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, 2008

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, 2008

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

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For the Year Ended December 31, 2008

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Introductory Section

HEALTH&
HOSPITAL
CORPORATION

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September 10, 2009

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, 2008, 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, 2008, 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, 2008, 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 audited government'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.

The Comprehensive Annual Financial Report consists of three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting presented to the Corporation for its 2007 comprehensive annual financial report, a list of principal officials and the Corporation's organizational chart. The financial section includes the basic financial statements including MD&A, footnotes and the independent auditors' report on the basic financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

PROFILE OF THE CORPORATION

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

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

Wishard is comprised of Wishard Memorial Hospital, a general acute care facility with 340 staffed beds, excluding newborn nursery; eight community health centers, Midtown Community Mental Health Center, Regenstrief Health Center, Wishard's Emergency Trauma Service, Wishard's Ambulance Service and the Richard M. Fairbanks Burn Center. It also included Lockefield Village, a long-term care facility, which provides a multi-level Alzheimer's unit, traditional long-term care, medically complex services and an acute rehabilitation unit. Wishard is accounted for as an Enterprise Fund.

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

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

The Corporation also has a long-term care (LT Care) Enterprise Fund, which operates 29 nursing homes throughout Indiana at the end of 2008. Included in the 29 nursing homes was one operation purchased during the year. LT Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. Seven additional nursing home operations were purchased in 2009 and Lockefield Village (accounted for in the Wishard Enterprise Fund) was closed in 2009. The purchases and the closure are reported as subsequent events in 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, to 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.

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

Marion County is the most populous county in the State and is the home of the State Capital. It has a diversified economic base yet has experienced significant job loss during the national economic down turn beginning in late 2007/early 2008. The number of people living in Marion County without health insurance has grown to over 97,000 according to the Centers for Disease Control and Prevention (CDC). The number of uninsured is expected to continue to grow over the next few years as companies attempt to reduce costs to stay competitive in the market. The growth of uninsured and vulnerable persons has increased the need for services provided by MCHD and Wishard. The Corporation has worked closely with our national, state and local government partners to provide revenue to support the mission of MCHD and Wishard. Our efforts have allowed HHC to increase services without asking for increased property taxes.

MAJOR INITIATIVES FOR THE YEAR

Marion County Health Department

During 2008, and in the context of increasing fiscal constraint, the Department continued to focus its energies on 1) maintaining the quality of necessary, existing 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 Indianapolis. The latter include antibiotic resistance, emergency preparedness, childhood lead poisoning, 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.

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

Wishard Health Services

Wishard was able to care for an increased number of patients, due in part to facility enhancements that occurred during prior years. Over the past several years, Wishard increased its bed capacity by approximately 50 beds. This increased capacity resulted in a significant reduction in our Emergency Department division rate. During 2008, enhanced information technology capability was a significant focus. A major component of the McKesson Star system was installed, which integrates many of our clinical and financial systems.

Wishard's focus on primary and preventive care was emphasized by the conversion of its community health centers to hospital based. This conversion better integrated the outpatient delivery system with the main campus activities. Outpatient volumes increased 4% during 2008 compared with 2007. Wishard continues to investigate and implement strategies that increase its ability to serve an increased number of patients in the outpatient setting. One such strategy was the development of the medical home concept; whereby, mental and medical health was integrated at each of the community health centers.

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

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

For The Future

The Corporation receives much of its funding from Medicare, Medicaid and supplemental Medicaid programs. Reimbursement rates for both Medicare and Medicaid are increasing at rates less than inflation. Supplemental Medicaid programs have limited funds available and the number of hospitals eligible for these funds has increased over the past few years, which leaves less money available for HHC. The Corporation's ability to increase taxes is limited by State law and there continues to be a growing number of persons who need assistance from both MCHD and Wishard Health Services.

As listed above, the Corporation has many difficult financial issues to manage. All levels of the organization continue to work together to improve efficiency and quality without reducing the amount of care we provide to the County. Both MCHD and Wishard participate in Lean 6 Sigma process improvement programs. The Corporation has diversified its revenues through our nursing home division and will look for new ways to support our healthcare mission into the future. The grants department continues to expand and has applied for more new money this year than ever before with expectations of continued growth. In 2009, the grants department expanded to bring new focus on Wishard and Midtown in an attempt to find new sources of funds. The Corporation is working to ensure that fees collected by the Marion County Health Department are calculated correctly to collect 100% of our expenses. Wishard continues to improve its revenue cycle processes to improve our reimbursements from all payors.

Cash Management

Cash temporarily idle during the year was invested in money market savings accounts. Interest income from all cash funds except capital projects totaled approximately $3,170,000 in 2008. Capital Projects Fund investments have been invested in U.S. Government obligations, certificates of deposit, and tax-exempt money market funds at yields not to exceed the related bond issue. Total interest income produced for the Capital Projects Fund was approximately $886,000.

The Corporation's investment policy is to minimize credit and market risks. State statutes authorize the Corporation to invest in certificates of deposit, obligations of the U.S. Treasury, and U.S. agencies and repurchase agreements with a maximum maturity of two years. The statutes further require that repurchase agreements be fully collateralized by U.S. Government or U.S. agency obligations. Compliance with these statutes provides protection for cash and investments by the Indiana Public Deposit Insurance Fund. This fund provides protection for amounts not covered by federal depository insurance.

Risk Management

For over twenty years, the Corporation has utilized an incident reporting system to report accidents and incidents that might have resulted in legal matters. Management reviews the reports to identify and correct potential problems. In addition, the Corporation conducts various safety awareness and accident prevention programs for employees. Further, the Corporation is self-insured for both health and vehicle insurance. Resources are being accumulated in the general fund to meet potential losses. The Corporation also maintained a number of commercial insurance policies to cover potential losses.

AWARDS AND ACKNOWLEDGEMENTS

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, 2007. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last twenty-four consecutive years (fiscal years ended 1984-2007). In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine 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, 2007

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.

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

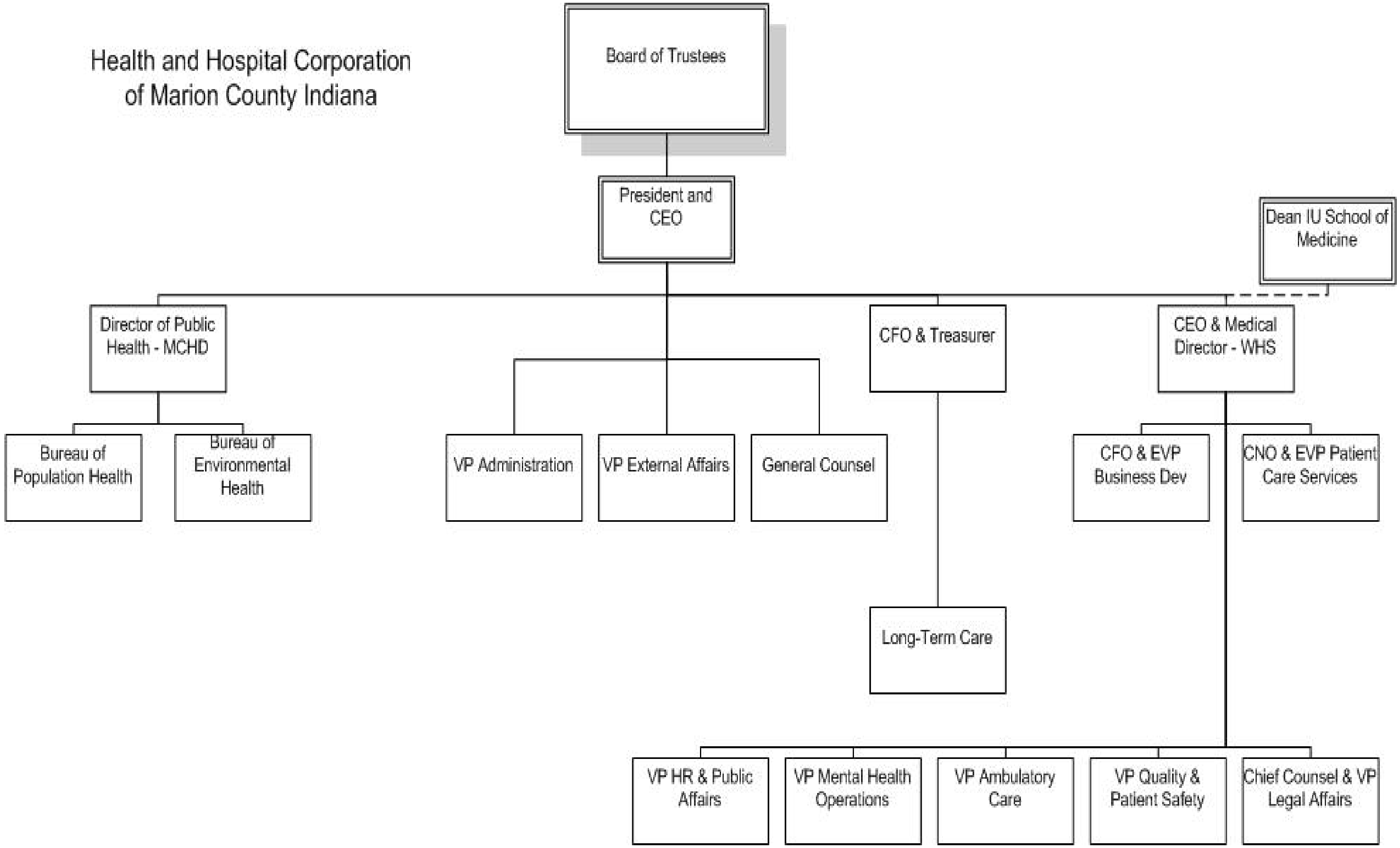
Name	Title
Matthew R. Gutwein	President and Chief Executive Officer
Daniel E. Sellers	Treasurer and Chief Financial Officer
Lisa E. Harris, M.D.	CEO and Medical Director, Wishard Health Services
Virginia A. Caine, M.D.	Director, Marion County Health Department

Independent Auditors

BKD, LLP Indianapolis, Indiana

Officers of the Health and Hospital Corporation during 2008 were (left to right): Matthew R. Gutwein, President and Chief Executive Officer; Lisa E. Harris, M.D., CEO and Medical Director, Wishard Health Services; Virginia A. Caine, M.D., Director, Marion County Health Department; and Daniel E. Sellers, Treasurer and Chief Financial Officer.

Health and Hospital Corporation of Marion County Indiana



Financial Section

BKD LLP
CPAs & Advisors

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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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and General Fund budgetary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

As described in Note 8, the Corporation changed its accounting method related to Medicaid Special Revenue.

BKD, LLP

September 10, 2009

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, 2008. 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 $445,502,524 (net assets). Of this amount, $337,371,696 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Corporation's total net assets increased by $12,403,830.
- As of the close of 2008, the Corporation's governmental funds reported combined ending fund balances of $213,800,445 an increase of $41,383,653 in comparison with the prior year. Approximately 96.2% of this total amount, $205,654,513, is available for spending at the discretion of the Corporation's Board of Trustees (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was $144,967,336 or 190.7% of total general fund expenditures.
- The Corporation's total debt excluding capital leases decreased by $1.9 million or 4.4% during the current fiscal year. This reflects scheduled principal payments on outstanding notes and bonds. The capital lease obligation decreased by $2,531,753 or (1.3)% in 2008.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Analysis of the Corporation as a Whole

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by $445,502,524 at December 31, 2008.

A portion of the Corporation’s net assets, 24.1%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Corporation uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Corporation’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Corporation’s net assets, 0.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, $337,371,696, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2008, the Corporation is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Corporation’s net assets increased by $12,403,830 during the current fiscal year. The majority of the increase reported in connection with the Corporation’s governmental activities resulted from Medicaid special revenue payments.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	$ 269,720,086	$ 247,350,147	$ 208,554,069	$ 201,555,330	$ 478,274,155	$ 448,905,477
Capital assets, net of accumulated depreciation	12,144,116	13,472,861	314,098,422	325,202,690	326,242,538	338,675,551
Total Assets	281,864,202	260,823,008	522,652,491	526,758,020	804,516,693	787,581,028
Liabilities						
Long-term liabilities	51,134,124	47,751,564	221,669,744	205,544,194	272,803,868	253,295,758
Other liabilities	10,626,510	10,677,156	75,583,791	90,509,420	86,210,301	101,186,576
Total Liabilities	61,760,634	58,428,720	297,253,535	296,053,614	359,014,169	354,482,334
Net Assets						
Invested in capital assets, net of related debt	(17,518,906)	7,784,239	124,917,253	106,358,255	107,398,347	114,142,494
Restricted	-	-	732,481	1,261,455	732,481	1,261,455
Unrestricted	237,622,474	194,610,049	99,749,222	123,084,696	337,371,696	317,694,745
Total Net Assets	$ 220,103,568	$ 202,394,288	$ 225,398,956	$ 230,704,406	$ 445,502,524	$ 433,098,694

Changes in Net Assets

The Corporation's total revenue was $791,624,923 during the current fiscal year. Taxes represent 13.3% of the Corporation’s revenue. Medicaid special revenue represents 11.0% of revenue, while 70.1% of revenue came from fees charged for services. The remaining 5.6% came from grants and contributions, interest earnings, and miscellaneous revenues.

