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, 2015

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, 2015

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, 2015

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HEALTH & HOSPITAL CORPORATION

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August 30, 2016

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, 2015, 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, 2015, 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's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CORPORATION

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

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

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

Eskenazi Health is comprised of the Sidney and Lois Eskenazi Hospital, a 346 bed general acute care hospital; the Eskenazi Health Outpatient Care Center, an outpatient specialty care facility co-located with the Hospital; the Eskenazi Health Center, a Federally Qualified Health Center (FQHC) that operates ten primary care centers throughout Marion County; Midtown Community Mental Health, a Community Mental Health Center (CMHC) that provides behavioral health services throughout Marion County; and Indianapolis EMS (IEMS), the county-wide emergency ambulance service. Eskenazi Health is the only public hospital in Marion County. The Hospital is fully accredited by the Joint Commission for Accreditation of Hospitals of the American Hospital Association.

The Corporation also has a long-term care (Long-Term Care) enterprise fund, which operates 78 nursing homes throughout Indiana. Long-Term Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people.

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). Management also considers all other units of government within Marion County to be separate from this Corporation, and they are not considered as component units within this report.

INTERNAL CONTROL STRUCTURE

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

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

BUDGET

The Health and Hospital Corporation budget is introduced to the Corporation Board during the month of July of the year preceding the budget. The budget must be advertised in two local newspapers during this time. Once the Corporation Board approves the budget, it is submitted to the City-County Council for review. The Municipal Corporations Committee of the Council holds public hearings on the budget and passes it on to the City-County Council for approval. The DLGF does a final review of the budget. The DLGF can 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.

LOCAL ECONOMY

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.

Indianapolis is the nation's 13th largest city. According to the U.S. Census Bureau's Statistics for 2010, the estimated population of Marion County is 903,393 and 1,887,877 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 further here. 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, Bankers Life Fieldhouse, Circle Centre Mall and the Lucas Oil Stadium were all the result of successful partnerships between the private and public sectors.

The stable economy and many attractions of Indianapolis, along with its central location within the nation, make it a prominent convention and tourist center. The Indianapolis 500 Mile Race, the 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. Circle Centre Mall, the NCAA Headquarters and Hall of Champions, the Indianapolis Zoo, the Indianapolis Motor Speedway Museum, the Indiana State Museum, the Indianapolis Children's Museum, the Indianapolis Museum of Art, the Eiteljorg Museum of American Indian and Western Art, the American Cabaret Theatre, the Indiana Repertory Theatre, the Indianapolis Symphony Orchestra and the White River State Park have also become popular attractions, along with many outstanding downtown restaurants and sports bars.

LONG-TERM FINANCIAL PLANNING

The Corporation remains a partner with the City of Indianapolis and Marion County. Our community is strong yet the need for public health and public hospital services remain vital. Public health risks like Zika, HIV and Hepititits C, emergency preparedness, growth of opiod addiction, chronic disease and behavioral health problems can most successfully be addressed by local organizations like the Marion County Public Health Department (MCPHD) and Eskenazi Health. The primary goal of our divisions is service but our services can only continue as long as we remain good stewards of our financial resources.

MCPHD is limited in its ablity to improve its revenue sources because few of its services have direct revenue opportunities. Regardless, MCPHD continues to search for funding other than property tax revenue and continues to fund approximately 40% of its operations through grants and operational revenues. It also is continuing a 3-year technology improvement iniative which will provide significantly enhanced data to better manage the local public health environment. The technology improvements will also help contain costs by improving effectiveness and efficiency for our staff. The focus of MCPHD is to make sure our services are exceptional and targeted at the right health issues while managing the cost for our community.

Eskenazi Health is in the early stages of implementing a new strategic plan that is focused on improving patient care, patient service, employee satisfaction and the overall financial performance. Patient quality is the first goal for Eskenazi Health because we believe in quality care above everything else and because we know that without quality care, no other improvements will succeed in the long run. We believe that our patients deserve the best experience possible and will seek great care from others if we do not provide it. We believe that some of the best advocates are our employees so we must provide a great environment for them and we know that high turnover is bad for care and costly. Eskenazi Health believes that we can improve financial performance by making sure we provide the care our patients want and need in the time and place that is best for them. At the same time we must make sure that all our revenues are fully recognized and our costs are managed.

Eskenazi Health will also complete a major installation of Epic in 2016. Epic is an Electronic Health Record (EHR) that is replacing a home-grown product that was no longer capable of serving the clinical and business needs of Eskenazi Health. The Epic project was approved by the Corporation Board in 2015 and will go-live October 2016. Epic is a premier EHR product. Its functionality will help Eskenazi Health accomplish the clinical and financial goals set in its strategic plan. From a financial perspective, Epic will reduce the capital cost of technology at Eskenazi Health by $3 million per year beginning in 2017 and the finance division expects improved revenue recognition of millions of dollars each year.

Indianapolis EMS has saved Marion County millions of dollars every year since its inception. When Indianapolis EMS began providing services in 2010, Marion County tax payers were funding over $9 million of losses for ambulance services each year. Indianapolis EMS was created to improve quality and to reduce losses. The leaders of Indianapolis EMS partnering with the front line Paramedics and EMTs have worked together to improve patient quality, patient and resident safety, coordination with the Police and Fire services and were breakeven financially in 2015. Indianapolis EMS, operating as healthcare division of the Corporation, is becoming a model for pre-hospital care nationally.

The Long-Term Care Division continues to provide some of the highest quality nursing home services in the State. Long-Term Care has improved quality care each year while continuing to reinvest in our staff and facilities. Long-Term Care is financially able to support its own mission and helps fund other divisions of the Corporation. Long-Term Care has been a vital aspect of the Corporation's success over the past decade. The Corporation has focused significant attention on this unit in 2015 because of a federal investigation into the actions of former executives of the management company contracted to lead the Long-Term Care Division. The investigation is not focused on the Corporation or any of its employees. The long-term effect of the investigation is not known. The operational quality and financial forcast for the division continue to be strong. The financial statement notes provide additional information for the reader.

The Corporation's Long-Term Care Division purchased 17 nursing homes that were under a federally imposed Corporate Integrity Agreement (CIA) prior to being purchased. The CIA required the Corporation to comply with the previous owner's Compliance Plan until October 2019. The Corporation has redesigned and enhanced its compliance department to match the CIA and to make sure it uses best compliance practices into the future. A new Chief Compliance Officer (CCO) was hired in 2016. The CCO reports directly to the Board of Trustees and to the CEO. The Corporation will be hiring several additional compliance leaders who will report directly to the CCO.

The State and Federal government approved the expansion of the Healthy Indiana Plan, now called HIP 2.0, in January 2015. The program is funded federally by Medicaid and by expanding Indiana's Hospital Assessment Fee (HAF) at the State level. HIP 2.0 expands health insurance coverage to virtually all Indiana citizens who earn 138% or less of the Federal Poverty Level (FPL). HIP 2.0 has been very successful in providing previously uninsured Hoosiers a health plan that works. The plan has reduced the uninsured volumes at Eskenazi Health significantly. Yet even with the expansion of HIP 2.0 Eskenazi Health remains the largest safety net hospital in Indiana, providing over $125 million of uncompensated care each year.

The Corporation remains focused on improving quality because we believe quality care enables us to improve revenue and makes cost saving possible. HIP 2.0 and our technology improvements will greatly enhance our financial capababilites throughout the Corporation. We know that we must continue to look for new revenue resources and manage costs as well or better than we have done in the past.

MAJOR INITIATIVES FOR THE YEAR

MCPHD:

As the lead public health agency for Indianapolis, MCPHD continues to balance the ever changing and increasing demand for services. MCPHD works to improve community partnership development, achieve and maintain national standards through appropriate professional accreditation bodies such as National Public Health Department Accreditation, and remove barriers to healthcare and eliminate health disparities with limited resources.

Against a backdrop of these and other influencing factors, MCPHD maintains a high-level of critical public health services that achieve a positive impact on the long-term health of Marion County residents.

MCPHD is committed to:

- Reducing infant mortality.
- Promoting the importance of immunization in infants, children and adults.
- Ensuring education and policy changes to reduce tobacco use and secondhand smoke.
- Working to reduce obesity, sedentary lifestyle and increasing understanding of good nutrition and physical activity.
- Researching, creating and implementing strategies to lower the incidence of diabetes, asthma and cardiovascular disease.
- Reducing antibiotic resistance in our community.

Through our Community Health Assessment (CHA), MCPHD better understands the needs and assets of Marion County and ensures health care resources are used toward collaborating to make measurable improvements in Marion County residents' health and well-being. The most recent MCPHD CHA, which was prepared in collaboration with over 125 public health partners and released in December 2014, revealed five priorities for our county: unhealthy weight, poor mental health, poverty, chronic disease prevention and management and violence. MCPHD held four Town Hall meetings to gather community input, held a kick-off meeting in September for over 100 public health partners, and organized a Steering Committee for the 2016 Community Health Improvement Plan which will address these five priorities. MCPHD also has a new Strategic Plan, Workforce Development Plan, and Quality Improvement Plan. The Accreditation Team was expanded in 2015 to include subject matter experts for each of the twelve domains of the National Public Health Accreditation Board standards.

Through a comprehensive collaborative approach, MCPHD understands many of our public health challenges are interrelated and involve personal responsibility and a long-term commitment to achieve positive health outcomes.

There are equally compelling challenges on the public health landscape beyond those identified by the CHA. These challenges include addressing the overwhelming and critical problem of dental disease in disadvantaged children, creating optimal coordination of community-based primary care services, housing inspections, lead safe and healthy home testing, analysis and case management, providing clinical and environmental public health laboratory services to protect against diseases and other health hazards and providing mental health and social services. Through our public health preparedness and public safety efforts, MCPHD continues to mitigate public health threats and emergencies by strategic and effective planning and collaboration. Aggressive efforts continue in reducing the transmission of HIV/AIDS, Hepatitis C and other sexually transmitted diseases, expanding outreach services to substance abusers and reducing the prevalence of prostate cancer.

Eskenazi Health:

Eskenazi Health received many awards during 2015, a sample of which includes:

- Matt Royal, director of Eskenazi Health Biomedical Engineering, was presented with the Indiana Society of Healthcare Engineering (ISHE) "2014 Max" Award. The "Max" award is given to hospital engineers who show commitment and dedication to the profession.

- Debra L. Fawcett, Ph.D., RN, manager of Eskenazi Health Infection Prevention & Control, earned the Association of Perioperative Registered Nurses (AORN) Outstanding Achievement in Mentorship Award.

- Todd Walroth, manager of clinical pharmacy services, was chosen as Mentor of the Year in the health and health services category of the Inspire Awards. The Inspire Awards is an annual event from College Mentors for Kids that is designed to celebrate mentoring in the workplace and community.

- Eskenazi Health Midtown Community Mental Health Medical-Legal Partnership was honored with the 2015 Outstanding MLP Award from the National Center for Medical Legal Partnership. The award was presented for Eskenazi Health's excellence in providing integrated clinical and legal services, as exemplified through its leadership in the area of positive policy changes in mental health and developmental disability services.

- Indiana Governor Mike Pence presented Sidney and Lois Eskenazi each with the Sagamore of the Wabash at a special ceremony on May 28, 2015. The Sagamore of the Wabash is one of the state's highest individual recognitions.

- Eskenazi Health Prescription for Hope was voted a finalist in the 2015 Safe States Alliance Innovative Initiatives Program & Annual Award. The Safe States Alliance is a national non-profit organization and professional association whose mission is to strengthen the practice of injury and violence prevention.

- Eskenazi Health was recognized by the United States (U.S.) Department of Health and Human Services and U.S. Health Resources and Services Administration with a national Gold Medal for excellence in support of organ donation, in a period running from April 2012 through March 2014. During this time period, 711 hospitals nationwide participated in the collaborative effort, which looked at three key elements: the conversion of potential organ donors into actual donors, the number of organs recovered for transplantation from each donor and the percentage of cases in which donation occurred after circulatory death was declared. Only 22 hospitals nationwide were recognized with gold medals. In Indiana, Eskenazi Health is one of only two adult hospitals so recognized.

- The American Heart Association and American Stroke Association presented Eskenazi Health with a certificate of recognition in commemoration of achieving participating status associated with "Get With the Guidelines – Stroke Resuscitation". The award recognizes the attainment of prescribed thresholds and the committed effort of providing high quality cardiovascular care to our patients.

- Eskenazi Health Prescription for Hope was honored as the winner of a Health Care Hero award by the Indianapolis Business Journal (IBJ) in the Community Achievement in Health Care category.

- Rob Ley's piece, titled "May/September," a 12,000-square-foot sculptural piece located on the south end of the Eskenazi Health Parking Garage, was selected as a 2015 Public Art Network (PAN) Year in Review award recipient, the highest recognition for public art in the United States.

- Eskenazi Health was selected as a finalist at this year's Healthiest Employers of Indiana awards.

- The Commonground at Eskenazi Health was a finalist for the 2015 Indianapolis Sustainability Awards.

- Dr. Arif Nazir, medical director of Eskenazi Health Center Extended Care (geriatrics category), and Ukamaka Oruche, a clinical nurse specialist with Eskenazi Health (research category), were recognized with a Tony and Mary Hulman Health Achievement Award by the Indiana Public Health Association on October 14, 2015. Dr. Dan O'Donnell, Indianapolis EMS medical director, and an emergency medicine physician at Eskenazi Health, was recognized in the medicine and public health category. In addition, Dr. Lisa Harris, CEO of Eskenazi Health served as the Honorary Chair of the 31st annual celebration.

- Dr. Theresa Rohr-Kirchgraber, chief physician executive of the Eskenazi Health Center Primary Care - Center of Excellence in Women's Health, was recognized by the Women's Fund of Central Indiana for her leadership in inspiring women to get a "seat at the table".

- Gloria King, EdD, director of Eskenazi Health Multicultural Affairs, was presented the Community Health Champion Award by the Black Nurses Association (BNA) at its annual luncheon on October 29, 2015. The BNA is a voluntary professional nursing organization dedicated to improving the health of African Americans and ethnic populations.

- Dr. Lisa Harris, CEO of Eskenazi Health, was featured in Becker's Hospital Review's list of 100 Physician Leaders of Hospitals and Health Systems 2015. This list features hospital and health system presidents and CEOs who also hold medical degrees. Leaders were selected for this list based on editorial judgment and discretion, and nominations were considered when making selections for this list.

- HOK, the architectural firm hired for the building of the main Eskenazi Health campus, was recognized by Building Better Healthcare for "Best International Development" for Sidney & Lois Eskenazi Hospital.

For 157 years, Eskenazi Health has provided high-quality, cost-effective, patient-centered health care to the residents of Marion County and Central Indiana. Accredited by The Joint Commission, nationally recognized programs include a Level I trauma center, regional burn center, comprehensive senior care program, women's and children's services, teen and adolescent care programs, Eskenazi Health Midtown Community Mental Health, and a network of primary care sites located throughout the neighborhoods of Indianapolis known as Eskenazi Health Center. Eskenazi Health also serves as the sponsoring hospital for Indianapolis Emergency Medical Services.

As the public hospital division of the Health and Hospital Corporation of Marion County, Eskenazi Health partners with the Indiana University School of Medicine whose physicians provide a comprehensive range of primary and specialty care services.

Long-Term Care:

The Corporation acquired seventeen additional skilled nursing centers in 2015 bringing the total of long-term care facilities to 78 licensed nursing homes and four free-standing Assisted Living facilities, which are all licensed for residential care. In addition, multiple locations provide a continuum of care with independent apartments and garden homes in a campus type setting.

The 2015 acquisitions (Acquired Facilities) were formerly licensed and operated by Dearborn County Hospital of Lawrenceburg, Indiana. The facilities had been leased from and managed by Extendicare Health Services, Inc. (Extendicare), a Canadian-based company with many skilled nursing facilities (SNFs) throughout the U.S. In July 2015 Extendicare sold most of their SNFs in the U.S. to other companies and the 17 Indiana properties were sold to a group of investors led by Formation Capital, LLC (Formation). Formation is a private investment management group focused on long-term and post-acute health care real estate. Formation is the landlord of these 17 properties where the Corporation is the owner and operator. Both American Senior Communities (ASC) and Corporation executive staff meet quarterly with the representatives of Formation to review the financial and operational status of this facility group.

Extendicare was under a Corporate Integrity Agreement with the Office of the Inspector General (OIG) and the new operators, including the Corporation, are required to operate the facilities in compliance with the Corporate Integrity Agreement Compliance Plan until October 2019. The Corporation and ASC are working closely with the independent monitor appointed by the OIG, which is Long-Term Care Institute, Inc. (LTCI). ASC appointed a specific Corporate Compliance Officer for the Acquired Facility Group and this individual reports to the Corporation's Corporate Compliance Officer in matters related to this facility group. Both the OIG monitors and LTCI have expressed satisfaction with the policies, procedures and systems introduced by ASC and the Corporation for this new group and the Corporation Board of Trustees has attested compliance with the provisions of the plan for 2015.

Quality care and service are priorities for the Long-Term Care Division and quality improvement endeavors are continually performed at all locations. In October 2015, seven of the Corporation's facilities were among only 13 Indiana nursing homes presented with the AHCA/NCAL National Quality Bronze Award for Commitment to Quality. The facilities are: Allisonville Meadows, Bethlehem Woods Nursing and Rehabilitation, Edgewater Woods, Heritage Park, Markle Health and Rehabilitation, Cypress Grove Rehabilitation and Zionsville Meadows. This brings the total number of Bronze Award winning Corporation facilities to nine with American Village and Coventry Meadows being 2014 recipients. One facility, Swiss Villa Nursing and Rehabilitation, was among four Indiana facilities presented with the National Quality Silver Award. The awards are based on the health care criteria of the nationally recognized Baldrige Performance Excellence program and participation in this program is encouraged for all Corporation locations.

According to the CMS Nursing Home Compare Rating System, in December 2015, the Corporation's "Legacy" facilities averaged Four Stars out of Five Stars overall. The federal average at that time was 3.4 Stars. The statewide average was 3.28 Stars for all skilled facilities and 3.17 Stars when the Corporation group was excluded. The Acquired Facilities averaged 3 Stars Overall for the same rating period. This rating system includes three components: Inspections Rating, Staffing Rating and Quality Measures Rating. The Quality Measures Rating evaluates the skilled facility on eighteen quality measures including such care components as pain, pressure ulcers, depressive symptoms, weight loss, etc.

Regulatory compliance is an on-going objective for the Long-Term Care Division and the majority of the Corporation's facilities are very successful in achieving or maintaining outstanding compliance with federal and state compliance measures. The 61 skilled facilities which have been operated by the Corporation for more than two years earned the following regulatory ratings: Six Corporation skilled nursing facilities earned deficiency free surveys from the Indiana State Department of Health (ISDH) in 2015 compared to four in 2014. The ISDH report card computed scores have continued to improve. In 2015, the corporate average improved from 117.5 in January to 114.6 in December and is much better than the statewide average score, which was 149 (the lower the score, the better). This was the fourth year in a row that the Corporation's facilities have averaged better than the statewide average. Forty facilities or 66% of the sixty-one facilities have improved their annual licensure and recertification score sets since the time of acquisition.

The new acquisitions were less robust in regulatory compliance and ended the year with an average score worse than the state average at 162. Immediately upon acquisition, corporate and local leadership began to implement standards and processes at the new locations focused on improving quality of care and regulatory compliance. One of the new acquisitions, Todd-Dickey Nursing and Rehabilitation, earned a deficiency-free licensure and certification survey in September.

One of the most important care and service measures is resident and family satisfaction. The National Business Research Institute Inc., an independent company with over 30 years of experience in the measurement of consumer satisfaction, conducted a satisfaction survey of all of the Corporation's long-term care facilities in October 2015. The results of the survey indicate an overall consumer satisfaction rate of 90.3%, and 90.5% of respondents indicated they would recommend our services to others. This is consistent with the ratings received in the same categories in October 2014 for the facilities acquired prior to July 2015, which was 91% and 95% respectively.

The total resident census was 8,526 on December 31, 2015.

On September 15, 2015, the Corporation became aware of a federal investigation of several then leaders at American Senior Communities (ASC), the management company the Corporation contracted with to manage its long-term care facilities. The Corporation has been assured that the Corporation and its employees are not the target or subject of any investigation and that this investigation is not related to the care that any resident/patient has received at any of the Corporation's nursing homes. See Note 16 for additional information.

The Corporation's executive team has been in daily contact and held weekly meetings with ASC and has assured the transition of leadership at the management company has resulted in only positive changes for the operations of our long-term care facilities.

AWARDS AND ACKNOWLEDGEMENTS

The Corporation had an annual audit of its financial statements performed for 2015 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, 2014. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last 31 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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Health and Hospital Corporation

of Marion County, Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Health and Hospital Corporation

Appointed Officials - Board of Trustees

James D. Miner, M.D.
Chairperson
Physician

Gregory S. Fehribach
Vice Chairperson
Attorney
Stark, Doninger & Smith

David F. Canal, M.D.
Physician
IU School of Medicine

Deborah J. Daniels
Managing Partner
Krieg DeVault

Charles S. Eberhardt, II
President and CEO
Akinet Spirits Group

Joyce Q. Rogers
Vice President
Indiana University

Carl L. Drummer
Director of Public Affairs
Ice Miller

Health and Hospital Corporation

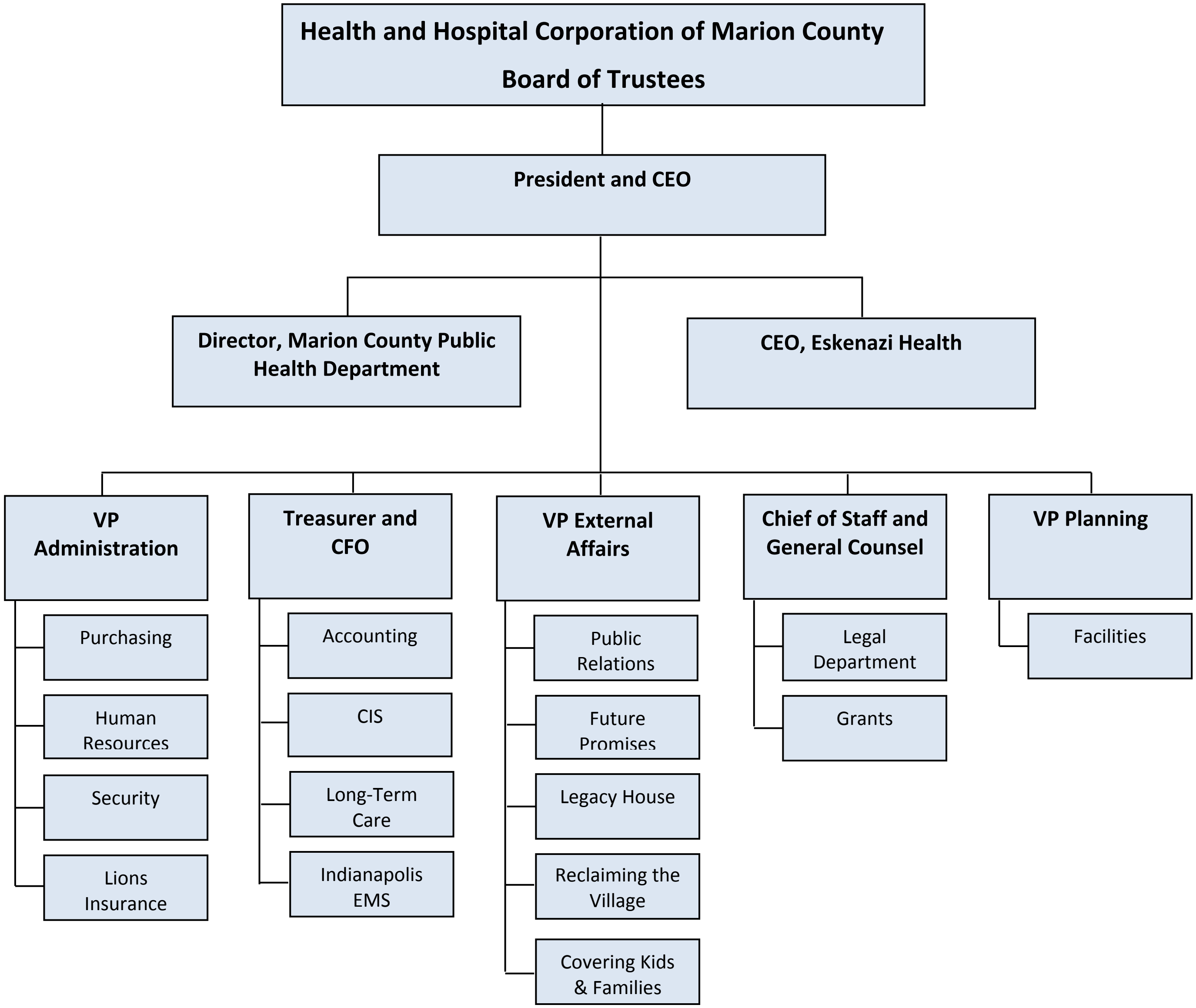
Officers

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

Independent Auditors

BKD, LLP Indianapolis, Indiana

Officers of the Health and Hospital Corporation during 2015 were (left to right): Matthew R. Gutwein, President and Chief Executive Officer; Lisa E. Harris, M.D., Chief Executive Officer, Eskenazi Health; Virginia A. Caine, M.D., Director, Marion County Public Health Department; and Daniel E. Sellers, Treasurer and Chief Financial Officer.


