be the first time that MERS is housed in its' own building.

At the Annual Meeting, the delegates re-elected myself and Kristen Wade to three year terms on the Board as the employer and employee members respectively. The nine members of the Retirement Board have worked very conscientiously to fulfill their fiduciary responsibilities. MERS greatly benefits from their diverse expertise and experience. It is personally rewarding for me to serve as chairperson along with trustees of such high caliber and commitment.

In closing, I wish to thank the staff and my fellow Board Members for their continued dedication to the task of ensuring the success and security of the System.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale M. Walker", written over a horizontal line.

Dale M. Walker  
Chairperson, Retirement Board



**MERS Board of Directors**

STANDING (left to right)-Bruce Seymore, Raymond Klosowski, John Murphy, Bruce Johnson, Dennis Murphy, Gary Murphy

SEATED (left to right)-Barbara Fandell, Dale Walker, Kristen Wade

Dale Walker-Chairperson, Officer Member  
City of Cadillac, Term Expires: December 31, 2004

Kristen Wade-Chairperson Pro Tem, Employee Member  
Muskegon County, Term Expires: December 31, 2004

Bruce Johnson-Public Member  
Term Expires: December 31, 2004

Raymond Klosowski-Employee Member  
Isabella County, Term Expires: December 31, 2002

Dennis Murphy-Public Member  
Term Expires: December 31, 2002

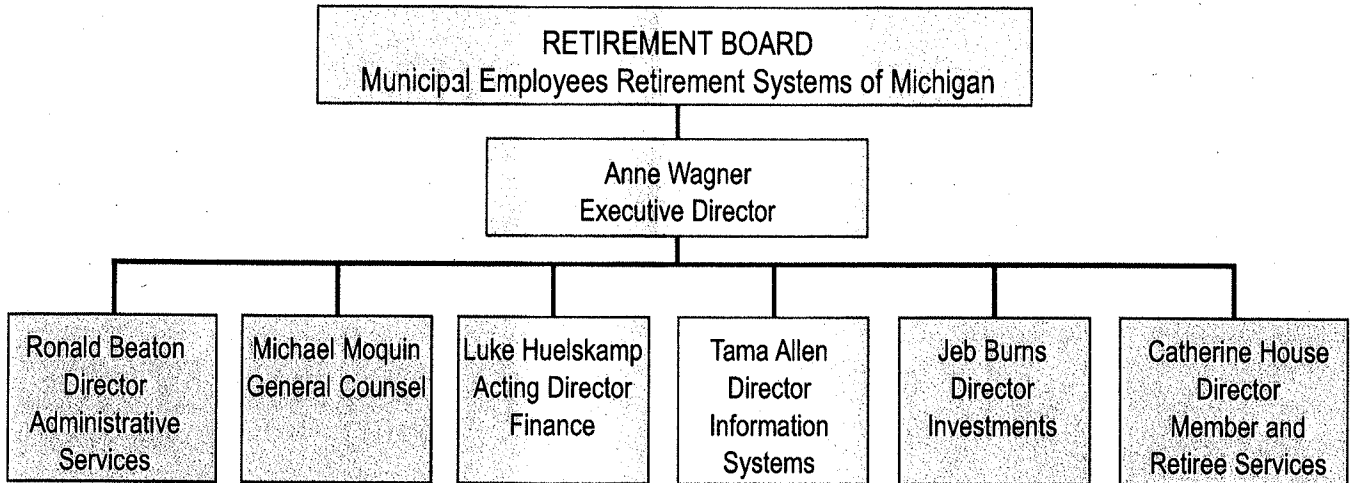
John Murphy-Officer Member  
Cass County, Term Expires: December 31, 2003

Bruce Seymore-Retiree Member  
Term Expires: December 31, 2003

Gary Murphy-Officer Member  
Ingham County, Term Expires: December 31, 2002

Barbara Fandell-Employee Member  
Gratiot County, Term Expires: December 31, 2002

## ADMINISTRATIVE ORGANIZATION



### Administrative Directors

STANDING (left to right) - Tama Allen-Director of Information Systems  
Luke Huelskamp-Acting Director of Finance  
Ronald Beaton-Director of Administrative Services  
Catherine House-Director of Member/Retiree Services

SEATED - Jeb Burns, Director of Investments  
Anne Wagner, Executive Director  
Michael Moquin, General Counsel

*Introductory Section*



**Executive Office**

(left to right)- Janet Richmond, Anne Wagner, Executive Director; Helen Constan



**Legal Department**

(left to right)-Lois Withers, Thomas Petroni, Michael Moquin, General Counsel



**Information Systems**

STANDING (left to right)- Michelle McMahon, Gary Davis, Jennifer Cross

FRONT ROW (left to right)-Tama Allen, Director; Jason Smith



**Investment Department**

STANDING (left to right)-Matthew Blonshine, Karen Butka, Jamison Smythe

SEATED-Jeb Burns, Director



**Administrative Services**

STANDING (left to right)- Steve Harry, Lynda Pittman, Tom Lindemann,  
Andrew Sandstedt, Gale Larson, Christine Cotton

SEATED-, Ronald Beaton, Director



**Finance Department**

(left to right)-Tiffany DuBois, Luke  
Huelskamp, Acting Director; Sharlene  
Pallick



**Member/Retiree Services**

STANDING (left to right)- Rachel Scott, Carol Pohl, Shirley Roe, Cathy Watkins, Robert Noa, Beth Nelson, Jennifer  
Willis, Debra Peake

SEATED (left to right)-Judy Johnson, Catherine House, Director; Janell Shepherd

NOT PICTURED-Jennifer Larson

## PROFESSIONAL CONSULTANTS AND INVESTMENT MANAGERS

### **Actuary**

The Segal Company

### **Auditor**

Andrews Hooper & Pavlik P.L.C.

### **Defined Contribution Plan Third-Party Administrator**

International City Management  
Association Retirement  
Corporation

### **Investment Custodian**

The Northern Trust Company

### **Investment Performance Measurement Consultant**

The Northern Trust Company

### **Legal Counsel**

Miller, Canfield, Paddock and Stone, PLC

### **Legislative Consultants**

Karoub Associates

### **Medical Advisor**

Associated Physicians  
Consulting Physicians

### **Security Lending Agent**

The Northern Trust Company

### **Systems Implementation and Maintenance**

Interactive Business Systems  
Peoplesoft  
Thomas Shadle  
Tri Com Technical Services

### **Investment Managers**

#### **Domestic Equity**

Armstrong Shaw Associates, Inc.  
Barclays Global Investors  
Comerica Bank  
Kennedy Capital Management Inc.  
TCW Asset Management Company  
Wasatch Advisors  
Wellington Management Company, LLP

#### **International Equity**

Barclays Global Investors  
Lombard Odier International Portfolio  
Management Limited

#### **Domestic Fixed Income**

Barclays Global Investors  
Reams Asset Management Company  
Western Asset Management Company

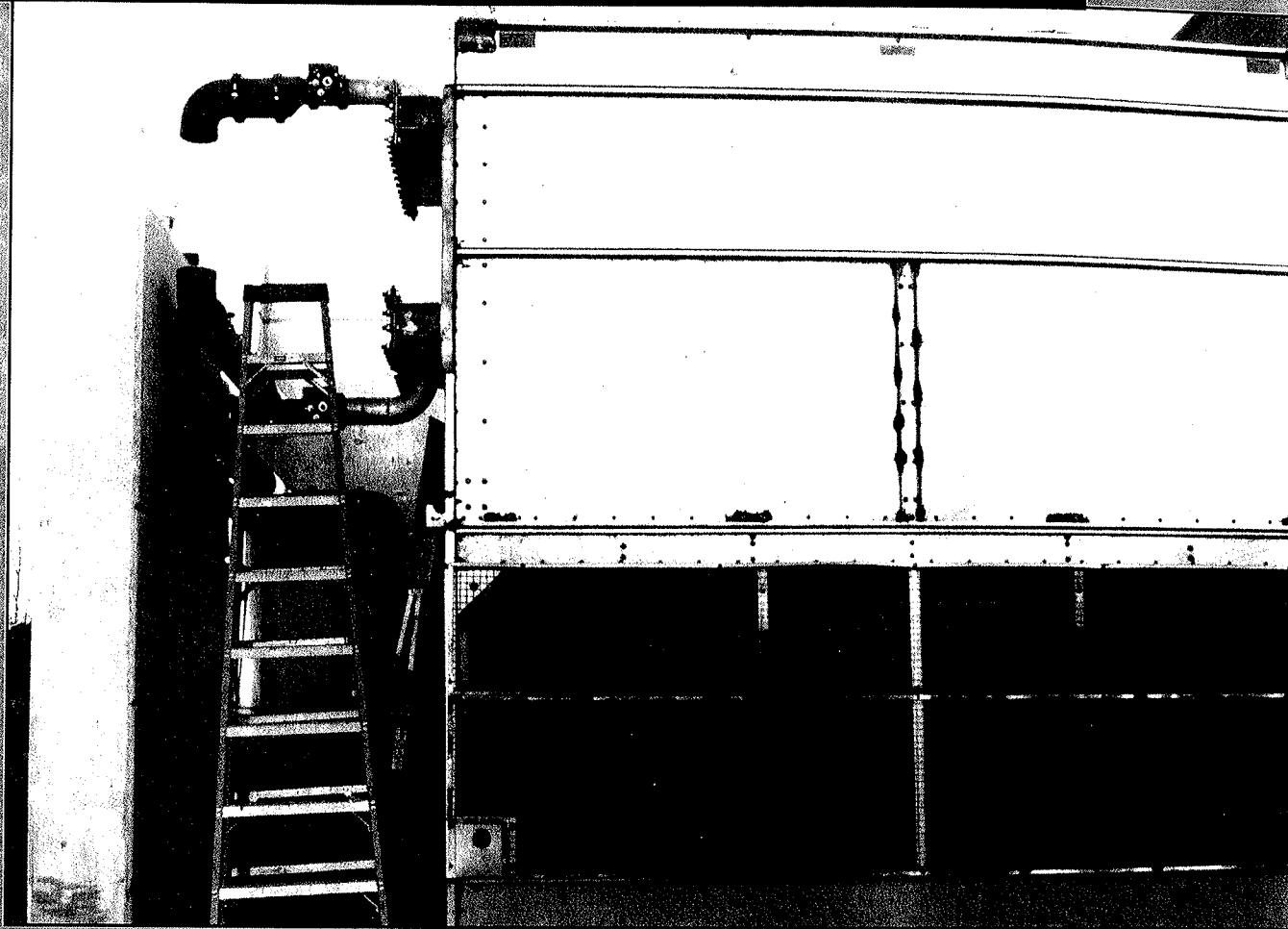
#### **Real Estate**

Townsend Group (Manager)  
AEW Capital Management  
Hancock Timber Resources Group  
KBS Realty Advisors  
Lend Lease Rosen  
J.P. Morgan Investment Management  
Prudential Property Investment  
SSR Realty Advisors, Inc.  
UBS Realty Investors, LLC

#### **Private Equity**

Mesirow Financial





**AND CHANGE...**





**ANDREWS HOOPER & PAVLIK P.L.C.**  
Certified Public Accountants

Independent Auditor's Report

Municipal Employees' Retirement System of Michigan Retirement Board:

We have audited the accompanying statements of plan net assets of the Municipal Employees' Retirement System of Michigan as of December 31, 2001 and 2000, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the management of the Municipal Employees' Retirement System of Michigan. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Municipal Employees' Retirement System of Michigan, as of December 31, 2001 and 2000, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary information and supporting schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The required supplementary information and supporting schedules are the responsibility of the Municipal Employees' Retirement System of Michigan's management. The Schedules of Funding Progress and Employer Contributions and related notes and the supporting schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The Introductory, Investment, Actuarial, and Statistical Sections were not audited by us and, accordingly, we express no opinion on those sections.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2002 on our consideration of the Municipal Employees' Retirement System of Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Andrews Hooper & Pavlik P.L.C.*

Okemos, Michigan  
May 22, 2002

**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN**  
**Statement of Plan Net Assets**  
**As of December 31, 2001**

	December 31, 2001			December 31, 2000
	Defined Benefit Plan	Defined Contribution Plan	Total Pension Trust Funds	Total Pension Trust Funds
<b>Assets</b>				
Cash and Short-term Investments	\$ 285,683,211	\$ 11,538,663	\$ 297,221,874	\$ 143,524,809
Receivables				
Employer Contributions	12,311,273		12,311,273	16,014,487
Plan Member Contributions	3,138,953		3,138,953	3,370,189
Sale of Investments	85,876,140		85,876,140	51,862,516
Investment Income	16,104,245		16,104,245	16,077,915
Other	4,894	811,711	816,605	637,511
Total Receivables	117,435,505	811,711	118,247,216	87,962,618
Investments at Fair Value				
Domestic Fixed Income	1,251,284,762	4,558,045	1,255,842,807	1,235,572,268
Domestic Equities	1,688,280,746	30,998,717	1,719,279,463	1,823,120,971
International Equities	369,209,482	1,585,163	370,794,645	494,753,333
Real Estate	198,984,602		198,984,602	200,749,813
Venture Capital & Partnerships	3,600,000		3,600,000	
Balanced Funds		33,815,020	33,815,020	25,477,095
Total Investments	3,511,359,592	70,956,945	3,582,316,537	3,779,673,480
Invested Securities Lending Collateral	262,950,144		262,950,144	313,092,393
Prepaid Expenses	408,939		408,939	344,532
Other Assets	2,826,035		2,826,035	
Fixed Assets, at cost, net of accumulated depreciation of \$6,169,145 in 2001 and \$5,223,835 in 2000	1,098,355		1,098,355	1,277,550
Total Assets	4,181,761,781	83,307,319	4,265,069,100	4,325,875,382
<b>Liabilities</b>				
Purchase of Investments	267,548,402		267,548,402	153,485,085
Securities Lending Collateral	262,950,144		262,950,144	313,092,393
Administrative, Investment Costs, and Other	3,442,366		3,442,366	3,301,301
Total Liabilities	533,940,912		533,940,912	469,878,779
Net assets held in trust for pension benefits, .	\$ 3,647,820,869	\$ 83,307,319	\$ 3,731,128,188	\$ 3,855,996,603

(a schedule of funding progress is presented on page 28)

**The accompanying notes are an integral part of these Financial Statements.**

# MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN

## Statement of Changes in Plan Net Assets

For the Year Ended December 31, 2001

	December 31, 2001			December 31, 2000
	Defined Benefit Plan	Defined Contribution Plan	Total Pension Trust Funds	Total Pension Trust Funds
<b>Additions</b>				
Contributions				
Employer	\$ 121,939,889	\$ 8,794,329	\$ 130,734,218	\$ 137,566,813
Plan Member	32,163,587	2,551,143	34,714,730	32,476,564
Transfers from Defined Benefit Plan				
Employer		12,922,048	12,922,048	13,626,706
Plan Member		881,912	881,912	946,716
Transfers from Other Plans and Other Items		826,992	826,992	3,776,905
Total Contributions and Transfers	<u>154,103,476</u>	<u>25,976,424</u>	<u>180,079,900</u>	<u>188,393,704</u>
Investment Income				
Net appreciation (depreciation) in Fair Value				
of plan investments	(173,191,745)		(173,191,745)	(220,529,708)
Interest Income	65,499,175		65,499,175	76,914,390
Dividend Income	23,565,838		23,565,838	24,122,789
Real Estate operating income, net	2,351,098		2,351,098	2,512,322
Commission recapture income	471,718		471,718	870,845
Defined Contribution income (net of fees)		(4,154,015)	(4,154,015)	(2,253,865)
	(81,303,916)	(4,154,015)	(85,457,931)	(118,363,227)
Less Investment Expenses	8,288,704		8,288,704	7,889,922
Net Investment Income (Loss)	(89,592,620)	(4,154,015)	(93,746,635)	(126,253,149)
From Security Lending Activities				
Security Lending Income	11,848,291		11,848,291	22,485,040
Security Lending Expenses				
Borrower Rebates	10,400,842		10,400,842	20,889,523
Management Fees	434,227		434,227	478,673
Total Securities Lending Expenses	10,835,069		10,835,069	21,368,196
Net Income from Securities Lending Activities	1,013,222		1,013,222	1,116,844
Total Net Investment Income (Loss)	(88,579,398)	(4,154,015)	(92,733,413)	(125,136,305)
Miscellaneous Income	1,070,240		1,070,240	475,066
Total Additions	<u>66,594,318</u>	<u>21,822,409</u>	<u>88,416,727</u>	<u>63,732,465</u>
<b>Deductions</b>				
Benefits	182,272,551	5,625,222	187,897,773	168,230,566
Refund of Contributions				
Employer	214,305		214,305	5,029,725
Plan Member	5,199,393		5,199,393	3,963,890
Special Expenses and Fees	412,989		412,989	392,652
Transfers to Defined Contribution Plan				
Employer	12,922,048		12,922,048	13,626,706
Plan Member	881,912		881,912	946,716
Administrative Expenses	5,756,722		5,756,722	6,488,045
Total Deductions	<u>207,659,920</u>	<u>5,625,222</u>	<u>213,285,142</u>	<u>198,678,300</u>
<b>Net Increase (decrease)</b>	<u>(141,065,602)</u>	<u>16,197,187</u>	<u>(124,868,415)</u>	<u>(134,945,835)</u>
<b>Net Assets held in trust for pension benefits</b>				
Balance Beginning of Year	3,788,886,471	67,110,132	3,855,996,603	3,990,942,438
Balance End of Year	<u>\$ 3,647,820,869</u>	<u>\$ 83,307,319</u>	<u>\$ 3,731,128,188</u>	<u>\$ 3,855,996,603</u>

The accompanying notes are an integral part of these Financial Statements

## Notes to General Purpose Financial Statements

Year Ended December 31, 2001

### 1. Reporting Entity and Plan Description

The Municipal Employees Retirement System of Michigan (MERS) is an agent multiple-employer, statewide, public employee pension plan created under Public Act 135 of 1945, and now operates under Public Act 220 of 1996, and the MERS Plan Document, as revised. MERS was established to provide retirement, survivor and disability benefits on a voluntary basis to the State of Michigan's local government employees. The MERS Plan Document provides for both Defined Benefit and Defined Contribution programs. As of December 31, 2001, there were 102 plans with the Defined Contribution Program.

Pursuant to Act 220, on August 15, 1996, MERS became an independent public non-profit corporation, which is an instrumentality of the participating municipalities and courts. Prior to that time MERS was a component unit of the State of Michigan and operated within the Department of Management and Budget. MERS is now administered solely by a nine member Retirement Board consisting of the following members, each of whom, except for the retiree member and the Retirement Board appointees, shall be from a different county at the time of appointment:

Two members appointed by the Retirement Board who have knowledge or experience in retirement systems, administration of retirement systems, or investment management or advisory services.

One member who is a retiree of the system, nominated by the Board and elected by the delegates at the annual meeting of the Retirement System.

Three members of the Retirement System who are officers of a participating municipality or of a participating court, who shall be designated as officer board members.

Three employee members of the Retirement System who are not officers of a participating municipality or of a participating court, who shall be designated as employee board members.

The regular term of office of members of the Retirement Board is three years. Members of the Retirement Board serve without compensation with respect to their duties, but are reimbursed by the Retirement System for their actual and necessary expenses incurred in the performance of their duties.

As of December 31, 2001, the number of participating municipalities were:

Counties	64
Cities and Villages	231
Townships	51
County Road Commissions	55
Authorities, Districts and Others	146
Closed Groups	16
Total	<u>563</u>

**Reporting Entity and Plan Description - continued**

Any municipality within the State may elect to become a participating member of MERS by a majority vote of the municipality's governing body or an affirmative vote by the qualified electors. A municipality may elect to terminate participation by an affirmative vote of the qualified electors. Changes in benefit coverage are available to bargaining units after approval by a majority vote of the municipality's governing body.

As of December 31, 2001 MERS Defined Benefit membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	
Retirement annuities	13,070
Survivor annuities	2,943
Disability annuities	919
Total	<u>16,932</u>
Vested former members	4,660
Current active members	<u>36,856</u>
Total Membership	<u>58,448</u>

Benefit programs and provisions are established by the Retirement Board. All benefits vest after 10 years of service, except that benefits may vest after eight or six years of service if adopted by the municipality's governing body. The standard retirement age is 60 years; however, members may retire with several combinations of age and years of service and receive reduced early retirement benefits. Municipalities may adopt various other benefit programs which allow retirement at an earlier age with unreduced benefits based upon combinations of age and years of service, or just years of service. MERS also provides non-duty disability and death benefits to members after vesting requirements are met. The vesting requirements provision is waived for duty disability and death benefits. Benefits are paid monthly over the member's or survivor's lifetime, and are equal to a specific percentage of the member's final average compensation times the number of years of credited service. The specific percentage depends on the benefit plan or plans adopted by each municipality for its employees.

See Note 6 for the plan description of the Defined Contribution Plan.

