



STATE OF INDIANA
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October 19, 2015

Board of Directors
Health and Hospital Corporation of Marion County
720 Eskenazi Avenue
Indianapolis, IN 46205

We have reviewed the audit report prepared by BKD, LLP, Independent Public Accountants, for the period January 1, 2014 to December 31, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Health and Hospital Corporation of Marion County, as of December 31, 2014 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the material weaknesses in internal control over financial reporting referenced in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. These are findings 2014-001 and 2014-002 in the Schedule of Findings and Questioned Costs.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to two financial statement findings in the report. Please refer to the Schedule of Findings and Questioned Costs for complete details of the findings. Management's planned corrective action directly follows each finding.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner



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

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

Single Audit Reports

For the Year Ended December 31, 2014

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, 2014

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Health and Hospital Corporation of Marion County, Indiana

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

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2014 Amount Passed-Through to Subrecipients	Combined 2014 Total Federal Expenditures		
U.S. Department of Agriculture	Indiana State Department of Health Indiana State Department of Health	A70-4-070563	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ -	26,703,362		
		A70-5-070640	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	1,946,606		
		A70-4-070614	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	131,442		
		A70-5-070640	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	75,253		
		A70-4-070563	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	118,072		
		A70-5-070640	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	24,722		
		Total U.S. Department of Agriculture						28,149,457
		U.S. Department of Housing and Urban Development	City of Indianapolis, Marion County City of Indianapolis, Marion County	IN0111CSFH030930	Shelter Plus Care	14.238	-	165,865
				PO# 13DMMD-1300001137	Continuum of Care Program	14.267	-	9,291
				PO# 13DMMD-1300001655	Continuum of Care Program	14.267	-	33,277
PO# 13DMMD-1300001138	Continuum of Care Program			14.267	-	88,692		
PO# 13DMMD-1300001662	Continuum of Care Program			14.267	-	143,498		
PO# 13DMMD-1300001140	Continuum of Care Program			14.267	-	31,272		
PO# 13DMMD-1300001655	Continuum of Care Program			14.267	-	48,887		
PO# 13DMMD-1300001683	Continuum of Care Program			14.267	-	62,209		
PO# 13DMMD-1300001289	Continuum of Care Program			14.267	-	181,856		
PO# 13DMMD-1300001667	Continuum of Care Program			14.267	-	16,478		
Total U.S. Department of Housing and Urban Development						781,285		
U.S. Department of Justice	Indiana Criminal Justice Institute Indiana University	13VA2421 / D3-14-45384	Crime Victim Assistance	16.575	-	92,671		
		D3-14-8543	Crime Victim Assistance	16.575	-	7,210		
		Total U.S. Department of Justice				99,881		
VA Supportive Services for Veteran Families Program	Intecare, Inc.	N/A	Supportive Services for Veteran Families	64.033	11,986	92,479		
		Total VA Supportive Services for Veteran Families Program				11,986		
U.S. Environmental Protection Agency	Indiana State Department of Health	A70-4-154004	State Indoor Radon Grants	66.032	-	1,500		
		Total U.S. Environmental Protection Agency				1,500		

Health and Hospital Corporation of Marion County, Indiana

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2014 Amount Passed-Through to Subrecipients	Combined 2014 Total Federal Expenditures
U.S. Department of Education	Division of Disability, Aging and Rehabilitative Services	P378A-120012	College Access Challenge Grant Program	84.378	\$ -	\$00
U.S. Department of Health and Human Services	Natl Assoc of County/City Health Officials	5MRCSG101005-03	Medical Reserve Corps Small Grant Program	93.008	-	5,795
	Indiana State Department of Health	A70-4-0532274	Public Health Emergency Preparedness	93.069	-	15,000
	Indiana State Department of Health	A70-3-0532060	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEEP)	93.074	-	132,075
	Indiana State Department of Health	A70-5-0532369	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEEP)	93.074	-	98,374
	District 5 Hospital Preparedness Planning Committee	N/A	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEEP)	93.074	-	20,000
	Direct	N/A	Sodium Reduction in Communities	93.082	(3,819)	270,449
	Indiana State Department of Health	A70-4-0532023	Emergency System for Advance Registration of Volunteer Health Professionals	93.089	-	6,291
	Indiana Family Health Council	IFHC-5	Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	-	136,450
	Indiana Family Health Council	N/A	Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	-	60,969
	Indiana State Department of Health	A70-3-106070	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	-	545
	Indiana State Department of Health	A70-4-106092	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	-	137,572
	Indiana University	IB4MC6203	Emergency Medical Services for Children	93.127	-	186,665
	University of Illinois at Chicago (UIC)	E6012757	AIDS Education and Training Center	93.145	-	3,047
	University of Illinois at Chicago (UIC)	E6015992	AIDS Education and Training Centers	93.145	-	197,914
	University of Illinois at Chicago (UIC)	IB4AH00062 / IB4505488304	AIDS Education and Training Centers	93.145	7,731	131,753
					7,721	321,116
	Indiana Family and Social Services Administration - Division of Mental Health	ASSX-09-14-Y3-1580	Projects for Assistance in Transition from Homelessness (PATH)	93.150	-	49,838
	Eskemai Health Foundation	N/A	Disabilities Prevention	93.184	-	6,000
	Indiana Family Health Council	IFHC-HLV	Family Planning Services	93.217	-	132,715
	Indiana Family Health Council	IFHC-Main	Family Planning Services	93.217	2,730	245,183
	Health Centers Cluster:					
	Direct	N/A	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	-	1,018,479
	Direct	N/A	Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.227	-	456,499
	Health Centers Cluster					1,474,978
	Indiana University	IR01HS00909-01	Research on Healthcare Costs, Quality and Outcomes	93.226	-	8,539

Health and Hospital Corporation of Marion County, Indiana (A Component Unit of the Consolidated City of Indianapolis - Marion County) Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2014

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2014 Amount Passed-Through to Subrecipients	Combined 2014 Total Federal Expenditures
Indiana University		IU79T1025375	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	\$ -	\$ 12,897
Indiana University		3U79TU020281-05	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	-	62,950
Indiana Family & Social Services Administration - Division of Mental Health		IU79SM059735-01	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	190,330	407,359
Indiana Family and Social Services Administration, Division of Mental Health, Addiction		ASS-4-49-14-WA-1580	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	-	951,184
Indiana Family and Social Services Administration		ASS-4-49-14-WA-1580-02	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	-	180,342
Danone Center		IU79SP015100	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	190,330	31,614
						1,646,326
Direct		N/A	Rural Access to Emergency Devices Grant and Public Access to Defibrillation Demonstration Grant	93.259	-	41,626
Indiana State Department of Health		A70-4-073149	Immunization Cooperative Agreements	93.268	-	394,798
Indiana State Department of Health		A70-5-73155	Immunization Cooperative Agreements	93.268	-	59,216
						434,024
Direct		N/A	Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	129,976	245,482
Indiana State Department of Health		A70-3-069622	Pregnancy Assistance Fund Program	93.500	-	7,000
Indiana State Department of Health		A70-4-069710	Pregnancy Assistance Fund Program	93.500	-	22,077
						29,077
Indiana Family Health Council		IFHC-2, IFHC-3 & IFHC-4	Temporary Assistance for Needy Families	93.558	-	630,907
Indiana Family & Social Services Administration		F1-10-49-10-85-1580	Refugee and Entrant Assistance State Administered Programs	93.566	-	526,651
Indiana Family & Social Services Administration		F1-4-49-14-3S-1580	Refugee and Entrant Assistance State Administered Programs	93.566	-	23,755
						530,406
Indiana State Department of Health		A70-2-106067	Refugee and Entrant Assistance Discretionary Grants	93.576	-	31,104
Direct		N/A	Refugee and Entrant Assistance Discretionary Grants	93.576	-	38,907
						70,011
Indiana University		IC1CM8331000-01-30	Health Care Innovation Awards (HCIA)	93.610	673,064	1,234,281
Indiana University		IC1CM8331000-03-01	Health Care Innovation Awards (HCIA)	93.610	115,611	615,077
						1,849,318
InaCare, Inc		N/A	Social Services Block Grant	93.667	-	293,319
Indiana Family Health Council		IFHC-3, IFHC-3 & IFHC-4	Social Services Block Grant	93.667	-	227,367
						520,686
Direct		N/A	PPHF Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges	93.750	-	239,116

Health and Hospital Corporation of Marion County, Indiana

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2014 Amount Passed-Through to Subrecipients	Combined 2014 Total Federal Expenditures
	Indiana University	PO# 1362143	Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	\$ -	\$ 9,765
	Indiana University	R01AG034946-04	Aging Research	93.866	-	50,588
	Indiana University	R01AG034946	Aging Research	93.866	-	27,582
					-	87,975
	Indiana State Department of Health	A70-0-0511061	National Bioterrorism Hospital Preparedness Program	93.889	-	2,455
	District 5 Hospital Preparedness Committee	N/A	National Bioterrorism Hospital Preparedness Program	93.889	-	777
	Indiana State Department of Health	A70-1-0511545	National Bioterrorism Hospital Preparedness Program	93.889	-	10
					-	3,182
	Direct	N/A	HIV Emergency Relief Project Grants	93.914	2,352,055	3,912,327
	Indiana State Department of Health	A70-3-112249	HIV Care Formula Grants	93.917	-	84,132
	Indiana State Department of Health	A70-5-112344	HIV Care Formula Grants	93.917	-	28,778
					-	112,910
	Direct	N/A	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	260,824	685,645
	Direct	N/A	Healthy Start Initiative	93.926	48,118	872,448
	Direct	N/A	Special Projects of National Significance	93.928	13,245	19,914
	Indiana State Department of Health	A70-3-112276	HIV Prevention Activities Health Department Based	93.940	-	339
	Indiana State Department of Health	A70-3-106088	HIV Prevention Activities Health Department Based	93.940	-	298,087
	Indiana State Department of Health	5UG278003682-02	HIV Prevention Activities Health Department Based	93.940	-	39,148
	Indiana State Department of Health	A70-4-112317	HIV Prevention Activities Health Department Based	93.940	-	78,114
					-	415,688
	Indiana Family and Social Services Administration	AS5-4-09-15-21-1480	Block Grants for Community Mental Health Services	93.958	8,500	77,250
	InteCare, Inc.	N/A	Block Grants for Community Mental Health Services	93.958	8,500	1,106,457
					-	1,183,707
	Indiana Family and Social Services Administration	AS5-3-09-13-FX-1580	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	301,644
	InteCare, Inc.	N/A	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	654,935
	Indiana State Department of Health	A70-4-069678	Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	32,526
					-	989,105

Health and Hospital Corporation of Marion County, Indiana

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2014

Federal Grantor	Pass-Through Grantor	Pass-Through Grantor Number	Program Title	Federal CFDA #	2014 Amount Passed-Through to Subrecipients	Combined 2014 Total Federal Expenditures
Indiana State Department of Health Indiana State Department of Health Indiana State Department of Health Indiana State Department of Health		A70-3-112285	Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	\$ -	(49)
		A70-4-106100	Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	28,000	148,514
		A70-3-112274	Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	-	(141)
		A70-4-106957	Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	-	9,383
					28,000	138,127
Indiana Family Health Council Indiana University Indiana University		IFHC-2, IFHC-3 & IFHC-4	Maternal and Child Health Services Block Grant to the States	93.994	-	316,811
		1459616	Maternal and Child Health Services Block Grant to the States	93.994	-	55,425
		N/A	Maternal and Child Health Services Block Grant to the States	93.994	-	16,992
			Maternal and Child Health Services Block Grant to the States		-	389,236
			Total U.S. Department of Health and Human Services		3,836,355	18,418,149
U.S. Department of Homeland Security			Homeland Security Grant Program	97.057	-	246,458
			Metropolitan Medical Response System	97.071	-	32,800
			Total U.S. Department of Homeland Security		-	279,258
			Total Federal Expenditures		\$ 3,836,341	\$ 47,822,509

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2014

Notes to Schedule

1. This schedule includes the federal awards activity of Health and Hospital Corporation of Marion County, Indiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities and each major fund of Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis-Marion County) (Corporation), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 26, 2015, which contained an "emphasis of matter" paragraph regarding a change in its reporting unit. The financial statements of IU Health Inc. d/b/a Eskenazi Medical Group, a component unit included in the financial statements of the business-type activities, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Corporation's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, there can be no assurance that all material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

The Corporation's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We also noted certain matters that we reported to the Corporation's management in a separate letter dated June 26, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
June 26, 2015

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Health and Hospital Corporation of Marion County, Indiana (Corporation) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Health and Hospital Corporation of Marion County, Indiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Corporation as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements. We issued our report thereon dated June 26, 2015, which contained an unmodified opinion on those financial statements. Our report included a reference to a change in its reporting unit during 2014. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
June 26, 2015

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2014

Summary of Auditor's Results

1. The opinions expressed in the independent auditor's report over financial reporting were:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:
 Unmodified Qualified Adverse Disclaimer

Special Supplemental Nutrition Program for Women, Infants & Children (CFDA No. 10.557)	Unmodified
Healthcare Innovation Awards (CFDA No. 93.610)	Unmodified
Health Centers Cluster (CFDA Nos. 93.224 and 93.527)	Unmodified

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

7. The Corporation's major programs were:

Cluster/Program	CFDA Number
Special Supplemental Nutrition Program for Women, Infants & Children	10.557
Healthcare Innovation Awards	93.610
Health Centers Cluster	93.224/93.527

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,434,675.

9. The Corporation qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2014-001	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The Corporation issues a Comprehensive Annual Financial Report (CAFR) on an annual basis. Certain internal controls over valuation over patient receivable balances did not timely detect a material adjustment to the valuation of year end balances due to the Eskenazi Health fund. (Material Weakness)</p> <p>Context: Effective and accurate valuation of patient accounts receivable in a health care provider is a complex concept. The estimation of allowances for contractual allowances and allowances for uncollectible accounts requires disciplined modeling, especially during time of changes to a provider's significant payor class. The Corporation's model utilized to determine necessary allowances was inappropriately adjusted during the year resulting in a significant overstatement of the net patient receivable balance as of year-end. As a result, a material adjustment was necessary to more accurately reflect the estimated net amounts due to the Corporation.</p> <p>Cause: Internal controls were not adequately applied as a result of changes within key positions and responsibilities.</p> <p>Effect: Potential material misstatements in the financial statements could occur and not be detected and/or corrected in a timely manner.</p> <p>Recommendation: We recommend that the Corporation evaluate current accounting mechanisms in place for determining necessary allowances on patient receivable balances to ensure accurate and timely financial information is available to management and governance.</p> <p>Views of Responsible Officials and Planned Corrective Action: We concur. Management was utilizing valuation methodology based on historical activity. Historical activity included the time period related suspension of the Hospital Assessment Fee (HAF) program. Upon the reinstatement of the HAF program, management did not change the valuation methodology in error. Since audit fieldwork, this approach has been changed. Management reviews any change in reimbursement practices or policies from all payors when preparing monthly valuation of allowances.</p>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Reference Number	Finding	
2014-002	<p>Criteria or Specific Requirement:</p> <p>Condition:</p> <p>Context:</p> <p>Cause:</p> <p>Effect:</p> <p>Recommendation:</p> <p>Views of Responsible Officials and Planned Corrective Action:</p>	<p>Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>The Corporation issues a Comprehensive Annual Financial Report (CAFR) on an annual basis. Several material financial statement adjustments occurred during the audit process, that were not timely detected by management's internal control structure. These audit adjustments included a variety of financial reporting elements within the Eskenazi Health fund. (Material Weakness)</p> <p>Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties. Some of the concepts of the elements above can be complex and the individual reviewing monthly transactions should understand the underlying transactions in order to adequately review the transactions for accuracy within the financial reporting of the Corporation.</p> <p>Timely and accurate reconciliations of financial statements were not effective during the financial statement audit period.</p> <p>Potential material misstatements in the financial statements could occur and not be detected and/or corrected in a timely manner.</p> <p>We recommend that the Corporation evaluate current accounting mechanisms in place for timely closing and reconciling of accounts to determine how they can be enhanced to minimize the potential for material error and ensure accurate and timely financial information is available to management and governance.</p> <p>We concur. Management has established a review process to ensure the accuracy and timeliness of the financials. Review processes will include the review of financial statements, variance discussions and material reconciliations. The finance team is being restructured to enhance review processes and review financial results by service line.</p>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2014

Reference Number	Summary of Finding	Status
	No matters are reportable.	



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

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

Comprehensive Annual Financial Report

For the Year Ended December 31, 2014

The Health and Hospital Corporation of Marion County, Indiana

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

Comprehensive Annual Financial Report For the Year Ended December 31, 2014

Matthew R. Gutwein
President and Chief Executive Officer

Daniel E. Sellers
Treasurer and Chief Financial Officer

Prepared by: The Treasurer's Office

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
For the Year Ended December 31, 2014

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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, 2014

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Introductory Section (Unaudited)



**HEALTH &
HOSPITAL**
CORPORATION

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June 26, 2015

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

The Comprehensive Annual Financial Report of the Health and Hospital Corporation of Marion County, Indiana (Corporation) (a component unit of the Consolidated City of Indianapolis - Marion County), for the fiscal year ended December 31, 2014, is submitted herewith. This report is presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and is audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Corporation has a responsibility to inform both the taxpayers of Marion County and its investors of its financial condition. We believe that this report fulfills that responsibility.

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

The Corporation's financial statements have been audited by BKD LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Corporation for the fiscal year ended December 31, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the Corporation's financial statements for the fiscal year ended December 31, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CORPORATION

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

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

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

Eskenazi Health is comprised of the Sidney and Lois Eskenazi Hospital, a 315 bed general acute care hospital; the Eskenazi Health Outpatient Care Center, an outpatient specialty care facility co-located with the Hospital; the Eskenazi Health Center, a Federally Qualified Health Center (FQHC) that operates ten primary care centers throughout Marion County; Midtown Community Mental Health, a Community Mental Health Center (CMHC) that provides behavioral health services throughout Marion County; and Indianapolis EMS (IEMS), the county-wide emergency ambulance service. Eskenazi Health is the only public hospital in Marion County. The Hospital is fully accredited by the Joint Commission for Accreditation of Hospitals of the American Hospital Association.

The Corporation also has a long-term care (Long-Term Care) enterprise fund, which operates 61 nursing homes throughout Indiana at the end of 2014. Long-Term Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. Two additional facilities were purchased in 2014.

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

INTERNAL CONTROL STRUCTURE

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

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

BUDGET

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

ECONOMIC CONDITION AND OUTLOOK

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

LOCAL ECONOMY

Indianapolis is the nation's 13th largest city. According to the U.S. Census Bureau's Statistics for 2010, the estimated population of Marion County is 903,393 and 1,887,877 for the Indianapolis Metropolitan Area. Indianapolis is well-known for the multitude of cultural, educational, sporting, shopping and dining opportunities offered to its residents and visitors. Indianapolis is the home of "Hoosier Hospitality" the perfect blend of Midwest, small town welcome and big city attractions and opportunities. Employers and employees discover that a dollar goes further here. Residents and business owners alike enjoy an extremely competitive cost of living, along with a high quality of life.

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

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

LONG-TERM FINANCIAL PLANNING

Along with the changes in healthcare finance, the Corporation completed construction of a new hospital system campus. The new hospital opened on December 7, 2013. The system was renamed from Wishard Health Services to Eskenazi Health in recognition of a \$40 million capital campaign gift from Sidney and Lois Eskenazi made in the summer of 2011. More details of the opening are covered below under Eskenazi Health. Eskenazi Health is pursuing Leadership in Energy and Environmental Design (LEED®) Silver certification which would make it one of only ten newly constructed hospitals in America to achieve LEED certification at the level of Silver or higher, and the only one of its kind in Indiana.

To fund Eskenazi Hospital, the Corporation sought and was granted approval from the citizens of Marion County to issue up to \$703.04 million of debt. The Corporation also committed to using \$150 million of its reserves to help pay for the new hospital. A historic level of support was given to the project in a November 3, 2009 referendum election - in which an overwhelming 85 percent of Marion County voters approved the project. \$660.68 million in bonds were issued to finance the project in 2010 and \$44 million in 2013. The aggregate interest rate was 3.9% on the 30-yr fixed rate issuance.

The Affordable Care Act (ACA) has brought new opportunities and challenges to the healthcare industry. The Corporation is expanding services and building capacity to meet the needs of our community in different ways than we have historically. The ACA has brought new requirements on our Information Services and Information Technology departments in all of our divisions. MCPHD and Eskenazi are both separately charting 10-year IS/IT plans that will change the way the divisions interact internally and more importantly for the citizens of Marion County and their customers. These projects are vital to the operations of the divisions but also must be implemented to meet new ACA requirements that have both incentives for accomplishing the requirements and financial penalties for failure. The Long-Term Care division is also investing in IS/IT projects, not to meet ACA requirements but improve care for our residents and improve communication with hospitals throughout the state. MCPHD, Eskenazi and Long-Term Care will all be increasing their capacity to provide services in 2015 and beyond. MCPHD is working to help protect against epidemics, improve quality of life and provide better customer service in all of its departments. Eskenazi is continuing to fight the behavioral health problems in our community, to provide more access to care for those who are vulnerable anywhere in our community and to improve the service for our customers and patients. Long-Term Care has improved its quality every year since it joined HHC in 2003, now it will also work on improving the settings for our residents by making new capital improvements that will enhance the quality of life for the residents, the employees and the communities where they are located at the same time continuing to work on improving direct healthcare quality.

MAJOR INITIATIVES FOR THE YEAR

MCPHD:

As the public health leading agency for Indianapolis, MCPHD continues to balance the ever changing and increasing demand for our services in a climate of limited financing, the impact of the Affordable Care Act, community partnership development, achieving and maintaining national standards through appropriate professional accreditation bodies such as National Public Health Department Accreditation, and removing barriers to healthcare and eliminating health disparities.

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

MCPHD is committed to:

- Reducing infant mortality.
- Promoting the importance of immunization in infants, children and adults.
- Ensuring education and policy changes to reduce tobacco use and secondhand smoke.

- Working to reduce obesity, sedentary lifestyle and increasing understanding of good nutrition and physical activity.
- Researching, creating and implementing strategies to lower the incidence of diabetes, asthma, and cardiovascular disease.
- Reducing antibiotic resistance in our community.

Through our Community Health Assessment (CHA), MCPHD better understands the needs and assets of Marion County and ensures health care resources are used toward collaborating to make measurable improvements in Marion County residents' health and well-being. The most recent MCPHD CHA, which was prepared in collaboration with over 125 public health partners and released in December 2014, revealed five priorities for our county: unhealthy weight, poor mental health, poverty, chronic disease prevention and management, and violence. The next task for MCPHD will be to develop a Community Health Improvement Plan in 2015-2016, which will address these five priorities.

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

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

MCPHD is committed to providing excellent health care services to emerging population groups. The growing needs in our refugee and Burmese communities led to establishing a public health presence at the Indianapolis Chin Community Center. The clinic provides much needed coordinated medical and clinical care in a trusted, welcoming environment.

Eskenazi Health:

Eskenazi Health received many awards during 2014, a sample of which includes:

- Eskenazi Health was recognized as a Gold Fit-Friendly Worksite by the American Heart Association (AHA). The recognition reflects the importance Eskenazi Health places on having a healthy workplace for employees and creating a culture of wellness by providing support to employees. Fit-Friendly Worksites are recognized by the AHA as employers who go above and beyond when it comes to their employees' health.
- Eskenazi Health Midtown Community Mental Health was honored as the winner of a Health Care Hero award by the Indianapolis Business Journal (IBJ) in the Community Achievement in Health Care category.
- Dr. Palmer MacKie, a board-certified internist at Eskenazi Health and medical director of the Eskenazi Health Integrative Pain Center, was named a finalist for a Health Care Hero award by the Indianapolis Business Journal (IBJ) in the Physician category.
- Dr. Malaz Boustani, director of the Eskenazi Health Healthy Aging Brain Center (HABC), was named a finalist of a Health Care Hero award by the Indianapolis Business Journal (IBJ) in the Advancement in Health Care category.
- David Kleiman of the Eskenazi Health Foundation, was named a finalist of a Health Care Hero award by the Indianapolis Business Journal (IBJ) in the Volunteer category.

