

BAY COUNTY RETIREE HEALTH CARE PLAN
ACTUARIAL VALUATION REPORT
AS OF DECEMBER 31, 2013

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March 5, 2015

Bay County Voluntary Employees' Beneficiary
Association – Board of Trustees
Bay City, Michigan 48708

Dear Board Members:

Submitted in this report are the results of an Actuarial Valuation of the assets and liabilities associated with the employer financed retiree health benefits provided by Bay County. The date of the valuation was December 31, 2013. The annual required contributions have been calculated for the fiscal years beginning January 1, 2014 and January 1, 2015.

This report was prepared at the request of the Bay County and is intended for use by Bay County and those designated or approved by the County. This report may be provided to parties other than Bay County only in its entirety and only with the permission of the County.

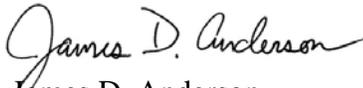
The actuarial calculations were prepared for purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB). In addition, we have included information which may be helpful if there is a trust requiring a GASB Statement No. 43 disclosure. The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying Bay County's financial reporting requirements may be significantly different than the values shown in this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

The valuation was based upon information furnished by Bay County, concerning retiree health benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency with the last valuation, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by Bay County.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of Bay County as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. James D. Anderson and Shana M. Neeson are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,



James D. Anderson
FSA, EA, MAAA



Shana M. Neeson
ASA, MAAA

JDA/SMN:mrp

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Annual Required Contribution and OPEB Cost

This report presents the Annual Required Contribution (ARC), one component of the annual Other Postemployment Benefits (OPEB) cost required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of the Governmental Accounting Standards Board (GASB) Statement No. 45. In addition, the plan may need to comply with GASB Statement No. 43. Please consult with legal counsel and your auditors to determine whether you have a plan for GASB Statement No. 43 purposes.

We have calculated the Annual Required Contribution (ARC) for the fiscal years beginning January 1, 2014 and January 1, 2015. Below is a summary of the results. In the first year GASB Statement No. 45 is adopted, the annual OPEB cost is equal to the ARC. In subsequent years, if there is a net OPEB obligation (NOO, see below), the annual OPEB cost is equal to the ARC for the fiscal year plus one year's interest on the net OPEB Obligation plus an adjustment to the ARC.

Employer contributions to an OPEB trust act to reduce the NOO. In addition, actual claims and premiums paid on behalf of retirees directly from the employer* might be employer contributions in relation to the ARC and act to reduce the NOO. The ARCs and estimated retiree claims and premiums shown below include an adjustment for any implicit rate subsidy present in your pre-65 rates. However, the Estimated Claims and Premiums do not include projected life insurance disbursements and the "Cadillac Plan" excise tax load is not applied.

** Claims/Premiums passed through the trust in the same fiscal year might also be treated as contributions for that year. We recommend all such transactions be discussed with your accounting professional prior to their occurrence.*

For additional details please see the Section titled "Valuation Results."

	Annual Required Contribution	Estimated Claims and Premiums Paid for Retirees
Fiscal Year Beginning 2014	\$10,386,814	\$6,183,581
Fiscal Year Beginning 2015	10,382,817	6,759,707

EXECUTIVE SUMMARY

Additional OPEB Reporting Requirements – Net OPEB Obligation

In addition to the annual cost described above, employers will have to disclose a Net OPEB Obligation (or asset). The NOO is the cumulative difference between annual OPEB cost and annual employer contributions in relation to the ARC accumulated from the implementation of Statement No. 45. The NOO is zero as of the beginning of the fiscal year that Statement No. 45 is implemented unless the employer chooses to recognize a beginning balance. The requirements for determining the employer's contributions in relation to the ARC are described in paragraph 13 g. of Statement No. 45. Additional information required to be disclosed in the employer's financial statements is detailed in paragraphs 24 through 27 of Statement No. 45.

Liabilities and Assets

1. Present Value of Future Benefit Payments	\$167,362,864
2. Actuarial Accrued Liability	143,080,643
3. Plan Assets	38,440,612
4. Unfunded Actuarial Accrued Liability (2) – (3)	104,640,031
5. Funded Ratio (3)/(2)	26.9%

The Present Value of Future Benefit Payments (PVFB) is the present value of all benefits projected to be paid from the plan for past and future service to current members. The Actuarial Accrued Liability is the portion of the PVFB allocated to past service by the Plan's funding method (see the Section titled "Actuarial Cost Method and Actuarial Assumptions").



SECTION A
VALUATION RESULTS



**BAY COUNTY - TOTAL
DECEMBER 31, 2013**

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$ 2,934,086
Amortization of Unfunded Actuarial Accrued Liability	<u>7,452,728</u>
Annual Required Contribution (ARC)	\$10,386,814
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$10,382,817

The ARC shown in this report has been calculated to increase at the same rate as the projected increase in active member payroll (3.50% per year) except for General County, Library, Medical Care Facility (MCF), and Sheriff's Dept because these groups are closed to new hires. The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a period of 28 years for General County, Library, and Sheriff's Dept, and 26 years for MCF. Unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 28 years for DWS, 24 years for BABH, and 18 years for Road Commission. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements. The long term rate of investment return used in this valuation is 6.00% for all groups except BABH which uses 7.50%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$ 83,076,370
ii) Vested Terminated Members	0
iii) Active Members	<u>84,286,494</u>
Total Present Value of Future Benefits	\$167,362,864
B. Present Value of Future Normal Costs	24,282,221
C. Actuarial Accrued Liability (A.-B.)	143,080,643
D. Actuarial Value of Assets	38,440,612
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$104,640,031
F. Funded Ratio (D./C.)	26.9%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

**ANNUAL REQUIRED CONTRIBUTIONS
COMPARISON BY OPEB REPORT GROUP
AS OF DECEMBER 31, 2013**

OPEB Report Group	Annual Required Contribution for January 1, 2014 - December 31, 2014
General County	\$ 3,249,758
DWS	469,297
Library	384,214
BABH	190,719
Medical Care Facility	3,001,446
Sheriff's Dept	909,669
Road Commission	<u>2,181,711</u>
Total	\$10,386,814

OPEB Report Group	Annual Required Contribution for January 1, 2015 - December 31, 2015
General County	\$ 3,191,103
DWS	485,723
Library	376,853
BABH	197,394
Medical Care Facility	2,964,927
Sheriff's Dept	908,746
Road Commission	<u>2,258,071</u>
Total	\$10,382,817

**BAY COUNTY - GENERAL COUNTY
DECEMBER 31, 2013**

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$1,046,784
Amortization of Unfunded Actuarial Accrued Liability	<u>2,202,974</u>
Annual Required Contribution (ARC)	\$3,249,758
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$3,191,103

The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a period of 28 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements. The long term rate of investment return used in this valuation is 6.00%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$18,257,364
ii) Vested Terminated Members	0
iii) Active Members	<u>28,550,809</u>
Total Present Value of Future Benefits	\$46,808,173
B. Present Value of Future Normal Costs	7,684,220
C. Actuarial Accrued Liability (A.-B.)	39,123,953
D. Actuarial Value of Assets	8,713,123
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$30,410,830
F. Funded Ratio (D./C.)	22.3%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

**BAY COUNTY – DWS
DECEMBER 31, 2013**

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$157,872
Amortization of Unfunded Actuarial Accrued Liability	<u>311,425</u>
Annual Required Contribution (ARC)	\$469,297
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$485,723

The ARC shown in this report has been calculated to increase at the same rate as the projected increase in active member payroll (3.50% per year). The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 28 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements. The long term rate of investment return used in this valuation is 6.00%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$6,864,360
ii) Vested Terminated Members	0
iii) Active Members	<u>4,745,152</u>
Total Present Value of Future Benefits	\$11,609,512
B. Present Value of Future Normal Costs	1,187,851
C. Actuarial Accrued Liability (A.-B.)	10,421,661
D. Actuarial Value of Assets	4,169,542
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$6,252,119
F. Funded Ratio (D./C.)	40.0%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

BAY COUNTY – LIBRARY
DECEMBER 31, 2013

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$161,609
Amortization of Unfunded Actuarial Accrued Liability	<u>222,605</u>
Annual Required Contribution (ARC)	\$384,214
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$376,853

The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a period of 28 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements. The long term rate of investment return used in this valuation is 6.00%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$1,327,506
ii) Vested Terminated Members	0
iii) Active Members	<u>4,417,703</u>
Total Present Value of Future Benefits	\$5,745,209
B. Present Value of Future Normal Costs	1,198,518
C. Actuarial Accrued Liability (A.-B.)	4,546,691
D. Actuarial Value of Assets	1,473,759
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$3,072,932
F. Funded Ratio (D./C.)	32.4%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

**BAY COUNTY – BABH
DECEMBER 31, 2013**

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$319,108
Amortization of Unfunded Actuarial Accrued Liability	<u>(128,389)</u>
Annual Required Contribution (ARC)	\$190,719
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$197,394

The ARC shown in this report has been calculated to increase at the same rate as the projected increase in active member payroll (3.50% per year). The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 24 years. The long term rate of investment return used in this valuation is 7.50%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$7,060,276
ii) Vested Terminated Members	0
iii) Active Members	<u>6,997,611</u>
Total Present Value of Future Benefits	\$14,057,887
B. Present Value of Future Normal Costs	2,901,170
C. Actuarial Accrued Liability (A.-B.)	11,156,717
D. Actuarial Value of Assets	13,145,578
E. Unfunded Actuarial Accrued Liability (C.-D.)	(\$1,988,861)
F. Funded Ratio (D./C.)	117.8%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

**BAY COUNTY – MEDICAL CARE FACILITY
DECEMBER 31, 2013**

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$541,597
Amortization of Unfunded Actuarial Accrued Liability	<u>2,459,849</u>
Annual Required Contribution (ARC)	\$3,001,446
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$2,964,927

The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a period of 26 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements. The long term rate of investment return used in this valuation is 6.00%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$24,920,210
ii) Vested Terminated Members	0
iii) Active Members	<u>19,491,128</u>
Total Present Value of Future Benefits	\$44,411,338
B. Present Value of Future Normal Costs	4,139,074
C. Actuarial Accrued Liability (A.-B.)	40,272,264
D. Actuarial Value of Assets	7,336,180
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$32,936,084
F. Funded Ratio (D./C.)	18.2%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

**BAY COUNTY – SHERIFF'S DEPT
DECEMBER 31, 2013**

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$323,964
Amortization of Unfunded Actuarial Accrued Liability	<u>585,705</u>
Annual Required Contribution (ARC)	\$909,669
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$908,746

The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a period of 28 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements. The long term rate of investment return used in this valuation is 6.00%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$4,938,135
ii) Vested Terminated Members	0
iii) Active Members	<u>9,088,068</u>
Total Present Value of Future Benefits	\$14,026,203
B. Present Value of Future Normal Costs	3,177,944
C. Actuarial Accrued Liability (A.-B.)	10,848,259
D. Actuarial Value of Assets	2,762,928
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$8,085,331
F. Funded Ratio (D./C.)	25.5%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

BAY COUNTY – ROAD COMMISSION
DECEMBER 31, 2013

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution
	<u>Fiscal Year Beginning 2014</u>
Employer Normal Cost	\$383,152
Amortization of Unfunded Actuarial Accrued Liability	<u>1,798,559</u>
Annual Required Contribution (ARC)	\$2,181,711
	<u>Fiscal Year Beginning 2015</u>
Annual Required Contribution (ARC)	\$2,258,071

The ARC shown in this report has been calculated to increase at the same rate as the projected increase in active member payroll (3.50% per year). The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 18 years. The long term rate of investment return used in this valuation is 6.00%.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY

A. Present Value of Future Benefits	
i) Retirees and Beneficiaries	\$19,708,519
ii) Vested Terminated Members	0
iii) Active Members	<u>10,996,023</u>
Total Present Value of Future Benefits	\$30,704,542
B. Present Value of Future Normal Costs	3,993,444
C. Actuarial Accrued Liability (A.-B.)	26,711,098
D. Actuarial Value of Assets	839,502
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$25,871,596
F. Funded Ratio (D./C.)	3.1%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer’s Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer’s financial statements.

