

Houston County Community Hospital

FINANCIAL STATEMENTS

June 30, 2015 and 2014



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**Houston County Community Hospital
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June 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Houston County Community Hospital
Erin, Tennessee

Report on the Financial Statements

We have audited the accompanying statements of net position of Houston County Community Hospital (the "Hospital"), a separately reported fund of the Houston County, Tennessee Government (the "County"), as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of Hospital and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2015 and 2014, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. 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 on pages 4 through 8 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Hospital's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the State of Tennessee Comptroller of the Treasury's *Audit Manual* and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC
Nashville, Tennessee
December 31, 2015



Houston County Community Hospital Management's Discussion and Analysis June 30, 2015 and 2014 (Unaudited)

The Hospital's management discussion and analysis presents an overview of the Hospital's financial activities for the years ended June 30, 2015 and 2014.

The Hospital has implemented Governmental Accounting Standards Board ("GASB") Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Among those guidelines are the components of this section dealing with management's discussion and analysis. Its intent is to provide a brief, objective, and easily readable analysis of the Hospital's financial performance for the years ended June 30, 2015 and 2014, and its financial position as of June 30, 2015 and 2014.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Hospital's financial statements. The Hospital's financial statements consist of: 1) statement of net position, 2) statement of revenues, expenses and changes in net position, 3) statement of cash flows, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves. Readers should also review the accompanying notes to the financial statements as they provide additional information that is essential to a full understanding of the Hospital's financial statements.

Financial Condition

The Hospital has completed its second full year in operation since being purchased on March 27, 2013. The Medicare billing number was approved on August 3, 2013, but later modified to July 2, 2013 by the Center for Medicare & Medicaid Services ("CMS"). A decline in gross patient revenue and patient accounts receivable is due to a decrease in operating volume associated with a change in payor mix. Transfers In from the County has helped offset the operating expenses.

**Houston County Community Hospital
Management's Discussion and Analysis
June 30, 2015 and 2014 (Unaudited)**

Statement of Net Position Financial Analysis

An analysis of condensed statement of net position information follows:

<i>June 30,</i>	2015	2014
ASSETS		
Current assets	\$ 1,064,407	\$ 1,569,508
Capital assets, net	1,955,868	1,583,650
TOTAL ASSETS	\$ 3,020,275	\$ 3,153,158
LIABILITIES		
Current liabilities	\$ 684,065	\$ 1,633,204
Long-term liabilities	-	7,408
TOTAL LIABILITIES	684,065	1,640,612
NET POSITION		
Net investment in capital assets	1,948,460	1,548,364
Restricted	1,799	115,184
Unrestricted	385,951	(151,002)
TOTAL NET POSITION	2,336,210	1,512,546
TOTAL LIABILITIES AND NET POSITION	\$ 3,020,275	\$ 3,153,158

Total assets decreased \$132,883 or 4% during the year ended June 30, 2015.

- Current assets decreased by \$505,101. Most of this decrease was due to a decrease in operating volumes and significant write offs of old patient accounts receivable.
- Net capital assets increased by \$372,218. Capital asset additions were comprised primarily of a new roof and building improvements, and new ultrasound machine and digital x-ray processor. The increase is offset by depreciation and amortization expense of \$132,333.

Total liabilities decreased by \$956,547 or 58% during the year ended June 30, 2015.

- Current liabilities decreased by \$949,139. Most of this decrease was due to a repayment of an advance from the County for implementation of Electronic Health Records (EHR). This repayment was made when the EHR reimbursement was received from CMS.
- Long term liabilities decreased due to payments of capital lease obligations on major moveable equipment.

**Houston County Community Hospital
Management's Discussion and Analysis
June 30, 2015 and 2014 (Unaudited)**

Results of Operations Financial Analysis

An analysis of revenues, expenses, and changes in net position is as follows:

<i>For the years ended June 30,</i>	2015	2014
OPERATING REVENUES		
Net patient service revenue	\$ 4,074,348	\$ 4,069,009
Electronic health records incentive income	1,058,093	-
Other operating revenue	107,436	110,578
TOTAL OPERATING REVENUE	5,239,877	4,179,587
OPERATING EXPENSES		
Salaries and wages	2,647,209	2,806,365
Professional fees	688,318	744,286
Supplies and other	593,876	621,523
Purchased services	705,697	572,906
Employee benefits	329,574	342,206
Depreciation and amortization	132,333	198,376
Utilities	133,168	157,165
Corporate management fees	21,000	135,000
Repairs and maintenance	136,423	118,904
Contract labor	96,861	101,398
Other operating expenses	81,067	82,471
Rent	87,210	73,206
Taxes and insurance	51,220	51,561
TOTAL OPERATING EXPENSES	5,703,956	6,005,367
OPERATING LOSS	(464,079)	(1,825,780)
NONOPERATING REVENUES (EXPENSES)		
Grants	10,065	20,000
Interest expense	(6,896)	(11,178)
TOTAL NONOPERATING REVENUES, NET	3,169	8,822
EXCESS OF EXPENSES OVER REVENUES BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(460,910)	(1,816,958)
CAPITAL CONTRIBUTIONS	334,110	39,683
TRANSFERS IN, NET	950,464	1,280,629
INCREASE (DECREASE) IN NET POSITION	\$ 823,664	\$ (496,646)

**Houston County Community Hospital
Management's Discussion and Analysis
June 30, 2015 and 2014 (Unaudited)**

Operating Revenues

Operating revenues increased \$1,060,290 or 25% attributable mainly to EHR incentive income.

Operating Expenses

Total operating expenses decreased \$301,411 or 5%. This was due to the following factors:

- Salaries and wages decreased \$159,156 and employee benefits decreased \$12,632 due to reductions in staff at the Hospital.
- Professional fees decreased \$55,968 primarily due to a change in providers for emergency room physicians and termination of psychiatric care services.
- Supplies decreased \$27,647 primarily due to the Hospital gaining access to a General Purchasing Organization rate.
- Purchased services increased \$132,791 primarily due to having a full year payments for data processing and third party services associated with the transition to EHR implementation in February 2014.

Nonoperating Revenues and Expenses

Total nonoperating revenue and expenses decreased \$5,653 or 64% due to the following factors:

- A decrease of \$9,935 in Small Hospital Improvement Program grants received from the U.S. Department of Health and Human Services.
- A decrease of \$4,282 in interest expense related to capital leases.

Capital Contributions & Transfers In

During 2015 and 2014, Transfers In from the County of \$950,464 and \$1,280,629 consisted of working capital draws to fund current operations, respectively. During 2015 and 2014, Capital Contributions of building improvements and construction in progress from the County amounted to \$334,110 and \$39,683.

Excess (Deficit) of Revenues over Expenses

During the years ended June 30, 2015 and 2014, the excess (deficit) of revenues over expenses was \$823,664 and (\$496,646), respectively. The excess was largely due to the receipt of EHR incentive income of \$1,058,093. With operating expenses being more than revenues, transfers in and contributions by the County were provided to meet working capital needs.



**Houston County Community Hospital
Management's Discussion and Analysis
June 30, 2015 and 2014 (Unaudited)**

Contacting the Hospital Financial Manager

This financial report is designed to provide citizens, patients and creditors with a general overview of the Hospital's finances. If you have any questions about this report or need additional information, please contact the Chief Financial Officer, Ken Tillman at ktillman@hcchospital.net or (931) 289-4211 extension 420.

Houston County Community Hospital Statements of Net Position

<i>June 30,</i>	2015	2014
ASSETS		
CURRENT ASSETS		
Restricted cash	\$ 1,799	\$ 115,184
Patient accounts receivable, net	934,976	1,317,051
Third party settlements	38,777	42,198
Inventory	72,666	69,750
Prepaid expenses	16,189	25,325
TOTAL CURRENT ASSETS	1,064,407	1,569,508
PROPERTY, PLANT AND EQUIPMENT, NET	1,955,868	1,583,650
TOTAL ASSETS	\$ 3,020,275	\$ 3,153,158
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 540,921	\$ 488,371
Cash overdraft	39,265	66,139
Accrued compensation and payroll	96,471	90,499
Current portion of capital lease obligations	7,408	27,878
Advance from the Houston County, Tennessee Government for implementation of Electronic Health Records	-	960,317
TOTAL CURRENT LIABILITIES	684,065	1,633,204
CAPITAL LEASE OBLIGATIONS	-	7,408
TOTAL LIABILITIES	684,065	1,640,612
NET POSITION		
Net investment in capital assets	1,948,460	1,548,364
Restricted for:		
Electronic health records implementation	1,799	115,184
Unrestricted	385,951	(151,002)
TOTAL NET POSITION	2,336,210	1,512,546
TOTAL LIABILITIES AND NET POSITION	\$ 3,020,275	\$ 3,153,158

