



FINANCIAL REPORT

GREENWOOD LEFLORE HOSPITAL
PENSION PLAN

GREENWOOD, MISSISSIPPI

SEPTEMBER 30, 2023

Presented by: Harper, Rains, Knight & Company, P.A.
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Harper, Rains, Knight & Company

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

Independent Auditors' Report

Opinion

We have audited the financial statements of Greenwood Leflore Hospital Pension Plan (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2023 and 2022, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, information regarding the net position restricted for pensions of the Plan as of September 30, 2023 and 2022, and the changes in its net position restricted for pensions for the years ended September 30, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Plan's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Plan will continue as a going concern. As discussed in Note 6 to the financial statements, the Plan sponsor has suffered recurring losses from operations, has a net capital deficiency and has stated that substantial doubt exists about the Plan sponsor's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Management is also responsible for maintaining a current Plan instrument, including all Plan amendments, administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit is conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 5 to 8, and the schedule of changes in the net pension liability and related ratios, schedule of contributions and schedule of investment returns shown on pages 21 to 23 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 August 20, 2024, 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 solely 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* in considering the Plan's internal control over financial reporting and compliance.

Hoyner, Raines, Knight & Company, P.A.

August 20, 2024
Ridgeland, Mississippi

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023. 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 \$32,709,097 at September 30, 2023. The Plan's net position increased by \$1,450,632, or approximately 4.6% in 2023. The net assets of the Plan are held exclusively for the benefit of the Plan participants and their beneficiaries.
- Total additions to net position for the Plan in the fiscal year was \$5,056,989, an increase of \$10,784,268, or approximately 188.3%, from the prior fiscal year primarily due to the increase in fair value of investments compared to the prior fiscal year.
- Benefits paid during the fiscal year was \$3,452,703, an increase of \$248,268, or approximately 7.7%, from the prior fiscal year due to benefits paid to beneficiaries increasing.
- Administrative expenses in the fiscal year were \$153,654, an increase of \$62,419, or approximately 68.4%, from the prior fiscal year due to the Plan paying actuarial and legal fees instead of the Plan Sponsor.

Overview of the Financial Statements

An annual report consists of four components: (1) the Management's Discussion and Analysis (this section), (2) the Independent Auditors' 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

Overview of the Financial Statements (continued)

The audit 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, 2023 and 2022, is presented in the following table:

Condensed Statements of Fiduciary Net Position

| | Fiscal Year 2023 | Fiscal Year 2022 | Dollar Change | Total Percent Change |
|---|----------------------|----------------------|---------------------|-------------------------|
| Assets: | | | | |
| Cash and deposits | \$ 459,027 | \$ 285,514 | \$ 173,513 | 60.8% |
| Receivables | 8,981 | 12,509 | (3,528) | -28.2% |
| Investments at fair value | <u>32,241,089</u> | <u>30,967,663</u> | <u>1,273,426</u> | <u>4.1%</u> |
| Total assets | <u>32,709,097</u> | <u>31,265,686</u> | <u>1,443,411</u> | <u>4.6%</u> |
| Liabilities: | | | | |
| Accrued expenses | <u>-</u> | <u>7,221</u> | <u>(7,221)</u> | <u>-100.0%</u> |
| Net position restricted for pensions | <u>\$ 32,709,097</u> | <u>\$ 31,258,465</u> | <u>\$ 1,450,632</u> | <u>4.6%</u> |

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Fiduciary Net Position

A summary of the Plan's statements of changes in fiduciary net position for the years ended September 30, 2023 and 2022, is presented in the following table:

Condensed Statements of Changes in Fiduciary Net Position

| | Fiscal Year 2023 | Fiscal Year 2022 | Dollar Change | Total Percent Change |
|--|----------------------|----------------------|---------------------|-------------------------|
| Additions to net position attributable to: | | | | |
| Net investment income | \$ 3,624,818 | \$ (7,246,898) | \$ 10,871,716 | -150.0% |
| Employer contributions | 1,432,171 | 1,519,619 | (87,448) | -5.8% |
| Total additions | <u>5,056,989</u> | <u>(5,727,279)</u> | <u>10,784,268</u> | <u>-188.3%</u> |
| Deductions from net position attributed to: | | | | |
| Benefits paid | 3,452,703 | 3,204,435 | 248,268 | 7.7% |
| Administrative expenses | 153,654 | 91,235 | 62,419 | 68.4% |
| Total deductions | <u>3,606,357</u> | <u>3,295,670</u> | <u>310,687</u> | <u>9.4%</u> |
| Net increase in net position restricted for pensions | 1,450,632 | (9,022,949) | 10,473,581 | -116.1% |
| Net position restricted for pensions | | | | |
| Beginning of year | <u>31,258,465</u> | <u>40,281,414</u> | <u>(9,022,949)</u> | <u>-22.4%</u> |
| End of year | <u>\$ 32,709,097</u> | <u>\$ 31,258,465</u> | <u>\$ 1,450,632</u> | <u>4.6%</u> |

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023 was \$1,432,171. 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.

