



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

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

Annual Comprehensive Financial Report

For the Year Ended December 31, 2022

The Health and Hospital Corporation of Marion County, Indiana

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

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President and Chief Executive Officer

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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, 2022

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Introductory Section (Unaudited)



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June 23, 2023

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 Annual Comprehensive 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, 2022, 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 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 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 FORVIS, 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, 2022, 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 the MD&A. The Corporation’s MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CORPORATION

The Health & Hospital Corporation of Marion County, Indiana (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. The statutory duties of the Corporation 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 all residents of Marion County, Indiana, including those who are uninsured. The Corporation administers two statutory divisions: the Division of Public Health doing business as the Marion County Public Health Department (MCPHD), which serves as the county health department with powers and duties conferred by law upon local departments of health, and the Division of Public Hospitals doing business as Eskenazi Health, which operates the Corporation’s hospitals, medical facilities, and mental health facilities. Additionally, the Corporation administers two service divisions: the Indianapolis Emergency Medical Services (IEMS) functioning as a distinct unit in Eskenazi Health providing emergency pre-hospital care to residents and visitors of Marion County, Indiana, and the Long-Term Care Service Division, providing statewide skilled nursing home services.

MCPHD operates two service bureaus: the Bureau of Population Health and the Bureau of Environmental Health. MCPHD operates from various clinics and district health offices located throughout Marion County, Indiana. The Bureau of 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 approximately 692 people. The health and environmental services of this division have an impact on all Marion County, Indiana residents.

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 on the Hospital campus; the Eskenazi Health Center, a Federally Qualified Health Center (FQHC) that operates a network of primary care centers throughout Marion County, Indiana; the Sandra Eskenazi Mental Health Center, a Community Mental Health Center (CMHC) that provides behavioral health services throughout Marion County, Indiana; and IEMS, the county-wide emergency ambulance service. Eskenazi Health is the only public hospital in Marion County, Indiana. Eskenazi Hospital is fully accredited by the Joint Commission for Accreditation of Hospitals of the American Hospital Association.

The Corporation also operates a long-term care (Long-Term Care) enterprise fund, which has 76 skilled nursing facilities and four assisted living communities with multiple locations providing a continuum of care with independent apartments and garden homes in a campus-type setting across the State of Indiana. Long-Term Care supports the Corporation’s mission and goal to promote and protect the health of everyone in our community by providing quality care and services to the elderly, disabled, and underserved across our communities. The Long-Term Care Service Division workforce is approximately 8,200 contractual workers throughout Indiana. The senior care services of this service division provided care to approximately 5,900 residents in 2022.

A seven-member Board of Trustees governs the Corporation. The Mayor of Indianapolis appoints three Trustees, the Board of Commissioners of Marion County appoints two Trustees, and the City-County Council appoints two Trustees. Generally, Trustees serve staggered terms of four years each. The Board is bipartisan by statute. The Corporation levies its own taxes, adopts and enforces its own ordinances consistent with Indiana law and administrative rules generally affecting local law governing health matters, and issues general obligation bonds subject to procedures defined in state statute. The City-County Council approves, and the State of Indiana Department of Local Government Finance (DLGF) ratifies the final budget of the Corporation after approval by the Corporation's 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 (UniGov). Management considers all other units of government within Marion County, Indiana to be separate from this Corporation, and other units of government 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 top 20 most populated cities in the United States with an estimated population of nearly 900,000. 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. 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 the city's strong performance during the past several years. Indianapolis boasts of diverse strengths in the manufacturing, distribution, retail, technology, and service sectors. Additionally, Indianapolis' 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, Gainbridge Fieldhouse and 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 Triple-A Indianapolis Indians teams are among the city's prominent sporting attractions, not to mention countless amateur sporting events including the Men's and Women's Big Ten Basketball tournament. 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.

LONG-TERM FINANCIAL PLANNING

The Corporation remains a partner with the consolidated City of Indianapolis - Marion County. The Corporation along with the city have remained resilient in the fight against COVID-19 and other potential outbreaks throughout the city. At the same time, the health and public wellness issues that have been the Corporation's primary concerns in the past are persistent. The Corporation hopes that the COVID-19 pandemic has helped educate our city, state, and nation on the importance of increased funding for public health and public hospitals to reduce risks of local and world-wide outbreaks, improve community health, and ultimately improve lives and the economy. Public health risks like HIV, Hepatitis C, maternal and child health, emergency preparedness, the growth of opioid and other drug and alcohol addiction, as well as chronic disease and behavioral health problems can most successfully be addressed by local organizations like the MCPHD and Eskenazi Health. The primary goal of the Corporation is providing high quality health services. These services will continue only as long as vital funding from local, state, and federal programs continue to support local health services like those provided by the Corporation.

The Corporation receives county and state tax revenues that account for approximately 7% of the Corporation's overall operating revenues. The stability and strength of the Marion County, Indiana and Indiana economy has made tax revenues a consistent and reliable source of funds, but it is 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 provided through healthcare delivery. To that end, the Corporation and its divisions are continually working on process improvements 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 providing public health services with the funds that are available. MCPHD's budget is limited as few of its services are eligible for reimbursement to meet the demands of Marion County. Regardless, MCPHD continues to work to identify sources of revenue and continues to fund approximately 40% of its operations through grants and operational revenues, with the remainder of funding from support through the Corporation's general revenues. The division focuses on improving its ability to meet the needs of clients by reinvesting in technology, employee training and direct partnerships with the community. MCPHD has upgraded technology over the past few years. These updates will help MCPHD's staff dedicate more of their time to caring for Marion County, Indiana residents rather than administrative tasks and improve overall efficiencies. The focus of MCPHD is to ensure its services are exceptional and targeted to address the most pressing health issues while managing costs to the community.

The Corporation is in the planning phase of the new Marion County Public Health Department public health lab project to be funded by the Capital Projects Fund. The project is planned to provide a modern, best-in-class, flexible laboratory space that meets the demand of testing requirements for today and the future. The public health lab building is being proposed at 48,120 gross square feet to meet the requested space needs of the key stakeholders. The lab program will provide a dramatic increase in capabilities from the existing lab. The new functions/areas include the addition of a BSL-3 laboratory suite, a TB laboratory, a new STD clinic (Bellflower), Vital Records (local county registrar office) and Immunization Records office, a loading dock with a warehouse for kit prep and surplus storage rooms, and various staff support spaces such as a breakroom, lockers, conference rooms, and an exercise room. This will allow for future growth of departments to expand their testing abilities and allow for the ability to outsource less.

The Corporation is also in the process of issuing general obligation bonds of approximately \$6,100,000 to support the completion of multiple capital projects including renovating and repurposing buildings, enhancing security and systems of buildings, vehicle and equipment upgrades, and the cleanup of a water way adjacent to the Eskenazi Health Center East 38th Street project. The projects would be completed between 2023 and 2025.

Eskenazi Health is nearing the end of a multi-year strategic plan that focuses on improving patient care, patient service, social determinants of health, food insecurity, employee satisfaction and overall financial performance. Patient quality remains the primary goal for Eskenazi Health. Eskenazi Health believes patients deserve the best experience possible and understands patients have options to seek service elsewhere. Some of the best advocates for the Eskenazi Health system are its employees. As the pandemic stabilizes, the system will continue to focus on providing a great environment for the employees, students, and medical staff, through top-notch facilities, significantly improved technology, and wellness options. Eskenazi Health knows it can improve operational efficiencies by making sure it provides the care its patients want and need in the time and place that is best for the patient.

Eskenazi Health has proposed a \$75 million multi-year capital improvement project underway, funded by the Capital Projects Fund, that includes constructing a new facility and renovating and upgrading existing primary care facilities. Eskenazi Health Center East 38th Street will be the newest addition to Eskenazi Health's network of patient care facilities throughout Indianapolis. With an anticipated opening in early 2024, this comprehensive 95,000-square foot health and community center will bring expanded services to the eastside of Indianapolis and the Northeast Corridor. This facility will provide the opportunity to consolidate the services provided by Eskenazi Health Center Forest Manor and Eskenazi Health Center North Arlington, which are smaller, aging facilities. The expansion is driven by increased demand for services and the consolidated East 38th Street location will allow for 20 percent growth in services, provided through 33,700 additional annual visits.

IEMS was created to improve quality and to reduce financial losses. The leaders of IEMS, partnering with the frontline paramedics and EMTs, have collaborated to improve patient quality, patient and resident safety, and coordination with the police and fire services. IEMS, operating as a service 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 IEMS.

The Long-Term Care Service Division continues to provide high quality nursing home services throughout the state. Long-Term Care is financially able to support its own mission and brings in additional revenue to support operations. 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 for the Long-Term Care Service Division continues to be strong.

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 and at Eskenazi Health. These improvements in health coverage have improved the operational bottom-line at Eskenazi Health.

The Corporation will continue to focus on providing 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.

SUPPLEMENTAL MEDICAID

Supplemental Medicaid remains one of the most important funding sources for the Corporation. The Corporation has partnered with the State, the Indiana Hospital Association, and the Indiana Health Care Association to make sure the Supplemental Medicaid programs that exist today remain strong until a day that other funding sources become available to support the Corporation's mission. The majority of Eskenazi Health's patients and Long-Term Care's residents are on Medicaid or are uninsured. Medicaid rates are lower than the cost of care provided, so the Corporation relies on Supplemental Medicaid programs to backstop the losses it would otherwise incur. Supplemental Medicaid programs help increase the Corporation's revenue for physicians, hospital services, ambulance services and nursing home services. Supplemental Medicaid programs were designed to help support the totality of a healthcare system's operations, especially one serving a large number of Medicaid eligible patients..

EXECUTIVE MANAGEMENT UPDATE

In April of 2023, Anne O'Conner was hired as General Counsel for the Corporation.

MAJOR INITIATIVES FOR THE YEAR

Marion County Public Health Department:

To our community, customers, federal, state, and local partners, and colleagues, thank you for your ongoing support of the Marion County Public Health Department (MCPHD). MCPHD is extremely proud of what was achieved in 2022, as MCPHD continued to fulfill its mission.

MCPHD experienced an unprecedented time in this nation for everyone when a global virus outbreak caused by coronavirus disease in 2019 resulted in a national public health emergency. Currently, earlier in the year 2022, MCPHD continued to face extraordinary challenges from the COVID-19 pandemic threat of the century that resulted in thousands of new cases with increased hospitalizations. The economic consequences exacerbated social determinants of health factors that lead to increased poverty impacting underserved and vulnerable populations, as well as unstable housing, and food insecurity among racial and ethnic populations.

MCPHD's Public Health services focused on promoting the welfare of the entire population, ensuring its security and protecting it from the spread of infectious disease and environmental hazards, and helping to ensure access to safe and quality care to benefit the population. For example, MCPHD's health department leased a section of a hotel and provided staffing, housing, and food for the homeless with additional mental health and substance use disorder services. MCPHD's mission enables our community to be healthier, cleaner, and safer by promoting physical, mental, and environmental health, preventing, and protecting against disease, injury, and disability. MCPHD knows that what it does in Public Health matters and the positive impact it has on society.

MCPHD continues to understand and appreciate the value of strong partnerships which can help elicit other opportunities in identifying new resources. MCPHD staff has worked with major federal grants to respond to community health disparities and health equities. MCPHD has also received additional grants, such as one to help get fresh vegetables into more families' homes. Facilitating and engaging new community partners and preparing for the achievement of national standards through the Public Health Accreditation Board (PHAB) and by obtaining federal, state, and local grants placed MCPHD in a strong position to help the recovery from the COVID pandemic. MCPHD continues to remove barriers to healthcare while promoting health equity with community outreach and education.

As MCPHD is now in the recovery phase and transforming back to normal operations from the COVID-19 pandemic, MCPHD will continue to evaluate how connectivity to services will be critical to perform as MCPHD is experiencing changing demographics and must better address the ever-changing community to meet social determinants of health, access to quality care, and changes to an internet-based, consumer-driven communications environment. MCPHD will continue to move forward with its partners through social media and other outlets to redirect the healthcare system towards prevention and wellness.

MCPHD is committed to:

- Interventions and resources to improve mental health status for the general population and emphasis on prevention, treatment, and recovery of COVID, substance use, and dependence.
- Prevention and control of the COVID-19 Pandemic plus long COVID education.
- COVID testing, vaccination, and boosters.
- Access to care for vulnerable populations, the homeless, and refugees.
- Reduction of maternal and infant mortality.
- Development of strategies to lower the incidence of diabetes, asthma, tobacco use, and cardiovascular disease.
- Various immunizations and dental health in infants, children, and adults.
- Reduction of obesity and sedentary lifestyle through increasing understanding of good nutrition and physical activity. This has been more of an issue during COVID.
- Control of Tuberculosis, HIV, Hepatitis viruses, and Sexually Transmitted Infections (diseases).
- Environmental health with restaurant and food vendor inspections, water quality, lead screening, removing environmental hazards, and the concept of Health in All Policies.
- Safe, livable housing and sustainable neighborhoods.
- After-Action review preparation.
- Enhancing MCPHD's Public Health Emergency Preparedness program.
- Addressing the reduction of youth violence by addressing mental health.
- Focus on structural racism as a public health issue.
- Focus on equity and social justice in all planning processes.
- Focus on public health aspects in urban planning.
- Increasing health literacy across various populations served.
- Addressing the social determinants of health and poverty, including a living wage, unstable housing, and food insecurity.

MCPHD continues to constantly review our Community Health Assessment (CHA) process, which allows the MCPHD to better understand the needs and major assets geographically of Marion County. This process has helped guide decision-making regarding where to direct healthcare resources through community collaboration. MCPHD's most recent 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. Some of the implementations of these initiatives were delayed by the pandemic but is now being revitalized to appropriate attention.

Through this comprehensive collaborative approach, MCPHD understands many of its 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 Indianapolis Patient Safety Coalition, Indianapolis Chamber of Commerce, Visit Indy, 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, MESH Coalition, Health By Design, Greater Indianapolis Progress Committee's Plan 2020, the City of Indianapolis Office of Sustainability's Thrive Indy plan, Indiana Public Health Association, and regular attendance at multiple community civic groups and neighborhood association meetings to address environmental, social and health issues. MCPHD's Epidemiology staff provides quality data and evidence-based interventions that are used as guiding principles to improve health outcomes.

MCPHD continues to see a significant number of cases of tobacco use, opioid overdoses, Hepatitis C, Syphilis and Sexually Transmitted Diseases, Tuberculosis, and HIV infections. MCPHD added a partnership with the Damien Center for another safe syringe mobile program and is a major participant in a city-wide drug treatment task force that developed a regional drug treatment referral software system to address the opioid crisis. MCPHD also established homeless shelters to safeguard vulnerable populations during the continued COVID-19 response. MCPHD has continued aggressive efforts to reduce maternal and infant health, the transmission of HIV/AIDS (End the Epidemic, etc.), Hepatitis C, and other sexually transmitted diseases and expanded outreach services to the community to reduce drug addiction and reduce the prevalence of prostate, breast, colon, and lung cancer.

Other issues now include infant mortality, cigarette vaping, the overwhelming and critical problem of dental disease in disadvantaged children and seniors, 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 addressing social determinants of health, providing clinical and environmental public health laboratory services to protect against diseases and other health hazards, providing mental health through social work services, and addressing adolescent care with the recent increase in suicides. Through MCPHD's public health preparedness and public safety efforts, MCPHD continues to mitigate public health threats and emergencies through strategic and effective planning and collaboration.

Last year was the continuation of an incredible public health crisis involving diverse/multiple populations with overwhelming support from the City of Indianapolis, neighborhood organizations, faith-based, civic, and community organizations, businesses, schools, hospitals, policymakers, federal, state, and local agencies for our response. A special thank you to the MCPHD staff for dealing with long hours, staff shortages, and fatigue from a multi-year major response. MCPHD's staff met the challenge – thanks to all staff members making a difference in our community!

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. During the course of 2022, Eskenazi Health treated and cared for over one million outpatient visits.

Eskenazi Health received many awards during 2022, a sample of which includes:

- Eskenazi Health was recognized by Healthgrades as a 2022 Specialty Excellence Award recipient, and received the Coronary Intervention Excellence Award, recognizing hospitals with superior clinical outcomes in coronary intervention procedures (angioplasty with stent).
- Nicole Harper, vice president of revenue cycle services and interim chief financial officer and chief strategy officer at Eskenazi Health, received the 2022 Minority Achievers Award in the Professions category at the Center for Leadership Development's annual **Minority Achievers Awards & Scholarship Gala**.
- The Indiana Academy of Nutrition and Dietetics honored Amy Carter, director of clinical nutrition and lifestyle health, as the Outstanding Dietitian of the Year during the annual statewide meeting.
- The Division of Student Affairs' Schreck Community Award was given to The Gregory S. Fehribach Center for its interactions with students and for the ability to foster the Division of Student Affairs mission, vision, and values.
- Donna Burks, RN, associate chief nursing officer at Eskenazi Health Center, was recognized by the Community Alliance of the Far Eastside (CAFE) at the Women in Leadership celebration.
- The Eskenazi Health Gender Health Program and the Eskenazi Health Center of Hope were recognized for its victim advocate services with the Award for Professional Innovation in Victim Services by the Office for Victims of Crime as part of its 2022 National Crime Victims' Service Awards.
- Eskenazi Health achieved the Excellence in Spiritual Care Award through the Spiritual Care Association, a professional organization that provides board certification status for chaplains.
- Eskenazi Health Center received the "Exemplary Project" award for virtual care at home (home oxygen program) by the Indiana Primary Health Care Association (IPHCA) for the home oxygen program.
- Eskenazi Health was recognized by ECRI, the nation's leading independent patient safety organization, as ECRI's May 2022 Alerts Impact Award for their excellence in recall management. Eskenazi Health was recognized for their expedient resolution of backlog alerts during a recent cyberattack, making them back-to-back winners in 2021 and 2022.
- Eskenazi Health was named Indiana's top hospital for community benefit by the Lown Institute. The Lown Institute evaluated more than 3,000 hospitals throughout the country.
- Eskenazi Health was named Indiana's top hospital for health equity by the Lown Institute. The Lown Institute evaluated more than 3,000 hospitals throughout the country. Metrics included inclusivity, pay equity, avoiding overuse, and clinical outcomes, as well as cost efficiency.
- Eskenazi Health volunteers Jonita Shaw and Cynthia Chowning were recognized as Health Care Heroes finalists by the Indianapolis Business Journal.
- Andrew Lodolo, manager of inpatient pharmacy, was honored as part of the Jewish Federation of Greater Indianapolis inaugural 36 Under 36 cohort, which includes professional and philanthropic leaders in the Indianapolis Jewish community.
- The Eskenazi Health Medical Legal Partnership was a finalist in the LISC Love Thy Neighborhood Awards for its renters' rights program.
- The Eskenazi Health LGBTQ+ Victim Advocacy Initiative was recognized with the World Professional Association for Transgender Health (WPATH) Harry Benjamin Institutional Advocacy Award, which is presented to an individual or group who has contributed significantly to the promotion of transgender health and rights through education and/or advocacy work.
- Dugan Wetzel, executive chef with Eskenazi Health was named a 2022 Produce Excellence in Foodservice Award winner by the International Fresh Produce Association (IFPA).
- Lisa Harris, M.D., CEO of Eskenazi Health, was named to the Indianapolis Business Journal's Indiana 250, a list of 250 influential people in Indiana.
- Karen Ellis, DDS, is a general dentistry provider who practices at Eskenazi Health Center College Avenue, was selected as the Indianapolis District Dental Society's Component Honor Dentist.

- Eskenazi Health Center West 38th Street was designated an Age-Friendly Health Systems Participant by the Geriatrics Workforce Enhancement Program, a grant program under the Health Resources & Services Administration, for integrating age-friendly care into the primary care environment.
- Eskenazi Health was recognized by Immunize.org on its Hepatitis B Birth Dose Honor Roll.
- Eskenazi Health was named as one of the best hospitals to work for in the state of Indiana by Forbes.
- The Indianapolis Public Library Foundation, the Center for Black Literature & Culture, and the Indianapolis Public Library's African American History Committee recognized the following from Eskenazi Health with the Dr. George H. Rawls Award - Broderick Rhyant, M.D., chief physician executive of Eskenazi Health Center Forest Manor; Glenda Westmoreland, M.D., Eskenazi Health senior care physician; Clark Simons, M.D., service chief of general surgery at Eskenazi Health; Patricia Treadwell, M.D., Eskenazi Health physician; and Virginia Caine, M.D., director of the Marion County Public Health Department.
- Eskenazi Health Center was awarded the bronze level Health Center Quality Leader for 2022 by the Health Resources and Services Administration (HRSA).
- Eskenazi Health was recognized for Excellence in Infant and Maternal Health by the Indiana Department of Health's INspire Hospital of Distinction.
- Eskenazi Health Center was recognized with bronze status in the Advocacy Center of Excellence (ACE) Program by the National Association of Community Health Centers (NACHC).

