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Solutions Corporation
24 Prime Park Way
Suite 400
Natick, MA 01760

September 16, 2014

Personal and Confidential

Mr. Lee Bond
Chief Financial Officer
Singing River Health System
2101 Highway 90
Gautier, MS 39553

Re: October 1, 2013 Valuation Report

Dear Lee:

Enclosed is the actuarial valuation report for the Singing River Health System Retirement Plan as of October 1, 2013, including disclosures in accordance with GASB Statement No. 25 (GASB 25) and GASB Statement No. 27 (GASB 27) as of September 30, 2013. The purposes of the valuation are to determine the Annual Required Contribution (ARC) for the plan year beginning October 1, 2013 and the annual pension cost for GASB 27 statement purposes for the fiscal year ending September 30, 2014.

The results are similar to those discussed at our meeting earlier this year, with the exception of the final assumptions selected.

A summary of the key results of the valuation is shown below.

Annual Required Contribution (ARC)	***Plan Year Beginning October 1, 2013***	***Plan Year Beginning October 1, 2012***
If contributed at end of plan year	*$ 18,388,795*	*$ 11,434,823*
GASB 27 Information	***Fiscal Year Ending September 30, 2014***	***Fiscal Year Ending September 30, 2013***
Annual Pension Cost	*$ 17,921,165*	*$ 11,197,568*
Net Pension Obligation	*$ 53,361,551**	*$ 35,440,386*

* *Offset by FY 2014 actual contributions*

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The significant factors in the increase of the pension cost and their approximate impact are as follows:

- If all assumptions were met, increase of approximately $300k was expected.
- Funding for 2013 plan year less than ARC – increase of approximately $900k
- Investment experience, including continued recognition and deferral of prior asset gain/loss – decrease of approximately $200k
- Liability experience gains (primarily due to salary increases less than assumed) – decrease of approximately $800k
- Update to assumptions:
  - Decrease of discount rate to 6.5% (assumed more conservative view of expected asset return): increase of approximately $6.2 M
  - Increase in CPI/COLA to 2.5%/1.25%: increase of approximately $600k
  - Update to mortality assumption (one additional year of projected scale improvement) – increase of approximately $30k
  - Decrease in assumed return on employee contributions from 4.0% to 2.0%: decrease of approximately $10k

We refer you to Section II of the report for a summary and additional commentary on the results of the valuation and a comparison with the prior year.

Please let me know if you have any questions.

Sincerely,

Francis P. Carberry

Francis P. Carberry, FSA, EA, MAAA
Vice President, Senior Consulting Actuary

cc: Craig Summerlin, Singing River Health System
Kathy Hartung, Singing River Health System
Harold Small, Fiduciary Vest
Jason Small, Fiduciary Vest
Donna Venturatos, Transamerica Retirement Solutions

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Singing River Health System
Employees' Retirement Plan

ACTUARIAL VALUATION REPORT

As of October 1, 2013

Disclosures in Accordance with GASB
Statement Nos. 25 and 27 as of
September 30, 2013

TABLE OF CONTENTS

SECTION I

ACTUARIAL CERTIFICATION

Purpose of Report

This report presents the results of the actuarial valuation for the Singing River Health System Employees' Retirement Plan as of October 1, 2013. It was prepared for the plan sponsor for the principal purpose of determining the Annual Required Contribution and Annual Pension Cost under GASB No. 27 for the fiscal year ending September 30, 2014 and certain disclosure information under GASB No. 27 as of September 30, 2013. Use of the information contained in this report for any other purposes may not be appropriate. Section II contains a summary of the results of the valuation, including commentary.

Methodology

The employee data and unaudited financial information used in this valuation was provided by the Plan sponsor and is suitable for purposes of the valuation. Plan asset information is summarized in Section V. Census data is summarized in Sections VII and VIII. Appropriate tests for consistency and reasonableness were completed on the information relied on to produce this valuation. The liabilities and costs were determined using the Actuarial Cost Method, the Actuarial Asset Valuation Method and the Actuarial Assumptions described in Section IX. The Plan provisions are summarized in Section X.

Actuarial Certification of Assumptions and Methods

The report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Guidelines for Professional Conduct of the American Academy of Actuaries. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

We are available to answer any questions on the material contained in this report.

