East Jefferson General Hospital

Financial Report
December 31, 2017

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Contents

Independent Auditor's Report

To the Board of Directors
East Jefferson General Hospital

Report on the Financial Statements
We have audited the accompanying financial statements of the business–type activities, the discretely presented component unit and the fiduciary fund of Jefferson Parish Hospital Service District No. 2, d/b/a East Jefferson General Hospital, a component unit of Jefferson Parish Louisiana, as of and for the years ended December 31, 2017 and 2016, and the related notes to the basic financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of East Jefferson Ambulatory Surgery Center, LLC, a discretely presented component unit, for the years ended December 31, 2017 and 2016 which represents 100 percent of the assets, net position and revenue of this discretely presented component unit. We also did not audit the financial statements of East Jefferson General Hospital Retirement and Savings Plans, a fiduciary fund, for the years ended December 31, 2017 and 2016. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for East Jefferson Ambulatory Surgery Center, LLC and East Jefferson General Hospital Retirement and Savings Plans (Pension Trust Fund) financial statements, is based solely on the reports of the other auditors. 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of East Jefferson Ambulatory Surgery Center, LLC, East Jefferson Radiation Oncology, LLC, East Jefferson Physicians Group, LLC, East Jefferson Physician Network, LLC, Associated Hospital Services, Inc. and East Jefferson General Hospital Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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.

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

Opinions
In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, the discretely presented component unit and the fiduciary fund as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 3–10 and 59–64, respectively, 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 audit 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 Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The combining financial statements and other schedules, listed in the table of contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits, the procedures as described above, and the reports of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying hospital statistics, listed in the table of contents as other supplementary information, are presented for the purpose of additional analysis and have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Jefferson General Hospital's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
June 29, 2018

LaPorte

A Professional Accounting Corporation

Metairie, Louisiana
June 29, 2018

Introduction

Management's Discussion and Analysis provides an overall review of the business-type activities of Jefferson Parish Hospital Service District No. 2, d/b/a East Jefferson General Hospital, a component unit of Jefferson Parish Louisiana, as of and for the years ended December 31, 2017, 2016 and 2015.

East Jefferson General Hospital (EJGH) operates a 420-bed general acute care hospital and physician practices located in Metairie, Louisiana. EJGH serves the citizens of the greater New Orleans area and particularly residents of the East Bank of Jefferson Parish.

The basic financial statements also include the following blended component units: East Jefferson Physician Network, LLC which was used to acquire several physician practices; East Jefferson Radiation Oncology, LLC, which operates a radiation oncology center; East Jefferson Physicians Group, LLC (EJPG), which operates various clinic practices; Associated Hospital Services, Inc. (AHSI), which operates a laundry service; and the East Jefferson General Hospital Foundation. See Note 1 for further discussion of the reporting entity.

EJGH along with its blended component units are collectively referred to as the Organization.

East Jefferson Ambulatory Surgery Center, LLC, which operates an ambulatory surgery center, is a legally separate, discretely presented component unit. East Jefferson General Hospital Retirement and Savings Plan is a fiduciary fund type, pension trust fund.

The intent of this discussion is to provide an overview of the Organization's performance and should be read in conjunction with the Organization's basic financial statements and notes thereto.

Overview of Financial Statements

The audited financial statements include the basic financial statements: Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position and Statements of Cash Flows plus the Notes to the Basic Financial Statements.

Our financial position is measured in terms of resources (assets) we own, obligations (liabilities) we owe, deferred outflows of resources and deferred inflows of resources at a given date. This information is reported in the Statements of Net Position, which reflects the Organization's assets in relation to its debts to bondholders, suppliers, employees and other creditors. The excess of our assets and deferred outflows of resources over our liabilities and deferred inflows of resources is reported as net position.

Information regarding the results from operations during the year is reported in the Statements of Revenue, Expenses and Changes in Net Position. This statement shows how much our net position increased or decreased during the year as a result of our operations, nonoperating activities and other changes.

The Statement of Cash Flows discloses the flow of cash resources into and out of the Organization during the year. It identifies all cash received during the year from operating activities, contributions and other sources, and how we applied those funds (for example, payment of expenses, repayment of debt, purchases of new property and equipment, additions and deletions to the investment accounts and transfers to related entities).

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements.

Financial Highlights

The assets and deferred outflows of the Organization exceeded its liabilities and deferred inflows by $175,886,745 and $201,306,204 (net position) as of December 31, 2017 and 2016, respectively.

The Organization's total assets decreased by $30,038,717 or 6.85 percent from December 31, 2016, and decreased by $18,883,979 or 4.1 percent from December 31, 2015.

The Organization's deferred outflows related to pension decreased by $2,158,650 or 100 percent from December 31, 2016, and decreased by $1,931,126 or 47.2 percent from December 31, 2015.

The Organization's total liabilities decreased by $8,269,951 or 3.6 percent from December 31, 2016, and decreased by $7,789,657 or 3.2 percent from December 31, 2015.

The Organization's deferred inflows related to pension increased by $1,492,043 or 95.6 percent from December 31, 2016, decreased by $48,824 or 41.6 percent from December 31, 2015.

Condensed Statements of Revenue, Expenses and Changes in Net Position

A summary version of the Statements of Revenue, Expenses and Changes in Net Position for the years ended December 31, 2017, 2016 and 2015 follows:

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in Thousands)		
Net patient revenue	$ 319,331	$ 329,582	$ 323,920
Other operating revenue	22,040	24,536	20,163
Rental income from leases	4,810	4,199	3,950
Total operating revenue	346,181	358,317	348,033
Nonoperating revenue	2,686	3,169	6,643
Total revenue	348,867	361,486	354,676
Expenses:			
Salaries, wages and benefits	125,150	134,144	150,086
Purchased services and other	168,798	156,575	133,349
Supplies	48,513	47,987	48,128
Depreciation and amortization	22,717	26,207	28,273
Interest	8,834	9,130	9,290
Total operating expenses	374,012	374,043	369,126
Nonoperating expenses	-	22	-
Total expenses	374,012	374,065	369,126
Excess of revenue (under) expenses before transfers	(25,145)	(12,579)	(14,450)
Transfers to Jefferson Parish	(275)	(398)	(1,323)
Change in net position	$ (25,420)	$ (12,977)	$ (15,773)

Operations

Year Ended December 31, 2017: The Organization's net patient service revenue decreased approximately $10,251,000 from 2016. This decrease is primarily seen in EJGH (Hospital), which is the result of a decrease in both inpatient and outpatient volumes and increased dependency on government payors.

The Organization's other operating revenue decreased approximately $2,496,000 from 2016. This is primarily due to a decrease in electronic health records incentive programs and the decrease in team member pharmacy revenue.

The Organization's total operating expenses decreased approximately $31,000 from 2016. The slight decrease is due to the Organization continuing to identify cost savings opportunities to improve operating margins. Salaries, wages and benefits decreased approximately $8,994,000 with continual staffing reductions as well as the full-year effect of fiscal year 2016 outsourcing initiatives. Conversely, purchased services increased approximately $12,223,000 due to the costs of those outsourcing agreements. Also, depreciation and amortization decreased approximately $3,490,000 due to capital assets becoming fully depreciated.

Year Ended December 31, 2016: The Organization's net patient service revenue increased approximately $5,662,000 from 2015. This increase is primarily seen in EJGH (Hospital) as other business units' total net patient service revenue have decreased. The increase related to the Hospital is mainly the result of an increase in outpatient volumes, including an increase in surgical volumes as well as an increase in outpatient infusion. The main decrease is related to EJPG as there continues to be a transition of owned employee practices to non-owned organizations in connection with the Hospital's Needy Care Collaboration.

The Organization's other operating revenue increased approximately $4,373,000 from 2015. This is primarily related to the increase in funds received from the Hospital's various upper payment limit programs. The Hospital currently has 3 programs, and all experienced increases in 2016.

The Organization's total operating expenses increased approximately $4,917,000 from 2015. The increase in expenses is primarily on the Hospital as EJPG and AHSI both showed decreases in operating expenses due to volumes in those entities. The outsourcing of various departments including Environmental Services and the Revenue Cycle in 2016, as well as the full-year effect of fiscal year 2015 outsourcing initiatives helped drive Hospital salaries, wages, and benefits down from prior year by approximately $11.5 million. Conversely, purchased services and other expenses increased by approximately $23.8 million due to the costs of those outsourcing agreements as well as increased costs for inter-governmental transfers. Increases in inter-governmental transfers to support the Upper Payment Limit program drove operating expenses up by approximately $6,650,000.

Condensed Statements of Net Position

Condensed versions of the Statements of Net Position as of December 31, 2017, 2016 and 2015 follow:

	December 31,		
	2017	2016	2015
	(Dollars in Thousands)		
Assets and Deferred Outflows			
Current assets	$ 190,087	$ 168,650	$ 182,021
Assets limited as to use, noncurrent	26,977	61,683	67,989
Capital assets, net	184,449	200,856	199,592
Other assets	6,865	7,227	7,699
Total assets	408,378	438,416	457,301
Deferred outflows of resources	-	2,159	4,090
	$ 408,378	$ 440,575	$ 461,391
Liabilities and Deferred Inflows			
Current liabilities, including current maturities of long-term debt	$ 194,471	$ 47,477	$ 51,527
Long-term debt	-	148,830	152,344
Retirement benefits, noncurrent	1,675	1,686	1,814
Net pension liability, noncurrent	28,305	32,425	32,992
Other liabilities, noncurrent	6,480	8,781	8,313
Total liabilities	230,931	239,199	246,990
Deferred inflows of resources	1,560	69	117
Net Position			
Net investment in capital assets	44,319	48,469	43,359
Restricted:			
Expendable	44,525	44,665	59,834
Nonexpendable	360	360	360
Unrestricted	86,683	107,813	110,731
Total net position	175,887	201,307	214,284
	$ 408,378	$ 440,575	$ 461,391

December 31, 2017: Current assets increased by approximately $21,437,000. While there was a large increase in assets limited as to use, current portion, in connection with the Cooperative Endeavor Agreement (CEA) with service district hospitals, and assets under bond indenture which are classified as current assets for 2017, it was offset by decreases in cash and cash equivalents, patient accounts and other receivables, prepaid expenses and estimated third-party payor settlements.

December 31, 2016: Current assets decreased by approximately $13,121,000. As of December 31, 2016, the Hospital was not holding any amounts in connection with the Cooperative Endeavor Agreement (CEA) with service district hospitals, which are included in assets limited as to use, current portion. This is a decrease of $10,880,000 from prior fiscal year end. Additional reductions in current assets are due to negative cash flow for the year.

Condensed Statements of Cash Flows

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in Thousands)		
Cash provided by operating activities	$ 16,399	$ 25,060	$ 8,882
Cash (used in) capital and related financing activities	(27,992)	(39,996)	(34,068)
Cash provided by (used in) noncapital financing activities	410	431	(457)
Cash provided by investing activities	17,873	5,687	35,571
Net increase (decrease) in cash	6,690	(8,818)	9,928
Cash and cash equivalents:			
Beginning	10,006	18,824	8,896
Ending	$ 16,696	$ 10,006	$ 18,824

Year Ended December 31, 2017: Cash provided by operating activities decreased by approximately $8,661,000 over the prior year due to an increase in the loss from operations in 2017.

Year Ended December 31, 2016: Cash provided by operating activities increased by approximately $16,178,000 over the prior year due to an increase in cash collected from patients and third-party payors.

Capital Assets

	December 31,		
	2017	2016	2015
	(Dollars in Thousands)		
Capital assets not being depreciated:			
Land	$ 16,999	$ 16,999	$ 17,056
Construction in progress	3,570	12,864	3,499
Capital assets net of depreciation:			
Land improvements	320	361	488
Buildings	113,302	116,639	118,162
Fixed equipment	6,383	7,432	9,996
Major movable equipment	43,665	46,390	50,338
Minor equipment	210	171	53
Total capital assets, net	$ 184,449	$ 200,856	$ 199,592

Additional information on the Organization's capital assets can be found in Note 6 of the basic financial statements.

December 31, 2017: As of December 31, 2017, the Organization had approximately $184,449,000 invested in capital assets. Capital expenditures in 2017 were approximately $16,039,000 less than depreciation expense, which caused a decrease in capital assets from 2016 to 2017.

December 31, 2016: As of December 31, 2016, the Organization had approximately $200,856,000 invested in capital assets. Capital expenditures in 2016 were approximately $1,330,000 more than depreciation expense, which caused an increase in capital assets from 2015 to 2016.

Long-Term Debt

Long-term debt includes the Hospital's Series 2011 revenue bond issue, described in more detail in the notes to basic financial statements. The principal balance on the outstanding bonds was $141,280,000 and $153,045,000 and $155,980,000 as of December 31, 2017, 2016 and 2015, respectively.

Because the Restricted Group's, which is defined in the Bond Indenture Agreement, financial performance for 2017 was unable to produce the required minimum debt service coverage ratio to be in compliance with debt covenants, this constitutes a technical default and requires that all associated debt be classified as current. The Organization continues to produce positive cash flow, although not to the level required, is maintaining days cash on hand in excess of 100 days, which exceeds the requirement of 60 days, and continues to make all required debt service payments timely. Also, it should be restated that the Jefferson Parish Hospital Service District No. 2 has entered into a letter of intent with University Healthcare System, L.C., a joint venture of HCA and the Tulane Educational Fund, and is actively negotiating a definitive agreement for a long-term lease transaction. There are no current plans to issue additional debt or defease any existing debt. Please see the notes to basic financial statements for additional information.

Additional information on the Organization's long-term debt can be found in Note 7 of the basic financial statements.

Economic Factors

The Louisiana Economic Outlook: 2018 and 2019 by Loren C. Scott projects that's the New Orleans Metropolitan Service Area will grow by 0.8 percent in 2018. The report stated Louisiana began recovering from a 20-month recession by May 2017 and expects that by the end of 2019 a total of 2,013,600 jobs.

The New Orleans healthcare market will continue to see increased competition for services as well as staffing as the new VA Hospital comes online and other competitors in the market expand their existing footprint. Looking outside of our local service area, a lack of knowledge as to the effects of any change in the Affordable Care Act and other important pieces of legislation couple with reductions in Healthcare spending expected at the State level, have contributed to much uncertainty in the Healthcare Industry.

Year Ended December 31, 2017: During 2017, the Organization reached many milestones in its efforts to increase volume and improve the quality and mix of healthcare services offered to the residents of Jefferson Parish and the surrounding areas. Some of those accomplishments included:

- Named the #1 hospital in Louisiana and #10 in the nation for overall care and patient safety for the third year in a row.
- Named as one of the safest hospitals for patient care in the United States with a score of A (the highest rating) by Leapfrog.
- Received our 4th designation as a Nurse Magnet Hospital, highlighting our continued commitment to clinical excellence.
- Received a 4-star rating from the Centers for Medicare and Medicaid Services. This was the highest rating in our region and among the top 20 percent in the nation.
- Designated by Blue Cross/Blue Shield as a Blue Distinction Center- Plus for Cardiac Care, Knee and Hip Replacement, and Maternity Care.
- Louisiana's only certified member of the MD Anderson Cancer Network
- First to perform newly FDA approved FlowTriever procedure for pulmonary embolism
- First in the region with SpaceOar and Acumen for prostate treatment, with Cysview for bladder cancer, with UroNav for prostate biopsies and to use a Stryker MAKO surgical robot for orthopedic surgery.

Year Ended December 31, 2016: During 2016, the Organization reached many milestones in its efforts to increase volume and improve the quality and mix of healthcare services offered to the residents of Jefferson Parish and the surrounding areas. Some of those accomplishments included:

- Named the #1 hospital in Louisiana and #19 in the nation for overall care and patient safety for the second year in a row.
- Named as one of the safest hospitals for patient care in the United States with a score of A (the highest rating) by Leapfrog.
- Received our 4th designation as a Nurse Magnet Hospital, highlighting our continued commitment to clinical excellence.
- Received a 4-star rating from the Centers for Medicare and Medicaid Services. This was the highest rating in our region and among the top 20 percent in the nation.
- Designated by Blue Cross/Blue Shield as a Blue Distinction Center- Plus for Cardiac Care, Knee and Hip Replacement, and Maternity Care.
- Began offering Tomotherapy, the latest in radiation therapy, which combines CT imaging with a radiation treatment delivery system to increase accuracy of the dosed area. We are the only facility in the region offering this service.
- Expanded support of our patients' health journeys through Integrative Medicine offerings. These are intended to complement our patients' treatment plans and assist in overall wellness, recovery and empowerment. Services include massage, Reiki therapy, music therapy, nutritional counseling, and mediation in collaboration with clinical cancer and non-cancer treatments.
- Began offering Transradial Cardiac Catheterization, a minimally invasive angiography procedure, providing greater comfort and faster recovery time for patients, as well as less blood loss and lower risk of infection.
- Cryo-Cath, the most effective treatment for atrial fibrillation or irregular heartbeat began being available at East Jefferson General Hospital in 2016.

In 2016, EJGH officially unveiled its newest convenience-based program, E-Doc, becoming the first hospital institution in the state of Louisiana to offer the advantageous service to patients. Powered by Teladoc, E-Doc allows patients to visit with a primary care doctor 24 hours a day, 365 days a year from the convenience of a smart phone or computer. Doctors are then able to provide fast and affordable care plans and prescriptions for most minor medical conditions following the initial patient consult.

Financial Information Contact

The Organization's basic financial statements are designed to provide a general overview of the Organization's finances for all those with an interest in the Organization's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to East Jefferson General Hospital.

East Jefferson General Hospital

Statements of Net Position
December 31, 2017 and 2016

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2017	2016	**2017**	2016
Assets and Deferred Outflows				
Current assets:				
Cash and cash equivalents	**$ 7,589,458**	$ 10,005,572	**$ 715**	$ 368,074
Short-term investments	**75,696,786**	74,148,960	**-**	-
Receivables:				
Patients, net	**39,597,271**	47,651,262	**851,859**	758,748
Other	**3,900,460**	5,442,189	**-**	-
Assets limited as to use, current portion	**42,767,242**	7,637,234	**-**	-
Inventories	**9,885,691**	10,459,928	**-**	-
Prepaid expenses	**10,431,220**	11,612,398	**35,371**	40,180
Estimated third-party payor settlements	**218,762**	1,693,413	**-**	-
Total current assets	**190,086,890**	168,650,956	**887,945**	1,167,002
Noncurrent assets:				
Assets limited as to use:				
Under bond indenture	**33,660,266**	42,426,367	**-**	-
Under CEA with service district hospitals	**9,106,976**	-	**-**	-
Restricted by donor	**1,858,442**	2,339,736	**-**	-
Other	**250,000**	250,000	**-**	-
Board-designated for strategic initiatives and for endowment	**24,868,609**	24,304,728	**-**	-
	69,744,293	69,320,831	**-**	-
Less portion required for current liabilities	**42,767,242**	7,637,234	**-**	-
	26,977,051	61,683,597	**-**	-
Capital assets:				
Nondepreciable	**20,570,120**	29,862,890	**-**	-
Depreciable, net	**163,879,270**	170,992,645	**985,498**	1,141,659
	184,449,390	200,855,535	**985,498**	1,141,659
Other assets	**6,864,737**	7,226,697	**-**	-
Total noncurrent assets	**218,291,178**	269,765,829	**985,498**	1,141,659
Total assets	**408,378,068**	438,416,785	**1,873,443**	2,308,661
Deferred outflows related to pension	**-**	2,158,650	**-**	-
	$ 408,378,068	$ 440,575,435	**$ 1,873,443**	$ 2,308,661

See notes to basic financial statements.