Pursuant to the Constitution of the State of Michigan, "The accrued financial benefits of each pension plan and retirement system of the State and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby. Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing un-funded accrued liabilities." Members contribute to the Retirement System at rates that range from 0 to 10% depending on the contribution program adopted by the municipality. If an employee leaves employment or dies before becoming eligible for retirement benefits, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary upon application.

## *Financial Section*

### **2. Summary of Significant Accounting Policies**

#### **Reporting Entity**

The Retirement Board is responsible for administration of the Retirement System, has fiduciary responsibility for the investment of assets and oversees all funds included in these financial statements. The Board appoints the executive director who manages and administers the Retirement System under the supervision and direction of the Board.

Since MERS is an independent public corporation, MERS' financial statements are not included in the financial statements of any other organization. MERS is the only entity included in this financial report.

#### **Basis of Accounting**

The financial statements for MERS are prepared on the accrual basis in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Plan members and employer contributions are recognized in the period in which the employee provides service. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### **GASB 27**

Governmental Accounting Standards Board (GASB) Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers," required certain changes in reporting pensions by employers. The following section is required and pertains to MERS' staff only. Prior to separation from the State of Michigan, the pension liability for MERS staff was an obligation of the official employer, the State. MERS has no pension liability for staff prior to August 25, 1996 when independent payroll processing began.

The Retirement Board, as an employer, elected to become a participating municipality in MERS in order to provide pension benefits for MERS' staff. Vesting occurs after 6 years of credited service. The normal retirement age is 60, however, an employee may retire at age 55 with 30 years of credited service. The annual pension benefit is based on the employee's years of credited service multiplied by 2% times the Final Average Compensation (FAC) based on three years. The employees contribute 2% of their compensation. Employer contributions were 9.07% of compensation in 2001.

## Summary of Significant Accounting Policies – continued

The following pension information for GASB 27 applies to MERS' staff only:

## Actuarial Accrued Liability from December 31, 2000 and December 31, 1999 Actuarial Valuations

	2000	1999
Retirees and beneficiaries currently receiving benefits	\$ 146,656	\$ 92,664
Vested former members	17,584	-0-
Current members		
Accumulated employee contributions including allocated investment income	98,501	77,635
Employer financed	618,637	410,644
Total Actuarial Accrued Liability	881,378	580,943
Net assets available for benefits at actuarial value (\$774,577 and \$625,576 at market value for December 31, 2000 and 1999, respectively)	775,096	549,831
Unfunded actuarial accrued liability	\$ 106,282	\$ 31,112

## Three-Year Trend Information

Fiscal Period Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 1999	135,943	100	-0-
December 31, 2000	122,552	100	-0-
December 31, 2001	130,359	100	-0-

## Schedule of Funding Progress

Actuarial Valuation Dec. 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A % of Covered Payroll ((b-a)/c)
1998	343,240	348,565	5,325	98.5	1,228,434	.40%
1999	549,831	580,943	31,112	94.6	1,366,768	2.28%
2000	775,096	881,378	106,282	87.9	1,624,802	6.54%

## Fair Value of Investments

In accordance with GASB 25, plan investments are presented at fair value. Short-term investments are valued at cost plus accrued interest, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate Bonds not traded on a national or international exchange are based upon equivalent values of comparable securities with similar yield and risk. Independent appraisals are the basis of the fair value of real estate. Other investments that do not have an established market are recorded at an estimated fair value.

## ***Financial Section***

### **Summary of Significant Accounting Policies - continued**

#### **Property and Equipment**

Property and equipment are carried at cost, less accumulated depreciation. Items of software, equipment and leasehold improvements are capitalized if the value exceeds \$5,000. These assets are depreciated on a straight-line basis. Estimated lives are either three or five years. Office equipment, software and computers have a three-year life, while leasehold improvements have a five-year life, matching the term of lease for MERS' office space.

#### **Other Assets**

Other assets include the costs incurred through December 31, 2001 of the land, design and construction associated with the new office building to house MERS' operations. The total cost of the new office development project is to be an investment asset in the Defined Benefit Real Estate portfolio.

#### **Total Columns on Statements**

Total columns on the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets are considered memorandum only and are presented to facilitate financial analysis. Amounts in these columns do not present the financial status of the Retirement System and the changes in its financial status in conformity with U.S. Generally Accepted Accounting Principles; neither is such data comparable to a consolidation. Transactions between the Defined Benefit Plan and the Defined Contribution Plan have not been eliminated for the total columns.

### **3. Contributions and Reserves**

#### **Contributions**

Funding requirements are actuarially determined using the entry age normal actuarial cost method and are based upon the benefit program(s) selected by the municipality. Some municipalities fund their entire pension obligations solely from employer contributions. Other municipalities' pension obligations are jointly funded by the employees and the employer. Monthly employee contributions are based upon a percentage of actual compensation as determined by the municipality. Employer contributions are based upon projected compensation as determined by an annual actuarial valuation. Employee contributions are held in individual member accounts that are currently credited with 4% interest annually. The employee contribution rates vary from 0% to 10% according to the plan selected by the municipality. A Schedule of Employer Contributions is included on page 28.

#### **Reserves**

The following Reserves have been established pursuant to the MERS' Plan Document. A Schedule of Changes in Reserves is included on page 72.



## **Contributions and Reserves - continued**

**Reserve for Employee Contributions:** Member contributions and interest are credited to this reserve. Purchase of service credit or repayment of previously refunded contributions is also included. This reserve is reduced by amounts refunded to the terminated member or transferred into the reserve for employer contributions and benefit payments upon retirement. Interest is credited to each member's account in December of each year based on the accumulated balance from the prior December 31. The current allocation rate of interest is set by the Board at 4%. The December 31, 2001 balance is \$346,979,388. The reserve for employee contributions was fully funded as of the December 31, 2000 actuarial valuation.

**Reserve for Employer Contributions and Benefit Payments:** All employers' contributions are credited to this reserve. Net income is allocated to this reserve from the reserve for expenses and undistributed income. At retirement, a member's accumulated contribution, if any, including interest is transferred into this reserve. Monthly benefits paid to retirees reduce this reserve. The December 31, 2001 balance is \$3,300,841,481. The unfunded liability was \$609,818,674 (based on the actuarial value of assets) as of the December 31, 2000 Actuarial Valuation.

**Reserve for Expenses and Undistributed Investment Income:** All investment earnings and all other monies received, which are not dedicated to other reserves, are credited to this reserve. All administrative and investment expenses are paid from this reserve. Transfers are made to the reserve for employer contributions and benefit payments at allocation rates determined by the Board. The reserve for expenses and undistributed investment income was allocated at 100% to the reserve for employer contributions and benefit payments in 2001 leaving a zero balance at December 31, 2001.

## **4. Investments**

### **Investments**

The Retirement Board has the fiduciary responsibility and authority for the investment portfolio. Various professional investment managers are contracted to manage the System's assets. All investment decisions are subject to statutory regulations imposed under the Michigan Public Employees Retirement Systems' Investment Act, 1965 P.A. 314, as amended, and the investment policy established by the Board. The Michigan law allows diverse investment in stocks, corporate and government bonds, mortgages, real estate, alternative investments, and other investments. The act has prudence standards and requires that the assets of a retirement system be invested solely in the interest of the participants and beneficiaries. The investments shall be made for the exclusive purpose of providing benefits to the participants and the participants' beneficiaries, and of defraying reasonable expenses of the retirement system.

The Retirement Board's investment policy requires independent performance measurement of investment managers and establishes total return objectives for the total portfolio and major categories of investments. As of December 31, 2001, all securities held met the required statutory provisions and board policy. As of December 31, 2001, no investments were in default or subject to bankruptcy proceedings. MERS did not hold a single organization's securities that exceeded 5% of the plan's net assets available for benefits as of December 31, 2001.

## Financial Section

### Investments - continued

#### Cash

Cash deposits are classified according to credit risk to give an indication of the level of risk assumed by MERS. For custodial credit risk the bank balances of deposits are disclosed.

- Category 1 Insured or collateralized with securities held by MERS or its agent in MERS' name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in MERS' name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in MERS' name.

As of December 31, 2001 MERS' cash included:

(Expressed in thousands)

	Category			Bank Balances Not Subject to Classification	Bank Balance
	1	2	3		
Operating Cash			\$ 3,760		\$ 3,760
Investment Cash			20,221		20,221
	\$0	\$0	\$23,981	\$0	\$23,981

#### Securities Lending

MERS policy authorizes participation in a securities lending program administered by MERS' current global custodian, The Northern Trust Company. MERS receives income from the loan of the securities, in addition to the income, which accrues to the System as owner of the securities. The securities loans are open contracts and therefore could be terminated at anytime by either party. The borrower collateralizes the loan with either cash or securities of 102% of market value plus accrued interest on domestic securities, and 105% of market value plus accrued interest on international securities loaned. Cash collateral is invested for MERS in a dedicated short-term investment fund consisting of investment grade fixed income securities. The custodian provides for full indemnification to MERS for any losses that might occur in the event of borrower default resulting from negligence or intentional misconduct. The securities on loan are marked to market daily to ensure the adequacy of the collateral. There are no restrictions on the amount of securities that can be lent at one time. Neither MERS nor the custodian has the ability to pledge or sell collateral securities delivered unless the borrower is in default.

MERS also invests in two index funds that participate in securities lending on a pooled basis.

MERS has never experienced a loss on securities lending transactions resulting from the default of a borrower or lending agent since it commenced lending securities in March, 1995. The average term of loan is 22 days as of December 31, 2001, producing a net income of \$1,013,222 in 2001.

**Investments - continued**

The collateral held and the fair value of securities on loan as of December 31, 2001 is as follows:

Dollars In Thousands		
Fair Value of Securities on Loan	Nature of Collateral	Collateral Held
\$ 254,685,729	Cash	\$ 262,950,144
17,193,674	Non-Cash	17,664,675
<u>\$ 271,879,403</u>		<u>\$ 280,614,819</u>

**Derivatives**

In accordance with investment policy, the active international manager may, when deemed prudent, enter into forward foreign currency exchange contracts in the international portfolio to match settlement deadlines, or to take advantage of favorable currency moves in the market. Forward contracts are used to hedge against changes in the exchange rates related to foreign equities, primarily denominated in European and Asian currencies. This is used to reduce the risk of currency exposure in the portfolio. As of December 31, 2001, there were no positions in forward currency contracts held in the portfolio.

Derivatives are not used for speculation nor are they used to leverage the investment portfolio. The system does not use swap agreements, stock options, caps/floors, or floating rate securities that are priced from underlying collateral.

**Categories of Investment Risk**

The following table represents the total investments held as of December 31, 2001 categorized to give an indication of the level of risk assumed by MERS. The category descriptions follow:

- Category 1    Insured or registered securities, which are held by MERS or its agent in MERS' name.
- Category 2    Uninsured and unregistered securities, collateralized with securities held by the counterparty's trust department or agent in MERS' name.
- Category 3    Uninsured and unregistered securities with securities held by the counterparty or its trust department, or agent but not in MERS' name.

## Financial Section

### Investments – continued

#### Credit Risk of Investments as of December 31, 2001:

(Expressed in thousands)

	Category			Securities Not Subject to Classification	Fair Values
	1	2	3		
Domestic Equities	\$1,160,579		\$ 711	\$ 526,991	\$1,688,281
Domestic Fixed Income	696,227		717	554,341	1,251,285
International Equity	250,993			118,216	369,209
Real Estate	82,073			116,912	198,985
Commercial Paper	262,193				262,193
Short Term Investment Funds			7,256	26,077	33,333
Private Equity & Venture Capital				3,600	3,600
Defined Contribution Plan				70,957	70,957
Securities Lending Cash Collateral				262,950	262,950
	<u>\$2,452,065</u>	<u>\$0</u>	<u>\$8,684</u>	<u>\$1,680,044</u>	<u>\$4,140,793</u>

There are no Category 2 investments. The Real Estate section consists of Real Estate equity holdings (REITs,) and Real Estate. The Defined Contribution Plan assets are participant directed mutual funds which are not subject to GASB Statement No. 3 credit risk classification.

#### Reconciliation to Investments on Statement of Plan Net Assets

Totals above	\$4,140,793
Less Commercial Paper	-262,193
Less Short Term Investments	-33,333
Less Securities Lending Cash Collateral	-262,950
Investments on Statement of Plan Net Assets	<u>\$3,582,317</u>

### 5. Commitments and Contingencies

Benefit claims by members are in various stages of determination through established administrative procedures or have been appealed in the court system. These cases arise in the normal course of business. MERS does not anticipate any material loss as a result of these claims. Furthermore, the cost of successful claims for benefits must ultimately be borne by the applicable participating municipality's funding obligation. MERS maintains insurance for workers compensation, owned and leased vehicles, blanket property, fiduciary, fidelity, and faithful performance to cover other risk of loss such as personal injury to employees or others, property damage, or other liability.

## **6. Defined Contribution Plan**

### **Plan Description**

The MERS Defined Contribution (DC) Plan became operative July 8, 1997, under Section 401(a) of the Internal Revenue Code. MERS has contracted with International City Management Association Retirement Corporation (ICMA-RC) to serve as the third-party administrator for the plan. The plan is available to all of MERS' participating municipalities and may be adopted on a division-by-division basis. Plan provisions and requirements are specified in the MERS' Plan Document.

Contributions for the DC Plan are remitted directly to ICMA-RC by the participating municipalities and are separate from contributions made to the MERS' Defined Benefit Plan. Both employer contributions and employee voluntary contributions are governed by the percentages allowable under the Internal Revenue Code. Members of the DC plan may not change their contribution as a percent of payroll after enrollment. Participating municipalities may offer current employees an opportunity to opt into the DC Plan. MERS transfers the present value of such members' accrued benefit in the Defined Benefit Plan into the member's account in the DC Plan (at a stipulated funded ratio which shall not exceed 100%). Members direct their contributions to various investment options offered by ICMA-RC and may transfer their account balances between investment categories or make changes to the percentage allocation on a daily basis. As of December 31, 2001, there were 102 plans that had adopted the DC program with 4,427 member accounts totaling \$83.3 million.

ICMA-RC offers a variety of investment opportunities for the DC Plan. The Vantage Trust Funds include nine actively managed funds; five index funds, and five model portfolio funds. The Mutual Fund Series includes 16 segregated accounts each with a different investment strategy.

### **Significant Accounting Policies**

The DC Plan financial statements are prepared using a cash basis of accounting (which approximates the accrual basis of accounting). Plan investments are presented at fair value. Plan participants select from 35 investment options.

### **Reserve for Defined Contribution Plan**

All additions and deductions to plan net assets associated with MERS' Defined Contribution Plan are recorded in this reserve. ICMA-RC, which serves as the third-party administrator for MERS' Defined Contribution Plan, maintains individual member account records.

*Financial Section*

**Required Supplementary Information**

**SCHEDULE OF FUNDING PROGRESS**  
(Dollars in Millions)

Actuarial Valuation Date Dec. 31	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1995	2,166.9	2,743.9	577.0	79.0%	973.0	59.3%
1996*	2,416.4	2,999.0	582.6	80.6%	1,025.2	56.8%
1997**	2,692.7	3,285.2	592.5	82.0%	1,087.3	54.5%
1998	3,030.4	3,592.0	561.6	84.4%	1,163.1	48.3%
1999	3,464.9	3,835.5	370.6	90.3%	1,179.3	31.4%
2000	3,787.2	4,397.0	609.8	86.1%	1,226.0	49.7%

\* Beginning with the 1996 Actuarial Valuation, amounts were included for 14 municipalities that in various years have withdrawn from MERS but have remaining obligations for retirees or deferred plan members entitled to MERS pension benefits. Pursuant to MERS policy, such municipalities must leave assets on deposit with MERS equal to 115% of their actuarial accrued liability. As of December 31, 1996, such assets and liabilities amount to \$29.6 million and \$23.3 million, respectively. Exclusive of these assets and liabilities, the funded ratio would have been 80.2% and the UAAL as a percentage of covered payrolls would have been 57.5%.

\*\* In 1997, economic assumptions were revised.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
(Dollars in Millions)

Fiscal Year (See Note 1)	Annual Required Contribution	Accelerated Funding Credit	Percentage Contributed Before Credit	Percentage Contributed After Credit
1996	100.5	36.4	67%	105%
1997	110.7	24.6	82%	106%
1998	116.9	14.3	99%	113%
1999	119.6	6.8	111%	118%
2000	124.9	8.4	106%	113%
2001	118.2	14.5	103%	118%

See notes to the Schedules of Required Supplementary Information.

**Notes to the Schedules of Required Supplementary Information**

**1. Actuarial Valuation** - Actuarial valuations are prepared annually as of December 31 for each participating municipality. To facilitate their budgetary planning needs, employer contribution requirements are provided for the municipality's unique fiscal year that commences after the following calendar year end. For example, the requirements for fiscal years that began in 2001 were determined by actuarial valuations as of December 31, 1999.

Approximately 75% of the participating municipalities have fiscal years that begin January 1 or July 1, however, the remainder are scattered throughout the rest of the year.

The Annual Required Contribution and Accelerated Funding Credit shown in the preceding schedule represent the summation of each participating municipality's requirements for their fiscal year commencing in the year stated. However, the calculations to determine the percentage contributed use contributions recorded during MERS' fiscal year.

**2. Accelerated Funding Credits** - An Accelerated Funding Credits (AFC) Program was first established by the Retirement Board in 1984, and modified several times since then. The current program reduces the required contribution rates of municipalities with funded percentages in excess of 100%.

**3. Summary of Actuarial Methods and Assumptions** - The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation may be found in the Actuarial Section.

Summary Information follows:

Valuation Date	December 31, 2000
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30. For new municipalities that first joined MERS prior to 2001, the amortization period was greater than 30 years and will decline one year annually until the period reaches 30 years.
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	8%
Projected Salary Increases	4.5% for base inflation, plus 0.0% to 4.16% percent per year attributable to merit and longevity.
Post Retirement Benefit Adjustment	2.5% annual post-retirement benefit adjustments if adopted by individual municipality.

*Financial Section*

**Supporting Schedules**

**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
**For the Year Ended December 31, 2001**

Administrative Expenses	
Personnel Services:	
Staff Salaries	\$ 1,872,655
Social Security	136,043
Retirement	168,042
Insurance	209,153
Total Personnel Services	<u>2,385,893</u>
Professional Services:	
Actuarial	412,279
Audit	38,150
Commercial Banking	92,876
Legal	41,061
Medical Advisor	46,455
Data Processing	11,986
Consulting	211,431
Temporary Services	17,242
Recruitment Fees	10,482
Total Professional Services	<u>881,962</u>
Communications:	
Reproduction	64,824
Mail and Postage	61,404
Promotional Supplies	35,853
Telephone	61,492
Travel and Meetings	86,313
Training and Subscriptions	18,592
Newsletter	27,639
Annual Meeting	171,092
Total Communications	<u>527,209</u>
Rentals:	
Equipment Leased	73,075
Office Space	108,971
Total Rentals	<u>182,046</u>
Miscellaneous:	
Payroll Processing	2,354
Office Supplies	52,894
Cash Short and Over	14
Operating Expenses	65,036
Expensed Equipment	32,459
Software	9,080
Software Maintenance	446,298
Professional Development and Tuition Reimbursement	109,972
Insurance	131,189
Maintenance	4,998
Depreciation	925,318
Total Miscellaneous	<u>1,779,612</u>
Total Administrative Expenses	<u>\$ 5,756,722</u>



