HENRY COUNTY MEDICAL CENTER
BOARD OF TRUSTEES MEETING

(Solely for the use of the Board of Trustees
and Management)

November 24, 2015

LBMC MAKE A GOOD BUSINESS BETTER

Report to the Board of Trustees

Table of Contents

Board of Trustees Letter	1
Financial Statements and Supplemental Schedules	2

LBMC MAKE A GOOD BUSINESS BETTER

To the Board of Trustees
Henry County Medical Center
Paris, Tennessee:

We have audited the financial statements of the business-type activities of Henry County Medical Center (Medical Center), a component unit of Henry County, Tennessee, for the year ended June 30, 2015, and have issued our report thereon dated November 13, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 14, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Medical Center are described in Note 2 to the financial statements. The Medical Center adopted Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*, which improves accounting and financial reporting by state and local governments for pensions and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68*. The adoption resulted in an increase to net position at July 1, 2013 of $417,610. The Medical Center also adopted GASB No. 69, *Government Combinations and Disposals of Government Operations* which relates to the accounting and financial reporting for government combinations and disposals of government operations. The adoption of this accounting standard had no material effect on the Medical Center's financial statements. We noted no transactions entered into by the Medical Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimates of the depreciable lives of property and equipment, allowance for bad debts, contractual adjustments and estimated third-party settlements are based, among other factors, on historical information, trends of delinquencies and charge-offs and cost report settlements. Management's estimates related to recognition of the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense is based on recent actuarial studies and is allocated based on the Medical Center's active participants in the plan as of June 30, 2014 relative to the active participants of all component units of Henry County as of June 30, 2014. In addition, management's estimates of incurred but not reported claims (IBNR) for self-insurance is based upon factors including historical claims data, utilization statistics, and other related data. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Additionally, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 13, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Medical Center's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Medical Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing the Audited Financial Statements

We applied certain limited procedures to the schedule of the Medical Center's proportionate share of the net pension asset (liability) based on participation in the Public Employee Pension Plan of Tennessee Consolidated Retirement System (TCRS) and the schedule of the Medical Center's contributions based on participation in the Public Employer Pension Plan of TCRS, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental schedules of net position information and the supplemental schedules of revenue, expenses and changes in net position for each component unit of the Medical Center, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Independence

We are not aware of any relationships between our firm and the Medical Center that, in our professional judgment, may reasonably be thought to bear on our independence which have occurred during the period from July 1, 2014 through the date of this letter.

****

This information is intended solely for the use of the Board of Trustees, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

LBMC, PC

Brentwood, Tennessee
November 13, 2015

HENRY COUNTY MEDICAL CENTER
(a component unit of Henry County)

Financial Statements and Supplemental Schedules

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

LBMC MAKE A GOOD BUSINESS BETTER

HENRY COUNTY MEDICAL CENTER
(a component unit of Henry County)

Table of Contents

	Page
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Unaudited)	3 - 14
Financial Statements:	
Statements of Net Position	15
Statements of Revenue, Expenses and Changes in Net Position	16
Statements of Cash Flows	17
Notes to the Financial Statements	18 - 43
Required Supplementary Information:	
Schedule of the Medical Center's Proportionate Share of the Net Pension Asset Based on Participation in the Public Employee Pension Plan of Tennessee Consolidated Retirement System ("TCRS")	44
Schedule of the Medical Center's Contributions Based on Participation in the Public Employee Pension Plan of TCRS	45
Supplemental Schedules:	
Hospital and HHA - Schedule of Net Position Information	46
Hospital and HHA - Schedule of Revenue, Expenses and Changes in Net Position Information	47
Healthcare Center - Schedule of Net Position Information	48
Healthcare Center - Schedule of Revenue, Expenses and Changes in Net Position Information	49
EMS Agency - Schedule of Net Position Information	50
EMS Agency - Schedule of Revenue, Expenses and Changes in Net Position Information	51
Psychiatric Department - Schedule of Revenue and Expenses Information	52
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*	53 - 54

LBMC MAKE A GOOD BUSINESS BETTER

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Henry County Medical Center
Paris, Tennessee:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Henry County Medical Center (the "Medical Center"), a component unit of Henry County, Tennessee, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Medical Center'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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Henry County Medical Center as of June 30, 2015 and 2014, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3-14, the Schedule of the Medical Center's Proportionate Share of the Net Pension Asset Based on Participation in the Public Employee Pension Plan of Tennessee Consolidated Retirement System ("TCRS") and the Schedule of the Medical Center's Contributions Based on Participation in the Public Employee Pension Plan of TCRS on pages 44-45 be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Adoption of New Accounting Pronouncement

As discussed in Note 2(p) of the financial statements, the Medical Center adopted Governmental Accounting Standards Board Statement ("GASB") No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68* during fiscal year 2015 with retrospective application to fiscal year 2014. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Medical Center's internal control over financial reporting and compliance.

LBMC, PC

Brentwood, Tennessee
November 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of Henry County Medical Center (HCMC), we offer readers of the financial statements this narrative overview and analysis of the financial performance during the years ended June 30, 2015, 2014, and 2013. The budget for year ended 2015 is also included for comparative review. Please read this analysis in conjunction with the financial statements.

STATISTICAL HIGHLIGHTS

Today's healthcare market is still searching for the new normal. Whether it is the effects of the economy, regulations, insurance activity, or the quality improvement initiatives such as the focus on readmissions, the story across the nation is the same, an environment of transformation. All of these have a direct impact on our operations. We begin our review with Table 1 below as a comparative analysis of our statistics and their trends.

Table 1

Statistics

	FYE 2015	FYE Budget	FYE 2014	FYE 2013	FYE 2015 vs. Budget	FYE 2015 vs. FYE 2014	FYE 2015 vs. FYE 2013
Hospital, Excluding Newborns							
Total Patients in a Bed (Admits + Obvs)	4,704	4,593	4,401	4,824	2%	7%	-2%
Admissions	3,343	3,315	3,247	3,500	1%	3%	-4%
Average Daily Census	36	39	37	42	-8%	-3%	-14%
Observations	1,361	1,278	1,154	1,325	6%	18%	3%
Surgeries	7,096	7,658	7,002	7,131	-7%	1%	0%
Emergency Visits	19,227	17,954	18,001	18,407	7%	7%	4%
Outpatient Visits	58,063	57,443	56,810	55,922	1%	2%	4%
Healthcare Center - ADC	95	108	101	111	-12%	-6%	-14%
EMS Agency - Runs	6,065	5,778	5,836	6,048	5%	4%	0%

A review of the above statistics shows mostly year over year growth. Our budgets are more aggressive with projected volumes from new practices in the area. Observations, Surgeries, Emergency Visits, Outpatient Visits, and EMS Agency Runs all indicate year over year actual

growth and all exceeded our budget with the exception of surgery. Surgery volumes were budgeted to include the addition of three new practices. Two of these practices were delayed with recruiting activity. Admissions show growth over budget and the prior year. With today's healthcare market factors, the growth in admissions is a challenge. The Average Daily Census decreased year over year, as well as compared to budget pertains to the decrease in the length of stay of patients. Our acute care length of stay has decreased from 3.87 in FYE 2013 to 3.75 in FYE 2014 and to 3.54 in FYE 2015. Changes in procedures, technologies, and pharmaceuticals lends to an earlier discharge for patients. The Healthcare Center Average Daily Census shows year over year decreases and a decrease from budget. Changes in this market of patients include more stringent admission rules and programs designed to assist patients in their own home.

Our primary service area includes five counties: Benton, Carroll, Henry, Stewart, and Weakley. The inpatient and observation reports show a consistent 25% market share. The reports for the emergency room show a 1% growth from a trending 38% to 39% for the primary service area.

The stability of population in the service area of HCMC promotes gradual growth for the hospital. Recruiting efforts are on-going and key to growth. Two physicians have been recruited to the area and will begin during FYE 2016. Capital initiatives that began in FYE 2015 have infused funding for growth. These initiatives include expansion in the Operating Room, expansion in Psychiatric Services with a new service line of Geri-Psychiatry, and the purchase of an orthopedic robot for hip and knee robotic surgeries. Our hospital is accredited by Joint Commission, our Home Health & Hospice agency has been selected 4 years consecutively as Henry County's Reader's Choice Home Health & Hospice, and our Healthcare Center is a four star facility and recently received the Tier 4 Bronze – Commitment to Quality Award from the National Quality Award Program. Marketing literature and media includes the above and highlights many services offered in our service area.

FINANCIAL HIGHLIGHTS

Table 2

Consolidated Financial Highlights (000s)

	FYE 2015	FYE Budget	FYE 2014	FYE 2013	FYE 2015 vs. Budget	FYE 2015 vs. FYE 2014	FYE 2015 vs. FYE 2013
Operating Revenues	76,227	76,574	73,582	70,604	0%	4%	8%
Operating Expenses	75,200	75,662	72,180	71,844	-1%	4%	5%
Nonoperating Income	204	48	54	(46)	325%	-278%	543%
Net Income (loss)	1,231	960	1,456	(1,286)	28%	-15%	196%

1) Consolidated Operating Revenues indicates a slight trailing to budget and an increase compared to prior years. Stated above is the trailing of 0% to the Budget, a 4% increase compared to FYE 2014, and an increase of 8% compared to FYE 2013. The increases relate to growth in Admissions, Observations, Surgeries, Emergency Visits, Outpatient Visits, and EMS Agency Ambulance Runs as previously stated. Centers for Medicare and Medicaid Electronic Health Record payment for meeting Meaningful Use criteria was received for a total of $801,000 during FYE 2015, $1,270,000 during FYE 2014, and $242,000 during FYE 2013.

