

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 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 2016 This Form is Open to Public Inspection
---	--	---

Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
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.)	
	☒ a single-employer plan ☐ a DFE (specify) ____		
B	This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)	
C	If the plan is a collectively-bargained plan, check here. ☐		
D	Check box if filing under:	☒ Form 5558 ☐ special extension (enter description)	☐ automatic extension ☐ the DFVC program

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>LAUREL HEALTH SYSTEM PENSION PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>001</u>
		1c	Effective date of plan <u>06/01/1967</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>SUSQUEHANNA HEALTH SYSTEM</u> <u>700 HIGH STREET</u> <u>WILLIAMSPORT, PA 17701</u>	2b	Employer Identification Number (EIN) <u>23-2751183</u>
		2c	Plan Sponsor's telephone number <u>570-321-2443</u>
		2d	Business code (see instructions) <u>622000</u>

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/03/2017	ELIZABETH 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)			Preparer's telephone number

3a Plan administrator's name and address ☒ 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: a Sponsor's name LAUREL HEALTH SYSTEM		4b EIN 24-0795488	
5 Total number of participants at the beginning of the plan year		4c PN 001	
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).		5 1071	
a(1) Total number of active participants at the beginning of the plan year.....		6a(1) 302	
a(2) Total number of active participants at the end of the plan year		6a(2) 264	
b Retired or separated participants receiving benefits.....		6b 365	
c Other retired or separated participants entitled to future benefits		6c 403	
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 1032	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 31	
f Total. Add lines 6d and 6e		6f 1063	
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) ☒ 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) ☒ 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) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ 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 2016 Form M-1 annual report. If the plan was not required to file the 2016 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 2016 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **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 <u>LAUREL HEALTH SYSTEM PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>SUSQUEHANNA HEALTH SYSTEM</u>	D Employer Identification Number (EIN) <u>23-2751183</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>	
2 Assets:	
a Market value	2a <u>19801555</u>
b Actuarial value	2b <u>21024888</u>
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.....	<u>376</u> <u>10130306</u> <u>10130306</u>
b For terminated vested participants.....	<u>393</u> <u>5377387</u> <u>5377387</u>
c For active participants.....	<u>302</u> <u>5918769</u> <u>5918994</u>
d Total.....	<u>1071</u> <u>21426462</u> <u>21426687</u>
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 <u>6.06</u> %
6 Target normal cost.....	6 <u>231246</u>

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	<u>09/18/2017</u> Date
Signature of actuary	<u>14-07159</u> Most recent enrollment number
<u>LISA A. PFAUTZ</u> Type or print name of actuary	<u>717-295-3178</u> Telephone number (including area code)
<u>MARKLEY ACTUARIAL SERVICES, INC.</u> Firm name	
<u>26-28 WEST KING STREET, SUITE 202</u> <u>LANCASTER, PA 17603</u> 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 ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

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 <u>-2.34</u> %	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)		1049247
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 <u>6.26</u> %		65683
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		1114930
d	Portion of (c) to be added to prefunding balance		8283
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	8283

Part III Funding Percentages			
14	Funding target attainment percentage	14	98.08%
15	Adjusted funding target attainment percentage	15	98.08%
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	93.14%
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
04/07/2016	115555	0	09/15/2017	6300000	0
07/07/2016	115555	0			
10/06/2016	80908	0			
01/05/2017	104006	0			
04/06/2017	115562	0			
07/07/2017	115562	0			
Totals ►			18(b)	6947148	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 6312293
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?		☒ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?		☒ 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:	<div style="display: flex; justify-content: space-around;"> <div>1st segment: 4.43%</div> <div>2nd segment: 5.91%</div> <div>3rd segment: 6.65%</div> </div>	☐ 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	231246
b	Excess assets, if applicable, but not greater than line 31a	31b	0
32	Amortization installments:	Outstanding Balance	Installment
a	Net shortfall amortization installment	410082	231001
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	462247
		Carryover balance	Prefunding balance
35	Balances elected for use to offset funding requirement	0	0
36	Additional cash requirement (line 34 minus line 35)	36	462247
37	Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	6312293
38	Present value of excess contributions for current year (see instructions)		
a	Total (excess, if any, of line 37 over line 36)	38a	5850046
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) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning **01/01/2016** and ending **12/31/2016**

