

Fiscal Year 2018

BUDGET

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HALIFAX
HEALTH

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Halifax Health Budget Policy FY 2018 Budget

Premise:

Generating fiscally sound policy while maintaining outstanding patient care is our commitment to the future of Halifax and the community we serve.

Policy:

To maintain employee salaries and benefits at competitive levels and allocate financial resources consistent with the standards, guidelines and parameters of nursing care required for patients.

To replace and enhance existing facilities and equipment with new and expanded services and technologies.

To develop a financial operation that is sufficiently flexible to react to the anticipated changes in the health care environment.

To enable the Cornerstone initiative in support of our patients, our employees and our community.

Fiscal 2018 Budget Objectives:

	Halifax Health
Total Margin	3.2%
Operating Margin	2.4%
EBIDA Margin	10.4%
Days Cash on Hand	258
Long-Term Debt to Capitalization	59.6%
Unrestricted Cash to Long Term Debt	79.6%
HMC Obligated Group - Maximum Annual Debt Service Coverage Ratio	2.44

Halifax Health
Projected Condensed Statement of Net Position
(\$ in thousands)

	September 30,		Change
	2018	2017	
<u>Assets</u>			
Cash and cash equivalents	\$ 38,500	\$ 37,795	\$ 705
Investments	272,730	267,908	4,822
Board designated assets	58,233	65,176	(6,943)
Accounts receivable	63,500	63,000	500
Restricted assets whose use is limited	72,671	5,671	67,000
Other assets	39,467	39,467	-
Deferred outflow - swap	30,898	30,898	-
Deferred outflow - loss on bond refunding	15,531	16,455	(924)
Deferred outflow - pension	26,272	29,392	(3,120)
Property, plant and equipment	394,867	355,802	39,065
Total Assets	\$ 1,012,669	\$ 911,564	\$ 101,105
<u>Liabilities and Net position</u>			
Accounts payable	\$ 34,000	\$ 35,000	\$ (1,000)
Other liabilities	75,402	75,402	-
Net pension liability	93,207	106,856	(13,649)
Long-term debt	445,658	347,472	98,186
Discount/Premium on LTD, net	18,589	19,261	(672)
Long-term value of swap	30,898	30,898	-
Net position	314,915	296,675	18,240
Total Liabilities and Net position	\$ 1,012,669	\$ 911,564	\$ 101,105

Halifax Health
Statement of Revenues, Expenses and Changes in Net Position
FY 2018 Budgeted and FY 2017 Projected
(in thousands)

	<u>FY 2018 Budget</u>	<u>FY 2017 Actual & Projected</u>	<u>Change</u>
Operating revenues:			
Net patient service revenue	\$ 528,692	\$ 510,528	\$ 18,164
Ad valorem tax revenue	6,048	11,252	(5,204)
Other revenue	<u>26,003</u>	<u>26,902</u>	<u>(898)</u>
Total operating revenues	560,743	548,682	12,061
Operating expenses:			
Salaries and Benefits	290,568	280,754	9,814
Purchased Services	74,382	77,557	(3,175)
Supplies	97,574	100,475	(2,900)
Depreciation and Amortization	24,081	23,815	266
Interest Expense	16,697	16,863	(166)
Ad valorem tax related expenses	6,376	7,479	(1,103)
Lease/Rentals	9,663	9,295	368
Other	<u>28,220</u>	<u>26,818</u>	<u>1,403</u>
Total operating expenses	<u>547,563</u>	<u>543,056</u>	<u>4,507</u>
Income from operations	13,180	5,625	7,555
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	4,368	7,381	(3,013)
Donation revenue	692	1,081	(389)
Nonoperating gains (losses), net	<u>-</u>	<u>23</u>	<u>(23)</u>
Total Nonoperating revenues, expenses, and gains/(losses)	<u>5,060</u>	<u>8,485</u>	<u>(3,425)</u>
Increase in net position	<u>\$ 18,240</u>	<u>\$ 14,110</u>	<u>\$ 4,130</u>

Halifax Health Medical Center
Statement of Revenues, Expenses and Changes in Net Position
FY 2018 Budgeted and FY 2017 Projected

(in thousands)