Francis P. Carberry

Francis P. Carberry, F.S.A., E.A., M.A.A.A.
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September 16, 2014
Date

Nicole Devoe

Peer Review by: Nicole Devoe, A.S.A., E.A., M.A.A.A.
Director, Consulting Actuary
Phone: (508) 903-6014
Email: nicole.devoe@transamerica.com

September 16, 2014
Date

SECTION II

PRINCIPAL RESULTS OF THE VALUATION

	October 1, 2013	October 1, 2012
A COMPARATIVE SUMMARY		
(1) Normal Cost (Employer)	$ 6,346,416	$ 3,717,158
(2) Actuarial Accrued Liability	285,017,971	212,324,494
(3) Actuarial Value of Assets	136,288,663	134,236,418
(4) Actual Contribution for Plan Year	TBD	0
(5) Actuarial Present Value of Accumulated Plan Benefits		
(a) Actuarial present value of vested accumulated plan benefits	241,020,315	178,775,260
(b) Actuarial present value of non-vested accumulated plan benefits	27,746,001	20,095,255
(c) Total actuarial present value of accumulated plan benefits: (a) + (b)	268,766,316	198,870,515
(d) Market value of assets (including accrued contributions)	$145,115,487	$134,443,756
(6) GASB Information for Fiscal Year Ending	September 30, 2014	September 30, 2013
(a) Annual Required Contribution	$ 18,388,795	$ 11,434,823
(b) Annual Pension Cost	17,921,165	11,197,568
(c) Net Pension Obligation as of fiscal year-end	$ 53,361,551*	$ 35,440,386

* *Offset by fiscal year 2014 actual contributions.*

SECTION II

PRINCIPAL RESULTS OF THE VALUATION
(continued)

A COMPARATIVE SUMMARY *(cont'd)*

	October 1, 2013	October 1, 2012
(7) Information on Plan Participants		
(a) Number of plan participants		
(i) active	1,680	1,989
(ii) retired	575	544
(iii) terminated vested	134	96
(iv) total	2,389	2,629
(b) Active Participant Data		
(i) total valuation compensation*	$102,294,056	$117,403,165
(ii) average valuation compensation for participants under MRA	$ 61,772	$ 59,839
(iii) average attained age	45.1 years	43.9 years
(iv) average past service	11.5 years	10.2 years

* *Prior year's pay increased with salary scale, limited according to section 401(a)(17).*

SECTION II

PRINCIPAL RESULTS OF THE VALUATION
(continued)

B COMMENTARY ON PLAN EXPERIENCE AND CONTRIBUTION AMOUNTS

(1) Plan Experience

Plan experience during the 2012 plan year that affected actuarial valuation results for the 2013 plan year was as follows:

(a) *The estimated total rate of return from October 1, 2012 through September 30, 2013 was 15.06% on a market value basis and 8.46% on a five year smoothed actuarial value basis as compared to the assumed rate of return of 8.50%. The return on the five year smoothed actuarial value of assets produced an actuarial asset loss of $60k.*

(b) *There were no contributions made to the plan for the plan year ending September 30, 2013. This, in conjunction with actual employee contributions versus expected employee contributions, produced a funding loss of $11.6 million.*

(c) *The Plan liability as of October 1, 2013 was approximately $6.2 million lower than expected based on the actuarial assumptions as of October 1, 2012, primarily because of gains on salary changes.*

(d) *There was a decrease of 240 in the total number of plan members (actives, retirees, terminated vesteds) from 2,629 last year to 2,389 as of October 1, 2013. The net number of active members decreased by 309, while the number of retirees increased by 31 and the number of terminated vested members increased by 38.*

(2) Plan Changes

None.

(3) Actuarial Method and Assumption Changes

The static mortality table in accordance with IRS Regulation 1.430(h)(3)-1 for the valuation year. This updated mortality resulted in an increase in the actuarial accrued liability of $0.3 million. The updated discount rate from 8.5% to 6.5% resulted in an increase in the actuarial accrued liability of $58.2 million. The updated CPI from 2.0% to 2.5% (changing the assumed COLA from 1.0% to 1.25%) resulted in an increase in the actuarial accrued liability of $7.6 million. The updated employee contribution rate from 4.0% to 2.0% resulted in a decrease in the actuarial accrued liability of $0.1 million. The expected administrative expenses to be paid by the plan in the upcoming year went from $390,000 to $340,000, which decreased the normal cost by $50,000.