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2017	2016	**2017**	2016
Liabilities, Deferred Inflows and Net Position				
Current liabilities:				
Current maturities of long-term debt	**$ 140,130,952**	$ 3,557,355	**$ 129,625**	$ 123,623
Accounts payable	**19,931,168**	24,112,318	**98,874**	175,276
Accrued expenses:				
Salaries and wages	**2,305,560**	2,202,436	**-**	-
Paid leave	**2,685,805**	2,531,410	**-**	-
Health insurance claims	**1,763,308**	1,199,933	**-**	-
Interest	**4,228,441**	4,612,234	**-**	-
Due to service district hospitals under CEA	**9,106,976**	-	**-**	-
Other	**14,318,262**	9,263,352	**193,678**	197,418
Total current liabilities	**194,470,472**	47,479,038	**422,177**	496,317
Noncurrent liabilities:				
Deferred compensation and executive benefits	**821,721**	1,701,142	**-**	-
Postemployment benefits	**1,674,510**	1,685,868	**-**	-
Estimated self-insurance reserves	**4,736,312**	6,321,198	**-**	-
Net pension liability, less current portion	**28,304,769**	32,424,756	**-**	-
Long-term debt, less current maturities	**-**	148,829,774	**353,955**	483,468
Other accrued expenses	**922,928**	758,887	**-**	-
Total noncurrent liabilities	**36,460,240**	191,721,625	**353,955**	483,468
Total liabilities	**230,930,712**	239,200,663	**776,132**	979,785
Deferred inflows related to pension	**1,560,611**	68,568	**-**	-
Commitments and contingencies (Notes 9 and 10)				
Net position:				
Net investment in capital assets	**44,318,438**	48,468,406	**501,918**	534,568
Restricted:				
Expendable	**44,525,295**	44,665,714	**-**	-
Nonexpendable	**360,452**	360,444	**-**	-
Unrestricted	**86,682,560**	107,811,640	**595,393**	794,308
Total net position	**175,886,745**	201,306,204	**1,097,311**	1,328,876
	$ 408,378,068	$ 440,575,435	**$ 1,873,443**	$ 2,308,661

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2017	2016	**2017**	2016
Operating revenue:				
Net patient service revenue	**$ 319,330,782**	$ 329,582,232	**$ 6,077,580**	$ 6,770,385
Other operating revenue	**22,040,990**	24,536,075	**3,260**	10,745
Rental income from leases	**4,809,747**	4,198,788	**-**	-
Total operating revenue	**346,181,519**	358,317,095	**6,080,840**	6,781,130
Operating expenses:				
Salaries, wages and benefits	**125,150,588**	134,143,272	**1,470,557**	1,417,351
Purchased services and other	**168,797,700**	156,575,822	**1,982,400**	1,745,982
Supplies	**48,512,936**	47,987,448	**1,535,146**	1,504,880
Depreciation and amortization	**22,716,523**	26,206,835	**176,046**	185,843
Interest	**8,833,639**	9,129,595	**26,639**	32,399
Total operating expenses	**374,011,386**	374,042,972	**5,190,788**	4,886,455
Income (loss) from operations	**(27,829,867)**	(15,725,877)	**890,052**	1,894,675
Nonoperating revenue (expenses):				
Investment earnings	**1,962,186**	2,276,496	**-**	-
Gain on disposal of capital assets	**87,554**	41,390	**-**	-
Grant and other revenues (expenses)	**111,697**	(22,521)	**-**	-
Contributions	**239,542**	40,639	**-**	-
Equity in net income of component unit and associated companies	**284,741**	811,218	**-**	-
	2,685,720	3,147,222	**-**	-
Excess of revenue over (under) expenses before transfers and distributions	**(25,144,147)**	(12,578,655)	**890,052**	1,894,675
Transfers to Jefferson Parish	**(275,312)**	(397,969)	**-**	-
Distributions	**-**	-	**(1,121,617)**	(2,028,284)
Change in net position	**(25,419,459)**	(12,976,624)	**(231,565)**	(133,609)
Net position:				
Beginning	**201,306,204**	214,282,828	**1,328,876**	1,462,485
Ending	**$ 175,886,745**	$ 201,306,204	**$ 1,097,311**	$ 1,328,876

See notes to basic financial statements.

East Jefferson General Hospital

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2017	2016	**2017**	2016
Cash flows from operating activities:				
Receipts from patients and third-party payors	**$ 328,859,424**	$ 331,273,297	**$ 5,984,469**	$ 6,704,117
Payments to suppliers	**(217,079,727)**	(199,716,169)	**(3,592,879)**	(3,277,385)
Payments to employees	**(123,773,031)**	(134,264,979)	**(1,470,557)**	(1,417,351)
Other receipts and payments	**28,392,466**	27,767,425	**3,260**	10,745
Net cash provided by operating activities	**16,399,132**	25,059,574	**924,293**	2,020,126
Cash flows from capital and related financing activities:				
Purchase of capital assets	**(7,008,424)**	(26,985,079)	**(19,885)**	(5,213)
Proceeds from disposals of capital assets	**454,292**	108,742	**-**	-
Grant and other revenues (expenses)	**111,697**	(22,521)	**-**	-
Payment for defeasance of long-term debt	**(8,740,000)**	-	**-**	-
Principal payments on long-term debt	**(3,591,818)**	(3,922,700)	**(123,511)**	(117,796)
Interest payments on long-term debt, net of interest capitalized	**(9,217,432)**	(9,174,354)	**(26,639)**	(32,399)
Net cash used in capital and related financing activities	**(27,991,685)**	(39,995,912)	**(170,035)**	(155,408)
Cash flows from noncapital financing activities:				
Contributions received	**239,542**	40,639	**-**	-
Transfers to Jefferson Parish	**(275,312)**	(397,969)	**-**	-
(Distributions) to members	**-**	-	**(1,121,617)**	(2,028,284)
Distributions from component unit and associated companies, net	**446,179**	788,477	**-**	-
Net cash provided by (used in) noncapital financing activities	**410,409**	431,147	**(1,121,617)**	(2,028,284)
Cash flows from investing activities:				
Investment earnings	**2,381,996**	2,757,816	**-**	-
Purchase of investments	**(93,962,018)**	(72,871,780)	**-**	-
Proceeds from sales and maturities of investments and assets limited as to use	**109,784,872**	75,781,334	**-**	-
Other	**(331,844)**	19,381	**-**	-
Net cash provided by investing activities	**17,873,006**	5,686,751	**-**	-
Increase (decrease) in cash and cash equivalents	**6,690,862**	(8,818,440)	**(367,359)**	(163,566)
Cash and cash equivalents:				
Beginning, including cash and cash equivalents limited as to use: 2016 none; 2015 $10,880,669	**10,005,572**	18,824,012	**368,074**	531,640
Ending, including cash and cash equivalents limited as to use: 2017 $9,106,976; 2016 none	**$ 16,696,434**	$ 10,005,572	**$ 715**	$ 368,074

(Continued)

East Jefferson General Hospital

Statements of Cash Flows (Continued)
Years Ended December 31, 2017 and 2016

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2017	2016	**2017**	2016
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Income (loss) from operations	**$ (27,829,867)**	$ (15,725,877)	**$ 890,052**	$ 1,894,675
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation and amortization	**22,716,523**	26,206,835	**176,046**	185,843
Interest expense	**8,833,639**	9,129,595	**26,639**	32,399
(Increase) decrease in:				
Patient receivables	**8,053,991**	3,478,822	**(93,111)**	(66,268)
Other receivables	**1,541,729**	(967,438)	**-**	-
Inventories	**574,237**	(398,767)	**-**	-
Prepaid expenses	**1,181,178**	(3,833,947)	**4,809**	(2,954)
Deferred outflows related to pension	**2,158,650**	1,931,126	**-**	-
Increase (decrease) in:				
Accounts payable	**(3,241,835)**	9,916,585	**(76,402)**	(24,996)
Third-party payor settlements	**1,474,651**	(1,787,757)	**-**	-
Accrued expenses	**3,395,693**	(2,600,256)	**(3,740)**	1,427
Deferred compensation and executive benefits, retirement benefits and self-insurance reserves	**(2,311,624)**	340,243	**-**	-
Pension liability	**(1,639,876)**	(580,766)	**-**	-
Deferred inflows related to pension	**1,492,043**	(48,824)	**-**	-
Net cash provided by operating activities	**$ 16,399,132**	$ 25,059,574	**$ 924,293**	$ 2,020,126
Noncash investing activities:				
Decrease in fair value of investments	**$ (419,810)**	$ (481,320)	**$ -**	$ -
Equity in net income of component unit and associated companies	**$ (284,741)**	$ (811,218)	**$ -**	$ -
Noncash capital and related financing activities:				
Increase (decrease) in accounts payable related to construction in progress	**$ (939,315)**	$ 582	**$ -**	$ -
Increase (decrease) in assets limited as to use under CEA with service district hospitals and due to service district hospitals under CEA	**$ 9,106,976**	$ (10,880,669)	**$ -**	$ -

See notes to basic financial statements.

East Jefferson General Hospital

Retirement and Savings Plans
Statements of Fiduciary Net Position - Pension Trust Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	**$ 2,014,094**	$ 1,888,768
Investments at fair value:		
Debt securities	**14,648,261**	14,295,900
Equity securities	**178,313,069**	157,133,090
Investment in partnership	**47,804**	12,759
Investments at contract value, group fixed unallocated annuity contract	**31,172,772**	32,326,611
Total investments	**224,181,906**	203,768,360
Receivables:		
Accrued interest and dividends	**67,097**	60,007
Contributions receivable, employer	**5,650,926**	2,383,519
Total receivables	**5,718,023**	2,443,526
Total assets	**231,914,023**	208,100,654
Liabilities, accounts payable	**55,926**	61,415
Net Position Restricted for Pension Benefits	**$ 231,858,097**	$ 208,039,239

See notes to basic financial statements.

East Jefferson General Hospital

Retirement and Savings Plans
Statements of Changes in Fiduciary Net Position - Pension Trust Fund
Years Ended December 31, 2017 and 2016

	2017	2016
Additions:		
Contributions:		
Members	**$ 5,685,225**	$ 5,918,435
Rollovers	**431,919**	541,977
Employer	**5,650,926**	5,198,793
Total contributions	**11,768,070**	11,659,205
Investment income:		
Interest	**637,816**	661,232
Dividends	**9,768,266**	7,628,096
Net appreciation in fair value of investments	**21,357,250**	6,245,990
	31,763,332	14,535,318
Less:		
Investment advisory services	**222,629**	237,941
Custodial fees and administrative fees	**140,643**	169,544
Net investment income	**31,400,060**	14,127,833
Total additions	**43,168,130**	25,787,038
Deductions, retirement benefits paid and savings plan withdrawals	**19,349,272**	20,400,623
Net increase	**23,818,858**	5,386,415
Net position restricted for pension benefits:		
Beginning	**208,039,239**	202,652,824
Ending	**$ 231,858,097**	$ 208,039,239

See notes to basic financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Reporting entity: East Jefferson General Hospital (Hospital) is organized as Jefferson Parish Hospital Service District No. 2 by the Parish Council of Jefferson Parish, Louisiana (Parish) under provisions of the Jefferson Parish Charter and of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950 and is exempt from federal and state income taxes. The Hospital operates an acute care hospital and physician practices and owns certain medical office buildings. The Hospital is a component unit of Jefferson Parish, Louisiana for financial reporting purposes and is included in the basic financial statements of Jefferson Parish together with its component units, which are described below. The component units discussed below are included because the nature and significance of their relationship to the Hospital are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete under criteria set forth by the Governmental Accounting Standards Board (GASB).

Blended component units: The following component units are legally separate organizations for which the Hospital has determined should be presented as blended component units. With the exception of the East Jefferson General Hospital Foundation (Foundation), the Hospital appoints the voting majority of the component units' Board of Directors, and each has a specific financial benefit or burden to the Hospital. While the Foundation appoints its own Board of Directors, it also has a specific financial benefit to the Hospital and the resources held by the Foundation have historically been for the benefit of the Hospital. Accordingly, these organizations represent blended component units of the Hospital.

East Jefferson Radiation Oncology, LLC (EJRO) was formed in 2006 and shall continue perpetually. EJRO provides radiation oncology services. The Hospital has a 100 percent ownership interest in EJRO.

East Jefferson Physicians Group, LLC (EJPG) was formed in 2006 and shall continue perpetually. EJPG owns and operates a wide range of clinical practices. The Hospital has a 100 percent ownership interest in EJPG.

East Jefferson Physician Network, LLC (EJPN) was formed in 1996 and shall continue perpetually. EJPN is used to acquire several physician practices. The Hospital has a 95 percent ownership interest in EJPN as of December 31, 2017 and 2016.

Associated Hospital Services, Inc. (AHSI) is a laundry service provider. AHSI is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of amounts to different financial statement line items, no modifications have been made to AHSI's financial information in the Organization's financial reporting entity for these differences. The Hospital had a 100 percent ownership interest in AHSI as of December 31, 2017 and 2016. Subsequent to December 31, 2017, the Hospital sold its 100 percent ownership interest in AHSI for $5,800,000, of which $580,000 was held back as contingency for events subsequent to the sale. The sale of the ownership interest is not expected to have a material impact on the Organization's financial statements. Individual financial statements can be requested from the Hospital's office at 4200 Houma Boulevard, Metairie, Louisiana 70006.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

East Jefferson General Hospital Foundation (Foundation) was formed in 1969 to generate philanthropic support for the Hospital. The Foundation is an independent non-profit organization governed by a community board of trustees. The Foundation is a private nonprofit organization that reports under FASB standards for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of amounts to different financial statement line items, no modifications have been made to the Foundation's financial information in the Organization's financial reporting entity for these differences. Individual financial statements can be requested from the Foundation's office at 4200 Houma Blvd. Metairie, Louisiana 70006.

The Hospital, along with its blended component units, EJRO, EJPG, EJPN, AHSI and the Foundation, are collectively referred to as the Organization. All significant intercompany accounts and transactions have been eliminated in the preparation of the financial statements.

Discrete component unit: East Jefferson Ambulatory Surgery Center, LLC (EJASC) is a legally separate, discretely presented component unit of the Hospital. The Hospital does not appoint the voting majority of EJASC's Board of Directors and EJASC does not have a specific financial benefit or burden to the Hospital; however, EJASC's financial results are included in the Organization's financial statements as it would be misleading to exclude them. EJASC was formed in 2004 and shall continue perpetually. EJASC operates a surgery center on the Hospital's campus. The Hospital has a 51 percent ownership interest in EJASC as of December 31, 2017 and 2016 but only has a 50 percent voting right and does not have the voting majority over the board. EJASC has a December 31 fiscal year-end. EJASC is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of amounts to different financial statement line items, no modifications have been made to EJASC's financial information in the Hospital's financial reporting entity for these differences. Individual financial statements can be requested from EJASC's office at 4320 Houma Blvd., Metairie, Louisiana 70006.

Presented below are condensed combining schedules for the blended component units.

Condensed Combining Statement of Net Position
December 31, 2017
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Assets and Deferred Outflows								
Current assets	$ 184,761	$ 188	$ 238	$ 201	$ 3,522	$ 1,240	$ (63)	$ 190,087
Assets limited as to use	22,797	-	-	-	-	4,180	-	26,977
Capital assets, net	182,281	211	12	-	1,945	-	-	184,449
Other assets	11,976	-	4,916	-	-	196	(10,223)	6,865
Total assets	$ 401,815	$ 399	$ 5,166	$ 201	$ 5,467	$ 5,616	$ (10,286)	$ 408,378
Liabilities, Deferred Inflows and Net Position								
Liabilities								
Current liabilities	$ 193,679	$ 260	$ 322	$ -	$ 259	$ 14	$ (63)	$ 194,471
Other liabilities	36,460	-	-	-	-	-	-	36,460
Total liabilities	230,139	260	322	-	259	14	(63)	230,931
Deferred inflows	1,560	-	-	-	-	-	-	1,560
Net position								
Net investment in capital assets	42,151	211	12	-	1,945	-	-	44,319
Restricted, expendable	43,017	-	-	-	-	1,508	-	44,525
Restricted, nonexpendable	-	-	-	-	-	350	10	360
Unrestricted	84,948	(72)	4,832	201	3,263	3,744	(10,233)	86,683
Total net position	170,116	139	4,844	201	5,208	5,602	(10,223)	175,887
	$ 401,815	$ 399	$ 5,166	$ 201	$ 5,467	$ 5,616	$ (10,286)	$ 408,378

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Condensed Combining Statement of Net Position
December 31, 2016
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Assets and Deferred Outflows								
Current assets	$ 162,577	$ 209	$ 759	$ 201	$ 3,650	$ 1,303	$ (49)	$ 168,650
Assets limited as to use	57,586	-	-	-	-	4,097	-	61,683
Capital assets, net	198,212	342	44	-	2,258	-	-	200,856
Other assets	13,133	-	5,253	-	-	201	(11,360)	7,227
Total assets	431,508	551	6,056	201	5,908	5,601	(11,409)	438,416
Deferred outflows	2,159	-	-	-	-	-	-	2,159
	$ 433,667	$ 551	$ 6,056	$ 201	$ 5,908	$ 5,601	$ (11,409)	$ 440,575
Liabilities, Deferred Inflows and Net Position								
Liabilities								
Current liabilities	$ 46,162	$ 318	$ 463	$ -	$ 430	$ 153	$ (49)	$ 47,477
Long-term debt, less current	148,830	-	-	-	-	-	-	148,830
Other liabilities	42,892	-	-	-	-	-	-	42,892
Total liabilities	237,884	318	463	-	430	153	(49)	239,199
Deferred inflows	69	-	-	-	-	-	-	69
Net position								
Net investment in capital assets	45,825	342	44	-	2,258	-	-	48,469
Restricted, expendable	42,676	-	-	-	-	1,989	-	44,665
Restricted, nonexpendable	-	-	-	-	-	350	10	360
Unrestricted	107,213	(109)	5,549	201	3,220	3,109	(11,370)	107,813
Total net position	195,714	233	5,593	201	5,478	5,448	(11,360)	201,307
	$ 433,667	$ 551	$ 6,056	$ 201	$ 5,908	$ 5,601	$ (11,409)	$ 440,575

Condensed Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2017
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Total operating revenue	$ 336,450	$ 2,560	$ 3,821	$ -	$ 3,597	$ 770	$ (1,017)	$ 346,181
Operating expenses, before depreciation and amortization	337,727	3,667	6,675	-	3,530	712	(1,017)	351,294
Depreciation and amortization	21,876	131	370	-	341	-	-	22,718
Total operating expenses	359,603	3,798	7,045	-	3,871	712	(1,017)	374,012
Income (loss) from operations	(23,153)	(1,238)	(3,224)	-	(274)	58	-	(27,831)
Nonoperating revenue (expenses)	(2,170)	-	(3)	-	4	96	4,759	2,686
Other changes in net position	(275)	1,144	2,478	-	-	-	(3,622)	(275)
Change in net position	(25,598)	(94)	(749)	-	(270)	154	1,137	(25,420)
Net position								
Beginning	195,714	233	5,593	201	5,478	5,448	(11,360)	201,307
Ending	$ 170,116	$ 139	$ 4,844	$ 201	$ 5,208	$ 5,602	$ (10,223)	$ 175,887

