JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 and 2012

P&N Postlethwaite & Netterville
A Professional Accounting Corporation
www.pncpa.com

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 and 2012

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Independent Auditors' Report

The Board of Directors
Jefferson Parish Hospital Service District No. 1

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson Parish Hospital Service District No. 1 (the Service District), a component unit of Jefferson Parish, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Service District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of West Jefferson Industrial Medicine, LLC (WJIM) and Crescent City Research Consortium, LLC (CCRC), joint venture investments of the Service District, which represent 0.4% and 0.1% of the assets and operating revenues, respectively, of the enterprise fund as of and for the years ended December 31, 2013 and 2012. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for WJIM and CCRC is based solely on the reports of 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.

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Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Service District as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 14 to the financial statements, the Service District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows and inflows of resources and also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues or expenses when incurred and not reported in the statements of net position. 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 supplementary information on pages 3 through 21 and 58 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014 on our consideration of the Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Service District's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
March 31, 2014

This section of Jefferson Parish Hospital Service District No. 1's (the Service District), a component unit of Jefferson Parish, annual financial report provides important background information and management's analysis of the Service District's financial performance during the years ended December 31, 2013 and 2012. Please read this section in conjunction with the basic financial statements beginning on page 22 and the notes to the basic financial statements beginning on page 28 in this report.

FINANCIAL HIGHLIGHTS

Service District - Financial Highlights for the Year Ended December 31, 2013

The following summarizes the Service District's financial highlights for the year ended December 31, 2013.

The Service District had income from operations of $3,272,219 for the year ending December 31, 2013. During 2013, Standard & Poor's Rating Services affirmed its 'BBB' rating with an outlook of stable based in part on the Service District's good business position as the leading provider for the west bank of Jefferson Parish. Moody's Investors Service also affirmed its rating of Baa2 with an outlook of stable due to the Service District's stable financial performance.

The net patient service revenue increased from $231.6 million to $240.5 million from 2012 to 2013. This is primarily due to the addition of the Heart Clinic of Louisiana (HCLA) and the related outpatient services. The expansion of outpatient surgeries also had a large impact.

The operating expenses increased from $244.6 million in 2012 to $256.9 million in 2013. The increase in revenue by HCLA resulted in additional expenses of approximately $8.1 million. Excluding HCLA, salaries and benefits increased by $4.4 million mostly due to increases in outpatient surgeries, hospitalist services, and the Emergency Room department.

Assets decreased by approximately $26.2 million from 2012 to 2013. This is primarily due to the decrease in cash and investments of approximately $20.2 million. At the end of 2012 the cash increased $9.8 million due to timing of receipt of payments which has a direct relationship with the increase in accounts payable and accrued expenses of $6.1 million due to the timing of payment of invoices. The funds were released in 2013 resulting in a decrease in cash and a corresponding decrease in accounts payable and accrued expenses. The year 2013 is the Maximum Annual Debt Service year with total payment of bond obligations of $10,900,316. Capital projects are funded through cash reserves and the 2011 bond project fund.

Current assets exceed current liabilities by $40.0 million in 2013 compared to $32.2 million in 2012. Total current assets decreased by $3.9 million mainly due to a decrease of $2.8 million in net patient account receivables and a $1.7 million decrease in cash. Total current liabilities decreased by $11.7 million. Accounts payable and accrued expenses decreased by $5.3 million to a more normalized level. The amount due to government health care programs decreased by $5.0 million as the new Medicare Administrative Contractor (MAC), Novitas Solutions, cleared the back log from the previous MAC.

Assets and deferred outflows of resources of the Service District exceeded liabilities by $171.8 million in 2013 compared to $178.2 million in 2012.

As part of the Budget Control Act, Medicare has reduced all payments to providers by 2% effective with all discharges on or after April 1, 2013. Unless action is taken, this reduced reimbursement will be in place until the year 2022. The impact to the Service District for 2013 was approximately $2,000,000 in reduced net patient revenue and cash collections. Although the percentage will stay the same, the impact will be greater in 2014 because the reduced rate will be in effect for the entire year.

Pension Trust Fund - Financial Highlights for the Year Ended December 31, 2013

The Plan's net position increased by approximately $6.7 million in 2013 primarily due to net appreciation of the market value of Plan's assets. In 2012, the Plan's net position increased by approximately $2.8 million.

The Plan's employer contribution increased by approximately $13,000 in 2013 and increased by approximately $225,000 in 2012. Contribution amounts needed to fund the Plan are determined by an independent actuary.

The Plan's investments consist primarily of cash equivalents, fixed income mutual funds, equity mutual funds and money market funds, which increased by approximately $6.7 million in 2013 due to unrealized gains to the equity and money market mutual funds and employer contributions which were partially offset by distribution of benefits to Plan participants and plan administrative expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements – Enterprise Fund

The Basic Financial Statements in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles.

The statements of net position include all of the Service District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Service District is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the statements of changes in net position. These statements measure changes in the Service District's operations over the current and prior year and can be used to determine whether the Service District has been able to recover all of its costs through its patient service revenue and other revenue sources.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Service District's cash from operating, investing, and financing activities and provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

The financial statements provide both long-term and short-term information about the Service District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Service District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of changes in net position. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the Service District are included in the statements of net position.

The statements of net position and the statements of changes in net position report information about the Service District's activities. Increases or decreases in the Service District's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

Fund Financial Statements - Pension Trust Fund

The Service District's fund financial statements consist of its pension trust fund. As a fiduciary fund, the pension trust fund is held for the benefit of employees and retirees of the Service District. The pension trust fund is not reflected in the government wide financials because the resources are not available to the Service District for its activities. The accounting for the pension trust fund is much like that used by the enterprise fund.

The statements are followed by required supplementary information.

FINANCIAL ANALYSIS - ENTERPRISE FUND

2013 and 2012 Statements of Net Position - Enterprise Fund

Table 1A presents a summary of the financial changes to the Service District in 2013 as compared to 2012. The Service District's total assets and deferred outflows of resources decreased by $22,251,200, or 5.8%, from $386.1 million in 2012 to $363.9 million in 2013.

TABLE 1A - 2013 vs. 2012
Condensed Statements of Net Position

	December 31		Dollar	Percent
	2013	2012	Change	Change
Total current assets	$ 80,399,337	$ 84,250,435	$ (3,851,098)	-4.6%
Board-designated investments	75,705,180	85,018,163	(9,312,983)	-11.0%
Trustee-held assets	38,008,401	47,212,899	(9,204,498)	-19.5%
Property, plant, and equipment, net	155,545,324	153,964,957	1,580,367	1.0%
Other assets	5,950,804	11,327,371	(5,376,567)	-47.5%
Total assets	355,609,046	381,773,825	(26,164,779)	-6.9%
Deferred outflows	8,264,622	4,351,043	3,913,579	89.9%
Total assets and deferred outflows	$363,873,668	$ 386,124,868	$(22,251,200)	-5.8%
Current Liabilities	$ 40,372,771	$ 52,039,465	$(11,666,694)	-22.4%
Long-term debt and other long-term liabilities	151,705,719	155,905,827	(4,200,108)	-2.7%
Total liabilities	192,078,490	207,945,292	(15,866,802)	-7.6%
Net position	171,795,178	178,179,576	(6,384,398)	-3.6%
Total liabilities and net position	$363,873,668	$ 386,124,868	$(22,251,200)	-5.8%

Current Assets

Current assets decreased by $3.9 million from 2012. The changes to the components of current assets are as follows: Net patient accounts receivables decreased by $2.7 million. Cash and cash equivalents decreased by approximately $1.7 million due to normal operating fluctuations.

Board-designated Cash and Investments

Board-designated cash and investments decreased by approximately $9.3 million primarily due to the funding of debt obligations.

Trustee-held Investments

The decrease of approximately $9.2 million in trustee-held assets is primarily due to payment of bond obligations and the use of these funds for capital projects.

Property, Plant and Equipment

Table 2A presents the components of property, plant, and equipment at December 31, 2013 and 2012. In 2013, net property, plant, and equipment increased by approximately $1.6 million, or 1%.

Construction in progress decreased by approximately $1.9 million, or 14.3%, as assets were capitalized as they were put in service.

TABLE 2A
Property, Plant and Equipment

	December 31		Dollar	Percent
	2013	2012	Change	Change
Land and land improvements	$ 24,224,531	$ 23,969,618	$ 254,913	1.1%
Building and fixed equipment	209,181,193	198,809,908	10,371,285	5.2%
Equipment	247,507,612	235,481,967	12,025,645	5.1%
Subtotal	480,913,336	458,261,493	22,651,843	4.9%
Less accumulated depreciation	(337,050,706)	(317,923,165)	(19,127,541)	6.0%
Construction in progress	11,682,694	13,626,629	(1,943,935)	-14.3%
Property, plant, and equipment, net	$ 155,545,324	$ 153,964,957	$ 1,580,367	1.0%

In Table 3A, the Service District's fiscal year 2014 capital budget includes spending of up to $9.5 million for capital projects. These projects represent primarily equipment purchases and will be financed from fund balance. More information about the Service District's capital assets is presented in the Notes to the Financial Statements.

TABLE 3A
Fiscal Year 2014 Capital Budget

Equipment and technology purchases	$ 4,428,095
Construction / renovations	1,562,125
Patient care equipment	3,487,963
	$ 9,478,183

Other Assets

Other assets decreased by $5.4 million, or 47.5%. The main reason for the decrease is the reclassification of the deposit for the acquisition of HCLA to deferred outflows as of the effective date of the purchase of January 1, 2013.

Deferred Outflows of Resources

Deferred outflows of resources increased by $3.9 million, or 89.9%. As of December 31, 2013, the $8.2 million was comprised of $3.9 million for deferred charge on bond refunding and $4.3 million for the acquisition of HCLA.

Long-Term Debt

The Service District's long-term debt, excluding current installments, was approximately $144.1 million as of December 31, 2013 as compared to $147.1 as of December 31, 2012. The decrease is due primarily to the payment of bond obligations.

Net Position

Table 4A presents the components of the Service District's net position at December 31, 2013 and 2012:

TABLE 4A
Components of Net Position

	December 31		Dollar	Percent
	2013	2012	Change	Change
Net investment in capital assets	$ 32,506,294	$ 36,531,009	$ (4,024,715)	-11.0%
Restricted	17,886,436	17,837,752	48,684	0.3%
Unrestricted	121,402,448	123,810,815	(2,408,367)	-1.9%
Total net position	$ 171,795,178	$ 178,179,576	$ (6,384,398)	-3.6%

2013 and 2012 Statements of Changes in Net Position - Enterprise Fund

The following discussion refers to the summarized activity presented in the Service District's Condensed Statements of Changes in Net Position in Table 5A for 2013 and 2012.

Operating Revenue

Operating Revenue increased by approximately $8.9 million from 2012 to 2013. The increase is primarily due to the increase in net patient service revenue which is directly related to the addition of the Heart Clinic of Louisiana (HCLA) and the related outpatient services.

TABLE 5A
CONDENSED STATEMENTS OF CHANGES IN NET POSITION
Years Ended December 31

	2013	2012	Dollar Change	Percent Change
Operating revenue	$ 260,182,954	$ 251,278,750	$ 8,904,204	3.5%
Operating expenses	256,910,735	244,570,539	12,340,196	5.0%
Operating income	3,272,219	6,708,211	(3,435,992)	-51.2%
Total investment income (loss)	(371,828)	2,576,892	(2,948,720)	-114.4%
Interest expense	(7,527,457)	(7,957,969)	430,512	-5.4%
Other	(337,152)	308,553	(645,705)	-209.3%
Assessments by Jefferson Parish and support to others	(1,420,180)	(1,386,816)	(33,364)	2.4%
Change in net position	(6,384,398)	248,871	(6,633,269)	-2665.3%
Net position, beginning of year	178,179,576	177,930,705	248,871	0.1%
Net position, end of year	$ 171,795,178	$ 178,179,576	$ (6,384,398)	-3.6%

Table 6A below presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended December 31, 2013 and 2012.

Table 6A
Payor Mix

	2013	2012
Managed care/commercial	25%	24%
Medicare	50%	51%
Medicaid	13%	14%
Self-pay	7%	6%
Other	5%	5%
Total patient revenues	100%	100%

Reimbursements to the Service District are made on behalf of patients by the federal and state governments under the Medicare and Medicaid programs, respectively, by commercial insurance carriers and health maintenance organizations, as well as by patients on their own behalf. The difference between the covered charges and the payments under government programs and established contracts is recognized as a contractual allowance. The following table presents the contractual allowances on gross billings by payor and the provision for doubtful accounts.

