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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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December 5, 2011

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

We have reviewed the audit report prepared by BKD, LLP, Independent Public Accountants, for the period January 1, 2010 to December 31, 2010. 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, 2010 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' 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, 2010

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, 2010

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, 2010

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(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2010

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HEALTH& HOSPITAL CORPORATION

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June 30, 2011

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, 2010, 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, 2010, 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, 2010, 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 Public Health Department (MCPHD) and the Division of Public Hospitals doing business as Wishard Health Services (Wishard).

MCPHD 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.

Wishard is comprised of Wishard Memorial Hospital, a general acute care facility with 313 staffed beds, excluding newborn nursery; nine 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. 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.

The Corporation also has a long-term care (LT Care) Enterprise Fund, which operates 44 nursing homes throughout Indiana at the end of 2010. LT Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. Five nursing home operations were purchased in 2010. There have been five additional purchases in 2011, 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 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 the 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 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, 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

Along with the changes in healthcare finance, the Corporation is constructing a new campus for Wishard Health Services. The New Wishard is expected to open by the end of 2013 with a 315-bed inpatient hospital, an outpatient clinic with 200 exam rooms, 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 administrative functions.

The New Wishard will be built on land formerly owned by IUPUI. The Corporation exercised a land-swap option agreement and has paid $3.95 million to date to Indiana University in connection with this agreement. The agreement allowed the Corporation to take control of the hospital site right away, while gradually ceding ownership of its current hospital site over the next four years to IUPUI.

The New Wishard is pursuing 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 $703.04 million of debt. The Corporation also committed to using $150 million of its reserves 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, $660.68 million in bonds were issued to finance the project. The aggregate interest rate was 3.9% on the 30-yr fixed rate issuance. 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.

MAJOR INITIATIVES FOR THE YEAR

Marion County Public Health Department:

During 2010, significant efforts were devoted to addressing the Indiana State Department of Health's new immunization requirements for students entering preschool or kindergarten as well as students entering grades 6-12. In addition to educating the residents of Marion County and working with the school systems, MCPHD offered several mass clinics and increased its hours of operations to ensure students were immunized and able to matriculate into their educational institutions.

In the context of increasing fiscal constraint, the MCPHD continued to focus its energies on 1) maintaining the quality of critical services while 2) meeting new challenges and 3) achieving significant long-term impact on those health problems that will have the greatest overall impact on the residents of Marion County. The former included a $74,000 grant from the Walmart Foundation that will fund repairs to the MCPHD's Dental Smile Mobile. The operation of the Dental Smile Mobile allows the MCPHD to address the overwhelming problem of dental disease in disadvantaged children. The latter included 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 individual's behavior, and all require long-term efforts and long-term commitment.

Other challenges commanding the MCPHD'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, healthy homes and lead hazard control, childhood lead poisoning prevention, 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, addressing the needs of the Burmese and Refugee populations and reducing the prevalence of prostate cancer.

Wishard Health Services:

Wishard received many awards during 2010, a sample of which includes:

- Wishard Health Services was recognized with the 2010 Patient Safety Hero Award from the Indianapolis Coalition for Patient Safety. Wishard was recognized for the effective and innovative implementation of the Care One system.
- Wishard Health Services and Health and Hospital Corporation were the recipients of the 2010 Health Care Heroes Award - Community Achievement category by the Indianapolis Business Journal (IBJ). The IBJ recognized Wishard and HHC for the successful campaign to build a new Wishard and preserve the safety net for health care in Indianapolis.
- Wishard Health Services was recognized by the University HealthSystem Consortium for demonstrating excellence in supply chain management at the UHC 2010 Performance Excellence Forum in Dallas.
- Wishard Health Services and the Regenstrief Institute were selected as the recipients of NAPH's 2010 President's Award for Health Reform Readiness and Leadership.
- Wishard Health Services was awarded the Tony and Mary Hulman Health Achievement Award for Project Prescription for Hope, a program within the IU/Wishard level I Trauma Center.
- The Black Nurses Association of Indianapolis, Inc. presented Wishard Health Services with the Community Health Champion Award at their Sixth Annual Luncheon on Friday, October 22, 2010. The award recognizes outstanding commitment to preserving quality of life and standards of living within ethnically and racially diverse communities.

Wishard continued the construction process of its new replacement facility. In addition, Wishard continued its focus on primary and preventive care as evidenced by the expansion of its outpatient delivery system. During 2010, Wishard opened two health clinics in retail shopping centers for the purpose of adding additional primary care capacity. Wishard also began the design phase of its largest community health center, which will be located on the west side of Indianapolis. Construction of this center will begin in 2011 and is scheduled to open no later than early 2013. Wishard continues to investigate and implement strategies that increase its ability to serve an increased number of patients in the outpatient setting.

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 preventative 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 40 nursing homes at the beginning of the year and 44 by year end. In February 2010, Trinity Village in Evansville was closed. This facility was part of a larger acquisition and after the initial period of operating it was determined that the cost of appropriate renovation would be very high and in its present state, the facility did not meet the needs of the residents. During the year, four new facilities were acquired: Springhill Village, Terre Haute; Good Samaritan Home and Rehabilitative Center, Oakland City; Wellington Manor and Bethany Village in Indianapolis; and Betz Nursing Home in Auburn, Indiana.

In October 2010 a new department within the Health and Hospital Corporation headquarters was established as the Long Term Care Department. Shelia Guenin, former President and owner of Herrin Associates Co. Inc. was hired as the Vice President of Long Term Care. Three additional members of the Herrin Associates consulting firm were hired in November. Herrin Associates Co. Inc. as a subcontractor with Crowe Horwath provided oversight quality reviews in the HHC operated facilities for a period of five years. This oversight program is now an in-house quality review and continues to be a major component of our quality assurance endeavors.

The Corporation recognizes a 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. The Corporation invests more than three times the capital improvements as the average home in Indiana. A goal was established in 2010 and funds allocated in the individual facility operating budgets to increase RN coverage in direct care positions from a minimum of eight (8) hours per day to twenty four (24) hours per day. All facilities are making a concerted effort to meet this goal. Funds will be allocated for 2011 to allow for all HHC nursing homes to implement electronic medical record systems. State survey data for 2010 showed that on average, facilities owned by the Corporation had an average of 35% improvement in quality scores after they were purchased. Four HHC facilities earned perfect state survey scores in 2010. The Corporation is fully aware that a small number of its homes have quality scores that have decreased over time. The Corporation continues to spend more time and resources to turn those homes around so that 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 2010 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, 2009. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last 26 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 and Hospital Corporation of Marion County Indiana

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2009

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

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

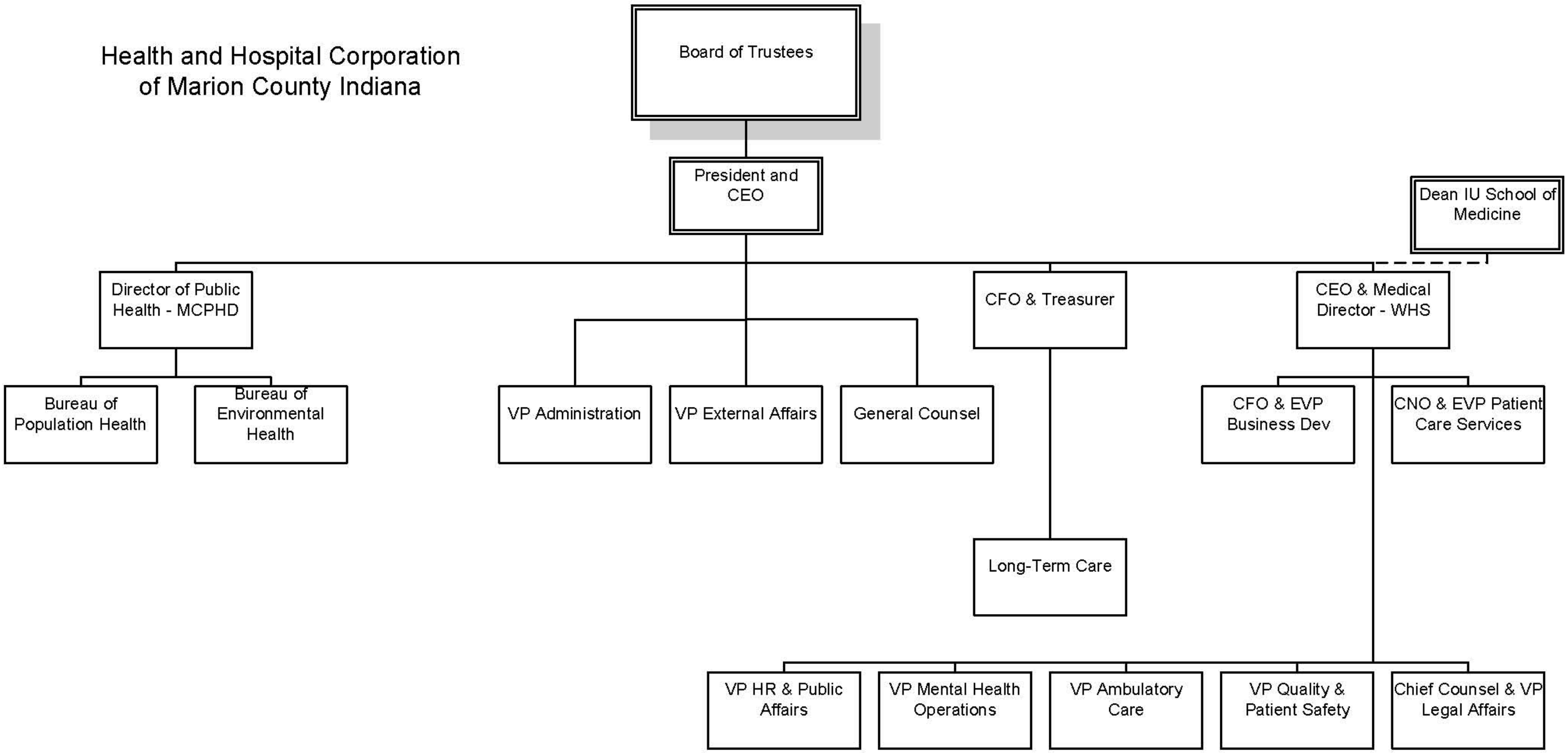
Name	Title
Matthew R. Gutwein	President and Chief Executive Officer
Daniel E. Sellers	Treasurer and Chief Financial Officer
Lisa E. Harris, M.D.	CEO and Medical Director, Wishard Health Services
Virginia A. Caine, M.D.	Director, Marion County Public Health Department

Independent Auditors

BKD, LLP Indianapolis, Indiana

Officers of the Health and Hospital Corporation during 2010 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 Public Health Department; and Daniel E. Sellers, Treasurer and Chief Financial Officer.

Health and Hospital Corporation of Marion County Indiana



Financial Section

BKD LLP
CPAs & Advisors

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Indianapolis, IN 46244-0998
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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, 2010, 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, 2010, 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 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 is 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 28, 2011

Management's Discussion and Analysis

As management of the Health and Hospital Corporation of Marion County, Indiana, (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, 2010. 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 $425,965,410 (net assets). Of this amount, $299,342,021 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Corporation’s total net assets decreased by $31,642,795.
- As of the close of 2010, the Corporation’s governmental funds reported combined ending fund balances of $365,368,330, an increase of $140,577,161 in comparison with the prior year.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was $149,037,699 or 172% of total general fund expenditures.
- The Corporation’s total debt, excluding capital leases, increased by $196,950,284 million or 492% during the current fiscal year. This reflects the issuance of the 2010 General Obligation Bonds and scheduled principal payments on outstanding notes and bonds. The capital lease obligation increased by $8,849,127 or 3% in 2010.

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 nine 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 in the form of a 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 $425,965,410 at December 31, 2010.

A portion of the Corporation's net assets, 28.0%, 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, 1.68%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, $299,342,021, may be used to meet the government's ongoing obligations to citizens and creditors.

The Corporation's net assets decreased by $31,642,795 during the current fiscal year. The majority of the decrease reported in connection with the Corporation's governmental activities resulted from the decrease in Medicaid special revenue receipts.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	$ 396,567,728	$ 260,115,474	$ 235,881,263	$ 200,571,132	$ 632,448,991	$ 460,686,606
Capital assets, net of accumulated depreciation	120,130,094	14,431,290	404,397,251	430,124,300	524,527,345	444,555,590
Total Assets	516,697,822	274,546,764	640,278,514	630,695,432	1,156,976,336	905,242,196
Liabilities						
Long-term liabilities	300,223,375	49,133,661	319,372,724	308,237,305	619,596,099	357,370,966
Other liabilities	25,949,785	11,812,765	85,465,042	78,450,260	111,414,827	90,263,025
Total Liabilities	326,173,160	60,946,426	404,837,766	386,687,565	731,010,926	447,633,991
Net Assets						
Invested in capital assets, net of related debt	(823,835)	(25,570,275)	120,295,667	154,871,843	119,471,832	129,301,568
Restricted	6,980,523	-	171,034	699,698	7,151,557	699,698
Unrestricted	184,367,974	239,170,613	114,974,047	88,436,326	299,342,021	327,606,939
Total Net Assets	$ 190,524,662	$ 213,600,338	$ 235,440,748	$ 244,007,867	$ 425,965,410	$ 457,608,205

Changes in Net Assets

The Corporation's total revenue was $911,353,632 during the current fiscal year. Taxes represent 12.3% of the Corporation's revenue. Medicaid special revenue represents 4.3% of revenue, while 75.7% of revenue came from fees charged for services. The remaining 7.7% came from grants and contributions, interest earnings and miscellaneous revenues.

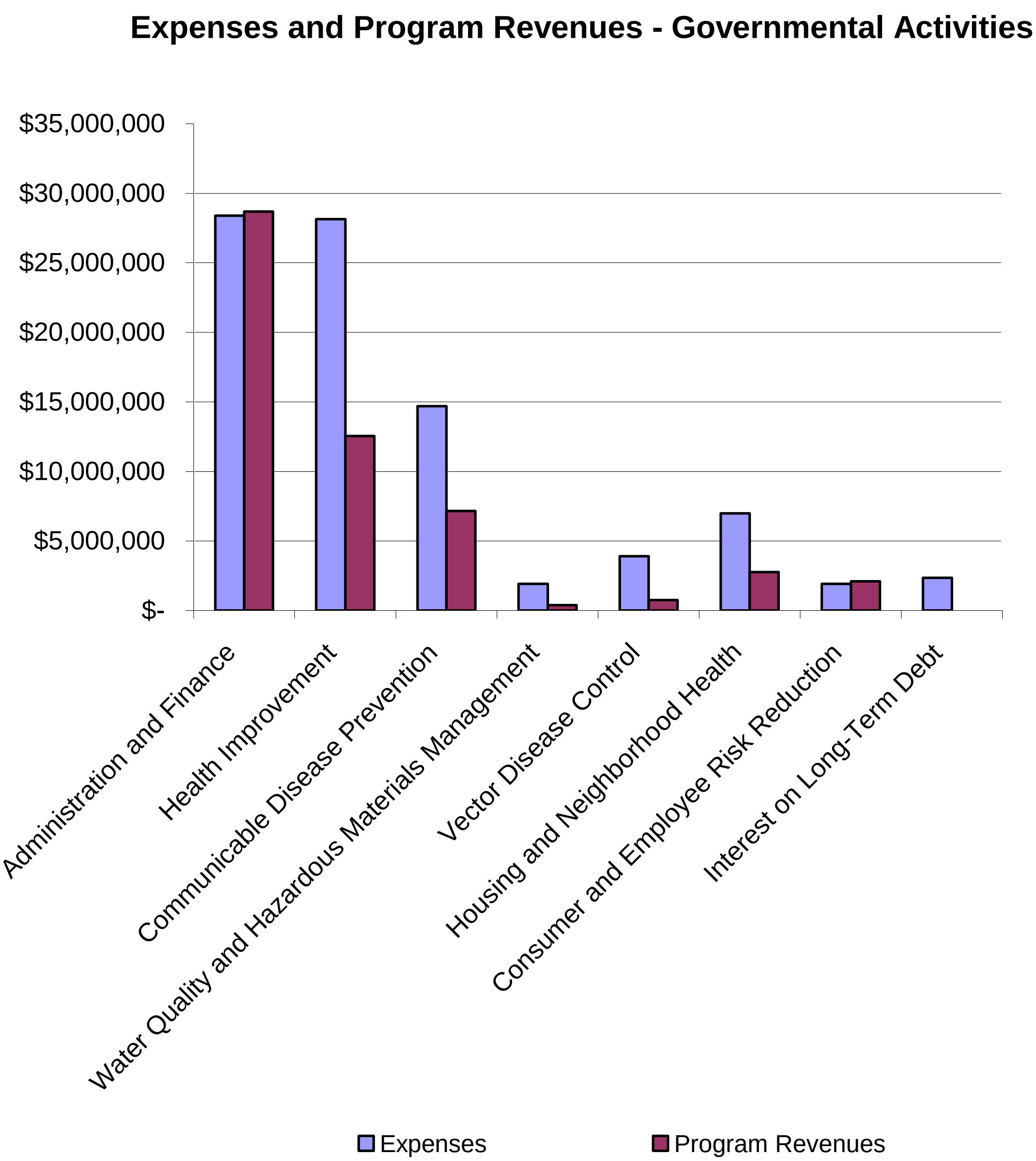
The total cost of all programs and services was $942,996,427. This resulted in a decrease in net assets for the year of $31,642,795.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	$ 7,168,092	$ 6,700,198	$ 682,253,524	$ 632,319,538	$ 689,421,616	$ 639,019,736
Operating grants and contributions	44,126,964	29,556,314	18,703,315	21,668,536	62,830,279	51,224,850
Capital grants and contributions	3,104,698	3,123,848	769,000	-	3,873,698	3,123,848
General revenues						
Property, HCI and local option income taxes	105,792,726	99,656,899	-	-	105,792,726	99,656,899
Other taxes	6,527,542	6,755,992	-	-	6,527,542	6,755,992
Medicaid special revenue	39,048,278	61,819,896	-	-	39,048,278	61,819,896
Unrestricted investment earnings	2,482,149	795,022	1,377,344	3,403,865	3,859,493	4,198,887
Total revenues	208,250,449	208,408,169	703,103,183	657,391,939	911,353,632	865,800,108
Expenses						
Administration and finance	28,400,818	24,180,194	-	-	28,400,818	24,180,194
Health improvement	28,146,044	27,632,587	-	-	28,146,044	27,632,587
Communicable disease prevention	14,696,779	14,706,663	-	-	14,696,779	14,706,663
Water quality and hazardous material management	1,918,932	1,910,477	-	-	1,918,932	1,910,477
Vector disease control	3,905,768	3,871,946	-	-	3,905,768	3,871,946
Housing and neighborhood health	6,992,305	6,967,410	-	-	6,992,305	6,967,410
Consumer and employee risk reduction	1,916,259	1,694,473	-	-	1,916,259	1,694,473
Interest on long-term debt	2,359,635	2,519,440	-	-	2,359,635	2,519,440
Wishard Health Services	-	-	487,807,076	459,732,722	487,807,076	459,732,722
Long-term care	-	-	366,852,811	310,478,515	366,852,811	310,478,515
Total expenses	88,336,540	83,483,190	854,659,887	770,211,237	942,996,427	853,694,427
Increase (Decrease) in Net Assets Before Transfers	119,913,909	124,924,979	(151,556,704)	(112,819,298)	(31,642,795)	12,105,681
Transfers	(142,989,585)	(131,428,209)	142,989,585	131,428,209	-	-
Increase (Decrease) in Net Assets	(23,075,676)	(6,503,230)	(8,567,119)	18,608,911	(31,642,795)	12,105,681
Net Assets, Beginning of Year	213,600,338	220,103,568	244,007,867	225,398,956	457,608,205	445,502,524
Net Assets, End of Year	$ 190,524,662	$ 213,600,338	$ 235,440,748	$ 244,007,867	$ 425,965,410	$ 457,608,205

