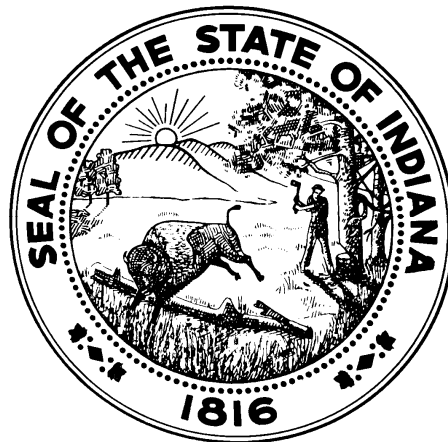


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

CLARK MEMORIAL HOSPITAL
A COMPONENT UNIT OF
CLARK COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED
09/28/2009

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HOSPITAL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President and Chief Executive Officer	Martin Padgett	01-01-08 to 12-31-09
Chief Financial Officer and Treasurer	Kirk Strack	01-01-08 to 12-31-09
Chairman of the Hospital Board	Pat Thompson Debra E. Meyer	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Edward Meyer	01-01-08 to 12-31-09



STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CLARK MEMORIAL HOSPITAL, CLARK COUNTY, INDIANA

We have audited the accompanying basic financial statements of the Clark Memorial Hospital (Hospital), as of and for the year ended December 31, 2008, 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 audit. We did not audit the financial statements of the Southern Indiana Rehab Hospital, an Affiliated Company. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the investment in the Affiliated Company in the amount of \$2,024,025, as of December 31, 2008, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital as of December 31, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis and Schedule of Funding Progress, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

STATE BOARD OF ACCOUNTS

August 25, 2009

Management Discussion and Analysis

Our discussion and analysis of Clark Memorial Hospital's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the Hospital's financial statements and accompanying notes to the financial statements.

Using This Annual Report

This annual report consists of two parts – *management's discussion and analysis*, and the *basic financial statements*.

- In the "*management discussion and analysis*" section of this report the management of the hospital discuss various components of the annual report and provide an analysis of the current financial statement information.
- The "*basic financial statement*" section of this report includes a series of financial statements, which provide information about the activities of the Hospital as a whole. The Statement of Net Assets reveals the assets and liabilities of the Hospital on December 31, 2008 while the Statement of Revenues, Expenses and Changes in Net Assets summarizes the changes in the assets and liabilities for the year then ended. The Statement of Cash Flows summarizes the change in cash and cash equivalents as a result of the financial activity during the year. The Notes to the Financial Statements disclose additional information addressed within the body of the financial statements.

Financial Highlights

Overall, the positive financial results for FY08 are due primarily to a strong case mix, expense control in significant expense categories such as benefits, supplies, and interest expense and Medicaid Upper Payment Limit payments. Specifically, acute care days were over budget, case mix finished the fiscal period 7% over budget, thus driving reimbursement. Additionally, payer mix for the period was favorable against budget due to Blue Cross payers increasing their mix. Outpatient growth was seen in the areas of pain management and wound care, however as in past fiscal years, outpatient volume continued to be a barrier to higher financial performance and competition continues to place additional constraints on overall volume stability.

Summarized Financial Statement Information

The following information documents in summary form the financial information related to the activities of the hospital for the last year.

	2008	2007
Current Assets	\$ 41,104,252	\$ 42,304,715
Noncurrent assets	1,010,490	731,215
Capital assets	92,960,187	83,077,256
Other assets	4,404,999	6,986,195
Total assets	<u>\$ 139,479,928</u>	<u>\$ 133,099,381</u>
Current Liabilities	\$ 24,906,306	\$ 23,093,026
Long-term debt	37,705,252	32,263,476
Long-term debt	121,925	-
Total Liabilities	<u>62,733,483</u>	<u>55,356,502</u>
Net Assets		
Invested in capital assets, net of related debt	50,999,008	50,561,596
Nonexpendable permanent endowments	48,250	65,126
Expendable for specific operating activities	8,134	10,670
Unrestricted	25,691,053	27,105,487
Total Net Assets	<u>76,746,445</u>	<u>77,742,879</u>
Total Liabilities and Net Assets	<u>\$ 139,479,928</u>	<u>\$ 133,099,381</u>
	2008	2007
Revenue		
Net Patient service revenue	\$ 133,954,315	\$ 118,312,917
Other revenues	2,685,840	2,709,028
Total Revenues	<u>136,640,155</u>	<u>121,021,945</u>
Expenses		
Salaries and benefits	69,902,832	62,781,053
Medical supplies and drugs	41,438,917	37,975,645
Other	9,148,238	7,186,619
Depreciation and amortization	10,240,962	9,812,011
Total Expenses	<u>130,730,949</u>	<u>117,755,328</u>
Operating income	5,909,206	3,266,617
Nonoperating revenues (expenses)	(6,905,640)	(1,513,052)
Capital Contributions, Grants, etc.	-	45,729
Increase (decrease) in net assets	(996,434)	1,799,294
Net assets beginning of year	<u>77,742,879</u>	<u>75,943,585</u>
Net assets end of year	<u>\$ 76,746,445</u>	<u>\$ 77,742,879</u>

Capital Assets and Debt Administration

Capital Assets

At the end of 2008, the Hospital had approximately \$50 million invested in capital assets, net of related debt. More detailed information about the Hospital's capital assets is presented in Note II.C. to the financial statements. The table below documents the type of assets that make up the Capital Assets held by the Hospital as of December 31, 2008.

