# 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

**2014**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [X] 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
LAUREL HEALTH SYSTEM PENSION PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 06/01/1967

**2a** Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)
LAUREL HEALTH SYSTEM

48 PEARL STREET
WELLSBORO, PA 16901

**2b** Employer Identification Number (EIN)
24-0795488

**2c** Plan Sponsor's telephone number
570-723-0106

**2d** Business code (see instructions)
622000

**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** | Filed with authorized/valid electronic signature. | 09/21/2015 | ELIZABETH W. BRUBAKER |
| | **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 |

Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)

Preparer's telephone number (optional)

| | | | |
|---|---|---|---|
| **3a** | Plan administrator's name and address [X] Same as Plan Sponsor | **3b** | Administrator's EIN |
| | | **3c** | Administrator's telephone number |
| **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: | **4b** | EIN |
| **a** | Sponsor's name | **4c** | PN |

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 1103 |
| **6** | Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** | Total number of active participants at the beginning of the plan year | **6a(1)** | 402 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 338 |
| **b** | Retired or separated participants receiving benefits | **6b** | 319 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 401 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 1058 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 28 |
| **f** | Total. Add lines **6d** and **6e**. | **6f** | 1086 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
1A 1I 1C

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

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | [ ] | Insurance |
| **(2)** | [ ] | Code section 412(e)(3) insurance contracts |
| **(3)** | [X] | Trust |
| **(4)** | [ ] | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | [ ] | Insurance |
| **(2)** | [ ] | Code section 412(e)(3) insurance contracts |
| **(3)** | [X] | Trust |
| **(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)** | [X] | **R** (Retirement Plan Information) |
| **(2)** | [ ] | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary |
| **(3)** | [X] | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |

**b General Schedules**

| | | | |
|---|---|---|---|
| **(1)** | [X] | | **H** (Financial Information) |
| **(2)** | [ ] | | **I** (Financial Information – Small Plan) |
| **(3)** | [ ] | 0 | **A** (Insurance Information) |
| **(4)** | [X] | | **C** (Service Provider Information) |
| **(5)** | [ ] | | **D** (DFE/Participating Plan Information) |
| **(6)** | [ ] | | **G** (Financial Transaction Schedules) |

## Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .....…… ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

# SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

**2014**

**This Form is Open to Public Inspection**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

**A** Name of plan
LAUREL HEALTH SYSTEM PENSION PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
LAUREL HEALTH SYSTEM

**D** Employer Identification Number (EIN)
24-0795488

**E** Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

**F** Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

## Part I Basic Information

**1** Enter the valuation date: Month 01 Day 01 Year 2014

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 18973435 |
| **b** Actuarial value | **2b** | 17516268 |

**3** Funding target/participant count breakdown

| | (1) Number of participants | (2) Vested Funding Target | (3) Total Funding Target |
|---|---|---|---|
| **a** For retired participants and beneficiaries receiving payment | 319 | 7905616 | 7905616 |
| **b** For terminated vested participants | 382 | 4762609 | 4762609 |
| **c** For active participants | 402 | 7117356 | 7142663 |
| **d** Total | 1103 | 19785581 | 19810888 |

**4** If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

| | | |
|---|---|---|
| **a** Funding target disregarding prescribed at-risk assumptions | **4a** | |
| **b** Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor | **4b** | |

| | | |
|---|---|---|
| **5** Effective interest rate | **5** | 6.47% |
| **6** Target normal cost | **6** | 137349 |

**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN HERE**

Signature of actuary

09/18/2015
Date

LISA A. PFAUTZ
Type or print name of actuary

14-07159
Most recent enrollment number

MARKLEY ACTUARIAL SERVICES, INC.
Firm name

717-295-3178
Telephone number (including area code)

26-28 WEST KING STREET, SUITE 202
LANCASTER, PA 17603
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

## Part II Beginning of Year Carryover and Prefunding Balances

| | | (a) Carryover balance | (b) Prefunding balance |
|---|---|---|---|
| 7 | Balance at beginning of prior year after applicable adjustments (line 13 from prior year) | 0 | 0 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | 0 | 0 |
| 9 | Amount remaining (line 7 minus line 8) | 0 | 0 |
| 10 | Interest on line 9 using prior year's actual return of 18.81% | 0 | 0 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | a Present value of excess contributions (line 38a from prior year) | | 491 |
| | b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.33 % | | 31 |
| | b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return | | 0 |
| | c Total available at beginning of current plan year to add to prefunding balance | | 522 |
| | d Portion of (c) to be added to prefunding balance | | 0 |
| 12 | Other reductions in balances due to elections or deemed elections | 0 | 0 |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 0 | 0 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 88.41 % |
| 15 | Adjusted funding target attainment percentage | 15 | 88.41 % |
| 16 | Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement | 16 | 81.45 % |
| 17 | If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage | 17 | % |

## Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

| (a) Date (MM-DD-YYYY) | (b) Amount paid by employer(s) | (c) Amount paid by employees | (a) Date (MM-DD-YYYY) | (b) Amount paid by employer(s) | (c) Amount paid by employees |
|---|---|---|---|---|---|
| 04/09/2014 | 221443 | 0 | | | |
| 07/09/2014 | 221443 | 0 | | | |
| 10/01/2014 | 221443 | 0 | | | |
| 12/31/2014 | 17711 | 0 | | | |
| 07/23/2015 | 107932 | 0 | | | |
| | | | | | |
| | | | Totals ► 18(b) | 789972 | 18(c) 0 |

| | | | |
|---|---|---|---|
| 19 | Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year: | | |
| | a Contributions allocated toward unpaid minimum required contributions from prior years. | 19a | 0 |
| | b Contributions made to avoid restrictions adjusted to valuation date | 19b | 0 |
| | c Contributions allocated toward minimum required contribution for current year adjusted to valuation date | 19c | 757953 |

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

| (1) 1st | (2) 2nd | (3) 3rd | (4) 4th |
|---|---|---|---|
| 0 | 0 | 0 | 0 |

## Part V Assumptions Used to Determine Funding Target and Target Normal Cost

**21** Discount rate:

**a** Segment rates:

| 1st segment: | 2nd segment: | 3rd segment: | |
|---|---|---|---|
| 4.99 % | 6.32 % | 6.99 % | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | 4 |
| **22** Weighted average retirement age | **22** | 63 |

**23** Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

## Part VI Miscellaneous Items

| | | |
|---|---|---|
| **24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| **25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| **26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment | | ☒ Yes ☐ No |
| **27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment | **27** | |

## Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

| | | |
|---|---|---|
| **28** Unpaid minimum required contributions for all prior years | **28** | 0 |
| **29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) | **29** | 0 |
| **30** Remaining amount of unpaid minimum required contributions (line 28 minus line 29) | **30** | 0 |

## Part VIII Minimum Required Contribution For Current Year

**31** Target normal cost and excess assets (see instructions):

| | | |
|---|---|---|
| **a** Target normal cost (line 6) | **31a** | 137349 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 0 |