## Supporting Schedules - continued

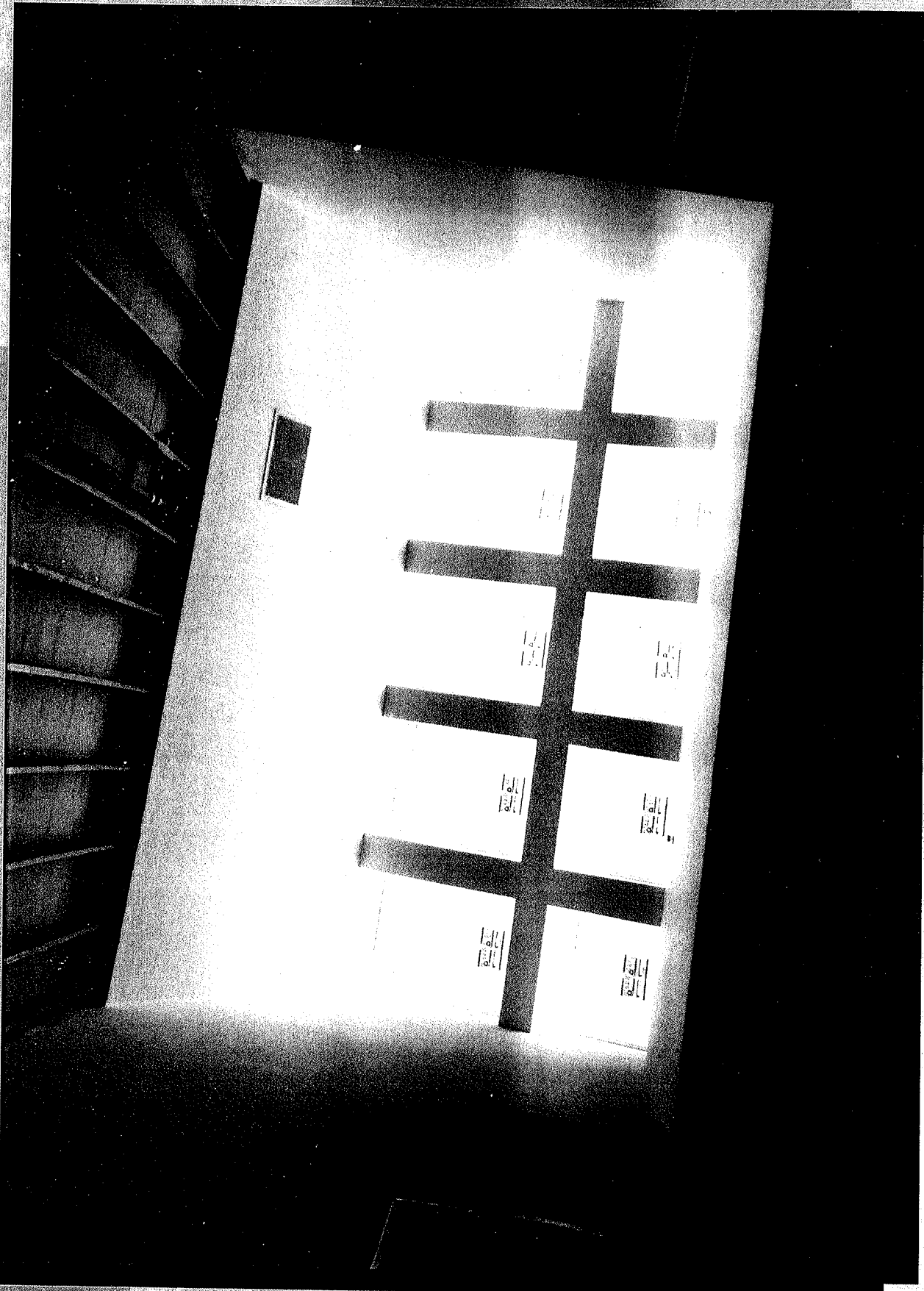
**SCHEDULE OF INVESTMENT EXPENSES**  
**For the Year Ended December 31, 2001**

Investment Expenses	
Personnel Services:	
Staff Salaries	\$ 186,593
Social Security	14,287
Retirement	16,899
Insurance	29,340
Total Personnel Services	<u>247,119</u>
Professional Services:	
Commercial Banking	233,970
Investment Managers	7,494,343
Investment Performance Expense	48,750
Other Consultant	45,000
Total Professional Services	<u>7,822,063</u>
Communication:	
Travel and Meetings	15,499
Training and Subscriptions	87,226
Total Communication	<u>102,725</u>
Miscellaneous:	
Operating Expenses	8,468
Equipment Expenses	7,054
Software Maintenance	81,283
Depreciation	19,992
Total Miscellaneous	<u>116,797</u>
Total Investment Expenses	<u>\$ 8,288,704</u>

**SCHEDULE OF PAYMENTS TO CONSULTANTS**  
For the Year Ended December 31, 2001

<u>FIRM</u>	<u>NATURE OF SERVICE</u>	<u>FEE</u>
The Segal Company	Actuary	\$ 412,279
Interactive Business Systems	Systems Implementation and Maintenance	70,097
Andrews Hooper & Pavlik P.L.C.	Auditor	38,150
Tri Com Technical Services	Systems Implementation and Maintenance	37,900
Thomas Shadle	Systems Implementation and Maintenance	35,134
Miller, Canfield, Paddock and Stone, PLC	Legal Counsel	30,071
Consulting Physicians	Medical Advisors	21,940
Associated Physicians	Medical Advisors	20,890
O. William Rye & Co. LLC	Payroll Study	12,200
PeopleSoft	Systems Implementation and Maintenance	10,568
Total Payments to Consultants		<u>\$ 689,229</u>

Note: Fees paid to investment managers are included in the Investment Section.





**THEN CHANGE SOME MORE...**



## **REPORT ON INVESTMENT ACTIVITY**

### *Introduction*

The MERS' Retirement Board has the fiduciary responsibility and authority to direct the system's investment program. Members of the Board must follow the State law and prudent standards of diligence consistent with "discharging their duties in the interest of plan participants." The prudent person standard requires that the Board "exercise the same judgment, care, skill, prudence and diligence under the circumstances which persons acting in a like capacity and familiar with such matters would use in the conduct of a similar enterprise with similar aims." This report is divided into two sections, the first one for the Defined Benefit Plan and the second for the Defined Contribution Plan.

### **A. Defined Benefit Plan**

#### *Investment Objectives and Activity*

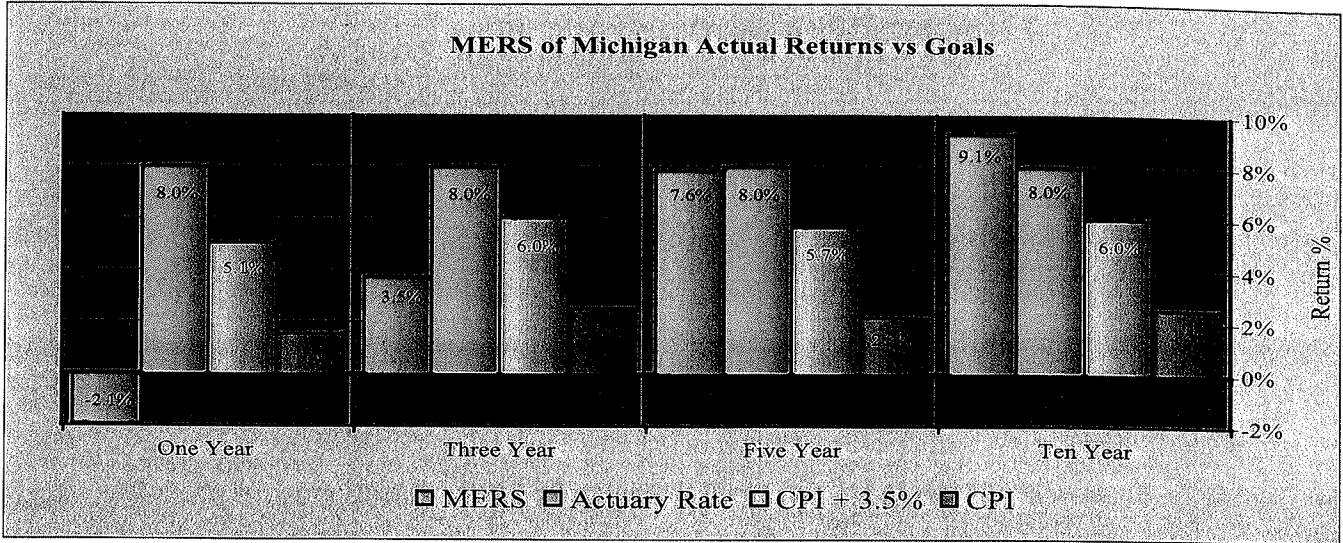
The primary investment objective is to maximize the long-term total rate of return on investments with a high degree of prudence and sufficient diversification to eliminate inordinate risks in conformity with the Michigan Public Employee Retirement Systems Investment Act, 1965 PA 314, as amended. In addition, the Retirement Board has established Investment Guidelines that are reviewed and updated annually. These guidelines communicate the long-term objectives, goals and performance expectations to the staff, investment managers, consultants, and all other interested parties. The Retirement Board strives to add incremental return relative to the market by employing active management strategies where appropriate. Every effort is made to minimize the costs to the portfolio by the use of skilled internal and external resources without negatively impacting the performance of the portfolio.

The long-term objectives for the investment assets are:

- ◆ Achieve a real rate of return of at least 3.5% annually over the rate of inflation, and
- ◆ Exceed the actuarial assumption rate of 8% annually.

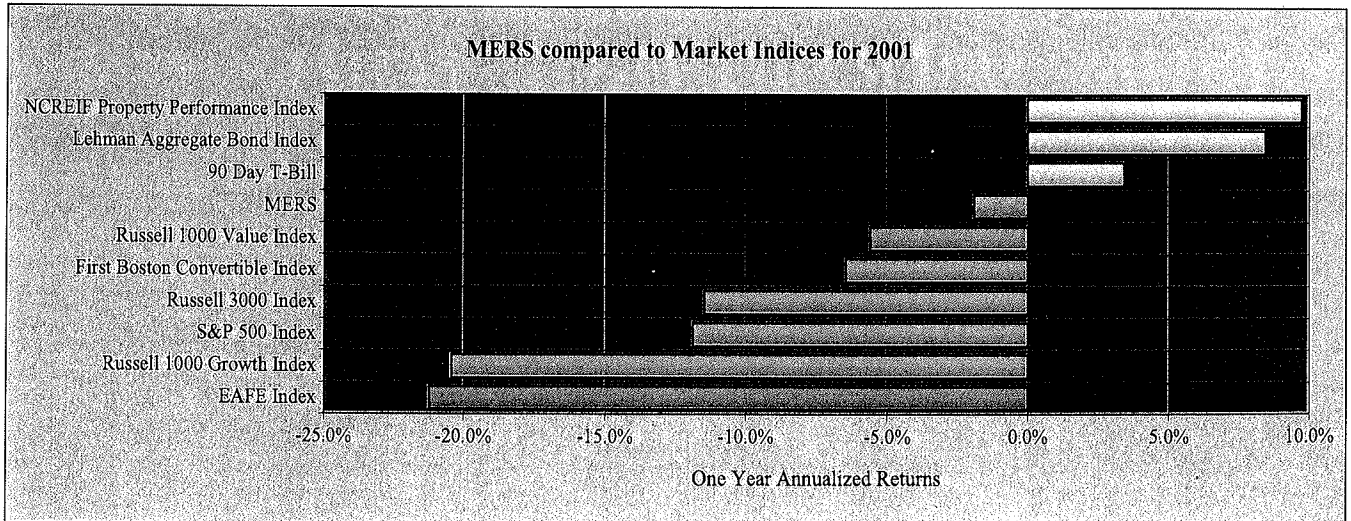
The real rate of return is defined as the rate by which the long-term total return on the System's assets exceeds the long-term inflation rate. The graph on next page depicts that these objectives have been successfully accomplished over longer periods of time.

**Investment Section**

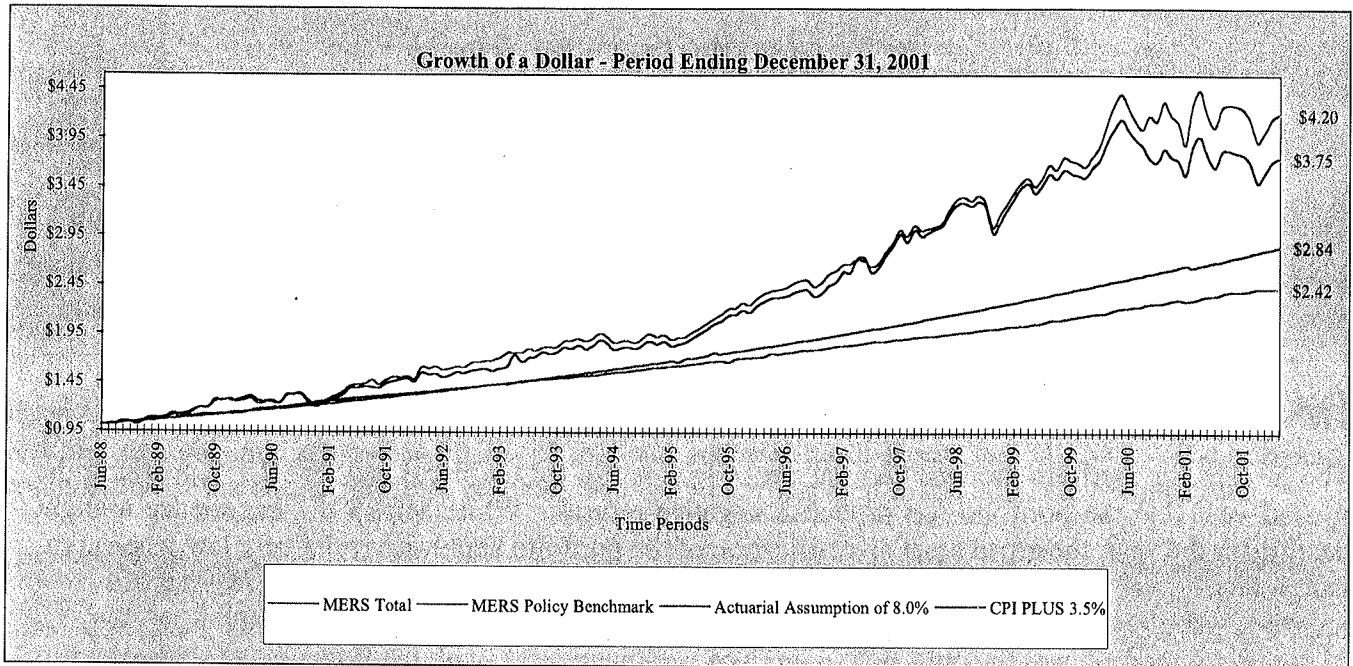


CPI Source: Bureau of Labor Statistics, U.S. Department of Labor

The market downturns of the last two years have resulted in a return gap between the actual assumption rate and actual performance. Given the volatility and the severity of the losses to the broader markets the return gap is not unexpected. Historical post recession returns should reverse this trend in the next few years. When compared to the major market indices (see below) the portfolio demonstrates the value of diversification, providing stability during an extremely volatile investment environment.

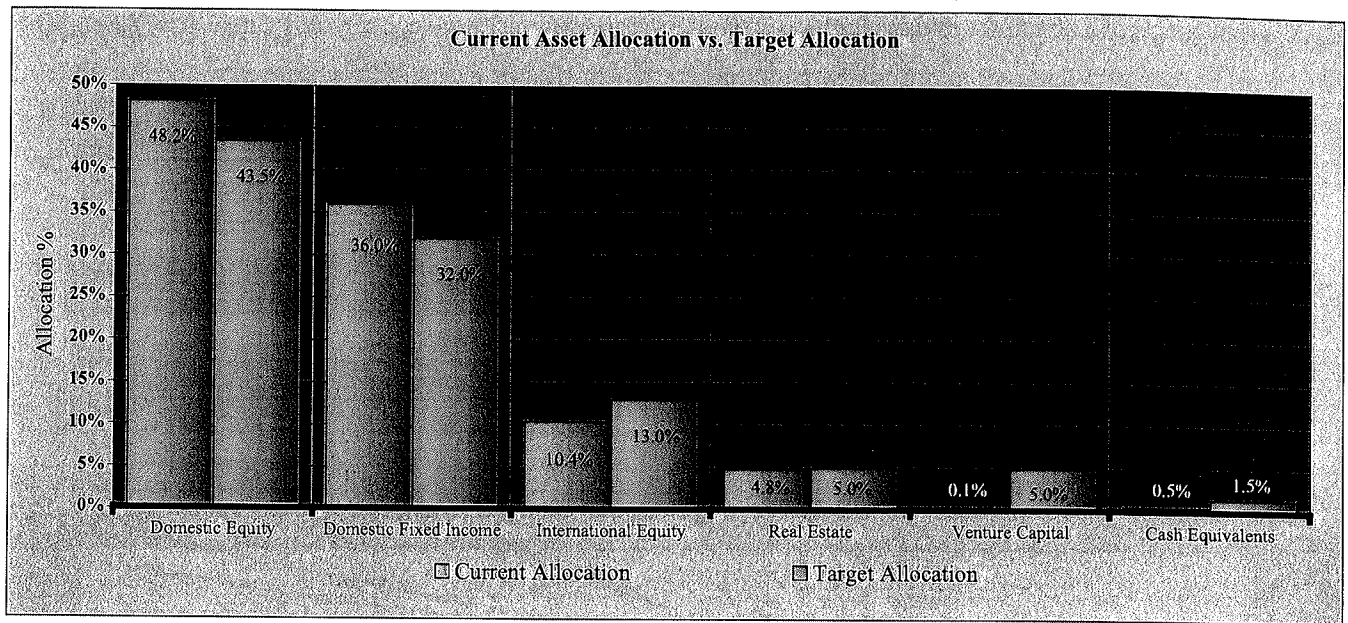


MERS continues to exceed its investment assumption hurdles over longer periods of time. The strength of its combination of passive and active management, diversification across asset classes and its disciplined adherence to its asset allocation plan has allowed MERS to provide value through multiple market cycles. The chart below illustrates the growth of a dollar over the last 13 years comparing the Fund to its various assumptions hurdles; demonstrating the value added by the portfolio.



### Asset Allocation

With the long-term investment objectives as the central focus, the Retirement Board conducts periodic asset allocation studies to select a strategic asset allocation plan. A study was completed in 2001 resulting in two new asset classes, private equity, and high yield bonds, being added to the portfolio. This allocation plan designs a portfolio with the optimal mix of asset classes for the long-term investment time horizon. The characteristics of expected return, risk and correlation of return of various asset categories are carefully projected. The result is a portfolio that is broadly diversified in domestic and international stocks, domestic fixed income securities, high yield bonds, real estate, and private equity and cash equivalents. Both active and passive strategies are employed. Due to market movements the different asset classes fluctuate in performance. Thus it is reasonable to expect that the actual allocation will differ from that of the target as is demonstrated in the following bar chart.



**Total Fund Investment Results**

The investment portfolio produced a total net of fees return for the fiscal year of  $-2.1\%$ , marking the second year that the portfolio has produced negative returns. While MERS did experience a slight decline for the year, the broad asset diversification of the portfolio kept losses relatively low when compared against the broader markets. The equity markets experienced significant losses across most indexes. A fourth quarter rally did dampen some of the year's negative returns. The small cap segment of the equity markets was the only area to produce positive returns, with the Russell 2000 Index returning  $2.5\%$  for the year. Lower interest rates while keeping inflation at bay did little to help the fixed income returns. The technology heavy NASDAQ Index returned  $-21.0\%$  for the year. The Dow Jones Industrial Average and the Russell 3000 fared slightly better yielding  $-7.1\%$  and  $-11.5\%$  respectively for the year.

The MERS portfolio ranked in the top quartile of The Northern Trust (TNT) Public Fund Universe, returning  $-2.1\%$  for the fiscal year and ranked in the 25<sup>th</sup> percentile. MERS ranks in the 58<sup>th</sup> and 62<sup>nd</sup> percentile for the two and three year periods respectively. The TNT universe is comprised of 31 public plans with a total market value of \$208 billion. The plans ranged in size from \$172 million to \$79.5 billion, with a median market value of \$2.1 billion and an average market value of \$6.7 billion. The portfolio returned  $3.5\%$  and  $7.6\%$  for the three and five-year periods respectively versus its policy benchmark at  $3.4\%$  and  $8.1\%$ . The policy portfolio benchmark reflects the return that would have been achieved had MERS passively implemented the System's policy asset mix decision through index funds. MERS continues to achieve returns above the actuarial rate of  $8\%$  for the ten-year period.

The returns of the portfolio are calculated using a time-weighted rate of return in accordance with the standards of the Association for Investment Management and Research (AIMR). The following table shows the annualized returns net of fees for year ending December 31, 2001.

