



# HALIFAX HEALTH

## **Audit & Finance Committee**

**Wednesday, February 28, 2018**

### **Meeting Location**

Halifax Health

France Tower, Conference Room A

**4:00 p.m.**

# HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

4:00 p.m., Wednesday, February 28, 2018

## AGENDA

### I. CALL TO ORDER

### II. MINUTES

Investment Committee Minutes

portal page 4, **action requested**

- November 13, 2017

Audit & Finance Committee Minutes

portal page 6, **action requested**

- January 3, 2018

### III. AUDIT COMMITTEE

**Corporate Compliance**, *Shelly Shiflet*

- Monthly Compliance Dashboard Reports

portal page 9, **information only**

**Internal Audit**, *Bill Rushton*

- Audit Services Discussion and Analysis

portal page 13, **action requested**

**FY 2017 FINAL Audited Financial Statements**, *Lisa Tyler*

separate portal, **information only**

**New Business**

- Selection of Independent External Auditor, *Lisa Tyler*
- Audit Charter

portal page 23, **information only**

portal page 24, **information only**

### IV. FINANCE COMMITTEE

**Financial Report**, *Eric Peburn*

- GASB Statement No. 75
- January 2018
- December 2017

portal page 28, **information only**

portal page 29, **action requested**

portal page 53, **action requested**

**Acquisitions, Leases and Disposals**, *Kent Bailey*

- Capital Investment Strategy, January 2018
- Capital Expenditures \$50,000 and over
  - *Cardiac Cath Lab Replacement*
  - *Pediatric Telemetry Monitoring System*
  - *Merge Hemodynamics System - Upgrade and Expansion*
  - *Emergency Power Connection to Air Handler and Fan Coil Units at HHPO*
  - *Access Control – License, Network Boards and Card Readers*
  - *Hemodialysis and Disinfection Equipment*
- Disposals, January 2018 & December 2017
  - Sale of Portion of 120 Howland Blvd., Deltona
- Comparison of Projected and Actual Financial Results for Significant Projects

portal page 77, **information only**

portal page 81, **action requested**

\$1,488,698

\$428,641

\$348,604

\$300,000

\$118,687

\$57,369

portal page 94, **action requested**

portal page 96, **action requested**

none

## HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

### Old Business

- Meeting Request Tracker/Checklist none

### New Business

- FY 2018A Floating Rate Notes portal page 100, [information only](#)
- FY 2018A Floating Rate, Supporting Documents separate portal, [information only](#)

### Information Only

- Schedule Uses of Property Taxes, December 2017 portal page 101, [information only](#)
- Discharged Based -Average Length of Stay and Case Mix Index portal page 102, [information only](#)
- Investment Performance Reports, January 2018, December 2017 portal page 104, [information only](#)
- Capital Expenditures \$25,000 - \$50,000 portal page 114, [information only](#)
  - Neonatal Incubator \$43,651
  - Network Access Control Ports \$42,331
  - EEG Cart for Halifax Health Main Campus \$42,177
  - Omnicell Medication Dispensing Cabinet \$31,884
  - Box Truck with Lift Gate \$26,500

### V. OPEN DISCUSSION

VI. NEXT MEETING      WEDNESDAY, May 2, 2018, 4:00 p.m. – Regular scheduled meeting

### VII. PUBLIC PARTICIPATION

### VIII. EXECUTIVE SESSION

### IX. ADJOURN

Halifax Hospital Medical Center  
Investment Committee Meeting, Sub Committee Audit & Finance Committee  
France Tower, Conference Room A, 303 N. Clyde Morris Blvd., Daytona Beach, FL 32114  
Monday, November 13, 2017

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Present: Ted Serbousek, Chairman & Chairman, Audit & Finance Committee  
Dan Francati, Member & Member, Audit & Finance Committee & Vice Chairman, Board of Commissioners  
Dave Graffagnino, Member  
Decker Youngman, Member, Audit & Finance Committee  
Mike Walsh, Advisor

Via Phone: Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board of Commissioners  
Joe Petrock, Executive Director, Foundation

Not Present: Greg Motto, Member, Audit & Finance Committee

Also Present: Jeff Feasel, President & Chief Executive Officer  
Eric Peburn, Executive Vice President & Chief Financial Officer  
Kent Bailey, Director of Finance  
Lisa Tyler, Corporate Controller  
Leslie Wojcik, Ashford Investments  
Tom McGuire, Retirement Planners & Administrators, Inc.  
Brian Lunney, Vanguard

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The meeting was called to order at 4:00 p.m. by Ted Serbousek.

**Minutes**

Discussion: Minutes from the August 14, 2017 Investment Committee meeting were reviewed.

Action: Mr. Youngman moved to approve the August 14, 2017 Investment Committee minutes as presented. Mr. Francati seconded the motion and it carried unanimously.

**Manager Presentation**

Discussion: Manager Presentation – Vanguard  
Brian Lunney from Vanguard was introduced and presented the portfolio update (board portal).

Action: None required.

**Manager Assessment and Quarterly Review**

Discussion: Manager Assessment – Vanguard  
Mr. Walsh presented the results of his comparative evaluation for Vanguard, supporting his recommendation to remain with Vanguard. Brief discussion ensued.

Action: Mr. Francati moved to remain with Vanguard. Mr. Graffagnino seconded the motion and it carried unanimously.

Discussion: Mr. Walsh, Ashford Investment Advisors, presented the investment review for the 3<sup>rd</sup> calendar quarter, ended 9/30/2017.

Action: None required.

### **Old Business**

Discussion: None.

### **New Business**

Discussion: Funding of Loan to HMS

Mr. Peburn provided an update to the committee regarding the projected financing stages for the Deltona hospital, which included the following:

Stage 1 - Loan to HMS from HH Holdings (variable interest rate plus 25 bps)

Stage 2 - Short-term bank loan – taxable interest rate

Stage 3 - Long-term tax-exempt financing with SLA structure

1. HHMC is issuer
2. HMS is obligor
3. JP Morgan is lender

Brief discussion ensued. Mr. Peburn added that funding is projected to be in place by March 2018 (Stage 2).

Action: None required.

Discussion: 2018 Quarterly Timeline, Investment Committee  
The 2018 Quarterly Timeline was presented as information only.

Action: None required.

### **Informational Only**

Discussion: Investment Performance Report, September 2017

Action: None required.

**Next Meeting:** Monday, February 12, 2018, 4 p.m. – Regular scheduled meeting

### **Open Discussion**

Discussion: None.

### **Adjournment**

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Ted Serbousek

Halifax Hospital Medical Center  
Audit and Finance Committee Meeting  
303 N. Clyde Morris Blvd., France Tower, Conference Room A  
Wednesday, January 3, 2018

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Present: Ted Serbousek, Chairman  
Greg Motto, Member  
Decker Youngman, Member  
Susan Schandel, Member & Treasurer, Board of Commissioners  
Daniel Francati, Member & Vice Chairman, Board of Commissioners

Not Present: Ammar Hemaïdan, MD, Member & Member, Medical Staff

Also Present: Jeff Feasel, President & CEO  
Eric Peburn, Executive VP/Chief Financial Officer  
Shelly Shiflet, Chief Compliance Officer  
Bill Rushton, Director, Internal Audit  
Kent Bailey, Director of Finance  
Lisa Tyler, Corporate Controller  
Bob Wade, Compliance Expert  
Mark Billings, Executive VP/Chief Operating Officer  
Arvin Lewis, Senior VP/Chief Revenue Officer  
Bill Griffin, Director, System Research and Planning  
Jill Wheelock, Associate General Counsel  
Tony Trovato, Director of Business Operations, Halifax Health Hospice  
Ben Eby, Director of Finance, Halifax Health Hospice  
Tom Stafford, VP/Chief Information Officer  
Ryan Weber, RSM  
Brandon Slauter, RSM

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The meeting was called to order at 4:00 p.m. by Ted Serbousek. Attendance was recorded.

## MINUTES

Discussion: Minutes from the August 14, 2017 Investment Committee Meeting and from the November 1, 2017 Audit & Finance Committee Meeting were reviewed.

Action: Ms. Schandel moved to approve the minutes as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Francati seconded the motion and it carried unanimously.

## AUDIT COMMITTEE CORPORATE COMPLIANCE

Discussion: Monthly Compliance Program Update Dashboard  
Ms. Shiflet presented the Compliance Dashboard for the months ended November 2017 and October 2017, referencing no issues. Brief discussion ensued regarding the Medicaid Integrity Contractor audit which resulted in the committee not objecting to closing the audit.

Action: None required.

## INTERNAL AUDIT

Discussion: Mr. Rushton led committee members through the Audit Services Discussion and Analysis presentation, briefing the committee on highlights of the 14 approved projects. He recommended approval of the Cash Collections Management Audit and the Summary of Audit Follow-Up Report.

Action: Ms. Schandel moved to approve the Cash Collections Management Audit as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Francati

seconded the motion and it carried unanimously.

Action: Ms. Schandel moved to approve the Summary of Audit Follow-Up Report as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Francati seconded the motion and it carried unanimously.

## **FY 2017 DRAFT AUDITED FINANCIAL STATEMENTS**

Discussion: Ms. Tyler introduced Mr. Weber and Mr. Slauter to present the 2017 Summary of Audit Results, highlighting Summary of Status as of January 3, 2018, Required Communications, Risk Areas Use of Internal Audit and Internal Control Deficiencies and Other Recommendations. Discussion ensued regarding the fact that GASB No. 68 is silent as to the treatment of frozen plans. The report concluded by stating the final draft audited financial statements will be presented next month.

Action: Mr. Francati moved to approve the FY 2017 Draft Audited Financial Statements as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

## **FINANCE COMMITTEE**

### **FINANCIAL REPORT**

Discussion: Mr. Peburn reviewed the November 2017 Financial Report, presenting the statistical and financial summaries.

Action: Mr. Francati moved to approve the November 2017 and October 2017 Financial Reports and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

### **ACQUISITIONS, LEASES & DISPOSALS**

Discussion: Capital Investment Strategy  
Mr. Bailey presented the September 2017 Capital Investment Strategy monthly update.

Action: None required.

Discussion: Capital Expenditures \$50,000 and over

• Data Protection Hardware & Software	\$496,641
• Chilled Water Piping Project for Surgical Suites	\$463,349
• Chiller for Ormond ROC	\$186,532
• Patient Harness System for Inpatient Rehabilitation	\$83,315

Action: Mr. Motto moved to approve the list of capital expenditures and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Disposals and Sale of Portion of Vacant Land West of Clyde Morris Blvd.

Action: Mr. Motto moved to approve the disposals and the sale of the portion of the vacant land west of Clyde Morris Blvd. and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Comparison of Projected and Actual Financial Results for Significant Projects

Action: No report; no action required.

### **OLD BUSINESS**

Discussion: Meeting Request Tracker/Checklist

- Center for Rehabilitation Service Line Report and Annual Update (in packet)
- Hospice Market Share, Annual Update (in packet)

Action: None required.

## **NEW BUSINESS**

Discussion: Resolution Authorizing Issuance of Bonds for Deltona  
Mr. Peburn explained that the attached Resolution of the Board of Commissioners provides authorization for the issuance of bonds in an amount not-to-exceed \$115 million for the purpose of constructing the Deltona Hospital. The Resolution outlines:

- Authority of Halifax Hospital Medical Center ("District") to issue the bonds
- Considerations by the District to pursue healthcare operations in Deltona
- Manner for issuance of the bonds
- Role of Halifax Management System (or another affiliate of the District) to act as borrower, construct the Deltona Hospital, and lease the facility to the District

Approval of the Resolution by the Board of Commissioners will allow us to begin the process for obtaining the desired long-term financing and is respectfully requested.

Action: Mr. Francati moved to approve the Resolution Authorizing Issuance of Bonds for Deltona as presented and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

## **INFORMATIONAL REPORTS**

Discussion: The Discharged Based-Average Length of Stay and Case Mix Index, the Investment Performance Reports for November and September 2017, the Capital Expenditures, \$25,000 - \$50,000, and the Operating Leases, \$50,000-\$250,000 were presented under Information Only. The Capital Expenditures \$25,000 - \$50,000 were as follows:

- *Access Control for Cardiac Intermediate Care Oncology* \$48,000
- *Microdebriders* \$46,126
- *Hemostasis Analyzers* \$45,380
- *EMG/Nerve Conducting Ultrasound Unit* \$26,876
- *Bladder Scanners* \$25,245

Action: None required.

## **OPEN DISCUSSION**

Discussion: None.

**NEXT MEETING DATE:** MONDAY, February 12, 2018, 4:00 p.m. – Investment Committee meeting  
WEDNESDAY, February 28, 2018, 4:00 p.m. – Regular scheduled meeting

## **ADJOURNMENT**

Action: There being no further business, the meeting was adjourned.

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Ted Serbousek, Chairman





# HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners  
Cc: Jeff Feasel, Chief Executive Officer  
From: Shelly Shiflet, Vice President and Chief Compliance Officer  
Date: February 19, 2018  
Re: Compliance Dashboard Report for the month ended January 31, 2018

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Enclosed is the Compliance Program Dashboard Report for January 2018.

Feel free to contact the Board's Compliance Expert, Robert Wade, Esq., or me regarding any questions on this report.

Mr. Wade can be reached at: [rwade@kdlegal.com](mailto:rwade@kdlegal.com)  
Office: 574.485.2002

I can be reached at: [shelly.shiflet@halifax.org](mailto:shelly.shiflet@halifax.org)  
Office: 386.425.4970

**Recommended Action:** None. Information only.

**Halifax Health**  
**Corporate Compliance Program**  
**Board Report – 1/31/2018**

**ON TARGET**

**ALERT**

**I. EMPLOYEE AND BOARD EDUCATION** – Halifax Health’s compliance program and Corporate Integrity Agreement requires most employees to acknowledge the Code of Conduct within 30 days of hire. Employees who are considered “Covered Persons” are required to complete 1 hour of general compliance training within 30 days of hire and annually thereafter. Managers and others who are considered “Arrangements Covered Persons” must complete an additional hour of general education and 2 hours of arrangements training within 30 days of becoming an “Arrangements Covered Person,” and annually thereafter. Members of the Board are required to complete 6 hours (2 hours general, 2 hours arrangements, and 2 hours governance) of training within 30 days of becoming a member. The following is the status of education for Halifax Health’s employees:

	➤	<b>Code of Conduct Attestation<sup>1</sup></b>
	1. 4,108	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➤	<b>CIA Required Training<sup>2</sup></b>
	1. 3,961	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

**II. SANCTION CHECKS** - Halifax Health’s Corporate Integrity Agreement requires all “Covered Persons” be screened for exclusions from participation in federal programs monthly. During the period:

	➤	<b>Sanction Check for Covered Persons<sup>3</sup></b>
	1. 4,875	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

**III. COMPLIANCE COMMITTEE** – Halifax Health has a Compliance Committee responsible for regulatory compliance matters, which meets monthly. Members of senior leadership across service lines as well as representatives from Hospice and the Medical Staff are represented. During the period:

	1. 14	Number of members on <i>Compliance Committee</i>
	2. 85.7%	% of members who attended the meeting (On Target at 70% or Greater) – meeting date 1/3/2018
	3. 3	Number of meetings in the last quarter (On Target if 2 or more)

**IV. HELP LINE** [844-251-1880] or **halifaxhealth.ethicspoint.com**

	1. 1/ 56	Number of Help Line calls received during month/past 12 months
	2. 1 / 33	Of calls in 1, how many related to Human Resource issues
	3. 0	Number of open Help Line calls rated as High Priority as of 12/31/2017
	4. 0	Number of open Help Line calls rated as High Priority as of 1/31/2018
	5. 1	Number of Help Line calls closed since last month

**V. COMPLIANCE ISSUES**

	1. 24	Number of issues open as of 12/31/2017
	2. 12	Of the issues in item 1, ___ remain open as of 1/31/2018
	3. 12	Number of issues from item 1 closed as of 1/31/2018
	4. 50%	Percent of open issues from item 1 closed (On Target at 25% or Greater)

**VI. COMPLIANCE POLICIES** – Halifax Health’s Compliance Program involves the development, implementation and monitoring of policies to ensure the organization conducts business compliant with applicable statutes, rules and regulations. During the period:

	1. 1	Number of Compliance Policies reviewed/ updated in the last month (On Target at 1)
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**VII. BILLING AND CODING REVIEWS** - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

	1. 3	Number of concerns related to billing/coding received during the month
	2. 3	Number of concerns from #1 that required a billing/ coding review
	3. 3	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 3	Number of reviews from #1 expected to require repayment/processing of claims

<sup>1</sup> Code of Conduct Attestation – employees and vendors who meet the definition of a *Covered Person* and new Board Members.

<sup>2</sup> CIA Required Training – employees (except for housekeeping, maintenance and foodservice employees), Medical Staff who are party to a *Focus Arrangement* and vendors who meet the definition of a *Covered Person* and new Board Members.

<sup>3</sup> Sanction Check for Covered Persons - employees, Medical Staff and vendors who meet the definition of a *Covered Person*.



# HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners  
Cc: Jeff Feasel, Chief Executive Officer  
From: Shelly Shiflet, Vice President and Chief Compliance Officer  
Date: January 23, 2018  
Re: Compliance Dashboard Report for the month ended December 31, 2017

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Enclosed is the Compliance Program Dashboard Report for December 2017.

Feel free to contact the Board's Compliance Expert, Robert Wade, Esq., or me regarding any questions on this report.

Mr. Wade can be reached at: [rwade@kdlegal.com](mailto:rwade@kdlegal.com)  
Office: 574.485.2002

I can be reached at: [shelly.shiflet@halifax.org](mailto:shelly.shiflet@halifax.org)  
Office: 386.425.4970

**Recommended Action:** None. Information only.

**Halifax Health**  
**Corporate Compliance Program**  
**Board Report – 12/31/2017**

**ON TARGET**

**ALERT**

**I. EMPLOYEE AND BOARD EDUCATION** – Halifax Health’s compliance program and Corporate Integrity Agreement requires most employees to acknowledge the Code of Conduct within 30 days of hire. Employees who are considered “Covered Persons” are required to complete 1 hour of general compliance training within 30 days of hire and annually thereafter. Managers and others who are considered “Arrangements Covered Persons” must complete an additional hour of general education and 2 hours of arrangements training within 30 days of becoming an “Arrangements Covered Person,” and annually thereafter. Members of the Board are required to complete 6 hours (2 hours general, 2 hours arrangements, and 2 hours governance) of training within 30 days of becoming a member. The following is the status of education for Halifax Health’s employees:

	➤	<b>Code of Conduct Attestation<sup>1</sup></b>
	1. 4,153	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➤	<b>CIA Required Training<sup>2</sup></b>
	1. 4,009	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

**II. SANCTION CHECKS** - Halifax Health’s Corporate Integrity Agreement requires all “Covered Persons” be screened for exclusions from participation in federal programs monthly. During the period:

	➤	<b>Sanction Check for Covered Persons<sup>3</sup></b>
	1. 4,914	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

**III. COMPLIANCE COMMITTEE** – Halifax Health has a Compliance Committee responsible for regulatory compliance matters, which meets monthly. Members of senior leadership across service lines as well as representatives from Hospice and the Medical Staff are represented. During the period:

	1. 14	Number of members on <i>Compliance Committee</i>
	2. 78.6%	% of members who attended the meeting (On Target at 70% or Greater) – meeting date 11/29/17
	3. 3	Number of meetings in the last quarter (On Target if 2 or more)

**IV. HELP LINE** [844-251-1880] or **halifaxhealth.ethicspoint.com**

	1. 4/ 59	Number of Help Line calls received during month/past 12 months
	2. 0 / 34	Of calls in 1, how many related to Human Resource issues
	3. 0	Number of open Help Line calls rated as High Priority as of 11/30/2017
	4. 0	Number of open Help Line calls rated as High Priority as of 12/31/2017
	5. 7	Number of Help Line calls closed since last month

**V. COMPLIANCE ISSUES**

	1. 22	Number of issues open as of 11/30/2017
	2. 7	Of the issues in item 1, ___ remain open as of 12/31/2017
	3. 15	Number of issues from item 1 closed as of 12/31/2017
	4. 68%	Percent of open issues from item 1 closed (On Target at 25% or Greater)

**VI. COMPLIANCE POLICIES** – Halifax Health’s Compliance Program involves the development, implementation and monitoring of policies to ensure the organization conducts business compliant with applicable statutes, rules and regulations. During the period:

	1. 1	Number of Compliance Policies reviewed/ updated in the last month (On Target at 1)
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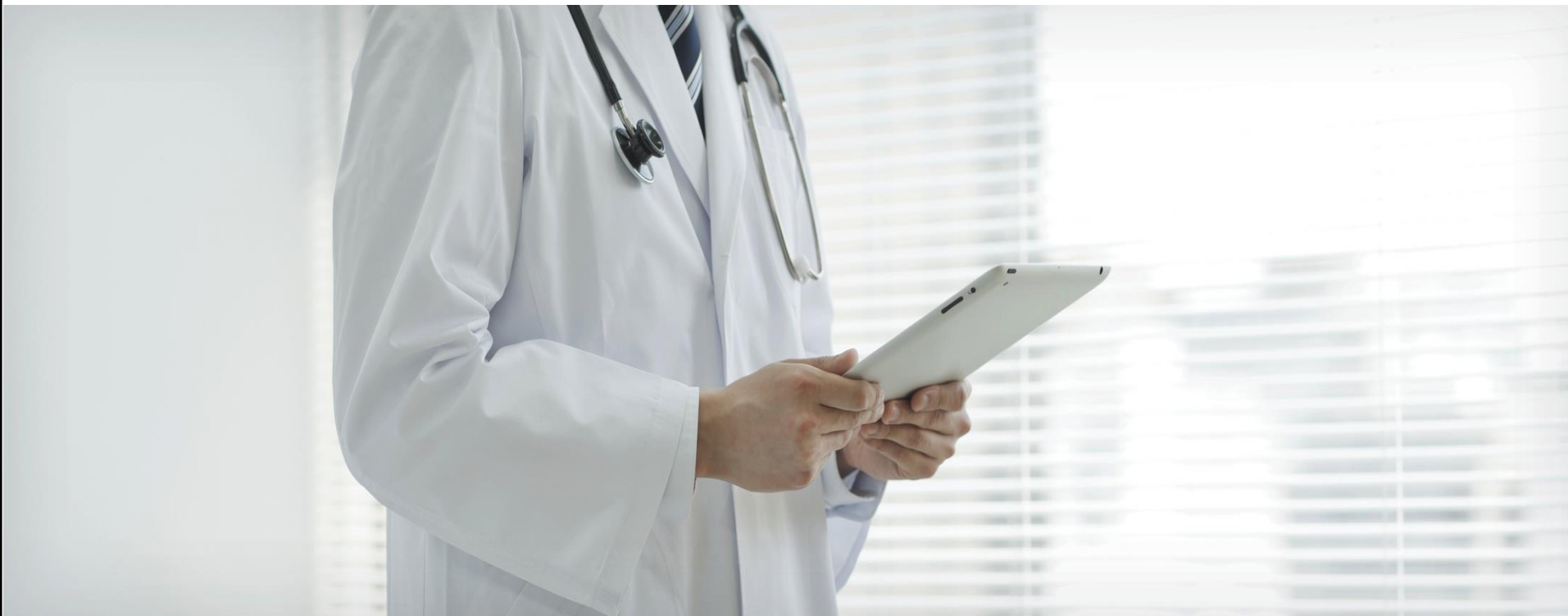
**VII. BILLING AND CODING REVIEWS** - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

	1. 0	Number of concerns related to billing/coding received during the month
	2. 0	Number of concerns from #1 that required a billing/ coding review
	3. 0	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 0	Number of reviews from #1 expected to require repayment/processing of claims

<sup>1</sup> Code of Conduct Attestation – employees and vendors who meet the definition of a *Covered Person* and new Board Members.

<sup>2</sup> CIA Required Training – employees (except for housekeeping, maintenance and foodservice employees), Medical Staff who are party to a *Focus Arrangement* and vendors who meet the definition of a *Covered Person* and new Board Members.

<sup>3</sup> Sanction Check for Covered Persons - employees, Medical Staff and vendors who meet the definition of a *Covered Person*.



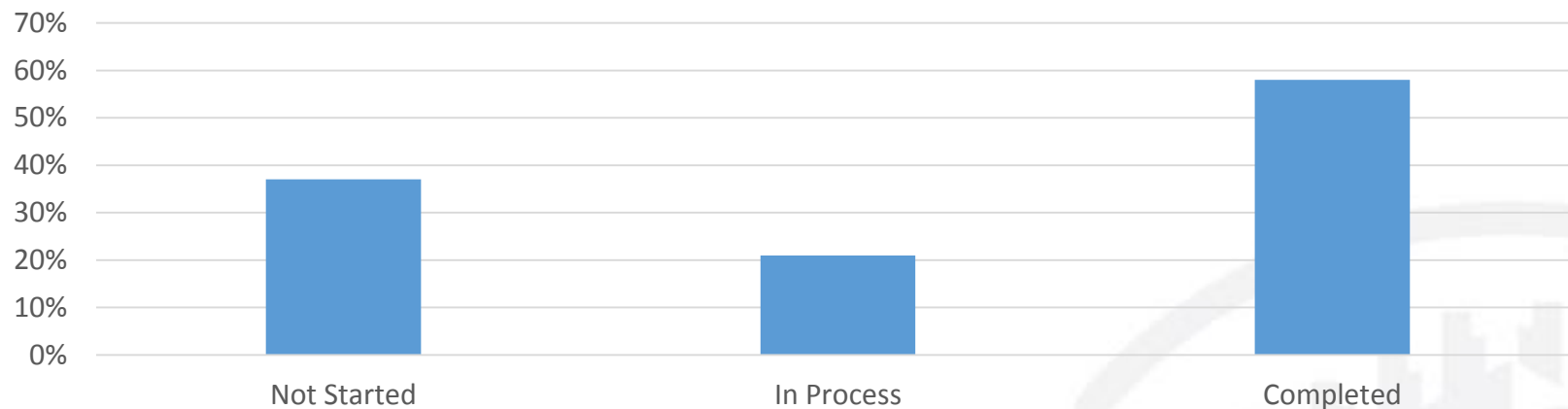
# Audit Services Discussion & Analysis

## Halifax Health Audit & Finance Committee

Presented January 3, 2017

For the period covering December 27, 2017 through February 21, 2018

# Audit Plan: FY 17/18 Plan Status



FY Audit Plan	Internal	CoSource/External	Total Audits
Approved	11	3	14
Added	6	1	7
Cancelled	0	0	0
Revised Plan Total	17	4	21

See BoardEffect For Audit Plan Detail

# Results: FY 17/18 Audit Projects

Audit Source	Project Name	Issues by Impact Level		
		High	Moderate	Low
IAS	2016 YE Audit Assistance	Completed		
Co-Source	Executive Compensation and Expenses – FY 16	0	0	0
IAS	Meaningful Use Stage 2 – 2016 Validation Audit	0	0	0
IAS	Pharmacy Controls Audit	2	4	1
IAS	Diversion ROC Main Campus	1	0	0
IAS	Halifax Call Network Audit	1	4	1
Co-Source	Network Security Testing	0	2	2
IAS	2017 Interim Audit Assistance	Completed		
IAS	Cash Management Audit	2	4	1
IAS	Timekeeping Controls Audit	Reporting		
IAS	2017 YE Audit Assistance	Completed		
IAS	Purchase Services	Planning		
Co-Source	Executive Compensation and Expenses – FY 17	Fieldwork		
IAS	AP Check Printing Security Audit	Reporting		
IAS	Meaningful Use Stage 2 – 2017 Validation Audit	0	0	0



# Summary of Halifax Health Audit Report

Audit Plan		Issues by Impact Level		
Meaningful Use Stage 2 - 2017 Validation Audit				
Objective – To validate management retained the correct documentation to support MU Stage 2 attestation requirements.		High	Moderate	Low
Key Risk(s) – Hospitals that fail their MU audits are required to return their previously received incentive dollars to CMS.		0	0	0
Significant Issue(s)	<ul style="list-style-type: none"> <li>Based on the CMS Mock Audit program no issues were identified.</li> </ul>			
IAS Conclusion	<ul style="list-style-type: none"> <li>Halifax Health demonstrated successful attestation by utilizing a process that included Certified Electronic Health Record Technology, an IT risk assessment and supporting data that would demonstrate MU qualification to regulatory auditors.</li> <li>Halifax Health has received an estimated \$10.1 million in incentive payments.</li> </ul>			

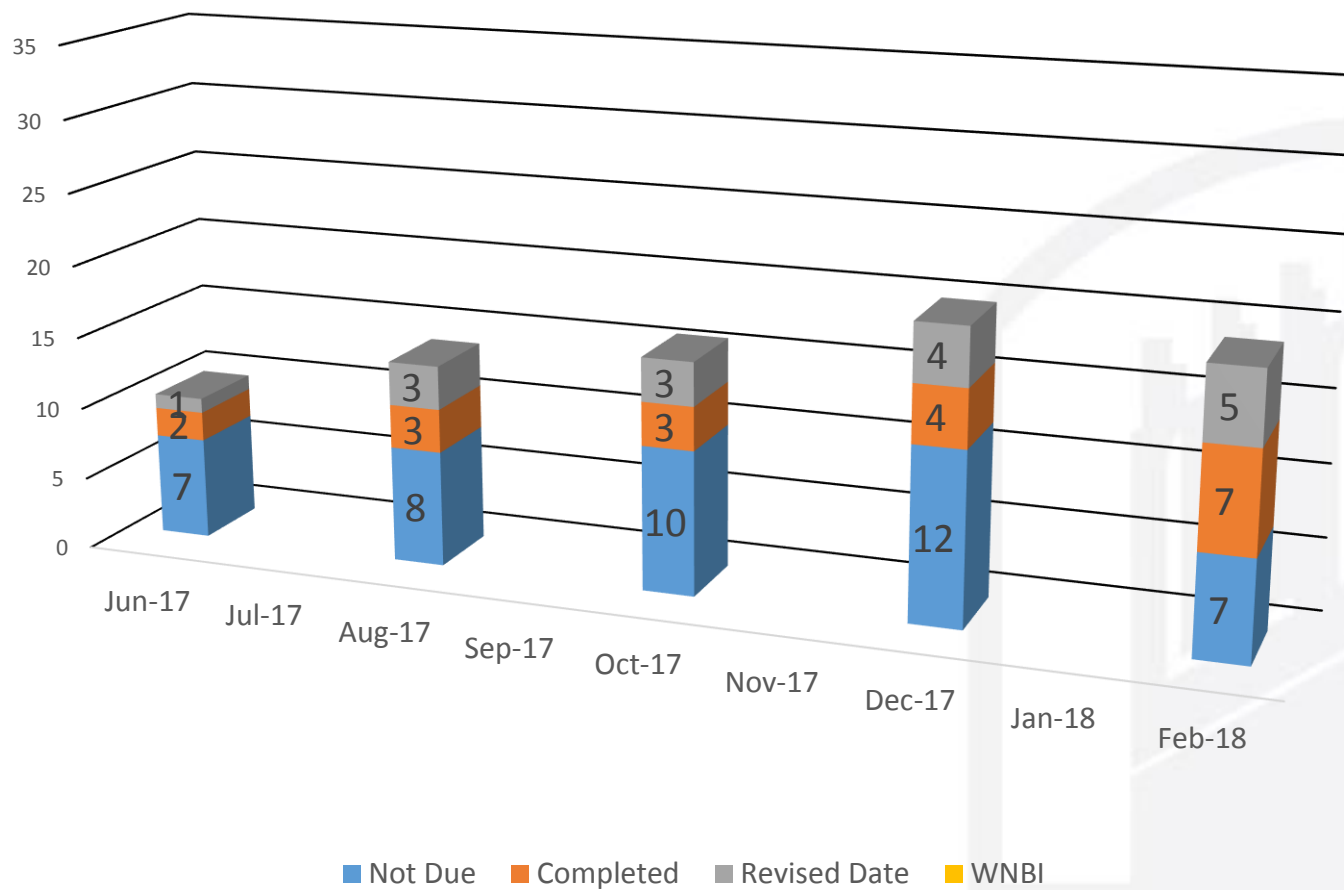


# Summary of Halifax Health Audit Report

Special Project Assistance	Team Member Timecard Review - Neurosurgery	Issues by Impact Level		
Objective – Verify hours worked are recorded by Team Members and approved as correct by their Manager prior to the calculation of gross pay.		High	Moderate	Low
Key Risk(s) – Team Member work and record hours that do not align to their approved timecards. Compensation is made for irregularly altered payroll records.		0	1	0
Significant Issue(s)	<p>Internal Audit's testing of Time and Audit Detail reports to Time and Attendance procedures disclosed Manager oversight issues with 55 (37%) timecards. Issues included the following:</p> <ul style="list-style-type: none"> <li>Deleted Team Member comments supporting their work time and attendance;</li> <li>Improperly changed Kronos application rules to modify Team Members' time and attendance data; and</li> <li>Time and payroll correction forms not used to properly adjust and approve changes to Team Members' Kronos time and attendance and compensation.</li> </ul>			
IAS Conclusion	<ul style="list-style-type: none"> <li>Human Resource Department identified a pattern of compensation errors for the Neurosurgery Center and requested Internal Audit assistance. Improper oversight of timecards resulted in underpaying Team Members \$5K dollars. Leadership immediately corrected compensation and terminated employee.</li> </ul>			

# Audit Follow-Up

Audit Issue Follow-Up: Status of Management Action Plans



See BoardEffect for Audit Follow Up Detail.