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 SUSQUEHANNA HEALTH SYSTEM	D Employer Identification Number (EIN) 23-2751183

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
VANGUARD

23-1945930

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FRANKLIN TEMPLETON INVESTMENTS PO BOX 33030 ST PETERSBURG, FL 33733-8030

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

04-2647786

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

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

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

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

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

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

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

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

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

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	52891	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(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:	MARKLEY ACTUARIAL	b EIN:	23-2439467
c Position:	ACTUARY		
d Address:	26-28 WEST KING ST., STE. 202 LANCASTER, PA 17603	e Telephone:	717-295-3178

Explanation: AFFILIATED WITH UPMC.

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) <small>Internal Revenue Service</small> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
---	--	--

For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>		
A Name of plan <u>LAUREL HEALTH SYSTEM PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SUSQUEHANNA HEALTH SYSTEM</u>	D Employer Identification Number (EIN) <u>23-2751183</u>	

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)	1150000	6635130
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	13022	15106
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	1094610	1183417
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	17599914	19113988
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	19857546	26947641

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	13166	14133
i Acquisition indebtedness	1i	0	715
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	13166	14848

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	19844380	26932793
---	-----------	----------	----------

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)	6947148	
(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)		6947148
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	2084	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	501502	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		503586
(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)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	104274	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		104274
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(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)		923689
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		8478697

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1081102	
(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)		1081102
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)	53858	
(4) Other	2i(4)	255324	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		309182
j Total expenses. Add all expense amounts in column (b) and enter total	2j		1390284

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		7088413
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: **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:

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.).....

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.)

	Yes	No	Amount
4a		X	
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		5000000
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			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 3970818. (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

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 sections 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 2016 This Form is Open to Public Inspection.
---	---	--

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>LAUREL HEALTH SYSTEM PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SUSQUEHANNA HEALTH SYSTEM</u>	D Employer Identification Number (EIN) <u>23-2751183</u>

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	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>24-0756925</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>5</u>

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

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

Part III	Amendments
-----------------	-------------------

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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

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: <u>72.0</u> % Investment-Grade Debt: <u>15.0</u> % High-Yield Debt: <u>6.0</u> % Real Estate: <u>0.0</u> % Other: <u>7.0</u> % 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):

Part VII	IRS Compliance Questions
-----------------	---------------------------------

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	

Laurel Health System Pension Plan

Financial Statements and
Supplementary Information

December 31, 2016 and 2015



BAKER TILLY

Candor. Insight. Results.

Laurel Health System Pension Plan

Table of Contents

December 31, 2016 and 2015

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5
Supplementary Information	
Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)	13
Schedule H, Line 4(j) - Schedule of Reportable Transactions	14

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, 2016 and 2015, 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 8, 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, 2016 and 2015, 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, 2016 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
October 3, 2017

Laurel Health System Pension Plan

Statement of Net Assets Available for Benefits

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Investments at fair value:		
Mutual funds	\$ 19,113,988	\$ 17,599,914
Money market fund	<u>1,183,417</u>	<u>1,094,610</u>
Total investments	<u>20,297,405</u>	<u>18,694,524</u>
Receivables:		
Employer contribution receivable	6,635,130	1,150,000
Accrued interest receivable	<u>15,106</u>	<u>13,022</u>
Total receivables	<u>6,650,236</u>	<u>1,163,022</u>
Total assets	26,947,641	19,857,546
Liabilities		
Accrued administrative expenses	<u>14,133</u>	<u>13,166</u>
Net assets available for benefits	<u><u>\$ 26,933,508</u></u>	<u><u>\$ 19,844,380</u></u>

