West Tennessee Healthcare Pension Plan

Audited Financial Statements and Required Supplementary Information

Year Ended December 31, 2014

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

The Board of Trustees
West Tennessee Healthcare Pension Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the West Tennessee Healthcare Pension Plan (the "Plan"), as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2014, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DIXON HUGHES GOODMAN LLP

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4, as well as the schedules of changes in net pension liability and related ratios, contributions, and annual money-weighted rate of return on pension plan investments on pages 14 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), which 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 January 18, 2016, on our consideration of the Plan'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 Plan's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Memphis, Tennessee
January 18, 2016

This section of the financial statements of the West Tennessee Healthcare (the "Company") Pension Plan (the "Plan") presents management's analysis of the Plan's financial performance. This analysis provides an overview of the Plan's financial activities and funding conditions for the year ended December 31, 2014.

Financial Highlights

The Plan's net results from operations for the year ended 2014 reflected the following financial activities:

- Total fiduciary net position is $201,258,017.
- Total contributions were $16,965,571.
- Total interest and dividend earnings were $7,987,432.
- Net investment income was $7,708,201.
- Total pension benefit payments were $21,588,638.

Overview of the Financial Statements

The financial statements consist of four parts: management's discussion and analysis, the basic financial statements, notes to the financial statements and other required supplemental information. The financial statements provide both long-term and short-term information about the Plan'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 statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and (depreciation) appreciation of assets is recognized in the Statement of Changes in Fiduciary Net Position. All assets and liabilities associated with the operation of the Plan are included in the Statement of Fiduciary Net Position.

Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position reports the Plan's fiduciary net position, which is the difference between the Plan's assets and any related liabilities. It is one measurement of the financial health or current position of the Plan.

The following condensed Statement of Fiduciary Net Position is a snapshot of account balances at year end. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting fiduciary net position, or assets minus liabilities, represents the value of assets held in trust for pension benefits.

Investments, at fair value	$ 200,513,128
Receivables	774,478
Total assets	201,287,606
Total liabilities	29,589
Net position	$ 201,258,017

The Company's funding requirements and total pension liability for the Plan are estimated by an actuary. It is important to remember that Plan funding is based on a long-term perspective and that temporary ups and downs in the market are to be expected.

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position presents the effect of pension fund transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the Plan equal net increase in fiduciary net position. The Plan's funding objective is to meet long-term obligations and fund all pension benefits.

- Revenues (additions to the fiduciary net position) for the Plan were $24,673,772, which was made up of employer contributions of $16,965,571 plus net investment income of $7,708,201.
- Expenses (deductions from the fiduciary net position) were $21,588,638 in 2014, which were made up of benefits paid to participants.

Employer contributions	$ 16,965,571
Net investment income	7,708,201
Total additions	24,673,772
Benefits paid to participants	21,588,638
Net increase	3,085,134
Net position – beginning	198,172,883
Net position – ending	$ 201,258,017

Investment Strategy

The table below indicates the asset classes, target allocation percentages and long-term expected real rates of return for the Plan's investment portfolio.

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return
Domestic equity securities	67%	7.1 - 8.5%
Fixed income securities	24%	2.7 - 4.2%
Real estate and other	8%	5.0 - 8.0%
Cash equivalents	1%	3.1%
	100%	

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought or sold.

The Company recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's financial condition enables the Company to adopt a long-term investment perspective.

Contacting the Plan's Financial Management

This analysis is designed to provide the Board of Trustees and plan participants with an overview of the Plan's finances. If you have any questions regarding this report or you need additional financial information, please contact the Internal Audit Department of West Tennessee Healthcare at 620 Skyline Drive, Jackson, Tennessee 38301.

West Tennessee Healthcare Pension Plan
Statement of Fiduciary Net Position
December 31, 2014

	2014
ASSETS	
Investments:	
Money market funds	$ 1,146,618
U.S. treasury obligations	758,420
U.S. government agencies	1,147,459
Corporate and foreign bonds	6,531,462
Municipal obligations	1,288,322
Mortgage obligations	6,629,692
Asset-backed securities	1,727,883
Common stocks	7,987,336
Equity mutual funds	107,415,698
Fixed income mutual funds	24,816,461
Common and collective funds	12,445,222
Global equity fund	11,926,663
Real estate mortgage fund	16,691,892
Total investments	200,513,128
Investment income receivable	774,478
Total assets	201,287,606
LIABILITIES	
Administrative expenses payable	29,589
NET POSITION	
Restricted for pensions	$ 201,258,017

See accompanying notes.