(4) The Annual Required Contribution (ARC) for the Plan Year Ending September 30, 2014

The Annual Required Contribution (ARC) determined for the plan year ending September 30, 2014 is $18,388,795. The last contribution made was $2,000,000 to the Plan for the 2008 Plan Year. No contribution was made for the 2009, 2010, 2011, or 2012 Plan Years.

SECTION III – EXHIBIT A

UNFUNDED ACTUARIAL ACCRUED LIABILITY

		October 1, 2013	October 1, 2012
A	Actuarial accrued liability		
	(1) Active participants	$ 140,659,860	$ 103,698,607
	(2) Terminated vested participants	13,258,020	7,136,721
	(3) Retirees, beneficiaries, and disabled in payment status	129,290,503	99,931,842
	(4) Terminated non-vested employees with contributions	1,809,588	1,557,324
	(5) Actuarial accrued liability: (1) + (2) + (3) + (4)	$ 285,017,971	$ 212,324,494
B	Actuarial value of assets	$ 136,288,663	$ 134,236,418
C	Unfunded actuarial accrued liability: A(5) – B, not less than zero	$ 148,729,308	$ 78,088,076
D	Funded ratio: B/A(5)	47.8%	63.2%

SECTION III – EXHIBIT B

NORMAL COST

		October 1, 2013	October 1, 2012
A	Components of the normal cost		
(1)	Benefits Accumulating	$ 8,752,988	$ 6,456,694
(2)	Expected Administrative Expenses	$ 340,000	$ 390,000
(3)	Expected Employee Contributions For Plan Year	2,746,572	3,129,536
(4)	Total [(1) + (2) – (3)]	$ 6,346,416	$ 3,717,158

SECTION III – EXHIBIT C

DETERMINATION OF ACTUARIAL (GAIN)/LOSS

A	Actuarial accrued liability:				
	(1)	Expected actuarial accrued liability:			
		(a)	Actuarial accrued liability at October 1, 2012	$	212,324,494
		(b)	Normal cost at October 1, 2012		6,846,694
		(c)	Interest on (a) + (b) to end of year		18,629,551
		(d)	Benefit payments and expenses for year ending September 30, 2013, with interest to end of year		12,495,632
		(e)	Expected actuarial accrued liability before change: (a) + (b) + (c) – (d)		225,305,107
		(f)	Change due to plan changes		0
		(g)	Change due to assumption changes		65,949,725
		(h)	Expected actuarial accrued liability at October 1, 2013: (e) + (f) + (g)		291,254,832
	(2)	Actual actuarial accrued liability at October 1, 2013			285,017,971
	(3)	Liability (gain)/loss: (2) – (1)(h)		$	(6,236,861)
B	Actuarial asset value				
	(1)	Expected actuarial asset value:			
		(a)	Actuarial asset value at October 1, 2012	$	134,236,418
		(b)	Interest on (a) to end of year		11,410,096
		(c)	Contributions attributable to the plan year ending September 30, 2013		0
		(d)	Interest on (c) to end of year		0
		(e)	Employee contributions with interest to end of year		3,195,797
		(f)	Benefit payments and expenses for year ending September 30, 2013, with interest to end of year		12,495,632
		(g)	Expected actuarial asset value at October 1, 2013: (a) + (b) + (c) + (d) + (e) – (f)		136,346,679
	(2)	Actual actuarial asset value as of October 1, 2013			136,288,663
	(3)	Actuarial asset (gain)/loss: (1)(g) – (2)		$	58,016
C	Funding (gain)/loss			$	11,634,573
D	Actuarial (gain)/loss: A(3) + B(3) + C			$	5,455,728

SECTION III – EXHIBIT D

DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION (ARC) UNDER GASB No. 27

		October 1, 2013	October 1, 2012
(1)	Normal Cost, net of employee contributions	$ 6,346,416	$ 3,717,158
(2)	Amortization Amounts	10,920,058*	6,821,849
(3)	Employer Contribution as of beginning of year [(1) + (2)]	17,266,474	10,539,007
(4)	Employer Contribution with interest to end of year	$ 18,388,795	$ 11,434,823