2) Consolidated Operating Expenses indicate a 1% decrease over budget, a 4% increase over FYE 2014 and 5% over FYE 2013. The increases are in direct correlation with growth in services. Operating Expenses are 99% of Operating Revenues for FYE 2015, 98% for FYE 2014, and 102% for FYE 2013. A detail review of expenses is included with Table 4.

3) Net Non-Operating Income and Expense activity increased compared to budget and compared to prior years. The increase is related to decreased interest expense, increased gains with investment activity, and fluctuations to projected pension expense.

4) Consolidated Net Income states a gain for FYE 2015, a gain for FYE 2014, and a loss for FYE 2013. Consolidated Net Income was also greater than its budget. The hospital's net gain was $1,337,000 for FYE 2015, a gain of $2,535,000 for FYE 2014 and a loss of ($494,000) in FYE 2013. The Healthcare Center incurred a loss of ($225,000) in FYE 2015, a loss of ($870,000) in FYE 2014, and a loss of ($600,000) in FYE 2013. The EMS Agency's net income was $119,000 in FYE 2015 a net loss of ($208,000) in FYE 2014, and a net loss of ($192,000) in FYE 2013.

USING THIS REPORT

The financial statements consist of three statements

- A Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows.

STATEMENTS OF NET POSITION AND STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

Our analysis of the financial statements will follow and we will answer with this analysis "Is HCMC in a better financial position or a worse financial position as a result of this year's activities?" The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position, will provide information that will answer this question.

The two statements reflect the net position and the changes in such. Net position is defined as the differences between assets, deferred outflows, liabilities, and deferred inflows and is used as a measure of the financial health of our facilities. Over time, increases and decreases in the net

position is one of the indicators as to whether we are improving or deteriorating. Financial profits create directly proportional increases in net position where financial losses cause equal decrease in net position.

THE STATEMENT OF CASH FLOWS

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and financing activities. It provides answers to questions such as "Where did our cash come from?" "What was the cash used for?" and "Did our cash balance increase or decrease during the reporting period?"

HCMC'S NET POSITION

Net Position is the difference between assets, deferred outflows, liabilities, and deferred inflows reported in the Statement of Net Position on page 15 and Table 3 below. Net position increased by $1,231,000 or by 2% in FYE 2015 versus an increase of $1,874,000 or 4% in FYE 2014. This increase reflects increases in current assets from growth and recruiting initiatives, decreases in debt, as well as the gain incurred from operations. Table 3 below reflects the balances of assets, deferred outflows, liabilities, deferred inflows, and net position as of FYE 2015, 2014 and FYE 2013. It is important to note that strengthening of net position and financial health is directly driven by the financial profits from operations as well as the investments of and in assets.

Table 3

Consolidated Statements of Net Position (000s)

	FYE 2015	FYE 2014	FYE 2013
Assets:			
Current Assets	$16,481	$16,085	$15,250
Net Property & Equipment	42,294	43,109	44,887
Long Term Investments	6,671	6,688	6,960
Assets Limited to Use	9,834	9,685	8,811
Intangible Assets	259	333	407
Net Pension Asset	4,706	418	
Other Assets	1,612	1,576	1,271
Total Assets	81,857	77,894	77,586
Deferred Outflows of Resources:			
Excess Consideration Provided for Acquisition	4,660	4,660	4,660
Employer Pension Contributions	1,544	-	-
Liabilities:			
Current Liabilities	$8,484	$7,435	$7,632
Long-Term Debt	19,784	20,695	22,064
Total Liabilities	28,268	28,130	29,696
Deferred Inflows of Resources - Pension	4,139	-	-
Net Position:			
Net Investment in Capital Assets	$20,631	$20,796	$21,272
Restricted for Pension Benefits	$2,111	$418	$0
Unrestricted	32,912	33,210	31,278
Total Net Position	$55,654	$54,424	$52,550

The increase in net position for FYE 2015 is stated above as increases in current assets from growth and recruiting initiatives, increases in assets limited as to use, increase in pension assets, and decreases in debt. These improvements are related to operational efficiencies gained, growth in services, and repayment of debt. Net property, plant, and equipment decreased from FYE 2014 due to depreciation. The net increase in gross property, plant and equipment was $4.1 million.

OPERATING INCOME

The Statement of Revenue, Expenses, and Changes in Net Position on page 16 and Table 4 below reflect the operating results for FYE 2015 and FYE 2014 and FYE 2013.

TABLE 4
Statements of Revenue and Expenses (000s)

	FYE 2015	FYE 2014	FYE 2013	FYE 2015 vs. FYE 2014	FYE 2015 vs. FYE 2013
Operating revenues					
Net patient service revenue	$ 73,500	$ 70,823	$ 69,116	4%	6%
Other revenue	2,726	2,760	1,488	-1%	83%
Total operating revenue	76,226	73,583	70,604	4%	8%
Operating expenses:					
Salaries and benefits	39,457	38,466	39,643	3%	(0%)
Medical Supplies and Drugs	15,580	16,052	14,737	-3%	6%
Depreciation and amortization	5,227	5,205	5,265	0%	-1%
Other operating expense	14,935	12,457	12,199	20%	22%
Total Operating Expenses	75,199	72,180	71,844	4%	5%
Operating Income (Loss)	1,027	1,403	(1,240)	-27%	183%
Non Operating Income-Investments	204	54	(46)	278%	543%
Excess of Revenue over Expenses	$ 1,231	$ 1,457	$ (1,286)	-16%	196%

Excess of Revenues over Expenses was $1,231,000 or a total profit margin of 2%. Compared to FYE 2014, this is a decrease of ($226,000) or (16%) in excess revenues over expenses. The total profit margin for FYE 2014 was 2%. Compared to FYE 2013, this is an increase of $2,516,000 or 196% in excess revenues over expenses. The total profit margin for FYE 2013 was a loss of (2%). Operating revenue increased 4% and total operating expenses increased 4% as compared to FYE 2014. The variances for FYE 2015 are explained in the following paragraphs.

Net Patient Service revenues increased $2,677,000 or 4% during FYE 2015. The increase in net patient service revenue is attributed to the increase in patient service volumes from inpatient and

outpatient activity as described in Table 1. Net Patient Service revenues also shows a reduction in bad debts by ($566,000) or (10%) compared to FYE 2014.

Other revenues decreased ($34,000) or (1%) in FYE 2015. Other revenues is a category which includes non-patient service related revenues, rent, cafeteria sales, management related revenues, and funding for the electronic health record. While the majority of these increased, funding for the electronic health record decreased as designed by federal funding guidelines.

Salary and benefit cost increased $991,000 or 3% in FYE 2015. Employed physician practices grew to 9 practices from 4 practices attributing to an increase in salary and benefit cost of $1,162,000 or 43% of total salary and benefit cost. Pay increases ranged up to 2%. Market adjustments accounted for another 2% increase. Market adjustments were given for essential positions and positions that greatly lagged in comparison to other healthcare facilities. Benefit decreases spurred from decreases in health insurance claims. All other benefits remained comparable to prior year.

Medical supply and drug expense decreased ($472,000) or (3%) in FYE 2015. Medical supplies and drug expense as a percentage to total operating revenues is 20% for FYE 2015 and 22% for FYE 2014 and 21% for FYE 2013. Medical supply and drug expense is related to usage of supplies as well as changes in cost of supplies. Increased utilization from admissions and surgeries drove costs upward. At the same time, HCMC changed its group purchasing vendor and realized savings for this program of approximately $850,000. Supply cost per adjusted admission decreased (12%) to $1,316 from $1,494.

Depreciation and amortization expenses increased $22,000 or 0% during FYE 2015. Budgeted investment in capital was $5,207,000. Capital expenditures were $4,075,000 for FYE 2015, $3,071,000 for FYE 2014, and $7,432,000 for FYE 2013. FYE 2015 includes building an additional operating room, upgrades to technology, and replacement of routine capital items. FYE 2014 includes upgrades to technology and replacement of routine capital items. FYE 2013 includes building an imaging center and replacement of routine capital items.

Other operating expenses increased $2,478,000 or 20% during FYE 2015. Other operating expenses consist of professional fees, utilities, repairs, maintenance, leases, rentals, insurance, and general office expenses. Most increases were related to professional fees, repairs and maintenance, and insurance. Other professional fees increased $1,110,000 or 24% due to costs associated with contract labor, physician call pay, and hyperbaric oxygen therapy services and anesthesia services both managed by an outside source. Other general expenses increased $543,993 or 20% of which the majority is due to physician recruiting costs. Repairs and maintenance increased $276,000 or 10% due to new maintenance contracts associated with new equipment and computerization and general facility repairs. Insurance increased $97,000 or 20% due to increases in the number of employed physicians. Other types of expenses within this category did not significantly increase.