West Tennessee Healthcare Pension Plan
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2014

	2014
ADDITIONS	
Employer contributions	$ 16,965,571
Investment income:	
Net appreciation in fair value of investments	319,777
Interest and dividends	7,987,432
Less investment expense	(599,008)
Net investment income	7,708,201
Total additions	24,673,772
DEDUCTIONS	
Benefits paid to participants	21,588,638
Change in net position	3,085,134
NET POSITION	
Beginning of year	198,172,883
End of year	$ 201,258,017

See accompanying notes.

1. Plan Description

The West Tennessee Healthcare Pension Plan (the "Plan") is a single-employer defined benefit pension plan administered by the Board of Trustees of the Jackson-Madison County General Hospital District, doing business as West Tennessee Healthcare (the "Company"). All employees of the Company or any of its participating subsidiaries or affiliates hired before October 1, 2005, and all non-physician employees hired prior to June 30, 2010, are covered on the fifth anniversary of their date of hire after they have completed a minimum of 1,000 - 1,800 hours of employment per year, as defined by the Plan document. The Plan was discontinued for employees hired after June 30, 2010. The Plan provides retirement, termination, disability, and death benefits to plan members and beneficiaries.

Normal retirement benefits for employees hired prior to October 1, 2005, are calculated as one-twelfth of 1.2% of the employee's highest consecutive 5-year average salary, plus .65% of average compensation in excess of covered compensation, as defined, for each year of credited service up to a maximum of 30 years. Normal retirement benefits for employees hired after October 1, 2005, are calculated as one-twelfth of the sum of (1), (2), and (3) as defined below:

1) 0.5% of the employee's average compensation multiplied by years of credited service, as defined, up to 10 years.
2) 1% of the employee's average compensation, multiplied by years of credited service, as defined, in excess of 10 years, but not over 20 years.
3) 1.5% of the employee's average compensation multiplied by years of credited service, as defined, in excess of 20 years, but not exceeding 30 years.

Employees initially hired or acquired prior to October 1, 2005, are eligible to retire at the first of the month coincident with or next following the date on which the person attains age 65. Employees initially hired or acquired on or after October 1, 2005, are eligible to retire at the first of the month coincident with or next following the date the person attains age 65 and has been credited with at least 5 years of service. Employees initially hired or acquired prior to October 1, 2005, are eligible to retire before normal retirement on or after attaining age 55. Employees initially hired or acquired on or after October 1, 2005, are eligible to retire before normal retirement on or after attaining age 55 with 5 years of service.

All employees are eligible for disability benefits after 10 years of service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefit is determined as if the employee had retired immediately before death and had elected to receive a joint and 100% survivor annuity naming the beneficiary as the joint annuitant.

At January 1, 2014, the census date used to measure the total pension liability in Note 6, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	1,072
Inactive employees or beneficiaries entitled to but not yet currently receiving benefits	766
Active employees	3,034

2. Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting in accordance with Government Accounting Standards Board ("GASB") Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. Company contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements.

Investment income is recognized as earned. Gains and losses on sales and exchanges of investments are recognized on the transaction date. Interest is recognized when earned and dividend income is recognized on the ex-dividend date.

Benefits are recognized when paid in accordance with Plan provisions.

Administrative Expenses

Expenses for the administration of the Plan may be paid from Plan assets or by the Company, as provided by the Plan document. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investments

The Plan's investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* The Plan invests in government bonds, municipal bonds, corporate bonds, short-term money market investments, equity securities and alternative investments that are in accordance with the Plan's investment policy.

The Plan's investments in money market funds, mutual funds, and common stock are stated at fair value based on quoted market prices in an active market on the last business day of the Plan year.

Investments include the Plan's ownership interest in various limited partnerships and investment funds (collectively referred to as "Funds") that, in turn, invest the capital of the Funds in other funds. The fair value of the Funds is determined by the fund managers and is based upon the fair value of the financial instruments held. The Funds invest in real estate, hedge funds, and limited partnerships. Fair value of real estate may be based on independent appraisals obtained by the fund manager. Due to inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

Recent Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. Statement No. 72 is effective for fiscal years beginning after June 30, 2015, (fiscal year 2016) and should be applied retrospectively, unless the restatement of all prior periods is not practical. Early adoption is encouraged. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). Statement No. 72 is not expected to have any effect on the Plan fiduciary net position or changes in fiduciary net position.

3. New Accounting Standards

Effective January 1, 2014, the Plan implemented GASB Statement No. 67, which revised existing guidance for Plan financial reports. GASB Statement No. 67 replaces GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and GASB Statement No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The standard is intended to improve the usefulness of financial statements in assessing accountability and inter-period equity, and provide additional transparency. It establishes explanatory disclosures in the notes to the financial statements and required supplemental information. Among other requirements under the standard, government pension plans have to disclose the net pension liability of the sponsoring governmental entity in their financial statements, which is based on fiduciary plan net position (See Note 6).