COMMENTS

COMMENT A: One of the key assumptions used in any valuation of the cost of postemployment benefits is the rate of return on the assets that will be used to pay Plan benefits. Higher assumed investment returns will result in a lower ARC. Lower returns will tend to increase the computed ARC. As requested by the Plan Sponsor we have calculated the liability and the resulting ARC using an assumed annual rate of investment return of 6.00% for all groups except BABH which uses 7.50% as the assumed annual rate of investment return. A 7.50% assumed rate may be appropriate to develop the liabilities of the plan in the case that the Plan Sponsor chooses to pre-fund the entire ARC and invests the resulting assets in such a way as to anticipate 7.50% return. It is our understanding the BABH has been pre-funding the entire ARC. A 6.00% assumed rate may be appropriate if the Plan Sponsor chooses to pre-fund with contributions less than the ARC. It is our understanding that all groups except BABH are partially pre-funding for these benefits. The assumed rate of investment return is determined by the Plan sponsor in conjunction with the auditor.

COMMENT B: In general, the ARC in total for all groups changed from \$12.4 million from the prior valuation to \$10.4 million for this valuation (increases from 2011 ARC: DWS, Library, Road Commission, decreases from 2011 ARC: General, BABH, MCF, Sheriff) due to the interaction of:

- Favorable premium/claim experience for all groups except Library (also note: Library members retiring after 55 years of age and 30 years of service now have 50% paid coverage).
- Return on plan assets.
- Changing election assumption for General, MCF, Sheriff, Road Commission.
- Updated assumptions from the most recent experience study.
- Demographic movements during 2012-2013.
- A loss from update of medical trend.
- Library amortization of unfunded actuarial accrued liabilities changed from level percent of pay method to level dollar method. This change was made because this group was reported as closed for pension valuation purposes and this method complies with the GASB requirements for groups closed to new hires.
- Implementation of an excise tax load for all groups except BABH and MCF (see Comment G).

COMMENTS

COMMENT C: Based on the number of plan members as of this valuation, the plan sponsor is required by GASB to perform actuarial valuations at least biennially unless there are significant changes in the OPEB. Please verify this with the auditor.

COMMENT D: The maximum time period permitted by the GASB Statements No. 43 and No. 45 for amortization of the unfunded actuarial accrued liability is 30 years. A shorter amortization period would result in a higher ARC. The amortization period for all groups decreased by 2 years from that used in the June 30, 2011 valuation – note in particular that Road Commission demographics are consistent with an 18 year amortization period. For the General County, Library, Medical Care Facility, and Sheriff's Department we used a level dollar amortization because these plans are closed to new hires.

COMMENT E: The asset split between the various groups was provided by the County.

COMMENT F: This valuation covers the retiree health benefits provided by the County. These benefits vary between the various groups but in general include: medical, dental, vision, prescription drug coverage and life insurance.

COMMENT G: The “Cadillac” tax is a 40% excise tax paid by the coverage provider (employer and/or insurer) on the value of health plan costs in excess of certain thresholds. The thresholds are \$10,200 for single coverage or \$27,500 for family coverage in 2018. Many plans are below the thresholds today, but are likely to exceed them in the next decade. The thresholds will be indexed at CPI-U, which is lower than the medical inflation rates affecting the cost of the plans. There is considerable uncertainty about how the tax would be applied, and considerable latitude in grouping of participants for tax purposes. Combining early retiree and Medicare eligible retiree costs is allowed and can keep plans under the thresholds for a longer period of time.

For this valuation loads were applied to the General County (1%), DWS (2%), Library (15%), Sheriff's Department (1%), and Road Commission (3%) health care liabilities to approximate the cost for future excise tax. We have not identified any other specific provision of health care reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will review and monitor those impacts.

SECTION B
SENSITIVITY ANALYSIS

POSTEMPLOYMENT HEALTH INSURANCE – SENSITIVITY TESTS

Actuarial valuations deal with the cost of benefits to be paid in the future. The payments considered will range from one month in the future to decades from the valuation date (for a young, newly hired employee who may retire many years from now and live many years after that). In order to establish a present day cost for these future benefit obligations, the actuary bases the valuation on a number of assumptions about future occurrences. The occurrences that must be considered include employee turnover, pay increases, disablement, retirements, deaths and investment income on anticipated plan assets.

When the benefits being valued are health care benefits, a key factor is the future cost of the medical benefits being promised. This is projected using the current cost of the Plan's health care benefits and an assumed future health care cost increase scenario (trend assumption). The true final cost of providing retiree health care benefits will depend, in part, upon how the charges for health care services actually increase in the future.

In order to demonstrate how the value of benefits can vary depending upon future health care cost increase scenarios, we have performed additional valuations using alternative health care cost increase projections. The schedules on the following pages compare (i) the computed cost of the retiree health care benefits using the valuation assumptions to (ii) results of alternate valuations. One of the alternate valuations is based upon a higher health care cost increase scenario in which rates of increase in the next few years are larger than what is assumed by the valuation assumption. The other is based upon a lower health care cost increase scenario in which rates of increase in the next few years are smaller than what is assumed by the valuation assumption. The schedule on page B-9 lists the health care cost increase assumptions used in each of the scenarios. While many other future cost increase scenarios could be developed, this analysis should provide the reader of this report with an understanding of the sensitivity of the valuation results to variations in future health care increases.

BAY COUNTY
SENSITIVITY ANALYSIS – GENERAL COUNTY

The selection of future health care cost trends is one of the key assumptions in determining plan liabilities. Our health care actuaries have determined a most likely scenario (valuation trend) used to project future costs in the valuation. Actual medical cost increases may differ significantly from the valuation assumptions.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2014</u>		
	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
Employer Normal Cost	\$1,137,006	\$1,046,784	\$ 933,416
Amortization of Unfunded Actuarial Accrued Liability	<u>2,446,721</u>	<u>2,202,974</u>	<u>1,896,696</u>
Annual Required Contribution (ARC)	\$3,583,727	\$3,249,758	\$2,830,112
	<u>Fiscal Year Beginning 2015</u>		
Annual Required Contribution (ARC)	\$3,520,037	\$3,191,103	\$2,777,784

All three scenarios above and below are based on a 6.00% discount rate.

Determination of the Unfunded Actuarial Accrued Liability

	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$19,822,249	\$18,257,364	\$16,291,020
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>31,013,862</u>	<u>28,550,809</u>	<u>25,455,879</u>
Total Present Value of Future Benefits	\$50,836,111	\$46,808,173	\$41,746,899
B. Present Value of Future Normal Costs	8,347,367	7,684,220	6,850,948
C. Actuarial Accrued Liability (A.-B.)	42,488,744	39,123,953	34,895,951
D. Actuarial Value of Assets	8,713,123	8,713,123	8,713,123
E. Unfunded Actuarial Accrued Liability (D.-E.)	\$33,775,621	\$30,410,830	\$26,182,828
F. Funded Ratio (D./C.)	20.5%	22.3%	25.0%

BAY COUNTY SENSITIVITY ANALYSIS – DWS

The selection of future health care cost trends is one of the key assumptions in determining plan liabilities. Our health care actuaries have determined a most likely scenario (valuation trend) used to project future costs in the valuation. Actual medical cost increases may differ significantly from the valuation assumptions.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2014</u>		
	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
Employer Normal Cost	\$171,521	\$157,872	\$140,721
Amortization of Unfunded Actuarial Accrued Liability	<u>356,344</u>	<u>311,425</u>	<u>254,982</u>
Annual Required Contribution (ARC)	\$527,865	\$469,297	\$395,703
	<u>Fiscal Year Beginning 2015</u>		
Annual Required Contribution (ARC)	\$546,340	\$485,723	\$409,552

All three scenarios above and below are based on a 6.00% discount rate.

Determination of the Unfunded Actuarial Accrued Liability

	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$ 7,458,153	\$ 6,864,360	\$ 6,118,234
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>5,155,892</u>	<u>4,745,152</u>	<u>4,229,040</u>
Total Present Value of Future Benefits	\$12,614,045	\$11,609,512	\$10,347,274
B. Present Value of Future Normal Costs	1,290,591	1,187,851	1,058,754
C. Actuarial Accrued Liability (A.-B.)	11,323,454	10,421,661	9,288,520
D. Actuarial Value of Assets	4,169,542	4,169,542	4,169,542
E. Unfunded Actuarial Accrued Liability (D.-E.)	\$ 7,153,912	\$ 6,252,119	\$ 5,118,978
F. Funded Ratio (D./C.)	36.8%	40.0%	44.9%

BAY COUNTY
SENSITIVITY ANALYSIS – LIBRARY

The selection of future health care cost trends is one of the key assumptions in determining plan liabilities. Our health care actuaries have determined a most likely scenario (valuation trend) used to project future costs in the valuation. Actual medical cost increases may differ significantly from the valuation assumptions.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2014</u>		
	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
Employer Normal Cost	\$175,643	\$161,609	\$143,974
Amortization of Unfunded Actuarial Accrued Liability	<u>251,207</u>	<u>222,605</u>	<u>186,664</u>
Annual Required Contribution (ARC)	\$426,850	\$384,214	\$330,638
	<u>Fiscal Year Beginning 2015</u>		
Annual Required Contribution (ARC)	\$418,851	\$376,853	\$324,081

All three scenarios above and below are based on a 6.00% discount rate.

Determination of the Unfunded Actuarial Accrued Liability

	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$1,442,789	\$1,327,506	\$1,182,649
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>4,801,344</u>	<u>4,417,703</u>	<u>3,935,642</u>
Total Present Value of Future Benefits	\$6,244,133	\$5,745,209	\$5,118,291
B. Present Value of Future Normal Costs	1,302,599	1,198,518	1,067,735
C. Actuarial Accrued Liability (A.-B.)	4,941,534	4,546,691	4,050,556
D. Actuarial Value of Assets	1,473,759	1,473,759	1,473,759
E. Unfunded Actuarial Accrued Liability (D.-E.)	\$3,467,775	\$3,072,932	\$2,576,797
F. Funded Ratio (D./C.)	29.8%	32.4%	36.4%

BAY COUNTY
SENSITIVITY ANALYSIS – BABH

The selection of future health care cost trends is one of the key assumptions in determining plan liabilities. Our health care actuaries have determined a most likely scenario (valuation trend) used to project future costs in the valuation. Actual medical cost increases may differ significantly from the valuation assumptions.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2014</u>		
	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
Employer Normal Cost	\$346,820	\$319,108	\$284,287
Amortization of Unfunded Actuarial Accrued Liability	(65,845)	(128,389)	(206,978)
Annual Required Contribution (ARC)	\$280,975	\$190,719	\$ 77,309
	<u>Fiscal Year Beginning 2015</u>		
Annual Required Contribution (ARC)	\$290,809	\$197,394	\$ 80,015

All three scenarios above and below are based on a 7.50% discount rate.

Determination of the Unfunded Actuarial Accrued Liability

	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$ 7,673,402	\$ 7,060,276	\$ 6,289,857
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>7,605,296</u>	<u>6,997,611</u>	<u>6,234,030</u>
Total Present Value of Future Benefits	\$15,278,698	\$14,057,887	\$12,523,887
B. Present Value of Future Normal Costs	3,153,113	2,901,170	2,584,594
C. Actuarial Accrued Liability (A.-B.)	12,125,585	11,156,717	9,939,293
D. Actuarial Value of Assets	13,145,578	13,145,578	13,145,578
E. Unfunded Actuarial Accrued Liability (D.-E.)	\$(1,019,993)	\$(1,988,861)	\$(3,206,285)
F. Funded Ratio (D./C.)	108.4%	117.8%	132.3%

BAY COUNTY
SENSITIVITY ANALYSIS – MEDICAL CARE FACILITY

The selection of future health care cost trends is one of the key assumptions in determining plan liabilities. Our health care actuaries have determined a most likely scenario (valuation trend) used to project future costs in the valuation. Actual medical cost increases may differ significantly from the valuation assumptions.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2014</u>		
	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
Employer Normal Cost	\$ 588,330	\$ 541,597	\$ 482,875
Amortization of Unfunded Actuarial Accrued Liability	<u>2,718,776</u>	<u>2,459,849</u>	<u>2,134,497</u>
Annual Required Contribution (ARC)	\$3,307,106	\$3,001,446	\$2,617,372
	<u>Fiscal Year Beginning 2015</u>		
Annual Required Contribution (ARC)	\$3,267,442	\$2,964,927	\$2,584,804

All three scenarios above and below are based on a 6.00% discount rate.

