

**RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TN)**

Dayton, Tennessee

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2015 and 2014

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Our discussion and analysis of Rhea Medical Center’s (the Medical Center’s) financial performance provides an overview of the Medical Center’s financial activities for the fiscal years ended June 30, 2015 and 2014. Please read it in conjunction with the Medical Center’s financial statements, which begin on page 3.

Financial Highlights

- The Medical Center’s net position increased in each of the past two years with a \$2,314,587 or 11% increase in 2015 and a \$484,588 or 2% increase in 2014. The Medical Center reported operating income in both 2015 and 2014. Operating revenues increased 15% from 2014, while operating expenses increased 4% in 2015.
- In June 2014, the Medical Center employed a Family Practice physician, Jim Wadzinski, M.D. During the set-up and one month of practice in 2014, the practice lost \$100,232. For 2015, the practice had a loss of \$244,716.
- Over the course of 2015 the Medical Center paid the State of Tennessee \$4,532,775 to settle the TennCare cost reports for the years 2011, 2012 and 2103. The State paid the Medical Center \$2,158,342. This amount represents the Medical Center’s portion of remaining funds for Critical Access Hospitals for the years 2009, 2010, 2011 and 2012.
- In September 2015, the Medical Center received \$291,405 from the Bureau of TennCare. The purpose of this payment was to assist with the cost of providing uncompensated care.

Using This Annual Report

The Medical Center’s financial statements consist of three statements – a Statements of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Medical Center, including resources held by the Medical Center.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about the Medical Center’s finances is, “Is the Medical Center as a whole better or worse off as a result of the year’s activities?” The Statements of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Medical Center’s resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of

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accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center’s net position and its change from year to year. Net position, which is the difference between assets and liabilities, is one way to measure the Medical Center’s financial health, or financial position. Over time, increases or decreases in the Medical Center’s net position indicate whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Medical Center’s patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Medical Center.

The Statement of Cash Flows

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

The Medical Center’s Net Position

The Medical Center’s net position is the difference between its assets and liabilities reported in the Statements of Net Position on pages 3 and 4. The Medical Center’s net position increased in each of the past two years with a \$2,314,587 or 11% increase in 2015 and a \$484,588 or 2% increase in 2014. See Exhibit One for an illustration.

Exhibit One: Assets, Liabilities, and Net Position

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current assets	\$15,766,346	\$18,478,405	\$18,274,781
Capital assets, net	24,198,374	25,148,999	26,075,247
Non-current cash and investments	7,866,019	6,014,781	5,947,655
Other assets	361,785	246,632	137,348
Deferred outflows from pensions	<u>402,846</u>	<u>259,598</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>48,595,370</u>	<u>50,148,415</u>	<u>50,435,031</u>

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	<u>2015</u>	<u>2014</u>	<u>2013</u>
Liabilities			
Current liabilities	\$ 4,961,567	\$ 8,678,845	\$ 8,283,368
Long-term debt outstanding	18,787,000	19,617,000	20,422,000
Deferred inflows from pensions	<u>679,646</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows from pensions	<u>24,428,213</u>	<u>28,295,845</u>	<u>28,705,368</u>
Net position:			
Invested in capital assets, net of related debt	4,581,374	4,726,999	4,872,247
Unrestricted	<u>19,585,783</u>	<u>17,125,571</u>	<u>16,857,416</u>
Total net position	<u>\$24,167,157</u>	<u>\$21,852,570</u>	<u>\$21,729,663</u>

Assets decreased by \$1,696,293 or 3% during 2015. Cash decreased by \$1,051,474 in 2015 as detailed in the Statement of Cash Flows. Capital assets also decreased by \$950,625. Depreciation expense related to the facility and associated equipment increased accumulated depreciation by \$1,172,854. (See Note 1 to the financial statements for an explanation of the Medical Center's capitalization policies and Note 5 for a detail of capital assets). Net pension assets and deferred outflows from pensions increased by \$451,129. (See Note 10 to the financial statements for a description of the Medical Center's pension plan and an explanation of the accounting for deferred outflows and inflows.) Current liabilities decreased \$3,717,278 due to a \$3,265,527 decrease in estimated third-party settlements. During 2015 the Medical Center settled the TennCare cost reports for the years 2011, 2012 and 2013. (See Note 3 to the financial statements for a summary of the basis of reimbursement with major third-party payors). Net pension liability decreased by \$621,279 and deferred inflows from pensions increased \$679,646. (See Note 10 to the financial statements for a description of the Medical Center's pension plan and an explanation of the accounting for deferred outflows and inflows.) The long-term debt portion of liabilities decreased by \$830,000 due to the maturing of debt (See Note 7 to the financial statements for a detail of long-term debt).

Operating Results and Changes in the Medical Center's Net Position

The Medical Center's net position increased by \$2,314,587 or 11% in 2015 and \$484,588 or 2% in 2014, as shown in Exhibit 2. The increase in 2015 is primarily due to the increases discussed above. Operating income increased in 2015 by \$1,614,064 or 204% and decreased in 2014 by \$113,510 or 18%, respectively.

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Exhibit 2: Operating Results and Changes in Net position

	<u>2015</u>	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:			
Net patient service revenue	\$21,146,056	\$18,833,152	\$18,728,589
Other revenue	<u>239,495</u>	<u>232,894</u>	<u>470,697</u>
TOTAL OPERATING REVENUES	<u>21,385,551</u>	<u>19,066,046</u>	<u>19,199,286</u>
OPERATING EXPENSES:			
Salaries and benefits	9,631,992	9,188,576	9,522,325
Medical supplies and drugs	1,774,143	1,698,620	1,750,963
Other supplies	401,384	407,972	380,171
Insurance	259,197	265,857	290,341
Depreciation	1,172,854	1,223,313	1,254,116
Other expenses	<u>5,740,039</u>	<u>5,489,830</u>	<u>5,325,580</u>
TOTAL OPERATING EXPENSES	<u>18,979,609</u>	<u>18,274,168</u>	<u>18,553,496</u>
OPERATING INCOME	<u>2,405,942</u>	<u>791,878</u>	<u>645,790</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	78,511	92,094	33,920
Interest expense	(177,472)	(192,262)	(223,325)
Noncapital grants and contributions	<u>7,606</u>	<u>52,476</u>	<u>75,097</u>
TOTAL NONOPERATING REVENUES (EXPENSES), net	<u>(91,355)</u>	<u>(47,692)</u>	<u>(114,308)</u>
INCREASE IN NET POSITION	2,314,587	744,186	531,482
Net position at beginning of year	21,852,570	21,729,663	21,329,392
Prior period adjustment	<u>-</u>	<u>(621,279)</u>	<u>(131,211)</u>
Net position at end of year	<u>\$24,167,157</u>	<u>\$21,852,570</u>	<u>\$21,729,663</u>

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Operating Income

The first component of the overall change in the Medical Center's net position is its operating income – generally the difference between net patient service revenues and the expenses incurred to perform those services. In the past two years, the Medical Center has reported operating income.

