

GREENWOOD LEFLORE HOSPITAL  
PENSION PLAN

GREENWOOD, MISSISSIPPI

FINANCIAL REPORT

SEPTEMBER 30, 2020

HARPER, RAINS, KNIGHT & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
RIDGELAND, MISSISSIPPI

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The Board of Hospital Commissioners  
Greenwood Leflore Hospital Pension Plan  
Greenwood, Mississippi

Independent Auditors' Report

**Report on the Financial Statements**

We have audited the accompanying financial statements of Greenwood Leflore Hospital Pension Plan (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2020 and 2019, the related statements of changes in fiduciary net position 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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The Board of Hospital Commissioners  
Greenwood Leflore Hospital Pension Plan (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of September 30, 2020 and 2019, and changes in its financial status for the years ended September 30, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

***Report on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7, and the schedule of changes in the net pension liability and related ratios, schedule of contributions and schedule of investment returns shown on pages 19 to 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Requirements by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a separate report dated June 14, 2021, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Harper, Raines, Knight & Company, P.A.*

June 14, 2021  
Ridgeland, MS

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Greenwood Leflore Hospital Pension Plan (the Plan) offers readers this narrative overview and analysis of its financial performance during the fiscal year ended September 30, 2020. Since the management's discussion and analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage readers to consider the information presented here in conjunction with the Plan's basic financial statements.

#### Financial Highlights

- Net assets held in trust by the Plan totaled \$36,002,425 at September 30, 2020. The Plan's net position increased by \$2,132,394, or approximately 6.3 percent in 2020. The net assets of the Plan are held exclusively for the benefit of the Plan participants and their beneficiaries.
- Additions to net position for the Plan in the fiscal year was \$5,068,129, an increase of \$1,900,899, or approximately 60.0 percent, from the prior fiscal year primarily due to the increase in employer contributions and an increase of net appreciation in fair value of investments compared to the prior fiscal year.
- Benefits paid during the fiscal year was \$2,848,623, an increase of \$183,168, or approximately 6.9 percent, from the prior fiscal year due to an increase in the number of beneficiaries.
- Administrative expenses in the fiscal year was \$87,112, an increase of \$1,531, or approximately 1.8 percent, from the prior fiscal year due to a decrease in custodial fees.

#### Overview of the Financial Statements

An annual report consists of four components: (1) the Management's Discussion and Analysis (this section), (2) the Independent Auditor's Report, (3) the Financial Statements and Required Supplementary Information, and (4) the Notes to Financial Statements.

The financial statements are designed to give the reader an overview of the Plan's finances with an emphasis on the Plan's net position available for payment of pension benefits and the changes in the net position for the period reported.

The statement of fiduciary net position presents information on all of the Plan's assets and liabilities with the difference reported as net position restricted for pensions. This statement provides a snapshot of account balances at the end of the fiscal year and reports the assets available for future payments of benefits and expenses. These assets, less liabilities, give the reader a clear picture of the amount of funds that are available for future payments.

The statement of changes in fiduciary net position presents information showing how the Plan's net position changed during the fiscal year. This statement identifies to the reader the source and values of the current year's additions to and deductions from the Plan.

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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#### Overview of the Financial Statements (continued)

The annual report also includes notes to financial statements that are essential to gain a full understanding of the data provided in the financial statements. The notes to financial statements can be found immediately following the basic financial statements in this report. Following the notes to financial statements is a section containing required supplementary information that provides additional information as required.

#### Financial Analysis of the Plan

The statement of fiduciary net position and the statement of changes in fiduciary net position report information about the Plan's activities. These statements report the net position of the Plan and changes in them. Increases or improvements, as well as decreases or declines in the net position, is one indicator of the financial state of the Plan. Other non-financial factors that should also be considered include changes in economic conditions and new or changed governmental legislation.

