

**EAST JEFFERSON GENERAL HOSPITAL  
RETIREMENT AND SAVINGS PLANS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**



**CRI** CARR  
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**East Jefferson General Hospital Retirement and Savings Plans**  
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**December 31, 2019**

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**Report**



**Carr, Riggs & Ingram, LLC**  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 837-9116  
(504) 837-0123 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
East Jefferson General Hospital  
Metairie, Louisiana

We have audited the accompanying financial statements of the East Jefferson General Hospital Retirement and Savings Plans (the Plans), which comprise the statements of fiduciary net position as of December 31, 2019 and 2018, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Plans' 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 Plans' 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the East Jefferson General Hospital Retirement and Savings Plans at December 31, 2019 and 2018, and the changes in fiduciary net position for the years then ended in conformity 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 other required supplementary information, as listed in the table of contents, 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 Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plans' basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Combining Financial Statements and Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate 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, the Combining Financial Statements and Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 6, 2020 on our consideration of the East Jefferson General Hospital Retirement and Savings Plans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control over financial reporting and compliance.

*Caru, Riggs & Ingram, L.L.C.*

May 6, 2020



**Required Supplementary  
Information (Part I)**

## **East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis**

The Management's Discussion and Analysis (MD&A) on the financial performance of East Jefferson General Hospital's Retirement and Savings Plans (the Plans) provides an overview of the Defined Contribution and Defined Benefit Plans' financial activities for the fiscal years ended December 31, 2019 and 2018. Please read this section in conjunction with the financial statements, which begin on page 13, and the combining financial statements which begin on page 33.

### **FINANCIAL HIGHLIGHTS**

The following highlights are explained in greater detail later in this discussion.

#### ***Defined Benefit Retirement Plan – Financial Highlights for the Year Ended December 31, 2019***

- The net position held in trust for the Defined Benefit Retirement Plan increased by \$6,575,512 during the 2019 fiscal year and totaled \$51,714,254 as of December 31, 2019.
- Retirement benefits paid during 2019 increased \$271,829 to total \$5,216,764.
- Employer contributions to the Plan increased \$457,503 during 2019 to total \$2,937,614.
- Net appreciation/(depreciation) in the fair market value of investments was \$7,856,272 compared to (\$3,135,375) for the prior fiscal year.
- Investment advisory and custodial fees decreased \$5,608 to total \$203,814.

#### ***Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2019***

- The aggregate net position held in trust for the Defined Contribution Savings Plans increased by \$19,624,058 during the 2019 fiscal year and totaled \$187,140,295 as of December 31, 2019.
- Net appreciation/(depreciation) in fair market value of investments was \$20,675,857 compared to (\$21,887,614) for the prior fiscal year.
- Total contributions to the Savings Plans decreased by \$4,064,801 to total \$6,084,579 for the year ended December 31, 2019.
- Total withdrawals increased \$2,448,262 during 2019 bringing the total to \$18,678,331.

#### ***Defined Benefit Retirement Plan – Financial Highlights for the Year Ended December 31, 2018***

- The net position held in trust for the Defined Benefit Retirement Plan decreased by \$4,804,050 during the 2018 fiscal year and totaled \$45,138,742 as of December 31, 2018.
- Retirement benefits paid during 2018 increased \$187,427 to total \$4,944,935.



## **East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis**

- Employer contributions to the Plan decreased \$321,868 during 2018 to total \$2,480,111.
- Net (depreciation)/appreciation in the fair market value of investments was (\$3,135,375) compared to \$6,053,695 for the prior fiscal year.
- Investment advisory and custodial fees decreased \$13,207 to total \$209,422.

### ***Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2018***

- The aggregate net position held in trust for the Defined Contribution Savings Plans decreased by \$14,399,068 during the 2018 fiscal year and totaled \$167,516,237 as of December 31, 2018.
- Net (depreciation)/appreciation in fair market value of investments was (\$21,877,614) compared to \$15,303,555 for the prior fiscal year.
- Total contributions to the Savings Plans increased by \$1,183,289 to total \$10,149,390 for the year ended December 31, 2018.
- Total withdrawals increased \$1,638,305 during 2018 bringing the total to \$16,230,069.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Plans' basic financial statements include the following:

1. Statements of fiduciary net position,
2. Statements of changes in fiduciary net position, and
3. Notes to the financial statements.

The statements of fiduciary net position report the Plans' assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the Plans as of December 31, 2019 and 2018.

The statements of changes in fiduciary net position available for benefits report the results of the Plans' operations during the years disclosing the additions to and deductions from the net position. It supports the change that has occurred to the prior year's net position value on the statements of fiduciary net position.

The notes to the financial statements provide additional information and insight that are essential to gaining a full understanding of the data provided in the statements of fiduciary net position and statements of changes in the fiduciary net position.

The notes to the statements are followed by required supplementary information that further explains and supports the information in the financial statements.

## **East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis**

### ***CHANGES TO THE DEFINED BENEFIT PENSION PLAN***

The Defined Benefit Plan Statement of Overall Investment Policy and Guidelines was revised in October 2012, and the Board of Directors approved the revised Investment Policy for the Qualified Defined Benefit Plan in November 2012. The plan revision changed the maximum and minimum allocation range for the each plan asset category as stated below. No plan revisions occurred during the years ended December 31, 2019 and 2018.

<u>Asset Category</u>	<u>Minimum</u>	<u>Policy Target</u>	<u>Maximum</u>
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	0%	0%	0%

Pursuant to an IRS determination letter dated March 22, 2012, the Board of Directors approved an amendment to the Retirement (Pension) Plan. The amendment was approved in April of 2012, and clarifies certain language in the Plan to meet the requirements of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and maintain qualified status.

For 2020, the recommended contribution was \$2,651,344, \$28,270 less than the 2019 recommended contribution of \$2,937,614. This amount was computed assuming the payment is made on July 1, 2020.

For 2019, the recommended contribution was \$2,937,614, \$457,503 more than the 2018 recommended contribution of \$2,480,111. This amount was computed assuming the payment is made on July 1, 2019.

### **FINANCIAL ANALYSIS – RETIREMENT PLAN**

#### ***Defined Benefit Retirement Plan - 2019 and 2018***

The net position held in trust for the Defined Benefit Retirement Plan increased by \$6,575,512 during the 2019 fiscal year and totaled \$51,714,254 as of December 31, 2019. The increase is attributed primarily to the \$7,856,272 fair market value appreciation of plan investments in 2019.