TABLE 7A
ALLOWANCE SUMMARY

	Years Ended December 31	
	2013	**2012**
Contractual Allowances		
Managed care and commercial accounts	$ 354,310,236	$ 332,169,669
Medicaid contractual allowances	133,429,290	121,288,904
Medicare contractual allowances	181,796,305	168,934,592
Other/Community Benefit/Charity		
Care contractual allowances	31,395,912	26,783,144
Total contractual allowances	700,931,743	649,176,309
Doubtful accounts	12,179,203	10,635,402
	$ 713,110,946	$ 659,811,711

The Service District's doubtful accounts expense increased as the percentage of uninsured patients increased. The cost to care for uninsured patients has also increased as acuity levels were greater than in the prior year.

Operating Expenses

Operating expenses increased by $12.3 million, or 5.0%, as compared to prior year.

Salaries and wages increased by approximately $4.9 million or 5.3% from 2012 to 2013. The areas with the largest increase were HCLA, hospitalists, operating room, and the emergency room. Hospitalists are physicians who specialize in internal medicine and whose focus is entirely directed toward patients while they are in the hospital.

Professional fees increased by approximately $5.7 million, or 67.3%, compared to the prior year primarily due to expenses associated with the addition of HCLA.

Medical and General Supplies decreased by approximately $5.2 million or 9.6%. This decrease is primarily due to pharmacy expenses as the oncology service line normalized and a reduction in implant costs.

Purchased services increased by $4.5 million, or 11.6%. The increase was due primarily to the outsourcing of the lab.

Other Non-Operating Income (Expenses)

The Service District maintains investments that are shown in its Statements of Net Position as both board-designated and restricted trustee-held funds. These funds are invested primarily in money market funds and securities issued by the U.S. Treasury, government entity bonds, and other U.S. Government agencies.

The Service District had a loss on net investment income of $371,828 due to the requirement that investments be carried at their liquid value. In 2012, there was net investment income of $2.6 million.

Pension Trust Fund

2013 Net Position

Net position of the Medical Center's pension trust fund at December 31, 2013 was approximately $62.4 million, a 12.1% increase from December 31, 2012. Plan net position increased by $6.7 million from 2012 primarily due to net appreciation of the market value of plan assets and contributions to the plan.

Table 8A
Retirement Plan for Employees of West Jefferson Medical Center
Plan Net Position

	2013	2012	Increase (Decrease)	Increase (Decrease)
Cash and investments	$ 58,908,736	$ 52,090,744	$ 6,817,992	13.1%
Receivables	3,481,611	3,548,593	(66,982)	-1.9%
Total assets	62,390,347	55,639,337	6,751,010	12.1%
Total liabilities	32,719	9,484	23,235	245.0%
Plan net position	$ 62,357,628	$ 55,629,853	$ 6,727,775	12.1%

2013 Changes in Net Position

Table 9A presents a summary of changes in Plan net position for the year ended December 31, 2013. Contributions to the pension plan increased in 2013 as compared to 2012. Contribution amounts needed to fund the Plan are determined by an independent actuary.

Table 9A
Retirement Plan for Employees of West Jefferson Medical Center
Change in Plan Net Position

	2013	2012	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	$ 3,457,582	$ 3,444,681	$ 12,901	0.4%
Net income on investments	8,767,946	4,495,513	4,272,433	95.0%
Total additions	12,225,528	7,940,194	4,285,334	54.0%
Deductions:				
Administrative expenses	(223,055)	(170,011)	(53,044)	31.2%
Benefits	(5,274,698)	(5,004,015)	(270,683)	5.4%
Total deductions	(5,497,753)	(5,174,026)	(323,727)	6.3%
Change in net position	6,727,775	2,766,168	3,961,607	143.2%
Plan net position, beginning of year	55,629,853	52,863,685	2,766,168	5.2%
Plan net position, end of year	$ 62,357,628	$ 55,629,853	$ 6,727,775	12.1%

The increase in plan net position of $6.7 million was primarily due to employer contributions and net appreciation of the market value of Plan's assets which were partially offset by benefits payments and plan administrative expenses.

ECONOMIC FACTORS

Year ended December 31, 2013

In 2013 the Service District continued implementing its strategic plan, focusing on its core service lines in support of its commitment to deliver quality patient care, increase patient satisfaction and maintain financial stability.

Again in 2013, Louisiana's unemployment rate remained well below the United States unemployment rates. There is no longer a nursing shortage in the New Orleans area which continues to have a positive impact on operations.

Again in 2013, the Service District expanded the employed physicians and nurse practitioners in both the primary care and specialty field. The Service District expects this trend to continue in 2014.

In 2013, the governor of Louisiana announced a $1 billion ammonia production project in Jefferson Parish which is expected to provide over 500 jobs on the Westbank of Jefferson Parish.

The tourism impact on 2013 has not yet been published, but the impact is expected to exceed 2012 as New Orleans hosted the Super Bowl in 2013. In 2012 tourism into the region increased, setting record figures again in 2012. The area welcomed 9.01 million visitors in 2012 spending $6.0 billion in the local economy. The industry expects to strengthen with high profile sporting events in the near future and has announced a five-year plan to gear up for the city's 300th anniversary in 2018.

Recent national healthcare legislation has provisions for the implementation of new Accountable Care Organizations or ACO. An ACO would unite the hospital with the physicians and create a network that shares the responsibility of providing and managing all of the healthcare needs of Medicare patients. The goal is to save money by avoiding unnecessary tests and procedures and meeting quality benchmarks. The Service District continues to lay the groundwork for reducing costs and improving quality by forming a clinically integrated network comprised of over 1,200 physicians from the Service District and other area hospitals.

FINANCIAL HIGHLIGHTS

Service District - Financial Highlights for the Year Ended December 31, 2012

The following summarizes the Service District's financial highlights for the year ended December 31, 2012.

The Service District had income from operations of $6,708,211 for the year ending December 31, 2012. During 2012, Standard & Poor's Rating Services affirmed its 'BBB' rating with an outlook of stable based in part on the Service District's essence of strong service, and good business position as the leading provider for the west bank of Jefferson Parish. Moody's Investors Service also affirmed its rating of Baa2 with an outlook of stable due to the Service District's leading market position and improved financial performance.

The net patient service revenue increased from $226.9 million to $231.6 million from 2011 to 2012. This is primarily due to the addition of several specialty clinics in 2011. These clinics include urology, cardiology, and oncology specialties which have reimbursement rates that are more favorable than other hospital based outpatient services. The oncology service line has had the most growth.

The operating expenses increased from $239.2 million in 2011 to $244.6 million in 2012. The area with the largest increase was medical supplies due to the increase in pharmaceutical drugs due to the expansion of the oncology service line.

Assets increased by approximately $3.9 million from 2011 to 2012. This is primarily due to an increase in net patient accounts receivables of $5.1 million due to the increase in net patient service revenue. There was an increase in cash and cash equivalents of $9.8 million due to timing of receipt of payments which has a direct relationship with the increase in accounts payable and accrued expenses of $6.1 million due to the timing of payment of invoices. Noncurrent designated cash and investments decreased by $14.3 million due to payment of bond obligations and funding of capital projects.

Current assets exceed current liabilities by $32.2 million in 2012 compared to $23.2 million in 2011. Total current assets increased by $16.9 million which is partially offset by the increase in current liabilities of $7.9 million.

Assets and deferred outflows of resources of the Service District exceeded liabilities by $178.2 million in 2012 compared to $177.9 million in 2011.

The operations of the Service District were adversely impacted by more than $3.0 million due to Hurricane Isaac which made landfall in August 2012. The Medical Center remained open during the hurricane, however there were minimal surgeries performed and outpatient diagnostic and clinic visits were significantly reduced from the 28th through 30th of August. The reduced services resulted in a reduction of net revenue of approximately $2.0 million for the month of August, while operating expenses for August increased by more than $1.0 million due to increased salaries and wages, facility repairs, and other expenses associated with the hurricane. The Service District is working with the Federal Emergency Management Agency (FEMA) on requests for reimbursement of incurred eligible expenses and repairs. At December 31, 2012, the Service District has not received from FEMA any reimbursement of eligible expenses and repairs for Hurricane Isaac.

Pension Trust Fund - Financial Highlights for the Year Ended December 31, 2012

The Plan's net position increased by approximately $2.8 million in 2012 primarily due to net appreciation of the market value of Plan's assets. In 2011, the Plan's net position decreased by approximately $1.0 million.

The Plan's employer contribution increased by approximately $225,000 in 2012 and increased by approximately $169,000 in 2011. Contribution amounts needed to fund the Plan are determined by an independent actuary.

The Plan's investments consist primarily of cash equivalents, fixed income mutual funds, equity mutual funds and money market funds, which increased by approximately $2.5 million in 2012 due to unrealized gains to the equity and money market mutual funds and employer contributions which were partially offset by distribution of benefits to Plan participants and plan administrative expenses.

FINANCIAL ANALYSIS - ENTERPRISE FUND

2012 and 2011 Statements of Net Position - Enterprise Fund

Table 1B presents a summary of the financial changes to the Service District in 2012 as compared to 2011. The Service District's total assets and deferred outflows of resources increased by $3,522,293, or 0.9%, from $382.6 million in 2011 to $386.1 million in 2012.

TABLE 1B - 2012 vs. 2011
Condensed Statements of Net Position

	December 31		Dollar	Percent
	2012	2011	Change	Change
Total current assets	$ 84,250,435	$ 67,358,656	$ 16,891,779	25.1%
Board-designated investments	85,018,163	90,987,310	(5,969,147)	-6.6%
Trustee-held assets	47,212,899	55,506,685	(8,293,786)	-14.9%
Property, plant, and equipment, net	153,964,957	158,200,813	(4,235,856)	-2.7%
Other assets	11,327,371	5,789,560	5,537,811	95.7%
Total assets	381,773,825	377,843,024	3,930,801	1.0%
Deferred outflows	4,351,043	4,759,551	(408,508)	-8.6%
Total assets and deferred outflows	$ 386,124,868	$ 382,602,575	$ 3,522,293	0.9%
Current Liabilities	$ 52,039,465	$ 44,128,009	$ 7,911,456	17.9%
Long-term debt and other long-term liabilities	155,905,827	160,543,861	(4,638,034)	-2.9%
Total liabilities	207,945,292	204,671,870	3,273,422	1.6%
Net position	178,179,576	177,930,705	248,871	0.1%
Total liabilities and net position	$ 386,124,868	$ 382,602,575	$ 3,522,293	0.9%

Current Assets

Current assets increased by $16.9 million from 2011. The changes to the components of current assets are as follows: Net patient accounts receivables increased by $5.1 million primarily due to the increase in net patient service revenue directly related to the expansion of the outpatient services. Cash and cash equivalents increased by approximately $9.8 million due to timing in receipt of payments which has a direct relationship with the $7.9 million increase in current liabilities due mainly to the increase in accounts payable and accrued expenses due to the timing of payment of invoices.

Board-designated Cash and Investments

Board-designated cash and investments decreased by approximately $6.0 million primarily due to the funding of debt obligations.

Trustee-held Investments

The decrease of approximately $8.3 million in trustee-held assets is primarily due to payment of bond obligations and the use of these funds for capital projects.

Property, Plant and Equipment

Table 2B presents the components of property, plant, and equipment at December 31, 2012 and 2011. In 2012, net property, plant, and equipment decreased by approximately $4.2 million, or 2.7%.

Construction in progress increased approximately $5.3 million, or 64.3%, as construction in progress normalized after the capitalization of the Cerner electronic health record system in 2011.

TABLE 2B
Property, Plant and Equipment

	December 31		Dollar	Percent
	2012	2011	Change	Change
Land and land improvements	$ 23,969,618	$ 23,896,234	$ 73,384	0.3%
Building and fixed equipment	198,809,908	196,956,130	1,853,778	0.9%
Equipment	235,481,967	229,321,737	6,160,230	2.7%
Subtotal	458,261,493	450,174,101	8,087,392	1.8%
Less accumulated depreciation	(317,923,165)	(300,264,641)	(17,658,524)	5.9%
Construction in progress	13,626,629	8,291,353	5,335,276	64.3%
Property, plant, and equipment, net	$ 153,964,957	$ 158,200,813	$ (4,235,856)	-2.7%

In Table 3B, the Service District's fiscal year 2013 capital budget includes spending of up to $17.2 million for capital projects. These projects represent primarily equipment purchases and will be financed from fund balance. More information about the Service District's capital assets is presented in the Notes to the Financial Statements.

