ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

A Component Unit of St. Charles Parish

Financial Statements

For the Period August 1, 2015 through December 31, 2016

ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
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December 31, 2016

Report

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of St. Charles Parish Hospital Service District (the Hospital), a component unit of the St. Charles Parish, as of and for the period August 1, 2015 through December 31, 2016, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, a component unit of the St. Charles Parish Council, as of December 31, 2016, and the changes in its net position for the period from August 1, 2015 through December 31, 2016 and its cash flows for the period then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The Schedule of Board of Commissioners and Compensation, the Schedule of Compensation, Benefits and Other Payments to the Agency Head, and the Schedule of Bonds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Board of Commissioners and Compensation, the Schedule of Compensation, Benefits and Other Payments to the Agency Head, and the Schedule of Bonds are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2017, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Hospital's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

April 24, 2017

Financial Statements

As of December 31,		**2016**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	1,175,963
Restricted cash		144,656
Patient accounts receivable, net of estimated uncollectibles and allowances of $23,071,578		3,448,030
Other receivables		8,374,035
Estimated third-party settlements		267,657
Assets whose use is limited		1,226,144
Inventory		1,224,244
Prepaid expenses		405,125
Total Current Assets		16,265,854
NONCURRENT CASH AND INVESTMENTS		
Assets whose use is limited:		
By board for indenture reserves		1,226,144
By indenture agreement for capital acquisition		1,745,980
Total assets whose use is limited		2,972,124
Less: amounts required to meet current obligations		(1,226,144)
Total Noncurrent Cash and Investments		1,745,980
CAPITAL ASSETS, NET		41,754,578
OTHER ASSETS		
Investment in joint venture		1,049,435
Bond issuance		
Deposits		55,893
Note receivable		629,904
Total Other Assets		1,735,232
TOTAL ASSETS	**$**	**61,501,644**

(Continued)

As of December 31,		**2016**
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$	985,534
Current maturities of long-term debt		3,639,538
Due to Hospital manager		5,907,633
Current maturities of multi-employer pension withdrawal liability		583,112
Accrued salaries and benefits		519,803
Accrued interest payable		849,940
Other accrued expenses		158,585
Total Current Liabilities		12,644,145
LONG-TERM DEBT AND OTHER LIABILITIES		
Long-term debt, excluding current maturities		62,616,012
Multi-employer pension withdrawal liability		2,930,926
Lease deposits		17,452
Total Long-Term Debt and Other Liabilities		65,564,390
Total Liabilities		78,208,535
NET POSITION		
Net investment in capital assets		(21,375,406)
Unrestricted		4,668,515
Total Net Position		(16,706,891)
TOTAL LIABILITIES AND NET POSITION	**$**	**61,501,644**

(Concluded)

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Period August 1, 2015 through December 31,		**2016**
OPERATING REVENUES		
Net patient service revenues	$	29,568,669
Rural Hospital Grant		8,124,541
Other operating revenues		2,366,209
Total Operating Revenues		40,059,419
OPERATING EXPENSES		
Salaries and wages		10,456,989
Employee benefits		1,901,493
Supplies and other		16,046,966
Purchased services		2,412,004
Medicaid program support		13,717,870
Depreciation and amortization		4,871,107
Total Operating Expenses		49,406,429
Net Loss from Operations		(9,347,010)
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes - maintenance		5,904,538
Ad valorem taxes - debt service		7,482,435
Noncapital grants and contributions		14,740
Interest income		20,621
Interest expense		(4,231,773)
Total Non-Operating Revenue, net		9,190,561
CHANGE IN NET POSITION		**(156,449)**
NET POSITION - Beginning of period, as previously reported		(16,530,442)
Prior period adjustment		(20,000)
NET POSITION - Beginning of period, as restated		**(16,550,442)**
NET POSITION - End of period	**$**	**(16,706,891)**

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

STATEMENT OF CASH FLOWS

For the Period August 1, 2015 through December 31,		**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue collected	$	43,183,753
Other operating cash receipts		
Payments for supplies, services, and other operations		(32,909,943)
Payments to employees and for employee-related costs		(12,195,334)
Net Cash Used in Operating Activities		(1,921,524)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes - maintenance		3,058,941
Ad valorem taxes - debt service		3,876,395
Noncapital grants and contributions		14,740
Net Cash Provided by Noncapital Financing Activities		6,950,076
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of general obligation bonds		17,695,000
Proceeds from other long term debt		3,385,989
Principal payments on general obligation bonds		(19,830,000)
Principal payments on limited tax bonds		(1,225,000)
Principal payment on other long term debt		(21,939)
Principal payments on multi-employer pension liability		(586,719)
Cash paid for interest on debt obligations		(4,302,017)
Purchase of capital assets (property, plant and equipment)		(3,913,472)
Net Cash Used in Capital and Related Financing Activities		(8,798,158)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received as interest		20,621
Changes in assets whose use is limited and restricted cash		(2,943,422)
Net Cash Used in Investing Activities		(2,922,801)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(6,692,407)**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		7,868,370
CASH AND CASH EQUIVALENTS - END OF PERIOD	**$**	**1,175,963**

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

For the Period August 1, 2015 through December 31,		2016
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES		
Net loss from operations	$	**(9,347,010)**
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization		**4,871,107**
Provision for bad debts		**10,931,506**
Changes in operating assets and liabilities:		
Change in accounts receivable		**(7,843,644)**
Change in inventory		**24,965**
Change in prepaid expenses		**(263,799)**
Change in other receivable		**(983,385)**
Change in estimated third-party payor settlements		**1,936,524**
Change in accounts payable		**(617,451)**
Change in grant payable		**(916,667)**
Change in due to Hospital manager		**119,555**
Change in accrued salaries and benefits		**117,470**
Change in accrued self-insurance health claims		**(15,906)**
Change in cash overdraft		**-**
Change in other accrued expenses		**65,211**
Net cash used in operating activities	$	**(1,921,524)**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Component Units