Determination of the Unfunded Actuarial Accrued Liability

	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$27,060,455	\$24,920,210	\$22,230,902
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>21,175,321</u>	<u>19,491,128</u>	<u>17,374,868</u>
Total Present Value of Future Benefits	\$48,235,776	\$44,411,338	\$39,605,770
B. Present Value of Future Normal Costs	4,496,621	4,139,074	3,689,801
C. Actuarial Accrued Liability (A.-B.)	43,739,155	40,272,264	35,915,969
D. Actuarial Value of Assets	7,336,180	7,336,180	7,336,180
E. Unfunded Actuarial Accrued Liability (D.-E.)	\$36,402,975	\$32,936,084	\$28,579,789
F. Funded Ratio (D./C.)	16.8%	18.2%	20.4%

BAY COUNTY
SENSITIVITY ANALYSIS – SHERIFF'S DEPT

The selection of future health care cost trends is one of the key assumptions in determining plan liabilities. Our health care actuaries have determined a most likely scenario (valuation trend) used to project future costs in the valuation. Actual medical cost increases may differ significantly from the valuation assumptions.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2014</u>		
	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
Employer Normal Cost	\$ 352,098	\$ 323,964	\$288,613
Amortization of Unfunded Actuarial Accrued Liability	<u>653,950</u>	<u>585,705</u>	<u>499,952</u>
Annual Required Contribution (ARC)	\$1,006,048	\$909,669	\$788,565
	<u>Fiscal Year Beginning 2015</u>		
Annual Required Contribution (ARC)	\$1,005,045	\$908,746	\$787,743

All three scenarios above and below are based on a 6.00% discount rate.

Determination of the Unfunded Actuarial Accrued Liability

	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$ 5,366,972	\$ 4,938,135	\$ 4,399,284
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>9,877,291</u>	<u>9,088,068</u>	<u>8,096,376</u>
Total Present Value of Future Benefits	\$15,244,263	\$14,026,203	\$12,495,660
B. Present Value of Future Normal Costs	3,453,922	3,177,944	2,831,166
C. Actuarial Accrued Liability (A.-B.)	11,790,341	10,848,259	9,664,494
D. Actuarial Value of Assets	2,762,928	2,762,928	2,762,928
E. Unfunded Actuarial Accrued Liability (D.-E.)	\$ 9,027,413	\$ 8,085,331	\$ 6,901,566
F. Funded Ratio (D./C.)	23.4%	25.5%	28.6%

BAY COUNTY
SENSITIVITY ANALYSIS – ROAD COMMISSION

The selection of future health care cost trends is one of the key assumptions in determining plan liabilities. Our health care actuaries have determined a most likely scenario (valuation trend) used to project future costs in the valuation. Actual medical cost increases may differ significantly from the valuation assumptions.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2014</u>		
	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
Employer Normal Cost	\$ 416,147	\$ 383,152	\$ 341,692
Amortization of Unfunded Actuarial Accrued Liability	<u>1,958,658</u>	<u>1,798,559</u>	<u>1,597,388</u>
Annual Required Contribution (ARC)	\$2,374,805	\$2,181,711	\$1,939,080
	<u>Fiscal Year Beginning 2015</u>		
Annual Required Contribution (ARC)	\$2,457,923	\$2,258,071	\$2,006,948

All three scenarios above and below are based on a 6.00% discount rate.

Determination of the Unfunded Actuarial Accrued Liability

	<u>Higher Trend</u>	<u>Valuation Trend</u>	<u>Lower Trend</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$21,408,187	\$19,708,519	\$17,572,815
ii) Vested Terminated Members	0	0	0
iii) Active Members	<u>11,943,612</u>	<u>10,996,023</u>	<u>9,805,338</u>
Total Present Value of Future Benefits	\$33,351,799	\$30,704,542	\$27,378,153
B. Present Value of Future Normal Costs	4,337,739	3,993,444	3,560,823
C. Actuarial Accrued Liability (A.-B.)	29,014,060	26,711,098	23,817,330
D. Actuarial Value of Assets	839,502	839,502	839,502
E. Unfunded Actuarial Accrued Liability (D.-E.)	\$28,174,558	\$25,871,596	\$22,977,828
F. Funded Ratio (D./C.)	2.9%	3.1%	3.5%

BAY COUNTY SENSITIVITY ANALYSIS

Health care cost trend rates used in the sensitivity analysis are shown below:

Year After Valuation	Medical and Drug Valuation Trend Rate
	All Groups
1	9.00%
2	8.25%
3	7.50%
4	6.75%
5	6.25%
6	5.75%
7	5.25%
8	4.75%
9	4.25%
10	3.50%
11	3.50%
12+	3.50%

Year After Valuation	Medical and Drug Higher Trend Rate
	All Groups
1	11.00%
2	10.00%
3	9.00%
4	8.00%
5	7.25%
6	6.50%
7	5.75%
8	5.00%
9	4.25%
10	3.50%
11	3.50%
12+	3.50%

Year After Valuation	Medical and Drug Lower Trend Rate
	All Groups
1	7.00%
2	6.50%
3	6.00%
4	5.50%
5	5.00%
6	4.50%
7	4.00%
8	3.50%
9	3.50%
10	3.50%
11	3.50%
12+	3.50%

SECTION C
BENEFIT PROJECTIONS

20-YEAR BENEFIT PROJECTIONS

Until a retirement program reaches a mature state, the number of members receiving benefits will continue to increase, generating increases in the amount of plan benefit disbursements. Health Care costs are also expected to increase as the result of medical care inflation, changes in utilization and Medicare cost shifting. When all of these forces apply, as they do for the Bay County Retiree Health Care Plan, it is expected that the amount of the Plan's annual health disbursements will increase for years to come.

In the following exhibits, we have projected for each group Plan health disbursements for current and future retirees and beneficiaries over the next 20 years. The projections are based upon the same assumptions used in the actuarial calculations. They also include the effect of any subsidy implicit in the pre-65 retiree rates and the effect of any retiree cost-sharing provisions; however, they do not include projected life insurance disbursements. In addition, the "Cadillac Plan" excise tax load is not applied.

**GENERAL COUNTY
20-YEAR BENEFIT PROJECTIONS**

Benefit Projections

Fiscal Year Beginning January 1,	Projected Benefit Disbursements*
2014	\$1,436,762
2015	1,658,848
2016	1,880,902
2017	2,080,535
2018	2,299,159
2019	2,449,284
2020	2,620,137
2021	2,816,302
2022	2,932,808
2023	2,993,430
2024	3,107,028
2025	3,237,815
2026	3,323,537
2027	3,362,069
2028	3,430,989
2029	3,544,728
2030	3,618,526
2031	3,671,889
2032	3,715,066
2033	3,726,565

* *These projections exclude retirees who are currently opted-out of the retiree health program.*

DWS
20-YEAR BENEFIT PROJECTIONS

Benefit Projections

Fiscal Year Beginning January 1,	Projected Benefit Disbursements
2014	\$438,260
2015	495,148
2016	551,139
2017	572,939
2018	600,971
2019	593,017
2020	599,855
2021	638,284
2022	669,510
2023	719,500
2024	766,075
2025	799,111
2026	835,183
2027	863,880
2028	886,860
2029	902,951
2030	912,037
2031	927,022
2032	938,219
2033	941,532

LIBRARY
20-YEAR BENEFIT PROJECTIONS

Benefit Projections

Fiscal Year Beginning January 1,	Projected Benefit Disbursements
2014	\$ 100,712
2015	111,248
2016	128,648
2017	153,084
2018	175,321
2019	205,387
2020	236,598
2021	259,843
2022	275,386
2023	296,585
2024	329,053
2025	353,344
2026	377,696
2027	396,248
2028	413,553
2029	436,381
2030	450,616
2031	462,165
2032	472,976
2033	481,143

BABH
20-YEAR BENEFIT PROJECTIONS

Benefit Projections

Fiscal Year Beginning January 1,	Projected Benefit Disbursements
2014	\$ 580,237
2015	640,024
2016	658,187
2017	690,391
2018	754,833
2019	831,064
2020	882,478
2021	901,363
2022	939,264
2023	989,634
2024	1,026,044
2025	1,018,096
2026	1,045,313
2027	1,102,858
2028	1,140,525
2029	1,160,030
2030	1,202,517
2031	1,275,946
2032	1,340,672
2033	1,416,275

**MEDICAL CARE FACILITY
20-YEAR BENEFIT PROJECTIONS**

Benefit Projections

Fiscal Year Beginning January 1,	Projected Benefit Disbursements
2014	\$1,940,807
2015	2,055,264
2016	2,137,994
2017	2,314,239
2018	2,484,027
2019	2,613,206
2020	2,780,142
2021	2,906,599
2022	3,043,217
2023	3,113,591
2024	3,100,701
2025	3,117,924
2026	3,129,146
2027	3,133,715
2028	3,159,236
2029	3,130,732
2030	3,098,594
2031	3,107,780
2032	3,178,356
2033	3,228,962

SHERIFF'S DEPT
20-YEAR BENEFIT PROJECTIONS

Benefit Projections

Fiscal Year Beginning January 1,	Projected Benefit Disbursements*
2014	\$ 337,313
2015	371,658
2016	416,306
2017	446,159
2018	480,836
2019	532,303
2020	537,776
2021	588,791
2022	662,961
2023	754,308
2024	820,061
2025	902,583
2026	951,263
2027	1,005,660
2028	1,075,149
2029	1,127,635
2030	1,196,639
2031	1,275,934
2032	1,302,364
2033	1,301,530

* *These projections exclude retirees who are currently opted-out of the retiree health program.*

ROAD COMMISSION
20-YEAR BENEFIT PROJECTIONS

Benefit Projections

Fiscal Year Beginning January 1,	Projected Benefit Disbursements
2014	\$1,349,490
2015	1,427,517
2016	1,504,344
2017	1,561,934
2018	1,610,742
2019	1,615,810
2020	1,714,876
2021	1,814,249
2022	1,917,653
2023	2,049,214
2024	2,156,210
2025	2,193,550
2026	2,226,962
2027	2,263,080
2028	2,306,173
2029	2,270,493
2030	2,250,643
2031	2,293,210
2032	2,313,041
2033	2,277,018

SECTION D

RETIREE PREMIUM RATE DEVELOPMENT

RETIREE PREMIUM RATE DEVELOPMENT

Initial retiree premiums rates were developed for two classes of retirees (pre-65 and post-65), and for each of the following Bay County Divisions:

1. Library (fully-insured)
2. Bay-Arenac Behavioral Health (fully-insured)
3. Bay Medical Care Facility (self-insured)
4. Road Commission (self-insured)
5. Department of Water and Sewer (self-insured)
6. General and Sheriff's Divisions (partially fully-insured and self-insured)

Fully-Insured Rate Development

Library

Initial premium rates were developed for the two classes of retirees (pre-65 and post-65). The fully-insured rates provided by Bay County Library were utilized to determine the appropriate premium rates. The pre-65 fully-insured premiums are blended rates based on the combined experience of active and pre-65 retired members; therefore, there is an implicit employer subsidy for the non-Medicare eligible retirees since the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees. The true per capita cost for the pre-65 retirees is developed by adjusting the demographic differences between the active employees and retirees to reflect this implicit rate subsidy for the retirees. For the post-65 retirees, the fully-insured premium rate was used as the basis of the initial per capita cost without adjustments since the rate reflects the demographics of the post-65 retiree group.

For the current active employees, the only group-division available upon retirement is BCBS 007000251-0006. We have developed separate premium rates for future retirees in order to reflect the benefit differences. Due to our understanding that BCBS 007000251-0001 is no longer available to current actives employees upon retirement, there was a significant increase in the future retiree rates when compared to the prior valuation.

Behavioral Health

Initial premium rates were developed for the two classes of retirees (pre-65 and post-65). The fully-insured rates provided by Bay County Behavioral Health were utilized to determine the appropriate premium rates. The pre-65 fully-insured premiums are blended rates based on the combined experience of active and pre-65 retired members; therefore, there is an implicit employer subsidy for the non-Medicare eligible retirees since the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees. The true per capita cost for the pre-65 retirees is developed by adjusting the demographic differences between the active employees and retirees to reflect this implicit rate subsidy for the retirees. For the post-65 retirees, the

RETIREE PREMIUM RATE DEVELOPMENT

fully-insured premium rate was used as the basis of the initial per capita cost without adjustments since the rate reflects the demographics of the post-65 retiree group.

