

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

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



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East Jefferson General Hospital Retirement and Savings Plans
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December 31, 2017

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Report



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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, 2017 and 2016, 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, 2017 and 2016, 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 June 14, 2018 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.

Carly Riggs & Ingram, L.L.C.

June 14, 2018



**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, 2017 and 2016. 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, 2017

- The net position held in trust for the Defined Benefit Retirement Plan increased by \$4,759,639 during the 2017 fiscal year and totaled \$49,942,792 as of December 31, 2017.
- Retirement benefits paid during 2017 increased \$406,512 to total \$4,757,508.
- Employer contributions to the Plan decreased \$13,295 during 2017 to total \$2,801,979.
- Net appreciation in the fair market value of investments was \$6,053,695 compared to \$1,975,259 for the prior fiscal year.
- Investment advisory and custodial fees decreased \$15,312 to total \$222,629.

Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2017

- The aggregate net position held in trust for the Defined Contribution Savings Plans increased by \$19,059,219 during the 2017 fiscal year and totaled \$181,915,305 as of December 31, 2017.
- Net appreciation in fair market value of investments was \$15,303,555 compared to \$4,270,731 for the prior fiscal year.
- Total contributions to the Savings Plans increased by \$122,160 to total \$8,966,091 for the year ended December 31, 2017.
- Total withdrawals decreased \$1,457,863 during 2017 bringing the total to \$14,591,764.

Defined Benefit Retirement Plan – Financial Highlights for the Year Ended December 31, 2016

- The net position held in trust for the Defined Benefit Retirement Plan increased by \$1,261,251 during the 2016 fiscal year and totaled \$45,183,153 as of December 31, 2016.
- Retirement benefits paid during 2016 increased \$352,528 to total \$4,350,996.

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

- Employer contributions to the Plan increased \$315,522 during 2016 to total \$2,815,274.
- Net appreciation in the fair market value of investments was \$1,975,259 compared to depreciation of (\$963,242) for the prior fiscal year.
- Investment advisory and custodial fees decreased \$3,952 to total \$237,941.

Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2016

- The aggregate net position held in trust for the Defined Contribution Savings Plans increased by \$4,125,164 during the 2016 fiscal year and totaled \$162,856,086 as of December 31, 2016.
- Net appreciation in fair market value of investments was \$4,270,731 compared to net depreciation of (\$7,808,375) for the prior fiscal year.
- Total contributions to the Savings Plans decreased by \$1,422,095 to total \$8,843,931 for the year ended December 31, 2016.
- Total withdrawals decreased \$247,554 during 2016 bringing the total to \$16,049,627.

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, 2017 and 2016.

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, 2017 and 2016.

<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 2018, the recommended contribution was \$2,480,111, \$321,868 less than the 2017 recommended contribution of \$2,801,979. This amount was computed assuming the payment is made on the last day of the year.

For 2017, the recommended contribution was \$2,801,979, \$13,295 less than the 2016 recommended contribution of \$2,815,274. This amount was computed assuming the payment is made on the last day of the year.

FINANCIAL ANALYSIS – RETIREMENT PLAN

Defined Benefit Retirement Plan - 2017 and 2016

The net position held in trust for the Defined Benefit Retirement Plan increased by \$4,759,639 during the 2017 fiscal year and totaled \$49,942,792 as of December 31, 2017. The increase is attributed primarily to the \$6,053,695 fair market value appreciation of plan investments in 2017.

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

Retirement Plan Net Position Held in Trust for Pension Benefits

	2017	2016	Difference	%
				Difference
Cash equivalents	\$ 560,656	\$ 1,175,594	\$ (614,938)	-52.3%
Investments	46,568,986	44,008,967	2,560,019	5.8%
Receivables	2,869,076	60,007	2,741,972	4,569.4%
Total Assets	<u>49,998,718</u>	45,244,568	4,754,150	10.5%
Total Liabilities	<u>55,926</u>	61,415	(5,489)	-8.9%
Net Position	<u>\$ 49,942,792</u>	<u>\$ 45,183,153</u>	<u>\$ 4,759,639</u>	10.5%

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 2017, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net appreciation of \$6,053,695. UBS Financial, Inc. has calculated the rate of return for the plan year ended December 31, 2017 at 15.65%. This is an increase of 8.94% compared to the 6.71% rate of return reported in 2016; it is 0.59% higher than the Plan's 2017 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 \$13,295 to total \$2,801,979 in 2017. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2017 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 2016, and the valuation interest rate remaining at 7.0%. The actuarial valuation for the plan year beginning January 1, 2018 recommends a \$2,480,111 contribution to the Pension Trust Fund.