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

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

St. Charles Hospital Services Corporation (the Corporation) is a non-profit entity that, while legally separate from the Hospital, is reported as if it were a part of the Hospital because of the presence of a shared governing body with the Hospital. As a component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital; however, the operations of the Corporation became dormant. During the year ended December 31, 2007, the Corporation changed its name to the St. Charles Continuum of Care Corporation after the SCHCCC mentioned above changed its name to St. Charles Health Initiatives, Inc. As a blended component unit of the Hospital, the operations of the Corporation are included in the financial statements of the Hospital for the period ended December 31, 2016.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units (Continued)

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

Basis of Accounting

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

Cash and Cash Equivalents

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

Restricted Cash

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

Assets Whose Use is Limited

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

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

Capital Assets

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

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

Net Position

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

> ***Investments in capital assets, net of related debt*** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
>
> ***Restricted*** – Net position is reported as restricted when there are limitations imposed on their use, either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are no restricted net position amounts at December 31, 2016.
>
> ***Unrestricted*** – This component of net position consists of constraints placed on net assets that do not meet the definition of "restricted" or "investments in capital assets, net of related debt," as described above.
>
> The Hospital first applies restricted resources when expenditure is incurred for purposes for which both restricted and unrestricted net positions are available.

Costs of Borrowing

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets, net of interest earned on these borrowed funds. See Note 17 for further details.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Net Patient Service Revenue and Related Receivables

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. The Hospital provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the Hospital is exposed to certain credit risks. The Hospital manages such risk by regularly reviewing its accounts and contracts, and by providing appropriate allowances.

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

Income Tax Status

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

Advertising Costs

Advertising costs are expensed as incurred. Marketing media/advertising expenses included advertising costs of $1,380 for the period ended December 31, 2016.

Compensated Absences

Employees of the Hospital are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences, included as a component of accrued salaries and benefits on the Hospital's statement of net position, was $265,320 as of December 31, 2016.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

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

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

Operating Revenues and Expenses

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

Ad Valorem Tax Revenues

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

Ad valorem taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied due to the extent they are determined to be currently collectible. Ad valorem taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Charles Parish. For the period August 1, 2015 through December 31, 2016 the millage rates have been set at 2.48 mills for Maintenance and Operations and 3.16 mills for Bonds. The ad valorem taxes receivable for the period August 1, 2015 through December 31, 2016 totaled $6,451,637.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Period Adjustment

In the prior year (fiscal year ended July 31, 2015), the Hospital recorded an amount due from PVMO for professional services paid for on behalf of PVMO. That amount was not captured in the PVMO records and thus understated the consolidated expenses and overstated the consolidated assets by $20,000. Net effect to beginning of the year, consolidated net position is a decrease of $20,000.

New Accounting Pronouncements

The Hospital is planning to adopt GASB 77 *Tax Abatement Disclosures* in the year ended December 31, 2017 which will require the Hospital to disclose information regarding the ad-valorem tax abatements that affect the taxes collected by the Hospital, whether approved by the Hospital or other governmental entity. The adoption is not expected to affect the Hospital's financial statements as it will only add additional disclosure to the footnotes.

Fiscal Year End Change

The Hospital changed its year end from a fiscal year end of July 31st to a calendar year end of December 31st. This year end change was approved by the Louisiana Legislative Auditor on December 28, 2015 retroactive to August 1, 2015. The period reported on in this report is a 17 month period from August 1, 2015 through December 31, 2016.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 24, 2017, and determined that no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

NOTE 2 – NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. Payment arrangements include prospectively determined rates-per-discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in a future period as final settlements are determined.

NOTE 2 – NET PATIENT SERVICE REVENUE (CONTINUED)

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

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

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

Outpatient services to Medicare beneficiaries are paid on a prospectively determined amount based on a patient classification system. Cost reimbursed outpatient services were paid at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits performed thereof by the Medicare fiscal intermediary. Outpatient services subject to the outpatient prospective payment system are not subject to cost report settlement with several exceptions.

The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2009.

Medicaid – Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The

Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2013.

Revenue from the Medicare and Medicaid programs accounted for approximately 58.9% and 33.2%, respectively, of the Hospital's net patient revenue, for the period August 1, 2015 through December 31, 2016.

The laws and regulations under which Medicare and Medicaid programs operate are complex, and subject to interpretation and frequent changes. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. There were no adjustments to estimates that resulted in a change to net patient service revenues for the period August 1, 2015 through December 31, 2016.

NOTE 2 – NET PATIENT SERVICE REVENUE (CONTINUED)

The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance hospitals and preferred provider hospitals. The basis for payment under these agreements includes prospectively determined rates-per-discharge, discounts from established charges and prospectively determined daily rates.
A summary of the Hospital's net patient service revenue for the period ended December 31, 2016 is as follows:

Gross patient service revenue	$ 147,284,569
Less: contractual adjustments	(102,642,794)
Less: provision for bad debts	(10,931,506)
Less: free care	(4,141,600)
Net patient service revenue	$ 29,568,669

NOTE 3 – RURAL HOSPITAL GRANT

Since the Hospital serves a disproportionate share of low-income patients, it qualifies for additional reimbursements from the State of Louisiana Department of Health and Hospitals rural hospital grant program. The rural hospital grant program was developed by the Rural Hospital Coalition, Inc., to assist rural hospitals in receiving adequate reimbursement for uninsured and indigent patients under the State of Louisiana Rural Hospital Preservation Act. The grant funds totaled $8,124,541 for the period August 1, 2015 through December 31, 2016, of which $1,625,287 is recorded as other current receivable as of December 31, 2016.

NOTE 4 – MEDICAID PROGRAM SUPPORT

As part of the Hospital's continuing support of the State of Louisiana's Medicaid Program, the Hospital has, throughout the period, made intergovernmental transfers (IGT's) amounts to the State of Louisiana (State) restricted for use in support of the Medicaid Program. For the fiscal period August 1, 2015 through December 31, 2016 the Hospital made IGT's of $13,717,870 to the State.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are residents of St. Charles Parish and are insured under third-party payor agreements. The mix of accounts receivable due from patients and third-party payors was as follows as of December 31, 2016.

Medicare	21%
Medicaid	22%
Commercial	14%
Private pay	43%
Total	**100%**

NOTE 6 – CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides to all of its qualifying patients. These records include the amount of charges foregone for services and supplies furnished under its charity care policy.

