East Jefferson General Hospital

Financial Report
December 31, 2014

McGladrey

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Contents

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business–type activities, the discretely presented component unit and the discretely presented 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, 2014 and 2013, and the related notes to the 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, 2014 and 2013 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, a discretely presented fiduciary fund, for the years ended December 31, 2014 and 2013, as presented on pages 16 - 17. 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 East Jefferson General Hospital Retirement and Savings Plans 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.

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 discretely presented fiduciary fund as of December 31, 2014 and 2013, 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

As discussed in Note 8 to the financial statements, the Organization adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. 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 Retirement Plan and the Other Postemployment Benefit Plan information on pages 3 – 10 and 54 - 59, 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 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.

The accompanying hospital statistics, listed in the table of contents as other supplementary information, are presented for the purpose of additional analysis and have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 and May 30, 2014 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 East Jefferson General Hospital's internal control over financial reporting and compliance.

McGladrey LLP

Davenport, Iowa
June 23, 2015

LaPorte

A Professional Accounting Corporation

Metairie, Louisiana
June 23, 2015

Management's Discussion and Analysis
Years Ended December 31, 2014 and 2013

Management's Discussion and Analysis of East Jefferson General Hospital's (EJGH), Jefferson Parish Hospital Service District No. 2, a component of Jefferson Parish, Louisiana (the Organization) financial performance provides an overall review of the Organization's activities for the years ended December 31, 2014 and 2013. The intent of this discussion is to provide an overview of the Organization's performance for the years and should be read in conjunction with the Organization's basic financial statements and notes thereto.

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, the East Jefferson General Hospital Foundation, East Jefferson General Surgery Co-Management Company, LLC, East Jefferson Orthopedic Co-Management Company, LLC and Gulf South Quality Network, LLC. See Note 1 for further discussion of the reporting entity, including changes which occurred in 2013.

East Jefferson Ambulatory Surgery Center, LLC (EJASC), 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.

Financial Highlights

The assets of the Organization exceeded its liabilities by $259,139,961 and $270,769,423 (net position) as of December 31, 2014 and 2013, respectively.

The Organization's total assets decreased by $18,039,622 or 3.7% from December 31, 2013 and decreased by $23,146,609 or 4.5% from December 31, 2012.

The Organization's total liabilities decreased by $6,410,160 or 2.9% from December 31, 2013 and decreased by $6,527,037 or 2.9% from December 31, 2012.

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 and obligations (liabilities) we owe 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 over our liabilities 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, non-operating 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.

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, 2014, 2013 and 2012 follows:

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in Thousands)		
Net patient revenue	$ 329,862	$ 346,248	$ 339,602
Other operating revenue	15,235	17,830	18,526
Rental income from leases	3,831	3,650	3,671
Total operating revenue	348,928	367,728	361,799
Nonoperating revenue	12,256	2,377	6,901
Total revenue	361,184	370,105	368,700
Expenses:			
Salaries, wages and benefits	155,610	171,568	174,854
Purchased services and other	131,037	129,570	118,132
Supplies	46,630	48,762	49,298
Depreciation and amortization	28,855	25,656	25,188
Interest	9,385	9,686	9,807
Total operating expenses	371,517	385,242	377,279
Nonoperating expenses	1	1	54
Total expenses	371,518	385,243	377,333
Excess of revenue over (under) expenses before transfers and minority interest	(10,334)	(15,138)	(8,633)
Transfers to Jefferson Parish	(1,296)	(1,481)	(1,636)
Distributions	-	-	(86)
Change in net position	(11,630)	(16,619)	(10,355)
Net position:			
Beginning	270,770	287,389	297,744
Ending	$ 259,140	$ 270,770	$ 287,389

Operations

Year Ended December 31, 2014: The Organization's net patient service revenue decreased approximately $16,386,000 from 2013 due in part to a decrease in volumes across patient types and service lines. Some of this decrease can be attributed to the closing of the Inpatient Adult Psychiatric Unit in May of 2014 for renovations, and some can be attributed to specific Hospital cost-efficiency initiatives and the impact of the Two Midnight Rule for Medicare beginning in October of 2013 .The decrease is deepened by the transition of owned employee practices to non-owned organizations in connection with the Hospital's Needy Care Collaboration.

During 2014, the Organization refined the model used to calculate the allowances for bad debt and contractual adjustments on patient accounts receivable. The result of the changes caused amounts to be recognized as bad debt in the current year that would otherwise have been recorded as contractual adjustments if the methodology used in previous years had been followed. A one-time adjustment of $10.6 million to reclassify amounts between bad debt expense and contractual adjustment expense was recorded as a result of the refinement. The net effect of the reclassification on the reported operations of the Organization was zero as it caused an increase in the provision for bad debts and a corresponding decrease in contractual adjustment expense. Management feels the changes more accurately reflect the categories of the adjustments to patient receivables.

The Organization's other operating revenue decreased approximately $2,595,000 due mainly to a decrease in the receipt of monies from the Upper Payment Limit program.

The Organization's total operating expenses decreased by approximately $13,725,000. Salaries, wages and benefits decreased approximately $15,958,000 – in response to lower patient volumes and because of decreases in the number of physicians employed by EJPG. Purchased services and other expenses increased approximately $1,467,000 which is the result of increased inter-governmental transfers to support the Upper Payment Limit program, but offset by decreases related to volumes and decreases in employed physician groups.

Year Ended December 31, 2013: The Organization's net patient service revenue increased approximately $6,646,000 from 2012, which was primarily due to the growth in EJGH outpatient ancillary services. Specifically, during 2013 the Organization experienced significant outpatient revenue growth in Cardiology and Pharmacy services. Hospital outpatient charges increased 9.1% from 2012. In addition, net patient service revenue for EJPG increased approximately $1,375,000 with a full year of the purchased Cardiology and Oncology practices in 2012, and the addition of a Neurology practice in 2013.

The Organization's other operating revenue decreased approximately $696,000 due mainly to a decrease in the receipt of financial incentives from CMS for "meaningful use" of certified EHR technology to improve patient care as initial attestations were completed in 2012.

The Organization's total operating expenses increased by approximately $7,963,000. Salaries, wages and benefits decreased approximately $3,287,000 due to lower inpatient volumes as well as decreases in the number of physicians employed by EJPG. Purchased services and other expenses increased approximately $11,438,000 which is the result of increased contract expenses for outsourced IT services, increased inter-governmental transfers to support the Upper Payment Limit program, and increased pharmaceutical expenses.

Condensed Statements of Net Position

Condensed versions of the Statements of Net Position as of December 31, 2014, 2013 and 2012 follow:

	December 31, 2014	December 31, 2013	December 31, 2012
	(Dollars in Thousands)		
Assets:			
Current assets	$ 166,687	$ 162,630	$ 172,979
Assets limited as to use, noncurrent	89,018	109,572	117,101
Capital assets, net	206,670	205,006	209,833
Other assets	11,258	14,464	14,906
Total assets	$ 473,633	$ 491,672	$ 514,819
Liabilities:			
Current liabilities	$ 47,128	$ 50,111	$ 51,691
Long-term debt	156,188	161,116	166,402
Retirement benefits, noncurrent	1,687	1,526	1,376
Other liabilities, noncurrent	9,490	8,149	7,961
Total liabilities	$ 214,493	$ 220,902	$ 227,430
Net Position:			
Net investment in capital assets	$ 45,506	$ 38,430	$ 38,443
Restricted:			
Expendable	66,120	78,769	84,602
Nonexpendable	360	360	360
Unrestricted	146,318	152,542	163,531
Unrestricted - equity interest in component unit	836	669	453
Total net position	$ 259,140	$ 270,770	$ 287,389

Long-term debt consists of revenue bonds issued in 2011 (series 1998 and 1993 were refunded in year ended December 31, 2011), capital lease obligations (EJGH), notes payable to the bank (EJGH and EJASC) and revenue bonds to finance the construction of a parking garage (Foundation). The Organization continues to make all annual and semi-annual debt service payments in compliance with these debt instruments. There are no current plans to issue additional debt or defease any existing debt. Please see the Notes to Basic Financial Statements for additional information.

December 31, 2014: Current assets increased by approximately $4,057,000, due primarily to an increase in patient receivables as well as amounts due from third parties being in a receivable position at year-end.

December 31, 2013: Current assets decreased by approximately $10,348,000, due primarily to the use of cash and investments, which were used for the payments of short- and long-term liabilities.

Condensed Statements of Cash Flows

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in Thousands)		
Cash provided by operating activities	$ 9,934	$ 17,485	$ 12,805
Cash (used in) capital and related financing activities	(42,918)	(35,284)	(43,571)
Cash (used in) noncapital financing activities	57	(7)	(491)
Cash provided by investing activities	31,933	18,485	29,494
Net increase (decrease) in cash	(994)	679	(1,763)
Cash and cash equivalents:			
Beginning	9,890	9,211	10,974
Ending	$ 8,896	$ 9,890	$ 9,211

Year Ended December 31, 2014: Cash provided by operating activities decreased by approximately $7,551,000 over the prior year, primarily because of the decrease in patient service revenue. Cash and cash equivalents decreased by $994,000 over the prior year.

Year Ended December 31, 2013: Cash provided by operating activities increased by approximately $4,680,000 over the prior year, primarily because of the increase in patient service revenue. Cash and cash equivalents increased by $679,000 over the prior year.

Capital Assets

December 31, 2014: As of December 31, 2014, the Organization had approximately $206,669,000 invested in capital assets. Capital expenditures in 2014 were approximately $1,668,000 more than depreciation expense, which caused an increase in capital assets from 2013 to 2014.

December 31, 2013: As of December 31, 2013, the Organization had approximately $205,006,000 invested in capital assets. Capital expenditures in 2013 were approximately $4,715,000 less than depreciation expense, which caused a decrease in capital assets from 2012 to 2013.

	December 31,		
	2014	2013	2012
	(Dollars in Thousands)		
Capital assets not being depreciated:			
Land	$ 16,810	$ 16,810	$ 16,810
Construction in progress	7,940	9,731	6,061
Capital assets net of depreciation:			
Land improvements	1,040	1,060	1,212
Buildings	114,602	107,423	112,669
Fixed equipment	15,913	19,701	24,961
Major movable equipment	50,290	50,239	48,109
Minor equipment	75	42	11
Total capital assets, net	$ 206,670	$ 205,006	$ 209,833

Additional information on the Organization's capital assets can be found in Note 6 of this report.

Long-Term Debt

Long-term debt includes the Hospital's Series 2011 revenue bond issue and the Foundation's revenue bonds, described in more detail in the Notes to Basic Financial Statements. The principal balance on the outstanding bonds was $159,443,714, $163,210,428 and $166,775,993 as of December 31, 2014, 2013 and 2012, respectively.

Long-term debt also includes notes payable with banks and capital lease obligations which have an outstanding balance of $3,098,130 as of December 31, 2014.

Additional information on the Organization's long-term debt can be found in Note 7 of this report.

Economic Factors

Year Ended December 31, 2014: Based on information from The Louisiana, Economic Outlook: 2015 and 2016, by Loren C. Scott, James A. Richardson, John Rhea, and Judy S. Collins, employment in the New Orleans Metropolitan Service Area is projected to grow by approximately 1.5% in 2015 and 1.6% in 2016. This is in part driven by the opening of the new Charity Hospital, projected to open in mid-2015, and the new VA hospital, projected for completion in 2016. The impact on the Organization of the opening of these two facilities has not yet been determined.

During 2014, the Organization reached many milestones in its efforts to increase volume and improve the quality and mix of healthcare services offered to the residents of Jefferson Parish and the surrounding areas. Some of those accomplishments included:

- Development of the Geaux Zone in the Emergency Department to improve patient wait times and patient satisfaction.
- Continued capital outlays to refresh and update patient rooms.
- Opened the newly constructed Outpatient Infusion Center in the Yenni Pavilion, tripling the capacity to treat cancer patients.
- Opened a newly renovated inpatient oncology wing to enhance services provided to cancer patients in an inpatient setting.
- EJGH has been named a 2014 Most Wired Hospital by the American Hospital Association and *Hospitals and Health Networks* for its advancements in Information Technology adoption.
- The American Heart Association recognized EJGH as a 2014 FIT Friendly Facility. This honors the fitness and nutritional programs and resources we make available to our team members and guests.
- Completed construction of the Hybrid Surgical Suite to combine cutting-edge surgical technology with sophisticated imaging for and enhanced level of patient care.
- Was rated #1 in our market, according to CareChex® ratings released in the third quarter of 2014, in 12 key clinical categories regarding patient safety and placed in the top 10% in the nation in 16 key patient safety categories.

Year Ended December 31, 2013: Based on information from The Louisiana, Economic Outlook: 2014 and 2015, by Loren C. Scott, James A. Richardson and Judy S. Collins, employment in the New Orleans Metropolitan Service Area is projected to grow by approximately 1% in 2014 and 2015. Large construction projects continue to help drive the growth performance in the area, two of which are the construction of the new Charity Hospital, projected for completion in 2015, and the new VA hospital, projected for completion in 2016. The impact on the Organization of the opening of these two facilities has not yet been determined.

During 2013, the Organization initiated several strategic initiatives to increase volume and improve the quality and mix of healthcare services offered to the residents of Jefferson Parish and the surrounding areas. These strategic initiatives included:

- Developed a Cooperative Endeavor Agreement with West Jefferson Medical Center and Touro Infirmary for a Research Consortium,
- Opened a Heart Failure Clinic,
- Opened a Health and Wellness Clinic,
- Acquired a mature Neurologist practice to facilitate growth in the area,
- Began 24/7 outpatient services for Imaging and Lab areas, and
- Incurred significant capital outlays to improve patient rooms, began construction on a Hybrid Operating Room Suite, continued construction on a Cancer Center and upgraded the Hospital's phone system.