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

	2017	2016	Difference	%
				Difference
Additions:				
Contributions	\$ 2,801,979	\$ 2,815,274	\$ (13,295)	-.5%
Investment Income	6,996,368	3,089,355	3,907,013	126.5%
Less: Fees	(281,200)	(292,382)	11,182	3.8%
Total Additions	<u>9,517,147</u>	5,612,247	3,904,900	69.6%
Deductions:				
Benefits	4,757,508	4,350,996	406,512	9.3%
Changes in Net Position	<u>4,759,639</u>	1,261,251	3,498,388	277.4%
Net Position, Beginning of Year	<u>45,183,153</u>	43,921,902	1,261,251	2.9%
Net Position, End of Year	<u>\$ 49,942,792</u>	<u>\$ 45,183,153</u>	<u>\$ 4,759,639</u>	10.5%

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 - 2016 and 2015

The net position held in trust for the Defined Benefit Retirement Plan decrease by \$1,261,251 during the 2016 fiscal year and totaled \$45,183,153 as of December 31, 2016. The increase is attributed primarily to the \$1,975,259 fair market value appreciation of plan investments in 2016.

Retirement Plan				
Net Position Held in Trust for Pension Benefits				
	2016	2015	Difference	%
				Difference
Cash equivalents	\$ 1,175,594	\$ 494,707	\$ 680,887	137.6%
Investments	44,008,967	43,433,270	575,697	-1.3%
Receivables	60,007	56,856	3,151	5.5%
Total Assets	<u>45,244,568</u>	<u>43,984,833</u>	<u>1,259,735</u>	2.9%
Total Liabilities	<u>61,415</u>	<u>62,931</u>	<u>(1,516)</u>	-2.4%
Net Position	<u>\$ 45,183,153</u>	<u>\$ 43,921,902</u>	<u>\$ 1,261,251</u>	2.9%

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 2016, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net appreciation of \$1,975,259. UBS Financial Services Inc. has calculated the rate of return for the plan year ended December 31, 2016 at 6.71%. This is a decrease of 14.98% compared to the -0.48% rate of return reported in 2015 and 1.00% lower than the Plan's 2016 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 \$315,522 to total \$2,815,274 in 2016. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2016 Plan Year Actuarial Valuation performed by Milliman. The comparative increase in the required contribution is primarily attributable to an increase in the transfers into the Plan. The actuarial valuation for the plan year beginning January 1, 2017 recommends a \$2,801,979 contribution to the Pension Trust Fund during 2017.

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

	2016	2015	Difference	% Difference
Additions:				
Contributions	\$ 2,815,274	\$ 2,499,752	\$ 315,522	12.6%
Investment Income	3,089,355	71,593	3,017,762	4,215.2%
Less: Fees	(292,382)	(288,319)	(4,063)	1.9%
Total Additions	5,612,247	2,283,636	3,329,221	98.6%
Deductions:				
Benefits	4,350,996	3,998,468	352,528	8.8%
Changes in Net Position	1,261,251	(1,715,442)	2,976,693	173.5%
Net Position, Beginning of Year	43,921,902	45,637,244	(1,715,442)	-3.8%
Net Position, End of Year	\$ 45,183,153	\$ 43,921,902	\$ 1,261,251	2.9%

East Jefferson General Hospital provides team members the ability to participate in a number of Retirement Savings Plans as outlined below:

Type of Plan	Type of Contribution	Amount
401(a) Retirement Savings Plan	Hospital Basic Contribution	Team Member receive between 2-5% (percentage tied to tenure)
403(b) Retirement Savings Plan	Team Member Contribution	Up to IRS Limits
	Hospital Matching Contribution	Discretionary; Hospital may contribute dollar for dollar match, up to 2%
457(b) Voluntary Retirement Savings Plan	Team Member Contributions	Up to IRS Limits

In February 2018, the Board of Directors approved funding the 2017 Hospital Basic and Matching contributions totaling \$2,848,947 to the Employee 401(a) and 403(b) Retirement Savings Plans during the first quarter of 2018.