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Condensed Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2016
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Total operating revenue	$ 347,596	$ 2,632	$ 3,978	$ -	$ 4,318	$ 889	$ (1,096)	$ 358,317
Operating expenses, before depreciation and amortization	334,151	3,747	6,125	-	4,293	617	(1,096)	347,837
Depreciation and amortization	25,375	60	384	-	387	-	-	26,206
Total operating expenses	359,526	3,807	6,509	-	4,680	617	(1,096)	374,043
Income (loss) from operations	(11,930)	(1,175)	(2,531)	-	(362)	272	-	(15,726)
Nonoperating revenue (expenses)	(616)	-	4	-	2	(249)	4,006	3,147
Other changes in net position	(398)	1,190	2,575	-	-	-	(3,765)	(398)
Change in net position	(12,944)	15	48	-	(360)	23	241	(12,977)
Net position								
Beginning	208,658	218	5,545	201	5,838	5,425	(11,601)	214,284
Ending	$ 195,714	$ 233	$ 5,593	$ 201	$ 5,478	$ 5,448	$ (11,360)	$ 201,307

Condensed Combining Statement of Cash Flows
Year Ended December 31, 2017
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Operating activities	$ 20,523	$ (1,148)	$ (2,714)	$ -	$ (210)	$ (52)	$ -	$ 16,399
Capital and related financing activities	(27,964)	-	-	-	(28)	-	-	(27,992)
Noncapital financing activities	(2,697)	1,144	2,478	-	-	(515)	-	410
Investing activities	17,865	-	(2)	-	5	5	-	17,873
Net increase (decrease) in cash and cash equivalents	7,727	(4)	(238)	-	(233)	(562)	-	6,690
Cash and cash equivalents								
Beginning of the year	7,089	(6)	(32)	84	2,102	769	-	10,006
End of the year	$ 14,816	$ (10)	$ (270)	$ 84	$ 1,869	$ 207	$ -	$ 16,696

Condensed Combining Statement of Cash Flows
Year Ended December 31, 2016
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Operating activities	$ 27,685	$ (1,187)	$ (2,029)	$ -	$ 220	$ 371	$ -	$ 25,060
Capital and related financing activities	(39,904)	-	(21)	-	(71)	-	-	(39,996)
Noncapital financing activities	(2,779)	1,190	2,575	-	-	(555)	-	431
Investing activities	5,395	-	4	-	266	22	-	5,687
Net increase (decrease) in cash and cash equivalents	(9,603)	3	529	-	415	(162)	-	(8,818)
Cash and cash equivalents								
Beginning of the year	16,692	(9)	(561)	84	1,687	931	-	18,824
End of the year	$ 7,089	$ (6)	$ (32)	$ 84	$ 2,102	$ 769	$ -	$ 10,006

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Significant accounting policies:

Accrual basis of accounting: The accrual basis of accounting is used by the Organization. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred. Under this basis of accounting, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Organization are included in the statements of net position.

Accounting standards: These financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) standards.

Fiduciary fund: East Jefferson General Hospital Retirement and Savings Plans (Pension Trust Fund) is a fiduciary fund type, pension trust fund. The Pension Trust Fund is accounted for in essentially the same manner as the Organization, using the same measurement focus and accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Pension Trust Fund accounts for the assets of the East Jefferson General Hospital Retirement and Savings Plan. The plans are included in the reporting entity due to the Organization's significant administrative involvement. The Pension Trust Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to East Jefferson General Hospital, Administration Department or by calling (504) 454-4000.

Accounting 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. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include temporary cash investments whose use is not limited. The temporary cash investments have original maturities of three months or less at date of issuance. Certain temporary investments internally designated as long-term investments are excluded from cash and cash equivalents.

Patient receivables: Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient receivables due directly from the patients, net of any third-party payor responsibility, are carried at the original charge for the service provided less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Organization does not charge interest on patient receivables. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. Provision for bad debts was approximately $22,032,000 and $16,128,000 for the years ended December 31, 2017 and 2016, respectively, and is recorded as a reduction of net patient service revenue.

Receivables or payables related to estimated settlements on various risk contracts that the Hospital participates in are reported as estimated third-party payor receivables or payables.

Inventories: Inventories, which consist primarily of drugs and supplies, are valued at the lower of cost (first-in, first-out method) or market.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Assets limited as to use and investments: Assets limited as to use include assets set aside by the Board of Directors for strategic initiatives and for endowment, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture agreements, assets held which are for the benefit of service district hospitals under Cooperative Endeavor Agreements (CEA), donor restricted assets, and assets held as security for medical malpractice claims due to participation in the Louisiana Patient's Compensation Fund.

Investments, including assets limited as to use, are recorded at fair value. Investments in equity securities with readily determinable fair values and all investments in debt securities, including those classified as assets limited as to use, are measured at fair value in the statements of net position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment earnings, including realized gains and losses on investments, interest and dividends, and changes in unrealized gains and losses are included in nonoperating income.

Funds that were established in connection with the issuance of the revenue bonds are maintained by a trustee in special trust accounts for the benefit and security of the holders and owners of the debt and are reported as assets limited as to use under bond indentures. Interest earned on the investments held in trust is retained in the funds and used for the purposes described in the respective bond ordinances.

The Organization has investments in associated companies and a component unit, which are reported as other assets on the accompanying statements of net position and are accounted for by the equity method of accounting under which the Organization's share of the net income of the associated companies and component unit are recognized as income in the Organization's statements of revenue, expenses and changes in net position and is added to the investment account. Dividends and distributions received from the associated companies and component unit are treated as a reduction of the investment account. The Organization's equity in the net income of the associated companies and component unit was $284,741 and $811,218 for the years ended December 31, 2017 and 2016, respectively.

Capital assets: Capital assets are carried at cost or, if donated, at fair value at date of donation. Depreciation is computed by the straight-line method over the assets' estimated useful lives ranging from three to forty years. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets and is depreciated over the estimated useful lives of the constructed assets.

Interest capitalized on construction was approximately $237,000 and $184,000 during the years ended December 31, 2017 and 2016, respectively.

Goodwill: Goodwill is primarily the result of an acquisition of a physician group in 2012. Goodwill, which is included in other assets on the accompanying statements of net position, is being tested for impairment when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. Management has determined that no triggering events occurred during the years ended December 31, 2017 and 2016 and, therefore, determined no goodwill impairment exists. The goodwill is subject to amortization and is amortized on a straight-line method over its estimated useful lives, which range from 5 to 20 years.

Deferred outflows of resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense related to the net pension liability.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Deferred inflows of resources: Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earning on pension plan investments.

Paid leave: Paid leave is accrued when earned. Paid leave activity for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Balance, beginning	$ 2,531,410	$ 4,042,848
Additions	31,688,720	42,427,013
Deletions	(31,534,325)	(43,938,451)
Balance, ending	$ 2,685,805	$ 2,531,410

Net position: Net position is reported in three components: net investment in capital assets, restricted and unrestricted. The classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – The restricted expendable component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The restricted nonexpendable component of net position is permanently unavailable for use. The earnings on the nonexpendable net position are classified as restricted expendable.

Unrestricted – This component of net position consists of net position that does not meet the definition of the other components of net position described above.

Net patient service revenue: Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Net patient service revenue is reported net of provision for bad debts.

Operating income: The Organization distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the primary purpose of the Organization, which is to provide medical services to the region. Operating revenue consists of net patient service revenue, cafeteria and special meals, Wellness Center membership fees, Upper Payment Limit (UPL) revenue, electronic health records (EHR) technology incentives, rental income from leases and other miscellaneous services. Operating expenses consist of salaries, wages and benefits, purchased services, supplies, depreciation and amortization, interest, payments related to the UPL programs and the low income and needy care collaboration and other miscellaneous. All revenue and expenses not meeting these criteria are considered nonoperating.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Electronic health records incentive programs: The electronic health records incentive programs, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records (EHR) technology. Payments under both the Medicare and Medicaid programs are for five and six years, respectively, based on a statutory formula. The Medicaid programs are determined on a state-by-state basis, which are approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the Organization initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ from the initial payments under the program, although management does not anticipate material adjustments, as input data for the EHR incentive amounts has remained relatively consistent over time. The Organization accounts for the incentive payments under the gain contingency model, which means revenue is recognized when management believes it has met the meaningful use criteria and receipt of the incentive payments was certain. Income from incentive payments is recognized as revenue after the Organization has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. For the years ended December 31, 2017 and 2016, the Organization has recognized EHR incentive program revenue of approximately $220,000 and $796,000, respectively, which is included in other operating revenue. As of December 31, 2017 and 2016, the Organization recorded no receivables relating to the incentive programs.

Charity care: The Organization provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates.

Gifts, grants and bequests: Gifts, grants and bequests not designated by donors for specific purposes are reported as nonoperating revenue regardless of the use for which they might be designated by the Board of Directors. Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met.

Board of Directors: Members of the Hospital's Board of Directors receive no compensation or per diem.

Reclassifications: Certain items on the statement of net position as of December 31, 2016 have been reclassified to be consistent with classifications adopted as of December 31, 2017. The reclassifications had no effect on total net position and the change in net position.

Note 2. Net Patient Service Revenue

Approximately 69 percent and 66 percent of the Hospital's net patient service revenue for the years ended December 31, 2017 and 2016, respectively, is earned under agreements with Medicare and Medicaid. These agreements with third-party payors provide for payments to the Hospital at amounts different from its established rates. These third-party payors include: the Medicare and Medicaid programs, health maintenance organizations, and various commercial insurance and preferred provider organizations. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Hospital is paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to validation reviews by a Medicare peer review organization which is under contract with the Hospital to perform such reviews.

Note 2. Net Patient Service Revenue (Continued)

Outpatient services are paid via the outpatient prospective payment system. Any former cost reimbursed outpatient services were paid at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. Outpatient services subject to the outpatient prospective payment system are not subject to cost report settlement with several exceptions, and without regard to the transitional corridor.

The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2013.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed based upon prospectively determined rates. The prospectively determined rates are not subject to retroactive adjustment. Outpatient services are reimbursed based on cost reimbursement and fee schedule limitations. The cost based rates are subject to retroactive adjustment.

The Hospital's Medicaid cost reports have been finalized through December 31, 2013.

Other agreements: The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated per member per month rates.

A summary of the Organization's net patient revenue for the years ended December 31, 2017 and 2016 is as follows:

	Organization		EJASC	
	2017	2016	2017	2016
Gross patient service revenue	$ 1,247,501,051	$ 1,162,079,174	$ 33,903,829	$ 36,352,818
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	906,138,688	816,368,995	27,826,249	29,582,433
Less provision for bad debts	22,031,581	16,127,947	-	-
	$ 319,330,782	$ 329,582,232	$ 6,077,580	$ 6,770,385

Contractual adjustment expense for the years ended December 31, 2017 and 2016 include the effects of changes in the estimate of third-party payor settlements. The effect of this change in estimate for third-party payor settlements was a reduction in contractual adjustment expense of approximately $175,000 and $1,790,000 for the years ended December 31, 2017 and 2016, respectively.

Note 3. Charity Care and Community Benefit

The Organization maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and the estimated cost of those services and supplies. The amount of charges foregone, based on established rates during the years ended December 31, 2017 and 2016 was approximately $359,000 and $565,000, respectively.

Although not accounted for as charity care, the Organization considers the contractual adjustment expense related to the Medicaid services as charity care. Contractual adjustment expense related to the Medicaid services performed was approximately $92,733,000 and $64,782,000 for the years ended December 31, 2017 and 2016, respectively.

Community benefit services represent the cost of providing services such as ambulance services, public speeches on health care issues to Parish organizations and funding of a community health center.

The Organization transferred $275,312 and $397,969 for the years ended December 31, 2017 and 2016, respectively, to fund other Parish programs. These amounts have been recorded in the accompanying basic financial statements as transfers.

Note 4. Cash and Investments

The Organization's cash, cash equivalents and investments as of December 31, 2017 and 2016 are classified in the accompanying statements of net position as follows:

	2017	2016
Hospital:		
Current assets:		
Cash and cash equivalents	$ 5,709,333	$ 7,088,582
Short-term investments	74,695,064	73,674,845
Assets limited as to use:		
Cash and cash equivalents	9,106,976	-
Certificates of deposit	250,000	250,000
Investments	56,207,453	64,973,429
Other blended component units:		
Current assets:		
Cash and cash equivalents	1,880,125	2,916,990
Short-term investments	1,001,722	474,115
Assets limited as to use, investments	4,179,864	4,097,402
	$ 153,030,537	$ 153,475,363

Authorized investments: Louisiana state statutes authorize the Hospital to invest in direct obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. Louisiana statutes also require that all of the deposits of the Hospital be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100 percent of the deposits not covered by insurance.

Note 4. Cash and Investments (Continued)

The Foundation's policy allows for investing of available funds in: depository accounts in federally insured banks and savings and loan associations; money market mutual funds; fixed income securities and equity securities. The Foundation strives to obtain growth of asset value at a rate of 5 percent greater than inflation, as measured by CPI.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Organization's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Organization's investments by maturity as of December 31, 2017:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	6 - 10	Over 10
Hospital:					
Money market mutual funds	$ 10,561,786	$ 10,561,786	$ -	$ -	$ -
Municipals bonds	47,450,829	15,637,899	30,446,154	633,660	733,116
Government agency bonds	61,055,826	31,101,786	29,954,040	-	-
U.S. Treasury bonds	2,791,962	-	2,791,962	-	-
Corporate and foreign bonds	9,042,114	3,003,685	6,038,429	-	-
Other blended component units:					
Money market mutual funds	198,827	198,827	-	-	-
Government agency bonds	134,370	-	134,370	-	-
U.S. Treasury bonds	475,154	-	349,482	125,672	-
Corporate and foreign bonds	339,374	-	214,917	124,457	-
Other mutual funds *	4,033,861	N/A	N/A	N/A	N/A
	$ 136,084,103	$ 60,503,983	$ 69,929,354	$ 883,789	$ 733,116

*These investments do not have maturity dates.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Organization's investment policy limits any investments in Louisiana Municipal Bonds to have long-term ratings at Baa3 or higher by Moody's Investor Service or BBB– or higher by Standard & Poor's Corporation or Fitch Inc. or short-term ratings at MIG1 or higher by Moody's Investor Service or VM1G1 or higher by Standard & Poor's Corporation or Fitch Inc. The policy also limits the total portfolio to a duration that is within a range between 50 percent and 150 percent of the duration of the Barclays Capital U.S. 1-3 Year Government Bond index and the Barclays Capital Municipal Managed Money Short/Intermediate 1-10 Year index as weighted by the portfolio holdings.

Concentration of credit risk: The Hospital's investment policy is to apply the standard of prudence. Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The Hospital places no limits on the amount that may be invested with one issuer.

East Jefferson General Hospital

Notes to Basic Financial Statements

Note 4. Cash and Investments (Continued)

Investments in any one issuer that represent greater than 5 percent of the Organization's investments are as follows:

	Investment Type	Fair Value
Issuer, Federal Home Loan Bank	Government agency bonds	$ 12,268,143

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Hospital's investment policy requires all certificates of deposit and repurchase agreements be collateralized by government securities for an amount in excess of FDIC and SAIF insurance limits. Certificates of deposit or repurchase agreement with terms longer than four days must be held by an independent third party.

As of December 31, 2017, all of the Hospital's bank balances in deposits with financial institutions were covered by insurance or collateral held by financial institutions in the Hospital's name. The investments were also entirely covered by insurance or held by financial institutions in the Hospital's name.

As of December 31, 2017, the Hospital's investments were rated as follows:

Investment Type	Moody's Investor's Service	Standard & Poor's	Fair Value
Hospital (rated as listed here):			
Money market mutual funds	Aaa	AAA	$ 10,561,786
Municipals bonds	Aaa	AAA	1,877,206
	Aaa	AA+	1,410,386
	Aaa	N/A	776,326
	Aa1	AAA	620,383
	Aa1	AA+	3,367,177
	Aa1	AA	4,589,924
	Aa1	N/A	100,568
	Aa2	AA+	5,513,997
	Aa2	AA	3,686,985
	Aa2	A+	95,477
	Aa2	N/A	1,745,683
	Aa3	AA-	3,330,271
	Aa3	A+	538,398
	Aa3	N/A	2,277,554
	A1	AA	526,882
	A1	A+	943,916
	A1	N/A	1,844,361
	A2	AA	1,818,827
Subtotal forward			$ 45,626,107

Note 4. Cash and Investments (Continued)

Investment Type	Moody's Investor's Service	Standard & Poor's	Fair Value
Hospital (rated as listed here) (Cont.):			
Subtotal forwarded			$ 45,626,107
	A3	AA-	728,666
	A2	A-	296,653
	A2	N/A	599,851
	N/A	AAA	129,261
	N/A	AA+	3,067,571
	N/A	AA	3,727,710
	N/A	AA-	645,846
	N/A	A+	1,004,508
	N/A	A	500,997
	N/A	A-	1,685,445
Government agency bonds	Aaa	AA+	61,055,826
U.S. Treasury bonds	Aaa	AA+	2,791,962
Corporate and foreign bonds	Aaa	AAA	2,545,226
	Aaa	AA+	1,003,213
	Aa1	AA+	1,492,651
	Aa2	AA	997,254
	Aa3	AA-	3,003,770
Other blended component units (rated as listed here):			
Government agency bonds	Aaa	AA+	134,370
U.S. Treasury bonds	Aaa	AA+	475,154
Corporate and foreign bonds	Aa1	AA+	20,894
	Aa2	AA	11,999
	Aa3	AA-	19,945
	A1	A	15,971
	A1	A+	65,846
	A3	A-	35,534
	A3	BBB+	71,090
	Baa1	BBB	14,665
	Baa1	BBB+	44,878
	Baa2	BBB+	17,562
	Baa3	BBB	20,990
Other investments	*	*	4,232,688
			$ 136,084,103

* These investments are not rated.

Note 4. Cash and Investments (Continued)

East Jefferson General Hospital Retirement and Savings Plans: Following are the components of the East Jefferson General Hospital Retirement and Savings Plans' (Pension Trust Fund), which includes a single employer defined benefit retirement plan (Pension Plan) and defined contribution savings plans (Savings Plans) cash equivalents and investments as of December 31, 2017 and 2016:

	Defined Benefit Retirement Plan	Savings Plans	Total
		2017	
Cash equivalents	$ 560,656	$ 1,453,438	$ 2,014,094
Investments	46,568,986	177,612,920	224,181,906
	$ 47,129,642	$ 179,066,358	$ 226,196,000
		2016	
Cash equivalents	$ 1,175,594	$ 713,174	$ 1,888,768
Investments	44,008,967	159,759,393	203,768,360
	$ 45,184,561	$ 160,472,567	$ 205,657,128

Cash equivalents: The cash equivalents totaling $2,014,094 and $1,888,768 as of December 31, 2017 and 2016, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the Pension Trust Fund's custodian's trust department.

