



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B37663

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

October 14, 2010

Board of Directors
Health and Hospital Corporation of Marion County, Indiana
3838 N. Rural Street
Indianapolis, IN 46205-2930

We have reviewed the audit report prepared by BKD, LLP, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Health and Hospital Corporation of Marion County, Indiana, as of December 31, 2009, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Comprehensive Annual Financial report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS



**Health and Hospital Corporation
of Marion County, Indiana**

(A Component Unit of
the Consolidated City of Indianapolis - Marion County)

Comprehensive Annual Financial Report

For the Year Ended December 31, 2009

**The Health and Hospital Corporation
of Marion County, Indiana**

**(A Component Unit of
the Consolidated City of Indianapolis - Marion County)**

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2009**

Matthew R. Gutwein
President and Chief Executive Officer

Daniel E. Sellers
Treasurer and Chief Financial Officer

Prepared by: The Treasurer's Office

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2009

Contents

	Page
Introductory Section (Unaudited)	
Letter of Transmittal.....	1
Certificate of Achievement.....	7
Elected Officials, Appointed Officials - Board of Trustees	8
Officers of the Corporation and Independent Auditors	9
Organizational Chart	10
 Financial Section	
Independent Accountants' Report on Financial Statements and Supplementary Information	11
Management's Discussion and Analysis	13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	24
Statement of Activities	25
Fund Financial Statements	
Balance Sheet - Governmental Funds	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities.....	28
Statement of Net Assets - Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	31
Notes to Basic Financial Statements	32

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2009

Contents (Continued)

	Page	
Required Supplementary Information		
General Fund Budgetary Comparison Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund.....	74	
Notes to the Required Supplementary Information	75	
 Other Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund	76	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	77	
 Statistical Information (Unaudited)		
	Table	Page
Net Assets by Component	I	78
Schedule of Changes in Net Assets	II	79
Fund Balances, Governmental Funds	III	82
Changes in Fund Balances Governmental Funds	IV	83
Assessed Value and Estimated Actual Value of Taxable Property	V	85
Property Tax Rates - Direct and Overlapping Governments	VI	86
Principal Property Tax Payers	VII	87
Property Tax Levies and Collections.....	VIII	88
Ratios of Outstanding Debt by Type	IX	89
Ratio of Net General Obligation Debt Outstanding	X	90
Schedule of Direct and Overlapping Debt and Bonded Debt Limit	XI	91
Legal Debt Margin Calculation	XII	93
Demographic and Economic Statistics	XIII	94
Principal Employers	XIV	95
Full-Time Equivalent City Government Employees by Function/Program	XV	96
Operating Indicators by Function	XVI	97
Capital Assets Statistics by Function/Program.....	XVII	99

Introductory Section



3838 North Rural Street
Indianapolis, IN 46205

tele 317-221-2000

fax 317-221-2020

www.hhcorp.org

June 29, 2010

TO: The Board of Trustees
of The Health and Hospital Corporation of
Marion County, Indiana
The Mayor, City of Indianapolis
The City-County Council
The County Commissioners

The Comprehensive Annual Financial Report of the Health and Hospital Corporation of Marion County, Indiana (Corporation) (a component unit of the Consolidated City of Indianapolis - Marion County), for the fiscal year ended December 31, 2009, is submitted herewith. This report is presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and is audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Corporation has a responsibility to inform both the taxpayers of Marion County and its investors of its financial condition. We believe that this report fulfills that responsibility.

This report consists of management's representations concerning the finances of the Corporation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Corporation has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Corporation's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Corporation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Corporation's financial statements have been audited by BKD LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Corporation for the fiscal year ended December 31, 2009, are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the Corporation's financial statements for the fiscal year ended December 31, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.



The independent audit of the financial statements of the Corporation was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the Corporation’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Corporation’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Corporation’s MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CORPORATION

The Health and Hospital Corporation of Marion County, Indiana is a distinct municipal corporation created under Chapter 287 of the Acts of 1951 enacted by the General Assembly of the State of Indiana. Its duties include the administration of the Division of Public Health and the Division of Public Hospitals.

The Corporation provides a full range of preventive and curative health services for the residents of Marion County, including indigent care. The Corporation administers two statutory service divisions: the Division of Public Health doing business as the Marion County Health Department (MCHD) and the Division of Public Hospitals doing business as Wishard Health Services (Wishard).

Wishard is comprised of Wishard Memorial Hospital, a general acute care facility with 313 staffed beds, excluding newborn nursery; eight community health centers, Midtown Community Mental Health Center, Regenstrief Health Center, Wishard’s Emergency Trauma Service, Wishard’s Ambulance Service and the Richard M. Fairbanks Burn Center. It also included Lockefield Village (closed May 13, 2009), a long-term care facility, which provides a multi-level Alzheimer’s unit, traditional long-term care, medically complex services and an acute rehabilitation unit. Wishard is accounted for as an Enterprise Fund.

Wishard Memorial Hospital is the only public, general acute care hospital in Marion County. The Hospital is fully accredited by the Joint Commission for Accreditation of Hospitals of the American Hospital Association, and the American Medical Association. It is located on the campus of the Indiana University Medical Center, the second largest medical school in the United States and the largest one on a single campus. The Hospital is a major teaching hospital and collaborates with prestigious research institutes such as the Krannert Institute of Cardiology and the Regenstrief Institute.

MCHD operates two service bureaus: Population Health and Environmental Health. It operates from various clinics and district health offices located throughout Marion County. Population Health provides preventive and diagnostic health programs, health education, immunization and epidemiological programs. The Bureau of Environmental Health provides environmental health regulation, code enforcement, environmental monitoring and vector control.

The Corporation also has a long-term care (LT Care) Enterprise Fund, which operates 40 nursing homes throughout Indiana at the end of 2009. LT Care supports the Corporation’s mission and goal to provide quality care and services to elderly and disabled people. Eleven nursing home operations were purchased in 2009. There have been three additional purchases in 2010, which are reported as subsequent events in the footnotes of the financial section of this report.

A seven member Board of Trustees governs the Corporation. The Mayor of Indianapolis appoints three, the Commissioners of Marion County two, and the City-County Council two. Generally, Trustees serve staggered terms of four years each. The Board is bipartisan by statute. The Board levies its own taxes, adopts its own ordinances having the effect of local law governing health matters, and issues its own general obligation bonds subject to approval of the State of Indiana Department of Local Government Finance (DLGF). The City-County Council approves the final budget of the Corporation after approval by the Corporation board. Since the governing body is appointed and not elected, under Governmental Accounting Standards Board (GASB) Statement No. 14, the Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov), and the financial statements of the Corporation are included in the comprehensive annual financial report of Uni-Gov. Management also considers all other units of government within Marion County to be separate from this Corporation, and they are not considered as component units within this report.

INTERNAL CONTROL STRUCTURE

In developing and evaluating the Corporation's accounting system, we have given consideration to the adequacy of the internal control structure, designing it to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Corporation's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGET

The Health and Hospital Corporation budget is introduced to the Corporation Board during the month of July of the year preceding the budget. The budget must be advertised in two local newspapers during this time. Once the Corporation Board approves the budget, it is submitted to the City County Council for review. The Municipal Corporations Committee of the Council holds public hearings on the budget and passes it on to the City County Council for approval. The Department of Local Government Finance (DLGF) does a final review of the budget. The DLGF can review, revise, reduce or increase a unit's budget, tax rate and tax levy. The DLGF will submit a notice to each unit notifying the unit of any revision, reduction or increase they propose in a unit's tax levy or tax rate.

ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Corporation operates.

LOCAL ECONOMY

Indianapolis is the nation's 14th largest city. According to the U.S. Census Bureau's Statistics for the period 2006 - 2008, the estimated population of Marion County is 876,198 and 1,692,148 for the Indianapolis Metropolitan Area. Indianapolis is well-known for the multitude of cultural, educational, sporting, shopping and dining opportunities offered to its residents and visitors. Indianapolis is the home of "Hoosier Hospitality" the perfect blend of Midwest, small town welcome and big city attractions and opportunities. Employers and employees discover that a dollar goes farther here. In other words, lower operating and living costs allow more to be done with less. Residents and business owners alike enjoy an extremely competitive cost of living, along with a high quality of life.

The hallmarks of the Indianapolis economy have long been its diversity and steady growth, which is part of the foundation of Indy's strong performance during the past several years. Indianapolis can boast of diverse strengths in the manufacturing, distribution, retail and service sectors. Economic diversity keeps Indianapolis on a steady growth track. Additionally, Indiana's real estate availability affords a wide selection of available land, existing office space and industrial parks. Finally, many of the city's accomplishments, such as Victory Field, Conseco Fieldhouse, Circle Centre Mall and the new Lucas Oil Stadium were all the result of successful partnerships between private and public sectors.

The stable economy and many attractions of Indianapolis, along with its central location within the nation, make it a prominent convention and tourist center. The Indianapolis 500 Mile Race, the Allstate 400 at the Brickyard, the Red Bull Indianapolis GP, the NFL's Indianapolis Colts, the NBA's Indiana Pacers, the WNBA's Indiana Fever and the AAA Indianapolis Indians baseball team are among the city's prominent sporting attractions, not to mention countless amateur sporting events, including the NCAA® Men's and Women's Final Four Basketball Championship. And, in 2012, Indianapolis will host the NFL Super Bowl®. Circle Centre Mall, White River State Park, the NCAA Headquarters and Hall of Champions, the Indianapolis Zoo, the Indianapolis Motor Speedway Museum, the Indiana State Museum, the Indianapolis Children's Museum, the Indianapolis Museum of Art, the Eiteljorg Museum of American Indian and Western Art, the American Cabaret Theatre, the Indiana Repertory Theatre, the Indianapolis Symphony Orchestra and the White River State Park have also become popular attractions, along with many outstanding downtown restaurants and sports bars.

LONG-TERM FINANCIAL PLANNING

The Corporation continues to consider the risks and opportunities that it faces over the next several years. Healthcare reform is expected to bring significant financial improvements for Wishard, but it also brings uncertainty and risk for supplemental revenues and the LT Care division. The Corporation is working internally and with several external advisors to help the Corporation understand and prepare for changes that will impact Wishard as healthcare reform is phased in over the next several years. The Corporation expects to see significant benefit from the addition of as many as 800,000 new Medicaid eligible persons in Indiana. The addition of new Medicaid eligible persons will also mean that Medicaid Disproportionate Share funding will be reduced. The Corporation currently relies on Medicaid Disproportionate Share for between \$90 and \$110 million of supplemental revenue each year. Additionally, the federal government has stated that it plans to reduce cost in Medicaid with a special focus on nursing home funding. Nursing home funding will be transformed over the next several years. Quality outcomes and low cost services will begin to drive Medicaid rates more than just resident acuity and the related services provided.

Along with the changes in healthcare finance, the Corporation will be constructing a new campus for Wishard Health Services. The New Wishard will open at the end of 2013 with a 315-bed inpatient hospital, a 200-bed outpatient clinic, a 2,400-car parking garage, a 90-bed treatment room emergency department, a women's health clinic, a central energy plant and offices for faculty, research and administration functions.

The New Wishard will be built on land currently owned by IUPUI. The Corporation exercised a land-swap option agreement and paid \$1 million to Indiana University in November 2009. The agreement allowed the Corporation to take control of the hospital site right away, and then gradually cede ownership of its current hospital site over the next four years to IUPUI.

The New Wishard will pursue LEED Silver certification which would make Wishard one of only ten newly constructed hospitals in America to achieve LEED certification at the level of Silver or higher, and the only one of its kind in Indiana. The project to construct a new Wishard will create 4,400 jobs and will transform the landscape of health care in Indianapolis.

To fund the New Wishard, the Corporation sought and was granted approval from the citizens of Marion County to issue up to \$754 million of debt. The Corporation also committed to using 150 million of its fund balances to help pay for the new hospital. A historic level of support was given to the New Wishard project in a November 3, 2009 referendum election - in which an overwhelming 85 percent of Marion County voters approved the project. Only four months later, the Corporation was able to sell \$660.68 million in bonds to finance the project. The aggregate interest rate was 3.9% on the 30-yr fixed rate issuance. The Corporation issued Series 2010 A-1 and A-2 and Series B-1 and B-2. The A-1 and B-1 debt was issued as tax exempt debt while the A-2 and B-2 were issued as Build America Bonds. By May 12, 2010, two buildings on the site of the new hospital had been demolished and the Corporation celebrated its official ground breaking for the New Wishard.

At the time of this publication, more than \$100 million of bids and agreements on the New Wishard project had been secured. The project continued to secure bids at or better than budget and construction progress was on schedule.

MAJOR INITIATIVES FOR THE YEAR

Marion County Health Department: The H1N1 pandemic influenza event was the main event for the Marion County Health Department in 2009. The Health Department and the city of Indianapolis emergency preparedness efforts successfully controlled the spread of H1N1. This was accomplished by executing mass H1N1 vaccination clinics in the community and in schools, opening and maintaining a flu hotline to communicate H1N1 prevention information, and convening a scientific advisory committee to assure best practices in influenza prevention and control.

Also during 2009, the Marion County Health Department continued to focus its energies on maintaining the quality of critical services while meeting new challenges and achieving significant long-term impact on those health problems that will have the greatest overall impact on Indianapolis. The former included the Healthy Homes and Lead Safe Program, which was awarded \$2.4 million dollars for 3 years to offer disease and injury prevention efforts in homes. The latter include infant mortality, antibiotic resistance, emergency preparedness, immunizations, asthma, smoking, obesity and sedentary life style, cardio-vascular disease and diabetes. Most of these diseases and risks are inter-related, most involve an individual's behavior, and all require long-term efforts and long-term commitment.

Other challenges commanding the Department's attention included the delivery of school-based health services, optimizing the coordination of public health and neighborhood-based primary care, surface and ground water sampling, housing inspections, abandoned property cleanups, West Nile Virus testing, expanding outreach services to substance abusers, responding to the health needs of a rapidly increasing older adult population, reducing the transmission of HIV/AIDS and sexually transmitted diseases, and addressing the overwhelming and critical problem of dental disease in disadvantaged children.

Wishard Health Services: Wishard continued to care for increased number of patients, due in part to facility enhancements that occurred during prior years. Over the past several years, Wishard increased its bed capacity by approximately 50 beds. This increased capacity resulted in a significant reduction in our Emergency Department division rate. During 2009, Wishard maintained a dual focus relative to capital expenditures at the downtown campus. Wishard focused on improving its existing facilities in order to preserve existing capability, while also planning for the new replacement facility.

Wishard also continued its focus on primary and preventive care as evidenced by the expansion of its outpatient delivery system. During 2009, Wishard entered into lease arrangements at two retail shopping centers for the purpose of adding additional primary care capacity. The build out of these two spaces will be completed during 2010. Wishard's existing health centers continued to increase access as evidenced by a greater than 10% growth in year over year outpatient volumes. Wishard continues to investigate and implement strategies that increase its ability to serve an increased number of patients in the outpatient setting. One such strategy was the development of the medical home concept; whereby, mental and medical health was integrated at each of the community health centers.

Wishard continues to operate in the top quartile according to the University Health System Consortium.

The Corporation continued to operate the Wishard Advantage program. The program provides a managed care approach to the County's underserved population. Many Advantage patients previously did not participate in primary or preventive care for themselves or their families, instead relying on the emergency room for primary care. Advantage helps the patients receive better care and at the same time reduce costs by providing care before a trip to the emergency room becomes necessary.

LT Care: The Corporation owned 29 nursing homes at the beginning of the year and 40 by year end. In May 2009, Lockefield Village, which had been owned and operated by Wishard since 1995, was closed. Lockefield Village was losing more than \$5 million per year primarily because of its design and its proximity to Wishard. Additionally, the Lockefield facility was included in the Land Swap agreement with the IUPUI and it is eligible to be transferred in 2010. Because of its losses and its eventual closure because of the Land Swap, the Board allowed Wishard to close the facility. The Corporation continued to purchase homes in 2009 that were performing poorly and were struggling to survive financially.

In April 2009, the Corporation purchased Washington Healthcare on the Westside of Indianapolis. The home was a federal "Special Focus Facility" (SFF), which meant it was considered one of the worst 580 homes in the country and had extra survey requirements compared with most homes. By the end of 2009, Washington was moved off the SFF list and received a perfect survey in early 2010.

The Corporation recognizes a great financial benefit from owning and operating nursing homes and takes very seriously its responsibility to use the funds wisely to improve healthcare outcomes in all of its Medicaid venues. Homes owned by the Corporation receive more than three times the capital improvements as the average home in Indiana. State survey data show that, on average, facilities owned by the Corporation have 40% improvement in quality scores after they are purchased. The Corporation is fully aware that a small number of its homes have quality scores that have decreased over time. The Corporation is spending more time and resources than ever to turn those homes around so that the residents in every Corporation home experience the quality they deserve.

AWARDS AND ACKNOWLEDGEMENTS

The Corporation had an annual audit of its financial statements performed for 2009 by BKD LLP, Certified Public Accountants. The independent auditor's report on the Corporation's financial statements is included in the financial section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Health and Hospital Corporation of Marion County, Indiana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2008. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last twenty-five consecutive years. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The President and Chief Executive Officer and the Treasurer and Chief Financial Officer alone cannot prepare the report presented herein. This CAFR was made possible by the dedicated service of the combined staffs of Hospital Finance and Corporate Accounting. Each member of these departments has our sincere appreciation for the contributions made to this report.

Respectfully submitted,



Matthew R. Gutwein
President and
Chief Executive Officer



Daniel E. Sellers
Treasurer and
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Health & Hospital
Corporation of Marion County
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enow".

Executive Director

Health and Hospital Corporation

Elected Officials

None of the Board of Trustees or Officers of the Corporation are Elected Officials. All are appointed to office

Appointed Officials - Board of Trustees



James D. Miner, M.D.
Chairman
Physician



Lula M. Journey
Vice Chairman
Retired



David W. Crabb, M.D.
Physician



Gregory S. Fehribach
Attorney
Stark, Doninger & Smith



Joyce D. Irwin
Director, State
Government Affairs
Roche Diagnostics



Marjorie H. O'Laughlin
Retired



Robert B. Pfeifer,
C.P.A.

Health and Hospital Corporation

Officers

Name	Title
Matthew R. Gutwein	President and Chief Executive Officer
Daniel E. Sellers	Treasurer and Chief Financial Officer
Lisa E. Harris, M.D.	CEO and Medical Director, Wishard Health Services
Virginia A. Caine, M.D.	Director, Marion County Health Department

Independent Auditors

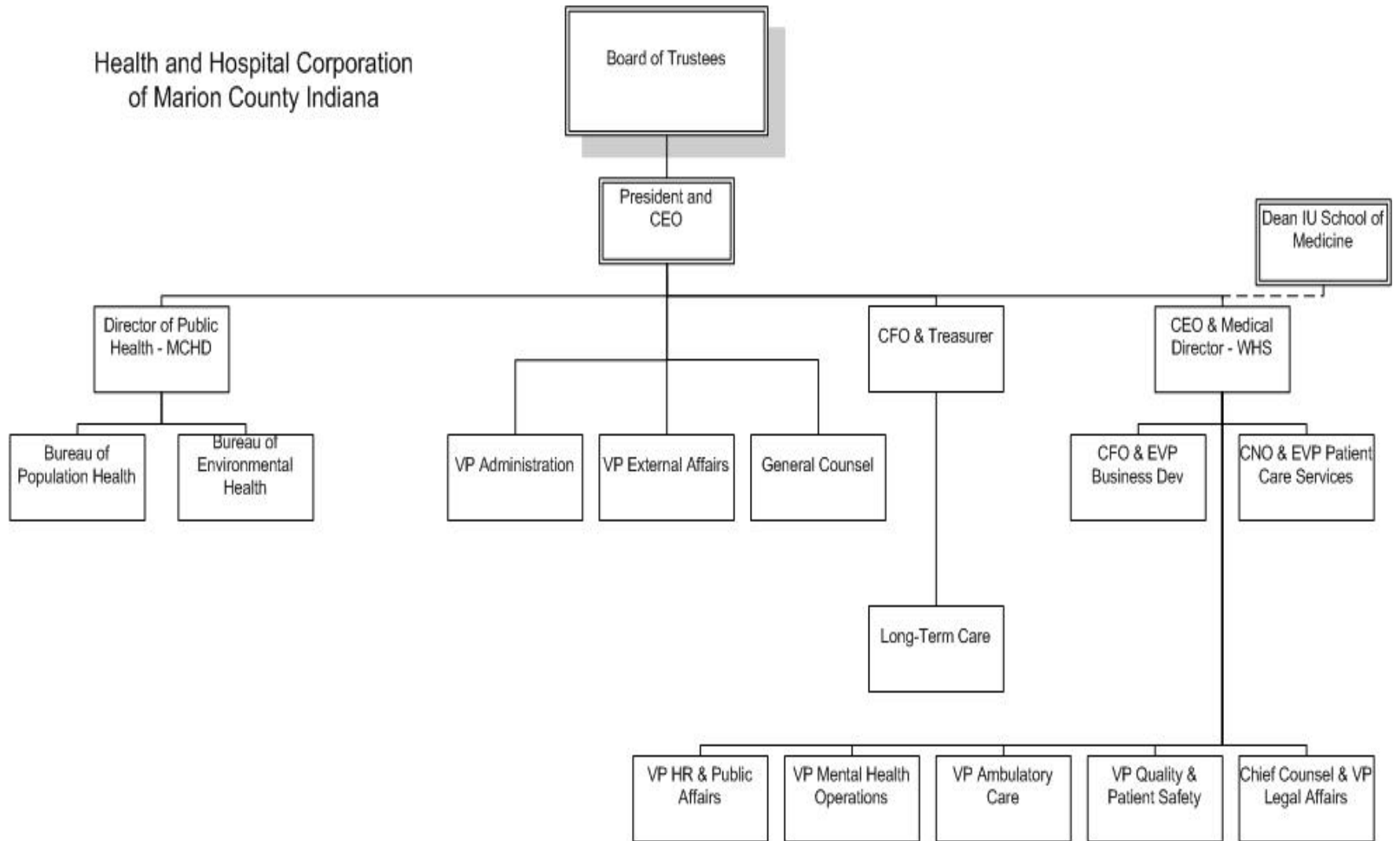
BKD, LLP

Indianapolis, Indiana



Officers of the Health and Hospital Corporation during 2009 were (left to right): Matthew R. Gutwein, President and Chief Executive Officer; Lisa E. Harris, M.D., CEO and Medical Director, Wishard Health Services; Virginia A. Caine, M.D., Director, Marion County Health Department; and Daniel E. Sellers, Treasurer and Chief Financial Officer.

Health and Hospital Corporation
of Marion County Indiana



Financial Section

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Health and Hospital Corporation of Marion County, Indiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis - Marion County) (Corporation) as of and for the year ended December 31, 2009, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Health and Hospital Corporation of Marion County, Indiana as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and General Fund budgetary information as listed in the table of contents are not a required part 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The information presented in the introductory section, statistical section and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit 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. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

June 29, 2010

Management's Discussion and Analysis

As management of the Health and Hospital Corporation of Marion County, Indiana, (the Corporation), we offer readers of this Corporation's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter at the front of this report along with the financial statements, including the footnotes that follow the basic financial statements.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$457,608,205 (net assets). Of this amount, \$327,606,939 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Corporation's total net assets increased by \$12,105,681.
- As of the close of 2009, the Corporation's governmental funds reported combined ending fund balances of \$224,791,169, an increase of \$10,990,724 in comparison with the prior year. Approximately 97.9% of this total amount, \$220,072,663, is available for spending at the discretion of the Corporation's Board of Trustees (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$156,827,735 or 188% of total general fund expenditures.
- The Corporation's total debt excluding capital leases decreased by \$1.7 million or 4.1% during the current fiscal year. This reflects scheduled principal payments on outstanding notes and bonds. The capital lease obligation decreased by \$86,071,288 or 45.5% in 2009.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Health and Hospital Corporation's basic financial statements. The Corporation's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Health and Hospital Corporation include those focused on public health: health improvement, communicable disease prevention, water quality and hazardous materials management, vector disease control, housing and neighborhood health, consumer and employee risk reduction, and administration and finance activities, including debt management. The business-type activities reflect the operations of Wishard Health Services; including a general acute care hospital and eight community health centers and the Long-Term Care operations (LT Care).

The government-wide financial statements include only the Health and Hospital Corporation of Marion County, Indiana (known as the primary government) which includes Lions Insurance Company, a blended component unit established in 2006. Since the Corporation's Board is appointed, not elected, under Governmental Accounting Standards Board (GASB) Statement No. 14, the Corporation is considered a component unit of the Consolidated City of Indianapolis – Marion County (Uni-Gov), and the financial statements of the Corporation are included in the Comprehensive Annual Financial Report of Uni-Gov. Management also considers all other units of government within Marion County to be separate from this Corporation, and they are not considered as component units within this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds.

The Corporation adopts an annual appropriated budget for its General, Debt Service, and a portion of its Capital Projects Fund. Budgetary comparison statements have been provided for these three funds to demonstrate compliance with this budget.

Proprietary Funds - The Corporation's proprietary fund consists of two enterprise funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The Corporation uses the enterprise fund to account for its Wishard Health Services Division and its LT Care operations.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Corporation's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedule for the General Fund. Also, budgetary schedules are provided for the Debt Service Fund and the Capital Projects Fund as other supplementary information.

Financial Analysis of the Corporation as a Whole

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$457,608,205 at December 31, 2009.

A portion of the Corporation's net assets, 28.3%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Corporation uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Corporation's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Corporation's net assets, 0.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$327,606,939, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2009, the Corporation is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Corporation's net assets increased by \$12,105,681 during the current fiscal year. The majority of the increase reported in connection with the Corporation's governmental activities resulted from Medicaid special revenue payments.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 260,115,474	\$ 269,720,086	\$ 200,571,132	\$ 208,554,069	\$ 460,686,606	\$ 478,274,155
Capital assets, net of accumulated depreciation	14,431,290	12,144,116	430,124,300	314,098,422	444,555,590	326,242,538
Total Assets	<u>274,546,764</u>	<u>281,864,202</u>	<u>630,695,432</u>	<u>522,652,491</u>	<u>905,242,196</u>	<u>804,516,693</u>
Liabilities						
Long-term liabilities	49,133,661	51,134,124	308,237,305	221,669,744	357,370,966	272,803,868
Other liabilities	11,812,765	10,626,510	78,450,260	75,583,791	90,263,025	86,210,301
Total Liabilities	<u>60,946,426</u>	<u>61,760,634</u>	<u>386,687,565</u>	<u>297,253,535</u>	<u>447,633,991</u>	<u>359,014,169</u>
Net Assets						
Invested in capital assets, net of related debt	(25,570,275)	(17,518,906)	154,871,843	124,917,253	129,301,568	107,398,347
Restricted	-	-	699,698	732,481	699,698	732,481
Unrestricted	239,170,613	237,622,474	88,436,326	99,749,222	327,606,939	337,371,696
Total Net Assets	<u>\$ 213,600,338</u>	<u>\$ 220,103,568</u>	<u>\$ 244,007,867</u>	<u>\$ 225,398,956</u>	<u>\$ 457,608,205</u>	<u>\$ 445,502,524</u>

Changes in Net Assets

The Corporation's total revenue was \$865,800,108 during the current fiscal year. Taxes represent 12.3% of the Corporation's revenue. Medicaid special revenue represents 7.1% of revenue, while 75.1% of revenue came from fees charged for services. The remaining 5.5% came from grants and contributions, interest earnings and miscellaneous revenues.

The total cost of all programs and services was \$853,694,427.

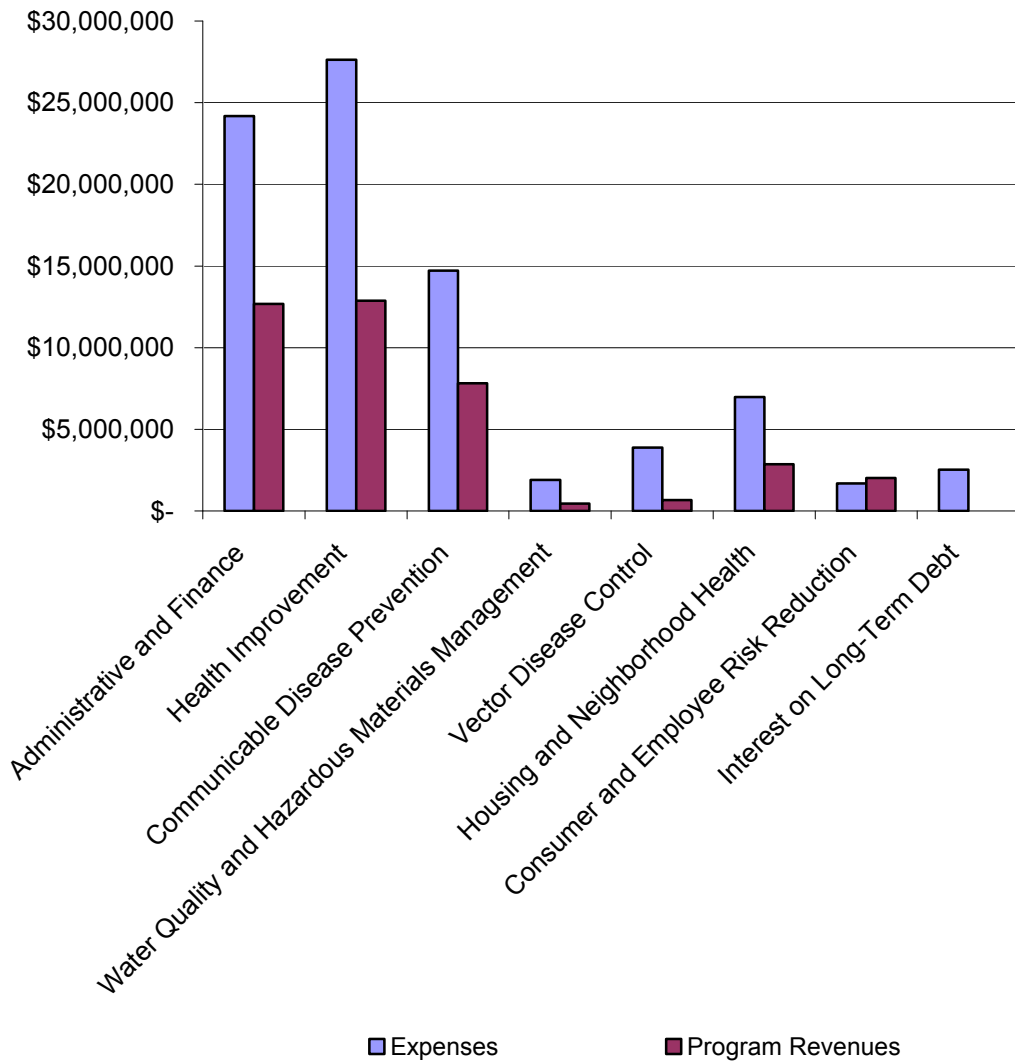
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 17,952,031	\$ 31,002,923	\$ 632,319,538	\$ 524,256,255	\$ 650,271,569	\$ 555,259,178
Operating grants and contributions	18,304,481	15,513,792	21,668,536	16,646,528	39,973,017	32,160,320
Capital grants and contributions	3,123,848	1,527,403	-	-	3,123,848	1,527,403
General revenues						
Property and local option income taxes	99,656,899	97,126,269	-	-	99,656,899	97,126,269
Other taxes	6,755,992	8,211,558	-	-	6,755,992	8,211,558
Medicaid special revenue	61,819,896	87,227,322	-	-	61,819,896	87,227,322
Unrestricted investment earnings	795,022	4,056,678	3,403,865	6,056,195	4,198,887	10,112,873
Total revenues	<u>208,408,169</u>	<u>244,665,945</u>	<u>657,391,939</u>	<u>546,958,978</u>	<u>865,800,108</u>	<u>791,624,923</u>
Expenses						
Administration and finance	24,180,194	27,873,858	-	-	24,180,194	27,873,858
Health improvement	27,632,587	25,527,724	-	-	27,632,587	25,527,724
Communicable disease prevention	14,706,663	12,223,308	-	-	14,706,663	12,223,308
Water quality and hazardous material management	1,910,477	1,839,289	-	-	1,910,477	1,839,289
Vector disease control	3,871,946	3,804,382	-	-	3,871,946	3,804,382
Housing and neighborhood health	6,967,410	6,143,281	-	-	6,967,410	6,143,281
Consumer and employee risk reduction	1,694,473	1,580,062	-	-	1,694,473	1,580,062
Interest on long-term debt	2,519,440	2,652,816	-	-	2,519,440	2,652,816
Wishard Health Services	-	-	459,732,722	457,457,787	459,732,722	457,457,787
Long-term care	-	-	310,478,515	240,118,586	310,478,515	240,118,586
Total expenses	<u>83,483,190</u>	<u>81,644,720</u>	<u>770,211,237</u>	<u>697,576,373</u>	<u>853,694,427</u>	<u>779,221,093</u>
Increase (Decrease) in Net Assets						
Before Transfers	124,924,979	163,021,225	(112,819,298)	(150,617,395)	12,105,681	12,403,830
Transfers	<u>(131,428,209)</u>	<u>(145,311,945)</u>	<u>131,428,209</u>	<u>145,311,945</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	(6,503,230)	17,709,280	18,608,911	(5,305,450)	12,105,681	12,403,830
Net Assets, Beginning of Year	<u>220,103,568</u>	<u>202,394,288</u>	<u>225,398,956</u>	<u>230,704,406</u>	<u>445,502,524</u>	<u>433,098,694</u>
Net Assets, End of Year	<u>\$ 213,600,338</u>	<u>\$ 220,103,568</u>	<u>\$ 244,007,867</u>	<u>\$ 225,398,956</u>	<u>\$ 457,608,205</u>	<u>\$ 445,502,524</u>

Governmental Activities - Governmental activities decreased the Corporation's net assets by \$6,503,230 compared to the total \$12,105,681 increase in net assets of the Corporation. Property taxes increased by \$2,530,630 due to delayed 2008 tax revenues coming in slightly more than anticipated. Medicaid special revenues decreased \$25,407,426 due to 2008 revenue having prior year settlements from 2005 through 2007. Capital grants and contributions increased by \$1,596,445 related to increased funding for emergency preparedness.

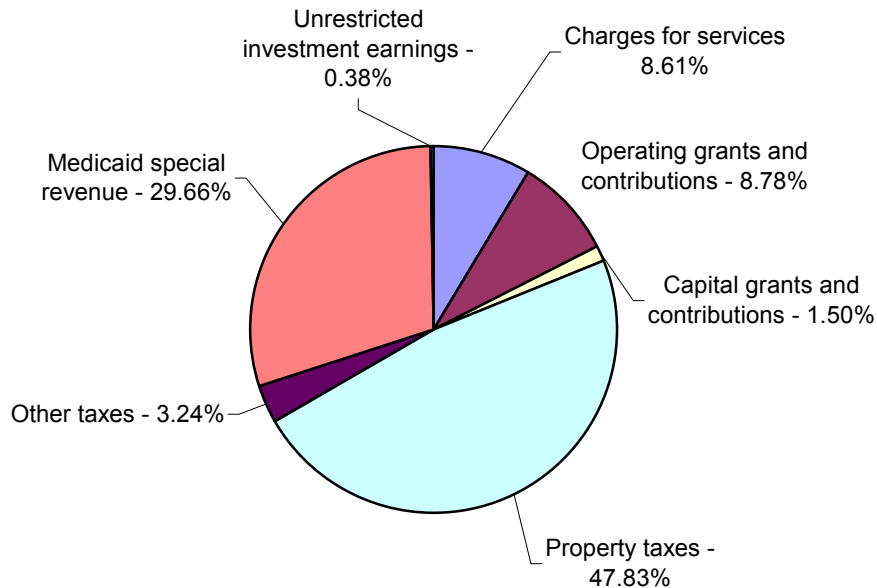
Transfers were \$131.4 million, a decrease of \$13.9 million from last year. Transfers reflect support to Wishard and equity transfers from long-term care.

The following charts provide comparisons of the Corporation's governmental program revenues and expenses by function, and revenues by source. As shown, health improvement is the largest function in expense. General revenues such as property tax are not shown by program; but are included in the revenues by source chart to show their significance. Taxes are used to support program activities for the entire Corporation.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



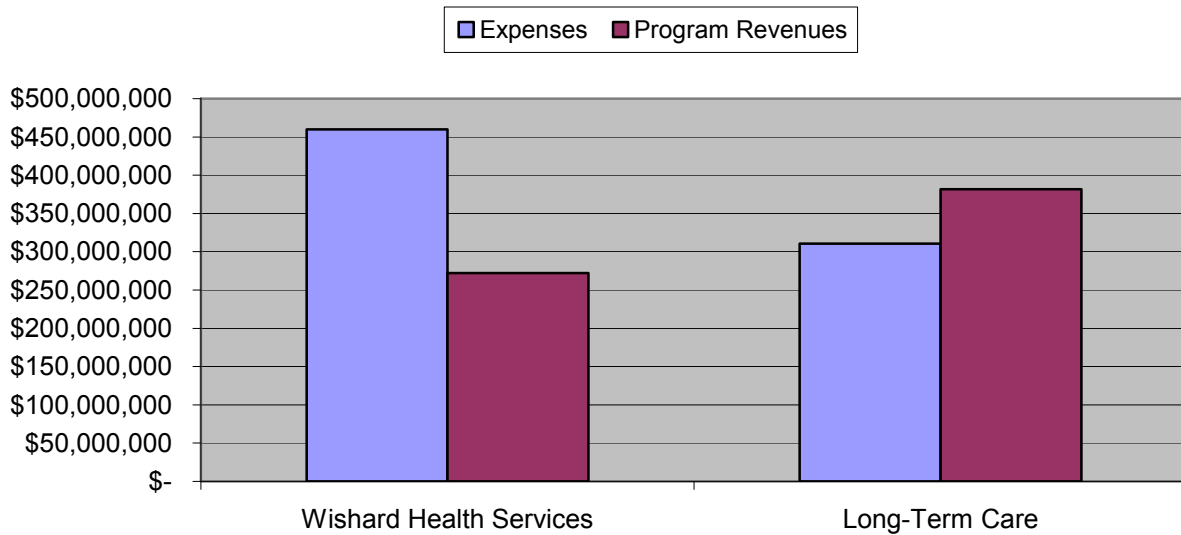
Business-Type Activities - Business-type activities increased the Corporation's net assets by \$18,608,911 compared to a decrease of \$5,305,450 in 2008.

Wishard's net assets increased by \$2.3 million in the current year. Net assets invested in capital assets increased by \$24.1 million due to the start of the construction process for the new Wishard replacement facility. Wishard's unrestricted net assets decreased by \$21.7 million. Operating revenues increased by \$15.4 million due to a \$2 million increase in other revenue and \$13.4 million increase in net patient service revenues. Operating expenses increased \$2.3 million due to cost inflation. Wishard incurred an operating loss of \$209.1 million, which was offset by \$186.4 million in transfers from the General Fund, \$21.7 million in mental health grants from various agencies, and \$3.3 million in investment income.

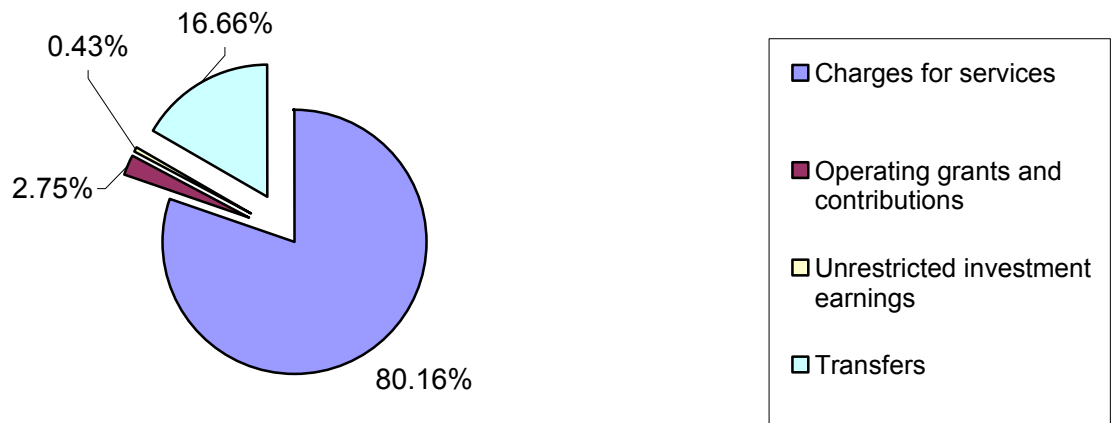
LT Care net assets were \$51,842,318, which was an increase of \$16.2 million over 2008. Operating revenues increased \$92.7 million due to increased Medicaid reimbursements and net patient service revenue. Operating expenses increased \$65 million. This was primarily due to the addition of several nursing homes in 2009. LT Care has a negative \$14.4 million invested in capital assets, net of related debt. All 40 facilities are recorded as capital leases under noncurrent assets.

