

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN</u>	1b Three-digit plan number (PN) ▶ <u>002</u> 1c Effective date of plan <u>07/01/1993</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>LAUREL HEALTH SYSTEM</u> <u>32-36 CENTRAL AVE.</u> <u>WELLSBORO, PA 16901-1840</u>	2b Employer Identification Number (EIN) <u>24-0795488</u> 2c Sponsor's telephone number <u>570-724-1631</u> 2d Business code (see instructions) <u>622000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>08/07/2012</u>	<u>EUGENE YAJKO</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") LAUREL HEALTH SYSTEM 32-36 CENTRAL AVE. WELLSBORO, PA 16901-1840	3b Administrator's EIN 24-0795488 3c Administrator's telephone number 570-724-1631
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	1427
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	1058
b Retired or separated participants receiving benefits.....	6b	81
c Other retired or separated participants entitled to future benefits.....	6c	320
d Subtotal. Add lines 6a , 6b , and 6c	6d	1459
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	2
f Total. Add lines 6d and 6e	6f	1461
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	1259
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	35

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2A 2E 2F 2G 2M

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)

(2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary

(3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
(2) ☐ **I** (Financial Information – Small Plan)
(3) ☐ **A** (Insurance Information)
(4) ☒ **C** (Service Provider Information)
(5) ☐ **D** (DFE/Participating Plan Information)
(6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>LAUREL HEALTH SYSTEM</u>	D Employer Identification Number (EIN) <u>24-0795488</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

CITIZENS & NORTHERN BANK

24-0756925

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51 52	NONE	23231	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 LAUREL HEALTH SYSTEM	D Employer Identification Number (EIN) 24-0795488	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	16260	75226
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	381206	268540
(2) Participant contributions	1b(2)	58619	
(3) Other.....	1b(3)	17117	315
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1573243	1703934
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	25817273	26731271
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	27863718	28779286

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	8771	9018
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	8771	9018

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	27854947	28770268
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1267944	
(B) Participants	2a(1)(B)	1654238	
(C) Others (including rollovers)	2a(1)(C)	88161	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3010343

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	175	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		175

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	470405	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		470405

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-922051
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		2558872

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1620320	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1620320
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	23231	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		23231
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1643551

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		915321
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PARENTEBEARD LLC

(2) EIN: 23-2932984

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>LAUREL HEALTH SYSTEM</u>	D Employer Identification Number (EIN) <u>24-0795488</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>24-0756925</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**Laurel Health System Tax
Deferred Annuity 403(b) Plan**

Financial Statements and
Supplemental Schedule

December 31, 2011 and 2010

Laurel Health System Tax Deferred Annuity 403(b) Plan

Table of Contents

December 31, 2011 and 2010

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Net Assets Available for Benefits	2
Statement of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedule	
Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)	10

Independent Auditors' Report

Plan Administrator and Participants
Laurel Health System Tax Deferred Annuity 403(b) Plan

We were engaged to audit the accompanying statement of net assets available for benefits of the Laurel Health System Tax Deferred Annuity 403(b) Plan (the "Plan") as of December 31, 2011 and 2010 and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management.

The Plan has not maintained sufficient accounting records and supporting documents relating to certain annuity and custodial accounts issued to current and former employees prior to January 1, 2009. Accordingly, we were unable to apply auditing procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

As described in Note 8, the Plan has excluded from investments in the accompanying statement of net assets available for benefits certain annuity and custodial accounts issued to current and former employees prior to January 1, 2009, as permitted by the Department of Labor's Field Assistant Bulletin No. 2009-02, *Annual Reporting Requirements for 403(b) Plans*. The investment income and distributions related to such accounts have also been excluded in the accompanying statement of changes in net assets available for benefits. The amount of these excluded annuity and custodial accounts and related income and distributions are not determinable. Accounting principles generally accepted in the United States of America require that these custodial accounts and the related income and distributions be included in the accompanying financial statements.

Since we were not able to apply auditing procedures to satisfy ourselves as to the appropriateness and completeness of the Plan's net assets available for benefits and changes in net assets available for benefits as of December 31, 2011 and 2010, and for the year ended December 31, 2011, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these accompanying financial statements.

We were engaged to audit the basic financial statements. The supplemental schedule of Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. Because of the significance of the matters described in the second and third paragraphs of this report, we express no opinion on the supplemental schedule.



