East Jefferson General Hospital

Financial Report
December 31, 2019

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Independent Auditor's Report

RSM US LLP

To the Board of Directors
East Jefferson General Hospital

Report on the Financial Statements
We have audited the accompanying financial statements of the business–type activities, the discretely presented component unit and the fiduciary fund of Jefferson Parish Hospital Service District No. 2, d/b/a East Jefferson General Hospital, a component unit of Jefferson Parish Louisiana, as of and for the years ended December 31, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of East Jefferson Ambulatory Surgery Center, LLC, a discretely presented component unit, for the years ended December 31, 2019 and 2018 which represents 100% of the assets, net position and revenue of this discretely presented component unit. We also did not audit the financial statements of East Jefferson General Hospital Retirement and Savings Plans (Pension Trust Fund), a fiduciary fund, for the years ended December 31, 2019 and 2018. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for East Jefferson Ambulatory Surgery Center, LLC and Pension Trust Fund financial statements, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of East Jefferson Ambulatory Surgery Center, LLC, East Jefferson Radiation Oncology, LLC, East Jefferson Physicians Group, LLC, East Jefferson Physician Network, LLC, Associated Hospital Services, Inc. and East Jefferson General Hospital Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, the discretely presented component unit and the fiduciary fund as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern
The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 15 to the financial statements, the Organization has suffered recurring losses from operations and has a declining net position which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 3–9 and 58–63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2020 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
May 27, 2020

LaPorte

A Professional Accounting Corporation

Metairie, Louisiana
May 27, 2020

Introduction

Management's Discussion and Analysis provides an overall review of the business-type activities of Jefferson Parish Hospital Service District No. 2, d/b/a East Jefferson General Hospital, a component unit of Jefferson Parish Louisiana, as of and for the years ended December 31, 2019, 2018 and 2017.

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

The basic financial statements also include the following blended component units: East Jefferson Physician Network, LLC which was used to acquire several physician practices; East Jefferson Radiation Oncology, LLC, which operates a radiation oncology center; East Jefferson Physicians Group, LLC (EJPG), which operates various clinic practices; Associated Hospital Services, Inc. (AHSI), which operates a laundry service and was sold in 2018; and the East Jefferson General Hospital Foundation. See Note 1 for further discussion of the reporting entity.

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

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

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

Overview of Financial Statements

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

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

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

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

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

Financial Highlights

The assets and deferred outflows of the Organization exceeded its liabilities and deferred inflows by $120,385,344 and $145,409,499 (net position) as of December 31, 2019 and 2018, respectively.

The Organization's total assets decreased by $35,479,571 or 9.23% from December 31, 2019, and decreased by $24,068,514 or 5.89% from December 31, 2017.

The Organization's deferred outflows related to pension decreased by $4,467,544 or 100% from December 31, 2018, and increased by $4,467,544 or 100% from December 31, 2017.

The Organization's total liabilities decreased by $17,753,127 or 7.29% from December 31, 2018, and liabilities increased by $12,436,887 or 5.11% from December 31, 2017.

The Organization's deferred inflows related to pension increased by $2,830,167 or 100% from December 31, 2018, and decreased by $1,560,611 or 100% from December 31, 2017.

Condensed Statements of Revenue, Expenses and Changes in Net Position

A summary version of the Statements of Revenue, Expenses and Changes in Net Position for the years ended December 31, 2019, 2018 and 2017 follows:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in Thousands)		
Net patient revenue	$ 300,789	$ 305,407	$ 319,331
Other operating revenue	16,368	19,967	22,040
Rental income from leases	4,662	4,622	4,810
Total operating revenue	321,819	329,996	346,181
Nonoperating revenue	4,715	4,424	2,686
Total revenue	326,534	334,420	348,867
Expenses:			
Salaries, wages and benefits	123,765	131,154	125,150
Purchased services and other	155,074	157,173	168,798
Supplies	44,547	46,264	48,513
Depreciation and amortization	19,436	22,183	22,717
Interest	8,335	8,328	8,834
Total operating expenses	351,157	365,102	374,012
Nonoperating expenses	400	312	275
Total expenses	351,557	365,414	374,287
Excess of revenue (under) expenses and change in net position	$ (25,023)	$ (30,994)	$ (25,420)

Operations

Year Ended December 31, 2019: The Organization's net patient service revenue decreased approximately $4,618,000 from 2018. This decrease is primarily seen in EJGH (Hospital), which is the result of a decrease in both inpatient and outpatient volumes and increased dependency on government payors.

The Organization's other operating revenue decreased approximately $3,599,000 from 2018. This is primarily due to a decrease in upper payment limit program revenue.

The Organization's total operating expenses decreased approximately $13,945,000 from 2018. The decrease is due to the Organization continuing to identify cost savings opportunities to improve operating margins, including salaries, wages and benefits decreasing approximately $7,389,000.

Year Ended December 31, 2018: The Organization's net patient service revenue decreased approximately $13,924,000 from 2017. This decrease is primarily seen in EJGH (Hospital), which is the result of a decrease in both inpatient and outpatient volumes and increased dependency on government payors.

The Organization's other operating revenue decreased approximately $2,073,000 from 2017. This is primarily due to the sale of AHSI in February 2018, which included all of its revenue within other operating revenue.

The Organization's total operating expenses decreased approximately $8,910,000 from 2017. The decrease is due to the Organization continuing to identify cost savings opportunities to improve operating margins. Purchased services and other decreased approximately $11,625,000 due to a decrease in the use of outsourcing and consulting agreements.

Condensed Statements of Net Position

Condensed versions of the Statements of Net Position as of December 31, 2019, 2018 and 2017 follow:

	December 31, 2019	December 31, 2018	December 31, 2017
	(Dollars in Thousands)		
Assets and Deferred Outflows			
Current assets	$ 166,739	$ 185,840	$ 190,087
Assets limited as to use, noncurrent	25,930	25,342	26,977
Capital assets, net	150,502	166,788	184,449
Other assets	5,659	6,339	6,865
Total assets	348,830	384,309	408,378
Deferred outflows of resources	-	4,468	-
	$ 348,830	$ 388,777	$ 408,378
Liabilities and Deferred Inflows			
Current liabilities, including current maturities of long-term debt	$ 187,895	$ 199,541	$ 194,471
Retirement benefits, noncurrent	-	1,187	1,675
Net pension liability, noncurrent	29,349	35,547	28,305
Other liabilities, noncurrent	8,370	7,093	6,480
Total liabilities	225,614	243,368	230,931
Deferred inflows of resources	2,830	-	1,560
Net Position			
Net investment in capital assets	16,589	29,709	44,319
Restricted:			
Expendable	35,873	54,767	44,525
Nonexpendable	360	360	360
Unrestricted	67,564	60,573	86,683
Total net position	120,386	145,409	175,887
	$ 348,830	$ 388,777	$ 408,378

December 31, 2019: Current assets decreased by approximately $19,101,000. There were large decreases in assets limited as to use, current portion, in connection with the Cooperative Endeavor Agreement (CEA) with service district hospitals.

December 31, 2018: Current assets decreased by approximately $4,247,000. There were large decreases in patient accounts receivable in connection with improving revenue cycle processes and a decrease in short-term investments, which were partially offset by an increase in assets limited as to use, current portion, in connection with the Cooperative Endeavor Agreement (CEA) with service district hospitals.

Condensed Statements of Cash Flows

	Years Ended December 31, 2019	2018	2017
	(Dollars in Thousands)		
Cash provided by operating activities	$ 12,204	$ 3,409	$ 16,399
Cash (used in) capital and related financing activities	(14,167)	(15,083)	(27,992)
Cash provided by (used in) noncapital financing activities	(316)	(237)	410
Cash provided by (used in) investing activities	(6,460)	23,393	17,873
Net increase (decrease) in cash and cash equivalents	(8,739)	11,482	6,690
Cash and cash equivalents:			
Beginning	28,178	16,696	10,006
Ending	$ 19,439	$ 28,178	$ 16,696

Year Ended December 31, 2019: Cash provided by operating activities increased by approximately $8,795,000 over the prior year due to a decrease in the loss from operations in 2019 and changes in working capital items from 2018 to 2019.

Year Ended December 31, 2018: Cash provided by operating activities decreased by approximately $12,990,000 over the prior year due to an increase in the loss from operations in 2018 and changes in working capital items from 2017 to 2018.

Capital Assets

	December 31, 2019	2018	2017
	(Dollars in Thousands)		
Capital assets not being depreciated:			
Land	$ 16,750	$ 16,750	$ 16,999
Construction in progress	4,262	3,437	3,570
Capital assets net of depreciation:			
Land improvements	251	286	320
Buildings	98,403	106,494	113,302
Fixed equipment	4,969	5,753	6,383
Major movable equipment	25,524	33,659	43,665
Minor equipment	343	409	210
Total capital assets, net	$ 150,502	$ 166,788	$ 184,449

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

December 31, 2019: As of December 31, 2019, the Organization had approximately $150,502,000 invested in capital assets. Capital expenditures in 2019 were approximately $16,285,000 less than depreciation expense, which caused a decrease in capital assets from 2018 to 2019.

December 31, 2018: As of December 31, 2018, the Organization had approximately $166,788,000 invested in capital assets. Capital expenditures in 2018 were approximately $15,743,000 less than depreciation expense, which caused a decrease in capital assets from 2017 to 2018.

Long-Term Debt

Long-term debt includes the Hospital's Series 2011 revenue bond issue, described in more detail in the notes to basic financial statements. The principal balance on the outstanding bonds was $134,915,000, $138,155,000 and $141,280,000 as of December 31, 2019, 2018 and 2017, respectively.

Because the Restricted Group's (Restricted Group is defined in the Bond Indenture Agreement), financial performance for 2019, 2018 and 2017 were unable to produce the required minimum debt service coverage ratio to be in compliance with debt covenants, this constitutes a technical default and requires that all associated debt be classified as current. The Organization continues to produce positive cash flow, although not to the level required, is maintaining days cash on hand, which exceeds the requirement of 60 days, and continues to make all required debt service payments timely. In March 2019, the Organization entered into a forbearance agreement with UMB Bank, N.A. in its capacity as Trustee. As one condition of the agreement, the Organization retained consultants to evaluate its operations and provide improvement suggestions. To avoid the occurrence of forbearance termination events, the Organization must meet certain milestones. The forbearance agreement also grants the bondholders security interests and liens in certain real property and personal property, as described in the agreement, as additional collateral.

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

Economic Factors

The Louisiana Economic Outlook: 2020 and 2021 by Loren C. Scott projects that the New Orleans Metropolitan Service Area will grow by 2.3 percent in 2020. The report states Louisiana began recovering from a 28-month recession by May 2017, the state's economy began to grow again in 2019. 2021 should be a particularly strong year for the state due to an industrial boom and a revived oil and gas industry. The New Orleans health care market will continue to see increased competition for services as well as staffing as competitors in the market expand their existing footprint. Looking outside of our local service area, a lack of knowledge as to the effects of any change in the Affordable Care Act and other important pieces of legislation coupled with reductions in health care spending expected at the State level, have contributed to much uncertainty in the health care industry. The above projections were based on information and projections before the COVID-19 pandemic. The infectious disease known as COVID-19, has caused disruption to the local, state and national economy. It can be reasonably expected the projections for 2020 and beyond could be revised due to the pandemic.

Year Ended December 31, 2019: During 2019, the Organization reached many milestones in its efforts to increase volume and improve the quality and mix of health care services offered to the residents of Jefferson Parish and the surrounding areas. Some of those accomplishments included:

- Named the #1 hospital in Louisiana in 8 specific categories – Medical Care, Hospital Care, Patient Safety, Gastrointestinal Care, General Surgery, Joint Procedures, Pulmonary Care, and Stroke Care.
- Named as one of the safest hospitals for patient care in the United States with a score of A (the highest rating) by Leapfrog.
- Received a 4-star rating from the Centers for Medicare and Medicaid Services. This was the highest rating in our region and among the top 20% in the nation.
- Received IBCLC Care Award. The IBCLC Care Award is a special recognition given to Hospital-Based Facilities that staff International Board Certified Lactation Consultants as part of the care team serving new families.
- Received third consecutive heart failure accreditation from the ACC.
- Received GWTG performance gold achievement award for stroke care.

Year Ended December 31, 2018: During 2018, the Organization reached many milestones in its efforts to increase volume and improve the quality and mix of health care services offered to the residents of Jefferson Parish and the surrounding areas. Some of those accomplishments included:

- Named the #1 hospital in Louisiana in 8 specific categories – Medical Care, Hospital care, Patient Safety, Gastrointestinal Care, General Surgery, Joint Procedures, Pulmonary Care, and Stroke Care.
- Named as one of the safest hospitals for patient care in the United States with a score of A (the highest rating) by Leapfrog.
- Received our 4th designation as a Nurse Magnet Hospital, highlighting our continued commitment to clinical excellence.
- Received a 4-star rating from the Centers for Medicare and Medicaid Services. This was the highest rating in our region and among the top 20% in the nation.
- Received CARF Accreditation for Stroke Care and Physical therapy.
- First to perform ORISE colorectal procedure in Louisiana.
- DaVinci Robotic Surgical system added, which gave EJGH one of the region's largest robotic and minimally invasive surgical departments.
- Began offering cool caps, an innovative system that allows chemotherapy patients to keep their hair during treatment.

