



**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, 2016

The Health and Hospital Corporation of Marion County, Indiana

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the Consolidated City of Indianapolis - Marion County)

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Prepared by: The Treasurer's Office

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(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2016

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Introductory Section (Unaudited)



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July 26, 2017

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, 2016, 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, 2016, 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 336 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 Hoosiers.

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 Corporation 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 of Trustees. 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.

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 15th largest city. According to the U.S. Census Bureau's Statistics for 2016, the estimated population of Marion County is 855,000 and 2,004,000 in 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 major venues, such as Victory Field, Bankers Life Fieldhouse 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. 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. The community is strong yet the needs for public health and public hospital services remain vital. Public health risks like Zika, HIV and Hepatitis C, emergency preparedness, growth of opioid 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 the divisions is providing high quality health service but these services can only continue as long as HHC remains a good steward of its financial resources.

MCPHD has limited ability 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 initiative 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 its staff. The focus of MCPHD is to make sure its services are exceptional and targeted at the right health issues while managing the cost to the 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 primary goal for Eskenazi Health because the health system knows that without quality care, no other improvements will enable success in the long run. Eskenazi Health believes that patients deserve the best experience possible and knows patients will seek great service from others if the system cannot provide it. Some of the best advocates for the system are its employees. The system has focused on providing a great environment for the employees, students and medical staff, including a new facility, significantly improved technology and wellness options for them. Eskenazi Health knows it can improve financial performance by making sure it provides the care its patients want and need in the time and place that is best for them. At the same time, Eskenazi Health will make sure that all its revenues are fully recognized and its costs are well-managed.

Eskenazi Health went live on Epic in October 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. 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. Hospital-based gross revenue capture has improved by nearly 20% since Epic went live. Also, coding documentation and compliance review has been enhanced to ensure that the increased revenue is being recognized appropriately.

Indianapolis EMS has saved Marion County millions of dollars every year since its inception. When Indianapolis EMS began providing services in 2010, Marion County taxpayers 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 frontline Paramedics and EMTs have worked together to improve patient quality, patient and resident safety and coordination with the Police and Fire services. Indianapolis EMS, operating as healthcare division of the Corporation, is becoming a model for pre-hospital care nationally. IEMS operates at a breakeven based on operating revenue alone, there is no tax support provided to this division.

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 the past two years 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 forecast for the division continue to be strong. The financial statement notes provide additional information for the reader.

In 2015, 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 CCO has hired several additional compliance leaders throughout HHC. Compliance monitoring, comprehension and attention has been significantly enhanced and the organization has been well served by the increased scale of the compliance department.

The Affordable Care Act (ACA) has been extremely beneficial to medically underserved citizens of Marion County. The ACA made it possible for Indiana to expand the HIP 2.0 program, which has reduced the uninsured rates in Marion County from 20% down to 15% according to a report by the Robert Wood Johnson Foundation. At Eskenazi Health the uninsured rates have fallen from nearly 38% to only 20% in the past few years. These improvements in health coverage have improved the operational bottom-line at Eskenazi Health by more than \$60 million per year. The Federal government is now considering a repeal of the ACA and replacing it with the American Health Care Act (AHCA). At the time of this report, it is unclear whether the AHCA will be approved and, if it is passed, what form it will take when it becomes law. The AHCA in its current form would greatly reduce funding available for Medicaid and uninsured individuals, but it is unclear how the reduced funding would impact revenue sources of HHC and its divisions. The uncertainty surrounding the AHCA requires HHC to make sure every division of the Corporation is running as effectively and efficiently as possible.

To that end, HHC will continue to focus on providing extremely high quality care in all of its divisions. The Corporation has continuous improvement plans operating throughout the system to help focus attention on quality care, quality outcomes, quality service and financially appropriate operations.

MAJOR INITIATIVES FOR THE YEAR

Marion County Public Health Department:

As the community chief public health strategist for Indianapolis, MCPHD continues to address emerging health demands and take advantage of promising opportunities. MCPHD works to improve community partnership development, to prepare for achievement of national standards through appropriate professional accreditation bodies such as the Public Health Accreditation Board (PHAB), to remove barriers to healthcare, and to promote health equity with limited resources.

Against a backdrop of these and other influencing factors such as changing demographics, access to care, and changes to an internet-based, consumer-driven communications environment, MCPHD will play a vital role in the redirection of the health care system toward prevention and wellness.

MCPHD is committed to:

- The reduction of infant mortality.
- The promotion of immunizations and dental health in infants, children and adults.
- The assurance of education and policy changes to reduce tobacco use, secondhand smoke and opioid dependence.
- The reduction of obesity and sedentary lifestyle through increasing understanding of good nutrition and physical activity.
- Interventions and resources improving mental health status.
- Environmental health and the concept of Health in All Policies.
- Safe, livable housing and sustainable neighborhoods.
- All Hazards Preparedness and Response.
- The development of strategies to lower the incidence of diabetes, asthma and cardiovascular disease.
- The reduction of violence.
- The reduction of antibiotic resistance in our community.
- An increase in health literacy across the populations served.

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. In 2016, a Community Health Improvement Planning process was initiated which will address these five priorities. MCPHD also drafted a Strategic Plan, Workforce Development Plan, Performance Management System Plan, Cultural and Linguistic Competency Plan, and Quality Improvement Plan. The Accreditation Team continued to identify and develop documentation to satisfy the Standards and Measures of the Public Health Accreditation Board.

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. This is evidenced by MCPHD's active participation in the Top 10 Coalition, the Indy Food Council, and Local Initiatives Support Corporation's (LISC) Quality of Life Plans for several neighborhoods, and regular attendance at dozens of neighborhood association meetings to address environmental and social health issues.

There continues to be 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, 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, breast, colon and lung cancer.

Eskenazi Health:

Eskenazi Health received many awards during 2016, a sample of which includes:

- Jessica Barth, vice president of Legal Affairs and chief counsel of Eskenazi Health Legal Services, was recognized by the Indianapolis Business Journal as a Woman of Influence.
- Matt Gutwein, chief executive officer of Health & Hospital Corporation of Marion County, and Dr. Lisa Harris, chief executive officer of Eskenazi Health, were awarded Health Care Design's "Provider of the Year" award. The awards were handed out at the Health Care Design Expo and Conference.
- Eskenazi Health Hand Hygiene Taskforce earns Patient Safety Hero Award.
- Eskenazi Health was awarded the Gold Seal recognition for Fit-Friendly Worksites by the American Heart Association. This honor recognizes employers who go above and beyond when it comes to their employees' health.
- Matt Royal, director of Eskenazi Health Biomedical Engineering, received the Engineer of the Year award from the Indiana Society for Healthcare Engineers (ISHE) for his efforts in support of the organization. This is the second year in a row Royal has received this honor. He was recognized during the ISHE annual member meeting during the 2016 Midwest Healthcare Engineering Conference.
- Jennifer Holt, clinical supervisor of Eskenazi Health Midtown Community Mental Health Older Adults Services (OAS), was awarded the Patriotic Employer Award from the Secretary of Defense. Jennifer was nominated by Midtown OAS community support specialist Bridget Johnston, an Army Reservist, who was deployed. During that process, Bridget felt that Jennifer was instrumental in supporting her in her Reserve duties.
- Dean Babcock, associate vice president of Eskenazi Health Midtown Community Mental Health, was selected as the recipient of the 2016 Indiana University (IU) School of Social Work Distinguished Alumni Award. This award honors graduates of the IU School of Social Work who have spent their careers improving the lives of others and demonstrating outstanding professional service and leadership to the profession, community and school.
- Eskenazi Health was selected by The Physicians Committee for Responsible Medicine (PCRM) as one of the top 12 hospitals in the country with the healthiest food options. The Physicians Committee, a nonprofit of 12,000 providers, analyzed the menus and ranked the hospitals based on whether patient menus offer healthful fruits, vegetables, whole grains, cholesterol-free entrees and soy milk.
- Eskenazi Health has been featured in Becker's Hospital Review's 2016 list of "150 Great Places to Work in Health Care." The 2016 list includes health care providers such as medical groups, ambulatory surgery centers, home health providers, and hospitals and health systems, as well as other types of health care-specific companies including consulting firms, technology providers, professional organizations and more. The list was developed through a combination of nominations and editorial research, and the organizations featured were chosen for their benefits offerings, wellness programs, commitment to diversity and inclusion, professional development opportunities and environments that promote employee satisfaction and work-life balance.
- Dr. Theresa Rohr-Kirchgraber was selected unanimously by the Awards Committee of the American College of Physicians (ACP) Indiana Chapter to receive the Laureate Award, which honors fellows and masters of the ACP who have demonstrated by their example and conduct an abiding commitment to excellence in medical care, education or research and in service to their community, their Chapter and the College. The Laureate is the highest award this chapter can bestow on its members.
- Suzanne Caldwell, director of operation improvement at Eskenazi Health, and John Thompson, Eskenazi Health Foundation board member, were each awarded with an Inspire Award. The Inspire Awards is an annual event from College Mentors for Kids that is designed to celebrate mentoring in the workplace and in the community.
- St. Margaret's Hospital Guild and the Indiana Blood Center announced that Fran Sercer, RN, MSN, associate director of the Eskenazi Health Minimally Invasive Procedures Suite (MIPS), is the recipient of the 2016 Achievement in Medicine (AIM) Award. The MIPS Unit includes Interventional Radiology, Neuroradiology, Cardiac Catheterization Lab and Electrophysiology Lab.
- Dr. Broderick Rhyant, chief executive physician at Eskenazi Health Center Forest Manor and Eskenazi Health Primary Care associate chief medical officer, received the Center for Leadership Development Achievement in Professions Award.

- Dr. Wallace McLaughlin, president and CEO of Fathers and Families Center, was honored at the 36th annual Center for Leadership Development Minority Achievers Award and Scholarship Gala in the category of “Achievement in Public and Community Service.” McLaughlin has served as the founder and president/CEO of Fathers and Families Center for more than 20 years and has assisted over 10,000 young fathers move toward family stability and economic mobility. Fathers and Families Center is a not-for-profit organization affiliated with Eskenazi Health.
- Ricoh, a global technology company, recognized Eskenazi Health with the New World of Work Award, an honor designed to spotlight Ricoh customers who utilize its technology, resources and service offerings in an innovative way to help achieve their business goals while reinforcing to all employees what innovation, excellence and information mobility looks like.
- John Thompson, president and CEO of Thompson Distributing Company Inc. and board member for the Eskenazi Health Foundation, was honored with the junior achievement award at the Junior Achievement of Central Indiana’s annual Central Indiana Business Hall of Fame Awards Gala. This event and honor recognizes individuals who have made significant contributions to the corporate and civic community.
- Eskenazi Health was honored as the recipient of the Employer Support of the Guard and Reserve (ESGR) Above and Beyond Award. This award, presented by ESGR State Committees, recognizes employers at the local level who have gone above and beyond the legal requirements of the Uniformed Services Employment and Reemployment Rights Act by providing their Guard and Reserve employees additional, non-mandated benefits such as differential or full pay to offset lost wages, extended health benefits and other similar benefits.
- Baeley Crockett, PharmD, a resident at Eskenazi Health, was named the overall winner for the Innovation Category at HM16’s annual Research, Innovation and Clinical Vignettes scientific abstract competition. Crockett’s study looked at a pharmacist-managed rivaroxaban clinic for the treatment of venous thromboembolism (VTE). It was the first time, as far as the judges know, that an award has gone to a pharmacist.
- Eskenazi Health physician Dr. Chris Callahan was recognized as the 2016 recipient of the American Geriatrics Society’s (ASG) Edward Henderson Award. This prestigious award honors distinguished clinicians, educators and/or researchers who also deliver the Henderson State-of-the-Art lecture on a topic related to the body of his or her work at the AGS annual Scientific Meeting.
- Dr. William Graham Carlos, section chief of pulmonary/critical care at Eskenazi Health, was recently recognized for excellence in teaching with the IU School of Medicine’s Golden Apple Award. During the Senior Banquet, graduating medical students honored Dr. Carlos for his dedication to teaching and leadership.
- 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 recognized as a “Top 100 Project” by *ArchDaily*. The list is comprised of projects deemed as interesting case studies and references for millions of architects, students and specialists who are in search of the most important and inspiring projects from around the world.
- Eskenazi Health was inducted into Earth Charter Indiana’s Green Lights Hall of Fame at their bicentennial celebration.
- Gloria King, director of Eskenazi Health Multicultural Affairs, was awarded the Indiana Latino Leader in Health award by Lt. Governor Eric Holcomb at the Indiana Latino Expo.
- Lisa Hoffman of Eskenazi Health Senior Care, Dr. Babar Khan, medical director of the Eskenazi Health Critical Care Recovery Center and Project POINT (Planned Outreach, Intervention, Naloxone and Treatment), were recognized at the 32nd annual Indiana Public Health Celebration & Hulman Health Achievement Awards.
- Tom Thaman, director of Eskenazi Health Food & Nutrition Services, was featured by Food Service Director Magazine as Director of the Month for his efforts in the sodium reduction initiative at Eskenazi Health.
- Dr. Lisa Harris, CEO of Eskenazi Health, was featured in Becker’s Hospital Review’s “110 Physician Leaders to Know 2016” list.
- Dr. Donna Burks, Eskenazi Health, was named one of 12 minority professionals recognized for exhibiting excellence in the medical field at the annual Golden Laurel Professional Reception.
- Margie Payne, CEO of Eskenazi Health Midtown, was recognized by CHIP Indianapolis with the William D. Moreau Homeless Advocate Award at the 2016 CHIP Celebration. Dr. Aaron Kalinowski of Eskenazi Health Pedigo was also recognized.
- Eskenazi Health received the Fiscal Innovation Award from TeleHealth Services. The Family Beginnings Center moved the Baby Boot Camp program, a 90-minute workshop that was offered to patients, to the SmarTigr system and discontinued live classroom trainings, thereby reducing logistical costs.

For nearly 160 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.

For the first 18 months of operation, ASC dedicated specific Directors of Operations, Clinical advisors, and other support staff for the acquisitions (Acquired or Group Three facilities) as a separate facility grouping. This practice was successful in assuring the facilities achieved the goals of transition in a peer group and organized fashion. For 2017, the facilities have been integrated into operational pods according to location and now have support and peer groups within the geographic region.

The 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 continue to express a high level of 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 2016.

Quality care and service are priorities for the Long-Term Care Division and quality improvement endeavors are continually performed at all locations. In October 2016, seven of the Corporation's facilities were among only eighteen Indiana nursing homes presented with the AHCA/NCAL National Quality Bronze Award for Commitment to Quality. The facilities are: Countryside Meadows, Glenbrook Rehabilitation and Skilled Nursing, Greenwood Meadows, Heritage House Rehabilitation and Healthcare Center, Hillcrest Village, Maple Park Village, and North Woods Village. This brings the total number of Bronze Award winning HHC facilities to sixteen since 2014 when the first HHC facilities applied for the program. One facility, Swiss Villa Nursing and Rehabilitation, was among four Indiana facilities presented with the National Quality Silver Award in 2015. 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 2016, the Corporation's "Legacy" facilities averaged Four Stars out of Five Stars overall. The statewide average was 3.1 Stars for all skilled facilities including HHC facilities. Thirty of the sixty-one facilities (49%) were rated at Five Stars. The Acquired Facilities averaged 2.6 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 18 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 three years earned the following regulatory ratings: Six Corporation skilled nursing facilities earned deficiency free surveys from the Indiana State Department of Health (ISDH) in 2016, which is the same number as 2015. The ISDH report card computed scores have continued to improve. In 2016, the corporate average slightly moved from 114.6 in January to 116 in December and remained much better than the statewide average score, which was 147 (the lower the score, the better). This was the fifth year in a row that the Corporation's facilities have averaged better than the statewide average. Thirty-nine of the facilities acquired prior to 2015 have improved their ISDH report card scores by 73%. 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 remained less robust in regulatory compliance but showed improvement throughout the year with a year-end average report card score of 152, compared to a score of 166 in December 2015. With these improved scores, the new acquisitions continue getting closer to the statewide average of 147. Two of the newer acquisitions, Meadow View Health and Rehabilitation and Elkhart Rehabilitation Center, earned deficiency free licensure and recertification surveys in 2016. Seven or 41% of the Acquisition Group facilities have improved their annual licensure and recertification score sets since the change of ownership.

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 2016. The results of the survey indicate an overall consumer satisfaction rate of 89%, and 92% of respondents indicated they would recommend our services to others. This is consistent with the ratings received in the same categories in October 2015 for the facilities acquired prior to July 2015, which was 90% and 90.5%, respectively.

The total resident census including independent garden homes, assisted and independent living apartments, as well as the skilled nursing facilities was 8,092 on December 31, 2016, which is somewhat lower than 8,526 on December 31, 2015. The Skilled Facility occupancy rate was 87.3% for the Legacy facilities and 75.3% for the Acquired facilities. The statewide occupancy rate was 75.3% for the same time period.

Almost 10,500 individuals are employed at these facilities.

On September 15, 2015, the Corporation became aware of a federal investigation of several then leaders at 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 18 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 many positive changes for the operations of our long-term care facilities. The CEO, COO, and CFO positions turned over shortly after September 15, 2015 and were filled by permanent key leaders following a period of interim management by executives from an outside consulting firm. Additional key support positions were established at the ASC corporate office in 2016 including, but not limited to, Vice President of Property Management, Chief Information Officer, and Director of Purchasing.

HHC's internal Long-Term Care Quality Review Team (QRT) experienced a staffing increase in 2016 due to the increased facility visits resulting from the 2015 acquisitions. The QRT added two new Quality Review Nurse Specialists as well as a new supervisory position, Director of Quality Review. Additionally, the QRT divided into a north and south team, and a QRT satellite office was established at one of the Fort Wayne skilled nursing facilities. In 2016, the QRT conducted 108 quality review visits.