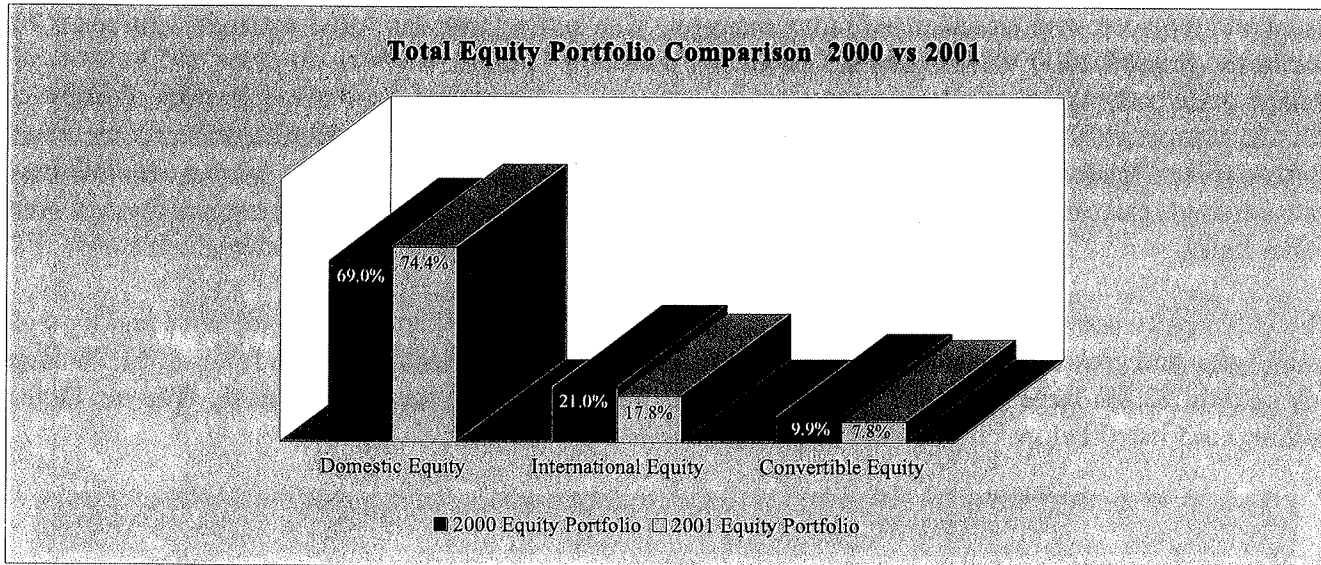


**Schedule of Investment Results Net of Fees**

	One Year Annualized	Three Year Annualized	Five Year Annualized
MERS Total Fund	-2.1%	3.5%	7.6%
Policy Portfolio	-3.0%	3.4%	8.1%
* Median Public Plan	-4.3%	3.8%	8.5%
Domestic Stocks	-2.7%	3.5%	10.1%
Russell 3000 Index	-11.5%	-0.3%	10.1%
Convertibles	-11.1%	7.4%	11.0%
First Boston Convertible Index	-6.5%	7.1%	8.9%
International Stocks	-24.2%	-7.7%	-0.3%
MSCI Eafe Free Index	-19.5%	-3.6%	-0.9%
Domestic Fixed Income	6.8%	5.9%	7.1%
Lehman Aggregate Bond Index	8.4%	6.3%	7.4%
Real Estate	6.3%	8.4%	10.8%
NAREIT All Equity Index	13.9%	11.2%	6.4%

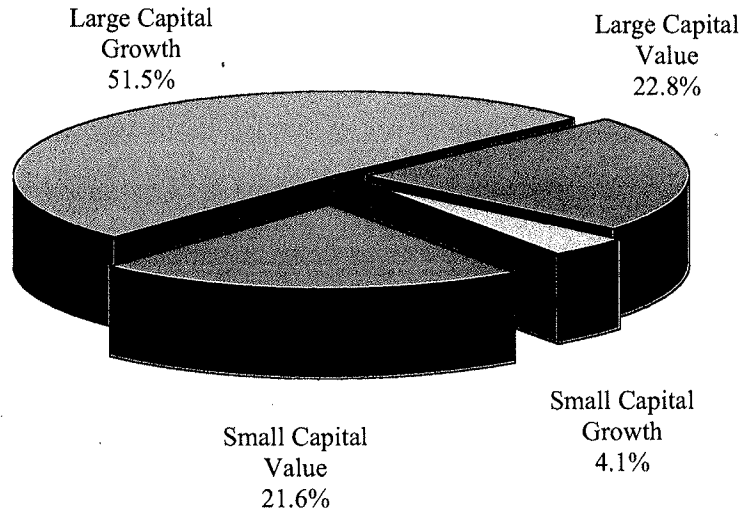
NOTE: \* The Median Public Plan returns are shown Gross of Fees

**Total Equities** – The total equity portfolio includes US common stocks, international stocks and convertible securities and represents 56.7% of the total portfolio as of December 31, 2001. The year-end composition of the equity portfolio is shown below and is compared to the 2000 equity allocation.



**Domestic Equities** – As of December 31, 2001, the U.S. stock portfolio had a market value of \$1.688 billion and represented just over 46.5% of the total portfolio. U.S. stocks are employed in the portfolio primarily because their historical returns over inflation will, if realized in the future, help preserve and enhance the fund’s ability to achieve the long-term real rate of return objective set by the Retirement Board.

**Total Domestic Equity Portfolio 2001**



The returns for this asset class declined in 2001 due largely to the lingering affects of the bursting of the technology bubble and recessionary economic factor across the economy. During this period, the domestic common stock portfolio returned -2.7% versus the Russell 3000 Index with a return of -11.5%. The under performance is attributed to the poor returns of the large cap growth portfolio with returns of -8.3% compared to the Russell 1000 Growth Index of -20.4%. One large cap active value manager was terminated and replaced with an enhanced index manager. The active large cap value portfolio returned 9.9% versus the Russell 1000 Value Index at -5.6%.

Passive management accounts for 13.8% of the U.S. equity portfolio and is expected to provide broad market diversification. These funds are designed to track the performance of the market at a low cost. Two external managers manage three different indices: S&P 500 Index, S&P 400 Index, and Russell 1000 Value Index.

The U.S. equity asset class is diversified by capitalization using small and large companies and by style using value and growth. The stocks within the portfolio can be classified by style as follows: 51.5% large cap growth, 22.8% large cap value, 21.6% small cap value and 4.1% small cap growth. The ten largest holdings are listed below.\*

Top Ten Equity Holdings as of December 31, 2001			Percentage of Total
Asset description	Shares	Market Value	Market Value
Microsoft Corporation	401,300	26,586,125.00	0.73%
Pharmacia Corporation	525,350	22,406,177.50	0.62%
Liberty Media Corporation A	1,591,200	22,276,800.00	0.61%
General Electric Company	509,500	20,420,760.00	0.56%
Citigroup Incorporated	382,099	19,288,357.52	0.53%
Dell Computer Corporation	656,300	17,838,234.00	0.49%
Wyeth	279,000	17,119,440.00	0.47%
First Data Corporation	217,600	17,070,720.00	0.47%
Intel Corporation	495,600	15,586,620.00	0.43%
American International Group Incorporated	172,425	13,690,545.00	0.38%

\*A complete list of the holdings for all asset categories will be made available to the public upon request.

*International Equities*

The allocation to non-US stocks comprises just over 10.2% of the total portfolio and is 69.8% actively managed by Lombard Odier, with the remainder in the Barclays EAFE Index Fund. This strategy is employed in recognition of today's global economy and provides further diversification for the total equity portfolio.

Historically international equities have tended to outperform domestic equities during bull markets and under perform those same markets during bear market conditions. This year found the international portfolio following that trend. The European markets found themselves experiencing double-digit losses for a second year. Negative returns were due to poor corporate performance across all sectors with telecommunications, information technology and industrials being particularly hard hit, impacting consumer discretionary spending for the year.

The benchmark for the international equity portfolio is the MSCI ACWI Free ex-US indexes as computed by Morgan Stanley Capital International. The active portfolio returned -25% versus the index portion at -19.5% for the one-year period ending December 31, 2001. The combined active and passive strategies returned -24.2% and -7.7% for one and three years respectively. The portfolio still posts a positive return of 5.2% for ten years out performing both the MSCI EAFE and MSCI ACWI Free ex-US indexes.

*Convertibles*

The convertible portfolio is 4.2% of total portfolio assets and is part of the overall equity strategy. Convertible securities are used to lower the volatility of the equity portfolio while producing higher returns than available in fixed income securities. The convertible section of the portfolio is managed by Trust Company of the West and returned -11.1% for the fiscal year versus the First Boston Convertible Bond Index Returns of -6.5%. The three and five year returns for the portfolio are respectively 7.4% and 11% versus the benchmark of 7.1% and 8.9% for the same periods.

## Investment Section

### Domestic Fixed Income

The U.S. fixed income markets proved the case for diversification, outperforming the equity portion of the portfolio 6.8% versus -8.1%. Bonds are traditionally regarded as a hedge in a disinflationary or deflationary environment. The fixed income portfolio is 34.5% of the total portfolio and serves to diversify the equity risk component within the fund, providing asset protection during market downturns.

The domestic fixed income performance is measured against the Lehman Brothers Aggregate Bond Index and Lehman Brothers U.S. Universal. The long-term returns for this sector of the portfolio are 5.9% and 7.1% for the three and five-year periods respectively. The portfolio is 68% actively managed and 32% passively managed. The list of the top ten domestic fixed income holdings is as follows.\*

Top Ten Fixed Income Holdings as of December 31, 2001				Percentage of Total
Asset description		Par Value	Market Value	Market Value
GNMA 6.5%	01/01/2031	60,200,000	60,407,088.00	1.66%
FNMA 6.5%	01/01/2031	42,410,000	42,409,999.99	1.17%
U.S. Treasury Note 5%	08/15/2011	23,700,000	23,625,819.00	0.65%
U.S. Treasury - Inflation Indexed 3.875%	04/15/2029	19,120,000	22,013,408.56	0.61%
U.S. Treasury Bond 5.375%	02/15/2031	16,338,000	16,097,994.78	0.44%
FNMA 6.5%	08/25/2014	10,000,000	10,268,700.00	0.28%
CMO CapcoAmerican Securitization Corp. 5.86%	12/19/07	9,500,354	9,757,243.98	0.27%
U.S. Treasury Note 6.5%	02/15/2010	8,000,000	8,783,760.00	0.24%
U.S. Treasury Note 3%	11/30/2003	8,735,000	8,742,512.10	0.24%
U.S. Treasury Note 5.25%	05/15/2004	8,050,000	8,396,150.00	0.23%

### High Yield Bonds

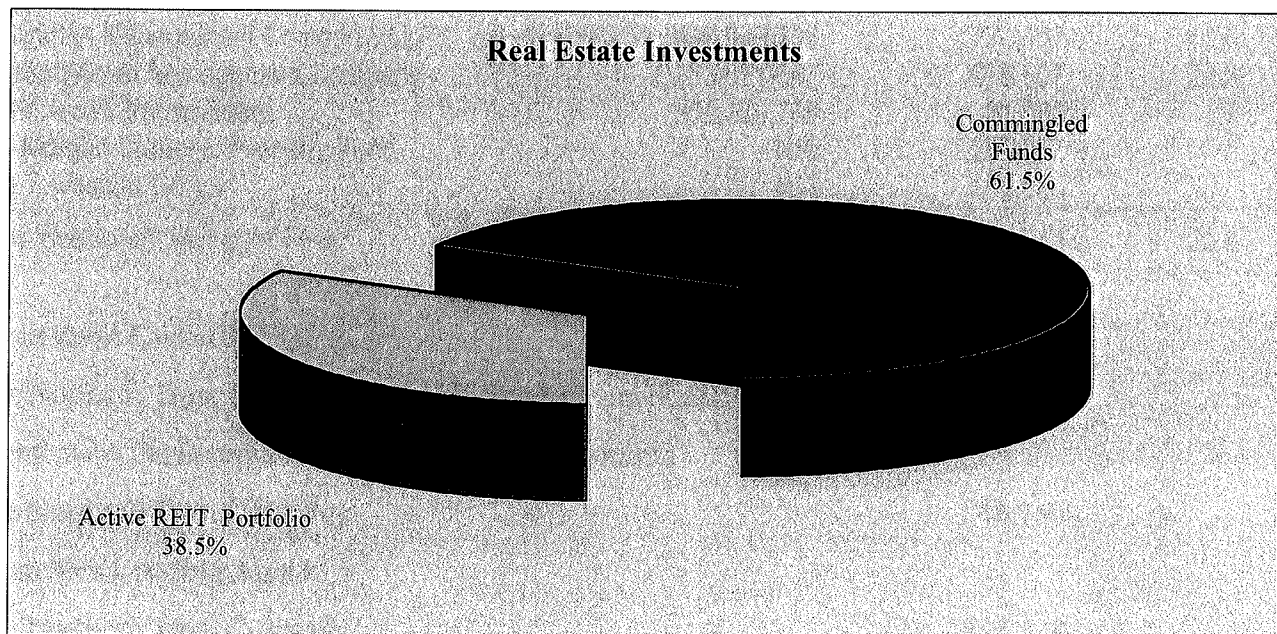
The MERS Board adopted a new asset allocation structure in 2001 adding high yield bonds as a distinct asset class with a 5% allocation within the portfolio. The portfolio seeks to invest in lower grade fixed income investments, which provide higher returns than traditional core fixed income assets within established risk parameters approved by the Board. The portfolio was fully invested for the 4<sup>th</sup> quarter and returned 3.9% versus its benchmark the Merrill Lynch High Yield Master II index at 6.0%.

\*A complete list of the holdings for all asset categories can be made available to the public upon request.

### Real Estate Portfolio

MERS real estate investments represent 4.9% of the total portfolio at the year end and produced a total return of 6.3% for the year. The portfolio is well diversified by property type, geographic region, and risk category. The publicly traded assets comprised of REITS are 38.5% of the real estate portion with 61.5% in commingled-pooled funds, which includes 10.5% in timber investments.

The one-year returns for the public securities portion of the portfolio are 5.2% versus the NAREIT All Equity Index with 13.9%. The REIT markets produced positive returns versus the traditional equity market. The private securities portion of the real estate allocation returned 7.9% versus the NCREIF Property Index with 10.1%. Private real estate is split between stable and enhanced properties, which returned 8.5% and -8.6% respectively. The NCREIF index represents approximately 3,400 properties and encompasses retail, industrial, office and apartment property types geographically diversified across all regions of the country. The real estate portfolio has returns of 8.4% and 10.8% for the three and five year periods respectively.



### Private Equity

The MERS Board adopted a new asset allocation structure in 2001 adding private equity as a distinct asset class with a 5% allocation within the portfolio. This asset class invests predominately in private markets in such vehicles as venture capital, leveraged buyouts, distressed debt, and other special situation investment opportunities. The objective is to achieve higher total returns for the fund utilizing a diversified portfolio within the risk budget established by the MERS Board. The fund committed \$50 million dollars to two funds in 2001: Mesirow II and Mesirow VII. Capital calls of \$3.6 million were made in 2001; the remaining funding will be called within the next two years. MERS plans to become fully invested in the asset class over a three to five year period.

## *Investment Section*

### *Short Term Cash Portfolio*

Cash equivalents are employed by the fund to meet the liquidity needs of funding pension benefit payments. These investments allow the external managers a vehicle for the investment of funds during brief periods of time between the sale of an existing security and the purchase of a replacement. The portfolio is managed internally using various fixed income securities with investment guidelines designed for the preservation of principal, liquidity and the highest credit quality. This portfolio represents 1.4% of the total fund's assets.

A complete list of the holdings for all asset categories will be made available to the public upon request.

**Schedule of Investment Fees**  
**Year Ended December 31, 2001**

Investment Managers	Average Assets Under Management	Fees	Average Basis Points
Armstrong Shaw Associates, Inc.	\$ 228,208,171	\$ 706,416	31.0
Barclays Global Investors	685,093,990	491,419	7.2
Cohen & Steers Capital Management, Inc.	58,511,561	434,314	74.2
First Quadrant	124,992,087	347,365	27.8
Kennedy Capital Management	308,180,706	923,456	30.0
Lombard Odier Int'l Portfolio Management	275,344,684	1,113,183	40.4
Reams Asset Management Company	584,761,337	799,924	13.7
Trust Company of the West	187,590,104	675,180	36.0
Wasatch Advisors	65,543,799	29,138	4.4
Wellington Management Company, LLP	437,949,505	772,437	17.6
Western Asset Management Company	283,671,647	575,507	20.3
World Asset Management	361,739,765	61,069	1.7
J.P. Morgan Strategic Property Fund	N/A	299,377	
The Townsend Group	N/A	265,558	
<b>Total Investment Manager Fees*</b>	<b>\$ 3,601,587,356</b>	<b>7,494,343</b>	<b>20.8</b>
<b>Investment Custodian</b>			
The Northern Trust Company (Domestic and International)		233,970	
<b>Investment Performance Measurement Consultants</b>			
The Northern Trust Company		48,750	
<b>Securities Lending Agent</b>			
The Northern Trust Company		434,228	
<b>Total Investment Fees</b>		<b>\$ 8,211,291</b>	

\*Investment manager fee for investment in Real Estate Private Securities are netted against the reported partnership or trust fund income.

**Schedule of Commissions  
Year Ended December 31, 2001**

Brokerage Firm	Shares Traded	Total Dollars	Commissions\Share
Instinet	12,111,578	\$ 361,520	\$ 0.03
Direct Trading	11,014,466	240,987	0.02
Cantor Fitzgerald	4,541,315	179,431	0.04
Star Securities	3,471,920	166,871	0.05
Fano Securities	3,050,450	149,967	0.05
Investor Capital	1,831,200	110,789	0.06
Capital Institutional Services	1,922,300	95,905	0.05
Smith Moore	1,238,100	74,271	0.06
Westport Resources	1,125,750	55,566	0.05
Rockhouse Securities	1,406,550	54,547	0.04
Merrill Lynch	1,542,710	53,071	0.03
Jeffries & Company	1,141,727	43,920	0.04
Bridge Trading	897,500	41,151	0.05
Paine Webber	822,100	41,105	0.05
J. Micheal Patrick	1,722,350	40,624	0.02
Citation Group	807,300	40,365	0.05
Chapdelaine	823,500	39,197	0.05
Jones & Associates	1,008,750	37,701	0.04
Goldman Sachs	1,637,430	37,582	0.02
UBS Warburg	763,200	34,571	0.05
CS First Boston	2,163,500	32,506	0.02
Tucker Anthony	744,650	30,988	0.04
Bear Stearns	713,902	29,036	0.04
Salomon Smith Barney	687,500	28,740	0.04
MS Dean Witt	1,825,800	27,726	0.02
Subtotal (25 largest)	59,015,548	2,048,141	0.03
Other	21,812,361	425,662	0.02
<b>Total Commissions</b>	<b>80,827,909</b>	<b>\$ 2,473,803</b>	<b>\$ 0.03</b>



**Schedule Of Commission Recapture  
Year Ended December 31, 2001**

<b>Brokerage Firm</b>	<b>Beginning Balance</b>	<b>Earned</b>	<b>Direct Reimbursement</b>	<b>Balance Available December 31, 2001</b>
Capital Institutional Services Inc.	\$ 17,734	\$ 94,314	\$ 72,540	\$ 39,508
Chapdelaine Pension Services Group	0	27,127	8,590	18,537
Fano Securities LLC	73,922	232,390	242,595	63,717
Frank Russell	36,595	65,004	88,638	12,961
Lynch Jones	3,108	226	3,334	0
Merrill Lynch & Co., Inc.	4,278	26,191	26,934	3,535
Northern Trust Company	0	7,111	7,111	0
Paine Webber Inc	0	13,875	13,875	0
Salomon Smith Barney	20,343	5,480	25,823	0
<b>Total</b>	<b>\$ 155,980</b>	<b>\$ 471,718</b>	<b>\$ 489,440</b>	<b>\$ 138,258</b>

NOTE: All commission recapture is directly reimbursed to MERS and not used for directed services.

***Derivatives***

In accordance with the Investment Guidelines, MERS allows the active international manager to enter into forward foreign currency exchange contracts in the international portfolio to match settlement deadlines. Forward contracts are used to hedge against changes in exchange rates related to foreign equities, primarily denominated in European and Asian currencies. This is used to reduce the risk of currency exposure in the portfolio. As of December 31, 2001, there were no forward currency contracts held in the portfolio. Derivatives are not used for speculation nor are they used to leverage the investment portfolio.

The system does not use swap agreements, stock options, caps/floors, or floating rate securities that are priced from underlying collateral.

