

Bay County Voluntary Employees' Beneficiary Association (VEBA)

Summary Annual Report to Members December 31, 2023

Dear VEBA Plan Member:

The Voluntary Employees' Beneficiary Association (VEBA), which is managed by the VEBA Board of Trustees, is designed to provide medical benefits to you, your spouse, and covered dependents once you retire, become disabled, or upon your death. ***The County also supports a pension plan which is separate from the VEBA.***

The VEBA Board's fiduciary responsibility to you is to supervise the general administration of Bay County's Retiree Health Benefit Plan (the Plan) and invest the Plan's assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief review of the VEBA and how it operates. We hope you will find it useful and informative. However, a summary report cannot cover all the details of the VEBA, which is governed by the provisions of the Retiree Health Benefit Plan and the VEBA's Trust Document. Additional information about the VEBA including the Plan, Trust Document and the actuarial valuation is available in the Finance Office or can be accessed via the County's website.

Respectfully submitted,

Board of Trustees Bay County VEBA

- Steven Gray – Chairperson
- Jon Morse – Vice Chairperson
- Kristal Gonzales – Sergeant at Arms
- Vaughn Begick
- Renee Courier-Aumock
- Thomas Herek
- Ernie Krygier
- Weston Prince
- Patrick Woody

Secretary

- Shawna Walraven – Finance Officer

Plan Administrator

- Jennifer Davenport

Auditors/Accountants

- Rehmann

Actuaries and Consultants

- Gabriel, Roeder, Smith & Company

Legal Counsel

- Heather Brady-Pitcher

Custodial Bank

- Comerica Bank

Investment Consultant

- AndCo

Investment Managers

- American Funds EuroPacific
- C.S. McKee L.P.
- Clarkston
- Dimension Fund Advisors (DFA)
- Dodge & Cox
- Loomis Sayles
- MFS Investment Management
- PRISA

Summary Results of the Actuarial Valuation

The VEBA's financial objective is to accumulate amounts to pay all or some of the benefits promised. This objective will only be met if the Employer of the respective Employee group contributes the amounts recommended by the actuary.

The Board of Trustees of the Bay County Voluntary Employees' Beneficiary Association provides for the payment of the employer contributions as described in the Bay County Board of Commissioners Resolution No. 2001-242.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the VEBA's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on the VEBA's past experience, information about current participation and financial markets, and assumptions concerning the VEBA's future demographic and economic activity. The results of the December 31, 2023 valuation regarding active and retired employees, based on the established funding objective, are summarized below:

Valuation Date	December 31, 2023
Actuarial Cost Method	Individual Entry Age Normal Cost
Amortization Method	Level dollar amount for General County, Library, Medical Care Facility, Sheriff's Department, and Road Commission. Level percent-of-payroll for DWS and BABH.
Open/Closed Plan	General County, Medical Care Facility^, Sheriff's Department, and Road Commission are closed to new hires. DWS, Library and BABH are open.
Amortization Periods	16 years closed for General County, DWS, Library, Sheriff's Department, and Road Commission. 14 years closed for Medical Care Facility. 12 years closed for BABH.
Asset Valuation Method	Market value
Retirees and Beneficiaries Receiving Benefits	725
Deferred Vested Members	0
Active Plan Members	<u>698</u>
Total	1,423
Principal Actuarial Assumptions:	
Net Investment Return	7.00%
Projected Salary Increases	3.00% pay inflation plus merit and longevity

^ Members hired after the reported closure dates continue to be eligible for life insurance benefits.

Actuarially Determined Contributions (ADC) Years Ending December 31, 2026 and December 31, 2027

ADC for the Year Ending	General County	DWS	Library	BMCF	Sheriff's Dept.	Road Comm.	Total	BABH
December 31, 2026								
Normal Cost \$	\$298,384	\$303,515	\$ 73,193	\$ 97,936	\$ 94,475	\$ 224,723		\$ 266,237
UAL Contribution \$	(96,829)	11,364	(102,040)	(646,910)	136,177	1,357,546		(1,848,953)
Total ADC \$	201,555	314,879	0	0	230,652	1,582,269	\$2,329,355	\$ 0
December 31, 2027								
Total ADC \$	\$174,073	\$324,326	\$ 0	\$ 0	\$224,678	\$1,571,231	\$2,294,308	\$ 0

Funded Status	General County	DWS	Library	BMCF	Sheriff's Dept.	Road Comm.	Total	BABH
AAL#*	\$22.37	\$10.16	\$2.48	\$13.99	\$8.37	\$16.36	\$73.73	\$10.34
Applied Assets * (Market Value)	23.19	10.04	3.35	19.10	7.21	4.77	67.67	25.67
% Funded	103.7%	98.8%	135.1%	136.6%	86.1%	29.2%	91.8%	248.3%

Actuarial Accrued Liabilities
* \$ Millions

Actuary's Opinion

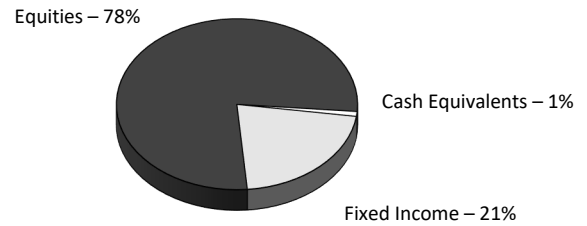
It is the actuary's opinion that the contribution amounts recommended in the most recent actuarial report are sufficient to meet the System's financial objective, assuming the employer contributes those amounts to the VEBA. Gabriel, Roeder, Smith & Company is not responsible for any contributions not made to the VEBA. The funding of the VEBA is the responsibility of the employers.