#### **Fiduciary Net Position**

A summary of the Plan's statements of fiduciary net position as of September 30, 2020 and 2019 is presented in the following table:

Condensed Statements of Fiduciary Net Position

	Fiscal Year 2020	Fiscal Year 2019	Dollar Change	Total Percent Change
<b>Assets:</b>				
Cash and deposits	\$ 267,626	\$ 250,673	\$ 16,953	6.8%
Receivables	16,560	15,430	1,130	7.3%
Investments at fair value	<u>35,725,460</u>	<u>33,611,149</u>	<u>2,114,311</u>	6.3%
Total assets	<u>36,009,646</u>	<u>33,877,252</u>	<u>2,132,394</u>	6.3%
<b>Liabilities:</b>				
Accrued expenses	<u>7,221</u>	<u>7,221</u>	-	0.0%
Net position restricted for pensions	<u>\$36,002,425</u>	<u>\$33,870,031</u>	<u>\$ 2,132,394</u>	6.3%

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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#### **Changes in Fiduciary Net Position**

A summary of the Plan's statements of changes in fiduciary net position for the years ended September 30, 2020 and 2019 is presented in the following table:

Condensed Statements of Changes in Fiduciary Net Position

	Fiscal Year 2020	Fiscal Year 2019	Dollar Change	Total Percent Change
Additions to net position attributable to:				
Net investment income	\$ 3,654,216	\$ 1,826,911	\$ 1,827,305	100.0%
Employer contributions	<u>1,413,913</u>	<u>1,340,319</u>	<u>73,594</u>	<u>5.5%</u>
Total additions	<u>5,068,129</u>	<u>3,167,230</u>	<u>1,900,899</u>	<u>60.0%</u>
Deductions from net position attributed to:				
Benefits paid	2,848,623	2,665,455	183,168	6.9%
Administrative expenses	<u>87,112</u>	<u>85,581</u>	<u>1,531</u>	<u>1.8%</u>
Total deductions	<u>2,935,735</u>	<u>2,751,036</u>	<u>184,699</u>	<u>6.7%</u>
Net increase in net assets	2,132,394	416,194	1,716,200	412.4%
Net position restricted for pensions				
Beginning of year	<u>33,870,031</u>	<u>33,453,837</u>	<u>416,194</u>	<u>1.2%</u>
End of year	<u>\$36,002,425</u>	<u>\$33,870,031</u>	<u>\$ 2,132,394</u>	<u>6.3%</u>

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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#### Other Matters

The Hospital has agreed (but does not guarantee) to voluntarily contribute such amounts as are necessary to maintain the Plan on a sound actuarial basis. The actuarially determined annual required contribution of the Hospital for fiscal year ended September 30, 2020 was \$1,405,581. In 2008, the Plan was restated to provide that no employee may commence or recommence participation in the Plan on or after March 31, 2012.

#### Financial Contact

The Plan's financial statements are designed to present users with a general overview of its finances and to demonstrate its accountability. If you have any questions about the report or need additional information, contact the Chief Financial Officer, Greenwood Leflore Hospital, 1401 River Road, Greenwood Mississippi, 38930.

**GREENWOOD LEFLORE HOSPITAL PENSION PLAN**

**STATEMENTS OF FIDUCIARY NET POSITION**  
**September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash and deposits	\$ <u>267,626</u>	\$ <u>250,673</u>
Accrued income receivable	<u>16,560</u>	<u>15,430</u>
Investments at fair value:		
Equity securities		
Mutual funds	9,734,188	9,297,574
Common stocks	10,338,659	9,480,084
Fixed income securities:		
Bond funds	<u>15,652,613</u>	<u>14,833,491</u>
Total investments	<u>35,725,460</u>	<u>33,611,149</u>
Total assets	<u>36,009,646</u>	<u>33,877,252</u>
<b>Liabilities:</b>		
Accrued expenses	<u>7,221</u>	<u>7,221</u>
Net position restricted for pensions	<u>\$ 36,002,425</u>	<u>\$ 33,870,031</u>

The Notes to Financial Statements are an integral part of these statements.

**GREENWOOD LEFLORE HOSPITAL PENSION PLAN**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Additions to net position attributable to:		
Investment income:		
Interest and dividends	\$ 955,802	\$ 1,138,464
Net appreciation in fair value of investments	2,698,414	688,447
Employer contributions	<u>1,413,913</u>	<u>1,340,319</u>
Total additions	<u>5,068,129</u>	<u>3,167,230</u>
Deductions from net position attributed to:		
Benefits paid	2,848,623	2,665,455
Administrative expenses	<u>87,112</u>	<u>85,581</u>
Total deductions	<u>2,935,735</u>	<u>2,751,036</u>
Net increase in net assets	2,132,394	416,194
Net position restricted for pensions		
Beginning of year	<u>33,870,031</u>	<u>33,453,837</u>
End of year	<u>\$ 36,002,425</u>	<u>\$ 33,870,031</u>

The Notes to Financial Statements are an integral part of these statements.

