

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Eligibility

Amount

NORMAL RETIREMENT

Total service times 2%* of final average compensation. Maximum County-financed is 75% FAC.

See Below.

Type of final average compensation – Highest 5 years. Some lump sums included.

EARLY RETIREMENT

Regular retirement reduced to the actuarial equivalent.

See Below.

DEFERRED RETIREMENT

8 or more years of credited service. Computed as a regular retirement but based on service and Benefit begins at age 60 or reduced at age final average compensation at time of termination.

NON-DUTY DEATH IN SERVICE

10 or more years of credited service or age 60 with 8 or more years of credited service. Computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

DUTY DEATH IN SERVICE

No age or service requirements. Benefits begin upon termination of Workers Compensation. To the spouse, a refund of accumulated contributions plus a benefit equal to the Workers Compensation amount. Unmarried children under 18 and parents receive a benefit equal to the Workers Compensation.

NON-DUTY DISABILITY

Computed as a regular retirement. Workers Compensation payments are offset.

10 or more years of credited service.

DUTY DISABILITY

No age or service requirements. Must be in receipt of Workers Compensation. Computed as a regular retirement with additional service credit granted to age 55. Workers Compensation payments are offset.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted.

MEMBER CONTRIBUTIONS

4% of annual compensation. * For some employee groups, the employer pays the member contribution.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Division

Retirement Eligibility

NORMAL RETIREMENT

Bay Medical Care Facility 30 years of service regardless of age, age 55 with 25 years of service or age 60 with 8 years of service.

Sheriff's Department#

Age 55 with 25 years of service or age 60 with 8 years of service.

All Others

Age 55 with 30 years of service or age 60 with 8 years of service.

EARLY RETIREMENT

Sheriff's Department 25 years of service regardless of age or age 55 with 8 years of service.

All Others Age 55 with 8 years of service.

* Real Peral benefits before Social Security age are 2.25% and they combine an additional 2.55% of pay.
Some groups have different eligibility requirements.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 1997

Dear Retirement System Member:

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's retirement ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the retirement ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

*Board of Trustees
Bay County Employees' Retirement System*

ACTUARIES & CONSULTANTS
GABRIEL, ROEDER, SMITH & COMPANY

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the county's active member payroll.

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

These valuations are based on your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1997 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 1998 Employer Contribution Rates As a Percentage of Active Member Payroll

Contributions for	General		Medical		Sheriff's Dept.	Road Comm.
	County	Facility	Care	Facility		
Normal Cost of Benefits	12.53%	12.44%	15.96%	16.86%		
Total	4.00	4.00	4.00	4.00		
Member portion	8.53	8.44	11.96	12.86		
Employer portion	(8.53)	(8.44)	(11.96)	(3.71)		
Amortization of unfunded liability						
Computed Employer Rate	0.00%	0.00%	0.00%	9.15%		

Funded Status	\$ Millions
• Actuarial accrued liabilities	\$100.0
• Applied assets (smoothed market value)	122.4
• % funded	122.3%

Actuary's Opinion

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of payroll contribution rates level.

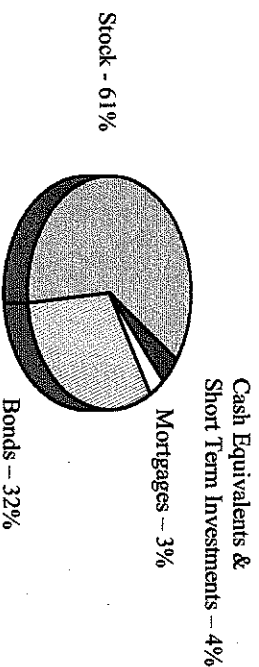
SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenditures

	1997
Market Value - January 1	\$127,957,131
Revenues	
Member contributions	1,330,637
Employer contributions	450,741
Gross investment income	27,609,353
Total	29,390,731
Expenditures	
Benefit payments	3,225,097
Refund of member contributions	176,409
Investment & administrative expenses	957,817
Total	4,359,323
Market Value - December 31	<u>152,988,539</u>

The System had \$34,149 of "soft dollar" expenses for investment consulting.

Investments



The market rate of return on system assets net of expenses for the year ended December 31, 1997 was 21.1%. The book value rate of return on system assets net of expenses for the year ended December 31, 1997 was 17.8%.

BRIEF SUMMARY OF PLAN PROVISIONS
 (Please refer to the Retirement Ordinance for a complete description)
 Eligibility Amount

See Below.

NORMAL RETIREMENT

Total service times 2.25% of FAC for:
 Water and Sewer effective 1/1/1999
 Non-Union General effective 10/1/199
 Medical Care Facility effective 1/1/2000
 Road Commission effective 2/1/2001.
 Total service times 2.0%* of FAC for all others.
 Type of final average compensation -- Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT

Regular retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT

Computed as a regular retirement but based on service and final average compensation at time of termination.

NON-DUTY DEATH IN SERVICE

Computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

DUTY DEATH IN SERVICE

To the spouse, a refund of accumulated contributions plus a benefit equal to the Workers' Compensation amount. Unmarried children under 18 and dependent parents receive a benefit equal to the Workers' Compensation.

NON-DUTY DISABILITY

Computed as a normal retirement. Pension may be offset by Workers' Compensation payments.

DUTY DISABILITY

Computed as a normal retirement with additional service credit granted to age 55. Pension may be offset by Workers' Compensation payments.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted.

MEMBER CONTRIBUTIONS

4% of annual compensation. For most employee groups, the employer pays the member contribution.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Retirement Eligibility

NORMAL RETIREMENT

30 years of service regardless of age or age 55 with 25 years of service or age 60 with 8 years of service.
 25 years of service regardless of age or age 60 with 8 years of service.
 Age 55 with 25 years of service or age 60 with 8 years of service.
 Age 55 with 30 years of service or age 60 with 8 years of service.

EARLY RETIREMENT

25 years of service regardless of age or age 55 with 8 years of service.
 Age 55 with 8 years of service.
 * Road Patrol benefits before Social Security age are 2.25% and they contribute an additional 2.55% of pay.

Bay County Employees' Retirement System

**SUMMARY ANNUAL REPORT TO MEMBERS
 DECEMBER 31, 1998**

Dear Retirement System Member and Retirees:

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

*Board of Trustees
 Bay County Employees' Retirement System*

**ACTUARIES & CONSULTANTS
 GABRIEL, ROEDER, SMITH & COMPANY**

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to establish and receive contributions which will remain approximately level from year-to-year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the county's active member payroll.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1998 valuation, based on the established funding objective, are summarized below:

**Fiscal Year Beginning January 1, 1999
Employer Contribution Rates
as a Percentage of Active Member Payroll**

Contributions for	General County	Medical Care Facility	Sheriff's Dept.	Road Comm.
Normal Cost of Benefits	12.85%	13.72%	15.98%	17.09%
Total	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
Member portion	8.85	9.72	11.98	13.09
Employer portion	(8.85)	(9.72)	(11.98)	(11.42)
Amortization of unfunded liability	0.00%	0.00%	0.00%	1.67%
Computed Employer Rate				

Funded Status	\$ Millions
• Actuarial accrued liabilities	\$111.7
• Applied assets (smoothed market value)	145.7
• % funded	130.5%

Actuary's Opinion

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of payroll contribution rates level.

