

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2017</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>	
A	This return/report is for: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ a multiemployer plan ☒ a single-employer plan </div> <div> ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☐ a DFE (specify) ____ </div> </div>
B	This return/report is: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ the first return/report ☐ an amended return/report </div> <div> ☒ the final return/report ☐ a short plan year return/report (less than 12 months) </div> </div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☒ Form 5558 ☐ special extension (enter description) </div> <div> ☐ automatic extension </div> <div> ☐ the DFVC program </div> </div>

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.	09/27/2018	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

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

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 1063
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 264
a(2) Total number of active participants at the end of the plan year	6a(2) 0
b Retired or separated participants receiving benefits	6b 0
c Other retired or separated participants entitled to future benefits	6c 0
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 0
f Total. Add lines 6d and 6e	6f 0
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 who 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
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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)** ☐ 0 **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 2017 Form M-1 annual report. If the plan was not required to file the 2017 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 _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ 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
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Part I	Basic Information
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1 Enter the valuation date: Month 01 Day 01 Year 2017			
2 Assets:			
a Market value	2a	26687431	
b Actuarial value	2b	27173211	
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	395	10584573	10584573
b For terminated vested participants	404	5912129	5912129
c For active participants	264	5695177	5708238
d Total	1063	22191879	22204940
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	5.87 %	
6 Target normal cost	6	255324	

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

SIGN HERE		
Signature of actuary	07/16/2018	Date
JASON M. BRAVO	17-05569	Most recent enrollment number
AON CONSULTING, INC.	216-573-9700	Telephone number (including area code)
5005 ROCKSIDE ROAD, SUITE 1000 INDEPENDENCE, OH 44131		
Firm name		
Address of the firm		

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

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	8283
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	8283
10 Interest on line 9 using prior year's actual return of <u>6.87</u> %	0	569
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		5850046
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>6.06</u> %		354513
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		6204559
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	8852

Part III Funding Percentages

14 Funding target attainment percentage	14	122.33%
15 Adjusted funding target attainment percentage	15	122.37%
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	98.08%
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
Totals ▶			18(b)	0	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	0

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: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ 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	255324	
b Excess assets, if applicable, but not greater than line 31a	31b	255324	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	0	0	
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		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....	34	0	
	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	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
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		

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2017
		This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
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)
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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	
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

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

CITIZENS & NORTHERN BANK

24-0756925

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 21 27 50	NONE	66550	Yes ☒ No ☐	Yes ☒ No ☐	1250	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
CITIZENS & NORTHERN BANK	15 21 27 50	1250
(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.	
WESTMINSTER 1633 BROADWAY, 48TH FLOOR NEW YORK, NC 10019	SOFT DOLLAR BROKERAGE COMMISSIONS. PAID AT \$0.025 PER SHARE TRADED.	
(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
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(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:	LISA A .PFAUTZ	b EIN:	23-2439467
c Position:	ENROLLED ACTUARY		
d Address:	MARKLEY ACTUARIAL SERVICES, INC. 26-28 WEST KING STREET, SUITE 202 LANCASTER, PA 17603	e Telephone:	717-295-3178

Explanation: AS A RESULT OF A CHANGE IN THE FIRMS PROVIDING ACTUARIAL SERVICES, THE ENROLLED ACTUARY HAS CHANGED.

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>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor 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.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</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)	6635130	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	15106	1696
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1183417	0
(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)	19113988	0
(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	26947641	1696

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	14133	0
i Acquisition indebtedness	1i	715	0
j Other liabilities	1j	0	1696
k Total liabilities (add all amounts in lines 1g through 1j)	1k	14848	1696

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	26932793	0
---	-----------	----------	---

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)		
(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)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(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)	590764	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		590764
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	14304	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		14304

		(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)		2884568
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		3489636

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	4074083	
(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)		4074083
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)	66550	
(4) Other	2i(4)	73347	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		139897
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4213980

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-724344
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		26208449

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			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☒ Yes ☐ No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year 0.

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)
UPMC BASIC RETIREMENT PLAN	25-1423657	333

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 4081479. (See instructions.)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>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).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
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	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 24-0756925		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3 130
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) 2017 v. 170203		

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: 46.0% Investment-Grade Debt: 14.0% High-Yield Debt: 1.0% Real Estate: 2.0% Other: 37.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☒ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Laurel Health System Pension Plan

Financial Statements and
Supplementary Information

December 31, 2017 and 2016



BAKER TILLY

Candor. Insight. Results.

