



HALIFAX HEALTH

Audit & Finance Committee

Wednesday, November 2, 2016

Meeting Location

Halifax Health

France Tower, Conference Room A

4:00 p.m.

HALIFAX HEALTH
AUDIT & FINANCE COMMITTEE
4:00 p.m., Wednesday, November 2, 2016
AGENDA

I. CALL TO ORDER

II. MINUTES

- Audit & Finance Committee Minutes
- September 26, 2016

portal page 3, **action requested**

III. AUDIT COMMITTEE

Corporate Compliance, Shelly Shiflet

- Monthly Compliance Dashboard Reports

portal page 6, **information only**

Internal Audit, Bill Rushton

- Discussion & Analysis
- Department Charter

portal page 8, **action requested**

portal page 14, **action requested**

Audited Financial Statements, Kathleen Dulko

- Initial FY 2016 Draft for Review

separate portal file, **information only**

IV. FINANCE COMMITTEE

Financial Report, Eric Peburn

- September 2016
 - Financial Trends

portal page 16, **action requested**

portal page 40, **information only**

Acquisitions, Leases and Disposals, Kent Bailey

- Capital Investment Strategy
- Capital Expenditures \$50,000 and over
 - Cardiac Catheterization Lab Upgrade
 - Patient Monitors for Labor & Delivery, Post Anesthesia Care Unit and Surgical Holding
 - Laptop & Desktop Replacement
 - Ultrasound – OB Diagnostics/Maternal Fetal Medicine
- Disposals
- Comparison of Projected and Actual Financial Results for Significant Projects

portal page 58, **information only**

portal page 62, **action requested**
\$1,811,962

\$897,414

\$189,750

\$74,292

none

portal page 71, **information only**

Old Business

- Request Tracker/Checklist
 - Bond Transaction Summaries & Interest Cost Savings to HHMC

portal page 73, **information only**

portal page 74, **information only**

New Business

Information Only

- Investment Performance Report, September 2016
- Capital Expenditures \$25,000 - \$50,000
- Schedule of Uses of Property Taxes, September 2016

portal page 75, **information only**

none

portal page 80, **information only**

V. OPEN DISCUSSION

VI. NEXT MEETING

WEDNESDAY, November 30, 2016, 4:00 p.m. – Regular scheduled meeting

VII. EXECUTIVE SESSION

VIII. ADJOURN

Halifax Hospital Medical Center
Audit and Finance Committee Meeting
303 N. Clyde Morris Blvd.
France Tower, Conference Room A
Monday, September 26, 2016

Present: Ted Serbousek, Chairman
Ammar Hemaidan, MD, Member & Member, Medical Staff
Greg Motto, Member

Not Present: Daniel Francati, Member & Secretary, Board of Commissioners
Susan Schandel, Member & Treasurer, Board of Commissioners
Decker Youngman, Member

Also Present: Eric Peburn, Executive VP/Chief Financial Officer
Kent Bailey, Director of Finance
Kathleen Dulko, Corporate Controller
Bill Rushton, Director, Internal Audit
Shelly Shiflet, Chief Compliance Officer
Arvin Lewis, Senior VP/Chief Revenue Officer
Alberto Tineo, Vice President, Operations
Bob Williams, Vice President, Population Health & Business Development
Tony Trovato, Director of Business Operations, Halifax Health Hospice
Bob Wade, Compliance Expert
Jill Wheelock, Associate General Counsel

The meeting was called to order at 4:10 p.m. by Ted Serbousek. Attendance was recorded.

MINUTES

Discussion: Minutes from the August 29, 2016 Audit & Finance Committee Meeting were reviewed.

Action: Dr. Hemaidan moved to approve the minutes as presented and recommends approval by the Halifax Health Board of Commissioners.
Mr. Motto 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 month ended August 2016, referencing no issues.

Action: None required.

Discussion: Corporate Integrity Agreement, Frequently Asked Questions
Ms. Shiflet distributed a handout highlighting Frequently Asked Questions related to the Corporate Integrity Agreement (CIA), pointing out that Halifax Health is at the halfway mark of the CIA. Brief discussion

ensued.

Action: None required.

Internal Audit

Discussion: Mr. Peburn introduced William Rushton as the Director of Internal Audit. Mr. Rushton has worked as the Senior Auditor over the last five months and accepted this position, effective immediately.

Action: None required.

FINANCE COMMITTEE

FINANCIAL REPORT

Discussion: Mr. Peburn reviewed the August 2016 Financial Report, summarizing that net patient service revenue and total operating expenses are greater than budget, the days cash on hand is favorable, and the adjusted operating EBIDA slightly improved.

Action: Dr. Hemaidan moved to approve the August 2016 Financial Report and recommends approval by the Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

ACQUISITIONS, LEASES & DISPOSALS

Discussion: Capital Investment Strategy (none)

Action: None required.

Discussion: Capital Expenditures \$50,000 and over (none)

Action: None required.

Discussion: Disposals (none)

Action: None required.

Discussion: Comparison of Projected and Actual Financial Results for Significant Projects (none)

Action: None required.

OLD BUSINESS

Discussion: Request Tracker/Checklist (none)

Action: None required.

NEW BUSINESS

Discussion: 2017 Meeting Calendar
The 2017 meeting calendar was distributed; previous discussions included the polling of members regarding the change in meeting dates

due to House Bill 479 requirements and the establishment of the 2017 calendar.

Action: None required.

Discussion: Audited Financial Statement Timeline
Ms. Dulko presented the Audited Financial Statement timeline for committee review. Brief discussion ensued.

Action: None required.

INFORMATIONAL REPORTS

Discussion: The Investment Performance Report for August 2016 and the Capital Expenditures, \$25,000 - \$50,000 were presented under Information Only:

- *Educational Equipment for Keech Pediatric Neighborhood Clinic* \$46,420
- *Access Control for Sterile Processing Department* \$37,895
- *Surgical Eye Trays for Cataract Procedures* \$33,846

Action: None required.

OPEN DISCUSSION

Discussion: None.

NEXT MEETING DATE: WEDNESDAY, November 2, 2016, 4:00 p.m. – Regular scheduled meeting

ADJOURNMENT

Action: There being no further business, a motion was made and seconded to adjourn.

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: October 19, 2016
Re: Compliance Dashboard Report for September 2016

Enclosed is the Compliance Program Dashboard Report for September 2016.

Feel free to contact the Board's Compliance Expert, Robert Wade, Esq., or me regarding any item.

Mr. Wade can be reached at: rwade@kdlegal.com
Office: 574.485.2002

I can be reached at: shelly.shiflet@halifax.org
Office: 386.425.4970

Recommended Action: None. Information only.

Halifax Health
Corporate Compliance Program
Board Report – 9/30/2016

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:

	➤	Code of Conduct Attestation¹
	1. 4,098	Number of Covered Persons required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➤	CIA Required Training²
	1. 3,941	Number of Covered Persons 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:

	➤	Sanction Check for Covered Persons³
	1. 4,822	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. 13	Number of members on <i>Compliance Committee</i>
	2. 84%	% of members who attended the last meeting during the period (On Target at 70% or Greater)
	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. 7 / 56	Number of Help Line calls received during month/past 12 months
	2. 7 / 36	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 8/31/2016
	4. 0	Number of open Help Line calls rated as High Priority as of 9/30/2016
	5. 2	Number of Help Line calls closed since last month

V. COMPLIANCE ISSUES

	1. 15	Number of issues open as of 8/31/2016
	2. 8	Of the issues in item 1, ___ remain open as of 9/30/2016
	3. 7	Number of issues from item 1 closed as of 9/30/2016
	4. 47%	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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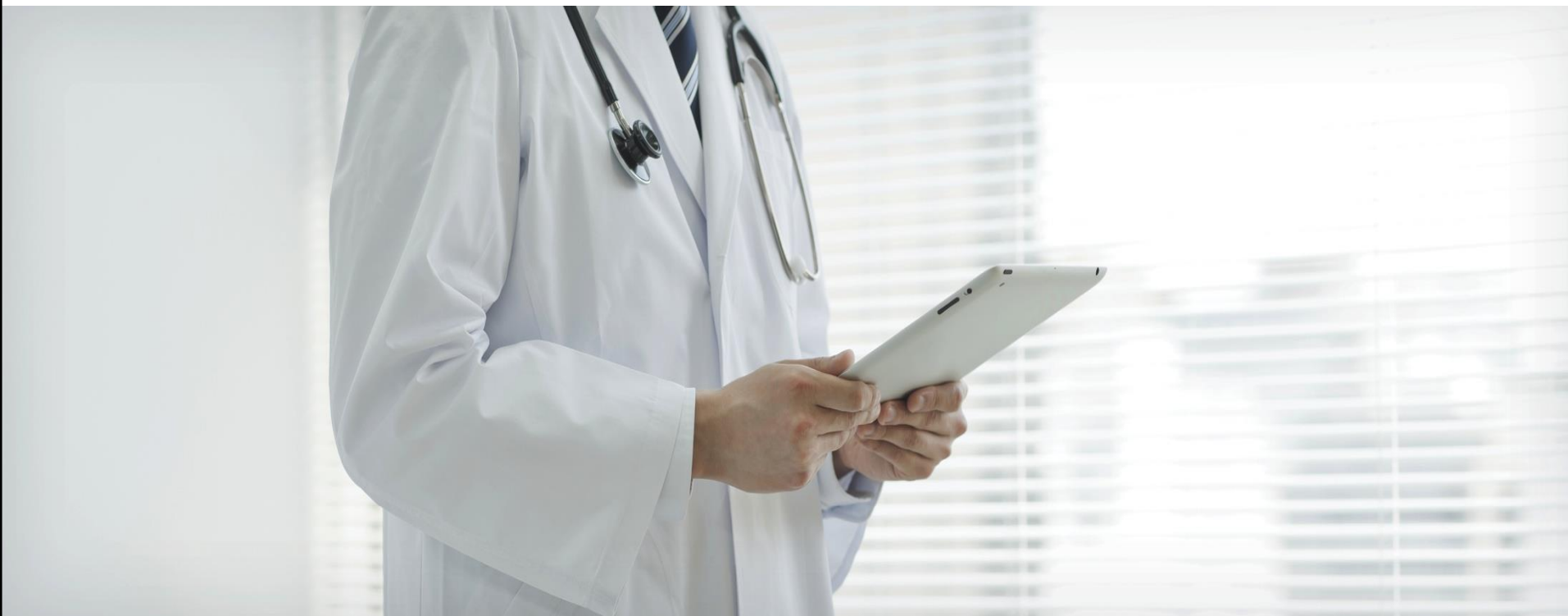
VII. BILLING AND CODING REVIEWS - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

	1. 3	Number of concerns related to billing/coding received during the month
	2. 1	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. 0	Number of reviews from #1 expected to require repayment/processing of claims

¹ Code of Conduct Attestation – employees, Board of Commissioners and vendors who meet the definition of a *Covered Person*.

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

³ Sanction Check for Covered Persons - employees, Board of Commissioners, Medical Staff and vendors who meet the definition of a *Covered Person*.



Audit Services Discussion & Analysis

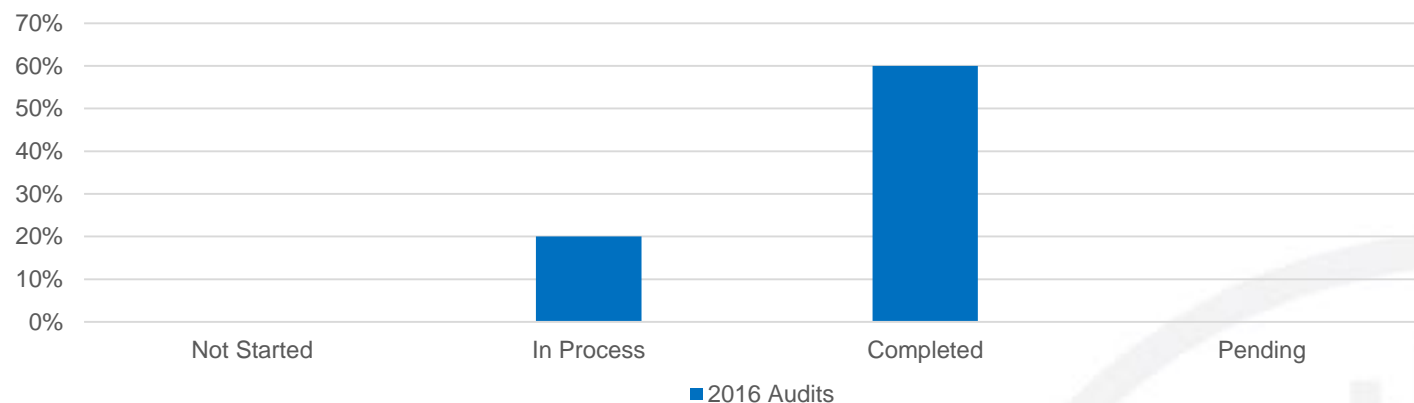
Halifax Health Audit & Finance Committee

Presented November 2, 2016

For the period covering August 29, 2016 through October 21, 2016

Audit Plan: FY 2016 Plan Status

2016 Audits



FY16 Audit Plan	Internal	Co-sourced	FY16 Total Audits
Approved	11	7	18
Added	1	1	2
Cancelled	10	2	12
Revised Plan Total	2	6	8

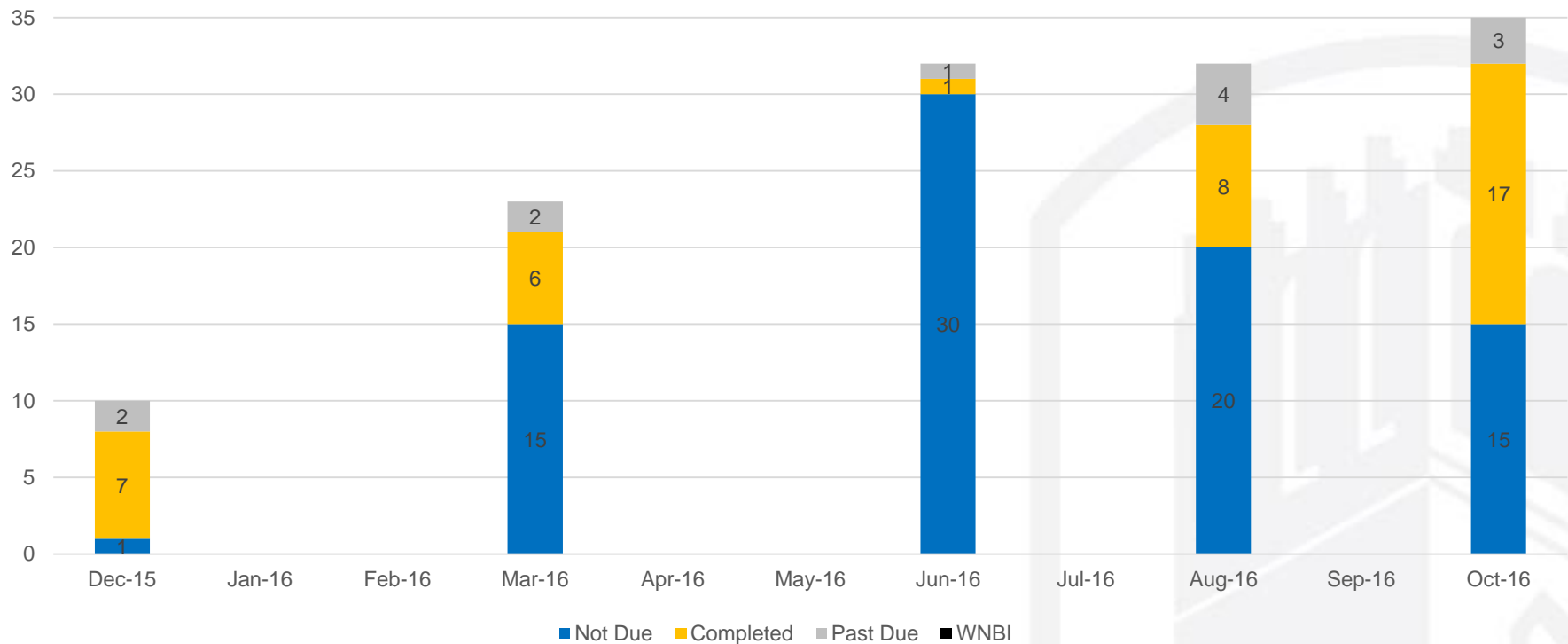
See Board Portal for Audit Plan detail.

Results: Six Completed Projects

Audit Source	Project Name	Issues by Impact Level		
		High	Moderate	Low
Co-source	Meaningful Use 2015 Stage 2 Year 2 Eligible Hospital Attestation	0	0	1
Co-source	Payment Card Industry Data Security Standard	3	1	2
Internal Audit	Non-Employee Arrangements	0	3	0
Co-source	Patient Business Financial Services - Billing & Collection	1	11	4
Co-source	Executive Compensation and Expenses	Overall Impact Level		
Year End Audit	At the direction of RSM Internal Audit provided assistance	RSM submits results to committees		

Audit Follow-Up

Audit Issue Follow-Up: Status of Management Action Plans
October 21, 2016



See Board Portal for Audit Follow Up detail.

Past Due Management Action Plans

Meditology Security Risk

- Later due dates were needed so the IT Department could combine Meditology and RSM action plans and follow up projects.
- Many of the policies and procedures to mitigate security risks are in the final stages.

Recommended Committee Action

Internal Audit recommends the following for the Committee's approval:

- Summary of follow up report as of October 21, 2016
- Internal Audit Department Charter

Halifax Hospital Medical Center

Internal Audit Department Charter

OVERVIEW:

The Internal Audit activity supports the Halifax Health Audit and Finance Committee's oversight responsibilities relative to auditing. The Committee's responsibilities are documented in the Audit Committee Charter of the Audit and Finance Committee. The Internal Audit activity the Committee expects is defined below.

PROFESSIONALISM:

The Internal Audit Department will govern itself by adherence to The Institute of Internal Auditors' guidance, advisories and position papers and Halifax Health's Policies and Procedures and Code of Ethics.

AUTHORITY:

The Internal Audit Department, with strict accountability for confidentiality and safeguarding, is authorized access to Halifax Health's records, physical properties, and personnel pertinent to carrying out engagements.

FUNCTIONALITY:

The Director of Internal Audit will report functionally to the Halifax Health Audit and Finance Committee and administratively to the Chief Executive Officer. The Director will have the ability to communicate and interact directly with the Audit and Finance Committee, including in executive sessions and Board meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY:

The Internal Audit Department should be free from outside intervention concerning audit selection, scope, audit procedures, frequency and timing of audits and/or reporting to permit necessary independence and objectivity. Further, Auditors will exhibit professional objectivity in gathering, evaluating and communicating information about the audit activity or process.

Internal Auditors will have no direct operational responsibility or authority over activities audited that may impair internal auditor's judgment. This includes implementing internal controls, developing procedures, installing systems and preparing records.

RESPONSIBILITY:

The scope of Internal Audit Department activity includes the evaluation of Halifax Health's performance in carrying out responsibilities and achieving stated goals and objectives. This includes evaluating:

- Risk relating to the achievement of Halifax Health's strategic objectives;
- The integrity of data and the means used to report such information;
- Operations to policies, procedures and regulations;
- The means of safeguarding assets and the existence of such assets;
- Operations to determine whether results are consistent with Committee and Management objectives;
- The effectiveness of the governance processes;
- The effectiveness of the risk management processes;
- Specific operations at the request of the Committee or Management; and
- Fraud and abuse risks to Halifax Health.

Also, the scope of activity can include performing consulting and advisory services related to governance, risk management and control as requested by the Committee or Management.

INTERNAL AUDIT PLAN:

The Director will submit to the Committee an Annual Audit Plan for review and approval. The Plan will include a work schedule as well as any budget and resource concerns. The Director will communicate to the Committee the impact of any audit limitations and significant changes to the Plan.

The Annual Audit Plan will be based on an audit universe using a risk-based methodology that includes input from the Committee and Sr. Management and their staff. The Director will review and adjust the plan, as necessary, in response to changes in risks, operations, programs, systems, and controls. The Director will periodically report to the Committee as to Internal Audit performance relative to the Annual Audit Plan. Significant deviation from the Plan will also be reported to the Committee.

AUDIT REPORTING:

A written Internal Audit Report will be prepared and issued to Sr. Management by the Director or designee following the conclusion of each engagement. The Internal Audit Report will include Management's corrective action plans in regard to findings and include a date when the action plan is to be completed. Internal Audit Reports will be communicated by the Director to the Committee for review and approval.

MONITORING:

The Internal Audit Department will be responsible for follow-up on Management action plans. A written Follow-Up Report of open corrective action plans will be prepared and issued to the Committee until work is completed. Reporting will include risk exposures and control issues from any action plans that are past due or will not be implemented.

QUALITY ASSURANCE REVIEW (QAR) PROGRAM:

The Internal Audit Department will maintain a QAR program. The program will evaluate the Department's conformance with IIA and Halifax Health standards. Also, assess the effectiveness of the program and any need for improvement. The Director will communicate to the Committee and Sr. Management on QAR program results.