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

FINANCIAL ANALYSIS – SAVINGS PLANS

Defined Contribution Savings Plans - 2017 and 2016

The net position held in trust for the combined Savings Plan administered by East Jefferson General Hospital increased by \$19,059,219 during the 2017 fiscal year. Net appreciation in fair value of investments of \$15,303,555 was the main factor behind the increase in net position. Combined investment income, net of investment advisory fees, totaled \$24,684,892 in 2017. Total withdrawals and benefits paid were \$14,591,764 for the year.

	2017	2016	Difference	% Difference
Cash equivalents	\$ 1,453,438	\$ 713,174	\$ 740,264	103.8%
Investments	177,612,920	159,759,393	17,853,527	11.2%
Receivables	2,848,947	2,383,519	465,428	19.5%
Total Assets	181,915,305	162,856,086	19,059,219	11.7%
Plan Net Assets	\$ 181,915,305	\$ 162,856,086	\$ 19,059,219	11.7%

Total contributions to the Savings Plans increased by \$122,160 to total \$8,966,091. Employer contributions increased \$465,428 and team member contributions decreased \$233,210, when compared to 2016. Rollover contributions decreased \$110,058 when compared to 2016.

Savings Plans				
Changes in Plan Net Assets Available for Benefits				
	2017	2016	Difference	Difference
Additions:				
Contributions	\$ 8,966,091	\$ 8,843,931	\$ 122,160	1.4%
Investment Income	24,766,964	11,445,963	13,321,001	116.4%
Less: Fees	(82,072)	(115,103)	33,031	28.7%
Total Additions	33,650,983	20,174,791	13,476,192	66.8%
Deductions:				
Benefits	14,591,764	16,049,627	(1,457,863)	-9.1%
Total Deductions	14,591,764	16,049,627	(1,457,863)	-9.1%
Change in Plan Net Assets	19,059,219	4,125,164	14,934,055	362.0%
Plan Net Assets, Beg. of Year	162,856,086	158,730,922	4,125,164	2.6%
Plan Net Assets, End of Year	\$ 181,915,305	\$ 162,856,086	\$ 19,059,219	11.7%

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

Defined Contribution Savings Plans - 2016 and 2015

The net position held in trust for the combined Savings Plan administered by East Jefferson General Hospital increased by \$4,125,164 during the 2016 fiscal year. Net appreciation of \$4,270,731 was the main force behind the increase in net position. Combined investment expense, net of investment advisory fees, totaled \$11,330,860 in 2016. Total withdrawals and benefits paid were \$16,049,627 for the year.

	2016	2015	Difference	% Difference
Cash equivalents	\$ 713,174	\$ 216,485	\$ 496,692	229.4%
Investments	159,759,393	154,967,145	4,792,248	3.1%
Receivables	2,383,519	3,547,295	(1,163,776)	-32.8%
Total Assets	<u>162,856,086</u>	<u>158,730,922</u>	<u>4,125,164</u>	2.6%
Plan Net Assets	<u>\$ 162,856,086</u>	<u>\$ 158,730,922</u>	<u>\$ 4,125,164</u>	2.6%

Total contributions to the Savings Plans decreased by \$1,422,095 to total \$8,843,931. Employer and Team Member contributions decreased \$1,163,774 and \$508,083, respectively, when compared to 2015. Rollover contributions increased \$249,762 when compared to 2015.

