



HALIFAX HEALTH

**Audit & Finance
Committee**

Wednesday, June 27, 2018

Meeting Location

Halifax Health

France Tower, Conference Room A

4:00 p.m.

HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

4:00 p.m., Wednesday, June 27, 2018

AGENDA

I. CALL TO ORDER

II. MINUTES

Investment Committee Minutes

portal page 4, **action requested**

- February 12, 2018

Audit & Finance Committee Minutes

portal page 5, **action requested**

- May 2, 2018

III. AUDIT COMMITTEE

Corporate Compliance, *Shelly Shiflet*

- Monthly Compliance Dashboard Reports

portal page 8, **information only**

Internal Audit, *Bill Rushton*

- Audit Services Discussion and Analysis

portal page 12, **action requested**

IV. FINANCE COMMITTEE

Financial Report, *Eric Peburn*

- May 2018

portal page 25, **action requested**

Acquisitions, Leases and Disposals, *Kent Bailey*

- Capital Investment Strategy, May 2018
- Capital Expenditures \$50,000 and over
 - CT Scanner for Radiation Oncology
 - Desktop and Laptop Refresh
 - Wireless Infrastructure Refresh
 - Laundry Facility Modification Project
 - Microsoft SQL Server Licenses
 - Mobile Computer Carts (WOWs)
 - Blanket Folder for Laundry and Linen Services
- Operating Leases \$250,000 and over
 - Lease of Server Hardware
- Disposals, May and April 2018
- Comparison of Projected and Actual Financial Results for Significant Projects

portal page 49, **information only**

portal page 53, **action requested**

\$517,300

\$504,695

\$347,013

\$327,000

\$311,359

\$299,920

\$62,210

portal page 68, **action requested**

\$30,975 (\$1,007,131 net present value)

portal page 69, **action requested**

portal page 70, **information only**

Old Business

- Meeting Request Tracker/Checklist

none

New Business

- FY 2019 Preliminary Budget Review / Not to Exceed Millage Rate

portal page 73, **information only**

HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

Information Only

- | | |
|---|--|
| • Discharged Based -Average Length of Stay and Case Mix Index | portal page 76, information only |
| • Investment Performance Report, May 2018 | portal page 78, information only |
| • Capital Expenditures \$25,000 - \$50,000 | portal page 83, information only |
| • <i>Hospice West Volusia Care Center Flooring</i> | \$45,960 |
| • <i>Vital Signs Monitors</i> | \$45,333 |
| • <i>Parrish WAN Connectivity Hardware</i> | \$41,083 |
| • <i>Instrument Trays for Surgical Services</i> | \$32,313 |
| • <i>Telemetry Monitoring System for HHPO</i> | \$30,687 |

V. OPEN DISCUSSION

VI. NEXT MEETING

**Monday, August 6, 2018, 5:00 p.m. - France Tower Conference Room A
FY 2019 BUDGET WORKSHOP, Combined with the Board of Commissioners**

MONDAY, August 13, 2018, 4:00 p.m. – Investment Committee meeting

WEDNESDAY, August 30, 2017, 4:00 p.m. – Regular scheduled meeting

TUESDAY, September 4, 2018, 5:05 p.m. – Tentative First Public Hearing, Board of Commissioners

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, February 12, 2018

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

Not Present: Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board
of Commissioners
Joe Petrock, Executive Director, Foundation

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
Kathleen Dulko, Ashford Investments

The meeting was called to order at 4:05 p.m. by Ted Serbousek.

Minutes

Discussion: Minutes from the November 13, 2017 Investment Committee meeting were reviewed.
Action: Mr. Youngman moved to approve the November 13, 2017 Investment Committee minutes as
presented. Mr. Francati seconded the motion and it carried unanimously.

Quarterly Review

Discussion: Mr. Walsh, Ashford Investment Advisors, presented the investment review for the 4th calendar
quarter, ended 12/31/2017. Discussion ensued regarding the energy funds, which led to Mr.
Walsh's recommendation to transfer all energy funds to VGELX in all pension accounts.
Action: Mr. Francati moved to sell the position in Energy Index (VENAX) and move funds to Energy
(VGELX) fund in all pension accounts as recommended by Mr. Walsh. Mr. Graffagnino
seconded the motion and it carried unanimously.

Old Business

Discussion: None.

New Business

Discussion: None.

Informational Only

Discussion: Investment Performance Report, December 2017
Action: None required.

Next Meeting: Monday, May 14, 2018, 4 p.m. – Regular scheduled meeting

Open Discussion

Discussion: None.

Adjournment

Ted Serbousek

Halifax Hospital Medical Center
Audit and Finance Committee Meeting
303 N. Clyde Morris Blvd., France Tower, Conference Room A
Wednesday, May 2, 2018

Present: Ted Serbousek, Chairman
Susan Schandel, Member & Treasurer, Board of Commissioners
Ammar Hemaïdan, MD, Member & Member, Medical Staff
Greg Motto, Member
Decker Youngman, Member

Not Present: Daniel Francati, Member & Vice Chairman, Board of Commissioners

Also Present: 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
Alberto Tineo, Senior VP, Operations
Bill Griffin, Director, System Research and Planning
Jill Wheelock, Associate General Counsel
Mary Jo Allen, Executive Director, Halifax Health Hospice
Ben Eby, Director of Finance, Halifax Health Hospice
Jennifer Morrow, Nurse Manager
Dr. Thendrex Estrella, Director of Hospital Medicine
Jana Iezzi, Director, Performance Improvement
Michael Marques, Director, Technical Services, Information Technology

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

MINUTES

Discussion: Minutes from the February 28, 2018 Audit & Finance Committee Meeting were reviewed.

Action: Mr. Motto moved to approve the minutes as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Youngman 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 February and March 2018, referencing no issues. Ms. Shiflet reported the annual report was submitted to the Office of Inspector General, excluding one report still being completed by the LIRO.

Action: None required.

INTERNAL AUDIT

Discussion: Mr. Rushton led committee members through the highlights of the Summary of Audit Reports, the Audit Follow-Up Summary Report, and FY 2018 Audit Plan Changes. He recommended approval of the reports and proposed changes as presented.

Action: Mr. Youngman moved to approve the Summary of Audit Reports, the Audit Follow-Up Summary Report, and FY 2018 Audit Plan Changes as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

OLD BUSINESS, AUDIT COMMITTEE

- Discussion: Independent External Auditor and Audit Charter Update
Ms. Tyler reported that in follow up to the Committee's request at the February 28th meeting, Halifax Health received an engagement proposal from RSM to provide an independent external audit for fiscal years 2018 and 2019 and reflects a 3% increase in fees for each year.
- Action: Ms. Schandel moved to approve the recommended proposal from RSM as presented. Mr. Youngman seconded the motion and it carried unanimously.
- Discussion: Ms. Tyler shared recommended changes to the audit charter to reflect rotating the primary external audit partner every five years per review of the Audit Committee.
- Action: Ms. Schandel moved to approve the changes to the audit charter 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 March 2018 Financial Report, presenting the statistical and financial summaries. Discussion ensued regarding the payor mix, net patient service revenue, and purchased services.
- Action: Ms. Schandel moved to approve the March and February 2018 Financial Reports and recommends approval by the Board of Commissioners. Dr. Hemaidan seconded the motion and it carried unanimously.

ACQUISITIONS, LEASES & DISPOSALS

- Discussion: Capital Investment Strategy
- Action: None required.
- Discussion: Capital Expenditures \$50,000 and over
- | | |
|--|-----------------------------------|
| • Data Center Construction | \$2,000,000 (\$1.5 million, FEMA) |
| • Center for Oncology | \$1,379,501 |
| • Ventilators for Respiratory Therapy | \$446,629 |
| • Professional Development Renovation | \$202,000 |
| • Replace/Upgrade Headwalls for Labor & Delivery | \$128,993 |
| • Nurse Call System for Surgical Services | \$76,928 |
| • Hemodialysis and Disinfection Equipment | \$57,409 |
| • GE Ultrasound for Surgical Services | \$51,203 |
- Discussion ensued regarding the Data Center Construction request. It was determined that the Committee will be updated on the status of this request as needed.
- Discussion: Operating Leases \$250,000 and over
Renewal of Facilities Lease with Halifax Management System, Inc. (1041 Dunlawton Blvd., Port Orange; 201 N Clyde Morris Blvd., Daytona Beach; and 1688 W. Granada Blvd., Ormond Beach)
60 Months Lease Term
3.21% Interest Rate
Monthly payment ranges \$256,493 - \$283,120
- Action: Mr. Motto moved to approve the list of capital expenditures and operating leases \$250,000 and over and recommends approval by the Board of Commissioners. Ms. Schandel seconded the motion and it carried unanimously.
- Discussion: Disposals
- Action: Ms. Schandel moved to approve the disposals 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: Length of Stay Update Presentation
Mr. Peburn introduced Mr. Tineo and his team to present the Length of Stay update. In addition to Mr. Tineo, the presenters included Dr. Estrella, Ms. Morrow, and Ms. Iezzi who collectively presented the length of stay reduction estimates, goals and budget as well as the multi-disciplinary rounds and respective timelines. Brief discussion and questions and answers followed. The team was commended for efforts, outcomes and anticipated future successes.

Action: None required.

Discussion: Meeting Request Tracker/Checklist
The following requested reports were shared:

- Reconciliation of year over year salary benefits to include pension
- Actual orthopedic volume loss versus what was budgeted

Action: None required.

NEW BUSINESS

Discussion: While not reflected on the agenda, brief discussion ensued regarding the Deltona market and expansion.

Action: None required.

INFORMATIONAL REPORTS

Discussion: The FY 2018A Floating Rate Notes Update, the Schedule of Uses of Property Taxes, March 2018, the Discharged Based-Average Length of Stay and Case Mix Index, the Investment Performance Reports for March and February 2018, and the Capital Expenditures, \$25,000 - \$50,000 were presented under Information Only. The Capital Expenditures \$25,000 - \$50,000 were as follows:

• Radiology Workstations	\$47,374
• Sleeper Chairs for Pediatrics and PICU	\$47,272
• Table Tops for Spinal Surgery	\$45,082
• PBFS Workstation Expansion	\$35,800
• Microsoft SQL Licenses for Hospice	\$35,769
• Hospice Port Orange Care Center, HVAC replacement	\$28,143
• Infant Warmer Bed for NICU	\$25,785

Action: None required.

OPEN DISCUSSION

Discussion: Ms. Shiflet reported the list of actions taken due to the CIA that are anticipated to expire will be brought back to the Committee for discussion and determination of next steps (i.e., remove, keep).

NEXT MEETING DATE: WEDNESDAY, June 27, 2018, 4:00 p.m. – Regular scheduled meeting

ADJOURNMENT

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

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: June 18, 2018
Re: Compliance Dashboard Report for the month ended May 31, 2018

The Compliance Program Dashboard Report for May 2018 is attached.

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
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 – 5/31/2018

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 and other Covered Persons:

	➤	Code of Conduct Attestation¹
	1. 4,131	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%)

	➤	CIA Required Training²
	1. 4,032	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:

	➤	Sanction Check for Covered Persons³
	1. 4,943	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 5/2/2018
	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. 4 / 55	Number of Help Line calls received during month/past 12 months
	2. 2 / 28	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 4/30/2018
	4. 0	Number of open Help Line calls rated as High Priority as of 5/31/2018
	5. 4	Number of Help Line calls closed since last month

V. COMPLIANCE ISSUES

	1. 14	Number of issues open as of 4/30/2018
	2. 5	Of the issues in item 1, ___ remain open as of 5/31/2018
	3. 9	Number of issues from item 1 closed as of 5/31/2018
	4. 64%	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. 1	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. 1	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 and vendors who meet the definition of a *Covered Person* and new Board Members.

² 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.

³ 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: May 21, 2018
Re: Compliance Dashboard Report for the month ended April 30, 2018

The Compliance Program Dashboard Report for April 2018 is attached. Item III(2) did not meet the target defined on the report. The target is set for at least 70% of the 14 members to attend the Compliance Committee meeting. Eight (8) of the fourteen (14) members (or 57%) attended the March 28, 2018 Compliance Committee meeting:

Members Present:

Shelly Shiflet, Vice President and Chief Compliance Officer;
Mark Billings, Executive Vice President and Chief Operating Officer;
Bill Griffin, Director, System Research and Planning;
Khalelah Jones, Privacy Officer;
Charlena Kowatch, Deputy Chief Compliance Officer;
Tom Stafford, Vice President and Chief Information Officer;
Alberto Tineo, Senior Vice President, Operations; and,
Jillian Wheelock, Assistant General Counsel (General Counsel Alternate).

Members Absent:

Dr. Margaret Crossman, Chief Medical Officer;
Maria Crumlich, Director, Hospice;
Kim Fulcher, Senior Vice President and Chief Human Resources Officer;
Arvin Lewis, Senior Vice President and Chief Revenue Officer;
Catherine Luchsinger, Chief Nursing Officer; and,
Eric Peburn, Executive Vice President and Chief Financial Officer.

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
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 – 4/30/2018

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 and other Covered Persons:

	➤	Code of Conduct Attestation¹
	1. 4,109	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%)

	➤	CIA Required Training²
	1. 4,008	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:

	➤	Sanction Check for Covered Persons³
	1. 4,921	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. 57%	% of members who attended the meeting (On Target at 70% or Greater) – meeting date 3/28/2018
	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. 5 / 58	Number of Help Line calls received during month/past 12 months
	2. 2 / 29	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 3/31/2018
	4. 0	Number of open Help Line calls rated as High Priority as of 4/30/2018
	5. 2	Number of Help Line calls closed since last month

V. COMPLIANCE ISSUES

	1. 19	Number of issues open as of 3/31/2018
	2. 5	Of the issues in item 1, ___ remain open as of 4/30/2018
	3. 14	Number of issues from item 1 closed as of 4/30/2018
	4. 74%	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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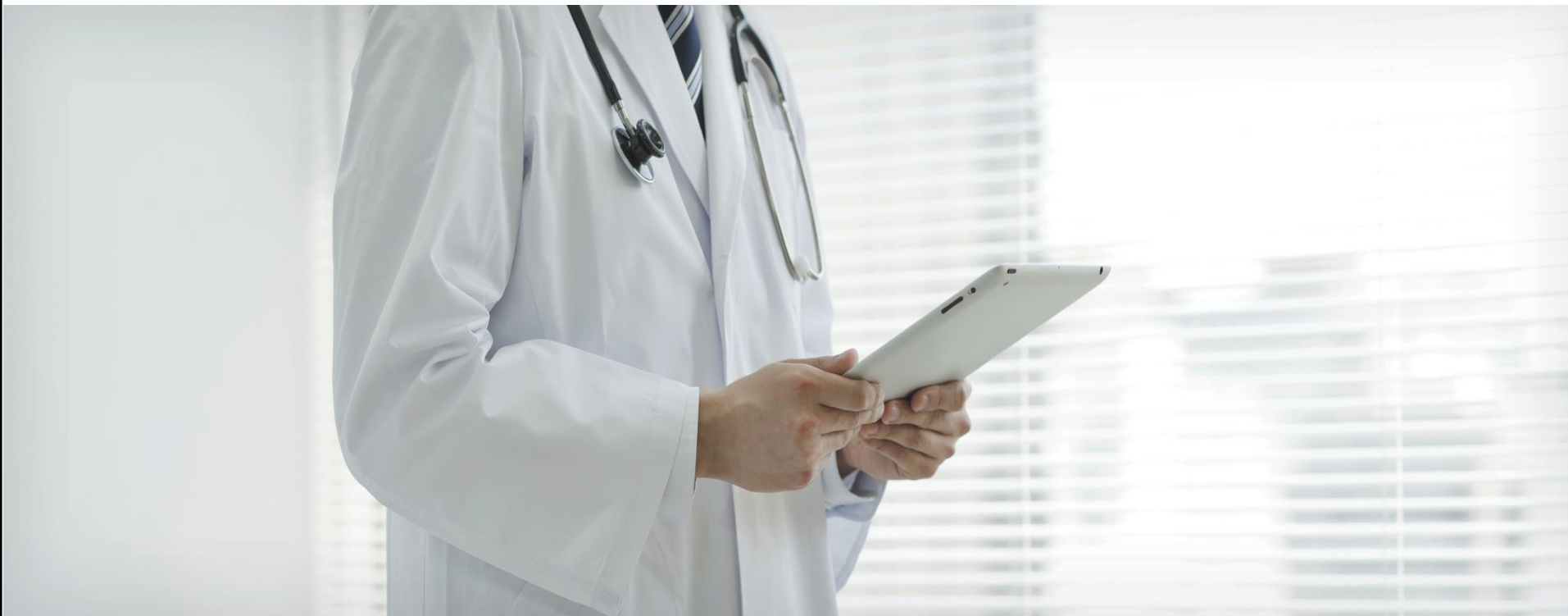
VII. BILLING AND CODING REVIEWS - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

	1. 1	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. 1	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 1	Number of reviews from #1 expected to require repayment/processing of claims

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

² 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.

