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Fiscal Year 2023

# BUDGET

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# Halifax Health Budget Policy FY 2023 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 Year 2023 Budget Objectives:**

	<b>Halifax Health Total</b>
Total Margin	4.5%
Operating Margin	3.0%
Operating EBIDA Margin	11.1%
Adjusted Operating EBIDA Margin *	8.5%
EBIDA Margin	12.4%
Days Cash on Hand	258
Unrestricted Cash to Debt	91.3%
Long-term Debt to Capitalization	51.8%
OG MADS coverage ratio	2.73

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

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

	September 30,		Change
	2023	2022	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$199,087	\$199,087	\$0
Investments	238,332	319,825	(81,493)
Board designated assets	28,914	28,914	-
Accounts receivable	78,374	78,374	-
Restricted assets whose use is limited	6,104	6,156	(52)
Right to use asset - Leases	11,735	14,180	(2,445)
Right to use asset - Subscriptions	25,000	-	25,000
Other assets	58,881	58,881	-
Other rent receivable	7,392	8,663	(1,271)
Investment in securities lending agreement	133,900	133,990	(90)
Deferred outflow - swap	24,301	24,301	-
Deferred outflow - loss on bond refunding	9,533	11,978	(2,445)
Deferred outflow - pension	37,253	33,723	3,530
Property, plant and equipment	537,020	426,328	110,692
<b>Total Assets</b>	<b>\$1,395,827</b>	<b>\$1,344,400</b>	<b>\$51,427</b>
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$63,425	\$63,425	\$0
Other liabilities	136,655	136,655	-
Securities lending agreement obligation	133,900	133,990	(90)
Deferred inflow - pension	-	7,539	(7,539)
Net pension liability	44,859	45,397	(538)
Long-term debt	464,465	458,073	6,392
Discount/Premium on LTD, net	8,431	9,355	(924)
Long-term lease liability	12,265	14,459	(2,194)
Long-term subscription liability	25,000	-	25,000
Deferred inflows related to leases	6,933	8,325	(1,392)
Long-term value of swap	24,301	24,301	-
Net position	475,593	442,881	32,712
<b>Total Liabilities and Net position</b>	<b>\$1,395,827</b>	<b>\$1,344,400</b>	<b>\$51,427</b>

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2023 Budget**

(in thousands)

	<u>FY 2023 Budget</u>	<u>FY 2022 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$666,498	\$663,490	\$3,008
Ad valorem tax revenue	20,640	20,055	585
Other revenue	<u>28,882</u>	<u>26,796</u>	<u>2,086</u>
Total operating revenues <sup>(1)</sup>	<u>716,020</u>	<u>710,341</u>	<u>5,679</u>
<b>Operating expenses:</b>			
Salaries and benefits	324,594	314,377	10,217
Purchased services	130,346	158,300	(27,954)
Supplies	138,422	132,386	6,036
Depreciation and amortization	36,158	34,553	1,605
Ad valorem tax related expenses	7,005	6,926	79
Lease/Rentals	3,990	4,492	(502)
Other	<u>32,193</u>	<u>29,422</u>	<u>2,771</u>
Total operating expenses	<u>672,708</u>	<u>680,456</u>	<u>(7,748)</u>
<b>Income from operations</b>	<b>43,312</b>	<b>29,885</b>	<b>13,427</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(22,191)	(22,924)	733
Investment income <sup>(1)</sup>	10,322	(1,930)	12,252
Interest income <sup>(1)</sup>	538	538	-
Donation revenue <sup>(1)</sup>	731	578	153
Nonoperating revenues, expenses, and gains (losses), net	<u>-</u>	<u>3,161</u>	<u>(3,161)</u>
Total nonoperating revenues, expenses, and gains/(losses)	<u>(10,600)</u>	<u>(20,577)</u>	<u>9,977</u>
<b>Increase in net position</b>	<b><u>32,712</u></b>	<b><u>\$9,308</u></b>	<b><u>\$23,404</u></b>