- Dr. Lisa Harris, chief executive officer of Eskenazi Health, was named a 2014 Torchbearer by the Indiana Commission for Women. Torchbearers are women who have stepped forward as leaders by breaking down barriers to women. These women become lasting legacies for us all by overcoming immense challenges with courage, perseverance and compassion.
- St. Margaret's Hospital Guild and Indiana Blood Center presented Dr. Palmer MacKie, a board-certified internist at Eskenazi Health and medical director of the Eskenazi Health Integrative Pain Center, the prestigious Achievement in Medicine (AIM) Award for 2014.
- Dr. Lisa Harris, chief executive officer of Eskenazi Health, was named a 2014 Touchstone Award winner by Girls Inc. Indianapolis for her community achievement and excellence as a role model throughout the Indianapolis area.
- The Sidney & Lois Eskenazi Hospital and Eskenazi Health campus was honored by Top Notch of Indiana with the Top Notch Legacy Project Award at the Standard of Excellence luncheon.
- Jennifer Kitchens, MSN, RN, ACNS, BC, CVRN, a clinical nurse specialist (CNS) at Eskenazi Health and clinical faculty at Western Governors University, was awarded the National Association of Clinical Nurse Specialists (NACNS) Clinical Nurse Specialist Preceptor of the Year Award.
- Dr. Daniel E. Rusyniak, Eskenazi Health emergency medicine physician and associate professor of emergency medicine at the Indiana University School of Medicine, was named the recipient of the Early Career Achievement Award at the 67th annual Indiana University School of Medicine Alumni Weekend.
- Thomas Thaman, director of Eskenazi Health Food & Nutrition Services, was honored as the winner of the 2014 Partnership in Leadership Award from the Association for Healthcare Foodservice.
- Margie Payne, RN, MSN, CNS, CEO for Eskenazi Health Midtown Community Mental Health and vice president of mental health operations at Eskenazi Health, was honored as one of the Indiana University School of Nursing's Top 100 Alumni. Payne was presented with her award during the IU School of Nursing's 100th Anniversary Celebration Weekend in June.
- Adam Frank's "Arbor," a permanent art installation inside the new Sidney & Lois Eskenazi Hospital, was selected as a 2014 Public Art Network (PAN) Year in Review award recipient, the highest recognition for public art in the United States.
- Julia "Grandma" Lawrence, 82, was one of 11 people recognized for her outstanding service during a recent United Way diversity award ceremony. Lawrence has been a volunteer with Eskenazi Health for 20 years. Since then, her service has amounted to 22,464 hours.
- Eskenazi Health was the recipient of the 2014 Employer Award during the Access and Inclusion Awards Ceremony by the Mayor's Advisory Council on Disability. Eskenazi Health was selected as a winner for its Eskenazi Health Expanding Internships for Students with Disabilities program, a paid internship program for students with disabilities aimed at preparing students for careers in diverse fields.
- Rob Ley's "May September," a 12,000-square-foot piece of art on the Eskenazi Health Parking Garage, was the 2014 COD+A Awards recipient in the Health Care Exterior Category. The COD+A Awards is a national award contest that recognizes both the collaboration of the design and art of a particular project.
- The Sidney & Lois Eskenazi Hospital and Eskenazi Health campus received the Merit Award in Architecture at the 2014 American Institute of Architects St. Louis Design Awards.

- The Sidney & Lois Eskenazi Hospital and Eskenazi Health campus received the highest honor of the Monumental Award at the Indy Chamber's annual Monumental Awards Gala. The Monumental Awards recognize individuals and businesses that contribute to excellence in architecture, interior design, landscape architecture, construction, real estate development, neighborhood revitalization, engineering, innovative reuse and public art throughout the nine-county Indianapolis region. Eskenazi Health West 38th Street also received achievement awards for architecture, innovative reuse and neighborhood revitalization, as well as a merit for engineering.
- Dr. Palmer MacKie, director of the Eskenazi Health Integrative Pain Program, received an Indiana Public Health Achievement Award in the Preventative Medicine category for efforts in reducing prescription pain medication abuse. The award was presented at the 30th Annual Indiana Public Health Celebration & Hulman Awards, presented by the Indiana Public Health Association, Inc.
- Noll Campbell, Eskenazi Health clinical pharmacy specialist in geriatrics, was named a 2014 Hulman Award Individual Honoree for excellence in research and program development in geriatrics and gerontology.
- The IndyBar Go Green Committee recognized Eskenazi Health with the Green Legal Outstanding Achievement award at the 2014 Indianapolis Bar Association's Recognition Luncheon.
- Eskenazi Health's Dr. Palmer MacKie, was recognized with a 2014 Indianapolis Coalition for Patient Safety (ICPS) Hero Award. Dr. MacKie was recognized for making a difference to enhance patient safety in Indianapolis hospitals.
- Eskenazi Health was named Top Performer on key quality measures for 2013 by The Joint Commission. Eskenazi Health was recognized by The Joint Commission for improving performance on evidence-based interventions that increase the chances of healthy outcomes for patients with certain conditions, including heart attack, heart failure, pneumonia, surgical care, children's asthma, stroke, venous thromboembolism and perinatal care, as well as for inpatient psychiatric services and immunizations.
- March of Dimes and the Indiana Hospital Association (IHA) recognized Eskenazi Health at the Indiana Perinatal Hospital Summit for its work to reduce the number of elective inductions and cesarean deliveries performed before 39 completed weeks of pregnancy.

For 156 years, Eskenazi Health has provided high-quality, cost-effective, patient-centered health care to the residents of Marion County and Central Indiana. Accredited by The Joint Commission, nationally recognized programs include a Level I trauma center, regional burn center, comprehensive senior care program, women's and children's services, teen and adolescent care programs, Eskenazi Health Midtown Community Mental Health, and a network of primary care sites located throughout the neighborhoods of Indianapolis known as Eskenazi Health Center. Eskenazi Health also serves as the sponsoring hospital for Indianapolis Emergency Medical Services. As the public hospital division of the Health & Hospital Corporation of Marion County (HHC), Eskenazi Health is a major teaching venue for the Indiana University School of Medicine, whose faculty provide a comprehensive range of primary and specialty care services.

Long-Term Care:

The Corporation acquired two additional skilled nursing centers in 2014 bringing the total of long-term care facilities to 61 nursing homes and four free standing Assisted Living facilities which are all licensed for residential care. In addition, multiple locations provide a continuum of care with independent apartments and garden homes in a campus type setting. The total resident census was 7,358 on December 31, 2014. The new acquisitions were completed 8/1/14 – Ben Hur Nursing and Rehabilitation in Crawfordsville, and Fairway Village (formerly Friendship Healthcare) in Indianapolis. Major renovations and upgrades in equipment and services were planned and initiated at both new locations including implementation of electronic medical record systems, new lifting and bathing equipment, furnishings and building remodeling projects. These new acquisitions are being provided the same level of support to improve quality of care benchmarks and complete implementation of American Senior Communities (ASC) management systems, policies and procedures and leadership proficiencies as all the acquisitions in prior years.

Two substantial "legacy projects" were initiated in 2014 – all HHC skilled nursing facilities were equipped with a new state-of-the art nurse call system. This new system features the use of pagers for the caregivers to receive the call alert and enhances the homelike environment for residents. The nurse call system installation was budgeted at \$5.5 million. Eleven skilled facilities received new high capacity emergency generators which greatly enhance electric service to the facilities during a power outage. The greater generator capacity will assure residents are more comfortable with less interruption of services and to allow for facilities to "shelter-in-place" during prolonged electrical power interruptions and related disasters. In 2014 approximately \$1.8 million was spent on the generator project. The remainder of the nursing homes will receive new emergency generators in 2015.

Additionally, each facility is provided a substantial annual capital expenditure budget to purchase new or replacement equipment and to upgrade the physical plant. The total capital expenditure outlay in 2014 was slightly more than \$31 million. The facilities selected for major renovations included some that were acquired in 2014 as well as some of the older facilities in need of renovations and remodeling to improve the residents' quality of life, enhance marketability or enhance service lines. Examples of the renovation projects for 2014 include: conversion of an independent apartment unit to a licensed residential unit with upgrades in fire protection to meet new code requirements and apartment features required for participation in the Medicaid Waiver program; major nursing facility redecorating projects, both public and resident areas.

Quality care and service is the first priority for the Long-Term Care Division and quality improvement endeavors are continually performed at all locations. In October, American Village and Coventry Meadows were among only six Indiana facilities presented with the AHCA/NCAL National Quality Bronze Award for Commitment to Quality. The award is based on the health care criteria of the nationally recognized Baldrige Performance Excellence program.

According to the CMS Nursing Home Compare Rating System in December 2014, 95% of the HHC skilled nursing facilities had an overall rating of Five or Four Stars, which is defined as "Much Above Average" and "Above Average", respectively.

Regulatory compliance is an on-going objective for the Long-Term Care Division and many HHC facilities were successful in achieving or maintaining outstanding compliance with federal and state compliance measures. Four HHC skilled nursing facilities earned deficiency free surveys from the Indiana State Department of Health (ISDH) in 2014. The Indiana State Department of Health report card computed scores have steadily improved. In 2014, the corporate average improved from 125.08 in January to 117.5 in December. (The lower the score, the better). The statewide average score was 149. Three HHC facilities ranked in the top 10% of Indiana facilities (scores from 0-31) and nineteen HHC facilities were ranked in the top 25% (0-68).

One of the most important care and service measures is resident and family satisfaction. The National Business Research Institute, Inc., an independent company with over 30 years of experience in the measurement of consumer satisfaction, conducted a satisfaction survey of all HHC long-term care facilities in October 2014. The results of the survey indicate an overall consumer satisfaction rate of 91%, and 95% of respondents indicated they would recommend our services to others.

AWARDS AND ACKNOWLEDGEMENTS

The Corporation had an annual audit of its financial statements performed for 2014 by BKD LLP, Certified Public Accountants. The independent auditor's report on the Corporation's financial statements is included in the financial section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Health and Hospital Corporation of Marion County, Indiana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. Health and Hospital Corporation of Marion County, Indiana has received a Certificate of Achievement for the last 30 consecutive years. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Matthew R. Gutwein
President and
Chief Executive Officer



Daniel E. Sellers
Treasurer and
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Health and Hospital Corporation

Elected Officials

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

Appointed Officials - Board of Trustees



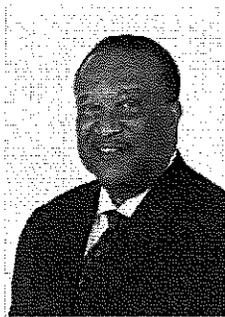
James D. Miner, M.D.
Chairman
Physician



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



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



Lacy M. Johnson
Attorney
Ice Miller



Deborah J. Daniels
Attorney
Krieg DeVault



Charles S. Eberhardt, II
Owner / Attorney
Community Spirits



Joyce Q. Rogers
Vice President
Indiana University

Health and Hospital Corporation

Officers

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

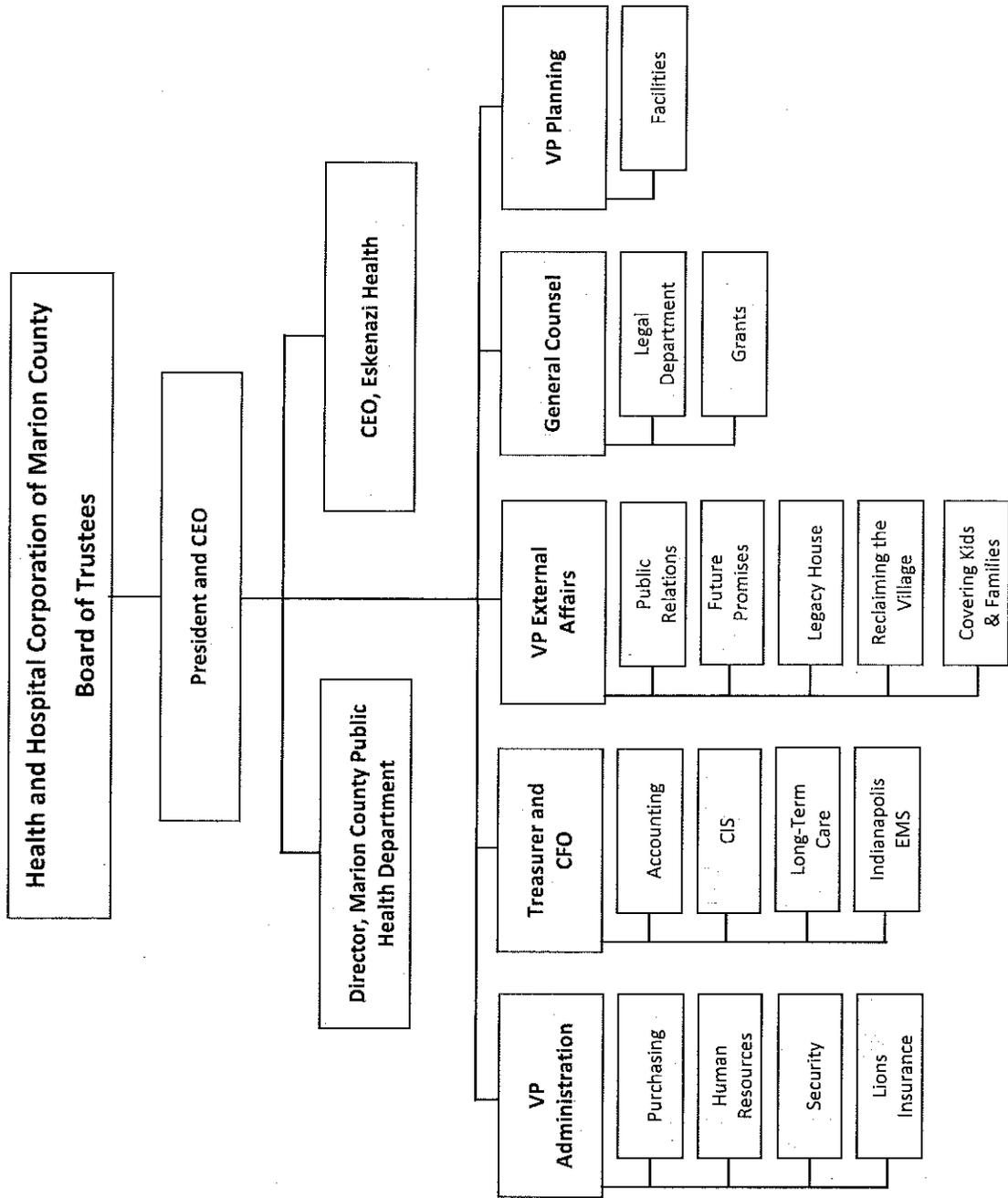
Independent Auditors

BKD, LLP

Indianapolis, Indiana



Officers of the Health and Hospital Corporation during 2014 were (left to right): Matthew R. Gutwein, President and Chief Executive Officer; Lisa E. Harris, M.D., Chief Executive Officer, Eskenazi Health; Virginia A. Caine, M.D., Director, Marion County Public Health Department; and Daniel E. Sellers, Treasurer and Chief Financial Officer.



Financial Section

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Health and Hospital Corporation of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis – Marion County) (Corporation), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Health and Hospital Corporation of Marion County, Indiana as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2014, the reporting unit of the Corporation changed for inclusion of an additional component unit. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

BKD, LLP

Indianapolis, Indiana
June 26, 2015

Management's Discussion and Analysis (Unaudited)

As management of the Health and Hospital Corporation of Marion County, Indiana, (Corporation), we offer readers of this Corporation's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter at the front of this report along with the financial statements, including the footnotes that follow the basic financial statements.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$772.3 million (net position). Unrestricted net position at the end of 2014 is a negative \$38.0 million.
- The Corporation's total net position increased by \$136.9 million, from current year activities.
- As of the close of 2014, the Corporation's governmental funds reported combined ending fund balances of \$281.5 million, an increase of \$67.0 million in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$245.0 million or 124.7% of total General Fund expenditures.
- The Corporation's total debt, excluding capital leases, decreased by \$11.5 million or 5.4% during the current fiscal year. This reflects scheduled principal payments on outstanding bonds. The capital lease obligation decreased by \$28.7 million or 3.2% in 2014.

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, liabilities, and deferred inflows 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 only the Health and Hospital Corporation of Marion County, Indiana (known as the primary government), which includes Lions Insurance Company, a blended component unit established in 2006. Since the Corporation's Board is appointed, not elected, the Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov), and the financial statements of the Corporation are included in the Comprehensive Annual Financial Report of Uni-Gov. Management also considers all other units of government within Marion County to be separate from this Corporation, and they are not considered as component units within this report.

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

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

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

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

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

Proprietary Funds - The Corporation's proprietary fund consists of two enterprise funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The Corporation uses the enterprise fund to account for its Eskenazi Health Division (including Indianapolis EMS) and its Long-Term Care Division.

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 in the form of 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 \$772.3 million at December 31, 2014.

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

The remaining balance of unrestricted net position is a negative \$38.0 million.

The Corporation's net position increased by \$136.9 million, compared to \$33.3 million in 2013.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$ 353,097,516	\$ 359,476,641	\$ 461,072,381	\$ 337,587,308	\$ 814,169,897	\$ 697,063,949
Capital assets, net of accumulated depreciation	25,078,393	27,150,725	1,196,906,151	1,247,866,641	1,221,984,544	1,275,017,366
Total Assets	<u>378,175,909</u>	<u>386,627,366</u>	<u>1,657,978,532</u>	<u>1,585,453,949</u>	<u>2,036,154,441</u>	<u>1,972,081,315</u>
Deferred Outflows of Resources						
Deferred loss on refundings	844,499	982,746	-	-	844,499	982,746
Liabilities						
Long-term liabilities	685,913,232	698,905,178	442,714,615	464,868,090	1,128,627,847	1,163,773,268
Other liabilities	29,315,275	76,206,215	106,755,920	116,126,875	136,071,195	192,333,090
Total Liabilities	<u>715,228,507</u>	<u>775,111,393</u>	<u>549,470,535</u>	<u>580,994,965</u>	<u>1,264,699,042</u>	<u>1,356,106,358</u>
Net Position						
Net investment in capital assets	9,860,293	12,505,823	799,873,777	825,154,250	809,734,070	837,660,073
Restricted	568,065	639,828	-	1,234,753	568,065	1,874,581
Unrestricted	<u>(346,636,457)</u>	<u>(400,646,932)</u>	<u>308,634,220</u>	<u>178,069,981</u>	<u>(38,002,237)</u>	<u>(222,576,951)</u>
Total Net Position	<u>\$ (336,208,099)</u>	<u>\$ (387,501,281)</u>	<u>\$ 1,108,507,997</u>	<u>\$ 1,004,458,984</u>	<u>\$ 772,299,898</u>	<u>\$ 616,957,703</u>

Changes in Net Position

The Corporation's total revenue was \$1.6 billion during the current fiscal year. Taxes represent 7.6% of the Corporation's revenue. Medicaid special revenue represents 5.1% of revenue, while 80.5% of revenue came from fees charged for services. The remaining 6.8% came from grants and contributions, interest earnings, Build America Bond subsidies, and miscellaneous revenues.

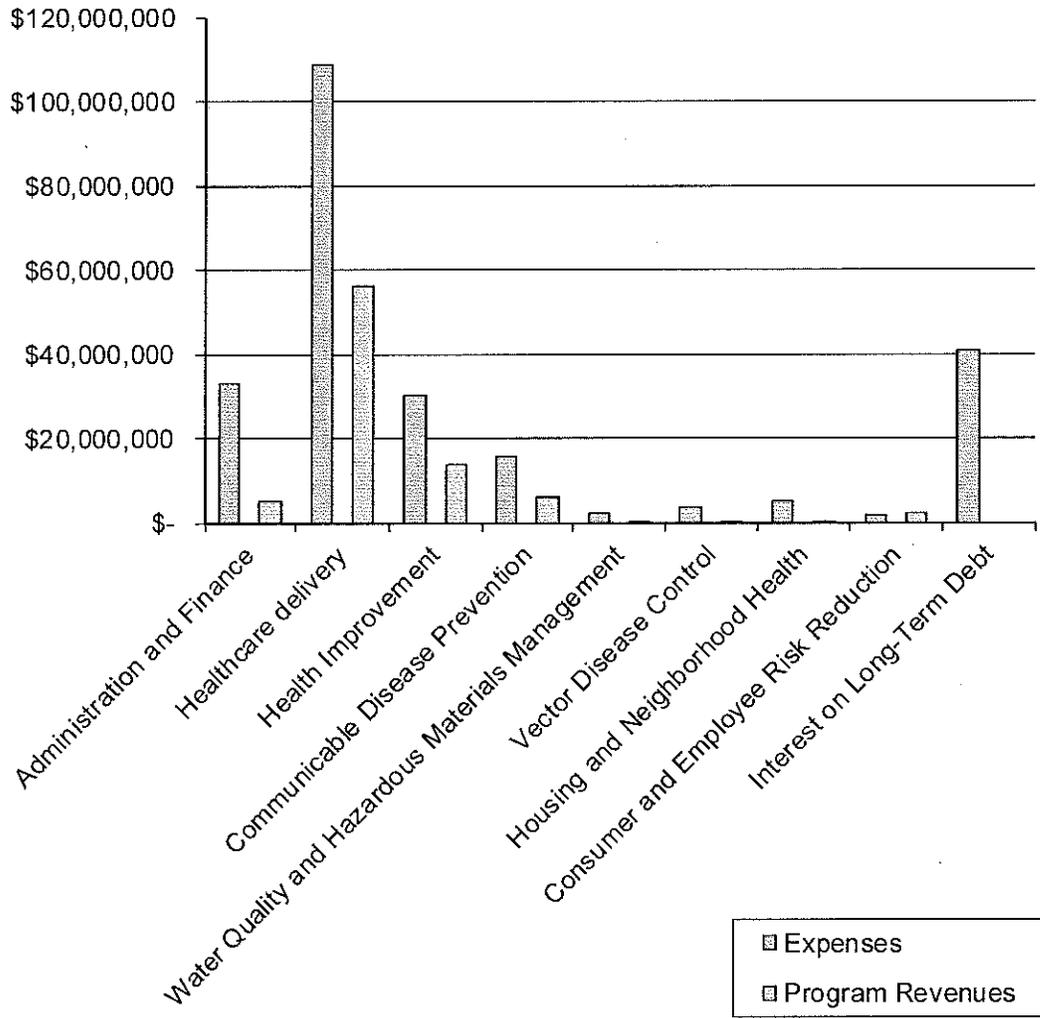
The total cost of all programs and services was \$1.4 billion. This resulted in an increase in net position for the year of \$136.9 million.

Governmental activities - Governmental activities increased the Corporation's net position by \$51.3 million compared to the total \$136.9 million increase in net position of the Corporation. Medicaid special revenue increased for the 2014 year. The Corporation did not receive capital grants or contributions in 2014. Transfers were \$0.3 million (net), a decrease of \$700.4 million from prior year. The transfer decrease reflects the completion of the new Eskenazi Health campus and moving Capital Projects Fund CIP into the Eskenazi Health Enterprise Fund in 2013.