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

East Jefferson General Hospital

Statements of Net Position
December 31, 2019 and 2018

	Organization 2019	Organization 2018	Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC 2019	Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC 2018
Assets and Deferred Outflows				
Current assets:				
Cash and cash equivalents	**$ 19,415,052**	$ 8,753,390	**$ 46,638**	$ 63,569
Short-term investments	**61,630,659**	70,935,915	**-**	-
Receivables:				
Patients, net	**25,168,017**	26,929,524	**743,505**	740,363
Other	**6,287,073**	5,439,242	**-**	-
Assets limited as to use, current portion	**34,904,857**	53,766,378	**-**	-
Inventories	**8,678,689**	8,806,518	**-**	-
Prepaid expenses	**10,654,731**	10,986,876	**46,565**	35,723
Estimated third-party payor settlements	**-**	222,970	**-**	-
Total current assets	**166,739,078**	185,840,813	**836,708**	839,655
Noncurrent assets:				
Assets limited as to use:				
Under bond indenture	**34,881,167**	34,341,917	**-**	-
Under CEA with service district hospitals	**23,690**	19,424,461	**-**	-
Restricted by donor	**1,067,959**	1,101,481	**-**	-
Other	**250,000**	250,000	**-**	-
Board-designated for strategic initiatives and for endowment	**24,611,748**	23,990,491	**-**	-
	60,834,564	79,108,350	**-**	-
Less portion required for current liabilities	**34,904,857**	53,766,378	**-**	-
	25,929,707	25,341,972	**-**	-
Capital assets:				
Nondepreciable	**21,011,793**	20,188,976	**-**	-
Depreciable, net	**129,490,053**	146,598,369	**705,730**	836,019
	150,501,846	166,787,345	**705,730**	836,019
Other assets	**5,659,352**	6,339,424	**-**	-
Total noncurrent assets	**182,090,905**	198,468,741	**705,730**	836,019
Total assets	**348,829,983**	384,309,554	**1,542,438**	1,675,674
Deferred outflows related to pension	**-**	4,467,544	**-**	-
	$ 348,829,983	$ 388,777,098	**$ 1,542,438**	$ 1,675,674

See notes to basic financial statements.

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2019	2018	**2019**	2018
Liabilities, Deferred Inflows and Net Position				
Current liabilities:				
Current maturities of long-term debt	**$ 133,912,613**	$ 137,078,654	**$ 142,516**	$ 135,918
Accounts payable	**26,044,631**	18,452,639	**241,562**	133,578
Accrued expenses:				
Salaries and wages	**2,456,173**	2,366,651	**-**	-
Paid leave	**3,270,132**	3,414,873	**-**	-
Health insurance claims	**2,182,554**	1,333,172	**-**	-
Interest	**4,167,419**	4,231,409	**-**	-
Due to service district hospitals under CEA	**23,690**	19,424,461	**-**	-
Other	**13,352,116**	13,237,882	**391,093**	174,765
Estimated third-party payor settlements	**2,485,841**	-	**-**	-
Total current liabilities	**187,895,169**	199,539,741	**775,171**	444,261
Noncurrent liabilities:				
Deferred compensation and executive benefits	**442,481**	677,597	**-**	-
Postemployment benefits	**-**	1,187,361	**-**	-
Estimated self-insurance reserves	**6,592,720**	5,724,006	**-**	-
Net pension liability, less current portion	**29,349,290**	35,547,135	**-**	-
Long-term debt, less current maturities	**-**	-	**75,218**	217,888
Other accrued expenses	**1,334,812**	691,759	**-**	-
Total noncurrent liabilities	**37,719,303**	43,827,858	**75,218**	217,888
Total liabilities	**225,614,472**	243,367,599	**850,389**	662,149
Deferred inflows related to pension	**2,830,167**	-	**-**	-
Commitments and contingencies (Notes 9 and 10)				
Net position:				
Net investment in capital assets	**16,589,233**	29,708,691	**487,996**	482,213
Restricted:				
Expendable	**35,872,427**	54,767,470	**-**	-
Nonexpendable	**360,497**	360,481	**-**	-
Unrestricted	**67,563,187**	60,572,857	**204,053**	531,312
Total net position	**120,385,344**	145,409,499	**692,049**	1,013,525
	$ 348,829,983	$ 388,777,098	**$ 1,542,438**	$ 1,675,674

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2019	2018	**2019**	2018
Operating revenue:				
Net patient service revenue	**$ 300,788,593**	$ 305,407,691	**$ 4,394,766**	$ 4,939,392
Other operating revenue	**16,367,837**	19,966,787	**4,899**	10,462
Rental income from leases	**4,663,503**	4,621,866	**-**	-
Total operating revenue	**321,819,933**	329,996,344	**4,399,665**	4,949,854
Operating expenses:				
Salaries, wages and benefits	**123,764,737**	131,154,114	**1,324,850**	1,439,213
Purchased services and other	**155,074,017**	157,173,189	**1,822,068**	1,881,159
Supplies	**44,549,231**	46,264,583	**1,362,686**	1,385,332
Depreciation and amortization	**19,435,694**	22,183,051	**130,289**	162,531
Interest	**8,334,822**	8,328,112	**14,059**	20,441
Total operating expenses	**351,158,501**	365,103,049	**4,653,952**	4,888,676
Income (loss) from operations	**(29,338,568)**	(35,106,705)	**(254,287)**	61,178
Nonoperating revenue (expenses):				
Investment earnings	**4,709,824**	2,133,633	**-**	-
Community benefit (expenses)	**(268,245)**	(311,891)	**-**	-
Grant and other revenues	**5,001**	2,190,988	**-**	-
Contributions received (paid)	**(47,828)**	500	**-**	-
Equity in net income (loss) of component units and associated companies	**(84,339)**	99,154	**-**	-
	4,314,413	4,112,384	**-**	-
Excess of revenue over (under) expenses before distributions	**(25,024,155)**	(30,994,321)	**(254,287)**	61,178
Distributions	**-**	-	**(67,189)**	(144,964)
Change in net position	**(25,024,155)**	(30,994,321)	**(321,476)**	(83,786)
Net position:				
Beginning	**145,409,499**	176,403,820	**1,013,525**	1,097,311
Ending	**$ 120,385,344**	$ 145,409,499	**$ 692,049**	$ 1,013,525

See notes to basic financial statements.

East Jefferson General Hospital

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2019	2018	**2019**	2018
Cash flows from operating activities:				
Receipts from patients and third-party payors	**$ 305,258,911**	$ 318,071,230	**$ 4,391,624**	$ 5,050,888
Payments to suppliers	**(188,659,478)**	(203,458,737)	**(2,871,284)**	(3,189,953)
Payments to employees	**(124,578,988)**	(131,458,267)	**(1,324,850)**	(1,439,213)
Other receipts and payments	**20,183,509**	20,254,843	**4,899**	10,462
Net cash provided by operating activities	**12,203,954**	3,409,069	**200,389**	432,184
Cash flows from capital and related financing activities:				
Purchase of capital assets	**(2,533,107)**	(5,823,860)	**-**	(13,052)
Grant and other revenues	**5,001**	2,190,988	**-**	-
Principal payments on long-term debt	**(3,240,000)**	(3,125,000)	**(136,072)**	(129,774)
Interest payments on long-term debt, net of interest capitalized	**(8,398,812)**	(8,325,144)	**(14,059)**	(20,441)
Net cash used in capital and related financing activities	**(14,166,918)**	(15,083,016)	**(150,131)**	(163,267)
Cash flows from noncapital financing activities:				
Contributions received (paid)	**(47,828)**	500	**-**	-
Community benefits paid	**(268,245)**	(311,891)	**-**	-
(Distributions) to members	**-**	-	**(67,189)**	(144,964)
Managed cash overdraft	**-**	-	**-**	(61,099)
Distributions from component unit and associated companies, net	**-**	73,929	**-**	-
Net cash used in noncapital financing activities	**(316,073)**	(237,462)	**(67,189)**	(206,063)
Cash flows from investing activities:				
Investment earnings	**3,095,942**	2,477,822	**-**	-
Purchase of investments	**(85,776,240)**	(90,054,250)	**-**	-
Proceeds from sales and maturities of investments and assets limited as to use	**76,167,622**	105,741,844	**-**	-
Proceeds from sale of AHSI	**-**	5,220,000	**-**	-
Other	**52,604**	7,410	**-**	-
Net cash provided by (used in) investing activities	**(6,460,072)**	23,392,826	**-**	-
Increase (decrease) in cash and cash equivalents	**(8,739,109)**	11,481,417	**(16,931)**	62,854
Cash and cash equivalents:				
Beginning, including cash and cash equivalents limited as to use: 2018 $19,424,461; 2017 $9,106,976	**28,177,851**	16,696,434	**63,569**	715
Ending, including cash and cash equivalents limited as to use: 2019 $23,690 ; 2018 $19,424,461	**$ 19,438,742**	$ 28,177,851	**$ 46,638**	$ 63,569

(Continued)

East Jefferson General Hospital

Statements of Cash Flows (Continued)
Years Ended December 31, 2019 and 2018

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2019	2018	**2019**	2018
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Income (loss) from operations	**$ (29,338,568)**	$ (35,106,705)	**$ (254,287)**	$ 61,178
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation and amortization	**19,435,694**	22,183,051	**130,289**	162,531
Interest expense	**8,334,822**	8,328,112	**14,059**	20,441
Gain on sale of AHSI	**-**	(2,166,394)	**-**	-
(Increase) decrease in:				
Patient receivables	**1,761,507**	12,667,747	**(3,142)**	111,496
Other receivables	**(847,831)**	(2,167,416)	**-**	-
Inventories	**127,829**	626,694	**-**	-
Prepaid expenses	**332,145**	(609,464)	**(10,842)**	(352)
Deferred outflows related to pension	**4,467,544**	(4,467,544)	**-**	-
Increase (decrease) in:				
Accounts payable	**7,591,992**	(1,478,529)	**107,984**	34,704
Third-party payor settlements	**2,708,811**	(4,208)	**-**	-
Accrued expenses	**1,344,818**	1,473,968	**216,328**	42,186
Deferred compensation and executive benefits, retirement benefits and self-insurance reserves	**89,290**	642,327	**-**	-
Pension liability	**(6,634,266)**	5,048,041	**-**	-
Deferred inflows related to pension	**2,830,167**	(1,560,611)	**-**	-
Net cash provided by operating activities	**$ 12,203,954**	$ 3,409,069	**$ 200,389**	$ 432,184
Noncash investing activities:				
Equity in net (income) loss of component unit and associated companies	**$ 84,339**	$ (99,154)	**$ -**	$ -
Sale of AHSI:				
Other receivables	**$ -**	$ 1,208,635	**$ -**	$ -
Inventory	**-**	452,479	**-**	-
Prepaid expenses	**-**	53,808	**-**	-
Capital assets	**-**	1,918,684	**-**	-
Gain on sale	**-**	2,166,394	**-**	-
Total purchase price	**-**	5,800,000	**-**	-
Amount withheld, included in other receivables		580,000		-
Net proceeds on sale of AHSI	**$ -**	$ 5,220,000	**$ -**	$ -
Increase (decrease) in fair value of investments	**$ 1,613,882**	$ (344,189)	**$ -**	$ -
Increase (decrease) in assets limited as to use under CEA with service district hospitals and due to service district hospitals under CEA	**$ (19,400,771)**	$ 10,317,485	**$ -**	$ -

See notes to basic financial statements.

East Jefferson General Hospital

Retirement and Savings Plans
Statements of Fiduciary Net Position—Pension Trust Fund
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	**$ 1,208,325**	$ 2,307,240
Investments at fair value:		
Debt securities	**16,196,098**	16,285,782
Equity securities	**192,553,786**	160,144,707
Investment in partnership	**47,319**	40,058
Investments at contract value, group fixed unallocated annuity contract	**28,834,501**	30,330,842
Total investments	**237,631,704**	206,801,389
Receivables:		
Accrued interest and dividends	**76,444**	77,704
Contributions receivable, employer	**-**	3,495,264
Due from broker	**54,277**	86,197
Total receivables	**130,721**	3,659,165
Total assets	**238,970,750**	212,767,794
Liabilities		
Accounts payable	**57,905**	50,736
Due to broker	**58,296**	62,079
Total liabilities	**116,201**	112,815
Net Position Restricted for Pension Benefits	**$ 238,854,549**	$ 212,654,979

See notes to basic financial statements.

East Jefferson General Hospital

Retirement and Savings Plans
Statements of Changes in Fiduciary Net Position—Pension Trust Fund
Years Ended December 31, 2019 and 2018

	2019	2018
Additions:		
Contributions:		
Members	**$ 6,019,404**	$ 6,053,341
Rollovers	**65,175**	883,942
Employer	**2,937,614**	5,692,208
Total contributions	**9,022,193**	12,629,491
Investment income (loss):		
Interest	**609,509**	633,542
Dividends	**12,277,863**	14,074,482
Net appreciation (depreciation) in fair value of investments	**28,532,129**	(25,022,989)
	41,419,501	(10,314,965)
Less:		
Investment advisory services	**203,814**	209,422
Custodial fees and administrative fees	**76,665**	74,598
Net investment income (loss)	**41,139,022**	(10,598,985)
Total additions	**50,161,215**	2,030,506
Deductions:		
Retirement benefits paid and savings plan withdrawals	**23,895,095**	21,175,004
Administrative expenses	**66,550**	58,620
Total deductions	**23,961,645**	21,233,624
Net increase (decrease)	**26,199,570**	(19,203,118)
Net position restricted for pension benefits:		
Beginning	**212,654,979**	231,858,097
Ending	**$ 238,854,549**	$ 212,654,979

See notes to basic financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

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

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

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

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

East Jefferson Physician Network, LLC (EJPN) was formed in 1996 and shall continue perpetually. EJPN is used to acquire several physician practices. The Hospital has a 95% ownership interest in EJPN as of December 31, 2019 and 2018.