<sup>(1)</sup> Represents total revenue of \$727.6MM

**Halifax Health Medical Center**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2023 Budget**  
(in thousands)

	<b>FY 2023 Budget</b>	<b>FY 2022 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$564,828	\$564,418	\$410
Ad valorem tax revenue	20,640	20,055	585
Other revenue	19,627	19,689	(62)
Total operating revenues	<u>605,095</u>	<u>604,162</u>	<u>933</u>
<b>Operating expenses:</b>			
Salaries and benefits	278,707	269,850	8,857
Purchased services	100,169	127,795	(27,626)
Supplies	125,699	120,778	4,921
Depreciation and amortization	26,047	24,655	1,392
Ad valorem tax related expenses	7,005	6,926	79
Lease/Rentals	1,452	1,420	32
Other	26,470	24,156	2,314
Total operating expenses	<u>565,549</u>	<u>575,580</u>	<u>(10,031)</u>
<b>Income from operations</b>	<b>39,546</b>	<b>28,582</b>	<b>10,964</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(14,936)	(15,036)	100
Investment income	3,500	(2,099)	5,599
Interest income	149	149	-
Donation revenue	147	63	84
Nonoperating revenues, expenses, and gains (losses), net	-	3,161	(3,161)
Total nonoperating revenues, expenses, and gains/(losses)	<u>(11,140)</u>	<u>(13,762)</u>	<u>2,622</u>
<b>Increase in net position</b>	<b><u>28,406</u></b>	<b><u>\$14,820</u></b>	<b><u>\$13,586</u></b>

**Halifax Health Medical Center of Deltona**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2023 Budget**  
(in thousands)

	<u>FY 2023 Budget</u>	<u>FY 2022 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$52,183	\$49,258	\$2,925
Ad valorem tax revenue	-	-	-
Other revenue	200	137	63
Total operating revenues	<u>52,383</u>	<u>49,395</u>	<u>2,988</u>
<b>Operating expenses:</b>			
Salaries and benefits	17,537	18,028	(491)
Purchased services	16,442	16,171	271
Supplies	10,072	8,908	1,164
Depreciation and amortization	7,189	6,824	365
Ad valorem tax related expenses	-	-	-
Lease/Rentals	397	814	(417)
Other	2,636	2,262	374
Total operating expenses	<u>54,273</u>	<u>53,007</u>	<u>1,266</u>
<b>Income from operations</b>	<b>(1,890)</b>	<b>(3,612)</b>	<b>1,722</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(7,006)	(7,636)	630
Investment income	3,600	5,198	(1,598)
Interest income	26	26	-
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total nonoperating revenues, expenses, and gains/(losses)	<u>(3,380)</u>	<u>(2,412)</u>	<u>(968)</u>
<b>Decrease in net position</b>	<b><u>(5,270)</u></b>	<b><u>(\$6,024)</u></b>	<b><u>\$754</u></b>

**Halifax Health Hospice**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2023 Budget**  
(in thousands)

	<u>FY 2023 Budget</u>	<u>FY 2022 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$49,487	\$49,814	(\$327)
Other revenue	575	925	(350)
Total operating revenues	<u>50,062</u>	<u>50,739</u>	<u>(677)</u>
<b>Operating expenses:</b>			
Salaries and benefits	28,027	26,103	1,924
Purchased services	12,916	13,588	(672)
Supplies	2,651	2,699	(48)
Depreciation and amortization	1,000	1,152	(152)
Ad valorem tax related expenses	-	-	\$0
Lease/Rentals	1,193	1,396	(203)
Other	2,290	2,259	31
Total operating expenses	<u>48,077</u>	<u>47,197</u>	<u>880</u>
<b>Income from operations</b>	<b>1,985</b>	<b>3,542</b>	<b>(1,557)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(61)	(60)	(1)
Investment income	3,222	(5,029)	8,251
Interest income	2	2	-
Donation revenue	584	515	69
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total nonoperating revenues, expenses, and gains/(losses)	<u>3,747</u>	<u>(4,572)</u>	<u>8,319</u>
<b>Increase in net position</b>	<b><u>5,732</u></b>	<b><u>(\$1,030)</u></b>	<b><u>\$6,762</u></b>

**Volusia Health Network / Halifax Management System**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2023 Budget**  
(in thousands)

	<u>FY 2023 Budget</u>	<u>FY 2022 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$0	\$0	\$0
Other revenue	5,977	5,911	66
Total operating revenues	<u>5,977</u>	<u>5,911</u>	<u>66</u>
<b>Operating expenses:</b>			
Salaries and benefits	198	274	(76)
Purchased services	806	732	74
Supplies	-	1	(1)
Depreciation and amortization	1,922	1,922	-
Lease/Rentals	948	862	86
Other	2	2	-
Total operating expenses	<u>3,876</u>	<u>3,793</u>	<u>83</u>
<b>Income from operations</b>	<b>2,101</b>	<b>2,118</b>	<b>(17)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(188)	(192)	4
Investment income	-	-	-
Interest income	361	361	-
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total nonoperating revenues, expenses, and gains/(losses)	<u>173</u>	<u>169</u>	<u>4</u>
<b>Increase in net position</b>	<b><u>2,274</u></b>	<b><u>\$2,287</u></b>	<b><u>(\$13)</u></b>



