

BAY COUNTY RETIREE HEALTH CARE PLAN
ACTUARIAL VALUATION REPORT
FOR COUNTY EMPLOYERS OTHER THAN BABH
AS OF DECEMBER 31, 2015

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January 17, 2017

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 Employers other than BABH via the Bay County Voluntary Employees' Beneficiary Association. The date of the valuation was December 31, 2015. The annual required contributions have been calculated for the fiscal years beginning January 1, 2016 and January 1, 2017.

This report was prepared at the request of 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. GRS is not responsible for unauthorized use of this report.

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. This report is not compliant with GASB Statements No. 74 and No. 75. A separate report that incorporates GASB Statements No. 74 and No. 75 will need to be prepared at a later date, once implementation guides are issued for the new standards and following the end of the applicable fiscal year.

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. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

The funded ratio reported in this valuation is not appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations.

This report should not be relied on for any purposes other than the purpose described in the primary communication.

The valuation was based upon information furnished by Bay County and the various individual units, 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 audit the data. We are not responsible for the accuracy or completeness of the information provided by Bay County and the various individual units.

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 Mark Buis are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,



James D. Anderson, FSA, EA, MAAA



Mark Buis, FSA, EA, FCA, MAAA

JDA/MB:ah

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, 2016 and January 1, 2017. 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 2016	\$12,610,474	\$6,240,901
Fiscal Year Beginning 2017	12,582,509	6,822,229

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 13g. 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	\$193,206,056
2. Actuarial Accrued Liability	164,083,657
3. Plan Assets	28,049,378
4. Unfunded Actuarial Accrued Liability (2) – (3)	136,034,279
5. Funded Ratio (3)/(2)	17.1%

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 EMPLOYERS EXCLUDING BABH - RESULTS BY DIVISION
DECEMBER 31, 2015

	General County	DWS	Library	Medical Care Facility	Sheriff's Dept	Road Commission	Total
A. Present Value of Future Benefits							
i) Retirees and Beneficiaries	\$ 26,614,781	\$ 8,592,102	\$ 1,822,677	\$ 30,559,381	\$ 6,975,366	\$ 22,064,237	\$ 96,628,544
ii) Vested Terminated Members	0	0	0	0	0	0	0
iii) Active Members	<u>36,188,161</u>	<u>6,462,635</u>	<u>3,554,042</u>	<u>22,992,733</u>	<u>11,606,055</u>	<u>15,773,886</u>	<u>96,577,512</u>
Total Present Value of Future Benefits	62,802,942	15,054,737	5,376,719	53,552,114	18,581,421	37,838,123	193,206,056
B. Present Value of Future Normal Costs	9,675,202	2,184,102	975,960	5,319,994	3,818,670	7,148,471	29,122,399
C. Actuarial Accrued Liability (A.-B.)	53,127,740	12,870,635	4,400,759	48,232,120	14,762,751	30,689,652	164,083,657
D. Actuarial Value of Assets	9,383,117	4,548,660	1,635,074	8,603,089	2,975,383	904,055	28,049,378
E. Unfunded Actuarial Accrued Liability (C.-D.)	43,744,623	8,321,975	2,765,685	39,629,031	11,787,368	29,785,597	136,034,279
F. Funded Ratio (D./C.)	17.7%	35.3%	37.2%	17.8%	20.2%	2.9%	17.1%
G. Fiscal Year Beginning 2016							
i) Employer Normal Cost	\$ 1,276,222	\$ 259,505	\$ 124,756	\$ 667,479	\$ 406,128	\$ 606,251	\$ 3,340,341
ii) Amortization of UAAL*	<u>2,969,433</u>	<u>390,293</u>	<u>187,738</u>	<u>2,802,460</u>	<u>800,139</u>	<u>2,120,070</u>	<u>9,270,133</u>
Annual Required Contribution (ARC)	\$ 4,245,655	\$ 649,798	\$ 312,494	\$ 3,469,939	\$ 1,206,267	\$ 2,726,321	\$ 12,610,474
H. Fiscal Year Beginning 2017							
Annual Required Contribution (ARC)	\$ 4,164,943	\$ 672,541	\$ 306,893	\$ 3,425,283	\$ 1,191,107	\$ 2,821,742	\$ 12,582,509

* Unfunded Accrued Actuarial Liability.