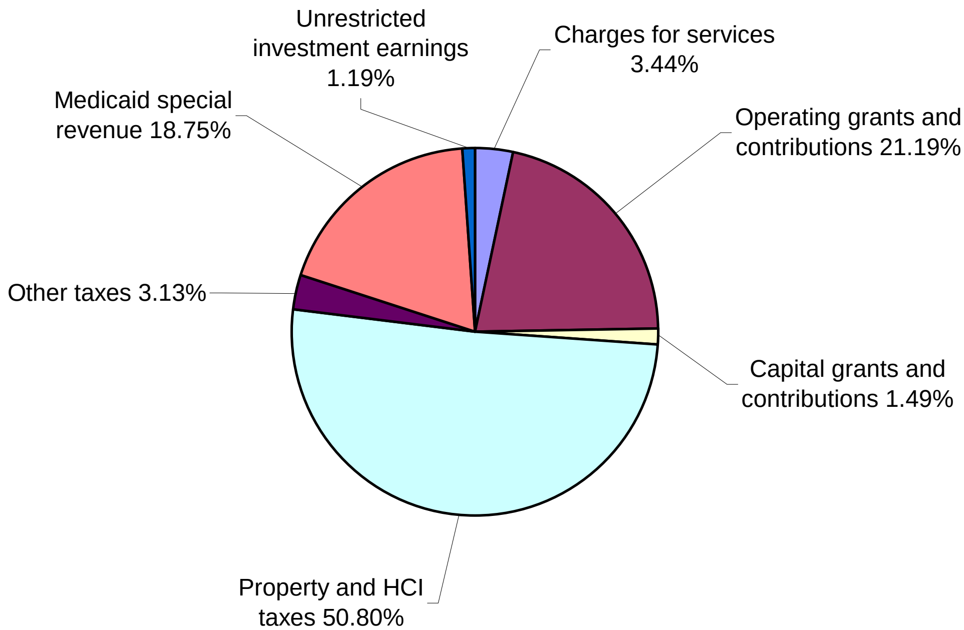
Governmental Activities - Governmental activities decreased the Corporation's net assets by $23,075,676 compared to the total $31,642,795 decrease in net assets of the Corporation. Operating grants and contributions increased due to a one-time payment of medical education revenues. Medicaid special revenue decreased due to less funding being received than anticipated for the 2010 year. Investment earnings increased due to bond proceeds investments. Administrative and finance expenses increased due to funding of inmate healthcare and increased health insurance costs.

Transfers were $142,989,585 million, an increase of $11,561,376 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, as well as revenues by source. As shown, administrative and finance 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.



Revenues by Source - Governmental Activities

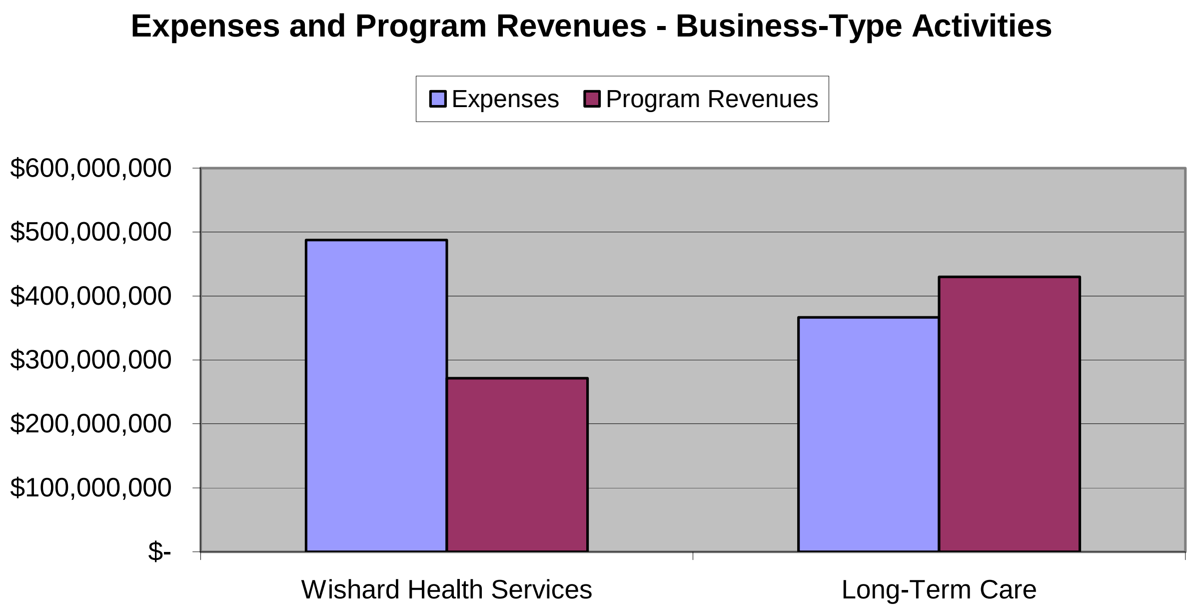


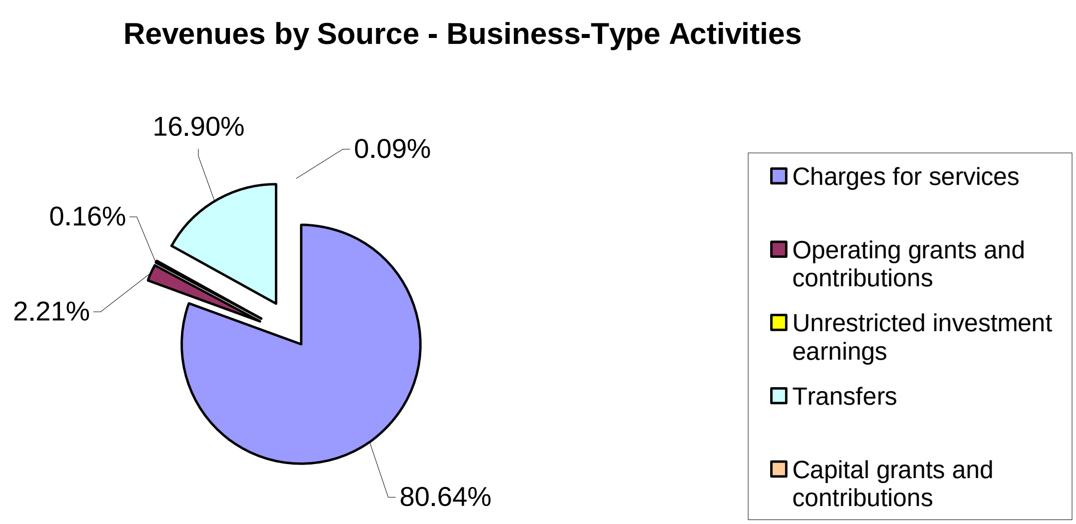
Business-Type Activities - Business-type activities decreased the Corporation's net assets by $8,567,119 compared to an increase of $18,608,911 in 2009.

Wishard's net assets decreased by $34,552,051 million in the current year. Net assets invested in capital assets decreased by $37,519,153 million primarily due to the transfer of approximately $24 million of Wishard's replacement facility construction costs to the Governmental fund and an additional approximate $15.6 million of accelerated depreciation expense to write down assets in accordance with the remaining useful life of the current Wishard facility. Wishard's unrestricted net assets increased by $3,495,766 million. Operating revenues increased by $1,810,976 due to an approximate $1.9 million increase in other revenue. Operating expenses increased $28,074,354 due to cost inflation and the increased depreciation expense noted above. Wishard incurred an operating loss of $235,338,857, which was offset by approximately $180.0 million in transfers from the General Fund, approximately $18.7 million in mental health grants from various agencies, and approximately $1.3 million in investment income.

LT Care net assets were $77,827,250, which was an increase of $25,984,932 over 2009. Operating revenues increased $48,123,010 due to increased Medicare and Managed Care reimbursements. Operating expenses increased $51,384,698. This was primarily due to increased labor costs and the addition of several nursing homes in 2010. LT Care has a negative $11,500,676 invested in capital assets, net of related debt. All 44 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.





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 $365,368,330, an increase of $140,577,161 in comparison with the prior year. Approximately 47.0% of this total amount, $171,673,290, 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 ($169,965,674) 2) cover prepaid costs ($331,782) and 3) fund debt service ($23,397,584).

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 $149,037,699, while total fund balance decreased to $153,157,901. 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 172.1% of total general fund expenditures, while total fund balance represents 176.8% of that same amount.

The fund balance of the Corporation's General Fund decreased by $8,388,340 during the current fiscal year, in comparison to an $8,432,973 increase in 2009. Intergovernmental revenue increased $28,935,293, primarily because of a one-time medical education payment received in 2010. Medicaid special revenue decreased due to all budgeted dollars for 2010 not being received. Administrative expenses increased for funding of a health insurance deficit and new funding for jail services. Health center program decreased expenses in 2010 related to funding of sponsorships. Transfers out reflect a decrease in support to Wishard of approximately $6.4 million and transfers in reflect an equity transfer from long-term care of $37 million.

Debt Service Fund **-** The Debt Service Fund has a fund balance of $22,137,744 compared to a negative fund balance of ($1,882,120) in the prior year. The net increase in fund balance during the current year was $24,019,864. This increase is due to the 2010 General Obligation Bonds being issued and certain proceeds being recorded in the fund.

Capital Projects Fund **-** The Capital Projects Fund has a total fund balance of $190,072,685. The net increase in fund balance during the current year was $124,945,637 due to the 2010 General Obligation Bonds being issued and certain proceeds being recorded in the fund.

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 $25,646,121. Total net assets for Wishard decreased by $34,552,051. 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 $89,327,926. The increase in net assets was $25,984,932. 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 $290,358,900 was not changed during 2010. Amounts were shifted between categories while keeping the overall budget the same.

The final General Fund budget of $290,358,900 included $110,358,900 in expenditures and approximately $180,000,000 in transfers. Actual expenditures and transfers out were $239,724,632. Of the total underspending, $1.5 million was budgeted for personal services, $1.1 million for supplies, $12.9 million for contractual services, and $2.5 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 was intended to be reflected in the 2011 budget for the Corporation but was not due to an error. It will be reflected properly in the 2012 budget. Additional under spending in other categories reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at $342,352,332, and actual was $235,984,346. Taxes collected were approximately $28.8 million over budget due to 2009 taxes still being collected in 2010. Medicaid special revenue was approximately $160.3 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 approximately $4.3 million over budget due to increased grant funding related to the American Reinvestment and Recovery Act.

Capital Asset and Debt Administration

Capital Assets **-** The Corporation's capital assets for its governmental and business-type activities as of December 31, 2010, amounts to $524,527,345 (net of accumulated depreciation), compared to $444,555,590 at the end of 2009. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and construction in progress.

Major capital asset events during 2010 included the following:

- Construction in progress related to the new Wishard Hospital
- Purchase and subsequent renovation of the Shoemaker Building
- Assembly Room remodel at 4012 Rural Street

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	
	2010	2009	2010	2009	2010	2009
Land	$ 4,114,896	$ 4,114,896	$ 2,897,993	$ 2,189,878	$ 7,012,889	$ 6,304,774
Land improvements	-	-	3,550,585	3,007,121	3,550,585	3,007,121
Buildings and improvements	8,455,979	7,086,705	330,081,520	338,661,539	338,537,499	345,748,244
Equipment	2,608,167	2,408,438	41,960,631	40,790,488	44,568,798	43,198,926
Vehicles	615,642	713,201	1,442,427	1,008,133	2,058,069	1,721,334
Construction in progress	104,335,410	108,050	24,464,095	44,467,141	128,799,505	44,575,191
Total assets	$ 120,130,094	$ 14,431,290	$ 404,397,251	$ 430,124,300	$ 524,527,345	$ 444,555,590

Long-Term Debt **-** At the end of 2010, the Corporation had total debt outstanding of $236,951,849, 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 $239,976,620. Outstanding debt at December 31, 2010 represents 97% 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	
	2010	2009	2010	2009	2010	2009
1988 renovation bonds	$ 15,045,000	$ 16,185,000	$ -	$ -	$ 15,045,000	$ 16,185,000
2005 general obligation bonds	23,795,000	24,610,000	-	-	23,795,000	24,610,000
2010 general obligation bonds	195,000,000	-	-	-	195,000,000	-
Deferred premiums	4,541,260	795,287	-	-	4,541,260	795,287
Deferred amount on refunding	(1,429,411)	(1,588,722)	-	-	(1,429,411)	(1,588,722)
Capital leases	-	-	284,101,584	275,252,457	284,101,584	275,252,457
Total long-term debt	$ 236,951,849	$ 40,001,565	$ 284,101,584	$ 275,252,457	$ 521,053,433	$ 315,254,022

Economic Factors and Next Year's Budgets and Rates

The 2011 original budget for all annually budgeted funds is $392,920,679. No revisions have been made through June 2011. The 2011 General Fund budget is $307,737,000 a 6% increase from the 2010 final General Fund budget of $290,358,900. 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, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 200,963,206	$ 76,297,868	$ 277,261,074
Investments	-	5,362,057	5,362,057
Receivables, net:			
Patient services	-	69,989,212	69,989,212
Medicaid special revenue	-	18,597,652	18,597,652
Grants	5,811,122	7,308,264	13,119,386
Interest	-	42,543	42,543
Other	5,246,426	4,580,513	9,826,939
Internal balances	(271,668)	271,668	-
Inventories	-	4,984,652	4,984,652
Prepaid costs and other assets	331,782	6,545,638	6,877,420
Restricted cash and cash equivalents	182,174,497	171,034	182,345,531
Bond issuance costs	2,063,174	-	2,063,174
Net pension asset	249,189	317,239	566,428
Lease acquisition costs (net of accumulated amortization)	-	18,060,620	18,060,620
Joint venture investment	-	15,668,508	15,668,508
Other long-term assets	-	7,683,795	7,683,795
Capital assets (net of accumulated depreciation):			
Land	4,114,896	2,897,993	7,012,889
Land improvements	-	3,550,585	3,550,585
Buildings and improvements	8,455,979	330,081,520	338,537,499
Equipment	2,608,167	41,960,631	44,568,798
Vehicles	615,642	1,442,427	2,058,069
Construction in progress	104,335,410	24,464,095	128,799,505
Total assets	516,697,822	640,278,514	1,156,976,336
Liabilities			
Accounts payable	15,366,852	55,518,972	70,885,824
Restricted accounts payable	8,419,833	-	8,419,833
Accrued liabilities	953,851	19,378,925	20,332,776
Unearned revenue	1,209,249	2,566,101	3,775,350
Estimated Medicare/Medicaid settlements	-	760,481	760,481
Medical claims incurred but not reported	-	5,330,206	5,330,206
Risk-share payable	-	1,910,357	1,910,357
Long-term liabilities			
Due within one year	8,976,504	37,293,997	46,270,501
Due in more than one year	291,246,871	282,078,727	573,325,598
Total liabilities	326,173,160	404,837,766	731,010,926
Net Assets			
Invested in capital assets, net of related debt	(823,835)	120,295,667	119,471,832
Restricted for:			
Health services	-	171,034	171,034
Debt service	6,980,523	-	6,980,523
Unrestricted	184,367,974	114,974,047	299,342,021
Total net assets	$ 190,524,662	$ 235,440,748	$ 425,965,410