**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2023 Budget**  
(in thousands)

	<b>FY 2023 Budget</b>	<b>FY 2022 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$0	\$0	\$0
Other revenue	2,503	134	2,369
<b>Total operating revenues</b>	<b>2,503</b>	<b>134</b>	<b>2,369</b>
<b>Operating expenses:</b>			
Salaries and benefits	125	122	3
Purchased services	13	14	(1)
Supplies	-	-	-
Depreciation and amortization	-	-	-
Lease/Rentals	-	-	-
Other	795	743	52
<b>Total operating expenses</b>	<b>933</b>	<b>879</b>	<b>54</b>
		-	
<b>Income from operations</b>	<b>1,570</b>	<b>(745)</b>	<b>2,315</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	-	-	-
Investment income	-	-	-
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
<b>Total Nonoperating revenues, expenses, and gains/(losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in net position</b>	<b>1,570</b>	<b>(\$745)</b>	<b>\$2,315</b>

## **Ad Valorem Tax Schedules**

**Halifax Hospital Medical Center  
Schedule of Uses of Property Taxes  
FY 2023 Preliminary Budget \***

	<b>FY 2023 Budget 0.8606 Mill</b>	<b>FY 2022 Actual/Projected 0.9529 Mill</b>
Gross property tax levy	\$20,639,610	\$20,054,652
Tax discounts and uncollectible taxes	<u>(359,000)</u>	<u>(348,996)</u>
Net property taxes collected	20,280,610	19,705,656
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(675,000)	(655,992)
Volusia County Medicaid matching assessment	(2,831,822)	(3,010,842)
Redevelopment taxes paid to Cities	<u>(1,110,000)</u>	<u>(1,078,596)</u>
Subtotal	<u>(4,616,822)</u>	<u>(4,745,430)</u>
<b>Net taxes available for community health, wellness and readiness</b>	<b>15,663,788</b>	<b>14,960,226</b>
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(400,000)	(333,802)
Physician services	(11,500,000)	(11,202,930)
Trauma services	(6,500,000)	(5,951,330)
Pediatric and neonatal intensive care services	(500,000)	(450,366)
Child and adolescent behavioral services	<u>(500,000)</u>	<u>(475,946)</u>
Subtotal	<u>(19,400,000)</u>	<u>(18,414,374)</u>
Deficiency of net taxes available to fund hospital operating expenses	(3,736,212)	(3,454,148)
Uncompensated care provided by Halifax Health, <b>at cost</b>		
Halifax Health patients at facilities inside of the Halifax Health tax district	(29,769,504)	(28,351,908)
Non-Halifax Health taxing district patients and other write-offs	<u>(16,903,828)</u>	<u>(16,098,884)</u>
Subtotal	<u>(46,673,332)</u>	<u>(44,450,792)</u>
<b>Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, at cost</b>	<b><u>(\$50,409,544)</u></b>	<b><u>(\$47,904,940)</u></b>

\* Based on Preliminary assessed total taxable value.

**Halifax Health Medical Center  
Impact of Millage Rate  
Non-Homesteaded Homeowner or Commercial/Investment Property  
FY 2023 Preliminary Budget <sup>1</sup>**

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	<u>FY 2023 Rolled Back Rate</u>	<u>Prior Year</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.8606	0.9529	-9.7%
Property value <sup>2</sup>	\$275,000	\$250,000	10.0%
Exemptions	\$0	\$0	
Property taxes	\$236.67	\$238.23	
<b>Tax Levy impact to homeowner</b>	<b>(\$1.56)</b>		<b>-0.7%</b>

1 FY 2023 Millage rate is estimated based on the information provided from the Preliminary tax value.

2 Property value increased 14% based on the average increase within the Halifax Taxing District excluding new construction but is capped at 10%.

**Halifax Health Medical Center  
Impact of Millage Rate  
Homesteaded Homeowner  
FY 2023 Preliminary Budget <sup>1</sup>**

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	<u>FY 2023 Rolled Back Rate</u>	<u>Prior Year</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.8606	0.9529	-9.7%
Homestead Property value <sup>2</sup>	\$253,500	\$250,000	1.4%
Exemptions	(\$50,000)	(\$50,000)	
Property taxes	\$175.13	\$190.58	
<b>Tax Levy impact to homeowner</b>	<b>(\$15.45)</b>		<b>-8.1%</b>

1 FY 2023 Millage rate is estimated based on the information provided from the Preliminary tax value.

2 FY 2023 Property Value (Assessed value) increase is estimated at 1.4%.