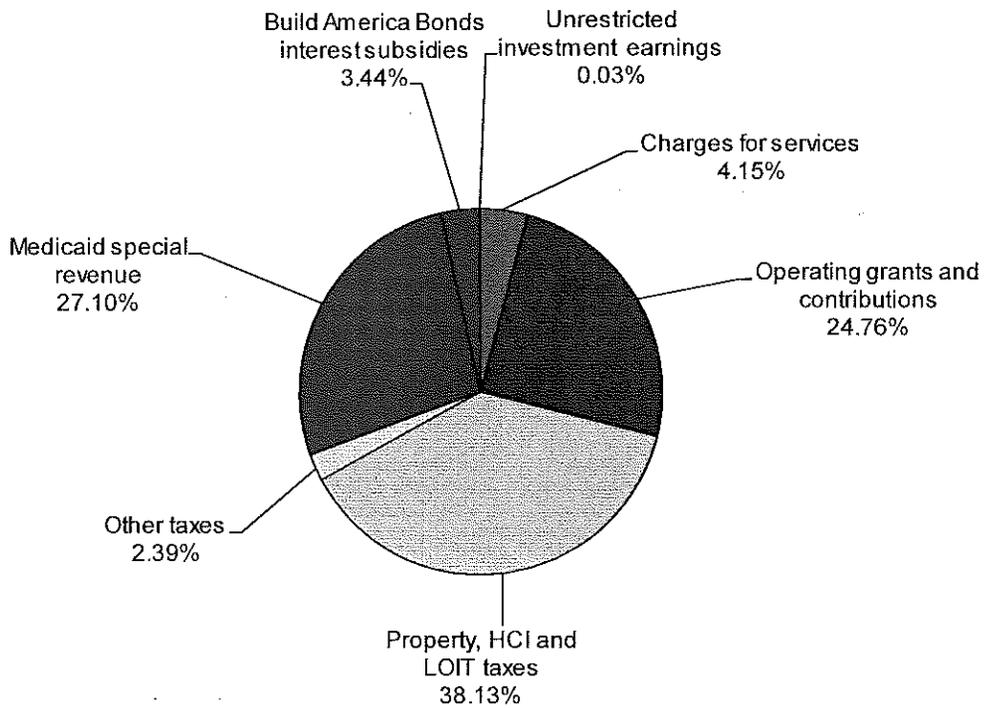
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 12,140,127	\$ 10,111,118	\$ 1,248,568,957	\$ 1,090,524,590	\$ 1,260,709,084	\$ 1,100,635,708
Operating grants and contributions	72,402,538	54,428,929	24,941,727	20,534,454	97,344,265	74,963,383
Capital grants and contributions	-	6,000,000	-	2,224,001	-	8,224,001
General revenues:						
Property, HCl and local option						
income taxes	111,475,288	106,708,214	-	-	111,475,288	106,708,214
Other taxes	6,988,298	6,805,198	-	-	6,988,298	6,805,198
Medicaid special revenue	79,227,647	63,708,066	-	-	79,227,647	63,708,066
Build America Bonds interest subsidies	10,061,207	9,985,273	-	-	10,061,207	9,985,273
Unrestricted investment earnings (losses)	87,680	579,543	153,589	(1,853,376)	241,269	(1,273,833)
Total revenues	<u>292,382,785</u>	<u>258,326,341</u>	<u>1,273,664,273</u>	<u>1,111,429,669</u>	<u>1,566,047,058</u>	<u>1,369,756,010</u>
Expenses						
Administration and finance	33,151,933	27,170,818	-	-	33,151,933	27,170,818
Healthcare delivery	108,603,627	100,675,452	-	-	108,603,627	100,675,452
Health improvement	30,227,402	28,527,781	-	-	30,227,402	28,527,781
Communicable disease prevention	15,537,862	15,219,997	-	-	15,537,862	15,219,997
Water quality and hazardous						
material management	2,213,065	2,075,886	-	-	2,213,065	2,075,886
Vector disease control	3,545,044	3,515,242	-	-	3,545,044	3,515,242
Housing and neighborhood health	5,180,149	5,224,148	-	-	5,180,149	5,224,148
Consumer and employee risk reduction	1,808,188	1,692,837	-	-	1,808,188	1,692,837
Interest on long-term debt	40,571,658	41,924,538	-	-	40,571,658	41,924,538
Eskenazi Health	-	-	588,245,868	538,714,684	588,245,868	538,714,684
Long-term care	-	-	600,063,314	571,763,568	600,063,314	571,763,568
Total expenses	<u>240,838,928</u>	<u>226,026,699</u>	<u>1,188,309,182</u>	<u>1,110,478,252</u>	<u>1,429,148,110</u>	<u>1,336,504,951</u>
Increase in Net Position						
Before Transfers	51,543,857	32,299,642	85,355,091	951,417	136,898,948	33,251,039
Transfers	(250,675)	(700,662,007)	250,675	700,662,007	-	-
Increase (Decrease) in Net Position	<u>51,293,182</u>	<u>(668,362,365)</u>	<u>85,605,766</u>	<u>701,613,424</u>	<u>136,898,948</u>	<u>33,251,039</u>
Net Position, Beginning of Year, as Previously Reported	(387,501,281)	280,861,084	1,004,458,984	302,845,560	616,957,703	583,706,644
Adjustment for New Blended Component Unit	-	-	18,443,247	-	18,443,247	-
Net Position, Beginning of Year, Restated	<u>(387,501,281)</u>	<u>280,861,084</u>	<u>1,022,902,231</u>	<u>302,845,560</u>	<u>635,400,950</u>	<u>583,706,644</u>
Net Position, End of Year	<u>\$ (336,208,099)</u>	<u>\$ (387,501,281)</u>	<u>\$ 1,108,507,997</u>	<u>\$ 1,004,458,984</u>	<u>\$ 772,299,898</u>	<u>\$ 616,957,703</u>

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

2014 Expenses and Program Revenues - Governmental Activities



2014 Revenues by Source - Governmental Activities



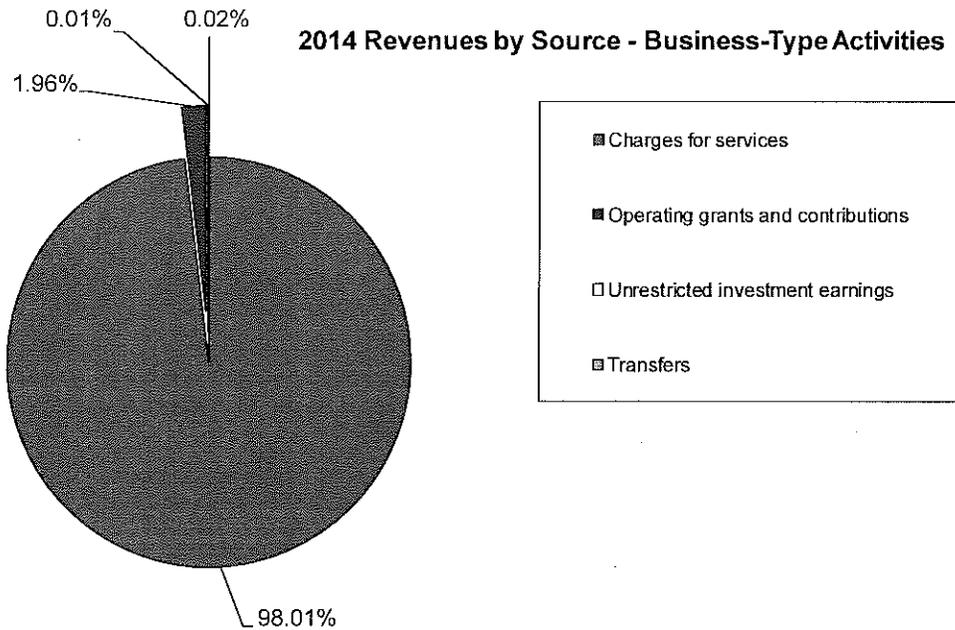
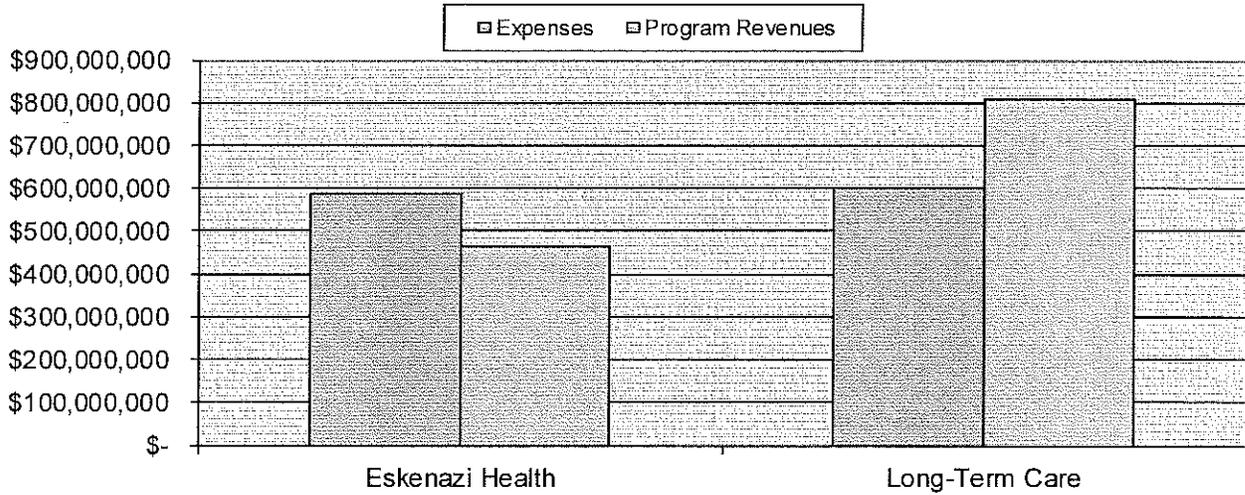
Business-type activities - Business-type activities increased the Corporation's net position by \$85.6 million compared to an increase of \$701.6 million in 2013.

Eskenazi Health's net position increased by \$46.7 million in the current year. Net position invested in capital assets decreased by \$27.9 million; increases in capital assets totaled \$23.1 million, which was offset by depreciation of \$51.0 million. Operating revenues increased by \$114.3 million due to an increase in net patient services revenue of \$119.0 million and a decrease of other revenue of \$4.6 million. Eskenazi Health support decreased by \$18.1 million in 2014. Operating expenses increased \$49.5 million due to cost inflation, staffing changes, increased cost of employee health insurance coverage, increased medical and professional fees and the increased depreciation expense noted above. Eskenazi Health incurred an operating loss of \$147.1 million, which was offset by approximately \$135.4 million in transfers from the General Fund and approximately \$24.9 million in grants from various agencies.

Long-Term Care net position was \$220.8 million, which was an increase of \$57.4 million over 2013. Operating revenues increased \$43.7 million due to increased Medicaid reimbursements and an increase in Medicaid special revenue. Operating expenses increased \$31.3 million. This was primarily due to the addition of two facilities in 2014 and an overall increase in resident days, as well as an increase in depreciation expense related to capital additions. Long-Term Care has \$6.4 million in net investment in capital assets. All 61 facilities are recorded as capital leases under noncurrent assets.

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

2014 Expenses and Program Revenues - Business-Type Activities



Financial Analysis of the Corporation's Funds

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

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

As of the end of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances of \$281.5 million, an increase of \$67.0 million in comparison with the prior year. Approximately 12.8% of this total amount, \$36.1 million constitutes restricted and assigned fund balance, which is related to capital outlays for the new hospital and money set aside for debt service. Approximately 87.1% of the total amount, or \$245.0 million, is unassigned fund balance. The remaining .1% of fund balance is nonspendable.

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$245.0 million, while the total fund balance increased \$66.1 million to a balance of \$246.5 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 124.7% of total General Fund expenditures, while total fund balance represents 125.4% of that same amount.

The total fund balance of the Corporation's General Fund increased by \$66.1 million during the current fiscal year, in comparison to a \$49.9 million decrease in 2013.

Medical education fees increased between 2014 and 2013. Starting in 2014, medical education fees are reported under contributions, whereas in prior years, the fees were included in intergovernmental. Medicaid special revenue increased by \$67.2 million in 2014. Total expenditures increased as there were increased administrative and intergovernmental expenditures. Transfers out reflect a decrease in support to Eskenazi Health of \$18.3 million and a decrease of \$42.3 million in transfers to the Capital Projects Fund for the new hospital.

Debt Service Fund - The Debt Service Fund has a fund balance of \$17.4 million compared to a fund balance of \$16.8 million in the prior year. The net increase in fund balance during the current year was \$0.6 million.

Capital Projects Fund - The Capital Projects Fund has a total fund balance of \$17.6 million. The net increase in fund balance during the current year was \$0.2 million.

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 amounted to \$94.2 million. Total net position for Eskenazi Health increased by \$46.7 million. Other factors concerning the finances of Eskenazi Health have already been 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 \$214.4 million. The increase in total net position was \$57.4 million. Other information on Long-Term Care operations can be found in the discussion of the Corporation's business-type activities.

General Fund Budgetary Highlights

The original budget of \$297.9 million remained unchanged during 2014, both in total and by major object of expenditure. The budget included \$106.8 million in expenditures and approximately \$81.1 million in transfers. Actual expenditures and transfers out were \$284.0 million. Of the total underspending, \$1.4 million related to personal services, \$1.5 million to supplies, \$9.5 million to contractual services, and \$1.4 million to capital outlays. Underspending for all reflects potential year-end initiatives that did not occur. General revenues and other resources were estimated at \$297.5 million, and actual was \$249.8 million. Taxes collected were \$6.5 million over budget due to property and LOIT increase collections being higher than expected. Medicaid special revenue was \$120.7 million under budget as DSH final settlements were not received until February 2015, and intergovernmental transfers for physician faculty and nursing facilities were larger than anticipated. Miscellaneous revenue was \$26.4 million over budget due to increased medical education revenue from IU Health Foundation.

Capital Asset and Debt Administration

Capital Assets - The Corporation's capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$1.2 billion (net of accumulated depreciation), compared to \$1.3 billion at the end of 2013. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and construction in progress.

Major capital asset events during 2014:

- Essential completion of the new Eskenazi Health project

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 4,095,347	\$ 4,114,896	\$ 9,722,914	\$ 9,709,778	\$ 13,818,261	\$ 13,824,674
Land improvements	-	-	74,450,286	77,222,519	74,450,286	77,222,519
Buildings and improvements	14,810,607	15,966,362	962,822,117	1,013,413,556	977,632,724	1,029,379,918
Equipment	5,932,792	6,679,659	119,265,829	118,058,674	125,198,621	124,738,333
Vehicles	239,647	349,360	724,241	975,141	963,888	1,324,501
Construction in progress	-	40,448	29,920,764	28,486,973	29,920,764	28,527,421
Total assets	\$ 25,078,393	\$ 27,150,725	\$ 1,196,906,151	\$ 1,247,866,641	\$ 1,221,984,544	\$ 1,275,017,366

Long-Term Debt - At the end of 2014, the Corporation had total general obligation debt outstanding of \$201.4 million. Moody's Investors Service rates the Corporation's general obligation debt "Aa1".

State statutes limit the amount of general obligation debt a governmental entity may issue to 0.67% of its total assessed valuation. The current debt limitation for the Corporation is \$227.6 million. Outstanding general obligation debt (excluding premiums) at December 31, 2014 represents 86.8% of this limit.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
1988 renovation bonds	\$ 9,545,000	\$ 11,075,000	\$ -	\$ -	\$ 9,545,000	\$ 11,075,000
2005 general obligation bonds	19,260,000	19,955,000	-	-	19,260,000	19,955,000
2010 general obligation bonds	168,785,000	177,835,000	-	-	168,785,000	177,835,000
Unamortized bond premiums	3,806,685	3,990,330	-	-	3,806,685	3,990,330
Capital leases	476,096,070	479,131,290	397,032,374	422,712,391	873,128,444	901,843,681
Total long-term debt	\$ 677,492,755	\$ 691,986,620	\$ 397,032,374	\$ 422,712,391	\$ 1,074,525,129	\$ 1,114,699,011

Economic Factors and Next Year's Budgets and Rates

The 2015 original budget for all annually budgeted funds is \$412.8 million. No revisions have been made through June 2015. The 2015 General Fund budget is \$342.0 million. The 14.8% increase from the 2014 final General Fund budget of \$297.9 million, reflects an increase in operating transfers to the hospital enterprise fund. The budget for the Corporation will continue to be challenged by increasing expenditures and declining revenue in the form of property tax caps.

Requests for Information

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

Basic Financial Statements

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 225,711,447	\$ 188,141,045	\$ 413,852,492
Investments	-	5,297,165	5,297,165
Receivables, net:			
Patient services	-	102,477,118	102,477,118
Medicaid special revenue	78,658,158	58,307,458	136,965,616
Grants	4,834,449	5,585,856	10,420,305
Interest	1,073	1,543	2,616
Other	6,458,793	10,519,553	16,978,346
Internal balances	(16,679,531)	16,679,531	-
Inventories	-	5,278,178	5,278,178
Prepaid costs and other assets	342,083	10,350,539	10,692,622
Restricted cash and cash equivalents	8,532,802	-	8,532,802
Restricted investments	8,015,236	4,728,629	12,743,865
Lease acquisition costs (net of accumulated amortization)	-	25,008,719	25,008,719
Joint venture investments	37,223,006	23,434,052	60,657,058
Other long-term assets	-	5,262,995	5,262,995
Capital assets (net of accumulated depreciation):			
Land	4,095,347	9,722,914	13,818,261
Land improvements	-	74,450,286	74,450,286
Buildings and improvements	14,810,607	962,822,117	977,632,724
Equipment	5,932,792	119,265,829	125,198,621
Vehicles	239,647	724,241	963,888
Construction in progress	-	29,920,764	29,920,764
Total assets	<u>378,175,909</u>	<u>1,657,978,532</u>	<u>2,036,154,441</u>
Deferred Outflow of Resources			
Deferred loss on refundings	844,499	-	844,499
Liabilities			
Accounts payable	22,989,540	61,140,554	84,130,094
Restricted accounts payable	3,903,254	-	3,903,254
Accrued liabilities	1,685,833	28,611,328	30,297,161
Unearned revenue	736,648	2,234,918	2,971,566
Estimated Medicare/Medicaid settlements	-	10,416,048	10,416,048
Medical claims incurred but not reported	-	4,353,072	4,353,072
Long-term liabilities:			
Due within one year	22,537,540	60,202,292	82,739,832
Due in more than one year	663,375,692	382,512,323	1,045,888,015
Total liabilities	<u>715,228,507</u>	<u>549,470,535</u>	<u>1,264,699,042</u>
Net Position			
Net investment in capital assets	9,860,293	799,873,777	809,734,070
Restricted for:			
Health services	568,065	-	568,065
Unrestricted	(346,636,457)	308,634,220	(38,002,237)
Total net position	<u>\$ (336,208,099)</u>	<u>\$ 1,108,507,997</u>	<u>\$ 772,299,898</u>

Health and Hospital Corporation of Marion County, Indiana

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

Statement of Activities

For the Year Ended December 31, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration and finance	\$ 33,151,933	\$ 5,018,624	\$ -	\$ -	\$ (28,133,309)	\$ -	\$ (28,133,309)
Healthcare delivery	108,603,627	-	56,349,285	-	(52,254,342)	-	(52,254,342)
Health improvement	30,227,402	3,198,092	10,326,212	-	(16,503,098)	-	(16,503,098)
Communicable disease prevention	15,537,862	471,838	5,405,891	-	(9,660,133)	-	(9,660,133)
Water quality and hazardous materials management	2,213,065	359,774	88,768	-	(1,764,523)	-	(1,764,523)
Vector disease control	3,545,044	449,132	-	-	(3,095,912)	-	(3,095,912)
Housing and neighborhood health	5,180,149	361,492	32,382	-	(4,786,275)	-	(4,786,275)
Consumer and employee risk reduction	1,808,188	2,281,175	-	-	472,987	-	472,987
Interest on long-term debt	40,571,658	-	-	-	(40,571,658)	-	(40,571,658)
Total governmental activities	<u>240,838,928</u>	<u>12,140,127</u>	<u>72,402,838</u>	<u>-</u>	<u>(156,296,263)</u>	<u>-</u>	<u>(156,296,263)</u>
Business-Type Activities							
Eskenza Health	588,245,868	441,150,604	24,941,727	-	-	(122,153,537)	(122,153,537)
L.T. Care	600,063,314	807,418,353	-	-	-	207,355,039	207,355,039
Total business-type activities	<u>1,188,309,182</u>	<u>1,248,568,957</u>	<u>24,941,727</u>	<u>-</u>	<u>-</u>	<u>85,201,502</u>	<u>85,201,502</u>
Total	<u>\$ 1,429,148,110</u>	<u>\$ 1,260,709,084</u>	<u>\$ 97,344,265</u>	<u>\$ -</u>	<u>(156,296,263)</u>	<u>85,201,502</u>	<u>(71,094,761)</u>
General revenues:							
Property and local option income taxes					73,475,288		73,475,288
HCI taxes from State of Indiana					38,000,000		38,000,000
Excise taxes					5,762,079		5,762,079
Financial institution taxes					1,226,219		1,226,219
Medicaid special revenue (unrestricted)					79,227,647		79,227,647
Build America Bonds interest subsidies					10,061,207		10,061,207
Unrestricted investment earnings (losses)					87,680	153,589	241,269
Transfers					(250,675)	250,675	-
Total general revenues and transfers					<u>207,589,445</u>	<u>404,264</u>	<u>207,993,709</u>
Change in net position					51,293,182	85,605,766	136,898,948
Net position - beginning of year, as previously reported					(587,501,281)	1,004,458,984	616,957,703
Adjustment for new blended component unit					-	18,443,247	18,443,247
Net position - beginning of year, restated					<u>(587,501,281)</u>	<u>1,022,902,231</u>	<u>635,400,950</u>
Net position - end of year					<u>\$ (336,208,099)</u>	<u>\$ 1,108,507,997</u>	<u>\$ 772,299,898</u>

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

Balance Sheet - Governmental Funds
December 31, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 202,257,525	\$ 2,477,288	\$ 20,976,634	\$ 225,711,447
Restricted cash and cash equivalents	-	8,532,802	-	8,532,802
Restricted investments	-	7,615,236	400,000	8,015,236
Receivables (net of allowance for uncollectibles):				
Grants	4,881,864	-	-	4,881,864
Medicaid special revenue	78,658,158	-	-	78,658,158
Other	1,304,420	5,027,891	127,555	6,459,866
Due from other funds	42,914,834	-	-	42,914,834
Prepaid costs and other assets	342,083	-	-	342,083
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 330,358,884</u>	<u>\$ 23,653,217</u>	<u>\$ 21,504,189</u>	<u>\$ 375,516,290</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 22,518,633	\$ -	\$ 3,903,254	\$ 26,421,887
Matured bond principal and interest	-	1,185,907	-	1,185,907
Salaries and related benefits	1,685,823	-	-	1,685,823
Unearned revenue	736,648	-	-	736,648
Due to other funds	54,613,241	5,027,891	648	59,641,780
Accrued self-insurance claims	424,263	-	-	424,263
Total liabilities	<u>79,978,608</u>	<u>6,213,798</u>	<u>3,903,902</u>	<u>90,096,308</u>
Deferred Inflows of Resources				
Unavailable revenues	3,927,901	-	-	3,927,901
Fund Balances				
Nonspendable	342,083	-	-	342,083
Restricted for debt service	-	16,148,038	-	16,148,038
Assigned	1,073,267	1,291,381	17,600,287	19,964,935
Unassigned	245,037,025	-	-	245,037,025
Total fund balances	<u>246,452,375</u>	<u>17,439,419</u>	<u>17,600,287</u>	<u>281,492,081</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 330,358,884</u>	<u>\$ 23,653,217</u>	<u>\$ 21,504,189</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	25,078,393
Joint venture investments are not financial resources and, therefore, are not reported in the fund statements	37,223,006
Deferred inflows of resources not meeting availability criteria in fund statements are not in the statement of net position	3,927,901
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund statements (excludes matured bond principal and interest)	<u>(683,929,480)</u>
Net position of governmental activities	<u>\$ (336,208,099)</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, 2014

