

# ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

A Component Unit of St. Charles Parish

## Financial Statements

For the Year Ended December 31, 2017



**CRI** CARR  
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**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
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**December 31, 2017**

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**Report**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners of  
St. Charles Parish Hospital Service District  
Luling, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of St. Charles Parish Hospital Service District (the Hospital), component unit of the St. Charles Parish, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Hospital'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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, a component unit of the St. Charles Parish Council, as of December 31, 2017, and the changes in its net position for the year ended December 31, 2017 and its cash flows for the period then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has elected to omit Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The Schedule of Board of Commissioners and Compensation, and the Schedule of Bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Board of Commissioners and Compensation, and the Schedule of Bonds 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 Schedule of Board of Commissioners and Compensation, and the Schedule of Bonds are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of the Hospital'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 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 Hospital's 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 Hospital's internal control over financial reporting and compliance.

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

June 26, 2018



# Financial Statements

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF NET POSITION**

*As of December 31,* **2017**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 931,319
Restricted cash	144,656
Patient accounts receivable, net of estimated uncollectibles and allowances of \$19,801,317	3,662,878
Other receivables	9,989,037
Estimated third-party settlements	31,635
Assets whose use is limited, by board for indenture reserves	1,230,972
Inventory	256,017
Prepaid expenses	194,822
<hr/>	
Total Current Assets	16,441,336
<hr/>	
<b>NONCURRENT CASH AND INVESTMENTS</b>	
Assets whose use is limited:	
By board for indenture reserves	1,230,972
By indenture agreement for capital acquisition	571,765
<hr/>	
Total assets whose use is limited	1,802,737
Less: amounts by board for indentures reserves required to meet current obligations	(1,230,972)
<hr/>	
Total Noncurrent Cash and Investments	571,765
<hr/>	
<b>CAPITAL ASSETS, NET</b>	<b>40,145,873</b>
<hr/>	
<b>OTHER ASSETS</b>	
Investment in joint venture	1,049,435
Deposits	55,893
Note receivable	629,904
<hr/>	
Total Other Assets	1,735,232
<hr/>	
<b>DEFERRED OUTFLOWS</b>	
Deferred outflow - Future interest to be paid by escrow	492,819
<hr/>	
Total Deferred Outflows	492,819
<hr/>	
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 59,387,025</b>
<hr/>	

(Continued)

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

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF NET POSITION**

*As of December 31,*

**2017**

<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 1,358,664
Current maturities of long-term debt and capital lease obligations	4,332,829
Due to Hospital manager	2,749,464
Current maturities of multi-employer pension withdrawal liability	455,924
Accrued salaries and benefits	425,375
Accrued interest payable	780,848
Other accrued expenses	153,901
<hr/>	
Total Current Liabilities	10,257,005
<hr/>	
<b>LONG-TERM DEBT AND OTHER LIABILITIES</b>	
Long-term debt and capital lease obligations, excluding current maturities	58,929,015
Multi-employer pension withdrawal liability	2,630,905
Lease deposits	20,202
<hr/>	
Total Long-Term Debt and Other Liabilities	61,580,122
<hr/>	
Total Liabilities	71,837,127
<hr/>	
<b>NET POSITION</b>	
Net investment in capital assets	(22,329,482)
Unrestricted	9,879,380
<hr/>	
Total Net Position	(12,450,102)
<hr/>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 59,387,025</b>

(Concluded)

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

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT**  
**STATEMENT OF REVENUES,**  
**EXPENSES, AND CHANGES IN NET POSITION**

For Year Ended December 31,

**2017**

**OPERATING REVENUES**

Net patient service revenues	\$	31,343,758
Rural Hospital Grant		5,951,767
Other operating revenues		2,023,133
<hr/>		
Total Operating Revenues		39,318,658

**OPERATING EXPENSES**

Salaries and wages	9,171,489
Employee benefits	1,918,343
Supplies and other	7,025,753
Purchased services	5,245,401
Medicaid program support	12,000,000
Depreciation and amortization	3,440,420
<hr/>	
Total Operating Expenses	38,801,406

Net Income from Operations	517,252
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**NON-OPERATING REVENUES (EXPENSES)**

Ad valorem taxes - maintenance	3,170,682
Ad valorem taxes - debt service	4,034,360
Noncapital grants and contributions	171,118
Interest income	14,912
Interest expense	(3,121,176)
<hr/>	
Total Non-Operating Revenue, net	4,269,896

**CHANGE IN NET POSITION** **4,787,148**

NET POSITION - Beginning of period, as previously reported	(16,706,891)
Prior period adjustment	(530,359)
NET POSITION - Beginning of period, as restated	<b>(17,237,250)</b>
<hr/>	
NET POSITION - End of period	<b>\$ (12,450,102)</b>

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

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF CASH FLOWS**

*For Year Ended December 31,*

**2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Revenue collected	\$	36,808,163
Other operating cash receipts		
Payments for supplies, services, and other operations		(25,821,018)
Payments to employees and for employee-related costs		(11,180,791)

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Net Cash Used in Operating Activities		(193,646)
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**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Ad valorem taxes - maintenance		3,027,439
Ad valorem taxes - debt service		3,852,099
Noncapital grants and contributions		171,118

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Net Cash Provided by Noncapital Financing Activities		7,050,656
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of capital assets under capital lease		209,067
Principal payments on general obligation bonds		(2,635,000)
Principal payments on limited tax bonds		(1,280,000)
Principal payment on other long term debt		(81,817)
Principal payments on multi-employer pension liability		(427,209)
Principal payments on capital leases		(185,912)
Cash paid for interest on debt obligations		(2,796,274)
Purchase of capital assets (property, plant and equipment)		(1,088,808)

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Net Cash Used in Capital and Related Financing Activities		(8,285,953)
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash received as interest		14,912
Changes in assets whose use is limited and restricted cash		1,169,387

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Net Cash Provided by Investing Activities		1,184,299
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**NET DECREASE IN CASH AND CASH EQUIVALENTS**

**(244,644)**

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CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD

1,175,963

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**CASH AND CASH EQUIVALENTS - END OF PERIOD**

**\$ 931,319**

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

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
STATEMENT OF CASH FLOWS**

*For Year Ended December 31,*

**2017**

**RECONCILIATION OF NET INCOME FROM OPERATIONS  
TO NET CASH USED IN OPERATING ACTIVITIES**

Net income from operations	\$	517,252
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization		3,440,420
Provision for bad debts		1,387,518
Changes in operating assets and liabilities:		
Change in accounts receivable		(1,602,366)
Change in inventory		968,227
Change in prepaid expenses		210,303
Change in other receivable		(1,615,002)
Change in estimated third-party payor settlements		236,022
Change in accounts payable		437,928
Change in grant payable		(916,667)
Change in due to Hospital manager		(3,158,169)
Change in accrued salaries and benefits		(94,428)
Change in other accrued expenses		(4,684)
Net cash used in operating activities		\$ (193,646)

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

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Reporting Entity***

St. Charles Parish Hospital Service District (the Hospital), a special district and component of St. Charles Parish (the Parish), was formed for the purpose of operating St. Charles Parish Hospital, a non-profit community hospital established in 1956. The Board of Commissioners is the governing authority for the Hospital and is responsible for obtaining voter approval for the levy of tax or debt issuance, but all related Louisiana State Bond Commission approvals must be obtained through the Parish.

On September 1, 2014, the Hospital entered into a management agreement with a wholly-owned subsidiary of Ochsner Health System, to provide management, staff, and other assistance to operate the Hospital. This expanded affiliation enables the Hospital to further enhance existing clinical services while simultaneously improving resources, including operational efficiencies (see Note 15).

