

Fiscal Year 2019

# BUDGET

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HEALTH

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## Halifax Health Budget Policy FY 2019 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 2019 Budget Objectives:**

	<b>Halifax Health</b>
Total Margin	3.1%
Operating Margin	1.3%
Operating EBIDA Margin	9.4%
Adjusted Operating EBIDA Margin *	9.1%
EBIDA Margin	11.0%
Days Cash on Hand	248
Unrestricted Cash to Debt	83%
Long-term Debt to Capitalization	57%
OG MADS coverage ratio	1.97

\* -Excludes investment income/loss of Foundation recorded as operating income.

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

	<b>September 30,</b>		<b>Change</b>
	<b>2019</b>	<b>2018</b>	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 43,600	\$ 35,165	\$ 8,435
Investments	272,149	332,735	(60,587)
Board designated assets	46,274	45,367	907
Accounts receivable, net	66,527	67,883	(1,356)
Restricted assets whose use is limited	6,294	6,201	93
Other assets	34,559	39,009	(4,450)
Deferred outflow - swap	23,828	23,828	-
Deferred outflow - loss on bond refunding	14,691	15,615	(924)
Deferred outflow - pension	20,235	21,617	(1,382)
Property, plant and equipment, net	438,486	379,958	58,529
<b>Total Assets</b>	<b>\$ 966,644</b>	<b>\$ 967,378</b>	<b>\$ (734)</b>
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$ 38,500	\$ 40,332	\$ (1,832)
Other liabilities	74,172	75,672	(1,500)
Net pension liability	62,309	71,446	(9,137)
Long-term debt	419,645	425,165	(5,520)
Discount/Premium on LTD, net	17,863	18,535	(672)
Long-term value of swap	23,828	23,828	-
Net position	330,327	312,400	17,927
<b>Total Liabilities and Net position</b>	<b>\$ 966,644</b>	<b>\$ 967,378</b>	<b>\$ (734)</b>

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2019 Budgeted and FY 2018 Projected**  
(in thousands)

	<u>FY 2019 Budget</u>	<u>FY 2018 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$ 533,682	\$ 526,784	\$ 6,898
Ad valorem tax revenue	6,129	6,048	81
Other revenue	26,516	25,879	637
Total operating revenues	<u>566,327</u>	<u>558,711</u>	<u>7,616</u>
<b>Operating expenses:</b>			
Salaries and benefits	286,300	277,212	9,088
Purchased services	82,169	82,365	(196)
Supplies	101,370	101,977	(608)
Depreciation and amortization	26,307	25,628	680
Interest expense	19,319	17,025	2,295
Ad valorem tax related expenses	6,356	6,561	(205)
Lease/Rentals	8,573	9,774	(1,201)
Other	28,585	28,450	135
Total operating expenses	<u>558,980</u>	<u>548,992</u>	<u>9,988</u>
<b>Income from operations</b>	<b>7,347</b>	<b>9,719</b>	<b>(2,372)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	9,615	5,221	4,394
Donation revenue	707	807	(101)
Nonoperating revenues, expenses, and gains (losses), net	258	816	(558)
Total nonoperating revenues, expenses, and gains/(losses)	<u>10,580</u>	<u>6,844</u>	<u>3,735</u>
<b>Increase in net position</b>	<b><u>\$ 17,927</u></b>	<b><u>\$ 16,563</u></b>	<b><u>\$ 1,363</u></b>

**Halifax Health Medical Center**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2019 Budgeted and FY 2018 Projected**

(in thousands)

	<b>FY 2019 Budget</b>	<b>FY 2018 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$ 489,493	\$ 483,826	\$ 5,668
Ad valorem tax revenue	6,129	6,048	81
Other revenue	17,250	16,109	1,141
Total operating revenues	<u>512,873</u>	<u>505,982</u>	<u>6,890</u>
<b>Operating expenses:</b>			
Salaries and benefits	260,924	252,524	8,400
Purchased services	68,914	68,592	322
Supplies	99,029	99,626	(597)
Depreciation and amortization	24,731	24,061	670
Interest expense	19,319	16,601	2,718
Ad valorem tax related expenses	6,356	6,561	(205)
Lease/Rentals	6,449	7,660	(1,211)
Other	25,578	25,742	(165)
Total operating expenses	<u>511,300</u>	<u>501,367</u>	<u>9,933</u>
<b>Income from operations</b>	<b>1,573</b>	<b>4,615</b>	<b>(3,042)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	6,815	1,481	5,334
Donation revenue	-	159	(159)
Nonoperating revenues, expenses, and gains (losses), net	258	816	(558)
Total nonoperating revenues, expenses, and gains/(losses)	<u>7,073</u>	<u>2,456</u>	<u>4,617</u>
<b>Increase in net position</b>	<b>\$ 8,646</b>	<b>\$ 7,071</b>	<b>\$ 1,575</b>

**Halifax Health Hospice**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2019 Budgeted and FY 2018 Projected**

(in thousands)

	<u>FY 2019 Budget</u>	<u>FY 2018 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$ 44,189	\$ 42,959	\$ 1,230
Other revenue	<u>2,329</u>	<u>2,188</u>	<u>140</u>
Total operating revenues	46,518	45,147	1,371
<b>Operating expenses:</b>			
Salaries and benefits	24,560	23,866	693
Purchased services	12,758	13,308	(551)
Supplies	2,333	2,350	(17)
Depreciation and amortization	777	767	9
Interest expense	-	-	-
Ad valorem tax related expenses	-	-	-
Lease/Rentals	2,063	2,053	10
Other	<u>2,170</u>	<u>2,196</u>	<u>(27)</u>
Total operating expenses	<u>44,659</u>	<u>44,541</u>	<u>118</u>
<b>Income (loss) from operations</b>	<b>1,859</b>	<b>606</b>	<b>1,253</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	2,800	3,740	(940)
Donation revenue	707	648	58
Nonoperating revenues, expenses, and gains (losses), net	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues, expenses, and gains/(losses)	<u>3,507</u>	<u>4,388</u>	<u>(882)</u>
<b>Increase in net position</b>	<b><u>\$ 5,366</u></b>	<b><u>\$ 4,994</u></b>	<b><u>\$ 371</u></b>