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. 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) for DWS and Road Commission. The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a closed period of 26 years for General County, Library, and Sheriff's Dept, and 24 years for MCF as of January 1, 2016. Unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a closed period of 26 years for DWS and 16 years for Road Commission as of January 1, 2016. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the current GASB requirements. The long term rate of investment return used in this valuation is 5.00% for all groups.

COMMENTS

COMMENT A: The Annual Required Contribution (ARC) has increased from the last valuation. Factors contributing to this increase include, but are not limited to:

- Lowering the investment return assumption from 6.00% to 5.00%;
- Resetting the health care trend cost rate;
- Less favorable claims experience than expected for the Road Commission future retirees post-65 and General County and Sheriff's Department retirees post-65; and
- An adjustment to the retiree benefit election assumption in order to better reflect actual Plan experience for the Road Commission.

Partially offsetting these factors were decreases due to:

- More favorable premium/claim experience than expected for all groups except for Road Commission future retirees post-65 and General County and Sheriff's Department retirees post-65;
- An adjustment to the retiree benefit election assumption for General County, DWS, Library, Medical Care Facility, and the Sheriff's Department, in order to better reflect actual Plan experience; and
- Removing the excise tax load to the liabilities to account for future excise taxes for Cadillac Plans under the Patient Protection and Affordable Care Act (PPACA) for General County, DWS, Sheriff's Department, and Road Commission. A reduction in the excise tax load to the liabilities for the Library. The load applied to the Library is based on projection of the Library's premiums, and for the current valuation is 5%. There was a 15% load in the December 31, 2013 valuation.

COMMENT B: 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 5.00% for all groups. A 5.00% 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 are partially pre-funding for these benefits. The assumed rate of investment return is determined by the plan sponsor in conjunction with the auditor.

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. It is our understanding that the County will need to comply with GASB Statement No. 74 reporting effective with the fiscal year beginning after June 15, 2016 and GASB Statement No. 75 reporting effective with the fiscal year beginning after June 15, 2017. Please verify the next required valuation with the auditor.

COMMENT D: The contribution rates shown include amortization of the unfunded actuarial accrued liability over a closed 16-year period for Road Commission, a closed 24-year period for MCF, and a closed 26-year period for all other groups. The amortization period for all groups decreased by 2 years from that used in the June 30, 2013 valuation. 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. 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. For the DWS and Road Commission we used a level percent of payroll amortization because these plans are still open 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 all units of the Bay County Voluntary Employees' Beneficiary Association, except the Bay-Arenac Behavioral Health Authority. These benefits differs between the various groups but in general include: medical, dental, vision, prescription drug coverage and life insurance.

COMMENT G: For this valuation, the assumed annual rate of investment return decreased from 6.00% to 5.00%. This change increased the actuarial accrued liabilities by approximately \$19 million.

COMMENTS

COMMENT H: 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 2020. 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, a 5% load was applied to the Library 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.

COMMENT I: The GASB issued Statements Nos. 74 and 75 for OPEB valuations similar to the new pension standards. GASB Statement No. 74 for the plan OPEB disclosures is effective for fiscal years beginning after June 15, 2016. GASB Statement No. 75 for employer OPEB disclosures is effective for employer fiscal years beginning after June 15, 2017. The GASB has not yet issued implementation guides for these new standards. These guides will provide additional clarification related to the implementation of Statements Nos. 74 and 75. Our understanding of the application of the recent GASB Statements is stated below, however GRS consultants are not auditors and we recommend consultation with your auditors for final determination of which standards will be applicable. The County currently pre-fund the benefits and have the assets set aside in a qualified trust; as a result, the County will need to comply with both GASB Statements Nos. 74 and 75. The information necessary for GASB Statement No. 74 for the fiscal year ending December 31, 2017 will be provided at a later date, following the availability of the necessary information and the end of the fiscal year. The basis for the GASB Statement No. 74 information will likely be the December 31, 2015 valuation, where roll-forward techniques will be applied. Another full valuation of the Plan will be necessary before complying with the requirements of GASB Statement No. 75.