#### **Component Units**

The Hospital follows the requirements under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. The financial statements of the Hospital include the accounts of the Hospital and its wholly owned component units, St. Charles Hospital Continuum of Care Corporation, St. Charles Hospital Services Corporation, and Plantation View Medical Offices. The significant intercompany transactions and balances have been eliminated.

The St. Charles Hospital Continuum of Care Corporation (SCHCCC) was incorporated on August 10, 2006 with a subsequent name change to St. Charles Health Initiatives, Inc. (SCHII). SCHII is a non-profit hospital that principally provides housing, healthcare, and other related services to residents. SCHII maintains a shared governing board and receives funding through the Hospital Service District. Due to the level of control and the financial benefit/burden relationship with the District that exists, SCHII is considered a blended component unit of the District for accounting purposes.

St. Charles Hospital Services Corporation (the Corporation) is a non-profit entity that, while legally separate from the Hospital, is reported as if it were a part of the Hospital because of the presence of a shared governing body with the Hospital. As a component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital; however, the operations of the Corporation became dormant. During the year ended December 31, 2007, the Corporation changed its name to the St. Charles Continuum of Care Corporation after the SCHCCC mentioned above changed its name to St. Charles Health Initiatives, Inc. As a blended component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital for the period ended December 31, 2017.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Component Units (Continued)**

On December 2, 2013, Plantation View Medical Offices (PVMO) was formed with St. Charles Parish Hospital being the sole member. PVMO was formed as a not-for-profit corporation for the purpose of building a medical office building on the east bank of St. Charles Parish. On January 13, 2014, PVMO received a donation of land that was appraised at \$714,000. PVMO also secured financing in the amount of \$14,700,000, to build the medical office building. The financing is a mixture of New Markets Tax Credits, a commercial loan, and a grant from the Hospital. Construction was substantially completed in June of 2016. As a blended component unit of the Hospital, the operations of PVMO are included in the financial statements of the Hospital for the year ended December 31, 2017.

#### ***Basis of Accounting***

The Hospital reports in accordance with accounting principles generally accepted in the United States as specified by the American Institute of Certified Public Accountants' Audits of Health Care Entities and, as a governmental entity, also reports in accordance with accounting principles promulgated by the Governmental Accounting Standards Board (GASB), for proprietary funds. As such, the Hospital utilizes the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis. SCHCCC, the Corporation, and PVMO also use the accrual method.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include investments in highly liquid debt instruments with maturities of three months or less, excluding amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payors.

#### ***Restricted Cash***

The Hospital's restricted cash includes cash received through the New Markets Tax Credits transaction whose use is restricted for the construction of the PVMO project (See Note 11 for further discussion of the New Markets Tax Credits transaction).

#### ***Assets Whose Use is Limited***

Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements and future indenture agreements, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets set aside in accordance with agreements with third-party payors; and assets held by trustees under indenture agreements and self-insurance trust agreements.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Inventory***

Inventory is valued at the lower of cost or market using the first-in, first-out method.

#### ***Capital Assets***

Capital assets are carried at cost or, if donated, at fair value at date of donation. All property and equipment with initial individual costs of greater than \$2,500 is capitalized.

Depreciation is computed by the straight-line method over the asset's estimated useful life, generally ranging from three to forty years.

#### ***Net Position***

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended*, net position is classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

***Investments in capital assets, net of related debt*** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

***Restricted*** – Net position is reported as restricted when there are limitations imposed on their use, either 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. There are no restricted net position amounts at December 31, 2017.

***Unrestricted*** – This component of net position consists of constraints placed on net assets that do not meet the definition of "restricted" or "investments in capital assets, net of related debt," as described above.

The Hospital first applies restricted resources when expenditure is incurred for purposes for which both restricted and unrestricted net positions are available.

#### ***Costs of Borrowing***

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets, net of interest earned on these borrowed funds. There was no interest capitalized during 2017.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### *Net Patient Service Revenue and Related Receivables*

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 are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. The Hospital provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the Hospital is exposed to certain credit risks. The Hospital manages such risk by regularly reviewing its accounts and contracts, and by providing appropriate allowances.

Patient accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a timely basis. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient accounts receivables are written off when deemed uncollectible. Recoveries of patient accounts receivables previously written off are recorded when received.

#### *Income Tax Status*

The Hospital is a governmental unit which is exempt from Federal income taxes on related income pursuant to Section 115 of the Internal Revenue Code.

#### *Advertising Costs*

Advertising costs are expensed as incurred. Marketing media/advertising expenses included advertising costs of \$6,772 for the year ended December 31, 2017.

#### *Compensated Absences*

Employees of the Hospital are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences, included as a component of accrued salaries and benefits on the Hospital's statement of net position, was \$259,457 as of December 31, 2017.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Grants and Contributions***

From time to time, the Hospital receives grants and contributions from individuals or private and public hospitals. Revenues from grants and contributions (including contributions of capital assets) are recognized when all of the eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Government grants are recognized as income when there is reasonable assurance that the Hospital will comply with the conditions attached to them, and that the grants will be received. This revenue is recorded as either operating revenue or non-operating revenue dependent upon how the transaction is classified on the statements of cash flows. Cash flows that do not meet the reporting criteria for investing, capital financing or non-capital financing would be reported as operating activities, with their associated revenue reported as operating revenue within the statements of revenues, expenses, and changes in net position.

#### ***Operating Revenues and Expenses***

The Hospital's statement of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services - the Hospital's principal activity. Non-exchange revenues, including taxes and certain grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses include all expenses incurred to provide healthcare services, other than financing costs.

#### ***Ad Valorem Tax Revenues***

The Hospital receives dedicated property tax revenues in amounts sufficient to fund annual debt maturities of the general obligation bonds and related interest costs. Such revenues are considered non-operating in the accompanying statements of revenues, expenses and changes in net position.

Ad valorem taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied due to the extent they are determined to be currently collectible. Ad valorem taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Charles Parish. For the year ended December 31, 2017 the millage rates have been set at 2.48 mills for Maintenance and Operations and 3.16 mills for Bonds. The ad valorem taxes receivable for the year ended December 31, 2017 totaled \$6,777,141.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Prior Period Adjustment***

During 2017, management identified certain errors in the prior year audited financial statements (prior period ended December 31, 2016). As discussed in Note 12, there was a partial defeasance of debt in 2016 that was treated as a full defeasance, this resulted in an understatement of total liabilities of \$975,000, an understatement of deferred outflows of approximately \$887,000, and an overstatement of net position of approximately \$88,000. In addition, the balance for the building owned by PVMO was overstated in the Statement of Net Position by approximately \$300,000 which represented the bond issuance costs to construct the building, which resulted in an overstatement of assets by approximately \$300,000 and an overstatement of net position by approximately \$300,000. In addition, there was a medical director fee payable and expense that was not recorded on the financial statements of approximately \$130,000 which resulted in an understated liability and overstated net position. As a result, the December 31, 2016 net position has decreased by \$530,359 from the 2016 audit report.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2018, and determined that no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

### NOTE 2 – NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. Payment arrangements include prospectively determined rates-per-discharge, reimbursed costs, discounted charges and per diem payments. 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 are accrued on an estimated basis in the period the related services are rendered and adjusted in a future period as final settlements are determined.

A summary of the payment arrangements with major third-party payors is as follows:

*Medicare* – The Hospital is paid for inpatient acute care services rendered to Medicare program beneficiaries on a prospectively determined amount per procedure.

The Hospital is paid for inpatient psychiatric care services rendered to Medicare program beneficiaries under a payment methodology which, during a transitional period, utilizes a blended rate of cost-based and prospective payment methodologies. The cost-based component is subject to cost report settlement.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – NET PATIENT SERVICE REVENUE (CONTINUED)**

Outpatient services to Medicare beneficiaries are paid on a prospectively determined amount based on a patient classification system. 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 performed 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.

The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through July 31, 2015.

*Medicaid* – Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through July 31, 2012.