Investment Section

## Investment Summary for Defined Benefit Plan

as of December 31, 2001

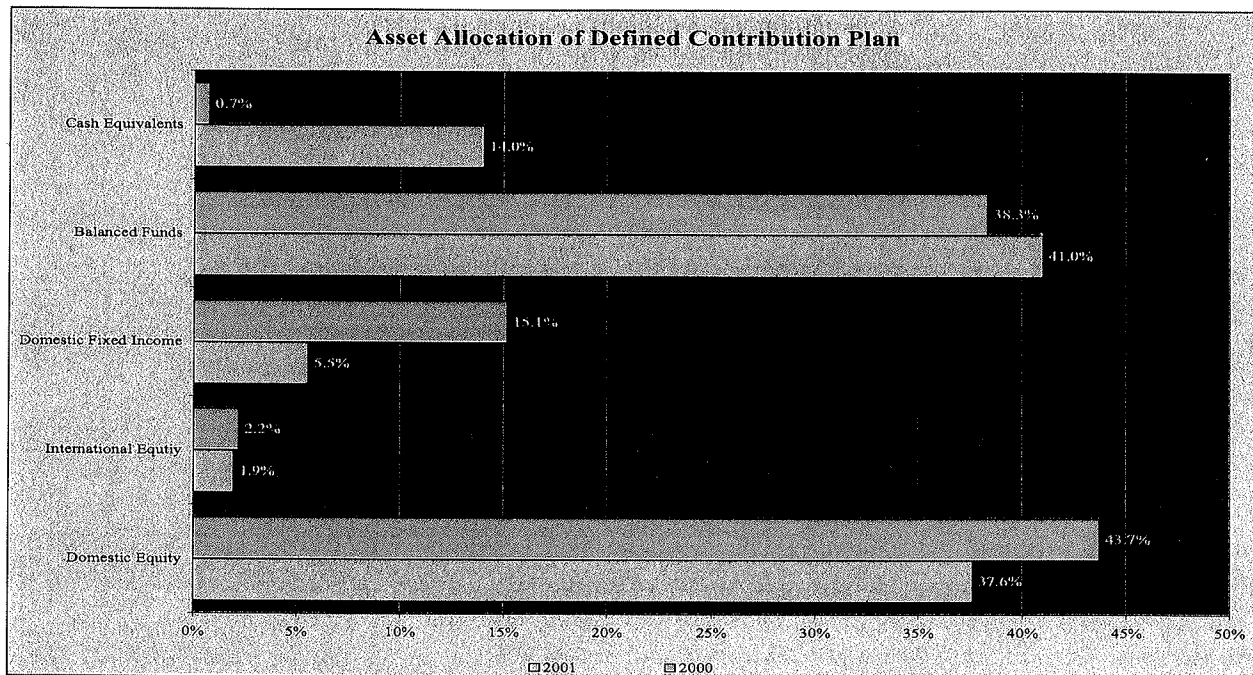
Type of Investment	Market Value	Percent of Market Value
<b>Domestic Fixed Income</b>		
US Government Bonds	\$115,521,387	3.18%
Corporate Bonds	390,225,683	10.75%
Bond Index Funds	403,826,106	11.12%
Mortgages	138,950,591	3.83%
US Agency Bonds	202,760,995	5.58%
<b>Total Fixed Income</b>	<b>1,251,284,762</b>	<b>34.46%</b>
<b>Equities</b>		
Domestic Stock	1,036,185,961	28.53%
Domestic Index Funds	501,012,152	13.80%
Convertibles	151,082,633	4.16%
<b>Sub Total Domestic Equities</b>	<b>1,688,280,746</b>	<b>46.49%</b>
International Stock	257,657,256	7.10%
International Index Funds	111,552,226	3.07%
<b>Sub Total International Equities</b>	<b>369,209,482</b>	<b>10.17%</b>
<b>Total Equities</b>	<b>2,057,490,228</b>	<b>56.66%</b>
<b>Venture Capital &amp; Partnerships</b>		
Private Equity	3,600,000	0.10%
<b>Total Venture Capital &amp; Partnerships</b>	<b>3,600,000</b>	<b>0.10%</b>
<b>Real Estate</b>		
Private Securities	116,911,999	3.22%
Public Securities Index Fund	82,072,603	2.26%
<b>Total Real Estate</b>	<b>198,984,602</b>	<b>5.48%</b>
<b>Sub Total investments</b>	<b>3,511,359,592</b>	<b>96.70%</b>
<b>Cash Equivalents</b>		
Commercial Paper	262,192,759	7.22%
Short Term Investments /Cash	23,490,452	0.65%
<b>Total Cash Equivalents</b>	<b>285,683,211</b>	<b>7.87%</b>
<b>Sub Total Investments &amp; Cash</b>	<b>3,797,042,803</b>	<b>104.57%</b>
Payables - Purchase of Investments	-267,548,402	-7.37%
Receivables - Sale of Investments & Interest	101,980,385	2.80%
<b>Total Investments</b>	<b>\$3,631,474,786</b>	<b>100%</b>

Note: Includes receivables and payables for sales and purchases of securities with settlement dates after December 31, 2001

## B. MERS Defined Contribution Plan

### *MERS Defined Contribution Plan Investment Activity*

The MERS' Defined Contribution (DC) Plan became operative on July 8, 1997 under Section 401 (a) of the Internal Revenue Code. This plan is available for adoption by all of MERS' member municipalities. It is an alternative option to MERS Defined Benefit Plan. As of December 31, 2001 the DC Plan had net assets of \$83.3 million and 4,427 members. Each member is responsible for directing the investment of his/her accumulated account balance. Members receive investment performance information from MERS' third party administrator ICMA-RC. On a consolidated basis the assets as of December 31, 2001, are allocated as follows:



### *Investment Options*

ICMA-Retirement Corporation offers the following 35 investment options:

*Total Return Funds* – The actively managed funds include equities both domestic and international, fixed income, balanced accounts, cash and investment contracts. These funds are: Aggressive Opportunities Fund, International Fund, Growth Fund, Growth and Income Fund, Equity Income Fund, Asset Allocation Fund, U.S. Government Securities Fund and Cash Management Fund. The index funds are comprised of the Overseas Equity Index Fund, Mid/Small Company Index Fund, Broad Market Index Fund, 500 Stock Index Fund, and Core Bond Index Fund.

*Plus Fund* – The Plus Fund consists primarily of portfolios of investment contracts purchased from financial institutions and accordingly maintain a stable capital value in the absence of credit default.

*Model Portfolio Funds* – These five funds invest in the actively managed funds, the index funds, and investment contracts in varying proportions. They allow the investor to choose one investment vehicle to

## *Investment Section*

provide the level of diversification at a risk which best meets their investment objectives. In descending order of market risk they are: All-Equity Growth Fund, Long-Term Growth Fund, Traditional Growth Fund, Conservative Growth Fund, and Savings Oriented Fund.

*Mutual Fund Series* – This is a group of 16 segregated accounts. The portfolio of each segregated account consists of the shares of a single designated mutual fund that are acquired, held, and redeemed by the Trust in response to investments and withdrawals from the account by participants. The series includes Momentum Growth, Aggressive Growth, Capital Appreciation, Large Company Growth, Large Company Value, Small Company Equity, Small Company Aggressive, Growth, Contrarian Growth, Growth and Income, Social Responsibility, Special Situations, Value, Balanced Income, Balanced, and Foreign.

# ACTUARIAL SECTION





**AND JUST WHEN...**



## THE SEGAL COMPANY

22 Waterville Road Avon, CT 06001-2077  
 T 860.878.3014 F 860.878.3090 www.segalco.com

Thomas P. Dawidowicz, F.S.A., M.A.A.A., E.A.

Vice President & Actuary  
 tdawidowicz@segalco.com

December 20, 2001

The Retirement Board  
 Municipal Employees' Retirement System of Michigan  
 447 N. Canal Road  
 Lansing, MI 48917

Dear Ladies and Gentlemen:

We have completed the December 31, 2000 actuarial valuation for the retirement system to establish the funded status and funding requirements for each participating municipality. Separate actuarial valuations are prepared annually for each municipality to determine their actuarial accrued liability and employer contribution amounts required to fund the System in accordance with funding policies and actuarial assumptions that have been established by the Retirement Board. The MERS' staff provided all member and financial data for this valuation.

The funding objective of MERS is to establish employer contributions for each participating municipality that will remain level as a percent of payroll over a long period of years. To accomplish this, the plan normal cost (current cost) plus amortization of unfunded actuarial accrued liability is developed and expressed as a level percent of payroll. For most municipalities, the amortization period is a fixed 30-year period. For a few municipalities, their amortization period will decline annually until it reaches 30 years.

The actuarial valuation supports the actuarial and other information that follows in the Actuarial Section of the CAFR. In addition, the actuarial valuation supports selected schedules and information that is presented in the Financial Section of the CAFR. Supported items in the Financial Section include the GASB 27 information presented for the plan that covers MERS' staff and the schedules of Funding Progress and Employer Contributions presented for all participating municipalities.

The actuarial valuation of the participating MERS' municipalities was performed by qualified actuaries in accordance with accepted actuarial principles in compliance with Act No. 220 of the Public Acts of 1996, as amended, and the MERS' plan document, as revised. In our opinion, the assumptions and methods used for the valuation are reasonable for funding purposes and meet the parameters for disclosure as set by Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Sincerely,

Thomas P. Dawidowicz  
 Vice President & Actuary

112706/01072.007

Benefits, Compensation and HR Consulting ATLANTA BOSTON CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES MINNEAPOLIS  
 NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX SAN FRANCISCO SEATTLE TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants AMSTERDAM BARCELONA GENEVA HAMBURG LONDON MELBOURNE MEXICO CITY OSLO PARIS

## *Actuarial Section*

### **Summary of Actuarial Assumptions and Methods**

1. The investment return rate used in making the valuations was 8% per year, compounded annually. Adopted 1981. This rate of return is not the assumed real rate of return. The real rate of return is the rate of investment return in excess of the inflation rate. Considering other financial assumptions, the 8% investment return rate translates to an assumed real rate of return of 3.5% in excess of inflation. Adopted 1998.
2. Valuation assets (cash and investments) were valued for each municipality using a five-year smoothed market value method. For the 1993 valuation and later, the excess (shortfall) of actual investment income (including interest, dividends, realized and unrealized gains or losses) over the imputed income at the valuation interest rate is considered the gain (loss), which is spread over five years. Adopted 1994.
3. The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA). The assumptions used in the actuarial valuations were adopted by the Retirement Board after consulting with the actuary.
4. The mortality table used to project the mortality experience of plan members is the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality tables are used with a 3-year set forward in ages to reflect the higher expected mortality rates of disabled members. Adopted 2000.
5. Sample probabilities of retirement with an age and service allowance are shown on page 55. Adopted 2000.
6. Sample probabilities of withdrawal from service and mortality are shown on page 56. In previous valuations, 3 sets of withdrawal rates (low, medium, high) were used to estimate future withdrawal patterns. An experience study was performed, and based on results of the study, the designations of low, medium, and high were replaced with a uniform set of withdrawal rates. Adopted 2000.
7. The salary increase assumption projects annual salary increases of 4.5% plus a percentage based on an age related scale to reflect merit, longevity and promotional increases. Sample rates are shown on page 56. Adopted 1998.
8. Total active member payroll is assumed to increase 4.5% a year, which is the portion of the individual pay increase assumptions attributable to inflation. In effect, this assumes no change in the number of active members. Adopted 1998.
9. An individual entry age actuarial cost method of valuation was used in determining age and service allowance actuarial liabilities and normal cost. Adopted 1994. Unfunded actuarial accrued liabilities are funded over periods ranging between 30 and 36 years, depending on the municipality.
10. For employers that adopt E-1 and E-2 post retirement benefit increases, retirement benefits are assumed to increase by an annual, non-compounded rate of 2.5%. Adopted 1981.
11. The most recent experience study for the System was completed in April 1994 and covered the period January 1, 1983 through December 31, 1992. All assumptions and method changes adopted in



1994 are based on the results of that study. A preliminary experience study of salary increase experience for the period December 31, 1993 through December 31, 1997, was used to support the 1998 change in salary increase assumptions to 4.5% from 5.0%.

12. There have been no recent changes in the nature of the plan that have had an impact on the Retirement System. Municipalities have the ability to modify the plan provisions that apply to their individual plans. The individual municipality contribution rates are modified to account for changes in provisions of the plan selected by the municipality.
13. There have been no changes in the actuarial assumptions or methods that have had a material impact on the December 31, 2000, actuarial valuation results. There has been a change in the actuary for the valuations to be done for December 31, 2001. The new actuary is Gabriel, Roeder, Smith & Company.
14. The data about persons now covered and about present assets was furnished by the system's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

**Probabilities of Retirement for Members Eligible to Retire**

Retirement Ages	Percent of Eligible Active Members Retiring Within Next Year*		
	Without F50 or F55 or F(N)	With F55	With F50 or F(N)
50	2%	3%	22%
51	2%	3%	22%
52	2%	5%	22%
53	2%	8%	22%
54	4%	15%	24%
55	4%	18%	18%
56	4%	15%	14%
57	4%	10%	16%
58	8%	15%	18%
59	10%	20%	18%
60	20%	20%	20%
61	24%	24%	24%
62	24%	24%	24%
63	24%	24%	24%
64	27%	27%	27%
65	30%	30%	30%
66	30%	30%	30%
67	30%	30%	30%
68	30%	30%	30%
69	30%	30%	30%
70	100%	100%	100%

\* Municipalities that have adopted a non-standard benefit multiplier after December 31, 1996 that is in excess of the B-4, 2.5% multiplier will have a retirement rate equal to 75% for the first age at which unreduced plan benefits are available.

**Rates of Separation (Excluding Death and Disability)  
From Active Employment Before Retirement**

<u>Sample Ages</u>	<u>Years of Service</u>	<u>% of Active Members Separating Within Next Year*</u>
ALL	0	18.00%
	1	18.00
	2	16.00
	3	12.00
	4	10.00
20	5 & Over	9.00
25		9.00
30		9.00
35		7.00
40		5.00
45		4.00
50		4.00
55		3.00
60		3.00
65		2.00
70		0.00

\* Based on the results of the experience study, a new uniform set of retirement rates was approved by the Board for the December 31, 2000 valuation. This new uniform set replaces the retirement rates that were previously identified as low, medium and high in previous valuations.

**Rates of Separation Due to Disability  
Percent Becoming Disabled Within Next Year**

**Annual Percentage Increase in Salary**

<u>Sample Ages</u>	<u>Percent</u>	<u>Sample Ages</u>	<u>Base Inflation</u>	<u>Merit and Longevity</u>	<u>Total Percent Increase in Salary</u>
20	0.02%	20	4.50%	4.16%	8.66%
25	0.02	25	4.50	2.88	7.38
30	0.02	30	4.50	1.98	6.48
35	0.02	35	4.50	1.52	6.02
40	0.05	40	4.50	1.10	5.60
45	0.12	45	4.50	0.66	5.16
50	0.25	50	4.50	0.32	4.82
55	0.40	55	4.50	0.14	4.64
60	0.45	60	4.50	0.00	4.50
65	0.50				

## Schedule of Active Member Valuation Data

Valuation Dec 31	Participating Municipalities	Active Members				
		Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Persons On Deferred Status
1991	401	33,118	\$ 782,914,985	\$ 23,640	5.1%	1,605
1992	418	34,001	852,361,539	25,069	6.0	1,855
1993	438	34,139	869,313,319	25,464	1.6	1,941
1994	463	34,994	925,500,706	26,447	3.9	2,034
1995	490	35,611	972,975,649	27,322	3.3	2,322
1996	506	36,070	1,025,214,728	28,423	4.0	2,713
1997	529	36,547	1,068,597,733	29,239	2.9	3,752
1998	544	36,817	1,163,056,817	31,590	8.0	4,369
1999	552	36,472	1,179,274,854	32,334	2.4	4,794
2000	560	36,573	1,225,992,204	33,522	3.7	5,303

Mortality Table

In estimating the amount of the reserves required at the time of retirement to pay a member's benefit for the remainder of his or her lifetime, it is necessary to make an assumption with respect to the probability of surviving to retirement and the life expectancy after retirement.

The mortality table used to project the mortality experience of plan members is the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality tables are used with a 3-year set forward in ages to reflect the higher expected mortality rates of disable members.

Prior to the December 31, 2000 valuation, the 1971 Group Annuity Mortality Table, projected to 1984 by Scale D, was used to project mortality experience for active members. The same table with ages set forward 11 years was used for disabled members.

*Actuarial Section*

The life expectancies and mortality rates projected by the 1994 Group Annuity Mortality table for non-disabled members are show below for selected ages:

Age	Expected Years of Life Remaining		Mortality Rates	
	Male	Female	Male	Female
20	58.90	63.60	0.05%	0.03%
25	54.06	58.69	0.07	0.03
30	49.25	53.77	0.08	0.04
35	44.45	48.88	0.09	0.05
40	39.64	44.01	0.11	0.07
45	34.88	39.18	0.16	0.10
50	30.19	34.39	0.26	0.14
55	25.65	29.67	0.44	0.23
60	21.33	25.09	0.80	0.44
65	17.34	20.77	1.45	0.86
70	13.79	16.80	2.37	1.37
75	10.62	13.10	3.72	2.27
80	7.87	9.81	6.20	3.94

The life expectancies and mortality rates projected by the 1994 Group Annuity Mortality table for disabled members are shown below for selected ages:

Age	Expected Years of Life Remaining		Mortality Rates	
	Male	Female	Male	Female
20	55.99	60.65	0.06%	0.03%
25	51.17	55.74	0.08	0.03
30	46.37	50.83	0.08	0.04
35	41.56	45.95	0.09	0.06
40	36.77	41.11	0.14	0.09
45	32.05	36.30	0.21	0.12
50	27.45	31.55	0.36	0.19
55	23.02	26.89	0.63	0.34
60	18.89	22.46	1.15	0.67
65	15.16	18.36	1.99	1.18
70	11.84	14.54	3.12	1.83
75	8.90	11.07	5.02	3.17
80	6.50	8.08	8.25	5.49

The following table illustrates the life expectancies and mortality rates that will apply during the transition period for those divisions that had been designated as having high withdrawal rates in December 31, 1999, and earlier valuations. The rates for non-disabled members are shown below for selected ages:

Age	Expected Years of Life Remaining		Mortality Rates	
	Male	Female	Male	Female
20	56.53	62.05	0.05%	0.04%
25	51.67	57.17	0.06	0.04
30	46.84	52.29	0.08	0.05
35	42.03	47.42	0.10	0.06
40	37.25	42.59	0.14	0.09
45	32.54	37.79	0.23	0.12
50	27.99	33.06	0.41	0.20
55	23.66	28.47	0.67	0.37
60	19.55	24.09	1.07	0.63
65	15.75	19.95	1.79	1.02
70	12.38	16.10	3.03	1.63
75	9.50	12.60	4.71	2.76
80	7.05	9.61	7.63	4.52

The life expectancies and mortality rates for disabled members are shown below:

Age	Expected Years of Life Remaining		Mortality Rates	
	Male	Female	Male	Female
20	47.46	53.18	0.07%	0.05%
25	42.65	48.31	0.10	0.06
30	37.88	43.47	0.14	0.08
35	33.19	38.67	0.23	0.12
40	28.65	33.94	0.40	0.21
45	24.31	29.36	0.64	0.36
50	20.18	24.98	1.00	0.59
55	16.33	20.79	1.66	0.92
60	12.91	16.88	2.87	1.53
65	9.99	13.39	4.44	2.63
70	7.53	10.37	7.13	4.08
75	5.62	7.78	10.68	6.62
80	4.12	5.75	15.22	10.21

Schedule of Retirees and Beneficiaries Added To and Removed From Rolls

Valuation Dec 31	Added to Rolls		Removed From Rolls		End of Year Rolls		% Increase In Annual Allowance	Avg Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
1991	1,189	\$11,803,085	445	\$1,734,117	11,061	\$61,807,210	19.5%	\$5,558
1992	1,181	11,771,336	625	2,533,740	11,617	71,044,806	14.9	6,116
1993	1,024	12,219,429	601	2,300,023	12,040	80,964,212	14.0	6,725
1994	946	12,978,853	494	2,716,142	12,492	91,226,923	12.7	7,303
1995	1,154	13,799,665	614	3,015,915	13,032	102,010,673	11.8	7,828
1996	824	10,582,845	593	2,752,328	13,263	109,841,190	7.7	8,282
1997	1,504	16,305,680	531	3,033,941	14,236	123,112,929	12.1	8,648
1998	1,122	19,230,034	568	3,642,223	14,790	138,700,740	12.6	9,378
1999	1,312	19,767,250	777	5,592,269	15,325	152,771,711	10.1	9,969
2000	1,319	23,588,044	369	2,810,133	16,275	173,549,622	13.6	10,664

Solvency Test

The solvency test is another means of checking a system's progress under its funding program, based on the aggregate accrued liability. In this test the plan's present assets (actuarial value) are compared with obligations in order of priority: (1) active member contributions on deposit; (2) the present value of future benefits to present retired lives; (3) the aggregate accrued liability for present active members. In a system that has been following the discipline of level percent of payroll financing, the obligation for active member contributions on deposit (present value 1) and the present value of future benefits to present retired lives (present value 2) will be fully covered by present assets (except in rare circumstances). In addition, the aggregate accrued liability for present active members (present value 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funded portion of present value 3 will increase over time.

The schedule of Aggregate Accrued Liability illustrates the history of the obligations of the system and reflects the MERS policy of following the discipline of level percent payroll financing.

**Solvency Test  
(Dollars In Millions)**

Valuation Date Dec 31	<u>Aggregate Accrued Liabilities</u>			Valuation Assets	<u>Portion of Accrued Liabilities Covered By Valuation Assets</u>		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirants And Beneficiaries	Active Members (Employer Financed Portion)				
1991	\$ 202.7	\$ 562.8	\$ 676.2	\$ 1,550.9	100.0%	100.0%	116.2%
1992	214.8	648.2	781.3	1,720.2	100.0	100.0	109.7
1993*	221.2	704.9	1,220.9	1,863.3	100.0	100.0	76.8
1994	239.0	844.4	1,385.9	1,986.6	100.0	100.0	65.2
1995	250.6	968.4	1,524.8	2,166.9	100.0	100.0	62.2
1996**	269.3	1,041.1	1,688.6	2,416.4	100.0	100.0	64.8
1997***	277.5	1,174.7	1,833.0	2,692.7	100.0	95.5	70.6
1998	291.9	1,316.2	1,983.9	3,030.4	100.0	95.4	74.2
1999	305.5	1,463.2	2,066.9	3,464.9	100.0	95.6	85.2
2000	318.4	1,744.6	2,334.0	3,787.2	100.0	95.3	77.4

\* 1993 had revised actuarial method and revised economic and non-economic assumptions.

\*\* 1996 includes accrued liabilities for member contributions, retirees, beneficiaries, and active member (employer financed portion) amounting to \$4.0 million, \$6.1 million and \$13.2 million, respectively; and related assets of \$29.6 million for 14 municipalities that in various years have withdrawn from MERS, but have remaining obligations for retirees or deferred plan members entitled to MERS pension benefits. Exclusive of these liabilities and assets, the Active Members (Employer Financed Portion) would have been 64.8% funded.