	<u>FY 2018 Budget</u>	<u>FY 2017 Actual & Projected</u>	<u>Change</u>
Operating revenues:			
Net patient service revenue	\$ 486,486	\$ 470,043	\$ 16,443
Ad valorem tax revenue	6,048	11,252	(5,204)
Other revenue	16,736	16,328	409
Total operating revenues	<u>509,270</u>	<u>497,623</u>	<u>11,647</u>
Operating expenses:			
Salaries and Benefits	265,707	255,911	9,795
Purchased Services	61,233	65,038	(3,805)
Supplies	94,886	97,754	(2,868)
Depreciation and Amortization	22,570	22,195	375
Interest Expense	16,668	16,744	(76)
Ad valorem tax related expenses	6,376	7,479	(1,103)
Lease/Rentals	7,598	7,235	363
Other	25,441	24,340	1,102
Total operating expenses	<u>500,479</u>	<u>496,696</u>	<u>3,783</u>
Income from operations	8,791	927	7,864
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	2,144	1,082	1,062
Donation revenue	-	50	(50)
Nonoperating gains (losses), net	-	23	(23)
Total Nonoperating revenues, expenses, and gains/(losses)	<u>2,144</u>	<u>1,155</u>	<u>989</u>
Increase in net position	<u>\$ 10,935</u>	<u>\$ 2,082</u>	<u>\$ 8,853</u>

Halifax Health Hospice
Statement of Revenues, Expenses and Changes in Net Position
FY 2018 Budgeted and FY 2017 Projected

(in thousands)

	<u>FY 2018 Budget</u>	<u>FY 2017 Actual & Projected</u>	<u>Change</u>
Operating revenues:			
Net patient service revenue	\$ 42,206	\$ 40,485	\$ 1,721
Other revenue	<u>2,388</u>	<u>2,024</u>	<u>364</u>
Total operating revenues	44,594	42,509	2,085
Operating expenses:			
Salaries and Benefits	24,024	23,980	44
Purchased Services	12,640	12,093	547
Supplies	2,680	2,717	(37)
Depreciation and Amortization	712	821	(109)
Interest Expense	-	-	-
Ad valorem tax related expenses	-	-	-
Lease/Rentals	2,003	1,999	5
Other	<u>1,925</u>	<u>1,995</u>	<u>(70)</u>
Total operating expenses	<u>43,984</u>	<u>43,605</u>	<u>380</u>
Income (loss) from operations	610	(1,096)	1,705
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	2,224	6,299	(4,075)
Donation revenue	692	1,031	(339)
Nonoperating gains (losses), net	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating revenues, expenses, and gains/(losses)	<u>2,916</u>	<u>7,330</u>	<u>(4,414)</u>
Increase in net position	<u>\$ 3,526</u>	<u>\$ 6,234</u>	<u>\$ (2,708)</u>

Volusia Health Network / Halifax Management System
Statement of Revenues, Expenses and Changes in Net Position
FY 2018 Budgeted and FY 2017 Projected

(in thousands)

	<u>FY 2018 Budget</u>	<u>FY 2017 Actual & Projected</u>	<u>Change</u>
Operating revenues:			
Net patient service revenue	\$ -	\$ -	\$ -
Other revenue	4,219	3,972	247
Total operating revenues	4,219	3,972	247
Operating expenses:			
Salaries and Benefits	713	740	(27)
Purchased Services	464	408	56
Supplies	9	4	5
Depreciation and Amortization	799	799	(0)
Interest Expense	29	119	(90)
Ad valorem tax related expenses	-	-	-
Lease/Rentals	61	61	(0)
Other	48	14	34
Total operating expenses	2,124	2,146	(22)
Income from operations	2,095	1,826	269
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	-	-	-
Donation revenue	-	-	-
Nonoperating gains (losses), net	-	-	-
Total Nonoperating revenues, expenses, and gains/(losses)	-	-	-
Increase in net position	\$ 2,095	\$ 1,826	\$ 269

Halifax Health Foundation
Statement of Revenues, Expenses and Changes in Net Position
FY 2018 Budgeted and FY 2017 Projected

(in thousands)