Summary Financial Information

Revenues and Expenditures

	<u>2023</u>
Market Value - January 1	\$80,919,112
Revenues	
Member contributions	0
Employer contributions	1,674,871
Investment income	11,096,247
Miscellaneous income	<u>0</u>
Total	12,771,118
Expenditures	
Health care benefits	0
Refund of member contributions	0
Administrative expenses	144,562
Professional training/education expenses	0
Travel expenses	0
Investment expenses	<u>210,343</u>
Total	354,905
Audit Adjustment	0
Market Value - December 31	<u>\$93,335,325</u>

Investments (Market Value)



The market rate of return on Plan assets net of expenses for the year ended December 31, 2023 was 13.67%.

Average Annual Market Rate of Return

Period Ending December 31, 2023

1-Year	13.67%
3-Year	3.35%
5-Year	9.37%
7-Year	7.81%
10-Year	7.17%

Projected Expenses for the Next Fiscal Year

Administrative	\$ 21,645
Professional Training/Education	0
Travel	0
Investment	170,000
Professional	48,000

Brief Summary of Primary Benefit Provisions

(Please refer to the Retiree Health Care Plan Document for a complete description)

Employee Group	Retiree Health Normal/Early Retirement Eligibility	Benefit Provisions ^{8&9}
General County^{~@@} Dispatchers	(b)* or (c) or (f)* or (g) or (h)	Health Including Rx: County pays retiree and spouse coverage depending on years of service at retirement [^] . Dental/Vision: No
Nurses	(b) [#] or (f) [#]	
Circuit Court G.E.L.C.	(b) [@] or (f) [@]	
Probate Court USWA	(a) or (e)	
Remaining General Groups	(b)* or (f)*	
Road Commission^{***@@}	(j)	Health Including Rx: Effective 1/1/2016 retiree contributions towards coverage will be the same as active member contributions. At Medicare eligibility, the retiree and/or spouse will be moved to Medicare Advantage or equivalent with no cost. Dental/Vision: Yes
Sheriff's Department⁺ Road Patrol	(b)* or (f)* or (g)	Health Including Rx: Sheriff's Department pays retiree and spouse coverage depending on years of service at retirement [^] . Dental/Vision: No
Road Patrol Supervisory Unit	(b) [@] or (f) [@] or (g)	
Correction Facility Officers	(b)* or (f)* or (g)	
BABH	(d) or (e) or (i)	Health Including Rx: BABH pays retiree and spouse coverage depending on years of service at retirement [^] . Dental/Vision: BABH provides for retirees with at least 20 years of service. Spousal coverage depends on the years of service at retirement [^] .
Medical Care Facility Members Hired Before April 19, 2007	(a) or (e) or (h)	Health Including Rx: MCF pays full cost of retiree and spouse coverage if retired before 1/15/2010. If retired after 1/15/2010 MCF pays a portion of the cost of retiree and spouse coverage [%] . Dental/Vision: MCF pays full cost of retiree and, spouse coverage if retired between 1/1/2001 and 1/15/2010. If retired after 1/15/2010 MCF pays a portion of the cost of retiree and spouse coverage [%] .
Members Hired Between April 19, 2007 and January 15, 2010	(c) or (h)	
Members Hired After January 15, 2010	Not eligible for health insurance, but continue to be eligible for life insurance	
DWS^{@@}	(b) [!] or (f) [!] of (h)	Health Including Rx: DWS pays retiree and spouse coverage depending on Hourly vs. Salary and years of service at retirement [^] . Dental/Vision: Hourly-Retirees can opt to pay for coverage. Salary-DWS pays retiree and spouse coverage depending on years of service at retirement [^] .
Library	(d) or (f) ^{**}	Health Including Rx: Library pays 50% of retiree premium if retired on or after age 55 with 30+ years of service. Library pays 50% of retiree premium if retired after age 60 but before age 65. If retired after age 65, Library pays 100% of premium. Dental/Vision: No

- (a) Age 55 with 8 yrs of service
- (b) Age 55 with 8/10 yrs of service
- (c) Age 55 with 25 yrs of service
- (d) Age 55 with 30 yrs of service
- (e) Age 60 with 8 yrs of service
- (f) Age 60 with 8/10 yrs of service
- (g) 25 yrs of service regardless of age
- (h) 30 yrs of service regardless of age
- (i) Age 62 with 10 yrs of service
- (j) 15 years of service regardless of age

- [@] 10 years of service for members hired after 1/1/2006.
- ^{*} 10 years of service for members hired after 1/1/2007.
- ^{**} 10 years of service for members hired after 3/1/2008.
- [!] 10 years of service for members hired after 7/1/2008.
- [#] 10 years of service for members hired after 1/1/2012.
- [^] Please refer to respective collective bargaining agreements to find the eligibility/vesting schedule.
- [&] Life Insurance benefits are offered to some employee groups. Life insurance amounts vary by group and date of retirement.
- [%] Please refer to the collective bargaining agreement to find information regarding the application of an employee cost share for retirements after 1/15/2010.
- ^{\$} Please refer to respective collective bargaining agreements to find more information regarding benefit eligibility under other forms of retirement.
- ⁺ Employees hired after 1/1/2012 are not eligible for health care in retirement.
- ^{***} Employees hired after 1/1/2016 are not eligible for health care in retirement, but continue to be eligible for life insurance.
- [~] Employees hired after 1/1/2020 are not eligible for life insurance.
- ^{@@} Employees retiring on or after 1/1/2023 are not eligible for life insurance.