



MONROE COUNTY LIBRARY SYSTEM

Retiree Health Care Trust

Summary Annual Report To Members

FOR THE YEAR ENDED DECEMBER 31, 2019

Dear Retiree Health Care Plan Member/Beneficiary:

The Monroe County Library System established the Monroe County Library System Retiree Health Care Benefit Plan and Trust to fund for retiree health benefits as the Library employees are earning rights to those benefits, and to establish contributions, expressed as a percentage of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers.

This report has been prepared to assist employees, retirees, beneficiaries and others in understanding the financial data and is as of December 31, 2019. The data is from audited financial statements.

In 2018, the MCLS Retiree Health Care Trustees adopted a 6.75% expected rate of return assumption. The employer contribution rates shown include amortization of the unfunded actuarial accrued liability over a closed 12 year period.

If you have any questions about this report, please contact Nancy Bellaire, Monroe County Library System Director at (734) 241-5770 or nancy.bellaire@monroe.lib.mi.us.

Sincerely,



Nancy Bellaire, Director
MONROE COUNTY LIBRARY SYSTEM



PROFESSIONAL ADVISORS

Investment Consultant

- Morgan Stanley

Auditor for the Monroe County Library System Retiree Health Care Trust

- Cooley Hehl Sabo & Calkins

Actuary for the Monroe County Library System Retiree Health Care Trust

- Gabriel Roeder Smith

Monroe County Library System Retire Health Care Trust Trustees

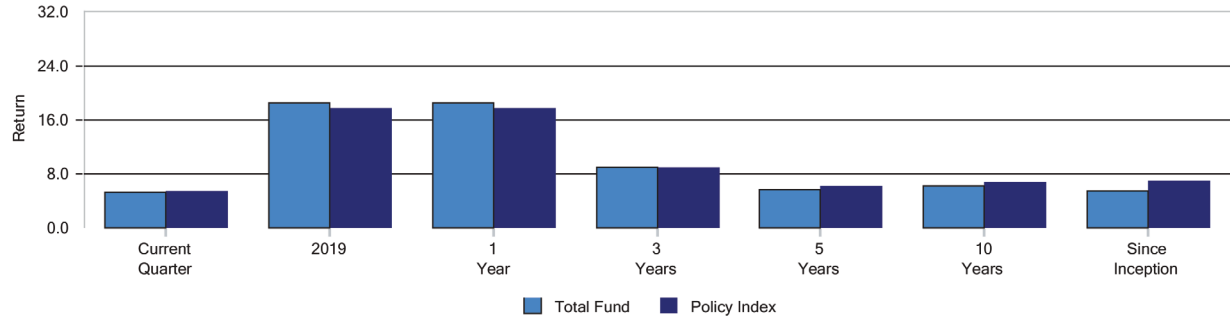
- Dale Williams, Chair
- Nancy Colpaert, Vice Chair/Retiree Representative
- Shannen McMahon, Secretary/MCLS Staff Representative
- Bernie Smith, MCLS Board Representative
- Nancy Bellaire, MCLS Director, ex officio

Total Fund Performance

Monroe County Library System Retiree Health Care Trust

As of December 31, 2019

Comparative Performance



	Current Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund	5.33	18.53	18.53	8.96	5.75	6.17	5.49	Jul -02
Policy Index	5.49	17.71	17.71	8.93	6.23	6.79	7.00	

Gain/Loss Summary

	Current Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<i>Change In Value</i>								<i>Jul -02</i>
Beginning Market Value	\$4,825,209	\$4,220,097	\$4,220,097	\$3,816,917	\$3,747,381	\$2,402,301	\$150,000	
Net Contributions	(\$64,390)	\$10,569	\$10,569	\$59,219	\$55,327	\$354,225	\$2,285,837	
Gain/Loss	\$256,499	\$786,652	\$786,652	\$1,141,182	\$1,214,610	\$2,260,791	\$2,581,480	
Ending Market Value	\$5,017,318	\$5,017,318	\$5,017,318	\$5,017,318	\$5,017,318	\$5,017,318	\$5,017,318	