The Post-65 HealthPlus Insurance coverage is a Medicare Advantage Program. In a Medicare Advantage Program, the liability is based on the difference between the present value of future claims minus the present value of future reimbursements from CMS. Each of these items will experience future growth under arguably differing forces. Recently announced changes to the Medicare Advantage program will most likely result in decreases in the reimbursements from CMS within the next few years. This, in turn, will cause the net employer cost to trend upward at a rate above usual market trends for healthcare costs. When the Plan is insured, this effect is buried in the rates being charged by the insurer. To account for this expectation, we have adjusted the Medicare rates up by a factor of 15.5%. This adjustment will be revisited at the time of the next valuation.

Self-Insured Premium Development

Medical Care Facility

Initial premium rates were developed separately for each class (pre-65 and post-65). The rates were calculated by using actual claims and exposure data for the period of January 2012 through November 2014 adjusted for catastrophic claims, plus the load for administration, network access fee, and stop loss premiums. The self-insured medical and prescription drug data were provided by the Medical Care Facility. The Medical data was analyzed for the pre-65 and post-65 participants separately since Medicare is available for the post-65 participants and has a significant impact on the claim experience. Since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well.

Road Commission

Initial premium rates were developed separately for each class (pre-65 and post-65) of retirees. The rates were calculated by using incurred claims and exposure data for the period of January 2011 through December 2013 paid through June 30, 2014 adjusted for catastrophic claims, plus the load for administration, network access fee, and stop loss premiums. The self-insured medical and prescription drug data were provided by the Road Commission. The medical data was analyzed for the pre-65 and post-65 participants separately since Medicare is available for the post-65 participants and has a significant impact on the claim experience. Furthermore, since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well.

RETIREE PREMIUM RATE DEVELOPMENT

For current active employees, the only plans available upon retirement are group-divisions 007000252-0021 and 007000252-0022. We have developed separate premium rate for future retirees to reflect the benefit differences.,

Department of Water and Sewer

Initial premium rates were developed separately for each class (pre-65 and post-65) of retirees. The rates were calculated by using actual incurred claims and exposure data for the period of January 2011 through December 2013 paid through June 30, 2012 adjusted for catastrophic claims, plus the load for administration, network access fee, and stop loss premiums. The self-insured medical and prescription drug data were provided by the Department of Water and Sewer. The medical data was analyzed for the pre-65 and post-65 participants separately since Medicare is available for the post-65 participants and has a significant impact on the claim experience. Furthermore, since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well. Due to the very small number of retirees, the experience from the active employees and their dependents was incorporated into the premium development.

For current active employees, the only plans available upon retirement are suffixes 0025 and 0026. We have developed separate premium rate for future retirees to reflect the benefit differences.

Blended Rate Development

Bay County General and Sheriff

Premium rates for Bay County General and Sheriff were developed separately for the self-insured and the fully-insured portions and then combined to create one premium rate.

The self-insured initial premium rates were developed separately for each class (pre-65 and post-65). The rates were calculated by using incurred claims and exposure data for the period of January 2011 through December 2013 paid through June 30, 2014 adjusted for catastrophic claims, plus the load for administration, network access fee, and stop loss premiums. The self-insured medical and prescription drug data were provided by the County. The medical data was analyzed for the pre-65 and post-65 participants separately since Medicare is available for the post-65 participants and has a significant impact on the claim experience. Furthermore, since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well.

The initial fully-insured premium rates were developed for the two classes of retirees (pre-65 and post-65). The fully-insured rates provided by the County were utilized to determine the appropriate premium rates. The fully-insured and self-insured rates were then blended based on the retiree elections.

RETIREE PREMIUM RATE DEVELOPMENT

All Groups

Age graded and sex distinct premiums are utilized in this valuation. The premiums developed by the preceding processes are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process “distributes” the average premium over all age/sex combinations and assigns a unique premium for each specific age/sex combination. The age/sex specific premiums more accurately reflect the health care utilization and cost at that age.

Future Retirees

Expected Health Care Cost by Age for Medical and Prescription Drugs								
	General		DWS		Library		BABH	
Age	Male	Female	Male	Female	Male	Female	Male	Female
45	\$ 452.97	\$ 593.02	\$ 347.01	\$ 454.30	\$ 480.00	\$ 628.41	\$ 417.70	\$ 546.84
50	612.83	694.38	469.48	531.95	649.40	735.81	565.11	640.30
55	800.96	823.31	613.60	630.72	848.76	872.44	738.59	759.20
60	1,006.24	967.21	770.86	740.96	1,066.28	1,024.93	927.88	891.90
64	1,171.21	1,085.60	897.24	831.65	1,241.10	1,150.38	1,080.01	1,001.06
65	389.91	359.05	379.90	349.83	773.42	712.22	277.61	255.64
70	449.75	404.42	438.21	394.04	892.13	802.21	320.21	287.94
75	499.30	443.12	486.49	431.75	990.42	878.98	355.49	315.49

Expected Health Care Cost by Age for Medical and Prescription Drugs						
	Medical Care Facility		Sheriff's Department		Road Commission	
Age	Male	Female	Male	Female	Male	Female
45	\$ 456.41	\$ 597.52	\$ 452.97	\$ 593.02	\$ 439.90	\$ 575.91
50	617.48	699.64	612.83	694.38	595.15	674.34
55	807.03	829.56	800.96	823.31	777.84	799.55
60	1,013.87	974.55	1,006.24	967.21	977.20	939.30
64	1,180.09	1,093.83	1,171.21	1,085.60	1,137.41	1,054.27
65	361.79	333.16	389.91	359.05	310.01	285.48
70	417.32	375.26	449.75	404.42	357.59	321.55
75	463.30	411.17	499.30	443.12	396.99	352.32

RETIREE PREMIUM RATE DEVELOPMENT

Current Retirees

Expected Health Care Cost by Age for Medical and Prescription Drugs								
	General		DWS		Library		BABH	
Age	Male	Female	Male	Female	Male	Female	Male	Female
45	\$ 452.97	\$ 593.02	\$ 404.25	\$ 529.24	\$ 571.67	\$ 748.42	\$ 417.70	\$ 546.84
50	612.83	694.38	546.92	619.69	773.42	876.33	565.11	640.30
55	800.96	823.31	714.81	734.76	1,010.85	1,039.06	738.59	759.20
60	1,006.24	967.21	898.00	863.18	1,269.91	1,220.67	927.88	891.90
64	1,171.21	1,085.60	1,045.23	968.83	1,478.12	1,370.07	1,080.01	1,001.06
65	389.91	359.05	475.18	437.58	895.33	824.48	277.61	255.64
70	449.75	404.42	548.11	492.86	1,032.76	928.66	320.21	287.94
75	499.30	443.12	608.50	540.03	1,146.54	1,017.53	355.49	315.49

Expected Health Care Cost by Age for Medical and Prescription Drugs						
	Medical Care Facility		Sheriff's Department		Road Commission	
Age	Male	Female	Male	Female	Male	Female
45	\$ 456.41	\$ 597.52	\$ 452.97	\$ 593.02	\$ 548.69	\$ 718.33
50	617.48	699.64	612.83	694.38	742.33	841.10
55	807.03	829.56	800.96	823.31	970.21	997.29
60	1,013.87	974.55	1,006.24	967.21	1,218.86	1,171.59
64	1,180.09	1,093.83	1,171.21	1,085.60	1,418.69	1,314.99
65	361.79	333.16	389.91	359.05	530.81	488.80
70	417.32	375.26	449.75	404.42	612.28	550.56
75	463.30	411.17	499.30	443.12	679.74	603.25

The dental and vision premium rates were not “age graded” for this valuation because dental and vision claims do not vary significantly by age. The monthly dental and vision premium rates used in this valuation are shown below:

Group	Dental and Vision			
	Pre-65		Post-65	
	One-Person	Two-Person	One-Person	Two-Person
BABH	\$27.24	\$48.65	\$27.24	\$48.65
Road Commission	37.95	91.10	36.46	72.92
DWS	37.95	91.10	36.46	72.92
Medical Care Facility	22.62	54.29	20.90	41.80

James E. Pranschke is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the per capita retiree health care rates shown above.

James E. Pranschke

James E. Pranschke, FSA, MAAA

SECTION E
SUMMARY OF BENEFITS

BAY COUNTY RETIREE HEALTH CARE PLAN – DWS

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Leaving Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit	When do retiree health benefits commence?	Coverage Provided by Employer		Retiree Health Care Provider(s)	Type of Insurance	Third Party Administrator	Retiree Share of Cost for		
				Retiree	Spouse				Retiree	Spouse (while Retiree is alive)	Spouse (after Retiree's death)
Normal/Early Retirement	30 yrs of svc regardless of age	30 yrs of svc regardless of age	Immediately	Medical	Medical	BCBS	self-insured	BCBS	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C
	Age 55 with 8/10 [^] yrs of svc **	Age 55 with 8/10 [^] yrs of svc		Prescription drug	Prescription drug	BCBS	self-insured	BCBS	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C
	Age 60 with 8/10 [^] yrs of svc	Age 60 with 8/10 [^] yrs of svc		Dental	Dental	BCBS	self-insured	BCBS	Hourly - 100%, Salary See Schedule C	Hourly - N/A, Salary See Schedule C	Hourly - N/A, Salary See Schedule C
				Vision	Vision	BCBS	self-insured	BCBS	Hourly - 100%, Salary See Schedule C	Hourly - N/A, Salary See Schedule C	Hourly - N/A, Salary See Schedule C
				Life Insurance	*Salary Only	LINCOLN	Life	LINCOLN	See Schedule I	N/A	N/A
Deferred Vested Termination	8/10 [^] yrs of svc	n/a		Medical	Medical	N/A			N/A	N/A	N/A
				Prescription drug	Prescription drug	N/A			N/A	N/A	N/A
				Dental	Dental	N/A			N/A	N/A	N/A
				Vision	Vision	N/A			N/A	N/A	N/A
				Life Insurance		N/A			N/A	N/A	N/A
Non-Duty Disability	8/10 [^] yrs of svc	8/10 [^] yrs of svc	Immediately	Medical	Medical	BCBS	self-insured	BCBS	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C
				Prescription drug	Prescription drug	BCBS	self-insured	BCBS	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C
				Dental	Dental	BCBS	self-insured	BCBS	Hourly - 100%, Salary See Schedule C	Hourly - N/A, Salary See Schedule C	Hourly - N/A, Salary See Schedule C
				Vision	Vision	BCBS	self-insured	BCBS	Hourly - 100%, Salary See Schedule C	Hourly - N/A, Salary See Schedule C	Hourly - N/A, Salary See Schedule C
				Life Insurance	*Salary Only	LINCOLN	Life	LINCOLN	See Schedule I	N/A	N/A
Duty Disability	No age or svc requirement	No age or svc requirement	Immediately	Medical	Medical	BCBS	self-insured	BCBS	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C
				Prescription drug	Prescription drug	BCBS	self-insured	BCBS	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C	Hourly See Schedule B, Salary See Schedule C
				Dental	Dental	BCBS	self-insured	BCBS	Hourly - 100%, Salary See Schedule C	Hourly - N/A, Salary See Schedule C	Hourly - N/A, Salary See Schedule C
				Vision	Vision	BCBS	self-insured	BCBS	Hourly - 100%, Salary See Schedule C	Hourly - N/A, Salary See Schedule C	Hourly - N/A, Salary See Schedule C
				Life Insurance		LINCOLN	Life	LINCOLN	See Schedule I	N/A	N/A
Non-Duty Death-in-Svc	8/10 [^] yrs of svc	8/10 [^] yrs of svc	Immediately	Medical		BCBS	self-insured	BCBS			Hourly See Schedule B, Salary See Schedule C
				Prescription drug		BCBS	self-insured	BCBS			Hourly See Schedule B, Salary See Schedule C
				Dental							
				Vision							
Duty Death-in-Svc	No age or svc requirement	No age or svc requirement	Immediately	Medical		BCBS	self-insured	BCBS			Hourly See Schedule B, Salary See Schedule C
				Prescription drug		BCBS	self-insured	BCBS			Hourly See Schedule B, Salary See Schedule C
				Dental							
				Vision							

Medicare Reimbursement is not offered to any members.

[^] 10 yrs of svc for members hired after 7/1/2008

** Eligible for retirement with a reduced pension

DWS part-time members do not qualify for retiree health care. They do not have access to the plan.