Health and Hospital Corporation of Marion County
Board of Trustees
President and CEO
Director, Marion County Public Health Department
CEO, Eskenazi Health
VP Administration
Purchasing
Human Resources
Security
Lions Insurance
Treasurer and CFO
Accounting
CIS
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Indianapolis EMS
VP External Affairs
Public Relations
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Legacy House
Reclaiming the Village
Covering Kids & Families
Chief of Staff and General Counsel
Legal Department
Grants
VP Planning
Facilities

Financial Section

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CPAs & Advisors
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Independent Auditor's Report

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 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, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Health and Hospital Corporation of Marion County, Indiana as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, in 2015, the Corporation adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

As discussed more fully in Note 16 to the financial statements, authorities, including federal prosecutors, publicly acknowledged an investigation into certain former executives of the manager of the Corporation's Long-Term Care enterprise fund.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The accompanying introductory and statistical sections, 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Indianapolis, Indiana
August 30, 2016

Management's Discussion and Analysis (Unaudited)

As management of the Health and Hospital Corporation of Marion County, Indiana, (Corporation), we offer readers of this Corporation's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2015. 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. We would like to highlight the fact that the 2014 discussion has not been adjusted to reflect the restatement resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, as discussed in Note 1 of the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Corporation exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $682.1 million (net position). Unrestricted net position at the end of 2015 is a negative $114.4 million.
- The Corporation's total net position increased by $44.8 million, from current year activities.
- As of the close of 2015, the Corporation's governmental funds reported combined ending fund balances of $347.0 million, an increase of $65.5 million in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $297.6 million or 166.9% of total General Fund expenditures.
- The Corporation's total debt, excluding capital leases, decreased by $5.2 million or 2.6% during the current fiscal year. This reflects scheduled principal payments on outstanding bonds. The capital lease obligations increased by $76.9 million or 8.8% in 2015.

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 required and 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 position presents information on all of the Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these financial statement elements being reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 Eskenazi Health, including a general acute care hospital, an outpatient care center, ten community health centers and the Transport Emergency Medical Services system for Marion County, Indiana (Indianapolis EMS); and the Corporation's Long-Term Care operations (Long-Term Care), consisting of a system of long-term care facilities throughout the State of Indiana.

The government-wide financial statements include the Health and Hospital Corporation of Marion County, Indiana (known as the primary government) and two blended component units, Lions Insurance Company and Eskenazi Medical Group. Since the Corporation's Board is appointed, not elected, the Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (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 funds 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 Eskenazi Health Division (including Indianapolis EMS) and its Long-Term Care Division. The proprietary funds include the blended component units of Lions Insurance Company and Eskenazi Medical Group.

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, including a schedule of proportionate share of the net pension liability and schedule of contributions in connection with the Corporation's participation in a cost-sharing, multiple-employer defined-benefit retirement plan and a budgetary comparison schedule for the General Fund. Also, budgetary schedules are provided for the Debt Service Fund and the Capital Projects Fund as other supplementary information.

Financial Analysis of the Corporation as a Whole

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets and deferred outflows exceeded liabilities and deferred inflows by $682.1 million at December 31, 2015. The Corporation's net position increased by $44.8 million, compared to $136.9 million in 2014.

The Corporation's net position includes its investment in capital assets (e.g., land, buildings, machinery, and equipment,) plus restricted funds, 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. The remaining balance of unrestricted net position is a negative $114.4 million.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	$ 425,260,003	$ 353,097,516	$ 527,378,338	$ 461,072,381	$ 952,638,341	$ 814,169,897
Capital assets, net of accumulated depreciation	24,441,038	25,078,393	1,252,541,243	1,196,906,151	1,276,982,281	1,221,984,544
Total Assets	449,701,041	378,175,909	1,779,919,581	1,657,978,532	2,229,620,622	2,036,154,441
Deferred Outflow of Resources	10,084,804	844,499	44,055,057	-	54,139,861	844,499
Liabilities						
Other liabilities	29,661,796	29,315,275	176,928,401	106,755,920	206,590,197	136,071,195
Long-term liabilities	700,958,871	685,913,232	688,048,528	442,714,615	1,389,007,399	1,128,627,847
Total Liabilities	730,620,667	715,228,507	864,976,929	549,470,535	1,595,597,596	1,264,699,042
Deferred Inflow of Resources	228,301	-	5,817,018	-	6,045,319	-
Net Position						
Net investment in capital assets	29,632,970	9,860,293	766,710,946	799,873,777	796,343,916	809,734,070
Restricted	164,812	568,065	-	-	164,812	568,065
Unrestricted	(300,860,905)	(346,636,457)	186,469,745	308,634,220	(114,391,160)	(38,002,237)
Total Net Position	$ (271,063,123)	$ (336,208,099)	$ 953,180,691	$ 1,108,507,997	$ 682,117,568	$ 772,299,898

Changes in Net Position

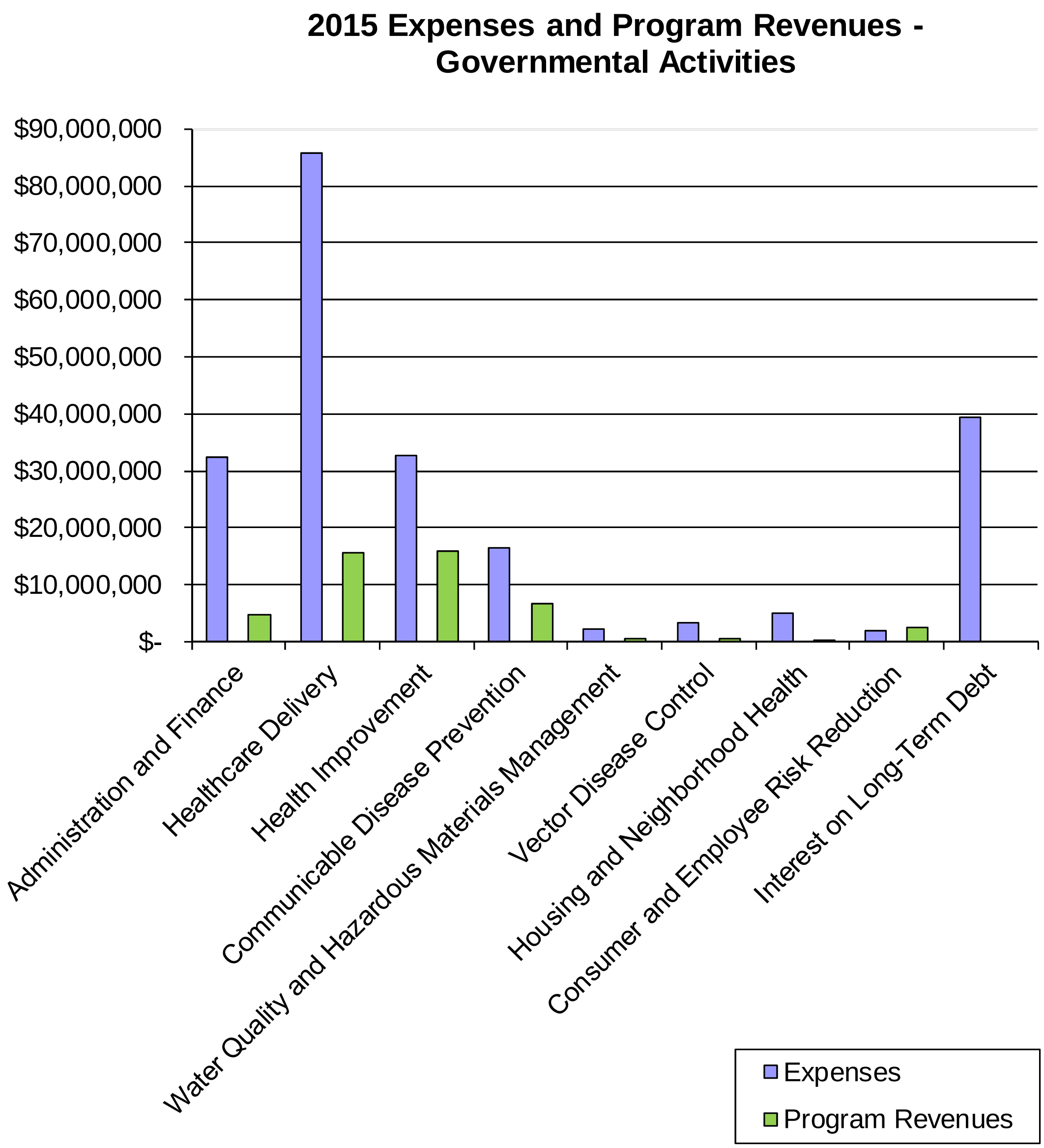
The Corporation's total revenue was $1.6 billion during the current fiscal year. Taxes represent 7.6% of the Corporation's revenue. Medicaid special revenue represents 4.2% of revenue, while 83.6% of revenue came from fees charged for services. The remaining 4.6% came from grants and contributions, interest earnings, Build America Bond subsidies, and miscellaneous revenues.

The total cost of all programs and services was $1.5 billion. This resulted in an increase in net position for the year of $44.8 million.

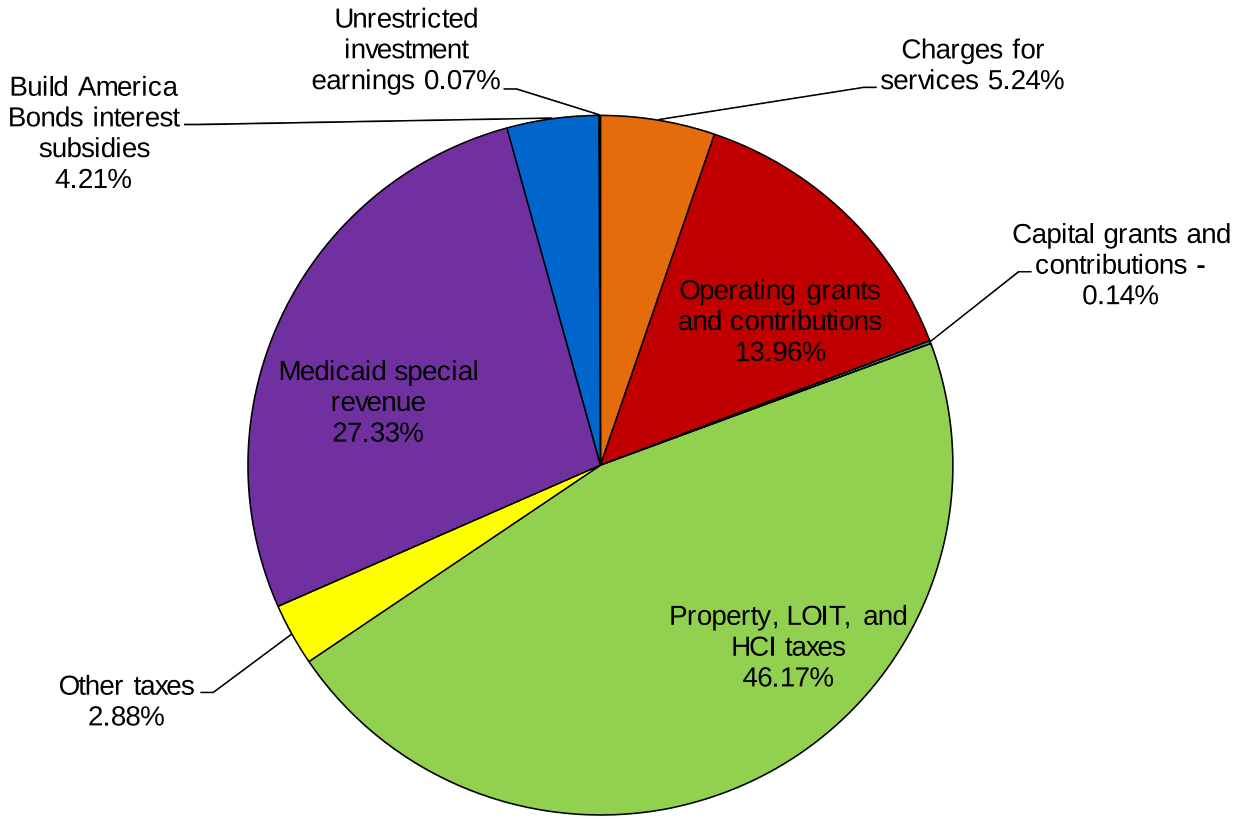
Governmental activities - Governmental activities increased the Corporation's net position by $88.3 million compared to the total $44.8 million increase in net position of the Corporation. Medicaid special revenue decreased $13.8 million from 2014 to 2015. The Corporation received $0.3 million in capital grants and contributions in 2015. Net transfers were $67.7 million, compared to negative $0.3 million from prior year. 2015 transfers reflect an increase in Long-Term Care Fund transfers to the General Fund.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	$ 12,558,175	$ 12,140,127	$ 1,285,984,195	$ 1,248,568,957	$ 1,298,542,370	$ 1,260,709,084
Operating grants and contributions	33,446,058	72,402,538	27,621,185	24,941,727	61,067,243	97,344,265
Capital grants and contributions	335,812	-	-	-	335,812	-
General revenues:						
Property, HCI and local option income taxes	110,576,517	111,475,288	-	-	110,576,517	111,475,288
Other taxes	6,904,241	6,988,298	-	-	6,904,241	6,988,298
Medicaid special revenue	65,466,714	79,227,647	-	-	65,466,714	79,227,647
Build America Bonds interest subsidies	10,082,902	10,061,207	-	-	10,082,902	10,061,207
Unrestricted investment earnings (losses)	158,377	87,680	(13,009)	153,589	145,368	241,269
Total revenues	239,528,796	292,382,785	1,313,592,371	1,273,664,273	1,553,121,167	1,566,047,058
Expenses						
Administration and finance	32,282,508	33,151,933	-	-	32,282,508	33,151,933
Healthcare delivery	85,677,977	108,603,627	-	-	85,677,977	108,603,627
Health improvement	32,540,375	30,227,402	-	-	32,540,375	30,227,402
Communicable disease prevention	16,531,434	15,537,862	-	-	16,531,434	15,537,862
Water quality and hazardous material management	2,364,671	2,213,065	-	-	2,364,671	2,213,065
Vector disease control	3,346,800	3,545,044	-	-	3,346,800	3,545,044
Housing and neighborhood health	4,929,739	5,180,149	-	-	4,929,739	5,180,149
Consumer and employee risk reduction	1,841,372	1,808,188	-	-	1,841,372	1,808,188
Interest on long-term debt	39,405,946	40,571,658	-	-	39,405,946	40,571,658
Eskenazi Health	-	-	617,219,888	588,245,868	617,219,888	588,245,868
Long-term care	-	-	672,134,077	600,063,314	672,134,077	600,063,314
Total expenses	218,920,822	240,838,928	1,289,353,965	1,188,309,182	1,508,274,787	1,429,148,110
Increase in Net Position Before Transfers	20,607,974	51,543,857	24,238,406	85,355,091	44,846,380	136,898,948
Transfers	67,697,442	(250,675)	(67,697,442)	250,675	-	-
Increase (Decrease) in Net Position	88,305,416	51,293,182	(43,459,036)	85,605,766	44,846,380	136,898,948
Net Position, Beginning of Year, as Previously Reported	(336,208,099)	(387,501,281)	1,108,507,997	1,004,458,984	772,299,898	616,957,703
Change in accounting principle	(23,160,440)	-	(111,868,270)	18,443,247	(135,028,710)	18,443,247
Net Position, Beginning of Year, Restated	(359,368,539)	(387,501,281)	996,639,727	1,022,902,231	637,271,188	635,400,950
Net Position, End of Year	$ (271,063,123)	$ (336,208,099)	$ 953,180,691	$ 1,108,507,997	$ 682,117,568	$ 772,299,898

The following charts provide comparisons of the Corporation's governmental program revenues and expenses by function, as well as revenues by source. As shown, healthcare delivery 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.



2015 Revenues by Source - Governmental Activities

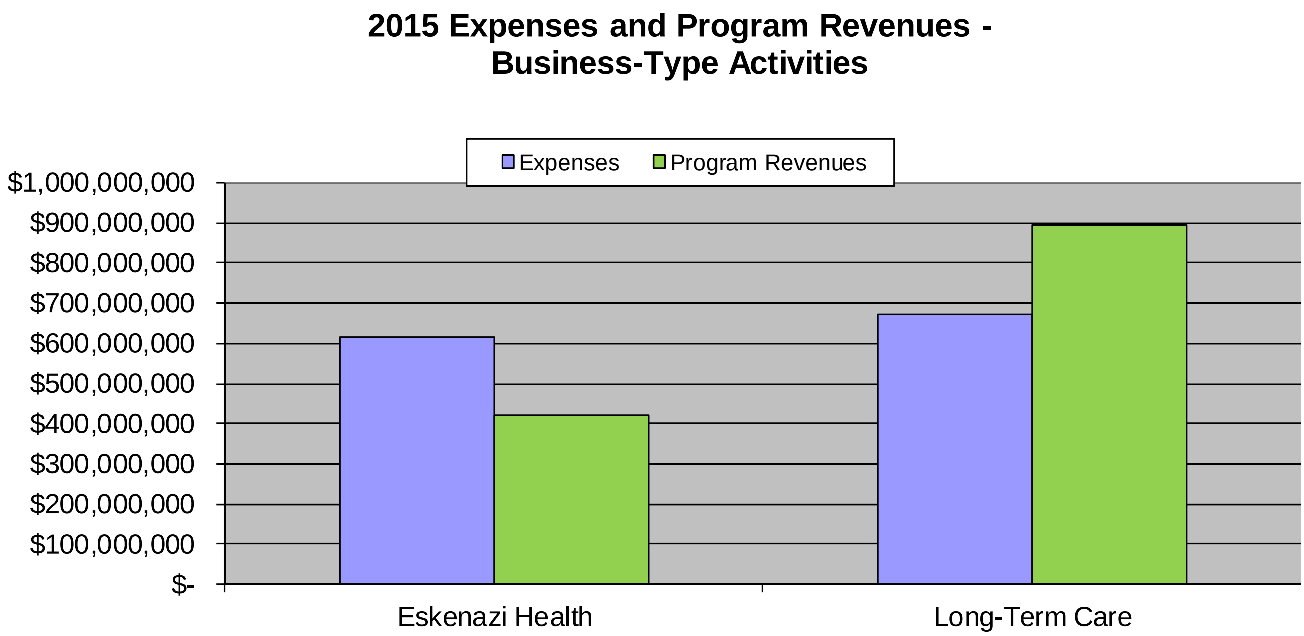


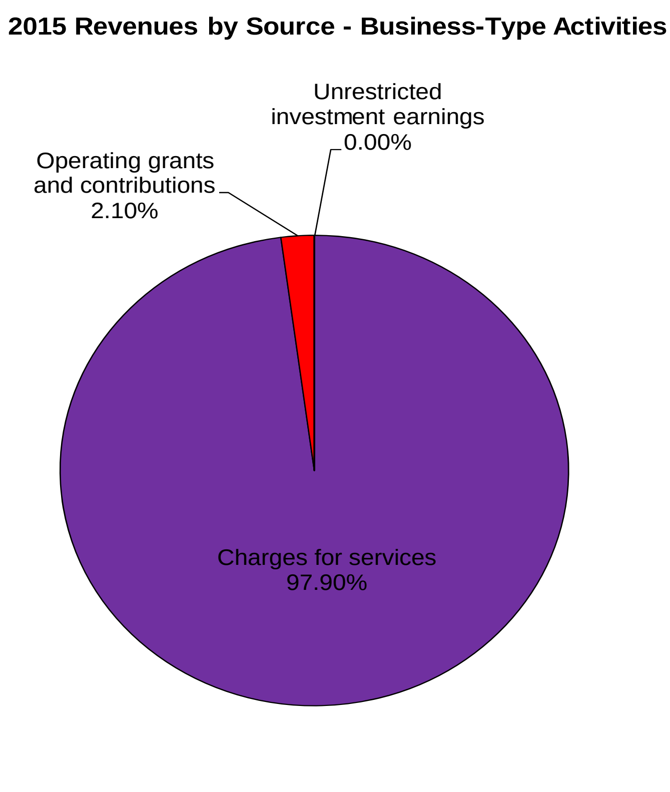
Business-type activities - Business-type activities decreased the Corporation's net position by $43.5 million compared to an increase of $85.6 million in 2014.

Eskenazi Health's net position decreased by $18.9 million in the current year. Net investment in capital assets decreased by $30.9 million; decreases in capital assets totaled $315.7 million, which was offset by depreciation of $284.8 million. Operating revenues decreased by $47.6 million due to a decrease in net patient services revenue of $50.4 million and an increase of other revenue of $2.8 million. Eskenazi Health support increased by $39.9 million in 2015. Operating expenses increased $29.0 million due to cost inflation, staffing changes, increased cost of employee health insurance coverage, increased purchased services, supplies, and repairs and maintenance and the increased depreciation expense noted above. Eskenazi Health incurred an operating loss of $223.7 million, which was offset by approximately $175.3 million in transfers from the General Fund and approximately $27.6 million in grants from various agencies.

Long-Term Care net position was $196.2 million, which was a decrease of $24.6 million from 2014. Operating revenues increased $85.1 million due to an increase in Medicaid special revenue and the addition of 17 facilities in 2015. Operating expenses increased $70.5 million over 2015. This was primarily due to the additional 17 facilities, increased staffing costs, as well as an increase in depreciation expense related to capital additions. Long-Term Care has $4.1 million in net investment in capital assets. All 78 facilities are recorded as capital assets under noncurrent assets.

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





Financial Analysis of the Corporation's Funds

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

Governmental Funds **-** The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unassigned 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 $347.0 million, an increase of $65.5 million in comparison with the prior year. Approximately 14.1% of this total amount, or $49.0 million, constitutes restricted and assigned fund balance, which is related to capital outlays for the new hospital and money set aside for debt service. Approximately 85.8% of the total amount, or $297.6 million, is unassigned fund balance. The remaining .1% of fund balance is nonspendable.