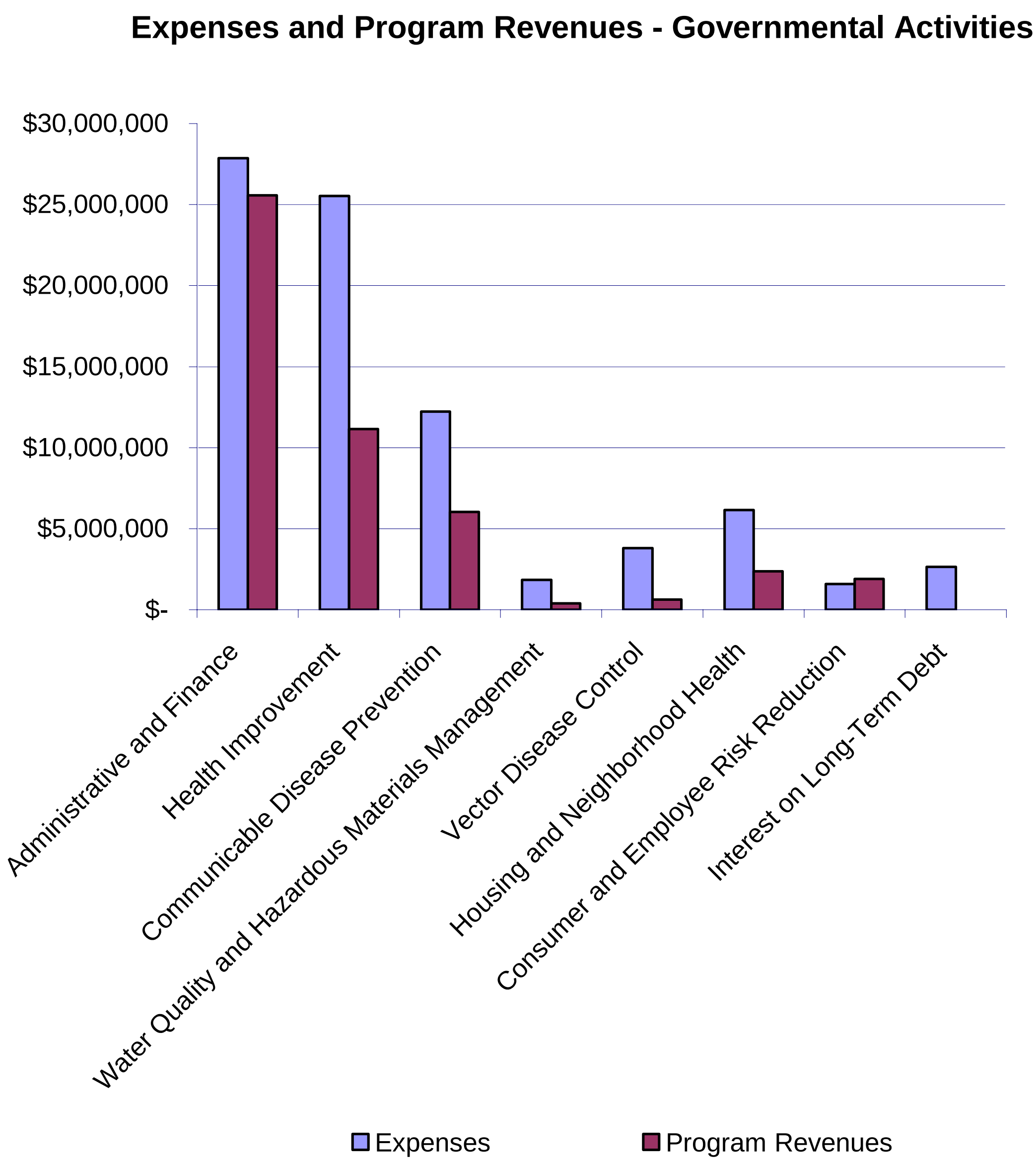
The total cost of all programs and services was $779,221,093. This resulted in an increase in net assets for the year of $12,403,830.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	$ 31,002,923	$ 36,715,671	$ 524,256,255	$ 450,327,883	$ 555,259,178	$ 487,043,554
Operating grants and contributions	15,513,792	13,955,419	16,646,528	9,308,853	32,160,320	23,264,272
Capital grants and contributions	1,527,403	1,217,110	-	314,400	1,527,403	1,531,510
General revenues						
Property and local option income taxes	97,126,269	89,583,638	-	-	97,126,269	89,583,638
Other taxes	8,211,558	8,099,762	-	-	8,211,558	8,099,762
Medicaid special revenue	87,227,322	102,956,478	-	-	87,227,322	102,956,478
Unrestricted investment earnings	4,056,678	7,077,243	6,056,195	3,451,521	10,112,873	10,528,764
Total revenues	244,665,945	259,605,321	546,958,978	463,402,657	791,624,923	723,007,978
Expenses						
Administration and finance	27,873,858	20,163,477	-	-	27,873,858	20,163,477
Health improvement	25,527,724	24,159,226	-	-	25,527,724	24,159,226
Communicable disease prevention	12,223,308	11,352,654	-	-	12,223,308	11,352,654
Water quality and hazardous material management	1,839,289	1,935,157	-	-	1,839,289	1,935,157
Vector disease control	3,804,382	3,940,890	-	-	3,804,382	3,940,890
Housing and neighborhood health	6,143,281	5,269,185	-	-	6,143,281	5,269,185
Consumer and employee risk reduction	1,580,062	1,579,658	-	-	1,580,062	1,579,658
Interest on long-term debt	2,652,816	2,690,760	-	-	2,652,816	2,690,760
Wishard Health Services	-	-	457,457,787	424,232,288	457,457,787	424,232,288
Long-term care	-	-	240,118,586	212,410,072	240,118,586	212,410,072
Total expenses	81,644,720	71,091,007	697,576,373	636,642,360	779,221,093	707,733,367
Increase (Decrease) in Net Assets Before Transfers	163,021,225	188,514,314	(150,617,395)	(173,239,703)	12,403,830	15,274,611
Transfers	(145,311,945)	(157,734,870)	145,311,945	157,734,870	-	-
Increase (Decrease) in Net Assets	17,709,280	30,779,444	(5,305,450)	(15,504,833)	12,403,830	15,274,611
Net Assets, Beginning of Year	202,394,288	171,614,844	230,704,406	246,209,239	433,098,694	417,824,083
Net Assets, End of Year	$ 220,103,568	$ 202,394,288	$ 225,398,956	$ 230,704,406	$ 445,502,524	$ 433,098,694

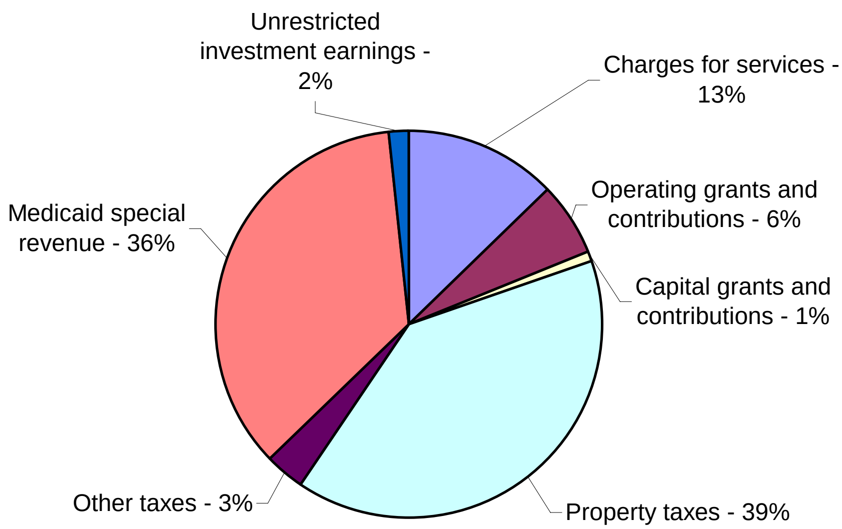
Governmental Activities - Governmental activities increased the Corporation's net assets by $17,709,280 compared to the total $12,403,830 increase in net assets of the Corporation. Property and local option income taxes increased by $7,542,631. Medicaid special revenues decreased $15,729,156 due to more settlements being received in 2007.

Capital contributions to Wishard Health Services were $377,910 a decrease of $356,960 from prior year. The current year capital contributions to Wishard were for computers, software, and support for the continued implementation of the public health preparedness response system. Transfers to Wishard Health Services were $175,234,035, an increase of $18,234,035 from last year. Transfers of $30,300,000 were also made from LT Care to the governmental funds.

The following charts provide comparisons of the Corporation's governmental program revenues and expenses by function, and 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

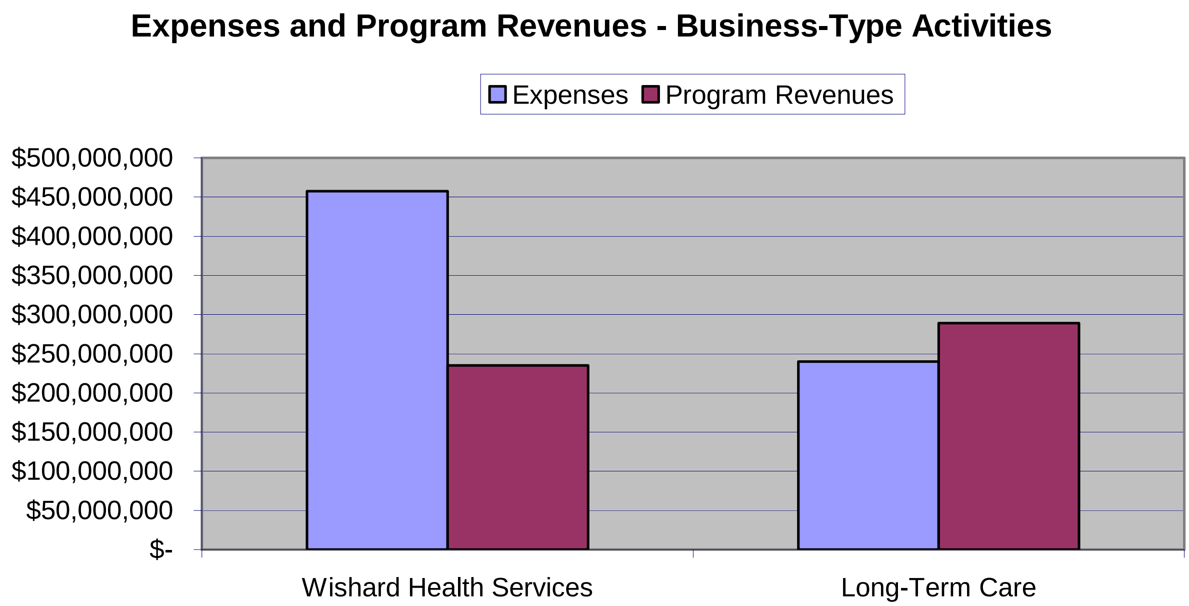


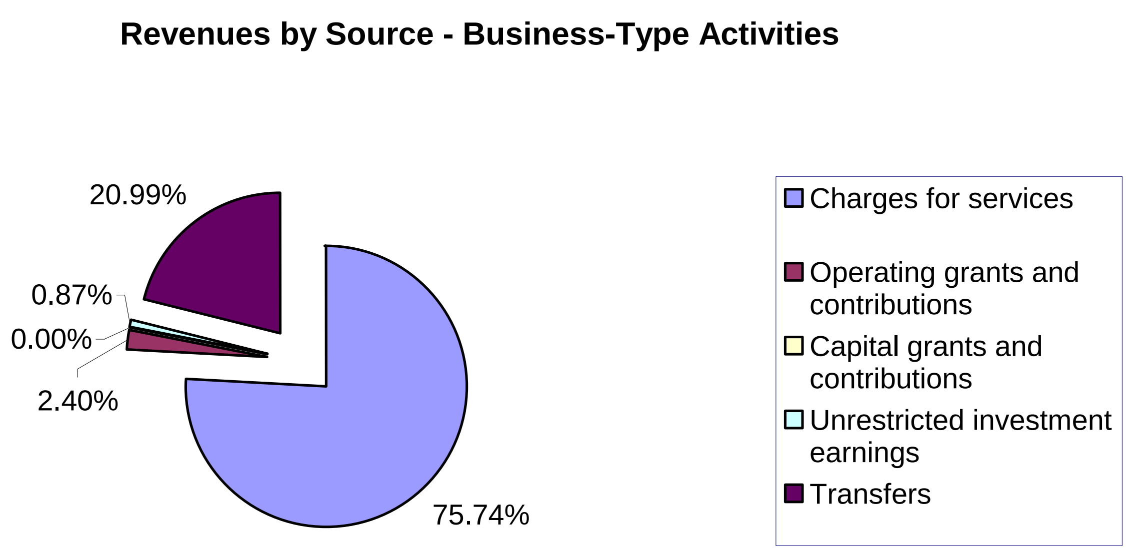
Business-Type Activities - Business-type activities decreased the Corporation's net assets by $5,305,450 compared to a decrease of $15,504,833 in 2007.

Wishard's net assets decreased by $24.1 million in the current year. Wishard's unrestricted net assets decreased by $45.7 million. Revenues increased by $5.6 million due to increases of $6.3 million and $7.3 million in net patient service revenue and noncapital gifts and grants, respectively. These increases were offset by a decrease of $10.8 million in other revenue. Operating expenses increased $33.2 million in response to increased patient volumes and cost inflation. Wishard incurred an operating loss of $222.2 million, which was offset by $175.2 million in transfers from Health and Hospital Corporation, $16.6 million in mental health grants from various agencies, and $5.9 million in investment income.

LT Care net assets were $35,595,624, which was an increase of $18.7 million over 2007. Operating revenues increased $78.4 million due to increased Medicaid reimbursements and operating expenses increased $27.4 million. This was primarily due to the addition of a nursing home in 2008. LT Care has a negative $20.3 million invested in capital assets, net of related debt. All 29 facilities are recorded as capital leases under non-current 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 $213,800,445, an increase of $41,383,653 in comparison with the prior year. Approximately 97.1% of this total amount, $207,531,530, 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 ($3.3 million) and 2) cover prepaid costs ($2.9 million).

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 $144,967,336, while total fund balance increased to $153,113,268. 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 190.7% of total general fund expenditures, while total fund balance represents 201.4% of that same amount.

The fund balance of the Corporation’s General Fund increased by $23,314,566 during the current fiscal year, in comparison to a $10,433,389 increase in 2007. Medicaid special revenue increased $21.4 million, primarily because of prior year settlements received during the availability period. Charges for service revenues decreased due to less medical education revenue recognized from Indiana University while miscellaneous revenues increased. Administrative expenses have increased $3.8 million related to increased contractual costs. Population health expense increases of $501,290 include increased efforts in health promotion and maternal and child health. Transfers reflect an increase in support to Wishard of $18.6 million. The increase in grant expenditures of $1,462,783 is a net result of a number of grants programs ending, a reduction in several others and an increase in the Healthcare Facilities Emergency Program.

Debt Service Funds - The Debt Service Fund has a negative fund balance of $(3,631,044) compared to a balance of $(412,637) in the prior year. The net decrease in fund balance during the current year was $(3,218,407). This decrease is due to 2008 property taxes being delayed and received in 2009.

***Capital Projects Funds* -** The Capital Projects Fund has a total fund balance of $64,318,221. The net increase in fund balance during the current year was $21,287,494 due to taxes, interest income and a $20,300,000 transfer in from LT Care. There were no new construction or renovation projects this year requiring use of these funds.

***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 $43,841,152. Total net assets decreased by $24.1 million. Other factors concerning the finances of Wishard have already been addressed in the discussion of the Corporation’s business-type activities.

Unrestricted net assets of LT Care at the end of the year were $55,908,070 The increase in net assets was $18.7 million. Other information on LT Care operations can be found in the discussion of the Corporation’s business-type activities.

General Fund Budgetary Highlights

The original budget of $264,156,345 was increased by $80,000,000 during 2008. This increase was the net of an increase of $1.7 million increase to supplies, an increase of $80 million in additional contractual services that is included in other charges and services, and a decrease of $1.7 million in capital outlays.

The final General Fund budget of $344,156,345 included $176,156,345 in expenditures and $168,000,000 in transfers. Actual expenditures and transfers out were $246,072,926. Of the total under spending, $1.2 million was budgeted for personal services, $570,000 for supplies, $90.5 million for contractual services, and $3.1 million for capital outlays. Under spending 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. Other under spending reflects potential year-end expenses that did not occur. General revenues and other resources were originally estimated at $258,892,227, final budgets were $338,892,227, and actual was $259,666,224. Taxes collected were $15.2 million under budget due to delays in collection of property tax revenues and Medicaid special revenue was $76.4 million under budget due to a change in accounting treatment. Miscellaneous revenue was over budget due to increased cash collections of medical education revenues from Indiana University.

Capital Asset and Debt Administration

Capital Assets **-** The Corporation's capital assets for its governmental and business-type activities as of December 31, 2008, amount to $326,242,538 (net of accumulated depreciation), compared to $338,675,551 at the end of 2007. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles and construction in progress.

Major capital asset events during 2008 included the following:

- Completed software conversion of McKesson software and pharmacist workflow and document imaging program
- Purchase of a new mammogram RV
- Opthamology Clinic renovation
- Exterior waterproofing of Hasbrook Building
- Upgrade of electronic software storage unit

Additional information on the Corporation's capital assets can be found in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 1,826,707	$ 1,782,995	$ 1,189,877	$ 1,189,877	$ 3,016,584	$ 2,972,872
Land improvements	-	-	2,047,148	2,055,667	2,047,148	2,055,667
Buildings and improvements	7,350,603	8,224,680	262,271,182	274,812,337	269,621,785	283,037,017
Equipment	2,204,852	2,618,742	39,661,472	32,103,094	41,866,324	34,721,836
Vehicles	565,666	846,444	1,328,463	718,183	1,894,129	1,564,627
Construction in progress	196,288	-	7,600,280	14,323,532	7,796,568	14,323,532
Total assets	$ 12,144,116	$ 13,472,861	$ 314,098,422	$ 325,202,690	$ 326,242,538	$ 338,675,551

Long-Term Debt **-** At the end of 2008, the Corporation had total debt outstanding of $41,734,522, 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 $292,821,329. Outstanding debt at December 31, 2008 represents 14.6% of this limit.