	Capital Assets at Year-end Net of Depreciation (000's)	
	2008	2007
Land	\$ 6,432	\$ 6,570
Construction in progress	13,274	4,264
Land improvements	1,527	1,491
Building and improvements	92,874	89,631
Equipment	85,691	78,334
Total	199,798	180,290
Less Accumulation depreciation	106,838	97,213
Capital Assets (Net)	<u>\$ 92,960</u>	<u>\$ 83,077</u>

Debt

At year-end, the Hospital had approximately \$37.2 million in loans and bond issues outstanding, versus \$34.2 million at the end of the previous year. More detailed information about the Hospital's long-term liabilities is presented in Note II E, F and G to the financial statements. The table below documents the debt held and its use:

	Outstanding Debt At Year End (000's)	
	2008	2007
Revenue bonds	\$ 27,865	\$ 29,250
Capital leases	2,456	3,266
Loans	6,875	1,719
Total Debt	<u>\$ 37,196</u>	<u>\$ 34,235</u>

Contacting the Hospital's Management

This financial report is designed to provide our citizens, taxpayers, patients, and other interested parties with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hospital Administrator at (812) 283-2178.

CLARK MEMORIAL HOSPITAL
STATEMENT OF NET ASSETS
December 31, 2008

Assets

Current assets:	
Cash and cash equivalents	\$ 14,505,314
Patient accounts receivable, net of estimated uncollectibles of \$42,413,470	22,223,849
Other receivables	1,482,460
Supplies and other current assets	2,892,629
Noncurrent cash and investments:	
Internally designated	54,106
Other long-term investments	900,000
Restricted by contributors and grantors	56,384
Capital assets:	
Land	6,432,533
Construction in progress	13,274,448
Depreciable capital assets, net of accumulated depreciation	73,253,206
Other assets	<u>4,404,999</u>
Total assets	<u>\$ 139,479,928</u>

Liabilities and Net Assets

Current liabilities:	
Current maturities of long-term debt	\$ 4,255,927
Accounts payable and accrued expenses	4,754,959
Estimated third-party payor settlements	926,129
Other current liabilities	14,969,291
Long-term debt, net of current maturities	37,705,252
Other long term liabilities	<u>121,925</u>
Total liabilities	<u>62,733,483</u>
Net assets:	
Invested in capital assets, net of related debt	50,999,008
Restricted:	
Expendable for specific operating activities	8,134
Nonexpendable permanent endowments	48,250
Unrestricted	<u>25,691,053</u>
Total net assets	<u>76,746,445</u>
Total liabilities and net assets	<u>\$ 139,479,928</u>

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

CLARK MEMORIAL HOSPITAL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended December 31, 2008

Operating revenues:	
Net patient service revenue (net of provision for bad debt)	\$ 133,954,315
Other	<u>2,685,840</u>
Total operating revenues	<u>136,640,155</u>
Operating expenses:	
Salaries and benefits	69,902,832
Medical supplies and drugs	41,438,917
Other supplies	9,148,238
Depreciation and amortization	<u>10,240,962</u>
Total operating expenses	<u>130,730,949</u>
Operating income	<u>5,909,206</u>
Nonoperating revenues (expenses):	
Investment income	(1,089,687)
Unrealized holding loss on swap contract	(2,865,400)
Interest expense	(2,085,284)
Loss on disposal of assets	(106,725)
Loss on investment in affiliated companies	<u>(758,544)</u>
Total nonoperating revenues (expenses)	<u>(6,905,640)</u>
Deficiency of revenues under expenses	(996,434)
Net assets beginning of the year	<u>77,742,879</u>
Net assets end of the year	<u>\$ 76,746,445</u>