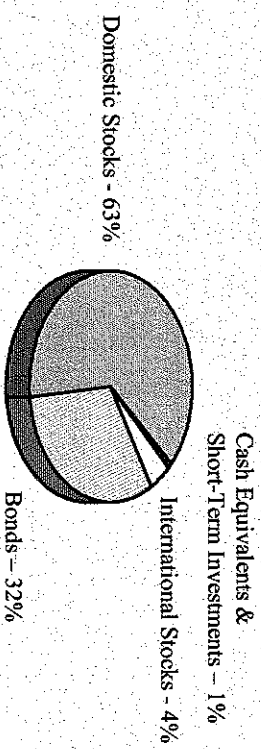
SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenditures

	1998
Market Value - January 1	\$152,988,539
Revenues	
Member contributions	1,411,497
Employer contributions	342,873
Gross investment income	<u>32,028,838</u>
Total	33,783,208
Expenditures	
Benefit payments	3,421,786
Refund of member contributions	147,961
Investment & administrative expenses	<u>1,037,536</u>
Total	4,607,283
Market Value - December 31	<u>182,164,464</u>

The System had \$56,609 of "soft dollar" expenses for investment consulting.

Investments



The market rate of return on System assets net of expenses for the year ended December 31, 1998 was 20.5%. The book value rate of return on System assets net of expenses for the year ended December 31, 1998 was 15.1%.

BRIEF SUMMARY OF PLAN PROVISIONS
 (Please refer to the Retirement Ordinance for a complete description)

Eligibility Amount

NORMAL RETIREMENT

See Below. Total service times 2.25% of FAC for:
 Water and Sewer, Non-Union General, Medical Care Facility effective currently, Road Commission effective 2/1/2001, USWA full time effective 7/1/2000, BCAMPS effective 7/1/2001, Non-Union Court effective 7/1/2000 and Non-Union Mental Health effective 10/1/2000.
 Total service times 2.0%* of FAC for all others. Type of final average compensation - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT

See Below. Normal retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT

8 or more years of credited service. Benefit Computed as a normal retirement but based on service and final begins at age 60 or reduced at age 55. average compensation at time of termination.

NON-DUTY DEATH IN SERVICE

10 or more years of credited service or age 60 with 8 or more years of credited service. Computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.

DUTY DEATH IN SERVICE

No age or service requirements. Benefits To the spouse, a refund of accumulated contributions plus a begin upon termination of Workers' benefit equal to the Workers' Compensation amount. Unmarried children under 18 and dependent parents receive a benefit equal to the Workers' Compensation.

NON-DUTY DISABILITY

10 or more years of credited service. Computed as a normal retirement. Pension may be offset by Workers' Compensation payments.

DUTY DISABILITY

No age or service requirements. Must be in Computed as a normal retirement with additional service credit receipt of Workers' Compensation. granted to age 55. Pension may be offset by Workers' Compensation payments.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted.

MEMBER CONTRIBUTIONS

4% of annual compensation. For most employee groups, the employer pays the member contribution.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Retirement Eligibility

NORMAL RETIREMENT

Bay Medical Care Facility & Dispatchers	30 years of service regardless of age or age 55 with 25 years of service or age 60 with 8 years of service.
Road Patrol	25 years of service regardless of age or age 60 with 8 years of service.
Correction Facility Officers	Age 55 with 25 years of service or age 60 with 8 years of service.
All Others	Age 55 with 30 years of service or age 60 with 8 years of service.

EARLY RETIREMENT

Dispatchers and Corrections Facility Officers	25 years of service regardless of age or age 55 with 8 years of service.
All Others	Age 55 with 8 years of service.

* Road Patrol benefits before Social Security age are 2.25% and they contribute an additional 2.55% of pay.

Bay County Employees' Retirement System

**SUMMARY ANNUAL REPORT TO MEMBERS
 DECEMBER 31, 1999**

Dear Retirement System Member and Retirees:

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

*Board of Trustees
 Bay County Employees' Retirement System*

ACTUARIES & CONSULTANTS
 GABRIEL, ROEDER, SMITH & COMPANY

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to establish and receive contributions which will remain approximately level from year-to-year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the county's active member payroll.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1999 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2000 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions for	General County	Medical Care Facility	Sheriff's Dept.	Road Comm.
Normal Cost of Benefits				
Total	13.41%	13.72%	15.96%	16.98%
Member portion	4.00	4.00	4.00	4.00
Employer portion	9.41	9.72	11.96	12.98
Amortization of unfunded liability	(9.41)	(9.72)	(11.96)	(12.98)
Computed Employer Rate	0.00%	0.00%	0.00%	0.00%

Funded Status

\$ Millions

- Actuarial accrued liabilities \$119.1
- Applied assets (smoothed market value) 177.6
- % funded 149.2%

Actuary's Opinion

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of payroll contribution rates level.

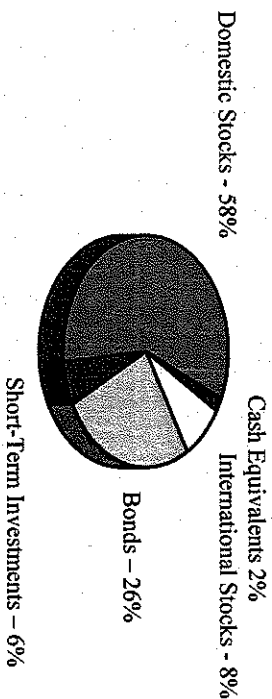
SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenditures

	1999
Market Value - January 1	\$182,164,466
Revenues	
Member contributions	1,632,513
Employer contributions	47,088
Gross investment income	43,194,127
Other revenue	4,341
Total	44,878,069
Expenditures	
Benefit payments	3,698,604
Refund of member contributions	158,743
Investment & administrative expenses	1,136,267
Total	4,993,614
Market Value - December 31	222,048,921

The System had \$60,000 of "soft dollar" expenses for investment consulting.

Investments



The market rate of return on System assets net of expenses for the year ended December 31, 1999 was 23.3%. The book value rate of return on System assets net of expenses for the year ended December 31, 1999 was 26.7%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Eligibility

Amount

NORMAL RETIREMENT

Total service times 2.00% of FAC for Library, Mental Health union members and Corrections Facility Officers.

Total service times 2.25% (effective 1/1/2001 for District Court union members, Sheriff's Department Road Patrol; effective 2/1/2001 for Road Commission; effective 7/1/2001 for Nurses, Circuit Court union members, Probate Court union members, BCAMPS and 911 Dispatchers; effective 1/1/2002 for USWA Part-time members) of FAC for all others. Type of final average compensation - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT

Normal retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT

8 or more years of credited service. Benefit Computed as a normal retirement but based on service and final average compensation at time of termination.

NON-DUTY DEATH IN SERVICE

10 or more years of credited service or age Computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.

DUTY DEATH IN SERVICE

No age or service requirements. Benefits To the spouse, a refund of accumulated contributions plus a benefit equal to the Workers Compensation amount. Unmarried children under 18 and dependent parents receive a benefit equal to the Workers' Compensation.

NON-DUTY DISABILITY

10 or more years of credited service. Computed as a normal retirement. Pension may be offset by Workers' Compensation payments.

DUTY DISABILITY

No age or service requirements. Must be in receipt of Workers' Compensation. Computed as a normal retirement with additional service credit granted to age 55. Pension may be offset by Workers' Compensation payments.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted.

MEMBER CONTRIBUTIONS

4% of annual compensation. For all employee groups, the employer pays the member contribution.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Division

Retirement Eligibility

NORMAL RETIREMENT

Bay Medical Care Facility & Dispatchers 30 years of service regardless of age or age 55 with 25 years of service or age 60 with 8 years of service.

Road Patrol

25 years of service regardless of age or age 60 with 8 years of service.

Correction Facility Officers

Age 55 with 25 years of service or age 60 with 8 years of service.

All Others

Age 55 with 30 years of service or age 60 with 8 years of service.

EARLY RETIREMENT

Dispatchers and Corrections Facility Officers

25 years of service regardless of age or age 55 with 8 years of service.