BAY COUNTY RETIREE HEALTH CARE PLAN – LIBRARY

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Leaving Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit	When do retiree health benefits commence?	Coverage Provided by Employer		Retiree Health Care Provider(s)	Type of Insurance	Retiree Share of Cost for		
				Retiree	Spouse			Retiree	Spouse (while Retiree is alive)	Spouse (after Retiree's death)
Normal/Early Retirement	ICEA/PERA 1203, ICEA/PERA 612, UWUA 542: Age 55 with 8/10! yrs of svc ** Age 55 with 30 yrs of svc Age 60 with 8/10! yrs of svc Remaining Library Groups: Age 55 with 8 yrs of svc ** Age 55 with 30 yrs of svc Age 60 with 8 yrs of svc	ICEA/PERA 1203, ICEA/PERA 612 UWUA 542: Age 55 with 8/10! yrs of svc Age 60 with 8/10! yrs of svc Remaining Library Groups: Age 55 with 8/10! yrs of svc Age 60 with 8/10! yrs of svc	Immediately	Medical Prescription drug Dental - N/A Vision - N/A Life Insurance - N/A	Medical - N/A Prescription drug - N/A Dental - N/A Vision - N/A	BCBS BCBS N/A N/A N/A	fully-insured fully-insured N/A N/A N/A	Retired age 55 with 30+ years - 50% Retired between age 60 and 65 - 50%, Retired after age 65 - 0% Retired age 55 with 30+ years - 50% Retired between age 60 and 65 - 50%, Retired after age 65 - 0%	N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A
Deferred Vested Termination	ICEA/PERA 1203, ICEA/PERA 612, UWUA 542: 8/10! yrs of svc Remaining Library Groups: 8 yrs of svc	ICEA/PERA 1203, ICEA/PERA 612, UWUA 542: N/A Remaining Library Groups: N/A		Medical Prescription drug Dental - N/A Vision - N/A Life Insurance - N/A	Medical - N/A Prescription drug - N/A Dental - N/A Vision - N/A	N/A N/A N/A N/A N/A		N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A
Non-Duty Disability	10 or more yrs of credited svc	ICEA/PERA 1203, ICEA/PERA 612, UWUA 542: 10 or more yrs of credited svc Remaining Library Groups: 10 or more yrs of credited svc	Immediately	Medical Prescription drug Dental - N/A Vision - N/A Life Insurance - N/A	Medical - N/A Prescription drug - N/A Dental - N/A Vision - N/A	BCBS BCBS N/A N/A N/A	fully-insured fully-insured	10 or more yrs of credited svc - 50 % 10 or more yrs of credited svc - 50 %	N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A
Duty Disability	No age or svc requirement	ICEA/PERA 1203, ICEA/PERA 612, UWUA 542: No age or svc requirement Remaining Library Groups: 10 or more yrs of credited svc	Immediately	Medical Prescription drug Dental - N/A Vision - N/A Life Insurance - N/A	Medical - N/A Prescription drug - N/A Dental - N/A Vision - N/A	BCBS BCBS N/A N/A N/A	fully-insured fully-insured	No age or svc requirement - 50% No age or svc requirement - 50%	N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A
Non-Duty Death-in-Svc	10 or more yrs of credited svc	ICEA/PERA 1203, ICEA/PERA 612, UWUA 542: 10 or more yrs of credited svc Remaining Library Groups: 10 or more yrs of credited svc	Immediately		Medical - N/A Prescription drug - N/A Dental - N/A Vision - N/A	BCBS BCBS N/A N/A	fully-insured fully-insured			N/A N/A N/A N/A
Duty Death-in-Svc	No age or svc requirement Benefits begin upon termination of Worker's Compensation	ICEA/PERA 1203, ICEA/PERA 612, UWUA 542: No age or svc requirement Remaining Library Groups: 10 or more yrs of credited svc	Immediately		Medical - N/A Prescription drug - N/A Dental - N/A Vision - N/A	BCBS BCBS N/A N/A	fully-insured fully-insured			N/A N/A N/A N/A

Medicare Reimbursement is not offered to any members.

! 10 yrs of svc for members hired after 3/1/2008

** Eligible for retirement with a reduced pension

BAY COUNTY RETIREE HEALTH CARE PLAN – BABH

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Leaving Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit	When do retiree health benefits commence?	Coverage Provided by Employer		Retiree Health Care Provider(s)	Type of Insurance	Retiree Share of Cost for		
				Retiree	Spouse			Retiree	Spouse (while Retiree is alive)	Spouse (after Retiree's death)
Normal/Early Retirement	Age 55 with 8 yrs of svc Age 55 with 30 yrs of svc Age 60 with 8 yrs of svc	Age 55 with 30 yrs of svc Age 60 with 8 yrs of svc	Immediately	Medical Prescription drug Dental* Vision*	Medical Prescription drug Dental* Vision*	Health Plus Health Plus Health Plus	fully-insured fully-insured fully-insured	See Schedule D See Schedule D Zero cost for Retiree with at least 20 yrs svc. Zero cost for Retiree with at least 20 yrs svc.	See Schedule D See Schedule D See Schedule D See Schedule D	See Schedule D See Schedule D See Schedule D See Schedule D
Deferred Vested Termination	8 yrs of svc	None		Medical Prescription drug Dental Vision	Medical Prescription drug Dental Vision	N/A N/A N/A N/A		N/A N/A N/A N/A	N/A N/A N/A N/A	N/A N/A N/A N/A
Non-Duty Disability	10 or more years of credited svc	10 or more years of credited svc	Immediately	Medical Prescription drug Dental Vision	Medical Prescription drug Dental Vision	Health Plus Health Plus Health Plus	fully-insured fully-insured fully-insured	See Schedule D See Schedule D	See Schedule D See Schedule D	See Schedule D See Schedule D
Duty Disability	No age or svc requirement	No age or svc requirement	Immediately	Medical Prescription drug Dental Vision	Medical Prescription drug Dental Vision	Health Plus Health Plus Health Plus	fully-insured fully-insured fully-insured	See Schedule D See Schedule D	See Schedule D See Schedule D	See Schedule D See Schedule D
Non-Duty Death-in-Svc	10 or more years of credited svc	10 or more years of credited svc	Immediately -Surviving Spouse		Medical Prescription drug Dental Vision	Health Plus Health Plus Health Plus	fully-insured fully-insured fully-insured			
Duty Death-in-Svc	No age or svc requirement Benefits begin upon termination of Worker's Compensation	No age or svc requirement Benefits begin upon termination of Worker's Compensation	Immediately -Surviving Spouse		Medical Prescription drug Dental Vision	Health Plus Health Plus Health Plus	fully-insured fully-insured fully-insured			

Medicare Reimbursement is not offered to any members.

** Eligible for retirement with a reduced pension

BABH part-time members do not qualify for retiree health care. They do not have access to the plan.

BAY COUNTY RETIREE HEALTH CARE PLAN – MEDICAL CARE FACILITY

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Leaving Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit	When do retiree health benefits commence?	Coverage Provided by Employer		Retiree Health Care Provider(s)	Type of Insurance	Third Party Administrator	Retiree Share of Cost for		
				Retiree	Spouse				Retiree	Spouse (while Retiree is alive)	Spouse (after Retiree's death)
Normal/Early Retirement	30 yrs of svc regardless of age Age 55 with 8 yrs of svc ** Age 55 with 25 yrs of svc Age 60 with 8 yrs of svc	Members Hired Before April 19, 2007: Age 55 with 8 yrs of svc Age 60 with 8 yrs of svc 30 yrs of svc regardless of age Members Hired After April 19, 2007: Age 55 with 25 yrs of svc 30 yrs of svc regardless of age Members Hired after January 15,2010: Not eligible for health insurance	Immediately To be eligible for health insurance employee must have been FT at time of retirement.	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	BCBSM BCBSM BCBSM The Hartford	self-insured self-insured self-insured	BCBSM BCBSM BCBSM	Medical and Prescription Drug If retired before 1/15/2010 - None If retired after 1/15/2010 - See Below Dental and Vision If retired before 1/1/2001 - N/A, If retired 1/1/2001 - 1/15/2010 - 0% If retired after 1/15/2010 - See Below	Medical and Prescription Drug If retired before 1/15/2010 - None If retired after 1/15/2010 - See Below Dental and Vision If retired before 1/1/2001 - N/A, If retired 1/1/2001 - 1/15/2010 - 0% If retired after 1/15/2010 - See Below	Medical and Prescription Drug If retired before 1/15/2010 - None If retired after 1/15/2010 - See Below Dental and Vision If retired before 1/1/2001 - N/A, If retired 1/1/2001 - 1/15/2010 - 0% If retired after 1/15/2010 - See Below
Deferred Vested Termination	8 yrs of svc **	N/A	N/A	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision N/A	N/A N/A N/A N/A N/A			N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A
Non-Duty Disability	10 or more yrs of credited svc	10 or more yrs of credited svc Members Hired after January 15,2010: Not eligible for health insurance	Immediately	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	BCBSM BCBSM BCBSM BCBSM The Hartford	self-insured self-insured self-insured self-insured	BCBSM BCBSM BCBSM BCBSM The Hartford	Medical, Prescription Drug, Dental and Vision Same as described above N/A	Medical, Prescription Drug, Dental and Vision Same as described above N/A	Medical, Prescription Drug, Dental and Vision Same as described above N/A
Duty Disability	No age or svc requirement	No age or svc requirement Members Hired after January 15,2010: Not eligible for health insurance	Immediately	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	BCBSM BCBSM BCBSM BCBSM The Hartford	self-insured self-insured self-insured self-insured	BCBSM BCBSM BCBSM BCBSM The Hartford	Medical, Prescription Drug, Dental and Vision Same as described above N/A	Medical, Prescription Drug, Dental and Vision Same as described above N/A	Medical, Prescription Drug, Dental and Vision Same as described above N/A
Non-Duty Death-in-Svc	10 or more yrs of credited svc	10 or more yrs of credited svc Members Hired after January 15,2010: Not eligible for health insurance	Immediately		Medical Prescription drug Dental Vision	BCBSM BCBSM BCBSM BCBSM	self-insured self-insured self-insured self-insured	BCBSM BCBSM BCBSM BCBSM			Medical, Prescription Drug, Dental and Vision Same as described above
Duty Death-in-Svc	No age or svc requirement Benefits begin upon termination of Worker's Compensation	Immediately Members Hired after January 15,2010: Not eligible for health insurance	Immediately		Medical Prescription drug Dental Vision	BCBSM BCBSM BCBSM BCBSM	self-insured self-insured self-insured self-insured	BCBSM BCBSM BCBSM BCBSM			Medical, Prescription Drug, Dental and Vision Same as described above

Medicare Reimbursement is not offered to any members.

** Eligible for retirement with a reduced pension

For pre-Medicare eligible retirees after 1/15/2010, coverage is equivalent to that provided to active employee, including co-pays, deductibles, premium sharing, etc.

Medical Care Facility part-time members do not qualify for retiree health care. They do not have access to the plan; they are only eligible as provided by COBRA.