**32** Amortization installments:

| | Outstanding Balance | Installment |
|---|---|---|
| **a** Net shortfall amortization installment | 2294620 | 620469 |
| **b** Waiver amortization installment | 0 | 0 |

| | | |
|---|---|---|
| **33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount | **33** | 0 |
| **34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) | **34** | 757818 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| **35** Balances elected for use to offset funding requirement | 0 | 0 | 0 |

| | | |
|---|---|---|
| **36** Additional cash requirement (line 34 minus line 35) | **36** | 757818 |
| **37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | **37** | 757953 |

**38** Present value of excess contributions for current year (see instructions)

| | | |
|---|---|---|
| **a** Total (excess, if any, of line 37 over line 36) | **38a** | 135 |
| **b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances | **38b** | 0 |
| **39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) | **39** | 0 |
| **40** Unpaid minimum required contributions for all years | **40** | 0 |

## Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

**41** If an election was made to use PRA 2010 funding relief for this plan:

**a** Schedule elected ☒ 2 plus 7 years ☐ 15 years

**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☒ 2010 ☒ 2011

| | | |
|---|---|---|
| **42** Amount of acceleration adjustment | **42** | |
| **43** Excess installment acceleration amount to be carried over to future plan years | **43** | |

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2014**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** Name of plan
LAUREL HEALTH SYSTEM PENSION PLAN

**B** Three-digit plan number (PN) ▶ 001

**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 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? |
|---|---|---|---|---|---|---|
| 15 21 27 50 | NONE | 52995 | Yes [X] No [ ] | Yes [X] No [ ] | 587 | Yes [X] 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 |
|---|---|---|
| | | |

| **(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 |
|---|---|---|
| | | |

| **(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 |
|---|---|---|
| | | |

| **(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 |
|---|---|---|
| | | |

| **(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 |
|---|---|---|
| | | |

| **(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: PARENTEBEARD, LLC

**b** EIN: 23-2932984

**c** Position: AUDITOR

**d** Address: 1000 COMMERCE PARK DRIVE
SUITE 430
WILLIAMSPORT, PA 17701

**e** Telephone: 570-651-1710

Explanation: EFFECTIVE OCTOBER 1, 2014, PARENTEBEARD, LLC (EIN 23-2932984) MERGED INTO, AND BECAME, BAKER TILLY VIRCHOW KRAUSE, LLP (EIN 39-0859910). THIS WAS NOT A TERMINATION OF AUDITOR; HOWEVER, THERE WAS A CHANGE IN NAME AND EIN.

**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

**2014**

**This Form is Open to Public Inspection**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** Name of plan
LAUREL HEALTH SYSTEM PENSION PLAN

**B** Three-digit plan number (PN) ▶ 001

**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

**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 | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 637540 | 125643 |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | 11373 | 12747 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 1232312 | 1186388 |
| **(2)** U.S. Government securities | 1c(2) | 372141 | 0 |
| **(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) | 16553419 | 18400587 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 196352 | 0 |

| | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **1d** Employer-related investments: | | | |
| **(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 | 19003137 | 19725365 |
| **Liabilities** | | | |
| **g** Benefit claims payable | 1g | 0 | 1114 |
| **h** Operating payables | 1h | 12914 | 13737 |
| **i** Acquisition indebtedness | 1i | | |
| **j** Other liabilities | 1j | | |
| **k** Total liabilities (add all amounts in lines 1g through1j) | 1k | 12914 | 14851 |
| **Net Assets** | | | |
| **l** Net assets (subtract line 1k from line 1f) | 1l | 18990223 | 19710514 |

## 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) Amount | (b) Total |
|---|---|---|---|
| **a Contributions:** | | | |
| **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 789972 | |
| **(B)** Participants | 2a(1)(B) | | |
| **(C)** Others (including rollovers) | 2a(1)(C) | | |
| **(2)** Noncash contributions | 2a(2) | | |
| **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 789972 |
| **b Earnings on investments:** | | | |
| **(1)** Interest: | | | |
| **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | -7 | |
| **(B)** U.S. Government securities | 2b(1)(B) | | |
| **(C)** Corporate debt instruments | 2b(1)(C) | 384 | |
| **(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) | | 377 |
| **(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) | 509116 | |
| **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 509116 |
| **(3)** Rents | 2b(3) | | |
| **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 682193 | |
| **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 693210 | |
| **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | -11017 |
| **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| **(B)** Other | 2b(5)(B) | 14550 | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 14550 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **(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) | | 498996 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 1801994 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 902955 | |
| **(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) | | 902955 |
| **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) | | |
| **(2)** Contract administrator fees | 2i(2) | | |
| **(3)** Investment advisory and management fees | 2i(3) | 53819 | |
| **(4)** Other | 2i(4) | 124929 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 178748 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 1081703 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 720291 |
| **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)** [X] Disclaimer **(4)** [ ] Adverse

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

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

**(1)** Name: BAKER TILLY VIRCHOW KRAUSE, LLP **(2)** EIN: 39-0859910

**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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 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.) | 4a | | 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.) | 4b | | X | |

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| 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.) | 4c | | 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.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | 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? | 4f | | 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? | 4g | | 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? | 4h | | 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.) | 4i | 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.) | 4j | 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? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | 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) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☒ Yes ☐ No ☐ Not determined

## Part V Trust Information (optional)

| **6a** Name of trust | **6b** Trust's EIN |
|---|---|
| | |

# 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

**2014**

**This Form is Open to Public Inspection.**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** Name of plan
LAUREL HEALTH SYSTEM PENSION PLAN

**B** Three-digit plan number (PN) ▶ 001

**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 Distributions

**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** 0

**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): 24-0756925

**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** 13

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 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

**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**

## 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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: 72.0% Investment-Grade Debt: 15.0% High-Yield Debt: 2.0% Real Estate: 0.0% Other: 11.0%

**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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☒ Other (specify): NA-ALL ZERO COUPON BONDS

# Laurel Health System Pension Plan

Financial Statements and
Supplementary Information

December 31, 2014 and 2013

BAKER TILLY

Candor. Insight. Results.

# Laurel Health System Pension Plan

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December 31, 2014 and 2013


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Baker Tilly Virchow Krause, LLP
1000 Commerce Park Dr, Ste 430
Williamsport, PA 17701-5475
tel 570 323 6023
tel 800 267 9405
fax 888 264 9617
bakertilly.com

# Independent Auditors' Report

Participants and Plan Administrator
Laurel Health System Pension Plan

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Laurel Health System Pension Plan (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 10, which was certified by Citizens and Northern Bank, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2014 and 2013, and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

**Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

**Other Matter**

The supplemental schedules of Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) and Schedule H, Line 4(j) - Schedule of Reportable Transactions as of or for the year ended December 31, 2014, are required by the DOL Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

**Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
September 15, 2015

## Laurel Health System Pension Plan

Statement of Net Assets Available for Benefits
December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **Assets** | | |
| Investments, at fair value: | | |
| Mutual funds | $ 18,400,587 | $ 16,553,419 |
| Money market fund | 1,186,388 | 1,122,144 |
| U.S. government agency securities | - | 372,141 |
| Municipal obligations | - | 196,352 |
| Certificate of deposit | - | 110,168 |
| Total investments | 19,586,975 | 18,354,224 |
| Receivables: | | |
| Employer contribution receivable | 125,643 | 637,540 |
| Accrued interest receivable | 12,747 | 11,373 |
| Total assets | 19,725,365 | 19,003,137 |
| **Liabilities** | | |
| Accrued administrative expenses | 13,737 | 12,914 |
| Net assets available for benefits | $ 19,711,628 | $ 18,990,223 |