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $297.6 million, while the total fund balance increased $53.1 million to a balance of $299.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 166.9% of total General Fund expenditures, while total fund balance represents 168.1% of that same amount.

The total fund balance of the Corporation's General Fund increased by $53.1 million during the current fiscal year, in comparison to a $66.1 million increase in 2014. Contributions, including medical education fees, decreased by $42.2 million between 2015 and 2014. Medicaid special revenue decreased by $45.4 million in 2015. Total expenditures decreased by $18.3 million in 2015 due to decreased intergovernmental expenditures. Support transfers out to Eskenazi Health increased by $39.9 million. Long-Term Care transfers in increased by $95.0 million. The 2015 fund balance increase for the General Fund, of $53.1 million, related to transfers in from the Long-Term Care fund in 2015 greater than budgeted. Also, expenditures were under budget due to year-end initiatives not occurring during 2015.

Debt Service Fund **-** The Debt Service Fund has a fund balance of $17.1 million compared to a fund balance of $17.4 million in 2014. The net decrease in fund balance during the current year was $0.3 million. 2015 debt service expenditures were greater than revenues and transfers in, reducing the Debt Service Fund balance. The decrease in fund balance aligns with the approved Debt Service Fund budget. The budget accounted for a reduction in the December 31, 2015 operating balance based on estimated taxes and other revenues. Revenues in 2015 did not exceed the budgeted amounts, causing the fund balance to decrease.

Capital Projects Fund **-** The Capital Projects Fund has a total fund balance of $30.2 million. The net increase in fund balance during the current year was $12.6 million. Transfers from the General Fund occurred at the budgeted level, while the capital projects planned for 2015 did not occur, which contributed to the Capital Projects Fund balance increase.

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 position of Eskenazi Health at the end of the year was negative $5.7 million. Total net position for Eskenazi Health decreased by $18.9 million. Other factors concerning the finances of Eskenazi Health were addressed in the discussion of the Corporation's business-type activities.

Unrestricted net position of Long-Term Care at the end of the year was $192.1 million. Total net position decreased by $24.6 million. Additional information on Long-Term Care operations can be found in the discussion of the Corporation's business-type activities.

General Fund Budgetary Highlights

The original budget of $342.0 million remained unchanged during 2015, both in total and by major object of expenditure. The $342.0 million budget included $142.6 million in expenditures and $199.4 million in transfers out. Actual expenditures and transfers out totaled $327.4 million. Of the total $14.6 million underspending, $1.8 million related to personal services, $1.5 million to supplies, $10.3 million to other charges and services (including transfers out) and $1.0 million to capital outlays. Underspending for all reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at $344.4 million, and actual was $462.8 million. Medicaid special revenue was $77.7 million over budget as prior year DSH final settlements were received February of 2015. Miscellaneous revenue was $38.8 million under budget due to decreased medical education revenue from IU Health Foundation. Transfers in were over budget by $75 million due to annual transfers from the Long-Term Care Fund being greater than projected.

Capital Asset and Debt Administration

Capital Assets **-** The Corporation's capital assets for its governmental and business-type activities as of December 31, 2015, amounts to $1.3 billion (net of accumulated depreciation), compared to $1.2 billion at the end of 2014. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 4,095,347	$ 4,095,347	$ 9,722,914	$ 9,722,914	$ 13,818,261	$ 13,818,261
Land improvements	-	-	71,186,333	74,450,286	71,186,333	74,450,286
Buildings and improvements	13,597,120	14,810,607	1,013,448,440	962,822,117	1,027,045,560	977,632,724
Equipment	5,040,421	5,932,792	117,009,479	119,265,829	122,049,900	125,198,621
Vehicles	435,223	239,647	3,157,761	724,241	3,592,984	963,888
Construction in progress	1,272,927	-	38,016,316	29,920,764	39,289,243	29,920,764
Total assets	$ 24,441,038	$ 25,078,393	$ 1,252,541,243	$ 1,196,906,151	$ 1,276,982,281	$ 1,221,984,544

Long-Term Debt **-** At the end of 2015, the Corporation had total general obligation debt outstanding of $196.1 million. Moody's Investors Service rates the Corporation's general obligation debt "Aa1".

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 $246.6 million. Outstanding general obligation debt (excluding premiums) at December 31, 2015 represents 78.1% 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	
	2015	2014	2015	2014	2015	2014
1988 renovation bonds	$ 7,905,000	$ 9,545,000	$ -	$ -	$ 7,905,000	$ 9,545,000
2005 general obligation bonds	17,070,000	19,260,000	-	-	17,070,000	19,260,000
2010 general obligation bonds	167,550,000	168,785,000	-	-	167,550,000	168,785,000
Unamortized bond premiums	3,623,042	3,806,685	-	-	3,623,042	3,806,685
Capital leases	464,166,362	476,096,070	485,830,297	397,032,374	949,996,659	873,128,444
Total long-term debt	$ 660,314,404	$ 677,492,755	$ 485,830,297	$ 397,032,374	$ 1,146,144,701	$ 1,074,525,129

Economic Factors and Next Year's Budgets and Rates

The 2016 original budget for all annually budgeted funds is $456.1 million. No revisions have been made through August 2016. The 2016 General Fund budget is $385.3 million. The 12.7% increase from the 2015 final General Fund budget of $342.0 million reflects an increase in operating transfers to the Eskenazi Health Fund. The budget for the Corporation will continue to be challenged by increasing expenditures and declining revenue in the form of property tax caps.

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 Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 71,462,189	$ 499,959,371	$ 571,421,560
Investments	-	4,785,048	4,785,048
Receivables, net:			
Patient services	-	123,865,757	123,865,757
Medicaid special revenue	9,956,533	61,136,961	71,093,494
Grants	4,538,693	6,568,503	11,107,196
Interest	539	438	977
Other	6,598,256	6,146,279	12,744,535
Internal balances	278,381,097	(278,381,097)	-
Inventories	-	5,975,364	5,975,364
Estimated Medicare/Medicaid settlements	-	12,133,570	12,133,570
Prepaid costs and other assets	368,953	12,859,891	13,228,844
Restricted cash and cash equivalents	16,160,357	-	16,160,357
Restricted investments	200,000	5,218,945	5,418,945
Lease acquisition costs (net of accumulated amortization)	-	23,399,761	23,399,761
Joint venture investments	37,593,386	40,326,352	77,919,738
Other long-term assets	-	3,383,195	3,383,195
Capital assets (net of accumulated depreciation):			
Land	4,095,347	9,722,914	13,818,261
Land improvements	-	71,186,333	71,186,333
Buildings and improvements	13,597,120	1,013,448,440	1,027,045,560
Equipment	5,040,421	117,009,479	122,049,900
Vehicles	435,223	3,157,761	3,592,984
Construction in progress	1,272,927	38,016,316	39,289,243
Total assets	449,701,041	1,779,919,581	2,229,620,622
Deferred Outflows of Resources	10,084,804	44,055,057	54,139,861
Liabilities			
Accounts payable	26,830,564	102,399,712	129,230,276
Restricted accounts payable	350,247	-	350,247
Accrued liabilities	2,142,034	33,906,413	36,048,447
Unearned revenue	338,951	14,460,920	14,799,871
Estimated Medicare/Medicaid settlements	-	11,264,484	11,264,484
Medical claims incurred but not reported	-	14,896,872	14,896,872
Long-term liabilities:			
Due within one year	19,993,208	72,145,581	92,138,789
Due in more than one year	680,965,663	615,902,947	1,296,868,610
Total liabilities	730,620,667	864,976,929	1,595,597,596
Deferred Inflows of Resources	228,301	5,817,018	6,045,319
Net Position			
Net investment in capital assets	29,632,970	766,710,946	796,343,916
Restricted for:			
Health services	164,812	-	164,812
Unrestricted	(300,860,905)	186,469,745	(114,391,160)
Total net position	$ (271,063,123)	$ 953,180,691	$ 682,117,568

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, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration and finance	$ 32,282,508	$ 4,853,327	$ -	$ -	$ (27,429,181)	$ -	$ (27,429,181)
Healthcare delivery	85,677,977	-	15,500,000	-	(70,177,977)	-	(70,177,977)
Health improvement	32,540,375	3,842,583	11,752,081	312,100	(16,633,611)	-	(16,633,611)
Communicable disease prevention	16,531,434	472,106	6,085,676	23,712	(9,949,940)	-	(9,949,940)
Water quality and hazardous materials management	2,364,671	366,492	78,800	-	(1,919,379)	-	(1,919,379)
Vector disease control	3,346,800	567,276	-	-	(2,779,524)	-	(2,779,524)
Housing and neighborhood health	4,929,739	86,644	24,768	-	(4,818,327)	-	(4,818,327)
Consumer and employee risk reduction	1,841,372	2,369,747	4,733	-	533,108	-	533,108
Interest on long-term debt	39,405,946	-	-	-	(39,405,946)	-	(39,405,946)
Total governmental activities	218,920,822	12,558,175	33,446,058	335,812	(172,580,777)	-	(172,580,777)
Business-Type Activities							
Eskenazi Health	617,219,888	393,515,691	27,621,185	-	-	(196,083,012)	(196,083,012)
LT Care	672,134,077	892,468,504	-	-	-	220,334,427	220,334,427
Total business-type activities	1,289,353,965	1,285,984,195	27,621,185	-	-	24,251,415	24,251,415
Total	$ 1,508,274,787	$ 1,298,542,370	$ 61,067,243	$ 335,812	(172,580,777)	24,251,415	(148,329,362)
General revenues:							
Property and local option income taxes					72,576,517	-	72,576,517
HCI taxes from State of Indiana					38,000,000	-	38,000,000
Excise taxes					5,604,009	-	5,604,009
Financial institution taxes					1,300,232	-	1,300,232
Medicaid special revenue (unrestricted)					65,466,714	-	65,466,714
Build America Bonds interest subsidies					10,082,902	-	10,082,902
Unrestricted investment earnings (losses)					158,377	(13,009)	145,368
Transfers					67,697,442	(67,697,442)	-
Total general revenues and transfers					260,886,193	(67,710,451)	193,175,742
Change in net position					88,305,416	(43,459,036)	44,846,380
Net position - beginning of year (as previously stated)					(336,208,099)	1,108,507,997	772,299,898
Change in accounting principle (see Note 1)					(23,160,440)	(111,868,270)	(135,028,710)
Net position - beginning of year (as restated)					(359,368,539)	996,639,727	637,271,188
Net position - end of year					$ (271,063,123)	$ 953,180,691	$ 682,117,568

See Notes to Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Balance Sheet - Governmental Funds
December 31, 2015

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 40,094,502	$ 971,058	$ 30,396,629	$ 71,462,189
Restricted cash and cash equivalents	-	16,160,357	-	16,160,357
Restricted investments	-	-	200,000	200,000
Receivables (net of allowance for uncollectibles):				
Grants	4,538,693	-	-	4,538,693
Medicaid special revenue	9,956,533	-	-	9,956,533
Other	1,543,245	5,055,011	539	6,598,795
Due from other funds	283,436,108	-	-	283,436,108
Prepaid costs and other assets	368,953	-	-	368,953
Total assets	$ 339,938,034	$ 22,186,426	$ 30,597,168	$ 392,721,628
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 26,830,564	$ -	$ 350,247	$ 27,180,811
Salaries and related benefits	2,142,034	-	-	2,142,034
Unearned revenue	338,951	-	-	338,951
Due to other funds	-	5,055,011	-	5,055,011
Accrued self-insurance claims	345,813	-	-	345,813
Total liabilities	29,657,362	5,055,011	350,247	35,062,620
Deferred Inflows of Resources				
Unavailable revenues	10,698,365	-	539	10,698,904
Fund Balances				
Nonspendable	368,953	-	-	368,953
Restricted for debt service	-	16,160,357	-	16,160,357
Assigned	1,639,580	971,058	30,246,382	32,857,020
Unassigned	297,573,774	-	-	297,573,774
Total fund balances	299,582,307	17,131,415	30,246,382	346,960,104
Total liabilities, deferred inflows of resources and fund balances	$ 339,938,034	$ 22,186,426	$ 30,597,168	

Amounts reported for governmental activities in the statement of net position are different because:	
Net capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund statements	24,441,038
Joint venture investments are not financial resources and therefore are not reported in the fund statements	37,593,386
Net pension liability is not due and payable in the current period and therefore is not recorded in the funds statement	(33,231,622)
Deferred inflows of resources not meeting availability criteria in fund statements are not in the statement of net position	10,698,904
Deferred inflows of resources related to pension are not available to pay for current period expenditures and therefore are not reported in the fund statements	(228,301)
Deferred outflows of resources are not financial resources and therefore are not reported in the fund statements and include:	
Loss on refunding	710,854
Pension	9,373,950
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund statements (excludes matured bond principal and interest)	(667,381,436)
Net position of governmental activities	$ (271,063,123)

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, 2015

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	$ 112,911,365	$ 4,357,811	$ 211,582	$ 117,480,758
Licenses and permits	4,463,639	-	-	4,463,639
Intergovernmental	18,125,935	-	-	18,125,935
Charges for services	1,104,786	-	-	1,104,786
Medicaid special revenue	58,910,181	-	-	58,910,181
Investment income	2,167,342	13,045	27,452	2,207,839
Build America Bonds interest subsidies	-	10,082,902	-	10,082,902
Contributions	15,500,000	-	-	15,500,000
Miscellaneous	4,477,540	-	33,835	4,511,375
Total revenues	217,660,788	14,453,758	272,869	232,387,415
Expenditures				
Current:				
Administrative	31,883,218	-	-	31,883,218
Population health	25,721,962	-	-	25,721,962
Environmental health	11,958,093	-	-	11,958,093
Health center program	1,025,628	-	-	1,025,628
Data processing	3,747,220	-	-	3,747,220
Grant programs	17,107,074	-	-	17,107,074
Capital outlays	1,128,190	-	2,626,774	3,754,964
Debt service:				
Principal	-	16,279,708	-	16,279,708
Interest and fiscal charges	-	39,455,945	-	39,455,945
Intergovernmental	85,677,977	-	-	85,677,977
Total expenditures	178,249,362	55,735,653	2,626,774	236,611,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,411,426	(41,281,895)	(2,353,905)	(4,224,374)
Other Financing Sources (Uses)				
Transfers in	245,000,000	40,973,891	15,000,000	300,973,891
Transfers out	(231,281,494)	-	-	(231,281,494)
Total other financing sources and uses	13,718,506	40,973,891	15,000,000	69,692,397
Net change in fund balances	53,129,932	(308,004)	12,646,095	65,468,023
Fund balances - beginning of year	246,452,375	17,439,419	17,600,287	281,492,081
Fund balances - end of year	$ 299,582,307	$ 17,131,415	$ 30,246,382	$ 346,960,104

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ 65,468,023
Depreciation expense is not reported in the fund statements, but is reported as a decrease in net position in the statement of activities	(2,397,362)
Capital outlays are reported as expenditures in the fund statements, but are reported as additions to capital assets in the statement of net position	3,754,962
Changes in joint venture investment are reported in the statement of net position but are not reported in the fund statements	370,380
Transfers of capital assets from governmental activities to the business type activities are not shown in the fund statements	(1,994,955)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements	6,771,003
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences (as applicable) in the treatment of long-term debt and related items	16,329,707
Compensated absences that do not require the use of current financial resources are not reported as expenditures in the fund statements	(448,767)
Portion of pension expense in the statement of activities that does not require the use of current financial resources and therefore is not reported as an expenditure in the fund statements	(978,693)
Asserted and unasserted self-insurance claims that do not require the use of current financial resources are not reported as expenditures in the fund statements	(33,722)
Straight-line operating lease accruals are obligations that will not be paid with current financial resources and are not reported in the fund statements	1,464,840
Change in net position of governmental activities	$ 88,305,416

Health and Hospital Corporation of Marion County, Indiana

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

Statement of Net Position - Proprietary Funds

December 31, 2015

	Eskenazi Health	LT Care	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 139,873,834	$ 360,085,537	$ 499,959,371
Investments	4,785,048	-	4,785,048
Receivables (net of allowance for uncollectibles):			
Patient services	65,711,820	58,153,937	123,865,757
Medicaid special revenue	-	61,136,961	61,136,961
Grants	6,568,503	-	6,568,503
Interest	438	-	438
Other	5,093,137	1,053,142	6,146,279
Estimated Medicare/Medicaid settlements	8,401,158	3,732,412	12,133,570
Inventories	5,975,364	-	5,975,364
Prepaid costs and other assets	9,051,072	3,808,819	12,859,891
Total current assets	245,460,374	487,970,808	733,431,182
Noncurrent assets:			
Lease acquisition cost (net of accumulated amortization)	-	23,399,761	23,399,761
Joint venture investments	40,326,352	-	40,326,352
Investments restricted for deferred compensation	5,218,945	-	5,218,945
Other long-term assets	-	3,383,195	3,383,195
Nondepreciable capital assets	40,215,460	7,523,769	47,739,229
Depreciable capital assets (net of accumulated depreciation)	722,406,975	482,395,039	1,204,802,014
Total noncurrent assets	808,167,732	516,701,764	1,324,869,496
Total assets	1,053,628,106	1,004,672,572	2,058,300,678
Deferred Outflows of Resources	44,055,057	-	44,055,057
Total assets and deferred outflows of resources	1,097,683,163	1,004,672,572	2,102,355,735
Liabilities			
Current liabilities:			
Accounts payable	61,448,647	40,951,065	102,399,712
Accrued liabilities	17,057,413	16,849,000	33,906,413
Due to other funds	33,381,097	245,000,000	278,381,097
Capital lease obligation - current	-	47,055,543	47,055,543
Estimated Medicare/Medicaid settlements	4,779,963	6,484,521	11,264,484
Unearned revenue	14,460,920	-	14,460,920
Medical claims incurred but not reported	14,896,872	-	14,896,872
Accrued compensated absences - current	17,020,336	-	17,020,336
Asserted and unasserted self-insurance claims - current	4,566,820	3,502,882	8,069,702
Total current liabilities	167,612,068	359,843,011	527,455,079
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	2,504,882	9,839,484	12,344,366
Accrued compensated absences	5,443,417	-	5,443,417
Net pension liability	154,121,465	-	154,121,465
Deferred compensation	5,218,945	-	5,218,945
Capital lease payable	-	438,774,754	438,774,754
Total noncurrent liabilities	167,288,709	448,614,238	615,902,947
Total liabilities	334,900,777	808,457,249	1,143,358,026
Deferred Inflows of Resources	5,817,018	-	5,817,018
Total liabilities and deferred inflows of resources	340,717,795	808,457,249	1,149,175,044
Net Position			
Net investment in capital assets	762,622,435	4,088,511	766,710,946
Unrestricted	(5,657,067)	192,126,812	186,469,745
Total net position	$ 756,965,368	$ 196,215,323	$ 953,180,691

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 Position - Proprietary Funds

For the Year Ended December 31, 2015

	Eskenazi Health	LT Care	Total
Operating revenues:			
Net patient service revenue	$ 369,717,718	$ 651,372,234	$ 1,021,089,952
Medicaid special revenue	-	239,393,167	239,393,167
Other revenue	23,797,973	1,703,103	25,501,076
Total operating revenues	393,515,691	892,468,504	1,285,984,195
Operating expenses:			
Salaries	246,998,069	-	246,998,069
Employee benefits	81,115,806	-	81,115,806
Contract labor	3,000,174	342,705,077	345,705,251
Medical and professional fees	52,022,559	8,208,997	60,231,556
Purchased services	33,645,149	45,310,656	78,955,805
Supplies	53,683,985	45,111,461	98,795,446
Pharmaceuticals	41,660,913	30,259,178	71,920,091
Repairs and maintenance	11,552,654	7,315,053	18,867,707
Utilities	12,938,377	14,116,151	27,054,528
Equipment rental	5,009,130	7,380,634	12,389,764
Depreciation and amortization	55,481,972	75,935,950	131,417,922
Provider assessment fee	8,534,896	27,609,905	36,144,801
Other	11,576,204	31,832,339	43,408,543
Total operating expenses	617,219,888	635,785,401	1,253,005,289
Operating income (loss)	(223,704,197)	256,683,103	32,978,906
Nonoperating revenue (expenses):			
Noncapital gifts and grants	27,621,185	-	27,621,185
Investment income (loss)	(78,604)	65,595	(13,009)
Interest expense	-	(36,348,676)	(36,348,676)
Total nonoperating revenue (expense)	27,542,581	(36,283,081)	(8,740,500)
Increase (decrease) in net position before capital contributions and transfers	(196,161,616)	220,400,022	24,238,406
Capital contributions	1,994,955	-	1,994,955
Transfers - General Fund	175,307,603	(245,000,000)	(69,692,397)
Changes in net position	(18,859,058)	(24,599,978)	(43,459,036)
Total net position - beginning of year	887,692,696	220,815,301	1,108,507,997
Change in accounting principle (see Note 1)	(111,868,270)	-	(111,868,270)
Total net position - beginning of year, restated	775,824,426	220,815,301	996,639,727
Total net position - end of the year	$ 756,965,368	$ 196,215,323	$ 953,180,691

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, 2015

	Eskenazi Health	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	$ 359,264,790	$ 614,748,165	$ 974,012,955
Receipts from other operations	21,747,389	1,703,103	23,450,492
Medicaid special revenue	-	291,129,490	291,129,490
Payments to suppliers	(196,290,727)	(125,978,788)	(322,269,515)
Payments to employees, contract labor, professional fees and purchased services	(325,292,556)	(393,953,182)	(719,245,738)
Net cash provided by (used in) operating activities	(140,571,104)	387,648,788	247,077,684
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	27,910,523	-	27,910,523
Transfers from the General Fund	175,307,603	-	175,307,603
Net cash provided by noncapital financing activities	203,218,126	-	203,218,126
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(22,624,135)	(28,580,783)	(51,204,918)
Deposits paid	-	(1,270,200)	(1,270,200)
Lease acquisition and related payments	-	(850,000)	(850,000)
Payment of capital lease obligations	-	(38,352,798)	(38,352,798)
Interest expense payments	-	(36,348,676)	(36,348,676)
Net cash used in capital and related financing activities	(22,624,135)	(105,402,457)	(128,026,592)
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	4,333,541	-	4,333,541
Purchases of investments	(4,206,474)	-	(4,206,474)
Interest and dividends received	306,446	65,595	372,041
Contributions to joint venture	(10,950,000)	-	(10,950,000)
Net cash provided by (used in) investing activities	(10,516,487)	65,595	(10,450,892)
Net Increase in Cash and Cash Equivalents	29,506,400	282,311,926	311,818,326
Cash and Cash Equivalents, January 1	110,367,434	77,773,611	188,141,045
Cash and Cash Equivalents, December 31	$ 139,873,834	$ 360,085,537	$ 499,959,371
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ (223,704,197)	$ 256,683,103	$ 32,978,906
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	55,481,972	75,935,950	131,417,922
Increase in carrying value of joint venture	(5,942,300)	-	(5,942,300)
Changes in operating assets and liabilities:			
Patient service receivables	(15,889,242)	(13,880,687)	(29,769,929)
Other receivables	3,891,716	51,736,323	55,628,039
Inventories	(697,186)	-	(697,186)
Prepaid costs and other assets	(1,635,756)	(1,499,058)	(3,134,814)
Net pension liability and related deferrals	3,162,951	-	3,162,951
Accounts payable	29,074,981	11,468,198	40,543,179
Accrued liabilities and compensation absences	12,095,432	1,349,385	13,444,817
Estimated Medicare/Medicaid settlements	(6,789,689)	3,816,523	(2,973,166)
Asserted and unasserted self-insurance claims	(163,586)	2,039,051	1,875,465
Medical claims incurred but not reported	10,543,800	-	10,543,800
Total adjustments	83,133,093	130,965,685	214,098,778
Net cash provided by (used in) operating activities	$ (140,571,104)	$ 387,648,788	$ 247,077,684
Noncash investing, capital and financing activities:			
Lease acquisition costs included in accounts payable	$ -	$ 468,000	$ 468,000
Purchase of assets held under capital lease, including lease revisions	-	127,150,721	127,150,721
Transfer of capital assets from the General Fund	1,994,955	-	1,994,955
Unrealized loss on investments, net	385,050	-	385,050

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 is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov).