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 1 • DESCRIPTION OF THE PLAN

The following description of the Greenwood Leflore Hospital Pension Plan (hereafter referred to as the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

##### General

The Plan is a single-employer, non-contributory, defined benefit pension plan that covers substantially all current and former employees of Greenwood Leflore Hospital (hereafter referred to as the "Hospital") who were hired prior to March 31, 2012. However, no employee can commence or recommence participation after March 31, 2012.

The purpose of the Plan is to provide qualified employees and their beneficiaries certain benefits in the event of retirement, death or disability. The Hospital's Board of Hospital Commissioners (hereafter referred to as the "Board"), which is made up of five members, two of whom are appointed by the Board of Supervisors of Leflore County, two of whom are appointed by the Mayor and Board of Commissioners of the City of Greenwood, and one who is a joint appointee between the city of Greenwood and the county of Leflore, and the Plan Administrator control and manage the operation and administration of the Plan. Regions serves as the trustee of the Plan. The Department of Labor has ruled that the Plan is not subject to the requirements of the Employee Retirement Income Security Act Title I (Department of Labor reporting and disclosure information) or Title IV (Pension Benefit Guaranty Corporation insurance coverage).

##### Plan Membership

At September 30, 2020 and 2019, the Plan's membership consisted of:

	<u>2020</u>	<u>2019</u>
Active employees	281	309
Retirees and beneficiaries currently receiving benefits	359	349
Terminated employees entitled to but not yet receiving benefits	580	575
Total plan participants	<u>1,220</u>	<u>1,234</u>

##### Funding Policy

The Plan is funded entirely by cash contributions as determined by the Board after consultation with the Plan's actuary. Currently, the Plan is being funded based on the unit credit funding method with initial unfunded liability amortized over 30 years. Policy requires all contributions to the Plan be approved by the Board. Contributions are recognized in the Plan's statements of changes in fiduciary net position upon determination by the Board.

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 1 • DESCRIPTION OF THE PLAN (continued)

##### Funding Policy (continued)

Employer contributions of \$1,413,913 and \$1,340,319 were made for 2020 and 2019, respectively to meet minimum funding requirements.

##### Eligibility and Vesting

In 2008, the Plan was restated to provide that no employee may commence or recommence participation in the Plan on or after March 31, 2012. Before that date, employees were eligible to participate in the Plan on the first day of the month coincident with or next following the later of (1) the date the employee attains age twenty or (2) the date the employee completes one year of service and become fully vested after five years of service.

##### Retirement Benefits

The Plan provides for the payment of retirement benefits based on the participant's compensation and years of service. Benefits are paid on attainment of early retirement (age 55) with ten-years of service, normal retirement (age 65), or postponed retirement dates under various payment options as chosen by the participants.

##### Plan Termination

Although it has not expressed intent to do so, the Hospital has the right under the Plan to discontinue contributions at any time and to terminate the Plan, subject to the provisions set forth by the Plan. If the Plan should be terminated or employer's contributions discontinued, the Hospital will allocate the Trust Fund, after payment of any applicable taxes and administrative expenses, among participants, retired participants, and beneficiaries in the following order:

1. Priority class A – for any benefits of a participant, retired participant or beneficiary, which as attributable to any voluntary contributions to the Plan.
2. Priority class B – for those participants or beneficiaries in pay status at the beginning of the three-year period ending on the termination date of the Plan.
3. Priority class C – All other nonforfeitable benefits under the Plan.
4. Priority class D – all other benefits under the Plan.

##### Expenses of the Plan

The Plan's administrative expenses are paid by the Plan as provided by the Plan document.

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 2 • SIGNIFICANT ACCOUNTING POLICIES

##### Expenses of the Plan (continued)

The Plan's financial statements, to be in conformity with accounting principles generally accepted in the United States of America, are prepared using the accrual basis of accounting, with the exception of the payment of benefits, which is recognized as a reduction in the net position of the Plan as they are disbursed to participants.