In addition, during 2013 the Organization was recognized by the following organizations for its quality improvement efforts:

- American Heart Association Gold Performance Achievement Award for GWTG HF,
- Women's Choice Award as America's Best Hospitals – Heart Care,
- 2013 International Stroke Conference Quality Achievement Award,
- Improved Leapfrog Score from "C" to "B", and
- First Louisiana hospital to receive Heart Failure Accreditation from the Society of Cardiovascular Patient Care.

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, 2014 and 2013

Assets	Organization 2014	Organization 2013	Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC 2014	Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC 2013
Current Assets:				
Cash and cash equivalents	$ 8,896,094	$ 9,889,878	$ 669,602	$ 608,631
Short-term investments	82,508,086	81,610,387	-	-
Receivables:				
Patients, net	44,267,044	41,518,460	642,656	713,409
Other	5,644,819	6,028,107	-	-
Assets limited as to use, current portion	7,550,536	7,515,348	-	-
Inventories	8,446,704	7,439,536	-	-
Prepaid expenses	7,982,423	8,628,189	37,955	37,714
Estimated third-party payor settlements	1,391,699	-	-	-
Total current assets	166,687,405	162,629,905	1,350,213	1,359,754
Noncurrent Assets:				
Assets limited as to use:				
Under bond indenture	64,191,912	77,170,132	-	-
Restricted by donor	2,278,398	1,949,381	-	-
Board-designated for strategic initiatives and for endowment	30,098,329	37,968,231	-	-
	96,568,639	117,087,744	-	-
Less portion required for current liabilities	7,550,536	7,515,348	-	-
	89,018,103	109,572,396	-	-
Capital assets:				
Nondepreciable	24,750,123	26,540,955	-	-
Depreciable, net	181,919,202	178,465,249	1,496,937	1,464,329
	206,669,325	205,006,204	1,496,937	1,464,329
Other assets	11,257,682	14,463,632	-	-
Total noncurrent assets	306,945,110	329,042,232	1,496,937	1,464,329
	$ 473,632,515	$ 491,672,137	$ 2,847,150	$ 2,824,083

See Notes to Basic Financial Statements.

Liabilities and Net Position	Organization 2014	Organization 2013	Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC 2014	Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC 2013
Current Liabilities:				
Current maturities of long-term debt	**$ 4,975,120**	$ 5,334,355	**$ 112,441**	$ 150,124
Accounts payable	**15,548,973**	16,825,889	**20,196**	56,805
Accrued expenses:				
Salaries and wages	**5,169,835**	6,341,894	**-**	-
Paid leave	**3,816,072**	3,726,023	**-**	-
Health insurance claims	**1,261,971**	1,485,816	**-**	-
Interest	**4,695,536**	4,730,348	**-**	-
Estimated third-party payor settlements	**-**	768,970	**-**	-
Other	**11,660,983**	10,897,694	**280,471**	269,849
Total current liabilities	**47,128,490**	50,110,989	**413,108**	476,778
Noncurrent Liabilities:				
Deferred compensation and executive benefits	**1,665,439**	1,857,915	**-**	-
Retirement benefits	**1,687,260**	1,526,215	**-**	-
Estimated self-insurance reserves	**5,891,646**	5,190,447	**-**	-
Long-term debt, less current maturities	**156,188,493**	161,116,531	**724,718**	794,034
Other accrued expenses	**1,931,226**	1,100,617	**81,171**	240,947
Total noncurrent liabilities	**167,364,064**	170,791,725	**805,889**	1,034,981
Total liabilities	**214,492,554**	220,902,714	**1,218,997**	1,511,759
Commitments and Contingencies (Notes 9 and 10)				
Net Position:				
Net investment in capital assets	**45,505,712**	38,429,497	**659,778**	520,171
Restricted:				
Expendable	**66,119,921**	78,769,124	**-**	-
Nonexpendable	**360,429**	360,424	**-**	-
Unrestricted	**146,318,187**	152,541,093	**968,375**	792,153
Unrestricted - equity interest in component unit	**835,712**	669,285	**-**	-
Total net position	**259,139,961**	270,769,423	**1,628,153**	1,312,324
	$ 473,632,515	$ 491,672,137	**$ 2,847,150**	$ 2,824,083

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position
Years Ended December 31, 2014 and 2013

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2014	2013	**2014**	2013
Operating revenue:				
Net patient service revenue	**$ 329,861,871**	$ 346,248,059	**$ 6,978,259**	$ 7,248,082
Other operating revenue	**15,234,942**	17,829,680	**8,738**	4,626
Rental income from leases	**3,831,741**	3,648,945	**-**	-
Total operating revenue	**348,928,554**	367,726,684	**6,986,997**	7,252,708
Operating expenses:				
Salaries, wages and benefits	**155,608,905**	171,567,438	**1,273,379**	1,168,985
Purchased services and other	**131,036,877**	129,569,838	**1,364,243**	1,315,548
Supplies	**46,630,392**	48,762,358	**1,443,720**	1,329,558
Depreciation and amortization	**28,855,220**	25,656,056	**181,350**	161,360
Interest	**9,384,783**	9,685,907	**43,116**	61,086
Total operating expenses	**371,516,177**	385,241,597	**4,305,808**	4,036,537
Income (loss) from operations	**(22,587,623)**	(17,514,913)	**2,681,189**	3,216,171
Nonoperating revenue (expenses):				
Investment earnings	**3,058,141**	567,324	**-**	997
Life insurance proceeds	**8,000,000**	-	**-**	-
(Loss) on disposal of capital assets	**(1,123)**	(744)	**-**	-
Grant revenue	**59,049**	59,642	**-**	-
Contributions	**32,709**	3,391	**-**	-
Equity in net income of component unit and associated companies	**1,105,256**	1,747,054	**-**	-
	12,254,032	2,376,667	**-**	997
Excess of revenue over (under) expenses before transfers, change in equity interest and distributions	**(10,333,591)**	(15,138,246)	**2,681,189**	3,217,168
Transfers to Jefferson Parish	**(1,295,871)**	(1,481,326)	**-**	-
Distributions	**-**	-	**(2,365,360)**	(2,792,377)
Change in net position	**(11,629,462)**	(16,619,572)	**315,829**	424,791
Net position:				
Beginning	**270,769,423**	287,388,995	**1,312,324**	887,533
Ending	**$ 259,139,961**	$ 270,769,423	**$ 1,628,153**	$ 1,312,324

See Notes to Basic Financial Statements.

East Jefferson General Hospital

Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2014	2013	**2014**	2013
Cash Flows from Operating Activities:				
Receipts from patients and third-party payors	**$ 324,952,618**	$ 348,922,975	**$ 7,049,012**	$ 7,036,573
Payments to suppliers	**(177,746,620)**	(180,713,000)	**(2,993,967)**	(2,794,816)
Payments to employees	**(156,722,346)**	(170,938,537)	**(1,273,379)**	(1,168,985)
Other receipts	**19,449,971**	20,213,451	**8,738**	4,626
Net cash provided by operating activities	**9,933,623**	17,484,889	**2,790,404**	3,077,398
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	**(28,197,049)**	(20,675,663)	**(213,958)**	(100,282)
Proceeds from disposals of capital assets	**4,131**	110,477	**-**	-
Grant revenues	**59,049**	59,642	**-**	-
Principal payments on long-term debt	**(5,364,992)**	(5,052,300)	**(106,999)**	(1,237,709)
Proceeds from borrowings on long-term debt	**-**	-	**-**	994,858
Interest payments on long-term debt	**(9,419,595)**	(9,726,482)	**(43,116)**	(61,086)
Net cash (used in) capital and related financing activities	**(42,918,456)**	(35,284,326)	**(364,073)**	(404,219)
Cash Flows from Noncapital Financing Activities:				
Contributions received	**32,709**	3,391	**-**	-
Transfers to Jefferson Parish	**(1,295,871)**	(1,481,326)	**-**	-
(Distributions) to members	**-**	-	**(2,365,360)**	(2,792,377)
Distributions from component unit and associated companies, net	**1,320,663**	1,471,379	**-**	-
Net cash provided by (used in) noncapital financing activities	**57,501**	(6,556)	**(2,365,360)**	(2,792,377)
Cash Flows from Investing Activities:				
Investment earnings	**2,424,979**	2,767,989	**-**	997
Proceeds from life insurance	**8,000,000**	-	**-**	-
Purchase of investments	**(153,728,121)**	(167,979,952)	**-**	-
Proceeds from sales and maturities of investments	**173,982,689**	183,538,526	**-**	-
Other	**1,254,001**	158,371	**-**	-
Net cash provided by investing activities	**31,933,548**	18,484,934	**-**	997
Increase (decrease) in cash and cash equivalents	**(993,784)**	678,941	**60,971**	(118,201)
Cash and cash equivalents:				
Beginning	**9,889,878**	9,210,937	**608,631**	726,832
Ending	**$ 8,896,094**	$ 9,889,878	**$ 669,602**	$ 608,631

(Continued)

East Jefferson General Hospital

Statements of Cash Flows (Continued)
Years Ended December 31, 2014 and 2013

	Organization		Discrete Component Unit, East Jefferson Ambulatory Surgery Center, LLC	
	2014	2013	**2014**	2013
Reconciliation of operating loss to net cash provided by operating activities:				
Income (loss) from operations	**$ (22,587,623)**	$ (17,514,913)	**$ 2,681,189**	$ 3,216,171
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation and amortization	**27,373,485**	25,656,056	**181,350**	161,360
Goodwill impairment	**1,481,735**	-	**-**	-
Interest expense	**9,384,783**	9,685,907	**43,116**	61,086
(Increase) decrease in:				
Patient receivables	**(2,748,584)**	3,735,143	**70,753**	(211,509)
Other receivables	**383,288**	(2,006,120)	**-**	-
Inventories	**(1,007,168)**	(269,645)	**-**	-
Prepaid expenses	**645,766**	(1,450,389)	**(241)**	494
Increase (decrease) in:				
Accounts payable	**(1,483,867)**	783,955	**(36,609)**	5,144
Third-party payor settlements	**(2,160,669)**	(1,060,227)	**-**	-
Accrued expenses	**(542,566)**	(413,629)	**(149,154)**	(155,348)
Deferred compensation and executive benefits, retirement benefits and self-insurance reserves	**1,195,043**	338,751	**-**	-
Net cash provided by operating activities	**$ 9,933,623**	$ 17,484,889	**$ 2,790,404**	$ 3,077,398
Noncash Investing Activities:				
Increase (decrease) in fair value of investments	**$ 633,162**	$ (2,200,665)	**$ -**	$ -
Equity in net income of component unit and associated companies	**1,105,256**	1,747,054	**-**	-
Noncash Capital and Related Financing Activities, increase (decrease) in accounts payable related to construction in progress	**$ 206,951**	$ (373,457)	**$ -**	$ -

See Notes to Basic Financial Statements.

East Jefferson General Hospital

Retirement and Savings Plans
Statements of Fiduciary Net Position - Pension Trust Fund
December 31, 2014 and 2013

	2014	2013
Assets		
Cash and investments at fair value:		
Cash equivalents	**$ 1,354,884**	$ 1,561,520
Mutual funds	**175,045,451**	161,016,634
Debt securities	**-**	6,636,610
Equities	**29,895,171**	29,728,358
Investment in partnership	**28,961**	36,678
Total cash and investments	**206,324,467**	198,979,800
Receivables:		
Accrued interest and dividends	**56,736**	207,253
Contributions receivable:		
Employee	**-**	652,027
Employer	**4,193,149**	4,591,593
Total receivables	**4,249,885**	5,450,873
Liabilities, accounts payable	**65,113**	63,504
Net Position Restricted for Pension Benefits	**$ 210,509,239**	$ 204,367,169

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, 2014 and 2013

	2014	2013
Additions:		
Contributions:		
Members	$ 7,166,953	$ 8,181,147
Employer	6,686,475	7,456,076
Total contributions	13,853,428	15,637,223
Investment income:		
Interest	887,646	846,271
Dividends	7,467,925	5,095,650
Net appreciation in fair value of investments	3,873,394	24,692,650
	12,228,965	30,634,571
Less:		
Investment advisory services	397,249	345,372
Custodial fees	83,539	111,344
Net investment income	11,748,177	30,177,855
Total additions	25,601,605	45,815,078
Deductions, retirement benefits paid and savings plan withdrawals	19,459,535	14,808,725
Net increase	6,142,070	31,006,353
Net position restricted for pension benefits:		
Beginning	204,367,169	173,360,816
Ending	$ 210,509,239	$ 204,367,169

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 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.

Gulf South Quality Network, LLC (GULF) was formed in 2010 to develop a physician network engaged in the process of clinical integration. The Hospital had a 100% ownership interest in GULF until during 2012 when new organizations became Members of GULF, however, the Hospital was responsible for 100% of the losses for the year ended December 31, 2012 and GULF was therefore a blended component unit through December 31, 2012. Effective December 31, 2013, GULF no longer meets the requirements of a blended component unit and is recorded using the equity method of accounting.

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, 2014 and 2013.

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, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organization. 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 Hospital's financial reporting entity for these differences. Individual financial statements can be requested from Foundation's office at 4200 Houma Blvd. Metairie, Louisiana 70006.

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

The Hospital, along with its blended component units, EJRO, EJPG, EJPN and the Foundation, are collectively referred to as the Organization.

Discrete component unit: East Jefferson Ambulatory Surgery Center, LLC (EJASC) is a legally separate, discretely presented component unit of the Hospital as 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. 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, 2014 and 2013 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.

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.