The primary components of the operating income in 2015 are:

- Net patient service revenue increased by \$2,312,904 or 12%. Patient revenue before deductions increased by \$3,788,568 or 9%. The increase was due to an across the board growth in volume. Admissions, Emergency Department visits, and outpatient visits increased 16%, 4% and 12% respectively.
- The increase in patient revenue was offset by higher contractual adjustments and bad debts (See Note 3 to the financial statements for a summary of the basis of reimbursements with major third-party payors). Contractual adjustments increased \$3,587,564 or 15% as a result of the higher revenue. The Medical Center received \$2,158,342 from the State. This amount represents the Medical Center's share of remaining funds for Critical Access Hospitals for the years 2009, 2010, 2011 and 2012. The Medical Center also received \$291,405 from the Bureau of TennCare to assist with the cost of providing uncompensated care. These two amounts partially offset the increase in contractual adjustments. In 2014 the Medical Center received \$337,847 from the TennCare Bureau to assist with uncompensated care.
- The first full year of Dr. Wadzinski's practice increased salaries and benefits by \$251,337 or 3%. The remainder of the increase was due to annual staff raises of 2%.
- The increase is due to an additional \$202,894 of contract services for areas that were impacted by the increased patient volumes discussed above. These areas include physical therapy, outside lab and linen services. Utility expenses also increased \$23,000 due to the addition of Dr. Wadzinski's clinic and a colder winter.

Nonoperating Revenues

The Medical Center received a noncapital contribution in 2014 that it did not receive in 2015. Grants also decreased \$25,870. Interest expense on the facility decreased \$14,790 due to the low interest rate environment. (See Note 7 to the financial statements for details on the long-term debt.)

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Prior Period Adjustment

A prior period adjustment of \$621,279 was made to record the effects of implementing GASB 68 and GASB 71 for the year ended June 30, 2014. (See Note 14 to the financial statements for an explanation of the adjustment).

The Medical Center's Cash Flows

Changes in the Medical Center's cash flows are consistent with changes in prepaid assets; property, plant, and equipment, net; repayments of debt; operating income and non-operating income, as discussed earlier.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2015, the Medical Center had \$24,198,374 invested in capital assets, net of accumulated depreciation, as detailed in Note 5 to the financial statements. During fiscal year 2015, the Medical Center purchased equipment and other depreciable assets of \$222,229 (reduced by \$1,172,854 in related depreciation expense on the Statements of Net Position).

Debt. In 2006, the Medical Center obtained funding of \$24,100,000 to construct a replacement facility as detailed in Note 7 to the financial statements. Interest expense decreased \$14,790 due to decreases in the interest rate. (See Note 7 to the financial statements for a detail of long-term debt).

Other Economic Factors

The success of the Medical Center is dependent on the local economy. If companies in Rhea County lay off employees then the Medical Center could see an increase in uninsured patients which would lead to higher bad debt expense and charity care.

Due to both the national and local shortages of healthcare professionals, the Medical Center faces stiff competition in retaining and the recruitment of new employees. Management focuses on this issue in a number of ways including by meeting with local healthcare education programs to encourage student outplacement, offering scholarships to students in healthcare careers, monitoring compensation trends and adjusting compensation as necessary.

The roll-out of the Affordable Care Act which started enrollment in the health exchanges in October 2013 could have an unknown impact on the Medical Center. If more people have insurance coverage, it could decrease the amount of bad debt from self-pay patients. If, however, people currently with insurance move from lower deductible plans to plans with a higher deductible, it could increase bad debt.

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There is always potential changes in federal and state reimbursement for patient services.

Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers, creditors and other stakeholders with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. Any questions about this report or requests for additional financial information should be directed to Rhea Medical Center, Department of Finance, 9400 Rhea County Highway, Dayton, Tennessee 37321.

Rhea Medical Center Board of Directors consists of the following individuals:

- Bill Hollin, Board Chairman
- Barbara Mauldin
- Grover Parks
- Harold Fisher
- Caroline Housley
- Dr. Alex Zotos
- Frank Snyder

Senior management of Rhea Medical Center consists of the following officers:

- Kennedy Croom, Jr., Chief Executive Officer
- Harvey Sanders, Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees
Rhea Medical Center (a component unit of Rhea County, TN):**

Report on the Financial Statements

We have audited the accompanying statements of Rhea Medical Center (a component unit of Rhea County, Tennessee), as of and for the years ended June 30, 2015 and 2014, the related notes to the financial statements, which collectively comprise Rhea Medical Center's (a component unit of Rhea County, Tennessee) 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rhea Medical Center (a component unit of Rhea County, Tennessee), as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2015, the Medical Center adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages ii through viii and schedules relating to the public employee pension plan of TCRS on pages 27 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of Rhea Medical Center's (a component unit of Rhea County, Tennessee) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rhea Medical Center's (a component unit of Rhea County, Tennessee) internal control over financial reporting and compliance.

Johnson, Wickey & Meucham, P.C.