Halifax Health
Summary Financial Narrative
For the twelve months ended September 30, 2016

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 16	YTD Budget FY 16	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 16 vs. S&P "A"
Total Margin	5.5%	4.3%	Favorable	5.8%	Unfavorable
Operating Margin	3.3%	3.2%	Favorable	3.6%	Unfavorable
EBIDA Margin	13.6%	12.3%	Favorable	13.1%	Favorable
Operating EBIDA Margin	11.3%	11.3%	Neutral	10.8%	Favorable
Adjusted Operating EBIDA Margin *	10.7%	11.1%	Unfavorable	N/A	N/A
Days Cash on Hand	276	258	Favorable	249	Favorable
Cash to Debt	98.9%	95.3%	Favorable	189.9%	Unfavorable
Debt to Capitalization	57.0%	55.7%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage	2.71	2.38	Favorable	4.50	Unfavorable
OG Debt to Capitalization	55.9%	55.9%	Neutral	29.1%	Unfavorable

* - Excludes investment income of Foundation recorded as operating revenue.

Halifax Health Medical Center

Statistical Summary--

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

Financial Summary --

- Net patient service revenue and total operating expenses for the year-to-date are each 4.5% greater than budget.
- Income from operations for the year-to-date of \$11.2 million compares favorably to budget by \$583,000.
- Nonoperating gains/losses for the year-to-date of \$5.1 million, primarily consisting of investment income of \$6.4 million and bond issuance costs of \$1.8 million, is greater than the budgeted amount by \$2.8 million.
- The increase in net position year-to-date of \$16.3 million compares favorably to budget by \$3.4 million.

Halifax Health Hospice

Statistical Summary --

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

Financial Summary --

- Net patient service revenue for the year-to-date is 12.1% less than budget.
- Loss from operations year-to-date of \$1.0 million compares unfavorably to budget by \$2.8 million.
- Nonoperating gains/losses year-to-date of \$7.5 million, including investment income of \$6.0 million, is greater than the budgeted amount by \$4.0 million.
- The increase in net position year-to-date of \$6.4 million compares favorably to budget by \$1.3 million.

Other Component Units - The year-to-date financial performance is consistent with budgeted expectations.

Halifax Health Statistical Summary

Month Ended September 30,					Twelve Months Ended September 30,			
<u>2015</u>	<u>2016</u>	<u>Budget</u>	<u>Var.</u>		<u>2015</u>	<u>2016</u>	<u>Budget</u>	<u>Var.</u>
				<u>Inpatient Activity</u>				
1,488	1,561	1,491	4.7%	HHMC Adult/Ped Admissions	18,473	18,929	18,628	1.6%
137	133	132	0.8%	HHMCPO Adult/Ped Admissions	1,809	1,715	1,840	-6.8%
146	167	99	68.7%	Adult Psych Admissions	1,566	1,727	1,490	15.9%
58	56	49	14.3%	Rehabilitative Admissions	628	655	600	9.2%
1,829	1,917	1,771	8.2%	Total Adult/Ped Admissions	22,476	23,026	22,558	2.1%
7,816	8,598	7,143	20.4%	HHMC Adult/Ped Patient Days	98,206	99,241	92,971	6.7%
472	612	455	34.5%	HHMCPO Adult/Ped Patient Days	6,164	6,582	6,320	4.1%
1,443	1,502	1,158	29.7%	Adult Psych Patient Days	17,413	17,677	17,500	1.0%
1,031	853	730	16.8%	Rehabilitative Patient Days	9,685	10,395	8,900	16.8%
10,762	11,565	9,486	21.9%	Total Adult/Ped Patient Days	131,468	133,895	125,691	6.5%
5.3	5.5	4.8	15.0%	HHMC Average Length of Stay	5.3	5.2	5.0	5.0%
3.4	4.6	3.4	33.5%	HHMCPO Average Length of Stay	3.4	3.8	3.4	11.7%
5.1	5.4	4.7	16.1%	HHMC/ HHMCPO Average Length of Stay	5.1	5.1	4.9	5.7%
9.9	9.0	11.7	-23.1%	Adult Psych Average Length of Stay	11.1	10.2	11.7	-12.9%
17.8	15.2	14.9	2.2%	Rehabilitative Length of Stay	15.4	15.9	14.8	7.0%
5.9	6.0	5.4	12.6%	Total Average Length of Stay	5.8	5.8	5.6	4.4%
359	386	316	22.2%	Total Average Daily Census	360	366	343	6.7%
629	714	704	1.4%	HHMC Observation Patient Day Equivalents	7,798	7,632	8,160	-6.5%
80	109	111	-1.80%	HHMCPO Observation Patient Day Equivalents	1,253	1,200	1,290	-7.0%
709	823	815	1.0%	Total Observation Patient Day Equivalents	9,051	8,832	9,450	-6.5%
24	27	27	0.0%	Observation Average Daily Census	25	24	26	-7.7%
155	191	167	14.4%	HHMC Newborn Births	1,948	1,981	2,020	-1.9%
285	353	298	18.5%	HHMC Nursery Patient Days	3,612	3,820	3,900	-2.1%
424	461	405	13.8%	HHMC Inpatient Surgeries	5,126	5,402	5,215	3.6%
0	1	2	-50.0%	HHMCPO Inpatient Surgeries	19	17	20	-15.0%
424	462	407	13.5%	Total Inpatient Surgeries	5,145	5,419	5,235	3.5%
				<u>Inpatient Surgeries</u>				
143	187			Orthopedics	1,936	2,101		
85	91			General Surgery	1,079	986		
49	41			Neurosurgery	550	593		
23	17			Thoracic	241	254		
24	18			Urology	214	248		
100	108			All Other	1,125	1,237		
424	462	407	13.5%	Total Inpatient Surgeries	5,145	5,419	5,235	3.5%

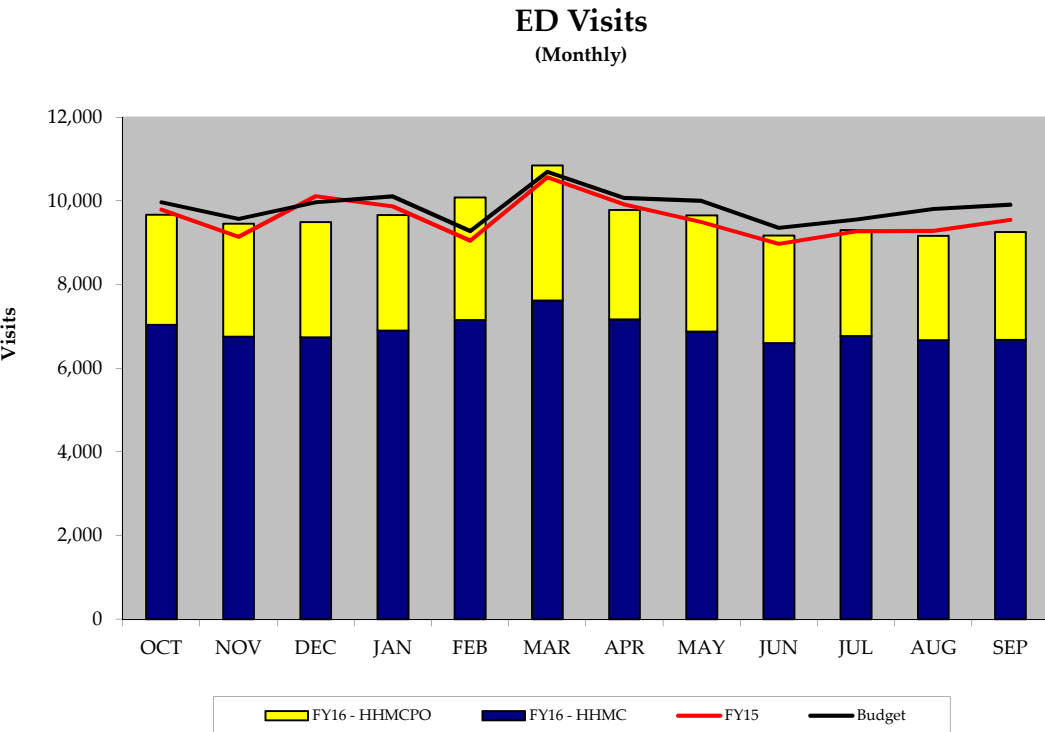
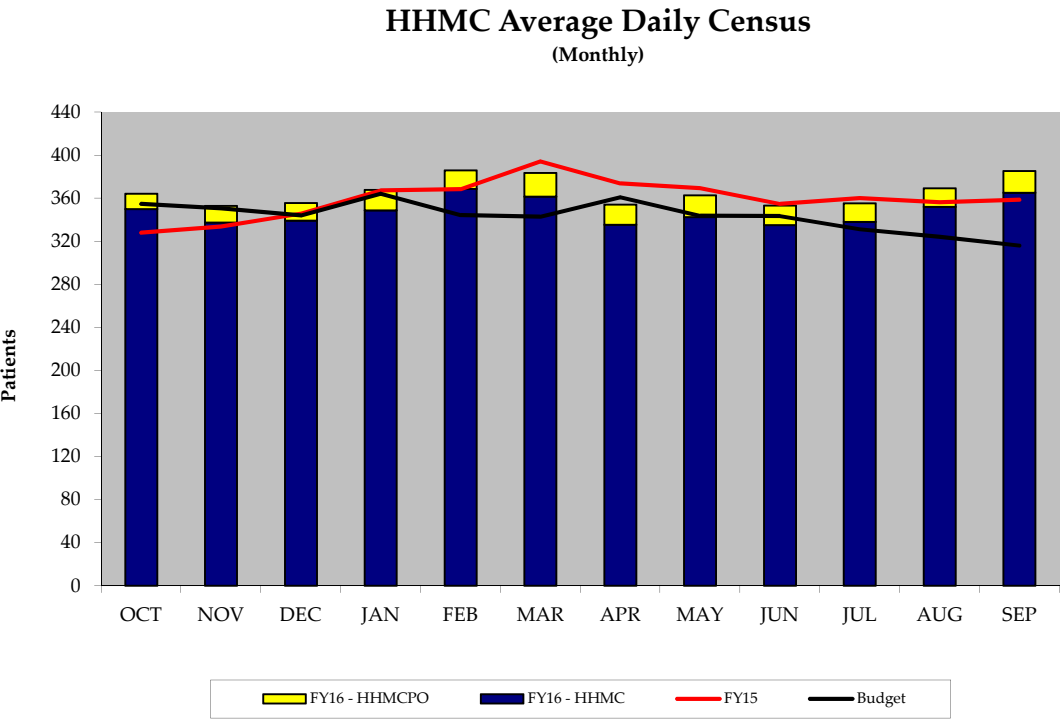
Halifax Health Statistical Summary

Month Ended September 30,					Twelve Months Ended September 30,			
<u>2015</u>	<u>2016</u>	<u>Budget</u>	<u>Var.</u>		<u>2015</u>	<u>2016</u>	<u>Budget</u>	<u>Var.</u>
				<u>Outpatient Activity</u>				
6,907	6,683	7,201	-7.2%	HHMC ED Registrations	81,901	82,999	85,200	-2.6%
2,643	2,572	2,706	-5.0%	HHMCPO ED Registrations	33,125	32,581	33,100	-1.6%
9,550	9,255	9,907	-6.6%	Total ED	115,026	115,580	118,300	-2.3%
400	441	393	12.2%	HHMC Outpatient Surgeries	4,749	4,836	4,770	1.4%
88	71	94	-24.5%	HPC Outpatient Surgeries	1,102	1,137	1,145	-0.7%
2	0	16	-100.0%	HHMCPO Outpatient Surgeries	140	3	190	-98.4%
344	382	358	6.7%	Twin Lakes Surgeries	4,325	4,432	4,350	1.9%
834	894	861	3.8%	Total Outpatient Surgeries	10,316	10,408	10,455	-0.4%
				<u>Outpatient Surgeries</u>				
169	175			Orthopedics	2,131	2,185		
157	185			General Surgery	2,005	2,059		
144	84			Gastroenterology	1,363	1,177		
72	81			OB/GYN	887	947		
61	69			Plastic Reconstructive Surgery	775	739		
231	300			All Other	3,155	3,301		
834	894	861	3.8%	Total Outpatient Surgeries	10,316	10,408	10,455	-0.4%
				<u>Cardiology Procedures</u>				
17	14			Open Heart Cases	166	184		
105	135			Cardiac Caths	1,213	1,327		
31	33			CRM Devices	451	427		
29	38			EP Studies	327	373		
182	220	164	34.1%	Total Cardiology Procedures	2,157	2,311	2,387	-3.2%
				<u>Interventional Radiology Procedures</u>				
4	7	5	40.0%	Vascular	240	93	116	-19.8%
102	157	228	-31.1%	Nonvascular	2,603	2,256	2,478	-9.0%
106	164	233	-29.6%	Total Interventional Radiology Procedures	2,843	2,349	2,594	-9.4%
184	175	195	-10.3%	GI Lab Procedures	2,415	2,295	2,290	0.2%
				<u>HH Hospice Activity</u>				
				<u>Patient Days</u>				
17,407	14,447	18,048	-20.0%	Volusia/ Flagler	214,910	197,591	220,230	-10.3%
198.0	684	1,351	-49.4%	Orange/ Osceola	568.0	3,668	10,062	-63.5%
17,605	15,131	19,399	-22.0%	HH Hospice Patient Days	215,478	201,259	230,292	-12.6%
				<u>Average Daily Census</u>				
580	482	602	-20.0%	Volusia/ Flagler	589	540	602	-10.3%
7	23	45	-49.4%	Orange/ Osceola	2	10	27	-63.5%
587	505	647	-22.0%	HH Hospice Average Daily Census	591	550	629	-12.6%

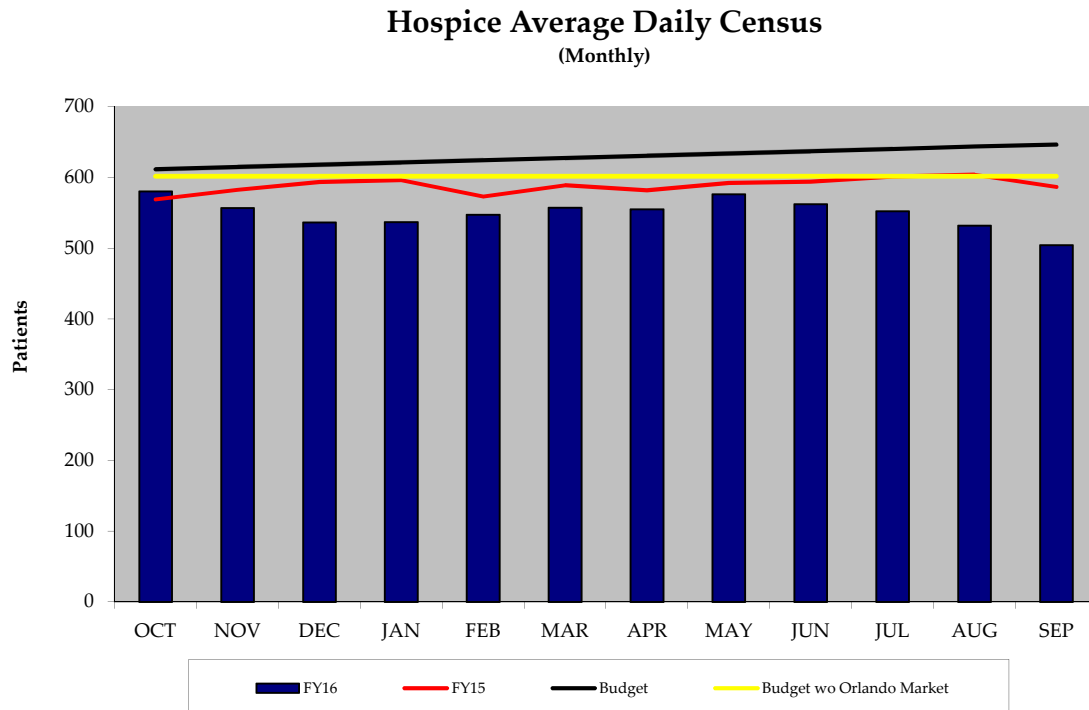
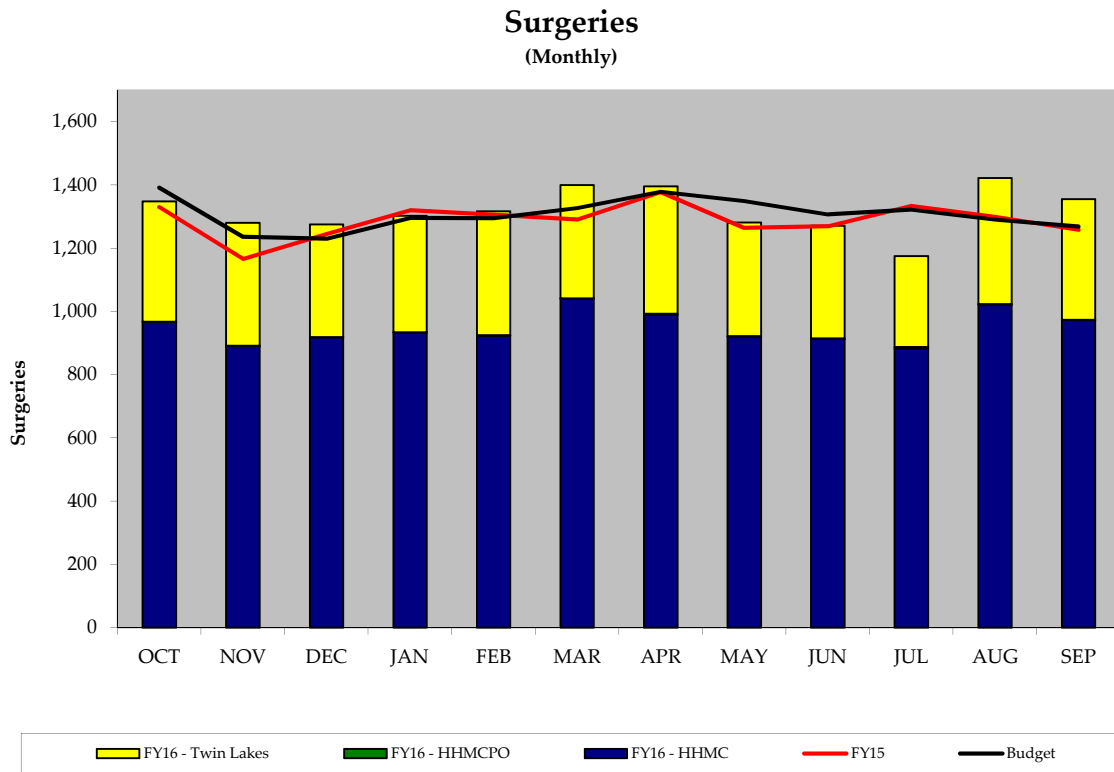
Halifax Health Statistical Summary

Month Ended September 30,				Twelve Months Ended September 30,			
<u>2015</u>	<u>2016</u>	<u>Budget</u>	<u>Var.</u>	<u>2015</u>	<u>2016</u>	<u>Budget</u>	<u>Var.</u>
<u>Physician Practice Activity</u>							
<u>Primary Care Visits</u>							
164	315	302	4.3%	Ormond Beach	2,981	3,126	5,490 -43.1%
1,010	1,057	1,076	-1.8%	Daytona Beach	2,151	12,935	12,912 0.2%
79	493	297	66.0%	Port Orange	138	4,903	3,564 37.6%
435	217	214	1.4%	Deltona	4,330	5,164	5,462 -5.5%
355	433	608	-28.8%	Ormond Beach (Women's/OB)	4,285	5,274	7,829 -32.6%
2,043	2,515	2,497	0.7%	Primary Care Visits	13,885	31,402	35,257 -10.9%
				<u>Children's Medical Center Visits</u>			
698	789	1,107	-28.7%	Ormond Beach	7,587	8,859	13,070 -32.2%
427	391	362	8.0%	Palm Coast	4,373	4,851	4,408 10.0%
471	501	390	28.5%	Port Orange	4,624	5,573	4,482 24.3%
1,596	1,681	1,859	-9.6%	Children's Medical Center Visits	16,584	19,283	21,960 -12.2%
				<u>Community Clinic Visits</u>			
389	392	422	-7.1%	Keech Street	5,674	5,045	6,200 -18.6%
421	199	475	-58.1%	Adult Community Clinic	5,480	4,133	6,000 -31.1%
810	591	897	-34.1%	Community Clinic Visits	11,154	9,178	12,200 -24.8%

Halifax Health
Statistical Summary - Graphic



Halifax Health Statistical Summary - Graphic



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

	September 30,		
	2016	2015	Change
<u>Assets</u>			
Cash and cash equivalents	\$58,572	\$55,370	\$3,202
Investments	266,686	245,407	21,279
Board designated assets	45,053	44,492	561
Accounts receivable	60,761	61,329	(568)
Restricted assets whose use is limited	19,159	26,722	(7,563)
Other assets	39,467	42,384	(2,917)
Deferred outflow - swap	43,496	33,267	10,229
Deferred outflow - loss on bond refunding	17,379	6,751	10,628
Deferred outflow - pension	37,036	15,229	21,807
Property, plant and equipment	358,008	362,698	(4,690)
Total Assets	<u>\$945,617</u>	<u>\$893,649</u>	<u>\$51,968</u>
<u>Liabilities and Net position</u>			
Accounts payable	\$33,386	\$34,151	(\$765)
Other liabilities	82,701	84,741	(2,040)
Deferred inflow - pension	-	20,139	(20,139)
Net pension liability	129,143	112,819	16,324
Long-term debt	354,394	346,740	7,654
Premium on LTD, net	19,932	9,612	10,320
Long-term value of swap	43,496	33,267	10,229
Net position	<u>282,565</u>	<u>252,180</u>	<u>30,385</u>
Total Liabilities and Net position	<u>\$945,617</u>	<u>\$893,649</u>	<u>\$51,968</u>