During the recent years, including 2023 and 2022, the Plan sponsor incurred recurring losses and negative cash flows from operations due primarily to continuing decreased patient volumes, rising labor and supply costs and unfavorable payer contracts. Staffing shortages have also caused limitations in the Plan sponsor's ability to provide services. The Plan sponsor's current days cash on hand represents 16 days of operations. The impacts of the public health emergency combined with decreasing provisions of payer models continues to negatively impact the financial condition of the Plan sponsor. Considering the situation of the Plan sponsor, these conditions indicate that there is substantial doubt about the Plan's ability to continue as a going concern.

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, 2023 and 2022

| ASSETS | | | |
|--------------------------------------|----------------------|----------------------|--|
| | 2023 | 2022 | |
| Cash and deposits | \$ 459,027 | \$ 285,514 | |
| Accrued income receivable | 8,981 | 12,509 | |
| Investments at fair value: | | | |
| Domestic fixed income securities | 11,959,679 | 13,174,270 | |
| Domestic equities | 16,580,974 | 14,499,581 | |
| International equities | 3,700,436 | 3,293,812 | |
| Total investments | <u>32,241,089</u> | <u>30,967,663</u> | |
| Total assets | <u>32,709,097</u> | <u>31,265,686</u> | |
| LIABILITIES | | | |
| Accrued expenses | - | 7,221 | |
| Net position restricted for pensions | <u>\$ 32,709,097</u> | <u>\$ 31,258,465</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, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Additions to net position attributable to: | | |
| Investment income: | | |
| Interest and dividends | \$ 988,447 | \$ 1,205,113 |
| Net appreciation (depreciation) in fair value of investments | 2,636,371 | (8,452,011) |
| Employer contributions | <u>1,432,171</u> | <u>1,519,619</u> |
| Total additions | <u>5,056,989</u> | <u>(5,727,279)</u> |
| Deductions from net position attributed to: | | |
| Benefits paid | 3,452,703 | 3,204,435 |
| Administrative expenses | <u>153,654</u> | <u>91,235</u> |
| Total deductions | <u>3,606,357</u> | <u>3,295,670</u> |
| Net increase in net position restricted for pensions | 1,450,632 | (9,022,949) |
| Net position restricted for pensions | | |
| Beginning of year | <u>31,258,465</u> | <u>40,281,414</u> |
| End of year | <u>\$ 32,709,097</u> | <u>\$ 31,258,465</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, 2023 and 2022

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, 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, 2023 and 2022, the Plan's membership consisted of:

| | <u>2023</u> | <u>2022</u> |
|--|--------------|--------------|
| Active employees | 154 | 211 |
| Retirees and beneficiaries currently receiving benefits | 431 | 390 |
| Terminated employees entitled to but not yet receiving benefits | <u>603</u> | <u>596</u> |
| Total plan participants | <u>1,188</u> | <u>1,197</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

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS Years Ended September 30, 2023 and 2022

NOTE 1 • DESCRIPTION OF THE PLAN (continued)

Funding Policy (continued)

approved by the Board. Contributions are recognized in the Plan's statements of changes in fiduciary net position upon determination by the Board.

Employer contributions of \$1,432,171 and \$1,519,619 were made for 2023 and 2022, 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 becomes 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 investment administrative expenses, actuary expenses and legal expenses are paid by the Plan as provided by the Plan document; all other expenses are paid by the Plan sponsor. In 2022, actuarial expenses and legal expenses were paid by the Plan sponsor.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 2 • SIGNIFICANT ACCOUNTING POLICIES

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 2023 and 2022). 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, 2023 and 2022, were as follows:

| | 2023 | 2022 |
|---|---------------|---------------|
| Total pension liability | \$ 49,166,798 | \$ 50,187,747 |
| Plan fiduciary net position | (32,709,097) | (31,258,465) |
| Hospital's net pension liability | \$ 16,457,701 | \$ 18,929,282 |
| Plan fiduciary net position as a percentage of the total pension liability | 66.5% | 62.3% |

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

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, 2023 and 2022, applied to all periods included in the measurement.