4. Contributions

The Company has no legal or plan requirements to fund the Plan. Although a formal funding policy has not been established, the Company generally makes contributions based on an amount recommended by an independent actuary. For the year ended December 31, 2014, the Company's average contribution rate was 11% of annual payroll.

5. Investments

The types of securities which are permitted investments for Plan funds are established by the Plan's Investment Policy in accordance with Tennessee Statutes. All funds of the Plan may be invested in obligations of or guaranteed by the United States Government. In addition, funds of the Plan may be invested in obligations of agencies of the U.S. government; obligations of, or guaranteed by the State of Tennessee; collateralized certificates of deposit and repurchase agreements; commercial paper; fixed income funds; domestic equities; international equities; limited partnerships; and alternative investments.

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees of the Company. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Plan's asset allocation policy as of December 31, 2014:

Asset Class	Target Allocation
Domestic equity securities	67%
Fixed income securities	24%
Real estate and other	8%
Cash equivalents	1%
Total	100%

For the year ended December 31, 2014, the annual money-weighted rate of return on plan investments, net of investment expense, was 4.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* the Plan has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk, and Interest Rate Risk of its cash and investments.

a) Custodial Credit Risk – The Plan's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or are collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

   Since the Plan's investments are registered in the Plan's name, they are not exposed to custodial credit risk. In addition, the Plan's investment policy requires that specific qualifications be met in order to represent the Plan as a custodian.

b) Concentration of Credit Risk - This is the risk associated with the amount of investments the Plan has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Plan's investment policy states that no equity may represent more than 8% of any individual portfolio manager and that no single purchase shall represent more 5% of the Plan's fiduciary net position.

   Investments that represent 5% or more of the fair value of the Plan's fiduciary net position restricted for pensions as of December 31, 2014, are as follows:

UBS Trumbull Property Income Fund	$ 16,691,892	8%
Pinebridge Global Dynamic Asset Allocation Fund	11,926,663	6%

c) Credit Risk - GASB Statement No. 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy provides guidelines for its fund managers and lists specific allowable investments. The policy provides for the utilization of varying styles of managers so that portfolio diversification is maximized and total portfolio efficiency is enhanced.

The credit risk profile of the Plan's investments as of December 31, 2014, is as follows:

Investment Type	Balances as of December 31, 2014	Rating: AAA	AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-	BB+/BB/BB-	B+/B/B-	NA
Money market funds	$ 1,146,618	$ 1,146,618	$ -	$ -	$ -	$ -	$ -	$ -
U.S. treasury obligations	758,420	758,420	-	-	-	-	-	-
U.S government agencies	1,147,459	1,147,459	-	-	-	-	-	-
Corporate and foreign bonds	6,531,462	-	295,544	1,785,519	3,192,230	1,132,834	125,335	-
Municipal obligations	1,288,322	582,567	705,755	-	-	-	-	-
Mortgage obligations	6,629,692	5,554,787	892,517	57,496	124,892	-	-	-
Asset-backed securities	1,727,883	1,727,883	-	-	-	-	-	-
Fixed income mutual funds	24,816,461	-	18,299,230	6,517,231	-	-	-	-
Real estate and mortgage fund	16,691,892	-	-	-	-	-	-	16,691,892
Equity securities	139,774,919	-	-	-	-	-	-	139,774,919
Total	$ 200,513,128	$ 10,917,734	$ 20,193,046	$ 8,360,246	$ 3,317,122	$ 1,132,834	$ 125,335	$ 156,466,811

d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy authorizes a strategic asset allocation that is designed to provide an optimal return over the Plan's investment horizon and within the Plan's risk tolerance and cash requirements.

The distribution of the Plan's investments by maturity as of December 31, 2014, is as follows:

Investment Type	Balances as of December 31, 2014	Maturity: 12 Months or Less	12 to 24 Months	24 to 60 Months	Greater than 60 Months	NA
Money market funds	$ 1,146,618	$ 1,146,618	$ -	$ -	$ -	$ -
U.S. treasury obligations	758,420	228,863	-	269,342	260,215	-
U.S government agencies	1,147,459	-	1,108,258	-	39,201	-
Corporate and foreign bonds	6,531,462	267,846	240,867	1,963,799	4,058,950	-
Municipal obligations	1,288,322	-	-	117,469	1,170,853	-
Mortgage obligations	6,629,692	116,031	1,107,451	1,203,446	4,202,764	-
Asset-backed securities	1,727,883	140,352	759,926	708,002	119,603	-
Fixed income mutual funds	24,816,461	-	-	-	24,816,461	-
Real estate and mortgage fund	16,691,892	-	-	-	-	16,691,892
Equity securities	139,774,919	-	-	-	-	139,774,919
Total	$ 200,513,128	$ 1,899,710	$ 3,216,502	$ 4,262,058	$ 34,688,047	$156,466,811