* *See Section III – Exhibit E.*

SECTION III – EXHIBIT E

AMORTIZATION BASES

Date Established	Reason	Initial Amount	Outstanding Balance 10/1/2013	Original Number of Payments	Remaining Years	Annual Payment
10/1/2005	Fresh Start	$ 4,691,512	$ 4,299,520	30	22	$ 349,982
10/1/2006	Funding (Gain)/Loss	(3,499,175)	(3,254,022)	30	23	(259,591)
10/1/2006	Liability (Gain)/Loss	1,518,195	1,411,829	30	23	112,629
10/1/2006	Asset (Gain)/Loss	1,582,757	1,471,872	30	23	117,419
10/1/2007	Funding (Gain)/Loss	(591,539)	(557,426)	30	24	(43,651)
10/1/2007	Liability (Gain)/Loss	1,248,550	1,176,545	30	24	92,133
10/1/2007	Asset (Gain)/Loss	409,277	385,674	30	24	30,201
10/1/2008	Funding (Gain)/Loss	(268,933)	(256,481)	30	25	(19,743)
10/1/2008	Liability (Gain)/Loss	2,148,279	2,048,824	30	25	157,714
10/1/2008	Asset (Gain)/Loss	8,603,276	8,204,979	30	25	631,602
10/1/2008	Assumption Change	3,633,674	3,465,448	30	25	266,763
10/1/2009	Funding (Gain)/Loss	2,023,591	1,951,043	30	26	147,830
10/1/2009	Liability (Gain)/Loss	1,681,811	1,621,515	30	26	122,862
10/1/2009	Asset (Gain)/Loss	12,550,322	12,100,367	30	26	916,842
10/1/2009	Assumption Change	(12,951,225)	(12,486,899)	30	26	(946,129)
10/1/2009	Plan Change	11,484	11,070	30	26	839
10/1/2010	Funding (Gain)/Loss	4,024,233	3,918,545	30	27	292,595
10/1/2010	Liability (Gain)/Loss	(936,421)	(911,830)	30	27	(68,086)
10/1/2010	Asset (Gain)/Loss	7,707,752	7,505,324	30	27	560,418
10/1/2010	Assumption Change	10,335,039	10,063,613	30	27	751,444
10/1/2011	Funding (Gain)/Loss	6,915,014	6,798,942	30	28	500,843
10/1/2011	Liability (Gain)/Loss	(3,682,055)	(3,620,251)	30	28	(266,685)
10/1/2011	Asset (Gain)/Loss	11,022,992	10,837,965	30	28	798,377
10/1/2011	Plan Change	(179,453)	(176,441)	30	28	(12,997)
10/1/2011	Assumption Change	1,786,958	1,756,963	30	28	129,426
10/1/2012	Funding (Gain)/Loss	9,401,941	9,326,250	30	29	678,447
10/1/2012	Liability (Gain)/Loss	(512,498)	(508,372)	30	29	(36,982)
10/1/2012	Asset (Gain)/Loss	10,567,301	10,482,228	30	29	762,539
10/1/2012	Assumption Change	259,148	257,061	30	29	18,700
10/1/2013	Funding (Gain)/Loss	11,634,573	11,634,573	30	30	836,569
10/1/2013	Liability (Gain)/Loss	(6,236,861)	(6,236,861)	30	30	(448,453)
10/1/2013	Asset (Gain)/Loss	58,016	58,016	30	30	4,172
10/1/2013	Assumption Change	65,949,725	65,949,725	30	30	4,742,029
Net Charges/(Credits)		$ 150,907,260	$ 148,729,308			$ 10,920,058

SECTION IV – EXHIBIT A

DEVELOPMENT OF NET PENSION OBLIGATION AND ANNUAL PENSION COST UNDER GASB No. 27

A. Development of Net Pension Obligation

(1)	Net Pension Obligation, Prior year	$ 24,242,818
(2)	Annual Pension Cost, Prior year	11,197,568
(3)	Contributions Made	0
(4)	Net Pension Obligation, Current year [(1)+(2)–(3)]	$ 35,440,386

B. Annual Pension Cost

(1)	Net Pension Obligation, Current Year	$ 35,440,386
(2)	Interest on Net Pension Obligation	2,303,625
(3)	Amortization of Net Pension Obligation	2,771,255*
(4)	Annual Required Contribution	18,388,795
(5)	Annual Pension Cost, [(4)+(2)–(3)]	$ 17,921,165