TABLE 3B
Fiscal Year 2013 Capital Budget

Equipment and technology purchases	$ 8,710,654
Construction / renovations	3,482,300
Patient care equipment	5,043,751
	$ 17,236,705

Other Assets

Other assets increased by $5.5 million, or 95.7%. On December 31, 2012, the Service District entered into agreements to purchase the assets of the Heart Clinic of Louisiana Diagnostic Services for $3.8 million and the Heart Clinic of Louisiana for $1.7 million. The closing date of the agreements is December 31, 2012, and the effective date is January 1, 2013. The total purchase price was $5.5 million.

Long-Term Debt

The Service District had approximately $147.1 million of long-term debt as of December 31, 2012 as compared to $150.0 as of December 31, 2011. The decrease is due to the payment of bond obligations.

Net Position

Table 4B presents the components of the Service District's net position at December 31, 2012 and 2011:

TABLE 4B
Components of Net Position

	December 31		Dollar	Percent
	2012	2011	Change	Change
Net investment in capital assets	$ 36,531,009	$ 35,747,976	$ 783,033	2.2%
Restricted	17,837,752	18,820,006	(982,254)	-5.2%
Unrestricted	123,810,815	123,362,723	448,092	0.4%
Total net position	$ 178,179,576	$ 177,930,705	$ 248,871	0.1%

2012 and 2011 Statements of Changes in Net Position - Enterprise Fund

The following discussion refers to the summarized activity presented in the Service District's Condensed Statements of Changes in Net Position in Table 5B for 2012 and 2011.

Operating Revenue

Operating Revenue increased by approximately $3.9 million from 2011 to 2012. The increase is primarily due to the increase in net patient service revenue which is directly related to the expansion of outpatient services.

TABLE 5B
CONDENSED STATEMENTS OF CHANGES IN NET POSITION
Years Ended December 31

	2012	2011	Dollar Change	Percent Change
Operating revenue	$ 251,278,750	$ 247,385,301	$ 3,893,449	1.6%
Operating expenses	244,570,539	239,188,087	5,382,452	2.3%
Operating income	6,708,211	8,197,214	(1,489,003)	-18.2%
Total investment income	2,576,892	2,750,178	(173,286)	-6.3%
Interest expense	(7,957,969)	(6,384,599)	(1,573,370)	24.6%
Other	308,553	(1,361,789)	1,670,342	-122.7%
Assessments by Jefferson Parish and support to others	(1,386,816)	(1,029,944)	(356,872)	34.6%
Change in net position	248,871	2,171,060	(1,922,189)	-88.5%
Net position, beginning of year	177,930,705	175,759,645	2,171,060	1.2%
Net position, end of year	$ 178,179,576	$ 177,930,705	$ 248,871	0.1%

Table 6B below presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended December 31, 2012 and 2011.

Table 6B
Payor Mix

	2012	2011
Managed care/commercial	24%	24%
Medicare	51%	51%
Medicaid	14%	14%
Self-pay	6%	7%
Other	5%	4%
Total patient revenues	100%	100%

Reimbursements to the Service District are made on behalf of patients by the federal and state governments under the Medicare and Medicaid programs, respectively, by commercial insurance carriers and health maintenance organizations, as well as by patients on their own behalf. The difference between the covered charges and the payments under government programs and established contracts is recognized as a contractual allowance. Table 7B below presents the contractual allowances on gross billings by payor and the provision for doubtful accounts.

During 2012, the Service District's doubtful accounts expense remained consistent with 2011 as restated. The doubtful accounts for 2011 had previously included contractual adjustments for Charitable/Community Benefit adjustments. For 2011 and 2012 the contractual adjustments have been separately stated.

TABLE 7B
ALLOWANCE SUMMARY

	Years Ended December 31	
	2012	**2011**
Contractual Allowances		
Managed care and commercial accounts	$ 332,169,669	$ 320,439,400
Medicaid contractual allowances	121,288,904	109,434,002
Medicare contractual allowances	168,934,592	154,164,432
Other/Community Benefit/Charity Care contractual allowances	26,783,144	20,657,696
Total contractual allowances	649,176,309	604,695,530
Doubtful accounts	10,635,402	10,173,163
	$ 659,811,711	$ 614,868,693

Operating Expenses

Operating expenses increased by $5.4 million, or 2.3%, as compared to prior year.

Salaries and wages increased by approximately $3.6 million or 4.0% from 2011 to 2012. Almost $1 million of this increase was due to Hurricane Isaac which made landfall in August 2012. The other increases were due to the growth in our Hospitalist program and a full year of salaries for the Oncology Clinic which opened in mid 2011. Hospitalists are physicians who specialize in internal medicine and whose focus is entirely directed toward patients while they are in the hospital.

Professional fees decreased by approximately $5.4 million, or 38.9%, compared to the prior year primarily due to decreases in Anesthesia and Graduate Medical Education expenses due to renegotiated contracts for services.

Medical and General Supplies increased by approximately $6.4 million or 13.5%. This increase is primarily due to the increase in pharmacy expenses as the oncology service line grows.

Purchased service increased by $1.6 million, or 4.5%. The increase was due primarily to the outsourcing of the lab.

Depreciation expense increased by $1.7 million, or 9%, due to the capitalization of the electronic health record software system and related depreciation which began in 2011.

Investment Income

The Service District maintains investments that are shown in its Statements of Net Position as both board-designated and restricted trustee-held funds. These funds are invested primarily in money market funds and securities issued by the U.S. Treasury, government entity bonds, and other U.S. Government agencies.

The Service District had a net investment income of approximately $2.6 million compared to $2.8 million in 2011.

Other Non-Operating Income (Expenses)

Due to the restructuring of debt in 2011, the interest expense increased from $6,384,599 in 2011 to $7,957,969 in 2012. During 2011, the market was receptive to issuing fixed rate bonds. The Service District was able to take advantage of this and defease its variable rate bonds while issuing additional fixed rate bonds for capital projects. All outstanding bonds are fixed rate bonds. The additional debt was incurred in late 2011, so the increase in interest expense is due to a full year of interest expense on the additional debt.

Pension Trust Fund

2012 Net Position

Net position of the Medical Center's pension trust fund at December 31, 2012 was approximately $55.6 million, a 5.2% increase from December 31, 2011. Plan net position increased by $2.8 million from 2011 primarily due to net appreciation of the market value of plan assets.

Table 8B
Retirement Plan for Employees of West Jefferson Medical Center
Plan Net Position

	2012	2011	Increase (Decrease)	Increase (Decrease)
Cash and investments	$ 52,090,744	$ 49,626,476	$ 2,464,268	5.0%
Receivables	3,548,593	3,246,105	302,488	9.3%
Total assets	55,639,337	52,872,581	2,766,756	5.2%
Total liabilities	9,484	8,896	588	6.6%
Plan net position	$ 55,629,853	$ 52,863,685	$ 2,766,168	5.2%

2012 Changes in Net Position

Table 9B presents a summary of changes in Plan net position for the year ended December 31, 2012. Contributions to the pension plan increased in 2012 as compared to 2011. Contribution amounts needed to fund the Plan are determined by an independent actuary.

The increase in plan net position of $2.8 million was primarily due to employer contributions and net appreciation of the market value of Plan's assets which were partially offset by benefits payments and plan administrative expenses.

Table 9B
Retirement Plan for Employees of West Jefferson Medical Center
Change in Plan Net Position

	2012	2011	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	$ 3,444,681	$ 3,219,414	$ 225,267	7.0%
Investment income	4,495,513	529,288	3,966,225	749.4%
Total additions	7,940,194	3,748,702	4,191,492	111.8%
Deductions:				
Administrative expenses	(170,011)	(114,066)	(55,945)	49.0%
Benefits	(5,004,015)	(4,640,102)	(363,913)	7.8%
Total deductions	(5,174,026)	(4,754,168)	(419,858)	8.8%
Change in net position	2,766,168	(1,005,466)	3,771,634	-375.1%
Plan net position, beginning of year	52,863,685	53,869,151	(1,005,466)	-1.9%
Plan net position, end of year	$ 55,629,853	$ 52,863,685	$ 2,766,168	5.2%

ECONOMIC FACTORS

Year ended December 31, 2012

In 2012 the Service District continued implementing its strategic plan, focusing on its core service lines in support of its commitment to deliver quality patient care, increase patient satisfaction and maintain financial stability.

Again in 2012, Louisiana's unemployment rate remained well below the United States unemployment rates. There is no longer a nursing shortage in the New Orleans area which continues to have a positive impact on operations.

Again in 2012, the Service District expanded the employed physicians and nurse practitioners in both the primary care and specialty field. The Service District expects this trend to continue in 2013.

Northrop Grumman has announced that the shipyard it manages in the New Orleans area will wind down operations in 2013. It is unknown how that will affect operations. Just in April 2013, the governor of Louisiana announced a $1 billion ammonia production project in Jefferson Parish which is expected to increase jobs by over 500 on the Westbank of Jefferson Parish.

GE announced the opening of a Capital Technology Center resulting in 300 new high tech jobs to the area to develop innovative new software, processes and technologies to drive excellence for its financial services business, GE Capital. GE has stated that they are on track with hiring projections for their Capital Technology Center.

The full effect of the BP Deepwater Horizon oil spill is still unknown. Tourism into the region has increased since the incident, with record figures again in 2012. The area welcomed 9.01 million visitors in 2012 spending $6.0 billion in the local economy. The industry expects to strengthen with high profile sporting events in the near future and has announced a five-year plan to gear up for the city's 300th anniversary in 2018.

Recent national healthcare legislation has provisions for the implementation of new Accountable Care Organizations or ACO. An ACO would unite the hospital with the physicians and create a network that shares the responsibility of providing and managing all of the healthcare needs of Medicare patients. The goal is to save money by avoiding unnecessary tests and procedures and meeting quality benchmarks. The Service District continues to lay the groundwork to implement an ACO.

Contacting the Service District's Administration

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Service District's finances and demonstrate the Service District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Service District's Administration at (504) 349-1100.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	$ 8,751,267	$ 10,462,181
Receivables:		
Patient accounts receivable, net	40,933,263	43,693,322
Other receivables	3,416,138	4,824,757
Due from government health care program	1,510,879	3,855,844
Inventory	8,196,362	5,032,357
Prepaid expenses	10,619,943	9,458,137
Designated cash and investments and that are required for current liabilities	6,971,485	6,923,837
Total current assets	80,399,337	84,250,435
Designated cash and investments:		
By board for specific purposes, at fair value	82,676,665	91,942,000
Trustee-held assets, at fair value	38,008,401	47,212,899
Total designated cash and investments	120,685,066	139,154,899
Less amounts required for current liabilities	(6,971,485)	(6,923,837)
Noncurrent designated cash and investments	113,713,581	132,231,062
Property, plant, and equipment, net	155,545,324	153,964,957
Other assets:		
Prepaid deferred compensation	1,229,968	930,558
Other	4,720,836	10,396,813
Total other assets	5,950,804	11,327,371
Total assets	355,609,046	381,773,825
Deferred outflows of resources		
Deferred charge on bond refunding	3,942,534	4,351,043
Excess of acquisition costs over net position acquired	4,322,088	-
Total deferred outflows of resources	8,264,622	4,351,043
Total assets and deferred outflows of resources	$ 363,873,668	$ 386,124,868

(Continued)

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
STATEMENTS OF NET POSITION, CONTINUED
DECEMBER 31, 2013 AND 2012

LIABILITIES AND NET POSITION	2013	2012
Current liabilities:		
Accounts payable	$ 11,872,829	$ 11,468,972
Accrued expenses	19,886,418	25,564,987
Patient deposits and credit balances	1,477,053	2,946,730
Due to government health care programs	164,986	5,134,939
Bond interest payable	3,976,485	4,023,837
Current installments of long-term debt	2,995,000	2,900,000
Total current liabilities	40,372,771	52,039,465
Accrued deferred compensation	1,229,968	930,558
Other long-term liabilities	6,367,222	7,856,799
Long-term debt, net of original issue premium	144,108,529	147,118,470
Total liabilities	192,078,490	207,945,292
Net position:		
Net investment in capital assets	32,506,294	36,531,009
Restricted	17,886,436	17,837,752
Unrestricted	121,402,448	123,810,815
Total net position	171,795,178	178,179,576
Total liabilities and net position	$ 363,873,668	$ 386,124,868

