

**County of Muskegon, Michigan  
Defined Benefit Retirement Plan  
Summary Annual Report  
December 31, 2016**

**PLAN INFORMATION**

*Investment Fiduciary*

Municipal Employees' Retirement System of Michigan (MERS of Michigan)

*Plan Administrator*

MERS of Michigan

*Plan Actuary*

CBIZ Retirement Services

*Plan Actuary Assumptions and Methods- December 31, 2016 Valuation Date*

Actuarial investment return:	7.75%
Actuarial long term inflation rate:	3.75%
Asset Valuation Method:	5-year smoothing
Actuarial Cost Method:	Entry Age Normal Method

**ASSET AND INVESTMENT INFORMATION**

<i>Changes in Plan Fiduciary Net Position</i>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Employee contributions	\$ 1,436,839	\$ 1,703,744
Employer contributions	6,260,290	5,974,000
Net investment income (loss)	<u>17,929,109</u>	<u>(2,519,393)</u>
Total Additions	<u>25,626,238</u>	<u>5,158,351</u>
<b>EXPENDITURES</b>		
Benefit Payments	17,582,904	16,549,054
Transfers and employee refunds	150,788	217,621
Administrative expenses	<u>354,403</u>	<u>372,828</u>
Total Deductions	<u>18,088,095</u>	<u>17,139,503</u>
Changes in plan fiduciary net position	7,538,143	(11,981,152)
Market value-January 1	<u>161,409,921</u>	<u>173,391,073</u>
Market value-December 31	<u>\$ 168,948,064</u>	<u>\$ 161,409,921</u>

<i>Funded Status</i>	<u>2016</u>	<u>2015</u>
Actuarial Accrued Liability	277,061,049	273,371,125
Actuarial Value of Assets	181,973,117	183,261,921
Funded Ratio	65.7%	67.0%

*Average Annual Investment Performance*

Period ending December 31, 2016	
1 year	10.85%
3 years	5.32%
5 years	8.30%
7 years	8.18%
10 years	5.11%

*System Administrative and Investment Expenditures*

Administration	0.21%
Investments	<u>0.18%</u>
Cost of defined benefit plan	0.39%

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*Contribution Rates by Division as a Percentage of Active Member Valuation Payroll*  
**Based on Actuarial Valuation Reports dated December 31, 2015 and 2016  
For the fiscal years beginning October 1, 2017 and 2018**

Employee Division (hired after dates)	Components of Employer Contribution Rates							Employee Contribution Rates	
	Employer Normal Cost		Amortization of Unfunded Accrued Liability (UAL) *			Computed Employer Rate		2017	2018
	2017	2018	2017	Amort Pd	2018	2017	2018		
01 - Public Works	7.19%	6.98%	30.62%	18	27.38%	37.81%	34.36%	4.51%	4.51%
90 - Public Works (2/1/2011)	6.58%	7.42%	0.61%	18	1.63%	7.19%	9.05%	6.50%	6.50%
04 - MCF Union	1.44%	1.29%	19.08%	18	21.93%	20.52%	23.22%	8.57%	8.57%
42 - MCF Union (3/1/2010)	4.41%	4.90%	-3.54%	10	-4.90%	0.88%	0.00%	4.00%	4.00%
10 - General Local 214	7.92%	7.87%	20.38%	18	21.01%	28.30%	28.88%	3.84%	3.84%
91 - Gen Local 214 (11/1/2010)	6.19%	6.38%	1.01%	18	0.46%	7.20%	6.84%	6.00%	6.00%
11 - General Nonunion	5.53%	5.41%	20.47%	16	22.10%	26.00%	27.51%	5.41%	5.41%
12 - District Court	7.81%	7.94%	35.46%	10	41.19%	43.27%	49.12%	1.50%	1.50%
13 - Health Dept Nurses	-	-	-	8	-	-	-	4.05%	4.05%
14 - CMH Workers	6.67%	6.66%	22.23%	18	21.92%	28.89%	28.58%	3.86%	3.86%
19 - CMH Workers (9/1/2010)	-	-	-	10	-	-	-	5.86%	5.86%
15 - Judges	4.88%	5.74%	35.62%	16	42.55%	40.50%	48.29%	4.13%	4.13%
17 - Com/Electeds/Admin/Dir	6.66%	5.94%	71.96%	16	89.30%	78.62%	95.24%	5.20%	5.20%
20 - Corrections Officers	8.54%	8.45%	12.04%	18	12.76%	20.59%	21.22%	2.69%	2.69%
24 - Corrections (9/1/2010)	5.73%	5.90%	0.76%	18	0.81%	6.49%	6.72%	5.69%	5.69%
22 - Deputies Local 214	7.98%	7.94%	33.69%	18	35.10%	41.67%	43.03%	5.00%	5.00%
25 - Deputies (1/1/2011)	8.12%	7.79%	1.22%	n/a	1.00%	9.34%	8.79%	6.50%	6.50%
23 - Sheriff Command	5.08%	5.63%	59.71%	18	55.56%	64.79%	61.19%	7.33%	7.33%
26 - Command (1/1/2011)	6.85%	-	12.67%	18	-	19.52%	-	-	-
41 - AFSCME #570	3.68%	3.69%	29.93%	12	32.39%	33.60%	36.08%	5.58%	5.58%
Weighted Average Percentage	6.43%	6.36%	24.05%		26.22%	30.48%	32.58%	4.81%	4.76%