Revenue from the Medicare and Medicaid programs accounted for approximately 37.5% and 26.0%, respectively, of the Hospital's net patient revenue, for the year ended December 31, 2017.

The laws and regulations under which Medicare and Medicaid programs operate are complex, and subject to interpretation and frequent changes. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. There were no adjustments to estimates that resulted in a change to net patient service revenues for year ended December 31, 2017.

The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance hospitals and preferred provider hospitals. The basis for payment under these agreements includes prospectively determined rates-per-discharge, discounts from established charges and prospectively determined daily rates.

A summary of the Hospital's net patient service revenue for the year ended December 31, 2017 is as follows:

Gross patient service revenue	\$ 122,381,794
Less: contractual adjustments	(87,591,095)
Less: provision for bad debts	(1,387,518)
Less: free care	(2,059,423)
Net patient service revenue	\$ 31,343,758

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 – RURAL HOSPITAL GRANT**

Since the Hospital serves a disproportionate share of low-income patients, it qualifies for additional reimbursements from the State of Louisiana Department of Health and Hospitals rural hospital grant program. The rural hospital grant program was developed by the Rural Hospital Coalition, Inc., to assist rural hospitals in receiving adequate reimbursement for uninsured and indigent patients under the State of Louisiana Rural Hospital Preservation Act. The grant funds totaled \$5,951,767 for the year ended December 31, 2017, of which \$2,886,669 is recorded as other current receivable as of December 31, 2017.

**NOTE 4 – MEDICAID PROGRAM SUPPORT**

As part of the Hospital's continuing support of the State of Louisiana's Medicaid Program, the Hospital has, throughout the period, made intergovernmental transfers (IGT's) amounts to the State of Louisiana (State) restricted for use in support of the Medicaid Program. For the year ended December 31, 2017 the Hospital made IGT's of \$12,000,000 to the State.

**NOTE 5 – CONCENTRATION OF CREDIT RISK**

The Hospital grants credit without collateral to its patients, most of whom are residents of St. Charles Parish and are insured under third-party payor agreements. The mix of accounts receivable due from patients and third-party payors was as follows as of December 31, 2017.

Medicare	16%
Medicaid	24%
Commercial	42%
Private pay	18%
<hr/>	
Total	<b>100%</b>

**NOTE 6 – CHARITY CARE**

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. As presented in Note 2, the Hospital reduced its gross revenues for its cost of charity care. For the year ended December 31, 2017, charity care totaled \$2,059,423.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 – DEPOSITS AND INVESTMENTS

The Hospital has various deposits and investments. The amount reflected on the accompanying statement of net position at December 31, 2017 is \$2,306,947 held in depository and money market accounts.

Under state law, these deposits must be secured by either Federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent bank. At December 31, 2017, the Hospital had \$9,041,006 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of the \$2,558,731 of deposits over the federal deposit insurance limit all were secured by collateral owned by the fiscal agent bank in the name of the Hospital.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Hospital may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the Hospital to invest in direct obligations of the U.S. Government, federally insured instruments, guaranteed investment contracts issued by certain financial institutions, and mutual or trust funds registered with the Securities and Exchange Commission.

### NOTE 8 – ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required for bond obligations classified as current liabilities are also reported as current assets as these amounts have been designated by the board to pay the debt. The composition of assets whose use is limited at December 31, 2017 is set forth in the following table:

By board for indenture reserves	
Cash and cash equivalents	\$ 1,230,972
By indenture agreement for capital asset acquisition	
Cash and cash equivalents	571,765
<b>Total</b>	<b>\$ 1,802,737</b>

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – CAPITAL ASSETS**

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

	December 31, 2016	Additions	Transfers and Disposals	December 31, 2017
Capital assets not being depreciated:				
Land	\$ 1,586,681	\$ -	\$ -	\$ 1,586,681
Construction in progress	68,083	540,088	-	608,171
Total capital assets not being depreciated	1,654,764	540,088	-	2,194,852
Capital assets being depreciated:				
Building and improvements	63,215,703	640,812	-	63,856,515
Equipment	20,679,490	742,949	(1,176,501)	20,245,938
Leasehold improvements	22,110	-	-	22,110
Vehicles	991,566	361,444	(176,430)	1,176,580
Total capital assets being depreciated	84,908,869	1,745,205	(1,352,931)	85,301,143
Less accumulated depreciation:				
Building and improvements	(26,541,411)	(2,444,179)	2,125	(28,983,465)
Equipment	(17,761,782)	(938,825)	1,174,791	(17,525,816)
Leasehold improvements	(22,795)	-	685	(22,110)
Vehicles	(865,073)	(64,837)	111,179	(818,731)
Total accumulated depreciation	(45,191,061)	(3,447,841)	1,288,780	(47,350,122)
Total capital assets being depreciated, net	39,717,808	(1,702,636)	(64,151)	37,951,021
Total capital assets, net	\$ 41,372,572	\$ (1,162,548)	\$ (64,151)	\$ 40,145,873

Depreciation expense reported in the year ended December 31, 2017, was \$3,447,841.

**NOTE 10 – INVESTMENT IN JOINT VENTURE**

The Hospital contributed land with a cost of \$1,049,435, in exchange for a 9.9% membership interest in an LLC, Ashton Plantation Real Property, LLC. At December 31, 2017, this investment is measured at the cost of the land donated.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 11 – NOTE RECEIVABLE

As part of the New Markets Tax Credits transaction (discussed in Note 12 below), the Hospital issued a note receivable to FNBC NMTC Hybrid Fund, LLC (the Investment Fund) in the amount of \$629,904, with an interest rate of 1% (the Junior Leverage Loan). The Investment Fund will pay interest only on the Junior Leverage Loan quarterly in arrears on the 25<sup>th</sup> day of each March, June, September and December for the previous quarter, commencing on January 10, 2014, through January 10, 2044. On the date of maturity, the Investment Fund will pay the balance of all outstanding principal and accrued and unpaid interest. The Investment Fund pledged rights, title and interest in the CDE (defined in Note 12) to secure the note receivable.

### NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

The components of long-term debt and capital lease obligations as of December 31, 2017, are as follows:

Hospital Revenue Bonds, Series 2009	(A)	\$ 290,000
Hospital Revenue Bonds, Series 2009A	(B)	130,000
Hospital Revenue Bonds, Series 2009B	(C)	3,790,000
Hospital Revenue Bonds, Series 2012A	(D)	7,255,000
Hospital Revenue Bonds, Series 2012B	(D)	5,450,000
Taxable GO Bonds, Series 2013	(E)	645,000
GO Refunding Bonds, Series 2013A	(F)	2,460,000
Taxable GO Refund Bonds, Series 2013B	(G)	90,000
New Market Tax Credit-QLICI A Loan	(H)	1,914,596
New Market Tax Credit-QLICI B Loan	(H)	1,585,404
First National Bank Direct Loan	(I)	9,896,244
Limited Tax Bonds, Series 2014	(J)	8,500,000
Limited Tax Bonds, Series 2015	(K)	4,095,000
GO Refunding Bonds, Series 2016	(L)	6,395,000
GO Refunding Bonds, Series 2016A	(M)	10,520,000
Capital leases	(N)	175,532
		63,191,776
Unamortized discount/premium		70,068
Less: Current maturities		(4,332,829)
Total		\$ 58,929,015

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (CONTINUED)**

Scheduled maturities of general obligation bonds, limited tax bonds, and long-term debt as of December 31, 2017, are as follows:

<b>Period Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 4,332,829	\$ 2,347,188
2019	4,143,124	2,244,073
2020	4,509,204	2,097,194
2021	6,637,072	1,864,869
2022	4,896,980	1,692,674
2023-2027	21,484,506	5,833,525
2028-2032	10,163,904	2,994,950
2033-2037	2,624,731	1,653,056
2038-2042	3,486,765	791,023
2043-2047	912,661	31,153
<b>Total</b>	<b>\$ 63,191,776</b>	<b>\$ 21,549,705</b>