Williamsport, Pennsylvania
July 27, 2012

Laurel Health System
Tax Deferred Annuity 403(b) Plan

Statement of Net Assets Available for Benefits
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Investments, at fair value	<u>\$ 28,435,205</u>	<u>\$ 27,390,516</u>
Receivables:		
Employer contribution	268,540	381,206
Accrued interest and dividends	315	17,117
Employee contribution	<u>-</u>	<u>58,619</u>
Total receivables	<u>268,855</u>	<u>456,942</u>
Cash	<u>75,226</u>	<u>16,260</u>
Total assets	28,779,286	27,863,718
Liabilities		
Administrative expenses payable	<u>9,018</u>	<u>8,771</u>
Net assets available for benefits	<u><u>\$ 28,770,268</u></u>	<u><u>\$ 27,854,947</u></u>

See notes to financial statements

Laurel Health System
Tax Deferred Annuity 403(b) Plan

Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2011

Additions to Net Assets Attributed to

Investment (loss) income:

Net depreciation in fair value of investments	\$ (1,087,088)
Interest and dividends	<u>635,617</u>

Net investment loss	<u>(451,471)</u>
---------------------	------------------

Contributions:

Participant	1,654,238
Employer	1,267,944
Rollovers	<u>88,161</u>

Total contributions	<u>3,010,343</u>
---------------------	------------------

Total additions	<u>2,558,872</u>
-----------------	------------------

Deductions From Net Assets Attributed to

Benefits paid to participants	1,620,320
Administrative expenses	<u>23,231</u>

Total deductions	<u>1,643,551</u>
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Net increase in net assets available for benefits	915,321
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Net Assets Available for Benenefits

Beginning of year	<u>27,854,947</u>
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End of year	<u><u>\$ 28,770,268</u></u>
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See notes to financial statements

Laurel Health System Tax Deferred Annuity 403(b) Plan

Notes to Financial Statements
December 31, 2011 and 2010

1. Description of Plan

The following description of the Laurel Health System Tax Deferred Annuity 403(b) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all employees of Laurel Health System and those affiliated corporations which adopt the Plan (collectively, the "Plan Sponsor"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan evaluated subsequent events for recognition or disclosure through July 27, 2012, the date the financial statements were available to be issued.

Contributions

Each year, eligible employees can contribute to the Plan an amount up to the maximum amount permissible in accordance with Internal Revenue Code ("IRC"). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participant contributions to the Plan are recorded in the period that payroll deductions are made from the participants. The Plan Sponsor contributes to the Plan a basic contribution based on the participant's age and a percentage of compensation ranging from .65% to 4.00%, as defined by the Plan. The Plan Sponsor, at its discretion, may also make matching contributions to the Plan. For 2011, matching contributions were equal to 50% of up to 3% of a participant's compensation. Matching contributions amounted to \$335,769 for 2011. Participants direct the investment of all contributions into various investment options offered by the Plan. Contributions are subject to certain limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Plan Sponsor's contributions and (b) Plan earnings and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution is based on years of continuous service. Participants are fully vested after three years of credited service. A participant becomes fully vested upon death or disability.

Laurel Health System Tax Deferred Annuity 403(b) Plan

Notes to Financial Statements
December 31, 2011 and 2010

Payment of Benefits

On termination of service due to death, disability, retirement, or other reasons, a participant will receive in the form of a rollover or a lump-sum amount equal to the value of the participant's vested interest in their account. In addition, the Plan allows for hardship distributions if certain criteria are met.

Forfeited Accounts

Forfeited nonvested accounts totaled \$11,734 at December 31, 2011 and \$17,405 at December 31, 2010. These accounts will be used to pay Plan administrative expenses and then to reduce future employer contributions. Forfeitures of \$22,984 were used to pay plan administrative expenses during 2011.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Administration of Plan Assets

The Plan's assets are administered under a contract with Citizens & Northern Bank, the trustee of the Plan. The trustee invests funds received from contributions, investment sales, interest, and dividend income and makes distribution payments to participants. Certain administrative expenses of maintaining the Plan are paid by the Plan Sponsor.

Laurel Health System Tax Deferred Annuity 403(b) Plan

Notes to Financial Statements
December 31, 2011 and 2010

Payment of Benefits

Benefits are recorded when paid.

New Accounting Standard

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04 "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", ("ASU 2011-04"). ASU 2011-04 will expand disclosures about fair value measurement and result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. ASU 2011-04 is effective for fiscal years and interim reporting periods beginning after December 15, 2011. Plan management is evaluating the impact of adopting ASU 2011-04 and believes it will not be material to the financial statements but will provide additional disclosures.

3. Fair Value Measurements

The Plan measures on a recurring basis its investments at fair value in accordance with FASB codification "Fair Value Measurements," which provides the framework for measuring fair value. That framework provides fair value hierarchy used to classify the inputs used in measuring fair value. That hierarchy prioritizes the inputs used in determining valuations into three levels. The levels of fair value hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible to the Plan for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Inputs to the valuation methodology include significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2011 and 2010.