Investments: Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and trust agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. As of December 31, 2017 and 2016, the Pension Plan's investments are held by Comerica. The Savings Plans' investments are held by VALIC. The following were the Pension Plan's adopted portfolio target percentages as of December 31, 2017:

	Minimum	Policy Target	Maximum
Asset category:			
Large cap equities	25%	35%	45%
Small/Mid cap equities	5	10	18
International equities	10	17	24
Fixed income	20	32	40
Real estate	4	6	10
Absolute return funds	-	-	1

Note 4. Cash and Investments (Continued)

Concentration of credit risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Pension Plan's investment in a single issuer. The Pension Plan's investment policy states that no more than 5 percent of market value of the assets assigned to an investment manager may be invested in unsecure investments of a single company by a manager. As of December 31, 2017 and 2016, there were no investments that exceeded the Pension Plan's concentration of credit risk policy. The Savings Plans' investment policy does not set a maximum percentage allowed to be invested in a single company.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Trust Fund has no formal investment policy regarding credit risk. The Pension Trust Fund did not have investments in long-term debt securities as of December 31, 2017 and 2016.

Custodial credit risk: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Pension Trust Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Pension Trust Fund holds all investments in a trust in the Pension Trust Funds' names, and therefore, are not exposed to custodial credit risk.

Interest rate risk: Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. The Pension Trust Fund has no formal investment policy regarding interest rate risk.

Rate of return: For the years ended December 31, 2017 and 2016, the annual money-weighted rate of return on defined benefit plan investments, net of pension plan investment expense, was 15.78 percent and 6.78 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Group fixed unallocated annuity contract: As of December 31, 2017 and 2016, the Pension Plan was invested in Group Fixed Unallocated Annuity Contracts featuring a highly competitive current interest rate. The strategy for these contracts is intended to produce a reasonably stable and predictable return throughout the economic cycle, without undue risk or volatility. The portfolio consists principally of investment-grade corporate debt securities and highly rate mortgage-backed and asset-backed securities. In addition, a small allocation—normally 10 percent or less—is made to other, more volatile but potentially higher-yielding investments.

Investment in partnership: As of December 31, 2017 and 2016, the Pension Plan was invested in Equitas Evergreen Fund, L.P., which had a cost basis of $22,312 and $12,759, respectively. This fund's strategy is to achieve consistent absolute returns in a variety of market environments, with substantially less volatility than global equity markets generally, by diversifying investments across managers. The fair value of the investment has been determined using the net asset value (NAV) per share (or equivalent) of the Pension Plan's ownership interest in partners' capital.

Savings plans funds: During the year ended December 31, 2004, agreements with VALIC were obtained for each of the Savings Plans. The Hospital invests each participant's deferred compensation as directed by the employee. The investments are generally mutual funds; however, the plan documents provide for other types of investments. The responsibility for the selection of the investment alternatives has been retained by the Hospital.

Note 4. Cash and Investments (Continued)

Fair value: The Organization and the Pension Trust Fund use the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The Organization has the following recurring fair value measurements as of December 31, 2017 and 2016.

Fair value information for the Organization's investments which are carried at fair value is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2017			
Municipals bonds	$ 47,450,829	$ -	$ 47,450,829	$ -
Government agency bonds	61,190,196	-	61,190,196	-
U.S. Treasury bonds	3,267,116	3,267,116	-	-
Corporate and foreign bonds	9,381,488	-	9,381,488	-
Other mutual funds	4,033,861	-	4,033,861	-
	125,323,490	$ 3,267,116	$ 122,056,374	$ -
Cash and cash equivalents	16,946,434			
Money market mutual funds	10,760,613			
	$ 153,030,537			
	2016			
Municipals bonds	$ 63,894,237	$ -	$ 63,894,237	$ -
Government agency bonds	47,942,407	-	47,942,407	
U.S. Treasury bonds	8,056,391	8,056,391	-	-
Corporate and foreign bonds	2,660,307	-	2,660,307	-
Other mutual funds	3,541,021	-	3,541,021	-
	126,094,363	$ 8,056,391	$ 118,037,972	$ -
Cash and cash equivalents	10,255,572			
Money market mutual funds	17,125,428			
	$ 153,475,363			

Investments in U.S. Treasury bonds are based on active quoted market prices. Investments in municipal bonds, government agency bonds, corporate and foreign bonds and other mutual bonds are based on quoted market prices that are not active.

The Organization had no other investments meeting the disclosure requirements of GASB Statement No. 72.

Note 4. Cash and Investments (Continued)

Fair value information of the Pension Trust Fund's investments which are carried at fair value is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2017			
Debt securities, mutual funds, fixed income	$ 14,648,261	$ 14,648,261	$ -	$ -
Equity securities:				
Common stock	19,501,880	19,501,880	-	-
Foreign stock	545,659	545,659	-	-
American depository receipts	6,460,865	6,460,865	-	-
Mutual funds, equity	148,644,078	148,644,078	-	-
Real estate investment trusts	3,186,048	3,186,048	-	-
Group fixed unallocated annuity contract	31,172,772	(A)	(A)	(A)
Investment in partnership	22,343	(A)	(A)	(A)
	$ 224,181,906	$ 192,986,791	$ -	$ -
	2016			
Debt securities, mutual funds, fixed income	$ 14,295,900	$ 14,295,900	$ -	$ -
Equity securities:				
Common stock	17,705,709	17,705,709	-	-
Foreign stock	603,615	603,615	-	-
American depository receipts	6,262,261	6,262,261	-	-
Mutual funds, equity	129,401,816	129,401,816	-	-
Real estate investment trusts	3,159,689	3,159,689	-	-
Group fixed unallocated annuity contract	32,326,611	(A)	(A)	(A)
Investment in partnership	12,759	(A)	(A)	(A)
	$ 203,768,360	$ 171,428,990	$ -	$ -

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Note 4. Cash and Investments (Continued)

The unfunded commitments and redemption terms for the Pension Trust Fund's investments measured at the NAV per share (or its equivalent) as of December 31, 2017 are presented in the following table:

	Fair Value		Unfunded Commitments		Redemption Frequency (If Currently Eligible)	Redemption Notice Period
	2017	2016	2017	2016		
Investments measured at the NAV:						
Group fixed unallocated annuity contract	$ 31,172,772	$ 32,326,611	$ -	$ -	Daily	Same day
Investment in partnership	22,343	12,759	-	-	Quarterly	90 days
	$ 31,195,115	$ 32,339,370	$ -	$ -		

Note 5. Composition of Patient Receivables

Patient receivables as of December 31, 2017 and 2016 consist of the following:

	Organization		EJASC	
	2017	2016	2017	2016
Patients	$ 154,996,961	$ 178,209,474	$ 1,314,351	$ 3,832,778
Less estimated third-party contractual adjustments	90,937,335	102,685,217	462,492	3,074,030
Less allowance for doubtful accounts	24,462,355	27,872,995	-	-
	$ 39,597,271	$ 47,651,262	$ 851,859	$ 758,748

Note 6. Capital Assets

Capital assets activity as of and for the years ended December 31, 2017 and 2016 is as follows:

	December 31, 2016	Additions	Disposals	Transfers	December 31, 2017
Organization:					
Capital assets not being depreciated:					
Land	$ 16,998,802	$ -	$ -	$ -	$ 16,998,802
Construction in progress	12,864,088	3,506,870	-	(12,799,640)	3,571,318
Total capital assets not being depreciated	29,862,890	3,506,870	-	(12,799,640)	20,570,120
Capital assets being depreciated:					
Land improvements	6,058,826	-	-	-	6,058,826
Buildings	289,405,294	1,058,576	-	3,568,619	294,032,489
Fixed equipment	91,439,855	82,343	-	282,183	91,804,381
Major movable equipment	252,896,338	1,398,219	(1,110,503)	8,869,678	262,053,732
Minor equipment	1,203,913	23,101	-	79,160	1,306,174
Total capital assets being depreciated	641,004,226	2,562,239	(1,110,503)	12,799,640	655,255,602
Less accumulated depreciation for:					
Land improvements	5,697,541	41,512	-	-	5,739,053
Buildings	172,767,298	7,963,782	-	-	180,731,080
Fixed equipment	84,008,208	1,413,170	-	-	85,421,378
Major movable equipment	206,505,735	12,626,634	(743,765)	-	218,388,604
Minor equipment	1,032,799	63,418	-	-	1,096,217
Total accumulated depreciation	470,011,581	22,108,516	(743,765)	-	491,376,332
Total capital assets being depreciated, net	170,992,645	(19,546,277)	(366,738)	12,799,640	163,879,270
Organization capital assets, net	$ 200,855,535	$ (16,039,407)	$ (366,738)	$ -	$ 184,449,390
EJASC:					
Capital assets being depreciated:					
Land improvements	$ 2,074,118	$ -	$ -	$ -	$ 2,074,118
Major movable equipment	1,435,880	19,885	-	-	1,455,765
Total capital assets being depreciated	3,509,998	19,885	-	-	3,529,883
Less accumulated depreciation for:					
Land improvements	979,716	-	-	-	979,716
Major movable equipment	1,388,623	176,046	-	-	1,564,669
Total accumulated depreciation	2,368,339	176,046	-	-	2,544,385
EJASC capital assets, net	$ 1,141,659	$ (156,161)	$ -	$ -	$ 985,498

Note 6. Capital Assets (Continued)

	December 31, 2015	Additions	Disposals	Transfers	December 31, 2016
Organization:					
Capital assets not being depreciated:					
Land	$ 17,056,355	$ 2,800	$ (60,353)	$ -	$ 16,998,802
Construction in progress	3,499,122	15,753,860	-	(6,388,894)	12,864,088
Total capital assets not being depreciated	20,555,477	15,756,660	(60,353)	(6,388,894)	29,862,890
Capital assets being depreciated:					
Land improvements	6,041,287	118	-	17,421	6,058,826
Buildings	290,853,483	166,031	-	(1,614,220)	289,405,294
Fixed equipment	91,426,192	590,213	(576,550)	-	91,439,855
Major movable equipment	249,004,003	10,313,588	(6,421,253)	-	252,896,338
Minor equipment	1,048,354	159,051	(3,492)	-	1,203,913
Total capital assets being depreciated	638,373,319	11,229,001	(7,001,295)	(1,596,799)	641,004,226
Less accumulated depreciation for:					
Land improvements	5,552,692	144,849	-	-	5,697,541
Buildings	172,692,593	8,060,398	-	(7,985,693)	172,767,298
Fixed equipment	81,430,036	3,154,722	(576,550)	-	84,008,208
Major movable equipment	198,666,215	14,253,774	(6,414,254)	-	206,505,735
Minor equipment	994,662	41,629	(3,492)	-	1,032,799
Total accumulated depreciation	459,336,198	25,655,372	(6,994,296)	(7,985,693)	470,011,581
Total capital assets being depreciated, net	179,037,121	(14,426,371)	(6,999)	6,388,894	170,992,645
Organization capital assets, net	$ 199,592,598	$ 1,330,289	$ (67,352)	$ -	$ 200,855,535
EJASC:					
Capital assets being depreciated:					
Land improvements	$ 2,074,118	$ -	$ -	$ -	$ 2,074,118
Major movable equipment	1,430,667	5,213	-	-	1,435,880
Total capital assets being depreciated	3,504,785	5,213	-	-	3,509,998
Less accumulated depreciation for:					
Land improvements	979,716	-	-	-	979,716
Major movable equipment	1,202,780	185,843	-	-	1,388,623
Total accumulated depreciation	2,182,496	185,843	-	-	2,368,339
EJASC capital assets, net	$ 1,322,289	$ (180,630)	$ -	$ -	$ 1,141,659

Note 7. Long-Term Debt

Long-term debt as of December 31, 2017 and 2016 consists of:

	2017	2016
Organization:		
Hospital Revenue and Refunding Bonds, Series 2011, net of unamortized bond discount (A)	$ 140,130,952	$ 151,820,311
Note payable (B)	-	407,211
Capital lease obligation, MRI (C)	-	159,607
	140,130,952	152,387,129
Less current maturities	140,130,952	3,557,355
	$ -	$ 148,829,774
EJASC:		
Note payable, bank (D)	$ 483,580	$ 607,091
Less current maturities	129,625	123,623
	$ 353,955	$ 483,468

(A) **Hospital Revenue and Refunding Bonds, Series 2011 - $170,000,000.** On October 26, 2011, the Hospital issued $170,000,000 in Revenue and Refunding Bonds, the proceeds of which, together with other amounts made available by the Hospital, are to be used to: (i) refund and defease the outstanding Hospital Revenue Bonds, Series 1998 and Hospital and Revenue Refunding, Series 1993 Bonds, (ii) finance costs of future capital projects, (iii) fund a deposit to the debt service reserve fund securing the Series 2011 Bonds and (iv) pay the costs of issuance of the Series 2011 Bonds.

The Series 2011 Bonds were issued at a discount of approximately $1,628,000. The bond discount, reported in the accompanying financial statements as a deduction from long-term debt, is deferred and amortized over the life of the bonds in a manner which approximates the effective interest method.

The Series 2011 Bonds bear interest at rates ranging from 3.35 percent to 6.375 percent, payable semi-annually. Annual principal payments are due in varying amounts ranging from $2,105,000 to $11,515,000 through July 2041. As discussed below, the Hospital is not in compliance with certain debt covenants, which is considered an event of default. Therefore, the bonds have been classified as current on the accompanying statements of net position.

The Series 2011 Bonds grant a security interest in all revenue either accrued or received in connection with operations of the Hospital. The terms of the trust indentures require the Restricted Group to comply with certain covenants. The Restricted Group includes the Hospital and its blended component units, with the exception of the Foundation and AHSI, which are not members of the Restricted Group for the Series 2011 Bonds. The covenants provide for timely financial reporting and require the Restricted Group to maintain certain financial ratios, the most restrictive of which is the maintenance of a specified debt service coverage ratio and the days cash on hand ratio. For the year ended December 31, 2017, the Restricted Group is not in compliance with the required minimum debt service coverage ratio of 1.2. Because the Restricted Group's debt service coverage ratio for the year ended December 31, 2017 is less than 1.0, the covenant violation is considered an event of default under the terms of the bond trust indenture. As a result of the event of default, the outstanding principal on the Series 2011 Bonds has been classified as a current liability on the accompanying statements of net position as of December 31, 2017.

On December 1, 2017, the Hospital exercised an optional redemption provision and redeemed $8,740,000 of the Series 2011 Bonds maturing on July 1, 2026 and bearing an interest rate of 6.25 percent interest in accordance with the Series 2011 bond agreement.

(B) The Hospital had a note payable agreement for the acquisition of a PET Scanner. The note bore interest at 3.39 percent, due in monthly installments of approximately $35,000 and was paid in full in 2017. The note was secured by equipment.

Note 7. Long-Term Debt (Continued)

(C) The Hospital had a capital lease agreement with a medical partnership for the purpose of constructing a medical building used to house a magnetic resonance imaging unit and radiation therapy equipment. The lease required monthly base rental payments of approximately $47,000 and minimum monthly operating expense payments of approximately $22,000 and was paid in full in March 2017. The medical building and equipment reverted to the Hospital upon termination of the lease. The lease was collateralized by the building.

(D) EJASC has a note payable that bears interest at 4.75 percent and is due in monthly installments of approximately $13,000 with a maturity date of July 2021. This note is secured by substantially all of EJASC's equipment. The note payable contains certain financial covenants for EJASC, including financial reporting requirements.

Long-term debt activity as of and for the years ended December 31, 2017 and 2016 is as follows:

	December 31, 2016	Additions	Deductions	December 31, 2017	Due Within One Year
Organization:					
Hospital Revenue and Refunding Bonds, Series 2011	$ 153,045,000	$ -	$ (11,765,000)	$ 141,280,000	$ 140,130,952
Note payable	407,211	-	(407,211)	-	-
Capital lease obligation, MRI	159,607	-	(159,607)	-	-
	153,611,818	-	(12,331,818)	141,280,000	140,130,952
Less bond discount	1,224,689	-	(75,641)	1,149,048	-
	$ 152,387,129	$ -	$ (12,256,177)	$ 140,130,952	$ 140,130,952
EJASC:					
Note payable, bank	$ 607,091	$ -	$ (123,511)	$ 483,580	$ 129,625

	December 31, 2015	Additions	Deductions	December 31, 2016	Due Within One Year
Organization:					
Hospital Revenue and Refunding Bonds, Series 2011	$ 155,980,000	$ -	$ (2,935,000)	$ 153,045,000	$ 3,025,000
Note payable	800,868	-	(393,657)	407,211	372,748
Capital lease obligation, MRI	753,650	-	(594,043)	159,607	159,607
	157,534,518	-	(3,922,700)	153,611,818	3,557,355
Less bond discount	1,301,116	-	(76,427)	1,224,689	-
	$ 156,233,402	$ -	$ (3,846,273)	$ 152,387,129	$ 3,557,355
EJASC:					
Note payable, bank	$ 724,887	$ -	$ (117,796)	$ 607,091	$ 123,623

Note 7. Long-Term Debt (Continued)

As discussed previously, the Series 2011 Bonds are classified as current on the accompanying balance sheets since the Hospital is not in compliance with certain debt covenants, which is considered an event of default. If the Hospital was in compliance with the debt covenants and not in default, the aggregate principal and interest maturities, including capital leases, of long-term debt as of December 31, 2017 would be as follows:

	Principal	Interest
Organization:		
Year ending December 31:		
2018	$ 3,125,000	$ 8,576,881
2019	3,240,000	8,462,819
2020	3,365,000	8,334,839
2021	3,510,000	8,193,509
2022	2,105,000	8,039,069
2023 to 2027	14,630,000	38,271,313
2028 to 2032	29,350,000	31,889,406
2033 to 2037	39,875,000	21,352,744
2038 to 2041	42,080,000	6,913,688
	141,280,000	140,034,268
Less unamortized bond discount	1,149,048	-
	$ 140,130,952	$ 140,034,268
EJASC:		
Year ending December 31:		
2018	$ 129,625	$ 20,659
2019	135,918	14,373
2020	142,516	7,783
2021	75,521	1,370
	$ 483,580	$ 44,185

The Restricted Group has pledged revenue to repay hospital revenue and refunding bonds which were issued October 2011. These bonds are payable solely from the hospital revenue and are payable through 2041. Annual principal and interest payments on the bonds are expected to require less than 10 percent of revenue. As of December 31, 2017, the total principal and interest remaining to be paid on the Series 2011 Bonds is $281,314,268. Principal (including principal paid for defeasance) and interest paid for the current year on the Series 2011 Bonds was approximately $11,765,000 and $9,452,000, respectively. Total revenue for the Restricted Group for the current year is $344,238,750.

Note 8. Retirement and Benefit Plans

General: The East Jefferson General Hospital Retirement Plan and Savings Plan Committee is the administrator of a Pension Plan and hospital sponsored Savings Plans. The Pension Plan and Savings Plans are collectively referred to as the Plans. The Plans were established for the purpose of providing retirement benefits for substantially all employees of EJGH.

