



**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, 2019

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

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2019

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Introductory Section (Unaudited)



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June 29, 2020

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, 2019, is submitted herewith. This report is presented in conformity with generally accepted accounting principles 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, 2019, 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 Corporation 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. Additionally, the Corporation administers two other service divisions: the Marion County 911 ambulance service Indianapolis EMS (IEMS) functioning as a distinct unit in Eskenazi Health and the Long-Term Care division.

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. MCPHD employs 830 people. The health and environmental services of this division directly impacts every resident of Marion County every day.

Eskenazi Health is comprised of the Sidney and Lois Eskenazi Hospital, a 336 bed general acute care hospital; the Sandra Eskenazi 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; the Sandra Eskenazi Mental Health Center, formerly Midtown Community Mental Health, a Community Mental Health Center (CMHC) that provides behavioral health services throughout Marion County; and 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. The Long-Term Care division employs approximately 10,000 people throughout Indiana. The senior care services of this division provided care to over 7,900 residents in 2019.

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 one of the 20 largest cities in the United States with an estimated population of 955,000 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. 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 need for public health and public hospital services remains vital. Public health risks like 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 the Corporation remains a good steward of its financial resources.

The Corporation receives county and state tax revenues that account for less than 7% of the Corporation’s overall operating budget. The stability and strength of the Marion County and Indiana economy has made tax revenues a consistent and reliable source of funds but it not nearly enough to perform the services of the Corporation’s divisions. The largest proportion of funding for the Corporation’s divisions is direct reimbursement for services we provide through our healthcare settings. To that end, the Corporation and its divisions are continually working on process improvement and cost containment programs. At the same time each division faces additional pressure to be able to provide more services to more clinically complex patients and residents every year.

MCPHD has a strong track record of managing its budget and providing great services with the funds that are available. MCPHD’s budget is limited to growth in the Marion County tax base each year and has few directly reimbursable services lines. 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. The division focuses on improving its ability to meet clients’ needs by reinvesting in technology, employee training and direct partnerships with the community. MCPHD has been going through significant technology improvements for the past few years. Environmental Health completed a full system update during 2019 and went live in April 2020. Population Health decided to update its Electronic Health Record and will begin implementation onto the same platform Eskenazi Health uses. These updates will help MCPHD’s staff dedicate more of their time on caring for Marion County rather than administrative issues. 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 process of implementing a multi-year strategic plan that is focused on improving patient care, patient service, employee satisfaction and the overall financial performance by \$100 million. At the same time, 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.

IEMS has saved Marion County millions of dollars every year since its inception. When IEMS began providing services in 2010, the Marion County taxpayers were covering losses of over \$9 million for ambulance services each year. IEMS was created to improve quality and to reduce financial losses. The leaders of IEMS 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. IEMS, operating as a 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 high quality nursing home services throughout the State. 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 two decades. The Corporation partners with American Senior Communities (ASC) as the manager for the Corporation's facilities. Jointly the Corporation and ASC strive to improve care to our residents. The operational quality and financial forecast for the division continues 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. Compliance monitoring, comprehension and attention have been significantly enhanced and the organization has been well served by the increased scale of the compliance department. At the time of the publication of this report, the Corporation has been released from the CIA mentioned above. The Corporation took on the CIA responsibilities because of a purchase, not from its own compliance issues, yet the Corporation learned a great deal from the experience and has implemented significant improvements in our compliance processes that will serve the company well into the future.

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 12% according to a report by the Robert Wood Johnson Foundation. At Eskenazi Health, the uninsured rates have fallen from nearly 38% to the mid-teens 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 Corporation 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.

COVID-19

In January of 2020, the first confirmed cases of COVID-19 were detected in the United States. Indiana's first confirmed cases were detected in early March. Daily infection rates and hospitalizations in Indiana and Indianapolis increased in March and peaked in April. All divisions of the Corporation have been called into action as frontline providers during this pandemic. MCPHD has been leading in public policy and directly providing shelter, screening and other assistance services. IEMS has had to revamp its infection control model to protect its team members and community from the spread of COVID-19 while continuing to provide EMS to our community. Long-Term Care has been significantly impacted by COVID-19. Seniors who live in nursing homes are already frail and often have one or more co-morbidities. Eskenazi Health has ramped up to meet the challenge of COVID-19 by converting significant numbers of Med/Surg beds to ICU beds and preparing to convert more if necessary.

Congress has passed various financial packages to support healthcare entities during COVID-19. The CARES Act has provided the greatest direct financial support to the Corporation at this point in the pandemic. Eskenazi Health has received \$73.1 million and the Long-Term Care division has received \$39.6 million from the CARES Act to cover the cost of COVID-19 and to support lost revenue caused by COVID-19. The Corporation has also received Medicare advanced payments that have to be repaid of \$40.7 million and \$28.6 million for our respective units. The funding from the CARES Act and the advanced payments have made it possible for the Corporation to focus our attention on providing care to our patients, residents and citizens without having to reduce services or staffing at this point.

At the time of this report, COVID-19 is continuing to decrease in Indiana. Indianapolis has not fully reopened but is planning to do so in the next few weeks. The Corporation hopes the pandemic will not spike again in Indiana but we are positioned to financially manage through if a new spike of similar scale does reoccur. We are beginning the 2021 budget process and will be setting aside funding for planning; stockpiling non-perishable personal protective equipment (PPE); and physical plant modifications to better protect patients, residents, staff and others from COVID-19 or other respiratory infectious diseases in the future.

Medicaid Fiscal Accountability Regulation (MFAR)

MFAR is a proposed regulation from CMS that was released for public comment on November 12, 2019 which ended on February 1, 2020. The language in the proposed regulation could directly impact several Supplemental Medicaid programs that Indiana and the Corporation rely on for funding. During the COVID-19 pandemic, the federal government delayed its review of the proposed regulation and the public comments. At the time of this report, CMS had not responded to the comments to the proposed regulation. Without comments from CMS, the Corporation is not able to determine what impact MFAR could have if it is finalized.

MAJOR INITIATIVES FOR THE YEAR

Marion County Public Health Department:

As the community chief public health strategist for the Indianapolis population, MCPHD continues to address emerging health demands and works aggressively to capitalize on promising opportunities that help identify new resources. MCPHD by working to improve community partnership development, is preparing 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:

- Access to care for vulnerable populations, homeless and refugees.
- Interventions and resources improving mental health status for the general population and emphasis on prevention, treatment and recovery of opioid abuse and dependence.
- The reduction of maternal and infant mortality.
- The promotion of immunizations and dental health in infants, children and adults.
- The assurance of policy, systems, and environmental change strategies to reduce tobacco use, vaping, secondhand smoke and opioid dependence.
- The reduction of obesity and sedentary lifestyle through increasing understanding of good nutrition and physical activity.
- Control of HIV and Hepatitis A and C viruses and sexually transmitted diseases.
- Environmental health with food inspections, water quality, lead screening, and removing environmental hazards and the concept of Health in All Policies.
- Safe, livable housing and sustainable neighborhoods.
- All Hazards Preparedness, Response, and Recovery.
- The development of strategies to lower the incidence of diabetes, asthma and cardiovascular disease.
- The reduction of violence.
- Focus on equity and social justice in all planning processes.
- An increase in health literacy across the populations served.
- Addressing the social determinants of health and poverty including food insecurity to favorably improve major chronic medical conditions

Through our Community Health Assessment (CHA) process, MCPHD is better able to understand the needs and major assets geographically of Marion County and can help encourage and direct health care resources through community collaboration 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 revealed five major priorities for our county: unhealthy weight, poor mental health, poverty, chronic disease prevention and management and violence. A Community Health Improvement Planning process was initiated to address these five priorities. MCPHD leadership approved a Strategic Plan, Workforce Development Plan, Quality Improvement/Performance Management System Plan, and Cultural and Linguistic Competency Plan as a comprehensive approach to address all contributing factors related to our health.

Through this comprehensive collaborative approach, MCPHD understands many of our public health challenges are interrelated and involve not only personal responsibility but a long-term commitment on behalf of the community to achieve positive health outcomes. This is evidenced by MCPHD's active participation in the Top 10 Coalition, the Indy Food Council, Jump in For Healthy Kids, the Minority Health Coalition of Marion County, and Local Initiatives Support Corporation's (LISC) Quality of Life Plans for several neighborhoods, Health By Design, Greater Indianapolis Progress Committee's Plan 2020, City of Indianapolis Office of Sustainability's Thrive Indy plan, and regular attendance at dozens of neighborhood association meetings to address environmental and social health issues. The use of quality data and evidence-based interventions are used as guiding principles to improve health outcomes.

There continues to be equally compelling challenges on the public health landscape beyond those identified by the CHA. Since 2016, we have seen an unprecedented increase in opioid overdoses, Hepatitis C and HIV infections. MCPHD's challenges included establishing a safe syringe exchange and the need to establish a city-wide task force to address the opioid crisis. 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. Other issues include addressing the overwhelming and critical problem of dental disease in disadvantaged children, creating optimal coordination of community-based primary care services, housing inspections, testing lead levels in water for safety in schools 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.

Eskenazi Health:

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

Eskenazi Health received many awards during 2019, a sample of which includes:

- Dr. Curtis Wright was named a 2019 Champion of Diversity by Indiana Minority Business Magazine.
- Jasmine Gonzalvo, Pharm.D., clinical pharmacy specialist, was selected as one of Indianapolis Business Journal's Forty Under 40 for 2019. Gonzalvo is a nationally recognized diabetes expert who works to create cardiovascular risk-reduction services for patients.
- Amy Carter, director of Outpatient Nutrition, was recognized by College Mentors for Kids as the mentor of the year in the health and science category.
- The Initiative for Employment and Economic Independence at Eskenazi Health was named as an Indianapolis Business Journal Health Care Hero in the Community Achievement in Health Care category.
- Shelley Johns, a clinical health psychologist at Eskenazi Health, was named a finalist in the Indianapolis Business Journal's 2019 Health Care Heroes – Non-physician category.
- Dr. Chris Callahan, chief research and development officer at Eskenazi Health, was named a finalist in the Indianapolis Business Journal's 2019 Health Care Heroes-physician category.
- Dr. Clark Simons, service chief of general surgery at Eskenazi Health, was awarded the Dr. Joseph T. Taylor Excellence in Diversity award. Dr. Simons achieved this award for his work in developing the Male to Male program, a mentoring program for aspiring minority male physicians, and for his work in helping underrepresented youth prepare for medical careers.
- Seth Grant, general manager of culinary services and business operations, was named a 2019 Rising Star in Food Service Director Magazine.

- Judy Hetzel, licensed social worker with Eskenazi Health Palliative Care, was named the Region 7 Social Worker of the Year by the National Association of Social Workers. She was nominated for her outstanding compassionate, thorough, attentive and resourceful care of patients with life-threatening or life-limiting illnesses who have limited financial resources and multiple social needs.
- Eskenazi Health was awarded the Excellence in Spiritual Care Award by the HealthCare Chaplaincy Network. This award signifies the standard of excellence in spiritual care and represents a testament to the commitment to identify and optimally address the spiritual and religious needs of patients and their families.
- Christia Hicks, vice president of Eskenazi Health Human Resources, was recognized by the Center for Leadership Development (CLD) for her efforts at Eskenazi Health. Hicks has administrative responsibility over several departments within Eskenazi Health, including Human Resources, The Eskenazi Health Institute for Employee Development, Volunteer Services, Wellness, Multicultural Affairs and Occupational Health.
- Dr. Terri Litty, chief physician executive of Eskenazi Health Center Grassy Creek, received an honorary Pi Alpha Honor Society award from the Association of Physician Assistant Programs (APAP). Dr. Litty was an integral part in the creation of the practicum placement partnership between Eskenazi Health and IU School of Health & Human Sciences.
- Seth Grant, general manager of culinary services, has been awarded the 2019 AHF Spotlight Award for Innovation for our Indiana Grown and Local Procurement Initiative.
- Eskenazi Health has been named as one of Becker's Hospital Review's "150 Top Places to Work in Healthcare." This marks the fourth consecutive year that Eskenazi Health has earned this highly-coveted, important and meaningful distinction.
- Eskenazi Health has been named to the inaugural list of the America's Best-in-State Employers for 2019 by Forbes Magazine and Statistics.
- Dr. Jennifer Carnahan of the Eskenazi Health Center for Senior Health received an award from the Indiana Immunization Coalition for recording vaccination rates above the national average with an influenza coverage rate of 81 percent and a pneumococcal vaccination rate of 91.9 percent.
- The Centers for Medicare & Medicaid Services (CMS) ranked Eskenazi Health with a Five Star Rating, placing Eskenazi Health in the top eight percent of hospitals nationally. The ratings reflect common conditions that hospitals treat, such as heart attacks and pneumonia.
- Eskenazi Health received the Indiana Cancer Consortium's (ICC) Employer Gold Standard certification, which recognizes employers who help establish the workplace as a primary setting to focus on early detection and appropriate screening for breast, cervical and colorectal cancers for their employees.
- Eskenazi Health was presented with a new award from the Indiana Donor Council (IDN) called the "Workplace Partnership for Life".
- Amy Carter, manager of outpatient nutrition, was honored (along with her team) with the Transforming Vision into Action Award by the Academy of Nutrition and Dietetics. Carter and her team were honored for their work in hypertension groups.
- Larry Markle, program director for the Gregory S. Fehrbach Center at Eskenazi Health, received an award from the Association on Higher Education & Disability (AHEAD).
- Dr. Wallace McLaughlin, president and CEO of Fathers and Families Center, was honored with a Lifetime Achievement award from Heritage Place, an Indianapolis Nonprofit that helps older adults remain independent. Dr. McLaughlin was one of three local community leaders who received this year's award.
- John Brooks and Aaron Savickis, members of the Eskenazi Health Food & Nutrition department, were presented with the Innovation Award from the Association of Nutrition & Foodservice Professionals (ANFP).
- Holly Hartman, behavioral health risk manager, was awarded the education award from the Indiana Suicide Prevention Network during their annual conference. She was awarded this due to her efforts in education on the public on various suicide prevention methods.
- Ernie Vargo, president and CEO of the Eskenazi Health Foundation, was honored with the 2019 Indiana Philanthropy Award: Outstanding Fundraising Professional. He was awarded for his tireless efforts leading the Eskenazi Health Foundation.
- Eskenazi Health Stroke Center received the Silver Plus Target Stroke Elite Award from the American Heart Association. This award recognizes Eskenazi Health for 12 consecutive months of stroke care that is at least 85 percent compliant with seven of the top evidenced-based measures for stroke care.

- Dr. Maria Robles, chief physician executive at Eskenazi Health Center West 38th Street, was recognized by Overdose Life, Inc. She received an award for contributions she has made towards helping patients suffering with opioid use disorder enter into treatment and ultimately recovery.
- About Special Kids (ASK) recognized three Eskenazi Health Center pediatricians and presented them with the Founders Award for their partnership with ASK staff during case conferences. The award winners were Dr. Jill Helphinstine from Eskenazi Health Center Westside; Dr. Deanna Reinoso with Eskenazi Health Center Pecar; and Dr. Sarah Stelzner, from Eskenazi Health Center West 38th Street.
- Eskenazi Health won the Corporate Wellness Award from Indiana Sports Corp for completing a long checklist of activities leading up to this year's Corporate Challenge.
- Dr. Juan Carlos Venis received the Business Leader of the Year Award from Indy Rainbow Chamber of Commerce at the inaugural Excellence in Business Awards Gala.
- Eskenazi Health Hypertension Group Education Program received the Transforming Vision into Action Award from the Academy of Nutrition and Dietetics Council on Future Practice. This award is given in recognition of outstanding collaborative contributions of Academy Members and their teams.
- Dr. Rudy Yung was named Ophthalmologist of the Year for 2019 by the Indiana Academy of Ophthalmology (IAO). According to the IAO, the award is given to an ophthalmologist who has made outstanding contributions to the academy and enhanced the profession of ophthalmology.
- Matt Gutwein, president and chief executive officer of Health & Hospital Corporation of Marion County, was recognized with the Indiana University Distinguished Alumni Services Award.
- Dr. Robert Einterz, a hospitalist at Eskenazi Health, was awarded the President's Medal of Excellence by Indiana University President Michael A. McRobbie at the 13th annual Academic Excellence Dinner at IUPUI.
- The Indiana Foreign Language Teachers Association (IFLTA) Awards Committee awarded the 2019 Rep. Robert Behning Distinguished World Language Advocate Recognition to Eskenazi Health Multicultural Affairs and Gloria King, the department's director. The recognition stated that Eskenazi Health Multicultural Affairs is exemplary for its provision of language services and its role in championing diversity and supporting the community.

For more than 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, Sandra Eskenazi Mental Health Center, 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.

Long-Term Care:

The Corporation leases and operates 78 skilled nursing facilities (SNFs) and five free-standing licensed residential/assisted living facilities (ALs) across Indiana. In addition, multiple locations provide a continuum of care with independent apartments and garden homes in a campus – type setting. Throughout the year, the Corporation served on average more than 7,900 residents. The Corporation contracts with American Senior Communities (ASC) to manage its long-term care facilities.

The Corporation's internal Long-Term Care Quality Review Team (QRT) consists of highly qualified long-term care experienced registered nurses, health facility administrators and social workers. These professionals visit all of the Corporations' long-term care facilities at least annually, with select facilities receiving additional site visits and reviews. In 2019, the QRT performed 107 quality review site visits. Reviews include many aspects of the facility operation and clinical services such as clinical records, personnel files, and quality assurance minutes. In 2019, interviews were conducted with 263 residents and family members.

Over the last four years, the overall census has made a slight decline. The average census in 2016 was 8,125 compared to 7,903 in 2019 – a 2.7% decline. There has been a significant shift in the census by payor source for SNFs in that there are fewer Medicare resident days and more Medicaid days. The average Medicaid daily census for December 2019 was 5,670 as compared to 5,405 in 2016. Since December 2016, the Medicare average daily census has declined 42% – from 1,028 Medicare residents to 597 Medicare residents in December 2019. This census shift continues to be in concert with a trend seen throughout the state and country with shorter lengths of stay for Medicare short-stay admissions and increased use of home health services. In terms of occupancy, the Corporation’s Long-Term Care facilities averaged 83.9% occupancy in 2019 – nearly 10% better than the statewide average at 74%.

The Corporation’s largest single facility acquisition occurred in the Summer of 2015 when 17 SNFs were leased from Formation Capital. The Corporation accepted the responsibility of adhering to and completing the previously-entered Corporate Integrity Agreement (CIA) between the previous owner, Extencicare Health Services, and the Office of Inspector General of the Department of Health and Human Services, on October 3, 2014. For the first 18 months, the newly acquired SNFs were operated as a distinct group. This management initiative was successful in addressing the needs of the facilities to transition to new business systems, corporate policies and procedures, and care initiatives. In 2017, the facilities were integrated into operational pods according to location and now have support and peer groups that enhance the regional facility marketability and provide enhanced geographic efficiencies. The 17 facilities remained under the requirements of Extencicare’s CIA and Compliance Plan until October 2019. Throughout the final year of the CIA, the Corporation and ASC continued to work closely with the Office of Inspector General (OIG) and the appointed independent monitor, Long-Term Care Institute, Inc. (LTCI). One of the processes used by LTCI to monitor the operations of facilities under a Compliance Plan was to make site visits. In 2018, LTCI suspended site visits for this group of facilities based on the exceedingly positive observations from the three previous years. Throughout the four years, both the OIG Federal monitors and LTCI staff expressed a high level of satisfaction with the policies, procedures, and systems introduced by ASC and the Corporation to this new group. The Corporation’s Board of Trustees attested compliance with the provisions of the plan for 2019. On January 22, 2020, the Office of the Inspector General officially acknowledged the completion of the CIA and the implementation of an effective compliance program.