The following charts provide a comparison of revenues and expenses, and revenues by source for the Corporation's business activities.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the Corporation's Funds

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances of \$224,791,169, an increase of \$10,990,724 in comparison with the prior year. Approximately 98.7% of this total amount, \$221,806,039, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$2.3 million) and 2) cover prepaid costs (\$669,622).

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$156,827,735, while total fund balance increased to \$161,546,241. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 188.1% of total general fund expenditures, while total fund balance represents 193.8% of that same amount.

The fund balance of the Corporation's General Fund increased by \$8,432,973 during the current fiscal year, in comparison to a \$23,314,566 increase in 2008. Medicaid special revenue decreased \$63 million, primarily because of prior year settlements for years 2005 through 2007 received in 2008. Tax revenue increased due to late payments for 2008 taxes in 2009. Charges for service revenues decreased and miscellaneous revenues also decreased due to a reduction of medical education payments from Indiana University. Expenses have increased in grants due to increased grant awards related to the American Recovery and Reinvestment Act and dollars received for the H1N1 virus. Transfers out reflect an increase in support to Wishard of \$10.8 million and transfers in reflect an equity transfer from long-term care of 55 million.

Debt Service Funds - The Debt Service Fund has a negative fund balance of (\$1,882,120) compared to a balance of (\$3,631,044) in the prior year. The net increase in fund balance during the current year was (\$1,748,924). This increase is due to some 2008 property taxes being received in 2009.

Capital Projects Funds - The Capital Projects Fund has a total fund balance of \$65,127,048. The net increase in fund balance during the current year was \$808,827 due to taxes, miscellaneous income and interest income.

Proprietary Funds - The Corporation's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of Wishard Health Services at the end of the year amounted to \$22,150,355. Total net assets increased by \$2.4 million. Other factors concerning the finances of Wishard have already been addressed in the discussion of the Corporation's business-type activities.

Unrestricted net assets of LT Care at the end of the year were \$66,285,971. The increase in net assets was \$16.2 million. Other information on LT Care operations can be found in the discussion of the Corporation's business-type activities.

General Fund Budgetary Highlights

The original budget of \$282,238,000 was not changed during 2009. Amounts were shifted between categories while keeping the overall budget the same.

The final General Fund budget of \$282,238,000 included \$102,238,000 in expenditures and \$180,000,000 in transfers. Actual expenditures and transfers out were \$219,053,192. Of the total underspending, \$1.4 million was budgeted for personal services, \$1.4 million for supplies, \$10.2 million for contractual services, and \$1.6 million for capital outlays. Underspending for contractual service reflects a change in accounting treatment in which intergovernmental transfers for special Medicaid are now being netted against revenue rather than shown as expense. This accounting treatment change will be reflected in the 2011 budget for the Corporation. Additional underspending in other categories reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at \$273,006,087, and actual was \$227,770,023. Taxes collected were \$10.7 million over budget due to 2008 taxes still being collected in 2009. Medicaid special revenue was 72.6 million under budget due to a change in accounting treatment referenced above. Miscellaneous revenue was over budget due to increased cash collection of medical education revenues from Indiana University. Grant revenue was 12.7 million over budget due to increased grant funding related to the American Reinvestment and Recovery Act and additional funding received for the H1N1 virus.

Capital Asset and Debt Administration

Capital Assets - The Corporation's capital assets for its governmental and business-type activities as of December 31, 2009, amount to \$444,555,590 (net of accumulated depreciation), compared to \$326,242,538 at the end of 2008. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and construction in progress.

Major capital asset events during 2009 included the following:

- Land and building purchases for facilities maintenance, security and future needs
- Start of construction on new hospital
- Interventional/Diagnostic X-Ray Suite Construction
- Second phase of McKesson Software

Additional information on the Corporation's capital assets can be found below and in the Note 7 to the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 4,114,896	\$ 1,826,707	\$ 2,189,878	\$ 1,189,877	\$ 6,304,774	\$ 3,016,584
Land improvements	-	-	3,007,121	2,047,148	3,007,121	2,047,148
Buildings and improvements	7,086,705	7,350,603	338,661,539	262,271,182	345,748,244	269,621,785
Equipment	2,408,438	2,204,852	40,790,488	39,661,472	43,198,926	41,866,324
Vehicles	713,201	565,666	1,008,133	1,328,463	1,721,334	1,894,129
Construction in progress	108,050	196,288	44,467,141	7,600,280	44,575,191	7,796,568
Total assets	\$ 14,431,290	\$ 12,144,116	\$ 430,124,300	\$ 314,098,422	\$ 444,555,590	\$ 326,242,538

Long-Term Debt - At the end of 2009, the Corporation had total debt outstanding of \$40,001,565, excluding capital leases. This amount represents the total general obligation debt.

Moody's Investors Service rates the Corporation's general obligation debt "Aaa".

State statutes limit the amount of general obligation debt a governmental entity may issue to 0.67% of its total assessed valuation. The current debt limitation for the Corporation is \$245,872,377. Outstanding debt at December 31, 2009 represents 16% of this limit.

Additional information on the Corporation's long-term debt can be found in Note 9 of this report.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
1988 renovation bonds	\$ 16,185,000	\$ 17,245,000	\$ -	\$ -	\$ 16,185,000	\$ 17,245,000
2005 general obligation bonds	24,610,000	25,390,000	-	-	24,610,000	25,390,000
Deferred premiums	795,287	848,306	-	-	795,287	848,306
Deferred amount on refunding	(1,588,722)	(1,748,784)	-	-	(1,588,722)	(1,748,784)
1998 promissory note	-	-	-	-	-	-
Capital leases	-	-	275,252,457	189,181,169	275,252,457	189,181,169
Total long-term debt	<u>\$ 40,001,565</u>	<u>\$ 41,734,522</u>	<u>\$ 275,252,457</u>	<u>\$ 189,181,169</u>	<u>\$ 315,254,022</u>	<u>\$ 230,915,691</u>

Economic Factors and Next Year's Budgets and Rates

The 2010 original budget for all annually budgeted funds was \$294,673,536. No revisions have been made through June 2010. The 2010 General Fund budget is \$290,358,900 a 2% increase from the 2009 final General Fund budget of \$282,238,000. The budget for the Corporation will continue to be challenged by increasing expenditures and declining revenue in the form of property tax caps and reduced Medicaid special revenue.

Requests for Information

This financial report is designed to provide a general overview of the Health and Hospital Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, 3838 N. Rural, Indianapolis, Indiana, 46205.

Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Assets
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 213,733,160	\$ 52,037,226	\$ 265,770,386
Investments	-	4,338,214	4,338,214
Receivables, net:			
Patient services	-	64,456,862	64,456,862
Medicaid special revenue	-	17,132,302	17,132,302
Grants	7,295,832	5,507,142	12,802,974
Interest	-	34,807	34,807
Taxes	30,927,708	-	30,927,708
Other	4,397,230	10,577,227	14,974,457
Internal balances	2,445,389	(2,445,389)	-
Inventories	-	4,294,242	4,294,242
Prepaid costs and other assets	669,622	5,136,031	5,805,653
Restricted cash and cash equivalents	-	699,698	699,698
Bond issuance costs	301,050	-	301,050
Net pension asset	345,483	1,434,748	1,780,231
Lease acquisition costs (net of accumulated amortization)	-	15,224,530	15,224,530
Joint venture investments	-	14,606,527	14,606,527
Other long-term assets	-	7,536,965	7,536,965
Capital assets (net of accumulated depreciation):			
Land	4,114,896	2,189,878	6,304,774
Land improvements	-	3,007,121	3,007,121
Buildings and improvements	7,086,705	338,661,539	345,748,244
Equipment	2,408,438	40,790,488	43,198,926
Vehicles	713,201	1,008,133	1,721,334
Construction in progress	108,050	44,467,141	44,575,191
Total assets	<u>274,546,764</u>	<u>630,695,432</u>	<u>905,242,196</u>
Liabilities			
Accounts payable	9,369,080	46,682,670	56,051,750
Salaries and related benefits	714,626	16,926,707	17,641,333
Unearned revenue	1,729,059	1,540,068	3,269,127
Estimated Medicare/Medicaid settlements	-	2,987,643	2,987,643
Medical claims incurred but not reported	-	7,553,586	7,553,586
Risk share payable	-	2,759,586	2,759,586
Long-term liabilities			
Due within one year	7,876,324	33,720,842	41,597,166
Due in more than one year	41,257,337	274,516,463	315,773,800
Total liabilities	<u>60,946,426</u>	<u>386,687,565</u>	<u>447,633,991</u>
Net Assets			
Invested in capital assets, net of related debt	(25,570,275)	154,871,843	129,301,568
Restricted for:			
Health services	-	699,698	699,698
Unrestricted	239,170,613	88,436,326	327,606,939
Total net assets	<u>\$ 213,600,338</u>	<u>\$ 244,007,867</u>	<u>\$ 457,608,205</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration and finance	\$ 24,180,194	\$ 11,553,387	\$ 1,123,814	\$ -	\$ (11,502,993)	\$ -	\$ (11,502,993)
Health improvement	27,632,587	2,343,511	10,537,387	-	(14,751,689)	-	(14,751,689)
Communicable disease prevention	14,706,663	571,655	4,127,849	3,123,848	(6,883,311)	-	(6,883,311)
Water quality and hazardous materials management	1,910,477	356,886	99,709	-	(1,453,882)	-	(1,453,882)
Vector disease control	3,871,946	687,121	(20,013)	-	(3,204,838)	-	(3,204,838)
Housing and neighborhood health	6,967,410	416,541	2,435,735	-	(4,115,134)	-	(4,115,134)
Consumer and employee risk reduction	1,694,473	2,022,930	-	-	328,457	-	328,457
Interest on long-term debt	2,519,440	-	-	-	(2,519,440)	-	(2,519,440)
Total governmental activities	<u>83,483,190</u>	<u>17,952,031</u>	<u>18,304,481</u>	<u>3,123,848</u>	<u>(44,102,830)</u>	<u>-</u>	<u>(44,102,830)</u>
Business-Type Activities							
Wishard Health Systems	459,732,722	250,657,243	21,668,536	-	-	(187,406,943)	(187,406,943)
LT Care	310,478,515	381,662,295	-	-	-	71,183,780	71,183,780
Total business-type activities	<u>770,211,237</u>	<u>632,319,538</u>	<u>21,668,536</u>	<u>-</u>	<u>-</u>	<u>(116,223,163)</u>	<u>(116,223,163)</u>
Total	<u>\$ 853,694,427</u>	<u>\$ 650,271,569</u>	<u>\$ 39,973,017</u>	<u>\$ 3,123,848</u>	<u>(44,102,830)</u>	<u>(116,223,163)</u>	<u>(160,325,993)</u>
General revenues:							
Property and local option income taxes					99,656,899	-	99,656,899
Excise taxes					5,278,006	-	5,278,006
Financial institution taxes					1,477,986	-	1,477,986
Medicaid special revenue (unrestricted)					61,819,896	-	61,819,896
Unrestricted investment earnings					795,022	3,403,865	4,198,887
Transfers					(131,428,209)	131,428,209	-
Total general revenues and transfers					<u>37,599,600</u>	<u>134,832,074</u>	<u>172,431,674</u>
Change in net assets					(6,503,230)	18,608,911	12,105,681
Net assets - beginning of year					<u>220,103,568</u>	<u>225,398,956</u>	<u>445,502,524</u>
Net assets - end of year					<u>\$ 213,600,338</u>	<u>\$ 244,007,867</u>	<u>\$ 457,608,205</u>

See Notes to Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Balance Sheet - Governmental Funds
December 31, 2009

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 148,364,051	\$ 242,992	\$ 65,126,117	\$ 213,733,160
Receivables (net of allowance for uncollectibles)				
Grants	8,295,859	-	-	8,295,859
Taxes	29,512,930	1,332,364	82,414	30,927,708
Other	4,397,230	-	-	4,397,230
Due from other funds	4,585,550	-	-	4,585,550
Prepaid costs and other assets	669,622	-	-	669,622
	<u>195,825,242</u>	<u>1,575,356</u>	<u>65,208,531</u>	<u>262,609,129</u>
Total assets	<u>\$ 195,825,242</u>	<u>\$ 1,575,356</u>	<u>\$ 65,208,531</u>	<u>\$ 262,609,129</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 9,369,080	\$ -	\$ -	\$ 9,369,080
Salaries and related benefits	714,626	-	-	714,626
Deferred and unearned revenue	21,461,892	1,317,315	81,483	22,860,690
Due to other funds	1,000,027	2,140,161	-	3,140,188
Asserted and unasserted self-insurance claims	1,733,376	-	-	1,733,376
Total liabilities	<u>34,279,001</u>	<u>3,457,476</u>	<u>81,483</u>	<u>37,817,960</u>
Fund Balances				
Reserved for:				
Prepaid costs and other assets	669,622	-	-	669,622
Encumbrances	2,315,508	-	-	2,315,508
Unreserved:				
Designated for self insurance	1,733,376	-	-	1,733,376
Undesignated	156,827,735	(1,882,120)	65,127,048	220,072,663
Total fund balances	<u>161,546,241</u>	<u>(1,882,120)</u>	<u>65,127,048</u>	<u>224,791,169</u>
Total liabilities and fund balances	<u>\$ 195,825,242</u>	<u>\$ 1,575,356</u>	<u>\$ 65,208,531</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Net capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds statement	14,431,290
Net pension assets are not financial resources and, therefore, are not recorded in the funds statement	345,483
Deferred revenues not meeting availability criteria in funds statement are not in the statement of net assets	21,131,631
Bond issuance costs reported in the governmental activities but not reported in the funds statement	301,050
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds statement	<u>(47,400,285)</u>
Net assets of governmental activities	<u>\$ 213,600,338</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2009

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 119,809,475	\$ 6,063,679	\$ 408,209	\$ 126,281,363
Licenses and permits	3,774,650	-	-	3,774,650
Intergovernmental	19,936,304	-	-	19,936,304
Charges for services	16,134,540	-	-	16,134,540
Medicaid special revenue	62,927,328	-	-	62,927,328
Interest	436,497	221	358,304	795,022
Miscellaneous	199,941	-	42,314	242,255
Total revenues	<u>223,218,735</u>	<u>6,063,900</u>	<u>808,827</u>	<u>230,091,462</u>
Expenditures				
Current:				
Administrative	21,572,325	-	-	21,572,325
Population health	21,000,830	-	-	21,000,830
Environmental health	11,566,888	-	-	11,566,888
Health center program	2,012,429	-	-	2,012,429
Data processing	2,865,135	-	-	2,865,135
Grant programs	20,059,103	-	-	20,059,103
Capital outlay	4,236,379	-	-	4,236,379
Debt service:				
Principal	-	1,840,000	-	1,840,000
Interest and fiscal charges	44,464	2,474,976	-	2,519,440
Total expenditures	<u>83,357,553</u>	<u>4,314,976</u>	<u>-</u>	<u>87,672,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>139,861,182</u>	<u>1,748,924</u>	<u>808,827</u>	<u>142,418,933</u>
Other Financing Sources (Uses)				
Transfers in	55,000,000	-	-	55,000,000
Transfers out	(186,428,209)	-	-	(186,428,209)
Total other financing sources and uses	<u>(131,428,209)</u>	<u>-</u>	<u>-</u>	<u>(131,428,209)</u>
Net change in fund balances	8,432,973	1,748,924	808,827	10,990,724
Fund balances - beginning of year	<u>153,113,268</u>	<u>(3,631,044)</u>	<u>64,318,221</u>	<u>213,800,445</u>
Fund balances - end of year	<u>\$ 161,546,241</u>	<u>\$ (1,882,120)</u>	<u>\$ 65,127,048</u>	<u>\$ 224,791,169</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 10,990,724
Depreciation expense reported in the statement of activities but not in the funds statement	(1,949,206)
Capital expenditures reported in the funds statement but reported as additions to capital assets in the statement of net assets	4,236,379
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds statement	(21,683,299)
Bond and note principal payments reported as expenditures in the funds statement but as reductions of long-term liabilities in the statement of net assets	1,840,000
Compensated absences not in the funds statement	(319,250)
Amortization of bond issuance costs reported in the statement of activities but not in the funds statement as there is no cash flow	(30,330)
Amortization of deferred bond premium and deferred loss on refunding reported in the statement of activities but not in the funds statement	(107,043)
Asserted and unasserted self-insurance claims not in the funds statement as they have not matured	443,115
Increase in net pension asset not in the funds statement	<u>75,680</u>
Change in net assets of governmental activities	<u><u>\$ (6,503,230)</u></u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Assets - Proprietary Funds
December 31, 2009

	Wishard Health		Total
	Services	LT Care	
Assets			
Current Assets:			
Cash and cash equivalents	\$ 22,313,029	\$ 29,724,197	\$ 52,037,226
Investments	4,338,214	-	4,338,214
Receivables (net of allowance for uncollectibles):			
Patient services	44,899,465	19,557,397	64,456,862
Medicaid special revenue	-	17,132,302	17,132,302
Grants	4,507,115	-	4,507,115
Interest	34,807	-	34,807
Other	10,577,227	-	10,577,227
Inventories	4,294,242	-	4,294,242
Due from other funds	1,000,027	-	1,000,027
Prepaid costs and other assets	2,591,410	2,544,621	5,136,031
Total current assets	<u>94,555,536</u>	<u>68,958,517</u>	<u>163,514,053</u>
Noncurrent assets:			
Restricted cash and cash equivalents	699,698	-	699,698
Net pension asset	1,434,748	-	1,434,748
Lease acquisition cost (net of accumulated amortization)	-	15,224,530	15,224,530
Joint venture investments	14,606,527	-	14,606,527
Other long-term assets	-	7,536,965	7,536,965
Capital assets (net of accumulated depreciation)			
Land	2,189,878	-	2,189,878
Land improvements	1,729,500	1,277,621	3,007,121
Building and improvements	94,222,938	244,438,601	338,661,539
Equipment	27,811,212	12,979,276	40,790,488
Vehicles	982,475	25,658	1,008,133
Construction in progress	42,379,493	2,087,648	44,467,141
Total capital assets (net accumulated depreciation)	<u>169,315,496</u>	<u>260,808,804</u>	<u>430,124,300</u>
Total noncurrent assets	<u>186,056,469</u>	<u>283,570,299</u>	<u>469,626,768</u>
Total assets	<u>280,612,005</u>	<u>352,528,816</u>	<u>633,140,821</u>
Liabilities			
Current liabilities:			
Accounts payable	35,315,586	11,367,084	46,682,670
Accrued liabilities	11,129,795	5,796,912	16,926,707
Due to other funds	2,445,389	-	2,445,389
Capital lease obligation - current	-	13,011,398	13,011,398
Estimated Medicare/Medicaid settlements	2,987,643	-	2,987,643
Unearned revenue	1,540,068	-	1,540,068
Medical claims incurred but not reported	7,553,586	-	7,553,586
Risk-shared payable	2,759,586	-	2,759,586
Accrued compensated absences - current	16,136,634	-	16,136,634
Asserted and unasserted self-insurance claims - current	2,235,872	2,336,938	4,572,810
Total current liabilities	<u>82,104,159</u>	<u>32,512,332</u>	<u>114,616,491</u>
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	4,141,847	5,933,107	10,074,954
Accrued compensated absences	2,200,450	-	2,200,450
Capital lease payable	-	262,241,059	262,241,059
Total noncurrent liabilities	<u>6,342,297</u>	<u>268,174,166</u>	<u>274,516,463</u>
Total liabilities	<u>88,446,456</u>	<u>300,686,498</u>	<u>389,132,954</u>
Net Assets			
Invested in capital assets, net of related debt	169,315,496	(14,443,653)	154,871,843
Restricted for health services	699,698	-	699,698
Unrestricted	22,150,355	66,285,971	88,436,326
Total net assets	<u>\$ 192,165,549</u>	<u>\$ 51,842,318</u>	<u>\$ 244,007,867</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenses and Changes in Fund Net Assets -
Proprietary Funds
For the Year Ended December 31, 2009

	Wishard Health		
	Services	LT Care	Total
Operating revenues:			
Net patient service revenue	\$ 235,994,409	\$ 305,802,111	\$ 541,796,520
Medicaid special revenue	-	74,421,268	74,421,268
Other revenue	14,662,834	1,438,916	16,101,750
Total operating revenues	<u>250,657,243</u>	<u>381,662,295</u>	<u>632,319,538</u>
Operating expenses:			
Salaries	189,626,162	-	189,626,162
Employee benefits	50,683,286	-	50,683,286
Contract labor	889,935	171,542,294	172,432,229
Medical and professional fees	65,363,452	7,696,058	73,059,510
Purchased services	35,708,357	21,529,812	57,238,169
Supplies	45,706,076	32,841,171	78,547,247
Pharmaceuticals	33,844,015	-	33,844,015
Repairs and maintenance	3,972,511	2,107,251	6,079,762
Utilities	7,153,466	6,952,565	14,106,031
Equipment rental	1,820,973	2,454,132	4,275,105
Depreciation and amortization	19,632,498	27,621,389	47,253,887
Other	5,331,991	13,056,240	18,388,231
Total operating expenses	<u>459,732,722</u>	<u>285,800,912</u>	<u>745,533,634</u>
Operating income (loss)	<u>(209,075,479)</u>	<u>95,861,383</u>	<u>(113,214,096)</u>
Nonoperating revenue (expenses):			
Noncapital gifts and grants	21,668,536	-	21,668,536
Investment income	3,340,951	62,914	3,403,865
Interest expense	-	(24,677,603)	(24,677,603)
Total nonoperating revenue (expense)	<u>25,009,487</u>	<u>(24,614,689)</u>	<u>394,798</u>
Income (loss) before capital contributions and transfers	(184,065,992)	71,246,694	(112,819,298)
Capital contributions	-	-	-
Transfers - General Fund	186,428,209	(55,000,000)	131,428,209
Changes in net assets	2,362,217	16,246,694	18,608,911
Total net assets at beginning of year	<u>189,803,332</u>	<u>35,595,624</u>	<u>225,398,956</u>
Total net assets at end of the year	<u>\$ 192,165,549</u>	<u>\$ 51,842,318</u>	<u>\$ 244,007,867</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2009

	Wishard Health Services	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	\$ 233,267,938	\$ 302,572,571	\$ 535,840,509
Receipts from other operations	12,574,451	2,126,528	14,700,979
Medicaid special revenue	-	66,232,801	66,232,801
Payments to suppliers	(191,288,282)	(57,471,108)	(248,759,390)
Payments to employees	(243,574,225)	(201,672,715)	(445,246,940)
Net cash provided by (used in) operating activities	<u>(189,020,118)</u>	<u>111,788,077</u>	<u>(77,232,041)</u>
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	20,207,882	-	20,207,882
Transfers (to) from the General Fund	186,428,209	(55,000,000)	131,428,209
Net cash provided by (used in) noncapital financing activities	<u>206,636,091</u>	<u>(55,000,000)</u>	<u>151,636,091</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(37,980,598)	(21,270,630)	(59,251,228)
Deposits paid	-	(247,859)	(247,859)
Lease acquisition cost payments	-	(6,561,178)	(6,561,178)
Payment of capital lease obligations	-	(11,074,058)	(11,074,058)
Net change in borrowings	-	(38,209)	(38,209)
Interest expense payments	-	(24,677,603)	(24,677,603)
Net cash used in capital and related financing activities	<u>(37,980,598)</u>	<u>(63,869,537)</u>	<u>(101,850,135)</u>
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	3,195,677	-	3,195,677
Purchases of investments	(3,039,807)	-	(3,039,807)
Interest and dividends received	342,086	62,914	405,000
Net cash provided by investing activities	<u>497,956</u>	<u>62,914</u>	<u>560,870</u>
Net Decrease in Cash and Cash Equivalents	(19,866,669)	(7,018,546)	(26,885,215)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, January 1	<u>42,879,396</u>	<u>36,742,743</u>	<u>79,622,139</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, December 31	<u>\$ 23,012,727</u>	<u>\$ 29,724,197</u>	<u>\$ 52,736,924</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (209,075,479)	\$ 95,861,383	\$ (113,214,096)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	19,632,498	27,621,389	47,253,887
Changes in operating assets and liabilities:			
Patient service receivables	(171,468)	(3,133,948)	(3,305,416)
Other receivables	(1,460,654)	(8,188,467)	(9,649,121)
Inventories	440,422	-	440,422
Prepaid costs and other assets	842,256	(1,636,974)	(794,718)
Net pension asset	(397,317)	-	(397,317)
Accounts payable	4,835,021	(790,349)	4,044,672
Accrued liabilities and compensation absences	(5,833,981)	645,243	(5,188,738)
Estimated Medicare/Medicaid settlements	(169,353)	-	(169,353)
Asserted and unasserted self-insurance claims	(627,729)	1,409,800	782,071
Risk share payable	183,554	-	183,554
Medical claims incurred but not reported	2,782,112	-	2,782,112
Total adjustments	<u>20,055,361</u>	<u>15,926,694</u>	<u>35,982,055</u>
Net cash provided by (used in) operating activities	<u>\$ (189,020,118)</u>	<u>\$ 111,788,077</u>	<u>\$ (77,232,041)</u>
Noncash investing, capital and financing activities:			
Capital assets in accounts payable	\$ 5,737,697	\$ -	\$ 5,737,697
Purchase of assets held under capital lease	-	97,145,346	97,145,346
Unrealized loss on investment, net	(165,778)	-	(165,778)

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Financial Reporting Entity

The Health and Hospital Corporation of Marion County, Indiana (Corporation) was created under Chapter 287 of the Acts of 1951 enacted by the General Assembly of the State of Indiana. The Corporation is a municipal corporation and a political subdivision of the State of Indiana under Indiana Code §16-22-8-6, §6-1.1-1-12 and §36-1-2-23.

The Corporation's duties include the administration of the Divisions of Public Health and Public Hospitals. The Division of Public Health does business as the Marion County Health Department (MCHD), and the Division of Public Hospitals does business as Wishard Health Services (Wishard). The Corporation operates three service divisions: Wishard, MCHD and a Long-Term Care (LT Care) operation.

Wishard comprises Wishard Memorial Hospital, a general acute care facility with 313 staffed beds; eight community health centers, Midtown Community Mental Health Center, Regenstrief Health Center, Wishard Emergency Trauma Service, Wishard Ambulance Service, and the Richard M. Fairbanks Burn Center. For purposes of financial reporting, Wishard is accounted for as a separate enterprise fund.

The MCHD operates two service bureaus, which provide preventive and diagnostic health programs, health education, immunization and epidemiological programs, environmental health regulation, and code enforcement. It is accounted for using governmental funds.

The Corporation operates 40 long-term care facilities through capital leases. The homes are operated as part of the LT Care operations. LT Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. The Corporation contracts with a management company named American Senior Communities, LLC (ASC) to operate the facilities as further detailed later in these notes. For purposes of financial reporting, LT Care is accounted for as a separate enterprise fund.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), the Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov). Accordingly, the financial statements of the Corporation are required to be included in the comprehensive annual financial report of Uni-Gov.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The Corporation is governed by a seven-member Board of Trustees, appointed by the Mayor of Indianapolis (3), Commissioners of Marion County (2) and City-County Council (2). Of those members appointed by the City-County Council, one serves a two-year term, and one serves a four-year term. All other appointments serve a term of four years. The Board of Trustees is bi-partisan by statute. The Corporation is responsible for all of its fiscal matters including budget (subject to the final authority of the State of Indiana Department of Local Government Finance (DLGF), operating deficits and debt. The Corporation's executive and legislative powers include the power to levy taxes and incur debt. The Corporation's ordinances have the effect of local law governing health matters.

Component Unit

During 2006, the Corporation established a nonprofit entity, Lions Insurance Company, Inc. (Lions), which is legally separate from the Corporation and whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by the Corporation. Lions is considered a blended component unit and is therefore reported as if it is a part of the LT Care Enterprise Fund because its primary purpose is to provide services solely to the LT Care Enterprise Fund. Complete financial statements for Lions may be obtained from Health and Hospital Corporation at 3838 N. Rural Street, Indianapolis, Indiana 46205.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Corporation. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Notes to Basic Financial Statements

December 31, 2009

Following the government-wide financial statements are separate financial statements for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Corporation has determined that all governmental funds are considered major funds. The total fund balances for all governmental funds are reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balances for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide statements. As mentioned previously, the Corporation has two enterprise funds (business-type activities), Wishard and LT Care, which are also considered major funds.

The fund financial statements of the Corporation are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by fund type in the basic financial statements. The following fund types are used by the Corporation:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses and balances of the Corporation's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The following are the Corporation's major governmental funds:

The General Fund is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, including grants, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Debt service requirements are generally funded from property tax revenues or other operating revenues.

The Capital Projects Fund is used to account for resources designated to construct or acquire major capital facilities. Such resources are derived principally from general obligation bonds and ad valorem taxes.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those found in the private sector.

As mentioned previously, the Corporation has two enterprise funds: (1) The Wishard Health Services Enterprise Fund, which accounts for the activities of Wishard and (2) the LT Care Enterprise Fund, which accounts for the activities of the 40 leased long-term care facilities that receive no funding from ad valorem taxes. An enterprise fund is used to account for operations that are financed and operated in a similar manner to a private business - where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Certain administrative expenses of Wishard and LT Care are accounted for by the General Fund. Because the capital outlay for Wishard is funded through ad valorem taxes, long-term debt interest expense relating to Wishard is accounted for by the Debt Service Fund and is not allocated to the Wishard Health Services Enterprise Fund. Only debt intended to be repaid by operations of Wishard are included in the Wishard Enterprise Fund. At December 31, 2009, no such debt existed. At December 31, 2009, the LT Care Enterprise Fund had capital leases, which are to be repaid from revenues from operations, and are therefore shown as long-term debt in the LT Care Enterprise Fund.

In accordance with the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Corporation follows all applicable GASB pronouncements. In addition, the Authority follows all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year the levy and tax rates are certified. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for the governmental fund type and the accrual basis of accounting for the proprietary fund type.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, the Corporation considers revenue to be available if collected within 90 days of the end of the current fiscal period. Prior to January 1, 2009, the Corporation considered revenue to be available if collected within 120 days of the fiscal year end. Because this change in accounting had an immaterial effect on beginning of year net assets, the cumulative effect of the change, an increase in revenues of \$1,122,977, is running through current year income. Significant revenues susceptible to accrual include property and other taxes, grants, Medicaid special revenue and interest. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, (GASB 33), groups non-exchange transactions into four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated non-exchange transactions, and voluntary non-exchange transactions.

In the governmental fund statements, the Corporation recognizes assets from derived tax revenue transactions in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred in the fund financial statement. Resources received in advance are reported as deferred revenues until the period of the exchange in both the government-wide and fund financial statements.

The Corporation recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The Corporation recognizes revenues from property taxes, net of estimated refunds and uncollectible amounts, in the period for which the tax levy and rates are certified. Imposed non-exchange revenues also include permits.

Voluntary non-exchange transactions, such as grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues. Government-mandated non-exchange transactions, with the exception of Medicaid special revenue, are accounted for in the same manner voluntary non-exchange transactions. See the discussion later in the notes regarding the accounting treatment of Medicaid special revenue.

Charges for services in the governmental funds, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Under the accrual basis of accounting for proprietary fund types, revenues are recognized in the period earned and expenses are recognized in the period incurred. Patient services accounts receivable and revenue are recorded at standard billing rates, net of contractual adjustments, when patient services are performed. Wishard and LT Care provide services under the Medicare and Medicaid programs for which they may be reimbursed at amounts different from the standard billing rates. Amounts reimbursed or estimated to be reimbursed by these programs are generally determined in accordance with a prospective price-per-case payment system or under the provisions of cost-reimbursement formulas. In addition, Wishard and LT Care provide services in accordance with various contractual agreements entered into with state and local governmental agencies and other third-party health insurance companies.

The differences between standard billing rates and the amount reimbursed or estimated to be reimbursed by Medicare, Medicaid, and other contractual payors are included in the financial statements as contractual adjustments. Patient accounts receivable for services provided under contractual arrangements are also adjusted to reflect these differences.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All transactions deemed by management to be ongoing, major, or central to the provision of healthcare services for Wishard and LT Care are considered to be operating activities and are reported as operating revenue and operating expenses. Intergovernmental revenues, investment income, interest expense, and peripheral or incidental transactions are reported as nonoperating revenue and expenses. Other changes in net assets that are excluded from operating income (loss) principally consist of contributions of capital assets funded by governmental activities, grantors and donors.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Cash Equivalents and Investments

The Corporation's cash and cash equivalents (including those that are restricted) are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of purchase.

Investments for the Corporation are reported at fair value. The Corporation also invests in an external investment pool held by the State of Indiana. The Corporation reports its share of the underlying portfolio for this pool at fair value.

Receivables and Payables

In the fund financial statements, all outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All receivables are shown net of an allowance, if any, for uncollectible balances.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such governmental funds are immaterial. For the enterprise fund type, pharmaceutical inventories of the Wishard Fund are determined by physical count of items on hand and are priced at weighted-average cost or at fair value, whichever is less. Inventory in the LT Care Fund is immaterial.

Prepaid Costs and Other Assets

Prepaid costs and other assets for the governmental funds include prepaid insurance, a refundable advance to MDwise, Inc. (MDwise) (a not-for-profit health maintenance organization) as a means to reduce administrative fees and other miscellaneous assets. Prepaid costs and other assets of the proprietary fund consist of prepaid insurance, prepaid service contracts, prepaid rent and other miscellaneous assets.

Restricted Assets

Donor-restricted assets are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of unrestricted assets on which donors or grantors place no restriction or that arise as a result of the operations of the Corporation for its stated purposes. Donor-restricted assets represent contributions to provide specific healthcare services.

Capital Assets

Capital assets, which include buildings, improvements, equipment, and vehicles are reported in the applicable governmental or business-type activities column in the government-wide financial statements and within the proprietary fund financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Purchased or constructed assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the estimated useful life of the asset are not capitalized.

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Assets held under capital leases and leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Estimated useful lives used to compute depreciation are as follows:

	Years
Building and improvements	10 - 50
Equipment	5 - 20
Vehicles	4

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types.

Other Long-Term Assets

Other long-term assets consist of deposits made related to the leasing of nursing homes. The deposits will be returned in full if the leased buildings are returned in an acceptable condition by the holder of the deposit at the end of the respective lease terms.

Deferred and Unearned Revenue

Deferred revenue is recorded in the governmental fund financial statements for receivables that are not considered either measurable or available at December 31, 2009 or when the related revenues have not been earned for enterprise fund activities. Deferred revenue for governmental funds in the fund statements is recognized as revenue when it is earned and considered measurable and available.

Unearned revenue is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be earned due to eligibility requirements or other reasons.

Risk Share Payable

Risk share payable relates to undistributed profits that are due to other providers who participate in Wishard's network as part of the risk-based Medicaid program.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Accrued Compensated Absences

Corporation employees are paid for vacation and other absences by prescribed formulas based primarily on length of service and staff classification. In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and other absences are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A liability for the cost of accumulated earned but unused vacation and other absences is recognized in the government-wide statements and in the statement of net assets of the proprietary funds. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and any deferred losses on refundings. Bond issuance costs are reported and amortized over the term of the related debt. Deferred losses on refundings are amortized as a component of interest expense over the remaining life of the old bonds or the remaining life of the refunding bonds, whichever is shorter, using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt are reported as other financing uses while issuance costs, whether or not withheld from the actual debt proceeds received, and repayments of principal and interest are reported as debt service expenditures.

Lease Acquisition Costs

The Corporation allocates the purchase price of properties acquired under capital leases to net tangible and identified intangible assets based on their respective fair values. The allocation to tangible assets (primarily equipment) is based upon management's determination of the value of the property. The remaining purchase price is allocated to lease acquisition costs. These costs are amortized over the life of the related lease.

Interfund Transactions

In the fund financial statements, the Corporation has the following types of transactions among funds:

Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Contribution of Capital Assets

The General and Capital Project Funds make contributions of capital assets to the Wishard Health Services Enterprise Fund from time to time. The enterprise fund reports these transactions as capital contributions; however, the General or Capital Project Funds do not report the event because there has been no flow of current financial resources for the governmental fund statements other than the expenditures incurred during the year on capital outlay. In the government-wide statement of activities, both sides of the capital asset transfer are reported as transfers.

Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the Corporation.

Within the statement of activities, direct expenses are not eliminated from the various functional categories. However, indirect expenses are eliminated from the various functional categories.

Certain internal payments are treated as a reduction of expense, such as reimbursements. Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

Net Assets/Fund Balances

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

- *Invested in Capital Assets, Net of Related Debt* - This category groups all capital assets into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Governmental activities debt related to business-type activities are not recorded in this category; rather, this debt is included in unrestricted net assets.
- *Restricted Net Assets* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the Corporation not restricted for any project or other purpose.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In the governmental fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the board of trustees and management, and can be increased, reduced, or eliminated by similar actions. As of December 31, 2009, reserves of fund balance are described below:

- *Prepaid Costs and Other Assets* - to reflect the portion of assets, which do not represent available spendable resources.
- *Encumbrances* - to reflect the outstanding contractual obligations for which goods and services have not been received.

As of December 31, 2009, designations of fund balance are described below:

- *Self-Insurance* - to reflect the Board of Trustee's tentative plans to set aside this portion of fund balance for health self-insurance plans. This designation is subject to change.

Indigent Care Services

Under Indiana Code (§16-22-8-39), the services provided by Wishard are for the benefit of the residents of Marion County, Indiana and for every person falling sick or being injured or maimed within its limits, regardless of their ability to pay for such services. Certain services to patients are classified as indigent care based on established policies of Wishard. Because Wishard does not expect amounts determined to qualify as indigent care to result in cash collections, they are not reported as net patient service revenue.

Wishard maintains records to identify and monitor the level of indigent care it provides. These records include the amount of charges forgone for services and supplies furnished under its indigent care policy.

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as amounts are no longer subject to such audits and reviews.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 2: Deposits and Investments

As of December 31, 2009, the Corporation had the following cash deposits and investments:

Cash deposits	\$ 221,896,775
Repurchase agreements	28,030,945
State external investment pool	16,542,364
U.S. Government obligations	870,596
U.S. Government agency obligations	3,423,687
Money market mutual funds	<u>43,931</u>
	<u><u>\$ 270,808,298</u></u>

Deposits and investment securities included in the schedule of net assets are classified as follows:

	2009
Carrying value	
Deposits	\$ 221,896,775
Investments	<u>48,911,523</u>
	<u><u>\$ 270,808,298</u></u>
Cash and cash equivalents	
Current - unrestricted	\$ 265,770,386
Current - restricted	<u>699,698</u>
	266,470,084
Investments	<u>4,338,214</u>
	<u><u>\$ 270,808,298</u></u>

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation's deposit policy for custodial credit risk requires compliance with the provisions of Indiana statutes.

The financial institutions holding the Corporation's cash accounts are participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Under that program, through June 30, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Effective October 3, 2008, the FDIC's insurance limits increased to \$250,000 for all interest-bearing accounts. The increase in federally insured limits is currently set to expire December 31, 2013.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Any cash deposits in excess of the \$250,000 FDIC limits are insured by the Indiana Public Deposits Insurance Fund (Fund). The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

Indiana statutes authorize the Corporation to invest in United States obligations and issues of federal agencies, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, certificates of deposit and open-end money market mutual funds.

As of December 31, 2009, the Corporation had the following investments and maturities:

	Fair Value	Investment Activities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	\$ 28,030,945	\$ 28,030,945	\$ -	\$ -	\$ -
State external investment pool	16,542,364	16,542,364	-	-	-
U.S. Government obligations	870,596	-	-	870,596	-
U.S. Government Agency obligations	3,423,687	613,975	1,765,198	878,161	166,353
Money market mutual funds	43,931	43,931	-	-	-
	<u>\$ 48,911,523</u>	<u>\$ 45,231,215</u>	<u>\$ 1,765,198</u>	<u>\$ 1,748,757</u>	<u>\$ 166,353</u>

The state external investment pool is an investment pool created and subject to regulatory oversight pursuant to Indiana Code, Section 5-13-9-11. Portfolio securities in this pool are valued at amortized cost, which approximates market value. The amortized cost valuation method involves initially valuing a security at its cost on the date of purchase and thereafter accreting any discount to maturity and/or amortizing any premium to maturity.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation is limited to investing in securities with a stated maturity of not more than two years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code, Section 5-13-9-5.6. The Corporation's investment policy for interest rate risk requires investments to be invested in a prudent manner to achieve maximum yield return available from approved government obligations with due regard to the specific purpose for which the funds are intended and needed. The Corporation's self-insurance trust for general and professional liability and workers' compensation is not subject to such limitations.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Further, Indiana Code Section 5-13-9-2.5 requires that if the Authority invests in money market mutual funds that the underlying securities be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service.