As presented in Note 2, the Hospital reduced its gross revenues for its cost of charity care. For the period August 1, 2015 through December 31, 2016, charity care totaled $4,141,600.

NOTE 7 – DEPOSITS AND INVESTMENTS

The Hospital has various deposits and investments. The amount reflected on the accompanying statement of net position at December 31, 2016 is as follows:

Depository and money market accounts	$ 2,546,763

Under state law, these deposits must be secured by either Federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent bank. At December 31, 2016, the Hospital had $9,323,555 in securities pledged by banks that are holding Hospital accounts that have balances in excess of the federal deposit insurance. Of the $3,937,503 of deposits over the federal deposit insurance limit all were secured by collateral owned by the fiscal agent bank in the name of the Hospital.

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

NOTE 8 – ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required for bond obligations classified as current liabilities are reported as current assets, as well. The composition of assets whose use is limited at December 31, 2016 is set forth in the following table:

By board for indenture reserves	
Cash and cash equivalents	$ 1,226,144
By indenture agreement for capital asset acquisition	
Cash and cash equivalents	1,745,980
Total	**$ 2,972,124**

NOTE 9 – CAPITAL ASSETS

Capital assets activity as of and for the period August 1, 2015 through December 31, 2016, is as follows:

	August 1, 2015	Additions	Transfers and Disposals	**December 31, 2016**
Capital assets not being depreciated:				
Land	$ 1,586,681	$ -	$ -	**$ 1,586,680**
Construction in progress	11,413,600	4,142,507	(15,488,024)	**68,083**
Total capital assets not being depreciated	13,000,281	4,142,507	(15,488,024)	**1,654,764**
Capital assets being depreciated:				
Building and improvements	48,205,137	15,392,572	-	**63,597,709**
Equipment	19,646,905	1,302,485	(269,900)	**20,679,490**
Leasehold improvements	22,110	-	-	**22,110**
Vehicles	982,259	24,765	(15,458)	**991,566**
Total capital assets being depreciated	68,856,411	16,718,632	(285,358)	**85,290,875**
Less accumulated depreciation:				
Building and improvements	(23,228,082)	(3,313,329)	-	**(26,541,411)**
Equipment	(16,705,948)	(1,325,734)	269,900	**(17,761,782)**
Leasehold improvements	(21,584)	(1,211)	-	**(22,795)**
Vehicles	(640,421)	(240,110)	15,458	**(865,073)**
Total accumulated depreciation	(40,596,035)	(4,880,384)	285,358	**(45,191,061)**
Total capital assets being depreciated, net	28,260,376	11,839,438	-	**40,099,814**
Total capital assets, net	$ 41,260,657	$ 15,981,945	$ (15,488,024)	**$ 41,754,578**

Depreciation and amortization expense reported in the fiscal period ended December 31, 2016, was $4,880,384.

NOTE 10 – INVESTMENT IN JOINT VENTURE

The Hospital contributed land with a cost of $1,049,435, in exchange for a 9.9% membership interest in an LLC, Ashton Plantation Real Property, LLC. At December 31, 2016, this investment is measured at the cost of the land donated.

NOTE 11 – NOTE RECEIVABLE

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

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES

The components of long-term debt as of December 31, 2016, are as follows:

Hospital Revenue Bonds, Series 2009B	(A)	$ 3,985,000
Hospital Revenue Bonds, Series 2012A	(B)	7,565,000
Hospital Revenue Bonds, Series 2012B	(B)	5,655,000
Taxable GO Bonds, Series 2013	(C)	740,000
GO Refunding Bonds, Series 2013A	(D)	3,010,000
Taxable GO Refund Bonds, Series 2013B	(E)	175,000
New Market Tax Credit-QLICI A Loan	(F)	1,914,596
New Market Tax Credit-QLICI B Loan	(F)	1,585,404
First National Bank Direct Loan	(G)	9,978,061
Limited Tax Bonds, Series 2014	(H)	9,100,000
Limited Tax Bonds, Series 2015	(I)	4,775,000
GO Refunding Bonds, Series 2016	(J)	7,040,000
GO Refunding Bonds, Series 2016A	(K)	10,655,000
		66,255,550
Unamortized discount/premium		77,489
Less: Current maturities		(3,639,538)
Total		$ 62,616,012

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

Scheduled maturities of general obligation bonds, limited tax bonds, and long-term debt as of December 31, 2016, are as follows:

Period Ending December 31,	Principal	Interest
2017	$ 3,639,538	$ 2,465,813
2018	4091,214	2,369,811
2019	3,881,157	2,230,423
2020	4,426,714	2,091,761
2021	6,635,682	1,860,876
2022-2026	23,414,858	6,586,768
2027-2031	11,514,332	3,314,403
2032-2036	3,620,072	1,807,169
2037-2041	3,273,366	977,508
2042-2046	1,681,128	107,030
Total	**$ 66,178,061**	**$ 23,811,562**

(A) During the year ended July 31, 2010, the Hospital issued $5,000,000 of General Obligation Bonds, Series 2009B, dated November 1, 2009. The purpose of the issue is the refunding and extending of the Hospital's outstanding Limited Tax Bonds, Series 2008 and to represent said indebtedness. The outstanding principal of the bonds will be repaid in 20 annual installments ranging from $120,000 to $460,000 beginning March 1, 2010, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at rates ranging from 5.25% to 7.00%.

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

(B) In April 2012, the residents of the Parish voted for a bond proposition authorizing the Hospital to issue up to $15,000,000 of 20-year General Obligation Bonds for the purpose of purchasing, acquiring land and constructing buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities. These bonds are general obligations of the Hospital and payable from ad valorem taxes.

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

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

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

The Series 2012B bonds mature, according to maturity schedules contained in the bond documents, beginning on March 1, 2013. Scheduled maturities range from $50,000 to $520,000 each year through March 1, 2032. Interest rates associated with this Series range from 2.00% to 4.25%.

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

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

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

(D) During the year ended July 31, 2014, the Hospital issued $4,350,000 of General Obligation Bonds, Series 2013A, dated September 10, 2013. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Refunding Bonds, Series 2003A, and General Obligation Bonds, Series 2004, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in eleven annual installments ranging from $280,000 to $555,000 beginning March 1, 2014, with the final installment due March 1, 2024. Interest is payable semi-annually on March 1 and September 1 at a rate of 3.05%.