- (A) During the year ended July 31, 2010, the Hospital issued \$5,500,000 of General Obligation Bonds, Series 2009, dated August 1, 2009. The purpose of the issue is purchasing, acquiring land and constructing buildings, machinery, equipment and furnishings, including both real and personal property, to be used in providing hospital facilities. In 2016, the Hospital had a partial defeasance of \$4,540,000 of General Obligation Bonds, Series 2009; by placing the proceeds of General Obligation Bonds, Series 2016A in an irrevocable trust to provide for all future debt service payments of the defeased bonds. The undefeased portion of the bonds will be repaid in 3 annual installments through 2019 with principal payments ranging from \$105,000 to \$145,000. Interest is payable semi-annually on March 1 and September 1 at rates ranging from 5.88% to 7.00%. These bonds are secured by and payable from unlimited ad valorem taxes.
- (B) During the year ended July 31, 2010, the Hospital issued \$1,000,000 of General Obligation Bonds, Series 2009A, dated November 1, 2009. The purpose of the issue is purchasing, acquiring land and constructing buildings, machinery, equipment and furnishings, including both real and personal property, to be used in providing hospital facilities. In 2016, the Hospital had a partial defeasance \$630,000 of General Obligation Bonds, Series 2009A; by placing the proceeds of General Obligation Bonds, Series 2016A in an irrevocable trust to provide for all future debt service payments of the defeased bonds. The undefeased portion of the bonds will be repaid in 4 annual installments ranging from \$35,000 to \$45,000 which began March 1, 2017, with the final installment due March 1, 2020. Interest is payable semiannually on March 1<sup>st</sup> and September 1<sup>st</sup> at rates from 3.20% to 5.00%. These

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (CONTINUED)**

bonds are secured by and payable from unlimited ad valorem taxes.

- (C) During the year ended July 31, 2010, the Hospital issued \$5,000,000 of General Obligation Bonds, Series 2009B, dated November 1, 2009. The purpose of the issue is the refunding and extending of the Hospital's outstanding Limited Tax Bonds, Series 2008 and to represent said indebtedness. The outstanding principal of the bonds will be repaid in 20 annual installments ranging from \$120,000 to \$460,000 beginning March 1, 2010, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at rates ranging from 5.25% to 7.00%. These bonds are secured by and payable from unlimited ad valorem taxes.
- (D) In April 2012, the residents of the Parish voted for a bond proposition authorizing the Hospital to issue up to \$15,000,000 of 20-year General Obligation Bonds for the purpose of purchasing, acquiring land and constructing buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities. These bonds are general obligations of the Hospital and payable from ad valorem taxes.

In August 2012, the Hospital adopted a resolution issuing \$8,000,000 General Obligation, Series 2012A bonds and \$6,000,000 Taxable General Obligation, Series 2012B bonds. Interest is payable semiannually on March 1 and September 1.

The Series 2012A bonds mature according to maturity schedules contained in the bond documents beginning on March 1, 2013, with scheduled maturities ranging from \$45,000 to \$635,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 3.25%.

The Series 2012B bonds mature, according to maturity schedules contained in the bond documents, beginning on March 1, 2013. Scheduled maturities range from \$50,000 to \$520,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 4.25%. These bonds are secured by and payable from unlimited ad valorem taxes.

- (E) During the year ended July 31, 2014, the Hospital issued \$1,000,000 of General Obligation Bonds, Series 2013, dated September 10, 2013. The purpose of the issue is purchasing, acquiring land and constructing buildings, machinery, equipment and furnishings, including both real and personal property, to be used in providing hospital facilities. The outstanding principal of the bonds will be repaid in ten annual installments ranging from \$85,000 to \$115,000 beginning March 1, 2014, with the final installment due March 1, 2023. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.55%. These bonds are secured by and payable from unlimited ad valorem taxes.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (CONTINUED)**

- (F) During the year ended July 31, 2014, the Hospital issued \$4,350,000 of General Obligation Bonds, Series 2013A, dated September 10, 2013. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Refunding Bonds, Series 2003A, and General Obligation Bonds, Series 2004, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eleven annual installments ranging from \$280,000 to \$555,000 beginning March 1, 2014, with the final installment due March 1, 2024. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.05%. These bonds are secured by and payable from unlimited ad valorem taxes.
- (G) During the year ended July 31, 2014, the Hospital issued \$415,000 of Taxable General Obligation Bonds, Series 2013B, dated September 10, 2014. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Refunding Bonds, Series 2003B, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in five annual installments ranging from \$75,000 to \$90,000 beginning March 1, 2014, with the final installment due March 1, 2018. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.32%. These bonds are secured by and payable from unlimited ad valorem taxes.
- (H) PVMO began drawing down on its debt for construction of a medical center on the East Bank of St. Charles Parish (the Project) during fiscal 2014. The Facility A and B notes are intended to qualify as a "qualified low-income community investment" for the purposes of generating certain tax credits called New Markets Tax Credits (NMTCs) under section 45D of the Internal Revenue Code of 1986, as amended. To qualify, PVMO must comply with certain representations, warranties, and covenants. These include, but are not limited to, a covenant that the "portion of the business" (as defined) will operate to qualify as a qualified low-income community business. If, as a result of the breach of the agreement or loan documents by PVMO, the Lender is required to recapture all or any part of the New Markets Tax Credits previously claimed by the Lender, PVMO agrees to pay to the Lender an amount equal to the sum of the credits recaptured. Additionally, the QLICI Lender has a security interest in the assets of PVMO other than real property.

On January 10, 2014, PVMO issued a note payable (Facility A) to FNBC-CDE #13, LLC. The note is subject to credit and loan agreements executed by PVMO, as the community development entity (CDE) under the New Markets Tax Credit Program, and FNBC- CDE #13, LLC (Lender).

The Facility A Note, issued for \$1,914,596, is secured under the aforementioned credit and loan agreements. The Facility A Note matures on January 10, 2021. The

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (CONTINUED)

note will bear interest at a rate per annum equal to 3.74%. PVMO will pay interest only on this note quarterly in arrears on March 15, June 15, September 15, and December 15 of each year, commencing March 15, 2014, and continuing until December 15, 2020. PVMO shall pay the principal balance on the maturity date. PVMO may not prepay this note in full or in part any time prior to the expiration of the NMTC seven year compliance period.

The Facility B Note in the amount of \$1,585,404 was issued in connection with Facility A on January 10, 2014 to PVMO. The note is secured under the same aforementioned credit and loan agreements executed by PVMO for the Facility A Note. The note bears interest at a rate per annum equal to 3.74% and PVMO will pay interest only on this note quarterly in arrears on March 15, June 15, September 15, and December 15 of each year commencing March 15, 2014, and continuing until June 15, 2021. The entire principal is due on June 15, 2021. PVMO may not prepay this note in full or in part any time prior to the expiration of the NMTC compliance period.

In association with Facility Notes A and B (the NMTC Facilities), the Hospital, for the benefit of PVMO, unconditionally and irrevocably guarantees the full, complete, and timely payment and, to the extent legally permissible, performance of all obligations owed to the Lender under the loan documents.

At the end of the seven year tax credit compliance period, the Investment Fund (defined in Note 11) may exercise a put option whereby the Investment Fund will sell its interest in the NMTC Facilities to the Hospital for the put price of \$1,000. In the event the Investment Fund does not exercise the put and PVMO remains in compliance with the loan terms and the NMTC rules and regulations, the Hospital may exercise a call option during the six months following the end of the compliance period to purchase the NMTC Facilities for an amount equal to the loans' fair market value determined by mutual agreement of the parties or qualified independent appraiser.