Laurel Health System Pension Plan

Table of Contents

December 31, 2017 and 2016

	<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(j) - Schedule of Reportable Transactions	13

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, 2017 and 2016, 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, 2017 and 2016, 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 Schedule H, Line 4(j) - Schedule of Reportable Transactions for the year ended December 31, 2017 is required by the DOL Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is 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 this supplemental schedule.

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 schedule, 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.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Williamsport, Pennsylvania
September 26, 2018

Laurel Health System Pension Plan

Statement of Net Assets Available for Benefits

December 31, 2017 and 2016

	2017	2016
Assets		
Investments at fair value:		
Mutual funds	\$ -	\$ 19,113,988
Money market fund	-	1,183,417
Total investments	-	20,297,405
Receivables:		
Employer contribution receivable	-	6,635,130
Accrued interest receivable	1,696	15,106
Total receivables	1,696	6,650,236
Total assets	1,696	26,947,641
Liabilities		
Cash overdraft	973	-
Due to UPMC Basic Retirement Plan	723	-
Accrued administrative expenses	-	14,133
Total liabilities	1,696	14,133
Net assets available for benefits	\$ -	\$ 26,933,508

See notes to financial statements

Laurel Health System Pension Plan

Statement of Changes in Net Assets Available for Benefits

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Additions		
Investment income:		
Net appreciation in fair value of investments	\$ 2,898,872	\$ 1,027,962
Interest and dividends	<u>590,764</u>	<u>503,587</u>
Total investment income	3,489,636	1,531,549
Less investment expenses	<u>66,550</u>	<u>53,858</u>
Net investment income	3,423,086	1,477,691
Employer contributions	<u>-</u>	<u>6,947,148</u>
Total additions	<u>3,423,086</u>	<u>8,424,839</u>
Deductions		
Benefits paid to participants	4,074,798	1,080,387
Administrative expenses	<u>73,347</u>	<u>255,324</u>
Total deductions	<u>4,148,145</u>	<u>1,335,711</u>
Net (decrease) increase	(725,059)	7,089,128
Transfer to UPMC Basic Retirement Plan	(26,208,449)	-
Net Assets Available for Benefits		
Beginning of year	<u>26,933,508</u>	<u>19,844,380</u>
End of year	<u>\$ -</u>	<u>\$ 26,933,508</u>

See notes to financial statements

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2017 and 2016

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 was a noncontributory defined benefit pension plan covering substantially all employees of Laurel Health System and those affiliated corporations which adopted the Plan (collectively, the "Company") who had 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 were the members of the affiliated group of corporations with employees who had adopted the Plan. The Plan was 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 determined the appropriateness of the Plan's investment offerings, monitored investment performance and reported to the Board of Directors.

Effective July 1, 2005, the structure of the Plan was changed so that employees enrolled in the Plan elected 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 were 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 were taken into account when computing the accrued benefit, and former employees were not 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.

Effective October 18, 2016, Susquehanna Health merged with University of Pittsburgh Medical Center ("UPMC").

Effective December 31, 2017, the Plan merged into the UPMC Basic Retirement Plan and all assets and obligations of the Plan were legally transferred to that Plan on December 31, 2017.

Funding Policy

The Plan's funding policy was for the Company to contribute an amount which met or exceeded the annual ERISA minimum funding requirement. No participant contributions were permitted. The minimum funding requirements of ERISA were met for 2017 and 2016.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2017 and 2016

Pension Benefits

Participants were entitled to plan benefits at the normal retirement age of 65, although earlier retirement with lesser benefits was 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 had completed three years of service but were not eligible for normal or early retirement were 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 were 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 were 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 was required to change payment methods.

Effective August 1, 2017, a limited opportunity early payout option was offered to any former participant whose benefit was not subject to a Qualified Domestic Relations Order and (i) was terminated from employment with the Employer (for any reason other than disability) and remained terminated from employment with any Employer or Affiliate during the entire 2017 Window Period, and as of December 1, 2017, was surviving and remained terminated from employment with any Employer or Affiliate, (ii) had a nonforfeitable right to begin payment of a vested Accrued Benefit under the Plan, (iii) had a benefit with a lump-sum value greater than \$5,000, and (iv) was not wholly or partially cashed out of the Plan, received any monthly annuity payments under the Plan, or received any other payment of retirement benefits under the Plan.

Death and Disability Benefits

If an active participant died the Plan provided 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 became totally disabled received a monthly benefit that commenced at the normal retirement date. A disabled participant could have elected to receive a reduced benefit commencing at the early retirement date.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosures of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements and changes therein. Actual results could differ from those estimates.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

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

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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 includes the gains and losses on investments bought and sold as well as held during the year.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2017 and 2016

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.