Associated Hospital Services, Inc. (AHSI) is a laundry service provider. AHSI is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of amounts to different financial statement line items, no modifications have been made to AHSI's financial information in the Organization's financial reporting entity for these differences. On February 1, 2018, the Hospital sold its 100% ownership interest in AHSI for $5,800,000 and recognized a gain of approximately $2,166,000, which is included in other nonoperating revenue on the accompanying statement of revenues, expenses and changes in net position. The Organization collected approximately $5,220,000 of the purchase price during the year ended December 31, 2018 and the remaining $580,000 was recorded as other current receivables as of December 31, 2018 and collected in fiscal year 2019.

Individual financial statements can be requested from the Hospital's office at 4200 Houma Boulevard, Metairie, Louisiana 70006.

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

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

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

Discrete component unit: East Jefferson Ambulatory Surgery Center, LLC (EJASC) is a legally separate, discretely presented component unit of the Hospital. The Hospital does not appoint the voting majority of EJASC's Board of Directors and EJASC does not have a specific financial benefit or burden to the Hospital; however, EJASC's financial results are included in the Organization's financial statements as it would be misleading to exclude them. EJASC was formed in 2004 and shall continue perpetually. EJASC operates a surgery center on the Hospital's campus. The Hospital has a 51% ownership interest in EJASC as of December 31, 2019 and 2018 but only has a 50% voting right and does not have the voting majority over the board. EJASC has a December 31 fiscal year-end. EJASC is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of amounts to different financial statement line items, no modifications have been made to EJASC's financial information in the Hospital's financial reporting entity for these differences. Individual financial statements can be requested from EJASC's office at 4320 Houma Blvd., Metairie, Louisiana 70006.

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

Condensed Combining Statement of Net Position
December 31, 2019
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	Foundation	Eliminations	Total Organization (Memorandum Only)
Assets and Deferred Outflows							
Current assets	$ 168,185	$ 68	$ 325	$ 202	$ 1,686	$ (3,727)	$ 166,739
Assets limited as to use	22,797	-	-	-	3,133	-	25,930
Capital assets, net	150,502	-	-	-	-	-	150,502
Other assets	1,657	-	4,242	-	171	(411)	5,659
Total assets	$ 343,141	$ 68	$ 4,567	$ 202	$ 4,990	$ (4,138)	$ 348,830
Liabilities, Deferred Inflows and Net Position							
Liabilities							
Current liabilities	$ 187,312	$ 1,061	$ 3,140	$ -	$ 109	$ (3,727)	$ 187,895
Other liabilities	37,984	-	-	-	-	(265)	37,719
Total liabilities	225,296	1,061	3,140	-	109	(3,992)	225,614
Deferred inflows	2,830	-	-	-	-	-	2,830
Net position							
Net investment in capital assets	16,589	-	-	-	-	-	16,589
Restricted, expendable	35,155	-	-	-	718	-	35,873
Restricted, nonexpendable	-	-	-	-	350	10	360
Unrestricted	63,271	(993)	1,427	202	3,813	(156)	67,564
Total net position	115,015	(993)	1,427	202	4,881	(146)	120,386
	$ 343,141	$ 68	$ 4,567	$ 202	$ 4,990	$ (4,138)	$ 348,830

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

Condensed Combining Statement of Net Position
December 31, 2018
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	Foundation	Eliminations	Total Organization (Memorandum Only)
Assets and Deferred Outflows							
Current assets	$ 184,369	$ 103	$ (321)	$ 202	$ 1,563	$ (76)	$ 185,840
Assets limited as to use	22,797	-	-	-	2,545	-	25,342
Capital assets, net	166,704	80	4	-	-	-	166,788
Other assets	5,557	-	4,579	-	189	(3,986)	6,339
Total assets	379,427	183	4,262	202	4,297	(4,062)	384,309
Deferred outflows	4,468	-	-	-	-	-	4,468
	$ 383,895	$ 183	$ 4,262	$ 202	$ 4,297	$ (4,062)	$ 388,777
Liabilities, Deferred Inflows and Net Position							
Liabilities							
Current liabilities	$ 199,140	$ 210	$ 262	$ -	$ 5	$ (76)	$ 199,541
Other liabilities	44,141	-	-	-	-	(314)	43,827
Total liabilities	243,281	210	262	-	5	(390)	243,368
Net position							
Net investment in capital assets	29,625	80	4	-	-	-	29,709
Restricted, expendable	54,016	-	-	-	751	-	54,767
Restricted, nonexpendable	-	-	-	-	350	10	360
Unrestricted	56,973	(107)	3,996	202	3,191	(3,682)	60,573
Total net position	140,614	(27)	4,000	202	4,292	(3,672)	145,409
	$ 383,895	$ 183	$ 4,262	$ 202	$ 4,297	$ (4,062)	$ 388,777

Condensed Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2019
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	Foundation	Eliminations	Total Organization (Memorandum Only)
Total operating revenue	$ 316,334	$ 2,445	$ 3,331	$ -	$ 254	$ (545)	$ 321,819
Operating expenses, before depreciation and amortization	323,189	3,332	5,563	-	183	(545)	331,722
Depreciation and amortization	19,015	79	341	-	-	-	19,435
Total operating expenses	342,204	3,411	5,904	-	183	(545)	351,157
Income (loss) from operations	(25,870)	(966)	(2,573)	-	71	-	(29,338)
Nonoperating revenue	271	-	-	-	518	3,526	4,315
Change in net position	(25,599)	(966)	(2,573)	-	589	3,526	(25,023)
Net position							
Beginning	140,614	(27)	4,000	202	4,292	(3,672)	145,409
Ending	$ 115,015	$ (993)	$ 1,427	$ 202	$ 4,881	$ (146)	$ 120,386

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

Condensed Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2018
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Total operating revenue	$ 324,266	$ 2,203	$ 3,808	$ -	$ 293	$ 238	$ (812)	$ 329,996
Operating expenses, before depreciation and amortization	333,290	3,034	6,628	-	324	457	(812)	342,921
Depreciation and amortization	21,680	131	346	-	26	-	-	22,183
Total operating expenses	354,970	3,165	6,974	-	350	457	(812)	365,104
Loss from operations	(30,704)	(962)	(3,166)	-	(57)	(219)	-	(35,108)
Nonoperating revenue (expenses)	686	-	1	1	-	(1,091)	4,517	4,114
Other changes in net position	-	796	2,321	-	(5,151)	-	2,034	-
Change in net position	(30,018)	(166)	(844)	1	(5,208)	(1,310)	6,551	(30,994)
Net position								
Beginning	170,632	139	4,844	201	5,208	5,602	(10,223)	176,403
Ending	$ 140,614	$ (27)	$ 4,000	$ 202	$ -	$ 4,292	$ (3,672)	$ 145,409

Condensed Combining Statement of Cash Flows
Year Ended December 31, 2019
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	Foundation	Eliminations	Total Organization (Memorandum Only)
Operating activities	$ 11,253	$ 11	$ 721	$ -	$ 170	$ 49	$ 12,204
Capital and related financing activities	(14,167)	-	-	-	-	-	(14,167)
Noncapital financing activities	(93)	-	-	-	(174)	(49)	(316)
Investing activities	(6,479)	-	-	-	19		(6,460)
Net increase (decrease) in cash and cash equivalents	(9,486)	11	721	-	15	-	(8,739)
Cash and cash equivalents							
Beginning of the year	28,257	(37)	(277)	85	150	-	28,178
End of the year	$ 18,771	$ (26)	$ 444	$ 85	$ 165	$ -	$ 19,439

Condensed Combining Statement of Cash Flows
Year Ended December 31, 2018
(Dollars in Thousands)

	EJGH	EJRO	EJPG	EJPN	AHSI	Foundation	Eliminations	Total Organization (Memorandum Only)
Operating activities	$ 7,460	$ (823)	$ (2,329)	$ 1	$ (351)	$ (235)	$ (314)	$ 3,409
Capital and related financing activities	(15,083)	-	-	-	-	-	-	(15,083)
Noncapital financing activities	(2,829)	796	2,321	-	-	(839)	314	(237)
Investing activities	23,893	-	1	-	(1,518)	1,017	-	23,393
Net increase (decrease) in cash and cash equivalents	13,441	(27)	(7)	1	(1,869)	(57)	-	11,482
Cash and cash equivalents								
Beginning of the year	14,816	(10)	(270)	84	1,869	207	-	16,696
End of the year	$ 28,257	$ (37)	$ (277)	$ 85	$ -	$ 150	$ -	$ 28,178

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

Significant accounting policies:

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

Accounting standards: These financial statements have been prepared in accordance with GASB standards.

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

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

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

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

Patient receivables due directly from the patients, net of any third-party payor responsibility, are carried at the original charge for the service provided less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Organization does not charge interest on patient receivables. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. Provision for bad debts was approximately $16,832,000 and $17,667,000 for the years ended December 31, 2019 and 2018, respectively, and is recorded as a reduction of net patient service revenue.

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

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

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

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

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

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

The Organization has investments in associated companies and a component unit, which are reported as other assets on the accompanying statements of net position and are accounted for by the equity method of accounting under which the Organization's share of the net income of the associated companies and component unit are recognized as income in the Organization's statements of revenue, expenses and changes in net position and is added to the investment account. Dividends and distributions received from the associated companies and component unit are treated as a reduction of the investment account. The Organization's equity in the net income (loss) of the associated companies and component unit was ($84,339) and $99,154 for the years ended December 31, 2019 and 2018, respectively.

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

Interest capitalized on construction was approximately none and $252,000 during the years ended December 31, 2019 and 2018, respectively.

Goodwill: Goodwill is primarily the result of an acquisition of a physician group in 2012. Goodwill, which is included in other assets on the accompanying statements of net position, is being tested for impairment when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. Management has determined that no triggering events occurred during the years ended December 31, 2019 and 2018 and, therefore, determined no goodwill impairment exists. The goodwill is subject to amortization and is amortized on a straight-line method over its estimated useful lives, which range from 5 to 20 years.

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

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

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

Paid leave: Paid leave is accrued when earned. Paid leave activity for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Balance, beginning	$ 3,414,873	$ 2,685,805
Additions	38,561,853	41,539,780
Deletions	(38,706,594)	(40,810,712)
Balance, ending	$ 3,270,132	$ 3,414,873

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

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

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

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

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

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

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

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

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

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

Subsequent Events: Management has evaluated and disclosed subsequent events up to and including May 27, 2020, which is the date the financial statements were available to be issued.

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

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

Note 2. Net Patient Service Revenue

Approximately 72% and 70% of the Hospital's net patient service revenue for the years ended December 31, 2019 and 2018, respectively, is earned under agreements with Medicare and Medicaid. These agreements with third-party payors provide for payments to the Hospital at amounts different from its established rates. These third-party payors include: the Medicare and Medicaid programs, health maintenance organizations, and various commercial insurance and preferred provider organizations. A summary of the payment arrangements with major third-party payors follows:

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

Outpatient services are paid via the outpatient prospective payment system. Outpatient services subject to the outpatient prospective payment system are not subject to cost report settlement with several exceptions.

The Hospital is reimbursed for certain cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2017.

Note 2. Net Patient Service Revenue (Continued)

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

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

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

A summary of the Organization's net patient revenue for the years ended December 31, 2019 and 2018 is as follows:

	Organization		EJASC	
	2019	2018	2019	2018
Gross patient service revenue	$ 1,208,336,896	$ 1,213,070,562	$ 28,793,217	$ 29,601,232
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	890,716,164	889,996,267	24,398,451	24,661,840
Less provision for bad debts	16,832,139	17,666,604	-	-
	$ 300,788,593	$ 305,407,691	$ 4,394,766	$ 4,939,392

Contractual adjustment expense for the years ended December 31, 2019 and 2018 include the effects of changes in the estimate of third-party payor settlements. The effect of this change in estimate for third-party payor settlements was a reduction in contractual adjustment expense of approximately $105,000 and $279,000 for the years ended December 31, 2019 and 2018, respectively.

Note 3. Charity Care and Community Benefit

The Organization maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and the estimated cost of those services and supplies. The amount of charges forgone, based on established rates during the years ended December 31, 2019 and 2018 was approximately $187,000 and $264,000, respectively.

Although not accounted for as charity care, the Organization considers the contractual adjustment expense related to the Medicaid services as charity care. Contractual adjustment expense related to the Medicaid services performed was approximately $93,628,000 and $95,569,000 for the years ended December 31, 2019 and 2018, respectively.

Community benefit services represent the cost of providing services such as ambulance services, food and nutritional services, pastoral care and public speeches on health care issues to Parish organizations. The Organization recorded $268,245 and $311,891 of community benefit expenses related to these services for the years ended December 31, 2019 and 2018, respectively.

