



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

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

Comprehensive Annual Financial Report

For the Year Ended December 31, 2009

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

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

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

Matthew R. Gutwein  
President and Chief Executive Officer

Daniel E. Sellers  
Treasurer and Chief Financial Officer

Prepared by: The Treasurer's Office

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

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**(A Component Unit of the Consolidated City of Indianapolis - Marion County)**  
**For the Year Ended December 31, 2009**

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## **Introductory Section**



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June 29, 2010

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

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

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

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



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

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

## **PROFILE OF THE CORPORATION**

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

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

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

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

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

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

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

### ***INTERNAL CONTROL STRUCTURE***

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

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

### ***BUDGET***

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

### **ECONOMIC CONDITION AND OUTLOOK**

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

### ***LOCAL ECONOMY***

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

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



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

### ***LONG-TERM FINANCIAL PLANNING***

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

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

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

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

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

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

## **MAJOR INITIATIVES FOR THE YEAR**

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

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

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

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

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

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

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

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

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

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

### **AWARDS AND ACKNOWLEDGEMENTS**

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

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

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

Respectfully submitted,



Matthew R. Gutwein  
President and  
Chief Executive Officer



Daniel E. Sellers  
Treasurer and  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Health & Hospital  
Corporation of Marion County  
Indiana

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

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



A handwritten signature in black ink, appearing to read "JEFFREY R. ENOW".

President

A handwritten signature in black ink, appearing to read "JEFFREY R. ENOW".

Executive Director

# Health and Hospital Corporation

## Elected Officials

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

## Appointed Officials - Board of Trustees



James D. Miner, M.D.  
Chairman  
Physician



Lula M. Journey  
Vice Chairman  
Retired



David W. Crabb, M.D.  
Physician



Gregory S. Fehribach  
Attorney  
Stark, Doninger & Smith



Joyce D. Irwin  
Director, State  
Government Affairs  
Roche Diagnostics



Marjorie H. O'Laughlin  
Retired



Robert B. Pfeifer,  
C.P.A.