Additional information on the Corporation's long-term debt can be found in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
1988 renovation bonds	$ 17,245,000	$ 18,235,000	$ -	$ -	$ 17,245,000	$ 18,235,000
2005 general obligation bonds	25,390,000	26,140,000	-	-	25,390,000	26,140,000
Deferred premiums	848,306	901,326	-	-	848,306	901,326
Deferred amount on refunding	(1,748,784)	(1,912,964)	-	-	(1,748,784)	(1,912,964)
1998 promissory note	-	218,122	-	-	-	218,122
Capital leases	-	-	189,181,169	191,712,922	189,181,169	191,712,922
Total long-term debt	$ 41,734,522	$ 43,581,484	$ 189,181,169	$ 191,712,922	$ 230,915,691	$ 235,294,406

Economic Factors and Next Year's Budgets and Rates

The 2009 original budget for all annually budgeted funds was $286,594,980. No revisions have been made through August 2009. The 2009 General Fund budget is $282,238,000, a 21.9% decrease from the 2008 final General Fund budget of $344,156,345.

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, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 211,383,065	$ 78,889,658	$ 290,272,723
Investments	-	4,659,862	4,659,862
Receivables, net:			
Patient services	-	61,151,446	61,151,446
Medicaid special revenue	-	8,943,835	8,943,835
Grants	3,864,037	4,415,167	8,279,204
Interest	-	33,725	33,725
Taxes	41,221,939	-	41,221,939
Other	9,719,858	8,748,976	18,468,834
Inventories	-	4,734,664	4,734,664
Prepaid costs and other assets	2,930,004	6,666,989	9,596,993
Restricted cash and cash equivalents	-	732,481	732,481
Bond issuance costs	331,380	-	331,380
Net pension asset	269,803	1,037,431	1,307,234
Lease acquisition costs (net of accumulated amortization)	-	9,808,845	9,808,845
Joint venture investments	-	11,441,884	11,441,884
Other long-term assets	-	7,289,106	7,289,106
Capital assets (net of accumulated depreciation):			
Land	1,826,707	1,189,877	3,016,584
Land improvements	-	2,047,148	2,047,148
Buildings and improvements	7,350,603	262,271,182	269,621,785
Equipment	2,204,852	39,661,472	41,866,324
Vehicles	565,666	1,328,463	1,894,129
Construction in progress	196,288	7,600,280	7,796,568
Total assets	281,864,202	522,652,491	804,516,693
Liabilities			
Accounts payable	5,503,199	36,900,301	42,403,500
Salaries and related benefits	4,271,849	24,069,716	28,341,565
Unearned revenue	851,462	4,109,272	4,960,734
Estimated Medicare/Medicaid settlements	-	3,156,996	3,156,996
Medical claims incurred but not reported	-	4,771,474	4,771,474
Risk share payable	-	2,576,032	2,576,032
Long-term liabilities			
Due within one year	7,623,198	28,184,733	35,807,931
Due in more than one year	43,510,926	193,485,011	236,995,937
Total liabilities	61,760,634	297,253,535	359,014,169
Net Assets			
Invested in capital assets, net of related debt	(17,518,906)	124,917,253	107,398,347
Restricted for:			
Health services	-	732,481	732,481
Unrestricted	237,622,474	99,749,222	337,371,696
Total net assets	$ 220,103,568	$ 225,398,956	$ 445,502,524

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, 2008

		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	$ 27,873,858	$ 24,835,565	$ 729,915	$ -	$ (2,308,378)	$ -	$ (2,308,378)
Health improvement	25,527,724	2,324,464	8,818,926	-	(14,384,334)	-	(14,384,334)
Communicable disease prevention	12,223,308	533,564	3,978,542	1,527,403	(6,183,799)	-	(6,183,799)
Water quality and hazardous materials management	1,839,289	352,902	30,583	-	(1,455,804)	-	(1,455,804)
Vector disease control	3,804,382	614,797	20,013	-	(3,169,572)	-	(3,169,572)
Housing and neighborhood health	6,143,281	435,687	1,935,813	-	(3,771,781)	-	(3,771,781)
Consumer and employee risk reduction	1,580,062	1,905,944	-	-	325,882	-	325,882
Interest on long-term debt	2,652,816	-	-	-	(2,652,816)	-	(2,652,816)
Total governmental activities	81,644,720	31,002,923	15,513,792	1,527,403	(33,600,602)	-	(33,600,602)
Business-Type Activities							
Wishard Health Systems	457,457,787	235,271,501	16,646,528	-	-	(205,539,758)	(205,539,758)
LT Care	240,118,586	288,984,754	-	-	-	48,866,168	48,866,168
Total business-type activities	697,576,373	524,256,255	16,646,528	-	-	(156,673,590)	(156,673,590)
Total	$ 779,221,093	$ 555,259,178	$ 32,160,320	$ 1,527,403	(33,600,602)	(156,673,590)	(190,274,192)
General revenues:							
Property and local option income taxes					97,126,269	-	97,126,269
Excise taxes					6,927,280	-	6,927,280
Financial institution taxes					1,284,278	-	1,284,278
Medicaid special revenue (unrestricted)					87,227,322	-	87,227,322
Unrestricted investment earnings					4,056,678	6,056,195	10,112,873
Transfers (capital contributions to Wishard and LT Care)					(377,910)	377,910	-
Transfers					(144,934,035)	144,934,035	-
Total general revenues and transfers					51,309,882	151,368,140	202,678,022
Change in net assets					17,709,280	(5,305,450)	12,403,830
Net assets - beginning of year					202,394,288	230,704,406	433,098,694
Net assets - end of year					$ 220,103,568	$ 225,398,956	$ 445,502,524

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, 2008

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 147,061,812	$ 2,950	$ 64,318,303	$ 211,383,065
Receivables (net of allowance for uncollectibles)				
Grants	4,920,995	-	-	4,920,995
Taxes	37,226,027	3,731,745	264,167	41,221,939
Other	9,719,858	-	-	9,719,858
Due from other funds	3,633,994	-	-	3,633,994
Prepaid costs and other assets	2,930,004	-	-	2,930,004
Total assets	$ 205,492,690	$ 3,734,695	$ 64,582,470	$ 273,809,855
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 5,503,199	$ -	$ -	$ 5,503,199
Salaries and related benefits	4,271,849	-	-	4,271,849
Deferred revenue	39,670,399	3,731,745	264,167	43,666,311
Due to other funds	1,056,958	3,633,994	82	4,691,034
Asserted and unasserted self-insurance claims	1,877,017	-	-	1,877,017
Total liabilities	52,379,422	7,365,739	264,249	60,009,410
Fund Balances				
Reserved for:				
Prepaid costs and other assets	2,930,004	-	-	2,930,004
Encumbrances	3,338,911	-	-	3,338,911
Unreserved:				
Designated for self insurance	1,877,017	-	-	1,877,017
Undesignated	144,967,336	(3,631,044)	64,318,221	205,654,513
Total fund balances	153,113,268	(3,631,044)	64,318,221	213,800,445
Total liabilities and fund balances	$ 205,492,690	$ 3,734,695	$ 64,582,470	

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	12,144,116
Net pension assets are not financial resources and therefore are not recorded in the funds statement	269,803
Deferred revenues not meeting availability criteria in funds statement are not in the statement of net assets	42,814,849
Bond issuance costs reported in the governmental activities but not reported in the funds statement	331,380
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds statement	(49,257,025)
Net assets of governmental activities	$ 220,103,568

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, 2008

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	$ 87,109,996	$ 1,125,355	$ 101,262	$ 88,336,613
Licenses and permits	3,700,835	-	-	3,700,835
Intergovernmental	18,820,201	-	-	18,820,201
Charges for services	20,149,821	-	-	20,149,821
Medicaid special revenue	126,524,776	-	-	126,524,776
Interest	3,163,085	7,361	886,232	4,056,678
Miscellaneous	5,470,057	-	-	5,470,057
Total revenues	264,938,771	1,132,716	987,494	267,058,981
Expenditures				
Current:				
Administrative	23,634,548	-	-	23,634,548
Population health	20,115,205	-	-	20,115,205
Environmental health	11,129,481	-	-	11,129,481
Health center program	1,654,880	-	-	1,654,880
Data processing	3,016,941	-	-	3,016,941
Grant programs	16,168,719	-	-	16,168,719
Debt service:				
Principal	218,122	1,740,000	-	1,958,122
Interest and fiscal charges	74,368	2,611,123	-	2,685,491
Total expenditures	76,012,264	4,351,123	-	80,363,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	188,926,507	(3,218,407)	987,494	186,695,594
Other Financing Sources (Uses)				-
Transfers in	10,000,000	-	20,300,000	30,300,000
Transfers out	(175,611,941)	-	-	(175,611,941)
Total other financing sources and uses	(165,611,941)	-	20,300,000	(145,311,941)
				-
Net change in fund balances	23,314,566	(3,218,407)	21,287,494	41,383,653
Fund balances - beginning of year	129,798,702	(412,637)	43,030,727	172,416,792
Fund balances - end of year	$ 153,113,268	$ (3,631,044)	$ 64,318,221	$ 213,800,445

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, 2008

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ 41,383,653
Depreciation expense reported in the statement of activities but not in the funds statement	(1,981,937)
Capital expenditures reported in the funds statement but reported as additions to capital assets in the statement of net assets	776,999
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds statement	15,907,529
Medicaid special revenue deferred in prior year governmental funds statement and subsequently recognized in current year	(38,342,578)
Bond and note principal payments reported as expenditures in the funds statement but as reductions of long-term liabilities in the statement of net assets	1,958,122
Increase in compensated absences not in the funds statement	(347,554)
Amortization of bond issuance costs reported in the statement of activities but not in the funds statement as there is no cash flow	(31,111)
Amortization of deferred bond premium and deferred loss on refunding reported in the statement of activities but not in the funds statement	(111,160)
Asserted and unasserted self-insurance claims not in the funds statement as they have not matured	(1,554,569)
Increase in net pension asset not in the funds statement	51,886
Change in net assets of governmental activities	$ 17,709,280

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, 2008

	Wishard Health Services	LT Care	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 42,146,915	$ 36,742,743	$ 78,889,658
Investments	4,659,862	-	4,659,862
Receivables (net of allowance for uncollectibles):			
Patient services	44,727,997	16,423,449	61,151,446
Medicaid special revenue	-	8,943,835	8,943,835
Grants	3,358,209	-	3,358,209
Interest	33,725	-	33,725
Other	8,748,976	-	8,748,976
Inventories	4,734,664	-	4,734,664
Due from other funds	1,056,958	-	1,056,958
Prepaid costs and other assets	3,433,666	3,233,323	6,666,989
Total current assets	112,900,972	65,343,350	178,244,322
Noncurrent assets:			
Restricted cash and cash equivalents	732,481	-	732,481
Net pension asset	1,037,431	-	1,037,431
Lease acquisition cost (net of accumulated amortization)	-	9,808,845	9,808,845
Joint venture investments	11,441,884	-	11,441,884
Other long-term assets	-	7,289,106	7,289,106
Capital assets (net of accumulated depreciation)			
Land	1,189,877	-	1,189,877
Land improvements	1,103,504	943,644	2,047,148
Building and improvements	101,374,079	160,897,103	262,271,182
Equipment	32,674,250	6,987,222	39,661,472
Vehicles	1,287,709	40,754	1,328,463
Construction in progress	7,600,280	-	7,600,280
Total capital assets (net accumulated depreciation)	145,229,699	168,868,723	314,098,422
Total noncurrent assets	158,441,495	185,966,674	344,408,169
Total assets	271,342,467	251,310,024	522,652,491
Liabilities			
Current liabilities:			
Accounts payable	24,742,868	12,157,433	36,900,301
Accrued liabilities	16,554,163	7,515,553	24,069,716
Capital lease obligation - current	-	8,008,691	8,008,691
Estimated Medicare/Medicaid settlements	3,156,996	-	3,156,996
Deferred revenue	4,109,272	-	4,109,272
Medical claims incurred but not reported	4,771,474	-	4,771,474
Risk-shared payable	2,576,032	-	2,576,032
Accrued compensated absences - current	16,560,584	-	16,560,584
Asserted and unasserted self-insurance claims - current	2,186,998	6,860,245	9,047,243
Total current liabilities	74,658,387	34,541,922	109,200,309
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	4,818,450	-	4,818,450
Accrued compensated absences	2,062,298	-	2,062,298
Capital lease payable	-	181,172,478	181,172,478
Total noncurrent liabilities	6,880,748	181,172,478	188,053,226
Total liabilities	81,539,135	215,714,400	297,253,535
Net Assets			
Invested in capital assets, net of related debt	145,229,699	(20,312,446)	124,917,253
Restricted for health services	732,481	-	732,481
Unrestricted	43,841,152	55,908,070	99,749,222
Total net assets	$ 189,803,332	$ 35,595,624	$ 225,398,956

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, 2008

	Wishard Health Services	LT Care	Total
Operating revenues:			
Net patient service revenue	$ 222,636,385	$ 236,436,768	$ 459,073,153
Medicaid special revenue	-	51,423,940	51,423,940
Other revenue	12,635,116	1,124,046	13,759,162
Total operating revenues	235,271,501	288,984,754	524,256,255
Operating expenses:			
Salaries	190,030,588	-	190,030,588
Employee benefits	48,845,569	-	48,845,569
Contract labor	3,254,216	131,439,279	134,693,495
Medical and professional fees	64,205,854	5,122,133	69,327,987
Purchased services	38,126,674	16,344,253	54,470,927
Supplies	44,849,780	25,659,373	70,509,153
Pharmaceuticals	36,596,619	-	36,596,619
Repairs and maintenance	4,618,505	1,702,972	6,321,477
Utilities	5,520,030	5,461,840	10,981,870
Equipment rental	1,777,155	1,507,233	3,284,388
Depreciation and amortization	17,029,176	19,337,822	36,366,998
Other	2,603,621	14,238,728	16,842,349
Total operating expenses	457,457,787	220,813,633	678,271,420
Operating income (loss)	(222,186,286)	68,171,121	(154,015,165)
Nonoperating revenue (expenses):			
Noncapital gifts and grants	16,646,528	-	16,646,528
Investment income	5,875,483	180,712	6,056,195
Interest expense	-	(19,304,953)	(19,304,953)
Total nonoperating revenue (expense)	22,522,011	(19,124,241)	3,397,770
Income (loss) before capital contributions and transfers	(199,664,275)	49,046,880	(150,617,395)
Capital contributions	377,910	-	377,910
Transfers - Capital Projects Fund	-	(20,300,000)	(20,300,000)
Transfers - General Fund	175,234,035	(10,000,000)	165,234,035
Changes in net assets	(24,052,330)	18,746,880	(5,305,450)
Total net assets at beginning of year	213,855,662	16,848,744	230,704,406
Total net assets at end of the year	$ 189,803,332	$ 35,595,624	$ 225,398,956

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, 2008

	Wishard Health Services	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	$ 215,612,509	$ 233,256,825	$ 448,869,334
Receipts from other operations	7,518,903	1,306,169	8,825,072
Medicaid special revenue	-	42,480,105	42,480,105
Payments to suppliers	(197,668,012)	(43,147,941)	(240,815,953)
Payments to employees	(238,842,039)	(151,532,792)	(390,374,831)
Net cash provided by (used in) operating activities	(213,378,639)	82,362,366	(131,016,273)
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	17,441,410	-	17,441,410
Transfers (to) from the Capital Projects Fund	-	(20,300,000)	(20,300,000)
Transfers (to) from the General Fund	175,234,035	(10,000,000)	165,234,035
Net cash provided by (used in) noncapital financing activities	192,675,445	(30,300,000)	162,375,445
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(11,724,718)	(8,208,353)	(19,933,071)
Proceeds from sale of capital assets	70,413	-	70,413
Deposits paid	-	(1,691,500)	(1,691,500)
Lease acquisition cost payments	-	(758,000)	(758,000)
Payment of capital lease obligations	-	(6,963,718)	(6,963,718)
Net change in borrowings	-	11,571	11,571
Interest expense payments	-	(19,304,953)	(19,304,953)
Net cash used in capital and related financing activities	(11,654,305)	(36,914,953)	(48,569,258)
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	3,172,714	-	3,172,714
Purchases of investments	(3,018,328)	-	(3,018,328)
Interest and dividends received	931,931	180,712	1,112,643
Net cash provided by investing activities	1,086,317	180,712	1,267,029
Net Increase (Decrease) in Cash and Cash Equivalents	(31,271,182)	15,328,125	(15,943,057)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, January 1	74,150,578	21,414,618	95,565,196
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, December 31	$ 42,879,396	$ 36,742,743	$ 79,622,139
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ (222,186,286)	$ 68,171,121	$ (154,015,165)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	17,029,176	19,337,822	36,366,998
Changes in operating assets and liabilities:			
Patient service receivables	(4,614,359)	(334,223)	(4,948,582)
Other receivables	892,469	(8,943,835)	(8,051,366)
Inventories	(114,306)	-	(114,306)
Prepaid costs and other assets	(915,705)	(243,745)	(1,159,450)
Net pension asset	(272,401)	-	(272,401)
Accounts payable	(245,194)	7,354,956	7,109,762
Accrued liabilities and compensation absences	741,390	(5,284,672)	(4,543,282)
Estimated Medicare/Medicaid settlements	(1,394,278)	-	(1,394,278)
Asserted and unasserted self-insurance claims	(2,270,521)	2,304,942	34,421
Risk share payable	(1,820,098)	-	(1,820,098)
Medical claims incurred but not reported	1,791,474	-	1,791,474
Total adjustments	8,807,647	14,191,245	22,998,892
Net cash provided by (used in) operating activities	$ (213,378,639)	$ 82,362,366	$ (131,016,273)
Noncash investing, capital and financing activities:			
Contributions of capital assets from governmental activities	$ 377,906	$ -	$ 377,906
Purchase of assets held under capital lease	-	4,431,965	4,431,965
Unrealized gain on investment, net	208,556	-	208,556

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

Financial Reporting Entity

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

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

Wishard comprises Wishard Memorial Hospital, a general acute care facility with 340 staffed beds; eight community health centers, Midtown Community Mental Health Center, Regenstrief Health Center, Wishard Emergency Trauma Service, Wishard Ambulance Service, and the Richard M. Fairbanks Burn Center. Lockefield Village, a long-term care facility, offers an Alzheimer's unit, traditional long-term care, medically complex services and an acute rehabilitation unit. For purposes of financial reporting, Wishard is accounted for as a separate enterprise fund.