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



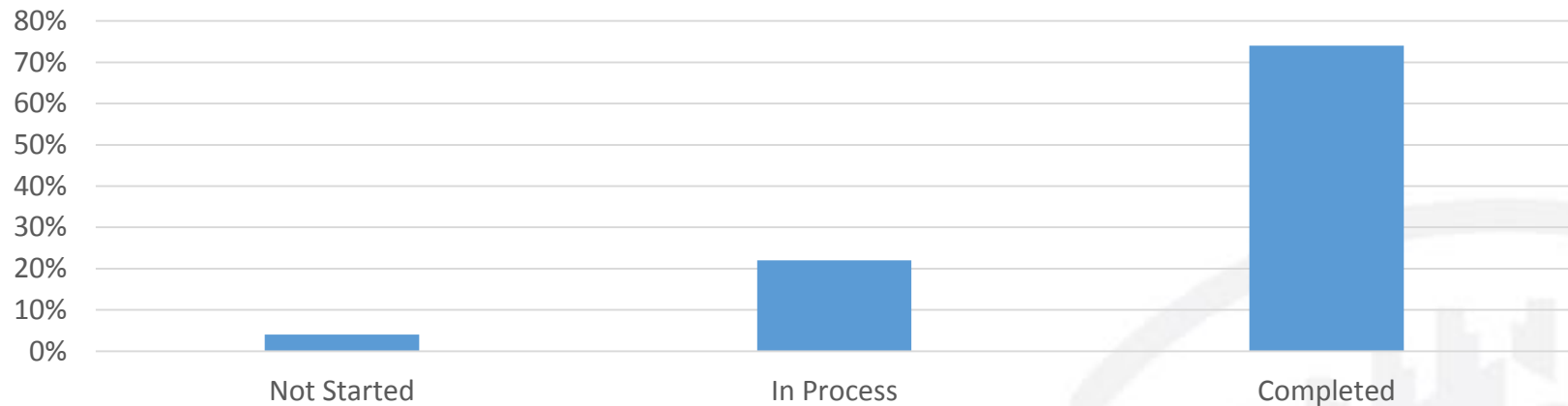
Audit Services Discussion & Analysis

Halifax Health Audit & Finance Committee

Presented June 27, 2018

For the period covering April 24, 2018 through June 20, 2018

Audit Plan: FY 17/18 Plan Status



FY Audit Plan	Internal	CoSource/External	Total Audits
Approved	11	3	14
Added	11	1	11
Removed	3	0	3
Revised Plan Total	19	4	23

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-Neurosurgery	Completed		
IAS	2017 YE Audit Assistance	Completed		
IAS	Purchase Services Audit - Aramark	0	3	0
Co-Source	Executive Compensation and Expenses – FY 17	0	0	1
IAS	Secure32 & Check Printing Audit	0	0	3
IAS	Charge Master Supply Audit	0	2	0
IAS	Deltona Construction Audit	Fieldwork		
IAS	Meaningful Use Stage 2 – 2017 Validation Audit	0	0	0
IAS	PCI Location Review	1	2	0
IAS	Medical Fund Account Audit	Fieldwork		

Annual Communication to Governance and Management

Audit Committee Charter Assessment	Roles and Responsibilities	Achieved
Composition and Qualification	Member qualifications	Yes
Authority	Voting requirements, review and approval	Yes
Meetings	# of meetings, attendance, quorum	Yes
Financial Reporting	Financial risk presented	Yes
Internal Control	Understanding Internal controls	Yes
Risk Assessment	Understanding Halifax Health risk universe	Yes
Internal Auditors	Audit plan progression presented	Yes
External Auditors	Audit scope/results presented	Yes
Reporting Responsibilities	BOC reporting	Yes
Other	Review Charter	Yes

See Audit Committee Assessment in BoardEffect for Detailed Report



Summary of Halifax Health Audit Report

Special Project Assistance	Biomedical Engineering (BE) Process Assessment	Issues by Impact Level		
Objective – Audit focused on controls over inventory management, protecting patient data and analyzing work orders.		High	Moderate	Low
Key Risk(s) – Aramark’s Biomedical Engineering inventory was inaccurate, which impacts their ability to correctly bill and service equipment.		0	3	0
Significant Issue(s)	<p>As of February 2018 Aramark reported 9,530 active pieces of inventory equipment. IAS reviewed the report and the following were identified:</p> <ul style="list-style-type: none"> • Ten (20%) pieces of equipment could not be traced or vouched to the report; and • Sixteen (80%) equipment additions and depletions recorded by Accounting could not be traced to the inventory report. 			
IAS Conclusion	<p>Procedures have not been developed to notify Aramark when Biomedical Engineering equipment is received, moved or disposed. Management is committed to improving the process by developing controls and leveraging existing resources in order to meet business objectives.</p>			

Summary of Halifax Health Audit Report

Audit Plan		Issues by Impact Level		
Charge Description Master – Supplies Maintenance Audit		High	Moderate	Low
Objective – Determined whether controls over Charge Description Master (CDM) maintenance of billable supplies were functioning as Management intended.		●	●	●
Key Risk(s) – CDM listing for supplies to be charged to a patient's account and billed to a payor is inaccurate.		0	2	3
Significant Issue(s)	<ul style="list-style-type: none"> The CDM Maintenance Policy was not aligned with actual practices and Halifax Health's standards for policies and procedures. 			
IAS Conclusion	<ul style="list-style-type: none"> Opportunities exist to improve monitoring and written procedures for maintaining correct supply charges in the CDM. As a result, management will develop monitoring steps and update existing procedures. 			

20 of the Top Risk Areas in Healthcare#

Care Transformation

Clinical Excellence

Accountable Care Organization

Compliance

340B Drug Discount Program

Physician Contracting

Physician Compensation

HIPAA

Information Technology

Cybersecurity

System Implementation

System Access Management

IT General Controls

Operations

Third Party Vendor Management

Care (Case) Management

Clinical Documentation Improvement

Medication Management &

Drug Diversion

Nonphysician Contract Management

Revenue Cycle Management

Billing & Collections

Patient Access

Inpatient Coding

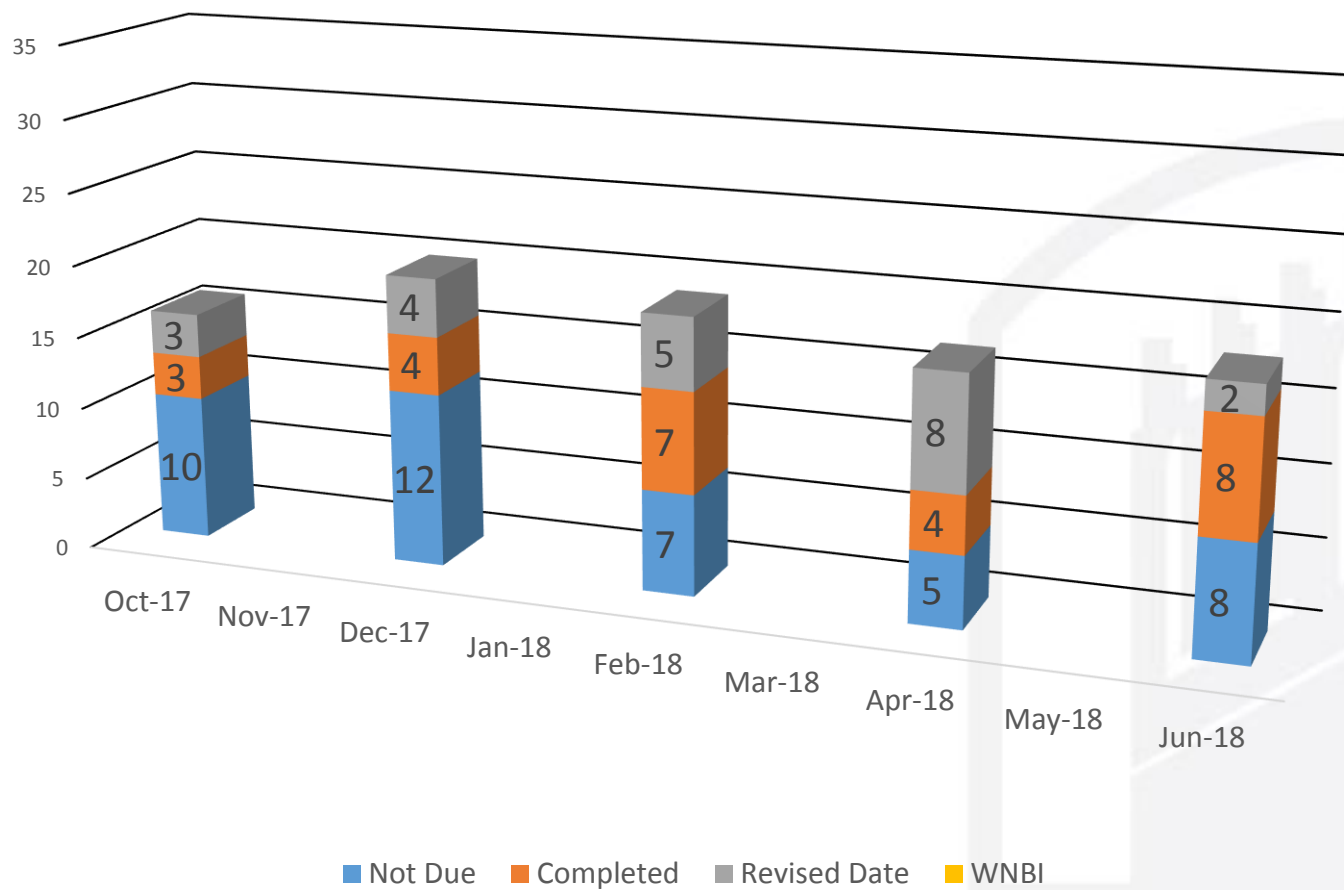
Charge Capture

Physician Practice Coding & Billing

Forecasting: 501(r) Compliance, Revenue Cycle Outsourcing, IT as a revenue service, Cloud Computing, Population Health

Audit Follow-Up

Audit Issue Follow-Up: Status of Management Action Plans



See BoardEffect for Audit Follow Up Detail.

Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Halifax Health Call Network Audit 8/15/2017	<u>ISSUE 1: Segregation of Duties Was Missing Because Of Incorrect TriZetto User Access</u> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Management to restructure staff and segregate tasks for the purposes of identifying issues when they occur. 	Bob Williams-Director, Population Health Business Development	12/29/2017 Revised 7/27/18	High
Network Security Testing 8/24/2017	<u>ISSUE 4: Confidential</u>	Action Plan is Confidential	Tom Stafford, VP & Chief Information Officer	12/28/2018 Revised 7/27/18	Medium
PCI Review of Locations 4/17/2018	<ul style="list-style-type: none"> PCI standards require data retention methods containing Primary Account Number (PAN), cardholder name and expiration date to be unreadable immediately after usage. Further, Sensitive Authentication Data (SAD) cannot be stored or retained after usage. <p>Cardholder data that included SAD (e.g. three or four digit security code) was documented on paper at six (10%) access points and retained when no longer needed at three. Following locations were not aligned with PCI standards:</p> <ul style="list-style-type: none"> Hospice Patient Accounting – Document had SAD EmployMed Port Orange – Document had SAD HMC Foundation– Document had SAD Primary Care Daytona Daytona Area Senior Services Outpatient and Inpatient Patient Access Specialists 	<ul style="list-style-type: none"> Cash collection education and procedures will state not to use any form of paper to record cardholder data. Also, Management will explore the use of handhelds for Halifax Inpatient Patient Access Specialists. 	Arvin Lewis-SVP & Chief Revenue Officer	9/3/2018	High

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
PCI Review of Locations 4/17/2018	<ul style="list-style-type: none"> • PCI oversight includes an inventory of devices to store, process and transmit cardholder data to support cardholder data procedures, network diagrams and general controls. Management maintained an inventory of merchant locations, but not devices deployed within Halifax Health organization. 	<ul style="list-style-type: none"> • Inventory device list with access points, Merchant numbers and Media Access Control numbers will be maintained by Accounting and copy of this inventory will be retained by Information Technology. 	Tom Stafford, VP & Chief Information Officer Lisa Tyler, Corporate Controller	9/3/2018	Medium
PCI Review of Locations 4/17/2018	<ul style="list-style-type: none"> • Annual SAQ-A and attestation of compliance from outsourced PCI DSS 3rd party Service was not available at the time of our review. 	<ul style="list-style-type: none"> • The annual SAQ-A and attestation of compliance from outsourced PCI DSS 3rd party Service will be forward to IAS for review. 	Lisa Tyler, Corporate Controller	9/3/2018	Medium
Charge Description Master - Supplies Maintenance Audit 6/15/2018	<p>ISSUE 1: CDM Change Requests Are Not Processed Timely</p> <p>Testing of CDM maintenance including processes to assign charge codes and appropriate descriptions for supplies and correct methodology for billing disclosed the following:</p> <ul style="list-style-type: none"> • Nine (36%) CDM change requests were processed eight to 16 business days after usage or price change. Management's intentions are to complete requests within seven business days. • A change request was processed without Coding or Billing Department approval. Charge Master Maintenance Policy requires changes be reviewed and approved by individuals with the appropriate finance, coding and billing expertise. <p>There were no payor denials related to above findings.</p>	<ul style="list-style-type: none"> • Delays occurred when the Coordinator and/or the individual department leads were not available to work on CDM change requests. A list of Team Members/Analysts will be identified to back-up lead CDM Coordinator and analysts. • The unapproved change request was deemed an isolated instance and addressed with Team Member. 	Steve Mach, Patient Financial Services Director Shawn Remington, Manager Finance	1/31/2019	Medium

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Charge Description Master - Supplies Maintenance Audit 6/15/2018	<p>ISSUE 2: CDM Maintenance Procedures Were Missing Controls</p> <p>The CDM Maintenance Policy was not aligned with Halifax Health's standards for policies and procedures. Review disclosed the following:</p> <ul style="list-style-type: none"> • CDM Maintenance Policy was last reviewed and approved in 2013 or five years ago. The standard is every three years. • A pricing policy for evaluation of charges and mark-ups for alignment with payors and revenue objectives was missing. • Policy incorrectly documented the charge threshold for supply items to be \$5 dollars. Management's intention is a \$23 dollar threshold. • The timeliness of the process to complete CDM maintenance requests was missing. Guidance is needed to assess the efficiency of the change process. 	<ul style="list-style-type: none"> • The Charge Master Maintenance Policy will be updated on the required Halifax Health procedures template and address operational gaps. 	Steve Mach, Patient Financial Services Director	1/31/2019	Medium
Biomedical Engineering Process Assessment 6/15/2018	<p>ISSUE 1: The IDesk System Does Not Agree With Actual Inventory</p> <p>As of February 28, 2018 Aramark's IDesk application reported 9,530 active pieces of inventory equipment. IAS reviewed inventory and the following issues were identified:</p> <ul style="list-style-type: none"> • Ten (20%) items could not be traced from floor to IDesk or vouched from IDesk to floor. • BE equipment additions and depletions recorded by Accounting did not align with IDesk item file. Six (60%) additions were missing and 10 (100%) depletions were listed as active. • Forms to process purchases, transfers and disposals did not have the required information to notify BE. <p>As a result, IDesk inventory was not updated timely which impacts Aramark billing and raises the risk that required service checks and ePHI removal were not performed by BE Techs.</p>	<ul style="list-style-type: none"> • Management will work with BE Lead to update item files for active and inactive equipment. • BE Lead will develop department rounds that includes working with Team Members to be observant of items that need to be activated or deactivated from the data base. • The Equipment Acceptance, Transfer and Disposal Forms will be updated to include BE with other departments responsible for managing inventory. 	Gary Meredith, Director of Operations	12/29/2018	Medium

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Biomedical Engineering Process Assessment 6/15/2018	ISSUE 2: Billing Is Not Aligned With Terms & Business Objectives Not Achieved <ul style="list-style-type: none"> Aramark's December and January base fee billings were not aligned with Amendment A-1. AP audits have disclosed incorrect pass-through bills for 3rd party equipment services. Purchase service objectives to sunset 3rd party agreements and service equipment in-house were not obtained at the time of the audit. 	<ul style="list-style-type: none"> Director will work with Aramark to assess BE responsibilities and objectives in order to determine the correct service arrangement. Findings will be reported to SVP of Operations. 	Gary Meredith, Director of Operations	12/29/2018	Medium
Biomedical Engineering Process Assessment 6/15/2018	ISSUE 3: Work Orders Are Poorly Documented in IDesk <p>BE Technicians did not clearly document their management and service of equipment. Service end dates and equipment problem and resolution within the Aramark work order were not aligned with actual work performed.</p>	<ul style="list-style-type: none"> Technicians will be trained on Aramark's work order policies and procedures. <p>Gary Meredith, Director of Operations</p>	Gary Meredith, Director of Operations	12/29/2018	Medium

Recommended Committee Action

Internal Audit recommends the following for Committee's approval:

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

Halifax Health Summary Financial Narrative For the eight months ended May 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	3.4%	2.7%	Favorable	5.8%	Unfavorable
Operating Margin	2.3%	1.8%	Favorable	3.6%	Unfavorable
EBIDA Margin	10.9%	9.9%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	9.9%	9.1%	Favorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	9.5%	8.8%	Favorable	N/A	N/A
Days Cash on Hand	247	258	Unfavorable	249	Unfavorable
Cash to Debt	97.0%	102.8%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	54.5%	53.3%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage **	1.93	2.31	Unfavorable	4.50	Unfavorable
OG Debt to Capitalization	53.6%	52.9%	Unfavorable	29.1%	Unfavorable

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

** - Includes debt service requirements for balloon indebtedness under the MTI; Series 2018A bonds issued in the par amount of \$85 million on June 1, 2018.

Halifax Health Medical Center

Statistical Summary--

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

Financial Summary --

- Net patient service revenue for the fiscal year-to-date is 0.6% less than budget.
- Total operating expenses for the fiscal year-to-date are 0.5% less than budget.
- Income from operations for the fiscal year-to-date of \$5.1 million compares favorably to budget by \$1.1 million.
- Nonoperating gains/losses for the fiscal year-to-date of negative \$1.1 million, primarily consisting of investment income/losses, compares unfavorably to the budgeted amount by \$326,000.
- The increase in net position, before other changes in net position, for the fiscal year-to-date of \$6.2 million compares unfavorably to budget by \$727,000.