See notes to financial statements

Laurel Health System Pension Plan

Statement of Changes in Net Assets Available for Benefits
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Additions		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	\$ 1,027,962	\$ (684,495)
Interest and dividends	<u>503,587</u>	<u>463,767</u>
Total investment income (loss)	1,531,549	(220,728)
Less investment expenses	<u>53,858</u>	<u>53,777</u>
Net investment income (loss)	1,477,691	(274,505)
Employer contributions	<u>6,947,148</u>	<u>1,632,910</u>
Total additions	<u>8,424,839</u>	<u>1,358,405</u>
Deductions		
Benefits paid to participants	1,080,387	994,407
Administrative expenses	<u>255,324</u>	<u>231,246</u>
Total deductions	<u>1,335,711</u>	<u>1,225,653</u>
Net increase	7,089,128	132,752
Net Assets Available for Benefits		
Beginning of year	<u>19,844,380</u>	<u>19,711,628</u>
End of year	<u><u>\$ 26,933,508</u></u>	<u><u>\$ 19,844,380</u></u>

See notes to financial statements

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

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").

The Plan's Administrative Retirement Committee has overall responsibility for the operation and administration of the Plan as well as determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Board of Directors.

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.

Effective September 1, 2012, Laurel Health System affiliated with Susquehanna Health. As a result of the affiliation, Susquehanna Health became the sole member of LHS and related entities with the exception of North Penn Comprehensive Health Services, ("NPCHS"). As the sole member, Susquehanna Health has control of the Laurel Health entities, excluding NPCHS. There was no effect on the Plan as a result of the affiliation.

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 2016 and 2015.

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.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

Pension Benefits

Participants 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. Participants 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. Participants 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.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

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 (depreciation) in fair value of investments or net investment income (loss) 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 Plan's Administrative 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 (depreciation) 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 is determined by the Plan's independent actuary and 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.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

The actuarial present value of accumulated plan benefits as of January 1, 2016 is as follows:

Vested benefits:	
Participants and beneficiaries currently receiving payments	\$ 9,307,243
Other participants	<u>9,872,142</u>
Total vested benefits	19,179,385
Nonvested benefits	<u>170</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 19,179,555</u>

The changes in the actuarial present value of the accumulated plan benefits for the year ended December 31, 2015 are summarized as follows:

Actuarial present value of accumulated plan benefits, at beginning of year	\$ 19,061,327
Increase (decrease) during the year attributable to:	
Increase for interest due to decrease in discount period	1,417,433
Benefits paid	(992,578)
Change in actuarial assumptions	(154,038)
Actuarial loss	<u>(152,589)</u>
Actuarial present value of accumulated plan benefits, at end of year	<u>\$ 19,179,555</u>

Significant assumptions underlying the actuarial computations are as follows:

Interest rate	7.5%
Mortality	Adjusted RP-2014 Mortality Table with Scale MP-2016
Retirement age	Age 65 or age on valuation date if greater

In October 2016, the Society of Actuaries released an updated mortality improvement scale (MP-2016). The MP-2016 mortality improvement scale was considered in the actuarial present value of the accumulated plan benefits of the Plan as of January 1, 2016. The consideration of the updated mortality scale'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, 2016 as a change in the actuarial assumptions which decreased the actuarial present value of accumulated plan benefits and amounted to \$154,038.

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.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through October 3, 2017, 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 other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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, 2016 and 2015.

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 U.S. 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.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015:

Assets at Fair Value as of December 31, 2016				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 19,113,988	\$ -	\$ -	\$ 19,113,988
Money market fund	1,183,417	-	-	1,183,417
Investments at fair value	<u>\$ 20,297,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,297,405</u>
Assets at Fair Value as of December 31, 2015				
Mutual funds	\$ 17,599,914	\$ -	\$ -	\$ 17,599,914
Money market fund	1,094,610	-	-	1,094,610
Investments at fair value	<u>\$ 18,694,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,694,524</u>

4. 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:

- 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.
- Other vested benefits insured by the Pension Benefit Guaranty Corporation ("PBGC") (a U.S. government agency) up to the applicable limitations.
- All other vested benefits (that is, vested benefits not insured by PBGC).
- All nonvested benefits.

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.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

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.

5. 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.

As described in Note 2, the Plan paid certain expenses related to plan operations and investment activity to various service providers. 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.

6. 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 has been amended since receiving the determination letter. However, 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 is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

7. 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.

As of December 31, 2016 and 2015, the Plan had investment of \$13,132,307 and \$12,238,648, respectively, that were concentrated in four funds.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2016 and 2015

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.