Net non-operating activity increased $150,000 or 278% during FYE 2015 compared to FYE 2014 and 543% compared to FYE 2013. Interest expense is a component of non-operating activity and decreased to $209,000 in FYE 2015 from $233,000 in FYE 2014, and $270,000 in FYE 2013. Variable interest rates for debt remain at an all time low. A new issuance of $5,000,000 was approved with $727,000 drawn as of the end of FYE 2015. Investment activity is another component of non-operating activity, and decreased ($23,000) or (8%) over FYE 2014. The decrease is due to unrealized losses in the market. A new GASB pronouncement was adopted for the fiscal year (see Notes 2k and 2p to the Financial Statements), lending to a pension income recognition of $149,000.

In summary, HCMC incurred a consolidated net gain of $1,231,000 or 2%. The healthcare industry is very volatile with volumes shifting from inpatient to outpatient as well as changes in the insurance programs to reduce overall costs for the beneficiaries. The healthcare industry is also steeped with regulatory requirements, computerization, and costly advances with technologies and pharmaceuticals. HCMC is committed to growth strategies, quality initiatives, and customer service projects to enhance its position as a market leader for our community.

We continue to be fortunate to have assets to invest in physician recruiting and growing programs through marketing initiatives for our service area. We continue to work to improve

services and productivity, to contain costs and to promote growth and efficiencies. HCMC adopted lean management leadership development, lean skills, and lean programs in order to proactively promote change as the industry changes.

Due to ongoing pressure in our economy and reimbursement rates, and due to increased costs associated with pharmacy, implantable devices, and increased capital investment for technology and expansion, we expect to be challenged. We feel that it is imperative to continue to invest in growth and marketing and that we closely manage our controllable costs in order to improve our level of profitability.

Our plan in future years is to strategize, grow, and build profit from our assets and operations so that we can meet the requirements that stem from the growing healthcare needs of the patient population that we serve.

HCMC CASH FLOW

The Statement of Cash Flows on page 17 provides information regarding the sources and uses of cash during FYE 2015, FYE 2014, and FYE 2013. HCMC saw a slight increase in cash flow in FYE 2015 of $10,000, an increase in FYE 2014 of $485,000, and an increase in FYE 2013 of $219,000. Changes in cash flows are the result of our investments in physician recruiting, our staff, and our property improvements, plus the generation of cash flow from operating activities.

The net cash provided by operations was $5,010,000 in FYE 2015 versus $5,536,000 in FYE 2014 and $7,341,000 in FYE 2013. Net cash used by capital and financing activities were ($5,174,000) in FYE 2015 versus ($4,876,000) in FYE 2014 and ($9,173,000) in FYE 2013. Net cash provided or (used) by investing activities were $175,000 in FYE 2015 versus ($175,000) in FYE 2014 and $2,050,000 in FYE 2013. For FYE 2015, HCMC used the majority of the cash in the manner as stated in Table 5 below, which yielded a net increase in cash of $10,000. The table below shows highlights of uses of cash over FYE 2015, FYE 2014, and FYE 2013.

Table 5

Consolidated Statement of Cash Flows Highlights (000s)

	FYE 2015	FYE 2014	FYE 2013
Net Cash Provided (Used) by Operations	$ 5,010	$ 5,536	$ 7,341
Proceeds from Debt	727	-	-
Principal and Interest Payments on Debt	(1,854)	(1,830)	(1,783)
Property and Equipment Purchases	(4,048)	(3,046)	(7,389)
Net Cash Provided (Used) by Investing Activities	175	(175)	2,050
Increase (Decrease) in Cash and Cash Equivalents	$ 10	$ 485	$ 219

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At the end of FYE 2015, HCMC had invested $42,294,000 in capital assets net of depreciation. This represents a (2%) decrease compared to the FYE 2014 amount of $43,109,000 and a (4%) decrease over the FYE 2013 amount of $44,887,000. The decreases compared to prior years are due to the quick five year depreciation of technology related capital items. The summary of Capital Assets can be found in note 6 on pages 30-31.

Debt:

At the end of FYE 2015, HCMC has $21,662,000 in long-term debt, including the current portion. This amount was $22,312,000 for FYE 2014 and $23,615,000 for FYE 2013. Principal payments were $1,645,000. There is a net reduction in total debt stated year over year. A new issuance was approved during FYE 2015 for $5,000,000, of which $727,000 was drawn by end of the fiscal year. The summary of long-term debt is in note 8 of the financial statements on pages 32-35.

OTHER ECONOMIC FACTORS

FYE 2015, FYE 2014, and FYE 2013 continue with results from unstable economic conditions. The local area is impacted by the changes in regulatory and insurance policy, the rising cost of recruiting physicians, and the rising cost associated with computerization. The changes in insurance policy impacts patients spending abilities and the differing of health care needs.

We as a community healthcare provider strive to help recruit industry and attract retirement ventures to the area by continuing to offer quality healthcare at an affordable price.

CONTRACTING HCMC'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, and creditors with a general overview of HCMC finances and to show good stewardship of the resources we possess. If you have any questions regarding this report contact Henry County Medical Center's Chief Financial Officer, at Henry County Medical Center, 301 Tyson Avenue, P.O. Box 1030, Paris, TN 38242.

NONREQUIRED SUPPLEMENTARY INFORMATION – LISTING OF 2014 - 2015 BOARD MEMBERS AND HOSPITAL MANAGEMENT

Felix Wichlan, Chairman
Scott Whitby, MD, Vice Chairman
Troy Buttrey
Kreg Kyle
James E. Travis
David Hessing, Attorney
Deborah Selby, MD, Chief of Staff

Thomas Gee, CEO
Lisa Casteel, CFO
James Caldwell, RN, CNO
Sandy Ray, HCHC Administrator
Ed Ledden, Asst. Admin. & HR Director
Tory Daughrity, Marketing Director

HENRY COUNTY MEDICAL CENTER
(a component unit of Henry County)

Statements of Net Position

June 30, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	$ 1,662,100	$ 1,651,879
Assets limited as to use and that are required for current liabilities	1,931,061	1,720,987
Patient accounts receivable, less allowance for uncollectible accounts of $8,006,000 and $8,764,000 in 2015 and 2014, respectively	9,980,940	10,083,405
Inventories	2,165,062	2,053,172
Prepaid expenses and other current assets	741,858	558,082
Estimated third-party payor settlements	-	17,391
Total current assets	16,481,021	16,084,916
Property and equipment, net	42,293,560	43,108,614
Long-term investments	6,671,355	6,687,889
Assets limited as to use, excluding assets required for current liabilities	9,833,940	9,685,254
Intangible assets, net - non-compete agreements	258,913	332,888
Net pension asset	4,705,817	417,610
Other assets	1,612,810	1,576,497
Total assets	81,857,416	77,893,668
Deferred outflows of resources:		
Excess consideration provided for acquisition	4,660,432	4,660,432
Employer pension contributions	1,544,177	-
Total deferred outflows of resources	6,204,609	4,660,432
Liabilities:		
Current portion of long-term debt	1,878,339	1,617,506
Accounts payable	2,506,379	2,154,287
Accrued expenses	4,051,858	3,663,713
Estimated third-party payor settlements	47,851	-
Total current liabilities	8,484,427	7,435,506
Long-term debt, excluding current portion	19,783,949	20,694,856
Total liabilities	28,268,376	28,130,362
Deferred inflows of resources - pension	4,139,239	-
Net position:		
Net investment in capital assets	20,631,272	20,796,252
Restricted for pension benefits	2,110,755	417,610
Unrestricted	32,912,383	33,209,876
Total net position	$ 55,654,410	$ 54,423,738

See accompanying notes to the financial statements.

HENRY COUNTY MEDICAL CENTER
(a component unit of Henry County)

Statements of Revenue, Expenses and Changes in Net Position

Years ended June 30, 2015 and 2014

	2015	2014
Operating revenue:		
Patient service revenue, net of provision for bad debts of $5,125,108 and $5,691,268 in 2015 and 2014, respectively	$ 73,499,753	$ 70,822,613
Other revenue	2,726,688	2,759,993
Total operating revenue	76,226,441	73,582,606
Expenses:		
Salaries and wages	32,339,969	29,479,816
Employee benefits	7,116,747	8,986,306
Supplies	15,879,737	16,052,414
Professional fees	4,554,887	3,530,622
Physician fees	1,178,441	1,092,394
Utilities and telephone	1,548,500	1,497,005
Repairs and maintenance	3,163,000	2,886,398
Leases and rentals	953,280	916,903
Insurance	579,224	482,688
Depreciation and amortization	5,227,246	5,204,690
Other expenses	2,261,138	1,717,142
Services tax	397,758	333,750
Total expenses	75,199,927	72,180,128
Operating income	1,026,514	1,402,478
Nonoperating income (expense):		
Investment income	161,421	104,031
Interest expense	(209,021)	(233,111)
Pension income	148,968	-
Other nonoperating income	102,790	182,857
Total nonoperating income (expense)	204,158	53,777
Excess of revenue over expenses	1,230,672	1,456,255
Net position at beginning of year, as previously reported		52,549,873
Cumulative adjustment for adoption of GASB 68 and 71 (see Note 2(p))		417,610
Net position at beginning of year, as restated		52,967,483
Net position at end of year, as restated		$ 54,423,738
Net position at beginning of year, as restated	54,423,738	
Net position at end of year	$ 55,654,410	

See accompanying notes to the financial statements.