Chattanooga, Tennessee
November 20, 2015

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash	\$ 6,346,405	\$ 7,397,879
Patient accounts receivable, net of estimated uncollectibles of \$2,350,000 in 2015 and \$1,770,000 in 2014	2,276,549	2,411,848
Investments	6,125,668	7,908,093
Inventories	434,405	419,511
Prepaid expenses	93,471	99,506
Net pension asset	307,881	-
Other current assets	181,967	241,568
Total current assets	15,766,346	18,478,405
NONCURRENT CASH AND INVESTMENTS:		
Investments	7,866,019	6,014,781
CAPITAL ASSETS:		
Land	2,463,248	2,463,248
Depreciable assets, net of accumulated depreciation	21,666,178	22,657,166
Construction in progress	68,948	28,585
	24,198,374	25,148,999
OTHER ASSETS:		
Other assets	361,785	246,632
Total assets	48,192,524	49,888,817
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows from pensions	402,846	259,598

(The accompanying notes are an integral part of these statements.)

	<u>2015</u>	<u>2014</u>
LIABILITIES		
CURRENT LIABILITIES:		
Current maturities of long-term debt	830,000	805,000
Accounts payable	527,521	518,743
Accrued payroll	572,800	479,823
Other accrued expenses	454,755	411,982
Net pension liability	-	621,279
Estimated third-party payor settlements	<u>2,576,491</u>	<u>5,842,018</u>
Total current liabilities	<u>4,961,567</u>	<u>8,678,845</u>
LONG-TERM DEBT , net of current maturities	<u>18,787,000</u>	<u>19,617,000</u>
Total liabilities	<u>23,748,567</u>	<u>28,295,845</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pensions	<u>679,646</u>	<u>-</u>
NET POSITION:		
Net investment in capital assets	4,581,374	4,726,999
Unrestricted	<u>19,585,783</u>	<u>17,125,571</u>
Total net position	<u>\$ 24,167,157</u>	<u>\$ 21,852,570</u>

(The accompanying notes are an integral part of these statements.)

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Net patient service revenue	\$ 21,146,056	\$ 18,833,152
Other revenue	<u>239,495</u>	<u>232,894</u>
	<u>21,385,551</u>	<u>19,066,046</u>
 OPERATING EXPENSES:		
Salaries and benefits	9,631,992	9,188,576
Medical supplies and drugs	1,774,143	1,698,620
Other supplies	401,384	407,972
Insurance	259,197	265,857
Depreciation and amortization	1,172,854	1,223,313
Other expenses	<u>5,740,039</u>	<u>5,489,830</u>
	<u>18,979,609</u>	<u>18,274,168</u>
 OPERATING INCOME	<u>2,405,942</u>	<u>791,878</u>
 NONOPERATING REVENUE (EXPENSES):		
Investment income	78,511	92,094
Interest expense	(177,472)	(192,262)
Noncapital contribution	-	19,000
Noncapital grants	<u>7,606</u>	<u>33,476</u>
	<u>(91,355)</u>	<u>(47,692)</u>
 INCREASE IN NET POSITION	<u>2,314,587</u>	<u>744,186</u>
 NET POSITION, BEGINNING OF YEAR, AS REPORTED	<u>21,852,570</u>	<u>21,729,663</u>
 PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(621,279)</u>
 NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>21,852,570</u>	<u>21,108,384</u>
 NET POSITION, END OF YEAR	<u>\$ 24,167,157</u>	<u>\$ 21,852,570</u>

(The accompanying notes are an integral part of these statements.)

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patients and third-party payors	\$ 13,465,157	\$ 14,481,404
Cash payments to suppliers for goods and services	(5,612,481)	(5,909,651)
Cash payments to employees for services	(7,956,248)	(7,190,749)
Other revenue	<u>239,495</u>	<u>232,894</u>
Net cash provided by operating activities	<u>135,923</u>	<u>1,613,898</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Noncapital grants and contributions	<u>7,606</u>	<u>52,476</u>
Net cash provided by noncapital financing activities	<u>7,606</u>	<u>52,476</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on debt	(177,472)	(192,262)
Purchase of capital assets	(222,229)	(297,065)
Payments on long-term debt	<u>(805,000)</u>	<u>(781,000)</u>
Net cash used by capital and related financing activities	<u>(1,204,701)</u>	<u>(1,270,327)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	84,454	67,143
Purchases of investments	(6,870,185)	(5,696,885)
Sales and maturities of investments	<u>6,795,429</u>	<u>5,640,284</u>
Net cash provided by investing activities	<u>9,698</u>	<u>10,542</u>
NET INCREASE (DECREASE) IN CASH	(1,051,474)	406,589
Cash, beginning	<u>7,397,879</u>	<u>6,991,290</u>
Cash, ending	<u><u>\$ 6,346,405</u></u>	<u><u>\$ 7,397,879</u></u>

(The accompanying notes are an integral part of these statements.)

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 2,405,942	\$ 791,878
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation and amortization	1,172,854	1,223,313
Provision for bad debts	4,550,671	4,075,093
Net (increase) decrease in operating assets -		
Accounts receivable	(4,415,372)	(3,950,213)
Inventories	(14,894)	21,676
Prepaid expenses	6,035	(7,538)
Net pension asset	(307,881)	-
Other assets	(55,552)	(30,911)
Deferred outflows from pensions	(143,248)	(259,598)
Net increase (decrease) in operating liabilities -		
Accounts payable	8,778	104,517
Accrued payroll	92,977	22,383
Other accrued expenses	42,773	24,833
Net pension liability	(621,279)	-
Estimated third-party payor settlements	(3,265,527)	(401,535)
Deferred inflows from pensions	<u>679,646</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 135,923</u>	<u>\$ 1,613,898</u>

(The accompanying notes are an integral part of these statements.)

**RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization –

Rhea Medical Center (the Medical Center) is a public corporation. It was created February 7, 1957, by an act of the State of Tennessee Assembly to operate, control, and manage the general short-term hospital and various health clinics. The Rhea County, Tennessee Board of County Commissioners appoints the Board of Trustee members of the Medical Center, and the Medical Center may not issue debt without the County's approval. For these reasons, the Medical Center is considered to be a component unit of Rhea County and is included as a discretely presented component unit in the basic financial statements of Rhea County, Tennessee (the County).

Enterprise fund accounting –

The Medical Center uses the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Use of estimates –

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

Net patient service revenue –

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Net patient service revenues increased by approximately \$95,000 in 2015 due to prior year retroactive adjustments in excess of amounts previously estimated.