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

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

Eskenazi Health is comprised of the Sidney and Lois Eskenazi Hospital, a 346 bed general acute care hospital; the Eskenazi Health Outpatient Care Center, an outpatient specialty care facility co-located with the Hospital; the Eskenazi Health Center, a Federally Qualified Health Center (FQHC) that operates ten primary care centers throughout Marion County; Midtown Community Mental Health, a Community Mental Health Center (CMHC) that provides behavioral health services throughout Marion County; and Indianapolis EMS (IEMS), the county-wide emergency ambulance service. Eskenazi Health is the only public hospital in Marion County. The Hospital is fully accredited by the Joint Commission for Accreditation of Hospitals of the American Hospital Association.

In accordance with an interlocal agreement with the City of Indianapolis, Department of Public Safety, the Corporation agreed to own, manage and operate the Transport Emergency Medical Services system for Marion County, Indiana (Indianapolis EMS). The activities of Indianapolis EMS are therefore included in the Eskenazi Health division. For purposes of financial reporting, the Eskenazi Health division is accounted for as a separate enterprise fund.

The Corporation operates 78 long-term care facilities throughout the State. The Corporation leases the facilities that are operated as part of the Long-Term Care operations. Long-Term Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. For purposes of financial reporting, the Long-Term Care division is accounted for as a separate enterprise fund.

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 City-County Council and 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 Units

The Corporation has established a nonprofit entity, Lions Insurance Company (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 Long-Term Care Enterprise Fund because its primary purpose is to provide services solely to the Long-Term Care Enterprise Fund.

IU Health, Inc. d/b/a Eskenazi Medical Group (EMG) is a nonprofit entity, which is legally separate from the Corporation and whose purpose is to provide a patient-based, clinical setting needed for the education of medical students. EMG employs and contracts with physicians who are then contracted for service at Eskenazi Health facilities. Because EMG's primary purpose is to provide services solely to Eskenazi Health, EMG must be blended into the Corporation's financial statements as if it were a part of the Eskenazi Health Enterprise Fund.

Complete financial statements for Lions and EMG 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 position and the statement of activities) report information on all of the non-fiduciary activities of the Corporation. All significant interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Following the government-wide financial statements are separate financial statements for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Corporation considers all of its governmental funds to be major funds. The total fund balances for all governmental funds are reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balances for all governmental funds is reconciled to the total change in net position as shown on the statement of activities in the government-wide statements. The Corporation's two enterprise funds (business-type activities), Eskenazi Health and Long-Term Care, are also considered to be major funds for reporting purposes.

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 position, 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 Corporation reports the following governmental funds, all of which are major:

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 and report the accumulation of financial resources that are restricted, committed or assigned to expenditures for principal, interest and related costs on outstanding general obligation bond and other long-term debt of the Corporation's governmental activities. Debt service requirements are generally funded from other operating revenues and ad valorem taxes.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Such resources are derived principally from general obligation bonds, capital lease obligations and ad valorem taxes.

Proprietary Fund Type

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

As mentioned previously, the Corporation has two enterprise funds: (1) the Eskenazi Health Enterprise Fund, which accounts for the activities of Eskenazi Health (including Indianapolis EMS) and (2) the Long-Term Care Enterprise Fund, which accounts for the activities of the 78 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 Eskenazi Health and Long-Term Care are accounted for by the General Fund. Because the capital outlay for Eskenazi Health is funded through ad valorem taxes, long-term debt interest expense relating to Eskenazi Health is accounted for by the Debt Service Fund and is not allocated to the Eskenazi Health Enterprise Fund. Only debt intended to be repaid by operations of Eskenazi Health are included in the Eskenazi Health Enterprise Fund. At December 31, 2015, no such debt existed. At December 31, 2015, the Long-Term 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 Long-Term Care Enterprise Fund.

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. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, the Corporation considers revenue to be available if collected within 90 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants and interest. Expenditures generally are recorded when a liability is incurred, as underaccrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental Accounting Standards group nonexchange transactions into four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions.

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

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

Voluntary nonexchange transactions, such as grants and assistance received from other governmental units and Build America Bonds interest subsidies, are generally recognized as revenues in the period when all eligibility requirements have been met. Any resources received before eligibility requirements are met are reported as unearned revenues.

Government-mandated nonexchange transactions are accounted for in the same manner as voluntary nonexchange transactions.

Charges for services in the governmental funds are exchange transactions and are recognized as revenues when received in cash because they are generally not measurable until actually received.

Under the accrual basis of accounting for proprietary fund types, revenues are recognized in the period earned and expenses are recognized in the period incurred. Patient services accounts receivable and revenue are recorded at standard billing rates, net of contractual adjustments and allowance for uncollectible accounts, when patient services are performed. Eskenazi Health and Long-Term 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, Eskenazi Health and Long-Term Care provide services in accordance with various contractual agreements entered into with state and local governmental agencies and other third-party health insurance companies.

The differences between standard billing rates and the amount reimbursed or estimated to be reimbursed by Medicare, Medicaid and other contractual payers are included in the financial statements as contractual adjustments. Additional allowances are made for patients that will be unable or unwilling to pay their bills. 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 Eskenazi Health and Long-Term Care are considered to be operating activities and are reported as operating revenue and operating expenses. Investment income, interest expense, and peripheral or incidental transactions are reported as nonoperating revenue and expenses. Other changes in net position 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. Consistent with the provisions of a 2a-7 like pool, the portfolio securities are valued at amortized cost, which approximates fair value. The amortized cost valuation methods involve initially valuing a security at its cost on the date of purchase and thereafter accreting to maturity and discount or amortizing to maturity any premium. The Corporation records its investment in the external pool at its share value. The Indiana Treasurer of State has been designated by State statute as the administrator of the pool and has general oversight over the daily operation of the pool.

Receivables and Payables

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

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

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred and are immaterial. For the enterprise fund type, pharmaceutical, central supply and sterile supply inventories of the Eskenazi Health Enterprise 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 Long-Term Care Fund is also immaterial.

Prepaid Costs and Other Assets

Prepaid costs and other assets include prepaid insurance, prepaid service contracts and other miscellaneous assets.

Capital Assets

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

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

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

Estimated useful lives used to compute depreciation are as follows:

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

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types. During 2015, there was no interest capitalized.

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 Corporation at the end of the respective lease terms.

Unearned Revenue

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

Accrued Compensated Absences

Corporation employees are paid for vacation and other absences by prescribed formulas based primarily on length of service and staff classification. 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 position of the proprietary funds. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts are recorded as an addition to or reduction from, respectively, the associated debt obligation and are amortized over the term of the respective bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Cost-Sharing Defined-Benefit Pension Plan

The Corporation participates in a cost-sharing, multiple-employer defined-benefit pension plan ("Plan"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Transactions

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

Transfers

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

Contribution of Capital Assets

The General and Capital Project Funds make contributions of capital assets to the Eskenazi Health 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.

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 Position/Fund Balances

The government-wide and proprietary fund financial statements utilize a net position presentation. The components of net position are categorized as follows:

- *Net investment in capital assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. Governmental activities debt related to business-type activities is not recorded in this category; rather, this debt is included in unrestricted net position.
- *Restricted* - This category represents resources that have 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* - This category represents resources of the Corporation not restricted for any project or other purpose.

In the governmental fund financial statements, fund balance classifications reflect a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Corporation's fund balances include the following:

- **Nonspendable fund balances** include amounts that cannot be spent because they are either (a) not in spendable form (such as inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact.
- **Restricted fund balances** are reported when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balances** represent resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Trustees, whereby such constraints can only be modified through formal action (by ordinance) of the Board of Trustees.
- **Assigned fund balances** include resources for which it is the intent of the Corporation, through action of the President or Treasurer/CFO, that they be used for specific purposes. The Board of Trustees has by ordinance authorized such individuals to assign fund balances. Such constraints can be modified or rescinded without formal action of the Board of Trustees as long as they do not result in an additional budgetary appropriation.

- **Unassigned fund balances** represent the residual portion of the General Fund that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

The Corporation's policy is to apply expenditures to restricted resources first, then committed, then assigned, and finally to unassigned, as applicable.

Indigent Care Services

Under Indiana Code (§16-22-8-39), the services provided by Eskenazi Health 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. Certain services to patients are classified as indigent care based on established policies of Eskenazi Health. Because Eskenazi Health does not expect amounts determined to qualify as indigent care to result in cash collections, they are not reported as net patient service revenue.

Eskenazi Health 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. The costs of charity care provided under the corporation's indigent care policy was approximately $128 million during 2015. The cost of indigent care is estimated by applying a ratio of cost to gross charges to the gross uncompensated charges.

Net Patient Service Revenue

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

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standard

In 2015, the Corporation implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which revise and establish new financial reporting requirements for most governments that provide employees with pension benefits. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. With the implementation of GASB 68, the Corporation recorded a net pension liability of $187,353,087 as of December 31, 2015, which was not previously included on the statement of net position. This amount represents the Corporation's proportionate share of the net pension liability of the Indiana Public Employees' Retirement Fund. Adoption of GASB 68 resulted in an adjustment of beginning net position of the primary government as of January 1, 2015 of the following amounts: a decrease of $23,160,440 for the governmental activities and a decrease of $111,868,270 (affecting only the Eskenazi Health Enterprise Fund) for the business-type activities.

In addition, deferred outflows of resources of $53,429,007 and deferred inflows of resources of $6,045,319 as of December 31, 2015 were recognized on the statement of net position, as a result of the Corporation's adoption of GASB 68.

Note 2: Deposits and Investments

As of December 31, 2015, the Corporation, including its blended component units, had the following cash deposits and investments:

Cash deposits	$ 522,676,413
Negotiable certificates of deposit	1,180,677
Repurchase agreements	28,468,081
State external investment pool	36,637,423
U.S. Government-sponsored enterprises	92,976
Equity mutual funds	5,218,945
Equity securities	2,189,532
Corporate bonds	648,149
Money market mutual funds	673,714
Total deposits and investments	$ 597,785,910

Deposits and investment securities included in the statement of net position are classified as follows:

	2015
Carrying value	
Deposits	$ 522,676,413
Investments	75,109,497
	$ 597,785,910
Cash and cash equivalents	
Unrestricted	$ 571,421,560
Restricted	16,160,357
	587,581,917
Investments	
Unrestricted	4,785,048
Restricted	5,418,945
	$ 597,785,910

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 Corporation's cash deposits are insured up to $250,000 at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the $250,000 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Types of Investments Authorized

Indiana statutes generally 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, municipal securities of Indiana issuers that have not defaulted during the previous 20 years, certificates of deposit and open-end money market mutual funds. Indiana statutes do not apply to the blended component units of the Corporation, which may invest in securities other than the aforementioned types of investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The Corporation's investment policy for interest rate risk requires amounts 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. In regard to mitigating interest rate risk, the Corporation is permitted to invest in securities with a stated maturity of more than two years but not more than five years, provided such investments in this group comprise no more than 25% of the total portfolio available for investment. In accordance with Indiana statutes, this policy will expire four years from its effective date of May 20, 2015.

Below is a table of segmented time distribution for the Corporation's debt investments at December 31, 2015:

		Investment Activities (in years)			
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	$ 28,468,081	$ 28,468,081	$ -	$ -	$ -
State external investment pool	36,637,423	36,637,423	-	-	-
U.S. Government-sponsored enterprises	92,976	2,568	4,726	33,519	52,163
Corporate bonds	648,149	648,149	-	-	-
Money market mutual funds	673,714	673,714	-	-	-
	$ 66,520,343	$ 66,429,935	$ 4,726	$ 33,519	$ 52,163

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 which, among other things, stipulates that the Corporation only invest in money market mutual funds that are rated AAAm by Standard and Poor's or Aaa by Moody's Investor's Service.

At December 31, 2015, the Corporation's investments were rated by Standard & Poor's or Moody's as follows:

	Fair Value	AAA/Aaa	Not Rated
Repurchase agreements	$ 28,468,081	$ 28,468,081	$ -
State external investment pool	36,637,423	-	36,637,423
U.S. Government-sponsored enterprises	92,976	92,976	-
Corporate bonds	648,149	-	648,149
Money market mutual funds	673,714	673,714	-
	$ 66,520,343	$ 29,234,771	$ 37,285,572

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, 2015, all of the Corporation's investments in U.S. Government-sponsored enterprises, repurchase agreements and corporate bonds 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 but not 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, 2015, 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. Except for cash equivalents and United States Treasury and agency securities, the Corporation's total portfolio should consist of no more than 40% of any single type of security. At December 31, 2015, 5% or more of the Corporation's investments are in repurchase agreements with JPMorgan Chase and PNC Bank. These investments represent 8.9% and 34.1%, respectively, of the Corporation's 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 investment in foreign securities.

Investment Income (Loss)

Investment income (loss) for the year ended December 31, 2015 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	$ 405,614	$ 372,041
Unrealized loss on investments, net	(247,237)	(385,050)
Total investment income	$ 158,377	$ (13,009)

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

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

As noted above, the assessment (or lien) date for Indiana property taxes is March 1 of each year; however, the Corporation does not recognize a receivable on the assessment date since the amount of property taxes to be collected cannot be measured until the levy and tax rates are certified in the subsequent year.

Typically, property tax bills are mailed in April and October of each year and are due and payable by the property owners in May (spring) and November (fall), respectively. Property tax billings are considered delinquent if they are not paid by the respective due date, at which time the applicable property is subject to lien, and penalties and interest are assessed. Appeals may be filed within 45 days following the date the bills are mailed.

Changes in assessed values of real property occur periodically as a result of general reassessments required by the State legislature, as well as when changes occur in the property value due to new construction, demolition or improvements.

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, 2015:

	Eskenazi Health	LT Care	Total
Gross patient services receivables	$ 390,027,894	$ 63,637,075	$ 453,664,969
Allowance for estimated contractual adjustment	(189,062,695)	-	(189,062,695)
Allowance for uncollectible accounts	(135,253,379)	(5,483,138)	(140,736,517)
Net patient services receivables	$ 65,711,820	$ 58,153,937	$ 123,865,757

Note 5: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2015 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	$ 5,055,011
General Fund	Eskenazi Health Fund	33,381,097
General Fund	LT Care Fund	245,000,000

These interfund balances are due to the time lag between the dates that reimbursable expenditures occur and payments between funds are made, as well as pass-through grant activity. The interfund balances are expected to be repaid during the fiscal year ending December 31, 2016.

Interfund transfers for the year ended December 31, 2015 on the fund statements consisted of the following:

	Transfer In:				
	General Fund	Debt Service Fund	Cap Projects Fund	Enterprise Fund - Eskenazi Health	Total
Transfer out:					
General Fund	$ -	$ 40,973,891	$ 15,000,000	$ 175,307,603	$ 231,281,494
LT Care Fund	245,000,000	-	-	-	245,000,000
Total	$ 245,000,000	$ 40,973,891	$ 15,000,000	$ 175,307,603	$ 476,281,494

Interfund transfers were generally used for the following: 1) to move revenues from the funds that are required by ordinance or budget to collect them to the funds that will ultimately expend them or 2) to cover deficits of other funds. For the government-wide statements, capital contributions received by the Eskenazi Health Enterprise Fund from other funds (totaling $1,994,955 in 2015) are reported as transfers; however, for the fund statements, such transfers are shown as capital contributions since they represent the actual transfer of capital assets.

Note 6: Deferred Outflows and Inflows of Resources and Unearned Revenue

Deferred Outflows of Resources

As of December 31, 2015, deferred outflows of resources consisted of the following components:

	Governmental Activities	Business-Type Activities	Total
Deferred loss on refundings	$ 710,854	$ -	$ 710,854
Pension related deferred outflows:			
Contributions subsequent to measurement date	2,217,459	10,013,527	12,230,986
Changes in proportion	442,890	2,905,221	3,348,111
Differences between expected and actual experience	1,426,456	6,615,612	8,042,068
Investment earnings	2,477,956	11,492,252	13,970,208
Changes in assumptions	2,809,189	13,028,445	15,837,634
Total deferred outflows of resources	$ 10,084,804	$ 44,055,057	$ 54,139,861

Deferred Inflows of Resources

As of December 31, 2015, deferred inflows of resources consisted of the following components:

	Governmental Activities	Business-Type Activities	Total
Pension related deferred outflows:			
Change in proportion	$ 159,576	$ 5,498,283	$ 5,657,859
Differences between expected and actual experience	68,725	318,735	387,460
Total deferred outflows of resources	$ 228,301	$ 5,817,018	$ 6,045,319

Deferred Inflows of Resources and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period or for which eligibility requirements have not been met. Governmental funds also record unearned revenue in connection with resources that have been received but not yet earned. At December 31, 2015, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows	Unearned
Grant advances prior to meeting all eligibility requirements	$ -	$ 164,812
Rental revenue received in advance	-	168,583
Other advances	-	5,556
Grant reimbursements not received within 90 days	544,899	-
Other revenues not received within 90 days	10,154,005	-
Total Governmental Funds	$ 10,698,904	$ 338,951

In addition, the Eskenazi Health Enterprise Fund had $14,460,920 of unearned revenue recorded at December 31, 2015 of which $14,174,235 related to the Healthy Indiana Plan and $286,685 related to both fee for service grants and advances received on federal grants that had not met eligibility requirements.

Note 7: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2015:

	January 1, 2015	Transfers/ Additions	Transfers/ Disposals	December 31, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 4,095,347	$ -	$ -	$ 4,095,347
Construction in progress	-	3,267,882	(1,994,955)	1,272,927
Total capital assets not being depreciated	4,095,347	3,267,882	(1,994,955)	5,368,274
Capital assets being depreciated:				
Buildings and improvements	29,811,418	638	-	29,812,056
Equipment	23,515,627	169,002	-	23,684,629
Vehicles	5,220,008	317,440	-	5,537,448
Total capital assets being depreciated	58,547,053	487,080	-	59,034,133
Less accumulated depreciation for:				
Buildings and improvements	15,000,811	1,214,125	-	16,214,936
Equipment	17,582,835	1,061,373	-	18,644,208
Vehicles	4,980,361	121,864	-	5,102,225
Total accumulated depreciation	37,564,007	2,397,362	-	39,961,369
Total capital assets being depreciated, net	20,983,046	(1,910,282)	-	19,072,764
Governmental activities capital assets, net	$ 25,078,393	$ 1,357,600	$ (1,994,955)	$ 24,441,038

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2015:

	January 1, 2015	Transfers/ Additions	Transfers/ Disposals	December 31, 2015
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 9,722,914	$ -	$ -	$ 9,722,914
Construction in progress	29,920,764	29,016,452	(20,920,901)	38,016,315
Total capital assets not being depreciated	39,643,678	29,016,452	(20,920,901)	47,739,229
Capital assets being depreciated:				
Land improvements	87,719,721	2,595,617	(5,212,545)	85,102,793
Buildings and improvements	1,514,886,585	136,552,594	(210,035,226)	1,441,403,953
Equipment	367,628,184	29,494,412	(126,491,384)	270,631,212
Vehicles	8,354,884	3,545,650	-	11,900,534
Total capital assets being depreciated	1,978,589,374	172,188,273	(341,739,155)	1,809,038,492
Less accumulated depreciation for:				
Land improvements	13,269,435	5,858,562	(5,211,537)	13,916,460
Buildings and improvements	552,064,468	85,926,264	(210,035,226)	427,955,506
Equipment	248,294,577	31,523,946	(126,196,784)	153,621,739
Vehicles	7,630,643	1,112,130	-	8,742,773
Total accumulated depreciation	821,259,123	124,420,902	(341,443,547)	604,236,478
Total capital assets being depreciated, net	1,157,330,251	47,767,371	(295,608)	1,204,802,014
Business-type activities capital assets, net	$ 1,196,973,929	$ 76,783,823	$ (21,216,509)	$ 1,252,541,243

The following is a summary of changes in capital assets - Eskenazi Health Enterprise Fund for the year ended December 31, 2015:

	January 1, 2015	Transfers/ Additions	Transfers/ Disposals	December 31, 2015
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 9,722,914	$ -	$ -	$ 9,722,914
Construction in progress	28,815,315	22,598,132	(20,920,901)	30,492,546
Total capital assets not being depreciated	38,538,229	22,598,132	(20,920,901)	40,215,460
Capital assets being depreciated:				
Land improvements	82,176,027	321,284	(5,212,545)	77,284,766
Buildings and improvements	869,057,013	3,180,789	(210,035,226)	662,202,576
Equipment	275,819,640	15,827,366	(125,018,384)	166,628,622
Vehicles	8,192,121	3,545,650	-	11,737,771
Total capital assets being depreciated	1,235,244,801	22,875,089	(340,266,155)	917,853,735
Less accumulated depreciation for:				
Land improvements	11,313,597	5,209,767	(5,211,537)	11,311,827
Buildings and improvements	270,713,865	31,060,803	(210,035,226)	91,739,442
Equipment	190,733,829	18,099,883	(125,018,384)	83,815,328
Vehicles	7,468,644	1,111,519	-	8,580,163
Total accumulated depreciation	480,229,935	55,481,972	(340,265,147)	195,446,760
Total capital assets being depreciated, net	755,014,866	(32,606,883)	(1,008)	722,406,975
Business-type activities capital assets, net	$ 793,553,095	$ (10,008,751)	$ (20,921,909)	$ 762,622,435

The following is a summary of changes in capital assets - Long-Term Care Enterprise Fund for the year ended December 31, 2015:

	January 1, 2015	Transfers/ Additions	Transfers/ Disposals	December 31, 2015
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	$ 1,105,449	$ 6,418,320	$ -	$ 7,523,769
Total capital assets not being depreciated	1,105,449	6,418,320	-	7,523,769
Capital assets being depreciated:				
Land improvements	5,543,694	2,274,333	-	7,818,027
Buildings and improvements	645,829,572	133,371,805	-	779,201,377
Equipment	91,808,544	13,667,046	(1,473,000)	104,002,590
Vehicles	162,763	-	-	162,763
Total capital assets being depreciated	743,344,573	149,313,184	(1,473,000)	891,184,757
Less accumulated depreciation for:				
Land improvements	1,955,838	648,795	-	2,604,633
Buildings and improvements	281,350,603	54,865,461	-	336,216,064
Equipment	57,560,748	13,424,063	(1,178,400)	69,806,411
Vehicles	161,999	611	-	162,610
Total accumulated depreciation	341,029,188	68,938,930	(1,178,400)	408,789,718
Total capital assets being depreciated, net	402,315,385	80,374,254	(294,600)	482,395,039
Business-type activities capital assets, net	$ 403,420,834	$ 86,792,574	$ (294,600)	$ 489,918,808

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

Governmental Activities:	
Administration and finance	$ 1,687,473
Health improvements	355,808
Communicable disease prevention	224,073
Water quality and hazardous material management	31,799
Vector disease control	86,507
Housing and neighborhood health	9,574
Consumer and employee risk reduction	2,128
Total depreciation expense, governmental activities	$ 2,397,362
Business-Type Activities:	
Eskenazi Health	$ 55,481,972
LT Care	68,938,930
Total depreciation expense, business-type activities	$ 124,420,902

Also included in the Long-Term Care Fund in the proprietary fund statements is $6,997,020 of amortization expense.