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

The Corporation operates 29 long-term care facilities through capital leases. The homes are operated as part of the LT Care operations. LT Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. The Corporation contracted with a management company named American Senior Communities, LLC (ASC) to operate the facilities as further detailed later in these notes. Wishard also contracts with ASC to provide management services for Lockefield Village. Lockefield Village continues to be reported within Wishard. 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.

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 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 29 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, 2008, no such debt existed. At December 31, 2008, 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 they are collected within 120 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants, Medicaid special revenue and interest. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Intergovernmental revenues, representing 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.

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 payors are included in the financial statements as contractual adjustments. Patient accounts receivable for services provided under contractual arrangements are also adjusted to reflect these differences.

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

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

Cash, Cash Equivalents and Investments

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

Investments for the Corporation are reported at fair value. The Corporation also invests in an external investment pool held by the State of Indiana. The Corporation also 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, a refundable advance to MDwise, Inc. (MDwise) (a not-for-profit health maintenance organization) as a means to reduce administrative fees and other miscellaneous assets. Prepaid costs and other assets of the proprietary fund consist of prepaid insurance, prepaid service contracts, prepaid rent and other miscellaneous assets.

Restricted Assets

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

Capital Assets

Capital assets, which include buildings, improvements, equipment, and vehicles are reported in the applicable governmental or business-type activities column in the government-wide financial statements and within the proprietary fund financial statements. Capital assets are defined by the government 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 leases in 2013, 2016 and 2017.

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, 2008 or when the related revenues have not been earned for enterprise fund activities. Deferred revenue for governmental funds in the fund statements is recognized as revenue when it is earned and considered measurable and available.

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

Risk Share Payable

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

Accrued Compensated Absences

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

Long-Term Obligations

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

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

Lease Acquisition Costs

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

Interfund Transactions

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

Transfers

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

Contribution of Capital Assets

The General and Capital Project Funds make contributions of capital assets to the Wishard Health Services Enterprise Fund. 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. Indirect expenses are eliminated from the various functional categories.

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

Net Assets/Fund Balances

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

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

In the governmental fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the board of trustees and management, and can be increased, reduced, or eliminated by similar actions. As of December 31, 2008, reserves of fund balance are described below:

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

As of December 31, 2008, designations of fund balance are described below:

- *Self-Insurance* - to reflect the board of trustee's tentative plans to set aside this portion of fund balance for health self-insurance plans. This designation is subject to change.
- *Bond Retirement* - to reflect the board of trustee's tentative plans to set aside this portion of fund balance for bond retirement. This designation is subject to change.

Indigent Care Services

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

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

Net Patient Service Revenue

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

Change in Accounting Principle

Prior to January 1, 2008, the Corporation adopted the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Upon adoption, the Corporation elected to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, except those that conflict with or contradict GASB pronouncements within the business-type activities of the government-wide and proprietary fund financial statements.

Effective January 1, 2008, the Corporation has reversed its election under GASB Statement No. 20 and, accordingly, no longer applies FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or after November 30, 1989. Management believes this election is a preferable application of this standard, given the future potential for significant divergence among standard-setting bodies in the development of authoritative literature affecting proprietary funds. This change had no impact on the Corporation's net assets, changes in net assets or financial reporting disclosures.

Note 2: Deposits and Investments

As of December 31, 2008, the Corporation had the following cash deposits and investments:

Cash deposits	$ 199,549,931
Repurchase agreements	69,659,715
State external investment pool	12,081,963
U.S. Government obligations	939,233
U.S. Government agency obligations	3,607,621
Money market mutual funds	9,826,603
	$ 295,665,066

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

	2008
Carrying value	
Deposits	$ 199,549,931
Investments	96,115,135
	$ 295,665,066
Cash and cash equivalents	
Current - unrestricted	$ 290,272,723
Current - restricted	732,481
	291,005,204
Investments	4,659,862
	$ 295,665,066

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 statues.

The financial institutions holding the Corporation's cash accounts is participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Under that program, through December 31, 2009, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Effective October 3, 2008, the FDIC's insurance limits increased to $250,000 for all interest-bearing accounts. The increase in federally insured limits is currently set to expire December 31, 2013.

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 statues authorize the Corporation to invest in United States obligations and issued of federal agencies, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, certificates of deposit and open-end money market mutual funds. As of December 31, 2008, the Corporation had the following investments and maturities.

As of December 31, 2008, 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	$ 69,659,715	$ 69,659,715	$ -	$ -	$ -
State external investment pool	12,081,963	12,081,963	-	-	-
U.S. Government obligations	939,233	-	-	939,233	-
U.S. Government Agency obligations	3,607,621	147,311	1,955,950	1,231,265	273,095
Money market mutual funds	9,826,603	9,826,603	-	-	-
	$ 96,115,135	$ 91,715,592	$ 1,955,950	$ 2,170,498	$ 273,095

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 to maturity and discount or amortizing to maturity any premium.

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.

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 statues. 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, 2008, the Corporation's investments were rated by Standard & Poor's as follows:

	Fair Value	AAA	AA	A	Not Rated
Repurchase agreements	$ 69,659,715	$ 69,659,715	$ -	$ -	$ -
State external investment pool	12,081,963	-	-	-	12,081,963
U.S. Government obligations	939,233	939,233	-	-	-
U.S. Government Agency obligations	3,607,621	3,607,621	-	-	-
Money market mutual funds	9,826,603	9,826,603	-	-	-
	$ 96,115,135	$ 84,033,172	$ -	$ -	$ 12,081,963

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, 2008, 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, 2008, 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, 2008, the Corporation's investments in overnight repurchase agreements of JPMorgan Chase, National City Bank and National Bank of Indianapolis constituted 28%, 24%, and 12%, respectively, of its total investments.

Foreign Currency Risk

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

Investment Income

Investment income for the year ended December 31, 2008 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	$ 4,056,678	$ 5,847,639
Unrealized gain on investments, net	-	208,556
	$ 4,056,678	$ 6,056,195

Note 3: Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Treasurer of Marion County, Indiana (Marion County Treasurer). These taxes are then distributed by the Auditor of Marion County, Indiana (Marion County Auditor) to the Corporation and the other governmental entities by June 30 and December 31 of each year. The Corporation and the other governmental entities can request advances of their portion of the collected taxes from the Marion County Treasurer once the levy and tax rates are certified by the DLGF. The DLGF typically certifies the levy on or before February 15 of the year following the property tax assessment.

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.

During 2007, the Governor of Indiana ordered a reassessment of property values in Marion County. The 2006 assessment (payable in 2007) involved a new methodology that resulted in significant increases in homeowner assessments, while it appeared that business assessments had been undervalued. As a result of the reassessment, homeowners were initially instructed to pay one-half of their 2006 annual tax bill in November 2007, as representative of their spring 2007 installment. Since the reassessment process was not completed until the spring of 2008, homeowners were therefore directed to pay one-half of their 2006 bill for the fall 2007 installment as well. Final bills relating to the reassessment were sent out in June of 2008 and the final distribution of 2006 property taxes (payable in 2007) occurred in August 2008.

Due to the delays necessitated by the reassessment process, the spring installment for the 2007 property tax assessment (payable in 2008) was billed in December 2008 and is due in January 2009. The fall installment (2007 taxes payable 2008) was not mailed until June 2009 and is due in July 2009. For the 2007 property tax assessment (payable in 2008), taxable property was assessed as of March 1, 2007, at 100% of the market value of the property at January 1, 2006. The DLGF certified the 2007 tax levy and rates in October 2008. However, advance distributions of property taxes were made to the Corporation during 2008 using 2007 rates.

Property tax bills relating to the 2008 tax assessment (payable in 2009) are expected to be issued in October 2009 and payable in November 2009 and February 2010. The DLGF has yet to certify the 2008 tax levy and rates (payable in 2009).

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, 2008:

	Wishard	LT Care	Total
Gross patient services receivables	$ 242,578,355	$ 18,652,050	$ 261,230,405
Allowance for estimated contractual adjustment	(102,210,649)	(247,634)	(102,458,283)
Allowance for uncollectible accounts	(95,639,709)	(1,980,967)	(97,620,676)
Net Patient services receivables	$ 44,727,997	$ 16,423,449	$ 61,151,446

Note 5: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2008 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	$ 3,633,994
Enterprise Fund - Wishard	General Fund	1,056,958

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, 2009.

Interfund transfers for the year ended December 31, 2008 on the fund statements consisted of the following:

	Transfer From (to) General Fund	Transfer From (to) Capital Projects Fund	Total
Transfer to:			
Enterprise Fund - Wishard Health Services	$ 175,234,035	$ -	$ 175,234,035
Enterprise Fund - Wishard Health Service - capital transfer	377,906	-	377,906
	$ 175,611,941	$ -	$ 175,611,941
Transfer from:			
Enterprise Fund - LT Care	$ (10,000,000)	$ (20,300,000)	$ (30,300,000)

Interfund transfers were used for the following: 1) to move revenues from the funds that are required by ordinance or budget to collect them to the funds that will ultimately expend them, 2) to cover deficits of other funds, or 3) to transfer capital assets from the funds that paid for them to the funds that will ultimately use them. For the government-wide statements, capital contributions received by the Wishard Health Services Fund from other funds are reported as transfers; however, for the fund statements, this transfer is shown as a capital contribution in the Wishard Enterprise Fund as it represents 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, 2008, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable	$ 30,953,375	$ -
Other taxes receivable	1,104,867	-
Grant draw-downs prior to meeting all eligibility requirements	-	851,462
Grant reimbursements not received within 120 days	401,582	-
Other revenues not received within 120 days	6,359,113	-
Total General Fund	38,818,937	851,462
Property taxes receivable	3,714,897	-
Other taxes receivable	16,848	-
Total Debt Service Fund	3,731,745	-
Property taxes receivable	262,228	-
Other taxes receivable	1,939	-
Total Capital Projects Fund	264,167	-
Total	$ 42,814,849	$ 851,462

In addition, the Wishard Health Services Fund had $2,981,075 of unearned revenue recorded at December 31, 2008 related to advances received on federal grants, which had not met eligibility requirements and $1,128,197 related to the Healthy Indiana Plan.

Note 7: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,782,995	$ 43,712	$ -	$ 1,826,707
Construction in progress	-	196,288	-	196,288
Total capital assets not being depreciated	1,782,995	240,000	-	2,022,995
Capital assets being depreciated:				
Buildings and improvements	15,959,035	8,441	(144,492)	15,779,272
Equipment	14,464,335	494,750	(199,659)	14,759,426
Vehicles	4,326,451	46,584	-	4,373,035
Total capital assets being depreciated	34,749,821	549,775	(344,151)	34,911,733
Less accumulated depreciation for:				
Buildings and improvements	7,734,355	745,935	(40,000)	8,428,669
Equipment	11,845,593	908,640	(199,659)	12,554,574
Vehicles	3,480,007	327,362	-	3,807,369
Total accumulated depreciation	23,059,955	1,981,937	(239,659)	24,790,612
Total capital assets being depreciated, net	11,689,866	(1,432,162)	(104,492)	10,121,121
Governmental activities capital assets, net	$ 13,472,861	$ (1,192,162)	$ (104,492)	$ 12,144,116

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 1,189,877	$ -	$ -	$ 1,189,877
Construction in progress	14,298,179	8,897,971	(15,595,870)	7,600,280
Total capital assets not being depreciated	15,488,056	8,897,971	(15,595,870)	8,790,157
Capital assets being depreciated:				
Land improvements	6,207,583	304,068	-	6,511,651
Buildings and improvements	457,269,931	12,070,680	-	469,340,611
Equipment	140,905,351	17,863,711	(219,816)	158,549,246
Vehicles	5,370,240	1,228,731	(237,831)	6,361,140
Total capital assets being depreciated	609,753,105	31,467,190	(457,647)	640,762,648
Less accumulated depreciation for:				
Land improvements	4,151,916	312,587	-	4,464,503
Buildings and improvements	182,457,594	24,611,835	-	207,069,429
Equipment	108,776,904	10,305,333	(194,463)	118,887,774
Vehicles	4,652,057	547,038	(166,418)	5,032,677
Total accumulated depreciation	300,038,471	35,776,793	(360,881)	335,454,383
Total capital assets being depreciated, net	309,714,634	(4,309,603)	(96,766)	305,308,265
Business-type activities capital assets, net	$ 325,202,690	$ 4,588,368	$ (15,692,636)	$ 314,098,422

The following is a summary of changes in capital assets - Wishard enterprise fund for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 1,189,877	$ -	$ -	$ 1,189,877
Construction in progress	13,533,067	8,897,971	(14,830,758)	7,600,280
Total capital assets not being depreciated	14,722,944	8,897,971	(14,830,758)	8,790,157
Capital assets being depreciated:				
Land improvements	5,354,329	8,457	-	5,362,786
Buildings and improvements	241,116,229	2,041,149	-	243,157,378
Equipment	125,028,662	14,804,935	(219,816)	139,613,781
Vehicles	5,232,036	1,207,227	(237,831)	6,201,432
Total capital assets being depreciated	376,731,256	18,061,768	(457,647)	394,335,377
Less accumulated depreciation for:				
Land improvements	4,039,652	219,630	-	4,259,282
Buildings and improvements	133,286,238	8,497,061	-	141,783,299
Equipment	99,350,122	7,783,872	(194,463)	106,939,531
Vehicles	4,551,528	528,613	(166,418)	4,913,723
Total accumulated depreciation	241,227,540	17,029,176	(360,881)	257,895,835
Total capital assets being depreciated, net	135,503,716	1,032,592	(96,766)	136,439,542
Business-type activities capital assets, net	$ 150,226,660	$ 9,930,563	$ (14,927,524)	$ 145,229,699

The following is a summary of changes in capital assets - LT Care enterprise fund for the year ended December 31, 2008:

	January 1, 2008	Transfers/ Additions	Transfers/ Disposals	December 31, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	$ 765,112	$ -	$ (765,112)	$ -
Total capital assets not being depreciated	765,112	-	(765,112)	-
Capital assets being depreciated:				
Land improvements	853,254	295,611	-	1,148,865
Buildings and improvements	216,153,702	10,029,531	-	226,183,233
Equipment	15,876,689	3,058,776	-	18,935,465
Vehicles	138,204	21,504	-	159,708
Total capital assets being depreciated	233,021,849	13,405,422	-	246,427,271
Less accumulated depreciation for:				
Land improvements	112,264	92,957	-	205,221
Buildings and improvements	49,171,356	16,114,774	-	65,286,130
Equipment	9,426,782	2,521,461	-	11,948,243
Vehicles	100,529	18,425	-	118,954
Total accumulated depreciation	58,810,931	18,747,617	-	77,558,548
Total capital assets being depreciated, net	174,210,918	(5,342,195)	-	168,868,723
Business-type activities capital assets, net	$ 174,976,030	$ (5,342,195)	$ (765,112)	$ 168,868,723

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

Governmental Activities:		
Administration and finance	$	1,085,743
Health improvements		426,166
Communicable disease prevention		126,716
Water quality and hazardous material management		26,779
Vector disease control		280,876
Housing and neighborhood health		33,026
Consumer and employee risk reduction		2,631
Total depreciation expense, governmental activities	$	1,981,937
Business-Type Activities:		
Wishard	$	17,029,176
LT Care		18,747,617
Total depreciation expense, business-type activities	$	35,776,793

In addition, the LT Care Fund recognized $590,198 of amortization expense related to lease acquisition costs, which is included in depreciation and amortization expense.