The accompanying notes are an integral part of these statements.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Net patient service revenue	$ 240,511,031	$ 231,618,594
Earnings from joint ventures	1,318,171	1,230,881
Other operating revenue	18,353,752	18,429,275
Total operating revenue	260,182,954	251,278,750
OPERATING EXPENSES:		
Salaries and wages	96,844,643	91,986,225
Employee benefits	20,496,878	18,535,170
Professional fees	14,222,261	8,499,818
Medical and general supplies	48,660,391	53,853,030
Purchased services	42,921,815	38,457,214
Other expenses	13,125,967	13,111,087
Depreciation	20,638,780	20,127,995
Total operating expenses	256,910,735	244,570,539
Operating income	3,272,219	6,708,211
NONOPERATING INCOME (EXPENSES):		
Investment income (loss)	(371,828)	2,576,892
Interest expense	(7,527,457)	(7,957,969)
Amortization expense	(873,799)	(393,566)
Donated assets	111,633	67,039
Gain on disposal of property	62,800	184,219
Total nonoperating income (expenses)	(8,598,651)	(5,523,385)
Grants for the acquisition of property, plant, and equipment	362,214	450,861
Changes in net position before assessments by Jefferson Parish and support to others	(4,964,218)	1,635,687
Assessments by Jefferson Parish and support to others	(1,420,180)	(1,386,816)
Changes in net position	(6,384,398)	248,871
Net position, beginning of year (restated, Note 14)	178,179,576	177,930,705
Net position, end of year	$ 171,795,178	$ 178,179,576

The accompanying notes are an integral part of these statements.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING ACTIVITIES		
Revenue collected	$ 261,130,624	$ 247,945,558
Cash payments to employees and for employee-related costs	(118,983,122)	(111,100,395)
Cash payments for operating expenses	(127,178,933)	(112,567,518)
Net cash provided by operating activities	14,968,569	24,277,645
NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from donations	111,633	67,039
Assessments by Jefferson Parish	(1,420,180)	(1,386,816)
Net cash used in noncapital financing activities	(1,308,547)	(1,319,777)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest payments	(8,000,315)	(5,857,673)
Grant received related to capital activity	362,214	450,861
Capital expenditures	(21,793,640)	(16,248,033)
Proceeds from sale of capital assets	62,800	540,113
Principal and defeasance payments on borrowings	(2,900,000)	(4,555,000)
Net cash used in capital and related financing activities	(32,268,941)	(25,669,732)
INVESTING ACTIVITIES		
Purchases of investments	(35,221,996)	(24,787,219)
Proceeds from sales and maturities of investments	50,528,409	39,040,251
Payments for acquisition of Heart Clinic of Louisiana	(1,200,000)	(4,300,000)
Investment income and other	2,791,592	2,535,064
Net cash provided by investing activities	16,898,005	12,488,096
Net increase (decrease) in cash and cash equivalents	(1,710,914)	9,776,232
Cash and cash equivalents, beginning of year	10,462,181	685,949
Cash and cash equivalents, end of year	$ 8,751,267	$ 10,462,181
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 3,272,219	$ 6,708,211
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	20,638,780	20,127,995
Bad debt expense	12,179,203	10,635,402
Changes in operating assets and liabilities:		
Account and other receivables	(5,665,560)	(19,307,923)
Inventory, prepaid expenses and other assets	(3,751,564)	1,177,326
Accounts payable	403,857	3,387,748
Accrued expenses and other liabilities	(12,108,366)	1,548,886
Net cash provided by operating activities	$ 14,968,569	$ 24,277,645

The accompanying notes are an integral part of these statements.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
STATEMENTS OF PLAN NET POSITION
PENSION TRUST FUND
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Receivables:		
Accrued dividends	$ 24,029	$ 103,912
Employer contributions receivable	3,457,582	3,444,681
Total receivables	3,481,611	3,548,593
Investments		
Money market funds	4,199,043	6,189,472
Equity mutual funds	37,442,744	28,495,835
Fixed income mutual funds	17,266,949	17,405,437
Total investments	58,908,736	52,090,744
Total assets	62,390,347	55,639,337
LIABILITIES		
Accrued trust fees	32,719	9,484
	32,719	9,484
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 62,357,628	$ 55,629,853

The accompanying notes are an integral part of these statements.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
STATEMENTS OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUND
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
ADDITIONS:		
Employer contributions	$ 3,457,582	$ 3,444,681
Investment income:		
Realized gain from sale of investments	376,601	391,331
Dividends	817,161	1,005,187
Net appreciation	7,574,184	3,098,995
Total investment income:	8,767,946	4,495,513
Total additions	12,225,528	7,940,194
DEDUCTIONS:		
Benefits	5,274,698	5,004,015
Administrative expenses	223,055	170,011
Total deductions	5,497,753	5,174,026
Change in net position	6,727,775	2,766,168
NET POSITION - RESTRICTED FOR PENSION BENEFITS		
Beginning of Year	55,629,853	52,863,685
End of Year	$ 62,357,628	$ 55,629,853

The accompanying notes are an integral part of these statements.

1. Organization and Significant Accounting Policies

Organization

The financial statements include the accounts of the following entities:

West Jefferson Medical Center (the Medical Center) is a Louisiana hospital service district, which is a political subdivision of the State of Louisiana. On April 11, 1956, the Jefferson Parish Police Jury, then the governing authority of Jefferson Parish, adopted Ordinance No. 3121 (the "Enacting Ordinance"). The Enacting Ordinance specifically provides that it was adopted pursuant to Charter 10 of Title 46 of the Louisiana Revised Statutes of 1950 which legislatively authorized the governing authority of a parish within the State to, in its discretion, create hospital service districts. Section 2 of the Enacting Ordinance specifically provides that the name of this new hospital service district shall be "Jefferson Parish Hospital District No. 1, Parish of Jefferson, State of Louisiana". Thus, on April 11, 1956, the "Jefferson Parish Hospital District No. 1, Parish of Jefferson, State of Louisiana" (hereafter the "District") was created. The District does business as West Jefferson Medical Center and operates an acute care hospital, physician clinics, medical office buildings, and health and fitness centers. The Medical Center is exempt from federal and state income taxes. The Medical Center has a 50% interest in Associated Hospital Services, a laundry service provider, which is accounted for under the equity method. On June 1, 2011, the Medical Center assumed from the Service Corporation a 50% interest in the following entities accounted for under the equity method: West Jefferson MRI, LLC, West Jefferson CT Scan, LLC, and West Jefferson Industrial Medicine, LLC. West Jefferson Surgery Center, LLC ceased operations on February 28, 2013. Beginning in July 2012, the Medical Center has a 33.3% interest in Crescent City Research Consortium, LLC, which is accounted for under the equity method. Separate financial statements for each of these organizations can be obtained from the Medical Center. The Medical Center reporting entity includes the hospital enterprise fund and a pension trust fund.

West Jefferson Service Corporation (the Service Corporation) is a non-profit corporation which is a component of the Jefferson Parish Hospital District No. 1. The Service Corporation was organized in December 1986 upon the filing with the Louisiana Secretary of State of its Articles of Incorporation. On June 1, 2011, the Medical Center assumed from the Service Corporation a 50% interest in the following entities accounted for under the equity method: West Jefferson MRI, LLC, West Jefferson CT Scan, LLC, and West Jefferson Industrial Medicine, LLC. The Service Corporation continues to have a 50% interest in West Jefferson Surgery Center, LLC, which is accounted for under the equity method. Separate financial statements for this organization can be obtained from the Service Corporation. The Service Corporation is exempt from federal and state income taxes.

The Medical Center and the Service Corporation were collectively referred to as the Service District until December 31, 2012 when the Service Corporation was dissolved into the Medical Center. There are no other organizations or agencies whose financial statements should be combined and presented with these combined basic financial statements.

The Service District is a component unit of Jefferson Parish, Louisiana.

1. Organization and Significant Accounting Policies (continued)

Basis of Accounting

The Service District's basic financial statements consist of the government-wide statements which include the proprietary fund (the enterprise fund) and the fund financial statements which includes the fiduciary fund (the pension trust fund). The operations of the Service District are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for the Service District's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects and unrestricted. The Service District's restricted assets are expendable for their purposes. The Service District utilizes available unrestricted assets before utilizing restricted assets. The operating statements present increases (revenues) and decreases (expenses) in net position. The Service District maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance. Operating revenues include all charges for service; other revenues include non-operating revenues. The enterprise fund is presented in the government-wide financial statements. The Service District uses the accrual basis of accounting for proprietary funds.

Fiduciary Fund Type

The fiduciary fund, the Retirement Plan for Employees of West Jefferson Medical Center (the Plan), is used to account for assets held by the Service District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Service District maintains one fiduciary fund type - the pension trust fund. The pension trust fund uses the flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included in the statement of net position. The pension trust fund is used to account for the activity of the Service District's employee retirement plan. The pension trust fund is presented in the fund financial statements. Additional information on the pension trust fund is presented in note 9.

1. Organization and Significant Accounting Policies (continued)

Operating and Non-operating Revenue

The Service District's primary purpose is to provide diversified health care services to individuals, physicians, and businesses. As such, activities related to the ongoing operations of the Service District are classified as operating revenue. Operating revenue includes amounts generated from direct patient care, related support services, earnings from joint venture investments, gains or losses from disposition of operating properties, and sundry revenue related to the operation of the Service District. Interest income from trustee-held investments is reported as a net component of interest expense. Additionally, rental income, gains and losses that are directly related to the ongoing operations of the Service District, and gifts, grants, and bequests not restricted by donors for specific purposes are reported as a component of other operating revenue. Investment income, realized and unrealized gains (losses) from board-designated investments, as well as donated assets are reported as a component of nonoperating income.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding designated cash and investments by board designation or other arrangements under trust agreements or with third-party payers. 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 Accounts Receivable

Patient accounts receivables are carried at a net amount determined by the original charge for the services provided, less an estimate made for contractual adjustments or discounts provided to third party payers, less any payments received and 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 Medical Center 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. Receivables or payables related to estimated settlements on various risk contracts that the Hospital participates in are reported as estimated third-party receivables or payables. As of December 31, 2013 and 2012, the allowance for doubtful accounts approximated \$10.9 million and \$15.5 million, respectively.

Investments

Investments are carried at fair value and all investment income, including changes in the fair value of investments is recognized in the Statements of Changes in Net Position.

1. Organization and Significant Accounting Policies (continued)

Designated Cash and Investments

Designated cash and investments include cash, cash equivalents, and investments. These assets are designated as such in the accompanying Statements of Net Position as they are held by bond trustees under related indenture agreements or designated as such by the board of directors. Amounts classified as current assets represent amounts to be used to meet certain debt service requirements and other obligations classified as current liabilities.

Inventory

Inventory, which consists primarily of drugs and supplies, is stated at the lower of cost or market. The cost for drug inventory and operating room special order supplies is determined using the first-in, first-out method. The cost for supplies is determined using the weighted-average method.

Property, Plant, and Equipment

Property, plant, and equipment is stated at cost or, if donated, at fair value at the date of receipt, if known. Depreciation is computed on the straight-line basis over estimated useful lives as follows:

Land improvements	10 years
Buildings	10-40 years
Fixed equipment	10-25 years
Major movable equipment	5-10 years
Minor equipment	3-5 years

The Service District recognizes the impairment of capital assets when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. The restoration or replacement of an impaired capital asset is reported as a separate transaction from the associated insurance recovery. The impairment loss is reported net of the associated realized or realizable insurance recovery when the recovery and loss occur in the same year. Insurance recoveries reported in subsequent years are reported as non-operating revenue.

Other Assets

Other assets consist primarily of the Service District's ownership interest in joint ventures, which are carried under the equity method.

Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The deferred charge on refunding reported on the statements of net position results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The excess of acquisition costs over net position included on the statements of net position represents the amount of consideration given in an acquisition of another entity that exceeds the net position of the entity acquired. This amount is amortized over the estimated remaining life of the capital assets required.