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

Estimated Medicare and Medicaid settlements reflect differences between interim reimbursement and reimbursement as determined by cost reports filed or to be filed with federal and state governments after the end of each year. In addition, such settlement amounts reflect, if applicable, any differences determined to be owed to or from Eskenazi Health 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, 2015, the Medicare and Medicaid cost reports for Eskenazi Health have been audited by the fiscal intermediaries through December 31, 2011.

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

Medicare

Under the Medicare program, Eskenazi Health receives reimbursement under a prospective payment system (PPS) for both inpatient and outpatient 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 plus a loss threshold, providers may receive additional "outlier" payments. Outpatient services provided to Medicare patients are reimbursed to Eskenazi Health based on service groups called ambulatory payment classifications.

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

In connection with the July 1, 2015 acquisition of the 17 nursing facilities described more fully in Note 17, the Corporation assumed responsibility for a Corporate Integrity Agreement (CIA) with the Office of the Inspector General. The CIA, which is scheduled to expire in October 2019, requires monitoring and reporting of certain conditions of payment from the Medicare program. In the event of noncompliance with the CIA, the Corporation could have to repay certain Medicare reimbursement to the Medicare program. Management believes it is in compliance with the terms of the CIA and therefore has not recorded any potential liability to the program in the accompanying financial statements. Amounts due under the CIA, if any, will be recorded in the period known.

Medicaid

Eskenazi Health 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. Eskenazi Health also participates in a Medicaid risk-based managed care program in which Eskenazi Health receives interim reimbursement rates with a settlement adjustment at year-end.

Long-Term 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 program (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.

During 2012, the State of Indiana established a Hospital Assessment Fee (HAF), which was effective from July 1, 2011 through June 30, 2013. During 2014, HAF received federal approval to be reinstated retroactively to July 1, 2013. The HAF increased reimbursement for the state Medicaid fee for service program and the Medicaid managed care programs by approximately $47 million in 2015; such revenue is reported as net patient service revenue in the Eskenazi Health Enterprise Fund. Eskenazi Health was assessed a fee under the HAF program of approximately $8.5 million for 2015, which is reported as an operating expense in the Eskenazi Health Enterprise Fund. Fees assessed by the State of Indiana fund the UPL and DSH programs for Indiana hospitals (these programs were historically funded through an intergovernmental transfer program). There is no assurance the HAF program will continue in future periods. The HAF program is planned to sunset at June 30, 2017.

Medicaid special revenue associated with indigent services provided at Eskenazi Health is comprised of DSH payments, which are all recorded in the Corporation's General Fund. Such payments are limited to a Hospital Specific Limit, which is defined by the State of Indiana Office of Medicaid Planning and Policy and are codified in the Indiana State Medicaid Plan and IC 12-15-15. Methodologies supporting such payments are complex and the timing and levels of payment may vary materially from year to year, often times resulting in material recoupment of the net receipts previously made to the Corporation. The Corporation often times does not have access to reasonable information to estimate levels of DSH payments and therefore cannot reasonably estimate levels of revenue by state fiscal (or their own fiscal) year. Management records the DSH portion of the Medicaid special revenue on a cash basis, unless actual amounts are known subsequent to year end, prior to issuance of the financial statements.

Medicaid special revenue pertaining to Long-Term Care and the physician access to care program is distributed through an intergovernmental transfer (IGT) arrangement. The basis for payment is derived from services rendered to patients through activities of the Long-Term Care Funds and Eskenazi Health (for the physician access to care program). The Indiana Office of Medicaid Policy and Planning determines the level of 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 Long-Term Care Funds and Eskenazi Health and such transactions are reported in the General Fund statement of revenues, expenditures and changes in fund balances while Long-Term Care reports revenue associated with its UPL at gross in the statement of revenue, expenses and changes in fund net position.

Medicaid special revenue associated with Long-Term Care is based upon UPL payments, which is more predictable than the payments related to Eskenazi Health. Accordingly, management recognizes such payments on an accrual basis at the Long-Term Care Fund level.

The Corporation also participates in the Indiana Medicaid Governmental Ambulance Transportation Payment program that reimburses eligible ambulance transportation providers a state and federal reimbursement percentage of allowable costs. Revenue earned under this program is reported in the General Fund statement of revenues, expenditures and changes in fund balances.

The General Fund recognized $58,910,181 in Medicaid special revenue and a receivable of $9,956,533 at December 31, 2015. The intergovernmental transfers made by the Corporation in 2015 under these programs totaled $84,053,471. The Long-Term Care Fund recognized revenue of $239,393,167 and a receivable of $61,136,961 at December 31, 2015.

Other Payers

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

Following is a summary of total patient service revenue, contractual adjustments, and charity and indigent care for the year ended December 31, 2015:

	Eskenazi Health	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	$ 629,484,654	$ -	$ 629,484,654	28%
Outpatient	876,007,855	-	876,007,855	40%
Long-term care	-	702,924,830	702,924,830	32%
Gross patient service less:	1,505,492,509	702,924,830	2,208,417,339	100%
Contractual adjustments	747,913,377	33,642,399	781,555,776	35%
Charity and indigent care	274,915,241	-	274,915,241	12%
Provision for uncollectible accounts	112,946,173	17,910,197	130,856,370	6%
Net patient service revenue	$ 369,717,718	$ 651,372,234	$ 1,021,089,952	46%

Revenue from the Medicare and Medicaid programs accounted for approximately 34% and 47%, respectively, of net patient service revenue for the year ended 2015. 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. Eskenazi Health Corporate Compliance and Leadership review billing, site, licensure and other issues to ensure compliance with Federal, State and other regulations.

Note 9: Long-Term Liabilities

Renovation Bonds of 1988

During 1988, the Corporation issued $28,000,000 of Renovation Bonds, the proceeds of which were used to renovate the clinical, patient care and administrative areas of the Corporation's former hospital complex (the predecessor facilities to Eskenazi Health) and acquire, construct, renovate and equip the Corporation's public health and administrative facilities. The Renovation Bonds of 1988 are general obligation bonds payable from an unlimited ad valorem property tax levied on all taxable property in the Corporation, which is coterminous with Marion County, Indiana. The Renovation Bonds of 1988 that remain outstanding at December 31, 2015 bear interest at 7.40%, with principal and interest payments due June 30 and December 30 through 2019.

General Obligation Bonds of 2005

During 2005, the Corporation issued $28,960,000 of General Obligation Refunding Bonds, Series 2005 (the 2005 GO Bonds), the proceeds of which were used to refund the outstanding principal of the Corporation's General Obligation Bonds, Series 2000A. The 2005 GO Bonds are payable from an unlimited ad valorem property tax levied on all taxable property in the Corporation, which is coterminous with Marion County, Indiana. The 2005 GO Bonds that remain outstanding at December 31, 2015 bear interest at 4.35% to 5.25%, with principal and interest payments due January 1 and July 1 through January 1, 2025. The 2005 GO Bonds are subject to redemption from mandatory sinking fund payments during 2016 to 2024 and the 2005 GO Bonds maturing on or after July 1, 2016 are subject to optional redemption prior to maturity beginning July 1, 2015 at par plus accrued interest to the redemption date.

General Obligation Bonds of 2010

During 2010, the Corporation issued $195,000,000 of General Obligation Bonds, Series 2010A-1 and 2010A-2 (the 2010A-1 and 2010A-2 GO Bonds, or collectively, the 2010A GO Bonds), the proceeds of which were used to finance a portion of the Eskenazi Health hospital complex, including the hospital and outpatient clinic facilities. The 2010A GO Bonds are payable from ad valorem property taxes to be levied on all taxable property within Marion County, to the extent other revenues of the Corporation are not sufficient to cover the annual debt service. The 2010A GO Bonds that remain outstanding at December 31, 2015 bear interest at 4.00% to 6.004%, with principal and interest payments due January 15 and July 15 through January 15, 2040. The 2010A GO Bonds are subject to redemption from mandatory sinking fund payments during 2023 to 2040 and the 2010A GO Bonds maturing on or after January 15, 2021 are subject to optional redemption prior to maturity beginning January 15, 2020 at par plus accrued interest to the redemption date.

The 2010A GO Bonds were acquired in their entirety with proceeds from the issuance of The Indianapolis Local Public Improvement Bond Bank (the Bond Bank) Bonds, Series 2010A-1 and 2010A-2 (the 2010A-1 and 2010A-2 Bond Bank Bonds). The 2010A-2 Bond Bank Bonds were issued as Build America Bonds (BABs) and, as such, are eligible to receive a credit (BAB Subsidy) equal to 35% of the interest payable on such bonds. The benefit of such credit will be passed on to the Corporation at each interest payment date, thus effectively reducing the Corporation's cost of financing. As a result of the automatic spending cuts imposed under the Budget Control Act of 2011, the Corporation's BAB Subsidies in 2014 were reduced by 7.3% (the BAB Sequester) from October 2014 through September 2015. Due to the extension of the BAB Sequester, BAB Subsidies for the remainder of 2015 were reduced by 6.8% and such reduction remains in place through September 2016. It is too soon to predict if BAB Subsidies will be continue to be cut thereafter, or if the United States Congress will rescind or otherwise alter such cuts.

Capital Lease Obligations of Governmental Activities

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

Pursuant to a Loan Agreement, dated March 1, 2010, the Authority received a loan of bond proceeds in connection with the issuance of $465,580,000 in The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010B-1 and Series 2010B-2 (the 2010B-1 and 2010B-2 Bond Bank Bonds), for the purposes of financing a portion of the costs of the Eskenazi Health complex. The 2010B-2 Bonds were issued as BABs for which the Corporation also receives a BAB Subsidy.

Pursuant to a Loan Agreement dated April 1, 2013, the Authority received an additional loan of bond proceeds in connection with the issuance of $42,460,000 in The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2013A (the 2013A Bond Bank Bonds), for the purposes of financing additional costs of the Eskenazi Health complex.

Pursuant to its Master Lease Agreement and related Addendums with the Authority, the Corporation is leasing certain real estate underlying the Eskenazi Health complex and portions of the improvements related thereto. Under the Master Lease Agreement, the Corporation has the option to purchase the leased facilities at a price equal to the amount required to enable the Authority to pay or redeem all related outstanding debt obligations and costs of transferring the premises. Also, the Corporation is obligated to pay certain expenses and all costs to operate, insure and maintain the leased facilities. The rentals under this lease are payable from ad valorem property taxes to be levied on all taxable property within Marion County, to the extent other revenues of the Corporation are not sufficient to cover the rentals and, accordingly, the principal and interest on the 2010B-1, 2010B-2 and 2013A Bond Bank Bonds.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

	January 1, 2015	Additions	Reductions	December 31, 2015	Due Within One Year
Governmental Activities:					
General obligation bonds payable:					
Renovation Bonds of 1988 ($28,000,000 original amount), 6.00% to 7.40%, due January 1, 2020	$ 9,545,000	$ -	$ (1,640,000)	$ 7,905,000	$ 1,765,000
Refunding Bonds of 2005 ($28,960,000 original amount), 3.50% to 5.25%, due January 1, 2025	19,260,000	-	(2,190,000)	17,070,000	1,550,000
General Obligation Bonds of 2010 - Series A-1, A-2 ($195,000,000 original amount), 3.00% to 6.004%, due January 15, 2040	168,785,000	-	(1,235,000)	167,550,000	1,280,000
Plus: bond premium	3,806,685	-	(183,643)	3,623,042	183,643
Total bonds payable	201,396,685	-	(5,248,643)	196,148,042	4,778,643
Capital lease obligations	476,096,070	-	(11,929,708)	464,166,362	9,738,147
Straight-line operating lease accrual	1,464,840	-	(1,464,840)	-	-
Asserted and unasserted self-insurance claims	686,097	7,608,570	(7,653,289)	641,378	345,813
Accrued compensated absences	6,322,700	5,116,383	(4,667,616)	6,771,467	5,130,605
Net pension liability (1)	20,917,838	12,313,784	-	33,231,622	-
Governmental activities long-term liabilities	$ 706,884,230	$ 25,038,737	$ (30,964,096)	$ 700,958,871	$ 19,993,208
Business-Type Activities:					
Eskenazi Health:					
Asserted and unasserted self-insurance claims	$ 7,235,288	$ 27,946,357	$ (28,109,943)	$ 7,071,702	$ 4,566,820
Accrued compensated absences	21,562,817	18,745,000	(17,844,064)	22,463,753	17,020,336
Net pension liability (1)	105,875,826	48,245,639	-	154,121,465	-
Deferred compensation	4,728,629	531,629	(41,313)	5,218,945	-
LT Care:					
Capital lease obligations	397,032,374	127,150,721	(38,352,798)	485,830,297	47,055,543
Asserted and unasserted self-insurance claims	11,303,302	3,275,316	(1,236,252)	13,342,366	3,502,882
Business-type activities long-term liabilities	$ 547,738,236	$ 225,894,662	$ (85,584,370)	$ 688,048,528	$ 72,145,581

(1) - Beginning balances have been adjusted for the change in accounting principle from implementing GASB 68 as discussed in Note 1 of the financial statements.

The above bond and capital lease obligations relating 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 Long-Term Care nursing home operating revenue.

The governmental activities debt service requirements, including interest, on bonds and related future BAB subsidies as of December 31, 2015 are as follows:

	Principal	Interest	BAB Subsidies
Bonds:			
2016	$ 4,595,000	$ 11,201,363	$ 2,994,742
2017	4,850,000	10,946,367	2,994,742
2018	5,130,000	10,663,618	2,994,742
2019	5,440,000	10,356,548	2,994,742
2020	5,730,000	10,067,099	2,994,742
2021 - 2025	32,940,000	45,047,332	14,474,356
2026 - 2030	39,870,000	34,276,840	11,563,878
2031 - 2035	48,190,000	21,198,023	7,386,696
2036 - 2039	45,780,000	5,628,450	2,284,302
	$ 192,525,000	$ 159,385,640	$ 50,682,944

The above future BAB Subsidies reflect the reduction for the BAB Sequester in effect at December 31, 2015.

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, 2015, is as follows:

Net assessed value - 2015	$ 36,808,351,839
	0.67%
Debt limit	246,615,957
Debt applicable to debt limit:	
Bonded debt (excluding unamortized premiums)	192,525,000
Legal debt margin	$ 54,090,957

As mentioned previously, in 2005, the Corporation refunded its 2000A GO Bonds with the issuance of the 2005 GO Bonds. The 2000A GO Bonds are considered to have been defeased and have been removed from the basic financial statements. At December 31, 2015, $16,110,000 of these defeased bonds remain outstanding.

Note 10: Leases

Operating

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

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2015 for the governmental activities:

2016	$ 6,907,181
2017	6,769,263
2018	6,636,952
2019	6,414,105
2020	6,542,251
2021 - 2025	32,554,470
2026 - 2030	35,043,990
2031 - 2035	37,759,899
2036 - 2040	40,686,292
2041 - 2043	24,035,190
Total future minimum payments	$ 203,349,593

Lease expenditures of $8,978,351 were reported in the governmental activities for the year ended December 31, 2015.

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, 2015 for the business-type activities:

2016	$ 3,680,706
2017	1,894,920
2018	1,791,701
2019	1,710,734
2020	1,712,190
2021 - 2025	8,494,679
2026 - 2030	8,459,251
2031 - 2035	8,882,213
2036 - 2040	9,326,324
2041 - 2043	5,267,435
Total future minimum payments	$ 51,220,153

The Corporation reported $6,123,028 of lease expense in the business-type activities for the year ended December 31, 2015.

Capital

The Corporation's governmental activities include capital leases for a data center reported in the governmental activities and the Eskenazi Health hospital complex reported in the Eskenazi Health Enterprise Fund. At December 31, 2015, the gross amount of building improvements, equipment and related accumulated amortization recorded under these capital leases was as follows:

Building and land improvements	$ 278,890,622
Equipment	204,830,668
Less: accumulated amortization	(59,399,606)
	$ 424,321,684

Future minimum capital lease payments for the Corporation's governmental activities as of December 31, 2015 are:

Governmental activities	
2016	$ 39,936,000
2017	39,939,000
2018	39,939,000
2019	39,939,000
2020	39,935,000
2021 - 2025	198,714,000
2026 - 2030	191,006,000
2031 - 2035	180,369,000
2036 - 2039	135,054,000
Total minimum lease payments	904,831,000
Less amount representing interest (2.34% - 6.45%)	440,664,638
Present value of net minimum capital lease payment	464,166,362
Less current installments of obligations under capital leases	9,738,147
Obligations under capital lease, excluding current installments	$ 454,428,215

For business-type activities, including the Long-Term Care Enterprise Fund, the Corporation is obligated under capital leases covering 78 nursing homes. At December 31, 2015, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	$ 672,527,181
Less: accumulated amortization	(294,212,712)
	$ 378,314,469

Amortization expense of assets held under capital leases is included in depreciation expense for the Corporation's governmental activities and business-type activities.

Future minimum capital lease payments for the Corporation's business-type activities as of December 31, 2015 are:

2016	$ 83,890,262
2017	86,002,852
2018	87,753,091
2019	89,541,499
2020	91,368,921
2021 - 2025	207,230,964
2026	204,000
Total minimum lease payments	645,991,589
Less amount representing interest (at rates ranging from 4.58% to 11.74%)	160,161,292
Present value of net minimum capital lease payment	485,830,297
Less current installments of obligations under capital leases	47,055,543
Obligations under capital lease, excluding current installments	$ 438,774,754

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 per person and $5,000,000 per occurrence. The Corporation also purchases commercial insurance policies for certain other risks of loss with deductibles that range from $10,000 to $500,000. Settled claims have not exceeded coverage for the past three years.

Eskenazi Health 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, 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. As with Eskenazi Health, 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 of $1,000,000 per occurrence and $3,000,000 in the aggregate.

The Corporation's workers' compensation program retains the first $500,000 liability on 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, 2014	$ 16,265,715
Change in incurred claims (including IBNRs), net	3,070,923
Claim payments	(3,468,356)
Balance at January 1, 2015	15,868,282
Change in incurred claims (including IBNRs), net	4,150,888
Claim payments	(2,807,422)
Balance at December 31, 2015	$ 17,211,748

Medical Claims Incurred But Not Reported

Eskenazi Health has entered into an agreement with MDwise, Inc. (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). Eskenazi Health 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. In 2015, Indiana expanded the HIP program to cover significantly more lives. Eskenazi Health helped over 25,000 individuals enroll in the expanded HIP 2.0 program in 2015. The growth of HIP 2.0 accounts for the significant increase in Eskenazi Health's IBNR in 2015.

Medical claims incurred but not reported represents an estimate of the ultimate net cost to Eskenazi Health for amounts that are unpaid at December 31, 2015. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of Eskenazi Health and gives effect to estimates of trends in claim severity and frequency. Although 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 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 Eskenazi Health Enterprise Fund. Historically, the majority of these claims are paid within one year following year-end, so the entire balance is being reflected in current liabilities in the statement of net position.

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, 2014	$ 3,509,749
Change in incurred claims (including IBNRs), net	35,478,890
Claim payments	(34,635,567)
Balance at January 1, 2015	4,353,072
Change in incurred claims (including IBNRs), net	61,240,525
Claim payments	(50,696,725)
Balance at December 31, 2015	$ 14,896,872

Health Insurance Coverage

The Corporation began in 2001 to provide self-insurance to its employees for healthcare and prescription usage. Asserted and unasserted self-insurance claims in the governmental and business-type 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, 2015. 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.

The following is a summary of the changes in the Corporation's health insurance liability for the past two years, as recorded in the governmental activities of the statement of net position:

Balance at January 1, 2014	$ 683,994
Change in incurred claims (including IBNRs), net	6,562,957
Claim payments	(6,560,854)
Balance at January 1, 2015	686,097
Change in incurred claims (including IBNRs), net	7,608,570
Claim payments	(7,653,289)
Balance at December 31, 2015	$ 641,378

The amount recorded as a liability in the General Fund at December 31, 2015 is $345,813 and represents the claims, which are matured and due as of year-end.

The following is a summary of the changes in the Corporation's health insurance liability for the past two years, as recorded in the business-type activities of the statement of net position:

Balance at January 1, 2014	$ 3,178,160
Change in incurred claims (including IBNRs), net	36,309,188
Claim payments	(36,817,040)
Balance at January 1, 2015	2,670,308
Change in incurred claims (including IBNRs), net	27,070,785
Claim payments	(26,538,773)
Balance at December 31, 2015	$ 3,202,320

Note 12: Retirement Plans

Plan Description

The Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a cost-sharing, multiple-employer defined-benefit retirement plan established in accordance with IC 5-10.3. PERF is administered by the Indiana Public Retirement System (INPRS) and is governed by the INPRS Board of Trustees (INPRS Board). PERF provides retirement, disability and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan and certain INPRS employees. Substantially all of the Corporation's full-time employees hired before July 1, 2014 are eligible to participate in this plan. Eskenazi Health employees hired after June 30, 2014 are not PERF eligible.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for PERF and can be found at http://www.inprs.in.gov. This report may be obtained by writing to Indiana Public Retirement System, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

There are two tiers to the PERF plan. The first is the Public Employee's Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' ASA Only Plan (PERF ASA Only Plan). The PERF ASA Only Plan was available only to employees of the State of Indiana until July 1, 2016, at which point employees of political subdivisions may also be eligible to participate.

There are two aspects to the PERF Hybrid Plan defined-benefit structure. The first portion is the monthly defined-benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Annuity Savings Account (ASA) that supplements the defined-benefit at retirement.

Funding Policy

The funding policies of INPRS provide 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 employer defined-benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For 2015, the Corporation contributed 11.2% of employee compensation to the plan. The ASA consists of the employee contribution, which is set by statute at 3% of compensation, as defined by Indiana statutes, plus the interest/earnings or losses credited to the employee's account. The employer may choose to make the contributions on behalf of its participating employees, which the Corporation has elected to do. In addition, under certain circumstances, employees may elect to make additional voluntary contributions of up to 10% of their compensation into their ASA. An employee's contribution and interest credits belong to the employee and do not belong to the state or the Corporation.

Retirement Benefits

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the employee's ASA. Retirement benefits vest after ten years of creditable service. The vesting period is eight years for certain elected officials. Employees are immediately vested in their respective annuity savings accounts. At retirement, an employee may choose to receive a lump-sum payment of the amount credited to the employee's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS.

Vested employees leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if an employee is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A nonvested employee who terminates employment prior to retirement may withdraw his/ her ASA after 30 days, but by doing so, forfeits his/her creditable service. An employee who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

An employee who has reached: (1) age 65 and has at least 10 years of creditable service; (2) age 60 and has at least 15 years of creditable service; or (3) at least age 55 and whose age plus number of years of creditable service is at least 85 is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.10% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the 20 calendar quarters of creditable service in which the employee's annual compensation was the highest. All 20 calendar quarters do not have to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. Employee contributions paid by the employer on behalf of the employee and severance pay up to $2,000 are included as part of the employee's salary.

An employee who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. An employee retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the employee's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

The monthly pension benefits for employees in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. An employee who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the employee has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is $180 per month, or the actuarial equivalent.

Upon the death in service of an employee with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the employee had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the employee had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of an employee who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

The authority to establish or amend benefit provisions of PERF rests with the Indiana General Assembly.