AUDIT ACTION PLAN(S) OPEN STATUS REPORT HALIFAX HEALTH					
Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date <sup>a</sup>	Risk Rank
<b>Meditology Security Risk Assessment</b> Report Date: 11/30/15	<b><u>Issue 6.7. Vulnerability Management.</u></b> A formal, documented policy with supporting procedures for managing and tracking IT assets including servers, workstations, network devices, mobile devices, software, and other assets does not exist.  Application patching (e.g., Java, Adobe) is not incorporated into routine patching cycles. NOTE: Some applications such as Kronos, will not allow patching of Java or Adobe.	An asset management policy supported by detailed procedures should be developed that defines processes, responsibilities, and objectives for identifying and maintaining an asset inventory of both hardware and software. HH Specific Action: Create P&Ps for asset management. Need to document what we currently do.  Application vulnerabilities including Java and Adobe are common sources for system compromise via attacks that leverage malware, phishing, and other malicious tactics. Incorporate application patching processes into routine patch management procedures and standards. An exception process should be developed and documented if patching cannot be performed on all applications. HH Specific Action: Implement Application Patch Management solution.	Tom Stafford, VP & Chief Information Officer	6/30/2017 Revised 6/30/18	Medium
<b>Meditology Security Risk Assessment</b> Report Date: 11/30/15	<b><u>Issue 6.11 Access Control.</u></b> Routine user access reviews (e.g., access re-certifications) are not performed to ensure access to systems containing PHI and other sensitive information remains appropriate over time. Multi-factor authentication is not required for remote access users.  Although the IT department has processes for revoking user access upon termination in place, user accounts for terminated employees are not revoked within an appropriate time period. NOTE: IT relies on communication from HR department to revoke access.	Periodically revalidate user access permissions to PHI and other sensitive information to ensure access is appropriate based on job function and business need. HH Specific Action: Implement role based access with annual reviews by Managers.  Configure all remote access connections to require two-factor authentication, such as a hardware token or digital certificate. Where two-factor authentication is not possible, implement more restrictive access controls to reduce the risk associated with insecure configurations. HH Specific Action: Evaluate, determine if it will work for Physicians, purchase and implement 2-factor authentication for remote access.  Design processes in conjunction with HR department to ensure that user accounts are disabled or removed for all users upon termination. A user re-validation should be conducted quarterly as a secondary opportunity to identify access for terminated users that may have been missed or overlooked. HH Specific Action: Possibly need to establish the process for a report of team member with 0 hours to be sent to HR. HR would review and follows up with management. Terminations would be entered as appropriate.	Tom Stafford, VP & Chief Information Officer  Kim Fulcher, VP & Chief Human Resources Officer	3/31/2017 Revised 12/31/18	Medium
<b>Halifax Health Call Network Audit</b> Report Date: 8/15/17	<b><u>ISSUE 1: Segregation of Duties Was Missing Because Of Incorrect TriZetto User Access</u></b> • Supervisor and Accountant had the ability to add Providers, adjudicate claims and approve the check register. • Two Claim Examiners and a Provider Relations Representative had the ability to add Providers and adjudicate claims.	Management to restructure staff and segregate tasks for the purposes of identifying issues when they occur.  <b>Expected Deliverable</b> <b>Due Date: 12/15/17</b> Signon Restriction Listing report reflecting segregation of duties.	Bob Williams-Director, Population Health Business Development	12/29/2017 Revised 3/30/18	High



**AUDIT ACTION PLAN(S)  
OPEN STATUS REPORT  
HALIFAX HEALTH**

<p><b>Halifax Health Call Network Audit</b> Report Date: 8/15/17</p>	<p><b>ISSUE 2: Claims Were Incorrectly Adjudicated Or Not Supported by Terms</b> Internal Audit Service's review of 38 claims for appropriate adjudication and reimbursement disclosed issues with six (16%) claims. The following issues were identified:</p> <ul style="list-style-type: none"> <li>Two (5%) Physician claims with deleted 2009 Medicare CPT codes were reimbursed instead of held for incorrect billing. Terms required the Providers to be reimbursed at a percentage of the 2016 Medicare Fee Schedule. Net overpayments were approximately \$140.00.</li> <li>A Physician claim was auto adjudicated at "lesser of bill charges." HCN terms stated reimbursement at a percentage of the Medicare Fee Schedule and did not include lessor of language. Net underpayment was approximately \$109.00.</li> <li>Internal Audit Service was unable to verify if VHN appropriately processed three Gastroenterologist claims. Terms stated Physician reimbursement at 100% of the rate designated by the Compensation Committee. However, VHN and the Committee didn't have documentation to support the designated rate of 80% loaded into TriZetto's rate maintenance file.</li> </ul>	<ul style="list-style-type: none"> <li>VHN will work with TriZetto to research solutions to improve the quality of Medicare fee schedule loads and to auto adjudicate claims without lesser of language. Results of VHN and TriZetto efforts to improve Physician reimbursement will be reported to SVP &amp; Chief Revenue Officer. (BW)</li> <li>VHN will research and correct over/underpayments. (BW)</li> <li>Compensation Committee will send a memo with the approved IMAC reimbursement rate to VHN. (AL)</li> </ul> <p><b>Expected Deliverable</b> <b>Due Date: 12/15/17</b></p> <ul style="list-style-type: none"> <li>VHN management report to Arvin Lewis concerning process improvements.</li> <li>TriZetto screen shots of correct Physician payments.</li> <li>Copy of the memo with approved IMAC rate from Compensation Committee to VHN.</li> <li>Internal Audit will perform limited testing to assess enhanced adjudication processes.</li> </ul>	<p>Arvin Lewis-SVP &amp; Chief Revenue Officer</p> <p>Bob Williams-Director, Population Health Business Development</p>	<p>12/29/2017</p>	<p>Medium</p>
<p><b>Network Security Testing Report</b> Date: 8/24/17</p>	<p><b>ISSUE 4: Confidential</b></p>	<p>Action Plan is Confidential</p>	<p>Tom Stafford, VP &amp; Chief Information Officer</p>	<p>12/28/2018</p>	<p>Medium</p>
<p><b>Cash Collections Management Audit</b> Report Date: 12/20/17</p>	<p><b>ISSUE 1: Physician Offices Do Not Have Proper Controls Over Cash Collection Processes</b></p> <ul style="list-style-type: none"> <li><b>New Smyrna Beach</b> <ul style="list-style-type: none"> <li>Cashier credited \$65 dollars in co-pays to her own and an Associate accounts receivable (AR) balance. Although this was the Physician and not Halifax Health's AR Balance, Cashiers are never permitted to access their own or an Associate's account.</li> <li>Supervisor and Cashier prepared four (80%) Balancing Sheets two to six days after patient collections. Sheets included incorrect receipt amounts and processing dates, missing check documentation and one incorrect bank deposit totaling \$65 dollars.</li> <li>The cash bank, totaling \$179 dollars, was located in an unlocked drawer.</li> </ul> </li> <li><b>Care for Women</b> <ul style="list-style-type: none"> <li>The cash bank was stolen and has not been replenished.</li> <li>Cashier prepared and Supervisor approved the Cashiering Balancing Sheet without an opening count of the cash bank.</li> <li>Supervisor and Cashiering Balancing Sheet submitted to Accounting seven days after completion.</li> <li>Management did not recall or document changing the combination to the safe. Safe secured pending cash deposit transfers to the Cashiering Office.</li> </ul> </li> <li><b>Neurosurgery</b> <ul style="list-style-type: none"> <li>Six (55%) Supervisor and Cashiering Balancing Sheets submitted to Accounting two to five days after completion.</li> <li>Two (18%) cash deposits, totaling \$98 dollars, transferred to the Cashiering Office two and nine business days after the Supervisor Prepared the Daily Balancing Sheet.</li> <li>Ten (91%) Supervisor Daily Balancing Sheets were missing the default date and attestation statement.</li> </ul> </li> <li><b>Urgent Care</b> <ul style="list-style-type: none"> <li>Cashier prepared and Supervisor approved five (100%) Cashiering Balancing Sheets without an opening count of the cash bank.</li> <li>Supervisor and Cashiering Balancing Sheets submitted to Accounting two to five days after completion.</li> <li>Management did not recall or document changing the combination to the safe. Safe secured \$200 cash bank and pending cash deposit transfers to the Cashiering Office.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Supervisors and Cashiers will receive additional Cash Balancing training that includes proper patient collections and adjustments.</li> <li>A lock box or a lock for the desk drawer will be obtained for NSB Primary Care Office.</li> <li>Leadership will monitor department cash balancing progress by conducting monthly audits. Issues will be addressed with Associates for the purposes of corrective action.</li> <li>Safe combinations will be changed biannually or when an Associate with knowledge of the combination leaves.</li> <li>Care for Women Cash Bank will be replenished to \$50 dollars.</li> </ul>	<p>Shanie Foster, Director of Physician Services</p> <p>Matthew Hoffman, Director of Specialty Services</p>	<p>2/28/2018</p>	<p>High</p>



AUDIT ACTION PLAN(S) OPEN STATUS REPORT HALIFAX HEALTH					
Cash Collections Management Audit Report Date 12/20/17	<b>ISSUE 2: Emergency Departments Do Not Have Proper Controls Over Cash Collection Processes.</b> <ul style="list-style-type: none"> <li>Cashiers documented nine credit card payments on "yellow slips" instead of processing the payment directly to Meditech. Slips contained patients' card numbers, security codes and expiration dates. (PO)</li> <li>Cashiers voided three patient transactions totaling \$350 dollars without Supervisor approval. (Main, PO)</li> <li>Supervisors and Cashiers prepared four (40%) Daily Balancing sheets or deposits two to seven days after patient collections. This included an unsigned Cashiering Balancing Sheet. (Deltona, Main, PO)</li> <li>Departments did not document cash collections for four days or 177 patient visits. (Deltona, PO)</li> <li>Management did not recall or document changing combinations to the safes. Safes secured pending cash deposit transfers to the Cashiering Office. (Main, PO)</li> </ul>	<ul style="list-style-type: none"> <li>Yellow Slips will be removed from ED areas to prevent non-compliance with PHI and PCI regulations.</li> <li>Cashiers and Supervisors will receive additional Cash Balancing training that includes proper patient collections and adjustments and protecting patient information.</li> <li>Manager will monitor department cash balancing progress by conducting monthly audits. Issues will be addressed with associates for the purposes of corrective action.</li> <li>Safe combinations will be changed biannually or when an Associate with knowledge of the combination leaves.</li> </ul>	Angela Bolte, Manager Patient Access Services	2/28/2018	High
Cash Collections Management Audit Report Date 12/20/17	<b>ISSUE 3: Port Orange Thrift Does Not Have Proper Controls Over Cash Collection Processes</b> <ul style="list-style-type: none"> <li>Cash deposits to CHASE Bank exceeded \$1k dollars and are processed by Associates and not a formal courier service.</li> <li>Three register drawers with \$100 dollar balances each are missing supervisor keys and are unlocked.</li> <li>Management did not recall or document changing the combination to the safe. Safe secured up to \$2K dollars in cash banks, bank deposits and a change fund.</li> <li>There are no security cameras. Retail stores are viewed as a high risk for theft and should have multiple physical controls such as alarms, safes and cameras.</li> <li>IAS was unable to test for timeliness because Cash Balancing Reports were missing date fields.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership will research courier services for the purposes of transferring cash to CHASE.</li> <li>Keys will be obtained and registers will be locked at all times.</li> <li>Safe combinations will be changed annually or when an Associate with knowledge of the combination leaves.</li> <li>Leadership will research the cost/benefit of cameras for Port Orange Thrift and other stores.</li> <li>Cash Balancing Reports will be updated to include dates.</li> </ul>	Anthony Trovato, Director Halifax Hospice Administration	3/30/2018	Medium
Cash Collections Management Audit Report Date 12/20/17	<b>ISSUE 4: Oncology Offices Do Not Have Proper Controls Over Cash Collection Processes</b> <ul style="list-style-type: none"> <li>Supervisors and Cashiers prepared 27 (90%) Daily Balancing Sheets three to 16 days after patient collections. Further, sheets were missing opening cash balances completion dates and/or attestations. (Main, Ormond, PO)</li> <li>Four (29%) cash deposits, totaling \$490 dollars, transferred to the Cashiering Office before Supervisor approval. (Main)</li> <li>Management did not recall or document changing the combination to the safes. Safes secured multiple cash banks totaling \$275 dollars and pending cash deposit transfers to the Cashiering Office. (Main, Ormond, PO)</li> </ul>	<ul style="list-style-type: none"> <li>Supervisors and Cashiers will receive additional Cash Balancing training that includes cash balancing documentation, timely cash transfers and proper secondary review.</li> <li>Manager will monitor department cash balancing progress by conducting monthly audits. Issues will be addressed with associates for the purposes of corrective action.</li> <li>Safe combinations will be changed biannually or when an Associate with knowledge of the combination leaves.</li> </ul>	Angela Bolte, Manager Patient Access Services	2/28/2018	Medium
Cash Collections Management Audit Report Date 12/20/17	<b>ISSUE 5: Dietary Does Not Have Proper Controls Over Cash Collection Processes</b> <ul style="list-style-type: none"> <li>Analysis of Dietary's cash management controls disclosed the following:               <ul style="list-style-type: none"> <li>Seven (70%) cash deposit bags totaling \$2K dollars were delivered to the Cashiering Office two to four days after collections. (Main, PO)</li> <li>Cafeteria associates did not document the reason for six "canceled" point of sale transactions. Procedures require the Cashier to document on the balancing receipt their reason for a point of sale adjustment. (Main, PO)</li> </ul> </li> <li>IAS was unable to test for timeliness because Cash Balancing Reports were missing date fields. (Main, PO)</li> </ul>	<ul style="list-style-type: none"> <li>The Cash Handling Policy will be updated to state Balancing Reports and cash deposits to be delivered to Accounting and Cashiering Office within one business day of collections.</li> <li>Supervisors and Cashiers will receive additional Cash Balancing training that includes cash balancing documentation and timely cash transfers.</li> <li>We will update the Cash Balancing Report to include date fields for the purposes of documenting when Cashier and Supervisor complete their work.</li> </ul>	Theresa Massie, Food and Nutrition Manager	2/28/2018	Medium
Cash Collections Management Audit Report Date 12/20/17	<b>ISSUE 6: Cash Office Does Not Have Proper Controls Over Cash Collection Processes</b> <ul style="list-style-type: none"> <li>Supervisor reviewed and approved five (100%) Daily Balancing Sheets five to nine days after the Cashiering Balancing Sheet was completed.</li> <li>Management did not recall or document changing the combination to the safe. Safe secured \$150 dollar cash bank and pending cash deposit transfers to the Cashiering Office.</li> </ul>	<ul style="list-style-type: none"> <li>Supervisors will receive additional Cash Balancing training.</li> <li>Manager will monitor department cash balancing progress by conducting monthly audits. Issues will be addressed with associates for the purposes of corrective action.</li> <li>Safe combinations will be changed biannually or when an Associate with knowledge of the combination leaves.</li> </ul>	Angela Bolte, Manager Patient Access Services	2/28/2018	Medium
Cash Collections Management Audit Report Date 12/20/17	<b>ISSUE 7: System Cash Procedures Were Missing Controls Or Needed Updated</b> <ul style="list-style-type: none"> <li>Florida Health's courier service did not issue receipts or sign department logs documenting the pick-up and transfer of cash.</li> <li>Accounting did not date stamp the receipt of Department Cash Balancing Reports. Testing disclosed thirty (37%) reports were not date stamped.</li> <li>The Petty Cash Funds Policy was last revised in 2012 and not properly formatted. Policy development requires review at least once every three years and to be formatted on the Event Management System template.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership is negotiating a new courier agreement where the vendor electronically tracks shipments. (GM)</li> <li>We feel this is an isolated issue caused by recent staff changes. New associates have been trained to date stamp receipt of Department Cash Balancing Reports.</li> <li>The Petty Cash Fund Policy will be updated on the required Halifax Health procedures template.</li> </ul>	Gary Meredith, Director Operations Lisa Tyler, Corporate Controller	4/13/2018	Low

## Recommended Committee Action

Internal Audit recommends the following for Committee's approval:

- Summary of Audit Reports
- Audit Follow-up Summary Report





# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Lisa Tyler, Corporate Controller  
DATE: February 22, 2018  
RE: Selection of Independent External Auditor

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RSM was engaged as Halifax's independent external auditors in 2013 through an RFP process with Ryan Weber as audit partner. The engagement was for five years and concluded with the issuance of the 2017 audited financial statements.

The Audit Committee Charter, Section D, states that it is the Audit Committee's duty to ensure the rotation of the external audit partner, as specified by Sarbanes-Oxley regulations. The Sarbanes-Oxley Act states that an accounting firm will not be independent if either the lead audit partner or the concurring partner perform audit services for more than five consecutive fiscal years of an audit client. Further, the regulations also require a five-year "time-out" period before a partner may return to a particular audit engagement.

Although it is considered a best practice to periodically rotate the lead audit partner, Halifax is not required to follow Sarbanes-Oxley requirements. Management would like to offer three options to the Audit Committee for the evaluation of engaging independent audit services.

1. Halifax retains RSM as our independent auditors with Mr. Weber rolling off the audit engagement team. No change is required to the Audit Committee Charter.
2. Halifax conducts an RFP process for independent audit services. No change is required to the Audit & Finance Charter.
3. Halifax retains RSM as our independent auditors with Mr. Weber retaining his position as partner on our engagement. The Audit Committee Charter, Section D, is amended with respect to audit partner rotation.

# **Halifax Hospital Medical Center Audit Committee Charter of the Audit and Finance Committee**

## **I. PURPOSE**

The Halifax Hospital Medical Center (Halifax) Audit Committee is responsible for assisting the Board of Commissioners in fulfilling its oversight responsibilities relative to auditing, the financial reporting process, and supporting a reliable system of internal controls. In doing so, it is the responsibility of the Audit Committee to maintain free and open communication between the Board of Commissioners, the internal auditors, the external auditors, and the senior management of Halifax.

The Audit Committee is established pursuant to the provisions of the Sarbanes-Oxley Act. The Audit Committee shall recommend and adopt specific portions of Sarbanes-Oxley, even though Halifax is not subject to the provisions of Sarbanes-Oxley.

## **II. AUTHORITY**

The Audit Committee has authority to conduct or authorize investigations into any matters. It is empowered to:

- Appoint, compensate, and oversee the work of the public accounting firm employed by Halifax to conduct the annual audit.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and permitted non-audit services performed by Halifax's external audit firm.
- Retain independent counsel, accountants or others to advise the committee or assist in the conduct of an investigation.
- Meet with the Halifax officers, external auditors or outside counsel as necessary.

## **III. COMPOSITION AND QUALIFICATIONS OF MEMBERS**

The Audit Committee will consist of a minimum of five members with at least one member being a member of the Board of Commissioners. The Audit Committee Chair will be selected by the Chair of the Board of Commissioners and approved by the Board of Commissioners. At least one member of the Audit Committee will be a financial expert (as defined by Sarbanes-Oxley) approved by the Board of Commissioners. All Audit Committee members will be independent of Halifax Hospital Medical Center management.

Audit Committee members shall serve initial terms of one year, but shall continue to serve until a successor is appointed and accepts the appointment. Reappointment terms shall be for a period of two years. Each member of the Audit Committee shall have the right to exercise one vote.



**Halifax Hospital Medical Center  
Audit Committee Charter  
of the Audit and Finance Committee**

**IV. MEETINGS**

The Audit Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via teleconference. Attendance of 50% of the members shall constitute a quorum. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

**V. RESPONSIBILITIES**

The Audit Committee will carry out the following responsibilities:

**A. Financial Reporting Process**

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered, and all matters required to be communicated to the committee under generally accepted auditing standards.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Understand the financial reporting process.

**B. Internal Control**

- Consider the effectiveness of the Halifax internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

**Halifax Hospital Medical Center  
Audit Committee Charter  
of the Audit and Finance Committee**

**C. Internal Audit**

- Review with management and the Director of Audit Services:
  - the annual audit plan and progress on the annual audit plan;
  - audit reports;
  - audit follow-up results;
  - staffing; and
  - organizational structure of the internal audit function.

The activities of the Audit Services department shall be presented to the Audit Committee on a quarterly basis.

- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Director of Audit Services.
- Review and approve performance evaluations and salary increases for the Director of Audit Services.
- Review the audits of the business practices of the CEO.
- Request special audits when deemed necessary.

**D. External Audit**

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and recommend to the Board the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and Halifax, including non-audit services, and discussing the relationships with the auditors.
- Ensure the rotation of the external audit partner, as specified under Sarbanes-Oxley.
- Ensure that no personnel employed by the external auditor are hired in certain key financial oversight positions (CEO, CFO, controller, etc.) within a year of working on the audit, unless approved by the Audit Committee, in compliance with Sarbanes-Oxley.
- Assure that the external auditors understand that their accountability is to the Board of Commissioners and the Audit Committee.
- Review the following with the external auditors and/or management:
  - Draft of the audit report;
  - Management Letter; and
  - Matters required to be communicated to the Audit Committee by the Statements of Auditing Standards, including audit adjustments made and passed.

**E. Reporting Responsibilities**

- Regularly report to the Board of Commissioners about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between the internal auditors, the external auditors, and the Board of Commissioners.
- Review any other reports Halifax issues that relate to Committee responsibilities.

**Halifax Hospital Medical Center  
Audit Committee Charter  
of the Audit and Finance Committee**

**F. Risk Assessment**

- Inquire of management, the internal auditors and the external auditors concerning significant risks or exposures and assess the steps management has taken to minimize such risk to Halifax Hospital Medical Center.

**G. Other Responsibilities**

- Perform other activities related to this charter as requested by the Board of Commissioners.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Complete an annual self-assessment to confirm that all responsibilities outlined in this charter have been carried out.
- Provide sufficient opportunity for the internal auditors and external auditors to meet with the members of the Audit Committee without members of management present.
- Monitor management's corrective action taken on issues identified in Management Letters and Internal Audit Reports.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: February 21, 2018  
RE: GASB Statement No. 75

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On October 1, 2017, Halifax Health adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This statement required a change in how the long-term obligations associated with OPEBs are calculated and reported. As a result, as of October 1, 2017, liabilities recorded for OPEBs were increased and net position decreased by approximately \$21.1 million.

The adoption of GASB Statement No. 75 was included in the December 2017 and January 2018 financial reports, which will be discussed at the Audit and Finance Committee meeting on February 28, 2018.

# Halifax Health

## Summary Financial Narrative

### For the four months ended January 31, 2018

The performance of Halifax Health (HH) compared to budget and long-range targets (S&P "A" rated medians) for key financial indicators is as follows.

Financial Indicator	YTD Actual FY 18	YTD Budget FY 18	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 18 vs. S&P "A"
Total Margin	4.9%	2.4%	Favorable	5.8%	Unfavorable
Operating Margin	2.7%	1.5%	Favorable	3.6%	Unfavorable
EBIDA Margin	12.3%	9.6%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	10.3%	8.8%	Favorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	9.3%	8.6%	Favorable	N/A	N/A
Days Cash on Hand	247	258	Unfavorable	249	Unfavorable
Cash to Debt	94.9%	102.8%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	54.8%	53.3%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage	2.36	2.13	Favorable	4.50	Unfavorable
OG Debt to Capitalization	53.9%	52.9%	Unfavorable	29.1%	Unfavorable

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

#### **Halifax Health Medical Center**

##### *Statistical Summary--*

- Admissions for the month and fiscal year-to-date are greater than budget and last year.
- Patient days for the month and fiscal year-to-date are less than budget and last year.
  - Observation patient days for the month and fiscal year-to-date are greater than budget and last year.
- Surgery volumes for the month are greater than budget and less than last year; and for the fiscal year-to-date are greater than budget and last year.
- Emergency Room visits for the month and fiscal year-to-date are greater than budget and last year.

##### *Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 1.5% less than budget.
- Total operating expenses for the fiscal year-to-date are 1.4% less than budget.
- Income from operations for the fiscal year-to-date of \$1.7 million compares favorably to budget by \$278,000.
- Nonoperating gains/losses for the fiscal year-to-date of \$232,000, primarily consisting of investment income, compares unfavorably to the budgeted amount by \$482,000.
- The increase in net position for the fiscal year-to-date of \$2.0 million compares unfavorably to budget by \$204,000.

#### **Halifax Health Hospice**

##### *Statistical Summary --*

- Patient days for the month and fiscal year-to-date are greater than budget and last year.

##### *Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 3.2% greater than budget.
- Income from operations for the fiscal year-to-date of \$412,000 compares favorably to budget by \$301,000.
- Nonoperating gains/losses for the fiscal year-to-date of \$4.4 million, primarily consisting of investment income, compares favorably to the budgeted amount by \$3.3 million.
- The increase in net position for the fiscal year-to-date of \$3.2 million compares favorably to budget by \$2.2 million.

**Other Component Units** - The financial performance is consistent with budgeted expectations.

## Halifax Health Statistical Summary

Month Ended January 31,					Four Months Ended January 31,			
<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>		<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Inpatient Activity</u></b>								
1,698	1,684	1,778	-5.3%	HHMC Adult/Ped Admissions	6,332	6,418	6,443	-0.4%
158	217	167	29.9%	HHMCPO Adult/Ped Admissions	564	691	619	11.6%
166	219	171	28.1%	Adult Psych Admissions	629	760	634	19.9%
74	74	74	0.0%	Rehabilitative Admissions	260	257	244	5.3%
<b>2,096</b>	<b>2,194</b>	<b>2,190</b>	<b>0.2%</b>	<b>Total Adult/Ped Admissions</b>	<b>7,785</b>	<b>8,126</b>	<b>7,940</b>	<b>2.3%</b>
9,036	8,378	8,568	-2.2%	HHMC Adult/Ped Patient Days	34,491	31,615	31,045	1.8%
838	701	711	-1.4%	HHMCPO Adult/Ped Patient Days	3,189	2,673	2,640	1.3%
1,590	1,552	1,691	-8.2%	Adult Psych Patient Days	6,015	5,470	6,284	-13.0%
1,073	1,038	1,067	-2.7%	Rehabilitative Patient Days	3,601	3,750	3,572	5.0%
<b>12,537</b>	<b>11,669</b>	<b>12,037</b>	<b>-3.1%</b>	<b>Total Adult/Ped Patient Days</b>	<b>47,296</b>	<b>43,508</b>	<b>43,541</b>	<b>-0.1%</b>
5.3	5.0	4.8	3.2%	HHMC Average Length of Stay	5.4	4.9	4.8	2.2%
5.3	3.2	4.3	-24.1%	HHMCPO Average Length of Stay	5.7	3.9	4.3	-9.3%
<b>5.3</b>	<b>4.8</b>	<b>4.8</b>	<b>0.1%</b>	<b>HHMC/ HHMCPO Average Length of Stay</b>	<b>5.5</b>	<b>4.8</b>	<b>4.8</b>	<b>1.1%</b>
9.6	7.1	9.9	-28.3%	Adult Psych Average Length of Stay	9.6	7.2	9.9	-27.4%
14.5	14.0	14.4	-2.7%	Rehabilitative Length of Stay	13.9	14.6	14.6	-0.3%
<b>6.0</b>	<b>5.3</b>	<b>5.5</b>	<b>-3.2%</b>	<b>Total Average Length of Stay</b>	<b>6.1</b>	<b>5.4</b>	<b>5.5</b>	<b>-2.4%</b>
<b>404</b>	<b>376</b>	<b>388</b>	<b>-3.1%</b>	<b>Total Average Daily Census</b>	<b>385</b>	<b>354</b>	<b>354</b>	<b>-0.1%</b>
906	1,110	806	37.7%	HHMC Observation Patient Day Equivalents	3,561	3,561	3,078	15.7%
245	235	190	23.7%	HHMCPO Observation Patient Day Equivalents	693	707	710	-0.4%
<b>1,151</b>	<b>1,345</b>	<b>996</b>	<b>35.0%</b>	<b>Total Observation Patient Day Equivalents</b>	<b>4,254</b>	<b>4,268</b>	<b>3,788</b>	<b>12.7%</b>
<b>37</b>	<b>43</b>	<b>32</b>	<b>34.4%</b>	<b>Observation Average Daily Census</b>	<b>35</b>	<b>35</b>	<b>31</b>	<b>12.9%</b>
145	139	153	-9.2%	HHMC Newborn Births	594	574	633	-9.3%
284	283	306	-7.5%	HHMC Nursery Patient Days	1,116	1,041	1,208	-13.8%
452	473	475	-0.4%	HHMC Inpatient Surgeries	1,798	1,930	1,829	5.5%
4	8	3	166.7%	HHMCPO Inpatient Surgeries	13	35	12	191.7%
<b>456</b>	<b>481</b>	<b>478</b>	<b>0.6%</b>	<b>Total Inpatient Surgeries</b>	<b>1,811</b>	<b>1,965</b>	<b>1,841</b>	<b>6.7%</b>
<b><u>Inpatient Surgeries</u></b>								
177	154			Orthopedics	699	657		
78	66			General Surgery	298	271		
46	34			Neurosurgery	173	131		
24	30			Thoracic Surgery	91	127		
30	45			Vascular	102	132		
101	152			All Other	448	647		
<b>456</b>	<b>481</b>	<b>478</b>	<b>0.6%</b>	<b>Total Inpatient Surgeries</b>	<b>1,811</b>	<b>1,965</b>	<b>1,841</b>	<b>6.7%</b>

# Halifax Health Statistical Summary

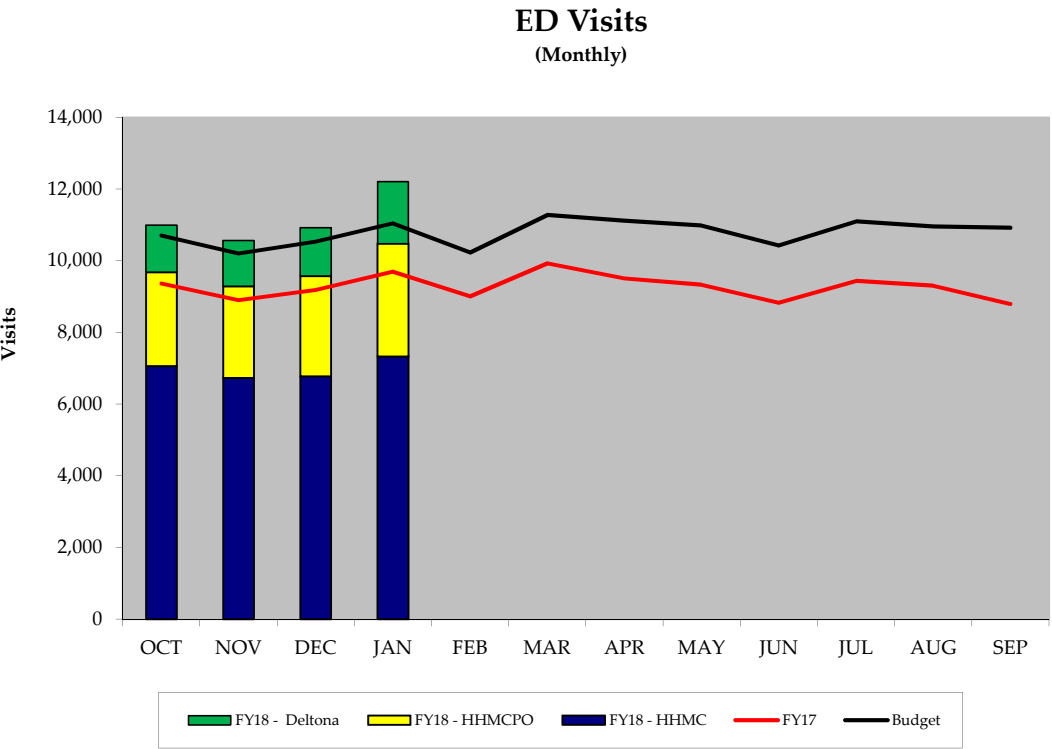
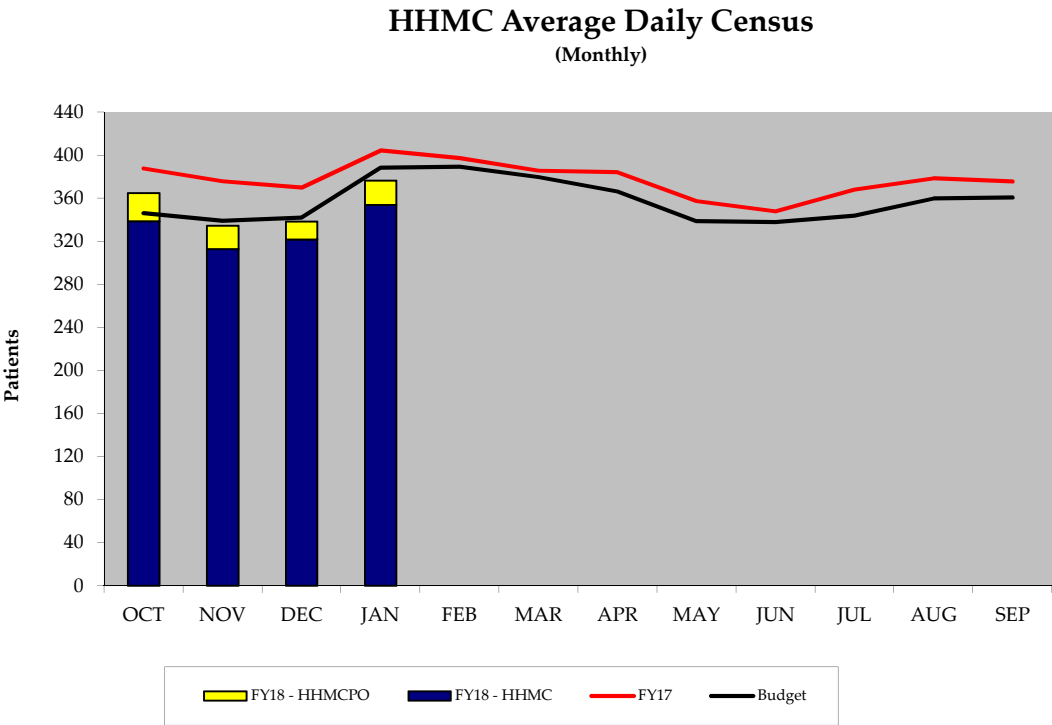
Month Ended January 31,					Four Months Ended January 31,			
<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>		<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>
				<u>Outpatient Activity</u>				
6,980	7,333	7,043	4.1%	HHMC ED Registrations	26,934	27,906	27,189	2.6%
2,718	3,147	2,726	15.4%	HHMCPO ED Registrations	10,219	11,110	10,250	8.4%
0	1,729	1,271	36.0%	Deltona ED Registrations	0	5,673	5,043	12.5%
<b>9,698</b>	<b>12,209</b>	<b>11,040</b>	<b>10.6%</b>	<b>Total ED</b>	<b>37,153</b>	<b>44,689</b>	<b>42,482</b>	<b>5.2%</b>
428	364	369	-1.4%	HHMC Outpatient Surgeries	1,660	1,455	1,537	-5.3%
68	0	0	0.0%	HPC Outpatient Surgeries	247	1	0	0.0%
3	114	110	3.6%	HHMCPO Outpatient Surgeries	3	485	437	11.0%
365	315	308	2.3%	Twin Lakes Surgeries	1,416	1,317	1,248	5.5%
<b>864</b>	<b>793</b>	<b>787</b>	<b>0.8%</b>	<b>Total Outpatient Surgeries</b>	<b>3,326</b>	<b>3,258</b>	<b>3,222</b>	<b>1.1%</b>
				<u>Outpatient Surgeries</u>				
187	141			General Surgery	743	628		
181	125			Orthopedics	656	533		
65	84			Gastroenterology	296	398		
63	77			Obstetrics Gynecology	290	294		
61	51			Ophthalmology	227	266		
307	315			All Other	1,114	1,139		
<b>864</b>	<b>793</b>	<b>787</b>	<b>0.8%</b>	<b>Total Outpatient Surgeries</b>	<b>3,326</b>	<b>3,258</b>	<b>3,222</b>	<b>1.1%</b>
				<u>Cardiology Procedures</u>				
25	21			Open Heart Cases	70	82		
139	155			Cardiac Caths	505	645		
28	37			CRM Devices	132	129		
37	54			EP Studies	167	180		
<b>229</b>	<b>267</b>	<b>274</b>	<b>-2.6%</b>	<b>Total Cardiology Procedures</b>	<b>874</b>	<b>1,036</b>	<b>948</b>	<b>9.3%</b>
				<u>Interventional Radiology Procedures</u>				
7	11	8	37.5%	Vascular	24	35	28	25.0%
180	192	185	3.8%	Nonvascular	634	647	653	-0.9%
<b>187</b>	<b>203</b>	<b>193</b>	<b>5.2%</b>	<b>Total Interventional Radiology Procedures</b>	<b>658</b>	<b>682</b>	<b>681</b>	<b>0.1%</b>
<b>213</b>	<b>217</b>	<b>205</b>	<b>5.9%</b>	<b>GI Procedures</b>	<b>803</b>	<b>875</b>	<b>743</b>	<b>17.8%</b>
				<u>HH Hospice Activity</u>				
				<u>Patient Days</u>				
15,848	16,206	15,501	4.5%	Volusia/ Flagler	61,256	65,639	61,505	6.7%
900.0	1,278	1,409	-9.3%	Orange/ Osceola	3,509.0	5,610	5,257	6.7%
<b>16,748</b>	<b>17,484</b>	<b>16,910</b>	<b>3.4%</b>	<b>HH Hospice Patient Days</b>	<b>64,765</b>	<b>71,249</b>	<b>66,762</b>	<b>6.7%</b>
				<u>Average Daily Census</u>				
511	523	500	4.5%	Volusia/ Flagler	498	534	500	6.7%
29	41	45	-9.3%	Orange/ Osceola	29	46	43	6.7%
<b>540</b>	<b>564</b>	<b>545</b>	<b>3.4%</b>	<b>HH Hospice Average Daily Census</b>	<b>527</b>	<b>579</b>	<b>543</b>	<b>6.7%</b>