## East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis

### Retirement Plan Net Position Held in Trust for Pension Benefits

	2019	2018	Difference	%
				Difference
Cash equivalents	\$ 532,475	\$ 1,170,022	\$ (637,467)	-54.5%
Investments	51,167,259	43,917,634	7,249,625	16.5%
Receivables	130,721	163,901	(33,180)	-20.2%
Total Assets	<u>51,830,455</u>	<u>45,251,557</u>	<u>6,578,898</u>	14.5%
Total Liabilities	<u>116,201</u>	<u>112,815</u>	<u>3,386</u>	3.0%
Net Position	<u>\$ 51,714,254</u>	<u>\$ 45,138,742</u>	<u>\$ 6,575,512</u>	14.6%

The primary investment advisor, UBS Financial Services Inc., monitors and reports regularly on the performance of the sub-advisors specializing in: Large Cap Equity Value, Small Cap Equity Value, International Equity/Fixed, Fixed Income/Intermediate Term Bonds, and Real Estate. During 2019, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net appreciation of \$7,856,272. UBS Financial, Inc. has calculated the rate of return for the plan year ended December 31, 2019 at 20.32%. This is a increase of 25.41% compared to the -5.09% rate of return reported in 2018; it is -1.79% less than the Plan's 2019 policy index (derived from 35% S&P Index 500, 32% Barclay's Aggregate, 17% MSCI Gross EAFE, 10% Russell 2500, and 6% NAREIT).

Employer contributions to the Plan increased \$457,503 to total \$2,937,614 in 2019. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2019 Plan Year Actuarial Valuation performed by Milliman. The comparative increase in the required contribution is attributable to the increase in plan participants in pay status from 1,033 to 1,080, and the valuation interest rate remaining at 7.0%. The actuarial valuation for the plan year beginning January 1, 2020 recommends a \$2,651,344 contribution to the Pension Trust Fund.

### Retirement Plan Changes in Net Position Held in Trust for Pension Benefits

	2019	2018	Difference	%
				Difference
<b>Additions:</b>				
Contributions	\$ 2,937,614	\$ 2,480,111	\$ 457,503	18.4%
Investment Income	9,125,026	(2,071,184)	11,196,210	540.6%
Less: Advisory fees	(203,814)	(209,422)	5,608	2.7%
Total Additions	<u>11,858,826</u>	<u>199,505</u>	<u>11,659,321</u>	5844.1%
<b>Deductions:</b>				
Benefits	5,216,764	4,944,935	271,829	5.5%
Administrative expenses	66,550	58,620	7,930	13.5%
Changes in Net Position	<u>6,575,512</u>	<u>(4,804,050)</u>	<u>11,379,562</u>	236.9%
Net Position, Beginning of Year	<u>45,138,742</u>	<u>49,942,792</u>	<u>(804,050)</u>	1.8%
Net Position, End of Year	<u>\$ 51,714,254</u>	<u>\$ 45,138,742</u>	<u>\$ 10,575,512</u>	25.71%

## East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis

The Schedule of Employer Contributions (on page 30) presents historical trend information about the actuarially determined employer contributions and the contributions made in relation to these amounts. The Schedules of Net Pension Liability (page 28), Changes in Net Pension Liability and Related Ratios (page 29), and Schedule of Investment Returns (page 31) provide information that contributes to understanding the changes over time in the net pension liability and investment returns of the Plan.

### **Defined Benefit Retirement Plan - 2018 and 2017**

The net position held in trust for the Defined Benefit Retirement Plan decreased by \$4,804,050 during the 2018 fiscal year and totaled \$45,138,742 as of December 31, 2018. The decrease is attributed primarily to the \$3,135,375 fair market value depreciation of plan investments in 2018.

<b>Retirement Plan</b>				
<b>Net Position Held in Trust for Pension Benefits</b>				
	2018	2017	Difference	%
	<u>2018</u>	<u>2017</u>	<u>Difference</u>	<u>Difference</u>
Cash equivalents	\$ 1,170,022	\$ 567,040	\$ 602,982	106.3%
Investments	43,917,634	46,568,986	(2,651,352)	-5.7%
Receivables	163,901	2,869,107	(2,705,206)	-94.3%
Total Assets	<u>45,251,557</u>	<u>50,005,133</u>	<u>(4,753,576)</u>	-9.5%
Total Liabilities	<u>112,815</u>	<u>62,341</u>	<u>50,474</u>	80.9%
Net Position	<u>\$ 45,138,742</u>	<u>\$ 49,942,792</u>	<u>\$ (4,804,050)</u>	-9.6%

The primary investment advisor, UBS Financial Services Inc., monitors and reports regularly on the performance of the sub-advisors specializing in: Large Cap Equity Value, Small Cap Equity Value, International Equity/Fixed, Fixed Income/Intermediate Term Bonds, and Real Estate. During 2019, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net depreciation of \$3,135,375. UBS Financial, Inc. has calculated the rate of return for the plan year ended December 31, 2019 at -5.09%. This is a decrease of 20.74% compared to the 15.65% rate of return reported in 2018; it is 0.24% higher than the Plan's 2019 policy index (derived from 35% S&P Index 500, 32% Barclay's Aggregate, 17% MSCI Gross EAFE, 10% Russell 2500, and 6% NAREIT).

Employer contributions to the Plan decreased \$321,868 to total \$2,480,111 in 2019. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2019 Plan Year Actuarial Valuation performed by Milliman. The comparative decrease in the required contribution is attributable to the decrease in plan participants to 3,098, from 3,123 in 2017, and the valuation interest rate remaining at 7.0%. The actuarial valuation for the plan year beginning January 1, 2019 recommends a \$3,087,765 contribution to the Pension Trust Fund.

## East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis

### Retirement Plan Changes in Net Position Held in Trust for Pension Benefits

	<u>2018</u>	<u>2017</u>	<u>Difference</u>	<u>% Difference</u>
<b>Additions:</b>				
Contributions	\$ 2,480,111	\$ 2,801,979	\$ (321,868)	-11.5%
Investment Income	(2,071,184)	6,996,368	(9,067,552)	-129.6%
Less: Advisory fees	<u>(209,422)</u>	<u>(222,629)</u>	<u>13,207</u>	5.9%
Total Additions	199,505	9,575,718	(9,376,212)	-97.9%
<b>Deductions:</b>				
Benefits	4,944,935	4,757,508	187,427	3.9%
Administrative expenses	<u>58,620</u>	<u>58,571</u>	<u>49</u>	0.0%
Changes in Net Position	<u>(4,804,505)</u>	<u>4,759,639</u>	<u>(9,563,689)</u>	-200.9%
Net Position, Beginning of Year	<u>49,942,792</u>	<u>45,183,153</u>	<u>4,759,639</u>	10.5%
Net Position, End of Year	<u>\$ 45,138,742</u>	<u>\$ 49,942,792</u>	<u>\$ (4,804,050)</u>	-9.6%

The Schedule of Employer Contributions (on page 30) presents historical trend information about the actuarially determined employer contributions and the contributions made in relation to these amounts. The Schedules of Net Pension Liability (page 28), Changes in Net Pension Liability and Related Ratios (page 29), and Schedule of Investment Returns (page 31) provide information that contributes to understanding the changes over time in the net pension liability and investment returns of the Plan.