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 2.7% greater than budget.
- Income from operations for the fiscal year-to-date of \$405,000 compares favorably to budget by \$315,000.
- Nonoperating gains/losses for the fiscal year-to-date of \$3.3 million, primarily consisting of investment income/losses, compares favorably to the budgeted amount by \$1.3 million.
- The increase in net position, before other changes in net position, for the fiscal year-to-date of \$3.7 million compares favorably to budget by \$1.6 million.

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

Halifax Health Statistical Summary

Month Ended May 31,					Eight Months Ended May 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>Inpatient Activity</u>				
1,543	1,538	1,565	-1.7%	HHMC Adult/Ped Admissions	12,700	12,672	13,030	-2.7%
155	175	152	15.1%	HHMCPO Adult/Ped Admissions	1,177	1,414	1,241	13.9%
152	210	156	34.6%	Adult Psych Admissions	1,216	1,502	1,271	18.2%
61	49	53	-7.5%	Rehabilitative Admissions	514	501	482	3.9%
1,911	1,972	1,926	2.4%	Total Adult/Ped Admissions	15,607	16,089	16,024	0.4%
8,077	8,086	7,540	7.2%	HHMC Adult/Ped Patient Days	67,706	64,757	62,783	3.1%
947	515	648	-20.5%	HHMCPO Adult/Ped Patient Days	6,721	4,927	5,293	-6.9%
1,279	1,267	1,543	-17.9%	Adult Psych Patient Days	11,459	10,793	12,597	-14.3%
777	775	770	0.6%	Rehabilitative Patient Days	7,095	7,549	7,042	7.2%
11,080	10,643	10,501	1.4%	Total Adult/Ped Patient Days	92,981	88,026	87,715	0.4%
5.2	5.3	4.8	9.1%	HHMC Average Length of Stay	5.3	5.1	4.8	6.1%
6.1	2.9	4.3	-31.0%	HHMCPO Average Length of Stay	5.7	3.5	4.3	-18.3%
5.3	5.0	4.8	5.3%	HHMC/ HHMCPO Average Length of Stay	5.4	4.9	4.8	3.7%
8.4	6.0	9.9	-39.0%	Adult Psych Average Length of Stay	9.4	7.2	9.9	-27.5%
12.7	15.8	14.5	8.9%	Rehabilitative Length of Stay	13.8	15.1	14.6	3.1%
5.8	5.4	5.5	-1.0%	Total Average Length of Stay	6.0	5.5	5.5	-0.1%
357	343	339	1.3%	Total Average Daily Census	383	362	361	0.4%
824	905	713	26.9%	HHMC Observation Patient Day Equivalents	6,920	7,179	6,175	16.3%
153	209	167	25.1%	HHMCPO Observation Patient Day Equivalents	1,411	1,629	1,442	13.0%
977	1,114	880	26.6%	Total Observation Patient Day Equivalents	8,331	8,808	7,617	15.6%
32	36	28	28.6%	Observation Average Daily Census	34	36	31	16.1%
142	145	152	-4.6%	HHMC Newborn Births	1,182	1,122	1,261	-11.0%
257	273	279	-2.2%	HHMC Nursery Patient Days	2,180	2,037	2,364	-13.8%
404	452	428	5.6%	HHMC Inpatient Surgeries	3,556	3,937	3,714	6.0%
14	10	3	233.3%	HHMCPO Inpatient Surgeries	51	67	24	179.2%
418	462	431	7.2%	Total Inpatient Surgeries	3,607	4,004	3,738	7.1%
				<u>Inpatient Surgeries</u>				
151	163			Orthopedics	1,412	1,329		
75	58			General Surgery	579	522		
36	29			Neurosurgery	336	280		
34	25			Vascular	229	250		
1	41			Gastroenterology	10	297		
121	146			All Other	1,041	1,326		
418	462	431	7.2%	Total Inpatient Surgeries	3,607	4,004	3,738	7.1%

Halifax Health Statistical Summary

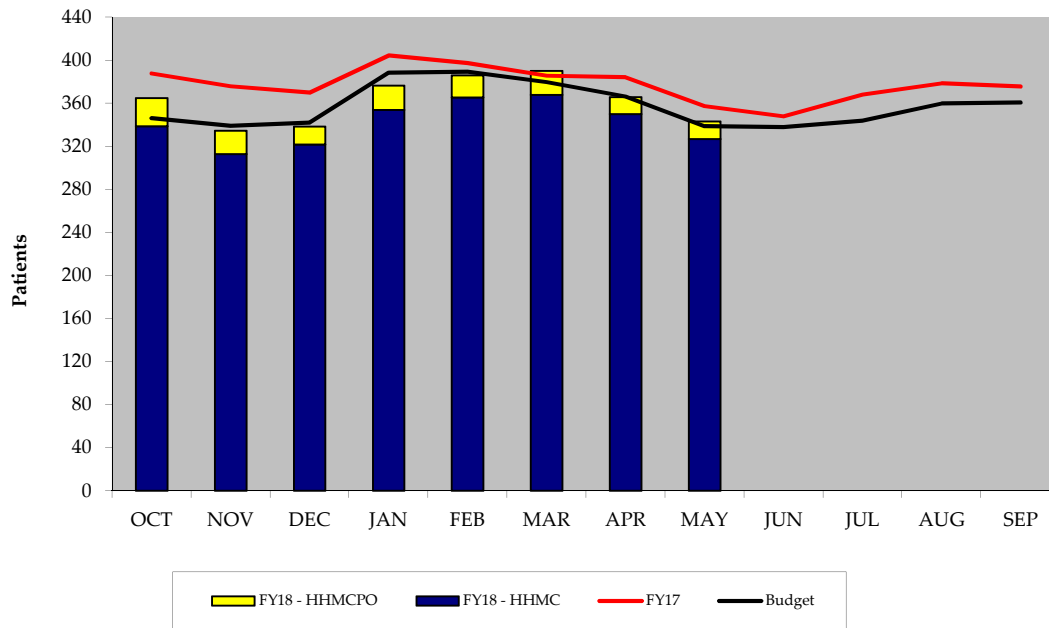
Month Ended May 31,					Eight Months Ended May 31,			
<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>		<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>
<u>Outpatient Activity</u>								
6,680	6,600	6,743	-2.1%	HHMC ED Registrations	53,964	55,162	54,475	1.3%
2,648	2,640	2,656	-0.6%	HHMCPO ED Registrations	20,961	22,177	21,026	5.5%
982	1,257	1,581	-20.5%	Deltona ED Registrations	1,142	11,396	10,573	7.8%
10,310	10,497	10,980	-4.4%	Total ED	76,067	88,735	86,074	3.1%
377	404	375	7.7%	HHMC Outpatient Surgeries	3,273	2,976	3,121	-4.6%
1	0	0	0.0%	HPC Outpatient Surgeries	308	2	0	0.0%
110	128	110	16.4%	HHMCPO Outpatient Surgeries	333	1,008	864	16.7%
402	282	301	-6.3%	Twin Lakes Surgeries	2,872	2,448	2,514	-2.6%
890	814	786	3.6%	Total Outpatient Surgeries	6,786	6,434	6,499	-1.0%
<u>Outpatient Surgeries</u>								
191	171			General Surgery	1,447	1,219		
154	110			Orthopedics	1,296	978		
115	79			Gastroenterology	666	746		
67	84			Obstetrics Gynecology	587	598		
64	66			Ophthalmology	491	559		
299	304			All Other	2,299	2,334		
890	814	786	3.6%	Total Outpatient Surgeries	6,786	6,434	6,499	-1.0%
<u>Cardiology Procedures</u>								
17	25			Open Heart Cases	154	176		
146	176			Cardiac Caths	1,056	1,345		
29	24			CRM Devices	250	232		
39	60			EP Studies	306	361		
231	285	214	33.2%	Total Cardiology Procedures	1,766	2,114	1,876	12.7%
<u>Interventional Radiology Procedures</u>								
5	12	6	100.0%	Vascular	43	76	50	52.0%
175	176	180	-2.2%	Nonvascular	1,278	1,371	1,316	4.2%
180	188	186	1.1%	Total Interventional Radiology Procedures	1,321	1,447	1,366	5.9%
226	205	249	-17.7%	GI Procedures	1,642	1,744	1,601	8.9%
<u>HH Hospice Activity</u>								
<u>Patient Days</u>								
15,571	15,873	15,501	2.4%	Volusia/ Flagler	123,056	127,054	121,509	4.6%
1,290	1,705	1,635	4.3%	Orange/ Osceola	7,918	11,595	11,265	2.9%
16,861	17,578	17,136	2.6%	HH Hospice Patient Days	130,974	138,649	132,774	4.4%
<u>Average Daily Census</u>								
502	512	500	2.4%	Volusia/ Flagler	506	523	500	4.6%
42	55	53	4.3%	Orange/ Osceola	33	48	46	2.9%
544	567	553	2.6%	HH Hospice Average Daily Census	539	571	546	4.4%

Halifax Health Statistical Summary

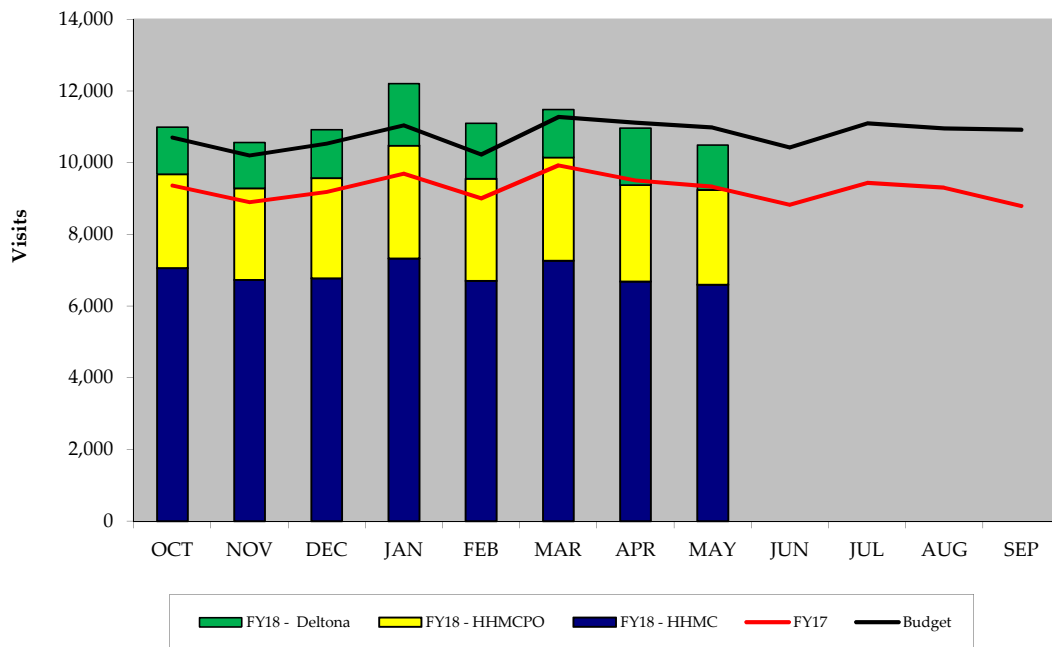
Month Ended May 31,				Eight Months Ended May 31,			
<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>	<u>2017</u>	<u>2018</u>	<u>Budget</u>	<u>Var.</u>
<u>Physician Practice Activity</u>							
<u>Primary Care Visits</u>							
389	626	217	188.5%	Ormond Beach	2,556	4,044	2,182 85.3%
1,027	1,117	1,059	5.5%	Daytona Beach	8,102	8,545	8,356 2.3%
789	617	718	-14.1%	Port Orange	5,705	5,696	5,211 9.3%
189	183	390	-53.1%	Deltona	2,214	1,818	4,567 -60.2%
1,184	730	800	-8.8%	New Smyrna	1,184	6,053	6,400 -5.4%
566	655	476	37.6%	Ormond Beach (Women's/OB)	3,973	4,499	3,732 20.6%
160	353	876	-59.7%	Ormond Beach - Urgent Care	557	3,204	6,867 -53.3%
4,304	4,281	4,536	-5.6%	Primary Care Visits	24,291	33,859	37,315 -9.3%
<u>Children's Medical Center Visits</u>							
720	611	951	-35.8%	Ormond Beach	7,002	4,682	7,285 -35.7%
209	402	299	34.4%	Palm Coast	739	2,956	2,634 12.2%
473	508	661	-23.1%	Port Orange	3,948	4,046	5,519 -26.7%
1,402	1,521	1,911	-20.4%	Children's Medical Center Visits	11,689	11,684	15,438 -24.3%
<u>Community Clinic Visits</u>							
399	438	409	7.1%	Keech Street	3,305	2,725	3,389 -19.6%
262	-	-	0.0%	Adult Community Clinic	2,013	92	75 22.7%
661	438	409	7.1%	Community Clinic Visits	5,318	2,817	3,464 -18.7%

Halifax Health Statistical Summary - Graphic

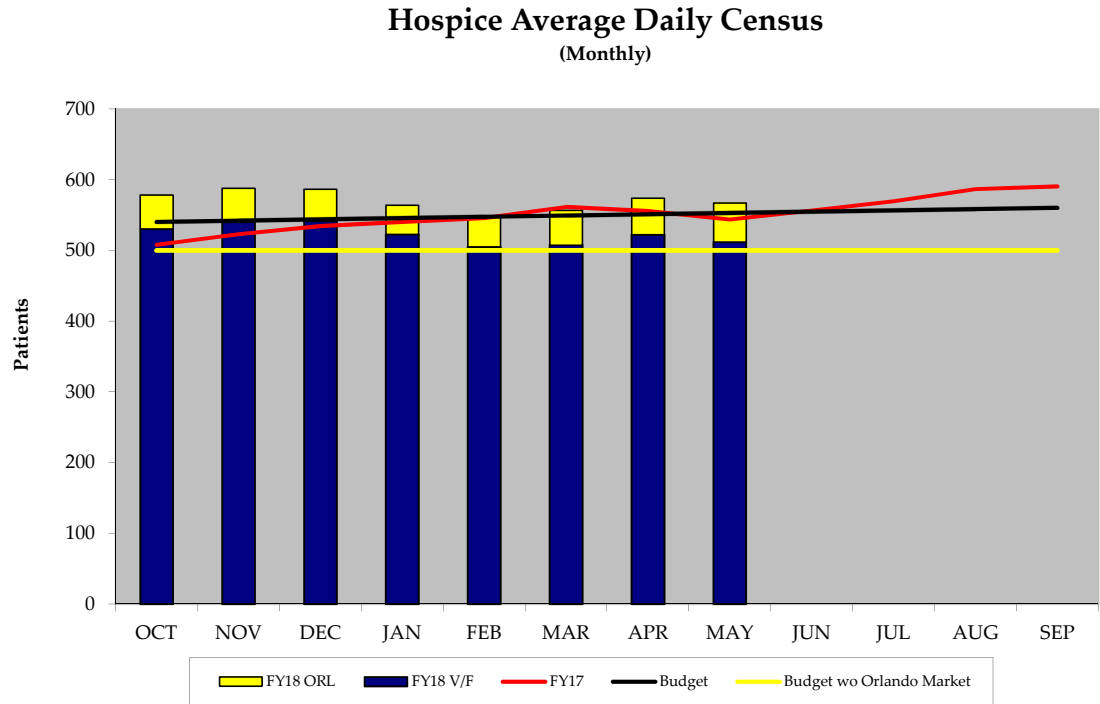
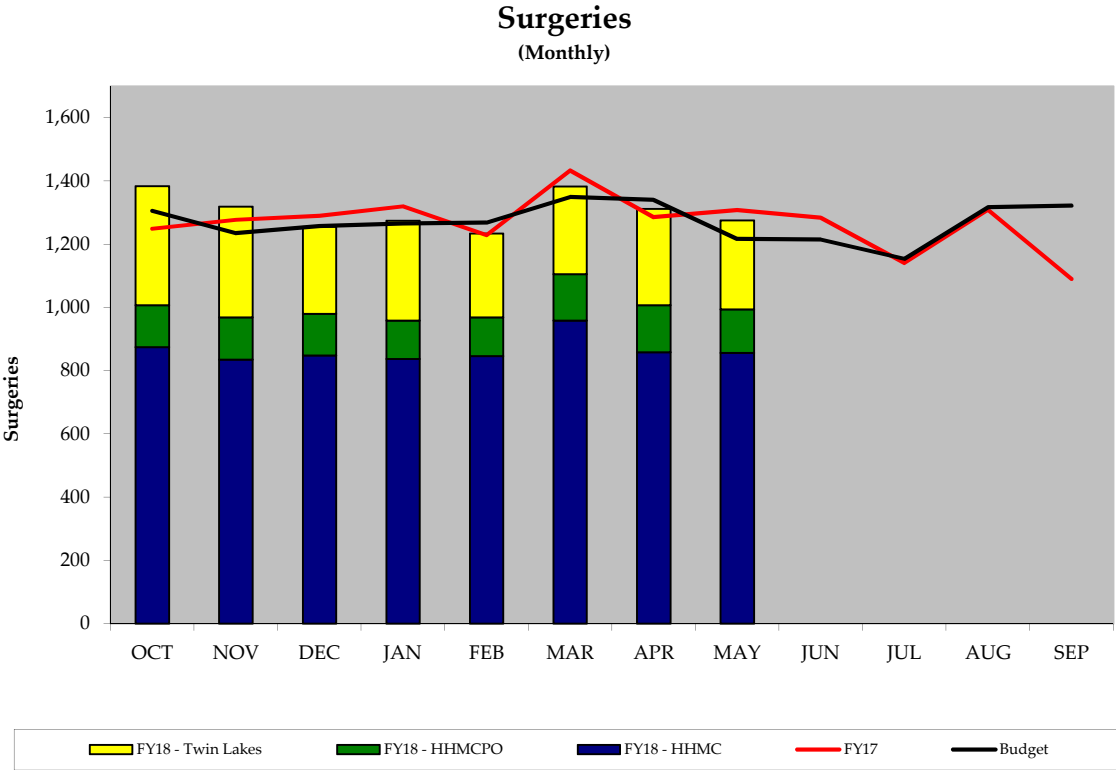
HHMC Average Daily Census (Monthly)