# Halifax Health Statistical Summary

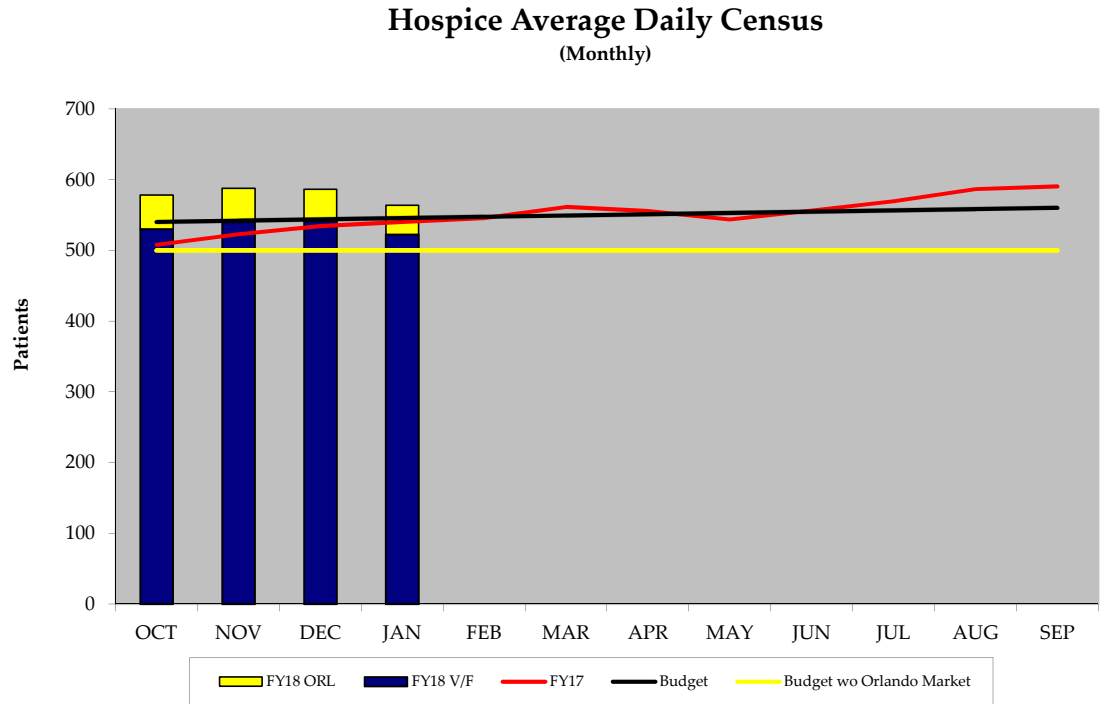
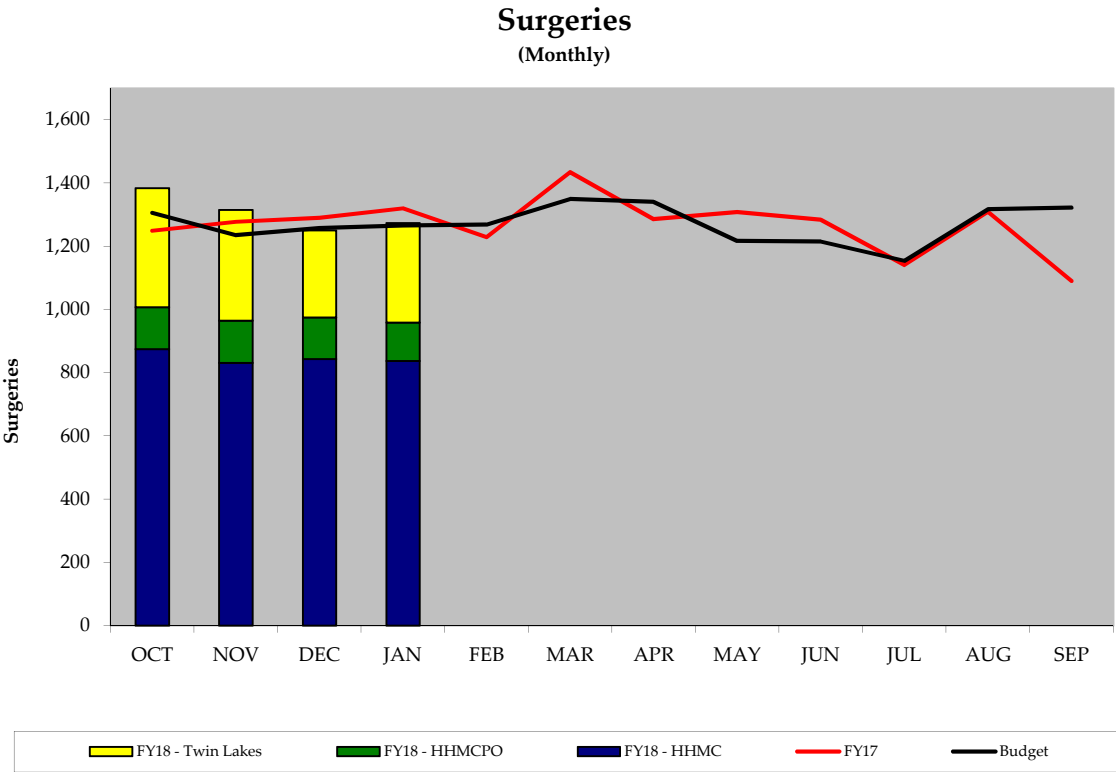
Month Ended January 31,				Four Months Ended January 31,			
<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>	<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Physician Practice Activity</u></b>							
<b><u>Primary Care Visits</u></b>							
258	447	280	59.6%	Ormond Beach	1,092	1,638	1,077 52.1%
1,019	1,149	1,051	9.3%	Daytona Beach	4,079	4,451	4,207 5.8%
698	727	638	13.9%	Port Orange	2,728	3,258	2,514 29.6%
337	235	695	-66.2%	Deltona	1,241	1,141	2,560 -55.4%
-	896	800	12.0%	New Smyrna	-	3,512	3,200 9.7%
484	610	476	28.2%	Ormond Beach (Women's/OB)	1,858	2,398	1,889 26.9%
-	578	876	-34.0%	Ormond Beach - Urgent Care	-	1,591	3,476 -54.2%
<b>2,796</b>	<b>4,642</b>	<b>4,816</b>	<b>-3.6%</b>	<b>Primary Care Visits</b>	<b>10,998</b>	<b>17,989</b>	<b>18,923 -4.9%</b>
<b><u>Children's Medical Center Visits</u></b>							
943	610	827	-26.2%	Ormond Beach	3,626	2,393	3,522 -32.1%
-	448	288	55.6%	Palm Coast	293	1,411	1,287 9.6%
530	528	741	-28.7%	Port Orange	1,971	1,983	2,755 -28.0%
<b>1,473</b>	<b>1,586</b>	<b>1,856</b>	<b>-14.5%</b>	<b>Children's Medical Center Visits</b>	<b>5,890</b>	<b>5,787</b>	<b>7,564 -23.5%</b>
<b><u>Community Clinic Visits</u></b>							
394	234	404	-42.1%	Keech Street	1,508	1,249	1,547 -19.3%
263	-	-	0.0%	Adult Community Clinic	960	92	75 22.7%
<b>657</b>	<b>234</b>	<b>404</b>	<b>-42.1%</b>	<b>Community Clinic Visits</b>	<b>2,468</b>	<b>1,341</b>	<b>1,622 -17.3%</b>



Halifax Health  
Statistical Summary - Graphic



# Halifax Health Statistical Summary - Graphic



# Halifax Health

## Condensed Statement of Net Position

(\$ in thousands)

	January 31,		
	2018	2017	Change
<b><u>Assets</u></b>			
Cash and cash equivalents	\$26,768	\$34,599	(\$7,831)
Investments	274,633	270,191	4,442
Board designated assets	45,038	44,744	294
Accounts receivable	64,416	63,565	851
Restricted assets whose use is limited	6,412	19,152	(12,740)
Other assets	43,593	43,863	(270)
Deferred outflow - swap	30,297	30,367	(70)
Deferred outflow - loss on bond refunding	16,147	17,071	(924)
Deferred outflow - pension	28,272	27,979	293
Property, plant and equipment	355,418	353,362	2,056
Total Assets	\$890,994	\$904,893	(\$13,899)
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$29,740	\$31,029	(\$1,289)
Other liabilities	92,726	84,226	8,500
Deferred inflow - pension	3,290	-	3,290
Net pension liability	68,909	101,831	(32,922)
Long-term debt	346,063	353,612	(7,549)
Premium on LTD, net	19,038	19,708	(670)
Long-term value of swap	30,297	30,367	(70)
Net position	300,931	284,120	16,811
Total Liabilities and Net position	\$890,994	\$904,893	(\$13,899)

**Halifax Health**  
**Statement of Cash Flows**  
(\$ in thousands)

Month ended January 31, 2018	Month ended January 31, 2017	Variance		Four Months ended January 31, 2018	Four Months ended January 31, 2017	Variance
			<b>Cash flows from operating activities:</b>			
\$47,489	\$40,790	\$6,699	Receipts from third party payors and patients	\$171,482	\$160,813	\$10,669
(21,086)	(21,092)	6	Payments to employees	(113,861)	(116,120)	2,259
(17,279)	(14,162)	(3,117)	Payments to suppliers	(74,411)	(61,854)	(12,557)
314	647	(333)	Receipt of ad valorem taxes	620	9,432	(8,812)
3,183	2,867	316	Other receipts	12,440	11,820	620
(3,617)	(3,631)	14	Other payments	(14,761)	(13,891)	(870)
9,004	5,419	3,585	Net cash provided by (used in) operating activities	(18,491)	(9,800)	(8,691)
			<b>Cash flows from noncapital financing activities:</b>			
36	55	(19)	Proceeds from donations received	272	205	67
(7)	-	(7)	Nonoperating gain (loss)	(7)	2	(9)
29	55	(26)	Net cash provided by noncapital financing activities	265	207	58
			<b>Cash flows from capital and related financing activities:</b>			
(3,478)	(1,617)	(1,861)	Acquisition of capital assets	(9,112)	(4,964)	(4,148)
(201)	(195)	(6)	Payment of long-term debt	(803)	(780)	(23)
(348)	(347)	(1)	Payment of interest on long-term debt	(7,647)	(7,777)	130
(4,027)	(2,159)	(1,868)	Net cash used in capital financing activities	(17,562)	(13,521)	(4,041)
			<b>Cash flows from investing activities:</b>			
242	234	8	Realized investment income (loss)	2,233	2,639	(406)
(306)	(268)	(38)	Purchases of investments/limited use assets	(3,124)	(6,038)	2,914
4	5	(1)	Sales/Maturities of investments/limited use assets	24	2,539	(2,515)
(60)	(29)	(31)	Net cash provided by (used in) investing activities	(867)	(860)	(7)
4,946	3,286	1,660	<b>Net increase (decrease) in cash and cash equivalents</b>	(36,655)	(23,974)	(12,681)
21,822	31,313	(9,491)	<b>Cash and cash equivalents at beginning of period</b>	63,423	58,573	4,850
<u>\$26,768</u>	<u>\$34,599</u>	<u>(\$7,831)</u>	<b>Cash and cash equivalents at end of period</b>	<u>\$26,768</u>	<u>\$34,599</u>	<u>(\$7,831)</u>

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2018	Actual Month Ended January 31, 2017	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2018	Actual Four Months Ended January 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$55,174	\$47,259	\$7,915	Net patient service revenue, before provision for bad debts	\$211,207	\$195,450	\$15,757
(7,960)	(4,723)	(3,237)	Provision for bad debts	(37,818)	(31,909)	(5,909)
47,214	42,536	4,678	Net patient service revenue	173,389	163,541	9,848
504	938	(434)	Ad valorem taxes	2,016	3,751	(1,735)
2,686	2,380	306	Other revenue	10,624	9,054	1,570
50,404	45,854	4,550	Total operating revenues	186,029	176,346	9,683
			Operating expenses:			
23,845	23,589	(256)	Salaries and benefits	92,044	92,743	699
6,761	6,416	(345)	Purchased services	27,130	24,406	(2,724)
8,787	8,107	(680)	Supplies	32,912	31,888	(1,024)
2,114	1,950	(164)	Depreciation and amortization	8,446	7,944	(502)
1,394	1,406	12	Interest	5,564	5,665	101
517	634	117	Ad valorem tax related expenses	2,249	2,475	226
802	771	(31)	Leases and rentals	3,205	2,914	(291)
2,349	2,228	(121)	Other	9,379	8,695	(684)
46,569	45,101	(1,468)	Total operating expenses	180,929	176,730	(4,199)
3,835	753	3,082	Excess (deficiency) of operating revenues over expenses	5,100	(384)	5,484
			Nonoperating revenues, expenses, and gains/(losses):			
242	235	7	Realized investment income/(losses)	2,234	2,640	(406)
1,223	1,043	180	Unrealized investment income/(losses)	1,705	(1,023)	2,728
36	55	(19)	Donation revenue	271	206	65
1,494	1,333	161	Total nonoperating revenues, expenses, and gains/(losses)	4,203	1,826	2,377
5,329	2,086	3,243	Increase in net position before other changes in net position	9,303	1,442	7,861
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(21,099)	-	(21,099)
-	-	-	Total other changes in net position	(21,099)	-	(21,099)
\$5,329	\$2,086	\$3,243	Increase (decrease) in net position	(\$11,796)	\$1,442	(\$13,238)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2018	Static Budget Month Ended January 31, 2018	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2018	Static Budget Four Months Ended January 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$55,174	\$55,355	(\$181)	Net patient service revenue, before provision for bad debts	\$211,207	\$207,637	\$3,570
(7,960)	(8,353)	393	Provision for bad debts	(37,818)	(32,236)	(5,582)
47,214	47,002	212	Net patient service revenue	173,389	175,401	(2,012)
504	504	-	Ad valorem taxes	2,016	2,016	-
2,686	2,169	517	Other revenue	10,624	8,690	1,934
50,404	49,675	729	Total operating revenues	186,029	186,107	(78)
			Operating expenses:			
23,845	25,068	1,223	Salaries and benefits	92,044	97,469	5,425
6,761	6,404	(357)	Purchased services	27,130	24,847	(2,283)
8,787	8,532	(255)	Supplies	32,912	32,545	(367)
2,114	2,007	(107)	Depreciation and amortization	8,446	8,026	(420)
1,394	1,393	(1)	Interest	5,564	5,576	12
517	523	6	Ad valorem tax related expenses	2,249	2,193	(56)
802	806	4	Leases and rentals	3,205	3,220	15
2,349	2,352	3	Other	9,379	9,407	28
46,569	47,085	516	Total operating expenses	180,929	183,283	2,354
3,835	2,590	1,245	Excess of operating revenues over expenses	5,100	2,824	2,276
			Nonoperating revenues, expenses, and gains/(losses):			
242	365	(123)	Realized investment income/(losses)	2,234	1,462	772
1,223	(2)	1,225	Unrealized investment income/(losses)	1,705	(7)	1,712
36	58	(22)	Donation revenue	271	231	40
1,494	421	1,073	Total nonoperating revenues, expenses, and gains/(losses)	4,203	1,686	2,517
5,329	3,011	2,318	Increase in net position before other changes in net position	9,303	4,510	4,793
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(21,099)	-	(21,099)
-	-	-	Total other changes in net position	(21,099)	-	(21,099)
\$5,329	\$3,011	\$2,318	Increase (decrease) in net position	(\$11,796)	\$4,510	(\$16,306)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Halifax Health Medical Center**  
**Statements of Revenues, Expenses and Changes in Net Position**  
(\$ in thousands)

Actual Month Ended January 31, 2018	Static Budget Month Ended January 31, 2018	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2018	Static Budget Four Months Ended January 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$51,387	\$51,696	(\$309)	Net patient service revenue, before provision for bad debts	\$196,269	\$193,233	\$3,036
(7,883)	(8,265)	382	Provision for bad debts	(37,387)	(31,888)	(5,499)
43,504	43,431	73	Net patient service revenue	158,882	161,345	(2,463)
504	504	-	Ad valorem taxes	2,016	2,016	-
1,171	1,396	(225)	Other revenue	6,070	5,602	468
45,179	45,331	(152)	Total operating revenues	166,968	168,963	(1,995)
			Operating expenses:			
21,742	22,964	1,222	Salaries and benefits	83,920	89,083	5,163
5,533	5,300	(233)	Purchased services	22,385	20,478	(1,907)
8,600	8,305	(295)	Supplies	32,130	31,649	(481)
1,983	1,881	(102)	Depreciation and amortization	7,924	7,523	(401)
1,390	1,389	(1)	Interest	5,544	5,556	12
517	523	6	Ad valorem tax related expenses	2,249	2,193	(56)
627	633	6	Leases and rentals	2,492	2,533	41
2,132	2,120	(12)	Other	8,579	8,481	(98)
42,524	43,115	591	Total operating expenses	165,223	167,496	2,273
2,655	2,216	439	Excess of operating revenues over expenses	1,745	1,467	278
			Nonoperating revenues, expenses, and gains/(losses):			
173	180	(7)	Realized investment income/(losses)	965	721	244
(359)	(2)	(357)	Unrealized investment income/(losses)	(731)	(7)	(724)
(3)	-	(3)	Donation revenue	5	-	5
(196)	178	(374)	Total nonoperating revenues, expenses, and gains/(losses)	232	714	(482)
2,459	2,394	65	Increase in net position before other changes in net position	1,977	2,181	(204)
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(19,962)	-	(19,962)
-	-	-	Total other changes in net position	(19,962)	-	(19,962)
\$2,459	\$2,394	\$65	Increase (decrease) in net position	(\$17,985)	\$2,181	(\$20,166)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Halifax Health Medical Center**  
**Net Patient Service Revenue**  
(\$ in thousands)

Actual Month Ended January 31, 2017		Actual Month Ended January 31, 2018		Static Budget Month Ended January 31, 2018			Actual Four Months Ended January 31, 2017		Actual Four Months Ended January 31, 2018		Static Budget Four Months Ended January 31, 2018	
\$156,818	100.00%	\$178,420	100.00%	\$170,260	100.00%	Gross charges	\$596,415	100.00%	\$659,335	100.00%	\$647,502	100.00%
(10,843)	-6.91%	(10,816)	-6.06%	(8,868)	-5.21%	Charity	(35,737)	-5.99%	(38,845)	-5.89%	(33,975)	-5.25%
(102,134)	-65.13%	(116,217)	-65.14%	(109,696)	-64.43%	Contractual adjustments	(378,453)	-63.45%	(424,221)	-64.34%	(420,294)	-64.91%
43,841	27.96%	51,387	28.80%	51,696	30.36%	Gross charges, before provision for bad debts	182,225	30.55%	196,269	29.77%	193,233	29.84%
(4,529)	-2.89%	(7,883)	-4.42%	(8,265)	-4.85%	Provision for bad debts	(31,454)	-5.27%	(37,387)	-5.67%	(31,888)	-4.92%
<b>\$39,312</b>	<b>25.07%</b>	<b>\$43,504</b>	<b>24.38%</b>	<b>\$43,431</b>	<b>25.51%</b>	<b>Net patient service revenue</b>	<b>\$150,771</b>	<b>25.28%</b>	<b>\$158,882</b>	<b>24.10%</b>	<b>\$161,345</b>	<b>24.92%</b>



**Halifax Health Hospice**  
**Statements of Revenues, Expenses and Changes in Net Position**  
(\$ in thousands)

Actual Month Ended January 31, 2018	Static Budget Month Ended January 31, 2018	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2018	Static Budget Four Months Ended January 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,787	\$3,659	\$128	Net patient service revenue, before provision for bad debts	\$14,938	\$14,404	\$534
(77)	(88)	11	Provision for bad debts	(431)	(348)	(83)
3,710	3,571	139	Net patient service revenue	14,507	14,056	451
188	199	(11)	Other revenue	743	796	(53)
3,898	3,770	128	Total operating revenues	15,250	14,852	398
			Operating expenses:			
2,035	2,034	(1)	Salaries and benefits	7,851	8,104	253
1,191	1,061	(130)	Purchased services	4,593	4,199	(394)
187	226	39	Supplies	781	893	112
64	59	(5)	Depreciation and amortization	256	237	(19)
170	168	(2)	Leases and rentals	693	667	(26)
166	161	(5)	Other	664	641	(23)
3,813	3,709	(104)	Total operating expenses	14,838	14,741	(97)
85	61	24	Excess of operating revenues over expenses	412	111	301
			Nonoperating revenues, expenses, and gains/(losses):			
69	185	(116)	Realized investment income/(losses)	1,269	741	528
1,582	-	1,582	Unrealized investment income/(losses)	2,436	-	2,436
39	58	(19)	Donation revenue	266	231	35
1,690	243	1,447	Total nonoperating revenues, expenses, and gains/(losses)	3,971	972	2,999
1,775	304	1,471	Increase in net position before other changes in net position	4,383	1,083	3,300
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(1,137)	-	(1,137)
-	-	-	Total other changes in net position	(1,137)	-	(1,137)
\$1,775	\$304	\$1,471	Increase in net position	\$3,246	\$1,083	\$2,163

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Volusia Health Network / Halifax Management Systems**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

<b>Actual Month Ended January 31, 2018</b>	<b>Static Budget Month Ended January 31, 2018</b>	<b>Favorable (Unfavorable) Variance</b>		<b>Actual Four Months Ended January 31, 2018</b>	<b>Static Budget Four Months Ended January 31, 2018</b>	<b>Favorable (Unfavorable) Variance</b>
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
346	352	(6)	Other revenue	1,397	1,406	(9)
346	352	(6)	Total operating revenues	1,397	1,406	(9)
			Operating expenses:			
57	60	3	Salaries and benefits	232	240	8
37	39	2	Purchased services	149	155	6
-	1	1	Supplies	1	3	2
67	67	-	Depreciation and amortization	266	266	-
4	4	-	Interest	20	20	-
5	5	-	Leases and rentals	20	20	-
-	4	4	Other	3	16	13
170	180	10	Total operating expenses	691	720	29
176	172	4	<b>Excess of operating revenues over expenses</b>	706	686	20
			Nonoperating revenues, expenses, and gains/(losses):			
-	-	-	Realized investment income/(losses)	-	-	-
-	-	-	Unrealized investment income/(losses)	-	-	-
-	-	-	Donation revenue	-	-	-
-	-	-	Nonoperating gains/(losses), net	-	-	-
-	-	-	Total nonoperating revenues, expenses, and gains/(losses)	-	-	-
<b>\$176</b>	<b>\$172</b>	<b>\$4</b>	<b>Increase in net position</b>	<b>\$706</b>	<b>\$686</b>	<b>\$20</b>

**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

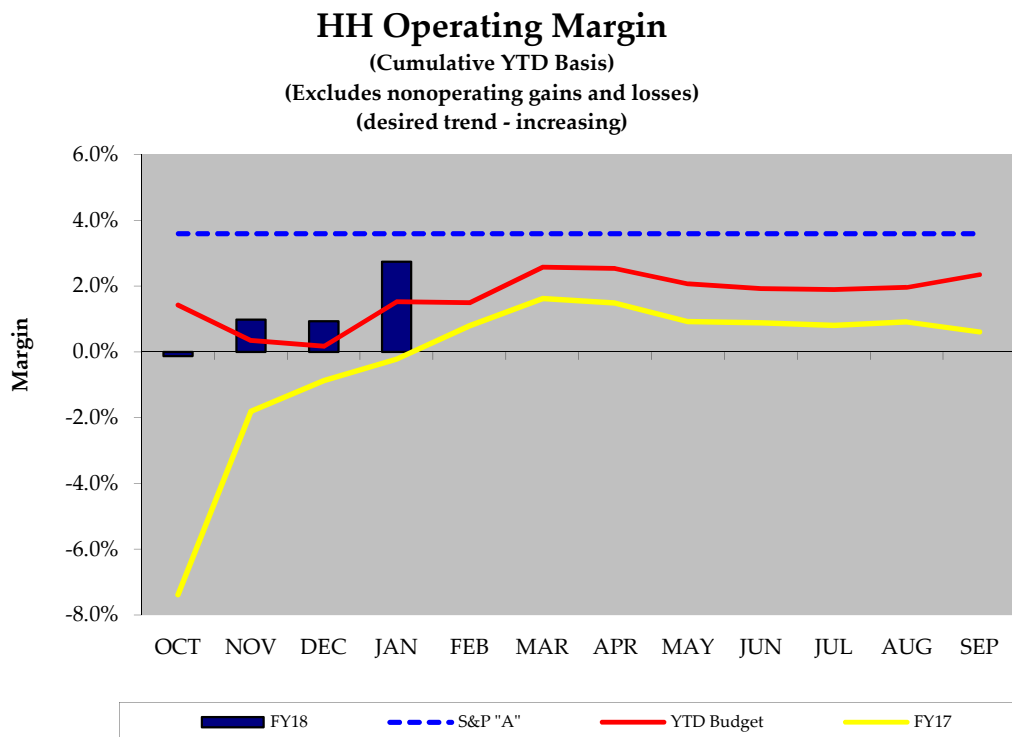
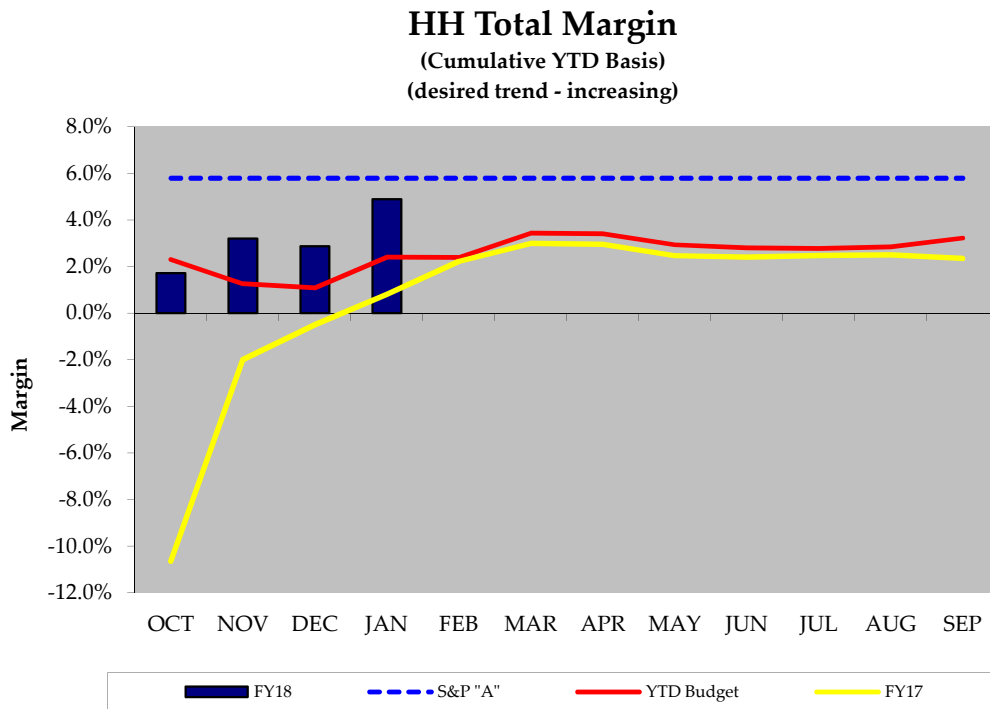
Actual Month Ended January 31, 2018	Static Budget Month Ended January 31, 2018	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2018	Static Budget Four Months Ended January 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
44	114	(70)	Realized investment income/(losses)	825	455	370
829	-	829	Unrealized investment income/(losses)	1,209	-	1,209
108	108	-	Donation revenue	380	431	(51)
-	-	-	Other revenue	-	-	-
981	222	759	Total operating revenues	2,414	886	1,528
			Operating expenses:			
11	10	(1)	Salaries and benefits	41	42	1
-	4	4	Purchased services	3	15	12
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
51	67	16	Other	133	269	136
62	81	19	Total operating expenses	177	326	149
<b>\$919</b>	<b>\$141</b>	<b>\$778</b>	<b>Increase in net position</b>	<b>\$2,237</b>	<b>\$560</b>	<b>\$1,677</b>

**Halifax Health Medical Center (Obligated Group)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

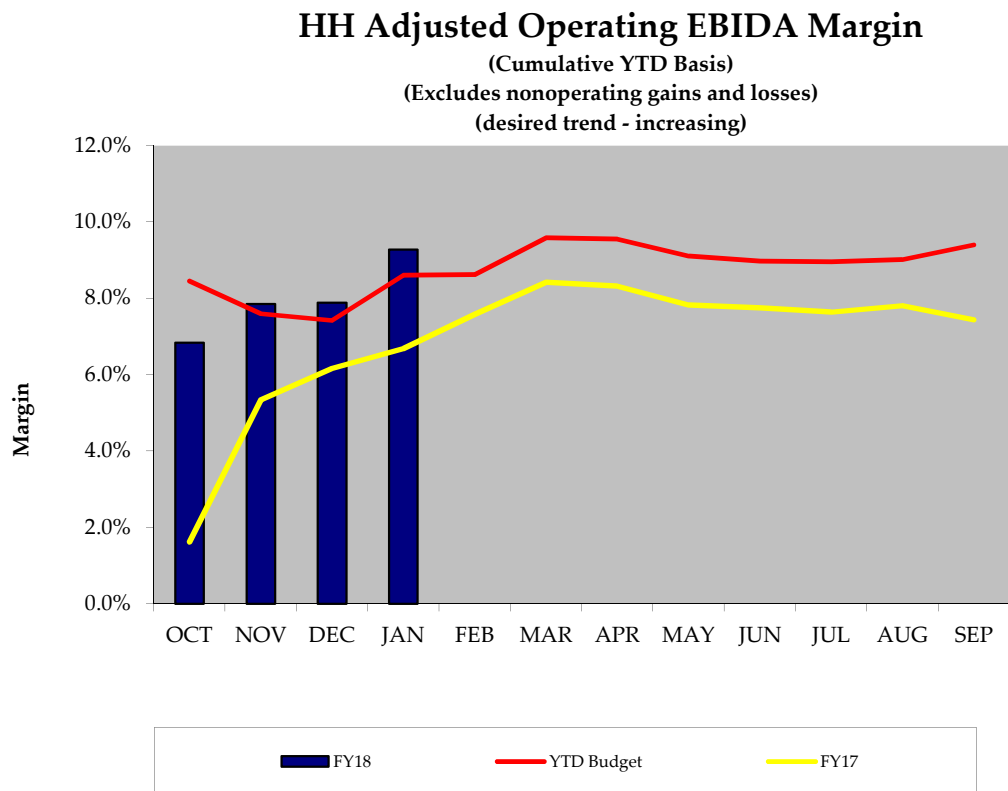
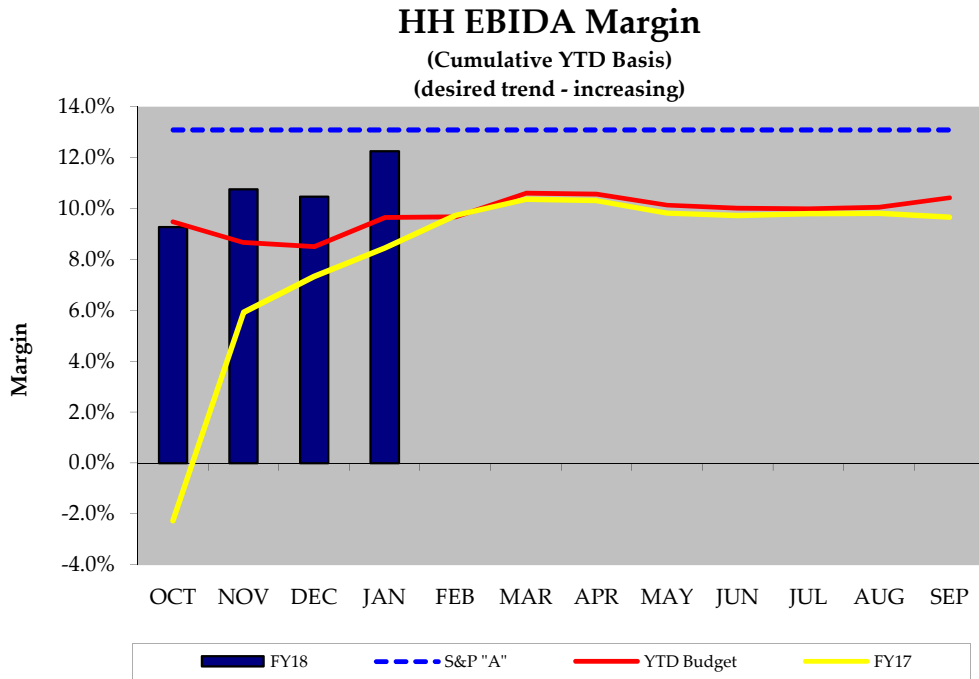
Actual Month Ended January 31, 2018	Static Budget Month Ended January 31, 2018	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2018	Static Budget Four Months Ended January 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$51,387	\$51,696	(\$309)	Net patient service revenue, before provision for bad debts	\$196,269	\$193,233	\$3,036
(7,883)	(8,265)	382	Provision for bad debts	(37,387)	(31,888)	(5,499)
43,504	43,431	73	Net patient service revenue	158,882	161,345	(2,463)
504	504	-	Ad valorem taxes	2,016	2,016	-
1,171	1,396	(225)	Other revenue	6,070	5,602	468
45,179	45,331	(152)	Total operating revenues	166,968	168,963	(1,995)
			Operating expenses:			
21,742	22,964	1,222	Salaries and benefits	83,920	89,083	5,163
5,533	5,300	(233)	Purchased services	22,385	20,478	(1,907)
8,600	8,305	(295)	Supplies	32,130	31,649	(481)
1,983	1,881	(102)	Depreciation and amortization	7,924	7,523	(401)
1,390	1,389	(1)	Interest	5,544	5,556	12
517	523	6	Ad valorem tax related expenses	2,249	2,193	(56)
627	633	6	Leases and rentals	2,492	2,533	41
2,132	2,120	(12)	Other	8,579	8,481	(98)
42,524	43,115	591	Total operating expenses	165,223	167,496	2,273
2,655	2,216	439	Excess of operating revenues over expenses	1,745	1,467	278
			Nonoperating revenues, expenses, and gains/(losses):			
173	180	(7)	Realized investment income/(losses)	965	721	244
(359)	(2)	(357)	Unrealized investment income/(losses)	(731)	(7)	(724)
(3)	-	(3)	Donation revenue	5	-	5
2,870	617	2,253	Income from affiliates	6,189	2,329	3,860
2,674	795	1,879	Total nonoperating revenues, expenses, and gains/(losses)	6,421	3,043	3,378
5,329	3,011	2,318	Increase in net position before other changes in net position	8,166	4,510	3,656
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(19,962)	-	(19,962)
-	-	-	Total other changes in net position	(19,962)	-	(19,962)
\$5,329	\$3,011	\$2,318	Increase (decrease) in net position	(\$11,796)	\$4,510	(\$16,306)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