*See notes to financial statements*

## Laurel Health System Pension Plan

Statement of Changes in Net Assets Available for Benefits
Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **Additions** | | |
| Investment income: | | |
| Net appreciation in fair value of investments | $ 502,317 | $ 2,558,078 |
| Interest and dividends | 509,705 | 396,409 |
| Total investment income | 1,012,022 | 2,954,487 |
| Less investment expenses | 53,819 | 49,702 |
| Net investment income | 958,203 | 2,904,785 |
| Employer contributions | 789,972 | 949,286 |
| Other income | - | 452 |
| Total additions | 1,748,175 | 3,854,523 |
| **Deductions** | | |
| Benefits paid to participants | 901,841 | 845,302 |
| Administrative expenses | 124,929 | 137,349 |
| Total deductions | 1,026,770 | 982,651 |
| Net increase | 721,405 | 2,871,872 |
| **Net Assets Available for Benefits** | | |
| Beginning of year | 18,990,223 | 16,118,351 |
| End of year | $ 19,711,628 | $ 18,990,223 |

*See notes to financial statements*

## 1. Description of the Plan

The following description of the Laurel Health System Pension Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan document for a more complete description of the Plan's provisions.

### General

The Plan is a noncontributory defined benefit pension plan covering substantially all employees of Laurel Health System and those affiliated corporations which adopt the Plan (collectively, the "Company") who have completed one year of service and attained age twenty-one. Soldiers and Sailors Memorial Hospital, North Penn Comprehensive Health Services, The Green Home, Laurel Management Services, Inc. and Tioga Health Care Providers are the members of the affiliated group of corporations with employees who have adopted the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Effective July 1, 2005, the structure of the Plan was changed so that employees enrolled in the Plan must elect to either (1) continue to earn additional benefits in the Plan or (2) freeze future benefit accruals in the Plan effective June 30, 2005 and receive an annual contribution to a defined contribution plan starting as of July 1, 2005. All new employees hired on or after July 1, 2005 are not eligible to participate in the Plan.

Effective December 31, 2006, the Plan was amended to freeze future benefit accruals. After this effective date, no compensation earned or changes in compensation rates will be taken into account when computing the accrued benefit, and former employees will not be reinstated.

### Pension Benefits

Employees are entitled to plan benefits at the normal retirement age of 65, although earlier retirement with lesser benefits is permitted. Effective January 1, 2008, the Plan was amended to apply a three-year vesting schedule in order to comply with the minimum vesting standards requirement applicable to cash balance and other hybrid defined benefit plans as set forth by the Pension Protection Act of 2006. Employees terminated after December 31, 2006 who have completed three years of service but are not eligible for normal or early retirement shall be entitled to a deferred vested benefit commencing at age 65 equal to their accrued benefit as of the date of termination. Employees who terminated prior to December 31, 2006 are fully vested after five years of service.

Prior to January 1, 1993, benefits under the Plan were based on the greater of (1) one percent of the participant's first $1,000 of "Average Monthly Compensation", plus one and one-half percent of the "Average Monthly Earnings" in excess of $1,000 for each year of credited service; or (2) $7.50 per month for each year of credited service, subject to a maximum of ten such years. At December 31, 1992, accumulated plan benefits computed in this manner were frozen. Effective January 1, 1993, the Plan adopted a Cash Balance formula to calculate the Plan's accrued liability. Subsequent to that date but prior to December 31, 2006, each participant who accumulated 1,000 or more hours of service received an allocation to their Cash Balance Account based on a percentage of each participant's annual compensation as described in the plan document.

Benefit payments are paid in the form of a life annuity for single participants and a joint-and-survivor annuity for married participants, unless the participant elects a different form of payment. For married participants, spousal consent is required to change payment methods.

### Death and Disability Benefits

If an active participant dies, the Plan provides for a death benefit equal to the value of the participant's accumulated pension benefits to be paid to the participant's beneficiary. Active participants who become totally disabled shall receive a monthly benefit commencing at the normal retirement date. A disabled participant may elect to receive a reduced benefit commencing at the early retirement date.

## 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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosures of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements and changes therein. Actual results could differ from those estimates.

### Payment of Benefits

Benefit payments to participants are recorded upon distribution.

### Administrative Expenses

The Plan's expenses are paid either by the Plan or the Company, as provided by the plan document. Expenses that are paid directly by the Company are excluded from these financial statements. Certain expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying Statement of Changes in Net Assets Available for Benefits. In addition, certain investment related expenses are included either in net appreciation of fair value of investments or net investment income presented in the accompanying Statement of Changes in Net Assets Available for Benefits.

### 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. The Retirement Committee determines the Plan's valuation policies utilizing information provided by the trustee. See Note 3 for a discussion of fair value measurements.

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

**Actuarial Present Value of Accumulated Plan Benefits**

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation and years of credited service earned prior to 2006. The accumulated plan benefits for active employees will equal the accumulation, with interest, of the annual benefit accruals as of the benefit information date. Benefits payable under all circumstances such as retirement, death, disability, and termination of employment are included, to the extent they are attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits presented below is determined by the Plan's actuary as of January 1, 2014. The actuarial present value of accumulated plan benefits is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The actuarial present value of accumulated plan benefits as of January 1, 2014 is as follows:

| | |
|---|---|
| Vested benefits: | |
| Participants and beneficiaries currently receiving payments | $ 7,726,915 |
| Other participants | 11,163,425 |
| Total vested benefits | 18,890,340 |
| Nonvested benefits | 23,396 |
| Total actuarial present value of accumulated plan benefits | $ 18,913,736 |

The changes in the actuarial present value of the accumulated plan benefits for the year ended December 31, 2013 are summarized as follows:

| | |
|---|---|
| Actuarial present value of accumulated plan benefits, at beginning of year | $ 19,690,907 |
| Increase (decrease) during the year attributable to: | |
| Increase for interest due to decrease in discount period | 1,219,681 |
| Benefits paid | (845,302) |
| Change in actuarial assumptions | (1,270,626) |
| Actuarial gain | 119,076 |
| Actuarial present value of accumulated plan benefits, at end of year | $ 18,913,736 |

Significant assumptions underlying the actuarial computations are as follows:

| | |
|---|---|
| Interest rate | 7.5% |
| Mortality | RP-2014 Mortality Table |
| Retirement age | Age 65 or age on valuation date if greater |

In October 2014, the Society of Actuaries released the RP-2014 Mortality Tables, which are an update to the RP-2000 mortality tables. The RP-2014 updated mortality tables were considered in the actuarial present value of the accumulated plan benefits of the Plan as of January 1, 2014. The consideration of the updated mortality table's impact is reflected in the summary of changes in the present value of the accumulated plan benefits of the Plan for the year ended December 31, 2013 as a change in the actuarial assumptions which increased the actuarial present value of accumulated plan benefits and amounted to $1,130,266.