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

Condensed Combining Statement of Net Position
December 31, 2014
(Dollars in Thousands)

	EJGH	EJRO, LLC	EJPG, LLC	EJPN, LLC	Foundation	Eliminations	Total Organization
Assets							
Current assets	$ 163,647	$ 483	$ 2,119	$ 201	$ 1,269	$ (1,032)	$ 166,687
Assets limited as to use	84,965	-	-	-	4,053	-	89,018
Capital assets, net	206,131	410	129	-	-	-	206,670
Other assets	11,988	-	5,927	-	277	(6,934)	11,258
Total assets	$ 466,731	$ 893	$ 8,175	$ 201	$ 5,599	$ (7,966)	$ 473,633
Liabilities and Net Position							
Liabilities							
Current liabilities	$ 45,758	$ 808	$ 1,326	$ -	$ 268	$ (1,032)	$ 47,128
Long-term debt, less current maturities	156,188	-	-	-	-	-	156,188
Other liabilities	11,177	-	-	-	-	-	11,177
Total liabilities	213,123	808	1,326	-	268	(1,032)	214,493
Net position							
Net investment in capital assets	44,967	410	129	-	-	-	45,506
Restricted, expendable	64,192	-	-	-	1,928	-	66,120
Restricted, nonexpendable	-	-	-	-	350	10	360
Unrestricted	144,449	(325)	6,720	201	3,053	(6,944)	147,154
Total net position	253,608	85	6,849	201	5,331	(6,934)	259,140
	$ 466,731	$ 893	$ 8,175	$ 201	$ 5,599	$ (7,966)	$ 473,633

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

Condensed Combining Statement of Net Position
December 31, 2013
(Dollars in Thousands)

	EJGH	EJRO, LLC	EJPG, LLC	EJPN, LLC	Foundation	Eliminations	Total Organization
Assets							
Current assets	$ 203,823	$ 1,986	$ 5,635	$ 201	$ 1,216	$ (50,231)	$ 162,630
Assets limited as to use	105,718	-	-	-	3,854	-	109,572
Capital assets, net	202,900	1,908	198	-	-	-	205,006
Other assets	(30,201)	-	7,831	-	323	36,511	14,464
Total assets	$ 482,240	$ 3,894	$ 13,664	$ 201	$ 5,393	$ (13,720)	$ 491,672
Liabilities and Net Position							
Liabilities							
Current liabilities	$ 46,840	$ 1,283	$ 52,163	$ -	$ 56	$ (50,231)	$ 50,111
Long-term debt, less current maturities	160,485	631	-	-	-	-	161,116
Other liabilities	9,675	-	-	-	-	-	9,675
Total liabilities	217,000	1,914	52,163	-	56	(50,231)	220,902
Net position							
Net investment in capital assets	37,710	522	198	-	-	-	38,430
Restricted, expendable	77,170	-	-	-	1,599	-	78,769
Restricted, nonexpendable	-	-	-	-	350	10	360
Unrestricted	150,360	1,458	(38,697)	201	3,388	36,501	153,211
Total net position	265,240	1,980	(38,499)	201	5,337	36,511	270,770
	$ 482,240	$ 3,894	$ 13,664	$ 201	$ 5,393	$ (13,720)	$ 491,672

Condensed Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2014
(Dollars in Thousands)

	EJGH	EJRO, LLC	EJPG, LLC	EJPN, LLC	Foundation	Eliminations	Total Organization
Total operating revenue	$ 332,080	$ 2,500	$ 15,910	$ -	$ 1,204	$ (2,766)	$ 348,928
Operating expenses, before depreciation and amortization	313,308	3,607	27,960	-	553	(2,766)	342,662
Depreciation and amortization	26,831	38	1,986	-	-	-	28,855
Total operating expenses	340,139	3,645	29,946	-	553	(2,766)	371,517
Income (loss) from operations	(8,059)	(1,145)	(14,036)	-	651	-	(22,589)
Nonoperating revenue (expenses)	(2,277)	-	8,000	-	(657)	7,189	12,255
Other changes in net position	(1,296)	(750)	51,384	-	-	(50,634)	(1,296)
Change in net position	(11,632)	(1,895)	45,348	-	(6)	(43,445)	(11,630)
Net position,							
Beginning	265,240	1,980	(38,499)	201	5,337	36,511	270,770
Ending	$ 253,608	$ 85	$ 6,849	$ 201	$ 5,331	$ (6,934)	$ 259,140

East Jefferson General Hospital

Notes to Basic Financial Statements

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, 2013
(Dollars in Thousands)

	EJGH	EJRO, LLC	EJPG, LLC	EJPN, LLC	GULF, LLC	Foundation	Eliminations	Total Organization
Total operating revenue	$ 334,209	$ 9,936	$ 25,417	$ -	$ -	$ 1,151	$ (2,985)	$ 367,726
Operating expenses, before depreciation and amortization	315,593	7,236	39,333	-	-	406	(2,985)	359,585
Depreciation and amortization	24,492	673	492	-	-	-	-	25,657
Total operating expenses	340,085	7,909	39,825	-	-	408	(2,985)	385,242
Income (loss) from operations	(5,876)	2,027	(14,408)	-	-	743	-	(17,514)
Nonoperating revenue (expenses)	(9,248)	-	-	-	-	(757)	12,381	2,376
Other changes in net position	(1,481)	(2,000)		-	4,140	-	(2,140)	(1,481)
Change in net position	(16,605)	27	(14,408)	-	4,140	(14)	10,241	(16,619)
Net position,								
Beginning	281,845	1,953	(24,091)	201	(4,140)	5,351	26,270	287,389
Ending	$ 265,240	$ 1,980	$ (38,499)	$ 201	$ -	$ 5,337	$ 36,511	$ 270,770

Condensed Combining Statement of Cash Flows
Year Ended December 31, 2014
(Dollars in Thousands)

	EJGH	EJRO, LLC	EJPG, LLC	EJPN, LLC	Foundation	Eliminations	Total Organization
Operating activities	$ 68,427	$ (239)	$ (59,132)	$ -	$ 878	$ -	$ 9,934
Capital and related financing activities	(42,904)	-	(14)	-	-	-	(42,918)
Noncapital financing activities	(49,725)	(751)	51,384	-	(851)	-	57
Investing activities	23,873	-	8,000	-	60	-	31,933
Net increase (decrease) in cash and cash equivalents	(329)	(990)	238	-	87	-	(994)
Cash and cash equivalents							
Beginning of the year	7,989	1,170	(158)	84	805	-	9,890
End of the year	$ 7,660	$ 180	$ 80	$ 84	$ 892	$ -	$ 8,896

Condensed Combining Statement of Cash Flows
Year Ended December 31, 2013
(Dollars in Thousands)

	EJGH	EJRO, LLC	EJPG, LLC	EJPN, LLC	Foundation	Eliminations	Total Organization
Operating activities	$ 14,299	$ 2,801	$ (424)	$ -	$ 809	$ -	$ 17,485
Capital and related financing activities	(34,358)	(852)	(74)	-	-	-	(35,284)
Noncapital financing activities	2,994	(2,000)	-	-	(1,001)	-	(7)
Investing activities	18,040	-	-	-	445	-	18,485
Net increase (decrease) in cash and cash equivalents	975	(51)	(498)	-	253	-	679
Cash and cash equivalents							
Beginning of the year	7,014	1,221	340	84	552	-	9,211
End of the year	$ 7,989	$ 1,170	$ (158)	$ 84	$ 805	$ -	$ 9,890

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 and liabilities 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 the Governmental Accounting Standards Board (GASB) codification. The financial statements of the component units are also prepared in accordance with the GASB codification, as they are established for the direct benefit of the Organization. The financial statements of the Organization and its component units have been prepared on the accrual basis of accounting.

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 $37,016,000 and $19,457,000 for the years ended December 31, 2014 and 2013, 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 retirement of long-term debt and future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes and assets held by trustees under bond indenture agreements.

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 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 of the associated companies and component unit is $1,105,256 and $1,747,054 for the years ended December 31, 2014 and 2013, 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 $426,000 and $368,000 during the years ended December 31, 2014 and 2013, 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 annually. During the years ended December 31, 2014 and 2013, the Organization recognized an impairment loss of approximately $1,482,000 and none, respectively, which is included in depreciation and amortization expense in the accompanying statements of revenue, expenses and changes in net position. The goodwill is subject to amortization and is amortized on a straight-line method over its estimated useful lives, which range from 10 to 20 years.

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.

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

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, Upper Payment Limit (UPL) revenue, electronic health records (EHR) technology incentives, rental income from leases and other miscellaneous services. Operating expenses consist of salaries and benefits, purchased services, supplies, depreciation and amortization, interest and payments related to the UPL programs and the low income and needy care collaboration. All revenue and expenses not meeting these criteria are considered nonoperating.

Life insurance proceeds: During the year ended December 31, 2014, the Organization received life insurance proceeds of $8,000,000, which are included in nonoperating revenue in the accompanying statements of revenue, expenses and changes in net position.

Electronic health records incentive programs: The electronic health records incentive programs, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records (EHR) technology. Payments under both the Medicare and Medicaid programs are for five and six years, respectively, based on a statutory formula. The Medicaid programs are determined on a state-by-state basis, which are approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the Organization initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ from the initial payments under the program, although management does not anticipate material adjustments, as input data for the EHR incentive amounts has remained relatively consistent over time. The Organization accounts for the incentive payments under the gain contingency model, which means revenue is recognized when management believes it has met the meaningful use criteria and receipt of the incentive payments was certain. Income from incentive payments is recognized as revenue after the Organization has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. For the years ended December 31, 2014 and 2013, the Organization has recognized EHR incentive program revenue of approximately $2,699,000 and $2,478,000, respectively, which is included in other operating revenue. As of December 31, 2014 and 2013, the Organization recorded a receivable of approximately $411,000 and none, respectively, relating to the incentive programs which are included in estimated third-party payor settlements on the accompanying balance sheets.

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 significant 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.

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

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.

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.

Reclassifications: Certain items on the statement of net position as of December 31, 2013 have been reclassified to be consistent with classifications adopted as of December 31, 2014. The reclassifications had no effect on total net position and on the change in net position.

Note 2. Net Patient Service Revenue

Approximately 96% and 97% of the Hospital's net patient service revenue for the years ended December 31, 2014 and 2013, respectively, is earned under agreements with third-party payors. 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. Any former 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 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, and without regard to the transitional corridor.

The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2011.

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, 2011.

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, 2014 and 2013 is as follows:

	Organization		EJASC	
	2014	2013	2014	2013
Gross patient service revenue	$ 1,069,484,534	$ 1,132,337,856	$ 34,769,372	$ 35,785,367
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	702,606,253	766,632,616	27,791,113	28,537,285
Less provision for bad debts	37,016,410	19,457,181	-	-
	$ 329,861,871	$ 346,248,059	$ 6,978,259	$ 7,248,082

Contractual adjustment expense for the years ended December 31, 2014 and 2013 include the effects of changes in the estimate of liabilities due to Medicare. The effect of this change in estimate for the Medicare liability was a reduction in contractual adjustment expense of approximately $1,663,000 and $1,416,000 for the years ended December 31, 2014 and 2013, 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 foregone for services and supplies furnished under its charity care policy and the estimated cost of those services and supplies. The amount of charges foregone, based on established rates during the years ended December 31, 2014 and 2013 was approximately $1,059,000 and $1,136,000, 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 $39,034,000 and $56,454,000 for the years ended December 31, 2014 and 2013, respectively.

Community benefit services represent the cost of providing services such as ambulance services, public speeches on health care issues to Parish organizations and funding of a community health center.

The Organization transferred $1,000,000 in 2014 and 2013 to the Parish to fund a medical facility at the Parish prison. Additional transfers of $295,871 and $481,326 for the years ended December 31, 2014 and 2013, respectively, were made to fund other Parish programs. These amounts have been recorded in the accompanying basic financial statements as transfers.

Note 4. Cash and Investments

The Organization's cash, cash equivalents and investments as of December 31, 2014 and 2013 are classified in the accompanying statements of net position as follows:

	2014	2013
Hospital:		
Current assets:		
Cash and cash equivalents	$ 7,660,052	$ 7,989,495
Short-term investments:		
Uninvested cash	784,897	-
Certificates of deposit	250,000	250,000
Investments	81,172,127	81,040,791
Noncurrent assets, assets limited as to use:		
Investments	92,215,724	112,933,526
Other	300,000	300,000
Foundation:		
Current assets:		
Cash and cash equivalents	891,732	804,604
Short-term investments	301,062	319,596
Noncurrent assets, assets limited as to use, investments	4,052,915	3,854,218
Other blended component units, cash and cash equivalents	344,310	1,095,779
	$ 187,972,819	$ 208,588,009

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.

Note 4. Cash and Investments (Continued)

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates 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.

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, 2014:

Hospital		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds	$ 15,638,196	$ 15,638,196	$ -	$ -	$ -
Municipal bonds	157,749,655	79,378,611	66,182,708	12,188,336	-
	$ 173,387,851	$ 95,016,807	$ 66,182,708	$ 12,188,336	$ -

As of December 31, 2014, the Foundation has $4,353,977 of mutual funds, which 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.

Note 4. Cash and Investments (Continued)

As of December 31, 2014, the Hospital's investments were rated as follows:

Investment Type	Moody's Investor's Service	Standard & Poor's	Fair Value
Money market mutual funds	Aaa	AAA	$ 15,638,196
Municipals bonds (rated as listed here)	Aaa	AAA	7,622,574
	Aaa	AA+	48,788,122
	Aaa	AA-	1,090,375
	Aaa	n/a	21,366,173
	Aa1	AA+	7,028,253
	Aa1	AAA	3,684,828
	Aa1	n/a	1,101,462
	Aa2	AAA	177,714
	Aa2	AA+	4,071,520
	Aa2	AA	8,329,849
	Aa2	AA-	1,517,368
	Aa2	n/a	5,242,581
	Aa3	AA+	1,856,127
	Aa3	AA	4,930,194
	Aa3	AA-	1,592,668
	Aa3	A+	164,998
	Aa3	n/a	5,158,186
	A1	AA	1,144,823
	A1	AA-	1,202,714
	A1	n/a	1,218,900
	A2	AA+	231,794
	A2	AA	2,575,102
	A2	A+	1,048,970
	A2	A-	639,633
	A2	n/a	1,783,878
	A3	AA+	201,484
	A3	AA	621,923
	A3	AA-	201,042
	A3	A	501,290
	A3	A-	991,636
	n/a	AAA	2,430,816
	n/a	AA+	9,431,282
	n/a	AA	3,816,885
	n/a	AA-	2,724,854
	n/a	A+	1,776,717
	n/a	A	1,482,920
			$ 173,387,851

The Foundation's investments are not rated.