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, 2008, Wishard's Medicare and Medicaid cost reports have been audited by the fiscal intermediaries through December 31, 2006. In 2008, Wishard recognized approximately $960,000 of favorable settlements related to audits or finalization of audit appeals by the fiscal intermediaries of prior year cost reports.

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

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. During 2008, inpatient psychiatric services began its third year of a 3-year transition from cost reimbursement to a PPS.

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. In 2008, LT Care reports revenue associated with its UPL at gross in the Statement of Revenue, Expenses and Changes in Net Assets, which is a change in presentation from previous years reported.

Medicaid Special Revenue associated with services provided at Wishard is comprised of UPL and DSH payments, which are all recorded in the Corporation's General Fund. Such payments are limited to a Hospital Specific Limit, which is defined by the State of Indiana Office of Medicaid Planning and Policy and are codified in the Indiana State Medicaid Plan and IC 12-15-15. Methodologies supporting such payments are complex and the timing and levels of payment may vary materially from year to year, often times resulting in material recoupements of the net receipts previously made to the Corporation. The Corporation does not have access to reasonable information to estimate levels of combined DSH and UPL payments and therefore cannot reasonably estimate levels of revenue by state fiscal (or their own) fiscal year. As such, management records this portion of the Medicaid Special Revenue on a cash basis. The reporting of these transactions on a cash basis is a change in accounting from previous periods. The result of the change in accounting increased unreserved, undesignated fund balances in the fund statements and unrestricted net assets in the government-wide statements by $19,950,000.

Medicaid Special Revenue associated with LT Care is based upon UPL payments, which is more predictable than the payments related to Wishard's services. As such, management recognized such payments on an accrual basis at the LT Care fund level.

The General Fund recognized $126,524,776 in Medicaid Special revenue during the period. The LT Care fund recognized revenue of $51,423,940 including a receivable of $8,943,835 as of and for the year ended December 31, 2008.

Other Payors

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

Following is a summary of total patient service revenue, contractual adjustments, and charity and indigent care for the year ended December 31, 2008:

	Wishard Health Service	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	$ 331,465,990	$ -	$ 331,465,990	34%
Outpatient	388,100,973	-	388,100,973	40%
Long-term care	21,477,013	240,224,934	261,701,947	27%
Gross patient service less:	741,043,976	240,224,934	981,268,910	100%
Contractual adjustments	266,191,090	1,264,834	267,455,924	27%
Charity and indigent care	166,310,410	-	166,310,410	17%
Provision for uncollectible accounts	85,906,091	2,523,332	88,429,423	9%
Net patient service revenue	$ 222,636,385	$ 236,436,768	$ 459,073,153	47%

Revenue from the Medicare and Medicaid programs accounted for approximately 33% and 31%, respectively, of net patient service revenue for the year ended 2008. 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: Short-Term Loan Agreement

During 2008, the Corporation entered into a loan agreement with a financial institution with the intent of borrowing up to $130,000,000 to fund certain payments relating to the State of Indiana Disproportionate Share Hospital Payment Program.

Short-term debt activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Draws	Repayments	Ending Balance
Short-term note	$ -	$ 130,000,000	$ (130,000,000)	$ -

Note 10: Long-Term Liabilities

Renovation Bonds of 1988

In October 1988, the Corporation 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

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

The following is a summary of changes in long-term liabilities for the year ended December 31, 2008:

	January 1, 2008	Additions	Reductions	December 31, 2008	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	$ 18,235,000	$ -	$ (990,000)	$ 17,245,000	$ 1,060,000
Refunding Bonds of 2005 ($28,960,000 original amount), 3.50% to 5.25%, due January 1, 2025	26,140,000	-	(750,000)	25,390,000	780,000
Deferred Amounts:					
Less: loss on refunding	(1,912,964)	-	164,180	(1,748,784)	(164,179)
Plus: bond premium	901,326	-	(53,020)	848,306	53,019
Total bonds payable	43,363,362	-	(1,628,840)	41,734,522	1,728,840
Notes payable:					
1998 Promissory Notes ($1,800,000 original amount), 4.5%, due December 30, 2008	218,122	-	(218,122)	-	-
Asserted and unasserted self insurance claims	2,740,309	23,676,951	(21,553,735)	4,863,525	1,877,017
Accrued compensated absences	4,170,080	3,825,039	(3,477,485)	4,536,077	4,017,341
Governmental activities long-term liabilities	$ 50,491,873	$ 27,501,990	$ (26,878,182)	$ 51,134,124	$ 7,623,198
Business-Type Activities:					
Wishard Health Services:					
Asserted and unasserted self-insurance claims	$ 9,275,969	$ 2,718,906	$ (4,989,427)	$ 7,005,448	$ 2,186,998
Accrued compensated absences	17,975,068	15,634,292	(14,986,478)	18,622,882	16,560,584
LT Care:					
Capital leases	191,712,922	4,431,965	(6,963,718)	189,181,169	8,008,691
Asserted and unasserted self-insurance claims	4,555,303	2,313,358	(8,416)	6,860,245	1,428,460
Business-type activities long-term liabilities	$ 223,519,262	$ 25,098,521	$ (26,948,039)	$ 221,669,744	$ 28,184,733

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 notes outstanding at December 31, 2008 is as follows:

	Principal	Interest
Bonds:		
2009	$ 1,840,000	$ 2,474,980
2010	1,955,000	2,359,635
2011	2,455,000	2,231,885
2012	2,595,000	2,086,675
2013	2,760,000	1,925,795
2014 - 2018	16,640,000	6,789,294
2019 - 2023	12,100,000	2,057,574
2024 - 2028	2,290,000	77,625
	$ 42,635,000	$ 20,003,463

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, 2008, is as follows:

Net assessed value - 2008	$ 43,704,676,004
	0.67%
Debt limit	292,821,329
Debt applicable to debt limit:	
Bonded debt	42,635,000
Legal debt margin	$ 250,186,329

In 2005, the Corporation refunded its General Obligation Bonds of 2000 with the issuance of the General Obligation Refunding Bonds, Series 2005. The General Obligation Bonds of 2000 are considered to have been defeased and have been removed from the basic financial statements. At December 31, 2008, $24,850,000 of these defeased bonds remains outstanding.

Note 11: 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, 2008 for the governmental activities:

2009	$ 545,109
2010	426,262
2011	198,793
2012	148,881
2013	125,881
2014 - 2018	314,342
Total future payments	$ 1,759,268

Lease expenditures of $536,415 were reported in the governmental activities for the year ended December 31, 2008.

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, 2008 for the business-type activities:

2009	$ 1,077,444
2010	925,737
2011	799,841
2012	75,488
2013	-
2014 - 2018	-
Total future payments	$ 2,878,510

The Corporation reported $3,041,176 of lease expense in the business-type activities for the year ended December 31, 2008.

Capital

The governmental activities had no capital leases outstanding at December 31, 2008. For business-type activities, including the LT Care Enterprise Fund, the Corporation is obligated under capital leases covering 29 nursing homes. At December 31, 2008, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	$ 210,740,087
Less accumulated amortization	(61,002,548)
	$ 149,737,539

Amortization expense of assets held under capital leases of $14,981,757 is included with depreciation and amortization expense for the year ended.

Future minimum capital lease payments as of December 31, 2008 are:

2009	$ 26,868,537
2010	27,506,518
2011	28,161,442
2012	28,826,956
2013	29,232,416
2014 - 2018	127,619,181
2019 - 2022	76,496,083
Total minimum lease payments	344,711,133
Less amount representing interest (at rates ranging from 4.58% to 11.74%)	155,529,964
Present value of net minimum capital lease payment	189,181,169
Less current installments of obligations under capital leases	8,008,691
Obligations under capital lease, excluding current installments	$ 181,172,478

Note 12: 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, 2007	$ 14,303,069
Change in incurred claims (including IBNRs), net	5,116,976
Claim payments	(5,588,773)
Balance at January 1, 2008	13,831,272
Change in incurred claims (including IBNRs), net	5,032,264
Claim payments	(4,997,843)
Balance at December 31, 2008	$ 13,865,693

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, 2008. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of Wishard and gives effect to estimates of trends in claim severity and frequency. Although Wishard's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumptions utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for unpaid claims included in the Wishard Health Services Fund.

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

Balance at January 1, 2007	$ 3,269,539
Change in incurred claims (including IBNRs), net	16,647,696
Claim payments	(16,937,235)
Balance at January 1, 2008	2,980,000
Change in incurred claims (including IBNRs), net	19,371,910
Claim payments	(17,580,436)
Balance at December 31, 2008	$ 4,771,474

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, 2008. 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, 2007	$ 3,203,900
Change in incurred claims (including IBNRs), net	17,424,772
Claim payments	(17,888,363)
Balance at January 1, 2008	2,740,309
Change in incurred claims (including IBNRs), net	23,676,951
Claim payments	(21,553,735)
Balance at December 31, 2008	$ 4,863,525

The amount recorded as a liability in the General Fund at December 31, 2008 is $1,877,017 and represents the claims which are matured and due as of year end. At December 31, 2008, $1,877,017 of the fund balance of the General Fund is designated for payment of future health insurance and prescriptions claims in the fund statements.

Note 13: Retirement Plan

Plan Description

The Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), established in accordance with Indiana Code (§5-10.2 and §5-10.3). PERF is an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. The authority to establish or amend benefit provisions of PERF rests with the Indiana General Assembly. However, obligations to contribute to the plan are determined by the board of PERF in accordance with actuarial methods. Substantially all full-time employees of the Corporation are covered by the plan. The following disclosures represent the most current and available information on the plan through the July 1, 2008 actuarial valuation.

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

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

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

Funding Policy

The Corporation's employees are required to contribute 3.0% of their annual salaries to an annuity savings account that may be withdrawn at any time should an employee terminate employment. The Corporation has elected to pay the required employee contribution. In addition, the Corporation is required by state statute to contribute at an actuarially determined rate (6.00% for calendar year 2008) of annual covered payroll. Therefore, the total employer contribution rate for 2008 was 9.00%. 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, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions used for the July 1, 2008 actuarial valuation included: (a) a rate of return on investment of present and future assets of 7.25% per year, compounded annually; (b) future salary increases based on PERF experience from 2000 to 2005; and (c) a cost of living increase of 1.50% (compounded) that is applied to pension benefit each year following retirement, with no increase assumed to be applied to the PERF annuity benefit. The actuarial value of the plan’s assets is determined by taking the previous year’s actuarial value, adding contributions, subtracting pension payments and plan expenses and adding expected earnings at the valuation rate of interest, based on a midyear weighted-average fund. The result is multiplied by 75% and added to 25% of the cost value of the plan assets as of the valuation date. PERF uses the level percentage of payroll method to amortize the unfunded liability over an open 30-year period.

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

Annual required contributions (ARC)	$ 10,523,722
Interest on net pension asset	(69,321)
Adjustment to ARC	78,996
Annual pension cost	10,533,397
Actual contributions made	10,884,486
Increase in net pension asset	351,089
Net pension asset, beginning of year	956,145
Net pension asset, end of year	$ 1,307,234

The net pension asset of $1,307,234 as of December 31, 2008 is reflected in the government-wide financial statements. Wishard's share of this asset is $1,037,431 and $269,803 is reflected as an asset of the governmental activities.

Historical Trend Information

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2008	$ 10,533,397	103%	$ 1,307,234
2007	9,194,237	96%	956,145
2006	8,805,152	86%	1,324,311

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, 2008	$ 187,042,181	$ 207,763,313	$ (20,721,132)	90%	$ 179,348,484	12%
June 30, 2007	173,941,258	179,183,954	(5,242,696)	97%	163,141,523	3%
June 30, 2006	156,034,145	158,825,643	(2,791,498)	98%	148,166,818	2%

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.

Note 14: Deferred Compensation Plan

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

Note 15: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2008, 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 $45,949,043 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 $2,163,348 in 2008.

Note 16: Agreement With Indiana University Medical Group-Primary Care

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

As of December 31, 2008, the agreement had not been renewed, however, both Wishard and IUMG-PC continue to operate under the original terms of the agreement. Total 2008 expense recognized in the Wishard fund to IUMG-PC totaled $12,257,222.

Note 17: LT Care Management Agreement

The Corporation has entered into a management agreement with American Senior Communities, LLC (ASC) to operate the 29 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 2008, the Corporation incurred approximately $13,427,693 in management fees to ASC for LT Care operations.

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

The Corporation leases 16 of the nursing homes from EagleCare. During 2008, the Corporation paid approximately $17,600,000 to EagleCare in associated lease costs from LT Care operating revenue (see note 21).

At December 31, 2008, the LT Care Fund had a payable to EagleCare of approximately $6,500,000 primarily for accrued labor and related benefits. The LT Care Fund also had a payable to ASC at December 31, 2008 of approximately $3,039,000 for outstanding management services rendered to be paid from operations.

Note 18: Nursing Home Leases

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

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

In December 2003, the Corporation entered into capital lease agreements for five additional nursing homes with an unrelated third party. The lease agreements terminate in 2013. The Corporation was required to make a $2,400,000 deposit, which is refundable at the end of the leases, contingent upon the acceptable condition of the facilities at lease-end. The Corporation was required to make one-time capital improvements of $2,000,000. Under the lease terms, the lease payment will increase based upon a predetermined rate each year of approximately 2%. Rent payments made in 2008 were approximately $2,700,000.

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

In April 2005, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of one nursing home for $2,593,750. In addition, the Corporation entered into a lease for the real estate of the nursing home with EagleCare. The lease ends in March 2022 and requires minimum annual lease payment of $1,356,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. Contingent rental income up to $120,000 per year can also be earned under the lease agreement. The Corporation is required to make capital improvements of at least $230,000 annually to this nursing home, with the mount of the commitment increasing annually by the sane percentage as the annual rent increase. If the Corporation would not make the minimum capital improvements, the shortfall would accumulate. The Corporation expects to fund the capital improvements through cash flow generated from the operation of the nursing home. The Corporation has a put option on this nursing home by which the Corporation would pay EagleCare 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

In October 2006, the Corporation entered into transactions with independent third parties, which involved the purchase of assets of four nursing homes for $2,810,000, of which $1,532,000 was paid in 2006 and the remainder to be paid from 2007 - 2009. In addition, the Corporation entered into leases for the real estate of the nursing homes, of which two are related entities to ASC. The leases end in September 2016 through September 2021 with the annual total lease payments of approximately $2,300,000, paid in equal monthly installments. Contingent rental income up to $184,000 per year can also be earned under the lease agreements. Under the lease terms, the lease payment will increase by 2% each year after the third year of the lease.