8. 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 2016 and 2015. 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, 2016 and 2015 and the supplemental Schedule of Assets (Held at End of Year) as of December 31, 2016, the related investment activity reported in the Statement of Changes in Net Assets Available for Benefits for the years ended December 31, 2016 and 2015, and the information reported in the supplemental Schedule of Reportable Transactions for the year ended December 31, 2016.

9. 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, 2015:

Net assets available for benefits reported on the financial statements	\$ 19,844,380
Benefits receivable at December 31, 2015	<u>715</u>
Net assets available for benefits on Form 5500	<u>\$ 19,845,095</u>

The following is a reconciliation of total benefits paid on the financial statements to Form 5500 for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Total benefits paid to participants on the Statement of Changes in Net Assets Available for Benefits	\$ 1,080,387	\$ 994,407
Add (less) benefits receivable as of December 31, 2015	715	(715)
Benefits payable at December 31, 2014	<u>-</u>	<u>(1,114)</u>
Total benefits paid on Form 5500	<u>\$ 1,081,102</u>	<u>\$ 992,578</u>

10. Merger

Effective October 18, 2016, Susquehanna Health merged with University of Pittsburgh Medical Center. The merger is not expected to adversely affect the Plan.

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, 2016

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
Mutual funds	Vanguard Tr Value Index fund		\$ 2,972,288	\$ 3,937,410
			3,963,614	3,314,392
			2,080,905	3,096,651
			2,938,909	2,783,854
			881,714	1,262,939
			1,263,948	1,118,205
			854,819	786,112
			806,275	698,354
			396,286	559,401
			351,277	325,312
			297,676	289,325
			260,849	267,767
			276,665	266,483
			263,737	246,856
			223,314	160,927
Money market fund	Federated Government Obligations	Tax Managed Fund	1,183,417	1,183,417
			\$ 19,015,693	\$ 20,297,405

Laurel Health System Pension Plan

Schedule H, Line 4(j) - Schedule of Reportable Transactions

EIN: 25-1471089 Plan Number: 001

Year Ended December 31, 2016

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)
Purchases	Federated Government Obligations Tax Managed Fund	\$ 2,422,224	\$ -	\$ -	\$ -	\$ -	\$ 2,422,224	\$ -
Sales	Federated Government Obligations Tax Managed Fund	-	2,333,418	-	-	2,333,418	2,333,418	-

Schedule SB, Line 26 - Schedule of Active Participant Data

Attained	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
Age	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	0	0	0	0	0	0	0	0
30 to 34	0	0	0	8	3	0	0	0	0	0
35 to 39	0	0	0	10	7	1	0	0	0	0
40 to 44	0	0	0	8	15	8	1	0	0	0
45 to 49	0	1	0	10	11	4	10	1	0	0
50 to 54	0	1	0	17	11	15	8	10	3	0
55 to 59	0	0	1	10	10	10	7	14	11	1
60 to 64	0	0	1	8	14	6	11	7	8	7
65 to 69	0	0	0	3	2	2	1	0	0	2
70 & up	0	1	0	1	0	1	0	0	0	0
Total =									302	

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

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, 2016)
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 WREDA; annual rates of 6.99% (2014) and 6.81% (2015) 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.
	The 2012 valuation was prepared using the adjusted interest rates under the "Moving Ahead for Progress in the 21 st Century Act" (MAP-21) for the minimum required contribution and the funding percentages.
	For the 2013 valuation, the plan sponsor elected not to use the interest rates under the "Highway and Transportation Funding Act of 2015" (HATFA).