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

Month ended September 30, 2016	Month ended September 30, 2015	Variance		Twelve Months ended September 30, 2016	Twelve Months ended September 30, 2015	Variance
			Cash flows from operating activities:			
\$43,266	\$45,519	(\$2,253)	Receipts from third party payors and patients	\$493,855	\$456,330	\$37,525
(19,220)	(18,250)	(970)	Payments to employees	(276,694)	(252,510)	(24,184)
(12,463)	(9,728)	(2,735)	Payments to suppliers	(178,881)	(179,844)	963
-	88	(88)	Receipt of ad valorem taxes	13,181	13,151	30
-	-	-	Receipt (payment) of State UPL funds, net	816	21,569	(20,753)
45	62	(17)	Other receipts	30,118	18,791	11,327
(2,663)	(3,121)	458	Other payments	(44,137)	(43,003)	(1,134)
8,965	14,570	(5,605)	Net cash provided by (used in) operating activities	38,258	34,484	3,774
			Cash flows from noncapital financing activities:			
57	262	(205)	Proceeds from donations received	1,980	1,244	736
(8)	(179)	171	Nonoperating gain (loss)	(14)	(243)	229
49	83	(34)	Net cash provided by noncapital financing activities	1,966	1,001	965
			Cash flows from capital and related financing activities:			
(1,473)	(2,751)	1,278	Acquisition of capital assets	(23,841)	(19,033)	(4,808)
(200)	(190)	(10)	Payment of long-term debt	(2,295)	(5,381)	3,086
-	-	-	Proceeds from issuance of long-term debt	175,424	125,954	49,470
-	-	-	Transfers to trustee held funds	(12,619)	-	(12,619)
-	-	-	Payment for defeasance of bonds	(168,728)	(124,086)	(44,642)
(294)	(2,579)	2,285	Payment of interest on long-term debt	(14,761)	(18,041)	3,280
-	-	-	Payment of bond issue costs	(1,774)	(1,359)	(415)
(1,967)	(5,520)	3,553	Net cash used in capital financing activities	(48,594)	(41,946)	(6,648)
			Cash flows from investing activities:			
544	572	(28)	Realized investment income (loss)	8,515	6,822	1,693
(3,669)	(736)	(2,933)	Purchases of investments/limited use assets	(117,615)	(57,589)	(60,026)
6	15,506	(15,500)	Sales/Maturities of investments/limited use assets	120,289	19,231	101,058
(3,119)	15,342	(18,461)	Net cash provided by (used in) investing activities	11,189	(31,536)	42,725
3,928	24,475	(20,547)	Net increase (decrease) in cash and cash equivalents	2,819	(37,997)	40,816
54,644	30,895	23,749	Cash and cash equivalents at beginning of period	55,753	93,367	(37,614)
\$58,572	\$55,370	\$3,202	Cash and cash equivalents at end of period	\$58,572	\$55,370	\$3,202

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

Actual Month Ended September 30, 2016	Actual Month Ended September 30, 2015	Favorable (Unfavorable) Variance		Actual Twelve Months September 30, 2016	Actual Twelve Months September 30, 2015	Favorable (Unfavorable) Variance
			Operating revenues:			
\$31,350	\$48,480	(\$17,130)	Net patient service revenue, before provision for bad debts	\$580,528	\$573,131	\$7,397
8,173	(8,850)	17,023	Provision for bad debts	(90,666)	(105,641)	14,975
39,523	39,630	(107)	Net patient service revenue	489,862	467,490	22,372
1,104	1,096	8	Ad valorem taxes	13,252	13,149	103
2,553	(716)	3,269	Other revenue	30,440	24,121	6,319
43,180	40,010	3,170	Total operating revenues	533,554	504,760	28,794
			Operating expenses:			
19,309	18,612	(697)	Salaries and benefits	254,495	236,334	(18,161)
8,168	6,991	(1,177)	Purchased services	80,911	77,760	(3,151)
8,019	6,529	(1,490)	Supplies	93,347	87,998	(5,349)
2,200	2,016	(184)	Depreciation and amortization	24,955	23,677	(1,278)
1,373	1,427	54	Interest	17,279	18,167	888
541	385	(156)	Ad valorem tax related expenses	7,460	6,798	(662)
820	700	(120)	Leases and rentals	9,141	9,560	419
1,502	2,159	657	Other	28,153	27,334	(819)
41,932	38,819	(3,113)	Total operating expenses	515,741	487,628	(28,113)
1,248	1,191	57	Excess of operating revenues over expenses	17,813	17,132	681
			Nonoperating revenues, expenses, and gains/(losses):			
544	572	(28)	Realized investment income/(losses)	8,516	6,819	1,697
165	(1,155)	1,320	Unrealized investment income/(losses)	3,868	(3,948)	7,816
57	264	(207)	Donation revenue	1,979	1,250	729
-	-	-	Interest - bond issue costs	(1,774)	(1,359)	(415)
(8)	(179)	171	Nonoperating gains/(losses), net	(14)	(239)	225
758	(498)	1,256	Total nonoperating revenues, expenses, and gains/(losses)	12,575	2,523	10,052
\$2,006	\$693	\$1,313	Increase in net position	\$30,388	\$19,655	\$10,733

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

Actual Month Ended September 30, 2016	Static Budget Month Ended September 30, 2016	Favorable (Unfavorable) Variance		Actual Ended September 30, 2016	Static Budget Ended September 30, 2016	Favorable (Unfavorable) Variance
\$31,350	\$46,142	(\$14,792)	Operating revenues:	\$580,528	\$587,124	(\$6,596)
8,173	(8,668)	16,841	Net patient service revenue, before provision for bad debts	(90,666)	(110,900)	20,234
39,523	37,474	2,049	Provision for bad debts	489,862	476,224	13,638
1,104	1,104	-	Net patient service revenue	13,252	13,252	-
2,553	2,076	477	Ad valorem taxes	30,440	26,558	3,882
43,180	40,654	2,526	Other revenue	533,554	516,034	17,520
			Total operating revenues			
			Operating expenses:			
19,309	20,730	1,421	Salaries and benefits	254,495	257,182	2,687
8,168	5,596	(2,572)	Purchased services	80,911	68,056	(12,855)
8,019	6,900	(1,119)	Supplies	93,347	87,730	(5,617)
2,200	1,983	(217)	Depreciation and amortization	24,955	24,235	(720)
1,373	1,467	94	Interest	17,279	17,589	310
541	597	56	Ad valorem tax related expenses	7,460	7,161	(299)
820	762	(58)	Leases and rentals	9,141	9,197	56
1,502	2,347	845	Other	28,153	28,146	(7)
41,932	40,382	(1,550)	Total operating expenses	515,741	499,296	(16,445)
1,248	272	976	Excess of operating revenues over expenses	17,813	16,738	1,075
			Nonoperating revenues, expenses, and gains/(losses):			
544	375	169	Realized investment income/(losses)	8,516	4,502	4,014
165	-	165	Unrealized investment income/(losses)	3,868	-	3,868
57	100	(43)	Donation revenue	1,979	1,201	778
-	-	-	Interest - bond issue costs	(1,774)	-	(1,774)
(8)	-	(8)	Nonoperating gains/(losses), net	(14)	-	(14)
758	475	283	Total nonoperating revenues, expenses, and gains/(losses)	12,575	5,703	6,872
\$2,006	\$747	\$1,259	Increase in net position	\$30,388	\$22,441	\$7,947

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

Actual Month Ended September 30, 2016	Static Budget Month Ended September 30, 2016	Favorable (Unfavorable) Variance		Actual Twelve Months Ended September 30, 2016	Static Budget Twelve Months Ended September 30, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
\$27,966	\$42,041	(\$14,075)	Net patient service revenue, before provision for bad debts	\$537,334	\$538,220	(\$886)
8,347	(8,594)	16,941	Provision for bad debts	(89,659)	(110,002)	20,343
36,313	33,447	2,866	Net patient service revenue	447,675	428,218	19,457
1,104	1,104	-	Ad valorem taxes	13,252	13,252	-
1,730	1,370	360	Other revenue	17,606	16,504	1,102
39,147	35,921	3,226	Total operating revenues	478,533	457,974	20,559
			Operating expenses:			
17,499	18,656	1,157	Salaries and benefits	229,502	230,195	693
6,947	4,402	(2,545)	Purchased services	67,202	53,762	(13,440)
7,810	6,633	(1,177)	Supplies	90,480	84,542	(5,938)
2,065	1,850	(215)	Depreciation and amortization	23,249	22,638	(611)
1,366	1,450	84	Interest	17,100	17,400	300
541	597	56	Ad valorem tax related expenses	7,460	7,161	(299)
654	582	(72)	Leases and rentals	6,816	6,978	162
1,893	2,057	164	Other	25,500	24,657	(843)
38,775	36,227	(2,548)	Total operating expenses	467,309	447,333	(19,976)
372	(306)	678	Excess (deficiency) of operating revenues over expenses	11,224	10,641	583
			Nonoperating revenues, expenses, and gains/(losses):			
406	186	220	Realized investment income/(losses)	3,605	2,237	1,368
13	-	13	Unrealized investment income/(losses)	2,750	-	2,750
6	4	2	Donation revenue	550	49	501
-	-	-	Interest - bond issue costs	(1,774)	-	(1,774)
(8)	-	(8)	Nonoperating gains/(losses), net	(14)	-	(14)
417	190	227	Total nonoperating revenues, expenses, and gains/(losses)	5,117	2,286	2,831
\$789	(\$116)	\$905	Increase (decrease) in net position	\$16,341	\$12,927	\$3,414

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

Actual Month Ended September 30, 2015		Actual Month Ended September 30, 2016		Static Budget Month Ended September 30, 2016			Actual Twelve Months Ended September 30, 2015		Actual Twelve Months Ended September 30, 2016		Static Budget Twelve Months Ended September 30, 2016	
\$126,625	100.00%	\$144,758	100.00%	\$125,898	100.00%	Gross charges	\$1,521,072	100.00%	\$1,674,518	100.00%	\$1,612,693	100.00%
(7,286)	-5.75%	(28,621)	-19.77%	(4,032)	-3.20%	Charity	(54,002)	-3.55%	(98,477)	-5.88%	(51,619)	-3.20%
(74,543)	-58.87%	(88,171)	-60.91%	(79,825)	-63.40%	Contractual adjustments	(937,700)	-61.65%	(1,038,707)	-62.03%	(1,022,854)	-63.43%
44,796	35.38%	27,966	19.32%	42,041	33.39%	Gross charges, before provision for bad debts	529,370	34.80%	537,334	32.09%	538,220	33.37%
(8,734)	-6.90%	8,347	5.77%	(8,594)	-6.83%	Provision for bad debts	(104,540)	-6.87%	(89,659)	-5.35%	(110,002)	-6.82%
\$36,062	28.48%	\$36,313	25.09%	\$33,447	26.57%	Net patient service revenue	\$424,830	27.93%	\$447,675	26.73%	\$428,218	26.55%

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

Actual Month Ended September 30, 2016	Static Budget Month Ended September 30, 2016	Favorable (Unfavorable) Variance		Actual Twelve Months Ended September 30, 2016	Static Budget Twelve Months Ended September 30, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,384	\$4,101	(\$717)	Net patient service revenue, before provision for bad debts	\$43,194	\$48,904	(\$5,710)
(174)	(74)	(100)	Provision for bad debts	(1,007)	(898)	(109)
3,210	4,027	(817)	Net patient service revenue	42,187	48,006	(5,819)
156	186	(30)	Other revenue	2,257	2,388	(131)
3,366	4,213	(847)	Total operating revenues	44,444	50,394	(5,950)
			Operating expenses:			
1,745	2,004	259	Salaries and benefits	24,134	26,104	1,970
1,180	1,157	(23)	Purchased services	13,262	13,847	585
209	265	56	Supplies	2,849	3,162	313
68	66	(2)	Depreciation and amortization	907	798	(109)
161	175	14	Leases and rentals	2,264	2,158	(106)
(62)	217	279	Other	2,078	2,611	533
3,301	3,884	583	Total operating expenses	45,494	48,680	3,186
65	329	(264)	Excess (deficiency) of operating revenues over expenses	(1,050)	1,714	(2,764)
			Nonoperating revenues, expenses, and gains/(losses):			
138	189	(51)	Realized investment income/(losses)	4,911	2,265	2,646
152	-	152	Unrealized investment income/(losses)	1,118	-	1,118
51	96	(45)	Donation revenue	1,429	1,152	277
-	-	-	Nonoperating gains/(losses), net	-	-	-
341	285	56	Total nonoperating revenues, expenses, and gains/(losses)	7,458	3,417	4,041
\$406	\$614	(\$208)	Increase in net position	\$6,408	\$5,131	\$1,277

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

Actual Month Ended September 30, 2016	Static Budget Month Ended September 30, 2016	Favorable (Unfavorable) Variance		Actual Ended September 30, 2016	Static Budget Ended September 30, 2016	Favorable (Unfavorable) Variance
\$0	\$0	\$0	Operating revenues:			
-	-	-	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
336	341	(5)	Net patient service revenue	-	-	-
336	341	(5)	Other revenue	4,094	4,097	(3)
			Total operating revenues	4,094	4,097	(3)
			Operating expenses:			
56	60	4	Salaries and benefits	749	758	9
40	36	(4)	Purchased services	416	432	16
-	2	2	Supplies	18	26	8
67	67	-	Depreciation and amortization	799	799	-
7	17	10	Interest	179	189	10
5	5	-	Leases and rentals	61	61	-
2	3	1	Other	26	42	16
177	190	13	Total operating expenses	2,248	2,307	59
159	151	8	Excess of operating revenues over expenses	1,846	1,790	56
			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)	-	-	-
\$159	\$151	\$8	Increase in net position	\$1,846	\$1,790	\$56

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

Actual	Static Budget	Favorable		Actual	Static Budget	Favorable
Month Ended	Month Ended	(Unfavorable)		Ended	Ended	(Unfavorable)
September 30, 2016	September 30, 2016	Variance		September 30, 2016	September 30, 2016	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	-	-	-
82	103	(21)	Realized investment income/(losses)	2,345	1,230	1,115
80	-	80	Unrealized investment income/(losses)	846	-	846
169	76	93	Donation revenue	3,292	2,339	953
-	-	-	Other revenue	-	-	-
331	179	152	Total operating revenues	6,483	3,569	2,914
			Operating expenses:			
9	10	1	Salaries and benefits	110	125	15
1	1	-	Purchased services	31	15	(16)
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
(331)	70	401	Other	549	836	287
(321)	81	402	Total operating expenses	690	976	286
\$652	\$98	\$554	Increase in net position	\$5,793	\$2,593	\$3,200

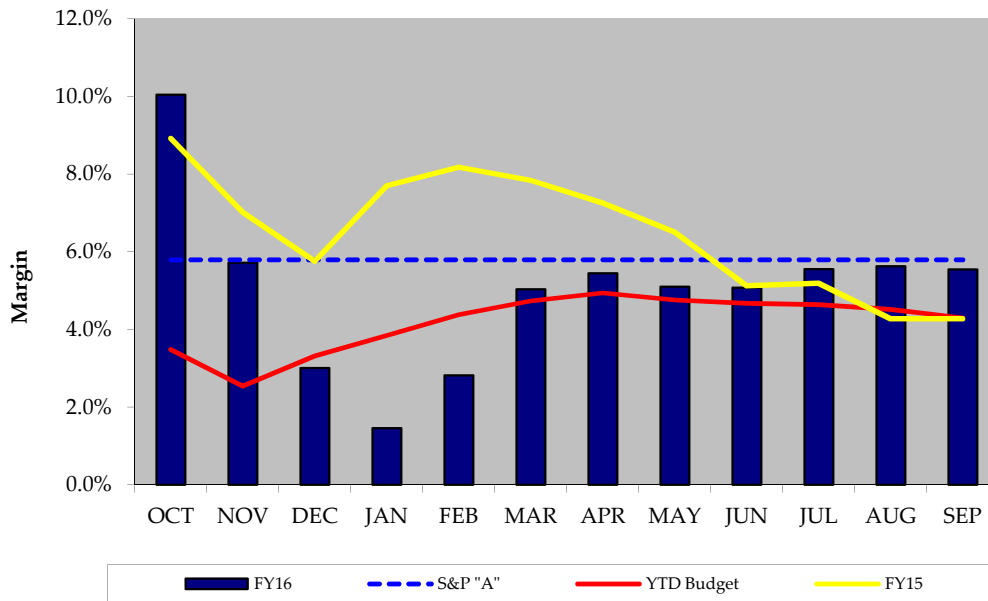
Halifax Health Medical Center (Obligated Group)
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2016	Static Budget Month Ended September 30, 2016	Favorable (Unfavorable) Variance		Actual Twelve Months September 30, 2016	Static Budget Twelve Months September 30, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
\$27,966	\$42,041	(\$14,075)	Net patient service revenue, before provision for bad debts	\$537,334	\$538,220	(\$886)
8,347	(8,594)	16,941	Provision for bad debts	(89,659)	(110,002)	20,343
36,313	33,447	2,866	Net patient service revenue	447,675	428,218	19,457
1,104	1,104	-	Ad valorem taxes	13,252	13,252	-
1,730	1,370	360	Other revenue	17,606	16,504	1,102
39,147	35,921	3,226	Total operating revenues	478,533	457,974	20,559
			Operating expenses:			
17,499	18,656	1,157	Salaries and benefits	229,502	230,195	693
6,947	4,402	(2,545)	Purchased services	67,202	53,762	(13,440)
7,810	6,633	(1,177)	Supplies	90,480	84,542	(5,938)
2,065	1,850	(215)	Depreciation and amortization	23,249	22,638	(611)
1,366	1,450	84	Interest	17,100	17,400	300
541	597	56	Ad valorem tax related expenses	7,460	7,161	(299)
654	582	(72)	Leases and rentals	6,816	6,978	162
1,893	2,057	164	Other	25,500	24,657	(843)
38,775	36,227	(2,548)	Total operating expenses	467,309	447,333	(19,976)
372	(306)	678	Excess (deficiency) of operating revenues over expenses	11,224	10,641	583
			Nonoperating revenues, expenses, and gains/(losses):			
406	186	220	Realized investment income/(losses)	3,605	2,237	1,368
13	-	13	Unrealized investment income/(losses)	2,750	-	2,750
6	4	2	Donation revenue	550	49	501
-	-	-	Interest - Bond issue costs	(1,774)	-	(1,774)
(8)	-	(8)	Nonoperating gains/(losses), net	(14)	-	(14)
417	190	227	Total nonoperating revenues, expenses, and gains/(losses)	5,117	2,286	2,831
789	(116)	905	Increase (decrease) in net position before other changes in net	16,341	12,927	3,414
1,217	863	354	Income/(losses) from affiliates	14,047	9,514	4,533
\$2,006	\$747	\$1,259	Increase in net position	\$30,388	\$22,441	\$7,947

Halifax Health Financial Summary - Graphic

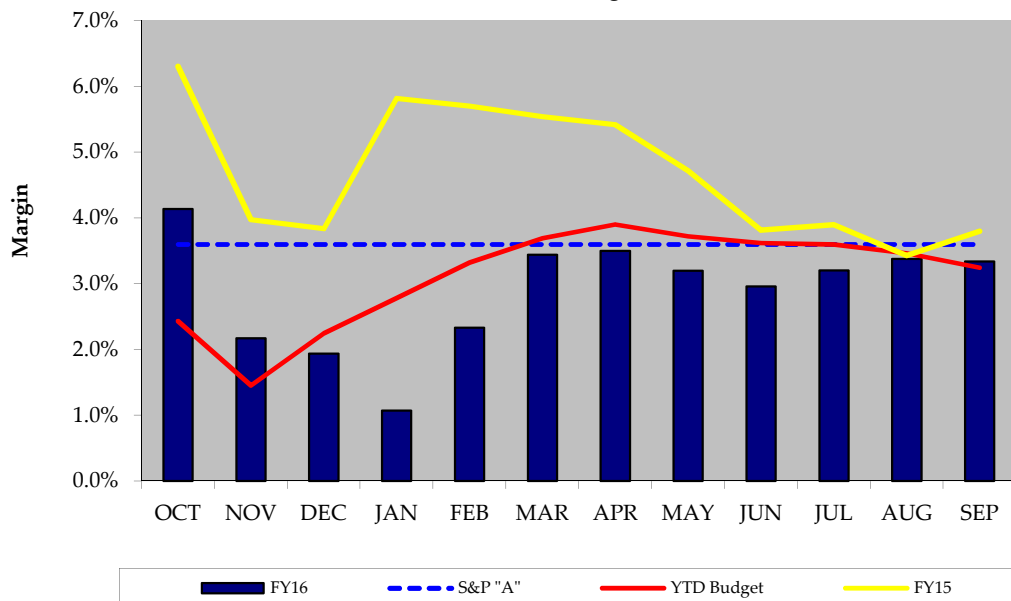
HH Total Margin

(Cumulative YTD Basis)
(desired trend - increasing)