Age 55 with 8 years of service.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2000

Dear Retirement System Member and Retireants:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

*Board of Trustees
Bay County Employees' Retirement System*

ACTUARIES & CONSULTANTS
GABRIEL, ROEDER, SMITH & COMPANY

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to pay benefits by establishing, receiving, and managing contributions that will remain approximately level from year-to-year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the county's active member payroll.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2000 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2001 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions for	General		Medical		Sheriff's Dept.	Road Comm.
	County	Facility	Care Facility	Dept.		
Normal Cost of Benefits	13.66%	13.63%	16.78%	17.02%		
Total	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>		
Member portion	9.66	9.63	12.78	13.02		
Employer portion	<u>(9.66)</u>	<u>(9.63)</u>	<u>(12.78)</u>	<u>(13.02)</u>		
Amortization of unfunded liability	0.00%	0.00%	0.00%	0.00%		
Computed Employer Rate	0.00%	0.00%	0.00%	0.00%		

- Actuarial accrued liabilities
- Applied assets (smoothed market value)
- % funded

\$ Millions

\$129.3
192.3
148.7%

Actuary's Opinion

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of payroll contribution rates level.

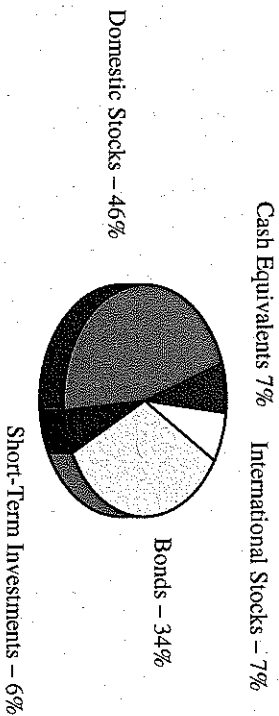
SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenditures

	2000
Market Value - January 1	\$222,048,923
Revenues	
Member contributions	1,576,292
Employer contributions	0
Gross investment income	(3,610,325)
Other revenue	<u>12,285</u>
Total	(2,021,748)
Expenditures	
Benefit payments	4,040,335
Refund of member contributions	113,752
Investment & administrative expenses	<u>1,461,457</u>
Total	5,615,544
Market Value - December 31	<u>214,411,631</u>

The System had \$57,867 of "soft dollar" expenses for investment consulting.

Investments



The market rate of return on System assets net of expenses for the year ended December 31, 2000 was (2.24)%. The book value rate of return on System assets net of expenses for the year ended December 31, 2000 was 10.1%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Eligibility	Amount
See Below.	NORMAL RETIREMENT Total service times 2.00% of FAC for BABH union members. Total service times 2.25% of FAC for all others. Type of final average compensation - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.
See Below.	EARLY RETIREMENT Normal retirement reduced to the actuarial equivalent.
8 or more years of credited service. Benefit begins at age 60 or reduced at age 55.	DEFERRED RETIREMENT Computed as a normal retirement but based on service and final average compensation at time of termination.
10 or more years of credited service or age 60 with 8 or more years of credited service.	NON-DUTY DEATH IN SERVICE Computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.
No age or service requirements. Benefits begin upon termination or Workers' Compensation.	DUTY DEATH IN SERVICE To the spouse, a refund of accumulated contributions plus a benefit equal to the Workers' Compensation amount. Unmarried children under 18 and dependent parents receive a benefit equal to the Workers' Compensation.
10 or more years of credited service.	NON-DUTY DISABILITY Computed as a normal retirement. Pension may be offset by Workers' Compensation payments.
No age or service requirements. Must be in receipt of Workers' Compensation.	DUTY DISABILITY Computed as a normal retirement with additional service credit granted to age 55. Pension may be offset by Workers' Compensation payments.
One-time increases have been granted.	POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS
4% of annual compensation. For all employee groups, the employer pays the member contribution.	MEMBER CONTRIBUTIONS
Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.	EMPLOYER CONTRIBUTIONS
	RETIREMENT ELIGIBILITY
Division	Retirement Eligibility
Bay Medical Care Facility & Dispatchers	NORMAL RETIREMENT 30 years of service regardless of age or age 55 with 25 years of service or age 60 with 8 years of service.
Road Patrol	25 years of service regardless of age or age 60 with 8 years of service.
Correction Facility Officers	Age 55 with 25 years of service or age 60 with 8 years of service.
Road Commission	30 years of service regardless of age or age 60 with 8 years of service.
All Others	Age 55 with 30 years of service or age 60 with 8 years of service.
Dispatchers and Corrections Facility Officers	EARLY RETIREMENT 25 years of service regardless of age or age 55 with 8 years of service.
All Others	Age 55 with 8 years of service.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2001

Dear Retirement System Member and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire or die. **The County also supports a retiree health insurance program, which is separate from the Retirement System.**

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

Board of Trustees
Bay County Employees' Retirement System

ACTUARIES & CONSULTANTS
GABRIEL, ROEBER, SMITH & COMPANY

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to pay benefits by establishing, receiving, and managing contributions that will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the county's active member payroll.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2001 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2002 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	MCF	Sheriff's Dept.	Road Comm
Normal Cost	13.26%	13.00%	14.94%	13.79%	13.26%	16.86%	16.22%
Total	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Member	9.26	9.00	10.94	9.79	9.26	12.86	12.22
Employer	(9.26)	(9.00)	(10.94)	(9.79)	(9.26)	(12.86)	(12.22)
Amort. of UAL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Computed Employer Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Funded Status

- Actuarial accrued liabilities \$140.7
- Applied assets (smoothed market value) 203.2
- % funded 144.4%

Actuary's Opinion

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of payroll contribution rates level.

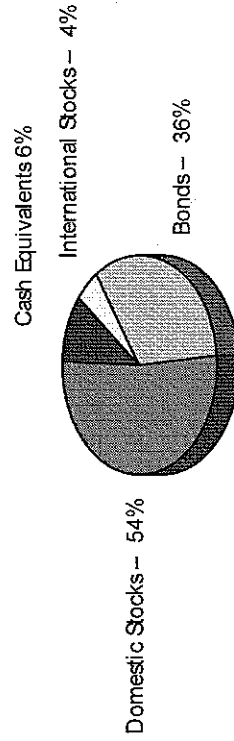
SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenditures

	2001
Market Value - January 1	\$214,411,631
Revenues	
Member contributions	486,473
Employer contributions	0
Investment income/(loss)	(2,483,707)
Other revenue	92,584
Total	(1,904,650)
Expenditures	
Benefit payments	4,436,521
Refund of member contributions	101,250
Investment & administrative expenses	1,326,315
Total	5,864,086
Market Value - December 31	\$206,642,895

The System had \$68,750 of "soft dollar" expenses for investment consulting.

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2001 was (1.69)%. The book value rate of return on System assets net of expenses for the year ended December 31, 2001 was (0.3)%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Eligibility Amount

See Below, **NORMAL RETIREMENT**
 Total service times 2.00% of FAC for BABH union members
 Total service times 2.25% of FAC for all others. Type of final
 average compensation - Highest 5 years. Some Lump sums
 included. Maximum County-financed is 75% of FAC.

See Below, **EARLY RETIREMENT**
 Normal retirement reduced to the actuarial equivalent.

8 or more years of credited service.
 Benefit begins at age 60 or reduced at age 55.
DEFERRED RETIREMENT
 Computed as a normal retirement but based on service and
 final average compensation at time of termination.

10 or more years of credited service at any age.
NON-DUTY DEATH IN SERVICE
 Computed as a normal retirement but actuarially reduced in
 accordance with a 100% joint and survivor election.