Savings Plans Changes in Plan Net Assets Available for Benefits

Additions:	2016	2015	Difference	% Difference
Contributions	\$ 8,843,931	\$ 10,266,026	\$ (1,422,095)	-13.9%
Investment Income	11,445,963	(28,029)	11,473,992	40,736.1%
Less: Fees	(115,103)	(81,789)	(33,314)	40.7%
Total Additions	<u>20,174,791</u>	<u>10,156,208</u>	<u>10,018,583</u>	98.6%
Deductions:				
Benefits	16,049,627	16,297,181	(247,554)	-1.5%
Total Deductions	<u>16,049,627</u>	<u>16,297,181</u>	<u>(247,554)</u>	-1.5%
Change in Plan Net Assets	4,125,164	(6,140,973)	10,266,137	-167.2%
Plan Net Assets, Beg. of Year	<u>158,730,922</u>	<u>164,871,895</u>	<u>(6,140,973)</u>	-3.7%
Plan Net Assets, End of Year	<u>\$ 162,856,086</u>	<u>\$ 158,730,922</u>	<u>\$ 4,125,164</u>	2.6%

EAST JEFFERSON GENERAL HOSPITAL RETIREMENT AND SAVINGS PLANS AS A WHOLE

During the year ended December 31, 2017, East Jefferson General Hospital's combined plan net position increased \$23,818,858 to total \$231,858,097. The observed increase in the Plan Assets is mainly attributable to positive returns on investments and the excess of contributions over distributions. Total contributions for the defined benefit and defined contribution plans increased \$108,865 to total \$11,768,070.



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

During the year ended December 31, 2016, East Jefferson General Hospital's combined plan net position increased \$5,386,415 to total \$208,039,239. The observed increase in the plan assets is mainly attributable to positive returns on investments and the excess of contributions over distributions. Total contributions for the defined benefit and defined contribution plans decreased \$1,106,573 to total \$11,659,205.

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>	2017	2016
ASSETS		
Cash equivalents	\$ 2,014,094	\$ 1,888,768
Receivables:		
Accrued interest and dividends	67,097	60,007
Employer contributions receivable	5,650,926	2,383,519
Total Receivables	5,718,023	2,443,526
Investments at fair value:		
Debt securities	14,648,261	14,295,900
Mutual funds	178,313,069	157,133,090
Investment in partnerships	47,804	12,759
Group fixed unallocated annuity contract	31,172,772	32,326,611
Total Investments at Fair Value	224,181,906	203,768,360
Total Assets	231,914,023	208,100,654
LIABILITIES		
Accounts payable	55,926	61,415
Total Liabilities	55,926	61,415
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 231,858,097	\$ 208,039,239

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

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:

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

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, 2017 and 2016 is shown below.

Valuation Date Plan Year	December 31, 2017	December 31, 2016
Annual Contribution:		
As a dollar amount	\$ 2,801,979	\$ 2,815,274
As a percent of payroll	10.4%	8.5%
Participant Payroll	\$ 26,891,161	\$ 33,150,184

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:

	2017	2016
401(a)	2,283	2,969
403(b)	2,578	3,223
457(b)	610	692

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. 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, 2017. No matching employer contributions were made for the year ended December 31, 2016. Effective in 2006, the plan was amended to change the Hospital's funding to an annual basis, from pay period 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, 2017 and 2016, the Plans used the following amounts in forfeitures to offset employer contributions and related custodial fees:

	2017	2016
401(a)	\$ 177,208	\$ 287,772
403(b)	3,648	246,925
	<u>\$ 180,856</u>	<u>\$ 534,697</u>

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.

Adopted Accounting Pronouncements

In March 2016, the GASB issued Statement No. 82 – Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No.73. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Plans implemented this statement for the year ended December 31, 2017 and there was no material impact on the Plans' financial statements as a result.

NOTE 3: CASH EQUIVALENTS AND INVESTMENTS

Following are the components of the Plans' cash equivalents and investments at December 31, 2017 and 2016:

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

Cash Equivalents

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

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

NOTE 3: CASH EQUIVALENTS AND INVESTMENTS (continued)

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, 2017 and 2016, the Retirement Plan's investments were held by Comerica. The Savings Plans' investments were held by VALIC.