HH Operating Margin

(Cumulative YTD Basis)
(Excludes nonoperating gains and losses)
(desired trend - increasing)

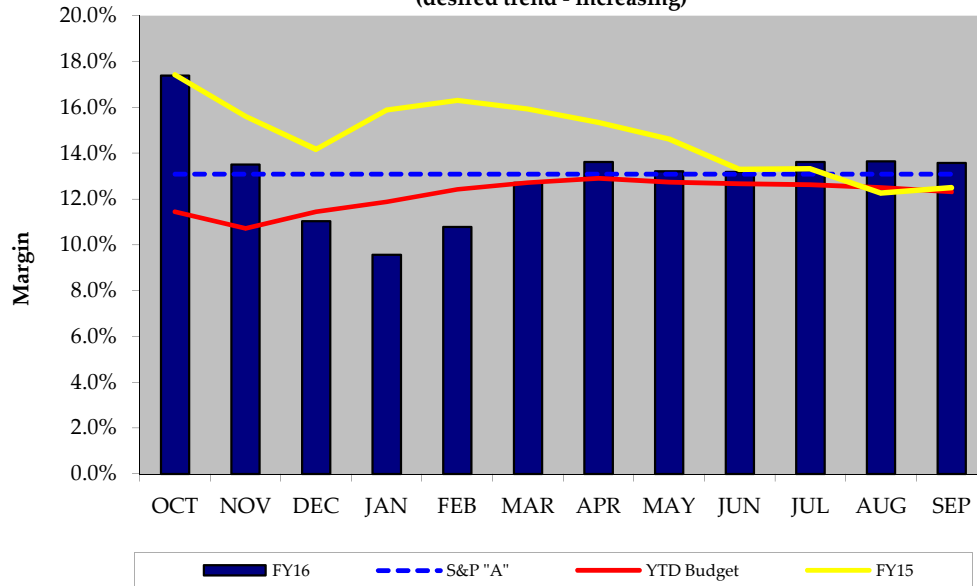


Halifax Health

Financial Summary - Graphic

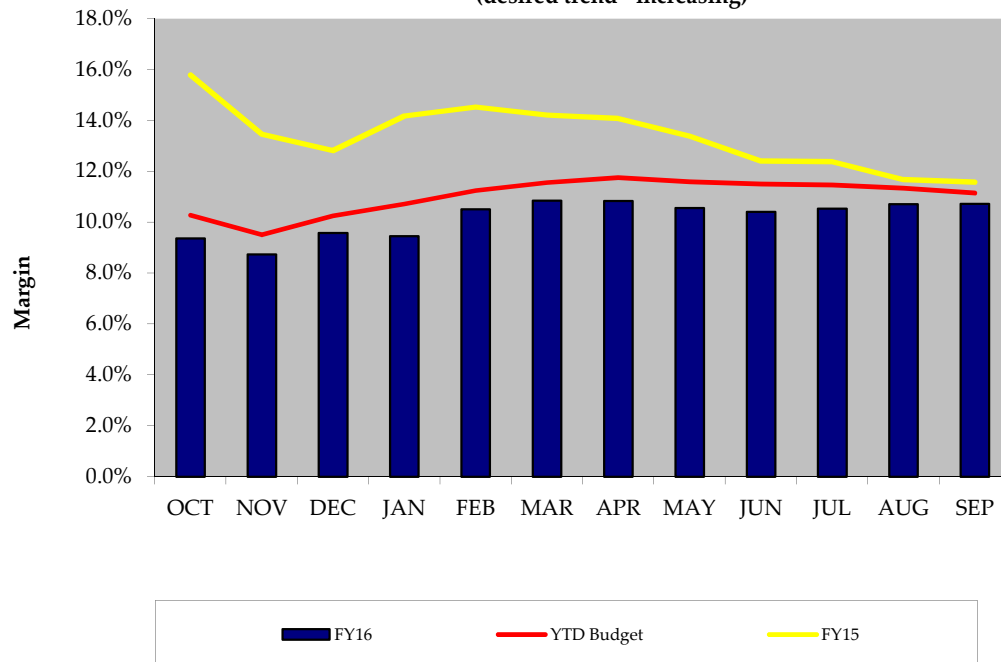
HH EBIDA Margin

(Cumulative YTD Basis)
(desired trend - increasing)



HH Adjusted Operating EBIDA Margin

(Cumulative YTD Basis)
(Excludes nonoperating gains and losses)
(desired trend - increasing)



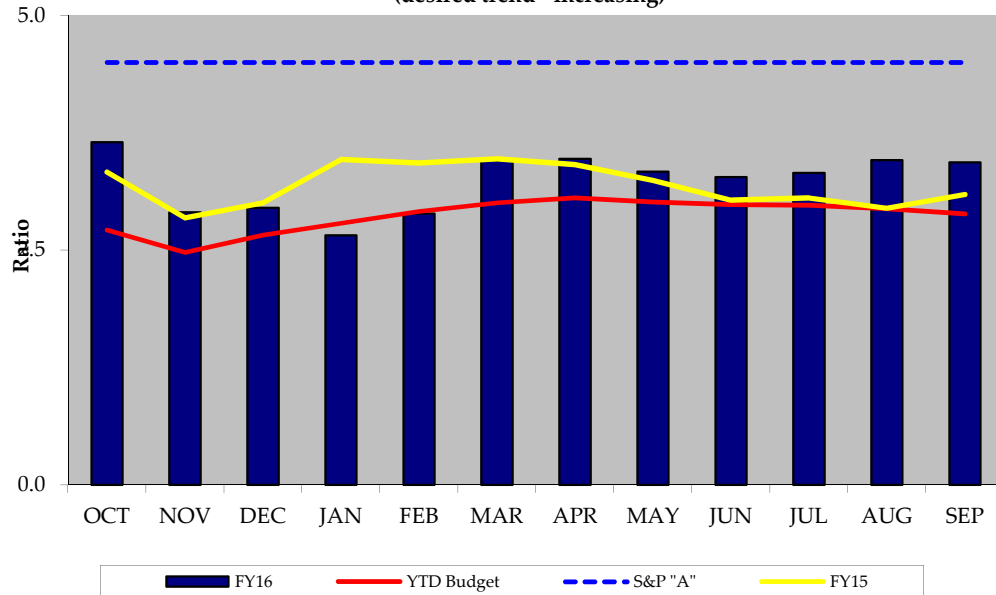
Halifax Health Financial Summary - Graphic

HH MADS Coverage Ratio

(Annualized Basis)

(Excludes unrealized investment gains/losses in accordance with covenant requirements)

(desired trend - increasing)

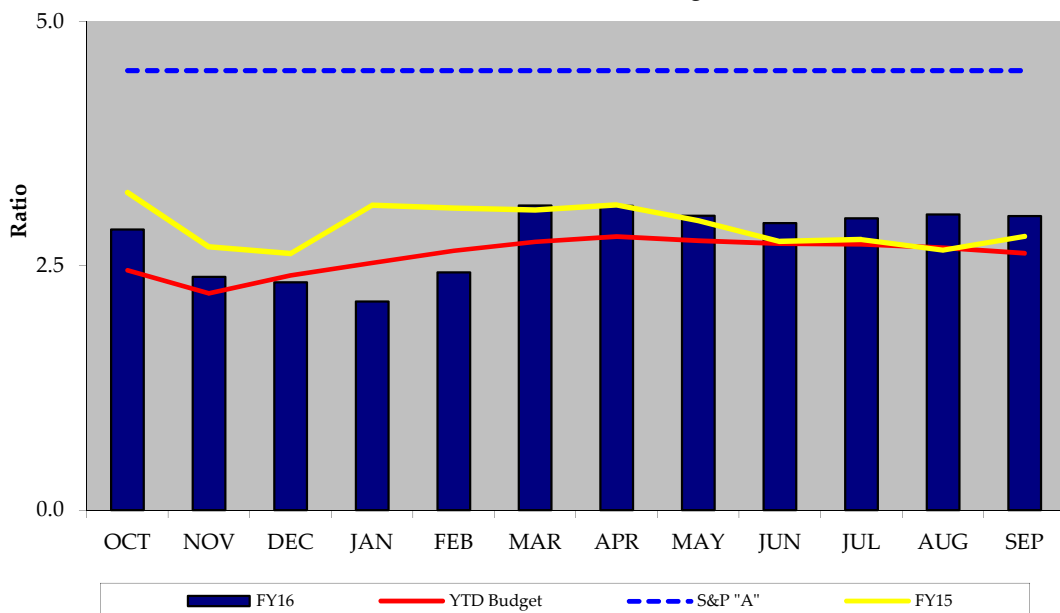


HH MADS Coverage Ratio - Operations Only

(Annualized Basis)

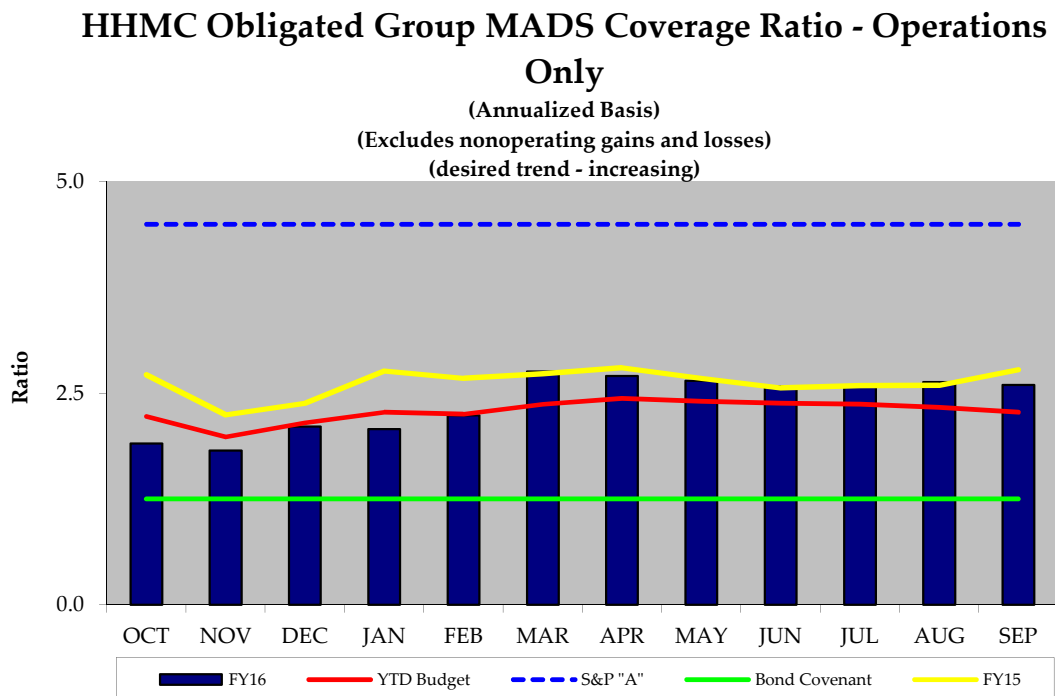
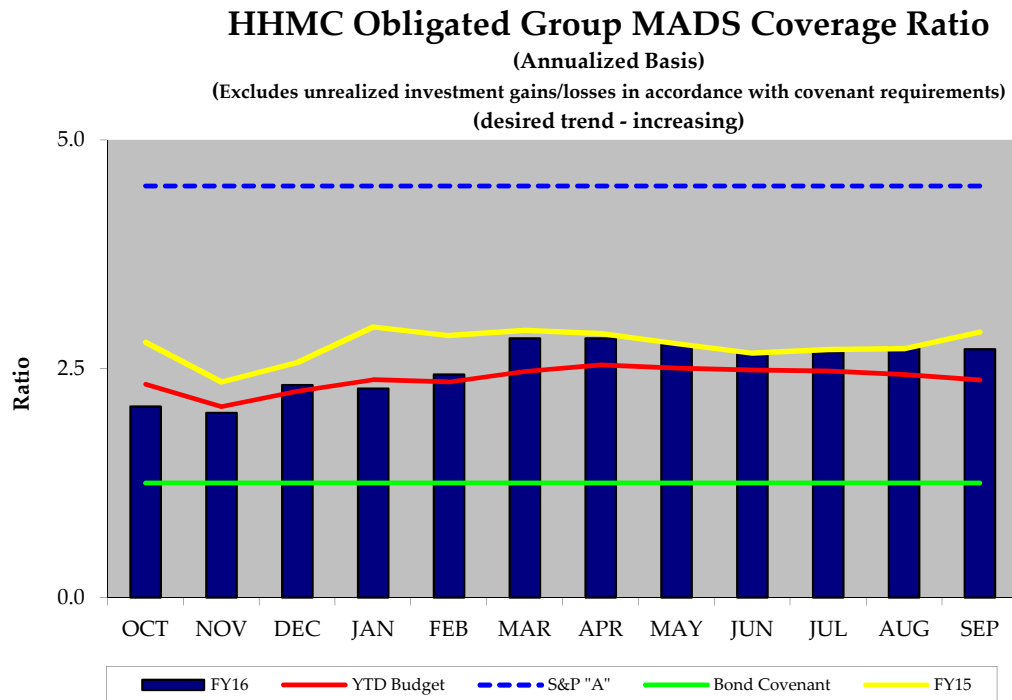
(Excludes nonoperating gains and losses)

(desired trend - increasing)



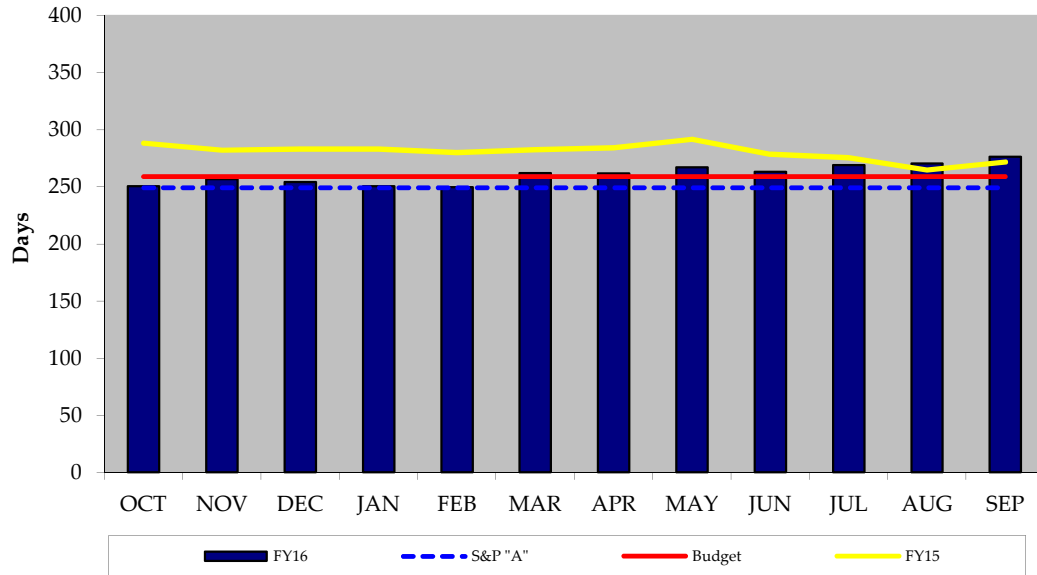
Halifax Health

Financial Summary - Graphic

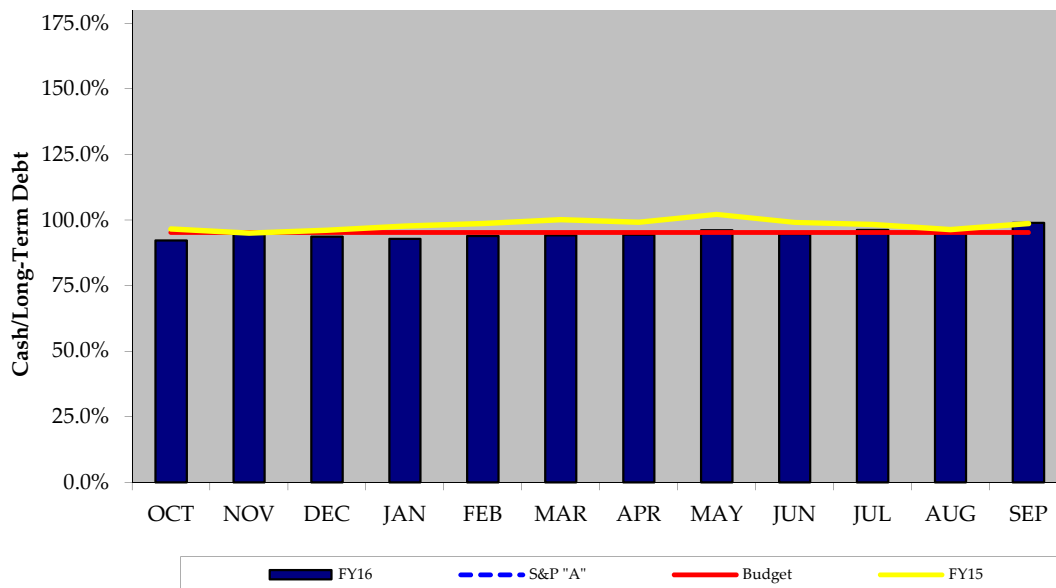


Halifax Health Financial Summary - Graphic

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

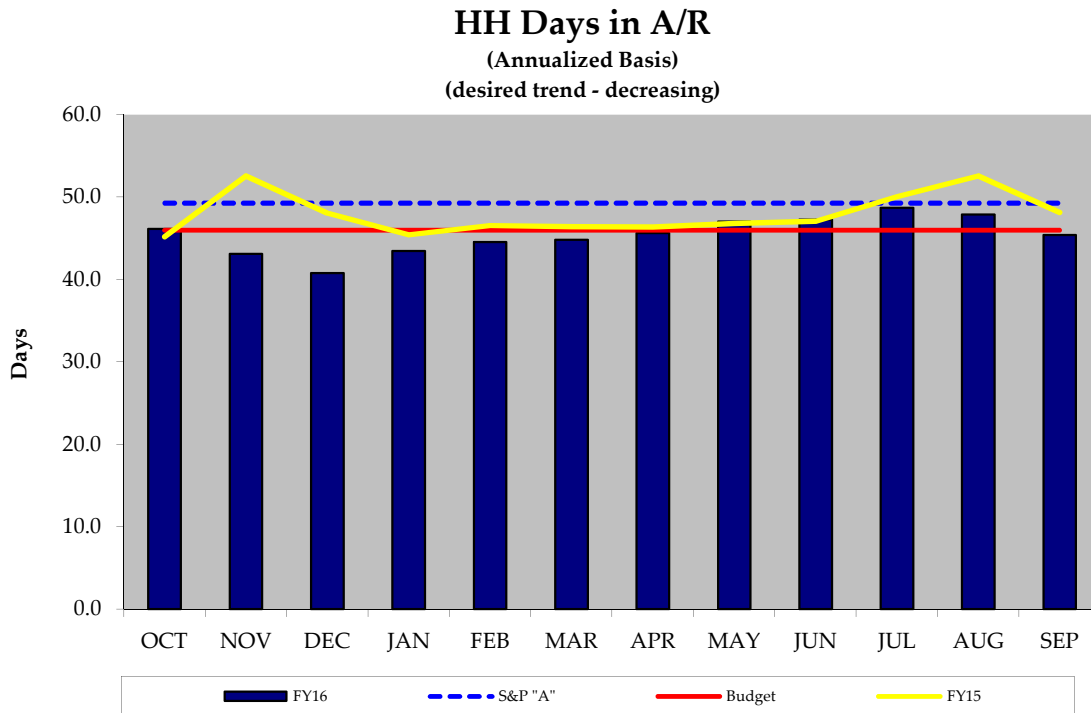
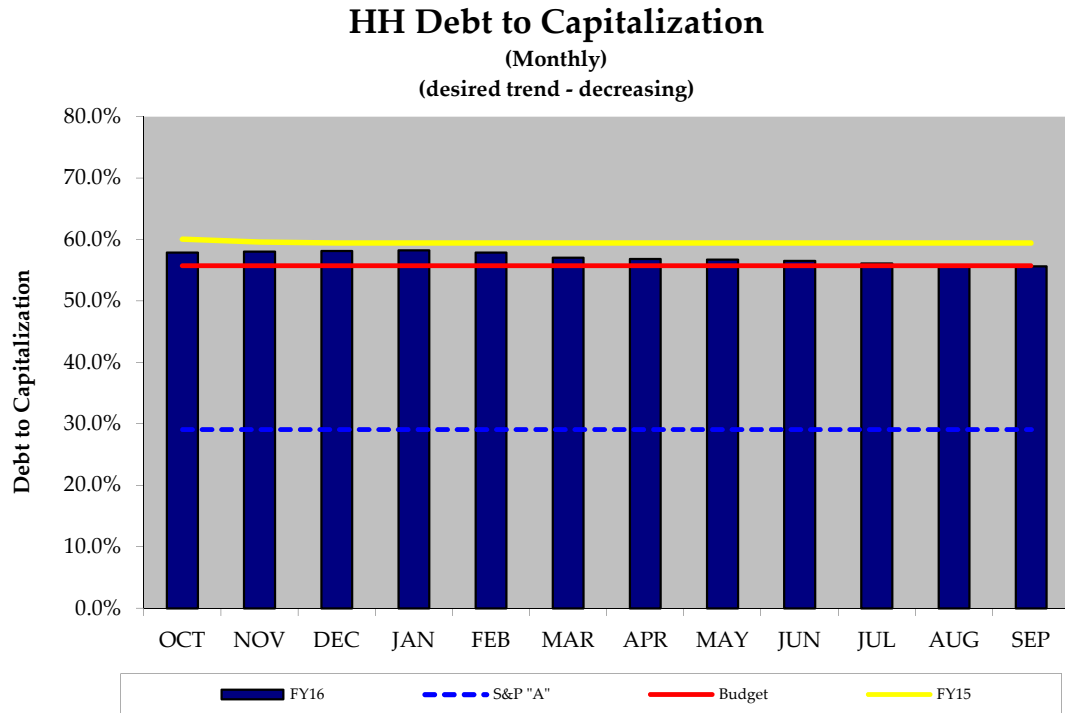