No age or service requirements. Benefits begin upon termination of Workers' Compensation.
DUTY DEATH IN SERVICE
 To the spouse a refund of accumulated contributions plus a
 benefit equal to the Workers' Compensation amount.
 Unmarried children under 18 and dependent parents receive
 a benefit equal to the Workers' Compensation amount.

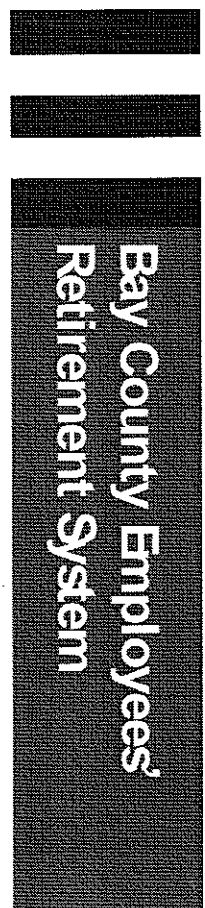
10 or more years of credited service.
NON-DUTY DISABILITY
 Computed as a normal retirement. Pension may be offset by
 Workers' Compensation payments.

No age or service requirements.
DUTY DISABILITY
 Computed as a normal retirement with additional service
 credit granted to age 55. Pension may be offset by Workers'
 Compensation payments.

One-time increases have been granted at various amounts.
POST-RETIREMENT COST-FLYING ADJUSTMENTS
MEMBER CONTRIBUTIONS
 4% of annual compensation. For all employee groups, the employer pays the member contribution.

Actuarially determined amounts which, together with member contributions, are sufficient to cover both
 (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future
 years.
EMPLOYER CONTRIBUTIONS

Division	Retirement Eligibility
Bay Medical Care Facility & Dispatchers	NORMAL RETIREMENT 30 years of service regardless of age or age 55 with 25 years of service or age 60 with 8 years of service.
Road Patrol	25 years of service regardless of age or age 60 with 8 years of service.
Correction Facility Officers	Age 55 with 25 years of service or age 60 with 8 years of service.
Road Commission	30 years of service regardless of age or age 60 with 8 years of service.
All Others	Age 55 with 30 years of service or age 60 with 8 years of service.
Dispatchers and Corrections Facility Officers	EARLY RETIREMENT 25 years of service regardless of age or age 55 with 8 years of service.
All Others	Age 55 with 8 years of service.



SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2002

Dear Retirement System Member and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

*Board of Trustees
 Bay County Employees' Retirement System*

ACTUARIES & CONSULTANTS
 GABRIEL, ROEDER, SMITH & COMPANY

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2002 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2003 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	MCF	Sheriff's Dept.	Road Comm
Normal Cost							
Total	13.74%	13.36%	15.08%	14.11%	14.07%	17.25%	17.09%
Member	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Employer	9.74	9.36	11.08	10.11	10.07	13.25	13.09
Amort. of UAL	(9.74)	(9.36)	(11.08)	(10.11)	(10.07)	(13.25)	(13.09)
Computed Employer Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Funded Status	General County	DWS	Library	BABH	MCF	Sheriff's Dept.	Road Comm
AAL#	\$59.2	\$5.6	\$6.4	\$14.9	\$29.4	\$16.7	\$19.5
Applied assets (smoothed market value)* %funded	80.8	7.6	7.6	20.0	36.7	26.2	21.9
	136.6%	135.2%	118.5%	134.3%	124.9%	157.2%	112.0%

#Actuarial Accrued Liabilities
* \$ millions

Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

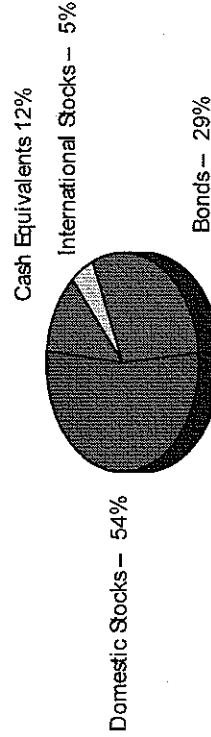
SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2002
Market Value - January 1	\$206,642,895
Revenues	
Member contributions	343,490
Employer contributions	0
Investment income/(loss)	(25,055,738)
Other revenue	90,514
Total	(24,621,734)
Expenditures	
420 Asset Transfer	1,507,677
Benefit payments	4,934,247
Refund of member contributions	104,217
Investment & administrative expenses	1,345,823
Total	7,891,964
Market Value - December 31	\$174,129,197

The System had \$57,842 of "soft dollar" expenses for investment consulting.

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2002 was (12.87)%. The book value rate of return on System assets net of expenses for the year ended December 31, 2002 was (4.20)%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Eligibility	Amount
NORMAL RETIREMENT	
See Below.	Total service times 2.00% of FAC for BABH union members. Total service times 2.25% of FAC for all others. Type of final average compensation -- Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.
EARLY RETIREMENT	
See Below.	Normal retirement reduced to the actuarial equivalent.
DEFERRED RETIREMENT	
8 or more years of credited service. Benefit begins at age 60 or reduced at age 55.	Computed as a normal retirement but based on service and final average compensation at time of termination.
NON-DUTY DEATH IN SERVICE	
10 or more years of credited service at any age.	Computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.
DUTY DEATH IN SERVICE	
No age or service requirements. Benefits begin upon termination of Workers' Compensation.	To the spouse, a refund of accumulated contributions, plus a benefit equal to the Workers' Compensation amount. Unmarried children under 18 and dependent parents receive a benefit equal to the Workers' Compensation amount.
NON-DUTY DISABILITY	
10 or more years of credited service.	Computed as a normal retirement. Pension may be offset by Workers' Compensation payments.
DUTY DISABILITY	
No age or service requirements.	Computed as a normal retirement with additional service credit granted to age 55. Pension may be offset by Workers' Compensation payments.
POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS	
One-time increases have been granted at various amounts.	
MEMBER CONTRIBUTIONS	
4% of annual compensation. For all employee groups, the employer pays the member contribution.	
EMPLOYER CONTRIBUTIONS	
Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.	

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2003

Dear Retirement System Member and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. ***The County also supports a retiree health insurance program, which is separate from the Retirement System.***

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

Board of Trustees
Bay County Employees' Retirement System

ACTUARIES & CONSULTANTS
GABRIEL, ROEDER, SMITH & COMPANY

Division	Retirement Eligibility
NORMAL RETIREMENT	
Bay Medical Care Facility & Dispatchers	30 years of service regardless of age, age 55 with 25 years of service, or age 60 with 8 years of service.
Road Patrol	25 years of service regardless of age or age 60 with 8 years of service.
Correction Facility Officers	Age 55 with 25 years of service or age 60 with 8 years of service.
Road Commission & DWS	30 years of service regardless of age or age 60 with 8 years of service.
All Others	Age 55 with 30 years of service or age 60 with 8 years of service.
EARLY RETIREMENT	
Dispatchers and Correction Facility Officers	25 years of service regardless of age or age 55 with 8 years of service.
All Others	Age 55 with 8 years of service.