Mutual funds and the money market fund are valued at the quoted net asset value of shares held by the Plan at year end.

Laurel Health System Tax Deferred Annuity 403(b) Plan

Notes to Financial Statements
December 31, 2011 and 2010

The preceding method described may produce a fair value calculation that may not be indicative of net realizable or reflective of future fair values. Furthermore, while the Plan believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010:

Assets at Fair Value as of December 31, 2011				
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Growth funds	\$ 11,831,179	\$ -	\$ -	\$ 11,831,179
Fixed income funds	7,069,257	-	-	7,069,257
Index funds	6,350,432	-	-	6,350,432
Balanced funds	1,016,981	-	-	1,016,981
Other	463,422	-	-	463,422
Money market fund	1,703,934	-	-	1,703,934
Total	<u>\$ 28,435,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,435,205</u>

Assets at Fair Value as of December 31, 2010				
Mutual funds:				
Growth funds	\$ 12,046,829	\$ -	\$ -	\$ 12,046,829
Fixed income funds	5,948,834	-	-	5,948,834
Index funds	6,371,647	-	-	6,371,647
Balanced funds	1,049,243	-	-	1,049,243
Other	400,720	-	-	400,720
Money market fund	1,573,243	-	-	1,573,243
Total	<u>\$ 27,390,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,390,516</u>

4. Investments

The following presents investments that represent 5% or more of the Plan's net assets available for benefits at December 31, 2011 and 2010:

	2011	2010
PIMCO Total Return Bond Fund	\$ 7,069,257	\$ 5,948,834
Dreyfus Small Cap Stock Index Fund	2,959,507	2,991,230
Growth Fund of America	2,648,104	2,795,780
Vanguard Mid-Cap Index Investor Fund	1,812,191	1,825,905
American Beacon Large Cap Value Fund	1,810,925	1,817,276
Fidelity Diversified International Equity Fund	1,797,857	2,113,850
Columbia Large Cap Value Fund	1,706,146	1,805,770
Fidelity Money Market Fund	1,703,934	1,573,243

Laurel Health System Tax Deferred Annuity 403(b) Plan

Notes to Financial Statements
December 31, 2011 and 2010

During 2011, the Plan's investments in mutual funds (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$1,087,088.

5. Related-Party Transactions

Certain Plan investments are managed by the trustee. Certain administrative expenses for the trustee are paid by the Plan. These transactions qualify as party-in-interest transactions.

Certain administrative functions of the Plan are performed by employees of the Plan Sponsor. No such employee receives compensation from the Plan.

6. Plan Termination

Although they have not expressed any intention to do so, the Plan Sponsor has the right to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, participants will become 100% vested in all contributions.

7. Tax Status

The Plan has been designed to qualify under Section 403(b) of the IRC and therefore, it is not currently eligible to receive a determination letter from the Internal Revenue Service ("IRS"). The Plan is required to operate in conformity with the IRC to maintain its qualification under Section 403(b). The Plan administrator believes the Plan is operating in accordance with the applicable requirements of Section 403(b) of the IRC and therefore believes the Plan is qualified and the related custodial account is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2011, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability of disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

8. Custodial Accounts Excluded From Financial Statements

As permitted by the Department of Labor's Field Assistant Bulletin No. 2009-02, *Annual Reporting Requirements for 403(b) Plans*, ("FAB 2009-02") the Plan administrator has elected to exclude certain custodial accounts from the Plan's financial statements. These custodial accounts were limited to employee contributions held under a voluntary 403(b) plan arrangement prior to January 1, 2009. The amount of the excluded custodial accounts at December 31, 2011 and 2010 could not be determined.

Laurel Health System Tax Deferred Annuity 403(b) Plan

Notes to Financial Statements
December 31, 2011 and 2010

The Plan administrator has concluded that the custodial accounts have met the criteria required under FAB 2009-02 and as such, have been excluded from the Plan's financial statements.

9. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

10. Subsequent Event

On March 27, 2012, the Plan Sponsor entered into Affiliation Agreement (the "Affiliation") with Susquehanna Health System. On June 26, 2012, the Charitable Trust and Antitrust Division of the Pennsylvania Attorney General approved the Affiliation. The effective date of the Affiliation is anticipated to be September 1, 2012, but is pending approval of the Pennsylvania Department of Health. There is currently no effect on the Plan as a result of the Affiliation.

