

FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ANDERSON COUNTY HOSPITAL  
DECEMBER 31, 2018 AND 2017

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of Anderson County Hospital provides a narrative overview of the Hospital's financial activities for the years ended December 31, 2018 and 2017. Please read it in conjunction with the accompanying basic financial statements.

### Financial highlights

The Hospital's net position decreased by \$1,721,934 or 8.1 percent and by \$1,780,710 or 7.7 percent during the 2018 and 2017 fiscal years, respectively.

The net position of Anderson County Hospital Foundation (the Foundation), a component unit of the Hospital, increased by \$17,992 or 7.3 percent in 2018, and by \$15,219 or 6.6 percent in 2017.

### Using these financial statements

The Hospital's financial statements consist of three statements - a Statement 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 Hospital, including resources held by or for the benefit of the Hospital, and resources restricted for specific purposes by contributors, grantors, and indenture agreements.

One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Hospital'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 accounting. For purposes of these two statements, revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in it. The Hospital's net position - the difference between assets and liabilities - may be thought of as one way to measure its financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. Consideration must also be given to other nonfinancial indicators, such as changes in the Hospital's physical plant and measures of the quality of facilities it provides to the community, as well as local economic factors, to assess the overall health of the Hospital.

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?"