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

CLARK MEMORIAL HOSPITAL
STATEMENT OF CASH FLOWS - RESTRICTED AND UNRESTRICTED FUNDS
Year Ended December 31, 2008

Cash flows from operating activities:	
Receipts from and on behalf of patients	\$ 134,333,970
Payments to suppliers and contractors	(50,410,610)
Payments to employees	(68,579,185)
Other receipts and payments, net	<u>3,375,125</u>
Net cash provided by operating activities	<u>18,719,300</u>
Cash flows from noncapital financing activities:	
Other	<u>(106,725)</u>
Net cash used by noncapital financing activities	<u>(106,725)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(19,751,799)
Principal paid on long-term debt	(4,035,944)
Interest paid on long-term debt	(2,111,512)
Proceeds from long-term debt	<u>6,697,622</u>
Net cash used by capital and related financing activities	<u>(19,201,633)</u>
Cash flows from investing activities:	
Interest and dividends on investments	(1,089,687)
Purchase of investments	(300,000)
Decrease in investment in affiliated companies	<u>1,776,786</u>
Net cash provided by investing activities	<u>387,099</u>
Net decrease in cash and cash equivalents	(201,959)
Cash and cash equivalents at beginning of year	<u>14,817,763</u>
Cash and cash equivalents at end of year	<u>\$ 14,615,804</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:	
Cash and cash equivalents in current assets	\$ 14,505,314
Restricted cash and cash equivalents	<u>110,490</u>
Total cash and cash equivalents	<u>\$ 14,615,804</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 5,909,206
Adjustments to reconcile operating income to net cash flows used in operating activities:	
Depreciation and amortization	10,240,962
Provision for bad debts	29,100,695
(Increase) decrease in current assets:	
Patient accounts receivable	(28,721,040)
Supplies and other current assets	20,418
Other receivables	619,156
Increase (decrease) in current liabilities:	
Accounts payable and accrued expenses	156,127
Other current liabilities	1,201,722
Estimated third-party payor settlements	70,129
Other liabilities related to operating activities	<u>121,925</u>
Net cash provided in operating activities	<u>\$ 18,719,300</u>
Noncash capital and financing activities:	
The Hospital entered into a loan agreement with Morrison's Cafeteria in the amount of \$300,000. The repayment represents cost associated with the renovation of the Hospital's cafeteria which was paid by Morrison's Cafeteria. The agreement stipulates that the sum of \$300,000 would be repaid by the Hospital over the term of 5 years interest free.	

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

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

Clark Memorial Hospital (Hospital) is a county-owned facility and operates under the Indiana County Hospital Law, Indiana Code 16-22. The Hospital provides short-term inpatient and out-patient health care.

The Board of County Commissioners of Clark County appoints the Governing Board of the Hospital and a financial benefit/burden relationship exists between the County and the Hospital. For these reasons, the Hospital is considered a component unit of Clark County.

The accompanying financial statements present the activities of the Hospital (primary government) and its significant component unit. The component unit discussed below is included in the Hospital's reporting entity because of the significance of its operational or financial relationship with the Hospital. A blended component unit, although a legally separate entity, is in substance part of the government's operations and exists solely to provide services for the government; data from this unit is combined with data of the primary government.

Blended Component Unit

The Clark Memorial Hospital Foundation (Foundation) is a significant blended component unit of the Hospital. The primary government appoints a voting majority of the Foundation's Board and is able to impose its will. Although it is legally separate from the Hospital, the Foundation is reported as if it were a part of the Hospital because it provides services entirely or almost entirely to the Hospital.

B. Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (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.

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents include demand deposits and investments in highly liquid debt instruments with an original maturity date of three months or less.

Short-term investments are investments with remaining maturities of up to 90 days.

Statutes authorize the Hospital to invest in interest-bearing deposit accounts, passbook savings accounts, certificates of deposit, money market deposit accounts, mutual funds, pooled fund investments, securities backed by the full faith and credit of the United States Treasury and repurchase agreements. The statutes require that repurchase agreements be fully collateralized by U.S. Government or U.S. Government Agency obligations.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Investments in affiliated companies are reported using the equity method of accounting, or at cost, as applicable.

Other investments are generally reported at fair value.

Investment income, including changes in the fair value of investments, is reported as non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and equipment, are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	\$ 1	Straight-line	Common useful life
Buildings and improvements	1	Straight-line	Common useful life
Equipment	1,000	Straight-line	Common useful life

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Hospital during the current year was \$2,077,166. Of the amount, \$72,094 was included as part of the cost of capital assets in connection with the purchase and installation of computer system software.

4. Net Assets

Net assets of the Hospital are classified in four components.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Net assets invested in capital assets, net of related debt consist 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 assets are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital.

Restricted nonexpendable net assets equal the principal portion of permanent endowments.

Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

D. Grants and Contributions

Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

E. Endowments

Endowments are provided to the Hospital on a voluntary basis by individuals and private organizations. Permanent endowments require that the principal or corpus of the endowment be retained in perpetuity. If a donor has not provided specific instructions, state law permits the Hospital Board of Trustees to authorize for expenditure the net appreciation of the investments of endowment funds, as discussed in Note II (H).

F. 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.

G. Operating Revenues and Expenses

The Hospital's Statement of Revenues, Expenses, and Changes in Net Assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonexchange revenues, including grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

H. Compensated Absences

1. Sick Leave

Hospital employees earn sick leave at the rate of 28 to 72 hours per year. Unused sick leave may be accumulated to a maximum 960 hours. Accumulated sick leave is not paid to employees upon termination.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Paid Time-Off

The Hospital's policy on paid time-off (which includes vacation and holidays) allows full-time employees and regular part-time employees to accrue paid time off at rates from 160 to 280 hours per year based on the number of years of service. Paid time-off may be accumulated to a maximum of two times the employee's annual accrual rate. Accumulated paid time-off is paid to employees through cash payments upon termination or change of status from benefit status to a nonbenefit status.