At December 31, 2009, the Corporation's investments were rated by Standard & Poor's as follows:

	Fair Value	AAA	AA	A	Not Rated
Repurchase agreements	\$ 28,030,945	\$ 28,030,945	\$ -	\$ -	\$ -
State external investment pool	16,542,364	-	-	-	16,542,364
U.S. Government obligations	870,596	870,596	-	-	-
U.S. Government Agency obligations	3,423,867	3,423,867	-	-	-
Money market mutual funds	43,931	43,931	-	-	-
	<u>\$ 48,911,703</u>	<u>\$ 32,369,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,542,364</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Corporation will not be able to recover the value of its investments or collateral that are in the possession of an outside party. At December 31, 2009, all of the Corporation's investments in overnight repurchase agreements (which are secured by U.S. Government and U.S. Government agency obligations) were exposed to custodial credit risk. These investments were uninsured and the collateral was held by the pledging financial institution's trust department or agent in the Corporation's name. The Corporation's investments in money market mutual funds and the state external investment pool were not subject to custodial credit risk at December 31, 2009, as their existence is not evidenced by securities that exist in physical book entry form. The Corporation's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk

The Corporation places no limit on the amount that may be invested in any one issuer. At December 31, 2009, the Corporation's investments in overnight repurchase agreements of JPMorgan Chase, National City Bank and National Bank of Indianapolis constituted 19%, 31%, and 7%, respectively, of its total investments.

Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Corporation's investment policy prohibits investments in foreign investments.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Investment Income

Investment income for the year ended December 31, 2009 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	\$ 795,022	\$ 3,569,643
Unrealized gain (loss) on investments, net	-	(165,778)
	\$ 795,022	\$ 3,403,865

Note 3: Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Marion County Treasurer. On or before August 1 each year, the Marion County Auditor must submit to each underlying taxing unit a statement of (i) the estimated assessed value of the taxing unit as of March 1 of that year, and (ii) an estimate of the taxes to be distributed to the taxing unit during the last six months of the current budget year. The estimated value is based on property tax lists delivered to the Marion County Auditor by the Marion County Assessor on or before July 1.

The estimated value is used when the Corporation meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. The budget, tax rates and levy must be adopted no later than November 1. The budget, tax levy and tax rate are subject to review and revision by the Indiana Department of Local Government Finance (the "DLGF") which, under certain circumstances, may revise, reduce or increase the budget, tax rate, or levy of the Corporation. The DLGF may increase the tax rate and levy if the tax rate and levy proposed by the Corporation is not sufficient to make its debt service or lease rental payments. The DLGF must complete its actions on or before February 15 of the year following the property tax assessment.

Taxes are distributed by the Marion County Auditor to the Corporation by June 30 and December 31 of each year. The Corporation can request advances of its share of collected taxes from the Marion County Treasurer once the levy and tax rates are certified by the DLGF.

As noted above, the assessment (or lien) date for Indiana property taxes is March 1 of each year; however, the Corporation does not recognize a receivable on the assessment date since the amount of property taxes to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Typically, property tax bills are mailed in April and October of each year and are due and payable by the property owners in May (spring) and November (fall), respectively. Property tax billings are considered delinquent if they are not paid by the respective due date, at which time the applicable property is subject to lien, and penalties and interest are assessed. Appeals may be filed within 45 days following the date the bills are mailed.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Changes in assessed values of real property occur periodically as a result of general reassessments required by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. The reassessment is scheduled to be effective as of the March 1, 2012 assessment date and affects taxes payable beginning in 2013, and reassessments are scheduled to occur every five years thereafter. Beginning with the 2006 tax year payable 2007, all real property assessments have been revalued annually to reflect market value based on comparable sales data ("Trending"). The implementation of Trending caused delays in the collection of property taxes in 2008 and 2009. In addition, due to technical concerns relating to Trending, the Governor ordered a reassessment of property value in Marion County for 2006 taxes payable in 2007 (the "Special Reassessment"). This Special Reassessment delayed collection of a portion of the taxes payable in 2007 and 2008. The Special Reassessment has now been completed. The effects of Trending and the Special Reassessment also resulted in a slight delay in the collection of the 2009 taxes, with the second installments (fall) being scheduled for collection in February 2010.

The Corporation allocates property tax revenues, as considered necessary, to fund public health programs and provide care for the indigent.

Note 4: Patient Services Receivables

Net patient services receivables consist of the following as of December 31, 2009:

	Wishard	LT Care	Total
Gross patient services receivables	\$ 289,630,969	\$ 22,518,010	\$ 312,148,979
Allowance for estimated contractual adjustment	(107,191,829)	(511,057)	(107,702,886)
Allowance for uncollectible accounts	(137,539,675)	(2,449,556)	(139,989,231)
Net patient services receivables	<u>\$ 44,899,465</u>	<u>\$ 19,557,397</u>	<u>\$ 64,456,862</u>

Note 5: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2009 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	\$ 2,140,161
General Fund	Enterprise Fund - Wishard	2,445,389

These interfund balances are due to timing differences, the elimination of negative cash balances within the various funds, or amounts related to pass-through grant activity. The interfund balances are expected to be repaid during the fiscal year ending December 31, 2010.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Interfund transfers for the year ended December 31, 2009 on the fund statements consisted of the following:

	Transfer From (to)		General		Total
	Fund		Fund		Total
Transfer to:					
Enterprise Fund - Wishard Health Services	\$	186,428,209	\$	186,428,209	\$ 186,428,209
Transfer from:					
Enterprise Fund - LT Care	\$	(55,000,000)	\$	(55,000,000)	\$ (55,000,000)

Interfund transfers were generally used for the following: 1) to move revenues from the funds that are required by ordinance or budget to collect them to the funds that will ultimately expend them, 2) to cover deficits of other funds, or 3) to transfer capital assets from the funds that paid for them to the funds that will ultimately use them. For the government-wide statements, capital contributions received by the Wishard Health Services Fund from other funds (if any) are reported as transfers; however, for the fund statements, such transfers are shown as a capital contributions in the Wishard Enterprise Fund as they represent the actual transfer of capital assets.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 6: Deferred and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2009, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable	\$ 14,560,838	\$ -
Other taxes receivable	226,046	-
Grant draw-downs prior to meeting all eligibility requirements	-	1,729,059
Grant reimbursements not received within 90 days	2,147,990	-
Other revenues not received within 90 days	2,797,959	-
Total General Fund	19,732,833	1,729,059
Property taxes receivable	1,302,266	-
Other taxes receivable	15,049	-
Total Debt Service Fund	1,317,315	-
Property taxes receivable	80,552	-
Other taxes receivable	931	-
Total Capital Projects Fund	81,483	-
Total	\$ 21,131,631	\$ 1,729,059

In addition, the Wishard Health Services Fund had \$226,750 of unearned revenue recorded at December 31, 2009 related to advances received on federal grants, which had not met eligibility requirements and \$1,313,318 related to the Healthy Indiana Plan.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 7: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,826,707	\$ 2,288,189	\$ -	\$ 4,114,896
Construction in progress	196,288	108,050	(196,288)	108,050
Total capital assets not being depreciated	<u>2,022,995</u>	<u>2,396,239</u>	<u>(196,288)</u>	<u>4,222,946</u>
Capital assets being depreciated:				
Buildings and improvements	15,779,272	479,145	-	16,258,417
Equipment	14,759,426	1,096,547	(45,307)	15,810,666
Vehicles	4,373,035	460,736	(261,130)	4,572,641
Total capital assets being depreciated	<u>34,911,733</u>	<u>2,036,428</u>	<u>(306,437)</u>	<u>36,641,724</u>
Less accumulated depreciation for:				
Buildings and improvements	8,428,669	743,043	-	9,171,712
Equipment	12,554,574	892,961	(45,307)	13,402,228
Vehicles	3,807,369	313,201	(261,130)	3,859,440
Total accumulated depreciation	<u>24,790,612</u>	<u>1,949,205</u>	<u>(306,437)</u>	<u>26,433,380</u>
Total capital assets being depreciated, net	<u>10,121,121</u>	<u>87,223</u>	<u>-</u>	<u>10,208,344</u>
Governmental activities capital assets, net	<u>\$ 12,144,116</u>	<u>\$ 2,483,462</u>	<u>\$ (196,288)</u>	<u>\$ 14,431,290</u>

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,189,877	\$ 1,000,000	\$ -	\$ 2,189,877
Construction in progress	7,600,279	42,387,154	(5,520,292)	44,467,141
Total capital assets not being depreciated	<u>8,790,156</u>	<u>43,387,154</u>	<u>(5,520,292)</u>	<u>46,657,018</u>
Capital assets being depreciated:				
Land improvements	6,511,651	1,347,699	-	7,859,350
Buildings and improvements	469,340,611	107,719,089	-	577,059,700
Equipment	158,549,246	15,116,837	(34,655)	173,631,428
Vehicles	6,361,140	102,690	(546,513)	5,917,317
Total capital assets being depreciated	<u>640,762,648</u>	<u>124,286,315</u>	<u>(581,168)</u>	<u>764,467,795</u>
Less accumulated depreciation for:				
Land improvements	4,464,503	387,726	-	4,852,229
Buildings and improvements	207,069,429	31,328,732	-	238,398,161
Equipment	118,887,774	13,968,824	(15,659)	132,840,939
Vehicles	5,032,677	423,020	(546,513)	4,909,184
Total accumulated depreciation	<u>335,454,383</u>	<u>46,108,302</u>	<u>(562,172)</u>	<u>381,000,513</u>
Total capital assets being depreciated, net	<u>305,308,265</u>	<u>78,178,013</u>	<u>(18,996)</u>	<u>383,467,282</u>
Business-type activities capital assets, net	<u>\$ 314,098,421</u>	<u>\$ 121,565,167</u>	<u>\$ (5,539,288)</u>	<u>\$ 430,124,300</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The following is a summary of changes in capital assets - Wishard enterprise fund for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,189,877	\$ 1,000,000	\$ -	\$ 2,189,877
Construction in progress	7,600,279	40,299,506	(5,520,292)	42,379,493
Total capital assets not being depreciated	<u>8,790,156</u>	<u>41,299,506</u>	<u>(5,520,292)</u>	<u>44,569,370</u>
Capital assets being depreciated:				
Land improvements	5,362,786	885,566	-	6,248,352
Buildings and improvements	243,157,378	1,242,049	-	244,399,427
Equipment	139,613,781	5,708,777	-	145,322,558
Vehicles	6,201,432	102,690	(546,513)	5,757,609
Total capital assets being depreciated	<u>394,335,377</u>	<u>7,939,082</u>	<u>(546,513)</u>	<u>401,727,946</u>
Less accumulated depreciation for:				
Land improvements	4,259,282	259,570	-	4,518,852
Buildings and improvements	141,783,299	8,393,190	-	150,176,489
Equipment	106,939,531	10,571,814	-	117,511,345
Vehicles	4,913,723	407,924	(546,513)	4,775,134
Total accumulated depreciation	<u>257,895,835</u>	<u>19,632,498</u>	<u>(546,513)</u>	<u>276,981,820</u>
Total capital assets being depreciated, net	<u>136,439,542</u>	<u>(11,693,416)</u>	<u>-</u>	<u>124,746,126</u>
Business-type activities capital assets, net	<u>\$ 145,229,698</u>	<u>\$ 29,606,090</u>	<u>\$ (5,520,292)</u>	<u>\$ 169,315,496</u>

The following is a summary of changes in capital assets - LT Care enterprise fund for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 2,087,648	\$ -	\$ 2,087,648
Total capital assets not being depreciated	<u>-</u>	<u>2,087,648</u>	<u>-</u>	<u>2,087,648</u>
Capital assets being depreciated:				
Land improvements	1,148,865	462,133	-	1,610,998
Buildings and improvements	226,183,233	106,477,040	-	332,660,273
Equipment	18,935,465	9,408,060	(34,655)	28,308,870
Vehicles	159,708	-	-	159,708
Total capital assets being depreciated	<u>246,427,271</u>	<u>116,347,233</u>	<u>(34,655)</u>	<u>362,739,849</u>
Less accumulated depreciation for:				
Land improvements	205,221	128,156	-	333,377
Buildings and improvements	65,286,130	22,935,542	-	88,221,672
Equipment	11,948,243	3,397,010	(15,659)	15,329,594
Vehicles	118,954	15,096	-	134,050
Total accumulated depreciation	<u>77,558,548</u>	<u>26,475,804</u>	<u>(15,659)</u>	<u>104,018,693</u>
Total capital assets being depreciated, net	<u>168,868,723</u>	<u>89,871,429</u>	<u>(18,996)</u>	<u>258,721,156</u>
Business-type activities capital assets, net	<u>\$ 168,868,723</u>	<u>\$ 91,959,077</u>	<u>\$ (18,996)</u>	<u>\$ 260,808,804</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Within the statement of activities, depreciation expense is charged to functions of the Corporation as follows:

Governmental Activities:

Administration and finance	\$ 1,082,392
Health improvements	423,017
Communicable disease prevention	138,799
Water quality and hazardous material management	18,076
Vector disease control	248,962
Housing and neighborhood health	35,329
Consumer and employee risk reduction	<u>2,631</u>

Total depreciation expense, governmental activities	<u><u>\$ 1,949,206</u></u>
---	----------------------------

Business-Type Activities:

Wishard	\$ 19,632,498
LT Care	<u>26,475,804</u>

Total depreciation expense, business-type activities	<u><u>\$ 46,108,302</u></u>
--	-----------------------------

Included in the LT Care Fund depreciation expense in the proprietary fund statements is \$1,145,585 of amortization expense related to lease acquisition costs.

Note 8: Estimated Medicare and Medicaid Settlements and Net Patient Service Revenue

Estimated Medicare and Medicaid settlements reflect differences between interim reimbursement and reimbursement as determined by cost reports filed or to be filed with federal and state governments after the end of each year. In addition, such settlement amounts reflect, if applicable, any differences determined to be owed to or from Wishard after an audit of such reports. Changes to any previous years' estimated settlements are reflected in the period such changes are identified. At December 31, 2009, Wishard's Medicare and Medicaid cost reports have been audited by the fiscal intermediaries through December 31, 2006.

Wishard and LT Care have agreements with third-party payors that provide for payments to Wishard and LT Care at amounts different from their established rates. Estimated contractual adjustments under third-party reimbursement programs represent the differences between billings at established rates and amounts reimbursed by third-party payors. Estimated contractual adjustments also include any differences between estimated third-party reimbursement settlements for prior year services under third-party payor agreements and subsequent final settlements. A summary of the payment arrangements with major third-party payors follows.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Medicare

Under the Medicare program, Wishard receives reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group. When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional "outlier" payments. Outpatient services provided to Medicare patients are reimbursed to Wishard based on service groups called ambulatory payment classifications.

Under the Medicare program, LT Care primarily receives reimbursement for services provided at its skilled nursing facilities (SNF) under PPS on a per diem basis based on the resident's health at admission (RUG Rate). Medicare reimburses LT Care for 100 days of SNF care subject to certain eligibility requirements.

Medicaid

Wishard is paid for inpatient acute care services rendered to Medicaid beneficiaries under the lower of charges or prospectively determined rates-per-discharge and on a per diem basis for psychiatric and burn unit services, classified based on clinical, diagnostic and other factors. Reimbursement for Medicaid outpatient services is based on prospective rates per visit. Wishard also participates in a Medicaid risk-based managed care program in which Wishard receives interim reimbursement rates with a settlement adjustment at year-end.

LT Care is reimbursed for services rendered to Medicaid beneficiaries on a per diem basis.

Medicaid Special Revenue

The Corporation qualifies for certain special Medicaid payments through various sections of the State of Indiana Medicaid Plan and the Indiana Code. Medicaid special revenue includes revenue from various sources including the State of Indiana Disproportionate Share Hospital Payment Program (DSH - established to reimburse hospitals that serve a disproportionate share of indigent patients) the Upper Payment Limit (UPL - established to pay qualifying health care providers the difference between what Medicare would have paid and what Medicaid actually paid) and other contractual revenues. The money received from the Medicaid special revenues can be utilized by the Corporation without restriction.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Medicaid special revenue is distributed through an intergovernmental transfer (IGT) arrangement. The basis for payment is derived from services rendered to patients through Wishard (including the physician access to care program) and through LT Care Funds. The Indiana Office of Medicaid Policy and Planning determines the level of DSH or UPL funds available for distribution and initiates a transaction with the Corporation to facilitate the IGT. The Corporation is responsible for funding the IGT for the services rendered on behalf of the Wishard and LT Care Funds and such transactions are reported in the General Fund financial statements at net with the exception of the LT Care. In 2009, LT Care reports revenue associated with its UPL at gross in the statement of revenue, expenses and changes in net assets.

Medicaid special revenue associated with services provided at Wishard is comprised of UPL and DSH payments, which are all recorded in the Corporation's General Fund. Such payments are limited to a Hospital Specific Limit, which is defined by the State of Indiana Office of Medicaid Planning and Policy and are codified in the Indiana State Medicaid Plan and IC 12-15-15. Methodologies supporting such payments are complex and the timing and levels of payment may vary materially from year to year, often times resulting in material recoupements of the net receipts previously made to the Corporation. The Corporation does not have access to reasonable information to estimate levels of combined DSH and UPL payments and therefore cannot reasonably estimate levels of revenue by state fiscal (or their own fiscal) year. As such, management records this portion of the Medicaid special revenue on a cash basis. Medicaid special revenue associated with LT Care is based upon UPL payments, which is more predictable than the payments related to Wishard's services. As such, management recognized such payments on an accrual basis at the LT Care fund level.

The General Fund recognized \$62,927,328 in Medicaid special revenue during the period. The LT Care Fund recognized revenue of \$74,421,268 and a receivable of \$17,132,302 at December 31, 2009.

Other Payors

Wishard and LT Care have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to Wishard and LT Care under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Following is a summary of total patient service revenue, contractual adjustments, and charity and indigent care for the year ended December 31, 2009:

	Wishard Health Service	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	\$ 377,144,495	\$ -	\$ 377,144,495	34%
Outpatient	430,838,909	-	430,838,909	38%
Long-term care	5,175,201	311,073,799	316,249,000	28%
Gross patient service less:	813,158,605	311,073,799	1,124,232,404	100%
Contractual adjustments	310,106,760	1,289,159	311,395,919	28%
Charity and indigent care	185,527,730	-	185,527,730	17%
Provision for uncollectible accounts	81,529,706	3,982,529	85,512,235	8%
Net patient service revenue	<u>\$ 235,994,409</u>	<u>\$ 305,802,111</u>	<u>\$ 541,796,520</u>	<u>47%</u>

Revenue from the Medicare and Medicaid programs accounted for approximately 36% and 34%, respectively, of net patient service revenue for the year ended 2009. These percentages exclude Medicaid special revenue received and recognized in the General Fund. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 9: Long-Term Liabilities

Renovation Bonds of 1988

The Corporation has issued \$28,000,000 of renovation bonds, the proceeds of which were used to renovate the clinical, patient care and administrative areas of the existing Wishard Health Services hospital complex and acquire, construct, renovate and equip the Corporation's public health and administrative facilities. The Renovation Bonds of 1988 bear interest at 7.40%, with principal and interest payments due June 30 and December 30 through 2019. In June 1990, the Indianapolis Local Public Improvement Bond Bank purchased the outstanding principal and accrued interest of the Renovation Bonds of 1988 for \$27,457,950.

General Obligation Bonds of 2005

The Corporation has issued \$28,960,000 of General Obligation Refunding Bonds, Series 2005, the proceeds of which were used to refund the outstanding principal of the Corporation's General Obligation Bonds, Series 2000A. The General Obligation Bonds of 2005 are payable from an unlimited ad valorem property tax levied on all taxable property in the Corporation, which is coterminous with Marion County, Indiana. The General Obligation Bonds of 2005 bear interest at 3.50% to 5.25%, with principal and interest payments due January 1 and July 1 through 2025. The General Obligation Bonds of 2005 are subject to redemption from mandatory sinking fund payments during 2016 to 2024.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The following is a summary of changes in long-term liabilities for the year ended December 31, 2009:

	January 1, 2009	Additions	Reductions	December 31, 2009	Due Within One Year
Governmental Activities:					
General obligation bonds payable:					
Renovation Bonds of 1988 (\$28,000,000 original amount), 6.00% to 7.40%, due January 1, 2020	\$ 17,245,000	\$ -	\$ (1,060,000)	\$ 16,185,000	\$ 1,140,000
Refunding Bonds of 2005 (\$28,960,000 original amount), 3.50% to 5.25%, due January 1, 2025	25,390,000	-	(780,000)	24,610,000	815,000
Deferred Amounts:					
Less: loss on refunding	(1,748,784)	-	160,062	(1,588,722)	(160,062)
Plus: bond premium	848,306	-	(53,019)	795,287	53,019
Total bonds payable	<u>41,734,522</u>	<u>-</u>	<u>(1,732,957)</u>	<u>40,001,565</u>	<u>1,847,957</u>
Asserted and unasserted self-insurance claims	4,863,525	31,559,768	(32,146,524)	4,276,769	1,733,376
Accrued compensated absences	<u>4,536,077</u>	<u>4,063,354</u>	<u>(3,744,104)</u>	<u>4,855,327</u>	<u>4,294,991</u>
Governmental activities long-term liabilities	<u>\$ 51,134,124</u>	<u>\$ 35,623,122</u>	<u>\$ (37,623,585)</u>	<u>\$ 49,133,661</u>	<u>\$ 7,876,324</u>
Business-Type Activities:					
Wishard Health Services:					
Asserted and unasserted self-insurance claims	\$ 7,005,448	\$ 2,595,802	\$ (3,223,531)	\$ 6,377,719	\$ 2,235,872
Accrued compensated absences	18,622,882	15,652,653	(15,938,451)	18,337,084	16,136,634
LT Care:					
Capital leases	189,181,169	97,145,346	(11,074,058)	275,252,457	13,011,398
Asserted and unasserted self-insurance claims	<u>6,860,245</u>	<u>2,466,329</u>	<u>(1,056,529)</u>	<u>8,270,045</u>	<u>2,336,938</u>
Business-type activities long-term liabilities	<u>\$ 221,669,744</u>	<u>\$ 117,860,130</u>	<u>\$ (31,292,569)</u>	<u>\$ 308,237,305</u>	<u>\$ 33,720,842</u>

The above bonds and notes related to governmental activities are to be repaid from ad valorem taxes levied to the extent necessary by the Corporation against all taxable property within Marion County, Indiana. Long-term liabilities for the governmental activities are generally liquidated by the General Fund. The business-type capital leases will be repaid through LT Care nursing home operating revenue.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The governmental activities debt service requirements, including interest, on bonds and notes outstanding at December 31, 2009 is as follows:

	Principal	Interest
Bonds:		
2010	\$ 1,955,000	\$ 2,359,635
2011	2,455,000	2,231,885
2012	2,595,000	2,086,675
2013	2,760,000	1,925,795
2014	2,940,000	1,750,990
2015 - 2019	17,680,000	5,746,159
2020 - 2024	10,410,000	1,427,344
	\$ 40,795,000	\$ 17,528,483

The Corporation has a legal debt limit of 0.67% of the assessed values of Marion County Property as certified by the DLGF. A computation of the Corporation's legal debt margin as of December 31, 2009, is as follows:

Net assessed value - 2009	\$ 36,697,369,707 <u>0.67%</u>
Debt limit	245,872,377
Debt applicable to debt limit:	
Bonded debt	<u>40,795,000</u>
Legal debt margin	<u>\$ 205,077,377</u>

In 2005, the Corporation refunded its General Obligation Bonds of 2000 with the issuance of the General Obligation Refunding Bonds, Series 2005. The General Obligation Bonds of 2000 are considered to have been defeased and have been removed from the basic financial statements. At December 31, 2009, \$23,955,000 of these defeased bonds remains outstanding.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 10: Leases

Operating

The Corporation leases certain facilities and equipment under operating leases. Most of the facility leases include renewal options and some provide for escalation of rent based on changes in operating costs.

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2009 for the governmental activities:

2010	\$ 471,062
2011	245,048
2012	199,228
2013	138,895
2014	134,695
2015 - 2019	202,042
Total future payments	\$ 1,390,970

Lease expenditures of \$541,774 were reported in the governmental activities for the year ended December 31, 2009.

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2009 for the business-type activities:

2010	\$ 1,681,551
2011	1,527,618
2012	477,785
2013	339,046
2014	9,849
Total future payments	\$ 4,035,849

The Corporation reported \$3,427,651 of lease expense in the business-type activities for the year ended December 31, 2009.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Capital

The governmental activities had no capital leases outstanding at December 31, 2009. For business-type activities, including the LT Care Enterprise Fund, the Corporation is obligated under capital leases covering 40 nursing homes. At December 31, 2009, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	\$ 307,885,433
Less accumulated amortization	<u>(82,265,733)</u>
	<u><u>\$ 225,619,700</u></u>

Amortization expense of assets held under capital leases of \$21,263,185 is included with depreciation and amortization expense for the year ended.

Future minimum capital lease payments as of December 31, 2009 are:

2010	\$ 39,338,044
2011	40,212,066
2012	41,100,521
2013	41,732,848
2014	39,655,843
2015 - 2019	188,662,652
2020 - 2024	<u>83,586,582</u>
Total minimum lease payments	474,288,556
Less amount representing interest (at rates ranging from 4.58% to 11.74%)	<u>199,036,099</u>
Present value of net minimum capital lease payment	275,252,457
Less current installments of obligations under capital leases	<u>13,011,398</u>
	<u><u>\$ 262,241,059</u></u>

Note 11: Risk Management

Insurance Coverage

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patients; and natural disasters. The Corporation is self-insured for workers' compensation, general liability and medical malpractice claims to defined limits. With respect to general liability, the Corporation is protected by the Indiana Tort Claims Act, under IC 34-13-3-4, which limits the tort liability for all Indiana governmental entities, in aggregate, to \$700,000. The Corporation also purchases commercial insurance policies for certain other risks of loss with deductibles that range from \$10,000 to \$50,000. Settled claims have not exceeded coverages for the past three years.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Wishard participates in the Indiana Medical Malpractice Act, which limits the maximum recovery for medical malpractice claims to \$1,250,000 per occurrence, \$250,000 of which would be paid by the Corporation, with the balance paid by the State of Indiana Patient Compensation Fund.

As mentioned previously in these notes, the Corporation established a nonprofit entity, Lions Insurance Company, Inc., which is legally separate from the Corporation and whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by the Corporation. The Corporation incorporated Lions on February 28, 2006, and commenced operations on March 1, 2006. As with Wishard, Lions is protected by the Indiana Tort Claims Act, participates in the Indiana Medical Malpractice Act and has professional liability coverage from the Indiana Patient Compensation Fund. In addition, Lions has protection for general liability coverage in excess of \$1,000,000 annually and in the aggregate.

The Corporation's workers' compensation program retains the first \$350,000 liability on any one claim or incident and purchases an excess workers' compensation policy to extend limits from \$350,000 to \$1,000,000 as it applies to any one claim or incident.

The Corporation has accrued for reported claims and claims incurred but not reported (IBNR) for workers' compensation, general liability and medical malpractice. Loss estimates have included the nature of each claim or incident and relevant trend factors as determined by legal counsel and an independent consulting actuary.

The following is a summary of the changes in asserted and unasserted workers' compensation, general liability, and medical malpractice claims for the past two years, as recorded within the business-type activities and proprietary fund financial statements:

Balance at January 1, 2008	\$ 13,831,272
Change in incurred claims (including IBNRs), net	5,032,264
Claim payments	<u>(4,997,843)</u>
Balance at January 1, 2009	13,865,693
Change in incurred claims (including IBNRs), net	5,062,131
Claim payments	<u>(4,280,060)</u>
Balance at December 31, 2009	<u><u>\$ 14,647,764</u></u>

Medical Claims Incurred But Not Reported

Wishard has entered into an agreement with MDwise, a related party, to provide risk-based health care services, including, but not limited to inpatient, outpatient and physician services, to qualified Medicaid participants.

Effective January 1, 2008, this program was expanded to include the provisions of the Healthy Indiana Plan (HIP). Wishard receives payments for the care of these Medicaid beneficiaries under a capitated payment methodology from MDwise and disburses payments through a third-party administrator based upon processed claims.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Medical claims incurred but not reported represents an estimate of the ultimate net cost to Wishard for amounts that are unpaid at December 31, 2009. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of Wishard and gives effect to estimates of trends in claim severity and frequency. Although Wishard's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumptions utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for unpaid claims included in the Wishard Health Services Fund.

The following is a summary of changes in the medical claims incurred but not reported for the past two years, as recorded within the business-type activities and proprietary fund financial statements:

Balance at January 1, 2008	\$ 2,980,000
Change in incurred claims (including IBNRs), net	19,371,910
Claim payments	(17,580,436)
Balance at January 1, 2009	4,771,474
Change in incurred claims (including IBNRs), net	33,100,227
Claim payments	(30,318,115)
Balance at December 31, 2009	\$ 7,553,586

Health Insurance Coverage

The Corporation began in 2001 to provide self-insurance to its employees for healthcare and prescription usage and began covering the claims out of the General Fund. Asserted and unasserted self-insurance claims in the governmental activities of the government-wide statements represents an estimate of the ultimate net cost to the Corporation for amounts that are unpaid at December 31, 2009. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of the Corporation and gives effect to estimates of trends in claim severity and frequency. Although the Corporation's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumption utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for asserted and unasserted self-insurance claims included in governmental activities.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The following is a summary of the changes in the Corporation's health insurance liability for the past two years, as recorded in the government-wide financial statements:

Balance at January 1, 2008	\$ 2,740,309
Change in incurred claims (including IBNRs), net	23,676,951
Claim payments	(21,553,735)
Balance at January 1, 2009	4,863,525
Change in incurred claims (including IBNRs), net	31,559,768
Claim payments	(32,146,524)
Balance at December 31, 2009	\$ 4,276,769

The amount recorded as a liability in the General Fund at December 31, 2009 is \$1,733,376 and represents the claims, which are matured and due as of year end. At December 31, 2009, \$1,733,376 of the fund balance of the General Fund is designated for payment of future health insurance and prescriptions claims in the fund statements.

Note 12: Retirement Plan

Plan Description

The Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), established in accordance with Indiana Code (§5-10.2 and §5-10.3). PERF is an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. The authority to establish or amend benefit provisions of PERF rests with the Indiana General Assembly. However, obligations to contribute to the plan are determined by the board of PERF in accordance with actuarial methods. Substantially all full-time employees of the Corporation are covered by the plan. The following disclosures represent the most current and available information on the plan through the July 1, 2009 actuarial valuation.

The plan is a benefit plan with components of both a defined-benefit and defined-contribution plan. PERF retirement benefits vest after ten years of service. Effective July 1, 1995, Senate Bill 74 enabled PERF members to be eligible for early retirement with 100% of the defined-benefit pension if certain conditions were met. An employee may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the employee's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, an employee may retire with 100% of the defined pension benefit at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years of PERF-covered employment. The average annual salary used for calculating the pension benefit is an average of the employee's highest five years of employment earned. Employees who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit ranging from 44.0% to 98.8% of the pension benefit described above. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and county ordinance.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Employees have two choices regarding their annuity savings account. They may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described in the paragraph above. An employee who leaves employment before qualifying for benefits receives a refund of his or her savings account.

PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204.

Funding Policy

The Corporation's employees are required to contribute 3.0% of their annual salaries to an annuity savings account that may be withdrawn at any time should an employee terminate employment. The Corporation has elected to pay the required employee contribution. In addition, the Corporation is required by state statute to contribute at an actuarially determined rate (6.50% for calendar year 2009) of annual covered payroll. Therefore, the total employer contribution rate for 2009 was 9.50%. The contribution requirements of plan members are determined by PERF's Board of Directors as authorized by Indiana state statute. The Corporation-financed pension benefits are classified as defined-benefits and the employee-financed pension benefits are classified as defined-contributions.

Annual Pension Cost and Net Pension Obligation

The PERF funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The required contributions were determined as part of the July 1, 2009 actuarial valuation using the entry age normal cost method. The actuarial assumptions used for the July 1, 2009 actuarial valuation included: (a) a rate of return on investment of present and future assets of 7.25% per year, compounded annually; (b) future salary increases based on PERF experience from 2000 to 2005; and (c) a cost of living increase of 1.50% (compounded) that is applied to pension benefit each year following retirement, with no increase assumed to be applied to the PERF annuity benefit. The actuarial value of the plan's assets is determined by taking the previous year's actuarial value, adding contributions, subtracting pension payments and plan expenses and adding expected earnings at the valuation rate of interest, based on a mid-year weighted-average fund. The result is multiplied by 75% and added to 25% of the cost value of the plan assets as of the valuation date. PERF uses the level percentage of payroll method to amortize the unfunded liability over an open 30-year period.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The standardized measure of the net pension asset is as follows:

Annual required contributions (ARC)	\$ 12,554,394
Interest on net pension asset	(94,774)
Adjustment to ARC	108,003
Annual pension cost	12,567,623
Actual contributions made	13,040,620
Increase in net pension asset	472,997
Net pension asset, beginning of year	1,307,234
Net pension asset, end of year	\$ 1,780,231

The net pension asset of \$1,780,231 as of December 31, 2009 is reflected in the government-wide financial statements. Wishard's share of this asset is \$1,434,748 and \$345,483 and is reflected as an asset of the governmental activities.

Historical Trend Information

Historical trend information about the Corporation's participation in PERF is presented below to help readers assess the plan's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due. The amounts presented below are in the thousands of dollars.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2009	\$ 12,567,623	104%	\$ 1,780,231
2008	10,533,397	103%	1,307,234
2007	9,194,237	96%	956,145

Required Supplemental Information - Schedule of Funding Progress (Unaudited)

Valuation Date	(A) Actuarial Value of Assets	(B) Entry Age Actuarial Liability (AAL)	(B - A) Excess of Assets Over AAL	(A / B) Funded Ratio	(C) Anticipated Covered Payroll	[(B - A) / C] Excess/ Unfunded AAL as a % of Covered Payroll
June 30, 2009	\$ 182,825,348	\$ 217,419,549	\$ (34,594,201)	84%	\$ 202,354,641	17%
June 30, 2008	187,042,181	207,763,313	(20,721,132)	90%	179,348,484	12%
June 30, 2007	173,941,258	179,183,954	(5,242,696)	97%	163,141,523	3%

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 13: Deferred Compensation Plan

Employees of the Corporation are eligible to participate in a deferred compensation plan (the Plan) adopted under the provisions of Internal Revenue Code (IRC) Section 457. The deferred compensation plan is available to substantially all employees of the Corporation. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The plan assets are held in trust for the exclusive benefits of participants and their beneficiaries.

Note 14: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2009, the Corporation primarily paid for physician services under a relative value unit basis. The Corporation continued to rely on the University to supply several leadership positions for Wishard, but the operations of Wishard became the direct responsibility of the Corporation in 2005. Wishard incurred fees for professional, management, and resident physician services of approximately \$43,466,613 during the year (recorded in medical and professional fees on the statement of revenues, expenses and changes in fund net assets - proprietary funds). The University also rents office space from Wishard, which resulted in revenue to Wishard of \$1,898,343 in 2009.

Note 15: Agreement With Indiana University Medical Group - Primary Care

The Indiana University Medical Group - Primary Care (IUMG-PC) is a related party of the Corporation through common ownership. Under its agreement with Wishard, IUMG-PC provides administration of the risk-based managed care program and the Wishard Advantage Program and also provides physician services to Wishard and the Community Health Centers.

As of December 31, 2008, a new agreement for 2009 was still being negotiated between the management of IUMG-PC and Wishard. IUMG-PC and Wishard continued to operate under the terms of the 2008 agreement. Total 2009 expense recognized in the Wishard fund to IUMG-PC totaled \$12,267,976.

Note 16: LT Care Management Agreement

The Corporation has entered into a management agreement with American Senior Communities, LLC (ASC) to operate the 40 nursing homes, which are accounted for in the LT Care Fund. The term of the management agreement extends until March 31, 2022 with the Corporation having the right to extend the term for an additional period of ten years if written notice is given to ASC at least 60 days prior to the expiration of the initial term. During 2009, the Corporation incurred approximately \$17,183,071 in management fees to ASC for LT Care operations.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

ASC has contracted with EagleCare, Inc. (EagleCare) to provide the personnel required to operate each of the respective facilities. EagleCare and ASC are related parties in that the persons who own 100% of EagleCare also own 95% of ASC. ASC also provides management services to EagleCare in connection with its operations.

The Corporation leases 21 of the nursing homes from an organization related to ASC. During 2009, the Corporation paid approximately \$26,500,000 to this organization in associated lease costs from LT Care operating revenue.

At December 31, 2009, the LT Care Fund had a payable to EagleCare of approximately \$4,834,000 primarily for accrued labor and related benefits. The LT Care Fund also had a payable to ASC at December 31, 2009 of approximately \$3,769,000 for outstanding management services rendered to be paid from operations.

Note 17: Nursing Home Leases

In January 2003, the Corporation entered into a transaction with an entity related to ASC, which involves the leasing of buildings and purchasing of the equipment for the purpose of operating 12 nursing homes for \$9,669,000. The leases end in 2022 and require minimum annual lease payments of approximately \$11,766,000 (Base Rate), paid in equal monthly installments. In 2005, the Corporation and the lessor amended the lease terms so that annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$1,725,000 annually to these 12 nursing homes, with the amount of the commitment increasing annually by the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operations of these nursing homes. The Corporation has a put option on these nursing homes by which the Corporation would pay the lessor \$4,000,000 if the put option is exercised by December 31, 2012 and \$7,000,000 if exercised after this date.

In October 2003, the Corporation entered into another transaction with an entity related to ASC, which involved the purchase of assets of one nursing home for \$2,000,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The lease ends in 2022 and requires minimum annual lease payment of \$1,920,000, paid in equal monthly installments. In 2005, the Corporation and the lessor amended the lease terms so that annually, the lease payment will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$222,650 annually to this nursing home. This commitment would increase in the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operation of this nursing home. The Corporation has a put option on this nursing home by which the Corporation would pay the lessor \$500,000 if the put option is exercised by December 31, 2012 and \$750,000 if exercised after this date.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In December 2003, the Corporation entered into capital lease agreements for five additional nursing homes with an unrelated third party. The lease agreements terminate in 2013. The Corporation was required to make a \$2,400,000 deposit, which is refundable at the end of the leases, contingent upon the acceptable condition of the facilities at lease-end. The Corporation was required to make one-time capital improvements of \$2,000,000. Under the lease terms, the lease payment will increase based upon a predetermined rate each year of approximately 2%. Rent payments made in 2009 were approximately \$2,800,000.

The Corporation closed the Mid-Town Nursing and Rehabilitation facility (Mid-Town) located in Indianapolis in May 2004. The operations of the home were purchased on December 1, 2003. The home was in disrepair and was typically less than 50% occupied. The Corporation owns the operations of another home located on North Capitol Street less than one mile from the Mid-Town facility. The North Capitol facility was also in disrepair when the operations were purchased on December 1, 2003, and was also approximately 50% occupied. LT Care invested \$1,800,000 of working capital to improve the North Capitol facility. After the improvements were completed, the patients of Mid-Town were transferred to North Capitol and the process of closing the Mid-Town facility commenced and was completed in 2004. The employees of the Mid-Town facility were offered other positions LT Care operations. During 2005, Mid-Town was converted into a Midtown Mental Health facility, which became operational in 2007.

In April 2005, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of one nursing home for \$2,593,750. In addition, the Corporation entered into a lease for the real estate of the nursing home with an entity related to ASC. The lease ends in March 2022 and requires minimum annual lease payment of \$1,500,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. Contingent rental income up to \$120,000 per year can also be earned under the lease agreement. The Corporation is required to make capital improvements of at least \$230,000 annually to this nursing home, with the amount of the commitment increasing annually by the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operation of the nursing home. The Corporation has a put option on this nursing home by which the Corporation would pay the lessor 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

In October 2006, the Corporation entered into transactions with independent third parties, which involved the purchase of assets of four nursing homes for \$2,810,000. In addition, the Corporation entered into leases for the real estate of the nursing homes, of which two are related entities to ASC. The leases end in September 2016 through September 2021 with the annual total lease payments of approximately \$2,300,000, paid in equal monthly installments. Contingent rental income up to \$184,000 per year can also be earned under the lease agreements. Under the lease terms, the lease payment will increase by 2% each year after the third year of the lease.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

During 2007, the Corporation entered into two transactions with independent third parties, which involved the purchase of assets of four nursing homes for a total of approximately \$1,000. In addition, the Corporation entered into real estate leases for the nursing homes. The lease terms are for ten years with annual total lease payments of approximately \$3,200,000 paid in equal monthly installments. Also, the leases required additional deposits of approximately \$3,100,000.