The significant actuarial assumptions used in the valuations as of September 30, 2023 and 2022, 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-2021 for 2023 and 2022), (b) retirement age assumptions (based on all participants will retire upon attainment of normal retirement date), (c) investment return (7.45% in 2023 and 7.20% in 2022 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. In fiscal year 2023, the discount rate and rate of investment return was changed from 7.20% per annum to 7.45% per annum, as well as the change in mortality tables noted above. These changes caused the Plan's net pension liability to decrease by \$1,173,531. In fiscal year 2022, the discount rate and rate of investment return was changed from 7.10% per annum to 7.20% per annum, as well as the change in mortality tables noted above. These changes caused the Plan's net pension liability to decrease by \$376,907. 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:

| <u>Investment Class</u> | <u>Long term expected real rate of return</u> |
|-------------------------|---|
| Equity securities | 7.62% |
| Fixed income | 3.90% |

Discount Rate

The discount rate used to measure the total pension liability was 7.45% in 2023 and 7.20% in 2022. 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,

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 2 • SIGNIFICANT ACCOUNTING POLICIES (continued)

Discount Rate (continued)

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.

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 7.45%, 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 (6.45%) or 1-percentage point higher (8.45%) than the current rate.

| | 1% Decrease <u>6.45%</u> | Discount Rate <u>7.45%</u> | 1% Increase <u>8.45%</u> |
|----------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Hospital's net pension liability | \$21,456,666 | \$16,443,451 | \$12,207,535 |

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 fair market value of investments 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 August 20, 2024, which is the date the financial statements were available to be issued.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

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:

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

During 2023 and 2022, 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:

| | 2023 | 2022 |
|---|--------------|----------------|
| Domestic fixed income securities | \$ (163,891) | \$ (2,634,901) |
| Domestic equities | 2,222,949 | (4,134,232) |
| International equities | 577,313 | (1,682,878) |
| Net increase in fair value of investments | \$ 2,636,371 | \$ (8,452,011) |

Rate of Return

For the years ended September 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 11.99% and (18.36%), 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.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

- 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 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.

The 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, 2023 and 2022.

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.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2023 and 2022:

Assets at fair value as of September 30, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------------|-------------|-------------|----------------------|
| Domestic fixed income securities | \$ 11,959,679 | \$ - | \$ - | \$ 11,959,679 |
| Domestic equities | 16,580,974 | - | - | 16,580,974 |
| International equities | 3,700,436 | - | - | 3,700,436 |
| Total investments at fair value | <u>\$ 32,241,089</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,241,089</u> |

Assets at fair value as of September 30, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------------|-------------|-------------|----------------------|
| Domestic fixed income securities | \$ 13,174,270 | \$ - | \$ - | \$ 13,174,270 |
| Domestic equities | 14,499,581 | - | - | 14,499,581 |
| International equities | 3,293,812 | - | - | 3,293,812 |
| Total investments at fair value | <u>\$ 30,967,663</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 30,967,663</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, 2023 and 2022, are as follows:

| | September 30, 2023 | | September 30, 2022 | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Cost Value | Estimated Fair Value | Cost Value | Estimated Fair Value |
| Domestic fixed income securities | \$ 13,645,840 | \$ 11,959,679 | \$ 15,000,421 | \$ 13,174,270 |
| Domestic equities | 11,885,689 | 16,580,974 | 11,804,531 | 14,499,581 |
| International equities | 3,568,635 | 3,700,436 | 3,731,076 | 3,293,812 |
| | <u>\$ 29,100,164</u> | <u>\$ 32,241,089</u> | <u>\$ 30,536,028</u> | <u>\$ 30,967,663</u> |

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 4 • FAIR VALUE MEASUREMENTS (continued)

The following table presents investments that represent 5% or more of the Plan's net position as of September 30, 2023 and 2022:

| | 2023 | 2022 |
|---------------------------------------|--------------|--------------|
| T. Rowe Price Institutional Large-Cap | \$ 3,448,157 | \$ 2,714,279 |
| Vanguard 500 Index Fund | 6,396,913 | 5,434,041 |
| Vanguard Mid-Cap Index Fund | 1,646,294 | 1,589,898 |
| Vanguard Small-Cap Index Fund | 1,649,213 | 1,534,988 |
| Dodge and Cox Income Fund | 2,057,884 | 1,995,787 |
| Fidelity Investment Grade BD | 1,843,509 | 1,868,495 |
| Pioneer Bond Fund Class Y | 1,991,655 | 1,995,763 |
| Baird Aggregate Bond Fund | 2,758,904 | 2,744,994 |
| Vanguard Short Term Bond Index Fund | 1,971,274 | 1,924,901 |

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, 2023 and 2022, 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.