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

Houston County Community Hospital Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended June 30,</i>	2015	2014
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of \$999,790 and \$653,040 in 2015 and 2014, respectively)	\$ 4,074,348	\$ 4,069,009
Electronic health records incentive income	1,058,093	-
Other operating revenue	107,436	110,578
TOTAL OPERATING REVENUES	5,239,877	4,179,587
OPERATING EXPENSES		
Salaries and wages	2,647,209	2,806,365
Professional fees	688,318	744,286
Supplies and other	593,876	621,523
Purchased services	705,697	572,906
Employee benefits	329,574	342,206
Depreciation and amortization	132,333	198,376
Utilities	133,168	157,165
Corporate management fees	21,000	135,000
Repairs and maintenance	136,423	118,904
Contract labor	96,861	101,398
Other operating expenses	81,067	82,471
Rent	87,210	73,206
Taxes and insurance	51,220	51,561
TOTAL OPERATING EXPENSES	5,703,956	6,005,367
OPERATING LOSS	(464,079)	(1,825,780)
NONOPERATING REVENUES (EXPENSES)		
Grants	10,065	20,000
Interest expense	(6,896)	(11,178)
TOTAL NONOPERATING REVENUES, NET	3,169	8,822
EXCESS OF EXPENSES OVER REVENUES BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS		
	(460,910)	(1,816,958)
CAPITAL CONTRIBUTIONS	334,110	39,683
TRANSFERS IN, NET	950,464	1,280,629
INCREASE (DECREASE) IN NET POSITION	823,664	(496,646)
NET POSITION - BEGINNING OF YEAR	1,512,546	2,009,192
NET POSITION - END OF YEAR	\$ 2,336,210	\$ 1,512,546

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

Houston County Community Hospital Statements of Cash Flows

<i>For the years ended June 30,</i>	2015	2014
OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$ 4,459,844	\$ 3,275,258
Payments to suppliers and contractors	(2,596,355)	(2,246,233)
Payments to employees	(2,970,811)	(3,086,561)
Other receipts and payments, net	1,280,027	34,109
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	172,705	(2,023,427)
NONCAPITAL FINANCING ACTIVITIES		
Grants	10,065	20,000
Transfers in from the Houston County, Tennessee Government	950,464	1,280,629
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	960,529	1,300,629
CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on capital lease obligations	(6,896)	(11,178)
Advances from the Houston County, Tennessee Government	-	960,317
Repayments to the Houston County, Tennessee Government	(960,317)	-
Capital Contributions from the Houston County, Tennessee Government	33,000	-
Purchase of property, plant and equipment	(171,143)	(204,609)
Payments of capital lease obligations	(27,878)	(65,914)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(1,133,234)	678,616
NET DECREASE INCREASE IN CASH AND CASH EQUIVALENTS	-	(44,182)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	44,182
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -

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

Houston County Community Hospital Statements of Cash Flows (continued)

<i>For the years ended June 30,</i>	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH		
USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (464,079)	\$ (1,825,780)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	132,333	198,376
Provision for bad debts	999,790	653,040
Loss on disposal of property and equipment	1,113	-
Changes in:		
Patient accounts receivable	(617,715)	(1,446,791)
Inventory	(2,916)	16,507
Restricted cash	113,385	(115,184)
Prepaid expenses	9,136	(9,162)
Other current assets	3,421	31,370
Accrued compensation and payroll	5,972	62,010
Accounts payable	19,139	355,339
Cash overdraft	(26,874)	66,139
Other current liabilities	-	(9,291)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 172,705	\$ (2,023,427)
SUPPLEMENTAL INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Cash paid for interest	\$ 6,896	\$ 11,178
NONCASH CAPITAL FINANCING ACTIVITIES		
Building improvements contributed from the Houston County, Tennessee Government	\$ 301,110	\$ 39,683
Equipment acquired on accounts payable	\$ 33,411	-

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

Houston County Community Hospital Notes to Financial Statements

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Houston County Community Hospital (the "Hospital") is an acute care hospital that provides inpatient, outpatient, and emergency services primarily for the residents of Houston County, Tennessee (the "County") and the surrounding areas. The Hospital is currently licensed to provide 25 patient beds.

The Hospital was established by the County as a special purpose government entity under the laws of the State of Tennessee. The Hospital is owned by the County and governed by a Board of Trustees appointed by the County Board of Commissioners. Because of the relationship between the Hospital and the County, the Hospital is a separately reported fund of the County. The County provides continuous support to the Hospital in the form of working capital transfers in.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Information

The Hospital is required, by a statute of the State of Tennessee, to prepare a non-appropriated annual budget. The budget is not subject to appropriation and is therefore not required to be presented as supplementary information.