Revenue from the Medicare and Medicaid programs accounted for approximately 19 and 22 percent, respectively, for the year ended June 30, 2015, and 23 and 13 percent, respectively, for the year ended June 30, 2014, of the Medical Center's net patient service revenue. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Charity care –

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.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Operating revenues and expenses –

The Medical Center's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Medical Center's principal activity. Nonexchange revenues, including interest, grants, and contributions are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Income taxes –

The Medical Center, as a component unit of Rhea County, Tennessee, is exempt from federal and state income taxes.

Inventories –

Inventories are stated at the lower of cost (first-in, first-out) or market.

Accounts receivable –

Accounts receivable are stated at the amount the Medical Center expects to collect. The Medical Center maintains allowances for doubtful accounts for estimated losses resulting from the inability of its patients to make required payments. Management considers the following factors when determining the collectability of patient accounts: payor credit-worthiness, past transaction history with the payor, current economic industry trends, and changes in payor payment terms. If the financial condition of the Medical Center's payors or patients were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Medical Center provides for estimated uncollectible amounts through a charge to earnings and a credit to an allowance. Balances that remain outstanding after the Medical Center has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Cash and cash equivalents –

The Hospital considers currency on hand and demand deposits with financial institutions to be cash. The Hospital considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude amounts held by trustees under bond indenture agreements and amounts restricted by donors. There were no cash equivalents at June 30, 2015 and 2014.

Noncurrent investments –

Noncurrent investments include the portion of the Medical Center's investments in certificates of deposit, annuities, and other investment vehicles that are not expected to mature within the coming year.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Capital assets –

Assets with a useful life of greater than one year and a cost of greater than \$5,000 are recorded as capital assets and are stated at cost. Depreciation is calculated over the estimated useful lives using the straight-line method. Expenditures for maintenance, repairs, renewals and betterments that do not significantly extend the useful lives of the assets are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the books, and any resulting gain or loss is reflected in income for the period.

A summary of useful lives follows –

Land improvements	10-15 years
Building improvements	10-50 years
Major movable equipment	5-25 years
Fixed equipment	10-25 years

Cost of borrowing –

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest was capitalized during 2015 or 2014.

Risk management –

The Medical Center is exposed to various risks or loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Net position –

Net position of the Medical Center is classified into four components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net position* are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center. *Restricted nonexpendable net position* equals the principal portion of permanent endowments. *Unrestricted net position* is the remaining net position that does not meet the definition of *net investment in capital assets or restricted*. There were no restricted assets at June 30, 2015 or 2014.

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NOTES TO FINANCIAL STATEMENTS
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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Net position (continued) –

	2015	2014
Capital assets, net	\$24,198,374	\$25,148,999
Less –		
Current portion of long-term debt related to the acquisition of capital assets	(830,000)	(805,000)
Long-term debt, excluding current portion relating to the acquisition of capital assets	(18,787,000)	(19,617,000)
	\$ 4,581,374	\$ 4,726,999

The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available

Deferred Outflows/Inflows of Resources –

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* defines deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources - an acquisition of net assets by the government that is applicable to a future reporting period.

As of June 30, 2015 and 2014, the Medical Center had deferred outflows of \$402,846 and \$259,598, respectively. As of June 30, 2015, the Medical Center had a deferred inflow of \$679,646.

Pensions –

During the year, the Medical Center adopted the provisions of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*. Under this statement, GASB has established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Medical Center's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Medical Center's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. 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 of TCRS. Investments are reported at fair value.

**RHEA MEDICAL CENTER
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(2) DEPOSITS AND INVESTMENTS:

Deposits –

State statutes authorize the Medical Center to invest in obligations of the U.S. Treasury, bank certificates of deposit, state approved repurchase agreements and pooled investment funds, and state or local bonds rated A or higher by a nationally recognized rating service.

Custodial credit risk – deposits –

Custodial risk is the risk that in the event of a bank failure, the Medical Center’s deposits may not be returned to it. The Medical Center’s bank balance of deposits was \$7,963,598 and \$7,655,148 at June 30, 2015 and 2014, respectively. The bank balances held in cash accounts and a repurchase agreement are either insured by the Federal Deposit Insurance Corporation (\$263,772 and \$500,000 at June 30, 2015 and 2014, respectively) or collateralized by the Tennessee Bank Collateral Pool (\$7,699,826 and \$7,155,148 at June 30, 2015 and 2014, respectively) and are not subject to custodial risk.

Interest rate risk –

For an investment, this is the risk that a change in interest rates will affect the fair market value of investments held. The Medical Center invests in numerous certificates of deposit through investment companies and a local financial institution. The Medical Center does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates, except to comply with state statutes.

Custodial risk – investments –

The Medical Center’s investment are subject to custodial risk as follows –

	2015	2014
Investments:		
Insured by the FDIC	\$ 13,934,704	\$ 13,830,988
Uninsured	56,983	91,886
	\$ 13,991,687	\$ 13,922,874

The carrying amounts of deposits and investments shown above are included in the Medical Center’s statement of net position as follows –

	2015	2014
Carrying amount:		
Deposits	\$ 6,348,348	\$ 7,709,945
Money market funds	56,983	278,571
Certificates of deposit	13,931,511	13,330,987
Cash on hand	1,250	1,250
	\$ 20,338,092	\$ 21,320,753

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JUNE 30, 2015 AND 2014**

(2) DEPOSITS AND INVESTMENTS (Continued):
Custodial risk – investments (continued)–

	2015	2014
Included in the following statements of net position captions:		
Cash	\$ 6,346,405	\$ 7,397,879
Current investments	6,125,668	7,908,093
Noncurrent investments	7,866,019	6,014,781
	\$ 20,338,092	\$ 21,320,753

The certificates of deposit are with various U.S. financial institutions and mature with various terms through July 2016.

(3) NET 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. Contractual adjustments under third-party reimbursement programs represent the difference between the Medical Center’s established rates for services and amounts reimbursed by third-party payors. The Hospital obtained critical access status effective February 1, 2005. A summary of the basis of reimbursement with major third-party payors follows.

Medicare –

Inpatient acute care services, outpatient services, inpatient nonacute services, and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and reviewed by the Medicare fiscal intermediary.