Prescribed Actuarial Assumptions

Interest Rates – Minimum Required Contribution and Funding Percentages	<p>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, 2015 from IRS Notice 2015-50; the applicable segment rates, taking into account the above corridor, are as follows:</p> <table> <tr> <th><u>Benefit Payments occurring in Plan Years Beginning</u></th><th><u>Segment Rate</u></th></tr> <tr> <td>2016 – 2020 (5 years)</td><td>4.43%</td></tr> <tr> <td>2021 – 2035 (15 years)</td><td>5.91%</td></tr> <tr> <td>2036 and beyond (more than 20 Years)</td><td>6.65%</td></tr> </table>	<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>	2016 – 2020 (5 years)	4.43%	2021 – 2035 (15 years)	5.91%	2036 and beyond (more than 20 Years)	6.65%
<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>								
2016 – 2020 (5 years)	4.43%								
2021 – 2035 (15 years)	5.91%								
2036 and beyond (more than 20 Years)	6.65%								
Effective Interest Rate – Minimum Required Contribution	6.06% based on above rates and expected benefit payments accrued to date; 6.26% was the effective rate for the prior year								
Interest Rates – Maximum Contribution and 4010	<p>24-month average corporate bond segment rates as of September 2015 (4 month lookback under the election of IRS Regulation 1.430(h)(2)-1(e)(2)); the applicable segment rates are as follows:</p> <table> <tr> <th><u>Benefit Payments occurring in Plan Years Beginning</u></th><th><u>Segment Rate</u></th></tr> <tr> <td>2016 – 2020 (5 years)</td><td>1.34%</td></tr> <tr> <td>2021 – 2035 (15 years)</td><td>4.03%</td></tr> <tr> <td>2036 and beyond (more than 20 Years)</td><td>5.06%</td></tr> </table>	<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>	2016 – 2020 (5 years)	1.34%	2021 – 2035 (15 years)	4.03%	2036 and beyond (more than 20 Years)	5.06%
<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>								
2016 – 2020 (5 years)	1.34%								
2021 – 2035 (15 years)	4.03%								
2036 and beyond (more than 20 Years)	5.06%								
Effective Interest Rate – Maximum Contribution	4.30% based on above rates and expected benefit payments accrued to date; 4.36% 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	2016 static annuitant and non-annuitant mortality tables (male and female) as published by the IRS in Notice 2015-53								

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

Plan Number: 001

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

Interest Rates – Lump Sums	Funding rates as required by IRS in Regulation 1.430(d)-1(f)(4)(iii)(B)
Pre- and Post-Retirement Mortality - Lump Sums	2016 Applicable Mortality Table (blended 50% male/50% female) as published by the IRS in Notice 2015-53
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 Date	Retirement rates among active participants which vary by age are assumed:					
	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>		
	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:					
	<u>Service</u>	<u>Males</u>	<u>Females</u>	<u>Service</u>	<u>Males</u>	<u>Females</u>
	0-1	28.0%	22.0%	7	10.0%	8.0%
	2	25.0%	19.0%	8	8.0%	7.0%
	3	23.0%	15.0%	9	7.0%	6.0%
	4	17.0%	12.0%	10	7.0%	5.0%
	5	16.0%	11.0%	11+	5.0%	3.5%
	6	13.0%	10.0%			
Disability Rates	The Disability Retirement benefit is not explicitly valued because it is assumed to have insignificant cost					
Rate of Plan Compensation Increase	Not Applicable					
Annual Benefit Limit	\$210,000 for 2016					
Beneficiary Assumption	<p>For participants not in pay status: 85% of participants are assumed to be married, with males 4 years older than females.</p> <p>For participants in pay status: Actual birth dates of spouses are included in the census data, where applicable.</p>					
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					

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

Plan Number: 001

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

Plan Accounting Assumptions

Interest Rate	An annual rate of 7.50%, the expected long-term rate of return from the 2015/2016 Benefit Cost Report
Pre- and Post-Retirement Mortality - Annuities	Mortality Tables RP-2014 employee and healthy annuitant (male and female)
Mortality Improvement	Scale MP-2015 (male and female); Scale MP-2014 was used for the prior year
All Other Assumptions	Same as above

PBGC Premium Assumptions – Standard Method

Interest Rates	Segment rates published by the PBGC for the plan year: 1.82% for the first 5 years, 4.12% for the next 15 years and 5.01% for remaining years
All Other Assumptions	Same as above

Laurel Health System Pension Plan

Schedule H, Line 4(j) - Schedule of Reportable Transactions

EIN: 25-1471089 Plan Number: 001

Year Ended December 31, 2016

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)
Purchases	Federated Government Obligations Tax Managed Fund	\$ 2,422,224	\$ -	\$ -	\$ -	\$ -	\$ 2,422,224	\$ -
Sales	Federated Government Obligations Tax Managed Fund	-	2,333,418	-	-	2,333,418	2,333,418	-