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, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration and finance	$ 28,400,818	$ 583,185	$ 28,102,483	$ -	$ 284,850	$ -	$ 284,850
Health improvement	28,146,044	2,420,983	10,130,947	-	(15,594,114)	-	(15,594,114)
Communicable disease prevention	14,696,779	631,281	4,335,668	2,179,369	(7,550,461)	-	(7,550,461)
Water quality and hazardous materials management	1,918,932	352,972	31,049	-	(1,534,911)	-	(1,534,911)
Vector disease control	3,905,768	752,623	-	-	(3,153,145)	-	(3,153,145)
Housing and neighborhood health	6,992,305	317,965	1,526,817	925,329	(4,222,194)	-	(4,222,194)
Consumer and employee risk reduction	1,916,259	2,109,083	-	-	192,824	-	192,824
Interest on long-term debt	2,359,635	-	-	-	(2,359,635)	-	(2,359,635)
Total governmental activities	88,336,540	7,168,092	44,126,964	3,104,698	(33,936,786)	-	(33,936,786)
Business-Type Activities							
Wishard Health Services	487,807,076	252,468,219	18,703,315	769,000	-	(215,866,542)	(215,866,542)
LT Care	366,852,811	429,785,305	-	-	-	62,932,494	62,932,494
Total business-type activities	854,659,887	682,253,524	18,703,315	769,000	-	(152,934,048)	(152,934,048)
Total	$ 942,996,427	$ 689,421,616	$ 62,830,279	$ 3,873,698	(33,936,786)	(152,934,048)	(186,870,834)
General revenues:							
Property and local option income taxes					67,792,726	-	67,792,726
HCI taxes from State of Indiana					38,000,000	-	38,000,000
Excise taxes					5,252,268	-	5,252,268
Financial institution taxes					1,275,274	-	1,275,274
Medicaid special revenue (unrestricted)					39,048,278	-	39,048,278
Unrestricted investment earnings					2,482,149	1,377,344	3,859,493
Transfers					(142,989,585)	142,989,585	-
Total general revenues and transfers					10,861,110	144,366,929	155,228,039
Change in net assets					(23,075,676)	(8,567,119)	(31,642,795)
Net assets - beginning of year					213,600,338	244,007,867	457,608,205
Net assets - end of year					$ 190,524,662	$ 235,440,748	$ 425,965,410

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, 2010

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 152,620,275	$ 1,653	$ 48,341,278	$ 200,963,206
Restricted cash and cash equivalents	-	23,397,584	158,776,913	182,174,497
Receivables (net of allowance for uncollectibles)				
Grants	6,110,299	-	-	6,110,299
Other	5,246,426	-	-	5,246,426
Due from other funds	10,216,128	-	335,009	10,551,137
Prepaid costs and other assets	331,782	-	-	331,782
Total assets	$ 174,524,910	$ 23,399,237	$ 207,453,200	$ 405,377,347
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 15,366,852	$ -	$ 8,419,833	$ 23,786,685
Salaries and related benefits	953,851	-	-	953,851
Deferred and unearned revenue	2,397,150	-	-	2,397,150
Due to other funds	891,120	1,261,493	8,960,682	11,113,295
Accrued self-insurance claims	1,758,036	-	-	1,758,036
Total liabilities	21,367,009	1,261,493	17,380,515	40,009,017
Fund Balances				
Reserved for:				
Prepaid costs and other assets	331,782	-	-	331,782
Encumbrances	3,788,420	-	166,177,254	169,965,674
Debt service	-	23,397,584	-	23,397,584
Unreserved, undesignated	149,037,699	(1,259,840)	23,895,431	171,673,290
Total fund balances	153,157,901	22,137,744	190,072,685	365,368,330
Total liabilities and fund balances	$ 174,524,910	$ 23,399,237	$ 207,453,200	

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.	120,130,094
Net pension assets are not financial resources and, therefore, are not recorded in the funds statement.	249,189
Deferred revenues not meeting availability criteria in funds statement are not in the statement of net assets.	1,187,901
Bond issuance costs are reported in the governmental activities but are not reported in the funds statement.	2,063,174
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds statement.	(298,474,026)
Net assets of governmental activities	$ 190,524,662

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, 2010

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	$ 123,261,253	$ 4,934,829	$ 309,868	$ 128,505,950
Licenses and permits	3,857,259	-	-	3,857,259
Intergovernmental	48,871,597	-	-	48,871,597
Charges for services	1,342,212	-	-	1,342,212
Medicaid special revenue	39,799,959	-	-	39,799,959
Interest	729,130	322,597	1,430,422	2,482,149
Miscellaneous	3,343,738	-	-	3,343,738
Total revenues	221,205,148	5,257,426	1,740,290	228,202,864
Expenditures				
Current:				
Administrative	24,702,164	-	755,704	25,457,868
Population health	22,643,391	-	-	22,643,391
Environmental health	11,885,107	-	-	11,885,107
Health center program	1,491,812	-	-	1,491,812
Data processing	2,932,675	-	-	2,932,675
Grant programs	18,324,824	-	-	18,324,824
Capital outlays	4,623,930	-	102,875,471	107,499,401
Debt service:				
Principal	-	1,955,000	-	1,955,000
Interest and fiscal charges	-	2,359,635	-	2,359,635
Issuance costs	-	-	1,833,646	1,833,646
Total expenditures	86,603,903	4,314,635	105,464,821	196,383,359
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,601,245	942,791	(103,724,531)	31,819,505
Other Financing Sources (Uses)				
Transfers in	37,000,000	-	-	37,000,000
Transfers out	(179,989,585)	-	-	(179,989,585)
General obligation bonds issued		23,077,073	171,922,927	195,000,000
Other debt issued	-	-	52,839,395	52,839,395
Premium on bonds issued	-	-	3,907,846	3,907,846
Total other financing sources and uses	(142,989,585)	23,077,073	228,670,168	108,757,656
Net change in fund balances	(8,388,340)	24,019,864	124,945,637	140,577,161
Fund balances - beginning of year	161,546,241	(1,882,120)	65,127,048	224,791,169
Fund balances - end of year	$ 153,157,901	$ 22,137,744	$ 190,072,685	$ 365,368,330

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, 2010

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ 140,577,161
Depreciation expense is not reported in the funds statement, but is reported as a decrease in net assets in the statement of activities.	(1,800,597)
Capital outlays are reported as expenditures in the funds statement, but are reported as additions to capital assets in the statement of net assets.	107,499,401
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds statement.	(19,952,417)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(248,027,555)
Compensated absences that do not require the use of current financial resources are not reported as expenditures in the funds statement.	(442,649)
Asserted and unasserted self-insurance claims that do not require the use of current financial resources are not reported as expenditures in the funds statement.	(832,726)
The decrease in the net pension asset is not reported in the funds statement, but is reported as a decrease in net assets in the statement of activities.	(96,294)
Change in net assets of governmental activities	$ (23,075,676)

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, 2010

	Wishard Health Services	LT Care	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 20,472,334	$ 55,825,534	$ 76,297,868
Investments	5,362,057	-	5,362,057
Receivables (net of allowance for uncollectibles):			
Patient services	42,682,451	27,306,761	69,989,212
Medicaid special revenue	-	18,597,652	18,597,652
Grants	7,017,774	-	7,017,774
Interest	42,543	-	42,543
Other	4,580,513	-	4,580,513
Inventories	4,984,652	-	4,984,652
Due from other funds	619,949	277,218	897,167
Prepaid costs and other assets	5,529,662	1,015,976	6,545,638
Total current assets	91,291,935	103,023,141	194,315,076
Noncurrent assets:			
Restricted cash and cash equivalents	171,034	-	171,034
Net pension asset	317,239	-	317,239
Lease acquisition cost (net of accumulated amortization)	-	18,060,620	18,060,620
Joint venture investments	15,668,508	-	15,668,508
Other long-term assets	-	7,683,795	7,683,795
Capital assets (net of accumulated depreciation)			
Land	2,897,993	-	2,897,993
Land improvements	1,820,638	1,729,947	3,550,585
Building and improvements	77,998,579	252,082,941	330,081,520
Equipment	25,206,201	16,754,430	41,960,631
Vehicles	1,427,507	14,920	1,442,427
Construction in progress	22,445,425	2,018,670	24,464,095
Total capital assets (net accumulated depreciation)	131,796,343	272,600,908	404,397,251
Total noncurrent assets	147,953,124	298,345,323	446,298,447
Total assets	239,245,059	401,368,464	640,613,523
Liabilities			
Current liabilities:			
Accounts payable	33,103,408	22,415,564	55,518,972
Accrued liabilities	12,905,154	6,473,771	19,378,925
Due to other funds	335,009	-	335,009
Capital lease obligation - current	-	16,093,906	16,093,906
Estimated Medicare/Medicaid settlements	338,319	422,162	760,481
Unearned revenue	2,566,101	-	2,566,101
Medical claims incurred but not reported	5,330,206	-	5,330,206
Risk-shared payable	1,910,357	-	1,910,357
Accrued compensated absences - current	16,563,847	-	16,563,847
Asserted and unasserted self-insurance claims - current	1,881,181	2,755,063	4,636,244
Total current liabilities	74,933,582	48,160,466	123,094,048
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	4,439,273	7,373,070	11,812,343
Accrued compensated absences	2,258,706	-	2,258,706
Capital lease payable	-	268,007,678	268,007,678
Total noncurrent liabilities	6,697,979	275,380,748	282,078,727
Total liabilities	81,631,561	323,541,214	405,172,775
Net Assets			
Invested in capital assets, net of related debt	131,796,343	(11,500,676)	120,295,667
Restricted for health services	171,034	-	171,034
Unrestricted	25,646,121	89,327,926	114,974,047
Total net assets	$ 157,613,498	$ 77,827,250	$ 235,440,748

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, 2010

	Wishard Health Services	LT Care	Total
Operating revenues:			
Net patient service revenue	$ 235,903,457	$ 357,093,417	$ 592,996,874
Medicaid special revenue	-	71,102,472	71,102,472
Other revenue	16,564,762	1,589,416	18,154,178
Total operating revenues	252,468,219	429,785,305	682,253,524
Operating expenses:			
Salaries	192,794,062	-	192,794,062
Employee benefits	57,405,241	-	57,405,241
Contract labor	626,599	192,583,697	193,210,296
Medical and professional fees	65,425,977	14,112,376	79,538,353
Purchased services	36,135,427	25,611,109	61,746,536
Supplies	44,456,805	24,882,332	69,339,137
Pharmaceuticals	33,939,396	13,869,355	47,808,751
Repairs and maintenance	4,088,493	2,258,292	6,346,785
Utilities	7,310,158	8,281,791	15,591,949
Equipment rental	3,225,308	2,492,774	5,718,082
Depreciation and amortization	36,236,574	33,172,336	69,408,910
Other	6,163,036	19,921,548	26,084,584
Total operating expenses	487,807,076	337,185,610	824,992,686
Operating income (loss)	(235,338,857)	92,599,695	(142,739,162)
Nonoperating revenue (expenses):			
Noncapital gifts and grants	18,703,315	-	18,703,315
Loss on termination of lease	-	(2,295,499)	(2,295,499)
Investment income	1,324,906	52,438	1,377,344
Interest expense	-	(27,371,702)	(27,371,702)
Total nonoperating revenue (expense)	20,028,221	(29,614,763)	(9,586,542)
Income (loss) before capital contributions and transfers	(215,310,636)	62,984,932	(152,325,704)
Capital contributions	769,000	-	769,000
Transfers - General Fund	179,989,585	(37,000,000)	142,989,585
Changes in net assets	(34,552,051)	25,984,932	(8,567,119)
Total net assets at beginning of year	192,165,549	51,842,318	244,007,867
Total net assets at end of the year	$ 157,613,498	$ 77,827,250	$ 235,440,748

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, 2010

	Wishard Health Services	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	$ 235,823,483	$ 349,488,997	$ 585,312,480
Receipts from other operations	18,501,787	1,523,660	20,025,447
Medicaid special revenue	-	69,637,122	69,637,122
Payments to suppliers	(207,363,838)	(64,127,627)	(271,491,465)
Payments to employees and contract labor	(250,048,852)	(224,707,819)	(474,756,671)
Net cash provided by (used in) operating activities	(203,087,420)	131,814,333	(71,273,087)
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	25,083,067	-	25,083,067
Transfers (to) from the General Fund	179,989,585	(37,000,000)	142,989,585
Net cash provided by (used in) noncapital financing activities	205,072,652	(37,000,000)	168,072,652
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(29,711,215)	(21,158,490)	(50,869,705)
Reimbursement from capital project fund for capital assets	26,117,542	-	26,117,542
Deposits paid	-	(146,830)	(146,830)
Lease acquisition cost payments	-	(4,472,995)	(4,472,995)
Lease termination costs	-	(1,800,000)	(1,800,000)
Payment of capital lease obligations	-	(13,815,417)	(13,815,417)
Interest expense payments	-	(27,371,702)	(27,371,702)
Net cash used in capital and related financing activities	(3,593,673)	(68,765,434)	(72,359,107)
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	2,888,481	-	2,888,481
Purchases of investments	(3,957,241)	-	(3,957,241)
Interest and dividends received	307,842	52,438	360,280
Net cash provided by (used in) investing activities	(760,918)	52,438	(708,480)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,369,359)	26,101,337	23,731,978
Cash and Cash Equivalents (Including Restricted), January 1	23,012,727	29,724,197	52,736,924
Cash and Cash Equivalents (Including Restricted), December 31	$ 20,643,368	$ 55,825,534	$ 76,468,902
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ (235,338,857)	$ 92,599,695	$ (142,739,162)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	36,236,574	33,172,336	69,408,910
Loss on disposal of assets	1,259,790	-	1,259,790
Changes in operating assets and liabilities:			
Patient service receivables	2,392,542	(8,026,577)	(5,634,035)
Other receivables	1,994,290	(1,465,350)	528,940
Inventories	(690,410)	-	(690,410)
Prepaid costs and other assets	(3,243,966)	1,539,925	(1,704,041)
Net pension asset	1,117,509	-	1,117,509
Accounts payable	(2,212,178)	11,048,481	8,836,303
Accrued liabilities and compensation absences	1,176,484	665,573	1,842,057
Estimated Medicare/Medicaid settlements	(2,649,324)	422,162	(2,227,162)
Asserted and unasserted self-insurance claims	(57,265)	1,858,088	1,800,823
Risk-share payable	(849,229)	-	(849,229)
Medical claims incurred but not reported	(2,223,380)	-	(2,223,380)
Total adjustments	32,251,437	39,214,638	71,466,075
Net cash provided by (used in) operating activities	$ (203,087,420)	$ 131,814,333	$ (71,273,087)
Noncash investing, capital and financing activities:			
Capital contributions	$ 759,000	$ -	$ 759,000
Purchase of assets held under capital lease		24,869,941	24,869,941
Unrealized loss on investment, net	(44,917)	-	(44,917)

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 Public Health Department (MCPHD), and the Division of Public Hospitals does business as Wishard Health Services (Wishard). The Corporation operates three service divisions: MCPHD, Wishard and a Long-Term Care (LT Care) operation.

The MCPHD 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.

Wishard comprises Wishard Memorial Hospital, a general acute care facility with 313 staffed beds; nine 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 Corporation operates 44 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. 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.

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.

New Division

On December 26, 2010, the Corporation entered into an interlocal agreement with the Department of Public Safety for the City of Indianapolis to own, manage and operate the Transport Emergency Medical Services system for Marion County, Indiana. Due to the limited amount of activity occurring in this Division during 2010, such activity was included in the Wishard Enterprise Fund.

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.

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, lease obligations and ad valorem taxes.

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 44 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, 2010, no such debt existed. At December 31, 2010, 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.

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. Significant revenues susceptible to accrual include property and other taxes, grants 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 nonexchange transactions into four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange 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 nonexchange 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 nonexchange revenues also include permits.

Voluntary nonexchange 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 nonexchange transactions, with the exception of Medicaid special revenue, are accounted for in the same manner voluntary nonexchange 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.

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 payers 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.

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, 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.

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.

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, 2010 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 and withholdings that are due to other providers who participate in Wishard's network as part of the risk-based Medicaid program.

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 or business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the respective bonds using the effective interest method. 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.

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 is 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.

In the governmental fund financial statements, reserves and designations segregate portions of the 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, 2010, reserves of the 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.
- *Debt Service* - to reflect amounts required to be held in trust for the purpose of making debt service payments on the Corporation's General Obligation Bonds.

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 payers, 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.

