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Fiscal Year 2017

# BUDGET

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HALIFAX  
HEALTH

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## Halifax Health Budget Policy FY 2017 Budget

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**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 2017 Budget Objectives:**

	<b>Halifax Health</b>
Total Margin	2.0%
Operating Margin	1.0%
EBIDA Margin	9.5%
Days Cash on Hand	262
Long-Term Debt to Capitalization	56.0%
Unrestricted Cash to Long Term Debt	98.9%
HMC Obligated Group - Maximum Annual Debt Service Coverage Ratio	2.11

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

	<u>September 30,</u>		<u>Change</u>
	<u>2017</u>	<u>2016</u>	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$51,567	\$51,567	\$0
Investments	258,808	258,808	-
Board designated assets	52,293	49,396	2,897
Accounts receivable	63,500	63,000	500
Restricted assets whose use is limited	5,671	15,803	(10,132)
Other assets	43,081	43,081	-
Deferred outflow - swap	43,247	43,247	-
Deferred outflow - loss on bond refunding	16,455	17,379	(924)
Deferred outflow - pension	41,960	40,252	1,708
Property, plant and equipment	366,629	365,564	1,065
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Total Assets	\$943,211	\$948,097	(\$4,886)
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<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$34,000	\$35,000	(\$1,000)
Other liabilities	83,341	83,341	-
Net pension liability	127,600	133,977	(6,377)
Long-term debt	347,451	354,977	(7,526)
Discount/Premium on LTD, net	19,259	19,931	(672)
Long-term value of swap	43,247	43,247	-
Net position	288,313	277,624	10,689
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Total Liabilities and Net position	\$943,211	\$948,097	(\$4,886)
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**Halifax Health**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**FY 2017 Budgeted and FY 2016 Projected**  
(in thousands)

	<u>FY 2017 Budget</u>	<u>FY 2016 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$498,019	\$489,883	\$8,136
Ad valorem tax revenue	11,252	13,252	(2,000)
Other revenue	25,534	28,797	(3,263)
Total operating revenues	<u>534,805</u>	<u>531,932</u>	<u>2,873</u>
<b>Operating expenses:</b>			
Salaries and benefits	281,558	257,655	23,903
Purchased services	70,248	79,641	(9,393)
Supplies	93,489	92,469	1,020
Depreciation and amortization	23,889	24,676	(787)
Ad valorem tax related	16,799	17,085	(286)
Interest	7,622	7,775	(153)
Leases and rentals	8,821	9,023	(202)
Other	27,031	29,028	(1,997)
Total operating expenses	<u>529,457</u>	<u>517,352</u>	<u>12,105</u>
<b>Income from operations</b>	<b>5,348</b>	<b>14,580</b>	<b>(9,232)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	4,625	11,353	(6,728)
Donation revenue	716	1,293	(577)
Interest - bond issue costs	-	(1,774)	1,774
Nonoperating gains (losses), net	-	(6)	6
Total Nonoperating revenues, expenses, and gains/(losses)	<u>5,341</u>	<u>10,866</u>	<u>(5,525)</u>
<b>Increase in net position</b>	<b><u>\$10,689</u></b>	<b><u>\$25,446</u></b>	<b><u>(\$14,757)</u></b>

**Halifax Health Medical Center**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**FY 2017 Budgeted and FY 2016 Projected**

(in thousands)

	<u>FY 2017 Budget</u>	<u>FY 2016 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$454,873	\$447,166	\$7,707
Ad valorem tax revenue	11,252	13,252	(2,000)
Other revenue	16,940	17,313	(373)
Total operating revenues	<u>483,065</u>	<u>477,731</u>	<u>5,334</u>
<b>Operating expenses:</b>			
Salaries and benefits	256,111	232,341	23,770
Purchased services	57,150	66,020	(8,870)
Supplies	90,700	89,485	1,215
Depreciation and amortization	22,295	22,966	(671)
Ad valorem tax related	16,799	17,085	(286)
Interest	7,518	7,588	(70)
Leases and rentals	6,836	6,664	172
Other	24,021	25,737	(1,716)
Total operating expenses	<u>481,430</u>	<u>467,886</u>	<u>13,544</u>
<b>Income from operations</b>	<b>1,635</b>	<b>9,845</b>	<b>(8,210)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	2,369	6,498	(4,129)
Donation revenue	-	507	(507)
Interest - bond issue costs	-	(1,774)	1,774
Nonoperating gains (losses), net	-	(6)	6
Total Nonoperating revenues, expenses, and gains/(losses)	<u>2,369</u>	<u>5,225</u>	<u>(2,856)</u>
<b>Increase in net position</b>	<b><u>\$4,004</u></b>	<b><u>\$15,070</u></b>	<b><u>(\$11,066)</u></b>

**Halifax Health Hospice**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**FY 2017 Budgeted and FY 2016 Projected**

(in thousands)

	<u>FY 2017 Budget</u>	<u>FY 2016 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$43,146	\$42,717	\$429
Other revenue	2,390	2,317	73
Total operating revenues	<u>45,536</u>	<u>45,034</u>	<u>502</u>
<b>Operating expenses:</b>			
Salaries and benefits	24,552	24,459	93
Purchased services	12,635	13,185	(550)
Supplies	2,779	2,963	(184)
Depreciation and amortization	795	911	(116)
Ad valorem tax related	-	-	-
Interest	-	-	-
Leases and rentals	1,924	2,298	(374)
Other	2,164	2,396	(232)
Total operating expenses	<u>44,849</u>	<u>46,212</u>	<u>(1,363)</u>
<b>Income (loss) from operations</b>	<b>687</b>	<b>(1,178)</b>	<b>1,865</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	2,256	4,855	(2,599)
Donation revenue	716	786	(70)
Nonoperating gains (losses), net	-	-	-
Total Nonoperating revenues, expenses, and gains/(losses)	<u>2,972</u>	<u>5,641</u>	<u>(2,669)</u>
<b>Increase in net position</b>	<b><u>\$3,659</u></b>	<b><u>\$4,463</u></b>	<b><u>(\$804)</u></b>