AWARDS AND ACKNOWLEDGEMENTS

The Corporation had an annual audit of its financial statements performed for 2016 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, 2015. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last 32 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, 2015

Executive Director/CEO

Health and Hospital Corporation

Elected Officials

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

Appointed Officials - Board of Trustees



James D. Miner, M.D.
Chairman
Physician



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



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



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



Joyce Q. Rogers
Vice President
Indiana University



Carl L. Drummer
Director of Public Affairs
Community Spirits



Ellen Quigley
Vice President of Programs
Richard M. Fairbanks Foundation

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

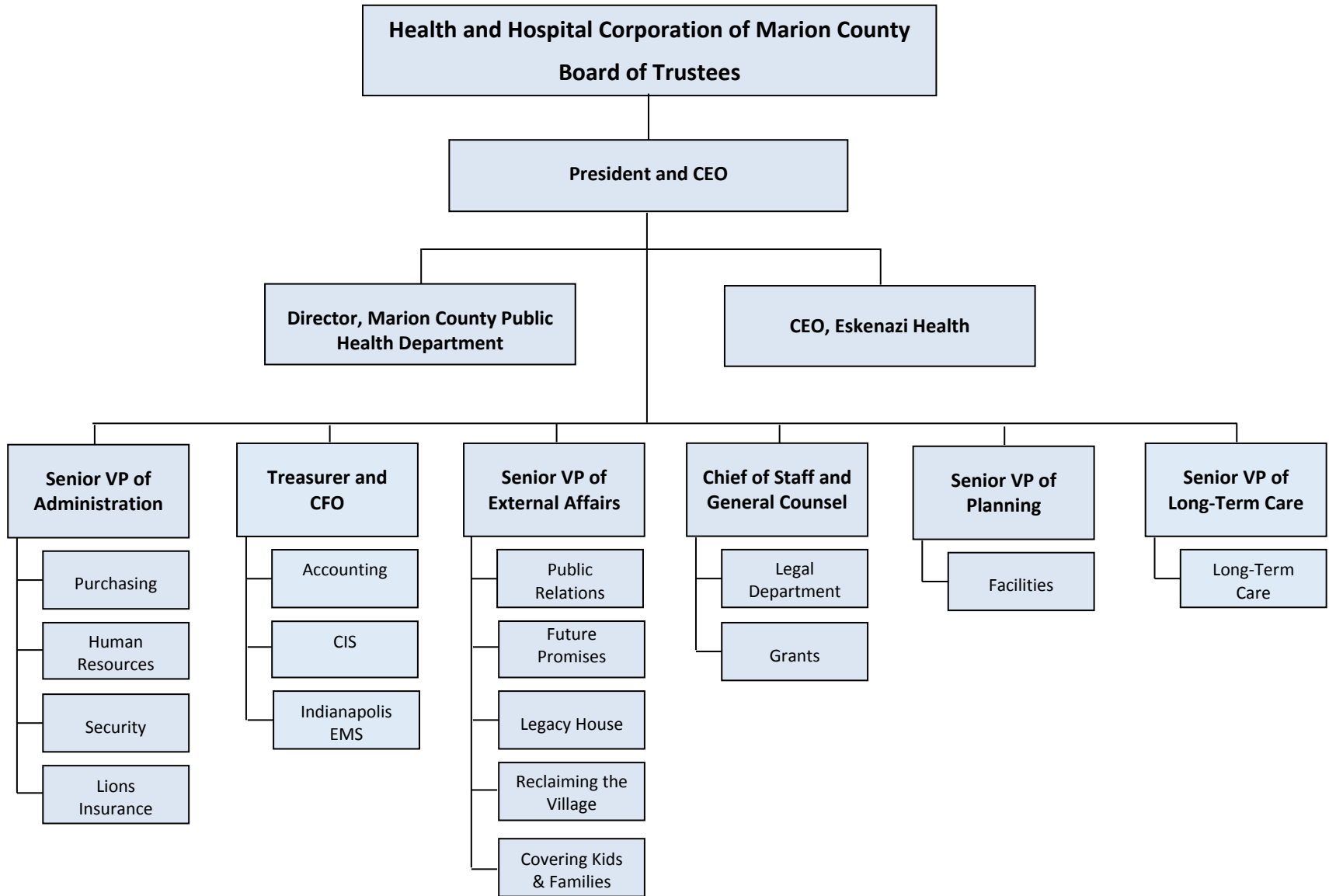
Independent Auditors

BKD, LLP

Indianapolis, Indiana



Officers of the Health and Hospital Corporation during 2016 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.



Financial Section

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, 2016, 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 did not audit the financial statements of MDwise, Inc. or MDwise Marketplace, Inc., equity method investments, which statements reflect total assets constituting 2% of total assets of the Corporation at December 31, 2016. The financial statements of MDwise, Inc. and MDwise Marketplace, Inc. were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of other auditors. 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, based on our audit and the reports of other auditors, 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, 2016, 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 more fully in Note 18 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 this matter.

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 as 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.

Other 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 as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. Such 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.

The introductory and statistical sections have 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 them.

BKD, LLP

Indianapolis, Indiana
July 26, 2017

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter at the front of this report along with the financial statements, including the footnotes that follow the basic financial statements.

Financial Highlights

- The assets 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 \$705.4 million (net position). Unrestricted net position at the end of 2016 is a negative \$76.8 million.
- The Corporation's total net position increased by \$23.3 million, from current year activities.
- As of the close of 2016, the Corporation's governmental funds reported combined ending fund balances of \$424.3 million, an increase of \$77.3 million in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$360.8 million or 164.9% of total General Fund expenditures.
- The Corporation's total debt, excluding capital leases, decreased by \$4.8 million or 2.4% during the current fiscal year. This reflects scheduled principal payments on outstanding bonds. The capital lease obligations decreased by \$54.9 million or 5.8% in 2016.

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 \$705.4 million at December 31, 2016. The Corporation's net position increased by \$23.3 million, compared to \$44.8 million in 2015.

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 \$76.8 million.

	<i>(dollars in thousands)</i>					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 505,253	\$ 425,260	\$ 547,639	\$ 527,378	\$ 1,052,892	\$ 952,638
Capital assets, net of accumulated depreciation	24,759	24,441	1,206,065	1,252,542	1,230,824	1,276,983
Total assets	<u>530,012</u>	<u>449,701</u>	<u>1,753,704</u>	<u>1,779,920</u>	<u>2,283,716</u>	<u>2,229,621</u>
Deferred Outflow of Resources	<u>12,545</u>	<u>10,085</u>	<u>49,085</u>	<u>44,055</u>	<u>61,630</u>	<u>54,140</u>
Liabilities						
Other liabilities	33,936	29,662	246,199	176,928	280,135	206,590
Long-term liabilities	691,818	700,959	658,789	688,049	1,350,607	1,389,008
Total liabilities	<u>725,754</u>	<u>730,621</u>	<u>904,988</u>	<u>864,977</u>	<u>1,630,742</u>	<u>1,595,598</u>
Deferred Inflow of Resources	<u>631</u>	<u>228</u>	<u>8,556</u>	<u>5,817</u>	<u>9,187</u>	<u>6,045</u>
Net Position						
Net investment in capital assets	16,462	29,633	765,328	766,711	781,790	796,344
Restricted	412	165	-	-	412	165
Unrestricted	<u>(200,702)</u>	<u>(300,861)</u>	<u>123,917</u>	<u>186,470</u>	<u>(76,785)</u>	<u>(114,391)</u>
Total net position	<u>\$ (183,828)</u>	<u>\$ (271,063)</u>	<u>\$ 889,245</u>	<u>\$ 953,181</u>	<u>\$ 705,417</u>	<u>\$ 682,118</u>

Changes in Net Position

The Corporation's total revenue was \$1.7 billion during the current fiscal year. Taxes represent 7.3% of the Corporation's revenue. Medicaid special revenue represents 5.2% of revenue, while 83.2% of revenue came from fees charged for services. The remaining 4.3% came from grants and contributions, interest earnings, Build America Bond subsidies, and miscellaneous revenues.

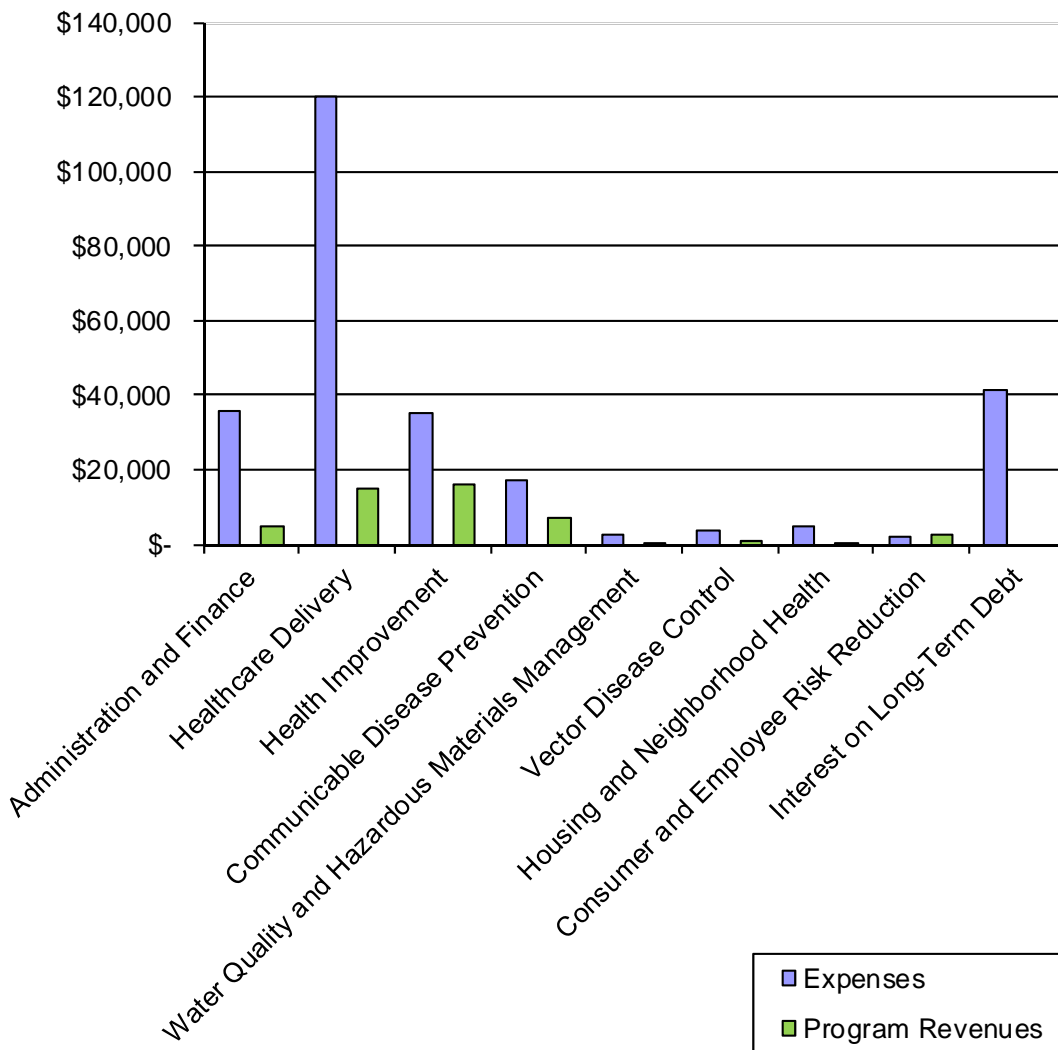
The total cost of all programs and services was \$1.6 billion. This resulted in an increase in net position for the year of \$23.3 million.

Governmental activities - Governmental activities increased the Corporation's net position by \$87.2 million compared to the total \$23.3 million increase in net position of the Corporation. Medicaid special revenue increased \$22.0 million from prior year due to an additional 2016 DSH settlement. Government activities received \$33.8 million in operating grants and contributions in 2016. Net transfers were \$84.0 million, compared to \$67.7 million from prior year. 2016 transfers reflect increases in Long-Term Care Fund transfers to the General Fund and General Fund transfers to the Eskenazi Health Fund. Additional Long-Term Care transfers to the General Fund are attributed to the addition of the 17 facilities in 2015 and the associated increase in Medicaid special revenue. The increase in Eskenazi Health Fund support transfers relate to the Epic project completed in 2016.

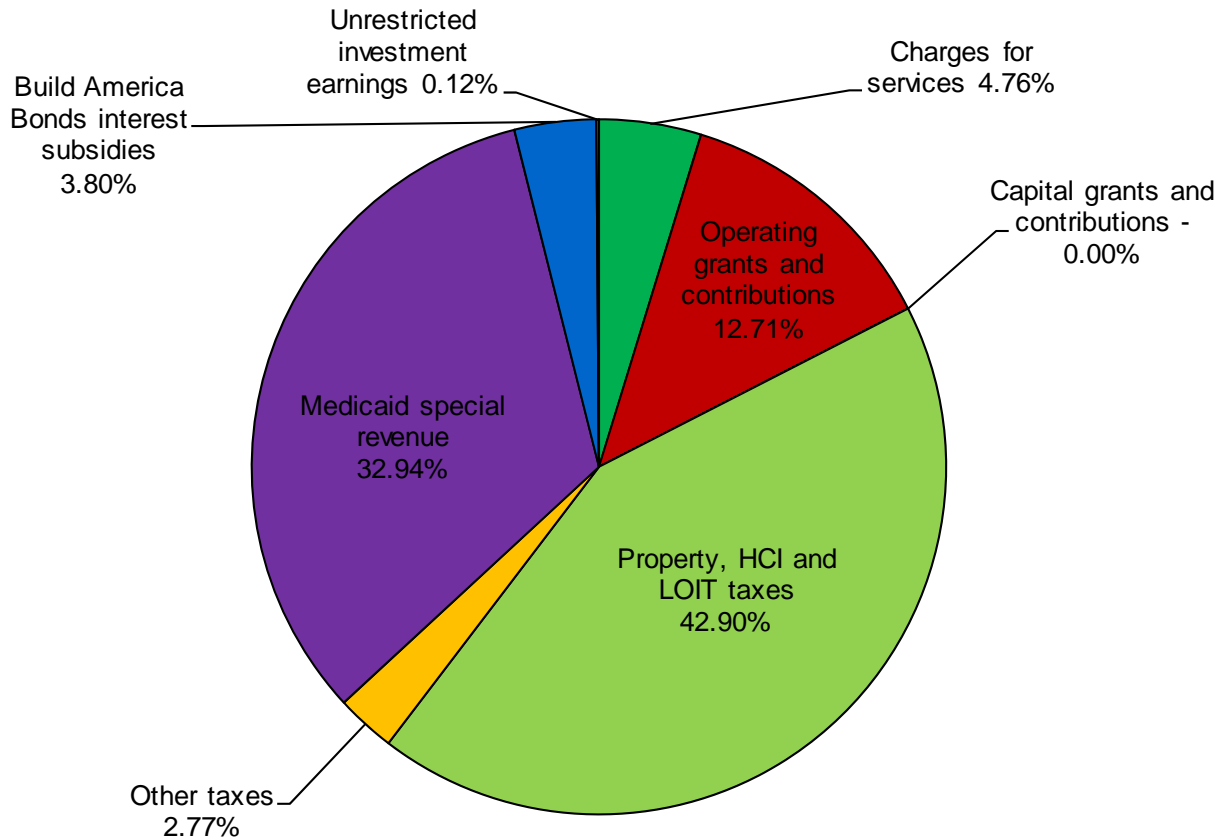
	<i>(dollars in thousands)</i>					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 12,630	\$ 12,558	\$ 1,375,120	\$ 1,285,984	\$ 1,387,750	\$ 1,298,542
Operating grants and contributions	33,768	33,446	26,566	27,621	60,334	61,067
Capital grants and contributions	13	336	-	-	13	336
General revenues:						
Property, HCI and local option income taxes	113,931	110,577	-	-	113,931	110,577
Other taxes	7,351	6,904	-	-	7,351	6,904
Medicaid special revenue	87,487	65,467	-	-	87,487	65,467
Build America Bonds interest subsidies	10,105	10,083	-	-	10,105	10,083
Unrestricted investment earnings (losses)	316	158	854	(13)	1,170	145
Total revenues	<u>265,601</u>	<u>239,529</u>	<u>1,402,540</u>	<u>1,313,592</u>	<u>1,668,141</u>	<u>1,553,121</u>
Expenses						
Administration and finance	35,579	32,283	-	-	35,579	32,283
Healthcare delivery	120,086	85,678	-	-	120,086	85,678
Health improvement	35,062	32,540	-	-	35,062	32,540
Communicable disease prevention	17,374	16,531	-	-	17,374	16,531
Water quality and hazardous material management	2,439	2,365	-	-	2,439	2,365
Vector disease control	3,593	3,347	-	-	3,593	3,347
Housing and neighborhood health	5,055	4,930	-	-	5,055	4,930
Consumer and employee risk reduction	1,944	1,841	-	-	1,944	1,841
Interest on long-term debt	41,250	39,406	-	-	41,250	39,406
Eskenazi Health	-	-	664,886	617,220	664,886	617,220
Long-term care	-	-	717,573	672,134	717,573	672,134
Total expenses	<u>262,382</u>	<u>218,921</u>	<u>1,382,459</u>	<u>1,289,354</u>	<u>1,644,841</u>	<u>1,508,275</u>
Increase in Net Position						
Before Transfers	3,219	20,608	20,081	24,238	23,300	44,846
Transfers	<u>84,016</u>	<u>67,697</u>	<u>(84,016)</u>	<u>(67,697)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	87,235	88,305	(63,935)	(43,459)	23,300	44,846
Net Position, Beginning of Year	<u>(271,063)</u>	<u>(359,368)</u>	<u>953,181</u>	<u>996,640</u>	<u>682,118</u>	<u>637,272</u>
Net Position, End of Year	<u>\$ (183,828)</u>	<u>\$ (271,063)</u>	<u>\$ 889,246</u>	<u>\$ 953,181</u>	<u>\$ 705,418</u>	<u>\$ 682,118</u>

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.

2016 Expenses and Program Revenues - Governmental Activities (in thousands)



2016 Revenues by Source - Governmental Activities



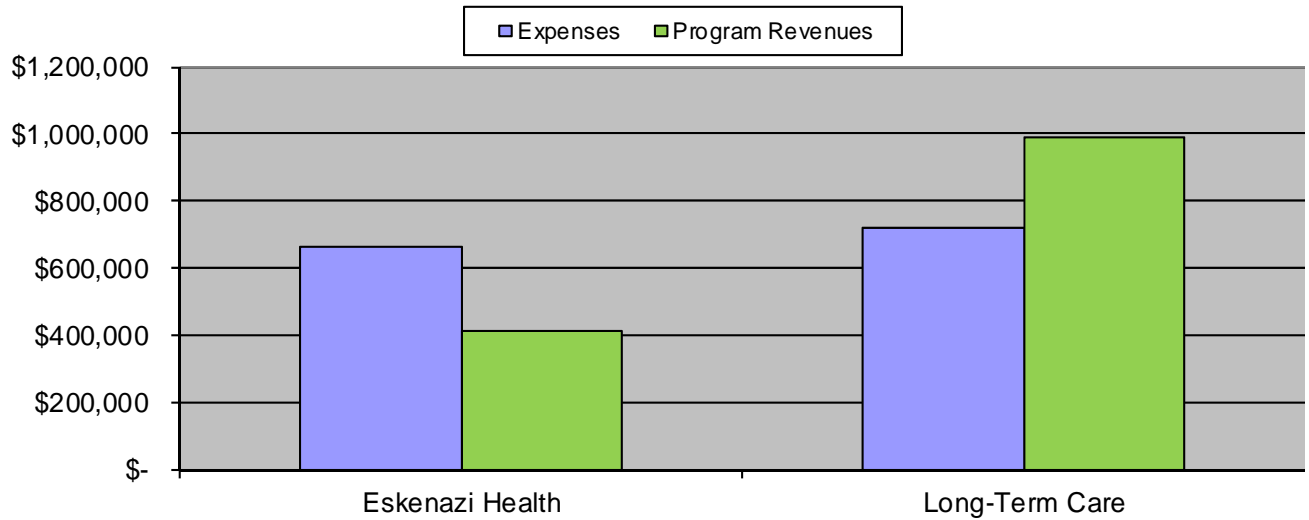
Business-type activities - Business-type activities decreased the Corporation's net position by \$63.9 million compared to a decrease of \$43.5 million in 2015.