Also during 2007, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of two senior living facilities for \$531,250. In addition, the Corporation entered into leases for the real estate of the two facilities with this related entity. The leases end in March 2022 and requires minimum annual lease payments of \$600,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$102,000 annually to these facilities, with the amount of the commitment increasing annually by the same percentage as the annual rent. The Corporation has a put option on these facilities by which the Corporation would pay the owner 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

During 2008, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of a single nursing home for \$540,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The purchase price of \$540,000 is to be paid in installments of \$440,000 on the closing and \$100,000 on the one year anniversary of the close. The lease ends in June 2018 with the annual total lease payments of approximately \$540,000. Under the lease terms, the lease payment will increase by approximately 2.5% each year after the second year of the lease.

In January 2009, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of three nursing homes for \$100. The Corporation was also required to make a \$1,375,000 deposit, which is refundable at the end of the leases, contingent upon the acceptable condition of the facilities at lease-end. In addition, the Corporation entered into real estate leases for each of the homes which terminate in December 2022 and requires minimum annual lease payments of approximately \$1,300,000, paid in equal monthly installments. Under the lease terms, the lease payment will increase based upon a predetermined rate each year of approximately 3%. The Corporation is required to make minimum capital improvements in amounts totaling \$365 per bed annually.

In February 2009, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of three senior living facilities for \$7,175,250. In addition, the Corporation entered into leases for the real estate of the three facilities with this related entity. The leases end in March 2022 and require minimum annual lease payments of approximately \$7,400,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of approximately \$600,000 annually to these facilities, with the amount of the commitment increasing annually by the same percentage as the annual rent.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In April 2009, the Corporation entered into a transaction with an unrelated entity to purchase the assets of a single nursing home for \$850,000. In addition, the Corporation entered into a lease for the real estate of the facility. The lease ends in March 2022 with annual total lease payments of approximately \$674,000.

In August 2009, the Corporation entered into a transaction with an unrelated entity to purchase the assets of a single nursing home for \$750,000. In addition, the Corporation entered into a lease for the real estate of the facility. The lease ends in August 2022 with annual total lease payments of approximately \$785,000.

In December 2009, the Corporation entered into a transaction with an unrelated entity to purchase the assets of three nursing homes for \$1,475,000 to be paid in installments of \$1,180,000 at closing and \$147,500 on both the six month and one year anniversary of the close. In addition, the Corporation entered into leases for the real estate of the three facilities. The leases end in November 2022 and require annual lease payments totaling \$1,440,000. Two of the facilities have a separate agreement in place allowing for the conversion to Medicaid waiver facilities. The conversion would require payment of \$800,000 per facility and would reduce annual lease payments by \$150,000 each. The conversion agreement has an early termination clause requiring payment of \$1,600,000 and \$1,800,000 per facility if the lease is terminated by the Corporation prior to November 2022.

Note 18: Related Parties

During the year, the Corporation had transactions with the City of Indianapolis (the City) and Marion County (the County) that were conducted in the normal course of business. The County collects and distributes taxes and other special assessment fees on behalf of the Corporation. For the year ended December 31, 2009, the Corporation had received \$87,707,123 in tax cash receipts and \$917,060 in special assessment fees cash receipts from the County and at December 31, 2009, the Corporation had a tax receivable of \$30,927,708 and \$16,185,683 was deferred in the fund financial statements. The Corporation paid the City \$2,000,000 for the Housing Trust Fund to support the creation of more affordable housing opportunities for the underserved of Marion County. Also, the Corporation paid the County \$411,758 in 2009 in autopsy and death reports and \$110,058 in continuing education fees that the Corporation had collected on behalf of the County based on the issuance of death certificates. The City paid the Corporation \$552,060 for the "Clean and Lien" program to clean up vacant lots. The City paid the Corporation \$365,000 for unsafe building enforcement in 2009. In addition, the Corporation acted as a subrecipient or a pass-through agent for various state and federal grant programs with the City and County during 2009.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 19: Joint Venture

The Corporation is a 50% member in MDwise. MDwise is a not-for-profit corporation that contracts with the State of Indiana through the Office of Medicaid Policy and Planning and the Office of Children's Health Insurance Program, to arrange for and administer a risk-based managed care program for certain Indiana Medicaid enrollees. The investment is recorded in the Wishard fund and accounted for under the equity method. Complete financial statements for MDwise can be obtained from the MDwise administrative offices at 1099 North Meridian, Suite 320, Indianapolis, Indiana 46204.

Note 20: Loan Guarantee

In January 2004, the Corporation guaranteed a bond issuance to support the renovation of a building for the Charter for Accelerated Learning, Inc. (Charter School). The bonds were issued through the Indiana Finance Authority and had an original par value of \$4,000,000. The debt carries a 30-year term and matures November 1, 2038. The Corporation also guaranteed a line of credit for the Charter School in the amount of \$200,000. The incorporated name of the Charter School is the Charles A. Tindley Accelerated High School, which is a charter school authorized by the City of Indianapolis (the City). At December 31, 2009, the outstanding amount on the bond issuance was approximately \$3,451,000, and there was no outstanding amount on the line of credit. The Corporation knows of no event of default that would require it to satisfy these guarantees, and therefore, no amount has been recorded in the Corporation's financial statements. The Charter School remains current on its debt service payments.

Note 21: Negative Fund Balance

The Debt Service Fund has a negative fund balance of \$1,882,120 at December 31, 2009. This has been reduced by the collection of certain taxes receivable in June 2010.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 22: Concentrations of Credit Risk

Wishard and LT Care grant credit without collateral to their patients, most of whom are generally insured under third-party agreements. The mix of receivables from patients and third-party payors at December 31, 2009 is as follows:

Commercial insurance	18%
Medicare	29%
Medicaid	31%
Self-pay	20%
Other	2%
	100%
	100%

Note 23: Commitments and Contingencies

Litigation

In addition to pending medical malpractice claims, the Corporation has various other litigation pending against it. It is the opinion of management that loss, if any, from pending litigation will not have a material adverse effect on its financial position, results of operations or liquidity.

Government Grants

The Corporation participates in a number of federal financial assistance programs. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the Corporation expects such amounts, if any, to be immaterial.

Note 24: Subsequent Events

In January 2010, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of a single nursing home for \$900,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The lease ends in December 2022 and requires annual lease payments of \$800,000 to be paid in equal monthly installments.

The Corporation closed the Trinity Village nursing home located in Evansville, Indiana on March 31, 2010 and terminated the lease effective April 30, 2010. The facility was originally acquired in December 2009. Due to this closing and termination of the lease agreement, the Corporation was required to pay an early termination payment of \$1,800,000. The annual lease payments for this facility were \$300,000. Upon closing, the residents were moved to another facility owned by the Corporation located in Evansville, Indiana.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In May 2010, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of a nursing home for \$1,051,603. Additionally, the Corporation entered into a lease for the real estate of the nursing home. This lease ends in December 2022 and requires annual lease payments of \$632,363 to be paid in equal monthly installments.

The Corporation entered into another transaction in June 2010 with an independent third party to purchase the assets of a nursing home for \$1,150,000. Additionally, the Corporation entered into a lease for the real estate of the nursing home. This lease ends in 2023 and requires annual lease payments of \$660,000 to be paid in equal monthly installments.

Bond Issuance

To fund the New Wishard, the Corporation sought and was granted approval from the citizens of Marion County to issue up to \$754 million of debt. The Corporation sold \$660.58 million in bonds in February 2010. The aggregate interest rate was 3.9% on the 30-yr fixed rate issuance. The Corporation issued Series 2010 A-1 (\$40.8 million) and A-2 (\$154.2 million) and Series B-1 (\$106.25 million) and B-2 (\$359.33 million). The A-1 and B-1 debt was issued as tax exempt debt while the A-2 and B-2 were issued as Build America Bonds – Direct Payment – Federally Taxable. Series A bonds were issued as General Obligation debt while the Series B bonds were issued as Lease Revenue debt through a lease with the Indianapolis-Marion County Building Authority. The first repayment on the debt is due on July 15, 2010 and will be funded with capitalized interest from the issuance. Beginning in January 2011, the Corporation will begin funding the debt payments directly.

The Corporation was granted unlimited taxing authority to cover the annual debt payments because the New Wishard project was approved by referendum. The Corporation does not plan to use its taxing authority to fund the debt payments for the project. Debt payments will be made from available operating funds. Debt covenants require the Corporation to collect the ad valorem if operating funds are not sufficient to pay the entire debt service in any given year.

Land Exchange

The New Wishard will be built on land currently owned by IUPUI. The Corporation exercised a land-swap option agreement and paid \$1million to Indiana University in November 2009. The agreement allowed the Corporation to take control of the hospital site right away, and then gradually cede ownership of its current hospital site over the next four years to IUPUI. The Corporation has paid an additional 1.6 million to IU in 2010 related to accelerating the land-swap agreement.

**Required Supplementary Information
(Other Than MD&A)**

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 99,478,087	\$ 99,478,087	\$ 110,251,214	\$ 10,773,127
Licenses and permits	3,937,200	3,937,200	3,774,651	(162,549)
Intergovernmental	1,077,000	1,077,000	917,060	(159,940)
Charges for services	1,303,400	1,303,400	1,405,542	102,142
Medicaid special revenue	138,600,000	138,600,000	65,996,323	(72,603,677) *
Interest	3,800,000	3,800,000	436,497	(3,363,503)
Grants	16,528,000	16,528,000	29,185,887	12,657,887
Miscellaneous	8,282,400	8,282,400	15,802,849	7,520,449
Total revenues	273,006,087	273,006,087	227,770,023	(45,236,064)
Expenditures				
Personal services	46,350,000	48,350,000	46,987,454	(1,362,546)
Supplies	4,147,000	6,750,000	5,344,790	(1,405,210)
Other charges and services	45,415,000	40,138,000	29,927,455	(10,210,545) *
Capital outlays	6,326,000	7,000,000	5,366,399	(1,633,601)
Total expenditures	102,238,000	102,238,000	87,626,098	(14,611,902)
Other Financing Uses				
Transfers out	(180,000,000)	(180,000,000)	(131,427,094)	48,572,906
Total other financing sources	(180,000,000)	(180,000,000)	(131,427,094)	48,572,906
Net change in fund balances	(9,231,913)	(9,231,913)	8,716,831	17,948,744
Fund balances - beginning of year	139,669,410	139,669,410	139,669,410	-
Fund balances - end of year	\$ 130,437,497	\$ 130,437,497	\$ 148,386,241	\$ 17,948,744

* Transactions related to the intergovernmental transfers associated with the Medicaid Special Revenue are budgeted with gross values; however, for generally accepted accounting principles, these transactions are reported as net.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to the Required Supplementary Information
December 31, 2009

Budgets and Budgetary Accounting

The Corporation is required by state statute to prepare a budget each calendar year. The budget is prepared for the General, Debt Service and Capital Projects, but is not required for certain activities of the Capital Projects Funds since they are controlled by bond indentures. The Corporation's annual budget is subjected to review by the Corporation's Board of Trustees and the City-County Council, and approved by the State of Indiana Department of Local Government Finance (DLGF). Any additional appropriations that increase the total expenditures require approval by the Corporation's Board of Trustees and the DLGF. Any decreases to total appropriated expenditures require the approval by the Corporation's Board of Trustees but not the DLGF. Budgetary control is exercised at the object of expenditure level. Management may amend department and cost center budgets without seeking Board approval, as long as the total appropriation by Division, and by object of expenditure, remains unchanged.

The General, Capital Projects, and Enterprise Funds budgets are adopted on a basis consistent with GAAP for revenue. Encumbrances are treated as expenditures for the year in which the commitment to purchase is incurred for budgetary purposes. The Debt Service Fund is budgeted on a basis consistent with GAAP.

Encumbrance Accounting

Purchase orders, contracts and other anticipated obligations to expend monies are recorded as encumbrances in governmental fund types in order to reserve that portion of the applicable appropriation. Encumbrances and their underlining appropriations do not lapse with the expiration of the budget period. Accordingly, outstanding encumbrances at year-end are reported as reservations of fund balances on the fund financial statements.

Reconciliation of Budgetary Basis Actual to GAAP Basis Actual

The schedule of revenues, expenditures, and changes in fund balances - budget and actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because the budgetary and GAAP presentations of actual data differ for the General Fund expenditures, a reconciliation of the two presentations is presented below for the General Fund.

Net change in fund balance - GAAP basis	\$ 8,432,973
Add (Deduct)	
Change in encumbrances	(670,275)
Change in prepaid expenditures	207,630
Change in accounts receivable	(7,528,269)
Change in accounts payable	3,681,114
Change in self-insurance claims	4,593,658
	4,593,658
Net change in fund balance - Budgetary Basis	\$ 8,716,831

Other Supplementary Information

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Debt Service
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,925,678	\$ 3,925,678	\$ 6,048,630	\$ 2,122,952
Interest	1,000	1,000	221	(779)
Total revenues	<u>3,926,678</u>	<u>3,926,678</u>	<u>6,048,851</u>	<u>2,122,173</u>
Expenditures				
Principal retirement	1,840,000	1,840,000	1,840,000	-
Interest and fiscal charges	2,516,980	2,516,980	2,474,976	(42,004)
Total expenditures	<u>4,356,980</u>	<u>4,356,980</u>	<u>4,314,976</u>	<u>(42,004)</u>
Excess of revenues over expenditures	<u>(430,302)</u>	<u>(430,302)</u>	<u>1,733,875</u>	<u>2,164,177</u>
Other Financing Sources				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(430,302)	(430,302)	1,733,875	2,164,177
Fund balances - beginning of year	<u>(3,631,044)</u>	<u>(3,631,044)</u>	<u>(3,631,044)</u>	<u>-</u>
Fund balances - end of year	<u>\$ (4,061,346)</u>	<u>\$ (4,061,346)</u>	<u>\$ (1,897,169)</u>	<u>\$ 2,164,177</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 242,825	\$ 242,825	\$ 407,279	\$ 164,454
Interest	1,800,000	1,800,000	358,304	(1,441,696)
Miscellaneous	-	-	42,314	42,314
Total revenues	<u>2,042,825</u>	<u>2,042,825</u>	<u>807,897</u>	<u>(1,234,928)</u>
Expenditures				
Capital outlays	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>2,042,825</u>	<u>2,042,825</u>	<u>807,897</u>	<u>(1,234,928)</u>
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,042,825	2,042,825	807,897	(1,234,928)
Fund Balances - beginning of year	<u>64,318,221</u>	<u>64,318,221</u>	<u>64,318,221</u>	<u>-</u>
Fund balances - end of year	<u>\$ 66,361,046</u>	<u>\$ 66,361,046</u>	<u>\$ 65,126,118</u>	<u>\$ (1,234,928)</u>

Statistical Section (Unaudited)

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Statistical Section (Unaudited)

Table of Contents

The statistical section of this report presents detailed information in order to understand what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Financial Trends

Tables I-IV contain trend information to help the reader understand how the Corporation's financial performance and well-being have changed over time.

Revenue Capacity

Tables V-VIII contain information to help the reader assess one of the Corporation's most significant sources of revenue, property taxes.

Debt Capacity

Tables IX-XII present information to help the reader assess the affordability of the Corporation's current levels of outstanding debt and the Corporation's ability to issue additional debt in the future.

Demographic and Economic Information

Tables XIII and Table XIV offer demographic and economic indicators to help the reader understand the environment within which the Corporation's financial activities take place.

Operating Information

Tables XV-XVII contain service and infrastructure data to help the reader understand how the information in the Corporation's financial report relates to the services the Corporation provides and the activities it performs.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table I
Net Assets by Component - Accrual Basis of Accounting
Last Eight Fiscal Years

	December 31							
	2009	2008	2007	2006	2005	2004	2003	2002
Primary Government								
Governmental activities								
Invested in capital assets, net of related debt	\$ (25,570,275)	\$ (17,518,906)	\$ 7,784,239	\$ 7,134,802	\$ 7,971,335	\$ 5,855,427	\$ 13,101,552	\$ 11,766,693
Restricted	-	-	-	-	-	-	-	130,395
Unrestricted	239,170,613	237,622,474	194,610,049	164,480,042	128,068,721	53,513,426	8,463,765	39,851,124
Total governmental activities net assets	<u>\$ 213,600,338</u>	<u>\$ 220,103,568</u>	<u>\$ 202,394,288</u>	<u>\$ 171,614,844</u>	<u>\$ 136,040,056</u>	<u>\$ 59,368,853</u>	<u>\$ 21,565,317</u>	<u>\$ 51,748,212</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 154,871,843	\$ 124,917,253	\$ 106,358,255	\$ 136,595,394	\$ 147,262,474	\$ 157,761,870	\$ 166,804,507	\$ 158,392,048
Restricted	699,698	732,481	1,261,455	639,351	596,789	570,811	564,837	548,433
Unrestricted	88,436,326	99,749,222	123,084,696	108,974,494	108,828,175	97,261,260	87,026,987	68,176,159
Total business-type activities net assets	<u>\$ 244,007,867</u>	<u>\$ 225,398,956</u>	<u>\$ 230,704,406</u>	<u>\$ 246,209,239</u>	<u>\$ 256,687,438</u>	<u>\$ 255,593,941</u>	<u>\$ 254,396,331</u>	<u>\$ 227,116,640</u>
Primary Government								
Invested in capital assets, net of related debt	\$ 129,301,568	\$ 107,398,347	\$ 114,142,494	\$ 143,730,196	\$ 155,233,809	\$ 163,617,297	\$ 179,906,059	\$ 170,158,741
Restricted	699,698	732,481	1,261,455	639,351	596,789	570,811	564,837	678,828
Unrestricted	327,606,939	337,371,696	317,694,745	273,454,536	236,896,896	150,774,686	95,490,752	108,027,283
Total primary government net assets	<u>\$ 457,608,205</u>	<u>\$ 445,502,524</u>	<u>\$ 433,098,694</u>	<u>\$ 417,824,083</u>	<u>\$ 392,727,494</u>	<u>\$ 314,962,794</u>	<u>\$ 275,961,648</u>	<u>\$ 278,864,852</u>

Note: Due to implementation of GASB 34 and 33, comparative amounts for the years 2000-2001 are not available.

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table II
Schedule of Changes in Net Assets - Accrual Basis of Accounting
Last Eight Fiscal Years

	Years Ended December 31							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenses								
Governmental activities								
Administration and finance	\$ 24,180,194	\$ 27,873,858	\$ 20,163,477	\$ 17,551,946	\$ 14,166,259	\$ 9,612,142	\$ 17,009,724	\$ 17,173,960
Health improvement	27,632,587	25,527,724	24,159,226	24,145,228	24,399,358	25,275,328	26,408,831	23,876,063
Communicable disease prevention	14,706,663	12,223,308	11,352,654	9,215,253	10,379,233	9,425,318	9,360,310	8,914,142
Water quality and hazardous materials management	1,910,477	1,839,289	1,935,157	1,825,826	1,734,696	1,703,637	1,699,221	1,610,101
Vector disease control	3,871,946	3,804,382	3,940,890	3,509,809	2,977,009	2,965,406	2,930,571	2,796,196
Housing and neighborhood health	6,967,410	6,143,281	5,269,185	5,035,571	4,184,358	4,117,488	4,116,053	3,759,377
Consumer and employee risk reduction	1,694,473	1,580,062	1,579,658	1,557,309	1,546,218	1,581,187	1,507,781	1,395,880
Interest on long-term debt	2,519,440	2,652,816	2,690,760	2,898,454	2,532,873	3,260,807	3,354,422	3,442,160
Total governmental activities expenses	<u>83,483,190</u>	<u>\$ 81,644,720</u>	<u>71,091,007</u>	<u>65,739,396</u>	<u>61,920,004</u>	<u>57,941,313</u>	<u>66,386,913</u>	<u>62,967,879</u>
Business-type activities								
Wishard Health Services	459,732,722	\$ 457,457,787	424,232,288	400,293,483	384,487,424	368,212,850	362,588,065	336,219,601
LT Care	310,478,515	240,118,586	212,410,072	171,792,272	157,656,712	139,064,331	97,053,021	-
Total business-type activities expenses	<u>770,211,237</u>	<u>697,576,373</u>	<u>636,642,360</u>	<u>572,085,755</u>	<u>542,144,136</u>	<u>507,277,181</u>	<u>459,641,086</u>	<u>336,219,601</u>
Total primary government expenses	<u>\$ 853,694,427</u>	<u>\$ 779,221,093</u>	<u>\$ 707,733,367</u>	<u>\$ 637,825,151</u>	<u>\$ 604,064,140</u>	<u>\$ 565,218,494</u>	<u>\$ 526,027,999</u>	<u>\$ 399,187,480</u>
Program Revenues								
Governmental activities								
Charges for services								
Administration and finance	\$ 11,553,387	\$ 24,835,565	\$ 29,516,097	\$ 32,198,505	\$ 12,042,413	\$ 323,299	\$ 304,285	\$ 154,995
Health improvement	2,343,511	2,324,464	2,382,740	2,036,999	2,094,473	1,979,376	1,108,469	1,225,594
Communicable disease prevention	571,655	533,564	363,533	358,954	395,412	323,576	318,275	338,184
Water quality and hazardous materials management	356,886	352,902	367,016	360,957	354,111	358,022	332,338	335,490
Vector disease control	687,121	614,797	1,261,037	898,812	125,523	102,741	66,994	26,138
Housing and neighborhood health	416,541	435,687	469,407	633,456	85,501	92,722	94,141	54,227
Consumer and employee risk reduction	2,022,930	1,905,944	2,355,841	2,087,249	1,898,597	1,757,581	1,552,017	1,471,489
Operating grants and contributions	18,304,481	15,513,792	13,955,419	12,108,583	16,573,583	17,488,087	17,317,170	15,270,533
Capital gains and contributions	3,123,848	1,527,403	1,217,110	3,575,826	1,702,901	-	5,439,547	1,174,819
Total governmental activities program revenues	<u>39,380,360</u>	<u>48,044,118</u>	<u>51,888,200</u>	<u>54,259,341</u>	<u>35,272,514</u>	<u>22,425,404</u>	<u>26,533,236</u>	<u>20,051,469</u>

Note: Due to implementation of GASB 34 and 33, comparative amounts for the years 2000-2001 are not available.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table II - Continued
Schedule of Changes in Net Assets - Accrual Basis of Accounting
Last Eight Fiscal Years

	Years Ended December 31							
	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities								
Charges for services								
Wishard Health Services	\$ 250,657,243	\$ 235,271,501	\$ 239,779,417	\$ 222,001,734	\$ 224,633,684	\$ 199,864,995	\$ 189,692,554	\$ 166,401,275
LT Care	381,662,295	288,984,754	210,548,466	167,574,919	167,009,420	134,559,380	95,858,819	-
Operating grants and contributions	21,668,536	16,646,528	9,308,853	7,680,805	8,414,943	10,038,960	11,735,585	12,126,208
Capital grants and contributions	-	-	314,400	-	-	-	-	-
Total business-type activities program revenue	<u>653,988,074</u>	<u>540,902,783</u>	<u>459,951,136</u>	<u>397,257,458</u>	<u>400,058,047</u>	<u>344,463,335</u>	<u>297,286,958</u>	<u>178,527,483</u>
Total primary government program revenues	<u>\$ 693,368,434</u>	<u>\$ 588,946,901</u>	<u>\$ 511,839,336</u>	<u>\$ 451,516,799</u>	<u>\$ 435,330,561</u>	<u>\$ 366,888,739</u>	<u>\$ 323,820,194</u>	<u>\$ 198,578,952</u>
Net program (expense)/revenue								
Governmental activities	\$ (44,102,830)	\$ (33,600,602)	\$ (19,202,807)	\$ (11,480,055)	\$ (26,647,490)	\$ (35,515,909)	\$ (39,853,677)	\$ (42,916,410)
Business-type activities	<u>(116,223,163)</u>	<u>(156,673,590)</u>	<u>(176,691,224)</u>	<u>(173,111,652)</u>	<u>(142,086,089)</u>	<u>(162,813,846)</u>	<u>(162,354,128)</u>	<u>(157,692,118)</u>
Total primary government net expense	<u>\$ (160,325,993)</u>	<u>\$ (190,274,192)</u>	<u>\$ (195,894,031)</u>	<u>\$ (184,591,707)</u>	<u>\$ (168,733,579)</u>	<u>\$ (198,329,755)</u>	<u>\$ (202,207,805)</u>	<u>\$ (200,608,528)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities								
Taxes								
Property taxes	\$ 99,656,899	\$ 97,126,269	\$ 89,583,638	\$ 89,435,326	\$ 87,980,567	\$ 88,498,342	\$ 92,454,172	\$ 76,292,234
Excise taxes	5,278,006	6,927,280	6,831,647	7,270,595	7,507,089	7,889,045	7,905,793	7,472,835
Financial institutions taxes	1,477,986	1,284,278	1,268,115	1,260,083	1,268,250	1,269,040	1,242,962	1,198,208
Disproportionate share Medicaid	61,819,896	87,227,322	102,956,478	101,186,941	143,381,951	137,474,685	95,965,768	76,364,494
Unrestricted investment earnings	795,022	4,056,678	7,077,243	6,521,273	3,614,043	978,823	774,638	2,386,068
Transfers (capital contributions to Wishard and LT Care)	-	(377,910)	(734,870)	(4,905,484)	(455,288)	(6,790,490)	(5,250,867)	(14,140,401)
Transfers	<u>(131,428,209)</u>	<u>(144,934,035)</u>	<u>(157,000,000)</u>	<u>(153,713,891)</u>	<u>(139,977,919)</u>	<u>(156,000,000)</u>	<u>(183,421,684)</u>	<u>(167,492,945)</u>
Total governmental activities	<u>37,599,600</u>	<u>51,309,882</u>	<u>49,982,251</u>	<u>47,054,843</u>	<u>103,318,693</u>	<u>73,319,445</u>	<u>9,670,782</u>	<u>(17,919,507)</u>

Note: Due to implementation of GASB 34 and 33, comparative amounts for the years 2000-2001 are not available.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table II - Continued
Schedule of Changes in Net Assets - Accrual Basis of Accounting
Last Eight Fiscal Years

	Years Ended December 31							
	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities								
Unrestricted investment earnings	\$ 3,403,865	\$ 6,056,195	\$ 3,451,521	\$ 4,014,078	\$ 2,746,379	\$ 1,220,966	\$ 961,268	\$ 1,625,149
Transfers (capital contributions to Wishard)	-	377,910	734,870	3,905,484	455,288	6,790,490	5,250,867	14,140,401
Transfers	131,428,209	144,934,035	157,000,000	154,713,891	139,977,919	156,000,000	183,421,684	167,492,945
Total business-type activities	<u>134,832,074</u>	<u>151,368,140</u>	<u>161,186,391</u>	<u>162,633,453</u>	<u>143,179,586</u>	<u>164,011,456</u>	<u>189,633,819</u>	<u>183,258,495</u>
Total primary government	<u>\$ 172,431,674</u>	<u>\$ 202,678,022</u>	<u>\$ 211,168,642</u>	<u>\$ 209,688,296</u>	<u>\$ 246,498,279</u>	<u>\$ 237,330,901</u>	<u>\$ 199,304,601</u>	<u>\$ 165,338,988</u>
Change in Net Assets								
Governmental activities	\$ (6,503,230)	\$ 17,709,280	\$ 30,779,444	\$ 35,574,788	\$ 76,671,203	\$ 37,803,536	\$ (30,182,895)	\$ (60,835,917)
Business-type activities	<u>18,608,911</u>	<u>(5,305,450)</u>	<u>(15,504,833)</u>	<u>(10,478,199)</u>	<u>1,093,497</u>	<u>1,197,610</u>	<u>27,279,691</u>	<u>25,566,377</u>
Total primary government	<u>\$ 12,105,681</u>	<u>\$ 12,403,830</u>	<u>\$ 15,274,611</u>	<u>\$ 25,096,589</u>	<u>\$ 77,764,700</u>	<u>\$ 39,001,146</u>	<u>\$ (2,903,204)</u>	<u>\$ (35,269,540)</u>

Note: Due to implementation of GASB 34 and 33, comparative amounts for the years 2000-2001 are not available.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table III

Fund Balances, Governmental Funds - Modified Accrual Basis of Accounting
Last Ten Fiscal Years

	December 31									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 2,985,130	\$ 6,268,915	\$ 7,046,198	\$ 8,407,286	\$ 3,640,918	\$ 5,214,233	\$ 4,864,915	\$ 26,655,124	\$ 2,193,529	\$ 2,742,214
Unreserved	<u>158,561,111</u>	<u>146,844,353</u>	<u>122,752,504</u>	<u>110,958,027</u>	<u>111,837,016</u>	<u>37,286,974</u>	<u>7,642,777</u>	<u>21,588,774</u>	<u>98,498,704</u>	<u>50,188,938</u>
Total general fund	<u>\$ 161,546,241</u>	<u>\$ 153,113,268</u>	<u>\$ 129,798,702</u>	<u>\$ 119,365,313</u>	<u>\$ 115,477,934</u>	<u>\$ 42,501,207</u>	<u>\$ 12,507,692</u>	<u>\$ 48,243,898</u>	<u>\$ 100,692,233</u>	<u>\$ 52,931,152</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,330,048	\$ -	\$ 1,845,889
Unreserved, reported in										
Debt service fund	(1,882,120)	(3,631,044)	(412,637)	362,060	(16,186)	198,382	297,281	-	278,870	254,849
Capital projects fund	<u>65,127,048</u>	<u>64,318,221</u>	<u>43,030,727</u>	<u>40,814,423</u>	<u>38,643,862</u>	<u>37,281,256</u>	<u>36,659,175</u>	<u>28,708,879</u>	<u>45,139,213</u>	<u>50,738,515</u>
Total all other governmental funds	<u>\$ 63,244,928</u>	<u>\$ 60,687,177</u>	<u>\$ 42,618,090</u>	<u>\$ 41,176,483</u>	<u>\$ 38,627,676</u>	<u>\$ 37,479,638</u>	<u>\$ 36,956,456</u>	<u>\$ 33,038,927</u>	<u>\$ 45,418,083</u>	<u>\$ 52,839,253</u>

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table IV Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years

	Years Ending December 31									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$ 126,281,363	\$ 88,336,613	\$ 82,095,459	\$ 97,965,873	\$ 97,196,828	\$ 98,214,855	\$ 101,652,352	\$ 84,645,829	\$ 82,298,728	\$ 79,115,490
Licenses and permits	3,774,650	3,700,835	4,193,808	3,864,882	3,662,722	3,565,750	2,853,728	2,709,269	2,614,855	2,620,461
Intergovernmental	19,936,304	18,820,201	14,629,232	16,007,012	16,598,192	17,030,332	16,444,232	15,495,683	11,962,565	8,983,120
Charges for services	16,134,540	20,149,821	27,570,626	1,079,203	1,162,710	809,638	862,954	750,014	813,934	773,232
Disproportionate share Medicaid	62,927,328	126,524,776	105,102,078	72,864,271	142,926,951	122,974,685	95,965,768	76,364,494	138,139,400	96,007,363
Interest	795,022	4,056,678	7,077,243	6,521,271	3,614,043	978,823	774,638	2,386,068	5,373,505	4,788,579
Miscellaneous	242,255	5,470,057	2,306,154	31,765,188	13,449,938	1,330,121	6,441,723	1,258,766	663,113	197,487
Total revenues	<u>230,091,462</u>	<u>267,058,981</u>	<u>242,974,600</u>	<u>230,067,700</u>	<u>278,611,384</u>	<u>244,904,204</u>	<u>224,995,395</u>	<u>183,610,123</u>	<u>241,866,100</u>	<u>192,485,732</u>
Expenditures										
Administrative	21,572,325	23,283,723	19,041,700	14,118,571	12,039,938	6,032,923	19,100,875	17,965,973	14,019,851	7,507,297
Population health	21,000,830	19,816,620	18,819,736	18,042,145	16,880,567	15,180,714	17,089,105	17,702,836	14,752,899	14,315,419
Environmental health	11,566,888	10,964,278	10,905,283	10,584,558	9,566,699	8,998,116	9,610,608	8,883,675	7,850,434	7,462,325
Health center program	2,012,429	1,630,315	1,151,665	1,049,574	1,100,104	1,131,120	1,458,533	1,146,006	283,075	-
Data processing	2,865,135	2,972,158	2,710,015	2,803,176	3,288,074	2,785,547	2,977,700	2,536,786	1,858,940	1,364,927
Grants program	20,059,103	15,928,714	14,110,484	15,264,642	14,536,941	14,399,483	15,890,222	14,727,717	10,724,923	8,310,867
Capital outlays	4,236,379	1,123,966	2,816,332	2,516,273	1,685,354	4,264,463	2,351,314	12,597,638	30,260,664	7,286,086
Debt service										
Principal	1,840,000	1,958,122	1,853,629	1,749,548	2,380,863	1,652,555	1,559,609	1,477,010	1,230,000	560,000
Interest and fiscal charges	2,519,440	2,685,491	2,690,760	2,789,136	2,574,872	3,301,307	3,354,422	3,442,160	3,457,376	3,306,610
Bond issuance costs	-	-	-	-	429,167	-	-	-	-	-
Total expenditures	<u>87,672,529</u>	<u>80,363,387</u>	<u>74,099,604</u>	<u>68,917,623</u>	<u>64,482,579</u>	<u>57,746,228</u>	<u>73,392,388</u>	<u>80,479,801</u>	<u>84,438,162</u>	<u>50,113,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>142,418,933</u>	<u>186,695,594</u>	<u>168,874,996</u>	<u>161,150,077</u>	<u>214,128,805</u>	<u>187,157,976</u>	<u>151,603,007</u>	<u>103,130,322</u>	<u>157,427,938</u>	<u>142,372,201</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table IV - Continued
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years

	Years Ending December 31									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Other Financing Sources (Uses)										
Proceeds of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000,000
Refunding on bonds issued	-	-	-	-	28,960,000	-	-	-	-	-
Premium on bonds issued	-	-	-	-	1,013,992	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(29,544,825)	-	-	-	-	-
Transfers in	55,000,000	30,300,000	-	-	8,294	-	17,242	225,888	18,000,000	160,539
Transfers out	(186,428,209)	(175,611,941)	(157,000,000)	(154,713,891)	(140,441,501)	(156,641,279)	(183,438,926)	(167,718,833)	(135,191,904)	(105,572,699)
Total other financing sources (uses), net	<u>(131,428,209)</u>	<u>(145,311,941)</u>	<u>(157,000,000)</u>	<u>(154,713,891)</u>	<u>(140,004,040)</u>	<u>(156,641,279)</u>	<u>(183,421,684)</u>	<u>(167,492,945)</u>	<u>(117,191,904)</u>	<u>(75,412,160)</u>
Net change in fund balances	<u>\$ 10,990,724</u>	<u>\$ 41,383,653</u>	<u>\$ 11,874,996</u>	<u>\$ 6,436,186</u>	<u>\$ 74,124,765</u>	<u>\$ 30,516,697</u>	<u>\$ (31,818,677)</u>	<u>\$ (64,362,623)</u>	<u>\$ 40,236,034</u>	<u>\$ 66,960,041</u>
Debt service as a percentage of noncapital expenditures	5.2%	5.9%	6.4%	6.8%	8.6%	9.3%	6.9%	7.2%	8.7%	9.0%
Debt service expenditures	\$ 4,359,440	\$ 4,643,613	\$ 4,544,389	\$ 4,538,684	\$ 5,384,902	\$ 4,953,862	\$ 4,914,031	\$ 4,919,170	\$ 4,687,376	\$ 3,866,610
Noncapital expenditures	83,436,150	79,239,421	71,283,272	66,401,350	62,797,225	53,481,765	71,041,074	67,882,163	54,177,498	42,827,445

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table V
Assessed Value and Estimated Actual Value of Taxable Property
December 31, 2009

Year	Real Property		Personal Property		Total	
	Assessed Value (1) (2)	True Tax Value	Assessed Value (1) (2)	True Tax Value	Assessed Value (1) (2)	True Tax Value
2009	\$ 31,039,405,707	\$ 31,039,405,707	\$ 5,657,964,000	\$ 5,657,964,000	\$ 36,697,369,707	\$ 36,697,369,707
2008	38,250,226,004	38,250,226,004	5,454,450,000	5,454,450,000	43,704,676,004	43,704,676,004
2007	39,182,916,707	39,182,916,707	5,565,477,874	5,565,477,874	44,748,394,581	44,748,394,581
2006	33,030,628,020	33,030,628,020	7,195,875,948	7,195,875,948	40,226,503,968	40,226,503,968
2005	32,400,972,000	32,400,972,000	7,229,661,000	7,229,661,000	39,630,633,000	39,630,633,000
2004	34,606,376,000	34,606,376,000	5,323,754,000	5,323,754,000	39,930,130,000	39,930,130,000
2003	32,982,779,000	32,982,779,000	8,845,067,000	8,845,067,000	41,827,846,000	41,827,846,000
2002	20,820,046,000	20,820,046,000	8,162,071,000	8,162,071,000	28,982,117,000	28,982,117,000
2001	6,839,830,510	20,519,488,530	2,653,315,080	7,959,945,240	9,493,145,590	28,479,433,770
2000	6,636,935,980	19,910,807,940	2,574,548,390	7,723,645,170	9,211,484,370	27,634,453,110

- (1) Taxable property is assessed at 33-1/3% of the true tax value for the years 1997 through 2001. It is assessed at 100% beginning in 2002.
(2) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

Source: Marion County Auditor

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table VI
Property Tax Rates - Direct and Overlapping Governments ⁽¹⁾
December 31, 2009

Year	Operations	Debt	Cumulative Building	Total	City	County	Other Municipal Corporations	School	State	Other	Total (1)
2009	0.1440	0.0097	0.0006	0.1543	1.5401	0.3513	0.1711	1.1569	0.0024	0.0578	3.4339
2008	0.2023	0.0085	0.0006	0.2114	1.5256	0.4936	0.1307	1.7668	0.0024	0.0553	4.1858
2007	0.1928	0.0088	0.0006	0.2022	1.4987	0.5708	0.1298	1.8713	0.0024	0.0656	4.3408
2006	0.2138	0.0098	0.0006	0.2242	0.8881	0.4131	0.1409	1.7172	0.0024	0.0644	3.4503
2005	0.2137	0.0106	0.0006	0.2249	0.9532	0.4163	0.1401	1.6744	0.0024	0.0637	3.4750
2004	0.2139	0.0108	0.0006	0.2253	0.9485	0.4129	0.1189	1.7827	0.0024	0.0607	3.5514
2003	0.2134	0.0113	0.0006	0.2253	0.9603	0.4443	0.1302	1.5503	0.0033	0.1403	3.4540
2002	0.2492	0.0133	0.0008	0.2633	1.2254	0.5354	0.1676	1.9594	0.0033	0.0799	4.2343
2001	0.7441	0.0458	0.0020	0.7919	3.7670	1.4043	0.4578	5.9811	0.0100	0.2599	12.6720
2000	0.7669	0.0230	0.0020	0.7919	3.7825	1.4038	0.4572	5.9552	0.0100	0.2756	12.6762

(1) Rate of District 101 (Indianapolis - Center Township), which is the only rate that includes all major services

Source: Marion County Auditor's Office.

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table VII
Principal Property Tax Payers
Current Year and Nine Years Ago
December 31, 2009

Taxpayer	2009			2000 (3)		
	Net Taxable Assessed Valuation (1) (2)	Rank	Percentage of Total City Taxable Assessed Valuation	Net Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation
Eli Lilly & Company	\$ 1,312,077,000	1	3.58%	\$ 220,623,500	1	2.40%
Indianapolis Power & Light	381,597,000	2	1.04%	130,578,200	2	1.42%
Indiana Bell	283,297,000	3	0.77%	-		
Federal Express Corp.	191,132,000	4	0.52%	-		
Citizens Gas & Coke Utility	183,985,000	5	0.50%	-		
Macquarie Office Monument	181,809,000	6	0.50%	-		
Allison Engine Co.	148,011,000	7	0.40%	78,023,218	3	0.85%
Simon Property Group	144,640,000	8	0.39%	-		
American United Life	140,114,000	9	0.38%	-		
Community Hospital Foundation	130,201,000	10	0.35%	-		
Ford Motor Company	-			55,321,948	4	0.60%
Indianapolis Water Company	-			46,991,120	5	0.51%
Bank One Corporation	-			44,876,910	6	0.49%
Roche Diagnostics Corp.	-			32,970,480	7	0.36%
Navistar International	-			30,171,539	8	0.33%
Marsh Supermarkets, Inc.	-			29,485,000	9	0.32%
Diamler-Chrysler Corp.	-			28,526,210	10	0.31%
	<u>\$ 3,096,863,000</u>			<u>\$ 697,568,125</u>		

- (1) Represents the March 1, 2008 valuations for taxes due and payable in 2009 as represented by the taxpayer.
- (2) Net Assessed Valuation was determined using public records from the Marion County Treasurer's Office. Taxable property is assessed at 100% and 33-1/3% of the true tax value for 2009 and 2000, respectively.
- (3) Data from the 2000 Health and Hospital Corporation's Comprehensive Annual Financial Report.