1. Organization and Significant Accounting Policies (continued)

Net Position

The Service District classifies net position into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These components are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt 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 this component of net position. Rather, that portion of debt is included in the same component of net position as the unspent proceeds.

Restricted - This component reports the amount of net position with externally imposed constraints placed on their use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component reports the amount of net position that does not meet the definition of either of the other two components.

Net Patient Service Revenue

Substantially all of the Service District's net patient service revenue is earned under agreements with third-party payors. Under these agreements, the Service District provides medical services to government program beneficiaries and other third-party payers, such as health maintenance organizations, at amounts different from established rates. These payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem rates. Net patient service revenue is reported at the estimated net realizable amounts billed to patients, third-party payors, and others for services rendered. The Service District's provision for bad debt is classified as a reduction to net patient service revenue.

A summary of net patient service revenue for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Gross patient service revenue	$ 953,621,977	$ 891,430,305
Less discounts, allowance, and estimated contractual adjustments under third-party reimbursement programs	669,535,831	622,393,165
Less other/Community Benefits contractual allowance	31,395,912	26,783,144
Less provision for bad debts	12,179,203	10,635,402
Net patient service revenue	$ 240,511,031	$ 231,618,594

The Service District is unable to predict the future course of federal, state, and local regulation or legislation, including Medicare and Medicaid statutes and regulations. Future changes could have a material adverse effect on the future financial results of the Service District. The percentage of total gross patient service revenue derived from services furnished to Medicare and Medicaid program beneficiaries, combined, was approximately 64% and 65% for 2013 and 2012, respectively.

1. Organization and Significant Accounting Policies (continued)

Net Patient Service Revenue (continued)

Retroactive settlements are provided for in some of the governmental health care programs outlined above, based on annual cost reports. Such settlements are estimated and recorded as amounts due to or from these programs in the accompanying financial statements. The differences between these estimates and final determination of amounts to be received or paid are based on audits by fiscal intermediaries and are reported as adjustments to net patient service revenue when such determinations are made. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. No significant differences are anticipated between the estimated settlements recorded and the final settlements expected to be determined by program representatives. No adjustments were required in 2012 and 2013. The effect of any adjustments that may be made to cost reports still subject to review will be reported in the Service District's financial position or results of operations as such determinations are made.

Compensated Absences

Employees accumulate vacation and sick leave at varying rates according to years of service. Employees become vested in accrued vacation upon completion of six months of employment. Employees do not vest in accrued sick leave. Upon termination, all unused vacation hours are paid to the employee at the employee's current rate of pay provided that the employee has successfully completed six months of employment.

Pension Trust Funds

Contributions are recognized as revenues in the period in which employee services are performed. The assets of the plan are invested in various fixed income, equity and short-term money market funds managed by a trustee. Investments are carried at fair value as reported by the Trustee. Fair values are determined by quoted market prices, as available. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Dividend income is recognized when earned. All administrative expenses of the plan are paid by the plan.

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the services employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, termination or employment) are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided from annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

1. Organization and Significant Accounting Policies (continued)

Pension Trust Funds (continued)

The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of December 31, 2013 and 2012 were (a) life expectancy of participants (1994 Unisex Pension Mortality Table with Scale AA projection to the valuation date), (b) retirement age assumptions, and (c) investment return. The 2013 and 2012 valuations included assumed average rates of return of 8.0%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount 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. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the 2012 financial statements have been reclassified to conform to the current year presentation

2. Cash and Investments

At December 31, 2013 and 2012, the Service District's cash consisted of demand deposits with bank balances of $13,689,349 and $20,376,681, respectively. The cash accounts were fully secured by federal depository insurance or collateral held by agents of the Service District in its name.

The composition of designated cash and investments at December 31, 2013 and 2012, is set forth in the following tables.

2013	Cash and Cash Equivalents	Investments	Total
Board-designated	$ 1,906,563	$ 80,039,867	$ 81,946,430
Trustee-held:			
1998 Bond Issue:			
Reserve Fund	-	10,914,956	10,914,956
Bond Fund	-	656,251	656,251
Total 1998 Bond Issue	-	11,571,207	11,571,207
2009 Bond Issue:			
Interest Account	-	257,224	257,224
Sinking Fund	-	648,750	648,750
Principal Fund	-	216,250	216,250
Total 2009 A-2 Bond Issue	-	1,122,224	1,122,224
2011 Bond Issue:			
Interest Account	-	3,063,005	3,063,005
Project Account	-	20,022,088	20,022,088
Sinking Fund	-	532,500	532,500
Principal Fund	-	1,597,500	1,597,500
Total 2011 A Bond Issue	-	25,215,093	25,215,093
Total trustee-held	-	37,908,524	37,908,524
Total carrying value (at fair value)	1,906,563	117,948,391	119,854,954
Accrued interest	-	830,112	830,112
Total	$ 1,906,563	$ 118,778,503	$ 120,685,066

2012	Cash and Cash Equivalents	Investments	Total
Board-designated	$ 230,750	$ 90,865,820	$ 91,096,570
Trustee-held:			
1998 Bond Issue:			
Reserve Fund	-	10,913,913	10,913,913
Bond Fund	-	656,251	656,251
Total 1998 Bond Issue	-	11,570,164	11,570,164
2009 Bond Issue:			
Interest Account	-	282,900	282,900
Sinking Fund	-	835,000	835,000
Total 2009 A-2 Bond Issue	-	1,117,900	1,117,900
2011 Bond Issue:			
Interest Account	-	3,084,688	3,084,688
Project Account	-	29,188,140	29,188,140
Sinking Fund	-	2,065,000	2,065,000
Total 2011 A Bond Issue	-	34,337,828	34,337,828
Total trustee-held	-	47,025,892	47,025,892
Total carrying value (at fair value)	230,750	137,891,712	138,122,462
Accrued interest	-	1,032,437	1,032,437
Total	$ 230,750	$ 138,924,149	$ 139,154,899

2. Cash and Investments (continued)

Louisiana state statutes authorize the Service District to invest in obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal offices in the state of Louisiana, guaranteed investment contracts issued by highly rated financial institutions and certain investments with qualifying mutual or trust fund institutions. During the years ended December 31, 2013 and 2012, the Service District invested primarily in securities issued by the U.S. Treasury and other federal agencies.

Credit Risk

Louisiana state statutes authorize the Service District to invest under the Prudent Man Rule. The Prudent Man Rule shall require each fiduciary acting collectively on behalf of the Service District to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent Man Rule, the Service District may invest up to 100% of its assets in U.S. Government treasury and agency bonds, up to 55% of its portfolio in municipal bonds, up to 25% of the portfolio in cash or cash equivalents, which may include commercial paper and pre-refunded municipal bonds.

Obligations of the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The following table presents each applicable rating grouped by investment type as of December 31, 2013:

By Investment Type	Fair Value	Rating
Designated assets:		
Cash deposits, held by Trustee	$ 1,906,563	Exempt from Disclosure
U.S. Government Agencies	57,222,277	Exempt from Disclosure
Municipal bonds	52,170,201	See table below for rating
Other government bonds	8,555,913	See table below for rating
Total cash and designated investment	119,854,954	
Accrued Interest	830,112	Exempt from Disclosure
Total designated assets	120,685,066	
Cash deposits, operating funds	8,751,267	Exempt from Disclosure
Total cash and investments	$ 129,436,333	

Balance Sheet by Category	Fair Value
Cash deposits, operating funds	$ 8,751,267
Designated assets:	
Trustee-held assets, under bond indenture	38,008,401
By Board for discretionary purposes	82,676,665
Total designated assets	120,685,066
Total cash and investments	$ 129,436,333

2. Cash and Investments (continued)

Following are the credit ratings of the Service District's investments in debt securities as of December 31, 2013:

Credit Rating	U.S. Government Agencies	Municipal bonds	Other Government bonds	Total
AAA/ Aaa	$ -	$ 4,002,950	$ 816,264	$ 4,819,214
AA+/ Aa1	57,222,277	8,892,466	4,005,414	70,120,157
AA/ Aa1	-	21,282,589	612,422	21,895,011
AA-/ Aa3	-	13,775,571	2,466,493	16,242,064
A+/ A1	-	1,096,060	-	1,096,060
A/ A2	-	3,120,565	655,320	3,775,885
	$ 57,222,277	$ 52,170,201	$ 8,555,913	$ 117,948,391

The following table presents each applicable rating grouped by investment type as of December 31 2012:

By Investment Type	Fair Value	Rating
Designated assets:		
Cash deposits, held by Trustee	$ 230,750	Exempt from Disclosure
U.S Government securities	17,850,844	Exempt from Disclosure
Municipal bonds	60,854,516	See table below for rating
U.S. Government Agencies	39,277,290	See table below for rating
Other Government bonds	19,909,062	See table below for rating
Total cash and designated investment	138,122,462	
Accrued Interest	1,032,437	Exempt from Disclosure
Total designated assets	139,154,899	
Cash deposits, operating funds	10,462,181	Exempt from Disclosure
Total cash and investments	$ 149,617,080	

Balance Sheet by Category	Fair Value
Cash deposits, operating funds	$ 10,462,181
Designated assets:	
Trustee-held assets, under bond indenture	47,212,899
By Board for discretionary purposes	91,942,000
Total designated assets	139,154,899
Total cash and investments	$ 149,617,080

2. Cash and Investments (continued)

Following are the credit ratings of the Service District's investments in debt securities as of December 31, 2012:

Credit Rating	U.S. Government Agencies	Municipal bonds	Other Government bonds	Total
AAA/ Aaa	$ -	$ 3,079,360	$ 3,965,891	$ 7,045,251
AA+/ Aa1	39,277,290	8,666,421	6,772,019	54,715,730
AA/ Aa1	-	27,595,052	2,598,497	30,193,549
AA-/ Aa3	-	16,404,545	5,067,368	21,471,913
A+/ A1	-	1,924,944	1,190,649	3,115,593
A/ A2	-	3,184,194	105,629	3,289,823
A-/ A3	-	-	109,009	109,009
BBB/ Baa2	-	-	100,000	100,000
	$ 39,277,290	$ 60,854,516	$ 19,909,062	$ 120,040,868

Concentration Credit Risk

Louisiana state statutes also require that all of the deposits of the Service District be protected by insurance or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by insurance. The bank balances of deposits at December 31, 2013 and 2012 were fully covered by insurance or collateral held by financial institutions in the Service District's name.

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the market value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At December 31, 2013, the Service District had no investments requiring a Concentration of Credit Risk disclosure.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Service District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Service District will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

2. 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. Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. The following table summarizes the Service District's segmented time distribution investment maturities by investment type as of December 31, 2013 and 2012.

By Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
2013				
U.S. Government Agencies	$ 57,222,277	$ 35,777,088	$ 21,445,189	$ -
Municipal bonds	52,170,201	19,729,675	23,096,678	9,343,848
Other government bonds	8,555,913	7,248,537	1,307,376	-
	$ 117,948,391	$ 62,755,300	$ 45,849,243	$ 9,343,848

By Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
2012				
U.S. Government Agencies	$ 39,277,290	$ 9,067,081	$ 30,210,209	$ -
Municipal bonds	60,854,516	7,185,236	34,044,065	19,625,215
Other Government bonds	19,909,062	13,419,223	6,489,839	-
	$ 120,040,868	$ 29,671,540	$ 70,744,113	$ 19,625,215

Pension Trust Fund

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

2. Cash and Investments (continued)

Investments at December 31, 2013 and 2012 consist of the following mutual funds which are stated at fair value.

	2013		2012	
Fixed Income:				
Federated U.S. Government Trust Institutional Fund	$ 9,220,682	*	$ 9,393,192	*
Vanguard Short-term Treasury Fund	8,046,268	*	8,012,245	*
	17,266,950		17,405,437	
Equity:				
Artisan Sm Cap Value Fund 963 Inv	-		2,357,024	
Amer Cap World Growth & Inc FD CL R5	5,670,103	*	4,527,355	*
Homestead Small Co Stock Fund	1,974,055		-	
Gabelli/Westwood Mighty Mites Fund	1,002,305		-	
Vanguard Institutional Index Fund	18,917,506	*	14,293,596	*
Vanguard Mid Cap Index Fund	9,878,774	*	7,317,860	*
	37,442,743		28,495,835	
Cash equivalents:				
Fidelity Institutional Treasury Portfolio	4,199,043	*	6,189,472	*
	4,199,043		6,189,472	
Total investments	$ 58,908,736		$ 52,090,744	

* represents investments that are 5% or more of the Plan's net assets.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising interest rates, the Retirement Plan's investment policy limits the maximum for any single fixed income security to 10 years. None of the investments of the Retirement Plan have fixed maturity dates.