Paid time-off is accrued when incurred and reported as a liability.

II. Detailed Notes

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 16-22-3-16 requires only that money in the Hospital funds be deposited in the manner determined by the governing board. The Hospital does not have a formal policy regarding custodial credit risk for deposits. At December 31, 2008, the bank balance held at JPMorgan Chase Bank in the amount of \$10,281,201 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-Hospital's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 16-22-3-20. As of December 31, 2008, the Hospital had the following investments:

<u>Investment Type</u>	<u>Market Value</u>
Mutual funds	<u>\$ 5,116,554</u>

Investment Policies

Indiana Code 16-22-3-20 authorizes the Hospital to invest in: (1) any interest-bearing account that is authorized to be set up and offered by a financial institution or brokerage firm registered and authorized to do business in Indiana; (2) repurchase or resale agreements involving the purchase and guaranteed resale of any interest bearing obligations issued or fully insured or guaranteed by the United States or and United States government agency in which type of agreement the amount of money must be fully collateralized by interest-bearing obligations as determined by the current market value computed on the day the agreement is effective; (3) mutual funds offered by a financial institution or brokerage firm registered and

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

authorized to do business in Indiana; (4) securities backed by the full faith and credit of the United State Treasury or fully insured or guaranteed by the United States or and United State government agency; (5) pooled fund investments for participating hospitals offered, managed, and administered by a financial institution or brokerage firm registered or authorized to do business in Indiana.

B. Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Hospital at year end consisted of these amounts:

Patient Accounts Receivable

Receivable from patients and their insurance carriers	\$ 39,046,779
Receivable from Medicare	12,372,512
Receivable from Medicaid	<u>13,218,028</u>
Total patient accounts receivable	64,637,319
Less allowance for uncollectible amounts	<u>42,413,470</u>
Patient accounts receivable, net	<u><u>\$ 22,223,849</u></u>

Accounts Payable and Accrued Expenses

Payable to suppliers	4,226,633
Other	<u>528,326</u>
Total accounts payable and accrued expenses	<u><u>\$ 4,754,959</u></u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 6,570,038	\$ 130,000	\$ 267,505	\$ 6,432,533
Construction in progress	<u>4,263,816</u>	<u>17,174,561</u>	<u>8,163,929</u>	<u>13,274,448</u>
Total capital assets, not being depreciated	<u>10,833,854</u>	<u>17,304,561</u>	<u>8,431,434</u>	<u>19,706,981</u>

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements	1,491,384	35,756	-	1,527,140
Buildings and improvements	89,631,254	4,140,428	897,955	92,873,727
Equipment	78,333,888	7,691,007	334,214	85,690,681
Totals	169,456,526	11,867,191	1,232,169	180,091,548
Less accumulated depreciation for:				
Land improvements	879,634	66,036	-	945,670
Buildings and improvements	36,134,459	4,158,904	292,556	40,000,807
Equipment	60,199,031	6,016,022	323,188	65,891,865
Totals	97,213,124	10,240,962	615,744	106,838,342
Total capital assets, being depreciated, net	72,243,402	1,626,229	616,425	73,253,206
Total primary government capital assets, net	<u>\$ 83,077,256</u>	<u>\$ 18,930,790</u>	<u>\$ 9,047,859</u>	<u>\$ 92,960,187</u>

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2008</u>	<u>Committed</u>	<u>Required Future Funding</u>
Eclipsis	\$ 25,000,000	\$ 11,141,893	\$ 13,858,107	\$ -
HVAC systems control	1,800,000	612,377	1,187,623	-
Various small projects	2,870,438	1,520,178	1,350,260	-
Totals	\$ 29,670,438	\$ 13,274,448	\$ 16,395,990	\$ -

E. Leases

Capital Leases

The Hospital has entered into capital leases for CT and MRI equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2008, are as follows:

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2009	\$ 1,005,640
2010	1,005,640
2011	<u>675,049</u>
Total minimum lease payments	2,686,329
Less amount representing interest	<u>230,563</u>
Present value of net minimum lease payments	<u><u>\$ 2,455,766</u></u>

Assets acquired through capital leases still in effect are as follows:

Equipment	\$ 4,292,316
Less: accumulated depreciation	<u>2,026,960</u>
Total	<u><u>\$ 2,265,356</u></u>

F. Short-Term Liabilities

The Hospital uses a revolving line of credit and short-term loans/notes to finance a variety of Hospital expansion projects. In 2007, the Hospital obtained a line of credit for the relocation of its Finance Department into a new building. The Hospital also obtained a construction loan for the construction of a medical facility in Henryville, Indiana. During 2008, the Hospital paid off the line of credit for the relocation of its Finance Department and refinanced its construction loan into a mortgage loan for the medical facility.