SECTION B

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 Medical Care Facility (self-insured)
3. Road Commission (partially fully-insured and self-insured)
4. Department of Water and Sewer (partially fully-insured and self-insured)
5. 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 February 1, 2016 fully-insured rates provided by the 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. Loads for conservatism were incorporated into the premium development due to recent benefit plans changes and the small number of retiree participants.

For the current active employees, the only group-division available upon retirement is BCBS division 0006.

RETIREE PREMIUM RATE DEVELOPMENT

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 paid claims and exposure data for the period of January 2013 through December 2015 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. Due to the very small number of retirees, the experience from the active employees and their dependents was incorporated into the medical premium development, but not the prescription drug rates since typically, prescription drug experience is much more stable and credible with fewer participants.

Blended Rate Development

Road Commission

Premium rates for the Road Commission were developed separately for the pre-65 self-insured portion and the post-65 Medicare Advantage fully-insured portion.

The pre-65 rates were calculated using incurred claims and exposure data for the period of January 2013 through December 2015, paid through March 31, 2016, 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 who have moved to a fully-insured Medicare Advantage plan effective July 1, 2015. 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 experience from the active employees and their dependents was used as a reference point when developing the initial pre-65 retiree premium rates.

The initial fully-insured premium rates were developed for the post-65 retirees, since the Road Commission switched to a Medicare Advantage plan effective July 1, 2015. The fully-insured rates, effective July 1, 2015 through December 31, 2016, provided by the Road Commission were utilized to determine the appropriate premium rates.

RETIREE PREMIUM RATE DEVELOPMENT

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 increased the fully-insured Medicare rates to account for the expected CMS reimbursement lagging behind medical increases. This adjustment will be revisited at the time of the next valuation.

For current active employees, the only plans available upon retirement are BCBS groups 0021, 0022, and 0031 for pre-65 participants and group 601 for post-65 participants. We have developed separate premium rates for future retirees to reflect the benefit differences.

Department of Water and Sewer

Premium rates for the Department of Water and Sewer were developed separately for the self-insured and the post-65 Medicare Advantage fully-insured portion.

The self-insured initial premium rates were developed separately for each class (pre-65 and post-65). The pre-65 rates were calculated by using incurred claims and exposure data for the period of January 2013 through December 2015, paid through March 31, 2016, 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.

Since the Department of Water and Sewer switched to a Medicare Advantage plan effective July 1, 2015 the self-insured rates developed were not utilized in the valuation but provided insight in the development of the pre-65 retiree premium rates. For the post-65 retirees, the initial premium rates were developed using the fully-insured Medicare Advantage rates, effective July 1, 2015 through December 31, 2016, provided by the Department of Water and Sewer.

RETIREE PREMIUM RATE DEVELOPMENT

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 increased the fully-insured Medicare rates to account for the expected CMS reimbursement lagging behind medical increases. This adjustment will be revisited at the time of the next valuation.

For current active employees, the only plans available upon retirement are BCBS groups 0025 and 0026 for pre-65 participants and suffix 60 for post-65 participants. We have developed separate premium rates for future retirees to reflect the benefit differences.

Bay County General and Sheriff

Premium rates for the 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 using incurred medical claims and exposure data for the period of January 2013 through December 2015, paid through March 31, 2016, and paid prescription drug claims for the period of January 2013 through December 2015. The rates were 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. Due to the very small number of retirees, the experience from the active employees and their dependents was incorporated into the medical premium development, but not the prescription drug rates since typically, prescription drug experience is much more stable and credible with fewer participants.

The initial fully-insured premium rates were developed for the two classes of retirees (pre-65 and post-65). The fully-insured rates, effective January 1, 2016, 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 current retiree distribution.