For nearly 165 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:

During 2022 the Corporation transitioned from operating 78 to 76 skilled nursing facilities (SNFs) and five to three free-standing licensed residential/assisted living facilities (ALs) across Indiana, with multiple locations providing a continuum of care with independent apartments and garden homes in a campus-type setting. Throughout the year, the Corporation facilities served on average more than 5,900 residents. The Corporation contracts with American Senior Communities (ASC) to manage its long-term care facilities. Contributing to a decrease in average daily census for 2022 were the following three facility transitions to a new operator: Markle Health & Rehabilitation (February 1, 2022); Rosegate Commons (April 1, 2022), and Heritage House Rehabilitation & Healthcare Center (October 1, 2022). Bethany Village, Bethany Village Assisted Living and Stonebrooke Rehabilitation Center all transitioned on January 1, 2023.

Oversight and engagement is a daily, weekly, and monthly endeavor that includes review of all operational aspects of long-term care facilities including participation in corporate compliance, quality assurance and performance improvement (QAPI), financial reviews, personnel, strategic planning, risk management and clinical services. The Corporation's internal LTC Quality Review Team (QRT) consists of highly qualified long-term care experienced Registered Nurses, Health Facility Administrators, and a Social Worker. The QRT professionals routinely visit all of the Corporation's long-term care facilities on an annual basis with an extensive onsite and remote review, with select facilities receiving additional site visits and reviews. The QRT conducted 85 quality review onsite visits, by the end of 2022.

Regulatory compliance is an on-going objective for the Corporation's facilities, and the majority are successful in achieving or maintaining outstanding compliance with federal and state compliance measures. The Indiana Department of Health conducts annual on-site inspection surveys as part of the state licensing and federal certification of healthcare facilities and publishes online consumer reports that detail deficiencies found at the facilities during the survey (a deficiency is a regulatory requirement that a survey finds is not being met). For more than nine years, the Corporation's facilities continue to maintain a lower average number of deficiencies cited per annual survey than both state and national averages.

Highlights from Indiana Department of Health (IDOH) surveys of the Corporation facilities during 2022 include:

- Seven facilities received a deficiency free annual licensure recertification survey: Avalon Village, Bethlehem Woods Nursing & Rehabilitation, Fairway Village Lake Pointe Village, Summit City Nursing & Rehabilitation, Swiss Village Nursing & Rehabilitation, Westview Nursing & Rehabilitation Center.
- Deficiency free annual licensure recertification surveys are rare with approximately 5% of facilities in Indiana achieving such compliance.
- Four facilities received a deficiency free Life Safety Code survey: Bethlehem Woods Nursing & Rehabilitation, Clark Rehabilitation & Skilled Nursing Center, Prairie Village Nursing & Rehabilitation, and Stonebrooke Rehabilitation Center. This is an increase from one facility in 2021.
- A total of 47 Focused COVID-19 Infection Control surveys were conducted and 43 (91%) were deficiency free.
- Thirty-eight facilities received perfect Emergency Preparedness surveys: American Village, Avalon Village, Ben Hur Health & Rehabilitation, Bethlehem Woods Nursing & Rehabilitation, Betz Nursing Home, Cardinal Nursing and Rehabilitation, Clark Rehabilitation & Skilled Nursing Center, Clinton Gardens, Community Nursing & Rehabilitation, Countryside Meadows, Coventry Meadows, East Lake Nursing & Rehabilitation Center, Eastgate Nursing & Rehabilitation, Fairway Village, Forest Creek Village, Franklin Meadows, Good Samaritan Home & Rehabilitation Center, Greenwood Meadows, Heritage Park, Hillcrest Village, Lake Pointe Village, Maple Park Village, Meadow View Health & Rehabilitation, Park Terrace Village, Prairie Village, Riverside Village, Riverview Village, Rosegate Village, Rosewalk Village at Lafayette, Salem Crossing, Springhill Village, Swiss Village Nursing & Rehabilitation, Todd-Dickey Nursing & Rehabilitation, University Nursing Center, Valparaiso Care & Rehabilitation Center, Waters Edge Village, Westview Nursing & Rehabilitation Center, Zionsville Meadows. This is an increase from twenty facilities in 2021.

The Centers for Medicare and Medicaid Services (CMS) Nursing Home Compare rating system evaluates facilities nationwide providing a consumer report for use by the public as well as healthcare providers. The benchmark rates skilled nursing facilities on a one- to five-star rubric. Metrics and scoring criteria for the system have evolved and may change from year to year.

- The Overall Star Rating includes additional benchmarks for Health Inspections and Staffing. These combined with the Quality Measures Rating, result in the Overall Star Rating. Analysis of the aggregate Corporation facility Overall Star Rating from December 2021 to December 2022 is as follows:
 - Overall ratings average 3.33 Stars, exceeding both state (2.85 Stars) and national (2.90 Stars) averages.
 - Thirty-Three Corporation facilities (or 45%) have an Overall Star rating of Four (above average) or Five (much above average) rating.
 - Twenty-one facilities were rated Five Stars Overall, with eleven maintaining their Five Star Overall rating from December 2021 to December 2022.
 - In order to provide a more comprehensive representation of each facility's staffing, a change in the calculation of the Staffing Star was implemented in July 2022. This change decreased the average of both State and National Staffing and Overall Star Ratings. The new staffing rating methodology includes the following measures: 1) total nurse (RN, licensed practical nurse, and nurse aids) staffing hours per resident per day on weekends; 2) total nurse staff turnover in a given year; 3) RN turnover in a given year; and 4) number of administrators who have left the nursing home within a given year. Many HHC facilities experienced a lower overall decrease in their staffing star compared to other State and National partners.
- Analysis of the aggregate Corporation facility Quality Measures Star Rating from December 2021 to December 2022 is as follows:
 - Corporation facilities averaged 4.38 Stars, exceeding both state (3.8 Stars) and national (3.63 Stars) averages.
 - Sixty-five of the Corporation's facilities were rated Four or Five Stars for Quality Measures, or 88% of our SNFs.

The Corporation continues to encourage its LTC facilities to partake in the American Health Care Association/National Center for Assisted Living (AHCA/NCAL) Quality Award Program. Since 2015, over fifty-five (or 66%) of Corporation facilities have earned at least one 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.

- In 2022, a total of five HHC Corporation facilities earned the AHCA/NCAL National Quality Bronze or Silver Award for Achievement in Quality:

Bronze Award:

- Good Samaritan Home & Rehabilitative Center
- Mount Vernon Nursing & Rehabilitation
- Waters Edge Village

Silver Award:

- Danville Regional Rehabilitation
- Swiss Villa Nursing & Rehabilitation

Only two facilities in Indiana during 2022 received the Silver Award, the second level of distinction awarded to facilities recognized for achievement in quality. Both Danville Regional Rehabilitation and Swiss Villa Nursing & Rehabilitation were a Bronze Award recipient Award recipient in 2019.

Other awards bestowed on the Corporation's facilities include:

- HHC is proud to have seven of the twenty communities selected throughout Indiana by US News and World Report as Best Nursing Homes 2022. The HHC communities awarded this distinction are: Allisonville Meadows, American Village, Rosegate Village, Greenwood Meadows (repeat from 2021), Coventry Meadows, Heritage Park, and Trailpoint Village

The Corporation facilities provided employment on average for 8,200 staff members during 2022. A Nurse Aide in Training Program (NAIT) program was initiated in February 2022 to replace the PCA (Personal Care Assistant) program initiated during COVID. Over 1,700 students enrolled in the NAIT program in 2022. 1,045 completed the program and became CNAs (certified nursing assistants), 450 remain active employees or 43% retention.

Dedication to the professional growth of the state's workforce and particularly in addressing the growing shortage of licensed nurses continues through O2NE – Opportunities to Nursing Education. This program is a one-of-a-kind scholarship program providing 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 218 nurses, both RNs and LPNs. The program had nine graduates in 2022. The program boasts a high retention rate among the Corporation facilities, with many new nurse managers having emerged from this program to serve as clinical leaders including 14 Directors of Nursing Services (DNS), three Assistant DNS, three Clinical Directors, and six Regional nurses.

Throughout 2022, the Corporation's LTC service division continued its participation in a variety of COVID-19 related meetings with ASC, IDOH, IHCA, MCPHD, and MESH. The Corporation website directs the public to the appropriate website to obtain an update regarding the status of the C-19 effect on the health and safety of the LTC residents and staff at the Corporation facilities.

Continued education regarding the COVID-19 vaccination in long-term care facilities is a significant turning point in mitigating and managing the effects of the pandemic continued in 2022. As of December 2022, more than 84% of residents and over 85% of staff had been fully vaccinated. 7% of staff and 42% of residents had also received the Bivalent Booster. Exempt staff continue to be tested on a weekly basis along with education, counseling, and encouragement provided to both residents and staff on staying up to date with the recommended vaccination CDC/CMS recommendations/guidance.

AWARDS AND ACKNOWLEDGEMENTS

The Corporation had an annual audit of its financial statements performed for 2022 by FORVIS, LLP, Certified Public Accountants. The independent auditor's report on the Corporation's financial statements is included in the financial section of this report.

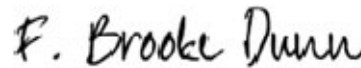
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Health and Hospital Corporation of Marion County, Indiana for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last 37 consecutive years. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized Annual Comprehensive Financial Report. 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 annual comprehensive 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.

This Annual Comprehensive Financial Report 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,



Paul T. Babcock
President and
Chief Executive Officer



F. Brooke Dunn
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

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



Robert W. Lazard
Chairperson
Retired CPA



Monica Crain
Vice Chairperson
President, Chief Solutions Officer
HRIntellect, LLC



Carl L. Drummer
VP/Co-chair, Public Affairs Strategies
Taft



Gregory S. Fehribach
Attorney
Tuohy Bailey & Moore, LLP



Thomas Hanify
Retired Firefighter



Dr. Geeta Karnik Mantravadi
Physician
IU Health Physicians



Beverly Mukes-Gaither
Chief Executive Officer
Westside Community
Development Corporation

Health and Hospital Corporation

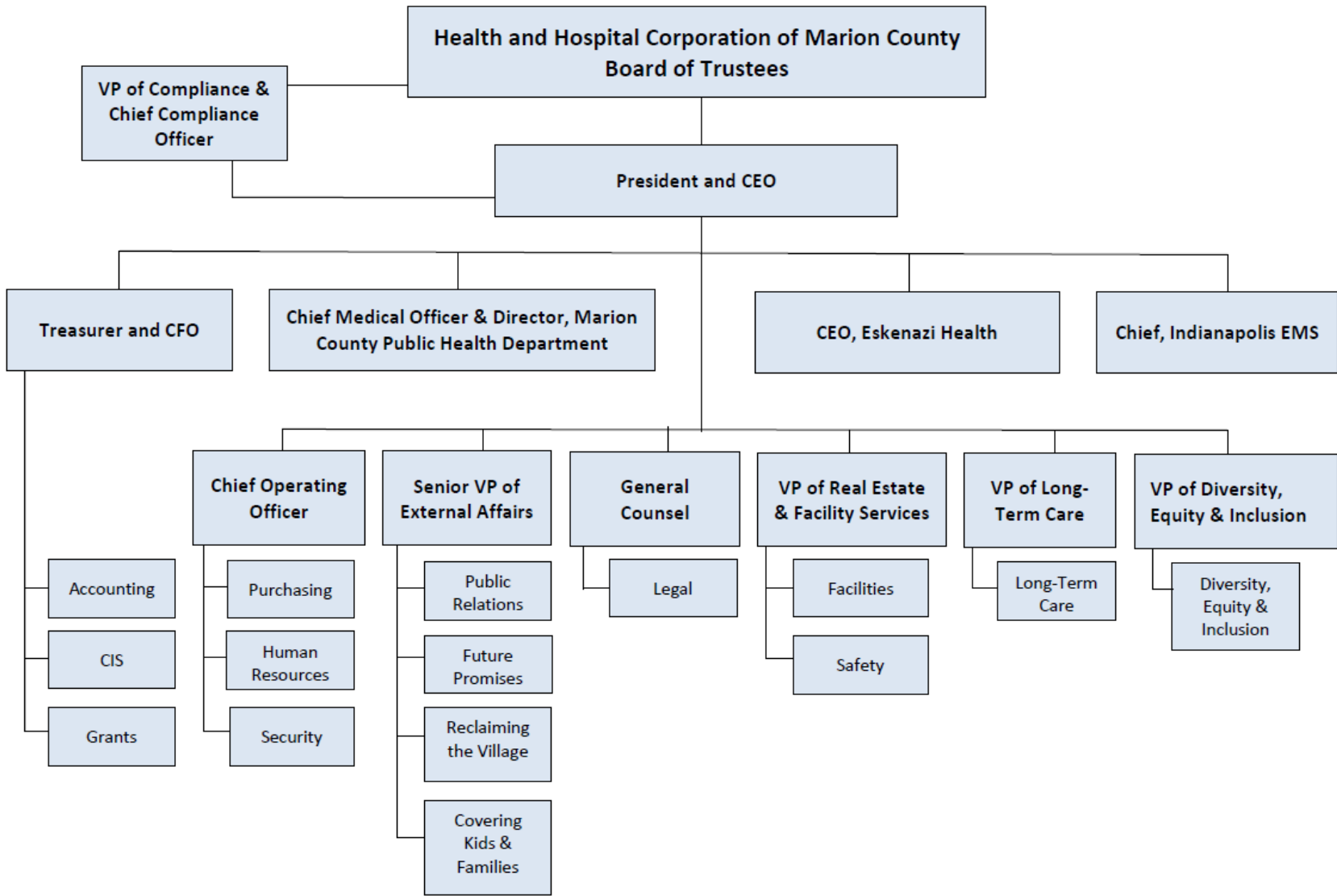
Officers

Name	Title
Paul T. Babcock	President and Chief Executive Officer
F. Brooke Dunn, Esq., MBA	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

FORVIS, LLP

Indianapolis, Indiana



Financial Section

Independent Auditor's Report

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

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Corporation as of December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the Corporation adopted GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS,LLP

Indianapolis, Indiana
June 23, 2023

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 Annual Comprehensive Financial Report this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2022. 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 \$1.44 billion (net position). Unrestricted net position at the end of 2022 is \$773.0 million.
- The Corporation's beginning net position, as restated, increased by \$36.5 million related to the adoption of GASB Statement No. 87, *Leases*. The Corporation's total net position increased by \$7.1 million, from current year activities.
- As of the close of 2022, the Corporation's governmental funds reported combined ending fund balances of \$833.3 million, an increase of \$59.8 million in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$710.4 million, an increase of \$69.9 million compared to prior year.
- The Corporation's total debt, excluding finance purchase obligations and lease liabilities, decreased by \$6.5 million or 4.0% during the current fiscal year. This reflects scheduled principal payments on outstanding bonds. The finance purchase obligations decreased by \$15.0 million or 3.6% in 2022. The lease liabilities increased by \$30.0 million or 6.3%.
- During the current fiscal year, the Corporation did not received any additional CARES Act funding.
- During 2022, the Corporation adopted GASB Statement No. 87, *Leases*, effective January 1, 2022. Balances within the management's discussion and analysis presented here related to 2021 were not restated for the adoption of the standard.

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 considers all other Marion County units of government to be separate from this Corporation, and the other Marion County units of government 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 funds can be divided into two categories: (1) governmental funds or (2) 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 Fund, Debt Service Fund, 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 consist 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 Service Division. The proprietary funds include the blended component units of Lions Insurance Company and Eskenazi Medical Group, which represent 2.0% and 3.0%, respectively, of the business-type activities total assets and deferred outflow of resources as of December 31, 2022.

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 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 \$1.44 billion at December 31, 2022. The Corporation's net position increased by \$7.1 million, compared to \$249.3 million in 2021.

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 \$773.0 million is unrestricted.

(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 1,160,022	\$ 929,443	\$ 1,041,873	\$ 808,425	\$ 2,201,895	\$ 1,737,868
Capital assets, net of accumulated depreciation	50,165	37,086	644,276	750,972	694,441	788,058
Total assets	<u>1,210,187</u>	<u>966,529</u>	<u>1,686,149</u>	<u>1,559,397</u>	<u>2,896,336</u>	<u>2,525,926</u>
Deferred Outflows of Resources	<u>11,398</u>	<u>10,559</u>	<u>26,255</u>	<u>22,610</u>	<u>37,653</u>	<u>33,169</u>
Liabilities						
Other liabilities	22,370	28,533	114,186	142,951	136,556	171,484
Long-term liabilities	699,736	580,634	552,030	250,168	1,251,766	830,802
Total liabilities	<u>722,106</u>	<u>609,167</u>	<u>666,216</u>	<u>393,119</u>	<u>1,388,322</u>	<u>1,002,286</u>
Deferred Inflows of Resources	<u>97,892</u>	<u>103,878</u>	<u>8,421</u>	<u>57,117</u>	<u>106,313</u>	<u>160,995</u>
Net Position						
Net investment in capital assets	40,022	27,492	611,322	645,501	651,344	672,993
Restricted	14,975	15,003	-	-	14,975	15,003
Unrestricted	<u>346,590</u>	<u>221,548</u>	<u>426,445</u>	<u>486,270</u>	<u>773,035</u>	<u>707,818</u>
Total net position	<u>\$ 401,587</u>	<u>\$ 264,043</u>	<u>\$ 1,037,767</u>	<u>\$ 1,131,771</u>	<u>\$ 1,439,354</u>	<u>\$ 1,395,814</u>

Changes in Net Position

The Corporation's total revenue was \$1.90 billion during the current fiscal year. Taxes represent 7.7% of the Corporation's revenue. Medicaid special revenue represents 5.0% of revenue, while 83.8% of revenue came from fees charged for services. The remaining 3.5% came from grants and contributions, investment earnings, Build America Bond subsidies, and a loss relating to divesting in certain joint ventures.

The total cost of all programs and services was \$1.90 billion. This resulted in an increase in net position for the year of \$7.1 million.

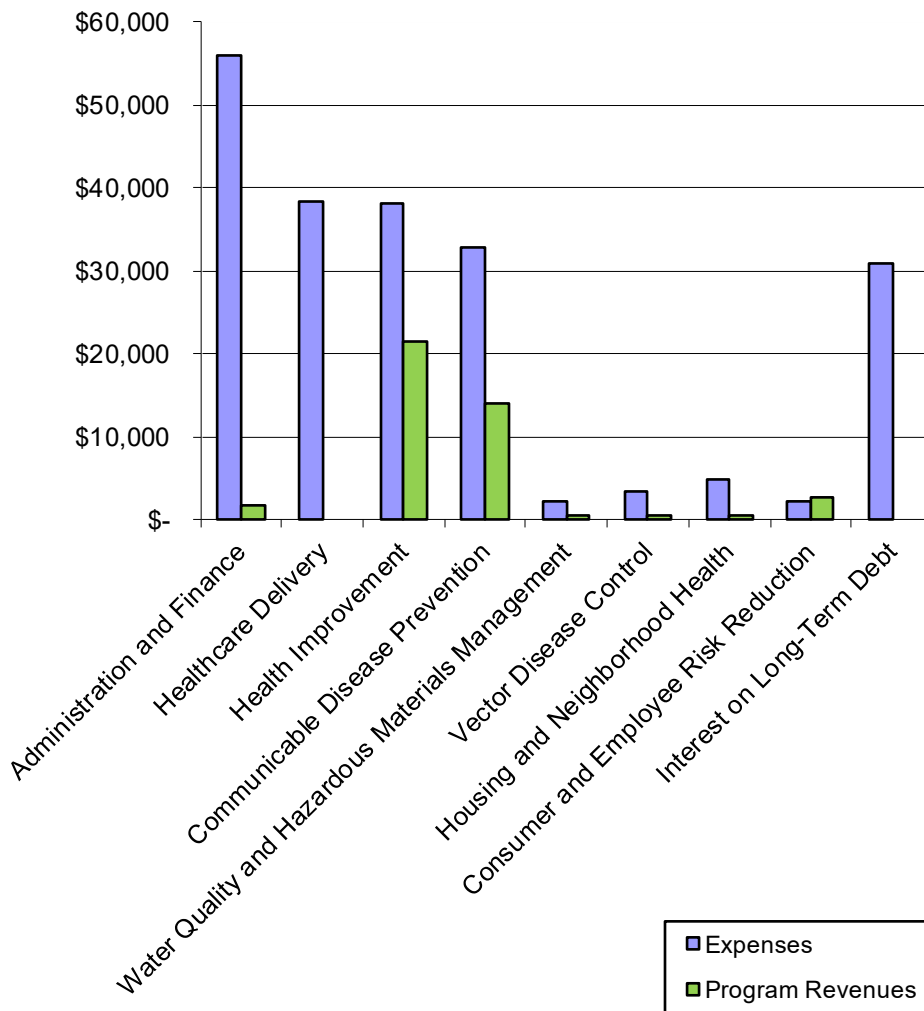
Governmental activities - Governmental activities increased the Corporation's net position by \$137.5 million compared to the total \$7.1 million increase in net position of the Corporation. Medicaid special revenue decreased slightly by \$1.4 million from prior year. Government activities received \$30.3 million in operating grants and contributions in 2022. Net transfers were \$42.8 million, compared to \$85.6 million from prior year. 2022 transfers reflect decreases in both the Long-Term Care Fund transfer to the General Fund and the General Fund transfer to the Eskenazi Health Fund. The decrease of General Fund transfers is attributed to Long-Term Care earning less Medicaid special revenue due to reduced occupancy, partially offset by increased net patient service revenue, while also maintaining a sufficient operating cash position. The decrease in Eskenazi Health Fund operating transfers is in line with the concept to transfer the net impact of certain Eskenazi Health Fund activities on the Governmental Funds.

