



FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS

WILSON COUNTY HOSPITAL
d/b/a WILSON MEDICAL CENTER

December 31, 2008 and 2007

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Grant Thornton

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Board of Trustees

Wilson County Hospital d/b/a Wilson Medical Center

We have audited the accompanying basic financial statements of **Wilson County Hospital d/b/a Wilson Medical Center** (Hospital), a component unit of Wilson County, as of December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Hospital's management. 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 as established by the American Institute of Certified Public Accountants and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Wilson County Hospital d/b/a Wilson Medical Center** as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Hospital has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

Grant Thornton LLP

Wichita, Kansas

June 23, 2009

FINANCIAL STATEMENTS

Wilson County Hospital d/b/a Wilson Medical Center

BALANCE SHEETS

December 31,

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 294,019	\$ 915,516
Asset whose use is limited under bond indenture	389,353	968,604
Accounts receivable, net	1,312,540	1,113,562
Due from third-party payors	1,015,000	-
Taxes receivable	38,737	22,651
Other receivables	46,382	42,207
Inventories	193,603	113,538
Prepaid expenses	<u>82,459</u>	<u>74,501</u>
Total current assets	3,372,093	3,250,579
ASSETS WHOSE USE IS LIMITED		
Under bond indenture	853,020	1,962,821
By Foundation	753,352	888,501
Other	<u>25,000</u>	<u>25,000</u>
Total assets whose use is limited	1,631,372	2,876,322
CAPITAL ASSETS		
Land	153,990	164,440
Construction in progress	-	12,654,083
Depreciable capital assets, net of accumulated depreciation	<u>13,439,788</u>	<u>975,380</u>
Total capital assets, net of accumulated depreciation	13,593,778	13,793,903
OTHER ASSETS		
Unamortized bond costs, net	308,192	332,817
Other	<u>118,844</u>	<u>125,494</u>
	<u>427,036</u>	<u>458,311</u>
Total assets	<u><u>\$ 19,024,279</u></u>	<u><u>\$ 20,379,115</u></u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2008	2007
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 364,460	\$ 271,315
Accounts payable	814,529	490,165
Construction payable	-	821,362
Accrued interest payable	259,235	223,254
Salaries payable	124,831	141,133
Payroll taxes payable	9,255	56,899
Accrued vacation benefits	167,351	153,655
Due to third-party payors	-	50,000
	1,739,661	2,207,783
TOTAL CURRENT LIABILITIES	1,739,661	2,207,783
LONG-TERM DEBT		
	12,804,546	13,063,687
TOTAL LONG-TERM DEBT	12,804,546	13,063,687
TOTAL LIABILITIES	14,544,207	15,271,470
NET ASSETS		
Invested in capital, net of related debt and payables	248,729	1,270,461
Restricted		
For debt service	1,242,341	1,174,066
Expendable for capital acquisitions	238,610	349,372
Expendable for specific operating activities	239,744	237,306
Nonexpendable - permanent endowments	85,268	85,268
Unrestricted	2,425,380	1,991,172
	4,480,072	5,107,645
TOTAL NET ASSETS	4,480,072	5,107,645
TOTAL LIABILITIES AND NET ASSETS	\$ 19,024,279	\$ 20,379,115

Wilson County Hospital d/b/a Wilson Medical Center

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year ended December 31,

	2008	2007
Operating revenues		
Net patient service revenue	\$ 9,384,615	\$ 6,854,045
Other	109,952	144,607
Total operating revenues	9,494,567	6,998,652
Operating expenses		
Salaries	4,187,442	3,925,410
Supplies and other (includes \$559,492 in 2008 for items purchased at amounts less than the Hospital's capital asset capitalization limit - see Note A8)	4,961,015	3,369,933
Depreciation and amortization	779,937	165,255
Total operating expenses	9,928,394	7,460,598
Operating loss	(433,827)	(461,946)
Nonoperating revenues (expenses)		
Tax appropriations	406,712	408,689
Contributions and grants	16,597	113,186
Investment income	52,115	124,788
Other income	17,686	-
Interest expense	(636,320)	(15,647)
Other expense	(51,676)	(10,356)
Net nonoperating revenues (expenses)	(194,886)	620,660
Excess (deficit) of revenues over expenses	(628,713)	158,714
Capital contributions and grants, net of related expenses of \$- and \$63,288 for 2008 and 2007, respectively	1,140	504,661
Increase (decrease) in net assets	(627,573)	663,375
Net assets at beginning of year	5,107,645	4,444,270
Net assets at end of year	\$ 4,480,072	\$ 5,107,645

The accompanying notes are an integral part of these statements.

Wilson County Hospital d/b/a Wilson Medical Center

STATEMENTS OF CASH FLOWS

Year ended December 31,

Increase (decrease) in cash

	2008	2007
Cash flows from operating activities		
Cash received from patients and third party payors	\$ 8,120,637	\$ 7,336,491
Cash received from others	105,777	111,436
Cash paid to suppliers	(4,176,283)	(3,377,206)
Cash paid to employees	(4,237,692)	(3,827,993)
	(187,561)	242,728
Net cash provided by (used in) operating activities		
Cash flows from noncapital financing activities		
Tax appropriations received	390,626	405,490
Contributions and grants	12,197	4,500
Increase in assets whose use is limited - by Foundation	(24,187)	(23,845)
Other	15,467	-
	394,103	386,145
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities		
Purchase of capital assets	(48,986)	(825)
Principal paid on capital lease obligations	(63,222)	(46,285)
Interest paid on capital lease obligations	(21,808)	(15,647)
Increase in assets whose use is limited - under bond indenture for debt service payments	(705,985)	-
	(840,001)	(62,757)
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Interest income	11,962	30,252
Increase in asset whose use is limited - other	-	(25,000)
	11,962	5,252
Net cash provided by investing activities		
Net increase (decrease) in cash	(621,497)	571,368
Cash at beginning of year	915,516	344,148
Cash at end of year	\$ 294,019	\$ 915,516
Reconciliation of cash		
Cash in current assets	\$ 294,019	\$ 915,516