During the year ended December 31, 2014, the interest rate changed from a blend of the segmented rates of 4.99 percent, 6.32 percent and 6.99 percent to the long term rate of return of 7.5%. These changes decreased the accumulated plan benefits by $2,400,892.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**Recent Accounting Pronouncements**

In May 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (“ASU 2015-07”). ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under Accounting Standards Codification 820. ASU 2015-07 is effective for the Plan for years beginning after December 15, 2016 with early adoption permitted. Management is currently evaluating the impact of the pending adoption of ASU 2015-07 on the Plan’s financial statements.

In July 2015, the FASB issued Accounting Standards Update No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965) - I. Fully Benefit-Responsive Investment Contracts; II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient* ("ASU 2015-12"). Part I of the accounting standards update requires fully-benefit responsive investment contracts to be measured, presented, and disclosed only at contract value. Part II of this update requires that investments (both participant-directed and nonparticipant-directed investments) be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. Part II also eliminates the disclosure of individual investments that represent 5 percent or more of net assets available for benefits and the disclosure of net appreciation or depreciation for investments by general type, requiring only presentation of net appreciation (depreciation) in investments in the aggregate. Additionally, if an investment is measured using the net asset value per share (or its equivalent) practical expedient in Topic 820 and that investment is a fund that files a U.S. Department of Labor Form 5500, as a direct filing entity, disclosure of that investment's strategy is no longer required. Part III of the update permits plans to measure investments and investment-related accounts (e.g., a liability for a pending trade with a broker) as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with month-end. The amendments in ASU 2015-12 are effective for fiscal years beginning after December 15, 2015, with early application permitted. The amendments within Parts I and II require retrospective application; whereas, the amendments within Part III should be applied prospectively. Management is currently evaluating the impact of the pending adoption of ASU 2015-12 on the Plan's financial statements.

**Subsequent Events**

The Plan has evaluated subsequent events for recognition or disclosure through September 15, 2015, the date the financial statements were available to be issued.

## 3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Money market fund is valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

U.S. government agency securities and municipal obligations were valued using pricing models maximizing the use of observable inputs for similar securities.

The certificate of deposit was valued at face value which approximates fair value.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain 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, 2014 and 2013:

| | Assets at Fair Value as of December 31, 2014 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Mutual funds: | | | | |
| Index | $ 10,740,775 | $ - | $ - | $ 10,740,775 |
| Fixed income | 3,842,285 | - | - | 3,842,285 |
| Growth | 3,261,242 | - | - | 3,261,242 |
| Other | 350,037 | - | - | 350,037 |
| Real estate | 206,248 | - | - | 206,248 |
| Total mutual funds | 18,400,587 | - | - | 18,400,587 |
| Money market fund | 1,186,388 | - | - | 1,186,388 |
| Total assets at fair value | $ 19,586,975 | $ - | $ - | $ 19,586,975 |

| | Assets at Fair Value as of December 31, 2013 | | | |
|---|---|---|---|---|
| Mutual funds: | | | | |
| Index | $ 10,253,276 | $ - | $ - | $ 10,253,276 |
| Fixed income | 3,066,024 | - | - | 3,066,024 |
| Growth | 2,753,947 | - | - | 2,753,947 |
| Other | 356,838 | - | - | 356,838 |
| Real estate | 123,334 | - | - | 123,334 |
| Total mutual funds | 16,553,419 | - | - | 16,553,419 |
| U.S. government agency securities | - | 372,141 | - | 372,141 |
| Municipal obligations | - | 196,352 | - | 196,352 |
| Certificate of deposit | - | 110,168 | - | 110,168 |
| Money market fund | 1,122,144 | - | - | 1,122,144 |
| Total assets at fair value | $ 17,675,563 | $ 678,661 | $ - | $ 18,354,224 |

## 4. Funding Policy

The Plan's funding policy is for the Company to contribute an amount, which will meet or exceed the annual ERISA minimum funding requirement. No participant contributions are permitted. The minimum funding requirements of ERISA were met for 2014 and 2013.

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

## 5. Plan Termination

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

a) Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.

b) Other vested benefits insured by the Pension Benefit Guaranty Corporation ("PBGC") (a U.S. government agency) up to the applicable limitations (discussed subsequently).

c) All other vested benefits (that is, vested benefits not insured by PBGC).

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, a statutory ceiling exists, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC.

## 6. Investments

The following table presents investments that represent 5 percent or more of the Plan's net assets available for benefits at December 31, 2014 and 2013:

| | 2014 | 2013 |
|---|---|---|
| Vanguard TR Value Index Fund | $ 4,499,904 | $ 3,354,465 |
| Vanguard TR Growth Index Fund | 3,116,721 | 2,629,137 |
| Fidelity Spartan International Index Advantage Fund | 2,772,824 | 3,048,370 |
| Federated Total Return Bond | 2,641,499 | 2,123,869 |
| Vanguard Small-Cap Index Fund | 1,413,781 | 1,424,876 |
| Federated Government Obligations Tax Managed Fund | 1,186,388 | 1,122,144 |
| Vanguard FTSE Emerging Markets ETF | * | 1,135,341 |
| Vanguard Mid-Cap Index Fund | * | 1,290,224 |

* Investment did not represent 5 percent or more of the Plan's net assets.

In 2014 and 2013, the Plan's investments (including gains and losses on investments bought, sold, as well as held during the year) appreciated in value as follows:

| | 2014 | 2013 |
|---|---|---|
| Mutual funds | $ 498,507 | $ 2,547,065 |
| Municipal obligations | 2,520 | 5,826 |
| U.S. government agency securities | 1,290 | 5,019 |
| Certificate of deposit | - | 168 |
| Net appreciation in fair value of investments | $ 502,317 | $ 2,558,078 |

## 7. Related Party and Party In Interest Transactions

The Plan's investments are administered under a contract with Citizens and Northern Bank, the trustee of the Plan. Contributions are held and managed by Citizens and Northern Bank, who invests cash received, interest, and dividend income and makes distributions to participants. These transactions qualify as party in interest transactions which are exempt from the prohibited transactions rules of ERISA.

Certain expenses of Citizens and Northern Bank are paid by the Plan related to plan operations and investment activity described in Note 1. Additionally, certain administrative functions of the Plan are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

## 8. Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated December 2, 2014, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require 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, 2014, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## 9. Risks and Uncertainties

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

In addition, 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 the amounts reported in the Statement of Net Assets Available for Benefits.

## 10. Information Certified by Trustee

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA for 2014 and 2013. Accordingly, Citizens and Northern Bank, the trustee of the Plan has certified to the completeness and accuracy of all investments reported in the accompanying Statement of Net Assets Available for Benefits as of December 31, 2014 and 2013 and the supplemental Schedule H, line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2014, the related investment activity reported in the Statement of Changes in Net Assets Available for Benefits for the years ended December 31, 2014 and 2013, and the information reported in the supplemental Schedule H, line 4(j) - Schedule of Reportable Transactions for the year ended December 31, 2014.

## 11. Affiliation with Susquehanna Health

Effective September 1, 2012, Laurel Health System ("LHS") affiliated with Susquehanna Health System ("SHS"). SHS is a Pennsylvania nonprofit, nonmember corporation that has been recognized by the IRS as an organization described in Section 501(c)(3) of the IRC. SHS's mission is to promote health by acting as the parent of a fully integrated health care delivery system located in Lycoming County, and now Tioga County, in North Central Pennsylvania. As a result of the affiliation, SHS became the sole member of LHS and related entities with the exception of North Penn Comprehensive Health Services, ("NPCHS"). As the sole member, SHS has control of the Laurel Health entities, excluding NPCHS. There was no effect on the Plan as a result of the affiliation.