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 112,984,886	\$ 5,273,050	\$ 205,650	\$ 118,463,586
Licenses and permits	4,342,461	-	-	4,342,461
Intergovernmental	16,329,153	-	-	16,329,153
Charges for services	1,181,715	-	-	1,181,715
Medicaid special revenue	104,327,292	-	-	104,327,292
Investment income	3,361,510	29,339	21,833	3,412,682
Build America Bonds interest subsidies	-	10,061,207	-	10,061,207
Contributions	57,710,285	-	-	57,710,285
Miscellaneous	3,779,357	-	-	3,779,357
Total revenues	<u>304,016,659</u>	<u>15,363,596</u>	<u>227,483</u>	<u>319,607,738</u>
Expenditures				
Current:				
Administrative	29,586,419	-	6,576	29,592,995
Population health	25,115,888	-	-	25,115,888
Environmental health	12,502,800	-	-	12,502,800
Health center program	1,071,017	-	-	1,071,017
Data processing	3,500,373	-	-	3,500,373
Grant programs	15,596,818	-	-	15,596,818
Capital outlays	526,282	-	15,108,538	15,634,820
Debt service:				
Principal	-	15,118,729	-	15,118,729
Interest and fiscal charges	-	40,617,054	-	40,617,054
Intergovernmental	108,603,627	-	-	108,603,627
Total expenditures	<u>196,503,224</u>	<u>55,735,783</u>	<u>15,115,114</u>	<u>267,354,121</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>107,513,435</u>	<u>(40,372,187)</u>	<u>(14,887,631)</u>	<u>52,253,617</u>
Other Financing Sources (Uses)				
Transfers in	150,000,000	40,983,586	15,000,000	205,983,586
Transfers out	(191,363,776)	-	-	(191,363,776)
Other debt issued	-	-	93,509	93,509
Total other financing sources and uses	<u>(41,363,776)</u>	<u>40,983,586</u>	<u>15,093,509</u>	<u>14,713,319</u>
Net change in fund balances	66,149,659	611,399	205,878	66,966,936
Fund balances - beginning of year	180,302,716	16,828,020	17,394,409	214,525,145
Fund balances - end of year	<u>\$ 246,452,375</u>	<u>\$ 17,439,419</u>	<u>\$ 17,600,287</u>	<u>\$ 281,492,081</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, 2014

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

Net changes in fund balances - total governmental funds	\$ 66,966,936
Depreciation expense is not reported in the fund statements, but is reported as a decrease in net position in the statement of activities	(2,538,620)
Capital outlays are reported as expenditures in the fund statements, but are reported as additions to capital assets in the statement of net position	15,354,931
Changes in joint venture investment are reported in the statement of net position but are not reported in the fund statements	(279,889)
Transfers of capital assets from governmental activities to the business type activities are not shown in the fund statements	(14,870,485)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements	(26,920,567)
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	15,070,617
Compensated absences that do not require the use of current financial resources are not reported as expenditures in the fund statements	(34,976)
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	10,075
Straight-line operating lease accruals are obligations that will not be paid with current financial resources and are not reported in the fund statements	<u>(1,464,840)</u>
Change in net position of governmental activities	<u>\$ 51,293,182</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, 2014

	Eskenazi Health	LT Care	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 110,367,434	\$ 77,773,611	\$ 188,141,045
Investments	5,297,165	-	5,297,165
Receivables (net of allowance for uncollectibles):			
Patient services	49,822,578	52,654,540	102,477,118
Medicaid special revenue	-	58,307,458	58,307,458
Grants	5,585,856	-	5,585,856
Interest	1,543	-	1,543
Other	9,535,733	983,820	10,519,553
Inventories	5,278,178	-	5,278,178
Due from other funds	720,000	54,565,826	55,285,826
Prepaid costs and other assets	7,415,317	2,935,222	10,350,539
Total current assets	<u>194,023,804</u>	<u>247,220,477</u>	<u>441,244,281</u>
Noncurrent assets:			
Lease acquisition cost (net of accumulated amortization)	-	25,008,719	25,008,719
Joint venture investments	23,434,052	-	23,434,052
Investments restricted for deferred compensation	4,728,629	-	4,728,629
Other long-term assets	-	5,262,995	5,262,995
Capital assets (net of accumulated depreciation):			
Land	9,722,914	-	9,722,914
Land improvements	70,862,430	3,587,856	74,450,286
Building and improvements	598,343,148	364,478,969	962,822,117
Equipment	85,018,033	34,247,796	119,265,829
Vehicles	723,477	764	724,241
Construction in progress	28,815,315	1,105,449	29,920,764
Total capital assets (net accumulated depreciation)	<u>793,485,317</u>	<u>403,420,834</u>	<u>1,196,906,151</u>
Total noncurrent assets	<u>821,647,998</u>	<u>433,692,548</u>	<u>1,255,340,546</u>
Total assets	<u>1,015,671,802</u>	<u>680,913,025</u>	<u>1,696,584,827</u>
Liabilities			
Current liabilities:			
Accounts payable	32,377,687	28,762,867	61,140,554
Accrued liabilities	13,579,701	15,031,627	28,611,328
Due to other funds	37,886,295	720,000	38,606,295
Capital lease obligation - current	-	35,229,191	35,229,191
Estimated Medicare/Medicaid settlements	3,168,494	7,247,554	10,416,048
Unearned revenue	2,234,918	-	2,234,918
Medical claims incurred but not reported	4,353,072	-	4,353,072
Accrued compensated absences - current	17,203,247	-	17,203,247
Asserted and unasserted self-insurance claims - current	4,106,808	2,810,841	6,917,649
Total current liabilities	<u>114,910,222</u>	<u>89,802,080</u>	<u>204,712,302</u>
Noncurrent liabilities:			
Asserted and unasserted self-insurance claims	3,128,480	8,492,461	11,620,941
Accrued compensated absences	4,359,570	-	4,359,570
Net pension liability	852,205	-	852,205
Deferred compensation	4,728,629	-	4,728,629
Capital lease payable	-	361,803,183	361,803,183
Total noncurrent liabilities	<u>13,068,884</u>	<u>370,295,644</u>	<u>383,364,528</u>
Total liabilities	<u>127,979,106</u>	<u>460,097,724</u>	<u>588,076,830</u>
Net Position			
Net investment in capital assets	793,485,317	6,388,460	799,873,777
Unrestricted	94,207,379	214,426,841	308,634,220
Total net position	<u>\$ 887,692,696</u>	<u>\$ 220,815,301</u>	<u>\$ 1,108,507,997</u>

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds
For the Year Ended December 31, 2014

	Eskenazi Health	LT Care	Total
Operating revenues:			
Net patient service revenue	\$ 420,175,356	\$ 587,952,918	\$ 1,008,128,274
Medicaid special revenue	-	217,764,223	217,764,223
Other revenue	20,975,248	1,701,212	22,676,460
Total operating revenues	<u>441,150,604</u>	<u>807,418,353</u>	<u>1,248,568,957</u>
Operating expenses:			
Salaries	236,970,842	-	236,970,842
Employee benefits	76,558,888	-	76,558,888
Contract labor	1,272,266	300,199,545	301,471,811
Medical and professional fees	53,242,475	31,630,302	84,872,777
Purchased services	31,269,358	43,059,651	74,329,009
Supplies	43,815,987	45,643,077	89,459,064
Pharmaceuticals	40,517,291	27,189,212	67,706,503
Repairs and maintenance	8,465,391	4,094,911	12,560,302
Utilities	14,108,371	13,747,639	27,856,010
Equipment rental	5,656,926	5,056,759	10,713,685
Depreciation and amortization	51,044,872	63,911,492	114,956,364
Hospital assessment fee	16,275,890	-	16,275,890
Other	9,047,311	30,786,067	39,833,378
Total operating expenses	<u>588,245,868</u>	<u>565,318,655</u>	<u>1,153,564,523</u>
Operating income (loss)	<u>(147,095,264)</u>	<u>242,099,698</u>	<u>95,004,434</u>
Nonoperating revenue (expenses):			
Noncapital gifts and grants	24,941,727	-	24,941,727
Gain on termination of lease	-	290,437	290,437
Investment income (loss)	153,589	-	153,589
Interest expense	-	(35,035,096)	(35,035,096)
Total nonoperating revenue (expense)	<u>25,095,316</u>	<u>(34,744,659)</u>	<u>(9,649,343)</u>
Increase in net position before capital contributions and transfers	(121,999,948)	207,355,039	85,355,091
Capital contributions	14,870,485	-	14,870,485
Transfers - General Fund	135,380,190	(150,000,000)	(14,619,810)
Changes in net position	<u>28,250,727</u>	<u>57,355,039</u>	<u>85,605,766</u>
Total net position - beginning of year	840,998,722	163,460,262	1,004,458,984
Adjustment for new blended component unit	18,443,247	-	18,443,247
Total net position - beginning of year, restated	<u>859,441,969</u>	<u>163,460,262</u>	<u>1,022,902,231</u>
Total net position - end of the year	<u>\$ 887,692,696</u>	<u>\$ 220,815,301</u>	<u>\$ 1,108,507,997</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, 2014

	Eskenazi		
	Health	LT Care	Total
Cash Flows From Operating Activities			
Receipts from patient services	\$ 409,333,896	\$ 595,326,522	\$ 1,004,660,418
Receipts from other operations	27,398,337	1,701,212	29,099,549
Medicaid special revenue	-	154,269,672	154,269,672
Payments to suppliers	(246,499,324)	(123,706,657)	(370,205,981)
Payments to employees and contract labor	(286,175,680)	(373,987,289)	(660,162,969)
Net cash provided by (used in) operating activities	<u>(95,942,771)</u>	<u>253,603,460</u>	<u>157,660,689</u>
Cash Flows From Noncapital Financing Activities			
Cash receipts from noncapital gifts and grants	25,330,968	-	25,330,968
Transfers to the General Fund	-	(150,000,000)	(150,000,000)
Transfers from the General Fund	135,380,190	-	135,380,190
Net cash provided by (used in) noncapital financing activities	<u>160,711,158</u>	<u>(150,000,000)</u>	<u>10,711,158</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(8,253,627)	(31,267,899)	(39,521,526)
Deposits paid	-	(1,000,000)	(1,000,000)
Deposits returned	-	750,000	750,000
Lease acquisition cost payments	-	(216,000)	(216,000)
Payment of capital lease obligations	-	(30,994,871)	(30,994,871)
Interest expense payments	-	(35,035,096)	(35,035,096)
Net cash used in capital and related financing activities	<u>(8,253,627)</u>	<u>(97,763,866)</u>	<u>(106,017,493)</u>
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	3,738,231	-	3,738,231
Purchases of investments	(3,770,008)	-	(3,770,008)
Interest and dividends received	163,956	-	163,956
Contributions to joint venture	(5,970,890)	-	(5,970,890)
Net cash used in investing activities	<u>(5,838,711)</u>	<u>-</u>	<u>(5,838,711)</u>
Net Increase in Cash and Cash Equivalents	50,676,049	5,839,594	56,515,643
Cash and Cash Equivalents, January 1 (as restated)	59,691,385	71,934,017	131,625,402
Cash and Cash Equivalents, December 31	\$ 110,367,434	\$ 77,773,611	\$ 188,141,045
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (147,095,264)	\$ 242,099,698	\$ 95,004,434
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	51,044,872	63,911,492	114,956,364
Increase in carrying value of joint venture	(1,133,277)	-	(1,133,277)
Changes in operating assets and liabilities:			
Patient service receivables	(16,222,333)	(2,788,873)	(19,011,206)
Other receivables	7,556,366	(63,494,551)	(55,938,185)
Inventories	(370,474)	-	(370,474)
Prepaid costs and other assets	(862,233)	(775,626)	(1,637,859)
Accounts payable	(18,132,685)	5,676,836	(12,455,849)
Accrued liabilities and compensation absences	25,623,813	(1,858,288)	23,765,525
Estimated Medicare/Medicaid settlements	4,380,708	10,162,477	14,543,185
Asserted and unasserted self-insurance claims	(1,575,587)	670,295	(905,292)
Medical claims incurred but not reported	843,323	-	843,323
Total adjustments	<u>51,152,493</u>	<u>11,503,762</u>	<u>62,656,255</u>
Net cash provided by (used in) operating activities	<u>\$ (95,942,771)</u>	<u>\$ 253,603,460</u>	<u>\$ 157,660,689</u>
Noncash investing, capital and financing activities:			
Lease acquisition costs included in accounts payable	\$ -	\$ 468,000	\$ 468,000
Purchase of assets held under capital lease, including lease revisions	-	6,231,993	6,231,993
Gain on lease termination	-	290,437	290,437
Transfer of capital assets from the General Fund	14,870,485	-	14,870,485
Unrealized loss on investment, net	10,367	-	10,367

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

Financial Reporting Entity

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

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

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

Eskenazi Health is comprised of the Sidney and Lois Eskenazi Hospital, a 315 bed general acute care hospital; the Eskenazi Health Outpatient Care Center, an outpatient specialty care facility co-located with the Hospital; the Eskenazi Health Center, a Federally Qualified Health Center (FQHC) that operates ten primary care centers throughout Marion County; Midtown Community Mental Health, a Community Mental Health Center (CMHC) that provides behavioral health services throughout Marion County; and Indianapolis EMS (IEMS), the county-wide emergency ambulance service. Eskenazi Health is the only public hospital in Marion County. The Hospital is fully accredited by the Joint Commission for Accreditation of Hospitals of the American Hospital Association.

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

The Corporation operates 61 long-term care facilities through capital leases. The facilities are operated as part of the Long-Term Care operations. Long-Term Care supports the Corporation's mission and goal to provide quality care and services to elderly and disabled people. For purposes of financial reporting, the Long-Term Care division is accounted for as a separate enterprise fund.

The Corporation is considered a component unit of the Consolidated City of Indianapolis - Marion County (Uni-Gov). Accordingly, the financial statements of the Corporation are required to be included in the comprehensive annual financial report of Uni-Gov.

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The Corporation is governed by a seven-member Board of Trustees, appointed by the Mayor of Indianapolis (3), Commissioners of Marion County (2) and City-County Council (2). Of those members appointed by the City-County Council, one serves a two-year term, and one serves a four-year term. All other appointments serve a term of four years. The Board of Trustees is bi-partisan by statute. The Corporation is responsible for all of its fiscal matters including budget (subject to the final authority of the City-County Council and the State of Indiana Department of Local Government Finance (DLGF)), operating deficits and debt. The Corporation's executive and legislative powers include the power to levy taxes and incur debt. The Corporation's ordinances have the effect of local law governing health matters.

Component Units

The Corporation has established a nonprofit entity, Lions Insurance Company (Lions), which is legally separate from the Corporation and whose purpose is to provide insurance covering the professional (malpractice) and general liability exposures of the nursing homes operated by the Corporation. Lions is considered a blended component unit and is therefore reported as if it is a part of the Long-Term Care Enterprise Fund because its primary purpose is to provide services solely to the Long-Term Care Enterprise Fund.

IU Health, Inc. d/b/a Eskenazi Medical Group (EMG) is a nonprofit entity, which is legally separate from the Corporation and whose purpose is to provide a patient-based, clinical setting needed for the education of medical students. EMG employs and contracts with physicians who are then contracted for service at Eskenazi Health facilities. Revisions to the articles of incorporation and bylaws of EMG were made, effectively giving the Corporation unilateral authority to appoint and remove a majority of EMG's board members. 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. Beginning of year net position in both the government-wide and fund financial statements has been restated to reflect the blending of EMG, as has the beginning of year cash and cash equivalents in the statement of cash flows.

Complete financial statements for Lions and EMG may be obtained from Health and Hospital Corporation at 3838 N. Rural Street, Indianapolis, Indiana 46205.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide and Fund Financial Statements

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

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

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

The fund financial statements of the Corporation are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net position, revenues, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by fund type in the basic financial statements. The following fund types are used by the Corporation:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The Corporation reports the following governmental funds, all of which are major:

The General Fund is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, including grants, except those required to be accounted for in another fund.

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

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

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Proprietary Fund Type

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

As mentioned previously, the Corporation has two enterprise funds: (1) the Eskenazi Health Enterprise Fund, which accounts for the activities of Eskenazi Health (including Indianapolis EMS) and (2) the Long-Term Care Enterprise Fund, which accounts for the activities of the 61 leased long-term care facilities that receive no funding from ad valorem taxes. An enterprise fund is used to account for operations that are financed and operated in a similar manner to a private business - where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Certain administrative expenses of Eskenazi Health and Long-Term Care are accounted for by the General Fund. Because the capital outlay for Eskenazi Health is funded through ad valorem taxes, long-term debt interest expense relating to Eskenazi Health is accounted for by the Debt Service Fund and is not allocated to the Eskenazi Health Enterprise Fund. Only debt intended to be repaid by operations of Eskenazi Health are included in the Eskenazi Health Enterprise Fund. At December 31, 2014, no such debt existed. At December 31, 2014, the Long-Term Care Enterprise Fund had capital leases, which are to be repaid from revenues from operations, and are therefore shown as long-term debt in the Long-Term Care Enterprise Fund.

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Voluntary nonexchange transactions, such as grants and assistance received from other governmental units and Build America Bonds interest subsidies, are generally recognized as revenues in the period when all eligibility requirements, 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, when patient services are performed. Eskenazi Health and Long-Term Care provide services under the Medicare and Medicaid programs for which they may be reimbursed at amounts different from the standard billing rates. Amounts reimbursed or estimated to be reimbursed by these programs are generally determined in accordance with a prospective price-per-case payment system or under the provisions of cost-reimbursement formulas. In addition, Eskenazi Health and Long-Term Care provide services in accordance with various contractual agreements entered into with state and local governmental agencies and other third-party health insurance companies.

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

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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. Intergovernmental revenues, investment income, interest expense, and peripheral or incidental transactions are reported as nonoperating revenue and expenses. Other changes in net position that are excluded from operating income (loss) principally consist of contributions of capital assets funded by governmental activities, grantors and donors.

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

Cash, Cash Equivalents and Investments

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

Investments for the Corporation are reported at fair value. The Corporation also invests in an external investment pool held by the State of Indiana. Consistent with the provisions of a 2a-7 like pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, the portfolio securities are valued at amortized cost, which approximates fair value. The amortized cost valuation methods involve initially valuing a security at its cost on the date of purchase and thereafter accreting to maturity and discount or amortizing to maturity any premium. The Corporation records its investment in the external pool at its share value. The Indiana Treasurer of State has been designated by State statute as the administrator of the pool and has general oversight over the daily operation of the pool.

Receivables and Payables

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

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

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. 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 or at fair value, whichever is less. Inventory in the Long-Term Care Fund is immaterial.

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Prepaid Costs and Other Assets

Prepaid costs and other assets for the governmental funds include prepaid insurance, and other miscellaneous assets. Prepaid costs and other assets of the proprietary fund consist of prepaid insurance, prepaid service contracts, and other miscellaneous assets.

Capital Assets

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

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

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

Estimated useful lives used to compute depreciation are as follows:

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

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types. During 2014, there was no interest capitalized.

Other Long-Term Assets

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

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Deferred Outflows and Inflows of Resources

The Corporation defers recognition of losses incurred on bond refundings and reports such losses as deferred outflows of resources in the government-wide statement of net position. Deferred losses on refundings are amortized using the effective interest method over the lesser of the remaining life of the original bonds or the life of the new bonds.

Deferred inflows of resources are reported in the fund financial statements for receivables that are not considered available at year-end or for which eligibility requirements have not been met.

Unearned Revenue

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

Accrued Compensated Absences

Corporation employees are paid for vacation and other absences by prescribed formulas based primarily on length of service and staff classification. In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and other absences are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A liability for the cost of accumulated earned but unused vacation and other absences is recognized in the government-wide statements and in the statement of net position of the proprietary funds. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums are recorded as an addition to the associated debt obligation and are amortized over the term of the respective bonds using the straight-line 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.

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Lease Acquisition Costs

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

Interfund Transactions

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

Transfers

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

Contribution of Capital Assets

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

Interfund Services Provided/Used

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

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

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

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Net Position/Fund Balances

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

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

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

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

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

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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 under the corporation's indigent care policy was approximately \$141 million during 2014. The cost of indigent care is estimated by applying a ratio of cost to gross charges to the gross uncompensated charges.

Net Patient Service Revenue

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

Use of Estimates

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

Future Accounting Pronouncement

In 2015, the Corporation will implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The Commission will be required to recognize as a liability its proportionate share of the unfunded pension obligation of the Public Employees Retirement Fund of Indiana. The effects of implementing this statement is expected to have a material effect on the Corporation's net position.

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Note 2: Deposits and Investments

As of December 31, 2014, the Corporation, including its blended component units, had the following cash deposits and investments:

Cash deposits	\$ 356,523,540
Negotiable certificates of deposit	1,370,181
Repurchase agreements	16,256,784
State external investment pool	50,004,970
U.S. Government-sponsored enterprises	7,819,340
Equity mutual funds	4,837,046
Equity securities	2,202,440
Corporate bonds	1,054,755
Money market mutual funds	<u>357,268</u>
Total deposits and investments	<u>\$ 440,426,324</u>

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

	<u>2014</u>
Carrying value	
Deposits	\$ 356,523,540
Investments	<u>83,902,784</u>
	<u>\$ 440,426,324</u>
Cash and cash equivalents	
Unrestricted	\$ 413,852,492
Restricted	<u>8,532,802</u>
	422,385,294
Investments	
Unrestricted	5,297,165
Restricted	<u>12,743,865</u>
	<u>\$ 440,426,324</u>

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Deposits

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

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

Types of Investments Authorized

Indiana statutes authorize the Corporation to invest in United States obligations and issues of federal agencies, Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Treasury or U.S. agency obligations, 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

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

Below is a table of segmented time distribution for the Corporation's debt investments at December 31, 2014:

	Fair Value	Investment Activities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Repurchase agreements	\$ 16,256,784	\$ 16,256,784	\$ -	\$ -	\$ -
State external investment pool	50,004,970	50,004,970	-	-	-
U.S. Government-sponsored enterprises	7,819,340	7,620,071	60,193	72,642	66,434
Corporate bonds	1,054,755	483,458	571,297	-	-
Money market mutual funds	357,268	357,268	-	-	-
	<u>\$ 75,493,117</u>	<u>\$ 74,722,551</u>	<u>\$ 631,490</u>	<u>\$ 72,642</u>	<u>\$ 66,434</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. Further, Indiana Code Section 5-13-9-2.5 requires that if the Corporation invests in money market mutual funds that the underlying securities be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service.