ED Visits (Monthly)



Halifax Health Statistical Summary - Graphic



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

	May 31,		
	2018	2017	Change
<u>Assets</u>			
Cash and cash equivalents	\$46,712	\$46,912	(\$200)
Investments	261,446	267,261	(5,815)
Board designated assets	45,254	45,074	180
Accounts receivable	69,274	69,605	(331)
Restricted assets whose use is limited	6,213	13,678	(7,465)
Other assets	42,029	48,485	(6,456)
Deferred outflow - swap	24,989	32,522	(7,533)
Deferred outflow - loss on bond refunding	15,842	16,763	(921)
Deferred outflow - pension	25,302	27,686	(2,384)
Property, plant and equipment	359,781	352,636	7,145
Total Assets	\$896,842	\$920,622	(\$23,780)
<u>Liabilities and Net position</u>			
Accounts payable	\$33,459	\$27,391	\$6,068
Other liabilities	97,637	92,280	5,357
Deferred inflow - pension	2,002	-	2,002
Net pension liability	69,923	104,344	(34,421)
Long-term debt	345,475	352,829	(7,354)
Premium on LTD, net	18,815	19,485	(670)
Long-term value of swap	24,989	32,522	(7,533)
Net position	304,542	291,771	12,771
Total Liabilities and Net position	\$896,842	\$920,622	(\$23,780)

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

Month ended May 31, 2018	Month ended May 31, 2017	Variance		Eight Months ended May 31, 2018	Eight Months ended May 31, 2017	Variance
			Cash flows from operating activities:			
\$51,090	\$47,263	\$3,827	Receipts from third party payors and patients	\$346,853	\$329,189	\$17,664
(28,418)	(21,786)	(6,632)	Payments to employees	(204,155)	(201,310)	(2,845)
(16,616)	(18,693)	2,077	Payments to suppliers	(141,535)	(129,407)	(12,128)
46	586	(540)	Receipt of ad valorem taxes	5,766	11,258	(5,492)
(2,185)	-	(2,185)	Receipt (payment) of State UPL funds, net	4,040	(5,360)	9,400
2,789	2,622	167	Other receipts	21,964	23,625	(1,661)
(3,802)	(3,796)	(6)	Other payments	(29,243)	(28,684)	(559)
2,904	6,196	(3,292)	Net cash provided by (used in) operating activities	3,690	(689)	4,379
			Cash flows from noncapital financing activities:			
67	13	54	Proceeds from donations received	538	521	17
-	(2)	2	Nonoperating gain (loss)	9	(8)	17
67	11	56	Net cash provided by noncapital financing activities	547	513	34
			Cash flows from capital and related financing activities:			
(5,447)	(2,020)	(3,427)	Acquisition of capital assets	(21,744)	(12,135)	(9,609)
-	(196)	196	Payment of long-term debt	(1,390)	(1,562)	172
-	-	-	Transfers to trustee held funds	-	5,474	(5,474)
(329)	(331)	2	Payment of interest on long-term debt	(8,991)	(9,127)	136
(5,776)	(2,547)	(3,229)	Net cash used in capital financing activities	(32,125)	(17,350)	(14,775)
			Cash flows from investing activities:			
516	692	(176)	Realized investment income (loss)	3,696	4,312	(616)
(74,491)	(748)	(73,743)	Purchases of investments/limited use assets	(78,833)	(8,021)	(70,812)
79,120	15	79,105	Sales/Maturities of investments/limited use assets	86,314	9,574	76,740
5,145	(41)	5,186	Net cash provided by (used in) investing activities	11,177	5,865	5,312
2,340	3,619	(1,279)	Net increase (decrease) in cash and cash equivalents	(16,711)	(11,661)	(5,050)
44,372	43,293	1,079	Cash and cash equivalents at beginning of period	63,423	58,573	4,850
<u>\$46,712</u>	<u>\$46,912</u>	<u>(\$200)</u>	Cash and cash equivalents at end of period	<u>\$46,712</u>	<u>\$46,912</u>	<u>(\$200)</u>

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

Actual Month Ended May 31, 2018	Actual Month Ended May 31, 2017	Favorable (Unfavorable) Variance		Actual Eight Months Ended May 31, 2018	Actual Eight Months Ended May 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$53,014	\$44,703	\$8,311	Net patient service revenue, before provision for bad debts	\$411,237	\$390,213	\$21,024
(7,049)	(1,950)	(5,099)	Provision for bad debts	(60,048)	(53,010)	(7,038)
45,965	42,753	3,212	Net patient service revenue	351,189	337,203	13,986
504	938	(434)	Ad valorem taxes	4,032	7,501	(3,469)
2,043	1,999	44	Other revenue	18,808	17,817	991
48,512	45,690	2,822	Total operating revenues	374,029	362,521	11,508
			Operating expenses:			
23,490	23,932	442	Salaries and benefits	184,308	186,690	2,382
6,818	7,240	422	Purchased services	54,910	50,685	(4,225)
9,019	8,675	(344)	Supplies	67,984	65,956	(2,028)
2,152	2,000	(152)	Depreciation and amortization	17,085	15,842	(1,243)
1,401	1,389	(12)	Interest	11,348	11,250	(98)
573	627	54	Ad valorem tax related expenses	4,374	4,986	612
825	944	119	Leases and rentals	6,517	6,131	(386)
2,462	2,254	(208)	Other	18,967	17,633	(1,334)
46,740	47,061	321	Total operating expenses	365,493	359,173	(6,320)
1,772	(1,371)	3,143	Excess (deficiency) of operating revenues over expenses	8,536	3,348	5,188
			Nonoperating revenues, expenses, and gains/(losses):			
516	692	(176)	Realized investment income/(losses)	3,696	4,313	(617)
1,677	277	1,400	Unrealized investment income/(losses)	134	917	(783)
67	13	54	Donation revenue	538	522	16
-	(2)	2	Nonoperating gains/(losses), net	10	(7)	17
2,260	980	1,280	Total nonoperating revenues, expenses, and gains/(losses)	4,378	5,745	(1,367)
4,032	(391)	4,423	Increase (decrease) in net position before other changes in net position	12,914	9,093	3,821
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension ⁽¹⁾	(21,099)	-	(21,099)
-	-	-	Total other changes in net position	(21,099)	-	(21,099)
\$4,032	(\$391)	\$4,423	Increase (decrease) in net position	(\$8,185)	\$9,093	(\$17,278)

⁽¹⁾ 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 May 31, 2018	Static Budget Month Ended May 31, 2018	Favorable (Unfavorable) Variance		Actual Eight Months Ended May 31, 2018	Static Budget Eight Months Ended May 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$53,014	\$51,555	\$1,459	Net patient service revenue, before provision for bad debts	\$411,237	\$416,942	(\$5,705)
(7,049)	(8,025)	976	Provision for bad debts	(60,048)	(64,599)	4,551
45,965	43,530	2,435	Net patient service revenue	351,189	352,343	(1,154)
504	504	-	Ad valorem taxes	4,032	4,032	-
2,043	2,165	(122)	Other revenue	18,808	17,349	1,459
48,512	46,199	2,313	Total operating revenues	374,029	373,724	305
			Operating expenses:			
23,490	25,163	1,673	Salaries and benefits	184,308	195,674	11,366
6,818	6,110	(708)	Purchased services	54,910	49,516	(5,394)
9,019	7,810	(1,209)	Supplies	67,984	65,127	(2,857)
2,152	2,007	(145)	Depreciation and amortization	17,085	16,054	(1,031)
1,401	1,389	(12)	Interest	11,348	11,141	(207)
573	523	(50)	Ad valorem tax related expenses	4,374	4,285	(89)
825	807	(18)	Leases and rentals	6,517	6,437	(80)
2,462	2,353	(109)	Other	18,967	18,808	(159)
46,740	46,162	(578)	Total operating expenses	365,493	367,042	1,549
1,772	37	1,735	Excess of operating revenues over expenses	8,536	6,682	1,854
			Nonoperating revenues, expenses, and gains/(losses):			
516	365	151	Realized investment income/(losses)	3,696	2,926	770
1,677	(2)	1,679	Unrealized investment income/(losses)	134	(13)	147
67	58	9	Donation revenue	538	462	76
-	-	-	Nonoperating gains/(losses), net	10	-	10
2,260	421	1,839	Total nonoperating revenues, expenses, and gains/(losses)	4,378	3,375	1,003
4,032	458	3,574	Increase in net position before other changes in net position	12,914	10,057	2,857
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension ⁽¹⁾	(21,099)	-	(21,099)
-	-	-	Total other changes in net position	(21,099)	-	(21,099)
\$4,032	\$458	\$3,574	Increase (decrease) in net position	(\$8,185)	\$10,057	(\$18,242)

⁽¹⁾ 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 May 31, 2018	Static Budget Month Ended May 31, 2018	Favorable (Unfavorable) Variance		Actual Eight Months Ended May 31, 2018	Static Budget Eight Months Ended May 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$49,333	\$47,868	\$1,465	Net patient service revenue, before provision for bad debts	\$381,816	\$388,357	(\$6,541)
(6,951)	(7,938)	987	Provision for bad debts	(59,266)	(63,910)	4,644
42,382	39,930	2,452	Net patient service revenue	322,550	324,447	(1,897)
504	504	-	Ad valorem taxes	4,032	4,032	-
898	1,392	(494)	Other revenue	12,295	11,170	1,125
43,784	41,826	1,958	Total operating revenues	338,877	339,649	(772)
			Operating expenses:			
21,345	23,036	1,691	Salaries and benefits	167,849	178,944	11,095
5,709	4,993	(716)	Purchased services	45,728	40,809	(4,919)
8,807	7,581	(1,226)	Supplies	66,417	63,345	(3,072)
2,021	1,881	(140)	Depreciation and amortization	16,041	15,046	(995)
1,374	1,389	15	Interest	11,066	11,112	46
573	523	(50)	Ad valorem tax related expenses	4,374	4,285	(89)
644	633	(11)	Leases and rentals	5,107	5,066	(41)
2,249	2,120	(129)	Other	17,161	16,961	(200)
42,722	42,156	(566)	Total operating expenses	333,743	335,568	1,825
1,062	(330)	1,392	Excess (deficiency) of operating revenues over expenses	5,134	4,081	1,053
			Nonoperating revenues, expenses, and gains/(losses):			
438	180	258	Realized investment income/(losses)	2,026	1,443	583
697	(2)	699	Unrealized investment income/(losses)	(1,038)	(13)	(1,025)
1	-	1	Donation revenue	106	-	106
-	-	-	Nonoperating gains/(losses), net	10	-	10
1,136	178	958	Total nonoperating revenues, expenses, and gains/(losses)	1,104	1,430	(326)
2,198	(152)	2,350	Increase (decrease) in net position before other changes in net position	6,238	5,511	727
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension ⁽¹⁾	(19,962)	-	(19,962)
-	-	-	Total other changes in net position	(19,962)	-	(19,962)
\$2,198	(\$152)	\$2,350	Increase (decrease) in net position	(\$13,724)	\$5,511	(\$19,235)

⁽¹⁾ Halifax Health implemented GASB 75 as of October 1, 2017.

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

Actual Month Ended May 31, 2017		Actual Month Ended May 31, 2018		Static Budget Month Ended May 31, 2018			Actual Eight Months Ended May 31, 2017		Actual Eight Months Ended May 31, 2018		Static Budget Eight Months Ended May 31, 2018	
\$157,426	100.00%	\$168,210	100.00%	\$159,817	100.00%	Gross charges	\$1,213,298	100.00%	\$1,333,444	100.00%	\$1,299,546	100.00%
(11,581)	-7.36%	(9,927)	-5.90%	(8,458)	-5.29%	Charity	(63,196)	-5.21%	(83,826)	-6.29%	(68,160)	-5.24%
(104,669)	-66.49%	(108,950)	-64.77%	(103,491)	-64.76%	Contractual adjustments	(785,692)	-64.76%	(867,802)	-65.08%	(843,029)	-64.87%
41,176	26.16%	49,333	29.33%	47,868	29.95%	Gross charges, before provision for bad debts	364,410	30.03%	381,816	28.63%	388,357	29.88%
(1,893)	-1.20%	(6,951)	-4.13%	(7,938)	-4.97%	Provision for bad debts	(52,358)	-4.32%	(59,266)	-4.44%	(63,910)	-4.92%
\$39,283	24.95%	\$42,382	25.20%	\$39,930	24.98%	Net patient service revenue	\$312,052	25.72%	\$322,550	24.19%	\$324,447	24.97%

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

Actual Month Ended May 31, 2018	Static Budget Month Ended May 31, 2018	Favorable (Unfavorable) Variance		Actual Eight Months Ended May 31, 2018	Static Budget Eight Months Ended May 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,681	\$3,687	(\$6)	Net patient service revenue, before provision for bad debts	\$29,421	\$28,585	\$836
(98)	(87)	(11)	Provision for bad debts	(782)	(689)	(93)
3,583	3,600	(17)	Net patient service revenue	28,639	27,896	743
172	199	(27)	Other revenue	1,459	1,592	(133)
3,755	3,799	(44)	Total operating revenues	30,098	29,488	610
			Operating expenses:			
2,072	2,057	(15)	Salaries and benefits	15,911	16,172	261
1,070	1,074	4	Purchased services	8,872	8,368	(504)
212	228	16	Supplies	1,566	1,775	209
64	59	(5)	Depreciation and amortization	511	475	(36)
176	169	(7)	Leases and rentals	1,369	1,330	(39)
160	162	2	Other	1,464	1,278	(186)
3,754	3,749	(5)	Total operating expenses	29,693	29,398	(295)
1	50	(49)	Excess of operating revenues over expenses	405	90	315
			Nonoperating revenues, expenses, and gains/(losses):			
78	185	(107)	Realized investment income/(losses)	1,670	1,483	187
980	-	980	Unrealized investment income/(losses)	1,172	-	1,172
66	58	8	Donation revenue	432	462	(30)
1,124	243	881	Total nonoperating revenues, expenses, and gains/(losses)	3,274	1,945	1,329
1,125	293	832	Increase in net position before other changes in net position	3,679	2,035	1,644
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension ⁽¹⁾	(1,137)	-	(1,137)
-	-	-	Total other changes in net position	(1,137)	-	(1,137)
\$1,125	\$293	\$832	Increase in net position	\$2,542	\$2,035	\$507

⁽¹⁾ 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)

Actual Month Ended May 31, 2018	Static Budget Month Ended May 31, 2018	Favorable (Unfavorable) Variance		Actual Eight Months Ended May 31, 2018	Static Budget Eight Months Ended May 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	-	-	-
365	352	13	Other revenue	2,805	2,813	(8)
365	352	13	Total operating revenues	2,805	2,813	(8)
			Operating expenses:			
62	60	(2)	Salaries and benefits	466	475	9
39	39	-	Purchased services	303	309	6
-	1	1	Supplies	1	7	6
67	67	-	Depreciation and amortization	533	533	-
27	-	(27)	Interest	282	29	(253)
5	5	-	Leases and rentals	41	41	-
-	4	4	Other	5	32	27
200	176	(24)	Total operating expenses	1,631	1,426	(205)
165	176	(11)	Excess of operating revenues over expenses	1,174	1,387	(213)
			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)	-	-	-
\$165	\$176	(\$11)	Increase in net position	\$1,174	\$1,387	(\$213)