Use of Estimates

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

The most critical estimates relate to revenue recognition, the collectability of accounts receivable and related reserves, and obligations under insurance programs, which include worker's compensation, professional liability, property and general liability and employee health and welfare insurance programs.

Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with an original maturity at purchase date of three months or less. The Hospital does not have a policy which would restrict the type of deposits allowed.

Houston County Community Hospital Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Custodial Credit Risk—Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. The Hospital does not have a deposit policy for custodial credit risk; however Tennessee state law requires that balances in excess of federally insured amounts be collateralized. At June 30, 2015 and 2014, there were no cash balances in excess of Federal Deposit Insurance Corporation limits.

Inventory

Inventories are stated at the lower of cost or market based on the average cost method.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Property, Plant and Equipment

Property, plant and equipment (capital asset) acquisitions are recorded at cost, if purchased. The Hospital has set a capitalization threshold of \$1,000. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Assets under capital lease obligations are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset, and are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the assets. Such amortization is included in depreciation in the financial statements.

Estimated Useful Life

Land	N/A
Buildings	20 years
Software	5 years
Fixed equipment	10 years
Major moveable equipment	1-5 years

Estimated Malpractice Costs

The Hospital considers the need for recording a liability for malpractice claims. When determined to be necessary, the provision for estimated malpractice claims and the cost associated with litigation and settlement includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. At June 30, 2015 and 2014, incurred but not reported claims are not considered to be significant.

Houston County Community Hospital Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Hospital employees are granted paid time off ("PTO"). PTO combines vacation, sick and holiday time. All full time employees accrue PTO at the same amount as stated in the personnel policy manual. The accumulated time is payable in full upon termination if employed for at least ninety days.

Net Position

Net position consists of net investment in capital assets (property, plant and equipment), net of related debt; restricted; and unrestricted. Investment in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and the outstanding balance of any related debt that is attributable to the acquisition of the capital assets. Restricted net position is those assets that are externally restricted by creditors, grantors, contributors, or laws and regulations or those restricted by constitutional provisions and enabling legislations. Unrestricted net position consists of all other assets.

When both restricted and unrestricted resources are available, it is the Hospital's policy to use the restricted resources before using the unrestricted resources.

Net Patient Service Revenue

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

The primary third-party programs include Medicare and Medicaid, which account for a significant portion of the Hospital's revenues. The laws and regulations under which Medicare and Medicaid programs operate are extremely complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

Houston County Community Hospital Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

Medicare and Medicaid EHR Incentives

The *American Recovery and Reinvestment Act of 2009* provides for incentive payments for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record (“EHR”) technology. The Hospital recognizes income related to incentive payments using a gain contingency model that is based upon when the Hospital has demonstrated meaningful use of certified EHR technology for the applicable period and when the cost report information for the full cost report year that will determine the final calculation of the incentive payment is available.

For the program year ended June 30, 2014, the Hospital attested it had met the requirements for incentives according to the provisions set forth in the Medicare and Medicaid EHR incentive program. During 2015, the Hospital recognized \$1,058,093 of meaningful use incentives in the Statements of Revenue, Expenses and Changes in Net Position related to this attestation. There were no incentive amounts recognized for the attestation year of 2015 in the accompanying Statements of Revenue, Expenses and Changes in Net Position, as the reimbursement amount is still to be determined.

Financial Assistance

The Hospital provides care without charge or at a reduced charge, to patients who meet certain criteria under its financial assistance policy. Because the Hospital does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. Charges forgone based on established rates were \$44,467 and \$14,571 for the years ended June 30, 2015 and 2014, respectively. The estimated cost of providing charity care is calculated using the Hospital’s cost to charge ratio and totaled \$19,721 and \$5,984 for the years ended June 30, 2015 and 2014, respectively.

Income Taxes

The Hospital is a governmental entity, and as such, is exempt from federal and state income taxes.

Operating Revenues and Expenses

The Hospital’s statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital’s principal activity. Non-exchange revenues, including grants and contributions, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Houston County Community Hospital Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-employment Benefits Other Than Pensions

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, addresses how state and local governments should account for and report costs and obligations related to post-employment benefits other than pensions (“OPEB”). GASB 45 has no effect on the June 30, 2015 and 2014 financial statements of the Hospital, as the Hospital does not offer its employees any qualifying post-employment benefits.

Subsequent Events

Subsequent events have been evaluated through December 31, 2015, the date these financial statements were available to be released. See Note 14.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year’s format. Total net position and changes in net position are unaffected due to these reclassifications.