Credit Risk

State statutes authorize the Retirement Plan to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). The Retirement Plan's investment policy limits the Plan's fixed income investments to treasury bills, money market funds, commercial paper, U.S. government and agency securities, corporate notes and bonds. As of December 31, 2013 and 2012, all fixed income investments were rated AAA by Moody's Investor's Services and Fitch. As of December 31, 2013 and 2012, U.S. Treasury obligations were rated AA+ by Standard & Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Retirement Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments of the Retirement Plan are held in the name of the Retirement Plan for the years ended December 31, 2013 and 2012.

2. Cash and Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Retirement Plan's investment in a single issuer. The Retirement Plan's investment policy states that the securities of any one company or government agency cannot exceed ten (10) percent of the total fund, and no more than twenty (20) percent of the total fund can be invested in any one industry. With the exception of U.S. Government securities, no fixed income issue may exceed fifteen (15) percent of the market value of the fixed income portfolio. The investments are reviewed at least quarterly to determine if the investment allocation needs to be rebalanced.

3. Property, Plant and Equipment

The following table summarizes the changes in net property, plant, and equipment for the year ended December 31:

2013	Beginning Balance	Additions	Reclassification/ Retirements	Ending Balance
Land and land improvements	$ 23,969,618	$ 254,913	$ -	$ 24,224,531
Building and fixed equipment	198,809,908	10,371,285	-	209,181,193
Equipment	235,481,967	13,536,884	(1,511,239)	247,507,612
Construction in progress	13,626,629	13,407,095	(15,351,030)	11,682,694
	471,888,122	37,570,177	(16,862,269)	492,596,030
Less accumulated depreciation	(317,923,165)	(20,638,780)	1,511,239	(337,050,706)
Property, plant, and equipment, net	$ 153,964,957	$ 16,931,397	$ (15,351,030)	$ 155,545,324

2012	Beginning Balance	Additions	Reclassification/ Retirements	Ending Balance
Land and land improvements	$ 23,896,234	$ 73,384	$ -	$ 23,969,618
Building and fixed equipment	196,956,130	1,871,445	(17,667)	198,809,908
Equipment	229,321,737	8,882,095	(2,721,865)	235,481,967
Construction in progress	8,291,353	9,463,927	(4,128,651)	13,626,629
	458,465,454	20,290,851	(6,868,183)	471,888,122
Less accumulated depreciation	(300,264,641)	(20,127,995)	2,469,471	(317,923,165)
Property, plant, and equipment, net	$ 158,200,813	$ 162,856	$ (4,398,712)	$ 153,964,957

Under the terms of the trust indentures, the Service District has a springing mortgage on substantially all of the Service District's property and equipment.

Construction in progress includes projects such as technical and property infrastructure upgrades as well as software and equipment upgrades. The Service District leases certain major movable and other non-movable equipment under operating leases, some of which are on a month-to-month basis and others which are on a longer-term basis. Refer to Note 12 for amounts relating to these leases. Rental expense for leased equipment amounted to $1,207,354 in 2013 and $1,916,104 in 2012.

4. Investments in Joint Ventures and Acquisitions

As of December 31, 2013, the Service District was a member of five (5) limited liability companies, Associated Hospital Services ("AHS"), West Jefferson MRI, LLC ("MRI"), West Jefferson CT Scan, LLC ("CT Scan"), West Jefferson Industrial Medicine, LLC ("WJIM"), and Crescent City Research Consortium, LLC ("CCRC"). West Jefferson Surgery Center ("WJSC") ceased operations on February 28, 2013 with little activity in 2012 and 2013. The investments in joint ventures are included in Other Assets on the Statements of Net Position.

AHS was organized for the purpose of providing laundry services. MRI was organized on January 23, 2001 in the State of Louisiana for the purpose of operating a free-standing magnetic resonance imaging (MRI) center in Marrero, Louisiana. Surgery Center was organized on May 26, 2000 in the State of Louisiana for the purpose of operating a free-standing ambulatory surgical care center. CT Scan was organized on September 12, 2003 in the State of Louisiana for the purpose of operating a diagnostic center offering Computerized Axial Tomography (CT) scanning. WJIM was established on September 24, 2009 for the purpose of operating a clinic specializing in pre-employment screenings and work related injuries. CCRC was organized on July 19, 2012 in the State of Louisiana for the purpose of conducting scientific research by entering into clinical research studies and therapeutic trials.

The following information is a summary of the financial statements and operations of AHS, MRI, CT Scan, WJIM, and CCRC as of and for the year ended December 31, 2013.

2013

	AHS	MRI	CT Scan	WJIM	CCRC
Current assets	$ 3,048,574	$ 639,576	$ 307,149	$ 909,206	$ 217,609
Property and equipment	3,292,270	5,031	18,367	174,927	4,852
Other assets		-	-	2,371,028	
Total assets	$ 6,340,844	$ 644,607	$ 325,516	$ 3,455,161	$ 222,461
Current liabilities	$ 139,960	$ 207,792	$ 93,236	$ 326,753	$ 44,162
Long-term liabilities	161,448	-		15,308	-
Total liabilities	301,408	207,792	93,236	342,061	44,162
Members' equity	6,039,436	436,815	232,280	3,113,100	178,299
Total liabilities and members' equity	$ 6,340,844	$ 644,607	$ 325,516	$ 3,455,161	$ 222,461
Operating revenue	$ 5,200,289	$ 3,586,865	$ 1,566,622	$ 3,953,558	$ 318,224
Net income (loss)	$ (118,117)	$ 1,579,001	$ 214,598	$ 674,141	$ 178,299

4. Investments in Ventures and Acquisitions (continued)

The following information is a summary of the financial statements and operations of AHS, MRI, Surgery Center, CT Scan, and WJIM as of and for the year ended December 31, 2012. The Surgery Center had little activity in 2012.

2012

	AHS	MRI	CT Scan	WJIM	CCRC
Current assets	$ 3,508,545	$ 674,345	$ 363,657	$ 986,199	$ 175,451
Property and equipment	3,745,842	12,195	32,750	238,583	6,238
Other assets	-	-	-	2,371,328	-
Total assets	$ 7,254,387	$ 686,540	$ 396,407	$ 3,596,110	$ 181,689
Current liabilities	$ 295,414	$ 223,826	$ 79,206	$ 362,883	$ 85,668
Long-term liabilities	969,273	-	9,385	134,268	-
Total liabilities	1,264,687	223,826	88,591	497,151	85,668
Members' equity	5,989,700	462,714	307,816	3,098,959	96,021
Total liabilities and members' equity	$ 7,254,387	$ 686,540	$ 396,407	$ 3,596,110	$ 181,689
Operating revenue	$ 5,477,075	$ 3,936,338	$ 1,755,259	$ 4,059,972	$ 187,805
Net income (loss)	$ (31,190)	$ 1,534,521	$ 135,790	$ 452,634	$ 96,021

On December 31, 2012, the Service District entered into agreements to purchase the assets of the Heart Clinic of Louisiana Diagnostic Services for $3.8 million and the Heart Clinic of Louisiana for $1.7 million. The closing date of the agreements is December 31, 2012, and the effective date is January 1, 2013. The total purchase price of $5.5 million is included in Other Assets and the unpaid balance of $1.2 million is included in Accrued Expenses on the Statements of Net Position at December 31, 2012. In 2013, $865,000 of the total purchase price was determined to be the value of tangible assets acquired and the remaining balance $4,635,000 was classified as deferred outflows of resources and is being amortized over ten years.

5. Risk Management

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

5. Risk Management (continued)

The Service District maintains a funded self-insurance program against medical malpractice claims and purchased excess general and auto liability coverage up to $10,000,000 with a $2,000,000 self-insured retention; this excess liability policy includes professional liability (medical malpractice) as of April 1, 2008. The Service District is involved in litigation arising in the ordinary course of business. Claims alleging malpractice liability have been asserted against the Service District and are currently in various states of litigation. The Service District has accrued approximately $3,769,000 and $4,011,000 at December 31, 2013 and 2012, respectively, for the estimated loss and litigation expenses related to medical malpractice, general, and auto liability claims. The discount rate used to determine the present value of the accrual was 4.0%. Claims have been filed alleging damages in excess of the amount accrued for estimated malpractice costs. It is the opinion of management that estimated malpractice costs accrued are adequate to provide for probable losses resulting from pending or threatened litigation. Additional claims may be asserted against the Service District arising from services provided to patients through December 31, 2013. The Service District is unable to determine the ultimate cost of the resolution of such potential claims; however, an accrual has been made based on estimates for these claims.

The Service District is self-insured for workers' compensation up to $500,000 per claim and is self-insured for employee group health insurance claims. The Service District purchased commercial insurance that provides coverage for workers' compensation claims in excess of the self-insured limits. A liability is recorded when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities for claims incurred are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

At December 31, 2013, claims liabilities are included in accrued expenses and other long-term liabilities in the amounts of $4,455,428 and $3,769,191, respectively, on the Statements of Net Position. At December 31, 2012, claims liabilities are included in accrued expenses and other long-term liabilities in the amounts of $5,575,686 and $4,010,948, respectively, on the Statements of Net Position. The following table summarizes the changes in the Service District's aggregate claims liability for medical malpractice, workers' compensation, and health insurance.

Year Ended December 31	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Payments	Balance at Fiscal Year End
2013	$9,586,634	$11,890,568	$13,252,583	$8,224,619
2012	$9,961,472	$10,911,329	$11,286,167	$9,586,634

6. Long-Term Debt

Long-term debt consisted of the following as of December 31:

	2013	2012
Hospital Revenue Bonds (Series 1998B); fixed interest rate of 5.25% due in installments beginning in 2022 through 2028	$ 25,000,000	$ 25,000,000
Hospital Revenue Bonds (Series 2009A-2); fixed interest rate of 6.15% due in installments beginning in 2010 through 2019; partially defeased in 2011	8,365,000	9,200,000
Hospital Revenue Refunding Bonds (Series 2011A); fixed interest rates ranging from 1.95% to 6.0% due in installments beginning in 2012 through 2039	113,365,000	115,430,000
Bonds subtotal	146,730,000	149,630,000
Premium on bonds payable	373,529	388,470
Total	147,103,529	150,018,470
Less current maturities	(2,995,000)	(2,900,000)
Long-term debt, less current maturities	$ 144,108,529	$ 147,118,470

The changes in long-term debt were as follows:

	2013	2012
Balance, beginning of year	$ 149,630,000	$ 154,185,000
Payments	(2,900,000)	(4,555,000)
Balance, end of year	$ 146,730,000	$ 149,630,000

6. Long-Term Debt (continued)

The debt service requirements at December 31, 2013, were as follows:

	Principal	Interest	Total
2014	$ 2,995,000	$ 7,901,864	$ 10,896,864
2015	3,125,000	7,771,558	10,896,558
2016	3,250,000	7,646,033	10,896,033
2017	3,375,000	7,520,764	10,895,764
2018	3,540,000	7,356,915	10,896,915
2019-2023	20,375,000	34,110,249	54,485,249
2024-2028	26,340,000	28,146,113	54,486,113
2029-2033	34,495,000	19,989,275	54,484,275
2034-2038	46,335,000	8,153,248	54,488,248
2039	2,900,000	87,000	2,987,000
Total long-term debt	$ 146,730,000	$ 128,683,019	$ 275,413,019

Series 1998B Bonds

In September 1998, the Medical Center issued of $86,310,000 of Hospital Revenue Bonds (Series 1998) consisting of $41,310,000 Fixed Rate Hospital Revenue bonds, Series 1998A, and $25,000,000 Variable Rate Hospital Revenue Bonds, Series 1998B, to provide funds to (1) reimburse the Medical Center for certain capital expenditures previously incurred by the Medical Center, (2) finance the acquisitions, construction improvements, renovations, and expansions of the Medical Center and furniture, fixtures, and equipment, (3) finance the costs associated with the acquisition and construction of an outpatient surgical and diagnostic facility, and (4) finance the cost of acquisition and construction of a family medicine facility. In October 2011, the entire amount outstanding of $25,040,000 on the 1998A series was refunded. The Series 1998B Bonds, which had a variable rate of interest, were remarketed as fixed rate bonds in 2009 at a rate of 5.25% and are due in varying installments through 2028.