\*\*\* 1997 had revised economic assumptions.

## *Actuarial Section*

### **Summary of Plan Provisions**

The December 31, 2000 Actuarial Valuation was based upon the provisions of the MERS' Plan Document summarized below. This information relates to the MERS' Defined Benefit Plan.

Monthly retirement payments are over the lifetime of the retirant and/or over the lifetime of the beneficiary, depending upon choice of benefits adopted by each municipality and final payment option elected by the retiring member.

Credited service is a combination of the prior service a member accrues prior to their employer joining MERS and the service rendered after that date. Credited Service can be a combination of service with several government employers. A month's credited service is accumulated for each month that the employee is paid for ten days or the number of hours per month as specified by the employer.

Vesting occurs after ten years of credited service unless the municipality selects a lesser number of years.

Final Average Compensation (FAC) is the highest monthly average of a member's compensation over a consecutive period of months of credited service. The municipality selects the number of months. FAC-3 is over 36 months. FAC-5 is over 60 months.

Normal retirement for a member occurs after vesting and attaining age 60. The municipality may choose other combinations of age and service such as age 55 and service 15, age 50 and service 25, etc. There is no mandatory retirement age.

### ***Benefit Formula***

The annual benefit equals a specified percentage of the member's FAC multiplied by the number of years and months of credited service. The plan has several benefit programs available with percentages that vary from 1.3% to 2.5%, which may be selected by a participating municipality.

### ***Early Retirement***

Early retirement occurs if the vested member meets the credited service requirements but not the age requirement. The monthly payment is reduced, unless waived by the municipality, for each month that the member is younger than the minimum retirement age.

### ***Deferred Retirement***

Deferred retirement occurs when the employee leaves MERS covered employment after vesting but before reaching the minimum retirement age. This member or beneficiary will become eligible for the deferred allowance once the member would have reached the minimum retirement age provided any member contributions remain with MERS.



## Summary of Plan Provisions – continued

### *Disability Benefit - Duty or Non-Duty*

Duty disability is available to a member who becomes totally and permanently disabled due to a duty-related injury or disease. This benefit is calculated like a normal allowance without regard to the vesting requirement or to age. The benefit shall not be less than 25% of FAC.

Non-duty disability is available to a vested member who becomes totally and permanently disabled from other than duty related causes. This allowance is calculated like a normal allowance without regard to age.

Benefits for Duty and Non-Duty Disability retirants who have not attained age 60 shall not exceed the difference between 100% of FAC and the amount of the retirant's considered income. Continuing medical examinations may be required.

### *Survivor Benefit*

Upon death of a vested non-retired member, the eligible surviving dependents would receive a portion of the normal retirement at the time of death. The surviving spouse would receive 85%. If no surviving spouse, each unmarried child under 21 would receive an equal share of 50%. If the death were duty related, the surviving spouse would receive the higher of 85% or 25% of the FAC after waiver of the vesting requirement.

### **Post Retirement Adjustments**

Each municipality may elect to provide post retirement adjustments to retirees and their beneficiaries. The municipality can choose one-time adjustments or an annual adjustment for all retirees or for future retirees only. This COLA type of increase is effective in January of each year.

### *Forms of Benefit Payment*

The member elects one of the following payment options as part of the retirement application process. Once the election is made, it is irrevocable after receipt of first payment. The options include:

1. Straight life over the retirant's life only.
2. Reduced to cover retirant and beneficiary as long as either live.
3. Reduced to cover retirant for their lifetime and further reduced to 75% or 50% of the original reduced amount to cover beneficiary if the beneficiary outlives the retirant.
4. A reduced benefit for the retirant's life guaranteed for a specified number of years. The reduced benefit continues for the beneficiary even if the retirant dies, but terminates after the guaranteed number of years.

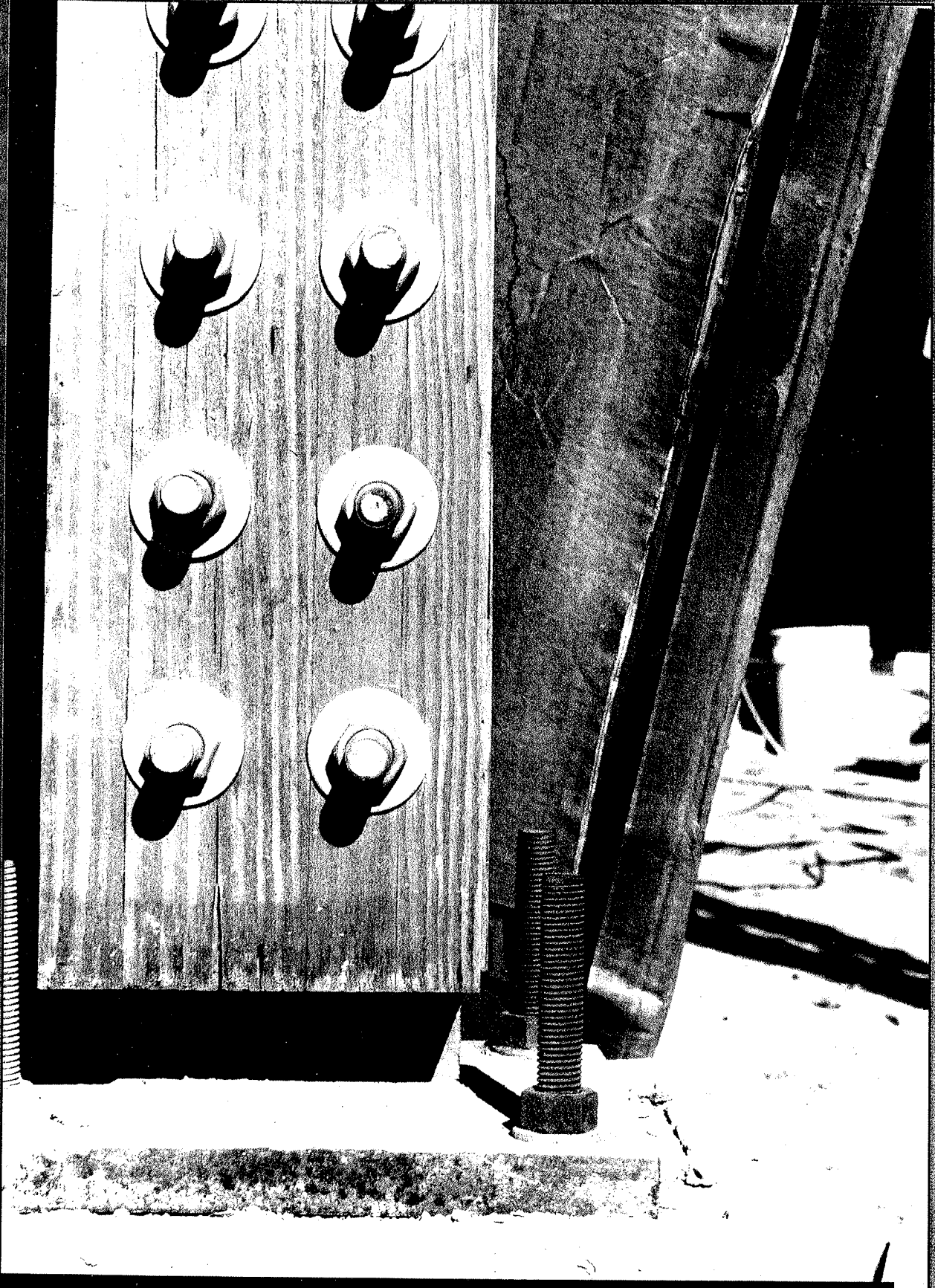
*Actuarial Section*

**Summary of Plan Provisions - continued**

*Changes in Plan Provisions*

There have been no changes in the plan that had a material impact on the December 31, 2000, Actuarial Valuation.

Pursuant to a collective bargaining agreement, a participating municipality may provide for retirement benefits, which are modifications of standard retirement benefits otherwise included in the plan. These modifications were taken into consideration when determining the municipality contribution rates on the December 31, 2000, Actuarial Valuation.





**YOU THINK IT WILL NEVER END...**

**SCHEDULE OF REVENUE BY SOURCE**  
**Defined Benefit Plan**  
(Thousands of Dollars)

Fiscal Year Ended	Member Contributions	Employer Contributions		Investment and Misc. Income	Total
		Dollars	% of Annual Covered Payroll		
Sept. 30, 1992	\$ 17,205	\$ 33,279	4.3%	\$ 178,297	\$ 228,781
Sept. 30, 1993	21,799	64,515	7.6	228,599	314,913
Sept. 30, 1994	24,607	38,537	4.4	33,838	96,981
Sept. 30, 1995	20,999	49,471	5.3	354,731	425,201
Sept. 30, 1996	26,611	67,329	6.9	280,705	374,645
Dec. 31, 1997 *	28,508	113,711	8.9	477,040	619,259
Dec. 31, 1998	27,633	115,956	9.9	416,705	560,293
Dec. 31, 1999	27,977	132,557	11.2	562,567	723,101
Dec. 31, 2000	30,823	131,881	N/A	(122,407)	40,297
Dec. 31, 2001	32,164	121,940	N/A	(87,510)	66,594

\* The 1997 Revenue covered 15 months. The Employer Contributions as a percent of Annual Covered Payroll was calculated on an annualized basis. Investment Income and Total Income has been restated for prior years to be consistent with the requirements of GASB 25

**SCHEDULE OF EXPENSES BY TYPE**  
**Defined Benefit Plan**  
(Thousands of Dollars)

Fiscal Year Ended	Benefit Payments	Administrative & Special Expenses	Refunds	Transfers to MERS DC Plan	Total
Sept. 30, 1992	\$ 63,726	\$ 1,751	\$ 3,262		\$ 68,738
Sept. 30, 1993	74,937	1,824	43,359		120,119
Sept. 30, 1994	85,391	1,892	4,370		91,653
Sept. 30, 1995	94,245	1,980	3,204		99,430
Sept. 30, 1996	104,627	2,594	4,666		111,887
Dec. 31, 1997 *	146,225	5,526	4,085		155,836
Dec. 31, 1998	131,690	4,871	7,769	\$ 8,302	152,632
Dec. 31, 1999	147,833	5,922	8,272	30,398	192,425
Dec. 31, 2000	162,827	6,881	8,994	14,573	193,275
Dec. 31, 2001	182,272	6,170	5,414	13,804	207,660

\* Fiscal 1997 included 15 months of expenses.

**SCHEDULE OF BENEFIT EXPENSES BY TYPE**  
**Defined Benefit Plan**  
 (Thousands of Dollars)

<u>Fiscal Year Ended</u>	<u>Regular Benefits</u>	<u>Disability Benefits</u>	<u>Employee Refunds</u>	<u>Total</u>
Sept. 30, 1992	\$ 61,993	\$ 1,733	\$ 3,262	\$ 66,988
Sept. 30, 1993	73,248	1,688	43,359	118,295
Sept. 30, 1994	83,340	2,051	4,370	89,761
Sept. 30, 1995	91,720	2,525	3,204	97,449
Sept. 30, 1996	101,280	3,347	4,666	109,293
Dec. 31, 1997*	141,749	4,476	4,085	150,310
Dec. 31, 1998**	127,608	4,082	3,743	135,433
Dec. 31, 1999	143,309	4,524	4,433	152,266
Dec. 31, 2000	155,853	6,974	3,964	166,791
Dec. 31, 2001	174,635	7,638	5,199	187,472

\* Fiscal 1997 included 15 months of expenses.

\*\* Disability benefits estimated based on prior fiscal year's ratio to total benefits.

**ALLOWANCES BEING PAID RETIRANTS AND BENEFICIARIES**  
**December 31, 2000**  
**Tabulated by Type of Benefit Being Paid**

Monthly Benefits	All Retired Members	Type of Annuity					
		1	2	3	4	5	6
\$ 0-199	2,308	1,453	57	31	613	152	2
200-399	3,213	2,232	137	55	608	169	12
400-599	2,390	1,732	135	48	357	104	14
600-799	1,779	1,351	104	30	219	66	9
800-999	1,345	1,083	65	25	116	51	5
1,000-1,199	1,077	873	53	20	91	38	2
1,200-1,399	845	718	31	10	59	25	2
1,400-1,599	672	581	25	4	42	17	3
1,600-1,799	572	514	17	3	25	12	1
1,800-1,999	430	393	13	1	16	7	0
2,000 & over	1,644	1,598	6	4	17	18	1
<b>TOTALS</b>	<b>16,275</b>	<b>12,528</b>	<b>643</b>	<b>231</b>	<b>2,163</b>	<b>659</b>	<b>51</b>
Total Monthly Benefit	\$14,462,686	\$12,406,518	\$448,814	\$144,489	\$1,038,958	\$388,780	\$35,127

**Type Selected**

1. Normal Retirement for age and service
2. Non-Duty Disability
3. Duty Disability
4. Beneficiaries
5. Non-Duty death
6. Duty death

**ALLOWANCES BEING PAID RETIRANTS AND BENEFICIARIES  
December 31, 2000  
Tabulated by Option of Benefit Being Paid**

Monthly Benefits	All Retired Members	Form of Annuity								
		1	2	3	4	5	6	7	8	9
\$ 0-199	2,308	733	332	51	8	14	8	8	8	1,146
200-399	3,213	872	399	79	15	22	26	10	15	1,775
400-599	2,390	688	337	60	20	25	23	12	7	1,218
600-799	1,779	506	288	43	21	27	27	6	4	857
800-999	1,345	345	269	31	14	28	24	2	10	622
1,000-1,199	1,077	318	202	28	25	17	18	6	4	459
1,200-1,399	845	261	201	19	21	7	7	2	4	323
1,400-1,599	672	237	134	20	19	9	3	1	3	246
1,600-1,799	572	194	137	17	27	6	4	1	4	182
1,800-1,999	430	122	115	14	18	8	7	2	4	140
2,000 & over	1,644	472	439	61	114	22	20	6	8	502
<b>TOTALS</b>	<b>16,275</b>	<b>4,748</b>	<b>2,853</b>	<b>423</b>	<b>302</b>	<b>185</b>	<b>167</b>	<b>56</b>	<b>71</b>	<b>7,470</b>
Total Monthly Benefit	\$14,462,686	\$4,227,762	\$3,136,124	\$429,732	\$533,883	\$196,452	\$166,143	\$49,880	\$71,095	\$5,651,615

**Option Selected**

1. Beneficiary draws the same benefit
2. Beneficiary draws half of the benefit
3. Equated before the age of 65
4. Equated after the age of 65
5. 5 year certain and life
6. 10 year certain and life
7. 15 year certain and life
8. 20 year certain and life
9. Straight life allowance



**SCHEDULE OF AVERAGE BENEFIT PAYMENTS**

<u>Valuation Date December 31</u>	<u>Number of Retirees And Beneficiaries</u>	<u>Average Yearly Benefit</u>
1991	11,061	\$ 5,588
1992	11,617	6,116
1993	12,040	6,725
1994	12,492	7,303
1995	13,032	7,828
1996	13,263	8,282
1997	14,192	8,770
1998	14,790	9,378
1999	15,325	9,975
2000	16,275	10,664

**SCHEDULE OF CHANGES IN RESERVES**  
For the Year Ended December 31, 2001

	Defined Benefit Plan			Total Defined Benefit Plan	Total Defined Contribution Plan	Total Pension Trust Funds
	Reserve for Employee Contributions	Reserve for Employer Contributions and Benefit Payments	Reserve for Expenses and Undistributed Investment Income			
Additions						
Member Contributions						
Regular	\$ 31,008,536			\$ 31,008,536	\$ 2,551,143	\$ 33,559,679
Purchase of Service Credit	1,155,051			1,155,051		1,155,051
Employer Contributions		\$ 121,939,889		121,939,889	8,794,329	130,734,218
Net Investment Income			\$ (88,579,398)	(88,579,398)	(4,154,015)	(92,733,413)
Miscellaneous Income			1,070,240	1,070,240		1,070,240
Transfers from Defined Benefit Plan					13,803,960	13,803,960
Transfers from Other Plans					826,992	826,992
<b>Total Additions</b>	<b>32,163,587</b>	<b>121,939,889</b>	<b>(87,509,158)</b>	<b>66,594,318</b>	<b>21,822,409</b>	<b>88,416,727</b>
Deductions						
Retirement Benefits		182,272,551		182,272,551	5,625,222	187,897,773
Refund of Contributions	5,199,393	214,305		5,413,698		5,413,698
Administrative Expenses			5,756,722	5,756,722		5,756,722
Special Expenses and Penalties		412,989		412,989		412,989
Transfers to DC Plan	881,912	12,922,048		13,803,960		13,803,960
<b>Total Deductions</b>	<b>6,081,305</b>	<b>195,821,893</b>	<b>5,756,722</b>	<b>207,659,920</b>	<b>5,625,222</b>	<b>213,285,142</b>
<b>Net Increase (Decrease)</b>	<b>26,082,282</b>	<b>(73,882,004)</b>	<b>(93,265,880)</b>	<b>(141,065,602)</b>	<b>16,197,187</b>	<b>(124,868,415)</b>
Other Changes in Reserves						
Investment Income Allocations	12,240,467	(105,506,347)	93,265,880			
Retirement and Unclaimed Transfers	(25,595,522)	25,595,522				
<b>Total Other Changes in Reserves</b>	<b>(13,355,055)</b>	<b>(79,910,825)</b>	<b>93,265,880</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Net Increase (Decrease) in Reserves After Other Changes</b>	<b>12,727,227</b>	<b>(153,792,829)</b>	<b>-0-</b>	<b>(141,065,602)</b>	<b>16,197,187</b>	<b>(124,868,415)</b>
Reserve Balance Beginning of Year	334,252,161	3,454,634,310	-0-	3,788,886,471	67,110,132	3,855,996,603
<b>Reserve Balance End of Year</b>	<b>\$ 346,979,388</b>	<b>\$3,300,841,481</b>	<b>\$ -0-</b>	<b>\$3,647,820,869</b>	<b>\$83,307,319</b>	<b>\$3,731,128,188</b>

## SCHEDULE OF PARTICIPATING MUNICIPALITIES DEFINED BENEFIT PLAN

For the Year Ended December 31, 2001

Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Adrian, City of	157	104	3,713,431	26,531,143	30,244,574
Albion, City of	60	106	413,773	12,751,718	13,165,491
Alcona County	66	40	230,607	4,110,948	4,341,555
Alger County	38	15	164,026	3,404,972	3,568,998
Alger County Road Commission	35	38	911,895	4,441,667	5,353,562
Algonac, City of	30	3	530,044	1,118,116	1,648,160
Allegan County	179	179	1,505,301	24,064,221	25,569,522
Allegan County Road Commission	73	55	2,048,091	9,238,882	11,286,973
Allegan, City of	11	2	3,970	873,755	877,725
Alma, City of	89	65	2,140,399	10,993,887	13,134,286
Almont, Village of	14	1	156,460	430,178	586,638
Alpena County	110	51	212,375	6,748,860	6,961,235
Alpena County Road Commission	38	33	299,875	5,837,661	6,137,536
Alpena General Hospital	670	212	3,757,679	65,257,617	69,015,296
Alpena Senior Citizens Center	4	3	0	206,267	206,267
Alpha, Village of	1	0	0	19,984	19,984
Antrim County	317	99	649,282	10,700,835	11,350,117
Antrim County Road Commission	44	36	386,870	5,037,934	5,424,804
Arenac County	83	39	356,444	3,393,919	3,750,363
Arenac County Road Commission	28	21	26,222	2,274,921	2,301,143
Ash Township	3	2	56,766	97,930	154,696
Au Gres, City of	6	4	0	666,677	666,677
Auburn, City of	7	3	159,965	647,266	807,231
Bad Axe, City of	27	0	279,830	1,279,485	1,559,315
Bangor, City of	16	10	149,457	1,469,799	1,619,256
Baraga County	35	15	17,992	2,420,897	2,438,889
Baraga County Road Commission	31	27	30,859	3,762,737	3,793,596
Baraga County Memorial Hospital	182	73	344,566	5,230,823	5,575,389
Baraga, Village of	10	4	3,851	964,739	968,590
Barry County	418	134	1,405,972	16,434,121	17,840,093
Barry-Eaton District Health Department	89	25	766,914	4,914,414	5,681,328
Barton Hills, Village of	3	1	0	337,175	337,175
Bates Township	2	0	0	63,569	63,569
Bath Charter Township	17	2	513,009	751,592	1,264,601
Battle Creek, City of	458	212	5,018,254	48,770,224	53,788,478
Bay City Housing Commission	18	17	39,532	3,323,649	3,363,181
Bay City, City of	174	254	1,463,570	33,675,239	35,138,809
Bay Metro Transit Authority	107	1	95,421	969,191	1,064,612
Bayliss Public Library	7	6	108,395	815,751	924,146
Beecher Metro Dist. Sew. & Water Sys.	15	6	305,824	2,431,240	2,737,064
Belding, City of	10	3	41,797	507,867	549,664
Belleville, City of	21	10	18,116	1,984,860	2,002,976
Benzie County	101	18	0	4,112,854	4,112,854
Benzie County CMH (Maples)	98	12	149,674	2,589,838	2,739,512
Benzie County Road Commission	36	15	363,474	1,673,888	2,037,362
Benzie Shores District Library	1	0	7,415	44,179	51,594
Benzie/Leelanau District Health Depart.	5	0	0	112,417	112,417
Berkley, City of	60	50	1,521,914	10,869,864	12,391,778
Berrien Springs, Village of	20	11	97,420	1,669,977	1,767,397
Bessemer, City of	14	21	193,867	1,516,049	1,709,916
Beverly Hills, Village of	14	9	33,791	1,501,847	1,535,638
Big Rapids Housing Commission	5	3	8,981	473,104	482,085