Method used to value investments: The Pension Trust Fund's policy in regard to the allocation of invested assets is established and may be amended by the Hospital. It is the policy of the Hospital to pursue an investment strategy that balances return of current income and growth of principal. Investments are reported at fair value, based on quoted market prices or at contract value and short-term investments are reported at cost.

Tax status: Both the Pension Plan and the 401(a) savings plan have obtained favorable determination letters. Although those plans have been subsequently amended, it is believed that they are operated in compliance with the applicable requirements of the Internal Revenue Code. The 403(b) and 457(b) plans are prototype plans that were designated to meet the requirements of the Internal Revenue Code.

Termination: Although it has not expressed any intent to do so, the Hospital has the right under the Pension Trust Fund to discontinue its contributions at any time and terminate the Pension Trust Fund.

The following is a summary of the financial statements of the pension plan and savings plans as of and for the years ended December 31, 2017 and 2016:

	Pension Plan	Savings Plans 401(a)	Savings Plans 403(b)	Savings Plans 457(b)	Total (Memorandum Only)
	December 31, 2017				
Assets					
Cash and cash equivalents	$ 560,656	$ 342,587	$ 687,878	$ 422,973	$ 2,014,094
Investments at fair value:					
Debt securities	14,648,261	-	-	-	14,648,261
Equity securities	31,872,921	48,408,938	79,979,719	18,051,491	178,313,069
Investment in partnership	47,804	-	-	-	47,804
Investments at contract value, Group Fixed Unallocated Annuity Contract	-	12,649,391	14,773,108	3,750,273	31,172,772
Total investments	46,568,986	61,058,329	94,752,827	21,801,764	224,181,906
Receivables:					
Accrued interest and dividends	67,097	-	-	-	67,097
Contributions receivable, employer	2,801,979	1,756,660	1,092,287	-	5,650,926
Total receivables	2,869,076	1,756,660	1,092,287	-	5,718,023
Liabilities, accounts payable	55,926	-	-	-	55,926
Net position restricted for pension benefits	$ 49,942,792	$ 63,157,576	$ 96,532,992	$ 22,224,737	$ 231,858,097

Note 8. Retirement and Benefit Plans (Continued)

	Pension Plan	Savings Plans 401(a)	Savings Plans 403(b)	Savings Plans 457(b)	Total (Memorandum Only)
	December 31, 2016				
Assets					
Cash and cash equivalents	$ 1,175,594	$ 281,566	$ 374,277	$ 57,331	$ 1,888,768
Investments at fair value:					
Debt securities	14,295,900	-	-	-	14,295,900
Equity securities	29,700,308	41,769,625	69,320,977	16,342,180	157,133,090
Investment in partnership	12,759	-	-	-	12,759
Investments at contract value, Group					
Fixed Unallocated Annuity Contract	-	13,580,925	15,310,716	3,434,970	32,326,611
Total investments	44,008,967	55,350,550	84,631,693	19,777,150	203,768,360
Receivables:					
Accrued interest and dividends	60,007	-	-	-	60,007
Contributions receivable, employer	-	2,383,519	-	-	2,383,519
Total receivables	60,007	2,383,519	-	-	2,443,526
Liabilities, accounts payable	61,415	-	-	-	61,415
Net position restricted for pension benefits	$ 45,183,153	$ 58,015,635	$ 85,005,970	$ 19,834,481	$ 208,039,239

	Pension Plan	Savings Plans 401(a)	Savings Plans 403(b)	Savings Plans 457(b)	Total (Memorandum Only)
	Year Ended December 31, 2017				
Additions:					
Contributions:					
Members	$ -	$ -	$ 4,454,564	$ 1,230,661	$ 5,685,225
Rollovers	-	86,196	345,723	-	431,919
Employer	2,801,979	1,756,660	1,092,287	-	5,650,926
Total contributions	2,801,979	1,842,856	5,892,574	1,230,661	11,768,070
Investment income:					
Interest	1,074	264,590	301,442	70,710	637,816
Dividends	941,599	2,963,834	4,700,775	1,162,058	9,768,266
Net appreciation (depreciation) in fair value of investments	6,053,695	5,034,717	8,460,739	1,808,099	21,357,250
	6,996,368	8,263,141	13,462,956	3,040,867	31,763,332
Less:					
Investment advisory services	222,629	-	-	-	222,629
Custodial and administrative fees	58,571	24,468	50,332	7,272	140,643
Net investment income	6,715,168	8,238,673	13,412,624	3,033,595	31,400,060
Total additions	9,517,147	10,081,529	19,305,198	4,264,256	43,168,130
Deductions, retirement benefits paid and savings plan withdrawals	4,757,508	4,939,588	7,778,176	1,874,000	19,349,272
Net increase	4,759,639	5,141,941	11,527,022	2,390,256	23,818,858
Net position restricted for pension benefits:					
Beginning	45,183,153	58,015,635	85,005,970	19,834,481	208,039,239
Ending	$ 49,942,792	$ 63,157,576	$ 96,532,992	$ 22,224,737	$ 231,858,097

Note 8. Retirement and Benefit Plans (Continued)

	Pension Plan	Savings Plans 401(a)	Savings Plans 403(b)	Savings Plans 457(b)	Total (Memorandum Only)
	Year Ended December 31, 2016				
Additions:					
Contributions:					
Members	$ -	$ -	$ 4,605,192	$ 1,313,243	$ 5,918,435
Rollovers	-	8,533	533,444	-	541,977
Employer	2,815,274	2,383,519	-	-	5,198,793
Total contributions	2,815,274	2,392,052	5,138,636	1,313,243	11,659,205
Investment income:					
Interest	580	283,813	313,451	63,388	661,232
Dividends	1,113,516	2,415,868	3,286,555	812,157	7,628,096
Net appreciation (depreciation) in fair value of investments	1,975,259	1,270,430	2,391,368	608,933	6,245,990
	3,089,355	3,970,111	5,991,374	1,484,478	14,535,318
Less:					
Investment advisory services	237,941	-	-	-	237,941
Custodial and administrative fees	54,441	35,910	72,798	6,395	169,544
Net investment income	2,796,973	3,934,201	5,918,576	1,478,083	14,127,833
Total additions	5,612,247	6,326,253	11,057,212	2,791,326	25,787,038
Deductions, retirement benefits paid and savings plan withdrawals	4,350,996	6,189,993	8,542,665	1,316,969	20,400,623
Net increase	1,261,251	136,260	2,514,547	1,474,357	5,386,415
Net position restricted for pension benefits:					
Beginning	43,921,902	57,879,375	82,491,423	18,360,124	202,652,824
Ending	$ 45,183,153	$ 58,015,635	$ 85,005,970	$ 19,834,481	$ 208,039,239

Defined benefit retirement plan: All full-time employees hired or rehired prior to January 1, 2005 who are at least 21 years of age with at least one year of credited service are eligible to participate in the Pension Plan. Pension Plan benefits vest after five years of credited service. Employees who retire at or after age 62 with 5 years of credited service are entitled to an annual retirement benefit payable monthly for life, unless the present value of accumulated benefits is under $15,000. In this instance, the employer has the option to distribute to the employee in a lump-sum payment. The Pension Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. The Pension Plan also provides death benefits depending upon the payment option elected. This benefit provision and all other requirements are established by the Pension Plan. In January 2005, a resolution was adopted to freeze the defined benefit plan effective April 1, 2005. Nonvested employees hired prior to January 1, 2005 will continue to vest in the plan, pending continual employment through the vesting date.

Note 8. Retirement and Benefit Plans (Continued)

Membership in the Pension Plan as of December 31, 2017 and 2016 is as follows:

	2017	2016
Retirees and beneficiaries receiving benefits	985	933
Terminated employees entitled to benefits, but not yet receiving them	1,734	1,769
Active employees	379	421
Total participants	3,098	3,123

For the years ended December 31, 2017 and 2016, the Hospital's total payroll for all employees was approximately $95,800,000 and $100,700,000, respectively, and the Hospital's total covered payroll (for pension plan participants) was approximately $24,032,000 and $26,891,000, respectively. Covered payroll refers to all compensation paid by the Hospital to active employees covered by the Pension Plan on which contributions to the Pension Plan are based.

Pension and death benefits: The annual benefit at normal retirement will be equal to the benefit accrued through December 31, 1988 under the previous pension plan formula plus, for each year after December 31, 1988, benefits accrued under a new formula. Under the formula, benefits accrued at .75 percent of participant's annual pay up to a designated "breakpoint" and at .5 percent of annual pay in excess of the breakpoint. Benefits ceased to accrue effective April 1, 2005 with the freezing of the Pension Plan as of that date.

The pension benefits will be fully vested after five credited years of employment with the Hospital (counting all prior service). Prior service counts for vesting purposes for terminated employees rehired within five years that were not fully vested at termination.

At retirement, the participant may choose to receive a monthly benefit amount in one of several annuity forms—life annuity, joint and survivor annuity and ten year certain and life annuity.

If a participant dies after becoming vested, the surviving spouse will receive a monthly benefit from the plan. This benefit is only available to the surviving spouse and will be payable at the time the participant would have qualified for early retirement, unless the spouse elects to defer payments to a later date.

Contributions required and contributions made: The funding policy of the Pension Plan provides for actuarially determined periodic employer contributions at rates that, for individual employees, remain fairly constant over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the Entry Age Normal actuarial cost method. The Plan is being funded based on its normal cost, as actuarially determined, reduced by amounts sufficient to amortize an overfunded amount from prior years over a 30-year period. The Hospital made contributions of approximately $2,815,000 for the year ended December 31, 2016. The Hospital's contribution of approximately $2,801,000 for the year ended December 31, 2017 was made subsequent to December 31, 2017 and is included in other current accrued expenses on the Organization's accompanying statement of net position. Significant actuarial assumptions used to compute the contribution required are the same as those used to compute the standardized measure of the pension benefit obligation.

Pension Plan members are not required to contribute a portion of their annual salary. The Hospital is required per the Pension Plan's funding policy to contribute at an actuarially determined rate which was approximately 10.4 percent and 8.5 percent for the years ended December 31, 2017 and 2016, respectively.

Note 8. Retirement and Benefit Plans (Continued)

Significant actuarial assumptions used in 2017 and 2016 include a rate of return on the investment of present and future assets of 7.0 percent per year compounded annually. There has been no cost of living adjustment. In 2017 and 2016 the actuarial value of assets was determined using market value. In 2017 and 2016 the unfunded actuarial accrued liability is being amortized as a closed level dollar of payroll. The remaining amortization period at a January 1, 2018 actuarial valuation date was 27 years.

Net pension liability: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (GASB 71)* require the liability for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The net pension liability should be measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

The Hospital selected a measurement date as of December 31. At December 31, 2017 and 2016, the Hospital reported a liability of approximately $30,785,000 and $35,227,000, respectively, for its net pension liability, of which approximately $2,481,000 and $2,802,000, respectively, is reported in other current accrued expenses on the accompanying statement of net position. The Hospital's net pension liability was measured as of December 31 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the net pension liability:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
		2017	
Balances at December 31, 2016	$ 80,409,888	$ 45,183,153	$ 35,226,735
Changes for the year:			
Interest on the total pension liability	5,462,102	-	5,462,102
Differences between expected and actual experience of the total pension liability	(386,811)	-	(386,811)
Benefit payments	(4,757,508)	(4,757,508)	-
Contributions - employer	-	2,801,979	(2,801,979)
Net investment income	-	6,773,739	(6,773,739)
Other	-	(58,571)	58,571
Net changes	317,783	4,759,639	(4,441,856)
Balances at December 31, 2017	$ 80,727,671	$ 49,942,792	$ 30,784,879

Note 8. Retirement and Benefit Plans (Continued)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
		2016	
Balances at December 31, 2015	$ 79,729,403	$ 43,921,902	$ 35,807,501
Changes for the year:			
Interest on the total pension liability	5,426,562	-	5,426,562
Differences between expected and actual experience of the total pension liability	(395,081)	-	(395,081)
Benefit payments	(4,350,996)	(4,350,996)	-
Contributions - employer	-	2,815,274	(2,815,274)
Net investment income	-	2,848,966	(2,848,966)
Other	-	(51,993)	51,993
Net changes	680,485	1,261,251	(580,766)
Balances at December 31, 2016	$ 80,409,888	$ 45,183,153	$ 35,226,735

Actuarial assumptions: The supplementary information presented in the Required Supplemental Information for retirement plans was determined as part of the actuarial valuations at the dates indicated. The following are the methods and assumptions used to determine total pension liability as of December 31, 2017:

Valuation date	December 31, 2017
Measurement date	December 31, 2017
Actuarial cost method	Entry Age Normal
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0% per annum
Amortization method	Level dollar
Amortization period	30 years remaining (closed basis)
Salary increase rate	N/A as a frozen plan
Mortality	RP 2000 system table for males and females, with floating Scale AA projections to valuation year plus 15 years for employee mortality and to valuation year plus 7 years for annuitant mortality

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 to the target asset allocation percentage and adding expected inflation.

Note 8. Retirement and Benefit Plans (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.88%
Fixed income, U.S. Core Bonds	2.05
Domestic equities	5.74
International equities	6.98
Emerging markets equities	8.72
Real estate/U.S. REITS	5.47

Discount rate: The discount rate used to measure the total pension liability was 7 percent as of December 31, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Hospital contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the plan's net pension liability, calculated using a discount rate of 7.0 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
		2017	
Net pension liability	$ 39,125,712	$ 30,784,879	$ 23,706,106
		2016	
Net pension liability	$ 43,797,841	$ 35,226,735	$ 27,975,721

Note 8. Retirement and Benefit Plans (Continued)

Pension expense, deferred outflows of resources, and deferred inflows of resources related to pension: For the years ended December 31, 2017 and 2016, the Hospital recognized pension expense of $3,736,734 and $4,335,904, respectively, which was impacted by the recognition of deferred inflows and outflows, and the change in the net pension liability. At December 31, 2017 and 2016, the Hospital reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	2017	
Deferred amounts to be recognized in pension expense in future periods, differences between expected and actual experience	$ -	$ (1,560,611)
	2016	
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	$ -	$ (68,568)
Net difference between projected and actual earnings on pension plan investments	2,158,650	-
Total deferred amounts to be recognized in pension expense in future periods	$ 2,158,650	$ (68,568)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience and changes of assumptions will be recognized in pension expense in future periods over the average remaining service life for all active and inactive plan members of one year. Amounts reported as of December 31, 2017 as deferred outflows of resources and deferred inflows of resources related to the net difference between projected and actual earnings will be recognized in pension expense in future periods over 4 years as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Years ending December 31:		
2018	$ -	$ (37,237)
2019	-	(37,237)
2020	-	(733,931)
2021	-	(752,206)
	$ -	$ (1,560,611)

Note 8. Retirement and Benefit Plans (Continued)

Employee savings plans: The Savings Plans include a 401(a) plan that was frozen to new participants effective December 31, 2003 and reactivated in 2007. The Savings Plans also include a 403(b) plan and a 457(b) plan that were established effective January 1, 2004.

The 401(a) plan covers all full-time employees who have been employed for a twelve-month period during which at least 1,000 hours of service are completed and who is at least 21 years of age. With the exception of leased employees, all employees at least 21 years of age are eligible to make elective deferrals under the 403(b) plan. All full- and part-time employees are eligible for employer contributions under the 403(b) plan after attaining age 21 and completing one month of employment. All employees are eligible to participate in the 457(b) plan.

The number of participants in each of the Savings Plans (active and inactive) as of December 31, 2017 and 2016 is as follows:

	2017	2016
401(a)	2,283	2,969
403(b)	2,578	3,233
457(b)	610	692

Contributions: The 403(b) plan allows for employee elective deferrals to be made up to the limits allowed by the IRS. Effective April 2005, employer basic contribution increases in .5 percent increments for every five years of credited service. The initial base contribution is 2 percent for less than five years of service. Matching employer contributions were made at a rate equal to 100 percent of the elective deferral of each employee up to 2 percent for the year ended December 31, 2017. No matching employer contributions were made for the year ended December 31, 2016. Effective in 2006, the plan was amended to change the Hospital's funding to an annual basis, from pay period, and allows for confirmation of an employee's eligibility. Effective January 1, 2011, the Plan was amended to convert the matching contribution to a discretionary contribution, which would provide the employer the option of funding the matching contribution in whole or in part on an annual basis.

The 457(b) plan allows employee elective deferrals up to the annual limits allowed by the IRS. No employer contributions are made to this Plan.

The 401(a) plan was frozen effective December 31, 2003 and reactivated during 2007. During this period of time, the Hospital discontinued providing the Hospital basic contributions to the 403(b) plan and began funding these contributions to the 401(k) plan. The Hospital basic contribution percentage amounts are provided to participants according to their benefit service date. The participants' voluntary pre-tax deductions and the Hospital matching contributions continue to be funded to the 403(b) plan.

Note 8. Retirement and Benefit Plans (Continued)

The employer contribution percentages for the 401(a) plan by benefit service date are as follows:

	Contribution Percentage
Number of years:	
0 to 5	2.0%
6 to 10	2.5
11 to 15	3.0
16 to 20	3.5
21 to 25	4.0
Over 25	5.0

Employer expenses, net of forfeitures applied, for the Savings Plans totaled $2,583,884 and $2,661,036 for the years ended December 31, 2017 and 2016, respectively.

Participant's accounts: Participants in the Savings Plans have separate accounts for each of the Plans. Each participant's account is credited with the Hospital's contribution, if applicable, and Plan earnings. Allocation of the Hospital's contributions is based on Plan compensation. Compensation for Plan purposes is the employee's eligible annual compensation as specified in the plan document.

Vesting: The participant is 100 percent vested in Hospital contributions after the completion of five credited years of vesting service and upon death, disability or termination of the Savings Plans. Vesting status is not pro-rated for the other defined contribution plans. For this purpose, participants earn one year of vesting service for each year in which they work 1,000 hours or more. Any contributions made by participants for the Savings Plans, and earnings on those contributions, are 100 percent vested to the participants when made.

Withdrawals and distributions: Participants do not make contributions to the 401(a), but can make contributions to the 403(b) and 457(b) plan. The Hospital contributions may not be withdrawn. Withdrawals of participant contributions are limited to one per calendar year. No contributions may be made to the plan for a six-month period after a withdrawal, and during those six months the participant is ineligible to receive the Hospital's matching contributions.

Only hardship withdrawals are allowed for the 403(b) and 457(b) plans. VALIC determines if a participant is eligible for a hardship withdrawal based on IRS Section 457(d)(1)(A)(iii) of the Code.

Upon termination of employment for resignation, dismissal, retirement or death; the participant's contributions plus the vested portion of the Hospital's contributions, and the related earnings may be distributed to the participant or his/her designated beneficiary. In addition, the employee may remain in the Plans, request a rollover distribution, or a distribution in the form of a lump-sum or annuity provided by the Plan administrator.

Forfeitures: Basic and matching deposits in the account of a participant who separates from service prior to becoming vested are forfeited and used to reduce Hospital contributions.

If a participant returns to service within five years, the dollar amount forfeited is restored to his or her account.