BAY COUNTY RETIREE HEALTH CARE PLAN – SHERIFF'S DEPT

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Leaving Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit	When do retiree health benefits commence?	Coverage Provided by Employer		Retiree Health Care Provider(s)	Type of Insurance	Retiree Share of Cost for		
				Retiree	Spouse			Retiree	Spouse (while Retiree is alive)	Spouse (after Retiree's death)
Normal/Early Retirement	Road Patrol: Age 55 with 8/10* yrs of svc ** 25 yrs of svc regardless of age Age 60 with 8/10* yrs of svc Road Patrol Supervisory Unit: Age 55 with 8/10* yrs of svc ** 25 yrs of svc regardless of age Age 60 with 8/10* yrs of svc Correction Facility Officers: Age 55 with 8/10* yrs of svc ** Age 55 with 25 yrs of svc 25 yrs of svc regardless of age ** Age 60 with 8/10* yrs of svc	Road Patrol: Age 55 with 8/10* yrs of svc 25 yrs of svc regardless of age Age 60 with 8/10* yrs of svc Road Patrol Supervisory Unit: Age 55 with 8/10* yrs of svc 25 yrs of svc regardless of age Age 60 with 8/10* yrs of svc Correction Facility Officers: Age 55 with 8/10* yrs of svc 25 yrs of svc regardless of age Age 60 with 8/10* yrs of svc	Immediately	Medical Prescription drug Life Insurance	Medical Prescription drug	BCBS EHIM N/A	self-insured self-insured N/A	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A
Deferred Vested Termination	Road Patrol: 8/10* yrs of svc Road Patrol Supervisory Unit: 8/10* yrs of svc Correction Facility Officers: 8/10* yrs of svc	Road Patrol: N/A Road Patrol Supervisory Unit: N/A Correction Facility Officers: N/A	N/A	Medical Prescription drug Life Insurance	Medical Prescription drug	N/A N/A N/A		N/A N/A N/A	N/A N/A N/A	N/A N/A N/A
Non-Duty Disability	10 or more yrs of credited svc	Road Patrol: 10 or more yrs of credited svc Road Patrol Supervisory Unit 10 or more yrs of credited svc Correction Facility Officers 10 or more yrs of credited svc	Immediately	Medical Prescription drug Life Insurance	Medical Prescription drug	BCBS EHIM N/A	self-insured self-insured	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A
Duty Disability	No age or svc requirement	Road Patrol: No age or svc requirement Road Patrol Supervisory Unit No age or svc requirement Correction Facility Officers No age or svc requirement	Immediately	Medical Prescription drug Life Insurance	Medical Prescription drug	BCBS EHIM N/A	self-insured self-insured	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A
Non-Duty Death-in-Svc	10 or more yrs of credited svc	Road Patrol: 10 or more yrs of credited svc Road Patrol Supervisory Unit 10 or more yrs of credited svc Correction Facility Officers 10 or more yrs of credited svc	Immediately		Medical Prescription drug	BCBS EHIM	self-insured self-insured			See Schedule A See Schedule A
Duty Death-in-Svc	No age or svc requirement Benefits begin upon termination of Worker's Compensation	Road Patrol: No age or svc requirement Road Patrol Supervisory Unit No age or svc requirement Correction Facility Officers No age or svc requirement	Immediately		Medical Prescription drug	BCBS EHIM	self-insured self-insured			See Schedule A See Schedule A

Medicare Reimbursement is not offered to any members.

@ 10 yrs of svc for members hired after 1/1/2006

* 10 yrs of svc for members hired after 1/1/2007

** Eligible for retirement with a reduced pension

Employees hired after 1/1/2012 are not eligible for health care in retirement.

BAY COUNTY RETIREE HEALTH CARE PLAN – ROAD COMMISSION

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Leaving Employment as a Result of	Eligibility for Pension Benefit	Eligibility for Retiree Health Benefit	When do retiree health benefits commence?	Coverage Provided by Employer		Retiree Health Care Provider(s)	Type of Insurance	Third Party Administrator	Retiree Share of Cost for		
				Retiree	Spouse				Retiree	Spouse (while Retiree is alive)	Spouse (after Retiree's death)
Normal/Early Retirement	30 yrs of svc regardless of age Age 55 with 8 yrs of svc ** Age 60 with 8 yrs of svc	30 yrs of svc regardless of age Age 60 with 8/10* yrs of svc	Immediately	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	BCBS BCBS BCBS BCBS UNUM	self-insured self-insured self-insured self-insured Whole Life	BCBS BCBS BCBS BCBS	See Schedule E See Schedule E Yes Yes See Schedule G	See Schedule E See Schedule E Yes Yes N/A	See Schedule E See Schedule E Yes Yes N/A
Deferred Vested Termination	8 yrs of svc	N/A	N/A	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	N/A N/A N/A N/A N/A			N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A
Non-Duty Disability	8/10 or more yrs of credited svc*	8/10 or more yrs of credited svc*	Immediately	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	BCBS BCBS BCBS BCBS UNUM	self-insured self-insured self-insured self-insured Whole Life	BCBS BCBS BCBS BCBS	See Schedule E See Schedule E Yes Yes See Schedule G	See Schedule E See Schedule E Yes Yes N/A	See Schedule E See Schedule E Yes Yes N/A
Duty Disability	No age or svc requirement	No age or svc requirement	Immediately	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	BCBS BCBS BCBS BCBS UNUM	self-insured self-insured self-insured self-insured Whole Life	BCBS BCBS BCBS BCBS	See Schedule E See Schedule E Yes Yes See Schedule G	See Schedule E See Schedule E Yes Yes N/A	See Schedule E See Schedule E Yes Yes N/A
Non-Duty Death-in-Svc	8/10 or more yrs of credited svc*	8/10 or more yrs of credited svc*	Immediately		Medical Prescription drug Dental Vision	BCBS BCBS BCBS BCBS	self-insured self-insured self-insured self-insured	BCBS BCBS BCBS BCBS			See Schedule E See Schedule E Yes Yes
Duty Death-in-Svc	No age or svc requirement Benefits begin upon termination of Worker's Compensation	No age or svc requirement	Immediately		Medical Prescription drug Dental Vision	BCBS BCBS BCBS BCBS	self-insured self-insured self-insured self-insured	BCBS BCBS BCBS BCBS			See Schedule E See Schedule E Yes Yes

Medicare Reimbursement is not offered to any members.

* 10 yrs of svc for members hired after 1/1/2007

** Eligible for retirement with a reduced pension

Road Commission part-time members do not qualify for retiree health care. They do not have access to the plan. Deferred vested members are not eligible for life insurance.

BAY COUNTY RETIREE HEALTH CARE PLAN

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Schedule A – General County and Sheriff’s Department For those hired on or after January 1, 2006

#	Division Name	#	Division Name
14	Circuit Court G.E.L.C	32	Road Patrol Supervisory Unit

For those hired on or after January 1, 2007

#	Division Name	#	Division Name
1	Elected Officials and Dept. Heads	8	USWA General
2	Judges	10	Nurses
3	General County	11	Sheriff’s-Road Patrol
4	General Circuit Court	12	Sheriff’s Correctional Facility Officers
5	General District Court	13	Dispatchers
6	General Probate Court	15	District Court AFSCME
7	BCAMPS	16	Probate Court USWA

Retiree Health Insurance Premium Contribution

Retiree Health Insurance Coverage - % paid by the employer based on years of service at retirement
(Subject to eligibility).

Years of Service	Hired Before Effective Date				Hired On or After Effective Date			
	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage
8	85%	15%	50%	50%	N/A	N/A	N/A	N/A
9	85%	15%	50%	50%	N/A	N/A	N/A	N/A
10	85%	15%	50%	50%	55%	45%	0%	100%
11	85%	15%	50%	50%	55%	45%	0%	100%
12	85%	15%	50%	50%	55%	45%	0%	100%
13	85%	15%	50%	50%	55%	45%	0%	100%
14	85%	15%	50%	50%	55%	45%	0%	100%
15	85%	15%	50%	50%	80%	20%	0%	100%
16	85%	15%	50%	50%	80%	20%	0%	100%
17	85%	15%	50%	50%	80%	20%	0%	100%
18	85%	15%	50%	50%	80%	20%	0%	100%
19	85%	15%	50%	50%	80%	20%	0%	100%
20	85%	15%	50%	50%	85%	15%	15%	85%
21	85%	15%	50%	50%	85%	15%	15%	85%
22	85%	15%	50%	50%	85%	15%	15%	85%
23	85%	15%	50%	50%	85%	15%	15%	85%
24	85%	15%	50%	50%	85%	15%	15%	85%
25	85%	15%	50%	50%	85%	15%	40%	60%
26	85%	15%	50%	50%	85%	15%	40%	60%
27	85%	15%	50%	50%	85%	15%	40%	60%
28	85%	15%	50%	50%	85%	15%	40%	60%
29	85%	15%	50%	50%	85%	15%	40%	60%
30	85%	15%	50%	50%	85%	15%	50%	50%
31	85%	15%	50%	50%	85%	15%	50%	50%
32	85%	15%	50%	50%	85%	15%	50%	50%
33	85%	15%	50%	50%	85%	15%	50%	50%
34	85%	15%	50%	50%	85%	15%	50%	50%
35	85%	15%	50%	50%	85%	15%	50%	50%
36	85%	15%	50%	50%	85%	15%	50%	50%
37	85%	15%	50%	50%	85%	15%	50%	50%
38	85%	15%	50%	50%	85%	15%	50%	50%
39	85%	15%	50%	50%	85%	15%	50%	50%
40	85%	15%	50%	50%	85%	15%	50%	50%

BAY COUNTY RETIREE HEALTH CARE PLAN

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Schedule B

Department of Water Sewer-Hourly Employees – Division 28

Retiree Health Insurance Premium Contribution

Retiree Health Insurance Coverage - % paid by the employer based on years of service at retirement (subject to eligibility)

Years of Service	Hired Before January 1, 2003				Hired Between January 1, 2003 and January 1, 2008				Hired After January 1, 2008			
	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage
8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	100%	0%	100%	0%	50%	50%	0%	100%	25%	75%	0%	100%
11	100%	0%	100%	0%	50%	50%	0%	100%	25%	75%	0%	100%
12	100%	0%	100%	0%	50%	50%	0%	100%	25%	75%	0%	100%
13	100%	0%	100%	0%	50%	50%	0%	100%	25%	75%	0%	100%
14	100%	0%	100%	0%	50%	50%	0%	100%	25%	75%	0%	100%
15	100%	0%	100%	0%	100%	0%	0%	100%	50%	50%	0%	100%
16	100%	0%	100%	0%	100%	0%	0%	100%	50%	50%	0%	100%
17	100%	0%	100%	0%	100%	0%	0%	100%	50%	50%	0%	100%
18	100%	0%	100%	0%	100%	0%	0%	100%	50%	50%	0%	100%
19	100%	0%	100%	0%	100%	0%	0%	100%	50%	50%	0%	100%
20	100%	0%	100%	0%	100%	0%	50%	100%	75%	25%	0%	100%
21	100%	0%	100%	0%	100%	0%	50%	100%	75%	25%	0%	100%
22	100%	0%	100%	0%	100%	0%	50%	100%	75%	25%	0%	100%
23	100%	0%	100%	0%	100%	0%	50%	100%	75%	25%	0%	100%
24	100%	0%	100%	0%	100%	0%	50%	100%	75%	25%	0%	100%
25	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
26	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
27	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
28	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
29	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
30	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
31	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
32	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
33	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
34	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
35	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
36	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
37	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
38	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
39	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%
40	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	0%	100%

BAY COUNTY RETIREE HEALTH CARE PLAN
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Schedule C
Department of Water Sewer-Salary Employees – Division 29
Retiree Health Insurance Premium Contribution

Retiree Health Dental and Vision Insurance Coverage - % paid by the employer based on years of service at retirement
(subject to eligibility)

Years of Service	Hired Before June 1, 2007				Hired After June 1, 2007			
	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage
8	100%	0%	100%	0%	N/A	N/A	N/A	N/A
9	100%	0%	100%	0%	N/A	N/A	N/A	N/A
10	100%	0%	100%	0%	25%	75%	0%	100%
11	100%	0%	100%	0%	25%	75%	0%	100%
12	100%	0%	100%	0%	25%	75%	0%	100%
13	100%	0%	100%	0%	25%	75%	0%	100%
14	100%	0%	100%	0%	25%	75%	0%	100%
15	100%	0%	100%	0%	50%	50%	0%	100%
16	100%	0%	100%	0%	50%	50%	0%	100%
17	100%	0%	100%	0%	50%	50%	0%	100%
18	100%	0%	100%	0%	50%	50%	0%	100%
19	100%	0%	100%	0%	50%	50%	0%	100%
20	100%	0%	100%	0%	75%	25%	0%	100%
21	100%	0%	100%	0%	75%	25%	0%	100%
22	100%	0%	100%	0%	75%	25%	0%	100%
23	100%	0%	100%	0%	75%	25%	0%	100%
24	100%	0%	100%	0%	75%	25%	0%	100%
25	100%	0%	100%	0%	100%	0%	0%	100%
26	100%	0%	100%	0%	100%	0%	0%	100%
27	100%	0%	100%	0%	100%	0%	0%	100%
28	100%	0%	100%	0%	100%	0%	0%	100%
29	100%	0%	100%	0%	100%	0%	0%	100%
30	100%	0%	100%	0%	100%	0%	0%	100%
31	100%	0%	100%	0%	100%	0%	0%	100%
32	100%	0%	100%	0%	100%	0%	0%	100%
33	100%	0%	100%	0%	100%	0%	0%	100%
34	100%	0%	100%	0%	100%	0%	0%	100%
35	100%	0%	100%	0%	100%	0%	0%	100%
36	100%	0%	100%	0%	100%	0%	0%	100%
37	100%	0%	100%	0%	100%	0%	0%	100%
38	100%	0%	100%	0%	100%	0%	0%	100%
39	100%	0%	100%	0%	100%	0%	0%	100%
40	100%	0%	100%	0%	100%	0%	0%	100%