Note 4. Cash and Investments (Continued)

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.

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 agreement with terms longer than four days must be held by an independent third party.

As of December 31, 2014, 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.

East Jefferson General Hospital Retirement and Savings Plan:

Following are the components of the East Jefferson General Hospital Retirement and Savings Plans' (Plans) cash equivalents and investments as of December 31, 2014 and 2013:

	Defined Benefit Retirement Plan	Savings Plans	Total
		2014	
Cash equivalents	$ 1,354,884	$ -	$ 1,354,884
Investments	44,290,837	160,678,746	204,969,583
	$ 45,645,721	$ 160,678,746	$ 206,324,467
		2013	
Cash equivalents	$ 1,561,520	$ -	$ 1,561,520
Investments	42,171,758	155,246,522	197,418,280
	$ 43,733,278	$ 155,246,522	$ 198,979,800

Cash equivalents: The cash equivalents totaling $1,354,884 and $1,561,520 as of December 31, 2014 and 2013, 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 Plans' custodian's trust department.

Note 4. Cash and Investments (Continued)

Investments: Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. As of December 31, 2014 and 2013, the Retirement Plan's investments were held by Comerica. The Savings Plans' investments are held by VALIC.

Concentration of credit risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. As of December 31, 2014 and 2013, there were no investment holdings that exceeded the Plan's concentration of credit risk policy.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans have no formal investment policy regarding credit risk. The Plans did not have investments in long-term debt securities as of December 31, 2014. Credit ratings of the Plans' investments in long-term debt securities as of December 31, 2013 are as follows:

Investment Type	Moody's Investor's Service - Aaa	Not Rated	Total
U.S. government and government agency	$ 5,164,619	$ -	$ 5,164,619
Mortgage backed securities	-	1,471,991	1,471,991
	$ 5,164,619	$ 1,471,991	$ 6,636,610

Custodial credit risk: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plans will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plans holds its cash equivalents in a nominee name in the amount of $1,354,885 and $1,561,520 as of December 31, 2014 and 2013, respectively. The Plans have assets in the amount of $204,969,583 and $197,418,280 as of December 31, 2014 and 2013, respectively, which are not held in a nominee name or in the name of the Plan and, therefore, exposed to custodial credit risk. These assets are held in Comerica and VALIC custodial accounts.

Interest rate risk: Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of December 31, 2013, the Plan had the following investments in long-term debt securities and maturities:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. government and government agency	$ 5,164,619	$ -	$ 1,478,496	$ 2,514,297	$ 1,171,826
Mortgage backed securities	1,471,991	-	-	-	1,471,991
	$ 6,636,610	$ -	$ 1,478,496	$ 2,514,297	$ 2,643,817

The Plan has no formal investment policy regarding interest rate risk.

The Plan invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Note 5. Composition of Patient Receivables

Patient receivables as of December 31, 2014 and 2013 consist of the following:

	Organization		EJASC	
	2014	2013	2014	2013
Patients	$ 157,711,916	$ 140,561,694	$ 3,158,644	$ 3,063,875
Less estimated third-party contractual adjustments	81,731,624	87,219,255	2,515,988	2,350,466
Less allowance for doubtful accounts	31,713,248	11,823,979	-	-
	$ 44,267,044	$ 41,518,460	$ 642,656	$ 713,409

Note 6. Capital Assets

Capital assets activity as of and for the years ended December 31, 2014 and 2013 is as follows:

	December 31, 2013	Additions	Disposals	Transfers	December 31, 2014
Organization:					
Capital assets not being depreciated:					
Land	$ 16,810,445	$ -	$ -	$ -	$ 16,810,445
Construction in progress	9,730,510	12,741,560	-	(14,532,392)	7,939,678
Total capital assets not being depreciated	26,540,955	12,741,560	-	(14,532,392)	24,750,123
Capital assets being depreciated:					
Land improvements	6,306,955	58,586	-	72,289	6,437,830
Buildings	265,441,048	2,351,390	(96,374)	13,400,157	281,096,221
Fixed equipment	92,805,472	420,813	(1,307,873)	500,247	92,418,659
Major movable equipment	217,144,088	12,725,999	(518,307)	559,699	229,911,479
Minor equipment	933,285	105,652	-	-	1,038,937
Total capital assets being depreciated	582,630,848	15,662,440	(1,922,554)	14,532,392	610,903,126
Less accumulated depreciation for:					
Land improvements	5,247,207	150,681	-	-	5,397,888
Buildings	158,017,758	8,572,847	(96,374)	-	166,494,231
Fixed equipment	73,104,641	4,709,238	(1,307,874)	-	76,506,005
Major movable equipment	166,904,709	13,229,849	(513,052)	-	179,621,506
Minor equipment	891,284	73,010	-	-	964,294
Total accumulated depreciation	404,165,599	26,735,625	(1,917,300)	-	428,983,924
Total capital assets being depreciated, net	178,465,249	(11,073,185)	(5,254)	14,532,392	181,919,202
Organization capital assets, net	$ 205,006,204	$ 1,668,375	$ (5,254)	$ -	$ 206,669,325
EJASC:					
Capital assets being depreciated:					
Land improvements	$ 2,063,574	$ -	$ -	$ -	$ 2,063,574
Major movable equipment	1,201,135	213,958	-	-	1,415,093
Total capital assets being depreciated	3,264,709	213,958	-	-	3,478,667
Less accumulated depreciation for:					
Land improvements	772,839	103,057	-	-	875,896
Major movable equipment	1,027,541	78,293	-	-	1,105,834
Total accumulated depreciation	1,800,380	181,350	-	-	1,981,730
EJASC capital assets, net	$ 1,464,329	$ 32,608	$ -	$ -	$ 1,496,937

East Jefferson General Hospital

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

	December 31, 2012	Additions	Disposals	Transfers	December 31, 2013
Organization:					
Capital assets not being depreciated:					
Land	$ 16,810,445	$ -	$ -	$ -	$ 16,810,445
Construction in progress	6,060,625	9,256,232	-	(5,586,347)	9,730,510
Total capital assets not being depreciated	22,871,070	9,256,232	-	(5,586,347)	26,540,955
Capital assets being depreciated:					
Land improvements	6,306,955	-	-	-	6,306,955
Buildings	263,337,624	1,833,415	(37,393)	307,402	265,441,048
Fixed equipment	92,735,470	77,047	(7,045)	-	92,805,472
Major movable equipment	203,847,595	9,099,989	(1,082,441)	5,278,945	217,144,088
Minor equipment	897,762	35,523	-	-	933,285
Total capital assets being depreciated	567,125,406	11,045,974	(1,126,879)	5,586,347	582,630,848
Less accumulated depreciation for:					
Land improvements	5,095,180	152,027	-	-	5,247,207
Buildings	150,669,455	7,348,303	-	-	158,017,758
Fixed equipment	67,774,079	5,330,562	-	-	73,104,641
Major movable equipment	155,738,118	12,182,249	(1,015,658)	-	166,904,709
Minor equipment	886,848	4,436	-	-	891,284
Total accumulated depreciation	380,163,680	25,017,577	(1,015,658)	-	404,165,599
Total capital assets being depreciated, net	186,961,726	(13,971,603)	(111,221)	5,586,347	178,465,249
Organization capital assets, net	$ 209,832,796	$ (4,715,371)	$ (111,221)	$ -	$ 205,006,204
EJASC:					
Capital assets being depreciated:					
Land improvements	$ 2,063,574	$ -	$ -	$ -	$ 2,063,574
Major movable equipment	1,100,853	100,282	-	-	1,201,135
Total capital assets being depreciated	3,164,427	100,282	-	-	3,264,709
Less accumulated depreciation for:					
Land improvements	669,782	103,057	-	-	772,839
Major movable equipment	969,238	58,303	-	-	1,027,541
Total accumulated depreciation	1,639,020	161,360	-	-	1,800,380
EJASC capital assets, net	$ 1,525,407	$ (61,078)	$ -	$ -	$ 1,464,329

Note 7. Long-Term Debt

Long-term debt as of December 31, 2014 and 2013 consists of:

		2014		2013
Organization:				
Hospital Revenue and Refunding Bonds, Series 2011, net of unamortized bond discount (A)	$	157,456,769	$	160,164,050
Note payable (B)		1,181,420		1,549,319
Capital lease obligation, MRI (C)		1,285,354		1,760,687
Parking Garage Revenue Bonds (D)		608,714		1,590,428
Capital lease obligation, radiology equipment (E)		631,356		1,386,402
		161,163,613		166,450,886
Less current maturities		4,975,120		5,334,355
	$	156,188,493	$	161,116,531
EJASC:				
Notes payable, bank (F)	$	837,159	$	944,158
Less current maturities		112,441		150,124
	$	724,718	$	794,034

(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, are 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 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 2.5% to 6.375%, payable semi-annually. Annual principal payments are due in varying amounts ranging from $2,885,000 to $11,515,000 through July 2041.

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, which is not a member 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.

(B) The Hospital has entered into a note payable agreement for the acquisition of a PET Scanner. The note bears interest at 3.39%, due in monthly installments of approximately $35,000, with a maturity date of January 2018. This note is secured by equipment.

Note 7. Long-Term Debt (Continued)

(C) The Hospital has entered into a capital lease agreement with a medical partnership for the purpose of constructing a medical building used to house a magnetic resonance imaging unit and radiation therapy equipment. The medical building and equipment revert to the Hospital upon termination of the lease. The lease requires monthly base rental payments of approximately $47,000 and minimum monthly operating expense payments of approximately $22,000 through March 2017. The base rental payments are subject to a 1% annual cumulative escalation clause. The lease is collateralized by the building and equipment with an amortized cost of approximately $465,000 as of December 31, 2014.

(D) The Foundation has issued bonds to finance the construction of a parking garage on property leased from the Hospital. The bonds provide for no recourse against the Foundation and are secured by a first lien on the parking garage. The bonds bear interest at 70% of prime rate as announced by Citibank, N.A. in New York. The interest rates may vary between a ceiling of 12% and a floor of 6.3%. The interest rate was 6.3% for the years ended December 31, 2014 and 2013. The bonds are subject to periodic mandatory redemptions in whole at a price of 100% of the then outstanding principal amount plus accrued interest to the redemption date. Principal payments are specified in the bond agreement. The parking garage has an amortized cost of approximately $639,000 as of December 31, 2014.

(E) EJRO entered into a capital lease agreement for a Novalis TX linear accelerator and related hardware. In 2014, the leased equipment and the related capital lease obligation were transferred from EJRO to EJGH. The lease requires monthly payments of approximately $69,000 through October 2015. The lease is collateralized by leasehold improvements and equipment with an amortized cost of approximately $497,000 as of December 31, 2014.

(F) As of December 31, 2012, EJASC had two notes payable each bearing interest at 6.75%, due in monthly installments of approximately $15,000. During 2013, EJASC refinanced these notes payable with one 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.

Long-term debt activity as of and for the years ended December 31, 2014 and 2013 is as follows:

	December 31, 2013	Additions	Deductions	December 31, 2014	Due Within One Year
Organization:					
Hospital Revenue and Refunding Bonds, Series 2011	$ 161,620,000	$ -	$ (2,785,000)	$ 158,835,000	$ 2,855,000
Note payable	1,549,319	-	(367,899)	1,181,420	348,346
Capital lease obligation, MRI	1,760,687	-	(475,333)	1,285,354	531,704
Parking Garage Revenue Bonds	1,590,428	-	(981,714)	608,714	608,714
Capital lease obligation, radiology equipment	1,386,402	-	(755,046)	631,356	631,356
	167,906,836	-	(5,364,992)	162,541,844	4,975,120
Less bond discount	1,455,950	-	(77,719)	1,378,231	-
	$ 166,450,886	$ -	$ (5,287,273)	$ 161,163,613	$ 4,975,120
EJASC:					
Note payable, bank	$ 944,158	$ -	$ (106,999)	$ 837,159	$ 112,441

Note 7. Long-Term Debt (Continued)

	December 31, 2012	Additions	Deductions	December 31, 2013	Due Within One Year
Organization:					
Hospital Revenue and Refunding Bonds, Series 2011	$ 164,325,000	$ -	$ (2,705,000)	$ 161,620,000	$ 2,785,000
Note payable	1,904,948	-	(355,629)	1,549,319	336,763
Capital lease obligation, MRI	2,185,052	-	(424,365)	1,760,687	475,333
Parking Garage Revenue Bonds	2,450,993	-	(860,565)	1,590,428	982,265
EJRO capital lease obligation	2,093,143	-	(706,741)	1,386,402	754,994
	172,959,136	-	(5,052,300)	167,906,836	5,334,355
Less bond discount	1,534,291	-	(78,341)	1,455,950	-
	$ 171,424,845	$ -	$ (4,973,959)	$ 166,450,886	$ 5,334,355
EJASC:					
Note payable, bank	$ 1,187,009	$ -	$ (242,851)	$ 944,158	$ 150,124

The aggregate principal and interest maturities, including capital leases, of long-term debt as of December 31, 2014 are as follows:

	Principal	Interest
Organization:		
Year ending December 31:		
2015	$ 4,975,120	$ 9,585,798
2016	3,921,590	9,384,793
2017	3,590,671	9,235,800
2018	3,159,463	9,123,229
2019	3,240,000	9,009,069
2020 to 2024	18,520,000	42,717,054
2025 to 2029	24,515,000	36,725,250
2030 to 2034	33,155,000	28,080,381
2035 to 2039	45,125,000	16,106,438
2040 to 2041	22,340,000	2,158,256
	162,541,844	$ 172,126,068
Less unamortized bond discount	1,378,231	
	$ 161,163,613	
EJASC:		
Year ending December 31:		
2015	$ 112,441	$ 37,821
2016	117,899	32,369
2017	123,623	26,653
2018	129,625	20,659
2019	135,918	14,373
2020 to 2021	217,653	9,153
	$ 837,159	$ 141,028

Note 7. Long-Term Debt (Continued)

The Restricted Group has pledged revenue to repay $170,000,000 hospital revenue and refunding bonds which were issued October 2011. These bonds are payable solely from the hospital revenue and are payable through 2041. Annual principal and interest payments on the bonds are expected to require less than 10% of revenue. As of December 31, 2014, the total principal and interest remaining to be paid on the Series 2011 bonds is $330,684,105. Principal and interest paid for the current year on the Series 2011 bonds was approximately $2,785,000 and $9,461,000, respectively. Total revenue for the Restricted Group for the current year is $359,807,698.