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

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

(E) During the year ended July 31, 2014, the Hospital issued $415,000 of Taxable General Obligation Bonds, Series 2013B, dated September 10, 2014. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Refunding Bonds, Series 2003B, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in five annual installments ranging from $75,000 to $90,000 beginning March 1, 2014, with the final installment due March 1, 2018. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.32%.

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

(F) PVMO began drawing down on its debt for construction of a medical center on the East Bank of St. Charles Parish (the Project) during fiscal 2014. The Facility A and B notes are intended to qualify as a "qualified low-income community investment" for the purposes of generating certain tax credits called New Markets Tax Credits (NMTCs) under section 45D of the Internal Revenue Code of 1986, as amended. To qualify, PVMO must comply with certain representations, warranties, and covenants. These include, but are not limited to, a covenant that the "portion of the business" (as defined) will operate to qualify as a qualified low-income community business. If, as a result of the breach of the agreement or loan documents by PVMO, the Lender is required to recapture all or any part of the New Markets Tax Credits previously claimed by the Lender, PVMO agrees to pay to the Lender an amount equal to the sum of the credits recaptured. Additionally, the QLICI Lender has a security interest in the assets of PVMO other than real property.

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

The Facility A Note, issued for $1,914,596, is secured under the aforementioned credit and loan agreements. The Facility A Note matures on January 10, 2021. The note will bear interest at a rate per annum equal to 3.74%. PVMO will pay interest only on this note quarterly in arrears on March 15, June 15, September 15, and December 15 of each year, commencing March 15, 2014, and continuing until December 15, 2020. PVMO shall pay the principal balance on the maturity date. PVMO may not prepay this note in full or in part any time prior to the expiration of the NMTC seven year compliance period.

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

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

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

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

(G) The First National Bank Direct Loan (the Direct Loan) is a $10,000,000 commitment for use in construction of PVMO. Interest is payable semi-annually at a rate of 6% and principal is payable annually through 2044. It is secured with a 1st mortgage and assignment of leases and rents on the Project. The Facility A and B Notes provide funding for PVMO through the NMTC transaction and are secured with a 2nd mortgage and assignment of leases and rents. For the period August 1, 2015 through December 31, 2016, $3,385,989 was drawn on Facility A and B notes.

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

(H) On August 22, 2014, the Hospital issued $10,000,000 of Limited Tax Bonds, Series 2014, payable from ad valorem taxes, approved by an election held July 15, 2006 and May 3, 2014. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Limited Tax Bond Series 2008A, 2010, and 2011. The remainder of the proceeds is for the purpose of purchasing, acquiring and construction of land, buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities to the district. The outstanding principal of the bonds will be repaid in 10 annual installments ranging from $400,000 to $1,500,000 beginning March 1, 2015, with the final installment due March 1, 2024. Interest is payable annually on March 1 at a rate of 4.90%.

(I) On June 19, 2015, the Hospital issued $5,500,000 of Limited Tax Bonds, Series 2015, payable from ad valorem taxes, approved by an election held July 15, 2006 and May 3, 2014. For the purpose of purchasing, acquiring and construction lands, buildings, machinery, equipment, and furnishings, including both real and personal property, to be used in providing hospital facilities to the district. The outstanding principal of the bonds will be repaid in 10 annual installments ranging from $215,000 to $1,785,000 beginning March 1, 2016, with the final installment due March 1, 2025. Interest is payable semi-annually on March 1 and September 1 at a rate of 4.00%.

(J) During the period from August 1, 2015 through December 31, 2016, the Hospital issued $7,040,000 of General Obligation Refunding Bonds, Series 2016, dated May 31, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2005, and General Obligation Bonds, Series 2006, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in ten annual installments ranging from $370,000 to $840,000 beginning March 1, 2017, with the final installment due March 1, 2026. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.19%.

(K) During the period from August 1, 2015 through December 31, 2016, the Hospital issued $10,655,000 of General Obligation Refunding Bonds, Series 2016A, dated August 9, 2016. The purpose of the issue is refunding all or a portion of the Hospital's outstanding Taxable General Obligation Bonds, Series 2007, General Obligation Bonds, Series 2009, and General Obligation Bonds, Series 2009A, and paying the costs incurred in connection with the issuance thereof. The outstanding principal of the bonds will be repaid in thirteen annual installments ranging from $420,000 to $1,305,000 beginning March 1, 2017, with the final installment due March 1, 2029. Interest is payable semi-annually on March 1 and September 1 at a rate of 2.23%.

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

As of December 31, 2016, the Hospital was not in compliance with certain bond covenants requiring the construction of the medical office building referred to in (F) above to be completed by June 30, 2015, which it was not. In addition, the quarterly financial statements were not filed timely with the lender (as there was no operating activity due to construction delays), the filing of a compliance certificate was not met, and debt service coverage was not maintained. The Hospital received a waiver of these debt covenants from the lender through December 31, 2017.

Defeasance of Debt

In 2016, the Hospital defeased $4,875,000 of General Obligation Bonds, Series 2017; $4,935,000 of General Obligation Bonds, Series 2009; and $795,000 of General Obligation Bonds, Series 2009A by placing the proceeds of General Obligation Bonds, Series 2016A in an irrevocable trust to provide for all future debt service payments of the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Hospital's financial statements. The difference between the cash flows required to service the new debt totaled $827,282. An economic gain (difference between the present value of the old debt and new debt service payments) of $308,277 resulted from the refunding. At December 31, 2016, the balance of the defeased portion of the bonds was $10,515,000.