**Volusia Health Network / Halifax Management System**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**FY 2017 Budgeted and FY 2016 Projected**

(in thousands)

	<u>FY 2017 Budget</u>	<u>FY 2016 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$0	\$0	\$0
Other revenue	4,094	4,092	2
Total operating revenues	<u>4,094</u>	<u>4,092</u>	<u>2</u>
<b>Operating expenses:</b>			
Salaries and benefits	770	747	23
Purchased services	418	400	18
Supplies	10	21	(11)
Depreciation and amortization	799	799	-
Ad valorem tax related	-	-	-
Interest	104	187	(83)
Leases and rentals	61	61	-
Other	40	35	5
Total operating expenses	<u>2,202</u>	<u>2,250</u>	<u>(48)</u>
<b>Income from operations</b>	<b>1,892</b>	<b>1,842</b>	<b>50</b>
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>
<b>Increase in net position</b>	<b><u>\$1,892</u></b>	<b><u>\$1,842</u></b>	<b><u>\$50</u></b>

**Halifax Health Foundation**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**FY 2017 Budgeted and FY 2016 Projected**

(in thousands)

	<u>FY 2017 Budget</u>	<u>FY 2016 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$0	\$0	\$0
Other revenue	2,110	5,075	(2,965)
Total operating revenues	<u>2,110</u>	<u>5,075</u>	<u>(2,965)</u>
<b>Operating expenses:</b>			
Salaries and benefits	125	108	17
Purchased services	45	36	9
Supplies	-	-	-
Depreciation and amortization	-	-	-
Ad valorem tax related	-	-	-
Interest	-	-	-
Leases and rentals	-	-	-
Other	806	860	(54)
Total operating expenses	<u>976</u>	<u>1,004</u>	<u>(28)</u>
<b>Income from operations</b>	<b>1,134</b>	<b>4,071</b>	<b>(2,937)</b>
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>
<b>Increase in net position</b>	<b><u>\$1,134</u></b>	<b><u>\$4,071</u></b>	<b><u>(\$2,937)</u></b>



## **Ad Valorem Tax Schedules**

**Halifax Hospital Medical Center  
Schedule of Uses of Property Taxes  
FY 2017 Preliminary Budget \***

	<b>FY 2017 Budget 0.7561 Mill</b>	<b>FY 2016 Actual/Projected 0.9550 Mill</b>
Gross property tax levy	\$11,252,016	\$13,252,016
Tax discounts and uncollectible taxes	(346,000)	(407,628)
Net property taxes collected	10,906,016	12,844,388
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(384,000)	(452,316)
Volusia County Medicaid matching assessment	(2,907,000)	(2,788,218)
Redevelopment taxes paid to Cities	(698,000)	(627,440)
Subtotal	(3,989,000)	(3,867,974)
<b>Net taxes available for community health, wellness and readiness</b>	<b>6,917,016</b>	<b>8,976,414</b>
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(1,350,000)	(1,328,416)
Physician services	(7,500,000)	(7,692,723)
Trauma services	(6,500,000)	(5,791,218)
Pediatric and neonatal intensive care services	(750,000)	(714,775)
Child and adolescent behavioral services	(650,000)	(650,275)
Subtotal	(16,750,000)	(16,177,408)
Deficiency of net taxes available to fund hospital operating expenses	(9,832,984)	(7,200,994)
Uncompensated care provided by Halifax Health, <i>at cost</i>	(47,288,000)	(45,689,270)
<b>Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, <i>at cost</i></b>	<b>(\$57,120,984)</b>	<b>(\$52,890,263)</b>

\* Based on Preliminary assessed total taxable value

**Halifax Health Medical Center  
Impact of Millage Rate  
Non-Homesteaded Homeowner or Commercial/Investment Property  
FY 2017 Preliminary Budget <sup>1</sup>**

	<u>FY 2017 Budget</u>	<u>Prior Year</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.7561	0.9550	-20.8%
Property value <sup>2</sup>	\$185,682	\$175,000	6.1%
Exemptions	\$0	\$0	0.0%
Property taxes	\$140.40	\$167.13	-16.0%
<b>Tax Levy impact to non-homesteaded property owner</b>	<b>(\$27)</b>		

<sup>1</sup> Based on Preliminary assessed total taxable value

<sup>2</sup> FY 2017 Property Value increased 6.1% based on the average increase within the Halifax Taxing District excluding new construction

**Halifax Health Medical Center  
Impact of Millage Rate  
Homesteaded Homeowner  
FY 2017 Preliminary Budget <sup>1</sup>**

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	<u>FY 2017 Budget</u>	<u>Prior Year</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.7561	0.9550	-20.8%
Homestead Property value <sup>2</sup>	\$176,762	\$175,000	1.0%
Exemptions	(\$50,000)	(\$50,000)	0.0%
Property taxes	\$95.85	\$119.38	-19.7%
<b>Tax Levy impact to homesteaded homeowner</b>	<b>(\$24)</b>		

<sup>1</sup> Based on Preliminary assessed total taxable value

<sup>2</sup> FY 2017 Property Value (Assessed value) increased 1.007% due to the Consumer Price Index being lower than the Save Our Homes max cap of 3%.