Source: Marion County Auditor's Office

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table VIII
Property Tax Levies and Collections ⁽¹⁾
December 31, 2009

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount (3)	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 56,624,041	\$ 31,594,513	55.80%	\$ 21,185,683	\$ 52,780,196	93.21%
2008	92,391,685	52,293,400	56.60%	39,094,389	91,387,789	98.91%
2007	90,456,328	73,710,696	81.49%	18,421,520	92,132,216	101.85%
2006	90,469,407	88,238,324	97.53%	634,310	88,872,634	98.24%
2005	88,832,049	86,484,708	97.36%	643,154	87,127,862	98.08%
2004	88,991,203	87,283,952	98.08%	862,109	88,146,061	99.05%
2003	87,982,909	90,537,679	102.90%	967,798	91,505,477	104.00%
2002	74,494,711	74,115,192	99.49%	719,842	74,835,034	100.46%
2001	72,738,903	72,494,311	99.66%	649,745	73,144,056	100.56%
2000	71,922,295	70,961,378	98.66%	-	70,961,378	98.66%

(1) For the Health and Hospital Corporation only.

(2) Amounts for 2000 and prior are not available.

(3) Collections may include dollars from prior year levies. Detail breakdown is unavailable.

Source: Marion County Auditor's Office

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table IX
Ratios of Outstanding Debt by Type
December 31, 2009

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income (3) (4)	Per Capita
	General Obligation Bonds of 2005 (1)	General Obligation Bonds of 2000 (1)	Renovation Bonds	Notes Payable	Long-Term Care Capital Leases (2)				
2009	\$ 24,610,000	\$ -	\$ 16,185,000	\$ -	\$ 275,252,457	\$ 316,047,457	-	354.76	
2008	25,390,000	-	17,245,000	-	189,181,169	231,816,169	685.88%	263.31	
2007	26,140,000	-	18,235,000	218,122	191,712,922	236,306,044	710.97%	273.03	
2006	26,865,000	-	19,155,000	426,751	166,112,532	212,559,283	650.98%	245.59	
2005	27,565,000	-	20,005,000	626,299	151,253,286	199,449,585	637.83%	231.44	
2004	-	27,280,000	20,800,000	817,162	117,886,520	166,783,682	557.94%	193.78	
2003	-	28,010,000	21,540,000	999,717	125,548,785	176,098,502	616.30%	203.99	
2002	-	28,705,000	22,230,000	1,174,326	-	52,109,326	186.14%	60.35	
2001	-	29,370,000	22,875,000	1,341,336	-	53,586,336	197.16%	62.53	
2000	-	30,000,000	23,475,000	1,501,076	-	54,976,076	208.22%	63.89	

- (1) The General Obligation (GO) Bonds of 2000 were refunded in late 2005 and replaced with the GO bonds of 2005.
- (2) The Long-Term Care Division within the business-type activities did not exist within the Corporation prior to 2003.
- (3) See Table XIII for personal income and population data.
- (4) Data not available.

Source: Notes to basic financial statements.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table X
Ratio of Net General Obligation Debt Outstanding
December 31, 2009

General Bonded Debt Outstanding			Total Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
Fiscal Year	General Obligation Bonds	Notes Payable			
2009	\$ 40,795,000	\$ -	\$ 40,795,000	0.11%	45.79
2008	42,635,000	-	42,635,000	0.10%	48.43
2007	44,375,000	218,122	44,593,122	0.10%	50.86
2006	46,020,000	426,751	46,446,751	0.12%	53.66
2005	47,570,000	626,299	48,196,299	0.12%	55.93
2004	48,080,000	817,162	48,897,162	0.12%	56.81
2003	49,550,000	999,717	50,549,717	0.12%	58.56
2002	50,935,000	1,174,326	52,109,326	0.18%	60.35
2001	52,245,000	1,341,336	53,586,336	0.56%	62.53
2000	53,475,000	1,501,076	54,976,076	0.60%	63.89

Source: Notes to basic financial statements and Marion County Auditor's Office.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XI

Schedule of Direct and Overlapping Debt and Bonded Debt Limit (1)
December 31, 2009

	Assessed Value (6) (7) (in thousands)	Bonding Limit		Bonds Outstanding (in thousands)
		%	Dollar Amount (in thousands)	
Direct Debt:				
Health and Hospital Corporation of Marion County	\$ 38,257,966	0.67%	\$ 256,328	\$ 40,795
Overlapping:				
Marion County	38,257,966	0.67%	\$ 256,328	\$ -
City of Indianapolis:				
Civil City	35,756,647	0.67%	\$ 239,570	\$ 87,585
Consolidated County	38,257,966	(3)	-	-
Park District	38,257,966	(7)	-	23,931
Redevelopment District	35,756,647	(7)	-	24,777
Flood Control District	38,257,966	0.67%	256,328	12,143
Metropolitan Thoroughfare District	38,257,966	1.33%	508,831	44,920
Sanitary District	35,208,546	4.00%	1,408,342	59,080
Police Special Service District	11,282,187	(2)	-	-
Fire Special Service District	10,566,712	(2)	-	-
Solid Waste Collect Spec Service District	35,807,014	(2)	-	-
Solid Waste Disposal District	35,807,014	2.00%	716,140	-
Pub Safety Comm and Comp Facilities District	38,257,966	0.67%	256,328	41,350
Total city debt			\$ 3,385,539	\$ 293,786
Other Municipal Corporations				
Airport Authority	38,257,966	0.67%	\$ 256,328	\$ -
Capital Improvement Board	38,257,966	0.67%	256,328	-
Indpls-Marion Co. Building Authority	38,257,966	(4)	-	19,845
Indianapolis-Marion County Library	37,221,684	0.67%	249,385	106,900
Indianapolis Public Transportation Corp.	36,212,450	0.67%	242,623	11,645
Total municipal corporations			\$ 1,004,665	\$ 138,390
School Districts				
Beech Grove	429,446	(8)	\$ 40,197	\$ 7,050
Decatur	1,019,116	(8)	174,142	9,082
Franklin	1,788,673	(8)	297,742	4,755
Indianapolis Public Schools	10,126,332	(8)	1,087,431	27,190
Lawrence	4,891,773	(8)	292,166	23,280
Perry	3,405,604	(8)	181,023	21,170
Pike	4,915,127	(8)	149,859	5,140
Speedway	606,837	(8)	12,137	-
Warren	2,626,101	(8)	170,697	8,745
Washington	5,693,124	(8)	161,147	11,405
Wayne	2,755,835	(8)	322,422	25,313
Total school districts	\$ 38,257,968		\$ 2,888,963	\$ 143,130

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XI - Continued
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (1)
December 31, 2009

	Assessed	Bonding Limit		Bonds
	Value (6) (7) (in thousands)	%	Dollar Amount (in thousands)	Outstanding (in thousands)
Other Cities and Towns:				
Beech Grove	\$ 455,803	0.67%	\$ 3,054	\$ 1,015
Lawrence	1,388,312	0.67%	9,302	6,085
Southport	50,367	0.67%	337	-
Speedway	606,837	0.67%	4,066	4,230
Total Towns and Other Cities	\$ 2,501,319		\$ 16,759	\$ 11,330
Townships				
Center	\$ 5,307,969	0.67%	\$ 35,563	\$ -
Decatur	1,022,519	0.67%	6,851	-
Franklin	1,936,745	0.67%	12,976	-
Lawrence	5,278,629	0.67%	35,367	-
Perry	3,735,700	0.67%	25,029	5,000
Pike	4,682,451	0.67%	31,372	-
Warren	3,543,624	0.67%	23,742	-
Washington	7,877,583	0.67%	52,780	-
Wayne	4,515,179	0.67%	30,252	-
Total Townships	\$ 37,900,399		\$ 253,933	\$ 5,000
Excluded Library Districts				
Beech Grove	\$ 429,446	0.67%	\$ 2,877	\$ -
Speedway	606,837	0.67%	4,066	225
Total Excluded Cities Library Districts	\$ 1,036,283		\$ 6,943	\$ 225
Ben Davis Conservancy District	\$ 210,000	(5)		-
Total Overlapping Debt				\$ 591,861
Total Direct and Overlapping Debt				\$ 632,656

- (1) Excludes Revenue Bonds not payable from ad valorem taxes.
- (2) No bonding authority.
- (3) No bonding authority from ad valorem taxes.
- (4) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
- (5) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (6) Represents the final billing abstract for taxes due and payable in 2009.
- (7) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.
- (8) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.

Source: City of Indianapolis, Office of Finance and Management

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XII
Legal Debt Margin Calculation
December 31, 2009

Legal Debt Margin Calculation for Fiscal Year Ended December 31, 2009	
Net assessed value - 2009	\$ 36,697,369,707
Debt limit (.67% of assessed values)	245,872,377
Debt applicable to limit	
Bonded Debt	<u>40,795,000</u>
Legal Debt Margin	<u>\$ 205,077,377</u>

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Debt limit	\$ 245,872,377	\$ 292,821,329	\$ 299,814,244	\$ 269,517,577	\$ 265,525,241	\$ 267,531,873	\$ 278,852,313	\$ 193,214,113	\$ 189,862,912	\$ 184,229,687
Total net debt applicable to limit	<u>40,795,000</u>	<u>42,635,000</u>	<u>44,593,122</u>	<u>46,446,751</u>	<u>48,196,299</u>	<u>48,897,162</u>	<u>50,549,717</u>	<u>52,109,326</u>	<u>53,586,336</u>	<u>54,976,076</u>
Legal debt margin	<u>\$ 205,077,377</u>	<u>\$ 250,186,329</u>	<u>\$ 255,221,122</u>	<u>\$ 223,070,826</u>	<u>\$ 217,328,942</u>	<u>\$ 218,634,711</u>	<u>\$ 228,302,596</u>	<u>\$ 141,104,787</u>	<u>\$ 136,276,576</u>	<u>\$ 129,253,611</u>
Total net debt applicable to the limit as a percentage of debt limit	16.59%	14.56%	14.87%	17.23%	18.15%	18.28%	18.13%	26.97%	28.22%	29.84%

Source: Marion County Auditor's Office and Basic Financial Statements.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XIII
Demographic and Economic Statistics
December 31, 2009

Year	(1) Population	(2) (3) Personal Income	(2) (3) Per Capita Personal Income	Public School Enrollment	(4) Unemployment Rate
2009	890,879	-	-	159,089	8.5%
2008	880,380	33,798,139	39,318	145,569	5.6%
2007	876,804	33,237,000	38,980	136,883	4.5%
2006	865,504	32,652,000	37,403	133,697	4.4%
2005	861,760	31,270,050	36,286	133,694	4.8%
2004	860,674	29,892,584	34,732	132,505	4.7%
2003	863,251	28,573,705	33,142	131,543	4.8%
2002	863,429	27,994,389	32,479	129,682	4.6%
2001	856,938	27,178,761	31,491	127,569	3.3%
2000	860,454	26,403,440	30,684	126,199	2.4%

(1) Source: Census Bureau-Population Estimates base reflects changes to the Census 2000 population.

(2) Source: U.S. Bureau of Economics Census Bureau midyear population estimates. Estimates for 2000-2007 reflect county population estimates available as of March 2008. Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2000-2007 reflect county population estimates available as of March 2008. Data was not yet available for 2009 personal income or per capita personal income.

(3) Data not available

(4) Source: Data provided by the U.S. Bureau of Labor Statistics.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XIV
Principal Employers
Current Year and Nine Years Ago
December 31, 2009

Taxpayer	2009			2000 (2)		
	(1) Employees	(1) Rank	(1) Percentage of Total Metropolitan Statistical Area Employment	Employees	Rank	Percentage of Total Metropolitan Statistical Area Employment
Clarian Health Partners Inc.	12,763	1	1.46%	-		(3)
Eli Lilly & Company	11,550	2	1.32%	-		(3)
St. Vincent Hospitals & Health Service	10,640	3	1.22%	-		(3)
IUPUI	7,066	4	0.81%	-		(3)
Federal Express Corp. (FedEx)	6,311	5	0.72%	-		(3)
Community Health Network	5,341	6	0.61%	-		(3)
Rolls-Royce	4,300	7	0.49%	-		(3)
WellPoint, Inc.	3,950	8	0.45%	-		(3)
Allison Transmission/Div of GMC	3,800	9	0.44%	4,187	1	(3)
AT&T	3,000	10	0.34%	-		(3)
Marsh	-			3,880	2	(3)
Anthem, Inc.	-			3,026	3	(3)
Kroger Company	-			2,845	4	(3)
Ford Motor Company	-			2,824	5	(3)
BankOne Corporation (Chase)	-			2,745	6	(3)
Meijer, Inc.	-			2,559	7	(3)
Navistar International	-			1,592	8	(3)
American United Life (AUL)	-			1,475	9	(3)
Diamler-Chrysler Corp.	-			1,176	10	(3)
	<u>68,721</u>			<u>26,309</u>		

- (1) Source: The Indianapolis Economic Development in conjunction with The Indy Partnership. Data was taken from the information warehouse containing a listing of the largest employers in the City of Indianapolis/Marion County located at www.indypartnership.com.
- (2) Data from the 2000 Health and Hospital Corporation's Comprehensive Annual Financial Report.
- (3) Not available.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XV

Full-Time Equivalent City Government Employees by Function/Program
December 31, 2009

<u>Function/Program</u>	Full-Time Equivalent Employees at December 31									
	2009	2008	2007	2006	2005	2004	2003	2002	2001 (1)	2000 (1)
Primary Government Employees:										
Administration	117	118	115	112	112	113	109	97	-	-
Health improvement	343	313	311	313	309	304	314	315	-	-
Communicable disease prevention	120	122	119	119	124	123	123	122	-	-
Water quality and hazardous materials	25	27	28	29	29	29	30	79	-	-
Housing and neighborhood health	90	84	84	84	82	82	83	79	-	-
Consumer and employee risk reduction	28	25	26	27	27	27	27	27	-	-
Vector disease control	64	55	57	52	52	53	52	54	-	-
Business-type Employees:										
Wishard Health Services	3,724	3,764	3,404	3,243	3,232	3,269	3,388	3,126	-	-
Long-Term Care (2)	-	-	-	-	-	-	-	-	-	-
Total Employees	<u>4,511</u>	<u>4,508</u>	<u>4,144</u>	<u>3,979</u>	<u>3,967</u>	<u>4,000</u>	<u>4,126</u>	<u>3,899</u>	<u>-</u>	<u>-</u>

(1) The Corporation converted to the SAP accounting system January 1, 2002. FTE information prior to 2002 is not available.

(2) The Long-Term Care personnel are not employees of the Corporation.

Source: SAP Payroll System used by Health & Hospital Corporation.

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XVI
Operating Indicators by Function
Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	n/a	n/a	33,279	33,749	31,960	31,708	41,453	36,624	38,870	40,780
Vital Statistics - certified birth copies issued	n/a	n/a	66,601	61,617	62,233	64,413	76,523	70,886	66,729	71,727
Vital Statistics - certified death copies issued	n/a	n/a	59,558	60,062	58,027	55,595	66,386	69,766	70,008	67,800
WIC Services - vouchers per month	n/a	n/a	n/a	n/a	n/a	24,064	21,307	18,265	16,550	18,390
WIC Services - nutrition education	n/a	n/a	n/a	n/a	n/a	10,151	8,208	48,707	46,100	48,268
Dental Health/Education Services	n/a	n/a	80,358	65,224	69,905	67,113	53,260	46,055	41,866	42,550
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	n/a	n/a	1,115	1,083	1,098	1,042	1,149	1,309	1,393	1,521
AIDS cases	n/a	n/a	43	136	168	165	225	129	148	252
HIV infection - total cases	n/a	n/a	185	191	177	184	169	228	162	152
Tuberculosis cases reported	n/a	n/a	42	51	40	54	36	31	35	38
Sexually transmitted diseases total cases	n/a	n/a	11,918	10,795	11,336	9,618	9,666	10,784	10,515	9,994
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	n/a	n/a	167,657	180,000	168,297	125,874	97,421	99,902	45,337	n/a
Swimming pool samples	n/a	n/a	5,113	n/a	n/a	3,921	4,861	4,261	4,838	4,951
Surface water samples taken	n/a	n/a	2,421	2,418	2,454	4,450	4,679	3,528	3,254	3,072
Hazardous Materials Management										
Responses to emergency situations	n/a	n/a	440	213	406	493	296	302	630	210
Drinking water wells surveyed for toxins	n/a	n/a	389	704	707	904	1,035	1,393	1,480	2,408
Septic systems permits	n/a	n/a	12	19	26	223	235	331	280	207
Well construction permits	n/a	n/a	12	111	108	118	111	129	155	168
Well pump permits	n/a	n/a	218	205	211	242	238	304	325	270
Housing and Neighborhood Health										
Initial housing orders	n/a	n/a	3,827	3,822	3,528	3,311	3,180	3,128	6,290	3,663
Housing compliances	n/a	n/a	3,904	3,649	3,452	3,539	3,129	3,398	3,533	2,778
Initial sanitation orders	n/a	n/a	21,080	20,841	20,383	18,672	17,725	15,803	25,926	22,087
Sanitation compliances	n/a	n/a	19,021	18,654	18,099	16,079	14,527	6,135	17,950	20,144
Court cases filed	n/a	n/a	3,859	4,256	4,371	4,463	4,276	2,845	3,077	2,721
Court cases resolved	n/a	n/a	1,688	1,520	1,544	1,345	1,670	1,583	2,240	1,996
Citations issued-illegal dumping	n/a	n/a	299	425	366	409	462	n/a	422	440
Unsafe buildings-structures demolished	n/a	n/a	349	475	414	521	515	441	496	397
Unsafe buildings-structures boarded	n/a	n/a	6,182	5,064	4,217	3,268	3,209	3,056	2,875	2,204
Unsafe buildings-structures repaired	n/a	n/a	802	676	1,004	953	883	680	682	791
Lead-children screened	n/a	n/a	14,797	11,841	12,460	13,979	13,380	7,746	7,221	6,784

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XVI - Continued

Operating Indicators by Function

Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	n/a	n/a	19,561	20,942	20,824	20,315	20,820	20,185	17,960	18,737
Foodborne investigations	n/a	n/a	115	118	107	107	95	121	96	97
Foodborne complaints	n/a	n/a	1,108	825	766	825	754	1,007	1,066	1,226
Foodborne licenses issued	n/a	n/a	5,862	5,933	5,857	5,972	5,779	5,793	5,593	5,801
Occupational health										
Occupational health consultations	n/a	n/a	222	293	252	1,873	1,609	729	447	424
Asbestos investigations	n/a	n/a	n/a	437	406	447	303	204	339	478
Radon investigations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19	38	51
Related indoor air inspections	n/a	n/a	2,218	1,778	1,717	1,722	1,791	1,752	1,303	1,031
Vector Disease Control										
Environmental/Rodent Control										
Total premises baited for rodents	n/a	n/a	2,072	2,510	2,125	2,009	1,944	1,849	1,726	1,710
Abandoned property cleanups	n/a	n/a	3,561	3,489	2,577	2,729	2,096	2,050	1,405	1,603
Assisted cleanups of neighborhoods	n/a	n/a	n/a	n/a	n/a	167	262	448	348	433
Total weight (lbs.) of trash removed	n/a	n/a	16,868,920	15,617,360	11,878,160	12,570,680	9,768,700	10,341,120	8,557,420	7,961,840
Mosquito Control										
Inspections of mosquito breeding sites	n/a	n/a	16,920	17,484	16,273	18,422	15,363	14,247	17,495	13,253
Mosquito breeding sites treated	n/a	n/a	6,030	9,132	7,878	8,797	8,361	9,863	10,040	7,002
Adulticiding, lineal miles sprayed	n/a	n/a	5,384	5,899	4,925	6,454	16,106	17,721	8,933	3,572
Complaint services, adulticiding	n/a	n/a	3,214	4,329	3,596	4,232	8,132	4,642	2,676	2,013
Combination complaints	n/a	n/a	221	536	310	590	1,178	548	358	380
Long-Term Care										
Total Beds	5,457	4,053	4,086	3,710	3,187	2,880	2,996	n/a	n/a	n/a
Wishard Health Services										
Admissions (Acute, Behavioral, Lockefield)	18,585	19,624	19,674	18,971	18,220	17,947	18,181	16,950	16,399	n/a
Patient Days (Acute, Behavioral, Lockefield)	107,018	159,932	161,170	160,788	155,470	152,136	85,085	80,482	75,296	n/a
OP Encounters (net of ED)	1,120,658	1,126,196	1,079,108	1,068,042	1,075,380	854,545	891,618	798,812	735,798	n/a
ED Visits	110,451	113,680	108,102	98,946	97,657	94,576	110,989	109,584	105,463	n/a
Advantage Members	54,165	50,241	50,879	49,421	47,572	43,528	39,078	33,438	28,583	n/a
Uncompensated Care (000's Omitted)	267,058	254,836	236,691	218,080	193,558	182,780	182,015	158,261	144,475	n/a
Surgeries	8,162	7,816	7,607	6,682	6,305	6,103	6,443	6,293	4,160	n/a
Births	2,414	2,643	2,760	2,610	2,447	2,496	3,047	3,006	2,904	n/a

n/a = Not available.

Source:

Marion County Health Dept. "Report to the Community"
 American Senior Communities Census Summary
 Wishard Health Services Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Table XVII
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Health Improvement										
Dental chairs	25	25	25	24	24	24	23	23	11	11
Dental x-ray units	23	23	23	23	23	23	23	23	12	12
Fiberoptic Dentalite	10	7	7	7	7	7	7	7	7	-
Dental Portable Scaler	7	7	7	7	7	7	7	-	-	-
Kiosk Touchscreen system	4	4	4	4	4	4	4	4	2	-
Vital Statistics scanners/readers	1	1	1	2	1	1	-	-	-	-
Generators/power source	4	-	-	-	-	-	-	-	-	-
Communicable Disease Prevention										
Water purification systems for lab	3	3	3	1	1	1	1	1	-	-
Refrigerators/freezer for lab	12	9	9	9	9	9	9	7	6	6
Incubator for lab	6	6	6	4	4	4	4	4	3	3
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	16	16	16	16	15	15	14	13	13	13
Analyzers for hazardous materials	5	5	5	5	3	2	2	-	-	-
Housing and Neighborhood Health										
Analyzers for lead testing	5	5	4	3	3	2	2	2	2	2
Vans/cars for housing visits	6	5	4	3	3	3	1	1	1	1
Vector Disease Control										
Environmental trucks/vans for cleanup	16	24	24	22	18	18	18	17	10	10
Dump Trucks	16	14	14	13	11	11	11	10	9	8
Tractors/Trailers	28	18	18	16	14	8	8	6	5	5
Rodent/Mosquito control trucks for spraying	57	72	72	70	70	69	63	62	61	57
Rodent/Mosquito control - sprayers	9	11	11	11	11	11	11	9	9	9
Rodent/Mosquito Control - generators	6	6	6	5	5	5	5	4	4	2
Long-Term Care										
# of buildings	38	27	26	23	18	17	18	n/a	n/a	n/a
Wishard Health Services										
# of beds	313	340	340	314	294	296	302	275	252	n/a

n/a = Not available.

Source:

- SAP system - Asset Management Listing
- American Senior Communities Fixed Asset System
- Wishard Health Services Financial Statements



**Health and Hospital Corporation
of Marion County, Indiana**

(A Component Unit of
the Consolidated City of Indianapolis - Marion County)

Accountants' Report and Financial Statements

For the Year Ended December 31, 2009

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2009

Contents

**Independent Accountants' Report on Financial Statements
and Supplementary Information..... 1**

Management's Discussion and Analysis 3

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Assets 14
Statement of Activities 15

Fund Financial Statements

Balance Sheet - Governmental Funds 16
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities - Governmental Activities..... 18
Statement of Net Assets - Proprietary Funds 19
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds 20
Statement of Cash Flows - Proprietary Funds 21
Notes to Basic Financial Statements 22

Required Supplementary Information

General Fund Budgetary Comparison Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund..... 64

Notes to the Required Supplementary Information 65

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2009

Contents (Continued)

Supplementary Information

Schedule of Expenditures of Federal Awards	66
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>.....	71
Independent Accountants' Report on Compliance and Internal Control Over Compliance With Requirements Applicable to Major Federal Awards Programs .	73
Schedule of Findings and Questioned Costs	76
Summary Schedule of Prior Audit Findings	85

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Health and Hospital Corporation of Marion County, Indiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis - Marion County) (Corporation) as of and for the year ended December 31, 2009, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Health and Hospital Corporation of Marion County, Indiana as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010, on our consideration of Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and General Fund budgetary information, as listed in the table of contents, are not a required part 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, 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 audit 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.

BKD, LLP

June 29, 2010

Management's Discussion and Analysis

As management of the Health and Hospital Corporation of Marion County, Indiana, (the Corporation), we offer readers of this Corporation's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter at the front of this report along with the financial statements, including the footnotes that follow the basic financial statements.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$457,608,205 (net assets). Of this amount, \$327,606,939 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Corporation's total net assets increased by \$12,105,681.
- As of the close of 2009, the Corporation's governmental funds reported combined ending fund balances of \$224,791,169, an increase of \$10,990,724 in comparison with the prior year. Approximately 97.9% of this total amount, \$220,072,663, is available for spending at the discretion of the Corporation's Board of Trustees (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$156,827,735 or 188% of total general fund expenditures.
- The Corporation's total debt excluding capital leases decreased by \$1.7 million or 4.1% during the current fiscal year. This reflects scheduled principal payments on outstanding notes and bonds. The capital lease obligation decreased by \$86,071,288 or 45.5% in 2009.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Health and Hospital Corporation's basic financial statements. The Corporation's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Health and Hospital Corporation include those focused on public health: health improvement, communicable disease prevention, water quality and hazardous materials management, vector disease control, housing and neighborhood health, consumer and employee risk reduction, and administration and finance activities, including debt management. The business-type activities reflect the operations of Wishard Health Services; including a general acute care hospital and eight community health centers and the Long-Term Care operations (LT Care).

The government-wide financial statements include only the Health and Hospital Corporation of Marion County, Indiana (known as the primary government) which includes Lions Insurance Company, a blended component unit established in 2006. Since the Corporation's Board is appointed, not elected, under Governmental Accounting Standards Board (GASB) Statement No. 14, the Corporation is considered a component unit of the Consolidated City of Indianapolis – Marion County (Uni-Gov), and the financial statements of the Corporation are included in the Comprehensive Annual Financial Report of Uni-Gov. Management also considers all other units of government within Marion County to be separate from this Corporation, and they are not considered as component units within this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds.

The Corporation adopts an annual appropriated budget for its General, Debt Service, and a portion of its Capital Projects Fund. Budgetary comparison statements have been provided for these three funds to demonstrate compliance with this budget.

Proprietary Funds - The Corporation's proprietary fund consists of two enterprise funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The Corporation uses the enterprise fund to account for its Wishard Health Services Division and its LT Care operations.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Corporation's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedule for the General Fund. Also, budgetary schedules are provided for the Debt Service Fund and the Capital Projects Fund as other supplementary information.

Financial Analysis of the Corporation as a Whole

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$457,608,205 at December 31, 2009.

A portion of the Corporation's net assets, 28.3%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Corporation uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Corporation's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Corporation's net assets, 0.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$327,606,939, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2009, the Corporation is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Corporation's net assets increased by \$12,105,681 during the current fiscal year. The majority of the increase reported in connection with the Corporation's governmental activities resulted from Medicaid special revenue payments.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 260,115,474	\$ 269,720,086	\$ 200,571,132	\$ 208,554,069	\$ 460,686,606	\$ 478,274,155
Capital assets, net of accumulated depreciation	14,431,290	12,144,116	430,124,300	314,098,422	444,555,590	326,242,538
Total Assets	<u>274,546,764</u>	<u>281,864,202</u>	<u>630,695,432</u>	<u>522,652,491</u>	<u>905,242,196</u>	<u>804,516,693</u>
Liabilities						
Long-term liabilities	49,133,661	51,134,124	308,237,305	221,669,744	357,370,966	272,803,868
Other liabilities	11,812,765	10,626,510	78,450,260	75,583,791	90,263,025	86,210,301
Total Liabilities	<u>60,946,426</u>	<u>61,760,634</u>	<u>386,687,565</u>	<u>297,253,535</u>	<u>447,633,991</u>	<u>359,014,169</u>
Net Assets						
Invested in capital assets, net of related debt	(25,570,275)	(17,518,906)	154,871,843	124,917,253	129,301,568	107,398,347
Restricted	-	-	699,698	732,481	699,698	732,481
Unrestricted	239,170,613	237,622,474	88,436,326	99,749,222	327,606,939	337,371,696
Total Net Assets	<u>\$ 213,600,338</u>	<u>\$ 220,103,568</u>	<u>\$ 244,007,867</u>	<u>\$ 225,398,956</u>	<u>\$ 457,608,205</u>	<u>\$ 445,502,524</u>

Changes in Net Assets

The Corporation's total revenue was \$865,800,108 during the current fiscal year. Taxes represent 12.3% of the Corporation's revenue. Medicaid special revenue represents 7.1% of revenue, while 75.1% of revenue came from fees charged for services. The remaining 5.5% came from grants and contributions, interest earnings and miscellaneous revenues.

The total cost of all programs and services was \$853,694,427.

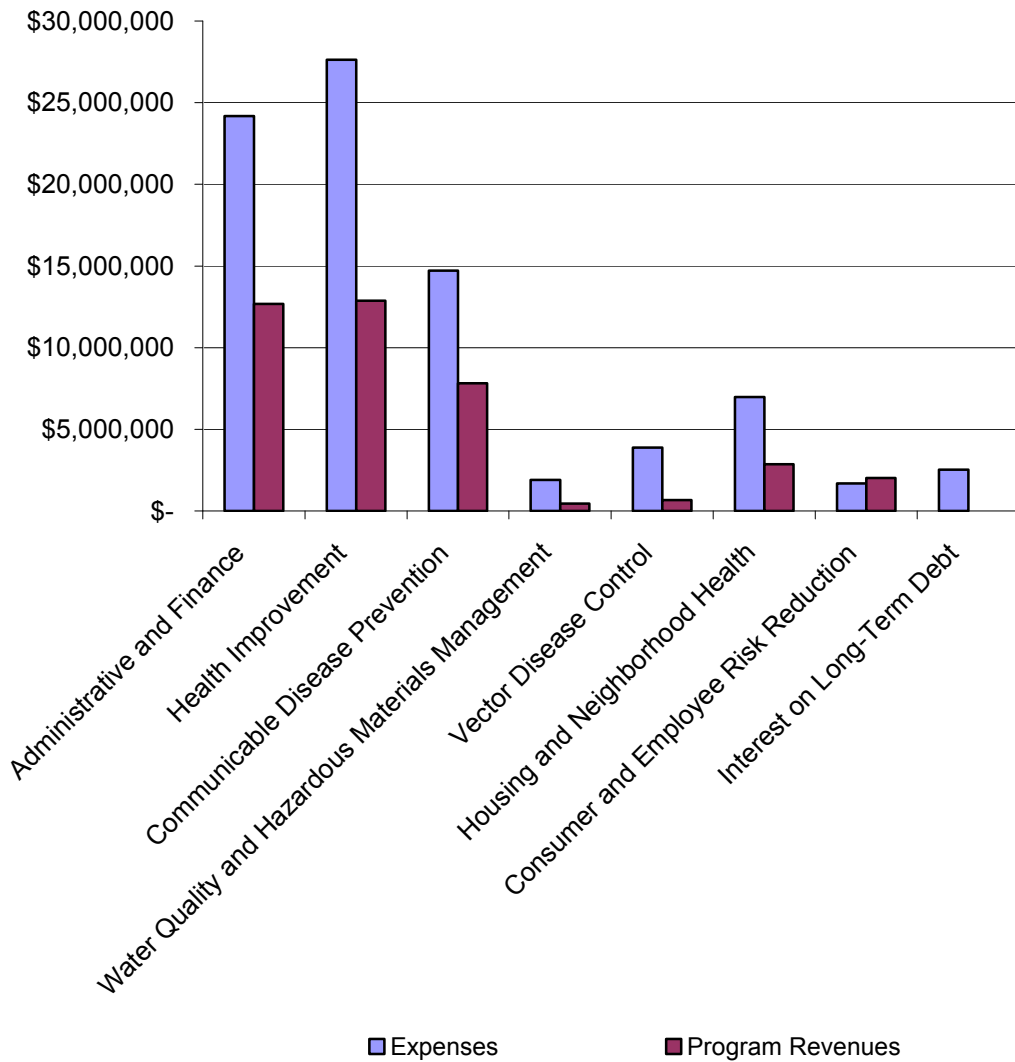
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 17,952,031	\$ 31,002,923	\$ 632,319,538	\$ 524,256,255	\$ 650,271,569	\$ 555,259,178
Operating grants and contributions	18,304,481	15,513,792	21,668,536	16,646,528	39,973,017	32,160,320
Capital grants and contributions	3,123,848	1,527,403	-	-	3,123,848	1,527,403
General revenues						
Property and local option income taxes	99,656,899	97,126,269	-	-	99,656,899	97,126,269
Other taxes	6,755,992	8,211,558	-	-	6,755,992	8,211,558
Medicaid special revenue	61,819,896	87,227,322	-	-	61,819,896	87,227,322
Unrestricted investment earnings	795,022	4,056,678	3,403,865	6,056,195	4,198,887	10,112,873
Total revenues	<u>208,408,169</u>	<u>244,665,945</u>	<u>657,391,939</u>	<u>546,958,978</u>	<u>865,800,108</u>	<u>791,624,923</u>
Expenses						
Administration and finance	24,180,194	27,873,858	-	-	24,180,194	27,873,858
Health improvement	27,632,587	25,527,724	-	-	27,632,587	25,527,724
Communicable disease prevention	14,706,663	12,223,308	-	-	14,706,663	12,223,308
Water quality and hazardous material management	1,910,477	1,839,289	-	-	1,910,477	1,839,289
Vector disease control	3,871,946	3,804,382	-	-	3,871,946	3,804,382
Housing and neighborhood health	6,967,410	6,143,281	-	-	6,967,410	6,143,281
Consumer and employee risk reduction	1,694,473	1,580,062	-	-	1,694,473	1,580,062
Interest on long-term debt	2,519,440	2,652,816	-	-	2,519,440	2,652,816
Wishard Health Services	-	-	459,732,722	457,457,787	459,732,722	457,457,787
Long-term care	-	-	310,478,515	240,118,586	310,478,515	240,118,586
Total expenses	<u>83,483,190</u>	<u>81,644,720</u>	<u>770,211,237</u>	<u>697,576,373</u>	<u>853,694,427</u>	<u>779,221,093</u>
Increase (Decrease) in Net Assets						
Before Transfers	124,924,979	163,021,225	(112,819,298)	(150,617,395)	12,105,681	12,403,830
Transfers	<u>(131,428,209)</u>	<u>(145,311,945)</u>	<u>131,428,209</u>	<u>145,311,945</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	(6,503,230)	17,709,280	18,608,911	(5,305,450)	12,105,681	12,403,830
Net Assets, Beginning of Year	<u>220,103,568</u>	<u>202,394,288</u>	<u>225,398,956</u>	<u>230,704,406</u>	<u>445,502,524</u>	<u>433,098,694</u>
Net Assets, End of Year	<u>\$ 213,600,338</u>	<u>\$ 220,103,568</u>	<u>\$ 244,007,867</u>	<u>\$ 225,398,956</u>	<u>\$ 457,608,205</u>	<u>\$ 445,502,524</u>

Governmental Activities - Governmental activities decreased the Corporation's net assets by \$6,503,230 compared to the total \$12,105,681 increase in net assets of the Corporation. Property taxes increased by \$2,530,630 due to delayed 2008 tax revenues coming in slightly more than anticipated. Medicaid special revenues decreased \$25,407,426 due to 2008 revenue having prior year settlements from 2005 through 2007. Capital grants and contributions increased by \$1,596,445 related to increased funding for emergency preparedness.

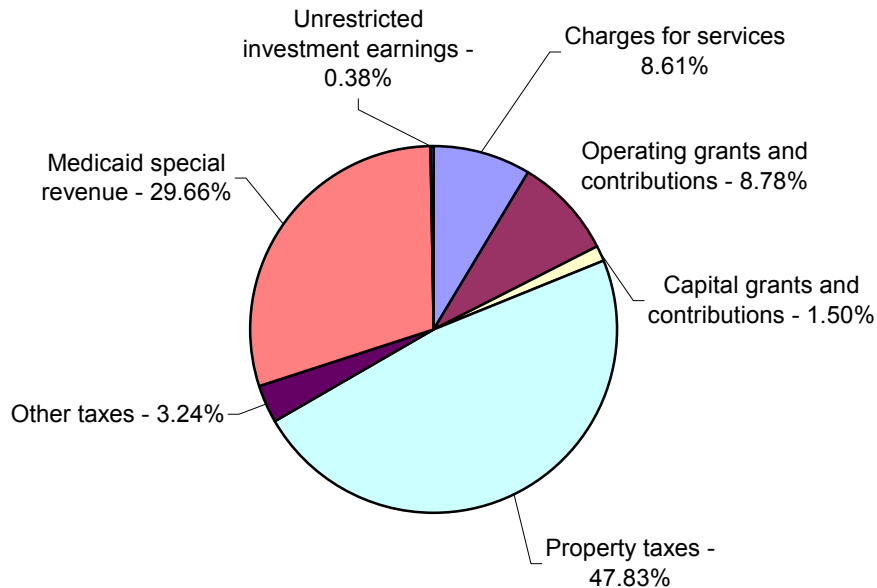
Transfers were \$131.4 million, a decrease of \$13.9 million from last year. Transfers reflect support to Wishard and equity transfers from long-term care.

The following charts provide comparisons of the Corporation's governmental program revenues and expenses by function, and revenues by source. As shown, health improvement is the largest function in expense. General revenues such as property tax are not shown by program; but are included in the revenues by source chart to show their significance. Taxes are used to support program activities for the entire Corporation.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



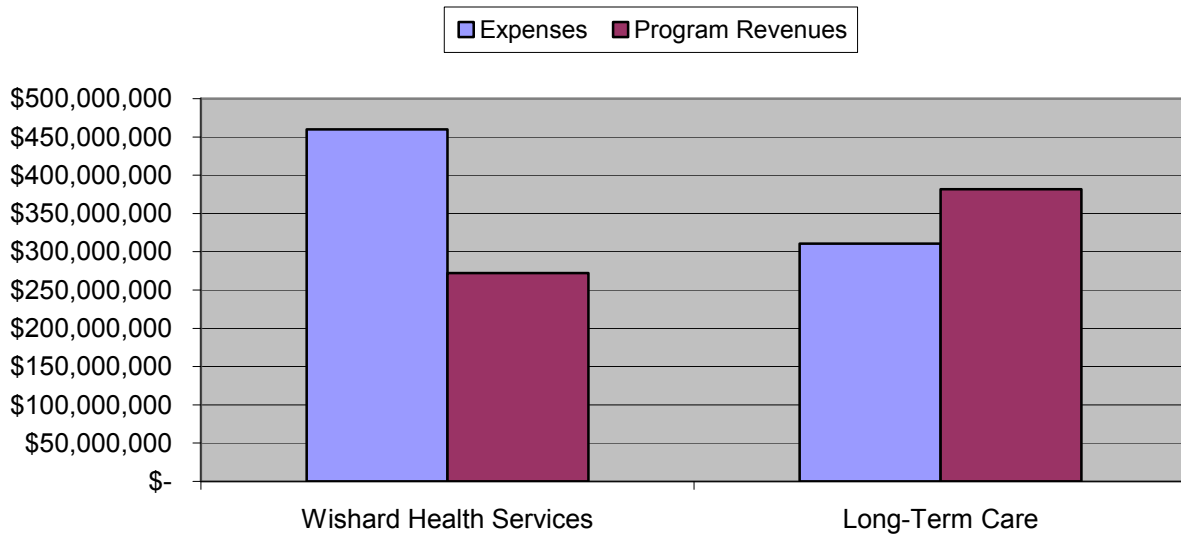
Business-Type Activities - Business-type activities increased the Corporation's net assets by \$18,608,911 compared to a decrease of \$5,305,450 in 2008.