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information <small>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).</small> File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
---	---	--

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **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 Susquehanna Health System	D Employer Identification Number (EIN) 23-2751183	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>		
2	Assets:		
	a Market value.....	2a	19,801,555
	b Actuarial value	2b	21,024,888
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target
	a For retired participants and beneficiaries receiving payment	376	10,130,306
	b For terminated vested participants	393	5,377,387
	c For active participants	302	5,918,769
	d Total	1,071	21,426,462
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	6.06%
6	Target normal cost	6	231,246

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		<u>9/18/2017</u>
	Signature of actuary	Date
	LISA A. PFAUTZ	1707159
	Type or print name of actuary	Most recent enrollment number
	MARKLEY ACTUARIAL SERVICES, INC.	717-295-3178
	Firm name	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 ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

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 <u>-2.34%</u>	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).....		1,049,247
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 <u>6.26%</u>		65,683
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.....		1,114,930
d Portion of (c) to be added to prefunding balance.....		8,283
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	8,283

Part III Funding Percentages

14 Funding target attainment percentage	14	98.08%
15 Adjusted funding target attainment percentage.....	15	98.08%
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	93.14%
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
04/07/2016	115,555	0			
07/07/2016	115,555	0			
10/06/2016	80,908	0			
01/05/2017	104,006	0			
04/06/2017	115,562	0			
07/07/2017	115,562	0			
09/15/2017	6,300,000	0			
Totals ▶			18(b)	6,947,148	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	6,312,293

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year?..... ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ 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:
4.43 %2nd segment:
5.91 %3rd segment:
6.65 %☐ 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** 231,246**b** Excess assets, if applicable, but not greater than line 31a **31b** 0

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment.....	410,082	231,001
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** 462,247

	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** 462,247**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)..... **37** 6,312,293**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 5,850,046**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: 23-2751183

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	<p>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.</p> <p>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.</p>
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: 23-2751183

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:		
	<u>Years of Vesting Service</u>	<u>Pre-1/1/2008 Termination</u>	<u>1/1/2008 or Later Termination</u>
	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		

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

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, 2016)
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 6.99% (2014) and 6.81% (2015) 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.
	The 2012 valuation was prepared using the adjusted interest rates under the "Moving Ahead for Progress in the 21 st Century Act" (MAP-21) for the minimum required contribution and the funding percentages.
	For the 2013 valuation, the plan sponsor elected not to use the interest rates under the "Highway and Transportation Funding Act of 2015" (HATFA).

Prescribed Actuarial Assumptions

Interest Rates – Minimum Required Contribution and Funding Percentages	<p>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, 2015 from IRS Notice 2015-50; the applicable segment rates, taking into account the above corridor, are as follows:</p> <table> <tr> <th><u>Benefit Payments occurring in Plan Years Beginning</u></th><th><u>Segment Rate</u></th></tr> <tr> <td>2016 – 2020 (5 years)</td><td>4.43%</td></tr> <tr> <td>2021 – 2035 (15 years)</td><td>5.91%</td></tr> <tr> <td>2036 and beyond (more than 20 Years)</td><td>6.65%</td></tr> </table>	<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>	2016 – 2020 (5 years)	4.43%	2021 – 2035 (15 years)	5.91%	2036 and beyond (more than 20 Years)	6.65%
<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>								
2016 – 2020 (5 years)	4.43%								
2021 – 2035 (15 years)	5.91%								
2036 and beyond (more than 20 Years)	6.65%								
Effective Interest Rate – Minimum Required Contribution	6.06% based on above rates and expected benefit payments accrued to date; 6.26% was the effective rate for the prior year								
Interest Rates – Maximum Contribution and 4010	<p>24-month average corporate bond segment rates as of September 2015 (4 month lookback under the election of IRS Regulation 1.430(h)(2)-1(e)(2)); the applicable segment rates are as follows:</p> <table> <tr> <th><u>Benefit Payments occurring in Plan Years Beginning</u></th><th><u>Segment Rate</u></th></tr> <tr> <td>2016 – 2020 (5 years)</td><td>1.34%</td></tr> <tr> <td>2021 – 2035 (15 years)</td><td>4.03%</td></tr> <tr> <td>2036 and beyond (more than 20 Years)</td><td>5.06%</td></tr> </table>	<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>	2016 – 2020 (5 years)	1.34%	2021 – 2035 (15 years)	4.03%	2036 and beyond (more than 20 Years)	5.06%
<u>Benefit Payments occurring in Plan Years Beginning</u>	<u>Segment Rate</u>								
2016 – 2020 (5 years)	1.34%								
2021 – 2035 (15 years)	4.03%								
2036 and beyond (more than 20 Years)	5.06%								
Effective Interest Rate – Maximum Contribution	4.30% based on above rates and expected benefit payments accrued to date; 4.36% 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	2016 static annuitant and non-annuitant mortality tables (male and female) as published by the IRS in Notice 2015-53								