- (i) The First National Bank Direct Loan (the Direct Loan) is a \$10,000,000 commitment for use in construction of PVMO. Interest is payable semi-annually at a rate of 6% and principal is payable annually through 2044. It is secured with a 1st mortgage and assignment of leases and rents on the Project. The Facility A and B Notes provide funding for PVMO through the NMTC transaction and are secured with a 2nd mortgage and assignment of leases and rents. For the year ended December 31, 2017, \$81,817 was drawn on Facility A and B notes.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (CONTINUED)**

- (J) On August 22, 2014, the Hospital issued \$10,000,000 of Limited Tax Bonds, Series 2014, payable from ad valorem taxes, approved by an election held July 15, 2006 and May 3, 2014. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Limited Tax Bond Series 2008A, 2010, and 2011. The remainder of the proceeds is for the purpose of purchasing, acquiring and construction of land, buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities to the district. The outstanding principal of the bonds will be repaid in 10 annual installments ranging from \$400,000 to \$1,500,000 beginning March 1, 2015, with the final installment due March 1, 2024. Interest is payable annually on March 1 at a rate of 4.90%.
- (K) On June 19, 2015, the Hospital issued \$5,500,000 of Limited Tax Bonds, Series 2015, payable from ad valorem taxes, approved by an election held July 15, 2006 and May 3, 2014. For the purpose of purchasing, acquiring and construction lands, buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities to the district. The outstanding principal of the bonds will be repaid in 10 annual installments ranging from \$215,000 to \$1,785,000 beginning March 1, 2016, with the final installment due March 1, 2025. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.00%.
- (L) During the period from August 1, 2015 through December 31, 2016, the Hospital issued \$7,040,000 of General Obligation Refunding Bonds, Series 2016, dated May 31, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2005, and General Obligation Bonds, Series 2006, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in ten annual installments ranging from \$370,000 to \$840,000 beginning March 1, 2017, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.19%.
- (M) During the period from August 1, 2015 through December 31, 2016, the Hospital issued \$10,655,000 of General Obligation Refunding Bonds, Series 2016A, dated August 9, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2007, General Obligation Bonds, Series 2009, and General Obligation Bonds, Series 2009A, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in thirteen annual installments ranging from \$420,000 to \$1,305,000 beginning March 1, 2017, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.23%.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (CONTINUED)**

(N) During 2017, the Hospital entered into a capital lease for the acquisition of two new ambulances. The capital lease commenced on August 26, 2017 with final payment being made on May 26, 2020. The outstanding principal on the capital lease will be repaid in installments ranging from \$16,703 to \$18,159. Interest is payable quarterly at a rate of 3.05%.

As of December 31, 2017, the Hospital was not in compliance with certain bond covenants requiring the construction of the medical office building referred to in (H) above to be completed by June 30, 2015, which it was not. In addition, the quarterly financial statements were not filed timely with the lender (as there was no operating activity due to construction delays), the filing of a compliance certificate was not met, and debt service coverage was not maintained. The Hospital received a waiver of these debt covenants from the lender through December 31, 2017.

Long-term debt and other non-current liabilities activity as of and for the year ended December 31 2017, is as follows:

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Due Within One Year
<b>Long-term Debt:</b>					
General Obligation Bonds:					
Series 2007	\$ 275,000	\$ -	\$ (275,000)	\$ -	\$ -
Series 2009	395,000	-	(105,000)	<b>290,000</b>	145,000
Series 2009A	165,000	-	(35,000)	<b>130,000</b>	40,000
Series 2009B	3,985,000	-	(195,000)	<b>3,790,000</b>	205,000
Series 2012A	7,565,000	-	(310,000)	<b>7,255,000</b>	325,000
Series 2012B	5,655,000	-	(205,000)	<b>5,450,000</b>	215,000
Series 2013	740,000	-	(95,000)	<b>645,000</b>	100,000
Series 2013A	3,010,000	-	(550,000)	<b>2,460,000</b>	555,000
Series 2013B	175,000	-	(85,000)	<b>90,000</b>	90,000
Series 2016	7,040,000	-	(645,000)	<b>6,395,000</b>	670,000
Series 2016A	10,655,000	-	(135,000)	<b>10,520,000</b>	420,000
Limited Tax Bonds:					
Series 2014	9,100,000	-	(600,000)	<b>8,500,000</b>	775,000
Series 2015	4,775,000	-	(680,000)	<b>4,095,000</b>	575,000
<b>Total long-term debt</b>	<b>53,535,000</b>	<b>-</b>	<b>(3,915,000)</b>	<b>49,620,000</b>	<b>4,115,000</b>

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (CONTINUED)**

**Other Long-term**

**Liabilities**

Multi-employer pension					
withdrawal liability	3,514,038	-	(427,209)	<b>3,086,829</b>	455,924
NMTC QLICI A Loan	1,914,596	-	-	<b>1,914,596</b>	-
NMTC QLICI B Loan	1,585,404	-	-	<b>1,585,404</b>	-
FNBC Direct Loan	9,978,061	-	(81,817)	<b>9,896,244</b>	149,212
Capital lease	-	209,067	(33,535)	<b>175,532</b>	68,617
Lease deposits	17,452	2,750	-	<b>20,202</b>	-
Total other long-term liabilities	17,009,551	211,817	(542,561)	<b>16,678,807</b>	673,753
Total long-term debt and other obligations	<b>\$ 70,544,551</b>	<b>\$ 211,817</b>	<b>\$ (4,457,561)</b>	<b>\$ 66,298,807</b>	<b>\$ 4,788,753</b>

**NOTE 13– RETIREMENT BENEFITS**

**Multi-Employer Defined Benefit Pension Plan and 2013 Withdrawal** – Substantially all employees of the Hospital had been members of the Parochial Employees’ Retirement System of Louisiana (System), a cost sharing, multiple-employer public employee retirement system, controlled and administered by a separate board of trustees. The Hospital formally terminated its participation in the Plan effective December 1, 2013.

Per Louisiana Revised Statute 11:1903, if an employer terminates its agreement for coverage of its employees, the employer shall remit to the System that portion of the unfunded actuarial accrued liability which is attributable to the employer’s participation in the System. The amount required to be remitted shall be determined as of the December thirty-first immediately prior to the date of termination. The amount due shall be determined by the actuary employed by the System and shall either be paid in a lump sum or amortized over ten year in equal monthly payments with interest at the System’s actuarial valuation rate, at the option of the employer.

The Hospital has chosen to pay its withdrawal liability over ten year in equal monthly installments of principal and interest of \$55,298, with the first payment due September 1, 2013. The non-interest component of this monthly payment equates to a total withdrawal liability of \$3,086,829 as of December 31, 2017.

In planning for the termination of participation in the Parochial Employees’ Retirement System of Louisiana, the Hospital established a deferred compensation 457(b) plan and a defined contribution 401(a) retirement plan for eligible employees.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 – RETIREMENT BENEFITS (CONTINUED)**

**Section 457(b) Deferred Compensation Plan** – Effective December 1, 2013, the Hospital offered to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is available to all Hospital employees as of the first enrollment date following the date they become an employee and permits them to contribute a portion of their salary to the plan on an annual basis.

**Section 401(a) Defined Contribution Retirement Plan** – The Hospital also established a 401(a) retirement plan for the purpose of matching 100% of an employee’s salary reduction contributions to the deferred compensation plan up to 3% of the employee’s compensation received for that year. To be eligible for this match, the employee must be employed as of December 31. The contribution match for the Hospital will be made during the first quarter of the following year. For the year ended December 31, 2017, total employer contributions to the plan was \$83,146.