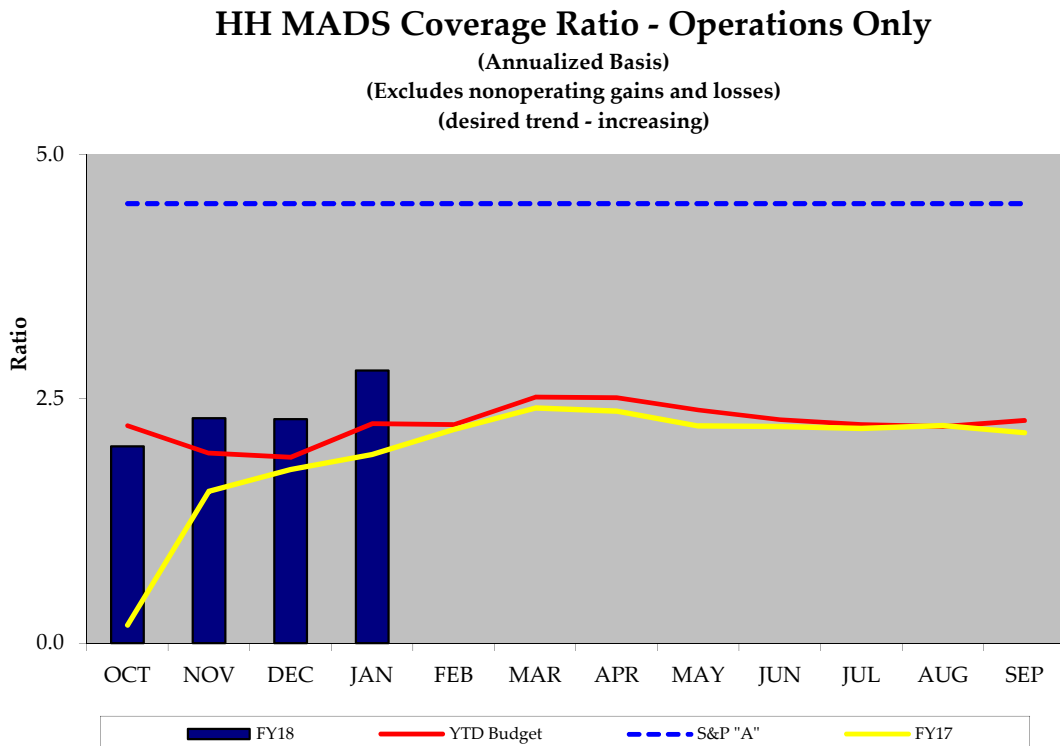
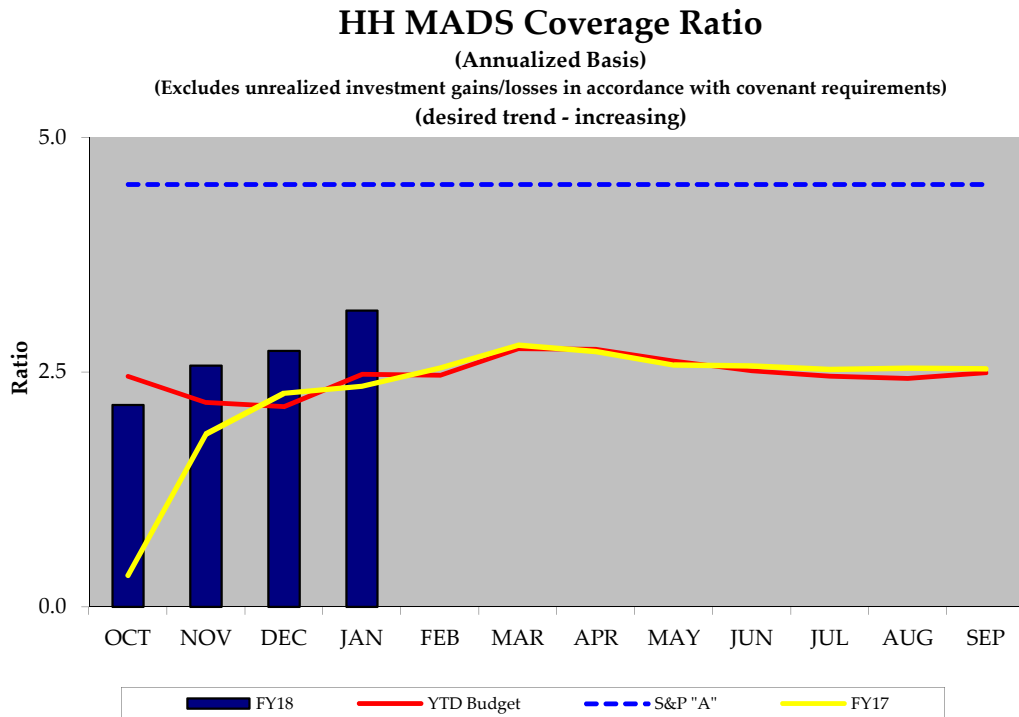
# Halifax Health Financial Summary - Graphic



# Halifax Health Financial Summary - Graphic

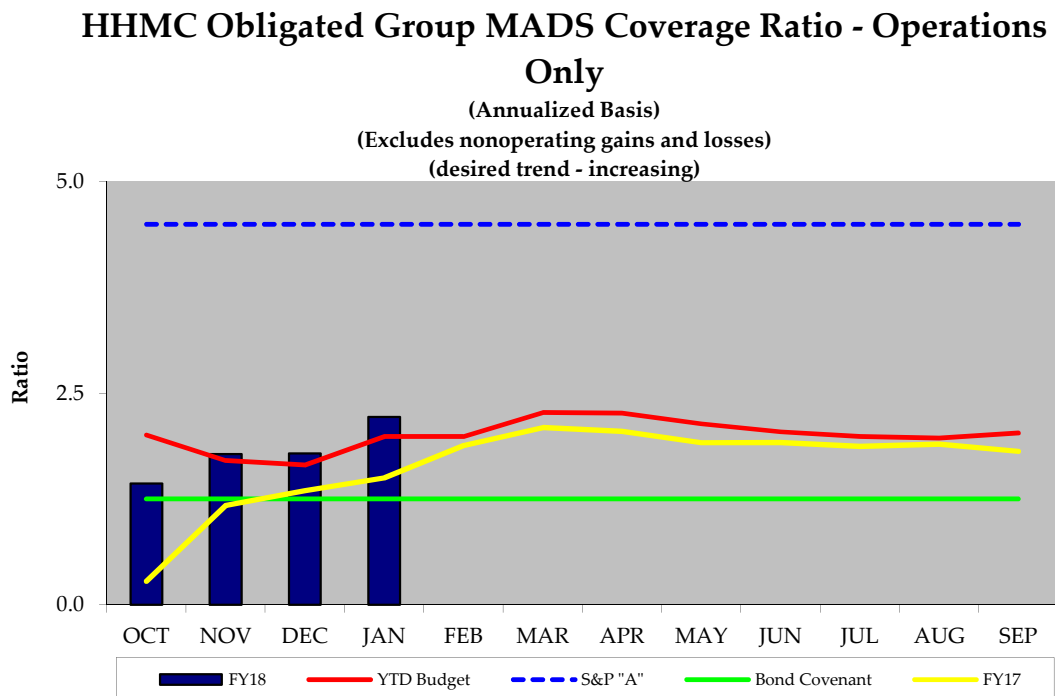
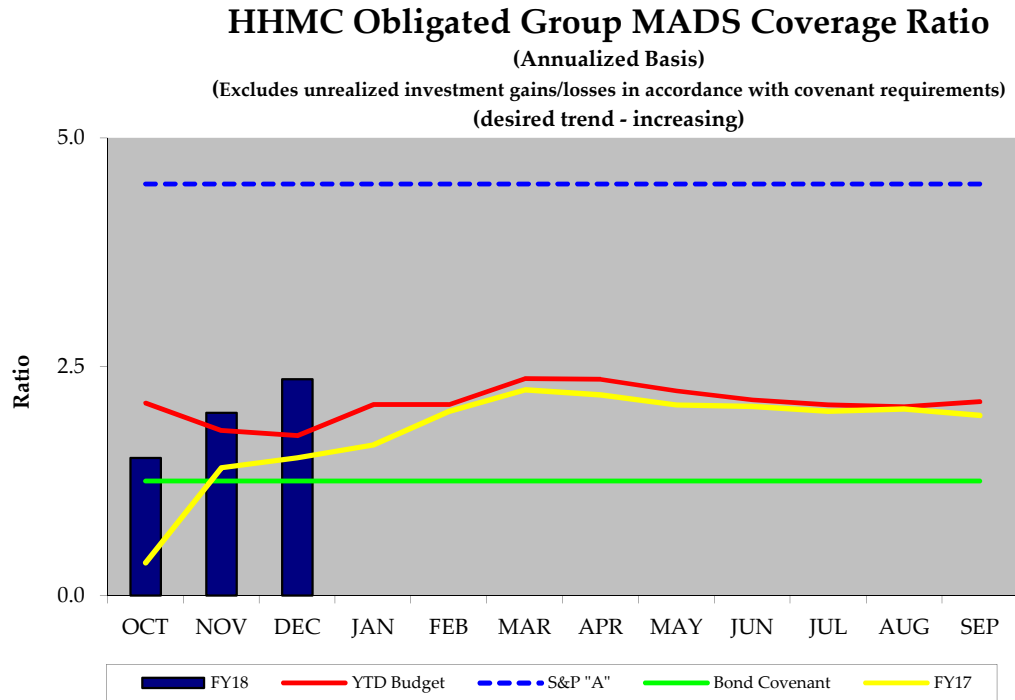


# Halifax Health Financial Summary - Graphic



# Halifax Health

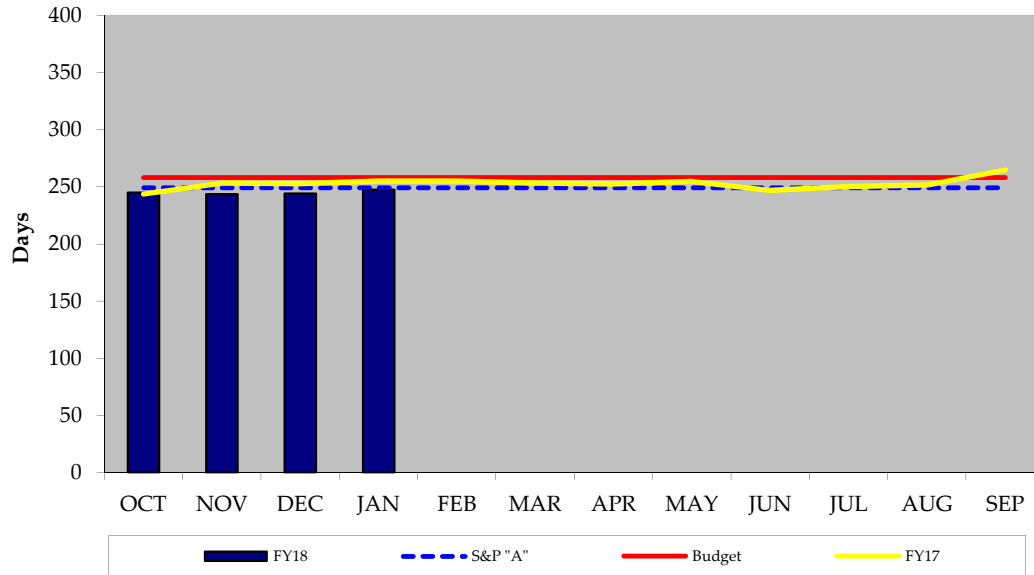
## Financial Summary - Graphic



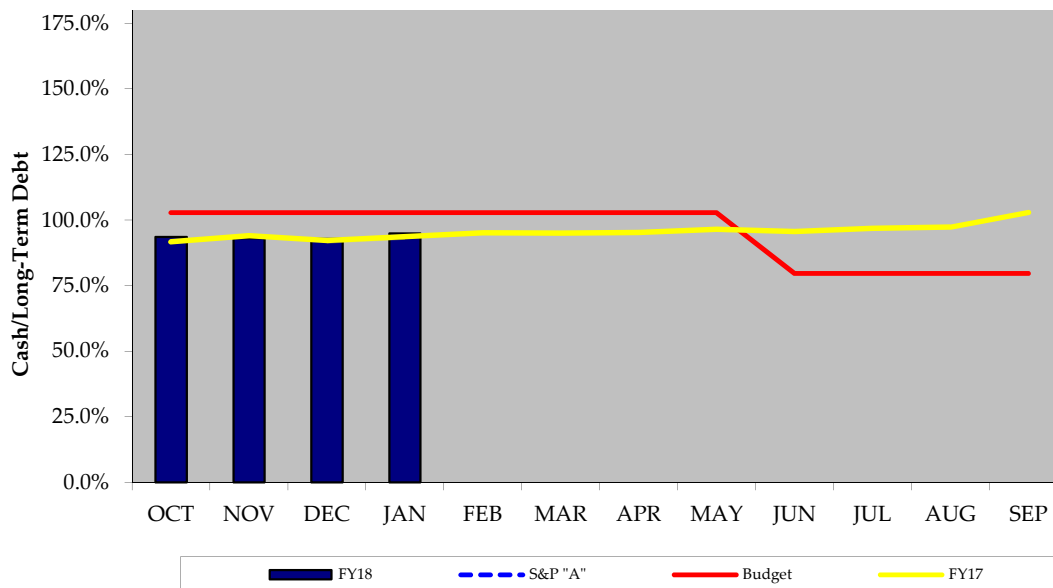


# Halifax Health Financial Summary - Graphic

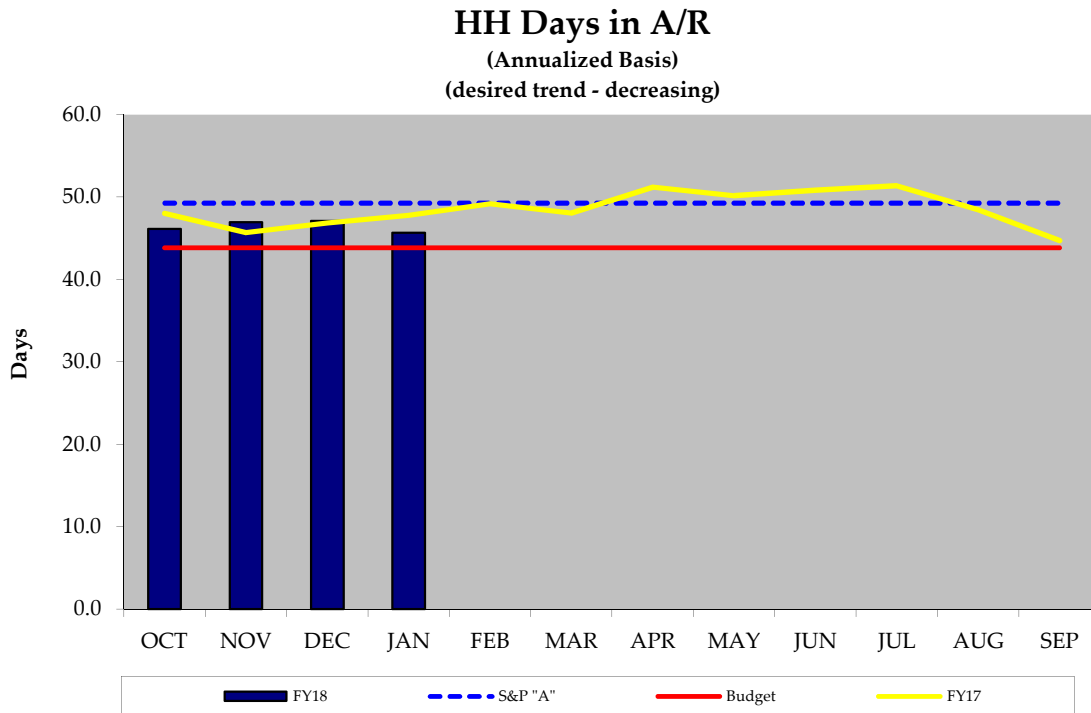
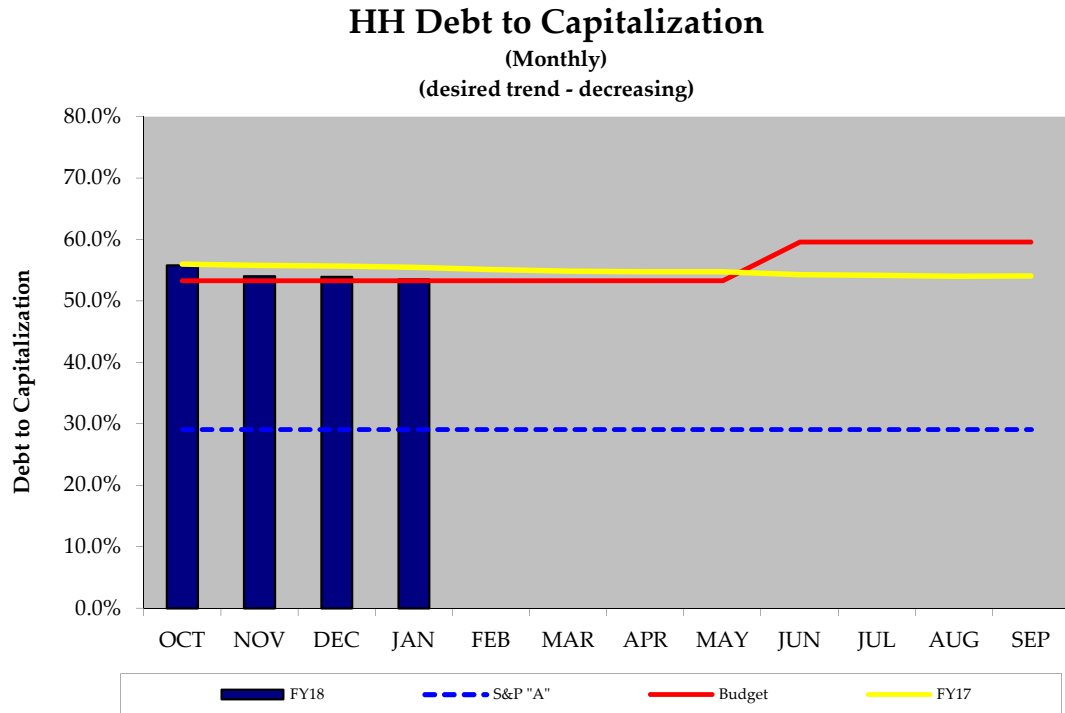
**HH Days Cash on Hand**  
(Annualized Basis)  
(desired trend - increasing)



**HH Cash/Debt**  
(Monthly)  
(desired trend - increasing)

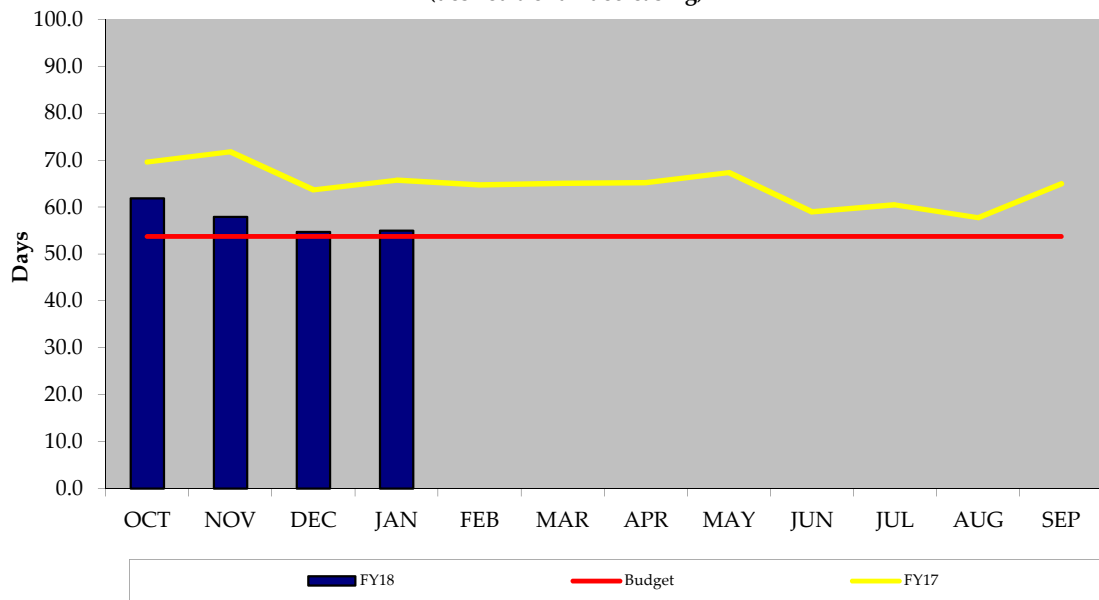


# Halifax Health Financial Summary - Graphic

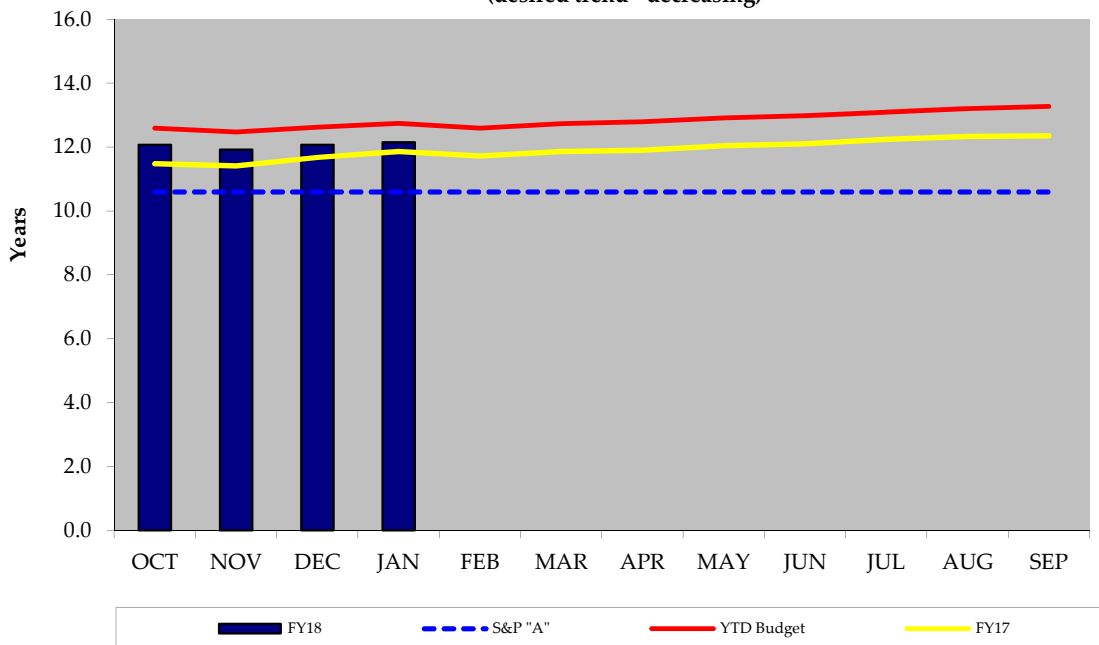


# Halifax Health Financial Summary - Graphic

## HH Average Payment Period (Annualized Basis) (desired trend - decreasing)



## HH Average Age of Plant (Annualized Basis) (desired trend - decreasing)



**Halifax Health**  
**Financial Ratios and Operating Indicators**  
**Definitions and Calculations**

Indicator	Definition	Calculation
Total Margin *	Gauges the relative efficiency with which the System produces its output.	$\frac{\text{Net Income}}{\text{Total Revenues}}$
EBIDA Margin *	Gauges the relative efficiency excluding capital costs with which the System produces its output.	$\frac{\text{Net income} + \text{Int} + \text{Depr} + \text{Amort}}{\text{Total Revenues}}$
MADS Coverage Ratio *	Measures profitability relative to the Maximum Principal and Interest Payment of Debt	$\frac{\text{Net Income} + \text{Depr} + \text{Amort} + \text{Int}}{\text{Maximum Annual Debt Service}}$
Days Cash on Hand	Measures the number of days of average cash expenses that the System maintains in cash and cash equivalents and unrestricted investments.	$\frac{\text{Unrestricted Cash and Investments}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Cash to Long-term Debt	Measures the percentage of unrestricted cash and investments to long-term debt.	$\frac{\text{Unrestricted Cash and Investments}}{\text{Long-term Debt}}$
Long-term Debt to Capitalization	Measures the reliance on long-term debt financing and ability to issue new debt.	$\frac{\text{Long-term Debt}}{\text{Long-term Debt} + \text{Net Position}}$
Days in Accounts Receivable	Measures the average time that receivables are outstanding, or the average collection period.	$\frac{\text{Accounts Receivable}}{\text{Net Patient Service Revenue} / \text{Days in Period}}$
Average Payment Period	Provides a measure of the average time that elapses before current liabilities are paid.	$\frac{\text{Current Liabilities}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Average Age of Plant	Provides a measure of the average age in years of the System's fixed assets.	$\frac{\text{Accumulated Depreciation}}{\text{Depreciation Expense}}$
Operating Margin	Gauges the relative operating efficiency with which the System produces its output.	$\frac{\text{Excess of Operating Revenues}}{\text{Total Operating Revenues} + \text{Bad Debt}}$
* Operations Only Indicators	Excludes realized and unrealized investment income, donations, and nonoperating gains and losses	

**Halifax Health**  
**Summary Financial Narrative**  
**For the three months ended December 31, 2017**

The performance of Halifax Health (HH) compared to budget and long-range targets (S&P "A" rated medians) for key financial indicators is as follows.

Financial Indicator	YTD Actual FY 18	YTD Budget FY 18	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 18 vs. S&P "A"
Total Margin	2.9%	1.1%	Favorable	5.8%	Unfavorable
Operating Margin	0.9%	0.2%	Favorable	3.6%	Unfavorable
EBIDA Margin	10.5%	8.5%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	8.7%	7.7%	Favorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	7.9%	7.4%	Favorable	N/A	N/A
Days Cash on Hand	244	258	Unfavorable	249	Unfavorable
Cash to Debt	92.8%	102.8%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	55.3%	53.3%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage	1.95	1.76	Favorable	4.50	Unfavorable
OG Debt to Capitalization	54.4%	52.9%	Unfavorable	29.1%	Unfavorable

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

**Halifax Health Medical Center**

*Statistical Summary--*

- Admissions for the month and fiscal year-to-date are greater than budget and last year.
- Patient days for the month are less than budget and last year; and for the fiscal year-to-date are greater than budget and less than last year.
  - Observation patient days for the month are less than budget and last year; and for the fiscal year-to-date are greater than budget and less than last year.
- Surgery volumes for the month are less than budget and last year; and for the fiscal year-to-date are greater than budget and last year.
- Emergency Room visits for the month and fiscal year-to-date are greater than budget and last year.

*Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 2.1% less than budget.
- Total operating expenses for the fiscal year-to-date are 1.4% less than budget.
- Loss from operations for the fiscal year-to-date of 907,000 compares unfavorably to budget by \$157,000.
- Nonoperating gains/losses for the fiscal year-to-date of \$428,000, primarily consisting of net investment income, compares unfavorably to the budgeted amount by \$108,000.
- The decrease in net position for the fiscal year-to-date of \$479,000 compares unfavorably to budget by \$265,000.

**Halifax Health Hospice**

*Statistical Summary --*

- Patient days for the month and fiscal year-to-date are greater than budget and last year.

*Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 3.0% greater than budget.
- Income from operations for the fiscal year-to-date of \$326,000 compares favorably to budget by \$276,000.
- Nonoperating gains/losses for the fiscal year-to-date of \$2.3 million, primarily consisting of net investment income, compares favorably to the budgeted amount by \$1.6 million.
- The increase in net position for the fiscal year-to-date of \$2.6 million compares favorably to budget by \$1.8 million.