# Health and Hospital Corporation

## Officers

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

## Independent Auditors

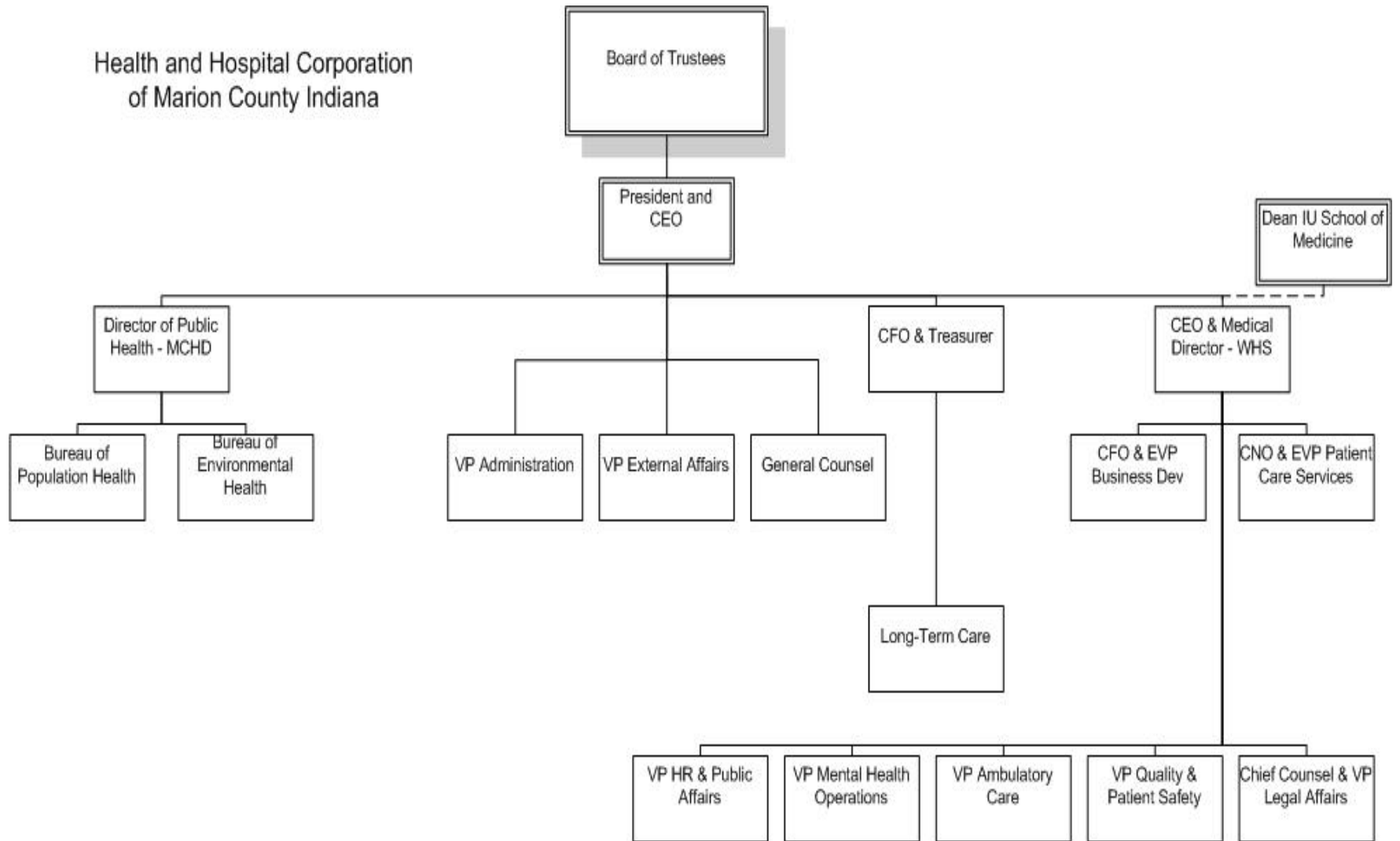
**BKD, LLP**

Indianapolis, Indiana



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

Health and Hospital Corporation  
of Marion County Indiana



## **Financial Section**



## Independent Accountants' Report on Financial Statements and Supplementary Information

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

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

BKD, LLP

June 29, 2010

## Management's Discussion and Analysis

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

### Financial Highlights

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

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Financial Analysis of the Corporation as a Whole**