* *Amortization based on 28.2554 years*

SECTION IV – EXHIBIT B

THREE-YEAR TREND INFORMATION UNDER GASB No. 27

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2011	7,208,112	0%	15,424,319
9/30/2012	8,818,499	0%	24,242,818
9/30/2013	17,921,165	0%	35,440,386

SECTION IV – EXHIBIT C

SCHEDULE OF FUNDING PROGRESS UNDER GASB No. 25

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll[1]	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
October 1, 2002	$ 97,294,465	$ 100,051,420	97.2%	$ 2,756,955	$ 67,285,343	4.10%
October 1, 2003	110,613,149	109,780,169	100.8	(832,980)	74,374,570	(1.12)
October 1, 2004	117,591,598	116,826,410	100.7	(765,188)	79,273,505	(0.97)
October 1, 2005	133,520,214	138,211,726	96.6	4,691,512	71,957,686	6.52
October 1, 2006	142,658,190	146,917,062	97.1	4,258,872	80,132,456	5.31
October 1, 2007	150,665,191	155,955,756	96.6	5,290,565	86,321,321	6.13
October 1, 2008	150,999,902	170,361,232	88.6	19,361,330	97,042,780	19.95
October 1, 2009	146,588,332	169,112,456	86.7	22,524,124	112,085,995	20.10
October 1, 2010	145,900,190	189,363,614	77.0	43,463,424	120,759,213	35.99
October 1, 2011	141,398,027	200,328,271	70.6	58,930,244	120,697,220	48.82
October 1, 2012	134,236,418	212,324,494	63.2	78,088,076	117,403,165	66.51
October 1, 2013	136,288,663	285,017,971	47.8%	148,729,308	102,294,056	145.39%

[1] Projected for the plan year following the valuation date based on payroll data collected as of the preceding calendar year.

Note: Information prior to October 1, 2010 is based on Towers Watson's GASB report dated November 2010.

SECTION IV – EXHIBIT D

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Normal Cost	Unfunded Accrued Liability as of Beginning of Year	Annual Required Contribution	Employer Contributions	Percentage Contributed
9/30/2003	4,602,986	2,756,955	3,171,575	0	0.0%
9/30/2004	5,058,373	(832,980)	3,121,191	0	0.0
9/30/2005	4,682,936	(765,188)	2,535,616	0	0.0
9/30/2006	3,545,130	4,691,512	2,065,045	5,300,000	256.7
9/30/2007	4,034,403	4,258,872	2,306,420	2,600,000	112.7
9/30/2008	4,355,822	5,290,565	2,650,513	2,600,000	98.1
9/30/2009	5,188,999	19,361,330	4,522,625	2,000,000	44.2
9/30/2010	5,233,561	22,524,124	4,409,160	0	0.0
9/30/2011	6,157,555	43,463,424	7,283,090	0	0.0
9/30/2012	6,351,047	58,930,244	8,964,565	0	0.0
9/30/2013	6,846,694	78,088,076	11,434,823	0	0.0
9/30/2014	9,092,988	148,729,308	18,388,795	TBD	TBD

SECTION V

STATEMENT OF ASSETS

Assets of the pension fund as of October 1, 2013

(1)	Market value of assets, October 1, 2012		$ 134,443,756
(2)	Accrued contributions for 2012 plan year		0
(3)	Receipts:		
	(a)	Employee and employer contributions	3,068,406
	(b)	Total investment income	19,599,516
	(c)	Total receipts	22,667,922
(4)	Disbursements:		
	(a)	Benefit payments	11,680,934
	(b)	Expenses	315,257
	(c)	Total disbursements	11,996,191
(5)	Preliminary market value of assets, October 1, 2013 [(1) – (2) + (3)(c) – (4)(c)]		145,115,487
(6)	Accrued contributions		0
(7)	Market value of assets, October 1, 2013 [(5) + (6)]		$ 145,115,487

SECTION V

STATEMENT OF ASSETS
(continued)

Actuarial value of assets as of October 1, 2013

(1)	Market value of assets as of October 1, 2012 (including accrued contributions)	$	134,443,756
(2)	Employee and employer contributions		3,068,406
(3)	Benefit payments		11,680,934
(4)	Expenses		315,257
(5)	Expected investment earnings		11,055,669
(6)	Expected market value of assets as of October 1, 2013: (1) + (2) - (3) - (4) + (5)		136,571,640
(7)	Actual market value of assets as of October 1, 2013		145,115,487
(8)	Investment gain/(loss) for 2012: (7) - (6)		8,543,847