## East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis

### FINANCIAL ANALYSIS – SAVINGS PLANS

#### *Defined Contribution Savings Plans - 2019 and 2018*

The net position held in trust for the combined Savings Plan administered by East Jefferson General Hospital increased by \$19,624,058 during the 2019 fiscal year. Net appreciation in fair value of investments of \$20,675,857 was the main factor behind the increase in net position. Combined investment gain, net of investment advisory fees, totaled \$32,217,810 in 2019. Total withdrawals and benefits paid were \$18,678,331 for the year.

	<b>2019</b>	<b>2018</b>	<b>Difference</b>	<b>% Difference</b>
Cash equivalents	\$ <b>675,850</b>	\$ 1,137,218	\$ (461,368)	(40.6%)
Investments	<b>186,464,445</b>	162,883,755	23,580,690	14.5%
Receivables	-	3,495,264	(3,495,264)	(100.0%)
Total Assets	<u><b>187,140,295</b></u>	<u>167,516,237</u>	<u>19,624,058</u>	11.7%
Plan Net Assets	<u><b>\$ 187,140,295</b></u>	<u>\$ 167,516,237</u>	<u>\$ 19,624,058</u>	11.7%

Total contributions to the Savings Plans decreased by \$4,064,801 to total \$6,084,579. Employer contributions decreased \$3,212,097 and team member contributions decreased \$33,937, investment income increased \$40,538,256, when compared to 2018. Rollover contributions decreased \$818,767 when compared to 2018.

<b>Savings Plans</b>				
<b>Changes in Plan Net Assets Available for Benefits</b>				
	<b>2019</b>	<b>2018</b>	<b>Difference</b>	<b>Difference</b>
<b>Additions:</b>				
Contributions	\$ <b>6,084,579</b>	\$ 10,149,380	\$ (4,064,801)	-40.0%
Investment Income	<b>32,294,475</b>	(8,243,781)	40,538,256	491.7%
Less: Fees	<u><b>(76,665)</b></u>	<u>(74,598)</u>	<u>(2,067)</u>	-2.8%
Total Additions	<u><b>38,302,389</b></u>	<u>1,831,001</u>	<u>36,471,388</u>	1991.9%
<b>Deductions:</b>				
Benefits	<u><b>18,678,331</b></u>	<u>16,230,069</u>	<u>2,448,262</u>	15.1%
Total Deductions	<u><b>18,678,331</b></u>	<u>16,230,069</u>	<u>2,448,262</u>	15.1%
Change in Plan Net Assets	<u><b>19,624,058</b></u>	<u>(14,399,068)</u>	<u>34,023,126</u>	236.3%
Plan Net Assets, Beg. of Year	<u><b>167,516,237</b></u>	<u>181,915,305</u>	<u>(14,399,068)</u>	(7.9%)
Plan Net Assets, End of Year	<u><b>\$ 187,140,295</b></u>	<u>\$ 167,516,237</u>	<u>\$ 19,624,058</u>	11.7%

## East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis

### **Defined Contribution Savings Plans - 2018 and 2017**

The net position held in trust for the combined Savings Plan administered by East Jefferson General Hospital decreased by \$14,399,068 during the 2018 fiscal year. Net depreciation in fair value of investments (\$21,887,614) was the main force behind the decrease in net position. Combined investment loss, net of investment advisory fees, totaled \$8,318,379 in 2018. Total withdrawals and benefits paid were \$16,230,069 for the year.

	2018	2017	Difference	% Difference
Cash equivalents	\$ 1,137,218	\$ 1,453,438	\$ (316,220)	(21.8%)
Investments	162,883,755	177,612,920	(14,729,165)	(8.3%)
Receivables	3,495,264	2,848,947	646,317	22.7%
Total Assets	<u>167,516,237</u>	<u>181,915,305</u>	<u>(14,399,068)</u>	(7.9%)
Plan Net Assets	<u>\$ 167,516,237</u>	<u>\$ 181,915,305</u>	<u>\$ (14,399,068)</u>	(7.9%)

Total contributions to the Savings Plans increased by \$1,183,289 to total \$10,149,380. Employer contributions increased \$363,150 and team member contributions increased \$368,116, investment income decreased \$33,010,745, when compared to 2017. Rollover contributions increased \$452,023 when compared to 2017.

### Savings Plans Changes in Plan Net Assets Available for Benefits

Additions:	2018	2017	Difference	% Difference
Contributions	\$ 10,149,380	\$ 8,966,091	\$ 1,183,289	13.2%
Investment Income	(8,243,781)	24,766,964	(33,010,745)	(133.3%)
Less: Fees	(74,598)	(82,072)	7,474	9.1%
Total Additions	<u>1,831,001</u>	<u>33,650,983</u>	<u>(31,819,982)</u>	95.5%
Deductions:				
Benefits	<u>16,230,069</u>	<u>14,591,764</u>	<u>1,638,305</u>	11.2%
Total Deductions	<u>16,230,069</u>	<u>14,591,764</u>	<u>1,638,305</u>	11.2%
Change in Plan Net Assets	<u>(14,399,068)</u>	<u>19,059,219</u>	<u>(33,458,287)</u>	(175.5%)
Plan Net Assets, Beg. of Year	<u>181,915,305</u>	<u>162,856,086</u>	<u>19,059,219</u>	11.7%
Plan Net Assets, End of Year	<u>\$ 167,516,237</u>	<u>\$ 181,915,305</u>	<u>\$ (14,399,068)</u>	(7.9%)

### **EAST JEFFERSON GENERAL HOSPITAL RETIREMENT AND SAVINGS PLANS AS A WHOLE**

During the year ended December 31, 2019, East Jefferson General Hospital's combined plan net position increased \$26,199,570 to total \$238,854,549. The observed increase in the Plan Assets is mainly attributable to positive returns on investments offset by the excess of distributions over contributions. Total for the defined benefit and defined contribution investment income was \$41,139,022 and the plans increased in distributions by \$2,720,091.

## **East Jefferson General Hospital Retirement and Savings Plans Management's Discussion and Analysis**

During the year ended December 31, 2018, East Jefferson General Hospital's combined plan net position decreased \$19,203,118 to total \$212,654,979. The observed decrease in the Plan Assets is mainly attributable to negative returns on investments and the excess of distributions over contributions. Total for the defined benefit and defined contribution investment income loss was \$10,598,985 and the plans increased in distributions by \$1,825,735.