Quality care and service are priorities for the Long-Term Care Division and quality improvement endeavors are continuously and routinely performed at all of the Corporation’s locations. In October 2019, nine of the Corporation’s Long-Term Care facilities were among 18 Indiana nursing homes presented with the American Health Care Association/National Center for Assisted Living (AHCA/NCAL) National Quality Bronze Award for Commitment to Quality. The nine facilities include: Allisonville Meadows, Bethany Village, Coventry Meadows, Danville Regional Rehabilitation, Edgewater Woods, Lake Pointe Village, Salem Crossing, Seymour Crossing and Swiss Villa Nursing & Rehabilitation. The Silver award is the second level of distinction awarded to those facilities recognized for achievement in quality. Six of the seven winners in Indiana were the Corporation’s facilities. The six honored with the Silver Award in 2019 included Avalon Village, Betz Nursing Home, Brownsburg Meadows, Greenwood Meadows, Heritage Park, and Westview Nursing and Rehabilitation Center. Since 2015, more than half of the Corporation’s facilities have earned at least one American Healthcare Association and National Center for Assisted Living (AHCA/NCAL) Quality Award. These national quality awards are based on the core values and health care criteria established by the Baldrige Performance Excellence Program, and they provide a pathway for facilities to journey toward program excellence.

The Corporation’s long-term care facilities provide employment for more than 10,000 people, making this nursing home group one of the largest employers in the state.

The Corporation is dedicated to the professional growth of the state’s workforce and particularly in addressing the growing shortage of licensed nurses. The O2NE – Opportunities to Nursing Education Program is a one-of-a-kind scholarship program that provides tuition, a reduced work schedule, mentoring, and assistance with life skills, among other supports. O2NE provides a tremendous career path to nursing and has successfully graduated 182 nurses (RNs and LPNs). The program also boasts a high retention rate within ASC, with many new nurse managers have emerged from this program to serve as clinical leaders, including 10 Directors of Nursing.

Vocational training and career ladders are provided for many workers in these sponsored programs:

- Training for persons to become Certified Nursing Assistants (CNAs) in 2019 helped 804 workers receive their certification, and 84% were hired at our facilities.
- Culinary staff is offered paths to careers in Food Service.
- A rigorous administrator-in-training program meets the internship requirements for licensing health-facility administrators. It runs 6 to 12 months in duration. 20 successful Executive Directors for the Corporation have participated in the program, and two have been promoted to regional vice presidents of operations.

The CMS Nursing Home Compare rating system evaluates facilities nationwide. Metrics and scoring criteria for this system have evolved and changed many times since the program's conception in 2008. The current criteria used to determine a facility's Quality Measures Star grade consist of 28 metrics – 12 for short-stay residents (less than 100 days) and 16 for long-stay residents. These metrics are updated every quarter and change from time to time, continually encouraging providers to excel. The Quality Measures Star ratings for the year end 2019 for the Corporation's facilities were as follows:

- The Corporation's average was 4.13 Stars; whereas the Statewide average was 3.59 Stars and National average was 3.62
- Sixty of the Corporation's facilities were rated Four or Five Stars for Quality Measures (77% of our SNFs).
- Since acquisition, 68% of the Corporation's SNFs have seen improvement in their Star ratings.
- Eleven facilities have maintained Five Star ratings for periods ranging from three to seven years.

The Overall Star Rating includes additional benchmarks for Health Inspections and Staffing. These, combined with the Quality Measures Rating, result in the Overall Rating for 2019 as follows:

- The Corporation's facilities averaged 3.0 Stars and were in line with state (3.02 Stars) and national (3.13 Stars) averages.
- Since acquisition, 60% of the Corporation's SNFs have seen improvement in their Overall Star rating.
- Springhill Village has maintained a perfect rating of Five Stars since 2011, and Markle Health & Rehabilitation has maintained Five Stars since 2014.

Regulatory compliance is an on-going objective for the Corporation's facilities and the majority is successful in achieving or maintaining outstanding compliance with federal and state compliance measures. In 2019, eight facilities earned deficiency-free annual licensure and recertification surveys from the Indiana State Department of Health (ISDH), including three licensed residential facilities. In any given year, only about 10% of SNFs in the state achieve a deficiency-free annual survey. The ISDH consumer report for Long-Term Care nursing facilities has been an important tool in measuring regulatory compliance for Indiana facilities for many years. The Corporation's facilities have had average report card scores that have consistently been better than the statewide average for more than six years. ISDH temporarily halted the posting of report cards scores in November 2017 and the program was dormant until earlier 2019 when the fourth quarter 2019 scores were posted. The new scoring program is vastly different from the previous program in that numbers are inverted so the higher the number, the better the score. Deductions are made for each deficiency based on a scope and severity grid. The new program includes life safety code surveys as well as complaints, emergency preparedness, and standard annual surveys. The report card score ranges from 500 to 0 with 500 being the best score possible. The December 31, 2019 Corporation facility average was 329 points (the same as the state average for that period). Four of the Corporation's facilities are ranked in the top 10% of best scores: Salem Crossing, Springhill Village, Springs Valley Meadows and Todd-Dickey Nursing and Rehabilitation. 15 of the Corporation's facilities are ranked in the top 25%.

Emergency preparedness continues to be a priority for the Long-Term Care Division and a stakeholder's agreement remains in full force with MESH, a nationally recognized Emergency Coalition located in Indianapolis, Indiana that serves all of the area hospitals and the Marion County Public Health Department. The Corporation's Long-Term Care Division is the first and only long-term care provider to join MESH as a stakeholder.

As of November 2019, the Corporation's SNFs and ALs completed their second year under new CMS rules for emergency preparedness. Of the 63 facilities surveyed by ISDH for emergency preparedness during the Life Safety Code Survey, 42 facilities, or 67%, were found to be in compliance (i.e. no E-tags) with the emergency preparedness requirements, while 20 facilities, or 32%, had one or two minor and/or commonly assigned E-tags. The ongoing success of these surveys is due in part to the Corporation's investment in emergency preparedness training, resources, and exercises throughout the year. These investments include:

- Triage/Stop the Bleed™ training designed to equip and empower bystanders (typically first at the scene) to help with a bleeding emergency before professional help arrives. MESH delivered as a train-the-trainer session to the Clinic Education Coordinators, who in turn trained all staff at the Corporation's facilities. The Corporation provided the tourniquets for the Stop the Bleed kits, and the triage training cards.
- HHC-ASC All Facility Exercise was conducted by each facility as a tabletop exercise or as a full-scale exercise with community involvement, served to assist facilities in meeting the annual exercise requirement (a commonly assigned E-tag when not met). The exercise instruction and resources, developed by the HHC/ASC Emergency Preparedness Steering Committee, could be further adapted by the facility to meet their testing/exercise needs. By the end of November, 81 of 83 facilities had completed their AFE.

The Corporation, in conjunction with MESH, sponsored a long-term care specific Grand Rounds in Fort Wayne in October. Dr. Nancy Istenes, the Chief Medical Officer for Sabre Healthcare Group, operator of 120 skilled nursing facilities, presented on their facilities' emergency preparedness response to, and lessons learned, from three hurricane events since August 2018. Attendance at the session included long-term care executives, ISDH representatives, and members of the District 3 Healthcare Coalition (D3HCC). One member of the D3HCC reported that Dr. Istenes' presentation was an eye opener and that it resonated with him the importance of knowing the long-term care partners and their unique needs before an emergency event so as to maximize coalition member response.

Bethany Village served as the location for MESH's filming of an active shooter video depicting an event at a skilled nursing facility: domestic violence involving an employee. Several of the Bethany Village leaders, staff, and some residents acted out roles during the filming alongside a number of IMPD officers. This video clip was in response to the alarming numbers of workplace-related armed intruder events that many times involve a gun, and will be incorporated into MESH's updated active assailant video.

The Corporation's focus on emergency preparedness and training serve the Corporation well during the 2020 COVID-19 Pandemic.

As the largest memory care provider in Indiana, the Corporation and ASC have continued their long tradition in supporting the Alzheimer's Association in 2019 by participating in The Longest Day and the Walk to End Alzheimer's. Throughout the year, the teams at the Corporation's facilities hosted events and other fundraisers to benefit the Alzheimer's Association. The total raised for the year was \$230,000, which allowed the Alzheimer's Association to provide over 9,200 helpline support calls to families in need.

Nearly five years ago, the Corporation became aware of a federal investigation of the former ASC CEO and COO and others regarding a complicated vendor-fraud and anti-kickback scheme. In mid-2018, these individuals pleaded guilty and were ordered to pay restitution to the Corporation and ASC. The Corporation and its employees were not the target or subject of any investigation and these allegations of wrongdoing were not related to the care or safety of any resident/patient at any of the Corporation's nursing homes. See Note 18 for additional information.

Highly recruited, experienced C-suite leadership has been in place at ASC since 2016. The new CEO, COO, and CFO meet routinely with the Corporation's executives and attend its Board of Trustees Long-Term Care Committee meetings. The Corporation's Senior VP of Long-Term Care and the CFO attend regular meetings with ASC and work closely with their home office staff. In 2019, a few ASC management positions changed or were added in 2019 including the following: Steve Van Camp joined the executive team as Chief Financial Officer following the resignation of Robert Thomas; Cate Sabatine, former ASC in-house legal counsel was promoted to the Chief Compliance Officer position upon Kim Martin's retirement; and the associate legal counsel position was filled by Kimberly Brizzi. Additionally, Christine Gladieux joined ASC as VP Financial Operations; Robin Steele was hired as the VP of Compliance; and Heather Howe joined ASC as VP of Human Resources. During 2019, many corporate training programs were provided for the Executive Directors and Directors of Nursing Services at all locations and additional programs for various specialty positions.

AWARDS AND ACKNOWLEDGEMENTS

The Corporation had an annual audit of its financial statements performed for 2019 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, 2018. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last 34 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, 2018

Christopher P. Morrill

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



Joyce Q. Rogers
Chairperson
Vice President
Indiana University



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



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



Carl L. Drummer
Director of Public Affairs
Ice Miller



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



James D. Miner, M.D.
Physician
Community Health Network



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.	Chief Medical Officer and Director, MCPHD

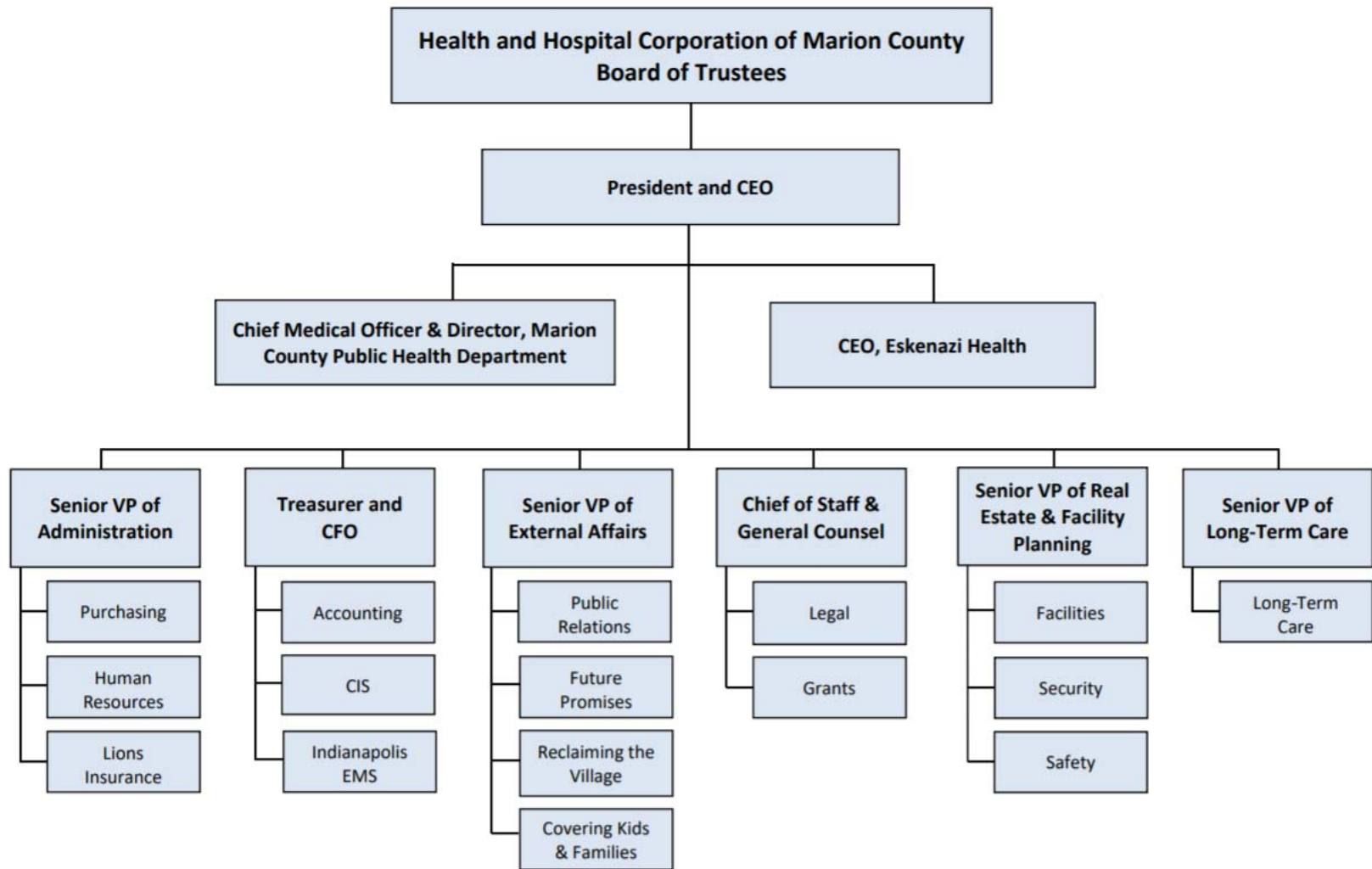
Independent Auditors

BKD, LLP

Indianapolis, Indiana



Officers of the Health and Hospital Corporation during 2019 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., Chief Medical Officer and Director, MCPHD; 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
Indianapolis, Indiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis-Marion County) (Corporation), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Health and Hospital Corporation of Marion County, Indiana as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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 an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The budget and actual fund schedules for the debt service and capital project funds and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget and actual fund schedules for the debt service and capital project funds are 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 section and statistical information 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 it.

BKD, LLP

Indianapolis, Indiana
June 29, 2020

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, 2019. 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 \$973.5 million (net position). Unrestricted net position at the end of 2019 is \$271.5 million.
- The Corporation's total net position increased by \$123.3 million, from current year activities.
- As of the close of 2019, the Corporation's governmental funds reported combined ending fund balances of \$542.4 million, an increase of \$57.6 million in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$434.5 million or 213.1% of total General Fund expenditures.
- The Corporation's total debt, excluding capital leases, decreased by \$5.6 million or 3.1% during the current fiscal year. This reflects scheduled principal payments on outstanding bonds. The capital lease obligations decreased by \$78.4 million or 10.3% in 2019.
- Effective January 1, 2019, the Corporation adopted GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Adoption of these standards had no impact on the Corporation's financial statements.

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, schedule of contributions in connection with the Corporation's participation in a cost-sharing, multiple-employer defined-benefit retirement plan, schedule of Corporation contributions in a postemployment medical benefit 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 \$973.5 million at December 31, 2019. The Corporation's net position increased by \$123.3 million, compared to \$39.6 million in 2018.

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 \$271.5 million.

	<i>(dollars in thousands)</i>					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 645,972	\$ 582,740	\$ 598,804	\$ 583,447	\$ 1,244,776	\$ 1,166,187
Capital assets, net of accumulated depreciation	42,037	27,773	923,259	1,026,978	965,296	1,054,751
Total assets	<u>688,009</u>	<u>610,513</u>	<u>1,522,063</u>	<u>1,610,425</u>	<u>2,210,072</u>	<u>2,220,938</u>
Deferred Outflows of Resources	<u>4,260</u>	<u>4,629</u>	<u>9,793</u>	<u>13,719</u>	<u>14,053</u>	<u>18,348</u>
Liabilities						
Other liabilities	30,568	44,467	140,352	149,976	170,920	194,443
Long-term liabilities	634,171	655,634	405,848	508,157	1,040,019	1,163,791
Total liabilities	<u>664,739</u>	<u>700,101</u>	<u>546,200</u>	<u>658,133</u>	<u>1,210,939</u>	<u>1,358,234</u>
Deferred Inflows of Resources	<u>4,560</u>	<u>5,009</u>	<u>35,137</u>	<u>25,846</u>	<u>39,697</u>	<u>30,855</u>
Net Position						
Net investment in capital assets	26,770	22,839	661,701	699,533	688,471	722,372
Restricted	13,539	645	-	-	13,539	645
Unrestricted	<u>(17,339)</u>	<u>(113,452)</u>	<u>288,818</u>	<u>240,632</u>	<u>271,479</u>	<u>127,180</u>
Total net position	<u>\$ 22,970</u>	<u>\$ (89,968)</u>	<u>\$ 950,519</u>	<u>\$ 940,165</u>	<u>\$ 973,489</u>	<u>\$ 850,197</u>

Changes in Net Position

The Corporation's total revenue was \$1.85 billion during the current fiscal year. Taxes represent 7.3% of the Corporation's revenue. Medicaid special revenue represents 4.9% of revenue, while 83.0% of revenue came from fees charged for services. The remaining 4.8% came from grants and contributions, investment earnings, Build America Bond subsidies, and a gain from terminating an OPEB plan.

The total cost of all programs and services was \$1.73 billion. This resulted in an increase in net position for the year of \$123.3 million.