Eskenazi Health's net position decreased by \$35.5 million in the current year. Net investment in capital assets increased by \$1.4 million; increases in capital assets totaled \$61.6 million, which was offset by depreciation of \$60.2 million. Operating revenues decreased by \$8.5 million due to an increase in net patient services revenue of \$37.8 million and a decrease of other revenue of \$46.3 million. Eskenazi Health support increased by \$41.8 million in 2016. Operating expenses increased \$47.7 million due to inflation costs, staffing changes, operational expenses associated with Epic implementation, increased cost of employee benefits, increased medical and professional fees, supplies, and increased depreciation expense. Eskenazi Health incurred an operating loss of \$279.9 million, which was offset by approximately \$217.1 million in transfers from the General Fund and approximately \$26.6 million in grants from various agencies.

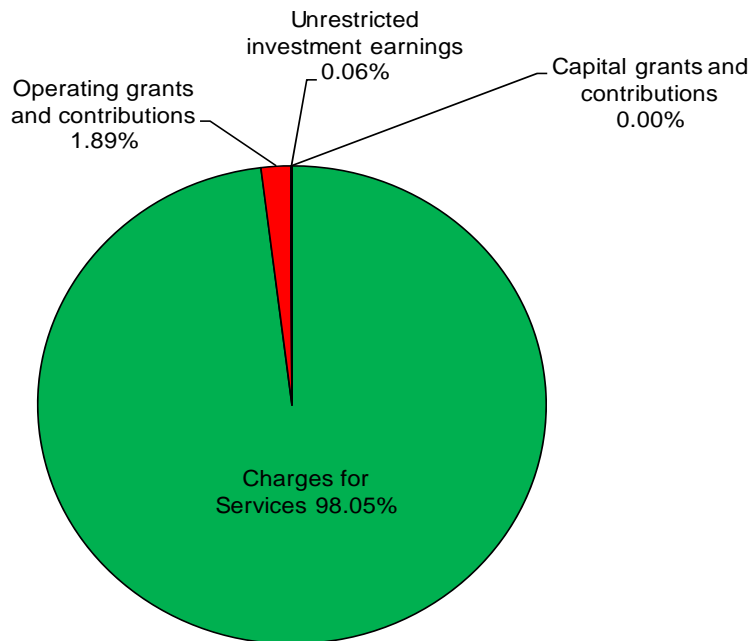
Long-Term Care net position was \$167.8 million, which was a decrease of \$28.4 million from 2015. Operating revenues increased \$97.6 million due to increases in net patient service and Medicaid special revenues from the addition of 17 facilities July 1, 2015. Operating expenses increased \$44.8 million over 2015. This was primarily due to the additional 17 facilities and increased staffing costs. Income before capital contributions and transfers increased \$52.3 million due to the addition of the 17 facilities in 2015 and the associated increase in Medicaid special revenue. Long-Term Care has \$1.3 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.

2016 Expenses and Program Revenues - Business-Type Activities (in thousands)



2016 Revenues by Source - Business-Type Activities



Financial Analysis of the Corporation's Funds

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

Governmental Funds - The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, 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 \$424.3 million, an increase of \$77.3 million in comparison with the prior year. Approximately 14.9% of this total amount, or \$63.2 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 85.0% of the total amount, or \$360.8 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 \$360.8 million, while the total fund balance increased \$63.8 million to a balance of \$363.4 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 164.9% of total General Fund expenditures, while total fund balance represents 166.1% of that same amount.

The total fund balance of the Corporation's General Fund increased by \$63.8 million during the current fiscal year, in comparison to a \$53.1 million increase in 2015. Medicaid special revenue increased by \$30.5 million in 2016 due to an additional 2016 DSH settlement. Tax revenue collections increased by \$3.4 million from 2015 to 2016. Collections of property and local income taxes plus excise taxes surpassed 2016 projections. Total expenditures increased by \$40.5 million in 2016 due to increased intergovernmental and administrative expenditures. The intergovernmental increase relates to larger IGT payments reflecting the 17 additional nursing homes acquired in 2015. The administrative expenditures increase relates to increased professional fees. Increased transfers out of \$41.8 million to Eskenazi Health occurred in 2016 to support the Epic project. Long-Term Care transfers in increased by \$56.1 million. The 2016 increase relates to the addition of the 17 facilities in 2015 and the associated increase in Medicaid special revenue. The 2016 fund balance increase for the General Fund, of \$63.8 million, related to transfers in from the Long-Term Care Fund in 2016 greater than budgeted. Also, expenditures were under budget due to year-end initiatives not occurring during 2016.

Debt Service Fund - The Debt Service Fund has a fund balance of \$17.2 million compared to a fund balance of \$17.1 million in 2015. The net increase in fund balance during the current year was \$0.1 million. 2016 debt service expenditures were less than revenues and transfers in, increasing the fund balance. The increase in fund balance is attributed to actual taxes and bond interest subsidies revenues being greater than budget estimates.

Capital Projects Fund - The Capital Projects Fund has a total fund balance of \$43.6 million. The net increase in fund balance during the current year was \$13.4 million. Transfers from the General Fund occurred at the budgeted level, while some capital projects planned for 2016 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 \$42.6 million. Total net position for Eskenazi Health decreased by \$35.5 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 \$166.5 million. Total net position for Long-Term Care decreased by \$28.4 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 \$385.3 million remained unchanged during 2016, both in total and by major object of expenditure. The \$385.3 million budget included \$140.7 million in expenditures and \$244.6 million in transfers out. Actual expenditures and transfers out totaled \$377.7 million. Of the total \$7.6 million underspending, \$0.3 million related to personal services, \$3.4 million to supplies, \$2.5 million to other charges and services (including transfers out) and \$1.4 million to capital outlays. Underspending for all reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at \$388.0 million, and actual was \$390.7 million. Medicaid special revenue was \$33.9 million under budget as expected hospital DSH settlements did not materialize until 2017. 2016 miscellaneous revenue was \$39.4 million under budget due to decreased medical education revenue activity. Transfers in were over budget by \$71.1 million due to transfers from the Long-Term Care Fund related to the addition of the 17 facilities in 2015 and the associated increase in Medicaid special revenue.

Capital Asset and Debt Administration

Capital Assets - The Corporation's capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$1.2 billion (net of accumulated depreciation), compared to \$1.3 billion at the end of 2015. 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 9 to the financial statements.

	<i>(dollars in thousands)</i>					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 4,095	\$ 4,095	\$ 9,723	\$ 9,723	\$ 13,818	\$ 13,818
Land improvements	-	-	66,568	71,186	66,568	71,186
Buildings and improvements	13,314	13,597	950,443	1,013,449	963,757	1,027,046
Equipment	4,999	5,041	159,904	117,010	164,903	122,051
Vehicles	940	435	3,171	3,158	4,111	3,593
Construction in progress	1,411	1,273	16,256	38,016	17,667	39,289
Total assets	<u>\$ 24,759</u>	<u>\$ 24,441</u>	<u>\$ 1,206,065</u>	<u>\$ 1,252,542</u>	<u>\$ 1,230,824</u>	<u>\$ 1,276,983</u>

Long-Term Debt - At the end of 2016, the Corporation had total general obligation debt outstanding of \$191.4 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 \$246.2 million. Outstanding general obligation debt (excluding premiums) at December 31, 2016 represents 76.3% of this limit.

Additional information on the Corporation's long-term debt can be found in Note 11 of this report.

	Governmental Activities		<i>(dollars in thousands)</i> Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
1988 renovation bonds	\$ 6,140	\$ 7,905	\$ -	\$ -	\$ 6,140	\$ 7,905
2005 general obligation bonds	15,520	17,070	-	-	15,520	17,070
2010 general obligation bonds	166,270	167,550	-	-	166,270	167,550
Unamortized bond premiums	3,439	3,623	-	-	3,439	3,623
Capital leases	454,335	464,167	440,737	485,830	895,072	949,997
Total long-term debt	<u>\$ 645,704</u>	<u>\$ 660,315</u>	<u>\$ 440,737</u>	<u>\$ 485,830</u>	<u>\$ 1,086,441</u>	<u>\$ 1,146,145</u>

Economic Factors and Next Year's Budgets and Rates

The 2017 original budget for all annually budgeted funds is \$451.6 million. No revisions have been made through June 2017. The 2017 General Fund budget is \$380.9 million. The 1.1% decrease from the 2016 final General Fund budget of \$385.3 million reflects a decrease in projected 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, 2016

(Dollars in thousands)

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 68,886	\$ 500,124	\$ 569,010
Investments	-	4,697	4,697
Receivables, net:			
Patient services	-	112,556	112,556
Medicaid special revenue	90,099	71,194	161,293
Grants	4,482	6,031	10,513
Other	7,724	16,420	24,144
Internal balances	280,262	(280,262)	-
Inventories	-	5,528	5,528
Estimated Medicare/Medicaid settlements	-	15,217	15,217
Prepaid costs and other assets	328	11,936	12,264
Restricted cash and cash equivalents	16,162	-	16,162
Restricted investments	201	5,065	5,266
Lease acquisition costs (net of accumulated amortization)	-	19,325	19,325
Joint venture investments	37,109	56,378	93,487
Other long-term assets	-	3,430	3,430
Capital assets (net of accumulated depreciation):			
Land	4,095	9,723	13,818
Land improvements	-	66,568	66,568
Buildings and improvements	13,314	950,443	963,757
Equipment	4,999	159,904	164,903
Vehicles	940	3,171	4,111
Construction in progress	1,411	16,256	17,667
Total assets	<u>530,012</u>	<u>1,753,704</u>	<u>2,283,716</u>
Deferred Outflows of Resources	<u>12,545</u>	<u>49,085</u>	<u>61,630</u>
Liabilities			
Accounts payable	30,903	99,518	130,421
Restricted accounts payable	144	-	144
Accrued liabilities	2,308	32,008	34,316
Unearned revenue	581	20,205	20,786
Deficit balance joint venture	-	57,030	57,030
Estimated Medicare/Medicaid settlements	-	14,519	14,519
Medical claims incurred but not reported	-	22,919	22,919
Long-term liabilities:			
Due within one year	21,103	81,851	102,954
Due in more than one year	670,715	576,938	1,247,653
Total liabilities	<u>725,754</u>	<u>904,988</u>	<u>1,630,742</u>
Deferred Inflows of Resources	<u>631</u>	<u>8,556</u>	<u>9,187</u>
Net Position			
Net investment in capital assets	16,462	765,328	781,790
Restricted for:			
Health services	412	-	412
Unrestricted	(200,702)	123,917	(76,785)
Total net position	<u>\$ (183,828)</u>	<u>\$ 889,245</u>	<u>\$ 705,417</u>

Health and Hospital Corporation of Marion County, Indiana

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

Statement of Activities For the Year Ended December 31, 2016 (Dollars in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration and finance	\$ 35,579	\$ 4,944	\$ -	\$ -	\$ (30,635)	\$ -	\$ (30,635)
Healthcare delivery	120,086	-	15,000	-	(105,086)	-	(105,086)
Health improvement	35,062	3,662	12,263	-	(19,137)	-	(19,137)
Communicable disease prevention	17,374	516	6,312	13	(10,533)	-	(10,533)
Water quality and hazardous materials management	2,439	373	100	-	(1,966)	-	(1,966)
Vector disease control	3,593	614	2	-	(2,977)	-	(2,977)
Housing and neighborhood health	5,055	116	19	-	(4,920)	-	(4,920)
Consumer and employee risk reduction	1,944	2,405	72	-	533	-	533
Interest on long-term debt	41,250	-	-	-	(41,250)	-	(41,250)
Total governmental activities	262,382	12,630	33,768	13	(215,971)	-	(215,971)
Business-Type Activities							
Eskenazi Health	664,886	385,019	26,566	-	-	(253,301)	(253,301)
LT Care	717,573	990,101	-	-	-	272,528	272,528
Total business-type activities	1,382,459	1,375,120	26,566	-	-	19,227	19,227
Total	\$ 1,644,841	\$ 1,387,750	\$ 60,334	\$ 13	(215,971)	19,227	(196,744)
General revenues:							
Property and local income taxes					75,931	-	75,931
Health Care for the Indigent taxes					38,000	-	38,000
Excise taxes					5,949	-	5,949
Financial institution taxes					1,402	-	1,402
Medicaid special revenue (unrestricted)					87,487	-	87,487
Build America Bonds interest subsidies					10,105	-	10,105
Unrestricted investment earnings					316	854	1,170
Transfers					84,016	(84,016)	-
Total general revenues and transfers					303,206	(83,162)	220,044
Change in net position					87,235	(63,935)	23,300
Net position - beginning of year					(271,063)	953,180	682,117
Net position - end of year					\$ (183,828)	\$ 889,245	\$ 705,417

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, 2016

(Dollars in thousands)

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 24,235	\$ 1,071	\$ 43,580	\$ 68,886
Restricted cash and cash equivalents	-	16,162	-	16,162
Restricted investments	-	-	201	201
Receivables (net of allowance for uncollectibles):				
Grants	4,482	-	-	4,482
Medicaid special revenue	90,099	-	-	90,099
Other	2,672	5,052	1	7,725
Due from other funds	285,312	-	-	285,312
Prepaid costs and other assets	328	-	-	328
	<u>407,128</u>	<u>22,285</u>	<u>43,782</u>	<u>473,195</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 30,903	\$ -	\$ 144	\$ 31,047
Salaries and related benefits	2,308	-	-	2,308
Unearned revenue	581	-	-	581
Due to other funds	-	5,050	-	5,050
Accrued self-insurance claims	383	-	-	383
Total liabilities	<u>34,175</u>	<u>5,050</u>	<u>144</u>	<u>39,369</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>9,532</u>	<u>-</u>	<u>1</u>	<u>9,533</u>
Fund Balances				
Nonspendable	328	-	-	328
Restricted for debt service	-	16,162	-	16,162
Assigned	2,326	1,073	43,637	47,036
Unassigned	<u>360,767</u>	<u>-</u>	<u>-</u>	<u>360,767</u>
Total fund balances	<u>363,421</u>	<u>17,235</u>	<u>43,637</u>	<u>424,293</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 407,128</u>	<u>\$ 22,285</u>	<u>\$ 43,782</u>	

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	24,758
Joint venture investments are not financial resources and therefore are not reported in the fund statements	37,109
Net pension liability is not due and payable in the current period and therefore is not recorded in the funds statement	(38,213)
Deferred inflows of resources not meeting availability criteria in fund statements are not in the statement of net position	9,533
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	(631)
Deferred outflows of resources are not financial resources and therefore are not reported in the fund statements and include:	
Loss on refunding	583
Pension	11,962
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)	<u>(653,222)</u>
Net position of governmental activities	<u>\$ (183,828)</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2016
(Dollars in thousands)

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 116,288	\$ 4,780	\$ 214	\$ 121,282
Licenses and permits	4,487	-	-	4,487
Intergovernmental	18,502	-	-	18,502
Charges for services	1,855	-	-	1,855
Medicaid special revenue	89,452	-	-	89,452
Investment income	3,194	5	167	3,366
Build America Bonds interest subsidies	-	10,105	-	10,105
Contributions	15,000	-	-	15,000
Miscellaneous	5,770	-	-	5,770
Total revenues	<u>254,548</u>	<u>14,890</u>	<u>381</u>	<u>269,819</u>
Expenditures				
Current				
Administrative	35,846	-	-	35,846
Population health	26,680	-	-	26,680
Environmental health	12,213	-	-	12,213
Health center program	1,103	-	-	1,103
Data processing	4,144	-	-	4,144
Grant programs	17,825	-	-	17,825
Capital outlays	881	-	1,990	2,871
Debt service				
Principal	-	14,426	-	14,426
Interest and fiscal charges	-	41,307	-	41,307
Intergovernmental	120,086	-	-	120,086
Total expenditures	<u>218,778</u>	<u>55,733</u>	<u>1,990</u>	<u>276,501</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>35,770</u>	<u>(40,843)</u>	<u>(1,609)</u>	<u>(6,682)</u>
Other Financing Sources (Uses)				
Transfers in	301,100	40,947	15,000	357,047
Transfers out	(273,031)	-	-	(273,031)
Total other financing sources and uses	<u>28,069</u>	<u>40,947</u>	<u>15,000</u>	<u>84,016</u>
Net change in fund balances	63,839	104	13,391	77,334
Fund balances - beginning of year	<u>299,582</u>	<u>17,131</u>	<u>30,246</u>	<u>346,959</u>
Fund balances - end of year	<u>\$ 363,421</u>	<u>\$ 17,235</u>	<u>\$ 43,637</u>	<u>\$ 424,293</u>

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

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2016**

(Dollars in thousands)

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

Net changes in fund balances - total governmental funds	\$ 77,334
Depreciation expense is not reported in the fund statements, but is reported as a decrease in net position in the statement of activities	(2,552)
Capital outlays are reported as expenditures in the fund statements, but are reported as additions to capital assets in the statement of net position	2,871
Changes in joint venture investment are reported in the statement of net position but are not reported in the fund statements	(484)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements	(1,166)
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	14,482
Compensated absences that do not require the use of current financial resources are not reported as expenditures in the fund statements	(170)
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	(2,799)
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	(281)
	<hr/>
Change in net position of governmental activities	\$ 87,235
	<hr/> <hr/>

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, 2016

(Dollars in thousands)