### **Net Assets**

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

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

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

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

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

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

### Changes in Net Assets

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

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

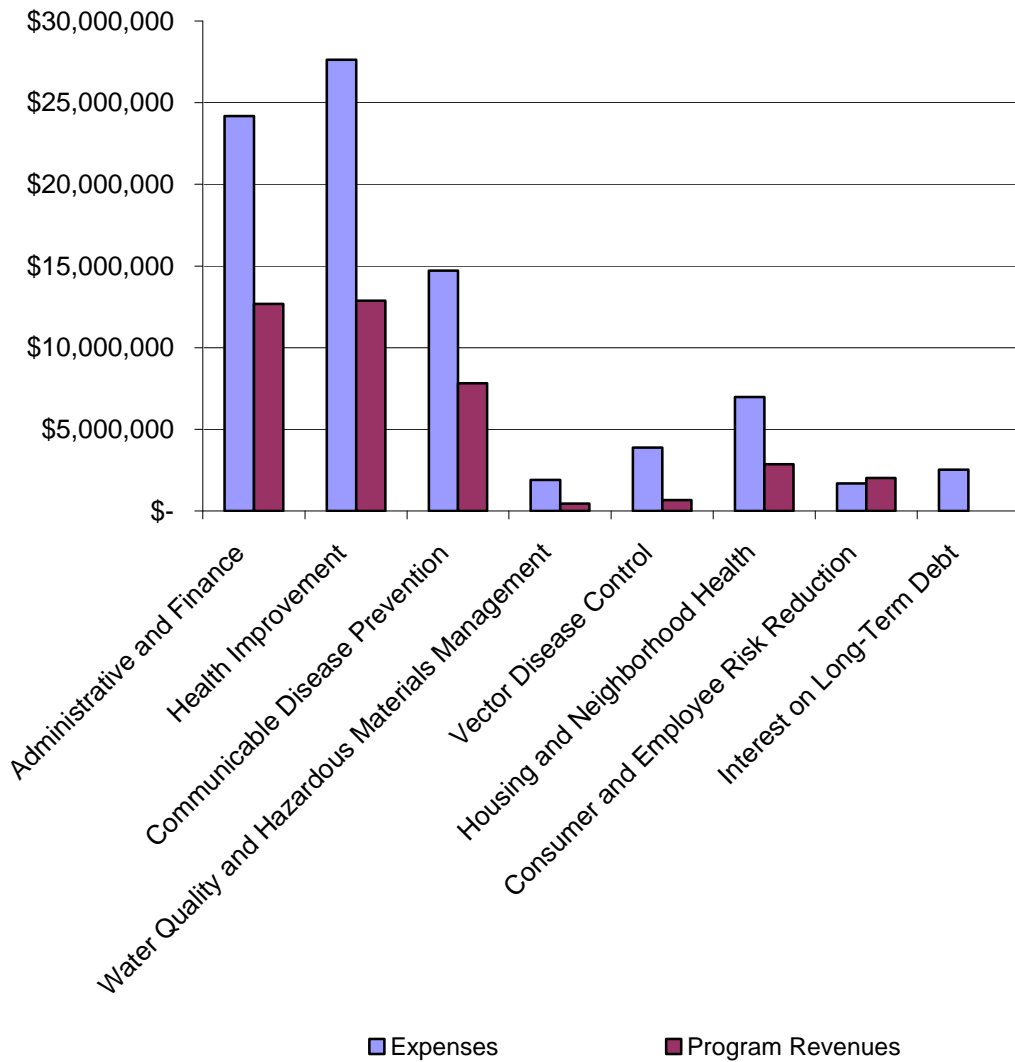
|   | Governmental Activities |                       | Business-Type Activities |                       | Total                 |                       |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|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

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

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

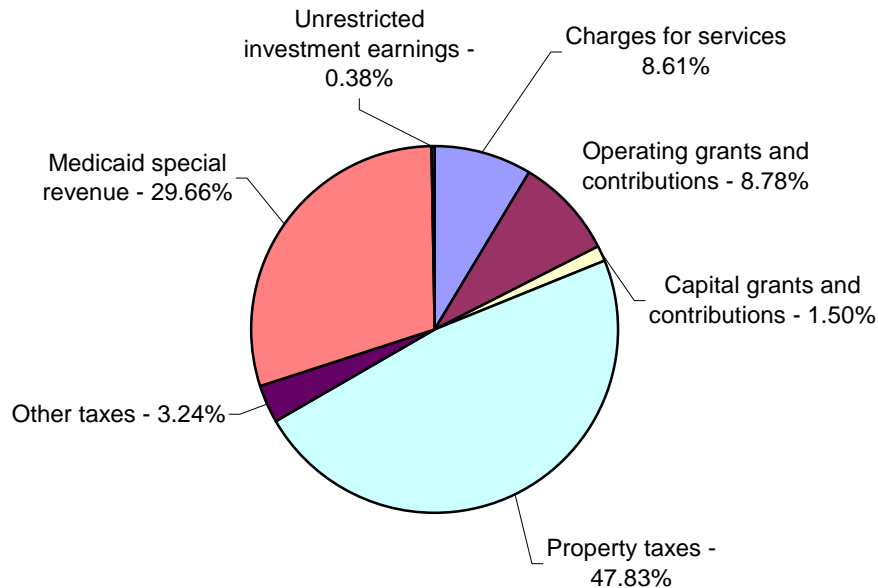
The following charts provide comparisons of the Corporation's governmental program revenues and expenses by function, and revenues by source. As shown, health improvement is the largest function in expense. General revenues such as property tax are not shown by program; but are included in the revenues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