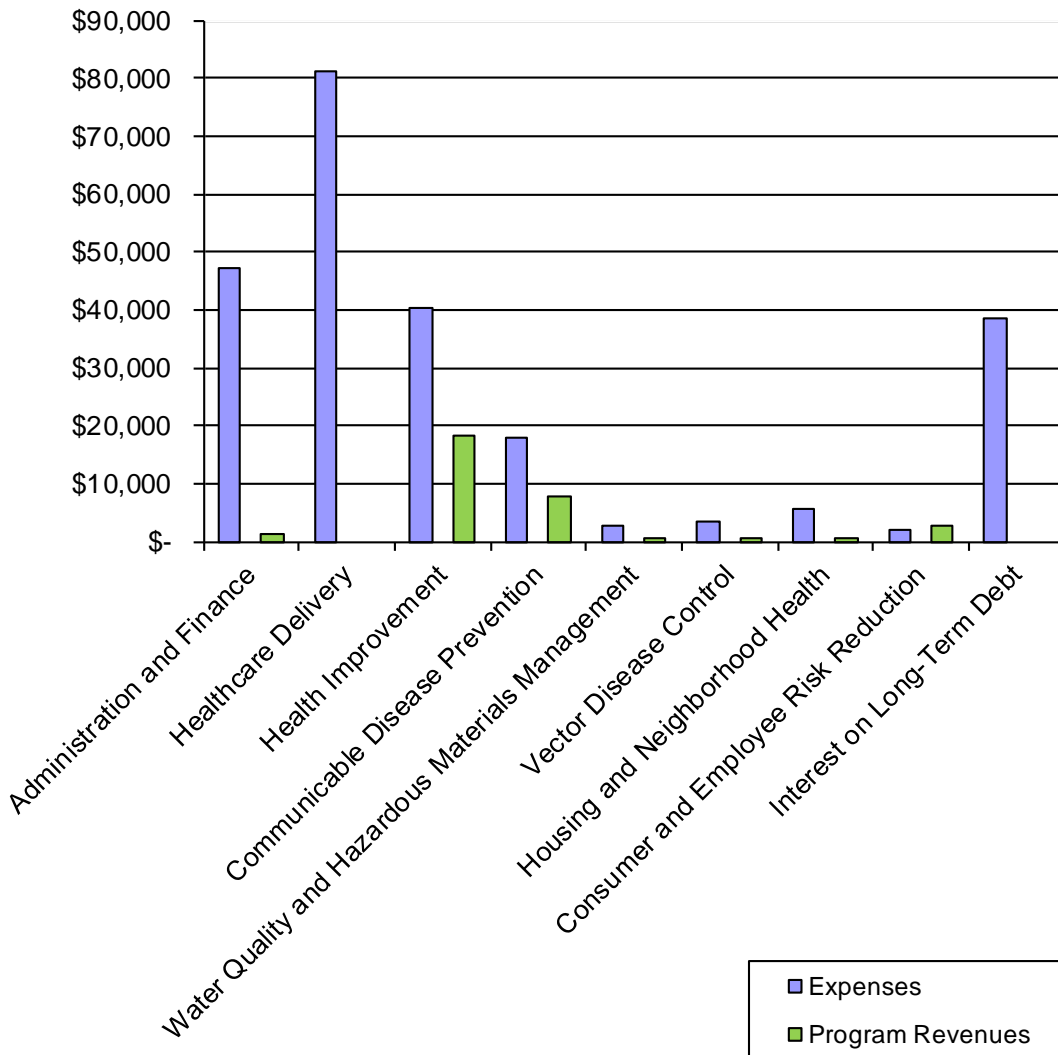
Governmental activities - Governmental activities increased the Corporation's net position by \$112.9 million compared to the total \$123.3 million increase in net position of the Corporation. Medicaid special revenue increased \$63.8 million from prior year due to the cyclical nature of certain DSH settlements occurring every other year. Government activities received \$22.5 million in operating grants and contributions in 2019. Net transfers were \$71.9 million, compared to \$90.6 million from prior year. 2019 transfers reflect decreases in Long-Term Care Fund transfers to the General Fund and General Fund transfers to the Eskenazi Health Fund. Similar to 2018, the decrease of General Fund transfers in is attributed to Long-Term Care retaining a portion of the Medicaid special revenue to strengthen its cash position. The decrease in Eskenazi Health Fund support is in line with the plan to decrease Eskenazi Health Fund support in future fiscal years.

(dollars in thousands)

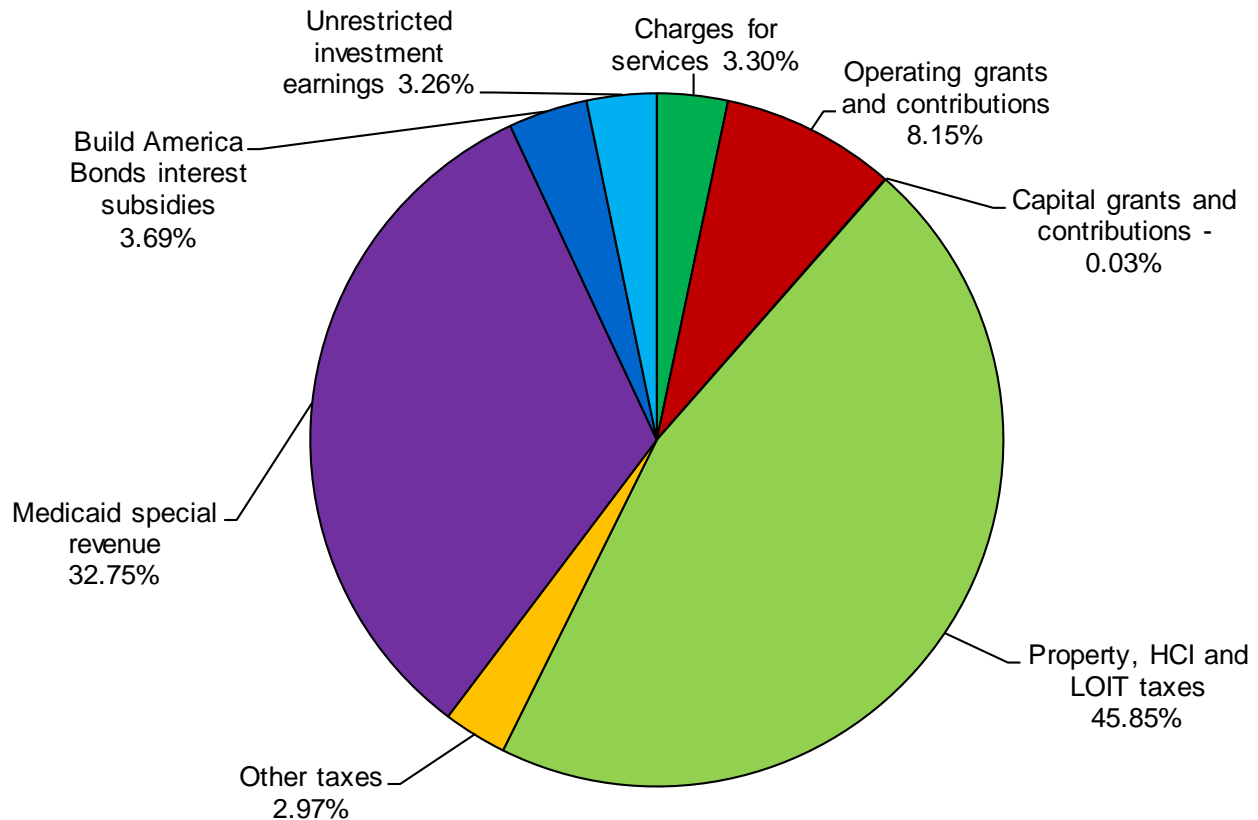
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 9,094	\$ 9,318	\$ 1,527,057	\$ 1,527,786	\$ 1,536,151	\$ 1,537,104
Operating grants and contributions	22,470	25,069	25,359	26,691	47,829	51,760
Capital grants and contributions	75	25	-	-	75	25
General revenues:						
Property, HCI and local option income taxes	126,457	123,512	-	-	126,457	123,512
Other taxes	8,204	7,717	-	-	8,204	7,717
Medicaid special revenue	90,338	26,565	-	-	90,338	26,565
Build America Bonds interest subsidies	10,191	10,153	-	-	10,191	10,153
Unrestricted investment earnings	8,979	5,885	6,181	1,441	15,160	7,326
Total revenues	<u>275,808</u>	<u>208,244</u>	<u>1,558,597</u>	<u>1,555,918</u>	<u>1,834,405</u>	<u>1,764,162</u>
Expenses						
Administration and finance	47,103	50,974	-	-	47,103	50,974
Healthcare delivery	81,302	100,117	-	-	81,302	100,117
Health improvement	40,226	37,377	-	-	40,226	37,377
Communicable disease prevention	17,881	17,501	-	-	17,881	17,501
Water quality and hazardous material management	2,582	2,517	-	-	2,582	2,517
Vector disease control	3,477	3,494	-	-	3,477	3,494
Housing and neighborhood health	5,757	5,132	-	-	5,757	5,132
Consumer and employee risk reduction	2,101	2,001	-	-	2,101	2,001
Interest on long-term debt	38,384	39,439	-	-	38,384	39,439
Eskenazi Health	-	-	735,835	731,439	735,835	731,439
Long-term care	-	-	753,824	734,548	753,824	734,548
Total expenses	<u>238,813</u>	<u>258,552</u>	<u>1,489,659</u>	<u>1,465,987</u>	<u>1,728,472</u>	<u>1,724,539</u>
Increase (Decrease) in Net Position						
Before Transfers and Special Items	36,995	(50,308)	68,938	89,931	105,933	39,623
Special item- gain on termination of OPEB Plan	4,042	-	13,317	-	17,359	-
Transfers	71,901	90,642	(71,901)	(90,642)	-	-
Increase (Decrease) in Net Position	<u>112,938</u>	<u>40,334</u>	<u>10,354</u>	<u>(711)</u>	<u>123,292</u>	<u>39,623</u>
Net Position, Beginning of Year, as previously reported	(89,968)	(126,611)	940,165	953,148	850,197	826,537
Change in accounting principle	-	(3,691)	-	(12,272)	-	(15,963)
Net Position, Beginning of Year, as restated	<u>(89,968)</u>	<u>(130,302)</u>	<u>940,165</u>	<u>940,876</u>	<u>850,197</u>	<u>810,574</u>
Net Position, End of Year	<u>\$ 22,970</u>	<u>\$ (89,968)</u>	<u>\$ 950,519</u>	<u>\$ 940,165</u>	<u>\$ 973,489</u>	<u>\$ 850,197</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.

2019 Expenses and Program Revenues - Governmental Activities (in thousands)



2019 Revenues by Source - Governmental Activities



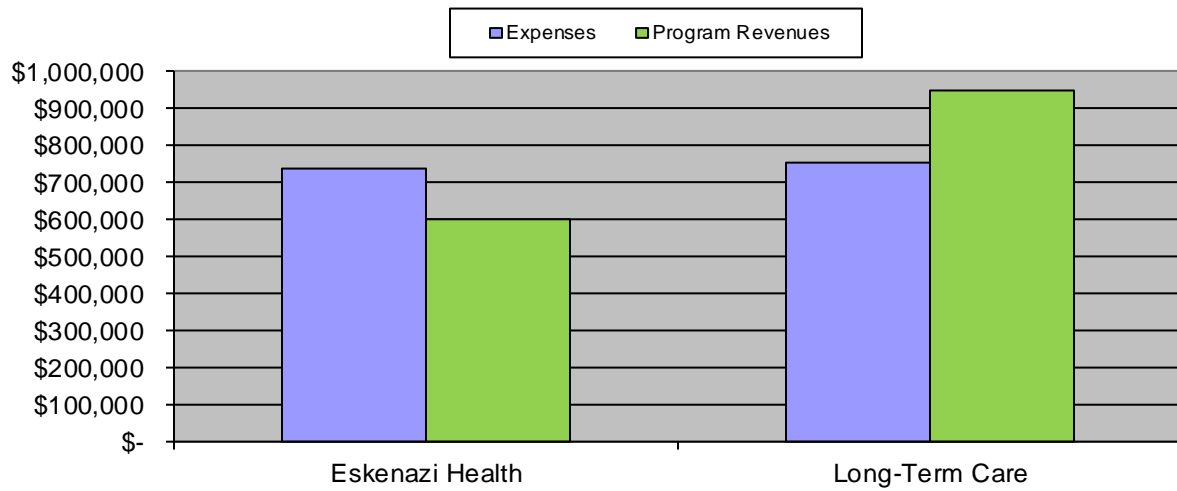
Business-type activities - Business-type activities increased the Corporation's net position by \$10.4 million compared to a decrease of \$0.7 million in 2018.

Eskenazi Health's net position increased by \$7.9 million in the current year. Net investment in capital assets decreased by \$40.6 million; increases in capital assets totaled \$20.5 million, which was offset by depreciation of \$61.1 million. Operating revenues increased by \$18.9 million due to an increase in net patient service revenue of \$16.3 million and an increase of other revenue of \$2.6 million. Eskenazi Health support received from the General Fund decreased by \$26.9 million in 2019. Operating expenses had no change from 2018, but there was a decrease in personnel and professional fees offset by increased pharmaceuticals. Eskenazi Health incurred an operating loss of \$153.0 million, which was offset by \$117.3 million in transfers from the General Fund and \$25.4 million in grants from various agencies.

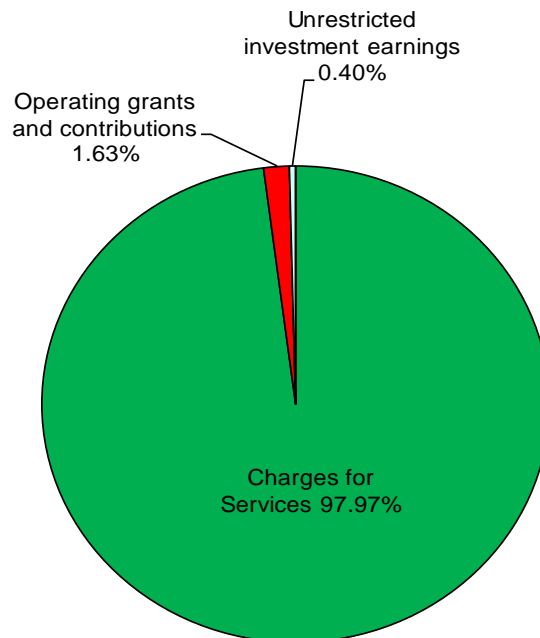
Long-Term Care net position was \$170.0 million, an increase of \$2.5 million compared to 2018. Operating revenues decreased \$19.6 million due to decreased Medicaid special revenue. Operating expenses increased \$24.3 million over 2018. This was primarily due to increased staffing costs associated with the tight labor market. Income before capital contributions and transfers decreased \$37.9 million primarily due to the increased staffing costs. Long-Term Care has a \$22.2 million net investment in capital assets, an increase of \$2.8 million over 2018. 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.

2019 Expenses and Program Revenues - Business-Type Activities (in thousands)



2019 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 current fiscal year end, the Corporation's governmental funds reported combined ending fund balances of \$542.4 million, an increase of \$57.6 million in comparison with the prior year. Approximately 19.3% of this total amount, or \$104.6 million, constitutes restricted and assigned fund balance, which is related to capital outlays for the new hospital, money set aside for debt service, and year-end encumbrances. Approximately 80.1% of the total amount, or \$434.5 million, is unassigned fund balance. The remaining 0.6% 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 \$434.5 million, while the total fund balance increased \$60.1 million to a balance of \$455.0 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 213.1% of total General Fund expenditures, while total fund balance represents 223.1% of that same amount.

The Corporation's General Fund total fund balance increased by \$60.1 million during the current fiscal year compared to a \$12.5 million increase in 2018. Tax revenue collections increased by \$3.4 million from 2018 to 2019. The General Fund tax levy and assessed values increased in 2019, and collections of taxes surpassed 2019 projections. Medicaid special revenue increased \$37.3 million in 2019 as certain DSH settlements are cyclical in nature occurring every other year. Investment income increased \$2.3 million as interest rates continued to improve throughout 2019. Total expenditures decreased by \$17.5 million in 2019 due to decreased administrative and intergovernmental expenditures. The administrative expenditures decrease relates to the termination of the Corporation's OPEB plan and a large one-time support payment in 2018 for a new community justice campus. The decrease in intergovernmental expenditures is a result of an intergovernmental transfer rate decrease for the Long-Term Care Upper Payment Limit program. Decreased 2019 transfers out of \$27.0 million relate to less Eskenazi Health support in 2019. Transfers in decreased by \$40.3 million. The transfers in decrease are attributed to Long-Term Care retaining more Medicare special revenue than projected to strengthen its cash position in 2019. The 2019 fund balance increase for the General Fund, of \$60.1 million, related to 2019 taxes, investment income, and Medicaid special revenue exceeding projections. Also, expenditures were under budget due to year-end initiatives not occurring during 2019.

Debt Service Fund - The Debt Service Fund has a fund balance of \$14.2 million compared to a fund balance of \$14.0 million in 2018. The net increase in fund balance during the current year was \$0.2 million. In 2019, both investment income and Build America Bonds interest subsidies were better than budget, contributing to the fund balance increase. The fund balance increase was partially offset by \$0.2 million of debt service reserve monies that were released and transferred out to the Capital Projects Fund.

Capital Projects Fund - The Capital Projects Fund has a total fund balance of \$73.3 million. The net decrease in fund balance during the current year was \$2.7 million. The fund balance decrease is related to capital project outlays planned in prior year that occurred in 2019.

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 \$141.0 million. In 2019, the total net position for Eskenazi Health increased by \$7.9 million. Other factors concerning the finances of Eskenazi Health were addressed in the discussion of the Corporation's business-type activities. Unrestricted net position of Long-Term Care at the end of the year was \$147.8 million. Total net position for Long-Term Care increased by \$2.5 million in 2019. 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 \$349.6 million remained unchanged during 2019, both in total and by major object of expenditure. The \$349.6 million budget included \$176.3 million in expenditures and \$173.3 million in transfers out. Actual expenditures and transfers out totaled \$319.4 million. Of the total \$30.1 million underspending, \$4.8 million related to personal services, \$3.6 million to supplies, \$21.4 million to other charges and services (including transfers out) and \$0.2 million to capital outlays. Underspending for all reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at \$351.5 million, and actual was \$372.1 million. Medicaid special revenue was \$29.4 million better than budget as expected hospital DSH settlements expected to occur in 2018 actually occurred in 2019. 2019 transfers in were \$18.6 million under budget due to Long-Term Care withholding a portion of the budgeted amount to strengthen its cash position.

Capital Asset and Debt Administration

Capital Assets - The Corporation's capital assets for its governmental and business-type activities as of December 31, 2019, amount to \$1.0 billion (net of accumulated depreciation), a decrease from \$1.1 billion at the end of 2018. 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,133	\$ 4,095	\$ 9,698	\$ 11,623	\$ 11,831	\$ 15,718
Land improvements	-	-	51,318	56,144	51,318	56,144
Buildings and improvements	13,094	11,187	717,521	805,479	730,615	816,666
Equipment	6,540	4,893	114,358	131,943	120,898	136,836
Vehicles	1,358	1,094	2,372	1,720	3,730	2,814
Construction in progress	18,912	6,504	27,992	20,069	46,904	26,573
Total assets	<u>\$ 42,037</u>	<u>\$ 27,773</u>	<u>\$ 923,259</u>	<u>\$ 1,026,978</u>	<u>\$ 965,296</u>	<u>\$ 1,054,751</u>

Long-Term Debt - At the end of 2019, the Corporation had total general obligation debt outstanding of \$175.4 million. Moody's Investors Service rates the Corporation's general obligation debt "Aa2".

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 \$274.5 million. Outstanding general obligation debt (excluding premiums) at December 31, 2019 represents 62.9% of this limit.

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

	<i>(dollars in thousands)</i>					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
1988 renovation bonds	\$ -	\$ 2,195	\$ -	\$ -	\$ -	\$ 2,195
2005 general obligation bonds	10,410	12,195	-	-	10,410	12,195
2010 general obligation bonds	162,100	163,560	-	-	162,100	163,560
Unamortized bond premiums	2,888	3,072	-	-	2,888	3,072
Capital leases	421,051	432,867	260,883	327,445	681,934	760,312
Total long-term debt	<u>\$ 596,449</u>	<u>\$ 613,889</u>	<u>\$ 260,883</u>	<u>\$ 327,445</u>	<u>\$ 857,332</u>	<u>\$ 941,334</u>

Economic Factors and Next Year's Budgets and Rates

In late 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced. Subsequent to year-end, the worldwide spread of COVID-19 began to cause some business disruption throughout the United States as local governments implemented orders to reduce non-essential business operations and advised citizens to shelter-in place. The Corporation has continued to operate as an essential healthcare provider and experienced declines in volumes related to elective procedure cancellations, lower outpatient visits and impacts to volumes of long-term care operations. See Note 1 for additional information.