HENRY COUNTY MEDICAL CENTER
(a component unit of Henry County)

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 73,667,460	$ 70,432,241
Payments to suppliers for goods or services	(28,212,035)	(27,414,935)
Payments to employees for services	(40,731,427)	(38,449,890)
Other receipts and payments, net	285,772	968,426
Net cash provided by operating activities	5,009,770	5,535,842
Cash flows from capital and related financing activities:		
Proceeds from long-term debt	726,989	-
Principal paid on long-term debt	(1,645,463)	(1,597,438)
Interest paid on long-term debt	(209,021)	(233,111)
Proceeds from disposal of property and equipment	28,400	25,589
Purchases of property and equipment	(4,075,145)	(3,070,594)
Net cash used by capital and related financing activities	(5,174,240)	(4,875,554)
Cash flows from investing activities:		
Distributions from joint venture	410,000	400,000
Proceeds from (purchases of) investments	(37,970)	212,943
Increase in assets limited as to use	(358,760)	(892,205)
Investment income	161,421	104,031
Net cash provided (used) by investing activities	174,691	(175,231)
Increase in cash and cash equivalents	10,221	485,057
Cash and cash equivalents at beginning of year	1,651,879	1,166,822
Cash and cash equivalents at end of year	$ 1,662,100	$ 1,651,879
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,026,514	$ 1,402,478
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	5,227,246	5,204,690
Provision for bad debts	5,125,108	5,691,268
Gain on disposal of property and equipment	(23,072)	(12,750)
Equity in earnings of joint venture	(355,496)	(340,532)
Other nonoperating income	102,790	182,857
(Increase) decrease in operating assets and deferred outflows of resources:		
Patient accounts receivable and other receivables	(5,022,643)	(6,700,292)
Estimated third-party payor settlements	65,242	618,652
Inventories	(111,890)	131,715
Prepaid expenses and other current assets	(183,776)	(73,720)
Other assets	(36,313)	(305,198)
Deferred outflows - employer pension contributions	(1,544,177)	-
Increase (decrease) in operating liabilities:		
Accounts payable	352,092	371,835
Accrued expenses	388,145	(635,161)
Net cash provided by operating activities	$ 5,009,770	$ 5,535,842
Supplemental schedule of noncash investing, capital and financing activities:		
Debt obligation for property and equipment	$ 268,400	$ 294,580

See accompanying notes to the financial statements.

(1) Nature of operations

(a) Organization

Henry County Medical Center (Medical Center) is a political subdivision of Henry County, Tennessee (County). The Medical Center provides comprehensive health care services through the operation of an acute care hospital (Hospital), nursing home (Healthcare Center), home health agency (HHA), and emergency medical services agency (EMS). It is governed by a Board of Trustees under the authority of the County Commission of Henry County, Tennessee and the Henry County Hospital District. The Board of County Commissioners appoints the Board of Trustees of the Medical Center which may not issue debt without the County's approval. Under accounting principles generally accepted in the United States of America, the Medical Center constitutes a component unit of the County for financial reporting purposes.

(2) Summary of significant accounting policies

(a) Basis of presentation

The Medical Center utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis, which is an economic resources measurement focus approach to accounting. In December 2010, Governmental Accounting Standards Board ("GASB") issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position.* GASB 62 and 63 were effective for periods beginning after December 15, 2011. GASB 62 makes the GASB *Accounting Standards Codification* the sole source of authoritative accounting technical literature for governmental entities in the United States of America.

(b) Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market (net realizable value).

(c) Assets limited as to use

Assets limited as to use include investments designated by the Board of Trustees for future capital improvements and debt repayment, over which the Board retains control and may at its discretion use for other purposes. Investments are reported at fair value.

(d) Cash, cash equivalents and investments

For the purpose of the statement of cash flows, cash and cash equivalents are defined as cash on hand or in banks and investments with original maturities at date of purchase of less than three months, excluding assets limited as to use.

Investments consist of certificates of deposit and cash and cash equivalents with original maturities of greater than three months as well as mutual funds and exchange traded funds. Those investments with original maturities greater than three months but less than one year are classified as short-term investments, while the remaining amount is classified as long-term. Amounts included in the balance sheet caption "Assets limited as to use" consist of certificates of deposit, cash and cash equivalents, mutual funds, and exchange traded funds. These investments are reported at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The Medical Center makes authorized investments pursuant to the provisions granted under the Private Act Hospital Authority. Investment income is reported as nonoperating income. Any changes in fair market value in the current year are recognized in the statements of revenue, expenses, and changes in net position as a component of investment income.

All of the Medical Center's cash and cash equivalents and certificates of deposit are insured or collateralized by securities held by the financial institutions' trust department in the Medical Center's name. At June 30, 2015 and 2014, the total carrying value of the Medical Center's cash, cash equivalents and certificates of deposit was $9,969,390 and $19,133,862, respectively, and the bank balance was $10,368,327 and $19,560,312, respectively. The entire financial institution balance as of June 30, 2015, was covered by federal depository insurance or by collateral held by the trustee in the Medical Center's name.

A fifty percent interest in a joint venture that provides cancer care services in the Henry County area is included in long-term investments on the accompanying balance sheet. This investment is accounted for under the equity method. The investment balance included in long-term investments is $557,644 and $612,147 at June 30, 2015 and 2014, respectively. Complete financial statements for the cancer care center can be obtained from the Medical Center's accounting department located at 301 Tyson Avenue, P.O. Box 1030, Paris, TN 38242.

(e) Fair value measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). As of June 30, 2015 and 2014, the Medical Center has approximately $15,040,000 and $10,200,000, respectively, in a money market fund, mutual and exchange traded funds, and certificates of deposit that would be classified as Level 1 or Level 2 under the hierarchy above. The Medical Center also has a net pension asset of $4,705,817 as of June 30, 2015 and a net pension asset of $417,610 as of June 30, 2014 which would be classified as Level 2 under the hierarchy above. The Medical Center does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2015 or 2014.

(f) Property and equipment

Property and equipment acquisitions are recorded at cost. The Medical Center capitalizes purchases that cost a minimum of $500 and have a useful life greater than three years. Assets are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements 5-20 years; buildings and improvements 5-40 years; fixed equipment 10-20 years; and major movable equipment 5-20 years.

(g) Intangible assets and excess consideration provided for acquisition

Intangible assets consist of non-compete agreements which are amortized over their respective useful lives on a straight-line basis.

The Medical Center evaluates excess consideration provided for acquisition for impairment on an annual basis or more frequently if impairment indicators arise. In the event excess consideration provided for acquisition is considered to be impaired, a charge to earnings would be recorded during the period in which management makes such impairment assessment.

(h) Patient service revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments and policy discounts of approximately $170,400,000 and $148,100,000 for the years ended June 30, 2015 and 2014, respectively. Approximately 51% of net patient service revenue was from Medicare for the years ended June 30, 2015 and 2014. Approximately 11% of net patient service revenue was from Medicaid/TennCare for the years ended June 30, 2015 and 2014.

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. These costs are estimated based on the ratio of total costs to gross charges and amounted to approximately $1,275,000 and $1,350,000 for the years ended June 30, 2015 and 2014, respectively.

(i) Operating activities

The Medical Center defines operating activities as reported on the Statements of Revenue, Expenses and Changes in Net Position as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Non-exchange transactions, including investment income, interest expense and changes in pension assets (liabilities), are considered non-operating revenue and expenses.

(j) Costs of borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

(k) Pension plan

Medical Center employees are covered under The Tennessee Consolidated Retirement System ("TCRS"), a defined benefit plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement Plan in the TCRS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan. Investments are reported at fair value. See Note 9 for further information related to the pension plan.

(l) Compensated absences

The Medical Center provides its full-time employees with paid days off for holiday, vacation, sick, and bereavement absences. The paid days off begin accruing after a three month probationary period and are based on the table which follows. Such days may be taken only after the employee has earned them. All earned days must be taken annually, except that an employee may carry forward up to the normal number of hours worked in a four-week period. Such liabilities have been accrued in the accompanying balance sheet.

Years of service	Days earned per year
0-5	20
5-10	25
10 or more	30

(m) Risk management

The Medical Center is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters. The Medical Center is self-insured for employee health and workers' compensation claims and judgments as discussed in Note 10.

(n) Net position

All resources that are not restricted by donors are included in unrestricted net position. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net position. When specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are classified to unrestricted net position and reported in the statement of revenues, expenses and changes in net position. Resources temporarily restricted by donors for additions to land, building and equipment are initially reported as temporarily restricted net position and are transferred to unrestricted net position when expended. Donor-imposed restrictions which stipulate that the resources be maintained permanently are reported as permanently restricted net position. Investment income for the permanently restricted net position is classified as either temporarily restricted or unrestricted based on the intent of the donor. As of June 30, 2015 and 2014, the Medical Center had temporarily restricted net position of $2,110,755 and $417,610, respectively, relating to the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension benefits.