The future minimum rental commitments payable as of December 31, 2014 on capital lease obligations are as follows:

Year ending December 31:	
2015	$ 1,544,420
2016	901,482
2017	226,978
Total minimum lease payments	2,672,880
Less amount representing executory costs (i.e., operating expenses) included in total minimum lease payments	582,327
Net minimum lease payments	2,090,553
Less amount representing interest	173,843
Present value of net minimum lease payments	$ 1,916,710

Note 8. Retirement and Benefit Plans

The Organization has a defined benefit retirement plan and employee savings plans as described below (the Plans). In 2014, the Plans adopted and implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and No. 50, *Pension Disclosure*. Highlights of the changes to the Plans' financial statements as a result of implementing GASB No. 67 are as follows:

- The statements of plan net position and statements of changes in plan net position have now been re-titled as statements of fiduciary net position and statements of changes in fiduciary net position, respectively.
- New required supplementary information includes a schedule of net pension liability, schedule of changes in net pension liability, schedule of employer contributions and schedule of investment returns. Notes to RSI include significant methods and assumptions used in calculating the actuarially determined contributions.
- GASB No. 67 only affects reporting requirements and does not prescribe funding methods which could be different. The Plans will continue to use a funding policy that follows a financing pattern which computes and requires contribution amounts to remain approximately level from year to year.
- The discount rate used to calculate the present value of future benefit payments for reporting purposes is based on the projected plan net position using actuarial assumptions about contributions, benefit payments and long-term rate of return.

Note 8. Retirement and Benefit Plans (Continued)

Defined benefit retirement plan:

The Hospital contributes to the Retirement Plan for Employees of East Jefferson General Hospital (Pension Plan) which is a single-employer, noncontributory defined benefit public employee retirement system (PERS). The Pension Plan is sponsored by the Hospital to provide retirement benefits as well as death benefits. All full-time employees hired or rehired prior to January 1, 2015 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 5 years of credited service are entitled to an annual retirement benefit payable monthly for life, unless the present value amount is under $8,500. In this instance, the employer has the option to distribute in a lump-sum payment. The Pension Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. For the years ended December 31, 2014 and 2013, the Hospital's total payroll for all employees was approximately $109,400,000 and $112,870,000, respectively, and the Hospital's total covered payroll (for pension plan participants) was approximately $35,666,000 and $40,726,000, 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.

In November 2004, the Board of Directors of the Hospital adopted a resolution to revise the Pension Plan participation eligibility requirements to exclude employees hired or rehired subsequent to January 1, 2005. In January 2005, the Board of Directors adopted a resolution to freeze the Pension Plan effective April 1, 2005. This resolution had the immediate effect of reducing the actuarially determine recommended contribution to the Pension Plan for 2005. The Board of Directors also resolved to increase base contributions to the Employee Savings Plans on a graduated scale based on length of service.

The benefit provisions of the Pension Plan consist of current and prior accrued benefits. The current benefit provided is equal to .75% of the participant's annual earnings for each Pension Plan year commencing before December 31, 1988, plus .5% of the participant's annual earnings in excess of covered compensation, as defined by the Pension Plan, for each Pension Plan year commencing after December 31, 1988, for up to 35 years of benefit service. The prior accrued benefit provided was equal to 30% of the participant's final average monthly earnings in excess of the Social Security Maximum Wage Average. Certain Pension Plan participants are also entitled to supplemental benefits as specifically defined in the Pension Plan. The Pension Plan issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to East Jefferson General Hospital, Administration Department or by calling (504) 454-4000.

Basis of accounting: The Pension Plan's assets are held in various investments, including U.S. government and agency issues, equity securities, mutual funds, corporate bonds, foreign obligation bonds, partnership and guaranteed investment contracts with a life insurance company. The Pension Plan's asset value is the fund value as reported by the life insurance company, which is a book value with part of the fund subject to a market value adjustment should the contract be terminated.

Funding status and progress: The amount shown as the net pension obligation in the following table is a standardized disclosure measure of the present value of pension benefits, adjusted beginning January 1, 2001 for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure, which is independent of the actuarial funding method used to determine contributions to the Pension Plan, is the actuarial present value of credited projected benefits. The measure is intended to help users assess the Pension Plan's funding status on a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due.

Note 8. Retirement and Benefit Plans (Continued)

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 6.2% for each of the years ended December 31, 2014 and 2013.

Significant actuarial assumptions used in 2014 and 2013 include a rate of return on the investment of present and future assets of 7.5% per year compounded annually. There has been no cost of living adjustment. In 2014 and 2013 the actuarial value of assets was determined using market value. In 2014 and 2013 the unfunded actuarial accrued liability is being amortized as a closed and open level dollar of payroll, respectively. The remaining amortization period at a January 1, 2015 actuarial valuation date was 30 years.

Annual pension costs, net pension obligation and the accrual for retirement benefits for 2014 and 2013 are as follows:

	2014	2013
Annual required contribution for current year	$ 2,506,300	$ 2,792,819
Interest on net pension obligation	2,810	2,810
Adjustment to annual required contribution	(2,810)	(3,172)
Annual pension costs	2,506,300	2,792,457
Contribution made	2,506,300	2,792,457
Change in net pension obligation	-	-
Net pension obligation, beginning of year	38,201	38,201
Net pension obligation, end of year	$ 38,201	$ 38,201

<u>Contributions required and contributions made</u>: 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 Traditional Unit Credit 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 $2,506,300 and $2,792,000 for the years ended December 31, 2014 and 2013, respectively, and is fully funded according to Internal Revenue Service funding limitations. 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.

<u>Trend information</u>: Trend information related to the Plan is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	$ 3,046,529	100%	$ 38,201
12/31/13	2,792,457	100	38,201
12/31/14	2,506,300	100	38,201

Note 8. Retirement and Benefit Plans (Continued)

Funded status and funding progress, pension plan:

The funded status of the Plan as of December 31, 2014 and 2013 is based on the most recent actuarial valuation date as follows:

Fiscal Year-End	Valuation Date January 1	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
2014	2015	$ 74,758,328	$ 45,637,344	$ 29,120,984	61 0%	$ 35,666,374	81.6%
2013	2014	73,504,221	43,877,027	29,627,194	59.7	40,725,802	72 7

The supplementary information presented in the Required Retirement Plan Information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Plan Year	2014	2013
Valuation Date	January 1, 2015	January 1, 2014
Actuarial Cost Method	Traditional unit credit	Traditional unit credit
Asset Valuation Method	Market value	Market value
Actuarial Assumptions:		
Investment rate of return	7.5% per annum	7.5% per annum
Amortization method	Level dollar	Level dollar
Amortization period	30 years remaining (closed basis)	30 years remaining (open basis)
Salary increase rate	None	None
Mortality	RP 2000 system for males and females	RP 200 system for males and females

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 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. Matching employer contributions are made at a rate equal to 100% of the elective deferral of each employee up to 2%. 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(k) plan. The Hospital basic contribution percentage amounts are provided to participants according to their benefit service date. The participants' voluntary pre-tax deductions and the Hospital matching contributions continue to be funded to the 403(b) plan.

In December 2014 and 2013, the Board of Directors approved funding the 2014 and 2013 Hospital matching contribution to the 403(b) plan, which occurs during the first quarter of 2015 and 2014. The employer contributions to the Savings Plan, which are included in other accrued expenses, for 2014 and 2013 were $4,193,149 and $4,591,593, respectively, which are net of forfeitures of $657,813 and $595,657, respectively.

Assets of the Savings Plans are invested in an equity fund (consisting primarily of common stocks) or a guaranteed investment contract fund with a commercial insurance company, as elected by plan participants. A separate account is established for each participant. Participants have a nonforfeitable right to the value of their after-tax deposits at any time and become 100% vested in Hospital basic deposits and Hospital matching deposits upon the completion of five years of service. Loans are not permitted under the terms of the Savings Plans.

Employer expenses, net of forfeitures applied, for the Savings Plans totaled $4,289,261 and $4,727,058 for the years ended December 31, 2014 and 2013, respectively.

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, 2014 and 2013:

	Defined Benefit Retirement Plan	Savings Plan 401(a)	Savings Plan 403(b)	Savings Plan 457(b)	(Total Memorandum Only)
			December 31, 2014		
Assets					
Receivables:					
Accrued interest and dividends	$ 56,736	$ -	$ -	$ -	$ 56,736
Contributions receivable, employer	-	2,663,786	1,529,363	-	4,193,149
Total receivables	56,736	2,663,786	1,529,363	-	4,249,885
Investments at fair value:					
Cash equivalents	1,354,884	-	-	-	1,354,884
Equities	29,895,171	-	-	-	29,895,171
Mutual funds	14,366,705	57,747,652	84,411,890	18,519,204	175,045,451
Investment in partnership	28,961	-	-	-	28,961
Total investments	45,645,721	57,747,652	84,411,890	18,519,204	206,324,467
Liabilities, accounts payable	65,113	-	-	-	65,113
Net Position Held in Trust for Pension Benefits	$ 45,637,344	$ 60,411,438	$ 85,941,253	$ 18,519,204	$ 210,509,239
			December 31, 2013		
Assets					
Receivables					
Accrued interest and dividends	$ 207,253	$ -	$ -	$ -	$ 207,253
Contributions receivable					
Employee	-	-	500,654	151,373	652,027
Employer	-	2,894,811	1 696,782	-	4,591,593
Total receivables	207,253	2,894,811	2,197,436	151,373	5,450,873
Investments at fair value.					
Cash equivalents	1,561,520	-	-	-	1,581,520
Debt securities	6,636,610	-	-	-	6,636,610
Equities	29,728,358	-	-	-	29,728,358
Mutual funds	5,770,112	56,869,510	80,910,279	17,466,733	181,016,634
Investment in partnership	36,678	-	-	-	36,678
Total investments	43,733,276	56,669,510	80,910,279	17,466,733	198,979,800
Liabilities, accounts payable	83,504	-	-	-	63,504
Net Position Held in Trust for Pension Benefits	$ 43,877,027	$ 59,764,321	$ 83,107,715	$ 17,618,106	$ 204,367,169

Note 8. Retirement and Benefit Plans (Continued)

	Defined Benefit Retirement Plan	Savings Plan 401(a)	Savings Plan 403(b)	Savings Plan 457(b)	(Total Memorandum Only)
	Year Ended December 31, 2014				
Additions:					
Contributions:					
Members	$ -	$ -	$ 5,579,629	$ 1,587,324	$ 7,166,953
Employer	2,506,300	2,655,746	1,524,429	-	6,686,475
Total contributions	2,506,300	2,655,746	7,104,058	1,587,324	13,853,428
Investment income:					
Interest	146,054	328,611	343,995	68,986	887,646
Dividends	872,753	2,291,953	3,470,593	832,626	7,467,925
Net appreciation in fair value of investments	2,366,391	851,157	574,416	81,430	3,873,394
	3,385,198	3,471,721	4,389,004	983,042	12,228,965
Less					
Investment advisory services	397,249	-	-	-	397,249
Custodial fees	-	26,257	50,617	6,665	83,539
Net investment income	2,987,949	3,445,464	4,338,387	976,377	11,748,177
Total additions	5,494,249	6,101,210	11,442,445	2,563,701	25,601,805
Deductions, retirement benefits paid and savings plan withdrawals	3,733,932	5,454,093	8,608,907	1,682,603	19,459,535
Net increase	1,760,317	647,117	2,833,538	901,098	6,142,070
Net position held in trust for pension benefits:					
Beginning	43,877,027	59,784,321	83,107,715	17,618,106	204,387,169
Ending	$ 45,637,344	$ 60,411,438	$ 85,941,253	$ 18,519,204	$ 210,509,239

East Jefferson General Hospital

Notes to Basic Financial Statements

Note 8. Retirement and Benefit Plans (Continued)

	Defined Benefit Retirement Plan	Savings Plan 401(a)	Savings Plan 403(b)	Savings Plan 457(b)	(Total Memorandum Only)
	Year Ended December 31, 2013				
Additions:					
Contributions:					
Members	$ -	$ -	$ 6,247,680	$ 1,933,467	$ 8,181,147
Employer	2,792,819	2,845,433	1,817,824	-	7,458,076
Total contributions	2,792,819	2,845,433	8,065,504	1,933,467	15,637,223
Investment income:					
Interest	111,879	333,639	340,711	60,042	846,271
Dividends	1,122,584	1,358,278	2,123,490	491,298	5,095,650
Net appreciation in fair value of investments	4,831,944	7,216,222	10,497,909	2,146,575	24,692,650
	6,066,407	8,908,139	12,982,110	2,697,915	30,634,571
Less					
Investment advisory services	345,372	-	-	-	345,372
Custodial fees	-	19,452	86,180	5,712	111,344
Net investment income	5,721,035	8,888,687	12,875,930	2,692,203	30,177,855
Total additions	8,513,854	11,734,120	20,941,434	4,625,670	45,815,078
Deductions, retirement benefits paid and savings plan withdrawals	3,413,352	4,507,591	6,062,882	824,900	14,808,725
Net increase	5,100,502	7,226,529	14,878,552	3,800,770	31,006,353
Net position held in trust for pension benefits:					
Beginning	38,776,525	52,537,792	68,229,163	13,817,336	173,360,816
Ending	$ 43,877,027	$ 59,764,321	$ 83,107,715	$ 17,618,106	$ 204,367,169

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, 2014, assets and liabilities associated with the deferred compensation plan were none and $1,665,439, respectively. The unfunded status of the plan will be paid from operations. As of December 31, 2013, assets and liabilities associated with the deferred compensation plan were none and $1,857,915, respectively, the unfunded status of the plan will be paid from operations. These amounts are included in noncurrent assets and liabilities in the accompanying basic financial statements.