**Other Component Units** - The financial performance is consistent with budgeted expectations.

## Halifax Health Statistical Summary

Month Ended December 31,					Three Months Ended December 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>		<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
				<b><u>Inpatient Activity</u></b>				
1,556	1,583	1,567	1.0%	HHMC Adult/Ped Admissions	4,634	4,738	4,665	1.6%
129	147	152	-3.3%	HHMCPO Adult/Ped Admissions	406	474	452	4.9%
164	178	156	14.1%	Adult Psych Admissions	463	541	464	16.6%
61	64	59	8.5%	Rehabilitative Admissions	186	191	170	12.4%
<b>1,910</b>	<b>1,972</b>	<b>1,934</b>	<b>2.0%</b>	<b>Total Adult/Ped Admissions</b>	<b>5,689</b>	<b>5,944</b>	<b>5,751</b>	<b>3.4%</b>
8,342	7,741	7,552	2.5%	HHMC Adult/Ped Patient Days	25,455	23,237	22,477	3.4%
781	513	648	-20.8%	HHMCPO Adult/Ped Patient Days	2,351	1,972	1,930	2.2%
1,477	1,351	1,543	-12.4%	Adult Psych Patient Days	4,425	3,918	4,593	-14.7%
865	886	858	3.3%	Rehabilitative Patient Days	2,528	2,712	2,505	8.3%
<b>11,465</b>	<b>10,491</b>	<b>10,601</b>	<b>-1.0%</b>	<b>Total Adult/Ped Patient Days</b>	<b>34,759</b>	<b>31,839</b>	<b>31,505</b>	<b>1.1%</b>
5.4	4.9	4.8	1.5%	HHMC Average Length of Stay	5.5	4.9	4.8	1.8%
6.1	3.5	4.3	-18.1%	HHMCPO Average Length of Stay	5.8	4.2	4.3	-2.6%
<b>5.4</b>	<b>4.8</b>	<b>4.8</b>	<b>0.0%</b>	<b>HHMC/ HHMCPO Average Length of Stay</b>	<b>5.5</b>	<b>4.8</b>	<b>4.8</b>	<b>1.4%</b>
9.0	7.6	9.9	-23.3%	Adult Psych Average Length of Stay	9.6	7.2	9.9	-26.8%
14.2	13.8	14.5	-4.8%	Rehabilitative Length of Stay	13.6	14.2	14.7	-3.6%
<b>6.0</b>	<b>5.3</b>	<b>5.5</b>	<b>-2.9%</b>	<b>Total Average Length of Stay</b>	<b>6.1</b>	<b>5.4</b>	<b>5.5</b>	<b>-2.2%</b>
<b>370</b>	<b>338</b>	<b>342</b>	<b>-1.0%</b>	<b>Total Average Daily Census</b>	<b>378</b>	<b>346</b>	<b>342</b>	<b>1.1%</b>
995	806	769	4.8%	HHMC Observation Patient Day Equivalents	2,655	2,454	2,272	8.0%
153	120	181	-33.7%	HHMCPO Observation Patient Day Equivalents	448	472	520	-9.2%
<b>1,148</b>	<b>926</b>	<b>950</b>	<b>-2.5%</b>	<b>Total Observation Patient Day Equivalents</b>	<b>3,103</b>	<b>2,926</b>	<b>2,792</b>	<b>4.8%</b>
<b>37</b>	<b>30</b>	<b>31</b>	<b>-3.2%</b>	<b>Observation Average Daily Census</b>	<b>34</b>	<b>32</b>	<b>30</b>	<b>6.7%</b>
170	147	182	-19.2%	HHMC Newborn Births	449	429	480	-10.6%
321	260	348	-25.3%	HHMC Nursery Patient Days	832	758	902	-16.0%
460	498	452	10.2%	HHMC Inpatient Surgeries	1,346	1,456	1,354	7.5%
2	7	3	133.3%	HHMCPO Inpatient Surgeries	9	27	9	200.0%
<b>462</b>	<b>505</b>	<b>455</b>	<b>11.0%</b>	<b>Total Inpatient Surgeries</b>	<b>1,355</b>	<b>1,483</b>	<b>1,363</b>	<b>8.8%</b>
				<b><u>Inpatient Surgeries</u></b>				
159	175			Orthopedics	522	502		
86	66			General Surgery	220	205		
46	30			Neurosurgery	127	97		
12	30			Thoracic Surgery	67	97		
27	36			Vascular	72	86		
132	168			All Other	347	496		
<b>462</b>	<b>505</b>	<b>455</b>	<b>11.0%</b>	<b>Total Inpatient Surgeries</b>	<b>1,355</b>	<b>1,483</b>	<b>1,363</b>	<b>8.8%</b>

# Halifax Health Statistical Summary

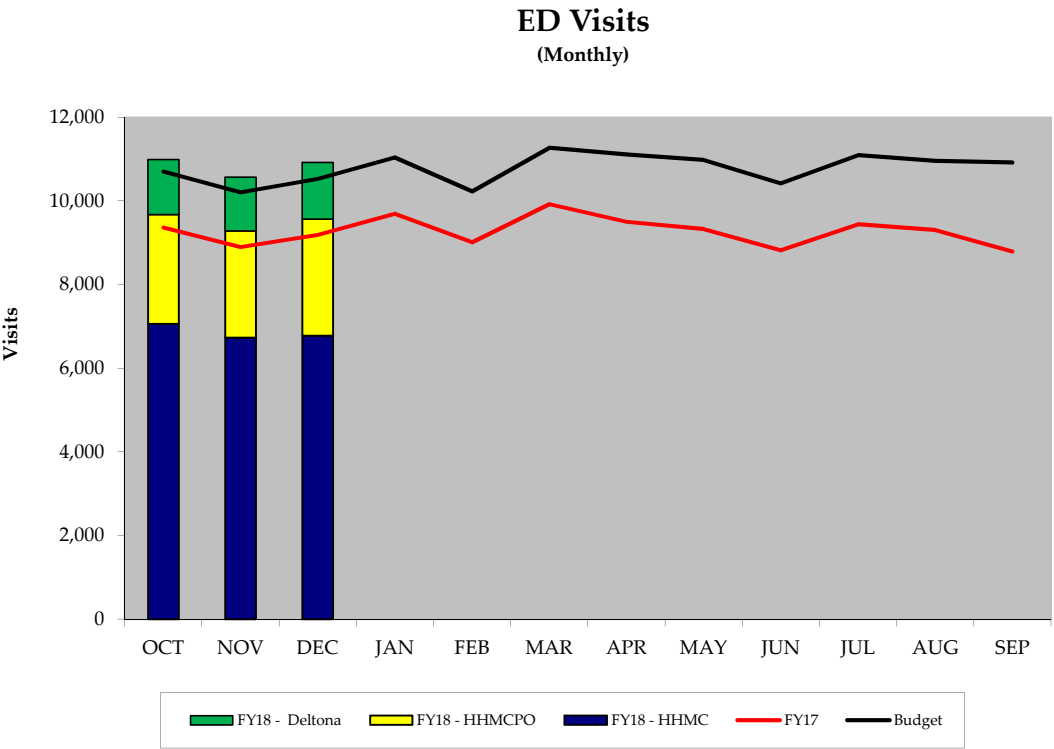
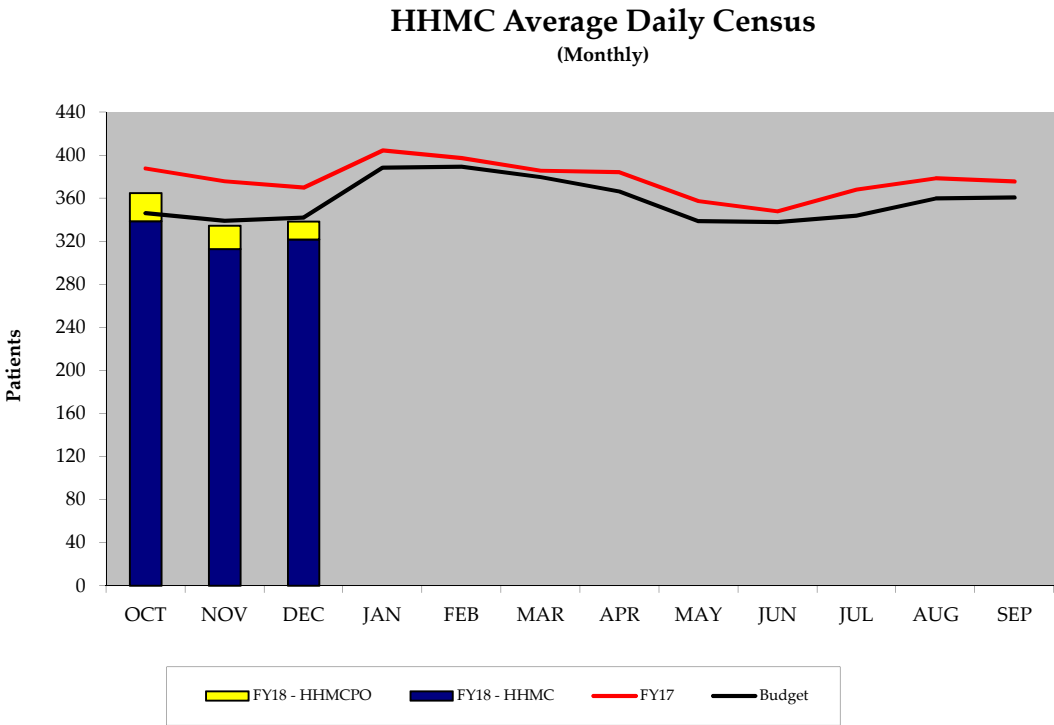
Month Ended December 31,					Three Months Ended December 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>		<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
				<u>Outpatient Activity</u>				
6,606	6,778	6,669	1.6%	HHMC ED Registrations	19,954	20,573	20,146	2.1%
2,584	2,793	2,592	7.8%	HHMCPO ED Registrations	7,501	7,963	7,524	5.8%
0	1,350	1,271	6.2%	Deltona ED Registrations	0	3,944	3,772	4.6%
<b>9,190</b>	<b>10,921</b>	<b>10,532</b>	<b>3.7%</b>	<b>Total ED</b>	<b>27,455</b>	<b>32,480</b>	<b>31,442</b>	<b>3.3%</b>
444	344	394	-12.7%	HHMC Outpatient Surgeries	1,232	1,091	1,168	-6.6%
55	0	0	0.0%	HPC Outpatient Surgeries	179	1	0	0.0%
0	125	110	13.6%	HHMCPO Outpatient Surgeries	0	371	327	13.5%
329	275	298	-7.7%	Twin Lakes Surgeries	1,051	1,002	940	6.6%
<b>828</b>	<b>744</b>	<b>802</b>	<b>-7.2%</b>	<b>Total Outpatient Surgeries</b>	<b>2,462</b>	<b>2,465</b>	<b>2,435</b>	<b>1.2%</b>
				<u>Outpatient Surgeries</u>				
184	167			General Surgery	556	487		
184	123			Orthopedics	475	408		
44	65			Gastroenterology	231	314		
75	69			Obstetrics Gynecology	227	217		
59	69			Ophthalmology	166	215		
282	251			All Other	807	824		
<b>828</b>	<b>744</b>	<b>802</b>	<b>-7.2%</b>	<b>Total Outpatient Surgeries</b>	<b>2,462</b>	<b>2,465</b>	<b>2,435</b>	<b>1.2%</b>
				<u>Cardiology Procedures</u>				
9	16			Open Heart Cases	45	61		
115	145			Cardiac Caths	366	490		
36	36			CRM Devices	104	92		
45	39			EP Studies	130	126		
<b>205</b>	<b>236</b>	<b>204</b>	<b>15.7%</b>	<b>Total Cardiology Procedures</b>	<b>645</b>	<b>769</b>	<b>673</b>	<b>14.3%</b>
				<u>Interventional Radiology Procedures</u>				
5	5	6	-16.7%	Vascular	17	23	20	15.0%
164	163	169	-3.6%	Nonvascular	454	456	467	-2.4%
<b>169</b>	<b>168</b>	<b>175</b>	<b>-4.0%</b>	<b>Total Interventional Radiology Procedures</b>	<b>471</b>	<b>479</b>	<b>487</b>	<b>-1.6%</b>
<b>219</b>	<b>214</b>	<b>178</b>	<b>20.2%</b>	<b>GI Procedures</b>	<b>590</b>	<b>658</b>	<b>539</b>	<b>22.1%</b>
				<u>HH Hospice Activity</u>				
				<u>Patient Days</u>				
15,562	16,784	15,501	8.3%	Volusia/ Flagler	45,408	49,433	46,004	7.5%
998.0	1,406	1,353	3.9%	Orange/ Osceola	2,609.0	4,332	3,847	12.6%
<b>16,560</b>	<b>18,190</b>	<b>16,854</b>	<b>7.9%</b>	<b>HH Hospice Patient Days</b>	<b>48,017</b>	<b>53,765</b>	<b>49,851</b>	<b>7.9%</b>
				<u>Average Daily Census</u>				
502	541	500	8.3%	Volusia/ Flagler	494	537	500	7.5%
32	45	44	3.9%	Orange/ Osceola	28	47	42	12.6%
<b>534</b>	<b>586</b>	<b>544</b>	<b>7.9%</b>	<b>HH Hospice Average Daily Census</b>	<b>522</b>	<b>584</b>	<b>542</b>	<b>7.9%</b>

# Halifax Health Statistical Summary

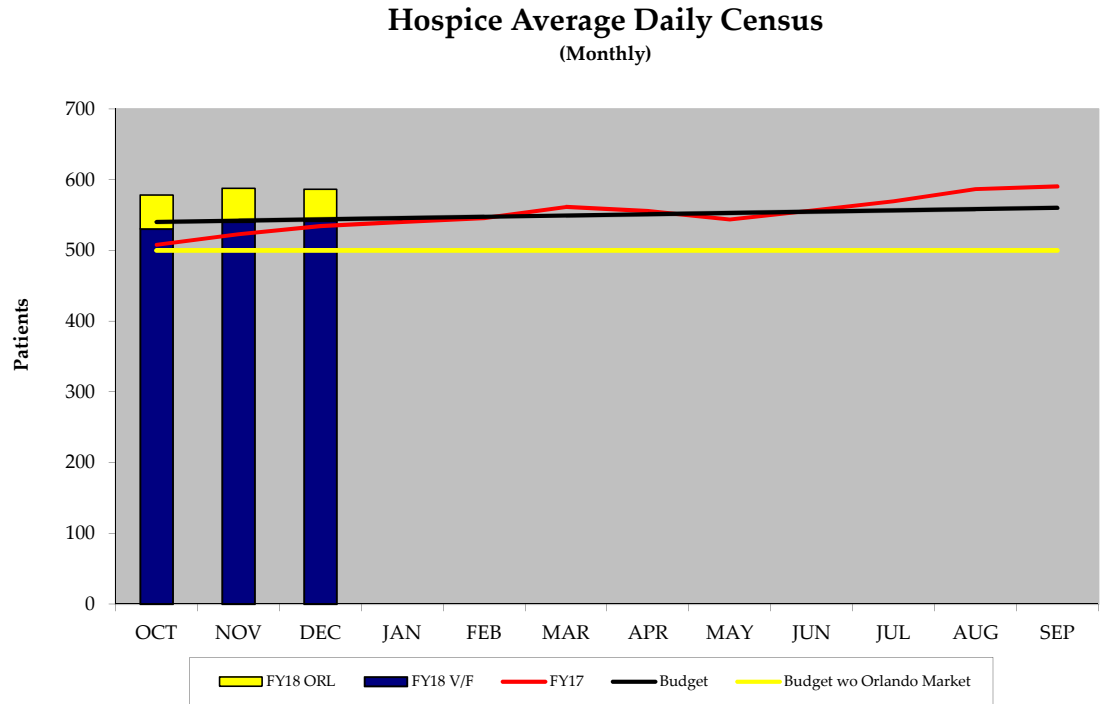
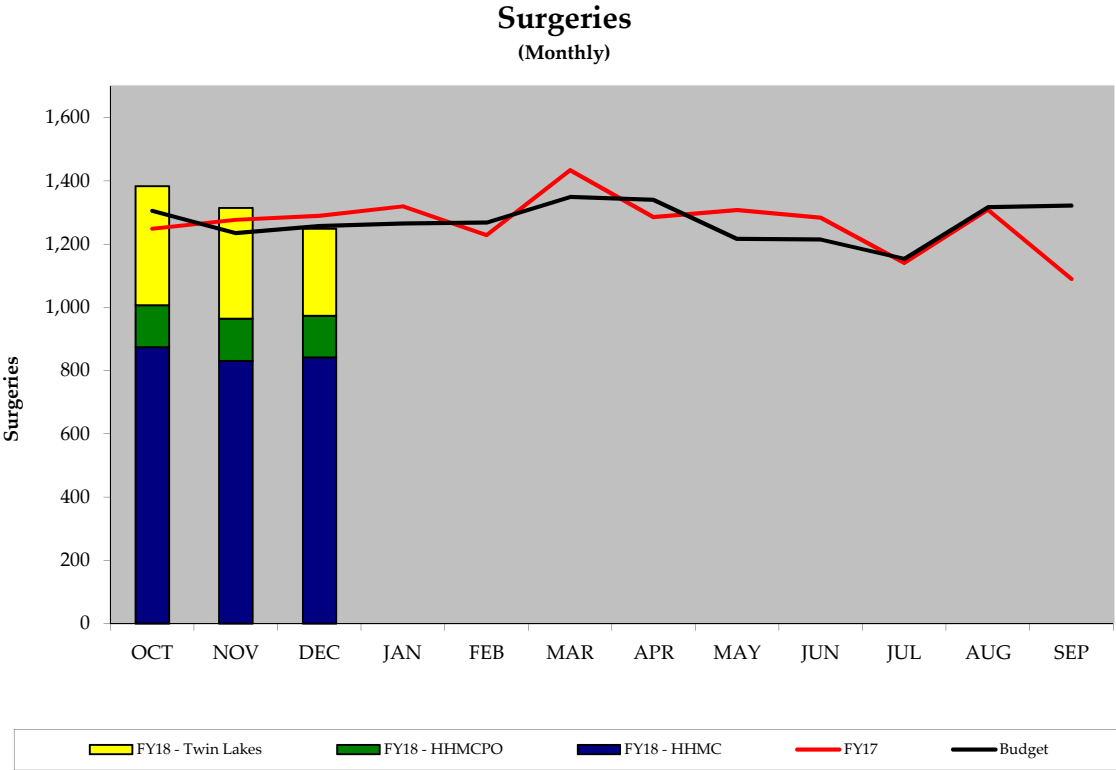
Month Ended December 31,				Three Months Ended December 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>	<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Physician Practice Activity</u></b>							
<b><u>Primary Care Visits</u></b>							
280	441	245	80.0%	Ormond Beach	834	1,191	797 49.4%
1,020	1,015	1,052	-3.5%	Daytona Beach	3,060	3,302	3,156 4.6%
696	564	642	-12.1%	Port Orange	2,030	2,531	1,876 34.9%
264	264	545	-51.6%	Deltona	904	906	1,865 -51.4%
-	828	800	3.5%	New Smyrna	-	2,616	2,400 9.0%
462	615	476	29.2%	Ormond Beach (Women's/OB)	1,374	1,863	1,413 31.8%
-	377	876	-57.0%	Ormond Beach - Urgent Care	-	987	2,600 -62.0%
<b>2,722</b>	<b>4,104</b>	<b>4,636</b>	<b>-11.5%</b>	<b>Primary Care Visits</b>	<b>8,202</b>	<b>13,396</b>	<b>14,107 -5.0%</b>
<b><u>Children's Medical Center Visits</u></b>							
895	588	892	-34.1%	Ormond Beach	2,683	1,783	2,695 -33.8%
-	361	302	19.5%	Palm Coast	293	963	999 -3.6%
488	464	682	-32.0%	Port Orange	1,441	1,455	2,014 -27.8%
<b>1,383</b>	<b>1,413</b>	<b>1,876</b>	<b>-24.7%</b>	<b>Children's Medical Center Visits</b>	<b>4,417</b>	<b>4,201</b>	<b>5,708 -26.4%</b>
<b><u>Community Clinic Visits</u></b>							
390	311	400	-22.3%	Keech Street	1,114	1,015	1,143 -11.2%
269	-	-	0.0%	Adult Community Clinic	697	92	75 22.7%
<b>659</b>	<b>311</b>	<b>400</b>	<b>-22.3%</b>	<b>Community Clinic Visits</b>	<b>1,811</b>	<b>1,107</b>	<b>1,218 -9.1%</b>



Halifax Health  
Statistical Summary - Graphic



# Halifax Health Statistical Summary - Graphic



# Halifax Health

## Condensed Statement of Net Position

(\$ in thousands)

	December 31,		
	2017	2016	Change
<b><u>Assets</u></b>			
Cash and cash equivalents	\$21,822	\$31,313	(\$9,491)
Investments	272,163	268,572	3,591
Board designated assets	45,155	44,702	453
Accounts receivable	64,643	61,632	3,011
Restricted assets whose use is limited	6,413	19,149	(12,736)
Other assets	50,081	44,225	5,856
Deferred outflow - swap	30,297	30,728	(431)
Deferred outflow - loss on bond refunding	16,224	17,148	(924)
Deferred outflow - pension	25,403	28,052	(2,649)
Property, plant and equipment	353,948	353,696	252
Total Assets	<u>\$886,149</u>	<u>\$899,217</u>	<u>(\$13,068)</u>
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$31,299	\$30,251	\$1,048
Other liabilities	94,998	81,428	13,570
Net pension liability	68,592	101,203	(32,611)
Long-term debt	346,264	353,808	(7,544)
Premium on LTD, net	19,094	19,764	(670)
Long-term value of swap	30,297	30,728	(431)
Net position	295,605	282,035	13,570
Total Liabilities and Net position	<u>\$886,149</u>	<u>\$899,217</u>	<u>(\$13,068)</u>

**Halifax Health**  
**Statement of Cash Flows**  
(\$ in thousands)

Month ended December 31, 2017	Month ended December 31, 2016	Variance		Three Months ended December 31, 2017	Three Months ended December 31, 2016	Variance
			<b>Cash flows from operating activities:</b>			
\$42,307	\$38,949	\$3,358	Receipts from third party payors and patients	\$123,993	\$120,023	\$3,970
(22,445)	(29,855)	7,410	Payments to employees	(92,775)	(95,028)	2,253
(15,358)	(16,016)	658	Payments to suppliers	(57,132)	(47,692)	(9,440)
144	6,376	(6,232)	Receipt of ad valorem taxes	306	8,785	(8,479)
6,822	3,583	3,239	Other receipts	9,257	8,953	304
(3,768)	(3,158)	(610)	Other payments	(11,144)	(10,260)	(884)
7,702	(121)	7,823	Net cash provided by (used in) operating activities	(27,495)	(15,219)	(12,276)
			<b>Cash flows from noncapital financing activities:</b>			
170	13	157	Proceeds from donations received	236	150	86
-	2	(2)	Nonoperating gain (loss)	-	2	(2)
170	15	155	Net cash provided by noncapital financing activities	236	152	84
			<b>Cash flows from capital and related financing activities:</b>			
(2,285)	(307)	(1,978)	Acquisition of capital assets	(5,634)	(3,347)	(2,287)
(201)	(195)	(6)	Payment of long-term debt	(602)	(585)	(17)
(6,622)	(6,692)	70	Payment of interest on long-term debt	(7,299)	(7,430)	131
(9,108)	(7,194)	(1,914)	Net cash used in capital financing activities	(13,535)	(11,362)	(2,173)
			<b>Cash flows from investing activities:</b>			
1,141	1,550	(409)	Realized investment income (loss)	1,991	2,405	(414)
(1,848)	(4,790)	2,942	Purchases of investments/limited use assets	(2,818)	(5,770)	2,952
-	2,506	(2,506)	Sales/Maturities of investments/limited use assets	20	2,534	(2,514)
(707)	(734)	27	Net cash provided by (used in) investing activities	(807)	(831)	24
(1,943)	(8,034)	6,091	<b>Net decrease in cash and cash equivalents</b>	(41,601)	(27,260)	(14,341)
23,765	39,347	(15,582)	<b>Cash and cash equivalents at beginning of period</b>	63,423	58,573	4,850
<u>\$21,822</u>	<u>\$31,313</u>	<u>(\$9,491)</u>	<b>Cash and cash equivalents at end of period</b>	<u>\$21,822</u>	<u>\$31,313</u>	<u>(\$9,491)</u>

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended December 31, 2017	Actual Month Ended December 31, 2016	Favorable (Unfavorable) Variance		Actual Three Months December 31, 2017	Actual Three Months December 31, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
\$49,454	\$52,162	(\$2,708)	Net patient service revenue, before provision for bad debts	\$156,034	\$148,191	\$7,843
(7,163)	(12,180)	5,017	Provision for bad debts	(29,858)	(27,186)	(2,672)
42,291	39,982	2,309	Net patient service revenue	126,176	121,005	5,171
504	938	(434)	Ad valorem taxes	1,512	2,813	(1,301)
2,433	2,316	117	Other revenue	7,937	6,674	1,263
45,228	43,236	1,992	Total operating revenues	135,625	130,492	5,133
			Operating expenses:			
22,788	21,967	(821)	Salaries and benefits	68,199	69,154	955
6,983	6,147	(836)	Purchased services	20,368	17,990	(2,378)
7,850	8,069	219	Supplies	24,125	23,781	(344)
2,113	1,955	(158)	Depreciation and amortization	6,332	5,994	(338)
1,401	1,405	4	Interest	4,170	4,259	89
563	614	51	Ad valorem tax related expenses	1,732	1,841	109
791	719	(72)	Leases and rentals	2,402	2,143	(259)
2,362	1,920	(442)	Other	7,029	6,467	(562)
44,851	42,796	(2,055)	Total operating expenses	134,357	131,629	(2,728)
377	440	(63)	Excess (deficiency) of operating revenues over expenses	1,268	(1,137)	2,405
			Nonoperating revenues, expenses, and gains/(losses):			
1,141	1,550	(409)	Realized investment income/(losses)	1,992	2,406	(414)
(677)	(916)	239	Unrealized investment income/(losses)	482	(2,066)	2,548
170	13	157	Donation revenue	235	151	84
634	650	(16)	Total nonoperating revenues, expenses, and gains/(losses)	2,709	494	2,215
1,011	1,090	(79)	Increase (decrease) in net position before other changes in net position	3,977	(643)	4,620
			Other changes in net position:			
		-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(21,099)	-	(21,099)
-	-	-	Total other changes in net position	(21,099)	-	(21,099)
\$1,011	\$1,090	(\$79)	Increase (decrease) in net position	(\$17,122)	(\$643)	(\$16,479)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended December 31, 2017	Static Budget Month Ended December 31, 2017	Favorable (Unfavorable) Variance		Actual Three Months Ended December 31, 2017	Static Budget Three Months Ended December 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$49,454	\$50,794	(\$1,340)	Net patient service revenue, before provision for bad debts	\$156,034	\$152,281	\$3,753
(7,163)	(8,009)	846	Provision for bad debts	(29,858)	(23,885)	(5,973)
42,291	42,785	(494)	Net patient service revenue	126,176	128,396	(2,220)
504	504	-	Ad valorem taxes	1,512	1,512	-
2,433	2,165	268	Other revenue	7,937	6,522	1,415
45,228	45,454	(226)	Total operating revenues	135,625	136,430	(805)
			Operating expenses:			
22,788	24,101	1,313	Salaries and benefits	68,199	72,398	4,199
6,983	6,198	(785)	Purchased services	20,368	18,443	(1,925)
7,850	8,130	280	Supplies	24,125	24,014	(111)
2,113	2,007	(106)	Depreciation and amortization	6,332	6,020	(312)
1,401	1,394	(7)	Interest	4,170	4,183	13
563	547	(16)	Ad valorem tax related expenses	1,732	1,670	(62)
791	806	15	Leases and rentals	2,402	2,414	12
2,362	2,352	(10)	Other	7,029	7,053	24
44,851	45,535	684	Total operating expenses	134,357	136,195	1,838
377	(81)	458	Excess (deficiency) of operating revenues over expenses	1,268	235	1,033
			Nonoperating revenues, expenses, and gains/(losses):			
1,141	365	776	Realized investment income/(losses)	1,992	1,097	895
(677)	(2)	(675)	Unrealized investment income/(losses)	482	(5)	487
170	58	112	Donation revenue	235	173	62
634	421	213	Total nonoperating revenues, expenses, and gains/(losses)	2,709	1,265	1,444
1,011	340	671	Increase in net position before other changes in net position	3,977	1,500	2,477
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(21,099)	-	(21,099)
-	-	-	Total other changes in net position	(21,099)	-	(21,099)
\$1,011	\$340	\$671	Increase (decrease) in net position	(\$17,122)	\$1,500	(\$18,622)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Halifax Health Medical Center**  
**Statements of Revenues, Expenses and Changes in Net Position**  
(\$ in thousands)

Actual Month Ended December 31, 2017	Static Budget Month Ended December 31, 2017	Favorable (Unfavorable) Variance		Actual Three Months Ended December 31, 2017	Static Budget Three Months Ended December 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$45,551	\$47,157	(\$1,606)	Net patient service revenue, before provision for bad debts	\$144,883	\$141,536	\$3,347
(7,003)	(7,922)	919	Provision for bad debts	(29,504)	(23,624)	(5,880)
38,548	39,235	(687)	Net patient service revenue	115,379	117,912	(2,533)
504	504	-	Ad valorem taxes	1,512	1,512	-
1,531	1,392	139	Other revenue	4,899	4,206	693
40,583	41,131	(548)	Total operating revenues	121,790	123,630	(1,840)
			Operating expenses:			
20,787	22,009	1,222	Salaries and benefits	62,178	66,119	3,941
5,717	5,097	(620)	Purchased services	16,852	15,178	(1,674)
7,643	7,904	261	Supplies	23,530	23,344	(186)
1,982	1,881	(101)	Depreciation and amortization	5,940	5,642	(298)
1,396	1,389	(7)	Interest	4,154	4,167	13
563	547	(16)	Ad valorem tax related expenses	1,732	1,670	(62)
610	633	23	Leases and rentals	1,864	1,900	36
2,171	2,120	(51)	Other	6,447	6,360	(87)
40,869	41,580	711	Total operating expenses	122,697	124,380	1,683
(286)	(449)	163	Deficiency of operating revenues over expenses	(907)	(750)	(157)
			Nonoperating revenues, expenses, and gains/(losses):			
53	180	(127)	Realized investment income/(losses)	792	541	251
(118)	(2)	(116)	Unrealized investment income/(losses)	(372)	(5)	(367)
9	-	9	Donation revenue	8	-	8
(56)	178	(234)	Total nonoperating revenues, expenses, and gains/(losses)	428	536	(108)
(342)	(271)	(71)	Decrease in net position before other changes in net position	(479)	(214)	(265)
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(19,962)	-	(19,962)
-	-	-	Total other changes in net position	(19,962)	-	(19,962)
(\$342)	(\$271)	(\$71)	Decrease in net position	(\$20,441)	(\$214)	(\$20,227)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Halifax Health Medical Center**  
**Net Patient Service Revenue**  
**(\$ in thousands)**

Actual Month Ended December 31, 2016		Actual Month Ended December 31, 2017		Static Budget Month Ended December 31, 2017			Actual Three Months Ended December 31, 2016		Actual Three Months Ended December 31, 2017		Static Budget Three Months Ended December 31, 2017	
\$146,311	100.00%	\$155,134	100.00%	\$159,829	100.00%	Gross charges	\$439,597	100.00%	\$480,915	100.00%	\$477,242	100.00%
(5,221)	-3.57%	(9,557)	-6.16%	(8,429)	-5.27%	Charity	(24,894)	-5.66%	(28,028)	-5.83%	(25,107)	-5.26%
(92,371)	-63.13%	(100,026)	-64.48%	(104,243)	-65.22%	Contractual adjustments	(276,319)	-62.86%	(308,004)	-64.05%	(310,599)	-65.08%
48,719	33.30%	45,551	29.36%	47,157	29.50%	Gross charges, before provision for bad debts	138,384	31.48%	144,883	30.13%	141,536	29.66%
(12,073)	-8.25%	(7,003)	-4.51%	(7,922)	-4.96%	Provision for bad debts	(26,925)	-6.12%	(29,504)	-6.13%	(23,624)	-4.95%
<b>\$36,646</b>	<b>25.05%</b>	<b>\$38,548</b>	<b>24.85%</b>	<b>\$39,235</b>	<b>24.55%</b>	<b>Net patient service revenue</b>	<b>\$111,459</b>	<b>25.35%</b>	<b>\$115,379</b>	<b>23.99%</b>	<b>\$117,912</b>	<b>24.71%</b>



**Halifax Health Hospice**  
**Statements of Revenues, Expenses and Changes in Net Position**  
(\$ in thousands)

Actual Month Ended December 31, 2017	Static Budget Month Ended December 31, 2017	Favorable (Unfavorable) Variance		Actual Three Months Ended December 31, 2017	Static Budget Three Months Ended December 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,903	\$3,637	\$266	Net patient service revenue, before provision for bad debts	\$11,151	\$10,745	\$406
(160)	(87)	(73)	Provision for bad debts	(354)	(261)	(93)
3,743	3,550	193	Net patient service revenue	10,797	10,484	313
179	199	(20)	Other revenue	555	597	(42)
3,922	3,749	173	Total operating revenues	11,352	11,081	271
			Operating expenses:			
1,935	2,022	87	Salaries and benefits	5,816	6,069	253
1,229	1,058	(171)	Purchased services	3,402	3,138	(264)
207	225	18	Supplies	595	667	72
64	59	(5)	Depreciation and amortization	192	178	(14)
176	168	(8)	Leases and rentals	523	499	(24)
176	161	(15)	Other	498	480	(18)
3,787	3,693	(94)	Total operating expenses	11,026	11,031	5
135	56	79	Excess of operating revenues over expenses	326	50	276
			Nonoperating revenues, expenses, and gains/(losses):			
1,088	185	903	Realized investment income/(losses)	1,200	556	644
(559)	-	(559)	Unrealized investment income/(losses)	854	-	854
161	58	103	Donation revenue	227	173	54
690	243	447	Total nonoperating revenues, expenses, and gains/(losses)	2,281	729	1,552
825	299	526	Increase in net position before other changes in net position	2,607	779	1,828
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(1,137)	-	(1,137)
-	-	-	Total other changes in net position	(1,137)	-	(1,137)
\$825	\$299	\$526	Increase in net position	\$1,470	\$779	\$691

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

**Volusia Health Network / Halifax Management Systems**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

<b>Actual Month Ended December 31, 2017</b>	<b>Static Budget Month Ended December 31, 2017</b>	<b>Favorable (Unfavorable) Variance</b>		<b>Actual Three Months Ended December 31, 2017</b>	<b>Static Budget Three Months Ended December 31, 2017</b>	<b>Favorable (Unfavorable) Variance</b>
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
350	352	(2)	Other revenue	1,051	1,055	(4)
350	352	(2)	Total operating revenues	1,051	1,055	(4)
			Operating expenses:			
56	60	4	Salaries and benefits	175	179	4
36	39	3	Purchased services	112	116	4
-	1	1	Supplies	-	3	3
67	67	-	Depreciation and amortization	200	200	-
5	5	-	Interest	16	16	-
5	5	-	Leases and rentals	15	15	-
1	4	3	Other	2	12	10
170	181	11	Total operating expenses	520	541	21
180	171	9	Excess of operating revenues over expenses	531	514	17
			Nonoperating revenues, expenses, and gains/(losses):			
-	-	-	Realized investment income/(losses)	-	-	-
-	-	-	Unrealized investment income/(losses)	-	-	-
-	-	-	Donation revenue	-	-	-
-	-	-	Nonoperating gains/(losses), net	-	-	-
-	-	-	Total nonoperating revenues, expenses, and gains/(losses)	-	-	-
\$180	\$171	\$9	Increase in net position	\$531	\$514	\$17

**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

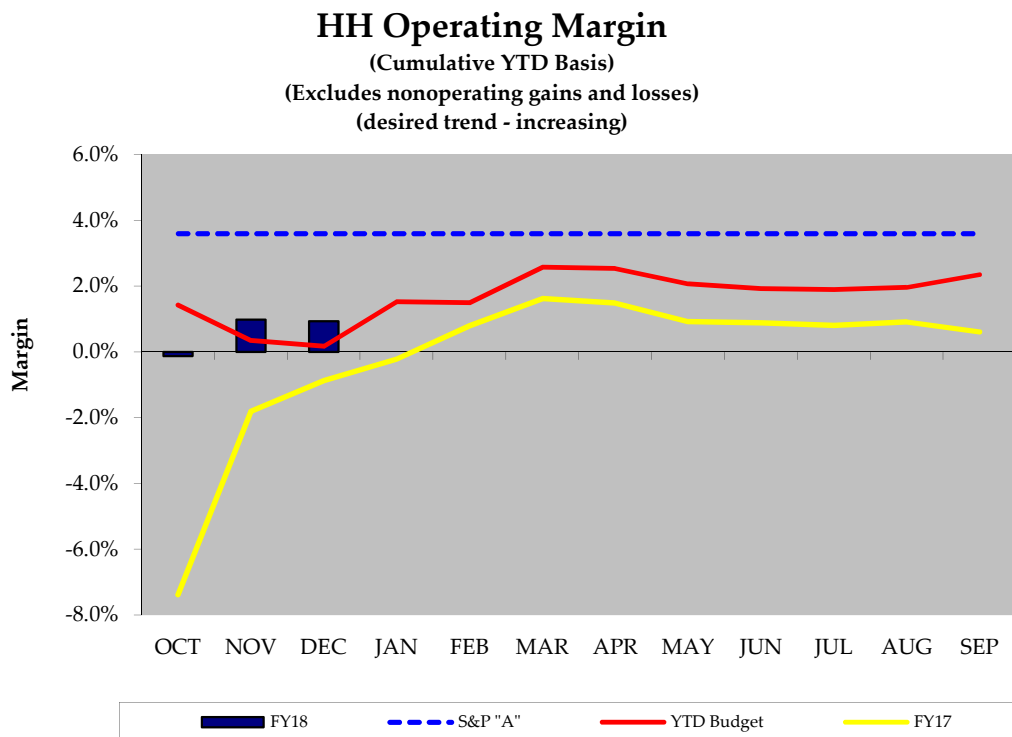
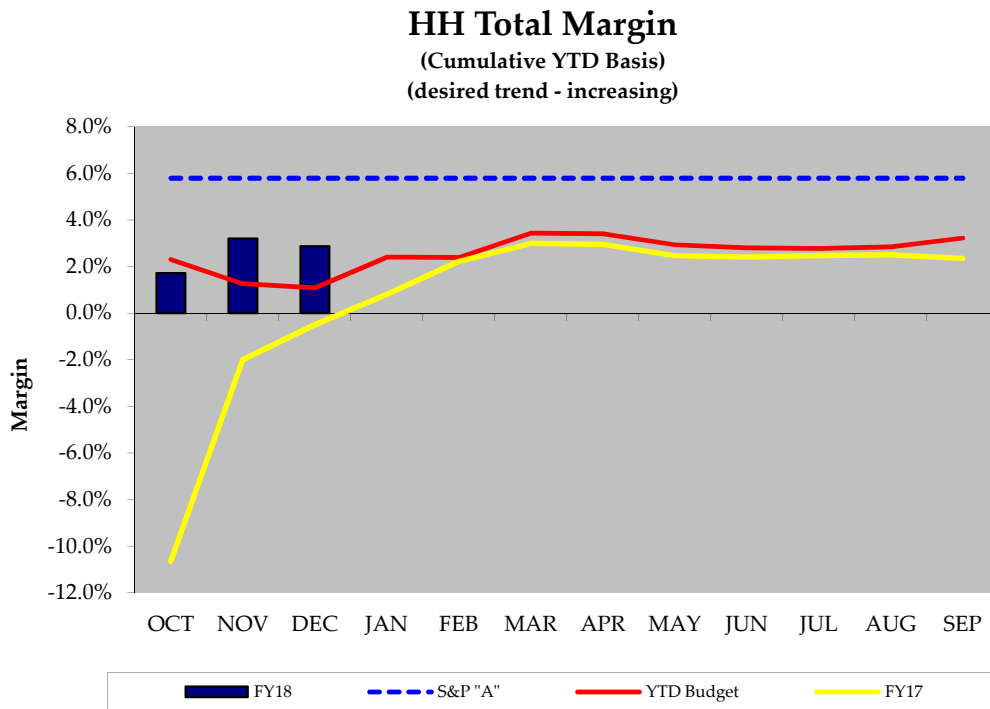
Actual Month Ended December 31, 2017	Static Budget Month Ended December 31, 2017	Favorable (Unfavorable) Variance		Actual Three Months Ended December 31, 2017	Static Budget Three Months Ended December 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
709	114	595	Realized investment income/(losses)	781	341	440
(390)	-	(390)	Unrealized investment income/(losses)	380	-	380
54	108	(54)	Donation revenue	271	323	(52)
-	-	-	Other revenue	-	-	-
373	222	151	Total operating revenues	1,432	664	768
			Operating expenses:			
10	10	-	Salaries and benefits	30	31	1
1	4	3	Purchased services	2	11	9
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
14	67	53	Other	82	201	119
25	81	56	Total operating expenses	114	243	129
<b>\$348</b>	<b>\$141</b>	<b>\$207</b>	<b>Increase in net position</b>	<b>\$1,318</b>	<b>\$421</b>	<b>\$897</b>