Wilson County Hospital d/b/a Wilson Medical Center

STATEMENTS OF CASH FLOWS - CONTINUED

Year ended December 31,

Increase (decrease) in cash

	2008	2007
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (433,827)	\$ (461,946)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation and amortization	779,937	165,255
Provision for doubtful accounts	574,626	469,328
Expenses paid with assets whose use is limited	559,492	-
Change in assets and liabilities		
Receivables	(777,779)	(268,053)
Due from third-party payors	(1,015,000)	198,000
Inventories	(80,065)	-
Prepaid expenses	(7,958)	(1,883)
Other assets	6,650	(68,542)
Accounts payable	306,613	63,152
Other accrued liabilities	(50,250)	97,417
Due to third-party payors	(50,000)	50,000
	\$ (187,561)	\$ 242,728

Supplemental schedule of noncash investing and financing activities

Activity related to Wilson County, Kansas, Hospital Revenue Bonds,
Series 2008 and 2007

Bond proceeds received, net of underwriter's discount and original issue premium	\$ -	\$ 2,179,224
Construction payments	(1,594,119)	(8,855,644)
Bond cost payments	-	(34,704)

Capital asset additions totaling \$17,751 and \$745,350, respectively, were included in accounts payable and construction payable at December 31, 2008 and 2007, respectively

Capital asset additions totaling \$3,000 and \$867,000 were financed with long-term debt (special assessments payable) during 2008 and 2007, respectively

Capital asset additions totaling \$119,374 and \$823,946 were paid with assets whose use is limited - by Foundation in 2008 and 2007, respectively

Capital lease obligations totaling \$93,044 and \$79,596 were entered into during 2008 and 2007, respectively

The accompanying notes are an integral part of these statements.

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

**NOTE A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

1. Reporting entity

The financial statements of **Wilson County Hospital d/b/a Wilson Medical Center (Hospital)**, a component unit of Wilson County (County), include the accounts of the Hospital, Get Fit, L.C. (Wellness Center) and the Wilson County Hospital Foundation (WCHF/Foundation), component units of the Hospital. All significant intercompany accounts have been eliminated.

The Hospital is owned by Wilson County and governed by a Board of Trustees appointed by the Board of County Commissioners. The Hospital, located in Neodesha, Kansas, provides acute, skilled and intermediate care services.

The Wellness Center is a limited liability company (LLC) organized to manage, operate and conduct the operations of a wellness center in Neodesha, Kansas, and to provide wellness and health related education services to the public, as well as the promotion of health and wellness. The Wellness Center is a wholly owned subsidiary of the Hospital. As a single member LLC, the Wellness Center is disregarded for federal tax purposes.

The Neodesha Community Foundation, Inc. (NCF) has been established to benefit the community of Neodesha. The WCHF is a committee of the NCF. Assets received by WCHF are intended to be used solely to benefit the Hospital. Accordingly, as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, WCHF is considered a component unit of the Hospital. On behalf of the Hospital, a separate corporate entity was established during 2007 and the application process started for the entity to obtain Internal Revenue Code Section 501(c)3 status. When this process is completed, it is intended that the assets of WCHF will be transferred to the new corporate entity whose overall purpose is not expected to change from that of WCHF.

2. Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

3. Proprietary fund accounting

The Hospital's financial statements are comprised solely of an enterprise fund that uses proprietary fund accounting. The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis using the economic resources measurement focus. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

**NOTE A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued**

4. Cash equivalents

For purposes of the statements of cash flows, the Hospital considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents other than cash classified as assets whose use is limited.

5. Accounts receivable, net/net patient service revenue

Accounts receivable is recorded at list price with an allowance for contractual adjustments (which represent the difference between charges and the amount received or receivable from third-party payors), charity care and the allowance for doubtful accounts deducted to arrive at accounts receivable, net. Patient service revenue is recorded at list price with the provision for doubtful accounts and contractual adjustments deducted to arrive at net patient service revenue. The allowance for doubtful accounts estimate is based primarily on 90% of private pay balances in excess of 120 days outstanding from the date of discharge or service and 75% of all account balances turned over for collection. The estimate is consistent with the Hospital's loss history. The allowance for contractual adjustments has been estimated by logging claims to be paid after year-end and applying current third-party payment rates. When individual accounts are determined to be uncollectible, they are written off. Medicare is the Hospital's most significant third-party payor.

Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known (see Note C).

6. Inventories

Inventories are stated at cost as determined using the first-in, first-out method.

7. Contributions receivable

Unconditional pledges (Note D) that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The allowance for uncollectible contributions has been estimated by management based on knowledge of donors. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the contribution is expected to be received. The discounts will be reflected in contribution revenue as amortized.

8. Capital assets

Purchased capital assets are stated at cost and at fair value for donated capital assets. The Hospital capitalizes capital assets valued in excess of \$5,000. Depreciation, including amortization of capital lease obligations, is provided using the straight-line method over the following estimated useful lives:

Land improvements	5-20 years
Buildings	5-40 years
Fixed equipment	5-20 years
Movable equipment	5-15 years

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

**NOTE A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued**

The costs of maintenance and repairs are charged to operating expense as incurred. The costs of significant additions, renewals and betterments to depreciable properties are capitalized and depreciated over the remaining or extended useful lives of the items or the properties. When depreciable property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in nonoperating revenues (expenses).