	Eskenazi Health	LT Care	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 148,806	\$ 351,318	\$ 500,124
Investments	4,697	-	4,697
Receivables (net of allowance for uncollectibles):			
Patient services	59,186	53,370	112,556
Medicaid special revenue	-	71,194	71,194
Grants	6,031	-	6,031
Other	16,356	64	16,420
Estimated Medicare/Medicaid settlements	12,516	2,701	15,217
Inventories	5,528	-	5,528
Due from other funds	-	665	665
Prepaid costs and other assets	7,800	4,136	11,936
Total current assets	260,920	483,448	744,368
Noncurrent assets:			
Lease acquisition cost (net of accumulated amortization)	-	19,325	19,325
Joint venture investments	56,378	-	56,378
Investments restricted for deferred compensation	5,065	-	5,065
Other long-term assets	-	3,430	3,430
Nondepreciable capital assets	22,039	3,940	25,979
Depreciable capital assets (net of accumulated depreciation)	741,998	438,088	1,180,086
Total noncurrent assets	825,480	464,783	1,290,263
Total assets	1,086,400	948,231	2,034,631
Deferred Outflows of Resources			
	49,085	-	49,085
Total assets and deferred outflows of resources	1,135,485	948,231	2,083,716
Liabilities			
Current liabilities:			
Accounts payable	71,084	28,434	99,518
Accrued liabilities	18,443	13,565	32,008
Due to other funds	4,827	276,100	280,927
Capital lease obligation - current	-	53,537	53,537
Estimated Medicare/Medicaid settlements	7,778	6,741	14,519
Deficit balance joint venture	57,030	-	57,030
Unearned revenue	20,205	-	20,205
Medical claims incurred but not reported	22,919	-	22,919
Accrued compensated absences - current	18,316	-	18,316
Asserted and unasserted self-insurance claims - current	5,102	4,896	9,998
Total current liabilities	225,704	383,273	608,977
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	3,197	9,992	13,189
Accrued compensated absences	5,858	-	5,858
Net pension liability	165,626	-	165,626
Deferred compensation	5,065	-	5,065
Capital lease payable	-	387,200	387,200
Total noncurrent liabilities	179,746	397,192	576,938
Total liabilities	405,450	780,465	1,185,915
Deferred Inflows of Resources			
	8,556	-	8,556
Total liabilities and deferred inflows of resources	414,006	780,465	1,194,471
Net Position			
Net investment in capital assets	764,037	1,291	765,328
Unrestricted	(42,558)	166,475	123,917
Total net position	\$ 721,479	\$ 167,766	\$ 889,245

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, 2016
(Dollars in thousands)

	Eskenazi		Total
	Health	LT Care	
Operating revenues:			
Net patient service revenue	\$ 407,543	\$ 678,266	\$ 1,085,809
Medicaid special revenue	-	309,998	309,998
Other revenue	(22,524)	1,837	(20,687)
Total operating revenues	<u>385,019</u>	<u>990,101</u>	<u>1,375,120</u>
Operating expenses:			
Salaries	263,690	-	263,690
Employee benefits	90,432	-	90,432
Contract labor	7,426	373,013	380,439
Medical and professional fees	64,339	8,267	72,606
Purchased services	33,410	45,012	78,422
Supplies	55,474	48,148	103,622
Pharmaceuticals	39,278	26,902	66,180
Repairs and maintenance	11,652	5,347	16,999
Utilities	12,611	15,574	28,185
Equipment rental	4,368	9,917	14,285
Depreciation and amortization	60,192	80,494	140,686
Hospital assessment fee	8,795	31,101	39,896
Other	13,219	36,771	49,990
Total operating expenses	<u>664,886</u>	<u>680,546</u>	<u>1,345,432</u>
Operating income (loss)	<u>(279,867)</u>	<u>309,555</u>	<u>29,688</u>
Nonoperating revenue (expenses):			
Noncapital gifts and grants	26,566	-	26,566
Investment income	731	123	854
Interest expense	-	(37,027)	(37,027)
Total nonoperating revenue (expense)	<u>27,297</u>	<u>(36,904)</u>	<u>(9,607)</u>
Increase (decrease) in net position before capital contributions and transfers	(252,570)	272,651	20,081
Transfers - General Fund	<u>217,084</u>	<u>(301,100)</u>	<u>(84,016)</u>
Changes in net position	(35,486)	(28,449)	(63,935)
Total net position - beginning of year	<u>756,965</u>	<u>196,215</u>	<u>953,180</u>
Total net position - end of the year	<u>\$ 721,479</u>	<u>\$ 167,766</u>	<u>\$ 889,245</u>

Health and Hospital Corporation of Marion County, Indiana

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

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2016

(Dollars in thousands)

	Eskenazi		
	Health	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	\$ 418,695	\$ 653,624	\$ 1,072,319
Receipts from other operations	10,680	1,837	12,517
Medicaid special revenue	-	299,941	299,941
Payments to suppliers	(232,727)	(157,205)	(389,932)
Payments to employees, contract labor, professional fees and purchased services	(367,493)	(426,176)	(793,669)
Net cash provided by (used in) operating activities	(170,845)	372,021	201,176
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	26,556	-	26,556
Transfers from the General Fund	217,084	(270,000)	(52,916)
Net cash provided by (used in) noncapital financing activities	243,640	(270,000)	(26,360)
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(61,607)	(25,774)	(87,381)
Deposits paid	-	(1,046)	(1,046)
Payment of capital lease obligations	-	(47,064)	(47,064)
Interest expense payments	-	(37,028)	(37,028)
Net cash used in capital and related financing activities	(61,607)	(110,912)	(172,519)
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	3,075	-	3,075
Purchases of investments	(2,747)	-	(2,747)
Interest and dividends received	356	123	479
Contributions to joint venture	(2,940)	-	(2,940)
Net cash provided by (used in) investing activities	(2,256)	123	(2,133)
Net Increase (Decrease) in Cash and Cash Equivalents	8,932	(8,768)	164
Cash and Cash Equivalents, January 1	139,874	360,086	499,960
Cash and Cash Equivalents, December 31	\$ 148,806	\$ 351,318	\$ 500,124
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (279,867)	\$ 309,555	\$ 29,688
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	60,192	80,494	140,686
Decrease in carrying value of joint venture	43,919	-	43,919
Changes in operating assets and liabilities:			
Patient service receivables	6,525	5,773	12,298
Other receivables	(10,715)	(10,721)	(21,436)
Inventories	447	-	447
Prepaid costs and other assets	1,252	(112)	1,140
Pension expense in excess of contributions made	9,214	-	9,214
Accounts payable	9,635	(12,517)	(2,882)
Accrued liabilities and compensation absences	(19,580)	(3,285)	(22,865)
Estimated Medicare/Medicaid settlements	(1,117)	1,288	171
Asserted and unasserted self-insurance claims	1,228	1,546	2,774
Medical claims incurred but not reported	8,022	-	8,022
Total adjustments	109,022	62,466	171,488
Net cash provided by (used in) operating activities	\$ (170,845)	\$ 372,021	\$ 201,176
Noncash investing, capital and financing activities:			
Deferred compensation payouts from investments	\$ 1,173	-	\$ 1,173
Unrealized loss on investments, net	(375)	-	(375)

Health and Hospital Corporation of Marion County, Indiana

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

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

Financial Reporting Entity

The Health and Hospital Corporation of Marion County, Indiana (Corporation) was created under Chapter 287 of the Acts of 1951 enacted by the General Assembly of the State of Indiana. The Corporation is a municipal corporation and a political subdivision of the State of Indiana under Indiana Code §16-22-8-6, §6-1.1-1-12 and §36-1-2-23. The Corporation 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 336 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 through capital leases. The facilities 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.

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The Corporation is governed by a seven-member Board of Trustees, appointed by the Mayor of Indianapolis (3), Commissioners of Marion County (2) and City-County Council (2). Of those members appointed by the City-County Council, one serves a two-year term, and one serves a four-year term. All other appointments serve a term of four years. The Board of Trustees is bi-partisan by statute. The Corporation is responsible for all of its fiscal matters including budget (subject to the final authority of the 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.

Eskenazi Medical Group, Inc. (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. The organizational documents of EMG give the Corporation significant influence and abilities within the governance structure of EMG and the Corporation also has members of management who serve as board members for EMG. This and a combination of other facts and circumstances resulted in the conclusion that EMG is a component unit of the Corporation. 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

Government-wide financial statements (i.e., the statement of net position and the statement of activities) incorporate data from all of the primary government's governmental and proprietary funds, as well as from all of its blended component units. 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.

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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:

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.

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Proprietary Fund Type

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

As mentioned previously, the Corporation has two enterprise funds: (1) the 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 debt that has been incurred on behalf of Eskenazi Health is to be repaid from General Fund revenues, 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, 2016, no such debt existed. At December 31, 2016, 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 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 under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

In the governmental fund statements, the Corporation recognizes assets from derived tax revenue transactions in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred and the resources are available. 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, as defined by GASB 33, 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, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Under the accrual basis of accounting for proprietary fund types, revenues are recognized in the period earned and expenses are recognized in the period incurred. Patient services accounts receivable and revenue are recorded at standard billing rates, net of contractual adjustments 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.

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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.

Receivables and Payables

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

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

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such governmental funds are immaterial. For the enterprise fund type, pharmaceutical, 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. Inventory in the Long-Term Care Fund is immaterial.

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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 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 acquisition value as of the date of acquisition. 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:

	<u>Years</u>
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 2016, there was no interest capitalized.

Other Long-Term Assets

Other long-term assets consist of deposits made related to the leasing of nursing homes. These include deposits required under vendor contracts as well as funds required under escrow agreements for certain leased facilities.

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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 considered 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. In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and other absences are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A liability for the cost of accumulated earned but unused vacation and other absences is recognized in the government-wide statements and in the statement of net 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.

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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 of 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.

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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. The general fund assigned fund balances are entirely made up of encumbrances and totaled \$2,326 at December 31, 2016.

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- **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 \$105,000 during 2016. 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.

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Adoption of New Accounting Standard

During 2016, the Corporation adopted and implemented GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 77, *Tax Abatement Disclosures*; GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* and GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68 and No. 73*. The implementation of these GASB Statements did not impact the net position or the change in net position of the Corporation.

Note 2: Deposits and Investments

As of December 31, 2016, the Corporation, including its blended component units, had the following cash deposits and investments:

Cash deposits	\$	522,925
Negotiable certificates of deposit		1,345
Repurchase agreements		18,316
State external investment pool		44,133
U.S. Government-sponsored enterprises		63
Equity mutual funds		5,065
Equity securities		2,516
Corporate bonds		533
Money market mutual funds		239
		<hr/>
Total deposits and investments	\$	595,135
		<hr/>

Health and Hospital Corporation of Marion County, Indiana
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Notes to Basic Financial Statements
December 31, 2016

(Dollars in thousands)

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

	2016
Carrying value	
Deposits	\$ 522,925
Investments	72,210
	<hr/>
	\$ 595,135
	<hr/>
Cash and cash equivalents	
Unrestricted	\$ 569,010
Restricted	16,162
	<hr/>
	585,172
Investments	
Unrestricted	4,697
Restricted	5,266
	<hr/>
	\$ 595,135
	<hr/>

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 at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the \$250 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.

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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, 2016:

	Fair Value	Investment Activities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	\$ 18,316	\$ 18,316	\$ -	\$ -	\$ -
State external investment pool	44,133	44,133	-	-	-
U.S. Government-sponsored enterprises	63	-	7	43	13
Corporate bonds	533	344	189	-	-
Money market mutual funds	239	239	-	-	-
	<u>\$ 63,284</u>	<u>\$ 63,032</u>	<u>\$ 196</u>	<u>\$ 43</u>	<u>\$ 13</u>

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, 2016, the Corporation's investments were rated by Standard & Poor's or Moody's as follows:

	Fair Value	AAA/Aaa	Not Rated
Repurchase agreements	\$ 18,316	\$ 18,316	\$ -
State external investment pool	44,133	-	44,133
U.S. Government-sponsored enterprises	63	63	-
Corporate bonds	533	-	533
Money market mutual funds	239	239	-
	<u>\$ 63,284</u>	<u>\$ 18,618</u>	<u>\$ 44,666</u>

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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, 2016, 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, 2016, 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, 2016, 5% or more of the Corporation's investments are in repurchase agreements with PNC Bank. These investments represent 28.1% 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

Investment income for the year ended December 31, 2016 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	\$ 316	\$ 479
Unrealized gain on investments, net	-	375
Total investment income	\$ 316	\$ 854

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Note 3: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016:

	Fair Value Measurements Using				Investments Measured at NAV(A)
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Negotiable certificates of deposit	\$ 1,345	\$ -	\$ 1,345	\$ -	\$ -
Repurchase agreements	18,316	-	18,316	-	-
State external investment pools	44,133	-	-	-	44,133
U.S. Government-sponsored enterprise securities	63	-	63	-	-
Equity mutual funds	5,065	5,065	-	-	-
Equity securities	2,516	2,516	-	-	-
Corporate bonds	533	-	533	-	-
Money market mutual funds	239	-	-	-	239

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2016.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Investments at NAV

The State External Investment Pool (TrustINDiana) seeks to allow local units of government, as well as the State of Indiana, to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment. The Indiana Treasurer of State has been designated by statute as the administrator of the pool and the Deputy Treasurer of State maintains general oversight over the daily operation of the pool. The unit of account is each share held and the value of the Corporation's position is equal to the fair value of the pool's share price multiplied by the number of shares held. There are no unfunded commitments or restrictions on redemptions.

Money market mutual funds invest in short-term debt securities and seeks to provide greater returns than cash deposits. There are no unfunded commitments or restrictions on redemptions.

Note 4: 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.

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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 (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 5: Tax Abatements

The City of Indianapolis (City) promotes a series of real and personal property tax abatement programs available under Indiana law, including:

Real Property Tax Abatement (I.C. 6-1.1-12.1)

Real property tax abatements are achieved through the phase-in of real property tax obligations from the improvements being made. The phase-in can span a period of one to ten years and is based on a declining percentage of the increase in assessed value of such improvements.

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Tax abatement is granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of the project. The City's Metropolitan Development Commission (MDC) is responsible for approving the abatement and determining the time period for the abatement. In some cases, City-County Council approval is also required for the abatement. Required approval(s) must occur before construction permits are obtained.

Personal Property Tax Abatement (I.C. 6-1.1-12.1)

Similarly, personal property tax abatements for manufacturing, research and development, information technology and logistics/distribution equipment are accomplished through the phase-in of personal property tax obligations over a one to ten year period, based on a declining percentage of the assessed value of the newly installed equipment.

Tax abatement is granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of the project. MDC and, in certain circumstances, the City County Council approval is required and must occur prior to the equipment being operational and the MDC determines the time period for the abatement.

Tax Exemption for Enterprise Information Technology Equipment (I.C. 6-1.1-10.44)

The City may grant up to a ten-year, 100% personal property tax exemption to a business engaged in computing, networking or data storage for new investments in qualified enterprise information technology equipment.

The tax exemption requires a minimum investment of \$10 million in qualifying investment by an eligible business located in a High Technology District Area, as designated by the City-County Council. The average wage of employees must be least one hundred twenty-five percent (125%) of the county average wage. Examples of non-eligible activities are call centers, back office operations, customer service operations, and credit/claims processing operations. City-County Council approval is required to grant the exemption.

Vacant Building Abatement (I.C. 6-1.1-12.1)

Up to a two-year real property tax abatement is available to a company, according to local qualifications, based on occupying a building that has been vacant for more than a year.

The building must be used for commercial or industrial purposes and be located in a designated Economic Revitalization Area, as designated by the MDC. Prior approval of the MDC must occur before occupying the facility and the MDC determines the time period for the abatement.

All of these programs are designed to spur job creation and retention, grow the income and property tax base, support the redevelopment of areas experiencing a cessation of growth, attract and retain businesses in targeted industries, and assist distressed businesses, among other objectives. Minimum eligibility criteria for such abatements vary by program, as noted above, but generally require that an investment in real or personal property be projected to increase assessed value, create or retain jobs and/or promote economic revitalization.

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In return for such abatements, the City generally commits to permit, zoning and job training assistance. An abatement can be terminated if the MDC determines that the commitments made by the company receiving the abatement were not met and, per statute, such non-compliance was not due to factors beyond the company's control. Included in each abatement agreement are provisions specifying certain damages, among which may include a clawback of some or all of the taxes previously abated. If a company ceases operations or announces the cessation of operations at the facility for which the abatement was granted, termination of the abatement agreement is warranted and 100% clawback is required. Other clawbacks are calculated based on the highest level of non-compliance among the measured categories for that project.

Impact of Abatements on Revenues

Indiana property tax laws complicate the calculation of the exact impact of property tax abatements on the tax revenues of a given unit of local government. Constraints on the growth of the annual tax levy and constitutional limitations on taxes (also known as property tax caps) are the chief complicating factors. The increase in the annual tax levy is limited to the growth in the 6-year moving average of nonfarm personal income growth, which is known as the Assessed Value Growth Quotient (AVGQ). Statutory property tax caps for homesteads, agricultural and other residential, and commercial are equal to 1%, 2% and 3%, respectively, of associated assessed valuations.

The tax rate, which is established for each taxing unit by the Department of Local Government Finance, is based on the tax levy requested by the taxing unit (as limited by the AVGQ) divided by the net assessed value of the property in a physical taxing district. The theory behind the AVGQ is that the costs of government should not be increasing at a greater rate than taxpayer incomes.

Tax abatements are granted on the assessed value of the property abated. The taxpayer's taxes are then calculated based on this reduced assessment, thus resulting in a lower tax liability. But because a given district's tax rate is calculated based on the total net assessed value in the district (net of abatements and other adjustments), the certified levy of each unit in the district is the same as if the abatements had not been granted.

Additionally, to the extent that parcels have reached the constitutional limit of tax liability as a percentage of gross assessed value, the property tax rate caps (circuit breaker credits) reduce the property tax collections of the affected taxing units. The degree to which property tax abatements exacerbate circuit breaker losses differs by parcel and is dependent on the proportion of abated assessed value to total gross assessed value, as well as prevailing property tax rates.

The estimated gross amount, on an accrual basis, by which the Corporation's property tax revenues were reduced as a result of the aforementioned City abatement programs totaled approximately \$834. However, the actual extent of lost revenues is something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

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Note 6: Patient Services Receivables

Net patient services receivables consist of the following as of December 31, 2016:

	Eskenazi Health	LT Care	Total
Gross patient services receivables	\$ 472,697	\$ 58,744	\$ 531,441
Allowance for estimated contractual adjustment	(203,833)	-	(203,833)
Allowance for uncollectible accounts	(209,678)	(5,374)	(215,052)
Net patient services receivables	<u>\$ 59,186</u>	<u>\$ 53,370</u>	<u>\$ 112,556</u>

Note 7: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2016 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	\$ 5,050
General Fund	Eskenazi Health Fund	4,162
General Fund	LT Care Fund	276,100
LT Care Fund	Eskenazi Health Fund	665

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, 2017.

Interfund transfers for the year ended December 31, 2016 on the fund statements consisted of the following:

	Transfer In:				Total
	General Fund	Debt Service Fund	Cap Projects Fund	Enterprise Fund - Eskenazi Health	
Transfer out:					
General Fund	\$ -	\$ 40,947	\$ 15,000	\$ 217,084	\$ 273,031
LT Care Fund	301,100	-	-	-	301,100
Total	<u>\$ 301,100</u>	<u>\$ 40,947</u>	<u>\$ 15,000</u>	<u>\$ 217,084</u>	<u>\$ 574,131</u>

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.