Wishard's net assets increased by \$2.3 million in the current year. Net assets invested in capital assets increased by \$24.1 million due to the start of the construction process for the new Wishard replacement facility. Wishard's unrestricted net assets decreased by \$21.7 million. Operating revenues increased by \$15.4 million due to a \$2 million increase in other revenue and \$13.4 million increase in net patient service revenues. Operating expenses increased \$2.3 million due to cost inflation. Wishard incurred an operating loss of \$209.1 million, which was offset by \$186.4 million in transfers from the General Fund, \$21.7 million in mental health grants from various agencies, and \$3.3 million in investment income.

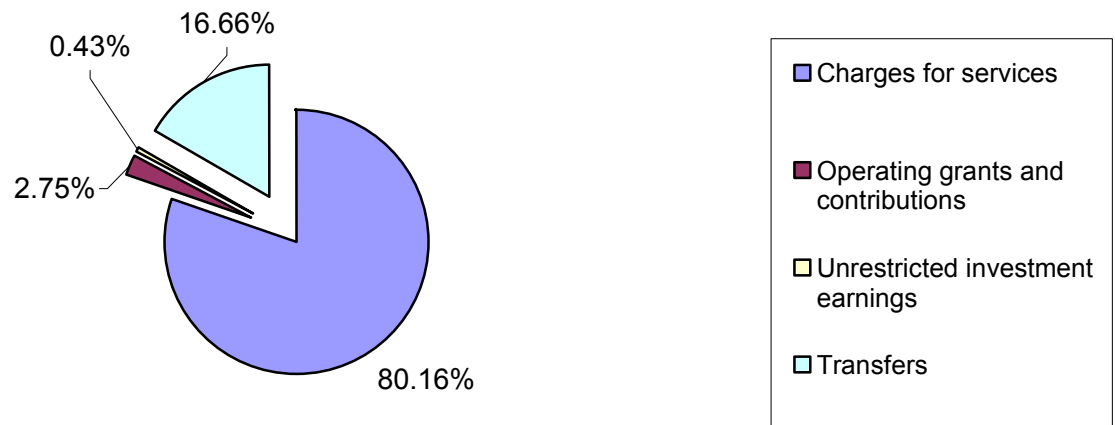
LT Care net assets were \$51,842,318, which was an increase of \$16.2 million over 2008. Operating revenues increased \$92.7 million due to increased Medicaid reimbursements and net patient service revenue. Operating expenses increased \$65 million. This was primarily due to the addition of several nursing homes in 2009. LT Care has a negative \$14.4 million invested in capital assets, net of related debt. All 40 facilities are recorded as capital leases under noncurrent assets.

The following charts provide a comparison of revenues and expenses, and revenues by source for the Corporation's business activities.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the Corporation's Funds

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances of \$224,791,169, an increase of \$10,990,724 in comparison with the prior year. Approximately 98.7% of this total amount, \$221,806,039, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$2.3 million) and 2) cover prepaid costs (\$669,622).

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$156,827,735, while total fund balance increased to \$161,546,241. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 188.1% of total general fund expenditures, while total fund balance represents 193.8% of that same amount.

The fund balance of the Corporation's General Fund increased by \$8,432,973 during the current fiscal year, in comparison to a \$23,314,566 increase in 2008. Medicaid special revenue decreased \$63 million, primarily because of prior year settlements for years 2005 through 2007 received in 2008. Tax revenue increased due to late payments for 2008 taxes in 2009. Charges for service revenues decreased and miscellaneous revenues also decreased due to a reduction of medical education payments from Indiana University. Expenses have increased in grants due to increased grant awards related to the American Recovery and Reinvestment Act and dollars received for the H1N1 virus. Transfers out reflect an increase in support to Wishard of \$10.8 million and transfers in reflect an equity transfer from long-term care of 55 million.

Debt Service Funds - The Debt Service Fund has a negative fund balance of (\$1,882,120) compared to a balance of (\$3,631,044) in the prior year. The net increase in fund balance during the current year was (\$1,748,924). This increase is due to some 2008 property taxes being received in 2009.

Capital Projects Funds - The Capital Projects Fund has a total fund balance of \$65,127,048. The net increase in fund balance during the current year was \$808,827 due to taxes, miscellaneous income and interest income.

Proprietary Funds - The Corporation's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of Wishard Health Services at the end of the year amounted to \$22,150,355. Total net assets increased by \$2.4 million. Other factors concerning the finances of Wishard have already been addressed in the discussion of the Corporation's business-type activities.

Unrestricted net assets of LT Care at the end of the year were \$66,285,971. The increase in net assets was \$16.2 million. Other information on LT Care operations can be found in the discussion of the Corporation's business-type activities.

General Fund Budgetary Highlights

The original budget of \$282,238,000 was not changed during 2009. Amounts were shifted between categories while keeping the overall budget the same.

The final General Fund budget of \$282,238,000 included \$102,238,000 in expenditures and \$180,000,000 in transfers. Actual expenditures and transfers out were \$219,053,192. Of the total underspending, \$1.4 million was budgeted for personal services, \$1.4 million for supplies, \$10.2 million for contractual services, and \$1.6 million for capital outlays. Underspending for contractual service reflects a change in accounting treatment in which intergovernmental transfers for special Medicaid are now being netted against revenue rather than shown as expense. This accounting treatment change will be reflected in the 2011 budget for the Corporation. Additional underspending in other categories reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at \$273,006,087, and actual was \$227,770,023. Taxes collected were \$10.7 million over budget due to 2008 taxes still being collected in 2009. Medicaid special revenue was 72.6 million under budget due to a change in accounting treatment referenced above. Miscellaneous revenue was over budget due to increased cash collection of medical education revenues from Indiana University. Grant revenue was 12.7 million over budget due to increased grant funding related to the American Reinvestment and Recovery Act and additional funding received for the H1N1 virus.

Capital Asset and Debt Administration

Capital Assets - The Corporation's capital assets for its governmental and business-type activities as of December 31, 2009, amount to \$444,555,590 (net of accumulated depreciation), compared to \$326,242,538 at the end of 2008. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and construction in progress.

Major capital asset events during 2009 included the following:

- Land and building purchases for facilities maintenance, security and future needs
- Start of construction on new hospital
- Interventional/Diagnostic X-Ray Suite Construction
- Second phase of McKesson Software

Additional information on the Corporation's capital assets can be found below and in the Note 7 to the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 4,114,896	\$ 1,826,707	\$ 2,189,878	\$ 1,189,877	\$ 6,304,774	\$ 3,016,584
Land improvements	-	-	3,007,121	2,047,148	3,007,121	2,047,148
Buildings and improvements	7,086,705	7,350,603	338,661,539	262,271,182	345,748,244	269,621,785
Equipment	2,408,438	2,204,852	40,790,488	39,661,472	43,198,926	41,866,324
Vehicles	713,201	565,666	1,008,133	1,328,463	1,721,334	1,894,129
Construction in progress	108,050	196,288	44,467,141	7,600,280	44,575,191	7,796,568
Total assets	\$ 14,431,290	\$ 12,144,116	\$ 430,124,300	\$ 314,098,422	\$ 444,555,590	\$ 326,242,538

Long-Term Debt - At the end of 2009, the Corporation had total debt outstanding of \$40,001,565, excluding capital leases. This amount represents the total general obligation debt.

Moody's Investors Service rates the Corporation's general obligation debt "Aaa".

State statutes limit the amount of general obligation debt a governmental entity may issue to 0.67% of its total assessed valuation. The current debt limitation for the Corporation is \$245,872,377. Outstanding debt at December 31, 2009 represents 16% of this limit.

Additional information on the Corporation's long-term debt can be found in Note 9 of this report.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
1988 renovation bonds	\$ 16,185,000	\$ 17,245,000	\$ -	\$ -	\$ 16,185,000	\$ 17,245,000
2005 general obligation bonds	24,610,000	25,390,000	-	-	24,610,000	25,390,000
Deferred premiums	795,287	848,306	-	-	795,287	848,306
Deferred amount on refunding	(1,588,722)	(1,748,784)	-	-	(1,588,722)	(1,748,784)
1998 promissory note	-	-	-	-	-	-
Capital leases	-	-	275,252,457	189,181,169	275,252,457	189,181,169
Total long-term debt	<u>\$ 40,001,565</u>	<u>\$ 41,734,522</u>	<u>\$ 275,252,457</u>	<u>\$ 189,181,169</u>	<u>\$ 315,254,022</u>	<u>\$ 230,915,691</u>

Economic Factors and Next Year's Budgets and Rates

The 2010 original budget for all annually budgeted funds was \$294,673,536. No revisions have been made through June 2010. The 2010 General Fund budget is \$290,358,900 a 2% increase from the 2009 final General Fund budget of \$282,238,000. The budget for the Corporation will continue to be challenged by increasing expenditures and declining revenue in the form of property tax caps and reduced Medicaid special revenue.

Requests for Information

This financial report is designed to provide a general overview of the Health and Hospital Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, 3838 N. Rural, Indianapolis, Indiana, 46205.

Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Assets
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 213,733,160	\$ 52,037,226	\$ 265,770,386
Investments	-	4,338,214	4,338,214
Receivables, net:			
Patient services	-	64,456,862	64,456,862
Medicaid special revenue	-	17,132,302	17,132,302
Grants	7,295,832	5,507,142	12,802,974
Interest	-	34,807	34,807
Taxes	30,927,708	-	30,927,708
Other	4,397,230	10,577,227	14,974,457
Internal balances	2,445,389	(2,445,389)	-
Inventories	-	4,294,242	4,294,242
Prepaid costs and other assets	669,622	5,136,031	5,805,653
Restricted cash and cash equivalents	-	699,698	699,698
Bond issuance costs	301,050	-	301,050
Net pension asset	345,483	1,434,748	1,780,231
Lease acquisition costs (net of accumulated amortization)	-	15,224,530	15,224,530
Joint venture investments	-	14,606,527	14,606,527
Other long-term assets	-	7,536,965	7,536,965
Capital assets (net of accumulated depreciation):			
Land	4,114,896	2,189,878	6,304,774
Land improvements	-	3,007,121	3,007,121
Buildings and improvements	7,086,705	338,661,539	345,748,244
Equipment	2,408,438	40,790,488	43,198,926
Vehicles	713,201	1,008,133	1,721,334
Construction in progress	108,050	44,467,141	44,575,191
Total assets	<u>274,546,764</u>	<u>630,695,432</u>	<u>905,242,196</u>
Liabilities			
Accounts payable	9,369,080	46,682,670	56,051,750
Salaries and related benefits	714,626	16,926,707	17,641,333
Unearned revenue	1,729,059	1,540,068	3,269,127
Estimated Medicare/Medicaid settlements	-	2,987,643	2,987,643
Medical claims incurred but not reported	-	7,553,586	7,553,586
Risk share payable	-	2,759,586	2,759,586
Long-term liabilities			
Due within one year	7,876,324	33,720,842	41,597,166
Due in more than one year	41,257,337	274,516,463	315,773,800
Total liabilities	<u>60,946,426</u>	<u>386,687,565</u>	<u>447,633,991</u>
Net Assets			
Invested in capital assets, net of related debt	(25,570,275)	154,871,843	129,301,568
Restricted for:			
Health services	-	699,698	699,698
Unrestricted	239,170,613	88,436,326	327,606,939
Total net assets	<u>\$ 213,600,338</u>	<u>\$ 244,007,867</u>	<u>\$ 457,608,205</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration and finance	\$ 24,180,194	\$ 11,553,387	\$ 1,123,814	\$ -	\$ (11,502,993)	\$ -	\$ (11,502,993)
Health improvement	27,632,587	2,343,511	10,537,387	-	(14,751,689)	-	(14,751,689)
Communicable disease prevention	14,706,663	571,655	4,127,849	3,123,848	(6,883,311)	-	(6,883,311)
Water quality and hazardous materials management	1,910,477	356,886	99,709	-	(1,453,882)	-	(1,453,882)
Vector disease control	3,871,946	687,121	(20,013)	-	(3,204,838)	-	(3,204,838)
Housing and neighborhood health	6,967,410	416,541	2,435,735	-	(4,115,134)	-	(4,115,134)
Consumer and employee risk reduction	1,694,473	2,022,930	-	-	328,457	-	328,457
Interest on long-term debt	2,519,440	-	-	-	(2,519,440)	-	(2,519,440)
Total governmental activities	<u>83,483,190</u>	<u>17,952,031</u>	<u>18,304,481</u>	<u>3,123,848</u>	<u>(44,102,830)</u>	<u>-</u>	<u>(44,102,830)</u>
Business-Type Activities							
Wishard Health Systems	459,732,722	250,657,243	21,668,536	-	-	(187,406,943)	(187,406,943)
LT Care	310,478,515	381,662,295	-	-	-	71,183,780	71,183,780
Total business-type activities	<u>770,211,237</u>	<u>632,319,538</u>	<u>21,668,536</u>	<u>-</u>	<u>-</u>	<u>(116,223,163)</u>	<u>(116,223,163)</u>
Total	<u>\$ 853,694,427</u>	<u>\$ 650,271,569</u>	<u>\$ 39,973,017</u>	<u>\$ 3,123,848</u>	<u>(44,102,830)</u>	<u>(116,223,163)</u>	<u>(160,325,993)</u>
General revenues:							
Property and local option income taxes					99,656,899	-	99,656,899
Excise taxes					5,278,006	-	5,278,006
Financial institution taxes					1,477,986	-	1,477,986
Medicaid special revenue (unrestricted)					61,819,896	-	61,819,896
Unrestricted investment earnings					795,022	3,403,865	4,198,887
Transfers					(131,428,209)	131,428,209	-
Total general revenues and transfers					<u>37,599,600</u>	<u>134,832,074</u>	<u>172,431,674</u>
Change in net assets					(6,503,230)	18,608,911	12,105,681
Net assets - beginning of year					<u>220,103,568</u>	<u>225,398,956</u>	<u>445,502,524</u>
Net assets - end of year					<u>\$ 213,600,338</u>	<u>\$ 244,007,867</u>	<u>\$ 457,608,205</u>

See Notes to Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Balance Sheet - Governmental Funds
December 31, 2009

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 148,364,051	\$ 242,992	\$ 65,126,117	\$ 213,733,160
Receivables (net of allowance for uncollectibles)				
Grants	8,295,859	-	-	8,295,859
Taxes	29,512,930	1,332,364	82,414	30,927,708
Other	4,397,230	-	-	4,397,230
Due from other funds	4,585,550	-	-	4,585,550
Prepaid costs and other assets	669,622	-	-	669,622
	<u>195,825,242</u>	<u>1,575,356</u>	<u>65,208,531</u>	<u>262,609,129</u>
Total assets	<u>\$ 195,825,242</u>	<u>\$ 1,575,356</u>	<u>\$ 65,208,531</u>	<u>\$ 262,609,129</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 9,369,080	\$ -	\$ -	\$ 9,369,080
Salaries and related benefits	714,626	-	-	714,626
Deferred and unearned revenue	21,461,892	1,317,315	81,483	22,860,690
Due to other funds	1,000,027	2,140,161	-	3,140,188
Asserted and unasserted self-insurance claims	1,733,376	-	-	1,733,376
Total liabilities	<u>34,279,001</u>	<u>3,457,476</u>	<u>81,483</u>	<u>37,817,960</u>
Fund Balances				
Reserved for:				
Prepaid costs and other assets	669,622	-	-	669,622
Encumbrances	2,315,508	-	-	2,315,508
Unreserved:				
Designated for self insurance	1,733,376	-	-	1,733,376
Undesignated	156,827,735	(1,882,120)	65,127,048	220,072,663
Total fund balances	<u>161,546,241</u>	<u>(1,882,120)</u>	<u>65,127,048</u>	<u>224,791,169</u>
Total liabilities and fund balances	<u>\$ 195,825,242</u>	<u>\$ 1,575,356</u>	<u>\$ 65,208,531</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Net capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds statement	14,431,290
Net pension assets are not financial resources and, therefore, are not recorded in the funds statement	345,483
Deferred revenues not meeting availability criteria in funds statement are not in the statement of net assets	21,131,631
Bond issuance costs reported in the governmental activities but not reported in the funds statement	301,050
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds statement	<u>(47,400,285)</u>
Net assets of governmental activities	<u>\$ 213,600,338</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2009

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 119,809,475	\$ 6,063,679	\$ 408,209	\$ 126,281,363
Licenses and permits	3,774,650	-	-	3,774,650
Intergovernmental	19,936,304	-	-	19,936,304
Charges for services	16,134,540	-	-	16,134,540
Medicaid special revenue	62,927,328	-	-	62,927,328
Interest	436,497	221	358,304	795,022
Miscellaneous	199,941	-	42,314	242,255
Total revenues	<u>223,218,735</u>	<u>6,063,900</u>	<u>808,827</u>	<u>230,091,462</u>
Expenditures				
Current:				
Administrative	21,572,325	-	-	21,572,325
Population health	21,000,830	-	-	21,000,830
Environmental health	11,566,888	-	-	11,566,888
Health center program	2,012,429	-	-	2,012,429
Data processing	2,865,135	-	-	2,865,135
Grant programs	20,059,103	-	-	20,059,103
Capital outlay	4,236,379	-	-	4,236,379
Debt service:				
Principal	-	1,840,000	-	1,840,000
Interest and fiscal charges	44,464	2,474,976	-	2,519,440
Total expenditures	<u>83,357,553</u>	<u>4,314,976</u>	<u>-</u>	<u>87,672,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>139,861,182</u>	<u>1,748,924</u>	<u>808,827</u>	<u>142,418,933</u>
Other Financing Sources (Uses)				
Transfers in	55,000,000	-	-	55,000,000
Transfers out	(186,428,209)	-	-	(186,428,209)
Total other financing sources and uses	<u>(131,428,209)</u>	<u>-</u>	<u>-</u>	<u>(131,428,209)</u>
Net change in fund balances	8,432,973	1,748,924	808,827	10,990,724
Fund balances - beginning of year	<u>153,113,268</u>	<u>(3,631,044)</u>	<u>64,318,221</u>	<u>213,800,445</u>
Fund balances - end of year	<u>\$ 161,546,241</u>	<u>\$ (1,882,120)</u>	<u>\$ 65,127,048</u>	<u>\$ 224,791,169</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 10,990,724
Depreciation expense reported in the statement of activities but not in the funds statement	(1,949,206)
Capital expenditures reported in the funds statement but reported as additions to capital assets in the statement of net assets	4,236,379
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds statement	(21,683,299)
Bond and note principal payments reported as expenditures in the funds statement but as reductions of long-term liabilities in the statement of net assets	1,840,000
Compensated absences not in the funds statement	(319,250)
Amortization of bond issuance costs reported in the statement of activities but not in the funds statement as there is no cash flow	(30,330)
Amortization of deferred bond premium and deferred loss on refunding reported in the statement of activities but not in the funds statement	(107,043)
Asserted and unasserted self-insurance claims not in the funds statement as they have not matured	443,115
Increase in net pension asset not in the funds statement	<u>75,680</u>
Change in net assets of governmental activities	<u><u>\$ (6,503,230)</u></u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Assets - Proprietary Funds
December 31, 2009

	Wishard Health		Total
	Services	LT Care	
Assets			
Current Assets:			
Cash and cash equivalents	\$ 22,313,029	\$ 29,724,197	\$ 52,037,226
Investments	4,338,214	-	4,338,214
Receivables (net of allowance for uncollectibles):			
Patient services	44,899,465	19,557,397	64,456,862
Medicaid special revenue	-	17,132,302	17,132,302
Grants	4,507,115	-	4,507,115
Interest	34,807	-	34,807
Other	10,577,227	-	10,577,227
Inventories	4,294,242	-	4,294,242
Due from other funds	1,000,027	-	1,000,027
Prepaid costs and other assets	2,591,410	2,544,621	5,136,031
Total current assets	<u>94,555,536</u>	<u>68,958,517</u>	<u>163,514,053</u>
Noncurrent assets:			
Restricted cash and cash equivalents	699,698	-	699,698
Net pension asset	1,434,748	-	1,434,748
Lease acquisition cost (net of accumulated amortization)	-	15,224,530	15,224,530
Joint venture investments	14,606,527	-	14,606,527
Other long-term assets	-	7,536,965	7,536,965
Capital assets (net of accumulated depreciation)			
Land	2,189,878	-	2,189,878
Land improvements	1,729,500	1,277,621	3,007,121
Building and improvements	94,222,938	244,438,601	338,661,539
Equipment	27,811,212	12,979,276	40,790,488
Vehicles	982,475	25,658	1,008,133
Construction in progress	42,379,493	2,087,648	44,467,141
Total capital assets (net accumulated depreciation)	<u>169,315,496</u>	<u>260,808,804</u>	<u>430,124,300</u>
Total noncurrent assets	<u>186,056,469</u>	<u>283,570,299</u>	<u>469,626,768</u>
Total assets	<u>280,612,005</u>	<u>352,528,816</u>	<u>633,140,821</u>
Liabilities			
Current liabilities:			
Accounts payable	35,315,586	11,367,084	46,682,670
Accrued liabilities	11,129,795	5,796,912	16,926,707
Due to other funds	2,445,389	-	2,445,389
Capital lease obligation - current	-	13,011,398	13,011,398
Estimated Medicare/Medicaid settlements	2,987,643	-	2,987,643
Unearned revenue	1,540,068	-	1,540,068
Medical claims incurred but not reported	7,553,586	-	7,553,586
Risk-shared payable	2,759,586	-	2,759,586
Accrued compensated absences - current	16,136,634	-	16,136,634
Asserted and unasserted self-insurance claims - current	2,235,872	2,336,938	4,572,810
Total current liabilities	<u>82,104,159</u>	<u>32,512,332</u>	<u>114,616,491</u>
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	4,141,847	5,933,107	10,074,954
Accrued compensated absences	2,200,450	-	2,200,450
Capital lease payable	-	262,241,059	262,241,059
Total noncurrent liabilities	<u>6,342,297</u>	<u>268,174,166</u>	<u>274,516,463</u>
Total liabilities	<u>88,446,456</u>	<u>300,686,498</u>	<u>389,132,954</u>
Net Assets			
Invested in capital assets, net of related debt	169,315,496	(14,443,653)	154,871,843
Restricted for health services	699,698	-	699,698
Unrestricted	22,150,355	66,285,971	88,436,326
Total net assets	<u>\$ 192,165,549</u>	<u>\$ 51,842,318</u>	<u>\$ 244,007,867</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenses and Changes in Fund Net Assets -
Proprietary Funds
For the Year Ended December 31, 2009

	Wishard Health		Total
	Services	LT Care	
Operating revenues:			
Net patient service revenue	\$ 235,994,409	\$ 305,802,111	\$ 541,796,520
Medicaid special revenue	-	74,421,268	74,421,268
Other revenue	14,662,834	1,438,916	16,101,750
Total operating revenues	<u>250,657,243</u>	<u>381,662,295</u>	<u>632,319,538</u>
Operating expenses:			
Salaries	189,626,162	-	189,626,162
Employee benefits	50,683,286	-	50,683,286
Contract labor	889,935	171,542,294	172,432,229
Medical and professional fees	65,363,452	7,696,058	73,059,510
Purchased services	35,708,357	21,529,812	57,238,169
Supplies	45,706,076	32,841,171	78,547,247
Pharmaceuticals	33,844,015	-	33,844,015
Repairs and maintenance	3,972,511	2,107,251	6,079,762
Utilities	7,153,466	6,952,565	14,106,031
Equipment rental	1,820,973	2,454,132	4,275,105
Depreciation and amortization	19,632,498	27,621,389	47,253,887
Other	5,331,991	13,056,240	18,388,231
Total operating expenses	<u>459,732,722</u>	<u>285,800,912</u>	<u>745,533,634</u>
Operating income (loss)	<u>(209,075,479)</u>	<u>95,861,383</u>	<u>(113,214,096)</u>
Nonoperating revenue (expenses):			
Noncapital gifts and grants	21,668,536	-	21,668,536
Investment income	3,340,951	62,914	3,403,865
Interest expense	-	(24,677,603)	(24,677,603)
Total nonoperating revenue (expense)	<u>25,009,487</u>	<u>(24,614,689)</u>	<u>394,798</u>
Income (loss) before capital contributions and transfers	(184,065,992)	71,246,694	(112,819,298)
Capital contributions	-	-	-
Transfers - General Fund	186,428,209	(55,000,000)	131,428,209
Changes in net assets	2,362,217	16,246,694	18,608,911
Total net assets at beginning of year	<u>189,803,332</u>	<u>35,595,624</u>	<u>225,398,956</u>
Total net assets at end of the year	<u>\$ 192,165,549</u>	<u>\$ 51,842,318</u>	<u>\$ 244,007,867</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2009

	Wishard Health Services	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	\$ 233,267,938	\$ 302,572,571	\$ 535,840,509
Receipts from other operations	12,574,451	2,126,528	14,700,979
Medicaid special revenue	-	66,232,801	66,232,801
Payments to suppliers	(191,288,282)	(57,471,108)	(248,759,390)
Payments to employees	(243,574,225)	(201,672,715)	(445,246,940)
Net cash provided by (used in) operating activities	<u>(189,020,118)</u>	<u>111,788,077</u>	<u>(77,232,041)</u>
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	20,207,882	-	20,207,882
Transfers (to) from the General Fund	186,428,209	(55,000,000)	131,428,209
Net cash provided by (used in) noncapital financing activities	<u>206,636,091</u>	<u>(55,000,000)</u>	<u>151,636,091</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(37,980,598)	(21,270,630)	(59,251,228)
Deposits paid	-	(247,859)	(247,859)
Lease acquisition cost payments	-	(6,561,178)	(6,561,178)
Payment of capital lease obligations	-	(11,074,058)	(11,074,058)
Net change in borrowings	-	(38,209)	(38,209)
Interest expense payments	-	(24,677,603)	(24,677,603)
Net cash used in capital and related financing activities	<u>(37,980,598)</u>	<u>(63,869,537)</u>	<u>(101,850,135)</u>
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	3,195,677	-	3,195,677
Purchases of investments	(3,039,807)	-	(3,039,807)
Interest and dividends received	342,086	62,914	405,000
Net cash provided by investing activities	<u>497,956</u>	<u>62,914</u>	<u>560,870</u>
Net Decrease in Cash and Cash Equivalents	(19,866,669)	(7,018,546)	(26,885,215)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, January 1	<u>42,879,396</u>	<u>36,742,743</u>	<u>79,622,139</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, December 31	<u>\$ 23,012,727</u>	<u>\$ 29,724,197</u>	<u>\$ 52,736,924</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (209,075,479)	\$ 95,861,383	\$ (113,214,096)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	19,632,498	27,621,389	47,253,887
Changes in operating assets and liabilities:			
Patient service receivables	(171,468)	(3,133,948)	(3,305,416)
Other receivables	(1,460,654)	(8,188,467)	(9,649,121)
Inventories	440,422	-	440,422
Prepaid costs and other assets	842,256	(1,636,974)	(794,718)
Net pension asset	(397,317)	-	(397,317)
Accounts payable	4,835,021	(790,349)	4,044,672
Accrued liabilities and compensation absences	(5,833,981)	645,243	(5,188,738)
Estimated Medicare/Medicaid settlements	(169,353)	-	(169,353)
Asserted and unasserted self-insurance claims	(627,729)	1,409,800	782,071
Risk share payable	183,554	-	183,554
Medical claims incurred but not reported	2,782,112	-	2,782,112
Total adjustments	<u>20,055,361</u>	<u>15,926,694</u>	<u>35,982,055</u>
Net cash provided by (used in) operating activities	<u>\$ (189,020,118)</u>	<u>\$ 111,788,077</u>	<u>\$ (77,232,041)</u>
Noncash investing, capital and financing activities:			
Capital assets in accounts payable	\$ 5,737,697	\$ -	\$ 5,737,697
Purchase of assets held under capital lease	-	97,145,346	97,145,346
Unrealized loss on investment, net	(165,778)	-	(165,778)

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Financial Reporting Entity

The Health and Hospital Corporation of Marion County, Indiana (Corporation) was created under Chapter 287 of the Acts of 1951 enacted by the General Assembly of the State of Indiana. The Corporation is a municipal corporation and a political subdivision of the State of Indiana under Indiana Code §16-22-8-6, §6-1.1-1-12 and §36-1-2-23.

The Corporation's duties include the administration of the Divisions of Public Health and Public Hospitals. The Division of Public Health does business as the Marion County Health Department (MCHD), and the Division of Public Hospitals does business as Wishard Health Services (Wishard). The Corporation operates three service divisions: Wishard, MCHD and a Long-Term Care (LT Care) operation.

Wishard comprises Wishard Memorial Hospital, a general acute care facility with 313 staffed beds; eight community health centers, Midtown Community Mental Health Center, Regenstrief Health Center, Wishard Emergency Trauma Service, Wishard Ambulance Service, and the Richard M. Fairbanks Burn Center. For purposes of financial reporting, Wishard is accounted for as a separate enterprise fund.

The MCHD operates two service bureaus, which provide preventive and diagnostic health programs, health education, immunization and epidemiological programs, environmental health regulation, and code enforcement. It is accounted for using governmental funds.

The Corporation operates 40 long-term care facilities through capital leases. The homes are operated as part of the LT Care operations. LT Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. The Corporation contracts with a management company named American Senior Communities, LLC (ASC) to operate the facilities as further detailed later in these notes. For purposes of financial reporting, LT Care is accounted for as a separate enterprise fund.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), the Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov). Accordingly, the financial statements of the Corporation are required to be included in the comprehensive annual financial report of Uni-Gov.

Health and Hospital Corporation of Marion County, Indiana

(A Component Unit of the Consolidated City of Indianapolis - Marion County)

Notes to Basic Financial Statements

December 31, 2009

The Corporation is governed by a seven-member Board of Trustees, appointed by the Mayor of Indianapolis (3), Commissioners of Marion County (2) and City-County Council (2). Of those members appointed by the City-County Council, one serves a two-year term, and one serves a four-year term. All other appointments serve a term of four years. The Board of Trustees is bi-partisan by statute. The Corporation is responsible for all of its fiscal matters including budget (subject to the final authority of the State of Indiana Department of Local Government Finance (DLGF), operating deficits and debt. The Corporation's executive and legislative powers include the power to levy taxes and incur debt. The Corporation's ordinances have the effect of local law governing health matters.

Component Unit

During 2006, the Corporation established a nonprofit entity, Lions Insurance Company, Inc. (Lions), which is legally separate from the Corporation and whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by the Corporation. Lions is considered a blended component unit and is therefore reported as if it is a part of the LT Care Enterprise Fund because its primary purpose is to provide services solely to the LT Care Enterprise Fund. Complete financial statements for Lions may be obtained from Health and Hospital Corporation at 3838 N. Rural Street, Indianapolis, Indiana 46205.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Corporation. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Following the government-wide financial statements are separate financial statements for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Corporation has determined that all governmental funds are considered major funds. The total fund balances for all governmental funds are reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balances for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide statements. As mentioned previously, the Corporation has two enterprise funds (business-type activities), Wishard and LT Care, which are also considered major funds.

The fund financial statements of the Corporation are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by fund type in the basic financial statements. The following fund types are used by the Corporation:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses and balances of the Corporation's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The following are the Corporation's major governmental funds:

The General Fund is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, including grants, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Debt service requirements are generally funded from property tax revenues or other operating revenues.

The Capital Projects Fund is used to account for resources designated to construct or acquire major capital facilities. Such resources are derived principally from general obligation bonds and ad valorem taxes.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those found in the private sector.

As mentioned previously, the Corporation has two enterprise funds: (1) The Wishard Health Services Enterprise Fund, which accounts for the activities of Wishard and (2) the LT Care Enterprise Fund, which accounts for the activities of the 40 leased long-term care facilities that receive no funding from ad valorem taxes. An enterprise fund is used to account for operations that are financed and operated in a similar manner to a private business - where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Certain administrative expenses of Wishard and LT Care are accounted for by the General Fund. Because the capital outlay for Wishard is funded through ad valorem taxes, long-term debt interest expense relating to Wishard is accounted for by the Debt Service Fund and is not allocated to the Wishard Health Services Enterprise Fund. Only debt intended to be repaid by operations of Wishard are included in the Wishard Enterprise Fund. At December 31, 2009, no such debt existed. At December 31, 2009, the LT Care Enterprise Fund had capital leases, which are to be repaid from revenues from operations, and are therefore shown as long-term debt in the LT Care Enterprise Fund.

In accordance with the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Corporation follows all applicable GASB pronouncements. In addition, the Authority follows all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year the levy and tax rates are certified. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for the governmental fund type and the accrual basis of accounting for the proprietary fund type.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, the Corporation considers revenue to be available if collected within 90 days of the end of the current fiscal period. Prior to January 1, 2009, the Corporation considered revenue to be available if collected within 120 days of the fiscal year end. Because this change in accounting had an immaterial effect on beginning of year net assets, the cumulative effect of the change, an increase in revenues of \$1,122,977, is running through current year income. Significant revenues susceptible to accrual include property and other taxes, grants, Medicaid special revenue and interest. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, (GASB 33), groups non-exchange transactions into four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated non-exchange transactions, and voluntary non-exchange transactions.

In the governmental fund statements, the Corporation recognizes assets from derived tax revenue transactions in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred in the fund financial statement. Resources received in advance are reported as deferred revenues until the period of the exchange in both the government-wide and fund financial statements.

The Corporation recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The Corporation recognizes revenues from property taxes, net of estimated refunds and uncollectible amounts, in the period for which the tax levy and rates are certified. Imposed non-exchange revenues also include permits.

Voluntary non-exchange transactions, such as grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues. Government-mandated non-exchange transactions, with the exception of Medicaid special revenue, are accounted for in the same manner voluntary non-exchange transactions. See the discussion later in the notes regarding the accounting treatment of Medicaid special revenue.

Charges for services in the governmental funds, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Under the accrual basis of accounting for proprietary fund types, revenues are recognized in the period earned and expenses are recognized in the period incurred. Patient services accounts receivable and revenue are recorded at standard billing rates, net of contractual adjustments, when patient services are performed. Wishard and LT Care provide services under the Medicare and Medicaid programs for which they may be reimbursed at amounts different from the standard billing rates. Amounts reimbursed or estimated to be reimbursed by these programs are generally determined in accordance with a prospective price-per-case payment system or under the provisions of cost-reimbursement formulas. In addition, Wishard and LT Care provide services in accordance with various contractual agreements entered into with state and local governmental agencies and other third-party health insurance companies.

The differences between standard billing rates and the amount reimbursed or estimated to be reimbursed by Medicare, Medicaid, and other contractual payors are included in the financial statements as contractual adjustments. Patient accounts receivable for services provided under contractual arrangements are also adjusted to reflect these differences.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All transactions deemed by management to be ongoing, major, or central to the provision of healthcare services for Wishard and LT Care are considered to be operating activities and are reported as operating revenue and operating expenses. Intergovernmental revenues, investment income, interest expense, and peripheral or incidental transactions are reported as nonoperating revenue and expenses. Other changes in net assets that are excluded from operating income (loss) principally consist of contributions of capital assets funded by governmental activities, grantors and donors.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Cash Equivalents and Investments

The Corporation's cash and cash equivalents (including those that are restricted) are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of purchase.

Investments for the Corporation are reported at fair value. The Corporation also invests in an external investment pool held by the State of Indiana. The Corporation reports its share of the underlying portfolio for this pool at fair value.

Receivables and Payables

In the fund financial statements, all outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All receivables are shown net of an allowance, if any, for uncollectible balances.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such governmental funds are immaterial. For the enterprise fund type, pharmaceutical inventories of the Wishard Fund are determined by physical count of items on hand and are priced at weighted-average cost or at fair value, whichever is less. Inventory in the LT Care Fund is immaterial.

Prepaid Costs and Other Assets

Prepaid costs and other assets for the governmental funds include prepaid insurance, a refundable advance to MDwise, Inc. (MDwise) (a not-for-profit health maintenance organization) as a means to reduce administrative fees and other miscellaneous assets. Prepaid costs and other assets of the proprietary fund consist of prepaid insurance, prepaid service contracts, prepaid rent and other miscellaneous assets.

Restricted Assets

Donor-restricted assets are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of unrestricted assets on which donors or grantors place no restriction or that arise as a result of the operations of the Corporation for its stated purposes. Donor-restricted assets represent contributions to provide specific healthcare services.

Capital Assets

Capital assets, which include buildings, improvements, equipment, and vehicles are reported in the applicable governmental or business-type activities column in the government-wide financial statements and within the proprietary fund financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Purchased or constructed assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the estimated useful life of the asset are not capitalized.

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Assets held under capital leases and leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Estimated useful lives used to compute depreciation are as follows:

	Years
Building and improvements	10 - 50
Equipment	5 - 20
Vehicles	4

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types.

Other Long-Term Assets

Other long-term assets consist of deposits made related to the leasing of nursing homes. The deposits will be returned in full if the leased buildings are returned in an acceptable condition by the holder of the deposit at the end of the respective lease terms.

Deferred and Unearned Revenue

Deferred revenue is recorded in the governmental fund financial statements for receivables that are not considered either measurable or available at December 31, 2009 or when the related revenues have not been earned for enterprise fund activities. Deferred revenue for governmental funds in the fund statements is recognized as revenue when it is earned and considered measurable and available.

Unearned revenue is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be earned due to eligibility requirements or other reasons.

Risk Share Payable

Risk share payable relates to undistributed profits that are due to other providers who participate in Wishard's network as part of the risk-based Medicaid program.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Accrued Compensated Absences

Corporation employees are paid for vacation and other absences by prescribed formulas based primarily on length of service and staff classification. In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and other absences are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A liability for the cost of accumulated earned but unused vacation and other absences is recognized in the government-wide statements and in the statement of net assets of the proprietary funds. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and any deferred losses on refundings. Bond issuance costs are reported and amortized over the term of the related debt. Deferred losses on refundings are amortized as a component of interest expense over the remaining life of the old bonds or the remaining life of the refunding bonds, whichever is shorter, using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt are reported as other financing uses while issuance costs, whether or not withheld from the actual debt proceeds received, and repayments of principal and interest are reported as debt service expenditures.

Lease Acquisition Costs

The Corporation allocates the purchase price of properties acquired under capital leases to net tangible and identified intangible assets based on their respective fair values. The allocation to tangible assets (primarily equipment) is based upon management's determination of the value of the property. The remaining purchase price is allocated to lease acquisition costs. These costs are amortized over the life of the related lease.

Interfund Transactions

In the fund financial statements, the Corporation has the following types of transactions among funds:

Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Contribution of Capital Assets

The General and Capital Project Funds make contributions of capital assets to the Wishard Health Services Enterprise Fund from time to time. The enterprise fund reports these transactions as capital contributions; however, the General or Capital Project Funds do not report the event because there has been no flow of current financial resources for the governmental fund statements other than the expenditures incurred during the year on capital outlay. In the government-wide statement of activities, both sides of the capital asset transfer are reported as transfers.

Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the Corporation.

Within the statement of activities, direct expenses are not eliminated from the various functional categories. However, indirect expenses are eliminated from the various functional categories.

Certain internal payments are treated as a reduction of expense, such as reimbursements. Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

Net Assets/Fund Balances

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

- *Invested in Capital Assets, Net of Related Debt* - This category groups all capital assets into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Governmental activities debt related to business-type activities are not recorded in this category; rather, this debt is included in unrestricted net assets.
- *Restricted Net Assets* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the Corporation not restricted for any project or other purpose.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In the governmental fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the board of trustees and management, and can be increased, reduced, or eliminated by similar actions. As of December 31, 2009, reserves of fund balance are described below:

- *Prepaid Costs and Other Assets* - to reflect the portion of assets, which do not represent available spendable resources.
- *Encumbrances* - to reflect the outstanding contractual obligations for which goods and services have not been received.

As of December 31, 2009, designations of fund balance are described below:

- *Self-Insurance* - to reflect the Board of Trustee's tentative plans to set aside this portion of fund balance for health self-insurance plans. This designation is subject to change.

Indigent Care Services

Under Indiana Code (§16-22-8-39), the services provided by Wishard are for the benefit of the residents of Marion County, Indiana and for every person falling sick or being injured or maimed within its limits, regardless of their ability to pay for such services. Certain services to patients are classified as indigent care based on established policies of Wishard. Because Wishard does not expect amounts determined to qualify as indigent care to result in cash collections, they are not reported as net patient service revenue.

Wishard maintains records to identify and monitor the level of indigent care it provides. These records include the amount of charges forgone for services and supplies furnished under its indigent care policy.