Note 4. Cash and Investments

The Organization's cash, cash equivalents and investments as of December 31, 2019 and 2018 are classified in the accompanying statements of net position as follows:

	2019	2018
Hospital:		
Current assets:		
Cash and cash equivalents	$ 18,747,190	$ 8,832,703
Short-term investments	60,152,177	69,560,704
Assets limited as to use:		
Cash and cash equivalents	23,690	19,424,461
Certificates of deposit	250,000	250,000
Investments	57,428,354	56,889,104
Other blended component units:		
Current assets:		
Cash and cash equivalents	667,862	(79,313)
Short-term investments	1,478,482	1,375,211
Assets limited as to use, investments	3,132,520	2,544,785
	$ 141,880,275	$ 158,797,655

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

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

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

Note 4. Cash and Investments (Continued)

Information about the sensitivity of the fair values of the Organization's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Organization's investments by maturity as of December 31, 2019:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	6 - 10	Over 10
Hospital:					
Money market mutual funds	$ 6,033,906	$ 6,033,906	$ -	$ -	$ -
Municipals bonds	36,687,183	11,718,673	24,968,510	-	-
Government agency bonds	54,312,157	28,890,303	25,421,854	-	-
U.S. Treasury bonds	9,003,137	6,086,985	2,916,152	-	-
Corporate and foreign bonds	11,544,148	7,053,967	4,490,181	-	-
Other blended component units:					
Money market mutual funds	161,108	161,108	-	-	-
Government agency bonds	141,328	-	141,328	-	-
U.S. Treasury bonds	648,597	98,143	333,548	216,906	-
Corporate and foreign bonds	457,989	-	274,394	183,595	-
Other mutual funds *	3,201,980	N/A	N/A	N/A	N/A
	$ 122,191,533	$ 60,043,085	$ 58,545,967	$ 400,501	$ -

*These investments do not have maturity dates.

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

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

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

	Investment Type	Fair Value
Federal Home Ln Mtg Corp Disc Nts	Government Agency Bonds	$ 12,582,092

Note 4. Cash and Investments (Continued)

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

As of December 31, 2019, all of the Hospital's bank balances in deposits with financial institutions were covered by insurance or collateral held by financial institutions in the Hospital’s name. The investments were also entirely covered by insurance or held by financial institutions in the Hospital's name.

As of December 31, 2019, the Hospital and other blended component units’ investments were rated as follows:

Investment Type	Moody's Investor's Service	Standard & Poor's	Fair Value
Hospital (rated as listed here):			
Money market mutual funds	Aaa	AAA	$ 6,033,906
Municipals bonds	Aaa	AAA	5,518,412
	Aaa	AA+	1,945,284
	Aaa	N/A	111,904
	Aa1	AA+	3,668,594
	Aa1	AA	3,163,214
	Aa1	N/A	130,822
	Aa2	AAA	1,151,510
	Aa2	AA+	2,240,143
	Aa2	AA	6,192,106
	Aa2	AA-	1,306,260
	Aa2	A-	500,182
	Aa2	N/A	3,060,714
	Aa3	AA+	136,782
	Aa3	AA-	2,021,893
	Aa3	N/A	181,895
	A1	AA	1,092,312
	A1	A	713,230
	A2	AA-	474,102
	N/A	AA+	380,738
	N/A	AA	1,127,189
	N/A	AA-	1,032,632
	N/A	A-	537,265
Subtotal forward			$ 42,721,089

Note 4. Cash and Investments (Continued)

Investment Type	Moody's Investor's Service	Standard & Poor's	Fair Value
Hospital (rated as listed here) (Cont.):			
Subtotal forwarded			$ 42,721,089
Government agency bonds	Aaa	AA+	37,181,591
	Aaa	AA	14,579,392
	Aaa	N/A	2,038,549
	Aa3	AA	512,625
U.S. Treasury bonds	Aaa	AA+	3,510,421
	Aaa	N/A	5,492,716
Corporate and foreign bonds	Aaa	AAA	3,033,765
	Aaa	AA+	1,006,178
	Aa1	AA+	1,508,586
	Aa2	AA	3,012,693
	Aa3	AA-	2,982,926
Other blended component units (rated as listed here):			
Government agency bonds	Aaa	AA+	141,328
U.S. Treasury bonds	Aaa	AA+	648,597
Corporate and foreign bonds	Aaa	AAA	19,268
	Aa1	AA+	19,096
	Aa2	AA	17,088
	Aa2	AA-	53,264
	A1	AA-	18,837
	A1	A +	72,227
	A2	A	32,894
	A2	A-	65,199
	A3	A-	16,141
	A3	BBB+	91,545
	Baa1	A-	12,583
	Baa1	BBB+	27,461
	Baa2	BBB	12,386
Other investments	*	*	3,363,088
			$ 122,191,533

* These investments are not rated.

Note 4. Cash and Investments (Continued)

East Jefferson General Hospital Retirement and Savings Plans: Following are the components of the East Jefferson General Hospital Retirement and Savings Plans' (Pension Trust Fund), which includes a single employer defined benefit retirement plan (Pension Plan) and defined contribution savings plans (Savings Plans) cash equivalents and investments as of December 31, 2019 and 2018:

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

Cash equivalents: The cash equivalents totaling $1,208,325 and $2,307,240 as of December 31, 2019 and 2018, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the Pension Trust Fund's custodian's trust department.

Investments: Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and trust agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. As of December 31, 2019 and 2018, the Pension Plan's investments are held by Comerica. The Savings Plans' investments are held by VALIC. The following were the Pension Plan's adopted portfolio target percentages as of December 31, 2019:

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

Note 4. Cash and Investments (Continued)

Concentration of credit risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Pension Plan's investment in a single issuer. The Pension Plan's investment policy states that no more than 5% of market value of the assets assigned to an investment manager may be invested in unsecure investments of a single company by a manager. As of December 31, 2019 and 2018, there were no investments that exceeded the Pension Plan's concentration of credit risk policy. The Savings Plans' investment policy does not set a maximum percentage allowed to be invested in a single company.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Trust Fund has no formal investment policy regarding credit risk. The Pension Trust Fund did not have investments in long-term debt securities as of December 31, 2019 and 2018.

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

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

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

Group fixed unallocated annuity contract: As of December 31, 2019 and 2018, the Pension Plan was invested in Group Fixed Unallocated Annuity Contracts featuring a highly competitive current interest rate. The strategy for these contracts is intended to produce a reasonably stable and predictable return throughout the economic cycle, without undue risk or volatility. The portfolio consists principally of investment-grade corporate debt securities and highly 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 partnership: As of December 31, 2019 and 2018, the Pension Plan was invested in Equitas Evergreen Fund, L.P., which had a cost basis of $18,062 and $18,457, respectively. This fund's strategy is to achieve consistent absolute returns in a variety of market environments, with substantially less volatility than global equity markets, by diversifying investments across managers. The fair value of the investment has been determined using the net asset value (NAV) per share (or equivalent) of the Pension Plan's ownership interest in partners' capital.

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

Note 4. Cash and Investments (Continued)

Fair value: The Organization and the Pension Trust Fund use the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The Organization has the following recurring fair value measurements as of December 31, 2019 and 2018.

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2019			
Municipals bonds	$ 36,687,183	$ -	$ 36,687,183	$ -
Government agency bonds	54,453,485	-	54,453,485	-
U.S. Treasury bonds	9,651,734	9,651,734	-	-
Corporate and foreign bonds	12,002,137	-	12,002,137	-
Other mutual funds	3,201,980	-	3,201,980	-
	115,996,519	$ 9,651,734	$ 106,344,785	$ -
Cash and cash equivalents	19,688,742			
Money market mutual funds	6,195,014			
	$ 141,880,275			
	2018			
Municipals bonds	$ 36,430,551	$ -	$ 36,430,551	$ -
Government agency bonds	45,392,898	-	45,392,898	-
U.S. Treasury bonds	19,956,402	19,956,402	-	-
Corporate and foreign bonds	10,820,185	-	10,820,185	-
Other mutual funds	2,829,812	-	2,829,812	-
	115,429,848	$ 19,956,402	$ 95,473,446	$ -
Cash and cash equivalents	28,427,851			
Money market mutual funds	14,939,956			
	$ 158,797,655			

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

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

Note 4. Cash and Investments (Continued)

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2019			
Debt securities				
Mutual funds - fixed income	$ 15,939,730	$ 15,939,730	$ -	$ -
US government obligations	137,833	137,833	-	-
Corporate bonds	105,341	105,341	-	-
Foreign bonds and notes	13,194	13,194	-	-
Equity securities:				
Common stock	20,909,490	20,909,490	-	-
Foreign stock	445,290	445,290	-	-
American depository receipts	4,417,458	4,417,458	-	-
Mutual funds, equity	163,288,046	163,288,046	-	-
Real estate investment trusts	3,522,759	3,522,759	-	-
Group fixed unallocated annuity contract	28,834,501	(A)	(A)	(A)
Investment in partnership	18,062	(A)	(A)	(A)
	$ 237,631,704	$ 208,779,141	$ -	$ -
	2018			
Debt securities, mutual funds, fixed income	$ 16,285,782	$ 16,285,782	$ -	$ -
Equity securities:				
Common stock	15,387,958	15,387,958	-	-
Foreign stock	541,543	541,543	-	-
American depository receipts	6,648,925	6,648,925	-	-
Mutual funds, equity	134,452,314	134,452,314	-	-
Real estate investment trusts	3,135,568	3,135,568	-	-
Group fixed unallocated annuity contract	30,330,842	(A)	(A)	(A)
Investment in partnership	18,457	(A)	(A)	(A)
	$ 206,801,389	$ 176,452,090	$ -	$ -

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

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

Note 4. Cash and Investments (Continued)

The unfunded commitments and redemption terms for the Pension Trust Fund's investments measured at the NAV per share (or its equivalent) as of December 31, 2019 and 2018 are presented in the following table:

	Fair Value		Unfunded Commitments		Redemption Frequency (If Currently Eligible)	Redemption Notice Period
	2019	2018	2019	2018		
Investments measured at the NAV:						
Group fixed unallocated annuity contract	$ 28,834,501	$ 30,330,842	$ -	$ -	Daily	Same day
Investment in partnership	18,062	18,457	-	-	Quarterly	90 days
	$ 28,852,563	$ 30,349,299	$ -	$ -		

Note 5. Composition of Patient Receivables

Patient receivables as of December 31, 2019 and 2018 consist of the following:

	Organization		EJASC	
	2019	2018	2019	2018
Patients	$ 133,750,068	$ 127,885,997	$ 1,070,511	$ 1,054,100
Less estimated third-party contractual adjustments	88,643,342	81,545,022	327,006	313,737
Less allowance for doubtful accounts	19,938,709	19,411,451	-	-
	$ 25,168,017	$ 26,929,524	$ 743,505	$ 740,363

East Jefferson General Hospital

Notes to Basic Financial Statements

Note 6. Capital Assets

Capital assets activity as of and for the years ended December 31, 2019 and 2018 is as follows:

	December 31, 2018	Additions	Disposals	Transfers	December 31, 2019
Organization:					
Capital assets not being depreciated:					
Land	$ 16,750,092	$ -	$ -	$ -	$ 16,750,092
Construction in progress	3,438,884	51,342	-	771,475	4,261,701
Total capital assets not being depreciated	20,188,976	51,342	-	771,475	21,011,793
Capital assets being depreciated:					
Land improvements	6,058,826	-	-	-	6,058,826
Buildings	293,166,693	83,500	-	(183,839)	293,066,354
Fixed equipment	92,282,101	25,872	-	340,066	92,648,039
Major movable equipment	258,489,594	2,372,393	(101,570)	(927,702)	259,832,715
Minor equipment	1,574,076	-	-	-	1,574,076
Total capital assets being depreciated	651,571,290	2,481,765	(101,570)	(771,475)	653,180,010
Less accumulated depreciation for:					
Land improvements	5,773,343	34,290	-	-	5,807,633
Buildings	186,673,815	7,989,795	-	-	194,663,610
Fixed equipment	86,528,879	1,149,700	-	-	87,678,579
Major movable equipment	224,831,495	9,579,120	(101,570)	-	234,309,045
Minor equipment	1,165,389	65,701	-	-	1,231,090
Total accumulated depreciation	504,972,921	18,818,606	(101,570)	-	523,689,957
Total capital assets being depreciated, net	146,598,369	(16,336,841)	-	(771,475)	129,490,053
Organization capital assets, net	$ 166,787,345	$ (16,285,499)	$ -	$ -	$ 150,501,846
EJASC:					
Capital assets being depreciated:					
Land improvements	$ 2,074,118	$ -	$ -	$ -	$ 2,074,118
Major movable equipment	1,467,950	-	-	-	1,467,950
Total capital assets being depreciated	3,542,068	-	-	-	3,542,068
Less accumulated depreciation for:					
Land improvements	979,716	-	-	-	979,716
Major movable equipment	1,726,333	130,289	-	-	1,856,622
Total accumulated depreciation	2,706,049	130,289	-	-	2,836,338
EJASC capital assets, net	$ 836,019	$ (130,289)	$ -	$ -	$ 705,730

Note 6. Capital Assets (Continued)