At December 31, 2014, the Corporation's investments were rated by Standard & Poor's or Moody's as follows:

	Fair Value	AAA/Aaa	Aa	A	Not Rated
Repurchase agreements	\$ 16,256,784	\$ 16,256,784	\$ -	\$ -	\$ -
State external investment pool	50,004,970	-	-	-	50,004,970
U.S. Government-sponsored enterprises	7,819,340	7,819,340	-	-	-
Corporate bonds	1,054,755	-	-	-	1,054,755
Money market mutual funds	357,268	357,268	-	-	-
	<u>\$ 75,493,117</u>	<u>\$ 24,433,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,059,725</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Corporation will not be able to recover the value of its investments or collateral that are in the possession of an outside party. At December 31, 2014, all of the Corporation's investments in U.S. Government-sponsored enterprises, repurchase agreements and corporate bonds were exposed to custodial credit risk. These investments were uninsured and the collateral was held by the pledging financial institution's trust department or agent but not in the Corporation's name. The Corporation's investments in money market mutual funds and the state external investment pool were not subject to custodial credit risk at December 31, 2014, as their existence is not evidenced by securities that exist in physical book entry form. The Corporation's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk

The Corporation places no limit on the amount that may be invested in any one issuer. At December 31, 2014, 5% or more of the Corporation's investments are in repurchase agreements with JPMorgan Chase, National Bank of Indianapolis and Federal Home Loan Mortgage Corporation securities. These investments represent 7.8%, 13.8% and 10.4%, respectively, of the Corporation's total investments.

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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 investments in foreign investments.

Investment Income (Loss)

Investment income (loss) for the year ended December 31, 2014 consisted of:

	Governmental Fund-Types	Proprietary Fund-Types
Interest income	\$ 579,814	\$ 163,956
Unrealized loss on investments, net	(492,134)	(10,367)
Total investment income	\$ 87,680	\$ 153,589

Note 3: Property Taxes

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

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

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

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

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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 or demolition of improvements.

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

Note 4: Patient Services Receivables

Net patient services receivables consist of the following as of December 31, 2014:

	Eskenazi Health	LT Care	Total
Gross patient services receivables	\$ 253,195,428	\$ 59,356,500	\$ 312,551,928
Allowance for estimated contractual adjustment	(125,573,685)	-	(125,573,685)
Allowance for uncollectible accounts	<u>(77,799,165)</u>	<u>(6,701,960)</u>	<u>(84,501,125)</u>
Net patient services receivables	<u>\$ 49,822,578</u>	<u>\$ 52,654,540</u>	<u>\$ 102,477,118</u>

Note 5: Interfund Balances and Transfers

Individual due to/from other funds as of December 31, 2014 are as follows:

Interfund Receivables	Interfund Payables	Amount
General Fund	Debt Service Fund	\$ 5,027,891
General Fund	Eskenazi Health Fund	37,886,295
General Fund	Capital Projects Fund	648
Eskenazi Health Fund	LT Care Fund	720,000
Eskenazi Health Fund	General Fund	47,415
LT Care Fund	General Fund	54,565,826

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, 2015.

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Interfund transfers for the year ended December 31, 2014 on the fund statements consisted of the following:

	Transfer In:				Total
	General Fund	Debt Service Fund	Cap Projects Fund	Enterprise Fund - Eskenazi Health	
Transfer out:					
General Fund	\$ -	\$ 40,983,586	\$ 15,000,000	\$ 135,380,190	\$ 191,363,776
LT Care Fund	150,000,000	-	-	-	150,000,000
Total	<u>\$ 150,000,000</u>	<u>\$ 40,983,586</u>	<u>\$ 15,000,000</u>	<u>\$ 135,380,190</u>	<u>\$ 341,363,776</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. For the government-wide statements, capital contributions received by the Eskenazi Health Enterprise Fund from other funds (totaling \$14,847,485 in 2014) are reported as transfers; however, for the fund statements, such transfers are shown as capital contributions since they represent the actual transfer of capital assets.

Note 6: Deferred Inflows of Resources and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period or for which eligibility requirements have not been met. Governmental funds also record unearned revenue in connection with resources that have been received but not yet earned. At December 31, 2014, 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	\$ -	\$ 568,065
Rental revenue received in advance	-	168,583
Grant reimbursements not received within 90 days	210,366	-
Other revenues not received within 90 days	3,717,535	-
Total General Fund	<u>\$ 3,927,901</u>	<u>\$ 736,648</u>

In addition, the Eskenazi Health Enterprise Fund had \$2,234,918 of unearned revenue recorded at December 31, 2014 of which \$587,666 related to the Healthy Indiana Plan and \$1,647,252 related to both fee for service grants and advances received on federal grants that had not met eligibility requirements.

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Note 7: Capital Assets

Following is a summary of the changes in capital assets - governmental activities for the year ended December 31, 2014:

	January 1, 2014	Transfers/ Additions	Transfers/ Disposals	December 31, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,114,896	\$ -	\$ (19,549)	\$ 4,095,347
Construction in progress	40,448	15,108,538	(15,148,986)	-
Total capital assets not being depreciated	<u>4,155,344</u>	<u>15,108,538</u>	<u>(15,168,535)</u>	<u>4,095,347</u>
Capital assets being depreciated:				
Buildings and improvements	29,853,203	118,700	(160,485)	29,811,418
Equipment	23,147,575	390,037	(21,985)	23,515,627
Vehicles	5,202,463	17,545	-	5,220,008
Total capital assets being depreciated	<u>58,203,241</u>	<u>526,282</u>	<u>(182,470)</u>	<u>58,547,053</u>
Less accumulated depreciation for:				
Buildings and improvements	13,886,841	1,274,454	(160,484)	15,000,811
Equipment	16,467,916	1,136,908	(21,989)	17,582,835
Vehicles	4,853,103	127,258	-	4,980,361
Total accumulated depreciation	<u>35,207,860</u>	<u>2,538,620</u>	<u>(182,473)</u>	<u>37,564,007</u>
Total capital assets being depreciated, net	<u>22,995,381</u>	<u>(2,012,338)</u>	<u>3</u>	<u>20,983,046</u>
Governmental activities capital assets, net	<u>\$ 27,150,725</u>	<u>\$ 13,096,200</u>	<u>\$ (15,168,532)</u>	<u>\$ 25,078,393</u>

The following is a summary of changes in capital assets - business-type activities for the year ended December 31, 2014:

	January 1, 2014	Transfers/ Additions	Transfers/ Disposals	December 31, 2014
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 9,709,778	\$ 13,136	\$ -	\$ 9,722,914
Construction in progress	28,486,973	9,753,160	(8,319,369)	29,920,764
Total capital assets not being depreciated	<u>38,196,751</u>	<u>9,766,296</u>	<u>(8,319,369)</u>	<u>39,643,678</u>
Capital assets being depreciated:				
Land improvements	84,906,660	2,813,059	-	87,719,719
Buildings and improvements	1,488,201,445	27,952,859	(1,267,724)	1,514,886,580
Equipment	339,472,390	28,088,011	-	367,560,401
Vehicles	8,032,753	323,141	-	8,355,894
Total capital assets being depreciated	<u>1,920,613,248</u>	<u>59,177,070</u>	<u>(1,267,724)</u>	<u>1,978,522,594</u>
Less accumulated depreciation for:				
Land improvements	7,684,141	5,585,292	-	13,269,433
Buildings and improvements	474,787,889	77,917,596	(641,022)	552,064,463
Equipment	221,345,938	26,948,634	-	248,294,572
Vehicles	7,057,612	574,041	-	7,631,653
Total accumulated depreciation	<u>710,875,580</u>	<u>111,025,563</u>	<u>(641,022)</u>	<u>821,260,121</u>
Total capital assets being depreciated, net	<u>1,209,737,668</u>	<u>(51,848,493)</u>	<u>(626,702)</u>	<u>1,157,262,473</u>
Business-type activities capital assets, net	<u>\$ 1,247,934,419</u>	<u>\$ (42,082,197)</u>	<u>\$ (8,946,071)</u>	<u>\$ 1,196,906,151</u>

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The following is a summary of changes in capital assets - Eskenazi Health Enterprise Fund for the year ended December 31, 2014:

	January 1, 2014	Transfers/ Additions	Transfers/ Disposals	December 31, 2014
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 9,709,778	\$ 13,136	\$ -	\$ 9,722,914
Construction in progress	26,955,333	1,859,982	-	28,815,315
Total capital assets not being depreciated	<u>36,665,111</u>	<u>1,873,118</u>	<u>-</u>	<u>38,538,229</u>
Capital assets being depreciated:				
Land improvements	80,349,752	1,826,275	-	82,176,027
Buildings and improvements	862,040,669	7,016,345	-	869,057,014
Equipment	263,666,625	12,085,233	-	275,751,858
Vehicles	7,869,990	323,141	-	8,193,131
Total capital assets being depreciated	<u>1,213,927,036</u>	<u>21,250,994</u>	<u>-</u>	<u>1,235,178,030</u>
Less accumulated depreciation for:				
Land improvements	6,210,591	5,103,006	-	11,313,597
Buildings and improvements	240,389,539	30,324,327	-	270,713,866
Equipment	175,689,717	15,044,108	-	190,733,825
Vehicles	6,896,223	573,431	-	7,469,654
Total accumulated depreciation	<u>429,186,070</u>	<u>51,044,872</u>	<u>-</u>	<u>480,230,942</u>
Total capital assets being depreciated, net	<u>784,740,966</u>	<u>(29,793,878)</u>	<u>-</u>	<u>754,947,088</u>
Business-type activities capital assets, net	<u>\$ 821,406,077</u>	<u>\$ (27,920,760)</u>	<u>\$ -</u>	<u>\$ 793,485,317</u>

The following is a summary of changes in capital assets - Long-Term Care Enterprise Fund for the year ended December 31, 2014:

	January 1, 2014	Transfers/ Additions	Transfers/ Disposals	December 31, 2014
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,531,640	\$ 7,893,178	\$ (8,319,369)	\$ 1,105,449
Total capital assets not being depreciated	<u>1,531,640</u>	<u>7,893,178</u>	<u>(8,319,369)</u>	<u>1,105,449</u>
Capital assets being depreciated:				
Land improvements	4,556,908	986,784	-	5,543,692
Buildings and improvements	626,160,776	20,936,514	(1,267,724)	645,829,566
Equipment	75,805,765	16,002,778	-	91,808,543
Vehicles	162,763	-	-	162,763
Total capital assets being depreciated	<u>706,686,212</u>	<u>37,926,076</u>	<u>(1,267,724)</u>	<u>743,344,564</u>
Less accumulated depreciation for:				
Land improvements	1,473,550	482,286	-	1,955,836
Buildings and improvements	234,398,350	47,593,269	(641,022)	281,350,597
Equipment	45,656,221	11,904,526	-	57,560,747
Vehicles	161,389	610	-	161,999
Total accumulated depreciation	<u>281,689,510</u>	<u>59,980,691</u>	<u>(641,022)</u>	<u>341,029,179</u>
Total capital assets being depreciated, net	<u>424,996,702</u>	<u>(22,054,615)</u>	<u>(626,702)</u>	<u>402,315,385</u>
Business-type activities capital assets, net	<u>\$ 426,528,342</u>	<u>\$ (14,161,437)</u>	<u>\$ (8,946,071)</u>	<u>\$ 403,420,834</u>

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

Governmental Activities:	
Administration and finance	\$ 1,771,234
Health improvements	387,471
Communicable disease prevention	243,219
Water quality and hazardous material management	25,468
Vector disease control	87,170
Housing and neighborhood health	21,930
Consumer and employee risk reduction	<u>2,128</u>
Total depreciation expense, governmental activities	<u>\$ 2,538,620</u>
 Business-Type Activities:	
Eskenazi Health	\$ 51,044,872
LT Care	<u>59,980,691</u>
Total depreciation expense, business-type activities	<u>\$ 111,025,563</u>

Included in the Long-Term Care Fund depreciation expense in the proprietary fund statements is \$3,930,801 of amortization expense related to lease acquisition costs.

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

Estimated Medicare and Medicaid settlements reflect differences between interim reimbursement and reimbursement as determined by cost reports filed or to be filed with federal and state governments after the end of each year. In addition, such settlement amounts reflect, if applicable, any differences determined to be owed to or from Eskenazi Health after an audit of such reports. Changes to any previous years' estimated settlements are reflected in the period such changes are identified. At December 31, 2014, the Medicare and Medicaid cost reports for Eskenazi Health have been audited by the fiscal intermediaries through December 31, 2010.

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

Medicare

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

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

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 (UPL - established to pay qualifying health care providers the difference between what Medicare would have paid and what Medicaid actually paid) and other contractual revenues. The money received from the Medicaid special revenues can be utilized by the Corporation without restriction.

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During 2012, the State of Indiana established a Hospital Assessment Fee (HAF), which was effective from July 1, 2011 through June 30, 2013. During 2014, HAF received federal approval to be reinstated retroactively to July 1, 2013. The HAF increased reimbursement for the state Medicaid fee for service program and the Medicaid managed care programs by approximately \$104 million in 2014; such revenue is reported as net patient service revenue in the Eskenazi Health Enterprise Fund. Eskenazi Health was assessed a fee under the HAF program of approximately \$16.3 million for 2014 and is reported as an operating expense in the Eskenazi Health Enterprise Fund. Fees assessed by the State of Indiana fund the UPL and DSH programs for Indiana hospitals (these programs were historically funded through an intergovernmental transfer program). There is no assurance the HAF program will continue in future periods. The HAF program is planned to sunset at June 30, 2017.

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

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

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

The Corporation also participates in the Indiana Medicaid Governmental Ambulance Transportation Payment program that reimburses eligible ambulance transportation providers a 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.

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The General Fund recognized \$104,327,292 in Medicaid special revenue and a receivable of \$78,658,158 at December 31, 2014. The intergovernmental transfers made by the Corporation in 2014 under these programs totaled \$108,603,627. The Long-Term Care Fund recognized revenue of \$217,764,223 and a receivable of \$58,307,458 at December 31, 2014.

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, 2014:

	Eskenazi Health	LT Care	Total	Percentage
Patient service revenue:				
Inpatient	\$ 550,269,409	\$ -	\$ 550,269,409	27%
Outpatient	816,686,883	-	816,686,883	41%
Long-term care	-	633,686,673	633,686,673	32%
Gross patient service less:	1,366,956,292	633,686,673	2,000,642,965	100%
Contractual adjustments	579,659,085	26,839,584	606,498,669	30%
Charity and indigent care	302,467,694	-	302,467,694	15%
Provision for uncollectible accounts	64,654,157	18,894,171	83,548,328	4%
Net patient service revenue	<u>\$ 420,175,356</u>	<u>\$ 587,952,918</u>	<u>\$ 1,008,128,274</u>	<u>51%</u>

Revenue from the Medicare and Medicaid programs accounted for approximately 30% and 51%, respectively, of net patient service revenue for the year ended 2014. These percentages exclude Medicaid special revenue received and recognized in the General Fund. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Eskenazi Health Corporate Compliance and Leadership review billing, site, licensure and other issues to ensure compliance with Federal, State and other regulations. During 2014, Eskenazi Health performed an internal review, and as a result, self-disclosed a matter to the Health and Human Services Office of the Inspector General. As of December 31, 2014, management accrued an amount that they believe is adequate to cover amounts potentially owed to the Medicare and Medicaid programs as a result of this review.

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Note 9: Long-Term Liabilities

Renovation Bonds of 1988

During 1988, the Corporation issued \$28,000,000 of Renovation Bonds, the proceeds of which were used to renovate the clinical, patient care and administrative areas of the Corporation's former hospital complex (the predecessor facilities to Eskenazi Health) and acquire, construct, renovate and equip the Corporation's public health and administrative facilities. The Renovation Bonds of 1988 are general obligation bonds payable from an unlimited ad valorem property tax levied on all taxable property in the Corporation, which is coterminous with Marion County, Indiana. The Renovation Bonds of 1988 that remain outstanding at December 31, 2014 bear interest at 7.40%, with principal and interest payments due June 30 and December 30 through 2019.

General Obligation Bonds of 2005

During 2005, the Corporation issued \$28,960,000 of General Obligation Refunding Bonds, Series 2005 (the 2005 GO Bonds), the proceeds of which were used to refund the outstanding principal of the Corporation's General Obligation Bonds, Series 2000 A. The 2005 GO Bonds are payable from an unlimited ad valorem property tax levied on all taxable property in the Corporation, which is coterminous with Marion County, Indiana. The 2005 GO Bonds that remain outstanding at December 31, 2014 bear interest at 4.35% to 5.25%, with principal and interest payments due January 1 and July 1 through January 1, 2025. The 2005 GO Bonds are subject to redemption from mandatory sinking fund payments during 2016 to 2024 and the 2005 GO Bonds maturing on or after July 1, 2016 are subject to optional redemption prior to maturity beginning July 1, 2015 at par plus accrued interest to the redemption date.

General Obligation Bonds of 2010

During 2010, the Corporation issued \$195,000,000 of General Obligation Bonds, Series 2010 A-1 and 2010 A-2 (the 2010 A-1 and 2010 A-2 GO Bonds, or collectively, the 2010 A 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 2010 A 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 2010 A GO Bonds that remain outstanding at December 31, 2014 bear interest at 3.00% to 6.004%, with principal and interest payments due January 15 and July 15 through January 15, 2040. The 2010 A GO Bonds are subject to redemption from mandatory sinking fund payments during 2023 to 2040 and the 2010 A GO Bonds maturing on or after January 15, 2021 are subject to optional redemption prior to maturity beginning January 15, 2020 at par plus accrued interest to the redemption date.

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The 2010A GO Bonds were acquired in their entirety with proceeds from the issuance of The Indianapolis Local Public Improvement Bond Bank (the Bond Bank) Bonds, Series 2010 A-1 and 2010 A-2 (the 2010 A-1 and 2010 A-2 Bond Bank Bonds). The 2010 A-2 Bond Bank Bonds were issued as Build America Bonds (BABs) and, as such, are eligible to receive a credit (BAB Subsidy) equal to 35% of the interest payable on such bonds. The benefit of such credit will be passed on to the Corporation at each interest payment date, thus effectively reducing the Corporation's cost of financing. As a result of the automatic spending cuts imposed under the Budget Control Act of 2011, the Corporation's BAB Subsidies in 2014 were reduced by 7.2% (the BAB Sequester) from October 2013 through September 2014. Due to the extension of the BAB Sequester, BAB Subsidies for the remainder of 2015 were reduced by 7.3% and such reduction will remain in place through September 2015. It is too soon to predict if BAB Subsidies will be cut in 2016, or if the United States Congress will rescind or alter such cuts thereafter.

Capital Lease Obligations of Governmental Activities

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

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

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

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

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The following is a summary of changes in long-term liabilities for the year ended December 31, 2014:

	January 1, 2014	Additions	Reductions	December 31, 2014	Due Within One Year
Governmental Activities:					
General obligation bonds payable:					
Renovation Bonds of 1988					
(\$28,000,000 original amount),					
6.00% to 7.40%, due					
January 1, 2020	\$ 11,075,000	\$ -	\$ (1,530,000)	\$ 9,545,000	\$ 1,640,000
Refunding Bonds of 2005					
(\$28,960,000 original amount),					
3.50% to 5.25%, due					
January 1, 2025	19,955,000	-	(695,000)	19,260,000	2,190,000
General Obligation Bonds of 2010 - Series A-1, A-2					
(\$195,000,000 original amount),					
3.00% to 6.004%, due					
January 15, 2040	177,835,000	-	(9,050,000)	168,785,000	1,235,000
Plus: bond premium					
	3,990,330	-	(183,645)	3,806,685	183,643
Total bonds payable					
	212,855,330	-	(11,458,645)	201,396,685	5,248,643
Capital lease obligations	479,131,290	93,509	(3,128,729)	476,096,070	11,929,708
Straight-line operating lease accrual	-	1,464,840	-	1,464,840	-
Asserted and unasserted self-insurance claims	683,994	6,562,957	(6,560,854)	686,097	424,263
Accrued compensated absences	6,287,724	4,008,872	(3,973,896)	6,322,700	4,934,926
Net pension liability	(53,160)	-	-	(53,160)	-
Governmental activities long-term liabilities	\$ 698,995,178	\$ 12,130,178	\$ (25,122,124)	\$ 685,913,232	\$ 22,537,540
Business-Type Activities:					
Eskenazi Health:					
Asserted and unasserted self-insurance claims	\$ 8,810,875	\$ 36,629,545	\$ (38,205,132)	\$ 7,235,288	\$ 4,106,808
Accrued compensated absences	21,859,619	17,725,645	(18,022,447)	21,562,817	17,203,247
Net pension liability	852,205	-	-	852,205	852,205
Deferred compensation	-	4,728,629	-	4,728,629	-
I.T. Care:					
Capital lease obligations	422,712,391	6,231,993	(31,912,010)	397,032,374	35,229,191
Asserted and unasserted self-insurance claims	10,633,000	2,750,566	(2,080,264)	11,303,302	2,810,841
Business-type activities long-term liabilities	\$ 464,868,090	\$ 68,066,378	\$ (90,219,853)	\$ 442,714,615	\$ 60,202,292

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

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The governmental activities debt service requirements, including interest, on bonds and related future BAB subsidies as of December 31, 2014 are as follows:

Bonds:	Principal	Interest	BAB Subsidies
2015	\$ 5,065,000	\$ 11,630,278	\$ 3,213,243
2016	4,595,000	11,226,063	3,213,243
2017	4,850,000	10,971,968	3,213,243
2018	5,130,000	10,696,744	3,213,243
2019	5,440,000	10,391,174	3,213,243
2020 - 2024	26,970,000	47,659,786	15,801,700
2025 - 2029	34,725,000	38,715,192	13,194,577
2030 - 2034	44,645,000	26,763,386	8,900,270
2035 - 2039	54,060,000	11,998,093	3,631,324
2040	12,110,000	363,542	-
	<u>\$ 197,590,000</u>	<u>\$ 180,416,226</u>	<u>\$ 57,594,086</u>

The above future BAB Subsidies reflect an adjustment for the BAB Sequester in effect at December 31, 2014.

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, 2014, is as follows:

Net assessed value - 2014	\$ 33,971,640,933
	<u>0.67%</u>
Debt limit	227,609,994
Debt applicable to debt limit:	
Bonded debt (excluding unamortized premiums)	<u>197,590,000</u>
Legal debt margin	<u>\$ 30,019,994</u>

As mentioned previously, in 2005, the Corporation refunded its 2000 A GO Bonds with the issuance of the 2005 GO Bonds. The 2000 A GO Bonds are considered to have been defeased and have been removed from the basic financial statements. At December 31, 2014, \$17,430,000 of these defeased bonds remain outstanding.

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Note 10: Leases

Operating

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

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2014 for the governmental activities:

2015	\$ 7,003,161
2016	6,907,181
2017	6,769,263
2018	6,636,952
2019	6,414,105
2020 - 2024	32,035,691
2025 - 2029	34,518,457
2030 - 2034	37,193,638
2035 - 2039	40,076,145
2040 - 2043	<u>32,518,198</u>
Total future minimum payments	<u><u>\$ 210,072,791</u></u>

Lease expenditures of \$9,216,921 were reported in the governmental activities for the year ended December 31, 2014.

The following is a summary of the future minimum payments of all significant noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2014 for the business-type activities:

2015	\$ 2,749,934
2016	1,827,503
2017	1,621,186
2018	1,537,273
2019	1,711,593
2020 - 2024	7,977,638
2025 - 2029	8,376,520
2030 - 2034	8,795,346
2035 - 2039	9,235,113
2040 - 2043	<u>7,182,866</u>
Total future minimum payments	<u><u>\$ 51,014,972</u></u>

The Corporation reported \$6,815,245 of lease expense in the business-type activities for the year ended December 31, 2014.