9. Unamortized bond costs and bond premium

Bond costs and bond premium are amortized over the life of the bonds using the interest method.

10. Restricted resources

When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

11. Operations

Operating revenues consist of patient services and other revenue. Other revenue includes Wellness Center dues, meal and other miscellaneous revenue. All other revenues are considered nonoperating and consist of tax appropriations, contributions and grants, investment income and other. Nonoperating expense consists of interest and other miscellaneous expense.

12. Contributions and grants

From time to time, the Hospital receives contributions and grants from individuals and private organizations. Contributions and grants may be restricted for either specific operating purposes, capital purposes or permanently restricted. Amounts other than for capital purposes are reported as nonoperating revenues.

13. Risk management

The Hospital is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors, omissions, employee injuries, employee illness, natural disasters, medical malpractice, and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE B - BANK DEPOSITS AND INVESTMENTS

Kansas statutes require bank deposits in excess of FDIC coverage to be collateralized by securities issued by the United States of America or an agency thereof or by authorized securities issued by municipalities of the State of Kansas.

The Hospital maintains its bank deposits (checking and savings accounts and certificates of deposit) with financial institutions which, at times, exceed federally insured limits. For purposes of evaluating credit risk, the stability of financial institutions conducting business with the Hospital is periodically reviewed and management of the Hospital believes it is not exposed to any significant credit risk on these balances.

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE B - BANK DEPOSITS AND INVESTMENTS - Continued

The Hospital had bank balances at December 31 as follows:

	2008	2007
Insured (FDIC)	\$ 278,323	\$ 200,000
Collateralized by securities held by pledging financial institutions in Medical Center's name	63,208	799,988
	\$ 341,531	\$ 999,988
Carrying value	\$ 318,419	\$ 940,001

The carrying value is included in the following balance sheet captions at December 31 as follows:

	2008	2007
Cash	\$ 293,419	\$ 915,001
Assets whose use is limited - other (certificate of deposit)	25,000	25,000
	\$ 318,419	\$ 940,001

As of December 31, 2008, the certificate of deposit referred to above has a remaining maturity of less than one year.

Investments

The Hospital may legally invest in direct obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies. All funds under bond indenture were invested in direct obligations of the U.S. Government through pooled investments.

Summary of carrying values

The carrying value of deposits and investments are included in the December 31 balance sheets as follows:

	2008	2007
Carrying value		
Bank deposits	\$ 318,419	\$ 940,001
Under bond indenture	1,242,341	2,911,063
Cash on hand and change funds	600	515
	\$ 1,561,360	\$ 3,851,579

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE B - BANK DEPOSITS AND INVESTMENTS - Continued

Included in the following December 31 balance sheet captions:

	2008	2007
Cash	\$ 294,019	\$ 915,516
Assets whose use is limited		
Under bond indenture	1,242,341	2,911,063
Other	25,000	25,000
	\$ 1,561,360	\$ 3,851,579

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable at December 31 are recorded net as follows:

	2008	2007
Accounts receivable, gross	\$ 1,995,158	\$ 1,719,086
Allowance for doubtful accounts	(229,812)	(244,424)
Allowance for contractual adjustments	(452,806)	(361,100)
Accounts receivable, net	\$ 1,312,540	\$ 1,113,562

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care and swing-bed services rendered to Medicare program beneficiaries are paid under cost reimbursement methodologies. Outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and cost reimbursement methodologies. The Hospital is reimbursed for most services at tentative rates with final settlement determined after submission of an annual cost report by the Hospital and audit thereof by the Medicare fiscal intermediary. The Medicare intermediary has audited the Hospital's cost reports through December 31, 2005. Changes in amounts previously estimated as a result of final cost report settlements had an immaterial effect on net patient service revenue for 2008 and 2007.

Medicaid. Prior to October 2007, inpatient and outpatient services rendered to Medicaid program beneficiaries were paid based on a combination of prospectively determined and fee schedule reimbursement methodologies. Effective with inpatient discharges and outpatient services on or after October 5, 2007, payment is on a cost basis. The Hospital will be reimbursed for cost-based services at tentative rates with final settlement determined after submission of an annual cost report by the Hospital with audit thereof by the Medicaid fiscal intermediary.

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

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE D - ASSETS WHOSE USE IS LIMITED

Under bond indenture

Assets whose use is limited under bond indenture consist of cash and cash equivalents and fixed income securities relative to the Wilson County, Kansas, Hospital Revenue Bonds, Series 2007 and 2008 (Note F) and are summarized as follows as of December 31:

	2008	2007
Debt service reserve fund	\$ 852,988	\$ 847,320
Principal and interest funds	389,353	-
Project fund	-	1,736,997
Capitalized interest fund	-	326,746
	1,242,341	2,911,063
Accrued interest receivable	32	20,362
	1,242,373	2,931,425
Less current portion	(389,353)	(968,604)
	\$ 853,020	\$ 1,962,821

By Foundation

WCHF assets consist of the following at December 31:

	2008	2007
Cash	\$ 253,916	\$ 235,480
Certificates of deposit	210,268	210,268
Common stocks	16,792	62,636
Contributions receivable	238,610	299,372
Grant receivable	-	50,000
Other	33,766	30,745
	\$ 753,352	\$ 888,501

Contributions receivable for unconditional promises to give relate to the new hospital project (Note E) and consist of the following at December 31:

	2008	2007
Amounts due in		
Less than one year	\$ 125,040	\$ 149,688
One to five years	182,517	207,851
	307,557	357,539
Less allowance for uncollectible contributions	(34,009)	(21,598)
Less unamortized discount	(34,938)	(36,569)
	\$ 238,610	\$ 299,372

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE D - ASSETS WHOSE USE IS LIMITED - Continued