The 2020 original budget for all annually budgeted funds is \$410.7 million. No revisions have been made through June 2020. The 2020 General Fund budget is \$329.9 million. The 5.7% decrease from the 2019 final General Fund budget of \$349.6 million reflects a \$28.4 million decrease in other charges and services, which includes reduced operating transfers to the Eskenazi Health Fund. The 2020 General Fund budget also reflects increases in personal services, supplies, and capital outlays totaling \$8.7 million. 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, 2019

(Dollars in thousands)

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 323,870	\$ 420,509	\$ 744,379
Investments	17,498	93,813	111,311
Receivables, net:			
Patient services	-	132,737	132,737
Medicaid special revenue	32,242	66,036	98,278
Grants	6,220	7,222	13,442
Other	12,054	12,649	24,703
Internal balances	200,042	(200,042)	-
Inventories	-	6,679	6,679
Joint venture escrow	-	10,088	10,088
Estimated Medicare/Medicaid settlements	-	15,861	15,861
Prepaid costs and other assets	3,319	12,093	15,412
Restricted cash and cash equivalents	12,674	-	12,674
Restricted investments	-	8,352	8,352
Lease acquisition costs (net of accumulated amortization)	-	8,230	8,230
Joint venture investments	36,756	2,760	39,516
Other long-term assets	1,297	1,817	3,114
Capital assets (net of accumulated depreciation):			
Land	2,133	9,698	11,831
Land improvements	-	51,318	51,318
Buildings and improvements	13,094	717,521	730,615
Equipment	6,540	114,358	120,898
Vehicles	1,358	2,372	3,730
Construction in progress	18,912	27,992	46,904
Total assets	688,009	1,522,063	2,210,072
Deferred Outflows of Resources	4,260	9,793	14,053
Liabilities			
Accounts payable	25,766	98,427	124,193
Restricted accounts payable	2,249	-	2,249
Accrued liabilities	1,519	24,389	25,908
Unearned revenue	1,034	267	1,301
Estimated Medicare/Medicaid settlements	-	16,739	16,739
Medical claims incurred but not reported	-	530	530
Long-term liabilities:			
Due within one year	25,329	105,121	130,450
Due in more than one year	608,842	300,727	909,569
Total liabilities	664,739	546,200	1,210,939
Deferred Inflows of Resources	4,560	35,137	39,697
Net Position			
Net investment in capital assets	26,770	661,701	688,471
Restricted for:			
Health services	865	-	865
Debt service	12,674	-	12,674
Unrestricted	(17,339)	288,818	271,479
Total net position	\$ 22,970	\$ 950,519	\$ 973,489

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, 2019

(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	\$ 47,103	\$ 1,384	\$ -	\$ -	\$ (45,719)	\$ -	\$ (45,719)
Healthcare delivery	81,302	-	-	-	(81,302)	-	(81,302)
Health improvement	40,226	3,582	14,799	-	(21,845)	-	(21,845)
Communicable disease prevention	17,881	569	6,961	75	(10,276)	-	(10,276)
Water quality and hazardous materials management	2,582	499	68	-	(2,015)	-	(2,015)
Vector disease control	3,477	480	-	-	(2,997)	-	(2,997)
Housing and neighborhood health	5,757	89	549	-	(5,119)	-	(5,119)
Consumer and employee risk reduction	2,101	2,491	93	-	483	-	483
Interest on long-term debt	38,384	-	-	-	(38,384)	-	(38,384)
Total governmental activities	<u>238,813</u>	<u>9,094</u>	<u>22,470</u>	<u>75</u>	<u>(207,174)</u>	<u>-</u>	<u>(207,174)</u>
Business-Type Activities							
Eskenazi Health	735,835	577,062	25,359	-	-	(133,414)	(133,414)
LT Care	753,824	949,995	-	-	-	196,171	196,171
Total business-type activities	<u>1,489,659</u>	<u>1,527,057</u>	<u>25,359</u>	<u>-</u>	<u>-</u>	<u>62,757</u>	<u>62,757</u>
Total	<u>\$ 1,728,472</u>	<u>\$ 1,536,151</u>	<u>\$ 47,829</u>	<u>\$ 75</u>	<u>(207,174)</u>	<u>62,757</u>	<u>(144,417)</u>
General revenues:							
Property and local income taxes					88,457	-	88,457
Health Care for the Indigent taxes					38,000	-	38,000
Excise taxes					6,648	-	6,648
Financial institution taxes					1,556	-	1,556
Medicaid special revenue (unrestricted)					90,338	-	90,338
Build America Bonds interest subsidies					10,191	-	10,191
Unrestricted investment earnings					8,979	6,181	15,160
Special item- gain on termination of OPEB plan					4,042	13,317	17,359
Transfers					71,901	(71,901)	-
Total general revenues and transfers					<u>320,112</u>	<u>(52,403)</u>	<u>267,709</u>
Change in net position					112,938	10,354	123,292
Net position - beginning of year					(89,968)	940,165	850,197
Net position - end of year					<u>\$ 22,970</u>	<u>\$ 950,519</u>	<u>\$ 973,489</u>

Health and Hospital Corporation of Marion County, Indiana

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

Balance Sheet - Governmental Funds

December 31, 2019

(Dollars in thousands)

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 246,833	\$ 1,476	\$ 75,561	\$ 323,870
Restricted cash and cash equivalents	-	12,674	-	12,674
Investments	17,498	-	-	17,498
Receivables (net of allowance for uncollectibles):				
Grants	6,220	-	-	6,220
Medicaid special revenue	32,242	-	-	32,242
Other	6,947	5,104	3	12,054
Due from other funds	205,146	-	-	205,146
Prepaid costs and other assets	3,319	-	-	3,319
Other long-term receivables	1,297	-	-	1,297
	<u>\$ 519,502</u>	<u>\$ 19,254</u>	<u>\$ 75,564</u>	<u>\$ 614,320</u>
Total assets				
	<u>\$ 519,502</u>	<u>\$ 19,254</u>	<u>\$ 75,564</u>	<u>\$ 614,320</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 25,766	\$ -	\$ 2,249	\$ 28,015
Salaries and related benefits	1,519	-	-	1,519
Unearned revenue	1,034	-	-	1,034
Due to other funds	-	5,104	-	5,104
Accrued self-insurance claims	447	-	-	447
Total liabilities	<u>28,766</u>	<u>5,104</u>	<u>2,249</u>	<u>36,119</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>35,755</u>	<u>-</u>	<u>3</u>	<u>35,758</u>
Fund Balances				
Nonspendable	3,319	-	-	3,319
Restricted for debt service	-	12,674	-	12,674
Assigned	17,166	1,476	73,312	91,954
Unassigned	434,496	-	-	434,496
Total fund balances	<u>454,981</u>	<u>14,150</u>	<u>73,312</u>	<u>542,443</u>
	<u>\$ 519,502</u>	<u>\$ 19,254</u>	<u>\$ 75,564</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 519,502</u>	<u>\$ 19,254</u>	<u>\$ 75,564</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	42,037
Joint venture investments are not financial resources and therefore are not reported in the fund statements	36,756
Net pension liability is not due and payable in the current period and therefore is not recorded in the funds statement	(28,918)
Deferred inflows of resources not meeting availability criteria in fund statements are not in the statement of net position	35,758
Deferred inflows of resources related to pension that are not available to pay for current period expenditures and therefore are not reported in the fund statements and include:	(4,560)
Deferred outflows of resources are not financial resources and therefore are not reported in the fund statements and include:	
Loss on refunding	280
Pension	3,980
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)	(604,806)

Net position of governmental activities \$ 22,970

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, 2019
(Dollars in thousands)

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 129,615	\$ 4,809	\$ 236	\$ 134,660
Licenses and permits	4,663	-	-	4,663
Intergovernmental	22,616	-	-	22,616
Charges for services	1,364	-	-	1,364
Medicaid special revenue	63,701	-	-	63,701
Investment income	9,648	247	2,241	12,136
Build America Bonds interest subsidies	-	10,191	-	10,191
Miscellaneous	9,249	-	-	9,249
Total revenues	<u>240,856</u>	<u>15,247</u>	<u>2,477</u>	<u>258,580</u>
Expenditures				
Current				
Administrative	47,009	-	-	47,009
Population health	28,596	-	-	28,596
Environmental health	13,071	-	-	13,071
Health center program	1,055	-	-	1,055
Data processing	5,152	-	-	5,152
Grant programs	21,488	-	-	21,488
Capital outlays	6,259	-	20,358	26,617
Debt service				
Principal	-	17,256	-	17,256
Interest and fiscal charges	-	38,480	-	38,480
Intergovernmental	81,302	-	-	81,302
Total expenditures	<u>203,932</u>	<u>55,736</u>	<u>20,358</u>	<u>280,026</u>
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	<u>36,924</u>	<u>(40,489)</u>	<u>(17,881)</u>	<u>(21,446)</u>
Other Financing Sources (Uses)				
Transfers in	196,359	40,856	15,211	252,426
Transfers out	(173,140)	(211)	-	(173,351)
Total other financing sources and uses	<u>23,219</u>	<u>40,645</u>	<u>15,211</u>	<u>79,075</u>
Net change in fund balances	60,143	156	(2,670)	57,629
Fund balances - beginning of year	<u>394,838</u>	<u>13,994</u>	<u>75,982</u>	<u>484,814</u>
Fund balances - end of year	<u>\$ 454,981</u>	<u>\$ 14,150</u>	<u>\$ 73,312</u>	<u>\$ 542,443</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, 2019

(Dollars in thousands)

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

Net changes in fund balances - total governmental funds	\$	57,629
Depreciation expense is not reported in the fund statements, but is reported as a decrease in net position in the statement of activities		(3,093)
Capital outlays are reported as expenditures in the fund statements, but are reported as additions to capital assets in the statement of net position		26,617
Contributed capital assets shown as an expense in the statement of net position but not reported in the fund statements		(2,087)
Changes in joint venture investment are reported in the statement of net position but are not reported in the fund statements		(631)
Transfers of capital assets from governmental activities to the business type activities are not shown in the fund statements		(7,174)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements		20,419
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		17,352
Compensated absences that do not require the use of current financial resources are not reported as expenditures in the fund statements		(274)
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		296
Portion of other postemployment benefit gain in the statement of activities that does not require the use of current financial resources and therefore is not reported in the fund statements		4,042
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		(158)
		(158)
Change in net position of governmental activities	\$	112,938

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, 2019

(Dollars in thousands)

	Eskenazi Health	LT Care	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 196,454	\$ 224,055	\$ 420,509
Investments	39,865	53,948	93,813
Receivables (net of allowance for uncollectibles):			
Patient services	72,093	60,644	132,737
Medicaid special revenue	-	66,036	66,036
Grants	7,222	-	7,222
Other	12,609	40	12,649
Estimated Medicare/Medicaid settlements	15,861	-	15,861
Inventories	6,679	-	6,679
Joint venture escrow	10,088	-	10,088
Prepaid costs and other assets	8,435	3,658	12,093
Total current assets	369,306	408,381	777,687
Noncurrent assets:			
Lease acquisition cost (net of accumulated amortization)	-	8,230	8,230
Joint venture investments	2,760	-	2,760
Investments restricted for deferred compensation	8,352	-	8,352
Other long-term assets	-	1,817	1,817
Nondepreciable capital assets	36,486	1,204	37,690
Depreciable capital assets (net of accumulated depreciation)	603,035	282,534	885,569
Total noncurrent assets	650,633	293,785	944,418
Total assets	1,019,939	702,166	1,722,105
Deferred Outflows of Resources			
	9,793	-	9,793
Total assets and deferred outflows of resources	1,029,732	702,166	1,731,898
Liabilities			
Current liabilities:			
Accounts payable	69,682	28,745	98,427
Accrued liabilities	13,643	10,746	24,389
Due to other funds	3,683	196,359	200,042
Capital lease obligation - current	-	73,047	73,047
Estimated Medicare/Medicaid settlements	1,552	15,187	16,739
Unearned revenue	267	-	267
Medical claims incurred but not reported	530	-	530
Accrued compensated absences - current	18,585	-	18,585
Asserted and unasserted self-insurance claims - current	7,091	6,398	13,489
Total current liabilities	115,033	330,482	445,515
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	3,012	13,871	16,883
Accrued compensated absences	4,973	-	4,973
Net pension liability	82,683	-	82,683
Net OPEB liability	-	-	-
Deferred compensation	8,352	-	8,352
Capital lease payable	-	187,836	187,836
Total noncurrent liabilities	99,020	201,707	300,727
Total liabilities	214,053	532,189	746,242
Deferred Inflows of Resources			
	35,137	-	35,137
Total liabilities and deferred inflows of resources	249,190	532,189	781,379
Net Position			
Net investment in capital assets	639,521	22,180	661,701
Unrestricted	141,021	147,797	288,818
Total net position	\$ 780,542	\$ 169,977	\$ 950,519

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 Net Position -
Proprietary Funds
For the Year Ended December 31, 2019
(Dollars in thousands)

	Eskenazi		Total
	Health	LT Care	
Operating revenues:			
Net patient service revenue	\$ 548,586	\$ 695,716	\$ 1,244,302
Medicaid special revenue	-	251,916	251,916
Other revenue	28,476	2,363	30,839
Total operating revenues	<u>577,062</u>	<u>949,995</u>	<u>1,527,057</u>
Operating expenses:			
Salaries	299,548	-	299,548
Employee benefits	74,767	-	74,767
Contract labor	2,170	429,010	431,180
Medical and professional fees	65,704	9,653	75,357
Purchased services	34,869	46,158	81,027
Supplies	63,920	49,265	113,185
Pharmaceuticals	59,857	12,219	72,076
Repairs and maintenance	10,985	6,514	17,499
Utilities	13,124	16,639	29,763
Equipment rental	5,474	10,305	15,779
Depreciation and amortization	61,120	83,501	144,621
Provider assessment fee	14,349	31,341	45,690
Other	24,192	35,765	59,957
Total operating expenses	<u>730,079</u>	<u>730,370</u>	<u>1,460,449</u>
Operating income (loss)	<u>(153,017)</u>	<u>219,625</u>	<u>66,608</u>
Nonoperating revenue (expenses):			
Noncapital gifts and grants	25,359	-	25,359
Investment income	3,528	2,653	6,181
Loss on disposal of capital assets	(5,756)	-	(5,756)
Interest expense	-	(23,454)	(23,454)
Gain on termination of OPEB plan	13,317	-	13,317
Total nonoperating revenue (expense)	<u>36,448</u>	<u>(20,801)</u>	<u>15,647</u>
Increase (decrease) in net position before transfers	(116,569)	198,824	82,255
Transfers - Capital assets transferred from governmental activities	7,174	-	7,174
Transfers - General Fund	117,284	(196,359)	(79,075)
Changes in net position	7,889	2,465	10,354
Total net position - beginning of year	<u>772,653</u>	<u>167,512</u>	<u>940,165</u>
Total net position - end of the year	<u>\$ 780,542</u>	<u>\$ 169,977</u>	<u>\$ 950,519</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, 2019

(Dollars in thousands)

	Eskenazi		Total
	Health	LT Care	
Cash Flows From Operating Activities			
Receipts from patient services	\$ 541,952	\$ 670,503	\$ 1,212,455
Receipts from other operations	41,439	2,363	43,802
Medicaid special revenue	-	258,984	258,984
Payments to suppliers	(303,737)	(128,326)	(432,063)
Payments to employees, contract labor, professional fees and purchased services	(394,198)	(486,324)	(880,522)
Net cash provided by (used in) operating activities	<u>(114,544)</u>	<u>317,200</u>	<u>202,656</u>
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	23,697	-	23,697
Transfers from (to) the General Fund	117,284	(236,700)	(119,416)
Net cash provided by (used in) noncapital financing activities	<u>140,981</u>	<u>(236,700)</u>	<u>(95,719)</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(19,088)	(15,987)	(35,075)
Deposits paid	-	(6,150)	(6,150)
Deposits returned	-	7,838	7,838
Payment of capital lease obligations	-	(66,562)	(66,562)
Interest expense payments	-	(23,454)	(23,454)
Net cash used in capital and related financing activities	<u>(19,088)</u>	<u>(104,315)</u>	<u>(123,403)</u>
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	2,841	8,600	11,441
Purchases of investments	(36,375)	(62,548)	(98,923)
Interest and dividends received	1,712	2,653	4,365
Distributions from joint venture	5,488	-	5,488
Proceeds from sale of membership interests	26,252	-	26,252
Net cash used in investing activities	<u>(82)</u>	<u>(51,295)</u>	<u>(51,377)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>7,267</u>	<u>(75,110)</u>	<u>(67,843)</u>
Cash and Cash Equivalents, January 1	<u>189,187</u>	<u>299,165</u>	<u>488,352</u>
Cash and Cash Equivalents, December 31	<u>\$ 196,454</u>	<u>\$ 224,055</u>	<u>\$ 420,509</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (153,017)	\$ 219,625	\$ 66,608
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	61,120	83,501	144,621
Increase in carrying value of joint venture	(22)	-	(22)
Changes in operating assets and liabilities:			
Patient service receivables	(11,607)	1,457	(10,150)
Other receivables	12,985	7,070	20,055
Inventories	(1,355)	-	(1,355)
Prepaid costs and other assets	(805)	80	(725)
Deferred inflows and outflows of resources	14,046	-	14,046
Net pension liability	(27,003)	-	(27,003)
Accounts payable	6,879	(2,134)	4,745
Accrued liabilities and compensated absences	(7,928)	860	(7,068)
Estimated Medicare/Medicaid settlements	5,977	5,042	11,019
Asserted and unasserted self-insurance claims	(264)	1,699	1,435
Medical claims incurred but not reported	(13,550)	-	(13,550)
Total adjustments	<u>38,473</u>	<u>97,575</u>	<u>136,048</u>
Net cash provided by (used in) operating activities	<u>\$ (114,544)</u>	<u>\$ 317,200</u>	<u>\$ 202,656</u>
Noncash investing, capital and financing activities:			
Deferred compensation payouts from investments	\$ 342	\$ -	\$ 342
Purchase of capital assets included in accounts payable	-	675	675
Transfers of capital assets and non-cash items from governmental activities	7,174	-	7,174
Loss on disposal of capital assets	(5,756)	-	(5,756)
Unrealized gain on investments, net	1,873	-	1,873

Health and Hospital Corporation of Marion County, Indiana

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

Notes to Basic Financial Statements

December 31, 2019

(Dollars in thousands)

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; Sandra Eskenazi Mental Health Center, 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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Notes to Basic Financial Statements

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(Dollars in thousands)

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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Notes to Basic Financial Statements

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(Dollars in thousands)

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.

Health and Hospital Corporation of Marion County, Indiana

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Notes to Basic Financial Statements

December 31, 2019

(Dollars in thousands)

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, 2019, no such debt existed. At December 31, 2019, 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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(Dollars in thousands)

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.

Adoption of GASB Statement No. 84

During fiscal year 2019, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This statement clarifies whether a state or local government, including any business-type activities (BTAs) included with the government, have a fiduciary responsibility. Criteria for identifying activities a government should report as fiduciary focuses on whether the government is controlling the assets and nature of the asset's beneficiaries. Activities meeting the criteria should be reported in one of four fiduciary fund types in the government's financial statements, with an exception for BTAs expecting to hold custodial fund assets for three or less months. Adoption of this standard resulted in no fiduciary activities for the Corporation to be reported within the accompanying financial statements.

Adoption of GASB Statement No. 88

During fiscal year 2019, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement improves consistency in the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. Adoption of this standard resulted in no changes to the disclosures presented by the Corporation.

Health and Hospital Corporation of Marion County, Indiana

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December 31, 2019

(Dollars in thousands)

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.

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.

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December 31, 2019

(Dollars in thousands)

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

Other Long-Term Assets

Other long-term assets consist of a settlement agreement receivable as more fully described in Note 19 as well as deposits made related to the leasing of nursing homes required under vendor contracts as well as funds required under escrow agreements for certain leased facilities.

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.