Note 9. Other Postemployment Benefits (OPEB)

Plan description and funding policy:

The Hospital sponsors a postretirement medical plan that provides 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 are 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 shall be insured coverage providing a level of benefits reasonably comparable to the standard medical coverage the Hospital provides to all full-time employees. Commencing at the participant's age 65, the coverage shall be provided in the form of an insured Medicare Supplement Policy providing the level of coverage determined by the Hospital in its sole discretion.

The Hospital shall pay 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 is based on projected pay-as-you-go financing requirements. For the years ended December 31, 2014 and 2013, the Hospital contributed $27,216 and $27,578, respectively, to the plan.

Annual OPEB cost and net OPEB obligation:

The Hospital's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Hospital's annual OPEB cost for the years ended December 31, 2014 and 2013, the amount actuarially contributed to the plan, and changes in the Hospital's annual OPEB obligation:

	2014	2013
Annual required contribution	$ 128,740	$ 124,525
Interest on net OPEB obligation	59,521	53,503
Annual OPEB cost	188,261	178,028
Contributions made	(27,216)	(27,578)
Increase in net OPEB obligation	161,045	150,450
Net OPEB obligation, beginning of year	1,488,014	1,337,564
Net OPEB obligation, end of year	$ 1,649,059	$ 1,488,014

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for fiscal years 2014, 2013 and 2012 is as follows:

	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal year ended December 31:			
2014	$ 188,261	14.5%	$ 1,649,059
2013	178,028	15.5	1,448,014
2012	210,284	14.3	1,337,564

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

Funded status and funding progress:

Postemployment benefit obligations under GASB Statement No. 45 utilizing, the most recent actuarial valuation date, are as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
December 31, 2013	$ -	$ 2,012,863	$ 2,012,863	$ -

Actuarial methods and assumptions:

The actuarial calculations are performed in accordance with the Projected Unit Credit Actuarial Cost Method as allowed under GASB Statement No. 45. The excess of the AAL over the actuarial value of plan assets is the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over a maximum of 30 years in level dollar amounts on an open period amortization basis. The sum of the normal cost and the amortization of the unfunded actuarial accrued liability is the annual required contribution, which with interest at the valuation date, determines the annual OPEB cost.

Economic cost assumptions:

The rate at which projected cash flows are to be discounted is 4% based on estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits.

Actuarial calculations reflect a long-term perspective that involves estimates of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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 2014 and 2013, the Hospital had stop-loss insurance coverage for claims in excess of $300,000 per individual per plan year and a lifetime maximum coverage of $1,700,000 and $700,000, respectively, per individual. The following is a summary of estimated claims liability for the years ended December 31, 2014 and 2013. The Hospital has recorded a current liability for open claims and claims incurred but not reported.

	2014	2013
Balance, beginning	$ 1,485,816	$ 1,196,633
Claims expense and change in accrual	9,050,000	10,550,000
Claims payment, net	(9,273,845)	(10,260,817)
Balance, ending	$ 1,261,971	$ 1,485,816

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

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 $500,000 per occurrence. 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 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. The following is a summary of estimated claims liability for the years ended December 31, 2014 and 2013. The Hospital has recorded a current liability for open claims and claims incurred but not reported which is included in other accrued expenses.

	2014	2013
Balance, beginning	$ 3,116,571	$ 3,276,028
Claims expense and change in accrual	1,340,913	1,318,512
Claims payment	(1,074,898)	(1,477,969)
Balance, ending	$ 3,382,586	$ 3,116,571

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, 2014 and 2013. The Hospital has recorded the liability in estimated self-insurance reserves, which is a noncurrent liability on the accompanying statements of net position.

	2014	2013
Balance, beginning	$ 3,815,295	$ 3,575,369
Claims expense and change in accrual	869,935	828,329
Claims payment	(467,319)	(588,403)
Balance, ending	$ 4,217,911	$ 3,815,295

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

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, 2014 and 2013. The Hospital has recorded the liability in estimated self-insurance reserves, which is a noncurrent liability on the accompanying statements of net position.

	2014	2013
Balance, beginning	$ 1,075,152	$ 1,143,413
Claims expense and change in accrual	483,583	344,485
Claims payment	(185,000)	(412,746)
Balance, ending	$ 1,373,735	$ 1,075,152

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.

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's 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, 2014 and 2013. 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, 2014, the total minimum rental commitment under operating lease agreements is approximately $33,399,000 and is due as follows:

Year ending December 31:	
2015	$ 5,430,000
2016	5,512,000
2017	5,490,000
2018	5,570,000
2019	5,402,000
Thereafter	5,995,000
	$ 33,399,000

Total rent expense for the above leases for the years ended December 31, 2014 and 2013 was approximately $5,453,000 and $4,772,000, 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 2021.

As of December 31, 2014, the total minimum commitment under these agreements is approximately due as follows:

Year ending December 31:	
2015	$ 28,151,000
2016	24,624,000
2017	19,359,000
2018	19,269,000
2019 to 2021	57,806,000
	$ 149,209,000

Total expense for the above agreements for the years ended December 31, 2014 and 2013 was approximately $28,333,000 and $30,267,000, respectively.

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, 2014 and 2013 was as follows:

	2014	2013
Medicare	47.8%	52.6%
Medicaid	11.6	10.4
Managed care	13.5	14.6
Other third-party payors	16.8	15.2
Patients	10.3	7.2
	100.0%	100.0%

Note 12. Other Assets

Other assets as of December 31, 2014 and 2013 consist of the following:

	2014	2013
Investment in:		
Associated Hospital Services (laundry service)	$ 2,957,080	$ 3,034,736
East Jefferson Ambulatory Surgery Center, LLC	835,712	669,285
Goodwill	6,759,700	8,801,575
Life insurance	-	1,043,683
Other	705,190	914,353
	$ 11,257,682	$ 14,463,632

Note 13. Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Program	$ 230,748,683	$ 245,387,623
General and administrative	140,767,494	139,853,974
	$ 371,516,177	$ 385,241,597

Note 14. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

During the year ended December 31, 2014, the Organization adopted the following GASB Statements:

GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This Statement enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. This Statement also requires the presentation of new information in the notes to the financial statements and in 10-year required supplementary information schedules. See Note 8 for the impact of the adoption of this Statement.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement provides guidance for:

- Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations;
- Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations;
- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and
- Reporting the disposal of government operations that have been transferred or sold.

The adoption of this Statement had no effect on the financial statements.

GASB Statement No. 70, *Account and Financial Reporting for Nonexchange Financial Guarantees*. This statement is meant to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. Also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. Also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. The adoption of this Statement had no effect on the financial statements.

Note 14. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the Organization beginning with its year ending December 31, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. Based on the information available for the defined benefit retirement plan, which is described in Note 8 to the financial statements, management estimates the impact of adopting GASB Statement No. 68 may be an increase in liabilities and reduction in net position of approximately $29,000,000.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, issued November 2013, shall be applied simultaneously with the provisions of Statement 68. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the Organization beginning with its year ending December 31, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015, will be effective for the Organization beginning with its fiscal year ending December 31, 2016 — except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the Organization beginning with its fiscal year ending December 31, 2017. The Statement sets rules for pensions not covered by Statement Nos. 67 and 68 and has essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

Note 14. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued in June 2015, will be effective for the Organization beginning with its fiscal year ending December 31, 2017. The Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and establishes rules on reporting by OPEB plans that administer benefits on behalf of governments. The Statement requires a statement of fiduciary net position and a statement of changes in fiduciary net position and more extensive footnote disclosures and requires supplementary information.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the Organization beginning with its fiscal year ending December 31, 2018. The Statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. However, the Statement carries forward from Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). The Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

GASB encourages early application of Statement Nos. 73, 74 and 75.

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

Note 15. 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 healthcare services are available for underserved, non-rural populations. During the year ended December 31, 2014, total revenues and expenses recognized by the Hospital and EJPG related to these UPL agreements was approximately $2,928,000 and $519,000, respectively. During the year ended December 31, 2013, total revenues and expenses recognized by the Hospital and EJPG related to these UPL agreements was approximately $4,816,000 and $966,000, 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 healthcare services for the low income and needy population to reduce the costs of health care. For the years ended December 31, 2014 and 2013, the Hospital made payments into the program and incurred approximately $12,007,000 and $6,616,000 of other operating expenses, respectively.

Supplementary Information

East Jefferson General Hospital

Required Supplementary Information
Schedule of Net Pension Liability, Retirement Plans
December 31, 2014 and 2013

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

East Jefferson General Hospital

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios, Retirement Plans
Year Ended December 31, 2014

Total pension liability:		
Service cost	$	-
Interest on total pension liability		5,372,794
Effect of plan changes		-
Effect of economic/demographic gains or (losses)		(384,755)
Effect of assumption changes or inputs		-
Benefit payments		(3,733,932)
Net change in total pension liability		1,254,107
Total pension liability:		
Beginning		73,504,221
Ending (a)	$	74,758,328
Plan fiduciary net position:		
Employer contributions	$	2,506,300
Investment income net of investment expenses		3,051,945
Benefit payments		(3,733,932)
Administrative expenses		(63,996)
Net change in plan fiduciary net position		1,760,317
Plan fiduciary net position:		
Beginning		43,877,027
Ending (b)	$	45,637,344
EJGH's net pension liability, ending = (a) - (b)	$	29,120,984
Plan fiduciary net position as a % of total pension liability		61.05%
Covered payroll	$	35,666,374
EJGH's net pension liability as a % of covered payroll		81.65%

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

East Jefferson General Hospital

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

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2014	$ 2,506,300	$ 2,506,300	$ -	$ 40,725,802	6.15%
2013	2,792,819	2,792,819	-	44,841,780	6.23
2012	3,046,895	3,046,895	-	46,621,480	6.54
2011	2,581,804	2,581,804	-	52,622,311	4.91
2010	2,554,536	2,554,536	-	57,757,738	4.42
2009	1,851,102	1,851,102	-	61,093,503	3.03
2008	1,413,042	1,413,042	-	67,011,684	2.11
2007	1,497,719	1,497,719	-	69,482,662	2.16
2006	1,484,628	1,484,628	-	69,325,248	2.14
2005	1,444,309	1,444,309	-	88,164,146	1.64

East Jefferson General Hospital

Required Supplementary Information
Schedule of Investment Returns, Retirement Plans
Year Ended December 31, 2014

Year ending December 31:	Net Money-Weighted Rate of Return
2014	6.94%

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

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

The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, 2014, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.5% for the 2013 valuation and changed to 2.3% increasing to 2.8% in 2026 for the 2014 valuation.
Salary increases	N/A as a frozen plan
Investment rate of return	7.5% per annum, compounded annually, net of investment expenses.
Mortality	RP 2000 system table for males and females, with floating Scale AA projections to valuation year plus 15 years for employee mortality and to valuation year plus 7 years for annuitant mortality.

East Jefferson General Hospital

Required Supplementary Information
Schedule of Funding Progress, Other Postemployment Benefit Plan

Fiscal Year-End	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2014	**12/31/2013**	**$ -**	**$ 2,012,863**	**$ 2,012,863**	**- %**	**$ 2,859,098**	**70%**
2013	12/31/2013	-	1,869,892	1,869,892	-	3,822,330	49
2012	12/31/2010	-	2,351,426	2,351,426	-	6,695,229	33

Note: Fiscal year 2007 was the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of December 31, 2013. Additional information follows:

1. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
2. There are no plan assets.
3. Economic assumptions are discount rate of 4.0%.
4. The amortization method is open period, level dollar.