HH Cash/Debt
(Monthly)
(desired trend - increasing)



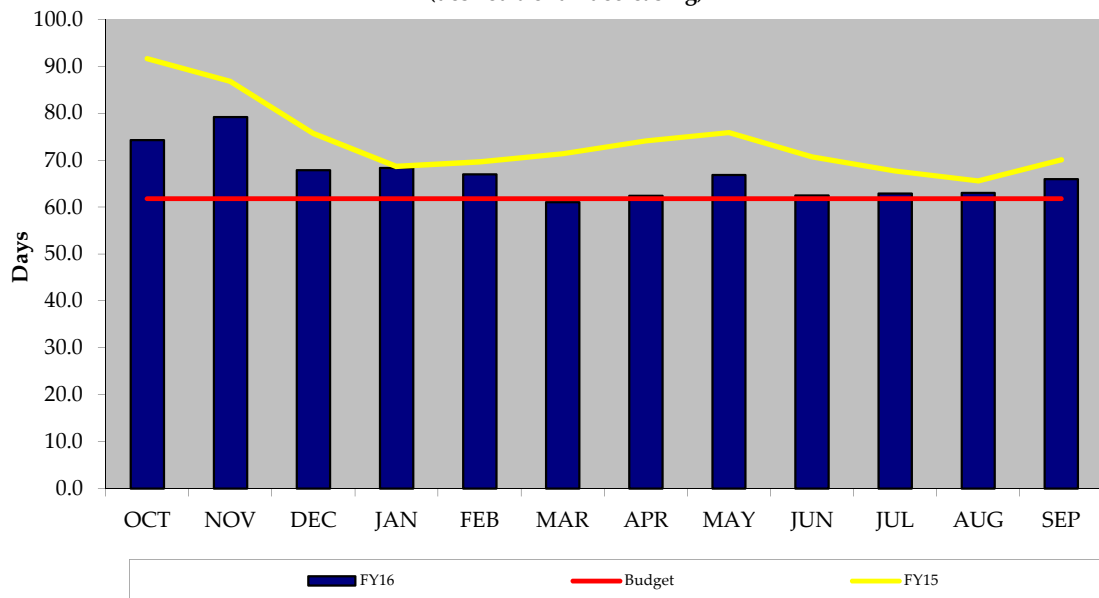
Halifax Health

Financial Summary - Graphic

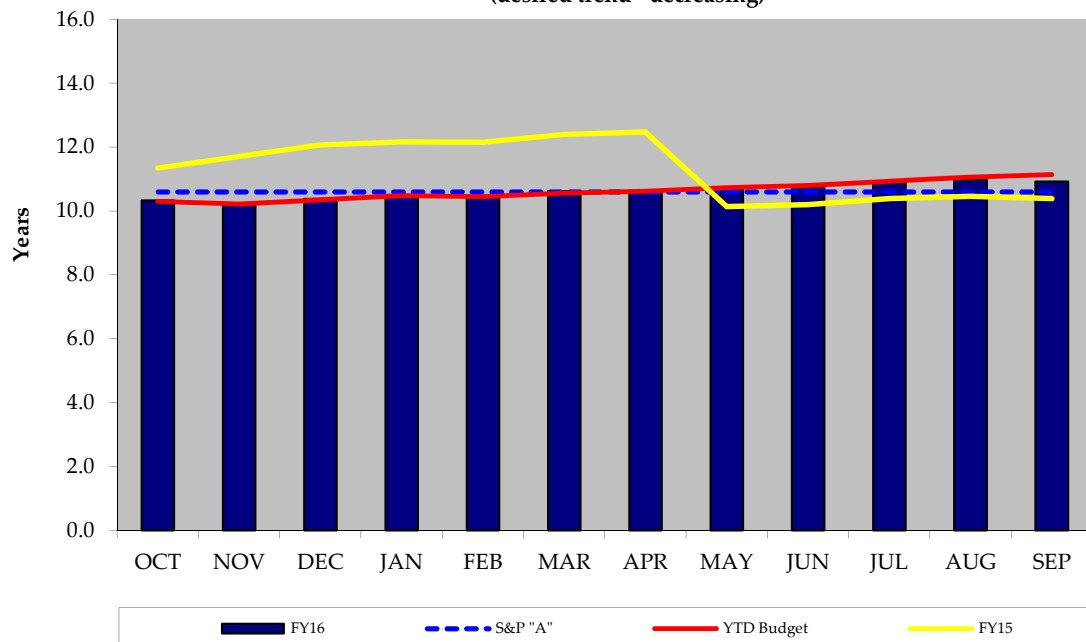


Halifax Health Financial Summary - Graphic

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	

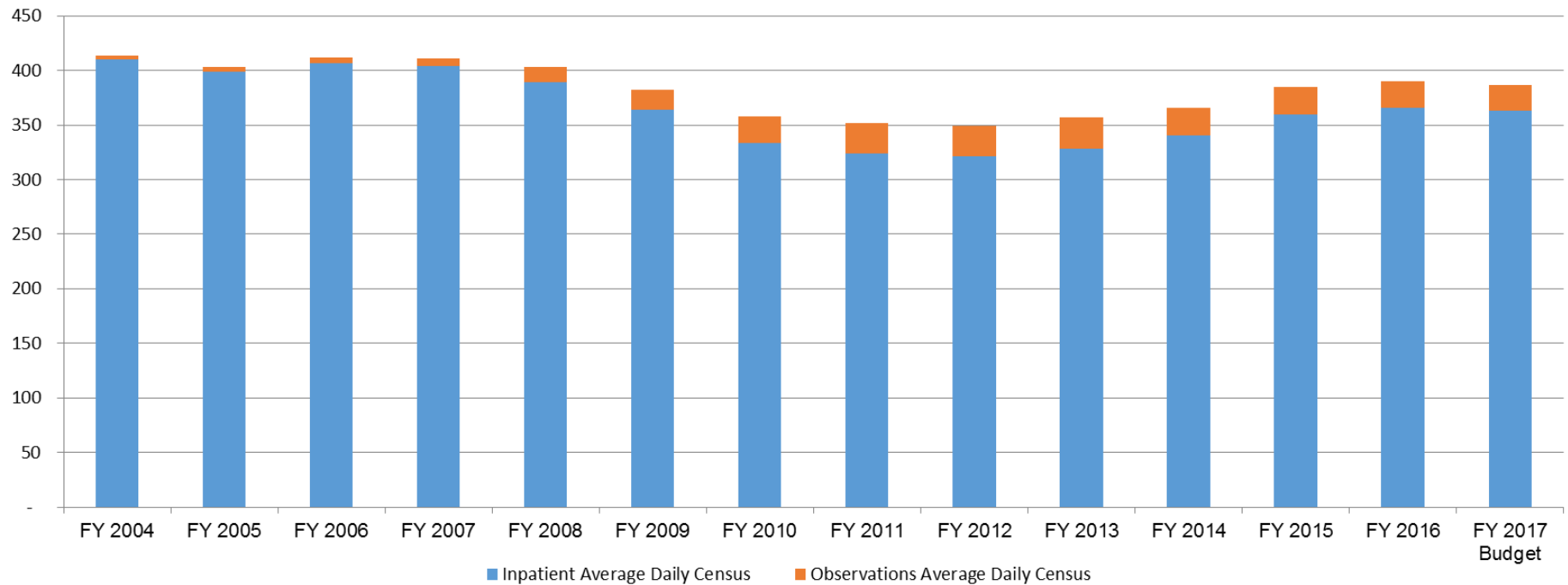
FY 2016 Year-end Update Financial and Statistical Trends

Eric M. Peburn
Chief Financial Officer

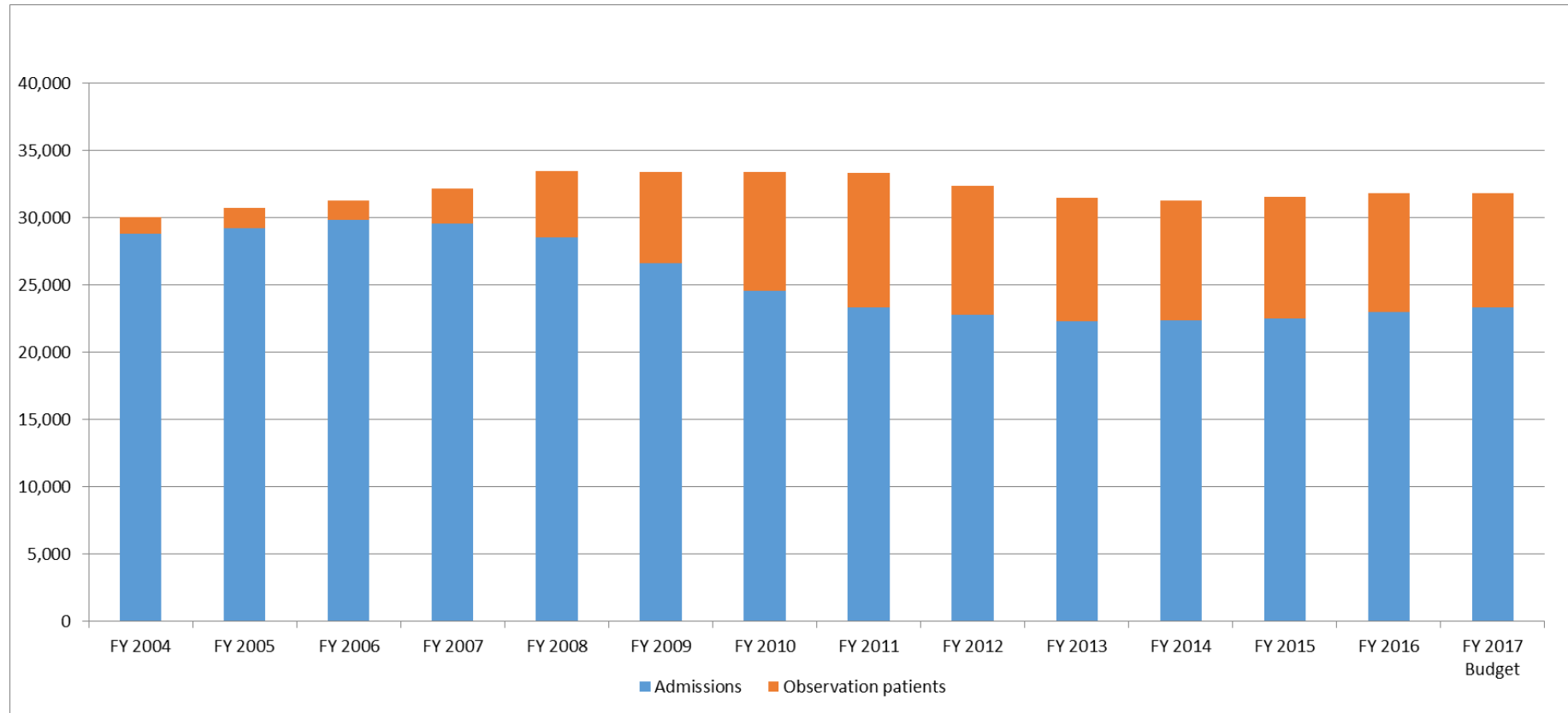
Finance and Audit Committee
November 2, 2016

Financial and Statistical Trends

Halifax Health Medical Center Inpatient Days and Observation Patient Day Equivalents

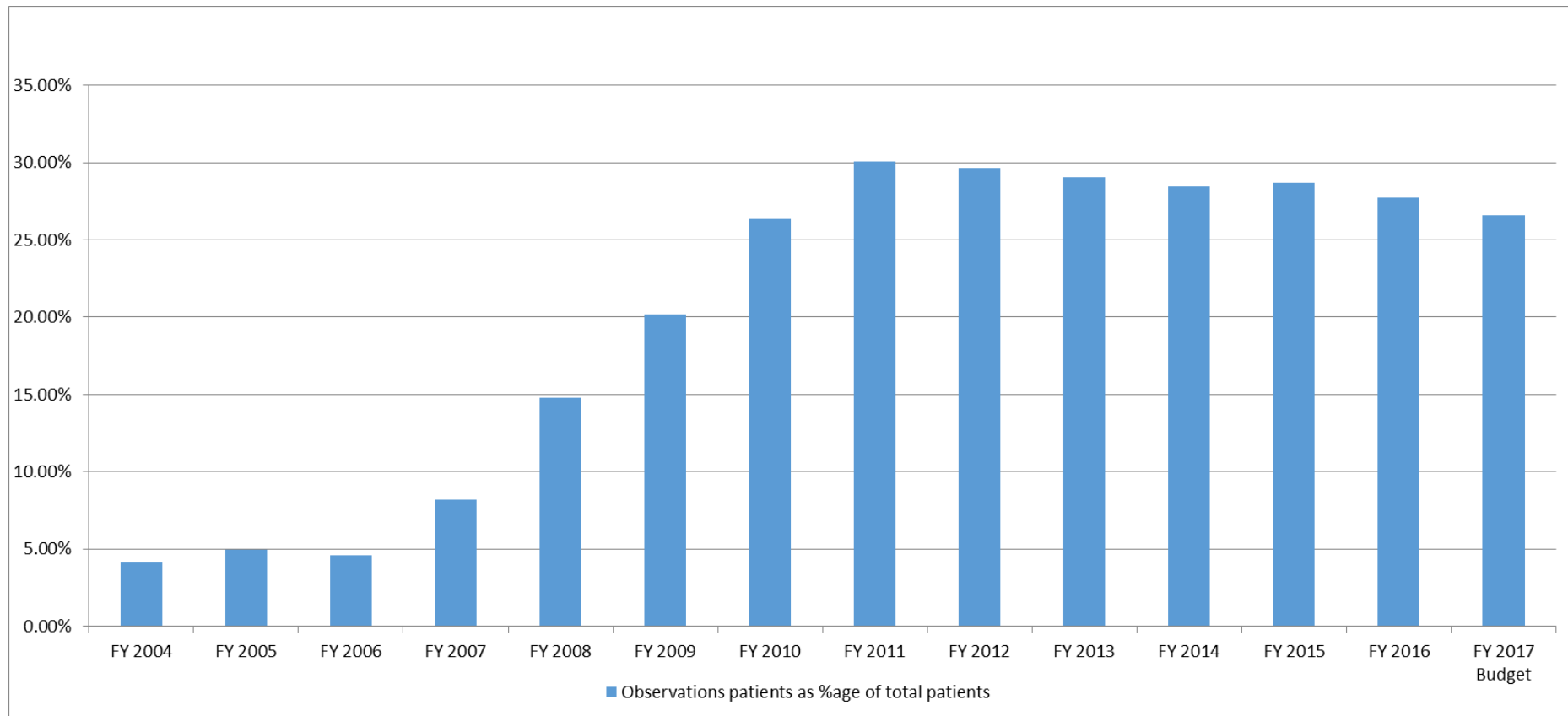


Halifax Health Medical Center Inpatient Admissions and Observation Patients



Halifax Health Medical Center

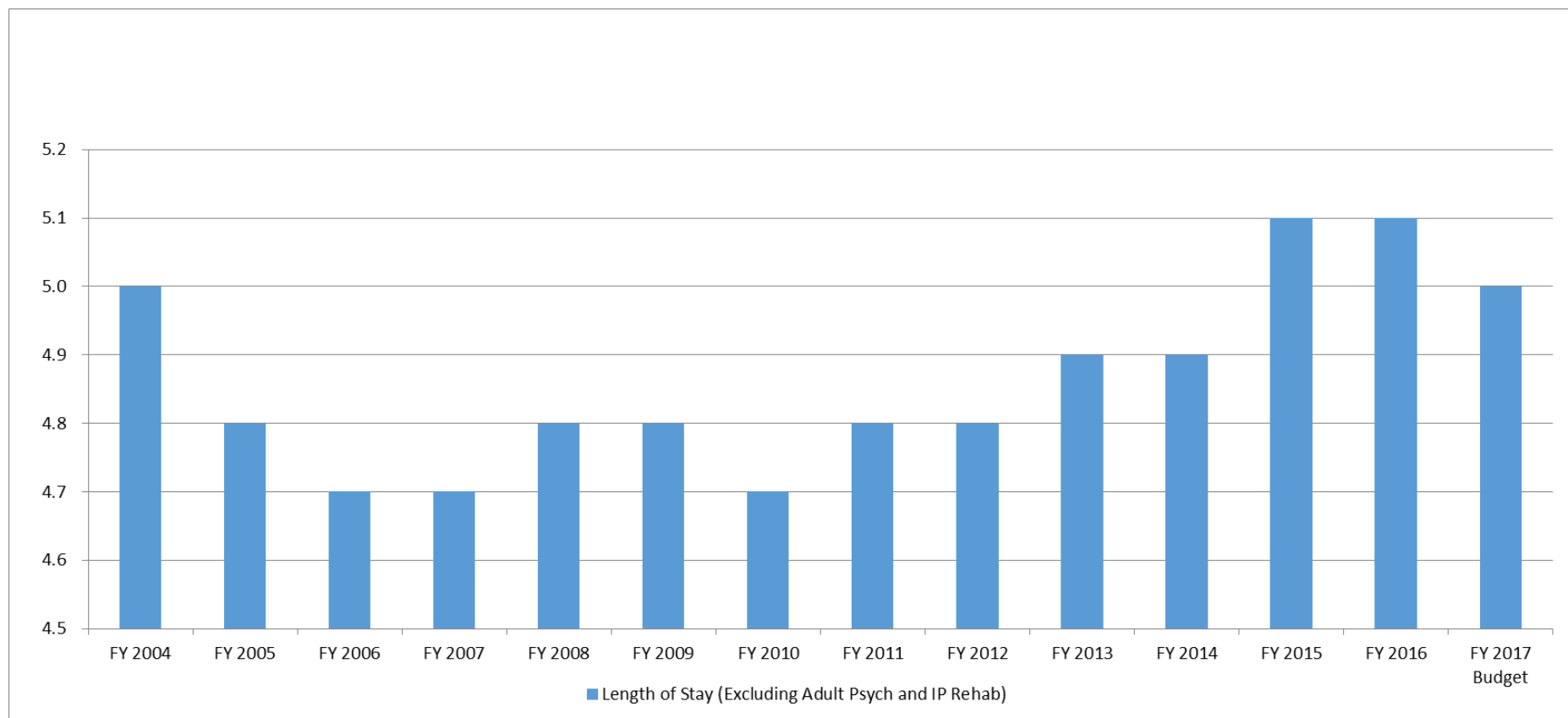
Percentage of Observation Patients to Total Patients