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Note 8: Deferred Outflows and Inflows of Resources and Unearned Revenue

Deferred Outflows of Resources

As of December 31, 2016, deferred outflows of resources consisted of the following components:

	Governmental Activities	Business-Type Activities	Total
Deferred loss on refundings	\$ 583	\$ -	\$ 583
Pension related deferred outflows:			
Contributions subsequent to measurement date	2,328	9,221	11,549
Changes in proportion and differences between the Corporation's contributions and proportionate share contributions	837	1,736	2,573
Actuarial differences	856	3,711	4,567
Net difference between projected and actual earnings on pension plan investments	6,255	27,110	33,365
Changes in assumptions	1,686	7,307	8,993
	<u>12,545</u>	<u>49,085</u>	<u>61,630</u>
Total deferred outflows of resources	\$ 12,545	\$ 49,085	\$ 61,630

Deferred Inflows of Resources

As of December 31, 2016, deferred inflows of resources consisted of the following components:

	Governmental Activities	Business-Type Activities	Total
Pension related deferred inflows:			
Change in proportion	\$ 560	\$ 8,250	\$ 8,810
Actuarial differences	71	306	377
	<u>631</u>	<u>8,556</u>	<u>9,187</u>
Total deferred inflows of resources	\$ 631	\$ 8,556	\$ 9,187

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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 time 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, 2016, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows	Unearned
	<hr/>	<hr/>
Grant advances prior to meeting all eligibility requirements	\$ -	\$ 412
Rental revenue received in advance	-	169
Grant reimbursements not received within 90 days	367	-
Other revenues not received within 90 days	9,166	-
	<hr/>	<hr/>
Total Governmental Funds	<u>\$ 9,533</u>	<u>\$ 581</u>

In addition, the Eskenazi Health Enterprise Fund had \$20,205 of unearned revenue recorded at December 31, 2016 of which \$20,006 related to the Healthy Indiana Plan and \$199 related to both fee for service grants and advances received on federal grants that had not met eligibility requirements.

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Note 9: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2016:

	January 1, 2016	Transfers/ Additions	Transfers/ Disposals	December 31, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,095	\$ -	\$ -	\$ 4,095
Construction in progress	1,273	1,394	(1,256)	1,411
Total capital assets not being depreciated	<u>5,368</u>	<u>1,394</u>	<u>(1,256)</u>	<u>5,506</u>
Capital assets being depreciated:				
Buildings and improvements	29,812	934	-	30,746
Equipment	23,685	1,049	(43)	24,691
Vehicles	5,537	750	(138)	6,149
Total capital assets being depreciated	<u>59,034</u>	<u>2,733</u>	<u>(181)</u>	<u>61,586</u>
Less accumulated depreciation for:				
Buildings and improvements	16,215	1,217	-	17,432
Equipment	18,644	1,090	(42)	19,692
Vehicles	5,102	245	(138)	5,209
Total accumulated depreciation	<u>39,961</u>	<u>2,552</u>	<u>(180)</u>	<u>42,333</u>
Total capital assets being depreciated, net	<u>19,073</u>	<u>181</u>	<u>(1)</u>	<u>19,253</u>
Governmental activities capital assets, net	<u>\$ 24,441</u>	<u>\$ 1,575</u>	<u>\$ (1,257)</u>	<u>\$ 24,759</u>

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2016:

	January 1, 2016	Transfers/ Additions	Transfers/ Disposals	December 31, 2016
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 9,723	\$ -	\$ -	\$ 9,723
Construction in progress	38,016	72,726	(94,486)	16,256
Total capital assets not being depreciated	<u>47,739</u>	<u>72,726</u>	<u>(94,486)</u>	<u>25,979</u>
Capital assets being depreciated:				
Land improvements	85,103	1,420	-	86,523
Buildings and improvements	1,441,403	30,556	-	1,471,959
Equipment	270,632	78,980	-	349,612
Vehicles	11,901	1,155	-	13,056
Total capital assets being depreciated	<u>1,809,039</u>	<u>112,111</u>	<u>-</u>	<u>1,921,150</u>
Less accumulated depreciation for:				
Land improvements	13,917	6,038	-	19,955
Buildings and improvements	427,956	93,560	-	521,516
Equipment	153,621	36,087	-	189,708
Vehicles	8,743	1,142	-	9,885
Total accumulated depreciation	<u>604,237</u>	<u>136,827</u>	<u>-</u>	<u>741,064</u>
Total capital assets being depreciated, net	<u>1,204,802</u>	<u>(24,716)</u>	<u>-</u>	<u>1,180,086</u>
Business-type activities capital assets, net	<u>\$ 1,252,541</u>	<u>\$ 48,010</u>	<u>\$ (94,486)</u>	<u>\$ 1,206,065</u>

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The following is a summary of changes in capital assets - Eskenazi Health Enterprise Fund for the year ended December 31, 2016:

	January 1, 2016	Transfers/ Additions	Transfers/ Disposals	December 31, 2016
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 9,723	\$ -	\$ -	\$ 9,723
Construction in progress	30,492	61,750	(79,926)	12,316
Total capital assets not being depreciated	<u>40,215</u>	<u>61,750</u>	<u>(79,926)</u>	<u>22,039</u>
Capital assets being depreciated:				
Land improvements	77,285	74	-	77,359
Buildings and improvements	662,202	8,600	-	670,802
Equipment	166,629	69,982	-	236,611
Vehicles	11,738	1,127	-	12,865
Total capital assets being depreciated	<u>917,854</u>	<u>79,783</u>	<u>-</u>	<u>997,637</u>
Less accumulated depreciation for:				
Land improvements	11,312	5,240	-	16,552
Buildings and improvements	91,740	30,930	-	122,670
Equipment	83,815	22,884	-	106,699
Vehicles	8,580	1,138	-	9,718
Total accumulated depreciation	<u>195,447</u>	<u>60,192</u>	<u>-</u>	<u>255,639</u>
Total capital assets being depreciated, net	<u>722,407</u>	<u>19,591</u>	<u>-</u>	<u>741,998</u>
Business-type activities capital assets, net	<u>\$ 762,622</u>	<u>\$ 81,341</u>	<u>\$ (79,926)</u>	<u>\$ 764,037</u>

The following is a summary of changes in capital assets - Long-Term Care Enterprise Fund for the year ended December 31, 2016:

	January 1, 2016	Transfers/ Additions	Transfers/ Disposals	December 31, 2016
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 7,524	\$ 10,976	\$ (14,560)	\$ 3,940
Total capital assets not being depreciated	<u>7,524</u>	<u>10,976</u>	<u>(14,560)</u>	<u>3,940</u>
Capital assets being depreciated:				
Land improvements	7,818	1,346	-	9,164
Buildings and improvements	779,201	21,956	-	801,157
Equipment	104,003	8,998	-	113,001
Vehicles	163	28	-	191
Total capital assets being depreciated	<u>891,185</u>	<u>32,328</u>	<u>-</u>	<u>923,513</u>
Less accumulated depreciation for:				
Land improvements	2,605	798	-	3,403
Buildings and improvements	336,216	62,630	-	398,846
Equipment	69,806	13,203	-	83,009
Vehicles	163	4	-	167
Total accumulated depreciation	<u>408,790</u>	<u>76,635</u>	<u>-</u>	<u>485,425</u>
Total capital assets being depreciated, net	<u>482,395</u>	<u>(44,307)</u>	<u>-</u>	<u>438,088</u>
Business-type activities capital assets, net	<u>\$ 489,919</u>	<u>\$ (33,331)</u>	<u>\$ (14,560)</u>	<u>\$ 442,028</u>

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

Governmental Activities:	
Administration and finance	\$ 1,779
Health improvements	401
Communicable disease prevention	215
Water quality and hazardous material management	42
Vector disease control	107
Housing and neighborhood health	5
Consumer and employee risk reduction	<u>3</u>
Total depreciation expense, governmental activities	<u><u>\$ 2,552</u></u>
 Business-Type Activities:	
Eskenazi Health	\$ 60,192
LT Care	<u>76,635</u>
Total depreciation expense, business-type activities	<u><u>\$ 136,827</u></u>

Also included in the Long-Term Care Fund in the proprietary fund statements is \$3,859 of amortization expense related to lease acquisition costs.

Note 10: 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, 2016, the Medicare and Medicaid cost reports for Eskenazi Health have been audited by the fiscal intermediaries through December 31, 2012.

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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 19, 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.

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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 increased reimbursement for the state Medicaid fee for service program and the Medicaid managed care programs; such revenue is reported as net patient service revenue in the Eskenazi Health Enterprise Fund. Eskenazi Health is assessed an annual fee under the HAF program, 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.

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.

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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 \$89,452 in Medicaid special revenue and a receivable of \$90,099 at December 31, 2016. The intergovernmental transfers made by the Corporation in 2016 under these programs totaled \$120,086, with \$26,449 accrued within accounts payable in the general fund as of December 31, 2016. The Long-Term Care Fund recognized revenue of \$309,998 and a receivable of \$71,194 at December 31, 2016.

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, 2016:

	Eskenazi Health	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	\$ 790,273	\$ -	\$ 790,273	31%
Outpatient	962,232	-	962,232	39%
Long-term care	-	745,579	745,579	30%
Gross patient service less:	1,752,505	745,579	2,498,084	100%
Contractual adjustments	936,413	44,125	980,538	39%
Charity and indigent care	259,117	-	259,117	10%
Provision for uncollectible accounts	149,432	23,188	172,620	7%
Net patient service revenue	<u>\$ 407,543</u>	<u>\$ 678,266</u>	<u>\$ 1,085,809</u>	<u>44%</u>

Revenue from the Medicare and Medicaid programs accounted for approximately 30% and 49%, respectively, of net patient service revenue for the year ended 2016. 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.

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Note 11: Long-Term Liabilities

Renovation Bonds of 1988

During 1988, the Corporation issued \$28,000 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 within the Corporation, which is coterminous with Marion County, Indiana. The Renovation Bonds of 1988 that remain outstanding at December 31, 2016 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 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 within the Corporation, which is coterminous with Marion County, Indiana. The 2005 GO Bonds that remain outstanding at December 31, 2016 bear interest at 4.35% to 5.25%, with principal and interest payments due January 1 and July 1 through January 1, 2025. The remaining 2005 GO Bonds are subject to redemption from mandatory sinking fund payments during 2016 to 2024 and are subject to optional redemption prior to maturity at par plus accrued interest to the redemption date.

General Obligation Bonds of 2010

During 2010, the Corporation issued \$195,000 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, 2016 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.

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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 BAB Sequester), BAB Subsidies for the October 2015 through September 2016 were reduced by 6.8% and BAB Subsidies for the October 2016 through September 2017 are to be reduced by 6.9%. 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 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 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.

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The following is a summary of changes in long-term liabilities for the year ended December 31, 2016:

	January 1, 2016	Additions	Reductions	December 31, 2016	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	\$ 7,905	\$ -	\$ (1,765)	\$ 6,140	\$ 1,900
Refunding Bonds of 2005					
(\$28,960,000 original amount),					
3.50% to 5.25%, due					
January 1, 2025	17,070	-	(1,550)	15,520	1,625
General Obligation Bonds of 2010 - Series A-1, A-2					
(\$195,000,000 original amount),					
3.00% to 6.004%, due January 15, 2040	167,550	-	(1,280)	166,270	1,325
Plus: bond premium	3,623	-	(184)	3,439	184
Total bonds payable	196,148	-	(4,779)	191,369	5,034
Capital lease obligations	464,166	-	(9,831)	454,335	10,389
Asserted and unasserted self-insurance claims	641	8,474	(8,156)	959	383
Accrued compensated absences	6,772	5,451	(5,281)	6,942	5,297
Net pension liability	33,232	9,470	(4,489)	38,213	-
	<u>\$ 700,959</u>	<u>\$ 23,395</u>	<u>\$ (32,536)</u>	<u>\$ 691,818</u>	<u>\$ 21,103</u>
Business-Type Activities:					
Eskenazi Health:					
Asserted and unasserted self-insurance claims	\$ 7,072	\$ 35,073	\$ (33,846)	\$ 8,299	\$ 5,102
Accrued compensated absences	22,464	18,745	(17,035)	24,174	18,316
Net pension liability	154,122	30,905	(19,401)	165,626	-
Deferred compensation	5,219	1,019	(1,173)	5,065	-
LT Care:					
Capital lease obligations	485,830	-	(45,093)	440,737	53,537
Asserted and unasserted self-insurance claims	13,342	3,582	(2,036)	14,888	4,896
	<u>\$ 688,049</u>	<u>\$ 89,324</u>	<u>\$ (118,584)</u>	<u>\$ 658,789</u>	<u>\$ 81,851</u>

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. The General Fund has been used in prior years to liquidate long-term liabilities other than debt related to governmental activities, including the net pension liability. The business-type capital leases will be repaid through Long-Term Care nursing home operating revenue.

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The governmental activities debt service requirements, including interest, on bonds and related future BAB subsidies as of December 31, 2016 are as follows:

Bonds:	Principal	Interest	BAB Subsidies
2017	\$ 4,850	\$ 10,946	\$ 2,992
2018	5,130	10,664	2,992
2019	5,440	10,357	2,992
2020	5,730	10,067	2,992
2021	6,020	9,775	2,992
2022 - 2026	26,920	44,605	14,960
2027 - 2031	39,870	34,277	14,960
2032 - 2036	48,190	21,198	14,960
2037 - 2039	45,780	5,628	14,960
	<u>\$ 187,930</u>	<u>\$ 157,517</u>	<u>\$ 74,800</u>

The above future BAB Subsidies reflect an assumed reduction for the BAB Sequester adjustment in effect at December 31, 2016.

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, 2016, is as follows:

Net assessed value - 2016	\$ 36,739,079
	<u>0.67%</u>
Debt limit	246,152
Debt applicable to debt limit:	
Bonded debt (excluding unamortized premiums)	<u>187,930</u>
Legal debt margin	<u>\$ 58,222</u>

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, 2016, \$14,710 of these defeased bonds remain outstanding.

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Note 12: 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, 2016 for the governmental activities:

2017	\$ 7,497
2018	7,481
2019	7,813
2020	7,671
2021	6,685
2022 - 2026	33,626
2027 - 2031	35,570
2032 - 2036	38,326
2037 - 2041	41,296
2042 - 2043	<u>15,552</u>
Total future minimum payments	<u><u>\$ 201,517</u></u>

Lease expenditures of \$6,877 were reported in the governmental activities for the year ended December 31, 2016.

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, 2016 for the business-type activities:

2017	\$ 4,011
2018	3,570
2019	2,486
2020	1,758
2021	1,760
2022 - 2026	8,436
2027 - 2031	8,542
2032 - 2036	8,969
2037 - 2041	9,418
2042 - 2043	<u>3,352</u>
Total future minimum payments	<u><u>\$ 52,302</u></u>

The Corporation reported \$6,053 of lease expense in the business-type activities for the year ended December 31, 2016.

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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, 2016, the gross amount of building improvements, equipment and related accumulated amortization recorded under these capital leases was as follows:

Building and land improvements	\$ 278,891
Equipment	204,831
Less: accumulated amortization	<u>(87,244)</u>
	<u><u>\$ 396,478</u></u>

Future minimum capital lease payments for the Corporation's governmental activities as of December 31, 2016 are:

2017	\$ 39,939
2018	39,939
2019	39,939
2020	39,935
2021	39,942
2022 - 2026	197,722
2027 - 2031	189,062
2032 - 2036	177,964
2037 - 2040	<u>100,462</u>
Total minimum lease payments	864,904
Less amount representing interest (2.34% - 6.45%)	<u>410,569</u>
Present value of net minimum capital lease payment	454,335
Less current installments of obligations under capital leases	<u>10,389</u>
Obligations under capital lease, excluding current installments	<u><u>\$ 443,946</u></u>

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, 2016, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	\$ 674,498
Less: accumulated amortization	<u>(346,154)</u>
	<u><u>\$ 328,344</u></u>

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

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Future minimum capital lease payments for the Corporation's business-type activities as of December 31, 2016 are:

2017	\$	86,566
2018		88,273
2019		90,016
2020		91,797
2021		92,680
2022 - 2026		116,389
Total minimum lease payments		565,721
Less amount representing interest (at rates ranging from 4.58% to 11.74%)		124,984
Present value of net minimum capital lease payment		440,737
Less current installments of obligations under capital leases		53,537
Obligations under capital lease, excluding current installments	\$	387,200

Note 13: 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 per person and \$5,000 per occurrence. The Corporation also purchases commercial insurance policies for certain other risks of loss with deductibles that range from \$25 to \$500. Settled claims have not exceeded coverage for the past three years.

Eskenazi Health is governed by the Indiana Medical Malpractice Act, which limits the maximum recovery for medical malpractice claims to \$1,250 per occurrence, \$250 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, governed by 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 per occurrence and \$3,000 in the aggregate.

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The Corporation's workers' compensation program retains the first \$500 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, 2015	\$ 15,868
Change in incurred claims (including IBNRs), net	4,151
Claim payments	<u>(2,807)</u>
Balance at January 1, 2016	17,212
Change in incurred claims (including IBNRs), net	5,198
Claim payments	<u>(3,102)</u>
 Balance at December 31, 2016	 <u><u>\$ 19,308</u></u>

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) and during 2015, this program was expanded again to include HIP 2.0. 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.

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, 2016. 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.

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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, 2015	\$ 4,353
Change in incurred claims (including IBNRs), net	61,241
Claim payments	<u>(50,697)</u>
Balance at January 1, 2016	14,897
Change in incurred claims (including IBNRs), net	117,587
Claim payments	<u>(109,565)</u>
 Balance at December 31, 2016	 <u><u>\$ 22,919</u></u>

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, 2016. 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, 2015	\$ 686
Change in incurred claims (including IBNRs), net	7,608
Claim payments	<u>(7,653)</u>
Balance at January 1, 2016	641
Change in incurred claims (including IBNRs), net	8,474
Claim payments	<u>(8,156)</u>
 Balance at December 31, 2016	 <u><u>\$ 959</u></u>

The amount recorded as a liability in the General Fund at December 31, 2016 is \$383 and represents the claims, which are matured and due as of year-end.

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

Balance at January 1, 2015	\$ 2,670
Change in incurred claims (including IBNRs), net	27,071
Claim payments	<u>(26,539)</u>
Balance at January 1, 2016	3,202
Change in incurred claims (including IBNRs), net	33,457
Claim payments	<u>(32,780)</u>
 Balance at December 31, 2016	 <u><u>\$ 3,879</u></u>

Note 14: 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). As of July 1, 2016, employees of political subdivisions may be eligible to participate in the PERF ASA Only Plan if their political subdivision chooses 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.