**Halifax Health Medical Center (Obligated Group)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

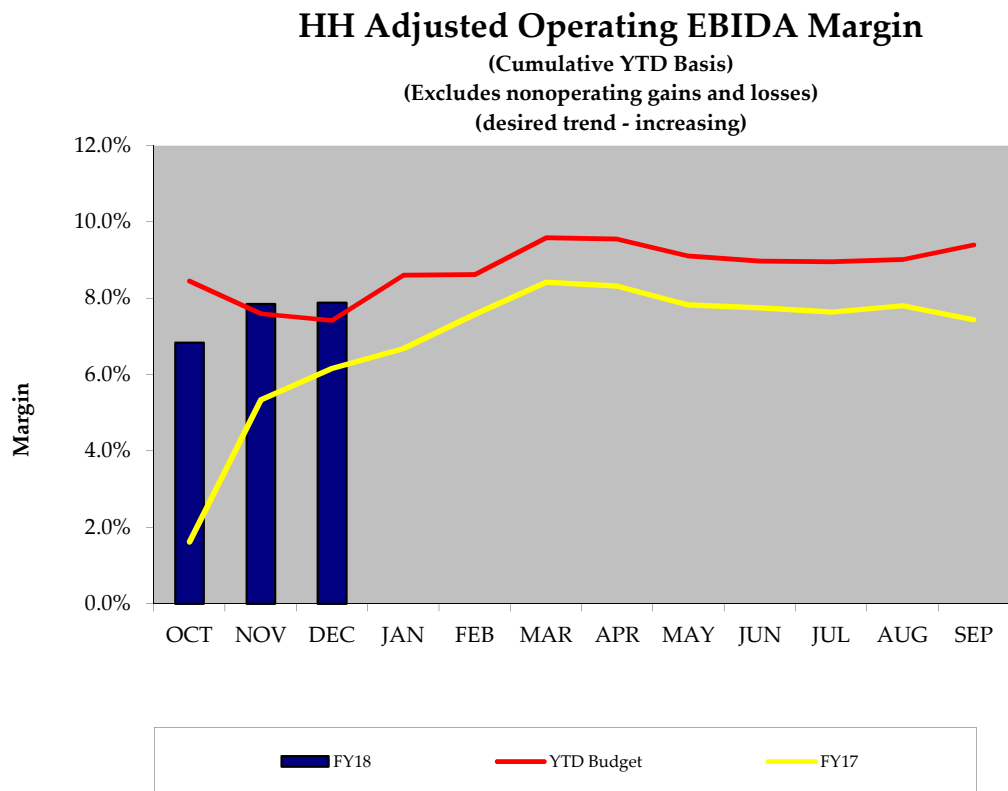
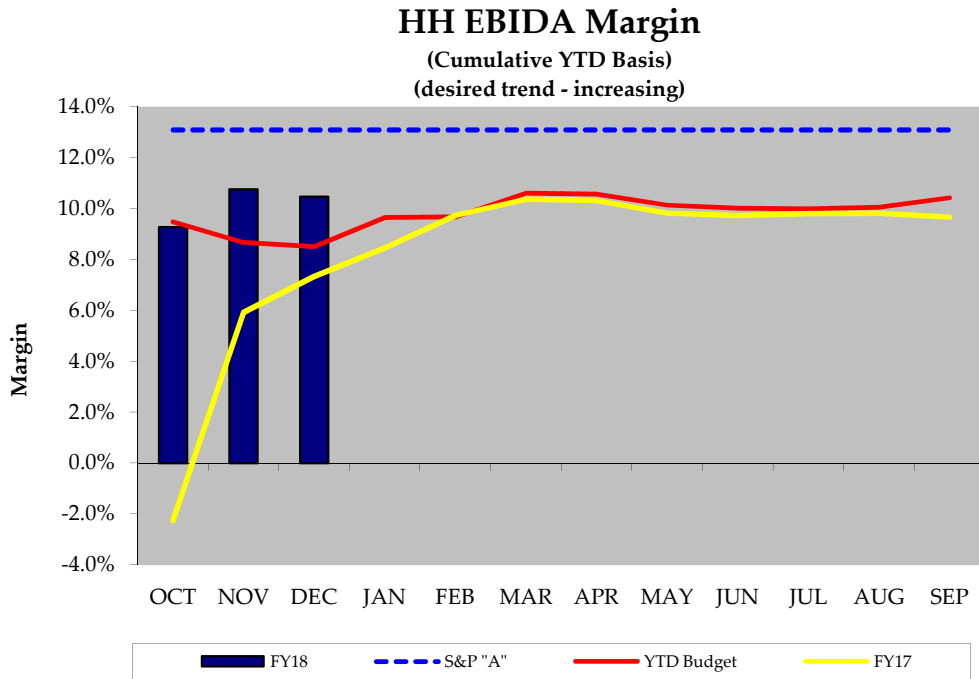
Actual Month Ended December 31, 2017	Static Budget Month Ended December 31, 2017	Favorable (Unfavorable) Variance		Actual Three Months Ended December 31, 2017	Static Budget Three Months Ended December 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$45,551	\$47,157	(\$1,606)	Net patient service revenue, before provision for bad debts	\$144,883	\$141,536	\$3,347
(7,003)	(7,922)	919	Provision for bad debts	(29,504)	(23,624)	(5,880)
38,548	39,235	(687)	Net patient service revenue	115,379	117,912	(2,533)
504	504	-	Ad valorem taxes	1,512	1,512	-
1,531	1,392	139	Other revenue	4,899	4,206	693
40,583	41,131	(548)	Total operating revenues	121,790	123,630	(1,840)
			Operating expenses:			
20,787	22,009	1,222	Salaries and benefits	62,178	66,119	3,941
5,717	5,097	(620)	Purchased services	16,852	15,178	(1,674)
7,643	7,904	261	Supplies	23,530	23,344	(186)
1,982	1,881	(101)	Depreciation and amortization	5,940	5,642	(298)
1,396	1,389	(7)	Interest	4,154	4,167	13
563	547	(16)	Ad valorem tax related expenses	1,732	1,670	(62)
610	633	23	Leases and rentals	1,864	1,900	36
2,171	2,120	(51)	Other	6,447	6,360	(87)
40,869	41,580	711	Total operating expenses	122,697	124,380	1,683
(286)	(449)	163	Deficiency of operating revenues over expenses	(907)	(750)	(157)
			Nonoperating revenues, expenses, and gains/(losses):			
53	180	(127)	Realized investment income/(losses)	792	541	251
(118)	(2)	(116)	Unrealized investment income/(losses)	(372)	(5)	(367)
9	-	9	Donation revenue	8	-	8
1,353	611	742	Income from affiliates	3,319	1,714	1,605
1,297	789	508	Total nonoperating revenues, expenses, and gains/(losses)	3,747	2,250	1,497
1,011	340	671	Increase in net position before other changes in net position	2,840	1,500	1,340
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension <sup>(1)</sup>	(19,962)	-	(19,962)
-	-	-	Total other changes in net position	(19,962)	-	(19,962)
\$1,011	\$340	\$671	Increase (decrease) in net position	(\$17,122)	\$1,500	(\$18,622)

<sup>(1)</sup> Halifax Health implemented GASB 75 as of October 1, 2017.

# Halifax Health Financial Summary - Graphic

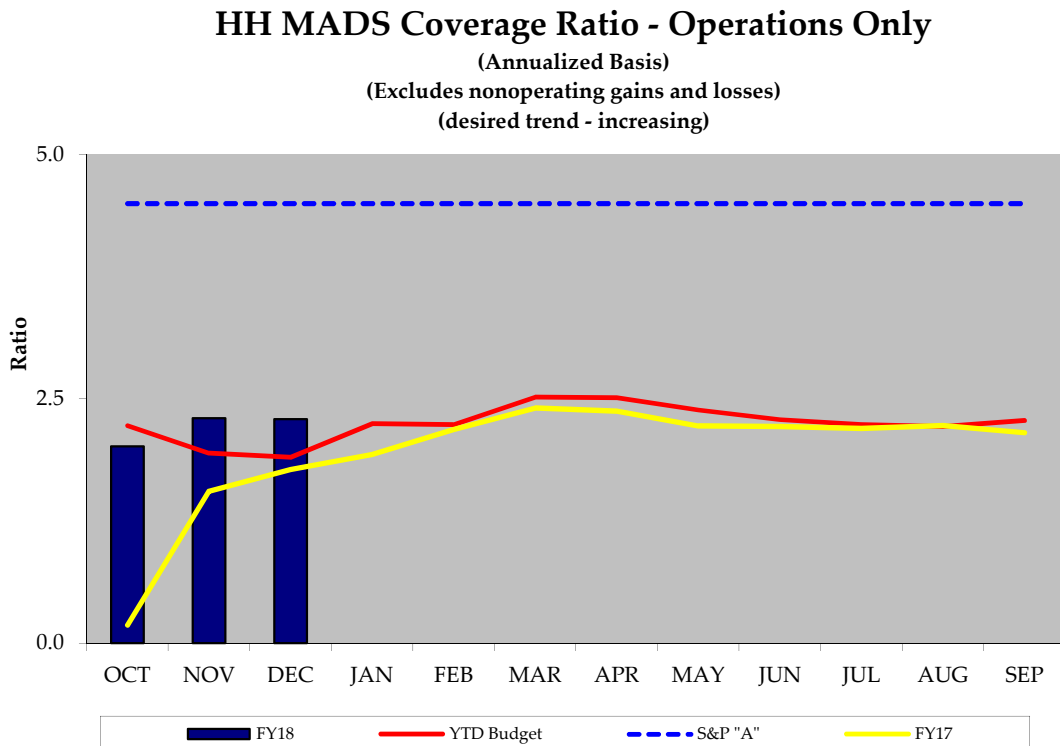
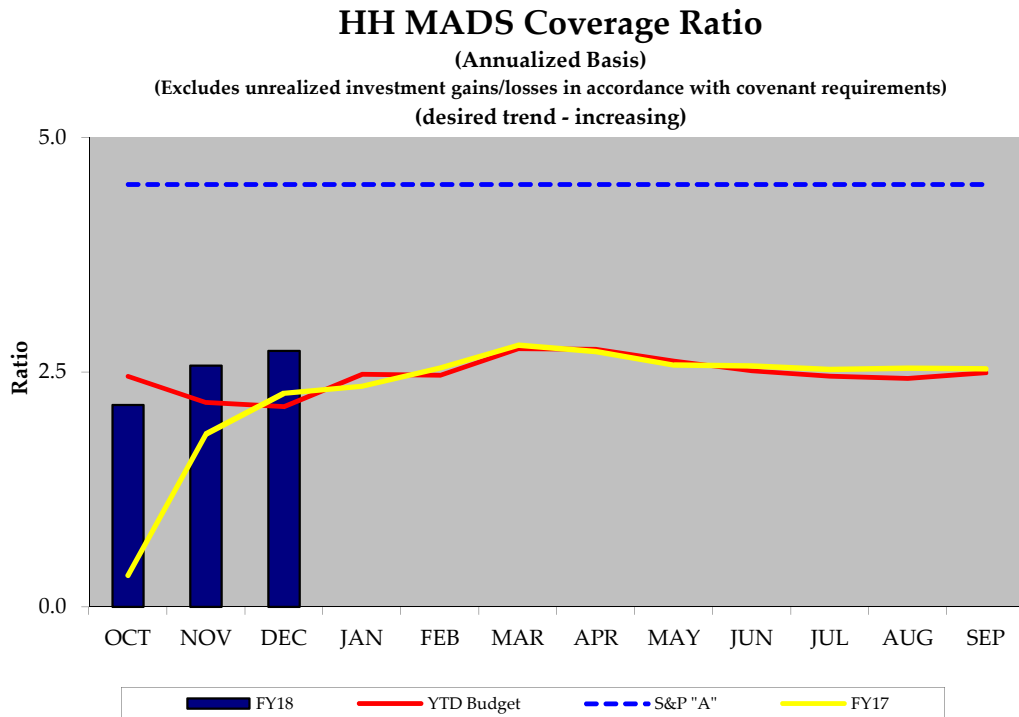


# Halifax Health Financial Summary - Graphic



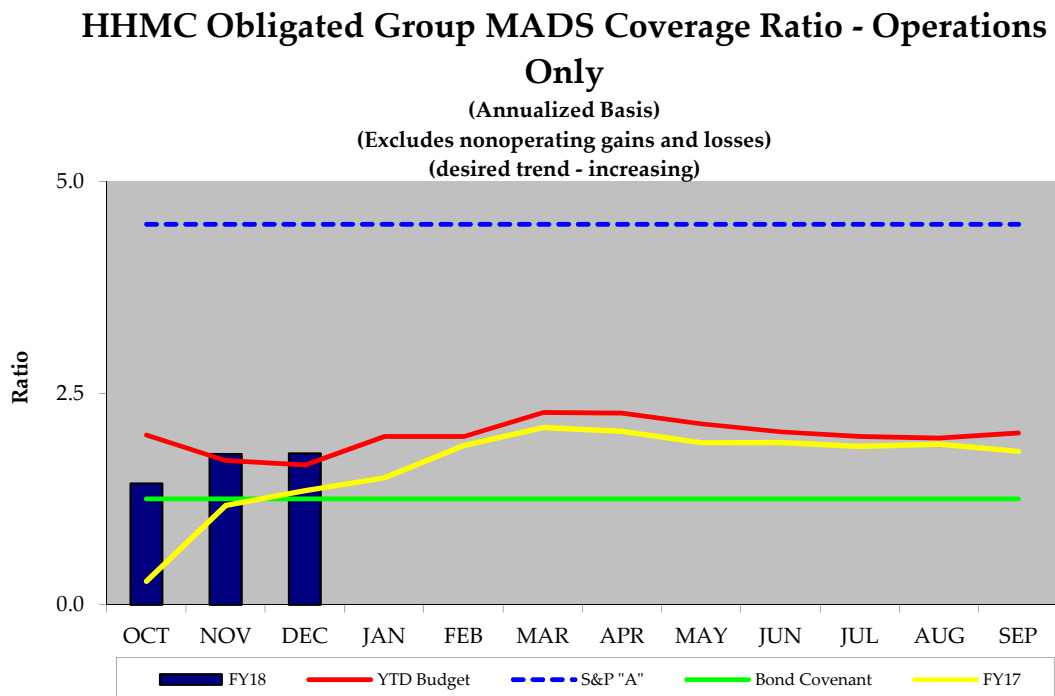
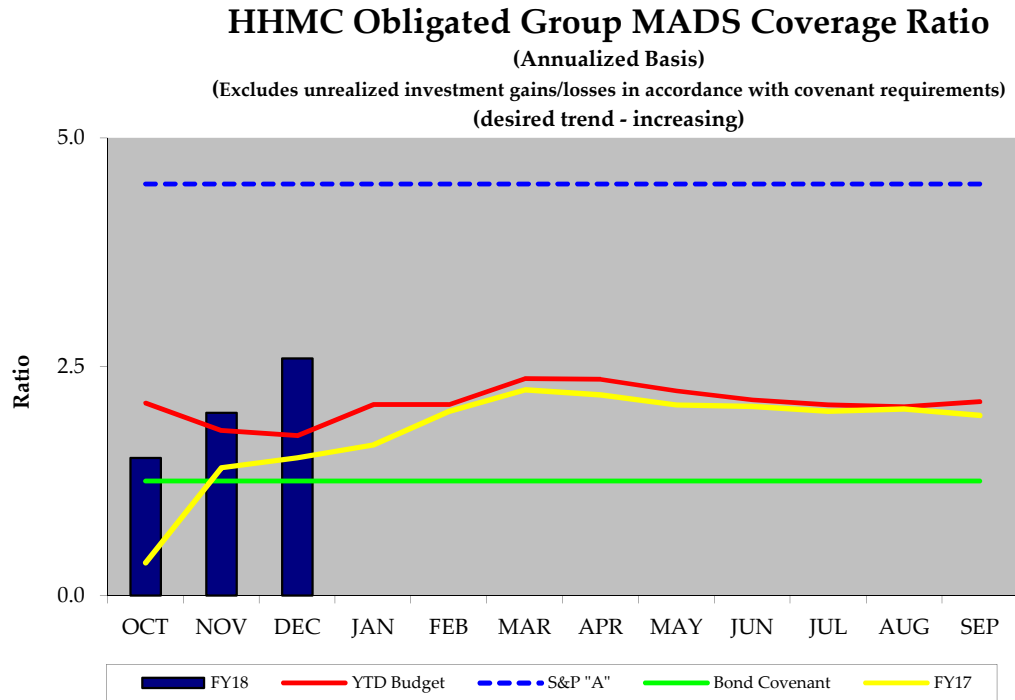
# Halifax Health

## Financial Summary - Graphic



# Halifax Health

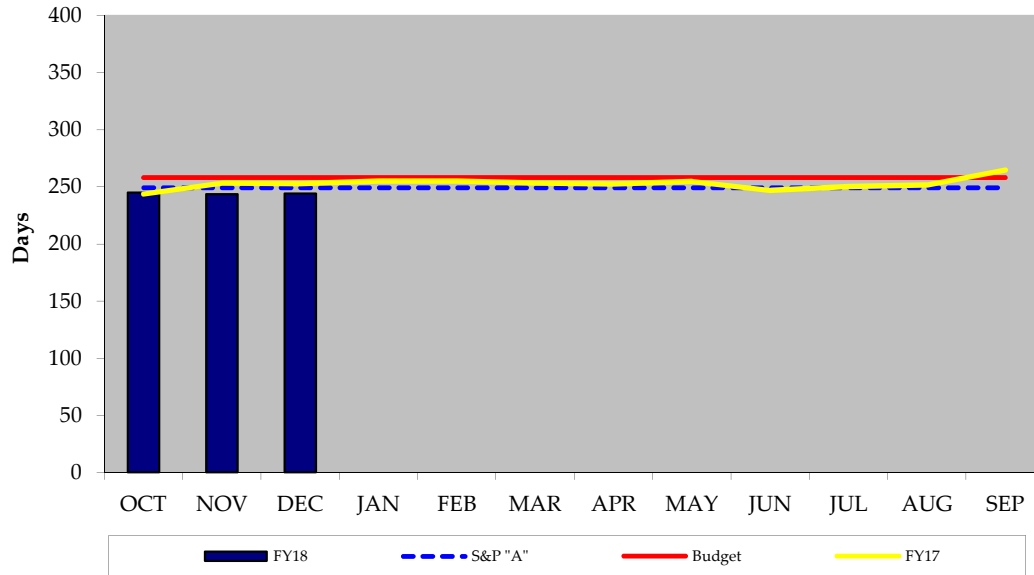
## Financial Summary - Graphic



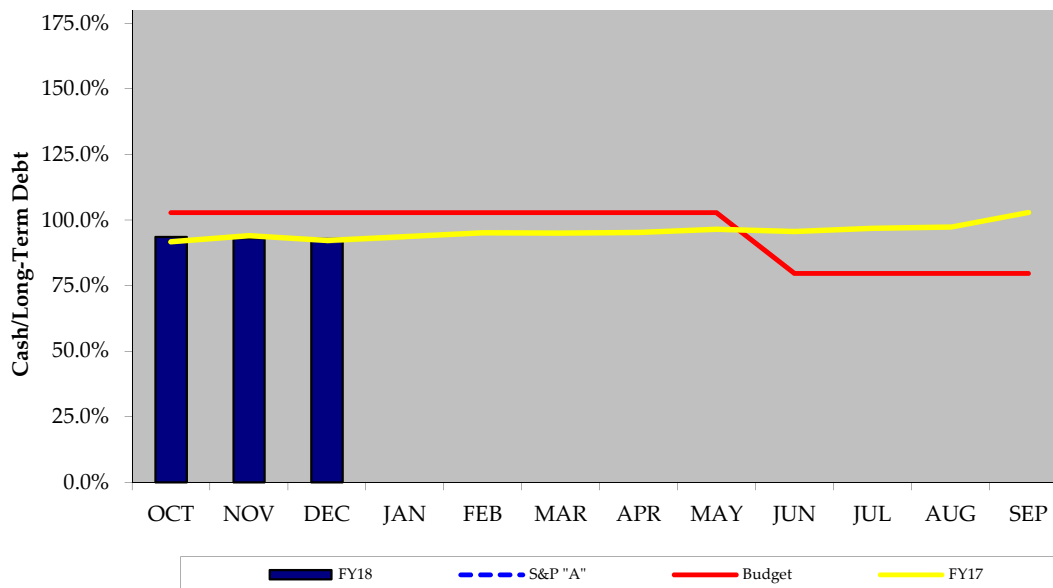


# Halifax Health Financial Summary - Graphic

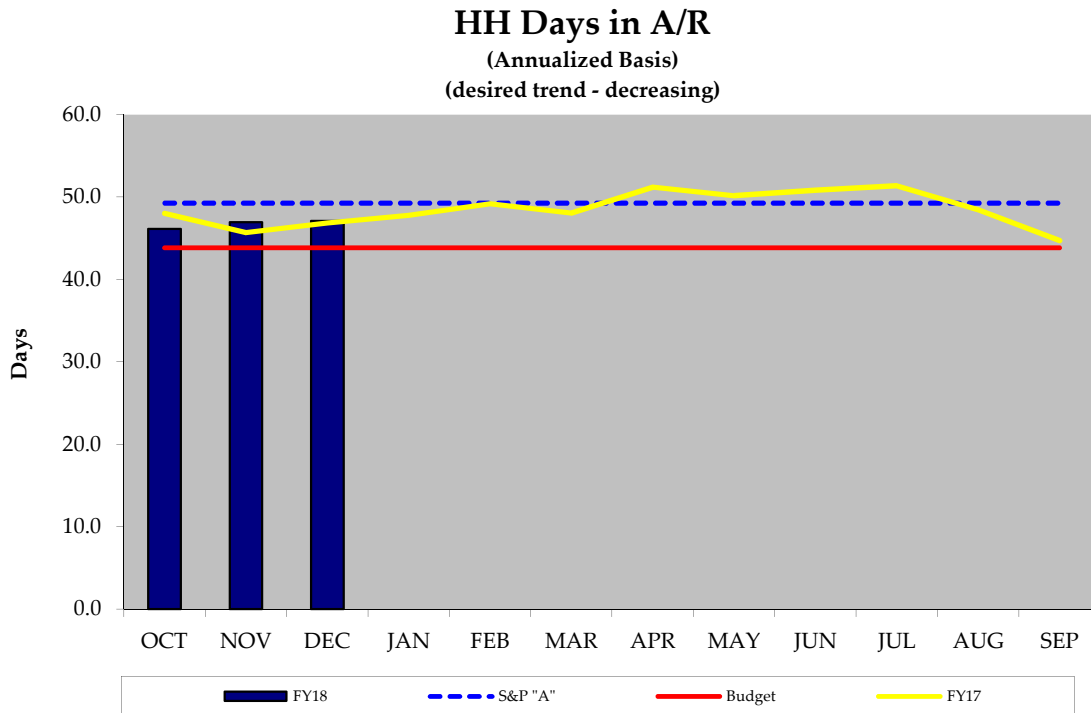
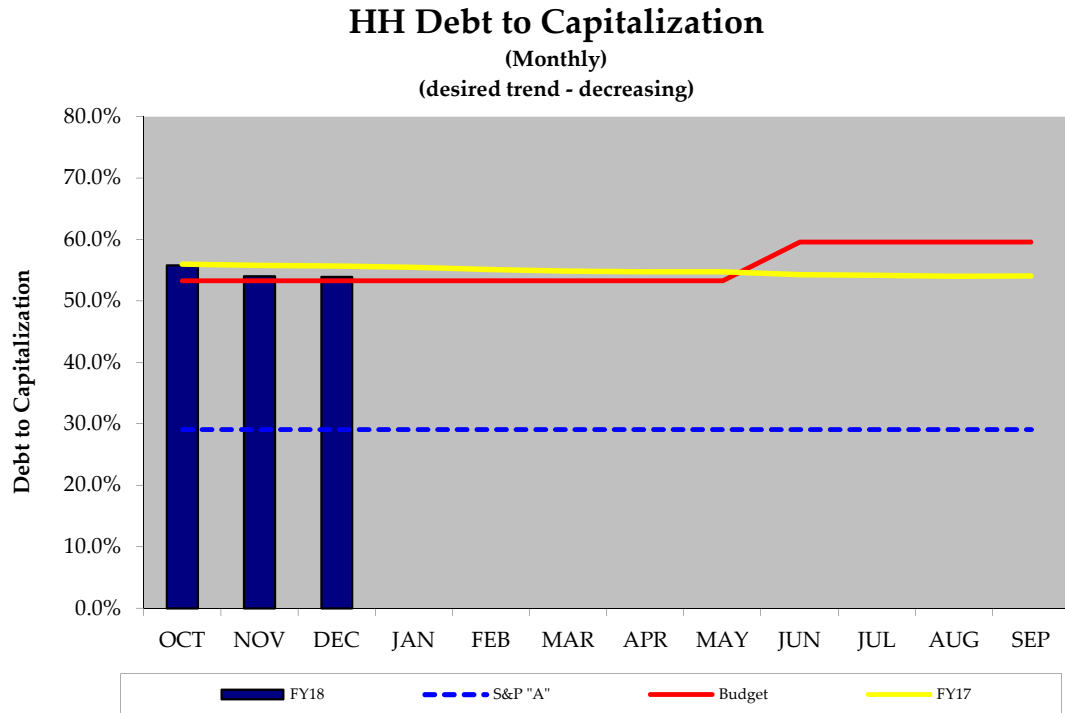
## HH Days Cash on Hand (Annualized Basis) (desired trend - increasing)



## HH Cash/Debt (Monthly) (desired trend - increasing)

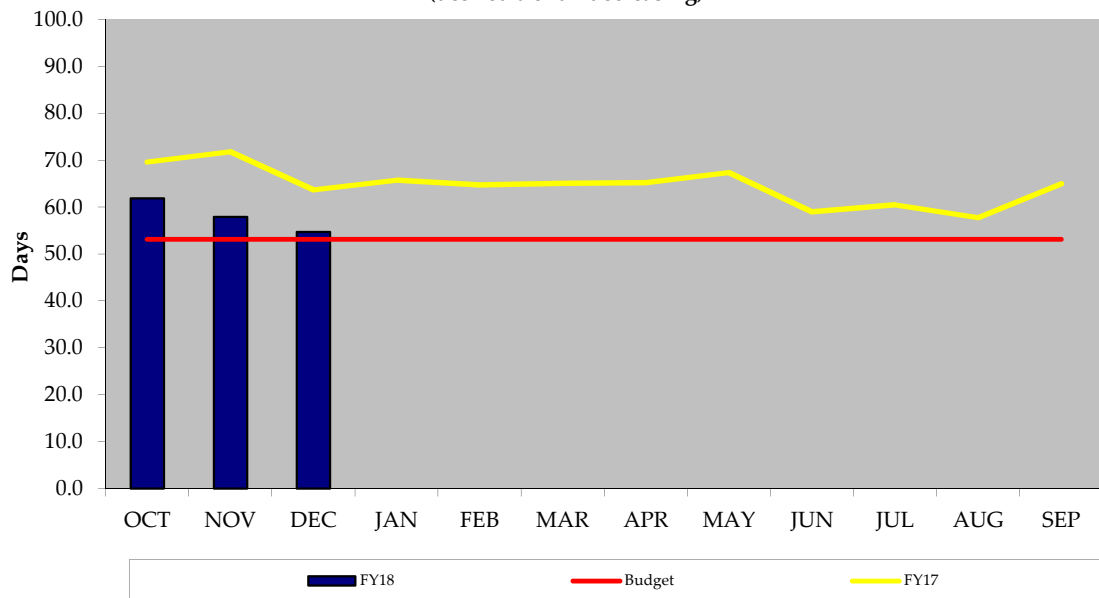


# Halifax Health Financial Summary - Graphic

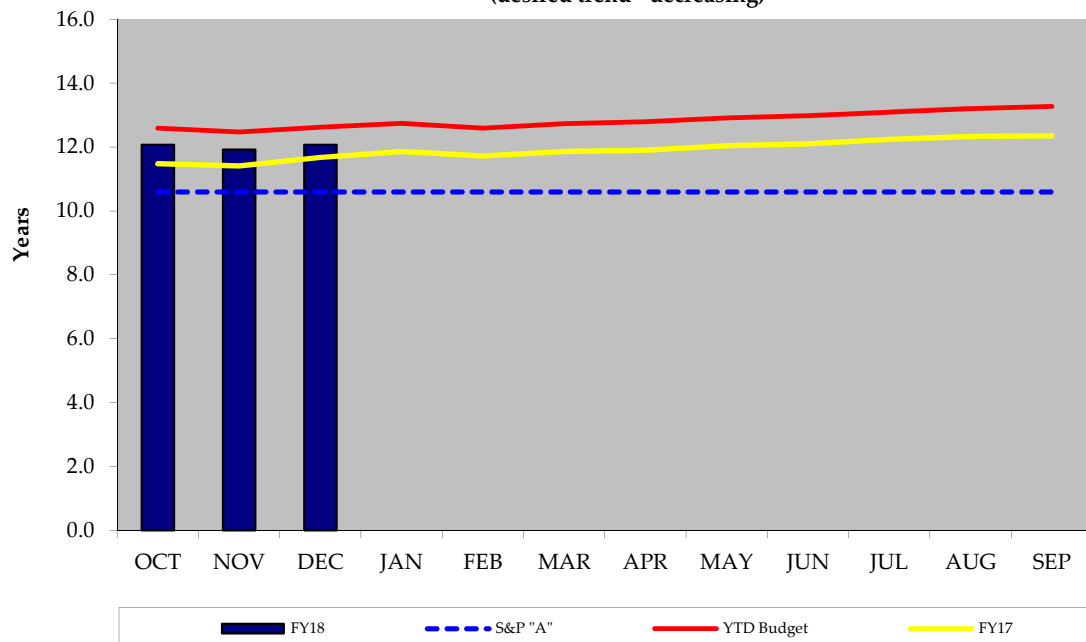


# Halifax Health Financial Summary - Graphic

## HH Average Payment Period (Annualized Basis) (desired trend - decreasing)



## HH Average Age of Plant (Annualized Basis) (desired trend - decreasing)



**Halifax Health**  
**Financial Ratios and Operating Indicators**  
**Definitions and Calculations**

Indicator	Definition	Calculation
Total Margin *	Gauges the relative efficiency with which the System produces its output.	$\frac{\text{Net Income}}{\text{Total Revenues}}$
EBIDA Margin *	Gauges the relative efficiency excluding capital costs with which the System produces its output.	$\frac{\text{Net income} + \text{Int} + \text{Depr} + \text{Amort}}{\text{Total Revenues}}$
MADS Coverage Ratio *	Measures profitability relative to the Maximum Principal and Interest Payment of Debt	$\frac{\text{Net Income} + \text{Depr} + \text{Amort} + \text{Int}}{\text{Maximum Annual Debt Service}}$
Days Cash on Hand	Measures the number of days of average cash expenses that the System maintains in cash and cash equivalents and unrestricted investments.	$\frac{\text{Unrestricted Cash and Investments}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Cash to Long-term Debt	Measures the percentage of unrestricted cash and investments to long-term debt.	$\frac{\text{Unrestricted Cash and Investments}}{\text{Long-term Debt}}$
Long-term Debt to Capitalization	Measures the reliance on long-term debt financing and ability to issue new debt.	$\frac{\text{Long-term Debt}}{\text{Long-term Debt} + \text{Net Position}}$
Days in Accounts Receivable	Measures the average time that receivables are outstanding, or the average collection period.	$\frac{\text{Accounts Receivable}}{\text{Net Patient Service Revenue} / \text{Days in Period}}$
Average Payment Period	Provides a measure of the average time that elapses before current liabilities are paid.	$\frac{\text{Current Liabilities}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Average Age of Plant	Provides a measure of the average age in years of the System's fixed assets.	$\frac{\text{Accumulated Depreciation}}{\text{Depreciation Expense}}$
Operating Margin	Gauges the relative operating efficiency with which the System produces its output.	$\frac{\text{Excess of Operating Revenues}}{\text{Total Operating Revenues} + \text{Bad Debt}}$
* Operations Only Indicators	Excludes realized and unrealized investment income, donations, and nonoperating gains and losses	

**Halifax Health**  
**FY 2018 Capital Investment Strategy**  
**Executive Summary**  
**As of January, 2018**  
**(\$ in thousands)**

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<b>Targeted Unrestricted Cash and Investments - September 30, 2018</b> (258 days cash on hand)	<b>\$ 369,463</b>
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<b>Projected FY 2018 funds available for capital expenditures - based on current level of unrestricted cash and investment, plus amounts expected to be derived from operations and other sources</b>	<b>\$ 19,416</b>	<b>=</b>	<b>This amount is more than the projected capital expenditures for FY 2018</b>
---	------------------	----------	--

**Capital Strategy Justifications for Approval of Proposed Capital Projects:**

1. The targeted unrestricted cash and investments for September 30, 2018 (and related days cash on hand) continues to be considered appropriate.
2. The capital requirements of the projects proposed for Board of Commissioners' approval are within the scope of the FY 2018 capital budget.