Halifax Health Medical Center

Length of Stay excluding Adult Psych and Inpatient Rehab

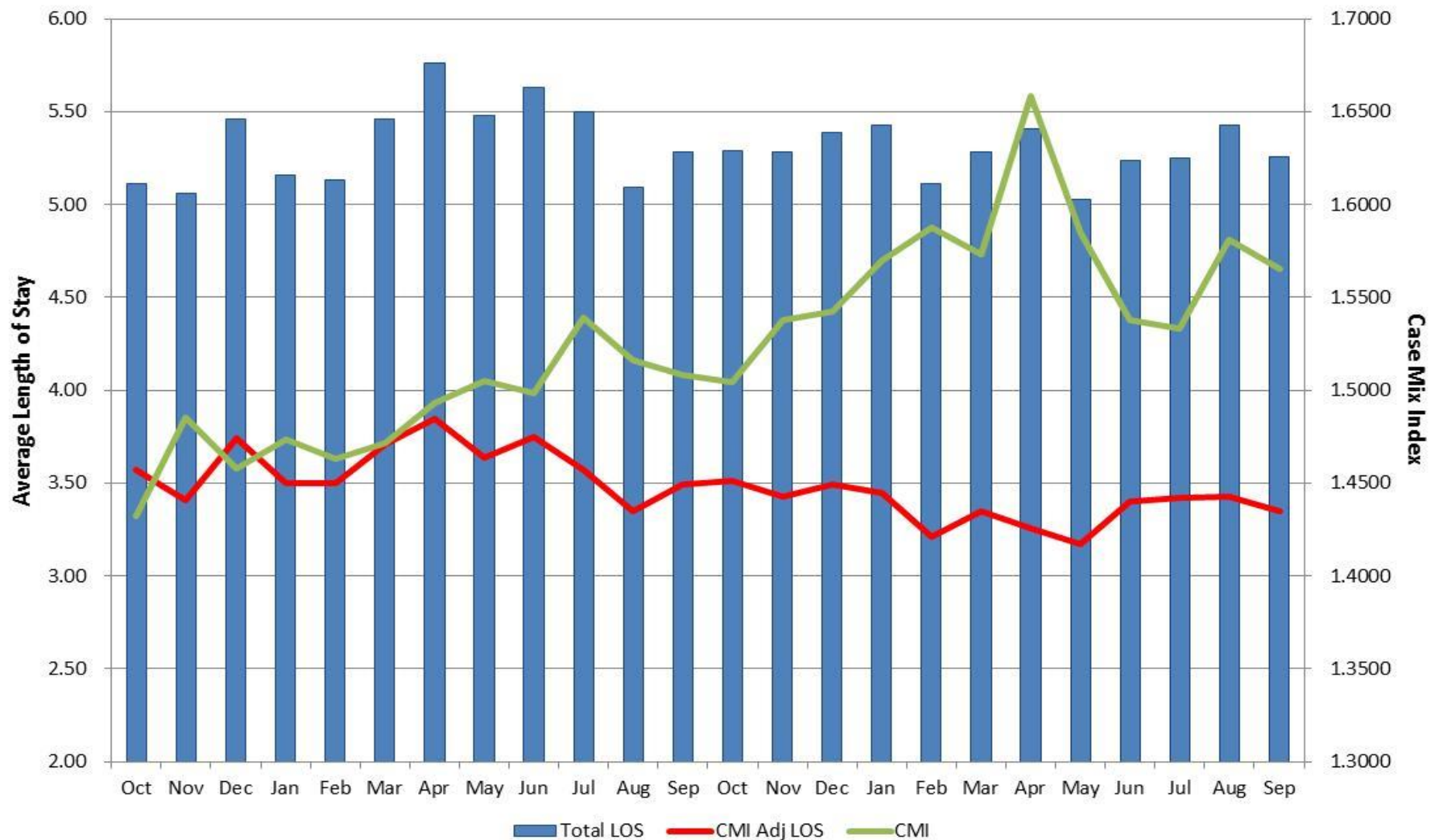
(Admission Based)



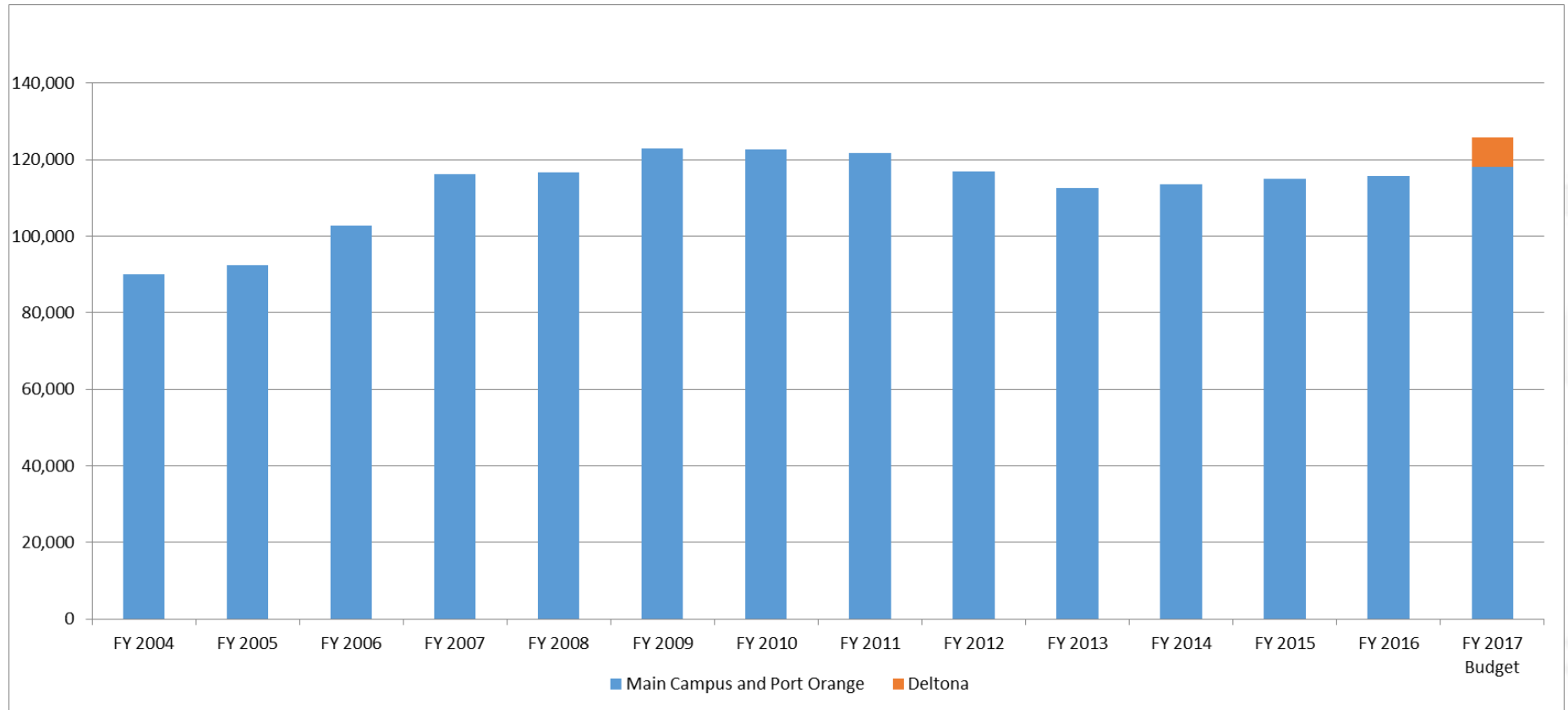
Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended September 30, 2016

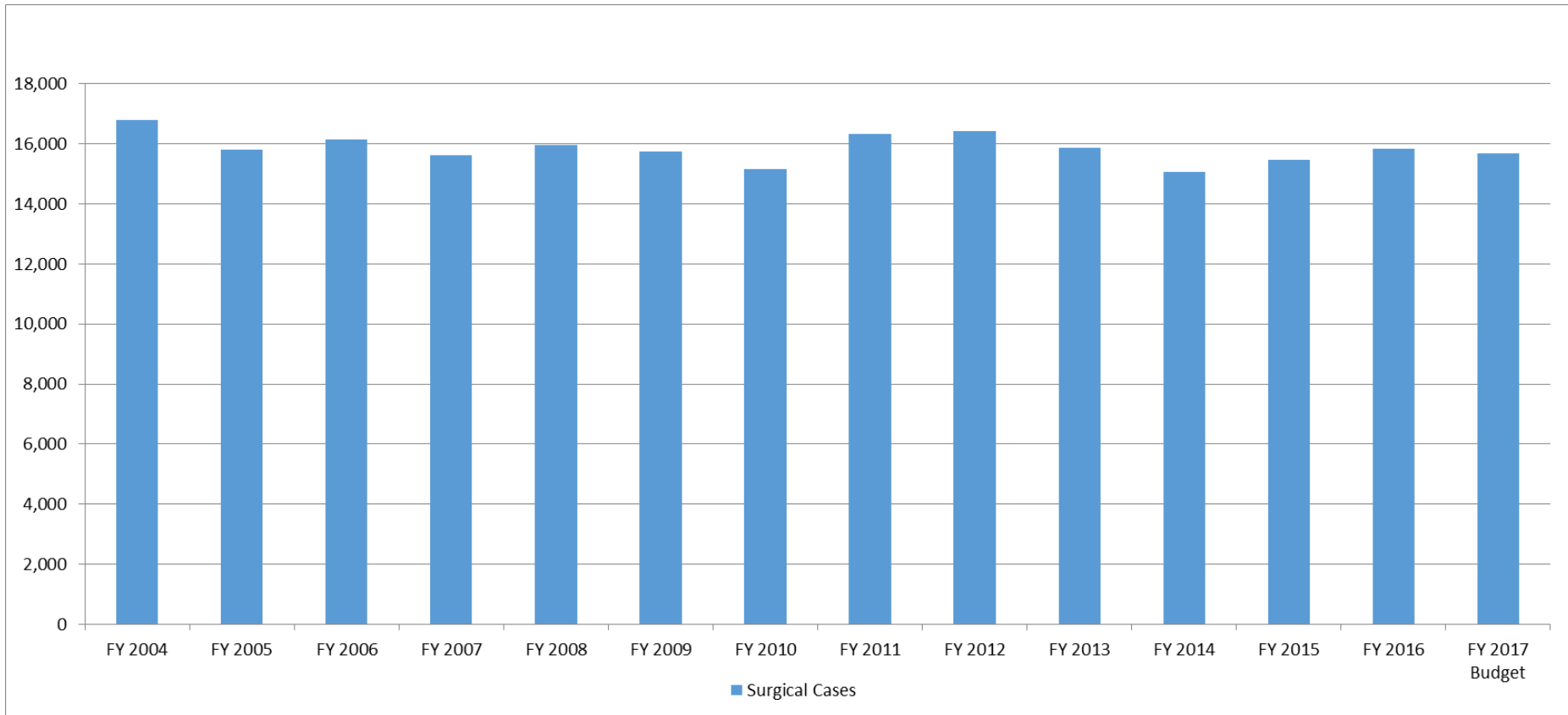
Excludes Newborns and Inpatient Rehabilitation



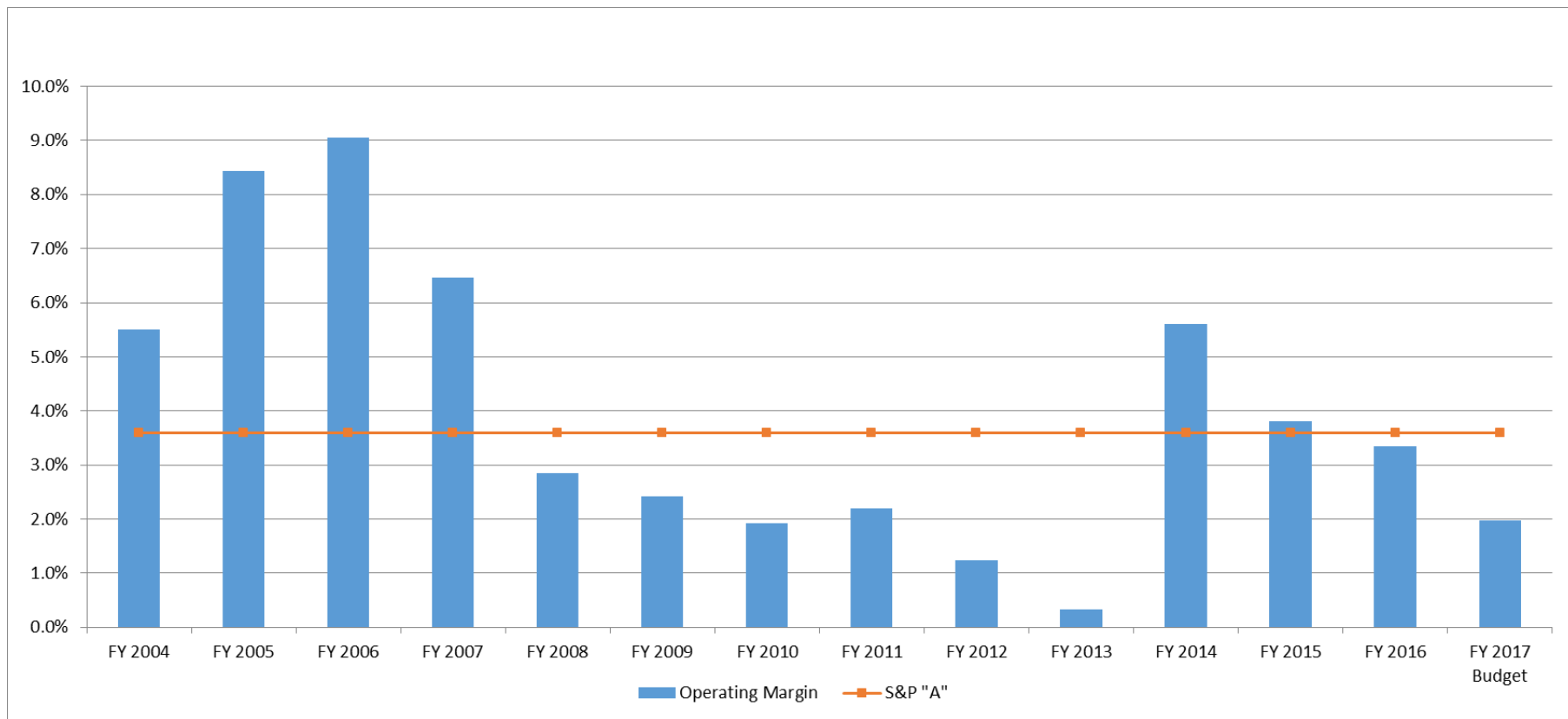
Halifax Health Medical Center Emergency Registrations



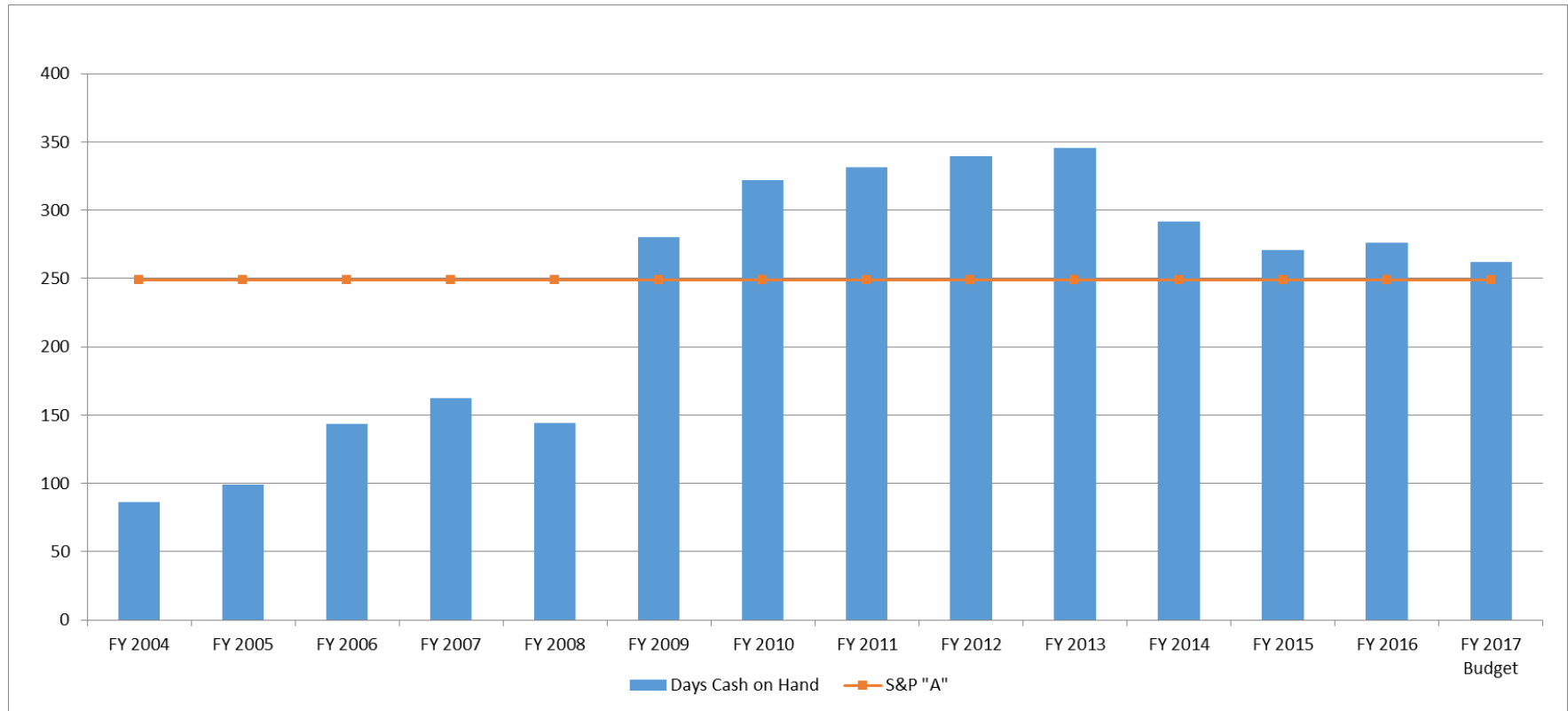
Halifax Health Medical Center Surgical Cases



Halifax Health Operating Margin



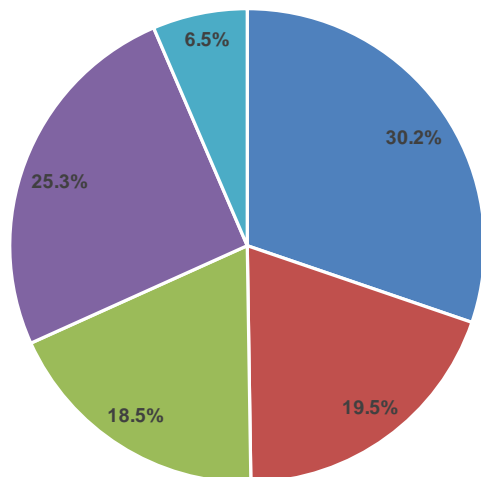
Halifax Health Days Cash on Hand



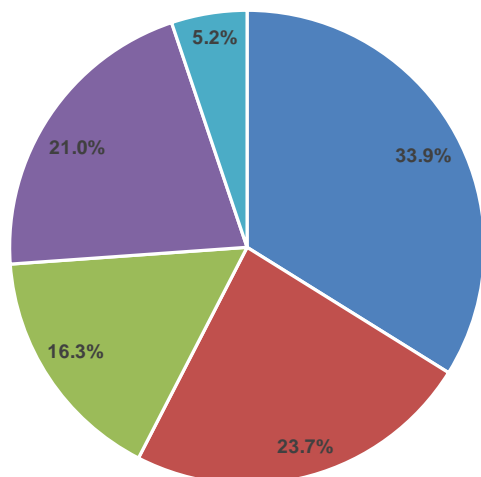
Payor Mix

(based on cases/visits)

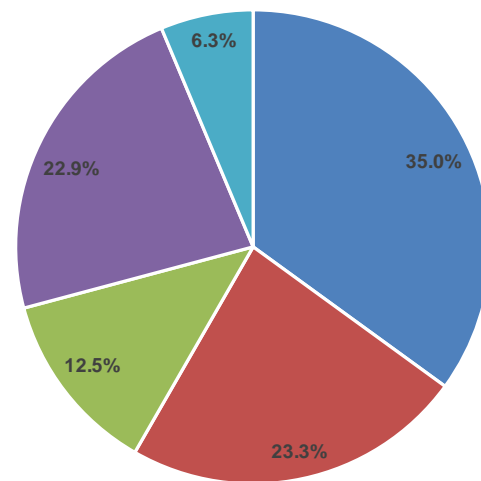
FY 2005



FY 2010



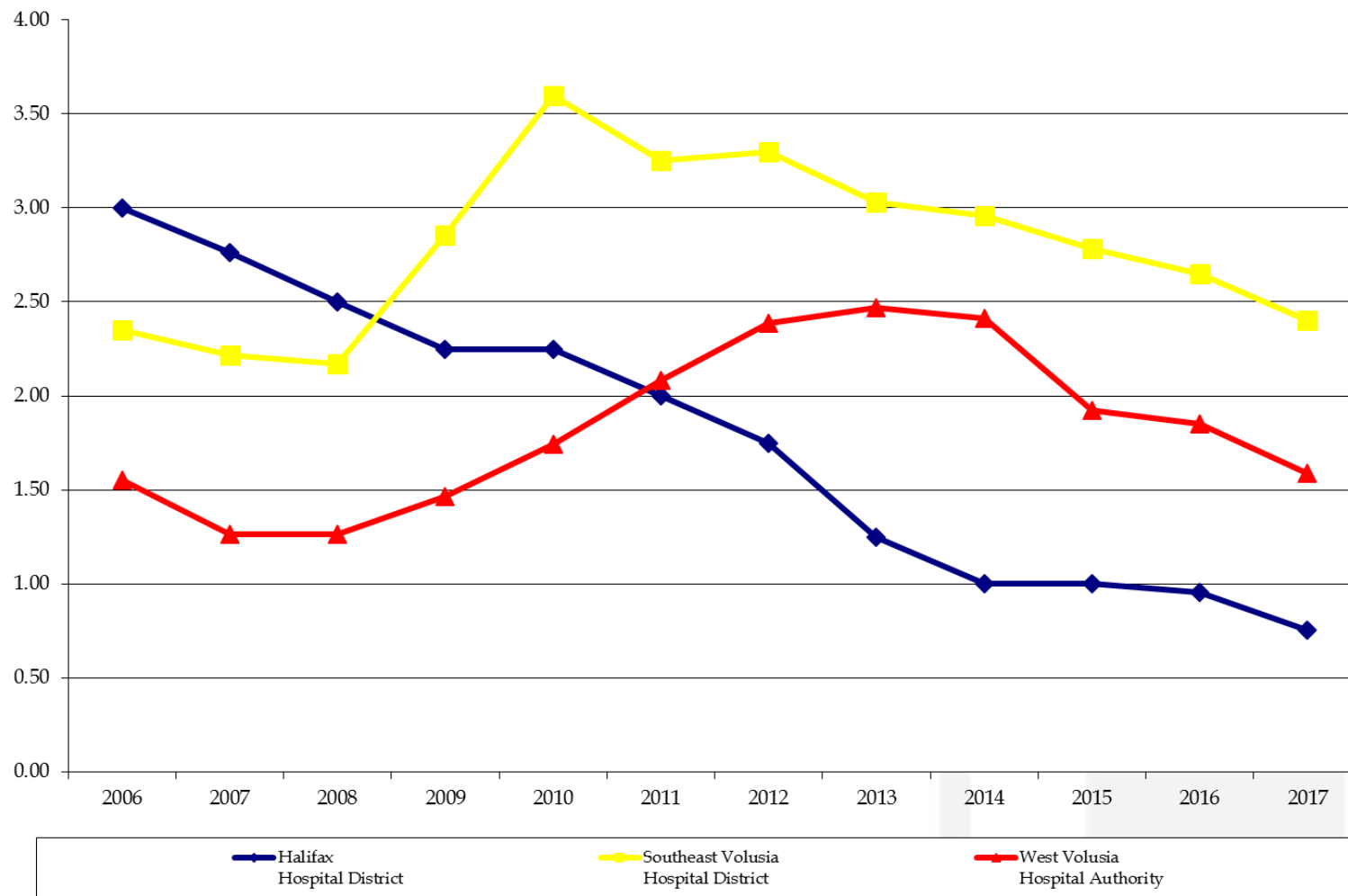
FY 2016



■ Medicare ■ Medicaid ■ Uninsured ■ HMO/PPO/Commercial ■ Other

Note: FY 2016 activity is through June 2016.