The actuarial present value of accumulated plan benefits as of January 1, 2017 is as follows:

Vested benefits:

Participants and beneficiaries currently receiving payments	\$ 9,545,396
Other participants	<u>9,929,396</u>
Total vested benefits	19,474,792

Nonvested benefits	<u>14,806</u>
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Total actuarial present value of accumulated plan benefits	<u><u>\$ 19,489,598</u></u>
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The changes in the actuarial present value of the accumulated plan benefits for the year ended December 31, 2016 are summarized as follows:

Actuarial present value of accumulated plan benefits, at beginning of year	\$ 19,179,555
--	---------------

Increase (decrease) during the year attributable to:

Increase for interest due to decrease in discount period	1,415,134
Benefits paid	(1,080,387)
Change in actuarial assumptions	(118,189)
Actuarial loss	<u>93,485</u>

Actuarial present value of accumulated plan benefits, at end of year	<u><u>\$ 19,489,598</u></u>
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Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2017 and 2016

Significant assumptions underlying the actuarial computations are as follows:

Interest rate	7.5%
Mortality	Adjusted RP-2014 Mortality Table with Scale MP-2017
Retirement age	Age 65 or age on valuation date if greater

In October 2017, the Society of Actuaries released an updated mortality improvement scale (MP-2017). The MP-2017 mortality improvement scale was considered in the actuarial present value of the accumulated plan benefits of the Plan as of January 1, 2017. 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, 2017 as a change in the actuarial assumptions which decreased the actuarial present value of accumulated plan benefits and amounted to \$118,189.

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.

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through September 26, 2018, 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.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2017 and 2016

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, 2017 and 2016.

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.

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

	Assets at Fair Value as of December 31, 2016			
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>

4. Plan Termination

Prior to the merger, in the event the Plan terminated, the net assets of the Plan would have been 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 had 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 was limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount was further limited to the lowest benefit that would have been 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.

Laurel Health System Pension Plan

Notes to Financial Statements

December 31, 2017 and 2016

Certain benefits under the Plan were insured by the PBGC if the Plan had terminated. Generally, the PBGC guaranteed most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC did not guarantee all types of benefits under the Plan and the amount of benefit protection was subject to certain limitations. Vested benefits under the Plan were guaranteed at the level in effect on the date of the Plan's termination.

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

5. Related Party and Party In Interest Transactions

Prior to the merger, the Plan's investments were administered under a contract with Citizens and Northern Bank, the trustee of the Plan. Contributions were held and managed by Citizens and Northern Bank, who invested cash received, interest, and dividend income and made distributions to participants. These transactions qualified as party in interest transactions which were 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 were performed by officers or employees of the Company. No such officer or employee received compensation from the Plan.

6. Tax Status

The Internal Revenue Service ("IRS") had determined and informed the Company by a letter dated December 2, 2014, that the Plan and related trust were designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan had been amended since receiving the determination letter. However, the plan administrator believes that the Plan was designed and was 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 had taken an uncertain position that more likely than not would not have been sustained upon examination by the IRS. The Plan was 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 were made and the actuarial present value of accumulated plan benefits were reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which were subject to change. Due to uncertainties inherent in the estimations and assumptions process, it was at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Laurel Health System Pension Plan

Notes to Financial Statements
December 31, 2017 and 2016

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 2017 and 2016. 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, 2017 and 2016 and the related investment activity reported in the Statement of Changes in Net Assets Available for Benefits for the years ended December 31, 2017 and 2016, and the information reported in the supplemental Schedule of Reportable Transactions for the year ended December 31, 2017.

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, 2016:

Net assets available for benefits reported on the financial statements	\$ 26,933,508
Benefits payable at December 31, 2016	<u>(715)</u>
Net assets available for benefits on Form 5500	<u>\$ 26,932,793</u>

The following is a reconciliation of total benefits paid on the financial statements to Form 5500 for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Total benefits paid to participants on the Statement of Changes in Net Assets Available for Benefits	\$ 4,074,798	\$ 1,080,387
Add (less) benefits payable as of December 31, 2016	<u>(715)</u>	<u>715</u>
Total benefits paid on Form 5500	<u>\$ 4,074,083</u>	<u>\$ 1,081,102</u>

Schedule SB Attachment (Form 5500)—2017 Plan Year
 Laurel Health System Pension Plan
 EIN: 23-2751183 PN: 001

Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2017

Attained Age	Number of Participants									
	Years of Credited Service									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<25										
25-29										
30-34				3	1					
35-39				3	12					
40-44				4	14	7	1			
45-49				7	11	6	7			
50-54		1		10	13	12	7	10		
55-59				8	12	5	12	12	8	2
60-64			1	3	16	8	8	10	7	6
65-69				4	2	3	2			3
70+			1		1	1				

N-264

Schedule SB Attachment (Form 5500)—2017 Plan Year
 Laurel Health System Pension Plan
 EIN: 23-2751183 PN: 001

Schedule SB, Part V—Statement of Actuarial Assumptions/Methods

Interest Rates for Minimum Funding Purposes	Based on segment rates with a four-month look-back (as of September 2016), each adjusted as needed to fall within the 25-year average interest rate stabilization corridor
1st Segment Rate	4.16%
2nd Segment Rate	5.72%
3rd Segment Rate	6.48%
Interest Rates for Maximum Tax Purposes	Based on segment rates with a four-month look-back (as of September 2016), without regard to interest rate stabilization
1st Segment Rate	1.52%
2nd Segment Rate	3.80%
3rd Segment Rate	4.79%
Optional Payment Form Election Percentage	100% of new retirees elect lump sum if less than \$5,000; all others elect single life annuity
Optional Payment Form Conversion Interest Rate	Same as funding interest rates above for lump sums
Optional Payment Form Conversion Mortality	Current IRC section 417(e) table for lump sums
Retirement Age	
Active Participants	See Table 1
Terminated Vested Participants	Age 65
Mortality Rates	
Healthy and Disabled	2017 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e)
Withdrawal Rates	See Table 2
Disability Rates	None
Decrement Timing	Middle of year decrements (except that retirement is assumed to occur at the beginning of the year for ages where the assumed retirement rate is 100%)

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
EIN: 23-2751183 PN: 001

Surviving Spouse Benefit	It is assumed that 85% of males and 85% of females have an eligible spouse, and that males are four years older than their spouses.
Benefit Limits	Projected benefits are limited by the current IRC section 415 maximum benefit of \$215,000.
Valuation of Plan Assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Expected Return on Assets	
2015 Plan Year	7.50%, limited to 6.81%
2016 Plan Year	7.50%, limited to 6.65%
2017 Plan Year	7.50%, limited to 6.48%
Trust Expenses Included in Target Normal Cost	\$255,324 based on prior year's actual plan administrative expenses
Actuarial Method	Standard unit credit cost method
Valuation Date	January 1, 2017

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
EIN: 23-2751183 PN: 001

Table 1

Retirement Rates

Age	Rate
55	1.5%
56	1.5%
57	1.5%
58	1.5%
59	1.5%
60	6.0%
61	6.0%
62	20.0%
63	15.0%
64	15.0%
65+	100.0%

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
EIN: 23-2751183 PN: 001

Table 2

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

Laurel Health System Pension Plan

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

December 31, 2017 and 2016

Year Ended December 31, 2017

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	\$ 46,272,590	\$ -	\$ -	\$ -	\$ -	\$ 46,272,590	\$ -
Purchases	Federated Total Return Bond Institutional Shares	1,250,361	-	-	-	-	1,250,361	-
Purchases	Fidelity Spartan International Index Advantage Fund	1,159,131	-	-	-	-	1,159,131	-
Purchases	United States Treasury Bill	4,785,696	-	-	-	-	4,785,696	-
Purchases	Vanguard Tr Value Index Admiral Fund	2,410,924	-	-	-	-	2,410,924	-
Purchases	Vanguard Tr Growth Index Admiral Fund	1,091,478	-	-	-	-	1,091,478	-
Purchases	Vanguard All World Ex-US Small Cap Index Fund	373,086	-	-	-	-	373,086	-
Purchases	Vanguard Small Cap Index Fund	517,079	-	-	-	-	517,079	-
Sales	Federated Government Obligations Tax Managed Fund	-	47,456,007	-	-	47,456,007	47,456,007	-
Sales	Federated Total Return Bond Institutional Shares	-	4,064,052	-	-	4,189,270	4,064,052	(125,218)
Sales	Fidelity Spartan International Index Advantage Fund	-	5,151,111	-	-	5,122,745	5,151,111	28,366
Sales	United States Treasury Bill	-	4,800,000	-	-	4,800,000	4,800,000	-
Sales	Vanguard All World Ex-US Small Cap Index Fund	-	1,728,014	-	-	1,637,034	1,728,014	90,980
Sales	Vanguard Small Cap Index Fund	-	1,979,997	-	-	1,398,793	1,979,997	581,204
Sales	Vanguard Tr Growth Index Admiral Fund	-	4,990,076	-	-	3,172,383	4,990,076	1,817,693
Sales	Vanguard TR Value Index Admiral Fund	-	7,025,773	-	-	5,383,212	7,025,773	1,642,561