##### Valuation of Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion on fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from investment transactions are computed using the first-in, first-out method. Interest and dividend income is recorded on the accrual basis. Net appreciation/depreciation includes gains and losses on investments bought and sold as well as held during the year.

##### Cash and Deposits

Cash and deposits include cash in demand accounts and highly liquid marketable securities with original maturities of three months or less at date of purchase or remaining maturities of three months or less at date of purchase. Cash and deposits are invested in a money market fund (Regions Trust Cash Sweep in 2020 and 2019). At times, such amounts may be in excess of federally insured limits.

##### Net Pension Liability

The components of the net pension liability of the Plan as of September 30, 2020 and 2019 were as follows:

	2020	2019
Total pension liability	\$ 50,140,069	\$ 48,259,789
Plan fiduciary net position	<u>(36,002,425)</u>	<u>(33,870,031)</u>
Hospital's net pension liability	<u>\$ 14,137,644</u>	<u>\$ 14,389,758</u>
Plan fiduciary net position as a percentage of the total pension liability	71.8%	70.2%

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 2 • SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Actuarial Present Value of Accumulated Plan Benefits

The total pension liability was determined by an actuarial valuation as of September 30, 2020 and 2019 applied to all periods included in the measurement.

The significant actuarial assumptions used in the valuations as of September 30, 2020 and 2019 were (a) life expectancy of participants (mortality rates were based on the RP-2014 Blue Collar Adjusted to 2006, Separate Pre- and Post-Commencement, with Separate Male and Female tables, fully Generational Using Projections Scale MP-2020 for 2020 and RP-2014 Blue Collar Adjusted to 2016, Separate Pre- and Post-Commencement, with separate Male and Female tables, fully Generational Using Projection Scale MP-2018 for 2019), (b) retirement age assumptions (based on all participants will retire upon attainment of normal retirement date), (c) investment return (7.00 percent in 2020 and 7.20 percent in 2019 compounded annually), (d) salary increases (not applicable, benefits are frozen) and (e) inflation. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Investment Class	Long term expected real rate of return
Equity securities	7.13%
Fixed income	3.10%

##### Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2020 and 7.20 percent in 2019. The projection flows used to determine the discount rate assumed that employer contributions will be made at the rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 2 • SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Sensitivity of the Net Pension Liability of Changes in the Discount Rate

The following presents the net pension liability of the Hospital, calculated using the discount rate of 7.00 percent, as well as what the Hospital's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate.

	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Hospital's net pension liability	\$ 19,876,500	\$14,130,423	\$9,352,416

##### Concentration

The Plan assets include a significant amount of equity mutual funds, which invest primarily in marketable equity securities and common stock. In addition, the Plan assets also include bond funds which invest predominately in fixed income securities. Accordingly, the performance of the investments is dependent on the equity and fixed income markets which involve significant price volatility.

##### 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates used in preparing these financial statements include those assumed in determining the estimation of the annual plan contribution required to adequately fund the Plan, determining the fair market value of assets and the calculation of total pension liability. It is at least reasonably possible that the significant estimates used will change within the next year.

##### Subsequent Events

Subsequent events were evaluated by the Plan through June 14, 2021, which is the date the financial statements were available to be issued.

#### NOTE 3 • INVESTMENTS

The Plan has adopted certain investment policies, objectives, rules, and guidelines that are intended to protect and preserve the Plan's assets while providing an appropriate return. The Board is responsible for establishing and amending all investment policy decisions. The fixed income securities invested in by the Plan are unrated with regards to credit quality rating. The targeted overall mix of plan investments to meet these objectives is outlined below:

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 3 • INVESTMENTS (continued)

<u>Investment Class</u>	<u>Target</u>
Equity securities	55%
Fixed income securities	45%
Cash equivalents	0%

During 2020 and 2019, the Plan's investments at fair value (including gains and losses on investments bought and sold, as well as held, during the year) increased (decreased) in value as follows:

	<u>2020</u>	<u>2019</u>
Common stocks	\$ 1,463,145	\$ 29,295
Mutual funds	165,851	(44,171)
International mutual funds	445,743	(120,527)
Bond funds	<u>623,675</u>	<u>823,850</u>
Net increase in fair value of investments	<u>\$ 2,698,414</u>	<u>\$ 688,447</u>

#### Rate of Return

For the years ended September 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 11.01 percent and 5.56 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

#### NOTE 4 • FAIR VALUE MEASUREMENTS

The Fair Value Measurement Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 - Inputs to the valuation methodology include the following: 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; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

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

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

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

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019.