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as amounts are no longer subject to such audits and reviews.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 2: Deposits and Investments

As of December 31, 2009, the Corporation had the following cash deposits and investments:

Cash deposits	\$ 221,896,775
Repurchase agreements	28,030,945
State external investment pool	16,542,364
U.S. Government obligations	870,596
U.S. Government agency obligations	3,423,687
Money market mutual funds	<u>43,931</u>
	<u><u>\$ 270,808,298</u></u>

Deposits and investment securities included in the schedule of net assets are classified as follows:

	2009
Carrying value	
Deposits	\$ 221,896,775
Investments	<u>48,911,523</u>
	<u><u>\$ 270,808,298</u></u>
Cash and cash equivalents	
Current - unrestricted	\$ 265,770,386
Current - restricted	<u>699,698</u>
	266,470,084
Investments	<u>4,338,214</u>
	<u><u>\$ 270,808,298</u></u>

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation's deposit policy for custodial credit risk requires compliance with the provisions of Indiana statutes.

The financial institutions holding the Corporation's cash accounts are participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Under that program, through June 30, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Effective October 3, 2008, the FDIC's insurance limits increased to \$250,000 for all interest-bearing accounts. The increase in federally insured limits is currently set to expire December 31, 2013.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Any cash deposits in excess of the \$250,000 FDIC limits are insured by the Indiana Public Deposits Insurance Fund (Fund). The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

Indiana statutes authorize the Corporation to invest in United States obligations and issues of federal agencies, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, certificates of deposit and open-end money market mutual funds.

As of December 31, 2009, the Corporation had the following investments and maturities:

	Fair Value	Investment Activities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	\$ 28,030,945	\$ 28,030,945	\$ -	\$ -	\$ -
State external investment pool	16,542,364	16,542,364	-	-	-
U.S. Government obligations	870,596	-	-	870,596	-
U.S. Government Agency obligations	3,423,687	613,975	1,765,198	878,161	166,353
Money market mutual funds	43,931	43,931	-	-	-
	<u>\$ 48,911,523</u>	<u>\$ 45,231,215</u>	<u>\$ 1,765,198</u>	<u>\$ 1,748,757</u>	<u>\$ 166,353</u>

The state external investment pool is an investment pool created and subject to regulatory oversight pursuant to Indiana Code, Section 5-13-9-11. Portfolio securities in this pool are valued at amortized cost, which approximates market value. The amortized cost valuation method involves initially valuing a security at its cost on the date of purchase and thereafter accreting any discount to maturity and/or amortizing any premium to maturity.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation is limited to investing in securities with a stated maturity of not more than two years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code, Section 5-13-9-5.6. The Corporation's investment policy for interest rate risk requires investments to be invested in a prudent manner to achieve maximum yield return available from approved government obligations with due regard to the specific purpose for which the funds are intended and needed. The Corporation's self-insurance trust for general and professional liability and workers' compensation is not subject to such limitations.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Further, Indiana Code Section 5-13-9-2.5 requires that if the Authority invests in money market mutual funds that the underlying securities be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service.

At December 31, 2009, the Corporation's investments were rated by Standard & Poor's as follows:

	Fair Value	AAA	AA	A	Not Rated
Repurchase agreements	\$ 28,030,945	\$ 28,030,945	\$ -	\$ -	\$ -
State external investment pool	16,542,364	-	-	-	16,542,364
U.S. Government obligations	870,596	870,596	-	-	-
U.S. Government Agency obligations	3,423,867	3,423,867	-	-	-
Money market mutual funds	43,931	43,931	-	-	-
	<u>\$ 48,911,703</u>	<u>\$ 32,369,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,542,364</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Corporation will not be able to recover the value of its investments or collateral that are in the possession of an outside party. At December 31, 2009, all of the Corporation's investments in overnight repurchase agreements (which are secured by U.S. Government and U.S. Government agency obligations) were exposed to custodial credit risk. These investments were uninsured and the collateral was held by the pledging financial institution's trust department or agent in the Corporation's name. The Corporation's investments in money market mutual funds and the state external investment pool were not subject to custodial credit risk at December 31, 2009, as their existence is not evidenced by securities that exist in physical book entry form. The Corporation's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk

The Corporation places no limit on the amount that may be invested in any one issuer. At December 31, 2009, the Corporation's investments in overnight repurchase agreements of JPMorgan Chase, National City Bank and National Bank of Indianapolis constituted 19%, 31%, and 7%, respectively, of its total investments.

Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Corporation's investment policy prohibits investments in foreign investments.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Investment Income

Investment income for the year ended December 31, 2009 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	\$ 795,022	\$ 3,569,643
Unrealized gain (loss) on investments, net	-	(165,778)
	\$ 795,022	\$ 3,403,865

Note 3: Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Marion County Treasurer. On or before August 1 each year, the Marion County Auditor must submit to each underlying taxing unit a statement of (i) the estimated assessed value of the taxing unit as of March 1 of that year, and (ii) an estimate of the taxes to be distributed to the taxing unit during the last six months of the current budget year. The estimated value is based on property tax lists delivered to the Marion County Auditor by the Marion County Assessor on or before July 1.

The estimated value is used when the Corporation meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. The budget, tax rates and levy must be adopted no later than November 1. The budget, tax levy and tax rate are subject to review and revision by the Indiana Department of Local Government Finance (the "DLGF") which, under certain circumstances, may revise, reduce or increase the budget, tax rate, or levy of the Corporation. The DLGF may increase the tax rate and levy if the tax rate and levy proposed by the Corporation is not sufficient to make its debt service or lease rental payments. The DLGF must complete its actions on or before February 15 of the year following the property tax assessment.

Taxes are distributed by the Marion County Auditor to the Corporation by June 30 and December 31 of each year. The Corporation can request advances of its share of collected taxes from the Marion County Treasurer once the levy and tax rates are certified by the DLGF.

As noted above, the assessment (or lien) date for Indiana property taxes is March 1 of each year; however, the Corporation does not recognize a receivable on the assessment date since the amount of property taxes to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Typically, property tax bills are mailed in April and October of each year and are due and payable by the property owners in May (spring) and November (fall), respectively. Property tax billings are considered delinquent if they are not paid by the respective due date, at which time the applicable property is subject to lien, and penalties and interest are assessed. Appeals may be filed within 45 days following the date the bills are mailed.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Changes in assessed values of real property occur periodically as a result of general reassessments required by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. The reassessment is scheduled to be effective as of the March 1, 2012 assessment date and affects taxes payable beginning in 2013, and reassessments are scheduled to occur every five years thereafter. Beginning with the 2006 tax year payable 2007, all real property assessments have been revalued annually to reflect market value based on comparable sales data ("Trending"). The implementation of Trending caused delays in the collection of property taxes in 2008 and 2009. In addition, due to technical concerns relating to Trending, the Governor ordered a reassessment of property value in Marion County for 2006 taxes payable in 2007 (the "Special Reassessment"). This Special Reassessment delayed collection of a portion of the taxes payable in 2007 and 2008. The Special Reassessment has now been completed. The effects of Trending and the Special Reassessment also resulted in a slight delay in the collection of the 2009 taxes, with the second installments (fall) being scheduled for collection in February 2010.

The Corporation allocates property tax revenues, as considered necessary, to fund public health programs and provide care for the indigent.

Note 4: Patient Services Receivables

Net patient services receivables consist of the following as of December 31, 2009:

	Wishard	LT Care	Total
Gross patient services receivables	\$ 289,630,969	\$ 22,518,010	\$ 312,148,979
Allowance for estimated contractual adjustment	(107,191,829)	(511,057)	(107,702,886)
Allowance for uncollectible accounts	(137,539,675)	(2,449,556)	(139,989,231)
Net patient services receivables	<u>\$ 44,899,465</u>	<u>\$ 19,557,397</u>	<u>\$ 64,456,862</u>

Note 5: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2009 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	\$ 2,140,161
General Fund	Enterprise Fund - Wishard	2,445,389

These interfund balances are due to timing differences, the elimination of negative cash balances within the various funds, or amounts related to pass-through grant activity. The interfund balances are expected to be repaid during the fiscal year ending December 31, 2010.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Interfund transfers for the year ended December 31, 2009 on the fund statements consisted of the following:

	Transfer From (to)		General		Total
	Fund		Fund		Total
Transfer to:					
Enterprise Fund - Wishard Health Services		\$	186,428,209	\$	186,428,209
 Transfer from:					
Enterprise Fund - LT Care		\$	(55,000,000)	\$	(55,000,000)

Interfund transfers were generally used for the following: 1) to move revenues from the funds that are required by ordinance or budget to collect them to the funds that will ultimately expend them, 2) to cover deficits of other funds, or 3) to transfer capital assets from the funds that paid for them to the funds that will ultimately use them. For the government-wide statements, capital contributions received by the Wishard Health Services Fund from other funds (if any) are reported as transfers; however, for the fund statements, such transfers are shown as a capital contributions in the Wishard Enterprise Fund as they represent the actual transfer of capital assets.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 6: Deferred and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2009, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable	\$ 14,560,838	\$ -
Other taxes receivable	226,046	-
Grant draw-downs prior to meeting all eligibility requirements	-	1,729,059
Grant reimbursements not received within 90 days	2,147,990	-
Other revenues not received within 90 days	2,797,959	-
Total General Fund	19,732,833	1,729,059
Property taxes receivable	1,302,266	-
Other taxes receivable	15,049	-
Total Debt Service Fund	1,317,315	-
Property taxes receivable	80,552	-
Other taxes receivable	931	-
Total Capital Projects Fund	81,483	-
Total	\$ 21,131,631	\$ 1,729,059

In addition, the Wishard Health Services Fund had \$226,750 of unearned revenue recorded at December 31, 2009 related to advances received on federal grants, which had not met eligibility requirements and \$1,313,318 related to the Healthy Indiana Plan.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 7: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,826,707	\$ 2,288,189	\$ -	\$ 4,114,896
Construction in progress	196,288	108,050	(196,288)	108,050
Total capital assets not being depreciated	<u>2,022,995</u>	<u>2,396,239</u>	<u>(196,288)</u>	<u>4,222,946</u>
Capital assets being depreciated:				
Buildings and improvements	15,779,272	479,145	-	16,258,417
Equipment	14,759,426	1,096,547	(45,307)	15,810,666
Vehicles	4,373,035	460,736	(261,130)	4,572,641
Total capital assets being depreciated	<u>34,911,733</u>	<u>2,036,428</u>	<u>(306,437)</u>	<u>36,641,724</u>
Less accumulated depreciation for:				
Buildings and improvements	8,428,669	743,043	-	9,171,712
Equipment	12,554,574	892,961	(45,307)	13,402,228
Vehicles	3,807,369	313,201	(261,130)	3,859,440
Total accumulated depreciation	<u>24,790,612</u>	<u>1,949,205</u>	<u>(306,437)</u>	<u>26,433,380</u>
Total capital assets being depreciated, net	<u>10,121,121</u>	<u>87,223</u>	<u>-</u>	<u>10,208,344</u>
Governmental activities capital assets, net	<u>\$ 12,144,116</u>	<u>\$ 2,483,462</u>	<u>\$ (196,288)</u>	<u>\$ 14,431,290</u>

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,189,877	\$ 1,000,000	\$ -	\$ 2,189,877
Construction in progress	7,600,279	42,387,154	(5,520,292)	44,467,141
Total capital assets not being depreciated	<u>8,790,156</u>	<u>43,387,154</u>	<u>(5,520,292)</u>	<u>46,657,018</u>
Capital assets being depreciated:				
Land improvements	6,511,651	1,347,699	-	7,859,350
Buildings and improvements	469,340,611	107,719,089	-	577,059,700
Equipment	158,549,246	15,116,837	(34,655)	173,631,428
Vehicles	6,361,140	102,690	(546,513)	5,917,317
Total capital assets being depreciated	<u>640,762,648</u>	<u>124,286,315</u>	<u>(581,168)</u>	<u>764,467,795</u>
Less accumulated depreciation for:				
Land improvements	4,464,503	387,726	-	4,852,229
Buildings and improvements	207,069,429	31,328,732	-	238,398,161
Equipment	118,887,774	13,968,824	(15,659)	132,840,939
Vehicles	5,032,677	423,020	(546,513)	4,909,184
Total accumulated depreciation	<u>335,454,383</u>	<u>46,108,302</u>	<u>(562,172)</u>	<u>381,000,513</u>
Total capital assets being depreciated, net	<u>305,308,265</u>	<u>78,178,013</u>	<u>(18,996)</u>	<u>383,467,282</u>
Business-type activities capital assets, net	<u>\$ 314,098,421</u>	<u>\$ 121,565,167</u>	<u>\$ (5,539,288)</u>	<u>\$ 430,124,300</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The following is a summary of changes in capital assets - Wishard enterprise fund for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,189,877	\$ 1,000,000	\$ -	\$ 2,189,877
Construction in progress	7,600,279	40,299,506	(5,520,292)	42,379,493
Total capital assets not being depreciated	<u>8,790,156</u>	<u>41,299,506</u>	<u>(5,520,292)</u>	<u>44,569,370</u>
Capital assets being depreciated:				
Land improvements	5,362,786	885,566	-	6,248,352
Buildings and improvements	243,157,378	1,242,049	-	244,399,427
Equipment	139,613,781	5,708,777	-	145,322,558
Vehicles	6,201,432	102,690	(546,513)	5,757,609
Total capital assets being depreciated	<u>394,335,377</u>	<u>7,939,082</u>	<u>(546,513)</u>	<u>401,727,946</u>
Less accumulated depreciation for:				
Land improvements	4,259,282	259,570	-	4,518,852
Buildings and improvements	141,783,299	8,393,190	-	150,176,489
Equipment	106,939,531	10,571,814	-	117,511,345
Vehicles	4,913,723	407,924	(546,513)	4,775,134
Total accumulated depreciation	<u>257,895,835</u>	<u>19,632,498</u>	<u>(546,513)</u>	<u>276,981,820</u>
Total capital assets being depreciated, net	<u>136,439,542</u>	<u>(11,693,416)</u>	<u>-</u>	<u>124,746,126</u>
Business-type activities capital assets, net	<u>\$ 145,229,698</u>	<u>\$ 29,606,090</u>	<u>\$ (5,520,292)</u>	<u>\$ 169,315,496</u>

The following is a summary of changes in capital assets - LT Care enterprise fund for the year ended December 31, 2009:

	January 1, 2009	Transfers/ Additions	Transfers/ Disposals	December 31, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 2,087,648	\$ -	\$ 2,087,648
Total capital assets not being depreciated	<u>-</u>	<u>2,087,648</u>	<u>-</u>	<u>2,087,648</u>
Capital assets being depreciated:				
Land improvements	1,148,865	462,133	-	1,610,998
Buildings and improvements	226,183,233	106,477,040	-	332,660,273
Equipment	18,935,465	9,408,060	(34,655)	28,308,870
Vehicles	159,708	-	-	159,708
Total capital assets being depreciated	<u>246,427,271</u>	<u>116,347,233</u>	<u>(34,655)</u>	<u>362,739,849</u>
Less accumulated depreciation for:				
Land improvements	205,221	128,156	-	333,377
Buildings and improvements	65,286,130	22,935,542	-	88,221,672
Equipment	11,948,243	3,397,010	(15,659)	15,329,594
Vehicles	118,954	15,096	-	134,050
Total accumulated depreciation	<u>77,558,548</u>	<u>26,475,804</u>	<u>(15,659)</u>	<u>104,018,693</u>
Total capital assets being depreciated, net	<u>168,868,723</u>	<u>89,871,429</u>	<u>(18,996)</u>	<u>258,721,156</u>
Business-type activities capital assets, net	<u>\$ 168,868,723</u>	<u>\$ 91,959,077</u>	<u>\$ (18,996)</u>	<u>\$ 260,808,804</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Within the statement of activities, depreciation expense is charged to functions of the Corporation as follows:

Governmental Activities:

Administration and finance	\$ 1,082,392
Health improvements	423,017
Communicable disease prevention	138,799
Water quality and hazardous material management	18,076
Vector disease control	248,962
Housing and neighborhood health	35,329
Consumer and employee risk reduction	<u>2,631</u>

Total depreciation expense, governmental activities	<u><u>\$ 1,949,206</u></u>
---	----------------------------

Business-Type Activities:

Wishard	\$ 19,632,498
LT Care	<u>26,475,804</u>

Total depreciation expense, business-type activities	<u><u>\$ 46,108,302</u></u>
--	-----------------------------

Included in the LT Care Fund depreciation expense in the proprietary fund statements is \$1,145,585 of amortization expense related to lease acquisition costs.

Note 8: Estimated Medicare and Medicaid Settlements and Net Patient Service Revenue

Estimated Medicare and Medicaid settlements reflect differences between interim reimbursement and reimbursement as determined by cost reports filed or to be filed with federal and state governments after the end of each year. In addition, such settlement amounts reflect, if applicable, any differences determined to be owed to or from Wishard after an audit of such reports. Changes to any previous years' estimated settlements are reflected in the period such changes are identified. At December 31, 2009, Wishard's Medicare and Medicaid cost reports have been audited by the fiscal intermediaries through December 31, 2006.

Wishard and LT Care have agreements with third-party payors that provide for payments to Wishard and LT Care at amounts different from their established rates. Estimated contractual adjustments under third-party reimbursement programs represent the differences between billings at established rates and amounts reimbursed by third-party payors. Estimated contractual adjustments also include any differences between estimated third-party reimbursement settlements for prior year services under third-party payor agreements and subsequent final settlements. A summary of the payment arrangements with major third-party payors follows.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Medicare

Under the Medicare program, Wishard receives reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group. When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional "outlier" payments. Outpatient services provided to Medicare patients are reimbursed to Wishard based on service groups called ambulatory payment classifications.

Under the Medicare program, LT Care primarily receives reimbursement for services provided at its skilled nursing facilities (SNF) under PPS on a per diem basis based on the resident's health at admission (RUG Rate). Medicare reimburses LT Care for 100 days of SNF care subject to certain eligibility requirements.

Medicaid

Wishard is paid for inpatient acute care services rendered to Medicaid beneficiaries under the lower of charges or prospectively determined rates-per-discharge and on a per diem basis for psychiatric and burn unit services, classified based on clinical, diagnostic and other factors. Reimbursement for Medicaid outpatient services is based on prospective rates per visit. Wishard also participates in a Medicaid risk-based managed care program in which Wishard receives interim reimbursement rates with a settlement adjustment at year-end.

LT Care is reimbursed for services rendered to Medicaid beneficiaries on a per diem basis.

Medicaid Special Revenue

The Corporation qualifies for certain special Medicaid payments through various sections of the State of Indiana Medicaid Plan and the Indiana Code. Medicaid special revenue includes revenue from various sources including the State of Indiana Disproportionate Share Hospital Payment Program (DSH - established to reimburse hospitals that serve a disproportionate share of indigent patients) the Upper Payment Limit (UPL - established to pay qualifying health care providers the difference between what Medicare would have paid and what Medicaid actually paid) and other contractual revenues. The money received from the Medicaid special revenues can be utilized by the Corporation without restriction.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Medicaid special revenue is distributed through an intergovernmental transfer (IGT) arrangement. The basis for payment is derived from services rendered to patients through Wishard (including the physician access to care program) and through LT Care Funds. The Indiana Office of Medicaid Policy and Planning determines the level of DSH or UPL funds available for distribution and initiates a transaction with the Corporation to facilitate the IGT. The Corporation is responsible for funding the IGT for the services rendered on behalf of the Wishard and LT Care Funds and such transactions are reported in the General Fund financial statements at net with the exception of the LT Care. In 2009, LT Care reports revenue associated with its UPL at gross in the statement of revenue, expenses and changes in net assets.

Medicaid special revenue associated with services provided at Wishard is comprised of UPL and DSH payments, which are all recorded in the Corporation's General Fund. Such payments are limited to a Hospital Specific Limit, which is defined by the State of Indiana Office of Medicaid Planning and Policy and are codified in the Indiana State Medicaid Plan and IC 12-15-15. Methodologies supporting such payments are complex and the timing and levels of payment may vary materially from year to year, often times resulting in material recoupements of the net receipts previously made to the Corporation. The Corporation does not have access to reasonable information to estimate levels of combined DSH and UPL payments and therefore cannot reasonably estimate levels of revenue by state fiscal (or their own fiscal) year. As such, management records this portion of the Medicaid special revenue on a cash basis. Medicaid special revenue associated with LT Care is based upon UPL payments, which is more predictable than the payments related to Wishard's services. As such, management recognized such payments on an accrual basis at the LT Care fund level.

The General Fund recognized \$62,927,328 in Medicaid special revenue during the period. The LT Care Fund recognized revenue of \$74,421,268 and a receivable of \$17,132,302 at December 31, 2009.

Other Payors

Wishard and LT Care have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to Wishard and LT Care under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Following is a summary of total patient service revenue, contractual adjustments, and charity and indigent care for the year ended December 31, 2009:

	Wishard Health Service	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	\$ 377,144,495	\$ -	\$ 377,144,495	34%
Outpatient	430,838,909	-	430,838,909	38%
Long-term care	5,175,201	311,073,799	316,249,000	28%
Gross patient service less:	813,158,605	311,073,799	1,124,232,404	100%
Contractual adjustments	310,106,760	1,289,159	311,395,919	28%
Charity and indigent care	185,527,730	-	185,527,730	17%
Provision for uncollectible accounts	81,529,706	3,982,529	85,512,235	8%
Net patient service revenue	<u>\$ 235,994,409</u>	<u>\$ 305,802,111</u>	<u>\$ 541,796,520</u>	<u>47%</u>

Revenue from the Medicare and Medicaid programs accounted for approximately 36% and 34%, respectively, of net patient service revenue for the year ended 2009. These percentages exclude Medicaid special revenue received and recognized in the General Fund. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 9: Long-Term Liabilities

Renovation Bonds of 1988

The Corporation has issued \$28,000,000 of renovation bonds, the proceeds of which were used to renovate the clinical, patient care and administrative areas of the existing Wishard Health Services hospital complex and acquire, construct, renovate and equip the Corporation's public health and administrative facilities. The Renovation Bonds of 1988 bear interest at 7.40%, with principal and interest payments due June 30 and December 30 through 2019. In June 1990, the Indianapolis Local Public Improvement Bond Bank purchased the outstanding principal and accrued interest of the Renovation Bonds of 1988 for \$27,457,950.

General Obligation Bonds of 2005

The Corporation has issued \$28,960,000 of General Obligation Refunding Bonds, Series 2005, the proceeds of which were used to refund the outstanding principal of the Corporation's General Obligation Bonds, Series 2000A. The General Obligation Bonds of 2005 are payable from an unlimited ad valorem property tax levied on all taxable property in the Corporation, which is coterminous with Marion County, Indiana. The General Obligation Bonds of 2005 bear interest at 3.50% to 5.25%, with principal and interest payments due January 1 and July 1 through 2025. The General Obligation Bonds of 2005 are subject to redemption from mandatory sinking fund payments during 2016 to 2024.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The following is a summary of changes in long-term liabilities for the year ended December 31, 2009:

	January 1, 2009	Additions	Reductions	December 31, 2009	Due Within One Year
Governmental Activities:					
General obligation bonds payable:					
Renovation Bonds of 1988					
(\$28,000,000 original amount),					
6.00% to 7.40%, due					
January 1, 2020	\$ 17,245,000	\$ -	\$ (1,060,000)	\$ 16,185,000	\$ 1,140,000
Refunding Bonds of 2005					
(\$28,960,000 original amount),					
3.50% to 5.25%, due					
January 1, 2025	25,390,000	-	(780,000)	24,610,000	815,000
Deferred Amounts:					
Less: loss on refunding	(1,748,784)	-	160,062	(1,588,722)	(160,062)
Plus: bond premium	848,306	-	(53,019)	795,287	53,019
Total bonds payable	<u>41,734,522</u>	<u>-</u>	<u>(1,732,957)</u>	<u>40,001,565</u>	<u>1,847,957</u>
Asserted and unasserted self-insurance claims	4,863,525	31,559,768	(32,146,524)	4,276,769	1,733,376
Accrued compensated absences	<u>4,536,077</u>	<u>4,063,354</u>	<u>(3,744,104)</u>	<u>4,855,327</u>	<u>4,294,991</u>
Governmental activities long-term liabilities	<u>\$ 51,134,124</u>	<u>\$ 35,623,122</u>	<u>\$ (37,623,585)</u>	<u>\$ 49,133,661</u>	<u>\$ 7,876,324</u>
Business-Type Activities:					
Wishard Health Services:					
Asserted and unasserted self-insurance claims	\$ 7,005,448	\$ 2,595,802	\$ (3,223,531)	\$ 6,377,719	\$ 2,235,872
Accrued compensated absences	18,622,882	15,652,653	(15,938,451)	18,337,084	16,136,634
LT Care:					
Capital leases	189,181,169	97,145,346	(11,074,058)	275,252,457	13,011,398
Asserted and unasserted self-insurance claims	<u>6,860,245</u>	<u>2,466,329</u>	<u>(1,056,529)</u>	<u>8,270,045</u>	<u>2,336,938</u>
Business-type activities long-term liabilities	<u>\$ 221,669,744</u>	<u>\$ 117,860,130</u>	<u>\$ (31,292,569)</u>	<u>\$ 308,237,305</u>	<u>\$ 33,720,842</u>

The above bonds and notes related to governmental activities are to be repaid from ad valorem taxes levied to the extent necessary by the Corporation against all taxable property within Marion County, Indiana. Long-term liabilities for the governmental activities are generally liquidated by the General Fund. The business-type capital leases will be repaid through LT Care nursing home operating revenue.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The governmental activities debt service requirements, including interest, on bonds and notes outstanding at December 31, 2009 is as follows:

	Principal	Interest
Bonds:		
2010	\$ 1,955,000	\$ 2,359,635
2011	2,455,000	2,231,885
2012	2,595,000	2,086,675
2013	2,760,000	1,925,795
2014	2,940,000	1,750,990
2015 - 2019	17,680,000	5,746,159
2020 - 2024	10,410,000	1,427,344
	\$ 40,795,000	\$ 17,528,483

The Corporation has a legal debt limit of 0.67% of the assessed values of Marion County Property as certified by the DLGF. A computation of the Corporation's legal debt margin as of December 31, 2009, is as follows:

Net assessed value - 2009	\$ 36,697,369,707 <u>0.67%</u>
Debt limit	245,872,377
Debt applicable to debt limit:	
Bonded debt	<u>40,795,000</u>
Legal debt margin	<u>\$ 205,077,377</u>

In 2005, the Corporation refunded its General Obligation Bonds of 2000 with the issuance of the General Obligation Refunding Bonds, Series 2005. The General Obligation Bonds of 2000 are considered to have been defeased and have been removed from the basic financial statements. At **December 31, 2009**, \$23,955,000 of these defeased bonds remains outstanding.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 10: Leases

Operating

The Corporation leases certain facilities and equipment under operating leases. Most of the facility leases include renewal options and some provide for escalation of rent based on changes in operating costs.

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2009 for the governmental activities:

2010	\$ 471,062
2011	245,048
2012	199,228
2013	138,895
2014	134,695
2015 - 2019	<u>202,042</u>
Total future payments	<u><u>\$ 1,390,970</u></u>

Lease expenditures of \$541,774 were reported in the governmental activities for the year ended December 31, 2009.

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2009 for the business-type activities:

2010	\$ 1,681,551
2011	1,527,618
2012	477,785
2013	339,046
2014	<u>9,849</u>
Total future payments	<u><u>\$ 4,035,849</u></u>

The Corporation reported \$3,427,651 of lease expense in the business-type activities for the year ended December 31, 2009.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Capital

The governmental activities had no capital leases outstanding at December 31, 2009. For business-type activities, including the LT Care Enterprise Fund, the Corporation is obligated under capital leases covering 40 nursing homes. At December 31, 2009, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	\$ 307,885,433
Less accumulated amortization	<u>(82,265,733)</u>
	<u><u>\$ 225,619,700</u></u>

Amortization expense of assets held under capital leases of \$21,263,185 is included with depreciation and amortization expense for the year ended.

Future minimum capital lease payments as of December 31, 2009 are:

2010	\$ 39,338,044
2011	40,212,066
2012	41,100,521
2013	41,732,848
2014	39,655,843
2015 - 2019	188,662,652
2020 - 2024	<u>83,586,582</u>
Total minimum lease payments	474,288,556
Less amount representing interest (at rates ranging from 4.58% to 11.74%)	<u>199,036,099</u>
Present value of net minimum capital lease payment	275,252,457
Less current installments of obligations under capital leases	<u>13,011,398</u>
	<u><u>\$ 262,241,059</u></u>

Note 11: Risk Management

Insurance Coverage

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patients; and natural disasters. The Corporation is self-insured for workers' compensation, general liability and medical malpractice claims to defined limits. With respect to general liability, the Corporation is protected by the Indiana Tort Claims Act, under IC 34-13-3-4, which limits the tort liability for all Indiana governmental entities, in aggregate, to \$700,000. The Corporation also purchases commercial insurance policies for certain other risks of loss with deductibles that range from \$10,000 to \$50,000. Settled claims have not exceeded coverages for the past three years.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Wishard participates in the Indiana Medical Malpractice Act, which limits the maximum recovery for medical malpractice claims to \$1,250,000 per occurrence, \$250,000 of which would be paid by the Corporation, with the balance paid by the State of Indiana Patient Compensation Fund.

As mentioned previously in these notes, the Corporation established a nonprofit entity, Lions Insurance Company, Inc., which is legally separate from the Corporation and whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by the Corporation. The Corporation incorporated Lions on February 28, 2006, and commenced operations on March 1, 2006. As with Wishard, Lions is protected by the Indiana Tort Claims Act, participates in the Indiana Medical Malpractice Act and has professional liability coverage from the Indiana Patient Compensation Fund. In addition, Lions has protection for general liability coverage in excess of \$1,000,000 annually and in the aggregate.

The Corporation's workers' compensation program retains the first \$350,000 liability on any one claim or incident and purchases an excess workers' compensation policy to extend limits from \$350,000 to \$1,000,000 as it applies to any one claim or incident.

The Corporation has accrued for reported claims and claims incurred but not reported (IBNR) for workers' compensation, general liability and medical malpractice. Loss estimates have included the nature of each claim or incident and relevant trend factors as determined by legal counsel and an independent consulting actuary.

The following is a summary of the changes in asserted and unasserted workers' compensation, general liability, and medical malpractice claims for the past two years, as recorded within the business-type activities and proprietary fund financial statements:

Balance at January 1, 2008	\$ 13,831,272
Change in incurred claims (including IBNRs), net	5,032,264
Claim payments	(4,997,843)
Balance at January 1, 2009	13,865,693
Change in incurred claims (including IBNRs), net	5,062,131
Claim payments	(4,280,060)
Balance at December 31, 2009	\$ 14,647,764

Medical Claims Incurred But Not Reported

Wishard has entered into an agreement with MDwise, a related party, to provide risk-based health care services, including, but not limited to inpatient, outpatient and physician services, to qualified Medicaid participants.

Effective January 1, 2008, this program was expanded to include the provisions of the Healthy Indiana Plan (HIP). Wishard receives payments for the care of these Medicaid beneficiaries under a capitated payment methodology from MDwise and disburses payments through a third-party administrator based upon processed claims.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Medical claims incurred but not reported represents an estimate of the ultimate net cost to Wishard for amounts that are unpaid at December 31, 2009. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of Wishard and gives effect to estimates of trends in claim severity and frequency. Although Wishard's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumptions utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for unpaid claims included in the Wishard Health Services Fund.

The following is a summary of changes in the medical claims incurred but not reported for the past two years, as recorded within the business-type activities and proprietary fund financial statements:

Balance at January 1, 2008	\$ 2,980,000
Change in incurred claims (including IBNRs), net	19,371,910
Claim payments	(17,580,436)
Balance at January 1, 2009	4,771,474
Change in incurred claims (including IBNRs), net	33,100,227
Claim payments	(30,318,115)
Balance at December 31, 2009	\$ 7,553,586

Health Insurance Coverage

The Corporation began in 2001 to provide self-insurance to its employees for healthcare and prescription usage and began covering the claims out of the General Fund. Asserted and unasserted self-insurance claims in the governmental activities of the government-wide statements represents an estimate of the ultimate net cost to the Corporation for amounts that are unpaid at December 31, 2009. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of the Corporation and gives effect to estimates of trends in claim severity and frequency. Although the Corporation's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumption utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for asserted and unasserted self-insurance claims included in governmental activities.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The following is a summary of the changes in the Corporation's health insurance liability for the past two years, as recorded in the government-wide financial statements:

Balance at January 1, 2008	\$ 2,740,309
Change in incurred claims (including IBNRs), net	23,676,951
Claim payments	(21,553,735)
Balance at January 1, 2009	4,863,525
Change in incurred claims (including IBNRs), net	31,559,768
Claim payments	(32,146,524)
Balance at December 31, 2009	\$ 4,276,769

The amount recorded as a liability in the General Fund at December 31, 2009 is \$1,733,376 and represents the claims, which are matured and due as of year end. At December 31, 2009, \$1,733,376 of the fund balance of the General Fund is designated for payment of future health insurance and prescriptions claims in the fund statements.

Note 12: Retirement Plan

Plan Description

The Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), established in accordance with Indiana Code (§5-10.2 and §5-10.3). PERF is an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. The authority to establish or amend benefit provisions of PERF rests with the Indiana General Assembly. However, obligations to contribute to the plan are determined by the board of PERF in accordance with actuarial methods. Substantially all full-time employees of the Corporation are covered by the plan. The following disclosures represent the most current and available information on the plan through the July 1, 2009 actuarial valuation.

The plan is a benefit plan with components of both a defined-benefit and defined-contribution plan. PERF retirement benefits vest after ten years of service. Effective July 1, 1995, Senate Bill 74 enabled PERF members to be eligible for early retirement with 100% of the defined-benefit pension if certain conditions were met. An employee may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the employee's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, an employee may retire with 100% of the defined pension benefit at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years of PERF-covered employment. The average annual salary used for calculating the pension benefit is an average of the employee's highest five years of employment earned. Employees who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit ranging from 44.0% to 98.8% of the pension benefit described above. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and county ordinance.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Employees have two choices regarding their annuity savings account. They may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described in the paragraph above. An employee who leaves employment before qualifying for benefits receives a refund of his or her savings account.

PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204.

Funding Policy

The Corporation's employees are required to contribute 3.0% of their annual salaries to an annuity savings account that may be withdrawn at any time should an employee terminate employment. The Corporation has elected to pay the required employee contribution. In addition, the Corporation is required by state statute to contribute at an actuarially determined rate (6.50% for calendar year 2009) of annual covered payroll. Therefore, the total employer contribution rate for 2009 was 9.50%. The contribution requirements of plan members are determined by PERF's Board of Directors as authorized by Indiana state statute. The Corporation-financed pension benefits are classified as defined-benefits and the employee-financed pension benefits are classified as defined-contributions.

Annual Pension Cost and Net Pension Obligation

The PERF funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The required contributions were determined as part of the July 1, 2009 actuarial valuation using the entry age normal cost method. The actuarial assumptions used for the July 1, 2009 actuarial valuation included: (a) a rate of return on investment of present and future assets of 7.25% per year, compounded annually; (b) future salary increases based on PERF experience from 2000 to 2005; and (c) a cost of living increase of 1.50% (compounded) that is applied to pension benefit each year following retirement, with no increase assumed to be applied to the PERF annuity benefit. The actuarial value of the plan's assets is determined by taking the previous year's actuarial value, adding contributions, subtracting pension payments and plan expenses and adding expected earnings at the valuation rate of interest, based on a mid-year weighted-average fund. The result is multiplied by 75% and added to 25% of the cost value of the plan assets as of the valuation date. PERF uses the level percentage of payroll method to amortize the unfunded liability over an open 30-year period.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

The standardized measure of the net pension asset is as follows:

Annual required contributions (ARC)	\$ 12,554,394
Interest on net pension asset	(94,774)
Adjustment to ARC	108,003
Annual pension cost	12,567,623
Actual contributions made	13,040,620
Increase in net pension asset	472,997
Net pension asset, beginning of year	1,307,234
Net pension asset, end of year	\$ 1,780,231

The net pension asset of \$1,780,231 as of December 31, 2009 is reflected in the government-wide financial statements. Wishard's share of this asset is \$1,434,748 and \$345,483 and is reflected as an asset of the governmental activities.

Historical Trend Information

Historical trend information about the Corporation's participation in PERF is presented below to help readers assess the plan's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due. The amounts presented below are in the thousands of dollars.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2009	\$ 12,567,623	104%	\$ 1,780,231
2008	10,533,397	103%	1,307,234
2007	9,194,237	96%	956,145

Required Supplemental Information - Schedule of Funding Progress (Unaudited)

Valuation Date	(A) Actuarial Value of Assets	(B) Entry Age Actuarial Liability (AAL)	(B - A) Excess of Assets Over (Unfunded) AAL	(A / B) Funded Ratio	(C) Anticipated Covered Payroll	[(B - A) / C] Excess/ Unfunded AAL as a % of Covered Payroll
June 30, 2009	\$ 182,825,348	\$ 217,419,549	\$ (34,594,201)	84%	\$ 202,354,641	17%
June 30, 2008	187,042,181	207,763,313	(20,721,132)	90%	179,348,484	12%
June 30, 2007	173,941,258	179,183,954	(5,242,696)	97%	163,141,523	3%

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 13: Deferred Compensation Plan

Employees of the Corporation are eligible to participate in a deferred compensation plan (the Plan) adopted under the provisions of Internal Revenue Code (IRC) Section 457. The deferred compensation plan is available to substantially all employees of the Corporation. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The plan assets are held in trust for the exclusive benefits of participants and their beneficiaries.

Note 14: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2009, the Corporation primarily paid for physician services under a relative value unit basis. The Corporation continued to rely on the University to supply several leadership positions for Wishard, but the operations of Wishard became the direct responsibility of the Corporation in 2005. Wishard incurred fees for professional, management, and resident physician services of approximately \$43,466,613 during the year (recorded in medical and professional fees on the statement of revenues, expenses and changes in fund net assets - proprietary funds). The University also rents office space from Wishard, which resulted in revenue to Wishard of \$1,898,343 in 2009.

Note 15: Agreement With Indiana University Medical Group - Primary Care

The Indiana University Medical Group - Primary Care (IUMG-PC) is a related party of the Corporation through common ownership. Under its agreement with Wishard, IUMG-PC provides administration of the risk-based managed care program and the Wishard Advantage Program and also provides physician services to Wishard and the Community Health Centers.

As of December 31, 2008, a new agreement for 2009 was still being negotiated between the management of IUMG-PC and Wishard. IUMG-PC and Wishard continued to operate under the terms of the 2008 agreement. Total 2009 expense recognized in the Wishard fund to IUMG-PC totaled \$12,267,976.

Note 16: LT Care Management Agreement

The Corporation has entered into a management agreement with American Senior Communities, LLC (ASC) to operate the 40 nursing homes, which are accounted for in the LT Care Fund. The term of the management agreement extends until March 31, 2022 with the Corporation having the right to extend the term for an additional period of ten years if written notice is given to ASC at least 60 days prior to the expiration of the initial term. During 2009, the Corporation incurred approximately \$17,183,071 in management fees to ASC for LT Care operations.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

ASC has contracted with EagleCare, Inc. (EagleCare) to provide the personnel required to operate each of the respective facilities. EagleCare and ASC are related parties in that the persons who own 100% of EagleCare also own 95% of ASC. ASC also provides management services to EagleCare in connection with its operations.

The Corporation leases 21 of the nursing homes from an organization related to ASC. During 2009, the Corporation paid approximately \$26,500,000 to this organization in associated lease costs from LT Care operating revenue.

At December 31, 2009, the LT Care Fund had a payable to EagleCare of approximately \$4,834,000 primarily for accrued labor and related benefits. The LT Care Fund also had a payable to ASC at December 31, 2009 of approximately \$3,769,000 for outstanding management services rendered to be paid from operations.

Note 17: Nursing Home Leases

In January 2003, the Corporation entered into a transaction with an entity related to ASC, which involves the leasing of buildings and purchasing of the equipment for the purpose of operating 12 nursing homes for \$9,669,000. The leases end in 2022 and require minimum annual lease payments of approximately \$11,766,000 (Base Rate), paid in equal monthly installments. In 2005, the Corporation and the lessor amended the lease terms so that annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$1,725,000 annually to these 12 nursing homes, with the amount of the commitment increasing annually by the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operations of these nursing homes. The Corporation has a put option on these nursing homes by which the Corporation would pay the lessor \$4,000,000 if the put option is exercised by December 31, 2012 and \$7,000,000 if exercised after this date.