Use of the WCHF assets is limited at December 31 as follows:

	2008	2007
Permanently restricted endowment	\$ 85,268	\$ 85,268
Restricted for		
Scholarships	239,744	237,306
Capital assets	238,610	349,372
Designated for		
Permanent endowment	16,792	62,636
Capital assets	172,938	153,919
	<u>\$ 753,352</u>	<u>\$ 888,501</u>

NOTE E - CAPITAL ASSETS

Capital asset activity for the years ended December 31 is as follows:

	2008				Ending balance
	Beginning balance	Additions	Deletions	Transfers	
Land	\$ 164,440	\$ -	\$ -	\$ (10,450)	\$ 153,990
Construction in progress	12,654,083	1,124,243	(559,492)	(13,218,834)	-
Depreciable capital assets					
Land improvements	21,572	-	-	583,189	604,761
Buildings	1,337,069	-	-	11,859,870	13,196,939
Fixed equipment	809,841	-	-	478,459	1,288,300
Movable equipment	2,085,911	10,036	-	307,766	2,403,713
Total cost	17,072,916	1,134,279	(559,492)	-	17,647,703
Less accumulated depreciation					
Land improvements	16,808	46,868	-	-	63,676
Buildings	1,075,494	536,871	-	-	1,612,365
Fixed equipment	681,826	47,893	-	-	729,719
Movable equipment	1,504,885	143,280	-	-	1,648,165
Total accumulated depreciation	3,279,013	774,912	-	-	4,053,925
Capital assets, net	<u>\$ 13,793,903</u>	<u>\$ 359,367</u>	<u>\$ (559,492)</u>	<u>\$ -</u>	<u>\$ 13,593,778</u>

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE E - CAPITAL ASSETS - Continued

	2007				Ending balance
	Beginning balance	Additions	Deletions	Transfers	
Land	\$ 164,440	\$ -	\$ -	\$ -	\$ 164,440
Construction in progress	1,273,672	11,380,411	-	-	12,654,083
Depreciable capital assets					
Land improvements	21,572	-	-	-	21,572
Buildings	1,337,069	-	-	-	1,337,069
Fixed equipment	809,841	-	-	-	809,841
Movable equipment	1,997,121	88,790	-	-	2,085,911
Total cost	5,603,715	11,469,201	-	-	17,072,916
Less accumulated depreciation					
Land improvements	15,510	1,298	-	-	16,808
Buildings	1,040,479	35,015	-	-	1,075,494
Fixed equipment	660,017	21,809	-	-	681,826
Movable equipment	1,397,752	107,133	-	-	1,504,885
Total accumulated depreciation	3,113,758	165,255	-	-	3,279,013
Capital assets, net	<u>\$ 2,489,957</u>	<u>\$ 11,303,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,793,903</u>

Construction in progress at December 31, 2007 related to the construction of a new acute care hospital facility and medical office building, completed in February 2008. The new facilities have been financed by various means, including Foundation assets (Note D), proceeds from the issuance of revenue bonds (Notes D and F), special tax assessments (Note F), a \$400,000 Community Development Block Grant awarded to the County on behalf of the Hospital and Kansas Community Service Tax Credit contributions.

Construction in progress expenditures totaling \$559,492 were expensed in 2008 consistent with the Hospital's capitalization criteria (Note A8). The expensed amounts are presented in the 2008 statement of revenues, expenses and changes in net assets as operating expenses-supplies and other.

Upon completion of the construction project, usable existing movable equipment was transferred to the new facilities. All remaining capital assets from the old facilities with an approximate net book value of \$365,000 will revert to the County in 2009.

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE F - LONG-TERM DEBT

A schedule of changes in the Hospital's long-term debt for the years ended December 31 is as follows:

	2008					
	Beginning balance	Additions	Deletions	Ending balance	Amounts due within one year	Long-term portion
4.65% - 6.25% Hospital Revenue Bonds, Series 2007, issued by Wilson County, Kansas, with varying maturities from September 2008 through September 2017	\$ 2,135,000	\$ -	\$ (180,000)	\$ 1,955,000	\$ 190,000	\$ 1,765,000
4.95% - 6.20% Hospital Revenue Bonds, Series 2006, issued by Wilson County, Kansas, with varying maturities from September 2017 through September 2036	9,865,000	-	-	9,865,000	-	9,865,000
Special assessments payable	867,000	3,000	-	870,000	85,512	784,488
Original issue premium on above bonds	189,474	-	(18,818)	170,656	17,595	153,061
	13,056,474	3,000	(198,818)	12,860,656	293,107	12,567,549
Capital lease obligations	278,528	93,044	(63,222)	308,350	71,353	236,997
	<u>\$ 13,335,002</u>	<u>\$ 96,044</u>	<u>\$ (262,040)</u>	<u>\$ 13,169,006</u>	<u>\$ 364,460</u>	<u>\$ 12,804,546</u>

	2007					
	Beginning balance	Additions	Deletions	Ending balance	Amounts due within one year	Long-term portion
4.65% - 6.25% Hospital Revenue Bonds, Series 2007, issued by Wilson County, Kansas, with varying maturities from September 2008 through September 2017	\$ -	\$ 2,135,000	\$ -	\$ 2,135,000	\$ 180,000	\$ 1,955,000
4.95% - 6.20% Hospital Revenue Bonds, Series 2006, issued by Wilson County, Kansas, with varying maturities from September 2017 through September 2036	9,865,000	-	-	9,865,000	-	9,865,000
Special assessments payable	-	867,000	-	867,000	20,479	846,521
Original issue premium on above bonds	133,202	76,249	(19,977)	189,474	18,818	170,656
	9,998,202	3,078,249	(19,977)	13,056,474	219,297	12,837,177
Capital lease obligations	245,217	79,596	(46,285)	278,528	52,018	226,510
	<u>\$ 10,243,419</u>	<u>\$ 3,157,845</u>	<u>\$ (66,262)</u>	<u>\$ 13,335,002</u>	<u>\$ 271,315</u>	<u>\$ 13,063,687</u>