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

Lease Acquisition Costs

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

Cost-Sharing Defined-Benefit Pension Plan

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

Postemployment Benefits Other Than Pensions (OPEB)

The Corporation has a single-employer defined benefit other postemployment benefit (OPEB) plan, Postemployment Medical Benefits Plan (the OPEB Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. During 2019, this plan was terminated and the remaining liability and deferrals were written off as a special item.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Corporation that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

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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.

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.

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- *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.
- **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 General Fund is the only fund that reports a positive unassigned fund balance, if other governmental funds incurred expenditures for specific purposes that exceed the amounts that are restricted, committed or assigned for those purposes, those funds may have a negative unassigned fund balance.

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

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Total encumbrances found in the restricted and assigned fund balances are as follows for the Corporation as December 31, 2019:

	General Fund	Capital Project Fund
Personal services	\$ 54	\$ -
Supplies	704	-
Other charges and services	15,942	-
Capital projects	466	1,350
Total encumbrances	\$ 17,166	\$ 1,350

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 \$105,577 during 2019. 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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Subsequent Events

In late 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced. Subsequent to year-end, the worldwide spread of COVID-19 began to cause some business disruption throughout the United States as local governments implemented orders to reduce non-essential business operations and advised citizens to shelter-in place. The Corporation has continued to operate as an essential healthcare provider and experienced declines in volumes related to elective procedure cancellations, lower outpatient visits and impacts to volumes of long-term care operations.

While the disruption is currently expected to be temporary, there is considerable uncertainty around the magnitude and duration. The Corporation expects this matter to negatively impact its financial condition and operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

In 2020, the Corporation received approximately \$112,727 in funding through the Public Health and Social Services Emergency Fund as authorized in the Coronavirus Aid, Relief and Economic Security (CARES) Act, which was made available to prevent, prepare for and respond to the coronavirus and reimburse providers for eligible expenses and lost revenues.

Future Adoption of New Accounting Standards

GASB has issued Statement No. 87, *Leases*, Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*; GASB Statements No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. In addition, GASB recently issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delays implementation of most of the previous standards mentioned. The Corporation intends to adopt these GASB Statements, as applicable, on their respective effective dates.

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Note 2: Deposits and Investments

As of December 31, 2019, the Corporation, including its blended component units, had the following cash deposits and investments:

Cash deposits	\$ 454,604
Negotiable certificates of deposit	1,623
Repurchase agreements	33,238
State external investment pool	168,775
U.S. Government obligations	105,426
U.S. Government-sponsored enterprises	5
Equity mutual funds	8,352
Equity securities	3,857
Corporate bonds	229
Money market mutual funds	<u>100,607</u>
 Total deposits and investments	 <u><u>\$ 876,716</u></u>

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

	<u>2019</u>
Carrying value	
Deposits	\$ 454,604
Investments	<u>422,112</u>
	<u><u>\$ 876,716</u></u>
 Cash and cash equivalents	
Unrestricted	\$ 744,379
Restricted	<u>12,674</u>
	757,053
 Investments	
Unrestricted	111,311
Restricted	<u>8,352</u>
	<u><u>\$ 876,716</u></u>

Deposits

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

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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.

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 April 16, 2019.

Below is a table of segmented time distribution for the Corporation's debt investments at December 31, 2019:

	Fair Value	Investment Activities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	\$ 33,238	\$ 33,238	\$ -	\$ -	\$ -
State external investment pool	168,775	168,775	-	-	-
U.S. Government obligations	105,426	82,472	22,954	-	-
U.S. Government-sponsored enterprises	5	5	-	-	-
Corporate bonds	229	229	-	-	-
Money market mutual funds	100,607	100,607	-	-	-
	<u>\$ 408,280</u>	<u>\$ 385,326</u>	<u>\$ 22,954</u>	<u>\$ -</u>	<u>\$ -</u>

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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation's investment policy for credit risk requires compliance with the provisions of Indiana statutes 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, 2019, the Corporation's investments were rated by Standard & Poor's or Moody's as follows:

	Fair Value	AAA/Aaa	Not Rated
Repurchase agreements	\$ 33,238	\$ 33,238	\$ -
State external investment pool	168,775	-	168,775
U.S. Government obligations	105,426	105,426	-
U.S. Government-sponsored enterprises	5	5	-
Corporate bonds	229	-	229
Money market mutual funds	100,607	100,607	-
	<u>\$ 408,280</u>	<u>\$ 239,276</u>	<u>\$ 169,004</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Corporation will not be able to recover the value of its investments or collateral that are in the possession of an outside party. At December 31, 2019, 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, 2019, 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.

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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, 2019 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	\$ 8,980	\$ 4,308
Unrealized gain/(loss) on investments, net	(1)	1,873
Total investment income	\$ 8,979	\$ 6,181

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

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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, 2019:

	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	\$ 1,623	\$ -	\$ 1,623	\$ -	\$ -
Repurchase agreements	33,238	-	33,238	-	-
State external investment pools	168,775	-	-	-	168,775
U.S. Government obligations	105,426	-	105,426	-	-
U.S. Government-sponsored enterprise securities	5	-	5	-	-
Equity mutual funds	8,352	8,352	-	-	-
Equity securities	3,857	3,857	-	-	-
Corporate bonds	229	-	229	-	-
Money market mutual funds	100,607	-	-	-	100,607

(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.

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, 2019.

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.

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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.

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.

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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.

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.

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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.

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.

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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 \$1,337. 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, 2019:

	Eskenazi Health	LT Care	Total
Gross patient services receivables	\$ 349,266	\$ 68,125	\$ 417,391
Allowance for estimated contractual adjustment	(91,382)	-	(91,382)
Allowance for uncollectible accounts	<u>(185,791)</u>	<u>(7,481)</u>	<u>(193,272)</u>
Net patient services receivables	<u>\$ 72,093</u>	<u>\$ 60,644</u>	<u>\$ 132,737</u>

Note 7: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2019 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	\$ 5,104
General Fund	Eskenazi Health Fund	3,683
General Fund	LT Care Fund	196,359

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, 2020.

Interfund transfers for the year ended December 31, 2019 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	\$ -	\$ 40,856	\$ 15,000	\$ 117,284	\$ 173,140
Debt Service Fund	-	-	211	-	211
LT Care Fund	196,359	-	-	-	196,359
Governmental Activities	-	-	-	7,174	7,174
Total	<u>\$ 196,359</u>	<u>\$ 40,856</u>	<u>\$ 15,211</u>	<u>\$ 124,458</u>	<u>\$ 376,884</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, 2019, deferred outflows of resources consisted of the following components:

	Governmental Activities	Business-Type Activities	Total
Deferred loss on refundings	\$ 280	\$ -	\$ 280
Pension related deferred outflows:			
Contributions subsequent to measurement date	2,635	7,448	10,083
Changes in proportion and differences between the Corporation's contributions and proportionate share contributions	572	137	709
Actuarial differences	766	2,189	2,955
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes of assumptions	7	19	26
	<u>4,260</u>	<u>9,793</u>	<u>14,053</u>
Total deferred outflows of resources	\$ 4,260	\$ 9,793	\$ 14,053

Deferred Inflows of Resources

As of December 31, 2019, deferred inflows of resources consisted of the following components:

	Governmental Activities	Business-Type Activities	Total
Pension related deferred inflows:			
Changes in proportion	\$ 49	\$ 22,241	\$ 22,290
Actuarial differences	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,367	3,908	5,275
Changes of assumptions	3,144	8,988	12,132
	<u>4,560</u>	<u>35,137</u>	<u>39,697</u>
Total deferred inflows of resources	\$ 4,560	\$ 35,137	\$ 39,697

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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, 2019, 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	\$ -	\$ 865
Rental revenue received in advance	-	169
Grant reimbursements not received within 90 days	282	-
Other revenues not received within 90 days	35,476	-
	<hr/>	<hr/>
Total Governmental Funds	<u>\$ 35,758</u>	<u>\$ 1,034</u>

In addition, the Eskenazi Health Enterprise Fund had \$267 of unearned revenue recorded at December 31, 2019 which 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, 2019:

	January 1, 2019	Transfers/ Additions	Transfers/ Disposals	December 31, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,095	\$ 126	\$ (2,088)	\$ 2,133
Construction in progress	6,504	22,627	(10,219)	18,912
Total capital assets not being depreciated	<u>10,599</u>	<u>22,753</u>	<u>(12,307)</u>	<u>21,045</u>
Capital assets being depreciated:				
Buildings and improvements	31,026	3,153	-	34,179
Equipment	26,834	3,042	-	29,876
Vehicles	6,477	716	(230)	6,963
Total capital assets being depreciated	<u>64,337</u>	<u>6,911</u>	<u>(230)</u>	<u>71,018</u>
Less accumulated depreciation for:				
Buildings and improvements	19,838	1,248	-	21,086
Equipment	21,940	1,396	-	23,336
Vehicles	5,385	449	(230)	5,604
Total accumulated depreciation	<u>47,163</u>	<u>3,093</u>	<u>(230)</u>	<u>50,026</u>
Total capital assets being depreciated, net	<u>17,174</u>	<u>3,818</u>	<u>-</u>	<u>20,992</u>
Governmental activities capital assets, net	<u>\$ 27,773</u>	<u>\$ 26,571</u>	<u>\$ (12,307)</u>	<u>\$ 42,037</u>

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2019:

	January 1, 2019	Transfers/ Additions	Transfers/ Disposals	December 31, 2019
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 11,623	\$ -	\$ (1,925)	\$ 9,698
Construction in progress	20,069	29,433	(21,510)	27,992
Total capital assets not being depreciated	<u>31,692</u>	<u>29,433</u>	<u>(23,435)</u>	<u>37,690</u>
Capital assets being depreciated:				
Land improvements	88,424	2,109	(325)	90,208
Buildings and improvements	1,520,299	16,253	(16,864)	1,519,688
Equipment	341,347	17,257	(61,278)	297,326
Vehicles	11,864	1,669	(7,224)	6,309
Total capital assets being depreciated	<u>1,961,934</u>	<u>37,288</u>	<u>(85,691)</u>	<u>1,913,531</u>
Less accumulated depreciation for:				
Land improvements	32,280	6,931	(321)	38,890
Buildings and improvements	714,819	98,452	(11,104)	802,167
Equipment	209,404	34,505	(60,941)	182,968
Vehicles	10,145	995	(7,203)	3,937
Total accumulated depreciation	<u>966,648</u>	<u>140,883</u>	<u>(79,569)</u>	<u>1,027,962</u>
Total capital assets being depreciated, net	<u>995,286</u>	<u>(103,595)</u>	<u>(6,122)</u>	<u>885,569</u>
Business-type activities capital assets, net	<u>\$ 1,026,978</u>	<u>\$ (74,162)</u>	<u>\$ (29,557)</u>	<u>\$ 923,259</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, 2019:

	January 1, 2019	Transfers/ Additions	Transfers/ Disposals	December 31, 2019
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 11,623	\$ -	\$ (1,925)	\$ 9,698
Construction in progress	18,863	20,801	(12,876)	26,788
Total capital assets not being depreciated	<u>30,486</u>	<u>20,801</u>	<u>(14,801)</u>	<u>36,486</u>
Capital assets being depreciated:				
Land improvements	77,420	665	(325)	77,760
Buildings and improvements	678,424	7,886	(16,864)	669,446
Equipment	260,628	10,406	(61,278)	209,756
Vehicles	11,812	1,669	(7,224)	6,257
Total capital assets being depreciated	<u>1,028,284</u>	<u>20,626</u>	<u>(85,691)</u>	<u>963,219</u>
Less accumulated depreciation for:				
Land improvements	27,025	5,906	(321)	32,610
Buildings and improvements	184,718	31,032	(11,104)	204,646
Equipment	156,785	23,192	(60,941)	119,036
Vehicles	10,105	990	(7,203)	3,892
Total accumulated depreciation	<u>378,633</u>	<u>61,120</u>	<u>(79,569)</u>	<u>360,184</u>
Total capital assets being depreciated, net	<u>649,651</u>	<u>(40,494)</u>	<u>(6,122)</u>	<u>603,035</u>
Business-type activities capital assets, net	<u>\$ 680,137</u>	<u>\$ (19,693)</u>	<u>\$ (20,923)</u>	<u>\$ 639,521</u>

The following is a summary of changes in capital assets - Long-Term Care Enterprise Fund for the year ended December 31, 2019:

	January 1, 2019	Transfers/ Additions	Transfers/ Disposals	December 31, 2019
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,206	\$ 8,632	\$ (8,634)	\$ 1,204
Total capital assets not being depreciated	<u>1,206</u>	<u>8,632</u>	<u>(8,634)</u>	<u>1,204</u>
Capital assets being depreciated:				
Land improvements	11,004	1,444	-	12,448
Buildings and improvements	841,875	8,367	-	850,242
Equipment	80,719	6,851	-	87,570
Vehicles	52	-	-	52
Total capital assets being depreciated	<u>933,650</u>	<u>16,662</u>	<u>-</u>	<u>950,312</u>
Less accumulated depreciation for:				
Land improvements	5,255	1,025	-	6,280
Buildings and improvements	530,101	67,420	-	597,521
Equipment	52,619	11,313	-	63,932
Vehicles	40	5	-	45
Total accumulated depreciation	<u>588,015</u>	<u>79,763</u>	<u>-</u>	<u>667,778</u>
Total capital assets being depreciated, net	<u>345,635</u>	<u>(63,101)</u>	<u>-</u>	<u>282,534</u>
Business-type activities capital assets, net	<u>\$ 346,841</u>	<u>\$ (54,469)</u>	<u>\$ (8,634)</u>	<u>\$ 283,738</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	\$ 2,177
Health improvements	506
Communicable disease prevention	126
Water quality and hazardous material management	43
Vector disease control	194
Housing and neighborhood health	38
Consumer and employee risk reduction	9

Total depreciation expense, governmental activities	<u>\$ 3,093</u>
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Business-Type Activities:

Eskenazi Health	\$ 61,120
LT Care	<u>79,763</u>

Total depreciation expense, business-type activities	<u>\$ 140,883</u>
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Also included in the Long-Term Care Fund in the proprietary fund statements is \$3,738 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, 2019, the Medicare and Medicaid cost reports for Eskenazi Health have been audited by the fiscal intermediaries through December 31, 2015.

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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) through September 30, 2019. Effective October 1, 2019, Long-Term Care is reimbursed under the Patient Driven Payment Model (PDPM), which is a new case-mix classification model that supersedes historical RUG reimbursement. 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 20, the Corporation assumed responsibility for a Corporate Integrity Agreement (CIA) with the Office of the Inspector General. The CIA 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. The CIA expired in October 2019 after being adhered to by the Corporation.

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 and Eskenazi Health Funds (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 and Eskenazi Health Funds and such transactions are reported in the General Fund statement of revenues, expenditures and changes in fund balances while Long-Term Care and Eskenazi Health report revenues associated with their respective 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 \$63,701 in Medicaid special revenue and a receivable of \$32,242 at December 31, 2019. The intergovernmental transfers made by the Corporation in 2019 under these programs totaled \$81,302, with \$18,728 accrued within accounts payable in the general fund as of December 31, 2019. The Long-Term Care Fund recognized revenue of \$251,916 and a receivable of \$66,036 at December 31, 2019.

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, 2019:

	Eskenazi Health	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	\$ 984,810	\$ -	\$ 984,810	32%
Outpatient	1,307,514	-	1,307,514	44%
Long-term care	-	711,393	711,393	24%
Gross patient service less:	2,292,324	711,393	3,003,717	100%
Contractual adjustments	1,349,957	-	1,349,957	45%
Charity and indigent care	247,523	-	247,523	8%
Provision for uncollectible accounts	146,258	15,677	161,935	5%
Net patient service revenue	\$ 548,586	\$ 695,716	\$ 1,244,302	42%

Revenue from the Medicare and Medicaid programs accounted for approximately 27% and 54%, respectively, of net patient service revenue for fiscal year 2019. 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. The 2019 net patient service revenue increased approximately \$816 due to changes in estimates related to final settlement of Medicare cost reports and accounts receivable valuation. 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 to the extent necessary by the Corporation against all taxable property within Marion County, Indiana, which is coterminous with Marion County, Indiana. The Renovation Bonds of 1988 were paid in full during 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 to the extent necessary by the Corporation against all taxable property within Marion County, Indiana, which is coterminous with Marion County, Indiana. The 2005 GO Bonds that remain outstanding at December 31, 2019 bear interest at 4.50% 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 2019 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, 2019 bear interest at 5.00% 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 2018 through September 2019 were reduced by 6.2% and BAB Subsidies for the October 2019 through September 2020 are to be reduced by 5.9%. It is too soon to predict if BAB Subsidies will 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, 2019:

	January 1, 2019	Additions	Reductions	December 31, 2019	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	\$ 2,195	\$ -	\$ (2,195)	\$ -	\$ -
Refunding Bonds of 2005 (\$28,960,000 original amount), 3.50% to 5.25%, due January 1, 2025	12,195	-	(1,785)	10,410	1,875
General Obligation Bonds of 2010 - Series A-1, A-2 (\$195,000,000 original amount), 3.00% to 6.004%, due January 15, 2040	163,560	-	(1,460)	162,100	3,855
Plus: bond premium	3,072	-	(184)	2,888	184
Total bonds payable	181,022	-	(5,624)	175,398	5,914
Capital lease obligations	432,867	-	(11,816)	421,051	12,597
Asserted and unasserted self-insurance claims	1,117	7,450	(7,578)	989	447
Accrued compensated absences	7,541	5,590	(5,316)	7,815	6,371
Net pension liability	29,267	4,691	(5,040)	28,918	-
Other postemployment benefit liability	3,820	-	(3,820)	-	-
Governmental activities long-term liabilities	<u>\$ 655,634</u>	<u>\$ 17,731</u>	<u>\$ (39,194)</u>	<u>\$ 634,171</u>	<u>\$ 25,329</u>
Business-Type Activities:					
Eskenazi Health:					
Asserted and unasserted self-insurance claims	\$ 10,371	\$ 46,464	\$ (46,732)	\$ 10,103	\$ 7,091
Accrued compensated absences	23,278	25,849	(25,569)	23,558	18,585
Net pension liability	109,685	-	(27,002)	82,683	-
Other postemployment benefit liability	12,488	-	(12,488)	-	-
Deferred compensation	6,320	2,375	(343)	8,352	-
LT Care:					
Capital lease obligations	327,445	-	(66,562)	260,883	73,047
Asserted and unasserted self-insurance claims	18,570	4,847	(3,148)	20,269	6,398
Business-type activities long-term liabilities	<u>\$ 508,157</u>	<u>\$ 79,535</u>	<u>\$ (181,844)</u>	<u>\$ 405,848</u>	<u>\$ 105,121</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, 2019 are as follows:

	Principal	Interest	BAB Subsidies
Bonds:			
2020	\$ 5,730	\$ 10,067	\$ 3,014
2021	6,020	9,775	3,014
2022	6,330	9,467	3,014
2023	6,600	9,112	3,014
2024	6,870	8,751	2,932
2025 - 2029	38,410	37,699	13,044
2030 - 2034	46,380	25,429	9,224
2035 - 2039	56,170	10,375	4,710
	\$ 172,510	\$ 120,675	\$ 41,966

The above future BAB Subsidies reflect an assumed reduction for the BAB Sequester adjustment in effect at December 31, 2019.