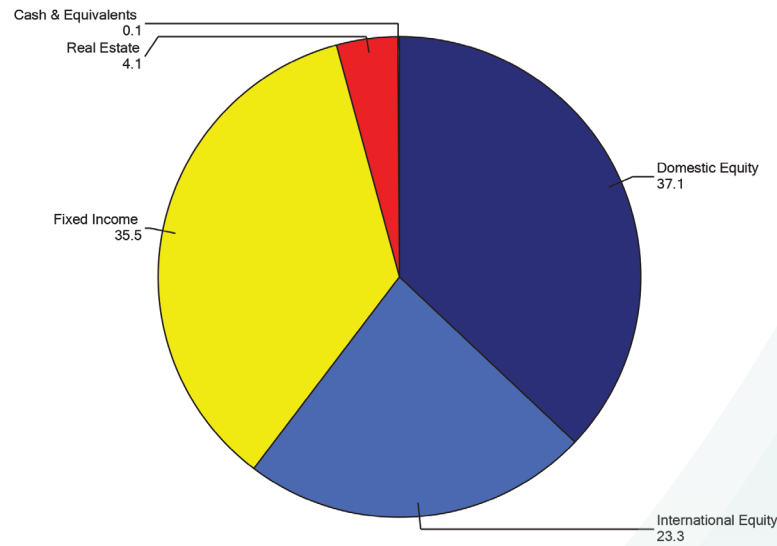
Policy Index Breakdown: 25% S&P 500, 10% Russell 2500, 15% MSCI EAFE Net, 10% MSCI Emerging Markets Net, 20% Bloomberg Barclays Int. G/C, 10% Citi WGBI & 10% T Bills.
Performance greater than one year is annualized. Performance is shown gross of fees.
Source: Investment Metrics / Paris

Asset Allocation - Broad Asset Class

Monroe County Library System Retiree Health Care Trust

As of December 31, 2019

Total Market Value: \$5,017,318



	Market Value (\$)	Allocation (%)
Domestic Equity	1,859,066	37.1
International Equity	1,167,009	23.3
Fixed Income	1,779,993	35.5
Real Estate	205,395	4.1
Cash & Equivalents	5,854	0.1

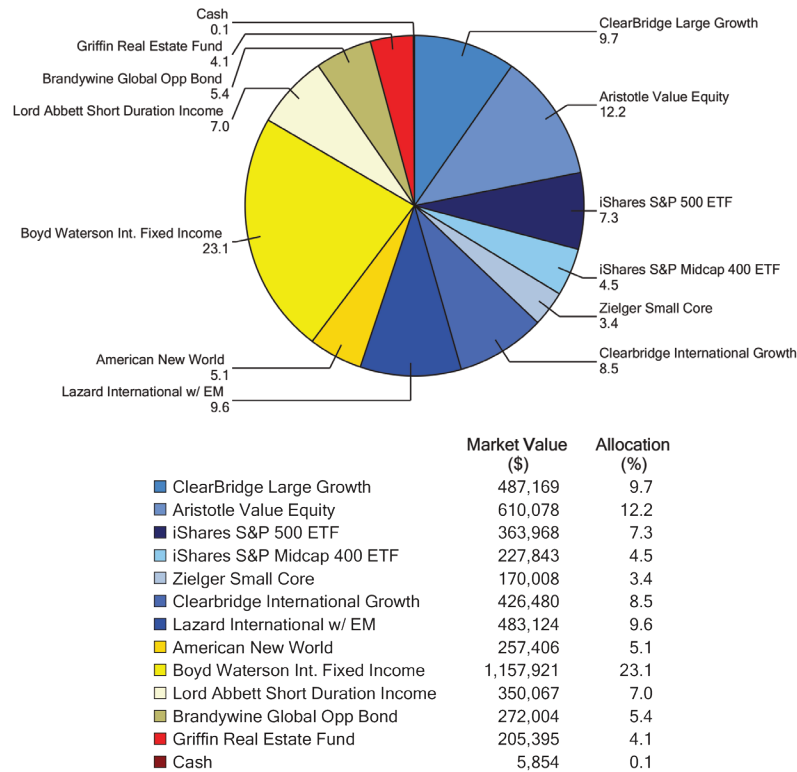
Source: InvestmentMetrics / Paris

Asset Allocation - Manager

Monroe County Library System Retiree Health Care Trust

As of December 31, 2019

Total Market Value: \$5,017,318



Source: InvestmentMetrics / Paris

Manager Performance (%)