	December 31, 2017	Additions	Disposals	Transfers	December 31, 2018
Organization:					
Capital assets not being depreciated:					
Land	$ 16,998,802	$ -	$ (248,710)	$ -	$ 16,750,092
Construction in progress	3,571,318	1,268,902	-	(1,401,336)	3,438,884
Total capital assets not being depreciated	20,570,120	1,268,902	(248,710)	(1,401,336)	20,188,976
Capital assets being depreciated:					
Land improvements	6,058,826	-	-	-	6,058,826
Buildings	294,032,489	-	(2,909,423)	2,043,627	293,166,693
Fixed equipment	91,804,381	-	(77,996)	555,716	92,282,101
Major movable equipment	262,053,732	4,554,958	(6,653,187)	(1,465,909)	258,489,594
Minor equipment	1,306,174	-	-	267,902	1,574,076
Total capital assets being depreciated	655,255,602	4,554,958	(9,640,606)	1,401,336	651,571,290
Less accumulated depreciation for:					
Land improvements	5,739,053	34,290	-	-	5,773,343
Buildings	180,731,080	8,113,978	(2,171,243)	-	186,673,815
Fixed equipment	85,421,378	1,174,714	(67,213)	-	86,528,879
Major movable equipment	218,388,604	12,175,067	(5,732,176)	-	224,831,495
Minor equipment	1,096,217	69,172	-	-	1,165,389
Total accumulated depreciation	491,376,332	21,567,221	(7,970,632)	-	504,972,921
Total capital assets being depreciated, net	163,879,270	(17,012,263)	(1,669,974)	1,401,336	146,598,369
Organization capital assets, net	$ 184,449,390	$ (15,743,361)	$ (1,918,684)	$ -	$ 166,787,345
EJASC:					
Capital assets being depreciated:					
Land improvements	$ 2,074,118	$ -	$ -	$ -	$ 2,074,118
Major movable equipment	1,455,765	13,052	(867)	-	1,467,950
Total capital assets being depreciated	3,529,883	13,052	(867)	-	3,542,068
Less accumulated depreciation for:					
Land improvements	979,716	-	-	-	979,716
Major movable equipment	1,564,669	162,531	(867)	-	1,726,333
Total accumulated depreciation	2,544,385	162,531	(867)	-	2,706,049
EJASC capital assets, net	$ 985,498	$ (149,479)	$ -	$ -	$ 836,019

Note 7. Long-Term Debt

Long-term debt as of December 31, 2019 and 2018 consists of:

	2019	2018
Organization:		
Hospital Revenue and Refunding Bonds, Series 2011, net of unamortized bond discount (A)	$ 133,912,613	$ 137,078,654
Less current maturities	133,912,613	137,078,654
	$ -	$ -
EJASC:		
Note payable, bank (B)	$ 217,734	$ 353,806
Less current maturities	142,516	135,918
	$ 75,218	$ 217,888

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

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

The Series 2011 Bonds bear interest at rates ranging from 3.95% to 6.375%, payable semi-annually. Annual principal payments are due in varying amounts ranging from $2,105,000 to $11,515,000 through July 2041. As discussed below, the Hospital is not in compliance with certain debt covenants, therefore, the bonds have been classified as current on the accompanying statements of net position.

The Series 2011 Bonds grant a security interest in all revenue either accrued or received in connection with operations of the Hospital. The terms of the trust indentures require the Restricted Group to comply with certain covenants. The Restricted Group includes the Hospital and its blended component units, with the exception of the Foundation and AHSI, which are not members of the Restricted Group for the Series 2011 Bonds. The covenants provide for timely financial reporting and require the Restricted Group to maintain certain financial ratios, the most restrictive of which is the maintenance of a specified debt service coverage ratio and the days cash on hand ratio. For the years ended December 31, 2019 and 2018, the Restricted Group was not in compliance with the required minimum debt service coverage ratio of 1.2. Because the Restricted Group's debt service coverage ratio for the years ended December 31, 2019 and 2018 is less than 1.0, the covenant violation is considered an event of default under the terms of the bond trust indenture. As a result of the event of default, the outstanding principal on the Series 2011 Bonds has been classified as a current liability on the accompanying statements of net position as of December 31, 2019 and 2018.

The Organization continues to produce positive cash flow, although not to the level required, is maintaining days cash on hand, which exceeds the requirement of 60 days, and continues to make all required debt service payments timely. In March 2019, the Organization entered into a forbearance agreement with UMB Bank, N.A. in its capacity as Trustee. As one condition of the agreement, the Organization retained consultants to evaluate its operations and provide improvement suggestions. To avoid the occurrence of forbearance termination events, the Organization must meet certain milestones. The forbearance agreement also grants the bondholders security interests and liens in certain real property and personal property, as described in the agreement, as additional collateral.

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

Note 7. Long-Term Debt (Continued)

Long-term debt activity as of and for the years ended December 31, 2019 and 2018 is as follows:

	December 31, 2018	Additions	Deductions	December 31, 2019	Due Within One Year
Organization:					
Hospital Revenue and Refunding Bonds, Series 2011	$ 138,155,000	$ -	$ (3,240,000)	$ 134,915,000	$ 133,912,613
Less bond discount	1,076,346	-	(73,959)	1,002,387	-
	$ 137,078,654	$ -	$ (3,166,041)	$ 133,912,613	$ 133,912,613
EJASC, note payable, bank	$ 353,806	$ -	$ (136,072)	$ 217,734	$ 142,516

	December 31, 2017	Additions	Deductions	December 31, 2018	Due Within One Year
Organization:					
Hospital Revenue and Refunding Bonds, Series 2011	$ 141,280,000	$ -	$ (3,125,000)	$ 138,155,000	$ 137,078,654
Less bond discount	1,149,048	-	(72,702)	1,076,346	-
	$ 140,130,952	$ -	$ (3,052,298)	$ 137,078,654	$ 137,078,654
EJASC, note payable, bank	$ 483,580	$ -	$ (129,774)	$ 353,806	$ 135,918

As discussed previously, the Series 2011 Bonds are classified as current on the accompanying statements of net position since the Hospital is not in compliance with certain debt covenants, which is considered an event of default. If the Hospital was in compliance with the debt covenants and not in default, the aggregate principal and interest maturities, including capital leases, of long-term debt as of December 31, 2019 would be as follows:

	Principal	Interest
Organization:		
Years ending December 31:		
2020	$ 3,365,000	$ 8,334,839
2021	3,510,000	8,193,509
2022	2,105,000	8,039,069
2023	2,230,000	7,920,663
2024	2,365,000	7,795,225
2025-2029	20,720,000	36,366,188
2030-2034	33,155,000	28,080,381
2035-2039	45,125,000	16,106,438
2040-2041	22,340,000	2,158,256
	134,915,000	122,994,568
Less unamortized bond discount	1,002,387	-
	$ 133,912,613	$ 122,994,568
EJASC:		
Years ending December 31:		
2020	$ 142,516	$ 7,783
2021	75,218	1,370
	$ 217,734	$ 9,153

Note 7. Long-Term Debt (Continued)

The Restricted Group has pledged revenue to repay hospital revenue and refunding bonds which were issued October 2011. These bonds are payable solely from the hospital revenue and are payable through 2041. As described above, the forbearance agreement, which was entered into in March 2019, granted the bondholders security interests and liens in certain tangible property. Annual principal and interest payments on the bonds are expected to require less than 10% of revenue. As of December 31, 2019, the total principal and interest remaining to be paid on the Series 2011 Bonds is $257,909,568. Principal and interest paid for the current year on the Series 2011 Bonds was approximately $3,240,000 and $8,463,000, respectively. Total revenue for the Restricted Group for the current year is $325,714,939.

Note 8. Retirement and Benefit Plans

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

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

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

Termination: The Hospital has the right under the Pension Trust Fund to discontinue its contributions at any time and terminate the Pension Trust Fund.

Note 8. Retirement and Benefit Plans (Continued)

The following is a summary of the financial statements of the pension plan and savings plans as of and for the years ended December 31, 2019 and 2018:

	Pension Plan	Savings Plans 401(a)	403(b)	457(b)	Total (Memorandum Only)
	December 31, 2019				
Assets					
Cash and cash equivalents	$ 532,475	$ 200,814	$ 379,076	$ 95,960	$ 1,208,325
Investments at fair value:					
Debt securities	16,196,098	-	-	-	16,196,098
Equity securities	34,923,842	50,572,033	87,316,279	19,741,632	192,553,786
Investment in partnership	47,319	-	-	-	47,319
Investments at contract value, Group					
Fixed Unallocated Annuity Contract	-	11,916,405	13,569,398	3,348,698	28,834,501
Total investments	51,167,259	62,488,438	100,885,677	23,090,330	237,631,704
Receivables:					
Accrued interest and dividends	76,444	-	-	-	76,444
Due from broker	54,277	-	-	-	54,277
Total receivables	130,721	-	-	-	130,721
Liabilities:					
Accounts payable	57,905	-	-	-	57,905
Due to broker	58,296	-	-	-	58,296
Total liabilities	116,201	-	-	-	116,201
Net position restricted for pension benefits	$ 51,714,254	$ 62,689,252	$ 101,264,753	$ 23,186,290	$ 238,854,549

	Pension Plan	Savings Plans 401(a)	403(b)	457(b)	Total (Memorandum Only)
	December 31, 2018				
Assets					
Cash and cash equivalents	$ 1,170,022	$ 390,852	$ 560,903	$ 185,463	$ 2,307,240
Investments at fair value:					
Debt securities	16,285,782	-	-	-	16,285,782
Equity securities	27,591,794	42,880,731	73,184,008	16,488,174	160,144,707
Investment in partnership	40,058	-	-	-	40,058
Investments at contract value, Group					
Fixed Unallocated Annuity Contract	-	12,128,940	14,516,886	3,685,016	30,330,842
Total investments	43,917,634	55,009,671	87,700,894	20,173,190	206,801,389
Receivables:					
Accrued interest and dividends	77,704	-	-	-	77,704
Contributions receivable, employer	-	2,225,776	1,269,488	-	3,495,264
Due from broker	86,197	-	-	-	86,197
Total receivables	163,901	2,225,776	1,269,488	-	3,659,165
Liabilities:					
Accounts payable	50,736	-	-	-	50,736
Due to broker	62,079	-	-	-	62,079
Total liabilities	112,815	-	-	-	112,815
Net position restricted for pension benefits	$ 45,138,742	$ 57,626,299	$ 89,531,285	$ 20,358,653	$ 212,654,979

Note 8. Retirement and Benefit Plans (Continued)

	Pension Plan	Savings Plans 401(a)	Savings Plans 403(b)	Savings Plans 457(b)	Total (Memorandum Only)
	Year Ended December 31, 2019				
Additions:					
Contributions:					
Members	$ -	$ -	$ 4,676,766	$ 1,342,638	$ 6,019,404
Rollovers	-	-	65,175	-	65,175
Employer	2,937,614	-	-	-	2,937,614
Total contributions	2,937,614	-	4,741,941	1,342,638	9,022,193
Investment income:					
Interest	22,100	241,466	276,514	69,429	609,509
Dividends	1,246,654	3,834,970	5,811,749	1,384,490	12,277,863
Net appreciation in fair value of investments	7,856,272	6,530,948	11,595,266	2,549,643	28,532,129
	9,125,026	10,607,384	17,683,529	4,003,562	41,419,501
Less:					
Investment advisory services	203,814	-	-	-	203,814
Custodial and administrative fees	-	26,702	42,721	7,242	76,665
Net investment income	8,921,212	10,580,682	17,640,808	3,996,320	41,139,022
Total additions	11,858,826	10,580,682	22,382,749	5,338,958	50,161,215
Deductions:					
Retirement benefits paid and savings plan withdrawals	5,216,764	5,517,729	10,649,281	2,511,321	23,895,095
Administrative expenses	66,550	-	-	-	66,550
Total deductions	5,283,314	5,517,729	10,649,281	2,511,321	23,961,645
Net increase	6,575,512	5,062,953	11,733,468	2,827,637	26,199,570
Net position restricted for pension benefits:					
Beginning	45,138,742	57,626,299	89,531,285	20,358,653	212,654,979
Ending	$ 51,714,254	$ 62,689,252	$ 101,264,753	$ 23,186,290	$ 238,854,549

Note 8. Retirement and Benefit Plans (Continued)

	Pension Plan	Savings Plans 401(a)	Savings Plans 403(b)	Savings Plans 457(b)	Total (Memorandum Only)
	Year Ended December 31, 2018				
Additions:					
Contributions:					
Members	$ -	$ -	$ 4,786,941	$ 1,266,400	$ 6,053,341
Rollovers	-	-	883,942	-	883,942
Employer	2,480,111	2,217,706	994,391	-	5,692,208
Total contributions	2,480,111	2,217,706	6,665,274	1,266,400	12,629,491
Investment income:					
Interest	9,451	248,999	296,455	78,637	633,542
Dividends	1,054,740	4,337,638	7,034,858	1,647,246	14,074,482
Net (depreciation) in fair value of investments	(3,135,375)	(7,081,895)	(12,116,806)	(2,688,913)	(25,022,989)
	(2,071,184)	(2,495,258)	(4,785,493)	(963,030)	(10,314,965)
Less:					
Investment advisory services	209,422	-	-	-	209,422
Custodial and administrative fees	-	21,104	45,844	7,650	74,598
Net investment income	(2,280,606)	(2,516,362)	(4,831,337)	(970,680)	(10,598,985)
Total additions	199,505	(298,656)	1,833,937	295,720	2,030,506
Deductions:					
Retirement benefits paid and savings plan withdrawals	4,944,935	5,232,621	8,835,644	2,161,804	21,175,004
Administrative expenses	58,620	-	-	-	58,620
Total deductions	5,003,555	5,232,621	8,835,644	2,161,804	21,233,624
Net increase	(4,804,050)	(5,531,277)	(7,001,707)	(1,866,084)	(19,203,118)
Net position restricted for pension benefits:					
Beginning	49,942,792	63,157,576	96,532,992	22,224,737	231,858,097
Ending	$ 45,138,742	$ 57,626,299	$ 89,531,285	$ 20,358,653	$ 212,654,979

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

Note 8. Retirement and Benefit Plans (Continued)

Membership in the Pension Plan as of December 31, 2019 and 2018 is as follows:

	2019	2018
Retirees and beneficiaries receiving benefits	1,080	1,033
Terminated employees entitled to benefits, but not yet receiving them	1,626	1,686
Active employees	312	344
Total participants	3,018	3,063

For the years ended December 31, 2019 and 2018, the Hospital's total payroll for all employees was approximately $94,970,000 and $99,200,000, respectively, and the Hospital's total covered payroll (for pension plan participants) was approximately $20,732,000 and $23,048,000, respectively. Covered payroll refers to all compensation paid by the Hospital to active employees covered by the Pension Plan on which contributions to the Pension Plan are based.