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2014

Assets	EJGH	EJRO, LLC	EJPG, LLC
Current Assets:			
Cash and cash equivalents	$ 7,660,052	$ 180,416	$ 80,039
Short-term investments	82,207,024	-	-
Receivables:			
Patients, net	42,642,073	238,601	1,386,370
Other	6,132,212	-	351,325
Assets limited as to use, current portion	7,550,536	-	-
Inventories	8,446,704	-	-
Prepaid expenses	7,617,163	64,315	300,945
Estimated third-party payor settlements	1,391,699	-	-
Total current assets	163,647,463	483,332	2,118,679
Noncurrent Assets:			
Assets limited as to use:			
Under bond indenture	64,191,912	-	-
Restricted by donor	-	-	-
Board-designated for strategic initiatives and for endowment	28,323,812	-	-
	92,515,724	-	-
Less portion required for current liabilities	7,550,536	-	-
	84,965,188	-	-
Capital assets	206,130,535	409,746	129,044
Investment in equity interests and associated companies and other	11,987,311	-	5,926,939
Total noncurrent assets	303,083,034	409,746	6,055,983
	$ 466,730,497	$ 893,078	$ 8,174,662

EJPN, LLC	Foundation	Eliminations	Total Organization
$ 83,855	$ 891,732	$ -	$ 8,896,094
-	301,062	-	82,508,086
-	-	-	44,267,044
117,077	76,080	(1,031,875)	5,644,819
-	-	-	7,550,536
-	-	-	8,446,704
-	-	-	7,982,423
-	-	-	1,391,699
200,932	1,268,874	(1,031,875)	166,687,405
-	-	-	64,191,912
-	2,278,398	-	2,278,398
-	1,774,517	-	30,098,329
-	4,052,915	-	96,568,639
-	-	-	7,550,536
-	4,052,915	-	89,018,103
-	-	-	206,669,325
-	277,146	(6,933,714)	11,257,682
-	4,330,061	(6,933,714)	306,945,110
$ 200,932	$ 5,598,935	$ (7,965,589)	$ 473,632,515

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2014

Liabilities and Net Position	EJGH	EJRO, LLC	EJPG, LLC
Current Liabilities:			
Current maturities of long-term debt	$ 4,975,120	$ -	$ -
Accounts payable	15,012,742	807,895	512,211
Accrued expenses:			
Salaries and wages	4,355,914	-	813,921
Paid leave	3,816,072	-	-
Health insurance claims	1,261,971	-	-
Interest	4,695,536	-	-
Other	11,640,983	-	-
Total current liabilities	45,758,338	807,895	1,326,132
Noncurrent Liabilities:			
Deferred compensation and executive benefits	1,665,439	-	-
Retirement benefits	1,687,260	-	-
Estimated self-insurance reserves	5,891,646	-	-
Long-term debt, less current maturities	156,188,493	-	-
Other accrued expenses	1,931,226	-	-
Total noncurrent liabilities	167,364,064	-	-
Total liabilities	213,122,402	807,895	1,326,132
Net Position:			
Net investment in capital assets	44,966,922	409,746	129,044
Restricted:			
Expendable	64,191,912	-	-
Nonexpendable	-	-	-
Unrestricted	143,613,549	(324,563)	6,719,486
Unrestricted - equity interest in component unit	835,712	-	-
Total net position	253,608,095	85,183	6,848,530
	$ 466,730,497	$ 893,078	$ 8,174,662

EJPN, LLC	Foundation	Eliminations	Total Organization
$ -	$ -	$ -	$ 4,975,120
-	248,000	(1,031,875)	15,548,973
-	-	-	5,169,835
-	-	-	3,816,072
-	-	-	1,261,971
-	-	-	4,695,536
-	20,000	-	11,660,983
-	268,000	(1,031,875)	47,128,490
-	-	-	1,665,439
-	-	-	1,687,260
-	-	-	5,891,646
-	-	-	156,188,493
-	-	-	1,931,226
-	-	-	167,364,064
-	268,000	(1,031,875)	214,492,554
-	-	-	45,505,712
-	1,928,009	-	66,119,921
-	350,389	10,040	360,429
200,932	3,052,537	(6,943,754)	146,318,187
-	-	-	835,712
200,932	5,330,935	(6,933,714)	259,139,961
$ 200,932	$ 5,598,935	$ (7,965,589)	$ 473,632,515

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2013

Assets	EJGH	EJRO, LLC	EJPG, LLC
Current Assets:			
Cash and cash equivalents	$ 7,989,495	$ 1,169,783	$ (157,779)
Short-term investments	81,290,791	-	-
Receivables:			
Patients, net	36,558,511	639,532	4,320,417
Other	55,767,911	-	282,395
Assets limited as to use, current portion	7,515,348	-	-
Inventories	7,439,536	-	-
Prepaid expenses	7,261,157	176,675	1,190,357
Total current assets	203,822,749	1,985,990	5,635,390
Noncurrent Assets:			
Assets limited as to use:			
Under bond indenture	77,170,132	-	-
Restricted by donor	-	-	-
Board-designated for strategic initiatives and for endowment	36,063,394	-	-
	113,233,526	-	-
Less portion required for current liabilities	7,515,348	-	-
	105,718,178	-	-
Capital assets	202,900,182	1,908,251	197,771
Investment in equity interests and associated companies and other	(30,201,373)	-	7,830,020
Total noncurrent assets	278,416,987	1,908,251	8,027,791
	$ 482,239,736	$ 3,894,241	$ 13,663,181

EJPN, LLC	Foundation	Eliminations	Total Organization
$ 83,775	$ 804,604	$ -	$ 9,889,878
-	319,596	-	81,610,387
-	-	-	41,518,460
117,077	91,743	(50,231,019)	6,028,107
-	-	-	7,515,348
-	-	-	7,439,536
-	-	-	8,628,189
200,852	1,215,943	(50,231,019)	162,629,905
-	-	-	77,170,132
-	1,949,381	-	1,949,381
-	1,904,837	-	37,968,231
-	3,854,218	-	117,087,744
-	-	-	7,515,348
-	3,854,218	-	109,572,396
-	-	-	205,006,204
-	324,108	36,510,877	14,463,632
-	4,178,326	36,510,877	329,042,232
$ 200,852	$ 5,394,269	$ (13,720,142)	$ 491,672,137

East Jefferson General Hospital

Combining Statement of Net Position
December 31, 2013

Liabilities and Net Position	EJGH	EJRO, LLC	EJPG, LLC
Current Liabilities:			
Current maturities of long-term debt	$ 4,579,361	$ 754,994	$ -
Accounts payable	16,255,661	528,230	50,256,562
Accrued expenses:			
Salaries and wages	4,435,610	-	1,906,284
Paid leave	3,726,023	-	-
Health insurance claims	1,485,816	-	-
Interest	4,730,348	-	-
Estimated third-party payor settlements	768,970	-	-
Other	10,857,694	-	-
Total current liabilities	46,839,483	1,283,224	52,162,846
Noncurrent Liabilities:			
Deferred compensation and executive benefits	1,857,915	-	-
Retirement benefits	1,526,215	-	-
Estimated self-insurance reserves	5,190,447	-	-
Long-term debt, less current maturities	160,485,123	631,408	-
Other accrued expenses	1,100,617	-	-
Total noncurrent liabilities	170,160,317	631,408	-
Total liabilities	216,999,800	1,914,632	52,162,846
Net Position:			
Net investment in capital assets	37,709,877	521,849	197,771
Restricted:			
Expendable	77,170,132	-	-
Nonexpendable	-	-	-
Unrestricted	149,690,642	1,457,760	(38,697,436)
Unrestricted - equity interest in component unit	669,285	-	-
Total net position	265,239,936	1,979,609	(38,499,665)
	$ 482,239,736	$ 3,894,241	$ 13,663,181

EJPN, LLC	Foundation	Eliminations	Total Organization
$ -	$ -	$ -	$ 5,334,355
-	16,455	(50,231,019)	16,825,889
-	-	-	6,341,894
-	-	-	3,726,023
-	-	-	1,485,816
-	-	-	4,730,348
-	-	-	768,970
-	40,000	-	10,897,694
-	56,455	(50,231,019)	50,110,989
-	-	-	1,857,915
-	-	-	1,526,215
-	-	-	5,190,447
-	-	-	161,116,531
-	-	-	1,100,617
-	-	-	170,791,725
-	56,455	(50,231,019)	220,902,714
-	-	-	38,429,497
-	1,598,992	-	78,769,124
-	350,389	10,035	360,424
200,852	3,388,433	36,500,842	152,541,093
-	-	-	669,285
200,852	5,337,814	36,510,877	270,769,423
$ 200,852	$ 5,394,269	$ (13,720,142)	$ 491,672,137

East Jefferson General Hospital

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2014

	EJGH	EJRO, LLC	EJPG, LLC
Operating revenue:			
Net patient service revenue	$ 312.310,440	$ 2,497,943	$ 15,053,488
Other operating revenue	14,150,600	2,013	857.290
Rental income from leases	5,618,694	-	-
Total operating revenue	332,079,734	2,499,956	15,910,778
Operating expenses:			
Salaries. wages and benefits	134,533,603	480,888	20,594,414
Purchased services and other	123,394,654	2,907,830	6,947,259
Supplies	45,994,636	217,041	418,715
Depreciation and amortization	26,831,118	38,321	1,985,781
Interest	9,384,783	-	-
Total operating expenses	340,138,794	3,644,080	29,946,169
Income (loss) from operations	(8,059,060)	(1,144,124)	(14,035,391)
Nonoperating revenue (expenses):			
Investment earnings	2,864,862	154	-
Life insurance proceeds	-	-	8,000,000
(Loss) on disposal of capital assets	(1,123)	-	-
Grant revenue	59,049	-	-
Contributions received (given)	883,585	-	-
Equity in net income (loss) of component units and associated companies	(6,083,283)	-	-
	(2,276,910)	154	8,000,000
Excess of revenue over (under) expenses before capital contribution (distribution), transfers and deconsolidation	(10,335,970)	(1,143,970)	(6,035,391)
Capital contribution (distribution)	-	(750,456)	51,383,586
Transfers to Jefferson Parish	(1,295,871)	-	-
Other	-	-	-
Change in net position	(11,631,841)	(1,894,426)	45,348,195
Net position:			
Beginning	265,239,936	1,979,609	(38,499,665)
Ending	$ 253,608,095	$ 85,183	$ 6,848,530

EJPN, LLC	Foundation	Eliminations	Total Organization
$ -	$ -	$ -	$ 329,861,871
-	1,203,623	(978,584)	15,234,942
-	-	(1,786,953)	3,831,741
-	1,203,623	(2,765,537)	348,928,554
-	-	-	155,608,905
-	552,671	(2,765,537)	131,036,877
-	-	-	46,630,392
-	-	-	28,855,220
-	-	-	9,384,783
-	552,671	(2,765,537)	371,516,177
-	650,952	-	(22,587,623)
80	193,045	-	3,058,141
-	-	-	8,000,000
-	-	-	(1,123)
-	-	-	59,049
-	(850,876)	-	32,709
-	-	7,188,539	1,105,256
80	(657,831)	7,188,539	12,254,032
80	(6,879)	7,188,539	(10,333,591)
-	-	(50,633,130)	-
-	-	-	(1,295,871)
-	-	-	-
80	(6,879)	(43,444,591)	(11,629,462)
200,852	5,337,814	36,510,877	270,769,423
$ 200,932	$ 5,330,935	$ (6,933,714)	$ 259,139,961

East Jefferson General Hospital

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2013

	EJGH	EJRO, LLC	EJPG, LLC
Operating revenue:			
Net patient service revenue	$ 312,474,720	$ 9,851,891	$ 23,921,448
Other operating revenue	16,026,849	11,971	1,495,345
Rental income from leases	5,707,032	71,776	-
Total operating revenue	334,208,601	9,935,638	25,416,793
Operating expenses:			
Salaries, wages and benefits	139,073,971	1,506,192	30,987,275
Purchased services and other	118,759,864	5,496,351	7,890,885
Supplies	48,191,007	115,512	455,839
Depreciation and amortization	24,491,721	672,757	491,578
Interest	9,568,591	117,316	-
Total operating expenses	340,085,154	7,908,128	39,825,577
Income (loss) from operations	(5,876,553)	2,027,510	(14,408,784)
Nonoperating revenue (expenses):			
Investment earnings	323,800	-	-
(Loss) on disposal of capital assets	(744)	-	-
Grant revenue	59,642	-	-
Contributions received (given)	1,003,891	-	-
Equity in net income (loss) of component units and associated companies	(10,634,127)	-	-
	(9,247,538)	-	-
Excess of revenue over (under) expenses before capital contribution (distribution), transfers and deconsolidation	(15,124,091)	2,027,510	(14,408,784)
Capital contribution (distribution)	-	(2,000,000)	-
Transfers to Jefferson Parish	(1,481,326)	-	-
Other	-	-	-
Change in net position	(16,605,417)	27,510	(14,408,784)
Net position:			
Beginning (as restated)	281,845,353	1,952,099	(24,090,881)
Ending	$ 265,239,936	$ 1,979,609	$ (38,499,665)

EJPN, LLC	GULF, LLC	Foundation	Eliminations	Total Organization
$ -	$ -	$ -	$ -	$ 346,248,059
-	-	1,150,608	(855,093)	17,829,680
-	-	-	(2,129,863)	3,648,945
-	-	1,150,608	(2,984,956)	367,726,684
-	-	-	-	171,567,438
-	-	407,694	(2,984,956)	129,569,838
-	-	-	-	48,762,358
-	-	-	-	25,656,056
-	-	-	-	9,685,907
-	-	407,694	(2,984,956)	385,241,597
-	-	742,914	-	(17,514,913)
80	-	243,444	-	567,324
-	-	-	-	(744)
-	-	-	-	59,642
-	-	(1,000,500)	-	3,391
-	-	-	12,381,181	1,747,054
80	-	(757,056)	12,381,181	2,376,667
80	-	(14,142)	12,381,181	(15,138,246)
-	-	-	2,000,000	-
-	-	-	-	(1,481,326)
-	4,140,182	-	(4,140,182)	-
80	4,140,182	(14,142)	10,240,999	(16,619,572)
200,772	(4,140,182)	5,351,956	26,269,878	287,388,995
$ 200,852	$ -	$ 5,337,814	$ 36,510,877	$ 270,769,423

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information (Hospital Only)
Years Ended December 31, 2014 and 2013