Short-term debt activity for the year ended was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Line of credit, loans, notes	<u>\$ 1,718,790</u>	<u>\$ -</u>	<u>\$ 1,718,790</u>	<u>\$ -</u>

G. Long-Term Liabilities

1. Revenue Bonds

The Hospital issues bonds to be paid by income derived from the acquired or constructed assets.

Revenue bonds outstanding at year end are as follows:

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Amount
Indiana Health Facility Financing Authority (IHFFA) \$20,000,000 2001 revenue bonds	4.50%*	\$ 15,005,000
Indiana Health Facility Financing Authority (IHFFA) \$9,500,000 Series A 2004 revenue bonds	4.41%*	9,500,000
Indiana Health Facility Financing Authority (IHFFA) \$5,500,000 Series B 2004 revenue bonds	4.76%*	<u>3,360,000</u>
Total		<u>\$ 27,865,000</u>

*Synthetic interest rate – see interest rate swap note below.

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Principal	Interest
2009	\$ 1,450,000	\$ 1,254,260
2010	1,515,000	1,187,497
2011	1,580,000	1,117,744
2012	1,650,000	1,045,002
2013	1,725,000	969,047
2014-2018	9,850,000	3,605,452
2019-2023	8,015,000	1,177,985
2024-2025	<u>2,080,000</u>	<u>8,357,750</u>
Totals	<u>\$ 27,865,000</u>	<u>\$ 18,714,737</u>

Interest Rate Swap - Risk Management

The Hospital has utilized certain derivative financial instruments as a part of its risk management strategy to reduce interest rate risk. Derivatives are not used for trading or speculative activities. The Hospital recognizes all derivatives on the Statement of Net Assets at fair value. On the date the derivative instrument was entered into, the Hospital designated the derivative as a hedge of the variability of cashflows to be received or paid related to a recognized asset or liability ("Cashflow Hedge"). The Hospital formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Information obtained from JPMorgan Chase Bank, indicates the Hospital has a long-term liability on the interest rate swap notes in the amount of \$4,765,051 at December 31, 2008. This amount is included in the "Long-term debt, net of current maturities" on the Statement of Net Assets.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Hospital also formally assessed, both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in cashflows of the hedged item. If it is determined that a derivative is not highly effective as a hedge or if a derivative ceases to be a highly effective hedge, the Hospital will discontinue hedge accounting prospectively.

In December 2001, and again in April 2004, the Hospital entered into an interest rate swap agreement with maturities through 2021 and 2024, to manage its exposure by effectively converting a substantial portion of its indebtedness from variable rate to fixed rate. The average annual notional amounts of interest rate swap contracts subject to fixed rates were \$27,865,000 for the fiscal year 2008. These agreements involve the exchange of variable rate payments for fixed rate payments without the effect of leverage and without the exchange of the underlying face amount. Fixed interest rate payments for the 2001 issue, the 2004 issue (Issue A) and the 2004 issue (Issue B) were at a weighted average as shown in the following table. Interest rate differentials paid under these agreements were recognized as adjustments to the interest expense and amounted to \$172,120 for the year ended December 31, 2008.

		2001 Issue	2004A Issue	2004B Issue
Interest rate swaps:				
Fixed payment to counterparty	Fixed	4.06%	3.97%	4.53%
Less: variable payment from counterparty	LIBOR%	3.60%	3.53%	3.32%
Net interest rate swap payments		0.46%	0.44%	1.21%
Variable rate bond payments		4.04%	3.97%	3.55%
Synthetic interest rate on bonds		4.50%	4.41%	4.76%

As of December 31, 2008, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their terms, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Year Ended December 31	Variable Rate Bonds		Swaps	Total
	Principal	Interest	Net Interest	Debt Service
2009	\$ 1,450,000	\$ 1,102,890	\$ 151,370	\$ 2,704,260
2010	1,515,000	1,047,200	140,297	2,702,497
2011	1,580,000	989,005	128,739	2,697,744
2012	1,650,000	928,308	116,695	2,695,003
2013	1,725,000	864,904	104,143	2,694,047
2014-2018	9,850,000	3,240,076	365,376	13,455,452
2019-2023	8,015,000	1,059,196	118,789	9,192,985
2024-2025	2,080,000	7,509,238	848,511	10,437,749
Totals	<u>\$ 27,865,000</u>	<u>\$ 16,740,817</u>	<u>\$ 1,973,920</u>	<u>\$ 46,579,737</u>

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Loans Payable

The Hospital has entered into various loans. Annual debt service requirements to maturity for the loans, including interest of \$899,558, are as follows:

2009	\$ 2,297,875
2010	2,297,894
2011	1,701,972
2012	271,275
2013	226,282
2014-2018	<u>979,642</u>
Total	<u>\$ 7,774,940</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue:					
Indiana Health Facility Financing Authority	\$ 29,250,000	\$ -	\$ 1,385,000	\$ 27,865,000	\$ 1,450,000
Capital leases	3,265,661	-	809,895	2,455,766	865,738
Claims and judgments					
Loans payable	<u>1,718,790</u>	<u>6,962,815</u>	<u>1,806,243</u>	<u>6,875,362</u>	<u>1,935,189</u>
Total long-term liabilities	<u>\$ 34,234,451</u>	<u>\$ 6,962,815</u>	<u>\$ 4,001,138</u>	<u>\$ 37,196,128</u>	<u>\$ 4,255,927</u>

Note to Schedule: The above schedule does not include the long-term debt discussed in the subsection titled "Interest Rate Swap - Risk Management" on pages 18 and 19.

4. Revenue Bond Covenants

The Hospital issued bonds in the amounts of \$20,000,000 and \$15,000,000 in 2001 and 2004, respectively, in the form of interest rate swaps. Each issue is renewed annually through a letter of credit between the Hospital and the financial firm or bank that issued the debt. Covenants for these bonds may change annually at each letter of credit renewal date. Covenants in effect during 2008 require four financial tests to be met for compliance as follows:

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Covenants Requirements	Minimum Requirements	Hospital's Compliance
1. Minimum days cash on hand	35	51
2. Unrestricted net assets plus subordinated debt not less than	\$ 75,000,000	\$ 76,690,061
3. Debt service coverage ratio	1.45:1	1.85:1
4. Leverage ratio (ratio may not exceed)	.40:1	.33:1

The Hospital has complied with all bond ordinance requirements for 2008.

H. Endowments and Restricted Net Assets

Restricted, expendable net assets are available for the following purposes:

	2008
Expendable for specific operating activities:	
Board approved activities	\$ 6,809
Nursing scholarships	1,325
	<u> </u>
Total expendable, restricted net assets	<u>\$ 8,134</u>

Unless the contributor provides specific instructions, state statute permits the Hospital Board to authorize for expenditure the net appreciation (realized and unrealized) of the investments in its endowments. When administering its power to spend net appreciation, the Hospital Board is required to consider the Hospital's "long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions." Any net appreciation that is spent is required to be spent for the purposes designated by the contributor.

Restricted nonexpendable net assets as of year end represent the principal amounts of permanent endowments, restricted to investment in perpetuity. Investment earnings from the Hospital's permanent endowments are expendable to support these programs as established by the contributor.

	2008
Board approved activities	\$ 34,847
Nursing scholarships	13,403
	<u> </u>
Total restricted nonexpendable net assets	<u>\$ 48,250</u>

I. Charity Care

Charges excluded from revenue under the Hospital's charity care policy were \$4,844,564 for 2008.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

J. Internally Designated Assets

Noncurrent cash and investments internally designated include the following:

Designated Funds – Assets set aside by the Hospital Board of Trustees for identified purposes and over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Board designation:

Cash and cash equivalents	\$ 54,106
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III. Other Information

A. Risk Management

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries to Employees

The Hospital's Operating Fund services the risk of loss on work related illnesses and injuries to employees. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per year or an aggregate for all individuals of \$3,000,000. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years.

B. Related Party Transactions

In 1992, the Hospital entered into an agreement with MedGroup Management, Inc. (MedGroup), an affiliate of Jewish Hospital and St. Mary's Healthcare, Inc., whereby MedGroup would supervise, manage, and operate the Hospital. According to the agreement, MedGroup will provide the Chief Executive Officer (who will be appointed by the Hospital's Board of Directors) and the Chief Financial Officer.

Compensation and fees paid by the Hospital to MedGroup for 2008 were \$799,200. Payments in the amount of \$13,189,239 were made to Jewish Hospital and St. Mary's Healthcare, Inc., and its related entities for healthcare and other related services during 2008.

C. Fair Value Measurements

Statement on Financial Accounting Standards No. 157, Fair Value Measurements (as amended), requires certain disclosures regarding the fair value of financial instruments. Financial instruments held by the Hospital impacted by this pronouncement include the Hospital's investments and assets whose use is limited which are measured using quoted prices in active markets and other significant observable inputs.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Hospital partially adopted the provisions of FAS 157 for fiscal year 2008, but will delay adoption of nonfinancial assets and nonfinancial liabilities covered by FASB Staff Position No. FAS 157-2. This Staff Position permits entities to partially defer the effective date of FAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, until fiscal year 2009.

When fully adopted, the Hospital will apply the provisions of FAS 157-2 to certain nonfinancial assets and liabilities and is currently evaluating the impact of the full adoption of this statement on the activities, changes in net assets and financial position. Using the provisions within SFAS No. 157, the Hospital has characterized its investments in securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment.

Investments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Hospital has the ability to access. Investments include mutual funds.