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2003 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2004 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	EMCF	Sheriff's Dept.	Road Comm.
Normal Cost	11.77%	11.33%	13.46%	12.42%	13.58%	14.06%	14.95%
Total Member	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Employer mort. of UAL	(7.77)	(7.33)	(9.46)	(8.42)	(9.58)	(10.06)	(10.95)
computed employer Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Unded Status	General County	DWS	Library	BABH	MCF	Sheriff's Dept.	Road Comm.
AL#	\$59.5	\$5.9	\$6.6	\$15.8	\$31.4	\$17.0	\$20.0
Applied assets smoothed market value ¹	90.2	8.6	8.6	22.9	41.0	29.2	24.6
%funded	151.7%	145.0%	129.3%	144.8%	130.4%	171.9%	123.0%

¹Actuarial Accrued Liabilities - \$ millions

Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

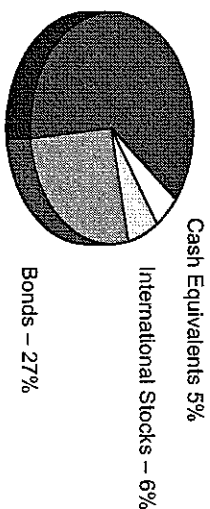
SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2003
Market Value - January 1	\$174,129,197
Revenues	
Member contributions	444,485
Employer contributions	553,368
Investment income/(loss)	40,754,792
Other revenue	79,567
Total	41,832,212
Expenditures	
Benefit payments	5,277,995
Refund of member contributions	242,025
Investment & administrative expenses	1,273,329
Total	6,793,349
Market Value - December 31	\$209,168,060

The System had \$64,170 of "soft dollar" expenses for investment consulting.

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2003 was 23.02%. The book value rate of return on System assets net of expenses for the year ended December 31, 2003 was 3.27%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Eligibility	Amount
See Below.	NORMAL RETIREMENT Total service times 2.00% of FAC for BABH union members. Total service times 2.50% of FAC for Sheriff - Road Patrol and Road Commission members. Total service times 2.25% of FAC for all others. Type of final average compensation - Highest 5 years. Lump sums included. Maximum County-financed is 75% of FAC.
See Below.	EARLY RETIREMENT Normal retirement reduced to the actuarial equivalent.
8 or more years of credited service. Benefit begins at age 60 or reduced at age 55.	DEFERRED RETIREMENT Computed as a normal retirement but based on service and final average compensation at time of termination.
10 or more years of credited service at any age.	NON-DUTY DEATH IN SERVICE Computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.
No age or service requirements. Benefits begin upon termination of Workers' Compensation.	DUTY DEATH IN SERVICE To the spouse, a refund of accumulated contributions plus a benefit equal to the Workers' Compensation amount. Unmarried children under 18 and dependent parents receive a benefit equal to the Workers' Compensation amount.
10 or more years of credited service.	NON-DUTY DISABILITY Computed as a normal retirement. Pension may be offset by Workers' Compensation payments.
No age or service requirements.	DUTY DISABILITY Computed as a normal retirement with additional service credit granted to age 55. Pension may be offset by Workers' Compensation payments.
One-time increases have been granted at various amounts.	POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS
4% of annual compensation. The employer pays the member contributions for all employee groups, except Behavioral Health Union members.	MEMBER CONTRIBUTIONS
	EMPLOYER CONTRIBUTIONS
Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.	RETIREMENT ELIGIBILITY
	NORMAL RETIREMENT
Bay Medical Care Facility & Dispatchers	30 years of service regardless of age, age 55 with 25 years of service, or age 60 with 8 years of service.
Road Patrol	25 years of service regardless of age or age 60 with 8 years of service.
Correction Facility Officers	Age 55 with 25 years of service or age 60 with 8 years of service.
Road Commission & DW/S	30 years of service regardless of age or age 60 with 8 years of service.
All Others	Age 55 with 30 years of service or age 60 with 8 years of service.
Dispatchers and Correction Facility Officers	EARLY RETIREMENT
All Others	25 years of service regardless of age or age 55 with 8 years of service. Age 55 with 8 years of service.

Bay County Employees' Retirement System

FINAL

**SUMMARY ANNUAL REPORT TO MEMBERS
DECEMBER 31, 2004**

Dear Retirement System Member and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

*Board of Trustees
Bay County Employees' Retirement System*

ACTUARIALS & CONSULTANTS
GABRIEL, ROEDER, SMITH & COMPANY

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2004 valuation, based on the established funding objective, are summarized below:

**Fiscal Year Beginning January 1, 2005
Employer Contribution Rates
as a Percentage of Active Member Payroll**

Contributions For	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
Normal Cost	11.75%	11.46%	13.60%	12.43%	13.52%	14.76%	16.51%
Total	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Member	7.75	7.46	9.60	8.43	9.52	10.76	12.51
Employer	(18.84)	(12.91)	(8.92)	(7.32)	(11.78)	(34.98)	(4.32)
Amort. of UAL							
Computed							
Employer Rate*	(11.09)%	(5.45)%	0.68%	1.11%	(2.26)%	(24.32)%	8.19%

* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, employer-paid "member contributions" are still required.

Funded Status	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
AAI#	\$67.3	\$6.7	\$7.1	\$18.5	\$32.6	\$18.5	\$23.4
Applied assets (smoothed market value)*	90.7	8.7	8.7	23.8	41.4	29.3	24.6
%funded	134.8%	129.2%	122.3%	129.0%	126.8%	157.8%	105.2%

Actuarial Accrued Liabilities
* \$ millions

Actuary's Opinion
It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

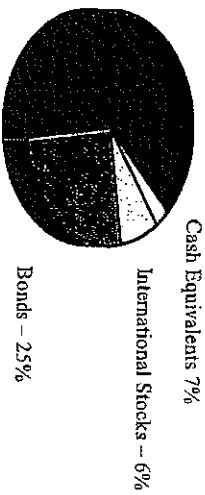
SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2004
Market Value - January 1	\$209,168,060
Revenues	
Member contributions	1,218,459
Employer contributions	389
Investment income/(loss)	25,094,254
Other revenue	103,053
Total	26,416,155
Expenditures	
Benefit payments	6,367,477
Refund of member contributions	179,510
Investment & administrative expenses	1,578,540
Total	8,125,527
Market Value - December 31	\$227,458,688

The System had \$62,509 of "soft dollar" expenses for investment consulting.

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2004 was 11.44%. The book value rate of return on System assets net of expenses for the year ended December 31, 2004 was 7.72%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Eligibility	Amount
NORMAL RETIREMENT	
See Below.	Total service times 2.00% of FAC for BABH union members. Total service times 2.50% of FAC for Sheriff - Road Patrol and Road Commission members. Total service times 2.25% of FAC for all others. Type of final average compensation - Highest 5 years. Lump sums included. Maximum County-financed is 75% of FAC.
EARLY RETIREMENT	
See Below.	Normal retirement reduced to the actuarial equivalent.
DEFERRED RETIREMENT	
8 or more years of credited service. Benefit begins at age 60 or reduced at age 55.	Computed as a normal retirement but based on service and final average compensation at time of termination.
NON-DUTY DEATH IN SERVICE	
10 or more years of credited service at any age.	Computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.
DUTY DEATH IN SERVICE	
No age or service requirements. Benefits begin upon termination of Workers' Compensation.	To the spouse, a refund of accumulated contributions plus a benefit equal to the Workers' Compensation amount. Unmarried children under 18 and dependent parents receive a benefit equal to the Workers' Compensation amount.
NON-DUTY DISABILITY	
10 or more years of credited service.	Computed as a normal retirement. Pension may be offset by Workers' Compensation payments.
DUTY DISABILITY	
No age or service requirements.	Computed as a normal retirement with additional service credit granted to age 55. Pension may be offset by Workers' Compensation payments.
POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS	
One-time increases have been granted at various amounts.	
MEMBER CONTRIBUTIONS	
4% of annual compensation. Health Union members.	The employer pays the member contributions for all employee groups, except Behavioral Health Union members.
EMPLOYER CONTRIBUTIONS	
Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.	
Division	Retirement Eligibility
NORMAL RETIREMENT	
Bay Medical Care Facility & Dispatchers	30 years of service regardless of age, age 55 with 25 years of service, or age 60 with 8 years of service.
Road Patrol	25 years of service regardless of age or age 60 with 8 years of service.
Correction Facility Officers	Age 55 with 25 years of service or age 60 with 8 years of service.
Road Commission & DWS	30 years of service regardless of age or age 60 with 8 years of service.
All Others	Age 55 with 30 years of service or age 60 with 8 years of service.
EARLY RETIREMENT	
Dispatchers and Correction Facility Officers	25 years of service regardless of age or age 55 with 8 years of service.
All Others	Age 55 with 8 years of service.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2005

Dear Retirement System Members and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office.