NOTE 12 – LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

Long-term debt and other non-current liabilities activity as of and for the fiscal period ended December 31 2016, is as follows:

	Balance August 1, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Long-term Debt:					
General Obligation Bonds:					
Series 2005	$ 4,150,000	$ -	$ (4,150,000)	**$ -**	$ -
Series 2006	3,400,000	-	(3,400,000)	**-**	-
Series 2007	5,035,000	-	(5,035,000)	**-**	-
Series 2009	5,040,000	-	(5,040,000)	**-**	-
Series 2009A	830,000	-	(830,000)	**-**	-
Series 2009B	4,165,000	-	(180,000)	**3,985,000**	195,000
Series 2012A	7,865,000	-	(300,000)	**7,565,000**	310,000
Series 2012B	5,850,000	-	(195,000)	**5,655,000**	205,000
Series 2013	830,000	-	(90,000)	**740,000**	95,000
Series 2013A	3,535,000	-	(525,000)	**3,010,000**	550,000
Series 2013B	260,000	-	(85,000)	**175,000**	85,000
Series 2016	-	7,040,000	-	**7,040,000**	645,000
Series 2016A	-	10,655,000	-	**10,655,000**	135,000
Limited Tax Bonds:					
Series 2014	9,600,000	-	(500,000)	**9,100,000**	600,000
Series 2015	5,500,000	-	(725,000)	**4,775,000**	680,000
Total long-term debt	56,060,000	17,695,000	(21,055,000)	**52,700,000**	3,500,000
Other Long-term Liabilities					
Multi-employer pension withdrawal liability	4,100,757	-	(586,719)	**3,514,038**	583,112
NMTC QLICI A Loan	1,914,596	-	-	**1,914,596**	-
NMTC QLICI B Loan	1,585,404	-	-	**1,585,404**	-
FNBC Direct Loan	6,614,011	3,385,989	(21,939)	**9,978,061**	139,538
Lease deposits	17,452	-	-	**17,452**	-
Total other long-term liabilities	14,232,220	3,385,989	(608,658)	**17,009,551**	722,650
Total long-term debt and other obligations	**$70,292,220**	**$21,663,658**	**$(21,663,658)**	**$69,709,551**	**$4,222,650**

NOTE 13– RETIREMENT BENEFITS

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

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

The Hospital has chosen to pay its withdrawal liability over ten year in equal monthly installments of principal and interest of $55,298, with the first payment due September 1, 2013. The non-interest component of this monthly payment equates to a total withdrawal liability of $3,514,038 as of December 31, 2016.

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

Section 457(b) Deferred Compensation Plan – Effective December 1, 2013, the Hospital offered to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is available to all Hospital employees as of the first enrollment date following the date they become an employee and permits them to defer a portion of their salary until future year. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Section 401(a) Defined Contribution Retirement Plan – The Hospital also established a 401(a) retirement plan for the purpose of matching 100% of an employee's salary reduction contributions to the deferred compensation plan up to 3% of the employee's compensation received for that year. To be eligible for this match, the employee must be employed as of December 31. The contribution match for the Hospital will be made during the first quarter of the following year. For the period August 1, 2015 through December 31, 2016, total employer contributions to the plan was $59,250.

NOTE 13 – RETIREMENT BENEFITS (CONTINUED)

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

NOTE 14 – COMMITMENTS

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

Period Ending December 31,	Lease Payments	
2017	$	915,728
2018		335,433
2019		152,131
2020		17,700
Thereafter		-
Total	$	1,420,993

Lease expenses totaled $1,929,895 for the period August 1, 2015 through December 31, 2016.

During January 2014, PVMO entered into a lease agreement with the Hospital whereby the Hospital will lease from PVMO for medical offices in the amount of $78,000 per month commencing approximately on June 1, 2015, with an initial term of thirty years. Pursuant to this agreement, the Hospital assumed total property management and payment of all costs associated with the maintenance and operation of the medical offices. Future minimum lease payments under this lease for the next five year from the commencement of the lease are $936,000 per year, and the total payments under the lease commitment are $28,080,000. For the period from August 1, 2015 through December 31, 2016, $1,326,000 of rental income was paid to PVMO.

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

NOTE 14 – COMMITMENTS (CONTINUED)

Employment Contracts – The Hospital has an employment contract with its Chief Executive Officer who was employed by the Hospital during 2015 which was approved in December 2011. The new contract contains a Consumer Price Index (CPI) adjustment based on the "all items adjustment for the twelve months prior as of November 30" prior to January of each year. The Chief Executive Officer retired and the Hospital was contractually obligated to pay this contract at a rate of $20,192 per month through March 14, 2016.

Physician Guarantee Agreement – During the year ended December 31, 2008, the Hospital entered into a Physician Recruitment Agreement whereby the Hospital guaranteed that the net practice income of the physician would equal $175,000 per year, or $350,000 during the "Guarantee Period", as defined. At the end of the third agreement year, December 31, 2011, the physician would repay, on demand, the total assistance together with 8% interest per annum; however, at the physician's request, a promissory note could be executed that would extend the repayment plan to 24 months.

To induce the physician to remain in the area served by the Hospital, the Hospital has agreed to forgive and cancel, one thirty-sixth of the total assistance for each full calendar month that the physician remains in practice, after the third agreement year, in her specialty in an office in the Parish. As of December 31, 2016, the physician remains in practice and the Hospital expects the physician to remain in practice through the end of the forgiveness period. These expenses are included on the statements of revenues, expenses, and changes in net position within purchased services.

Total Renal Care Cooperative Endeavor and Services Agreements – On April 1 2010, the Hospital entered into a ten year cooperative endeavor lease agreement with Total Renal Care, Inc. (TRC). Under this agreement, TRC is leasing approximately 4,425 square feet of the Hospital building for the sum of $89,064 per year, payable in equal monthly installments of $7,422.

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

The Hospital also entered into a one year Stat Laboratory Services Agreement with TRC effective April 1, 2010. The agreement states that the Hospital will provide certain laboratory tests and services necessary for TRC's dialysis patients. TRC will compensate the Hospital for these services under the fee schedule described in "Exhibit B" of the agreement. This agreement was automatically renewed for one year effective April 1, 2013, and will be automatically renewed for successive one year terms unless terminated.

NOTE 14 – COMMITMENTS (CONTINUED)

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

Construction Contract – On December 12, 2013 the Hospital entered into an agreement with Lamar Contractors Inc. to construct a 60,000 square foot medical office building in Destrehan, Louisiana. The original contract sum totaled $12,600,571. As of December 31, 2016, change orders in the amount of $(171,733) were approved bringing the contract sum to $12,428,838. As of December 31, 2016, the Hospital spent a total of $12,269,861.