Volusia County Hospital Taxing Districts FY 2006 – FY 2017 Final Tax Millage



FY2016 Year End Financial Results

Halifax Health
Statements of Revenues, Expenses and Changes in Net Position
Historical and Forecasted Financial Results - Three Year Tax Reduction to \$0
(\$ in thousands)

	Actual			Budget	Forecast	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating revenues:						
Net patient service revenue	\$445,440	\$467,491	\$489,862	\$498,019	\$508,577	\$514,582
Ad valorem tax revenue	12,465	13,149	13,252	11,252	5,601	-
Other revenue	28,177	24,122	30,440	25,534	25,917	26,305
Total operating revenues	\$486,082	\$504,762	\$533,554	\$534,805	\$540,095	\$540,888
Operating expenses:						
Salaries and benefits	225,223	236,144	254,495	281,558	288,788	296,456
Purchased services	64,248	77,739	80,911	70,248	71,485	72,371
Supplies	83,584	87,998	93,347	93,489	97,694	101,425
Depreciation and amortization	22,507	23,677	24,955	23,890	23,651	23,414
Interest expense	18,650	18,168	17,279	16,903	16,380	15,871
Ad valorem tax related expenses	6,750	6,798	7,460	7,519	6,986	3,408
Lease/Rentals	9,848	9,560	9,141	8,821	8,910	8,999
Other	28,220	27,362	28,153	27,029	27,299	27,572
Total operating expenses	459,031	487,446	515,741	529,457	541,192	549,517
Income (loss) from operations	\$27,051	\$17,316	\$17,813	\$5,348	(\$1,098)	(\$8,629)
Nonoperating revenues, expenses, and gains/(losses)						
Investment income	10,853	2,871	12,384	4,625	4,600	4,600
Donation revenue	1,684	1,250	1,979	716	700	700
Interest expense - bond issue costs	-	(1,359)	(1,774)	-	-	-
Nonoperating gains (losses), net	896	(239)	(14)	-	-	-
Total Nonoperating revenues, expenses, and gains/(losses)	13,433	2,523	12,575	5,341	5,300	5,300
Increase (decrease) in net position before Margin Improvments	\$40,484	\$19,839	\$30,388	\$10,689	\$4,202	(\$3,329)
Margin Improvement target to meet operating margin of 2% in FY18 and 3% in FY19					\$11,899	\$24,856
Increase in net position after Margin Improvments	\$40,484	\$19,839	\$30,388	\$10,689	\$16,102	\$21,527

Halifax Health Financial Ratio Calculations

	Actual	Budget	Forecast with Margin Improvements		Fitch	S&P
	FY 2016	FY 2017	FY 2018	FY 2019	A-rated	A-rated
Total Margin	5.5%	2.0%	3.0%	4.0%	5.8%	5.8%
Operating Margin	3.3%	1.0%	2.0%	3.0%	3.8%	3.6%
EBIDA Margin	13.6%	9.5%	10.4%	11.2%	12.6%	13.1%
Days Cash on Hand	276.2	261.8	263.3	264.1	216.0	249.0
Unrestricted Cash to Debt	98.9%	98.9%	101.4%	102.6%	148.6%	189.9%
Long-term Debt to Capitalization	57.0%	56.0%	55.0%	53.7%	36.0%	29.1%
OG MADS coverage ratio	2.71	2.11	2.21	2.31	4.50	4.50

Halifax Health

Unrestricted Cash and Investments

	September 30,		
	2016	2015	Change
Cash and cash equivalents	\$58,572	\$55,370	\$3,202
Investments	266,686	245,407	21,279
Board designated assets	45,053	44,492	561
	<u>\$370,311</u>	<u>\$345,269</u>	<u>\$25,042</u>

Source: Halifax Health September 2016 and 2015 balance sheets.

Halifax Health Pension Liability

	September 30,		
	2016	2015	Change
Net pension liability	\$129,143	\$112,819	
Deferred inflow - pension	-	20,139	
Deferred outflow - pension	(37,036)	(15,229)	
	<u>\$92,107</u>	<u>\$117,729</u>	<u>(\$25,622)</u>

Source: Halifax Health September 2016 and 2015 balance sheets.

Halifax Health
FY2016 Capital Investment Strategy
Executive Summary
As of September 30, 2016
(\$ in thousands)

Targeted Unrestricted Cash and Investments - September 30, 2016 (258 days cash on hand)	\$ 335,384
---	-------------------

Projected FY 2016 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	\$ 34,927	=	This amount is greater than the projected capital expenditures for FY 2016
---	------------------	----------	---

Capital Strategy Justifications for Approval of Proposed Capital Projects:

1. The targeted unrestricted cash and investments for September 30, 2016 (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 2016 capital budget.

Halifax Health
FY2016 Capital Investment Strategy
As of September 30, 2016
(\$ in thousands)

	Hospital Only	HH Holdings	HH Obligated Group	Foundation	Hospice	Total Halifax Health*
Unrestricted Cash and Investments and days cash on hand						
Actual unrestricted Cash and Investments as of September 30, 2016	\$104,999	\$166,383	\$264,954	\$32,735	\$66,193	\$370,311
Days cash on hand (excluding settlement and legal fees) [S&P Calculation]	86.2	N/A	217.5	N/A	543.4	276.1
Days cash on hand including bad debt (excluding settlement and legal fees) [Bond Compliance Calculation]	71.8	N/A	181.1	N/A	531.4	229.9
Projection of Cash Available for Capital Investment - FY 2016						
Actual Cash and Investments as of September 30, 2016	\$104,999	\$166,383	\$271,382	\$32,735	\$66,193	\$370,311
Budgeted Cash and Investments at September 30, 2016	78,788	153,662	232,450	34,542	68,390	335,384
Cash and Investments in excess of Budget	26,211	12,721	38,932	(1,807)	(2,197)	34,927
Calculation of Cash from Operations Available for Capital Investment						
Gain from operations - budgeted FY 2016- Remaining	\$0	\$0	\$0	\$0	\$0	\$0
GASB 68 pension accounting - budgeted FY 2016- Remaining	-	-	-	-	-	-
Depreciation expense - budgeted FY 2016- Remaining	-	-	-	-	-	-
Expected cash from operations- budgeted FY 2016- Remaining	-	-	-	-	-	-
Donations and nonoperating gains, net- budgeted FY 2016- Remaining	-	-	-	-	-	-
Investment gains- budgeted FY 2016- Remaining	\$0	\$0	\$0	\$0	\$0	\$0
Portion being made available for capital expenditures	100%	100%	100%	100%	100%	100%
Pension Funding	-	-	-	-	-	-
Expected changes in working capital through September 30, 2016	-	-	-	-	-	-
Total expected cash and investments available for capital expenditures	(A) \$26,211	(A) \$12,721	(A) \$38,932	(A) (\$1,807)	(A) (\$2,197)	(A) \$34,927
Projected Capital Investments FY 2016						
Capital projects approved in FY 2015 and prior - not expended at September 30, 2015	\$13,585	\$4,327	\$17,912	\$0	\$508	\$18,420
FY2016 Capital Budget	19,700	-	19,700	-	300	20,000
Estimated carryover of approved projects to FY 2017	(14,000)	-	(14,000)	-	-	(14,000)
Projected capital expenditures	(B) 19,285	(B) 4,327	(B) 23,612	(B) -	(B) 808	(B) 24,420
Projected funds available in excess of capital expenditures	(A)-(B) \$6,926	(A)-(B) \$8,394	(A)-(B) \$15,320	(A)-(B) (\$1,807)	(A)-(B) (\$3,005)	(A)-(B) \$10,507
Summary of Capital Approvals						
FY 2016 Capital Budget	\$19,700	\$0	\$19,700	\$0	\$300	\$20,000
Projected funds available in excess of FY 2015 Capital Investment	6,926	8,394	15,320	(1,807)	(3,005)	10,507
FY 2015 Capital Budget plus projected excess funds	(C) 26,626	(C) 8,394	(C) 35,020	(C) (1,807)	(C) (2,705)	(C) 30,507
FY2016 Board of Commissioners approved projects	20,303	-	20,303	-	-	20,303
FY 2016 CIC approved projects, net of those subsequently approved by the Board	3,774	-	3,774	-	7	3,781
Adjustments to required capital funds	(3,498)	-	(3,498)	-	-	(3,498)
Approved capital projects	(D) 20,579	(D) -	(D) 20,579	(D) -	(D) 7	(D) 20,586
Available for new projects	(C)-(D) 6,047	(C)-(D) 8,394	(C)-(D) 14,441	(C)-(D) (1,807)	(C)-(D) (2,712)	(C)-(D) 9,921
Project(s) proposed for Board of Commissioners approval:						
Cardiac Cath & Electrophysiology Lab Replacement	(1,841)	-	(1,841)	-	-	(1,841)
Patient Monitors- PACU, Holding, L&D	(950)	-	(950)	-	-	(950)
SAN Software	(594)	-	(594)	-	-	(594)
Laptops (x50) and Desktops (x200) Replacement	(190)	-	(190)	-	-	(190)
Data Center Cooling Replacement	(163)	-	(163)	-	-	(163)
Ultrasound for OB Diagnostics	(74)	-	(74)	-	-	(74)
Available Capital if Proposed Projects are Approved	\$2,235	\$8,394	\$10,629	(\$1,807)	(\$2,712)	\$6,109

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

Halifax Health
Capital Budget
FY 2016 Budget - September 30, 2016 Evaluation
(in Thousands)

	(A)	(B)	(C)	(A)+(B)+(C)		
	FY 16 Capital Budget	FY16 Adjustments	FY 16 Activity/ Approvals	Remaining Balance as of 9/30/16	Current CIC Submitted Projects	Remaining Capital with CIC Projects Approved
Item	Information Technology					
1	Laptop/Desktop Replacement (rolling 4-5 year cycle)	\$600	(\$387)	\$213		\$213
2	SAN (Data Storage) Replacement (42 month lease cycle)	600	(594)	6		6
3	IT Internal Resource Capitalization	500	(500)	0		0
4	Copper Dial tone Telephony Replacement (S1, S2, S3)	250	(160)	90		90
5	Wired Network Switch Replacement (5 year Cycle)	200	(204)	(4)		(4)
6	WOW Replacement (rolling 7 year cycle) - 50/yr.	200	(203)	(3)		(3)
7	Datacenter Cooling Replacement	158		158		158
8	Enterprise Infrastructure	100	(111)	(11)		(11)
9	Enterprise less than \$100,000	395	(122)	273		273
	Total Information Technology	\$3,003	\$0	\$722	\$0	\$722
Item	Medical Equipment					
10	GE Revolution CT Scanner	\$1,975	(\$2,012)	(\$37)		(\$37)
11	Endoscopic Ultrasound Scopes for GI and Bronchoscopy	500	(470)	30		30
12	Video tower upgrade (4)	500	(398)	102		102
13	PACS Upgrade/VNA *	310	(3,239)	(2,929)		(2,929)
14	Bronchoscopy Scopes	250	(232)	18		18
15	Edward Life Sciences - Vigileo Flo-Track (x15 monitors)	227	(198)	29		29
16	Bronchoscopy Navigation Sys	225	(232)	(7)		(7)
17	Anesthesia Machine Upgrade (3)	200		200		200
18	GI Equipment Upgrade HHPO	198	(337)	(139)		(139)
19	Interventional Ultrasound Unit	160	(126)	34		34
20	Additional eye trays (5)	150	(34)	116		116
21	Video For CVOR	120	(121)	(1)		(1)
22	Remaining Capital to be Prioritized	885	(1,841)	(956)		(956)
23	Medical Projects under \$100,000	1,000	(1,237)	(237)		(237)
24	Medical Emergency Purchases	1,000	(2,084)	(1,084)		(1,084)
	Total Medical Equipment	\$7,700	\$0	(\$4,861)	\$0	(\$4,861)
Item	Infrastructure/Facilities					
25	AUTO CALL Fire panel	\$700	(\$700)	\$0		\$0
26	Ormond RTU's	400	(328)	72		72
27	OR AHU #5	275	(231)	44		44
28	HHPO Chiller #1	195	(195)	(0)		(0)
29	AHU #1	145	(189)	(44)		(44)
30	Federal Pacific Electric Panels in Fountain Tower Buildings	138	(138)	(0)		(0)
31	Infrastructure Emergency Purchases	1,144	(2,839)	(1,695)		(1,695)
32	Infrastructure Projects under \$100,000	1,000	(1,138)	(138)		(138)
	Total Infrastructure/Facilities	\$3,997	\$0	(\$1,762)	\$0	(\$1,762)
Item	Hospice Capital Expenditures					
33	POCC new roof	\$125		\$125		\$125
34	Air conditioner units	115		115		115
35	Remaining Hospice Capital	60		60		60
	Total Hospice Capital Expenditures	\$300	\$0	\$300	\$0	\$300
Item	Other					
36	Equipment for SE Volusia ED	\$2,200	(\$4,200)	(\$2,000)		(\$2,000)
37	Outpatient Pharmacy	1,300		1,300		1,300
38	Physician Offices	1,000		1,000		1,000
39	Mid-town Community Health Center	300		300		300
40	Granada Office Renovations	200	(177)	23		23
	Subtotal Other Projects	\$5,000	\$0	\$623	\$0	\$623
	Total HH Capital Expenditures	\$20,000	\$0	(\$4,977)	\$0	(\$4,977)

* VNA project will be funded over three fiscal years (\$0.3M in FY2016, \$1.5M in FY2017, and \$1.4M in FY2018)

Halifax Health
FY 2016 and Prior Approved Capital Projects and Expenditures
As of September 30, 2016
(\$ in thousands)

Capital funds required for projects approved in FY 2015 and prior	Project Approval Date	Total Carryover and Approved	Spent During FY 2016	HMC Remaining to be Spent	HH Holdings Remaining to be Spent	Hospice Remaining to be Spent
Med Psych Construction & Furnishings-4-South Fountain Tower	11/2/2015 ^	\$ 2,005	\$ (1,516)	\$ 489		
Meditech Web Ambulatory HCIS	8/3/2015	1,646	(1,344)	302		
Meditech 6.1	10/6/2014	1,630	(1,469)	161		
Power Equipment-Phase One	10/5/2015 ^	639	(639)	-		
Access Control System - Replacement of WinPak	11/2/2015 ^	543	(367)	176		
Meditech Critical Care Flowsheet License	8/3/2015	333	(133)	200		
Telemetry Monitoring Room Expansion	7/15/2015	311	(113)	198		
AHU for CVICU & CPCU	2/2/2015	266	(266)	-		
Cooling Tower #1 & #4 In-fill	10/20/2014	194	(194)	-		
Hospira PCA Pumps	6/1/2015	180	(180)	-		
Kronos Time & Attendance and Workforce Scheduler	6/1/2015	175	(120)	54		
Subtotal of approved items less than \$100k Remaining		10,541				
Total Capital funds required for projects approved in FY 2015 and prior		\$ 18,463	\$ (16,430)	\$ 1,636	\$ -	\$ 397

FY2016 Board Approved Capital Projects

Med Psych Construction & Furnishings-4-South Fountain Tower	11/2/2015 ^	\$ 2,005	\$ (775)	\$ 1,230		
Access Control System - Replacement of WinPak	11/2/2015 ^	543	(300)	243		
Electrical Panel Replacement (x18)	11/2/2015	138	(44)	94		
CT Scanner	12/7/2015	2,012	(2,012)	-		
Power Equipment-Phase One	12/7/2015 ^	639	(639)	-		
Ormond Beach Urgent Care Construction & Equipment	12/7/2015	177	(66)	111		
Video System for Vessel Harvest-CVOR	12/7/2015	121	(36)	85		
daVinci Endowrist Stapler Systems (x2)	12/7/2015	76	(76)	-		
Instrument Tracking System	12/7/2015	66	(66)	-		
Video Towers (Qty 4) for Main OR, HHPO & HPC	1/8/2016	398	(348)	50		
GI Lab for HHPO	1/8/2016	337	(231)	106		
WOWs (x57)-Mobile Computing Carts	1/8/2016	203	(203)	-		
Bariatric Beds and Mattresses (x10)	1/8/2016	147	(147)	-		
Telemetry Monitoring Room Expansion	1/8/2016 ^	126	(37)	89		
Recliners (x34)	1/8/2016	64	(64)	-		
Cisco Telephones	2/1/2016	160	(160)	0		
Ultrasound (x1) & Trophon Disinfecting Stations (x4)	2/1/2016	126	(126)	-		
Firewalls (x2) & Licenses (x2)	3/7/2016	197	(197)	-		
Chiller #1 for HHPO	3/7/2016	195	(12)	183		
Credentiaing Office Space	3/7/2016	137	(137)	-		
Microsoft SQL Licenses	4/4/2016	201	(201)	-		
Port Orange Equipment Refresh	2/17/2016	853	(107)	746		
Bioquell Portable Unit	3/16/2016	75	(75)	-		
Deltona FSED	6/6/2016	4,200	(357)	3,843		
Outpatient Rehab Joint Venture Cash Payment to Brooks	6/6/2016	224	-	224		
Outpatient Rehab JV Renovations	6/6/2016	137	-	137		
Bronchoscopes (Qty 3) and Navigation Cart	6/6/2016	464	(264)	200		
AHU (x2) for Ormond ROC	6/6/2016	328	-	328		
Air Handling Units (Qty 2) for HHPO	6/6/2016	320	-	320		
Network Switch Replacement - Phase 3	6/6/2016	132	(132)	-		
OneView Physician Quality Reporting Software	6/6/2016	72	-	72		
Hemodynamic Patient Monitors (x10)	8/8/2016	198	-	198		
Carescape Patient Monitor Upgrade	8/8/2016	64	-	64		
Vendor Neutral Archive (VNA) for Enterprise Imaging	7/20/2016 *	3,239	-	3,239		
Boiler Replacement (3)	12/7/2015 *	1,750	(145)	1,605		
Hospice Ormond Beach Resale Shop		108	-	108		
Keech Pediatric Clinic Renovations	7/20/2016 *	71	-	71		
Total FY 2016 Board Approved Capital Projects		\$ 20,303	\$ (6,958)	\$ 13,345	\$ -	\$ -

FY 2016 Other Approved Capital Projects

Fire Alarm System	3/16/2016 *	\$ 700	\$ -	\$ 700		
Ultrasound for HPC GI with Video Scopes (Qty 4)	8/24/2016 *	470	-	470		
Air Handling Unit #5 for Facility Expansion Roof	8/24/2016 *	231	-	231		
Air Handling Unit #1 for SPD Area	8/24/2016 *	189	-	189		
Neurosurgical Power Equipment	9/21/2016 *	181	-	181		
Ormond Beach Resale Shop	8/24/2016 *	108	-	-		108
Pump Speed Controls for Heart-Lung Machines (Qty 3)	9/21/2016 *	100	-	100		
Pulmonary Function Tester	8/24/2016 *	68	-	68		
Subtotal of approved items less than \$50k		2,156	(1,022)	960	-	174
Total FY 2016 Other Approved Capital Projects		\$ 3,781	\$ (1,043)	\$ 2,562	\$ -	\$ 176

Projects proposed for Board of Commissioners approval

Cardiac Cath & Electrophysiology Lab Replacement	6/22/2016 *	\$ 1,841	\$ -	\$ 1,841		
Patient Monitors- PACU, Holding, L&D	7/12/2016 *	950	-	950		
SAN Software	9/21/2016 *	594	-	594		
Laptops (x50) and Desktops (x200) Replacement	9/21/2016 *	190	-	190		
Data Center Cooling Replacement	9/21/2016 *	163	-	163		
Ultrasound for OB Diagnostics	9/21/2016 *	74	-	74		
Total Project(s) proposed for Board approval		\$ 3,812	\$ -	\$ 3,812	\$ -	\$ -

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

^ CIC approved project in FY 2015

CAPITAL EXPENDITURES & OPERATING LEASES

Audit & Finance Committee

November 2, 2016

Capital Expenditures \$50,000 and over

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Cardiac Catheterization Lab Upgrade	Cardiology Department	Working Capital	\$1,811,962
Patient Monitors for Labor & Delivery, Post Anesthesia Care Unit and Surgical Holding	Department of Surgery	Working Capital	\$897,414
Laptop & Desktop Replacement	Information Technology	Working Capital	\$189,750
Ultrasound – OB Diagnostics/Maternal Fetal Medicine	OB Diagnostics/Maternal Fetal Medicine	Working Capital	\$74,292

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: Ann Martorano, Executive Vice President and Chief Operating Officer
CC: Eric Peburn, Executive Vice President and Chief Financial Officer
Alberto Tineo, Vice President Operations
DATE: October 17, 2016
RE: Cardiac Catheterization Lab Upgrade

Halifax Health Cardiology Department is requesting funds to upgrade two of the five cardiac catheterization labs.