(9) Adjustment to market value as of October 1, 2013:

Year Ending September 30	(a) Gain/(Loss)	(b) Fraction Deferred as of October 1, 2013	(c) Adjusted Gain/(Loss) (a) x (b)
2013	8,543,847	4/5	6,835,078
2012	10,696,889	3/5	6,418,133
2011	(12,063,070)	2/5	(4,825,228)
2010	1,994,203	1/5	398,841

	(d) Total adjustment to market value = sum of (c)		8,826,824
(10)	Contribution receivable		0
(11)	Actuarial value of assets as of October 1, 2013: (7) – (9)(d) + (10), but not less than 80% nor more than 120% of [(7) + (10)]	$	136,288,663
(12)	Actuarial value of assets as a percentage of market value of assets: (11)/[(7) + (10)]		93.92%

SECTION VI

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS
(as of October 1, 2013)

The actuarial present values shown below were computed using the actuarial assumptions stated in Section IX of this report where applicable. Both the market value of assets and the actuarial present value of accumulated plan benefits are determined as of October 1, 2013.

The actuarial present value of accumulated plan benefits shown in this Section has been determined on the assumption that the plan is ongoing. The actuarial present value of accumulated plan benefits could be significantly different on a plan termination basis.

A	Value of Vested Accumulated Plan Benefits as of October 1, 2013		
	(1) Plan members currently receiving benefits	$	129,290,503
	(2) Other participants		
	(a) Active		96,662,204
	(b) Terminated vested		13,258,020
	(c) Non-vested employees with contributions		1,809,588
	(d) Subtotal		111,729,812
	(3) Total: (1) + (2)(d)	$	241,020,315
B	Value of Non-Vested Accumulated Plan Benefits	$	27,746,001
C	Total Value of Accumulated Plan Benefits: A(3) + B	$	268,766,316
D	Market Value of Assets (including accrued contributions)	$	145,115,487
E	Reconciliation of Changes in Accumulated Plan Benefits		
	(1) Present value of accumulated plan benefits, October 1, 2012	$	198,870,515
	(2) Increase (decrease) during the year attributable to:		
	(a) Interest accumulated		16,417,678
	(b) Benefits paid		(11,680,934)
	(c) Benefits accrued and non-investment related experience		5,137,609
	(d) Plan amendments		0
	(e) Assumption change		60,021,448
	(f) Net increase		69,895,801
	(3) Present value of accumulated plan benefits, October 1, 2013	$	268,766,316

SECTION VII

RECONCILIATION OF PLAN PARTICIPANTS

	Active Plan Members	Plan Members with Deferred Benefits	Plan Members Receiving Benefits	Total Number of Plan Members
As of October 1, 2012	**1,989**	**96**	**544**	**2,629***
New entrants	0	N/A	N/A	10
Rehires	0	0	0	1
Terminations with vesting	(54)	54	N/A	0
Terminations without vesting	(104)	N/A	N/A	(104)
Retirements	(28)	(12)	40	0
Disability retirements	0	0	0	0
Lump sums paid	(134)	(4)	0	(138)
Deaths	0	0	(14)	(14)
Survivors (with benefits)	N/A	0	4	4
Expiration of benefits	N/A	N/A	0	0
Transfers in	0	N/A	N/A	0
Transfers out	0	0	N/A	0
Adjustments	11	0	1	1
Net change	(309)	38	31	(240)
As of October 1, 2013	**1,680**	**134**	**575**	**2,389****

* *In addition, there were 880 terminated non-vested participants due a refund of their employee contributions as of October 1, 2012.*

** *In addition, there were 932 terminated non-vested participants due a refund of their employee contributions as of October 1, 2013.*

SECTION VIII

AGE/SERVICE DISTRIBUTION
OF ACTIVE PLAN PARTICIPANTS
(as of October 1, 2013)