### ***REQUESTS FOR INFORMATION***

Questions concerning any of the information provided or requests for additional financial information should be addressed to the Department of Accounting, (504) 454-4862 East Jefferson General Hospital, 4200 Houma Boulevard, Metairie, Louisiana 70006.





# Financial Statements

**East Jefferson General Hospital Retirement and Savings Plans  
Statements of Fiduciary Net Position**

<i>As of December 31,</i>	<b>2019</b>	2018
<b>ASSETS</b>		
Cash equivalents	\$ 1,208,325	\$ 2,307,240
Receivables:		
Accrued interest and dividends	76,444	77,704
Employer contributions receivable	-	3,495,264
Due from broker	54,277	86,197
<b>Total Receivables</b>	<b>130,721</b>	3,659,165
Investments:		
Debt securities	16,196,098	16,285,782
Mutual funds	192,553,786	160,144,707
Investment in partnerships	47,319	40,058
Group fixed unallocated annuity contract	28,834,501	30,330,842
<b>Total Investments</b>	<b>237,631,704</b>	206,801,389
<b>Total Assets</b>	<b>238,970,750</b>	212,767,794
<b>LIABILITIES</b>		
Accounts payable	57,905	50,736
Due to broker	58,296	62,079
<b>Total Liabilities</b>	<b>116,201</b>	112,815
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 238,854,549</b>	\$ 212,654,979

*The accompanying notes are an integral part of these financial statements.*

**East Jefferson General Hospital Retirement and Savings Plans  
Statements of Changes in Fiduciary Net Position**

<i>For the Year Ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>ADDITIONS:</b>		
Contributions:		
Members	\$ 6,019,404	\$ 6,053,341
Rollovers	65,175	883,942
Employer	2,937,614	5,692,208
<b>Total Contributions</b>	<b>9,022,193</b>	<b>12,629,491</b>
Investment income:		
Interest	609,509	633,542
Dividends	12,277,863	14,074,482
Net appreciation (depreciation) in fair value of investments	28,532,129	(25,022,989)
	<b>41,419,501</b>	<b>(10,314,965)</b>
Less:		
Investment advisory services	203,814	209,422
Custodial fees	76,665	74,598
<b>Net Investment Income (loss)</b>	<b>41,139,022</b>	<b>(10,598,985)</b>
<b>Total Additions</b>	<b>50,161,215</b>	<b>2,030,506</b>
<b>DEDUCTIONS:</b>		
Retirement benefits paid and savings plan withdrawals	23,895,095	21,175,004
Administrative expenses	66,550	58,620
<b>Total Deductions</b>	<b>23,961,645</b>	<b>21,233,624</b>
<b>NET INCREASE (DECREASE)</b>	<b>26,199,570</b>	<b>(19,203,118)</b>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>		
Beginning of year	212,654,979	231,858,097
End of year	\$ 238,854,549	\$ 212,654,979

*The accompanying notes are an integral part of these financial statements.*

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 1: DESCRIPTION OF THE PLANS

#### *General*

The East Jefferson General Hospital Retirement Plan and Savings Plans (the Plans) Committee is the administrator of a single-employer defined benefit retirement plan and hospital sponsored defined contribution savings plans. The Plans were established for the purpose of providing retirement benefits for substantially all employees of East Jefferson General Hospital (the Hospital).

#### *Defined Benefit Retirement Plan*

All full-time employees hired or re-hired prior to January 1, 2005 who are at least age 21 with at least one year of credited service are eligible to participate in the Defined Benefit Retirement Plan (the "Plan"). Plan benefits vest after 5 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 amount of accumulated benefits are under \$15,000. In these instances, the employer has the option to distribute benefits to the employee in a lump sum payment. The Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. The Plan also provides death benefits depending upon the payment option elected. This benefit provision and all other requirements are established by the Plan. In January 2005, a resolution was adopted to freeze the Defined Benefit Plan effective April 1, 2005. Non-vested employees hired prior to January 1, 2005 will continue to vest in the Plan, pending continual employment through the vesting date.

Membership in the Plan as of the last actuarial valuation consists of:

	<u>2019</u>	<u>2018</u>
Retirees and Beneficiaries receiving Benefits	<b>1,080</b>	1,033
Terminated employees entitled to benefits but not yet receiving them	<b>1,626</b>	1,686
Active Employees	<b>312</b>	344
<u>Total Participants</u>	<b><u>3,018</u></b>	<u>3,063</u>

#### *Pension Benefits*

The annual benefit at normal retirement will be equal to the benefit accrued through December 31, 1988 under the previous Plan formula plus, for each year after 1988, benefits accrued under a new formula. Under the formula, benefits accrued at 0.75% of participant's annual pay up to a designated "breakpoint" and at 0.5% of annual pay in excess of the breakpoint. Benefits ceased to accrue effective April 1, 2005 with the freezing of the 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.

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 1: DESCRIPTION OF THE PLANS (continued)

#### *Pension Benefits (continued)*

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.

#### *Death Benefits*

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*

The Plan's funding policy provides for actuarially determined periodic contributions.

The actuarially recommended contribution for the Plan years ended December 31, 2019 and 2018 is shown below.

Valuation Date Plan Year	<b>December 31, 2019</b>	December 31, 2018
Annual Contribution:		
As a dollar amount	<b>\$ 2,937,614</b>	\$ 2,480,111
As a percent of payroll	<b>14.17%</b>	10.76%
Participant Payroll	<b>\$ 20,731,885</b>	\$ 23,047,697

#### *Defined Contribution 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 one thousand hours of service are completed and who is at least twenty-one 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.

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 1: DESCRIPTION OF THE PLANS (continued)

#### *Defined Contribution Savings Plans (continued)*

The number of participants in each of the savings plans (active and inactive) as of December 31 is as follows:

	2019	2018
401(a)	2,145	2,229
403(b)	2,437	2,528
457(b)	631	614

#### **Contributions**

The 403(b) plan allows for employee elective deferrals to be made up to the limits allowed by the Internal Revenue Service (IRS). Effective April 2005, the employer basic contribution increases in 0.5% increments for every five years of credited service. The initial base contribution is 2% for less than five years of service. The matching employer contributions were not made for December 31, 2019. Matching employer contributions were made at a rate equal to 100% of the elective deferral of each employee up to 2% for the year ended December 31, 2018. Effective in 2006, the plan was amended to change the Hospital's funding to an annual basis, from pay period basis, 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(a) 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.

The employer contribution percentages for the 401(a) plan by Benefit Service Date are as follows:

Number of Years	Contribution %
0 to 5	2.0%
5+ to 10	2.5%
10+ to 15	3.0%
15+ to 20	3.5%
20+ to 25	4.0%
25+	5.0%

## **East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements**

### **NOTE 1: DESCRIPTION OF THE PLANS (continued)**

#### ***Participants' 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 one hundred 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 one thousand hours or more. Any contributions made by participants for the Savings Plans, and earnings on those contributions, are one hundred 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. 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, the third party administrator, 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.