(dollars in thousands)

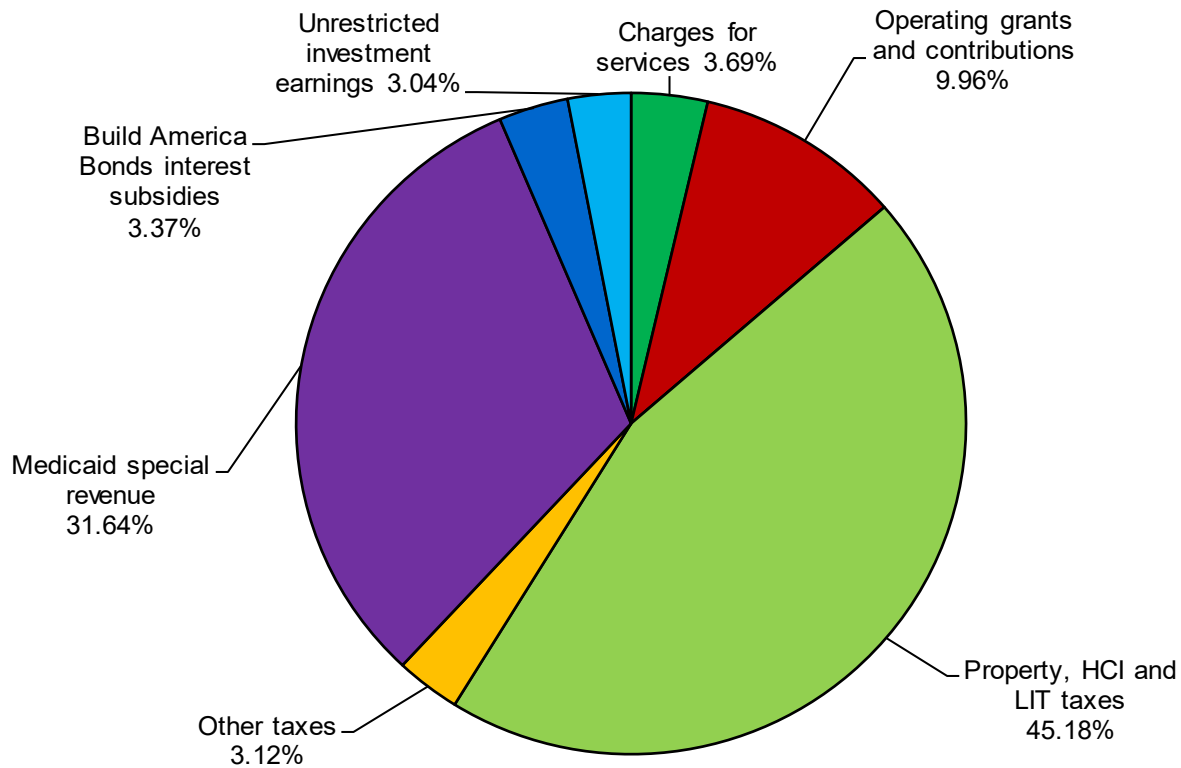
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 11,206	\$ 10,135	\$ 1,586,938	\$ 1,594,553	\$ 1,598,144	\$ 1,604,688
Operating grants and contributions	30,263	31,950	20,935	106,326	51,198	138,276
Capital grants and contributions	-	34	-	-	-	34
General revenues:						
Property, HCI and local option income taxes	137,309	133,655	-	-	137,309	133,655
Other taxes	9,494	9,172	-	-	9,494	9,172
Medicaid special revenue	96,158	97,559	-	-	96,158	97,559
Build America Bonds interest subsidies	10,229	10,341	-	-	10,229	10,341
Unrestricted investment earnings	9,235	515	(1,698)	2,547	7,537	3,062
Other - insurance recovery	-	-	-	9,702	-	9,702
Total revenues	<u>303,894</u>	<u>293,361</u>	<u>1,606,175</u>	<u>1,713,128</u>	<u>1,910,069</u>	<u>2,006,489</u>
Expenses						
Administration and finance	55,993	47,430	-	-	55,993	47,430
Healthcare delivery	38,480	61,572	-	-	38,480	61,572
Health improvement	38,117	37,689	-	-	38,117	37,689
Communicable disease prevention	32,779	39,572	-	-	32,779	39,572
Water quality and hazardous material management	2,334	1,938	-	-	2,334	1,938
Vector disease control	3,447	2,963	-	-	3,447	2,963
Housing and neighborhood health	4,897	4,574	-	-	4,897	4,574
Consumer and employee risk reduction	2,293	2,065	-	-	2,293	2,065
Interest on long-term debt	30,830	36,162	-	-	30,830	36,162
Eskenazi Health	-	-	902,926	790,336	902,926	790,336
Long-term care	-	-	785,981	736,051	785,981	736,051
Total expenses	<u>209,170</u>	<u>233,965</u>	<u>1,688,907</u>	<u>1,526,387</u>	<u>1,898,077</u>	<u>1,760,352</u>
Increase (Decrease) in Net Position						
Before Transfers and Special Items	94,724	59,396	(82,732)	186,741	11,992	246,137
Special Items	-	-	(4,909)	3,115	(4,909)	3,115
Transfers	42,820	85,612	(42,820)	(85,612)	-	-
Increase in Net Position	<u>137,544</u>	<u>145,008</u>	<u>(130,461)</u>	<u>104,244</u>	<u>7,083</u>	<u>249,252</u>
Net Position, Beginning of Year, as previously reported	264,043	119,035	1,131,771	1,027,527	1,395,814	1,146,562
Change in accounting principle	-	-	36,457	-	36,457	-
Net Position, Beginning of Year, as restated	<u>264,043</u>	<u>119,035</u>	<u>1,168,228</u>	<u>1,027,527</u>	<u>1,432,271</u>	<u>1,146,562</u>
Net Position, End of Year	<u>\$ 401,587</u>	<u>\$ 264,043</u>	<u>\$ 1,037,767</u>	<u>\$ 1,131,771</u>	<u>\$ 1,439,354</u>	<u>\$ 1,395,814</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, Administrative and Finance is the largest function in expense. General revenues such as property tax are not shown by program; but are included in the revenues by source chart to show their significance. Taxes are used to support program activities for the entire Corporation.

2022 Expenses and Program Revenues - Governmental Activities (in thousands)



2022 Revenues by Source - Governmental Activities



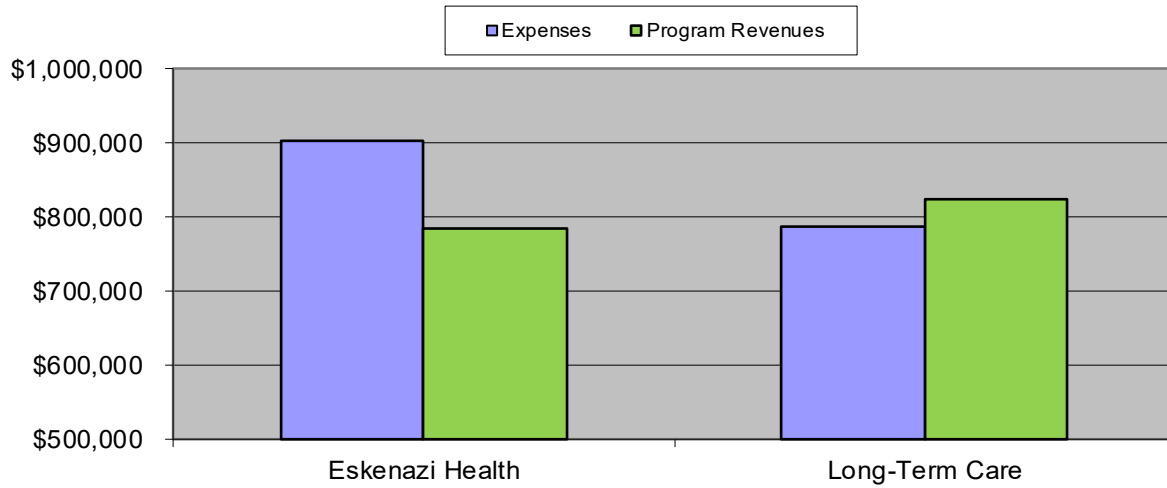
Business-type activities - The business-type activities decreased the 2022 net position by \$130.5 million compared to a 2021 increase in net position of \$104.2 million.

Eskenazi Health's net position decreased by \$68.9 million in the current year. Net investment in capital assets is \$546.3 million, a decrease of \$47.7 million. Operating revenues increased by \$35.8 million due to an increase in net patient service revenue of \$31.6 million and an increase of other revenue of \$4.2 million. Eskenazi Health transfers received from the General Fund decreased by \$20.3 million in 2022. Operating expenses increased by \$110.1 million from 2021, primarily attributable to Salary and Wage increases (related to Market Analysis and Living Wage Assessment), management of expected industry staffing challenges, and increased patient volume leading to corresponding pharmaceutical and supply chain variable costs; Eskenazi Health incurred an operating loss of \$136.5 million, which was partially offset by \$52.0 million in transfers from the General Fund and \$20.9 million in grants from various agencies.

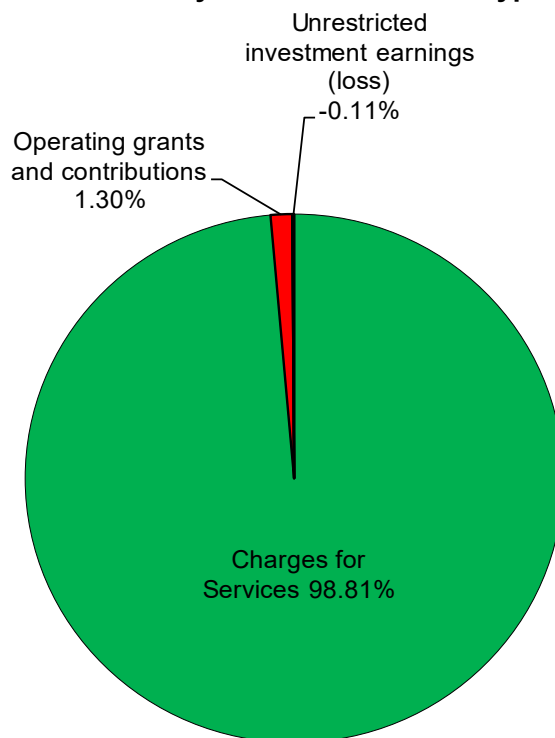
Long-Term Care's net position was \$149.4 million, a decrease of \$25.1 million compared to 2021. Operating revenues decreased \$43.4 million due to reduced Medicaid special revenue caused by increased Medicaid rates and a decline in the related census. This revenue decrease was partially offset by increased net patient revenue. Operating expenses increased \$51.8 million over 2021. Over \$41.5 million of this increase was attributable to building lease terminations and renewals. The balance was primarily due to increased labor costs. Long-Term Care has a \$65.0 million net investment in capital assets, an increase of \$13.5 million over 2021. All 76 facilities are recorded as lease liabilities and lease assets.

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

2022 Expenses and Program Revenues - Business-Type Activities (in thousands)



2022 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 and regulatory 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 future spending.

As of the current fiscal year end, the Corporation's governmental funds reported combined ending fund balances of \$833.3 million, an increase of \$59.8 million in comparison with the prior year. Approximately 14.7% of this total amount, or \$122.3 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 85.2% of the total amount, or \$710.4 million, is unassigned fund balance. The remaining 0.1% of fund balance is nonspendable.

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$710.4 million, while the total fund balance increased \$64.3 million to a balance of \$727.7 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 410.6% of total General Fund expenditures, while total fund balance represents 420.6% of that same amount.

The Corporation's General Fund total fund balance increased by \$64.3 million during the current fiscal year compared to a \$98.6 million increase in 2021. Tax revenue collections increased by \$4.1 million from 2021 to 2022. The General Fund tax levy and assessed values increased in 2022, and collections of taxes surpassed projections. Medicaid special revenue decreased \$47.4 million in 2022 as only one partial DSH settlement was recognized during 2022 compared to two settlements in 2021. Intergovernmental expenditures decreased by \$23.1 million in 2022 due to reduced occupancy, increase Medicaid reimbursement rates, and the Families First Coronavirus Response Act reducing the intergovernmental transfer rate for the Long-Term Care Upper Payment Limit program during the COVID-19 public health emergency period. 2022 net transfers decreased the fund balance by \$10.1 million, this is a result of less transfers in from the Long-Term Care Fund in 2022, partially offset by decreased transfers out to the Eskenazi Health Fund. The 2022 fund balance increase for the General Fund, of \$64.3 million, related to taxes, investment income, and miscellaneous revenues exceeding projections. Also, expenditures were under budget due to year-end initiatives not occurring during 2022.

Debt Service Fund - The Debt Service Fund has a fund balance of \$14.0 million compared to a fund balance of \$14.1 million in 2021. The slight decrease in fund balance during the current year of \$0.1 million was due to the legal maximum operating balance allowable for the Debt Service Fund in 2022.

Capital Projects Fund - The Capital Projects Fund has a total fund balance of \$91.6 million. The decrease in fund balance during the current year was \$4.4 million. The fund balance decrease is related to approved capital project outlays occurring in 2022.

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 \$342.1 million. In 2022, the total net position for Eskenazi Health decreased by \$68.9 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 \$84.4 million. Total net position for Long-Term Care decreased by \$25.1 million in 2022. 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 2022 budget of \$309.4 million remained unchanged during 2022, both in total and by major object of expenditure. The \$309.4 million budget included \$199.1 million in expenditures and \$110.3 million in transfers out. Actual expenditures and transfers out totaled \$252.5 million. Of the total \$56.8 million underspending, \$13.2 million related to personal services, \$6.4 million to supplies, \$26.7 million to other charges and services (including transfers out) and \$10.5 million to capital outlays. Underspending for all reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at \$311.0 million, and actual was \$349.6 million. Medicaid special revenue was \$65.0 million favorable to budget as two hospital DSH settlements occurred in 2022 when only one settlement was budgeted. 2022 taxes, interest, and miscellaneous revenues were better than budget by \$13.0 million due to tax collections exceeding projections, the interest rates rising and holding strong in 2022, joint venture ownership distributions, MCPHD expense reimbursements, operating support for an Outreach program, bond call rights waiver payments, and administrative revenue for Lions Insurance services provided by the General Fund. Grants revenue was unfavorable to budget by \$16.7 million as the 2022 grant awards projection occurs prior to the current fiscal year. Some awards projected were not received. Also, transfers in were unfavorable to budget by \$24.4 million as Long-Term Care’s actual transfer to the General Fund was below the projected as the Long-Term Care 2022 operational surplus was below the projected surplus.

Capital Asset and Debt Administration

Capital Assets - The Corporation’s capital assets for its governmental and business-type activities as of December 31, 2022, totaled \$694.4 million (net of accumulated depreciation), a decrease from \$788.1 million at the end of 2021. 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.

(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,070	\$ 4,070	\$ 9,224	\$ 9,224	\$ 13,294	\$ 13,294
Land improvements	-	-	40,725	46,514	40,725	46,514
Buildings and improvements	12,874	14,214	474,103	554,434	486,977	568,648
Equipment	7,103	8,882	105,774	124,800	112,877	133,682
Vehicles	1,403	1,328	2,043	2,624	3,446	3,952
Construction in progress	24,715	8,592	12,407	13,376	37,122	21,968
Total assets	<u>\$ 50,165</u>	<u>\$ 37,086</u>	<u>\$ 644,276</u>	<u>\$ 750,972</u>	<u>\$ 694,441</u>	<u>\$ 788,058</u>

Long-Term Debt - At the end of 2022, the Corporation had total general obligation debt outstanding of \$156.8 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 \$317.2 million. Outstanding general obligation debt (excluding premiums) at December 31, 2022 represents 48.7% of this limit.

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

	Governmental Activities		<i>(dollars in thousands)</i> Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
2005 general obligation bonds	\$ 4,480	\$ 6,560	\$ -	\$ -	\$ 4,480	\$ 6,560
2010 general obligation bonds	149,950	154,200	-	-	149,950	154,200
Unamortized bond premiums	2,338	2,521	-	-	2,338	2,521
Capital leases	-	395,013	-	104,838	-	499,851
Financed purchase obligations	380,683	-	25,373	-	406,056	-
Total long-term debt	<u>\$ 537,451</u>	<u>\$ 558,294</u>	<u>\$ 25,373</u>	<u>\$ 104,838</u>	<u>\$ 562,824</u>	<u>\$ 663,132</u>

**During 2022, the Corporation adopted GASB Statement No. 87, Leases, effective January 1, 2022. As a result, capital lease balances were either eliminated or renamed financed purchase obligations in accordance with Statement No. 87.

Economic Factors and Next Year's Budgets and Rates

In March of 2020, the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) was designated as a global pandemic by the World Health Organization. The Corporation continued to operate as an essential healthcare provider and experienced significant impacts to patient volumes, occupancy, and the related revenues as various policies were implemented by federal, state, and local governments in response to the pandemic. The federal government ended the COVID-19 Public Health Emergency declaration on May 11, 2023.