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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

2017**This Form is Open to Public
Inspection**For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017▶ **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>2017</u>			
2 Assets:			
a Market value.....		2a	26,687,431
b Actuarial value		2b	27,173,211
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	395	10,584,573	10,584,573
b For terminated vested participants	404	5,912,129	5,912,129
c For active participants	264	5,695,177	5,708,238
d Total	1,063	22,191,879	22,204,940
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		5.87%
6 Target normal cost	6		255,324

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>Jason Bravo</u>	<u>07/16/2018</u>
Signature of actuary		Date
<u>JASON M. BRAVO</u>		<u>1705569</u>
Type or print name of actuary		Most recent enrollment number
<u>AON CONSULTING, INC.</u>		<u>216-573-9700</u>
Firm name		Telephone number (including area code)
<u>5005 ROCKSIDE ROAD, SUITE 1000</u>		
<u>INDEPENDENCE OH 44131</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) 2017

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	8,283
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	8,283
10 Interest on line 9 using prior year's actual return of <u>6.87%</u>	0	569
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		5,850,046
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>6.06%</u>		354,513
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		6,204,559
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	8,852

Part III Funding Percentages

14 Funding target attainment percentage	14	122.33%
15 Adjusted funding target attainment percentage	15	122.37%
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	98.08%
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
Totals ▶			18(b)	0	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	0

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: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ 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	255,324										
b Excess assets, if applicable, but not greater than line 31a	31b	255,324										
32 Amortization installments:	<table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td>a Net shortfall amortization installment</td> <td>0</td> <td>0</td> </tr> <tr> <td>b Waiver amortization installment</td> <td>0</td> <td>0</td> </tr> </tbody> </table>				Outstanding Balance	Installment	a Net shortfall amortization installment	0	0	b Waiver amortization installment	0	0
	Outstanding Balance	Installment										
a Net shortfall amortization installment	0	0										
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											
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0										
		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	0										
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	0										
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 SB Attachment (Form 5500)—2017 Plan Year
 Laurel Health System Pension Plan
 EIN: 23-2751183 PN: 001

Schedule SB, line 22—Description of Weighted Average Retirement Age

The average retirement age shown in line 22 has been calculated by assuming the following retirement rates and no decrements other than retirement for this calculation. All retirements are assumed to occur at mid-year, except for the 100% retirement age.

(a) Age	(b) Rate	(c) Weight	(d) Product (a) × (b) × (c)
55.5	1.50%	1.0000	0.83
56.5	1.50%	0.9850	0.83
57.5	1.50%	0.9702	0.84
58.5	1.50%	0.9557	0.84
59.5	1.50%	0.9413	0.84
60.5	6.00%	0.9272	3.37
61.5	6.00%	0.8716	3.22
62.5	20.00%	0.8193	10.24
63.5	15.00%	0.6554	6.24
64.5	15.00%	0.5571	5.39
65	100.00%	0.4735	30.78
Weighted Average			63.42

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
EIN: 23-2751183 PN: 001

Schedule SB, Part V—Statement of Actuarial Assumptions/Methods

Interest Rates for Minimum Funding Purposes	Based on segment rates with a four-month look-back (as of September 2016), each adjusted as needed to fall within the 25-year average interest rate stabilization corridor
1st Segment Rate	4.16%
2nd Segment Rate	5.72%
3rd Segment Rate	6.48%
Interest Rates for Maximum Tax Purposes	Based on segment rates with a four-month look-back (as of September 2016), without regard to interest rate stabilization
1st Segment Rate	1.52%
2nd Segment Rate	3.80%
3rd Segment Rate	4.79%
Optional Payment Form Election Percentage	100% of new retirees elect lump sum if less than \$5,000; all others elect single life annuity
Optional Payment Form Conversion Interest Rate	Same as funding interest rates above for lump sums
Optional Payment Form Conversion Mortality	Current IRC section 417(e) table for lump sums
Retirement Age	
Active Participants	See Table 1
Terminated Vested Participants	Age 65
Mortality Rates	
Healthy and Disabled	2017 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e)
Withdrawal Rates	See Table 2
Disability Rates	None
Decrement Timing	Middle of year decrements (except that retirement is assumed to occur at the beginning of the year for ages where the assumed retirement rate is 100%)