New Accounting Standards

GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be implemented by the Corporation as required by GASB during the fiscal year ending December 31, 2011. This statement establishes accounting and financial reporting standards for all governments that report governmental funds, provides criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

GASB Statement No. 59, *Financial Instruments Omnibus*, will be implemented by the Corporation as required by GASB during fiscal year ending December 31, 2011. This statement is intended to improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

The Corporation has not completed its assessment of the impact of the adoption of these new standards

Note 2: Deposits and Investments

As of December 31, 2010, the Corporation had the following cash deposits and investments:

Cash deposits	$ 332,568,649
Repurchase agreements	20,969,483
State external investment pool	23,466,254
U.S. Government obligations	719,630
U.S. Government agency obligations	87,087,019
Money market mutual funds	157,627
	$ 464,968,662

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

	2010
Carrying value	
Deposits	$ 332,568,649
Investments	132,400,013
	$ 464,968,662
Cash and cash equivalents	
Current - unrestricted	$ 277,261,074
Current - restricted	182,345,531
	459,606,605
Investments	5,362,057
	$ 464,968,662

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 institution holding the Corporation's cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions. Effective July 21, 2010, the FDIC's insurance limits were permanently increased to $250,000.

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, Indiana municipal securities, 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, 2010, the Corporation had the following investments and maturities:

		Investment Activities (in years)			
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	$ 20,969,483	$ 20,969,483	$ -	$ -	$ -
State external investment pool	23,466,254	23,466,254	-	-	-
U.S. Government obligations	719,630	-	291,810	390,114	37,706
U.S. Government agency obligations	87,087,019	84,480,085	1,354,830	1,164,373	87,731
Money market mutual funds	157,627	157,627	-	-	-
	$ 132,400,013	$ 129,073,449	$ 1,646,640	$ 1,554,487	$ 125,437

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.

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, 2010, the Corporation's investments were rated by Standard & Poor's as follows:

	Fair Value	AAA	AA	A	Not Rated
Repurchase agreements	$ 20,969,483	$ 20,969,483	$ -	$ -	$ -
State external investment pool	23,466,254	-	-	-	23,466,254
U.S. Government obligations	719,630	719,630	-	-	-
U.S. Government agency obligations	87,087,019	87,087,019	-	-	-
Money market mutual funds	157,627	157,627	-	-	-
	$ 132,400,013	$ 108,933,759	$ -	$ -	$ 23,466,254

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, 2010, 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, 2010, 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, 2010, the Corporation's investments in overnight repurchase agreements of National Bank of Indianapolis constituted 9% 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.

Investment Income

Investment income for the year ended December 31, 2010 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	$ 2,482,149	$ 1,422,261
Unrealized loss	$ -	$ (44,917)

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.

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 next 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.

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, 2010:

	Wishard	LT Care	Total
Gross patient services receivables	$ 250,189,410	$ 31,471,635	$ 281,661,045
Allowance for estimated contractual adjustment	(109,814,069)	(680,218)	(110,494,287)
Allowance for uncollectible accounts	(97,692,890)	(3,484,656)	(101,177,546)
Net patient services receivables	$ 42,682,451	$ 27,306,761	$ 69,989,212

Note 5: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2010 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	$ 1,261,493
General Fund	Capital Projects Fund	8,954,635
Capital Projects Fund	Enterprise Fund - Wishard	335,009
Enterprise Fund - LTC	General Fund/Capital Projects Fund	277,218
Enterprise Fund - Wishard	General Fund	619,949

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, 2011.

Interfund transfers for the year ended December 31, 2010 on the fund statements consisted of the following:

	Transfer From (to) General Fund	Total
Transfer to:		
Enterprise Fund - Wishard Health Services	$ 179,989,585	$ 179,989,585
Transfer from:		
Enterprise Fund - LT Care	$ (37,000,000)	$ (37,000,000)

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 or 2) to cover deficits of other funds. 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 capital contributions since they represent the actual transfer of capital assets.

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, 2010, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Grant draw-downs prior to meeting all eligibility requirements	$ -	$ 1,209,249
Grant reimbursements not received within 90 days	898,089	-
Other revenues not received within 90 days	289,812	-
Total General Fund	$ 1,187,901	$ 1,209,249

In addition, the Wishard Health Services Enterprise Fund had $801,962 and $1,764,139 of unearned revenue recorded at December 31, 2010, related to advances received on federal grants that had not met eligibility requirements and the Healthy Indiana Plan, respectively.

Note 7: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2010:

	January 1, 2010	Transfers/ Additions	Transfers/ Disposals	December 31, 2010
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 4,114,896	$ -	$ -	$ 4,114,896
Construction in progress	108,050	104,227,360	-	104,335,410
Total capital assets not being depreciated	4,222,946	104,227,360	-	108,450,306
Capital assets being depreciated:				
Buildings and improvements	16,258,417	2,178,904	-	18,437,321
Equipment	15,810,666	871,742	(489,454)	16,192,954
Vehicles	4,572,641	221,395	-	4,794,036
Total capital assets being depreciated	36,641,724	3,272,041	(489,454)	39,424,311
Less accumulated depreciation for:				
Buildings and improvements	9,171,712	809,630	-	9,981,342
Equipment	13,402,228	672,013	(489,454)	13,584,787
Vehicles	3,859,440	318,954	-	4,178,394
Total accumulated depreciation	26,433,380	1,800,597	(489,454)	27,744,523
Total capital assets being depreciated, net	10,208,344	1,471,444	-	11,679,788
Governmental activities capital assets, net	$ 14,431,290	$ 105,698,804	$ -	$ 120,130,094

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2010:

	January 1, 2010	Transfers/ Additions	Transfers/ Disposals	December 31, 2010
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 2,189,877	$ 708,116	$ -	$ 2,897,993
Construction in progress	44,467,141	24,226,894	(44,229,940)	24,464,095
Total capital assets not being depreciated	46,657,018	24,935,010	(44,229,940)	27,362,088
Capital assets being depreciated:				
Land improvements	7,859,350	1,065,292	-	8,924,642
Buildings and improvements	577,059,700	39,964,780	-	617,024,480
Equipment	173,631,428	19,937,136	(339,575)	193,228,989
Vehicles	5,917,317	838,534	-	6,755,851
Total capital assets being depreciated	764,467,795	61,805,742	(339,575)	825,933,962
Less accumulated depreciation for:				
Land improvements	4,852,229	521,828	-	5,374,057
Buildings and improvements	238,398,161	48,544,799	-	286,942,960
Equipment	132,840,939	18,494,298	(66,879)	151,268,358
Vehicles	4,909,184	404,240	-	5,313,424
Total accumulated depreciation	381,000,513	67,965,165	(66,879)	448,898,799
Total capital assets being depreciated, net	383,467,282	(6,159,423)	(272,696)	377,035,163
Business-type activities capital assets, net	$ 430,124,300	$ 18,775,587	$ (44,502,636)	$ 404,397,251

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, 2010

The following is a summary of changes in capital assets - Wishard enterprise fund for the year ended December 31, 2010:

	January 1, 2010	Transfers/ Additions	Transfers/ Disposals	December 31, 2010
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 2,189,877	$ 708,116	$ -	$ 2,897,993
Construction in progress	42,379,493	23,993,972	(43,928,040)	22,445,425
Total capital assets not being depreciated	44,569,370	24,702,088	(43,928,040)	25,343,418
Capital assets being depreciated:				
Land improvements	6,248,352	435,638	-	6,683,990
Buildings and improvements	244,399,427	5,349,909	-	249,749,336
Equipment	145,322,558	11,321,038	(59,452)	156,584,144
Vehicles	5,757,609	838,534	-	6,596,143
Total capital assets being depreciated	401,727,946	17,945,119	(59,452)	419,613,613
Less accumulated depreciation for:				
Land improvements	4,518,852	344,500	-	4,863,352
Buildings and improvements	150,176,489	21,574,268	-	171,750,757
Equipment	117,511,345	13,924,304	(57,706)	131,377,943
Vehicles	4,775,134	393,502	-	5,168,636
Total accumulated depreciation	276,981,820	36,236,574	(57,706)	313,160,688
Total capital assets being depreciated, net	124,746,126	(18,291,455)	(1,746)	106,452,925
Business-type activities capital assets, net	$ 169,315,496	$ 6,410,633	$ (43,929,786)	$ 131,796,343

The following is a summary of changes in capital assets - LT Care enterprise fund for the year ended December 31, 2010:

	January 1, 2010	Transfers/ Additions	Transfers/ Disposals	December 31, 2010
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	$ 2,087,648	$ 232,922	$ (301,900)	$ 2,018,670
Total capital assets not being depreciated	2,087,648	232,922	(301,900)	2,018,670
Capital assets being depreciated:				
Land improvements	1,610,998	629,654	-	2,240,652
Buildings and improvements	332,660,273	34,614,871		367,275,144
Equipment	28,308,870	8,616,098	(280,123)	36,644,845
Vehicles	159,708	-	-	159,708
Total capital assets being depreciated	362,739,849	43,860,623	(280,123)	406,320,349
Less accumulated depreciation for:				
Land improvements	333,377	177,328	-	510,705
Buildings and improvements	88,221,672	26,970,531	-	115,192,203
Equipment	15,329,594	4,569,994	(9,173)	19,890,415
Vehicles	134,050	10,738	-	144,788
Total accumulated depreciation	104,018,693	31,728,591	(9,173)	135,738,111
Total capital assets being depreciated, net	258,721,156	12,132,032	(270,950)	270,582,238
Business-type activities capital assets, net	$ 260,808,804	$ 12,364,954	$ (572,850)	$ 272,600,908

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

Governmental Activities:	
Administration and finance	$ 870,941
Health improvements	413,385
Communicable disease prevention	226,474
Water quality and hazardous material management	23,079
Vector disease control	228,581
Housing and neighborhood health	35,758
Consumer and employee risk reduction	2,379
Total depreciation expense, governmental activities	$ 1,800,597
Business-Type Activities:	
Wishard	$ 36,236,574
LT Care	31,728,591
Total depreciation expense, business-type activities	$ 67,965,165

Included in the LT Care Fund depreciation expense in the proprietary fund statements is $1,443,745 of amortization expense related to lease acquisition costs.

As discussed elsewhere in these notes, the Corporation is in the process of constructing the New Wishard Hospital. Accordingly, the Corporation reevaluated the service utility of the assets associated with the current hospital campus that will be closed at the end of 2013. This resulted in the acceleration of depreciation on certain assets relating to the latter. The Wishard enterprise fund recorded approximately $15,600,000 of additional depreciation as a result of the reevaluation, which is included in total Wishard depreciation expense above.

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, 2010, 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 payers 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 payers. Estimated contractual adjustments also include any differences between estimated third-party reimbursement settlements for prior year services under third-party payer agreements and subsequent final settlements. A summary of the payment arrangements with major third-party payers follows.

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.

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. 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 recoupment 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. Management records the DSH 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. Accordingly, management recognizes such payments on an accrual basis at the LT Care fund level.

The General Fund recognized $39,799,959 in Medicaid special revenue during the period. The LT Care Fund recognized revenue of $71,102,472 and a receivable of $18,597,652 at December 31, 2010.

Other Payers

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.

Following is a summary of total patient service revenue, contractual adjustments, and charity and indigent care for the year ended December 31, 2010:

	Wishard Health Service	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	$ 410,042,693	$ -	$ 410,042,693	33%
Outpatient	487,137,637	-	487,137,637	39%
Long-term care	-	363,840,693	363,840,693	29%
Gross patient service less:	897,180,330	363,840,693	1,261,021,023	100%
Contractual adjustments	351,051,512	1,242,851	352,294,363	28%
Charity and indigent care	261,764,704	-	261,764,704	21%
Provision for uncollectible accounts	48,460,657	5,504,425	53,965,082	4%
Net patient service revenue	$ 235,903,457	$ 357,093,417	$ 592,996,874	47%

Revenue from the Medicare and Medicaid programs accounted for approximately 40% and 41%, respectively, of net patient service revenue for the year ended 2010. 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.

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 2005 GO Bonds), the proceeds of which were used to refund the outstanding principal of the Corporation's General Obligation Bonds, Series 2000A (the 2000A GO Bonds). The 2005 GO Bonds 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 2005 GO Bonds bear interest at 3.50% to 5.25%, with principal and interest payments due January 1 and July 1 through January 1, 2025. The 2005 GO Bonds are subject to redemption from mandatory sinking fund payments during 2016 to 2024.

General Obligation Bonds of 2010

During 2010, the Corporation issued $195,000,000 of General Obligation Bonds, Series 2010 A-1 and 2010 A-2 (the 2010 A-1 and 2010 A-2 GO Bonds, or collectively, the 2010A GO Bonds), the proceeds of which are to be used to finance a portion of a new hospital complex (the Wishard Hospital Project). The Wishard Hospital Project will be comprised of a new 11-story replacement hospital facility of approximately 850,000 square feet with 315 beds, 12 labor delivery recovery beds, and 15 nursery beds and an adjacent six-story structure of approximately 175,000 square feet housing the outpatient clinic facilities. Also included as part of the Wishard Hospital Project will be a five-story office building of approximately 207,000 square feet to provide administrative offices for Wishard Health Services, a six-story parking garage of approximately 2,300 spaces, a consolidated utility plant and a data center to be housed at the Marion County Public Health Department. The 2010A GO Bonds are payable from ad valorem property taxes to be levied on all taxable property within Marion County, to the extent other revenues of the Corporation are not sufficient to cover the annual debt service. The 2010A GO Bonds bear interest at 3% to 6%, with principal and interest payments due January 15 and July 15 through January 15, 2040. The 2010A GO Bonds are subject to redemption from mandatory sinking fund payments during 2023 to 2040.

The 2010A GO Bonds were acquired in their entirety with proceeds from the issuance of The Indianapolis Local Public Improvement Bond Bank (the Bond Bank) Bonds, Series 2010 A-1 and 2010 A-2 (the 2010 A-1 and 2010 A-2 Bond Bank Bonds). The 2010 A-2 Bond Bank Bonds were issued as Build America Bonds (BABs) and, as such, will be eligible to receive a credit (BAB Subsidy) equal to 35% of the interest payable on such bonds. The benefit of such credit will be passed on to the Corporation at each interest payment date, thus effectively reducing the Corporation's cost of financing. The first BAB Subsidy will be received in January 2011.

Due to Local Government

Financing for a portion of the Wishard Hospital Project is also being provided through a lease financing arrangement with the Indianapolis-Marion County Building Authority (Authority). The Authority was created pursuant to Indiana Code 36-9-13, as amended for the purpose of financing, acquiring, improving, constructing, reconstructing, renovating, equipping, operating, maintaining and managing governmental buildings for public or governmental purposes for the benefit of eligible governmental entities within the boundaries of the County of Marion, Indiana.

Pursuant to a Loan Agreement, dated March 1, 2010, the Authority has received loans of proceeds in connection with the issuance of $465,580,000 in The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B-1 and Series 2010 B-2 (the 2010 B-1 and 2010 B-2 Bond Bank Bonds), for the purposes of financing a portion of the costs of the Wishard Hospital Project.

Pursuant to its Master Lease Agreement and related Addendum(s) with the Authority, the Corporation is leasing certain real estate underlying the Wishard Hospital Project and portions of the improvements related thereto. Under the Master Lease Agreement, the Corporation has the option to purchase the leased facilities at a price equal to the amount required to enable the Authority to pay or redeem all related outstanding debt obligations and costs of transferring the premises. Also, the Corporation is obligated to pay certain expenses and all costs to operate, insure and maintain the leased facilities. The rentals under this lease are payable from ad valorem property taxes to be levied on all taxable property within Marion County, to the extent other revenues of the Corporation are not sufficient to cover the rentals under this lease and the principal of, and interest on, the 2010 B-1 and 2010 B-2 Bond Bank Bonds.

As financing proceeds are spent on costs of the Wishard Hospital Project, the Corporation is recording such activity in capital assets with an offsetting entry to the due to local government balance reflected in long-term liabilities the statement of net assets. These amounts will accumulate until such time as the facilities are placed in service and the lease rentals begin, at which time the respective portions of the due to local government balance will be reclassified as capital lease obligations.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2010:

	January 1, 2010	Additions	Reductions	December 31, 2010	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	$ 16,185,000	$ -	$ (1,140,000)	$ 15,045,000	$ 1,230,000
Refunding Bonds of 2005					
($28,960,000 original amount),					
3.50% to 5.25%, due					
January 1, 2025	24,610,000	-	(815,000)	23,795,000	1,225,000
General Obligation Bonds of 2010 - Series A-1, A-2					
($195,000,000 original amount),					
3.00% to 6.00%, due					
January 15, 2040	-	195,000,000	-	195,000,000	-
Deferred Amounts:					
Less: loss on refunding	(1,588,722)	-	159,311	(1,429,411)	(159,311)
Plus: bond premium	795,287	3,907,846	(161,873)	4,541,260	183,643
Total bonds payable	40,001,565	198,907,846	(1,957,562)	236,951,849	2,479,332
Due to local government	-	52,839,395	-	52,839,395	-
Asserted and unasserted self-insurance claims	4,276,769	36,117,566	(35,260,180)	5,134,155	1,758,036
Accrued compensated absences	4,855,327	4,720,836	(4,278,187)	5,297,976	4,739,136
Governmental activities long-term liabilities	$ 49,133,661	$ 292,585,643	$ (41,495,929)	$ 300,223,375	$ 8,976,504
Business-Type Activities:					
Wishard Health Services:					
Asserted and unasserted self-insurance claims	$ 6,377,719	$ 1,425,099	$ (1,482,364)	$ 6,320,454	$ 1,881,181
Accrued compensated absences	18,337,084	15,850,453	(15,364,984)	18,822,553	16,563,847
LT Care:					
Capital leases	275,252,457	24,869,941	(16,020,814)	284,101,584	16,093,906
Asserted and unasserted self-insurance claims	8,270,045	2,682,413	(824,325)	10,128,133	2,755,063
Business-type activities long-term liabilities	$ 308,237,305	$ 44,827,906	$ (33,692,487)	$ 319,372,724	$ 37,293,997

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.