\* Amortization period shown in years as of 12/31/2016. All divisions closed to new hires prior to 2016, with new hires not covered by MERS Defined Benefit Plan or Hybrid Plan Provisions. The amortization period was shortened in order to ensure adequate funding of the closed division. The UAL is being amortized using the "Accelerated to 5-Year Amortization Method" under which the otherwise applicable MERS-wide standard amortization period for positive unfunded liabilities in effect in the valuation year in which the division is closed is decreased annually by 2 years until the period reaches 6 or 5 years. Each year thereafter the amortization period is decreased by one year each valuation year until the unfunded liability is paid off. (The standard amortization period for a division with negative initial UAL is 10 years, with the 10 year period reestablished with each annual actuarial valuation.)

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***Defined Benefit Retirement Plan Membership Information by Division***  
**Based on Actuarial Valuation Report dated December 31, 2016**

Employee Division (hired after dates)	Date Closed to New Hires	Active Members		Vested former employees		Retirees and Beneficiaries			Total Participants
		Number	Payroll Valuation 12/31/2016	Number	Annual Deferred Benefits	Number	Annual Benefits Being Paid	Average Annual Benefit	
01 - Public Works	2/1/2011	23	\$ 1,234,977	3	\$ 15,077	52	\$ 816,488	\$ 15,702	78
90 - Public Works (2/1/2011)	11/1/2014	8		0	-	0	-	-	8
04 - MCF Union	3/1/2010	2	360,904	1	3,356	35	417,577	11,931	38
42 - MCF Union (3/1/2010)	11/1/2014	4	1,088,202	0	-	0	-	-	4
10 - General Local 214	11/1/2010	113	102,330	40	416,684	206	2,697,591	13,095	359
91 - Gen Local 214 (11/1/2010)	11/1/2014	33	657,365	1	1,429	0	-	-	34
11 - General Nonunion	8/1/2009	209	238,274	99	1,339,471	438	7,622,200	17,402	746
12 - District Court	7/1/2008	12	4,637,300	3	28,320	23	369,014	16,044	38
13 - Health Dept Nurses	8/21/2007	0	1,124,174	4	64,055	17	257,647	15,156	21
14 - CMH Workers	9/1/2010	3	11,857,754	23	290,807	34	366,579	10,782	60
19 - CMH Workers (9/1/2010)	11/1/2014	0	128,643	0	-	0	-	-	0
15 - Judges	8/1/2009	4	478,852	0	-	9	145,859	16,207	13
17 - Com/Electeds/Admin/Dir	8/1/2009	16	-	4	113,891	43	2,070,024	48,140	63
20 - Corrections Officers	9/1/2010	28	-	5	51,913	20	466,856	23,343	53
24 - Corrections (9/1/2010)	11/1/2014	10	1,643,002	0	-	0	-	-	10
22 - Deputies Local 214	1/1/2011	26	132,226	1	9,121	45	962,091	21,380	72
25 - Deputies (1/1/2011)	11/1/2014	7	522,564	1	3,268	0	-	-	8
23 - Sheriff Command	1/1/2011	14	1,403,547	1	24,547	26	899,481	34,595	41
26 - Command (1/1/2011)	11/1/2014	0	1,680,263	0	-	0	-	-	0
41 - AFSCME #570	11/1/2014	19	386,703	13	106,766	93	877,062	9,431	125
Totals		531	\$ 27,677,080	199	\$ 2,468,705	1041	\$ 17,968,469	\$ 17,261	1771