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

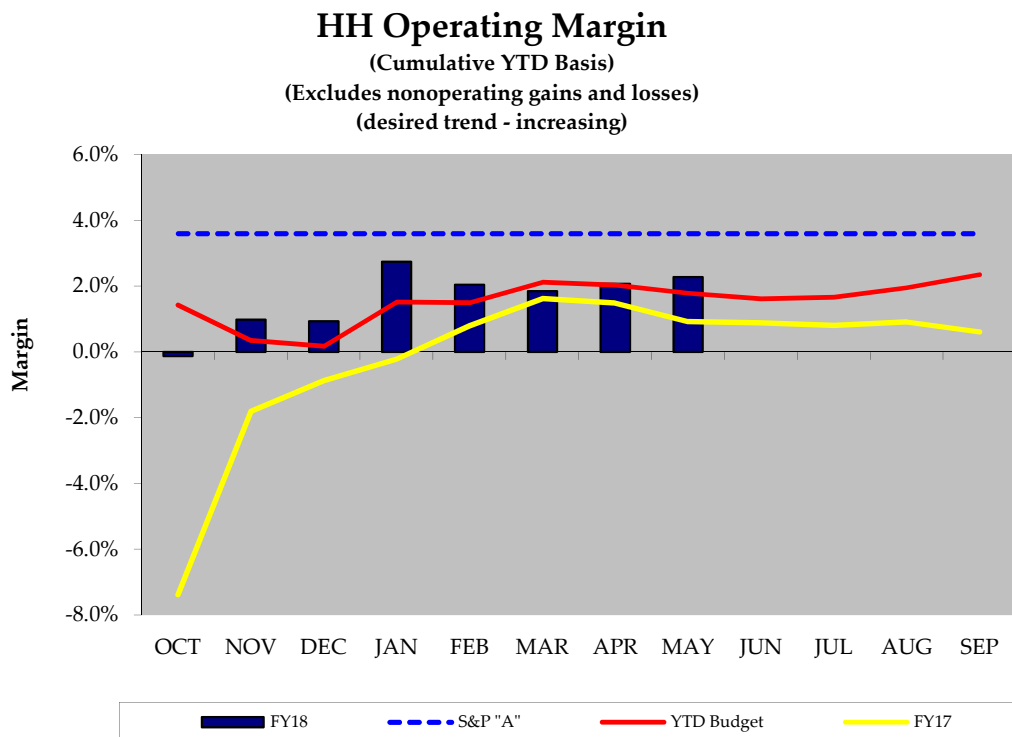
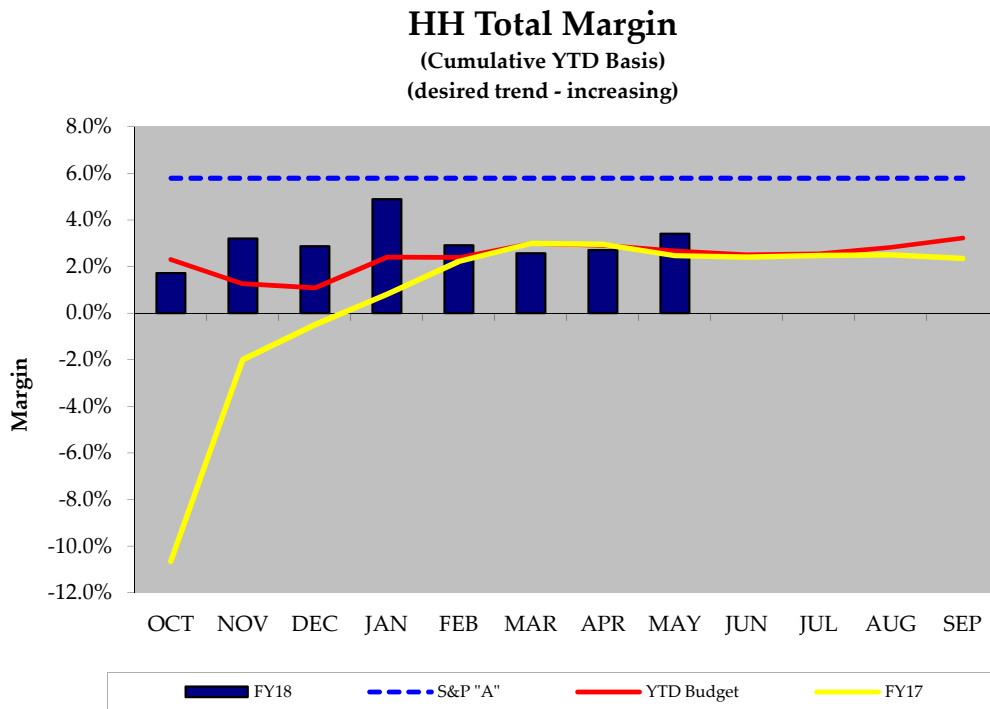
Actual Month Ended May 31, 2018	Static Budget Month Ended May 31, 2018	Favorable (Unfavorable) Variance		Actual Eight Months Ended May 31, 2018	Static Budget Eight Months Ended May 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
50	114	(64)	Realized investment income/(losses)	1,066	911	155
483	-	483	Unrealized investment income/(losses)	381	-	381
75	108	(33)	Donation revenue	802	863	(61)
-	-	-	Other revenue	-	-	-
608	222	386	Total operating revenues	2,249	1,774	475
			Operating expenses:			
11	10	(1)	Salaries and benefits	82	83	1
-	4	4	Purchased services	7	30	23
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
53	67	14	Other	337	537	200
64	81	17	Total operating expenses	426	650	224
\$544	\$141	\$403	Increase in net position	\$1,823	\$1,124	\$699

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

Actual Month Ended May 31, 2018	Static Budget Month Ended May 31, 2018	Favorable (Unfavorable) Variance		Actual Eight Months Ended May 31, 2018	Static Budget Eight Months Ended May 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$49,333	\$47,868	\$1,465	Net patient service revenue, before provision for bad debts	\$381,816	\$388,357	(\$6,541)
(6,951)	(7,938)	987	Provision for bad debts	(59,266)	(63,910)	4,644
42,382	39,930	2,452	Net patient service revenue	322,550	324,447	(1,897)
504	504	-	Ad valorem taxes	4,032	4,032	-
898	1,392	(494)	Other revenue	12,295	11,170	1,125
43,784	41,826	1,958	Total operating revenues	338,877	339,649	(772)
			Operating expenses:			
21,345	23,036	1,691	Salaries and benefits	167,849	178,944	11,095
5,709	4,993	(716)	Purchased services	45,728	40,809	(4,919)
8,807	7,581	(1,226)	Supplies	66,417	63,345	(3,072)
2,021	1,881	(140)	Depreciation and amortization	16,041	15,046	(995)
1,374	1,389	15	Interest	11,066	11,112	46
573	523	(50)	Ad valorem tax related expenses	4,374	4,285	(89)
644	633	(11)	Leases and rentals	5,107	5,066	(41)
2,249	2,120	(129)	Other	17,161	16,961	(200)
42,722	42,156	(566)	Total operating expenses	333,743	335,568	1,825
1,062	(330)	1,392	Excess (deficiency) of operating revenues over expenses	5,134	4,081	1,053
			Nonoperating revenues, expenses, and gains/(losses):			
438	180	258	Realized investment income/(losses)	2,026	1,443	583
697	(2)	699	Unrealized investment income/(losses)	(1,038)	(13)	(1,025)
1	-	1	Donation revenue	106	-	106
1,834	610	1,224	Income from affiliates	6,676	4,546	2,130
-	-	-	Nonoperating gains/(losses), net	10	-	10
2,970	788	2,182	Total nonoperating revenues, expenses, and gains/(losses)	7,780	5,976	1,804
4,032	458	3,574	Increase in net position before other changes in net position	12,914	10,057	2,857
			Other changes in net position:			
-	-	-	Change in accounting - post employment benefits other than pension ⁽¹⁾	(21,099)	-	(21,099)
-	-	-	Total other changes in net position	(21,099)	-	(21,099)
\$4,032	\$458	\$3,574	Increase (decrease) in net position	(\$8,185)	\$10,057	(\$18,242)

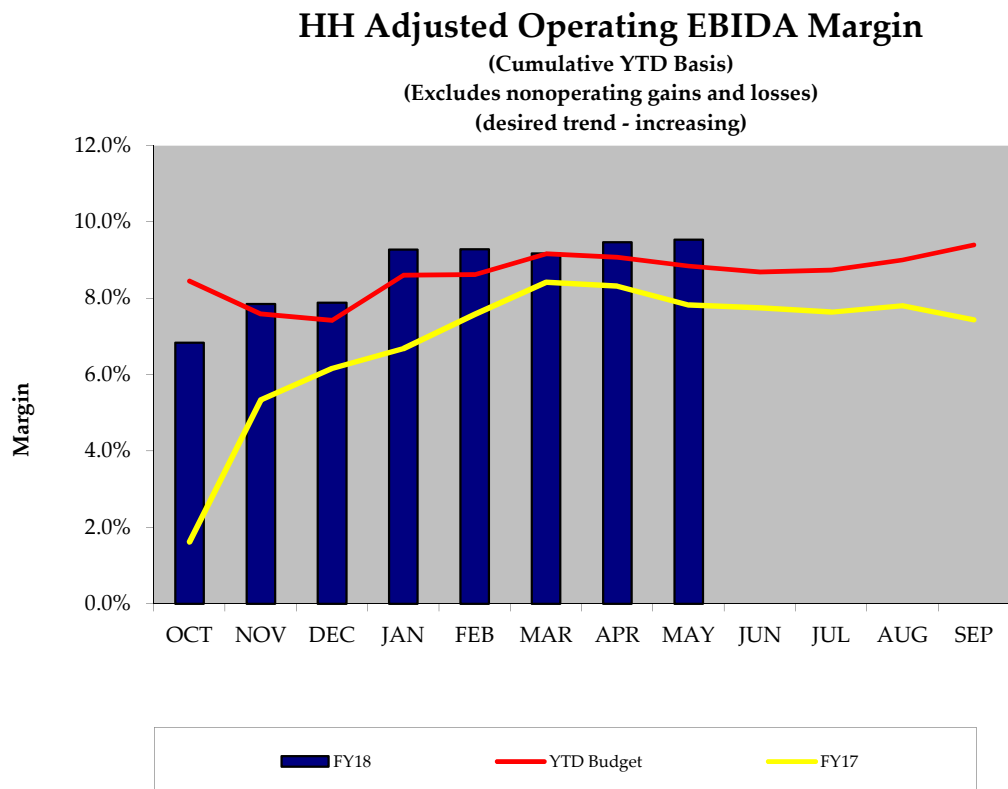
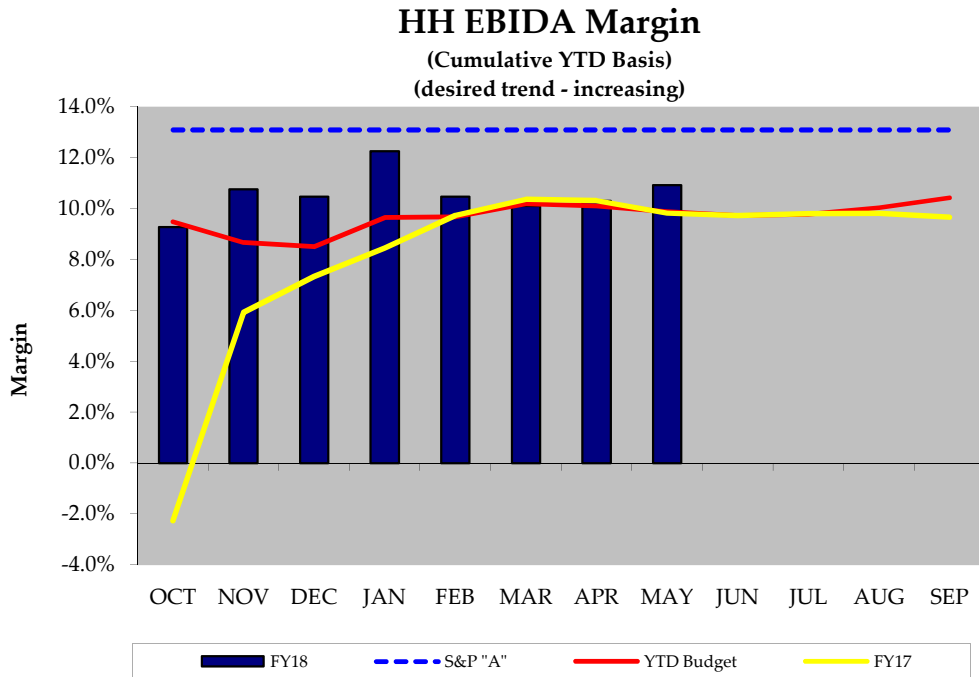
⁽¹⁾ Halifax Health implemented GASB 75 as of October 1, 2017.

Halifax Health Financial Summary - Graphic



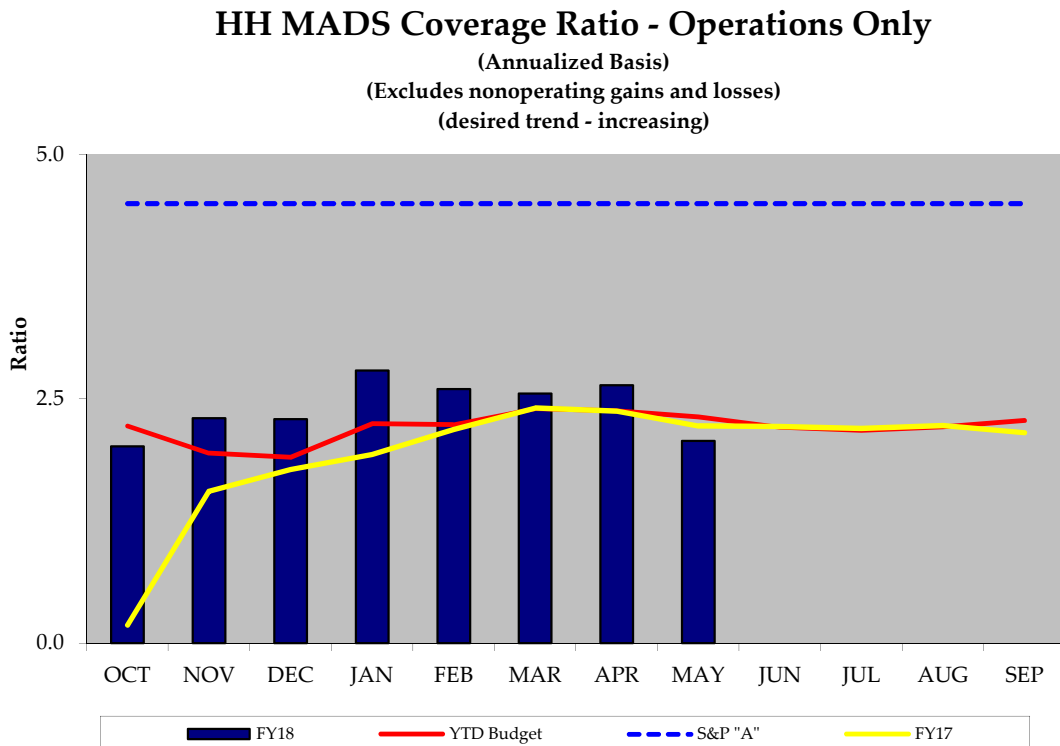
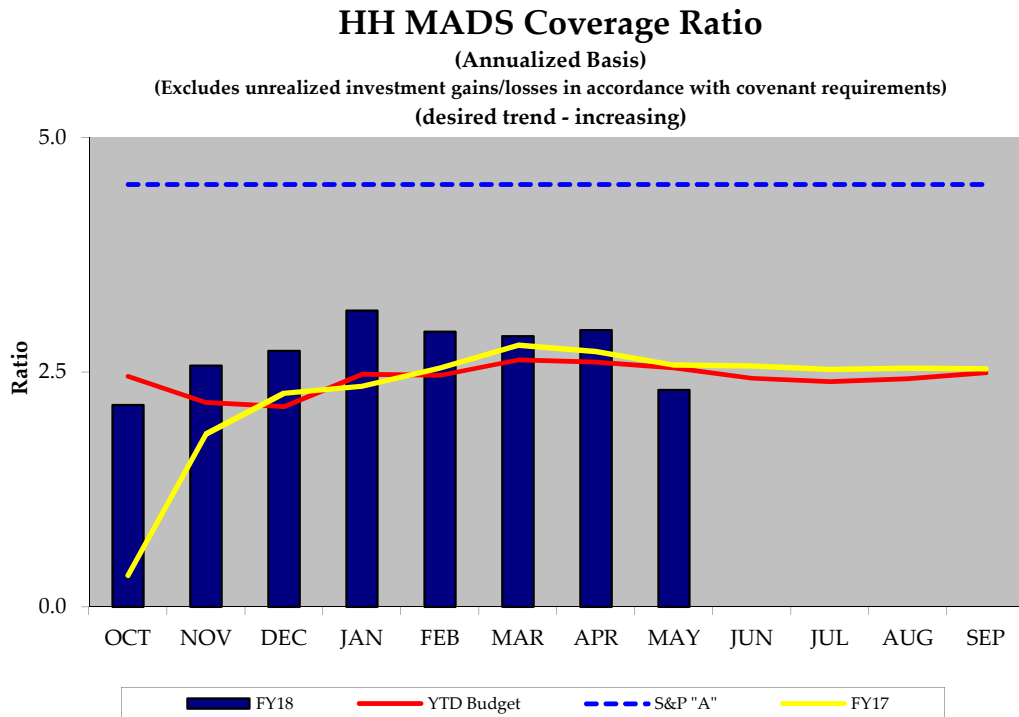
Halifax Health