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Capital

The Corporation's governmental activities include capital leases for a data center reported in the governmental activities and the Eskenazi Health hospital complex reported in the Eskenazi Health Enterprise Fund. At December 31, 2014, the gross amount of building improvements, equipment and related accumulated amortization recorded under these capital leases was as follows:

Building and land improvements	\$ 278,890,622
Equipment	204,830,668
Less: accumulated amortization	<u>(31,409,292)</u>
	<u>\$ 452,311,998</u>

Future minimum capital lease payments for the Corporation's governmental activities as of December 31, 2014 are:

Governmental activities	
2015	\$ 42,896,056
2016	39,936,000
2017	39,939,000
2018	39,939,000
2019	39,939,000
2020 - 2024	199,362,000
2025 - 2029	192,867,000
2030 - 2034	182,680,000
2035 - 2039	<u>170,169,000</u>
Total minimum lease payments	947,727,056
Less amount representing interest (2.34% - 6.45%)	<u>471,630,986</u>
Present value of net minimum capital lease payment	476,096,070
Less current installments of obligations under capital leases	<u>11,929,708</u>
Obligations under capital lease, excluding current installments	<u>\$ 464,166,362</u>

For business-type activities, including the Long-Term Care Enterprise Fund, the Corporation is obligated under capital leases covering 61 nursing homes. At December 31, 2014, the gross amount of buildings and related accumulated amortization recorded under capital leases was as follows:

Buildings	\$ 545,376,462
Less: accumulated amortization	<u>(249,155,633)</u>
	<u>\$ 296,220,829</u>

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

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Future minimum capital lease payments for the Corporation's business-type activities as of December 31, 2014 are:

2015	\$ 67,750,441
2016	68,900,801
2017	69,816,291
2018	71,148,093
2019	72,521,376
2020 - 2024	195,876,722
2025 - 2029	1,480,000
Total minimum lease payments	547,493,724
Less amount representing interest (at rates ranging from 4.58% to 11.74%)	150,461,350
Present value of net minimum capital lease payment	397,032,374
Less current installments of obligations under capital leases	35,229,191
Obligations under capital lease, excluding current installments	\$ 361,803,183

Note 11: Risk Management

Insurance Coverage

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patients; and natural disasters. The Corporation is self-insured for workers' compensation, general liability and medical malpractice claims to defined limits. With respect to general liability, the Corporation is protected by the Indiana Tort Claims Act, under IC 34-13-3-4, which limits the tort liability for all Indiana governmental entities, in aggregate, to \$700,000 per person and \$5,000,000 per occurrence. The Corporation also purchases commercial insurance policies for certain other risks of loss with deductibles that range from \$10,000 to \$500,000. Settled claims have not exceeded coverage for the past three years.

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

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

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The Corporation's workers' compensation program retains the first \$500,000 liability on any one claim or incident and purchases an excess workers' compensation policy to extend limits from \$500,000 without an aggregate amount applicable as it applies to any one claim or incident.

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

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

Balance at January 1, 2013	\$ 17,166,728
Change in incurred claims (including IBNRs), net	2,293,678
Claim payments	<u>(3,194,691)</u>
Balance at January 1, 2014	16,265,715
Change in incurred claims (including IBNRs), net	3,070,923
Claim payments	<u>(3,468,356)</u>
Balance at December 31, 2014	<u>\$ 15,868,282</u>

Medical Claims Incurred But Not Reported

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

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

Medical claims incurred but not reported represents an estimate of the ultimate net cost to Eskenazi Health for amounts that are unpaid at December 31, 2014. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of Eskenazi Health and gives effect to estimates of trends in claim severity and frequency. Although management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to the inherent variability with respect to the significant assumptions utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for unpaid claims included in the Eskenazi Health Enterprise Fund. Historically, the majority of these claims are paid within one year following year-end, so the entire balance is being reflected in current liabilities in the statement of net position.

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

Balance at January 1, 2013	\$ 3,251,769
Change in incurred claims (including IBNRs), net	31,662,125
Claim payments	<u>(31,404,145)</u>
Balance at January 1, 2014	3,509,749
Change in incurred claims (including IBNRs), net	35,478,890
Claim payments	<u>(34,635,567)</u>
 Balance at December 31, 2014	 <u><u>\$ 4,353,072</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, 2014. The liability is based on claim factors determined by an actuary using projections and the historical loss experience of the Corporation and gives effect to estimates of trends in claim severity and frequency. Although the Corporation's management believes that the estimates of the liability for claims incurred but not reported is reasonable in the circumstances, it is possible that the actual incurred claims will not conform to the assumptions inherent in the estimation of future claims due to an absence of a significant amount of historical experience on which to base projections and the inherent variability with respect to the significant assumption utilized. Accordingly, the ultimate settlement of claims may vary significantly from the liability for asserted and unasserted self-insurance claims.

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

Balance at January 1, 2013	\$ 740,164
Change in incurred claims (including IBNRs), net	6,432,437
Claim payments	<u>(6,488,607)</u>
Balance at January 1, 2014	683,994
Change in incurred claims (including IBNRs), net	6,562,957
Claim payments	<u>(6,560,854)</u>
 Balance at December 31, 2014	 <u><u>\$ 686,097</u></u>

The amount recorded as a liability in the General Fund at December 31, 2014 is \$424,263 and represents the claims, which are matured and due as of year-end.

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

Balance at January 1, 2013	\$ 3,270,166
Change in incurred claims (including IBNRs), net	25,663,838
Claim payments	<u>(25,755,844)</u>
Balance at January 1, 2014	3,178,160
Change in incurred claims (including IBNRs), net	36,309,188
Claim payments	<u>(36,817,040)</u>
 Balance at December 31, 2014	 <u>\$ 2,670,308</u>

Note 12: Retirement Plan

Plan Description

The Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 are covered by PERF. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for PERF. This report may be obtained by writing to Indiana Public Retirement System, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

There are two tiers to the PERF plan. The first is the Public Employee's Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' ASA Only Plan (PERF ASA Only Plan). However, the PERF ASA Only Plan, which became effective March 1, 2013, only applies to newly hired full-time employees of the State of Indiana who may elect to participate in either the PERF Hybrid Plan or the PERF ASA Only Plan.

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

Prior to July 1, 2013, PERF operated as an agent multiple-employer defined-benefit pension plan. Effective July 1, 2013, PERF became a cost-sharing, multi-employer defined-benefit pension plan. This means the pension obligations to the employees of all participating employers have been pooled and pension plan assets can be used to pay the benefits of the employees of any participating employer. This change did not affect the contribution rate for the Corporation.

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Funding Policy

The funding policies of INPRS provide for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The employer defined-benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For 2014, the Corporation contributed 10.8% of employee compensation to the plan. The ASA consists of the employee contribution, which is set by statute at 3% of compensation, as defined by Indiana statutes, plus the interest/earnings or losses credited to the employee's account. The employer may choose to make the contributions on behalf of its participating employees, which the Corporation has elected to do. In addition, under certain circumstances, employees may elect to make additional voluntary contributions of up to 10% of their compensation into their ASA. An employee's contribution and interest credits belong to the employee and do not belong to the state or the Corporation.

Retirement Benefits

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

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

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

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

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

Disability and Survivor Benefits

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

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

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

Contributions Required and Contributions Made

The Corporation's required contributions to PERF for the years ended December 31, 2014, 2013 and 2012 were \$25,409,272 (10.8% of employee compensation), \$22,946,391 (10.0% of employee compensation) and \$19,071,471 (8.5% of employee compensation), respectively. The Corporation's actual contributions made were equal to the actuarially required contributions for these calendar years.

Despite the move by PERF to a cost-sharing, multi-employer plan structure effective July 1, 2013, the Corporation elected to continue to report an estimate of its net pension obligation to PERF of \$799,045 (as determined by a June 30, 2013 actuarial valuation) as of December 31, 2014, in anticipation of recognizing its full proportionate share of the collective net pension liability to PERF in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, for the year ending December 31, 2015.

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Note 13: Deferred Compensation Plans

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

Additionally, EMG has a 457(b) deferred compensation agreement with certain members of management and highly compensated employees. Under the plan, employees may elect to defer a portion of their current compensation to provide for retirement and other benefits of the employee. EMG may credit to the plan each year an amount as defined by EMG's board of directors. The Corporation records a restricted asset on the statement of net position, which is offset by a matching liability. Employer contributions for 2014 were approximately \$205,000.

Note 14: Hospital Management Agreement

An agreement between the Corporation and the Indiana University (University) was signed in February 2007. During 2014, the Corporation primarily paid for physician services under a relative value unit basis. The Corporation continued to rely on the University to supply several leadership positions for Eskenazi Health, but the operations of Eskenazi Health remains the direct responsibility of the Corporation. Eskenazi Health incurred fees for professional, management, and resident physician services of approximately \$45.2 million during the year (recorded in medical and professional fees on the statement of revenues, expenses and changes in fund net position - proprietary funds).

Note 15: Long-Term Care Management Agreement

The Corporation has entered into a management agreement with American Senior Communities, LLC (ASC) to manage the 61 nursing homes, which are accounted for in the Long-Term Care Fund. The term of the management agreement extends until August 2022 with the Corporation having the right to extend the term for an additional period of ten years if written notice is given to ASC at least 60 days prior to the expiration of the initial term. During 2014, the Corporation incurred approximately \$33,385,000 in management fees to ASC for Long-Term Care operations.

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.

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December 31, 2014

The Corporation currently leases 8 of the nursing homes from entities related to ASC through common ownership. During 2014, the Corporation paid approximately \$19.1 million to this organization in associated lease costs from Long-Term Care operating revenue.

At December 31, 2014, the Long-Term Care Fund had a payable to EagleCare of approximately \$13,936,000 primarily for accrued labor and related benefits. The Long-Term Care Fund also had a payable to ASC at December 31, 2014 of approximately \$5,575,000 for outstanding management services rendered to be paid from operations.

Note 16: Nursing Home Leases

The Corporation has entered into various transactions with entities related to ASC and unrelated third parties involving the leasing of buildings and purchasing of equipment for the operation of nursing homes throughout the state of Indiana with terms through March 2026. These transactions require the Corporation to make monthly lease payments, ranging from \$19,000 to \$198,000 per home. Certain transactions require the lease payments to increase by the greater of the Consumer Price Index (CPI) or a set percentage as defined in each agreement, which is typically 2% to 3%. Additionally, many of the leases have optional extensions available to the Corporation in five-year increments.

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

The Corporation is required to provide security deposits for 28 of the nursing homes. As a result, an irrevocable standby letter of credit in the amount of \$7,374,337 exists to provide the required security.

An unrelated third party serves as the landlord for 37 of the Corporation's nursing facilities. Lease payments to this third party in 2014 approximated \$34 million.

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, 2014, the Corporation received \$118,463,586 in tax cash receipts and \$634,896 in special assessment fees cash receipts from the County for the "Clean and Lien" program to clean up vacant lots and for unsafe building enforcement. At December 31, 2014, the Corporation had a receivable for - due from the State of Indiana. The Corporation paid the County \$382,171 in 2014 for autopsy and death reports, vital records, coroner fees and other matters. In addition, the Corporation acted as a subrecipient or a pass-through agent for various state and federal grant programs with the City and County during 2014.

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December 31, 2014

Note 18: Joint Ventures

The Corporation is a 50% member in MDwise. MDwise is a not-for-profit corporation that contracts with the State of Indiana through the Office of Medicaid Policy and Planning and the Office of Children's Health Insurance Program, to arrange for and administer a risk-based managed care program for certain Indiana Medicaid enrollees. The investment is recorded in the Eskenazi Health Enterprise Fund and accounted for under the equity method. The carrying value of this joint venture at December 31, 2014 was \$21,642,575. Complete financial statements for MDwise can be obtained from the MDwise administrative offices at 1200 Madison Avenue, Suite 400, Indianapolis, Indiana 46225.

During 2014, the Corporation entered into an additional joint venture to create MDwise Marketplace, Inc. (Marketplace) which is a not-for-profit corporation that operates as a health maintenance organization and contracts with health care providers. The investment is recorded in the Eskenazi Health Enterprise Fund and accounted for under the equity method. The carrying value of this joint venture at December 31, 2014 was \$1,791,477. Complete financial statements for Marketplace can be obtained from administrative offices at 1200 Madison Avenue, Suite 400, Indianapolis, Indiana 46225.

The Corporation is a 50% partner in the HHC/Duke Realty Development LLC (LLC). LLC is a limited liability corporation established by the Corporation and Duke Realty to jointly develop and construct an office building located on the Eskenazi Health Campus. The office building is owned by the LLC. The Corporation owns the land under the building and has leased the land to the LLC for 50 years. The Corporation is expected to be the sole primary lessee of the building for the next 30 years but does have the authority to sublet as it wishes. The lease entered into by the Corporation was effective November 1, 2013 and has an escalation rate of 7.75% every five years. Future minimum lease payments required to be paid under the lease are included within the governmental activities as reported earlier in these notes. During 2014, expense recognized under this lease by the Corporation totaled approximately \$7,895,000. The Corporation, as a partner in the LLC, also receives a return on its equity investment equal to 8.25% over the life of the lease. The LLC will continue to own the building at the end of the 30 year lease. However, the Corporation may purchase the building at market value or continue to lease the building from the LLC at the end of the original lease period. The investment in the LLC is recorded in the governmental activities of the statement of net position and is accounted for under the equity method. The carrying value of this joint venture at December 31, 2014 was \$37,223,006. Complete financials for the LLC can be obtained from the Duke Realty administrative offices at 510 E. 96th Street, Suite 250, Indianapolis, IN 46240.

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Note 19: 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, 2014 is as follows:

Commercial insurance	15%
Medicare	30%
Medicaid	27%
Self-pay	17%
Other	11%
	100%
	100%

Note 20: Contingencies

Litigation

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

As of December 31, 2014, the Corporation is a defendant in a lawsuit in which plaintiffs allege inappropriate billing and collection practices related to hospital liens resulting in unjust enrichment to the Corporation, fraud, and breach of contract. The plaintiffs are seeking class certification on behalf of a class of similarly situated persons. The Corporation intends to vigorously defend this matter and believes it is too early to determine a likely outcome or a likely amount of damages.

Government Grants

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

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December 31, 2014

Note 21: Subsequent Events

In June 2015, the Bond Bank refunded its Series 2005 D Refunding Bonds, the proceeds of which were originally used to acquire the Corporation's 2005 GO Bonds. Pursuant to this refunding, the Corporation agreed to modify its call rights with respect to the 2005 GO Bonds in consideration of receiving a portion of the savings (Call Rights Waiver Payments) associated with the refunding. Consequently, the 2005 GO Bonds will not be subject to optional redemption prior to maturity unless so directed by the Bond Bank.

The Corporation is also currently engaged in negotiations with independent third-parties involving the lease of seventeen additional nursing homes. The completion of these transactions is expected in July 2015. When completed, annual base lease payments will increase by approximately \$16.1 million for these additional homes and would expire in 2025.

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

Health and Hospital Corporation of Marion County, Indiana
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Required Supplementary Information - Pension
Schedule of Funding Progress Under GASB 27/50
December 31, 2014
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
PERF*						
6/30/2014	\$ 13,791,261	\$ 16,732,223	\$ 2,940,962	82 %	\$ 5,080,092	58 %
6/30/2013	12,947,283	16,145,681	3,198,398	80	4,766,910	67
6/30/2012	12,088,225	15,784,240	3,696,015	77	4,904,052	75
6/30/2011	12,000,586	14,913,147	2,912,561	81	4,818,774	60
6/30/2010	12,357,199	14,506,052	2,145,853	85	4,896,013	44
6/30/2009	12,569,336	13,506,280	935,944	93	4,931,423	19

* The information contained in this schedule is for the cost sharing plan as a whole, of which the Corporation is one participating employer. In order to add context to the scale of the information presented relative to the Corporation, the Corporation's covered payroll as of 12/31/14 (the Corporation's fiscal year end) represents 4.6% of the total covered payroll for PERF as of June 30, 2014 (the plan's fiscal year end).

Health and Hospital Corporation of Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Required Supplementary Information - Pension
Schedule of Employer Contributions Under GASB 27/50
December 31, 2014
(In thousands)

Plan Year Ended June 30	PERF*	
	Annual Required Contribution	Percentage Contributed
2014	\$ 528,562	98 %
2013	477,342	96
2012	509,724	78
2011	483,842	71
2010	360,183	92
2009	316,059	102

* The information contained in this schedule is for the cost sharing plan as a whole, of which the Corporation is one participating employer. In order to add context to the scale of the information presented relative to the Corporation, the Corporation's annual required contribution for calendar year 2014 (the Corporation's fiscal year end) for PERF was \$25,409, or 4.8% of the total annual required contribution of \$528,562 for the plan year ended June 30, 2014.

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

Required Supplementary Information - Budgetary Comparison
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive Negative
	Original	Final		
Revenues				
Taxes	\$ 106,499,472	\$ 106,499,472	\$ 112,984,887	\$ 6,485,415
Licenses and permits	4,175,800	4,175,800	4,342,462	166,662
Intergovernmental	887,654	887,654	549,896	(337,758)
Charges for services	1,443,750	1,443,750	1,181,717	(262,033)
Medicaid special revenue	17,261,869	17,261,869	(103,401,092)	(120,662,961)
Interest	175,000	175,000	36,510	(138,490)
Grants	18,832,746	18,832,746	19,516,872	684,126
Miscellaneous	38,192,796	38,192,796	64,603,070	26,410,274
Total revenues	<u>187,469,087</u>	<u>187,469,087</u>	<u>99,814,322</u>	<u>(87,654,765)</u>
Expenditures				
Personal services	57,285,000	57,285,000	55,891,497	1,393,503
Supplies	6,162,000	6,162,000	4,640,902	1,521,098
Other charges and services	41,268,969	41,268,969	31,780,245	9,488,724
Capital outlays	2,098,000	2,098,000	694,771	1,403,229
Total expenditures	<u>106,813,969</u>	<u>106,813,969</u>	<u>93,007,415</u>	<u>13,806,554</u>
Other Financing Uses				
Transfers in	110,000,000	110,000,000	150,000,000	40,000,000
Transfers out	<u>(191,130,031)</u>	<u>(191,130,031)</u>	<u>(190,983,586)</u>	<u>146,445</u>
Total other financing uses	<u>(81,130,031)</u>	<u>(81,130,031)</u>	<u>(40,983,586)</u>	<u>40,146,445</u>
Net change in fund balances	(474,913)	(474,913)	(34,176,679)	(33,701,766)
Fund balances - beginning of year	<u>34,223,197</u>	<u>34,223,197</u>	<u>173,298,799</u>	<u>139,075,602</u>
Fund balances - end of year	<u>\$ 33,748,284</u>	<u>\$ 33,748,284</u>	<u>\$ 139,122,120</u>	<u>\$ 105,373,836</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, 2014

Budgets and Budgetary Accounting

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

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

Encumbrance Accounting

For accounting purposes, purchase orders, contracts and other anticipated obligations to expend monies are recorded as encumbrances in governmental fund types in order to reserve that portion of the applicable appropriation. Encumbrances and their underlining appropriations do not lapse with the expiration of the budget period.

Reconciliation of Budgetary Basis Actual to GAAP Basis Actual

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

Net change in fund balance - GAAP basis	\$ 66,149,659
Add (Deduct):	
Change in encumbrances	(79,587)
Change in prepaid expenditures	58,589
Change in accounts receivable	(102,280,980)
Change in accounts payable	3,393,987
Change in self-insurance claims	28,259
Change in accrued expense	<u>(1,446,606)</u>
Net change in fund balance - Budgetary Basis	<u>\$ (34,176,679)</u>

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,963,140	\$ 4,963,140	\$ 5,273,050	\$ 309,910
Interest	1,000	1,000	434,974	433,974
Miscellaneous	9,914,763	9,914,763	10,061,207	146,444
Total revenues	14,878,903	14,878,903	15,769,231	890,328
Expenditures				
Principal retirement	11,990,000	11,990,000	15,118,729	3,128,729
Interest and fiscal charges	43,745,785	43,745,785	40,617,054	(3,128,731)
Total expenditures	55,735,785	55,735,785	55,735,783	(2)
Excess of revenues over expenditures	(40,856,882)	(40,856,882)	(39,966,552)	890,330
Other Financing Sources				
Transfers in	41,130,031	41,130,031	40,983,586	(146,445)
Total other financing sources	41,130,031	41,130,031	40,983,586	(146,445)
Net change in fund balances	273,149	273,149	1,017,034	743,885
Fund balances - beginning of year	(86,568,783)	(86,568,783)	3,252,693	89,821,476
Fund balances - end of year	\$ (86,295,634)	\$ (86,295,634)	\$ 4,269,727	\$ 90,565,361

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 187,691	\$ 187,691	\$ 205,650	\$ 17,959
Interest	-	-	21,985	21,985
Miscellaneous	4,000,000	4,000,000	2,000,000	(2,000,000)
Total revenues	<u>4,187,691</u>	<u>4,187,691</u>	<u>2,227,635</u>	<u>(1,960,056)</u>
Expenditures				
Capital outlays	22,356,149	22,356,149	14,982,848	7,373,301
Total expenditures	<u>22,356,149</u>	<u>22,356,149</u>	<u>14,982,848</u>	<u>7,373,301</u>
Excess of revenues over expenditures	<u>(18,168,458)</u>	<u>(18,168,458)</u>	<u>(12,755,213)</u>	<u>5,413,245</u>
Other Financing Sources				
Transfers in	15,000,000	15,000,000	15,000,000	-
Total other financing sources	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>-</u>
Net change in fund balances	(3,168,458)	(3,168,458)	2,244,787	5,413,245
Fund Balances - beginning of year	<u>(53,220,681)</u>	<u>(53,220,681)</u>	<u>27,026,650</u>	<u>80,247,331</u>
Fund balances - end of year	<u>\$ (56,389,139)</u>	<u>\$ (56,389,139)</u>	<u>\$ 29,271,437</u>	<u>\$ 85,660,576</u>

Statistical Section (Unaudited)

Health and Hospital Corporation of Marion County, Indiana

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

Statistical Section (Unaudited)

Table of Contents

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Health and Hospital Corporation of Marion County, Indiana

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

Table I
Net Position by Component - Accrual Basis of Accounting
Last Ten Fiscal Years

	December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 9,860,293	\$ 12,505,823	\$ 10,475,308	\$ 19,442,084	\$ (823,835)	\$ (25,570,275)	\$ (17,518,906)	\$ 7,784,239	\$ 7,134,802	\$ 7,971,335
Restricted	568,065	639,828	-	-	6,980,523	-	-	-	-	-
Unrestricted	(346,636,457)	(400,646,932)	272,217,244	133,755,224	184,367,974	239,170,613	237,622,474	194,610,049	164,480,042	138,068,721
Total governmental activities net position	\$ (336,208,099)	\$ (387,501,281)	\$ 282,692,552	\$ 173,197,308	\$ 190,524,662	\$ 213,600,338	\$ 220,103,568	\$ 202,394,288	\$ 171,614,844	\$ 136,040,056
Business-type activities										
Net investment in capital assets	\$ 799,873,777	\$ 825,154,250	\$ 121,146,628	\$ 98,753,758	\$ 120,295,667	\$ 154,871,843	\$ 124,917,253	\$ 106,338,255	\$ 136,595,394	\$ 147,262,474
Restricted	-	1,234,763	-	-	171,034	699,698	732,481	1,261,455	639,351	596,789
Unrestricted	308,634,220	178,069,981	181,698,932	134,746,021	114,974,047	88,436,326	99,749,222	123,084,696	108,974,494	108,828,175
Total business-type activities net position	\$ 1,108,507,997	\$ 1,004,458,984	\$ 302,845,560	\$ 233,499,779	\$ 235,440,748	\$ 244,007,867	\$ 225,398,956	\$ 230,704,406	\$ 246,209,239	\$ 256,687,438
Primary Government										
Net investment in capital assets	\$ 809,734,070	\$ 837,660,073	\$ 131,621,936	\$ 118,195,842	\$ 119,471,832	\$ 129,301,568	\$ 107,398,347	\$ 114,142,494	\$ 143,790,196	\$ 155,233,809
Restricted	568,065	1,874,581	-	-	7,151,557	699,698	732,481	1,261,455	639,351	596,789
Unrestricted	(38,002,237)	(222,576,951)	453,916,176	288,501,245	299,342,021	327,606,939	337,371,696	317,694,745	273,454,536	236,806,896
Total primary government net position	\$ 772,299,898	\$ 616,957,703	\$ 585,538,112	\$ 406,697,087	\$ 425,965,410	\$ 457,608,205	\$ 445,502,324	\$ 433,098,694	\$ 417,824,083	\$ 392,727,494