Monroe County Library System Retiree Health Care Trust							As of December 31, 2019
	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Fund Performance							
Total Fund	5.33	18.53	18.53	8.96	5.75	5.49	Jul -02
Policy Index	5.49	17.71	17.71	8.93	6.23	7.00	
60% ACWI / 35% BBIGC / 5% TBills	5.47	18.29	18.29	8.77	6.15	6.34	
S&P 500 Total Return	9.07	31.49	31.49	15.27	11.70	9.18	
MSCI AC World ex US Net	8.92	21.51	21.51	9.87	5.51	6.79	
BC Gov/Cr Intm	0.37	6.80	6.80	3.24	2.57	3.85	
90-Day T-Bills	0.46	2.25	2.25	1.65	1.05	1.31	
Domestic Equity - Large Cap							
ClearBridge Large Growth	9.22	33.43	33.43	N/A	N/A	18.02	Mar -17
Russell 1000 Gr	10.62	36.39	36.39	20.49	14.63	18.65	
Aristotle Value Equity	8.88	32.62	32.62	13.96	N/A	13.39	Dec -16
Russell 1000 VL	7.41	26.54	26.54	9.68	8.29	9.29	
iShares S&P 500 ETF	9.05	31.44	31.44	N/A	N/A	14.06	Jun -18
S&P 500 Total Return	9.07	31.49	31.49	15.27	11.70	14.08	
Domestic Equity - Small / Mid Cap							
iShares S&P Midcap 400 ETF	7.05	26.14	26.14	9.20	N/A	9.99	Dec -16
S&P 400 Midcap TR	7.06	26.20	26.20	9.26	9.03	9.25	
Zielger Small Core	7.06	18.52	18.52	6.37	N/A	10.57	Nov -16
Russell 2000	9.94	25.53	25.53	8.59	8.23	13.66	
International Equity							
Clearbridge International Growth	9.55	N/A	N/A	N/A	N/A	6.73	Aug -19
MSCI EAFE Net	8.17	22.01	22.01	9.56	5.67	12.91	
MSCI EAFE Gr Net	8.45	27.89	27.89	12.84	7.71	11.41	
Lazard International w/ EM	6.87	20.34	20.34	N/A	N/A	0.84	Mar -18
MSCI AC World ex US Net	8.92	21.51	21.51	9.87	5.51	1.98	
MSCI AC World ex US Value Net	8.20	15.71	15.71	6.88	3.65	-0.22	
American New World	9.06	27.89	27.89	14.34	7.99	5.60	Sep -08
MSCI EM Net	11.84	18.42	18.42	11.57	5.61	3.82	

Returns for periods greater than one year are annualized.

Returns are expressed as percentages.