Respectfully submitted,

Board of Trustees
Bay County Employees' Retirement System

GABRIEL ROEDER SMITH & COMPANY
CONSULTANTS & ACTUARIES

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2005 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2006 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
Normal Cost	11.87%	11.53%	13.58%	12.54%	13.43	14.78%	16.40%
Total	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
Member	7.87	7.53	9.58	8.54	9.43	10.78	12.40
Employer	<u>(17.50)</u>	<u>(12.07)</u>	<u>(7.98)</u>	<u>(6.01)</u>	<u>(10.93)</u>	<u>(36.83)</u>	<u>(3.06)</u>
Amort. of UAL							
Computed Employer Rate*	(9.63)%	(4.54)%	1.60%	2.53%	(1.50)%	(26.05)%	9.34%

* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, employer paid "member contributions" are still required.

Funded Status	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
AAI#	\$69.2	\$7.1	\$7.5	\$20.6	\$34.0	\$19.0	\$24.0
Applied assets (smoothed market value)*	91.2	8.9	8.9	25.0	41.9	29.6	24.8
%funded	131.8%	125.7%	118.6%	121.5%	123.0%	156.1%	103.5%

Actuarial Accrued Liabilities

* \$ millions

Actuary's Opinion

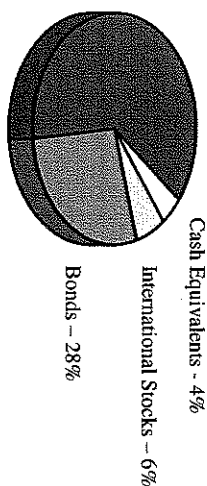
It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2005
Market Value - January 1	\$227,458,688
Revenues	
Member contributions	607,604
Employer contributions	393,517
Investment income/(loss)	12,514,939
Other revenue	95,018
Total	13,611,078
Expenditures	
Benefit payments	7,657,332
Refund of member contributions	240,091
Investment & administrative expenses	1,773,997
Total	9,671,420
Market Value - December 31	<u>\$231,398,346</u>

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2005 was 4.92%. The book value rate of return on System assets net of expenses for the year ended December 31, 2005 was 11.16%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Division Name	Normal Retirement Eligibility	Early Retirement Eligibility
Elected Officials and Department Heads (div. 1), Judges (div. 2), General County (div. 3), General Circuit Court (div. 4), General District Court (div. 5), General Probate Court (div. 6), BCAMPS (div. 7), USWA-General (div. 8), USWA Part-Time Employees (div. 9), and District Court AFSCME (div. 15)	(d) or (f)*	(b)*
Nurses (div. 10)	(d) or (f)*	(b)*
Sheriff/Road Patrol (div. 11)	(g) or (i)*	(b)*
Sheriff Correctional Facility Officers (div. 12)	(c) or (e)*	(g) or (b)*
Dispatchers (div. 13)	(h) or (c) or (f)*	(g) or (b)*
Circuit Court G.E.I.C. (div. 14)	(d) or (f)*	(b)*
Probate Court USWA (div. 16), Housing Commission (div. 17), Library-Employee Members of USWUA Local 542 (div. 18), General Library (div. 19), Behavioral Health AFSCME (div. 23), Behavioral Health General (div. 24), ICEA/PARA 1203 (div. 30), and ICEA/PARA 612 (div. 31)	(d) or (e)	(a)
MCF United Steel Workers Local 15301 (div. 20), MCF RN & LPN Nursing Council (div. 21), General MCF (div. 22)	(h) or (c) or (e)	(a)
Road Commission AFSCME Local 1096 (div. 25), Road Commission Class I Supervisory and Admin. Employees (div. 26), Road Commission Class II Supervisory and Admin. Employees (div. 27), Water and Sewer UWUVA Local 546 (div. 28), and Water and Sewer General (div. 29)	(f) or (e)	(a)
Road Patrol Supervisory Unit (div. 32)	(g) or (i)*	(b)*
(a) Age 55 with 8 yrs of service	(c) Age 55 with 25 yrs of service	(b)*
(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	@ 10 years of service for members hired after 1/1/2006.
@ 10 years of service for members hired after 3/1/2007.	* 10 years of service for members hired after 1/1/2007.	

Eligibility

Amount

NORMAL RETIREMENT

See Above.

Total service times FAC times:

2.00% for division 23

2.25% for divisions 1-10, 14, 16-22, 24, and 28-31

2.50% for divisions 11-13, 15, 25-27, and 32

Type of final average compensation (FAC) - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT

See Above.

Normal retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT

8/10 or more years of credited service depending on date of hire. Benefit begins at age 60 or reduced at age 55.

Computed as a normal retirement but based on service and final average compensation at time of termination.

The Retirement System also provides benefits for Non-Duty Death in Service, Duty Death in Service, Non-Duty Disability, and Duty Disability. Please check the Retirement Ordinance for a complete description of these benefit options.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted at various amounts.

MEMBER CONTRIBUTIONS

6% of annual compensation for divisions 11-13, 15, and 32. 4% of annual compensation for remaining divisions. The employer pays the member contributions for all employee groups, except Behavioral Health Union members.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2006

Dear Retirement System Members and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance 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 Employees' Retirement System

GABRIEL ROEDER SMITH & COMPANY
CONSULTANTS & ACTUARIES

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2006 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2007 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
Normal Cost	12.01%	11.54%	12.65%	12.62%	13.42%	15.76%	16.53%
Total	4.20	4.00	4.00	4.00	4.00	6.00	4.00
Member	7.81	7.54	8.65	8.62	9.42	9.76	12.53
Employer	(17.97)	(11.26)	(18.08)	(5.38)	(10.36)	(34.62)	(1.71)
Amount of UAL							
Computed	(10.16)%	(3.72)%	(9.43)%	3.24%	(0.94)%	(24.86)%	10.82%
Employer Rate *							

* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, the employer paid "member contributions" are still required.

Funded Status	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
AAI #*	\$71.1	\$7.7	\$7.5	\$22.7	\$35.6	\$20.2	\$25.0
Applied assets * (smoothed market value)	93.2	9.4	9.2	26.7	43.2	30.5	25.4
%funded	131.1%	122.9%	123.1%	117.7%	121.2%	150.7%	101.7%

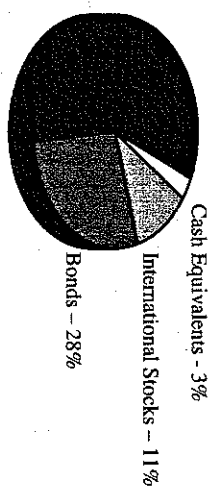
Actuarial Accrued Liabilities
* \$ millions
Actuary's Opinion
It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2006
Market Value - January 1	\$231,398,346
Revenues	
Member contributions	1,146,511
Employer contributions	605,150
Investment income/(loss)	20,459,709
Other revenue	250,762
Total	22,462,132
Expenditures	
Benefit payments	8,214,249
Refund of member contributions	237,975
Investment & administrative expenses	1,824,543
Total	10,276,767
Market Value - December 31	\$243,583,711