Level 2 - These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. These investments are comprised of U.S. government securities that trade infrequently and certificates of deposit.

Level 3 - These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments.

Based upon the levels as defined the Hospital's investments as of December 31, 2008, are classified as follows:

Investment Type	December 31, 2008	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase agreements	\$ 8,493,717	\$ -	\$ 8,493,717	\$ -
Certificate of deposits	900,000	-	900,000	-
Mutual funds	5,116,554	5,116,554	-	-
Totals	<u>\$ 14,510,271</u>	<u>\$ 5,116,554</u>	<u>\$ 9,393,717</u>	<u>\$ -</u>

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Subsequent Events

Current Economic Conditions

The current economic environment presents hospitals with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Hospital.

Current economic conditions, including the rising unemployment rate, have made it difficult for a certain number of patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values (including defined benefit pension plan investments) and allowances for accounts receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity.

Debt Refinancing

The Hospital is in the process of obtaining a loan from the Indiana Bond Bank for the refinancing of its outstanding debt service along with additional funds for reimbursement and payment of computer software. Based on requirements of the Indiana Bond Bank, this loan must first be guaranteed by the County which would provide a tax rate for repayments should the Hospital be unable to meet their debt requirements. The Board of County Commissioners, on June 24, 2009, approved the creation of the Hospital Association and recommended submission to the County Council for approval and guarantee of the loan. On July 13, 2009, the County Council provided the Hospital with a guarantee for a loan with annual debt payments not to exceed \$5,400,000.

E. Fair Value of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and Cash Equivalents

The carrying amount reported in the Statement of Net Assets for cash and cash equivalents approximates its fair value.

Investments

Fair values, which are the amounts reported in the Statement of Net Assets, are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Accounts Payable and Accrued Expenses

The carrying amount reported in the Statement of Net Assets for accounts payable and accrued expenses approximates its fair value.

Estimated Third-Party Payor Settlements

The carrying amount reported in the Statement of Net Assets for estimated third-party payor settlements approximates its fair value.

F. Investment in Affiliated Companies

Rehabilitation Hospital

In 1993, the Hospital entered into an agreement with two other hospitals to establish and operate a rehabilitation hospital, Southern Indiana Rehab Hospitals (SIRH). In accordance with this agreement, each hospital invested \$5,500,000 for 33 1/3% equity interest in the rehabilitation hospital. The investment was made in the year 1993. The rehabilitation hospital began operation in 1994. The investment is recorded on the equity method. The Hospital's investment in affiliated companies is included in the "Other assets" category of the Statement of Net Assets.

Summarized financial information as of December 31, 2008, and for the year then ended from the audited financial statements of the Affiliated Company follows:

Current assets	\$ 6,417,121
Noncurrent assets	8,268,112
Current liabilities	2,780,251
Noncurrent liabilities	5,771,573
Stockholder's equity	6,133,409
Revenue	16,569,671
Net loss	(1,846,970)

The Affiliated Company was paying the debt service on loans obtained by the participating members to finance their initial investment in the Affiliated Company. The Affiliated Company reported the amount due on the loan as a noncurrent liability and not in stockholder's equity. On April 26, 2001, the Affiliated Company issued bonds of \$10,550,000 to refinance the loans obtained by the participating members. Clark Memorial Hospital had provided a corporate guaranty on 25% of the credit facility.

Charges billed by Clark Memorial Hospital to SIRH for services and supplies were \$906,147 for 2008.

No equity distributions were received by Clark Memorial Hospital from the facility in 2008.

Cardiac Catheterization Facility

In 1996, the Hospital entered into an agreement with Jewish Hospital and St. Mary's Healthcare, Inc., to establish and operate a facility to provide cardiac catheterization services. In accordance with this agreement, each hospital has a 50% equity interest in the cardiac catheterization facility.

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The investment was made in the year 1996 and the facility began operations in 1996. The investment is recorded on the equity method. The Hospital's investment in affiliated companies is included in the "Other assets" category of the Statement of Net Assets.

Summarized financial information as of December 31, 2008, and for the year then ended from the audited financial statements of the Affiliated Company follows:

Current assets	\$	1,659,400
Noncurrent assets		2,050,098
Current liabilities		665,825
Stockholder's equity		3,043,673
Revenue		9,088,689
Net loss		(344,013)

Equity distributions were received by Clark Memorial Hospital from the facility in 2008 in the amount of \$68,877.

Regional Service Center

In 1996, the Hospital entered into an agreement with eight other hospitals to establish and operate the Regional Service Center to provide purchasing and supply distribution services to the hospitals owned and/or managed by Jewish Hospital and St. Mary's Healthcare, Inc. In accordance with this agreement, Clark Memorial Hospital invested \$1,293,000 for a 20% equity interest in the Regional Service Center. The investment was made in the year 1999 and the Regional Service Center began operations in the same year. In the year 2000, Clark Memorial sold 8.18% of its equity interest in the Regional Service Center for \$519,423, reducing its interest to 11.92%. Upon the withdrawal of one member hospital at December 31, 2002, Clark Memorial Hospital's equity interest changed to 12.43%.