## 12. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits reported on the financial statements to Form 5500 at December 31, 2014:

| | |
|---|---|
| Net assets available for benefits reported on the financial statements | $ 19,711,628 |
| Benefit claims payable at December 31, 2014 | (1,114) |
| Net assets available for benefits on Form 5500 | $ 19,710,514 |

The following is a reconciliation of total benefits paid on the financial statements to Form 5500 for the year ended December 31, 2014:

| | |
|---|---|
| Total benefits paid to participants on the Statement of Changes in Net Assets Available for Benefits | $ 901,841 |
| Benefit claims payable as of December 31, 2014 | 1,114 |
| Total benefits paid on Form 5500 | $ 902,955 |

## Laurel Health System Pension Plan

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)
EIN: 25-1471089 Plan Number: 001
December 31, 2014

| (a) | Identity of Issue (b) | Description of Investment (c) | Cost (d) | Current Value (e) |
|---|---|---|---|---|
| | Mutual funds | Vanguard TR Value Index Fund | $ 3,470,364 | $ 4,499,904 |
| | | Vanguard TR Growth Index Fund | 2,001,961 | 3,116,721 |
| | | Fidelity Spartan International Index Advantage Fund | 3,239,616 | 2,772,824 |
| | | Federated Total Return Bond | 2,728,977 | 2,641,499 |
| | | Vanguard Small-Cap Index Fund | 941,849 | 1,413,781 |
| | | Vanguard FTSE All-World Ex-US Small Cap Index Fund | 863,997 | 753,330 |
| | | Templeton Global Bond Advisor | 737,821 | 692,495 |
| | | Vanguard Mid-Cap Index Fund | 416,743 | 568,465 |
| | | Vanguard FTSE Emerging Markets ETF | 548,478 | 511,776 |
| | | Blackrock Global Allocation Fund | 362,563 | 350,037 |
| | | Federated High Yield Bond Fund | 275,890 | 268,104 |
| | | Vanguard Inflation Protected Securities | 246,001 | 240,187 |
| | | Fidelity New Markets Income Fund | 242,739 | 220,695 |
| | | Voya Real Estate Fund | 164,399 | 206,248 |
| | | Van Eck Global Hard Assets Fund | 200,064 | 144,521 |
| | Money market fund | Federated Government Obligations Tax Managed Fund | 1,186,388 | 1,186,388 |
| | | | $ 17,627,850 | $ 19,586,975 |

**Laurel Health System Pension Plan**

Schedule H, Line 4(j) - Schedule of Reportable Transactions
EIN: 25-1471089 Plan Number: 001
Year Ended December 31, 2014

| Identity of Party (a) | Description of Asset (b) | Purchase Price (c) | Selling Price (d) | Lease Rental (e) | Expenses (f) | Cost (g) | Current Value (h) | Net Gain (Loss) (i) |
|---|---|---|---|---|---|---|---|---|
| **Series Transactions** | | | | | | | | |
| Purchases | Federated Government Obligations Tax Managed Fund | $ 3,175,877 | $ - | $ - | $ - | $ - | $ 3,175,877 | $ - |
| | Federated Total Return Bond | 835,978 | - | - | - | - | 835,978 | - |
| | Vanguard TR Value Index Fund | 880,367 | - | - | - | - | 880,367 | - |
| | Vanguard FTSE All-World Ex-US Small Cap Index Fund | 863,997 | - | - | - | - | 863,997 | - |
| Sales | Federated Government Obligations Tax Managed Fund | - | 3,111,633 | - | - | 3,111,633 | 3,111,633 | - |
| | Federated Total Return Bond | - | 360,000 | - | - | 355,151 | 360,000 | 4,849 |
| | Vanguard TR Value Index Fund | - | 123,094 | - | - | 61,766 | 123,094 | 61,328 |
| | Vanguard FTSE All-World Ex-US Small Cap Index Fund | - | 651,593 | - | - | 625,243 | 651,593 | 26,350 |

Name of Plan: Laurel Health System Pension Plan
Plan Sponsor's EIN: 24-0795488
Plan Number: 001

Valn Date 01/01/2014

Schedule SB, Line 26 - Schedule of Active Participant Data

| Attained Age | YEARS OF CREDITED SERVICE | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Under 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 and up |
| | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. | Avg. No. Comp. |
| Under 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 to 29 | 0 | 0 | 2 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| 30 to 34 | 0 | 0 | 4 | 8 | 1 | 0 | 0 | 0 | 0 | 0 |
| 35 to 39 | 0 | 0 | 1 | 16 | 10 | 1 | 0 | 0 | 0 | 0 |
| 40 to 44 | 0 | 1 | 6 | 12 | 9 | 8 | 3 | 0 | 0 | 0 |
| 45 to 49 | 0 | 1 | 7 | 13 | 15 | 11 | 12 | 2 | 0 | 0 |
| 50 to 54 | 0 | 1 | 5 | 15 | 12 | 14 | 13 | 9 | 1 | 0 |
| 55 to 59 | 0 | 0 | 4 | 21 | 9 | 19 | 12 | 18 | 12 | 1 |
| 60 to 64 | 0 | 1 | 5 | 12 | 12 | 8 | 12 | 9 | 7 | 5 |
| 65 to 69 | 0 | 1 | 1 | 8 | 1 | 3 | 1 | 3 | 1 | 1 |
| 70 & up | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Name of Plan: Laurel Health System Pension Plan
Plan Sponsor's EIN: 24-0795488
Plan Number: 001

## Schedule SB, Part V – Statement of Actuarial Assumptions/Method

### Actuarial Methods

| | |
|---|---|
| Actuarial Cost Method | Method as prescribed by the Pension Protection Act of 2006 |
| Valuation Date | First day of the Plan Year (January 1, 2014) |
| Asset Valuation Method | Average of the Market Value of Assets, including contributions receivable, from the first day of the Plan Year and the two dates that are 12 and 24 months prior smoothed using the methods prescribed by WRERA; annual rates of 7.52% (2012) and 6.76% (2013) were used for expected investment returns, subject to maximum interest rate of 6.25% |
| Amortization of Funding Shortfall – Prior Years | The valuation results included in this report reflect the plan sponsor's election of the "2 plus 7-year" alternative amortization schedule under the Pension Funding Relief Act of 2010 for the 2010 and 2011 Plan Years.<br><br>The 2012 valuation was prepared using the adjusted interest rates under the "Moving Ahead for Progress in the 21st Century Act" (MAP-21) for the minimum required contribution and the funding percentages.<br><br>For the 2013 valuation, the plan sponsor elected not to use the interest rates under the "Highway and Transportation Funding Act of 2014" (HATFA). |

### Prescribed Actuarial Assumptions

Interest Rates – Minimum Required Contribution and Funding Percentages

Each 24-month average segment rate is adjusted so that it is no less than 90% and no more than 110% of the corresponding segment rates for the 25-year period ending September 30, 2013 from IRS Notice 2014-48; the applicable segment rates, taking into account the above corridor, are as follows:

| Benefit Payments occurring in Plan Years Beginning | Segment Rate |
|---|---|
| 2014 – 2018 (5 years) | 4.99% |
| 2019 – 2033 (15 years) | 6.32% |
| 2034 and beyond (more than 20 Years) | 6.99% |