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, 2019, is as follows:

Net assessed value - 2019	\$ 40,967,917	
		0.67%
Debt limit		274,485
Debt applicable to debt limit:		
Bonded debt (excluding unamortized premiums)		172,510
Legal debt margin		\$ 101,975

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, 2019, \$9,980 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, 2019 for the governmental activities:

2020	\$ 8,188
2021	8,000
2022	7,927
2023	7,995
2024	7,670
2025 - 2029	36,407
2030 - 2034	37,757
2035 - 2039	40,683
2040 - 2043	<u>33,011</u>
Total future minimum payments	<u><u>\$ 187,638</u></u>

Lease expenditures of \$7,779 were reported in the governmental activities for the year ended December 31, 2019.

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, 2019 for the business-type activities:

2020	\$ 4,926
2021	3,859
2022	2,719
2023	2,087
2024	2,013
2025 - 2029	8,494
2030 - 2034	8,795
2035 - 2039	9,235
2040 - 2043	<u>7,183</u>
Total future minimum payments	<u><u>\$ 49,311</u></u>

The Corporation reported \$7,220 of lease expense in the business-type activities for the year ended December 31, 2019.

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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, 2019, 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>(168,894)</u>
	<u><u>\$ 314,828</u></u>

Future minimum capital lease payments for the Corporation's governmental activities as of December 31, 2019 are:

2020	\$ 39,935
2021	39,942
2022	39,938
2023	39,936
2024	39,614
2025 - 2029	192,870
2030 - 2034	182,682
2035 - 2039	170,170
2040	<u>32,914</u>
Total minimum lease payments	778,001
Less amount representing interest (6.45%)	<u>356,950</u>
Present value of net minimum capital lease payment	421,051
Less current installments of obligations under capital leases	<u>12,597</u>
Obligations under capital lease, excluding current installments	<u><u>\$ 408,454</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, 2019, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	\$ 674,498
Less: accumulated amortization	<u>(502,132)</u>
	<u><u>\$ 172,366</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, 2019 are:

2020	\$	91,797
2021		93,479
2022		61,240
2023		20,808
2024		20,903
2025 - 2026		11,227
Total minimum lease payments		299,454
Less amount representing interest (at rates ranging from 4.58% to 11.74%)		38,571
Present value of net minimum capital lease payment		260,883
Less current installments of obligations under capital leases		73,047
Obligations under capital lease, excluding current installments	\$	187,836

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, automobile 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, effective July 1, 2019, limits the maximum recovery for medical malpractice claims to \$1,800 per occurrence, \$500 of which would be paid by the Corporation, with the balance paid by the State of Indiana Patient Compensation Fund. Prior to this date, the limit was \$1,650 per occurrence with \$400 being paid by the Corporation.

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 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, 2018	\$ 23,080
Change in incurred claims (including IBNRs), net	3,837
Claim payments	<u>(3,691)</u>
Balance at January 1, 2019	23,226
Change in incurred claims (including IBNRs), net	5,124
Claim payments	<u>(3,472)</u>
 Balance at December 31, 2019	 <u><u>\$ 24,878</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, 2019. 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, 2018	\$ 13,887
Change in incurred claims (including IBNRs), net	126,970
Claim payments	<u>(126,777)</u>
Balance at January 1, 2019	14,080
Change in incurred claims (including IBNRs), net	2,549
Claim payments	<u>(16,099)</u>
 Balance at December 31, 2019	 <u><u>\$ 530</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, 2019. 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, 2018	\$ 1,112
Change in incurred claims (including IBNRs), net	9,240
Claim payments	<u>(9,235)</u>
Balance at January 1, 2019	1,117
Change in incurred claims (including IBNRs), net	7,450
Claim payments	<u>(7,578)</u>
 Balance at December 31, 2019	 <u><u>\$ 989</u></u>

The amount recorded as a liability in the General Fund at December 31, 2019 is \$447 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, 2018	\$ 4,223
Change in incurred claims (including IBNRs), net	43,138
Claim payments	<u>(41,646)</u>
Balance at January 1, 2019	5,715
Change in incurred claims (including IBNRs), net	46,187
Claim payments	<u>(46,408)</u>
 Balance at December 31, 2019	 <u>\$ 5,494</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 to act as a common investment and administrative agent for units of state and local governments in Indiana. 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 My Choice: Retirement Savings Plan for Public Employees (“My Choice”). During 2019, the Corporation did not participate in the My Choice Plan.

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC5-10.3, and IC 5-10.5. There are two aspects to the PERF Hybrid Plan defined-benefit structure. The first portion is PERF DB, the monthly defined-benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Public Employees’ Hybrid Members Defined Contribution Account (“DC Account”), formerly known as the Annuity Savings Account (“ASA”), which 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 2019, the Corporation contributed 11.2% of employee compensation to the plan. The DC Account 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 DC Account. 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 DC account. 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 DC Account. At retirement, an employee may choose to receive a lump-sum payment of the amount credited to the employee's DC Account, 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 DC Account 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 DC Account. A nonvested employee who terminates employment prior to retirement may withdraw his/her DC Account 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.

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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.

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 \$0.2 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, 2018 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2019. The Corporation's contractually required contribution rate for 2019 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, 2019, exclusive of employer-paid member contributions, was \$19,173, 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, 2019, the Corporation reported a liability of \$111,601 for its proportionate share of PERF's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2018 to the June 30, 2019 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, 2019, the Corporation's proportion was 3.38%, which was a decrease of 0.71% from its proportion measured as of June 30, 2018.

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For the year ended December 31, 2019, the Corporation recognized pension expense of \$5,290, which is comprised of \$4,880 related to governmental activities and \$410 related to business-type activities. At December 31, 2019, 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	\$ 2,955	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,275
Changes of assumptions	26	12,132
Changes in proportion and differences between the Corporation's contributions and proportionate share contributions	709	22,290
Corporation's contributions subsequent to the measurement date	10,083	-
	<u>\$ 13,773</u>	<u>\$ 39,697</u>

At December 31, 2019, the Corporation reported \$2,635 in the governmental activities and \$7,448 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, 2020. Other amounts reported as net deferred outflows of resources at December 31, 2019, related to pensions will be recognized in pension expense (reduction) as follows:

	Governmental Activities	Business-Type Activities	Total
2020	\$ (894)	\$ (11,429)	\$ (12,323)
2021	(1,884)	(13,717)	(15,601)
2022	(331)	(7,343)	(7,674)
2023	(106)	(303)	(409)
	<u>\$ (3,215)</u>	<u>\$ (32,792)</u>	<u>\$ (36,007)</u>

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Actuarial Assumptions

The total pension liability in the June 30, 2019 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	Varies per year as follows:
	2020 and 2021 - 13th check
	2022 through 2033 - 0.40%
	2034 through 2038 - 0.50%
	2039 and on - 0.60%
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, 2019 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%	4.9%
Private markets	14%	7.0%
Fixed income - ex inflation linked	20%	2.5%
Fixed income - inflation linked	7%	1.3%
Commodities	8%	2.0%
Real estate	7%	6.7%
Absolute return	10%	2.9%
Risk parity	12%	5.3%
	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, 2019. 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	\$ 46,443	\$ 28,918	\$ 14,301
Business-type activities	<u>132,790</u>	<u>82,683</u>	<u>40,890</u>
Total	<u>\$ 179,233</u>	<u>\$ 111,601</u>	<u>\$ 55,191</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 does not hold or control the assets of the defined-contribution plan as defined by GASB Statement, No. 84, *Fiduciary Activities*. 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 2019, the Corporation contributed \$4,591 into the defined-contribution retirement plan.

Note 15: Other Postemployment Benefit Plan

Plan Description

The Corporation provides benefits through the Corporation's Postemployment Medical Benefits Plan (the OPEB Plan), which is a single-employer defined benefit other postemployment benefit (OPEB) plan administered by the Corporation. The plan provides reimbursement for medical benefits to eligible retirees and their spouses and dependents. For Eskenazi Health, retirees must be at least age 55 years old with at least 20 years of service. For MCPHD, retirees must meet the same requirements as Eskenazi Health, but also must have 10 of the 20 years of service immediately preceding retirement and 15 years of participation in the PERF plan. All benefits cease when the employee reaches the age of 65. Benefits are provided upon the retiree's date of retirement if they chose to participate. The retiree is responsible for all premium costs associated with the medical coverage. Payments of claims on behalf of retirees are made as incurred. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan does not issue separate financial statements.

Benefits Provided

The OPEB Plan provides medical benefits to all eligible retirees and their spouses and dependents hired by Eskenazi Health and MCPHD. Benefits are provided through a third-party insurer, and the cost of the benefits are paid fully by the retiree. The cost per month to the retiree varies based on the type of coverage they are needing until the age of 65 when the retiree becomes eligible for Medicare and the benefits are terminated. The Corporation covers the service and interest costs of administering the plan and bears the risk of premiums not being sufficient to cover actual claims paid.

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Changes in the Total OPEB Liability

Effective December 31, 2019, the Corporation terminated the benefits associated with the OPEB plan. As a result, the remaining OPEB liability and deferred inflow were written off. The total special item – expense recognized from the write off was \$17,359, which included \$4,042 in the governmental activities and \$13,317 in the business-type activities. Changes in the total OPEB liability were:

	Governmental Activities	Business-Type Activities	Total
Balance, beginning of year	\$ 3,820	\$ 12,488	\$ 16,308
Changes for the year:			
Termination of plan	<u>(3,820)</u>	<u>(12,488)</u>	<u>(16,308)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 16: 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 2019 were approximately \$430.

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(Dollars in thousands)

Note 17: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2019, 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 \$54,000 during the year (recorded in medical and professional fees on the statement of revenues, expenses and changes in fund net position - proprietary funds).

Note 18: 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 19. The Corporation and ASC are currently abiding by the terms of these agreements and continue to negotiate in good faith the replacement management agreements.

The term of the third series of management agreement extends coverage to the operation of 17 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 17 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 2019, the Corporation incurred approximately \$35,655 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 utilizes the services of 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.

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The Corporation currently leases 7 of the nursing homes from entities related to ASC through common ownership. During 2019, the Corporation paid approximately \$21,515 to this organization in associated lease costs from Long-Term Care operating revenue.

At December 31, 2019, the Long-Term Care Fund had a payable to EagleCare of approximately \$15,834 primarily for accrued labor and related benefits. The Long-Term Care Fund also had a payable to ASC at December 31, 2019 of approximately \$4,922 for outstanding management services rendered to be paid from operations.

Note 19: 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 18. Both the Corporation and ASC fully cooperated with these authorities and their investigation. Concurrent with the federal investigation, the Corporation and ASC conducted their own internal investigations of the individuals' activities and shared this information with the federal authorities. 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 focused on the defendants' dealings with various vendors supplying goods and services to the Corporation. Ultimately, by July 2018, all the criminal defendants pled guilty and received prison sentences ranging from four months to nearly 10 years. The three primary victims of the criminal fraud were the Corporation, ASC and Indiana Medicaid. During the sentencing hearings, the federal authorities established that these victims suffered the following losses: the Corporation - \$9,889; ASC - \$1,568; and Indiana Medicaid - \$593. In addition to prison sentences, the defendants were ordered to pay restitution to the victims.

During 2017, the Corporation and ASC entered into a Settlement Agreement and Mutual Release (Settlement Agreement). The Settlement Agreement forever releases and discharges both the Corporation and ASC from any and all claims that could be alleged in connection with claims associated with the investigation and terminates a previously executed indemnification agreement associated with the investigation between ASC and the Corporation. In exchange, ASC agreed to pay the Corporation \$15,500 for damages incurred by the Corporation as a result of the fraudulent actions of former employees of ASC and others conspiring with them. As of December 31, 2019, the Corporation general fund recognized an outstanding receivable of \$4,297 for the portion not yet received, and revenues of \$6,203 with \$1,297 as unavailable revenue in deferred inflows of resources. The Settlement Agreement provides for structured payments to satisfy the outstanding balance, as defined in the agreement and is partially secured by a letter of credit benefitting the Corporation.

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The Settlement Agreement also requires ASC to pay the Corporation the aggregate amount imposed by any Governmental Authority for penalties, fines and interest, as well as certain administrative expenses, in connection to amending any cost reports that may be required. It is possible that the criminal fraud caused the Corporation's cost reports previously submitted to a Governmental Authority to be overstated, which, in turn, caused a Governmental Authority to issue overpayments to the Corporation. Such overpayments by a Governmental Authority to the Corporation as a result of the fraudulent actions, if any, could result in an obligation to the Governmental Authority, which may be the responsibility of 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. As additional information becomes available, management will reassess the financial statements with respect to the investigation related to any pending inspections, internal investigations, inquiries and claims and may revise estimated exposure or the related disclosures, as appropriate, and these reassessments could have a material impact on the financial statements and related disclosures.

Note 20: 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 \$207 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 \$30 to \$297 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 71 of the Corporation's nursing facilities. Lease payments to these third parties in 2019 approximated \$69,573.

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(Dollars in thousands)

Note 21: 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, 2019, the Corporation received \$144,358 in tax cash receipts and \$398 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 \$3,138 in 2019 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 2019.

Note 22: Joint Ventures

The Corporation was a 50% member in MDwise, as well as MDwise Medicaid Network, Inc. (Excel) through December 29, 2017, when the Corporation transferred its membership interests in MDwise and Excel to an unrelated third party which resulted in the recognition of a gain of \$66,575 within the 2017 statement of activities and statement of revenues, expenses and changes in net position. Included within the membership transfer agreement was a requirement for a portion of the total purchase price to be placed in escrow and distributed to the Corporation (and the other 50% member) over a period of approximately three years from the transfer date. During 2019, \$26,252 was distributed from the escrow account to the Corporation. As of December 31, 2019, the remaining balance of \$10,088 is held by the Corporation within the Eskenazi Health fund and management expects it to be distributed to the Corporation during 2020 and 2021.

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, 2019 was \$1,028.

The Corporation also entered into a joint venture to create MDwise Network, Inc. (Connect), which was created to supplement the operations of Marketplace. The investments in Marketplace and Connect are recorded in the Eskenazi Health Enterprise Fund and accounted for under the equity method and the Corporation is a 49% member of each. The carrying value of the Connect joint venture at December 31, 2019 was \$1,732.

As a result of the transfer of the membership interests in MDwise and Excel, both Marketplace and Connect ceased ongoing operations as of December 31, 2017. Since their operations ceased, remaining activities included payments of certain administrative expenses and amounts to health providers for services prior to January 1, 2018. Both entities were officially dissolved in November 2018 and remaining assets were partially distributed in 2019. Any remaining assets, if any, to be distributed proportionally to the members after the complete wind up and liquidation of the entities affairs.

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(Dollars in thousands)

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

The Corporation is a 50% partner in the HHC-HTA, LLC (formerly 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, 2019 was \$36,756. Complete financials for the LLC can be obtained from the Healthcare Trust of America administrative offices at 1300 Hospital Drive, Suite 170, Mount Pleasant, SC 29464.

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

	<u>HHC-HTA, LLC</u>
Current assets	\$ 11,952
Property and other long-term assets, net	<u>69,320</u>
Total assets	81,272
Total liabilities	<u>7,761</u>
Members' equity	<u>\$ 73,511</u>
Revenues	<u>\$ 9,541</u>
Excess of revenues over expenses	<u>\$ 5,068</u>

Health and Hospital Corporation of Marion County, Indiana
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(Dollars in thousands)

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

	<u>Marketplace</u>	<u>Connect</u>
Total assets	\$ 5,877	\$ 3,699
Total liabilities	<u>3,779</u>	<u>166</u>
Members' equity	<u>\$ 2,098</u>	<u>\$ 3,533</u>
Excess (deficit) of revenues over expenses	<u>\$ (43)</u>	<u>\$ 206</u>

Note 23: 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 (including premium)	\$ 175,398
Capital lease obligations	421,051
Asserted and unasserted self-insurance claims	542
Accrued compensated absences	<u>7,815</u>
	<u>\$ 604,806</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.

Health and Hospital Corporation of Marion County, Indiana

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December 31, 2019

(Dollars in thousands)

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	\$ 5,440
Capital leases	11,816
Amortization of bond premium	184
Amortization of deferred loss on refunding	(88)
	\$ 17,352
	\$ 17,352

Note 24: 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, 2019 is as follows:

Commercial insurance	20%
Medicare	22%
Medicaid	45%
Self-pay	6%
Other	7%
	100%
	100%

Note 25: 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.

During 2018, the Corporation was named a defendant in a lawsuit in which plaintiffs alleged inappropriate billing and collection practices related to hospital liens resulting in unjust enrichment to the Corporation, fraud, and breach of contract. The plaintiffs sought class certification on behalf of a class of similarly situated persons. The Corporation and plaintiffs reached a settlement agreement in 2019, which the Corporation had paid as of year-end.

Health and Hospital Corporation of Marion County, Indiana

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Notes to Basic Financial Statements

December 31, 2019

(Dollars in thousands)

Patient Billing Audit

During 2018, Eskenazi Health was subject to several Compliance Surveillance and Utilization Reviews from the Indiana Family & Social Services Administration. As a result of these reviews, Eskenazi Health received demand letters alleging extrapolated overpayments relating to various programs. Eskenazi Health conducted an in-depth review to determine the validity of each item noted within the reviews 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, 2019. 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)

	2019	2018	2017	2016	2015	2014
Corporation's proportion of the net pension liability	3.3767%	4.0904%	4.1264%	4.4914%	4.6000%	4.8248%
Corporation's proportionate share of the net pension liability	\$ 111,601	\$ 138,952	\$ 184,103	\$ 203,839	\$ 187,353	\$ 126,794
Corporation's covered payroll	\$ 175,927	\$ 208,716	\$ 204,720	\$ 215,254	\$ 220,331	\$ 235,563
Corporation's proportionate share of the net pension liability as a percentage of its covered payroll	63%	67%	90%	95%	85%	54%
Plan fiduciary net position as a percentage of the total pension liability	80%	79%	73%	71%	73%	81%

* 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: Legislation was passed through House Enrolled No.1059 to expand the current pre-retirement death benefit to apply to all active and inactive members who have at least 10 years of service, the current general vesting requirement. This provides new coverage for active and inactive members with 10 to 15 years of service (before age 65) and inactive members who die prior to age 50.

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's Pension Contributions
Indiana Public Employees' Retirement Fund (PERF)
Last 10 Fiscal Years*
(Dollars in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,173	\$ 20,552	\$ 22,244	\$ 23,175	\$ 24,534	\$ 26,107
Contributions in relation to the contractually required contribution	<u>19,173</u>	<u>20,552</u>	<u>22,244</u>	<u>23,175</u>	<u>24,534</u>	<u>26,107</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Corporation's covered payroll	\$ 171,342	\$ 183,817	\$ 197,353	\$ 206,962	\$ 219,944	\$ 195,739
Contributions as a percentage of covered payroll	11.19%	11.18%	11.27%	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: Legislation was passed through House Enrolled No.1059 to expand the current pre-retirement death benefit to apply to all active and inactive members who have at least 10 years of service, the current general vesting requirement. This provides new coverage for active and inactive members with 10 to 15 years of service (before age 65) and inactive members who die prior to age 50.

