

CITY OF MONROE EMPLOYEES RETIREMENT SYSTEM

2012 Summary Annual Report

The Public Employee Retirement System Investment Act requires the City of Monroe Employees Retirement System to prepare and issue a summary annual report and to publish and make available a list of all expenses paid by soft dollars annually. The following information is provided for the year 2012.

The name of the retirement system is the City of Monroe Employees Retirement System. The Retirement System's investment fiduciaries are:

Board of Trustees of the City of Monroe Employees Retirement System
Wells Fargo Advisors
Munder Capital Management
NWQ Investment Management Company
World Asset Management
Prudential Investment Management (PRISA)
Earnest Partners
Loomis Sayles
Wentworth Hauser & Violich
JP Morgan Asset Management
Johnston Asset Management

The name of the System's service providers are:

Sullivan Ward Asher & Patton, legal advisor
Gabriel Roeder Smith & Company, actuary
Comerica Bank, custodian
Medicolegal Services Inc., medical authority

The System's changes in net plan assets on a plan-year basis:

	<u>12/31/2012</u>	<u>12/31/2011</u>
Assets:	\$121,436,535	\$115,400,471

Net Increase of \$6,036,064

As reported in the actuarial valuation for the annual period ending December 31, 2012, the Retirement System's valuation assets were \$130,063,000 and its actuarial accrued liabilities were \$130,741,000, which produced a funded ratio of 99.5%. The Retirement System received the required employer contribution for the calendar year beginning January 1, 2012.

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The System's investment performance net of fees on a rolling calendar year basis for the previous one, three, five, seven and ten year periods are:

- 1 year – 11.7%
- 3 year – 8.4%
- 5 year – 3.5%
- 7 year – 5.3%
- 10 year – 7.7%

The System's administrative and investment expenditures pursuant to the Standards of the Governmental Accounting Board, including, but not limited to, a list of all expenditures made with soft dollars and all expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System are:

2012 list of expenditures:

Actuarial Fees	\$21,700
Consulting Fees	\$142,142
Conference/Association Fees	\$9,737
Custody Fees	\$42,920
Insurance Fees	\$27,322
Investment Management Fees	\$544,520
Legal Fees	\$24,840
Postage and Printing	\$0.00
TOTAL EXPENSES	\$813,181

Soft dollars expenses totaling \$1,241.20 offset financial consulting fees by \$620.60. The System's itemized budget containing all projected expenditures, including, but not limited to, expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System for 2013 are:

2013 proposed budget:

Actuarial Fees	\$25,000
Consulting Fees	\$155,000
Conference/Association Fees	\$20,000
Custody Fees	\$45,000
Insurance Fees	\$15,000
Investment Management Fees	\$575,000
Legal Fees	\$30,000
Postage and Printing	\$100
TOTAL EXPENSES	\$865,100

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The following information as provided in the System's most recent annual actuarial valuation report:

1. The number of active members – 162
2. The number of retirees and beneficiaries – 268
3. The average annual retirement allowance - \$30,650.00 ($\$8,214,226 \div 268$)
4. The total annual retirement allowances being paid - \$8,214,226
5. The valuation payroll - \$9,543,247
6. The employer's computed normal cost of benefits expressed as a percentage of valuation payroll is: 10.54%
7. The employer's total contribution rate expressed as a percentage of valuation payroll is: 15.60%
8. The weighted average of member contributions is: 4.52%
9. The actuarial assumed rate of investment return is: 7.5%
10. The actuarial assumed rate of long-term wage inflation is: 3.5%
11. The smoothing method utilized to determine the funding value of assets is: a 7 year smoothing
12. The amortization method and period utilized for funding the System's unfunded actuarial accrued liability, if any: The amortization method is a level percent of payroll. The amortization period is 27 years, closed.
13. The System's actuarial cost method is commonly referred to as the entry-age actuarial cost method.
14. Whether System membership is open or closed to specific groups of employees:
 The System is open to new hires as a whole

Retirees and Beneficiaries for 2012:

<u>As of 1-1-2012</u>	<u>Number</u>	<u>Benefit Amount (does not include member refunds)</u>
Beginning of Year	263	\$7,874,673
Added	8	\$ 390,843
Removed	3	\$ 51,290
End of Year 12/31/12	268	\$8,214,226