Contributions

Employer contribution rates are adopted annually by the INPRS Board for PERF. The contributions are actuarially determined based on the funding policy, actuarial assumptions and actuarial methods established by the INPRS Board. Contributions determined by the actuarial valuation become effective either 12 or 18 months after the valuation date, depending on the applicable employer. In the case of the Corporation, contribution rates and amounts determined by the June 30, 2015 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2017. The Corporation's contractually required contribution rate for 2015 was 11.2% of annual payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended December 31, 2015, the Corporation's actual contributions made were equal to the actuarially required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Corporation reported a liability of $187,353,087 for its proportionate share of PERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Member census data as of June 30, 2014, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2014, to the June 30, 2015, measurement date. Wages reported by the Corporation relative to the collective wages of the plan served as the basis to determine the Corporation's proportionate share. This basis of allocation is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2015, the Corporation's proportion was 4.60%, which was a decrease of 0.225% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Corporation recognized pension expense of $28,587,656, which is comprised of $5,370,549 related to governmental activities and $23,217,107 related to business-type activities. At December 31, 2015, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	$ 8,042,068	$ 387,460
Net difference between projected and actual earnings on pension plan investments	13,970,208	-
Changes of assumptions	15,837,634	-
Changes in proportionate share	3,348,111	5,657,859
Corporation's contributions subsequent to the measurement date	12,230,986	-
	$ 53,429,007	$ 6,045,319

At December 31, 2015, the Corporation reported $2,217,459 in the governmental activities and $10,013,527 in the business-type activities as deferred outflows of resources related to Corporation contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

Other amounts reported as net deferred outflows of resources and deferred inflows of resources at December 31, 2015, related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business-Type Activities	Total
2016	$ 2,224,600	$ 8,626,841	$ 10,851,441
2017	2,224,600	8,626,841	10,851,441
2018	1,078,174	4,474,131	5,552,305
2019	1,400,816	6,496,699	7,897,515
	$ 6,928,190	$ 28,224,512	$ 35,152,702

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.5% - 4.25% average, including inflation
Ad hoc cost of living adjustments	1.0% average
Long-term expected rate of return	6.75%, net of pension plan investment expense

Mortality rates were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study performed April 2015 for the period June 30, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted-average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22%	5.3%
Private equity	10%	5.6%
Fixed income - ex inflation linked	22%	2.1%
Fixed income - inflation linked	10%	0.7%
Commodities	8%	2.0%
Real estate	8%	3.0%
Absolute return	10%	3.9%
Risk parity	10%	5.0%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the year ended June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Corporation's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Corporation's proportionate share of the net pension liability has been calculated using a discount rate of 6.75%. The following presents the Corporation's proportionate share of the net pension liability calculated using a discount rate of 1% higher and 1% lower than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Corporation's proportionate share of PERF's net pension liability:			
Governmental actvities	$ 49,019,490	$ 33,231,622	$ 20,124,808
Business-type activities	227,342,366	154,121,465	93,334,739
Total	$ 276,361,856	$ 187,353,087	$ 113,459,547

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERF financial report.

Defined-Contribution Retirement Plan

The Corporation also contributes to the Health and Hospital Corporation of Marion County Retirement Plan, a defined-contribution retirement plan covering Eskenazi Health employees hired after June 30, 2014. The plan is administered by the Plan Committee of the Retirement Plan (Plan Committee), as appointed by the President and Chief Executive Officer of the Corporation. Retirement plan expense is recorded for the amount of the Corporation's required contributions, determined in accordance with the terms of the plan. Benefit and contribution provisions are contained in the plan document and were established and can be amended by action of the Plan Committee or the Corporation's governing body. The Corporation contributes 3% of eligible employee's compensation. Additionally, the Corporation contributes to the plan an amount equal to each eligible employee's contributions into their deferred compensation plan up to 4% of the employee's compensation. During 2015, the Corporation contributed $1,457,160 into the defined-contribution retirement plan.

Note 13: Deferred Compensation Plans

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

Additionally, EMG has a 457(b) deferred compensation agreement with certain members of management and highly compensated employees. Under the plan, employees may elect to defer a portion of their current compensation to provide for retirement and other benefits of the employee. EMG may credit to the plan each year an amount as defined by EMG's board of directors. The Corporation records a restricted asset on the statement of net position, which is offset by a matching liability. Employer contributions for 2015 were approximately $257,000.

Note 14: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2015, 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 Eskenazi Health, but the operations of Eskenazi Health remains the direct responsibility of the Corporation. Eskenazi Health incurred fees for professional, management, and resident physician services of approximately $43.3 million during the year (recorded in medical and professional fees on the statement of revenues, expenses and changes in fund net position - proprietary funds).

Note 15: Long-Term Care Management Agreements

The Corporation has entered into three management agreements with American Senior Communities, LLC (ASC) to manage the 78 nursing homes, which are accounted for in the Long-Term Care Fund. The term of two management agreements extends until August 2022 for 61 of the Corporation's nursing homes. The Corporation has the right to extend the term for an additional period of 10 years if written notice is given to ASC at least 60 days prior to the expiration of the initial term. During 2015, these agreements were to terminate automatically by their terms as a result of the termination by ASC of its then-current Chief Executive Officer, which is more fully described in Note 16. The Corporation and ASC are currently abiding by the terms of these agreements and agreed to negotiate in good faith the replacement management agreements.

The term of the third series of management agreement extends coverage to the operation of the seventeen facilities acquired on July 1, 2015, which is more fully described in Note 17. The original agreements to the acquisition were automatically terminated in September 2015 as a result of the termination by ASC of its then-current Chief Executive Officer. Subsequent to year-end, the Corporation and ASC entered into new management agreements that extend until June 2025. The Corporation has the right to extend the term for an additional period conterminous with the term of the underlying lease agreements if written notice is given to ASC at least 60 days prior to the expiration of the initial term.

During 2015, the Corporation incurred approximately $36,771,000 in management fees to ASC under all agreements for Long-Term Care operations. In the event the ASC management agreements are terminated or not renewed, it could have a material impact on the Corporation's financial statements.

ASC has contracted with EagleCare, LLC (EagleCare) to provide the personnel required to operate each of the respective facilities. EagleCare and ASC are related parties in that the persons who own 100% of EagleCare also own 95% of ASC. ASC also provides management services to EagleCare in connection with its operations. These payments to EagleCare are included within contract labor expenses within the Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds.

The Corporation currently leases eight of the nursing homes from entities related to ASC through common ownership. During 2015, the Corporation paid approximately $19.5 million to these organizations in associated lease costs from Long-Term Care operating revenue.

At December 31, 2015, the Long-Term Care Fund had a payable to EagleCare of approximately $17,684,000 primarily for accrued labor and related benefits. The Long-Term Care Fund also had a payable to ASC at December 31, 2015 of approximately $10,825,000 for outstanding management services rendered.

Note 16: Federal Investigation

In September 2015, authorities, including federal prosecutors, publicly acknowledged an investigation involving the activities of certain former ASC employees and others as to possible violations of relevant law. The relationship of ASC and the Corporation is more fully described in Note 15. Both the Corporation and ASC are fully cooperating with these authorities and their investigation. Concurrent with the federal investigation, the Corporation and ASC are conducting their own internal investigations of the individuals' activities and are sharing this information with the federal authorities. By law the federal authorities cannot and will not share the results of their investigation with others, including the Corporation and ASC. It has been reported that the investigation is focused on inappropriate vendor relationships and kickbacks allegedly received by certain former ASC employees and others in connection with ASC's management of the Corporation's licensed facilities. Subsequent to the public acknowledgment of the federal investigation, ASC terminated the employment of its then-current Executive Officer and Chief Operating Officer. ASC's then-current Financial Officer resigned.

Because of the inherent uncertainties related to the investigation, the resultant use of estimates, assumptions and judgments, and external factors beyond our control, accruals, possible asset impairment or expense classification are based upon the best information available at the date of these financial statements. Given the status of the investigation and levels of information available, the effect on the accompanying financial statements, if any, is not readily determinable and no adjustment has been made to them. As additional information becomes available, we will reassess our financial statements with respect to the investigation related to any pending inspections, internal investigations, inquiries and claims and may revise our estimated exposure or the related disclosures, as appropriate, and these reassessments could have a material impact on our financial statements and related disclosures.

In connection with the investigation, ASC and the Corporation have entered into an indemnification agreement whereby ASC will indemnify and hold the Corporation harmless from any actions, suits, judgments, orders, losses, liabilities, damages, fines and penalties, among other losses, associated with the investigation and other representations and warranties by ASC, as defined in the agreement. In addition to the indemnification agreement, the Corporation retains independent indemnification rights under its management agreements with ASC and all other indemnification rights available at law or in equity. Except for certain costs incurred by the Corporation related to the investigation, as of the date of this report, no claim has been filed against the indemnification agreement, and no gain contingency is reportable nor has a related receivable been recorded in the accompanying financial statements.

Note 17: Nursing Home Leases

The Corporation has entered into various transactions with entities related to ASC and unrelated third parties involving the leasing of buildings and purchasing of equipment for the operation of nursing homes throughout the state of Indiana with terms through March 2026. These transactions require the Corporation to make monthly lease payments, ranging from $20,000 to $348,000 per home. Certain transactions require the lease payments to increase by the greater of the Consumer Price Index (CPI) or a set percentage as defined in each agreement, which is typically 2% to 3%. Additionally, many of the leases have optional extensions available to the Corporation in five-year increments.

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

The Corporation is required to provide security deposits for 45 of the nursing homes. As a result, irrevocable standby letters of credit in the amount of $11.4 million exist to provide the required security.

Five unrelated third parties serve as the landlord for 70 of the Corporation's nursing facilities. Lease payments to these third parties in 2015 approximated $56.6 million.

On July 1, 2015 the Corporation acquired 17 nursing facilities, and entered into a series of agreements with their management company (as described in Note 15) and the landlord of these 17 buildings. Subsequent to year-end, the parties associated with the acquisition, including the Corporation, the management company and the landlord(s) entered into a multi-party agreement where terms of the July 1, 2015 acquisition were amended. The multi-party agreement included indemnifications of the landlord by the Corporation from any and all claims, actions, suits, causes, demands, proceedings, losses, among other losses defined in the agreement associated with the multi-party agreement. In January 2016, a claim was filed against the landlord whereby the Corporation has agreed to indemnify and hold harmless the landlord, by defending the claim against the landlord. The Corporation believes it has a meritorious defense of the claim and intends to vigorously defend the claim. The probability of a favorable outcome is not readily determinable, and therefore no loss accrual has been recognized in the accompanying financial statements.

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, 2015, the Corporation received $117,480,757 in tax cash receipts and $517,176 in special assessment fees cash receipts from the County for the "Clean and Lien" program to clean up vacant lots. The Corporation paid the County $547,004 in 2015 for autopsy and death reports, vital records, coroner fees and other matters. In addition, the Corporation acted as a subrecipient or a pass-through agent for various state and federal grant programs with the City and County during 2015.

Note 19: Joint Ventures

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 Eskenazi Health Enterprise Fund and accounted for under the equity method. The carrying value of this joint venture at December 31, 2015 was $37,025,575. Complete financial statements for MDwise can be obtained from the MDwise administrative offices at 1200 Madison Avenue, Suite 400, Indianapolis, Indiana 46225.

During 2015, the Corporation entered into an additional joint venture to create MDwise Marketplace, Inc. (Marketplace), which is a not-for-profit corporation that operates as a health maintenance organization and contracts with health care providers. The investment is recorded in the Eskenazi Health Enterprise Fund and accounted for under the equity method. The carrying value of this joint venture at December 31, 2015 was $3,333,989. Complete financial statements for Marketplace can be obtained from administrative offices at 1200 Madison Avenue, Suite 400, Indianapolis, Indiana 46225.

The Corporation also entered into additional joint ventures to create MDwise Network, Inc. and MDwise Medicaid Network, Inc., which were created to supplement the operations of MDwise. These investments are recorded in the Eskenazi Health Enterprise Fund and accounted for under the equity method. The carrying value of these joint ventures at December 31, 2015 totaled $(33,212). Complete financial statements for Marketplace can be obtained from administrative offices at 1200 Madison Avenue, Suite 400, Indianapolis, Indiana 46225.

The Corporation is a 50% partner in the HHC/Duke Realty Development LLC (LLC). LLC is a limited liability corporation established by the Corporation and Duke Realty to jointly develop and construct an office building located on the Eskenazi Health Campus. The office building is owned by the LLC. The Corporation owns the land under the building and has leased the land to the LLC for 50 years. The Corporation is expected to be the sole primary lessee of the building for the next 30 years but does have the authority to sublet as it wishes.

The lease entered into by the Corporation was effective November 1, 2013 and has an escalation rate of 7.75% every five years. Future minimum lease payments required to be paid under the lease are included within the governmental activities as reported earlier in these notes. During 2015, expense recognized under this lease by the Corporation totaled approximately $4,376,000. The Corporation, as a partner in the LLC, also receives a return on its equity investment equal to 8.25% over the life of the lease. The LLC will continue to own the building at the end of the 30-year lease. However, the Corporation may purchase the building at market value or continue to lease the building from the LLC at the end of the original lease period. The investment in the LLC is recorded in the governmental activities of the statement of net position and is accounted for under the equity method. The carrying value of this joint venture at December 31, 2015 was $37,593,386. Complete financials for the LLC can be obtained from the Duke Realty administrative offices at 510 E. 96th Street, Suite 250, Indianapolis, IN 46240.

The financial position and results of operations of the investee for the Corporation's governmental activities are summarized below:

	Duke Realty (LLC)
Current assets	$ 4,650,713
Property and other long-term assets, net	71,626,302
Total assets	76,277,015
Total liabilities	1,090,243
Members' equity	$ 75,186,772
Revenues	$ 9,173,316
Excess of revenues over expenses	$ 5,030,469

The financial position and results of operations of the investee for the Corporation's business-type activities are summarized below:

	Marketplace	MDwise	Other	Total
Current assets	$ 108,004,676	$ 288,970,275	$ 45,096,588	$ 442,071,539
Property and other long-term assets, net	500,000	12,646,436	83,871,569	97,018,005
Total assets	108,504,676	301,616,711	128,968,157	539,089,544
Current liabilities	85,700,617	126,478,296	128,757,972	340,936,885
Long-term liabilities	16,000,000	94,450,901	-	110,450,901
Total liabilities	101,700,617	220,929,197	128,757,972	451,387,786
Members' equity	$ 6,804,059	$ 80,687,514	$ 210,185	$ 87,701,758
Revenues	$ 106,308,510	$ 1,031,173,964	$ 595,176,780	$ 1,732,659,254
Excess (deficit) of revenues over expenses	$ (1,851,607)	$ 20,402,641	$ 210,185	$ 18,761,219

Note 20: Explanation of Certain Differences Between Governmental Fund Financial Statements and the Government-wide Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund statements (excludes matured bond principal and interest)." The details of this amount are as follows:

Bonds payable	$ 196,148,042
Capital lease obligations	464,166,362
Asserted and unasserted self-insurance claims	295,565
Accrued compensated absences	6,771,467
	$ 667,381,436

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences (as applicable) in the treatment of long-term debt and related items." The details of this amount are as follows:

Principal repayments on debt:	
General obligation bonds	$ 4,350,000
Capital leases	11,929,708
Amortization of bond premiums	183,643
Amortization of deferred loss on refunding	(133,644)
	$ 16,329,707

Note 21: Concentrations of Credit Risk

Eskenazi Health and Long-Term Care grant credit without collateral to their patients, most of whom are generally insured under third-party agreements. The mix of net patient service receivables from patients and third-party payers at December 31, 2015 is as follows:

Commercial insurance	19%
Medicare	27%
Medicaid	38%
Self-pay	13%
Other	3%
	100%

Note 22: Contingencies

Litigation

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

As of December 31, 2015, the Corporation is a defendant in a lawsuit in which plaintiffs allege inappropriate billing and collection practices related to hospital liens resulting in unjust enrichment to the Corporation, fraud, and breach of contract. The plaintiffs are seeking class certification on behalf of a class of similarly situated persons. The Corporation intends to vigorously defend this matter and believes it is too early to determine a likely outcome or a likely amount of damages.

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.

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

Health and Hospital Corporation of Marion County, Indiana

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

Required Supplementary Information

Schedule of Corporation's Proportionate Share of the Net Pension Liability

Indiana Public Employees' Retirement Fund (PERF)

Last 10 Fiscal Years*

	2015	2014
Corporation's proportion of the net pension liability	4.6000%	4.8248%
Corporation's proportionate share of the net pension liability	$ 187,353,087	$ 126,793,764
Corporation's covered payroll	$ 220,331,192	$ 235,563,116
Corporation's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85%	54%
Plan fiduciary net position as a percentage of the total pension liability	77%	84%

* The amounts presented for each fiscal year were determined as of June 30 (measurement date).

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

Health and Hospital Corporation of Marion County, Indiana

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

Required Supplementary Information
Schedule of Corporation Contributions
Indiana Public Employees' Retirement Fund (PERF)
Last 10 Fiscal Years*

	2015	2014
Contractually required contribution	$ 24,533,703	$ 26,107,069
Contributions in relation to the contractually required contribution	24,533,703	26,107,069
Contribution (excess) deficiency	$ -	$ -
Corporation's covered payroll	$ 219,943,585	$ 195,739,481
Contributions as a percentage of covered payroll	11.15%	13.34%

* The amounts presented for each fiscal year were determined as of December 31.

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

Notes to Schedule:

Benefit changes: none

Changes of assumptions: An experience study was performed in April of 2015 resulting in an update to several assumptions. Details are described below.

- The inflation assumption changed from 3.0% to 2.25% per annum.
- The future salary increase assumption changed from an age-based table ranging from 3.25% to 4.5% to an age-based table ranging from 2.5% to 4.25%.
- The mortality assumption changed from the 2013 IRS Static Mortality projected five years with the Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Date Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.
- The retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediately and 67% are assumed to commence benefits at unreduced retirement eligibility. If eligible for an unreduced retirement benefit upon termination from employment, 100% commence immediately.
- The termination assumption was updated based on recent experience. For members earning less than $20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than $20,000, the tables were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule.
- The disability assumption was updated based on recent experience.
- The ASA Annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2017.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Budgetary Comparison
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 111,150,857	$ 111,150,857	$ 112,911,365	$ 1,760,508
Licenses and permits	4,291,500	4,291,500	4,463,641	172,141
Intergovernmental	500,000	500,000	1,096,653	596,653
Charges for services	1,284,800	1,284,800	939,672	(345,128)
Medicaid special revenue	(22,000,000)	(22,000,000)	55,676,096	77,676,096
Interest	70,000	70,000	117,342	47,342
Grants	18,646,000	18,646,000	20,978,723	2,332,723
Miscellaneous	60,423,700	60,423,700	21,658,248	(38,765,452)
Total revenues	174,366,857	174,366,857	217,841,740	43,474,883
Expenditures				
Personal services	59,140,000	59,140,000	57,297,708	1,842,292
Supplies	6,347,000	6,347,000	4,829,132	1,517,868
Other charges and services	74,950,206	74,950,206	32,762,833	42,187,373
Capital outlays	2,160,000	2,160,000	1,203,473	956,527
Total expenditures	142,597,206	142,597,206	96,093,146	46,504,060
Other Financing Uses				
Transfers in	170,000,000	170,000,000	245,000,000	75,000,000
Transfers out	(199,420,794)	(199,420,794)	(231,281,494)	(31,860,700)
Total other financing uses	(29,420,794)	(29,420,794)	13,718,506	43,139,300
Net change in fund balances	2,348,857	2,348,857	135,467,100	133,118,243
Fund balances - beginning of year	33,748,284	33,748,284	139,122,120	105,373,836
Fund balances - end of year	$ 36,097,141	$ 36,097,141	$ 274,589,220	$ 238,492,079

Health and Hospital Corporation of Marion County, Indiana

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

Notes to the Required Supplementary Information - Budgetary Comparison
December 31, 2015

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 Debt Service Funds budgets are adopted on a basis not consistent with GAAP for revenue as it is a mix of accrual and cash basis. Encumbrances are treated as expenditures for the year in which the commitment to purchase is incurred for budgetary purposes.

Encumbrance Accounting

For accounting purposes, 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.

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	$ 53,129,932
Add (Deduct):	
Change in encumbrances	(1,511,414)
Change in prepaid expenditures	(26,870)
Change in accounts receivable	79,731,761
Change in accounts payable	3,470,897
Change in self-insurance claims	(32,702)
Change in accrued expense	705,496
Net change in fund balance - Budgetary Basis	$ 135,467,100

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 Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 4,376,706	$ 4,376,706	$ 4,357,811	$ (18,895)
Interest	1,000	1,000	(392,591)	(393,591)
Miscellaneous	10,060,000	10,060,000	10,082,902	22,902
Total revenues	14,437,706	14,437,706	14,048,122	(389,584)
Expenditures				
Principal retirement	4,350,000	4,350,000	16,279,708	(11,929,708)
Interest and fiscal charges	51,428,278	51,428,278	39,455,945	11,972,333
Total expenditures	55,778,278	55,778,278	55,735,653	42,625
Excess of revenues over expenditures	(41,340,572)	(41,340,572)	(41,687,531)	(346,959)
Other Financing Sources				
Transfers in	40,996,794	40,996,794	40,973,891	(22,903)
Total other financing sources	40,996,794	40,996,794	40,973,891	(22,903)
Net change in fund balances	(343,778)	(343,778)	(713,640)	(369,862)
Fund balances - beginning of year	(86,295,634)	(86,295,634)	4,269,727	90,565,361
Fund balances - end of year	$ (86,639,412)	$ (86,639,412)	$ 3,556,087	$ 90,195,499

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 Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance With Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 208,784	$ 208,784	$ 211,582	$ 2,798
Interest	15,000	15,000	28,525	13,525
Miscellaneous	-	-	33,835	33,835
Total revenues	223,784	223,784	273,942	50,158
Expenditures				
Capital outlays	15,000,000	15,000,000	3,182,036	11,817,964
Total expenditures	15,000,000	15,000,000	3,182,036	11,817,964
Excess of revenues over expenditures	(14,776,216)	(14,776,216)	(2,908,094)	11,868,122
Other Financing Sources				
Transfers in	15,000,000	15,000,000	15,000,000	-
Total other financing sources	15,000,000	15,000,000	15,000,000	-
Net change in fund balances	223,784	223,784	12,091,906	11,868,122
Fund Balances - beginning of year	(56,389,139)	(56,389,139)	29,271,437	85,660,576
Fund balances - end of year	$ (56,165,355)	$ (56,165,355)	$ 41,363,343	$ 97,528,698

Statistical Section (Unaudited)

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

Statistical Section (Unaudited)
Table of Contents

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

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table I
Net Position by Component - Accrual Basis of Accounting
Last Ten Fiscal Years

	December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Primary Government										
Governmental activities										
Net investment in capital assets	$ 29,632,970	$ 9,860,293	$ 12,505,823	$ 10,475,308	$ 19,442,084	$ (823,835)	$ (25,570,275)	$ (17,518,906)	$ 7,784,239	$ 7,134,802
Restricted	164,812	568,065	639,828	-	-	6,980,523	-	-	-	-
Unrestricted	(300,860,905)	(346,636,457)	(400,646,932)	272,217,244	153,755,224	184,367,974	239,170,613	237,622,474	194,610,049	164,480,042
Total governmental activities net position	$ (271,063,123)	$ (336,208,099)	$ (387,501,281)	$ 282,692,552	$ 173,197,308	$ 190,524,662	$ 213,600,338	$ 220,103,568	$ 202,394,288	$ 171,614,844
Business-type activities										
Net investment in capital assets	$ 766,710,946	$ 799,873,777	$ 825,154,250	$ 121,146,628	$ 98,753,758	$ 120,295,667	$ 154,871,843	$ 124,917,253	$ 106,358,255	$ 136,595,394
Restricted	-	-	1,234,753	-	-	171,034	699,698	732,481	1,261,455	639,351
Unrestricted	186,469,745	308,634,220	178,069,981	181,698,932	134,746,021	114,974,047	88,436,326	99,749,222	123,084,696	108,974,494
Total business-type activities net position	$ 953,180,691	$ 1,108,507,997	$ 1,004,458,984	$ 302,845,560	$ 233,499,779	$ 235,440,748	$ 244,007,867	$ 225,398,956	$ 230,704,406	$ 246,209,239
Primary Government										
Net investment in capital assets	$ 796,343,916	$ 809,734,070	$ 837,660,073	$ 131,621,936	$ 118,195,842	$ 119,471,832	$ 129,301,568	$ 107,398,347	$ 114,142,494	$ 143,730,196
Restricted	164,812	568,065	1,874,581	-	-	7,151,557	699,698	732,481	1,261,455	639,351
Unrestricted	(114,391,160)	(38,002,237)	(222,576,951)	453,916,176	288,501,245	299,342,021	327,606,939	337,371,696	317,694,745	273,454,536
Total primary government net position	$ 682,117,568	$ 772,299,898	$ 616,957,703	$ 585,538,112	$ 406,697,087	$ 425,965,410	$ 457,608,205	$ 445,502,524	$ 433,098,694	$ 417,824,083