NOTE 15 – HOSPITAL MANAGEMENT CONTRACT

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

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

During fiscal period August 1, 2015 through December 31, 2016, the Hospital purchased supplies and other items pursuant to this agreement through SCOMC totaling approximately $10,600,000 and made payments of $10,492,000, remaining amounts are recorded as due to Hospital manager as shown on the Hospital's statement of net position as a current liability.

NOTE 16 – CONTINGENCIES AND RISK MANAGEMENT

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

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

NOTE 16 – CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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

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

Health Insurance **–** Prior to May 31, 2015, the Hospital had elected to self-insure employee and eligible dependent health claims. The self-insured claims were processed through a plan administrator. The Hospital's self-insured plan had stop-loss insurance coverage for claims in excess of $60,000 per individual per plan year and $60,000 in the aggregate for claims in excess of the individual stop-loss. On May 31, 2015, the Hospital ceased to self-insure employees and dependent health claims wherein health insurance was then provided by a third party insurer.

The following is a summary of the estimated claims liability for the period August 1, 2015 through December 31, 2016, remaining on the self-insured health claims:

Beginning of Fiscal Period Liability	Current Period Claims and Changes in Estimates	Current Period Claim Payments	Balance at Fiscal Period End
$ 15,906	$ -	$ 15,906	$ -

Laws and Regulations **–** The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government, laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

NOTE 16 – CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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

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

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

For the period August 1, 2015 through December 31, 2016, the Hospital recognized $29,602, in revenue related to Medicare and Medicaid incentive payments for EHR. These amounts were recognized in full at the date of attestation and are included within other operating revenues on the statement of revenues, expenses, and changes in net position.

NOTE 17 – CAPITALIZED INTEREST

For the period August 1, 2015 through December 31, 2016, the Hospital incurred $4,717,993 of interest cost, of which $486,220 was capitalized into the construction in progress. The remaining $4,231,773 of interest cost was charged as a non-operating expense.

NOTE 18 - RENTAL REVENUES

The Hospital leases the Medical Office Building from PVMO under a master lease agreement whereby the Hospital pays PVMO $78,000 per month. The rental expense on the Hospital's booked and income on PVMO's books is eliminated in consolidation.

As part of this this agreement, the Hospital can sublease out the office space. Beginning in the period ended December 31, 2016, the Hospital entered into lease agreements for some of the office space. For the period ended December 31, 2016, rental income related to this property and others rented by the Hospital totaled $1,136,496 and is recorded on Statements of Revenues, Expenses, and Changes in Net Position as other operating revenues. Future minimum rent receipts are as follows:

Period Ending December 31,	Rent Receipts	
2017	$	443,389
2018		412,045
2019		332,544
2020		254,154
2021		258,003
Thereafter		1,093,330
Total	$	2,793,465

NOTE 19 – COMBINING BLENDED COMPONENT UNIT INFORMATION

The following table presents the condensed combining statements of net position information for the Hospital and its component units for the period from August 1, 2015 through December 31, 2016:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	Continuum of Care	Eliminations	Total
Current Assets	$ 16,051,326	$ 144,656	$ 5,074	$ -	$ 16,265,854
Assets whose use is limited	1,745,980	-	-	-	1,745,980
Capital assets, net	25,955,912	15,798,666	-	-	41,754,578
Other assets	1,735,232	-	-	-	1,735,232
Total assets	$ 45,488,450	$ 16,008,120	$ 5,074	$ -	$ 61,501,644
Current Liabilities	$ 12,504,607	$ 139,538	$ -	$ -	$ 12,644,145
Long-term liabilities - less amounts due within one year	52,225,867	13,338,523	-	-	65,564,390
Net position	(19,666,011)	2,954,046	5,074	-	(16,706,891)
Total liabilities and net position	$ 45,064,463	$ 16,432,107	$ 5,074	$ -	$ 61,501,644

NOTE 19 – COMBINING BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

The following table presents the condensed combining statement of revenues, expenses and changes in net position for the Hospital and its component units for the period from August 1, 2015 through December 31, 2016:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	Continuum of Care	Eliminations	Total
Operating Revenues	$ 40,059,419	$ -	$ -	$ -	$ 40,059,419
Operating Expenses					
Salaries, wages, and benefits	12,358,482	-	-	-	12,358,482
Supplies and other	16,046,970	-	(4)	-	16,046,966
Purchased services	2,412,004	-	-	-	2,412,004
Depreciation and amortization	4,680,162	190,945	-	-	4,871,107
Medicaid program support	13,717,870	-	-	-	13,717,870
Total operating expenses	49,215,488	190,945	(4)	-	49,406,429
Non-Operating Revenues (Expenses)					
Ad valorem taxes	13,386,973	-	-	-	13,386,973
Rental income	-	1,326,000	-	(1,326,000)	-
Payments to bond escrow agent	-	-	-	-	-
Noncapital grants and contributions	14,740	-	-	-	14,740
Interest income	20,621	-	-	-	20,621
Interest expense	(3,730,582)	(501,191)	-	-	(4,231,773)
Rental expense	(1,326,000)	-	-	1,326,000	-
Total non-operating revenues, net	8,365,752	824,809	-	-	9,190,561
Change in Net Position	(790,317)	633,864	(4)	-	(156,449)
Net Position, Beginning of Period	(18,719,694)	2,184,182	5,070	-	(16,530,442)
Prior Period Restatement	241,101	(261,101)	-	-	(20,000)
Net Position, Beginning of Period Restated	(18,875,694)	2,320,182	5,070	-	(16,550,442)
Net Position, End of Period	$ (19,666,011)	$ 2,954,046	$ (5,074)	$ -	$ (16,706,891)

NOTE 19 – COMBINING BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

The following table presents the condensed combining statement of cash flows for the Hospital and its component units as of December 31, 2016:

	St. Charles Parish Hospital Service District	Plantation View Medical Offices	Continuum of Care	Eliminations	Total
Net cash provided by (used in):					
Operating activities	$ (1,921,524)	$ -	$ -	$ -	$ (1,921,524)
Noncapital financing activities	6,950,076	-	-	-	6,950,076
Capital and related financing activities	(9,542,821)	744,659	4	-	(8,798,158)
Investing activities	(2,178,142)	(744,659)	-	-	(2,922,801)
Net increase (decrease) in cash and cash equivalents	(6,692,411)	-	4	-	(6,692,407)
Cash and cash equivalents - beginning of period	7,863,300	-	5,700	-	7,863,300
Cash and cash equivalents - end of period	$ 1,170,889	$ -	$ 5,704	$ -	$ 1,175,963

Supplementary Information

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

	Number of Meetings Attended	Total Per	Total Per Diem Paid
John Landry, III	11		$ 660
Jake Lemon	2		120
Karen Raymond	7		420
Ricky Bosco	12		720
Thomas D. Lorio	5		300
Betty Portera	15		900
Total			**$ 3,120**

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

For the Period From August 1, 2015 through December 31, **2016**

Agency Head Name: Martinez Management Servcies (Frederico Martinez, Jr.)