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

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

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

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

Contributions required and contributions made: The funding policy of the Pension Plan provides for actuarially determined periodic employer contributions at rates that, for individual employees, remain fairly constant over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the Entry Age Normal actuarial cost method. The Plan is being funded based on its normal cost, as actuarially determined, reduced by amounts sufficient to amortize an overfunded amount from prior years over a 30-year period. The Hospital made contributions of approximately $2,938,000 and $2,480,000 for the years ended December 31, 2019 and 2018, respectively. Significant actuarial assumptions used to compute the contribution required are the same as those used to compute the standardized measure of the pension benefit obligation.

Pension Plan members are not required to contribute a portion of their annual salary. The Hospital is required per the Pension Plan's funding policy to contribute at an actuarially determined rate which was approximately 14.2% and 10.8% for the years ended December 31, 2019 and 2018, respectively.

Note 8. Retirement and Benefit Plans (Continued)

Significant actuarial assumptions used in 2019 and 2018 include a rate of return on the investment of present and future assets of 7.0% per year compounded annually. There has been no cost of living adjustment. In 2019 and 2018 the actuarial value of assets was determined using market value. In 2019 and 2018 the unfunded actuarial accrued liability is being amortized as a closed level dollar of payroll. The remaining amortization period at a January 1, 2020 actuarial valuation date was 25 years.

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

The Hospital selected a measurement date as of December 31. At December 31, 2019 and 2018, the Hospital reported a liability of approximately $32,001,000 and $38,635,000, respectively, for its net pension liability, of which approximately $2,652,000 and $3,088,000, respectively, is reported in other current accrued expenses on the accompanying statement of net position. The Hospital's net pension liability was measured as of December 31 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the net pension liability:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
		2019	
Balances at December 31, 2018	$ 83,773,642	$ 45,138,742	$ 38,634,900
Changes for the year:			
Interest on the total pension liability	5,684,898	-	5,684,898
Differences between expected and actual experience of the total pension liability	(612,540)	-	(612,540)
Change of assumptions	85,652	-	85,652
Benefit payments	(5,216,764)	(5,216,764)	-
Contributions—employer	-	2,937,614	(2,937,614)
Net investment income	-	8,921,212	(8,921,212)
Other	-	(66,550)	66,550
Net changes	(58,754)	6,575,512	(6,634,266)
Balances at December 31, 2019	$ 83,714,888	$ 51,714,254	$ 32,000,634

Note 8. Retirement and Benefit Plans (Continued)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
		2018	
Balances at December 31, 2017	$ 80,727,671	$ 49,942,792	$ 30,784,879
Changes for the year:			
Interest on the total pension liability	5,477,864	-	5,477,864
Differences between expected and actual experience of the total pension liability	(186,958)	-	(186,958)
Change of assumptions	2,700,000	-	2,700,000
Benefit payments	(4,944,935)	(4,944,935)	-
Contributions—employer	-	2,480,111	(2,480,111)
Net investment income	-	(2,280,606)	2,280,606
Other	-	(58,620)	58,620
Net changes	3,045,971	(4,804,050)	7,850,021
Balances at December 31, 2018	$ 83,773,642	$ 45,138,742	$ 38,634,900

Actuarial assumptions: The supplementary information presented in the Required Supplemental Information for retirement plans was determined as part of the actuarial valuations at the dates indicated. The following are the methods and assumptions used to determine total pension liability as of December 31, 2019:

Valuation date	December 31, 2019
Measurement date	December 31, 2019
Actuarial cost method	Entry Age Normal
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0% per annum
Amortization method	Level dollar
Amortization period	25 years remaining (closed basis)
Salary increase rate	N/A as a frozen plan
Mortality	2018: RP-2014 /w MP-2018 Fully Generational, which references the RP-2014 mortality table, adjusted to 2006, with generational mortality improvement based on MP-2018 2019: RP-2014 /w MP-2019 Fully Generational, which references the RP-2014 mortality table, adjusted to 2006, with generational mortality improvement based on MP-2019

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

Note 8. Retirement and Benefit Plans (Continued)

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

Asset Class	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.04%
Fixed income, U.S. Core Bonds	0.67
Domestic equities	4.59
International equities	6.11
Emerging markets equities	7.99
Real estate/U.S. REITS	4.92

As described above, the mortality assumptions were changed as of December 31, 2019 and 2018, which increased the net pension liability and increased pension expense by approximately $86,000 and $2,700,000 as of and for the years ended December 31, 2019, and 2018, respectively.

Discount rate: The discount rate used to measure the total pension liability was 7% as of December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Hospital contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
		2019	
Net pension liability	$ 40,282,165	$ 32,000,634	$ 24,978,884
		2018	
Net pension liability	$ 46,738,063	$ 38,634,900	$ 31,734,430

Note 8. Retirement and Benefit Plans (Continued)

Pension expense, deferred outflows of resources, and deferred inflows of resources related to pension: For the years ended December 31, 2019 and 2018, the Hospital recognized pension expense of $3,646,995 and $4,380,054, respectively, which was impacted by the recognition of deferred inflows and outflows, and the change in the net pension liability. At December 31, 2019 and 2018, the Hospital reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	2019	
Deferred amounts to be recognized in pension expense in future periods, differences between expected and actual experience	$ -	$ (2,830,167)
	2018	
Deferred amounts to be recognized in pension expense in future periods, differences between expected and actual experience	$ 4,467,544	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience and changes of assumptions will be recognized in pension expense in future periods over the average remaining service life for all active and inactive plan members of one year. Amounts reported as of December 31, 2019 and 2018 as deferred outflows of resources and deferred inflows of resources, respectively, related to the net difference between projected and actual earnings will be recognized in pension expense in future periods over 4 years as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Years ending December 31:		
2020	$ -	$ (787,343)
2021	-	(805,618)
2022	-	(53,413)
2023	-	(1,183,793)
	$ -	$ (2,830,167)

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

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

Note 8. Retirement and Benefit Plans (Continued)

The number of participants in each of the Savings Plans (active and inactive) as of December 31, 2019 and 2018 is as follows:

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

Contributions: The 403(b) plan allows for employee elective deferrals to be made up to the limits allowed by the IRS. Effective April 2005, employer basic contribution increases in .5% increments for every five years of credited service. The initial base contribution is 2% for less than five years of service. The Hospital has recorded an accrued expense for contribution to the plan for approximately $3,390,000 and $3,397,000, as of December 31, 2019 and 2018, respectively, which is included in other liabilities on the accompanying statements of net position. The contribution to the plan for fiscal year 2019 has not been made as of May 27, 2020. Matching employer contributions were made at a rate equal to 100% of the elective deferral of each employee up to 2% for the year ended December 31, 2018. Effective in 2006, the plan was amended to change the Hospital's funding to an annual basis, from pay period, 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's optional matching contributions continue to be funded to the 403(b) plan.

If the Hospital makes contributions, the employer contribution percentages for the 401(a) plan by benefit service date are as follows:

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

Employer expenses, net of forfeitures applied, for the Savings Plans totaled $103,245 and $3,513,082 for the years ended December 31, 2019 and 2018, respectively.

Note 8. Retirement and Benefit Plans (Continued)

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

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

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

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

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

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

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

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

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

Deferred compensation and executive benefits: The Hospital previously provided a supplemental executive retirement plan (SERP) as well as a deferred compensation plan to certain key employees. The SERP plan was terminated during 2005. As of December 31, 2019, assets and liabilities associated with the deferred compensation plan were none and $442,481, respectively. As of December 31, 2018, assets and liabilities associated with the deferred compensation plan were none and $677,597, respectively. The unfunded status of the plan will be paid from operations. These amounts are included in noncurrent liabilities in the accompanying basic financial statements.

Note 9. Other Postemployment Benefits (OPEB)

On June 26, 2019, the Board of Directors of the Organization adopted a resolution to terminate the post-retirement medical plan effective December 31, 2019. As a result of the termination, participation in the post-retirement medical plan was frozen effective July 24, 2019. As a result of the post-retirement medical plan termination, the Organization will honor medical coverage reimbursement for medical coverage through December 31, 2019.

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

Funding policy: The Hospital paid 50% or 100% of the premiums for the coverage under this plan for the participant and the participant's spouse depending on the ages of both of the covered individuals with a gross premium cap of $1,000 per month per individual. The required contribution was based on projected pay-as-you-go financing requirements. For the years ended December 31, 2019 and 2018, the Hospital contributed $55,350 and $57,007, respectively, to the plan.

Total OPEB liability: In accordance with GASB Statement No. 75, A*ccounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* the Organization is required to record the liability for the OPEB (total OPEB liability). As of December 31, 2019, the Organization's OPEB liability was none as a result of the post-retirement medical plan termination as discussed above. As of December 31, 2018, the Organization's OPEB liability was $1,187,361, which was measured by an actuarial valuation as of January 1, 2019.

Actuarial methods and assumptions:
The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00%
Discount rate	3.67%
Healthcare cost trend rates	7.50% for medical benefits for the 2018 fiscal year and degrades uniformly down to 6.75% over three years

The discount rate used to measure the total OPEB liability as of December 31, 2018 was 3.67% based on the S&P Municipal Bond 20-Year High Grade Rate Index rate.

Mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, with generational mortality improvement projected after year 2006 using Scale MP-2017.

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

The rollforward of the activity for the total OPEB liability for the years ended December 31, 2019 and 2018, is as follows:

Balance as of January 1, 2018	$ 1,157,435
Changes for the year:	
Service cost	44,899
Interest cost	42,034
Actual benefit payments	(57,007)
Projected OPEB obligation as of December 31, 2018	1,187,361
Changes for the year:	
Service cost	47,144
Interest cost	43,275
Actual benefit payments	(55,350)
Change in plan liability	(1,222,430)
Projected OPEB obligation as of December 31, 2019	$ -

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: As of December 31, 2019 and 2018, there were no deferred outflows or inflows of resources related to OPEB. The Organization's annual OPEB expense for the years ended December 31, 2019 and 2018 was $90,419 and $86,993, respectively, (excluding the impact of reducing the OPEB obligation to zero as of December 31, 2019 because of termination of the plan).

Note 10. Self-Insurance, Commitments and Contingent Liabilities

Self-insurance for health insurance: The Hospital is self-insured for its employee health insurance plan. The self-insured claims are processed through a Plan Administrator. In 2019 and 2018, the Hospital had stop-loss insurance coverage for claims in excess of $300,000 per individual per plan year and an unlimited lifetime maximum coverage per individual. The following is a summary of estimated claims liability for the years ended December 31, 2019 and 2018. The Hospital has recorded a current liability for open claims and claims incurred but not reported.

	2019	2018
Balance, beginning	$ 1,333,172	$ 1,763,308
Claims expense and change in accrual	10,029,700	11,265,890
Claims payment, net	(9,180,318)	(11,696,026)
Balance, ending	$ 2,182,554	$ 1,333,172

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

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

The following is a summary of estimated claims liability for the years ended December 31, 2019 and 2018. The Hospital has recorded a current liability for open claims and claims incurred but not reported which is included in other accrued expenses.

	2019	2018
Balance, beginning	$ 4,644,028	$ 4,325,145
Claims expense and change in accrual	1,439,616	1,519,892
Claims payment	(1,099,583)	(1,201,009)
Balance, ending	$ 4,984,061	$ 4,644,028

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

The following is a summary of estimated claims liability for the years ended December 31, 2019 and 2018. The Hospital has recorded the liability in estimated self-insurance reserves, which is a noncurrent liability on the accompanying statements of net position.

	2019	2018
Balance, beginning	$ 4,366,416	$ 3,795,142
Claims expense and change in accrual	140,544	671,274
Claims payment	(175,189)	(100,000)
Balance, ending	$ 4,331,771	$ 4,366,416

Other self-insurance programs: The Hospital is self-insured for general liability and vehicle liability. The self-insured claims are processed through a Plan Administrator. The following is a summary of estimated claims liability for the years ended December 31, 2019 and 2018. The Hospital has recorded the liability in estimated self-insurance reserves, which is a noncurrent liability on the accompanying statements of net position.

	2019	2018
Balance, beginning	$ 1,357,590	$ 941,170
Claims expense and change in accrual	1,422,215	434,170
Claims payment	(518,856)	(17,750)
Balance, ending	$ 2,260,949	$ 1,357,590

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

The amounts recorded by the Hospital for self-insurance for worker's compensation insurance, professional liability insurance, and other-self-insurance programs are actuarially determined and represent the discounted present value of the liabilities. The discount rate used was 1% in 2019 and 2018. The total undiscounted liability as of December 31, 2019 and 2018 was approximately $11,517,000 and $10,663,000, respectively.

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

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

COVID-19: The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of organizations and individuals throughout the United States. Further, financial markets have recently experienced a significant decline attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Organization, but such an impact could have a material adverse effect on the financial condition of the Organization.