(o) Income taxes

The Medical Center is a not-for-profit corporation as described in Chapter 176 of the Private Acts and is exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Code.

(p) Cumulative effect adjustment

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27* (GASB 68) and in November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68* (GASB 71). GASB 68 and 71 amend the accounting and financial reporting by state and local governments for pensions. Under these statements, state and local governments will recognize their specific pension amounts which include net pension asset (liability), deferred outflows of resources, deferred inflows of resources, and pension income (expense). The Medical Center adopted the provisions of these statements as of July 1, 2014 and incorporated the provisions of these statements to its financial statements through retrospective application to all periods presented and a cumulative effect adjustment to net position as of July 1, 2013.

The Medical Center increased net position by $417,610 as of July 1, 2013 to reflect the cumulative effect of the adoption of GASB 68 and 71 and to record the initial net pension asset. The prior period financial statements have been revised to reflect this change in accounting, the effects of which have been summarized below:

	As of and for the Year Ended June 30, 2014		
	As Previously Reported	Adjustment	As Adjusted
Statement of Net Position:			
Net pension asset	$ -	$ 417,610	$ 417,610
Net position at beginning of year	52,549,873	417,610	52,967,483
Net position at end of year	54,006,128	417,610	54,423,738

(q) Performance indicator

Excess of revenue over expenses reflected in the accompanying statements of revenue, expenses and changes in net position is a performance indicator.

(r) Long-lived assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

(s) Adoption of new accounting pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities and was effective for financial statements for fiscal years beginning after December 15, 2012. Therefore, the Medical Center adopted this standard at the beginning of fiscal year 2014.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The statement was effective for financial statements for fiscal years beginning after June 15, 2014. Therefore, the Medical Center adopted this standard at the beginning of fiscal year 2015.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement relates to accounting and financial reporting for government combinations and disposals of government operations and was effective for financial statements for fiscal years beginning after December 15, 2013. Therefore, the Medical Center adopted this standard at the beginning of fiscal year 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The primary objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68. This statement requires that at transition, an entity recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning of the net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68.

The adoption of these accounting standards, with the exception of Statement No. 68 and No. 69, did not have a material impact on the Medical Center's financial statements. The adoption of Statement No. 68 was incorporated in the Medical Center's financial statements through retrospective application to all periods presented and a cumulative adjustment to net position as of July 1, 2013. See Notes 2(p) and 8. The adoption of Statement No. 69 changed the presentation of amounts previously reported as goodwill and other intangible assets on the statements of net position.

(t) New accounting pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard is effective for fiscal years beginning after June 15, 2015. Therefore, the Medical Center expects to adopt this standard at the beginning of fiscal year 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement is applicable to the Medical Center with regard to clarification of certain provisions of Statement No. 68 including information that is required to be presented as notes to the ten-year schedules of required supplementary information. The requirements of this standard that are within the scope of Statement No. 68 are effective for fiscal years beginning after June 15, 2015. Therefore, the Medical Center expects to adopt this standard at the beginning of fiscal year 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which amended Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles ("GAAP") to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for fiscal years beginning after June 15, 2015 and should be applied retroactively. Therefore, the Medical Center expects to adopt this standard at the beginning of fiscal year 2016.

The Medical Center is currently assessing the impact of adopting these accounting standards.

(u) Use of estimates

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

(v) Reclassifications

Certain reclassifications have been made to the 2014 financial statements in order for them to conform to the 2015 presentation. With the exception of the adoption of GASB 68 and 71 as discussed in Note 2(p), these reclassifications have no effect on net position or changes in net position as previously reported.

(w) Events occurring after reporting date

The Medical Center has evaluated events and transactions that occurred between June 30, 2015 and November 13, 2015, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Third-party reimbursement programs

The Medical Center receives revenue under various third-party reimbursement programs which include Medicare, TennCare, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the Medical Center's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts resulted in an increase (decrease) to revenue of approximately $331,000 and $(200,000) for the years ended June 30, 2015 and 2014, respectively.

(a) Medicare

The Medical Center is paid for substantially all services rendered to inpatient Medicare program beneficiaries under prospectively determined rates-per-discharge. Those rates vary according to a classification system that is based on clinical, diagnostic, and other factors. The Medical Center is paid for outpatient, emergency medical services and psychiatric services under a Medicare program known as the Ambulatory Payment Classification (APC) system. Under the APC system, outpatient services are classified into APC categories based on standard procedure codes (CPT-4 Codes) for the service provided and payment for the APC categories are determined using prospectively determined Federal payment rates adjusted for geographical area wage differences. The Medical Center receives cash payments at an interim rate with final settlement determined after the Medical Center's submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Medical Center's classification of patients under the Medicare Prospective Payment System and the appropriateness of the patients' admissions are subject to validation reviews by the Medicare peer review organization.

The Medical Center qualifies as a Medicare-dependent hospital. When the volume of acute patients decreases by more than five percent, the Medical Center is eligible to recover unreimbursed costs. During 2015, the Medical Center requested, and Medicare approved, an additional reimbursement of $1,451,696 relating to volume decreases in fiscal years 2010 and 2011. These funds were received on October 8, 2015 and will be recorded as other revenue for the Medical Center's fiscal year ending June 30, 2016.

(b) Medicaid

The Medicaid program reimburses the healthcare center for the cost of services rendered to Medicaid beneficiaries at a prospective rate which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

(c) TennCare

The State of Tennessee TennCare program is a managed care program which provides healthcare coverage to those previously eligible for Medicaid as well as the uninsured population. The Hospital contracts with various managed care organizations (MCO's) which offer both Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) healthcare products. Reimbursement to the Medical Center is received through per diems, Diagnosis-Related Group (DRG) payments and discounted fee for service.

(d) Commercial Payors

The Medical Center has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge and discounts from established rates.

(e) Credit Concentration

The Medical Center grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies. At June 30, 2015 and 2014, the Medical Center had net receivables from the Federal Government (Medicare) of approximately $3,100,000 and $3,000,000, respectively, and from Medicaid/TennCare of approximately $1,200,000 and $950,000, respectively.

(f) Meaningful use payments from Medicare and Medicaid

The American Recovery and Reinvestment Act of 2009 (ARRA) established incentive payments under the Medicare and Medicaid programs for hospitals that implemented "meaningfully use" certified electronic health record (EHR) technology. In order to receive incentive payments, a hospital which is able to meet the meaningful use criteria must attest that during the EHR reporting period, the hospital used certified EHR technology and specify the technology used, satisfied the required meaningful use objectives and associated measures for the applicable stage, and must specify the EHR reporting period and provide the result of each applicable measure for all patients admitted to the inpatient or emergency department of the hospital during the EHR reporting period for which a selected measure is applicable. A hospital may receive an incentive payment for up to four years, provided it successfully demonstrates meaningful use of certified EHR technology for the EHR reporting period. Hospitals that adopt a certified EHR system and are meaningful users can begin receiving incentive payments in any federal fiscal year from 2011 (October 1, 2010 - September 30, 2011) to 2015; however, the incentive payments will decrease for hospitals that first start receiving payments in federal fiscal year 2014 or 2015.

The Medical Center met the meaningful use criteria during 2015 and 2014. As a result, the Medical Center recognized income of approximately $801,000 and $1,270,000 from Medicare in 2015 and 2014, respectively. There are no receivables related to meaningful use at June 30, 2015 and 2014. The income is reported within other revenue on the accompanying statements of revenue, expenses and changes in net position.

(4) Inventories

A summary of inventories as of June 30, 2015 and 2014 is as follows:

	2015	2014
Medical stores	$ 104,401	$ 108,862
Dietary	40,256	32,190
Departmental	2,020,405	1,912,120
	$ 2,165,062	$ 2,053,172

(5) Investments and assets limited as to use

The Medical Center's investments and assets limited as to use are reported at estimated fair value based on quoted market prices. The Medical Center invests in money market funds, certificates of deposit, mutual funds, and exchange traded funds that are in accordance with the Medical Center's investment policy. A fifty percent interest in a joint venture with a balance of $557,644 and $612,147 at June 30, 2015 and 2014, respectively, is not included in the schedules below. A summary of investments and assets limited as to use as of June 30, 2015 and 2014 is as follows:

	2015		
	Cost	Fair Value	Unrealized Gain
Cash and cash equivalents	$ 2,838,295	$ 2,838,295	$ -
Money market funds	257,217	257,217	-
Certificates of deposit	5,211,778	5,211,778	-
Mutual and exchange traded funds	9,578,107	9,571,422	(6,685)
	$ 17,885,397	$ 17,878,712	$ (6,685)

	2014		
	Cost	Fair Value	Unrealized Gain
Cash and cash equivalents	$ 7,243,754	$ 7,243,754	$ -
Certificates of deposit	10,238,229	10,238,229	-
	$ 17,481,983	$ 17,481,983	$ -

Interest rate risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Medical Center's investment policy selected a blended investment approach in order to diversify the entire asset pool while reducing the risk of wide swings in market value from year-to-year, or from incurring large compounded losses.