The 2023 original budget for all annually budgeted funds is \$417.1 million. No revisions have been made through June 2023. The 2023 General Fund budget is \$315.9 million. The 2.1% increase from the 2022 final General Fund budget of \$309.4 million reflects a \$2.6 million decrease in supplies. The 2023 General Fund budget also reflects increases in personal services of \$4.3 million, other charges and services of \$3.8 million, and capital outlays of \$1.0 million to continue to appropriately position the Corporation to fund operations. The budget for the Corporation will continue to be challenged by increasing expenditures and declining revenues which include 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, 2022

(Dollars in thousands)

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 671,071	\$ 480,847	\$ 1,151,918
Investments	51,588	44,211	95,799
Receivables, net:			
Patient services	-	126,499	126,499
Medicaid special revenue	43,846	9,480	53,326
Grants	12,907	8,154	21,061
Taxes	89,935	-	89,935
BAB subsidies	5,115	-	5,115
Other	8,898	24,040	32,938
Internal balances	100,715	(100,715)	-
Inventories	-	15,146	15,146
Lease receivables:			
Due within one year	745	711	1,456
Due in more than one year	5,128	-	5,128
Estimated Medicare/Medicaid settlements	-	9,394	9,394
Prepaid costs and other assets	581	18,446	19,027
Restricted cash and cash equivalents	12,648	-	12,648
Noncurrent investments	-	22,127	22,127
Restricted investments	-	10,466	10,466
Lease assets (net of accumulated amortization)	122,161	372,314	494,475
Joint venture investments	34,684	-	34,684
Other long-term assets	-	753	753
Capital assets (net of accumulated depreciation):			
Land	4,070	9,224	13,294
Land improvements	-	40,725	40,725
Buildings and improvements	12,874	474,103	486,977
Equipment	7,103	105,774	112,877
Vehicles	1,403	2,043	3,446
Construction in progress	24,715	12,407	37,122
Total assets	1,210,187	1,686,149	2,896,336
Deferred Outflows of Resources	11,398	26,255	37,653
Liabilities			
Accounts payable	15,363	82,056	97,419
Restricted accounts payable	2,957	-	2,957
Accrued liabilities	1,554	23,944	25,498
Unearned revenue	2,496	19	2,515
Estimated Medicare/Medicaid settlements	-	8,167	8,167
Long-term liabilities:			
Due within one year	34,521	124,321	158,842
Due in more than one year	665,215	427,709	1,092,924
Total liabilities	722,106	666,216	1,388,322
Deferred Inflows of Resources	97,892	8,421	106,313
Net Position			
Net investment in capital assets	40,022	611,322	651,344
Restricted for:			
Health services	2,327	-	2,327
Debt service	12,648	-	12,648
Unrestricted	346,590	426,445	773,035
Total net position	\$ 401,587	\$ 1,037,767	\$ 1,439,354

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, 2022
(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	\$ 55,993	\$ 1,707	\$ 20	\$ -	\$ (54,266)	\$ -	\$ (54,266)
Healthcare delivery	38,480	-	-	-	(38,480)	-	(38,480)
Health improvement	38,117	4,215	17,293	-	(16,609)	-	(16,609)
Communicable disease prevention	32,779	1,591	12,391	-	(18,797)	-	(18,797)
Water quality and hazardous materials management	2,334	482	93	-	(1,759)	-	(1,759)
Vector disease control	3,447	569	-	-	(2,878)	-	(2,878)
Housing and neighborhood health	4,897	32	466	-	(4,399)	-	(4,399)
Consumer and employee risk reduction	2,293	2,610	-	-	317	-	317
Interest on long-term debt	30,830	-	-	-	(30,830)	-	(30,830)
Total governmental activities	<u>209,170</u>	<u>11,206</u>	<u>30,263</u>	<u>-</u>	<u>(167,701)</u>	<u>-</u>	<u>(167,701)</u>
Business-Type Activities							
Eskenazi Health	902,926	763,992	20,935	-	-	(117,999)	(117,999)
LT Care	785,981	822,946	-	-	-	36,965	36,965
Total business-type activities	<u>1,688,907</u>	<u>1,586,938</u>	<u>20,935</u>	<u>-</u>	<u>-</u>	<u>(81,034)</u>	<u>(81,034)</u>
Total	<u>\$ 1,898,077</u>	<u>\$ 1,598,144</u>	<u>\$ 51,198</u>	<u>\$ -</u>	<u>(167,701)</u>	<u>(81,034)</u>	<u>(248,735)</u>
General revenues:							
Property and local income taxes					99,309	-	99,309
Health Care for the Indigent taxes					38,000	-	38,000
Excise taxes					7,135	-	7,135
Financial institution taxes					2,359	-	2,359
Medicaid special revenue (unrestricted)					96,158	-	96,158
Build America Bonds interest subsidies					10,229	-	10,229
Unrestricted investment earnings (loss)					9,235	(1,698)	7,537
Special item - loss on sale					-	(4,909)	(4,909)
Transfers					42,820	(42,820)	-
Total general revenues and transfers					<u>305,245</u>	<u>(49,427)</u>	<u>255,818</u>
Change in net position					137,544	(130,461)	7,083
Net position - beginning of year, as previously reported					264,043	1,131,771	1,395,814
Restatement for adoption of accounting principle					-	36,457	36,457
Net position - beginning of year, as restated					<u>264,043</u>	<u>1,168,228</u>	<u>1,432,271</u>
Net position - end of year					<u>\$ 401,587</u>	<u>\$ 1,037,767</u>	<u>\$ 1,439,354</u>

See Notes to Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Balance Sheet - Governmental Funds
December 31, 2022
(Dollars in thousands)

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 575,230	\$ 1,343	\$ 94,498	\$ 671,071
Restricted cash and cash equivalents	-	12,648	-	12,648
Investments	51,588	-	-	51,588
Receivables (net of allowance for uncollectibles):				
Grants	12,907	-	-	12,907
Medicaid special revenue	43,846	-	-	43,846
Taxes	87,641	2,065	229	89,935
BAB subsidies	-	5,115	-	5,115
Other	8,862	-	36	8,898
Due from other funds	105,830	-	-	105,830
Lease receivables, current portion	745	-	-	745
Lease receivables, net of current portion	5,128	-	-	5,128
Prepaid costs and other assets	581	-	-	581
	<u>892,358</u>	<u>21,171</u>	<u>94,763</u>	<u>1,008,292</u>
Total assets	<u>\$ 892,358</u>	<u>\$ 21,171</u>	<u>\$ 94,763</u>	<u>\$ 1,008,292</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 15,363	\$ -	\$ 2,957	\$ 18,320
Salaries and related benefits	1,554	-	-	1,554
Unearned revenue	2,496	-	-	2,496
Due to other funds	-	5,115	-	5,115
Accrued self-insurance claims	956	-	-	956
Total liabilities	<u>20,369</u>	<u>5,115</u>	<u>2,957</u>	<u>28,441</u>
	<u>144,306</u>	<u>2,065</u>	<u>229</u>	<u>146,600</u>
Deferred Inflows of Resources				
	<u>144,306</u>	<u>2,065</u>	<u>229</u>	<u>146,600</u>
Fund Balances				
Nonspendable	581	-	-	581
Restricted for debt service	-	12,648	-	12,648
Assigned	16,730	1,343	91,577	109,650
Unassigned	710,372	-	-	710,372
Total fund balances	<u>727,683</u>	<u>13,991</u>	<u>91,577</u>	<u>833,251</u>
	<u>892,358</u>	<u>21,171</u>	<u>94,763</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 892,358</u>	<u>\$ 21,171</u>	<u>\$ 94,763</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	50,165
Net lease assets used in the governmental activities are not financial resources and therefore are not reported in the fund statements	122,161
Joint venture investments are not financial resources and therefore are not reported in the fund statements	34,684
Net pension liability is not due and payable in the current period and therefore is not recorded in the funds statement	(27,638)
Deferred inflows of resources not meeting availability criteria in fund statements are not in the statement of net position	50,845
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:	(2,137)
Deferred outflows of resources are not financial resources and therefore are not reported in the fund statements and include:	
Loss on refunding	69
Pension	11,329
Long-term liabilities, including bonds payable, financed purchase obligations, lease liabilities, are not due and payable in the current period and therefore are not reported in the fund statements (excludes matured bond principal and interest)	(671,142)
Net position of governmental activities	<u>\$ 401,587</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2022
(Dollars in thousands)

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 144,211	\$ 2,319	\$ 276	\$ 146,806
Licenses and permits	5,029	-	-	5,029
Intergovernmental	31,452	-	-	31,452
Charges for services	2,539	-	-	2,539
Medicaid special revenue	49,748	-	-	49,748
Investment income	10,760	79	1,471	12,310
Build America Bonds interest subsidies	-	10,229	-	10,229
Miscellaneous	3,732	-	35	3,767
Total revenues	<u>247,471</u>	<u>12,627</u>	<u>1,782</u>	<u>261,880</u>
Expenditures				
Current				
Administrative	48,376	-	-	48,376
Population health	35,865	-	-	35,865
Environmental health	12,433	-	-	12,433
Health center program	621	-	-	621
Data processing	5,717	-	-	5,717
Grant programs	29,957	-	-	29,957
Capital outlays	1,560	-	21,305	22,865
Debt service				
Principal	-	20,660	-	20,660
Interest and fiscal charges	-	35,074	-	35,074
Intergovernmental	38,480	-	-	38,480
Total expenditures	<u>173,009</u>	<u>55,734</u>	<u>21,305</u>	<u>250,048</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>74,462</u>	<u>(43,107)</u>	<u>(19,523)</u>	<u>11,832</u>
Other Financing Sources (Uses)				
Transfers in	110,229	53,233	15,135	178,597
Transfers out	(120,368)	(10,229)	-	(130,597)
Total other financing sources and uses	<u>(10,139)</u>	<u>43,004</u>	<u>15,135</u>	<u>48,000</u>
Net change in fund balances	64,323	(103)	(4,388)	59,832
Fund balances - beginning of year	<u>663,360</u>	<u>14,094</u>	<u>95,965</u>	<u>773,419</u>
Fund balances - end of year	<u>\$ 727,683</u>	<u>\$ 13,991</u>	<u>\$ 91,577</u>	<u>\$ 833,251</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, 2022**

(Dollars in thousands)

Net change in fund balances - total governmental funds	\$	59,832
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation expense and lease asset amortization is not reported in the fund statements, but is reported as a decrease in net position in the statement of activities		(11,505)
Capital outlays are reported as expenditures in the fund statements, but are reported as additions to capital assets in the statement of net position		22,865
Changes in joint venture investment are reported in the statement of net position but are not reported in the fund statements		(685)
Transfers of capital assets from governmental activities to the business type activities are not shown in the fund statements		(5,180)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements		41,343
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		24,908
Compensated absences that do not require the use of current financial resources are not reported as expenditures in the fund statements		380
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		5,589
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		(3)
		<hr/>
Change in net position of governmental activities	\$	<u>137,544</u>

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, 2022

(Dollars in thousands)

	Eskenazi		Total
	Health	LT Care	
Assets			
Current assets:			
Cash and cash equivalents	\$ 277,775	\$ 203,072	\$ 480,847
Investments	44,211	-	44,211
Receivables (net of allowance for uncollectibles):			
Patient services	79,267	47,232	126,499
Medicaid special revenue	-	9,480	9,480
Grants	8,154	-	8,154
Other	24,040	-	24,040
Estimated Medicare/Medicaid settlements	7,101	2,293	9,394
Inventories	15,146	-	15,146
Lease receivables, current portion	711	-	711
Prepaid costs and other assets	13,981	4,465	18,446
Total current assets	<u>470,386</u>	<u>266,542</u>	<u>736,928</u>
Noncurrent assets:			
Investments	22,127	-	22,127
Investments restricted for deferred compensation	10,466	-	10,466
Other long-term assets	-	753	753
Lease assets (net of accumulated amortization)	5,361	366,953	372,314
Nondepreciable capital assets	20,197	1,434	21,631
Depreciable capital assets (net of accumulated depreciation)	551,500	71,145	622,645
Total noncurrent assets	<u>609,651</u>	<u>440,285</u>	<u>1,049,936</u>
Total assets	<u>1,080,037</u>	<u>706,827</u>	<u>1,786,864</u>
Deferred Outflows of Resources			
	<u>26,255</u>	<u>-</u>	<u>26,255</u>
Total assets and deferred outflows of resources	<u>1,106,292</u>	<u>706,827</u>	<u>1,813,119</u>
Liabilities			
Current liabilities:			
Accounts payable	42,417	39,639	82,056
Accrued liabilities	12,721	11,223	23,944
Due to other funds	715	100,000	100,715
Estimated Medicare/Medicaid settlements	1,269	6,898	8,167
Unearned revenue	19	-	19
Current portion of lease liabilities	1,338	82,676	84,014
Current portion of financed purchase obligation	668	-	668
Accrued compensated absences - current	24,153	-	24,153
Asserted and unasserted self-insurance claims - current	9,215	6,272	15,487
Total current liabilities	<u>92,515</u>	<u>246,708</u>	<u>339,223</u>
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	5,502	20,206	25,708
Accrued compensated absences	5,392	-	5,392
Net pension liability	66,888	-	66,888
Deferred compensation	10,466	-	10,466
Lease liabilities, net of current portion	4,063	290,486	294,549
Financed purchase obligations, net of current portion	24,705	-	24,705
Total noncurrent liabilities	<u>117,016</u>	<u>310,692</u>	<u>427,708</u>
Total liabilities	<u>209,531</u>	<u>557,400</u>	<u>766,931</u>
Deferred Inflows of Resources			
	<u>8,421</u>	<u>-</u>	<u>8,421</u>
Total liabilities and deferred inflows of resources	<u>217,952</u>	<u>557,400</u>	<u>775,352</u>
Net Position			
Net investment in capital assets	546,284	65,038	611,322
Unrestricted	342,056	84,389	426,445
Total net position	<u>\$ 888,340</u>	<u>\$ 149,427</u>	<u>\$ 1,037,767</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the Year Ended December 31, 2022
(Dollars in thousands)

	Eskenazi		
	Health	LT Care	Total
Operating revenues:			
Net patient service revenue	\$ 725,051	\$ 684,833	\$ 1,409,884
Medicaid special revenue	-	134,889	134,889
Other revenue	38,812	3,224	42,036
Total operating revenues	<u>763,863</u>	<u>822,946</u>	<u>1,586,809</u>
Operating expenses:			
Salaries	388,096	-	388,096
Employee benefits	90,783	-	90,783
Contract labor	3,830	435,201	439,031
Medical and professional fees	63,295	14,256	77,551
Purchased services	36,833	59,702	96,535
Supplies	83,697	43,853	127,550
Pharmaceuticals	79,909	10,086	89,995
Repairs and maintenance	13,404	6,002	19,406
Utilities	14,447	18,725	33,172
Equipment rental and lease expense	3,411	28,164	31,575
Depreciation and amortization	72,143	105,359	177,502
Provider assessment fee	18,872	26,270	45,142
Other	31,679	28,745	60,424
Total operating expenses	<u>900,399</u>	<u>776,363</u>	<u>1,676,762</u>
Operating income (loss)	<u>(136,536)</u>	<u>46,583</u>	<u>(89,953)</u>
Nonoperating revenues (expenses):			
Noncapital gifts and grants	20,935	-	20,935
Investment income (loss)	(3,162)	1,464	(1,698)
Gain on disposal of capital assets	129	-	129
Interest expense	(2,527)	(9,618)	(12,145)
Total nonoperating revenues (expenses)	<u>15,375</u>	<u>(8,154)</u>	<u>7,221</u>
Increase (decrease) in net position before transfers and special item	(121,161)	38,429	(82,732)
Capital contributions - capital assets transferred from governmental activities	5,180	-	5,180
Special item - loss on sale	(4,909)	-	(4,909)
Transfers - General Fund	52,000	(100,000)	(48,000)
Change in net position	<u>(68,890)</u>	<u>(61,571)</u>	<u>(130,461)</u>
Total net position - beginning of year, as previously stated	957,230	174,541	1,131,771
Restatement for adoption of accounting principle	-	36,457	36,457
Total net position - beginning of year, as restated	<u>957,230</u>	<u>210,998</u>	<u>1,168,228</u>
Total net position - end of the year	<u>\$ 888,340</u>	<u>\$ 149,427</u>	<u>\$ 1,037,767</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, 2022

(Dollars in thousands)

	Eskenazi Health	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	\$ 685,894	\$ 655,543	\$ 1,341,437
Receipts from other operations	31,586	3,224	34,810
Medicaid special revenue	-	177,180	177,180
Payments to suppliers	(229,854)	(204,749)	(434,603)
Payments to employees and contract labor	(593,285)	(435,737)	(1,029,022)
Net cash provided by (used in) operating activities	<u>(105,659)</u>	<u>195,461</u>	<u>89,802</u>
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	18,790	7,954	26,744
Transfers from (to) the General Fund	52,000	(158,908)	(106,908)
Net cash provided by (used in) noncapital financing activities	<u>70,790</u>	<u>(150,954)</u>	<u>(80,164)</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(17,708)	(11,104)	(28,812)
Proceeds from sale of capital assets	485	-	485
Payments made on lease liabilities	(1,327)	-	(1,327)
Interest payments made on financed purchase obligations and lease liabilities	(2,527)	-	(2,527)
Payment of purchase financing obligations	(624)	(70,071)	(70,695)
Proceeds from lease receipts	698	-	698
Interest expense payments	-	(9,618)	(9,618)
Net cash used in capital and related financing activities	<u>(21,003)</u>	<u>(90,793)</u>	<u>(111,796)</u>
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	16,771	-	16,771
Purchases of investments	(75,656)	-	(75,656)
Interest and dividends received	1,854	1,464	3,318
Proceeds from release of joint venture escrow funds	6,462	-	6,462
Distributions from joint venture	-	-	-
Net cash provided by (used in) investing activities	<u>(50,569)</u>	<u>1,464</u>	<u>(49,105)</u>
Net Decrease in Cash and Cash Equivalents	<u>(106,441)</u>	<u>(44,822)</u>	<u>(151,263)</u>
Cash and Cash Equivalents, January 1	<u>384,216</u>	<u>247,894</u>	<u>632,110</u>
Cash and Cash Equivalents, December 31	<u>\$ 277,775</u>	<u>\$ 203,072</u>	<u>\$ 480,847</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (136,536)	\$ 46,583	\$ (89,953)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	72,143	105,359	177,502
Changes in operating assets and liabilities:			
Patient service receivables	4,371	12,520	16,891
Other receivables	13,493	42,290	55,783
Inventories	2,608	-	2,608
Prepaid costs and other assets	(2,440)	2,729	289
Deferred inflows and outflows of resources- pension	(53,046)	-	(53,046)
Net pension liability	38,423	-	38,423
Accounts payable	(26,090)	630	(25,460)
Accrued liabilities and compensated absences	3,962	272	4,234
Estimated Medicare/Medicaid settlements	3,290	(4,193)	(903)
Asserted and unasserted self-insurance claims	2,601	301	2,902
Medicare advance payments	(27,734)	(11,030)	(38,764)
Deferred inflow of resources - leases	(704)	-	(704)
Total adjustments	<u>30,877</u>	<u>148,878</u>	<u>179,755</u>
Net cash provided by (used in) operating activities	<u>\$ (105,659)</u>	<u>\$ 195,461</u>	<u>\$ 89,802</u>
Noncash investing, capital and financing activities:			
Deferred compensation payouts from investments	\$ 438	\$ -	\$ 438
Lease obligations incurred for lease assets	664	104,847	105,511
Purchase of capital assets included in accounts payable	-	1,332	1,332
Transfers of capital assets and non-cash items from governmental activities	5,180	-	5,180
Gain on disposal of capital assets	129	-	129
Unrealized loss on investments, net	(5,015)	-	(5,015)

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, 2022

(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, (1) Population Health which provide preventive and diagnostic health programs, health education, immunization and epidemiological programs, and (2) Environmental Health which provide 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 operated 78 long-term care facilities through lease agreements at January 1, 2022. During the year and through December 31, 2022, four leases expired and were not renewed. 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 Service Division is accounted for as a separate enterprise fund.

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, 2022

(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, operating deficits and debt. The Corporation's executive and legislative powers include the power to levy taxes and incur debt (subject to the final authority of the City-County Council and the State of Indiana Department of Local Government Finance (DLGF)). 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.

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, 2022

(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

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

Notes to Basic Financial Statements

December 31, 2022

(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 its 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, 2022, no such debt existed. At December 31, 2022, the Long-Term Care Enterprise Fund had lease liabilities, which are to be repaid from operating revenues, and are therefore shown as long-term obligations 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, net of any allowance for uncollectible accounts. 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.

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, 2022

(Dollars in thousands)

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.

Health and Hospital Corporation of Marion County, Indiana

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December 31, 2022

(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 noncapital governmental grants and contributions of capital assets funded by governmental activities, grantors and donors.

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

Cash, Cash Equivalents and Investments

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

Investments for the Corporation are reported at fair value.

Receivables and Payables

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

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

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such governmental funds are immaterial. For the enterprise fund type, pharmaceutical, central supply and sterile supply inventories of the Eskenazi Health Enterprise Fund are determined by physical count of items on hand and are priced at weighted-average cost. Inventory in the Long-Term Care Fund is immaterial.

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, 2022

(Dollars in thousands)

Prepaid Costs and Other Assets

Prepaid costs and other assets include prepaid insurance, prepaid service contracts and other miscellaneous assets. Prepaids are charged to expense as consumed.

Capital Assets

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

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

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. 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 - 8

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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, 2022

(Dollars in thousands)

Lease Receivables

The Corporation leases certain land and portions of facilities to third parties under contracts expiring through 2061. The fixed components of lease arrangements for which the Corporation provides the tenant the right to control the use of assets are recognized at the net present value of future lease payments as lease receivables and deferred inflows of resources with amounts recognized over the term of the lease. Revenue including interest recognized under lease contracts during the year ended December 31, 2022 was \$955 within governmental activities and \$720 within the Eskenazi Health fund.

Other Long-Term Assets

Other long-term assets consist of 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 accrued compensated absences are reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Medicare Advance Payments

During the year ended December 31, 2020, the Corporation requested and was approved for accelerated Medicare payments as provided for in the CARES Act, which allowed for eligible health care facilities to request advance Medicare payments, including up to six months for acute care hospitals and up to three months for other health care providers. Payback provisions called for recoupment to begin in 2021, with amounts recouped at defined percentages of Medicare remittances over a 17-month period beginning 12 months from the date the advance payment was received. During 2022, the Corporation's remaining outstanding amounts of approximately \$38,764 outstanding at January 1, 2022 were repaid to Medicare.

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Long-Term Obligations

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

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

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.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net assets by the Corporation that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets 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.

Interfund Transactions

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

Transfers

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

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Contribution of Capital Assets

The General and Capital Project Funds make contributions of capital assets to the 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 and lease assets into one component of net position. Accumulated depreciation and amortization and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. Governmental activities debt related to business-type activities is not recorded in this category; rather, this debt is included in unrestricted net position.
- *Restricted* - This category represents resources that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This category represents resources of the Corporation not restricted for any project or other purpose.

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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.

Total encumbrances found in the restricted and assigned fund balances are as follows for the Corporation as of December 31, 2022:

	General Fund	Capital Project Fund
Personal services	\$ 104	\$ -
Supplies	995	-
Other charges and services	15,521	-
Capital projects	110	55,582
Total encumbrances	\$ 16,730	\$ 55,582

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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 was approximately \$93,477 during 2022. 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 regulatory audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as amounts are no longer subject to such audits and reviews.