**Halifax Health**  
**FY 2018 Capital Investment Strategy**  
**As of January, 2018**  
**(\$ in thousands)**

	Hospital Only	HH Holdings	HH Obligated Group	Foundation	Hospice	Total Halifax Health*
<b>Unrestricted Cash and Investments and days cash on hand</b>						
Actual unrestricted Cash and Investments as of January 31, 2018	\$67,603	\$161,953	\$229,556	\$39,005	\$77,878	\$346,440
Days cash on hand [S&P Calculation]	53.1	N/A	179.5	N/A	656.9	247.1
Days cash on hand including bad debt [Bond Compliance Calculation]	42.9	N/A	145.0	N/A	638.0	202.6
<b>Projection of Cash Available for Capital Investment - FY 2018</b>						
Actual unrestricted Cash and Investments as of January 31, 2018	\$67,603	\$161,953	\$229,556	\$39,005	\$77,878	\$346,440
Budgeted Cash and Investments at September 30, 2018	92,181	164,611	256,792	37,215	75,456	369,463
Difference	(24,578)	(2,658)	(27,236)	1,790	2,422	(23,023)
<b>Calculation of Cash from Operations Available for Capital Investment</b>						
Gain from operations - budgeted FY 2018- Remaining	\$6,832	\$408	\$7,240	\$1,124	\$498	\$10,270
GASB 68 pension accounting - budgeted FY 2018- Remaining	788	-	788	-	54	842
Depreciation expense - budgeted FY 2018- Remaining	14,113	533	14,646	-	475	16,055
Expected cash from operations- budgeted FY 2018- Remaining	21,733	941	22,673	1,124	1,027	27,167
Donations and nonoperating gains, net- budgeted FY 2018- Remaining	-	-	-	-	461	461
Investment gains- budgeted FY 2018- Remaining	\$399	\$1,044	\$1,443	\$0	\$1,483	\$2,926
Portion being made available for capital expenditures	100% 399	100% 1,044	100% 1,443	100% -	100% 1,483	100% 2,926
Pension Funding	-	-	-	-	-	-
Expected changes in working capital through September 30, 2018	14,476	-	14,476	-	-	14,476
Deltona capital expenditures to be funded planned financing		3,356	3,356	-	-	3,356
Principal payments on debt	(5,947)	-	(5,947)	-	-	(5,947)
Total expected cash and investments available for capital expenditures	(A) \$6,083	(A) \$2,683	(A) \$8,765	(A) \$2,914	(A) \$5,394	(A) \$19,416
<b>Projected Capital Investments FY 2018</b>						
Capital projects approved in FY 2017 and prior - not expended at September 30, 2017	\$14,534	\$0	\$14,534	\$0	\$78	\$14,612
FY 2017 carryover not approved by CIC	1,523	-	1,523	-	-	1,523
FY 2018 budgeted projects approved in FY 2017 or prior	(2,200)	-	(2,200)	-	-	(2,200)
FY2018 capital budget	19,700	-	19,700	-	300	20,000
Estimated carryover of approved projects to FY 2019	(15,000)	-	(15,000)	-	-	(15,000)
Projected capital expenditures	(B) 18,557	(B) -	(B) 18,557	(B) -	(B) 378	(B) 18,935
Projected funds available in excess of capital expenditures	(A)-(B) (\$12,474)	(A)-(B) \$2,683	(A)-(B) (\$9,792)	(A)-(B) \$2,914	(A)-(B) \$5,016	(A)-(B) \$481
<b>Summary of Capital Approvals</b>						
FY 2018 Capital Budget	\$19,700	\$0	\$19,700	\$0	\$300	\$20,000
Projected funds available in excess of FY 2018 Capital Investment	(12,474)	2,683	(9,792)	2,914	5,016	481
FY 2018 Capital Budget plus projected excess funds	(C) 7,226	(C) 2,683	(C) 9,908	(C) 2,914	(C) 5,316	(C) 20,481
FY 2018 Board of Commissioners approved projects	1,813	-	1,813	-	-	1,813
FY 2018 CIC approved projects, net of those subsequently approved by the Board	726	-	726	-	-	726
Approved capital projects	(D) 2,539	(D) -	(D) 2,539	(D) -	(D) -	(D) 2,539
Adjustments (FY 2018 board approvals, approved by CIC in FY 2017)	(E) (1,080)	(E) -	(E) (1,080)	(E) -	(E) -	(E) (1,080)
Available for new projects	(C)-(D)-(E) 5,766	(C)-(D)-(E) 2,683	(C)-(D)-(E) 8,449	(C)-(D)-(E) 2,914	(C)-(D)-(E) 5,316	(C)-(D)-(E) 19,021
Project(s) proposed for Board of Commissioners approval:						
Hemodialysis Systems (x2) & Disinfection Systems (x2) for Hemodialysis	(\$57)	\$0	(\$57)	\$0	\$0	(\$57)
Pediatric Telemetry Monitors	(429)	-	(429)	-	-	(429)
Cath Lab Renovation	(1,489)	-	(1,489)	-	-	(1,489)
Access Control-Lenel License, Network Boards & Card Readers	(119)	-	(119)	-	-	(119)
Merge Hemodynamics System	(349)	-	(349)	-	-	(349)
Emergency Power Connection to AHU and FCU at HHPO	(300)	-	(300)	-	-	(300)
Available Capital if Proposed Projects are Approved	\$3,024	\$2,683	\$5,707	\$2,914	\$5,316	\$16,279

\* Includes VHN and HMS. Amounts are not reflected individually.

**Halifax Health  
Capital Budget  
FY 2018 Budget - January 31, 2018 Evaluation  
(in Thousands)**

		(A)	(B)	(C)	(A)+(B)+(C)
Item		FY 18 Capital Budget	FY18 Adjustments	FY 18 Activity/ Approvals	Remaining Balance as of 01/31/18
<b>Information Technology</b>					
1	IT Enterprise Projects	\$461			\$461
2	IT Internal Resource Capitalization	500			500
3	Laptop/Desktop Replacement (rolling 4-5 year cycle)	600			600
4	WOW Replacement (rolling 7 year cycle) - 50/yr.	300			300
5	Wireless Upgrade	350			350
6	PBX Room Decommission	200			200
7	Security Camera Upgrade to IP	150			150
8	Enterprise Infrastructure	439		(421)	18
	<b>Total Information Technology</b>	<b>\$3,000</b>	<b>\$0</b>	<b>(\$421)</b>	<b>\$2,579</b>
<b>Medical Equipment</b>					
9	Brain Lab- Upgrade System (Aero CT)	\$1,800			\$1,800
10	VNA Imaging *	1,400		(1,400)	(1,400)
11	IV Pumps	800		(800)	0
12	Ventilators (57)	475			475
13	Patient Monitoring- PICU/Pediatrics	403		(429)	(26)
14	Echo Cart for EP lab	235			235
15	Portable X-Ray Systems (5)	185			185
16	Varian Accelerator Upgrade (Hardware/ Software)	156			156
17	Ultrasound Replacement	150			150
18	Diagnostic reading monitors	150			150
19	Patient Monitoring- HHPO Switch Upgrade	150			150
20	OeC OR C-Arm	125			125
21	Medical Equipment Emergency Purchases	1,000			1,000
22	Medical Equipment Projects under \$100,000	1,000		(511)	489
	<b>Total Medical Equipment</b>	<b>\$8,029</b>	<b>\$0</b>	<b>(\$3,139)</b>	<b>\$4,890</b>
<b>Infrastructure/Facilities</b>					
23	Chilled Water Project	\$435		(\$463)	(\$28)
24	Lab roof	265			265
25	MSR1 Switchgear	800		(487)	313
26	Daytona ROC Oncology Renovation	1,500			1,500
27	Infrastructure Emergency Purchases	1,000			1,000
28	Infrastructure Projects under \$100,000	1,000		(284)	716
	<b>Total Infrastructure/Facilities</b>	<b>\$5,000</b>	<b>\$0</b>	<b>(\$1,234)</b>	<b>\$3,766</b>
<b>Hospice Capital Expenditures</b>					
29	SEVC Range Hood	\$100			\$100
30	Hospice Capital	200			200
	<b>Total Hospice Capital Expenditures</b>	<b>\$300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300</b>
<b>Other</b>					
31	Service Expansion	\$3,521			\$3,521
32	First Steps Shelter	150			150
	<b>Subtotal Other Projects</b>	<b>\$3,671</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,671</b>
	<b>Total HH Capital Expenditures</b>	<b>\$20,000</b>	<b>\$0</b>	<b>(\$4,794)</b>	<b>\$15,206</b>

\* VNA was approved August 8, 2016 and will be funded over three fiscal years (\$0.3M in FY2016, \$1.5M in FY2017, and \$1.4M in FY2018)

**Halifax Health**  
**FY 2018 and Prior Approved Capital Projects and Expenditures**  
**As of January, 2018**  
**(\$ in thousands)**

	Project Approval Date	Total Carryover and Approved	Spent During FY 2018	HMC Remaining to be Spent	HH Holdings Remaining to be Spent	Hospice Remaining to be Spent
<b>Capital funds required for projects approved in FY 2017 and prior</b>						
IV Pumps	9/5/2017	\$ 2,317	\$ (2,115)	\$ 202		
Vendor Neutral Archive (VNA) for Enterprise Imaging	8/8/2016	2,251	(762)	1,489		
Cardiac Cath & Electrophysiology Lab Replacement	11/7/2016	1,601	(882)	719		
Fire Alarm System	3/16/2016	675	-	675		
Meditech 6.1 Capital	9/14/2014	570	-	570		
Surgical Power Equipment- Small Bone Orthopedics	3/6/2017	471	(403)	68		
AHUs #1, #3, #4, #5 for OR Areas	3/6/2017	465	-	465		
Medical Oncology Expansion-Port Orange	5/1/2017	433	(10)	423		
Bronchoscopy Lab Construction	5/1/2017	427	(303)	123		
Pediatric Rehab Renovation	5/1/2017	352	(349)	3		
Air Handling Unit #5 for Facility Expansion Roof	8/24/2016	223	-	223		
CVICU & CPCU Renovation	12/5/2016	203	(22)	181		
Air Handling Unit #1 for SPD Area	8/24/2016	186	-	186		
Port Orange Equipment Refresh	2/17/2016	186	-	186		
Fairwarning Patient Privacy System	5/1/2017	182	(28)	154		
Brain Path Kit	5/1/2017	181	(176)	6		
Data Center Cooling Replacement	9/21/2016	163	-	163		
New Smyrna Beach Family Practice-Expansion	9/5/2017	138	(4)	134		
Outpatient Rehab JV Renovations	6/6/2016	137	-	137		
Chiller #1 for HHPO	3/7/2016	123	-	123		
Plasma Pheresis Systems (Qty 5)	3/6/2017	122	-	122		
Diagnostic (Xray) Equipment Retro Fit for HHPO	7/10/2017	100	-	100		
Subtotal of approved items less than \$100k		1,748	(490)	1,180	78	-
<b>Total Capital funds required for projects approved in FY 2017 and prior</b>		<b>\$ 13,252</b>	<b>\$ (4,562)</b>	<b>\$ 7,632</b>	<b>\$ 78</b>	<b>\$ -</b>
<b>FY2018 Board Approved Capital Projects</b>						
Orthopedic Hana Surgical Table	9/20/2017	\$ 93	\$ -	\$ 93		
Orthopedic Surgical Tables (x2)	8/16/2017	110	(100)	10		
GI Lab Relocation	10/18/2017	684	(2)	682		
Data Protection Hardware & Software	1/8/2018	93	-	93		
Chilled Water Connection for OR - Fountain Bldg.	1/8/2018	463	-	463		
Passive Hallway Harness	1/8/2018	83	-	83		
Chiller for Ormond Beach ROC	1/8/2018	187	(41)	146		
Urinalysis Analyzer	8/16/2017	100	-	100		
<b>Total FY 2018 Board Approved Capital Projects</b>		<b>\$ 1,813</b>	<b>\$ (143)</b>	<b>\$ 1,670</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FY 2018 Other Approved Capital Projects</b>						
Network Access Control Ports (Qty 8) *		50	-	50		
Subtotal of approved items less than \$50k		580	(70)	174	\$ -	-
<b>Total FY 2018 Other Approved Capital Projects</b>		<b>\$ 726</b>	<b>\$ (73)</b>	<b>\$ 653</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Projects proposed for Board of Commissioners approval</b>						
Hemodialysis Systems (x2) & Disinfection Systems (x2) for Hemodialysis		\$ 57	-	\$ 57		
Pediatric Telemetry Monitors		429	-	429		
Cath Lab Renovation	8/16/2017	1,489	-	1,489		
Access Control-Lenel License & Network Boards	7/10/2017	119	-	119		
Merge Hemodynamics for Cath Lab		349	-	349		
Fan Coil Units (FCUs) Connection to Emergency Generator at HHPO		300	-	300		
<b>Total Project(s) proposed for Board approval</b>		<b>\$ 2,742</b>	<b>\$ -</b>	<b>\$ 2,742</b>	<b>\$ -</b>	<b>\$ -</b>

\* Project approved by CIC Committee. Project not yet submitted to Board for approval.

^ CIC approved project in FY 2017; part of capital carryover



## CAPITAL EXPENDITURES & OPERATING LEASES

Audit & Finance Committee

February 28, 2018

### **Capital Expenditures \$50,000 and over**

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Cardiac Cath Lab Replacement	Cardiology Department	Working Capital	\$1,488,698
Pediatric Telemetry Monitoring System	Pediatric/PICU Nursing	Working Capital	\$428,641
Merge Hemodynamics System - Upgrade and Expansion	Information Technology	Working Capital	\$348,604
Emergency Power Connection to Air Handler and Fan Coil Units at HHPO	Facility Operations	Working Capital	\$300,000
Access Control – License, Network Boards and Card Readers	Information Technology	Working Capital	\$118,687
Hemodialysis and Disinfection Equipment	Dialysis Unit	Working Capital	\$57,369

### **Operating Leases \$250,000 and over**

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Matt Petkus, Vice President Surgical Services  
DATE: February 14, 2018  
RE: Cardiac Cath Lab Replacement

---

Halifax Health Cardiology Department is requesting funds to upgrade two cardiac cath labs. Similar upgrades were completed for two other cardiac cath labs in 2017. Also, one cath lab was added in 2011. There are a total of five cath labs located at the Halifax Health Main Campus.

The two cath labs to be upgraded with this request were installed in 2004 as part of the expansion of cardiology services.

The upgraded rooms will provide the latest imaging technology for cardiac, peripheral, electrophysiology, and cardiac implant procedures including the newest solid state detectors, and additional radiation dose reduction algorithms. These systems will provide Halifax Health with the most advanced cardiac imaging systems in the area.

This project represents the final component of the complete upgrade of all the cath labs, hemodynamic monitoring, and Picture Archiving and Communication Systems (PACS).

The project was approved at the Capital Investment Committee meeting on August 16, 2017.

**TOTAL CAPITAL COSTS     \$1,488,698**



## Halifax Health

### Project Evaluation

#### Cardiac Cath Lab Replacement

Chief Operating Officer:	Mark Billings
Vice President Surgical Services:	Matt Petkus
Manager, Cath Lab:	Lismer Castellano
Finance Analysis by:	Steve Mach

#### Summary

##### Purpose:

This project will upgrade two (2) cardiac cath labs with the latest technology. These systems will provide Halifax Health with the most advanced cardiac imaging systems in the area.

##### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

##### Cornerstone:

Safety	X
Compassion	
Image	X
Efficiency	X

Investment Request for Approval **\$1,488,698**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, RN, Chief Nursing Officer  
DATE: January 16, 2018  
RE: Pediatric Telemetry Monitoring System

---

Halifax Health Pediatric/PICU Nursing is requesting funds to purchase a pediatric telemetry monitoring system. The system includes pediatric telemetry monitors, central stations, servers, licenses, and software. The equipment will monitor the patient's cardiac activity and interface the data with the electronic medical record. This project is part of the house-wide replacement plan. The current monitoring system has frequent, costly repairs.

The requested monitors will be distributed to the Pediatric and Pediatric ICU units.

The project was approved at the Capital Investment Committee meeting on December 20, 2017.

**TOTAL CAPITAL COSTS    \$428,641**



## Halifax Health Project Evaluation

<b>Patient Monitoring System for Pediatrics and Pediatric Intensive Care Unit</b>
---

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Manager, Pediatric Nursing:	Amy Christie
Finance Analysis by:	Steve Mach

### Summary

**Purpose:**

This project is to replace the pediatric patient monitoring system on the Pediatric Unit and Pediatric Intensive Care Unit (PICU).

**Strategic Plan Core Competency Achievement:**

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

**Cornerstone:**

Safety	X
Compassion	
Image	X
Efficiency	

**Investment Request for Approval**     **\$428,641**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer  
CC: Tom Stafford, Vice President and Chief Information Officer  
DATE: February 14, 2018  
RE: Merge Hemodynamics System - Upgrade and Expansion

---

Halifax Health Information Technology is requesting funds to purchase an upgrade to the Cardiac Cath Lab hemodynamic system and expand the system to the Interventional Radiology Lab. A consolidated system will allow for more efficient maintenance and support.

The hemodynamic system automates the collection of data, inventory management and reporting into a comprehensive digital patient record. The system provides the latest technology for patient monitoring, user-friendly workflows and integration with the Meditech electronic medical record.

Additionally, the upgrade and expansion will enhance the security of data in the hemodynamic system.

The project was approved at the Capital Investment Committee meeting on January 17, 2018.

**TOTAL CAPITAL COST    \$348,604**



## Halifax Health Project Evaluation

### Merge Hemodynamics Upgrade

Chief Revenue Officer:	Arvin Lewis
Chief Information Officer:	Tom Stafford
Manager, Enterprise Imaging :	Judy Russo
Finance Analysis by:	Shawn Remington

### Summary

#### Purpose:

This project will upgrade the Hemodynamics system used in Cardiac Cath Lab and Interventional Radiology.

#### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	X
Managed Care Contracting	
Competitive Position	

#### Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	X

Investment Request for Approval \$348,604

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: February 14, 2018  
RE: Emergency Power Connection to Air Handler and Fan Coil Units at HHPO

---

Halifax Health Facility Operations is requesting funds to connect emergency power to the air handler and fan coil units that serve the patient rooms on the third and fifth floors of Halifax Health Port Orange. The availability of emergency power will help ensure the facility will stay operational during an external power loss.

This project is part of the Emergency Preparedness Initiative and has been approved by FEMA. It is anticipated that FEMA will provide \$225,000 towards the total capital costs.

The project was approved by the Capital Investment Committee on January 17, 2018.

**TOTAL CAPITAL COSTS \$300,000**





## Halifax Health Project Evaluation

### Emergency Power Connection to Air Handler and Fan Coil Units at HHPO

Chief Financial Officer:	Eric Peburn
Manager, Facility Operations	Don Barnett
Finance Analysis by:	Shawn Remington

### Summary

**Purpose:**

This project is to provide emergency power to the air handler and fan coil units that serve the patient rooms located on the third and fifth floors of Halifax Health Port Orange.

**Strategic Plan Core Competency Achievement:**

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

**Cornerstone:**

Safety	X
Compassion	
Image	
Efficiency	X

**Investment Request for Approval**    **\$300,000**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer  
CC: Tom Stafford, Vice President and Chief Information Officer  
DATE: February 14, 2018  
RE: Access Control – License, Network Boards and Card Readers

---

Halifax Health Information Technology is requesting funds to purchase a license, network boards and card readers to upgrade certain access control equipment. The upgrade will add authorized individuals the ability to remotely control access to the Halifax Health Emergency Department main campus, Southeast Volusia Hospice Care Center and the Halifax Heath Port Orange physician lounge on demand. With this upgrade, we will have the ability to control access to substantially all Halifax Health building locations.

The access control upgrade will provide enhanced security for patients and employees.

The project was approved at the Capital Investment Committee meeting on April 19, 2017.

**TOTAL CAPITAL COST    \$118,687**



## Halifax Health Project Evaluation

<b>Access Control - License, Network Boards and Card Readers</b>
--

Chief Revenue Officer:	Arvin Lewis
Chief Information Officer:	Tom Stafford
Finance Analysis by:	Steve Mach

### Summary

**Purpose:**

This project will provide additional access control equipment for the following locations: Halifax Health Emergency Department (main campus), Southeast Volusia Care Center, and Halifax Health Port Orange Doctors' Lounge.

**Strategic Plan Core Competency Achievement:**

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

**Cornerstone:**

Safety	X
Compassion	
Image	
Efficiency	X

**Investment Request for Approval**     **\$118,687**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Catherine Luchsinger, RN, Chief Nursing Officer  
DATE: February 14, 2018  
RE: Hemodialysis and Disinfection Equipment

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Halifax Health Dialysis Unit is requesting the purchase of two hemodialysis machines and two portable reverse osmosis disinfection machines. These four machines will replace a portion of our current hemodialysis equipment fleet.

The machines are 13 years old and have exceeded the recommended service life. Repairs have increased and parts are being phased out.

Hemodialysis is needed when the function of the kidneys fail. Dialysis acts as an artificial kidney to remove waste, salt and extra water in the body. Dialysis also helps to maintain safe levels of potassium, sodium and bicarbonate and to control blood pressure.

The reverse osmosis disinfection machines will use an automated heat disinfection process that allows for greater bacteria control, reducing the need for chemicals, which leads to less downtime. The machine has programmable auto-flushing to eliminate stagnation and ensure system cleanliness.

The project was approved at the Capital Investment Committee meeting on January 17, 2018.

**TOTAL CAPITAL COSTS    \$57,369**



## Halifax Health Project Evaluation

### Hemodialysis and Reverse Osmosis System

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Nurse Manager:	Deb Reid
Finance Analysis by:	Shawn Remington

### Summary

**Purpose:**

This project is to purchase new hemodialysis and reverse osmosis system for the dialysis department

**Strategic Plan Core Competency Achievement:**

Physician Integration					
Care Coordination	X				
Cost Management					
Information Technology					
Service Distribution	X				
Financial Position					
Scale					
Managed Care Contracting					
Competitive Position					

**Cornerstone:**

Safety		X
Compassion		
Image	X	
Efficiency	X	

**Investment Request for Approval** **\$57,369**

Recommendation for approval of the project is not based upon incremental return on investment.

**Halifax Health Medical Center  
Capital Disposals  
FEBRUARY 2018**

The Board hereby deems the following property to be surplus in that: the items are obsolete, their continued use would be uneconomical or inefficient, or they serve no useful function. Disposition of said property is therefore authorized pursuant to Florida Statutes, Chapter 274.

<b>Asset #</b>	<b>Description</b>	<b>Department</b>	<b>Date Purchased</b>	<b>Original Cost</b>	<b>Book Value</b>
49500	TREADMILL QUINTONCLUB TRACK	HEALTH FITNESS	07/20/98	4,900.00	-
63009-66	MOP KING SYSTEM	EVS	06/30/09	3,271.20	-
55559	WHIRLPOOL HIBOY	PHYSICAL THERAPY	12/04/06	4,225.70	-
55554	WHIRLPOOL LOBOY	PHYSICAL THERAPY	12/04/06	4,158.77	-
55557	WHIRLPOOL FOOT	PHYSICAL THERAPY	12/04/06	3,027.73	-
55558	WHIRLPOOL LEG & ARM	PHYSICAL THERAPY	12/04/06	2,903.58	-
54552	COPY MACHINE	PHYSICAL THERAPY	03/03/05	3,798.00	-
55758	PATIENT EXTREMITY LIFT	PHYSICAL THERAPY	11/28/06	3,726.99	-
55176	PHILLIPS MONITOR	PEDIATRICS	03/31/06	9,491.05	-
<b>Total to be Disposed:</b>				<b>\$ 39,503.02</b>	<b>\$ -</b>

**Halifax Health Medical Center  
Capital Disposals  
JANUARY 2018**

The Board hereby deems the following property to be surplus in that: the items are obsolete, their continued use would be uneconomical or inefficient, or they serve no useful function. Disposition of said property is therefore authorized pursuant to Florida Statutes, Chapter 274.

Asset #	Description	Department	Date Purchased	Disposition Status	Original Cost	Book Value
55417	QUICK SLIDE STAINER	ORMOND HEMATOLOGY LAB	07/18/06		2,150.00	-
48067	ICE MACHINE	CVICU	10/31/97		3,550.16	-
					<b>\$ 5,700.16</b>	<b>\$ -</b>

**Total to be Disposed:** \$ - \$ -



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Bill Griffin, Director, Research and Planning  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: February 20, 2018  
RE: Sale of portion of Deltona parcel at 120 Howland Blvd

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The real estate parcel located at 120 Howland Boulevard, Deltona, consisting of 12.5 acres is owned by H.H. Holdings, Inc. (Holdings). Development of this parcel is being planned, including road and utility infrastructure.

Holdings was approached by two potential buyers to sell approximately 5 acres of the 12.5 acre parcel. In October 2017, utilizing the assistance of outside legal counsel, Holdings negotiated the "highest and best offer" from the two buyers for \$375,000 per acre, a total purchase price of \$1,875,000. The Holdings board of directors approved the sale at this offer price.

The highest offer referenced above has been withdrawn. The second offer is to purchase 4.888 acres for \$340,834 per acre, a total purchase price of \$1,666,000. See parcel overview in Exhibit A.

In addition, similar to the highest offer, the party making the second offer has agreed to fund a pro rata share of the cost for infrastructure of access road, utilities and platting. Estimated cost of Phase 1 road and utility infrastructure is \$787,000, the not to exceed prorata portion to be paid by Holdings is 55% or \$430,000.

Additional background on proposed sale:

- Buyer's proposed use: grocery and related retail
- Remaining parcel for Holdings development is approximately 6 acres, for future urgent care, physician offices and support services

Evaluation of proposed selling price:

- Highest appraised value of land to be sold - \$1,266,579 (= \$259,120/acre times 4.888 acres; see Exhibit B for appraised values)
- Cost basis of land to be sold - \$1,148,876
- Gain on sale - \$517,124

**We request the H.H. Holdings, Inc. Board of Directors provide approval to:**

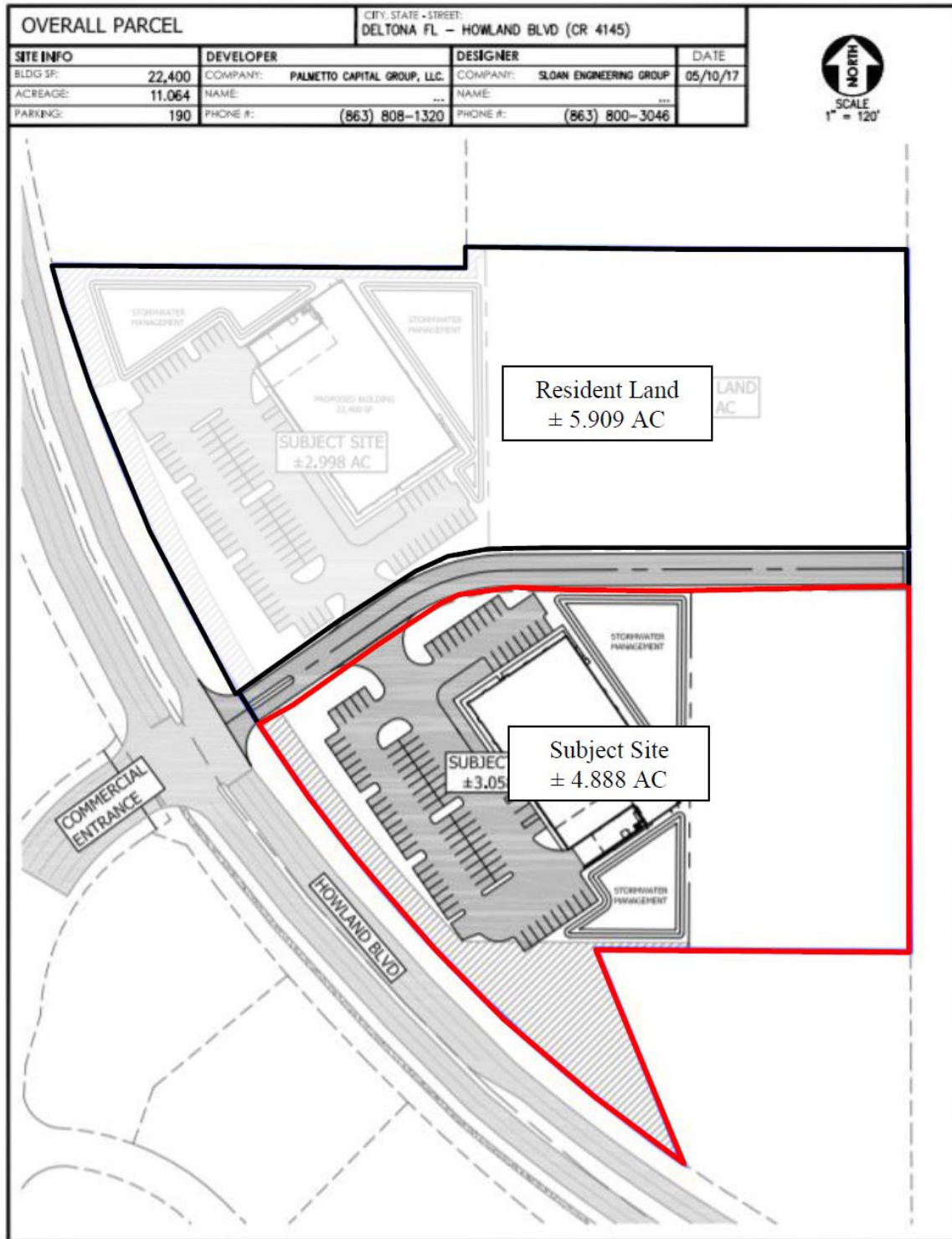
- 1. Sell the real estate parcel described above and authorize the Chief Executive Officer or the Chief Financial Officer to execute any related sales documents or agreements.**
- 2. Incur capital costs of up to \$430,000 for the development of road and utility infrastructure for the property.**

Exhibit A – Parcel Overview

Exhibit B – Appraisal and Comparable Sales Results



"Exhibit A"



## **"Exhibit B – Appraisal and Comparable Sales Results"**

We have two appraisals for the 120 Howland Blvd, Deltona property. One was done by Heffington & Associates (1/22/17) and the other by Doyle Appraisal Services (8/11/17). The Doyle appraisal report has a value per acre if we sell only a portion of the parcel and a value per acre for the entire parcel.

Appraisal Firm	Per Acre	Per Square Foot
Heffington & Associates	\$196,157	\$4.50
Doyle Appraisal Services (Partial Parcel Sale)	\$259,120	\$5.95
Doyle Appraisal Services (Entire Parcel Sale)	\$220,240	\$5.06
Proposed Sale	\$340,834	\$7.82

The Comparable Sales:

Source/Location	Date	Per Square Foot
Heffington & Associates		
830 N SR 415 Deltona (Listing)	9/16	\$3.56
NW Corner Glencoe Rd & SR 44 NSB	12/15	\$6.13
I/95 & LPGA	12/15	\$4.64
3300 Halifax Crossing	11/15	\$3.36
Doyle Appraisal Services -		
3165 Howland Blvd	6/16	\$7.94
3125 Howland Blvd	8/16	\$9.06
N/SR 44, NSB	9/16	\$4.51
Ted Lightman, Appraiser		
890 N SR 415	8/14	\$2.15

In a conversation with Ted Lightman the week ending 2/16/18, there are no other comparable sales that are in the area this Deltona parcel to be sold.

Halifax Health Audit & Finance Committee

Request Tracker/Checklist

Meeting Date	Request	Projected Timeline	Frequency of Future Updates/Reports	Completed (Y/N)	Other
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# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: February 21, 2018  
RE: FY 2018A Floating Rate Notes

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To provide for additional liquidity over the next few years, Halifax Hospital Medical Center (HHMC) is pursuing issuance of a variable rate borrowing pursuant to Master Trust Indenture of the Obligated Group (HHMC and HH Holdings). Key terms of the proposed borrowing are as follows:

Par amount: \$85 million  
Closing date: June 1, 2018  
Estimated cost of issuance: \$252,500  
Interest rate: One-month LIBOR, plus 120 bps  
Maturity date: October 31, 2020 (29 month term)  
Lender: JP Morgan Chase Bank, N.A.

The proceeds from the borrowing will be held in reserve and invested over the term. Assuming a 30-day LIBOR rate of 1.59% (plus 120 bps, totaling 2.29%) and income on the invested proceeds of 2.06% (one year US Treasury), the funding, repayment, interest cost and interest income over the term of the loan are summarized as follows:

<u>Period</u>	<u>Principal</u>	<u>Cost of Issuance</u>	<u>Interest Expense</u>	<u>Investment Earnings</u>	<u>Net Interest and Other Costs</u>
6/1/2018	\$ 85,000,000	\$ (252,500)	\$ -	\$ -	\$ (252,500)
12/1/2018			(1,187,344)	875,500	(311,844)
6/1/2019			(1,187,344)	875,500	(311,844)
12/1/2019			(1,187,344)	875,500	(311,844)
6/1/2020			(1,187,344)	875,500	(311,844)
10/31/2020	(85,000,000)		(989,453)	729,583	(259,870)
Total	\$ -	\$ (252,500)	\$ (5,738,829)	\$ 4,231,583	\$ (1,759,746)

The following draft documents for review and consideration are found in the separate board portal workplace:

- JP Morgan Term Sheet
- Resolution of the Board of Commissioners authorizing the issuance
- Trust Indenture
- Purchase Agreement
- Ninth Supplemental Indenture
- Financing Agreement

We will discuss the proposed financing with the Finance Committee and Board of Commissioners at the upcoming meetings.