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2006 was 8.37%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Division Name	Normal Retirement Eligibility	Early Retirement Eligibility
Elected Officials and Department Heads (div. 1), Judges (div. 2), General County (div. 3), General Circuit Court (div. 4), General District Court (div. 5), General Probate Court (div. 6), BCAMPS (div. 7), USWA-General (div. 8), USWA Part-Time Employees (div. 9), and District Court AFSCME (div. 15)	(d) or (f) [*]	(b) [*]
Nurses (div. 10)	(d) or (f) [*]	(b) [*]
Sheriff-Road Patrol (div. 11)	(e) or (f) [*]	(b) [*]
Sheriff Correctional Facility Officers (div. 12)	(c) or (f) [*]	(a) or (b) [*]
Dispatchers (div. 13)	(h) or (e) or (f) [*]	(a) or (b) [*]
Circuit Court G.E.L.C. (div. 14)	(d) or (e)	(b) [*]
Probate Court USWA (div. 16), Housing Commission (div. 17), Library-Employee Members of USWA Local 542 (div. 18), General Library (div. 19), Behavioral Health AFSCME (div. 23), Behavioral Health General (div. 24),	(d) or (e)	(a)
ICEA/PARA 1203 (div. 30), and ICEA/PARA 612 (div. 31)	(d) or (e) ¹	(a) ¹
MCF United Steel Workers Local 15301 (div. 20), MCF RN & LPN Nursing Council (div. 21), General MCFE (div. 22)	(h) or (e) or (e)	(a)
Road Commission AFSCME Local 1096 (div. 25), Road Commission Class I Supervisory and Admin. Employees (div. 26), Road Commission Class II Supervisory and Admin. Employees (div. 27),	(h) or (e) [^]	(a) [^]
Water and Sewer UWUA Local 546 (div. 28), and Water and Sewer General (div. 29)	(e) or (f) ^e	(b) ^e
Road Patrol Supervisory Unit (div. 32)	(e) or (f) ^e	(b) ^e
(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	
# 10 years of service for members hired after 1/1/2006.	* 10 years of service for members hired after 1/1/2007.	
1 10 years of service for members hired after 3/1/2008.	^ 10 years of service for members hired after 7/1/2008.	

Eligibility

Amount

NORMAL RETIREMENT

Total service times FAC times:

2.00% for division 23
2.25% for divisions 1-10, 14, 16-22, 24, and 28-31
2.50% for divisions 11-13, 15, 25-27, and 32

Type of final average compensation (FAC) - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT

Normal retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT

8/10 or more years of credited service depending on date of hire. Benefit begins at age 60 or reduced at age 55.

Computed as a normal retirement but based on service and final average compensation at time of termination.

See Above.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted at various amounts.

MEMBER CONTRIBUTIONS

6% of annual compensation for divisions 11-13, 15, and 32. 4% of annual compensation for remaining divisions. The employer pays the member contributions for all employee groups, except Behavioral Health Union members.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2007

Dear Retirement System Members and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance 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 Employees' Retirement System*

**Gabriel Roeder Smith & Company
Consultants & Actuaries**

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2007 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2008 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General				Sheriff's		Road Comm.
	County	DWS	Library	BARH	BMCF	Dept.	
Normal Cost	12.04%	11.46%	13.32%	12.74%	13.39%	15.75%	16.44%
Total	<u>4.21</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>6.00</u>	<u>4.00</u>
Member	7.83	7.46	9.32	8.74	9.39	9.75	12.44
Employer	(17.81)	(10.27)	(17.09)	(5.04)	(12.34)	(36.73)	(3.27)
Amort. of UAL							
Computed Employer Rate*	(9.98)%	(2.81)%	(7.77)%	3.70%	(2.95)%	(26.98)%	9.17%

* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, employer paid "member contributions" are still required.

Funded Status	General		Library	BARH	BMCF	Sheriff's		Road Comm.
	County	DWS				Dept.	Comm.	
AAL#*	\$749	\$ 8.6	\$7.8	\$25.4	\$37.1	\$21.1	\$26.0	
Applied assets *	98.5	10.2	9.8	29.5	46.1	32.4	26.9	
(smoothed market value)								
%funded	131.5%	118.8%	126.4%	116.3%	124.3%	153.4%	103.4%	

Actuarial Accrued Liabilities
* \$ millions

Actuary's Opinion

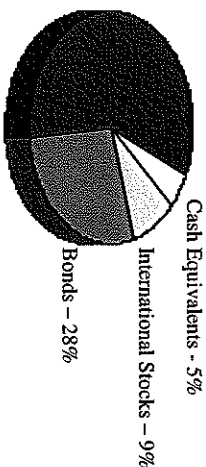
It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2007
Market Value - January 1	\$243,583,711
Revenues:	
Member contributions	1,123,376
Employer contributions	706,090
Investment income/(loss)	19,591,552
Other revenue	312,554
Total	<u>21,733,572</u>
Expenditures:	
Benefit payments	8,723,427
Refund of member contributions	346,143
Investment expenses	1,869,322
Administrative expenses	149,792
Total	<u>11,088,684</u>
Market Value - December 31	<u>\$254,228,599</u>

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2007 was 7.52%.

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Division Name	Normal Retirement Eligibility	Early Retirement Eligibility
Elected Officials and Department Heads (div. 1), Judges (div. 2), General County (div. 3), General Circuit Court (div. 4), General District Court (div. 5), General Probate Court (div. 6), BCAMPS (div. 7), USWA-General (div. 8), USWA Part-Time Employees (div. 9), and District Court AFSCME (div. 15)	(d) or (f)	(b)
Nurses (div. 10)	(d) or (f) ^a	(b) ^a
Sheriff-Road Patrol (div. 11)	(g) or (f)	(b) ^a
Sheriff Correctional Facility Officers (div. 12)	(c) or (f)	(g) or (b) ^a
Dispatchers (div. 13)	(b) or (c) or (f) ^a	(g) or (b) ^a
Circuit Court G.E.L.C. (div. 14)	(d) or (f) ^a	(b) ^a
Probate Court USWA (div. 16), Housing Commission (div. 17), Behavioral Health AFSCME (div. 23), Behavioral Health General (div. 24)	(d) or (e)	(a)
Library-Employee Members of USWUA Local 542 (div. 18), General Library (div. 19), ICEA/PERA 1203 (div. 30), and ICEA/PERA 612 (div. 31)	(d) or (e) ¹	(a) ¹
MCF United Steel Workers Local 15301 (div. 20), MCF RN & LPN Nursing Council (div. 21), General MCF (div. 22)	(h) or (c) or (e)	(a)
Road Commission AFSCME Local 1096 (div. 25), Road Commission Class I Supervisory and Admin. Employees (div. 26), Road Commission Class II Supervisory and Admin. Employees (div. 27), Water and Sewer UWUA Local 546 (div. 28), and Water and Sewer General (div. 29)	(h) or (e) ^a	(a) ^a
Road Patrol Supervisory Unit (div. 32)	(g) or (f) ^a	(b) ^a

- (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) 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 3/1/2007. ^ 10 years of service for members hired after 7/1/2008.
 1 10 years of service for members hired after 3/1/2008.

Eligibility

Amount

NORMAL RETIREMENT

Total service times FAC times:
 2.00% for division 23
 2.25% for divisions 1-10, 14, 16-22, 24, and 27-31
 2.50% for divisions 11-13, 15, 25-26, and 32
 Type of final average compensation (FAC) - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT

Normal retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT

Computed as a normal retirement but based on service and final average compensation at time of termination.

8/10 or more years of credited service depending on date of hire. Benefit begins at age 60 or reduced at age 55.

The Retirement System also provides benefits for Non-Duty Death in Service, Duty Death in Service, Non-Duty Disability, and Duty Disability. Please check the Retirement Ordinance for a complete description of these benefit options.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted at various amounts.