Use of Estimates

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

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Adoption of Lease Standard

During 2022, the Corporation implemented GASB Statement No. 87, *Leases* (GASB No. 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The adoption of GASB No. 87 resulted in a change to beginning net position of the Long-Term Care Enterprise Fund of \$36,457, to remove balances associated with transactions previously recognized as capital leases. As of January 1, 2022, adoption of the standard resulted in the following:

Governmental Activities:

- Recognition of lease assets and liabilities of \$129,062
- Recognition of lease receivables and deferred inflows of resources of \$6,677

Eskenazi Health:

- Recognition of lease assets and liabilities of \$6,065
- Recognition of lease receivables and deferred inflows of resources of \$1,409
- Adjustment for previous capital lease of \$21,997

Long-Term Care:

- Recognition of lease assets and liabilities of \$338,387
- A decrease in capital assets of \$68,381
- A decrease in capital lease obligations of \$104,838

Leases have been recognized and measured using the facts and circumstances that existed at the beginning of the year. Refer to Notes 9 and 11 for the additional disclosures on these balances.

Future Adoption of New Accounting Standards

GASB has issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 99, *Omnibus 2022*; GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62; and GASB Statement No. 101, *Compensated Absences*. 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, 2022, the Corporation, including its blended component units, had the following cash deposits and investments:

Cash deposits	\$ 615,448
Negotiable certificates of deposit	863
Repurchase agreements	83,477
State external investment pool	296,226
U.S. Government obligations	50,501
U.S. Government-sponsored enterprises	59,813
Municipal bonds	2,125
Equity mutual funds	10,466
Equity securities	3,919
Corporate bonds	204
Money market mutual funds	<u>169,916</u>
 Total deposits and investments	 <u><u>\$ 1,292,958</u></u>

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

	<u>2022</u>
Carrying value	
Deposits	\$ 615,448
Investments	<u>677,510</u>
	<u><u>\$ 1,292,958</u></u>
 Cash and cash equivalents	
Unrestricted	\$ 1,151,918
Restricted	<u>12,648</u>
	1,164,566
 Investments	
Unrestricted	117,926
Restricted	<u>10,466</u>
	<u><u>\$ 1,292,958</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, 2022:

	Fair Value	Investment Activities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	\$ 83,477	\$ 83,477	\$ -	\$ -	\$ -
State external investment pool	296,226	296,226	-	-	-
U.S. Government obligations	50,501	50,501	-	-	-
U.S. Government-sponsored enterprises	59,813	37,889	21,924	-	-
Municipal bonds	2,125	2,125	-	-	-
Corporate bonds	204	-	204	-	-
Money market mutual funds	169,916	169,916	-	-	-
	<u>\$ 662,262</u>	<u>\$ 640,134</u>	<u>\$ 22,128</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 AAA by Standard and Poor's or Aaa by Moody's Investor's Service.

At December 31, 2022, the Corporation's investments were rated by Standard & Poor's or Moody's as follows:

	Fair Value	AAA/Aaa	AA+	AA	Not Rated
Repurchase agreements	\$ 83,477	\$ 83,477	\$ -	\$ -	\$ -
State external investment pool	296,226	-	-	-	296,226
U.S. Government obligations	50,501	50,501	-	-	-
U.S. Government-sponsored enterprises	59,813	59,813	-	-	-
Municipal bonds	2,125	-	608	821	696
Corporate bonds	204	-	-	-	204
Money market mutual funds	169,916	169,916	-	-	-
	\$ 662,262	\$ 363,707	\$ 608	\$ 821	\$ 297,126

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, 2022, all of the Corporation's investments in U.S. Government obligations, U.S. Government-sponsored enterprises, repurchase agreements, municipal bonds 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, 2022, 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, 2022 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	\$ 9,955	\$ 3,317
Unrealized loss on investments, net	<u>(720)</u>	<u>(5,015)</u>
Total investment income (loss)	<u>\$ 9,235</u>	<u>\$ (1,698)</u>

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 statement 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, 2022:

	Fair Value	Fair Value Measurements Using			Investments Measured at NAV(A)
		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	\$ 863	\$ -	\$ 863	\$ -	\$ -
Repurchase agreements	83,477	-	83,477	-	-
State external investment pools	296,226	-	-	-	296,226
U.S. Government obligations	50,501	50,501	-	-	-
U.S. Government-sponsored enterprise securities	59,813	-	59,813	-	-
Municipal bonds	2,125	-	2,125	-	-
Equity mutual funds	10,466	10,466	-	-	-
Equity securities	3,919	3,919	-	-	-
Corporate bonds	204	-	204	-	-
Money market mutual funds	169,916	-	-	-	169,916

(A) Certain investments that are measured at fair value using the net asset value (NAV) 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 statement 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, 2022.

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 January 1 of each year. At December 31, 2022, the Corporation recognized a receivable of \$89,935 for the subsequent year estimated collections as management believes they are legally entitled to these assessed property tax funds as of year-end. These funds are also included as deferred inflows of resources at year-end as their use is restricted to a future period.

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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 \$1,010. 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, 2022:

	Eskenazi Health	LT Care	Total
Gross patient services receivables	\$ 284,426	\$ 53,701	\$ 338,127
Allowance for estimated contractual adjustment	(145,291)	-	(145,291)
Allowance for uncollectible accounts	(59,868)	(6,469)	(66,337)
Net patient services receivables	<u>\$ 79,267</u>	<u>\$ 47,232</u>	<u>\$ 126,499</u>

Note 7: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2022 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	\$ 5,115
General Fund	Eskenazi Health Fund	715
General Fund	LT Care Fund	100,000
LT Care Fund	Eskenazi Health Fund	-

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, 2022.

Interfund transfers for the year ended December 31, 2022 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	\$ -	\$ 53,233	\$ 15,135	\$ 52,000	\$ 120,368
Debt Service Fund	10,229	-	-	-	10,229
LT Care Fund	100,000	-	-	-	100,000
Governmental Activities	-	-	-	5,180	5,180
Total	<u>\$ 110,229</u>	<u>\$ 53,233</u>	<u>\$ 15,135</u>	<u>\$ 57,180</u>	<u>\$ 235,777</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, 2022, deferred outflows of resources consisted of the following components on the governmental-wide statement of net position:

	Governmental Activities	Business-Type Activities	Total
Deferred loss on refundings	\$ 69	\$ -	\$ 69
Pension related deferred outflows:			
Contributions subsequent to measurement date	3,046	7,312	10,358
Changes in proportion and differences between the Corporation's contributions and proportionate share contributions	533	186	719
Actuarial differences	596	1,442	2,038
Net difference between projected and actual earnings on pension plan investments	3,411	8,255	11,666
Changes of assumptions	3,743	9,060	12,803
Total deferred outflows of resources	<u>\$ 11,398</u>	<u>\$ 26,255</u>	<u>\$ 37,653</u>

Deferred Inflows of Resources

As of December 31, 2022, deferred inflows of resources consisted of the following components on the governmental-wide statement of net position:

	Governmental Activities	Business-Type Activities	Total
Property tax receivable deferred revenue	\$ 89,935	\$ -	\$ 89,935
Lease related	5,820	704	6,524
Pension related deferred inflows:			
Changes in proportion	850	4,601	5,451
Actuarial differences	105	254	359
Changes of assumptions	1,182	2,862	4,044
Total deferred inflows of resources	<u>\$ 97,892</u>	<u>\$ 8,421</u>	<u>\$ 106,313</u>

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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, 2022, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows	Unearned
Grant advances prior to meeting all eligibility requirements	\$ -	\$ 2,327
Rental revenue received in advance	-	169
Unavailable lease receivable/revenue	5,820	-
Unavailable property tax revenue	89,935	-
Grant reimbursements not received within 90 days	1,680	-
Other revenues not received within 90 days	49,165	-
Total Governmental Funds	\$ 146,600	\$ 2,496

In addition, the Eskenazi Health Enterprise Fund had \$231 of unearned revenue recorded at December 31, 2022 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 and Lease Assets

Following is a summary of the changes in capital and lease assets - governmental activities for the year ended December 31, 2022:

	January 1, 2022*	Transfers/ Additions	Transfers/ Disposals	December 31, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,070	\$ -	\$ -	\$ 4,070
Construction in progress	8,592	22,070	(5,947)	24,715
Total capital assets not being depreciated	<u>12,662</u>	<u>22,070</u>	<u>(5,947)</u>	<u>28,785</u>
Capital assets being depreciated:				
Buildings and improvements	38,059	117	-	38,176
Equipment	37,210	868	-	38,078
Vehicles	7,663	575	(375)	7,863
Total capital assets being depreciated	<u>82,932</u>	<u>1,560</u>	<u>(375)</u>	<u>84,117</u>
Less accumulated depreciation for:				
Buildings and improvements	23,845	1,457	-	25,302
Equipment	28,329	2,646	-	30,975
Vehicles	6,334	501	(375)	6,460
Total accumulated depreciation	<u>58,508</u>	<u>4,604</u>	<u>(375)</u>	<u>62,737</u>
Total capital assets being depreciated, net	<u>24,424</u>	<u>(3,044)</u>	<u>-</u>	<u>21,380</u>
Governmental activities capital assets, net	<u>\$ 37,086</u>	<u>\$ 19,026</u>	<u>\$ (5,947)</u>	<u>\$ 50,165</u>
Lease assets				
Buildings and improvements	\$ 129,062	\$ -	\$ -	\$ 129,062
Total lease assets	<u>129,062</u>	<u>-</u>	<u>-</u>	<u>129,062</u>
Less accumulated amortization for:				
Buildings and improvements	-	6,901	-	6,901
Total accumulated amortization	<u>-</u>	<u>6,901</u>	<u>-</u>	<u>6,901</u>
Governmental activities lease assets, net	<u>\$ 129,062</u>	<u>\$ (6,901)</u>	<u>\$ -</u>	<u>\$ 122,161</u>

* The balances have been restated to reflect the adoption of GASB Statement No. 87.

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The following is a summary of changes in capital and lease assets - business-type activities for the year ended December 31, 2022:

	January 1, 2022*	Transfers/ Additions	Transfers/ Disposals	December 31, 2022
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 9,224	\$ -	\$ -	\$ 9,224
Construction in progress	13,376	14,777	(15,746)	12,407
Total capital assets not being depreciated	<u>22,600</u>	<u>14,777</u>	<u>(15,746)</u>	<u>21,631</u>
Capital assets being depreciated:				
Land improvements	98,233	338	(1,311)	97,260
Buildings and improvements	897,220	19,318	(16,349)	900,189
Equipment	372,177	18,748	(12,335)	378,590
Vehicles	7,577	544	(1,218)	6,903
Total capital assets being depreciated	<u>1,375,207</u>	<u>38,948</u>	<u>(31,213)</u>	<u>1,382,942</u>
Less accumulated depreciation for:				
Land improvements	51,719	6,127	(1,311)	56,535
Buildings and improvements	389,170	53,092	(16,176)	426,086
Equipment	247,377	38,346	(12,907)	272,816
Vehicles	4,953	1,083	(1,176)	4,860
Total accumulated depreciation	<u>693,219</u>	<u>98,648</u>	<u>(31,570)</u>	<u>760,297</u>
Total capital assets being depreciated, net	<u>681,988</u>	<u>(59,700)</u>	<u>357</u>	<u>622,645</u>
Business-type activities capital assets, net	<u>\$ 704,588</u>	<u>\$ (44,923)</u>	<u>\$ (15,389)</u>	<u>\$ 644,276</u>
Lease assets				
Buildings and improvements	\$ 341,121	\$ 105,511	\$ -	\$ 446,632
Equipment	3,331	-	-	3,331
Total lease assets	<u>344,452</u>	<u>105,511</u>	<u>-</u>	<u>449,963</u>
Less accumulated amortization for:				
Buildings and improvements	-	76,854	-	76,854
Equipment	-	795	-	795
Total accumulated amortization	<u>-</u>	<u>77,649</u>	<u>-</u>	<u>77,649</u>
Business-type activities lease assets, net	<u>\$ 344,452</u>	<u>\$ 27,862</u>	<u>\$ -</u>	<u>\$ 372,314</u>

* The balances have been restated to reflect the adoption of GASB Statement No. 87.

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The following is a summary of changes in capital and lease assets - Eskenazi Health Enterprise Fund for the year ended December 31, 2022:

	January 1, 2022*	Transfers/ Additions	Transfers/ Disposals	December 31, 2022
Business-Type Activities- Eskenazi Health:				
Capital assets not being depreciated:				
Land	\$ 9,224	\$ -	\$ -	\$ 9,224
Construction in progress	11,613	10,219	(10,859)	10,973
Total capital assets not being depreciated	<u>20,837</u>	<u>10,219</u>	<u>(10,859)</u>	<u>20,197</u>
Capital assets being depreciated:				
Land improvements	84,378	-	-	84,378
Buildings and improvements	707,665	13,940	(465)	721,140
Equipment	273,266	12,332	(3,530)	282,068
Vehicles	7,525	544	(1,218)	6,851
Total capital assets being depreciated	<u>1,072,834</u>	<u>26,816</u>	<u>(5,213)</u>	<u>1,094,437</u>
Less accumulated depreciation for:				
Land improvements	43,216	4,626	-	47,842
Buildings and improvements	263,097	35,413	(292)	298,218
Equipment	166,518	29,653	(4,102)	192,069
Vehicles	4,901	1,083	(1,176)	4,808
Total accumulated depreciation	<u>477,732</u>	<u>70,775</u>	<u>(5,570)</u>	<u>542,937</u>
Total capital assets being depreciated, net	<u>595,102</u>	<u>(43,959)</u>	<u>357</u>	<u>551,500</u>
Eskenazi Health business-type activities capital assets, net	<u>\$ 615,939</u>	<u>\$ (33,740)</u>	<u>\$ (10,502)</u>	<u>\$ 571,697</u>
Lease assets				
Buildings and improvements	\$ 2,734	\$ 664	\$ -	\$ 3,398
Equipment	3,331	-	-	3,331
Total lease assets	<u>6,065</u>	<u>664</u>	<u>-</u>	<u>6,729</u>
Less accumulated amortization for:				
Buildings and improvements	-	573	-	573
Equipment	-	795	-	795
Total accumulated amortization	<u>-</u>	<u>1,368</u>	<u>-</u>	<u>1,368</u>
Eskenazi Health business-type activities lease assets, net	<u>\$ 6,065</u>	<u>\$ (704)</u>	<u>\$ -</u>	<u>\$ 5,361</u>

* The balances have been restated to reflect the adoption of GASB Statement No. 87.

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The following is a summary of changes in capital and lease assets - Long-Term Care Enterprise Fund for the year ended December 31, 2022:

	January 1, 2022*	Transfers/ Additions	Transfers/ Disposals	December 31, 2022
Long-Term Care Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,763	\$ 4,558	\$ (4,887)	\$ 1,434
Total capital assets not being depreciated	<u>1,763</u>	<u>4,558</u>	<u>(4,887)</u>	<u>1,434</u>
Capital assets being depreciated:				
Land improvements	13,855	338	(1,311)	12,882
Buildings and improvements	189,555	5,378	(15,884)	179,049
Equipment	98,911	6,416	(8,805)	96,522
Vehicles	52	-	-	52
Total capital assets being depreciated	<u>302,373</u>	<u>12,132</u>	<u>(26,000)</u>	<u>288,505</u>
Less accumulated depreciation for:				
Land improvements	8,503	1,501	(1,311)	8,693
Buildings and improvements	126,073	17,679	(15,884)	127,868
Equipment	80,859	8,693	(8,805)	80,747
Vehicles	52	-	-	52
Total accumulated depreciation	<u>215,487</u>	<u>27,873</u>	<u>(26,000)</u>	<u>217,360</u>
Total capital assets being depreciated, net	<u>86,886</u>	<u>(15,741)</u>	<u>-</u>	<u>71,145</u>
 Long-Term Care business-type activities capital assets, net	 <u>\$ 88,649</u>	 <u>\$ (11,183)</u>	 <u>\$ (4,887)</u>	 <u>\$ 72,579</u>
 Lease assets				
Buildings and improvements	\$ 338,387	\$ 104,847	\$ -	\$ 443,234
Total lease assets	<u>338,387</u>	<u>104,847</u>	<u>-</u>	<u>443,234</u>
Less accumulated amortization for:				
Buildings and improvements	-	76,281	-	76,281
Total accumulated amortization	<u>-</u>	<u>76,281</u>	<u>-</u>	<u>76,281</u>
 Long-Term Care business-type activities lease assets, net	 <u>\$ 338,387</u>	 <u>\$ 28,566</u>	 <u>\$ -</u>	 <u>\$ 366,953</u>

* The balances have been restated to reflect the adoption of GASB Statement No. 87.

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

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

Governmental Activities:

Administration and finance	\$ 10,523
Health improvements	438
Communicable disease prevention	242
Water quality and hazardous material management	25
Vector disease control	243
Housing and neighborhood health	18
Consumer and employee risk reduction	<u>16</u>

Total depreciation and lease amortization expense, governmental activities	<u><u>\$ 11,505</u></u>
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Business-Type Activities:

Eskenazi Health	\$ 72,143
LT Care	<u>104,154</u>

Total depreciation and lease amortization expense, business-type activities	<u><u>\$ 176,297</u></u>
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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 or the Long-Term Care Fund 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, 2022, the Medicare and Medicaid cost reports for Eskenazi Health have been audited by the fiscal intermediaries through December 31, 2018.

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.

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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 the Patient Driven Payment Model (PDPM), which is a 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.

Medicaid

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

Long-Term Care is reimbursed for services rendered to Medicaid beneficiaries on a per diem basis.

Medicaid Special Revenue

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

During 2012, the State of Indiana established a Hospital Assessment Fee (HAF), which 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.

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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.

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 \$49,748 in Medicaid special revenue and a receivable of \$43,846 at December 31, 2022. The intergovernmental transfers made by the Corporation in 2022 under these programs totaled \$38,480, with \$8,693 accrued within accounts payable in the general fund as of December 31, 2022. At December 31, 2022, the general fund also recognized a receivable for over-payment of intergovernmental transfers made during 2022, which is included as other receivables within the financial statements. The Long-Term Care Fund recognized revenue of \$134,889 and a receivable of \$9,480 at December 31, 2022.

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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, 2022:

	Eskenazi Health	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	\$ 1,117,728	\$ -	\$ 1,117,728	32%
Outpatient	1,657,968	-	1,657,968	48%
Long-term care	-	697,327	697,327	20%
Gross patient service less:	2,775,696	697,327	3,473,023	100%
Contractual adjustments	1,709,169	-	1,709,169	49%
Charity and indigent care	259,564	-	259,564	7%
Provision for uncollectible accounts	81,912	12,494	94,406	3%
Net patient service revenue	\$ 725,051	\$ 684,833	\$ 1,409,884	41%

Revenue from the Medicare and Medicaid programs accounted for approximately 22% and 55%, respectively, of net patient service revenue for fiscal year 2022. 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 2022 net patient service revenue increased approximately \$6,000 due to changes in estimates related to regulatory reserves for certain cost report reviews. 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

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	January 1, 2022*	Additions	Reductions	December 31, 2022	Due Within One Year
Governmental Activities:					
General obligation bonds payable:					
Refunding Bonds of 2005 (\$28,960,000 original amount), 3.50% to 5.25%, due January 1, 2025	\$ 6,560	\$ -	\$ (2,080)	\$ 4,480	\$ 2,190
General Obligation Bonds of 2010 - Series A-1, A-2 (\$195,000,000 original amount), 3.00% to 6.004%, due January 15, 2040	154,200	-	(4,250)	149,950	4,410
Plus: bond premium	2,521	-	(183)	2,338	184
Total bonds payable	163,281	-	(6,513)	156,768	6,784
Financed purchase obligations	395,013	-	(14,330)	380,683	15,282
Lease liabilities	129,062	-	(4,126)	124,936	4,579
Asserted and unasserted self-insurance claims	1,546	7,738	(7,948)	1,336	956
Accrued compensated absences	8,755	7,370	(7,750)	8,375	6,920
Net pension liability	12,039	15,599	-	27,638	-
Governmental activities long-term liabilities	<u>\$ 709,696</u>	<u>\$ 30,707</u>	<u>\$ (40,667)</u>	<u>\$ 699,736</u>	<u>\$ 34,521</u>
Business-Type Activities:					
Eskenazi Health:					
Asserted and unasserted self-insurance claims	\$ 12,116	\$ 50,505	\$ (47,904)	\$ 14,717	\$ 9,214
Accrued compensated absences	27,615	35,236	(33,306)	29,545	24,153
Net pension liability	28,465	51,944	(13,521)	66,888	-
Medicare advanced payments	27,733	-	(27,733)	-	-
Financed purchase obligations	25,998	-	(625)	25,373	668
Lease liabilities	6,065	664	(1,328)	5,401	1,338
Deferred compensation	12,193	802	(2,529)	10,466	-
LT Care:					
Lease liabilities	338,387	104,847	(70,072)	373,162	82,676
Asserted and unasserted self-insurance claims	26,177	1,535	(1,234)	26,478	6,272
Medicare advanced payments	11,029	-	(11,029)	-	-
Business-type activities long-term liabilities	<u>\$ 515,778</u>	<u>\$ 245,533</u>	<u>\$ (209,281)</u>	<u>\$ 552,030</u>	<u>\$ 124,321</u>

* The balances have been restated to reflect the adoption of GASB Statement No. 87.