BAY COUNTY RETIREE HEALTH CARE PLAN
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Schedule D
Bay-Arenac Behavioral Health
Retiree Health Insurance Premium Contribution
For those who retire on or after January 16, 2004

Retiree Health Insurance Coverage - % paid by the employer based on years of service at retirement
(subject to eligibility)

Years of Service	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage
8	40%	60%	0%	100%
9	45%	55%	0%	100%
10	50%	50%	0%	100%
11	55%	45%	0%	100%
12	60%	40%	0%	100%
13	65%	35%	0%	100%
14	70%	30%	0%	100%
15	75%	25%	0%	100%
16	80%	20%	0%	100%
17	85%	15%	0%	100%
18	90%	10%	0%	100%
19	95%	5%	0%	100%
20	100%	0%	0%	100%
21	100%	0%	5%	95%
22	100%	0%	10%	90%
23	100%	0%	15%	85%
24	100%	0%	20%	80%
25	100%	0%	25%	75%
26	100%	0%	30%	70%
27	100%	0%	35%	65%
28	100%	0%	40%	60%
29	100%	0%	45%	55%
30	100%	0%	50%	50%
31	100%	0%	55%	45%
32	100%	0%	60%	40%
33	100%	0%	65%	35%
34	100%	0%	70%	30%
35	100%	0%	75%	25%
36	100%	0%	80%	20%
37	100%	0%	85%	15%
38	100%	0%	90%	10%
39	100%	0%	95%	5%
40	100%	0%	100%	0%

BAY COUNTY RETIREE HEALTH CARE PLAN
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Schedule E
Road Commission
Retiree Health Insurance Premium Contribution
Effective January 1, 2007

Retiree Health Insurance Coverage - % paid by the employer based on years of service at retirement
(subject to eligibility)

Years of Service	Hired Before Effective Date				Hired After Effective Date			
	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage	Employer Paid (%)	Retiree Paid (%)	Employer Paid Spousal Coverage	Retiree Paid Spousal Coverage
8	100%	0%	100%	0%	N/A	N/A	N/A	N/A
9	100%	0%	100%	0%	N/A	N/A	N/A	N/A
10	100%	0%	100%	0%	75%	25%	75%	25%
11	100%	0%	100%	0%	80%	20%	80%	20%
12	100%	0%	100%	0%	85%	15%	85%	15%
13	100%	0%	100%	0%	90%	10%	90%	10%
14	100%	0%	100%	0%	95%	5%	95%	5%
15	100%	0%	100%	0%	100%	0%	100%	0%
16	100%	0%	100%	0%	100%	0%	100%	0%
17	100%	0%	100%	0%	100%	0%	100%	0%
18	100%	0%	100%	0%	100%	0%	100%	0%
19	100%	0%	100%	0%	100%	0%	100%	0%
20	100%	0%	100%	0%	100%	0%	100%	0%
21	100%	0%	100%	0%	100%	0%	100%	0%
22	100%	0%	100%	0%	100%	0%	100%	0%
23	100%	0%	100%	0%	100%	0%	100%	0%
24	100%	0%	100%	0%	100%	0%	100%	0%
25	100%	0%	100%	0%	100%	0%	100%	0%
26	100%	0%	100%	0%	100%	0%	100%	0%
27	100%	0%	100%	0%	100%	0%	100%	0%
28	100%	0%	100%	0%	100%	0%	100%	0%
29	100%	0%	100%	0%	100%	0%	100%	0%
30	100%	0%	100%	0%	100%	0%	100%	0%
31	100%	0%	100%	0%	100%	0%	100%	0%
32	100%	0%	100%	0%	100%	0%	100%	0%
33	100%	0%	100%	0%	100%	0%	100%	0%
34	100%	0%	100%	0%	100%	0%	100%	0%
35	100%	0%	100%	0%	100%	0%	100%	0%
36	100%	0%	100%	0%	100%	0%	100%	0%
37	100%	0%	100%	0%	100%	0%	100%	0%
38	100%	0%	100%	0%	100%	0%	100%	0%
39	100%	0%	100%	0%	100%	0%	100%	0%
40	100%	0%	100%	0%	100%	0%	100%	0%

BAY COUNTY RETIREE HEALTH CARE PLAN
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Schedule F
General County
Life Insurance Benefits

Division	Member Retired	Life Insurance Amount
Elected Officials Department Heads Judges General County General Circuit Court General District Court General Probate Court BCAMPS	3/1/1998 to Present	\$10,000

Schedule G
Road Commission
Life Insurance Benefits

Division	Member Retired	Life Insurance Amount
AFSCME	Prior to 1/31/1989	\$ 1,000
	2/1/1989 to 1/31/1998	2,500
	2/1/1998 to 1/31/2008	5,000
	2/1/2008 to Present	10,000
Administrative Employees	Prior to 1/1/2007	5,000
	1/1/2007 to Present	10,000
Commissioners	1/1/2007 to Present	10,000

BAY COUNTY RETIREE HEALTH CARE PLAN
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2013

Schedule H
Medical Care Facility
Life Insurance Benefits

Member Retired	Life Insurance Amount
Prior to 1/1/1975	\$ 0
1/1/1975 to 12/31/1995	2,500
1/1/1996 to 12/31/1998	3,500
1/1/1999 to Present	5,000

Schedule I
DWS Salaried Members Only
Life Insurance Benefits

Member Retired	Life Insurance Amount
Prior to 3/13/2008	\$ 5,000
On 3/13/2008	20,000
3/14/2008 to Present	10,000

SECTION F

SUMMARY OF PARTICIPANT DATA

BAY COUNTY - TOTAL
TOTAL ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE*

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	7							7
25-29	32	12						44
30-34	45	34	14					93
35-39	33	22	23	12	1			91
40-44	33	25	30	25	8			121
45-49	17	21	36	29	29	16	1	149
50-54	24	27	36	23	18	22	8	158
55-59	12	17	24	21	20	17	13	124
60-64	6	10	13	12	8	7	5	61
65 & Over	1	5	1	3	1	1	1	13
Totals	210	173	177	125	85	63	28	861

* Excludes various employees, see the comments under each individual group's exhibit.

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.2 years
Service: 12.6 years

**BAY COUNTY - GENERAL COUNTY
ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE***

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	1							1
25-29	8	2						10
30-34	13	8	6					27
35-39	9	9	5	3				26
40-44	5	9	14	8	1			37
45-49	5	8	11	15	5	6		50
50-54	9	7	15	12	6	8	4	61
55-59	4	8	9	10	9	11	4	55
60-64	2	3	7	7	3	4	3	29
65 & Over		2		3				5
Totals	56	56	67	58	24	29	11	301

* Excludes 50 part-time employees. Includes 31 employees hired after 1/15/2010.

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 48.1 years
Service: 13.8 years

BAY COUNTY – DWS
ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24								
25-29	2							2
30-34	3							3
35-39	2			1				3
40-44	3	1	1		1			6
45-49		2		1	4			7
50-54	2	2	1		1			6
55-59	1		2		1	1	2	7
60-64		1				1		2
65 & Over								
Totals	13	6	4	2	7	2	2	36

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.7 years
Service: 12.7 years

BAY COUNTY - LIBRARY
ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE*

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24								
25-29	1	1						2
30-34	3							3
35-39	1	1	1					3
40-44		3						3
45-49	1	1	3					5
50-54		3		1	1	1		6
55-59	1	2	4	1			3	11
60-64		2	2	2	1			7
65 & Over					1	1	1	3
Totals	7	13	10	4	3	2	4	43

* Includes 2 employees not reported for pension purposes.

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 50.8 years
Service: 13.4 years

BAY COUNTY - BABH
ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE*

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	2							2
25-29	11	1						12
30-34	20	9	3					32
35-39	14	5	6	1				26
40-44	18	8	10	4				40
45-49	8	4	8	4	4	1		29
50-54	12	4	9	2	1	5	1	34
55-59	5	5	5	2	2	1	2	22
60-64	3	3	1					7
65 & Over	1	2						3
Totals	94	41	42	13	7	7	3	207

* Excludes 12 part-time employees.

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 43.9 years
Service: 8.2 years

**BAY COUNTY - MEDICAL CARE FACILITY
ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE**

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	1							1
25-29	1	7						8
30-34	1	10	3					14
35-39	4	5	5	4	1			19
40-44	1	3	2	3	4			13
45-49	1	4	8		6	6	1	26
50-54	1	5	9	4	4	4	3	30
55-59	1	2	2	4	6		2	17
60-64	1	1	3	3	4	1		13
65 & Over			1					1
Totals	12	37	33	18	25	11	6	142

* Excludes 71 part-time employees and 137 employees hired after 1/15/2010.

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.3 years
Service: 14.9 years

**BAY COUNTY - SHERIFF'S DEPT
ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE***

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	3							3
25-29	5	1						6
30-34	4	7	1					12
35-39	2	2	5	3				12
40-44	3		3	8	1			15
45-49	1	1	3	6	4	1		16
50-54		1			3	1		5
55-59			1	2	1			4
60-64						1	2	3
65 & Over								
Totals	18	12	13	19	9	3	2	76

* Includes 10 employees hired after 1/1/2012.

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 41.2 years
Service: 12.8 years

**BAY COUNTY - ROAD COMMISSION
ACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE AND YEARS OF SERVICE**

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24								
25-29	4							4
30-34	1		1					2
35-39	1		1					2
40-44	3	1		2	1			7
45-49	1	1	3	3	6	2		16
50-54		5	2	4	2	3		16
55-59			1	2	1	4		8
60-64								
65 & Over		1						1
Totals	10	8	8	11	10	9		56

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 47.4 years
Service: 15.3 years

BAY COUNTY
TOTAL INACTIVE MEMBERS AS OF DECEMBER 31, 2013
BY AGE

Number of Retiree and Beneficiary Contracts

	Opt-Out/ Ineligible	One-Person Coverage	Two-Person Coverage*	Total
Male	97	86	123	306
Female	211	250	108	569
Total	308	336	231	875

** Includes family coverage*

Age	Current Retirees							
	Number of Those Covered							
	General County	DWS	Library	BABH	Medical Care Facility	Sheriff's Dept	Road Commission	Total
0-44				1		2		3
45-49				1	3	1		5
50-54	3			13	6	2	4	28
55-59	28	5		19	22	6	5	85
60-64	32	10	2	17	38	9	19	127
65-69	47	6	1	9	25	9	14	111
70-74	18	2	2	4	17	8	11	62
75-79	16	2	2	3	19	3	11	56
80-84	15	1	1	1	10	4	10	42
85-89	14	1	1		11	2	4	33
90-94	2		1	1	3		5	12
95 +	1				2			3
Totals	176	27	10	69	156	46	83	567

There are no terminated members eligible for deferred Plan benefits.

SECTION G

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

**ACTUARIAL METHODS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

Actuarial Cost Method. Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities (UAAL) (full funding credit if assets exceed liabilities) were amortized as a level percent of payroll if the divisions are open to new hires and as a level dollar if the divisions are closed to new hires. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date and projected to the beginning of the fiscal year at the assumed rate of investment return.

Actuarial Value Assets. The Actuarial Value of Assets is set equal to the reported market value of assets.

**ACTUARIAL METHODS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

The following amortization factors were used in developing the Annual Required Contribution for the fiscal years shown:

	Fiscal Year Beginning January 1,	
	2014	2015
General County (Level Dollar)	13.8044	13.6030
DWS (Level Percent of Pay)	20.0758	19.5659
Library (Level Dollar)	13.8044	13.6030
BABH (Level Percent of Pay)	15.4909	15.0876
Medical Care Facility (Level Dollar)	13.3895	13.1631
Sheriff's Dept (Level Dollar)	13.8044	13.6030
Road Commission (Level Percent of Pay)	14.3846	13.7372

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

Investment Return (net of investment expenses)

BABH – 7.50% a year, compounded annually

All Other Groups – 6.00% a year, compounded annually

Pay Projections. These assumptions are used to project current pays to those upon which future contributions will be based. In addition to the Merit and Longevity rates shown in the table, members are also assumed to receive a base increase of 3.5%.