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE F - LONG-TERM DEBT - Continued

In November 2006, Wilson County, Kansas, issued \$9,865,000 Hospital Revenue Bonds, Series 2006 (Bonds) at a premium of \$133,202. In January 2007, Wilson County, Kansas, issued \$2,135,000 Hospital Revenue Bonds, Series 2007 (Bonds) at a premium of \$76,249. The Bonds are payable solely from the gross revenues of the Hospital and funds held by the Bond Trustee (Note D). The Bond indentures include various covenants to be met including certain measures of financial performance. The Hospital was in compliance with all debt covenants at December 31, 2008 except as noted below. The Bonds do not constitute a general obligation of Wilson County.

The Bond indentures require the Hospital to maintain a certain level of days cash on hand (45 days as of December 31, 2008). The Hospital did not meet this requirement as of that date. In the event of a noncompliance, the Hospital is to deliver, not later than 30 days after receipt of a certificate disclosing such deficiency, a management report setting forth reasons for such deficiency and a plan to increase the unrestricted cash and investments to at least the required number of days cash on hand for future reporting dates. Also, the Bond indentures require the Hospital's annual audit report and audited financial statements to be provided to the Bond Trustee no later than 150 days after the last day of the fiscal year-end subject to audit. The Hospital's 2008 audit report and audited financial statements were not provided to the Bond Trustee within the specified period.

The Bond Trustee, as a result of the above instances of noncompliance, could have declared an event of default and, if declared, the Hospital would have 60 days after receiving written notice to cure the noncompliance. The Bond Trustee has not declared an event of default. The Hospital's 2008 audit report and audited financial statements are expected to be provided to the Bond Trustee by June 30, 2009.

In connection with the new hospital construction (Note E), utility construction costs have been incurred on behalf of the Hospital and financed by the City of Neodesha (City). The City will be reimbursed for the utility construction costs plus interest through special tax assessments levied on the real property on which the new hospital will be located. The special assessments were levied in 2008 and are to be repaid over a 15-year period.

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE F - LONG-TERM DEBT - Continued

Scheduled principal and interest payments on Bonds, special assessments payable and capital lease obligations as of December 31, 2008 are as follows:

	Bonds		Special assessments payable		Capital lease obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending December 31,						
2009	\$ 190,000	\$ 659,862	\$ 85,512	\$ 76,673	\$ 71,353	\$ 19,737
2010	205,000	647,988	45,673	35,420	63,256	14,752
2011	215,000	636,200	47,735	33,357	58,364	10,299
2012	225,000	623,837	49,890	31,202	48,903	5,756
2013	240,000	611,462	52,143	28,950	29,110	2,403
2014-2018	1,385,000	2,858,841	298,227	107,236	37,364	1,582
2019-2023	1,735,000	2,475,305	290,820	33,551	-	-
2024-2028	2,315,000	1,893,870	-	-	-	-
2029-2033	3,045,000	1,160,435	-	-	-	-
2034-2036	2,265,000	258,160	-	-	-	-
	<u>\$ 11,820,000</u>	<u>\$ 11,825,960</u>	<u>\$ 870,000</u>	<u>\$ 346,389</u>	<u>\$ 308,350</u>	<u>\$ 54,529</u>

Capitalized interest expense on the Bonds, net of related interest income, totaled \$84,471 and \$345,155 in 2008 and 2007, respectively.

The following is an analysis of the financial presentation of the assets held under capital lease at December 31:

	<u>2008</u>	<u>2007</u>
Movable equipment	\$ 469,336	\$ 376,292
Less accumulated depreciation	<u>(163,388)</u>	<u>(103,321)</u>
	<u>\$ 305,948</u>	<u>\$ 272,971</u>

NOTE G - DEFINED BENEFIT PENSION PLAN

Plan description - The Hospital participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

**Wilson County Hospital
d/b/a Wilson Medical Center**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE G - DEFINED BENEFIT PENSION PLAN - Continued

Funding policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The regular employer rate established by statute for 2008 and 2007 was 4.93% and 4.31%, respectively. The Hospital's employer contributions to KPERS for the years ended December 31, 2008 and 2007 were \$208,588 and \$162,113, respectively, equal to the statutory required contributions for each year.

NOTE H - MANAGEMENT AGREEMENT

The Hospital renewed a management advisory services agreement with Quorum Health Resources, LLC, during 2008 for a term of five years. Either party may terminate the agreement, without cause or penalty, by providing at least 90 days prior written notice to the other party. Total expense incurred under the agreement in 2008 and 2007 was \$191,942 and \$197,228, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor arrangements. The mix of receivables from patients and third-party payors at December 31 are as follows:

	<u>2008</u>	<u>2007</u>
Medicare	46%	43%
Medicaid	4	10
Blue Cross	12	7
Commercial	12	12
Self-pay	<u>26</u>	<u>28</u>
	<u>100%</u>	<u>100%</u>

SUPPLEMENTAL INFORMATION



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**Report of Independent Certified Public Accountants
on Supplemental Information**

Board of Trustees
Wilson County Hospital d/b/a Wilson Medical Center

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of **Wilson County Hospital d/b/a Wilson Medical Center** for the years ended December 31, 2008 and 2007, which are presented in the preceding section of this report. The supplemental information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Grant Thornton LLP