The above bond and financed purchase 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 lease liabilities will be repaid through Long-Term Care nursing home operating revenue.

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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, 2022 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, 2022 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 were subject to optional redemption prior to maturity beginning January 15, 2020 at par plus accrued interest to the redemption date.

The 2010A GO Bonds were acquired in their entirety with proceeds from the issuance of The Indianapolis Local Public Improvement Bond Bank (the Bond Bank) Bonds, Series 2010A-1 and 2010A-2 (the 2010A-1 and 2010A-2 Bond Bank Bonds). The 2010A-2 Bond Bank Bonds were issued as Build America Bonds (BABs) and, as such, are eligible to receive a credit (BAB Subsidy) equal to 35% of the interest payable on such bonds. The benefit of such credit will be passed on to the Corporation at each interest payment date, thus effectively reducing the Corporation's cost of financing. As a result of the automatic spending cuts imposed under the Budget Control Act of 2011 (the BAB Sequester), BAB Subsidies for the October 2020 through September 2022 were reduced by 5.7%. 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.

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The governmental activities debt service requirements, including interest, on bonds and related future expected BAB subsidies as of December 31, 2022 are as follows:

	Principal	Interest	BAB Expected Subsidies
Year Ending December 31,			
2023	\$ 6,600	\$ 9,112	\$ 3,030
2024	6,870	8,751	2,948
2025	7,120	8,406	2,863
2026	7,390	7,989	2,774
2027	7,670	7,556	2,637
2028 - 2032	42,985	30,654	10,926
2033 - 2037	52,030	16,745	6,519
2038 - 2042	23,765	2,154	1,404
	<u>\$ 154,430</u>	<u>\$ 91,367</u>	<u>\$ 33,101</u>

The above future BAB Subsidies reflect an assumed reduction for the BAB Sequester adjustment in effect at December 31, 2022.

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, 2022, is as follows:

Net assessed value - 2022	\$ 47,348,843
	<u>0.67%</u>
Debt limit	317,237
Debt applicable to debt limit:	
Bonded debt (excluding unamortized premiums)	<u>154,430</u>
Legal debt margin	<u>\$ 162,807</u>

As mentioned previously, in 2005, the Corporation refunded its 2000A GO Bonds with the issuance of the 2005 GO Bonds. The 2000A GO Bonds are considered to have been defeased and have been removed from the basic financial statements. At December 31, 2022, \$6,335 of these defeased bonds remain outstanding.

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Financed Purchase Obligations of Governmental Activities

Financing for a portion of Eskenazi Health hospital complex is also being provided through a financing arrangement with the Indianapolis-Marion County Building Authority (Authority), deemed a financed purchase obligation. 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 prior to the end of the agreement 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, or automatically receives title to the leased real estate upon payment of all required amounts. Also, the Corporation is obligated to pay certain expenses and all costs to operate, insure and maintain the leased facilities. The payments under these agreements 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 payments and, accordingly, the principal and interest on the 2010B-1, 2010B-2 and 2013A Bond Bank Bonds.

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Future minimum financed purchase obligation payments for the Corporation's governmental activities as of December 31, 2022 are:

Year Ending December 31,	Total to Be Paid	Principal	Interest
2023	\$ 39,936	\$ 15,282	\$ 24,654
2024	39,613	15,969	23,644
2025	39,287	16,700	22,587
2026	38,946	17,463	21,483
2027	38,587	18,259	20,328
2028-2032	187,026	104,651	82,375
2033-2037	175,462	131,025	44,437
2038-2042	66,411	61,334	5,077
	\$ 625,268	\$ 380,683	\$ 244,585

Financed Purchase Obligations of Business-Type Activities

Eskenazi Health leases real estate, including medical office space, through an agreement with a third-party lessor, which management has determined to be a financed purchase obligation due to the existence of a gift agreement in conjunction with the lease. The gift agreement includes the contribution of the leased real estate and all improvements from the lessor to Eskenazi Health at the end of the lease term, which is scheduled to occur in September 2043. The financed purchase obligation is discounted based on a market evaluation performed by management, including considerations specific to the arrangement, as well as interest rates available to the Corporation through other financing methods.

Future minimum financed purchase obligation payments for the Corporation's business-type activities (Eskenazi Health) as of December 31, 2022 are:

Year Ending December 31,	Total to Be Paid	Principal	Interest
2023	\$ 1,596	\$ 668	\$ 928
2024	1,654	753	901
2025	1,655	782	873
2026	1,655	811	844
2027	1,654	841	813
2028-2032	8,625	5,087	3,538
2033-2037	9,056	6,592	2,464
2038-2042	9,508	8,425	1,083
2043-2047	1,436	1,414	22
	\$ 36,839	\$ 25,373	\$ 11,466

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Lease Liabilities

The Corporation leases certain facilities and equipment under lease arrangements which expire in various years through 2043. Certain leases include renewal options that were evaluated as part of the overall lease term. Variable payments of certain leases are based on the Consumer Price Index and other escalating factors including changes in operating costs. Variable payments that are not fixed in substance, including those based on underlying use of the asset, are not included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases at December 31, 2022 for the governmental activities:

Year Ending December 31,	Total to Be Paid	Principal	Interest
2023	\$ 8,129	\$ 4,579	\$ 3,550
2024	7,968	4,544	3,424
2025	7,576	4,276	3,300
2026	7,458	4,281	3,177
2027	7,407	4,355	3,052
2028-2032	38,477	25,282	13,195
2033-2037	40,915	31,857	9,058
2038-2042	42,650	38,680	3,970
2043	7,176	7,082	94
	<u>\$ 167,756</u>	<u>\$ 124,936</u>	<u>\$ 42,820</u>

During the year ended December 31, 2022, the governmental activities did not recognize significant rental expense for variable payments not previously included in the measurement of the lease liability.

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The following is a schedule by year of payments under the leases at December 31, 2022 for the business-type activities:

Year Ending December 31,	Total to Be Paid	Principal	Interest
2023	\$ 94,117	\$ 84,014	\$ 10,103
2024	95,230	87,590	7,640
2025	86,556	81,447	5,109
2026	76,886	74,068	2,818
2027	51,567	50,956	611
2028-2032	535	488	47
	<u>\$ 404,891</u>	<u>\$ 378,563</u>	<u>\$ 26,328</u>

During the year ended December 31, 2022, the business-type activities recognized \$28,164 of rental expense for variable payments not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases at December 31, 2022 for Eskenazi Health:

Year Ending December 31,	Total to Be Paid	Principal	Interest
2023	\$ 1,480	\$ 1,338	\$ 142
2024	1,248	1,140	108
2025	1,177	1,101	76
2026	971	926	45
2027	435	408	27
2028-2032	535	488	47
	<u>\$ 5,846</u>	<u>\$ 5,401</u>	<u>\$ 445</u>

During the year ended December 31, 2022, Eskenazi Health recognized \$3,411 of rental expense for variable payments not previously included in the measurement of the lease liability.

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The following is a schedule by year of payments under the leases at December 31, 2022 for the Long-Term Care Enterprise Fund:

Year Ending December 31,	Total to Be		
	Paid	Principal	Interest
2023	\$ 92,637	\$ 82,676	\$ 9,961
2024	93,982	86,450	7,532
2025	85,379	80,346	5,033
2026	75,915	73,142	2,773
2027	51,132	50,548	584
	<u>\$ 399,045</u>	<u>\$ 373,162</u>	<u>\$ 25,883</u>

During the year ended December 31, 2022, the Long-Term Care Enterprise Fund recognized \$28,164 of rental expense for variable and short-term payments not previously included in the measurement of the lease liability.

The Corporation is also required to make various capital improvements for many facilities ranging from \$25 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 through cash flow generated from operations of each nursing home.

The Corporation is also required to provide security deposits for 51 of the nursing homes leased. As a result, standby letters of credit in the amount of \$11,374 exist to provide the required security.

Note 12: Risk Management

Insurance Coverage

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patients; and natural disasters. The Corporation is self-insured for workers' compensation, general liability, 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.

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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.

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.

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, 2021	\$	28,805
Change in incurred claims (including IBNRs), net		7,722
Claim payments		<u>(4,229)</u>
Balance at January 1, 2022		32,298
Change in incurred claims (including IBNRs), net		4,339
Claim payments		<u>(2,276)</u>
Balance at December 31, 2022	\$	<u><u>34,361</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, 2022. 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.

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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 governmental activities of the statement of net position:

Balance at January 1, 2021	\$ 1,515
Change in incurred claims (including IBNRs), net	8,097
Claim payments	<u>(8,066)</u>
Balance at January 1, 2022	1,546
Change in incurred claims (including IBNRs), net	7,738
Claim payments	<u>(7,948)</u>
 Balance at December 31, 2022	 <u><u>\$ 1,336</u></u>

The amount recorded as a liability in the General Fund at December 31, 2022 is \$956 and represents the claims, which are matured and due as of year-end.

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

Balance at January 1, 2021	\$ 4,992
Change in incurred claims (including IBNRs), net	43,146
Claim payments	<u>(42,143)</u>
Balance at January 1, 2022	5,995
Change in incurred claims (including IBNRs), net	47,701
Claim payments	<u>(46,862)</u>
 Balance at December 31, 2022	 <u><u>\$ 6,834</u></u>

Note 13: 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.

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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 2022, 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.

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 2022, 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.

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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.

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.

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

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

Contributions

Employer contribution rates are adopted annually by the INPRS Board for PERF. The contributions are actuarially determined based on the funding policy, actuarial assumptions and actuarial methods established by the INPRS Board. Contributions determined by the actuarial valuation become effective either 12 or 18 months after the valuation date, depending on the applicable employer. In the case of the Corporation, contribution rates and amounts determined by the June 30, 2021 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2022. The Corporation's contractually required contribution rate for 2022 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, 2022, exclusive of employer-paid member contributions, was \$19,134, 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, 2022, the Corporation reported a liability of \$94,526 for its proportionate share of PERF's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2021 and June 30, 2022. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2021 to the June 30, 2022 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, 2022, the Corporation's proportion was 3.00%, which was a decrease of 0.08% from its proportion measured as of June 30, 2021.

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For the year ended December 31, 2022, the Corporation recognized a pension expense (contra expense) of \$2,634, which is comprised of \$3,678 related to governmental activities and (\$1,044) related to business-type activities. At December 31, 2022, 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	\$ 2,038	\$ 359
Net difference between projected and actual earnings on pension plan investments	11,666	-
Changes of assumptions	12,803	4,044
Changes in proportion and differences between the Corporation's contributions and proportionate share contributions	719	5,451
Corporation's contributions subsequent to the measurement date	10,358	-
	\$ 37,584	\$ 9,854

At December 31, 2022, the Corporation reported \$3,046 in the governmental activities and \$7,312 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, 2023. Other amounts reported as net deferred outflows of resources at December 31, 2022, related to pensions will be recognized in pension expense (reduction) as follows:

	Governmental Activities	Business-Type Activities	Total
Year Ending December 31,			
2023	\$ 1,211	\$ (252)	\$ 959
2024	2,068	4,241	6,309
2025	(742)	(1,494)	(2,236)
2026	3,609	8,731	12,340
	\$ 6,146	\$ 11,226	\$ 17,372

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Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases	2.65% - 8.65% average, including inflation
Ad hoc cost of living adjustments	Varies per year as follows: 2023 - 1.00% 2024 through 2033 - 0.40% 2034 through 2038 - 0.50% 2039 and on - 0.60%
Long-term expected rate of return	6.25%, net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study performed for the period June 30, 2014 through June 30, 2019.

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	20.0%	3.6%
Private markets	15.0%	7.7%
Fixed income - ex inflation linked	20.0%	1.4%
Fixed income - inflation linked	15.0%	-0.3%
Commodities	10.0%	0.9%
Real estate	10.0%	3.7%
Absolute return	5.0%	2.1%
Risk parity	20.0%	3.8%
Leverage Offset	-15.0%	
	<hr/> <hr/> 100%	

Health and Hospital Corporation of Marion County, Indiana
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December 31, 2022

(Dollars in thousands)

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for the year ended June 30, 2022. 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 6.25%. 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 (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Corporation's proportionate share of PERF's net pension liability:			
Governmental activities	\$ 46,690	\$ 27,638	\$ 11,747
Business-type activities	<u>112,998</u>	<u>66,888</u>	<u>28,429</u>
Total	<u>\$ 159,688</u>	<u>\$ 94,526</u>	<u>\$ 40,176</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 2022, the Corporation contributed \$9,662 into the defined-contribution retirement plan.

Note 14: 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 2022 were approximately \$484.

Health and Hospital Corporation of Marion County, Indiana

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Notes to Basic Financial Statements

December 31, 2022

(Dollars in thousands)

Note 15: Affiliation and Physician Services Agreement

A tri-party agreement between the Corporation, Indiana University Health Physicians (IUHP), and Indiana University School of Medicine (IUSM) was effective in January 2022. During 2022, the Corporation primarily paid for physician services under a relative value unit basis. The Corporation continued to rely on the IUHP and IUSM 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 \$53,256 during the year (recorded in medical and professional fees on the statement of revenues, expenses and changes in fund net position - proprietary funds).

Note 16: Long-Term Care Management Agreement

The Corporation has entered into a management agreement with American Senior Communities, LLC (ASC) to manage its nursing home operations, which are accounted for in the Long-Term Care Fund. The agreement was amended in December 2022 to amend the management fees and extend the term of the agreement until August 2027. The Corporation has the right to extend the term to one or more facilities for an additional period that is coterminous with the terms of the underlying facility lease agreements if written notice is given to ASC at least 90 days prior to the expiration of the initial term.

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

During 2022, the Corporation incurred approximately \$49,037 in management fees to ASC and EagleCare under the current management agreement for Long-Term Care operations. These fees are included within purchased services within the Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds. In the event the ASC management agreements are terminated or not renewed, it could have a material impact on the Corporation's financial statements.

The Corporation currently leases 7 of the nursing homes from entities related to ASC through common ownership. During 2022, the Corporation paid approximately \$24,706 to this organization in associated lease costs for Long-Term Care operating revenue.

At December 31, 2022, the Long-Term Care Fund had a payable to EagleCare of approximately \$17,331 primarily for accrued labor and related benefits. The Long-Term Care Fund also had a payable to ASC at December 31, 2022 of approximately \$15,213 for outstanding management services rendered to be paid from operations.

Health and Hospital Corporation of Marion County, Indiana

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Notes to Basic Financial Statements

December 31, 2022

(Dollars in thousands)

Note 17: 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, 2022, the Corporation received \$146,805 in tax cash receipts and \$424 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 \$1,076 in 2022 for autopsy and death reports, vital records, coroner fees and other matters.

Note 18: Joint Ventures

MDwise and Affiliates

The Corporation was a 50% member in MDwise, Inc. (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 2022, a final distribution of \$6,462 was made to the Corporation from the escrow account, and the account balance was \$0 at December 31, 2022.

During 2020 and 2021, a variety of actuarially determined risk rate adjustments and settlements affecting MDwise and Excel were estimated and issued by the State, relating to claims and services occurring between January 1, 2015 and December 31, 2017, for which management estimated a receivable of approximately \$20,900 due to the Corporation. During 2022, a final settlement of approximately \$16,000 was reached with the State, including liquidation of the aforementioned escrow account, resulting in a loss of approximately \$4,900.

Eskenazi Health has entered into agreements with MDwise 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. The agreements and provision of services are referred to as the delivery systems.

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Prior to January 1, 2019, Eskenazi Health received payments for the care of these Medicaid beneficiaries under a full-risk capitated payment methodology from MDwise and disbursed payments through a third-party administrator based upon processed claims. Under this full-risk model, while MDwise oversees the program and services, Eskenazi Health serves as its own network under MDwise, is responsible for administration, and bears all risks and rewards associated with its network. Under this model, Eskenazi Health recognizes individual financial statement elements specific to the delivery systems within its financial statements, which have historically included cash, receivables, other assets, other liabilities, and payables, including estimates for medical claims incurred but not reported (IBNR) and any other unpaid amounts. However, on December 31, 2018, the full-risk model was terminated. All activity subsequent to December 31, 2018, relates to the runout of claims and other matters incurred in 2018 or prior. During 2021, Eskenazi Health and MDwise agreed upon an arrangement in which 50% of estimated settlements related to periods covering January 1, 2015 through December 31, 2017, and 100% of estimated settlements related to periods covering January 1, 2018 through December 31, 2018, were liquidated. The settlement arrangement continued into 2022, with the liquidation of the remaining 50% of settlements covering the 2015 through 2017 period, resulting in a net payment by Eskenazi Health of \$19,400.

Effective January 1, 2019, Eskenazi Health and MDwise entered into an agreement which changed the compensation model for the delivery systems, from full-risk capitation to partial risk. Under this arrangement, Eskenazi Health is no longer solely responsible for its network; rather, Eskenazi Health and MDwise share equally in the profits and losses. MDwise is responsible for all administrative services, and as such, Eskenazi Health no longer holds cash balances to pay claims or receive capitated payments. Revenues and expenses, including for IBNR estimates of claims, are set to target a predetermined medical loss ratio and Eskenazi Health is only entitled to (responsible for) receipts (claims payments) below (in excess of) the target amount. Under this revised arrangement, the only financial statement element recorded by Eskenazi Health is a receivable (or payable) for its 50% share of the profits and losses. At December 31, 2022, the partial risk delivery system is recorded as a net receivable of \$4,936, which relates to its financial performance since January 1, 2020, less payments received. Under the partial risk model, the 2019 program year is fully settled.

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HHC-HTA, LLC

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, 2022 was \$34,684. Complete financials for the LLC can be obtained from the Healthcare Realty administrative offices at 3310 West End Avenue, Suite 700, Nashville, TN 37203.

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

	HHC-HTA, LLC
Current assets	\$ 11,883
Property and other long-term assets, net	62,693
Total assets	74,576
Total liabilities	5,209
Members' equity	\$ 69,367
Revenues	\$ 9,724
Excess of revenues over expenses	\$ 4,869

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

December 31, 2022

(Dollars in thousands)

Note 19: 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, lease liabilities and financed purchase obligations, 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)	\$ 156,768
Financed purchase obligations	380,683
Lease liabilities	124,936
Asserted and unasserted self-insurance claims	380
Accrued compensated absences	<u>8,375</u>
	<u><u>\$ 671,142</u></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.

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	\$ 6,330
Lease liabilities	4,126
Financed purchase obligations	14,330
Amortization of bond premium	183
Amortization of deferred loss on refunding	<u>(61)</u>
	<u><u>\$ 24,908</u></u>

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, 2022
(Dollars in thousands)

Note 20: 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, 2022 is as follows:

Commercial insurance	27%
Medicare	23%
Medicaid	34%
Self-pay	11%
Other	5%
	100%
	100%

Note 21: 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.

Patient Billing Audits and Compliance Reviews

The Corporation is subject to various patient billing audits and compliance reviews by third party and governmental payers. As a result of these reviews, the Corporation has received demand letters alleging extrapolated overpayments relating to various programs. The Corporation conducts an in-depth review to determine the validity of each item noted within the reviews and vigorously defends the results of the reviews. 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, 2022. 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.

Health and Hospital Corporation of Marion County, Indiana

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Notes to Basic Financial Statements

December 31, 2022

(Dollars in thousands)

COVID-19 Pandemic

The Corporation's operations have been affected by COVID-19, including the impact of various policies by federal, state, and local governments in response to the pandemic. The extent of the COVID-19 pandemic's adverse effect on the Corporation's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Corporation's control and ability to forecast. Because of these and other uncertainties, the Corporation cannot estimate the length or severity of the effect of the pandemic on the Corporation's business. Decreases in cash flows and results of operations may have an effect on access to liquidity and on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

Note 22: Subsequent Events

In April 2023, the Indianapolis Marion County Building Authority (Authority) refinanced the bonds associated with the Corporation's financed purchase obligation related to governmental activities as described in Note 11. As a result, the associated Master Lease Agreement between the Authority and the Corporation was amended to adjust required annual payments to be made by the Corporation to reflect savings obtained through the Authority's refinancing.