Years of Service	Annual Rate of Pay Increase for Merit & Longevity						Road
	General	DWS	Library	BABH	MCF	Sheriff's	Commission
1	3.75 %	3.75 %	3.75 %	3.75 %	0.75 %	6.00 %	6.00 %
2	3.00	3.00	3.00	3.00	0.75	5.25	3.75
3	2.25	2.25	2.25	2.25	0.75	5.25	3.75
4	2.25	2.25	2.25	2.25	0.75	4.50	3.75
5	0.75	0.75	0.75	0.75	0.75	3.75	0.75
6+	0.75	0.75	0.75	0.75	0.75	0.75	0.75

If the number of active members remains constant, the total active member payroll will increase by about the level of pay inflation (assumed to be 3.5% per year). This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities for the active employees, for the open groups.

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

Mortality. The RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Population Scale BB (multiplied by 75% for pre-retirement mortality and 110% for post-retirement mortality for both males and females) were used for healthy lives. The life expectancy at various ages under this mortality table are shown below.

Sample Ages	Future Life Expectancy (Years)	
	Men	Women
50	32.15	34.70
55	27.56	30.04
60	23.16	25.50
65	19.01	21.19
70	15.16	17.19
75	11.66	13.58
80	8.62	10.36

The RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Population Scale BB with ages set forward 10 years was used for disabled lives.

The mortality rates were adjusted to include margin for future mortality improvements as described in the table shown above.

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	Percent of Active Members Retiring Within Next Year						Road
	General	DWS	Library	BABH	MCF	Sheriff's	Commission
50					20 %		15 %
51					20		15
52					20		25
53					20		25
54					20		25
55	20 %	25 %	15 %	15 %	30		25
56	15	20	10	10	40		15
57	15	20	10	10	50		15
58	15	20	10	10	50		15
59	15	20	10	10	50		15
60	30	35	25	25	30	15 %	15
61	25	30	20	20	30	15	15
62	15	20	10	10	50	30	35
63	15	20	10	10	25	15	35
64	15	20	10	10	25	15	35
65	30	35	25	25	100	100	100
66	15	20	10	10			
67	15	20	10	10			
68	15	20	10	10			
69	15	20	10	10			
70	100	100	100	100			

The following table shows the rates used for the Road Patrol and Road Patrol Supervisory Unit 25 & Out provision and the Correctional Facility Officers 55 & 25 provision.

25 & Out		55 & 25	
Years of Service	Sheriff's Road Patrol and Road Patrol Supervisory Unit	Age	Correctional Facility Officers
25	40.0 %	55	40.0 %
26	40.0	56	40.0
27	40.0	57	40.0
28	25.0	58	25.0
29	25.0	59	25.0
30	25.0	60	25.0
31	25.0	61	25.0
32	25.0	62	25.0
33	25.0	63	25.0
34	100.0	64	100.0

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

The following table shows the rates for the 55 & 8 and/or 55 & 10 Early Retirement provision:

Retirement Ages	55 & 8 and/or 55 & 10 Early Retirement		
	General	DWS	All Other Groups
55	10 %	15 %	5 %
56	10	15	5
57	10	15	5
58	10	15	5
59	10	15	5

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

Rates of disability were as follows:

<u>Sample Ages</u>	<u>Percent Becoming Disabled within Next Year</u>	
	<u>Sheriff's</u>	<u>All Other Groups</u>
20	0.12 %	0.06 %
25	0.12	0.06
30	0.12	0.06
35	0.12	0.06
40	0.30	0.15
45	0.40	0.20
50	0.74	0.37
55	1.34	0.67
60	2.12	1.06

We assumed that 50% of disabilities are duty related and 50% are non-duty related for Sheriff's. For all other groups we assumed 85% of disabilities are non-duty related and 15% are duty related.

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

<u>Sample Ages</u>	<u>Years of Service</u>	<u>% of Active Members Separating within Next Year</u>						
		<u>General County</u>	<u>DWS</u>	<u>Library</u>	<u>BABH</u>	<u>Med. Care Facility</u>	<u>Sheriff's Department</u>	<u>Road Commission</u>
ALL	0	15.00%	15.00%	15.00%	15.00%	25.00%	*	*
	1	9.00	9.00	9.00	9.00	25.00	*	*
	2	9.00	9.00	9.00	9.00	15.00	*	*
	3	8.00	8.00	8.00	8.00	12.50	*	*
	4	8.00	8.00	8.00	8.00	8.75	*	*
20	5 & Over	7.50	7.50	7.50	7.50	7.50	4.50%	4.50%
25		7.50	7.50	7.50	7.50	7.50	4.50	4.50
30		7.00	7.00	7.00	7.00	5.00	3.75	3.90
35		7.00	7.00	7.00	7.00	5.00	2.25	2.30
40		4.00	4.00	4.00	4.00	3.75	1.50	0.90
45		3.00	3.00	3.00	3.00	2.50	1.50	0.50
50		2.00	2.00	2.00	2.00	2.00	1.25	0.50
55		2.00	2.00	2.00	2.00	2.00	0.75	0.50
60		2.00	2.00	2.00	2.00	2.00	0.75	0.50

* These groups do not have service based rates of separation. All rates of separation are based on age.

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013 (CONCLUDED)**

Health care cost trend rates are displayed in the following table:

Year After Valuation	Medical and Drug Valuation Trend Rate
	All Groups
1	9.00%
2	8.25%
3	7.50%
4	6.75%
5	6.25%
6	5.75%
7	5.25%
8	4.75%
9	4.25%
10	3.50%
11	3.50%
12+	3.50%

DWS, BABH, Medical Care Facility, and Road Commission dental and vision trends are 3.5% for all subsequent years after the valuation.

**MISCELLANEOUS AND TECHNICAL ASSUMPTIONS FOR
BAY COUNTY
AS OF DECEMBER 31, 2013**

- Administrative Expenses** No explicit assumption has been made for administrative expenses.
- Decrement Operation** Disability and death-in-service decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.
- Decrement Timing** Decrements of all types are assumed to occur mid-year.
- Eligibility Testing** Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
- Incidence of Contributions** Contributions are assumed to be received continuously throughout the year based upon the contributions shown in this report.
- Marriage Assumption** 100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
- Medicare Coverage** Assumed to be available for all covered employees on attainment of age 65. Disabled retirees were assumed to be eligible for Medicare coverage at age 65.
- Part-Time Employees** Part-time employees are not eligible for retiree health care benefits even if they are eligible for benefits from the Retirement System. Part-time employees were excluded from the valuation.
- Opt-In Assumption** Certain General and Sheriff retirees opted-out of the retiree health care program. These retirees may opt back into the program at a future date. We assumed that 10% of these retirees would opt back into the program.
- Health Care Coverage at Retirement** The table below shows the assumed portion of future retirees electing one-person or two-person/family coverage, or opting out of coverage entirely. For those that elect two-person coverage, the assumption regarding the percentage of retirees that would continue coverage to the spouse upon death of the retiree is also shown.

Group	One-Person		Two-Person/Family		Opt-Out		Percentage to Spouse	
	Males	Females	Males	Females	Males	Females	Males	Females
General County	30.00%	30.00%	65.00%	65.00%	5.00%	5.00%	80.00%	80.00%
DWS	15.00%	15.00%	85.00%	85.00%	0.00%	0.00%	100.00%	100.00%
Library	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BABH	10.00%	40.00%	70.00%	40.00%	20.00%	20.00%	80.00%	80.00%
Medical Care Facility	25.00%	25.00%	70.00%	70.00%	5.00%	5.00%	100.00%	100.00%
Sheriff's Dept	30.00%	30.00%	65.00%	65.00%	5.00%	5.00%	80.00%	80.00%
Road Commission	10.00%	10.00%	90.00%	90.00%	0.00%	0.00%	100.00%	100.00%

APPENDIX A
OVERVIEW

GASB BACKGROUND

The purpose of this valuation is to provide information on the cost associated with providing postemployment benefits other than pensions, or OPEB, to current and former employees. The information is designed to assist you in complying with Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45. OPEB benefits are most often associated with postemployment health care, but cover almost any benefit not provided through a pension plan, including life insurance, dental and vision benefits. It is important to note that OPEB benefits, by definition, do not include benefits *currently* being provided to active employees – however, this report includes the liabilities for benefits expected to be paid to current active employees in the future when they retire.

GASB Statements No. 43 and No. 45 were released in the spring of 2004. GASB Statement No. 43 covers the accounting rules for OPEB *plans* while GASB Statement No. 45 describes the rules for *employers* sponsoring OPEB plans. Your auditor can assist you in determining which statements apply to your particular situation.

The specific items required to be disclosed on an OPEB sponsor's financial statements are described in detail in GASB Statements No. 43 and No. 45.

GASB Statement No. 45

Among the requirements of Statement No. 45 are recognition each year of an expense called the Annual OPEB Cost, and the accumulation of a liability to be disclosed on the employer's Statement of Net Assets called the Net OPEB Obligation (NOO).

The fundamental items required to determine the Annual OPEB Cost and the NOO are:

- the Annual Required Contribution (ARC)
- the Employer's Contributions in relation to the ARC

Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution. The ARC is provided in this report.

GASB BACKGROUND (CONCLUDED)

Paragraph 13g. of Statement No. 45 states:

“An employer has made a contribution in relation to the ARC if the employer has:

1. made payments of benefits directly to or on behalf of a retiree or beneficiary,
2. made premium payments to an insurer, or
3. irrevocably transferred assets to a trust, or equivalent arrangement in which Plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan and are legally protected from creditors of the employer(s) or plan administrator.”

For each fiscal year shown in this report, we have provided the ARC and the estimated benefits and/or premiums (based on valuation assumptions).

The NOO is the cumulative difference between the Annual OPEB Cost each year and the Employer’s Contribution in relation to the ARC. The Annual OPEB Cost for a year is equal to:

- the ARC, plus
- interest on the prior year’s NOO, plus
- amortization of the prior year’s NOO.

The Annual OPEB Cost and NOO are generally developed by the Plan Sponsor’s auditor based on information contained herein and elsewhere.

GASB Statement No. 43

If the Plan has assets for Statement No. 43 purposes, then certain additional information useful in complying with the Statement is contained in this report.

OPEB PRE-FUNDING

Many employers fund retiree health care benefits using the pay-as-you-go (or cash disbursement) method. Under this method, the employer's annual contribution is equal to the actual disbursements during the year for OPEB for retired employees. This method of funding will result in increasing contributions over time. First, per capita cash disbursements will tend to increase from year to year as the cost of health care services, or the utilization of these services, increases. Second, the number of retired members is likely to increase for years to come. The more retirees, the greater the disbursements as a percentage of employee payroll.

A retiree health care plan is similar to a defined benefit pension plan in that promises are made to employees to provide them with a benefit payable at some future date. For defined benefit pension plan sponsors, a common funding objective is to contribute to a fund, annual amounts which will i) remain level as a percentage of active member payroll, and ii) when combined with present assets and future investment return be sufficient to meet the financial obligations of the Plan to current and future retirees.

The GASB statements are not funding requirements. They are accounting standards that require plan sponsors to calculate the annual expense associated with OPEB using certain methods.

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to support benefit security for members and the fiscal management needs of the employer.

APPENDIX B

GLOSSARY

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

GLOSSARY

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded actuarial accrued liability.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Implicit Rate Subsidy. It is common practice for employers to allow retirees to continue in the employer's group health insurance plan (which also covers active employees), often charging the retiree some portion of the premium charged for active employees. Under the theory that retirees have higher utilization of services, the difference between the true cost of providing retiree coverage and what the retiree is being charged is known as the implicit rate subsidy.

Medical Trend Rate (Health Care Inflation). The increase in the cost of providing health care benefits over time. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Postemployment Benefits (OPEB). OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance, dental, vision, prescription drugs, life insurance or other health care benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

GLOSSARY

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded actuarial accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.

March 5, 2015

Ms. Rebecca Marsters, Retirement Administrator/Accountant
Bay County Retiree Health Care Plan
Bay County Building
515 Center Avenue, Suite 706
Bay City, Michigan 48708

Re: Bay County Retiree Health Care Plan

Dear Ms. Marsters:

Enclosed are 20 copies of the December 31, 2013 actuarial valuation of Bay County Retiree Health Care Plan.

Should you have any questions on the enclosed report, please feel free to call me.

Respectfully submitted,

A handwritten signature in cursive script that reads "James D. Anderson".

James D. Anderson

JDA:mr
Enclosures