TennCare –

Inpatient acute care services and outpatient service costs related to TennCare program beneficiaries are paid based upon a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and review by the TennCare fiscal intermediary.

Others –

The Medical Center has also 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, discounts from established charges, and prospectively determined daily rates.

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(3) NET PATIENT SERVICE REVENUE (Continued):

The following table summarizes net patient service revenue –

	<u>2015</u>	<u>2014</u>
Gross revenues from patients	\$ 47,160,553	\$ 43,371,985
Less: Allowances for contractual adjustments	21,463,826	20,463,740
Provision for bad debts	<u>4,550,671</u>	<u>4,075,093</u>
Net patient service revenue	<u>\$ 21,146,056</u>	<u>\$ 18,833,152</u>

(4) INVENTORIES:

Inventories on June 30, 2015 and 2014, consist of the following –

	<u>2015</u>	<u>2014</u>
Pharmacy	\$ 165,193	\$ 130,085
General supplies	85,695	83,312
Dietary	10,093	13,152
Laboratory	34,788	39,540
X-ray	10,631	16,113
Surgery	<u>128,005</u>	<u>137,309</u>
	<u>\$ 434,405</u>	<u>\$ 419,511</u>

(5) CAPITAL ASSETS:

A summary of changes in capital assets follows –

	<u>2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>2015</u>
Land	\$ 2,463,248	\$ -	\$ -	\$ -	\$ 2,463,248
Land improvements	134,095	-	-	-	134,095
Buildings and improvements	28,113,812	-	-	-	28,113,812
Major moveable equipment	12,778,915	76,556	-	105,310	12,960,781
Fixed equipment	941,525	-	-	-	941,525
Construction in progress	<u>28,585</u>	<u>145,673</u>	<u>-</u>	<u>(105,310)</u>	<u>68,948</u>
Totals at historical cost	<u>44,460,180</u>	<u>222,229</u>	<u>-</u>	<u>-</u>	<u>44,682,409</u>
Less accumulated depreciation for:					
Land improvements	74,821	3,507	-	-	78,328
Buildings and improvements	8,154,210	663,694	-	-	8,817,904
Major moveable equipment	10,274,001	504,170	-	-	10,778,171
Fixed equipment	<u>808,149</u>	<u>1,483</u>	<u>-</u>	<u>-</u>	<u>809,632</u>
	<u>19,311,181</u>	<u>1,172,854</u>	<u>-</u>	<u>-</u>	<u>20,484,035</u>
Capital assets, net	<u>\$ 25,148,999</u>	<u>\$ (950,625)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,198,374</u>

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(5) CAPITAL ASSETS (Continued):

	<u>2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>2014</u>
Land	\$ 2,362,513	\$ 100,735	\$ -	\$ -	\$ 2,463,248
Land improvements	134,095	-	-	-	134,095
Buildings and improvements	28,113,812	-	-	-	28,113,812
Major moveable equipment	12,623,170	136,225	(11,997)	31,517	12,778,915
Fixed equipment	941,525	-	-	-	941,525
Construction in progress	-	60,102	-	(31,517)	28,585
	<u>44,175,115</u>	<u>297,062</u>	<u>(11,997)</u>	<u>-</u>	<u>44,460,180</u>
Less accumulated depreciation for:					
Land improvements	70,835	3,986	-	-	74,821
Buildings and improvements	7,460,168	694,042	-	-	8,154,210
Major moveable equipment	9,762,196	523,802	(11,997)	-	10,274,001
Fixed equipment	806,666	1,483	-	-	808,149
	<u>18,099,865</u>	<u>1,223,313</u>	<u>(11,997)</u>	<u>-</u>	<u>19,311,181</u>
Capital assets, net	<u>\$ 26,075,250</u>	<u>\$ (926,251)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,148,999</u>

The Medical Center capital assets above include idle property at June 30, 2015 and 2014, as follows: buildings and improvements of \$742,000, fixed equipment of \$126,000, and major moveable equipment of \$300,000. Idle property is not being depreciated. Management estimates the value of the idle property is not impaired below recorded value.

(6) OTHER ASSETS:

The Medical Center pays various fees and expenses to and on behalf of physicians who are recruited to practice at the Medical Center. These expenses are recorded as assets and are amortized over the terms of the physician's contracts. At June 30, 2015 and 2014, respectively, the assets totaled \$472,789 and \$408,455, net of accumulated amortization.

Other assets also include various lease deposits and prepayments totaling \$70,963 and \$79,745 at June 30, 2015 and 2014, respectively.

(7) LONG-TERM DEBT:

	<u>2015</u>	<u>2014</u>
Loan agreement	\$ 19,617,000	\$ 20,422,000
Less current maturities	<u>830,000</u>	<u>805,000</u>
Long-term debt, net of current maturities	<u>\$ 18,787,000</u>	<u>\$ 19,617,000</u>

**RHEA MEDICAL CENTER
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(7) LONG-TERM DEBT (Continued):

The Public Building Authority of the County of Montgomery, Tennessee issued its “Adjustable Rate Pooled Financing Revenue Bonds, Series 2004” on July 1, 2004, and loaned \$24,100,000 of the proceeds to the Medical Center under a loan agreement with terms substantially identical to terms of the bonds. The bonds mature on various dates from May 25, 2010 through May 25, 2033.

Principal payments will be made annually as they become due. Interest payments are due monthly. Variable interest is calculated daily as set forth in the loan agreement (0.83% and 0.85% at June 30, 2015 and 2014, respectively).

The loan agreement is a general obligation of the County.

Scheduled payments on long-term debt are as follows –

	<u>Principal</u>	<u>Interest *</u>
June 30, 2016	\$ 830,000	\$ 159,377
2017	856,000	152,380
2018	882,000	145,167
2019	910,000	137,730
2020	938,000	130,061
2021-2025	5,145,000	526,698
2026-2030	5,995,000	324,213
2031-2033	<u>4,061,000</u>	<u>22,983</u>
	<u>\$ 19,617,000</u>	<u>\$ 1,589,608</u>

*Future interest payments are based on the loan amounts outstanding and interest rates in effect at June 30, 2015, and do not necessarily represent the payments that will be required.