The governmental activities debt service requirements, including interest, on bonds and related future BAB Subsidies as of December 31, 2010 are as follows:

	Principal	Interest	BAB Subsidy
Bonds:			
2011	$ 2,455,000	$ 17,577,426	$ 4,534,242
2012	2,595,000	12,961,468	3,213,242
2013	11,195,000	12,650,563	3,213,242
2014	11,670,000	12,161,758	3,213,242
2015	12,165,000	11,630,278	3,213,242
2016 - 2020	23,125,000	53,389,545	16,066,213
2021 - 2025	29,675,000	46,095,866	15,666,063
2026 - 2030	38,410,000	36,574,531	12,801,086
2031 - 2035	46,380,000	24,037,014	8,412,955
2036 - 2040	56,170,000	8,688,989	3,041,146
	$ 233,840,000	$ 235,767,438	$ 73,374,673

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, 2010, is as follows:

Net assessed value - 2010	$ 35,817,405,985
	0.67%
Debt limit	239,976,620
Debt applicable to debt limit:	
Bonded debt	233,840,000
Legal debt margin	$ 6,136,620

As mentioned previously, in 2005, the Corporation refunded its 2000A GO Bonds with the issuance of the 2005 GO Bonds. The 2000A GO Bonds are considered to have been defeased and have been removed from the basic financial statements. At December 31, 2010, $23,010,000 of these defeased bonds remain outstanding.

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, 2010 for the governmental activities:

2011	$ 542,595
2012	413,629
2013	287,248
2014	291,825
2015	296,539
2016 - 2017	405,747
Total future payments	$ 2,237,583

Lease expenditures of $527,384 were reported in the governmental activities for the year ended December 31, 2010.

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, 2010 for the business-type activities:

2011	$ 1,902,793
2012	1,442,548
2013	1,110,534
2014	926,199
Total future payments	$ 5,382,074

The Corporation reported $4,602,872 of lease expense in the business-type activities for the year ended December 31, 2010.

Capital

The governmental activities had no capital leases outstanding at December 31, 2010. For business-type activities, including the LT Care Enterprise Fund, the Corporation is obligated under capital leases covering 44 nursing homes. At December 31, 2010, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	$ 330,499,735
Less accumulated amortization	(106,484,896)
	$ 224,014,839

Amortization expense of assets held under capital leases of $24,219,163 is included with depreciation and amortization expense for the year ended.

Future minimum capital lease payments as of December 31, 2010 are:

2011	$ 43,144,429
2012	44,037,571
2013	44,681,265
2014	42,615,912
2015	43,435,422
2016 - 2020	198,379,529
2021 - 2025	54,892,694
Total minimum lease payments	471,186,822
Less amount representing interest (at rates ranging from 4.58% to 11.74%)	187,085,238
Present value of net minimum capital lease payment	284,101,584
Less current installments of obligations under capital leases	16,093,906
Obligations under capital lease, excluding current installments	$ 268,007,678

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.

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, 2009	$ 13,865,693
Change in incurred claims (including IBNRs), net	5,062,131
Claim payments	(4,280,060)
Balance at January 1, 2010	14,647,764
Change in incurred claims (including IBNRs), net	4,107,512
Claim payments	(2,306,689)
Balance at December 31, 2010	$ 16,448,587

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.

Medical claims incurred but not reported represents an estimate of the ultimate net cost to Wishard for amounts that are unpaid at December 31, 2010. 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. Historically, the majority of these claims are paid within one year following year end, so the entire balance is being reflected in current liabilities in the statement of net assets.

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, 2009	$ 4,771,474
Change in incurred claims (including IBNRs), net	33,100,227
Claim payments	(30,318,115)
Balance at January 1, 2010	7,553,586
Change in incurred claims (including IBNRs), net	31,145,582
Claim payments	(33,368,962)
Balance at December 31, 2010	$ 5,330,206

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, 2010. 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.

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, 2009	$ 4,863,525
Change in incurred claims (including IBNRs), net	31,559,768
Claim payments	(32,146,524)
Balance at January 1, 2010	4,276,769
Change in incurred claims (including IBNRs), net	36,117,566
Claim payments	(35,260,180)
Balance at December 31, 2010	$ 5,134,155

The amount recorded as a liability in the General Fund at December 31, 2010 is $1,758,036 and represents the claims, which are matured and due as of year end.

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 plan is a benefit plan with components of both a defined-benefit and defined-contribution plan. 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, 2010 actuarial valuation.

Retirement benefits vest after 10 years of service. Normal retirement is defined as the earliest of: (1) age 65 with 10 years of creditable service; (2) age 60 with 15 years of creditable service; or (3) the sum of age and creditable service equal to 85, but not earlier than age 55. A reduced benefit will be received if an employee takes early retirement between ages 50 and 65 and has had 15 or more years of creditable service. Employees may either elect to receive a lump-sum distribution of their annuity savings account balance upon retirement or receive an annuity amount as a monthly supplement to the retirement benefits described above. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and county ordinance.

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 Indiana Public Employees' Retirement Fund, One North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

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 (7% for calendar year 2010) of annual covered payroll. Therefore, the total employer contribution rate for 2010 was 10%. 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, 2010 actuarial valuation using the entry age normal level percent of payroll. The actuarial assumptions used for the July 1, 2010 actuarial valuation included: (a) a rate of return on investment of present and future assets of 7% per year, compounded annually; (b) future salary increases of 4% per year, based on PERF experience from 2000 to 2005; and (c) a cost of living increase of 1% (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 a four-year smoothing of gains/losses on market value. PERF uses the level percentage of payroll method to amortize the unfunded liability over an open 30-year period.

The following is a schedule of the net pension asset for the Corporation at December 31, 2010:

Annual required contributions (ARC)	$ 15,308,336
Interest on net pension asset	(129,067)
Adjustment to ARC	147,082
Annual pension cost	15,326,351
Actual contributions made	14,112,548
Increase in net pension asset	(1,213,803)
Net pension asset, beginning of year	1,780,231
Net pension asset, end of year	$ 566,428

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
2010	$ 15,326,351	92%	$ 566,428
2009	12,567,623	104%	1,780,231
2008	10,533,397	103%	1,307,234

Required Supplemental Information - Schedule of Funding Progress (Unaudited)

Valuation Date	(A) Actuarial Value of Assets	(B) Entry Age Actuarial Accrued 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, 2010	$ 168,526,115	$ 237,985,099	$ (69,458,984)	71%	$ 212,866,807	33%
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%

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. For the July 1, 2010 actuarial valuation, the asset valuation method and certain economic assumptions have been changed.

Note 13: Deferred Compensation Plan

Employees of the Corporation are eligible to participate in a deferred compensation plan (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 2010, 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 $43,025,091 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 $1,430,013 in 2010.

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 joint control. 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.

Total 2010 expense recognized in the Wishard fund to IUMG-PC totaled $15,062,300.

Note 16: LT Care Management Agreement

The Corporation has entered into a management agreement with American Senior Communities, LLC (ASC) to manage the 44 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 2010, the Corporation incurred approximately $20,468,000 in management fees to ASC for LT Care operations.

ASC has contracted with EagleCare, LLC (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 22 of the nursing homes from organizations related to ASC. During 2010, the Corporation paid approximately $28,500,000 to this organization in associated lease costs from LT Care operating revenue.

At December 31, 2010, the LT Care Fund had a payable to EagleCare of approximately $11,756,000 primarily for accrued labor and related benefits. The LT Care Fund also had a payable to ASC at December 31, 2010 of approximately $5,255,000 for outstanding management services rendered to be paid from operations.

Note 17: Nursing Home Leases

The Corporation has entered into various transactions with entities related to ASC and unrelated third parties involving the leasing of buildings and purchasing of equipment for the operation of nursing homes throughout the state of Indiana. These leases carry terms that expire on various dates through August 2025. These transactions require the Corporation to make monthly lease payments, ranging from $19,000 to $171,125 per home. Certain transactions require the lease payments to increase by the greater of the Consumer Price Index (CPI) or a set percentage as defined in each agreement, which is typically 2% to 3%. Additionally, many of the leases have optional extensions available to the Corporation in five-year increments.

The Corporation is also required to make various capital improvements for many of these facilities, ranging from $32,000 to $230,000 annually per home. In the same way as the lease payments above, these amounts increase annually. The Corporation intends to fund such capital improvements from cash flows generated from the operations of each nursing home.

The Corporation closed 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.

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, 2010, the Corporation received $95,747,975 in tax cash receipts and $970,248 in special assessment fees cash receipts from the County for the “Clean and Lien” program to clean up vacant lots and for unsafe building enforcement. The Corporation paid the County $613,518 in 2010 for autopsy and death reports, vital records coroner fees, referendum election costs and other matters. 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 2010.

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, 2010, the outstanding amount on the bond issuance was approximately $3,331,337, 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: 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 payers at December 31, 2010 is as follows:

Commercial insurance	15%
Medicare	30%
Medicaid	20%
Self-pay	25%
Other	10%
	100%

Note 22: 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.

Construction Commitments

The Corporation has entered into certain commitments related to the construction of the New Wishard Hospital of $166,177,254 at December 31, 2010.

Note 23: Subsequent Events

In March 2011, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets at four nursing homes for $3,500,000. In addition, the Corporation entered into lease agreements for the real estate of these nursing homes. The leases end in July 2020 and require annual base lease payments of approximately $1,296,000, increasing by 2.50% after the second year, to be paid in equal monthly installments.

In April 2011, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of a single nursing home for $1,250,000. In addition, the Corporation entered into a lease agreement for the real estate of this nursing home with an organization related to ASC. The lease ends in March 2026 and requires annual lease payments of $816,000 to be paid in equal monthly installments.

In June 2011, Sidney and Lois Eskenazi, from Indianapolis, provided a $40 million gift to the Wishard Memorial Foundation supporting the new Wishard Hospital facilities. Wishard Memorial Foundation is a not-for-profit organization financially supporting Wishard Health Services since 1985. The gift is the largest ever received by Wishard and is one of the largest gifts ever made to a public hospital in America. The Corporation will recognize the Eskenazi family's gift by naming the new hospital and the health system in their honor. The name change will occur upon the opening of the new hospital scheduled for late 2013. The Eskenazi gift is a multi-year gift that will be used to support the construction and capital needs of Wishard Health Services, soon to be renamed Eskenazi Health, for years to come.

In June 2011, the Wishard Memorial Foundation also announced that, with the gift from the Eskenazi family and nearly $2 million of employee commitments, it had raised over $54 million for the Wishard Hospital Project.

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, 2010

	Budgeted Amounts			Variance With Final Budget- Positive
	Original	Final	Actual Amounts	(Negative)
Revenues				
Taxes	$ 109,132,332	$ 109,132,332	$ 137,987,298	$ 28,854,966
Licenses and permits	3,937,200	3,937,200	3,857,259	(79,941)
Intergovernmental	1,077,000	1,077,000	970,248	(106,752)
Charges for services	1,303,400	1,303,400	1,342,211	38,811
Medicaid special revenue	200,200,000	200,200,000	39,832,250	(160,367,750) *
Interest	1,000,000	1,000,000	729,130	(270,870)
Grants	17,220,000	17,220,000	21,573,685	4,353,685
Miscellaneous	8,482,400	8,482,400	29,692,265	21,209,865
Total revenues	342,352,332	342,352,332	235,984,346	(106,367,986)
Expenditures				
Personal services	47,740,500	53,000,000	51,520,829	(1,479,171)
Supplies	4,147,000	6,000,000	4,878,698	(1,121,302)
Other charges and services	52,145,400	45,032,900	32,149,597	(12,883,303) *
Capital outlays	6,326,000	6,326,000	3,810,461	(2,515,539)
Total expenditures	110,358,900	110,358,900	92,359,585	(17,999,315)
Other Financing Sources				
Transfers out, net	(180,000,000)	(180,000,000)	(147,365,045)	32,634,955
Total other financing sources	(180,000,000)	(180,000,000)	(147,365,045)	32,634,955
Net change in fund balances	51,993,432	51,993,432	(3,740,284)	(55,733,716)
Fund balances - beginning of year	130,437,497	130,437,497	148,386,241	17,948,744
Fund balances - end of year	$ 182,430,929	$ 182,430,929	$ 144,645,957	$ (37,784,972)

* 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, 2010

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.

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	$ (8,388,340)
Add (Deduct)	
Change in encumbrances	(2,071,117)
Change in prepaid expenditures	47,660
Change in accounts receivable	11,256,159
Change in accounts payable	1,083,449
Change in self-insurance claims	3,413,485
Change in accrued expense	(9,081,580)
Net change in fund balance - Budgetary Basis	$ (3,740,284)

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, 2010

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 3,757,606	$ 3,757,606	$ 4,949,877	$ 1,192,271
Interest	1,000	1,000	322,597	321,597
Total revenues	3,758,606	3,758,606	5,272,474	1,513,868
Expenditures				
Principal retirement	1,955,000	1,955,000	1,955,000	-
Interest and fiscal charges	2,359,636	2,359,636	2,359,635	(1)
Total expenditures	4,314,636	4,314,636	4,314,635	(1)
Excess of revenues over expenditures	(556,030)	(556,030)	957,839	1,513,869
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	(556,030)	(556,030)	957,839	1,513,869
Fund balances - beginning of year	(4,061,346)	(4,061,346)	(1,897,169)	2,164,177
Fund balances - end of year	$ (4,617,376)	$ (4,617,376)	$ (939,330)	$ 3,678,046

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, 2010

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 238,334	$ 238,334	$ 310,799	$ 72,465
Interest	500,000	500,000	251,204	(248,796)
Miscellaneous	-	-	-	-
Total revenues	738,334	738,334	562,003	(176,331)
Expenditures				
Capital outlays	-	50,000,000	25,881,200	(24,118,800)
Total expenditures	-	50,000,000	25,881,200	(24,118,800)
Excess of revenues over expenditures	738,334	(49,261,666)	(25,319,197)	23,942,469
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	738,334	(49,261,666)	(25,319,197)	23,942,469
Fund Balances - beginning of year	66,361,046	66,361,046	65,126,118	(1,234,928)
Fund balances - end of year	$ 67,099,380	$ 17,099,380	$ 39,806,921	$ 22,707,541

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.

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 Nine Fiscal Years

	December 31								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Primary Government									
Governmental activities									
Invested in capital assets, net of related debt	$ (823,835)	$ (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	6,980,523	-	-	-	-	-	-	-	130,395
Unrestricted	184,367,974	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	$ 190,524,662	$ 213,600,338	$ 220,103,568	$ 202,394,288	$ 171,614,844	$ 136,040,056	$ 59,368,853	$ 21,565,317	$ 51,748,212
Business-type activities									
Invested in capital assets, net of related debt	$ 120,295,667	$ 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	171,034	699,698	732,481	1,261,455	639,351	596,789	570,811	564,837	548,433
Unrestricted	114,974,047	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	$ 235,440,748	$ 244,007,867	$ 225,398,956	$ 230,704,406	$ 246,209,239	$ 256,687,438	$ 255,593,941	$ 254,396,331	$ 227,116,640
Primary Government									
Invested in capital assets, net of related debt	$ 119,471,832	$ 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	7,151,557	699,698	732,481	1,261,455	639,351	596,789	570,811	564,837	678,828
Unrestricted	299,342,021	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	$ 425,965,410	$ 457,608,205	$ 445,502,524	$ 433,098,694	$ 417,824,083	$ 392,727,494	$ 314,962,794	$ 275,961,648	$ 278,864,852

Note: Due to implementation of GASB 34 and 33, comparative amounts for the 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 Nine Fiscal Years

	Years Ended December 31								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses									
Governmental activities									
Administration and finance	$ 28,400,818	$ 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	28,146,044	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	14,696,779	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	1,918,932	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	3,905,768	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	6,992,305	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	1,916,259	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	2,359,635	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	88,336,540	83,483,190	81,644,720	71,091,007	65,739,396	61,920,004	57,941,313	66,386,913	62,967,879
Business-type activities									
Wishard Health Services	487,807,076	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	366,852,811	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	854,659,887	770,211,237	697,576,373	636,642,360	572,085,755	542,144,136	507,277,181	459,641,086	336,219,601
Total primary government expenses	$ 942,996,427	$ 853,694,427	$ 779,221,093	$ 707,733,367	$ 637,825,151	$ 604,064,140	$ 565,218,494	$ 526,027,999	$ 399,187,480
Program Revenues									
Governmental activities									
Charges for services									
Administration and finance (1)	$ 583,185	$ 11,553,387	$ 24,835,565	$ 29,516,097	$ 32,198,505	$ 12,042,413	$ 323,299	$ 304,285	$ 154,995
Health improvement	2,420,983	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	631,281	571,655	533,564	363,533	358,954	395,412	323,576	318,275	338,184
Water quality and hazardous materials management	352,972	356,886	352,902	367,016	360,957	354,111	358,022	332,338	335,490
Vector disease control	752,623	687,121	614,797	1,261,037	898,812	125,523	102,741	66,994	26,138
Housing and neighborhood health	317,965	416,541	435,687	469,407	633,456	85,501	92,722	94,141	54,227
Consumer and employee risk reduction	2,109,083	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 (1)	44,126,964	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 grants and contributions	3,104,698	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	54,399,754	39,380,360	48,044,118	51,888,200	54,259,341	35,272,514	22,425,404	26,533,236	20,051,469

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

(1) Certain intergovernmental revenues have been reclassified in 2010; amounts in prior year have not been revised.