The amounts of compensation deferred, and other contributions under the above plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use. It is the opinion of Hospital management that the Hospital has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

**NOTE 14 – COMMITMENTS**

**Operating Leases** – The Hospital leases medical and office equipment under operating lease agreements and on a month-to-month basis. Future minimum lease payments required under operating leases in excess of one year are as follows:

Period Ending December 31,	<b>Lease Payments</b>
2018	\$ 392,964
2019	223,585
2020	86,913
Total	\$ 703,462

Lease expenses totaled \$1,209,189 for the year ended December 31, 2017.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 14 – COMMITMENTS (CONTINUED)

During January 2014, PVMO entered into a lease agreement with the Hospital whereby the Hospital will lease from PVMO for medical offices in the amount of \$78,000 per month commencing approximately on June 1, 2015, with an initial term of thirty years. Pursuant to this agreement, the Hospital assumed total property management and payment of all costs associated with the maintenance and operation of the medical offices. Future minimum lease payments under this lease for the next five years from the commencement of the lease are \$936,000 per year, and the total payments under the lease commitment are \$28,080,000. For the year ended December 31, 2017, \$936,000 of rental income was paid to PVMO. This rental income and corresponding expense have been eliminated on the financial statements.

**Purchase Agreements** – The Hospital entered into a contract with Cardinal Health for the purchase of radiopharmaceuticals. The term of the contract is one year, automatically renewing each year unless terminated in writing to Cardinal Health. The Hospital must purchase 90% of all radiopharmaceuticals required for actual use from Cardinal Health.

**Total Renal Care Cooperative Endeavor and Services Agreements** – On April 1 2010, the Hospital entered into a ten year cooperative endeavor lease agreement with Total Renal Care, Inc. (TRC). Under this agreement, TRC is leasing approximately 4,425 square feet of the Hospital building for the sum of \$92,628 per year, payable in equal monthly installments of \$7,719.

The Hospital entered into a five year Acute Services Agreement with TRC effective April 1, 2010. The agreement states that the Hospital appoints TRC as its exclusive provider of dialysis and other related services to its patients. The Hospital will pay TRC for these services under the fee schedule described in “Exhibit 7.1” of the agreement. This agreement will be automatically renewed for successive two year terms unless terminated.

The Hospital also entered into a one year Stat Laboratory Services Agreement with TRC effective June 10, 2013. The agreement states that the Hospital will provide certain laboratory tests and services necessary for TRC’s dialysis patients. TRC will compensate the Hospital for these services under the fee schedule described in “Exhibit A” of the agreement. This agreement has been automatically renewed for one year effective each annual period following the initial agreement, and will be automatically renewed for successive one year terms unless terminated.

**Cardiovascular Institute of the South (A Professional Medical Corporation) Cooperative Endeavor Agreement** – The Hospital entered into a five year Nurse Staffing Agreement with CIS effective March 1, 2013. This agreement includes provisions for three additional five year terms. This agreement states that CIS will provide up to three cardiac registered nurses or advanced nurse practitioners to the Hospital.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15 – HOSPITAL MANAGEMENT CONTRACT

As mentioned in Note 1, effective September 1, 2014, the Hospital is managed by St. Charles Operational Management Company (SCOMC), a wholly owned subsidiary of Ochsner Health System. The Hospital pays a monthly management fee to SCOMC in exchange for management, staff, and other assistance to operate the Hospital.

In addition to the management fee referred to above, the Hospital provides other payments to SCOMC for supplies purchased, professional services provided outside of the management agreement, and other miscellaneous items received or services provided throughout the year.

During year ended December 31, 2017, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC totaling approximately \$7,700,000 and made payments of approximately \$10,400,000, outstanding amounts of approximately \$2,700,000 are recorded as due to Hospital manager in the Hospital's statement of net position as a current liability.

### NOTE 16 – CONTINGENCIES AND RISK MANAGEMENT

The Hospital is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hospital carries commercial insurance for all risks of loss except as noted below.

The Hospital participates in the State of Louisiana Patient Compensation fund (the Fund). The Fund provides malpractice coverage to the Hospital for claims in excess of \$100,000 up to \$500,000. According to current state law, medical malpractice liability (exclusive of future medical care awards) is limited to \$500,000 per occurrence. The management of the Hospital has no reason to believe that the Hospital will be prevented from continuing its participation in the Fund.

**Workmen's Compensation** – The Hospital participates in the Louisiana Commercial and Trade Association Workmen's Compensation Trust Fund (the Trust Fund). Should the Trust Fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not practical to estimate the amount of additional assessments, if any, and the costs associated with any such assessments are treated as period expenses at the time they are assessed.

The Trust Fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the Trust Fund in its financial statements.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 16 – CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

**Laws and Regulations** – The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, and reimbursement for patient services. Government activity has continued 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 expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government, laws and regulations. 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.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated that the Centers for Medicare & Medicaid Services (CMS) implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. The program uses RAC's to search for potentially improper Medicare payments that may have been made to healthcare providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

A five-state pilot program concluded in March 2008, with a nationwide rollout of the RAC effort done in phases beginning in 2009. The experiences during the pilot found far more overpayments than underpayments. The Hospital will deduct from revenue amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC assessments against the Hospital are anticipated; however, the outcomes of such assessments are unknown and cannot be reasonably estimated.

**Electronic Health Records (EHR) Incentive Payments** – The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that adopt and meaningful use certified EHR technology. These incentive payments are determined based on a formula, including inputs such as charity care charges and total discharges. The revenue associated with EHR incentive payments is recognized by the Hospital when management can provide reasonable assurance that the Hospital will be able to demonstrate compliance with the meaningful use objectives for that reporting period and that the incentive payments will be received by the Hospital. Because these incentive payments are based on management's best estimate, the amounts recognized are subject to change. Any changes resulting from a change in estimate would be recognized within operations in the period in which they occur. In addition, these payments and the related attestation of compliance with meaningful use objectives are subject to audit by the federal government or its designee.

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 16 – CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

For the year ended December 31, 2017, the Hospital recognized \$140,266, in revenue related to Medicare and Medicaid incentive payments for EHR. These amounts were recognized in full at the date of attestation and are included within other operating revenues on the statement of revenues, expenses, and changes in net position.

### NOTE 17 - RENTAL REVENUES

The Hospital leases the Medical Office Building from PVMO under a master lease agreement whereby the Hospital pays PVMO \$78,000 per month, which eliminates in consolidation for reporting purposes herein.

As part of this this agreement, the Hospital can sublease out the office space. Beginning in the period ended December 31, 2016, the Hospital entered into lease agreements for some of the office space. For the year ended December 31, 2017, rental income related to this property and others rented by the Hospital totaled \$948,239 and is recorded on the Statements of Revenues, Expenses, and Changes in Net Position as other operating revenues. Future minimum rent receipts are as follows:

Period Ending December 31,	Rent Receipts
2018	\$ 556,046
2019	454,611
2020	370,529
2021	369,091
2022	380,930
Thereafter	1,443,076
Total	\$ 3,574,283

### NOTE 18 – TAX ABATEMENTS

In accordance with GASB 77 *Tax Abatement Disclosures* which requires the Hospital to disclose information regarding the ad-valorem tax abatements that affect the taxes collected by the Hospital, whether approved by the Hospital or other governmental entity. The program under which these abatements are granted is described below:

- **Industrial Tax Exemption:** Manufacturers receive a property tax exemption for a five-year period, renewable for an additional five years. Exemptible property includes buildings, machinery, equipment, furniture and fixtures for a new expanded or renovated facility.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 18 – TAX ABATEMENTS (CONTINUED)**

For the year ended December 31, 2017 the Hospital’s tax collections are affected by abatements authorized by St. Charles Parish (Parish), St. Charles Parish Council (Council), and the Industrial Development Board of St. Charles Parish (IDB) as detailed below:

<b>Industrial Tax Exemption</b>	<b>Total Amount of Abated Taxes</b>	<b>Hospital’s Share of Abated Taxes</b>
Parish approved	\$ 118,435,313	\$ 5,493,217
Council approved	141,636	6,569
IDB approved	250,375	11,613

**NOTE 19 – COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION**

The following table presents the combining condensed statements of net position information for the Hospital and its component units for the year ended December 31, 2017:

	<b>St. Charles Parish</b>					
	<b>Hospital Service District</b>	<b>Plantation View Medical Offices</b>	<b>Continuum of Care</b>	<b>Eliminations</b>	<b>Total</b>	
Current Assets	\$ 16,604,933	\$ 144,656	\$ 5,076	\$ (313,329)	\$ 16,441,336	
Assets whose use is limited	571,765	-	-	-	571,765	
Capital assets, net	24,231,900	15,913,973	-	-	40,145,873	
Other assets	1,735,232	-	-	-	1,735,232	
<b>Total assets</b>	<b>\$ 43,143,830</b>	<b>\$ 16,058,629</b>	<b>\$ 5,076</b>	<b>\$ (313,329)</b>	<b>\$ 58,894,206</b>	
Deferred outflows	\$ 492,819	\$ -	\$ -	\$ -	\$ 492,819	
Current Liabilities	\$ 10,188,402	\$ 381,932	\$ -	\$ (313,329)	\$ 10,257,005	
Long-term liabilities - less amounts due within one year	48,183,878	13,396,244	-	-	61,580,122	
Net position	(14,675,708)	2,220,530	5,076	-	(12,450,102)	
<b>Total liabilities and net position</b>	<b>\$ 43,696,572</b>	<b>\$ 15,998,706</b>	<b>\$ 5,076</b>	<b>\$ (313,329)</b>	<b>\$ 59,387,025</b>	

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT NOTES TO THE FINANCIAL STATEMENTS

### NOTE 19 – COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

The following table presents the combining condensed statement of revenues, expenses and changes in net position for the Hospital and its component units for the year ended December 31, 2017:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	Continuum of Care	Eliminations	Total
<b>Operating Revenues</b>	\$ 39,318,658	\$ 936,000	\$ -	\$ (936,000)	\$ 39,318,658
<b>Operating Expenses</b>					
Salaries, wages, and benefits	11,089,832	-	-	-	11,089,832
Supplies and other	19,961,753	-	-	(936,000)	19,025,753
Purchased services	5,245,401	-	-	-	5,245,401
Depreciation and amortization	3,066,668	373,752	-	-	3,440,420
Total operating expenses	39,363,654	373,752	-	(936,000)	38,801,406
<b>Non-Operating Revenues (Expenses)</b>					
Ad valorem taxes	7,205,042	-	-	-	7,205,042
Noncapital grants and contributions	171,118	-	-	-	171,118
Interest income	14,912	-	2	-	14,912
Interest expense	(2,263,066)	(858,110)	-	-	(3,121,176)
Total non-operating revenues, net	5,128,006	(858,110)	2	-	4,269,896
<b>Change in Net Position</b>	5,083,010	(295,862)	2	-	4,787,148
Net Position, Beginning of Year	(18,280,468)	1,038,142	5,074	-	(17,237,252)
Distribution (Contribution)	(1,478,250)	1,478,250	-	-	-
Net Position, End of Year	\$ (14,675,708)	\$ 2,220,530	\$ 5,076	\$ -	\$ (12,450,102)

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 19 – COMBINING CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)**

The following table presents the combining condensed statement of cash flows for the Hospital and its component units as of December 31, 2017:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	Continuum of Care	Eliminations	Total
Net cash provided by (used in):					
Operating activities	\$ (1,999,863)	\$ 1,806,217	\$ -	\$ -	\$ (193,646)
Noncapital financing activities	7,050,656	-	-	-	7,050,656
Capital and related financing activities	(6,479,738)	(1,806,217)	2	-	(8,285,953)
Investing activities	1,184,299	-	-	-	1,184,299
Net increase (decrease) in cash and cash equivalents	(244,646)	-	2	-	(244,644)
Cash and cash equivalents - beginning of period	1,170,889	-	5,074	-	1,175,963
Cash and cash equivalents - end of period	\$ 926,243	\$ -	\$ 5,076	\$ -	\$ 931,319



## Supplementary Information



**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD**

**Agency Head Name:** Austin Reeder, Chief Executive Officer

**Note:** Effective September 1, 2014, St. Charles Parish Hospital Service District is managed by St. Charles Operational Management Company, a wholly owned subsidiary of Ochsner Health System (Ochsner). The Agency Head is Austin Reeder, Chief Executive Officer. Austin Reeder is an employee of Ochsner. St. Charles Parish Hospital Service District did not make any payments to or on behalf of the Chief Executive Officer, an individual as the agency head for the year ended December 31, 2017.

**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULE OF BOARD OF COMMISSIONERS AND COMPENSATION**

	<b>Number of Meetings Attended</b>	<b>Total Per Diem Paid</b>
Karen Raymond	12	\$720
Jake Lemon	11	660
Betty Portera	8	480
Timothy J. Vial	12	-
William Sirmon	1	60
Ricky Bosco	1	60
<b>Total</b>	<b>45</b>	<b>\$1,980</b>

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT SCHEDULE OF BONDS

General Obligation Bonds, Series 2009	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	5.875% to 7.00%					\$ 5,500,000	\$ 5,500,000	\$ 5,210,000	\$ 290,000
		3/1/2018	9,062.50	3/1/2018	145,000				
		9/1/2018	4,531.25						
		3/1/2019	4,231.25	3/1/2019	145,000				

General Obligation Bonds, Series 2009A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	3.20% to 5.00%					\$ 1,000,000	\$ 1,000,000	\$ 870,000	\$ 130,000
		3/1/2018	2,667.50	3/1/2018	40,000				
		9/1/2018	1,867.50						
		3/1/2019	1,867.50	3/1/2019	45,000				
		9/1/2019	945.00						
		3/1/2020	945.00	3/1/2020	45,000				

General Obligation Bonds, Series 2009B	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	5.25% to 7.00%					\$ 5,000,000	\$ 5,000,000	\$ 1,210,000	\$ 3,790,000
		3/1/2018	125,801	3/1/2018	205,000				
		9/1/2018	119,908						
		3/1/2019	119,908	3/1/2019	220,000				
		9/1/2019	113,170						
		3/1/2020	113,170	3/1/2020	240,000				
		9/1/2020	105,970						
		3/1/2021	105,970	3/1/2021	255,000				
		9/1/2021	98,065						
		3/1/2022	98,065	3/1/2022	275,000				
		9/1/2022	89,403						
		3/1/2023	89,403	3/1/2023	295,000				
		9/1/2023	79,815						
		3/1/2024	79,815	3/1/2024	315,000				
		9/1/2024	69,263						
		3/1/2025	69,263	3/1/2025	340,000				
		9/1/2025	57,575						
		3/1/2026	57,575	3/1/2026	365,000				
		9/1/2026	44,800						
		3/1/2027	44,800	3/1/2027	395,000				
		9/1/2027	30,975						
		3/1/2028	30,975	3/1/2028	425,000				
		9/1/2028	16,100						
		3/1/2029	16,100	3/1/2029	460,000				

# ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

## SCHEDULE OF BONDS

General Obligation Bonds, Series 2012A	Rate	Interest	Principal	Scheduled	Principal Portion of Bonds				
		Payment Date	Payment Amount	Payment Date	Principal Payments	Authorized	Issued	Retired	Outstanding
	2.00% to 3.25%					\$ 8,000,000	\$ 8,000,000	\$ 745,000	\$ 7,255,000
		3/1/2018	95,628	3/1/2018	325,000				
		9/1/2018	95,628						
		3/1/2019	92,328	3/1/2019	335,000				
		9/1/2019	92,328						
		3/1/2020	88,703	3/1/2020	390,000				
		9/1/2020	88,703						
		3/1/2021	84,703	3/1/2021	410,000				
		9/1/2021	84,703						
		3/1/2022	80,369	3/1/2022	430,000				
		9/1/2022	80,369						
		3/1/2023	75,581	3/1/2023	445,000				
		9/1/2023	75,581						
		3/1/2024	70,172	3/1/2024	465,000				
		9/1/2024	70,172						
		3/1/2025	64,234	3/1/2025	485,000				
		9/1/2025	64,234						
		3/1/2026	57,766	3/1/2026	500,000				
		9/1/2026	57,766						
		3/1/2027	50,391	3/1/2027	525,000				
		9/1/2027	50,391						
		3/1/2028	42,365	3/1/2028	545,000				
		9/1/2028	42,365						
		3/1/2029	33,864	3/1/2029	565,000				
		9/1/2029	33,864						
		3/1/2030	24,840	3/1/2030	590,000				
		9/1/2030	24,840						
		3/1/2031	15,275	3/1/2031	610,000				
		9/1/2031	15,275						
		3/1/2032	10,319	3/1/2032	635,000				

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT SCHEDULE OF BONDS

General Obligation Bonds, Series 2012B	Rate	Interest	Payment	Principal	Scheduled	Principal Portion of Bonds			
		Payment				Payment	Principal	Authorized	Issued
		Date	Amount	Date	Payments				
	2.00% to 4.25%					\$ 6,000,000	\$ 6,000,000	\$ 550,000	\$ 5,450,000
		3/1/2018	95,031	3/1/2018	215,000				
		9/1/2018	95,031						
		3/1/2019	91,694	3/1/2019	230,000				
		9/1/2019	91,694						
		3/1/2020	87,944	3/1/2020	270,000				
		9/1/2020	87,944						
		3/1/2021	83,781	3/1/2021	285,000				
		9/1/2021	83,781						
		3/1/2022	79,356	3/1/2022	305,000				
		9/1/2022	79,356						
		3/1/2023	74,669	3/1/2023	320,000				
		9/1/2023	74,669						
		3/1/2024	69,719	3/1/2024	340,000				
		9/1/2024	69,719						
		3/1/2025	64,289	3/1/2025	360,000				
		9/1/2025	64,289						
		3/1/2026	58,179	3/1/2026	380,000				
		9/1/2026	58,179						
		3/1/2027	51,349	3/1/2027	400,000				
		9/1/2027	51,349						
		3/1/2028	43,759	3/1/2028	420,000				
		9/1/2028	43,759						
		3/1/2029	35,319	3/1/2029	445,000				
		9/1/2029	35,319						
		3/1/2030	26,219	3/1/2030	465,000				
		9/1/2030	26,219						
		3/1/2031	16,309	3/1/2031	495,000				
		9/1/2031	16,309						
		3/1/2032	11,050	3/1/2032	520,000				

General Obligation Bonds, Series 2013	Rate	Interest	Payment	Principal	Scheduled	Principal Portion of Bonds			
		Payment				Payment	Principal	Authorized	Issued
		Date	Amount	Date	Payments				
	4.55%					\$ 1,000,000	\$ 1,000,000	\$ 355,000	\$ 645,000
		3/1/2018	14,674	3/1/2018	100,000				
		9/1/2018	12,399						
		3/1/2019	12,399	3/1/2019	100,000				
		9/1/2019	10,124						
		3/1/2020	10,124	3/1/2020	105,000				
		9/1/2020	7,735						
		3/1/2021	7,735	3/1/2021	110,000				
		9/1/2021	5,233						
		3/1/2022	5,233	3/1/2022	115,000				
		9/1/2022	2,616						
		3/1/2023	2,616	3/1/2023	115,000				

# ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT SCHEDULE OF BONDS

General Obligation Bonds, Series 2013A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	3.05%					\$ 4,350,000	\$ 4,350,000	\$ 1,890,000	\$ 2,460,000
		3/1/2018	37,515	3/1/2018	555,000				
		9/1/2018	29,051						
		3/1/2019	29,051	3/1/2019	280,000				
		9/1/2019	24,781						
		3/1/2020	24,781	3/1/2020	285,000				
		9/1/2020	20,435						
		3/1/2021	20,435	3/1/2021	295,000				
		9/1/2021	15,936						
		3/1/2022	15,936	3/1/2022	305,000				
		9/1/2022	11,285						
		3/1/2023	11,285	3/1/2023	310,000				
		9/1/2023	6,558						
		3/1/2024	6,558	3/1/2024	430,000				

  

General Obligation Bonds, Series 2013B	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	2.32%					\$ 415,000	\$ 415,000	\$ 325,000	\$ 90,000
		3/1/2018	1,044	3/1/2018	90,000				

## ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT SCHEDULE OF BONDS

Limited Tax Bonds, Series 2014	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	4.90%					\$ 10,000,000	\$ 10,000,000	\$ 1,500,000	\$ 8,500,000
		3/1/2018	416,500	3/1/2018	775,000				
		3/1/2019	378,525	3/1/2019	850,000				
		3/1/2020	336,875	3/1/2020	1,250,000				
		3/1/2021	275,625	3/1/2021	1,300,000				
		3/1/2022	211,925	3/1/2022	1,375,000				
		3/1/2023	144,550	3/1/2023	1,450,000				
		3/1/2024	73,500	3/1/2024	1,500,000				

Limited Tax Bonds, Series 2015	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	4.00%					\$ 5,500,000	\$ 5,500,000	\$ 1,405,000	\$ 4,095,000
		3/1/2018	81,900	3/1/2018	575,000				
		9/1/2018	70,400						
		3/1/2019	70,400	3/1/2019	560,000				
		9/1/2019	59,200						
		3/1/2020	59,200	3/1/2020	215,000				
		9/1/2020	54,900						
		3/1/2021	54,900	3/1/2021	235,000				
		9/1/2021	50,200						
		3/1/2022	50,200	3/1/2022	225,000				
		9/1/2022	45,700						
		3/1/2023	45,700	3/1/2023	230,000				
		9/1/2023	41,100						
		3/1/2024	41,100	3/1/2024	270,000				
		9/1/2024	35,700						
		3/1/2025	35,700	3/1/2025	1,785,000				

Limited Tax Bonds, Series 2016	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds			
						Authorized	Issued	Retired	Outstanding
	2.19%					\$ 7,040,000	\$ 7,040,000	\$ 645,000	\$ 6,395,000
		3/1/2018	70,025	3/1/2018	670,000				
		9/1/2018	62,689						
		3/1/2019	62,689	3/1/2019	690,000				
		9/1/2019	55,133						
		3/1/2020	55,133	3/1/2020	720,000				
		9/1/2020	47,249						
		3/1/2021	47,249	3/1/2021	740,000				
		9/1/2021	39,146						
		3/1/2022	39,146	3/1/2022	760,000				
		9/1/2022	30,824						
		3/1/2023	30,824	3/1/2023	790,000				
		9/1/2023	22,174						
		3/1/2024	22,174	3/1/2024	815,000				
		9/1/2024	13,250						
		3/1/2025	13,250	3/1/2025	840,000				
		9/1/2026	4,052						
		3/1/2026	4,052	3/1/2026	370,000				





Carr, Riggs & Ingram, LLC  
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**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 Commissioners  
St. Charles Parish Hospital Service District  
Luling, 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 business-type activities of St. Charles Parish Hospital Service District (the Hospital), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements, and have issued our report thereon dated June 26, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hospital'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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 Hospital'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 Hospital's financial statements are free of 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is intended for the information of the Board of Commissioners, Management of St. Charles Parish Hospital, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

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

June 26, 2018



**ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT  
SCHEDULE OF CURRENT PERIOD FINDINGS AND RESPONSES**

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.