Activity for long-term debt as of June 30, 2015 and 2014, follows –

	<u>2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>2015</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 20,422,000	\$ -	\$ 805,000	\$ 19,617,000	\$ 830,000

	<u>2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>2014</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 21,203,000	\$ -	\$ 781,000	\$ 20,422,000	\$ 805,000

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(8) ACCRUED LEAVE:

Medical Center employees are paid for vacation and absence due to sickness by a prescribed formula based on length of service. The costs of these compensated absences are accrued as earned. The accumulated vacation and sick leave benefits accrued totaled \$309,905 and \$289,278 for 2015 and 2014, respectively, and are included with accrued payroll in current liabilities.

(9) CHARITY CARE:

The Medical Center estimates that the cost of providing care under the charity care policy was approximately \$373,000 and \$316,000 during the years ended June 30, 2015 and 2014, respectively. This is the cost of supplies and services provided to patients for which payment was foregone under the charity care policy, based on current cost to charge ratio for the Medical Center.

(10) PENSION PLANS:

Plan description –

Employees of the Medical Center who were employed before July 1, 2012, 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 publically 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 to vested members at age 55. 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 second 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 any accumulated interest.

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(10) PENSION PLANS (Continued):

Employees covered by benefit terms –

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	243
Inactive employees entitled to but not yet receiving benefits	425
Active employees	<u>465</u>
	<u>1,133</u>

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. Rhea County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the Medical Center were \$402,846 based on a rate of 9.45 percent of pensionable payroll. For the year ended June 30, 2014, employer contributions for the Medical Center were \$259,598 based on a contribution rate of 5.39%. By law, employer contributions are required to be paid. 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.

Net pension liability (asset) –

Rhea County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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(10) PENSION PLANS (Continued):

Net pension liability (asset) (continued) –

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 projections were blended and utilized in the third technique. The blended 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 3.0 percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long –Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market intl. equity	6.26%	17
Emerging market intl. 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
		<u>100%</u>

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.

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(10) PENSION PLANS (Continued):

Net pension liability (asset) (continued) –

Discount Rate –

The discount rate used to measure the total pension liability was 7.5 percent. The projection on cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all employees will be made at the actuarially determined contribution rate pursuant to an actuarial evaluation 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.

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

The following table represents the Medical Center's proportionate share of the net pension liability (asset) as of June 30, 2014 –

		<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Medical Center	21.08%	9,616,089	9,923,970	(307,881)

Changes in the Net Pension Liability (Asset)

The following table represents the changes in the Medical Center's net pension liability (asset) –

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a-b)</u>
Balance at 7/01/2013	\$ 9,142,430	\$ 8,521,152	\$ 621,278
Changes for the year:			
Service cost	271,368	-	271,368
Interest	690,548	-	690,548
Differences between expected and actual experience	(75,266)	-	(75,266)
Contributions-employer	-	259,598	(259,598)
Contributions-employee	-	147,167	(147,167)
Net investment income	-	1,412,996	(1,412,996)
Benefit payments, including refunds of employee contributions	(412,991)	(412,991)	-
Administrative expense	-	(3,952)	3,952
Net changes	<u>473,659</u>	<u>1,402,818</u>	<u>(929,159)</u>
Balance at 6/30/2014	<u>\$ 9,616,089</u>	<u>\$ 9,923,970</u>	<u>\$ (307,881)</u>

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

(10) PENSION PLANS (Continued):

Net pension liability (asset) (continued) –

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate –

The following presents the Medical Center’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability (asset)	\$ 238,195	\$ (1,472)	\$ (201,851)

Pension expense –

For the years ended June 30, 2015 and 2014, the Medical Center recognized pension expense of \$10,084 and \$166,578, respectively.

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	\$ -	\$ 60,213
Net difference between projected and actual earnings on pension plan investments	-	619,433
Contributions subsequent to the measurement date of June 30, 2014 *	402,846	-
Total	\$ 402,846	\$ 679,646

* The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

**RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

(10) PENSION PLANS (Continued):

Deferred outflows of resources and deferred inflows of resources (continued) –

Deferred outflow of resources are the actual contributions made during the 2014-2015 fiscal year which relates to pensions for the 2015-2016 fiscal year and are not necessarily based on census data proration.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows –

<u>Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 402,846	\$ (169,911)
2017	-	(169,911)
2018	-	(169,912)
2019	-	(169,912)

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

The Medical Center discontinued participation in TCRS for new employees effective July 1, 2012.

Effective July 1, 2012, the Medical Center established a deferred compensation 457(b) retirement plan for the benefit of its employees. Any employee who has been continuously employed by the Medical Center for three months before the entry date is eligible to participate. Employees may elect to contribute a portion of applicable compensation as defined by the plan. The Medical Center may make contributions at its discretion. Participants are automatically vested in all employer and employee contributions and are entitled to benefits totaling their vested benefits and earnings thereon. These benefits may be paid out in a variety of methods as described in the plan.

Contributions to the 457(b) plan by employees totaled \$109,734 and \$105,506 for the years ended June 30, 2015 and 2014, respectively. Contributions to the 457(b) plan by the Medical Center were \$39,167 and \$ for the years ended June 30, 2015 and 2014, respectively.

(11) WORKING CAPITAL:

Net working capital at June 30, 2015 and 2014, was \$10,804,779 and \$9,799,560, respectively.

**RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

(12) COMMITMENTS AND CONTINGENCIES:

Operating leases –

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

The Medical Center leases equipment under operating lease agreements. Rental expenses included in operations amounted to \$232,560 and \$232,154 in 2015 and 2014, respectively.

Future minimum lease payments under operating leases are as follows –

June 30, 2016	\$	52,008
2017		47,674
		\$ 99,682

The Medical Center leases space to physicians and others under leases with various terms. Total rental income for all operating leases was \$153,972 and \$141,019 for 2015 and 2014, respectively.