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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 2016, 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 are included as part of the employee's salary.

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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 (COLAs). 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.

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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 2016 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. The Corporation's contribution to the plan for the year ended December 31, 2016, exclusive of employer-paid member contributions, was \$24,534, equal to the approved employer contribution and 11.2% of covered payroll for the year.

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

At December 31, 2016, the Corporation reported a liability of \$203,839 for its proportionate share of PERF's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to the June 30, 2016 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, 2016, the Corporation's proportion was 4.49%, which was a decrease of 0.109% from its proportion measured as of June 30, 2015.

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For the year ended December 31, 2016, the Corporation recognized pension expense of \$35,218, which is comprised of \$7,396 related to governmental activities and \$27,822 related to business-type activities. At December 31, 2016, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actuarial differences	\$ 4,567	\$ 377
Net difference between projected and actual earnings on pension plan investments	33,365	-
Changes of assumptions	8,993	-
Changes in proportion and differences between the Corporation's contributions and proportionate share contributions	2,573	8,810
Corporation's contributions subsequent to the measurement date	11,549	-
	<u>\$ 61,047</u>	<u>\$ 9,187</u>

At December 31, 2016, the Corporation reported \$2,328 in the governmental activities and \$9,221 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 ended December 31, 2016. Other amounts reported as net deferred outflows of resources at December 31, 2016, related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business-Type Activities	Total
2017	\$ 3,349	\$ 10,282	\$ 13,631
2018	2,168	6,305	8,473
2019	2,469	10,313	12,782
2020	1,017	4,408	5,425
	<u>\$ 9,003</u>	<u>\$ 31,308</u>	<u>\$ 40,311</u>

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Actuarial Assumptions

The total pension liability in the June 30, 2016 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, 2016 valuation were based on the results of an actuarial experience study performed 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 geometric 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%	5.7%
Private equity	10%	6.2%
Fixed income - ex inflation linked	24%	2.7%
Fixed income - inflation linked	7%	0.7%
Commodities	8%	2.0%
Real estate	7%	2.7%
Absolute return	10%	4.0%
Risk parity	12%	5.0%
	100%	

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Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the year ended June 30, 2016. 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 activities	\$ 54,883	\$ 38,213	\$ 24,358
Business-type activities	<u>237,878</u>	<u>165,626</u>	<u>105,574</u>
Total	<u>\$ 292,761</u>	<u>\$ 203,839</u>	<u>\$ 129,932</u>

Pension Plan Fiduciary Net Position

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

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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 2016, the Corporation contributed \$2,833 into the defined-contribution retirement plan.

Note 15: 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 2016 were approximately \$291.

Note 16: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2016, 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 \$55,000 during the year (recorded in medical and professional fees on the statement of revenues, expenses and changes in fund net position - proprietary funds).

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Note 17: Long-Term Care Management Agreement

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 18. 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 seventeen facilities acquired on July 1, 2015, which is more fully described in Note 19. 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. During 2016, the Corporation and ASC entered into new management agreements that extend until June 2025 for these seventeen facilities. 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 2016, the Corporation incurred approximately \$36,632 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 8 of the nursing homes from entities related to ASC through common ownership. During 2016, the Corporation paid approximately \$20,087 to this organization in associated lease costs from Long-Term Care operating revenue.

At December 31, 2016, the Long-Term Care Fund had a payable to EagleCare of approximately \$15,286 primarily for accrued labor and related benefits. The Long-Term Care Fund also had a payable to ASC at December 31, 2016 of approximately \$5,501 for outstanding management services rendered to be paid from operations.

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Note 18: 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 17. 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. In October 2016, federal authorities filed criminal charges against ASC's former Chief Executive Officer, Chief Operating Officer and others alleging fraudulent conduct in connection with the operation of the nursing facilities, including alleged mail and wire fraud, healthcare fraud, anti-kickback violations and money laundering. The alleged charges focus on the defendants' dealings with various vendors supplying goods and services to the Corporation.

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. Under the indemnification agreement, the Corporation recognized income of \$2,630 within the governmental activities. \$1,010 of this income was recorded within other receivables as of December 31, 2016.

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Note 19: 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 to \$198 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 to \$230 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 aggregate amount of \$11,374 exist to provide the required security.

Various unrelated third parties serve as the landlords for 70 of the Corporation's nursing facilities. Lease payments to these third parties in 2016 approximated \$64,900.

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 17) and the landlord of these 17 buildings. During 2016, 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 agreed to indemnify and hold harmless the landlord, by defending the claim against the landlord. That claim was voluntarily dismissed without prejudice by the plaintiff in December 2016 without the need for substantive litigation.

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Note 20: 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, 2016, the Corporation received \$121,219 in tax cash receipts and \$535 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 \$480 in 2016 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 2016.

Note 21: 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, 2016 was \$51,770.

During 2015, the Corporation entered into a 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, 2016 was \$4,608.

The Corporation entered into joint ventures to create MDwise Network, Inc. (Connect) and MDwise Medicaid Network, Inc. (Excel), 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 and the Corporation is a 49% member of Connect and a 50% member of Excel. The carrying value of these joint ventures at December 31, 2016 was in a deficit position of \$57,030. As the Corporation and the other member of these joint ventures are financially accountable for these entities and their obligations, the Corporation has recognized a liability for the estimated deficit for each entity as of December 31, 2016. The deficit position involves material estimates from Connect and Excel. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Complete financial statements for MDwise, Marketplace, Connect and Excel can be obtained from administrative offices at 1200 Madison Avenue, Suite 400, Indianapolis, Indiana 46225.

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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. 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, 2016 was \$37,109. 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 Corporations governmental activities are summarized below:

	Duke Realty (LLC)
Current assets	\$ 4,596
Property and other long-term assets, net	70,353
Total assets	74,949
Total liabilities	730
Members' equity	\$ 74,219
Revenues	\$ 9,438
Excess of revenues over expenses	\$ 5,132

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

	Marketplace	MDwise	Connect	Excel
Current assets	\$ 54,614	\$ 244,274	\$ 22,225	\$ 38,051
Property and other long-term assets, net	<u>1,001</u>	<u>66,216</u>	<u>-</u>	<u>85</u>
Total assets	<u>55,615</u>	<u>310,490</u>	<u>22,225</u>	<u>38,136</u>
Current liabilities	44,539	206,949	30,654	143,936
Long-term liabilities	<u>1,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>46,211</u>	<u>206,949</u>	<u>30,654</u>	<u>143,936</u>
Members' equity	<u>\$ 9,404</u>	<u>\$ 103,541</u>	<u>\$ (8,429)</u>	<u>\$ (105,800)</u>
Revenues	<u>\$ 138,700</u>	<u>\$ 1,431,936</u>	<u>\$ 124,991</u>	<u>\$ 997,240</u>
Excess (deficit) of revenues over expenses	<u>\$ (3,401)</u>	<u>\$ 29,490</u>	<u>\$ (18,030)</u>	<u>\$ (101,674)</u>

Note 22: 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	\$ 191,369
Capital lease obligations	454,335
Asserted and unasserted self-insurance claims	576
Accrued compensated absences	<u>6,942</u>
	<u>\$ 653,222</u>

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.

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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	\$ 4,595
Capital leases	9,831
Amortization of bond premiums	184
Amortization of deferred loss on refunding	(128)
	14,482
	\$ 14,482

Note 23: 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, 2016 is as follows:

Commercial insurance	9%
Medicare	29%
Medicaid	48%
Self-pay	11%
Other	3%
	100%
	100%

Note 24: 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, 2016, 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.

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Patient Billing Audit

During 2016, Eskenazi Health was subject to a Compliance Surveillance and Utilization Review from the Indiana Family & Social Services Administration. As a result of this review, Eskenazi Health received a demand letter alleging extrapolated overpayment relating to the Indiana Medicaid Rehabilitation Option program totaling \$13,482, including interest. Eskenazi Health conducted an in-depth review to determine the validity of each item noted within the review and is vigorously defending the results of this review. Based on management's review and advice of legal counsel, management has recognized an estimate of the amount of ultimate expected loss as of December 31, 2016. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

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*
(Dollars in thousands)

	2016	2015	2014
Corporation's proportion of the net pension liability	4.4914%	4.6000%	4.8248%
Corporation's proportionate share of the net pension liability	\$ 203,839	\$ 187,353	\$ 126,794
Corporation's covered payroll	\$ 215,254	\$ 220,331	\$ 235,563
Corporation's proportionate share of the net pension liability as a percentage of its covered-employee payroll	95%	85%	54%
Plan fiduciary net position as a percentage of the total pension liability	75%	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.

Notes to Schedule:

Benefit changes: no changes

Changes of assumptions: no changes

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*

(Dollars in thousands)

	2016	2015	2014
Contractually required contribution	\$ 23,175	\$ 24,534	\$ 26,107
Contributions in relation to the contractually required contribution	23,175	24,534	26,107
Contribution excess (deficiency)	\$ -	\$ -	\$ -
Corporation's covered payroll	\$ 206,962	\$ 219,944	\$ 195,739
Contributions as a percentage of covered payroll	11.20%	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: no changes

Changes of assumptions: no changes

Changes in actuarial methods: The INPRS Board approved the following changes in methods, effective June 30, 2016, for the PERF Plan:

For funding purposes and when the plan is below 100% funded (based on Actuarial Value of Assets), gains and losses occurring from census experience different than assumed, assumption changes and benefit changes will be amortized over a 20-year period with level payments each year, rather than a 30-year period. A new gain or loss base will continue to be established each year. This change is made on a prospective basis, beginning with the June 30, 2016 actuarial valuation. Amortization bases established prior to June 30, 2016 will continue to be amortized over their original amortization period, even if the remaining period is greater than 20 years at June 30, 2016. If the plan is at or above 100% funded (based on Actuarial Value of Assets), the methodology of treating past amortization bases as fully amortized and amortizing the entire surplus over an open 30-year period is unchanged.

For funding purposes, the smoothing period for investment gains and losses in the development of the Actuarial Value of Assets was increased from four years to five years at June 30, 2016. This change was implemented retroactively in that the Actuarial Value of Assets at June 30, 2016 was computed as if the five-year amortization period for recognizing investment gains and losses had always been in effect.

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, 2016

(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 113,287	\$ 113,287	\$ 116,288	\$ 3,001
Licenses and permits	4,454	4,454	4,487	33
Intergovernmental	500	500	570	70
Charges for services	1,233	1,233	1,855	622
Medicaid special revenue (net of intergovernmental transfers)	(46,100)	(46,100)	(79,985)	(33,885)
Interest	100	100	144	44
Grants	21,236	21,236	22,372	1,136
Miscellaneous	63,313	63,313	23,913	(39,400)
Total revenues	158,023	158,023	89,644	(68,379)
Expenditures				
Personal services	61,033	61,033	60,766	267
Supplies	8,038	8,038	4,642	3,396
Other charges and services	69,420	69,420	38,459	30,961
Capital outlays	2,225	2,225	796	1,429
Total expenditures	140,716	140,716	104,663	36,053
Other Financing Uses				
Transfers in	230,000	230,000	301,100	71,100
Transfers out	(244,580)	(244,580)	(273,031)	(28,451)
Total other financing uses	(14,580)	(14,580)	28,069	42,649
Net change in fund balances	2,727	2,727	13,050	10,323
Fund balances - beginning of year	36,097	36,097	274,589	238,492
Fund balances - end of year	\$ 38,824	\$ 38,824	\$ 287,639	\$ 248,815

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, 2016
(Dollars in thousands)

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 underlying 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	\$	63,839
Add (Deduct):		
Encumbrances as of year-end		(2,326)
Change in prepaid expenditures		41
Change in accounts receivable		(53,995)
Change in accounts payable		3,876
Change in self-insurance claims		(54)
Change in accrued expense		1,669
		1,669
Net change in fund balance - Budgetary Basis	\$	13,050

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, 2016
(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,703	\$ 4,703	\$ 4,780	\$ 77
Interest	1	1	5	4
Miscellaneous	10,055	10,055	10,105	50
Total revenues	14,759	14,759	14,890	131
Expenditures				
Principal retirement	4,595	4,595	14,427	(9,832)
Interest and fiscal charges	51,179	51,179	41,306	9,873
Total expenditures	55,774	55,774	55,733	41
Excess of revenues over expenditures	(41,015)	(41,015)	(40,843)	172
Other Financing Sources				
Transfers in	40,996	40,996	40,947	(49)
Total other financing sources	40,996	40,996	40,947	(49)
Net change in fund balances	(19)	(19)	104	123
Fund balances - beginning of year	(86,639)	(86,639)	3,557	90,196
Fund balances - end of year	\$ (86,658)	\$ (86,658)	\$ 3,661	\$ 90,319

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, 2016

(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 205	\$ 205	\$ 214	\$ 9
Interest	10	10	167	157
Total revenues	<u>215</u>	<u>215</u>	<u>381</u>	<u>166</u>
Expenditures				
Capital outlays	<u>15,000</u>	<u>15,000</u>	<u>1,418</u>	<u>13,582</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>1,418</u>	<u>13,582</u>
Excess of revenues over expenditures	<u>(14,785)</u>	<u>(14,785)</u>	<u>(1,037)</u>	<u>13,748</u>
Other Financing Sources				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total other financing sources	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balances	215	215	13,963	13,748
Fund Balances - beginning of year	<u>(56,165)</u>	<u>(56,165)</u>	<u>41,363</u>	<u>97,528</u>
Fund balances - end of year	<u>\$ (55,950)</u>	<u>\$ (55,950)</u>	<u>\$ 55,326</u>	<u>\$ 111,276</u>

Statistical Section (Unaudited)

Health and Hospital Corporation of Marion County, Indiana

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

Statistical Section (Unaudited)

Table of Contents

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Health and Hospital Corporation of Marion County, Indiana

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

Table I
Net Position by Component - Accrual Basis of Accounting
Last Ten Fiscal Years
(Dollars in thousands)

	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 16,462	\$ 29,633	\$ 9,860	\$ 12,506	\$ 10,475	\$ 19,442	\$ (824)	\$ (25,570)	\$ (17,519)	\$ 7,784
Restricted	412	165	568	640	-	-	6,981	-	-	-
Unrestricted	<u>(200,702)</u>	<u>(300,861)</u>	<u>(346,636)</u>	<u>(400,647)</u>	<u>272,217</u>	<u>153,755</u>	<u>184,368</u>	<u>239,171</u>	<u>237,622</u>	<u>194,610</u>
Total governmental activities net position	<u>\$ (183,828)</u>	<u>\$ (271,063)</u>	<u>\$ (336,208)</u>	<u>\$ (387,501)</u>	<u>\$ 282,692</u>	<u>\$ 173,197</u>	<u>\$ 190,525</u>	<u>\$ 213,601</u>	<u>\$ 220,103</u>	<u>\$ 202,394</u>
Business-type activities										
Net investment in capital assets	\$ 765,328	\$ 766,711	\$ 799,874	\$ 825,154	\$ 121,147	\$ 98,754	\$ 120,296	\$ 154,872	\$ 124,917	\$ 106,358
Restricted	-	-	-	1,235	-	-	171	700	732	1,261
Unrestricted	<u>123,917</u>	<u>186,470</u>	<u>308,634</u>	<u>178,070</u>	<u>181,699</u>	<u>134,746</u>	<u>114,974</u>	<u>88,436</u>	<u>99,749</u>	<u>123,085</u>
Total business-type activities net position	<u>\$ 889,245</u>	<u>\$ 953,181</u>	<u>\$ 1,108,508</u>	<u>\$ 1,004,459</u>	<u>\$ 302,846</u>	<u>\$ 233,500</u>	<u>\$ 235,441</u>	<u>\$ 244,008</u>	<u>\$ 225,398</u>	<u>\$ 230,704</u>
Primary Government										
Net investment in capital assets	\$ 781,790	\$ 796,344	\$ 809,734	\$ 837,660	\$ 131,622	\$ 118,196	\$ 119,472	\$ 129,302	\$ 107,398	\$ 114,142
Restricted	412	165	568	1,875	-	-	7,152	700	732	1,261
Unrestricted	<u>(76,785)</u>	<u>(114,391)</u>	<u>(38,002)</u>	<u>(222,577)</u>	<u>453,916</u>	<u>288,501</u>	<u>299,342</u>	<u>327,607</u>	<u>337,372</u>	<u>317,695</u>
Total primary government net position	<u>\$ 705,417</u>	<u>\$ 682,118</u>	<u>\$ 772,300</u>	<u>\$ 616,958</u>	<u>\$ 585,538</u>	<u>\$ 406,697</u>	<u>\$ 425,966</u>	<u>\$ 457,609</u>	<u>\$ 445,502</u>	<u>\$ 433,098</u>

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
(Dollars in thousands)

	Years Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities										
Administration and finance	\$ 35,579	\$ 32,283	\$ 33,152	\$ 27,171	\$ 27,704	\$ 23,045	\$ 28,401	\$ 24,180	\$ 27,874	\$ 20,163
Healthcare delivery	120,086	85,678	108,604	100,675	93,738	-	-	-	-	-
Health improvement	35,062	32,540	30,227	28,528	29,487	28,918	28,146	27,633	25,528	24,159
Communicable disease prevention	17,374	16,531	15,538	15,220	13,910	14,389	14,697	14,707	12,223	11,353
Water quality and hazardous materials management	2,439	2,365	2,213	2,076	1,984	2,006	1,919	1,910	1,839	1,935
Vector disease control	3,593	3,347	3,545	3,515	3,411	3,955	3,906	3,872	3,804	3,941
Housing and neighborhood health	5,055	4,930	5,180	5,224	6,365	6,987	6,992	6,967	6,143	5,269
Consumer and employee risk reduction	1,944	1,841	1,808	1,693	1,712	1,796	1,916	1,694	1,580	1,580
Interest on long-term debt	41,250	39,406	40,572	41,925	39,583	49,637	2,360	2,519	2,653	2,691
Total governmental activities expenses	<u>262,382</u>	<u>218,921</u>	<u>240,839</u>	<u>226,027</u>	<u>217,894</u>	<u>130,733</u>	<u>88,337</u>	<u>83,482</u>	<u>81,644</u>	<u>71,091</u>
Business-type activities										
Eskenazi Health	664,886	617,220	588,246	538,715	520,311	519,775	487,807	459,733	457,458	424,232
LT Care	717,573	672,134	600,063	571,764	549,408	426,847	366,853	310,478	240,119	212,410
Total business-type activities expenses	<u>1,382,459</u>	<u>1,289,354</u>	<u>1,188,309</u>	<u>1,110,479</u>	<u>1,069,719</u>	<u>946,622</u>	<u>854,660</u>	<u>770,211</u>	<u>697,577</u>	<u>636,642</u>
Total primary government expenses	<u>\$ 1,644,841</u>	<u>\$ 1,508,275</u>	<u>\$ 1,429,148</u>	<u>\$ 1,336,506</u>	<u>\$ 1,287,613</u>	<u>\$ 1,077,355</u>	<u>\$ 942,997</u>	<u>\$ 853,693</u>	<u>\$ 779,221</u>	<u>\$ 707,733</u>
Program Revenues										
Governmental activities										
Charges for services										
Administration and finance (1)	\$ 4,944	\$ 4,853	\$ 5,019	\$ 3,602	\$ 982	\$ 3,376	\$ 583	\$ 11,553	\$ 24,836	\$ 29,516
Healthcare delivery	-	3,843	-	-	-	-	-	-	-	-
Health improvement	3,662	472	3,198	2,389	3,055	2,259	2,421	2,344	2,324	2,383
Communicable disease prevention	516	366	472	663	557	559	631	572	534	364
Water quality and hazardous materials management	373	567	360	357	356	353	353	357	353	367
Vector disease control	614	87	449	500	552	563	753	687	615	1,261
Housing and neighborhood health	116	2,370	361	417	413	469	318	417	436	469
Consumer and employee risk reduction	2,405	33,446	2,281	2,183	2,149	2,178	2,109	2,023	1,906	2,356
Operating grants and contributions (1)	33,768	336	72,403	54,429	57,702	47,974	44,127	18,304	15,514	13,955
Capital grants and contributions	13	-	-	6,000	16,148	1,533	3,105	3,124	1,527	1,217
Total governmental activities program revenues	<u>46,411</u>	<u>46,340</u>	<u>84,543</u>	<u>70,540</u>	<u>81,914</u>	<u>59,264</u>	<u>54,400</u>	<u>39,381</u>	<u>48,045</u>	<u>51,888</u>