**HALIFAX HEALTH MEDICAL CENTER  
SCHEDULE OF USES OF PROPERTY TAXES  
FOR THE PERIOD ENDED DECEMBER 31, 2017**

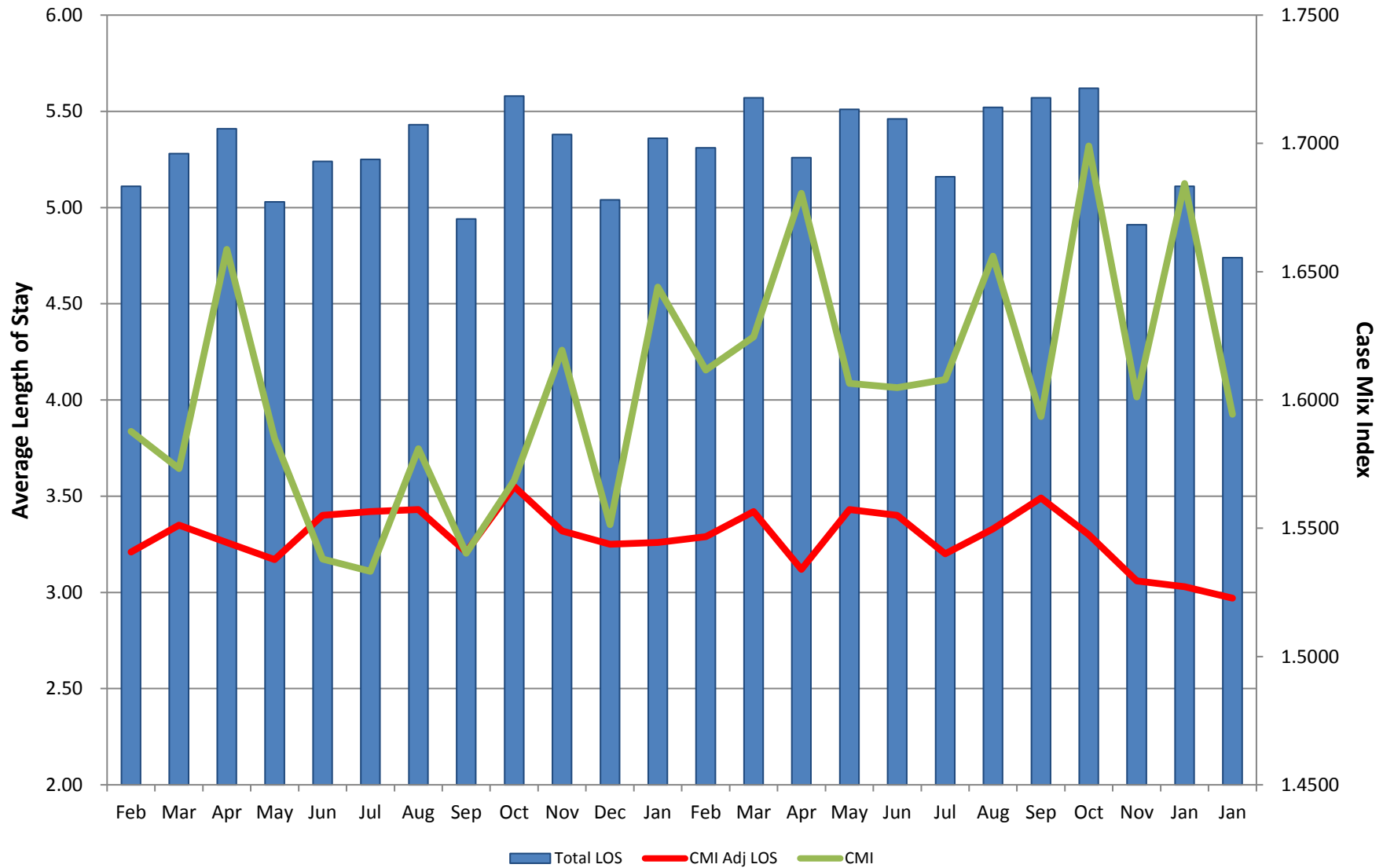
		in mills
Gross property tax levy	\$ 1,512,048	0.3781
Tax discounts and uncollectible taxes	(40,500)	(0.0101)
Net property taxes collected	1,471,548	0.3680
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(50,250)	(0.0126)
Volusia County Medicaid matching assessment	(738,659)	(0.1847)
Redevelopment taxes paid to Cities	(142,400)	(0.0356)
Subtotal	(931,309)	(0.2329)
Net taxes available for community health, wellness and readiness	540,239	0.1351
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(287,797)	(0.0720)
Physician services	(2,096,200)	(0.5242)
Trauma services	(1,746,405)	(0.4367)
Pediatric and neonatal intensive care services	(93,758)	(0.0234)
Child and adolescent behavioral services	(204,785)	(0.0512)
Subtotal	(4,428,945)	(1.1075)
Deficiency of net taxes available to fund hospital operating expenses	(3,888,706)	(0.9724)
Uncompensated care provided by Halifax Health, <i>at cost</i>	(12,769,972)	(3.1932)
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, <i>at cost</i>	\$ (16,658,678)	(4.1656)
Proforma tax levy to cover uncompensated care, at cost:		
Gross property tax levy		0.3781
Subsidized uncompensated care costs by operations		4.1656
Equivalent property tax levy expended *		4.5437

\* This is an equivalent levy for demonstration purposes only and is not intended to represent a proposed millage rate.

# Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended January 31, 2018

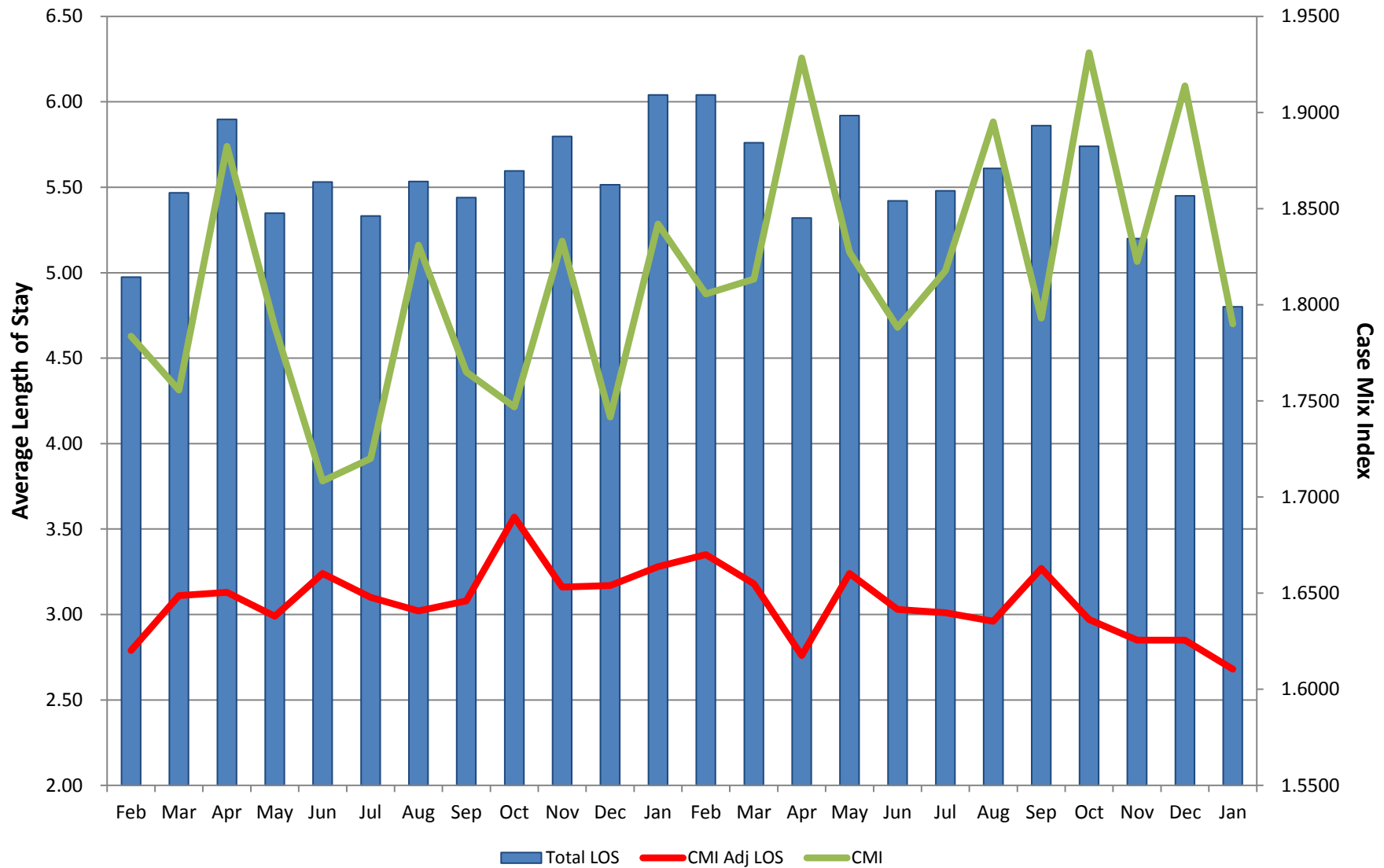
Excludes Newborns and Inpatient Rehabilitation



## Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended January 31, 2018

Excludes Newborns, OB, Psych, and Inpatient Rehabilitation



**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2018**

		<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal Year</b>
<b>Fixed Income</b>				
VFSIX - Vanguard Short-Term Investment Gr.	Perf	-0.36%	-0.36%	-0.31%
	BMK	-0.13%	-0.13%	-0.47%
VSGDX - Vanguard Short-Term Federal	Perf	-0.53%	-0.53%	-0.71%
	BMK	-0.40%	-0.40%	-0.80%
Ponder Short-term Government/Corporate	Perf	-0.21%	-0.21%	-0.03%
	BMK	-0.13%	-0.13%	-0.47%
Ponder US Treasury Account	Perf	0.00%	0.00%	0.13%
	BMK	-0.13%	-0.13%	-0.53%
Ponder Short-Term Government	Perf	-0.24%	-0.24%	-0.25%
	BMK	-0.40%	-0.40%	-0.80%
<b>Weighted Composite</b>	<b>Perf</b>	<b>-0.27%</b>	<b>-0.27%</b>	<b>-0.20%</b>
	<b>BMK</b>	<b>-0.16%</b>	<b>-0.16%</b>	<b>-0.52%</b>
<b>Equities</b>				
DFSVX - DFA Small Cap Value	Perf	1.50%	1.50%	5.47%
	BMK	2.05%	2.05%	4.14%
DFLVX - DFA Large Cap Value	Perf	5.14%	5.14%	12.99%
	BMK	5.33%	5.33%	10.94%
DFIVX - DFA International Value	Perf	5.86%	5.86%	11.61%
	BMK	4.23%	4.23%	8.65%
DFEVX - DFA Emerging Markets	Perf	8.78%	8.78%	17.38%
	BMK	7.44%	7.44%	15.43%
VGELX - Vanguard Energy	Perf	3.50%	3.50%	10.17%
	BMK	6.81%	6.81%	14.09%
VENAX - Vanguard Energy Index	Perf	3.20%	3.20%	9.85%
	BMK	6.45%	6.45%	14.31%
VIGIX - Vanguard Large-Cap Growth	Perf	6.87%	6.87%	13.53%
	BMK	7.86%	7.86%	16.34%
VGHAX - Vanguard Health Care	Perf	5.08%	5.08%	5.67%
	BMK	1.26%	1.26%	2.53%
VSGIX - Vanguard Small-Cap Growth	Perf	3.91%	3.91%	9.89%
	BMK	4.59%	4.59%	9.39%
<b>Weighted Composite</b>	<b>Perf</b>	<b>4.91%</b>	<b>4.91%</b>	<b>10.93%</b>
	<b>BMK</b>	<b>4.79%</b>	<b>4.79%</b>	<b>9.87%</b>



**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2018**

	<b>Invested Balance</b>	<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>HH Holdings</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 53,529,903	Perf -0.36% BMK -0.13%	-0.36% -0.13%	-0.31% -0.47%
Ponder Short-Term Gov't/Corporate	32,198,325	Perf -0.21% BMK -0.13%	-0.21% -0.13%	-0.03% -0.47%
Ponder US Treasury Account	73,802,752	Perf 0.00% BMK -0.13%	0.00% -0.13%	0.13% -0.53%
Total HH Holdings	<u><u>\$ 159,530,980</u></u>	Composite Budget	<b>-0.16%</b> <b>-0.16%</b>	<b>-0.05%</b> 0.33%
<b>HHMC</b>				
Ponder Short-Term Government	\$ 42,313,741	Perf -0.24% BMK -0.40%	-0.24% -0.40%	-0.25% -0.80%
VSGDX - Vanguard Short-Term Federal	64,169	Perf -0.53% BMK -0.40%	-0.53% -0.40%	-0.71% -0.80%
Wells Fargo Halifax Hospital Trust	534,104	Perf 0.10% BMK -0.40%	0.10% -0.40%	0.35% -0.80%
Total HHMC	<u><u>\$ 42,912,014</u></u>	Composite Budget	<b>-0.24%</b> <b>-0.24%</b>	<b>-0.24%</b> 0.33%

**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2018**

	<b>Invested Balance</b>		<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Foundation</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,970,842	Perf	-0.36%	-0.36%	-0.31%
		BMK	-0.13%	-0.13%	-0.47%
DFSVX - DFA Small Cap Value	3,943,046	Perf	1.50%	1.50%	5.47%
		BMK	2.05%	2.05%	4.14%
DFIVX - DFA International Value	2,218,871	Perf	5.86%	5.86%	11.61%
		BMK	4.23%	4.23%	8.65%
DFEVX - DFA Emerging Markets	919,649	Perf	8.78%	8.78%	17.38%
		BMK	7.44%	7.44%	15.43%
DFLVX - DFA Large Cap Value	9,303,971	Perf	5.14%	5.14%	12.99%
		BMK	5.33%	5.33%	10.94%
VGELX - Vanguard Energy	524,396	Perf	3.50%	3.50%	10.17%
		BMK	6.81%	6.81%	14.09%
VENAX - Vanguard Energy Index	235,604	Perf	3.20%	3.20%	9.85%
		BMK	6.45%	6.45%	14.31%
VIGIX -Vanguard Large-Cap Growth	4,760,128	Perf	6.87%	6.87%	13.53%
		BMK	7.86%	7.86%	16.34%
VGHAX - Vanguard Health Care	787,665	Perf	5.08%	5.08%	5.67%
		BMK	1.26%	1.26%	2.53%
VSGIX - Vanguard Small-Cap Growth	4,348,248	Perf	3.91%	3.91%	9.89%
		BMK	4.59%	4.59%	9.39%
Total Foundation	<u>\$ 50,012,420</u>	Composite	<b>2.37%</b>	<b>2.37%</b>	<b>5.76%</b>
		Budget			1.17%

**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2018**

	<b>Invested Balance</b>	<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Hospice</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,055,616	Perf -0.36% BMK -0.13%	-0.36% -0.13%	-0.31% -0.47%
DFSVX - DFA Small Cap Value	6,126,255	Perf 1.50% BMK 2.05%	1.50% 2.05%	5.47% 4.14%
DFIVX - DFA International Value	3,864,257	Perf 5.86% BMK 4.23%	5.86% 4.23%	11.61% 8.65%
DFEVX - DFA Emerging Markets	1,643,547	Perf 8.78% BMK 7.44%	8.78% 7.44%	17.38% 15.43%
DFLVX - DFA Large Cap Value	13,182,686	Perf 5.14% BMK 5.33%	5.14% 5.33%	12.99% 10.94%
VGELX - Vanguard Energy	115,876	Perf 3.50% BMK 6.81%	3.50% 6.81%	10.17% 14.09%
VENAX - Vanguard Energy Index	627,963	Perf 3.20% BMK 6.45%	3.20% 6.45%	9.85% 14.31%
VIGIX - Vanguard Large-Cap Growth	6,373,364	Perf 6.87% BMK 7.86%	6.87% 7.86%	13.53% 16.34%
VGHAX - Vanguard Health Care	684,902	Perf 5.08% BMK 1.26%	5.08% 1.26%	5.67% 2.53%
VSGIX - Vanguard Small-Cap Growth	6,058,793	Perf 3.91% BMK 4.59%	3.91% 4.59%	9.89% 9.39%
Total Hospice	<u>\$ 72,733,259</u>	Composite Budget	<b>2.33%</b> <b>2.33%</b>	<b>4.01%</b> 1.17%

**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2018**

	<b>Invested Balance</b>	<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Pension</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 131,509,943	Perf -0.36%	-0.36%	-0.31%
		BMK -0.13%	-0.13%	-0.47%
DFSVX - DFA Small Cap Value	24,526,160	Perf 1.50%	1.50%	5.47%
		BMK 2.05%	2.05%	4.14%
DFIVX - DFA International Value	41,101,200	Perf 5.86%	5.86%	11.61%
		BMK 4.23%	4.23%	8.65%
DFEVX - DFA Emerging Markets	13,111,270	Perf 8.78%	8.78%	17.38%
		BMK 7.44%	7.44%	15.43%
DFLVX - DFA Large Cap Value	26,276,713	Perf 5.14%	5.14%	12.99%
		BMK 5.33%	5.33%	10.94%
VGELX - Vanguard Energy	5,870,916	Perf 3.50%	3.50%	10.17%
		BMK 6.81%	6.81%	14.09%
VENAX - Vanguard Energy Index	5,247,264	Perf 3.20%	3.20%	9.85%
		BMK 6.45%	6.45%	14.31%
VIGIX -Vanguard Large-Cap Growth	16,419,357	Perf 6.87%	6.87%	13.53%
		BMK 7.86%	7.86%	16.34%
VGHAX - Vanguard Health Care	11,032,871	Perf 5.08%	5.08%	5.67%
		BMK 1.26%	1.26%	2.53%
VSGIX - Vanguard Small-Cap Growth	15,931,291	Perf 3.91%	3.91%	9.89%
		BMK 4.59%	4.59%	9.39%
Wells Fargo Cash	2,788,908			
Wells Fargo Money Market	2,113			
Total Pension	<u>\$ 293,818,006</u>	Composite	<b>2.48%</b>	<b>2.48%</b>
		Budget		2.25%
<b>Total Halifax Health, including Pension</b>	<u><b>\$ 619,006,679</b></u>			
<b>Total Halifax Health, excluding Pension</b>	<u><b>\$ 325,188,673</b></u>			

**Halifax Health**  
**Investment Manager Performance Report - through December 31, 2017**

		<b>December Performance</b>	<b>Calendar YTD</b>	<b>Fiscal Year</b>
<b>Fixed Income</b>				
VFSIX - Vanguard Short-Term Investment Gr.	Perf	0.01%	2.16%	-0.04%
	BMK	0.10%	2.32%	-0.13%
VSGDX - Vanguard Short-Term Federal	Perf	0.04%	0.80%	-0.18%
	BMK	-0.01%	0.69%	-0.40%
Ponder Short-term Government/Corporate	Perf	0.27%	0.36%	0.27%
	BMK	0.10%	2.32%	-0.13%
Ponder US Treasury Account	Perf	0.01%	0.69%	0.13%
	BMK	-0.01%	0.69%	-0.40%
Ponder Short-Term Government	Perf	0.06%	1.08%	0.08%
	BMK	-0.01%	0.69%	-0.40%
<b>Weighted Composite</b>	<b>Perf</b>	<b>0.04%</b>	<b>1.62%</b>	<b>0.03%</b>
	<b>BMK</b>	<b>0.07%</b>	<b>1.84%</b>	<b>-0.35%</b>
<b>Equities</b>				
DFSVX - DFA Small Cap Value	Perf	0.03%	7.21%	3.13%
	BMK	-0.95%	7.84%	2.05%
DFLVX - DFA Large Cap Value	Perf	2.31%	18.97%	7.47%
	BMK	1.46%	13.66%	5.33%
DFIVX - DFA International Value	Perf	2.60%	26.09%	5.43%
	BMK	1.80%	24.21%	4.23%
DFEVX - DFA Emerging Markets	Perf	3.70%	33.76%	7.91%
	BMK	3.59%	37.28%	7.44%
VGELX - Vanguard Energy	Perf	3.92%	3.26%	6.45%
	BMK	4.67%	6.77%	6.81%
VENAX - Vanguard Energy Index	Perf	5.24%	-2.39%	6.43%
	BMK	5.23%	-2.33%	6.45%
VIGIX -Vanguard Large-Cap Growth	Perf	0.73%	27.81%	6.23%
	BMK	0.78%	30.21%	7.86%
VGHAX - Vanguard Health Care	Perf	0.20%	19.66%	0.56%
	BMK	0.14%	20.14%	1.26%
VSGIX - Vanguard Small-Cap Growth	Perf	0.28%	21.94%	5.77%
	BMK	0.12%	22.17%	4.59%
<b>Weighted Composite</b>	<b>Perf</b>	<b>1.68%</b>	<b>19.97%</b>	<b>5.60%</b>
	<b>BMK</b>	<b>1.18%</b>	<b>19.92%</b>	<b>4.79%</b>

**Halifax Health**  
**Investment Manager Performance Report - through December 31, 2017**

	<b>Invested Balance</b>	<b>December Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>HH Holdings</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 53,724,534	Perf 0.01% BMK 0.10%	2.16% 2.32%	-0.04% -0.13%
Ponder Short-Term Gov't/Corporate	32,265,278	Perf 0.27% BMK 0.10%	0.36% 2.32%	0.27% -0.13%
Ponder US Treasury Account	73,799,795	Perf 0.01% BMK -0.01%	0.69% 0.69%	0.13% -0.40%
Total HH Holdings	<u><u>\$ 159,789,607</u></u>	Composite Budget	<b>0.06%</b> <b>1.12%</b>	<b>0.10%</b> 0.25%
<b>HHMC</b>				
Ponder Short-Term Government	\$ 42,413,791	Perf 0.06% BMK -0.01%	1.08% 0.69%	0.08% -0.40%
VSGDX - Vanguard Short-Term Federal	64,508	Perf 0.04% BMK -0.01%	0.80% 0.69%	-0.18% -0.40%
Wells Fargo Halifax Hospital Trust	537,577	Perf 0.09% BMK -0.01%	0.68% 0.69%	0.24% -0.40%
Total HHMC	<u><u>\$ 43,015,876</u></u>	Composite Budget	<b>0.06%</b> <b>1.07%</b>	<b>0.08%</b> 0.25%

**Halifax Health**  
**Investment Manager Performance Report - through December 31, 2017**

	<b>Invested Balance</b>	<b>December Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Foundation</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 23,054,363	Perf 0.01% BMK 0.10%	2.16% 2.32%	-0.04% -0.13%
DFSVX - DFA Small Cap Value	3,884,653	Perf 0.03% BMK -0.95%	7.21% 7.84%	3.13% 2.05%
DFIVX - DFA International Value	2,096,112	Perf 2.60% BMK 1.80%	26.09% 24.21%	5.43% 4.23%
DFEVX - DFA Emerging Markets	845,448	Perf 3.70% BMK 3.59%	33.76% 37.28%	7.91% 7.44%
DFLVX - DFA Large Cap Value	8,849,291	Perf 2.31% BMK 1.46%	18.97% 13.66%	7.47% 5.33%
VGELX - Vanguard Energy	506,657	Perf 3.92% BMK 4.67%	3.26% 6.77%	6.45% 6.81%
VENAX - Vanguard Energy Index	228,305	Perf 5.24% BMK 5.23%	-2.39% -2.33%	6.43% 6.45%
VIGIX -Vanguard Large-Cap Growth	4,454,154	Perf 0.73% BMK 0.78%	27.81% 30.21%	6.23% 7.86%
VGHAX - Vanguard Health Care	749,613	Perf 0.20% BMK 0.14%	19.66% 20.14%	0.56% 1.26%
VSGIX - Vanguard Small-Cap Growth	4,184,704	Perf 0.28% BMK 0.12%	21.94% 22.17%	5.77% 4.59%
Total Foundation	<u>\$ 48,853,301</u>	Composite Budget	<b>0.76%</b> <b>11.47%</b>	<b>3.12%</b> <b>0.88%</b>

**Halifax Health**  
**Investment Manager Performance Report - through December 31, 2017**

	<b>Invested Balance</b>	<b>December Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Hospice</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,179,439	Perf 0.01% BMK 0.10%	2.16% 2.32%	-0.04% -0.13%
DFSVX - DFA Small Cap Value	6,035,531	Perf 0.03% BMK -0.95%	7.21% 7.84%	3.13% 2.05%
DFIVX - DFA International Value	3,650,467	Perf 2.60% BMK 1.80%	26.09% 24.21%	5.43% 4.23%
DFEVX - DFA Emerging Markets	1,510,940	Perf 3.70% BMK 3.59%	33.76% 37.28%	7.91% 7.44%
DFLVX - DFA Large Cap Value	12,538,456	Perf 2.31% BMK 1.46%	18.97% 13.66%	7.47% 5.33%
VGELX - Vanguard Energy	111,956	Perf 3.92% BMK 4.67%	3.26% 6.77%	6.45% 6.81%
VENAX - Vanguard Energy Index	608,509	Perf 5.24% BMK 5.23%	-2.39% -2.33%	6.43% 6.45%
VIGIX -Vanguard Large-Cap Growth	5,963,695	Perf 0.73% BMK 0.78%	27.81% 30.21%	6.23% 7.86%
VGHAX - Vanguard Health Care	651,815	Perf 0.20% BMK 0.14%	19.66% 20.14%	0.56% 1.26%
VSGIX - Vanguard Small-Cap Growth	5,830,912	Perf 0.28% BMK 0.12%	21.94% 22.17%	5.77% 4.59%
Total Hospice	<u>\$ 71,081,720</u>	Composite Budget	<b>0.76%</b> <b>11.35%</b>	<b>3.08%</b> <b>0.88%</b>



**Halifax Health**  
**Investment Manager Performance Report - through December 31, 2017**

	<b>Invested Balance</b>	<b>December Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Pension</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 132,256,451	Perf 0.01% BMK 0.10%	2.16% 2.32%	-0.04% -0.13%
DFSVX - DFA Small Cap Value	24,162,951	Perf 0.03% BMK -0.95%	7.21% 7.84%	3.13% 2.05%
DFIVX - DFA International Value	38,827,275	Perf 2.60% BMK 1.80%	26.09% 24.21%	5.43% 4.23%
DFEVX - DFA Emerging Markets	12,053,411	Perf 3.70% BMK 3.59%	33.76% 37.28%	7.91% 7.44%
DFLVX - DFA Large Cap Value	24,992,585	Perf 2.31% BMK 1.46%	18.97% 13.66%	7.47% 5.33%
VGELX - Vanguard Energy	5,672,312	Perf 3.92% BMK 4.67%	3.26% 6.77%	6.45% 6.81%
VENAX - Vanguard Energy Index	5,084,701	Perf 5.24% BMK 5.23%	-2.39% -2.33%	6.43% 6.45%
VIGIX - Vanguard Large-Cap Growth	15,363,948	Perf 0.73% BMK 0.78%	27.81% 30.21%	6.23% 7.86%
VGHAX - Vanguard Health Care	10,499,882	Perf 0.20% BMK 0.14%	19.66% 20.14%	0.56% 1.26%
VSGIX - Vanguard Small-Cap Growth	15,332,090	Perf 0.28% BMK 0.12%	21.94% 22.17%	5.77% 4.59%
Wells Fargo Cash	4,334,568			
Wells Fargo Money Market	1,987			
Total Pension	<u>\$ 288,582,161</u>	Composite Budget	<b>11.94%</b>	<b>2.85%</b>
<b>Total Halifax Health, including Pension</b>	<u><b>\$ 611,322,664</b></u>			1.69%
<b>Total Halifax Health, excluding Pension</b>	<u><b>\$ 322,740,504</b></u>			

# INFORMATIONAL REPORT

February 28, 2018

## **Capital Expenditures \$25,000 -- \$50,000**

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Neonatal Incubator	Pediatric Intensive Care Unit	Working Capital	\$43,651
Network Access Control Ports	Information Technology	Working Capital	\$42,331
EEG Cart for Halifax Health Main Campus	Electroencephalography Department	Working Capital	\$42,177
Omnicell Medication Dispensing Cabinet	Pharmacy	Working Capital	\$31,884
Box Truck with Lift Gate	Facility Operations	Working Capital	\$26,500

## **Operating Leases \$50,000 -- \$250,000**

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Catherine Luchsinger, RN, Chief Nursing Officer  
DATE: February 14, 2018  
RE: Neonatal Incubator

---

Halifax Health Pediatric Intensive Care Unit is requesting funds to purchase a neonatal incubator. The new incubator bed will replace a bed that has reached end of life and parts are no longer available.

The incubator is used in the Neonatal Intensive Care Unit (NICU) for infants who have very low birth weight. The specialty incubator allows for quick access to the infant while maintaining temperature, reducing stimuli, and maintaining humidity within the environment. These factors are paramount to positive outcomes for our smallest patients.

With this purchase we can continue to deliver safe, efficient, and compassionate care in the NICU.

The project was approved at the Capital Investment Committee meeting on December 20, 2017.

**TOTAL CAPITAL COSTS    \$43,651**



## Halifax Health Project Evaluation

### Neonatal Incubator

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Finance Analysis by:	Shawn Remington

### Summary

**Purpose:**

This project will replace a neonatal bed that has reached end of life and parts are no longer available.

**Strategic Plan Core Competency Achievement:**

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	X
Managed Care Contracting	
Competitive Position	

**Cornerstone:**

Safety	X
Compassion	X
Image	
Efficiency	X

**Investment Request for Approval** **\$43,651**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer  
CC: Tom Stafford, Vice President and Chief Information Officer  
DATE: January 19, 2018  
RE: Network Access Control Ports

---

Halifax Health Information Technology is requesting funds to purchase eight (8) Network Access Control (NAC) ports for the Halifax Health network.

NAC unifies endpoint security technology, user or system authentication and network security enforcement. NAC prevents non-Halifax devices from attaching to the network.

The additional ports will expand the current NAC coverage to all ports on the network.

The project was approved at the Capital Investment Committee meeting on January 17, 2018.

**TOTAL CAPITAL COSTS      \$42,331**



## Halifax Health Project Evaluation

### Network Access Control Ports (Qty 8)

Chief Revenue Officer:	Arvin Lewis
VP & Chief Information Officer:	Tom Stafford
Director, IT:	Mike Marques
Finance Analysis by:	Shawn Remington

### Summary

#### Purpose:

This project will provide IT security against unauthorized devices connecting to the Halifax internal network.

#### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

#### Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	

Investment Request for Approval \$42,331

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
Eric Peburn, Executive Vice President and Chief Financial Officer  
Alberto Tineo, Vice President Operations  
DATE: January 16, 2018  
RE: EEG Cart for Halifax Health Main Campus

---

Halifax Health Electroencephalography Department is requesting funds to purchase an electroencephalogram (EEG) recording cart for the Halifax Health Main Campus.

In an effort to build a comprehensive neuroscience program and to maintain our JCAHO comprehensive stroke center accreditation, a new EEG cart is needed. The new cart will allow continuous monitoring along with audio and visual recording.

The current EEG carts do not offer continuous monitoring. A nurse is required to manually record notations if unusual seizure-like activity occurs during an EEG. The new equipment will provide continuous monitoring which will reduce the risk that unusual activity is not detected and documented.

Currently, there are two EEG carts at the Main Campus that do not allow for continuous monitoring. These carts will continue to be used for routine EEG testing that does not require continuous monitoring.

The project was approved at the Capital Investment Committee meeting on December 20, 2017.

**TOTAL CAPITAL COSTS    \$42,177**



## Halifax Health Project Evaluation

### EEG Cart for Halifax Health Main Campus

Chief Operating Officer:	Mark Billings
Sr. Vice President, Operations:	Alberto Tineo
Manager, Respiratory:	John Walberg
Finance Analysis by:	Steve Mach

### Summary

#### **Purpose:**

This project is to add an electroencephalogram (EEG) recording cart for the main campus. The cart will be used to monitor patients for seizure activity.

#### **Strategic Plan Core Competency Achievement:**

Physician Integration					
Care Coordination	X				
Cost Management					
Information Technology	X				
Service Distribution					
Financial Position					
Scale					
Managed Care Contracting					
Competitive Position					

#### **Cornerstone:**

Safety	X	
Compassion		
Image		
Efficiency		

**Investment Request for Approval** **\$42,177**

Recommendation for approval of the project is not based upon incremental return on investment.





# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Alberto Tineo, Senior Vice President Operations  
DATE: February 14, 2018  
RE: Omnicell Medication Dispensing Cabinet

---

Halifax Health Pharmacy is requesting funds to purchase an Omnicell automated medication dispensing cabinet for the Daytona Beach Oncology Center.

The Omnicell unit will allow medications to be dispensed safely and securely. The automated equipment will help to prevent the diversion of controlled substances.

This project was approved at the Capital Investment Committee meeting on December 20, 2017.

**TOTAL CAPITAL COSTS    \$31,884**



## Halifax Health Project Evaluation

### Omniceil Medication Dispensing Cabinet

Chief Operating Officer:	Mark Billings
Sr. Vice President, Operations:	Alberto Tineo
Director, Pharmacy:	Dominick Damiani
Finance Analysis by:	Shawn Remington

### Summary

**Purpose:**

This project is to purchase an Omnicell automated medication dispensing cabinet for the Daytona Beach Oncology Pharmacy.

**Strategic Plan Core Competency Achievement:**

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

**Cornerstone:**

Safety	X
Compassion	
Image	
Efficiency	

**Investment Request for Approval** **\$31,844**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: January 16, 2018  
RE: Box Truck with Lift Gate

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Halifax Health Facility Operations is requesting funds to purchase a 16-foot box truck with lift gate.

The truck is used to move equipment and furniture to and from the warehouse. It is also used to move equipment and furniture to all other off-site locations including Hospice care centers and the Deltona FSED.

The project was approved at the Capital Investment Committee meeting on December 20, 2017.

**TOTAL CAPITAL COSTS \$26,500**



## Halifax Health Project Evaluation

### Box Truck with Lift Gate

Chief Financial Officer:	Eric Peburn
Director, Engineering:	Jacob Nagib
Manager, Facility Operations:	Don Barnett
Finance Analysis by:	Shawn Remington

### Summary

#### Purpose:

The truck will be used to move furniture and equipment between various locations within the Halifax Health system.

#### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	
Cost Management	X
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

#### Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval \$26,500

Recommendation for approval of the project is not based upon incremental return on investment.