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 Nine Fiscal Years

	Years Ended December 31								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities									
Charges for services									
Wishard Health Services	$ 252,468,219	$ 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	429,785,305	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	18,703,315	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	769,000	-	-	314,400	-	-	-	-	-
Total business-type activities program revenue	701,725,839	653,988,074	540,902,783	459,951,136	397,257,458	400,058,047	344,463,335	297,286,958	178,527,483
Total primary government program revenues	$ 756,125,593	$ 693,368,434	$ 588,946,901	$ 511,839,336	$ 451,516,799	$ 435,330,561	$ 366,888,739	$ 323,820,194	$ 198,578,952
Net program (expense)/revenue									
Governmental activities	$ (33,936,786)	$ (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	(152,934,048)	(116,233,163)	(156,673,590)	(176,691,224)	(173,111,652)	(142,086,089)	(162,813,846)	(162,354,128)	(157,692,118)
Total primary government net expense	$ (186,870,834)	$ (160,335,993)	$ (190,274,192)	$ (195,894,031)	$ (184,591,707)	$ (168,733,579)	$ (198,329,755)	$ (202,207,805)	$ (200,608,528)
General Revenues and Other Changes in Net Assets									
Governmental activities									
Taxes									
Property and HCI taxes	$ 105,792,726	$ 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	5,252,268	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	1,275,274	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	39,048,278	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	2,482,149	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	(142,989,585)	(131,428,209)	(144,934,035)	(157,000,000)	(153,713,891)	(139,977,919)	(156,000,000)	(183,421,684)	(167,492,945)
Total governmental activities	10,861,110	37,599,600	51,309,882	49,982,251	47,054,843	103,318,693	73,319,445	9,670,782	(17,919,507)

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

(1) Certain intergovernmental revenues have been reclassified in 2010; amounts in prior year have not been revised.

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 Nine Fiscal Years

	Years Ended December 31								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities									
Unrestricted investment earnings	$ 1,377,344	$ 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	142,989,585	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	144,366,929	134,832,074	151,368,140	161,186,391	162,633,453	143,179,586	164,011,456	189,633,819	183,258,495
Total primary government	$ 155,228,039	$ 172,431,674	$ 202,678,022	$ 211,168,642	$ 209,688,296	$ 246,498,279	$ 237,330,901	$ 199,304,601	$ 165,338,988
Change in Net Assets									
Governmental activities	$ (23,075,676)	$ (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	(8,567,119)	18,608,911	(5,305,450)	(15,504,833)	(10,478,199)	1,093,497	1,197,610	27,279,691	25,566,377
Total primary government	$ (31,642,795)	$ 12,105,681	$ 12,403,830	$ 15,274,611	$ 25,096,589	$ 77,764,700	$ 39,001,146	$ (2,903,204)	$ (35,269,540)

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

(1) Certain intergovernmental revenues have been reclassified in 2010; amounts in prior year have not been revised.

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	$ 4,120,202	$ 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
Unreserved	149,037,699	158,561,111	146,844,353	122,752,504	110,958,027	111,837,016	37,286,974	7,642,777	21,588,774	98,498,704
Total general fund	$ 153,157,901	$ 161,546,241	$ 153,113,268	$ 129,798,702	$ 119,365,313	$ 115,477,934	$ 42,501,207	$ 12,507,692	$ 48,243,898	$ 100,692,233
All Other Governmental Funds										
Reserved	$ 189,574,838	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,330,048	$ -
Unreserved, reported in										
Debt service fund	(1,259,840)	(1,882,120)	(3,631,044)	(412,637)	362,060	(16,186)	198,382	297,281	-	278,870
Capital projects fund	23,895,431	65,127,048	64,318,221	43,030,727	40,814,423	38,643,862	37,281,256	36,659,175	28,708,879	45,139,213
Total all other governmental funds	$ 212,210,429	$ 63,244,928	$ 60,687,177	$ 42,618,090	$ 41,176,483	$ 38,627,676	$ 37,479,638	$ 36,956,456	$ 33,038,927	$ 45,418,083

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes	$ 128,505,950	$ 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
Licenses and permits	3,857,259	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
Intergovernmental	48,871,597	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
Charges for services	1,342,212	16,134,540	20,149,821	27,570,626	1,079,203	1,162,710	809,638	862,954	750,014	813,934
Disproportionate share Medicaid	39,799,959	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
Interest	2,482,149	795,022	4,056,678	7,077,243	6,521,271	3,614,043	978,823	774,638	2,386,068	5,373,505
Miscellaneous	3,343,738	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
Total revenues	228,202,864	230,091,462	267,058,981	242,974,600	230,067,700	278,611,384	244,904,204	224,995,395	183,610,123	241,866,100
Expenditures										
Administrative	25,457,868	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
Population health	22,643,391	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
Environmental health	11,885,107	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
Health center program	1,491,812	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	2,932,675	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
Grants program	18,324,824	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
Capital outlays	107,499,401	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
Debt service										
Principal	1,955,000	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
Interest and fiscal charges	2,359,635	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
Bond issuance costs	1,833,646	-	-	-	-	429,167	-	-	-	-
Total expenditures	196,383,359	87,672,529	80,363,387	74,099,604	68,917,623	64,482,579	57,746,228	73,392,388	80,479,801	84,438,162
Excess (deficiency) of revenues over (under) expenditures	31,819,505	142,418,933	186,695,594	168,874,996	161,150,077	214,128,805	187,157,976	151,603,007	103,130,322	157,427,938

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Other Financing Sources (Uses)										
Proceeds of bonds	$ 195,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Refunding on bonds issued	-	-	-	-	-	28,960,000	-	-	-	-
Premium on bonds issued	3,907,846	-	-	-	-	1,013,992	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(29,544,825)	-	-	-	-
Other debt issued	52,839,395	-	-	-	-	-	-	-	-	-
Transfers in	37,000,000	55,000,000	30,300,000	-	-	8,294	-	17,242	225,888	18,000,000
Transfers out	(179,989,585)	(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)
Total other financing sources (uses), net	108,757,656	(131,428,209)	(145,311,941)	(157,000,000)	(154,713,891)	(140,004,040)	(156,641,279)	(183,421,684)	(167,492,945)	(117,191,904)
Net change in fund balances	$ 140,577,161	$ 10,990,724	$ 41,383,653	$ 11,874,996	$ 6,436,186	$ 74,124,765	$ 30,516,697	$ (31,818,677)	$ (64,362,623)	$ 40,236,034
Debt service as a percentage of noncapital expenditures	4.9%	5.2%	5.9%	6.4%	6.8%	8.6%	9.3%	6.9%	7.2%	8.7%
Debt service expenditures	$ 4,314,635	$ 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
Noncapital expenditures	88,883,958	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

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, 2010

	Real Property		Personal Property		Total		Total
Year	Assessed Value (1) (2)	True Tax Value	Assessed Value (1) (2)	True Tax Value	Assessed Value (1) (2)	True Tax Value	Direct Tax Rate
2010	$ 30,071,881,985	$ 30,071,881,985	$ 5,745,524,000	$ 5,745,524,000	$ 35,817,405,985	$ 35,817,405,985	$ 0.1595
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	0.1543
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	0.2114
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	0.2022
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	0.2242
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	0.2249
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	0.2253
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	0.2253
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	0.2633
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	0.7919

(1) Taxable property is assessed at 33-1/3% of the true tax value for 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, 2010

Year	Operations	Debt	Cumulative Building	Total	City	County	Other Municipal Corporations	School	State	Other	Total (1)
2010	0.1494	0.0095	0.0006	0.1595	1.5489	0.3534	0.1687	1.3692	0.0024	0.0615	3.6636
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

(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, 2010

		2010				2001		
	Principal Taxpayers	Taxable Assessed Value (1) (2)	Rank	Percentage of Total City Taxable Assessed Value	Principal Taxpayers	Taxable Assessed Value (2) (3)	Rank	Percentage of Total City Taxable Assessed Value
1	Eli Lilly and Company	$ 2,261,447	1	6.089%	Eli Lilly & Company	$ 190,469	1	2.006%
2	Indianapolis Power & Light Co.	361,036	2	0.972%	Indianapolis Power and Light	135,474	2	1.427%
3	Federal Express Corporation	191,197	3	0.515%	Visteon Corporation (formerly Ford Motor Co.)	60,198	3	0.634%
4	Allison Transmission, Inc.	184,486	4	0.497%	International Truck and Engine (formerly Navistar International)	55,209	4	0.582%
5	Indiana Bell Telephone Co. Inc.	153,410	5	0.413%	General Motors Corporation	41,059	5	0.433%
6	Circle Centre Devel Co.	152,746	6	0.411%	Indianapolis Water Company	40,231	6	0.424%
7	Macquarie Office Monument Center I LLC	138,940	7	0.374%	Olin Corporation - Olin Brass	37,355	7	0.393%
8	VV USA City, LP	136,320	8	0.367%	Clarian Health Partners	37,182	8	0.392%
9	Keystone Investors, LLC	130,454	9	0.351%	Roche Diagnostics Corp.	35,461	9	0.374%
10	American United Life	116,215	10	0.313%	Bank One Corporation	30,422	10	0.320%
11	Citizens Coke & Gas Utility	86,643	11	0.233%	Marsh Supermarkets, Inc.	24,136	11	0.254%
12	Methodist Hospital	78,758	12	0.212%	Farm Bureau Insurance	23,819	12	0.251%
13	Rolls Royce	77,065	13	0.208%	Meijer, Inc.	21,350	13	0.225%
14	Hub Properties GA LLC	71,188	14	0.192%	National Starch and Chemical Company	21,247	14	0.224%
15	National Starch LLC	70,115	15	0.189%	Citizen's Gas & Coke Utility	18,130	15	0.191%
16	BNP Paribas Leasing Corp.	68,270	16	0.184%	Marathon Oil Company	17,928	16	0.189%
17	MT Acquisitions LLC	64,404	17	0.173%	Kroger Company	16,388	17	0.173%
18	Crossroads Indiana LLC	60,589	18	0.163%	Diamler - Chrysler Corp.	15,426	18	0.162%
19	Kite West 86th Street LLC	56,813	19	0.153%	Amtran (ATA)	13,568	19	0.143%
20	Automotive Components Holdings LLC	56,440	20	0.152%	Allison Transmission/Div of GMC	(4)	20	(4)
		$ 4,516,536		12.16		$ 835,052		8.80

(1) Represents the March 1, 2009 valuations for taxes due and payable in 2010 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 2010 and 2001, respectively.

(3) Data from the 2001 Health and Hospital Corporation's Comprehensive Annual Financial Report.

(4) Date not available.

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, 2010

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 57,128,763	$ 54,775,062	95.88%	$ -	$ 54,775,062	95.88%
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	72,710,696	80.38%	18,421,520	91,132,216	100.75%
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%

(1) For the Health and Hospital Corporation only.

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, 2010

	Governmental Activities						Business-Type Activities			
Fiscal Year	General Obligation Bonds of 2005 (1)	General Obligation Bonds of 2000 (1)	General Obligation Bonds of 2010	Due to Local Government	Renovation Bonds	Notes Payable	Long-Term Care Capital Leases (2)	Total Primary Government	Percentage of Personal Income (3) (4)	Per Capita (3)
2010	$ 23,795,000	$ -	$ 195,000,000	$ 52,839,395	$ 15,045,000	$ -	$ 284,101,584	$ 570,780,979	-	$ 631.82
2009	24,610,000	-	-	-	16,185,000	-	275,252,457	316,047,457	935.77%	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%	269.51
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

(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, 2010

	General Bonded Debt Outstanding			Percentage of	
Fiscal Year	General Obligation Bonds	Notes Payable	Total Net Bonded Debt	Actual Taxable Value of Property	Per Capita
2010	$ 233,840,000	$ -	$ 233,840,000	0.65%	$ 258.85
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

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, 2010

	Assessed Value (6) (7) (in thousands)	Bonding Limit %	Bonding Limit Dollar Amount (in thousands)	Bonds Outstanding (in thousands)
Direct Debt:				
Health and Hospital Corporation of Marion County	$ 37,138,835	0.67%	$ 248,830	$ 233,840
Overlapping:				
Marion County	37,138,835	0.67%	$ 248,830	$ -
City of Indianapolis:				
Civil City	34,654,777	0.67%	$ 232,187	$ 82,260
Consolidated County	37,138,835	(3)	-	-
Park District	37,138,835	(7)	-	21,792
Redevelopment District	34,654,777	(7)	-	19,225
Flood Control District	37,138,835	0.67%	248,830	10,988
Metropolitan Thoroughfare District	37,138,835	1.33%	493,947	40,895
Sanitary District	34,123,572	4.00%	1,364,943	53,608
Police Special Service District	10,627,854	(2)	-	-
Fire Special Service District	9,878,431	(2)	-	-
Solid Waste Collect Spec Service District	34,701,118	(2)	-	-
Solid Waste Disposal District	34,701,118	2.00%	694,022	-
Pub Safety Comm and Comp Facilities District	37,138,835	0.67%	248,830	37,115
Total city debt			$ 3,282,759	$ 265,883
Other Municipal Corporations				
Airport Authority	37,138,835	0.67%	$ 248,830	$ -
Capital Improvement Board	37,138,835	0.67%	248,830	-
Indpls-Marion Co. Building Authority	37,138,835	(4)	-	17,405
Indianapolis-Marion County Library	36,046,182	0.67%	241,509	100,345
Indianapolis Public Transportation Corp.	35,175,161	0.67%	235,674	9,585
Total municipal corporations			$ 974,843	$ 127,335
School Districts				
Beech Grove	493,827	(8)	$ 40,440	$ 5,315
Decatur	1,099,113	(8)	171,922	8,770
Franklin	1,734,792	(8)	287,913	4,330
Indianapolis Public Schools	9,449,406	(8)	869,613	26,360
Lawrence	4,660,505	(8)	269,929	22,215
Perry	3,312,195	(8)	165,977	21,070
Pike	4,824,093	(8)	133,583	4,555
Speedway	598,827	(8)	11,977	-
Warren	2,569,613	(8)	163,742	-
Washington	5,696,546	(8)	157,316	11,445
Wayne	2,699,918	(8)	314,353	23,344
Total school districts	$ 37,138,835		$ 2,586,765	$ 127,404

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, 2010

	Assessed Value (6) (7) (in thousands)	Bonding Limit %	Bonding Limit Dollar Amount (in thousands)	Bonds Outstanding (in thousands)
Other Cities and Towns:				
Beech Grove	$ 520,384	0.67%	$ 3,487	$ 1,199
Lawrence	1,318,506	0.67%	8,834	5,715
Southport	46,341	0.67%	310	300
Speedway	598,827	0.67%	4,012	1,530
Total Other Cities and Towns	$ 2,484,058		$ 16,643	$ 8,744
Townships				
Center	$ 5,133,095	0.67%	$ 34,392	$ -
Decatur	1,102,498	0.67%	7,387	2,199
Franklin	1,887,804	0.67%	12,648	-
Lawrence	5,028,418	0.67%	33,690	-
Perry	3,614,146	0.67%	24,215	-
Pike	4,600,397	0.67%	30,823	-
Warren	3,456,323	0.67%	23,157	-
Washington	7,844,056	0.67%	52,555	-
Wayne	4,138,359	0.67%	27,727	-
Total Townships	$ 36,805,096		$ 246,594	$ 2,199
Excluded Library Districts				
Beech Grove	$ 493,827	0.67%	$ 3,309	$ -
Speedway	598,827	0.67%	4,012	205
Total Excluded Library Districts	$ 1,092,654		$ 7,321	$ 205
Ben Davis Conservancy District	$ 898	(5)		-
Total Overlapping Debt				$ 531,770
Total Direct and Overlapping Debt				$ 765,610

(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 2010.
(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, 2010

Legal Debt Margin Calculation for Fiscal Year Ended December 31, 2010		
Net assessed value - 2010	**$**	**35,817,405,985**
Debt limit (.67% of assessed values)		**239,976,620**
Debt applicable to limit		
Bonded Debt		**233,840,000**
Legal Debt Margin	**$**	**6,136,620**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limit	$ 239,976,620	$ 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
Total net debt applicable to limit	233,840,000	40,795,000	42,635,000	44,593,122	46,446,751	48,196,299	48,897,162	50,549,717	52,109,326	53,586,336
Legal debt margin	$ 6,136,620	$ 205,077,377	$ 250,186,329	$ 255,221,122	$ 223,070,826	$ 217,328,942	$ 218,634,711	$ 228,302,596	$ 141,104,787	$ 136,276,576
Total net debt applicable to the limit as a percentage of debt limit	97.44%	16.59%	14.56%	14.87%	17.23%	18.15%	18.28%	18.13%	26.97%	28.22%

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, 2010

Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	Public School Enrollment	(3) Unemployment Rate
2010	903,393	-	-	159,865	8.4%
2009	890,879	33,774,144	38,532	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%

(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 2001-2009 reflect county population estimates available as of March 2010. Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2001-2009 reflect county population estimates available as of March 2010. Data was not yet available for 2010 personal income or per capita personal income.