**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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Corporation's proportion of the net pension liability	2.9972%	3.0781%	3.1638%	3.3767%	4.0904%	4.1264%	4.4914%	4.6000%	4.8248%
Corporation's proportionate share of the net pension liability	\$ 94,526	\$ 40,504	\$ 95,558	\$ 111,601	\$ 138,952	\$ 184,103	\$ 203,839	\$ 187,353	\$ 126,794
Corporation's covered payroll	\$ 172,492	\$ 169,710	\$ 170,799	\$ 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	55%	24%	56%	63%	67%	90%	95%	85%	54%
Plan fiduciary net position as a percentage of the total pension liability	82%	93%	81%	80%	79%	73%	71%	73%	81%

* The amounts presented for each fiscal year were determined as of June 30 (measurement date). Ten years of information is required to be disclosed and will be added as the information becomes available.

Notes to Schedule:

Benefit changes: None for 2022

Changes of assumptions: None for 2022

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,134	\$ 18,744	\$ 19,586	\$ 19,173	\$ 20,552	\$ 22,244	\$ 23,175	\$ 24,534	\$ 26,107
Contributions in relation to the contractually required contribution	<u>19,134</u>	<u>18,744</u>	<u>19,586</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Corporation's covered payroll	\$ 172,716	\$ 168,892	\$ 176,111	\$ 171,342	\$ 183,817	\$ 197,353	\$ 206,962	\$ 219,944	\$ 195,739
Contributions as a percentage of covered payroll	11.08%	11.10%	11.12%	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 (measurement date). Ten years of information is required to be disclosed and will be added as the information becomes available.

Notes to Schedule:

Benefit changes: None for 2022

Changes of assumptions: None for 2022

Changes in actuarial methods: None for 2022

Health and Hospital Corporation of Marion County, Indiana
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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, 2022

(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 141,434	\$ 141,434	\$ 144,211	\$ 2,777
Licenses and permits	4,608	4,608	5,029	421
Intergovernmental	350	350	423	73
Charges for services	1,288	1,288	2,539	1,251
Medicaid special revenue (net of intergovernmental transfers)	(12,178)	(12,178)	52,781	64,959
Interest	150	150	7,381	7,231
Grants	46,633	46,633	29,983	(16,650)
Miscellaneous	4,254	4,254	7,227	2,973
Total revenues	<u>186,539</u>	<u>186,539</u>	<u>249,574</u>	<u>63,035</u>
Expenditures				
Personal services	85,408	85,408	72,215	13,193
Supplies	11,972	11,972	5,544	6,428
Other charges and services	90,178	90,178	63,608	26,570
Capital outlays	11,538	11,538	1,027	10,511
Total expenditures	<u>199,096</u>	<u>199,096</u>	<u>142,394</u>	<u>56,702</u>
Other Financing Uses				
Transfers in	124,440	124,440	100,000	(24,440)
Transfers out	(110,313)	(110,313)	(110,138)	175
Total other financing uses	<u>14,127</u>	<u>14,127</u>	<u>(10,138)</u>	<u>(24,265)</u>
Net change in fund balances	1,570	1,570	97,042	95,472
Fund balances - beginning of year	<u>50,341</u>	<u>50,341</u>	<u>578,033</u>	<u>527,692</u>
Fund balances - end of year	<u>\$ 51,911</u>	<u>\$ 51,911</u>	<u>\$ 675,075</u>	<u>\$ 623,164</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, 2022
(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	\$ 64,323
Add (Deduct):	
Encumbrances as of year-end	(16,730)
Change in prepaid expenditures	(63)
Change in accounts receivable	44,331
Change in accounts payable	(4,822)
Change in self-insurance claims	92
Change in accrued expense	9,911
	9,911
Net change in fund balance - Budgetary Basis	\$ 97,042

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, 2022
(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,257	\$ 2,257	\$ 2,320	\$ 63
Interest	1	1	79	78
Miscellaneous	10,055	10,055	10,229	174
Total revenues	<u>12,313</u>	<u>12,313</u>	<u>12,628</u>	<u>315</u>
Expenditures				
Principal retirement	6,330	6,330	20,660	(14,330)
Interest and fiscal charges	49,425	49,425	35,074	14,351
Total expenditures	<u>55,755</u>	<u>55,755</u>	<u>55,734</u>	<u>21</u>
Excess of revenues over expenditures	<u>(43,442)</u>	<u>(43,442)</u>	<u>(43,106)</u>	<u>336</u>
Other Financing Sources				
Transfers in	43,313	43,313	43,138	(175)
Total other financing sources	<u>43,313</u>	<u>43,313</u>	<u>43,138</u>	<u>(175)</u>
Net change in fund balances	(129)	(129)	32	161
Fund balances - beginning of year	<u>(87,029)</u>	<u>(87,029)</u>	<u>4,411</u>	<u>91,440</u>
Fund balances - end of year	<u>\$ (87,158)</u>	<u>\$ (87,158)</u>	<u>\$ 4,443</u>	<u>\$ 91,601</u>

Health and Hospital Corporation of Marion County, Indiana

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

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Capital Projects Fund

For the Year Ended December 31, 2022

(Dollars in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 268	\$ 268	\$ 274	\$ 6
Interest	30	30	1,471	1,441
Total revenues	298	298	1,745	1,447
Expenditures				
Capital outlays	68,000	68,000	65,254	2,746
Total expenditures	68,000	68,000	65,254	2,746
Excess of revenues over expenditures	(67,702)	(67,702)	(63,509)	4,193
Other Financing Sources				
Transfers in	15,000	15,000	15,135	135
Total other financing sources	15,000	15,000	15,135	135
Net change in fund balances	(52,702)	(52,702)	(48,374)	4,328
Fund Balances - beginning of year	(73,728)	(73,728)	93,378	167,106
Fund balances - end of year	\$ (126,430)	\$ (126,430)	\$ 45,004	\$ 171,434

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 40,022	\$ 27,492	\$ 17,222	\$ 26,770	\$ 22,839	\$ 22,108	\$ 16,462	\$ 29,633	\$ 9,860	\$ 12,506
Restricted	14,975	15,003	14,147	13,539	645	243	412	165	568	640
Unrestricted	<u>346,590</u>	<u>221,548</u>	<u>87,666</u>	<u>(17,339)</u>	<u>(113,452)</u>	<u>(148,962)</u>	<u>(200,702)</u>	<u>(300,861)</u>	<u>(346,636)</u>	<u>(400,647)</u>
Total governmental activities net position	<u>\$ 401,587</u>	<u>\$ 264,043</u>	<u>\$ 119,035</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 611,322	\$ 645,501	\$ 662,601	\$ 661,701	\$ 699,533	\$ 732,588	\$ 765,328	\$ 766,711	\$ 799,874	\$ 825,154
Restricted	-	-	-	-	-	-	-	-	-	1,235
Unrestricted	<u>426,445</u>	<u>486,270</u>	<u>364,926</u>	<u>288,818</u>	<u>240,632</u>	<u>220,560</u>	<u>123,917</u>	<u>186,470</u>	<u>308,634</u>	<u>178,070</u>
Total business-type activities net position	<u>\$ 1,037,767</u>	<u>\$ 1,131,771</u>	<u>\$ 1,027,527</u>	<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>
Primary Government										
Net investment in capital assets	\$ 651,344	\$ 672,993	\$ 679,823	\$ 688,471	\$ 722,372	\$ 754,696	\$ 781,790	\$ 796,344	\$ 809,734	\$ 837,660
Restricted	14,975	15,003	14,147	13,539	645	243	412	165	568	1,875
Unrestricted	<u>773,035</u>	<u>707,818</u>	<u>452,592</u>	<u>271,479</u>	<u>127,180</u>	<u>71,598</u>	<u>(76,785)</u>	<u>(114,391)</u>	<u>(38,002)</u>	<u>(222,577)</u>
Total primary government net position	<u>\$ 1,439,354</u>	<u>\$ 1,395,814</u>	<u>\$ 1,146,562</u>	<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>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
Administration and finance	\$ 55,993	\$ 47,430	\$ 47,949	\$ 47,103	\$ 50,974	\$ 41,372	\$ 35,579	\$ 32,283	\$ 33,152	\$ 27,171
Healthcare delivery	38,480	61,572	71,126	81,302	100,117	103,450	120,086	85,678	108,604	100,675
Health improvement	38,117	37,689	37,380	40,226	37,377	36,061	35,062	32,540	30,227	28,528
Communicable disease prevention	32,779	39,572	35,529	17,881	17,501	17,613	17,374	16,531	15,538	15,220
Water quality and hazardous materials management	2,334	1,938	2,091	2,582	2,517	2,506	2,439	2,365	2,213	2,076
Vector disease control	3,447	2,963	3,032	3,477	3,494	3,443	3,593	3,347	3,545	3,515
Housing and neighborhood health	4,897	4,574	4,911	5,757	5,132	4,953	5,055	4,930	5,180	5,224
Consumer and employee risk reduction	2,293	2,065	1,752	2,101	2,001	2,034	1,944	1,841	1,808	1,693
Interest on long-term debt	30,830	36,162	37,305	38,384	39,439	40,425	41,250	39,406	40,572	41,925
Total governmental activities expenses	<u>209,170</u>	<u>233,965</u>	<u>241,075</u>	<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>
Business-type activities										
Eskenazi Health	902,926	790,336	764,217	735,835	731,439	717,858	664,886	617,220	588,246	538,715
LT Care	785,981	736,051	780,706	753,824	734,548	719,059	717,573	672,134	600,063	571,764
Total business-type activities expenses	<u>1,688,907</u>	<u>1,526,387</u>	<u>1,544,923</u>	<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>
Total primary government expenses	<u>\$ 1,898,077</u>	<u>\$ 1,760,352</u>	<u>\$ 1,785,998</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
Administration and finance (1)	\$ 1,707	\$ 1,824	\$ 2,342	\$ 1,384	\$ 1,323	\$ 17,514	\$ 4,944	\$ 4,853	\$ 5,019	\$ 3,602
Healthcare delivery	-	-	-	-	-	-	-	3,843	-	-
Health improvement	4,215	3,704	3,431	3,582	3,822	3,594	3,662	472	3,198	2,389
Communicable disease prevention	1,591	1,043	294	569	503	562	516	366	472	663
Water quality and hazardous materials management	482	470	457	499	474	366	373	567	360	357
Vector disease control	569	642	441	480	598	722	614	87	449	500
Housing and neighborhood health	32	40	23	89	98	92	116	2,370	361	417
Consumer and employee risk reduction	2,610	2,412	2,273	2,491	2,500	2,496	2,405	33,446	2,281	2,183
Operating grants and contributions (1)	30,263	31,950	35,169	22,470	25,069	27,295	33,768	336	72,403	54,429
Capital grants and contributions	-	34	66	75	25	2,025	13	-	-	6,000
Total governmental activities program revenues	<u>41,469</u>	<u>42,119</u>	<u>44,496</u>	<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>

(1) Certain intergovernmental revenues have been reclassified in 2012-2015; amounts in prior years have not been revised.

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

Table II - Continued
Schedule of Changes in Net Position - Accrual Basis of Accounting
Last Ten Fiscal Years
(Dollars in thousands)

	Years Ended December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Business-type activities										
Charges for services										
Eskenazi Health	\$ 763,992	\$ 728,166	\$ 654,831	\$ 577,062	\$ 558,194	\$ 536,369	\$ 385,019	\$ 393,516	\$ 441,151	\$ 326,832
LT Care	822,946	866,387	933,884	949,995	969,592	958,177	990,101	892,469	807,418	763,693
Operating grants and contributions	20,935	106,326	112,176	25,359	26,691	29,071	26,566	27,621	24,942	20,534
Capital grants and contributions	-	-	-	-	-	-	-	-	-	2,224
Total business-type activities program revenue	<u>1,607,873</u>	<u>1,700,879</u>	<u>1,700,891</u>	<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>
Total primary government program revenues	<u>\$ 1,649,342</u>	<u>\$ 1,742,998</u>	<u>\$ 1,745,387</u>	<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>
Net program (expense)/revenue										
Governmental activities	\$ (167,701)	\$ (191,846)	\$ (196,579)	\$ (207,174)	\$ (224,140)	\$ (197,191)	\$ (215,971)	\$ (172,581)	\$ (156,296)	\$ (155,487)
Business-type activities	(81,034)	174,492	155,968	62,757	88,490	86,700	19,227	24,251	85,202	2,805
Total primary government net expense	<u>\$ (248,735)</u>	<u>\$ (17,354)</u>	<u>\$ (40,611)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property and HCL taxes	\$ 137,309	\$ 133,655	\$ 128,679	\$ 126,457	\$ 123,512	\$ 119,300	\$ 113,931	\$ 110,577	\$ 111,475	\$ 106,708
Excise taxes	7,135	7,084	6,963	6,648	6,525	6,413	5,949	5,604	5,762	5,518
Financial institution taxes	2,359	2,088	1,690	1,556	1,192	1,261	1,402	1,300	1,226	1,287
Medicaid special revenue	96,158	97,559	41,826	90,338	26,565	23,429	87,487	65,467	79,228	63,708
Build America Bonds interest subsidies	10,229	10,341	10,255	10,191	10,153	10,115	10,105	10,083	10,061	9,985
Unrestricted investment earnings	9,235	515	2,365	8,979	5,885	2,174	316	158	88	580
Special items	-	-	-	4,042	-	-	-	-	-	-
Transfers	42,820	85,612	100,866	71,901	90,642	91,716	84,016	67,697	(251)	(700,662)
Total governmental activities	<u>305,245</u>	<u>336,854</u>	<u>292,644</u>	<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>

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

Table II - Continued
Schedule of Changes in Net Position - Accrual Basis of Accounting
Last Ten Fiscal Years
(Dollars in thousands)

	Years Ended December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Business-type activities										
Unrestricted investment earnings	\$ (1,698)	\$ 2,547	\$ 4,140	\$ 6,181	\$ 1,441	\$ 2,344	\$ 854	\$ (13)	\$ 154	\$ (1,853)
Special items	(4,909)	3,115	17,766	13,317	-	66,575	-	-	-	-
Transfers	(42,820)	(85,612)	(100,866)	(71,901)	(90,642)	(91,716)	(84,016)	(67,697)	251	700,662
Total general revenues, special items and transfers	<u>(49,427)</u>	<u>(79,950)</u>	<u>(78,960)</u>	<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>
Total primary government	<u>\$ 255,818</u>	<u>\$ 256,904</u>	<u>\$ 213,684</u>	<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>
Change in Net Position										
Governmental activities	\$ 137,544	\$ 145,008	\$ 96,065	\$ 112,938	\$ 40,334	\$ 57,217	\$ 87,235	\$ 88,305	\$ 51,293	\$ (668,362)
Business-type activities	<u>(130,461)</u>	<u>104,244</u>	<u>77,008</u>	<u>10,354</u>	<u>(711)</u>	<u>63,903</u>	<u>(63,935)</u>	<u>(43,459)</u>	<u>85,606</u>	<u>701,613</u>
Total primary government	<u>\$ 7,083</u>	<u>\$ 249,252</u>	<u>\$ 173,073</u>	<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>

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
(Dollars in thousands)

	December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 581	\$ 518	\$ 391	\$ 3,319	\$ 619	\$ 348	\$ 328	\$ 369	\$ 342	\$ 401
Assigned	16,730	22,330	24,582	17,166	8,335	5,397	2,326	1,640	1,073	950
Unassigned	710,372	640,512	539,836	434,496	385,884	376,632	360,767	297,574	245,037	178,952
Total general fund	<u>\$ 727,683</u>	<u>\$ 663,360</u>	<u>\$ 564,809</u>	<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>
All Other Governmental Funds										
Restricted, reported in										
Debt service fund	\$ 12,648	\$ 12,722	\$ 7,583	\$ 12,674	\$ 12,744	\$ 16,211	\$ 16,162	\$ 16,160	\$ 16,148	\$ 16,119
Capital projects fund	-	-	-	-	-	-	-	-	-	845
Assigned, reported in										
Debt service fund	1,343	1,372	1,263	1,476	1,250	1,207	1,073	971	1,291	709
Capital projects fund	91,577	95,965	84,775	73,312	75,982	57,963	43,637	30,247	17,600	16,550
Unassigned, reported in										
Debt service fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 105,568</u>	<u>\$ 110,059</u>	<u>\$ 93,621</u>	<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>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Taxes	\$ 146,806	\$ 142,828	\$ 137,332	\$ 134,660	\$ 131,232	\$ 126,974	\$ 121,282	\$ 117,481	\$ 118,464	\$ 113,513
Licenses and permits	5,029	4,886	4,403	4,663	4,684	4,576	4,487	4,464	4,342	4,112
Intergovernmental	31,452	30,935	33,767	22,616	19,814	19,343	18,502	18,126	16,329	53,467
Charges for services	2,539	1,674	765	1,364	1,575	1,456	1,855	1,105	1,182	1,314
Medicaid special revenue	49,748	97,126	71,469	63,701	26,426	26,581	89,452	58,910	104,327	37,142
Build America Bonds interest subsidies	10,229	15,367	5,117	10,191	10,153	10,115	10,105	10,083	10,061	9,985
Contributions	-	-	-	-	5,500	8,048	15,000	15,500	57,710	6,000
Investment income	12,310	3,780	5,492	12,136	9,023	3,899	3,366	2,208	3,413	170
Miscellaneous	3,767	3,468	7,524	9,249	5,786	9,468	5,770	4,511	3,779	2,399
Total revenues	261,880	300,064	265,869	258,580	214,193	210,460	269,819	232,388	319,607	228,102
Expenditures										
Administrative	48,376	55,869	50,319	47,009	53,018	42,008	35,846	31,883	29,593	25,135
Population health	35,865	34,452	29,957	28,596	27,781	26,620	26,680	25,722	25,116	24,776
Environmental health	12,433	11,775	11,423	13,071	12,514	11,781	12,213	11,958	12,503	12,333
Health center program	621	864	981	1,055	1,003	896	1,103	1,026	1,071	965
Data processing	5,717	5,308	6,103	5,152	5,139	4,940	4,144	3,747	3,500	3,556
Grants program	29,957	31,679	34,338	21,488	19,010	18,412	17,825	17,107	15,597	14,697
Capital outlays	22,865	14,445	5,609	26,617	5,321	4,868	2,871	3,755	15,635	275,368
Debt service										
Principal	20,660	19,461	18,327	17,256	16,209	15,239	14,426	16,280	15,119	13,810
Interest and fiscal charges	35,074	36,275	37,405	38,480	39,523	40,497	41,307	39,456	40,617	41,925
Intergovernmental	38,480	61,572	71,126	81,302	100,117	103,450	120,086	85,678	108,604	100,675
Total expenditures	250,048	271,700	265,588	280,026	279,635	268,711	276,501	236,612	267,355	513,240
Excess (deficiency) of revenues over (under) expenditures	11,832	28,364	281	(21,446)	(65,442)	(58,251)	(6,682)	(4,224)	52,252	(285,138)

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)

	2022	2021	2020	2019	Years Ending December 31		2016	2015	2014	2013
					2018	2017				
Other Financing Sources (Uses)										
Other debt issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94	\$ 151,304
Transfers in	178,597	237,506	286,611	252,426	296,271	296,262	357,047	300,974	205,984	277,856
Transfers out	<u>(130,597)</u>	<u>(150,881)</u>	<u>(170,905)</u>	<u>(173,351)</u>	<u>(203,773)</u>	<u>(204,546)</u>	<u>(273,031)</u>	<u>(231,282)</u>	<u>(191,364)</u>	<u>(251,963)</u>
Total other financing sources (uses), net	<u>48,000</u>	<u>86,625</u>	<u>115,706</u>	<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>
Net change in fund balances	<u>\$ 59,832</u>	<u>\$ 114,989</u>	<u>\$ 115,987</u>	<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>
Debt service as a percentage of noncapital expenditures	24.5%	21.7%	21.4%	22.0%	20.3%	21.1%	21.1%	20.4%	23.9%	22.1%
Debt service expenditures	\$ 55,734	\$ 55,736	\$ 55,732	\$ 55,736	\$ 55,732	\$ 55,736	\$ 55,733	\$ 55,736	\$ 55,736	\$ 55,735
Noncapital expenditures	227,183	257,255	259,979	253,409	274,314	263,843	263,843	273,630	232,857	251,999

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, 2022

(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	
2022	\$ 47,348,843	\$ 47,348,843	\$ 7,133,793	\$ 7,133,793	\$ 54,482,636	\$ 54,482,636	0.2081
2021	45,324,406	45,324,406	7,095,509	7,095,509	52,419,915	52,419,915	0.2058
2020	43,112,252	43,112,252	6,906,428	6,906,428	50,018,680	50,018,680	0.2039
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

(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, 2022

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	
2022	0.2031	0.0044	0.0006	0.2081	0.6796	0.4063	0.2290	1.3884	-	0.0551	2.9665
2021	0.2003	0.0049	0.0006	0.2058	0.6973	0.3931	0.2310	1.3785	-	0.0559	2.9616
2020	0.1988	0.0045	0.0006	0.2039	0.7040	0.3869	0.2344	1.4284	-	0.0568	3.0144
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

(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, 2022
(Dollars in thousands)

Taxpayers	2022			Taxpayers	2013		
	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	\$ 1,439,069	1	2.641%	Eli Lilly and Company	\$ 1,130,547	1	2.882%
2 Citizens Energy Group	528,378	2	0.970%	Citizens Energy Group	440,801	2	1.124%
3 Federal Express Corporation	278,081	3	0.510%	Indianapolis Power and Light Company	408,967	3	1.043%
4 White Legacy Properties, LLC	210,020	4	0.385%	Convention Headquarters Hotels, LLC	174,342	4	0.445%
5 Allison Transmission Inc.	191,783	5	0.352%	Federal Express Corporation	165,049	5	0.421%
6 SFT Property LLC	156,989	6	0.288%	CW Monument Circle Inc.	142,726	6	0.364%
7 Indianapolis Power and Light Company	135,207	7	0.248%	Indiana Bell Telephone Company, Inc.	135,904	7	0.347%
8 Rolls-Royce Corporation	106,676	8	0.196%	Allison Transmission Inc.	120,901	8	0.308%
9 G&I IX MJW Keystone Crossing, LLC	101,255	9	0.186%	American United Life Insurance Company	97,784	9	0.249%
10 SVC Manufacturing	101,086	10	0.186%	Castleton Square, LLC	90,661	10	0.231%
11 Corteva Agriscience LLC	92,458	11	0.170%	Rolls-Royce Corporation	80,618	11	0.206%
12 American United Life Insurance Company	88,391	12	0.162%	SVC Manufacturing	80,606	12	0.206%
13 MSA North Developer LLC	82,774	13	0.152%	Indianapolis Motor Speedway, LLC	79,736	13	0.203%
14 Castleton Square, LLC	82,723	14	0.152%	Keystone Investors, LLC	79,545	14	0.203%
15 IMD2 LLC	79,486	15	0.146%	Ingredion Inc.	73,799	15	0.188%
16 Cellco Partnership	73,252	16	0.134%	Circle Centre Development Co.	69,406	16	0.177%
17 Westin Indianapolis, LLC	71,976	17	0.132%	Verizon Wireless	66,482	17	0.170%
18 Axis FC LLC	71,179	18	0.131%	HUB Properties GA, LLC	62,116	18	0.158%
19 Comcast of Indianapolis LP	65,779	19	0.121%	MT Acquisitions, LLC	61,389	19	0.157%
20 IN-IUPUI Holdings, LLC	64,731	20	0.119%	Hertz Indianapolis Two, LLC	52,371	20	0.134%
	<u>\$ 4,021,293</u>		7.381%		<u>\$ 3,613,750</u>		9.216%

- (1) Represents the January 1, 2021 valuations for taxes due and payable in 2022 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 2013 Health and Hospital Corporation's Annual Comprehensive Financial Report.