Note 8. Retirement and Benefit Plans (Continued)

During the years ended December 31, 2017 and 2016, the Savings Plans used the following amounts in forfeitures to offset employer contributions and related custodial fees:

	2017	2016
401(a) savings plan	$ 177,208	$ 287,772
403(b) savings plan	3,648	246,925
	$ 180,856	$ 534,697

Deferred compensation and executive benefits: The Hospital previously provided a supplemental executive retirement plan (SERP) as well as a deferred compensation plan to certain key employees. The SERP plan was terminated during 2005. As of December 31, 2017, assets and liabilities associated with the deferred compensation plan were none and $821,721, respectively. As of December 31, 2016, assets and liabilities associated with the deferred compensation plan were none and $1,701,142, respectively. The unfunded status of the plan will be paid from operations. These amounts are included in noncurrent liabilities in the accompanying basic financial statements.

Note 9. Other Postemployment Benefits (OPEB)

Plan description and funding policy: The Hospital sponsors a postretirement medical plan that provides post-termination medical insurance coverage for the participant and the participant's spouse of health insurance through age 65, then lifetime Medicare supplement insurance. The employees eligible under this policy are key employees as designated by the Hospital's Board of Directors who terminate employment at or after age 62 with at least 10 years of service. Prior to the participants' age 65, the coverage shall be insured coverage providing a level of benefits reasonably comparable to the standard medical coverage the Hospital provides to all full-time employees. Commencing at the participant's age 65, the coverage shall be provided in the form of an insured Medicare Supplement Policy providing the level of coverage determined by the Hospital in its sole discretion.

The Hospital shall pay 50 percent or 100 percent of the premiums for the coverage under this plan for the participant and the participant's spouse depending on the ages of both of the covered individuals with a gross premium cap of $1,000 per month per individual. The required contribution is based on projected pay-as-you-go financing requirements. For the years ended December 31, 2017 and 2016, the Hospital contributed $19,074 and $21,804, respectively, to the plan.

Annual OPEB cost and net OPEB obligation: The Hospital's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Note 9. Other Postemployment Benefits (OPEB) (Continued)

The following table shows the components of the Hospital's annual OPEB cost for the years ended December 31, 2017 and 2016, the amount actuarially contributed to the plan, and changes in the Hospital's annual OPEB obligation:

	2017	2016
Annual required contribution	$ (838)	$ (2,797)
Interest on net OPEB obligation	74,355	72,548
Annual OPEB cost	73,517	69,751
Contributions made and other	(84,875)	(197,578)
(Decrease) in net OPEB obligation	(11,358)	(127,827)
Net OPEB obligation, beginning of year	1,685,868	1,813,695
Net OPEB obligation, end of year	$ 1,674,510	$ 1,685,868

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for fiscal years 2017, 2016 and 2015 is as follows:

	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal years ended December 31:			
2017	$ 73,517	25.9%	$ 1,674,510
2016	69,751	31.3	1,685,868
2015	195,989	16.0	1,813,695

Funded status and funding progress: Postemployment benefit obligations under GASB Statement No. 45 utilizing, the most recent actuarial valuation date, are as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
December 31, 2016	$ -	$ 1,354,480	$ 1,354,480	$ -

Actuarial methods and assumptions: The actuarial calculations are performed in accordance with the Projected Unit Credit Actuarial Cost Method as allowed under GASB Statement No. 45. The excess of the AAL over the actuarial value of plan assets is the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over a maximum of 30 years in level dollar amounts on an open period amortization basis. The sum of the normal cost and the amortization of the unfunded actuarial accrued liability is the annual required contribution, which with interest at the valuation date, determines the annual OPEB cost.

Economic cost assumptions: The rate at which projected cash flows are to be discounted is 4 percent based on estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits.

Note 9. Other Postemployment Benefits (OPEB) (Continued)

Actuarial calculations reflect a long-term perspective that involves estimates of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Note 10. Self-Insurance, Commitments and Contingent Liabilities

Self-insurance for health insurance: The Hospital is self-insured for its employee health insurance plan. The self-insured claims are processed through a Plan Administrator. In 2017 and 2016, the Hospital had stop-loss insurance coverage for claims in excess of $300,000 per individual per plan year and an unlimited lifetime maximum coverage per individual. The following is a summary of estimated claims liability for the years ended December 31, 2017 and 2016. The Hospital has recorded a current liability for open claims and claims incurred but not reported.

	2017	2016
Balance, beginning	$ 1,199,933	$ 1,135,330
Claims expense and change in accrual	10,018,294	10,865,238
Claims payment, net	(9,454,919)	(10,800,635)
Balance, ending	$ 1,763,308	$ 1,199,933

Self-insurance for worker's compensation insurance: The Hospital is self-insured for worker's compensation. The self-insured claims are processed through a Plan Administrator. The Hospital has purchased stop-loss insurance coverage for claims in excess of $550,000 per occurrence through December 2016 and $700,000 per occurrence with a $50,000 aggregate corridor starting in January 2017 and forward. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred as well as an estimate for claims which have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The following is a summary of estimated claims liability for the years ended December 31, 2017 and 2016. The Hospital has recorded a current liability for open claims and claims incurred but not reported which is included in other accrued expenses.

	2017	2016
Balance, beginning	$ 2,219,901	$ 2,828,404
Claims expense and change in accrual	3,281,533	1,103,460
Claims payment	(1,176,289)	(1,711,963)
Balance, ending	$ 4,325,145	$ 2,219,901

Professional liability insurance: During 1976, the State of Louisiana enacted legislation that created a statutory limit of $500,000 plus interest, costs and future medical expenses for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The constitutionality of the statutory limit has been tested and sustained to date although additional challenges may be made in the future. The Hospital participates in the State Insurance Fund, which provides up to $400,000 coverage for settlement amounts in excess of $100,000 per claim. The Hospital is self-insured with respect to the first $100,000 of each claim and has purchased additional coverage through a claims-made policy with a commercial insurance carrier for losses on claims in excess of $500,000 for claims made on or prior to December 31, 2003 and $1,000,000 for claims made subsequent to December 31, 2003.

Note 10. Self-Insurance, Commitments and Contingent Liabilities (Continued)

The following is a summary of estimated claims liability for the years ended December 31, 2017 and 2016. The Hospital has recorded the liability in estimated self-insurance reserves, which is a noncurrent liability on the accompanying statements of net position.

	2017	2016
Balance, beginning	$ 5,408,470	$ 4,873,334
Claims expense and change in accrual	(1,254,328)	975,136
Claims payment	(359,000)	(440,000)
Balance, ending	$ 3,795,142	$ 5,408,470

Other self-insurance programs: The Hospital is self-insured for general liability and vehicle liability. The self-insured claims are processed through a Plan Administrator. The following is a summary of estimated claims liability for the years ended December 31, 2017 and 2016. The Hospital has recorded the liability in estimated self-insurance reserves, which is a noncurrent liability on the accompanying statements of net position.

	2017	2016
Balance, beginning	$ 912,728	$ 1,075,052
Claims expense and change in accrual	405,430	274,221
Claims payment	(376,988)	(436,545)
Balance, ending	$ 941,170	$ 912,728

The amounts recorded by the Hospital for self-insurance for worker's compensation insurance, professional liability insurance, and other-self insurance programs are actuarially determined and represent the discounted present value of the liabilities using a 4 percent discount rate. The total undiscounted liability as of December 31, 2017 and 2016 was approximately $10,090,000 and $9,575,000, respectively.

Laws and regulations: The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Organization is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Organization's financial position.

The Organization has been named as a defendant in various legal actions arising from normal business activities in which damages in various amounts are claimed. The amount of ultimate liability, if any, with respect to such matters cannot be determined, but management believes that any such liability would not have a material effect on the Organization's financial position.

Note 10. Self-Insurance, Commitments and Contingent Liabilities (Continued)

CMS RAC Program: Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program. The RAC's identified and corrected a significant amount of improper overpayments and/or underpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The Organization has been subject to such audits and will continue to be subject to additional audits in the future. The Organization has accrued an estimated liability, which is included in the allowance for contractual adjustments, which is a reduction of patient receivables, as of December 31, 2017 and 2016. The allowance is based on the number of RAC audit requests, the Organization's historical defense rate and the analysis and reviews of management. It is reasonably possible that the recorded estimates will change materially in the near term.

Lease commitments: The Organization leases property and various equipment under leases that expire at various dates through 2034.

As of December 31, 2017, the total minimum rental commitment under operating lease agreements is approximately $17,733,000 and is due as follows:

Years ending December 31:	
2018	$ 3,570,000
2019	1,868,000
2020	1,565,000
2021	1,498,000
2022	1,397,000
2023-2027	3,580,000
2028-2032	3,349,000
2033-2034	1,321,000
	$ 18,148,000

Total rent expense for the above leases for the years ended December 31, 2017 and 2016 was approximately $4,564,000 and $4,519,000, respectively.

Professional services commitments: The Organization has agreements for the outsourcing of its information technology department, for laboratory services, for food services and other miscellaneous items. These agreements expire at various times through 2023.

As of December 31, 2017, the total minimum commitment under these agreements is approximately due as follows:

Years ending December 31:	
2018	$ 32,568,000
2019	32,741,000
2020	18,457,000
2021	4,406,000
2022	4,450,000
2023	1,488,000
	$ 94,110,000

Note 10. Self-Insurance, Commitments and Contingent Liabilities (Continued)

Total expense for the above agreements for the years ended December 31, 2017 and 2016 was approximately $34,019,000 and $34,496,000, respectively.

In addition to the professional commitments above, the Hospital has an agreement for outsourcing and the management of its entire revenue cycle department for which payments are made based on a certain percentage of collections through June 2021. The Hospital has an option to terminate the agreement after June 2019.

Note 11. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2017 and 2016 was as follows:

	2017	2016
Medicare	48.1%	52.3%
Medicaid	12.4	11.7
Managed care	16.4	13.7
Other third-party payors	19.6	17.4
Patients	3.5	4.9
	100.0%	100.0%

Note 12. Other Assets

Other assets as of December 31, 2017 and 2016 consist of the following:

	2017	2016
Investment in East Jefferson Ambulatory Surgery Center, LLC	$ 559,629	$ 677,727
Goodwill	5,612,125	5,807,958
Other	692,983	741,012
	$ 6,864,737	$ 7,226,697

Note 13. Pending Governmental Accounting Standards Board (GASB) Pronouncements

The GASB has issued several Statements not yet implemented by the Organization. The Statements which may impact the Organization are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the Organization beginning with its fiscal year ending December 31, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the Organization beginning with its fiscal year ending December 31, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.

GASB Statement No. 84, *Fiduciary Activities*, issued in January 2017, will be effective for the Organization beginning with its fiscal year ending December 31, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund on the basic financial statements.

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the Organization beginning with its fiscal year ending December 31, 2018. Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the Organization beginning with its fiscal year ending December 31, 2018. The primary objective of Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Note 13. Pending Governmental Accounting Standards Board (GASB) Pronouncements (Continued)

GASB Statement No. 87, *Leases,* issued June 2017, will be effective for the Organization beginning with its fiscal year ending December 31, 2020 with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the Organization must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement,* issued March 2018, will be effective for the Organization beginning with its fiscal year ending December 31, 2019 with earlier adoption encouraged. Statement No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. This statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledges as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowings and direct placements of debt from other debt.

The Organization's management has not yet determined the effect these Statements will have on the Organization's financial statements.

Note 14. Upper Payment Limit Programs and Low Income and Needy Care Collaboration

The Hospital receives supplemental Medicaid payments, also known as Upper Payment Limit (UPL) payments, for inpatient and outpatient services through intergovernmental transfers in accordance with specific state statues subject to federal regulations and approval. Under one of the UPL agreements the Hospital received supplemental payments for services provided by physicians in recognition for providing services to Medicaid patients. Under a separate UPL agreement the Hospital entered into a cooperative endeavor agreement with other health care providers for the purpose of ensuring adequate healthcare services are available for underserved, non-rural populations. During the year ended December 31, 2017, total revenues and expenses recognized by the Hospital and EJPG related to these UPL agreements was approximately $10,426,000 and $1,416,000, respectively. During the year ended December 31, 2016, total revenues and expenses recognized by the Hospital and EJPG related to these UPL agreements was approximately $8,381,000 and $752,000, respectively. These receipts and payments are recorded as other operating revenues and expenses in the statements of revenue, expenses and changes in net position.

In April 2011, the Hospital and other health care providers formed a collaboration to help fund a program to ensure the availability of quality healthcare services for the low income and needy population to reduce the costs of health care. For the years ended December 31, 2017 and 2016, the Hospital made payments into the program and incurred approximately $26,500,000 and $19,650,000 of other operating expenses, respectively.

Supplementary Information

East Jefferson General Hospital

Required Supplementary Information
Schedule of Net Pension Liability, Retirement Plans

Fiscal Year-End	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Employee Payroll	Net Pension Liability (Asset) as a % of Covered Payroll
2017	**$ 80,727,671**	**$ 49,942,792**	**$ 30,784,879**	**61.9%**	**$ 24,032,433**	**128.1%**
2016	80,409,888	45,183,153	35,226,735	56.2	26,891,161	131.0
2015	79,729,403	43,921,902	35,807,501	55.1	33,150,184	108.0
2014	74,758,328	45,637,344	29,120,984	61.0	35,666,374	81.6
2013	73,504,221	43,877,027	29,627,194	59.7	40,725,802	72.7

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Hospital will present information for those years for which information is available.

East Jefferson General Hospital

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios, Retirement Plans

	Year Ended December 31,			
	2017	2016	2015	2014
Total pension liability:				
Service cost	**$ -**	$ -	$ -	$ -
Interest on total pension liability and other	**5,462,102**	5,426,562	5,456,932	5,372,794
Effect of plan changes	**-**	-	-	-
Effect of economic/demographic gains or (losses)	**(386,811)**	(395,081)	(347,572)	(384,755)
Effect of assumption changes or inputs	**-**	-	3,858,000	-
Benefit payments	**(4,757,508)**	(4,350,996)	(3,996,285)	(3,733,932)
Net change in total pension liability	**317,783**	680,485	4,971,075	1,254,107
Total pension liability:				
Beginning	**80,409,888**	79,729,403	74,758,328	73,504,221
Ending (a)	**$ 80,727,671**	$ 80,409,888	$ 79,729,403	$ 74,758,328
Plan fiduciary net position:				
Employer contributions	**$ 2,801,979**	$ 2,815,274	$ 2,499,752	$ 2,506,300
Investment income (loss), net of investment expenses	**6,773,739**	2,848,966	(162,396)	3,051,945
Benefit payments	**(4,757,508)**	(4,350,996)	(3,998,468)	(3,733,932)
Administrative expenses	**(58,571)**	(51,993)	(54,330)	(63,996)
Net change in plan fiduciary net position	**4,759,639**	1,261,251	(1,715,442)	1,760,317
Plan fiduciary net position:				
Beginning	**45,183,153**	43,921,902	45,637,344	43,877,027
Ending (b)	**$ 49,942,792**	$ 45,183,153	$ 43,921,902	$ 45,637,344
EJGH's net pension liability, ending = (a) - (b)	**$ 30,784,879**	$ 35,226,735	$ 35,807,501	$ 29,120,984
Plan fiduciary net position as a % of total pension liability	**61.87%**	56.19%	55.09%	61.05%
Covered payroll	**$ 24,032,433**	$ 26,891,161	$ 33,150,184	$ 35,666,374
EJGH's net pension liability as a % of covered payroll	**128.10%**	131.00%	108.02%	81.65%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Hospital will present information for those years for which information is available.

East Jefferson General Hospital

Required Supplementary Information
Schedule of Employer Contributions, Retirement Plans
Last Ten Years

Fiscal Years Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2017	**$ 2,801,979**	**$ 2,801,979**	**$ -**	**$ 26,891,161**	**10.42%**
2016	2,815,274	2,815,274	-	33,150,184	8.49
2015	2,462,649	2,499,752	(37,103)	35,666,374	7.01
2014	2,506,300	2,506,300	-	40,725,802	6.15
2013	2,792,819	2,792,819	-	44,841,780	6.23
2012	3,046,895	3,046,895	-	46,621,480	6.54
2011	2,581,804	2,581,804	-	52,622,311	4.91
2010	2,554,536	2,554,536	-	57,757,738	4.42
2009	1,851,102	1,851,102	-	61,093,503	3.03
2008	1,413,042	1,413,042	-	67,011,684	2.11

Note: The employer contribution for the year ended December 31, 2017 was made subsequent to December 31, 2017.

East Jefferson General Hospital

Required Supplementary Information
Schedule of Investment Returns, Retirement Plans
Year Ended December 31, 2017

Years ended December 31:	Net Money-Weighted Rate of Return
2017	**15.78%**
2016	6.78
2015	(0.33)
2014	6.94

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Hospital will present information for those years for which information is available.

Note 1. Factors that Significantly Affect Trends in Amounts Reported

For the periods presented, there were no changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or changes of assumptions which significantly affect trends in the amounts reported.

In 2017, the discount rate for the defined benefit retirement plan remained at 7.0 percent.

Note 2. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, 2017, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.3 percent for the 2015 and 2016 valuation increasing to 2.8 percent in 2027
Salary increases	N/A as a frozen plan
Investment rate of return	7.0 percent per annum, compounded annually, net of investment expenses
Mortality	RP 2000 system table for males and females, with floating Scale AA projections to valuation year plus 15 years for employee mortality and to valuation year plus 7 years for annuitant mortality

East Jefferson General Hospital

Required Supplementary Information
Schedule of Funding Progress, Other Postemployment Benefit Plan

Fiscal Year-End	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2017	**12/31/2016**	**$ -**	**$ 1,354,480**	**$ 1,354,480**	**- %**	**$ 3,570,599**	**38%**
2016	12/31/2016	-	1,354,480	1,354,480	-	3,500,587	37
2015	12/31/2013	-	2,088,673	2,088,673	-	2,859,098	73
2014	12/31/2013	-	2,012,863	2,012,863	-	2,859,098	70

Note: Fiscal year 2007 was the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of December 31, 2016. Additional information follows:

1. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
2. There are no plan assets.
3. Economic assumptions are discount rate of 4.0 percent.
4. The amortization method is open period, level dollar.