NOTE 3: PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable, net reported as current assets by the Hospital consisted of the following:

<i>June 30,</i>	2015	2014
Receivable from Medicare	\$ 721,930	\$ 1,738,699
Receivable from Medicaid	594,749	348,092
Receivable from insurance carriers	781,875	1,317,697
Patient receivables	1,070,524	836,360
Total patient accounts receivable	3,169,078	4,240,848
Less allowance for contractals	1,370,088	2,273,604
Less allowance for bad debt	864,014	650,193
Total allowances	2,234,102	2,923,797
Patient accounts receivable, net	\$ 934,976	\$ 1,317,051

Houston County Community Hospital Notes to Financial Statements

NOTE 4: PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment is as follows:

<i>June 30,</i>	2015	2014
Land	\$ 214,000	\$ 214,000
Construction in progress	46,329	39,683
Buildings	1,493,375	1,195,991
Software	55,865	55,865
Fixed equipment	27,311	27,311
Major moveable equipment	505,365	305,731
	2,342,245	1,838,581
Less: accumulated depreciation and amortization	(386,377)	(254,931)
Property, plant, and equipment, net	\$ 1,955,868	\$ 1,583,650

Capital assets activity for the year ended June 30, 2015 is as follows:

Capital Assets not Being Depreciated	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Construction in Progress	\$ 39,683	\$ 46,329	\$ -	\$ (39,683)	\$ 46,329
Land	214,000	-	-	-	214,000
Total capital assets not being depreciated	253,683	46,329	-	(39,683)	260,329
Other Capital Assets					
Buildings	1,195,991	257,701	-	39,683	1,493,375
Software	55,865	-	-	-	55,865
Fixed equipment	27,311	-	-	-	27,311
Major moveable equipment	305,731	201,634	(2,000)	-	505,365
Total other assets at historical cost	1,584,898	459,335	(2,000)	39,683	2,081,916
Less accumulated depreciation					
Buildings	74,749	72,081	-	-	146,830
Software	2,793	11,173	-	-	13,966
Fixed equipment	2,482	2,731	-	-	5,213
Major moveable equipment	174,907	46,348	(887)	-	220,368
Total accumulated depreciation and amortization	254,931	132,333	(887)	-	386,377
Depreciable assets, net	1,329,967	327,002	(1,113)	39,683	1,695,539
Total capital assets, net	\$ 1,583,650	\$ 373,331	\$ (1,113)	\$ -	\$ 1,955,868

Houston County Community Hospital Notes to Financial Statements

NOTE 4: PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

Capital assets activity for the year ended June 30, 2014 is as follows:

Capital Assets not Being Depreciated	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Construction in Progress	\$ -	\$ 39,683	\$ -	\$ -	\$ 39,683
Land	214,000	-	-	-	214,000
Total capital assets not being depreciated	214,000	39,683	-	-	253,683
Other Capital Assets					
Buildings	1,195,991	-	-	-	1,195,991
Software	-	55,865	-	-	55,865
Fixed equipment	12,853	14,458	-	-	27,311
Major moveable equipment	171,446	134,285	-	-	305,731
Total other assets at historical cost	1,380,290	204,608	-	-	1,584,898
Less accumulated depreciation and amortization					
Buildings	14,950	59,799	-	-	74,749
Software	-	2,793	-	-	2,793
Fixed equipment	107	2,375	-	-	2,482
Major moveable equipment	41,499	133,408	-	-	174,907
Total accumulated depreciation and amortization	56,556	198,375	-	-	254,931
Depreciable assets, net	1,323,734	6,233	-	-	1,329,967
Total capital assets, net	\$ 1,537,734	\$ 45,916	\$ -	\$ -	\$ 1,583,650

NOTE 5: CAPITAL LEASE OBLIGATIONS

A summary of capital lease obligations are as follows:

<i>June 30,</i>	2015	2014
Capital lease for major moveable equipment capitalized at fair value of \$66,500 with payments of \$2,510 per month expiring in September 2015	\$ 7,408	\$ 35,286
	7,408	35,286
Less current maturities	(7,408)	(27,878)
	\$ -	\$ 7,408

Houston County Community Hospital Notes to Financial Statements

NOTE 5: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Capital lease obligation activities were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Year ended June 30, 2014	\$ 101,200	\$ -	\$ (65,914)	\$ 35,286	\$ 27,878
Year ended June 30, 2015	\$ 35,286	\$ -	\$ (27,878)	\$ 7,408	\$ 7,408

Aggregate annual maturities of the payments on capital lease obligations at June 30, 2015 are as follows:

<i>Year ending June 30,</i>	
2016	\$ 7,530
Less amount representing interest	(122)
Present value of minimum lease payments	7,408
Less current maturities	(7,408)
Noncurrent portion	\$ -

The following is an analysis of the major moveable equipment under capital lease:

<i>June 30,</i>	2015	2014
Major moveable equipment	\$ 117,990	\$ 117,990
Less accumulated depreciation	(117,990)	(117,990)
Net equipment under capital lease	\$ -	\$ -

NOTE 6: INSURANCE PROGRAMS

Risk Management – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in 2015.