**East Jefferson General Hospital Retirement and Saving Plans  
Notes to Financial Statements**

**NOTE 1: DESCRIPTION OF THE PLANS (continued)**

***Forfeitures (continued)***

During the years ended December 31, 2019 and 2018, the Plans used the following amounts in forfeitures to offset employer contributions and related custodial fees:

	2019	2018
401(a)	\$ 246,500	\$ 639,953
403(b)	-	516
	\$ 246,500	\$ 640,469

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations***

The financial statements are presented in accordance with standards established by the Governmental Accounting Standards Boards (GASB).

***Basis of Accounting***

The Plans' financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Employee and employer contributions are recorded in the period the related salaries are earned. Administrative expenses are funded from investment earnings. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

***Method Used to Value Investments***

The Plans' 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.

***Use of Estimates***

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.



## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Tax Status*

Both the Defined Benefit retirement plan and 401(a) 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 designed to meet the requirements of the Internal Revenue Code.

### NOTE 3: CASH EQUIVALENTS AND INVESTMENTS

Following are the components of the Plans' cash equivalents and investments at December 31, 2019 and 2018:

2019	Defined Benefit Retirement Plan	Savings Plans	Total
Cash equivalents	\$ 532,475	\$ 675,850	\$ 1,208,325
Investments	51,167,259	186,464,445	237,631,704
	<u>\$ 51,699,734</u>	<u>\$ 187,140,295</u>	<u>\$ 238,840,029</u>
2018	Defined Benefit Retirement Plan	Savings Plans	Total
Cash equivalents	\$ 1,170,022	\$ 1,137,218	\$ 2,307,240
Investments	43,917,634	162,883,755	206,801,389
	<u>\$ 45,087,656</u>	<u>\$ 164,020,973</u>	<u>\$ 209,108,629</u>

#### *Cash Equivalents*

The cash equivalents totaling \$1,208,325 and \$2,307,240 at December 31, 2019 and 2018, 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 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. At December 31, 2019 and 2018, the Retirement Plan's investments were held by Comerica. The Savings Plans' investments were held by VALIC.

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 3: CASH EQUIVALENTS AND INVESTMENTS (continued)

The following were the Retirement Plan's adopted allocation ranges as of December 31, 2019:

<u>Asset Category</u>	<u>Minimum</u>	<u>Policy Target</u>	<u>Maximum</u>
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	0%	0%	1%

#### ***Concentration of Credit Risk***

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Defined Benefit Plan's investment policy states that no more than 5% (of market value) of the assets assigned to an investment manager may be invested in unsecure investments of a single company by a manager. At December 31, 2019 and 2018, there were no investments that exceeded the Plan's concentration of credit risk policy. The Defined Contribution 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 Plans have no formal investment policy regarding credit risk. The Plans did not have investments in long-term debt securities as of December 31, 2019 and 2018.

#### ***Custodial Credit Risk***

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plans will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. The Plans hold all investments in a trust in the Plans' name and therefore, are not exposed to custodial credit risk.

#### ***Interest Rate Risk***

Interest rate risk is defined as the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plans have no formal investment policy regarding interest rate risk.

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 3: CASH EQUIVALENTS AND INVESTMENTS (continued)

#### *Rate of Return*

For the years ended December 31, 2019 and 2018, the annual money-weighted rate of return on defined benefit plan investments, net of pension plan investment expense, was 20.62% and -4.85%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### NOTE 4: FAIR VALUE MEASUREMENTS

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31:

2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments Measured at Fair Value</b>			
Debt securities			
Mutual funds – fixed income	\$ 15,939,730	\$ 15,939,730	\$ -
US government obligations	137,833	137,833	-
Corporate bonds	105,341	105,341	-
Foreign bonds and notes	13,194	13,194	-
Equity securities			
Common stock	20,909,490	20,909,490	-
Foreign stock	445,290	445,290	-
American depository receipts	4,417,458	4,417,458	-
Mutual funds - equity	163,288,046	163,288,046	-
Real estate investment trusts	3,522,759	3,522,759	-
Total Investments Measured at Fair Value	<b>208,779,141</b>	\$208,779,141	\$ -
<b>Investments Measured at Net Asset Value (NAV)</b>			
Group fixed unallocated annuity contracts	28,834,501		
Investment in partnership	18,062		
Total Investments Measured at NAV	<b>28,852,563</b>		
Total Investments	<b>\$ 237,631,704</b>		

**East Jefferson General Hospital Retirement and Saving Plans  
Notes to Financial Statements**

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

	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments Measured at Fair Value</b>				
Debt securities				
Mutual funds – fixed income	\$ 16,285,782	\$ 16,285,782	\$ -	\$ -
Equity securities				
Common stock	15,387,958	15,387,958	-	-
Foreign stock	541,543	541,543	-	-
American depository receipts	6,648,925	6,648,925	-	-
Mutual funds - equity	134,452,314	134,452,314	-	-
Real estate investment trusts	3,135,568	3,135,568	-	-
Total Investments Measured at Fair Value Level	\$176,452,090	\$176,452,090	\$ -	\$ -
<b>Investments Measured at Net Asset Value (NAV)</b>				
Group fixed unallocated annuity contracts	30,330,842			
Investment in partnership	18,457			
Total Investments Measured at NAV	30,349,299			
Total Investments	\$ 206,801,389			

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

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2019 are presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<b>Investments measured at NAV:</b>				
Group fixed unallocated annuity contracts	\$ 28,834,501	\$ -	Daily	Same day
Investment in partnership	18,062	-	Quarterly	90 days
Total Investments Measured at NAV	\$ 28,852,563	\$ -		

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

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

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2018 are presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<b>Investments measured at the NAV:</b>				
Group fixed unallocated annuity contracts	\$ 30,330,842	\$ -	Daily	Same day
Investment in partnership	18,457	-	Quarterly	90 days
<b>Total Investments Measured at NAV</b>	<b>\$ 30,349,299</b>	<b>\$ -</b>		

#### ***Group Fixed Unallocated Annuity Contracts***

At December 31, 2019 and 2018, the Retirement 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 rated mortgage-backed and asset-backed securities. In addition, a small allocation – normally 10% or less – is made to other, more volatile but potentially higher-yielding investments.

#### ***Investment in Partnerships***

As of December 31, 2019 and 2018, the Retirement Plan was invested in Equitas Evergreen Fund, L.P., which had a cost basis of \$18,062 and \$18,457, 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 NAV per share (or equivalent) of the Retirement Plan's ownership interest in partners' capital.

### NOTE 5: 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.

The funds are included in the financial statements as December 31, 2019 and 2018 at fair market value.