Wichita, Kansas
June 23, 2009

ACCOUNTS RECEIVABLE

	December 31,			
	Amount		Percent	
	2008	2007	2008	2007
Aging based on date of discharge				
Patient accounts				
0-30 days	\$ 930,775	\$ 862,328	46.65%	50.16%
31-60 days	323,201	360,231	16.20	20.95
61-90 days	197,747	126,692	9.91	7.37
91-120 days	91,576	78,194	4.59	4.55
Over 120 days	<u>451,859</u>	<u>291,641</u>	<u>22.65</u>	<u>16.97</u>
	1,995,158	1,719,086	<u>100.00%</u>	<u>100.00%</u>
Less				
Allowance for doubtful accounts	229,812	244,424		
Allowance for contractual adjustments	<u>452,806</u>	<u>361,100</u>		
	<u>\$ 1,312,540</u>	<u>\$ 1,113,562</u>		

The changes in the allowance for doubtful accounts are summarized as follows:

	Year ended December 31,	
	2008	2007
Balance at beginning of year	\$ 244,424	\$ 270,939
Provision for doubtful accounts	574,626	469,328
Accounts charged off, net of recoveries on accounts charged off in previous years	<u>(589,238)</u>	<u>(495,843)</u>
Balance at end of year	<u>\$ 229,812</u>	<u>\$ 244,424</u>

PATIENT SERVICE REVENUE

	Year ended December 31,			
	2008			2007
	Inpatient	Outpatient	Total	Total
Routine services				
Adults and pediatrics	\$ 538,000	\$ -	\$ 538,000	\$ 504,400
Swing-beds	333,560	-	333,560	252,710
	871,560	-	871,560	757,110
Ancillary services				
Radiology	94,115	412,689	506,804	467,302
Electrocardiology	16,304	43,825	60,129	54,679
Laboratory	526,340	1,240,646	1,766,986	1,648,235
Respiratory therapy	121,912	18,591	140,503	118,401
Physical and speech therapy	157,058	620,070	777,128	749,781
Operating room	108,474	391,624	500,098	385,546
Medical supplies	817,119	624,112	1,441,231	1,043,583
Ultrasound	21,297	239,592	260,889	240,461
Anesthesiology	42,811	183,662	226,473	182,757
Pharmacy	1,291,584	202,853	1,494,437	1,135,473
Emergency room	22,751	678,898	701,649	672,247
CT scan	136,663	417,953	554,616	468,222
Treatment room	1,005	121,674	122,679	131,068
Observation care	-	19,157	19,157	12,420
Wound care	459,083	1,747,777	2,206,860	1,763,587
MRI	19,743	353,480	373,223	286,810
Nuclear medicine	4,059	-	4,059	5,383
	3,840,318	7,316,603	11,156,921	9,365,955
	<u>\$ 4,711,878</u>	<u>\$ 7,316,603</u>	12,028,481	10,123,065
Less				
Contractual adjustments			2,045,418	2,789,141
Provision for doubtful accounts			574,626	469,328
Charity care			23,822	10,551
Net patient service revenue			<u>\$ 9,384,615</u>	<u>\$ 6,854,045</u>

**SALARIES AND SUPPLIES AND OTHER EXPENSES
BY FUNCTIONAL DIVISION**

SALARIES AND SUPPLIES AND OTHER EXPENSES
BY FUNCTIONAL DIVISION

	Year ended December 31, 2008			Percent of expenses
	Salaries	Supplies and other	Total	
Routine services				
Adults and pediatrics (includes swing-beds)	\$ 929,084	\$ 431,450	\$ 1,360,534	14.87 %
Ancillary services				
Radiology	148,168	127,670	275,838	3.02
Electrocardiology	-	5,057	5,057	0.05
Laboratory	153,176	222,854	376,030	4.11
Respiratory therapy	109,188	29,683	138,871	1.52
Physical and speech therapy	268,299	12,797	281,096	3.07
Operating room	90,675	213,125	303,800	3.32
Medical supplies	97,857	112,382	210,239	2.30
Ultrasound	-	79,301	79,301	0.87
Anesthesiology	127,261	55,532	182,793	2.00
Pharmacy	74,826	280,663	355,489	3.88
Emergency and treatment room	316,176	257,293	573,469	6.27
CT scan	-	120,011	120,011	1.31
Outreach health	-	6,251	6,251	0.07
Wound care	305,076	482,357	787,433	8.61
MRI	-	61,124	61,124	0.67
Wellness Center	32,849	14,089	46,938	0.51
Nuclear medicine	-	1,001	1,001	0.01
	1,723,551	2,081,190	3,804,741	41.59
General services				
Dietary	146,307	197,933	344,240	3.76
Plant operations and maintenance	95,482	298,838	394,320	4.31
Housekeeping and laundry	161,678	36,710	198,388	2.17
Medical records	146,866	47,309	194,175	2.12
Administration and general	916,022	964,898	1,880,920	20.56
Nursing administration	68,452	1,501	69,953	0.76
Employee health and welfare	-	901,186	901,186	9.86
	1,534,807	2,448,375	3,983,182	43.54
	\$ 4,187,442	\$ 4,961,015	\$ 9,148,457	100.00 %
Percentage of total expenses	<u>45.77%</u>	<u>54.23%</u>	<u>100.00%</u>	