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	
Age	Male	Female	Male	Female	Male	Female
45	\$ 418.54	\$ 547.95	\$ 377.71	\$ 494.49	\$ 416.54	\$ 545.32
50	566.25	641.60	511.01	579.00	563.54	638.52
55	740.08	760.73	667.88	686.52	736.53	757.09
60	929.75	893.70	839.05	806.51	925.30	889.41
64	1,082.19	1,003.08	979.61	905.22	1,077.00	998.28
65	497.11	457.77	427.39	393.57	707.70	651.70
70	573.41	515.61	492.99	443.29	816.32	734.04
75	636.58	564.95	547.30	485.72	906.26	804.29

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	\$ 501.20	\$ 656.15	\$ 418.54	\$ 547.95	\$ 488.25	\$ 639.21
50	678.07	768.30	566.25	641.60	660.56	748.46
55	886.23	910.96	740.08	760.73	863.34	887.44
60	1,113.36	1,070.18	929.75	893.70	1,084.60	1,042.54
64	1,295.90	1,201.17	1,082.19	1,003.08	1,262.43	1,170.15
65	400.42	368.74	497.11	457.77	414.78	381.96
70	461.89	415.33	573.41	515.61	478.44	430.22
75	512.77	455.07	636.58	564.95	531.15	471.39

RETIREE PREMIUM RATE DEVELOPMENT

Current Retirees

Expected Health Care Cost by Age for Medical and Prescription Drugs						
	General		DWS		Library	
Age	Male	Female	Male	Female	Male	Female
45	\$ 418.54	\$ 547.95	\$ 463.21	\$ 606.43	\$ 416.54	\$ 545.32
50	566.25	641.60	626.68	710.07	563.54	638.52
55	740.08	760.73	819.07	841.92	736.53	757.09
60	929.75	893.70	1,028.98	989.08	925.30	889.41
64	1,082.19	1,003.08	1,197.68	1,110.14	1,077.00	998.28
65	497.11	457.77	538.93	496.28	707.70	651.70
70	573.41	515.61	621.65	558.99	816.32	734.04
75	636.58	564.95	690.14	612.48	906.26	804.29

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	\$ 501.20	\$ 656.15	\$ 418.54	\$ 547.95	\$ 587.49	\$ 769.13
50	678.07	768.30	566.25	641.60	794.82	900.58
55	886.23	910.96	740.08	760.73	1,038.82	1,067.81
60	1,113.36	1,070.18	929.75	893.70	1,305.05	1,254.44
64	1,295.90	1,201.17	1,082.19	1,003.08	1,519.02	1,407.98
65	400.42	368.74	497.11	457.77	500.17	460.59
70	461.89	415.33	573.41	515.61	576.94	518.79
75	512.77	455.07	636.58	564.95	640.51	568.44

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
Road Commission	\$41.61	\$99.86	\$39.97	\$79.94
DWS	41.61	99.86	39.97	79.94
Medical Care Facility	24.07	57.77	22.27	44.54