Gross Patient Service Revenue, Summary by Department	2014		
	Inpatient	Outpatient	Total
Routine care services:			
Medical and surgical	$ 48,519,084	$ 13,822,045	$ 62,341,129
Intensive care	15,692,423	2,625	15,695,048
Coronary care	5,172,761	3,558	5,176,319
Psychiatric care	1,315,396	226	1,315,622
Nursery	11,191,664	-	11,191,664
Rehabilitation	3,334,189	-	3,334,189
Skilled nursing facility	6,174,565	-	6,174,565
	91,400,082	13,828,454	105,228,536
Ancillary services:			
Ambulance	3,730,253	15,149,603	18,879,856
Anesthesiology	12,628,168	13,521,958	26,150,126
Blood bank	6,520,895	2,582,671	9,103,566
Cardiology	32,073,420	71,815,176	103,888,596
Central supply	390,754	60,346	451,100
Dialysis	3,077,984	317,480	3,395,464
Electroencephalography	196,438	169,664	366,102
Emergency services	20,123,310	50,205,976	70,329,286
Endoscopy	2,293,223	6,490,233	8,783,456
Labor and delivery	9,444,244	1,013,816	10,458,060
Laboratory	34,084,055	42,996,758	77,080,813
Magnetic resonance imaging	2,439,941	9,155,821	11,595,762
Operating and recovery	83,397,193	71,229,105	154,626,298
Pharmacy and IV solution	84,836,710	109,993,915	194,830,625
Physical therapy	18,126,849	7,358,335	25,485,184
Physician network revenue	-	5,128,997	5,128,997
Radiation therapy	1,118,778	21,648,125	22,766,903
Radiology	36,870,065	89,558,639	126,428,704
Respiratory care	27,596,436	7,182,064	34,778,500
Wound care center	14,806	6,008,170	6,022,976
	378,963,522	531,586,852	910,550,374
	$ 470,363,604	$ 545,415,306	1,015,778,910
Less charity care			1,058,919
Gross patient service revenue			1,014,719,991
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs			665,511,727
Less provision for bad debts			36,897,824
Net patient service revenue			$ 312,310,440

2013		
Inpatient	Outpatient	Total
$ 51,712,003	$ 13,204,263	$ 64,916,266
16,846,730	6,283	16,853,013
6,082,754	299	6,083,053
4,564,820	714	4,565,534
10,585,904	988	10,586,892
3,370,782	-	3,370,782
5,850,057	-	5,850,057
99,013,050	13,212,547	112,225,597
4,142,604	14,402,717	18,545,321
15,342,827	14,069,592	29,412,419
7,377,898	2,648,660	10,026,558
41,625,303	77,801,014	119,426,317
457,771	252,719	710,490
3,209,656	251,016	3,460,672
245,332	144,817	390,149
16,843,025	34,053,496	50,896,521
2,464,275	6,640,808	9,105,083
8,411,783	906,110	9,317,893
37,117,416	43,477,434	80,594,850
2,875,837	8,973,469	11,849,306
92,008,853	75,602,022	167,610,875
90,511,175	113,086,470	203,597,645
18,713,103	6,821,065	25,534,168
-	5,104,115	5,104,115
1,039,001	43,463	1,082,464
36,336,860	89,477,262	125,814,122
28,439,595	6,267,024	34,706,619
35,101	5,662,759	5,697,860
407,197,415	505,686,032	912,883,447
$ 506,210,465	$ 518,898,579	1,025,109,044
		1,135,795
		1,023,973,249
		692,239,415
		19,259,114
		$ 312,474,720

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information
(Hospital Only)
Years Ended December 31, 2014 and 2013

Other Operating Revenue	2014	2013
Cafeteria	$ 1,732,937	$ 1,780,772
Educational fees	16,988	23,397
Special meals	817,324	882,678
Vending machines	296,551	329,538
LTAC services	497,382	504,224
Wellness center membership fees	2,544,571	2,852,915
Elder advantage fees	2,850	7,645
EMS dispatch fees	1,990	252,970
TM pharmacy	1,624,197	1,478,128
Upper Payment Limit (UPL) programs	2,762,786	4,442,454
EHR incentive programs	2,526,894	2,156,485
Miscellaneous	1,326,130	1,315,643
	$ 14,150,600	$ 16,026,849

Provision for Discounts, Allowances and Estimated Contractual Adjustments under Third-Party Reimbursement Programs		
Medicare contractual adjustments	$ 421,085,781	$ 448,673,620
Medicaid contractual adjustments	38,950,141	55,972,937
Managed care discounts	205,475,805	187,592,858
	$ 665,511,727	$ 692,239,415

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information
(Hospital Only)
Years Ended December 31, 2014 and 2013

	2014			
Departmental Expenses	Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
Routine services:				
Medical and surgical	$ 21,782,220	$ 327,270	$ 1,413,625	$ 23,523,115
Intensive care	3,942,765	62,459	288,767	4,293,991
Coronary care	1,445,559	1,309	96,570	1,543,438
Psychiatric care	661,653	52,576	8,399	722,628
Nursery	2,767,551	262,076	154,182	3,183,809
Nursing administration	519,825	30,004	48,658	598,487
Rehabilitation	1,436,787	697,108	80,742	2,214,637
Skilled nursing facility	3,119,974	23,349	169,833	3,313,156
	35,676,334	1,456,151	2,260,776	39,393,261
Ancillary services:				
Ambulance	3,918,044	347,067	552,971	4,818,082
Anesthesiology	84,228	11,967	799,884	896,079
Blood bank	-	4,765	1,512,839	1,517,604
Cardiology	3,043,003	254,874	7,548,341	10,846,218
Central supply	460,502	294,254	137,372	892,128
Dialysis	-	692,494	3,362	695,856
Electroencephalography	48,083	-	2,643	50,726
Emergency services	5,114,352	172,095	583,920	5,870,367
Endoscopy	573,856	170,921	470,746	1,215,523
Labor and delivery	1,743,351	69,081	281,600	2,094,032
Laboratory	-	9,858,349	290,314	10,148,663
Magnetic resonance imaging	385,568	11,583	29,069	426,220
Operating and recovery	7,593,690	2,251,028	22,801,361	32,646,079
Occupational Medicine & Wellness Center	1,031,207	488,922	77,194	1,597,323
Pharmacy and IV solution	3,814,386	29,245,535	220,919	33,280,840
Physical therapy	4,392,410	67,943	63,323	4,523,676
Radiation therapy	1,094,162	1,728,895	76,748	2,899,805
Radiology	5,464,358	2,833,355	3,413,450	11,711,163
Respiratory care	3,522,562	45,612	558,486	4,126,660
Wound care center	136,987	1,451,329	18,161	1,606,477
	$ 42,420,749	$ 50,000,069	$ 39,442,703	$ 131,863,521

2013			
Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
$ 22,619,151	$ 571,703	$ 1,450,399	$ 24,641,253
4,098,891	100,937	273,193	4,473,021
1,618,376	12,182	105,642	1,736,200
1,451,278	145,579	19,651	1,616,508
2,589,014	207,431	136,245	2,932,690
623,152	23,174	38,708	685,034
1,408,652	664,295	81,050	2,153,997
2,962,069	16,268	161,860	3,140,197
37,370,583	1,741,569	2,266,748	41,378,900
4,348,276	378,069	571,189	5,297,534
87,856	2,130	865,744	955,730
-	2,152	1,645,355	1,647,507
3,103,907	367,931	9,070,405	12,542,243
423,850	651,985	59,368	1,135,203
-	733,792	4,430	738,222
45,023	-	3,075	48,098
5,174,836	160,545	512,864	5,848,245
616,421	30,683	495,334	1,142,438
1,532,918	42,758	270,316	1,845,992
-	10,402,836	372,819	10,775,655
377,248	27,105	60,102	464,455
8,302,575	2,160,970	23,560,720	34,024,265
1,577,372	638,016	102,777	2,318,165
4,130,626	30,670,100	291,178	35,091,904
4,505,119	76,014	73,367	4,654,500
311,319	754,287	6,062	1,071,668
5,411,878	2,439,143	3,222,307	11,073,328
3,837,036	59,794	574,032	4,470,862
132,508	1,646,969	3,929	1,783,406
$ 43,918,768	$ 51,245,279	$ 41,765,373	$ 136,929,420

East Jefferson General Hospital

Statements of Revenue, Expenses and Changes in Net Position Information
(Hospital Only) (Continued)
Years Ended December 31, 2014 and 2013

	2014			
Departmental Expenses	Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
General services:				
Dietary and cafeteria	$ 1,969,370	$ 70,834	$ 2,108,437	$ 4,148,641
Housekeeping	2,219,383	1,359,430	584,610	4,163,423
Laundry	-	798,782	449,145	1,247,927
Plant engineering and security	2,657,725	5,490,192	573,512	8,721,429
Utilities	-	5,802,748	-	5,802,748
	6,846,478	13,521,986	3,715,704	24,084,168
Fiscal and administrative services:				
Accounting	498,625	5,847	12,847	517,319
Administration	12,393,887	9,752,825	136,849	22,283,561
Information systems	405,771	20,216,166	89,831	20,711,768
Education	138,730	33,498	2,730	174,958
Employee benefits	24,797,912	14,500	-	24,812,412
Insurance	-	5,754,635	-	5,754,635
Medical records	1,909,939	1,277,487	12,917	3,200,343
Miscellaneous	-	13,552,894	-	13,552,894
Patient accounts	2,102,713	2,314,052	7,493	4,424,258
Personnel	2,130,705	94,161	8,146	2,233,012
Physician's network	3,720,146	954,829	63,600	4,738,575
Printing and duplication	54,126	425,222	216,715	696,063
Professional fees	-	1,999,875	-	1,999,875
Public relations	773,709	1,972,555	15,477	2,761,741
Purchasing	325,040	25,139	-	350,179
Telephone service	233,017	387	113	233,517
Volunteer services	105,722	22,376	8,735	136,833
	49,590,042	58,416,448	575,453	108,581,943
Total	$ 134,533,603	$ 123,394,654	$ 45,994,636	$ 303,922,893

2013			
Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
$ 2,111,135	$ 62,425	$ 2,111,562	$ 4,285,122
2,407,490	1,119,725	590,455	4,117,670
-	867,738	434,267	1,302,005
2,961,734	5,534,347	531,586	9,027,667
-	5,386,975	-	5,386,975
7,480,359	12,971,210	3,667,870	24,119,439
519,450	10,319	9,830	539,599
12,540,828	11,082,936	103,647	23,727,411
382,973	19,365,304	43,832	19,792,109
180,637	76,922	2,111	259,670
25,324,136	2,784	-	25,326,920
-	5,322,637	-	5,322,637
1,821,822	1,470,464	15,783	3,308,069
-	8,290,467	-	8,290,467
2,032,217	1,597,226	6,255	3,635,698
2,284,462	96,050	5,025	2,385,537
3,425,284	1,062,696	61,207	4,549,187
51,546	750,319	194,677	996,542
-	1,661,860	-	1,661,860
1,053,345	1,982,010	12,930	3,048,285
309,711	2,941	25,517	338,169
242,831	123	140	243,094
135,019	26,748	10,062	171,829
50,304,261	52,801,806	491,016	103,597,083
$ 139,073,971	$ 118,759,864	$ 48,191,007	$ 306,024,842

East Jefferson General Hospital

Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer
Chief Executive Officer Name: Dr. Mark J. Peters
Year Ended December 31, 2014

Purpose:		
Salary	$	576,050
Benefits, retirement		12,750
Deferred compensation		86,164
Car allowance		12,000
Travel		326
Conference travel		3,900
	$	691,190

East Jefferson General Hospital

Hospital Statistics
Years Ended December 31, 2014 and 2013

	(Unaudited)	
	2014	2013
Total admissions	**17,812**	19,551
Inpatient admissions, excluding nursery and specialty units	**16,065**	18,020
Nursery, newborn and neonatal	**1,747**	1,531
Total patient days of service	**88,048**	97,936
Inpatients, excluding nursery and specialty units	**84,002**	94,310
Nursery, newborn	**4,046**	3,626
Special care units days of service, included in inpatient days of service above:		
Psychiatric unit	**5,713**	10,208
Rehabilitation unit	**5,726**	5,825
Skilled nursing facility unit	**14,077**	13,396
Average daily census	**241.2**	268.3
Inpatients, excluding nursery and specialty units	**230.1**	258.4
Nursery, newborn	**11.1**	9.9
Percentage of occupancy, inpatients, excluding nursery	**54.2%**	61.5%
Medicare percentage of total patient days	**68.3%**	67.1%
Average length of stay (days):		
Inpatients, excluding nursery	**4.3**	4.4
Nursery, newborn and neonatal	**2.4**	2.5
Psychiatric unit	**10.4**	7.3
Rehabilitation unit	**13.6**	14.1
Skilled nursing facility unit	**9.7**	10.1

East Jefferson General Hospital

Hospital Statistics
Years Ended December 31, 2014 and 2013

	(Unaudited)	
	2014	2013
Ambulance transports	**20,014**	19,584
Anesthesiology case hours	**22,794**	26,484
Blood bank units of service	**108,296**	105,361
Cardiology, noninvasive procedures	**71,913**	74,769
Deliveries, newborn	**1,843**	1,634
EEG tests	**699**	768
Emergency room visits	**48,566**	50,752
Endoscopy procedures	**4,034**	5,544
Laboratory units of service	**1,268,107**	1,389,332
Surgical hours	**19,722**	21,498
Open heart operations	**196**	245
Physical therapy relative value units	**111,213**	119,239
Recovery room hours	**12,031**	13,358
Respiratory care units of service	**144,370**	153,356
Radiology:		
Diagnostic exams	**77,714**	75,955
CT scans	**28,360**	28,930
Nuclear medicine exams	**6,407**	7,679
Ultrasonic procedures	**17,262**	16,141
Special procedures	**3,410**	3,668
MRI procedures	**7,267**	7,170
Full-time equivalent employees	**2,036**	2,126

McGladrey

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LAPORTE

CPAs & BUSINESS ADVISORS

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*

Independent Auditor's Report

Board of Directors
East Jefferson General Hospital
Jefferson Parish, 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 East Jefferson General Hospital (Organization), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 23, 2015. We did not audit East Jefferson Ambulatory Surgery Center, LLC and the pension trust fund statements of East Jefferson General Hospital for the years ended December 31, 2014 and 2013. Those financial statements were audited by other independent auditor's whose reports thereon have been furnished to us and, our opinion on the financial statements is based solely upon the reports of other independent auditors.

The financial statements of East Jefferson Ambulatory Surgery Center, LLC, the Pension Trust Fund, East Jefferson Radiation Oncology, LLC, East Jefferson Physicians Group, LLC, East Jefferson Physician Network, LLC and East Jefferson General Hospital Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Davenport, Iowa
June 23, 2015

LaPorte

A Professional Accounting Corporation

Metairie, Louisiana
June 23, 2015