CMS RAC Program: Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program. The RAC identified and corrected a significant amount of improper overpayments and/or underpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The Organization has been subject to such audits and will continue to be subject to additional audits in the future. The Organization has accrued an estimated liability, which is included in the allowance for contractual adjustments, which is a reduction of patient receivables, as of December 31, 2019 and 2018. The allowance is based on the number of RAC audit requests, the Organization's historical defense rate and the analysis and reviews of management. It is reasonably possible that the recorded estimates will change materially in the near term.

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

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

As of December 31, 2019, the total minimum rental commitment under operating lease agreements is approximately $13,662,000 and is due as follows:

Years ending December 31:	
2020	$ 3,306,000
2021	1,498,000
2022	1,397,000
2023	785,000
2024	538,000
2025-2029	2,731,000
2030-2034	3,407,000
	$ 13,662,000

Total rent expense for the above leases for the years ended December 31, 2019 and 2018 was approximately $3,072,000 and $3,970,000, respectively.

Professional services commitments: The Organization has agreements for the outsourcing of its information technology department, for laboratory services, for food services and other miscellaneous items. These agreements expire at various times through 2026.

As of December 31, 2019, the total minimum commitment under these agreements is approximately due as follows:

Years ending December 31:	
2020	$ 57,890,000
2021	48,370,000
2022	30,827,000
2023	31,248,000
2024	14,345,000
Thereafter	3,753,000
	$ 186,433,000

Total expense for the above agreements for the years ended December 31, 2019 and 2018 was approximately $57,882,000 and $39,167,000, respectively.

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

Note 11. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2019 and 2018 was as follows:

	2019	2018
Medicare	54.1%	52.7%
Medicaid	9.5	8.4
Managed care	13.1	13.3
Other third-party payors	19.7	21.8
Patients	3.6	3.8
	100.0%	100.0%

Note 12. Other Assets

Other assets as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Investment in East Jefferson Ambulatory Surgery Center, LLC	$ 352,945	$ 516,898
Goodwill	4,525,865	5,068,995
Other	780,542	753,531
	$ 5,659,352	$ 6,339,424

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

During the year ended December 31, 2019, the Organization adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*. Statement No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. This statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledges as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowings and direct placements of debt from other debt. See Note 7 to the financial statements.

During the year ended December 31, 2019, the Organization elected to early adopt GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* issued June 2018. Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred during a capital asset’s construction period will not be included in the historical cost of the Organization’s capital assets.

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

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

GASB Statement No. 84, *Fiduciary Activities*, issued in January 2017, will be effective for the Organization beginning with its fiscal year ending December 31, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund on the basic financial statements.

GASB Statement No. 87, *Leases,* issued June 2017, will be effective for the Organization beginning with its fiscal year ending December 31, 2022 with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the Organization must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

GASB Statement No. 90, *Majority Equity Interests,* issues August 2018, will be effective for the Organization beginning with its fiscal year ending December 31, 2020. Statement No. 90 which clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. Under Statement No. 90 a government entity should report its majority equity interest in a legally separate organization as an investment if that equity interest meets the GASB's definition of an investment. In many instances, a majority equity interest that meets the definition of an investment should be measured using the equity method. For a majority equity interest in a legally separate entity that does not meet the definition of an investment, Statement No. 90 requires a government to report the legally separate entity as a component unit. Statement No. 90 also establishes guidance for remeasuring assets and liabilities of wholly acquired governmental organizations that remain legally separate. That guidance brings the reporting of those acquisitions in line now with existing standards that apply to acquisitions that do not remain legally separate.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the Organization beginning with its fiscal year ending December 31, 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers, and eliminate diversity in practice associated with (1) commitments extended by users, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligation; and improving required noted disclosures.

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

GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the Organization beginning with its year ending December 31, 2022. The objective of Statement No. 92 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to leases, postemployment benefits (pensions and other postemployment benefits), fiduciary activities, asset retirement obligations and fair value measurement and application.

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

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

The Hospital receives supplemental Medicaid payments, also known as Upper Payment Limit (UPL) payments, for inpatient and outpatient services through intergovernmental transfers in accordance with specific state statues subject to federal regulations and approval. Under one of the UPL agreements the Hospital received supplemental payments for services provided by physicians in recognition for providing services to Medicaid patients. Under a separate UPL agreement the Hospital entered into a cooperative endeavor agreement with other health care providers for the purpose of ensuring adequate health care services are available for underserved, non-rural populations. During the year ended December 31, 2019, total revenues and expenses recognized by the Hospital and EJPG related to these UPL agreements was approximately $9,884,000 and $1,109,000, respectively. During the year ended December 31, 2018, total revenues and expenses recognized by the Hospital and EJPG related to these UPL agreements was approximately $10,683,000 and $1,027,000, respectively. These receipts and payments are recorded as other operating revenues and expenses in the statements of revenue, expenses and changes in net position.

In April 2011, the Hospital and other health care providers formed a collaboration to help fund a program to ensure the availability of quality health care services for the low income and needy population to reduce the costs of health care. For the years ended December 31, 2019 and 2018, the Hospital made payments into the program and incurred approximately $18,700,000 and $22,375,000 of other operating expenses, respectively.

Note 15. Going Concern and Management's Plans

The Organization has prepared its financial statements on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. While the Organization has positive cash flows from operations, during the years ended December 31, 2019 and 2018, the Organization continued to experience operating losses, primarily due to decreased volumes and downward pressures on reimbursement. Management is implementing changes in operations that are intended to reduce expense levels and increase service volumes and net revenues, such as, actively reviewing contracts with vendors and restructuring debt agreements. In spite of this, management projects that fiscal year 2020 will also incur a net loss; and that there will be further erosion in liquidity. The Organization is in the process of evaluating strategic relationships and partnerships that could be beneficial in improving the Organization's operations. It is anticipated that if the Agreement with LCMC discussed in Note 1 is finalized, the bonds will be paid off. However, no assurance can be provided that these events will occur. All of this gives rise to a substantial doubt that the Organization will be able to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary, should the Organization be unable to continue in existence.

Supplementary Information

East Jefferson General Hospital

Required Supplementary Information
Schedule of Net Pension Liability, Retirement Plans

Fiscal Year-End	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Employee Payroll	Net Pension Liability (Asset) as a % of Covered Payroll
2019	**$ 83,714,888**	**$ 51,714,254**	**$ 32,000,634**	**61.8%**	**$ 20,731,885**	**154.4%**
2018	83,773,642	45,138,742	38,634,900	53.9	23,047,697	167.6
2017	80,727,671	49,942,792	30,784,879	61.9	24,032,433	128.1
2016	80,409,888	45,183,153	35,226,735	56.2	26,891,161	131.0
2015	79,729,403	43,921,902	35,807,501	55.1	33,150,184	108.0
2014	74,758,328	45,637,344	29,120,984	61.0	35,666,374	81.6
2013	73,504,221	43,877,027	29,627,194	59.7	40,725,802	72.7

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

East Jefferson General Hospital

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

	2019	2018
Total pension liability:		
Service cost	$ -	$ -
Interest on total pension liability and other	5,684,898	5,477,864
Effect of plan changes	-	-
Effect of economic/demographic gains or (losses)	(612,540)	(186,958)
Effect of assumption changes or inputs	85,652	2,700,000
Benefit payments	(5,216,764)	(4,944,935)
Net change in total pension liability	(58,754)	3,045,971
Total pension liability:		
Beginning	83,773,642	80,727,671
Ending (a)	$ 83,714,888	$ 83,773,642
Plan fiduciary net position:		
Employer contributions	$ 2,937,614	$ 2,480,111
Investment income (loss), net of investment expenses	8,921,212	(2,280,606)
Benefit payments	(5,216,764)	(4,944,935)
Administrative expenses	(66,550)	(58,620)
Net change in plan fiduciary net position	6,575,512	(4,804,050)
Plan fiduciary net position:		
Beginning	45,138,742	49,942,792
Ending (b)	$ 51,714,254	$ 45,138,742
EJGH's net pension liability, ending = (a) - (b)	$ 32,000,634	$ 38,634,900
Plan fiduciary net position as a % of total pension liability	61.77%	53.88%
Covered payroll	$ 20,731,885	$ 23,047,697
EJGH's net pension liability as a % of covered payroll	154.35%	167.63%

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

	Year Ended December 31,			
	2017	2016	2015	2014
	$ -	$ -	$ -	$ -
	5,462,102	5,426,562	5,456,932	5,372,794
	-	-	-	-
	(386,811)	(395,081)	(347,572)	(384,755)
	-	-	3,858,000	-
	(4,757,508)	(4,350,996)	(3,996,285)	(3,733,932)
	317,783	680,485	4,971,075	1,254,107
	80,409,888	79,729,403	74,758,328	73,504,221
	$ 80,727,671	$ 80,409,888	$ 79,729,403	$ 74,758,328
	$ 2,801,979	$ 2,815,274	$ 2,499,752	$ 2,506,300
	6,773,739	2,848,966	(162,396)	3,051,945
	(4,757,508)	(4,350,996)	(3,998,468)	(3,733,932)
	(58,571)	(51,993)	(54,330)	(63,996)
	4,759,639	1,261,251	(1,715,442)	1,760,317
	45,183,153	43,921,902	45,637,344	43,877,027
	$ 49,942,792	$ 45,183,153	$ 43,921,902	$ 45,637,344
	$ 30,784,879	$ 35,226,735	$ 35,807,501	$ 29,120,984
	61.87%	56.19%	55.09%	61.05%
	$ 24,032,433	$ 26,891,161	$ 33,150,184	$ 35,666,374
	128.10%	131.00%	108.02%	81.65%

East Jefferson General Hospital

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

Fiscal Years Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	**$ 2,937,614**	**$ 2,937,614**	**$ -**	**$ 20,731,885**	**14.17%**
2018	2,480,111	2,480,111	-	23,047,697	10.76
2017	2,801,979	2,801,979	-	24,032,433	11.66
2016	2,815,274	2,815,274	-	26,891,000	10.47
2015	2,462,649	2,499,752	(37,103)	33,150,184	7.43
2014	2,506,300	2,506,300	-	35,666,374	7.03
2013	2,792,819	2,792,819	-	44,841,780	6.23
2012	3,046,895	3,046,895	-	46,621,480	6.54
2011	2,581,804	2,581,804	-	52,622,311	4.91
2010	2,554,536	2,554,536	-	57,757,738	4.42

East Jefferson General Hospital

Required Supplementary Information
Schedule of Investment Returns, Retirement Plans
Year Ended December 31, 2019

Years ended December 31:	Net Money-Weighted Rate of Return
2019	**20.62%**
2018	(4.85)
2017	15.78
2016	6.78
2015	(0.33)
2014	6.94

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

Note 1. Factors that Significantly Affect Trends in Amounts Reported

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

In 2019, the discount rate for the defined benefit retirement plan remained at 7.0%.

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

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.2%
Salary increases	N/A as a frozen plan
Investment rate of return	7.0% per annum, compounded annually, net of investment expenses
Mortality	RP-2014 /w MP-2019 Fully Generational, which references the RP-2014 mortality table, adjusted to 2006, with generational mortality improvement based on MP-2019

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2019

	EJGH	EJRO, LLC	EJPG, LLC
Assets and Deferred Outflows			
Current assets:			
Cash and cash equivalents	$ 18,747,190	$ (25,595)	$ 444,106
Short-term investments	60,152,177	-	-
Receivables:			
Patients, net	25,356,824	93,491	(282,298)
Other	9,718,169	-	135,648
Assets limited as to use, current portion	34,904,857	-	-
Inventories	8,678,689	-	-
Prepaid expenses	10,626,827	272	27,632
Total current assets	168,184,733	68,168	325,088
Noncurrent assets:			
Assets limited as to use:			
Under bond indenture	34,881,167	-	-
Under CEA with service district hospitals	23,690	-	-
Restricted by donor	-	-	-
Other	250,000	-	-
Board-designated for strategic initiatives and for endowment	22,547,187	-	-
	57,702,044	-	-
Less portion required for current liabilities	34,904,857	-	-
	22,797,187	-	-
Capital assets	150,501,508	338	-
Investment in equity interests and associated companies and other	1,657,631	-	4,241,553
Total noncurrent assets	174,956,326	338	4,241,553
Total assets	$ 343,141,059	$ 68,506	$ 4,566,641

EJPN, LLC	Foundation	Eliminations	Combined
$ 84,954	$ 164,397	$ -	$ 19,415,052
-	1,478,482	-	61,630,659
-	-	-	25,168,017
117,350	43,087	(3,727,181)	6,287,073
-	-	-	34,904,857
-	-	-	8,678,689
-	-	-	10,654,731
202,304	1,685,966	(3,727,181)	166,739,078
-	-	-	34,881,167
-	-	-	23,690
-	1,067,959	-	1,067,959
-	-	-	250,000
-	2,064,561	-	24,611,748
-	3,132,520	-	60,834,564
-	-	-	34,904,857
-	3,132,520	-	25,929,707
-	-	-	150,501,846
-	170,833	(410,665)	5,659,352
-	3,303,353	(410,665)	182,090,905
$ 202,304	$ 4,989,319	$ (4,137,846)	$ 348,829,983