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 C
SUMMARY OF BENEFITS

BAY COUNTY RETIREE HEALTH CARE PLAN – GENERAL COUNTY

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015

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	Dispatchers: 25 yrs of svc regardless of age 30 yrs of svc regardless of age Age 55 with 8/10 [@] yrs of svc ** Age 55 with 25 yrs of svc Age 60 with 8/10 [@] yrs of svc Nurses: Age 55 with 8/10 [@] yrs of svc ** Age 55 with 30 yrs of svc Age 60 with 8/10 [@] yrs of svc Circuit Court G.E.L.C.: Age 55 with 8/10 [@] yrs of svc ** Age 55 with 30 yrs of svc Age 60 with 8/10 [@] yrs of svc Probate Court USWA: Age 55 with 8 yrs of svc ** Age 55 with 30 yrs of svc Age 60 with 8 yrs of svc Remaining General Groups: Age 55 with 8/10 [@] yrs of svc ** Age 55 with 30 yrs of svc Age 60 with 8/10 [@] yrs of svc	Dispatchers: Age 55 with 8/10 [@] yrs of svc 25 yrs of svc regardless of age Age 60 with 8/10 [@] yrs of svc Age 55 with 25 yrs of svc 30 yrs regardless of age Nurses: Age 55 with 8/10 [@] yrs of svc Age 60 with 8/10 [@] yrs of svc Circuit Court G.E.L.C.: Age 55 with 8/10 [@] yrs of svc Age 60 with 8/10 [@] yrs of svc Probate Court USWA: Age 55 with 8 yrs of svc Age 60 with 8 yrs of svc Remaining General Groups: Age 55 with 8/10 [@] yrs of svc Age 60 with 8/10 [@] yrs of svc	Immediately	Medical Prescription drug Life Insurance ** life insurance as a retiree is provided to the following units only Non-Rep, USW FT, BCAMPS, USW-Probate**	Medical Prescription drug N/A	BCBS EHIM UNUM	self-insured self-insured TERM	BCBS EHIM	See Schedule A See Schedule A See Schedule F	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A
Defered Vested Termination	Dispatchers: 8/10 [@] yrs of svc Nurses: 8/10 [@] yrs of svc Circuit Court G.E.L.C.: 8/10 [@] yrs of svc Probate Court USWA: 8 yrs of svc Remaining General Groups: 8/10 [@] yrs of svc	Dispatchers: N/A Nurses: N/A Circuit Court G.E.L.C.: N/A Probate Court USWA: N/A Remaining General Groups: 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 N/A
Non-Duty Disability	10 or more yrs of credited svc	10 or more yrs of credited svc	Immediately	Medical Prescription drug Life Insurance	Medical Prescription drug	BCBS EHIM UNUM	self-insured self-insured TERM	BCBS EHIM	See Schedule A See Schedule A See Schedule F	See Schedule A See Schedule A N/A	See Schedule A See Schedule A N/A
Duty Disability	No age or svc requirement	No age or svc requirement	Immediately	Medical Prescription drug Life Insurance	Medical Prescription drug	BCBS EHIM UNUM	self-insured self-insured TERM	BCBS EHIM	See Schedule A See Schedule A See Schedule F	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	10 or more yrs of credited svc	Immediately		Medical Prescription drug	BCBS EHIM	self-insured self-insured	BCBS EHIM			See Schedule A See Schedule A
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	BCBS EHIM	self-insured self-insured	BCBS EHIM			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
 # 10 yrs of svc for members hired after 3/1/2007
 ** Eligible for retirement with a reduced pension

General County part-time members do not qualify for retiree health care. They do not have access to the plan. Employees hired after 1/1/2012 are not eligible for health care in retirement.

BAY COUNTY RETIREE HEALTH CARE PLAN – DWS

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015

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 Benefits begin upon termination of Worker's Compensation	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, 2015

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 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 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 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 – MEDICAL CARE FACILITY

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015

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 N/A	BCBSM BCBSM BCBSM BCBSM The Hartford	self-insured self-insured self-insured Term	BCBSM BCBSM BCBSM BCBSM The Hartford	<u>Medical and Prescription Drug</u> If retired before 1/15/2010 - None If retired after 1/15/2010 - See Below <u>Dental and Vision</u> 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	<u>Medical and Prescription Drug</u> If retired before 1/15/2010 - None If retired after 1/15/2010 - See Below <u>Dental and Vision</u> 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	<u>Medical and Prescription Drug</u> If retired before 1/15/2010 - None If retired after 1/15/2010 - See Below <u>Dental and Vision</u> 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 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	<u>Medical, Prescription Drug, Dental, and Vision</u> Same as described above N/A	<u>Medical, Prescription Drug, Dental, and Vision</u> Same as described above N/A	<u>Medical, Prescription Drug, Dental, and Vision</u> 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	<u>Medical, Prescription Drug, Dental, and Vision</u> Same as described above N/A	<u>Medical, Prescription Drug, Dental, and Vision</u> Same as described above N/A	<u>Medical, Prescription Drug, Dental, and Vision</u> 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			<u>Medical, Prescription Drug, Dental, and Vision</u> 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			<u>Medical, Prescription Drug, Dental, and Vision</u> 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. The retiree share of the premium is either 10% or 20% (based on hours worked).