6. Net Pension Liability

The components of the net pension liability of the Company at December 31, 2014, were as follows:

Total pension liability	$ 304,748,803
Less: Plan fiduciary net position	(201,258,017)
Net pension liability	$ 103,490,786
Plan fiduciary net position as a percentage of the total pension liability	66%

The Company's net pension liability at December 31, 2014, was measured as of December 31, 2014, based on a total pension liability calculated as of June 30, 2014, and rolled forward to the Plan's reporting date of December 31, 2014. The December 31, 2014, total pension liability was determined by an actuarial valuation as of January 1, 2014. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.5%
Investment rate of return	6.5%

Mortality rates were based on the RP-2014 Mortality Table for males and females with adjustments for generational projections based on Scale BB, using the Entry Age Normal Cost method. The actuarial assumptions used in the December 31, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2014.

The long-term expected rate of return on plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity securities	7.1 – 8.5%
Fixed income securities	2.7 – 4.2%
Real estate and other	5.0 – 8.0%
Cash equivalents	3.1%

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the Company contributions will be made at actuarially determined amounts. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the Company, calculated using the discount rate of 6.5%, as well as the Company's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	$ 146,315,995	$ 103,490,786	$ 68,022,556

7. Plan Termination

Although the Company expects the Plan to continue indefinitely, it reserves the right at any time to terminate the Plan by action of its board and to discontinue all contributions or freeze benefit accruals. In the event contributions are discontinued or accrued benefits are frozen, the Plan shall continue to operate as a wasting trust and pay benefits when due.

8. Income Tax Status

The Plan received a determination letter from the Internal Revenue Service dated September 20, 2011, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust was exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

Required Supplementary Information

West Tennessee Healthcare Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended December 31, 2014

	2014
Total Pension Liability	
Service cost	$ 7,026,043
Interest	18,956,129
Differences between expected and actual experience	1,466,476
Benefit payments	(14,386,651)
Change in total pension liability	13,061,997
Total pension liability:	
Beginning of year	291,686,806
End of year (a)	$ 304,748,803
Net Position	
Contributions — Company	$ 16,965,571
Net investment income	7,708,201
Benefit payments	(21,588,638)
Change in net position	3,085,134
Net position:	
Beginning of year	198,172,883
End of year (b)	$ 201,258,017
Net pension liability at December 31 (a) – (b)	$ 103,490,786
Net position as a percentage of the total pension liability	66%
Covered-employee payroll	$ 153,251,621
Net pension liability as a percentage of covered-employee payroll	68%

Notes to the schedule:
This will become a 10-year schedule as information is available. Information prior to 2014 is not available.

West Tennessee Healthcare Pension Plan
Schedule of Contributions and Annual Money-Weighted Rate of Return, Net of Investment Expenses
Year Ended December 31, 2014

	2014
Actuarially determined contribution	$ 13,066,506
Contributions in relation to the actuarially determined contribution	(16,965,571)
Contribution excess	$ (3,899,065)
Covered-employee payroll	$ 153,251,621
Contributions as a percentage of covered-employee payroll	11%
Annual money-weighted rate of return, net of investment expense	4.2%

Notes to the schedule:

This will become a 10 year schedule as information is available. Information prior to 2014 is not available.

Actuarially determined contribution rates are calculated as of June 30, 2014, 6 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	June 30, 2014, measurement date
Census data collected	January 1, 2014
Actuarial cost method	Entry Age Normal Cost
Amortization method	Closed amortization
Amortization period of initial unfunded AAL	To be determined
Remaining amortization method	To be determined
Asset valuation method	Market value
CPI	2.50%
Salary increases	3.5% average, including inflation
Investment rate of return	6.5%, net of investment expense, including inflation
Mortality	RP-2014 Mortality Table for males and females with generational projections using Scale BB.
Retirement age	Per the following table:

Age	Male	Female
55 - 59	5.0%	5.0%
60 - 61	7.5%	7.5%
62	25.0%	25.0%
63 - 64	20.0%	20.0%
65	40.0%	40.0%
66	30.0%	30.0%
67 - 68	15.0%	15.0%
69	25.0%	25.0%
70+	100.0%	100.0%

DIXON HUGHES GOODMAN LLP

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*

Board of Trustees
West Tennessee Healthcare Pension Plan

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 West Tennessee Healthcare Pension Plan (the "Plan"), which comprise the statement of fiduciary net position as of December 31, 2014, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2016.

Internal Control over Financial Reporting

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

DIXON HUGHES GOODMAN LLP

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis, Tennessee
January 18, 2016