Purpose		Amount
Salary	$	-
Benefits-health insurance		-
Benefits-retirement		-
Benefits-long term disability		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Housing		-
Unvouchered expenses		-
Special meals		-
Other (Management fee)		152,421
Total	**$**	**152,421**

* Martinez Management Serves was paid through March of 2016. After March, there were no payments to the Agency Head that were derived from public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that the Hospital receives.

General Obligation Bonds, Series 2009B	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	5.25% to 7.00%					$ 5,000,000	$ 5,000,000	$ 1,015,000	$ 3,985,000
		3/1/2017	130,920	3/1/2017	195,000				
		9/1/2017	125,801						
		3/1/2018	125,801	3/1/2018	205,000				
		9/1/2018	119,908						
		3/1/2019	119,908	3/1/2019	220,000				
		9/1/2019	113,170						
		3/1/2020	113,170	3/1/2020	240,000				
		9/1/2020	105,970						
		3/1/2021	105,970	3/1/2021	255,000				
		9/1/2021	98,065						
		3/1/2022	98,065	3/1/2022	275,000				
		9/1/2022	89,403						
		3/1/2023	89,403	3/1/2023	295,000				
		9/1/2023	79,815						
		3/1/2024	79,815	3/1/2024	315,000				
		9/1/2024	69,263						
		3/1/2025	69,263	3/1/2025	340,000				
		9/1/2025	57,575						
		3/1/2026	57,575	3/1/2026	365,000				
		9/1/2026	44,800						
		3/1/2027	44,800	3/1/2027	395,000				
		9/1/2027	30,975						
		3/1/2028	30,975	3/1/2028	425,000				
		9/1/2028	16,100						
		3/1/2029	16,100	3/1/2029	460,000				

General Obligation Bonds, Series 2012A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.00% to 3.25%					$ 8,000,000	$ 8,000,000	$ 435,000	$ 7,565,000
		3/1/2017	98,803	3/1/2017	310,000				
		9/1/2017	98,803						
		3/1/2018	95,628	3/1/2018	325,000				
		9/1/2018	95,628						
		3/1/2019	92,328	3/1/2019	335,000				
		9/1/2019	92,328						
		3/1/2020	88,703	3/1/2020	390,000				
		9/1/2020	88,703						
		3/1/2021	84,703	3/1/2021	410,000				
		9/1/2021	84,703						
		3/1/2022	80,369	3/1/2022	430,000				
		9/1/2022	80,369						
		3/1/2023	75,581	3/1/2023	445,000				
		9/1/2023	75,581						
		3/1/2024	70,172	3/1/2024	465,000				
		9/1/2024	70,172						
		3/1/2025	64,234	3/1/2025	485,000				
		9/1/2025	64,234						
		3/1/2026	57,766	3/1/2026	500,000				
		9/1/2026	57,766						
		3/1/2027	50,391	3/1/2027	525,000				
		9/1/2027	50,391						
		3/1/2028	42,365	3/1/2028	545,000				
		9/1/2028	42,365						
		3/1/2029	33,864	3/1/2029	565,000				
		9/1/2029	33,864						
		3/1/2030	24,840	3/1/2030	590,000				
		9/1/2030	24,840						
		3/1/2031	15,275	3/1/2031	610,000				
		9/1/2031	15,275						
		3/1/2032	10,319	3/1/2032	635,000				

General Obligation Bonds, Series 2012B	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	2.00% to 4.25%					$ 6,000,000	$ 6,000,000	$ 345,000	$ 5,655,000
		3/1/2017	98,181	3/1/2017	205,000				
		9/1/2017	98,181						
		3/1/2018	95,031	3/1/2018	215,000				
		9/1/2018	95,031						
		3/1/2019	91,694	3/1/2019	230,000				
		9/1/2019	91,694						
		3/1/2020	87,944	3/1/2020	270,000				
		9/1/2020	87,944						
		3/1/2021	83,781	3/1/2021	285,000				
		9/1/2021	83,781						
		3/1/2022	79,356	3/1/2022	305,000				
		9/1/2022	79,356						
		3/1/2023	74,669	3/1/2023	320,000				
		9/1/2023	74,669						
		3/1/2024	69,719	3/1/2024	340,000				
		9/1/2024	69,719						
		3/1/2025	64,289	3/1/2025	360,000				
		9/1/2025	64,289						
		3/1/2026	58,179	3/1/2026	380,000				
		9/1/2026	58,179						
		3/1/2027	51,349	3/1/2027	400,000				
		9/1/2027	51,349						
		3/1/2028	43,759	3/1/2028	420,000				
		9/1/2028	43,759						
		3/1/2029	35,319	3/1/2029	445,000				
		9/1/2029	35,319						
		3/1/2030	26,219	3/1/2030	465,000				
		9/1/2030	26,219						
		3/1/2031	16,309	3/1/2031	495,000				
		9/1/2031	16,309						
		3/1/2032	11,050	3/1/2032	520,000				

General Obligation Bonds, Series 2013	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds: Authorized	Issued	Retired	Outstanding
	4.55%					$ 1,000,000	$ 1,000,000	$ 260,000	$ 740,000
		3/1/2017	16,835	3/1/2017	95,000				
		9/1/2017	14,674						
		3/1/2018	14,674	3/1/2018	100,000				
		9/1/2018	12,399						
		3/1/2019	12,399	3/1/2019	100,000				
		9/1/2019	10,124						
		3/1/2020	10,124	3/1/2020	105,000				
		9/1/2020	7,735						
		3/1/2021	7,735	3/1/2021	110,000				
		9/1/2021	5,233						
		3/1/2022	5,233	3/1/2022	115,000				
		9/1/2022	2,616						
		3/1/2023	2,616	3/1/2023	115,000				