Series 2009A-2 Bonds

In October 2009 the Service District issued Fixed Rate Hospital Revenue Refunding Bonds Series 2009A-1 ($5,355,000) and Series 2009A-2 ($14,920,000). The bonds, subsequent to the calling of the 2004B bonds, were secured by a pledge of revenues on a parity with the Series 1998A, Series 1998B, and Series 2008B bonds and other outstanding parity obligations. In October 2011, the entire amount outstanding of $3,690,000 on the Series 2009A-1 was defeased, and the Series 2009A-2 bonds were partially defeased in the amount of $3,725,000. These bonds were defeased using cash from the Medical Center; no proceeds from the 2011 bond series were used in this defeasance. The Series 2009A-2 bonds are payable in installments beginning in 2010 through 2019 at a fixed interest rate of 6.15%.

6. Long-Term Debt (continued)

Series 2011A Bonds

In October 2011, the Medical Center completed the issuance of $119,155,000 of Hospital Revenue Refunding Bonds (Series 2011A) to refund the 1998A issue and defease the 2008B-1 and 2008B-2 issues. The 2011A bonds have fixed rates of interest ranging from 1.95% to 6.00% with installments due from 2012 to 2039. The remaining bond proceeds will be used to finance the acquisitions, construction improvements, renovations, and expansions of the Medical Center and furniture, fixtures, and equipment. As part of the debt restructuring in October 2011, part of the proceeds from the 2011A bond issue were used to defease the entire amount outstanding of $16,795,000 and $35,000,000 on the 2008B-1 and 2008B-2, respectively, resulting in a deferred loss of $1,703,537 and $2,657,883, respectively. The unamortized balance of the deferred charge as of December 31, 2013 and 2012 is $3,942,542 and $4,351,043, respectively.

Defeased Bonds

The Series 2009A-2 bonds were partially defeased in 2011. A portion of the proceeds from a subsequent bond issuance was deposited with an escrow trustee. The principal and interest income from these invested funds will be used to service the debt of the refunded issue. Neither the escrow fund nor the defeased portion of the Series 2009A-2 bonds payable are shown in the accompanying Statements of Net Position. The outstanding balance of the defeased Series 2009A-2 bonds was $3,725,000 at December 31, 2013 and 2012. This balance will be paid in full on January 1, 2016.

7. Community Benefits (Unaudited)

Services provided to the indigent and benefits provided to the broader community by the Medical Center are summarized below for the years ended December 31:

	2013	2012
Benefits for the indigent and uninsured:		
Traditional charity care and uninsured	$ 31,395,912	$ 26,783,144
Benefits for the broader community:		
Unpaid costs of Medicare and Medicaid programs	42,568,399	26,684,702
Other community benefits	1,816,740	1,578,428
Total quantifiable benefits for the broader community	$ 75,781,051	$ 55,046,274

Benefits for the indigent include services provided to persons who cannot afford health care because of inadequate resources or who are uninsured.

Benefits for the broader community include the unpaid cost of treating Medicare and Medicaid programs and other community benefits.

The unpaid cost of Medicare and Medicaid programs is cost incurred by the Medical Center in excess of the government payments. This number continues to grow as the cost incurred increases and the reimbursement decreases. As part of the Budget Control Act, Medicare has reduced all payments to providers by 2% effective with all discharges on or after April 1, 2013. Unless action is taken, this reduced reimbursement will be in place until the year 2022.

7. Community Benefits (Unaudited) (continued)

Other community benefits services provided to other needy populations that require special services and support. Examples include the cost of health promotion and education, community outreach for the elderly and at-risk populations, health clinics and screenings, and health care for the Parish correctional center, all of which, in management's opinion, benefit the broader community.

West Jefferson Medical Center over the past year participated in a collaborative region-wide community health needs assessment (CHNA) with several other healthcare providers, The study was conducted by Tripp Umbach to identify specific regional community health needs. In turn, the Medical Center is working with Tripp Umbach to drill down specific community health needs in its service area. The regional process has connected our participating hospitals with a wide range of public and private organizations, including educational institutions, health-related professionals, local government officials, human service organizations and other community-based groups to evaluate health and social needs and to identify an inventory of community and other resources. Focus groups with patients and stakeholders have been an important component of the process to date as well as an in-depth review of primary and secondary data for the region. Following the current work to more specifically study our hospital's service area, the needs assessment process will culminate in our CHNA hospital report and action plan to be introduced by year's end.

8. Governmental Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes, and regulations by health care providers in recent years. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Service District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. However, assessment of our 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.

Legislation and regulation at all levels of government have affected and are likely to continue to affect the operation of the Service District. Federal health care reform legislation proposals debated in Congress in recent years have included significant reductions in Medicare and Medicaid program reimbursement to hospitals and the promotion of a restructured delivery and payment system focusing on competition among providers based on price and quality, managed care, and steep discounting or capitated payment arrangements with many, if not all, of the Service District's principal payers. It is not possible at this time to determine the impact on the Service District of government plans to reduce Medicare and Medicaid spending, government implementation of national and state health care reform, or market-initiated delivery system and/or payment methodology changes. However, such changes could have an adverse impact on operating results, cash flows, and estimated debt service coverage of the Service District in future years.

9. Employee Benefits

The Retirement Plan for Employees of West Jefferson Medical Center

West Jefferson Medical Center operates under the jurisdiction of the Parish Council of Jefferson Parish, Louisiana (the "Parish") as Jefferson Parish Hospital Service District No. 1. A Louisiana Attorney General opinion empowers hospital service districts to create pension plans for officers and employees and to fund the plan with district funds.

The Retirement Plan for Employees of West Jefferson Medical Center (the "Plan") is a single-employer, non-contributory, defined public employee retirement system (PERS). The Plan covers certain employees of West Jefferson Medical Center (the Employer) who met certain length of service requirements through December 31, 2005 and is funded through employer contributions and investment earnings. The Plan issues a publicly available report that includes financial statements and supplementary information for the Plan. The report may be obtained by contacting the Plan's administration at (504) 349-1100.

Plan Description

The Medical Center contributes to the Retirement Plan for Employees of West Jefferson Medical Center (the Plan). No new entrants were allowed to participate in the plan after December 31, 2005. As a governmental entity, the Plan provides disclosures required by the Governmental Accounting Standards Board (GASB).

The Medical Center's total payroll for all employees and the total covered payroll for the year ended December 31, 2013, amounted to $96,844,643 and $28,416,747, respectively and $91,986,225 and $31,237,839, respectively, for the year ended December 31, 2012. Covered payroll refers to all compensation paid by the Medical Center to active employees covered by the Plan on which contributions to the Plan are based.

At December 31, the Plan's membership consisted of:

	2013	2012
Active Employees	489	546
Retirees and beneficiaries currently receiving benefits	883	860
Terminated employees entitled to but not yet receiving benefits	626	605
Total plan membership	1,998	2,011

Eligibility Requirements

An employee was eligible to participate in the Plan as of the date they have completed one year of service of 1,000 hours or more and attained the age of 21. No new entrants are allowed to participate in the Plan after December 31, 2005.

9. Employee Benefits (Continued)

Benefits Retirement

The Plan provides retirement benefits as well as death and disability benefits. Prior to July 1, 2002, all benefits were fully vested after 10 years of credited service. Effective July 1, 2002, all employees become fully vested after 5 years of credited service. The basic annual retirement benefit at age 65 is a benefit payable for life in an amount equal to the number of years of credited service up to 30 years, multiplied by the sum (1) 1.2 percent of final average monthly compensation (2) 0.65 percent of final average monthly compensation in excess of "covered" compensation," which is defined as the average of the Social Security Taxable Wage Base for the 35-year period ending in the year in which social security normal retirement age is attained. Final average monthly compensation is defined as the monthly compensation of a participant averaged over the 5 consecutive calendar years which produces the highest monthly average within the last 10 calendar years preceding the earlier of retirement or termination of employment. Employees with 10 years of credited service may elect to receive a reduced benefit beginning at age 55.

Deferred and Disability Benefits

A Plan member leaving employment after 10 years of credited service but before attaining retirement age or who ceases active employment because of total and permanent disability after 10 years of credited service but before attaining retirement age is eligible for deferred benefits or may elect to receive reduced benefits beginning on the early retirement date.

Survivor Benefits

The survivor benefit provided under the Plan is a death benefit for a vested participant in the form of survivor annuity. Such annuity payments are generally equal to 50 percent of the amount which would be payable to the participant if he or she had survived and elected to commence receiving a retirement income at the earliest date allowed under the Plan.

Contributions

The employer is required to contribute amounts necessary to provide the benefits under the Plan determined by the application of accepted actuarial methods and assumptions.

Plan Termination

The Medical Center has the right under the Plan to discontinue its contributions at anytime and to terminate the Plan. See further discussion below under "Plan Amendment."

9. Employee Benefits (continued)

Contributions Required and Contributions Made

The funding policy of the Plan for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. The actuarial funding method used to determine the normal cost and the unfunded actuarial accrued liability, amortized over 30 years, for purposes of determining contribution requirements is the entry age normal cost method. The significant actuarial assumptions underlying the actuarial method used to compute the contribution requirement are the same as those used to compute the pension benefit obligation.

The actuarially determined contribution requirement for 2013, accrued by the Plan, is $3,457,582. The actual contribution paid by the employer during 2013 relating to the 2012 contribution requirement was $3,444,681. The 2013 contribution requirement consists of (a) $441,254 normal cost, (b) $2,760,211 amortization of the unfunded actuarial accrued liability and (c) $256,117 net interest cost.

The actuarially determined contribution requirement for 2012, accrued by the Plan, is $3,444,681. The actual contribution paid by the employer during 2012 relating to the 2011 contribution requirement was $3,219,414. The 2012 contribution requirement consists of (a) $581,210 normal cost, (b) $2,608,309 amortization of the unfunded actuarial accrued liability and (c) $255,162 net interest cost.

Funding Status

The amount shown below as pension benefit obligation, determined as part of an actuarial valuation as of January 1, 2013, represents a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Plan's funding status on a going-concern basis to assess progress made in accumulating sufficient assets to pay benefits.

The following is a summary for the changes in the actuarial present value of accumulated plan benefits for the years ended December 31:

	2013	2012
Annual pension cost and net pension obligation:		
Annual required contribution	$ 3,457,582	$ 3,444,681
Contribution made (related to prior year obligations)	(3,444,681)	(3,219,414)
Increase in net pension obligation	12,901	225,267
Net pension obligation, beginning of year	3,444,681	3,219,414
Net pension obligation, end of year	$ 3,457,582	$ 3,444,681

Significant actuarial assumptions used in the valuation include a rate of return on the investment of present and future assets of 8% per year, compounded annually, and projected salary increases based on merit of 2.5% per year compounded annually.

9. Employee Benefits (continued)

Funding Status (continued)

The funded ratio of the unfunded actuarial accrued liability to covered payroll is as follows:

	2013	2012
Unfunded actuarial accrued liability (UAAL)	35,852,014	33,559,771
Covered payroll	28,416,747	31,237,839
UAAL as a percent of payroll	126.2%	107.4%

Changes in Accumulated Plan Benefits

The following is a summary of the changes in the actuarial present value of accumulated plan benefits for the years ended December 31:

	2013	2012
Actuarial present value of accumulated plan benefits at beginning of year	$88,248,227	$ 83,151,038
Increase (decrease) attributable to:		
Assumed interest from beginning of year	6,852,141	6,454,642
Benefits accumulated, including actuarial gains/losses	2,320,784	2,382,108
Benefits paid	(5,294,790)	(5,032,845)
Change in assumptions	-	1,293,284
Net increase	3,878,135	5,097,189
Actuarial present value of accumulated plan benefits at end of year	$92,126,362	$ 88,248,227

Trend Information

Historical trend information as of January 1 is presented below to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2013	$3,457,582	100%	$3,457,582
December 31, 2012	$3,444,681	100%	$3,444,681
December 31, 2011	$3,219,414	100%	$3,219,414

The audited financial statements of the Plan include certain required supplementary information related to net actuarial value of assets and accrued liabilities, funded ratios, and annual covered payroll.

9. Employee Benefits (continued)

Tax Qualification

The Plan is a tax qualified plan under IRS Code Section 401(a).