	................................Completed Years of Credited Service										
Age	0 To 1	1 to 4	5 to 9	10 to 14	15 to 19	20 To 24	25 to 29	30 to 34	35 to 39	40 +	Total
0 – 24	0	17	1	0	0	0	0	0	0	0	18
25 – 29	0	98	35	0	0	0	0	0	0	0	133
30 – 34	0	80	98	20	0	0	0	0	0	0	198
35 – 39	0	71	83	57	4	0	0	0	0	0	215
40 – 44	2	57	91	58	48	12	0	0	0	0	268
45 – 49	0	57	65	50	41	33	8	0	0	0	254
50 – 54	1	42	61	58	30	32	22	10	1	0	257
55 – 59	0	30	41	41	29	23	19	16	4	0	203
60 – 64	0	5	19	31	22	18	5	5	0	0	105
65 – 69	0	0	8	6	4	3	3	1	0	0	25
70 & Up	0	0	0	1	3	0	0	0	0	0	4
Totals	3	457	502	322	181	121	57	32	5	0	1,680

SECTION IX

ACTUARIAL COST METHOD, ASSET VALAUTION METHOD AND ACTUARIAL ASSUMPTIONS

A. ACTUARIAL COST METHOD

The actuarial cost method used to determine the normal cost, actuarial accrued liabilities and contribution amounts of the plan is the Projected Unit Credit Actuarial Cost Method. Under the method, benefits are projected to retirement (or earlier termination) for each plan participant based upon the assumptions as to future compensation increases.

The *actuarial accrued liability* of each active plan participant is equal to the actuarial present value of the participant's projected benefit at retirement (or earlier termination) adjusted to reflect the participant's credited service as of the valuation date. The total actuarial accrued liability of the plan is equal to the sum of such liabilities as determined for each active participant plus the actuarial present value of benefits being paid, or due to be paid, to retirees, beneficiaries and former participants with deferred vested benefits.

The *normal cost* of each active plan participant is equal to the actuarial present value of that part of each participant's projected benefit which is attributable to the current plan year. The total normal cost of the plan is the sum of the normal costs for each active plan participant.

The total actuarial accrued liability for all plan participants less the actuarial value of plan assets is the *unfunded actuarial accrued liability*. This calculation is performed as of each valuation date. Deviations in actual experience from the experience anticipated by the actuarial assumptions result in actuarial gains or losses which reduce or increase, respectively, the unfunded actuarial accrued liability. Each year's deviation will be amortized over 30 years for purposes of calculating the employer contribution.

All employees who are plan participants on the valuation date are included in the actuarial valuation.

B. ASSET VALUATION METHOD

The actuarial value of assets was determined under a five-year smoothed market value (with phase-in) as described below.

Under this method, the actuarial value of assets is equal to the market value of assets less a decreasing fraction (4/5, 3/5, 2/5, 1/5) of the gain or loss for each of the preceding four years. This gain or loss for a year is determined by calculating the difference between the expected value of assets as of the year and the actual market value of assets at the valuation date. The actuarial value of assets is adjusted to remain between 80% and 120% of the market value of assets.

SECTION IX

ACTUARIAL COST METHOD, ASSET VALUATION
METHOD AND ACTUARIAL ASSUMPTIONS
(continued)

C. ACTUARIAL ASSUMPTIONS

Investment Return	6.5% per year, net of administrative expenses (previously, 8.5%).
Post-Retirement Cost of Living Adjustment	1.25% per year (previously 1.0%).
Compensation Increases	2.8% per year.
Maximum Benefit and Compensation Limitations	Assumed to increase at the rate of 2.5% per year (previously, 2.0%).
Employee Contributions	Assumed to increase at the rate of 2.0% per year (previously, 4.0%).
IRC Maximum Benefit and Compensation Limits	
Benefit Limit	$205,000 for 2013.
Compensation Limit	$255,000 for 2013.
Mortality	Static mortality table in accordance with IRS Regulation 1.430(h)(3)-1 for the valuation year.
Withdrawal	The active participants are assumed to terminate their employment for causes other than death, disability or retirement in accordance with annual rates as illustrated sample rates below:

Service	Rate (%)
5	11.68
10	6.87
15	5.12
20	3.93
25	2.97

SECTION IX

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS
(continued)

Retirement Age

A participant is assumed to retire in accordance with annual rates as illustrated below:

Age	Rate (%)
60 - 64	25
65	100

For participants with 30 years of service (regardless of age), rates are increased to 30%.

Disability

Active participants are expected to become disabled, as defined under the plan, in accordance with sample annual rates as illustrated below:

Age	Rate (%)
20	0.08
25	0.10
30	0.11
40	0.16
50	0.29
60	0.59

Form of Payment

Life Annuity.