General Obligation Bonds, Series 2013A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	3.05%					$ 4,350,000	$ 4,350,000	$ 1,340,000	$ 3,010,000
		3/1/2017	45,903	3/1/2017	550,000				
		9/1/2017	37,515						
		3/1/2018	37,515	3/1/2018	555,000				
		9/1/2018	29,051						
		3/1/2019	29,051	3/1/2019	280,000				
		9/1/2019	24,781						
		3/1/2020	24,781	3/1/2020	285,000				
		9/1/2020	20,435						
		3/1/2021	20,435	3/1/2021	295,000				
		9/1/2021	15,936						
		3/1/2022	15,936	3/1/2022	305,000				
		9/1/2022	11,285						
		3/1/2023	11,285	3/1/2023	310,000				
		9/1/2023	6,558						
		3/1/2024	6,558	3/1/2024	430,000				

General Obligation Bonds, Series 2013B	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.32%					$ 415,000	$ 415,000	$ 240,000	$ 175,000
		3/1/2017	2,030	3/1/2017	85,000				
		9/1/2017	1,044						
		3/1/2018	1,044	3/1/2018	90,000				

Limited Tax Bonds, Series 2014	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	4.90%					$ 10,000,000	$ 10,000,000	$ 900,000	$ 9,100,000
		3/1/2017	445,900	3/1/2017	600,000				
		3/1/2018	416,500	3/1/2018	775,000				
		3/1/2019	378,525	3/1/2019	850,000				
		3/1/2020	336,875	3/1/2020	1,250,000				
		3/1/2021	275,625	3/1/2021	1,300,000				
		3/1/2022	211,925	3/1/2022	1,375,000				
		3/1/2023	144,550	3/1/2023	1,450,000				
		3/1/2024	73,500	3/1/2024	1,500,000				

Limited Tax Bonds, Series 2015	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	4.00%					$ 5,500,000	$ 5,500,000	$ 725,000	$ 4,775,000
		3/1/2017	95,500	3/1/2017	680,000				
		9/1/2017	81,900						
		3/1/2018	81,900	3/1/2018	575,000				
		9/1/2018	70,400						
		3/1/2019	70,400	3/1/2019	560,000				
		9/1/2019	59,200						
		3/1/2020	59,200	3/1/2020	215,000				
		9/1/2020	54,900						
		3/1/2021	54,900	3/1/2021	235,000				
		9/1/2021	50,200						
		3/1/2022	50,200	3/1/2022	225,000				
		9/1/2022	45,700						
		3/1/2023	45,700	3/1/2023	230,000				
		9/1/2023	41,100						
		3/1/2024	41,100	3/1/2024	270,000				
		9/1/2024	35,700						
		3/1/2025	35,700	3/1/2025	1,785,000				

Limited Tax Bonds, Series 2016	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.19%					$ 7,040,000	$ 7,040,000	$ -	$ 7,040,000
		3/1/2017	77,088	3/1/2017	645,000				
		9/1/2017	70,025						
		3/1/2018	70,025	3/1/2018	670,000				
		9/1/2018	62,689						
		3/1/2019	62,689	3/1/2019	690,000				
		9/1/2019	55,133						
		3/1/2020	55,133	3/1/2020	720,000				
		9/1/2020	47,249						
		3/1/2021	47,249	3/1/2021	740,000				
		9/1/2021	39,146						
		3/1/2022	39,146	3/1/2022	760,000				
		9/1/2022	30,824						
		3/1/2023	30,824	3/1/2023	790,000				
		9/1/2023	22,174						
		3/1/2024	22,174	3/1/2024	815,000				
		9/1/2024	13,250						
		3/1/2025	13,250	3/1/2025	840,000				
		9/1/2026	4,052						
		3/1/2026	4,052	3/1/2026	370,000				

Limited Tax Bonds, Series 2016A	Rate	Interest Payment Date	Payment Amount	Principal Payment Date	Scheduled Principal Payments	Principal Portion of Bonds Authorized	Issued	Retired	Outstanding
	2.23%					$ 10,655,000	$ 10,655,000	$ -	$ 10,655,000
		3/1/2017	133,324	3/1/2017	135,000				
		9/1/2017	117,298						
		3/1/2018	117,298	3/1/2018	420,000				
		9/1/2018	112,615						
		3/1/2019	112,615	3/1/2019	445,000				
		9/1/2019	107,653						
		3/1/2020	107,653	3/1/2020	770,000				
		9/1/2020	99,068						
		3/1/2021	99,068	3/1/2021	865,000				
		9/1/2021	89,423						
		3/1/2022	89,423	3/1/2022	855,000				
		9/1/2022	79,890						
		3/1/2023	79,890	3/1/2023	845,000				
		9/1/2023	70,468						
		3/1/2024	70,468	3/1/2024	885,000				
		9/1/2024	60,600						
		3/1/2025	60,600	3/1/2025	870,000				
		9/1/2026	50,900						
		3/1/2026	50,900	3/1/2026	1,250,000				
		9/1/2026	36,962						
		3/1/2027	36,962	3/1/2027	1,305,000				
		9/1/2027	22,412						
		3/1/2028	22,412	3/1/2028	990,000				
		9/1/2029	11,373						
		3/1/2029	11,373	3/1/2029	1,020,000				

Total Interest	$ 12,293,079
Due within one year	1,789,725
Long-term	10,503,354
Total	$ 12,293,079

Total principal	$ 52,700,000
Due within one year	3,500,000
Long-term	49,200,000
Total	52,700,000
Bond Premium, Net	91,966
Total	$ 52,791,966

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of St. Charles Parish Hospital Service District (the Hospital), as of and for the period from August 1, 2015 through December 31, 2016, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements, and have issued our report thereon dated April 24, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is intended for the information of the Board of Commissioners, Management of St. Charles Parish Hospital, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Carr, Riggs & Ingram, L.L.C.

April 24, 2017

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