The following schedule summarizes the investment income in the statements of revenue, expenses and changes in net position for 2015 and 2014:

	2015	2014
Interest income and realized gain on investments	$ 168,106	$ 104,031
Unrealized loss on investments	(6,685)	-
	$ 161,421	$ 104,031

(6) Property and equipment

The major classifications and changes in property and equipment as of and for the years ended June 30, 2015 and 2014 are as follows:

	Balance at June 30, 2014	Additions/ Transfers	Placed in Service/ Retirements	Balance at June 30, 2015
Land	$ 851,433	$ -	$ -	$ 851,433
Land improvements	1,595,313	285,394	-	1,880,707
Buildings and improvements	59,342,922	183,804	-	59,526,726
Machinery and equipment	39,322,086	2,475,328	(226,364)	41,571,050
	101,111,754	2,944,526	(226,364)	103,829,916
Less allowance for depreciation and amortization:				
Land improvements	(1,200,194)	(47,623)	-	(1,247,817)
Buildings and improvements	(27,671,280)	(1,907,994)	-	(29,579,274)
Machinery and equipment	(29,268,637)	(3,197,654)	221,036	(32,245,255)
	(58,140,111)	(5,153,271)	221,036	(63,072,346)
	42,971,643	(2,208,745)	(5,328)	40,757,570
Construction in progress	136,971	1,484,179	(85,160)	1,535,990
	$ 43,108,614	$ (724,566)	$ (90,488)	$ 42,293,560

	Balance at June 30, 2013	Additions/ Transfers	Placed in Service/ Retirements	Balance at June 30, 2014
Land	$ 851,433	$ -	$ -	$ 851,433
Land improvements	1,594,649	2,028	(1,364)	1,595,313
Buildings and improvements	58,962,571	395,381	(15,030)	59,342,922
Machinery and equipment	38,315,296	3,160,702	(2,153,912)	39,322,086
	99,723,949	3,558,111	(2,170,306)	101,111,754
Less allowance for depreciation and amortization:				
Land improvements	(1,162,976)	(38,463)	1,245	(1,200,194)
Buildings and improvements	(25,729,123)	(1,956,936)	14,779	(27,671,280)
Machinery and equipment	(28,274,764)	(3,135,316)	2,141,443	(29,268,637)
	(55,166,863)	(5,130,715)	2,157,467	(58,140,111)
	44,557,086	(1,572,604)	(12,839)	42,971,643
Construction in progress	329,908	570,328	(763,265)	136,971
	$ 44,886,994	$ (1,002,276)	$ (776,104)	$ 43,108,614

The Medical Center is in the process of constructing various expansions and additions to the existing facilities. As of June 30, 2015, the total cost of these projects is expected to be approximately $3,000,000.

(7) Intangible assets

Other intangible assets include non-compete agreements with 7 year lives. As of June 30, 2015 and 2014, the non-compete agreements have a balance of $258,913 and $332,888 which is net of accumulated amortization of $258,913 and $184,938, respectively. Amortization expense totaled $73,975 in 2015 and 2014. Future amortization expense of the net carrying amount of the non-compete agreement is $73,975 per year.

(8) Long-term debt

A schedule of changes in the Medical Center's long-term debt as of and for the years ended June 30, 2015 and 2014 is as follows:

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015	Amounts Due Within One Year
Public Building Authority of the County of Montgomery, TN - Series 2002	$ 11,232,000	$ -	$ (634,000)	$ 10,598,000	$ 666,000
General Obligation Hospital Revenue and Tax Capital Outlay Note - Series 2011	4,637,093	-	(460,386)	4,176,707	475,669
Public Building Authority of the City of Clarksville, TN - Series 2012	6,195,000	-	(416,000)	5,779,000	426,000
Public Building Authority of the City of Clarksville, TN - Series 2015	-	726,989	-	726,989	170,000
Other debt	248,269	268,400	(135,077)	381,592	140,670
	$ 22,312,362	$ 995,389	$ (1,645,463)	$ 21,662,288	$ 1,878,339

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Amounts Due Within One Year
Public Building Authority of the County of Montgomery, TN - Series 2002	$ 11,836,000	$ -	$ (604,000)	$ 11,232,000	$ 634,000
General Obligation Hospital Revenue and Tax Capital Outlay Note - Series 2011	5,083,010	-	(445,917)	4,637,093	460,386
Public Building Authority of the City of Clarksville, TN - Series 2012	6,602,000	-	(407,000)	6,195,000	416,000
Other debt	94,210	294,580	(140,521)	248,269	107,120
	$ 23,615,220	$ 294,580	$ (1,597,438)	$ 22,312,362	$ 1,617,506

During June 2002, the Medical Center entered into a loan agreement with the Public Building Authority of the County of Montgomery, Tennessee (Building Authority) whereby, the Building Authority agreed to loan the Medical Center up to $16,500,000 for the construction, acquisition, and enlargement of its buildings, structures, and facilities. As of June 30, 2015 and 2014, the Medical Center had outstanding borrowings of $10,598,000 and $11,232,000, respectively, under this agreement. The loan agreement bears interest at an adjustable rate (0.26% as of June 30, 2015), and is due in annual installments varying between $666,000 and $1,139,000 through May 25, 2027. The adjustable interest rate is adjusted daily as determined by the remarketing agent.

During April 2011, the Medical Center entered into a General Obligation Hospital Revenue and Tax Capital Outlay Note in the amount of $6,000,000 secured by the general obligation of Henry County for the construction and enlargement of its buildings, structures, and facilities. As of June 30, 2015 and 2014, the Medical Center had outstanding borrowings of $4,176,707 and $4,637,093 under this obligation. The note bears interest at a fixed rate of 3.27% per annum, and is due in monthly installments of $50,431 through April 1, 2023.

During January 2012, the Medical Center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (Building Authority) whereby, the Building Authority agreed to loan the Medical Center up to $7,000,000 to provide funding to finance certain public works projects, including the acquisition of the Kentucky Lake Surgery Center, LLC. As of June 30, 2015 and 2014, the Medical Center had outstanding borrowings of $5,779,000 and $6,195,000 under this obligation. The note bears interest at an adjustable rate (0.60% as of June 30, 2015), and is due in annual installments varying between $426,000 and $543,000 through June 1, 2027. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

During June 2015, the Medical Center entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (Building Authority) whereby, the Building Authority agreed to loan the Medical Center up to $5,000,000 for the acquisition of an existing building and the construction, equipping, extension and improvement of the Medical Center's facilities, including the construction and equipping of a new operating room. As of June 30, 2015, the Medical Center had outstanding borrowings of $726,989 under this obligation. In July 2015, the Medical Center drew an additional $3,200,000 from the loan to purchase a medical office building (See Note 12). The note bears interest at an adjustable rate (0.7% as of June 30, 2015), and is due in annual installments varying between $170,000 and $234,000 through May 25, 2040. The adjustable interest rate is adjusted weekly as determined by the remarketing agent.

Pursuant to the agreements for the Building Authority loans, if the principal of all bonds issued under such loans are accelerated, and the bonds are paid by the remarketing agent, the repayment schedule applicable to such loans shall be recalculated over a term of 60 months from the date of such acceleration. The interest rate on the loan amounts after such acceleration shall adjust to the prime rate as defined in the agreements.

A summary of future maturities and interest of long-term debt as of June 30, 2015 is as follows:

Year	Principal	Estimated Interest	Total Payments
2016	$ 1,878,339	$ 193,000	$ 2,071,339
2017	1,867,000	172,000	2,039,000
2018	1,894,000	148,000	2,042,000
2019	1,961,000	126,000	2,087,000
2020	1,884,000	104,000	1,988,000
2021 - 2025	8,885,000	209,000	9,094,000
2026 - 2027	3,292,949	12,000	3,304,949
	$ 21,662,288	$ 964,000	$ 22,626,288

Further detail of future maturities and interest of long-term debt by issue is as follows:

Year Ending June 30:	Public Building Authority Bonds		
	Principal	Interest	Total
2016	$ 1,262,000	$ 64,000	$ 1,326,000
2017	1,306,000	59,000	1,365,000
2018	1,353,000	51,000	1,404,000
2019	1,403,000	46,000	1,449,000
2020	1,308,000	42,000	1,350,000
2021	1,325,000	37,000	1,362,000
2022	1,377,000	32,000	1,409,000
2023	1,433,000	26,000	1,459,000
2024	1,491,000	21,000	1,512,000
2025	1,551,000	15,000	1,566,000
2026	1,614,000	9,000	1,623,000
2027	1,680,989	3,000	1,683,989
	$ 17,103,989	$ 405,000	$ 17,508,989

Year Ending June 30:	Capital Outlay Note		
	Principal	Interest	Total
2016	$ 475,669	$ 129,000	$ 604,669
2017	492,000	113,000	605,000
2018	507,000	97,000	604,000
2019	525,000	80,000	605,000
2020	542,000	62,000	604,000
2021	560,000	44,000	604,000
2022	579,000	26,000	605,000
2023	496,038	8,000	504,038
	$ 4,176,707	$ 559,000	$ 4,735,707

Year Ending June 30:	Other Long-term Debt		
	Principal	Interest	Total
2016	$ 140,670	$ -	$ 140,670
2017	69,000	-	69,000
2018	34,000	-	34,000
2019	33,000	-	33,000
2020	34,000	-	34,000
2021	34,000	-	34,000
2022	34,000	-	34,000
2023	2,922	-	2,922
	$ 381,592	$ -	$ 381,592

(9) Employee benefit plans

Pension plan

(a) General information about the pension plan

Plan description

Employees of the Medical Center, as a component unit of Henry County, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments ("COLAs") after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index ("CPI") during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus an accumulated interest.