Health and Hospital Corporation of Marion County, Indiana

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

Table II
Schedule of Changes in Net Position - Accrual Basis of Accounting
Last Ten Fiscal Years

	Years Ended December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
Administration and finance	\$ 33,151,933	\$ 27,170,818	\$ 27,704,061	\$ 23,045,390	\$ 28,400,818	\$ 24,180,194	\$ 27,873,838	\$ 20,163,477	\$ 17,551,946	\$ 14,166,259
Healthcare delivery	108,603,627	100,673,452	93,737,620	28,917,502	28,146,044	27,632,587	25,527,724	24,159,226	24,145,228	24,399,358
Health improvement	30,227,402	28,577,781	29,487,312	14,388,516	14,696,779	14,706,663	12,223,308	11,352,654	9,215,253	10,379,233
Communicable disease prevention	15,537,862	15,219,997	13,969,736	2,005,942	1,918,932	1,910,477	1,839,289	1,933,157	1,825,826	1,734,696
Water quality and hazardous materials management	2,213,065	2,075,886	1,984,465	3,954,524	3,871,946	3,804,382	3,940,890	3,509,809	3,509,809	2,977,009
Vector disease control	3,545,044	3,515,242	3,410,855	6,986,843	6,992,305	6,967,410	6,143,281	5,203,571	5,035,571	4,184,338
Housing and neighborhood health	5,180,149	5,224,148	1,712,384	1,795,884	1,916,259	1,694,473	1,580,062	1,579,658	1,557,509	1,546,218
Consumer and employee risk reduction	1,808,188	1,692,837	39,583,468	49,636,823	2,359,635	2,519,440	2,652,816	2,600,760	2,898,454	2,532,873
Interest on long-term debt	40,571,658	41,924,538	217,893,334	130,731,424	88,336,540	83,483,190	81,644,720	71,091,007	65,739,396	61,920,004
Total governmental activities expenses	240,838,928	226,026,699	217,893,334	130,731,424	88,336,540	83,483,190	81,644,720	71,091,007	65,739,396	61,920,004
Business-type activities										
Eskenazi Health	588,245,868	538,714,684	520,310,998	519,774,867	487,807,076	459,732,722	457,457,787	424,232,288	400,293,483	384,487,424
LT Care	600,063,314	571,765,568	549,407,590	426,846,568	366,832,811	310,478,515	240,118,586	212,410,072	171,792,372	157,656,712
Total business-type activities expenses	1,188,309,182	1,110,478,232	1,069,718,588	946,621,435	854,639,887	770,211,237	697,576,373	636,642,360	572,085,755	542,144,136
Total primary government expenses	\$ 1,429,148,110	\$ 1,336,504,931	\$ 1,287,613,922	\$ 1,077,352,859	\$ 942,996,427	\$ 853,694,427	\$ 779,221,093	\$ 707,733,367	\$ 637,825,151	\$ 604,064,140
Program Revenues										
Governmental activities										
Charges for services	\$ 5,015,624	\$ 3,601,993	\$ 982,203	\$ 3,375,608	\$ 583,185	\$ 11,533,387	\$ 24,833,565	\$ 29,516,097	\$ 32,198,505	\$ 12,042,413
Administration and finance (1)	3,198,092	2,388,775	3,055,130	2,259,188	2,420,983	2,343,511	2,324,464	2,332,740	2,036,999	2,094,473
Healthcare delivery	471,838	662,260	556,999	631,281	631,281	571,655	533,533	303,533	358,954	395,412
Communicable disease prevention	359,774	356,682	356,262	353,215	332,972	356,886	382,902	357,016	360,957	354,111
Water quality and hazardous materials management	449,132	499,977	551,975	563,276	752,623	687,121	614,797	1,261,037	898,812	125,523
Vector disease control	361,492	417,448	413,012	468,733	317,965	416,541	435,687	469,407	633,456	85,501
Housing and neighborhood health	2,281,175	2,182,983	2,149,007	2,177,656	2,109,083	2,022,930	1,905,944	2,355,841	2,087,249	1,898,597
Consumer and employee risk reduction	72,402,538	54,428,929	57,701,542	47,974,400	44,126,964	18,304,481	15,513,792	13,955,419	12,108,383	16,573,583
Operating grants and contributions (1)		6,000,000	16,147,752	1,532,965	3,104,698	3,123,848	1,327,403	1,217,110	3,575,826	1,702,901
Capital grants and contributions	84,542,665	70,540,047	81,913,982	59,264,455	54,399,754	39,380,360	48,944,118	51,888,206	54,259,341	35,272,514
Total governmental activities program revenues	\$ 84,542,665	\$ 70,540,047	\$ 81,913,982	\$ 59,264,455	\$ 54,399,754	\$ 39,380,360	\$ 48,944,118	\$ 51,888,206	\$ 54,259,341	\$ 35,272,514

(1) Certain intergovernmental revenues have been reclassified in 2010-2014; amounts in prior years have not been revised.

Health and Hospital Corporation of Marion County, Indiana

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

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

	Years Ended December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities										
Charges for services	\$ 441,150,604	\$ 326,831,719	\$ 380,863,992	\$ 261,819,236	\$ 252,468,219	\$ 250,657,243	\$ 235,271,501	\$ 239,779,417	\$ 222,001,734	\$ 224,633,684
Estenazi Health	807,418,553	763,692,871	690,328,627	574,233,417	429,785,305	381,662,293	288,984,754	210,548,466	167,574,919	167,069,430
LT Care	24,941,727	20,334,454	20,057,585	20,460,189	18,703,315	21,668,356	16,646,528	9,308,853	7,680,805	8,414,943
Operating grants and contributions	-	2,224,001	-	-	769,000	-	-	314,400	-	-
Capital grants and contributions	1,273,510,684	1,115,283,045	1,091,250,204	856,512,842	701,725,839	653,988,074	540,902,783	459,951,136	397,237,458	400,058,047
Total business-type activities program revenue	\$ 1,358,053,349	\$ 1,183,823,092	\$ 1,173,164,086	\$ 915,777,298	\$ 756,125,593	\$ 693,368,434	\$ 588,946,901	\$ 511,839,336	\$ 451,516,799	\$ 433,330,561
Total primary government program revenues										
Net program (expense)/revenue	\$ (156,296,263)	\$ (155,486,652)	\$ (42,243,832)	\$ (71,466,968)	\$ (33,936,786)	\$ (44,102,830)	\$ (33,600,602)	\$ (19,202,807)	\$ (11,480,055)	\$ (26,647,490)
Governmental activities	85,201,502	2,804,793	21,531,616	(90,108,593)	(152,934,048)	(116,233,163)	(156,673,590)	(176,691,224)	(173,111,652)	(142,086,089)
Business-type activities	(71,094,761)	(152,681,859)	(20,712,216)	(161,575,561)	(186,870,834)	(169,335,993)	(190,274,192)	(195,894,031)	(184,591,707)	(168,733,579)
Total primary government net expense										
General Revenues and Other Changes in Net Position										
Governmental activities	\$ 111,475,288	\$ 106,708,214	\$ 105,627,906	\$ 104,742,264	\$ 105,792,726	\$ 99,656,899	\$ 97,126,269	\$ 89,583,638	\$ 89,453,306	\$ 87,980,567
Taxes	5,762,079	5,318,410	5,551,960	5,263,274	5,252,268	5,278,006	6,927,280	6,831,647	7,270,595	7,307,089
Property and HCC taxes	1,226,219	1,286,788	1,285,940	1,319,008	1,275,274	1,477,986	1,284,278	1,288,115	1,260,083	1,268,250
Excise taxes	79,227,647	63,708,066	168,169,564	14,374,161	39,048,278	61,819,896	87,227,322	102,956,478	101,186,941	143,381,951
Financial institution taxes	10,061,207	9,985,273	10,847,662	13,775,283	-	-	-	-	-	-
Medicaid special revenue	87,680	579,543	356,401	1,316,116	2,482,149	795,022	4,056,678	7,077,243	6,521,273	3,614,043
Build America Bonds interest subsidies	(250,675)	(700,662,007)	(46,362,737)	(86,656,492)	(142,983,583)	(131,428,209)	(145,311,945)	(157,734,870)	(158,619,375)	(140,483,207)
Unrestricted investment earnings	207,589,445	(512,875,713)	243,476,696	54,135,614	10,861,110	37,599,600	51,309,882	49,982,251	47,054,843	103,318,693
Transfers										
Total governmental activities										

Health and Hospital Corporation of Marion County, Indiana

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

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

	Years Ended December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities										
Unrestricted investment earnings	\$ 153,589	\$ (1,853,376)	\$ 1,451,428	\$ 1,511,132	\$ 1,377,344	\$ 3,403,865	\$ 6,056,105	\$ 3,451,521	\$ 4,014,078	\$ 2,746,379
Transfers	250,675	700,662,007	46,362,737	86,656,492	149,989,585	131,428,209	145,311,943	157,734,570	158,619,375	140,433,267
Total business-type activities	404,264	698,808,631	47,814,165	88,167,624	144,366,929	134,832,074	151,368,140	161,186,391	162,633,453	143,179,646
Total primary government	\$ 207,993,709	\$ 185,932,918	\$ 293,290,861	\$ 142,307,238	\$ 155,228,039	\$ 172,431,674	\$ 202,678,022	\$ 211,168,642	\$ 209,688,296	\$ 246,498,279
Change in Net Position										
Governmental activities	\$ 51,293,182	\$ (668,362,365)	\$ 109,495,244	\$ (17,327,354)	\$ (23,075,676)	\$ (6,503,230)	\$ 17,709,280	\$ 30,779,444	\$ 35,574,788	\$ 76,671,203
Business-type activities	85,605,766	701,613,424	69,345,781	(1,940,969)	(8,567,119)	18,608,911	(5,305,430)	(15,504,833)	(10,478,199)	1,093,497
Total primary government	\$ 136,898,948	\$ 33,251,059	\$ 178,841,025	\$ (19,268,323)	\$ (31,642,795)	\$ 12,105,681	\$ 12,403,850	\$ 15,274,611	\$ 25,096,589	\$ 77,764,700

Health and Hospital Corporation of Marion County, Indiana

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

Table III
Fund Balances, Governmental Funds - Modified Accrual Basis of Accounting
Last Ten Fiscal Years ⁽¹⁾

	December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 4,120,202	\$ 2,985,130	\$ 6,268,915	\$ 7,046,198	\$ 8,407,286	\$ 3,640,918
Unreserved	-	-	-	-	149,037,699	148,561,111	146,844,353	122,752,504	110,958,027	111,837,016
Nonspendable	342,083	400,672	478,369	417,843	-	-	-	-	-	-
Assigned	1,073,267	950,333	2,252,310	3,174,846	-	-	-	-	-	-
Unassigned	245,037,025	178,951,711	227,495,914	131,936,536	-	-	-	-	-	-
Total general fund	\$ 246,452,375	\$ 180,302,716	\$ 230,226,593	\$ 135,529,225	\$ 153,157,901	\$ 161,546,241	\$ 153,113,268	\$ 129,798,702	\$ 119,365,313	\$ 115,477,934
All Other Governmental Funds										
Unreserved, reported in	\$ -	\$ -	\$ -	\$ -	\$ 189,574,838	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	-	-	-	-	(1,259,840)	(1,882,120)	(3,651,044)	(412,637)	362,060	(16,186)
Capital projects fund	-	-	-	-	23,895,431	65,127,048	64,318,221	43,030,727	40,814,423	38,643,862
Restricted, reported in										
Debt service fund	16,148,038	16,119,056	16,035,192	17,494,306	-	-	-	-	-	-
Capital projects fund	-	844,731	62,633,749	123,726,061	-	-	-	-	-	-
Assigned, reported in										
Debt service fund	1,291,381	708,964	12,015	-	-	-	-	-	-	-
Capital projects fund	17,600,287	16,549,678	13,559,774	-	-	-	-	-	-	-
Unassigned, reported in										
Debt service fund	-	-	-	(633,693)	-	-	-	-	-	-
Total all other governmental funds	\$ 35,039,706	\$ 34,222,429	\$ 92,240,730	\$ 140,586,674	\$ 212,210,429	\$ 63,244,928	\$ 60,687,177	\$ 42,618,090	\$ 41,176,483	\$ 38,627,676

(1) In 2011, the Corporation adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. While the 2011 - 2014 amounts reflect the new fund balance classifications, prior year amounts have not been reclassified and are therefore not comparable.

Health and Hospital Corporation of Marion County, Indiana

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

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

	Years Ending December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 118,463,586	\$ 113,513,412	\$ 112,463,806	\$ 111,330,546	\$ 128,505,950	\$ 126,281,363	\$ 88,336,613	\$ 82,095,459	\$ 97,965,873	\$ 97,196,828
Licenses and permits	4,342,461	4,112,137	3,901,841	3,953,300	3,857,239	3,774,650	3,700,855	4,193,808	3,864,882	3,662,722
Intergovernmental	16,229,153	53,466,529	58,176,374	36,824,648	48,871,597	19,936,304	18,820,201	14,629,232	16,007,012	16,598,192
Charges for services	1,181,715	1,313,598	1,147,540	1,170,890	1,342,212	16,134,540	20,149,821	27,570,626	1,079,203	1,162,710
Medicaid special revenue	104,327,292	37,142,046	167,935,928	14,374,161	39,799,959	62,927,328	126,524,776	105,102,078	72,864,271	142,926,951
Build America Bonds interest subsidies	10,061,207	9,985,273	10,847,662	13,775,283	-	-	-	-	-	-
Contributions	57,710,285	6,000,000	16,000,000	12,900,000	-	-	-	-	-	-
Investment income	3,412,682	169,543	356,401	1,316,116	2,482,149	795,022	4,056,678	7,077,243	6,521,271	3,614,043
Miscellaneous	3,779,357	2,398,746	2,748,262	4,410,403	3,343,738	242,255	5,470,057	2,306,154	31,765,188	13,449,938
Total revenues	319,607,738	228,101,304	373,560,014	200,035,347	228,202,864	230,091,462	267,058,981	242,974,600	230,067,700	278,611,384
Expenditures										
Administrative	29,592,995	25,135,125	24,867,451	23,875,423	25,457,868	21,572,325	23,283,723	19,041,700	14,118,571	12,039,938
Population health	25,115,888	24,776,381	22,599,355	23,718,257	22,643,391	21,000,830	19,816,620	18,819,736	18,042,145	16,880,537
Environmental health	12,502,800	12,332,885	12,791,408	12,401,862	11,885,107	11,566,888	10,964,278	10,905,283	10,584,558	9,566,699
Health center program	1,071,017	965,321	1,154,921	1,615,344	1,491,812	2,012,429	1,630,315	1,151,665	1,049,574	1,100,104
Data processing	3,500,373	3,555,788	3,233,840	3,034,812	2,932,675	2,865,135	2,972,158	2,710,015	2,803,176	3,288,074
Grants program	15,596,818	14,697,189	15,090,143	16,546,600	18,324,824	20,059,103	15,928,714	14,110,484	15,264,642	14,536,941
Capital outlays	15,634,820	275,367,515	286,375,233	158,620,259	107,499,401	4,236,379	1,123,966	2,816,332	2,516,273	1,685,354
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	15,118,729	13,810,000	13,300,000	2,455,000	1,955,000	1,840,000	1,958,122	1,853,629	1,749,548	2,380,863
Interest and fiscal charges	40,617,054	41,924,538	39,583,468	49,636,823	2,359,633	2,519,440	2,685,491	2,690,760	2,789,136	2,574,872
Bond issuance costs	-	-	-	-	1,833,646	-	-	-	-	429,167
Intergovernmental	108,603,627	100,675,452	93,737,620	-	-	-	-	-	-	-
Total expenditures	267,354,121	513,240,188	512,733,439	291,904,380	196,383,359	87,672,529	80,363,387	74,059,604	68,917,623	64,482,579
Excess (deficiency) of revenues over (under) expenditures	52,253,617	(285,138,884)	(139,155,425)	(91,869,033)	31,819,505	142,418,933	186,695,594	168,874,996	161,150,077	214,128,805

Health and Hospital Corporation of Marion County, Indiana

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

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

	Years Ending December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing Sources (Uses)										
Proceeds of bonds	-	-	-	-	\$ 195,000,000	-	-	-	-	-
Refunding on bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	3,907,846	-	-	-	-	28,960,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	1,013,992
Other debt issued	93,509	151,303,950	190,304,849	89,273,094	52,839,395	55,000,000	30,300,000	-	-	(29,544,825)
Transfers in	205,983,586	277,856,226	175,086,073	138,174,404	37,000,000	-	-	-	-	-
Transfers out	(191,363,776)	(251,963,470)	(179,886,073)	(224,830,896)	(179,989,585)	(186,428,209)	(175,611,941)	(157,000,000)	(154,713,891)	8,294
Total other financing sources (uses), net	14,713,319	177,196,706	185,504,849	2,616,602	108,757,656	(31,428,209)	(145,311,941)	(157,000,000)	(154,713,891)	(140,404,040)
Net change in fund balances	\$ 66,966,936	\$ (107,942,178)	\$ 46,351,424	\$ (89,252,431)	\$ 140,577,161	\$ 10,990,724	\$ 41,383,653	\$ 11,874,996	\$ 6,436,186	\$ 74,124,765
Debt service as a percentage of noncapital expenditures	22.1%	22.0%	23.4%	37.9%	6.9%	5.2%	5.9%	6.4%	6.8%	8.6%
Debt service expenditures	\$ 55,795,783	\$ 55,794,538	\$ 52,883,468	\$ 52,091,823	\$ 6,148,281	\$ 4,359,440	\$ 4,643,613	\$ 4,544,389	\$ 4,538,684	\$ 5,384,902
Noncapital expenditures	251,999,190	253,071,951	226,358,206	137,490,121	88,883,958	83,436,150	79,239,421	71,283,272	66,401,350	62,797,225

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, 2014

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	
2014	\$ 33,971,640,933	\$ 33,971,640,933	\$ 5,972,597,000	\$ 5,972,597,000	\$ 39,944,237,933	\$ 39,944,237,933	0.2029
2013	34,038,407,113	34,038,407,113	5,841,671,000	5,841,671,000	39,880,078,113	39,880,078,113	0.1982
2012	33,922,279,415	33,922,279,415	5,467,373,000	5,467,373,000	39,389,652,415	39,389,652,415	0.1874
2011	34,203,195,277	34,203,195,227	5,449,472,000	5,449,472,000	39,652,667,277	39,652,667,227	0.1805
2010	30,071,881,985	30,071,881,985	5,745,524,000	5,745,524,000	35,817,405,985	35,817,405,985	0.1595
2009	31,039,405,707	31,039,405,707	5,657,964,000	5,657,964,000	36,697,369,707	36,697,369,707	0.1543
2008	38,250,226,004	38,250,226,004	5,454,450,000	5,454,450,000	43,704,676,004	43,704,676,004	0.2114
2007	39,182,916,707	39,182,916,707	5,565,477,874	5,565,477,874	44,748,394,581	44,748,394,581	0.2022
2006	33,030,628,020	33,030,628,020	7,195,875,948	7,195,875,948	40,226,503,968	40,226,503,968	0.2242
2005	32,400,972,000	32,400,972,000	7,229,661,000	7,229,661,000	39,630,633,000	39,630,633,000	0.2249

(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, 2014

Year	Operations	Debt	Cumulative Building	Total	County Direct Rates				Other Direct Rates			Total Direct and Overlapping Rates ⁽¹⁾
					City	County	Municipal Corporations	School	State	Other		
2014	0.1889	0.0134	0.0006	0.2029	0.7667	0.4034	0.2311	1.2889	-	-	0.0620	2.9550
2013	0.1811	0.0165	0.0006	0.1982	0.9802	0.3932	0.2332	1.4829	-	-	0.0607	3.3484
2012	0.1740	0.0128	0.0006	0.1874	1.0034	0.4007	0.2084	1.2711	-	-	0.0670	3.1380
2011	0.1640	0.0159	0.0006	0.1805	0.9525	0.3665	0.1880	1.4065	-	-	0.0615	3.1555
2010	0.1494	0.0095	0.0006	0.1595	0.8673	0.3534	0.1687	1.3692	-	-	0.0615	2.9796
2009	0.1440	0.0097	0.0006	0.1543	0.8634	0.3513	0.1711	1.1569	-	-	0.0578	2.7548
2008	0.2023	0.0085	0.0006	0.2114	0.8920	0.4847	0.1407	1.7668	0.0024	0.0510	0.0522	3.5490
2007	0.1928	0.0088	0.0006	0.2022	0.8746	0.5741	0.1398	1.8713	0.0024	0.0522	0.0523	3.7166
2006	0.2138	0.0098	0.0006	0.2242	0.9425	0.3555	0.1509	1.7172	0.1538	0.0523	0.0516	3.5964
2005	0.2137	0.0106	0.0006	0.2249	0.9553	0.4163	0.1501	1.6744	0.0024	0.0516	0.0516	3.4750

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

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

Source: Marion County Auditor's Office.

Health and Hospital Corporation of Marion County, Indiana

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

Table VII
Principal Property Tax Payers
Current Year and Nine Years Ago
December 31, 2014

		2014			2005		
Taxpayers	Net Taxable Assessed Valuation (1) (2) (in thousands)	Rank	Percentage of Total City Taxable Assessed Valuation	Taxpayers	Net Taxable Assessed Valuation (2) (3) (in thousands)	Rank	Percentage of Total City Taxable Assessed Valuation
1 Eli Lilly and Company	\$ 1,135,239	1	3.342%	Eli Lilly & Company	\$ 962,470	1	2.429%
2 Citizens Energy Group	431,328	2	1.270%	Southwestern Bell	395,354	2	0.998%
3 Indianapolis Power and Light Company	327,493	3	0.964%	General Motors Corporation	383,445	3	0.968%
4 Federal Express Corporation	226,877	4	0.668%	Indianapolis Power and Light Company	355,511	4	0.897%
5 Convention Headquarters Hotels, LLC	174,342	5	0.513%	Simon Property Group, Inc.	244,214	5	0.616%
6 CW Monument Circle, Inc.	163,944	6	0.483%	Citizens Energy Group	183,662	6	0.463%
7 Allison Transmission, Inc.	113,147	7	0.333%	International Truck and Engine	185,425	7	0.468%
8 Castleton Square, LLC	82,090	8	0.242%	Federal Express Corporation	153,801	8	0.388%
9 American United Life Insurance Company	80,393	9	0.237%	Visteon Corporation	141,448	9	0.357%
10 SVC Manufacturing	72,820	10	0.214%	American United Life Insurance Company	120,204	10	0.303%
11 Ingridion, Inc.	72,520	11	0.213%	Dugan Realty, LLC	112,277	11	0.283%
12 Indiana Bell Telephone Company, Inc.	69,980	12	0.206%	Kroger	105,218	12	0.265%
13 HUB Properties GA, LLC	66,820	13	0.197%	Rolls-Royce Corporation	101,861	13	0.257%
14 Market Tower Associates, LLC	63,014	14	0.185%	Roche Diagnostics Corp.	93,107	14	0.235%
15 Rolls-Royce Corporation	61,221	15	0.180%	Marsh Supermarkets, Inc.	91,517	15	0.231%
16 Verizon Wireless	60,292	16	0.177%	n/a	-	16	0.000%
17 Circle Centre Development Co.	60,013	17	0.177%	n/a	-	17	0.000%
18 DOW Agrosciences, LLC	54,453	18	0.160%	n/a	-	18	0.000%
19 Summit Hospitality 22, LLC	52,767	19	0.155%	n/a	-	19	0.000%
20 NG 211 N. Pennsylvania St. LLC	52,099	20	0.153%	n/a	-	20	0.000%
	<u>\$ 3,420,852</u>		10.069%		<u>\$ 3,629,514</u>		9.158%

(1) Represents the March 1, 2013 valuations for taxes due and payable in 2014 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 2005 Health and Hospital Corporation's Comprehensive Annual Financial Report.

n/a = Not available.