The following were the Retirement Plan's adopted allocation ranges as of December 31, 2017:

<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, 2017 and 2016, 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, 2017 and 2016.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the 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.

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

NOTE 3: CASH EQUIVALENTS AND INVESTMENTS (continued)

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.

Rate of Return

For the years ended December 31, 2017 and 2016, the annual money-weighted rate of return on defined benefit plan investments, net of pension plan investment expense, was 15.78% and 6.78%, 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:

	2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities				
Mutual funds – fixed income	\$ 14,648,261	\$ 14,648,261	\$ -	\$ -
Equity securities				
Common stock	19,501,880	19,501,880	-	-
Foreign stock	545,659	545,659	-	-
American depository receipts	6,460,865	6,460,865	-	-
Mutual funds - equity	148,644,078	148,644,078	-	-
Real estate investment trusts	3,186,048	3,160,587	-	-
Total Investments by Fair Value Level	192,986,791	\$192,961,330	\$ -	\$ -
Investments Measured at Net Asset Value (NAV)				
Group fixed unallocated annuity contracts	31,172,772			
Investment in partnership	22,343			
Total Investments Measured at NAV	31,195,115			
Total Investments Measured at Fair Value	\$ 224,181,906			

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

NOTE 4: FAIR VALUE MEASUREMENTS (continued)

	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities				
Mutual funds – fixed income	\$ 14,295,900	\$ 14,295,900	\$ -	\$ -
Equity securities				
Common stock	17,705,709	17,705,709	-	-
Foreign stock	603,615	603,615	-	-
American depository receipts	6,262,261	6,262,261	-	-
Mutual funds - equity	129,401,816	129,401,816	-	-
Real estate investment trusts	3,159,689	3,159,689	-	-
Total Investments by Fair Value Level	171,428,990	\$171,428,990	\$ -	\$ -

Investments Measured at Net Asset Value (NAV)

Group fixed unallocated annuity contracts	32,326,611
Investment in partnership	12,759
Total Investments Measured at NAV	32,339,370

Total Investments Measured at Fair Value \$ 203,768,360

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, 2017 are presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at NAV:				
Group fixed unallocated annuity contracts	\$ 31,172,772	\$ -	Daily	Same day
Investment in partnership	22,343	-	Quarterly	90 days
Total Investments Measured at NAV	\$ 31,195,115	\$ -		

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, 2016 are presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at the NAV:				
Group fixed unallocated annuity contracts	\$ 32,326,611	\$ -	Daily	Same day
Investment in partnership	12,759	-	Quarterly	90 days
Total Investments Measured at the NAV	\$ 32,339,370	\$ -		

Group Fixed Unallocated Annuity Contracts

At December 31, 2017 and 2016, 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, 2017 and 2016, the Retirement Plan was invested in Equitas Evergreen Fund, L.P., which had a cost basis of \$22,343 and \$12,759, respectively. This fund's strategy is to achieve consistent absolute returns in a variety of market environments, with substantially less volatility than global equity markets generally, by diversifying investments across Managers. The fair value of the investment has been determined using the 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, 2017 and 2016 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:

	2017	2016
Total Pension Liability	\$ 80,727,672	\$ 80,409,889
Plan Fiduciary Net Position	49,942,792	45,183,153
The Hospital's Net Pension Liability	\$ 30,784,880	\$ 35,226,736
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.9%	56.2%

Actuarial Methods and Assumptions

The pension liability was determined by an actuarial valuation using the following actuarial assumptions:

Plan Year	2017	2016
Valuation Date	December 31, 2017	December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate Returns	7.00%	7.00%
Inflation	2.30% increasing to 2.80% in 2027	2.30% increasing to 2.80% in 2027
Salary Increases including Inflation	N/A	N/A
Mortality	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	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

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.