Laurel Health System
Tax Deferred Annuity 403(b) Plan

Schedule H - Line 4(i) - Schedule of Assets (Held at End of Year)

EIN: 24-0795488 Plan No. 002

December 31, 2011

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
Mutual funds		PIMCO Total Return Bond Fund	N/R	\$ 7,069,257
		Dreyfus Small Cap Stock Index Fund	N/R	2,959,507
		Growth Fund of America	N/R	2,648,104
		Vanguard Mid-Cap Index Investor Fund	N/R	1,812,191
		American Beacon Large Cap Value Fund	N/R	1,810,925
		Fidelity Diversified International Equity Fund	N/R	1,797,857
		Columbia Large Cap Value Fund	N/R	1,706,146
		Fidelity Spartan 500 Index Fund	N/R	1,328,715
		Fidelity Contrafund	N/R	1,317,309
		Fidelity Low Priced Stock Fund	N/R	667,260
		Fidelity Puritan Fund	N/R	480,699
		Mutual Global Discovery Fund	N/R	410,035
		Legg Mason Emerging Markets Fund	N/R	352,204
		Value Line Emerging Opportunities Fund	N/R	273,682
		Fidelity Advisor New Insights	N/R	267,355
		T. Rowe Price Retirement 2020	N/R	262,015
		Dreyfus Mid-Cap Index Fund	N/R	250,019
		T. Rowe Price Retirement 2030	N/R	202,369
		PIMCO Real Return Bond Fund	N/R	183,720
		T. Rowe Price Retirement 2025	N/R	145,533
		Federated US Government 2-5 Year Trust	N/R	130,230
		T. Rowe Price Retirement 2015	N/R	121,061
		T. Rowe Price New America Growth Fund	N/R	99,604
		T. Rowe Price Retirement 2035	N/R	96,142
		Fidelity Mortgage Security Fund	N/R	78,702
		American High Income Trust Fund	N/R	70,770
		T. Rowe Price Retirement 2040	N/R	57,233
		T. Rowe Price Retirement 2010	N/R	52,039
		T. Rowe Price Retirement 2045	N/R	48,782
		T. Rowe Price Retirement 2050	N/R	20,349
		T. Rowe Price Retirement 2055	N/R	11,457
Money market fund		Fidelity Money Market Fund	N/R	1,703,934
		Total investments		<u>\$ 28,435,205</u>

N/R - Participant directed investment; cost not required to be reported

Laurel Health System
Tax Deferred Annuity 403(b) Plan

Schedule H - Line 4(i) - Schedule of Assets (Held at End of Year)

EIN: 24-0795488 Plan No. 002

December 31, 2011

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
Mutual funds		PIMCO Total Return Bond Fund	N/R	\$ 7,069,257
		Dreyfus Small Cap Stock Index Fund	N/R	2,959,507
		Growth Fund of America	N/R	2,648,104
		Vanguard Mid-Cap Index Investor Fund	N/R	1,812,191
		American Beacon Large Cap Value Fund	N/R	1,810,925
		Fidelity Diversified International Equity Fund	N/R	1,797,857
		Columbia Large Cap Value Fund	N/R	1,706,146
		Fidelity Spartan 500 Index Fund	N/R	1,328,715
		Fidelity Contrafund	N/R	1,317,309
		Fidelity Low Priced Stock Fund	N/R	667,260
		Fidelity Puritan Fund	N/R	480,699
		Mutual Global Discovery Fund	N/R	410,035
		Legg Mason Emerging Markets Fund	N/R	352,204
		Value Line Emerging Opportunities Fund	N/R	273,682
		Fidelity Advisor New Insights	N/R	267,355
		T. Rowe Price Retirement 2020	N/R	262,015
		Dreyfus Mid-Cap Index Fund	N/R	250,019
		T. Rowe Price Retirement 2030	N/R	202,369
		PIMCO Real Return Bond Fund	N/R	183,720
		T. Rowe Price Retirement 2025	N/R	145,533
		Federated US Government 2-5 Year Trust	N/R	130,230
		T. Rowe Price Retirement 2015	N/R	121,061
		T. Rowe Price New America Growth Fund	N/R	99,604
		T. Rowe Price Retirement 2035	N/R	96,142
		Fidelity Mortgage Security Fund	N/R	78,702
		American High Income Trust Fund	N/R	70,770
		T. Rowe Price Retirement 2040	N/R	57,233
		T. Rowe Price Retirement 2010	N/R	52,039
		T. Rowe Price Retirement 2045	N/R	48,782
		T. Rowe Price Retirement 2050	N/R	20,349
		T. Rowe Price Retirement 2055	N/R	11,457
Money market fund		Fidelity Money Market Fund	N/R	1,703,934
		Total investments		\$ 28,435,205

N/R - Participant directed investment; cost not required to be reported