Changes of assumptions: no changes

Changes in actuarial methods: no significant changes

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, 2019

(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 124,771	\$ 124,771	\$ 129,615	\$ 4,844
Licenses and permits	4,636	4,636	4,663	27
Intergovernmental	520	520	641	121
Charges for services	1,568	1,568	1,364	(204)
Medicaid special revenue (net of intergovernmental transfers)	(35,001)	(35,001)	(5,557)	29,444
Interest	1,500	1,500	6,119	4,619
Grants	27,273	27,273	26,216	(1,057)
Miscellaneous	11,276	11,276	12,637	1,361
Total revenues	<u>136,543</u>	<u>136,543</u>	<u>175,698</u>	<u>39,155</u>
Expenditures				
Personal services	72,726	72,726	67,899	4,827
Supplies	8,327	8,327	4,684	3,643
Other charges and services	89,728	89,728	68,455	21,273
Capital outlays	5,492	5,492	5,249	243
Total expenditures	<u>176,273</u>	<u>176,273</u>	<u>146,287</u>	<u>29,986</u>
Other Financing Uses				
Transfers in	215,000	215,000	196,359	(18,641)
Transfers out	(173,277)	(173,277)	(173,140)	137
Total other financing uses	<u>41,723</u>	<u>41,723</u>	<u>23,219</u>	<u>(18,504)</u>
Net change in fund balances	1,993	1,993	52,630	50,637
Fund balances - beginning of year	<u>40,383</u>	<u>40,383</u>	<u>377,965</u>	<u>337,582</u>
Fund balances - end of year	<u>\$ 42,376</u>	<u>\$ 42,376</u>	<u>\$ 430,595</u>	<u>\$ 388,219</u>

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, 2019
(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	\$ 60,143
Add (Deduct):	
Encumbrances as of year-end	(17,166)
Change in prepaid expenditures	(2,700)
Change in accounts receivable	18,244
Change in accounts payable	(8,910)
Change in self-insurance claims	(2,135)
Change in accrued expense	5,154
	5,154
Net change in fund balance - Budgetary Basis	\$ 52,630

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, 2019
(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,720	\$ 4,720	\$ 4,809	\$ 89
Interest	5	5	247	242
Miscellaneous	10,055	10,055	10,191	136
Total revenues	14,780	14,780	15,247	467
Expenditures				
Principal retirement	5,440	5,440	17,256	(11,816)
Interest and fiscal charges	50,338	50,338	38,480	11,858
Total expenditures	55,778	55,778	55,736	42
Excess of revenues over expenditures	(40,998)	(40,998)	(40,489)	509
Other Financing Sources				
Transfers in	40,993	40,993	40,856	(137)
Total other financing sources	40,993	40,993	40,856	(137)
Net change in fund balances	(5)	(5)	367	372
Fund balances - beginning of year	(86,753)	(86,753)	4,100	90,853
Fund balances - end of year	\$ (86,758)	\$ (86,758)	\$ 4,467	\$ 91,225

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, 2019

(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 228	\$ 228	\$ 237	\$ 9
Interest	300	300	2,241	1,941
Total revenues	<u>528</u>	<u>528</u>	<u>2,478</u>	<u>1,950</u>
Expenditures				
Capital outlays	<u>15,000</u>	<u>15,000</u>	<u>10,856</u>	<u>4,144</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>10,856</u>	<u>4,144</u>
Excess of revenues over expenditures	<u>(14,472)</u>	<u>(14,472)</u>	<u>(8,378)</u>	<u>6,094</u>
Other Financing Sources				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,211</u>	<u>211</u>
Total other financing sources	<u>15,000</u>	<u>15,000</u>	<u>15,211</u>	<u>211</u>
Net change in fund balances	528	528	6,833	6,305
Fund Balances - beginning of year	<u>(55,406)</u>	<u>(55,406)</u>	<u>77,358</u>	<u>132,764</u>
Fund balances - end of year	<u>\$ (54,878)</u>	<u>\$ (54,878)</u>	<u>\$ 84,191</u>	<u>\$ 139,069</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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 26,770	\$ 22,839	\$ 22,108	\$ 16,462	\$ 29,633	\$ 9,860	\$ 12,506	\$ 10,475	\$ 19,442	\$ (824)
Restricted	13,539	645	243	412	165	568	640	-	-	6,981
Unrestricted	(17,339)	(113,452)	(148,962)	(200,702)	(300,861)	(346,636)	(400,647)	272,217	153,755	184,368
Total governmental activities net position	<u>\$ 22,970</u>	<u>\$ (89,968)</u>	<u>\$ (126,611)</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 661,701	\$ 699,533	\$ 732,588	\$ 765,328	\$ 766,711	\$ 799,874	\$ 825,154	\$ 121,147	\$ 98,754	\$ 120,296
Restricted	-	-	-	-	-	-	1,235	-	-	171
Unrestricted	288,818	240,632	220,560	123,917	186,470	308,634	178,070	181,699	134,746	114,974
Total business-type activities net position	<u>\$ 950,519</u>	<u>\$ 940,165</u>	<u>\$ 953,148</u>	<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>
Primary Government										
Net investment in capital assets	\$ 688,471	\$ 722,372	\$ 754,696	\$ 781,790	\$ 796,344	\$ 809,734	\$ 837,660	\$ 131,622	\$ 118,196	\$ 119,472
Restricted	13,539	645	243	412	165	568	1,875	-	-	7,152
Unrestricted	271,479	127,180	71,598	(76,785)	(114,391)	(38,002)	(222,577)	453,916	288,501	299,342
Total primary government net position	<u>\$ 973,489</u>	<u>\$ 850,197</u>	<u>\$ 826,537</u>	<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>

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities										
Administration and finance	\$ 47,103	\$ 50,974	\$ 41,372	\$ 35,579	\$ 32,283	\$ 33,152	\$ 27,171	\$ 27,704	\$ 23,045	\$ 28,401
Healthcare delivery	81,302	100,117	103,450	120,086	85,678	108,604	100,675	93,738	-	-
Health improvement	40,226	37,377	36,061	35,062	32,540	30,227	28,528	29,487	28,918	28,146
Communicable disease prevention	17,881	17,501	17,613	17,374	16,531	15,538	15,220	13,910	14,389	14,697
Water quality and hazardous materials management	2,582	2,517	2,506	2,439	2,365	2,213	2,076	1,984	2,006	1,919
Vector disease control	3,477	3,494	3,443	3,593	3,347	3,545	3,515	3,411	3,955	3,906
Housing and neighborhood health	5,757	5,132	4,953	5,055	4,930	5,180	5,224	6,365	6,987	6,992
Consumer and employee risk reduction	2,101	2,001	2,034	1,944	1,841	1,808	1,693	1,712	1,796	1,916
Interest on long-term debt	38,384	39,439	40,425	41,250	39,406	40,572	41,925	39,583	49,637	2,360
Total governmental activities expenses	<u>238,813</u>	<u>258,552</u>	<u>251,857</u>	<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>
Business-type activities										
Eskenazi Health	735,835	731,439	717,858	664,886	617,220	588,246	538,715	520,311	519,775	487,807
LT Care	753,824	734,548	719,059	717,573	672,134	600,063	571,764	549,408	426,847	366,853
Total business-type activities expenses	<u>1,489,659</u>	<u>1,465,987</u>	<u>1,436,917</u>	<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>
Total primary government expenses	<u>\$ 1,728,472</u>	<u>\$ 1,724,539</u>	<u>\$ 1,688,774</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
Administration and finance (1)	\$ 1,384	\$ 1,323	\$ 17,514	\$ 4,944	\$ 4,853	\$ 5,019	\$ 3,602	\$ 982	\$ 3,376	\$ 583
Healthcare delivery	-	-	-	-	3,843	-	-	-	-	-
Health improvement	3,582	3,822	3,594	3,662	472	3,198	2,389	3,055	2,259	2,421
Communicable disease prevention	569	503	562	516	366	472	663	557	559	631
Water quality and hazardous materials management	499	474	366	373	567	360	357	356	353	353
Vector disease control	480	598	722	614	87	449	500	552	563	753
Housing and neighborhood health	89	98	92	116	2,370	361	417	413	469	318
Consumer and employee risk reduction	2,491	2,500	2,496	2,405	33,446	2,281	2,183	2,149	2,178	2,109
Operating grants and contributions (1)	22,470	25,069	27,295	33,768	336	72,403	54,429	57,702	47,974	44,127
Capital grants and contributions	75	25	2,025	13	-	-	6,000	16,148	1,533	3,105
Total governmental activities program revenues	<u>31,639</u>	<u>34,412</u>	<u>54,666</u>	<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>

(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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Business-type activities										
Charges for services										
Eskenazi Health	\$ 577,062	\$ 558,194	\$ 536,369	\$ 385,019	\$ 393,516	\$ 441,151	\$ 326,832	\$ 380,864	\$ 261,819	\$ 252,468
LT Care	949,995	969,592	958,177	990,101	892,469	807,418	763,693	690,329	574,233	429,785
Operating grants and contributions	25,359	26,691	29,071	26,566	27,621	24,942	20,534	20,058	20,460	18,703
Capital grants and contributions	-	-	-	-	-	-	2,224	-	-	769
Total business-type activities program revenue	<u>1,552,416</u>	<u>1,554,477</u>	<u>1,523,617</u>	<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>
Total primary government program revenues	<u>\$ 1,584,055</u>	<u>\$ 1,588,889</u>	<u>\$ 1,578,283</u>	<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>
Net program (expense)/revenue										
Governmental activities	\$ (207,174)	\$ (224,140)	\$ (197,191)	\$ (215,971)	\$ (172,581)	\$ (156,296)	\$ (155,487)	\$ (135,981)	\$ (71,467)	\$ (33,937)
Business-type activities	62,757	88,490	86,700	19,227	24,251	85,202	2,805	21,532	(90,109)	(152,934)
Total primary government net expense	<u>\$ (144,417)</u>	<u>\$ (135,650)</u>	<u>\$ (110,491)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property and HCI taxes	\$ 126,457	\$ 123,512	\$ 119,300	\$ 113,931	\$ 110,577	\$ 111,475	\$ 106,708	\$ 105,628	\$ 104,742	\$ 105,793
Excise taxes	6,648	6,525	6,413	5,949	5,604	5,762	5,518	5,552	5,269	5,252
Financial institution taxes	1,556	1,192	1,261	1,402	1,300	1,226	1,287	1,286	1,319	1,275
Medicaid special revenue	90,338	26,565	23,429	87,487	65,467	79,228	63,708	168,170	14,374	39,048
Build America Bonds interest subsidies	10,191	10,153	10,115	10,105	10,083	10,061	9,985	10,848	13,775	-
Unrestricted investment earnings	8,979	5,885	2,174	316	158	88	580	356	1,316	2,482
Transfers (capital contributions to Eskenazi and LT Care)	4,042	-	-	-	-	-	-	-	-	-
Transfers	71,901	90,642	91,716	84,016	67,697	(251)	(700,662)	(46,363)	(86,656)	(142,990)
Total governmental activities	<u>320,112</u>	<u>264,474</u>	<u>254,408</u>	<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>

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)

	2019	2018	2017	2016	Years Ended December 31 2015	2014	2013	2012	2011	2010
Business-type activities										
Unrestricted investment earnings	\$ 6,181	\$ 1,441	\$ 2,344	\$ 854	\$ (13)	\$ 154	\$ (1,853)	\$ 1,451	\$ 1,511	\$ 1,377
Special items	13,317	-	66,575	-	-	-	-	-	-	-
Transfers	(71,901)	(90,642)	(91,716)	(84,016)	(67,697)	251	700,662	46,363	86,656	142,990
Total general revenues, special items and transfers	<u>(52,403)</u>	<u>(89,201)</u>	<u>(22,797)</u>	<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>
Total primary government	<u>\$ 267,709</u>	<u>\$ 175,273</u>	<u>\$ 231,611</u>	<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>
Change in Net Position										
Governmental activities	\$ 112,938	\$ 40,334	\$ 57,217	\$ 87,235	\$ 88,305	\$ 51,293	\$ (668,362)	\$ 109,495	\$ (17,327)	\$ (23,076)
Business-type activities	10,354	(711)	63,903	(63,935)	(43,459)	85,606	701,613	69,346	(1,941)	(8,567)
Total primary government	<u>\$ 123,292</u>	<u>\$ 39,623</u>	<u>\$ 121,120</u>	<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>

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,120
Unreserved	-	-	-	-	-	-	-	-	-	149,038
Nonspendable	3,319	619	348	328	369	342	401	478	418	-
Assigned	17,166	8,335	5,397	2,326	1,640	1,073	950	2,252	3,175	-
Unassigned	434,496	385,884	376,632	360,767	297,574	245,037	178,952	227,496	131,937	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total general fund	<u>\$ 454,981</u>	<u>\$ 394,838</u>	<u>\$ 382,377</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,575
Unreserved, reported in										
Debt service fund	-	-	-	-	-	-	-	-	-	(1,260)
Capital projects fund	-	-	-	-	-	-	-	-	-	23,895
Restricted, reported in										
Debt service fund	12,674	12,744	16,211	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	1,476	1,250	1,207	1,073	971	1,291	709	12	-	-
Capital projects fund	73,312	75,982	57,963	43,637	30,247	17,600	16,550	13,560	-	-
Unassigned, reported in										
Debt service fund	-	-	-	-	-	-	-	-	(634)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total all other governmental funds	<u>\$ 87,462</u>	<u>\$ 89,976</u>	<u>\$ 75,381</u>	<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>

(1) In 2011, the Corporation adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 134,660	\$ 131,232	\$ 126,974	\$ 121,282	\$ 117,481	\$ 118,464	\$ 113,513	\$ 112,466	\$ 111,331	\$ 128,506
Licenses and permits	4,663	4,684	4,576	4,487	4,464	4,342	4,112	3,902	3,933	3,857
Intergovernmental	22,616	19,814	19,343	18,502	18,126	16,329	53,467	58,177	36,825	48,872
Charges for services	1,364	1,575	1,456	1,855	1,105	1,182	1,314	1,148	1,171	1,342
Medicaid special revenue	63,701	26,426	26,581	89,452	58,910	104,327	37,142	167,936	14,374	39,800
Build America Bonds interest subsidies	10,191	10,153	10,115	10,105	10,083	10,061	9,985	10,848	13,775	-
Contributions	-	5,500	8,048	15,000	15,500	57,710	6,000	16,000	12,900	-
Investment income	12,136	9,023	3,899	3,366	2,208	3,413	170	356	1,316	2,482
Miscellaneous	9,249	5,786	9,468	5,770	4,511	3,779	2,399	2,747	4,410	3,344
Total revenues	<u>258,580</u>	<u>214,193</u>	<u>210,460</u>	<u>269,819</u>	<u>232,388</u>	<u>319,607</u>	<u>228,102</u>	<u>373,580</u>	<u>200,035</u>	<u>228,203</u>
Expenditures										
Administrative	47,009	53,018	42,008	35,846	31,883	29,593	25,135	24,869	23,875	25,458
Population health	28,596	27,781	26,620	26,680	25,722	25,116	24,776	22,599	23,718	22,643
Environmental health	13,071	12,514	11,781	12,213	11,958	12,503	12,333	12,791	12,402	11,885
Health center program	1,055	1,003	896	1,103	1,026	1,071	965	1,155	1,615	1,492
Data processing	5,152	5,139	4,940	4,144	3,747	3,500	3,556	3,234	3,035	2,933
Grants program	21,488	19,010	18,412	17,825	17,107	15,597	14,697	15,090	16,547	18,325
Capital outlays	26,617	5,321	4,868	2,871	3,755	15,635	275,368	286,375	158,620	107,499
Debt service										
Principal	17,256	16,209	15,239	14,426	16,280	15,119	13,810	13,300	2,455	1,955
Interest and fiscal charges	38,480	39,523	40,497	41,307	39,456	40,617	41,925	39,583	49,637	2,360
Bond issuance costs	-	-	-	-	-	-	-	-	-	1,834
Intergovernmental	81,302	100,117	103,450	120,086	85,678	108,604	100,675	93,738	-	-
Total expenditures	<u>280,026</u>	<u>279,635</u>	<u>268,711</u>	<u>276,501</u>	<u>236,612</u>	<u>267,355</u>	<u>513,240</u>	<u>512,734</u>	<u>291,904</u>	<u>196,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,446)</u>	<u>(65,442)</u>	<u>(58,251)</u>	<u>(6,682)</u>	<u>(4,224)</u>	<u>52,252</u>	<u>(285,138)</u>	<u>(139,154)</u>	<u>(91,869)</u>	<u>31,819</u>

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other Financing Sources (Uses)										
Proceeds of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,000
Premium on bonds issued	-	-	-	-	-	-	-	-	-	3,908
Other debt issued	-	-	-	-	-	94	151,304	190,305	89,273	52,839
Transfers in	252,426	296,271	296,262	357,047	300,974	205,984	277,856	175,086	138,174	37,000
Transfers out	(173,351)	(203,773)	(204,546)	(273,031)	(231,282)	(191,364)	(251,963)	(179,886)	(224,831)	(179,990)
Total other financing sources (uses), net	<u>79,075</u>	<u>92,498</u>	<u>91,716</u>	<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>
Net change in fund balances	<u>\$ 57,629</u>	<u>\$ 27,056</u>	<u>\$ 33,465</u>	<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>
Debt service as a percentage of noncapital expenditures	22.0%	20.3%	21.1%	21.1%	20.4%	23.9%	22.1%	20.9%	23.0%	4.5%
Debt service expenditures	\$ 55,736	\$ 55,732	\$ 55,736	\$ 55,733	\$ 55,736	\$ 55,736	\$ 55,735	\$ 52,883	\$ 52,092	\$ 6,149
Noncapital expenditures	253,409	274,314	263,843	263,843	273,630	232,857	251,999	253,072	226,358	137,490

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, 2019

(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	
2019	\$ 40,967,917	\$ 40,967,917	\$ 6,837,711	\$ 6,837,711	\$ 47,805,628	\$ 47,805,628	0.2106
2018	39,556,997	39,556,997	6,700,531	6,700,531	46,257,528	46,257,528	0.2083
2017	37,570,129	37,570,129	6,659,770	6,659,770	44,229,899	44,229,899	0.2076
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

(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, 2019

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	
2019	0.1993	0.0107	0.0006	0.2106	0.7092	0.3906	0.2390	1.5032	-	0.0563	3.1089
2018	0.1967	0.0110	0.0006	0.2083	0.7243	0.3893	0.2405	1.1336	-	0.0587	2.7547
2017	0.1954	0.0116	0.0006	0.2076	0.7313	0.3943	0.2441	0.9735	-	0.0619	2.6127
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

(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
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Table VII
Principal Property Tax Payers
Current Year and Nine Years Ago
December 31, 2019
(Dollars in thousands)

Taxpayers	2019			Taxpayers	2010		
	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	\$ 1,334,403	1	2.791%	Eli Lilly & Company	\$ 2,261,447	1	6.314%
2 Citizens Energy Group	481,064	2	1.006%	Indianapolis Power and Light Company	361,036	2	1.008%
3 Indianapolis Power and Light Company	354,175	3	0.741%	Federal Express Corporation	191,197	3	0.534%
4 Federal Express Corporation	240,863	4	0.504%	Allison Transmission Inc.	184,486	4	0.515%
5 Convention Headquarters Hotels, LLC	195,413	5	0.409%	Indiana Bell Telephone Co. Inc.	153,410	5	0.428%
6 Hertz Indianapolis 111 Monument, LLC	156,831	6	0.328%	Circle Centre Development Co.	152,746	6	0.426%
7 American United Life Insurance Company	117,369	7	0.246%	Macquarie Office Monument Center I, LLC	138,940	7	0.388%
8 G&I IX MJW Keystone Crossing, LLC	102,774	8	0.215%	VV USA City, LP	136,320	8	0.381%
9 Rolls-Royce Corporation	94,568	9	0.198%	Keystone Investors, LLC	130,454	9	0.364%
10 SVC Manufacturing	91,086	10	0.191%	American United Life	116,215	10	0.324%
11 MSA North Developer, LLC	83,338	11	0.174%	Citizens Coke & Gas Utility	86,643	11	0.242%
12 Castleton Square, LLC	83,217	12	0.174%	Methodist Hospital	78,758	12	0.220%
13 IMD2 LLC	78,219	13	0.164%	Rolls Royce	77,065	13	0.215%
14 Westin Indianapolis LLC	70,718	14	0.148%	Hub Properties GA, LLC	71,188	14	0.199%
15 DOW Agrosciences, LLC	69,722	15	0.146%	National Starch, LLC	70,115	15	0.196%
16 Axis FC LLC	64,672	16	0.135%	BNP Paribas Leasing Corp	68,270	16	0.191%
17 NG 211 N Pennsylvania St, LLC	63,191	17	0.132%	MT Acquisitions, LLC	64,404	17	0.180%
18 Southwest Airlines Co.	62,381	18	0.130%	Crossroads Indiana, LLC	60,589	18	0.169%
19 Cellco Partnership	62,231	19	0.130%	Kite West 86th Street, LLC	56,813	19	0.159%
20 IN-IUPUI Holdings, LLC	58,985	20	0.123%	Automotive Components Holdings, LLC	56,440	20	0.158%
	<u>\$ 3,865,220</u>		8.085%		<u>\$ 4,516,536</u>		12.610%

- (1) Represents the January 1, 2018 valuations for taxes due and payable in 2019 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 2010 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, 2019
(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
2019	\$ 74,401	\$ 70,458	94.70%	\$ -	\$ 70,458	94.70%
2018	71,625	69,476	97.00%	1,863	71,339	99.60%
2017	67,831	65,796	97.00%	1,764	67,560	99.60%
2016	63,929	61,372	96.00%	2,173	63,545	99.40%
2015	62,083	60,158	96.90%	1,553	61,711	99.40%
2014	57,993	55,905	96.40%	1,682	57,587	99.30%
2013	58,591	55,837	95.30%	2,109	57,946	98.90%
2012	57,233	54,486	95.20%	2,060	56,546	98.80%
2011	54,745	52,008	95.00%	2,025	54,033	98.70%

(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, 2019
(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				
2019	\$ 13,298	\$ 162,100	\$ -	\$ 421,051	\$ -	\$ -	\$ 260,883	\$ 857,332	N/A	\$ 898.04	
2018	15,267	163,560	-	432,867	2,195	-	327,445	941,334	1.90%	990.79	
2017	17,151	164,945	-	443,946	4,240	-	387,200	1,017,482	2.10%	1,156.99	
2016	18,959	166,270	-	454,335	6,140	-	440,737	1,086,441	2.39%	1,226.82	
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	

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

(2) Personal income not available for 2019.