Effective Interest Rate – Minimum Required Contribution

6.47% based on above rates and expected benefit payments accrued to date; 6.33% was the effective rate for the prior year

Interest Rates – Maximum Contribution and PBGC

24-month average corporate bond segment rates as of September 2013 (4 month lookback under the election of IRS Regulation 1.430(h)(2)-1(e)(2)); the applicable segment rates are as follows:

| Benefit Payments occurring in Plan Years Beginning | Segment Rate |
|---|---|
| 2014 – 2018 (5 years) | 1.37% |
| 2019 – 2033 (15 years) | 4.05% |
| 2034 and beyond (more than 20 Years) | 5.06% |

Effective Interest Rate – Maximum Contribution

4.36% based on above rates and expected benefit payments accrued to date; 4.98% was the effective rate for the prior year

Interest Rates used for Asset Valuations

Because the third segment rate for the Minimum Required Contribution is higher than the third segment rate for the Maximum Contribution, asset values for calculating the Minimum Required Contribution may also be used for calculating the Maximum Contribution.

Pre- and Post-Retirement Mortality – Annuities

2014 static annuitant and non-annuitant mortality tables (male and female) as published by the IRS in Notice 2013-49

Interest Rates – Lump Sums

Funding rates as required by IRS in Regulation 1.430(d)-1(f)(4)(iii)(B)

Name of Plan: Laurel Health System Pension Plan
Plan Sponsor's EIN: 24-0795488
Plan Number: 001

## Schedule SB, Part V – Statement of Actuarial Assumptions/Method (Continued)

| | |
|---|---|
| Pre- and Post-Retirement Mortality - Lump Sums | 2014 Applicable Mortality Table (blended 50% male/50% female) as published by the IRS in Notice 2013-49 |
| Mortality Improvement | Improvement of 7 years for annuitant and 15 years for non-annuitant is included in the above mortality tables |

### Non-Prescribed Actuarial Assumptions

Assumed Retirement Age

Retirement rates among active participants which vary by age are assumed:

| Age | Rate | Age | Rate |
|---|---|---|---|
| 55-59 | 1.5% | 63-64 | 15.0% |
| 60-61 | 6.0% | 65+ | 100.0% |
| 62 | 20.0% | | |

Turnover before Retirement

Annual Rates are shown below for representative years of service and sex:

| Service | Males | Females | Service | Males | Females |
|---|---|---|---|---|---|
| 0 | 28.0% | 22.0% | 9 | 7.0% | 6.0% |
| 1 | 28.0% | 22.0% | 10 | 7.0% | 5.0% |
| 2 | 25.0% | 19.0% | 11+ | 5.0% | 3.5% |
| 3 | 23.0% | 15.0% | | | |
| 4 | 17.0% | 12.0% | | | |
| 5 | 16.0% | 11.0% | | | |
| 6 | 13.0% | 10.0% | | | |
| 7 | 10.0% | 8.0% | | | |
| 8 | 8.0% | 7.0% | | | |

| | |
|---|---|
| Disability Rates | The Disability Retirement benefit is not explicitly valued because it is assumed to have insignificant cost |
| Rate of Compensation Increase | Not Applicable |
| Beneficiary Assumption | For participants not in pay status: 85% of participants are assumed to be married, with males 4 years older than females.<br><br>For participants in pay status: Actual birth dates of spouses are included in the census data, where applicable. |
| Annual Benefit Limit | $210,000 for 2014 |
| Lump Sum Election | 100% election on lump sums less than or equal to $5,000; the normal form is assumed to be elected for all others |
| Expenses Paid from Plan Assets | Investment and Plan Related Expenses paid from Plan Assets are assumed to be equal to the prior year actual expenses |

### Plan Accounting Assumptions

| | |
|---|---|
| Interest Rate | An annual rate of 7.50%, the expected long-term rate of return from the 2012/2013 Disclosure Report |
| All Other Assumption | Same as above |

### PBGC Premium Assumptions – Alternative Method

| | |
|---|---|
| Pre- and Post-Retirement Mortality | 2014 static optional combined annuitant and non-annuitant mortality tables for small plans (male and female) as published by the IRS in Notice 2013-49 |
| Interest Rates | Segment rates used for Maximum Contribution: 1.37% for the first 5 years, 4.05% for the next 15 years and 5.06% for remaining years |

**Laurel Health System Pension Plan**

Schedule H, Line 4(j) - Schedule of Reportable Transactions
EIN: 25-1471089 Plan Number: 001
Year Ended December 31, 2014

| Identity of Party (a) | Description of Asset (b) | Purchase Price (c) | Selling Price (d) | Lease Rental (e) | Expenses (f) | Cost (g) | Current Value (h) | Net Gain (Loss) (i) |
|---|---|---|---|---|---|---|---|---|
| **Series Transactions** | | | | | | | | |
| Purchases | Federated Government Obligations Tax Managed Fund | $ 3,175,877 | $ - | $ - | $ - | $ - | $ 3,175,877 | $ - |
| | Federated Total Return Bond | 835,978 | - | - | - | - | 835,978 | - |
| | Vanguard TR Value Index Fund | 880,367 | - | - | - | - | 880,367 | - |
| | Vanguard FTSE All-World Ex-US Small Cap Index Fund | 863,997 | - | - | - | - | 863,997 | - |
| Sales | Federated Government Obligations Tax Managed Fund | - | 3,111,633 | - | - | 3,111,633 | 3,111,633 | - |
| | Federated Total Return Bond | - | 360,000 | - | - | 355,151 | 360,000 | 4,849 |
| | Vanguard TR Value Index Fund | - | 123,094 | - | - | 61,766 | 123,094 | 61,328 |
| | Vanguard FTSE All-World Ex-US Small Cap Index Fund | - | 651,593 | - | - | 625,243 | 651,593 | 26,350 |

# SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

**2014**

**This Form is Open to Public Inspection**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

**A** Name of plan
LAUREL HEALTH SYSTEM PENSION PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
LAUREL HEALTH SYSTEM

**D** Employer Identification Number (EIN)
24-0795488

**E** Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

**F** Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

## Part I Basic Information

**1** Enter the valuation date: Month 01 Day 01 Year 2014

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 18973435 |
| **b** Actuarial value | **2b** | 17516268 |

**3** Funding target/participant count breakdown

| | (1) Number of participants | (2) Vested Funding Target | (3) Total Funding Target |
|---|---|---|---|
| **a** For retired participants and beneficiaries receiving payment | 319 | 7905616 | 7905616 |
| **b** For terminated vested participants | 382 | 4762609 | 4762609 |
| **c** For active participants | 402 | 7117356 | 7142663 |
| **d** Total | 1103 | 19785581 | 19810888 |

**4** If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

| | | |
|---|---|---|
| **a** Funding target disregarding prescribed at-risk assumptions | **4a** | |
| **b** Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor | **4b** | |
| **5** Effective interest rate | **5** | 6.47% |
| **6** Target normal cost | **6** | 137349 |