### Expenses and Program Revenues - Governmental Activities





## Revenues by Source - Governmental Activities



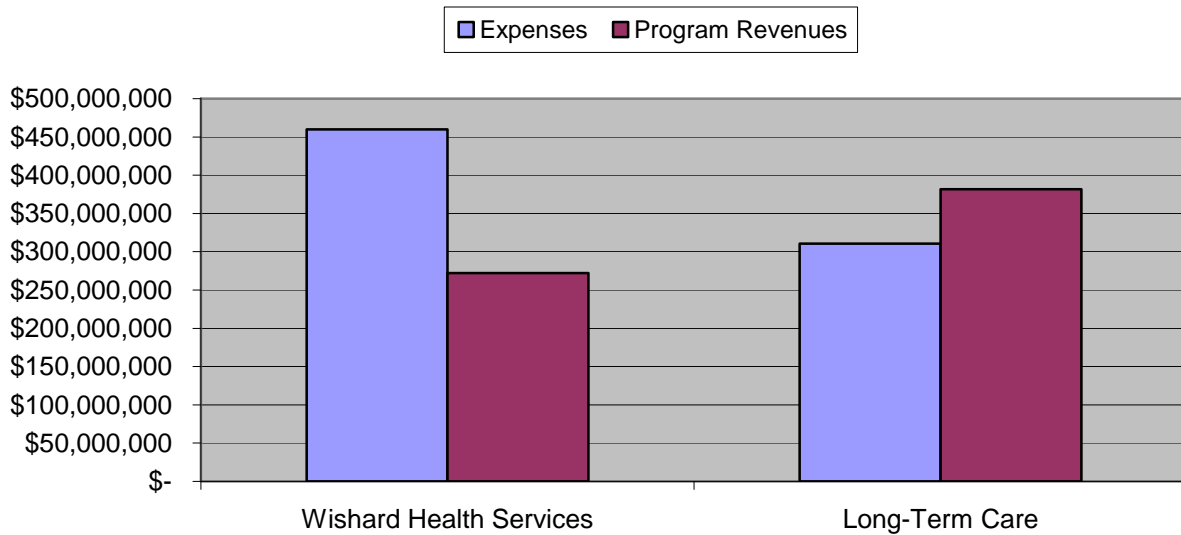
**Business-Type Activities** - Business-type activities increased the Corporation's net assets by \$18,608,911 compared to a decrease of \$5,305,450 in 2008.

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

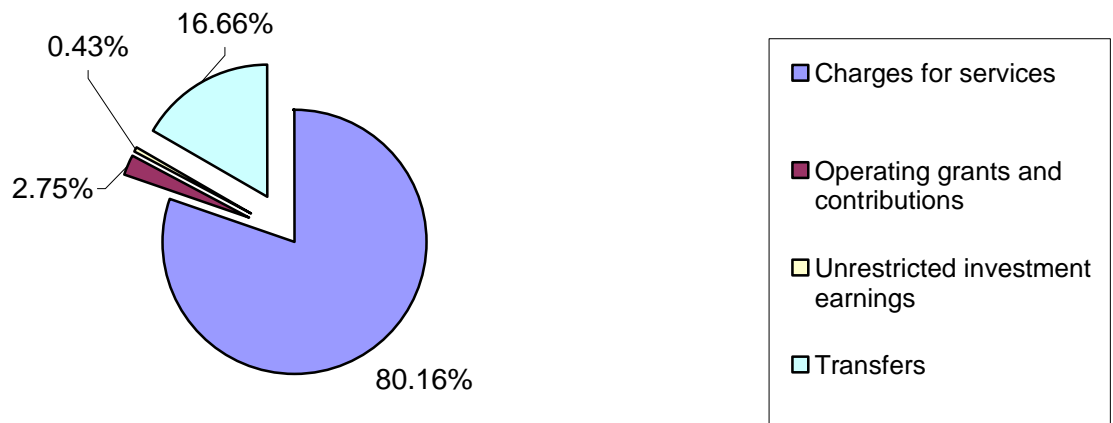
LT Care net assets were \$51,842,318, which was an increase of \$16.2 million over 2008. Operating revenues increased \$92.7 million due to increased Medicaid reimbursements and net patient service revenue. Operating expenses increased \$65 million. This was primarily due to the addition of several nursing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