Year ended December 31, 2007

Salaries	Supplies and other	Total	Percent of expenses
\$ 889,025	\$ 132,231	\$ 1,021,256	14.00 %
126,814	73,108	199,922	2.74
-	7,734	7,734	0.11
148,526	237,298	385,824	5.29
99,027	20,980	120,007	1.64
266,769	21,932	288,701	3.96
69,871	139,192	209,063	2.87
90,016	69,642	159,658	2.19
-	65,275	65,275	0.89
120,019	30,880	150,899	2.07
67,894	184,294	252,188	3.46
273,256	186,082	459,338	6.30
-	109,773	109,773	1.50
-	6,572	6,572	0.09
272,091	250,305	522,396	7.16
-	45,870	45,870	0.63
28,343	14,384	42,727	0.58
-	3,004	3,004	0.04
1,562,626	1,466,325	3,028,951	41.52
132,056	74,323	206,379	2.83
88,615	134,612	223,227	3.06
149,342	23,265	172,607	2.37
142,983	35,101	178,084	2.44
881,578	685,260	1,566,838	21.47
79,185	-	79,185	1.09
-	818,816	818,816	11.22
1,473,759	1,771,377	3,245,136	44.48
\$ 3,925,410	\$ 3,369,933	\$ 7,295,343	100.00 %
<u>53.81%</u>	<u>46.19%</u>	<u>100.00%</u>	

COMBINING BALANCE SHEETS 2008

Wilson County Hospital d/b/a Wilson Medical Center

COMBINING BALANCE SHEET

December 31, 2008

ASSETS

	Hospital	Wellness Center	Foundation	Eliminations	Total
CURRENT ASSETS					
Cash	\$ 290,171	\$ 3,848	\$ -	\$ -	\$ 294,019
Asset whose use is limited under bond indenture	389,353	-	-	-	389,353
Accounts receivable, net	1,312,540	-	-	-	1,312,540
Taxes receivable	38,737	-	-	-	38,737
Other receivables	161,196	563	-	(115,377)	46,382
Due from third-party payors	1,015,000	-	-	-	1,015,000
Inventories	193,603	-	-	-	193,603
Prepaid expenses	82,459	-	-	-	82,459
Total current assets	3,483,059	4,411	-	(115,377)	3,372,093
 ASSETS WHOSE USE IS LIMITED					
Under bond indenture	853,020	-	-	-	853,020
By Foundation	-	-	1,091,835	(338,483)	753,352
Other	25,000	-	-	-	25,000
Total assets whose use is limited	878,020	-	1,091,835	(338,483)	1,631,372
 CAPITAL ASSETS					
Land	153,990	-	-	-	153,990
Depreciable capital assets, net of accumulated depreciation	12,432,840	5,858	1,001,090	-	13,439,788
Total capital assets, net of accumulated depreciation	12,586,830	5,858	1,001,090	-	13,593,778
 OTHER ASSETS					
Unamortized bond costs, net	308,192	-	-	-	308,192
Other	118,844	-	-	-	118,844
Total other assets	427,036	-	-	-	427,036
Total assets	\$ 17,374,945	\$ 10,269	\$ 2,092,925	\$ (453,860)	\$ 19,024,279

LIABILITIES AND NET ASSETS (LIABILITIES)

	<u>Hospital</u>	<u>Wellness Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES					
Current portion of long-term debt	\$ 601,392	\$ -	\$ -	\$ (236,932)	\$ 364,460
Accounts payable	840,793	105,631	9,075	(140,970)	814,529
Accrued interest payable	259,235	-	-	-	259,235
Salaries payable	124,831	-	1,092	(1,092)	124,831
Payroll taxes payable	9,255	-	-	-	9,255
Accrued vacation benefits	167,351	-	-	-	167,351
	<u>2,002,857</u>	<u>105,631</u>	<u>10,167</u>	<u>(378,994)</u>	<u>1,739,661</u>
Total current liabilities	2,002,857	105,631	10,167	(378,994)	1,739,661
LONG-TERM DEBT					
	<u>12,879,412</u>	<u>-</u>	<u>-</u>	<u>(74,866)</u>	<u>12,804,546</u>
Total liabilities	14,882,269	105,631	10,167	(453,860)	14,544,207
NET ASSETS (LIABILITIES)					
Invested in capital, net of related debt and payables	(845,017)	5,858	1,001,090	86,798	248,729
Restricted					
For debt service	1,242,341	-	-	-	1,242,341
Expendable for capital acquisitions	-	-	238,610	-	238,610
Expendable for specific operating activities	-	-	239,744	-	239,744
Nonexpendable - permanent endowments	-	-	85,268	-	85,268
Unrestricted	<u>2,095,352</u>	<u>(101,220)</u>	<u>518,046</u>	<u>(86,798)</u>	<u>2,425,380</u>
Total net assets (liabilities)	<u>2,492,676</u>	<u>(95,362)</u>	<u>2,082,758</u>	<u>-</u>	<u>4,480,072</u>
Total liabilities and net assets	<u>\$ 17,374,945</u>	<u>\$ 10,269</u>	<u>\$ 2,092,925</u>	<u>\$ (453,860)</u>	<u>\$ 19,024,279</u>

COMBINING BALANCE SHEETS 2007

Wilson County Hospital d/b/a Wilson Medical Center

COMBINING BALANCE SHEET

December 31, 2007

ASSETS

	Hospital	Wellness Center	Foundation	Eliminations	Total
CURRENT ASSETS					
Cash	\$ 914,308	\$ 1,208	\$ -	\$ -	\$ 915,516
Asset whose use is limited under bond indenture	968,604	-	-	-	968,604
Accounts receivable, net	1,113,562	-	-	-	1,113,562
Taxes receivable	22,651	-	-	-	22,651
Other receivables	137,506	629	-	(95,928)	42,207
Inventories	113,538	-	-	-	113,538
Prepaid expenses	74,501	-	-	-	74,501
	3,344,670	1,837	-	(95,928)	3,250,579
ASSETS WHOSE USE IS LIMITED					
Under bond indenture	1,962,821	-	-	-	1,962,821
By Foundation	-	-	1,221,838	(333,337)	888,501
Other	25,000	-	-	-	25,000
	1,987,821	-	1,221,838	(333,337)	2,876,322
CAPITAL ASSETS					
Land	164,440	-	-	-	164,440
Construction in progress	11,709,323	-	944,760	-	12,654,083
Depreciable capital assets, net of accumulated depreciation	923,528	7,532	44,320	-	975,380
	12,797,291	7,532	989,080	-	13,793,903
OTHER ASSETS					
Unamortized bond costs, net	332,817	-	-	-	332,817
Other	125,494	-	-	-	125,494
	458,311	-	-	-	458,311
	458,311	-	-	-	458,311
Total assets	\$ 18,588,093	\$ 9,369	\$ 2,210,918	\$ (429,265)	\$ 20,379,115