Common stock: Valued at fair value, determined by multiplying the number of shares by the price as of close of trading on the New York Stock Exchange or NASDAQ (generally 4 p.m., Eastern Time) on the valuation date (level 1).

Mutual and bond funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded (level 1).

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

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2020 and 2019:

Assets at fair value as of September 30, 2020

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,163,390	\$ -	\$ -	\$ 5,163,390
International mutual funds	4,570,798	-	-	4,570,798
Common stocks	10,338,659	-	-	10,338,659
Bond funds	<u>15,652,613</u>	<u>-</u>	<u>-</u>	<u>15,652,613</u>
Total investments at fair value	<u>\$ 35,725,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,725,460</u>

**GREENWOOD LEFLORE HOSPITAL PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended September 30, 2020 and 2019**

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**NOTE 4 • FAIR VALUE MEASUREMENTS (continued)**

Assets at fair value as of September 30, 2019

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 4,890,728	\$ -	\$ -	\$ 4,890,728
International mutual funds	4,406,846	-	-	4,406,846
Common stocks	9,480,084	-	-	9,480,084
Bond funds	<u>14,833,491</u>	<u>-</u>	<u>-</u>	<u>14,833,491</u>
Total investments at fair value	<u>\$ 33,611,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,611,149</u>

Asset values include current year net appreciation/depreciation included on the statements of changes in fiduciary net position.

The cost and estimated fair values of the Plan's financial instruments (investments) at September 30, 2020 and 2019 are as follows:

	September 30, 2020		September 30, 2019	
	Cost	Estimated Value	Cost	Estimated Value
	Value	Fair Value	Value	Fair Value
Mutual funds	\$ 3,585,695	\$ 5,163,390	\$ 3,541,666	\$ 4,890,728
International mutual funds	3,992,914	4,570,798	4,248,110	4,406,846
Common stocks	7,947,834	10,338,659	8,298,752	9,480,084
Bond funds	<u>14,354,345</u>	<u>15,652,613</u>	<u>14,187,151</u>	<u>14,833,491</u>
	<u>\$29,880,788</u>	<u>\$35,725,460</u>	<u>\$30,275,679</u>	<u>\$33,611,149</u>

The following table presents investments that represent 5 percent or more of the Plan's net assets as of September 30, 2020 and 2019:

## GREENWOOD LEFLORE HOSPITAL PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2020 and 2019

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#### NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

	2020	2019
T. Rowe Price Institutional Large- Cap	\$ 3,321,511	\$ 2,895,473
Vanguard 500 Index Fund	5,371,115	4,912,636
Vanguard Mid-Cap Index Fund	1,842,561	1,744,117
Vanguard Small-Cap Index Fund	1,728,831	1,731,933
Dodge and Cox Income Fund	2,389,951	2,269,052
Fidelity Investment Grade BD	2,233,213	2,131,296
Pioneer Bond Fund Class Y	2,400,767	2,255,093
Baird Aggregate Bond Fund	3,269,870	3,127,832
Vanguard Short Term Bond Index Fund	2,140,678	2,045,757

#### NOTE 5 • INCOME TAX STATUS

The Plan obtained its latest determination letter in September 2014, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