(3) 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, 2010

	2010			2001 (2)		
Taxpayer	(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. (IU Health)	18,883	1	2.16%	11,237	1	(3)
Eli Lilly & Company	11,550	2	1.32%	-		(3)
St. Vincent Hospitals & Health Service	11,075	3	1.27%	-		(3)
Community Health Network	8,079	4	0.93%	-		(3)
IUPUI	7,066	5	0.81%	-		(3)
Rolls-Royce	4,316	6	0.49%	-		(3)
Federal Express Corp. (FedEx)	4,311	7	0.49%	-		(3)
Roche Diagnostic Corporation	4,300	8	0.49%	-		(3)
WellPoint, Inc.	3,950	9	0.45%	4,139	3	(3)
Allison Transmission/Div of GMC	3,400	10	0.39%			(3)
Marsh				4,620	2	(3)
Anthem, Inc.				3,285	4	(3)
Kroger Company				3,104	5	(3)
Ford Motor Company				2,681	6	(3)
General Motors Corporation				2,452	7	(3)
Amtran (ATA)				2,400	8	(3)
BankOne Corporation (Chase)				2,391	9	(3)
Navistar International				2,246	10	(3)
	76,930			38,555		

(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 2001 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, 2010

	Full-Time Equivalent Employees at December 31									
Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001 (1)
Primary Government Employees:										
Administration	127	117	118	115	112	112	113	109	97	-
Health improvement	337	343	313	311	313	309	304	314	315	-
Communicable disease prevention	125	120	122	119	119	124	123	123	122	-
Water quality and hazardous materials	27	25	27	28	29	29	29	30	79	-
Housing and neighborhood health	100	90	84	84	84	82	82	83	79	-
Consumer and employee risk reduction	27	28	25	26	27	27	27	27	27	-
Vector disease control	61	64	55	57	52	52	53	52	54	-
Business-type Employees:										
Wishard Health Services	3,622	3,724	3,764	3,404	3,243	3,232	3,269	3,388	3,126	-
Long-Term Care (2)	-	-	-	-	-	-	-	-	-	-
Total Employees	4,426	4,511	4,508	4,144	3,979	3,967	4,000	4,126	3,899	-

(1) The Corporation converted to the SAP accounting system January 1, 2002. FTE information for 2001 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

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	147,469	186,096	63,268	33,279	33,749	31,960	31,708	41,453	36,624	38,870
Vital Statistics - certified birth copies issued	59,067	59,258	62,008	66,601	61,617	62,233	64,413	76,523	70,886	66,729
Vital Statistics - certified death copies issued	57,763	56,434	99,185	59,558	60,062	58,027	55,595	66,386	69,766	70,008
WIC Services - vouchers per month	n/a	n/a	n/a	n/a	n/a	n/a	24,064	21,307	18,265	16,550
WIC Services - nutrition education	n/a	n/a	n/a	n/a	n/a	n/a	10,151	8,208	48,707	46,100
Dental Health/Education Services	68,370	54,011	72,119	80,358	65,224	69,905	67,113	53,260	46,055	41,866
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	1,068	1,121	1,098	1,115	1,083	1,098	1,042	1,149	1,309	1,393
AIDS cases	63	51	40	43	136	168	165	225	129	148
HIV infection - total cases	188	225	214	185	191	177	184	169	228	162
Tuberculosis cases reported	33	49	37	42	51	40	54	36	31	35
Sexually transmitted diseases total cases	6,959	11,086	11,923	11,918	10,795	11,336	9,618	9,666	10,784	10,515
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	60,238	59,261	58,926	167,657	180,000	168,297	125,874	97,421	99,902	45,337
Swimming pool samples	2,483	2,744	2,483	5,113	n/a	n/a	3,921	4,861	4,261	4,838
Surface water samples taken	6,225	5,844	6,480	2,421	2,418	2,454	4,450	4,679	3,528	3,254
Hazardous Materials Management										
Responses to emergency situations	1,031	938	1,188	440	213	406	493	296	302	630
Drinking water wells surveyed for toxins	940	1,442	1,402	389	704	707	904	1,035	1,393	1,480
Septic systems permits	144	115	127	12	19	26	223	235	331	280
Well construction permits	70	102	78	12	111	108	118	111	129	155
Well pump permits	112	164	148	218	205	211	242	238	304	325
Housing and Neighborhood Health										
Initial housing orders	4,621	5,565	2,682	3,827	3,822	3,528	3,311	3,180	3,128	6,290
Housing compliances	4,190	4,948	4,201	3,904	3,649	3,452	3,539	3,129	3,398	3,533
Initial sanitation orders	20,801	21,463	15,422	21,080	20,841	20,383	18,672	17,725	15,803	25,926
Sanitation compliances	19,501	20,845	13,056	19,021	18,654	18,099	16,079	14,527	6,135	17,950
Court cases filed	2,333	2,925	2,873	3,859	4,256	4,371	4,463	4,276	2,845	3,077
Court cases resolved	957	1,573	1,269	1,688	1,520	1,544	1,345	1,670	1,583	2,240
Citations issued - illegal dumping	n/a	n/a	n/a	299	425	366	409	462	n/a	422
Unsafe buildings-structures demolished	537	658	836	349	475	414	521	515	441	496
Unsafe buildings-structures boarded	7,111	7,586	6,516	6,182	5,064	4,217	3,268	3,209	3,056	2,875
Unsafe buildings-structures repaired	672	844	672	802	676	1,004	953	883	680	682
Lead - children screened	5,346	4,648	3,786	14,797	11,841	12,460	13,979	13,380	7,746	7,221

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	19,326	19,148	18,088	19,561	20,942	20,824	20,315	20,820	20,185	17,960
Foodborne investigations	156	199	206	115	118	107	107	95	121	96
Foodborne complaints	726	918	895	1,108	825	766	825	754	1,007	1,066
Foodborne licenses issued	5,885	5,604	5,265	5,862	5,933	5,857	5,972	5,779	5,793	5,593
Occupational health										
Occupational health consultations	n/a	n/a	n/a	222	293	252	1,873	1,609	729	447
Asbestos investigations	360	114	173	n/a	437	406	447	303	204	339
Radon investigations	7	30	12	n/a	n/a	n/a	n/a	n/a	19	38
Related indoor air inspections	2,722	3,014	3,976	2,218	1,778	1,717	1,722	1,791	1,752	1,303
Vector Disease Control										
Environmental/Rodent Control										
Total premises baited for rodents	2,751	2,838	2,478	2,072	2,510	2,125	2,009	1,944	1,849	1,726
Abandoned property cleanups	3,541	3,557	2,975	3,561	3,489	2,577	2,729	2,096	2,050	1,405
Assisted cleanups of neighborhoods	10	4	-	n/a	n/a	n/a	167	262	448	348
Total weight (lbs.) of trash removed	17,382,448	21,941,740	16,587,585	16,868,920	15,617,360	11,878,160	12,570,680	9,768,700	10,341,120	8,557,420
Mosquito Control										
Inspections of mosquito breeding sites	18,430	20,400	18,000	16,920	17,484	16,273	18,422	15,363	14,247	17,495
Mosquito breeding sites treated	8,881	11,746	10,121	6,030	9,132	7,878	8,797	8,361	9,863	10,040
Adulticiding, lineal miles sprayed	5,164	5,169	6,576	5,384	5,899	4,925	6,454	16,106	17,721	8,933
Complaint services, adulticiding	5,584	5,566	5,454	3,214	4,329	3,596	4,232	8,132	4,642	2,676
Combination complaints	689	803	572	221	536	310	590	1,178	548	358
Long-Term Care										
Total Beds	5,857	5,457	4,053	4,086	3,710	3,187	2,880	2,996	n/a	n/a
Wishard Health Services										
Admissions (Acute, Behavioral, Lockefield)	18,525	18,585	19,624	19,674	18,971	18,220	17,947	18,181	16,950	16,399
Patient Days (Acute, Behavioral, Lockefield)	89,418	107,018	159,932	161,170	160,788	155,470	152,136	85,085	80,482	75,296
OP Encounters (net of ED)	1,077,726	1,120,658	1,126,196	1,079,108	1,068,042	1,075,380	854,545	891,618	798,812	735,798
ED Visits	105,854	110,451	113,680	108,102	98,946	97,657	94,576	110,989	109,584	105,463
Advantage Members	58,133	54,165	50,241	50,879	49,421	47,572	43,528	39,078	33,438	28,583
Uncompensated Care (000's Omitted)	305,243	267,058	254,836	236,691	218,080	193,558	182,780	182,015	158,261	144,475
Surgeries	8,092	8,162	7,816	7,607	6,682	6,305	6,103	6,443	6,293	4,160
Births	2,107	2,414	2,643	2,760	2,610	2,447	2,496	3,047	3,006	2,904

n/a = Not available.

Sources: Marion County Health Dept. "Report to the Community", American Senior Communities Census Summary and 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

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Health Improvement										
Dental chairs	25	25	25	25	24	24	24	23	23	11
Dental x-ray units	23	23	23	23	23	23	23	23	23	12
Fiberoptic Dentalite	10	10	7	7	7	7	7	7	7	7
Dental Portable Scaler	7	7	7	7	7	7	7	7	-	-
Kiosk Touchscreen system	5	4	4	4	4	4	4	4	4	2
Vital Statistics scanners/readers	1	1	1	1	2	1	1	-	-	-
Generators/power source	4	4	-	-	-	-	-	-	-	-
Planmeca digital panoramic machine	2	-	-	-	-	-	-	-	-	-
Communicable Disease Prevention										
Water purification systems for lab	3	3	3	3	1	1	1	1	1	-
Refrigerators/freezer for lab	12	12	9	9	9	9	9	9	7	6
Incubator for lab	7	6	6	6	4	4	4	4	4	3
Trailer with hitch	8	-	-	-	-	-	-	-	-	-
Generator power-diesel	3	-	-	-	-	-	-	-	-	-
Storage area network w/cabinet	1	-	-	-	-	-	-	-	-	-
Kodak color scanners	5	-	-	-	-	-	-	-	-	-
Truck-Super 4X4	1	-	-	-	-	-	-	-	-	-
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	16	16	16	16	16	15	15	14	13	13
Analyzers for hazardous materials	5	5	5	5	5	3	2	2	-	-
Housing and Neighborhood Health										
Analyzers for lead testing	8	5	5	4	3	3	2	2	2	2
Vans/cars for housing visits	6	6	5	4	3	3	3	1	1	1
Vector Disease Control										
Environmental trucks/vans for cleanup	17	16	24	24	22	18	18	18	17	10
Dump Trucks	17	16	14	14	13	11	11	11	10	9
Tractors/Trailers	28	28	18	18	16	14	8	8	6	5
Rodent/Mosquito control trucks for spraying	57	57	72	72	70	70	69	63	62	61
Rodent/Mosquito control - sprayers	10	9	11	11	11	11	11	11	9	9
Rodent/Mosquito Control - generators	6	6	6	6	5	5	5	5	4	4
Long-Term Care										
# of buildings	42	38	27	26	23	18	17	18	n/a	n/a
Wishard Health Services										
# of beds	312	313	340	340	314	294	296	302	275	252

n/a = Not available.

Sources: SAP system - Asset Management Listing, American Senior Communities Fixed Asset System and Wishard Health Services Financial Statements.

Health and Hospital Corporation of Marion County, Indiana

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

Single Audit Reports

For the Year Ended December 31, 2010

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, 2010

Contents

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, 2010

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2010 Amount Passed-Through to Subrecipients	Combined 2010 Total Federal Expenditures
U.S. Department of Homeland Security						
	City of Indianapolis, Indiana	C44P-5-240	Non-Profit Security Program	97.008	$ 50,000	$ 307,909
	City of Indianapolis, Indiana	C44P-5-240	Non-Profit Security Program	97.008	-	289,056
	City of Indianapolis, Indiana	POI06029358068	Non-Profit Security Program	97.008	-	244,616
	Indiana University	C44P-0-105A	Non-Profit Security Program	97.008	-	107,037
	Indiana University	C44P-1-030A	Non-Profit Security Program	97.008	-	84,442
					50,000	1,033,060
	City of Indianapolis, Indiana	POI6602686	Metropolitan Medical Response System	97.071	(9,121)	12,526
	City of Indianapolis, Indiana	POI6602686	Metropolitan Medical Response System	97.071	-	45,730
	City of Indianapolis, Indiana	POI0602000	Metropolitan Medical Response System	97.071	4,250	24,724
	City of Indianapolis, Indiana	POI0602000	Metropolitan Medical Response System	97.071		52,692
					(4,871)	135,672
	Indiana Department of Homeland Security	Not provided	State Homeland Security Program	97.073	-	(17)
			Total U.S. Department of Homeland Security		**45,129**	**1,168,715**
U.S. Department of Labor						
	Indianapolis Private Industry Council	GJ-20045-10-60-A-18/S2303-H-09	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	-	12,024
U.S. Department of Transportation						
	Indiana University	PO682190 and PO733383	Child Safety and Child Booster Seats Incentive Grants	20.613	-	1,682
National Institute of Health						
	Indiana University	UH2DK083980	Trans-NIH Research Support	93.310	-	49,766
	Indiana University	U19AI031494-16	Allergy, Immunology and Transplantation Research	93.855	-	(991)
	Indiana University	R01HD053231	Child Health and Human Development Extramural Research	93.865	-	42,381
			Total National Institute of Health		**-**	**91,156**
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	-	25,270,063
	Indiana Department of Health	A70-0-070245	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	51,680
	Indiana Department of Health	A70-0-070259	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	43,972
	Indiana Department of Health	A70-1-070320	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	23,138
	Indiana Department of Health	A70-9-070183	Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	66,653
			Total U.S. Department of Agriculture		**-**	**25,455,506**

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, 2010

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2010 Amount Passed-Through to Subrecipients	Combined 2010 Total Federal Expenditures
U.S. Department of Education						
	Indianapolis Public Schools	10-4700-5385	Career and Technical Education - Basic Grants to States	84.048	$ -	$ 80,661
	Indiana Family and Social Services Administration Division of Disability, Aging and Rehabilitative Services	49-09-OX-1580 / VR1-9-49-09-OX-1580	Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	-	139,336
			Total U.S. Department of Education		-	**219,997**
U.S. Department of Health and Human Services						
	National Association of County; City Health Officials	MRC100088	Medical Reserve Corps Small Grant Program	93.008	-	287
	CICOA	A345-0-49-10-SP-1581	Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	-	8,011
	Indiana University	POIHK000077-01	Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure	93.065	-	20,720
	Indiana Department of Health	3610-572100-103200-BPRS 198-38	Public Health Emergency Preparedness	93.069	-	10,000
	Indiana Department of Health	3610-572100-103200-BPRS 198-12	Public Health Emergency Preparedness	93.069	-	4,048
	Indiana Department of Health	3610-572100-103200-BPRS 198-51	Public Health Emergency Preparedness	93.069	-	5,109
	Indiana Department of Health	A70-0-0531167	Public Health Emergency Preparedness	93.069	-	(119,374)
	Indiana Department of Health	A70-0-0531233	Public Health Emergency Preparedness	93.069	-	214,236
	Indiana Department of Health	A70-0-0531487	Public Health Emergency Preparedness	93.069	-	1,416,303
	Indiana Department of Health	A70-1-0531666	Public Health Emergency Preparedness	93.069	-	22,100
	Indiana Department of Health	A70-0-0531167	Public Health Emergency Preparedness	93.069	-	8,554
					-	1,560,976
	Direct	N/A	Bilingual/Bicultural Service Demonstration Grants	93.105	-	136,314
	Indiana Department of Health	3610-572100-140300 TB198-40	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	-	(21,910)
	Indiana Department of Health	61910-573100-4003610140300 TB198-4	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	-	122,312
	Indiana Department of Health	A70-9-106026	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	10,750	155,480
					10,750	255,882
	Clarian Health Partners, Inc.	2H4AHA00062	AIDS Education and Training Centers	93.145	-	90,876
	Indiana Family & Social Service Administration, Division of Mental Health Administration	A55-0-49-10-HO-1580 / A55-1-49-11-HO-1580	Projects for Assistance in Transition from Homelessness	93.150	-	126,225
	Indiana Department of Health	3610-572100-130300 CLP 198-1; A70-7-8019; A70-1-068041	Childhood Lead Poisoning Prevention Project - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	-	72,844
	Indiana Family Health Council	FPHPA050511-32-03 (IFHC-1)	Family Planning Services	93.217	-	1,201,622
	Direct	N/A	Consolidated Health Centers	93.224	1,042,583	1,042,583