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2017

	EJGH	EJRO, LLC	EJPG, LLC
Assets and Deferred Outflows			
Current assets:			
Cash and cash equivalents	$ 5,709,333	$ (9,924)	$ (270,467)
Short-term investments	74,695,064	-	-
Receivables:			
Patients, net	39,238,514	130,494	228,263
Other	2,560,922	-	111,932
Assets limited as to use, current portion	42,767,242	-	-
Inventories	9,423,810	-	-
Prepaid expenses	10,147,517	67,227	167,861
Estimated third-party payor settlements	218,762	-	-
Total current assets	184,761,164	187,797	237,589
Noncurrent assets:			
Assets limited as to use:			
Under bond indenture	33,660,266	-	-
Under CEA with service district hospitals	9,106,976	-	-
Restricted by donor	-	-	-
Other	250,000	-	-
Board-designated for strategic initiatives and for endowment	22,547,187	-	-
	65,564,429	-	-
Less portion required for current liabilities	42,767,242	-	-
	22,797,187	-	-
Capital assets	182,281,567	210,692	12,196
Investment in equity interests and associated companies and other	11,976,052	-	4,915,707
Total noncurrent assets	217,054,806	210,692	4,927,903
Total assets	$ 401,815,970	$ 398,489	$ 5,165,492

EJPN, LLC	AHS, Inc.	Foundation	Eliminations	Combined
$ 84,331	$ 1,868,796	$ 207,389	$ -	$ 7,589,458
-	-	1,001,722	-	75,696,786
-	-	-	-	39,597,271
117,077	1,142,345	30,704	(62,520)	3,900,460
-	-	-	-	42,767,242
-	461,881	-	-	9,885,691
-	48,615	-	-	10,431,220
-	-	-	-	218,762
201,408	3,521,637	1,239,815	(62,520)	190,086,890
-	-	-	-	33,660,266
-	-	-	-	9,106,976
-	-	1,858,442	-	1,858,442
-	-	-	-	250,000
-	-	2,321,422	-	24,868,609
-	-	4,179,864	-	69,744,293
-	-	-	-	42,767,242
-	-	4,179,864	-	26,977,051
-	1,944,935	-	-	184,449,390
-	-	195,988	(10,223,010)	6,864,737
-	1,944,935	4,375,852	(10,223,010)	218,291,178
$ 201,408	$ 5,466,572	$ 5,615,667	$ (10,285,530)	$ 408,378,068

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2017

	EJGH	EJRO, LLC	EJPG, LLC
Liabilities, Deferred Inflows and Net Position			
Current liabilities:			
Current maturities of long-term debt	$ 140,130,952	$ -	$ -
Accounts payable	19,451,638	259,442	79,120
Accrued expenses:			
Salaries and wages	2,063,002	-	242,558
Paid leave	2,685,805	-	-
Health insurance claims	1,763,308	-	-
Interest	4,228,441	-	-
Due to service district hospitals under CEA	9,106,976	-	-
Other	14,249,595	-	-
Total current liabilities	193,679,717	259,442	321,678
Noncurrent liabilities:			
Deferred compensation and executive benefits	821,721	-	-
Postemployment benefits	1,674,510	-	-
Estimated self-insurance reserves	4,736,312	-	-
Net pension liability, less current portion	28,304,769	-	-
Other accrued expenses	922,928	-	-
Total noncurrent liabilities	36,460,240	-	-
Total liabilities	230,139,957	259,442	321,678
Deferred inflows related to pension	1,560,611	-	-
Net position:			
Net investment in capital assets	42,150,615	210,692	12,196
Restricted:			
Expendable	43,017,242	-	-
Nonexpendable	-	-	-
Unrestricted	84,947,545	(71,645)	4,831,618
Total net position	170,115,402	139,047	4,843,814
	$ 401,815,970	$ 398,489	$ 5,165,492

EJPN, LLC	AHS, Inc.	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ -	$ 140,130,952
-	190,260	13,228	(62,520)	19,931,168
-	-	-	-	2,305,560
-	-	-	-	2,685,805
-	-	-	-	1,763,308
-	-	-	-	4,228,441
-	-	-	-	9,106,976
-	68,667	-	-	14,318,262
-	258,927	13,228	(62,520)	194,470,472
-	-	-	-	821,721
-	-	-	-	1,674,510
-	-	-	-	4,736,312
-	-	-	-	28,304,769
-	-	-	-	922,928
-	-	-	-	36,460,240
-	258,927	13,228	(62,520)	230,930,712
-	-	-	-	1,560,611
-	1,944,935	-	-	44,318,438
-	-	1,508,053	-	44,525,295
-	-	350,389	10,063	360,452
201,408	3,262,710	3,743,997	(10,233,073)	86,682,560
201,408	5,207,645	5,602,439	(10,223,010)	175,886,745
$ 201,408	$ 5,466,572	$ 5,615,667	$ (10,285,530)	$ 408,378,068

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2016

	EJGH	EJRO, LLC	EJPG, LLC
Assets and Deferred Outflows			
Current assets:			
Cash and cash equivalents	$ 7,088,582	$ (6,392)	$ (31,830)
Short-term investments	73,674,845	-	-
Receivables:			
Patients, net	47,080,864	149,532	420,866
Other	4,134,374	-	230,079
Assets limited as to use, current portion	7,637,234	-	-
Inventories	9,929,772	-	-
Prepaid expenses	11,337,847	66,259	140,383
Estimated third-party payor settlements	1,693,413	-	-
Total current assets	162,576,931	209,399	759,498
Noncurrent assets:			
Assets limited as to use:			
Under bond indenture	42,426,367	-	-
Restricted by donor	-	-	-
Other	250,000	-	-
Board-designated for strategic initiatives and for endowment	22,547,062	-	-
	65,223,429	-	-
Less portion required for current liabilities	7,637,234	-	-
	57,586,195	-	-
Capital assets	198,211,997	341,811	43,602
Investment in equity interests and associated companies and other	13,133,178	-	5,252,784
Total noncurrent assets	268,931,370	341,811	5,296,386
Total assets	431,508,301	551,210	6,055,884
Deferred outflows related to pension	2,158,650	-	-
	$ 433,666,951	$ 551,210	$ 6,055,884

	EJPN, LLC	AHS, Inc.	Foundation	Eliminations	Combined
	$ 84,176	$ 2,102,310	$ 768,726	$ -	$ 10,005,572
	-	-	474,115	-	74,148,960
	-	-	-	-	47,651,262
	117,077	950,048	60,155	(49,544)	5,442,189
	-	-	-	-	7,637,234
	-	530,156	-	-	10,459,928
	-	67,909	-	-	11,612,398
	-	-	-	-	1,693,413
	201,253	3,650,423	1,302,996	(49,544)	168,650,956
	-	-	-	-	42,426,367
	-	-	2,339,736	-	2,339,736
	-	-	-	-	250,000
	-	-	1,757,666	-	24,304,728
	-	-	4,097,402	-	69,320,831
	-	-	-	-	7,637,234
	-	-	4,097,402	-	61,683,597
	-	2,258,125	-	-	200,855,535
	-	-	200,677	(11,359,942)	7,226,697
	-	2,258,125	4,298,079	(11,359,942)	269,765,829
	201,253	5,908,548	5,601,075	(11,409,486)	438,416,785
	-	-	-	-	2,158,650
	$ 201,253	$ 5,908,548	$ 5,601,075	$ (11,409,486)	$ 440,575,435

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2016

	EJGH	EJRO, LLC	EJPG, LLC
Liabilities, Deferred Inflows and Net Position			
Current liabilities:			
Current maturities of long-term debt	$ 3,557,355	$ -	$ -
Accounts payable	23,271,477	317,936	60,402
Accrued expenses:			
Salaries and wages	1,798,436	-	404,000
Paid leave	2,531,410	-	-
Health insurance claims	1,199,933	-	-
Interest	4,612,234	-	-
Other	9,191,782	-	-
Total current liabilities	46,162,627	317,936	464,402
Noncurrent liabilities:			
Deferred compensation and executive benefits	1,701,142	-	-
Postemployment benefits	1,685,868	-	-
Estimated self-insurance reserves	6,321,198	-	-
Net pension liability, less current portion	32,424,756	-	-
Long-term debt, less current maturities	148,829,774	-	-
Other accrued expenses	758,887	-	-
Total noncurrent liabilities	191,721,625	-	-
Total liabilities	237,884,252	317,936	464,402
Deferred inflows related to pension	68,568	-	-
Net position:			
Net investment in capital assets	45,824,868	341,811	43,602
Restricted:			
Expendable	42,676,367	-	-
Nonexpendable	-	-	-
Unrestricted	107,212,896	(108,537)	5,547,880
Total net position	195,714,131	233,274	5,591,482
	$ 433,666,951	$ 551,210	$ 6,055,884

EJPN, LLC	AHS, Inc.	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ -	$ 3,557,355
-	358,759	153,288	(49,544)	24,112,318
-	-	-	-	2,202,436
-	-	-	-	2,531,410
-	-	-	-	1,199,933
-	-	-	-	4,612,234
-	71,570	-	-	9,263,352
-	430,329	153,288	(49,544)	47,479,038
-	-	-	-	1,701,142
-	-	-	-	1,685,868
-	-	-	-	6,321,198
-	-	-	-	32,424,756
-	-	-	-	148,829,774
-	-	-	-	758,887
-	-	-	-	191,721,625
-	430,329	153,288	(49,544)	239,200,663
-	-	-	-	68,568
-	2,258,125	-	-	48,468,406
-	-	1,989,347	-	44,665,714
-	-	350,389	10,055	360,444
201,253	3,220,094	3,108,051	(11,369,997)	107,811,640
201,253	5,478,219	5,447,787	(11,359,942)	201,306,204
$ 201,253	$ 5,908,548	$ 5,601,075	$ (11,409,486)	$ 440,575,435

East Jefferson General Hospital

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2017

	EJGH	EJRO, LLC	EJPG, LLC
Operating revenue:			
Net patient service revenue	$ 313,324,308	$ 2,559,580	$ 3,446,894
Other operating revenue	18,083,843	-	374,109
Rental income from leases	5,042,547	-	-
Total operating revenue	336,450,698	2,559,580	3,821,003
Operating expenses:			
Salaries, wages and benefits	118,169,922	389,827	4,707,281
Purchased services and other	163,722,191	2,891,174	1,835,814
Supplies	47,001,712	385,698	132,276
Depreciation and amortization	21,875,714	131,119	368,483
Interest	8,833,639	-	-
Total operating expenses	359,603,178	3,797,818	7,043,854
Income (loss) from operations	(23,152,480)	(1,238,238)	(3,222,851)
Nonoperating revenue (expenses):			
Investment earnings	1,349,786	-	(3,206)
Gain on disposal of capital assets	87,554	-	-
Grant and other revenues (expenses)	111,697	-	-
Contributions received (given)	754,617	-	-
Equity in net income (loss) of component units and associated companies	(4,474,591)	-	-
	(2,170,937)	-	(3,206)
Excess of revenue over (under) expenses before capital contribution (distribution) and transfers	(25,323,417)	(1,238,238)	(3,226,057)
Capital contribution (distribution)	-	1,144,011	2,478,389
Transfers to Jefferson Parish	(275,312)	-	-
Change in net position	(25,598,729)	(94,227)	(747,668)
Net position:			
Beginning	195,714,131	233,274	5,591,482
Ending	$ 170,115,402	$ 139,047	$ 4,843,814

EJPN, LLC	AHS, Inc.	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ -	$ 319,330,782
-	3,596,666	770,176	(783,804)	22,040,990
-	-	-	(232,800)	4,809,747
-	3,596,666	770,176	(1,016,604)	346,181,519
-	1,883,558	-	-	125,150,588
-	653,322	711,803	(1,016,604)	168,797,700
-	993,250	-	-	48,512,936
-	341,207	-	-	22,716,523
-	-	-	-	8,833,639
-	3,871,337	711,803	(1,016,604)	374,011,386
-	(274,671)	58,373	-	(27,829,867)
155	4,097	611,354	-	1,962,186
-	-	-	-	87,554
-	-	-	-	111,697
-	-	(515,075)	-	239,542
-	-	-	4,759,332	284,741
155	4,097	96,279	4,759,332	2,685,720
155	(270,574)	154,652	4,759,332	(25,144,147)
-	-	-	(3,622,400)	-
-	-	-	-	(275,312)
155	(270,574)	154,652	1,136,932	(25,419,459)
201,253	5,478,219	5,447,787	(11,359,942)	201,306,204
$ 201,408	$ 5,207,645	$ 5,602,439	$ (10,223,010)	$ 175,886,745

East Jefferson General Hospital

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2016

	EJGH	EJRO, LLC	EJPG, LLC
Operating revenue:			
Net patient service revenue	$ 323,781,807	$ 2,631,570	$ 3,168,855
Other operating revenue	19,384,573	-	808,209
Rental income from leases	4,431,588	-	-
Total operating revenue	347,597,968	2,631,570	3,977,064
Operating expenses:			
Salaries, wages and benefits	127,119,327	452,341	4,354,020
Purchased services and other	151,744,933	2,927,338	1,706,474
Supplies	46,157,990	367,006	63,226
Depreciation and amortization	25,375,593	59,534	384,453
Interest	9,129,595	-	-
Total operating expenses	359,527,438	3,806,219	6,508,173
Income (loss) from operations	(11,929,470)	(1,174,649)	(2,531,109)
Nonoperating revenue (expenses):			
Investment earnings	1,964,426	-	3,868
Gain on disposal of capital assets	41,390	-	-
Grant and other revenues (expenses)	(22,521)	-	-
Contributions received (given)	595,189	-	-
Equity in net income (loss) of component units and associated companies	(3,194,591)	-	-
	(616,107)	-	3,868
Excess of revenue over (under) expenses before capital contribution (distribution) and transfers	(12,545,577)	(1,174,649)	(2,527,241)
Capital contribution (distribution)	-	1,190,135	2,574,556
Transfers to Jefferson Parish	(397,969)	-	-
Change in net position	(12,943,546)	15,486	47,315
Net position:			
Beginning	208,657,677	217,788	5,544,167
Ending	$ 195,714,131	$ 233,274	$ 5,591,482

EJPN, LLC	AHS, Inc.	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ -	$ 329,582,232
-	4,318,720	887,362	(862,789)	24,536,075
-	-	-	(232,800)	4,198,788
-	4,318,720	887,362	(1,095,589)	358,317,095
-	2,217,584	-	-	134,143,272
-	677,765	614,901	(1,095,589)	156,575,822
-	1,399,226	-	-	47,987,448
-	387,255	-	-	26,206,835
-	-	-	-	9,129,595
-	4,681,830	614,901	(1,095,589)	374,042,972
-	(363,110)	272,461	-	(15,725,877)
182	2,224	305,796	-	2,276,496
-	-	-	-	41,390
-	-	-	-	(22,521)
-	-	(554,550)	-	40,639
-	-	-	4,005,809	811,218
182	2,224	(248,754)	4,005,809	3,147,222
182	(360,886)	23,707	4,005,809	(12,578,655)
-	-	-	(3,764,691)	-
-	-	-	-	(397,969)
182	(360,886)	23,707	241,118	(12,976,624)
201,071	5,839,105	5,424,080	(11,601,060)	214,282,828
$ 201,253	$ 5,478,219	$ 5,447,787	$ (11,359,942)	$ 201,306,204

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information (Hospital Only)
Years Ended December 31, 2017 and 2016

	2017		
	Inpatient	**Outpatient**	**Total**
Gross Patient Service Revenue, Summary by Department			
Routine care services:			
Medical and surgical	$ 79,110,400	$ 20,118,657	$ 99,229,057
Intensive care	20,646,752	34,475	20,681,227
Coronary care	6,329,189	2,979	6,332,168
Psychiatric care	-	650,796	650,796
Nursery	7,843,588	-	7,843,588
Rehabilitation	3,012,136	-	3,012,136
Skilled nursing facility	8,027,226	-	8,027,226
	124,969,291	20,806,907	145,776,198
Ancillary services:			
Ambulance	3,936,583	17,504,425	21,441,008
Anesthesiology	13,035,440	14,836,422	27,871,862
Blood bank	11,751,948	4,945,750	16,697,698
Cardiology	40,472,306	78,576,819	119,049,125
Central supply	187,744	22,725	210,469
Dialysis	3,551,152	254,174	3,805,326
Electroencephalography	235,674	161,766	397,440
Emergency services	23,823,129	51,766,412	75,589,541
Endoscopy	2,217,491	6,916,370	9,133,861
Labor and delivery	7,291,346	949,793	8,241,139
Laboratory	36,244,829	46,254,292	82,499,121
Magnetic resonance imaging	3,728,257	11,043,249	14,771,506
Operating and recovery	95,174,290	86,735,872	181,910,162
Pharmacy and IV solution	70,964,444	132,113,632	203,078,076
Physical therapy	16,739,200	7,412,648	24,151,848
Physician network revenue	1,421	7,709,204	7,710,625
Radiation therapy	860,198	28,275,379	29,135,577
Radiology	42,493,883	116,173,896	158,667,779
Respiratory care	77,456,509	11,102,544	88,559,053
Wound care center	54,146	10,259,118	10,313,264
Wellness center	-	12,604	12,604
	450,219,990	633,027,094	1,083,247,084
	$ 575,189,281	$ 653,834,001	1,229,023,282
Less charity care			358,540
Gross patient service revenue			1,228,664,742
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs			893,412,864
Less provision for bad debts			21,927,570
Net patient service revenue			$ 313,324,308

2016		
Inpatient	Outpatient	Total
$ 54,958,815	$ 18,240,280	$ 73,199,095
16,335,900	7,564	16,343,464
5,549,079	1,585	5,550,664
-	893,362	893,362
7,702,595	-	7,702,595
2,712,703	-	2,712,703
5,572,321	-	5,572,321
92,831,413	19,142,791	111,974,204
3,560,691	16,910,161	20,470,852
13,389,177	15,010,228	28,399,405
12,858,245	5,219,372	18,077,617
35,715,753	77,388,908	113,104,661
192,992	39,009	232,001
3,729,430	384,598	4,114,028
150,812	143,313	294,125
23,221,307	57,827,841	81,049,148
2,058,673	6,086,730	8,145,403
7,670,248	782,345	8,452,593
35,359,086	45,621,949	80,981,035
2,676,500	7,975,426	10,651,926
92,837,394	86,516,037	179,353,431
80,398,903	122,292,266	202,691,169
15,478,823	6,416,596	21,895,419
3,061	7,768,262	7,771,323
657,001	24,037,725	24,694,726
38,545,546	99,639,896	138,185,442
68,018,461	10,908,746	78,927,207
23,229	6,173,523	6,196,752
-	-	-
436,545,332	597,142,931	1,033,688,263
$ 529,376,745	$ 616,285,722	1,145,662,467
		565,309
		1,145,097,158
		805,173,659
		16,141,692
		$ 323,781,807

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information (Hospital Only)
Years Ended December 31, 2017 and 2016

	2017	2016
Other Operating Revenue		
Cafeteria	$ 1,543,120	$ 1,654,306
Educational fees	35,880	23,536
Special meals	721,066	801,481
Vending machines	179,193	290,206
LTAC services	372,054	599,907
Wellness center membership fees	2,289,153	2,421,287
Elder advantage fees	250	1,149
EMS dispatch fees	4,326	6,133
TM pharmacy	1,569,558	2,622,315
Upper Payment Limit (UPL) programs	10,426,446	7,899,243
EHR incentive programs	220,406	795,776
Miscellaneous	722,391	2,269,234
	$ 18,083,843	$ 19,384,573

	2017	2016
Provision for Discounts, Allowances and Estimated Contractual Adjustments under Third-Party Reimbursement Programs		
Medicare contractual adjustments	$ 578,175,789	$ 520,940,957
Medicaid contractual adjustments	92,681,048	64,718,690
Managed care discounts	222,556,027	219,514,012
	$ 893,412,864	$ 805,173,659

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information (Hospital Only)
Years Ended December 31, 2017 and 2016