*Statistical Section*

Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Big Rapids, City of	48	42	393,044	5,120,800	5,513,844
Birch Run, Village of	15	2	90,386	74,455	164,841
Bishop International Airport Authority	26	1	414,610	1,107,428	1,522,038
Blissfield, Village of	18	0	449,113	830,509	1,279,622
Bloomfield Hills, City of	37	24	1,330,422	10,124,895	11,455,317
Blue Water Transportation Commission	42	4	36,665	1,233,636	1,270,301
Boyne City, City of	41	22	1,016,139	3,137,767	4,153,906
Breckenridge, Village of	11	6	153,226	850,511	1,003,737
Bridgeport Charter Township	35	21	155,572	3,211,553	3,367,125
Brighton Township	15	3	144,326	268,480	412,806
Brighton, City of	50	17	53,171	3,795,804	3,848,975
Britton, Village of	2	1	40,964	132,689	173,653
Branch-Hillsdale-St. Joseph Dist. Health	83	24	936,125	5,433,963	6,370,088
Bronson, City of	4	1	45,990	95,444	141,434
Brooklyn, Village of	4	2	119,098	464,320	583,418
Buchanan, City of	34	32	746,627	4,686,577	5,433,204
Buena Vista Charter Township	47	3	1,349,772	2,524,487	3,874,259
Burton, City of	95	22	934,590	7,282,255	8,216,845
Butman Township	0	0	0	44,616	44,616
Cad/Wex Transit Authority	19	2	8,746	184,854	193,600
Cadillac, City of	77	49	177,173	8,670,544	8,847,717
Calhoun County	141	17	2,315,876	342,686	2,658,562
Calhoun County Road Commission	87	16	71,621	4,160,613	4,232,234
Capac, Village of	11	8	8,567	632,829	641,396
Capital Region Airport Authority	46	20	125,013	5,358,776	5,483,789
Carleton, Village of	8	0	148,951	186,964	335,915
Caseville, Village of	12	1	176,935	93,282	270,217
Caspian, City of	7	5	380	353,426	353,806
Cass County	132	39	2,195,183	6,855,190	9,050,373
Cass County Medical Care Facility	73	19	747,867	2,180,568	2,928,435
Cass District Library	11	5	49,005	498,444	547,449
Cedar Springs, City of	16	8	251,918	1,236,525	1,488,443
Center Line, City of	36	34	907,103	4,727,492	5,634,595
Central Dispatch of Muskegon County	24	11	536,596	2,235,401	2,771,997
Central MI District Health Department	113	39	511,910	6,961,919	7,473,829
Central Wayne Co. Sanitation Authority	0	17	93,378	3,019,448	3,112,826
Charlevoix, City of	42	26	783,345	3,585,168	4,368,513
Charlevoix County	302	90	534,568	10,254,602	10,789,170
Charlevoix County Road Commission	34	39	246,849	3,572,526	3,819,375
Charlotte District Library	5	2	4,832	247,591	252,423
Charlotte, City of	55	31	472,167	7,843,062	8,315,229
Cheboygan County	129	47	1,554,141	6,005,792	7,559,933
Cheboygan County Road Commission	57	53	594,482	6,258,427	6,852,909
Cheboygan, City of	34	28	836,115	3,981,867	4,817,982
Chelsea, Village of	30	17	19,690	3,402,597	3,422,287
Chesaning, Village of	13	7	0	272,898	272,898
Chippewa County Road Commission	67	60	93,675	8,310,001	8,403,676
Chippewa County	191	75	1,195,425	13,693,969	14,889,394
Chippewa River District Library	17	0	226,681	546,984	773,665
Clare County	128	48	1,637,248	6,726,520	8,363,768
Clare County Road Commission	42	34	1,166,966	5,414,540	6,581,506
Clare, City of	29	10	673,516	2,132,202	2,805,718
Clawson, City of	46	45	227,447	10,749,147	10,976,594
Clay Township	42	9	410,625	1,230,732	1,641,357
Clinton County	199	82	422,867	14,845,696	15,268,563
Clinton County Road Commission	59	49	934,051	7,337,014	8,271,065
Clinton Township	247	85	5,999,174	22,625,548	28,624,722

Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Clinton, Village of	16	8	24,105	1,670,791	1,694,896
Clinton-Eaton-Ingham Mental Health	674	83	2,743,675	38,267,950	41,011,625
Community Mental Health of Central MI	331	23	1,544,202	17,526,361	19,070,563
Coldwater Board of Public Utilities	55	35	765,488	5,636,346	6,401,834
Coldwater, City of	39	53	1,373,262	10,046,707	11,419,969
Coleman, City of	6	5	177,180	567,815	744,995
Columbiaville, Village of	2	2	30,524	130,164	160,688
Coopersville, City of	17	4	214,194	868,305	1,082,499
Corunna, City of	14	7	60,420	2,024,016	2,084,436
Crawford County Transportation Authority	22	3	192,071	1,094,952	1,287,023
Crawford County	70	41	225,665	4,330,004	4,555,669
Crawford County Road Commission	36	6	212,257	1,175,189	1,387,446
Croswell, City of	36	16	378,778	2,436,888	2,815,666
Crystal Falls Community Hospital	0	39	33,538	2,895,786	2,929,324
Crystal Falls, City of	29	18	67,324	4,441,489	4,508,813
Davison, City of	14	0	714,188	430,811	1,144,999
Deerfield, Village of	5	2	45,715	736,120	781,835
Delta Charter Township	31	3	1,341,219	2,398,639	3,739,858
Delta County	121	54	533,400	9,524,740	10,058,140
Delta County Road Commission	46	13	0	1,774,718	1,774,718
Delta-Menominee District Health Dept.	55	7	376,206	2,985,238	3,361,444
Detour, Village of	7	1	0	87,322	87,322
Dewitt Charter Township	15	1	358,100	437,352	795,452
Dewitt, City of	20	5	88,219	651,360	739,579
Dexter Township	10	3	71,438	171,881	243,319
Dexter, Village of	18	1	340,907	808,406	1,149,313
Dickinson County Road Commission	43	37	324,373	4,036,020	4,360,393
Dickinson County Library	99	30	713,778	8,763,570	9,477,348
Dickinson-Iron District Health Department	59	14	266,300	3,339,582	3,605,882
Dimondale, Village of	6	2	0	262,932	262,932
District Health Department No 2	47	14	317,322	2,513,391	2,830,713
District Health Department No 4	66	12	536,508	5,367,215	5,903,723
District Health Department No 10	63	65	374,494	9,848,382	10,222,876
Douglas, Village of	18	3	10,092	660,378	670,470
Dowagiac Housing Commission	3	0	2,063	51,886	53,949
Dowagiac, City of	75	27	1,121,379	3,983,493	5,104,872
Dryden, Village of	2	0	66,073	208,861	274,934
Dundee, Village of	12	6	454,486	1,262,328	1,716,814
Durand, City of	24	17	62,346	2,197,291	2,259,637
East China, Township of	16	8	481,172	2,505,605	2,986,777
East Grand Rapids, City of	20	44	535,235	13,166,470	13,701,705
East Jordan, City of	22	12	183,589	1,638,766	1,822,355
East Lansing, City of	317	203	3,046,457	71,878,439	74,924,896
Eastern UP Transportation Authority	32	11	16,164	3,082,090	3,098,254
Eaton County Medical Care Facility	113	33	609,699	2,580,959	3,190,658
Eaton County	386	123	8,445,945	27,756,725	36,202,670
Eaton Rapids, City of	48	1	150,680	2,620,923	2,771,603
Eau Claire, Village of	6	2	60,453	133,682	194,135
Ecorse, City of	58	101	192,379	13,968,831	14,161,210
Elderly Housing Commission	14	9	168,495	1,143,169	1,311,664
Elkton, Village of	6	4	136,634	307,329	443,963
Elsie, Village of	3	1	60,118	55,901	116,019
Emmet County Road Commission	23	48	124,129	7,067,858	7,191,987
Emmet, Charter Township of	21	0	713,428	258,796	972,224
Escanaba, City of	139	84	174,461	13,945,246	14,119,707
Essexville, City of	21	20	481,713	3,742,607	4,224,320
Ewart Local Dev. Finance Development	2	0	0	63,942	63,942

*Statistical Section*

Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Ewart, City of	13	0	48,458	399,862	448,320
Farmington Community Library	31	11	509,297	3,859,445	4,368,742
Fenton, City of	47	26	121,830	5,225,227	5,347,057
Ferrysburg, City of	7	3	146,242	260,132	406,374
Flat Rock, City of	68	37	1,454,643	6,269,567	7,724,210
Flint Charter Township	66	1	2,526,842	4,177,544	6,704,386
Flushing, Charter Township of	8	0	204,392	269,823	474,215
Flushing, City of	37	21	344,573	4,938,847	5,283,420
Forsyth Township	20	4	523,563	758,005	1,281,568
Fowler, Village of	1	1	5,844	220,780	226,624
Fowlerville District Library	2	0	14,255	28,589	42,844
Fowlerville, Village of	15	7	228,214	1,652,821	1,881,035
Frankenmuth, City of	32	15	836,073	5,348,882	6,184,955
Frankfort, City of	13	9	67,033	1,008,024	1,075,057
Franklin, Village of	13	4	150,375	1,308,679	1,459,054
Fraser, City of	0	3	104,728	115,178	219,906
Fremont Area District Library	7	2	6,620	378,830	385,450
Fremont, City of	28	15	33,419	3,684,052	3,717,471
Gaastra, City of	2	0	0	33,431	33,431
Gaylord, City of	36	12	221,123	3,164,834	3,385,957
Genesee Charter Township	51	17	222,927	2,948,979	3,171,906
Gladstone, City of	28	27	120,763	4,188,249	4,309,012
Gladwin County	121	35	1,177,585	4,872,578	6,050,163
Gladwin County Road Commission	33	28	1,106,566	5,885,202	6,991,768
Gogebic-Iron Wastewater Authority	8	1	239,350	388,035	627,385
Grand Blanc Charter Township	37	7	364,227	1,348,941	1,713,168
Grand Blanc, City of	12	0	284,017	735,426	1,019,443
Grand Haven, City of	197	106	4,215,960	44,431,908	48,647,868
Grand Rapids Housing	5	13	9,600	232,440	272,040
Grand Traverse County Road Comm.	25	52	102,795	7,029,760	7,132,555
Grand Traverse County	592	206	579,439	32,987,564	33,567,003
Grandville, City of	43	38	275,054	7,588,543	7,863,597
Gratiot County	99	68	419,938	9,074,943	9,494,881
Gratiot County Road Commission	41	43	923,501	7,460,825	8,384,326
Grayling, City of	24	4	0	1,339,935	1,339,935
Great Lakes Community Mental Health	88	32	40,877	8,757,190	8,798,067
Green Oak Township	12	0	107,362	218,349	325,711
Greenville, City of	21	7	274,500	2,115,985	2,390,485
Grosse Ile Township	65	24	131,156	8,374,988	8,506,144
Grosse Pointe Park, City of	86	77	2,759,779	16,667,533	19,427,312
Grosse Pointe-Clinton Refuse Disp. Auth.	2	10	597,871	2,697,263	3,295,134
Hamburg Township	12	1	64,965	203,237	268,202
Hamtramck, City of	145	322	4,741,857	45,868,405	50,610,262
Harbor Beach, City of	20	16	665,051	2,419,410	3,084,461
Harrison, City of	14	5	200,950	919,493	1,120,443
Hastings, City of	70	51	492,428	6,377,635	6,870,063
Health Source of Saginaw	332	181	1,539,498	19,906,465	21,445,963
Helen Newberry Joy Hospital	103	40	1,013,150	6,866,506	7,879,656
Henika District Library	3	0	6,190	149,956	156,146
Herrick District Library	47	20	4,609	450,669	2,455,278
Hiawatha Comm. Mental Health Auth.	143	8	557,830	4,860,402	5,418,232
Highland Park, City of	53	43	3,514,198	3,167,818	6,682,016
Hillsdale, City of	93	42	2,117,462	9,987,393	12,104,855
Hillsdale County	39	3	198,379	156,291	354,670
Hillsdale County Road Commission	52	14	456,122	2,125,180	2,581,302
Holland Hospital	0	88	59,929	2,773,665	2,833,594
Holland, City of	415	220	2,583,993	62,508,698	65,092,691

Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Holly, Village of	37	7	480,708	3,811,208	4,291,916
Homer, Village of	13	6	37,359	716,625	753,984
Houghton County	113	51	299,318	7,517,857	7,817,175
Houghton County Road Commission	9	8	16,107	2,060,259	2,076,366
Houghton Lake Public Library	4	0	0	46,506	46,506
Howard City, Village of	8	7	173	637,811	637,984
Howell Carnegie District Library	8	3	2,434	342,183	344,617
Howell, City of	73	21	780,694	5,412,284	6,192,978
Hudsonville, City of	12	9	56,508	911,363	967,871
Huntington Woods, City of	35	45	757,027	9,092,781	9,849,808
Huron County	360	162	6,533,402	28,006,581	34,539,983
Huron Charter Township	44	6	850,053	1,889,865	2,739,918
Huron County Road Commission	68	71	1,761,663	13,314,549	15,076,212
Imlay City, City of	23	5	17,445	1,940,765	1,958,210
Independence Township	19	2	646,407	994,795	1,641,202
Indianfields Township	9	4	0	48,824	48,824
Ingham County	1,205	559	17,472,099	102,834,367	120,306,466
Ingham County Road Commission	111	84	1,266,210	15,571,342	16,837,552
Interurban Transit Authority	7	0	10,593	326,440	337,033
Ionia County	43	13	47,863	692,639	1,040,502
Ionia County Central Dispatch	13	0	83,338	64,881	148,219
Ionia County Road Commission	45	28	321,925	2,433,209	2,755,134
Ionia Housing Commission	4	0	22,835	127,215	150,050
Ionia, City of	64	23	279,748	3,177,965	3,457,713
Iosco County Road Commission	40	16	458,185	2,665,258	3,123,443
Iosco County	215	88	228,437	8,124,586	8,353,023
Iron County Housing Commission	4	2	0	155,147	155,147
Iron County	219	120	1,129,033	8,921,918	10,050,951
Iron County Road Commission	30	48	14,957	4,311,434	4,326,391
Iron Mtn-Kingsford Sewage Treatment	5	3	108,667	97,714	206,381
Iron Mountain, City of	30	49	845,193	5,105,010	5,950,203
Iron River, City of	27	33	264,985	3,503,515	3,768,500
Isabella County	333	98	665,507	16,100,030	16,765,537
Isabella County Road Commission	49	32	1,085,302	5,040,235	6,125,537
Ishpeming A J Wastewater Treatment Facility	5	1	95,195	176,152	271,347
Ishpeming, City of	43	33	1,186,242	4,115,077	5,301,319
Ithaca, City of	17	12	422,524	1,542,829	1,965,353
Jackson District Library	38	12	630,305	3,042,145	3,672,450
Jackson Transportation Authority	80	1	104,702	735,031	839,733
Jordan Valley District Library	2	1	0	91,173	91,173
Kalamazoo Lake, Sewer & Water Authority	7	2	4,666	430,300	434,966
Kalamazoo Public Library	37	0	0	553,647	553,647
Kalkaska County	103	27	573,230	4,957,118	5,530,348
Kalkaska County Road Commission	35	31	15,037	4,074,252	4,089,289
Kalkaska Public Transit Authority	19	0	157,137	387,491	544,628
Kalkaska, Village of	15	5	345,795	1,509,019	1,854,814
Keego Harbor, City of	13	6	62,133	1,078,063	1,140,196
Keweenaw County	18	4	70,592	499,679	570,271
Keweenaw County Road Commission	23	10	93,072	3,035,048	3,128,120
Kinde, Village of	1	0	38,568	24,357	62,925
Kingsford, City of	23	17	534,944	2,498,761	3,033,705
Lake County	114	25	443,891	2,762,452	3,206,343
Lake County Road Commission	35	31	223,261	3,774,105	3,997,366
Lake Linden, Village of	6	3	0	342,695	342,695
Lake Odessa, Village of	0	5	0	61,017	61,017
Lake Orion, Village of	17	9	330,635	2,370,936	2,701,571
Lakeland Library Cooperative	11	0	62,302	211,201	273,503
Lakeshore Coordinating Council	7	1	0	358,988	358,988

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Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
L'Anse, Village of	22	2	501,915	1,094,192	1,596,107
Lansing Housing Commission	49	14	32,331	4,998,037	5,030,368
Lapeer County	754	142	2,088,727	29,576,470	31,665,197
Lapeer County Road Commission	56	53	1,379,619	4,424,036	5,803,655
Lapeer, City of	81	36	259,916	7,614,290	7,874,206
Lathrup Village, City of	25	13	702,092	3,204,989	3,907,081
Laurium, Village of	12	13	0	676,363	676,363
Lawrence, Village of	4	2	0	116,354	116,354
Leelanau County	100	27	197,533	5,484,574	5,682,107
Leelanau County Road Commission	42	8	392,477	605,843	998,320
Leoni Township	40	3	1,115,169	1,313,301	2,428,470
Leslie, City of	8	2	92,623	205,732	298,355
Lexington, Village of	15	2	92,627	355,888	448,515
Library Network	35	17	632,520	2,744,998	3,377,518
Lima Township	6	4	32,170	52,845	85,015
Livingston County	556	134	834,466	32,086,937	32,921,403
Livingston County Road Commission	65	47	855,654	8,604,102	9,459,756
Livingston Co. Comm. Mental Hlth. Auth.	136	8	19,258	4,326,527	4,345,785
LMAS District Health Department	104	24	22,526	5,185,986	5,208,512
Loutit District Library	9	0	60,872	329,439	390,311
Lowell, City of	45	17	1,151,069	3,334,509	4,485,578
Luce County	37	14	21,550	1,563,774	1,585,324
Luce County Road Commission	29	30	12,424	3,336,064	3,348,488
Ludington, City of	56	47	102,273	9,236,136	9,338,409
Ludington-Mason District Library	12	3	5,176	647,249	652,425
Luna Pier, City of	13	5	428,498	1,679,971	2,108,469
Mackinac County	66	57	63,518	5,324,097	5,387,615
Mackinac County Road Commission	25	31	7,863	2,733,113	2,740,976
Mackinac Strts Hospital & Health Center	208	15	1,490,492	2,306,035	3,796,527
Madison Heights, City of	125	84	1,184,814	19,061,648	20,246,462
Madison Township	10	4	100,174	163,867	264,041
Manistee County Road Commission	44	23	4,321	3,128,917	3,133,238
Manistee County Medical Care Facility	257	95	742,974	12,079,047	12,822,021
Manistique, City of	31	28	133,523	3,736,610	3,870,133
Manlius Township	6	0	7,997	11,879	19,876
Manton, City of	6	6	96,888	382,901	479,789
Marine City, City of	0	4	0	61,517	61,517
Marion, Village of	6	3	40,170	171,006	211,176
Marquette Board of Light & Power	74	72	2,927,661	16,285,895	19,213,556
Marquette County Transit Authority	26	3	317,198	725,242	1,042,440
Marquette County Airport	10	4	16,931	958,096	975,027
Marquette County	399	143	2,375,970	27,910,779	30,286,749
Marquette County Road Commission	92	38	1,634,253	5,804,381	7,438,634
Marquette Waste Management	8	0	145,224	242,666	387,890
Marquette, City of	137	73	3,606,608	14,528,199	18,134,807
Marshall District Library	1	0	29,782	125,938	155,720
Marshall, City of	105	45	2,823,172	14,826,616	17,649,788
Mason, City of	43	16	1,578,802	5,213,626	6,792,428
Mason County	222	102	251,179	21,208,220	21,459,399
Mason-Oceana Co. Enhanced 911 Center	17	0	105,343	134,588	239,931
Mastodon Township	0	1	0	47,008	47,008
MBS International Airport	26	7	301,942	3,617,501	3,919,443
Meceola Central Dispatch	16	1	463	397,439	397,902
Mecosta County General Hospital	0	68	419,623	6,816,700	7,236,323
Mecosta County	141	54	421,653	11,112,118	11,533,771
Mecosta County Road Commission	46	41	1,048,405	4,725,286	5,773,691
Melvindale Housing Commission	6	1	6,872	269,174	276,046
Melvindale, City of	82	41	2,013,850	8,565,846	10,579,696



Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Menominee County	91	53	456,621	6,227,391	6,684,012
Menominee County Road Commission	14	10	6,430	1,489,660	1,496,090
Menominee, City of	49	48	266,644	5,053,925	5,320,569
Meridian Charter Township	135	12	770,992	8,607,093	9,378,085
Michigan South Central Power Agency	50	7	341,196	3,086,464	3,427,660
Michigan Grand River Watershed	0	1	0	21,357	21,357
Mid Michigan District Health Department	79	30	325,888	3,259,066	3,584,954
Mid Peninsula Library Cooperative	1	3	8,011	281,416	289,427
Middleville, Village of	7	5	101,067	487,914	588,981
Midland Authority for Central Dispatch	20	1	125,800	266,658	392,458
Midland County Road Commission	46	43	972,611	6,181,051	7,153,662
Midland, City of	285	205	3,853,927	54,734,635	58,588,562
Milan Library	4	1	0	147,188	147,188
Milan, City of 3	2	16	19,914	4,097,259	4,417,173
Milford, Village of	31	14	172,574	4,188,863	4,361,437
Millington, Village of	8	1	239,443	497,667	737,110
Missaukee County	25	1	14,500	837,371	851,871
Montague, City of	15	0	304,220	902,028	1,206,248
Montcalm County Road Commission	58	21	734,097	4,851,400	5,585,497
Montmorency County	63	31	55,315	3,618,452	3,673,767
Montrose, City of	5	1	41,488	155,345	196,833
Mt. Morris, Township of	63	27	133,960	8,820,332	8,954,292
Mt. Pleasant, City of	98	48	2,215,098	8,670,474	10,885,572
Muir, Village of	3	2	14,140	187,776	201,916
MERS	39	4	144,999	820,952	965,953
Mundy, Charter Township	17	0	114,821	193,505	308,326
Munising, City of	31	19	76,154	3,568,525	3,644,679
Muskegon County	1,173	426	3,598,700	103,642,847	107,241,547
Muskegon County Road Commission	95	73	585,238	14,473,675	15,058,913
Muskegon Heights, City of	112	106	2,562,413	22,054,530	24,616,943
Muskegon, Charter Township of	54	33	1,049,211	5,850,262	6,899,473
N Houghton County Water & Sewage Authority	3	0	0	75,777	75,777
N Muskegon, City of	20	13	489,269	2,627,367	3,116,636
N Pointe Behavioral Health Care System	67	11	662,673	4,257,345	4,920,018
NE Ottawa District Library	3	0	0	64,897	64,897
Negaunee, City of	41	42	177,685	5,109,824	5,287,509
Newaygo County	111	57	78,957	12,253,167	12,332,124
Newaygo County Mental Health	4	3	11,332	1,805,756	1,817,088
Newaygo Medical Care Facility	155	66	779,409	5,697,962	6,477,371
Newaygo Soil & Water Conserv. District	3	0	3,535	28,810	32,345
Newberry, Village of	23	21	29,765	2,059,274	2,089,039
North MI Community Mental Health	0	1	0 2	3,133	23,133
Northport, Village of	0	1	0	784	784
Northville Charter Township	17	2	1,100,682	1,170,566	2,271,248
Northville District Library	14	3	0	567,228	567,228
Northville, City of	40	37	131,464	8,263,986	8,395,450
Northwest MI Community Mental Health	22	22	18,589	2,882,828	2,901,417
Northwestern Regional Airport Comm.	14	3	42,577	1,418,305	1,460,882
Norton Shores, City of	96	48	242,863	12,830,814	13,073,677
Norway, City of	35	41	767,829	5,700,280	6,468,109
Novi, City of	259	43	1,988,792	21,051,312	23,040,104
Oceana County	302	68	2,421,382	8,646,763	11,068,145
Ogemaw County	144	51	1,929,227	8,957,432	10,886,659
Ogemaw County Road Commission	33	31	657,705	3,212,168	3,869,873
Olive Township	3	0	44,697	86,851	131,548
Onaway, City of	6	1	5,956	262,159	268,115
Ontonagon Cnty. Economic Devlp. Corp.	1	0	0	37,681	37,681

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Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Ontonagon County	52	17	24,243	3,455,429	3,479,672
Ontonagon County Road Commission	56	27	0	4,795,295	4,795,295
Ontonagon Memorial Hospital	154	70	1,783,415	5,884,974	7,668,389
Ontonagon, Village of	13	13	26,209	1,451,257	1,477,466
Orchard Lake, City of	13	8	58,377	1,836,583	1,894,960
Osceola County	107	31	130,225	5,292,735	5,422,960
Osceola County Road Commission	33	33	167,536	3,943,908	4,111,444
Oscoda Charter Township	11	2	431,072	726,281	1,157,353
Oscoda County	55	23	366,689	3,325,286	3,691,975
Otisville, Village of	7	0	47,177	373,537	420,714
Otsego County	205	38	955,698	5,294,353	6,250,051
Otsego County Road Commission	44	34	133,490	4,676,190	4,809,680
Ottawa County	889	211	2,880,730	67,870,813	70,751,543
Ottawa County Central Dispatch Authority	19	0	14,425	695,028	709,453
Ottawa County Road Commission	143	118	1,876,527	23,441,381	25,317,908
Otter Lake, Village of	1	0	4,103	12,397	16,500
Owosso, City of	6	6	241,786	2,394,191	2,635,977
Oxford Police, Fire & EMS Commission	5	9	56,691	2,539,257	2,595,948
Oxford, Village of	15	3	23,382	1,011,320	1,034,702
Parchment, City of	12	10	329,033	1,417,235	1,746,268
Pathways	213	93	1,190,150	20,780,891	21,971,041
Paw Paw Lake Reg. Joint Sewage Disp.	5	3	109,109	488,178	597,287
Paw Paw, Village of	31	12	752,861	3,328,998	4,081,859
Pellston, Village of	2	0	20,150	9,099	79,249
Pentwater, Village of	10	4	151,448	630,043	781,491
Perrinton, Village of	1	0	5,077	8,725	13,802
Petoskey, City of	67	62	123,715	9,980,204	10,103,919
Pewamo, Village of	1	0	4,437	16,799	21,236
Pigeon, Village of	5	4	132,245	446,175	578,420
Pinckney, Village of	10	1	158,598	518,615	677,213
Pinconning, City of	15	13	196,399	1,107,201	1,303,600
Pittsfield Charter Township	104	8	1,367,790	2,408,960	3,776,750
Pleasant Ridge, City of	11	13	20,492	2,285,162	2,305,654
Plymouth District Library	13	1	0	909,208	909,208
Plymouth, City of	17	59	97,638	9,431,047	9,528,685
Port Austin Area Sewer & Water Authority	0	0	45,081	43,111	88,192
Port Austin, Village of	5	2	56,136	134,216	190,352
Port Huron, City of	352	285	3,857,994	81,169,511	85,027,505
Port Sanilac, Village of	5	1	26,501	99,053	125,554
Portland, City of	36	25	284,254	4,862,284	5,146,538
Presque Isle County Road Commission	32	35	136,095	5,035,097	5,171,192
Presque Isle County	69	35	679,874	3,439,149	4,119,023
Ravenna, Village of	3	0	10,821	125,979	136,800
Reading, City of	7	2	0	107,715	107,715
Redford Township	162	104	758,725	21,817,202	22,575,927
Redford Township District Library	11	0	96,146	710,493	806,639
Reed City, City of	26	21	11,207	1,814,303	1,825,510
Richfield Township (Genesee County)	8	0	181,516	257,306	438,822
Richfield Township (Roscommon County)	14	2	276,816	468,551	745,367
Richland Township	12	1	97,045	705,079	802,124
Rochester, City of	60	26	1,691,641	7,905,636	9,597,277
Rockford, City of	42	9	60,624	1,691,173	1,751,797
Rogers City, City of	27	19	653,316	3,875,298	4,528,614
Romeo District Library	31	4	162,404	450,055	612,459
Romeo, Village of	24	12	167,768	2,229,717	2,397,485
Romulus, City of	5	5	2,035,060	5,898,187	7,933,247
Roosevelt Park, City of	16	10	55,728	1,957,345	2,013,073

Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Roscommon County	143	42	593,980	7,711,652	8,305,632
Rose City, City of	6	1	73,427	303,174	376,601
Rose Township	5	6	8,840	164,446	173,286
Royal Oak Township	25	16	301,079	5,307,180	5,608,259
S Clinton Co Municipal Utilities Authority	15	3	355,287	869,669	1,224,956
Saginaw Co. Community Mental Health	64	40	268,733	8,597,049	8,865,782
Saginaw Co. 911 Comm. Center Authority	29	3	234,732	3,410,860	3,645,592
Saginaw County	340	380	4,895,066	4,582,656	69,477,722
Saginaw County Road Commission	81	87	2,826,104	16,864,959	19,691,063
Saginaw Public Libraries	12	0	59,591	148,827	208,418
Saginaw Township	33	8	1,413,626	5,297,782	6,711,408
Saginaw Transit System Authority	13	0	117,869	295,524	413,393
Saginaw, City of	305	413	8,235,964	63,671,845	71,907,809
Saginaw-Midland Mun. Water & Sewer Comm.	12	16	200,128	2,054,234	2,254,362
Saline, City of	69	30	291,357	7,766,525	8,057,882
Sandusky District Library	2	0	16,348	24,509	40,857
Sandusky, City of	24	8	222,752	424,965	647,717
Saugatuck Township	5	4	15,745	239,599	255,344
Saugatuck, City of	7	5	24,631	657,866	682,497
Sault Ste. Marie, City of	99	66	2,909,406	12,897,418	15,806,824
Schoolcraft County Road Commission	29	32	209,820	5,328,669	5,538,489
Schoolcraft Medical Care Facility	169	47	1,811,097	8,090,809	9,901,906
Schoolcraft Memorial Hospital	100	51	2,076,008	7,150,465	9,226,473
SE Oakland Co. Resource Recovery Auth.	25	27	93,194	4,143,101	4,236,295
SE Oakland Co. Water Authority	25	19	133,304	3,731,820	3,865,124
Sebewaing, Village of	20	17	506,818	3,010,219	3,517,037
Shepherd, Village of	7	0	54,818	200,772	255,590
Shiawassee Council on Aging	8	3	73,211	201,022	274,233
Shiawassee County	630	199	1,423,542	38,938,100	40,361,642
Shiawassee County Road Commission	47	48	973,080	8,014,318	8,987,398
Shiawassee District Library	7	0	265,988	662,766	928,754
Sims Whitney Utilities Authority	2	0	0	49,562	49,562
S.M.A.R.T.	1,045	316	6,178,659	75,892,840	82,071,499
South Haven Emergency Service Auth.	13	0	678,245	599,313	1,277,558
South Haven, City of	84	59	2,258,030	14,112,805	16,370,835
South Lyon, City of	47	13	386,670	3,266,022	3,652,692
Southeast MI Council of Governments	86	29	86,527	18,780,584	18,867,111
Sparta, Village of	16	5	152,386	642,883	795,269
Springfield, City of	18	13	13,987	1,867,482	1,881,469
St Clair Shores Housing Commission	9	2	133,736	508,011	641,747
St Joseph County	47	9	201,680	5,417,105	5,618,785
St Louis Housing Commission	4	0	0	67,690	67,690
St. Charles, Village of	10	4	119,311	1,002,060	1,121,371
St. Clair, City of	46	28	735,921	5,352,351	6,088,272
St. Ignace, City of	34	15	119,716	3,028,983	3,148,699
St. Johns, City of	45	21	341,556	6,505,350	6,846,906
St. Louis, City of	22	26	484,766	3,880,962	4,365,728
Stambaugh Township	1	0	10,688	38,563	49,251
Standish, City of	7	7	57,059	896,703	953,762
Stanton, City of	0	1	13,291	52,947	66,238
Stephenson, City of	3	1	0	44,212	44,212
Sterling, Village of	1	1	7,896	140,659	148,555
Stockbridge, Village of	6	13	6,335	89,371	125,706
Summit Township	37	13	184,151	3,804,234	3,988,385
Sumpter Township	16	3	298,839	00,076	598,915
Superior Charter Township	6	1	190,713	659,331	850,044
Superiorland Library Cooperative	3	0	94,666	312,047	406,713

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Municipality Name	Number of Actives	Number of Retirees/ Beneficiaries	Balance Reserve for Employee Contributions	Balance Reserve for Employer Contributions	Total Reserves
Swan Creek Township	6	1	37,594	100,926	138,520
Swartz Creek, City of	15	12	430,745	5,399,615	5,830,360
Sylvan Lake, City of	10	7	257,618	991,586	1,249,204
Tawas Police Authority	5	1	55,990	53,977	109,967
Three Rivers Hospital	0	5	0	25,732	25,732
Three Rivers, City of	69	25	1,016,183	5,539,966	6,556,149
Traverse Area District Library	41	9	16,247	1,327,412	1,343,659
Traverse City, City of	147	123	608,272	27,368,026	27,976,298
Trenton, City of	84	86	3,531,250	21,173,434	24,704,684
Tri-County Aging Consortium	68	21	30,578	3,560,268	3,590,846
Trio Council on Aging	0	0	17,712	156,784	174,496
Tuscarora Township	8	0	26,866	192,335	219,201
Tuscola Co. Community Mental Health	116	11	1,645,240	4,095,457	5,740,697
Tuscola County Health Department	37	9	693,405	2,719,843	3,413,248
Tuscola Co. Medical Care Facility	178	50	1,769,413	5,139,185	6,908,598
Tuscola County	179	68	2,432,429	11,407,956	13,840,385
Tuscola County Road Commission	20	2	644,456	625,717	1,270,173
Twenty Sixth Judicial Circuit Court	45	7	22,298	1,620,149	1,642,447
Twenty Third Judicial District Court	19	0	348,026	820,235	1,168,261
Twin Cities Public Safety Authority	0	0	42,044	18,551	60,595
Utica, City of	21	0	402,168	574,416	976,584
Vassar, City of	23	15	435,782	2,589,735	3,025,517
Vicksburg District Library	1	1	0	33,317	33,317
Vicksburg, Village of	11	9	0	1,096,971	1,096,971
West MI Community Mental Health System	12	12	163,987	3,690,740	3,854,727
West MI Shoreline Regional Development	11	0	24,111	2,238,656	2,262,767
Western UP District Health Department	100	37	8,619	4,876,937	4,885,556
Wakefield, City of	20	24	427,764	2,101,529	2,529,293
Walled Lake, City of	47	14	483,269	1,027,877	1,511,146
Washtenaw County	237	6	4,530,312	5,032,650	9,562,962
Washtenaw County Road Commission	135	89	3,948,783	16,372,153	20,320,936
Wayland, City of	21	8	69,349	1,501,379	1,570,728
Webberville, Village of	3	1	33,706	30,854	64,560
West Branch, City of	21	10	383,598	1,367,002	1,750,600
West Iron County Sewer Authority	3	1	63,787	304,495	368,282
Westland, City of	219	180	499,857	37,380,592	37,880,449
Westphalia, Village of	2	0	0	158,497	158,497
Wexford County	139	51	1,266,832	7,339,794	8,606,626
Wexford County Road Commission	42	54	138,753	5,283,864	5,422,617
White Cloud Community Library	4	0	0	56,156	56,156
White Cloud, City of	7	0	0	156,439	156,439
White Lake Charter Township	70	13	2,168,397	3,763,034	5,931,431
White Pine Library	3	2	15,639	84,455	100,094
Whitehall, City of	23	13	19,500	2,482,968	2,502,468
Willard Public Library	17	0	85,855	101,885	187,740
Williamston, City of	17	7	346,650	1,260,542	1,607,192
Wixom, City of	62	21	522,786	5,880,344	6,403,130
Wolverine Lake, Village of	12	3	146,425	244,125	390,550
Ypsilanti Community Utilities Authority	142	53	713,118	16,212,920	16,926,038
Ypsilanti, City of	77	46	1,203,836	11,787,382	12,991,218
Ypsilanti, Township of	93	25	1,231,943	5,896,442	7,128,385
	<u>36,856</u>	<u>16,932</u>	<u>346,979,388</u>	<u>3,300,841,481</u>	<u>3,647,820,869</u>

**SCHEDULE OF PARTICIPATING MUNICIPALITIES  
DEFINED CONTRIBUTION PLAN  
December 31, 2001**

Plan Number	Plan Name	Number of Members	Defined Contribution Plan Balance
107093	City of Saginaw	6	\$ 65,960
107096	Pathways	16	37,894
107098	Emmet County Road Commission	27	601,752
107107	District Health Department #10	112	1,763,906
107127	City of Northville	12	146,897
107135	Pathways	100	507,361
107136	Gratiot County	23	336,393
107148	City of Marquette	6	684,265
107155	City of Marquette	5	45,754
107157	Gratiot County (EE Assoc)	12	23,750
107173	City of Alma	3	35,847
107175	Grand Traverse County Road Commission	28	290,179
107179	Marquette Board of Light & Power	4	70,736
107180	Grand Traverse County Road Commission	17	375,257
107193	City of Northville	3	12,059
107203	Farmington Community Library	35	326,057
107216	Pathways	19	151,895
107232	City of Plymouth-Police	15	2,547,190
107239	Ingham County Capital Area District Library	62	207,725
107242	City of Allegan County	112	1,519,156
107243	Allegan County	2	78,322
107244	Allegan County	181	2,955,362
107251	Allegan County	96	1,330,862
107263	Newaygo County Mental Health Center	60	1,125,393
107272	City of Grayling	1	11,522
107279	City of Milan	21	45,839
107281	City of East Grand Rapids	33	2,067,004
107282	City of East Grand Rapids	9	218,251
107291	City of Bay City	6	13,028
107292	City of Bay City	143	7,527,212
107301	City of Plymouth	57	3,556,741
107309	Lakeland Library Cooperative	1	19,099
107320	Cheboygan County Road Commission	1	19,522
107325	Helen Newberry Joy Hospital	202	259,838
107333	Ottawa County Central Dispatch	13	68,689
107340	Schoolcraft Memorial Hospital	53	746,655
107341	Schoolcraft Memorial Hospital	27	646,811
107345	Northwest Michigan Community Health	171	3,798,718
107348	City of East Lansing	42	715,698
107349	City of East Lansing	2	46,689
107350	City of East Lansing	40	243,596
107351	Marquette County Health Department	39	391,032
107354	City of Saint Louis	13	55,829
107390	County of Marquette	34	1,393,891
107419	Clinton County	2	19,539
107431	Alpena General Hospital	61	146,030
107432	Alpena General Hospital	65	176,138
107438	City of Hudsonville	16	293,391
107442	City of Saginaw	28	237,691
107450	City of St. Louis	3	10,892
107457	Village of Milford	11	339,397
107485	Allegan County	1	2,460
107497	City of Big Rapids	22	489,899
107498	Saginaw County 911	12	288,351
107499	Marquette County Transit Authority	1	5,974

Statistical Section

Plan Number	Plan Name	Number of Members	Defined Contribution Plan Balance
107501	Bay City Housing Commission	11	706,537
107546	City of Clawson	11	171,256
107559	Gratiot County-County Administration	1	15,616
107570	City of Saginaw	10	103,289
107590	Saginaw Midland Municipal Water Corporation	3	5,726
107626	Baraga County Memorial Hospital	8	348,607
107630	Great Lakes Comm. Mental Health Authority	43	188,300
107638	County of Marquette	53	466,242
107643	Allegan County	6	27,430
107647	City of East Lansing	22	351,272
107652	Grand Traverse County	291	4,643,849
107654	City of Grandville	16	1,378,747
107667	County of Marquette	25	1,385,847
107668	Marquette County	2	5,794
107670	Village of Milford	6	145,735
107672	Northpointe Behavioral Health	2	63,370
107702	District Health Department #2	26	89,058
107705	City of East Grand Rapids	17	901,773
107707	CEI Community Mental Health Board	9	583,593
107724	Iosco County Steelworkers #10	12	48,081
107731	Charter Township of Flint	9	9,992
107732	Charter Township of Flint	19	748,988
107766	Southfield Downtown Authority	4	35,934
107769	County of Mecosta	31	40,301
107772	District Health Department #2	1	10,509
107796	Big Rapids Housing Commission	9	15,181
107797	Allegan County	17	209,171
107839	Chelsea Area Construction	2	3,729
107848	City of Howell Downtown Development Auth.	1	3,616
109300	Saginaw County	657	15,855,371
109661	City of Huntington Woods	18	95,752
109667	City of Au Gres	2	10,604
109675	City of Coldwater	25	482,417
109730	Allegan County	192	3,156,261
109744	City of Coldwater-Fire	6	67,654
109745	City of Coldwater	13	396,073
109765	West Michigan Community Health	149	4,294,997
109770	Grand Rapids Housing Commission	49	391,560
109781	Alpena General Hospital	87	582,948
109813	Saginaw County Community Mental Health	225	3,524,617
109897	Village of Chelsea	21	174,442
109925	Alpena General Hospital	54	279,960
109926	City of Gladstone	19	238,833
109927	City of Albion	29	86,178
109987	Newaygo County	125	1,826,973
109996	City of Northville	3	39,738
		4,427	83,307,319



**IT'S DONE.**