Rental income is included in other operating revenue in the accompanying financial statements. The cost and accumulated depreciation related to the professional building and other rental property is included in capital assets as follows –

	2015	2014
Cost	\$ 3,973,190	\$ 3,985,190
Accumulated depreciation	3,398,321	3,401,385
	\$ 574,869	\$ 583,805

Professional liability and workers' compensation insurance –

The Medical Center is insured for professional liability under a claims-made policy with an independent insurance carrier. The policy covers all claims reported to the carrier during the coverage period. The primary level of coverage is \$1,000,000. Coverage for workers' compensation insurance is provided on a claims-made basis. The primary level of coverage is \$500,000 per claim, \$500,000 per employee, and \$500,000 in the aggregate. Premiums are determined by a variety of factors related to the Medical Center.

**RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

(12) COMMITMENTS AND CONTINGENCIES (Continued):

Management agreement –

A management agreement between the Medical Center and Quorum Health Resources, Inc. (Quorum) was signed on April 24, 2009, with effective dates of March 1, 2009 through February 28, 2016. The annual fee is \$266,917 for the contract year beginning March 1, 2009, increases annually by a factor equal to the lower of five percent or the percentage of increase in the Consumer Price Index, and is payable in equal monthly installments. Management services in addition to the fixed fee services are provided by Quorum as needed at varying rates. Total management fees paid to Quorum were \$370,388 and \$312,441 in 2015 and 2014, respectively.

The management services provided pursuant to the fixed fee include budget assistance, accounting supervision, human resources consultations, and access to Quorum sponsored volume purchasing program. Certain ‘administrative fees’ may be paid to Quorum by outside vendors that sell goods and services to the Medical Center. The administrative fee payable to Quorum by these outside vendors is equal to 3% or less of the purchase price of the goods or services purchased from the vendor by the Medical Center. The contract provides that these fees shall be disclosed to the Medical Center annually in writing.

Quorum also provides certain ‘key personnel’ to the Medical Center who are Quorum employees. The Medical Center reimburses Quorum for these costs and expenses (including, but not limited to salaries, taxes, fringe benefits, and business expenses) of providing these key personnel as invoiced by Quorum. These reimbursements are in addition to the fixed annual management fee described above. The amount paid to Quorum for administrative compensation and other services was \$441,310 and \$431,460 for 2015 and 2014, respectively

Litigation –

The Medical Center is subject to claims and suits which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for in its financial statements, and will not have a material effect on the Medical Center’s results of operations or financial position.

(13) CONCENTRATIONS OF CREDIT RISK:

The Medical Center is located in Rhea County, Tennessee. The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2015 and 2014, follows –

	2015	2014
Medicare	24%	22%
Medicaid/TennCare	5	4
Blue Cross	5	7
Commercial	11	13
Private pay	55	54
	<u>100%</u>	<u>100%</u>

**RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

(14) PRIOR PERIOD ADJUSTMENT AND RESTATEMENT:

The Medical Center's financial activities have been restated to record the effects of implementing GASB 68 and GASB 71 for the year ended June 30, 2014. The prior period adjustment resulted in the initial establishment of a net pension liability of \$621,279 and a deferred outflow from pensions of \$259,598. The net effect of the restatement was an increase in prior year net operating income of \$259,598. The net effect of the prior period adjustment was an increase in unrestricted net position of \$621,279. The restatement was recorded as of July 1, 2013, which is the earliest date for which information was available.

(15) SUBSEQUENT EVENTS:

The Medical Center noted no transactions that would provide evidence about material conditions that did not exist at the statement of net position date but arose subsequently, through the date these financial statements were available to be issued, November 20, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE
SHARE OF THE NET PENSION ASSET (LIABILITY)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Medical Center's Proportion of the Net Pension Asset	21.08%	21.08%
Medical Center's Proportionate Share of the Net Pension Asset (Liability)	\$ 307,881	\$ (621,279)
Covered Employee Payroll	\$ 4,262,916	\$ 4,814,924
Medical Center's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Employee Payroll	7.22%	-12.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.20%	103.20%

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 informations are available.

**RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
Actuarially Determined Contribution	\$ 402,846	\$ 259,598
Less Contributions in Relation to Actuarially Determined Contribution	402,846	259,598
Contribution Deficiency actual experience	\$ -	\$ -
Covered Employee Payroll	\$ 4,262,916	4,814,924
Contributions as a Percentage of Covered Employee Payroll	9.45%	5.39%

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 informations are available.

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Valuation date -

Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates -

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed twenty years)
Remaining amortization period	Two years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customizable table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustment	2.5 percent

SUPPLEMENTARY INFORMATION

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE 1 - NET PATIENT SERVICE REVENUE
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
DAILY PATIENT SERVICES:		
Intensive care unit	\$ 218,091	\$ 148,342
Routine care	<u>2,216,426</u>	<u>2,081,957</u>
	<u>2,434,517</u>	<u>2,230,299</u>
OTHER NURSING SERVICES:		
Central supply	1,716,783	1,754,598
Emergency room	10,257,081	9,950,049
Operating and recovery rooms	<u>2,298,285</u>	<u>2,020,845</u>
	<u>14,272,149</u>	<u>13,725,492</u>
OTHER PROFESSIONAL SERVICES:		
Anesthesiology	551,670	488,253
Bone densitometry	114,059	112,476
Cardiac rehabilitation	93,995	94,814
Clinic	887,177	699,370
CT scans	9,268,706	8,732,268
Electrocardiology	377,563	323,444
Industrial nursing	137,185	135,860
Intravenous therapy	426,215	401,749
Laboratory	6,178,486	5,466,894
MRI	65,240	53,529
Nuclear medicine	2,694,119	2,932,322
Pharmacy	2,367,543	1,854,278
Physical therapy	2,072,202	1,893,450
Radiology	2,766,968	2,486,284
Respiratory therapy	1,214,459	1,038,166
Speech therapy	426,004	394,350
Vascular studies	<u>812,296</u>	<u>308,687</u>
	<u>30,453,887</u>	<u>27,416,194</u>
GROSS PATIENT SERVICE REVENUE	<u>47,160,553</u>	<u>43,371,985</u>

	<u>2015</u>	<u>2014</u>
CONTRACTUAL ADJUSTMENTS AND ALLOWANCES:		
Bad debts	4,550,671	4,075,093
Blue Cross	3,399,168	2,794,601
Employee discounts	31,881	36,625
Medicare and Medicaid	16,008,499	15,234,022
Other policy discounts	<u>2,024,278</u>	<u>2,398,492</u>
	<u>26,014,497</u>	<u>24,538,833</u>
	<u>\$ 21,146,056</u>	<u>\$ 18,833,152</u>