There were no uncertain tax positions identified related to the current year and the Plan has no unrecognized tax benefits at September 30, 2020 and 2019 for which liabilities have been established. The Plan recognizes interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
Years ended September 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Interest	\$ 3,474,705	\$ 3,514,817	\$ 3,413,177	\$ 3,363,064	\$ 3,384,889	\$ 3,384,889	\$ 3,030,853
Differences between expected and actual experience	377,521	(1,120,322)	740,320	(355,795)	(294,088)	68,042	(65,094)
Changes of assumptions	876,677	382,573	(299,489)	-	(1,336,081)	-	4,640,010
Benefit payments, including refunds of member contributions	(2,848,623)	(2,665,455)	(2,461,676)	(2,320,792)	(2,053,702)	(1,965,618)	(1,832,511)
Net change in total pension liability	1,880,280	111,613	1,392,332	686,477	(298,982)	1,487,313	5,773,258
Total pension liability-beginning	48,259,789	48,148,176	46,755,844	46,069,367	46,368,349	44,881,035	39,107,777
Total pension liability-ending (a)	50,140,069	48,259,789	48,148,176	46,755,844	46,069,367	46,368,349	44,881,035
Plan fiduciary net position:							
Contributions-employer	1,413,913	1,340,319	1,452,904	1,367,610	1,394,632	2,518,920	1,044,189
Net investment income	3,654,216	1,826,911	2,073,349	2,883,576	2,229,987	106,191	2,125,949
Benefit payments, including refunds of member contributions	(2,848,623)	(2,665,455)	(2,461,676)	(2,320,792)	(2,053,702)	(1,965,617)	(1,832,511)
Administrative expenses	(87,112)	(85,581)	(85,819)	(87,179)	(78,352)	(88,388)	(96,385)
Net change in plan fiduciary net position	2,132,394	416,194	978,758	1,843,215	1,492,565	571,106	1,241,242
Plan fiduciary net position - beginning	33,870,031	33,453,837	32,475,079	30,631,864	29,139,299	28,568,193	27,326,951
Plan fiduciary net position - ending (b)	36,002,425	33,870,031	33,453,837	32,475,079	30,631,864	29,139,299	28,568,193
Net pension liability- ending (a) - (b)	\$ 14,137,644	\$ 14,389,758	\$ 14,694,339	\$ 14,280,765	\$ 15,437,503	\$ 17,229,050	\$ 16,312,842
Plan fiduciary net position as a percentage of the total pension liability	71.8%	70.2%	69.5%	69.5%	66.5%	62.8%	63.7%

Notes to Schedule:

The September 30, 2014 results reflect updated mortality table and interest rate assumptions that were adopted by the employer effective September 30, 2014.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present this information for those years for which information is available.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

SCHEDULE OF CONTRIBUTIONS

Years Ended September 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contribution	\$ 1,405,581	\$ 1,340,319	\$ 1,452,904	\$ 1,367,610	\$ 1,394,632	\$ 1,458,037	\$ 1,059,862
Contributions in relation to the actuarially determined contribution	<u>1,413,913</u>	<u>1,340,319</u>	<u>1,452,904</u>	<u>1,367,610</u>	<u>1,394,632</u>	<u>1,458,037</u>	<u>1,059,862</u>
Contribution deficiency (excess)	<u>\$ (8,332)</u>	<u>\$ -</u>					
Covered - employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

\*The contribution for the 2014-2015 plan year (\$1,458,037) was contributed during the 2014-2015 plan year. The contribution for the 2015-2016 plan year (\$1,394,632) was contributed during the 2015-2016 plan year. The contribution for the 2016-2017 plan year (\$1,367,610) was contributed during the 2017-2018 plan year. The contribution for the 2017-2018 plan year (\$1,452,904) was contributed during the 2017-2018 plan year. The contribution for the 2018-2019 plan year (\$1,340,319) was contributed during the 2018-2019 plan year. The contribution for the 2019-2020 plan year (\$1,413,913) was contributed during the 2019-2020 plan year.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Fair market value
Inflation	Not applicable (benefits are frozen)
Salary increases	Not applicable (benefits are frozen)
Investment rate of return	7.00 percent, compounded annually
Retirement age	It is assumed that all employees will retire upon attainment of normal retirement age.
Mortality	RP-2014 Blue Collar adjusted to 2006, Separate Pre- and Post-Commencement, with separate Male and Female tables, fully Generational using projections Scale MP-2020.

Notes to Schedule:

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present this information for those years for which information is available.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

SCHEDULE OF INVESTMENT RETURNS

Years ended September 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

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	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	11.01%	5.56%	6.48%	9.75%	7.91%	0.37%	7.91%

Notes to schedule:

The annual money-weighted rate of return is based on monthly cash flows on pension plan investments, net of pension plan investment expense.

This schedule is presented to illustrate the requirements to show information for 10

See Independent Auditors' Report.