	2017			
	Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
Departmental Expenses				
Routine services:				
Medical and surgical	$ 20,881,412	$ 1,824,803	$ 1,836,610	$ 24,542,825
Intensive care	3,896,041	74,435	335,427	4,305,903
Coronary care	1,511,218	2,280	110,280	1,623,778
Psychiatric care	707	2,955	6,770	10,432
Nursery	2,003,189	220,661	107,512	2,331,362
Nursing administration	564,339	8,761	24,825	597,925
Rehabilitation	1,128,869	71,992	53,700	1,254,561
Skilled nursing facility	2,340,279	11,935	150,174	2,502,388
	32,326,054	2,217,822	2,625,298	37,169,174
Ancillary services:				
Ambulance	4,517,528	190,356	507,697	5,215,581
Anesthesiology	35,259	24,090	734,516	793,865
Blood bank	-	51,107	834,719	885,826
Cardiology	3,276,243	394,402	7,356,838	11,027,483
Central supply	565,648	312,885	(154,148)	724,385
Dialysis	-	740,259	6,089	746,348
Electroencephalography	56,418	500	1,842	58,760
Emergency services	5,133,123	681,565	619,663	6,434,351
Endoscopy	467,682	66,595	360,814	895,091
Labor and delivery	1,339,394	45,025	195,621	1,580,040
Laboratory	-	10,409,708	328,281	10,737,989
Magnetic resonance imaging	427,261	163,667	32,406	623,334
Operating and recovery	8,500,145	2,736,959	25,202,300	36,439,404
Occupational Medicine & Wellness Center	907,818	400,467	53,907	1,362,192
Pharmacy and IV solution	3,541,194	32,553,612	37,864	36,132,670
Physical therapy	2,693,487	2,272,440	82,347	5,048,274
Radiation therapy	1,176,395	1,642,559	77,882	2,896,836
Radiology	5,666,457	2,753,952	3,995,952	12,416,361
Respiratory care	3,404,947	62,373	548,359	4,015,679
Wound care center	157,329	1,543,167	20,459	1,720,955
	$ 41,866,328	$ 57,045,688	$ 40,843,408	$ 139,755,424

2016			
Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
$ 21,416,526	$ 2,314,719	$ 1,653,719	$ 25,384,964
3,781,358	216,001	309,711	4,307,070
1,507,600	12,262	106,228	1,626,090
-	5,003	10,369	15,372
2,177,505	298,635	104,466	2,580,606
791,946	15,528	62,759	870,233
1,223,638	3,971	59,382	1,286,991
2,658,862	166,851	167,665	2,993,378
33,557,435	3,032,970	2,474,299	39,064,704
4,422,466	311,881	460,579	5,194,926
60,024	10,247	831,153	901,424
-	20,398	1,081,030	1,101,428
3,321,589	392,808	7,816,802	11,531,199
583,775	255,343	(483,743)	355,375
-	864,316	7,653	871,969
53,681	300	3,570	57,551
5,333,781	255,050	602,623	6,191,454
513,836	119,579	404,509	1,037,924
1,468,725	43,595	218,598	1,730,918
-	10,915,722	422,574	11,338,296
445,768	108,643	30,241	584,652
8,519,296	2,585,882	23,728,662	34,833,840
981,119	512,634	71,928	1,565,681
3,832,598	31,211,351	59,926	35,103,875
145,174	5,033,699	121,222	5,300,095
1,085,658	1,715,206	61,585	2,862,449
5,951,647	2,783,255	3,765,961	12,500,863
3,469,788	89,081	545,142	4,104,011
145,090	1,519,752	21,516	1,686,358
$ 40,334,015	$ 58,748,742	$ 39,771,531	$ 138,854,288

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information (Hospital Only) (Continued)
Years Ended December 31, 2017 and 2016

	2017			
	Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
Departmental Expenses				
General services:				
Dietary and cafeteria	$ 1,953,132	$ 97,153	$ 1,864,382	$ 3,914,667
Housekeeping	-	4,101,069	504,203	4,605,272
Laundry	-	657,627	414,657	1,072,284
Plant engineering and security	2,713,492	4,493,153	348,452	7,555,097
Utilities	-	4,420,099	-	4,420,099
	4,666,624	13,769,101	3,131,694	21,567,419
Fiscal and administrative services:				
Accounting	403,898	38,920	7,035	449,853
Administration	9,596,078	12,473,463	66,693	22,136,234
Information systems	367,858	22,347,206	71,095	22,786,159
Education	4,076	56,347	3,948	64,371
Employee benefits	21,959,656	22,271	(234)	21,981,693
Insurance	-	5,844,781	-	5,844,781
Medical records	-	476,581	8,343	484,924
Miscellaneous	-	29,621,503	-	29,621,503
Patient accounts	229,126	14,128,601	4,768	14,362,495
Personnel	1,796,521	65,903	3,559	1,865,983
Physician's network	3,652,877	1,202,658	63,814	4,919,349
Printing and duplication	48,733	517,762	159,177	725,672
Professional fees	-	2,251,099	-	2,251,099
Public relations	694,262	1,488,477	(125)	2,182,614
Purchasing	251,605	168,264	2,537	422,406
Telephone service	198,208	-	91	198,299
Volunteer services	108,018	(14,256)	10,611	104,373
	39,310,916	90,689,580	401,312	130,401,808
Total	$ 118,169,922	$ 163,722,191	$ 47,001,712	$ 328,893,825

2016			
Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
$ 2,087,413	$ 142,643	$ 2,096,773	$ 4,326,829
11,375	4,089,260	519,602	4,620,237
-	686,591	428,795	1,115,386
2,644,944	4,573,386	400,502	7,618,832
-	4,815,941	-	4,815,941
4,743,732	14,307,821	3,445,672	22,497,225
504,079	12,914	8,758	525,751
12,167,531	13,566,490	54,650	25,788,671
406,828	22,546,950	105,968	23,059,746
49,911	46,734	1,289	97,934
26,058,984	15,000	-	26,073,984
-	4,990,656	-	4,990,656
1,020,934	866,043	10,283	1,897,260
-	21,692,564	-	21,692,564
1,256,975	5,865,002	7,223	7,129,200
1,943,928	108,014	7,981	2,059,923
3,664,634	1,005,509	78,009	4,748,152
47,898	221,879	172,646	442,423
-	2,357,545	-	2,357,545
729,699	2,151,936	8,618	2,890,253
313,216	192,029	2,216	507,461
216,752	360	117	217,229
102,776	15,775	8,730	127,281
48,484,145	75,655,400	466,488	124,606,033
$ 127,119,327	$ 151,744,933	$ 46,157,990	$ 325,022,250

East Jefferson General Hospital

Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer
Chief Executive Officer Name: Gerald Parton
Year Ended December 31, 2017

Purpose:		
Salary	$	371,538
Benefits, retirement		10,800
Deferred compensation		60,000
Car allowance		7,710
Travel		10,876
Housing		10,500
Other		4,184
	$	475,608

East Jefferson General Hospital

Hospital Statistics
Years Ended December 31, 2017 and 2016

	(Unaudited)	
	2017	2016
Total admissions	**15,792**	15,981
Inpatient admissions, excluding nursery and specialty units	**14,782**	14,693
Nursery, newborn and neonatal	**1,010**	1,288
Total patient days of service	**76,757**	78,132
Inpatients, excluding nursery and specialty units	**74,459**	75,175
Nursery, newborn	**2,298**	2,957
Special care units days of service, included in inpatient days of service above:		
Psychiatric unit	**3,863**	3,663
Rehabilitation unit	**4,207**	4,562
Skilled nursing facility unit	**10,256**	11,043
Average daily census	**210.3**	213.5
Inpatients, excluding nursery and specialty units	**204.0**	205.4
Nursery, newborn	**6.3**	8.1
Percentage of occupancy, inpatients, excluding nursery	**50.1%**	48.4%
Medicare percentage of total patient days	**69.4%**	69.4%
Average length of stay (days):		
Inpatients, excluding nursery	**4.2**	4.3
Nursery, newborn and neonatal	**2.3**	2.3
Psychiatric unit	**15.0**	14.2
Rehabilitation unit	**13.4**	13.3
Skilled nursing facility unit	**10.7**	10.3

East Jefferson General Hospital

Hospital Statistics
Years Ended December 31, 2017 and 2016

	(Unaudited)	
	2017	2016
Ambulance transports	**22,354**	21,237
Anesthesiology case hours	**25,942**	26,500
Blood bank units of service	**66,892**	77,914
Cardiology, noninvasive procedures	**70,052**	72,210
Deliveries, newborn	**1,097**	1,358
EEG tests	**497**	533
Emergency room visits	**50,248**	50,121
Endoscopy procedures	**3,280**	3,597
Laboratory units of service	**937,509**	1,026,467
Surgical hours	**20,230**	20,426
Open heart operations	**192**	213
Physical therapy relative value units	**55,594**	87,543
Recovery room hours	**12,769**	13,435
Respiratory care units of service	**167,903**	123,414
Radiology:		
Diagnostic exams	**74,956**	74,895
CT scans	**32,274**	32,180
Nuclear medicine exams	**5,615**	6,049
Ultrasonic procedures	**17,611**	17,530
Special procedures	**3,957**	3,261
MRI procedures	**7,108**	6,694
Full-time equivalent employees	**1,602**	1,741

RSM

Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Independent Auditor's Report

Board of Directors
East Jefferson General Hospital

We have audited, in accordance with the 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, the financial statements of East Jefferson General Hospital (Organization), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 29, 2018. We did not audit East Jefferson Ambulatory Surgery Center, LLC and the Pension Trust Fund statements of East Jefferson General Hospital for the year ended December 31, 2017. Those financial statements were audited by other independent auditor's whose reports thereon have been furnished to us and, our opinion on the financial statements is based solely upon the reports of other independent auditors.

The financial statements of East Jefferson Ambulatory Surgery Center, LLC, East Jefferson Radiation Oncology, LLC, East Jefferson Physicians Group, LLC, East Jefferson Physician Network, LLC, Associated Hospital Services, Inc. and East Jefferson General Hospital Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses.

East Jefferson General Hospital's Response to the Finding

East Jefferson General Hospital's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. East Jefferson General Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Davenport, Iowa
June 29, 2018

LaPorte

A Professional Accounting Corporation

Metairie, Louisiana
June 29, 2018

East Jefferson General Hospital

Schedule of Findings and Responses
Year Ended December 31, 2017

I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

II – Financial Statement Findings

A. Internal Control

None reported.

B. Compliance

2017-001

Criteria: The Series 2011 Hospital Revenue and Refunding Bonds require the Organization to maintain a net income available for debt service coverage ratio of 120 percent of the maximum annual principal and interest payments due on the bonds.

Condition: The Organization did not meet the required ratio for the year ended December 31, 2017.

Context: Debt covenant that requires the Organization to maintain a net income available for debt service coverage ratio of 120 percent of the maximum annual principal and interest payments due on the bonds.

Effect: Noncompliance with bond covenants is an event of default because the Organization's debt service coverage was less than 100 percent for the year ended December 31, 2017.

Cause: The Organization's financial losses and declining operational results.

Recommendation: We recommend the Organization develop steps to be in compliance with its covenants.

Views of responsible officials and planned corrective actions: Management concurs with the finding. The Hospital continues to drive margin improvement initiatives both on the revenue opportunity and cost management side of hospital operations to achieve the required debt service coverage. This continues to be a major challenge. To support the Hospital into the future, the Board has entered into a Letter of Intent (LOI) and is actively negotiating a definitive agreement with a joint venture between HCA and the Tulane Educational Fund for a long term lease. Management supports this action as the solution to maintaining the Hospital's viability in the long term.

III – Schedule of Prior Year Audit Findings

None reported.

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors of East Jefferson General Hospital
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by East Jefferson General Hospital (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Organization's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Organization does not have any written policies and procedures), as applicable:

    a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

    b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

    c) Disbursements, including processing, reviewing, and approving.

    d) Receipts, including receiving, recording, and preparing deposits.

    e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

    f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

    g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Organization's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The Organization's written policies and procedures address all of the functions listed, with one exception since the debt service policy does not address debt issuance approval, debt reserve requirements, or debt services requirements.

Management's Response: Management relies on the bond indenture as a policy over debt service.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Organization's prior audit (GAAP-basis).

   - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The board of the Organization met at least monthly with a quorum. The minutes reference budget-to-actual comparisons of the General fund. There are no additional funds identified as major. Although the budget-to-actual comparisons show that the Organization had deficit spending during the fiscal period, the Organization did not have a fund balance deficit and therefore did not have a formal/written plan. The minutes included non-budgetary financial information.

Management's Response: Management reports monthly to the board regarding financial performance and improvement activity when there are deficits and when there are not, with a focus on trying to achieve budgeted targets.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the Organization's bank accounts (if five accounts or less) or one-third of the bank accounts on a 3-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

   a) Bank reconciliations have been prepared;

   b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

   c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We selected five bank accounts and obtained bank statements and reconciliations. For four of the bank accounts selected each of the criteria was met without exception. For one of the accounts selected there was no bank reconciliation prepared and therefore an exception to 4a and 4b were noted and criteria 4c was not applicable.

Management's Response: Management will review all bank reconciliations monthly to ensure they have been reconciled.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the Organization's cash collection locations (if five locations or less) or one-third of the collection locations on a 3-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

   a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

   b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Organization has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

   c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

      - Using Organization collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

      - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We selected 5 collection locations for testing. Each person responsible for collecting cash is bonded. Duties were segregated per the policy and each person responsible for cash are not required to share the same cash register or drawer with another employee. The Organization has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. For each week selected in procedure 6c, all deposits were deposited the same or next day except for one location in which eight of the 386 total deposits during the week were deposited between two and twelve days after the collection date.

Management's Response: Management will implement procedures to ensure that deposits are made within one day of collection.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the Organization has a process specifically defined (identified as such by the Organization) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: The Organization has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of Organization disbursements from management or, alternately, obtain the general ledger and sort/filter for Organization disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained from management a disbursements listing and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Organization had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

    a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

    b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

    c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We selected 25 disbursements. For 13 of the 25 disbursements selected, there was no requisition/purchase order issued and therefore exceptions to each of the criteria were noted. For each of these exceptions the Organization does not require the issuance of purchase orders as a matter of policy and approval occurs when invoices are processed and paid. For the remaining 12 selections we noted no exceptions in steps 4a and 4c. However, although the requisition/purchase order system requires separation of initiation and approval functions, there was no audit trail or other evidence within the system that provided evidence of the individuals who initiated and approved each purchase order.

Management's response: Management will review the performance gap and initiate a process of correction.

10. Using Organization documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Organization's purchasing/disbursement system.

Results: The Organization's documentation did not state the person responsible for processing payments is prohibited from adding vendors to the Organization's purchasing/disbursement system.

Management's Response: Management will update the policy to include the person responsible for processing payments is prohibited from adding vendors to the Organization's purchasing/disbursement system.

11. Using Organization documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating and recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Organization documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: No exceptions were identified as a result of these procedures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No exceptions were identified as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Organization has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: For each of the ten cards selected there was evidence that the monthly statement and supporting documentation, if included, was reviewed and approved, in writing, by someone other than the authorized card holder. Finance charges and/or late fees were assessed on the statements of eight of the ten cards selected.

Management's Response: Management will assess processes to eliminate paying late finance charges and late fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

➢ An original itemized receipt (i.e., identifies precisely what was purchased).

➢ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

➢ Other documentation that may be required by written policy (e.g., purchase order, written authorization).

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Organization's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

c) For each transaction, compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the one active credit card selected, no exceptions were noted as a result of these procedures.

Procedure 16a and 16 c - For the nine fuel cards selected for testing, there were no itemized receipts or documentation of the business/public purpose of each individual charge. However, the Organization's policy does not require the cardholders to submit itemized receipts as the Organization utilizes Fuelman Fleetcards. The monthly statements which are reviewed and approved provide all the same information as the original receipt so that management can track and monitor fuel expenses.

Procedure 16 b – no exceptions were identified as a result of these procedures.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained from management the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing is complete.

18. Obtain the Organization's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: We obtained the Organization's written policies related to travel and expense reimbursement. No amounts that exceed GSA rates were noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

    a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Organization does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

    b) Report whether each expense is supported by:

        - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
        - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
        - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

    c) Compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

    d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: For each of the three people tested and the largest travel expense for each, no exceptions to procedure 19a and 19c were identified, each expense was supported by an original itemized receipt, documentation of the business/public purpose, and other documentation required by written policy. Each expense along with its' related documentation was reviewed and approved in writing by someone other than the person selected.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the general ledger is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

   a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

   b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

      - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Organization complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

      - If no, obtain supporting contract documentation and report whether the Organization solicited quotes as a best practice.

   c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

   d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

   e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: For the five contracts selected, a formal written contract supports the arrangement and the amounts paid. One of the five contracts was not subject to Louisiana Public Bid Law or Procurement Code but the Organization solicited quotes as a best practice. Four of the five contracts selected were subject to public bid law and complied with all requirements thereof. Each of the largest payments from each contract had invoices and related payments which complied with the terms and conditions of the contract. The entity's contract approval policy does not require the board to approve all contracts.

Two of the five contracts selected were amended. For one of the two contracts, there were three amendments to the original agreement which extended the term of the contract, increased pricing discounts by approximately 2 percent or less, based upon the payment category, and other non-financial changes to the contract terms. Only the extension of the contract term was explicitly contemplated in the original contract. For the other amended contract, there were nineteen amendments in total to the original contract, none of which were explicitly contemplated in the original contract. The scope of the amendments included non-financial terms such as the specifics of the products and services provided. The fifth amendment of the original agreement increased the price of information technology services by $25,800 per month for the term of the agreement and the eleventh amendment decreased the monthly price of information technology services by $166,666 for 7 months and increased it by $83,333 for 12 months.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

    a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

    b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the five employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure and changes made to hourly pay rates/salaries were approved in writing in accordance with the Organization's written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Organization had less than 25 employees during the fiscal period), and:

    a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

    c) Report whether there is written documentation that the Organization maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. All employees selected documented their daily attendance and leave in an electronic system maintained by the Organization. The vacation and sick leave for each employee selected, if applicable, was approved electronically or in writing. For procedure 23c, we noted the Organization maintained electronic leave records on those employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. The two largest termination payments made during the fiscal period were made in strict accordance with policy and were approved by management.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We obtained supporting documentation relating to bi-weekly payroll taxes and retirement contributions during the fiscal period. The employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the Organization maintained documentation to demonstrate that required ethics training was completed.

Results: For the five employees selected, the Organization maintained documentation to demonstrate that required ethics training was completed, if applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Organization during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the Organization’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: We inquired of management whether any alleged ethics violations were reported to the Organization during the fiscal period. Management has received no such allegations.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the Organization, and report whether State Bond Commission approval was obtained.

Results: This procedure is not applicable to the Organization as no debt was issued during the fiscal period.

29. If the Organization had outstanding debt during the fiscal period, obtain supporting documentation from the Organization and report whether the Organization made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: The Organization made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

30. If the Organization had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10 percent during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: The Organization had no tax millages relating to debt service in the fiscal year.

Other

31. Inquire of management whether the Organization had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Organization reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Organization is domiciled.

Results: We inquired of management whether the Organization had any misappropriations of public funds or assets. Management reported the Organization has not had any misappropriations of public funds or assets.

32. Observe and report whether the Organization has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The Organization has posted on its premises and website the notice required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: See exceptions identified and the nature of each exception above.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

RSM US LLP

Davenport, Iowa
June 29, 2018

LaPorte

A Professional Accounting Corporation

Metairie, Louisiana
June 29, 2018