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 Position - Accrual Basis of Accounting

Last Ten Fiscal Years

	Years Ended December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities										
Administration and finance	$ 32,282,508	$ 33,151,933	$ 27,170,818	$ 27,704,061	$ 23,045,390	$ 28,400,818	$ 24,180,194	$ 27,873,858	$ 20,163,477	$ 17,551,946
Healthcare delivery	85,677,977	108,603,627	100,675,452	93,737,620	-	-	-	-	-	-
Health improvement	32,540,375	30,227,402	28,527,781	29,487,312	28,917,502	28,146,044	27,632,587	25,527,724	24,159,226	24,145,228
Communicable disease prevention	16,531,434	15,537,862	15,219,997	13,909,736	14,388,516	14,696,779	14,706,663	12,223,308	11,352,654	9,215,253
Water quality and hazardous materials management	2,364,671	2,213,065	2,075,886	1,984,465	2,005,942	1,918,932	1,910,477	1,839,289	1,935,157	1,825,826
Vector disease control	3,346,800	3,545,044	3,515,242	3,410,855	3,954,524	3,905,768	3,871,946	3,804,382	3,940,890	3,509,809
Housing and neighborhood health	4,929,739	5,180,149	5,224,148	6,365,433	6,986,843	6,992,305	6,967,410	6,143,281	5,269,185	5,035,571
Consumer and employee risk reduction	1,841,372	1,808,188	1,692,837	1,712,384	1,795,884	1,916,259	1,694,473	1,580,062	1,579,658	1,557,309
Interest on long-term debt	39,405,946	40,571,658	41,924,538	39,583,468	49,636,823	2,359,635	2,519,440	2,652,816	2,690,760	2,898,454
Total governmental activities expenses	218,920,822	240,838,928	226,026,699	217,895,334	130,731,424	88,336,540	83,483,190	81,644,720	71,091,007	65,739,396
Business-type activities										
Eskenazi Health	617,219,888	588,245,868	538,714,684	520,310,998	519,774,867	487,807,076	459,732,722	457,457,787	424,232,288	400,293,483
LT Care	672,134,077	600,063,314	571,763,568	549,407,590	426,846,568	366,852,811	310,478,515	240,118,586	212,410,072	171,792,272
Total business-type activities expenses	1,289,353,965	1,188,309,182	1,110,478,252	1,069,718,588	946,621,435	854,659,887	770,211,237	697,576,373	636,642,360	572,085,755
Total primary government expenses	$ 1,508,274,787	$ 1,429,148,110	$ 1,336,504,951	$ 1,287,613,922	$ 1,077,352,859	$ 942,996,427	$ 853,694,427	$ 779,221,093	$ 707,733,367	$ 637,825,151
Program Revenues										
Governmental activities										
Charges for services										
Administration and finance (1)	$ 4,853,327	$ 5,018,624	$ 3,601,993	$ 982,203	$ 3,375,608	$ 583,185	$ 11,553,387	$ 24,835,565	$ 29,516,097	$ 32,198,505
Health improvement	3,842,583	3,198,092	2,388,775	3,055,130	2,259,188	2,420,983	2,343,511	2,324,464	2,382,740	2,036,999
Communicable disease prevention	472,106	471,838	663,260	556,999	559,475	631,281	571,655	533,564	363,533	358,954
Water quality and hazardous materials management	366,492	359,774	356,682	356,262	353,215	352,972	356,886	352,902	367,016	360,957
Vector disease control	567,276	449,132	499,977	551,975	563,276	752,623	687,121	614,797	1,261,037	898,812
Housing and neighborhood health	86,644	361,492	417,448	413,012	468,733	317,965	416,541	435,687	469,407	633,456
Consumer and employee risk reduction	2,369,747	2,281,175	2,182,983	2,149,007	2,177,656	2,109,083	2,022,930	1,905,944	2,355,841	2,087,249
Operating grants and contributions (1)	33,446,058	72,402,538	54,428,929	57,701,542	47,974,400	44,126,964	18,304,481	15,513,792	13,955,419	12,108,583
Capital grants and contributions	335,812	-	6,000,000	16,147,752	1,532,905	3,104,698	3,123,848	1,527,403	1,217,110	3,575,826
Total governmental activities program revenues	46,340,045	84,542,665	70,540,047	81,913,882	59,264,456	54,399,754	39,380,360	48,044,118	51,888,200	54,259,341

(1) Certain intergovernmental revenues have been reclassified in 2010-2015; amounts in prior years have not been revised.

Health and Hospital Corporation of Marion County, Indiana

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

Table II - Continued

Schedule of Changes in Net Position - Accrual Basis of Accounting

Last Ten Fiscal Years

	Years Ended December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-type activities										
Charges for services										
Eskenazi Health	$ 393,515,691	$ 441,150,604	$ 326,831,719	$ 380,863,992	$ 261,819,236	$ 252,468,219	$ 250,657,243	$ 235,271,501	$ 239,779,417	$ 222,001,734
LT Care	892,468,504	807,418,353	763,692,871	690,328,627	574,233,417	429,785,305	381,662,295	288,984,754	210,548,466	167,574,919
Operating grants and contributions	27,621,185	24,941,727	20,534,454	20,057,585	20,460,189	18,703,315	21,668,536	16,646,528	9,308,853	7,680,805
Capital grants and contributions	-	-	2,224,001	-	-	769,000	-	-	314,400	-
Total business-type activities program revenue	1,313,605,380	1,273,510,684	1,113,283,045	1,091,250,204	856,512,842	701,725,839	653,988,074	540,902,783	459,951,136	397,257,458
Total primary government program revenues	$ 1,359,945,425	$ 1,358,053,349	$ 1,183,823,092	$ 1,173,164,086	$ 915,777,298	$ 756,125,593	$ 693,368,434	$ 588,946,901	$ 511,839,336	$ 451,516,799
Net program (expense)/revenue										
Governmental activities	$ (172,580,777)	$ (156,296,263)	$ (155,486,652)	$ (135,981,452)	$ (71,466,968)	$ (33,936,786)	$ (44,102,830)	$ (33,600,602)	$ (19,202,807)	$ (11,480,055)
Business-type activities	24,251,415	85,201,502	2,804,793	21,531,616	(90,108,593)	(152,934,048)	(116,233,163)	(156,673,590)	(176,691,224)	(174,828,297)
Total primary government net expense	$ (148,329,362)	$ (71,094,761)	$ (152,681,859)	$ (114,449,836)	$ (161,575,561)	$ (186,870,834)	$ (160,335,993)	$ (190,274,192)	$ (195,894,031)	$ (186,308,352)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property and HCI taxes	$ 110,576,517	$ 111,475,288	$ 106,708,214	$ 105,627,906	$ 104,742,264	$ 105,792,726	$ 99,656,899	$ 97,126,269	$ 89,583,638	$ 89,435,326
Excise taxes	5,604,009	5,762,079	5,518,410	5,551,960	5,269,274	5,252,268	5,278,006	6,927,280	6,831,647	7,270,595
Financial institution taxes	1,300,232	1,226,219	1,286,788	1,285,940	1,319,008	1,275,274	1,477,986	1,284,278	1,268,115	1,260,083
Medicaid special revenue	65,466,714	79,227,647	63,708,066	168,169,564	14,374,161	39,048,278	61,819,896	87,227,322	102,956,478	101,186,941
Build America Bonds interest subsidies	10,082,902	10,061,207	9,985,273	10,847,662	13,775,283	-	-	-	-	-
Unrestricted investment earnings	158,377	87,680	579,543	356,401	1,316,116	2,482,149	795,022	4,056,678	7,077,243	6,521,273
Transfers	67,697,442	(250,675)	(700,662,007)	(46,362,737)	(86,656,492)	(142,989,585)	(131,428,209)	(145,311,945)	(157,734,870)	(158,619,375)
Total governmental activities	260,886,193	207,589,445	(512,875,713)	245,476,696	54,139,614	10,861,110	37,599,600	51,309,882	49,982,251	47,054,843

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 Position - Accrual Basis of Accounting

Last Ten Fiscal Years

	Years Ended December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-type activities										
Unrestricted investment earnings	$ (13,009)	$ 153,589	$ (1,853,376)	$ 1,451,428	$ 1,511,132	$ 1,377,344	$ 3,403,865	$ 6,056,195	$ 3,451,521	$ 4,014,078
Transfers	(67,697,442)	250,675	700,662,007	46,362,737	86,656,492	142,989,585	131,428,209	145,311,945	157,734,870	158,619,375
Total business-type activities	(67,710,451)	404,264	698,808,631	47,814,165	88,167,624	144,366,929	134,832,074	151,368,140	161,186,391	162,633,453
Total primary government	$ 193,175,742	$ 207,993,709	$ 185,932,918	$ 293,290,861	$ 142,307,238	$ 155,228,039	$ 172,431,674	$ 202,678,022	$ 211,168,642	$ 209,688,296
Change in Net Position										
Governmental activities	$ 88,305,416	$ 51,293,182	$ (668,362,365)	$ 109,495,244	$ (17,327,354)	$ (23,075,676)	$ (6,503,230)	$ 17,709,280	$ 30,779,444	$ 35,574,788
Business-type activities	(43,459,036)	85,605,766	701,613,424	69,345,781	(1,940,969)	(8,567,119)	18,598,911	(5,305,450)	(15,504,833)	(10,478,199)
Total primary government	$ 44,846,380	$ 136,898,948	$ 33,251,059	$ 178,841,025	$ (19,268,323)	$ (31,642,795)	$ 12,095,681	$ 12,403,830	$ 15,274,611	$ 25,096,589

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 (1)

	December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 4,120,202	$ 2,985,130	$ 6,268,915	$ 7,046,198	$ 8,407,286
Unreserved	-	-	-	-	-	149,037,699	158,561,111	146,844,353	122,752,504	110,958,027
Nonspendable	368,953	342,083	400,672	478,369	417,843	-	-	-	-	-
Assigned	1,639,580	1,073,267	950,333	2,252,310	3,174,846	-	-	-	-	-
Unassigned	297,573,774	245,037,025	178,951,711	227,495,914	131,936,536	-	-	-	-	-
Total general fund	$ 299,582,307	$ 246,452,375	$ 180,302,716	$ 230,226,593	$ 135,529,225	$ 153,157,901	$ 161,546,241	$ 153,113,268	$ 129,798,702	$ 119,365,313
All Other Governmental Funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 189,574,838	$ -	$ -	$ -	$ -
Unreserved, reported in										
Debt service fund	-	-	-	-	-	(1,259,840)	(1,882,120)	(3,631,044)	(412,637)	362,060
Capital projects fund	-	-	-	-	-	23,895,431	65,127,048	64,318,221	43,030,727	40,814,423
Restricted, reported in										
Debt service fund	16,160,357	16,148,038	16,119,056	16,035,192	17,494,306	-	-	-	-	-
Capital projects fund	-	-	844,731	62,633,749	123,726,061	-	-	-	-	-
Assigned, reported in										
Debt service fund	971,058	1,291,381	708,964	12,015	-	-	-	-	-	-
Capital projects fund	30,246,382	17,600,287	16,549,678	13,559,774	-	-	-	-	-	-
Unassigned, reported in										
Debt service fund	-	-	-	-	(633,693)	-	-	-	-	-
Total all other governmental funds	$ 47,377,797	$ 35,039,706	$ 34,222,429	$ 92,240,730	$ 140,586,674	$ 212,210,429	$ 63,244,928	$ 60,687,177	$ 42,618,090	$ 41,176,483

(1) In 2011, the Corporation adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. While the 2011 - 2015 amounts reflect the new fund balance classifications, prior year amounts have not been reclassified and are therefore not comparable.

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 Ended December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	$ 117,480,758	$ 118,463,586	$ 113,513,412	$ 112,465,806	$ 111,330,546	$ 128,505,950	$ 126,281,363	$ 88,336,613	$ 82,095,459	$ 97,965,873
Licenses and permits	4,463,639	4,342,461	4,112,157	3,901,841	3,933,300	3,857,259	3,774,650	3,700,835	4,193,808	3,864,882
Intergovernmental	18,125,935	16,329,153	53,466,529	58,176,574	36,824,648	48,871,597	19,936,304	18,820,201	14,629,232	16,007,012
Charges for services	1,104,786	1,181,715	1,313,598	1,147,540	1,170,890	1,342,212	16,134,540	20,149,821	27,570,626	1,079,203
Medicaid special revenue	58,910,181	104,327,292	37,142,046	167,935,928	14,374,161	39,799,959	62,927,328	126,524,776	105,102,078	72,864,271
Build America Bonds interest subsidies	10,082,902	10,061,207	9,985,273	10,847,662	13,775,283	-	-	-	-	-
Contributions	15,500,000	57,710,285	6,000,000	16,000,000	12,900,000	-	-	-	-	-
Investment income	2,207,839	3,412,682	169,543	356,401	1,316,116	2,482,149	795,022	4,056,678	7,077,243	6,521,271
Miscellaneous	4,511,375	3,779,357	2,398,746	2,748,262	4,410,403	3,343,738	242,255	5,470,057	2,306,154	31,765,188
Total revenues	232,387,415	319,607,738	228,101,304	373,580,014	200,035,347	228,202,864	230,091,462	267,058,981	242,974,600	230,067,700
Expenditures										
Administrative	31,883,218	29,592,995	25,135,125	24,867,451	23,875,423	25,457,868	21,572,325	23,283,723	19,041,700	14,118,571
Population health	25,721,962	25,115,888	24,776,381	22,599,355	23,718,257	22,643,391	21,000,830	19,816,620	18,819,736	18,042,145
Environmental health	11,958,093	12,502,800	12,332,885	12,791,408	12,401,862	11,885,107	11,566,888	10,964,278	10,905,283	10,584,558
Health center program	1,025,628	1,071,017	965,321	1,154,921	1,615,344	1,491,812	2,012,429	1,630,315	1,151,665	1,049,574
Data processing	3,747,220	3,500,373	3,555,788	3,233,840	3,034,812	2,932,675	2,865,135	2,972,158	2,710,015	2,803,176
Grants program	17,107,074	15,596,818	14,697,183	15,090,143	16,546,600	18,324,824	20,059,103	15,928,714	14,110,484	15,264,642
Capital outlays	3,754,964	15,634,820	275,367,515	286,375,233	158,620,259	107,499,401	4,236,379	1,123,966	2,816,332	2,516,273
Debt service										
Principal	16,279,708	15,118,729	13,810,000	13,300,000	2,455,000	1,955,000	1,840,000	1,958,122	1,853,629	1,749,548
Interest and fiscal charges	39,455,945	40,617,054	41,924,538	39,583,468	49,636,823	2,359,635	2,519,440	2,685,491	2,690,760	2,789,136
Bond issuance costs	-	-	-	-	-	1,833,646	-	-	-	-
Intergovernmental	85,677,977	108,603,627	100,675,452	93,737,620	-	-	-	-	-	-
Total expenditures	236,611,789	267,354,121	513,240,188	512,733,439	291,904,380	196,383,359	87,672,529	80,363,387	74,099,604	68,917,623
Excess (deficiency) of revenues over (under) expenditures	(4,224,374)	52,253,617	(285,138,884)	(139,153,425)	(91,869,033)	31,819,505	142,418,933	186,695,594	168,874,996	161,150,077

Health and Hospital Corporation of Marion County, Indiana

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

Table IV - Continued

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

	Years Ended December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing Sources (Uses)										
Proceeds of bonds	$ -	$ -	$ -	$ -	$ -	$ 195,000,000	$ -	$ -	$ -	$ -
Refunding on bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	3,907,846	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Other debt issued	-	93,509	151,303,950	190,304,849	89,273,094	52,839,395	-	-	-	-
Transfers in	300,973,891	205,983,586	277,856,226	175,086,073	138,174,404	37,000,000	55,000,000	30,300,000	-	-
Transfers out	(231,281,494)	(191,363,776)	(251,963,470)	(179,886,073)	(224,830,896)	(179,989,585)	(186,428,209)	(175,611,941)	(157,000,000)	(154,713,891)
Total other financing sources (uses), net	69,692,397	14,713,319	177,196,706	185,504,849	2,616,602	108,757,656	(131,428,209)	(145,311,941)	(157,000,000)	(154,713,891)
Net change in fund balances	$ 65,468,023	$ 66,966,936	$ (107,942,178)	$ 46,351,424	$ (89,252,431)	$ 140,577,161	$ 10,990,724	$ 41,383,653	$ 11,874,996	$ 6,436,186
Debt service as a percentage of noncapital expenditures	23.9%	22.1%	22.0%	23.4%	37.9%	6.9%	5.2%	5.9%	6.4%	6.8%
Debt service expenditures	$ 55,735,653	$ 55,735,783	$ 55,734,538	$ 52,883,468	$ 52,091,823	$ 6,148,281	$ 4,359,440	$ 4,643,613	$ 4,544,389	$ 4,538,684
Noncapital expenditures	232,856,827	251,999,190	253,071,951	226,358,206	137,490,121	88,883,958	83,436,150	79,239,421	71,283,272	66,401,350

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table V
Assessed Value and Estimated Actual Value of Taxable Property
December 31, 2015

	Real Property		Personal Property		Total		Total
Year	Assessed Value (1)	True Tax Value	Assessed Value (1)	True Tax Value	Assessed Value (1)	True Tax Value	Direct Tax Rate
2015	$ 36,808,351,839	$ 36,808,351,839	$ 6,160,989,000	$ 6,160,989,000	$ 42,969,340,839	$ 42,969,340,839	$ 0.1932
2014	33,971,640,933	33,971,640,933	5,972,597,000	5,972,597,000	39,944,237,933	39,944,237,933	0.2029
2013	34,038,407,113	34,038,407,113	5,841,671,000	5,841,671,000	39,880,078,113	39,880,078,113	0.1982
2012	33,922,279,415	33,922,279,415	5,467,373,000	5,467,373,000	39,389,652,415	39,389,652,415	0.1874
2011	34,203,195,277	34,203,195,227	5,449,472,000	5,449,472,000	39,652,667,277	39,652,667,227	0.1805
2010	30,071,881,985	30,071,881,985	5,745,524,000	5,745,524,000	35,817,405,985	35,817,405,985	0.1595
2009	31,039,405,707	31,039,405,707	5,657,964,000	5,657,964,000	36,697,369,707	36,697,369,707	0.1543
2008	38,250,226,004	38,250,226,004	5,454,450,000	5,454,450,000	43,704,676,004	43,704,676,004	0.2114
2007	39,182,916,707	39,182,916,707	5,565,477,874	5,565,477,874	44,748,394,581	44,748,394,581	0.2022
2006	33,030,628,020	33,030,628,020	7,195,875,948	7,195,875,948	40,226,503,968	40,226,503,968	0.2242

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

Source: Marion County Auditor

Health and Hospital Corporation of Marion County, Indiana

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

Table VI

Property Tax Rates - Direct and Overlapping Governments (2)

December 31, 2015

						County Direct Rates		Other Direct Rates			Total Direct and Overlapping
Year	Operations	Debt	Cumulative Building	Total	City	County	Municipal Corporations	School	State	Other	Rates (1)
2015	0.1816	0.0110	0.0006	0.1932	0.7069	0.3825	0.2273	1.3504	-	0.0607	2.9210
2014	0.1889	0.0134	0.0006	0.2029	0.7667	0.4034	0.2311	1.2889	-	0.0620	2.9550
2013	0.1811	0.0165	0.0006	0.1982	0.9802	0.3932	0.2332	1.4829	-	0.0607	3.3484
2012	0.1740	0.0128	0.0006	0.1874	1.0034	0.4007	0.2084	1.2711	-	0.0670	3.1380
2011	0.1640	0.0159	0.0006	0.1805	0.9525	0.3665	0.1880	1.4065	-	0.0615	3.1555
2010	0.1494	0.0095	0.0006	0.1595	0.8673	0.3534	0.1687	1.3692	-	0.0615	2.9796
2009	0.1440	0.0097	0.0006	0.1543	0.8634	0.3513	0.1711	1.1569	-	0.0578	2.7548
2008	0.2023	0.0085	0.0006	0.2114	0.8920	0.4847	0.1407	1.7668	0.0024	0.0510	3.5490
2007	0.1928	0.0088	0.0006	0.2022	0.8746	0.5741	0.1398	1.8713	0.0024	0.0522	3.7166
2006	0.2138	0.0098	0.0006	0.2242	0.9425	0.3555	0.1509	1.7172	0.1538	0.0523	3.5964

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

(2) Data presented is per the tax rate schedule certified by the Department of Local Government Finance (DLGF).

Source: Marion County Auditor’s Office.

Health and Hospital Corporation of Marion County, Indiana

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

Table VII

Principal Property Tax Payers

Current Year and Nine Years Ago

December 31, 2015

	2015				2006			
	Taxpayers	Net Taxable Assessed Valuation (1) (2) (in thousands)	Rank	Percentage of Total City Taxable Assessed Valuation	Taxpayers	Net Taxable Assessed Valuation (2) (3) (in thousands)	Rank	Percentage of Total City Taxable Assessed Valuation
1	Eli Lilly and Company	$ 1,207,560	1	2.810%	Eli Lilly & Company	$ 914,506	1	2.273%
2	Citizens Energy Group	437,456	2	1.018%	Southwestern Bell	391,810	2	0.974%
3	Indianapolis Power and Light Company	311,180	3	0.724%	General Motors Corporation	380,680	3	0.946%
4	Federal Express Corporation	199,419	4	0.464%	Indianapolis Power and Light Company	351,076	4	0.873%
5	Convention Headquarters Hotels, LLC	174,342	5	0.406%	Simon Property Group, Inc.	254,426	5	0.632%
6	CW Monument Circle, Inc.	161,328	6	0.375%	International Truck and Engine	187,001	6	0.465%
7	Allison Transmission, Inc.	109,196	7	0.254%	St. Vincent Hospital & Health Care Center, Inc.	179,332	7	0.446%
8	Castleton Square, LLC	82,090	8	0.191%	Federal Express Corporation	177,927	8	0.442%
9	American United Life Insurance Company	80,007	9	0.186%	Citizens Energy Group	165,806	9	0.412%
10	SVC Manufacturing	76,608	10	0.178%	Visteon Corporation	164,023	10	0.408%
11	Verizon Wireless	70,559	11	0.164%	n/a	-	11	0.000%
12	Ingredion, Inc.	70,351	12	0.164%	n/a	-	12	0.000%
13	Indiana Bell Telephone Company, Inc.	69,524	13	0.162%	n/a	-	13	0.000%
14	DOW Agrosciences, LLC	63,683	14	0.148%	n/a	-	14	0.000%
15	HUB Properties GA, LLC	60,996	15	0.142%	n/a	-	15	0.000%
16	Circle Centre Development Co.	60,013	16	0.140%	n/a	-	16	0.000%
17	Rolls-Royce Corporation	58,897	17	0.137%	n/a	-	17	0.000%
18	Indianapolis Multifamily Dist	53,734	18	0.125%	n/a	-	18	0.000%
19	Summit Hospitality 22, LLC	52,767	19	0.123%	n/a	-	19	0.000%
20	NG 211 N. Pennsylvania St. LLC	51,022	20	0.119%	n/a	-	20	0.000%
		$ 3,450,732		8.031%		$ 3,166,587		7.872%

(1) Represents the March 1, 2014 valuations for taxes due and payable in 2015 as represented by the taxpayer.