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)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 and 2016 are summarized in the following table:

Asset Class	2017 Long-Term Expected Real Rate of Return	2016 Long-Term Expected Real Rate of Return
U.S. Cash	0.11%	0.88%
U.S. Core Bonds	1.63%	2.05%
U.S. Equity Market	4.57%	5.74%
Non-U.S. Equities	5.76%	6.98%
Emerging Markets Equities	7.77%	8.72%
U.S REITs	5.01%	5.47%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at December 31, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Hospital contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Hospital at December 31, 2017 and 2016, 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:

2017	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$ 89,068,503	\$ 80,727,672	\$ 73,648,897
Fiduciary Net Position	49,942,792	49,942,792	49,942,792
Net Pension Liability	\$ 39,125,711	\$ 30,751,266	\$ 23,672,491

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

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

Sensitivity of the Net Pension Liability to Change in the Discount Rate (continued)

2016		1% Decrease 6.00%		Current Discount Rate 7.00%		1% Increase 8.00%
Total Pension Liability	\$	88,980,878	\$	80,409,889	\$	73,158,758
Fiduciary Net Position		45,183,153		45,183,153		45,183,153
Net Pension Liability	\$	43,797,725	\$	35,226,736	\$	27,975,605

NOTE 7: PLAN TERMINATION

Although it has not expressed any intent to do so, the Hospital has the right under the Plans to discontinue its contributions at any time and to terminate the Plans.

NOTE 8: SUBSEQUENT EVENTS

We have evaluated subsequent events through the date that the financial statements were available to be issued, June 14, 2018, and determined that no events occurred that require disclosure or a change to the financial statement amounts, except as disclosed below. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

In January 2018, the defined benefit plan's actuarially determined contribution for the 2017 Plan Year of \$2,801,979 was funded by the Hospital. In February 2018, the Board of Directors approved funding the 2017 Hospital Basic and Matching contributions totaling \$2,848,947 to the Employee 401(a) and 403(b) Retirement Savings Plans during the first quarter of 2018. These amounts are included in employer contribution receivable as of December 31, 2017.

In October 2017, the Board of Directors accepted a letter of intent from University Healthcare System LLC, a partnership between HCA Healthcare and Tulane University, to lease the assets of the hospital on a long-term basis. The Board of Directors is still in negotiations as of the date of this report.



**Required Supplementary
Information (Part II)**

**East Jefferson General Hospital Retirement and Savings Plans
Schedule of Net Pension Liability
Last 5 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
2017	\$ 80,727,672	\$ 49,942,792	\$ 30,784,880	61.9%	\$ 24,032,433	128.1%
2016	\$ 80,409,889	\$ 45,183,153	\$ 35,226,736	56.2%	\$ 26,891,161	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.

See independent auditors' report.

**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>	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	5,462,102	5,428,629	5,456,932	5,372,794
Effect of plan changes	-	-	-	-
Effect of economic/demographic gains or (losses)	(386,811)	(395,081)	(347,572)	(384,755)
Effect of assumption changes or inputs	-	3,858,117	-	-
Benefit payments	(4,757,508)	(4,350,996)	(3,998,468)	(3,733,932)
Net change in total pension liability	317,783	4,540,669	1,110,892	1,254,107
Total pension liability, beginning	80,409,889	75,869,220	74,758,328	73,504,221
Total pension liability, ending (a)	\$ 80,727,672	\$ 80,409,889	\$ 75,869,220	\$ 74,758,328
Plan Fiduciary Net Position				
Employer contributions	\$ 2,801,979	\$ 2,815,274	\$ 2,499,752	\$ 2,506,300
Investment income net of investment expenses	6,773,739	2,851,414	(162,396)	3,051,945
Benefit payments	(4,757,508)	(4,350,996)	(3,998,468)	(3,733,932)
Administrative expenses	(58,571)	(54,441)	(54,330)	(63,996)
Net change in plan fiduciary net position	4,759,639	1,261,251	(1,715,442)	1,760,317
Plan fiduciary net position, beginning	45,183,153	43,921,902	45,637,344	43,877,027
Plan fiduciary net position, ending (b)	\$ 49,942,792	\$ 45,183,153	\$ 43,921,902	\$ 45,637,344
The Hospital's net pension liability, ending = (a) - (b)	\$ 30,784,880	\$ 35,226,736	\$ 31,947,318	\$ 29,120,984
Plan fiduciary net position as a % of total pension liability	61.87%	56.19%	57.89%	61.05%
Covered payroll	\$ 24,032,433	\$ 26,891,161	\$ 33,150,184	\$ 35,666,374
The Hospital's net pension liability as a % of covered payroll	128.10%	131.00%	96.37%	81.65%