Financial Summary - Graphic

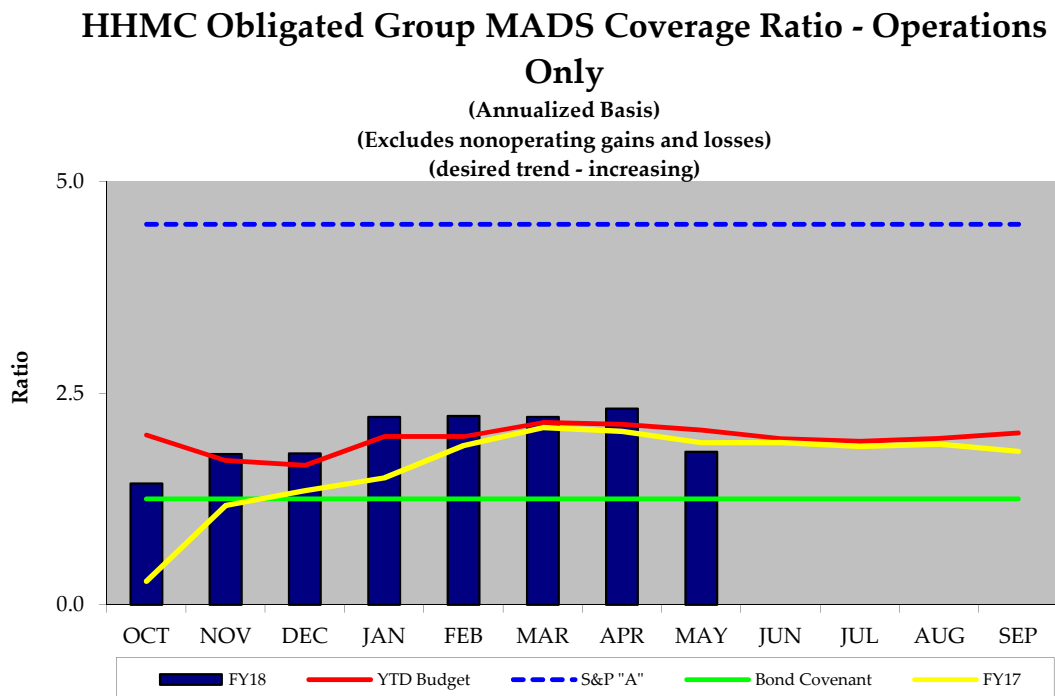
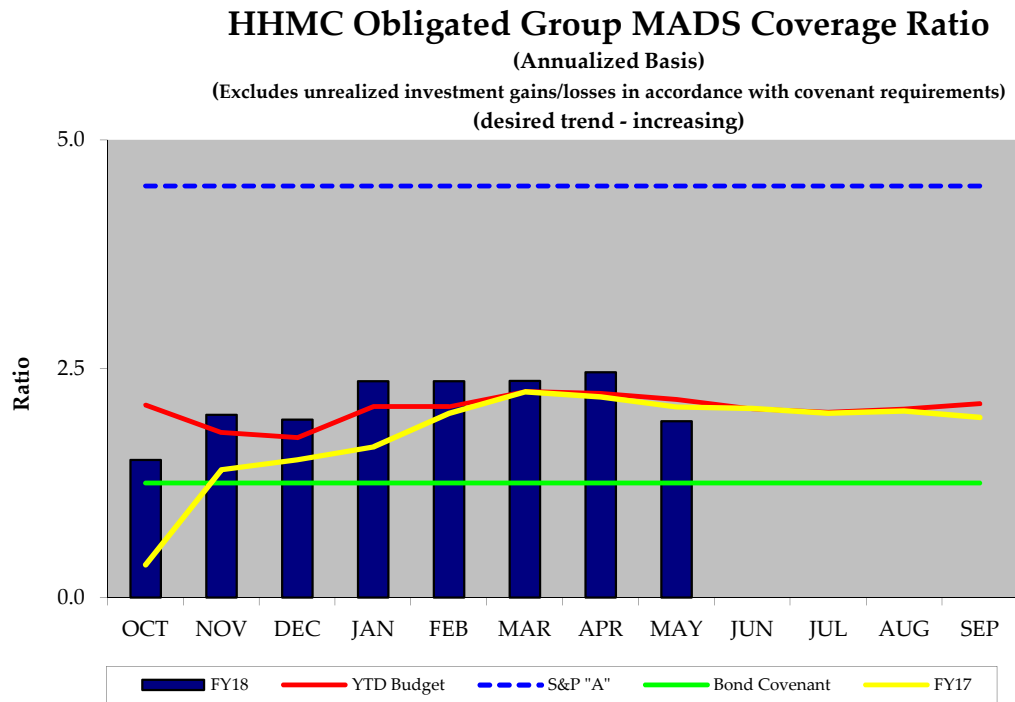


Halifax Health

Financial Summary - Graphic

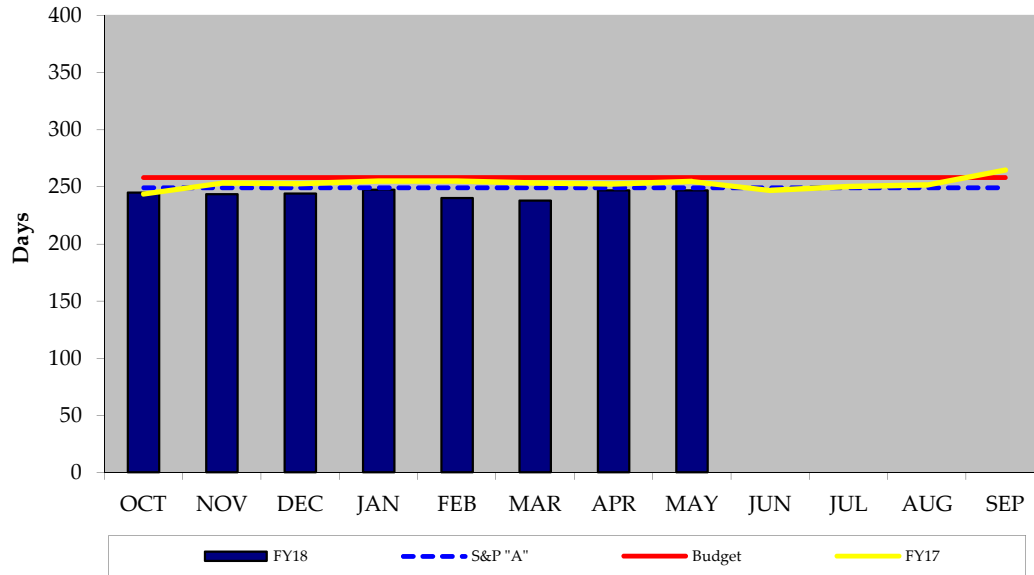


Halifax Health Financial Summary - Graphic

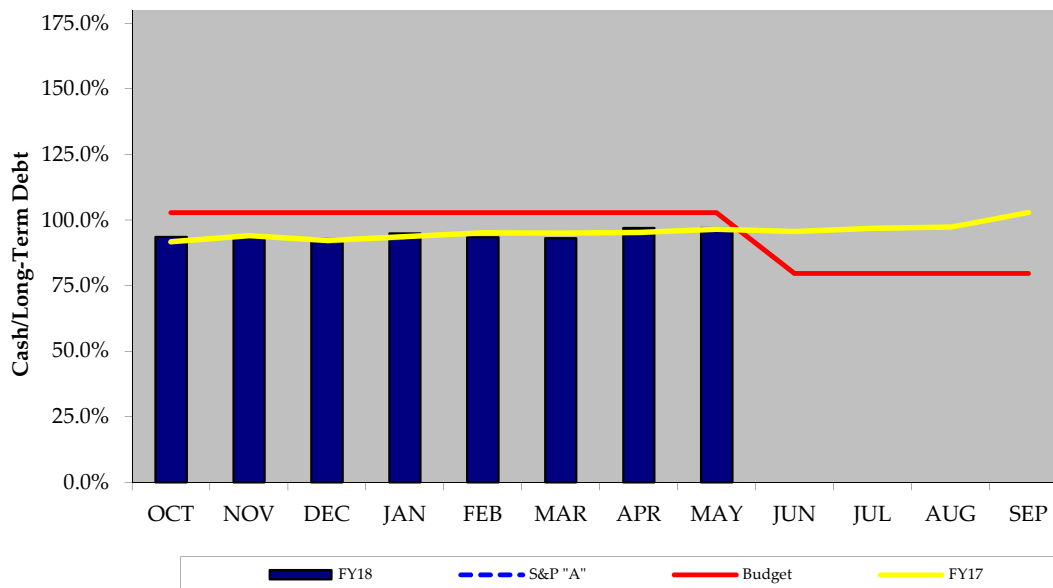


Halifax Health Financial Summary - Graphic

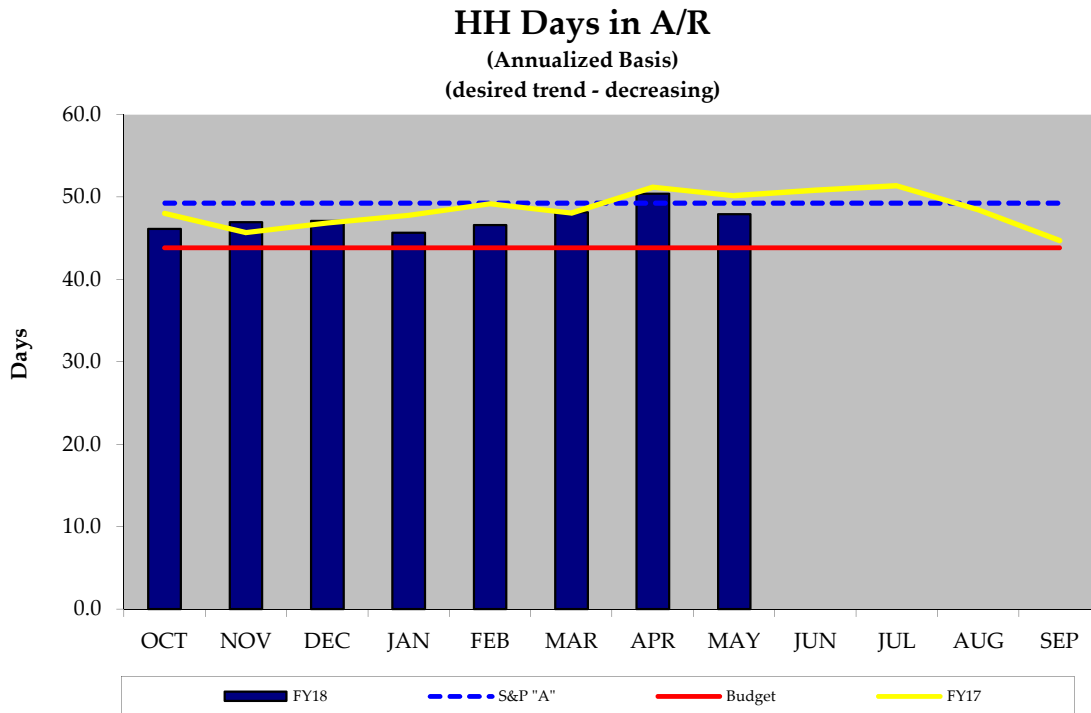
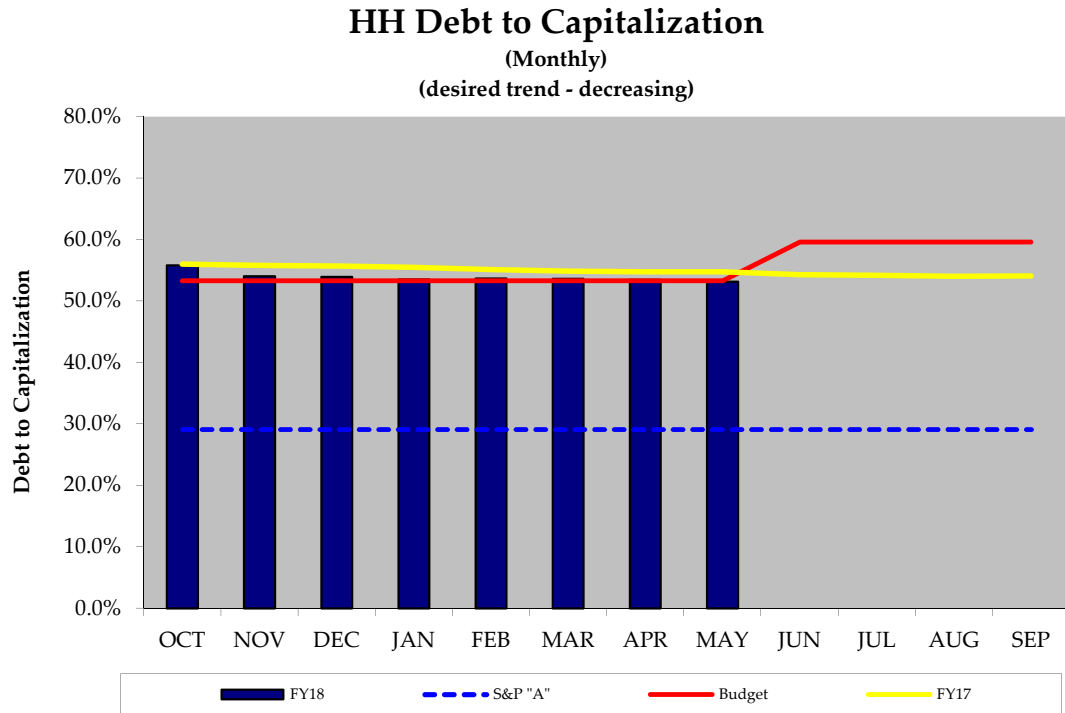
HH Days Cash on Hand
(Annualized Basis)
(desired trend - increasing)



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

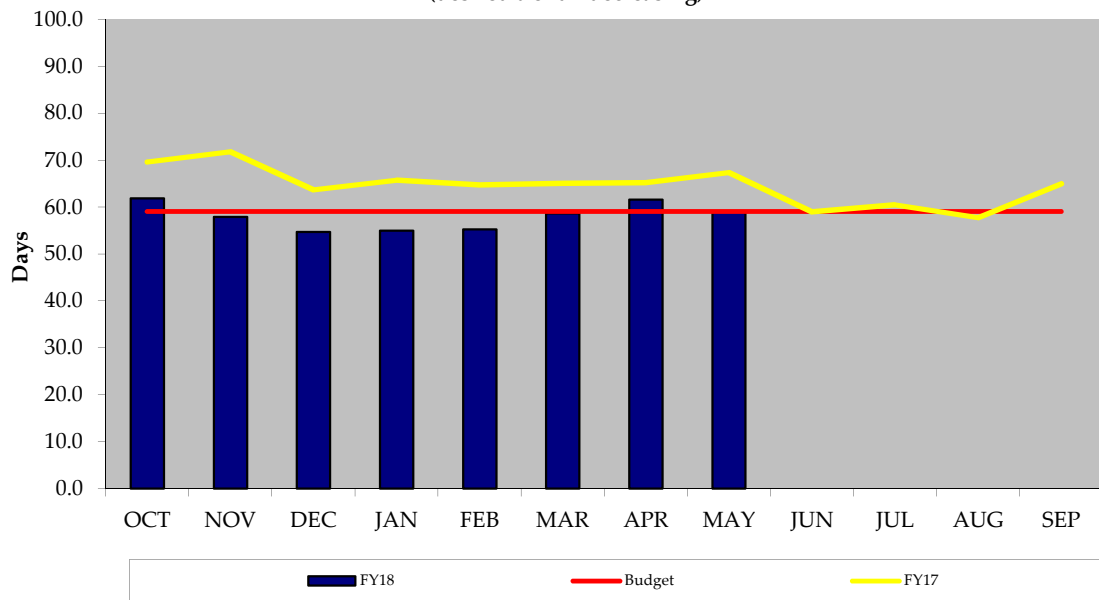


Halifax Health Financial Summary - Graphic

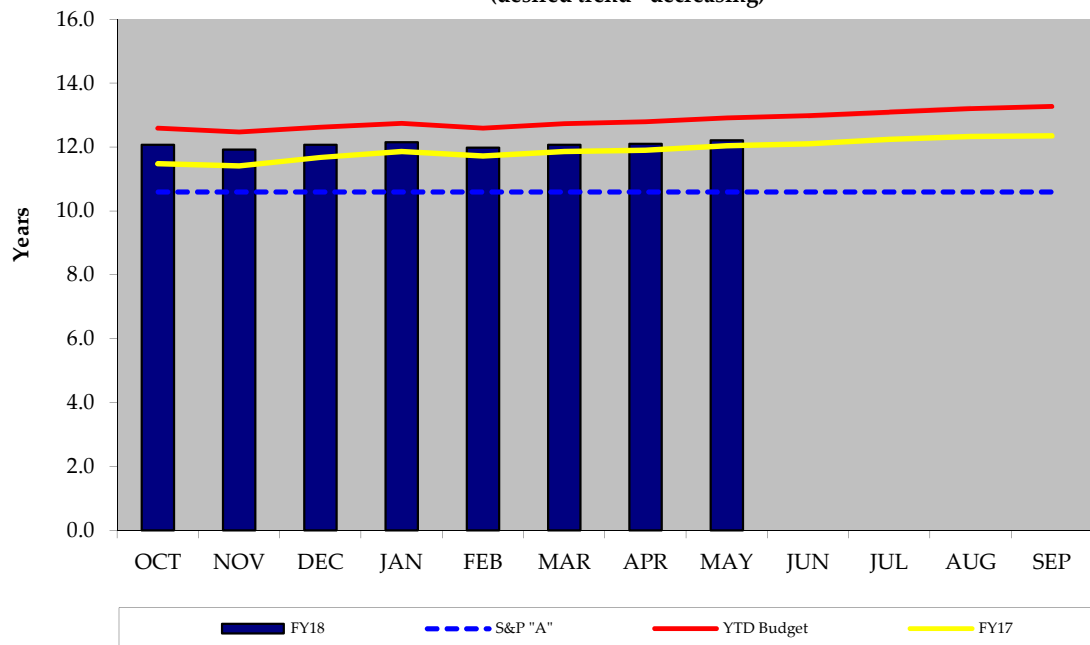


Halifax Health Financial Summary - Graphic

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 May, 2018
(\$ in thousands)

Targeted Unrestricted Cash and Investments - September 30, 2018 (258 days cash on hand)	\$ 369,463
---	-------------------

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	\$ 18,190
---	------------------

This amount is greater than the projected capital expenditures for FY 2018

Capital Strategy Justifications for Approval of Proposed Capital Projects:

- | |
|--|
| <ol style="list-style-type: none">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 May, 2018
(\$ 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 May 31, 2018	\$ 91,261	\$ 148,045	\$ 239,305	\$ 38,508	\$ 75,301	\$ 353,412
Days cash on hand [S&P Calculation]	70.0	N/A	183.0	N/A	627.0	246.5
Days cash on hand including bad debt [Bond Compliance Calculation]	59.0	N/A	154.3	N/A	610.7	210.3
Projection of Cash Available for Capital Investment - FY 2018						
Actual unrestricted Cash and Investments as of May 31, 2018	\$ 91,261	\$ 148,045	\$ 239,305	\$ 38,508	\$ 75,301	\$ 353,412
Budgeted Cash and Investments at September 30, 2018	92,181	164,611	256,792	37,215	75,456	369,463
Difference	(921)	(16,566)	(17,487)	1,294	(155)	(16,051)
Calculation of Cash from Operations Available for Capital Investment						
Gain from operations - budgeted FY 2018- Remaining	\$ 4,422	\$ 204	\$ 4,626	\$ 560	\$ 519	\$ 6,412
GASB 68 pension accounting - budgeted FY 2018- Remaining	356	-	356	-	24	380
Depreciation expense - budgeted FY 2018- Remaining	6,262	266	6,529	-	237	8,027
Expected cash from operations- budgeted FY 2018- Remaining	11,040	470	11,510	560	780	14,819
Donations and nonoperating gains, net- budgeted FY 2018- Remaining	-	-	-	-	230	230
Investment gains- budgeted FY 2018- Remaining	\$ 199	\$ 522	\$ 721	\$ -	\$ 741	\$ 1,462
Portion being made available for capital expenditures	100% 199	100% 522	100% 721	100% -	100% 741	100% 1,462
Pension Funding	-	-	-	-	-	-
Expected changes in working capital through September 30, 2018	9,141	-	9,141	-	-	9,141
Deltona capital expenditures to be funded by planned financing	-	12,635	12,635	-	-	12,635
FEMA reimbursement for Data Center Construction	1,500	-	-	-	-	1,500
Principal payments on debt	(5,545)	-	(5,545)	-	-	(5,545)
Total expected cash and investments available for capital expenditures	(A) \$ 15,414	(A) \$ (2,939)	(A) \$ 10,975	(A) \$ 1,854	(A) \$ 1,596	(A) \$ 18,190
Projected Capital Investments FY 2018						
Capital projects approved in FY 2017 and prior - not expended at September 30, 2017	\$ 14,534	\$ -	\$ 14,534	\$ -	\$ 78	\$ 14,612
FY 2017 carryover not approved by CIC	602	-	602	-	-	602
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) 17,636	(B) -	(B) 17,636	(B) -	(B) 378	(B) 18,014
Projected funds available in excess of capital expenditures	(A)-(B) \$ (2,222)	(A)-(B) \$ (2,939)	(A)-(B) \$ (6,661)	(A)-(B) \$ 1,854	(A)-(B) \$ 1,218	(A)-(B) \$ 176
Summary of Capital Approvals						
FY 2018 Capital Budget	\$ 19,700	\$ -	\$ 19,700	\$ -	\$ 300	\$ 20,000
Projected funds available in excess of FY 2018 Capital Investment	(2,222)	(2,939)	(6,661)	1,854	1,218	176
FY 2018 Capital Budget plus projected excess funds	(C) 17,478	(C) (2,939)	(C) 13,039	(C) 1,854	(C) 1,518	(C) 20,176
FY 2018 Board of Commissioners approved projects	10,199	-	10,199	-	-	10,199
FY 2018 CIC approved projects, net of those subsequently approved by the Board	1,317	-	1,317	-	-	1,317
Approved capital projects	(D) 11,516	(D) -	(D) 11,516	(D) -	(D) -	(D) 11,516
Adjustments (FY 2018 board approvals, approved by CIC in FY 2017)	(E) (1,910)	(E) -	(E) (1,910)	(E) -	(E) -	(E) (1,910)
Available for new projects	(C)-(D)-(E) \$ 7,872	(C)-(D)-(E) \$ (2,939)	(C)-(D)-(E) \$ 3,433	(C)-(D)-(E) \$ 1,854	(C)-(D)-(E) \$ 1,518	(C)-(D)-(E) \$ 10,570
Project(s) proposed for Board of Commissioners approval:						
CT Scanner - Radiation Oncology	\$ (517)	\$ -	\$ (517)	\$ -	\$ -	\$ (517)
Desktops (Qty 650) & Laptops (Qty 75)	(505)	-	(505)	-	-	(505)
Wound Therapy Units (x13)	(358)	-	(358)	-	-	(358)
Wireless Infrastructure	(347)	-	(347)	-	-	(347)
Laundry Facility Modification	(327)	-	(327)	-	-	(327)
SQL Server Licenses (Qty 23)	(311)	-	(311)	-	-	(311)
Mobile Carts (WOWs) (Qty 80)	(300)	-	(300)	-	-	(300)
Blanket Folder	(62)	-	(62)	-	-	(62)
Available Capital if Proposed Projects are Approved	\$ 5,145	of 4 \$ (2,939)	\$ 706	\$ 1,854	\$ 1,518	\$ 7,843

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

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

		(A)	(B)	(C)	(A)+(B)+(C)
Item	Information Technology	FY 18 Capital Budget	FY18 Adjustments	FY 18 Activity/ Approvals	Remaining Balance as of 5/31/18
1	IT Enterprise Projects	\$ 461	\$ -	\$ (462)	\$ (1)
2	IT Internal Resource Capitalization	500			500
3	Laptop/Desktop Replacement (rolling 4-5 year cycle)	600		(505)	95
4	WOW Replacement (rolling 7 year cycle) - 50/yr.	300		(300)	0
5	Wireless Upgrade	350		(347)	3
6	PBX Room Decomission	200			200
7	Security Camera Upgrade to IP	150			150
8	Enterprise Infrastructure	439		(401)	38
	Total Information Technology	\$ 3,000	\$ -	\$ (2,014)	\$ 986
Item	Medical Equipment				
9	Brain Lab- Upgrade System (Aero CT)	\$ 1,800	\$ -	\$ -	\$ 1,800
10	VNA Imaging *	1,400	-	(1,400)	-
11	IV Pumps	800		(800)	-
12	Ventilators (57)	475		(447)	28
13	Patient Monitoring- PICU/Pediatrics	403		(429)	(26)
14	Wound Therapy Units (x13)	-		(358)	(358)
15	Echo Cart for EP lab	235			235
16	Portable X-Ray Systems (5)	185			185
17	Varian Accelerator Upgrade (Hardware/ Software)	156			156
18	Ultrasound Replacement	150			150
19	Diagnostic reading monitors	150			150
20	Patient Monitoring- HHPO Switch Upgrade	150			150
21	OeC OR C-Arm	125			125
22	Medical Equipment Emergency Purchases	1,000			1,000
23	Medical Equipment Projects under \$100,000	1,000		(826)	174
	Total Medical Equipment	\$ 8,029	\$ -	\$ (4,258)	\$ 1,971
Item	Infrastructure/Facilities				
24	Daytona ROC Oncology Renovation	\$ 1,500	\$ -	\$ (1,380)	\$ 120
25	Chilled Water Project	435	-	(463)	(28)
26	Lab Roof	265			265
27	Laundry Facility Modification	-		(327)	(327)
28	MSR1 Switchgear	313		-	313
29	Fan Coil Units (FCUs) Connection to Emergency Generator at HHPO	300		(300)	-
30	Chiller for Ormond Beach ROC	187		(187)	-
31	Data Center Constnution	-		(2,000)	(2,000)
32	Infrastructure Emergency Purchases	1,000		(331)	669
33	Infrastructure Projects under \$100,000	1,000		(515)	485
	Total Infrastructure/Facilities	\$ 5,000	\$ -	\$ (5,502)	\$ (623)
Item	Hospice Capital Expenditures				
34	SEVC Range Hood	\$ 100	\$ -	\$ -	\$ 100
35	Hospice Capital	200		(113)	87
	Total Hospice Capital Expenditures	\$ 300	\$ -	\$ (113)	\$ 187
Item	Other				
36	Service Expansion	\$ 3,521	\$ -	\$ (947)	\$ 2,574
37	First Steps Shelter	150			150
	Subtotal Other Projects	\$ 3,671	\$ -	\$ (947)	\$ 2,724
	Total HH Capital Expenditures	\$ 20,000	\$ -	\$ (12,835)	\$ 5,244

* 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 May, 2018
(\$ in thousands)

	Project Approval Date	Total Carryover and Approved	Spent During FY 2018	HMC Remaining to be Spent
Capital funds required for projects approved in FY 2017 and prior				
IV Pumps	9/5/2017	\$ 2,317	\$ (2,115)	\$ 202
Vendor Neutral Archive (VNA) for Enterprise Imaging	8/8/2016	2,251	(723)	1,528
Cardiac Cath & Electrophysiology Lab Replacement	11/7/2016	880	(873)	7
Fire Alarm System	3/16/2016	675	-	675
Medical Oncology Expansion-Port Orange	5/1/2017	433	-	433
Surgical Power Equipment- Small Bone Orthopedics	3/6/2017	427	(403)	24
Bronchoscopy Lab Construction	5/1/2017	421	(354)	67
Pediatric Rehab Renovation	5/1/2017	352	(439)	(86)
AHUs #1, #3, #4, #5 for OR Areas	3/6/2017	257	(248)	10
2014-2017 Misc Carry Over-Small remaining	9/13/2014	222	(222)	-
CVICU & CPCU Renovation	12/5/2016	206	(24)	182
Subtotal of approved items less than \$200k		5,496	(1,535)	3,961
Total Capital funds required for projects approved in FY 2017 and prior		\$ 13,936	\$ (6,934)	\$ 7,002

FY2018 Board Approved Capital Projects

Data Center Construction	2/21/2018	\$ 2,000	\$ (13)	\$ 1,987
Cath Lab Renovation	8/16/2017 *	1,489	(25)	1,464
ROC Renovation	3/21/2018	1,380	-	1,380
Dr. Seltzer Acquisition	10/30/2017	898	(905)	(7)
GI Lab Relocation	10/18/2017	684	(271)	413
Data Protection Hardware & Software	1/8/2018	497	(463)	34
Chilled Water Connection for OR - Fountain Bldg.	1/8/2018	463	(438)	25
Ventilators (15)	3/21/2018	447		447
Pediatric Telemetry Monitors	12/20/2018	429	-	429
Merge Hemodynamics for Cath Lab	1/17/2018	349	-	349
Fan Coil Units (FCUs) Connection to Emergency Generator at HHPO	1/17/2018	300	-	300
Professional Development Renovation-3rd Floor Fountain Building	2/21/2018	202	-	202
Chiller for Ormond Beach ROC	1/8/2018	187	-	187
OB Headwalls (x11) Upgrade-2nd Floor Fountain Building	2/21/2018	129	-	129
Access Control-Lenel License & Network Boards	7/10/2017	119	(3)	116
Orthopedic Surgical Tables (x2)	8/16/2017 ^	110	(100)	10
Urinalysis Analyzer	8/16/2017 ^	100	-	100
Subtotal of approved items less than \$100k		419	(122)	297
Total FY 2018 Board Approved Capital Projects		\$ 10,199	\$ (2,340)	\$ 7,859

FY 2018 Other Approved Capital Projects

Network Access Control Ports (Qty 8)	1/17/2018	\$ 50	\$ (42)	\$ 8
Subtotal of approved items less than \$50k		1,317	(650)	667
Total FY 2018 Other Approved Capital Projects		\$ 1,317	\$ (650)	\$ 667

Projects proposed for Board of Commissioners approval

CT Scanner - Radiation Oncology	4/18/2018	\$ 517	\$ -	\$ 517
Desktops (Qty 650) & Laptops (Qty 75)	5/16/2018	505	-	505
Wound Therapy Units (x13)	5/16/2018	358	-	358
Wireless Infrastructure	5/16/2018	347	-	347
Laundry Facility Modification	5/16/2018	327	-	327
SQL Server Licenses (Qty 23)	4/18/2018	311	-	311
Mobile Carts (WOWs) (Qty 80)	5/16/2018	300	-	300
Blanket Folder	5/16/2018	62	-	62
Total Project(s) proposed for Board approval		\$ 2,727	\$ -	\$ 2,727

CAPITAL EXPENDITURES & OPERATING LEASES

Audit & Finance Committee

June 2018

Capital Expenditures \$50,000 and over

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
CT Scanner for Radiation Oncology	Center for Radiation Oncology	Working Capital	\$517,300
Desktop and Laptop Refresh	Information Technology	Working Capital	\$504,695
Wireless Infrastructure Refresh	Information Technology	Working Capital	\$347,013
Laundry Facility Modification Project	Environmental Services	Working Capital	\$327,000
Microsoft SQL Server Licenses	Information Technology	Working Capital	\$311,359
Mobile Computer Carts (WOWs)	Information Technology	Working Capital	\$299,920
Blanket Folder for Laundry and Linen Services	Environmental Services	Working Capital	\$62,210

Operating Leases \$250,000 and over

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT
Lease of Server Hardware	Information Technology	Yes	34 months	3.28%	\$30,975 <i>(\$1,007,131 net present value of lease payments)</i>



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Alberto Tineo, Senior Vice President Operations
DATE: May 15, 2018
RE: CT Scanner for Radiation Oncology

Halifax Health Center for Radiation Oncology is requesting funding to purchase a CT Scanner. Technology advances in the treatment of cancer with radiation therapy has experienced significant changes in the past several years. The current CT scanner provides images; whereas today it is necessary to also provide a simulation of the patient at the time of the CT imaging.

The purpose and value of the simulation is to identify the isocenter (point in space through which the central ray of the radiation beams pass), metal artifacts, and to monitor respiratory motion. The new CT scanner will integrate with our current treatment planning and delivery system which will decrease dosimetry (the determination and measurement of the amount or dosage of radiation) and physics planning time, and allow patients to be treated in a shorter timeline.

In preparation for the new equipment, it will be necessary to renovate the space for which the equipment will reside. Due to technology advances, power and air conditioning systems will need to be revamped, along with flooring and cabinetry.

In fiscal year 2017, there were 837 patients treated using the Radiation Oncology CT Scanner resulting in a contribution margin of approximately \$1.3 million.

This project was approved at the Capital Investment Committee meeting on April 18, 2018.

TOTAL CAPITAL COSTS: \$517,300



Halifax Health Project Evaluation

CT Scanner for Radiation Oncology

Sr. VP Operations
Service Line Administrator
Financial Analysis by:

Alberto Tineo
Debra Trovato
Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of a Phillips Diamond Select Refurbished Big Bore CT system, renovation of the existing CT room for installation and a one year warranty. The new system includes innovative features that will allow for advanced monitoring and set up capabilities, all treatment types, and larger sized patients.

Strategic Plan Core Competency Achievement:

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

Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	X

Investment Request for Approval **\$517,300**

Estimated Useful Life 5 years

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: June 14, 2018
RE: Desktop and Laptop Refresh

Halifax Health Information Technology (IT) is requesting funding to purchase 650 desktop computers and 75 laptop computers. These devices are part of an ongoing refresh cycle to ensure stability and compatibility within the IT enterprise.

The proactive hardware replacement ensures that devices will continue to provide optimal functionality, ensuring quality and timeliness of patient care and reporting.

The project was approved at the Capital Investment Committee meeting on May 16, 2018.

TOTAL CAPITAL COST \$504,695



Halifax Health Project Evaluation

Laptop/Desktop Refresh

Chief Revenue Officer	Arvin Lewis
Chief Information Officer	Tom Stafford
Director, IT Technical Services	Michael Marques
Financial Analysis	Roxanne Edmonds

Summary

Purpose:

This project is to purchase 650 all-in-one desktop devices and 75 laptops as part of the replacement cycle of older equipment.

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	
Image	
Efficiency	X

Investment Request for Approval \$504,695

Estimated useful life 3 years

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: June 14, 2018
RE: Wireless Infrastructure Refresh

Halifax Health Information Technology is requesting funding to purchase equipment to update the wireless infrastructure. The purchase includes wireless controllers, software, and 250 access points.

This request represents the first phase of a three-year refresh to replace equipment that is nearly seven years old and reaching the end of its useful life. An additional 550 wireless access points will be included in the next two phases of the refresh.

The project was approved at the Capital Investment Committee meeting on May 16, 2018.

TOTAL CAPITAL COST \$347,013



Halifax Health Project Evaluation

Wireless Infrastructure Refresh
--

Chief Revenue Officer	Arvin Lewis
Chief Information Officer	Tom Stafford
Director, IT Technical Services	Michael Marques
Financial Analysis	Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of updated wireless network controllers and 250 access points as part of a 3 year replacement plan of the existing wireless infrastructure.

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	
Image	
Efficiency	X

Investment Request for Approval **\$347,013**

Estimated useful life 5 years

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: Alberto Tineo, Senior Vice President Operations
DATE: June 14, 2018
RE: Laundry Facility Modification Project

Halifax Health Environmental Services is requesting funding to renovate portions of the Laundry Facility.

The modifications will include:

- Addition of an air handler unit to resolve the negative pressure.
- Relocation of a 400 lb. washer to create a new Soiled Sort area.
- Installation of a new rail system to improve the transport of soiled linen to the washers and dryers.
- Ventilation of the steam exhaust pipes from each washer to the outside.
- Repair and paint the ceiling in the soiled/wash area.

The modifications will fulfill the accreditation requirements of the Healthcare Laundry Accreditation Council (HLAC) and the standards required by the Association of periOperative Registered Nurses (AORN).

The HLAC accreditation, in accordance with AORN Standards, will allow Halifax Health to launder surgical scrubs on-site. Currently, the surgical scrubs are being outsourced. Once the laundry begins to process the surgical scrubs on-site, there will be a savings of \$150,000 in annual expenses.

The project was approved at the Capital Investment Committee meeting on May 16, 2018.

TOTAL CAPITAL COST \$327,000



Halifax Health Project Evaluation

Modifications to Laundry Facility for Accreditation

Sr. VP Operations	Alberto Tineo
Director, Operations	Gary Meredith
Manager, Environmental Services	Mitch Norton
Finance Analysis	Roxanne Edmonds

Summary

Purpose:

The purpose of this project is to modify our current laundry facility in order to obtain HLAC accreditation, which will meet the requirements of AORN and allow us to process scrubs onsite, removing the operational cost to outsource this process.