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 6: NET PENSION LIABILITY OF EAST JEFFERSON GENERAL HOSPITAL

The components of the net pension liability of the Hospital at December 31 were as follows:

	2019	2018
Total Pension Liability	\$ 83,714,888	\$ 81,073,642
Plan Fiduciary Net Position	51,714,254	45,138,742
The Hospital's Net Pension Liability	\$ 32,000,634	\$ 35,934,900
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.8%	55.7%

#### **Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The required Schedule of Net Pension Liability on page 28 presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The total pension liability as of December 31, 2019 and 2018 is based on actuarial valuations for the same periods, updated using generally accepted actuarial procedures. The pension liability was determined by an actuarial valuation using the following actuarial assumptions:

Plan Year	2019	2018
Valuation Date	December 31, 2019	December 31, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate Returns	7.00%	7.00%
Inflation	2.20%	2.30% increasing to 2.80% in 2027
Salary Increases including Inflation	N/A	N/A
Mortality	RP 2014 mortality table for male and females, adjusted to 2006, with mortality improvement based on projection scape MP-2019	RP 2000 system 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 Retirement and Saving Plans Notes to Financial Statements

### NOTE 6: NET PENSION LIABILITY OF EAST JEFFERSON GENERAL HOSPITAL (continued)

#### *Actuarial Methods and Assumptions (continued)*

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 and 2018 are summarized in the following table:

Asset Class	2019 Long-Term Expected Real Rate of Return	2018 Long-Term Expected Real Rate of Return
U.S. Cash	0.04%	0.29%
U.S. Core Bonds	0.67%	1.68%
U.S. Equity Market	4.59%	4.96%
Non-U.S. Equities	6.11%	6.36%
Emerging Markets Equities	7.99%	8.10%
U.S REITs	4.92%	5.37%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.00% at December 31, 2019 and 2018. 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.

## East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements

### NOTE 6: NET PENSION LIABILITY OF EAST JEFFERSON GENERAL HOSPITAL (continued)

#### *Actuarial Methods and Assumptions (continued)*

#### *Sensitivity of the Net Pension Liability to Change in the Discount Rate*

The following presents the net pension liability of the Hospital at December 31, 2019 and 2018, calculated using the discount rate of 7.00%, as well as what the Hospital's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

2019	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$ 91,996,419	\$ 83,714,888	\$ 76,693,138
Fiduciary Net Position	51,714,254	51,714,254	51,714,254
Net Pension Liability	\$ 40,282,165	\$ 32,000,634	\$ 24,978,884

  

2018	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$ 89,176,804	\$ 81,073,642	\$ 74,173,171
Fiduciary Net Position	45,138,742	45,138,742	45,138,742
Net Pension Liability	\$ 44,038,062	\$ 35,934,900	\$ 29,034,429

### NOTE 7: PLAN TERMINATION

The Hospital has the right under the Plans to discontinue its contributions at any time and to terminate the Plans. See subsequent event information regarding plan termination in connection with the pending sale of the Hospital in Note 8.

### NOTE 8: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2019 through May 6, 2020, the date the Plans' financial statements were available to be issued.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have significant negative impact on the operating activities and results of the Plan. The occurrence and extent of such an impact will depend on future development including (i) the duration and the spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the overall economy, all of which are uncertain.



## **East Jefferson General Hospital Retirement and Saving Plans Notes to Financial Statements**

### **NOTE 8: SUBSEQUENT EVENTS (CONTINUED)**

Effective February 27, 2020, the Hospital entered into an Asset Purchase Agreement (the Agreement) with Louisiana Children's Medical Center and LCMC Health Holdings, Inc. Under the terms of the agreement, the total purchase price of \$105 million, which includes a \$90 million payment to the Hospital at the time of closing and \$15 million in additional performance-based payments over a three-year period (\$5 million per year), contingent upon certain performance metrics. In connection with the sale, it is the Hospital's intent that the Retirement (Pension) Plan be terminated.

Because the Hospital is a governmental facility, the transaction requires voter approval through a public referendum which was originally scheduled for May 9, 2020. Pursuant to the COVID-19 pandemic, the originally scheduled date of the public referendum has been postponed. Because of the uncertainty of the COVID-19 pandemic and the timing of voter approval, it is anticipated that the closing date of the transaction will occur during the last quarter of 2020.



**Required Supplementary  
Information (Part II)**

**East Jefferson General Hospital Retirement and Savings Plans**  
**Schedule of Net Pension Liability**  
**Last 7 Years**

<i>For the Year Ended December 31,</i>	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
<b>2019</b>	<b>\$ 83,714,888</b>	<b>\$ 51,714,254</b>	<b>\$ 32,000,634</b>	<b>61.8%</b>	<b>\$ 20,731,885</b>	<b>154.4%</b>
2018	81,073,642	45,138,742	35,934,900	55.7%	23,047,697	155.9%
2017	80,727,672	45,138,742	30,784,880	55.9%	24,032,433	128.1%
2016	80,409,889	45,183,153	35,226,736	56.2%	26,891,000	131.0%
2015	75,869,220	43,921,902	31,947,318	57.9%	33,150,184	96.4%
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 to Schedule:**

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**East Jefferson General Hospital Retirement and Savings Plans  
Schedule of Changes in Net Pension Liability and Related Ratios**