Houston County Community Hospital Notes to Financial Statements

NOTE 6: INSURANCE PROGRAMS (CONTINUED)

Medical Malpractice Insurance – The Hospital purchases professional and general liability insurance to cover medical malpractice claims under a retrospectively rated policy. Professional liability insurance is on a claims made basis and general liability insurance is an occurrence based policy. The policies are limited to \$3 million in the aggregate and \$1 million per claim or occurrence and do not carry a deductible. The future assertion of claims for occurrences prior to year-end is reasonably possible and may occur, although not anticipated. In any event, management believes that any such claims would be substantially covered under its insurance program.

The *Tennessee Governmental Tort Liability Act* provides a cap on the amount of damages recoverable against government entities, including hospitals. For claims arising from events occurring on or after July 1, 2007, the amount recoverable in any one incident is limited to \$700,000.

NOTE 7: NET POSITION

Net investment in capital assets is as follows:

<i>June 30,</i>	2015	2014
Property, plant and equipment	\$ 2,342,245	\$ 1,838,581
Less accumulated depreciation	(386,377)	(254,931)
Less debt outstanding related to capital assets	(7,408)	(35,286)
Invested in capital assets, net of related debt	\$ 1,948,460	\$ 1,548,364

Restricted net position represents cash that is restricted for the purposes of relieving the Hospital of the financial burden associated with the implementation of electronic health records and lease payments for the software. As such, the Hospital cannot use these funds for any other purpose. Any unused funds must be returned to the County, when the Hospital is able to provide for the lease payments on its own.

Houston County Community Hospital Notes to Financial Statements

NOTE 8: NET PATIENT SERVICE REVENUE

A summary of the payment arrangements with major third-party payers follows:

Medicare – Inpatient acute care services rendered to Medicare program beneficiaries will be paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries will be reimbursed based upon a prospective payment system commonly known as APC (Ambulatory Payment Classification). Effective July 3, 2013 the Hospital received its Medicare billing number. The Hospital may be reimbursed for cost-reimbursable items including Medicare bad debts and disproportionate share payments at a tentative rate, with final settlement determined after submission of annual cost reports. The Hospital filed a cost report as of December 31, 2014 and it is still subject to a review and final audit.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries were reimbursed upon a cost-based methodology established by the State of Tennessee through its TennCare program. The Hospital was reimbursed at a tentative rate, which is adjusted annually based on the annual cost reports as submitted by the Hospital and audits by the Medicaid fiscal intermediary.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

Other – The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates and discounts from established charges.

A summary of net patient service revenue follows:

<i>For the years ended June 30,</i>	2015	2014
Gross patient service revenue	\$ 12,861,480	\$ 14,623,250
Less:		
Provision for contractual adjustments	7,787,342	9,901,201
Provision for bad debts	999,790	653,040
Net patient service revenue	\$ 4,074,348	\$ 4,069,009

Houston County Community Hospital Notes to Financial Statements

NOTE 9: CONCENTRATION OF CREDIT RISK

Accounts Receivable - The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The percentage mix of gross accounts receivables from patients and major third-party payers is as follows:

<i>June 30,</i>	2015	2014
Medicare	24%	41%
Medicaid	19%	8%
Blue Cross	6%	13%
Commercial	18%	18%
Uninsured	33%	20%
	100%	100%

NOTE 10: PATIENT SERVICE REVENUE UNDER CONTRACT

A summary of gross revenue from patient services provided under contract with third-party payers and to uninsured patients follows:

<i>June 30,</i>	2015	2014
Medicare	45%	52%
Medicaid	14%	11%
Blue Cross	13%	11%
Commercial	18%	17%
Uninsured	10%	9%
	100%	100%

NOTE 11: COMMITMENTS AND CONTINGENCIES

Operating Lease and Service Agreements – The Hospital leases equipment and services under various operating leases and services agreements. Total rent expense for the years ended June 30, 2015 and 2014 for all operating leases and service agreements was \$230,207 and \$189,545, with \$142,997 and \$116,339 included in purchased services and \$87,210 and \$73,206 in rent in the Statements of Revenues, Expenses and Changes in Net Position.