	<u>FY 2018 Budget</u>	<u>FY 2017 Actual & Projected</u>	<u>Change</u>
Operating revenues:			
Net patient service revenue	\$ -	\$ -	\$ -
Other revenue	2,660	4,578	(1,918)
Total operating revenues	<u>2,660</u>	<u>4,578</u>	<u>(1,918)</u>
Operating expenses:			
Salaries and Benefits	125	123	2
Purchased Services	45	17	28
Supplies	-	-	-
Depreciation and Amortization	-	-	-
Interest Expense	-	-	-
Ad valorem tax related expenses	-	-	-
Lease/Rentals	-	-	-
Other	806	469	337
Total operating expenses	<u>976</u>	<u>610</u>	<u>366</u>
Income from operations	1,684	3,968	(2,284)
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	-	-	-
Donation revenue	-	-	-
Nonoperating gains (losses), net	-	-	-
Total Nonoperating revenues, expenses, and gains/(losses)	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>\$ 1,684</u>	<u>\$ 3,968</u>	<u>\$ (2,284)</u>

Ad Valorem Tax Schedules

**Halifax Hospital Medical Center
Schedule of Uses of Property Taxes
FY 2018 Preliminary Budget ***

	FY 2017 Actual/Projected 0.7561 Mill	FY 2018 Budget 0.3781 Mill
Gross property tax levy	\$ 11,251,944	\$ 6,048,193
Tax discounts and uncollectible taxes	<u>(350,508)</u>	<u>(188,000)</u>
Net property taxes collected	10,901,436	5,860,193
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(374,316)	(201,000)
Volusia County Medicaid matching assessment	(2,907,758)	(3,000,000)
Redevelopment taxes paid to Cities	<u>(601,270)</u>	<u>(360,000)</u>
Subtotal	<u>(3,883,344)</u>	<u>(3,561,000)</u>
Net taxes available for community health, wellness and readiness	7,018,092	2,299,193
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(1,333,040)	(800,000)
Physician services	(9,565,065)	(9,600,000)
Trauma services	(5,566,720)	(5,600,000)
Pediatric and neonatal intensive care services	(735,672)	(750,000)
Child and adolescent behavioral services	<u>(297,977)</u>	<u>(350,000)</u>
Subtotal	<u>(17,498,474)</u>	<u>(17,100,000)</u>
Deficiency of net taxes available to fund hospital operating expenses	(10,480,382)	(14,800,807)
Uncompensated care provided by Halifax Health, <i>at cost</i>	<u>(41,572,340)</u>	<u>(43,027,000)</u>
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, <i>at cost</i>	\$ (52,052,722)	\$ (57,827,807)

* FY 2018 Millage rate is based on the information provided from the preliminary tax value.

**Halifax Health Medical Center
Impact of Millage Rate
Non-Homesteaded Homeowner or Commercial/Investment Property
FY 2018 Preliminary Budget ¹**

	<u>Prior Year</u>	<u>FY 2018 Budget</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.7561	0.3781	-50.0%
Property value ²	\$ 175,000	\$ 188,445	7.7%
Exemptions	\$0	\$0	0.0%
Property taxes	\$ 132	\$ 71	-46.2%
Tax Levy impact to homeowner		\$ (61)	

¹ FY 2018 Millage rate is estimated based on the information provided from the preliminary tax value.

² FY 2018 Property Value increased 7.68% based on the average increase within the Halifax Taxing District excluding new construction.

**Halifax Health Medical Center
Impact of Millage Rate
Homesteaded Homeowner
FY 2018 Preliminary Budget ¹**

	<u>Prior Year</u>	<u>FY 2018 Budget</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.7561	0.3781	-50.0%
Homestead Property value ²	\$ 175,000	\$ 178,675	2.1%
Exemptions	\$ (50,000)	\$ (50,000)	0.0%
Property taxes	\$ 95	\$ 49	-48.5%
Tax Levy impact to homeowner		\$ (46)	

¹ FY 2018 Millage rate is estimated based on the information provided from the preliminary tax value.

² FY 2018 Property Value (Assessed value) increased 1.021% due to the Consumer Price Index being lower than the Save Our Homes max cap of 3%.