(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
(Dollars in thousands)

	Years Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities										
Charges for services										
Eskenazi Health	\$ 385,019	\$ 393,516	\$ 441,151	\$ 326,832	\$ 380,864	\$ 261,819	\$ 252,468	\$ 250,657	\$ 235,272	\$ 239,779
LT Care	990,101	892,469	807,418	763,693	690,329	574,233	429,785	381,662	288,985	210,548
Operating grants and contributions	26,566	27,621	24,942	20,534	20,058	20,460	18,703	21,669	16,647	9,309
Capital grants and contributions	-	-	-	2,224	-	-	769	-	-	314
Total business-type activities program revenue	<u>1,401,686</u>	<u>1,313,606</u>	<u>1,273,511</u>	<u>1,113,283</u>	<u>1,091,251</u>	<u>856,512</u>	<u>701,725</u>	<u>653,988</u>	<u>540,904</u>	<u>459,950</u>
Total primary government program revenues	<u>\$ 1,448,097</u>	<u>\$ 1,359,946</u>	<u>\$ 1,358,054</u>	<u>\$ 1,183,823</u>	<u>\$ 1,173,165</u>	<u>\$ 915,776</u>	<u>\$ 756,125</u>	<u>\$ 693,369</u>	<u>\$ 588,949</u>	<u>\$ 511,838</u>
Net program (expense)/revenue										
Governmental activities	\$ (215,971)	\$ (172,581)	\$ (156,296)	\$ (155,487)	\$ (135,981)	\$ (71,467)	\$ (33,937)	\$ (44,103)	\$ (33,601)	\$ (19,203)
Business-type activities	19,227	24,251	85,202	2,805	21,532	(90,109)	(152,934)	(116,223)	(156,674)	(176,691)
Total primary government net expense	<u>\$ (196,744)</u>	<u>\$ (148,330)</u>	<u>\$ (71,094)</u>	<u>\$ (152,682)</u>	<u>\$ (114,449)</u>	<u>\$ (161,576)</u>	<u>\$ (186,871)</u>	<u>\$ (160,326)</u>	<u>\$ (190,275)</u>	<u>\$ (195,894)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property and HCI taxes	\$ 113,931	\$ 110,577	\$ 111,475	\$ 106,708	\$ 105,628	\$ 104,742	\$ 105,793	\$ 99,657	\$ 97,126	\$ 89,584
Excise taxes	5,949	5,604	5,762	5,518	5,552	5,269	5,252	5,278	6,927	6,832
Financial institution taxes	1,402	1,300	1,226	1,287	1,286	1,319	1,275	1,478	1,284	1,268
Medicaid special revenue	87,487	65,467	79,228	63,708	168,170	14,374	39,048	61,820	87,227	102,956
Build America Bonds interest subsidies	10,105	10,083	10,061	9,985	10,848	13,775	-	-	-	-
Unrestricted investment earnings	316	158	88	580	356	1,316	2,482	795	4,057	7,077
Transfers	84,016	67,697	(251)	(700,662)	(46,363)	(86,656)	(142,990)	(131,428)	(145,312)	(157,735)
Total governmental activities	<u>303,206</u>	<u>260,886</u>	<u>207,589</u>	<u>(512,876)</u>	<u>245,477</u>	<u>54,139</u>	<u>10,860</u>	<u>37,600</u>	<u>51,309</u>	<u>49,982</u>

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
(Dollars in thousands)

	Years Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities										
Unrestricted investment earnings	\$ 854	\$ (13)	\$ 154	\$ (1,853)	\$ 1,451	\$ 1,511	\$ 1,377	\$ 3,404	\$ 6,056	\$ 3,452
Transfers	(84,016)	(67,697)	251	700,662	46,363	86,656	142,990	131,428	145,312	157,735
Total business-type activities	<u>(83,162)</u>	<u>(67,710)</u>	<u>405</u>	<u>698,809</u>	<u>47,814</u>	<u>88,167</u>	<u>144,367</u>	<u>134,832</u>	<u>151,368</u>	<u>161,187</u>
Total primary government	<u>\$ 220,044</u>	<u>\$ 193,176</u>	<u>\$ 207,994</u>	<u>\$ 185,933</u>	<u>\$ 293,291</u>	<u>\$ 142,306</u>	<u>\$ 155,227</u>	<u>\$ 172,432</u>	<u>\$ 202,677</u>	<u>\$ 211,169</u>
Change in Net Position										
Governmental activities	\$ 87,235	\$ 88,305	\$ 51,293	\$ (668,362)	\$ 109,495	\$ (17,327)	\$ (23,076)	\$ (6,503)	\$ 17,709	\$ 30,779
Business-type activities	(63,935)	(43,459)	85,606	701,613	69,346	(1,941)	(8,567)	18,599	(5,305)	(15,505)
Total primary government	<u>\$ 23,300</u>	<u>\$ 44,846</u>	<u>\$ 136,899</u>	<u>\$ 33,251</u>	<u>\$ 178,841</u>	<u>\$ (19,268)</u>	<u>\$ (31,643)</u>	<u>\$ 12,096</u>	<u>\$ 12,404</u>	<u>\$ 15,274</u>

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⁾

(Dollars in thousands)

	December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,120	\$ 2,985	\$ 6,269	\$ 7,046
Unreserved	-	-	-	-	-	-	149,038	158,561	146,844	122,753
Nonspendable	328	369	342	401	478	418	-	-	-	-
Assigned	2,326	1,640	1,073	950	2,252	3,175	-	-	-	-
Unassigned	<u>360,767</u>	<u>297,574</u>	<u>245,037</u>	<u>178,952</u>	<u>227,496</u>	<u>131,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 363,421</u>	<u>\$ 299,583</u>	<u>\$ 246,452</u>	<u>\$ 180,303</u>	<u>\$ 230,226</u>	<u>\$ 135,530</u>	<u>\$ 153,158</u>	<u>\$ 161,546</u>	<u>\$ 153,113</u>	<u>\$ 129,799</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,575	\$ -	\$ -	\$ -
Unreserved, reported in										
Debt service fund	-	-	-	-	-	-	(1,260)	(1,882)	(3,631)	(413)
Capital projects fund	-	-	-	-	-	-	23,895	65,127	64,318	43,031
Restricted, reported in										
Debt service fund	16,162	16,160	16,148	16,119	16,035	17,494	-	-	-	-
Capital projects fund	-	-	-	845	62,634	123,726	-	-	-	-
Assigned, reported in										
Debt service fund	1,073	971	1,291	709	12	-	-	-	-	-
Capital projects fund	43,637	30,247	17,600	16,550	13,560	-	-	-	-	-
Unassigned, reported in										
Debt service fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 60,872</u>	<u>\$ 47,378</u>	<u>\$ 35,039</u>	<u>\$ 34,223</u>	<u>\$ 92,241</u>	<u>\$ 140,586</u>	<u>\$ 212,210</u>	<u>\$ 63,245</u>	<u>\$ 60,687</u>	<u>\$ 42,618</u>

(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
(Dollars in thousands)

	Years Ending December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 121,282	\$ 117,481	\$ 118,464	\$ 113,513	\$ 112,466	\$ 111,331	\$ 128,506	\$ 126,281	\$ 88,337	\$ 82,095
Licenses and permits	4,487	4,464	4,342	4,112	3,902	3,933	3,857	3,775	3,701	4,194
Intergovernmental	18,502	18,126	16,329	53,467	58,177	36,825	48,872	19,936	18,820	14,629
Charges for services	1,855	1,105	1,182	1,314	1,148	1,171	1,342	16,135	20,150	27,571
Medicaid special revenue	89,452	58,910	104,327	37,142	167,936	14,374	39,800	62,927	126,525	105,102
Build America Bonds interest subsidies	10,105	10,083	10,061	9,985	10,848	13,775	-	-	-	-
Contributions	15,000	15,500	57,710	6,000	16,000	12,900	-	-	-	-
Investment income	3,366	2,208	3,413	170	356	1,316	2,482	795	4,057	7,077
Miscellaneous	5,770	4,511	3,779	2,399	2,747	4,410	3,344	242	5,470	2,306
Total revenues	269,819	232,388	319,607	228,102	373,580	200,035	228,203	230,091	267,060	242,974
Expenditures										
Administrative	35,846	31,883	29,593	25,135	24,869	23,875	25,458	21,572	23,284	19,042
Population health	26,680	25,722	25,116	24,776	22,599	23,718	22,643	21,001	19,817	18,820
Environmental health	12,213	11,958	12,503	12,333	12,791	12,402	11,885	11,567	10,964	10,905
Health center program	1,103	1,026	1,071	965	1,155	1,615	1,492	2,012	1,630	1,152
Data processing	4,144	3,747	3,500	3,556	3,234	3,035	2,933	2,865	2,972	2,710
Grants program	17,825	17,107	15,597	14,697	15,090	16,547	18,325	20,059	15,929	14,110
Capital outlays	2,871	3,755	15,635	275,368	286,375	158,620	107,499	4,236	1,124	2,816
Debt service										
Principal	14,426	16,280	15,119	13,810	13,300	2,455	1,955	1,840	1,958	1,854
Interest and fiscal charges	41,307	39,456	40,617	41,925	39,583	49,637	2,360	2,519	2,685	2,691
Bond issuance costs	-	-	-	-	-	-	1,834	-	-	-
Intergovernmental	120,086	85,678	108,604	100,675	93,738	-	-	-	-	-
Total expenditures	276,501	236,612	267,355	513,240	512,734	291,904	196,384	87,671	80,363	74,100
Excess (deficiency) of revenues over (under) expenditures	(6,682)	(4,224)	52,252	(285,138)	(139,154)	(91,869)	31,819	142,420	186,697	168,874

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
(Dollars in thousands)

	Years Ending December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Financing Sources (Uses)										
Proceeds of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,000	\$ -	\$ -	\$ -
Refunding on bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	3,908	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Other debt issued	-	-	94	151,304	190,305	89,273	52,839	-	-	-
Transfers in	357,047	300,974	205,984	277,856	175,086	138,174	37,000	55,000	30,300	-
Transfers out	(273,031)	(231,282)	(191,364)	(251,963)	(179,886)	(224,831)	(179,990)	(186,428)	(175,612)	(157,000)
Total other financing sources (uses), net	<u>84,016</u>	<u>69,692</u>	<u>14,714</u>	<u>177,197</u>	<u>185,505</u>	<u>2,616</u>	<u>108,757</u>	<u>(131,428)</u>	<u>(145,312)</u>	<u>(157,000)</u>
Net change in fund balances	<u>\$ 77,334</u>	<u>\$ 65,468</u>	<u>\$ 66,966</u>	<u>\$ (107,941)</u>	<u>\$ 46,351</u>	<u>\$ (89,253)</u>	<u>\$ 140,576</u>	<u>\$ 10,992</u>	<u>\$ 41,385</u>	<u>\$ 11,874</u>
Debt service as a percentage of noncapital expenditures	20.4%	23.9%	22.1%	22.0%	23.4%	37.9%	6.9%	5.2%	5.9%	6.4%
Debt service expenditures	\$ 55,733	\$ 55,736	\$ 55,736	\$ 55,735	\$ 52,883	\$ 52,092	\$ 6,149	\$ 4,359	\$ 4,643	\$ 4,545
Noncapital expenditures	273,630	232,857	251,999	253,072	226,358	137,490	88,884	83,436	79,239	71,283

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, 2016
(Dollars in thousands)

Year	Real Property		Personal Property		Total		Total Direct Tax Rate
	Assessed Value (1)	True Tax Value	Assessed Value (1)	True Tax Value	Assessed Value (1)	True Tax Value	
2016	\$ 36,739,079	\$ 36,739,079	\$ 6,325,056	\$ 6,325,056	\$ 43,064,135	\$ 43,064,135	\$ 0.2016
2015	36,808,352	36,808,352	6,160,989	6,160,989	42,969,341	42,969,341	0.1932
2014	33,971,641	33,971,641	5,972,597	5,972,597	39,944,238	39,944,238	0.2029
2013	34,038,407	34,038,407	5,841,671	5,841,671	39,880,078	39,880,078	0.1982
2012	33,922,279	33,922,279	5,467,373	5,467,373	39,389,652	39,389,652	0.1874
2011	34,203,195	34,203,195	5,449,472	5,449,472	39,652,667	39,652,667	0.1805
2010	30,071,882	30,071,882	5,745,524	5,745,524	35,817,406	35,817,406	0.1595
2009	31,039,406	31,039,406	5,657,964	5,657,964	36,697,370	36,697,370	0.1543
2008	38,250,226	38,250,226	5,454,450	5,454,450	43,704,676	43,704,676	0.2114
2007	39,182,917	39,182,917	5,565,478	5,565,478	44,748,395	44,748,395	0.2022

(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, 2016

Year	Operations	Debt	Cumulative Building	Total	City	County Direct Rates		Other Direct Rates			Total Direct and Overlapping Rates (1)
						County	Municipal Corporations	School	State	Other	
2016	0.1891	0.0119	0.0006	0.2016	0.7136	0.3883	0.2438	1.4170	-	0.0630	3.0273
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

(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, 2016
(Dollars in thousands)

Taxpayers	2016			Taxpayers	2007		
	Net Taxable Assessed Valuation (1) (2) (in thousands)	Rank	Percentage of Total City Taxable Assessed Valuation		Net Taxable Assessed Valuation (2) (3) (in thousands)	Rank	Percentage of Total City Taxable Assessed Valuation
1 Eli Lilly and Company	\$ 1,215,794	1	2.823%	Eli Lilly & Company	\$ 1,256,497	1	2.808%
2 Citizens Energy Group	460,423	2	1.069%	St. Vincent Hospital & Health Care Center, Inc.	332,955	2	0.744%
3 Indianapolis Power and Light Company	262,042	3	0.608%	Southwestern Bell	305,847	3	0.683%
4 Federal Express Corporation	245,659	4	0.570%	Methodist Hospital System	304,320	4	0.680%
5 Convention Headquarters Hotels, LLC	180,811	5	0.420%	Community Hospitals Foundation, Inc.	269,592	5	0.602%
6 Hertz Indianapolis 111 Monument, LLC	154,456	6	0.359%	Simon Property Group, Inc.	246,269	6	0.550%
7 American United Life Insurance Company	112,906	7	0.262%	Sexton Properties	185,967	7	0.416%
8 Verizon Wireless	90,704	8	0.211%	Citizens Energy Group	185,818	8	0.415%
9 SVC Manufacturing	88,554	9	0.206%	Sisters of St. Francis Health System	184,577	9	0.412%
10 Castleton Square, LLC	80,872	10	0.188%	General Motors Corporation	157,229	10	0.351%
11 Ingredion Inc.	71,482	11	0.166%	n/a	-	11	0.000%
12 Roche Diagnostics Corporation	66,851	12	0.155%	n/a	-	12	0.000%
13 HPT Indianapolis 101-115 West Washington LLC	65,679	13	0.153%	n/a	-	13	0.000%
14 NG 211 N. Pennsylvania St., LLC	62,712	14	0.146%	n/a	-	14	0.000%
15 DOW Agrosociences, LLC	59,836	15	0.139%	n/a	-	15	0.000%
16 Fastenal Company	58,888	16	0.137%	n/a	-	16	0.000%
17 Circle Centre Development Co.	58,381	17	0.136%	n/a	-	17	0.000%
18 Rolls-Royce Corporation	57,493	18	0.134%	n/a	-	18	0.000%
19 Axis FC LLC	53,813	19	0.125%	n/a	-	19	0.000%
20 Summit Hospitality 22, LLC	53,644	20	0.125%	n/a	-	20	0.000%
	<u>\$ 3,501,000</u>		8.130%		<u>\$ 3,429,071</u>		7.663%

(1) Represents the March 1, 2015 valuations for taxes due and payable in 2016 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 2007 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, 2016
(Dollars in thousands)

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 74,066	\$ 73,473	99.20%	\$ -	\$ 73,473	99.20%
2015	71,114	68,411	96.20%	1,778	70,189	98.70%
2014	68,928	63,621	92.30%	2,275	65,896	95.60%
2013	67,464	65,035	96.40%	2,497	67,532	100.10%
2012	63,570	60,265	94.80%	2,225	62,490	98.30%
2011	61,737	58,650	95.00%	2,778	61,428	99.50%

(1) Beginning in 2011, delinquent collections were broken down by original levy year in information provided by Marion County Treasurer. Data regarding the prior year collections is not available and therefore is not included in this schedule.