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
2017	\$ 2,801,979	\$ 2,801,979	\$ -	\$ 26,891,161	10.42%
2016	2,815,274	2,815,274	-	33,150,184	8.49%
2015	2,462,649	2,499,752	(37,103)	35,666,374	6.90%
2014	2,506,300	2,506,300	-	40,725,802	6.15%
2013	2,792,819	2,792,819	-	44,841,780	6.23%
2012	3,046,895	3,046,895	-	46,621,480	6.54%
2011	2,581,804	2,581,804	-	52,622,311	4.91%
2010	2,554,536	2,554,536	-	57,757,738	4.42%
2009	1,851,102	1,851,102	-	61,093,503	3.03%
2008	1,413,042	1,413,042	-	67,011,684	2.11%

See independent auditors' report.

**East Jefferson General Hospital Retirement and Savings Plans
Schedule of Investment Returns
Last 4 Years**

<u>Year Ended December 31</u>	<u>Net Money-Weighted Rate of Return</u>
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.

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	2.3%
Salary increases	N/A as a frozen plan
Investment rate of return	7.0% per annum, compounded annually, net of investment expenses
Mortality	RP 2000 system table for males and females, with floating Scale AA projections to valuation year plus 15 years for employee mortality and to valuation year plus 7 years for annuitant mortality



**Other Supplementary
Information**

East Jefferson General Hospital Retirement and Savings Plans
Combining Statements of Fiduciary Net Position
As of December 31, 2017 and 2016

	2017						2016					
	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total
		401(a)	403(b)	457(b)				401(a)	403(b)	457(b)		
ASSETS												
Cash equivalents	\$ 560,656	\$ 342,587	\$ 687,878	\$ 422,973	\$ 1,453,438	\$ 2,014,094	\$ 1,175,594	\$ 281,566	\$ 374,277	\$ 57,331	\$ 713,174	\$ 1,888,768
Receivables:												
Accrued interest and dividends	67,097	-	-	-	-	67,097	60,007	-	-	-	-	60,007
Contributions receivable:												
Employer	2,801,979	1,756,660	1,092,287	-	2,848,947	5,650,926	-	2,383,519	-	-	2,383,519	2,383,519
Total Receivables	2,869,076	1,756,660	1,092,287	-	2,848,947	5,718,023	60,007	2,383,519	-	-	2,383,519	2,443,526
Investments:												
Investments at fair value:												
Debt securities	14,648,261	-	-	-	-	14,648,261	14,295,900	-	-	-	-	14,295,900
Equity securities	31,872,921	48,408,938	79,979,719	18,051,491	146,440,148	178,313,069	29,700,308	41,769,625	69,320,977	16,342,180	127,432,782	157,133,090
Investment in partnership	47,804	-	-	-	-	47,804	12,759	-	-	-	-	12,759
Group fixed unallocated annuity contract	-	12,649,391	14,773,108	3,750,273	31,172,772	31,172,772	-	13,580,925	15,310,716	3,434,970	32,326,611	32,326,611
Total Investments at Fair Value	46,568,986	61,058,329	94,752,827	21,801,764	177,612,920	224,181,906	44,008,967	55,350,550	84,631,693	19,777,150	159,759,393	203,768,360
Total Assets	49,998,718	63,157,576	96,532,992	22,224,737	181,915,305	231,914,023	45,244,568	58,015,635	85,005,970	19,834,481	162,856,086	208,100,654
LIABILITIES												
Accounts payable	55,926	-	-	-	-	55,926	61,415	-	-	-	-	61,415
Total Liabilities	55,926	-	-	-	-	55,926	61,415	-	-	-	-	61,415
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 49,942,792	\$ 63,157,576	\$ 96,532,992	\$ 22,224,737	\$ 181,915,305	\$ 231,858,097	\$ 45,183,153	\$ 58,015,635	\$ 85,005,970	\$ 19,834,481	\$ 162,856,086	\$ 208,039,239

