Washtenaw County Money Purchase Pension Plan

Years Ended December 31, 2011 and 2010

Financial Statements

Rehmann
Business wisdom delivered.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Table of Contents

■ ■ ■ ■ ■

Rehmann

Rehmann Robson

675 Robinson Rd.
Jackson, MI 49203
Ph: 517.787.6503
Fx: 517.788.8111
www.rehmann.com

INDEPENDENT AUDITORS' REPORT

April 18, 2012

To the Board of Trustees
Washtenaw County Money Purchase Pension Plan
Ann Arbor, Michigan

We have audited the accompanying statements of plan net assets of the *Washtenaw County Money Purchase Pension Plan* (the "Plan") as of December 31, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. 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. Those standards require that we plan and perform the audit 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.

As discussed in Note 1, the financial statements present only the Washtenaw County Money Purchase Pension Plan pension trust fund and do not purport to, and do not, present fairly the financial position of Washtenaw County as of December 31, 2011 and 2010, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan's net assets held in trust for pension benefits at December 31, 2011 and 2010, and changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rehmann Robson

FINANCIAL STATEMENTS

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Statements of Plan Net Assets
December 31, 2011 and 2010

	2011	2010
Assets		
Investments, at fair value - mutual funds	$ 959,644	$ 1,168,919
Net assets held in trust for pension benefits	**$ 959,644**	**$ 1,168,919**

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Statements of Changes in Plan Net Assets
For the Years Ended December 31, 2011 and 2010

	2011	2010
Additions to net assets		
Contributions:		
Employees	$ 3,429	$ 17,271
Employer	3,429	17,271
Total contributions	6,858	34,542
Investment income:		
Interest and dividends	12,146	34,879
Appreciation (depreciation) in fair value of investments	(15,443)	128,708
Total investment income (loss)	(3,297)	163,587
Total additions	3,561	198,129
Deductions from net assets		
Payments to terminated participants	212,815	926,980
Administrative expense	21	32
Total deductions from net assets	212,836	927,012
Decrease in net assets	(209,275)	(728,883)
Net assets held in trust for pension benefits, beginning of year	1,168,919	1,897,802
Net assets held in trust for pension benefits, end of year	**$ 959,644**	**$ 1,168,919**

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Notes To Financial Statements

1. PLAN DESCRIPTION

The Washtenaw County Money Purchase Pension Plan (MPPP; the "Plan") is a defined contribution pension plan established and administered by Washtenaw County (the "County") to provide benefits at retirement, subject to the change effective on or about December 31, 2008 as described below, to all regular employees of the County hired on or after January 1, 1989. Plan members are required to contribute 6.0% or 7.5% of covered salary depending on the particular collective bargaining unit to which they belong. The County is required to match the plan member contributions. Plan provisions and contribution requirements are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County's various collective bargaining agreements.

The Plan is included as a pension trust fund in the County's financial statements.

As a result of collective bargaining agreements, effective on or about December 31, 2008, most Plan members were required to transfer their MPPP account balances to the County's defined benefit pension plan (as described in Note 4), thereby withdrawing from the MPPP and enrolling in that other plan.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The MPPP financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

3. INVESTMENTS

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments including mutual funds, subject to certain limitations.

The Plan's investments are held by its trustee, a third-party financial institution. The management agreement between the Plan and the trustee requires thirteen separate mutual funds, including ten stock funds, one balanced fund, one bond fund, and one guaranteed interest fund. Participants select the particular funds into which their contributions and the related County matching contributions are made.

Notes To Financial Statements

Plan investments as of December 31 are summarized as follows:

	2011	2010
Mutual funds:		
Prudential Guaranteed Interest Account	$ 252,240	$ 335,902
American Balanced Fund A	102,312	99,100
PIMCO Total Return Bond Fund A	75,123	87,960
Equity stock funds:		
Prudential Jennison Mid Cap Growth	45,508	50,796
Growth Fund of America A	181,524	194,613
Invesco Growth & Income Fund A	62,555	72,501
Prudential Stock Index Fund	76,433	135,888
Euro Pacific Growth Fund A	101,940	119,537
INV Small Cap Growth Fund A	42,619	49,765
Eaton Vance Worldwide Health Sciences A	2,973	2,838
Columbia Communication & Information A	9,398	12,488
Lord Abbett Mid Cap Value	7,019	7,531
Total investments	**$ 959,644**	**$ 1,168,919**

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2011 and 2010, the Plan's bond mutual fund is not rated by a nationally recognized statistical rating organization. The Plan's investment policy does not address credit risk.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. At December 31, 2011 and 2010, the Plan's bond mutual fund is an open-end mutual fund. Accordingly, the Plan's investments are not exposed to custodial credit risk. The Plan's investment policy does not address custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2011, the effective maturity of the Plan's bond mutual fund is 8.93 years. At December 31, 2010, the effective maturity of the Plan's bond mutual fund is 7.12 years. The Plan's investment policy does not address interest rate risk.

4. TRANSFERS TO DEFINED BENEFIT PLAN

During 2008 and 2009, because of changes in the collective bargaining agreements, most Plan members were required to withdraw from the MPPP and enroll in the County's defined benefit pension plan. As a result, 907 MPPP members transferred their account balances to that plan in 2008, and another 66 in 2009. As of December 31, 2011, one active member remains in MPPP. It is anticipated that the plan will be closed during 2012 with the transfer of the remaining account balances to approved deferred compensation accounts.

■ ■ ■ ■ ■