**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN HERE**

LaP
Signature of actuary

9/18/2015
Date

LISA A. PFAUTZ
Type or print name of actuary

1407159
Most recent enrollment number

MARKLEY ACTUARIAL SERVICES, INC.
Firm name

717-295-3178
Telephone number (including area code)

26-28 WEST KING STREET, SUITE 202

LANCASTER PA 17603
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

## Part II Beginning of Year Carryover and Prefunding Balances

| | | (a) Carryover balance | (b) Prefunding balance |
|---|---|---|---|
| 7 | Balance at beginning of prior year after applicable adjustments (line 13 from prior year) | 0 | 0 |
| 8 | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) | 0 | 0 |
| 9 | Amount remaining (line 7 minus line 8) | 0 | 0 |
| 10 | Interest on line 9 using prior year's actual return of 18.81% | 0 | 0 |
| 11 | Prior year's excess contributions to be added to prefunding balance: | | |
| | a Present value of excess contributions (line 38a from prior year) | | 491 |
| | b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.33% | | 31 |
| | b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return | | 0 |
| | c Total available at beginning of current plan year to add to prefunding balance | | 522 |
| | d Portion of (c) to be added to prefunding balance | | 0 |
| 12 | Other reductions in balances due to elections or deemed elections | 0 | 0 |
| 13 | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) | 0 | 0 |

## Part III Funding Percentages

| | | | |
|---|---|---|---|
| 14 | Funding target attainment percentage | 14 | 88.41% |
| 15 | Adjusted funding target attainment percentage | 15 | 88.41% |
| 16 | Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement | 16 | 81.45% |
| 17 | If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage. | 17 | % |

## Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

| (a) Date (MM-DD-YYYY) | (b) Amount paid by employer(s) | (c) Amount paid by employees | (a) Date (MM-DD-YYYY) | (b) Amount paid by employer(s) | (c) Amount paid by employees |
|---|---|---|---|---|---|
| 04/09/2014 | 221443 | 0 | | | |
| 07/09/2014 | 221443 | 0 | | | |
| 10/01/2014 | 221443 | 0 | | | |
| 12/31/2014 | 17711 | 0 | | | |
| 07/23/2015 | 107932 | 0 | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | Totals ► 18(b) | 789972 | 18(c) 0 |

| | | | |
|---|---|---|---|
| 19 | Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year: | | |
| | a Contributions allocated toward unpaid minimum required contributions from prior years | 19a | 0 |
| | b Contributions made to avoid restrictions adjusted to valuation date | 19b | 0 |
| | c Contributions allocated toward minimum required contribution for current year adjusted to valuation date | 19c | 757953 |

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

| (1) 1st | (2) 2nd | (3) 3rd | (4) 4th |
|---|---|---|---|
| 0 | 0 | 0 | 0 |

## Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

| a Segment rates: | 1st segment: | 2nd segment: | 3rd segment: | |
|---|---|---|---|---|
| | 4.99% | 6.32% | 6.99% | ☐ N/A, full yield curve used |

| | | |
|---|---|---|
| b Applicable month (enter code) | 21b | 4 |
| 22 Weighted average retirement age | 22 | 63 |

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

## Part VI Miscellaneous Items

| | | |
|---|---|---|
| 24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| 25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment | | ☐ Yes ☒ No |
| 26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment | | ☒ Yes ☐ No |
| 27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment | 27 | |

## Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

| | | |
|---|---|---|
| 28 Unpaid minimum required contributions for all prior years | 28 | 0 |
| 29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) | 29 | 0 |
| 30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29) | 30 | 0 |

## Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

| | | |
|---|---|---|
| a Target normal cost (line 6) | 31a | 137349 |
| b Excess assets, if applicable, but not greater than line 31a | 31b | 0 |

| 32 Amortization installments: | Outstanding Balance | Installment |
|---|---|---|
| a Net shortfall amortization installment | 2294620 | 620469 |
| b Waiver amortization installment | 0 | 0 |

| | | |
|---|---|---|
| 33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount | 33 | 0 |
| 34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) | 34 | 757818 |

| | Carryover balance | Prefunding balance | Total balance |
|---|---|---|---|
| 35 Balances elected for use to offset funding requirement | 0 | 0 | 0 |

| | | |
|---|---|---|
| 36 Additional cash requirement (line 34 minus line 35) | 36 | 757818 |
| 37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) | 37 | 757953 |
| 38 Present value of excess contributions for current year (see instructions) | | |
| a Total (excess, if any, of line 37 over line 36) | 38a | 135 |
| b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances | 38b | 0 |
| 39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) | 39 | 0 |
| 40 Unpaid minimum required contributions for all years | 40 | 0 |

## Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

| | | |
|---|---|---|
| a Schedule elected | | ☒ 2 plus 7 years ☐ 15 years |
| b Eligible plan year(s) for which the election in line 41a was made | | ☐ 2008 ☐ 2009 ☒ 2010 ☒ 2011 |
| 42 Amount of acceleration adjustment | 42 | |
| 43 Excess installment acceleration amount to be carried over to future plan years | 43 | |

Name of Plan: Laurel Health System Pension Plan
Plan Sponsor's EIN: 24-0795488
Plan Number: 001

**Schedule SB, Line 22 – Description of Weighted Average Retirement Age**

| Age | $q_x^{(r)}$ | $p_x^{(r)}$ | $l_x^{(r)}$ | Weighted Average |
|---|---|---|---|---|
| 55 | 1.5% | 98.5% | 100.0% | 0.83 |
| 56 | 1.5% | 98.5% | 98.5% | 0.83 |
| 57 | 1.5% | 98.5% | 97.0% | 0.83 |
| 58 | 1.5% | 98.5% | 95.6% | 0.83 |
| 59 | 1.5% | 98.5% | 94.1% | 0.83 |
| 60 | 6.0% | 94.0% | 92.7% | 3.34 |
| 61 | 6.0% | 94.0% | 87.2% | 3.19 |
| 62 | 20.0% | 80.0% | 81.9% | 10.16 |
| 63 | 15.0% | 85.0% | 65.5% | 6.19 |
| 64 | 15.0% | 85.0% | 55.7% | 5.35 |
| 65 | 100.0% | 0.0% | 47.4% | 30.78 |
| 66 | 100.0% | 0.0% | 0.0% | - |
| | | Weighted Average Age | | 63.16 |
| | | | Rounded | 63.00 |

The above only applies to active participants
Terminated Vested participants are assumed to retire at age 65.