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

Plan Number: 001

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

Interest Rates – Lump Sums	Funding rates as required by IRS in Regulation 1.430(d)-1(f)(4)(iii)(B)
Pre- and Post-Retirement Mortality - Lump Sums	2016 Applicable Mortality Table (blended 50% male/50% female) as published by the IRS in Notice 2015-53
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 Date	Retirement rates among active participants which vary by age are assumed:					
	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>		
	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:					
	<u>Service</u>	<u>Males</u>	<u>Females</u>	<u>Service</u>	<u>Males</u>	<u>Females</u>
	0-1	28.0%	22.0%	7	10.0%	8.0%
	2	25.0%	19.0%	8	8.0%	7.0%
	3	23.0%	15.0%	9	7.0%	6.0%
	4	17.0%	12.0%	10	7.0%	5.0%
	5	16.0%	11.0%	11+	5.0%	3.5%
	6	13.0%	10.0%			
Disability Rates	The Disability Retirement benefit is not explicitly valued because it is assumed to have insignificant cost					
Rate of Plan Compensation Increase	Not Applicable					
Annual Benefit Limit	\$210,000 for 2016					
Beneficiary Assumption	<p>For participants not in pay status: 85% of participants are assumed to be married, with males 4 years older than females.</p> <p>For participants in pay status: Actual birth dates of spouses are included in the census data, where applicable.</p>					
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					

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

Plan Number: 001

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

Plan Accounting Assumptions

Interest Rate	An annual rate of 7.50%, the expected long-term rate of return from the 2015/2016 Benefit Cost Report
Pre- and Post-Retirement Mortality - Annuities	Mortality Tables RP-2014 employee and healthy annuitant (male and female)
Mortality Improvement	Scale MP-2015 (male and female); Scale MP-2014 was used for the prior year
All Other Assumptions	Same as above

PBGC Premium Assumptions – Standard Method

Interest Rates	Segment rates published by the PBGC for the plan year: 1.82% for the first 5 years, 4.12% for the next 15 years and 5.01% for remaining years
All Other Assumptions	Same as above

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

Plan Number: 001

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

<u>Age</u>	<u>$q_x^{(r)}$</u>	<u>$p_x^{(r)}$</u>	<u>$l_x^{(r)}$</u>	<u>Weighted Average</u>
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: 23-2751183

Plan Number: 001

Schedule SB, Line 32 – Schedule of Amortization Bases

	Initial Amount	Remaining and Original Period	Outstanding Balance 1/1/2016	Annual Installment
1. Shortfall Amortization Base – 2010*	\$ 1,603,288	3/9 yrs.	\$ 767,931	\$ 267,149
2. Shortfall Amortization Base – 2011*	1,966,021	4/9 yrs.	1,202,196	320,364
3. Shortfall Amortization Base – 2012	(1,730,384)	3/7 yrs.	(844,220)	(293,689)
4. Shortfall Amortization Base – 2013	1,472,042	4/7 yrs.	921,908	245,672
5. Shortfall Amortization Base – 2014	(774,957)	5/7 yrs.	(595,747)	(129,696)
6. Shortfall Amortization Base – 2015	(368,429)	6/7 yrs.	(328,058)	(61,271)
7. Shortfall Amortization Base – 2016	(713,928)	7/7 yrs.	<u>(713,928)</u>	<u>(117,528)</u>
8. Shortfall Amortization Charge = Sum of (1) through (7)			\$ 410,082	\$ 231,001

*Pension Funding Relief elected for 2010 and 2011.