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

Table VIII

Property Tax Levies and Collections
December 31, 2014

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Delinquent Tax Receipt (1)	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2014	\$ 68,928,460	\$ 61,173,034	88.75%	\$ -	\$ -	\$ 61,173,034	88.75%
2013	67,464,122	56,859,319	84.28%	-	2,008,814	58,868,133	87.26%
2012	63,570,352	54,667,634	86.00%	-	2,291,395	56,959,029	89.60%
2011	61,736,767	52,513,485	85.06%	-	2,244,037	54,757,522	88.70%
2010	57,128,763	54,775,062	95.88%	-	2,351,909	57,126,971	100.00%
2009	56,624,041	31,594,513	55.80%	21,185,683	479,649	53,259,845	94.06%
2008	92,391,685	52,293,400	56.60%	39,094,389	139,848	91,527,637	99.06%
2007	90,456,328	72,009,781	79.61%	18,410,575	36,695	90,457,051	100.00%
2006	90,469,407	88,872,634	98.24%	634,310	14,769	89,521,713	98.95%
2005	88,832,049	87,127,862	98.08%	643,154	7,453	87,778,469	98.81%

(1) Delinquent tax that was paid in 2011-2014. Information not available for prior years.

(2) Beginning with the 2006 tax year payable 2007, all real property assessments have been revalued annually to reflect market value based on comparable sales data ("Trending"). The implementation of Trending caused delays in the collection of property taxes in 2008 and 2009. In addition, due to technical concerns relating to Trending, the Governor ordered a reassessment of property value in Marion County for 2006 taxes payable in 2007 (the "Special Reassessment"). This Special Reassessment delayed collection of a portion of the taxes payable in 2007 and 2008.

Source: Marion County Auditor's Office

Health and Hospital Corporation of Marion County, Indiana

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

Table IX
Ratios of Outstanding Debt by Type
December 31, 2014

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1) (2)	Debt Per Capita (1)
	General Obligation Bonds of 2005	General Obligation Bonds of 2010	Due to Local Government	Capital Lease	Renovation Bonds of 1988	Notes Payable			
2014	\$ 23,066,685	\$ 168,785,000	\$ -	\$ 476,096,070	\$ 9,545,000	\$ -	\$ 1,074,525,129	-	\$ 1,157.54
2013	23,945,330	177,835,000	-	479,131,290	11,075,000	-	1,114,699,011	3.00%	1,212.98
2012	21,295,000	186,565,000	322,659,705	7,487,632	12,495,000	-	999,322,386	2.71%	1,096.59
2011	22,570,000	195,000,000	135,659,802	6,452,687	13,815,000	-	727,291,219	2.08%	803.29
2010	23,795,000	195,000,000	52,839,395	-	15,045,000	-	570,780,979	1.69%	631.82
2009	24,610,000	-	-	-	16,185,000	-	316,047,457	0.94%	354.76
2008	25,390,000	-	-	-	17,245,000	-	231,816,169	0.69%	263.31
2007	26,140,000	-	-	-	18,235,000	218,122	236,306,044	0.71%	269.51
2006	26,865,000	-	-	-	19,155,000	426,751	212,559,283	0.65%	245.59
2005	27,565,000	-	-	-	20,005,000	626,299	199,449,585	0.64%	231.44

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

(2) Personal income not available for 2014.

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, 2014

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Notes Payable	Total Net Bonded Debt		
2014	\$ 201,396,685	\$ -	\$ 201,396,685	0.50%	\$ 216.96
2013	212,855,330	-	212,855,330	0.53%	231.62
2012	220,355,000	-	220,355,000	0.56%	241.80
2011	231,385,000	-	231,385,000	0.58%	255.56
2010	233,840,000	-	233,840,000	0.65%	258.85
2009	40,795,000	-	40,795,000	0.11%	45.79
2008	42,635,000	-	42,635,000	0.10%	48.43
2007	44,375,000	218,122	44,593,122	0.10%	50.86
2006	46,020,000	426,751	46,446,751	0.12%	53.66
2005	47,570,000	626,299	48,196,299	0.12%	55.93

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, 2014

	Assessed Value (\$) (in thousands)	Bonding Limit		Debt Outstanding (in thousands)
		%	Dollar Amount (in thousands)	
Direct Debt:				
Health and Hospital Corporation of Marion County	\$ 33,971,641	0.67%	\$ 227,610	\$ 201,397
Other Direct Debt:				
Capital lease obligations - governmental activities				476,096
Total Health and Hospital Corporation debt				\$ 677,493
Overlapping:				
Marion County	\$ 33,971,641	0.67%	\$ 227,610	\$ -
City of Indianapolis				
Civil City	\$ 31,760,083	0.67%	\$ 212,793	\$ 58,560
Park District	33,971,641	0.67%	227,610	11,998
Redevelopment District	31,760,083	(3)	-	265
Flood Control District	33,971,641	0.67%	227,610	5,763
Metropolitan Thoroughfare District	33,971,641	1.33%	451,823	22,519
Sanitary District	34,733,074	4.00%	1,389,324	28,700
Solid Waste Disposal District	31,804,059	2.00%	636,081	-
Pub Safety Comm and Comp Facilities District	33,971,641	0.67%	227,610	28,350
Premiums on general obligation debt			-	1,419
Total city general obligation debt			\$ 3,372,851	157,574
Other Direct Debt:				
Tax increment revenue bonds				669,880
Net revenue bonds				271,520
Note payable and certificate of participations				40,422
Capital lease obligations - governmental activities				8,549
Total city direct debt				\$ 1,147,945
Other Municipal Corporations				
Indianapolis Airport Authority	\$ 33,971,641	0.67%	\$ 227,610	\$ -
Capital Improvement Board	33,971,641	0.67%	227,610	-
Indianapolis-Marion County Building Authority	33,971,641	(1)	-	9,360
Indianapolis-Marion County Library	33,109,498	0.67%	221,834	71,115
Indianapolis Public Transportation Corp.	33,132,944	0.67%	221,991	2,925
Total municipal corporations			\$ 899,045	\$ 83,400
School Districts				
Beech Grove	\$ 374,209	(4)	\$ 35,831	\$ 4,152
Decatur	1,099,100	(4)	147,234	2,629
Franklin	1,770,608	(4)	251,341	2,130
Indianapolis Public Schools	9,024,120	(4)	661,223	20,167
Lawrence	4,500,715	(4)	324,008	44,370
Perry	2,932,137	(4)	161,869	14,715
Pike	4,377,916	(4)	120,428	20,725
Speedway	605,728	(4)	12,115	455
Warren	2,116,885	(4)	115,313	2,000
Washington	5,139,435	(4)	140,754	9,986
Wayne	2,259,286	(4)	288,851	15,495
Total school districts	\$ 34,200,139		\$ 2,258,967	\$ 136,824

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, 2014

	Assessed Value (\$) (in thousands)	Bonding Limit		Bonds Outstanding (in thousands)
		%	Dollar Amount (in thousands)	
Other Cities and Towns				
Beech Grove	\$ 372,861	0.67%	\$ 2,498	\$ 1,755
Lawrence	60,311	0.67%	404	1,370
Southport	1,283,069	0.67%	8,597	3,632
Speedway	511,652	0.67%	3,428	831
Total Other Cities and Towns	\$ 2,227,893		\$ 14,928	\$ 7,588
Townships				
Center	\$ 5,009,697	0.67%	\$ 33,565	\$ -
Decatur	1,103,785	0.67%	7,395	-
Franklin	1,894,843	0.67%	12,695	-
Lawrence	4,809,992	0.67%	32,227	1,535
Perry	3,191,377	0.67%	21,382	-
Pike	4,108,283	0.67%	27,525	5,600
Warren	2,852,669	0.67%	19,113	-
Washington	7,301,431	0.67%	48,920	-
Wayne	3,465,721	0.67%	23,220	755
Total Townships	\$ 33,737,798		\$ 226,042	\$ 7,890
Excluded Library Districts				
Beech Grove	\$ 350,490	0.67%	\$ 2,348	\$ -
Speedway	511,652	0.67%	3,428	360
Total Excluded Library Districts	\$ 862,142		\$ 5,776	\$ 360
Ben Davis Conservancy District	\$ 343,463	(2)		-
Total Overlapping Debt				\$ 1,384,007
Total Direct and Overlapping Debt				\$ 2,061,500

Source: City of Indianapolis, Office of Finance and Management

- (1) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
- (2) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (3) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.
- (4) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.
- (5) Represents the March 1, 2012 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2013.

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

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

Health and Hospital Corporation of Marion County, Indiana

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Table XII
Legal Debt Margin Calculation
December 31, 2014

Legal Debt Margin Calculation for Fiscal Year Ended		December 31, 2014									
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$	227,609,994	\$ 228,057,328	\$ 227,279,272	\$ 243,021,408	\$ 239,976,620	\$ 245,872,377	\$ 292,821,329	\$ 299,814,244	\$ 269,317,577	\$ 265,525,241
Total net debt applicable to limit	\$	197,590,000	208,865,000	220,355,000	231,385,000	233,840,000	40,795,000	42,635,000	44,593,122	46,446,751	48,196,299
Legal debt margin	\$	30,019,994	\$ 19,192,328	\$ 6,924,272	\$ 11,636,408	\$ 6,136,620	\$ 205,077,377	\$ 250,186,329	\$ 255,221,122	\$ 223,070,826	\$ 217,328,942
Total net debt applicable to the limit as a percentage of debt limit		86.81%	91.58%	96.95%	95.21%	97.44%	16.59%	14.56%	14.87%	17.23%	18.15%

Legal Debt Margin Calculation for Fiscal Year Ended		December 31, 2014									
Net assessed value - 2014	\$	33,971,640,933									
Debt limit (.67% of assessed values)		227,609,994									
Debt applicable to limit:											
Bonded Debt		197,590,000									
Notes payable from tax levy		-									
Total net debt applicable to limit		197,590,000									
Legal Debt Margin	\$	30,019,994									

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, 2014

Year	(1) (2) Population	(2) Personal Income (In Thousands)	(2) Per Capita Personal Income	Public School Enrollment	(3) Unemployment Rate
2014	928,281	\$ -	\$ 39,963	130,007	5.9%
2013	918,977	37,096,641	40,132	149,697	6.8%
2012	911,296	36,880,741	38,309	146,175	8.3%
2011	905,393	34,910,486	40,572	143,053	8.9%
2010	903,393	33,687,344	38,796	159,865	8.4%
2009	890,879	33,774,144	38,532	159,089	8.5%
2008	880,380	33,798,139	39,318	145,569	5.6%
2007	876,804	33,237,000	38,980	136,883	4.5%
2006	865,504	32,652,000	37,403	133,697	4.4%
2005	861,760	31,270,050	36,286	133,694	4.8%

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

(2) Source: U.S. Bureau of Economics Census Bureau mid-year population estimates. Estimates for 2005-2014 reflect county population estimates available as of March 2015. Per capita personal income was computed using Census Bureau mid-year population estimates. Estimates for 2004-2013 reflect county population estimates available as of March 2014. Data was not yet available for 2014 personal income.

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

Health and Hospital Corporation of Marion County, Indiana
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Table XIV

Principal Employers
Current Year and Nine Years Ago ⁽²⁾
December 31, 2014

Taxpayer	(1) Employees	(1) Rank	(1) Percentage of Total Metropolitan Statistical Area Employment
St. Vincent Hospitals & Health Service	17,398	1	1.87%
I.U. Health	11,810	2	1.27%
Eli Lilly and Company	10,735	3	1.16%
Community Health Network	10,402	4	1.12%
Wal-Mart	8,830	5	0.95%
Marsh Supermarkets	8,000	6	0.86%
Kroger	7,840	7	0.84%
IUPUI	7,365	8	0.79%
Fed Ex Express	6,000	9	0.65%
Roche Diagnostics	4,600	10	0.50%

(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 2005 is not available.

Health and Hospital Corporation of Marion County, Indiana

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Table XV

Full-Time Equivalent City Government Employees by Function/Program December 31, 2014

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Full-Time Equivalent Employees at December 31										
Primary Government Employees:										
Administration	131	139	136	132	127	117	118	115	112	112
Health improvement	349	351	340	327	337	343	313	311	313	309
Communicable disease prevention	123	128	133	125	125	120	122	119	119	124
Water quality and hazardous materials	26	26	25	26	27	25	27	28	29	29
Housing and neighborhood health	80	84	96	98	100	90	84	84	84	82
Consumer and employee risk reduction	26	26	28	27	27	28	25	26	27	27
Vector disease control	53	53	51	58	61	64	55	57	52	52
Business-type Employees:										
Eskénazi Health	3,828	3,726	3,667	3,820	3,622	3,724	3,764	3,404	3,243	3,232
Long-Term Care (1)	-	-	-	-	-	-	-	-	-	-
Total Employees	<u>4,616</u>	<u>4,533</u>	<u>4,476</u>	<u>4,613</u>	<u>4,426</u>	<u>4,511</u>	<u>4,508</u>	<u>4,144</u>	<u>3,979</u>	<u>3,967</u>

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

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

Health and Hospital Corporation of Marion County, Indiana

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Table XVI
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Health Improvement										
Community Based Clinics Services										
Vaccine doses administered	62,100	75,075	68,151	168,493	147,469	186,096	63,268	33,279	33,749	31,960
Vital Statistics - certified birth copies issued	47,062	47,162	60,011	49,029	59,067	59,258	62,008	66,601	61,617	62,233
Vital Statistics - certified death copies issued	54,205	51,768	58,210	53,335	57,763	56,434	99,185	59,558	60,062	58,027
WIC Services - vouchers per month	32,223	31,495	29,426	28,918	29,124	27,593	26,011	n/a	n/a	n/a
WIC Services - nutrition education	29,150	21,214	24,916	13,624	11,210	12,267	16,388	n/a	n/a	n/a
Dental Health/Education Services	50,625	72,533	55,524	70,120	68,370	54,011	72,119	80,358	65,224	69,905
Communicable Disease Prevention										
Chronic Disease										
Hepatitis A,B,C shots	1,114	1,055	1,182	1,090	1,068	1,121	1,098	1,115	1,083	1,098
AIDS cases	35	44	35	52	63	51	40	43	136	168
HIV infection - total cases	192	158	202	164	188	225	214	185	191	177
Tuberculosis cases reported	52	36	38	31	33	49	37	42	51	40
Sexually transmitted diseases total cases	12,952	13,406	13,317	9,856	6,959	11,086	11,923	11,918	10,795	11,336
Influenza-Like Illness	4,807	6,332	5,165	4,987	4,987	11,931	5,711	4,782	1,111	2,529
Water Quality and Hazardous Materials										
Water Quality										
Laboratory services performed	47,175	49,517	46,972	62,336	60,238	59,261	58,926	167,657	180,000	168,297
Swimming pool samples	4,360	4,438	2,598	2,151	2,483	2,744	2,483	5,113	n/a	n/a
Surface water samples taken	2,531	4,778	5,492	2,598	6,225	5,844	6,480	2,421	2,418	2,454
Hazardous Materials Management										
Responses to emergency situations	659	776	947	878	1,031	938	1,188	440	704	406
Drinking water wells surveyed for toxins	541	564	439	748	940	1,442	1,402	389	704	707
Septic systems permits	79	81	71	91	144	115	127	12	19	26
Well construction permits	97	114	112	88	70	102	78	12	111	108
Well pump permits	163	200	236	101	112	164	148	218	205	211
Housing and Neighborhood Health										
Initial housing orders	4,863	2,699	2,263	2,649	4,621	5,565	2,682	3,827	3,822	3,528
Housing compliances	4,977	4,577	4,553	5,252	4,190	4,948	4,201	3,904	3,649	3,452
Initial sanitation orders	13,571	11,147	12,354	14,265	20,801	21,463	15,422	21,080	20,841	20,383
Sanitation compliances	12,323	12,247	14,272	14,046	19,501	20,845	13,056	19,021	18,654	18,099
Court cases filed	3,841	3,540	3,546	2,826	2,333	2,925	2,873	3,859	4,256	4,571
Court cases resolved	2,500	1,565	1,671	1,504	957	1,573	1,269	1,688	1,520	1,544
Citations issued - illegal dumping	n/a	n/a	n/a	n/a	n/a	n/a	n/a	299	425	366
Unsafe buildings-structures demolished	223	4,934	578	589	537	658	836	349	475	414
Unsafe buildings-structures boarded	5,037	3,913	7,820	9,430	7,111	7,586	6,516	6,182	5,064	4,217
Unsafe buildings-structures repaired	777	1,156	1,090	789	672	844	672	802	676	1,004
Lead - children screened	7,779	13,038	12,354	14,265	5,346	4,648	3,786	14,797	11,841	12,460

Health and Hospital Corporation of Marion County, Indiana

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Consumer and Employee Risk Reduction										
Foodborne disease prevention										
Foodborne inspections	17,735	19,557	19,174	20,486	19,326	19,148	18,088	19,561	20,942	20,824
Foodborne investigations	241	166	199	144	156	199	206	115	118	107
Foodborne complaints	917	801	711	861	726	918	895	1,108	825	766
Foodborne licenses issued	6,635	6,501	6,424	5,138	5,885	5,604	5,265	5,862	5,933	5,857
Occupational health										
Occupational health consultations	n/a	222	293	252						
Asbestos investigations	*	*	*	301	360	114	173	n/a	437	406
Radon investigations	46	74	7	4	7	30	12	n/a	n/a	n/a
Related indoor air inspections	2,999	2,984	3,894	2,981	2,722	3,014	3,976	2,218	1,778	1,717
Vector Disease Control										
Environmental/Rodent Control										
Total premises baited for rodents	2,034	2,255	1,121	2,102	2,751	2,838	2,478	2,072	2,510	2,125
Abandoned property cleanups	4,021	3,693	3,149	2,897	3,541	3,557	2,975	3,561	3,489	2,577
Assisted cleanups of neighborhoods	10	8	13	15	10	4	-	n/a	n/a	n/a
Total weight (lbs.) of trash removed	15,263,180	15,991,960	16,418,780	19,568,321	17,382,448	21,941,740	16,587,585	16,868,920	15,617,360	11,878,160
Mosquito Control										
Inspections of mosquito breeding sites	21,716	20,672	11,744	19,439	18,430	20,400	18,000	16,920	17,484	16,273
Mosquito breeding sites treated	9,829	8,942	4,510	9,311	8,881	11,746	10,121	6,030	9,132	7,878
Adulticiding, linear miles sprayed	3,673	3,043	2,563	3,999	5,164	5,169	6,576	5,384	5,899	4,925
Complaint services, adulticiding	4,123	4,271	3,750	5,545	5,584	5,566	5,454	3,214	4,329	3,596
Combination complaints	5,911	5,301	4,760	711	689	803	572	221	536	310
Long-Term Care										
Total Beds	7,944	7,969	8,062	7,176	5,857	5,457	4,053	4,086	3,710	3,187
Eskenazi Health										
Admissions (Acute, Behavioral, Lockefield)	14,788	15,090	14,112	18,568	18,525	18,585	19,624	19,674	18,971	18,220
Patient Days (Acute, Behavioral, Lockefield)	68,253	67,061	69,979	89,997	89,418	107,018	159,932	161,170	160,788	155,470
OP Encounters (net of ED)	736,130	876,161	841,180	885,045	1,077,726	1,120,658	1,126,196	1,079,108	1,068,042	1,075,380
ED Visits	95,258	101,240	109,412	105,120	103,854	110,451	113,680	108,102	98,946	97,657
Advantage Members	32,916	39,594	54,204	55,993	58,133	54,165	50,241	50,879	49,421	47,572
Uncompensated Care (000's Omitted)	381,110	410,383	237,639	344,552	305,243	267,058	254,836	236,691	218,080	193,558
Surgeries	7,242	7,406	7,447	8,069	8,092	8,162	7,816	7,607	6,682	6,305
Births	2,046	1,849	2,045	1,800	2,107	2,414	2,643	2,760	2,610	2,447

n/a = Not available.

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

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

Health and Hospital Corporation of Marion County, Indiana

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

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Health Improvement										
Dental chairs	25	25	25	25	25	25	25	25	24	24
Dental x-ray units	23	23	23	23	23	23	23	23	23	23
Fiberoptic Dentalite	10	10	10	10	10	10	7	7	7	7
Dental Portable Scaler	7	7	7	7	7	7	7	7	7	7
Kiosk Touchscreen system	5	5	5	5	5	4	4	4	4	4
Vital Statistics scanners/readers	1	1	1	1	1	1	1	1	2	1
Generators/power source	5	5	4	4	4	4	-	-	-	-
Planmeca digital panoramic machine	2	2	2	2	2	-	-	-	-	-
Communicable Disease Prevention										
Water purification systems for lab	3	3	3	3	3	3	3	3	1	1
Refrigerators/freezer for lab	23	22	16	13	12	12	9	9	9	9
Incubator for lab	7	7	7	7	7	6	6	6	4	4
Trailer with hitch	8	8	8	8	8	-	-	-	-	-
Generator power-diesel	3	3	3	3	3	-	-	-	-	-
Storage area network w/cabinet	2	2	2	2	1	-	-	-	-	-
Kodak color scanners	6	5	5	5	5	-	-	-	-	-
Truck-Super 4X4	3	3	3	3	1	-	-	-	-	-
Water Quality and Hazardous Materials										
Water quality trucks for site cleanups	17	17	17	17	16	16	16	16	16	15
Analyzers for hazardous materials	5	5	5	5	5	5	5	5	5	3
Housing and Neighborhood Health										
Analyzers for lead testing	8	8	8	8	8	5	5	4	3	3
Vans/cars for housing visits	7	7	6	6	6	6	5	4	3	3
Vector Disease Control										
Environmental trucks/vans for cleanup	24	23	23	23	17	16	24	24	22	18
Dump Trucks	17	17	17	17	17	16	14	14	13	11
Tractors/Trailers	28	28	28	28	28	28	18	18	16	14
Rodent/Mosquito control trucks for spraying	64	62	57	57	57	57	72	72	70	70
Rodent/Mosquito control - sprayers	12	12	10	10	10	9	11	11	11	11
Rodent/Mosquito Control - generators	6	6	6	6	6	6	6	6	5	5
Long-Term Care										
# of buildings	61	59	59	52	42	38	27	26	23	18
Eskenazi Health										
# of beds	315	315	281	316	312	313	340	340	314	294

n/a = Not available.

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