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, 2010

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2010 Amount Passed-Through to Subrecipients	Combined 2010 Total Federal Expenditures
	Indiana University	ROIHS018553-01	Research on Healthcare Costs, Quality and Outcomes	93.226	$ -	$ 4,068
	Indiana University	R18HS018183	Research on Healthcare Costs, Quality and Outcomes	93.226		9,428
	Direct	N/A	Research on Healthcare Costs, Quality and Outcomes	93.226	-	28,182
					-	41,678
	Indiana University	R24MH080827	Mental Health Research Grant	93.242	-	122,637
	Damien Center	1U79SP015100	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	43,470
	Indiana University	1U79TI020281-01 / 5U79T1020281-02	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	65,548
					-	109,018
	Indiana Department of Health	3610-572100-142300 IP198-1	Immunization Grants	93.268	-	(131)
	Indiana Department of Health	A70-1-0731112	Immunization Grants	93.268	-	43
	Indiana Department of Health	61910-573100-4003610142300-IP198-1	Immunization Grants	93.268	-	400,317
					-	400,229
	University of Cincinnati	1007378 / 1007704 / 1008128	Drug Abuse and Addiction Research Programs	93.279	-	104,277
	Indiana Department of Health	3610-572900-149900 ELCID198-55	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	(501)
	Indiana Department of Health	A70-0-0531500	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	2
	Indiana Department of Health	3610-572100-103200-BPRS 198-49	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	8,159
	Indiana Department of Health	61910-583110-4003610149900 ELCID 198-55	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	42,839
	Indiana Department of Health	3610-572100-103500 AA198-13	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	44,695
					-	95,194
	Indiana University	1R21NR010593 / 5R21NR010593-02	Nursing Research	93.361	-	9,362
	Indiana Family Health Council	IFHC-3	Temporary Assistance for Needy Families	93.558	-	48,089
	Indiana Department of Child Services	A93-9-49-09-60-1580	Temporary Assistance for Needy Families	93.558	-	369,550
	Indiana Family & Social Service Administration	48-05-60-1580	Temporary Assistance for Needy Families	93.558	-	1,101,550
	Indiana Department of Child Services	49-09-60-1580	Temporary Assistance for Needy Families	93.558	-	433,060
					-	1,952,249
	Indiana Department of Health	F1-10-49-10-R5-1580	Refugee and Entrant Assistance - State Administered Programs	93.566	-	81,982
	Indiana Department of Health	3610-537000-141300 HPR 198-49	Refugee and Entrant Assistance - Discretionary Grants	93.576	-	30,601
	Indiana Department of Health	3610-537000-141300 HPR 198-48	Refugee and Entrant Assistance - Discretionary Grants	93.576		36,260
	Direct	N/A	Refugee and Entrant Assistance - Discretionary Grants	93.576	-	15,047
					-	81,908
	Indiana Department of Child Services	49-09-60-1580	Social Services Block Grant	93.667	-	238,940
	Indiana Family Health Council	FPHPA050511-32-03 (IFHC-2)	Social Services Block Grant	93.667	-	293,491
					-	532,431

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, 2010

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2010 Amount Passed-Through to Subrecipients	Combined 2010 Total Federal Expenditures
	Direct	N/A	ARRA - Health Center Integrated Services Development Initiative	93.703	$ 559,383	$ 559,383
	Indiana University	5R01DK081329	Diabetes, Digestive and Kidney Disease Extramural Research	93.847	-	922
	Indiana University	K23AG031830; 1R01AG034946-01A1; 1R01AG034205	Aging Research	93.866	-	61,277
	Direct	N/A	National Bioterrorism Hospital Preparedness Program	93.889	-	1,444
	Indiana Department of Health	A70-1-0531545	National Bioterrorism Hospital Preparedness Program	93.889	-	365
	Indiana Department of Health	A70-0-0531371	National Bioterrorism Hospital Preparedness Program	93.889	-	4,293
	Indiana Department of Health	A70-0-0531061	National Bioterrorism Hospital Preparedness Program	93.889	-	13,045
	District 5	N/A	National Bioterrorism Hospital Preparedness Program	93.889	-	7,380
					-	26,527
	Direct	N/A	HIV Emergency Relief Project Grants	93.914	1,689,639	2,897,193
	Direct	6H89HA11463	HIV Emergency Relief Project Grants	93.914	-	109,529
	Direct	N/A	HIV Emergency Relief Project Grants	93.914	-	1,200,136
					1,689,639	4,206,858
	Direct	N/A	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	217,008	373,923
	Direct	N/A	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		293,209
					217,008	667,132
	Direct	N/A	Healthy Start Initiative	93.926	58,255	778,923
	Direct	N/A	Healthy Start Initiative	93.926	-	140,309
					58,255	919,232
	Indiana Department of Education	A58-1-11SS-030	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	-	2,338
	Indiana Department of Health	61910-573100-4003610144100 AIDS 198-8	HIV Prevention Activities - Health Department Based	93.940	-	3
	American College of OB/GYN	1U65/PS00813	HIV Demonstration, Research, Public and Professional Education Projects	93.941	4,287	27,346
	Indiana Department of Health	A70-0-112153	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	-	299,672
	Indiana Department of Health	3610-572100-144400 ASP 198-54; 3610-572100-144400 ASP 198-7	Human Immunodeficiency Virus/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	-	33
	InteCare, Inc.	A55-0-49-10-HO-1580/A55-1-49-11-HO-1580	Block Grants for Community Mental Health Services	93.958	-	476,904
	Indiana Department of Health	3610-572100-145500-PSUP198-16	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	48,919
	InteCare, Inc.	A55-0-49-10-HO-1580 / A55-1-49-11-HO-1580	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	961,289
					-	1,010,208

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, 2010

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2010 Amount Passed-Through to Subrecipients	Combined 2010 Total Federal Expenditures
	Indiana Family and Social Services	MD29-9-93-09-ZP-1580	Alternate Non-Emergency Service Providers or Networks	93.790	$ -	$ 583,265
	Indiana Department of Health	3610-572900-141610 STD 198-21; 61910-573100-4003610141610 STD 198-22	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	42,475	170,907
	Indiana University	A70-0-069263; A70-0-69224	Maternal and Child Health Services Block Grant to the States	93.994	-	202,759
			Total U.S. Department of Health and Human Services		**3,624,380**	**17,262,071**
U.S. Department of Housing and Urban Development						
	City of Indianapolis, Indiana	POI0300132	Community Development Block Grants/Entitlement Grants	14.218	17,095	17,095
	City of Indianapolis, Indiana	POI0300401	Community Development Block Grants/Entitlement Grants	14.218	-	23,406
					17,095	40,501
	City of Indianapolis, Indiana	POI0300473 / POI1300217	Supportive Housing Program	14.235	-	245,498
	City of Indianapolis, Indiana	IN36C603012 / POI0300545; IN36C703011 / POI0300777; POI0300865; POI7300851	Shelter Plus Care	14.238	-	411,114
	Direct	N/A	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	686,992	925,329
	Direct	N/A	ARRA - Healthy Homes Demonstration Grants	14.901	-	428,278
	Direct	N/A	Office of Healthy Homes and Lead Hazard Control	14.904	-	139,351
	Direct	N/A	Lead Hazard Reduction Demonstration Grant Program	14.905	402,200	605,799
			Total U.S. Department of Housing and Urban Development		**1,106,287**	**2,795,870**
U.S. Department of Justice						
	Indiana Criminal Justice Institute	09-JF-013	Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	47,357	47,357
	Indiana Criminal Justice Institute	2008-VA-GX-0031 (D3-10-4571); D3-11-5620 (Req 0000002612)	Crime Victim Assistance	16.575	-	94,672
	Indiana University	D3-10-4429; D3-11-5621 (PO 886659)	Crime Victim Assistance	16.575	-	66,810
					-	161,482
	Indiana Criminal Justice Institute	09STR22 (D3-10-4765)	ARRA - Violence Against Women Formula Grants	16.588	-	70,056
	City of Indianapolis, Department of Public Safety	POI0602440	Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	-	27,049
	City of Indianapolis, Department of Public Safety	POI0900320	Recovery Act - Edward Byrne Memorial Justice Assistant Grant Program	16.803	-	62,523
			Total U.S. Department of Justice		**47,357**	**368,467**
			Total Federal Expenditures		**$ 4,823,153**	**$ 47,375,488**

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, 2010

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.

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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, 2010, which collectively comprise its basic financial statements and have issued our report thereon dated June 28, 2011. 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 opinions 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 questioned costs as item 10-01, 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 28, 2011.

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing body, management and others within the Corporation 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

June 28, 2011

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Independent Accountants' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. 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 10-02 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 that program.

As described in item 10-02 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 Area Securities Initiative. Compliance with such requirements is necessary, in our opinion, for the Corporation to comply with requirements applicable to that program.

As described in item 10-04 in the accompanying schedule of findings and questioned costs, the Corporation did not comply with requirements regarding eligibility that are applicable to its Lead-Based Paint Hazard Control in Privately-Owned Housing program. Compliance with such requirements is necessary, in our opinion, for the Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraphs, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The results of our auditing procedures also disclosed another instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 10-03.

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 one deficiency in internal control over compliance that we considered to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 10-03. 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Corporation as of and for the year ended December 31, 2010, and have issued our report thereon dated June 28, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

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 the responses.

This report is intended solely for the information and use of the governing body, management, others within the Corporation, 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

June 28, 2011

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, 2010

Summary of Auditor's Results

1. The opinions expressed in the independent accountants' report over financial reporting were:

   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	☒ Yes	☐ No
Material weakness(es)?	☐ 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 disclosed:

Significant deficiency(ies)?	☒ Yes	☐ No
Material weakness(es)?	☐ Yes	☒ No

5. The opinions expressed in the independent accountants' report on compliance with requirements applicable to major federal awards were:

   ☒ Unqualified ☒ Qualified ☐ Adverse ☐ Disclaimed

Special Supplemental Nutrition Program for Women, Infants & Children (CFDA No. 10.557)	Unqualified
Lead-Based Paint Hazard Control in Privately-Owned Housing (CFDA No. 14.900)	Qualified
Public Health Emergency Preparedness (CFDA No. 93.069)	Qualified
ARRA - Health Center Integrated Services Development Initiative (CFDA No. 93.703)	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
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900
Public Health Emergency Preparedness	93.069
ARRA – Health Center Integrated Services Development Initiative	93.703
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 $1,421,265.

9. The Corporation qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number		Finding	Questioned Costs
10-01	**Criteria or Specific Requirement:**	Internal Control Over Financial Reporting	
	Condition:	The Corporation issues a Comprehensive Annual Financial Report (CAFR) on an annual basis, which includes the activities of the Wishard Health Systems. Certain audit adjustments were required in order to present materially accurate financial statements. These adjustments were not detected by management's internal control structure.	
	Context:	Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.	
	Cause:	Reconciliation and review of various accounts in the general ledger may not be adequate to support timely and accurate financial reporting.	
	Effect:	Potential material misstatements in the financial statements could occur and not be detected and/or corrected in a timely manner.	
	Recommendation:	We recommend that the Corporation evaluate current accounting mechanisms in place for timely closing and reconciling of accounts to determine how they can be enhanced to minimize the potential for material error.	
	Views of Responsible Officials and Planned Corrective Action:	We concur. Management will evaluate current controls related to account reconciliation procedures/detection of adjustments. Audit adjustments determined to be material to the financial statements will be recorded timely.	

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, 2010

Findings Required to be Reported by OMB Circular A-133

Reference Number		Finding	Questioned Costs
10-02	**Federal Agencies:**	U.S. Department of Health and Human Services and U.S. Department of Homeland Security	None
	CFDA Title and Number:	93.069 - Public Health Emergency Preparedness 97.008 - Urban Area Securities Initiative	
	Award Number(s):	A70-0-0531233; A70-0-0531487; C44P-5-240; C44P-0-105A	
	Award Year:	June 24, 2009 to July 30, 2010	
	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.	
	Condition:	Documentation to support compliance with the above requirement was not available.	
	Context:	We tested a sample of eight 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 four (three from Headquarters and one from Wishard) instances. Further, we verified that all eight vendors have not been suspended or debarred.	
	Cause:	The Corporation was not following internal policies of verifying suspension and debarment for a portion of the year. This was a prior year finding, and so the corrective action steps were only placed into effect mid-year.	
	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.	
	Recommendation:	We recommend the Corporation continue to monitor adherence to the corrective actions put into effect mid-year 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 is documented by including supporting documentation in the file.	

Reference Number		Finding	Questioned Costs
	Views of Responsible Officials and Planned Corrective Action:	We concur. For Health and Hospital's Headquarters/Public Health (HQ) and Wishard Health Services (WHS) Divisions, exceptions noted in 2010 Single Audit occurred prior to discovery of the 2009, 09-04 finding, which involved failure to check the excluded parties list (EPLS) for covered transactions. In the third quarter of 2010, a corrective action plan was developed and implemented. For HQ, this action plan required Purchasing personnel to check the EPLS website for all applicable vendor contracts/purchase orders and Grants personnel to check the EPLS website for all subrecipient contracts/purchase orders. Financial management confirms these EPLS checks are completed and documented when applicable. For WHS, Grants personnel will verify the vendor is not suspended/debarred for all applicable purchases. The 2010 audit did not detect any exceptions after implementation of the prior year action plan.	
10-03	**Federal Agencies:**	U.S. Department of Housing and Urban Development and U.S. Department of Health and Human Services	None
	CFDA Title and Number:	14.900 - Lead-Based Paint Hazard Control in Privately-Owned Housing 93.703 - ARRA - Health Center Integrated Services Development Initiative	
	Award Number(s):	INLHB0447-09; 1 H8BCS12080-01-00; 1 C81CS14238-01-00	
	Award Year:	June 29, 2009 to December 14, 2012	
	Criteria or Specific Requirement:	Subrecipient Monitoring - Per the Compliance Supplement, the Corporation is required to maintain a monitoring program that incorporates certain "During-the-Award" monitoring activities to effectively oversee grant dollars passed thru to subrecipients. These activities normally include reporting, site visits, regular contact and/or other means to provide reasonable assurance that the subrecipients are adhering to federal award compliance requirements.	
	Condition:	The extent to which "During-the-Award" monitoring is being performed by Headquarters in the two programs tested is not adequate.	

Reference Number	Finding		Questioned Costs
	Context:	There were two subrecipients tested, both of which receive pass-through awards of the majority of the program dollars being granted to the Corporation. In one instance, Headquarters failed to perform timely follow-up on numerous findings from the subrecipient's own Single Audit report. Additionally, quarterly site visits were conducted that identified further matters of concern regarding compliance, yet no follow-up procedures were performed and no actions were taken to ensure ongoing compliance with applicable laws and regulations. For the second subrecipient tested, the Corporation did not obtain a Single Audit report from the subrecipient organization in a timely manner, which included material weaknesses. Consequently, timely and appropriate follow-up on such findings was not performed. Additionally, no site visits were conducted.	
	Cause:	The Corporation had limited resources to provide the necessary "During-the-Award" monitoring and did not follow established procedures for obtaining subrecipient Single Audit reports, performing site visits and following-up on corrective action plans of subrecipients.	
	Effect:	By not effectively monitoring subrecipient relationships, the Corporation is not ensuring that its subrecipients take timely and appropriate corrective action on all audit findings or that noncompliance with laws and regulations that are direct and material to the respective federal programs is not occurring.	
	Recommendation:	We recommend the Corporation evaluate its current system for monitoring subrecipients in an effort to develop procedures for ensuring accountability to established policies and procedures, as well as conformity with federal guidelines in this area. Additionally, sufficient resources should be devoted to the subrecipient monitoring process, especially those activities occurring during the term of the award.	
	Views of Responsible Officials and Planned Corrective Action:	We concur. Due to changes in staff responsibilities, certain monitoring procedures were not performed at sufficient levels in 2010. A new employee will be hired in 2011 to perform subrecipient monitoring tasks.	

Reference Number		Finding	Questioned Costs
10-04	**Federal Agency:**	U.S. Department of Housing and Urban Development	$58,965 - See Context Section of Finding
	CFDA Title and Number:	14.900 - Lead-Based Hazard Control in Privately-Owned Housing	
	Award Number(s):	INLHB0447-09	
	Award Year:	December 15, 2009 to December 14, 2012	
	Criteria or Specific Requirement:	Income verification is one of the required eligibility considerations when awarding funding. HUD has defined three acceptable methods of documenting income verification including third party, verbal third party or tenant/landlord declaration. Regardless of method used, the Corporation is required to collect sufficient documentation in order for HUD to monitor program eligibility compliance.	
	Condition:	Documentation to support compliance with the above requirement was not available.	
	Context:	Out of the eleven properties sampled, two properties receiving lead abatement assistance under this program did not have support to satisfy income verification requirements.	

Population		Sample	
Items	**Dollar Value**	**Items**	**Dollar Value**
26	$640,365	11	$531,061

	Cause:	In one instance, the support reviewed was not able to be scanned in or copied at the time funding was being approved and therefore not able to be tested. In a second instance, appropriate procedures were not in place to ensure a multi-family property had enough information to meet the tenant/landlord income verification expectation, as defined by HUD.	
	Effect:	Without supporting documentation that income verification has been completed, the Corporation cannot prove that properties receiving grant dollars are eligible under the program.	

Reference Number		Finding	Questioned Costs
	Recommendation:	We recommend the Corporation develop policies and procedures to ensure that income verification is completed on all rental housing, including multi-family properties, and that supporting documentation be retained in the file.	
	Views of Responsible Officials and Planned Corrective Action:	We concur. Procedures related to income verification by third party, verbal third party, or tenant/landlord declaration will be reviewed for adequacy and timing. Required income verification documentation will be obtained timely and maintained in the Corporation's records.	

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, 2010

Reference Number	Summary of Finding	Status
09-01	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.	Not corrected; see finding 10-01
09-02	Per OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, 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.	Corrected
09-03	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.	Corrected
09-04	The Corporation is responsible for determining that vendors with which it contracts for covered transactions are not suspended or debarred or whose principals are not suspended or debarred.	Not corrected; see finding 10-02