**Volusia Health Network / Halifax Management System**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2019 Budgeted and FY 2018 Projected**

(in thousands)

	<u>FY 2019 Budget</u>	<u>FY 2018 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$ -	\$ -	\$ -
Other revenue	4,348	4,207	141
Total operating revenues	4,348	4,207	141
<b>Operating expenses:</b>			
Salaries and benefits	692	699	(7)
Purchased services	452	454	(1)
Supplies	8	2	6
Depreciation and amortization	799	799	(0)
Interest expense	-	423	(423)
Ad valorem tax related expenses	-	-	-
Lease/Rentals	61	61	-
Other	32	7	25
Total operating expenses	2,045	2,446	(400)
<b>Income from operations</b>	<b>2,303</b>	<b>1,761</b>	<b>541</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	-	-	-
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total nonoperating revenues, expenses, and gains/(losses)	-	-	-
<b>Increase in net position</b>	<b>\$ 2,303</b>	<b>\$ 1,761</b>	<b>\$ 541</b>

**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2019 Budgeted and FY 2018 Projected**

(in thousands)

	<u>FY 2019 Budget</u>	<u>FY 2018 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$ -	\$ -	\$ -
Other revenue	2,589	3,375	(786)
Total operating revenues	<u>2,589</u>	<u>3,375</u>	<u>(786)</u>
<b>Operating expenses:</b>			
Salaries and benefits	125	123	2
Purchased services	45	11	34
Supplies	-	-	-
Depreciation and amortization	-	-	-
Interest expense	-	-	-
Ad valorem tax related expenses	-	-	-
Lease/Rentals	-	-	-
Other	806	505	301
Total operating expenses	<u>976</u>	<u>638</u>	<u>338</u>
<b>Income from operations</b>	<b>1,613</b>	<b>2,736</b>	<b>(1,123)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Investment income	-	-	-
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total Nonoperating revenues, expenses, and gains/(losses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase in net position</b>	<b><u>\$ 1,613</u></b>	<b><u>\$ 2,736</u></b>	<b><u>\$ (1,123)</u></b>



## **Ad Valorem Tax Schedules**

**Halifax Hospital Medical Center  
Schedule of Uses of Property Taxes  
FY 2019 Preliminary Budget \***

	<b>FY 2018 Actual/Projected 0.3781 Mill</b>	<b>FY 2019 Budget 0.3546 Mill</b>
Gross property tax levy	\$ 6,048,194	\$ 6,129,468
Tax discounts and uncollectible taxes	<u>(162,000)</u>	<u>(164,000)</u>
Net property taxes collected	5,886,194	5,965,468
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(201,000)	(204,000)
Volusia County Medicaid matching assessment	(2,954,636)	(3,000,000)
Redevelopment taxes paid to Cities	<u>(440,982)</u>	<u>(446,908)</u>
Subtotal	<u>(3,596,618)</u>	<u>(3,650,908)</u>
<b>Net taxes available for community health, wellness and readiness</b>	<b>2,289,576</b>	<b>2,314,560</b>
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(926,790)	(930,000)
Physician services	(8,378,348)	(8,500,000)
Trauma services	(7,233,462)	(7,300,000)
Pediatric and neonatal intensive care services	(377,556)	(475,000)
Child and adolescent behavioral services	<u>(795,266)</u>	<u>(800,000)</u>
Subtotal	<u>(17,711,422)</u>	<u>(18,005,000)</u>
Deficiency of net taxes available to fund hospital operating expenses	(15,421,846)	(15,690,440)
Uncompensated care provided by Halifax Health, <i>at cost</i>	<u>(48,004,356)</u>	<u>(49,685,000)</u>
<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>\$ (63,426,202)</b>	<b>\$ (65,375,440)</b>

\* FY 2019 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 2019 Preliminary Budget <sup>1</sup>**

	<u>Prior Year</u>	<u>FY 2019 Budget</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.3781	0.3546	-6.22%
Property value <sup>2</sup>	\$ 175,000	\$ 187,163	6.95%
Exemptions	\$0	\$0	0.00%
Property taxes	\$ 66	\$ 66	0.30%
<b>Tax Levy impact to homeowner</b>		<b>\$ 0</b>	

<sup>1</sup> FY 2019 Millage rate is estimated based on the information provided from the preliminary tax value.

<sup>2</sup> FY 2019 Property Value increased 6.95% based on the average increase within the Halifax Taxing District excluding new construction.

**Halifax Health Medical Center  
Impact of Millage Rate  
Homesteaded Homeowner  
FY 2019 Preliminary Budget <sup>1</sup>**

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	<u>Prior Year</u>	<u>FY 2019 Budget</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.3781	0.3546	-6.2%
Homestead Property value <sup>2</sup>	\$ 175,000	\$ 178,675	2.1%
Exemptions	\$ (50,000)	\$ (50,000)	0.0%
Property taxes	\$ 47	\$ 46	-3.5%
<b>Tax Levy impact to homeowner</b>		<b>\$ (1)</b>	

<sup>1</sup> FY 2019 Millage rate is estimated based on the information provided from the preliminary tax value.

<sup>2</sup> FY 2019 Property Value (Assessed value) increased 1.021% due to the Consumer Price Index being lower than the Save Our Homes max cap of 3%.