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
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Surviving Spouse Benefit	It is assumed that 85% of males and 85% of females have an eligible spouse, and that males are four years older than their spouses.
Benefit Limits	Projected benefits are limited by the current IRC section 415 maximum benefit of \$215,000.
Valuation of Plan Assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Expected Return on Assets	
2015 Plan Year	7.50%, limited to 6.81%
2016 Plan Year	7.50%, limited to 6.65%
2017 Plan Year	7.50%, limited to 6.48%
Trust Expenses Included in Target Normal Cost	\$255,324 based on prior year's actual plan administrative expenses
Actuarial Method	Standard unit credit cost method
Valuation Date	January 1, 2017

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
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Table 1

Retirement Rates

Age	Rate
55	1.5%
56	1.5%
57	1.5%
58	1.5%
59	1.5%
60	6.0%
61	6.0%
62	20.0%
63	15.0%
64	15.0%
65+	100.0%

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
EIN: 23-2751183 PN: 001

Table 2

Withdrawal Rates

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

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
EIN: 23-2751183 PN: 001

Schedule SB, Part V—Summary of Plan Provisions

Eligibility	Employees hired before July 1, 2005.
Accrued Benefit	Frozen accrued benefit as December 31, 1992, plus cash balance account earned from January 1, 1993 through December 31, 2006, converted to a single life annuity. The cash balance account is converted by crediting interest at 5% per year until Normal Retirement Age and determining the actuarially equivalent single life annuity.
Normal Retirement Benefit	
Normal Retirement Date	Age 65 and five years of participation.
Benefit	Accrued benefit.
Early Retirement Benefit	
Eligibility	Age 55 and five years of vesting service.
Benefit	Accrued benefit reduced by 1/180 for each of the first 60 months and 1/360 for each of the next 60 months preceding Normal Retirement Age.
Disability Benefit	
Eligibility	Total and permanent disability prior to early retirement.
Benefit	Accrued benefit as disability, payable at Normal Retirement Age.
Vested Termination Benefit	
Eligibility	Termination prior to January 1, 2008, 100% vested with five years of vesting service. Termination on or after January 1, 2008, 100% vested with three years of vesting service.
Benefit	Accrued benefit payable as early as age 55, reduced by 1/180 for each of the first 60 months and 1/360 for each of the next 60 months preceding Normal Retirement Age.

Schedule SB Attachment (Form 5500)—2017 Plan Year
Laurel Health System Pension Plan
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Preretirement Surviving Spouse Benefit

Eligibility

Married participant.

Benefit

A monthly benefit equal to 100% of the benefit the participant would have received if he separated from service on the date of death, survived to his earliest retirement age, and elected a 100% joint and survivor annuity.

Credited Service

One year of credited service is earned for each year that a participant works 1,000 hours. Credited service is frozen as of December 31, 2006.

Vesting Service

One year of vesting service is earned for each year that a participant works 1,000 hours.

Form of Payment

Life annuity for single participants. Actuarial equivalent 100% joint and survivor annuity for married participants. Participant may also elect several optional forms of payment, including a single life annuity, 50%, 75%, and 100% joint and survivor options; 120-month certain and continuous option, and lump sum up to \$5,000.

Plan Changes Since the Prior Year

The funding valuation reflects the following plan change:

- A change in the mortality basis for lump sum payments from the 2016 plan year IRC section 417(e)(3) mortality table to the 2017 plan year IRC section 417(e)(3) mortality table.

Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

Effective with the January 1, 2017 actuarial valuation, the Enrolled Actuary has changed from Lisa A. Pfautz of Markley Actuarial Services, Inc. to Jason M. Bravo of Aon.

Schedule SB Attachment (Form 5500)—2017 Plan Year
 Laurel Health System Pension Plan
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Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2017

Attained Age	Number of Participants									
	Years of Credited Service									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<25										
25-29										
30-34				3	1					
35-39				3	12					
40-44				4	14	7	1			
45-49				7	11	6	7			
50-54		1		10	13	12	7	10		
55-59				8	12	5	12	12	8	2
60-64			1	3	16	8	8	10	7	6
65-69				4	2	3	2			3
70+			1		1	1				

N-264

Schedule SB Attachment (Form 5500)—2017 Plan Year
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