During 2007, the Corporation entered into two transactions with independent third parties, which involved the purchase of assets of four nursing homes for a total of approximately $1,000. In addition, the Corporation entered into real estate leases for the nursing homes. The lease terms are for 10 years with annual total lease payments of approximately $3,100,000 paid in equal monthly installments. Also, the leases required additional deposits of approximately $3,100,000.

Also during 2007, the Corporation entered into a transaction with an entity related to ASC, which involved the purchase of assets of two senior living facilities for $531,250. In addition, the Corporation entered into leases for the real estate of the two facilities with this related entity. The leases end in March 2022 and requires minimum annual lease payments of $564,000, paid in equal monthly installments. Annually, the lease payments will increase by the greater of the Consumer Price Index or 2.25%. The Corporation is required to make capital improvements of at least $102,000 annually to these facilities, with the amount of the commitment increasing annually by the same percentage as the annual rent. The Corporation has a put option on these facilities by which the Corporation would pay the owner 55% of the average monthly revenue as defined in the asset purchase agreement, if the put option is exercised by March 2022.

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

Note 19: 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, 2008, the Corporation had received $83,168,827 in tax cash receipts and $1,078,768 in special assessment fees cash receipts from the County and at December 31, 2008, the Corporation had a tax receivable of $41,221,938 all of which was deferred in the fund financial statements. The Corporation paid the City $1,000,000 for the Housing Trust Fund to support the creation of more affordable housing opportunities for the underserved of Marion County. Also, the Corporation paid the County $217,055 in 2008 in autopsy and death reports and $80,775 in continuing education fees that the Corporation had collected on behalf of the County based on the issuance of death certificates. Wishard received $2,319,237 from the County to provide healthcare services to certain prisoners in the Marion County jail system during 2008. The City paid the Corporation $713,768 for the "Clean and Lien" program to clean up vacant lots. The City paid the Corporation $365,000 for unsafe building enforcement in 2008. 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 2008.

Note 20: 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 21: 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 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, 2008, the outstanding amount on the bond issuance was $3,570,000, and there was no outstanding amount on the line of credit. The Corporation knows of no event of default that would require it to satisfy these guarantees, and therefore, no amount has been recorded in the Corporation's financial statements.

In December 2008, Charter School refinanced this loan and the made a principal payment of $171,000. The term of the note was changed to 30 years with a maturity date of November 1, 2038. The Charter School remains current on its loan payment.

Note 22: Negative Fund Balance

The Debt Service Fund has a negative fund balance of $3,631,044 at December 31, 2008. This has been eliminated as of August 2009 by the collection of property tax revenues, which were not recognized due to the availability period.

Note 23: Concentrations of Credit Risk

Wishard and LT Care grant credit without collateral to their patients, most of whom are generally insured under third-party agreements. The mix of receivables from patients and third-party payors at December 31, 2008 is as follows:

Commercial insurance	21%
Medicare	33%
Medicaid	21%
Self pay	13%
Other	12%
	100%

Note 24: Commitments and Contingencies

Litigation

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

Government Grants

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

Note 25: Subsequent Events

In January 2009, the Corporation entered into a transaction with an independent third party, which involved the purchase of assets of three nursing homes. The purchase price of the intangible operating assets was $100. No tangible assets were acquired. The Corporation executed leases for each of the three facilities with initial terms of ten years and two renewal options of five years each.

In February 2009, the Corporation acquired three nursing homes and the purchase price for the tangible and intangible assets comprising the facilities was $7,175,250. The Corporation executed leases for each of the three facilities with terms that run from the closing date until March 31, 2022.

In March 2009, the Corporation acquired one nursing home. The purchase price for the tangible personal property comprising the facility was $850,000, of which $700,000 was payable at the closing and $15,000 is payable on the first anniversary of the closing. The purchase price for the intangible operating assets was $100. The Corporation executed a lease for the facility with an initial term of 13 years and two renewal options of five years each.

Effective May 13, 2009, Wishard closed Lockefield Village Health and Rehabilitation Center in Indianapolis. Revenue for Lockefield Village for 2008 was approximately $9.8 million and expenses were approximately $15.7 million. Upon closing, Wishard assisted the residents of Lockefield Village to obtain placement in other skilled nursing facilities or residential care settings.

In June 2009, the Indiana General Assembly passed House Bill 1001 allowing a county-wide referendum on November 3, 2009, which would authorize HHC to build a new Wishard campus. The management team of HHC has begun spending time educating the community on the project. The Corporation is required to hold a preliminary determination hearing and pass a preliminary determination resolution prior to October 1, 2009, to outline the legal and financial parameters of the project. At the time of issuance, the Corporation had not held the preliminary determination hearing.

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, 2008

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 97,121,729	$ 97,121,729	$ 81,942,211	$ (15,179,518)
Licenses and permits	4,067,750	4,067,750	3,700,835	(366,915)
Intergovernmental	1,083,546	1,083,546	1,090,241	6,695
Charges for services	1,253,700	1,253,700	1,283,126	29,426
Medicaid special revenue	123,838,498	203,838,498	127,452,582	(76,385,916) *
Interest	4,000,000	4,000,000	3,163,085	(836,915)
Grants	17,682,000	17,682,000	19,896,993	2,214,993
Miscellaneous	9,845,004	9,845,004	21,137,151	11,292,147
Total revenues	258,892,227	338,892,227	259,666,224	(79,226,003)
Expenditures				
Personal services	45,000,000	45,000,000	43,806,336	(1,193,664)
Supplies	4,027,000	5,727,000	5,159,681	(567,319)
Other charges and services	40,803,345	120,803,345	30,312,720	(90,490,625) *
Capital outlays	6,326,000	4,626,000	1,557,767	(3,068,233)
Total expenditures	96,156,345	176,156,345	80,836,504	(95,319,841)
Other Financing Uses				
Transfers out	(168,000,000)	(168,000,000)	(165,236,422)	2,763,578
Total other financing sources	(168,000,000)	(168,000,000)	(165,236,422)	2,763,578
Net change in fund balances	(5,264,118)	(5,264,118)	13,593,298	18,857,416
Fund balances - beginning of year	126,076,112	126,076,112	126,076,112	-
Fund balances - end of year	$ 120,811,994	$ 120,811,994	$ 139,669,410	$ 18,857,416

* 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.

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

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

Encumbrance Accounting

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

Reconciliation of Budgetary Basis Actual to GAAP Basis Actual

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

Net change in fund balance - GAAP basis	$ 23,314,566
Add (Deduct)	
Change in encumbrances	(2,930,770)
Change in prepaid expenditures	(206,418)
Change in accounts receivable	(9,015,367)
Change in accounts payable	(615,791)
Change in self-insurance claims	2,119,268
Medicaid special revenue partial payment	927,810
Net change in fund balance - Budgetary Basis	$ 13,593,298

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
December 31, 2008

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 4,005,606	$ 4,005,606	$ 1,125,355	$ (2,880,251)
Interest	1,000	1,000	7,361	6,361
Total revenues	4,006,606	4,006,606	1,132,716	(2,873,890)
Expenditures				
Principal retirement	1,740,000	1,740,000	1,740,000	-
Interest and fiscal charges	2,578,935	2,578,935	2,611,123	32,188
Total expenditures	4,318,935	4,318,935	4,351,123	32,188
Excess of revenues over expenditures	(312,329)	(312,329)	(3,218,407)	(2,906,078)
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	(312,329)	(312,329)	(3,218,407)	(2,906,078)
Fund balances - beginning of year	(412,637)	(412,637)	(412,637)	-
Fund balances - end of year	$ (724,966)	$ (724,966)	$ (3,631,044)	$ (2,906,078)

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
December 31, 2008

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 282,748	$ 282,748	$ 101,262	$ (181,486)
Interest	1,800,000	1,800,000	886,232	(913,768)
Total revenues	2,082,748	2,082,748	987,494	(1,095,254)
Expenditures				
Capital outlays	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	2,082,748	2,082,748	987,494	(1,095,254)
Other Financing Sources				
Transfers in	-	-	20,300,000	20,300,000
Total other financing sources	-	-	20,300,000	20,300,000
Net change in fund balances	2,082,748	2,082,748	21,287,494	19,204,746
Fund Balances - beginning of year	43,030,727	43,030,727	43,030,727	-
Fund balances - end of year	$ 45,113,475	$ 45,113,475	$ 64,318,221	$ 19,204,746

Statistical Section (Unaudited)

Health and Hospital Corporation of Marion County, Indiana

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

Statistical Section (Unaudited)

Table of Contents

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Health and Hospital Corporation of Marion County, Indiana

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

Table I

Net Assets by Component - Accrual Basis of Accounting

Last Seven Fiscal Years

	December 31						
	2008	2007	2006	2005	2004	2003	2002
Primary Government:							
Governmental activities							
Invested in capital assets, net of related debt	$ (17,518,906)	$ 7,784,239	$ 7,134,802	$ 7,971,335	$ 5,855,427	$ 13,101,552	$ 11,766,693
Restricted	-	-	-	-	-	-	130,395
Unrestricted	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	$ 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	$ 124,917,253	$ 106,358,255	$ 136,595,394	$ 147,262,474	$ 157,761,870	$ 166,804,507	$ 158,392,048
Restricted	732,481	1,261,455	639,351	596,789	570,811	564,837	548,433
Unrestricted	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	$ 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	$ 107,398,347	$ 114,142,494	$ 143,730,196	$ 155,233,809	$ 163,617,297	$ 179,906,059	$ 170,158,741
Restricted	732,481	1,261,455	639,351	596,789	570,811	564,837	678,828
Unrestricted	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	$ 445,502,524	$ 433,098,694	$ 417,824,083	$ 392,727,494	$ 314,962,794	$ 275,961,648	$ 278,864,852

Note: The Corporation implemented GASB 34 and 33 in fiscal year 2001, resulting in changes to the financial statement format; therefore, comparative amounts for the years 1999-2001 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 Seven Fiscal Years

	Years Ended December 31						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Governmental activities							
Administration and finance	$ 27,873,858	$ 20,163,477	$ 17,551,946	$ 14,166,259	$ 9,612,142	$ 17,009,724	$ 17,173,960
Health improvement	25,527,724	24,159,226	24,145,228	24,399,358	25,275,328	26,408,831	23,876,063
Communicable disease prevention	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	1,839,289	1,935,157	1,825,826	1,734,696	1,703,637	1,699,221	1,610,101
Vector disease control	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	6,143,281	5,269,185	5,035,571	4,184,358	4,117,488	4,116,053	3,759,377
Consumer and employee risk reduction	1,580,062	1,579,658	1,557,309	1,546,218	1,581,187	1,507,781	1,395,880
Interest on long-term debt	2,652,816	2,690,760	2,898,454	2,532,873	3,260,807	3,354,422	3,442,160
Total governmental activities expenses	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	457,457,787	424,232,288	400,293,483	384,487,424	368,212,850	362,588,065	336,219,601
LT Care	240,118,586	212,410,072	171,792,272	157,656,712	139,064,331	97,053,021	-
Total business-type activities expenses	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	$ 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	$ 24,835,565	$ 29,516,097	$ 32,198,505	$ 12,042,413	$ 323,299	$ 304,285	$ 154,995
Health improvement	2,324,464	2,382,740	2,036,999	2,094,473	1,979,376	1,108,469	1,225,594
Communicable disease prevention	533,564	363,533	358,954	395,412	323,576	318,275	338,184
Water quality and hazardous materials management	352,902	367,016	360,957	354,111	358,022	332,338	335,490
Vector disease control	614,797	1,261,037	898,812	125,523	102,741	66,994	26,138
Housing and neighborhood health	435,687	469,407	633,456	85,501	92,722	94,141	54,227
Consumer and employee risk reduction	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	15,513,792	13,955,419	12,108,583	16,573,583	17,488,087	17,317,170	15,270,533
Capital gains and contributions	1,527,403	1,217,110	3,575,826	1,702,901	-	5,439,547	1,174,819
Total governmental activities program revenues	48,044,118	51,888,200	54,259,341	35,272,514	22,425,404	26,533,236	20,051,469

Note: The Corporation implemented GASB 34 and 33 in fiscal year 2001, resulting in changes to the financial statement format; therefore, comparative amounts for the years 1999-2001 are not available.

Health and Hospital Corporation of Marion County, Indiana

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

Table II - Continued

Schedule of Changes in Net Assets - Accrual Basis of Accounting

Last Seven Fiscal Years

	Years Ended December 31						
	2008	2007	2006	2005	2004	2003	2002
Business-type Activities							
Charges for services:							
Wishard Health Services	$ 235,271,501	$ 239,779,417	$ 222,001,734	$ 224,633,684	$ 199,864,995	$ 189,692,554	$ 166,401,275
LT Care	288,984,754	210,548,466	167,574,919	167,009,420	134,559,380	95,858,819	-
Operating grants and contributions	16,646,528	9,308,853	7,680,805	8,414,943	10,038,960	11,735,585	12,126,208
Capital grants and contributions	-	314,400	-	-	-	-	-
Total business-type activities program revenue	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	$ 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	$ (33,600,602)	$ (19,202,807)	$ (11,480,055)	$ (26,647,490)	$ (35,515,909)	$ (39,853,677)	$ (42,916,410)
Business-type activities	(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	$ (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 taxes	$ 97,126,269	$ 89,583,638	$ 89,435,326	$ 87,980,567	$ 88,498,342	$ 92,454,172	$ 76,292,234
Excise taxes	6,927,280	6,831,647	7,270,595	7,507,089	7,889,045	7,905,793	7,472,835
Financial institutions taxes	1,284,278	1,268,115	1,260,083	1,268,250	1,269,040	1,242,962	1,198,208
Disproportionate share Medicaid	87,227,322	102,956,478	101,186,941	143,381,951	137,474,685	95,965,768	76,364,494
Unrestricted investment earnings	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	(144,934,035)	(157,000,000)	(153,713,891)	(139,977,919)	(156,000,000)	(183,421,684)	(167,492,945)
Total governmental activities	51,309,882	49,982,251	47,054,843	103,318,693	73,319,445	9,670,782	(17,919,507)

Note: The Corporation implemented GASB 34 and 33 in fiscal year 2001, resulting in changes to the financial statement format; therefore, comparative amounts for the years 1999-2001 are not available.