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The component units of Henry County make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Employer contributions by the Medical Center for the year ended June 30, 2015 to the Public Employee Retirement Plan were $1,544,177 which is 6.01 percent of covered payroll. By law, employer contributions for the Public Employee Retirement Plan are required to be paid. The TCRS may intercept Henry County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution ("ADC") and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

(b) Net pension asset

At June 30, 2015, the Medical Center reported an asset of $4,705,817 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate net pension asset was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension asset was based on the Medical Center's active participants as of June 30, 2014 relative to the active participants of all component units of Henry County as of June 30, 2014. At the June 30, 2014 measurement date, the Medical Center's proportion was 59.03 percent.

Actuarial assumptions

The total pension liability as of the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projection established 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 inflation of three percent. 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	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all component units of Henry County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension asset to changes in the discount rate

The following presents the Medical Center's proportionate share of the net pension asset calculated using the discount rate of 7.5 percent, as well as what the Medical Center's proportionate share of the net position asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Medical Center's proportionate share of the net position asset	$ (2,126,984)	$ 4,705,817	$ 10,356,292

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

(c) Pension Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension income

For the year ended June 30, 2015, the Medical Center recognized pension income of $148,968.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2015, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 671,912
Net difference between projected and actual earnings on pension plan investments	-	3,467,327
Medical Center's contributions subsequent to the measurement date of June 30, 2014	1,544,177	-
Total	$ 1,544,177	$ 4,139,239

Medical Center employer contributions of $1,544,177, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2016	$	(1,034,810)
2017		(1,034,810)
2018		(1,034,810)
2019		(1,034,810)
2020		-
Thereafter		-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

(d) Payable to the Pension Plan

At June 30, 2015, the Medical Center reported a payable of $217,077 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Deferred compensation plans

Effective January 1, 2002, the Medical Center established a deferred compensation plan (the "Plan") under Section 457 of the Internal Revenue Code. Employees become eligible to participate in the Plan on their first day of employment. The Medical Center does not make any contributions to the Plan nor does it bear any of the administrative costs.

During 2010, the Medical Center implemented a physician call pay plan whereas the Medical Center would make contributions to the plan on behalf of the physicians. Effective July 1, 2011, the deferred element of the physician on-call plan was terminated and participants are paid quarterly. The Medical Center still holds the life insurance policies and the underlying assets which are invested in mutual funds and amounted to approximately $1,300,000 and $1,240,000 at June 30, 2015 and 2014, respectively. These assets are included in other assets in the accompanying statements of net position.

(10) Commitments and contingencies

Lease commitments

The Medical Center leases various equipment under operating lease agreements. Rent expense was $953,280 and $916,903 in 2015 and 2014, respectively.

A summary of future minimum payments under these equipment leases as of June 30, 2015 is as follows:

Year	
2016	$ 650,000
2017	562,000
2018	515,000
2019	336,000
2020	312,000
2021 and later years	440,000
	$ 2,815,000

Insurance

The Medical Center maintains commercial insurance on a claims-made basis for medical malpractice liabilities. Insurance coverages are $300,000 individually and $900,000 in the aggregate annually, which is consistent with current litigation settlement limitations established by the State of Tennessee for governmental entities. Management intends to maintain such coverages in the future. The Medical Center is involved in litigation arising in the ordinary course of business; however, management is of the opinion that insurance coverages are adequate to cover any potential losses on asserted claims. Management is unaware of any incidents which would ultimately result in a loss in excess of the Medical Center's insurance coverages.

The Medical Center is self-insured for a portion of employee medical and other healthcare benefits and workers' compensation claims. The risk of loss retained by the Medical Center is limited to $180,000 per occurrence for employee health. Prior to July 1, 2014, the risk of loss retained by the Medical Center for workers' compensation was $400,000 per occurrence. Beginning on July 1, 2014, the risk of loss related to workers' compensation increased to $500,000 per occurrence. The Medical Center has purchased excess insurance to provide coverage for claims in excess of the self-insured retention. Contributions by the Medical Center for employee health are based on actuarial estimates, while contributions for workers' compensation are based on actual claims experience. Claims expense and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include a provision for estimated claims incurred but not reported. Reserves included within accrued expenses related to employee medical and other healthcare benefits amounted to $950,000 in 2015 and 2014. Reserves included within accrued expenses related to workers' compensation claims amounted to $434,867 in 2015 and 2014.

Healthcare Industry

The delivery of personal health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The Medical Center and its subsidiaries are insured with respect to medical malpractice risk on a claims-made basis. The Medical Center also maintains insurance for general liability, director and officer liability and property. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the Medical Center indemnifies certain officers and directors for actions taken on behalf of the Medical Center and its subsidiaries. Management is not aware of any claims against it or its subsidiaries which would have a material financial impact.

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

Management continues to implement policies, procedures, and compliance overview organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and other government statues and regulations. The Medical Center's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions which are unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare payments through the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits and they are being compensated on a contingency basis based on the amount of overpayments that are recovered. While management believes that all Medicare billings are proper and adequate support is maintained, certain aspects of Medicare billing, coding and support are subject to interpretation and may be viewed differently by the RAC auditors. As the amount of any recovery is unknown, management has not recorded any reserves related to RAC audits at this time.

Healthcare Reform

In March 2010, the Patient Protection and Affordable Care Act was signed into law, along with the Health Care and Education Reconciliation Act of 2010 ("collectively, the "Affordable Care Act"). The passage of the Affordable Care Act has resulted in comprehensive reform legislation that is expected to expand health care coverage to millions of currently uninsured people beginning in 2014 and provide for significant changes to the U.S. health care system over the next ten years. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursements for various health care providers, as well as certain other changes in Medicare payment methodologies. This comprehensive health care legislation provides for extensive future rulemaking by regulatory authorities, and also may be altered or amended.

Due to the complexity of the Affordable Care Act's laws, lack of current implementation regulations and interpretive guidance, and response by CMS and other participants in the health care industry to the choices available under the law, it is difficult for the Medical Center to predict the full impact of the law on the Medical Center's operations. Additionally, pending legislative proposals which may be adopted may affect the Medical Center. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act may materially impact impact the Medical Center through increased costs, decreased revenues, and additional exposure to potential liability.

(11) Functional expenses

The following is a summary of management's functional classification of operating expenses:

	2015	2014
Healthcare services	$ 51,697,290	$ 47,813,512
General and administrative	23,502,637	24,366,616
	$ 75,199,927	$ 72,180,128

(12) Subsequent events

During July 2015, the Medical Center entered into a real estate purchase and sale agreement and a related asset purchase agreement to acquire certain real property, a medical office building and the existing office furniture, fixtures and equipment for a combined purchase price of $3,200,000. To complete the purchase, the Medical Center increased the outstanding balance under the Public Building Authority of the City of Clarksville, TN - Series 2015 loan by $3,200,000.

The Medical Center completed additional withdrawals under the Public Building Authority of the City of Clarksville, TN - Series 2015 loan in August and November 2015 increasing the outstanding balance to $5,000,000.

HENRY COUNTY MEDICAL CENTER
(a component unit of Henry County)

Schedules of Required Supplementary Information

June 30, 2015 and 2014

Schedule of the Medical Center's Proportionate Share of the Net Pension Asset Based on Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

		2014
The Medical Center's proportion of the net pension asset		59.03%
The Medical Center's proportionate share of the net pension asset	$	4,705,817
The Medical Center's covered-employee payroll	$	23,587,754
The Medical Center's proportionate share of the net pension asset as a percentage of its covered-employee payroll		19.95%
Plan fiduciary net position as a percentage of the total pension liability		109.21%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
(a component unit of Henry County)

Schedules of Required Supplementary Information

June 30, 2015 and 2014

Schedule of the Medical Center's Contributions Based on Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2014	2015
Actuarially determined contribution	$ 1,715,721	$ 1,544,177
Contributions in relation to the actuarially determined contribution	1,715,721	1,544,177
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 23,587,754	$ 25,704,630
Contributions as a percentage of covered-employee payroll	7.27%	6.01%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
Hospital and HHA