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, 2022
(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	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 83,500	\$ 80,661	96.60%	\$ -	\$ 80,661	96.60%
2021	80,273	77,463	96.50%	2,248	79,711	99.30%
2020	75,839	72,805	96.00%	2,579	75,384	99.40%
2019	74,401	70,458	94.70%	2,530	72,987	98.10%
2018	71,625	69,476	97.00%	2,006	71,482	99.80%
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%

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, 2022
(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	Financed Purchase Obligations (3)	Lease Liabilities (3)	Long-Term Care Capital Leases (3)	Lease Liabilities (3)	Eskenazi Health Financed Purchase Obligations (3)	Lease Liabilities (3)			
2022	\$ 6,818	\$ 149,950	\$ -	\$ -	\$ -	\$ 380,683	\$ 124,936	\$ -	\$ 373,162	\$ 25,373	\$ 5,401	\$ 1,066,323	1.67%	\$ 1,098.05
2021	9,081	154,200	-	395,013	-	-	-	104,838	-	-	-	663,132	1.16%	686.34
2020	11,240	158,245	-	408,454	-	-	-	186,870	-	-	-	764,809	1.34%	792.89
2019	13,298	162,100	-	421,051	-	-	-	260,883	-	-	-	857,332	1.63%	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

- (1) See Table XIII for personal income and population data.
- (2) Personal income not available for 2022 so 2020 income was used to determine percentage.
- (3) In 2022, Health & Hospital adopted GASB 87, which resulted in a change in presentation within this table. The years prior to 2022 have not been adjusted for this standard.

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, 2022
(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		
2022	\$ 156,768	\$ 12,648	\$ 144,120	0.26%	\$ 148.41
2021	163,281	12,722	150,559	0.29%	155.83
2020	169,485	12,721	156,764	0.31%	162.52
2019	175,398	12,674	162,724	0.34%	177.20
2018	181,022	12,663	168,359	0.36%	180.75
2017	186,336	16,211	170,125	0.38%	186.58
2016	191,369	16,162	175,207	0.41%	209.95
2015	196,148	16,160	179,988	0.42%	216.96
2014	201,397	16,148	185,249	0.46%	231.62
2013	212,855	16,119	196,736	0.49%	241.80

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, 2022

(Dollars in thousands)

	Assessed Value (5)	Bonding Limit		Debt Outstanding (6)
		%	Dollar Amount	
Direct Debt:				
Health and Hospital Corporation of Marion County	\$ 47,348,843	0.67%	\$ 317,237	\$ 156,768
Other Direct Debt:				
Direct financing agreements				406,057
Lease liabilities				503,199
Total Health and Hospital Corporation debt				\$ 1,066,024
Overlapping:				
Marion County	\$ 49,139,088	0.67%	\$ 329,232	\$ -
City of Indianapolis				
Civil City	\$ 45,984,079	0.67%	\$ 308,093	\$ 66,590
Park District	49,139,088	0.67%	329,232	23,930
Redevelopment District	45,984,079	(3)	-	-
Flood Control District	49,139,088	0.67%	329,232	-
Metropolitan Thoroughfare District	49,139,088	1.33%	653,550	199,585
Solid Waste Disposal District	46,053,015	2.00%	921,060	-
Pub Safety Comm and Comp Facilities District	49,139,088	0.67%	329,232	37,655
Premiums on general obligation debt			-	22,148
Total city general obligation debt			\$ 2,870,400	\$ 349,908
Other Municipal Corporations				
Indianapolis Airport Authority	\$ 49,139,088	0.67%	\$ 329,232	\$ -
Capital Improvement Board	49,139,088	0.67%	329,232	-
Indianapolis-Marion County Building Authority	49,139,088	(1)	-	-
Indianapolis-Marion County Library	48,447,030	0.67%	324,595	62,510
Indianapolis Public Transportation Corp.	46,536,467	0.67%	311,794	-
Total municipal corporations			\$ 1,294,854	\$ 62,510
School Districts				
Beech Grove	\$ 523,700	(4)	\$ 3,509	\$ 5,699
Decatur	1,846,690	(4)	12,373	10,990
Franklin	3,302,687	(4)	22,128	9,325
Indianapolis Public Schools	13,858,771	(4)	92,854	90,455
Lawrence	5,856,802	(4)	39,241	19,005
Perry	4,369,096	(4)	29,273	22,139
Pike	5,377,537	(4)	36,029	27,875
Speedway	692,059	(4)	4,637	1,005
Warren	3,111,117	(4)	20,844	9,810
Washington	6,809,026	(4)	45,620	26,530
Wayne	3,624,511	(4)	24,284	5,970
Total school districts	\$ 49,371,996		\$ 330,792	\$ 228,803

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, 2022
(Dollars in thousands)

	Assessed Value (5)	Bonding Limit		Bonds Outstanding (6)
		%	Dollar Amount	
Other Cities and Towns				
Beech Grove	\$ 552,386	0.67%	\$ 3,701	\$ 120
Lawrence	1,841,627	0.67%	12,339	1,298
Southport	68,936	0.67%	462	33
Speedway	692,059	0.67%	4,637	4,395
Total Other Cities and Towns	\$ 3,155,008		\$ 21,139	\$ 5,846
Townships				
Center	\$ 8,158,462	0.67%	\$ 54,662	\$ -
Decatur	1,846,690	0.67%	12,373	-
Franklin	3,446,464	0.67%	23,091	-
Lawrence	6,295,631	0.67%	42,181	2,460
Perry	4,779,999	0.67%	32,026	-
Pike	5,218,292	0.67%	34,963	-
Warren	4,220,136	0.67%	28,275	-
Washington	9,814,923	0.67%	65,760	-
Wayne	5,082,059	0.67%	34,050	263
Total Townships	\$ 48,862,656		\$ 327,380	\$ 2,723
Excluded Library Districts				
Speedway	\$ 692,059	0.67%	\$ 4,637	\$ 45
Total Excluded Library Districts	\$ 692,059		\$ 4,637	\$ 45
Ben Davis Conservancy District	\$ 434,231	(2)	\$ -	\$ -
Total Overlapping Debt				\$ 649,835
Total Direct and Overlapping Debt				\$ 1,715,859

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, 2020 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2021.

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

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

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

Table XII
Legal Debt Margin Calculation
December 31, 2022
(Dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year Ended	
December 31, 2022	
Net assessed value - 2020	\$ 47,348,843
Debt limit (.67% of assessed values)	317,237
Debt applicable to limit	
Bonded Debt	154,430
Notes payable from tax levy	-
Total net debt applicable to limit	<u>154,430</u>
Legal Debt Margin	<u>\$ 162,807</u>

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$ 317,237	\$ 303,674	\$ 288,852	\$ 274,485	\$ 265,032	\$ 251,720	\$ 246,152	\$ 246,616	\$ 227,610	\$ 228,057
Total net debt applicable to limit	<u>154,430</u>	<u>160,760</u>	<u>166,780</u>	<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>
Legal debt margin	<u>\$ 162,807</u>	<u>\$ 142,914</u>	<u>\$ 122,072</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	48.68%	52.94%	57.74%	62.85%	67.14%	72.73%	76.35%	78.07%	86.81%	91.58%

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, 2022
(Dollars in thousands)

Year	(1) (2) Population	(2) Personal Income	(2) Per Capita Personal Income	Public School Enrollment	(3) Unemployment Rate
2022	971,102	\$ 63,729,003	\$ 66	141,301	3.2%
2021	966,183	57,259,810	59	127,552	1.9%
2020	964,582	57,259,810	54	131,830	5.7%
2019	954,670	52,478,123	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%

(1) Source: Census Bureau-Population Estimates for 2012-2021 reflect county population estimates.

(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 2012-2021 reflect county population estimates available as of March 2022. Data was not yet available for 2021 personal income.

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

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

Table XIV
Principal Employers
Current Year and Nine Years Ago ⁽²⁾
December 31, 2022

Taxpayer	2022			2013		
	(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	2.39%	20,292	1	2.21%
Ascension St. Vincent	17,398	2	1.79%	11,075	2	1.21%
Community Health Network	15,000	3	1.54%	8,100	6	0.88%
IUPUI	14,000	4	1.44%	5,100	10	0.55%
Eli Lilly and Company	11,279	5	1.16%	10,500	3	1.14%
Walmart	9,582	6	0.99%	9,000	4	0.98%
Kroger Co	7,520	7	0.77%			
Federal Express	5,800	8	0.60%	6,000	8	0.65%
Anthem	4,870	9	0.50%			
Meijer	4,707	10	0.48%			
Marsh Supermarkets				8,890	5	0.97%
Indianapolis Public Schools				6,123	7	0.67%
Franciscan St. Francis Health				5,576	9	0.61%

- (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 2013 Annual Comprehensive 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, 2022

Function/Program	Full-Time Equivalent Employees at December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Primary Government Employees:										
Administration	147	144	157	149	149	143	135	128	131	139
Health improvement	365	365	391	392	376	373	366	354	349	351
Communicable disease prevention	154	190	138	132	130	129	127	125	123	128
Water quality and hazardous materials	26	26	28	29	28	27	27	28	26	26
Housing and neighborhood health	61	63	71	72	72	71	71	72	80	84
Consumer and employee risk reduction	29	28	26	27	27	27	27	27	26	26
Vector disease control	42	41	44	46	48	49	52	50	53	53
Business-type Employees:										
Eskenazi Health	4,210	4,130	4,073	4,047	4,284	4,310	4,177	3,853	3,828	3,726
Long-Term Care (1)	-	-	-	-	-	-	-	-	-	-
Total Employees	5,034	4,987	4,928	4,894	5,114	5,129	4,982	4,637	4,616	4,533

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

Source: SAP Payroll System and ADP Payroll System used by Health and 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

<u>Function/Program</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	26,372	28,615	28,811	64,491	53,557	57,262	61,000	58,034	62,100	75,075
Vital Statistics - certified birth copies issued	59,641	41,102	46,803	58,171	52,247	47,074	46,392	48,552	47,062	47,162
Vital Statistics - certified death copies issued	59,763	54,421	58,174	50,729	50,048	50,922	48,226	51,621	54,205	51,768
WIC Services - transactions <i>(per month)</i> (i)	184,440	192,198	168,641	165,133	260,583	56,083	24,023	30,959	32,223	31,495
WIC Services - nutrition education	15,370	18,239	14,053	13,761	13,086	11,041	7,059	9,378	29,150	21,214
Dental Health/Education Services	27,382	21,401	13,097	65,712	63,650	62,220	35,765	45,847	50,625	72,533
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	851	764	617	1,443	1,431	1,382	1,383	1,216	1,114	1,055
AIDS cases	87	97	88	23	36	38	36	29	35	44
HIV infection - total cases	235	231	163	166	209	196	166	148	192	158
Tuberculosis cases reported	41	53	35	57	33	39	43	54	52	36
Sexually transmitted diseases total cases	15,336	16,779	15,167	13,878	14,123	15,213	14,228	12,272	12,952	13,406
Influenza-Like Illness	18,357	11,912	13,273	11,918	10,055	6,534	5,836	4,510	4,807	6,332
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	41,301	39,123	44,327	62,784	61,274	68,733	58,807	56,235	47,175	49,517
Swimming pool samples	1,153	1,173	1,547	4,395	4,155	5,155	4,055	4,250	4,360	4,438
Surface water samples taken	2,360	2,849	2,400	2,595	2,614	2,598	2,590	2,598	2,531	4,778
Hazardous Materials Management										
Responses to emergency situations	277	703	685	617	763	707	281	266	659	776
Drinking water wells surveyed for toxins	253	385	446	840	572	489	396	300	541	564
Septic systems permits	93	160	132	111	87	128	100	79	79	81
Well construction permits	144	171	162	121	105	97	105	87	97	114
Well pump permits	503	575	650	426	266	266	212	167	163	200
Housing and Neighborhood Health										
Initial housing orders	1,898	1,932	1,317	2,538	2,288	2,247	3,126	4,660	4,863	2,699
Housing compliances	5,786	5,189	3,874	6,734	5,432	5,571	4,783	4,613	4,977	4,577
Initial sanitation orders	5,033	13,117	11,479	14,279	13,294	13,513	14,934	15,429	13,571	11,147
Sanitation compliances	7,961	10,604	11,819	5,655	10,491	16,422	14,135	10,738	12,323	12,247
Court cases filed	2,233	931	1,516	3,352	3,312	3,379	3,906	3,921	3,841	3,540
Court cases resolved	2,404	987	1,837	2,582	2,900	3,545	2,566	2,004	2,500	1,565
Unsafe buildings-structures demolished	**	**	**	**	**	**	**	**	223	4,934
Unsafe buildings-structures boarded	**	**	**	**	**	**	**	**	5,037	3,913
Unsafe buildings-structures repaired	**	**	**	**	**	**	**	**	777	1,156
Lead - children screened	12,228	11,185	14,475	14,073	12,087	11,499	9,618	4,721	7,779	13,038

Health and Hospital Corporation of Marion County, Indiana

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Table XVI - Continued
Operating Indicators by Function
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	19,511	18,519	13,229	15,316	16,382	18,043	16,822	19,734	17,735	19,557
Foodborne investigations	196	138	118	261	238	196	207	207	241	166
Foodborne complaints	1,167	1,091	3,374	1,118	1,062	975	972	920	917	801
Foodborne licenses issued	7,854	6,316	6,438	7,443	7,112	7,147	7,090	6,981	6,635	6,501
Occupational health										
Radon investigations	124	198	112	144	113	115	215	95	46	74
Related indoor air inspections	922	470	865	1,898	2,115	2,044	2,480	3,017	2,999	2,984
Vector Disease Control										
Environmental/Rodent Control										
Total premises baited for rodents	1,457	1,339	1,414	1,675	2,420	2,914	3,103	2,232	2,034	2,255
Abandoned property cleanups	1,053	1,611	1,625	1,838	2,327	2,490	3,944	2,911	4,021	3,693
Assisted cleanups of neighborhoods	28	21	-	8	11	4	9	7	10	8
Total weight (lbs.) of trash removed	6,888,000	8,052,180	7,549,800	7,437,680	10,258,440	11,210,480	14,798,225	14,272,760	15,263,180	15,991,960
Mosquito Control										
Inspections of mosquito breeding sites	8,624	14,000	14,000	16,929	14,266	17,429	17,987	18,744	21,716	20,672
Mosquito breeding sites treated	4,261	6,557	6,668	7,407	5,470	7,491	8,410	9,835	9,829	8,942
Adulticiding, lineal miles sprayed	2,163	3,574	4,328	4,249	3,954	4,512	4,775	4,514	3,673	3,043
Complaint services, adulticiding	4,931	7,148	8,657	8,720	7,989	9,230	8,521	5,374	4,123	4,271
Combination complaints	5,261	7,523	9,324	9,646	8,790	10,286	9,935	6,772	5,011	5,301
Long-Term Care										
Total Beds	9,236	9,524	9,524	9,524	9,524	9,524	9,524	9,524	7,944	7,969
Eskenazi Health										
Admissions (Acute, Behavioral, Lockefield)	16,232	16,224	15,959	17,151	16,596	15,896	15,492	14,977	14,788	15,090
Patient Days (Acute, Behavioral, Lockefield)	84,122	87,855	85,854	82,350	75,541	77,496	72,741	67,403	68,253	67,061
OP Encounters (net of ED)	1,005,803	1,004,282	956,057	953,299	859,145	815,999	804,189	747,007	736,130	876,161
ED Visits	96,204	92,038	86,679	103,981	103,046	91,675	94,733	87,624	95,258	101,240
Advantage Members	33,239	10,221	11,621	11,630	12,714	9,139	12,531	15,811	32,916	39,594
Uncompensated Care (000's Omitted)	329,370	321,351	284,294	390,959	376,046	293,617	410,579	535,005	381,110	410,383
Surgeries	9,539	9,101	8,131	9,062	9,078	8,967	8,400	7,715	7,242	7,406
Births	2,938	2,481	2,471	2,704	2,677	2,306	2,316	2,233	2,046	1,849

n/a = Not available.

** 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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Health Improvement										
Dental chairs	26	26	26	25	25	25	25	25	25	25
Dental x-ray units	24	24	24	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	7	7	7	1	1	1	1	1	1
Generators/power source	5	5	5	5	5	5	5	5	5	5
Planmeca digital panoramic machine	4	4	4	4	4	2	2	2	2	2
Community Health vehicles	4	3	3	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	1	1	1					
Refrigerators/freezer for lab	43	43	35	34	24	24	23	23	23	22
Incubator for lab	8	8	8	7	7	7	7	7	7	7
Trailer with hitch	11	11	11	11	11	11	11	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	2
Kodak color scanners	6	6	6	6	6	6	6	6	6	5
Truck-Super 4X4	5	4	4	3	3	3	3	3	3	3
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	14	14	14	14	14	17	17	17	17	17
Analyzers for hazardous materials	6	5	5	5	5	5	5	5	5	5
Housing and Neighborhood Health										
Analyzers for lead testing	10	10	10	10	10	10	9	9	8	8
Vans/cars for housing visits	17	17	17	15	10	10	8	8	7	7
Vector Disease Control										
Environmental trucks/vans for cleanup	32	29	29	28	28	27	27	27	24	23
Dump Trucks	21	19	19	19	17	20	18	18	17	17
Tractors/Trailers	29	29	29	29	27	28	28	28	28	28
Rodent/Mosquito control trucks for spraying	83	79	76	71	67	69	65	64	64	62
Rodent/Mosquito control - sprayers	19	19	16	16	12	12	12	12	12	12
Rodent/Mosquito Control - generators	6	6	6	6	6	6	6	6	6	6
Long-Term Care										
# of buildings	76	78	78	78	78	78	78	78	61	59
Eskenazi Health										
# of beds	336	336	336	336	336	336	336	346	315	315

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