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, 2015

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, 2015

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 Age 55 with 8/10*** yrs of svc	Immediately	Medical Prescription drug Dental Vision Life Insurance	Medical Prescription drug Dental Vision	BCBS BCBS BCBS BCBS Lincoln Financial	self-insured self-insured self-insured self-insured Whole Life	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 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 Lincoln Financial	self-insured self-insured self-insured self-insured Whole Life	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 Lincoln Financial	self-insured self-insured self-insured self-insured Whole Life	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			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			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

*** Follow Schedule E

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 – EXCLUDING BABH

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015

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 – EXCLUDING BABH
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015**

**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%	50%	75%	25%	0%	100%
21	100%	0%	100%	0%	100%	0%	50%	50%	75%	25%	0%	100%
22	100%	0%	100%	0%	100%	0%	50%	50%	75%	25%	0%	100%
23	100%	0%	100%	0%	100%	0%	50%	50%	75%	25%	0%	100%
24	100%	0%	100%	0%	100%	0%	50%	50%	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 – EXCLUDING BABH
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015**

**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 – EXCLUDING BABH

SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015

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 – EXCLUDING BABH
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015**

**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 – EXCLUDING BABH
SUMMARY OF THE BENEFIT PROVISIONS AS OF DECEMBER 31, 2015**

**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 D

SUMMARY OF PARTICIPANT DATA

**BAY COUNTY EMPLOYERS EXCLUDING BABH - TOTAL
TOTAL ACTIVE MEMBERS AS OF DECEMBER 31, 2015
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.
15-19	1							1
20-24	23							23
25-29	40	17						57
30-34	43	19	12					74
35-39	33	22	17	8	1			81
40-44	17	20	11	24	8			80
45-49	23	15	20	29	14	8	2	111
50-54	19	14	25	25	21	26	11	141
55-59	14	9	24	21	12	15	10	105
60-64	5	4	12	15	10	5	5	56
65 & Over	1	3	5	2	1		3	15
Totals	219	123	126	124	67	54	31	744

* 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: 45.4 years
Service: 12.3 years

**BAY COUNTY - GENERAL COUNTY
ACTIVE MEMBERS AS OF DECEMBER 31, 2015
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	16	1						17
30-34	14	2	7					23
35-39	15	12	6	2				35
40-44	7	6	5	9	1			28
45-49	6	6	14	16	5	1		48
50-54	11	4	10	14	9	14	8	70
55-59	7	4	12	8	5	9	4	49
60-64	4		6	5	9	3	3	30
65 & Over	1	1	3	2	1		1	9
Totals	83	36	63	56	30	27	16	311

* Excludes 48 part-time employees. Includes 86 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: 47.9 years
Service: 13.4 years

BAY COUNTY – DWS
ACTIVE MEMBERS AS OF DECEMBER 31, 2015
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
25-29	1							1
30-34	7	1						8
35-39	6							6
40-44	2	1	1	1				5
45-49	4	1				4		9
50-54	2	1	4	2		2		11
55-59	3			1	1		2	7
60-64	1	2	1					4
65 & Over								
Totals	26	6	6	4	1	6	2	51

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

Age: 46.4 years
Service: 9.3 years

BAY COUNTY - LIBRARY
ACTIVE MEMBERS AS OF DECEMBER 31, 2015
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								
30-34	1	1						2
35-39		3		1				4
40-44		2						2
45-49		2	1	1				4
50-54		2	2		1		1	6
55-59			3	3			1	7
60-64		1		5			2	8
65 & Over			1					1
Totals	1	11	7	10	1		4	34