Health and Hospital Corporation of Marion County, Indiana

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

Table II - Continued

Schedule of Changes in Net Assets - Accrual Basis of Accounting

Last Seven Fiscal Years

	Years Ended December 31						
	2008	2007	2006	2005	2004	2003	2002
Business-type activities:							
Unrestricted investment earnings	$ 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	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	151,368,140	161,186,391	162,633,453	143,179,586	164,011,456	189,633,819	183,258,495
Total primary government	$ 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	$ 17,709,280	$ 30,779,444	$ 35,574,788	$ 76,671,203	$ 37,803,536	$ (30,182,895)	$ (60,835,917)
Business-type activities	(5,305,450)	(15,504,833)	(10,478,199)	1,093,497	1,197,610	27,279,691	25,566,377
Total primary government	$ 12,403,830	$ 15,274,611	$ 25,096,589	$ 77,764,700	$ 39,001,146	$ (2,903,204)	$ (35,269,540)

Note: The Corporation implemented GASB 34 and 33 in fiscal year 2001, resulting in changes to the financial statement format; therefore, comparative amounts for the years 1999-2001 are not available.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table III
Fund Balances, Governmental Funds - Modified Accrual Basis of Accounting
Last Ten Fiscal Years

	December 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	$ 6,268,915	$ 7,046,198	$ 8,407,286	$ 3,640,918	$ 5,214,233	$ 4,864,915	$ 26,655,124	$ 2,193,529	$ 2,742,214	$ 1,389,532
Unreserved	146,844,353	122,752,504	110,958,027	111,837,016	37,286,974	7,642,777	21,588,774	98,498,704	50,188,938	9,447,900
Total general fund	$ 153,113,268	$ 129,798,702	$ 119,365,313	$ 115,477,934	$ 42,501,207	$ 12,507,692	$ 48,243,898	$ 100,692,233	$ 52,931,152	$ 10,837,432
All Other Governmental Funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,330,048	$ -	$ 1,845,889	$ 2,185,378
Unreserved, reported in										
Debt service fund	(3,631,044)	(412,637)	362,060	(16,186)	198,382	297,281	-	278,870	254,849	99,483
Capital projects fund	64,318,221	43,030,727	40,814,423	38,643,862	37,281,256	36,659,175	28,708,879	45,139,213	50,738,515	25,688,071
Total all other governmental funds	$ 60,687,177	$ 42,618,090	$ 41,176,483	$ 38,627,676	$ 37,479,638	$ 36,956,456	$ 33,038,927	$ 45,418,083	$ 52,839,253	$ 27,972,932

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Taxes	$ 88,336,613	$ 82,095,459	$ 97,965,873	$ 97,196,828	$ 98,214,855	$ 101,652,352	$ 84,645,829	$ 82,298,728	$ 79,115,490	$ 26,830,305
Licenses and permits	3,700,835	4,193,808	3,864,882	3,662,722	3,565,750	2,853,728	2,709,269	2,614,855	2,620,461	2,602,928
Intergovernmental	18,820,201	14,629,232	16,007,012	16,598,192	17,030,332	16,444,232	15,495,683	11,962,565	8,983,120	7,219,193
Charges for services	20,149,821	27,570,626	1,079,203	1,162,710	809,638	862,954	750,014	813,934	773,232	670,990
Disproportionate share Medicaid	126,524,776	105,102,078	72,864,271	142,926,951	122,974,685	95,965,768	76,364,494	138,139,400	96,007,363	3,134,450
Interest	4,056,678	7,077,243	6,521,271	3,614,043	978,823	774,638	2,386,068	5,373,505	4,788,579	1,101,971
Miscellaneous	5,470,057	2,306,154	31,765,188	13,449,938	1,330,121	6,441,723	1,258,766	663,113	197,487	168,782
Total revenues	267,058,981	242,974,600	230,067,700	278,611,384	244,904,204	224,995,395	183,610,123	241,866,100	192,485,732	41,728,619
Expenditures										
Administrative	23,634,548	19,845,246	14,692,846	12,393,374	6,563,075	19,100,875	17,965,973	14,019,851	7,507,297	6,835,226
Population health	20,115,205	19,613,915	18,776,012	17,376,100	16,514,742	17,089,105	17,702,836	14,752,899	14,315,419	12,533,400
Environmental health	11,129,481	11,365,478	11,015,086	9,847,532	9,788,839	9,610,608	8,883,675	7,850,434	7,462,325	6,614,581
Health center program	1,654,880	1,200,264	1,092,266	1,132,398	1,230,519	1,458,533	1,146,006	283,075	-	775,949
Data processing	3,016,941	2,824,376	2,917,196	3,384,596	3,030,331	2,977,700	2,536,786	1,858,940	1,364,927	1,495,525
Grants program	16,168,719	14,705,936	15,885,533	14,963,677	15,664,860	15,890,222	14,727,717	10,724,923	8,310,867	6,489,561
Restricted fund	-	-	-	-	-	-	-	-	-	3,635
Capital outlays	-	-	-	-	-	2,351,314	12,597,638	30,260,664	7,286,086	10,934,721
Debt service										
Principal	1,958,122	1,853,629	1,749,548	2,380,863	1,652,555	1,559,609	1,477,010	1,230,000	560,000	525,000
Interest and fiscal charges	2,685,491	2,690,760	2,789,136	2,574,872	3,301,307	3,354,422	3,442,160	3,457,376	3,306,610	1,796,635
Bond issuance costs	-	-	-	429,167	-	-	-	-	-	-
Total expenditures	80,363,387	74,099,604	68,917,623	64,482,579	57,746,228	73,392,388	80,479,801	84,438,162	50,113,531	48,004,233
Excess (deficiency) of revenues over (under) expenditures	186,695,594	168,874,996	161,150,077	214,128,805	187,157,976	151,603,007	103,130,322	157,427,938	142,372,201	(6,275,614)

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Other Financing Sources (Uses)										
Proceeds from note payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Proceeds of bonds	-	-	-	-	-	-	-	-	30,000,000	-
Refunding on bonds issued	-	-	-	28,960,000	-	-	-	-	-	-
Premium on bonds issued	-	-	-	1,013,992	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(29,544,825)	-	-	-	-	-	-
Transfers in	30,300,000	-	-	8,294	-	17,242	225,888	18,000,000	160,539	7,000,000
Transfers out	(175,611,941)	(157,000,000)	(154,713,891)	(140,441,501)	(156,641,279)	(183,438,926)	(167,718,833)	(135,191,904)	(105,572,699)	(1,200,000)
Total other financing sources (uses), net	(145,311,941)	(157,000,000)	(154,713,891)	(140,004,040)	(156,641,279)	(183,421,684)	(167,492,945)	(117,191,904)	(75,412,160)	5,800,000
Net change in fund balances	$ 41,383,653	$ 11,874,996	$ 6,436,186	$ 74,124,765	$ 30,516,697	$ (31,818,677)	$ (64,362,623)	$ 40,236,034	$ 66,960,041	$ (475,614)
Debt service as a percentage of non-capital expenditures	6.1%	6.4%	6.8%	8.8%	8.7%	6.9%	7.2%	8.7%	9.0%	6.3%
Debt service expenditures	$ 4,643,613	4,544,389	4,538,684	5,384,902	4,953,862	4,914,031	4,919,170	4,687,376	3,866,610	2,321,635
Non-capital expenditures	75,719,774	71,263,322	66,401,350	60,886,589	56,838,268	71,041,074	67,882,163	54,177,498	42,827,445	37,069,512

Note: The Corporation implemented GASB 34 and 33 in fiscal year 2001, resulting in changes to the financial statement format; therefore, comparative amounts for the years 1999-2001 are not available.

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, 2008

	Real Property		Personal Property		Total	
Year	Assessed Value (1) (2)	True Tax Value	Assessed Value (1) (2)	True Tax Value	Assessed Value (1) (2)	True Tax Value
2008	(3)	(3)	(3)	(3)	$ 43,704,676,004	$ 43,704,676,004
2007	$ 39,182,916,707	$ 39,182,916,707	$ 5,565,477,874	$ 5,565,477,874	44,748,394,581	44,748,394,581
2006	33,030,628,020	33,030,628,020	7,195,875,948	7,195,875,948	40,226,503,968	40,226,503,968
2005	32,400,972,000	32,400,972,000	7,229,661,000	7,229,661,000	39,630,633,000	39,630,633,000
2004	34,606,376,000	34,606,376,000	5,323,754,000	5,323,754,000	39,930,130,000	39,930,130,000
2003	32,982,779,000	32,982,779,000	8,845,067,000	8,845,067,000	41,827,846,000	41,827,846,000
2002	20,820,046,000	20,820,046,000	8,162,071,000	8,162,071,000	28,982,117,000	28,982,117,000
2001	6,839,830,510	20,519,488,530	2,653,315,080	7,959,945,240	9,493,145,590	28,479,433,770
2000	6,636,935,980	19,910,807,940	2,574,548,390	7,723,645,170	9,211,484,370	27,634,453,110
1999	6,553,357,000	19,660,071,001	2,550,800,310	7,652,400,930	9,104,157,310	27,312,471,931

(1) Taxable property is assessed at 33-1/3% of the true tax value for the years 1997 through 2001. It is assessed at 100% beginning in 2002.

(2) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

(3) The assessed and true tax value of real and personal property for 2008 is not available due to the State of Indiana's reassessment process.

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 VI

Property Tax Rates - Direct and Overlapping Governments (1)

December 31, 2008

Year	Operations	Debt	Cumulative Building	Total	City	County	Other Municipal Corporations	School	State	Other	Total (1)
2008	0.2023	0.0085	0.0006	0.2114	1.5256	0.4936	0.1307	1.7668	0.0024	0.0553	4.1858
2007	0.1928	0.0088	0.0006	0.2022	1.4987	0.5708	0.1298	1.8713	0.0024	0.0656	4.3408
2006	0.2138	0.0098	0.0006	0.2242	0.8881	0.4131	0.1409	1.7172	0.0024	0.0644	3.4503
2005	0.2137	0.0106	0.0006	0.2249	0.9532	0.4163	0.1401	1.6744	0.0024	0.0637	3.4750
2004	0.2139	0.0108	0.0006	0.2253	0.9485	0.4129	0.1189	1.7827	0.0024	0.0607	3.5514
2003	0.2134	0.0113	0.0006	0.2253	0.9603	0.4443	0.1302	1.5503	0.0033	0.1403	3.4540
2002	0.2492	0.0133	0.0008	0.2633	1.2254	0.5354	0.1676	1.9594	0.0033	0.0799	4.2343
2001	0.7441	0.0458	0.0020	0.7919	3.7670	1.4043	0.4578	5.9811	0.0100	0.2599	12.6720
2000	0.7669	0.0230	0.0020	0.7919	3.7825	1.4038	0.4572	5.9552	0.0100	0.2756	12.6762
1999	0.7653	0.0246	0.0020	0.7919	3.7948	1.4042	0.4567	5.8477	0.0100	0.3281	12.6334

(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

December 31, 2008

	2008			1999 (3)		
Taxpayer	Net Taxable Assessed Valuation (1) (2)	Rank	Percentage of Total City Taxable Assessed Valuation	Net Taxable Assessed Valuation (1) (2)	Rank	Percentage of Total City Taxable Assessed Valuation
Eli Lilly & Company	$ 1,274,299,000	1	2.92%	$ 239,734,970	1	2.63%
Indianapolis Power & Light	375,105,000	2	0.86%	129,183,550	2	1.42%
Indiana Bell	320,937,000	3	0.73%	-		
Simon Property Group	319,374,000	4	0.73%	-		
General Motors Corporation	289,988,000	5	0.66%	50,018,580	6	0.55%
Sexton Properties	249,597,000	6	0.57%	-		
Citizens Gas & Coke Utility	183,897,000	7	0.42%	62,427,340	4	0.69%
Macquarie Office Monument	181,601,000	8	0.42%	-		
American United Life	157,193,000	9	0.36%	-		
Community Hospital Foundation	130,955,000	10	0.30%	-		
Allison Engine Co.	-			72,770,550	3	0.80%
Ford Motor Company	-			53,123,825	5	0.58%
Indianapolis Water Company	-			42,731,620	7	0.47%
Bank One Corporation	-			36,992,927	8	0.41%
Navistar International	-			34,481,030	9	0.38%
Roche Diagnostics Corp.	-			31,907,070	10	0.35%
	$ 3,482,946,000			$ 753,371,462		8.28%

(1) Represents the March 1, 2007 valuations for taxes due and payable in 2008 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 33-1/3% of the true tax value for 1999 and 100% of the true tax value for 2008.

(3) Data from the 1999 Health and Hospital Corporation's Comprehensive Annual Report.

Source: Marion County Auditor's Office.

Health and Hospital Corporation of Marion County, Indiana

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

Table VIII

Property Tax Levies and Collections [(1)]

December 31, 2008

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years (1) (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
*2008	$ 92,391,685	$ 52,293,400	56.60%	$ 5,167,785	$ 57,461,185	62.19%
2007	90,456,328	73,710,696	81.49%	18,421,520	92,132,216	101.85%
2006	90,469,407	88,238,324	97.53%	634,310	88,872,634	98.24%
2005	88,832,049	86,484,708	97.36%	643,154	87,127,862	98.08%
2004	88,991,203	87,283,952	98.08%	862,109	88,146,061	99.05%
2003	87,982,909	90,537,679	102.90%	967,798	91,505,477	104.00%
2002	74,494,711	74,115,192	99.49%	719,842	74,835,034	100.46%
2001	72,738,903	72,494,311	99.66%	649,745	73,144,056	100.56%
2000	71,922,295	70,961,378	98.66%	-	70,961,378	98.66%
1999	70,340,389	69,394,898	98.66%	-	69,394,898	98.66%

(1) For the Health and Hospital Corporation only.

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

* Final settlement not complete for 2008 as of date of CAFR issuance.

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, 2008

	Governmental Activities				Business-type Activities			
Fiscal Year	General Obligation Bonds of 2005 (1)	General Obligation Bonds of 2000 (1)	Renovation Bonds	Notes Payable	Long-Term Care Capital Leases (2)	Total Primary Government	Percentage of Personal Income (3) (4)	Per Capita
2008	$ 25,390,000	$ -	$ 17,245,000	$ -	$ 189,181,169	$ 231,816,169	-	263.31
2007	26,140,000	-	18,235,000	218,122	191,712,922	236,306,044	357.64%	273.03
2006	26,865,000	-	19,155,000	426,751	166,112,532	212,559,283	650.98%	245.59
2005	27,565,000	-	20,005,000	626,299	151,253,286	199,449,585	637.83%	231.44
2004	-	27,280,000	20,800,000	817,162	117,886,520	166,783,682	557.94%	193.78
2003	-	28,010,000	21,540,000	999,717	125,548,785	176,098,502	616.30%	203.99
2002	-	28,705,000	22,230,000	1,174,326	-	52,109,326	186.14%	60.35
2001	-	29,370,000	22,875,000	1,341,336	-	53,586,336	197.16%	62.53
2000	-	30,000,000	23,475,000	1,501,076	-	54,976,076	208.22%	63.89
1999	-	-	24,035,000	1,653,863	-	25,688,863	105.20%	31.68

(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 Demographic and Economic Statistics Table for personal income and population data.

(4) Data not available for 2008.

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, 2008

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Notes Payable	Total Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2008	$ 42,635,000	$ -	$ 42,635,000	0.10%	48.43
2007	44,375,000	218,122	44,593,122	0.10%	50.86
2006	46,020,000	426,751	46,446,751	0.12%	53.66
2005	47,570,000	626,299	48,196,299	0.12%	55.93
2004	48,080,000	817,162	48,897,162	0.12%	56.81
2003	49,550,000	999,717	50,549,717	0.12%	58.56
2002	50,935,000	1,174,326	52,109,326	0.18%	60.35
2001	52,245,000	1,341,336	53,586,336	0.56%	62.53
2000	53,475,000	1,501,076	54,976,076	0.60%	63.89
1999	24,035,000	1,653,863	25,688,863	0.28%	31.68

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, 2008

	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	$ 45,001,514	0.67%	$ 301,510	$ 42,635
Overlapping:				
Marion County	45,001,514	0.67%	$ 301,510	$ -
City of Indianapolis:				
Civil City	41,924,771	0.67%	$ 280,896	$ 92,695
Consolidated County	45,001,514	(3)	-	-
Park District	45,001,514	(7)	-	25,960
Redevelopment District	41,924,771	(7)	-	30,029
Flood Control District	45,001,514	0.67%	301,510	13,295
Metropolitan Thoroughfare District	45,001,514	1.33%	598,520	48,741
Sanitary District	41,237,673	4.00%	1,649,507	64,426
Police Special Service District	12,827,896	(2)	-	-
Fire Special Service District	12,162,059	(2)	-	-
Solid Waste Collect Spec Service District	41,986,074	(2)	-	-
Solid Waste Disposal District	41,986,074	2.00%	839,721	-
Pub Safety Comm and Comp Facilities District	45,001,514	0.67%	301,510	44,295
Total city debt			$ 3,971,664	$ 319,441
Other Municipal Corporations				
Airport Authority	$ 45,001,514	0.67%	$ 301,510	$ -
Capital Improvement Board	45,001,514	0.67%	301,510	-
Indpls-Marion Co. Building Authority	45,001,514	(4)	-	22,210
Indianapolis-Marion County Library	43,803,267	0.67%	293,482	117,770
Indianapolis Public Transportation Corp.	42,461,518	0.67%	284,492	12,025
Total municipal corporations			$ 1,180,994	$ 152,005
School Districts				
Beech Grove	$ 505,646	(8)	$ 42,513	$ 45,341
Decatur	1,024,135	(8)	156,129	8,127
Franklin	2,281,034	(8)	207,711	274,055
Indianapolis Public Schools	11,662,844	(8)	502,837	28,795
Lawrence	6,060,720	(8)	244,305	24,295
Perry	3,961,061	(8)	212,610	119,543
Pike	5,674,791	(8)	193,646	49,140
Speedway	692,601	(8)	13,852	-
Warren	3,102,132	(8)	208,418	-
Washington	6,839,102	(8)	144,513	62,005
Wayne	3,197,448	(8)	314,510	295,035
Total school districts	$ 45,001,514		$ 2,241,044	$ 906,336

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, 2008

	Assessed Value (6) (7) (in thousands)	Bonding Limit %	Bonding Limit Dollar Amount (in thousands)	Bonds Outstanding (in thousands)
Other Cities and Towns:				
Beech Grove	$ 536,746	0.67%	$ 3,596	$ 1,155
Lawrence	1,786,093	0.67%	11,967	6,775
Southport	61,303	0.67%	411	-
Speedway	692,601	0.67%	4,640	2,310
Total Towns and Other Cities	$ 3,076,743		$ 20,614	$ 10,240
Townships				
Center	$ 6,011,280	0.67%	$ 40,276	$ -
Decatur	1,026,264	0.67%	6,876	965
Franklin	2,433,647	0.67%	16,305	4,122
Lawrence	6,552,384	0.67%	43,901	-
Perry	4,356,047	0.67%	29,186	6,542
Pike	5,421,926	0.67%	36,327	5,974
Warren	4,186,458	0.67%	28,049	-
Washington	9,505,163	0.67%	63,685	-
Wayne	5,124,515	0.67%	34,334	-
Total Townships	$ 44,617,684		$ 298,939	$ 17,603
Excluded Library Districts				
Beech Grove	$ 505,646	0.67%	$ 3,388	$ 349
Speedway	692,601	0.67%	4,640	225
Total Excluded Cities Library Districts	$ 1,198,247		$ 8,028	$ 574
Ben Davis Conservancy District	$ 209,540	(5)		-
Total Overlapping Debt				$ 1,406,199
Total Direct and Overlapping Debt				$ 1,448,834

(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 March 1, 2007 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2008.