Houston County Community Hospital Notes to Financial Statements

NOTE 11: COMMITMENTS AND CONTINGENCIES (CONTINUED)

The following is a schedule by year of expiration of approximate future minimum lease payments under noncancelable operating leases as of June 30, 2015 that have initial or remaining lease terms in excess of one year:

For years ended June 30,

2016	\$	338,765
2017		330,916
2018		326,220
2019		219,446
2020		13,065
	\$	1,228,412

At June 30, 2015, the Hospital had uncompleted construction in progress of \$46,329 (Note 13). The remaining cost on this construction in progress is estimated to be approximately \$515,000.

The Hospital received a demand letter from a former supplier claiming a violation of a non-solicitation provision of the underlying contract. No litigation has been filed in this matter and the Hospital is investigating the claims. Management believes that the ultimate disposition of these claims will not have a material adverse effect upon the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position of the Hospital.

NOTE 12: FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Fair value measurement and application;
- Amendments to accounting and financial reporting for pensions;
- GAAP hierarchy;
- Tax abatement disclosures; and
- Financial reporting and accounting related to other post-employment benefits.

The Hospital is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.



Houston County Community Hospital Notes to Financial Statements

NOTE 13: RELATED PARTY TRANSACTIONS

The Hospital is owned by the County and is a separately reported fund of the County. The Hospital is operated for the benefits of its residents and those of the surrounding counties. During the year ended June 30, 2015, the County transferred in funds totaling \$950,464 to the Hospital to meet working capital needs and contributed building improvements and equipment totaling \$334,110 to the Hospital, including \$46,329 recorded in Construction in Progress related to improvements made to the Hospital's facility. The Hospital repaid the \$960,317 advance from the County for the implementation of EHR, along with an additional payment of \$113,759, representing transfers out.

NOTE 14: SUBSEQUENT EVENTS

The Construction in Progress pertaining to improvements being made to the Hospital's facility at June 30, 2015 was completed and placed into service in November 2015 (Note 11).

**Houston County Community Hospital
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015**

<u>Federal Grantor/ Pass-through Grantor</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Beginning (Accrued) Deferred</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred</u>
<u>FEDERAL AWARDS</u>						
<u>U.S. Department of Health and Human Services Passed through Tennessee Department of Health Small Hospital Improvement Program Grant</u>	93.301	N/A	\$ -	\$ 10,065	\$ 10,065	\$ -
TOTAL FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 10,065</u>	<u>\$ 10,065</u>	<u>\$ -</u>

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the grant activity of the Hospital and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Tennessee Comptroller of the Treasury's *Audit Manual*. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the financial statements.

Note 2 - Allocation of Indirect Costs

The Hospital made no indirect cost allocation to grant expenditures.

**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
Houston County Community Hospital
Erin, Tennessee

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 Houston County Community Hospital (the "Hospital"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Hospital's basic financial statements, and have issued our report thereon dated December 31, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies 2015-003, 2015-004, and 2015-006 described in the accompanying Schedule of Findings and Responses to be material weaknesses.

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. We consider the deficiencies 2015-001, 2015-002, and 2015-005 described in the accompanying Schedule of Findings and Responses to be significant deficiencies.

Compliance and Other Matters

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

Hospital's Response to Findings

The Hospital's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Hospital's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

CARR, RIGGS & INGRAM, LLC
Nashville, Tennessee
December 31, 2015

FINDING 2015-001

Condition: HIPAA policies are in the process of being updated and are in need of management approval.

Criteria: HIPAA policies are approved by management and are updated, periodically.

Cause of Condition: Untimely update and approval of HIPAA policies.

Potential Effects of Condition: Procedures may not be clearly delineated. Users may not be aware of their responsibilities.

Recommendation: HIPAA policies should be updated periodically and approved timely.

Views of Responsible Officials: Management will implement procedures to ensure the HIPAA policies are timely approved and updated periodically to ensure they are adequate.

FINDING 2015-002

Condition: Formalized user access reviews are not performed.

Criteria: Formalized review of user access to reassess on job-need is performed periodically.

Cause of Condition: No periodic review of user access job-need is performed subsequent to the initial access rights assignment.

Potential Effects of Condition: Unauthorized access to private information may go undetected.

Recommendation: Management should consider implementing a formalized review of current user access to ensure that all access is appropriate based on job-need.

Views of Responsible Officials: Management will implement formalized procedures to ensure that a user access review is performed periodically to align user access to an appropriate job need.

Houston County Community Hospital
Schedule of Findings and Responses
June 30, 2015

FINDING 2015-003

Condition: Network accounts are not locked out after a number of failed attempts.