Source: InvestmentMetrics / Paris

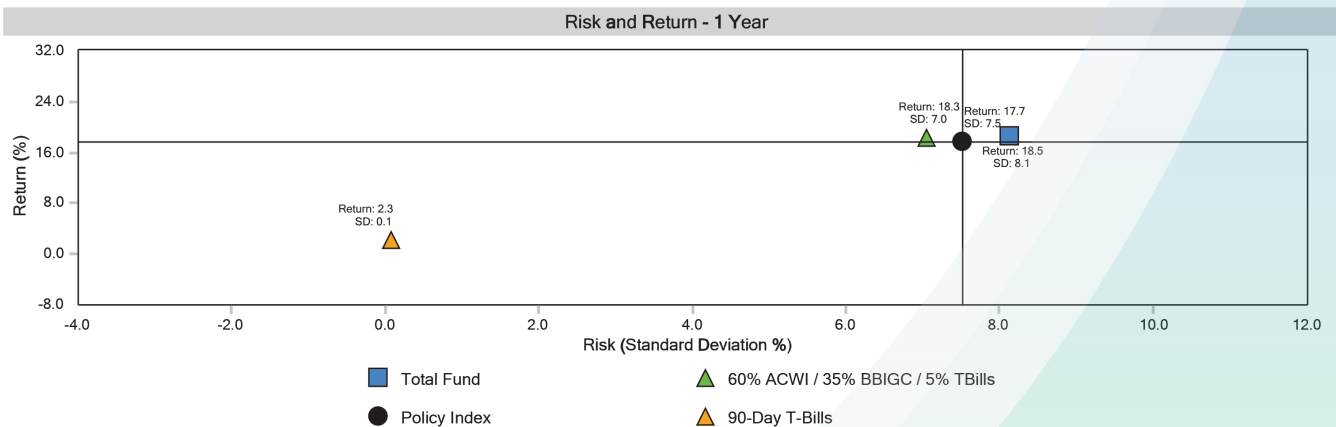
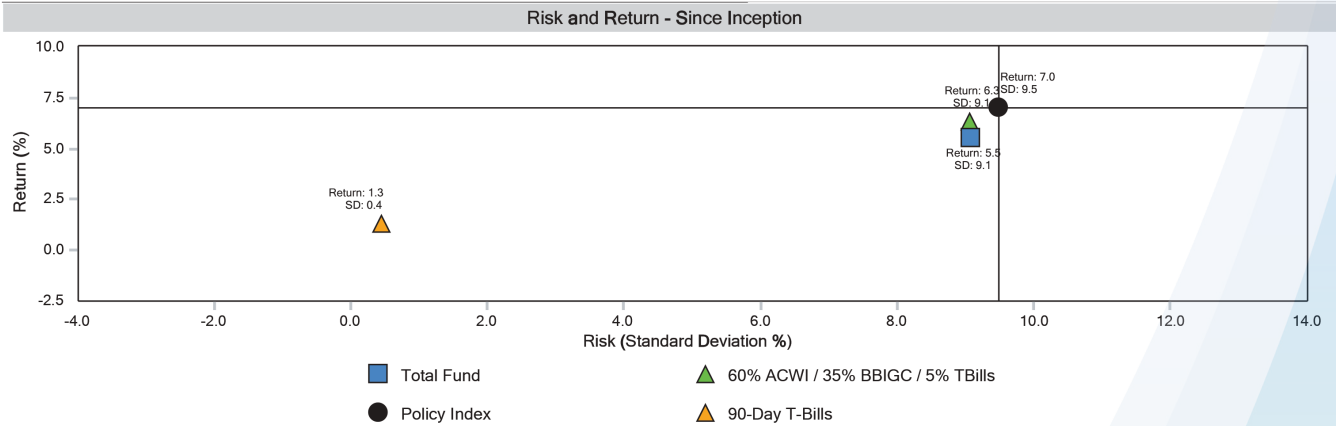
Manager Performance (%)

Monroe County Library System Retiree Health Care Trust						As of December 31, 2019	
	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income							
Boyd Waterson Int. Fixed Income	0.44	10.63	10.63	4.40	N/A	3.47	Nov -16
<i>BC Gov/Cr Intm</i>	<i>0.37</i>	<i>6.80</i>	<i>6.80</i>	<i>3.24</i>	<i>2.57</i>	<i>2.47</i>	
Lord Abbett Short Duration Income	N/A	N/A	N/A	N/A	N/A	0.52	Dec -19
<i>Citi TSY 1 Yr</i>	<i>0.59</i>	<i>2.92</i>	<i>2.92</i>	<i>1.79</i>	<i>1.26</i>	<i>0.18</i>	
Brandywine Global Opp Bond	4.22	9.14	9.14	5.34	N/A	2.81	Aug -16
<i>Citi WGBI Unhedged</i>	<i>-0.35</i>	<i>5.90</i>	<i>5.90</i>	<i>4.12</i>	<i>2.03</i>	<i>1.06</i>	
Real Estate							
Griffin Real Estate Fund	1.32	N/A	N/A	N/A	N/A	N/A	Jul -19
<i>NCREIF Property Idx</i>	<i>1.55</i>	<i>6.42</i>	<i>6.42</i>	<i>6.70</i>	<i>8.25</i>	<i>2.98</i>	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.
Source: InvestmentMetrics / Paris

Total Fund Risk / Return Analysis

Monroe County Library System Retiree Health Care Trust As of December 31, 2019



Calculation based on monthly periodicity.
Source: InvestmentMetrics / Paris

Contributions to Provide Retiree Health Benefits

Fiscal Year Ending	December 31, 2021	December 31, 2020
Contributions for:		
Employer normal cost of benefits	\$ 137,234	\$ 104,099
Unfunded accrued liability	122,523	89,545
Actuarially Computed Employer Contribution	<u>\$ 259,757</u>	<u>\$ 193,644</u>

The unfunded actuarial accrued liability was financed as a level percent of member payroll over a period of 12 and 13 years, respectively, for the fiscal year ending December 31, 2021 and December 31, 2020.

The long-term rate of investment return used is 6.75% in this valuation and in the prior valuation.