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

### Expenses and Program Revenues - Business-Type Activities



### Revenues by Source - Business-Type Activities



## **Financial Analysis of the Corporation's Funds**

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

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

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

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

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

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

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

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

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

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

## General Fund Budgetary Highlights

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

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

## Capital Asset and Debt Administration

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

Major capital asset events during 2009 included the following:

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

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

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

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

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

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

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

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

### **Economic Factors and Next Year's Budgets and Rates**

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

### **Requests for Information**

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

## **Basic Financial Statements**

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

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

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

**Statement of Activities**  
**For the Year Ended December 31, 2009**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Financial Reporting Entity***

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

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

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

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

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

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

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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.



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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.

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**Proprietary Fund Type**

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

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

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

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

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

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

***Cash, Cash Equivalents and Investments***

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

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

***Receivables and Payables***

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

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

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***Inventories***

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

***Prepaid Costs and Other Assets***

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

***Restricted Assets***

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

***Capital Assets***

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

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

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

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Estimated useful lives used to compute depreciation are as follows:

|                           | <b>Years</b> |
|---------------------------|--------------|
| Building and improvements | 10 - 50      |
| Equipment                 | 5 - 20       |
| Vehicles                  | 4            |

***Capitalization of Interest***

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

***Other Long-Term Assets***

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

***Deferred and Unearned Revenue***

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

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

***Risk Share Payable***

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

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***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.

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**Contribution of Capital Assets**

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

**Interfund Services Provided/Used**

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

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

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

***Net Assets/Fund Balances***

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

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



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

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

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

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

***Indigent Care Services***

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

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

***Net Patient Service Revenue***

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

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**Note 2: Deposits and Investments**

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

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

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

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

**Deposits**

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

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

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

**Investments**

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

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

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

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

**Interest Rate Risk**

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

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**Credit Risk**

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

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

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

**Custodial Credit Risk**

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

**Concentration of Credit Risk**

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

**Foreign Currency Risk**

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

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**Investment Income**

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

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

**Note 3: Property Taxes**

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

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

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

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

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

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

**Note 4: Patient Services Receivables**

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

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

**Note 5: Interfund Balances and Transfers**

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

| <b>Interfund Receivables</b> | <b>Interfund Payables</b> | <b>Amount</b> |
|------------------------------|---------------------------|---------------|
| General Fund                 | Debt Service Fund         | \$ 2,140,161  |
| General Fund                 | Enterprise Fund - Wishard | 2,445,389     |

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

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

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

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

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**Note 6: Deferred and Unearned Revenue**

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

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

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



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**Note 7: Capital Assets**

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

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

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

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

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

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

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

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

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

**Governmental Activities:**

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

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

**Business-Type Activities:**

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

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

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

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

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

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

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***Medicare***

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

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

***Medicaid***

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

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

***Medicaid Special Revenue***

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

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

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

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

***Other Payors***

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

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

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

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

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**Note 9: Long-Term Liabilities**