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2019

	EJGH	EJRO, LLC	EJPG, LLC
Liabilities, Deferred Inflows and Net Position			
Current liabilities:			
Current maturities of long-term debt	$ 133,912,613	$ -	$ -
Accounts payable	25,633,812	1,061,377	2,967,853
Accrued expenses:			
Salaries and wages	2,284,378	-	171,795
Paid leave	3,270,132	-	-
Health insurance claims	2,182,554	-	-
Interest	4,167,419	-	-
Due to service district hospitals under CEA	23,690	-	-
Other	13,352,116	-	-
Estimated third-party settlements	2,485,841	-	-
Total current liabilities	187,312,555	1,061,377	3,139,648
Noncurrent liabilities:			
Deferred compensation and executive benefits	442,481	-	-
Estimated self-insurance reserves	6,592,720	-	-
Net pension liability, less current portion	29,349,290	-	-
Other accrued expenses	1,599,533	-	-
Total noncurrent liabilities	37,984,024	-	-
Total liabilities	225,296,579	1,061,377	3,139,648
Deferred inflows related to pension	2,830,167	-	-
Net position:			
Net investment in capital assets	16,588,895	338	-
Restricted:			
Expendable	35,154,857	-	-
Nonexpendable	-	-	-
Unrestricted	63,270,561	(993,209)	1,426,993
Total net position	115,014,313	(992,871)	1,426,993
	$ 343,141,059	$ 68,506	$ 4,566,641

EJPN, LLC	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ 133,912,613
-	108,770	(3,727,181)	26,044,631
-	-	-	2,456,173
-	-	-	3,270,132
-	-	-	2,182,554
-	-	-	4,167,419
-	-	-	23,690
	-	-	13,352,116
-	-	-	2,485,841
-	108,770	(3,727,181)	187,895,169
-	-	-	442,481
-	-	-	6,592,720
-	-	-	29,349,290
-	-	(264,721)	1,334,812
-	-	(264,721)	37,719,303
-	108,770	(3,991,902)	225,614,472
-	-	-	2,830,167
-	-	-	16,589,233
-	717,570	-	35,872,427
-	350,389	10,108	360,497
202,304	3,812,590	(156,052)	67,563,187
202,304	4,880,549	(145,944)	120,385,344
$ 202,304	$ 4,989,319	$ (4,137,846)	$ 348,829,983

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2018

	EJGH	EJRO, LLC	EJPG, LLC
Assets and Deferred Outflows			
Current assets:			
Cash and cash equivalents	$ 8,832,703	$ (36,856)	$ (277,086)
Short-term investments	69,560,704	-	-
Receivables:			
Patients, net	27,068,231	63,632	(202,339)
Other	5,270,216	-	89,545
Assets limited as to use, current portion	53,766,378	-	-
Inventories	8,806,518	-	-
Prepaid expenses	10,840,943	76,804	69,129
Estimated third-party payor settlements	222,970	-	-
Total current assets	184,368,663	103,580	(320,751)
Noncurrent assets:			
Assets limited as to use:			
Under bond indenture	34,341,917	-	-
Under CEA with service district hospitals	19,424,461	-	-
Restricted by donor	-	-	-
Other	250,000	-	-
Board-designated for strategic initiatives and for endowment	22,547,187	-	-
	76,563,565	-	-
Less portion required for current liabilities	53,766,378	-	-
	22,797,187	-	-
Capital assets	166,703,728	79,573	4,044
Investment in equity interests and associated companies and other	5,557,145	-	4,578,630
Total noncurrent assets	195,058,060	79,573	4,582,674
Total assets	379,426,723	183,153	4,261,923
Deferred outflows related to pension	4,467,544	-	-
	$ 383,894,267	$ 183,153	$ 4,261,923

EJPN, LLC	Foundation	Eliminations	Combined
$ 84,629	$ 150,000	$ -	$ 8,753,390
-	1,375,211	-	70,935,915
-	-	-	26,929,524
117,351	37,938	(75,808)	5,439,242
-	-	-	53,766,378
-	-	-	8,806,518
-	-	-	10,986,876
-	-	-	222,970
201,980	1,563,149	(75,808)	185,840,813
-	-	-	34,341,917
-	-	-	19,424,461
-	1,101,481	-	1,101,481
-	-	-	250,000
-	1,443,304	-	23,990,491
-	2,544,785	-	79,108,350
-	-	-	53,766,378
-	2,544,785	-	25,341,972
-	-	-	166,787,345
-	189,169	(3,985,520)	6,339,424
-	2,733,954	(3,985,520)	198,468,741
201,980	4,297,103	(4,061,328)	384,309,554
-	-	-	4,467,544
$ 201,980	$ 4,297,103	$ (4,061,328)	$ 388,777,098

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2018

	EJGH	EJRO, LLC	EJPG, LLC
Liabilities, Deferred Inflows and Net Position			
Current liabilities:			
Current maturities of long-term debt	$ 137,078,654	$ -	$ -
Accounts payable	18,211,541	210,320	102,297
Accrued expenses:			
Salaries and wages	2,206,892	-	159,759
Paid leave	3,414,873	-	-
Health insurance claims	1,333,172	-	-
Interest	4,231,409	-	-
Due to service district hospitals under CEA	19,424,461	-	-
Other	13,237,882	-	-
Total current liabilities	199,138,884	210,320	262,056
Noncurrent liabilities:			
Deferred compensation and executive benefits	677,597	-	-
Postemployment benefits	1,187,361	-	-
Estimated self-insurance reserves	5,724,006	-	-
Net pension liability, less current portion	35,547,135	-	-
Other accrued expenses	1,005,759	-	-
Total noncurrent liabilities	44,141,858	-	-
Total liabilities	243,280,742	210,320	262,056
Net position:			
Net investment in capital assets	29,625,074	79,573	4,044
Restricted:			
Expendable	54,016,378	-	-
Nonexpendable	-	-	-
Unrestricted	56,972,073	(106,740)	3,995,823
Total net position	140,613,525	(27,167)	3,999,867
	$ 383,894,267	$ 183,153	$ 4,261,923

EJPN, LLC	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ 137,078,654
-	4,289	(75,808)	18,452,639
-	-	-	2,366,651
-	-	-	3,414,873
-	-	-	1,333,172
-	-	-	4,231,409
-	-	-	19,424,461
-	-	-	13,237,882
-	4,289	(75,808)	199,539,741
-	-	-	677,597
-	-	-	1,187,361
-	-	-	5,724,006
-	-	-	35,547,135
-	-	(314,000)	691,759
-	-	(314,000)	43,827,858
-	4,289	(389,808)	243,367,599
-	-	-	29,708,691
-	751,092	-	54,767,470
-	350,389	10,092	360,481
201,980	3,191,333	(3,681,612)	60,572,857
201,980	4,292,814	(3,671,520)	145,409,499
$ 201,980	$ 4,297,103	$ (4,061,328)	$ 388,777,098

East Jefferson General Hospital

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2019

	EJGH	EJRO, LLC	EJPG, LLC
Operating revenue:			
Net patient service revenue	$ 295,190,670	$ 2,444,606	$ 3,153,317
Other operating revenue	16,463,876	-	178,105
Rental income from leases	4,679,548	-	-
Total operating revenue	316,334,094	2,444,606	3,331,422
Operating expenses:			
Salaries, wages and benefits	119,267,978	331,286	4,165,473
Purchased services and other	151,464,105	2,656,240	1,313,981
Supplies	44,121,911	343,549	83,771
Depreciation and amortization	19,015,338	79,235	341,121
Interest	8,334,822	-	-
Total operating expenses	342,204,154	3,410,310	5,904,346
Income (loss) from operations	(25,870,060)	(965,704)	(2,572,924)
Nonoperating revenue (expenses):			
Investment earnings	4,018,424	-	50
Community benefit (expenses)	(268,245)	-	-
Grant and other revenues	5,001	-	-
Contributions received (paid)	174,861	-	-
Equity in net (loss) of component units and associated companies	(3,659,193)	-	-
	270,848	-	50
Excess of revenue over (under) expenses and change in net position	(25,599,212)	(965,704)	(2,572,874)
Net position:			
Beginning	140,613,525	(27,167)	3,999,867
Ending	$ 115,014,313	$ (992,871)	$ 1,426,993

EJPN, LLC	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ 300,788,593
-	254,376	(528,520)	16,367,837
-	-	(16,045)	4,663,503
-	254,376	(544,565)	321,819,933
-	-	-	123,764,737
-	184,256	(544,565)	155,074,017
-	-	-	44,549,231
-	-	-	19,435,694
-	-	-	8,334,822
-	184,256	(544,565)	351,158,501
-	70,120	-	(29,338,568)
324	691,026	-	4,709,824
-	-	-	(268,245)
-	-	-	5,001
-	(173,411)	(49,278)	(47,828)
-	-	3,574,854	(84,339)
324	517,615	3,525,576	4,314,413
324	587,735	3,525,576	(25,024,155)
201,980	4,292,814	(3,671,520)	145,409,499
$ 202,304	$ 4,880,549	$ (145,944)	$ 120,385,344

East Jefferson General Hospital

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2018

	EJGH	EJRO, LLC	EJPG, LLC
Operating revenue:			
Net patient service revenue	$ 299,745,968	$ 2,203,123	$ 3,458,600
Other operating revenue	19,676,708	9	349,089
Rental income from leases	4,843,597	-	-
Total operating revenue	324,266,273	2,203,132	3,807,689
Operating expenses:			
Salaries, wages and benefits	125,784,147	332,476	4,858,631
Purchased services and other	153,486,315	2,357,610	1,644,168
Supplies	45,691,152	343,764	125,453
Depreciation and amortization	21,680,454	131,119	345,227
Interest	8,328,112	-	-
Total operating expenses	354,970,180	3,164,969	6,973,479
Income (loss) from operations	(30,703,907)	(961,837)	(3,165,790)
Nonoperating revenue (expenses):			
Investment earnings	2,384,851	-	654
Community benefit (expenses)	(311,891)	-	-
Grant and other revenues	2,190,988	-	-
Contributions received (paid)	525,090	-	-
Equity in net (loss) of component units and associated companies	(4,104,083)	-	-
	684,955	-	654
Excess of revenue over (under) expenses before capital contribution (distribution) and other	(30,018,952)	(961,837)	(3,165,136)
Capital contribution (distribution)	-	795,623	2,321,189
Other	-	-	-
Change in net position	(30,018,952)	(166,214)	(843,947)
Net position:			
Beginning, as restated	170,632,477	139,047	4,843,814
Ending	$ 140,613,525	$ (27,167)	$ 3,999,867

EJPN, LLC	AHS, Inc.	Foundation	Eliminations	Combined
$ -	$ -	$ -	$ -	$ 305,407,691
-	293,112	238,348	(590,479)	19,966,787
-	-	-	(221,731)	4,621,866
-	293,112	238,348	(812,210)	329,996,344
-	178,860	-	-	131,154,114
(274)	40,367	457,213	(812,210)	157,173,189
-	104,214	-	-	46,264,583
-	26,251	-	-	22,183,051
-	-	-	-	8,328,112
(274)	349,692	457,213	(812,210)	365,103,049
274	(56,580)	(218,865)	-	(35,106,705)
298	-	(252,170)	-	2,133,633
-	-	-	-	(311,891)
-	-	-	-	2,190,988
-	-	(838,590)	314,000	500
-	-	-	4,203,237	99,154
298	-	(1,090,760)	4,517,237	4,112,384
572	(56,580)	(1,309,625)	4,517,237	(30,994,321)
-	-	-	(3,116,812)	-
-	(5,151,065)	-	5,151,065	-
572	(5,207,645)	(1,309,625)	6,551,490	(30,994,321)
201,408	5,207,645	5,602,439	(10,223,010)	176,403,820
$ 201,980	$ -	$ 4,292,814	$ (3,671,520)	$ 145,409,499

East Jefferson General Hospital

Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer
Chief Executive Officer Name: Gerald Parton
Year Ended December 31, 2019

Purpose:	
Salary	$ 600,000
Benefits, retirement	11,200
Deferred compensation	90,000
Car allowance	12,000
Other	18,822
	$ 732,022

RSM

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by East Jefferson General Hospital (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Organization's management is responsible for those C/C areas identified in the SAUPs.

The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

   Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

   Results: The Organization's debt service policy does not address debt issuance approval, debt reserve requirements, or debt service requirements. The Organization's Disaster Recovery/Business Continuity policy did not address the use of antivirus software on all systems or timely application of all available system and software patches/updates.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a. Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);

   b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

   Results: We noted the following:

   a. Five bank reconciliations were not prepared within two months of the related statement closing date.

   b. Bank reconciliations did not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

   c. Two of the Organization's bank accounts tested had reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

   Results: Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared, and management's representation that the listing is complete.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a. Employees that are responsible for cash collections do not share cash drawers/registers.

   b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

   c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   Results: Management stated that all employees who have access to cash are covered by a bond or insurance policy for theft.

6. Randomly select two deposit dates for each of the five bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a. Observe that receipts are sequentially pre-numbered.

   b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   c. Trace the deposit slip total to the actual deposit per the bank statement.

   d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

   e. Trace the actual deposit per the bank statement to the general ledger.

   Results: We noted the following:

   For the 10 deposits selected for testing, we noted the following:

   - Four of the deposits were ACH deposits. As such, steps a) through d) were not applicable. We were able to perform step e) without exception.

   - Four of the deposits were electronic "sweeps" from one bank account into the account selected for testing. As such, steps a) through d) were not applicable. We were able to perform step e) without exception.

   - For two of the deposits, which totaled $49.46 and $25.00, management was not able to provide a pre-numbered receipt or other documentation supporting the deposit per the bank statement. As such, steps a) through c) were not met. Step d) is not applicable since both deposits were less than $100. For both deposits, we were able to perform step e) without exception.

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

RSM US LLP

Davenport, Iowa
May 27, 2020

LaPorte

A Professional Accounting Corporation

Metairie, Louisiana
May 27, 2020