Name of Plan: Laurel Health System Pension Plan
Plan Sponsor's EIN: 24-0795488
Plan Number: 001

## Schedule SB, Part V – Summary of Principal Plan Provisions

| | |
|---|---|
| Effective Date | June 1, 1967; the plan was last restated effective January 1, 2013 |
| Plan Year | January 1 – December 31 |
| Eligibility for Participation | The January 1 or July 1 coincident with or next following attainment of age 21 and completion of one year of service in which 1,000 or more hours of service are credited. The last possible entry date under the plan was July 1, 2006. Employees hired July 1, 2005 or later and leased employees are not eligible to participate. |
| Employer Contribution | Entire cost of the Plan |
| Normal Retirement Date | The first day of the month coincident with or next following the attainment of age 65 or the fifth anniversary of the date of hire |
| Formula for Normal Annual Retirement Benefit | Accrued Benefit: The frozen accrued benefit earned as of December 31, 1992, if any, plus the Cash Balance Account earned as of the date of determination converted to a monthly single life annuity. The Cash Balance Account is converted by first accumulating the account with interest of 5% per year until the later of Actual Retirement Date or Normal Retirement Date, and then determining the Actuarially Equivalent monthly single life annuity of the accumulated Cash Balance Account payable at the later of Actual Retirement Date or Normal Retirement Date.<br><br>Cash Balance Account: For every year of Credited Service after January 1, 1993 and before December 31, 2006, an allocation was made to each participant's notional Cash Balance Account. The percent of compensation increases with age. In addition to the allocation, the amount is credited with interest of 5% per year. Interest for a full year is also credited on the current year's allocation. |
| Compensation | The base salary or wages paid to the participant, exclusive of bonuses, overtime payments, shift differential, or similar non-basic payments, but to which has been added any amounts by which the participant's basic cash remuneration was reduced during such a period by agreement or election of participant for purpose of funding benefits under plan meeting the requirements of Sections 125, 403(b), 401(k), 902(h), 408(k), 457 or 132(f)(4) of the Code. |
| Credited Service | Beginning January 1, 1993, a full year is credited for each plan year in which 1,000 or more hours of service are credited. Effective July 1, 2005, participants who elected to receive future contributions to a defined contribution plan in lieu of future accruals in this plan are not eligible to earn additional credited service. Credited Service is frozen as of December 31, 2006. |
| Normal Form of Benefit Payments | Single Life Annuity |
| Designated Qualified Joint and Survivor Annuity | Joint and 100% Survivor Annuity, which is the Actuarial Equivalent of the Normal Form |
| Optional Forms of Benefit Payments | Optional Forms include Single Life Annuity, Joint and 50% Survivor Annuity, Joint and 75% Survivor Annuity, Joint and 100% Survivor Annuity, 10 Year Certain and Life, and lump sums up to $5,000 with force-out |
| Optional Forms Conversion Factors | 8.00% interest rate and the Unisex Pension 1984 mortality table with no setbacks |
| Early Retirement Date | The first day of the month coincident with or next following the attainment of age 55 and the completion of 5 Years of Vesting Service |

Name of Plan: Laurel Health System Pension Plan
Plan Sponsor's EIN: 24-0795488
Plan Number: 001

## Schedule SB, Part V – Summary of Principal Plan Provisions (Continued)

| | |
|---|---|
| Early Retirement Benefit | 1/180 for each of the first 60 months and 1/360 for each of the next 60 months by which the Early Retirement Date precedes the Normal Retirement Date |
| Late Retirement Benefit | Annual Retirement Benefit at actual retirement date. Active participants may commence their benefit without termination of employment after attaining age 70. |
| Disability Retirement Date | Upon termination of employment due to Total Disability prior to Early Retirement Date or Normal Retirement Date |
| Disability Benefit | The accrued benefit determined as of the date of disability, payable at Normal Retirement Date |
| Pre-Retirement Death Benefit | 100% of the benefit which would have been payable had the deceased participant instead terminated service on the date of death, survived to his earliest possible benefit commencement date, elected a joint and 100% survivor annuity, and died on that same date, are payable to surviving spouses of participants with a vested Accrued Benefit who die before commencement of payments. Active participants who die while employed are 100% vested, regardless of their years of service. |
| Vesting | Each participant who terminates prior to Normal Retirement Date will be vested as follows: |

| Years of Vesting Service | Pre-1/1/2008 Termination | 1/1/2008 or Later Termination |
|---|---|---|
| Less than 3 | 0% | 0% |
| 3 or 4 | 0% | 100% |
| 5 or more | 100% | 100% |

However, if a participant attains age 65, dies or becomes Totally Disabled while in active employment, the Vested Percentage is 100% regardless of the years of vesting service.

| | |
|---|---|
| Year of Service for Vesting | 1,000 or more hours of service per Plan Year |

## Laurel Health System Pension Plan

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)
EIN: 25-1471089 Plan Number: 001
December 31, 2014

| (a) | Identity of Issue (b) | Description of Investment (c) | Cost (d) | Current Value (e) |
|---|---|---|---|---|
| | Mutual funds | Vanguard TR Value Index Fund | $ 3,470,364 | $ 4,499,904 |
| | | Vanguard TR Growth Index Fund | 2,001,961 | 3,116,721 |
| | | Fidelity Spartan International Index Advantage Fund | 3,239,616 | 2,772,824 |
| | | Federated Total Return Bond | 2,728,977 | 2,641,499 |
| | | Vanguard Small-Cap Index Fund | 941,849 | 1,413,781 |
| | | Vanguard FTSE All-World Ex-US Small Cap Index Fund | 863,997 | 753,330 |
| | | Templeton Global Bond Advisor | 737,821 | 692,495 |
| | | Vanguard Mid-Cap Index Fund | 416,743 | 568,465 |
| | | Vanguard FTSE Emerging Markets ETF | 548,478 | 511,776 |
| | | Blackrock Global Allocation Fund | 362,563 | 350,037 |
| | | Federated High Yield Bond Fund | 275,890 | 268,104 |
| | | Vanguard Inflation Protected Securities | 246,001 | 240,187 |
| | | Fidelity New Markets Income Fund | 242,739 | 220,695 |
| | | Voya Real Estate Fund | 164,399 | 206,248 |
| | | Van Eck Global Hard Assets Fund | 200,064 | 144,521 |
| | Money market fund | Federated Government Obligations Tax Managed Fund | 1,186,388 | 1,186,388 |
| | | | $ 17,627,850 | $ 19,586,975 |

Name of Plan: Laurel Health System Pension Plan
Plan Sponsor's EIN: 24-0795488
Plan Number: 001

## Schedule SB, Line 32 – Schedule of Amortization Bases

| | | Initial Amount | Remaining and Original Period | Outstanding Balance 1/1/2014 | Annual Installment |
|---|---|---|---|---|---|
| 1. | Shortfall Amortization Base – 2008 | $ 1,329,330 | 1/7 yrs. | $ 221,908 | $ 221,908 |
| 2. | Shortfall Amortization Base – 2009 | (63,334) | 2/7 yrs. | (21,944) | (11,239) |
| 3. | Shortfall Amortization Base – 2010* | 1,603,288 | 5/9 yrs. | 1,214,666 | 267,149 |
| 4. | Shortfall Amortization Base – 2011* | 1,966,021 | 6/9 yrs. | 1,692,436 | 320,364 |
| 5. | Shortfall Amortization Base – 2012 | (1,730,384) | 5/7 yrs. | (1,335,338) | (293,689) |
| 6. | Shortfall Amortization Base – 2013 | 1,472,042 | 6/7 yrs. | 1,297,849 | 245,672 |
| 7. | Shortfall Amortization Base – 2014 | (774,957) | 7/7 yrs. | (774,957) | (129,696) |
| 8. | Shortfall Amortization Charge = Sum of (1) through (7) | | | $ 2,294,620 | $ 620,469 |

*Pension Funding Relief elected for 2010 and 2011.