Marital Assumption

It has been assumed that 100% of active participants are married. Husbands are assumed to be three years older than their wives.

Expenses

$340,000 (previously, $390,000).

SECTION X

SUMMARY OF PLAN PROVISIONS

Effective Date	February 17, 1983. The plan was most recently amended effective October 1, 2011.
Eligibility	All employees are eligible to participate on the first day of the month coincident with or next following three months of employment and authorization of payroll deduction for required contributions. No employees hired or rehired on or after October 1, 2011 will be eligible to participate in the Plan.
Credited Service	A participant will receive Credited Service for the whole number of years and quarter years worked excluding any period of unpaid leave or period when he or she did not contribute to the Plan.
Vesting Service	A participant will receive Vesting Service for any period worked adjusted for any period greater than 12 months excluded from Credited Service or period when he or she did not contribute to the Plan.
Compensation	Total compensation, including overtime, bonus, commissions, incentive compensation, employee contributions to the Plan, elective contributions under the cafeteria plan, and elective contributions to any plan qualified under Section 132(f), 401(k), 403(b) and 457 of the Code. Compensation excludes contributions to the Plan by the Employer not related to "pick-up".
Average Compensation	The highest average during any nineteen consecutive quarters of compensation during the forty consecutive quarters of employment immediately preceding date of termination, plus the last quarter of employment compensation.
Employee Contributions.	Participants are required to contribute 3% of compensation each pay period. Employee contributions accumulate at a rate of return based on the 3-month U.S. Treasury Rate for September, credited once annually for active participants at September 30th. The rate is applied to the average balance in the account during the preceding 12 months.

SECTION X

SUMMARY OF PLAN PROVISIONS
(continued)

Normal Retirement Date	The first day of the month coinciding with or next following the later of the Participant's 65th birthday and the attainment of 10 years of Vesting Service.
Normal Retirement Benefit	The sum of (a), (b) and (c), not less than (d): (a) 1.625% of the Average Monthly Compensation multiplied by Credited Service, up to 20 years, (b) 1.75% of the Average Monthly Compensation multiplied by Credited Service in excess of 20 years up to 30 years, (c) 2% of the Average Monthly Compensation multiplied by Credited Service in excess of 30 years (d) Credited Service multiplied by $5 Effective October 1, 2011, the benefit for those participants with less than 20 years of Credited Service as of September 30, 2011 will be limited to 50% of Average Monthly Compensation. The benefit for those participants with 20 or more years of Credited Service as of September 30, 2011 will be limited to 70% of Average Monthly Compensation.
Early Retirement Date	The first day of the month coinciding with or next following the Participant's 60th birthday and the attainment of 10 years of Credited Service.
Early Retirement Benefit	Equal to the Normal Retirement Benefit reduced 3% for each year commencement precedes Normal Retirement Date.
Thirty Year Service Early Retirement	A Participant with 30 or more years of Credited Service may commence benefit without reduction.
Late Retirement	A Participant may retire at any time after his Normal Retirement Date with a benefit equal to the benefit earned through the Participant's actual retirement date or the actuarially equivalent value of the Normal Retirement Benefit.

SECTION X

SUMMARY OF PLAN PROVISIONS
(continued)

Disability Retirement

A Participant must have at least 10 years of Credited Service and be eligible for Social Security Disability to be eligible for the disability benefit. The disability benefit is equal to the accrued benefit using final average earnings at date of disability and the amount of service that would have been accrued if the Participant worked to the later of age 60 or the date of disability, reduced 3% for each year commencement precedes Normal Retirement Date, up to 15%.

Vested Termination

A Participant is 100% vested after completing 10 or more Years of Vesting Service and is entitled to receive 100% of their accrued benefit at the time of termination payable at their normal retirement date or earlier in accordance with early retirement provisions above.

A Participant is always 100% vested in their employee contributions.

Normal Form of Payment

Life Annuity.

Pre-Retirement Death Benefit

The surviving spouse will receive a benefit equal to the amount that would have been paid had the participant separated from service on his date of death and retired with a 100% qualified joint and survivor annuity, reduced 3% for each year date of death precedes Normal Retirement Date.

Cost of Living Adjustment

Retired participants receive an additional payment each year equal to one-half the CPI (COLA capped at 2.50%) multiplied by the annual retirement benefit, multiplied by the number of full years retired.