Determination of Unfunded Accrued Liability for Retiree Health Benefits

	December 31,	
	2019	2018
A. Accrued Liability		
1. For retirees and beneficiaries	\$3,370,863	\$3,647,622
2. For vested terminated members	0	0
3. For present active members		
a. Value of expected future benefit payments	3,474,870	2,683,231
b. Value of future normal costs	773,326	777,047
c. Active member liability: (a) - (b)	<u>2,701,544</u>	<u>1,906,184</u>
4. Total	6,072,407	5,553,806
B. Valuation Assets	<u>4,968,811</u>	<u>4,671,032</u>
C. Unfunded Accrued Liability: (A.4) - (B)	<u>1,103,596</u>	<u>882,774</u>
D. Funded Ratio		
Valuation Asset Basis	<u>81.8%</u>	<u>84.1%</u>
Market Value Basis	<u>82.6%</u>	<u>75.6%</u>

Summary of Asset Information Furnished for the Valuation

Fiduciary Net Position as of December 31, 2019

Assets

Cash & Equivalents	\$ 3,166
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Investments, at fair value:

U.S. treasuries	287,964
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U.S. agencies	401,902
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Corporate bonds	431,296
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Preferred and common stocks	2,131,285
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Traded and closed-end funds	591,811
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Mutual funds	1,084,871
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Money markets	82,853
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Total Investments	<u>5,011,982</u>
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Total Assets	5,015,148
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Liabilities

Accounts payable	<u>0</u>
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Net Position	<u><u>\$5,015,148</u></u>
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Additions and Deductions

Balance January 1, 2019	\$4,196,510
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Additions

Employer contributions	325,000
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Net Investment income	756,891
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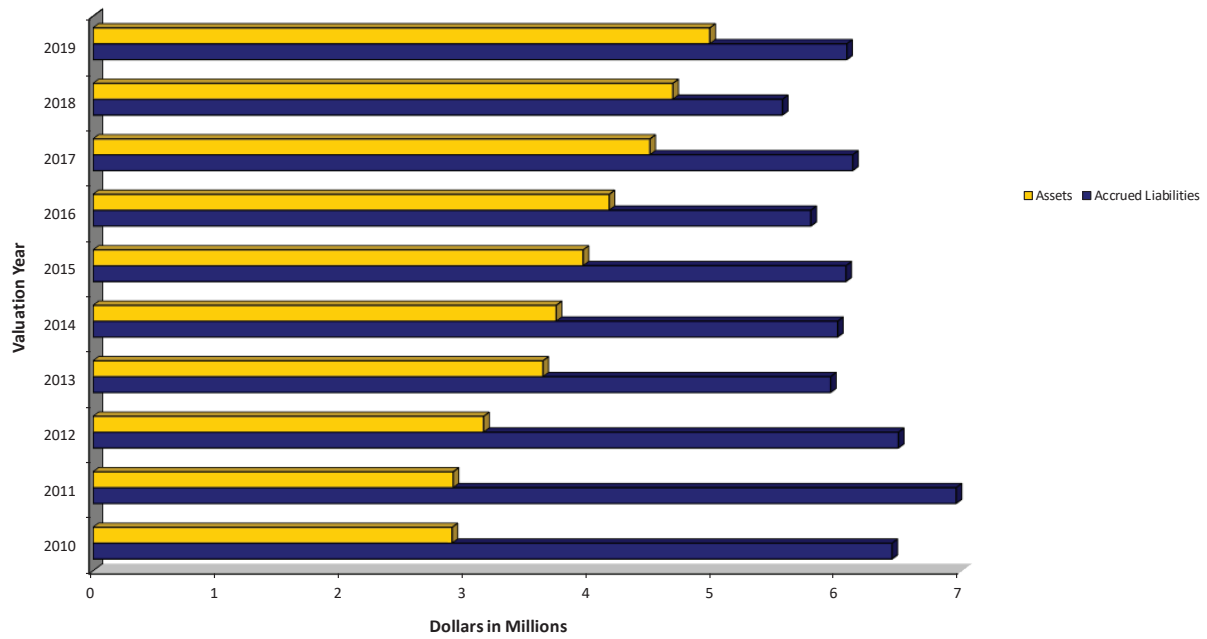
Deductions

Benefit payments	252,753
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Administrative expenses	<u>10,500</u>
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Balance December 31, 2019	<u><u>\$5,015,148</u></u>
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Assets & Accrued Liabilities



2010 assets equaled 44.9% of accrued liabilities.
2019 assets equaled 81.8% of accrued liabilities.