Schedule of Net Position Information

June 30, 2015 and 2014

	2015	2014
Assets:		
Current assets:		
Cash and cash equivalents	$ 974,508	$ 532,207
Assets limited as to use and that are required for current liabilities	1,931,061	1,720,987
Patient accounts receivable, net	7,820,793	8,601,249
Due from Healthcare Center	2,401,940	1,981,162
Due from EMS Agency	3,749,855	3,638,623
Inventories	2,115,566	2,006,978
Prepaid expenses and other current assets	726,945	543,882
Total current assets	19,720,668	19,025,088
Property and equipment, net	40,596,428	41,297,432
Long-term investments	6,671,355	6,687,889
Assets limited as to use, excluding assets required for current liabilities	9,833,940	9,685,254
Other intangible assets, net	258,913	332,888
Net pension asset	3,639,972	323,023
Other assets	1,612,810	1,576,497
Total assets	82,334,086	78,928,071
Deferred outflows of resources:		
Excess consideration provided for acquisition	4,660,432	4,660,432
Employer pension contributions	1,260,139	-
Total deferred outflows of resources	5,920,571	4,660,432
Liabilities:		
Current portion of long-term debt	1,878,339	1,617,506
Accounts payable	2,344,151	2,022,852
Accrued expenses	3,489,870	3,081,415
Estimated third-party payor settlements	100,000	52,013
Total current liabilities	7,812,360	6,773,786
Long-term debt, excluding current portion	19,783,949	20,694,856
Total liabilities	27,596,309	27,468,642
Deferred inflows of resources - pension	3,201,722	-
Net position:		
Net investment in capital assets	18,934,140	18,985,070
Restricted for pension benefits	1,698,389	323,023
Unrestricted	36,824,097	36,811,768
Total net position	$ 57,456,626	$ 56,119,861

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
Hospital and HHA

Schedule of Revenue, Expenses, and Changes in Net Position Information

Years ended June 30, 2015 and 2014

	2015	2014
Operating revenue:		
Patient service revenue, net of provision for bad debts of $4,677,501 and $4,916,279 in 2015 and 2014, respectively	$ 63,008,528	$ 61,105,879
Management fee revenue	96,000	96,000
Other revenue	2,416,352	2,738,864
Total operating revenue	65,520,880	63,940,743
Expenses:		
Salaries and wages	26,423,115	23,825,597
Employee benefits	5,587,024	7,092,595
Supplies	14,480,964	14,764,793
Professional fees	4,334,392	3,412,125
Physician fees	1,148,441	1,061,894
Utilities and telephone	1,342,891	1,280,907
Repairs and maintenance	2,970,041	2,763,406
Leases and rentals	888,357	827,374
Insurance	494,489	392,374
Depreciation and amortization	4,858,822	4,847,474
Other expenses	2,209,831	1,669,768
Total expenses	64,738,367	61,938,307
Operating income	782,513	2,002,436
Nonoperating income (expense):		
Investment income	160,536	103,499
Interest expense	(209,021)	(233,111)
Pension income	115,227	-
Other nonoperating income	487,510	661,721
Total nonoperating income	554,252	532,109
Excess of revenue over expenses	1,336,765	2,534,545
Net position at beginning of year, as previously reported		53,262,293
Cumulative adjustment for adoption of GASB 68 and 71 (see Note 2(p))		323,023
Net position at beginning of year, as restated		53,585,316
Net position at end of year, as restated		$ 56,119,861
Net position at beginning of year, as restated	56,119,861	
Net position at end of year	$ 57,456,626	

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
Healthcare Center

Schedule of Net Position Information

June 30, 2015 and 2014

	2015	2014
Assets:		
Current assets:		
Cash and cash equivalents	$ 555,300	$ 827,577
Patient accounts receivable, net	1,459,326	974,654
Estimated third-party payor settlements	52,149	69,404
Inventories	32,264	28,482
Prepaid expenses and other current assets	13,973	12,905
Total current assets	2,113,012	1,913,022
Property and equipment, net	1,452,877	1,682,012
Net pension asset	873,721	77,537
Total assets	4,439,610	3,672,571
Deferred outflows of resources - employer pension contributions	213,247	-
Liabilities:		
Accounts payable	137,416	102,635
Accrued expenses	477,162	496,139
Due to Medical Center	2,401,940	1,981,162
Total current liabilities	3,016,518	2,579,936
Deferred inflows of resources - pension	768,525	-
Net position:		
Net investment in capital assets	1,452,877	1,682,012
Restricted for pension benefits	318,443	77,537
Deficit	(903,506)	(666,914)
Total net position	$ 867,814	$ 1,092,635

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
Healthcare Center

Schedule of Revenue, Expenses, and Changes in Net Position Information

Years ended June 30, 2015 and 2014

	2015	2014
Operating revenue:		
Patient service revenue, net of provision for bad debts of $12,033 and $22,073 in 2015 and 2014, respectively	$ 8,117,596	$ 7,835,802
Other revenue	295,836	19,315
Total operating revenue	8,413,432	7,855,117
Expenses:		
Salaries and wages	4,625,822	4,458,770
Employee benefits	1,221,682	1,514,433
Supplies	1,274,352	1,149,524
Professional fees	61,302	55,648
Physician fees	24,000	24,500
Utilities and telephone	189,090	192,162
Repairs and maintenance	89,994	73,461
Leases and rentals	37,009	61,533
Insurance	45,851	55,822
Depreciation and amortization	278,337	280,600
Other expenses	36,770	39,896
Services tax	397,758	333,750
Total expenses	8,281,967	8,240,099
Operating loss	131,465	(384,982)
Nonoperating income (expense):		
Investment income	775	432
Pension income	27,659	-
Other nonoperating expense	(384,720)	(485,364)
Total nonoperating expense	(356,286)	(484,932)
Excess of expenses over revenue	(224,821)	(869,914)
Net position at beginning of year, as previously reported		1,885,012
Cumulative adjustment for adoption of GASB 68 and 71 (see Note 2(p))		77,537
Net position at beginning of year, as restated		1,962,549
Net position at end of year, as restated		$ 1,092,635
Net position at beginning of year, as restated	1,092,635	
Net position at end of year	$ 867,814	

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
EMS Agency

Schedule of Net Position Information

June 30, 2015 and 2014

	2015	2014
Assets:		
Current assets:		
Cash and cash equivalents	$ 132,292	$ 292,095
Patient accounts receivable, net	700,821	507,502
Inventories	17,232	17,712
Prepaid expenses and other current assets	940	1,295
Total current assets	851,285	818,604
Property and equipment, net	244,255	129,170
Net pension asset	192,124	17,050
Total assets	1,287,664	964,824
Deferred outflows of resources - employer pension contributions	70,791	-
Liabilities:		
Accounts payable	24,812	28,800
Accrued expenses	84,826	86,159
Due to Medical Center	3,749,855	3,638,623
Total current liabilities	3,859,493	3,753,582
Deferred inflows of resources - pension	168,992	-
Net Position:		
Net investment in capital assets	244,255	129,170
Restricted for pension benefits	93,923	17,050
Deficit	(3,008,208)	(2,934,978)
Total net position	$ (2,670,030)	$ (2,788,758)

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
EMS Agency

Schedule of Revenue, Expenses, and Changes in Net Position Information

Years ended June 30, 2015 and 2014

	2015	2014
Patient service revenue, net of provision for bad debts of $435,574 and $752,916 in 2015 and 2014, respectively	$ 2,373,629	$ 1,880,932
Other revenue	14,500	1,814
Total operating revenue	2,388,129	1,882,746
Expenses:		
Salaries and wages	1,291,032	1,195,449
Employee benefits	308,041	379,278
Supplies	124,421	138,097
Professional fees	159,193	62,849
Physician fees	6,000	6,000
Utilities and telephone	16,519	23,936
Repairs and maintenance	102,965	49,531
Leases and rentals	27,914	27,996
Insurance	38,884	34,492
Depreciation and amortization	90,087	76,616
Other expenses	14,537	7,478
Management fees	96,000	96,000
Total expenses	2,275,593	2,097,722
Operating income (loss)	112,536	(214,976)
Nonoperating income:		
Investment income	110	100
Pension income	6,082	-
Other nonoperating income	-	6,500
Total nonoperating income	6,192	6,600
Excess of revenue over expenses (expenses over revenue)	118,728	(208,376)
Net position at beginning of year, as previously reported		(2,597,432)
Cumulative adjustment for adoption of GASB 68 and 71 (see Note 2(p))		17,050
Net position at beginning of year, as restated		(2,580,382)
Net position at end of year, as restated		$ (2,788,758)
Net position at beginning of year, as restated	(2,788,758)	
Net position at end of year	$ (2,670,030)	

See accompanying independent auditors' report.

HENRY COUNTY MEDICAL CENTER
Psychiatric Department

Schedule of Revenue and Expenses Information

Years ended June 30, 2015 and 2014

	2015	2014
Patient service revenue(1)	$ 3,355,787	$ 3,219,036
Operating expenses(1):		
Salaries and wages	813,981	768,986
Employee benefits	62,126	56,537
Professional services	119,825	83,530
Rent	912	912
Office supplies	1,739	1,572
Medical supplies	4,637	3,923
Pantry	6,453	6,255
Small equipment	80	345
Miscellaneous	3,586	4,890
Total expenses	1,013,339	926,950
Excess of revenue over expenses(1)	$ 2,342,448	$ 2,292,086

(1) The above information is summarized from the departmental report. It does not include estimates for contractual adjustments or bad debt expense, nor does it include any allocation of the costs incurred by the general service departments.

See accompanying independent auditors' report.

LBMC MAKE A GOOD BUSINESS BETTER

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
Henry County Medical Center
Paris, 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 the business-type activities of Henry County Medical Center (Medical Center), a component unit of Henry County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements, and have issued our report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) as a basis for designing 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 Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center'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 Medical Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

LBMC, PC

Brentwood, Tennessee
November 13, 2015