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

Age: 51.7 years
Service: 15.1 years

**BAY COUNTY - MEDICAL CARE FACILITY
ACTIVE MEMBERS AS OF DECEMBER 31, 2015
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.
15-19	1							1
20-24	19							19
25-29	14	15						29
30-34	11	8	4					23
35-39	8	4	4	4	1			21
40-44	5	8	2	6	6			27
45-49	9	4		3		2	2	20
50-54	5	7	6	5	4	6	2	35
55-59	4	4	7	5	4	3	3	30
60-64		1	4	3				8
65 & Over		1	1					2
Totals	76	52	28	26	15	11	7	215

* Excludes 130 part-time employees. Includes 87 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: 41.7 years
Service: 10.5 years

**BAY COUNTY - SHERIFF'S DEPT
ACTIVE MEMBERS AS OF DECEMBER 31, 2015
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	6							6
30-34	6	6						12
35-39	1	3	6	1				11
40-44	2	1	3	7	1			14
45-49	2	1	2	7	4			16
50-54			1	2	2	3		8
55-59						1		1
60-64			1	1	1	2		5
65 & Over							2	2
Totals	19	11	13	18	8	6	2	77

* Includes 16 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: 42.0 years
Service: 13.5 years

**BAY COUNTY - ROAD COMMISSION
ACTIVE MEMBERS AS OF DECEMBER 31, 2015
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	3	1						4
30-34	4	1	1					6
35-39	3		1					4
40-44	1	2		1				4
45-49	2	1	3	2	5	1		14
50-54	1		2	2	5	1		11
55-59		1	2	4	2	2		11
60-64				1				1
65 & Over		1						1
Totals	14	7	9	10	12	4		56

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

Age: 46.6 years
Service: 13.1 years

**BAY COUNTY EMPLOYERS EXCLUDING BABH
INACTIVE MEMBERS AS OF DECEMBER 31, 2015
BY AGE**

Number of Retiree and Beneficiary Contracts

	Opt-Out/ Ineligible	One-Person Coverage	Two-Person Coverage*	Total
Male	89	70	122	281
Female	189	223	115	527
Total	278	293	237	808

** Includes family coverage.*

Age	Current Retirees						
	Number of Those Covered						
	General County	DWS	Library	Medical Care Facility	Sheriff's Dept	Road Commission	Total
0-44	1			1	1		3
45-49				2	3		5
50-54	2			4	3	6	15
55-59	22	1		24	3	11	61
60-64	38	15	2	28	7	14	104
65-69	45	3	5	39	12	19	123
70-74	25	5	1	19	7	8	65
75-79	23	2	2	20	2	9	58
80-84	14	2	1	11	6	13	47
85-89	11	1	1	10	3	4	30
90-94	5		1	5		6	17
95 +				1		1	2
Totals	186	29	13	164	47	91	530

There are no terminated members eligible for deferred Plan benefits.

SECTION E

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

**ACTUARIAL METHODS FOR
BAY COUNTY EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

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; and
- (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. The County reported the asset split between the various groups.

**ACTUARIAL METHODS FOR
BAY COUNTY EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

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

	Fiscal Year Beginning January 1,	
	2016	2017
General County (Level Dollar)	14.7316	14.4434
DWS (Level Percent of Pay)	21.3224	20.6413
Library (Level Dollar)	14.7316	14.4434
Medical Care Facility (Level Dollar)	14.1408	13.8230
Sheriff's Dept (Level Dollar)	14.7316	14.4434
Road Commission (Level Percent of Pay)	14.0493	13.2628

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

The rationale for all assumptions, except the investment return, used in this valuation is included in the 5-year experience study ending December 31, 2011, issued July 3, 2013. All assumptions are expectations of future experience, not market measures.

Investment Return (net of investment expenses): 5.00% a year, compounded annually.

Rates of price inflation are not specifically used for this valuation. However, a rate of price inflation of 2.75% would be consistent with other assumptions in this report.

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					
	General	DWS	Library	MCF	Sheriff's	Road Commission
1	3.75 %	3.75 %	3.75 %	0.75 %	6.00 %	6.00 %
2	3.00	3.00	3.00	0.75	5.25	3.75
3	2.25	2.25	2.25	0.75	5.25	3.75
4	2.25	2.25	2.25	0.75	4.50	3.75
5	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

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. The payroll growth assumptions were first adopted for the December 31, 2012 pension actuarial valuation.