***Renovation Bonds of 1988***

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

***General Obligation Bonds of 2005***

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

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

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

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



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

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

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

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

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

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**Note 10: Leases**

***Operating***

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

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

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

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

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

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

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

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***Capital***

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

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

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

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

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

**Note 11: Risk Management**

***Insurance Coverage***

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

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

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

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

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

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

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

***Medical Claims Incurred But Not Reported***

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

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

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

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

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

***Health Insurance Coverage***

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

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

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

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

**Note 12: Retirement Plan**

***Plan Description***

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

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

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

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

***Funding Policy***

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

***Annual Pension Cost and Net Pension Obligation***

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

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

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

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

**Historical Trend Information**

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

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

**Required Supplemental Information - Schedule of Funding Progress (Unaudited)**

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

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



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**Note 13: Deferred Compensation Plan**

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

**Note 14: Hospital Management Agreement**

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

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

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

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

**Note 16: LT Care Management Agreement**

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

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

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

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

**Note 17: Nursing Home Leases**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Note 18: Related Parties**

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

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**December 31, 2009**

**Note 19: Joint Venture**

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

**Note 20: Loan Guarantee**

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

**Note 21: Negative Fund Balance**

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

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**December 31, 2009**

**Note 22: Concentrations of Credit Risk**

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

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

**Note 23: Commitments and Contingencies**

***Litigation***

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

***Government Grants***

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

**Note 24: Subsequent Events**

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

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

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

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

***Bond Issuance***

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

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

***Land Exchange***

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



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

**Health and Hospital Corporation of Marion County, Indiana**  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2009**

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

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

**Health and Hospital Corporation of Marion County, Indiana**  
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**Notes to the Required Supplementary Information**  
**December 31, 2009**

**Budgets and Budgetary Accounting**

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

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

**Encumbrance Accounting**

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

**Reconciliation of Budgetary Basis Actual to GAAP Basis Actual**

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

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

## **Other Supplementary Information**

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

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

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

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

## **Statistical Section (Unaudited)**

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

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

### **Statistical Section (Unaudited)**

#### **Table of Contents**

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

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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



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

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

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

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

# Health and Hospital Corporation of Marion County, Indiana

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table III**

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

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

# Health and Hospital Corporation of Marion County, Indiana

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

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

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

**Health and Hospital Corporation of Marion County, Indiana**  
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**Table IV - Continued**  
**Changes in Fund Balances Governmental Funds**  
**Last Ten Fiscal Years**

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

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

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

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

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

Source: Marion County Auditor



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**Table VI**  
**Property Tax Rates - Direct and Overlapping Governments <sup>(1)</sup>**  
**December 31, 2009**

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

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

Source: Marion County Auditor's Office.

**Health and Hospital Corporation of Marion County, Indiana**  
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**Table VII**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
**December 31, 2009**

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

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

Source: Marion County Auditor's Office

**Health and Hospital Corporation of Marion County, Indiana**  
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**Table VIII**  
**Property Tax Levies and Collections <sup>(1)</sup>**  
**December 31, 2009**

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

(1) For the Health and Hospital Corporation only.

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

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

Source: Marion County Auditor's Office

**Health and Hospital Corporation of Marion County, Indiana**  
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**Table IX**  
**Ratios of Outstanding Debt by Type**  
**December 31, 2009**

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

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

Source: Notes to basic financial statements.

**Health and Hospital Corporation of Marion County, Indiana**  
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**Table X**  
**Ratio of Net General Obligation Debt Outstanding**  
**December 31, 2009**

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

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

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

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

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

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

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

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

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

Source: City of Indianapolis, Office of Finance and Management

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

**Table XII**  
**Legal Debt Margin Calculation**  
**December 31, 2009**

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

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

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



**Health and Hospital Corporation of Marion County, Indiana**  
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**Table XIII**  
**Demographic and Economic Statistics**  
**December 31, 2009**

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

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

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

(3) Data not available

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

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

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

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

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

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

**Table XV**

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

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

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

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

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

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

**Table XVI**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

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

# Health and Hospital Corporation of Marion County, Indiana

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

### Table XVI - Continued

#### Operating Indicators by Function

#### Last Ten Fiscal Years

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

n/a = Not available.

Source:

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

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

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

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

n/a = Not available.

Source:

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