Schedule SB, Line 26 - Schedule of Active Participant Data

Attained	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
Age	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	0	0	0	0	0	0	0	0
30 to 34	0	0	0	8	3	0	0	0	0	0
35 to 39	0	0	0	10	7	1	0	0	0	0
40 to 44	0	0	0	8	15	8	1	0	0	0
45 to 49	0	1	0	10	11	4	10	1	0	0
50 to 54	0	1	0	17	11	15	8	10	3	0
55 to 59	0	0	1	10	10	10	7	14	11	1
60 to 64	0	0	1	8	14	6	11	7	8	7
65 to 69	0	0	0	3	2	2	1	0	0	2
70 & up	0	1	0	1	0	1	0	0	0	0
Total =									302	

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

Plan Number: 001

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

<u>Age</u>	<u>$q_x^{(r)}$</u>	<u>$p_x^{(r)}$</u>	<u>$l_x^{(r)}$</u>	<u>Weighted Average</u>
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: 23-2751183

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	<p>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.</p> <p>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.</p>
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: 23-2751183

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:		
	<u>Years of Vesting Service</u>	<u>Pre-1/1/2008 Termination</u>	<u>1/1/2008 or Later Termination</u>
	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, 2016

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
Mutual funds		Vanguard Tr Value Index fund	\$ 2,972,288	\$ 3,937,410
		Fidelity Spartan International Index Advantage Fund	3,963,614	3,314,392
		Vanguard Tr Growth Index Fund	2,080,905	3,096,651
		Federated Total Return Bond Institutional Shares	2,938,909	2,783,854
		Vanguard Small Cap Index Fund	881,714	1,262,939
		Vanguard All World Ex US Small Cap Index Fund	1,263,948	1,118,205
		Templeton Global Bond Advisor	854,819	786,112
		Vanguard Emerging Markets ETF	806,275	698,354
		Vanguard Mid Cap Index Fund	396,286	559,401
		Federated Absolute Return Institutional	351,277	325,312
		Federated High Yield Bond Fund Institutional	297,676	289,325
		Voya Real Estate Fund Class A	260,849	267,767
		Vanguard Inflation Protected Securities	276,665	266,483
		Fidelity New Markets Income Fund	263,737	246,856
		Van Eck Global Hard Assets Fund	223,314	160,927
Money market fund		Federated Government Obligations		
		Tax Managed Fund	1,183,417	1,183,417
			<u>\$ 19,015,693</u>	<u>\$ 20,297,405</u>

Name of Plan: Laurel Health System Pension Plan

Plan Sponsor's EIN: 23-2751183

Plan Number: 001

Schedule SB, Line 32 – Schedule of Amortization Bases

	Initial Amount	Remaining and Original Period	Outstanding Balance 1/1/2016	Annual Installment
1. Shortfall Amortization Base – 2010*	\$ 1,603,288	3/9 yrs.	\$ 767,931	\$ 267,149
2. Shortfall Amortization Base – 2011*	1,966,021	4/9 yrs.	1,202,196	320,364
3. Shortfall Amortization Base – 2012	(1,730,384)	3/7 yrs.	(844,220)	(293,689)
4. Shortfall Amortization Base – 2013	1,472,042	4/7 yrs.	921,908	245,672
5. Shortfall Amortization Base – 2014	(774,957)	5/7 yrs.	(595,747)	(129,696)
6. Shortfall Amortization Base – 2015	(368,429)	6/7 yrs.	(328,058)	(61,271)
7. Shortfall Amortization Base – 2016	(713,928)	7/7 yrs.	<u>(713,928)</u>	<u>(117,528)</u>
8. Shortfall Amortization Charge = Sum of (1) through (7)			\$ 410,082	\$ 231,001

*Pension Funding Relief elected for 2010 and 2011.