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

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

^ These life expectancies are based on post-retirement mortality.

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 assumptions were first adopted for the December 31, 2012 pension actuarial valuation. The mortality rates were adjusted to include margin for future mortality improvements as described in the table shown above.

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

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					
	General	DWS	Library	MCF	Sheriff's	Road Commission
50				20 %		15 %
51				20		15
52				20		25
53				20		25
54				20		25
55	20 %	25 %	15 %	30		25
56	15	20	10	40		15
57	15	20	10	50		15
58	15	20	10	50		15
59	15	20	10	50		15
60	30	35	25	30	15 %	15
61	25	30	20	30	15	15
62	15	20	10	50	30	35
63	15	20	10	25	15	35
64	15	20	10	25	15	35
65	30	35	25	100	100	100
66	15	20	10			
67	15	20	10			
68	15	20	10			
69	15	20	10			
70	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 %	55	40 %
26	40	56	40
27	40	57	40
28	25	58	25
29	25	59	25
30	25	60	25
31	25	61	25
32	25	62	25
33	25	63	25
34	100	64	100

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

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

These rates do not apply to MCF, Sheriff’s Department, and Road Commission.

The retirement assumptions were first adopted for the December 31, 2012 pension actuarial valuation.

**ACTUARIAL ASSUMPTIONS FOR
BAY COUNTY EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

Rates of Disability. These rates represent the probabilities of active members becoming disabled. This assumption was first adopted for the December 31, 2012 pension actuarial valuation.

<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. These 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. This assumption was first adopted for the December 31, 2012 pension actuarial valuation.

<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>Med. Care Facility</u>	<u>Sheriff's Department*</u>	<u>Road Commission*</u>
ALL	0	15.00%	15.00%	15.00%	25.00%	N/A	N/A
	1	9.00	9.00	9.00	25.00	N/A	N/A
	2	9.00	9.00	9.00	15.00	N/A	N/A
	3	8.00	8.00	8.00	12.50	N/A	N/A
	4	8.00	8.00	8.00	8.75	N/A	N/A
20	5 & Over	7.50	7.50	7.50	7.50	4.50%	4.50%
25		7.50	7.50	7.50	7.50	4.50	4.50
30		7.00	7.00	7.00	5.00	3.75	3.90
35		7.00	7.00	7.00	5.00	2.25	2.30
40		4.00	4.00	4.00	3.75	1.50	0.90
45		3.00	3.00	3.00	2.50	1.50	0.50
50		2.00	2.00	2.00	2.00	1.25	0.50
55		2.00	2.00	2.00	2.00	0.75	0.50
60		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 EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015 (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, 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 EMPLOYERS EXCLUDING BABH
AS OF DECEMBER 31, 2015**

- 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	35.00%	35.00%	55.00%	55.00%	10.00%	10.00%	80.00%	80.00%
DWS	25.00%	25.00%	75.00%	75.00%	0.00%	0.00%	100.00%	100.00%
Library	90.00%	90.00%	0.00%	0.00%	10.00%	10.00%	0.00%	0.00%
Medical Care Facility	30.00%	30.00%	65.00%	65.00%	5.00%	5.00%	100.00%	100.00%
Sheriff's Dept	35.00%	35.00%	55.00%	55.00%	10.00%	10.00%	80.00%	80.00%
Road Commission	5.00%	5.00%	95.00%	95.00%	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.

January 17, 2017

Ms. Katie Meeth, 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. Meeth:

Enclosed are 20 copies of the December 31, 2015 actuarial valuation of Bay County Retiree Health Care Plan – Excluding BABH.

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

Respectfully submitted,



James D. Anderson, FSA, EA, MAAA

JDA:ah
Enclosures

cc: Jerry Desloover, Rehmann, Robson
Shana M. Neeson, GRS
Stephanie Crawford, GRS