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, 2019
(Dollars in thousands)

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts in Debt Service Funds	Total Net Bonded Debt		
2019	\$ 175,398	\$ 12,674	\$ 162,724	0.34%	\$ 170.45
2018	181,022	12,663	168,359	0.36%	177.20
2017	186,336	16,211	170,125	0.38%	180.75
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

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, 2019

(Dollars in thousands)

	Assessed Value (5)	Bonding Limit %	Dollar Amount	Debt Outstanding (6)
Direct Debt:				
Health and Hospital Corporation of Marion County	\$ 40,967,917	0.67%	\$ 274,485	\$ 175,398
Other Direct Debt:				
Capital lease obligations - governmental activities				421,051
Total Health and Hospital Corporation debt				\$ 596,449
Overlapping:				
Marion County	\$ 42,341,434	0.67%	\$ 283,688	\$ -
City of Indianapolis				
Civil City	\$ 39,692,999	0.67%	\$ 265,943	\$ 56,790
Park District	42,341,434	0.67%	283,688	4,530
Redevelopment District	38,185,727	(3)	-	-
Stormwater Control District	42,341,434	0.67%	283,688	-
Metropolitan Thoroughfare District	42,341,434	1.33%	563,141	23,305
Solid Waste Disposal District	39,744,709	2.00%	794,894	-
Pub Safety Comm and Comp Facilities District	42,341,434	0.67%	283,688	31,435
Premiums on general obligation debt			-	5,592
Total city general obligation debt			\$ 2,475,042	121,652
Other Direct Debt:				
Tax increment revenue bonds				596,249
Net revenue bonds				396,935
Note payable and certificate of participations				104,601
Capital lease obligations - governmental activities				39,997
Total city direct debt				\$ 1,259,434
Other Municipal Corporations				
Indianapolis Airport Authority	\$ 42,341,434	0.67%	\$ 283,688	\$ -
Capital Improvement Board	42,341,434	0.67%	283,688	-
Indianapolis-Marion County Building Authority	42,341,434	(1)	-	-
Indianapolis-Marion County Library	41,733,632	0.67%	279,615	62,960
Indianapolis Public Transportation Corp.	40,150,327	0.67%	269,007	-
Total municipal corporations			\$ 1,115,999	\$ 62,960
School Districts				
Beech Grove	\$ 458,380	(4)	\$ 3,071	\$ 2,797
Decatur	1,833,404	(4)	12,284	1,475
Franklin	2,501,137	(4)	16,758	2,880
Indianapolis Public Schools	11,823,581	(4)	79,218	41,090
Lawrence	5,142,820	(4)	34,560	24,525
Perry	3,569,301	(4)	23,914	18,515
Pike	4,711,314	(4)	31,566	26,905
Speedway	789,849	(4)	5,292	-
Warren	2,711,603	(4)	18,168	3,500
Washington	6,411,370	(4)	42,956	24,035
Wayne	3,072,533	(4)	20,586	13,535
Total school districts	\$ 43,025,292		\$ 288,373	\$ 159,257

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, 2019
(Dollars in thousands)

	Assessed Value (5)	Bonding Limit		Bonds Outstanding (6)
		%	Dollar Amount	
Other Cities and Towns				
Beech Grove	\$ 457,327	0.67%	\$ 3,064	\$ 790
Lawrence	1,531,595	0.67%	10,262	3,192
Southport	51,710	0.67%	346	222
Speedway	607,802	0.67%	4,072	3,573
Total Other Cities and Towns	<u>\$ 2,648,434</u>		<u>\$ 17,744</u>	<u>\$ 7,777</u>
Townships				
Center	\$ 6,872,794	0.67%	\$ 46,048	\$ -
Decatur	1,613,146	0.67%	10,808	-
Franklin	2,637,147	0.67%	17,669	-
Lawrence	5,522,882	0.67%	37,003	1,210
Perry	3,897,176	0.67%	26,111	-
Pike	4,549,564	0.67%	30,482	-
Warren	3,665,622	0.67%	24,560	-
Washington	9,020,748	0.67%	60,439	-
Wayne	4,307,512	0.67%	28,860	1,194
Total Townships	<u>\$ 42,086,591</u>		<u>\$ 281,980</u>	<u>\$ 2,404</u>
Excluded Library Districts				
Speedway	\$ 607,802	0.67%	\$ 4,072	\$ 115
Total Excluded Library Districts	<u>\$ 607,802</u>		<u>\$ 4,072</u>	<u>\$ 115</u>
Ben Davis Conservancy District	<u>\$ 357,670</u>	(2)	<u>\$ -</u>	<u>\$ -</u>
Total Overlapping Debt				<u>\$ 1,491,947</u>
Total Direct and Overlapping Debt				<u>\$ 2,088,396</u>

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 Building 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 Redevelopment Districts.
- (4) A statutory 0.67% 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 January 1, 2018 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2019.

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
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Table XII
Legal Debt Margin Calculation
December 31, 2019
(Dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year Ended	
December 31, 2019	
Net assessed value - 2018	\$ 40,967,917
Debt limit (.67% of assessed values)	274,485
Debt applicable to limit	
Bonded Debt	172,510
Notes payable from tax levy	-
Total net debt applicable to limit	<u>172,510</u>
Legal Debt Margin	<u>\$ 101,975</u>

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt limit	\$ 274,485	\$ 265,032	\$ 251,720	\$ 246,152	\$ 246,616	\$ 227,610	\$ 228,057	\$ 227,279	\$ 243,021	\$ 239,977
Total net debt applicable to limit	<u>172,510</u>	<u>177,950</u>	<u>183,080</u>	<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>
Legal debt margin	<u>\$ 101,975</u>	<u>\$ 87,082</u>	<u>\$ 68,640</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	62.85%	67.14%	72.73%	76.35%	78.07%	86.81%	91.58%	96.95%	95.21%	97.44%

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, 2019
(Dollars in thousands)

Year	(1) (2) Population	(2) Personal Income	(2) Per Capita Personal Income	Public School Enrollment	(3) Unemployment Rate
2019	954,670	\$ -	\$ 52	131,292	2.9%
2018	950,082	49,585,841	51	132,838	3.4%
2017	941,229	48,413,129	48	132,596	3.0%
2016	939,020	45,416,786	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%

(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. Per capita personal income was computed using Census Bureau mid-year population estimates. Estimates for 2010-2018 reflect county population estimates available as of March 2020. Data was not yet available for 2019 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, 2019

Taxpayer	2019			2010		
	(1) Employees	(1) Rank	(1) Percentage of Total Metropolitan Statistical Area Employment	(2) Employees	(2) Rank	(2) Percentage of Total Metropolitan Statistical Area Employment
Indiana University Health	23,187	1	2.43%			
Ascension St. Vincent	17,398	2	1.82%	11,075	3	1.23%
Community Health Network	11,328	3	1.19%	8,079	4	0.89%
Eli Lilly and Company	10,737	4	1.12%	11,550	2	1.28%
Walmart	8,926	5	0.93%			
Kroger Co	7,675	6	0.80%			
Federal Express	5,000	7	0.52%	4,311	7	0.48%
Anthem	4,866	8	0.51%			
Meijer	4,594	9	0.48%			
Roche Diagnostics	4,500	10	0.47%	4,300	8	0.48%
Clarian Health Partners				18,883	1	2.09%
IUPUI				7,066	5	0.78%
Rolls Royce				4,316	6	0.48%
WellPoint Inc.				3,950	9	0.44%
Allison Transmission/Div of GMC				3,400	10	0.38%

- (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 2010 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, 2019

Function/Program	Full-Time Equivalent Employees at December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Primary Government Employees:										
Administration	149	149	143	135	128	131	139	136	132	127
Health improvement	392	376	373	366	354	349	351	340	327	337
Communicable disease prevention	132	130	129	127	125	123	128	133	125	125
Water quality and hazardous materials	29	28	27	27	28	26	26	25	26	27
Housing and neighborhood health	72	72	71	71	72	80	84	96	98	100
Consumer and employee risk reduction	27	27	27	27	27	26	26	28	27	27
Vector disease control	46	48	49	52	50	53	53	51	58	61
Business-type Employees:										
Eskenazi Health	4,047	4,284	4,310	4,177	3,853	3,828	3,726	3,667	3,820	3,622
Long-Term Care (1)	-	-	-	-	-	-	-	-	-	-
Total Employees	<u>4,894</u>	<u>5,114</u>	<u>5,129</u>	<u>4,982</u>	<u>4,637</u>	<u>4,616</u>	<u>4,533</u>	<u>4,476</u>	<u>4,613</u>	<u>4,426</u>

(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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	64,491	53,557	57,262	61,000	58,034	62,100	75,075	68,151	168,493	147,469
Vital Statistics - certified birth copies issued	58,171	52,247	47,074	46,392	48,552	47,062	47,162	60,011	49,029	59,067
Vital Statistics - certified death copies issued	50,729	50,048	50,922	48,226	51,621	54,205	51,768	58,210	53,335	57,763
WIC Services - transactions <i>(per month)</i> (i)	165,133	260,583	56,083	24,023	30,959	32,223	31,495	29,426	28,918	29,124
WIC Services - nutrition education	13,761	13,086	11,041	7,059	9,378	29,150	21,214	24,916	13,624	11,210
Dental Health/Education Services	65,712	63,650	62,220	35,765	45,847	50,625	72,533	55,524	70,120	68,370
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	1,443	1,431	1,382	1,383	1,216	1,114	1,055	1,182	1,090	1,068
AIDS cases	23	36	38	36	29	35	44	35	52	63
HIV infection - total cases	166	209	196	166	148	192	158	202	164	188
Tuberculosis cases reported	57	33	39	43	54	52	36	38	31	33
Sexually transmitted diseases total cases	13,878	14,123	15,213	14,228	12,272	12,952	13,406	13,317	9,856	6,959
Influenza-Like Illness	11,918	10,055	6,534	5,836	4,510	4,807	6,332	5,165	4,987	4,987
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	62,784	61,274	68,733	58,807	56,235	47,175	49,517	46,972	62,336	60,238
Swimming pool samples	4,395	4,155	5,155	4,055	4,250	4,360	4,438	2,598	2,151	2,483
Surface water samples taken	2,595	2,614	2,598	2,590	2,598	2,531	4,778	5,492	2,598	6,225
Hazardous Materials Management										
Responses to emergency situations	617	763	707	281	266	659	776	947	878	1,031
Drinking water wells surveyed for toxins	840	572	489	396	300	541	564	439	748	940
Septic systems permits	111	87	128	100	79	79	81	71	91	144
Well construction permits	121	105	97	105	87	97	114	112	88	70
Well pump permits	426	266	266	212	167	163	200	236	101	112
Housing and Neighborhood Health										
Initial housing orders	2,538	2,288	2,247	3,126	4,660	4,863	2,699	2,263	2,649	4,621
Housing compliances	6,734	5,432	5,571	4,783	4,613	4,977	4,577	4,553	5,252	4,190
Initial sanitation orders	14,279	13,294	13,513	14,934	15,429	13,571	11,147	12,354	14,265	20,801
Sanitation compliances	5,655	10,491	16,422	14,135	10,738	12,323	12,247	14,272	14,046	19,501
Court cases filed	3,352	3,312	3,379	3,906	3,921	3,841	3,540	3,546	2,826	2,333
Court cases resolved	2,582	2,900	3,545	2,566	2,004	2,500	1,565	1,671	1,504	957
Citations issued - illegal dumping	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unsafe buildings-structures demolished	**	**	**	**	**	223	4,934	578	589	537
Unsafe buildings-structures boarded	**	**	**	**	**	5,037	3,913	7,820	9,430	7,111
Unsafe buildings-structures repaired	**	**	**	**	**	777	1,156	1,090	789	672
Lead - children screened	14,073	12,087	11,499	9,618	4,721	7,779	13,038	12,354	14,265	5,346

Health and Hospital Corporation of Marion County, Indiana

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Table XVI - Continued

Operating Indicators by Function

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	15,316	16,382	18,043	16,822	19,734	17,735	19,557	19,174	20,486	19,326
Foodborne investigations	261	238	196	207	207	241	166	199	144	156
Foodborne complaints	1,118	1,062	975	972	920	917	801	711	861	726
Foodborne licenses issued	7,443	7,112	7,147	7,090	6,981	6,635	6,501	6,424	5,138	5,885
Occupational health										
Occupational health consultations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asbestos investigations	*	*	*	*	*	*	*	*	301	360
Radon investigations	144	113	115	215	95	46	74	7	4	7
Related indoor air inspections	1,898	2,115	2,044	2,480	3,017	2,999	2,984	3,894	2,981	2,722
Vector Disease Control										
Environmental/Rodent Control										
Total premises baited for rodents	1,675	2,420	2,914	3,103	2,232	2,034	2,255	1,121	2,102	2,751
Abandoned property cleanups	1,838	2,327	2,490	3,944	2,911	4,021	3,693	3,149	2,897	3,541
Assisted cleanups of neighborhoods	8	11	4	9	7	10	8	13	15	10
Total weight (lbs.) of trash removed	7,437,680	10,258,440	11,210,480	14,798,225	14,272,760	15,263,180	15,991,960	16,418,780	19,568,321	17,382,448
Mosquito Control										
Inspections of mosquito breeding sites	16,929	14,266	17,429	17,987	18,744	21,716	20,672	11,744	19,439	18,430
Mosquito breeding sites treated	7,407	5,470	7,491	8,410	9,835	9,829	8,942	4,510	9,311	8,881
Adulticiding, lineal miles sprayed	4,249	3,954	4,512	4,775	4,514	3,673	3,043	2,563	3,999	5,164
Complaint services, adulticiding	8,720	7,989	9,230	8,521	5,374	4,123	4,271	3,750	5,545	5,584
Combination complaints	9,646	8,790	10,286	9,935	6,772	5,011	5,301	4,760	711	689
Long-Term Care										
Total Beds	9,524	9,524	9,524	9,524	9,524	7,944	7,969	8,062	7,176	5,857
Eskenazi Health										
Admissions (Acute, Behavioral, Lockefield)	17,151	16,596	15,896	15,492	14,977	14,788	15,090	14,112	18,568	18,525
Patient Days (Acute, Behavioral, Lockefield)	82,350	75,541	77,496	72,741	67,403	68,253	67,061	69,979	89,997	89,418
OP Encounters (net of ED)	953,299	859,145	815,999	804,189	747,007	736,130	876,161	841,180	885,045	1,077,726
ED Visits	103,981	103,046	91,675	94,733	87,624	95,258	101,240	109,412	105,120	105,854
Advantage Members	11,630	12,714	9,139	12,531	15,811	32,916	39,594	54,204	55,993	58,133
Uncompensated Care (000's Omitted)	390,959	376,046	293,617	410,579	535,005	381,110	410,383	237,639	344,552	305,243
Surgeries	9,062	9,078	8,967	8,400	7,715	7,242	7,406	7,447	8,069	8,092
Births	2,704	2,677	2,306	2,316	2,233	2,046	1,849	2,045	1,800	2,107

n/a = Not available.

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

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

(i) Beginning January 2017, WIC vouchers were replaced with EBT cards. Data from 2017 and forward is EBT transactions per month.

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

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	10	10
Dental Portable Scaler	7	7	7	7	7	7	7	7	7	7
Kiosk Touchscreen system	5	5	5	5	5	5	5	5	5	5
Vital Statistics scanners/readers	7	1	1	1	1	1	1	1	1	1
Generators/power source	5	5	5	5	5	5	5	4	4	4
Planmeca digital panoramic machine	4	4	2	2	2	2	2	2	2	2
Community Health vehicles	3	3	2	-	-	-	-	-	-	-
Communicable Disease Prevention										
Water purification systems for lab	3	3	3	3	3	3	3	3	3	3
Agglutination Processor	1	1								
Refrigerators/freezer for lab	34	24	24	23	23	23	22	16	13	12
Incubator for lab	7	7	7	7	7	7	7	7	7	7
Trailer with hitch	11	11	11	11	8	8	8	8	8	8
Generator power-diesel	3	3	3	3	3	3	3	3	3	3
Storage area network w/cabinet	2	2	2	2	2	2	2	2	2	1
Kodak color scanners	6	6	6	6	6	6	5	5	5	5
Truck-Super 4X4	3	3	3	3	3	3	3	3	3	1
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	14	14	17	17	17	17	17	17	17	16
Analyzers for hazardous materials	5	5	5	5	5	5	5	5	5	5
Housing and Neighborhood Health										
Analyzers for lead testing	10	10	10	9	9	8	8	8	8	8
Vans/cars for housing visits	15	10	10	8	8	7	7	6	6	6
Vector Disease Control										
Environmental trucks/vans for cleanup	28	28	27	27	27	24	23	23	23	17
Dump Trucks	19	17	20	18	18	17	17	17	17	17
Tractors/Trailers	29	27	28	28	28	28	28	28	28	28
Rodent/Mosquito control trucks for spraying	71	67	69	65	64	64	62	57	57	57
Rodent/Mosquito control - sprayers	16	12	12	12	12	12	12	10	10	10
Rodent/Mosquito Control - generators	6	6	6	6	6	6	6	6	6	6
Long-Term Care										
# of buildings	78	78	78	78	78	61	59	59	52	42
Eskenazi Health										
# of beds	336	336	336	336	346	315	315	281	316	312

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