Change in Actuarial Assumptions

The actuarial present value of accumulated plan benefits is determined by an independent actuary and represents the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Effective with the actuarial valuation as of January 1, 2013 for plan year 2013, the mortality assumption was changed from the 1994 Unisex Pension Mortality Table to the 1994 Unisex Pension Mortality Table with Scale AA projection to the valuation date. The change in the life expectancy of participants increased the actuarial accrued liability by $2,774,867. Additionally, the salary increase assumption was lowered from 3.0% to 2.5% per annum and disability and retirement rates were updated. The net effect of these changes resulted in a $265,007 decrease in the actuarial accrued liability.

Plan Amendments

In 2005, the Medical Center adopted a change to the Plan that amends the Plan effective January 1, 2006. The change freezes participation after December 31, 2005 (no new participants) and offer active participants as of January 1, 2006 a one-time irrevocable election to either (1) freeze their benefits under the Plan as of December 31, 2005, with no future accruals but with enhanced benefits available under a new 403(b) Defined Contribution Plan (the "new Defined Contribution Plan"), or (2) continue further accruals under the Plan after December 31, 2005, but without the enhanced benefits otherwise available under the new Defined Contribution Plan (see below).

In 2007, the Medical Center adopted an amendment to the Defined Benefit Plan effective November 1, 2007. The change provides enhanced retirement benefits to eligible participants electing retirement under the Voluntary Retirement Incentive Program (VRIP) by December 17, 2007. Participants age 55 or older with at least 20 years of credited service by December 31, 2007 were granted the most favorable combination of 10 total additional years of age and service (with a forty year service cap) if they retired under the VRIP with an approved retirement date ranging from January 1, 2008 to April 1, 2008. Over 50% of eligible employees elected to accept the enhanced retirement benefits under the VRIP.

9. Employee Benefits (continued)

Other Benefits

The Medical Center provides a supplemental executive retirement plan (SERP) as well as a contributory flexible benefit plan to certain key employees. The Medical Center's contribution to these plans in 2013 was $287,000 and for 2012 was $264,000. Net assets and liabilities associated with the plans were $1,229,968 and $930,558 at December 31, 2013 and 2012, respectively, and are included in noncurrent assets and noncurrent liabilities in the accompanying combined financial statements.

Defined Contribution 403(b) Plan

All new employees after December 31, 2005 and any employees who elected out of the Plan (see above) are eligible to join the Medical Center's Defined Contribution 403(b) Plan. Employer contributions to the 403(b) plan totaled $1,665,113 and $1,544,401 for the years ended, December 31, 2013 and 2012, respectively. New employees are immediately eligible to make pre-tax contributions to the plan and receive employer matching contributions. To receive the employer annual non-discretionary contribution based on years of service, employees must complete at least 12 months of service and 1,000 hours by December 31st of the current plan year and must have contributed at least 2% of their compensation unless grandfathered in. The Plan issues a publicly available report that includes financial statements and supplementary information for the Plan. The report may be obtained by contacting the Plan's administration at (504) 349-1100.

10. Commitment

In 2010, a contract was executed between the Medical Center and Cerner Corporation in the amount of $16,975,000 for the purchase, design, implementation, and maintenance of an Electronic Health Record. An initial payment of $1.7 million was made upon execution of the contract. The payment terms require quarterly payments of approximately $1 million which began in July 2011 and will continue until April 2015. The contract includes total payments of $9,490,329 and $7,484,671 for capital and annual operating costs, respectively, from 2010 through 2015.

11. Concentrations of Credit Risk

The Service District grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables due from patients and third-party payers was as follows:

	December 31	
	2013	2012
Medicare	47 %	46 %
Medicaid	10 %	12 %
Managed care	26 %	26 %
Other	9 %	6 %
Self-pay	8 %	10 %
	100 %	100 %

12. Operating Leases

The Service District has entered into several long-term operating leases. The future commitments resulting from these leases are as follows:

2014	$ 428,814
2015	156,666
2016	156,666
2017	141,389
2018	93,333
	$ 976,868

The Service District leases space at its facilities under long-term operating lease agreements. The following is a schedule of minimum future rental income on noncancelable operating leases as of December 31, 2013:

2014	$ 4,082,364
2015	2,883,738
2016	2,414,791
2017	980,917
2018	85,216
Thereafter	62,862
	$ 10,509,888

13. Related Parties

The Service District paid no amounts to members of its board of directors for compensation or per diem in 2013 and 2012. Board members are provided health insurance benefits under the Medical Center's health insurance plan.

The Service District owns 50% of Associated Hospital Services (AHS), a laundry service. In 2013 and 2012, the Service District purchased services of $1,152,168 and $932,000, respectively, from AHS. As of December 31, 2013 and 2012, the Service District had accounts payable to AHS of approximately $110,520 and $352,920, respectively.

At December 31, 2013 and 2012, $53,175 and $99,652, respectively was owed from West Jefferson Industrial Medicine, LLC (WJIM), a joint venture investment of the Service District, for a loan made to WJIM during 2009.

At December 31, 2013 and 2012, $18,457 and $11,148, respectively was owed from West Jefferson CT Scan, LLC and $4,160 and $4,365 was owed from West Jefferson MRI, LLC, respectively.

Crescent City Research Consortium, LLC (CCRC) was organized on July 19, 2012. At December 31, 2013 and 2012, $42,702 and $85,024, respectively, was owed from CCRC.

14. Change in Accounting Principles

The Service District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets.

The Service District implemented this statement effective January 1, 2012. The impact is as follows:

Previously reported net position as of January 1, 2012	$ 185,424,932
Adjustment to as a result of the implementation of GASB Statement No. 65	(7,494,227)
Net position as of January 1, 2012, as restated	$ 177,930,705
Previously reported change in net position for the year ended December 31, 2012	$ (131,908)
Adjustment as a result of the implementation of GASB Statement No. 65	380,779
Change in net position for the year ended December 31, 2012, as restated	$ 248,871

The GASB issued Statement No. 66, *Technical Corrections - 2012* in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, Codification of *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the Service District with the implementation of this statement.

The GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* in January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement is effective for fiscal years beginning after December 31, 2014 with earlier implementation encouraged. The Service District implemented Statement No. 69 in 2013.

15. New Pronouncements

The GASB issued Statement No. 67, Financial Reporting for Pension Plans in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental 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 Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* in June 2012. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement--determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Management of the Service District is currently assessing the impact of these new pronouncements on the financial statements.

16. Partnership

The Jefferson Parish Hospital and Health Service District, comprised of West Jefferson Medical Center and East Jefferson General Hospital, solicited proposals from interested parties with the goal of creating a system partnership. The evaluation process resulted in the top three potential partners. The decision on the partner will be made by the Service District's governing authority.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
RETIREMENT PLAN FOR EMPLOYEES OF
WEST JEFFERSON MEDICAL CENTER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
December 31, 2004 through 2013

Year		Annual Required Contribution	Percentage Contributed
2013	$	3,457,582	100%
2012	$	3,444,681	100%
2011	$	3,219,414	100%
2010	$	3,050,861	100%
2009	$	2,741,401	100%
2008	$	2,333,775	100%
2007	$	1,864,390	100%
2006	$	2,123,511	100%
2005	$	2,739,608	100%
2004	$	2,483,379	100%

SCHEDULE OF FUNDING PROGRESS
December 31, 2003 through 2012

(1) Actuarial Valuation Date		(2) Actuarial Value of Assets (AVA)		(3) Actuarial Accrued Liability (AAL)		(4) Actuarial Accrued (Prefunded) Liability (UAAL) (3)-(2)	(5) Funded Ratio (2)/(3)		(6) Annual Covered Payroll	(7) UAAL as a Percent of Payroll (4)/(6)
01/01/14	$	61,110,837	$	96,962,851	$	35,852,014	63.0%	$	28,416,747	126.2%
01/01/13	$	60,258,247 [1]	$	93,818,018 [2]	$	33,559,771	64.2%	$	31,237,839	107.4%
01/01/12	$	56,789,829	$	88,502,706	$	31,712,877	64.2%	$	33,928,713	93.5%
01/01/11	$	56,995,804	$	85,326,656	$	28,330,852	66.8%	$	37,334,047	75.9%
01/01/10	$	56,706,209	$	82,308,007	$	25,601,798	68.9%	$	40,586,511	63.1%
01/01/09	$	55,077,129	$	76,327,335	$	21,250,206	72.2%	$	44,147,514	48.1%
01/01/08	$	57,248,337	$	73,017,274	$	15,768,937	78.4%	$	49,734,574	31.7%
01/01/07	$	54,358,247	$	62,644,610	$	8,286,363	86.8%	$	58,108,577	14.3%
01/01/06	$	45,636,913	$	57,977,462	$	12,340,549	78.7%	$	61,076,105	20.2%
01/01/05	$	43,037,997	$	56,595,243	$	13,557,246	76.0%	$	62,387,862	21.7%

[1] Effective with the January 1, 2013 actuarial valuation, the actuarial value of assets recognizes the difference between expected and actual total investment return over 7 years.

[2] Reflects increase in Actuarial Accrued Liability of $2,774,867 due to the change in mortality assumption (from UP-94 to UP-94 with Scale AA projection to 2013). Additionally, the salary increase assumption was lowered from 3.0% to 2.5% per annum and disability and retirement rates were updated. The net effect of these changes resulted in a $265,007 decrease in the AAL.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the preceding required supplementary scheduled was determined as part of the actuarial valuations dates indicated. Additional information as of the latest valuation follows:

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	7-Year Smoothing
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	2.50%
Cost of living adjustment	None

See independent auditors' report.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

SINGLE AUDIT REPORTS

DECEMBER 31, 2013

P&N Postlethwaite & Netterville
A Professional Accounting Corporation
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JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

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

The Board of Directors
Jefferson Parish Hospital Service District No. 1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Jefferson Parish Hospital Service District No. 1 (the Service District) as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the Service District's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Service District'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 Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Service District'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.

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One Galleria Blvd., Suite 2100 • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Service District'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.

Postlethwaite & Netterville

Metairie, Louisiana
March 31, 2014

P&N

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Board of Directors
Jefferson Parish Hospital Service District No. 1

Report on Compliance for the Major Federal Program

We have audited the compliance of Jefferson Parish Hospital Service District No. 1 (the Service District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Service District's major federal programs for the year ended December 31, 2013. The Service District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Service District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Service District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Each Major Federal Program

In our opinion, the Service District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2013.

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Report on Internal Control Over Compliance

Management of the Service District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Service District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Service District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Service District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Service District's basic financial statements. We issued our report thereon dated March 31, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
March 31, 2014

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

Federal Grantor/Program Title	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Passed through program from:		
Jefferson Parish, Louisiana		
Community Development Block Grant	14.228	$ 133,043
U.S. Department of Health and Human Services		
Passed through program from:		
American Association of Diabetes Educators		
Chronic Disease Innovation Grant	93.739	13,000
Louisiana Hospital Association		
Hospital Preparedness Program	93.889	30,997
U.S. Department of Homeland Security		
Passed through program from:		
Louisiana Office of Homeland Security and Emergency Preparedness		
Disaster Assistance Grant	97.036	316,668
Jefferson Parish, Louisiana		
Metropolitan Medical Response System Homeland Security Grant Program	97.067	166,236
Total Federal Expenditures		$ 659,944

See accompanying notes to the Schedule of Expenditures of Federal Awards.

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of Jefferson Parish Hospital Service District No. 1 (the Service District). The Service District's reporting entity is defined in note 1 to the financial statements for the year ended December 31, 2013. All federal awards received from federal agencies are included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Service District's financial statements for the year ended December 31, 2013.

(3) Relationship to Financial Statements

Federal awards are included in the basic financial statements of the Agency as follows:

Grants for the acquisition of property plant and equipment	$	362,214
Other revenues		13,000
Amount for which the Service District in negotiations with the federal government and amount of reimbursement is uncertain		284,730
Total federal expenditures	$	659,944

JEFFERSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2013

(1) Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted:	no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	none reported
Type of auditor's report issued on compliance for major programs:	unmodified
Any audit findings which are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of major programs:

U.S. Department of Homeland Security – Disaster Assistance Grant (CFDA 97.036)
U.S. Department of Housing and Urban Development – Community Development Block Grant (CFDA 14.228)

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as a low-risk auditee?	no

(2) Findings Relating to the Basic Financial Statements Reported in Accordance with Government Auditing Standards:

None

(3) Findings and Questioned Costs Relating to Federal Awards

None