LIABILITIES AND NET ASSETS (LIABILITIES)

	Hospital	Wellness Center	Foundation	Eliminations	Total
CURRENT LIABILITIES					
Current portion of long-term debt	\$ 507,780	\$ -	\$ -	\$ (236,465)	\$ 271,315
Accounts payable	490,429	96,738	-	(97,002)	490,165
Construction payable	745,350	-	76,012	-	821,362
Accrued interest payable	232,254	-	-	(9,000)	223,254
Salaries payable	141,133	-	-	-	141,133
Payroll taxes payable	56,899	-	-	-	56,899
Accrued vacation benefits	153,655	-	-	-	153,655
Due to third-party payors	50,000	-	-	-	50,000
Total current liabilities	2,377,500	96,738	76,012	(342,467)	2,207,783
LONG-TERM DEBT	13,150,485	-	-	(86,798)	13,063,687
Total liabilities	15,527,985	96,738	76,012	(429,265)	15,271,470
NET ASSETS (LIABILITIES)					
Invested in capital, net of related debt and payables	251,598	7,532	913,068	98,263	1,270,461
Restricted					
For debt service	1,174,066	-	-	-	1,174,066
Expendable for capital acquisitions	-	-	349,372	-	349,372
Expendable for specific operating activities	-	-	237,306	-	237,306
Nonexpendable - permanent endowments	-	-	85,268	-	85,268
Unrestricted	1,634,444	(94,901)	549,892	(98,263)	1,991,172
Total net assets (liabilities)	3,060,108	(87,369)	2,134,906	-	5,107,645
Total liabilities and net assets	<u>\$ 18,588,093</u>	<u>\$ 9,369</u>	<u>\$ 2,210,918</u>	<u>\$ (429,265)</u>	<u>\$ 20,379,115</u>

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

Wilson County Hospital d/b/a Wilson Medical Center

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Year ended December 31, 2008				Total
	Hospital	Wellness Center	Foundation	Eliminations	
Operating revenues					
Net patient service revenue	\$ 9,384,615	\$ -	\$ -	\$ -	\$ 9,384,615
Other	74,854	40,619	-	(5,521)	109,952
Total operating revenues	9,459,469	40,619	-	(5,521)	9,494,567
Operating expenses					
Salaries	4,154,593	32,849	-	-	4,187,442
Supplies and other	4,951,355	14,089	-	(4,429)	4,961,015
Depreciation and amortization	743,838	1,674	34,425	-	779,937
Total operating expenses	9,849,786	48,612	34,425	(4,429)	9,928,394
Operating loss	(390,317)	(7,993)	(34,425)	(1,092)	(433,827)
Nonoperating revenues (expenses)					
Tax appropriations	406,712	-	-	-	406,712
Contributions and grants	12,197	-	4,400	-	16,597
Investment income	53,018	-	11,819	(12,722)	52,115
Interest expense	(649,042)	-	-	12,722	(636,320)
Other income	-	-	17,686	-	17,686
Other expense	-	-	(52,768)	1,092	(51,676)
Net nonoperating revenues (expenses)	(177,115)	-	(18,863)	1,092	(194,886)
Excess (deficit) of revenues over expenses	(567,432)	(7,993)	(53,288)	-	(628,713)
Transfers from Foundation, net	-	-	-	-	-
Capital contributions and grants, net of related expenses of \$-0- and \$63,288 for 2008 and 2007, respectively	-	-	1,140	-	1,140
Increase (decrease) in net assets	(567,432)	(7,993)	(52,148)	-	(627,573)
Net assets (liabilities) at beginning of year	3,060,108	(87,369)	2,134,906	-	5,107,645
Net assets (liabilities) at end of year	\$ 2,492,676	\$ (95,362)	\$ 2,082,758	\$ -	\$ 4,480,072

Year ended December 31, 2007

Hospital	Wellness Center	Foundation	Eliminations	Total
\$ 6,854,045	\$ -	\$ -	\$ -	\$ 6,854,045
110,746	38,842	-	(4,981)	144,607
6,964,791	38,842	-	(4,981)	6,998,652
3,897,067	28,343	-	-	3,925,410
3,359,749	14,384	-	(4,200)	3,369,933
158,089	837	6,329	-	165,255
7,414,905	43,564	6,329	(4,200)	7,460,598
(450,114)	(4,722)	(6,329)	(781)	(461,946)
408,689	-	-	-	408,689
4,500	-	108,686	-	113,186
82,257	-	55,868	(13,337)	124,788
(28,984)	-	-	13,337	(15,647)
-	-	-	-	-
-	-	(11,137)	781	(10,356)
466,462	-	153,417	781	620,660
16,348	(4,722)	147,088	-	158,714
4,374	9,369	(13,743)	-	-
50,000	-	454,661	-	504,661
70,722	4,647	588,006	-	663,375
2,989,386	(92,016)	1,546,900	-	4,444,270
<u>\$ 3,060,108</u>	<u>\$ (87,369)</u>	<u>\$ 2,134,906</u>	<u>\$ -</u>	<u>\$ 5,107,645</u>



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