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, 2016
(Dollars in thousands)

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1) (2)	Debt Per Capita (1)
	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			
2016	\$ 18,959	\$ 166,270	\$ -	\$ 454,335	\$ 6,140	\$ -	\$ 440,737	\$ 1,086,441	-	1,156.99
2015	20,693	167,550	-	464,166	7,905	-	485,830	1,146,144	2.57%	1,226.82
2014	23,067	168,785	-	476,096	9,545	-	397,032	1,074,525	2.87%	1,157.54
2013	23,945	177,835	-	479,131	11,075	-	422,712	1,114,698	3.00%	1,212.98
2012	21,295	186,565	322,660	7,488	12,495	-	448,820	999,323	2.71%	1,096.59
2011	22,570	195,000	135,660	6,453	13,815	-	353,794	727,292	2.08%	803.29
2010	23,795	195,000	52,839	-	15,045	-	284,102	570,781	1.69%	631.82
2009	24,610	-	-	-	16,185	-	275,252	316,047	0.94%	354.76
2008	25,390	-	-	-	17,245	-	189,181	231,816	0.69%	263.31
2007	26,140	-	-	-	18,235	218	191,713	236,306	0.71%	269.51

- (1) See Table XIII for personal income and population data.
(2) Personal income not available for 2016.

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, 2016
(Dollars in thousands)

Fiscal Year	Net General Bonded Debt Outstanding			Total Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts in Debt Service Funds				
2016	\$ 191,369	\$ 16,162	\$ 175,207	0.41%	\$ 186.58	
2015	196,148	16,160	179,988	0.42%	209.95	
2014	201,397	16,148	185,249	0.46%	216.96	
2013	212,855	16,119	196,736	0.49%	231.62	
2012	220,355	16,035	204,320	0.52%	241.80	
2011	231,385	17,494	213,891	0.54%	255.56	
2010	233,840	23,398	210,442	0.59%	258.85	
2009	40,795	-	40,795	0.11%	45.79	
2008	42,635	-	42,635	0.10%	48.43	
2007	44,375	-	44,375	0.10%	50.86	

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, 2016
(Dollars in thousands)

	Assessed Value (5)	Bonding Limit		Debt Outstanding
		%	Dollar Amount	
Direct Debt:				
Health and Hospital Corporation of Marion County	\$ 36,739,079	0.67%	\$ 246,152	\$ 191,369
Other Direct Debt:				
Capital lease obligations - governmental activities				454,335
Total Health and Hospital Corporation debt				\$ 645,704
Overlapping:				
Marion County	\$ 38,549,199	0.67%	\$ 258,280	\$ -
City of Indianapolis				
Civil City	\$ 36,103,487	0.67%	\$ 241,893	\$ 44,995
Park District	38,549,199	0.67%	258,280	3,225
Redevelopment District	36,103,487	(7)	-	-
Flood Control District	38,549,199	0.67%	258,280	1,499
Metropolitan Thoroughfare District	38,549,199	1.33%	512,704	6,053
Sanitary District	35,579,190	4.00%	1,423,169	7,690
Solid Waste Disposal District	36,149,510	2.00%	722,990	-
Pub Safety Comm and Comp Facilities District	38,549,199	0.67%	258,280	22,110
Premiums on general obligation debt			-	326
Total city general obligation debt			\$ 3,675,596	85,898
Other Direct Debt:				
Tax increment revenue bonds				624,750
Net revenue bonds				335,028
Note payable and certificate of participations				82,197
Bond anticipation note				5,500
Capital lease obligations - governmental activities				10,619
Total city direct debt				\$ 1,143,992
Other Municipal Corporations				
Indianapolis Airport Authority	\$ 38,549,199	0.67%	\$ 258,280	\$ -
Capital Improvement Board	38,549,199	0.67%	258,280	-
Indianapolis-Marion County Building Authority	38,549,199	(4)	-	-
Indianapolis-Marion County Library	37,576,225	0.67%	251,761	71,020
Indianapolis Public Transportation Corp.	36,523,673	0.67%	244,709	-
Total municipal corporations			\$ 1,013,030	\$ 71,020
School Districts				
Beech Grove	\$ 419,998	(8)	\$ 36,747	\$ 12,167
Decatur	1,544,232	(8)	156,137	6,809
Franklin	2,050,935	(8)	256,948	1,295
Indianapolis Public Schools	10,399,859	(8)	688,738	14,807
Lawrence	4,869,070	(8)	331,375	37,300
Perry	3,317,900	(8)	169,584	14,715
Pike	4,679,225	(8)	126,455	29,545
Speedway	700,600	(8)	14,013	-
Warren	2,438,649	(8)	121,748	3,025
Washington	5,833,530	(8)	154,636	12,508
Wayne	2,919,439	(8)	302,054	32,883
Total school districts	\$ 39,173,437		\$ 2,358,435	\$ 165,054

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, 2016
(Dollars in thousands)

	Assessed Value (5)	Bonding Limit		Bonds Outstanding
		%	Dollar Amount	
Other Cities and Towns				
Beech Grove	\$ 420,186	0.67%	\$ 2,815	\$ 2,695
Lawrence	1,402,564	0.67%	9,397	4,459
Southport	46,023	0.67%	308	359
Speedway	576,939	0.67%	3,865	5,560
Total Other Cities and Towns	\$ 2,445,712		\$ 16,385	\$ 13,073
Townships				
Center	\$ 5,834,666	0.67%	\$ 39,092	\$ -
Decatur	1,349,841	0.67%	9,044	1,916
Franklin	2,181,433	0.67%	14,616	-
Lawrence	5,226,097	0.67%	35,015	1,410
Perry	3,619,638	0.67%	24,252	-
Pike	4,517,350	0.67%	30,266	-
Warren	3,301,117	0.67%	22,117	-
Washington	8,277,259	0.67%	55,458	-
Wayne	3,995,814	0.67%	26,772	1,101
Total Townships	\$ 38,303,215		\$ 256,632	\$ 4,427
Excluded Library Districts				
Beech Grove	\$ 396,035	0.67%	\$ 2,653	\$ -
Speedway	576,939	0.67%	3,865	260
Total Excluded Library Districts	\$ 972,974		\$ 6,518	\$ 260
Ben Davis Conservancy District	\$ 350,187	(2)		-
Total Overlapping Debt				\$ 1,397,826
Total Direct and Overlapping Debt				\$ 2,043,530

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, 2012 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2013.

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, 2016
(Dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year Ended	
December 31, 2016	
Net assessed value - 2016	\$ 36,739,079
Debt limit (.67% of assessed values)	246,152
Debt applicable to limit	
Bonded Debt	187,930
Notes payable from tax levy	-
Total net debt applicable to limit	<u>187,930</u>
Legal Debt Margin	<u>\$ 58,222</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ 246,152	\$ 246,616	\$ 227,610	\$ 228,057	\$ 227,279	\$ 243,021	\$ 239,977	\$ 245,872	\$ 292,821	\$ 299,814
Total net debt applicable to limit	<u>187,930</u>	<u>192,525</u>	<u>197,590</u>	<u>208,865</u>	<u>220,355</u>	<u>231,385</u>	<u>233,840</u>	<u>40,795</u>	<u>42,635</u>	<u>44,593</u>
Legal debt margin	<u>\$ 58,222</u>	<u>\$ 54,091</u>	<u>\$ 30,020</u>	<u>\$ 19,192</u>	<u>\$ 6,924</u>	<u>\$ 11,636</u>	<u>\$ 6,137</u>	<u>\$ 205,077</u>	<u>\$ 250,186</u>	<u>\$ 255,221</u>
Total net debt applicable to the limit as a percentage of debt limit	76.35%	78.07%	86.81%	91.58%	96.95%	95.21%	97.44%	16.59%	14.56%	14.87%

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, 2016
(Dollars in thousands)

Year	(1) (2) Population	(2) Personal Income	(2) Per Capita Personal Income	Public School Enrollment	(3) Unemployment Rate
2016	939,020	\$ -	\$ 43	131,754	4.0%
2015	934,243	44,610,603	40	130,371	4.6%
2014	928,281	37,438,602	40	130,007	5.9%
2013	918,977	37,096,641	40	149,697	6.8%
2012	911,296	36,880,741	38	146,175	8.3%
2011	905,393	34,910,486	41	143,053	8.9%
2010	903,393	33,687,344	39	159,865	8.4%
2009	890,879	33,774,144	39	159,089	8.5%
2008	880,380	33,798,139	39	145,569	5.6%
2007	876,804	33,237,000	39	136,883	4.5%

(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 2007-2014 reflect county population estimates available as of March 2017. Per capita personal income was computed using Census Bureau mid-year population estimates. Estimates for 2007-2015 reflect county population estimates available as of March 2017. Data was not yet available for 2016 personal income.

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

Health and Hospital Corporation of Marion County, Indiana
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Table XIV
Principal Employers
Current Year and Nine Years Ago ⁽²⁾
December 31, 2016

Taxpayer	2016			2007		
	(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	1.85%	6,000	6	0.68%
I.U. Health	11,810	2	1.26%	-		
Eli Lilly and Company	11,479	3	1.22%	12,500	1	1.43%
Community Health Network	10,402	4	1.11%	7,500	3	0.86%
Wal-Mart	8,830	5	0.94%	-		
Marsh Supermarkets	8,000	6	0.85%	-		
Kroger	7,840	7	0.83%	-		
IUPUI	7,365	8	0.78%	7,066	4	0.81%
Peyton Manning Children's Hospital	7,000	9	0.75%	-		
IU School of Medicine	6,000	10	0.64%	-		
Clarian Health Partners				7,503	2	0.86%
Federal Express Corp. (FedEx)				6,311	5	0.72%
WellPoint Inc.				4,200	7	0.48%
Allison Transmission/Div of GMC				4,000	8	0.46%
Rolls Royce				4,000	9	0.46%
AT&T				3,500	10	0.40%

- (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 2007 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, 2016

Function/Program	Full-Time Equivalent Employees at December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Primary Government Employees:										
Administration	135	128	131	139	136	132	127	117	118	115
Health improvement	366	354	349	351	340	327	337	343	313	311
Communicable disease prevention	127	125	123	128	133	125	125	120	122	119
Water quality and hazardous materials	27	28	26	26	25	26	27	25	27	28
Housing and neighborhood health	71	72	80	84	96	98	100	90	84	84
Consumer and employee risk reduction	27	27	26	26	28	27	27	28	25	26
Vector disease control	52	50	53	53	51	58	61	64	55	57
Business-type Employees:										
Eskenazi Health	4,177	3,853	3,828	3,726	3,667	3,820	3,622	3,724	3,764	3,404
Long-Term Care (1)	-	-	-	-	-	-	-	-	-	-
Total Employees	4,982	4,637	4,616	4,533	4,476	4,613	4,426	4,511	4,508	4,144

(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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	61,000	58,034	62,100	75,075	68,151	168,493	147,469	186,096	63,268	33,279
Vital Statistics - certified birth copies issued	46,392	48,552	47,062	47,162	60,011	49,029	59,067	59,258	62,008	66,601
Vital Statistics - certified death copies issued	48,226	51,621	54,205	51,768	58,210	53,335	57,763	56,434	99,185	59,558
WIC Services - vouchers per month	24,023	30,959	32,223	31,495	29,426	28,918	29,124	27,593	26,011	n/a
WIC Services - nutrition education	7,059	9,378	29,150	21,214	24,916	13,624	11,210	12,267	16,388	n/a
Dental Health/Education Services	35,765	45,847	50,625	72,533	55,524	70,120	68,370	54,011	72,119	80,358
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	1,383	1,216	1,114	1,055	1,182	1,090	1,068	1,121	1,098	1,115
AIDS cases	36	29	35	44	35	52	63	51	40	43
HIV infection - total cases	166	148	192	158	202	164	188	225	214	185
Tuberculosis cases reported	43	54	52	36	38	31	33	49	37	42
Sexually transmitted diseases total cases	14,228	12,272	12,952	13,406	13,317	9,856	6,959	11,086	11,923	11,918
Influenza-Like Illness	5,836	4,510	4,807	6,332	5,165	4,987	4,987	11,931	5,711	4,782
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	58,807	56,235	47,175	49,517	46,972	62,336	60,238	59,261	58,926	167,657
Swimming pool samples	4,055	4,250	4,360	4,438	2,598	2,151	2,483	2,744	2,483	5,113
Surface water samples taken	2,590	2,598	2,531	4,778	5,492	2,598	6,225	5,844	6,480	2,421
Hazardous Materials Management										
Responses to emergency situations	281	266	659	776	947	878	1,031	938	1,188	440
Drinking water wells surveyed for toxins	396	300	541	564	439	748	940	1,442	1,402	389
Septic systems permits	100	79	79	81	71	91	144	115	127	12
Well construction permits	105	87	97	114	112	88	70	102	78	12
Well pump permits	212	167	163	200	236	101	112	164	148	218
Housing and Neighborhood Health										
Initial housing orders	3,126	4,660	4,863	2,699	2,263	2,649	4,621	5,565	2,682	3,827
Housing compliances	4,783	4,613	4,977	4,577	4,553	5,252	4,190	4,948	4,201	3,904
Initial sanitation orders	14,934	15,429	13,571	11,147	12,354	14,265	20,801	21,463	15,422	21,080
Sanitation compliances	14,135	10,738	12,323	12,247	14,272	14,046	19,501	20,845	13,056	19,021
Court cases filed	3,906	3,921	3,841	3,540	3,546	2,826	2,333	2,925	2,873	3,859
Court cases resolved	2,566	2,004	2,500	1,565	1,671	1,504	957	1,573	1,269	1,688
Citations issued - illegal dumping	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	299
Unsafe buildings-structures demolished	**	**	223	4,934	578	589	537	658	836	349
Unsafe buildings-structures boarded	**	**	5,037	3,913	7,820	9,430	7,111	7,586	6,516	6,182
Unsafe buildings-structures repaired	**	**	777	1,156	1,090	789	672	844	672	802
Lead - children screened	9,618	4,721	7,779	13,038	12,354	14,265	5,346	4,648	3,786	14,797

Health and Hospital Corporation of Marion County, Indiana

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Table XVI - Continued

Operating Indicators by Function

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	16,822	19,734	17,735	19,557	19,174	20,486	19,326	19,148	18,088	19,561
Foodborne investigations	207	207	241	166	199	144	156	199	206	115
Foodborne complaints	972	920	917	801	711	861	726	918	895	1,108
Foodborne licenses issued	7,090	6,981	6,635	6,501	6,424	5,138	5,885	5,604	5,265	5,862
Occupational health										
Occupational health consultations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	222
Asbestos investigations	*	*	*	*	*	301	360	114	173	n/a
Radon investigations	215	95	46	74	7	4	7	30	12	n/a
Related indoor air inspections	2,480	3,017	2,999	2,984	3,894	2,981	2,722	3,014	3,976	2,218
Vector Disease Control										
Environmental/Rodent Control										
Total premises baited for rodents	3,103	2,232	2,034	2,255	1,121	2,102	2,751	2,838	2,478	2,072
Abandoned property cleanups	3,944	2,911	4,021	3,693	3,149	2,897	3,541	3,557	2,975	3,561
Assisted cleanups of neighborhoods	9	7	10	8	13	15	10	4	-	n/a
Total weight (lbs.) of trash removed	14,798,225	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
Mosquito Control										
Inspections of mosquito breeding sites	17,987	18,744	21,716	20,672	11,744	19,439	18,430	20,400	18,000	16,920
Mosquito breeding sites treated	8,410	9,835	9,829	8,942	4,510	9,311	8,881	11,746	10,121	6,030
Adulticiding, lineal miles sprayed	4,775	4,514	3,673	3,043	2,563	3,999	5,164	5,169	6,576	5,384
Complaint services, adulticiding	8,521	5,374	4,123	4,271	3,750	5,545	5,584	5,566	5,454	3,214
Combination complaints	9,935	6,772	5,011	5,301	4,760	711	689	803	572	221
Long-Term Care										
Total Beds	9,524	9,524	7,944	7,969	8,062	7,176	5,857	5,457	4,053	4,086
Eskenazi Health										
Admissions (Acute, Behavioral, Lockefield)	15,492	14,977	14,788	15,090	14,112	18,568	18,525	18,585	19,624	19,674
Patient Days (Acute, Behavioral, Lockefield)	72,741	67,403	68,253	67,061	69,979	89,997	89,418	107,018	159,932	161,170
OP Encounters (net of ED)	804,189	747,007	736,130	876,161	841,180	885,045	1,077,726	1,120,658	1,126,196	1,079,108
ED Visits	94,733	87,624	95,258	101,240	109,412	105,120	105,854	110,451	113,680	108,102
Advantage Members	12,531	15,811	32,916	39,594	54,204	55,993	58,133	54,165	50,241	50,879
Uncompensated Care (000's Omitted)	410,579	535,005	381,110	410,383	237,639	344,552	305,243	267,058	254,836	236,691
Surgeries	8,400	7,715	7,242	7,406	7,447	8,069	8,092	8,162	7,816	7,607
Births	2,316	2,233	2,046	1,849	2,045	1,800	2,107	2,414	2,643	2,760

n/a = Not available.

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

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Health Improvement										
Dental chairs	25	25	25	25	25	25	25	25	25	25
Dental x-ray units	23	23	23	23	23	23	23	23	23	23
Fiberoptic Dentalite	10	10	10	10	10	10	10	10	7	7
Dental Portable Scaler	7	7	7	7	7	7	7	7	7	7
Kiosk Touchscreen system	5	5	5	5	5	5	5	4	4	4
Vital Statistics scanners/readers	1	1	1	1	1	1	1	1	1	1
Generators/power source	5	5	5	5	4	4	4	4	-	-
Planmeca digital panoramic machine	2	2	2	2	2	2	2	-	-	-
Communicable Disease Prevention										
Water purification systems for lab	3	3	3	3	3	3	3	3	3	3
Refrigerators/freezer for lab	23	23	23	22	16	13	12	12	9	9
Incubator for lab	7	7	7	7	7	7	7	6	6	6
Trailer with hitch	11	8	8	8	8	8	8	-	-	-
Generator power-diesel	3	3	3	3	3	3	3	-	-	-
Storage area network w/cabinet	2	2	2	2	2	2	1	-	-	-
Kodak color scanners	6	6	6	5	5	5	5	-	-	-
Truck-Super 4X4	3	3	3	3	3	3	1	-	-	-
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	17	17	17	17	17	17	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	9	8	8	8	8	8	5	5	4
Vans/cars for housing visits	8	8	7	7	6	6	6	6	5	4
Vector Disease Control										
Environmental trucks/vans for cleanup	27	27	24	23	23	23	17	16	24	24
Dump Trucks	18	18	17	17	17	17	17	16	14	14
Tractors/Trailers	28	28	28	28	28	28	28	28	18	18
Rodent/Mosquito control trucks for spraying	65	64	64	62	57	57	57	57	72	72
Rodent/Mosquito control - sprayers	12	12	12	12	10	10	10	9	11	11
Rodent/Mosquito Control - generators	6	6	6	6	6	6	6	6	6	6
Long-Term Care										
# of buildings	78	78	61	59	59	52	42	38	27	26
Eskenazi Health										
# of beds	336	346	315	315	281	316	312	313	340	340

n/a = Not available.

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