During 2004, the members of the Company amended the operating agreement dated January 1, 1999, to allow for annual ownership adjustments. This adjustment is based on the aggregate purchases from the Company of all members during the fiscal year most recently ended.

The Hospital's investment in affiliated companies is included in the "Other assets" category of the Statement of Net Assets.

Summarized financial information as of December 31, 2008, and for the year then ended from the audited financial statements of the Affiliated Company follows:

Current assets	\$	17,307,000
Noncurrent assets		62,000
Current liabilities		16,035,000
Stockholder's equity		1,334,000
Revenue		90,215,000
Net loss		(153,000)

In 2008, the Regional Service Center was sold to a private company (O & M Company) through agreements with all parties holding an equity interest. On December 22, 2008, a check was issued by O & M Company to the Hospital in the amount of \$1,381,988 which represents

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

\$1,564,246 of equity interest less inventory buy-back of \$182,258. On December 31, 2008, the Hospital's records showed an additional \$187,000 due from O & M Company pending final settlement of the Regional Service Center's accounts receivable at the time of buy-out by O & M Company.

Comprehensive Outpatient Rehabilitation Facility (CORF)

In 1999, the Hospital entered into an agreement with a related hospital to establish and operate a comprehensive outpatient rehabilitation facility. In accordance with this agreement, the Hospital has a 50% equity interest in the comprehensive outpatient rehabilitation facility. The comprehensive outpatient rehabilitation facility began operation in 1999. The investment is recorded on the equity method. The Hospital's investment in affiliated companies is included in the "Other asset" category of the Statement of Net Assets.

Summarized financial information as of December 31, 2008, and for the year then ended from the unaudited financial statements of the Affiliated Company follows:

Revenue	\$	897,769
Net income		119,842

Amounts for balance sheet accounts are not presented because CORF's net assets are included in the Jewish Hospital and St. Mary's Healthcare Inc., combined balance sheet. No separate Statement of Net Assets is prepared for CORF.

The Hospital received rental income for the CORF facility from Frazier Rehab Center in the amount of \$15,973 in 2008.

The Hospital is obligated by contract to remit one-half of all net losses from the operation of the CORF to Frazier Rehab Center, and Frazier Rehab Center shall pay to the Hospital one-half of all net profits from the operation of CORF.

Equity distributions were received by Clark Memorial Hospital from the facility in the amount of \$128,052 in 2008.

G. Pension Plan

Clark Memorial Hospital Retirement Plan

Plan Description

The Hospital has a defined benefit pension plan administered by Clark Memorial Hospital as authorized by IC 16-22-3-11. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the Hospital Board of Trustees and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Clark Memorial Hospital
P.O. Box 69
Jeffersonville, IN 47131-0069
Ph. (812) 283-2448

CLARK MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the Hospital Board of Trustees and the Plan Administrator. Plan members are not required to contribute to the plan. The Hospital is required to contribute at an actuarially determined rate. The current rate is 0% of annual covered payroll. However, annual pension costs for 2008, determined in accordance with GASB 27, were \$2,349,370.

Actuarial Information for the Above Plan

Annual required contribution	\$ 2,406,512
Interest on net pension obligation	517,854
Adjustment to annual required contribution	<u>(574,996)</u>
Annual pension cost	2,349,370
Contributions made	<u>2,400,019</u>
Increase (decrease) in net pension obligation	(50,649)
Net pension obligation, beginning of year	<u>6,473,181</u>
Net pension obligation, end of year	<u>\$ 6,422,532</u>
Contribution rates:	
Hospital	0.00%
Plan members	0.00%
Actuarial valuation date	01-01-08
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of projected payroll, closed
Amortization period	35 years
Asset valuation method	Market value of trust assets

Actuarial Assumptions

Investment rate of return	8%
Projected future salary increases	5%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Clark Memorial Hospital Retirement Plan	12-31-06	\$ 2,097,944	0%	\$ 6,581,571
	12-31-07	1,990,866	105%	6,473,181
	12-31-08	2,349,370	121%	6,422,532

CLARK MEMORIAL HOSPITAL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Clark Memorial Hospital Retirement Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-06	\$ 32,260,125	\$ 35,571,205	\$ (3,311,080)	91%	\$ 38,890,153	(9%)
01-01-07	34,418,996	37,045,025	(2,626,029)	93%	40,404,314	(6%)
01-01-08	35,447,947	40,342,025	(4,894,078)	88%	44,121,144	(11%)

CLARK MEMORIAL HOSPITAL
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2009, with Debra E. Meyer, Chairman of the Hospital Board; Martin Padgett, President and Chief Executive Officer; and Kirk Strack, Chief Financial Officer and Treasurer. Our audit disclosed no material items that warrant comment at this time.