Criteria: User access is suspended after a specified number of failed login attempts.

Cause of Condition: No account lockout policy is currently in place.

Potential Effects of Condition: Unauthorized access to private information may go undetected.

Recommendation: Management should implement an account lockout policy which prevents logging in after no more than five failed attempts.

Views of Responsible Officials: Management will implement a lockout policy that prevents logging into the network after no more than five failed attempts.

FINDING 2015-004

Condition: Users with administrative access to Computer Programs and Systems, Inc. ("CPSI") software may not require such access based on job-need. The Hospital's IT Consultant does not currently have a Business Associate Agreement ("BAA") in place.

Criteria: Administrative access to CPSI should be given based on job-need. A signed BAA form is obtained from IT Consultant.

Cause of Condition: Users noted with administrative access to CPSI may not require such access based on job-need. A signed BAA form is not obtained from IT Consultant.

Potential Effects of Condition: Improper changes to data or access to data may go undetected. Unauthorized access to private information may go undetected. The Hospital may have no recourse in the event of a HIPAA violation.

Recommendation: Management should complete a review of high level access to CPSI to ensure that all access is necessary based on job-need, on at least an annual basis. Management should obtain a signed BAA from all entities with potential access to Electronic protected health information ("ePHI").

Views of Responsible Officials: Management will implement procedures to review administrative access to CPSI to ensure that access is necessary based on job need on an annual basis. Management will also implement procedures to obtain a signed BAA from any entity with potential access to ePHI.

Houston County Community Hospital
Schedule of Findings and Responses
June 30, 2015

FINDING 2015-005

Condition: Expenses totaling \$10,347 were not recorded. This balance included invoices amounting to \$5,346 for services and utilities provided to the Hospital and \$5,000 of legal expense paid by the County during June 2015.

Criteria: Expenses should be recorded in the period incurred.

Cause of Condition: Expenses incurred during the year ended June 30, 2015 were recognized during the year ending June 30, 2016.

Potential Effects of Condition: At June 30, 2015, liabilities were understated by \$5,346. During the year ended June 30, 2015 contributions revenue and expenses were understated by \$5,000 and \$10,347, respectively.

Recommendation: Expenses should be recognized during the period in which they are incurred.

Views of Responsible Officials: Management will revise year-end close procedures and train staff to include a review of transactions recorded subsequent to year-end in order to ensure those transactions are recognized in the proper period.

FINDING 2015-006

Condition: Capital assets totaling \$54,782 were not recorded at June 30, 2015. This included: (1) an invoice for a microscope totaling \$3,441; (2) an invoice for a compression part installed on the mammogram machine totaling \$5,012; and 3) \$46,329 of building improvements paid by the County.

Criteria: All costs associated with the acquiring and installation of capital assets should be capitalized on the balance sheet.

Cause of Condition: The invoices were not capitalized by omission and therefore caused the balances to be understated. Building improvements paid by the County were not recorded.

Potential Effects of Condition: Capital asset balances were understated by \$54,782.

Recommendation: All costs associated with acquiring and installation of capital assets should be capitalized as an asset.

Views of Responsible Officials: Management will implement training to ensure that all period end costs associated with capital additions are capitalized on the statement of financial position. Management will also implement procedures to inquire with the County about capital additions made on behalf of the Hospital to ensure that all costs/payments are recognized and properly accounted for in the financial statements.

Houston County Community Hospital
Summary Schedule of Prior Year Audit Findings
June 30, 2014

FINDING 2014-001

Condition: Four invoices totaling \$4,329 for supplies and utilities provided to the Hospital during June 2014 were not accrued as liabilities at June 30, 2014.

Current Status: Partially corrected this fiscal year; will complete planned action during the next fiscal year.

FINDING 2014-002

Condition: Shipping costs totaling \$2,729 associated with capital asset additions were not capitalized to the balance sheet at June 30, 2014.

Current Status: Partially corrected this fiscal year; will complete planned action during net fiscal year.

FINDING 2014-003

Condition: Staff training costs on the new electronic health records and general ledger software were capitalized at June 30, 2014. This caused capital assets to be overstated by \$23,697 and the relating depreciation expense to be overstated by \$1,169. Salaries and wages were understated by \$23,697 at June 30, 2014.

Current Status: Planned corrective action completed this fiscal year.

FINDING 2014-004

Condition: Non cash contributions in the form of construction in progress were not recorded by the Hospital.

Current Status: Partially corrected this fiscal year; will complete planned action during the next fiscal year.