(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, 2008

Legal Debt Margin Calculation for Fiscal Year Ended December 31, 2008		
Net assessed value - 2008	**$**	**43,704,676,004**
Debt limit (.67% of assessed values)		**292,821,329**
Debt applicable to limit		
Bonded Debt		**42,635,000**
Legal Debt Margin	**$**	**250,186,329**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limit	$ 292,821,329	$ 299,814,244	$ 269,517,577	$ 265,525,241	$ 267,531,873	$ 278,852,313	$ 193,214,113	$ 189,862,912	$ 184,229,687	$ 182,083,146
Total net debt applicable to limit	42,635,000	44,593,122	46,446,751	48,196,299	48,897,162	50,549,717	52,109,326	53,586,336	54,976,076	25,688,863
Legal debt margin	$ 250,186,329	$ 255,221,122	$ 223,070,826	$ 217,328,942	$ 218,634,711	$ 228,302,596	$ 141,104,787	$ 136,276,576	$ 129,253,611	$ 156,394,283
Total net debt applicable to the limit as a percentage of debt limit	14.56%	14.87%	17.23%	18.15%	18.28%	18.13%	26.97%	28.22%	29.84%	14.11%

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, 2008

Year	(1) Population	(2) (3) Personal Income	(2) (3) Per Capita Personal Income	Public School Enrollment	(4) Unemployment Rate
2008	880,380	-	-	145,569	5.6%
2007	876,804	33,237,000	38,980	136,883	4.5%
2006	865,504	32,652,000	37,403	133,697	4.4%
2005	861,760	31,270,050	36,286	133,694	4.8%
2004	860,674	29,892,584	34,732	132,505	4.7%
2003	863,251	28,573,705	33,142	131,543	4.8%
2002	863,429	27,994,389	32,479	129,682	4.6%
2001	856,938	27,178,761	31,491	127,569	3.3%
2000	860,454	26,403,440	30,684	126,199	2.4%
1999	810,946	24,420,134	28,480	125,189	2.2%

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

(2) Source: U.S. Bureau of Economics Census Bureau mid-year population estimates. Estimates for 2000-2006 reflect county population estimates available as of March 2007. Per capita personal income was computed using Census Bureau mid-year population estimates. Estimates for 2000-2007 reflect county population estimates available as of March 2008. Data was not yet available for 2008 personal income of per capita personal income.

(3) Data not available for 2008.

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

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table XIV
Principal Employers
Current Year and Nine Years Ago
December 31, 2008

	2008			1999 (2)		
Taxpayer	(1) Employees	(1) Rank	(1) Percentage of Total Indianapolis Metropolitan Statistical Area	Employees	Rank	Percentage of Total Indianapolis Metropolitan Statistical Area
Clarian Health Partners, Inc.	12,763	1	19%	10,682	1	(3)
Eli Lilly & Company	11,550	2	17%	9,503	2	(3)
St. Vincent Hospitals & Health Services	10,640	3	15%	-		(3)
IUPUI	7,066	4	10%	-		(3)
Federal Express Corp. (FedEx)	6,311	5	9%	-		(3)
Community Health Network	5,341	6	8%	-		(3)
Rolls-Royce	4,300	7	6%	-		(3)
WellPoint, Inc.	3,950	8	6%	-		(3)
Allison Transmission/Div of GMC	3,800	9	6%	3,985	3	(3)
AT&T	3,000	10	4%	-		(3)
Methodist Hospitals of Indiana	-		0%	-		(3)
Anthem, Inc.	-		0%	-		(3)
Marsh	-		0%	3,492	4	(3)
BankOne Corporation (Chase)	-		0%	2,658	8	(3)
Ford Motor Company	-		0%	2,869	5	(3)
General Motors Company	-		0%	2,814	6	(3)
Kroger Company	-		0%	2,700	7	(3)
Navistar International	-		0%	2,541	9	(3)
Meijer, Inc.	-		0%	2,364	10	(3)
	68,721			43,608		

(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 1999 Health and Hospital Corporation's Comprehensive Annual Financial Report.

(3) Total Indianapolis Metropolitan Statistical Area employment is not available for 1999.

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, 2008

Function/Program	Full-Time Equivalent Employees at December 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Primary Government Employees:										
Administration	118	115	112	112	113	109	97	-	-	-
Health improvement	313	311	313	309	304	314	315	-	-	-
Communicable disease prevention	122	119	119	124	123	123	122	-	-	-
Water quality and hazardous materials	27	28	29	29	29	30	79	-	-	-
Housing and neighborhood health	84	84	84	82	82	83	79	-	-	-
Consumer and employee risk reduction	25	26	27	27	27	27	27	-	-	-
Vector disease control	55	57	52	52	53	52	54	-	-	-
Business-type Employees:										
Wishard Health Services	3,764	3,404	3,243	3,232	3,269	3,388	3,126	-	-	-
Long-Term Care (2)	-	-	-	-	-	-	-	-	-	-
Total Employees	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 prior to 2002 is not available.

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

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

Health and Hospital Corporation of Marion County, Indiana

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

Table XVI

Operating Indicators by Function

Last Ten Fiscal Years

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	n/a	n/a	n/a	n/a	31,708	41,453	36,624	38,870	40,780	47,365
Vital Statistics- certified birth copies issued	n/a	n/a	n/a	n/a	64,413	76,523	70,886	66,729	71,727	65,166
Vital Statistics- certified death copies issued	n/a	n/a	n/a	n/a	55,595	66,386	69,766	70,008	67,800	64,675
WIC Services-vouchers per month	n/a	n/a	n/a	n/a	24,064	21,307	18,265	16,550	18,390	18,888
WIC Services-nutrition education	n/a	n/a	n/a	n/a	10,151	8,208	48,707	46,100	48,268	50,879
Dental Health/Education Services	n/a	n/a	n/a	n/a	67,113	53,260	46,055	41,866	42,550	34,603
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	n/a	n/a	n/a	n/a	1,042	1,149	1,309	1,393	1,521	1,135
AIDS cases	n/a	n/a	n/a	n/a	165	225	129	148	252	146
HIV infection - total cases	n/a	n/a	n/a	n/a	184	169	228	162	152	123
Tuberculosis cases reported	n/a	n/a	n/a	n/a	54	36	31	35	38	35
Sexually transmitted diseases total cases	n/a	n/a	n/a	n/a	9,618	9,666	10,784	10,515	9,994	9,620
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	n/a	n/a	n/a	n/a	125,874	97,421	99,902	45,337	n/a	51,063
Swimming pool samples	n/a	n/a	n/a	n/a	3,921	4,861	4,261	4,838	4,951	4,968
Surface water samples taken	n/a	n/a	n/a	n/a	4,450	4,679	3,528	3,254	3,072	2,938
Hazardous Materials Management										
Responses to emergency situations	n/a	n/a	n/a	n/a	493	296	302	630	210	211
Drinking water wells surveyed for toxins	n/a	n/a	n/a	n/a	904	1,035	1,393	1,480	2,408	2,669
Septic systems permits	n/a	n/a	n/a	n/a	223	235	331	280	207	346
Well construction permits	n/a	n/a	n/a	n/a	118	111	129	155	168	272
Well pump permits	n/a	n/a	n/a	n/a	242	238	304	325	270	575
Housing and Neighborhood Health										
Initial housing orders	n/a	n/a	n/a	n/a	3,311	3,180	3,128	6,290	3,663	2,580
Housing compliances	n/a	n/a	n/a	n/a	3,539	3,129	3,398	3,533	2,778	2,967
Initial sanitation orders	n/a	n/a	n/a	n/a	18,672	17,725	15,803	25,926	22,087	24,600
Sanitation compliances	n/a	n/a	n/a	n/a	16,079	14,527	6,135	17,950	20,144	14,738
Court cases filed	n/a	n/a	n/a	n/a	4,463	4,276	2,845	3,077	2,721	2,320
Court cases resolved	n/a	n/a	n/a	n/a	1,345	1,670	1,583	2,240	1,996	2,638
Citations issued-illegal dumping	n/a	n/a	n/a	n/a	409	462	n/a	422	440	315
Unsafe buildings-structures demolished	n/a	n/a	n/a	n/a	521	515	441	496	397	519
Unsafe buildings-structures boarded	n/a	n/a	n/a	n/a	3,268	3,209	3,056	2,875	2,204	1,620
Unsafe buildings-structures repaired	n/a	n/a	n/a	n/a	953	883	680	682	791	1,252
Lead-children screened	n/a	n/a	n/a	n/a	13,979	13,380	7,746	7,221	6,784	4,749

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	n/a	n/a	n/a	n/a	20,315	20,820	20,185	17,960	18,737	19,379
Foodborne investigations	n/a	n/a	n/a	n/a	107	95	121	96	97	1,593
Foodborne complaints	n/a	n/a	n/a	n/a	825	754	1,007	1,066	1,226	71
Foodborne licenses issued	n/a	n/a	n/a	n/a	5,972	5,779	5,793	5,593	5,801	n/a
Occupational health	n/a	n/a	n/a	n/a						
Occupational health consultations	n/a	n/a	n/a	n/a	1,873	1,609	729	447	424	569
Asbestos investigations	n/a	n/a	n/a	n/a	447	303	204	339	478	750
Radon investigations	n/a	n/a	n/a	n/a	n/a	n/a	19	38	51	61
Related indoor air inspections	n/a	n/a	n/a	n/a	1,722	1,791	1,752	1,303	1,031	3,850
Vector Disease Control	n/a	n/a	n/a	n/a						
Environmental/Rodent Control	n/a	n/a	n/a	n/a						
Total premises baited for rodents	n/a	n/a	n/a	n/a	2,009	1,944	1,849	1,726	1,710	1,263
Abandoned property cleanups	n/a	n/a	n/a	n/a	2,729	2,096	2,050	1,405	1,603	1,559
Assisted cleanups of neighborhoods	n/a	n/a	n/a	n/a	167	262	448	348	433	402
Total weight (lbs.) of trash removed	n/a	n/a	n/a	n/a	12,570,680	9,768,700	10,341,120	8,557,420	7,961,840	6,583,880
Mosquito Control	n/a	n/a	n/a	n/a						
Inspections of mosquito breeding sites	n/a	n/a	n/a	n/a	18,422	15,363	14,247	17,495	13,253	17,692
Mosquito breeding sites treated	n/a	n/a	n/a	n/a	8,797	8,361	9,863	10,040	7,002	8,310
Adulticiding, lineal miles sprayed	n/a	n/a	n/a	n/a	6,454	16,106	17,721	8,933	3,572	1,967
Complaint services, adulticiding	n/a	n/a	n/a	n/a	4,232	8,132	4,642	2,676	2,013	1,004
Combination complaints	n/a	n/a	n/a	n/a	590	1,178	548	358	380	131
Long-Term Care										
Total Beds	4,053	4,086	3,710	3,187	2,880	2,996	n/a	n/a	n/a	n/a
Wishard Health Services										
Admissions (Acute, Behavioral, Lockefield)	19,624	19,674	18,971	18,220	17,947	18,181	16,950	16,399	n/a	n/a
Patient Days (Acute, Behavioral, Lockefield)	159,932	161,170	160,788	155,470	152,136	85,085	80,482	75,296	n/a	n/a
OP Encounters (net of ED)	1,126,196	1,079,108	1,068,042	1,075,380	854,545	891,618	798,812	735,798	n/a	n/a
ED Visits	113,680	108,102	98,946	97,657	94,576	110,989	109,584	105,463	n/a	n/a
Advantage Members	50,241	50,879	49,421	47,572	43,528	39,078	33,438	28,583	n/a	n/a
Uncompensated Care (000's Omitted)	254,836	236,691	218,080	193,558	182,780	182,015	158,261	144,475	n/a	n/a
Surgeries	7,816	7,607	6,682	6,305	6,103	6,443	6,293	4,160	n/a	n/a
Births	2,643	2,760	2,610	2,447	2,496	3,047	3,006	2,904	n/a	n/a

n/a = Not available.

Source:

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

Health and Hospital Corporation of Marion County, Indiana

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

Table XVII

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Health Improvement										
Dental chairs	25	25	24	24	24	23	23	11	11	11
Dental x-ray units	23	23	23	23	23	23	23	12	12	12
Fiberoptic Dentalite	7	7	7	7	7	7	7	7	-	-
Dental Portable Scaler	7	7	7	7	7	7	-	-	-	-
Kiosk Touchscreen system	4	4	4	4	4	4	4	2	-	-
Vital Statistics scanners/readers	1	1	2	1	1	-	-	-	-	-
Communicable Disease Prevention										
Water purification systems for lab	3	3	1	1	1	1	1	-	-	-
Refrigerators/freezer for lab	9	9	9	9	9	9	7	6	6	6
Incubator for lab	6	6	4	4	4	4	4	3	3	2
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	16	16	16	15	15	14	13	13	13	13
Analyzers for hazardous materials	5	5	5	3	2	2	-	-	-	-
Housing and Neighborhood Health										
Analyzers for lead testing	5	4	3	3	2	2	2	2	2	2
Vans/cars for housing visits	5	4	3	3	3	1	1	1	1	1
Vector Disease Control										
Environmental trucks/vans for cleanup	24	24	22	18	18	18	17	10	10	9
Dump Trucks	14	14	13	11	11	11	10	9	8	7
Tractors/Trailers	18	18	16	14	8	8	6	5	5	4
Rodent/Mosquito control trucks for spraying	72	72	70	70	69	63	62	61	57	56
Rodent/Mosquito control-sprayers	11	11	11	11	11	11	9	9	9	9
Rodent/Mosquito Control-generators	6	6	5	5	5	5	4	4	2	-
Long-Term Care										
# of buildings	27	26	23	18	17	18	n/a	n/a	n/a	n/a
Wishard Health Services										
# of beds	340	340	314	294	296	302	275	252	n/a	n/a

n/a = Not available.

Source:

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