MEMBER CONTRIBUTIONS

6% of annual compensation for divisions 11-13, 15, and 32. 4% of annual compensation for remaining divisions. The employer pays the member contributions for all employee groups, except division 23.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2008

Dear Retirement System Members and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance 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 Employees' Retirement System*

**Gabriel Roeder Smith & Company
Consultants & Actuaries**

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2008 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2009 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
Normal Cost	12.01%	11.27%	13.25%	12.70%	13.38%	15.73%	16.42%
Total	4.21	4.00	4.00	4.00	4.00	6.00	4.00
Member	7.80	7.27	9.25	8.70	9.38	9.73	12.42
Employer	(13.27)	(2.83)	(10.86)	(1.75)	(7.06)	(26.84)	1.71
Amort. of UAL							
Computed Employer Rate*	(5.47)%	4.44%	(1.61)%	6.95%	2.32%	(17.11)%	14.13%

* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, employer paid "member contributions" are still required.

Funded Status	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
AAL#*	\$77.6	\$ 9.7	\$8.0	\$28.0	\$39.4	\$22.7	\$27.0
Applied assets * (smoothed market value)	95.0	10.2	9.6	29.6	44.9	31.4	25.9
%funded	122.5%	104.6%	118.7%	105.6%	113.9%	138.3%	96.0%

Actuarial Accrued Liabilities
* \$ millions

Actuary's Opinion

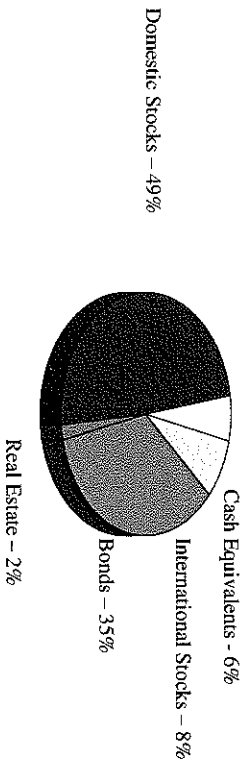
It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2008
Market Value - January 1	\$254,228,599
Revenues:	
Member contributions	1,376,314
Employer contributions	718,886
Investment income/(loss)	(75,584,693)
Other revenue	459,768
Total	<u>(73,029,725)</u>
Expenditures:	
Benefit payments	9,069,218
Refund of member contributions	200,452
Investment expenses	1,597,704
Administrative expenses	156,414
Total	<u>11,023,788</u>
Market Value - December 31	<u>\$170,175,086</u>

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2008 was (30.62%).

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Division Name	Normal Retirement Eligibility		Early Retirement Eligibility
	(d) or (f) ^a	(e) or (g) ^b	(b) ^a
Elected Officials and Department Heads (div. 1), Judges (div. 2), General County (div. 3), General Circuit Court (div. 4), General District Court (div. 5), General Probate Court (div. 6), BCAMPS (div. 7), USWA-General (div. 8), USWA Part-Time Employees (div. 9), and District Court AFSCME (div. 15)	(d) or (f) ^a	(e) or (g) ^b	(b) ^a
Nurses (div. 10)	(d) or (f) ^a	(e) or (g) ^b	(b) ^a
Sheriff-Road Patrol (div. 11)	(d) or (f) ^a	(e) or (g) ^b	(b) ^a
Sheriff Correctional Facility Officers (div. 12)	(d) or (f) ^a	(e) or (g) ^b	(b) ^a
Dispatchers (div. 13)	(d) or (f) ^a	(e) or (g) ^b	(b) ^a
Circuit Court G.E.L.C. (div. 14)	(d) or (f) ^a	(e) or (g) ^b	(b) ^a
Probate Court USWA (div. 16), Housing Commission (div. 17), Behavioral Health AFSCME (div. 23), Behavioral Health General (div. 24)	(d) or (e)	(d) or (e)	(a)
Library-Employee Members of USWUA Local 542 (div. 18), General Library (div. 19), ICEA/PERA 1203 (div. 30), and ICEA/PERA 612 (div. 31)	(d) or (e)	(d) or (e)	(a)
MCF United Steel Workers Local 15301 (div. 20), MCF RN & LPN Nursing Council (div. 21), General MCF (div. 22)	(h) or (c) or (e)	(h) or (c) or (e)	(a)
Road Commission AFSCME Local (096 (div. 25), Road Commission Class I Supervisory and Admin. Employees (div. 26), Road Commission Class II Supervisory and Admin. Employees (div. 27), Water and Sewer UWUA Local 546 (div. 28), and Water and Sewer General (div. 29)	(h) or (e)	(h) or (e)	(a)
Road Patrol Supervisory Unit (div. 32)	(d) or (f) ^a	(e) or (g) ^b	(b) ^a

- (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
 # 10 years of service for members hired after 1/1/2006. * 10 years of service for members hired after 1/1/2007.
 1 10 years of service for members hired after 3/1/2008. a 10 years of service for members hired after 7/1/2008.

Eligibility

Amount

NORMAL RETIREMENT

Total service times FAC times:

- 2.00% for division 23
- 2.25% for divisions 1-10, 14, 16-22, 24, and 27-31
- 2.50% for divisions 11-13, 15, 25-26, and 32

Type of final average compensation (FAC) - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT

Normal retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT

Computed as a normal retirement but based on service and final average compensation at time of termination.

The Retirement System also provides benefits for Non-Duty Death in Service, Duty Death in Service, Non-Duty Disability, and Duty Disability. Please check the Retirement Ordinance for a complete description of these benefit options.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted at various amounts.

MEMBER CONTRIBUTIONS

6% of annual compensation for divisions 11-13, 15, and 32. 4% of annual compensation for remaining divisions. The employer pays the member contributions for all employee groups, except division 23.

EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2009

Dear Retirement System Members and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance 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 Employees' Retirement System*

Gabriel Roeder Smith & Company
Consultants & Actuaries

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System'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 System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2009 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2010 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
Normal Cost	12.02%	11.26%	13.42%	12.77%	13.34%	15.70%	16.57%
Total	4.21	4.00	4.00	4.00	4.00	6.00	4.00
Member	7.81	7.26	9.42	8.77	9.34	9.70	12.57
Employer	(9.72)	0.14	(7.35)	0.06	(4.71)	(24.52)	5.18
Amort. of UAL							
Computed Employer Rate*	(1.91)%	7.40%	2.07%	8.83%	4.63%	(14.82)%	17.75%

* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, employer paid "member contributions" are still required.

Funded Status	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
AAL#*	\$80.4	\$10.2	\$8.3	\$30.7	\$40.8	\$22.9	\$28.1
Applied assets * (smoothed market value)	92.9	10.1	9.5	30.5	44.3	30.7	25.2
%funded	115.6%	99.5%	113.6%	99.5%	108.5%	134.0%	89.7%

Actuarial Accrued Liabilities
* \$ millions

Actuary's Opinion

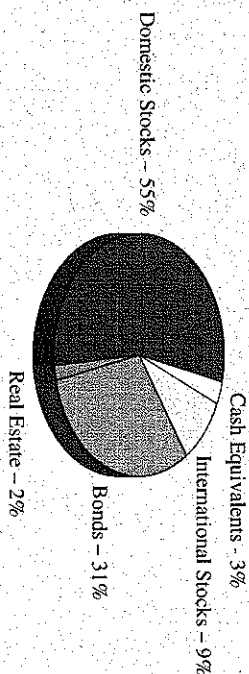
It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

	2009
Market Value - January 1	\$170,175,086
Revenues:	
Member contributions	1,733,863
Employer contributions	1,749,408
Investment income/(loss)	43,632,772
Other revenue	239,892
Total	<u>47,355,935</u>
Expenditures:	
Benefit payments	9,740,033
Refund of member contributions	227,391
Investment expenses	1,390,449
Administrative expenses	178,423
Total	<u>11,536,296</u>
Market Value - December 31	<u>\$205,994,725</u>

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2009 was 25.46%.