NOTE 6 • GOING CONCERN RISKS AND UNCERTAINTIES

During the recent years, including 2023 and 2022, the Plan sponsor incurred recurring losses and negative cash flows from operations due primarily to continuing decreased patient volumes, rising labor and supply costs and unfavorable payer contracts. Staffing shortages have also caused limitations in the Plan sponsor's ability to provide services. The Plan sponsor's current days cash on hand represents 16 days of operations. The lasting impacts of the public health emergency combined with decreasing provisions of payer models continues to negatively impact the financial condition of the Plan sponsor. Considering the situation of the Plan sponsor, these conditions indicate that there is substantial doubt about the Plan's ability to continue as a going concern.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

NOTE 6 • GOING CONCERN RISKS AND UNCERTAINTIES (continued)

Management has evaluated these conditions and has determined that they are significant in relation to the Plan sponsor's ability to meet its obligations as they come due. Management's plan of action includes focusing existing resources on core services and continuing to seek additional funding from other sources including the City of Greenwood, Leflore County and the State of Mississippi. Management is also pursuing additional reimbursement and/or grant opportunities at the Federal level. Additionally, management is evaluating the overall structure of the Plan sponsor and is taking action to improve the efficiency of operations and determine if more viable methods of operations may exist. The ultimate outcome of management's plan of action and requests for funding remains uncertain.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Years ended September 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total pension liability: | | | | | | | | | | |
| Interest experience | \$ 3,613,256 | \$ 3,533,342 | \$ 3,509,805 | \$ 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 | (7,970) | 470,361 | 126,746 | 377,521 | (1,120,322) | 740,320 | (355,795) | (294,088) | 68,042 | (65,094) |
| Changes of assumptions | (1,173,531) | (376,907) | (683,581) | 876,677 | 382,573 | (299,489) | - | (1,336,081) | - | 4,640,010 |
| Benefit payments, including refunds of member contributions | (3,452,704) | (3,204,435) | (3,327,653) | (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 | (1,020,949) | 422,361 | (374,683) | 1,880,280 | 111,613 | 1,392,332 | 686,477 | (298,982) | 1,487,313 | 5,773,258 |
| Total pension liability - beginning | 50,187,747 | 49,765,386 | 50,140,069 | 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) | 49,166,798 | 50,187,747 | 49,765,386 | 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 | 1,432,171 | 1,519,619 | 1,598,738 | 1,413,913 | 1,340,319 | 1,452,904 | 1,367,610 | 1,394,632 | 2,518,920 | 1,044,189 |
| Net investment income (loss) | 3,624,818 | (7,246,898) | 6,100,826 | 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 | (3,452,703) | (3,204,435) | (3,327,653) | (2,848,623) | (2,665,455) | (2,461,676) | (2,320,792) | (2,053,702) | (1,965,617) | (1,832,511) |
| Administrative expenses | (153,654) | (91,235) | (92,922) | (87,112) | (85,581) | (85,819) | (87,179) | (78,352) | (88,388) | (96,385) |
| Net change in plan fiduciary net position | 1,450,632 | (9,022,949) | 4,278,989 | 2,132,394 | 416,194 | 978,738 | 1,843,215 | 1,492,565 | 571,106 | 1,241,242 |
| Plan fiduciary net position - beginning | 31,258,465 | 40,281,414 | 36,002,425 | 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) | 32,709,097 | 31,258,465 | 40,281,414 | 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) | \$ 16,457,701 | \$ 18,929,282 | \$ 9,483,972 | \$ 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 | 66.5% | 62.3% | 80.9% | 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.

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

SCHEDULE OF CONTRIBUTIONS

Years Ended September 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarial determined contribution | \$ 1,432,171 | \$ 1,338,924 | \$ 1,472,103 | \$ 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 | 1,432,171 | 1,519,619 | 1,598,738 | 1,413,913 | 1,340,319 | 1,452,904 | 1,367,610 | 1,394,632 | 1,458,037 | 1,059,862 |
| Contribution deficiency (min \$0) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered - employee payroll | N/A | N/A | N/A | 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 | N/A | N/A | N/A |

Notes to Schedule:

*The contribution for the 2013-2014 Plan year (\$1,059,862) was contributed during the 2013-2014 Plan year. 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 2016-2017 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. The contribution for the 2020-2021 Plan year (\$1,598,738) was contributed during the 2020-2021 Plan year. The contribution for the 2021-2022 Plan year (\$1,519,619) was contributed during the 2021-2022 Plan year. The contribution for the 2022-2023 Plan year (\$1,432,171) was contributed during the 2022-2023 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: 7.45 percent, compounded annually
- Retirement age: It is assumed that all employees will retire upon attainment of normal retirement age.
- Mortality: RP-2014 Blue Collar, Separate Pre- and Post-Commencement, with separate Male and Female tables, fully Generational using projections Scale MP-2021.

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

GREENWOOD LEFLORE HOSPITAL PENSION PLAN

SCHEDULE OF INVESTMENT RETURNS

Years ended September 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------|---------|--------|--------|-------|-------|-------|-------|-------|-------|
| Annual money-weighted rate of return, net of investment expense | 11.99% | -18.36% | 17.39% | 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 years.

See Independent Auditors' Report.