In October 2003, the Corporation entered into another transaction with an entity related to ASC, which involved the purchase of assets of one nursing home for \$2,000,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The lease ends in 2022 and requires minimum annual lease payment of \$1,920,000, paid in equal monthly installments. In 2005, the Corporation and the lessor amended the lease terms so that annually, the lease payment will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$222,650 annually to this nursing home. This commitment would increase in the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operation of this nursing home. The Corporation has a put option on this nursing home by which the Corporation would pay the lessor \$500,000 if the put option is exercised by December 31, 2012 and \$750,000 if exercised after this date.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In December 2003, the Corporation entered into capital lease agreements for five additional nursing homes with an unrelated third party. The lease agreements terminate in 2013. The Corporation was required to make a \$2,400,000 deposit, which is refundable at the end of the leases, contingent upon the acceptable condition of the facilities at lease-end. The Corporation was required to make one-time capital improvements of \$2,000,000. Under the lease terms, the lease payment will increase based upon a predetermined rate each year of approximately 2%. Rent payments made in 2009 were approximately \$2,800,000.

The Corporation closed the Mid-Town Nursing and Rehabilitation facility (Mid-Town) located in Indianapolis in May 2004. The operations of the home were purchased on December 1, 2003. The home was in disrepair and was typically less than 50% occupied. The Corporation owns the operations of another home located on North Capitol Street less than one mile from the Mid-Town facility. The North Capitol facility was also in disrepair when the operations were purchased on December 1, 2003, and was also approximately 50% occupied. LT Care invested \$1,800,000 of working capital to improve the North Capitol facility. After the improvements were completed, the patients of Mid-Town were transferred to North Capitol and the process of closing the Mid-Town facility commenced and was completed in 2004. The employees of the Mid-Town facility were offered other positions LT Care operations. During 2005, Mid-Town was converted into a Midtown Mental Health facility, which became operational in 2007.

In April 2005, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of one nursing home for \$2,593,750. In addition, the Corporation entered into a lease for the real estate of the nursing home with an entity related to ASC. The lease ends in March 2022 and requires minimum annual lease payment of \$1,500,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. Contingent rental income up to \$120,000 per year can also be earned under the lease agreement. The Corporation is required to make capital improvements of at least \$230,000 annually to this nursing home, with the amount of the commitment increasing annually by the same percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operation of the nursing home. The Corporation has a put option on this nursing home by which the Corporation would pay the lessor 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

In October 2006, the Corporation entered into transactions with independent third parties, which involved the purchase of assets of four nursing homes for \$2,810,000. In addition, the Corporation entered into leases for the real estate of the nursing homes, of which two are related entities to ASC. The leases end in September 2016 through September 2021 with the annual total lease payments of approximately \$2,300,000, paid in equal monthly installments. Contingent rental income up to \$184,000 per year can also be earned under the lease agreements. Under the lease terms, the lease payment will increase by 2% each year after the third year of the lease.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

During 2007, the Corporation entered into two transactions with independent third parties, which involved the purchase of assets of four nursing homes for a total of approximately \$1,000. In addition, the Corporation entered into real estate leases for the nursing homes. The lease terms are for ten years with annual total lease payments of approximately \$3,200,000 paid in equal monthly installments. Also, the leases required additional deposits of approximately \$3,100,000.

Also during 2007, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of two senior living facilities for \$531,250. In addition, the Corporation entered into leases for the real estate of the two facilities with this related entity. The leases end in March 2022 and requires minimum annual lease payments of \$600,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least \$102,000 annually to these facilities, with the amount of the commitment increasing annually by the same percentage as the annual rent. The Corporation has a put option on these facilities by which the Corporation would pay the owner 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

During 2008, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of a single nursing home for \$540,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The purchase price of \$540,000 is to be paid in installments of \$440,000 on the closing and \$100,000 on the one year anniversary of the close. The lease ends in June 2018 with the annual total lease payments of approximately \$540,000. Under the lease terms, the lease payment will increase by approximately 2.5% each year after the second year of the lease.

In January 2009, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of three nursing homes for \$100. The Corporation was also required to make a \$1,375,000 deposit, which is refundable at the end of the leases, contingent upon the acceptable condition of the facilities at lease-end. In addition, the Corporation entered into real estate leases for each of the homes which terminate in December 2022 and requires minimum annual lease payments of approximately \$1,300,000, paid in equal monthly installments. Under the lease terms, the lease payment will increase based upon a predetermined rate each year of approximately 3%. The Corporation is required to make minimum capital improvements in amounts totaling \$365 per bed annually.

In February 2009, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of three senior living facilities for \$7,175,250. In addition, the Corporation entered into leases for the real estate of the three facilities with this related entity. The leases end in March 2022 and require minimum annual lease payments of approximately \$7,400,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of approximately \$600,000 annually to these facilities, with the amount of the commitment increasing annually by the same percentage as the annual rent.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In April 2009, the Corporation entered into a transaction with an unrelated entity to purchase the assets of a single nursing home for \$850,000. In addition, the Corporation entered into a lease for the real estate of the facility. The lease ends in March 2022 with annual total lease payments of approximately \$674,000.

In August 2009, the Corporation entered into a transaction with an unrelated entity to purchase the assets of a single nursing home for \$750,000. In addition, the Corporation entered into a lease for the real estate of the facility. The lease ends in August 2022 with annual total lease payments of approximately \$785,000.

In December 2009, the Corporation entered into a transaction with an unrelated entity to purchase the assets of three nursing homes for \$1,475,000 to be paid in installments of \$1,180,000 at closing and \$147,500 on both the six month and one year anniversary of the close. In addition, the Corporation entered into leases for the real estate of the three facilities. The leases end in November 2022 and require annual lease payments totaling \$1,440,000. Two of the facilities have a separate agreement in place allowing for the conversion to Medicaid waiver facilities. The conversion would require payment of \$800,000 per facility and would reduce annual lease payments by \$150,000 each. The conversion agreement has an early termination clause requiring payment of \$1,600,000 and \$1,800,000 per facility if the lease is terminated by the Corporation prior to November 2022.

Note 18: Related Parties

During the year, the Corporation had transactions with the City of Indianapolis (the City) and Marion County (the County) that were conducted in the normal course of business. The County collects and distributes taxes and other special assessment fees on behalf of the Corporation. For the year ended December 31, 2009, the Corporation had received \$87,707,123 in tax cash receipts and \$917,060 in special assessment fees cash receipts from the County and at December 31, 2009, the Corporation had a tax receivable of \$30,927,708 and \$16,185,683 was deferred in the fund financial statements. The Corporation paid the City \$2,000,000 for the Housing Trust Fund to support the creation of more affordable housing opportunities for the underserved of Marion County. Also, the Corporation paid the County \$411,758 in 2009 in autopsy and death reports and \$110,058 in continuing education fees that the Corporation had collected on behalf of the County based on the issuance of death certificates. The City paid the Corporation \$552,060 for the "Clean and Lien" program to clean up vacant lots. The City paid the Corporation \$365,000 for unsafe building enforcement in 2009. In addition, the Corporation acted as a subrecipient or a pass-through agent for various state and federal grant programs with the City and County during 2009.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 19: Joint Venture

The Corporation is a 50% member in MDwise. MDwise is a not-for-profit corporation that contracts with the State of Indiana through the Office of Medicaid Policy and Planning and the Office of Children's Health Insurance Program, to arrange for and administer a risk-based managed care program for certain Indiana Medicaid enrollees. The investment is recorded in the Wishard fund and accounted for under the equity method. Complete financial statements for MDwise can be obtained from the MDwise administrative offices at 1099 North Meridian, Suite 320, Indianapolis, Indiana 46204.

Note 20: Loan Guarantee

In January 2004, the Corporation guaranteed a bond issuance to support the renovation of a building for the Charter for Accelerated Learning, Inc. (Charter School). The bonds were issued through the Indiana Finance Authority and had an original par value of \$4,000,000. The debt carries a 30-year term and matures November 1, 2038. The Corporation also guaranteed a line of credit for the Charter School in the amount of \$200,000. The incorporated name of the Charter School is the Charles A. Tindley Accelerated High School, which is a charter school authorized by the City of Indianapolis (the City). At December 31, 2009, the outstanding amount on the bond issuance was approximately \$3,451,000, and there was no outstanding amount on the line of credit. The Corporation knows of no event of default that would require it to satisfy these guarantees, and therefore, no amount has been recorded in the Corporation's financial statements. The Charter School remains current on its debt service payments.

Note 21: Negative Fund Balance

The Debt Service Fund has a negative fund balance of \$1,882,120 at December 31, 2009. This has been reduced by the collection of certain taxes receivable in June 2010.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

Note 22: Concentrations of Credit Risk

Wishard and LT Care grant credit without collateral to their patients, most of whom are generally insured under third-party agreements. The mix of receivables from patients and third-party payors at December 31, 2009 is as follows:

Commercial insurance	18%
Medicare	29%
Medicaid	31%
Self-pay	20%
Other	2%
	100%
	100%

Note 23: Commitments and Contingencies

Litigation

In addition to pending medical malpractice claims, the Corporation has various other litigation pending against it. It is the opinion of management that loss, if any, from pending litigation will not have a material adverse effect on its financial position, results of operations or liquidity.

Government Grants

The Corporation participates in a number of federal financial assistance programs. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the Corporation expects such amounts, if any, to be immaterial.

Note 24: Subsequent Events

In January 2010, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of a single nursing home for \$900,000. In addition, the Corporation entered into a lease for the real estate of the nursing home. The lease ends in December 2022 and requires annual lease payments of \$800,000 to be paid in equal monthly installments.

The Corporation closed the Trinity Village nursing home located in Evansville, Indiana on March 31, 2010 and terminated the lease effective April 30, 2010. The facility was originally acquired in December 2009. Due to this closing and termination of the lease agreement, the Corporation was required to pay an early termination payment of \$1,800,000. The annual lease payments for this facility were \$300,000. Upon closing, the residents were moved to another facility owned by the Corporation located in Evansville, Indiana.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to Basic Financial Statements
December 31, 2009

In May 2010, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of a nursing home for \$1,051,603. Additionally, the Corporation entered into a lease for the real estate of the nursing home. This lease ends in December 2022 and requires annual lease payments of \$632,363 to be paid in equal monthly installments.

The Corporation entered into another transaction in June 2010 with an independent third party to purchase the assets of a nursing home for \$1,150,000. Additionally, the Corporation entered into a lease for the real estate of the nursing home. This lease ends in 2023 and requires annual lease payments of \$660,000 to be paid in equal monthly installments.

Bond Issuance

To fund the New Wishard, the Corporation sought and was granted approval from the citizens of Marion County to issue up to \$754 million of debt. The Corporation sold \$660.58 million in bonds in February 2010. The aggregate interest rate was 3.9% on the 30-yr fixed rate issuance. The Corporation issued Series 2010 A-1 (\$40.8 million) and A-2 (\$154.2 million) and Series B-1 (\$106.25 million) and B-2 (\$359.33 million). The A-1 and B-1 debt was issued as tax exempt debt while the A-2 and B-2 were issued as Build America Bonds – Direct Payment – Federally Taxable. Series A bonds were issued as General Obligation debt while the Series B bonds were issued as Lease Revenue debt through a lease with the Indianapolis-Marion County Building Authority. The first repayment on the debt is due on July 15, 2010 and will be funded with capitalized interest from the issuance. Beginning in January 2011, the Corporation will begin funding the debt payments directly.

The Corporation was granted unlimited taxing authority to cover the annual debt payments because the New Wishard project was approved by referendum. The Corporation does not plan to use its taxing authority to fund the debt payments for the project. Debt payments will be made from available operating funds. Debt covenants require the Corporation to collect the ad valorem if operating funds are not sufficient to pay the entire debt service in any given year.

Land Exchange

The New Wishard will be built on land currently owned by IUPUI. The Corporation exercised a land-swap option agreement and paid \$1million to Indiana University in November 2009. The agreement allowed the Corporation to take control of the hospital site right away, and then gradually cede ownership of its current hospital site over the next four years to IUPUI. The Corporation has paid an additional 1.6 million to IU in 2010 related to accelerating the land-swap agreement.

**Required Supplementary Information
(Other Than MD&A)**

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 99,478,087	\$ 99,478,087	\$ 110,251,214	\$ 10,773,127
Licenses and permits	3,937,200	3,937,200	3,774,651	(162,549)
Intergovernmental	1,077,000	1,077,000	917,060	(159,940)
Charges for services	1,303,400	1,303,400	1,405,542	102,142
Medicaid special revenue	138,600,000	138,600,000	65,996,323	(72,603,677) *
Interest	3,800,000	3,800,000	436,497	(3,363,503)
Grants	16,528,000	16,528,000	29,185,887	12,657,887
Miscellaneous	8,282,400	8,282,400	15,802,849	7,520,449
Total revenues	273,006,087	273,006,087	227,770,023	(45,236,064)
Expenditures				
Personal services	46,350,000	48,350,000	46,987,454	(1,362,546)
Supplies	4,147,000	6,750,000	5,344,790	(1,405,210)
Other charges and services	45,415,000	40,138,000	29,927,455	(10,210,545) *
Capital outlays	6,326,000	7,000,000	5,366,399	(1,633,601)
Total expenditures	102,238,000	102,238,000	87,626,098	(14,611,902)
Other Financing Uses				
Transfers out	(180,000,000)	(180,000,000)	(131,427,094)	48,572,906
Total other financing sources	(180,000,000)	(180,000,000)	(131,427,094)	48,572,906
Net change in fund balances	(9,231,913)	(9,231,913)	8,716,831	17,948,744
Fund balances - beginning of year	139,669,410	139,669,410	139,669,410	-
Fund balances - end of year	\$ 130,437,497	\$ 130,437,497	\$ 148,386,241	\$ 17,948,744

* Transactions related to the intergovernmental transfers associated with the Medicaid Special Revenue are budgeted with gross values; however, for generally accepted accounting principles, these transactions are reported as net.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Notes to the Required Supplementary Information
December 31, 2009

Budgets and Budgetary Accounting

The Corporation is required by state statute to prepare a budget each calendar year. The budget is prepared for the General, Debt Service and Capital Projects, but is not required for certain activities of the Capital Projects Funds since they are controlled by bond indentures. The Corporation's annual budget is subjected to review by the Corporation's Board of Trustees and the City-County Council, and approved by the State of Indiana Department of Local Government Finance (DLGF). Any additional appropriations that increase the total expenditures require approval by the Corporation's Board of Trustees and the DLGF. Any decreases to total appropriated expenditures require the approval by the Corporation's Board of Trustees but not the DLGF. Budgetary control is exercised at the object of expenditure level. Management may amend department and cost center budgets without seeking Board approval, as long as the total appropriation by Division, and by object of expenditure, remains unchanged.

The General, Capital Projects, and Enterprise Funds budgets are adopted on a basis consistent with GAAP for revenue. Encumbrances are treated as expenditures for the year in which the commitment to purchase is incurred for budgetary purposes. The Debt Service Fund is budgeted on a basis consistent with GAAP.

Encumbrance Accounting

Purchase orders, contracts and other anticipated obligations to expend monies are recorded as encumbrances in governmental fund types in order to reserve that portion of the applicable appropriation. Encumbrances and their underlining appropriations do not lapse with the expiration of the budget period. Accordingly, outstanding encumbrances at year-end are reported as reservations of fund balances on the fund financial statements.

Reconciliation of Budgetary Basis Actual to GAAP Basis Actual

The schedule of revenues, expenditures, and changes in fund balances - budget and actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because the budgetary and GAAP presentations of actual data differ for the General Fund expenditures, a reconciliation of the two presentations is presented below for the General Fund.

Net change in fund balance - GAAP basis	\$ 8,432,973
Add (Deduct)	
Change in encumbrances	(670,275)
Change in prepaid expenditures	207,630
Change in accounts receivable	(7,528,269)
Change in accounts payable	3,681,114
Change in self-insurance claims	4,593,658
	4,593,658
Net change in fund balance - Budgetary Basis	\$ 8,716,831

Supplementary Information

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2009 Amount Passed-Through to Subrecipients	Combined 2009 Total Federal Expenditures
U.S. Department of Homeland Security						
	City of Indianapolis, Indiana	C44P-5-240	Urban Areas Security Initiative	97.008	\$ -	\$ 1,617,434
	Indiana University	C44P-0-105A	Urban Areas Security Initiative	97.008	-	50,767
					-	1,668,201
	City of Indianapolis, Indiana	PO I6602686	Metropolitan Medical Response System	97.071	32,270	341,953
	Indiana Department of Homeland Security	Not provided	State Homeland Security Program	97.073	-	5,391
					-	-
			Total U.S. Department of Homeland Security		32,270	2,015,545
U.S. Department of Labor						
	Indianapolis Private Industry Council	HG147540560	Workforce Investment Act Pilots, Demonstrations and Research Projects	17.261	-	8,825
National Institute of Health						
	Indiana University	86398	Mental Health Research Grants	93.242	-	136,997
	Indiana University	UH2DK083980	Trans-NIH Research Support	93.310	-	18,494
	Indiana University	U19AI031494-16	Allergy, Immunology and Transplantation Research	93.855	-	26,676
	Indiana University	R01HD044387	Child Health and Human Development Extramural Research	93.865	-	20,269
	Indiana University	R01HD053231	Child Health and Human Development Extramural Research	93.865	-	20,976
					-	41,245
			Total National Institute of Health		-	223,412
U.S. Department of Agriculture						
	Indiana Department of Health	3610-572100-142500 198-6	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	26,188,962
	Indiana Department of Health	3610-572100-144300 198-11	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	42,906
	Indiana Department of Health	3610-572100-142500 198-6	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	120,742
	Indiana Department of Health	3610-572100-142500 198-7	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	69
					-	-
			Total U.S. Department of Agriculture		-	26,352,679
U.S. Department of Education						
	Indianapolis Public Schools	10-4700-5385	Career and Technical Education - Basic Grants to States	84.048	-	8,727
	Indiana Family and Social Services Administration Division of Disability, Aging and Rehabilitative Services	Not provided	Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	-	260,365
					-	-
			Total U.S. Department of Education		-	269,092

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2009

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2009 Amount Passed-Through to Subrecipients	Combined 2009 Total Federal Expenditures
U.S. Department of Health and Human Services						
	Indiana Department of Health	3610-572100-103200 BPRS 198-12	Public Health Emergency Preparedness	93.069	\$ -	\$ 5,262
	Indiana Department of Health	3610-572100-103200 BPRS 198-38	Public Health Emergency Preparedness	93.069	-	20,000
	Indiana Department of Health	3610-572100-103200-BPRS 198-51	Public Health Emergency Preparedness	93.069	-	241,184
	Indiana Department of Health	61910-583110-400361010320010 BPRS 198-51	Public Health Emergency Preparedness	93.069	-	20,156
	Indiana Department of Health	3610-537000-103920 DRHP 198-56	Public Health Emergency Preparedness	93.069	-	272,319
	Indiana Department of Health	61910 573100 4003610108290 HP 198-67	Public Health Emergency Preparedness	93.069	-	110,891
	Indiana Department of Health	61910 573100 4003610108290 HP 198-66	Public Health Emergency Preparedness	93.069	-	1,068,783
					<u>-</u>	<u>1,738,595</u>
	Direct	N/A	Bilingual/Bicultural Service Demonstration Grants	93.105	-	233,850
	Indiana Department of Health	3610-572100-140300 TB198-40	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	-	113,193
	Indiana Department of Health	61910 573100 4003610140300 TB 198-57	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	-	12,911
					<u>-</u>	<u>126,104</u>
	Clarian Health Partners, Inc.	2H4AHA00062	AIDS Education and Training Centers	93.145	-	89,676
	Indiana Family & Social Service Administration, Division of Mental Health Administration	49-05-YG-1580-1	Projects for Assistance in Transition from Homelessness	93.150	-	48,960
	Indiana Department of Health	3610-572100-130300 CLP 198-1	Childhood Lead Poisoning Prevention Project - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	-	124,901
	Direct	N/A	Consolidated Health Centers	93.224	1,032,653	1,032,653
	Indiana Department of Health	3610-572100-142300 IP198-1	Immunization Grants	93.268	-	394,709
	Indiana Department of Health	3610-572100-142300 IP198-3	Immunization Grants	93.268	-	3,631
					<u>-</u>	<u>398,340</u>
	Indiana Department of Health	3610-572100-149900 ELCID 198-48	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	175
	Indiana Department of Health	3610-572900-149900 ELCID 198-55	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	45,776
	Indiana Department of Health	3610-572100-103500 AA198-13	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	1,807
	Indiana Department of Health	3610-572100-103200-BPRS 198-49	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	38,604
					<u>-</u>	<u>86,362</u>
	HealthNet and Indiana University	HEA-01208/108597/2293N3	Temporary Assistance for Needy Families	93.558	-	375,549
	Indiana Family & Social Service Administration	48-05-60-1580	Temporary Assistance for Needy Families	93.558	-	1,295,742
	Indiana Department of Child Services	49-09-60-1580	Temporary Assistance for Needy Families	93.558	-	824,571
					<u>-</u>	<u>2,495,862</u>

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2009

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2009 Amount Passed-Through to Subrecipients	Combined 2009 Total Federal Expenditures
Indiana Family & Social Service Administration/ Division of Family Resources		F1-8-49-08-R5-1580	Refugee and Entrant Assistance - State Administered Programs	93.566	\$ -	\$ 80,000
Indiana Department of Health Direct		3610-537000-141300 HPR 198-49 N/A	Refugee and Entrant Assistance - Discretionary Grants Refugee and Entrant Assistance - Discretionary Grants	93.576 93.576	- -	58,044 116,010
					<u>-</u>	<u>174,054</u>
Indiana University Indiana University		624231 591314	Aging Research Aging Research	93.866 93.866	- -	14,352 5,897
					<u>-</u>	<u>20,249</u>
Direct		N/A	ARRA - Health Center Integrated Services Development Initiative	93.703	65,209	65,209
Indiana Family & Social Service Administration		MD29-0-93-09-ZP-1580	Alternate Non-Emergency Service Providers or Networks	93.790	-	190,110
Direct		N/A	Health Care and Other Facilities	93.887	-	141,259
Direct		N/A	National Bioterrorism Hospital Preparedness Program	93.889	(66,456)	1,049,866
Indiana Department of Health Direct		583110 N/A	National Bioterrorism Hospital Preparedness Program National Bioterrorism Hospital Preparedness Program	93.889 93.889	- -	125,616 2,768,791
					<u>(66,456)</u>	<u>3,944,273</u>
Direct		N/A	HIV Emergency Relief Project Grants	93.914	2,232,964	3,172,965
Direct		N/A	HIV Emergency Relief Project Grants	93.914	-	1,279,889
Direct		N/A	HIV Emergency Relief Project Grants	93.914	-	29,883
					<u>2,232,964</u>	<u>4,482,737</u>
Direct		N/A	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	262,505	703,144
Direct		N/A	Healthy Start Initiative	93.926	62,089	1,014,919
Department of Education		1U87DP001178-01	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	-	7,000
Indiana Department of Health		3610-572100-144100 AIDS 198-8	HIV Prevention Activities - Health Department Based	93.940	-	(3,675)
Indiana Department of Health		61910-573100-4003610144100 AIDS 198-8	HIV Prevention Activities - Health Department Based	93.940	-	171,385
					<u>-</u>	<u>167,710</u>
Indiana Department of Health		3610-572100-144400 ASP 198-7	Human Immunodeficiency Virus/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	-	35,361
Indiana Department of Health		3610-572100-144400 ASP 198-54	Human Immunodeficiency Virus/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	-	35,731
Indiana Department of Health		3610-572100-133400 NRC 198-53	Human Immunodeficiency Virus/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	-	38,486
					<u>-</u>	<u>109,578</u>
InteCare, Inc.		Not provided	Block Grants for Community Mental Health Services	93.958	-	467,174
Indiana Department of Health		3610-572100-145500-PSUP198-16	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	21,870
Indiana Department of Health		3610-572100-145500	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	25,790
Division of Mental Health/Addiction		49-07-SA-1580	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	118,992
InteCare, Inc.		Not provided	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	998,623
					<u>-</u>	<u>1,165,275</u>

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2009

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2009 Amount Passed-Through to Subrecipients	Combined 2009 Total Federal Expenditures
	Indiana Department of Health	3610-572900-141610 STD 198-21	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	\$ -	\$ 247,272
	Indiana University	440689	Maternal and Child Health Services Block Grant to the States	93.994	-	170,245
	Indiana University	673988	Maternal and Child Health Services Block Grant to the States	93.994	-	52,307
					<u>-</u>	<u>222,552</u>
	Indiana Family Health Council	FPHPA050511-32-03	Family Planning Services	93.217	-	1,510,653
	Department of Child Services	Not provided	Social Services Block Grant	93.667	-	185,186
	Indiana Family Health Council	FPHPA050511-32-03	Social Services Block Grant	93.667	-	69,793
					<u>-</u>	<u>254,979</u>
			Total U.S. Department of Health and Human Services		<u>3,588,964</u>	<u>21,343,450</u>
U.S. Department of Housing and Urban Development						
	City of Indianapolis, Indiana	POI9300633	CDBG Grant	14.218	-	96,931
	City of Indianapolis, Indiana	POI7301074; POI0300473	Supportive Housing Program	14.235	-	187,941
	City of Indianapolis, Indiana	POI8300834; IN36C703011; IN36C603012; POI7300851	Shelter Plus Care Youth to Adult, Adult and Project Based	14.238	-	346,141
	Direct	N/A	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	691,896	801,376
	Direct	N/A	ARRA - Healthy Homes Demonstration Grants	14.901	-	98,747
	Direct	N/A	Office of Healthy Homes and Lead Hazard Control	14.904	-	12,267
	Direct	N/A	Lead Hazard Reduction Demonstration Grant Program	14.905	1,117,215	1,306,935
			Total U.S. Department of Housing and Urban Development		<u>1,809,111</u>	<u>2,850,338</u>
U.S. Department of Justice						
	Indiana Criminal Justice Institute	07JF025	Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	33,464	33,464
	Indiana Criminal Justice Institute	3680-572500-125700 05VA092	Crime Victim Assistance	16.575	-	(6,392)
	Legacy House, Inc.	06VA171	Crime Victim Assistance	16.575	-	78,655
	Legacy House, Inc.	08VA170	Crime Victim Assistance	16.575	-	87,734
	Indiana Criminal Justice Institute	08VA095	Crime Victim Assistance	16.575	-	27,415
	Indiana University	207122	Crime Victim Assistance	16.575	-	23,934
	Indiana University	94426	Crime Victim Assistance	16.575	-	35,148
	Indiana University	2008-VA-GX-0031	Crime Victim Assistance	16.575	-	46,812
					<u>-</u>	<u>293,306</u>
	Indiana Criminal Justice Institute	09STR22	ARRA - Violence Against Women Formula Grants	16.588	-	914
			Total U.S. Department of Justice		<u>33,464</u>	<u>327,684</u>
			Total Federal Expenditures		<u>\$ 5,463,809</u>	<u>\$ 53,391,025</u>

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2009

Note to Schedule

1. This schedule includes the federal awards activity of Health and Hospital Corporation of Indianapolis - Marion County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Board of Trustees
Health and Hospital Corporation of Marion County, Indiana
Indianapolis, Indiana

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis - Marion County) (Corporation) as of and for the year ended December 31, 2009, which collectively comprise its basic financial statements and have issued our report thereon dated June 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 09-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We also noted certain matters that we reported to the Corporation's management in a separate letter dated June 29, 2010.

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing body, management and others within the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Indianapolis, Indiana
June 29, 2010

Independent Accountants' Report on Compliance and Internal Control Over Compliance With Requirements Applicable to Major Federal Awards Programs

Board of Trustees
Health and Hospital Corporation of Marion County, Indiana
Indianapolis, Indiana

Compliance

We have audited the compliance of the Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis - Marion County) (Corporation) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the compliance of the Corporation based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

As described in item 09-04 in the accompanying schedule of findings and questioned costs, the Corporation did not comply with requirements regarding suspension and debarment that are applicable to its Public Health Emergency Preparedness program. Compliance with such requirements is necessary, in our opinion, for the Corporation to comply with requirements applicable to those programs. In our opinion, except for the noncompliance described in the preceding paragraph, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to Public Health Emergency Preparedness program for the year ended December 31, 2009.

As described in item 09-04 in the accompanying schedule of findings and questioned costs, the Corporation did not comply with requirements regarding suspension and debarment that are applicable to its Hospital Preparedness Program. Compliance with such requirements is necessary, in our opinion, for the Corporation to comply with requirements applicable to those programs. In our opinion, except for the noncompliance described in the preceding paragraph, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to Hospital Preparedness Program for the year ended December 31, 2009.

As described in item 09-04 in the accompanying schedule of findings and questioned costs, the Corporation did not comply with requirements regarding suspension and debarment that are applicable to its Urban Areas Securities Initiative program. Compliance with such requirements is necessary, in our opinion, for the Corporation to comply with requirements applicable to those programs. In our opinion, except for the noncompliance described in the preceding paragraph, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to Urban Areas Securities Initiative program for the year ended December 31, 2009.

In our opinion, except for the noncompliance described in the preceding paragraphs, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-02 and 09-03.

Internal Control Over Compliance

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings and questions costs as items 09-04. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Indianapolis, Indiana
August 31, 2010

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report over financial reporting was (were):
(Check each description that applies)

Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting described:

Significant deficiency(ies) noted considered material weakness(es)? Yes No

Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:

Significant deficiency(ies) noted considered material weakness(es)? Yes No

Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was (were):
 (Check each description that applies. If any other than unqualified apply, also list the name of each major program by the type of opinion applicable to that program.)

Unqualified Qualified Adverse Disclaimed

Special Supplemental Nutrition Program for Women, Infants & Children (CFDA No. 10.557)	Unqualified
Public Health Emergency Preparedness (CFDA No. 93.069)	Qualified
Temporary Assistance for Needy Families (CFDA No. 93.558)	Unqualified
Hospital Preparedness Program (CFDA No. 93.889)	Qualified
HIV Emergency Relief Project (CFDA No. 93.914)	Unqualified
Urban Areas Securities Initiative (CFDA No. 97.008)	Qualified

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. The Corporation's major programs were:

Cluster/Program	CFDA Number
Special Supplemental Nutrition Program for Women, Infants & Children	10.557
Public Health Emergency Preparedness	93.069
Temporary Assistance for Needy Families	93.558
Hospital Preparedness Program	93.889
HIV Emergency Relief Project	93.914
Urban Areas Securities Initiative	97.008

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,661,731.

9. The Corporation qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
09-01	<p>Criteria or Specific Requirement: Internal Control Over Financial Reporting</p> <p>Condition: The Corporation issues a Comprehensive Annual Financial Report (CAFR) on an annual basis which includes the activities of the Wishard Health Systems. A material audit adjustment was required for Wishard Health Services in order to present materially accurate financial statements. This adjustment was not detected by management's internal control structure.</p> <p>Context: Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Cause: Communication, coordination and review between the Headquarters and Wishard Health Services accounting departments may not be adequate to support timely and accurate financial reporting.</p> <p>Effect: Potential material misstatements in the financial statements could occur and not be detected and/or corrected in a timely manner.</p> <p>Recommendation: We recommend that the Headquarters and Wishard Health Services divisions evaluate current accounting mechanisms in place for monitoring interfund activity associated with Wishard Health Services to determine how they can be enhanced to minimize the potential for material error.</p> <p>Views of Responsible Officials and Planned Corrective Action: We concur. Wishard Health Services (WHS) will implement procedures to ensure that all future inter-fund activities between WHS and Health and Hospital Corporation of Marion County (HHC) are handled consistently and timely to allow for accurate financial reporting.</p> <p>Planned Corrective Action: On a monthly basis, HHC will notify WHS of all inter-fund activity which originates at HHC, and WHS will notify HHC of the same inter-fund activity that may originate at WHS. Each month, HHC will forward a copy of their journal entry recording the inter-fund activity to WHS and WHS will make the corresponding entry to the WHS financial statements. A periodic reconciliation will occur between members of the finance team for both HHC and WHS to ensure that financial statements are accurately recorded and free of material error.</p>	

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
09-02	<p>Federal Agency: U.S. Department of Health and Human Services</p> <p>CFDA Title and Number: 93.959 - Block Grants for Prevention and Treatment of Substance Abuse</p> <p>Award Number: 3610-572100-145500, 3610-572100-145500-PSUP198-16, 49-07-SA-1580</p> <p>Award Year: July 1, 2008 - June 30, 2009</p> <p>Criteria or Specific Requirement: Allowable Costs/Cost Principles - Per OMB Circular A-87, <i>Cost Principles for State, Local and Indian Tribal Governments</i>, Attachment B, paragraphs 8(h)(3) and (4)... where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation that must be signed by the employee.</p> <p>Condition: BKD obtained a listing of individuals whose wages were allocated to the grants specified above and reviewed the completed and signed time attestation forms submitted by each individual. Signed attestation forms for January - June 2009 were not signed until March 2010, therefore, the semi-annual approval did not occur in time for the award close-out period.</p>	None

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Reference Number	Finding	Questioned Costs
	<p>Context: A sample of nine employee files from Midtown Community Mental Health Center was tested to determine that there was documentation to support the percentage of time worked by each employee on a specific grant and if the documentation was signed or approved by either the employee or the employee's direct supervisor. Of the nine files tested, seven contained a completed and signed attestation form for the time period worked; however, the attestation did not occur until March 2010 (approximately eight months after the time period being attested). Because there was an attestation form signed for these individuals, there are no questioned costs associated with this finding.</p> <p>Cause: The Corporation did not ensure that all employees provide the signed attestation form semi-annually.</p> <p>Effect: The Corporation is not compliant with the requirements of OMB Circular A-87.</p> <p>Recommendation: It is recommended that management adhere to established policies and procedures for obtaining required supporting documentation for employee wages charged to grants on a semi-annual basis.</p> <p>Views of Responsible Officials and Planned Corrective Action: We concur. Midtown Community Mental Center (Midtown), in conjunction with the WHS section of the HHC Grants Department (WHS Grants), began obtaining attestations on a bi-annual basis in March 2010.</p> <p>Planned Corrective Action: Midtown, in conjunction with WHS Grants began the process of obtaining the appropriate documentation (signed time attestation sheets) in March 2010. A payroll check-off sheet is used to ensure all documents are obtained. WHS Grants has assumed the responsibility of obtaining and monitoring these documents to ensure compliance with OMB Circular A-87, <i>Cost Principles for State and Local Governments</i>.</p>	

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Reference Number	Finding	Questioned Costs
09-03	<p>Federal Agency: U.S. Department of Health and Human Services</p> <p>CFDA Title and Number: 93.959 - Block Grants for Prevention and Treatment of Substance Abuse</p> <p>Award Number: 3610-572100-145500, 3610-572100-145500-PSUP198-16, 49-07-SA-1580</p> <p>Award Year: July 1, 2008 - June 30, 2009</p> <p>Criteria or Specific Requirement: Eligibility - Under the terms of the grant agreement, the Corporation is required to perform the necessary procedures to determine the eligibility of individuals enrolled under the grant agreement.</p> <p>Condition: In prior years' audits, it could not be determined whether the Corporation was in compliance with the program's eligibility requirements, as sufficient documentation was not available to determine eligibility for services.</p> <p>It was recommended that the Corporation strengthen its processes and controls in this area. The Corporation designed a process whereby the Corporation would perform audit procedures every January and July to ensure appropriate documentation to determine eligibility is maintained. As this grant is exclusive to Midtown Community Mental Health Center, these procedures are to be performed by members of their staff.</p> <p>While this program was not tested as a major program for 2009, we inquired as to the status of the semi-annual audits that were to be conducted to ensure compliance with the eligibility requirements. Upon inquiry, it was determined that such audits are still not being conducted.</p> <p>Context: Under the grant agreement, the Corporation is responsible for determining the eligibility of individuals enrolled under this grant.</p> <p>Cause: Procedures identified in the prior period by management to correct the prior year finding were not implemented at all locations subject to the compliance requirement.</p> <p>Effect: The Corporation cannot ensure compliance with said eligibility requirements.</p> <p>Recommendation: We recommend that the Corporation take steps to ensure that the required semi-annual audit procedures at Midtown Community Health Center are reinforced.</p>	None

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Reference Number	Finding	Questioned Costs
	<p>Views of Responsible Officials and Planned Corrective Action:</p> <p>We concur. Midtown will review the Narcotics Treatment Program (NTP) clients' Hoosier Assurance Program (HAP) applications on a monthly basis to ensure compliance of income eligibility, residency and other compliance requirements. Additionally, a sample of the clients' records will be reviewed semi-annually by either the Midtown Finance Department or an outside auditing firm as an additional review of the manager's audit.</p> <p>Planned Corrective Action: With the changes in management staff at Midtown, the proposed audit processes were not followed during 2009. Beginning in April 2010, the NTP manager started reviewing 100% of HAP applications on a monthly basis. This review includes:</p> <ol style="list-style-type: none"> 1. New clients; and 2. Current clients that need to have updated HAP applications completed. The state requires an updated HAP application every 180 days. <p>Additionally, either Midtown's Finance Department or contracted entity will review samples of the clients' HAP information semi-annually. Midtown will start its first review in September 2010 and end with another review completed in December 2010. The semi-annual review will take place in July and December of each fiscal year until the grant dollars are no longer received by Midtown.</p>	
09-04	<p>Federal Agency: U.S. Department of Health and Human Services Department of Homeland Security</p> <p>CFDA Title and Number: 93.069 - Public Health Emergency Preparedness 93.889 - Hospital Preparedness Program 97.008 - Urban Area Securities Initiative</p> <p>Award Number: 3610-572100-103200-BPRS 198-51, 61910 573100 4003610108290 HP 198-67; 1-HFPEP070015-01-00, 6-HFPEP-070015-01-02 ; C44P-5-240, C44P-0-105A</p> <p>Award Year: September 30, 2007 - September 29, 2009</p>	None

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Reference Number	Finding	Questioned Costs
	<p>Criteria or Specific Requirement: Per 2 CFR 180, all non-federal entities are prohibited from contracting with vendors under covered transactions with parties that are suspended or debarred or whose principals are suspended or debarred.</p> <p>Condition: Documentation to support compliance with the above requirement was not available.</p> <p>Context: We tested a sample of nine vendors to evaluate compliance with the applicable suspension and debarment requirements including the review of the excluded party list and noted the issue above in all nine instances. Further, we verified that all nine vendors have not been suspended or debarred.</p> <p>Cause: The Corporation was not following internal policies of verifying suspension and debarment. In some instances, the Corporation relies on the vendor to sign-up for a monitoring service and did not follow-up on those vendors who do not sign up.</p> <p>Effect: By not verifying whether or not vendors are on the excluded party list exposes the Corporation to the risk of making payments to a vendor that has been suspended or debarred in violation of Federal regulations. The documentation of such review is the control necessary to make sure such risks are properly mitigated.</p> <p>Recommendation: We recommend the Corporation develop policies and processes to ensure that the "Excluded Parties List" is reviewed on an annual basis or at minimum, prior to contracting with a vendor for products/services under a Federal program and that such review be documented by including supporting documentation in the file.</p>	

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Reference Number	Finding	Questioned Costs
<p>Views of Responsible Officials and Planned Corrective Action:</p>	<p>We concur. Current policy requires that all vendors/subrecipients with purchase orders/contracts expected to equal or exceed \$25,000 be verified against the excluded party list.</p> <p>Planned Corrective Action: For HHC’s Headquarters and Public Health Divisions (HHC), Purchasing staff will check the Excluded Parties List System (EPLS) website for all vendor purchase orders/contracts (covered transactions) that are expected to equal or exceed \$25,000. The Grants Department will check the EPLS Website for all subrecipient contracts/purchase orders regardless of amount. Finance management will confirm these reviews occur and that evidence of review exists.</p> <p>For our Hospital Division, during the requisition approval process, WHS Grants personnel will verify that vendors are registered in VendorMate (vendor credentialing software) prior to approving a requisition. When a vendor is not registered, WHS Grants personnel will check the EPLS website to determine if the vendor is suspended or debarred. All EPLS checks will be documented for audit purposes.</p>	

Health and Hospital Corporation Of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2009

Reference Number	Summary of Finding	Status
08-01	Over the course of our audit, we encountered significant delays in the preparation of audit schedules supporting the Corporation's grant activity (federal and otherwise). The Corporation does not have an adequate process in place to properly identify federal grant expenditures for inclusion in the schedule of expenditures of federal awards for the OMB Circular A-133 audit (Single Audit). We also believe the Corporation does not have an adequate internal control system in place to account for grants in a manner that ensures the completeness, accuracy and timeliness of this activity from a financial reporting perspective.	Corrected
08-02	Per OMB Circular A-87, <i>Cost Principles for State, Local and Indian Tribal Governments</i> , Attachment B, paragraphs 8(h)(3) and (4)...where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation that must be signed by the employee.	See 09-02
08-03	The Corporation is responsible for determining the eligibility of individuals enrolled in the Substance Abuse Program, but sufficient documentation was not available to determine eligibility for all individuals tested.	See 09-03
08-04	The Corporation experienced difficulty in preparing a complete and accurate Schedule of Expenditures of Federal Awards in accordance with OMB Circular A-133.	Corrected