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE 2 - OTHER OPERATING REVENUE
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cafeteria revenue	\$ 64,496	\$ 64,366
Patient histories	919	682
Rental revenue	153,972	141,019
Vending revenue	976	1,411
Miscellaneous	<u>19,132</u>	<u>25,416</u>
	<u>\$ 239,495</u>	<u>\$ 232,894</u>

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE 3 - SALARIES AND BENEFITS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
NURSING SERVICES:		
Central supply	\$ 32,554	\$ 35,002
Emergency room	1,296,503	1,240,228
Intensive care unit	153,729	113,252
Nursing	1,193,533	1,156,419
Operating and recovery rooms	<u>487,941</u>	<u>450,691</u>
	<u>3,164,260</u>	<u>2,995,592</u>
 OTHER PROFESSIONAL SERVICES:		
Cardiac rehab	68,278	62,812
Clinic	495,400	252,972
CT scans	70,840	66,268
Industrial nursing	149,853	81,826
Laboratory	562,494	518,754
MRI	52,938	64,466
Nuclear medicine	286,379	286,722
Pharmacy	225,067	208,780
Radiology	524,842	527,850
Respiratory therapy	318,796	271,037
Speech therapy	<u>98,027</u>	<u>100,809</u>
	<u>2,852,914</u>	<u>2,442,296</u>
 GENERAL SERVICES:		
Building operation and maintenance	122,012	123,315
Dietary	210,836	211,744
Housekeeping	239,943	234,717
Medical records	238,010	226,696
Materials management	<u>51,857</u>	<u>50,738</u>
	<u>862,658</u>	<u>847,210</u>
 ADMINISTRATIVE AND FISCAL SERVICES:		
Administrative and business offices	<u>2,752,160</u>	<u>2,903,478</u>
	<u>\$ 9,631,992</u>	<u>\$ 9,188,576</u>

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE 4 - MEDICAL SUPPLIES AND DRUGS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
NURSING SERVICES:		
Central supply	\$ 484,805	\$ 556,617
Emergency room	51,610	49,041
Nursing	35,257	33,044
Operating and recovery rooms	140,996	120,007
	<u>712,668</u>	<u>758,709</u>
 OTHER PROFESSIONAL SERVICES:		
Cardiac rehab	683	842
Clinic	3,491	496
CT scans	45,686	49,373
Intravenous therapy	29,247	28,110
Laboratory	420,946	376,299
MRI	7,448	7,354
Nuclear medicine	50,073	47,645
Pharmacy	438,433	386,869
Physical therapy	6,298	5,162
Radiology	13,519	(1,035)
Respiratory therapy	43,445	37,002
Speech therapy	2,206	1,794
	<u>1,061,475</u>	<u>939,911</u>
	<u>\$ 1,774,143</u>	<u>\$ 1,698,620</u>

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE 5 - OTHER SUPPLIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
NURSING SERVICES:		
Central supply	\$ 298	\$ 1,227
Emergency room	10,527	13,149
Nursing	13,304	13,871
Operating and recovery rooms	4,200	4,665
	<u>28,329</u>	<u>32,912</u>
OTHER PROFESSIONAL SERVICES:		
Cardiac rehab	352	1,150
Clinic	15,563	14,223
CT scans	9,125	6,681
Industrial nursing	5,271	12,941
Laboratory	5,944	5,054
MRI	73	73
Nuclear medicine	-	148
Pharmacy	2,555	3,115
Physical therapy	2,987	3,308
Radiology	3,888	4,040
Respiratory therapy	366	243
	<u>46,124</u>	<u>50,976</u>
GENERAL SERVICES:		
Building operation and maintenance	27,574	21,485
Dietary	173,500	166,907
Gift shop	7,554	10,515
Housekeeping	57,088	50,606
Laundry	550	-
Materials management	-	1,297
Medical records	1,189	1,758
Professional building	425	1,386
	<u>267,880</u>	<u>253,954</u>
ADMINISTRATIVE AND FISCAL SERVICES:		
Administrative and business office	<u>59,051</u>	<u>70,130</u>
	<u>\$ 401,384</u>	<u>\$ 407,972</u>

RHEA MEDICAL CENTER
(A COMPONENT UNIT OF RHEA COUNTY, TENNESSEE)
SCHEDULE 6 - OTHER EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
NURSING SERVICES:		
Central supply	\$ 235	\$ 332
Emergency room	26,980	18,938
Nursing	46,733	26,006
Operating and recovery rooms	196,802	186,674
	270,750	231,950
 OTHER PROFESSIONAL SERVICES:		
Anesthesiology	60,000	60,000
Bone densitometry	4,300	4,300
Cardiac rehab	2,534	2,343
Clinic	444,311	470,358
CT scans	89,975	87,750
Industrial nursing	22,679	25,929
Laboratory	298,891	280,646
Nuclear medicine	179,186	184,052
Pharmacy	42,130	35,580
Physical therapy	714,818	638,699
Physicians	555,935	574,680
Radiology	106,381	104,974
Respiratory therapy	22,939	17,722
Speech therapy	562	255
	2,544,641	2,487,288
 GENERAL SERVICES:		
Building operation and maintenance	867,916	839,060
Dietary	23,887	17,173
Housekeeping	20,416	14,665
Laundry	153,957	124,461
Materials management	101	224
Medical records	87,242	92,245
Professional building	47,553	39,567
	1,201,072	1,127,395
 ADMINISTRATIVE AND FISCAL SERVICES:		
Administrative and business office	1,723,576	1,643,197
	\$ 5,740,039	\$ 5,489,830



**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**

**To the Board of Trustees of
Rhea Medical Center (a component unit of Rhea County, Tennessee):**

We have audited, 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, the financial statements of Rhea Medical Center (a component unit of Rhea County, Tennessee) (the Medical Center) 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 as listed in the table of contents, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Johnson, Niskey & Meacham, P.C.

Chattanooga, Tennessee
November 20, 2015