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, 2017 and 2016

	2017						2016					
	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total
		401(a)	403(b)	457(b)				401(a)	403(b)	457(b)		
ADDITIONS:												
Contributions:												
Members	\$ -	\$ -	\$ 4,454,564	\$ 1,230,661	\$ 5,685,225	\$ 5,685,225	\$ -	\$ -	\$ 4,605,192	\$ 1,313,243	\$ 5,918,435	\$ 5,918,435
Rollovers	-	86,196	345,723	-	431,919	431,919	-	8,533	533,444	-	541,977	541,977
Employer	2,801,979	1,756,660	1,092,287	-	2,848,947	5,650,926	2,815,274	2,383,519	-	-	2,383,519	5,198,793
Total Contributions	2,801,979	1,842,856	5,892,574	1,230,661	8,966,091	11,768,070	2,815,274	2,392,052	5,138,636	1,313,243	8,843,931	11,659,205
Investment income:												
Interest	1,074	264,590	301,442	70,710	637,816	637,816	580	283,813	313,451	63,388	660,652	661,232
Dividends	941,599	2,963,834	4,700,775	1,162,058	8,826,667	9,768,266	1,113,516	2,415,868	3,286,555	812,157	6,514,580	7,628,096
Net appreciation in fair value of investments	6,053,695	5,034,717	8,460,739	1,808,099	15,303,555	21,357,250	1,975,259	1,270,430	2,391,368	608,933	4,270,731	6,245,990
	6,996,368	8,263,141	13,462,956	3,040,867	24,766,964	31,763,332	3,089,355	3,970,111	5,991,374	1,484,478	11,445,963	14,535,318
Less:												
Investment advisory services	222,629	-	-	-	-	222,629	237,941	-	-	-	-	237,941
Custodial fees	-	24,468	50,332	7,272	82,072	82,072	-	35,910	72,798	6,395	115,103	115,103
Administrative expenses	58,571	-	-	-	-	58,571	54,441	-	-	-	-	54,441
Net Investment Income	6,715,168	8,238,673	13,412,624	3,033,595	24,684,892	31,400,060	2,796,973	3,934,201	5,918,576	1,478,083	11,330,860	14,127,833
Total Additions	9,517,147	10,081,529	19,305,198	4,264,256	33,650,983	43,168,130	5,612,247	6,326,253	11,057,212	2,791,326	20,174,791	25,787,038
DEDUCTIONS:												
Retirement benefits paid and savings plan withdrawals	4,757,508	4,939,588	7,778,176	1,874,000	14,591,764	19,349,272	4,350,996	6,189,993	8,542,665	1,316,969	16,049,627	20,400,623
Total Deductions	4,757,508	4,939,588	7,778,176	1,874,000	14,591,764	19,349,272	4,350,996	6,189,993	8,542,665	1,316,969	16,049,627	20,400,623
NET INCREASE	4,759,639	5,141,941	11,527,022	2,390,256	19,059,219	23,818,858	1,261,251	136,260	2,514,547	1,474,357	4,125,164	5,386,415
NET POSITION - RESTRICTED FOR PENSION BENEFITS												
Beginning of year	45,183,153	58,015,635	85,005,970	19,834,481	162,856,086	208,039,239	43,921,902	57,879,375	82,491,423	18,360,124	158,730,922	202,652,824
End of year	\$ 49,942,792	\$ 63,157,576	\$ 96,532,992	\$ 22,224,737	\$ 181,915,305	\$ 231,858,097	\$ 45,183,153	\$ 58,015,635	\$ 85,005,970	\$ 19,834,481	\$ 162,856,086	\$ 208,039,239

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, 2017**

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

<u>Purpose</u>	<u>Amount</u>
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



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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 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, 2017, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated June 14, 2018.

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. 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 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.

Carri Riggs & Ingram, L.L.C.

June 14, 2018