These two cath labs were installed in 2004 as part of the cardiology service expansion that included the addition of inpatient and observation units for patients who have had cardiac catheterizations. In fiscal year 2015, there were 1,224 procedures performed resulting in a contribution margin of \$6.2 million.

The upgraded rooms will provide the latest imaging technology for cardiac, peripheral, electrophysiology, and cardiac implant procedures. The upgrade will include the newest solid state detectors, integration of advanced 3D mapping, and improved radiation dose reduction algorithms. These systems will provide Halifax Health with the most advanced cardiac imaging systems in the area.

The project was approved at the Capital Investment Committee meeting on June 22, 2016.

TOTAL CAPITAL COST \$1,811,962



Halifax Health Project Evaluation

Cath Lab Replacement

Chief Operating Officer:	Ann Martorano
Vice President, Operations:	Alberto Tineo
Service Line Administrator:	Matt Petkus
Finance Analysis by:	Steve Mach

Summary

Need:

This project will upgrade two (2) 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	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>	Service Distribution	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">X</div>
Care Coordination	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">X</div>	Financial Position	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>
Cost Management	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>	Scale	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>
Information Technology	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">X</div>	Managed Care Contracting	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>
		Competitive Position	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>

Cornerstone:

Safety	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">X</div>	Image	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">X</div>
Compassion	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>	Efficiency	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>

Investment/Return:

Acquisition Cost	<div style="border: 1px solid black; padding: 2px;">\$ 1,811,962</div>
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Recommendation for approval of the project is not based upon incremental return on investment.

In fiscal year 2015, 1,224 procedures were performed resulting in a contribution margin of \$6.2 million.



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Ann Martorano, Executive Vice President and Chief Operating Officer
CC: Eric Peburn, Executive Vice President and Chief Financial Officer
Alberto Tineo, Vice President Operations
DATE: October 17, 2016
RE: Patient Monitors for Labor and Delivery, Post Anesthesia Care Unit, and Surgical Holding

Halifax Health Department of Surgery is requesting funds to purchase 38 patient bedside monitors for Labor and Delivery, Post Anesthesia Care Unit, and Surgical Holding.

The existing monitors have reached end-of-life and cannot be repaired.

The replacement monitors will provide the latest technology for advanced support of critically ill patients. Through advanced technology, the new monitors will also capture patient data and interface with the electronic medical record. The purchase is part of a five-year plan to standardize and update monitor support systems throughout Halifax Health facilities.

TOTAL CAPITAL COSTS \$897,414



Halifax Health Project Evaluation

Patient Monitor Replacement (38)

Chief Operating Officer:	Ann Martorano
Vice President, Operations:	Alberto Tineo
Service Line Administrator:	Matt Petkus
Finance Analysis by:	Steve Mach

Summary

Need:

This project will replace patient monitors that have reached end of life. Monitors will be replaced in the following patient areas: PACU (25), Surgical Holding (10), and Labor and Delivery (3)

Strategic Plan Core Competency Achievement:

Physician Integration
Care Coordination
Cost Management
Information Technology

X
X

Service Distribution
Financial Position
Scale
Managed Care Contracting
Competitive Position

X

Cornerstone:

Safety
Compassion

X

Image
Efficiency

X

Investment/Return:

Acquisition Cost	\$ 897,414
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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: Eric Peburn, Executive Vice President and Chief Financial Officer
Tom Stafford, Vice President and Chief Information Officer
DATE: October 17, 2016
RE: Laptop & Desktop Replacement

Halifax Health Information Technology is requesting funds to purchase fifty (50) laptops and two hundred (200) desktop computing devices. This purchase allows the Information Technology department to continue the replacement of older computing devices prior to equipment failure.

The proactive hardware replacement ensures that the devices function optimally which will increase quality and timeliness of patient care and reporting.

The project was approved at the Capital Investment Committee meeting on September 21, 2016.

TOTAL CAPITAL COST \$189,750



Halifax Health Project Evaluation

Laptop/ Desktop Replacement

Chief Revenue Officer:	Arvin Lewis
Chief Information Officer:	Tom Stafford
Director, Technical Services:	Michael Marques
Finance Analysis by:	Steve Mach

Summary

Need:

This project will replace 50 laptops and 200 desktop computing devices. The purchase allows the Information Technology department to replace older devices prior to equipment failure.

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
Compassion

X

Image
Efficiency

X

Investment/Return:

Acquisition Cost	\$ 189,750
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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: Ann Martorano, Executive Vice President and Chief Operating Officer
CC: Eric Peburn, Executive Vice President and Chief Financial Officer
Catherine Luchsinger, RN, Chief Nursing Officer
DATE: October 17, 2016
RE: Ultrasound – OB Diagnostics/Maternal Fetal Medicine

Halifax Health OB Diagnostics/Maternal Fetal Medicine is requesting funds to purchase an ultrasound that will be used for complex OB patients. The purchase of the new ultrasound will replace equipment that is almost nine (9) years old and does not provide the detailed images required of a maternal-fetal medicine practice.

The ability to accurately evaluate anatomy one millimeter or less makes a diagnostic difference. Unfortunately, birth defects and chromosomal abnormalities are common but with adequate insight before birth we can facilitate more empowered parental choices and delivery preparedness. The new ultrasound will also provide wireless connectivity and battery backup to enable the practitioner to conduct bedside scans of complex OB patients.

The existing ultrasound unit will be transferred to the Care for Women clinic and will satisfy their needs for lower risk patients.

The project was approved at the Capital Investment Committee meeting on September 21, 2016.

TOTAL CAPITAL COSTS \$74,292



Halifax Health

Project Evaluation

Ultrasound System for OB Diagnostics

Chief Operating Officer:	Ann Martorano
Chief Nursing Officer:	Catherine Luchsinger
Finance Analysis by:	Steve Mach

Summary

Need:

This project will purchase an ultrasound with the latest imaging capabilities.

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
Compassion

X

Image
Efficiency

X

Investment/Return:

Acquisition Cost	<u>\$ 74,292</u>
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Recommendation for approval of the project is not based upon incremental return on investment.

Comparison of Projected and Actual Financial Results for Significant Projects

Kent Bailey
Director of Finance

Finance and Audit Committee
November 2, 2016

Projects Under Review – First Year of Operations to be Evaluated

Project Name	Amount	Approval Date
Opthalmology Practice and Equipment Acquisition	772,188	9/7/2015
Cutera Multiwavelength Hair Removal System	135,500	8/3/2015
Enterprise VOIP Telecommunication System Upgrade	320,981	5/4/2015
Venus Legacy MP2 Device (Cosmetics)	75,500	3/2/2015

Halifax Health Audit & Finance Committee

Request Tracker/Checklist

Meeting Date	Request	Projected Timeline	Frequency of Future Updates/Reports	Completed (Y/N)	Other
N/A	Bond Transaction Summmaries & Interest Cost Savings to Halifax Health Medical Center	2-Nov-17	N/A	Y	

Halifax Hospital Medical Center

Interest Cost Savings

Transaction Summaries

	Series 2015	Series 2016	Total
Delivery Date	April 2015	March 2016	
Par Refunded	\$ 115,900,000	\$ 155,545,000	\$ 271,445,000
Refunding All-in TIC	3.99%	3.94%	3.96%
Refunding All-in TIC to Call	3.70%	3.75%	3.73%
DSRF Released	\$ -	\$ 20,435,450	\$ 20,435,450
New Money Project Fund	\$ -	\$ 25,746,353	\$ 25,746,353
Net Present Value (NPV) Savings	\$ 10,408,914	\$ 25,172,620	\$ 35,581,534
NPV Savings as a % of Refunded Par	8.98%	16.18%	13.11%

Interest Cost Savings

	Fiscal Year	
	2016	2017 (Budget)
Series 2015 Refunding	\$ 622,038	\$ 622,038
Series 2016 Refunding	1,108,867	2,037,219
Interest Cost New Money, Series 2016	(552,226)	(1,098,350)
Total	\$ 1,178,678	\$ 1,560,906

Halifax Health
Investment Manager Performance Report - through September 30, 2016

		September Performance	Calendar YTD	Calendar 2015	Fiscal Year
Fixed Income					
VFSIX - Vangaurd Short-Term Investment Gr.	Perf	0.13%	3.69%	1.16%	3.41%
	BMK	0.15%	2.64%	0.97%	2.05%
VSGDX - Vanguard Short-Term Federal	Perf	0.28%	2.10%	0.83%	1.60%
	BMK	0.17%	2.18%	0.93%	1.52%
Ponder Short-term Government/Corporate	Perf	0.00%	3.27%	1.93%	3.04%
	BMK	0.15%	2.64%	0.97%	2.05%
Ponder US Treasury Account	Perf	0.12%	0.48%	n/a	0.48%
	BMK	0.11%	0.50%	n/a	0.50%
Ponder Short-Term Government	Perf	0.10%	1.71%	0.74%	1.34%
	BMK	0.17%	2.18%	0.93%	1.52%
Ponder 2016 Project Fund	Perf	0.23%	0.34%	n/a	0.34%
	BMK	0.11%	0.68%	n/a	0.57%
Weighted Composite	Perf	0.12%	2.67%	1.18%	2.45%
	BMK	0.14%	2.08%	0.96%	1.63%
Equities					
DFSVX - DFA Small Cap Value	Perf	1.21%	11.47%	-7.81%	13.58%
	BMK	0.79%	15.49%	-7.47%	18.82%
DFLVX - DFA Large Cap Value	Perf	0.48%	9.45%	-3.49%	15.09%
	BMK	-0.21%	10.00%	-3.83%	16.20%
DFIVX - DFA International Value	Perf	1.17%	3.16%	-6.31%	6.10%
	BMK	1.22%	3.12%	-3.04%	7.15%
DFEVX - DFA Emerging Markets	Perf	1.38%	21.01%	-18.77%	19.79%
	BMK	1.29%	16.02%	-14.92%	16.79%
VGELX - Vanguard Energy	Perf	2.68%	26.29%	-21.44%	25.43%
	BMK	2.90%	18.81%	-22.20%	18.03%
VENAX - Vanguard Energy Index	Perf	3.44%	19.85%	-24.16%	18.53%
	BMK	2.90%	18.81%	-22.20%	18.03%
VIGIX -Vanguard Large-Cap Growth	Perf	0.65%	6.58%	3.33%	13.52%
	BMK	0.37%	6.00%	5.67%	13.76%
VGHAX - Vanguard Health Care	Perf	0.68%	-3.18%	12.71%	5.21%
	BMK	-0.15%	-1.45%	6.33%	5.32%
VSGIX - Vanguard Small-Cap Growth	Perf	0.54%	9.19%	-2.52%	13.04%
	BMK	1.44%	7.48%	-1.38%	12.12%
Weighted Composite	Perf	0.98%	9.02%	-4.34%	12.81%
	BMK	0.81%	8.94%	-3.49%	13.52%

Halifax Health
Investment Manager Performance Report - through September 30, 2016

	Invested Balance	September Performance	Calendar YTD	Fiscal YTD
HH Holdings				
VFSIX - Vanguard Short-Term Invest Grade	\$ 53,021,630	Perf 0.13% BMK 0.15%	3.69% 2.64%	3.41% 2.05%
Ponder Short-Term Gov't/Corporate	32,095,931	Perf 0.00% BMK 0.15%	3.27% 2.64%	3.04% 2.05%
Ponder US Treasury Account	80,382,921	Perf 0.12% BMK 0.11%	0.48% 0.50%	0.48% 0.50%
Total HH Holdings	<u>\$ 165,500,482</u>	Composite Budget	0.10% 3.13%	2.86% 1.00%
HHMC				
Ponder Short-Term Government	\$ 42,312,322	Perf 0.10% BMK 0.17%	1.71% 2.18%	1.34% 1.52%
VSGDX - Vanguard Short-Term Federal	64,542	Perf 0.28% BMK 0.17%	2.10% 2.18%	1.60% 1.52%
Wells Fargo Halifax Hospital Trust	611,746	Perf 0.03% BMK 0.17%	0.26% 2.18%	0.19% 1.52%
Ponder 2016 Project Fund	12,670,146	Perf 0.23% BMK 0.11%	0.34% 0.68%	0.34% 0.68%
Total HHMC	<u>\$ 55,658,756</u>	Composite Budget	0.13% 2.06%	2.13% 1.00%

**Includes performance thru 3/31/16 for Wells Fargo Repurchase Agreements*

Halifax Health
Investment Manager Performance Report - through September 30, 2016

	Invested Balance	September Performance	Calendar YTD	Fiscal YTD
Foundation				
VFSIX - Vanguard Short-Term Invest Grade	\$ 21,250,683	Perf 0.13% BMK 0.15%	3.69% 2.64%	3.41% 2.05%
DFSVX - DFA Small Cap Value	3,572,033	Perf 1.21% BMK 0.79%	11.47% 15.49%	13.58% 18.82%
DFIVX - DFA International Value	1,781,973	Perf 1.17% BMK 1.22%	3.16% 3.12%	6.10% 7.15%
DFEVX - DFA Emerging Markets	638,213	Perf 1.38% BMK 1.29%	21.01% 16.02%	19.79% 16.79%
DFLVX - DFA Large Cap Value	7,302,763	Perf 0.48% BMK -0.21%	9.45% 10.00%	15.09% 16.20%
VGELX - Vanguard Energy	465,254	Perf 2.68% BMK 2.90%	26.29% 18.81%	25.43% 18.03%
VENAX - Vanguard Energy Index	217,395	Perf 3.44% BMK 2.90%	19.85% 18.81%	18.53% 18.03%
VIGIX -Vanguard Large-Cap Growth	3,499,467	Perf 0.65% BMK 0.37%	6.58% 6.00%	13.52% 13.76%
VGHAX - Vanguard Health Care	666,040	Perf 0.68% BMK -0.15%	-3.18% -1.45%	5.21% 5.32%
VSGIX - Vanguard Small-Cap Growth	3,598,540	Perf 0.54% BMK 1.44%	9.19% 7.48%	13.04% 12.12%
Total Foundation	<u>\$ 42,992,361</u>	Composite Budget	0.47% 6.47%	8.57% 4.00%

Halifax Health
Investment Manager Performance Report - through September 30, 2016

	Invested Balance	September Performance	Calendar YTD	Fiscal YTD
Hospice				
VFSIX - Vanguard Short-Term Invest Grade	\$ 32,711,882	Perf 0.13% BMK 0.15%	3.69% 2.64%	3.41% 2.05%
DFSVX - DFA Small Cap Value	5,527,105	Perf 1.21% BMK 0.79%	11.47% 15.49%	13.58% 18.82%
DFIVX - DFA International Value	2,755,004	Perf 1.17% BMK 1.22%	3.16% 3.12%	6.10% 7.15%
DFEVX - DFA Emerging Markets	1,140,580	Perf 1.38% BMK 1.29%	21.01% 16.02%	19.79% 16.79%
DFLVX - DFA Large Cap Value	10,747,263	Perf 0.48% BMK -0.21%	9.45% 10.00%	15.09% 16.20%
VGELX - Vanguard Energy	102,807	Perf 2.68% BMK 2.90%	26.29% 18.81%	25.43% 18.03%
VENAX - Vanguard Energy Index	579,430	Perf 3.44% BMK 2.90%	19.85% 18.81%	18.53% 18.03%
VIGIX - Vanguard Large-Cap Growth	5,735,899	Perf 0.65% BMK 0.37%	6.58% 6.00%	13.52% 13.76%
VGHAX - Vanguard Health Care	579,146	Perf 0.68% BMK -0.15%	-3.18% -1.45%	5.21% 5.32%
VSGIX - Vanguard Small-Cap Growth	5,951,751	Perf 0.54% BMK 1.44%	9.19% 7.48%	13.04% 12.12%
Money Market/Operating Account	0			
Total Hospice	<u>\$ 65,830,867</u>	Composite Budget	0.46% 6.43%	8.50% 4.00%

Halifax Health
Investment Manager Performance Report - through September 30, 2016

	Invested Balance	September Performance	Calendar YTD	Fiscal YTD
Pension				
VFSIX - Vanguard Short-Term Invest Grade	\$ 114,381,463	Perf 0.13%	3.69%	3.41%
		BMK 0.15%	2.64%	2.05%
DFSVX - DFA Small Cap Value	17,634,891	Perf 1.21%	11.47%	13.58%
		BMK 0.79%	15.49%	18.82%
DFIVX - DFA International Value	29,845,051	Perf 1.17%	3.16%	6.10%
		BMK 1.22%	3.12%	7.15%
DFEVX - DFA Emerging Markets	10,236,036	Perf 1.38%	21.01%	19.79%
		BMK 1.29%	16.02%	16.79%
DFLVX - DFA Large Cap Value	18,304,014	Perf 0.48%	9.45%	15.09%
		BMK -0.21%	10.00%	16.20%
VGELX - Vanguard Energy	4,290,226	Perf 2.68%	26.29%	25.43%
		BMK 2.90%	18.81%	18.03%
VENAX - Vanguard Energy Index	4,658,714	Perf 3.44%	19.85%	18.53%
		BMK 2.90%	18.81%	18.03%
VIGIX -Vanguard Large-Cap Growth	13,587,011	Perf 0.65%	6.58%	13.52%
		BMK 0.37%	6.00%	13.76%
VGHAX - Vanguard Health Care	8,190,421	Perf 0.68%	-3.18%	5.21%
		BMK -0.15%	-1.45%	5.32%
VSGIX - Vanguard Small-Cap Growth	14,424,625	Perf 0.54%	9.19%	13.04%
		BMK 1.44%	7.48%	12.12%
Wells Fargo Cash	4,591,685			
 Total Pension	 \$ 240,144,137	 Composite	 0.60%	 6.28%
		Assumed		8.16%
 Total Halifax Health, including Pension	 \$ 570,126,603			 6.75%
 Total Halifax Health, excluding Pension	 \$ 329,982,466			

**HALIFAX HEALTH MEDICAL CENTER
SCHEDULE OF USES OF PROPERTY TAXES
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

		in mills
Gross property tax levy	\$ 13,252,016	0.9550
Tax discounts and uncollectible taxes	(344,526)	(0.0248)
Net property taxes collected	<u>12,907,490</u>	<u>0.9302</u>
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(389,724)	(0.0281)
Volusia County Medicaid matching assessment	(2,818,103)	(0.2031)
Redevelopment taxes paid to Cities	(630,389)	(0.0454)
Subtotal	<u>(3,838,216)</u>	<u>(0.2766)</u>
Net taxes available for community health, wellness and readiness	9,069,274	0.6536
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(1,309,328)	(0.0944)
Physician services	(7,571,181)	(0.5456)
Trauma services	(5,406,332)	(0.3896)
Pediatric and neonatal intensive care services	(686,922)	(0.0495)
Child and adolescent behavioral services	(615,787)	(0.0444)
Subtotal	<u>(15,589,550)</u>	<u>(1.1235)</u>
Deficiency of net taxes available to fund hospital operating expenses	(6,520,276)	(0.4699)
Uncompensated care provided by Halifax Health, <i>at cost</i>	<u>(45,505,977)</u>	<u>(3.2794)</u>
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, <i>at cost</i>	<u>\$ (52,026,253)</u>	<u>(3.7493)</u>
Proforma tax levy to cover uncompensated care, at cost:		
Gross property tax levy		0.9550
Subsidized uncompensated care costs by operations		<u>3.7493</u>
Equivalent property tax levy expended *		<u><u>4.7043</u></u>

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