<i>For the year ended December 31,</i>	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	5,684,898	5,477,864	5,462,102	5,428,629	5,456,932	5,372,794
Effect of plan changes	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	(612,540)	(186,959)	(386,811)	(395,081)	(347,572)	(384,755)
Effect of assumption changes or inputs	2,785,652	-	-	3,858,117	-	-
Benefit payments	(5,216,764)	(4,944,935)	(4,757,508)	(4,350,996)	(3,998,468)	(3,733,932)
<b>Net change in total pension liability</b>	<b>2,641,246</b>	<b>345,970</b>	<b>317,783</b>	<b>4,540,669</b>	<b>1,110,892</b>	<b>1,254,107</b>
<b>Total pension liability, beginning</b>	<b>81,073,642</b>	<b>80,727,672</b>	<b>80,409,889</b>	<b>75,869,220</b>	<b>74,758,328</b>	<b>73,504,221</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 83,714,888</b>	<b>\$ 81,073,642</b>	<b>\$ 80,727,672</b>	<b>\$ 80,409,889</b>	<b>\$ 75,869,220</b>	<b>\$ 74,758,328</b>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 2,937,614	\$ 2,480,111	\$ 2,801,979	\$ 2,815,274	\$ 2,499,752	\$ 2,506,300
Investment income net of investment expenses	8,921,212	(2,280,606)	6,773,739	2,851,414	(162,396)	3,051,945
Benefit payments	(5,216,764)	(4,944,935)	(4,757,508)	(4,350,996)	(3,998,468)	(3,733,932)
Administrative expenses	(66,550)	(58,620)	(58,571)	(54,441)	(54,330)	(63,996)
<b>Net change in plan fiduciary net position</b>	<b>6,575,512</b>	<b>(4,804,050)</b>	<b>4,759,639</b>	<b>1,261,251</b>	<b>(1,715,442)</b>	<b>1,760,317</b>
<b>Plan fiduciary net position, beginning</b>	<b>45,138,742</b>	<b>49,942,792</b>	<b>45,183,153</b>	<b>43,921,902</b>	<b>45,637,344</b>	<b>43,877,027</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 51,714,254</b>	<b>\$ 45,138,742</b>	<b>\$ 49,942,792</b>	<b>\$ 45,183,153</b>	<b>\$ 43,921,902</b>	<b>\$ 45,637,344</b>
<b>The Hospital's net pension liability, ending = (a) - (b)</b>	<b>\$ 32,000,634</b>	<b>\$ 35,934,900</b>	<b>\$ 30,784,880</b>	<b>\$ 35,226,736</b>	<b>\$ 31,947,318</b>	<b>\$ 29,120,984</b>
<b>Plan fiduciary net position as a % of total pension liability</b>	<b>61.77%</b>	<b>55.68%</b>	<b>61.87%</b>	<b>56.19%</b>	<b>57.89%</b>	<b>61.05%</b>
<b>Covered payroll</b>	<b>\$ 20,731,885</b>	<b>\$ 23,047,697</b>	<b>\$ 24,032,433</b>	<b>\$ 26,891,000</b>	<b>\$ 33,150,184</b>	<b>\$ 35,666,374</b>
<b>The Hospital's net pension liability as a % of covered payroll</b>	<b>154.35%</b>	<b>155.92%</b>	<b>128.10%</b>	<b>131.00%</b>	<b>96.37%</b>	<b>81.65%</b>

**Notes to Schedule:**

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

**East Jefferson General Hospital Retirement and Savings Plans  
Schedule of Employer Contributions  
Last 10 Years**

Year 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
<b>2019</b>	<b>\$ 2,937,614</b>	<b>\$ 2,937,614</b>	<b>\$ -</b>	<b>\$ 20,731,885</b>	<b>14.17%</b>
2018	2,480,111	2,480,111	-	23,047,697	10.76%
2017	2,801,979	2,801,979	-	24,032,433	11.66%
2016	2,815,274	2,815,274	-	26,891,000	10.47%
2015	2,462,649	2,499,752	(37,103)	33,150,184	7.43%
2014	2,506,300	2,506,300	-	35,666,374	7.03%
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%

See independent auditors' report.

**East Jefferson General Hospital Retirement and Savings Plans  
Schedule of Investment Returns  
Last 6 Years**

<u>Year Ended December 31</u>	<u>Net Money-Weighted Rate of Return</u>
<b>2019</b>	<b>20.62%</b>
2018	-4.85%
2017	15.78%
2016	6.78%
2015	-0.33%
2014	6.94%

**Note to Schedule:**

Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

See independent auditors' report.

## **East Jefferson General Hospital Retirement and Saving Plans Notes to Required Supplementary Plan Information**

### ***Factors that significantly affect trends in amounts reported***

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

In February 2016, the Board approved reducing the discount rate for the defined benefit retirement plan by 0.5% to a 7.0% rate. The adoption of this rate was retroactive to January 1, 2016.

### ***Changes of Assumptions***

For the Plan for the valuation year ended December 31, 2018, inflation increased from 2.3% to 3.2% and mortality table was updated from RP 2000 to RP 2014.

### ***Method and assumptions used in calculations of actuarially determined contributions***

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	3.2%
Salary increases	N/A as a frozen plan
Investment rate of return	7.0% per annum, compounded annually, net of investment expenses
Mortality	RP 2014 mortality table for males and females, adjusted to 2006, with mortality improvement based on projection scale MP-2019



**Supplementary  
Information**





East Jefferson General Hospital Retirement and Savings Plans  
Combining Statements of Fiduciary Net Position  
As of December 31, 2019

2019

	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total
		401(a)	403(b)	457(b)		
<b>ASSETS</b>						
Cash equivalents	\$ 532,475	\$ 200,814	\$ 379,076	\$ 95,960	\$ 675,850	\$ 1,208,325
Receivables:						
Accrued interest and dividends	76,444	-	-	-	-	76,444
Contributions receivable:						
Employer	-	-	-	-	-	-
Due from broker	54,277	-	-	-	-	54,277
Total Receivables	130,721	-	-	-	-	130,721
Investments:						
Investments:						
Debt securities	16,196,098	-	-	-	-	16,196,098
Equity securities	34,923,842	50,572,033	87,316,279	19,741,632	157,629,944	192,553,786
Investment in partnership	47,319	-	-	-	-	47,319
Group fixed unallocated annuity contract	-	11,916,405	13,569,398	3,348,698	28,834,501	28,834,501
Total Investments	51,167,259	62,488,438	100,885,677	23,090,330	186,464,445	237,631,704
Total Assets	51,830,455	62,689,252	101,264,753	23,186,290	187,140,295	238,970,750
<b>LIABILITIES</b>						
Accounts payable	57,905	-	-	-	-	57,905
Due to broker	58,296	-	-	-	-	58,296
Total Liabilities	116,201	-	-	-	-	116,201
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 51,714,254	\$ 62,689,252	\$ 101,264,753	\$ 23,186,290	\$ 187,140,295	\$ 238,854,549

See independent auditors' report.

**East Jefferson General Hospital Retirement and Savings Plans  
Combining Statements of Fiduciary Net Position  
As of December 31, 2018**

2018

	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total
		401(a)	403(b)	457(b)		
<b>ASSETS</b>						
Cash equivalents	\$ 1,170,022	\$ 390,852	\$ 560,903	\$ 185,463	\$ 1,137,218	\$ 2,307,240
Receivables:						
Accrued interest and dividends	77,704	-	-	-	-	77,704
Contributions receivable:						
Employer	-	2,225,776	1,269,488	-	3,495,264	3,495,264
Due from broker	86,197	-	-	-	-	86,197
Total Receivables	163,901	2,225,776	1,269,488	-	3,495,264	3,659,165
Investments:						
Investments:						
Debt securities	16,285,782	-	-	-	-	16,285,782
Equity securities	27,591,794	42,880,731	73,184,008	16,488,174	132,552,913	160,144,707
Investment in partnership	40,058	-	-	-	-	40,058
Group fixed unallocated annuity contract	-	12,128,940	14,516,886	3,685,016	30,330,842	30,330,842
Total Investments	43,917,634	55,009,671	87,700,894	20,173,190	162,883,755	206,801,389
Total Assets	45,251,557	57,626,299	89,531,285	20,358,653	167,516,237	212,767,794
<b>LIABILITIES</b>						
Accounts payable	50,736	-	-	-	-	50,736
Due to broker	62,079	-	-	-	-	62,079
Total Liabilities	112,815	-	-	-	-	112,815
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 45,138,742	\$ 57,626,299	\$ 89,531,285	\$ 20,358,653	\$ 167,516,237	\$ 212,654,979

See independent auditors' report.