(2) Net Assessed Valuation was determined using public records from the Marion County Treasurer's Office.

(3) Data from the 2006 Health and Hospital Corporation's Comprehensive Annual Financial Report.

n/a = Not available.

Health and Hospital Corporation of Marion County, Indiana

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

Table VIII

Property Tax Levies and Collections

December 31, 2015

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy: Amount	Collected Within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years (2)	Delinquent Tax Receipt (1)	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2015	$ 71,113,736	$ 60,006,667	84.38%	$ -	$ -	$ 60,006,667	84.38%
2014	68,928,460	61,173,034	88.75%	-	1,917,827	63,090,861	91.53%
2013	67,464,122	56,859,319	84.28%	-	2,193,869	59,053,188	87.53%
2012	63,570,352	54,667,634	86.00%	-	2,299,298	56,966,932	89.61%
2011	61,736,767	52,513,485	85.06%	-	2,245,397	54,758,882	88.70%
2010	57,128,763	54,775,062	95.88%	-	2,352,390	57,127,452	100.00%
2009	56,624,041	31,594,513	55.80%	21,185,683	480,315	53,260,511	94.06%
2008	92,391,685	52,293,400	56.60%	39,094,389	140,065	91,527,854	99.07%
2007	90,456,328	72,009,781	79.61%	18,410,575	36,773	90,457,129	100.00%
2006	90,469,407	88,872,634	98.24%	634,310	14,911	89,521,855	98.95%

(1) Delinquent tax that was paid in 2011-2015. Information not available for prior years.

(2) 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.

Source: Marion County Auditor's Office

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table IX
Ratios of Outstanding Debt by Type
December 31, 2015

	Governmental Activities						Business-Type Activities			
Fiscal Year	General Obligation Bonds of 2005	General Obligation Bonds of 2010	Due to Local Government	Capital Lease	Renovation Bonds of 1988	Notes Payable	Long-Term Care Capital Leases	Total Primary Government	Percentage of Personal Income (1) (2)	Debt Per Capita (1)
2015	$ 20,693,042	$ 167,550,000	$ -	$ 464,166,362	$ 7,905,000	$ -	$ 485,830,297	$ 1,146,144,701	-	$ 1,226.82
2014	23,066,685	168,785,000	-	476,096,070	9,545,000	-	397,032,374	1,074,525,129	2.87%	1,157.54
2013	23,945,330	177,835,000	-	479,131,290	11,075,000	-	422,712,391	1,114,699,011	3.00%	1,212.98
2012	21,295,000	186,565,000	322,659,705	7,487,632	12,495,000	-	448,820,049	999,322,386	2.71%	1,096.59
2011	22,570,000	195,000,000	135,659,802	6,452,687	13,815,000	-	353,793,730	727,291,219	2.08%	803.29
2010	23,795,000	195,000,000	52,839,395	-	15,045,000	-	284,101,584	570,780,979	1.69%	631.82
2009	24,610,000	-	-	-	16,185,000	-	275,252,457	316,047,457	0.94%	354.76
2008	25,390,000	-	-	-	17,245,000	-	189,181,169	231,816,169	0.69%	263.31
2007	26,140,000	-	-	-	18,235,000	218,122	191,712,922	236,306,044	0.71%	269.51
2006	26,865,000	-	-	-	19,155,000	426,751	166,112,532	212,559,283	0.65%	245.59

(1) See Table XIII for personal income and population data.

(2) Personal income not available for 2015.

Source: Notes to basic financial statements.

Health and Hospital Corporation of Marion County, Indiana

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

Table X

Ratio of Net General Obligation Debt Outstanding

December 31, 2015

	General Bonded Debt Outstanding			Percentage of	
Fiscal Year	General Obligation Bonds	Notes Payable	Total Net Bonded Debt	Actual Taxable Value of Property	Per Capita
2015	$ 196,148,042	$ -	$ 196,148,042	0.46%	$ 209.95
2014	201,396,685	-	201,396,685	0.50%	216.96
2013	212,855,330	-	212,855,330	0.53%	231.62
2012	220,355,000	-	220,355,000	0.56%	241.80
2011	231,385,000	-	231,385,000	0.58%	255.56
2010	233,840,000	-	233,840,000	0.65%	258.85
2009	40,795,000	-	40,795,000	0.11%	45.79
2008	42,635,000	-	42,635,000	0.10%	48.43
2007	44,375,000	218,122	44,593,122	0.10%	50.86
2006	46,020,000	426,751	46,446,751	0.12%	53.66

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

Health and Hospital Corporation of Marion County, Indiana

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

Table XI

Schedule of Direct and Overlapping Debt and Bonded Debt Limit

December 31, 2015

	Assessed Value (5) (in thousands)	Bonding Limit %	Bonding Limit Dollar Amount (in thousands)	Debt Outstanding (6) (in thousands)
Direct Debt:				
Health and Hospital Corporation of Marion County	$ 36,808,352	0.67%	$ 246,616	$ 196,148
Other Direct Debt:				
Capital lease obligations - governmental activities				464,166
Total Health and Hospital Corporation debt				$ 660,314
Overlapping:				
Marion County	$ 37,955,137	0.67%	$ 254,299	$ -
City of Indianapolis				
Civil City	$ 35,494,623	0.67%	$ 237,814	$ 51,935
Park District	37,955,137	0.67%	254,299	9,220
Redevelopment District	35,494,623	(3)	-	-
Flood Control District	37,955,137	0.67%	254,299	4,290
Metropolitan Thoroughfare District	37,955,137	1.33%	504,803	17,296
Sanitary District	34,982,659	4.00%	1,399,307	21,654
Solid Waste Disposal District	35,541,453	2.00%	710,829	-
Pub Safety Comm and Comp Facilities District	37,955,137	0.67%	254,299	24,685
Premiums on general obligation debt			-	780
Total city general obligation debt			$ 3,615,652	129,860
Other Direct Debt:				
Tax increment revenue bonds				649,323
Revenue bonds				345,558
Note payable and certificate of participations				74,633
Capital lease obligations				11,607
Total city direct debt				$ 1,210,981
Other Municipal Corporations				
Indianapolis Airport Authority	$ 37,955,137	0.67%	$ 254,299	$ -
Capital Improvement Board	37,955,137	0.67%	254,299	-
Indianapolis-Marion County Building Authority	37,955,137	(1)	-	7,925
Indianapolis-Marion County Library	36,985,316	0.67%	247,802	64,805
Indianapolis Public Transportation Corp.	35,916,344	0.67%	240,640	2,050
Total municipal corporations			$ 997,040	$ 74,780
School Districts				
Beech Grove	$ 422,640	(4)	$ 36,800	$ 4,025
Decatur	1,404,774	(4)	153,347	3,999
Franklin	1,985,475	(4)	255,639	1,580
Indianapolis Public Schools	10,122,186	(4)	683,185	17,319
Lawrence	4,868,914	(4)	331,372	39,841
Perry	3,275,831	(4)	168,743	2,000
Pike	4,691,613	(4)	126,702	24,665
Speedway	673,118	(4)	13,462	-
Warren	2,417,980	(4)	121,335	1,690
Washington	5,832,024	(4)	154,605	8,005
Wayne	2,584,075	(4)	295,347	36,457
Total school districts	$ 38,278,630		$ 2,340,537	$ 139,581

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
December 31, 2015

	Assessed Value (5) (in thousands)	Bonding Limit %	Bonding Limit Dollar Amount (in thousands)	Bonds Outstanding (in thousands)
Other Cities and Towns				
Beech Grove	$ 421,721	0.67%	$ 2,826	$ 1,590
Lawrence	1,420,196	0.67%	9,515	4,854
Southport	46,830	0.67%	314	146
Speedway	571,768	0.67%	3,831	1,895
Total Other Cities and Towns	$ 2,460,515		$ 16,486	$ 8,485
Townships				
Center	$ 5,571,092	0.67%	$ 37,326	$ -
Decatur	1,214,394	0.67%	8,136	2,324
Franklin	2,114,272	0.67%	14,166	-
Lawrence	5,221,775	0.67%	34,986	175
Perry	3,568,604	0.67%	23,910	-
Pike	4,531,326	0.67%	30,360	3,760
Warren	3,271,756	0.67%	21,921	-
Washington	8,280,250	0.67%	55,478	-
Wayne	3,934,198	0.67%	26,359	1,398
Total Townships	$ 37,707,667		$ 252,641	$ 7,657
Excluded Library Districts				
Beech Grove	$ 398,053	0.67%	$ 2,667	$ -
Speedway	571,768	0.67%	3,831	310
Total Excluded Library Districts	$ 969,821		$ 6,498	$ 310
Ben Davis Conservancy District	$ 342,897	(2)		-
Total Overlapping Debt				$ 1,441,794
Total Direct and Overlapping Debt				$ 2,102,108

Source: City of Indianapolis, Office of Finance and Management

(1) 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.
(2) 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.
(3) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.
(4) 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.
(5) Represents the March 1, 2014 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2015.
(6) With the exception of Marion County and City of Indianapolis, governmental activities debt of the overlapping governments is not readily available; therefore, in these instances, only general obligation debt is reported in this column.

Note: Information regarding the percentage of overlap between the Corporation and the overlapping governments presented in the above table is not readily available.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Corporation. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Corporation. This process recognizes that, when considering the Corporation's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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, 2015

Legal Debt Margin Calculation for Fiscal Year Ended December 31, 2015

Net assessed value - 2015	$	36,808,351,839
Debt limit (.67% of assessed values)		246,615,957
Debt applicable to limit		
Bonded Debt		192,525,000
Legal Debt Margin	$	54,090,957

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	$ 246,615,957	$ 227,609,994	$ 228,057,328	$ 227,279,272	$ 243,021,408	$ 239,976,620	$ 245,872,377	$ 292,821,329	$ 299,814,244	$ 269,517,577
Total net debt applicable to limit	192,525,000	197,590,000	208,865,000	220,355,000	231,385,000	233,840,000	40,795,000	42,635,000	44,593,122	46,446,751
Legal debt margin	$ 54,090,957	$ 30,019,994	$ 19,192,328	$ 6,924,272	$ 11,636,408	$ 6,136,620	$ 205,077,377	$ 250,186,329	$ 255,221,122	$ 223,070,826
Total net debt applicable to the limit as a percentage of debt limit	78.07%	86.81%	91.58%	96.95%	95.21%	97.44%	16.59%	14.56%	14.87%	17.23%

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

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table XIII
Demographic and Economic Statistics
December 31, 2015

Year	(1) (2) Population	(2) Personal Income (In Thousands)	(2) Per Capita Personal Income	Public School Enrollment	(3) Unemployment Rate
2015	934,243	$ -	$ 40,074	130,371	4.6%
2014	928,281	37,438,602	39,963	130,007	5.9%
2013	918,977	37,096,641	40,132	149,697	6.8%
2012	911,296	36,880,741	38,309	146,175	8.3%
2011	905,393	34,910,486	40,572	143,053	8.9%
2010	903,393	33,687,344	38,796	159,865	8.4%
2009	890,879	33,774,144	38,532	159,089	8.5%
2008	880,380	33,798,139	39,318	145,569	5.6%
2007	876,804	33,237,000	38,980	136,883	4.5%
2006	865,504	32,652,000	37,403	133,697	4.4%

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

(2) Source: U.S. Bureau of Economics Census Bureau mid-year population estimates. Estimates for 2005-2014 reflect county population estimates available as of March 2016. Per capita personal income was computed using Census Bureau mid-year population estimates. Estimates for 2004-2014 reflect county population estimates available as of March 2016. Data was not yet available for 2015 personal income.

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

Health and Hospital Corporation of Marion County, Indiana

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

Table XIV

Principal Employers

Current Year and Nine Years Ago (2)

December 31, 2015

	2015			2006		
Taxpayer	(1) Employees	(1) Rank	(1) Percentage of Total Metropolitan Statistical Area Employment	(2) Employees	(2) Rank	(2) Percentage of Total Metropolitan Statistical Area Employment
St. Vincent Hospitals & Health Service	17,398	1	1.86%	6,000	6	0.65%
I.U. Health	11,810	2	1.26%	-	-	0.00%
Eli Lilly and Company	10,565	3	1.13%	14,000	1	1.51%
Community Health Network	10,402	4	1.11%	7,500	3	0.81%
Wal-Mart	8,830	5	0.95%	-		0.00%
Marsh Supermarkets	8,000	6	0.00%	-		0.00%
IUPUI	7,365	7	0.79%	-		0.00%
Kroger	6,700	8	0.72%	7,066	4	0.76%
Fed Ex Express	6,000	9	0.64%	6,311	5	0.68%
Roche Diagnostics	4,600	10	0.49%	-		0.00%
Clarian Health Partners				7,503	2	0.81%
Allison Transmission/Div of GMC				4,000	7	0.43%
Rolls Royce				4,000	8	0.43%
AT&T				3,500	9	0.38%
WellPoint Inc.				3,000	10	0.32%

(1) Source: The Indianapolis Economic Development in conjunction with The Indy Partnership. Data was taken from the information warehouse containing a listing of the largest employers in the City of Indianapolis/Marion County located at www.indypartnership.com.

(2) Data from Health and Hospital Corporation’s 2006 Comprehensive Annual Financial Report.

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, 2015

	Full-Time Equivalent Employees at December 31									
Function/Program	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Primary Government Employees:										
Administration	128	131	139	136	132	127	117	118	115	112
Health improvement	354	349	351	340	327	337	343	313	311	313
Communicable disease prevention	125	123	128	133	125	125	120	122	119	119
Water quality and hazardous materials	28	26	26	25	26	27	25	27	28	29
Housing and neighborhood health	72	80	84	96	98	100	90	84	84	84
Consumer and employee risk reduction	27	26	26	28	27	27	28	25	26	27
Vector disease control	50	53	53	51	58	61	64	55	57	52
Business-type Employees:										
Eskenazi Health	3,853	3,828	3,726	3,667	3,820	3,622	3,724	3,764	3,404	3,243
Long-Term Care (1)	-	-	-	-	-	-	-	-	-	-
Total Employees	4,637	4,616	4,533	4,476	4,613	4,426	4,511	4,508	4,144	3,979

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

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

Health and Hospital Corporation of Marion County, Indiana

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

Table XVI

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	58,034	62,100	75,075	68,151	168,493	147,469	186,096	63,268	33,279	33,749
Vital Statistics - certified birth copies issued	48,552	47,062	47,162	60,011	49,029	59,067	59,258	62,008	66,601	61,617
Vital Statistics - certified death copies issued	51,621	54,205	51,768	58,210	53,335	57,763	56,434	99,185	59,558	60,062
WIC Services - vouchers per month	30,959	32,223	31,495	29,426	28,918	29,124	27,593	26,011	n/a	n/a
WIC Services - nutrition education	9,378	29,150	21,214	24,916	13,624	11,210	12,267	16,388	n/a	n/a
Dental Health/Education Services	45,847	50,625	72,533	55,524	70,120	68,370	54,011	72,119	80,358	65,224
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	1,216	1,114	1,055	1,182	1,090	1,068	1,121	1,098	1,115	1,083
AIDS cases	29	35	44	35	52	63	51	40	43	136
HIV infection - total cases	148	192	158	202	164	188	225	214	185	191
Tuberculosis cases reported	54	52	36	38	31	33	49	37	42	51
Sexually transmitted diseases total cases	12,272	12,952	13,406	13,317	9,856	6,959	11,086	11,923	11,918	10,795
Influenza-Like Illness	4,510	4,807	6,332	5,165	4,987	4,987	11,931	5,711	4,782	1,111
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	56,235	47,175	49,517	46,972	62,336	60,238	59,261	58,926	167,657	180,000
Swimming pool samples	4,250	4,360	4,438	2,598	2,151	2,483	2,744	2,483	5,113	n/a
Surface water samples taken	2,598	2,531	4,778	5,492	2,598	6,225	5,844	6,480	2,421	2,418
Hazardous Materials Management										
Responses to emergency situations	266	659	776	947	878	1,031	938	1,188	440	213
Drinking water wells surveyed for toxins	300	541	564	439	748	940	1,442	1,402	389	704
Septic systems permits	79	79	81	71	91	144	115	127	12	19
Well construction permits	87	97	114	112	88	70	102	78	12	111
Well pump permits	167	163	200	236	101	112	164	148	218	205
Housing and Neighborhood Health										
Initial housing orders	4,660	4,863	2,699	2,263	2,649	4,621	5,565	2,682	3,827	3,822
Housing compliances	4,613	4,977	4,577	4,553	5,252	4,190	4,948	4,201	3,904	3,649
Initial sanitation orders	15,429	13,571	11,147	12,354	14,265	20,801	21,463	15,422	21,080	20,841
Sanitation compliances	10,738	12,323	12,247	14,272	14,046	19,501	20,845	13,056	19,021	18,654
Court cases filed	3,921	3,841	3,540	3,546	2,826	2,333	2,925	2,873	3,859	4,256
Court cases resolved	2,004	2,500	1,565	1,671	1,504	957	1,573	1,269	1,688	1,520
Citations issued - illegal dumping	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	299	425
Unsafe buildings-structures demolished	**	223	4,934	578	589	537	658	836	349	475
Unsafe buildings-structures boarded	**	5,037	3,913	7,820	9,430	7,111	7,586	6,516	6,182	5,064
Unsafe buildings-structures repaired	**	777	1,156	1,090	789	672	844	672	802	676
Lead - children screened	4,721	7,779	13,038	12,354	14,265	5,346	4,648	3,786	14,797	11,841

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	19,734	17,735	19,557	19,174	20,486	19,326	19,148	18,088	19,561	20,942
Foodborne investigations	207	241	166	199	144	156	199	206	115	118
Foodborne complaints	920	917	801	711	861	726	918	895	1,108	825
Foodborne licenses issued	6,981	6,635	6,501	6,424	5,138	5,885	5,604	5,265	5,862	5,933
Occupational health										
Occupational health consultations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	222	293
Asbestos investigations	*	*	*	*	301	360	114	173	n/a	437
Radon investigations	95	46	74	7	4	7	30	12	n/a	n/a
Related indoor air inspections	3,017	2,999	2,984	3,894	2,981	2,722	3,014	3,976	2,218	1,778
Vector Disease Control										
Environmental/Rodent Control										
Total premises baited for rodents	2,232	2,034	2,255	1,121	2,102	2,751	2,838	2,478	2,072	2,510
Abandoned property cleanups	2,911	4,021	3,693	3,149	2,897	3,541	3,557	2,975	3,561	3,489
Assisted cleanups of neighborhoods	7	10	8	13	15	10	4	-	n/a	n/a
Total weight (lbs.) of trash removed	14,272,760	15,263,180	15,991,960	16,418,780	19,568,321	17,382,448	21,941,740	16,587,585	16,868,920	15,617,360
Mosquito Control										
Inspections of mosquito breeding sites	18,744	21,716	20,672	11,744	19,439	18,430	20,400	18,000	16,920	17,484
Mosquito breeding sites treated	9,835	9,829	8,942	4,510	9,311	8,881	11,746	10,121	6,030	9,132
Adulticiding, lineal miles sprayed	4,514	3,673	3,043	2,563	3,999	5,164	5,169	6,576	5,384	5,899
Complaint services, adulticiding	5,374	4,123	4,271	3,750	5,545	5,584	5,566	5,454	3,214	4,329
Combination complaints	6,772	5,011	5,301	4,760	711	689	803	572	221	536
Long-Term Care										
Total Beds	9,524	7,944	7,969	8,062	7,176	5,857	5,457	4,053	4,086	3,710
Eskenazi Health										
Admissions (Acute, Behavioral, Lockefield)	14,977	14,788	15,090	14,112	18,568	18,525	18,585	19,624	19,674	18,971
Patient Days (Acute, Behavioral, Lockefield)	67,403	68,253	67,061	69,979	89,997	89,418	107,018	159,932	161,170	160,788
OP Encounters (net of ED)	747,007	736,130	876,161	841,180	885,045	1,077,726	1,120,658	1,126,196	1,079,108	1,068,042
ED Visits	87,624	95,258	101,240	109,412	105,120	105,854	110,451	113,680	108,102	98,946
Advantage Members	15,811	32,916	39,594	54,204	55,993	58,133	54,165	50,241	50,879	49,421
Uncompensated Care (000's Omitted)	535,005	381,110	410,383	237,639	344,552	305,243	267,058	254,836	236,691	218,080
Surgeries	7,715	7,242	7,406	7,447	8,069	8,092	8,162	7,816	7,607	6,682
Births	2,233	2,046	1,849	2,045	1,800	2,107	2,414	2,643	2,760	2,610

n/a = Not available.

* Starting in 2012, Asbestos investigations are now included with “Related indoor air inspections”.

** Beginning October 2014, the City of Indianapolis obtained Unsafe Building Program jurisdiction.

Sources: Marion County Public Health Dept. “Report to the Community”, American Senior Communities Census Summary and Eskenazi Health Financial Statements.

Health and Hospital Corporation of Marion County, Indiana

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

Table XVII

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Health Improvement										
Dental chairs	25	25	25	25	25	25	25	25	25	24
Dental x-ray units	23	23	23	23	23	23	23	23	23	23
Fiberoptic Dentalite	10	10	10	10	10	10	10	7	7	7
Dental Portable Scaler	7	7	7	7	7	7	7	7	7	7
Kiosk Touchscreen system	5	5	5	5	5	5	4	4	4	4
Vital Statistics scanners/readers	1	1	1	1	1	1	1	1	1	2
Generators/power source	5	5	5	4	4	4	4	-	-	-
Planmeca digital panoramic machine	2	2	2	2	2	2	-	-	-	-
Communicable Disease Prevention										
Water purification systems for lab	3	3	3	3	3	3	3	3	3	1
Refrigerators/freezer for lab	23	23	22	16	13	12	12	9	9	9
Incubator for lab	7	7	7	7	7	7	6	6	6	4
Trailer with hitch	8	8	8	8	8	8	-	-	-	-
Generator power-diesel	3	3	3	3	3	3	-	-	-	-
Storage area network w/cabinet	2	2	2	2	2	1	-	-	-	-
Kodak color scanners	6	6	5	5	5	5	-	-	-	-
Truck-Super 4X4	3	3	3	3	3	1	-	-	-	-
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	17	17	17	17	17	16	16	16	16	16
Analyzers for hazardous materials	5	5	5	5	5	5	5	5	5	5
Housing and Neighborhood Health										
Analyzers for lead testing	9	8	8	8	8	8	5	5	4	3
Vans/cars for housing visits	8	7	7	6	6	6	6	5	4	3
Vector Disease Control										
Environmental trucks/vans for cleanup	27	24	23	23	23	17	16	24	24	22
Dump Trucks	18	17	17	17	17	17	16	14	14	13
Tractors/Trailers	28	28	28	28	28	28	28	18	18	16
Rodent/Mosquito control trucks for spraying	64	64	62	57	57	57	57	72	72	70
Rodent/Mosquito control - sprayers	12	12	12	10	10	10	9	11	11	11
Rodent/Mosquito Control - generators	6	6	6	6	6	6	6	6	6	5
Long-Term Care										
# of buildings	78	61	59	59	52	42	38	27	26	23
Eskenazi Health										
# of beds	346	315	315	281	316	312	313	340	340	314

n/a = Not available.

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