**East Jefferson General Hospital Retirement and Savings Plans  
Combining Statements of Changes in Fiduciary Net Position  
For the Years Ended December 31, 2019**

2019

	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total
		401(a)	403(b)	457(b)		
<b>ADDITIONS:</b>						
Contributions:						
Members	\$ -	\$ -	\$ 4,676,766	\$ 1,342,638	\$ 6,019,404	\$ 6,019,404
Rollovers	-	-	65,175	-	65,175	65,175
Employer	<u>2,937,614</u>	-	-	-	-	<u>2,937,614</u>
Total Contributions	<u>2,937,614</u>	<u>-</u>	<u>4,741,941</u>	<u>1,342,638</u>	<u>6,084,579</u>	<u>9,022,193</u>
Investment income:						
Interest	22,100	241,466	276,514	69,429	587,409	609,509
Dividends	1,246,654	3,834,970	5,811,749	1,384,490	11,031,209	12,277,863
Net appreciation/(depreciation) in fair value of investments	<u>7,856,272</u>	<u>6,530,948</u>	<u>11,595,266</u>	<u>2,549,643</u>	<u>20,675,857</u>	<u>28,532,129</u>
	9,125,026	10,607,384	17,683,529	4,003,562	32,294,475	41,419,501
Less:						
Investment advisory services	203,814	-	-	-	-	203,814
Custodial fees	-	<u>26,702</u>	<u>42,721</u>	<u>7,242</u>	<u>76,665</u>	<u>76,665</u>
Net Investment Income (loss)	<u>8,921,212</u>	<u>10,580,682</u>	<u>17,640,808</u>	<u>3,996,320</u>	<u>32,217,810</u>	<u>41,139,022</u>
Total Additions	<u>11,858,826</u>	<u>10,580,682</u>	<u>22,382,749</u>	<u>5,338,958</u>	<u>38,302,389</u>	<u>50,161,215</u>
<b>DEDUCTIONS:</b>						
Retirement benefits paid and savings plan withdrawals	5,216,764	5,517,729	10,649,281	2,511,321	18,678,331	23,895,095
Administrative expenses	<u>66,550</u>	-	-	-	-	<u>66,550</u>
Total Deductions	<u>5,283,314</u>	<u>5,517,729</u>	<u>10,649,281</u>	<u>2,511,321</u>	<u>18,678,331</u>	<u>23,961,645</u>
NET INCREASE (DECREASE)	6,575,512	5,062,953	11,733,468	2,827,637	19,624,058	26,199,570
NET POSITION - RESTRICTED FOR PENSION BENEFITS						
Beginning of year	<u>45,138,742</u>	<u>57,626,299</u>	<u>89,531,285</u>	<u>20,358,653</u>	<u>167,516,237</u>	<u>212,654,979</u>
End of year	<u>\$ 51,714,254</u>	<u>\$ 62,689,252</u>	<u>\$ 101,264,753</u>	<u>\$ 23,186,290</u>	<u>\$ 187,140,295</u>	<u>\$ 238,854,549</u>

See independent auditors' report.

**East Jefferson General Hospital Retirement and Savings Plans  
Combining Statements of Changes in Fiduciary Net Position  
For the Years Ended December 31, 2018**

2018

	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total
		401(a)	403(b)	457(b)		
<b>ADDITIONS:</b>						
Contributions:						
Members	\$ -	\$ -	\$ 4,786,941	\$ 1,266,400	\$ 6,053,341	\$ 6,053,341
Rollovers	-	-	883,942	-	883,942	883,942
Employer	2,480,111	2,217,706	994,391	-	3,212,097	5,692,208
Total Contributions	2,480,111	2,217,706	6,665,274	1,266,400	10,149,380	12,629,491
Investment income:						
Interest	9,451	248,999	296,455	78,637	624,091	633,542
Dividends	1,054,740	4,337,638	7,034,858	1,647,246	13,019,742	14,074,482
Net appreciation/(depreciation) in fair value of investments	(3,135,375)	(7,081,895)	(12,116,806)	(2,688,913)	(21,887,614)	(25,022,989)
	(2,071,184)	(2,495,258)	(4,785,493)	(963,030)	(8,243,781)	(10,314,965)
Less:						
Investment advisory services	209,422	-	-	-	-	209,422
Custodial fees	-	21,104	45,844	7,650	74,598	74,598
Net Investment Income (loss)	(2,280,606)	(2,516,362)	(4,831,337)	(970,680)	(8,318,379)	(10,598,985)
Total Additions	199,505	(298,656)	1,833,937	295,720	1,831,001	2,030,506
<b>DEDUCTIONS:</b>						
Retirement benefits paid and savings plan withdrawals	4,944,935	5,232,621	8,835,644	2,161,804	16,230,069	21,175,004
Administrative expenses	58,620	-	-	-	-	58,620
Total Deductions	5,003,555	5,232,621	8,835,644	2,161,804	16,230,069	21,233,624
NET INCREASE (DECREASE)	(4,804,050)	(5,531,277)	(7,001,707)	(1,866,084)	(14,399,068)	(19,203,118)
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>						
Beginning of year	49,942,792	63,157,576	96,532,992	22,224,737	181,915,305	231,858,097
End of year	\$ 45,138,742	\$ 57,626,299	\$ 89,531,285	\$ 20,358,653	\$ 167,516,237	\$ 212,654,979

See independent auditors' report.

**East Jefferson General Hospital Retirement and Savings Plans  
Schedule of Compensation, Benefits, and  
Other Payments to Agency Head  
For the Year Ended December 31, 2019**

**Note:** No payments were made by the Plan to any agency head.

Purpose	Amount
Salary	\$ -
Benefits	-
Deferred compensation	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Other	-

See independent auditor's report.



**Other Reporting**



Carr, Riggs & Ingram, LLC  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 837-9116  
(504) 837-0123 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

**INDEPENDENT AUDITORS' 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***

To the Board of Directors  
East Jefferson General Hospital  
Metairie, Louisiana

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 the East Jefferson General Hospital Retirement and Savings Plans (the Plans), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated May 6, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plans' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' 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 Plans' financial statements will not be prevented, or detected and corrected on a timely basis.

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 and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weakness may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plans' 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 Plans' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Caru, Riggs & Ingram, L.L.C.*

May 6, 2020