Strategic Plan Core Competency Achievement:

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

X

Cornerstone:

Safety
Compassion
Image
Efficiency

X

Investment/Return:

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow
Year 0 ¹	(\$327,000)	\$0	(\$327,000)
Year 1	\$0	\$118,000	(\$209,000)
Year 2	\$0	\$123,480	(\$85,520)
Year 3	\$0	\$122,950	\$37,430
Year 4	\$0	\$116,409	\$153,838
Year 5	\$0	\$121,857	\$275,695
Terminal Value	\$0	\$609,284	\$884,979

Decision Metrics

Required rate of Return	7.1%
Internal Rate of Return (IRR)	39.9%
5 Year Net Present Value (NPV)	\$570,748
Payback Period (in Years)	2.7

Investment Request for Approval \$327,000

Estimated useful life 15 years

¹ Includes capital acquisition and project startup costs



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: May 15, 2018
RE: Microsoft SQL Server Licenses

Halifax Health Information Technology is requesting funding to purchase Microsoft SQL Server licenses to replace outdated versions that cannot be updated due to lack of Software Assurance, a Microsoft maintenance program.

The purchase of the new licenses supports a model change to utilize Enterprise SQL Server licenses to support multiple virtual servers. This change in SQL Infrastructure will allow on-demand deployments of SQL Server without license procurement, provide high availability via redundant servers, and allow patching with minimal downtime.

TOTAL CAPITAL COSTS \$311,359



Halifax Health Project Evaluation

Microsoft SQL Server Core Edition

Chief Revenue Officer	Arvin Lewis
Chief Information Officer	Tom Stafford
Director, Healthcare Information Systems	Judy Steiner
Financial Analysis	Roxanne Edmonds

Summary

Purpose:

The purpose of this project is to purchase 23 new SQL Server Licenses in order to replace aging versions and allow on demand and high availability deployment with minimal downtime.

Strategic Plan Core Competency Achievement:

Physician Integration	<input type="checkbox"/>
Care Coordination	<input type="checkbox"/>
Cost Management	<input type="checkbox"/>
Information Technology	X
Service Distribution	<input type="checkbox"/>
Financial Position	<input type="checkbox"/>
Scale	<input type="checkbox"/>
Managed Care Contracting	<input type="checkbox"/>
Competitive Position	<input type="checkbox"/>

Cornerstone:

Safety	<input type="checkbox"/>
Compassion	<input type="checkbox"/>
Image	<input type="checkbox"/>
Efficiency	X

Investment Request for Approval **\$311,359**

Estimated Useful Life 3 years

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: June 14, 2018
RE: Mobile Computer Carts (WOWs)

Halifax Health Information Technology is requesting funds to purchase 80 mobile computer carts known as WOWs (Workstations on Wheels). These carts offer a mobile solution for clinical staff to provide bedside care while simultaneously accessing the patient's electronic medical records to ensure proper medication verification and documentation.

The purchase of the new carts will replace existing carts that are more than 8 years old. Many of the carts have reached end of life and are no longer supported by the vendors.

The project was approved at the Capital Investment Committee meeting on May 16, 2018.

TOTAL CAPITAL COST \$299,920



Halifax Health

Project Evaluation

Mobile Computer Carts (80)

Chief Revenue Officer	Arvin Lewis
Chief Information Officer	Tom Stafford
Director, IT Technical Services	Michael Marques
Financial Analysis	Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of 80 mobile computer carts to replace current carts that have reached end-of-life and can no longer be serviced or repaired.

Strategic Plan Core Competency Achievement:

Physician Integration	<input checked="" type="checkbox"/>
Care Coordination	<input checked="" type="checkbox"/>
Cost Management	<input type="checkbox"/>
Information Technology	<input checked="" type="checkbox"/>
Service Distribution	<input type="checkbox"/>
Financial Position	<input type="checkbox"/>
Scale	<input type="checkbox"/>
Managed Care Contracting	<input type="checkbox"/>
Competitive Position	<input type="checkbox"/>

Cornerstone:

Safety	<input checked="" type="checkbox"/>
Compassion	<input type="checkbox"/>
Image	<input type="checkbox"/>
Efficiency	<input checked="" type="checkbox"/>

Investment Request for Approval **\$299,920**

Estimated useful life years

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: Alberto Tineo, Senior Vice President Operations
DATE: June 14, 2018
RE: Blanket Folder for Laundry and Linen Services

Halifax Health Environmental Services is requesting funding to purchase a blanket folder.

Currently, all blankets are manually folded. With the purchase of the blanket folder, the department will reduce operating expense for one FTE.

The project was approved at the Capital Investment Committee meeting on May 16, 2018.

TOTAL CAPITAL COST \$62,210



Halifax Health Project Evaluation

Blanket Folder for Laundry

Sr. VP Operations	Alberto Tineo
Director, Operations	Gary Meredith
Manager, Environmental Services	Mitch Norton
Finance Analysis	Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of a blanket folder for laundry services that will reduce operating expense for 1 FTE.

Strategic Plan Core Competency Achievement:

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

X

Cornerstone:

Safety
Compassion
Image
Efficiency

X

Investment/Return:

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow
Year 0 ¹	(\$62,210)	\$0	(\$62,210)
Year 1	\$0	\$26,000	(\$36,210)
Year 2	\$0	\$26,000	(\$10,210)
Year 3	\$0	\$26,000	\$15,790
Year 4	\$0	\$26,000	\$41,790
Year 5	\$0	\$26,000	\$67,790
Terminal Value	\$0	\$130,000	\$197,790

Decision Metrics

Required rate of Return	7.1%
Internal Rate of Return (IRR)	45.4%
5 Year Net Present Value (NPV)	\$130,499
Payback Period (in Years)	2.4

Investment Request for Approval \$62,210

Estimated useful life 15 years

¹ Includes capital acquisition and project startup costs



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: June 14, 2018
RE: Lease of Server Hardware

Halifax Health Information Technology requests approval for an operating lease to replace the existing server infrastructure for Halifax Health and to procure new server hardware to host additional server infrastructure capacity. The lease will include a total of 48 servers.

The costs associated with the new server lease are included in the FY2018 IT cost center budgets.

OPERATING LEASE TERMS:

HARDWARE COST TO BE LEASED	\$1,123,245
INTEREST RATE	3.28%
LEASE TERM	34 Months
MONTHLY PAYMENT	\$30,975
NET PRESENT VALUE OF LEASE PAYMENTS	\$1,007,131

Halifax Health Medical Center
Capital Disposals
APRIL & MAY 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
0033519	LAB REFRIGERATOR CRYO FRIG	LAB	10/01/86		2,500.00	-
42872	WATER SOFTNER HIGHFLOW	FACILITY OPERATIONS	05/11/92		4,295.00	-
42873	WATER SOFTNER HIGHFLOW	FACILITY OPERATIONS	05/11/92		4,295.00	-
54489	PORTABLE X-RAY MACHINE	DB RADIOLOGY	12/03/04		38,862.18	-
55251	ICE/WATER DISPENSER W/FILTER	MEDICAL ONCOLOGY	07/20/06		3,051.70	-
56448	TRUE TREADMILL	WEIGHT MANAGEMENT	11/16/07		4,541.00	-
56779	DATA MAX THERMAL TRANSFER PRINTER	PHARMACY	02/20/08		1,776.19	-
57734	SENTRY POWER FAIL SAFE	IT	06/30/09		1,438.92	-

Total to be Disposed: \$ 60,759.99 \$ -

Comparison of Projected and Actual Financial Results for Significant Projects

Kent Bailey
Director of Finance

Finance Committee
June 27, 2018

Project Updates

	Year	Approved	Capital Cost	Period	Cash Flows		
					Actual	Expected	Difference
Deltona Free Standing ED	2016	\$4,200,000	May 2017 - April 2018	FSED	\$171,264	(\$331,000)	\$502,264
				Transfers	\$1,141,002	\$1,275,000	(\$133,998)
				Total	\$1,312,266	\$944,000	\$368,266

	Year	Approved	Capital Cost	Period	Cash Flows		
					Actual	Expected	Difference
Bariatric Beds and Mattresses (10)	2016		\$147,000	Year 1 CY 2017	\$207,128	\$173,889	\$33,239

Halifax Health Audit & Finance Committee

Request Tracker/Checklist

Meeting Date	Request	Projected Timeline	Frequency of Future Updates/Reports	Completed (Y/N)	Other
5/2/2018	Data Center Construction Project	TBD	Bring Back as Needed/With Updates		\$2,000,000 (\$1.5 million FEMA covered, if approved)
2/28/2018	Selection of Independent External Auditor and Audit Charter	Next Committee Meeting	One Time Request	Y	
2/28/2018	Reconciliation of year over year salary benefits to include pension	Next Committee Meeting	One Time Request	Y	
2/28/2018	Actual orthopedic volume loss versus what was budgeted	Next Committee Meeting	One Time Request	Y	

Fiscal Year 2019 Budget Update

Eric M. Peburn
Chief Financial Officer

Finance and Audit Committee
June 27, 2018

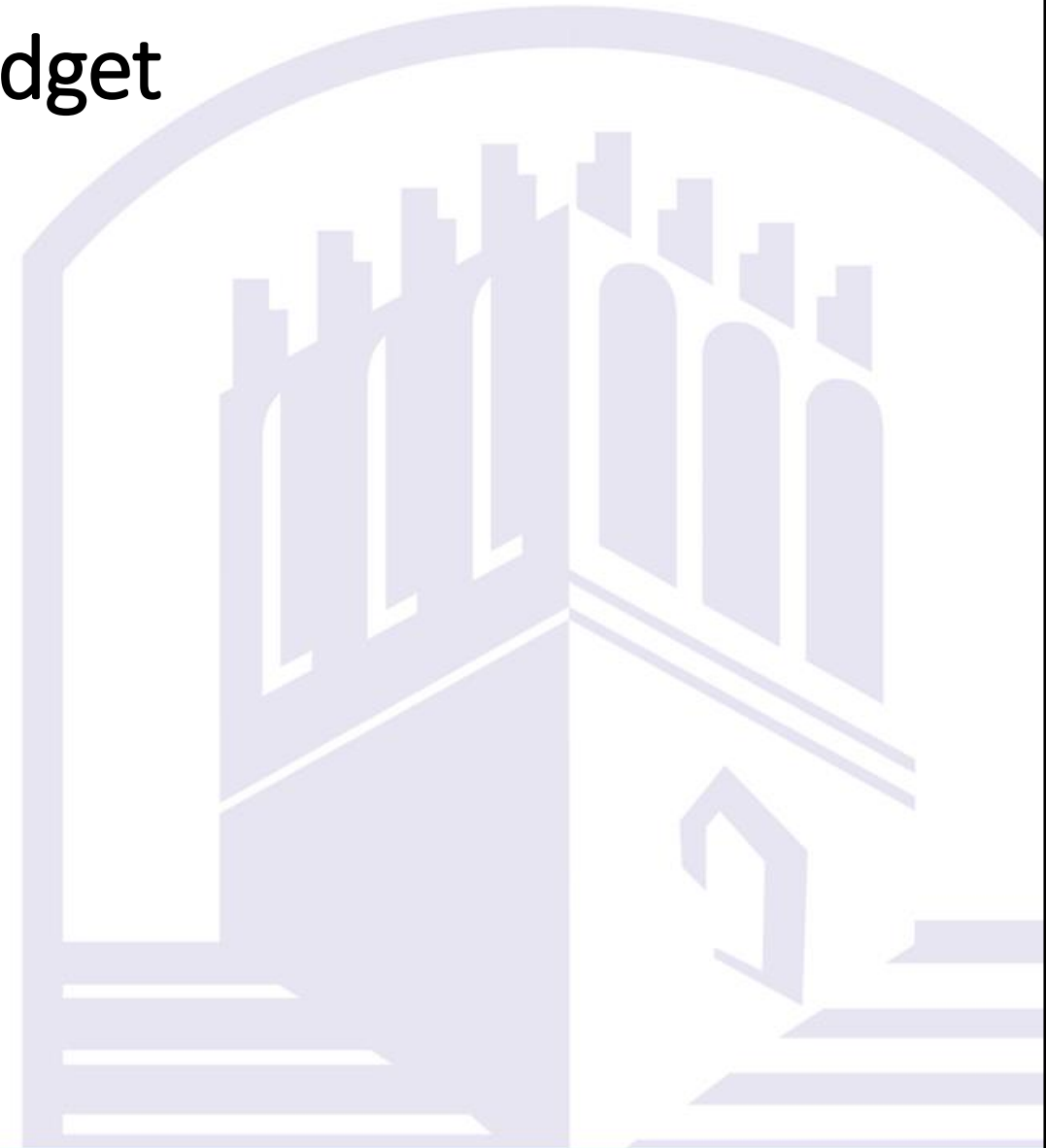


HALIFAX HEALTH

FY 2019 Budget Update

Key Factors in Setting Budget

- Achieve positive cash flow after capital and pension funding
- Targeting a 2% operating margin adjusted for interest costs
- Continuation of critical community services and benefits



FY 2019 Budget Update

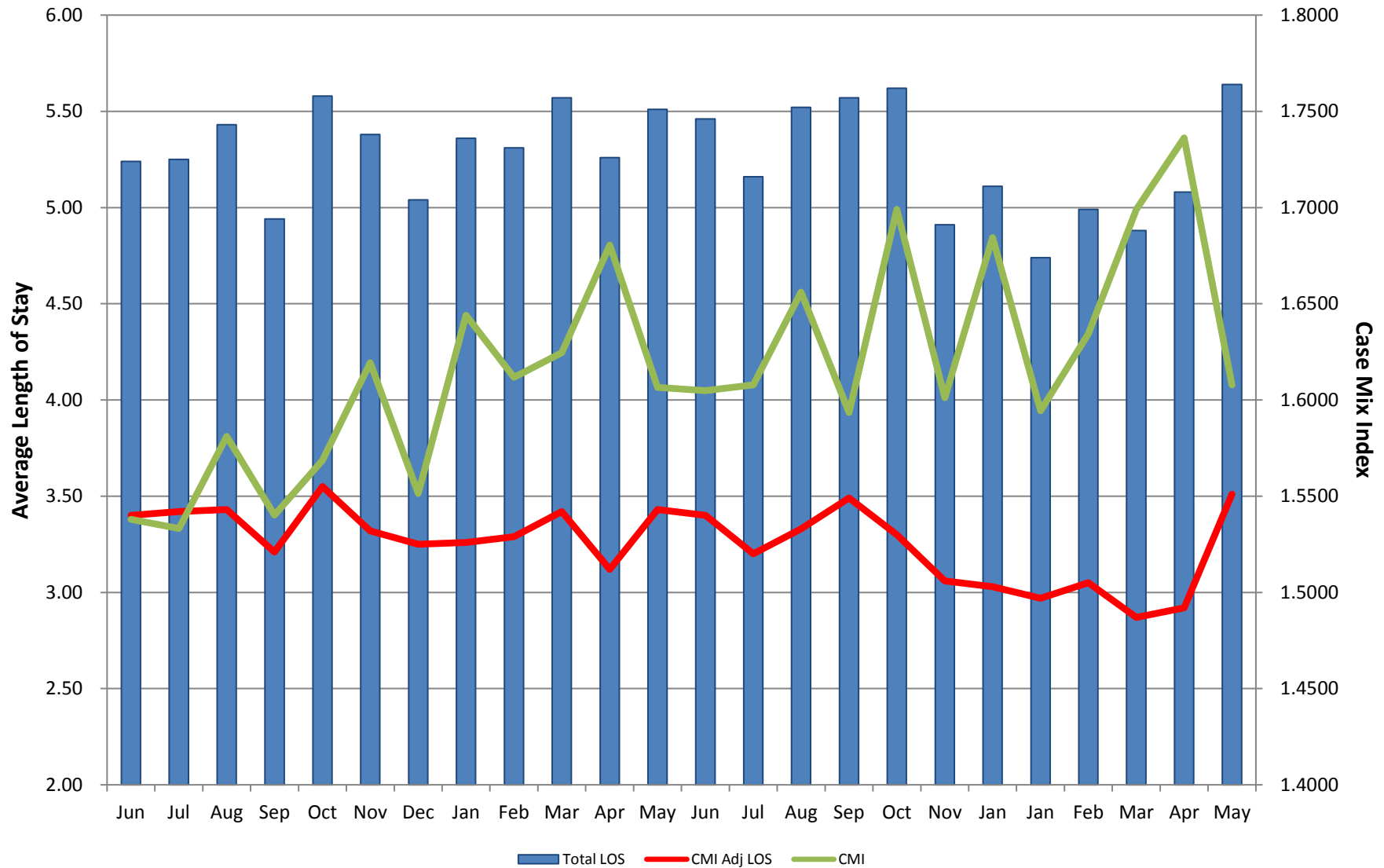
Current Status and Next Steps

- Current budget gap has been identified at \$11.5M in order to meet the operating margin targeted
- Management is currently working through the following improvements and will be focused on the following strategies:
 - Throughput efficiency
 - Continued focus on reducing the Length of Stay
 - Continued focus on Core Measures and improving these targets for maximum reimbursement (HCAHPS)
 - Attrition – not filling jobs as Team Members exit with the exception of direct patient care positions such as nursing
 - More effectively flexing staff on volumes and acuity – even in non-flex, overhead departments
 - Reduced supply expense
 - Reduce costs in overhead, non-clinical areas
 - Evaluation of non essential programs and services

Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended May 31, 2018

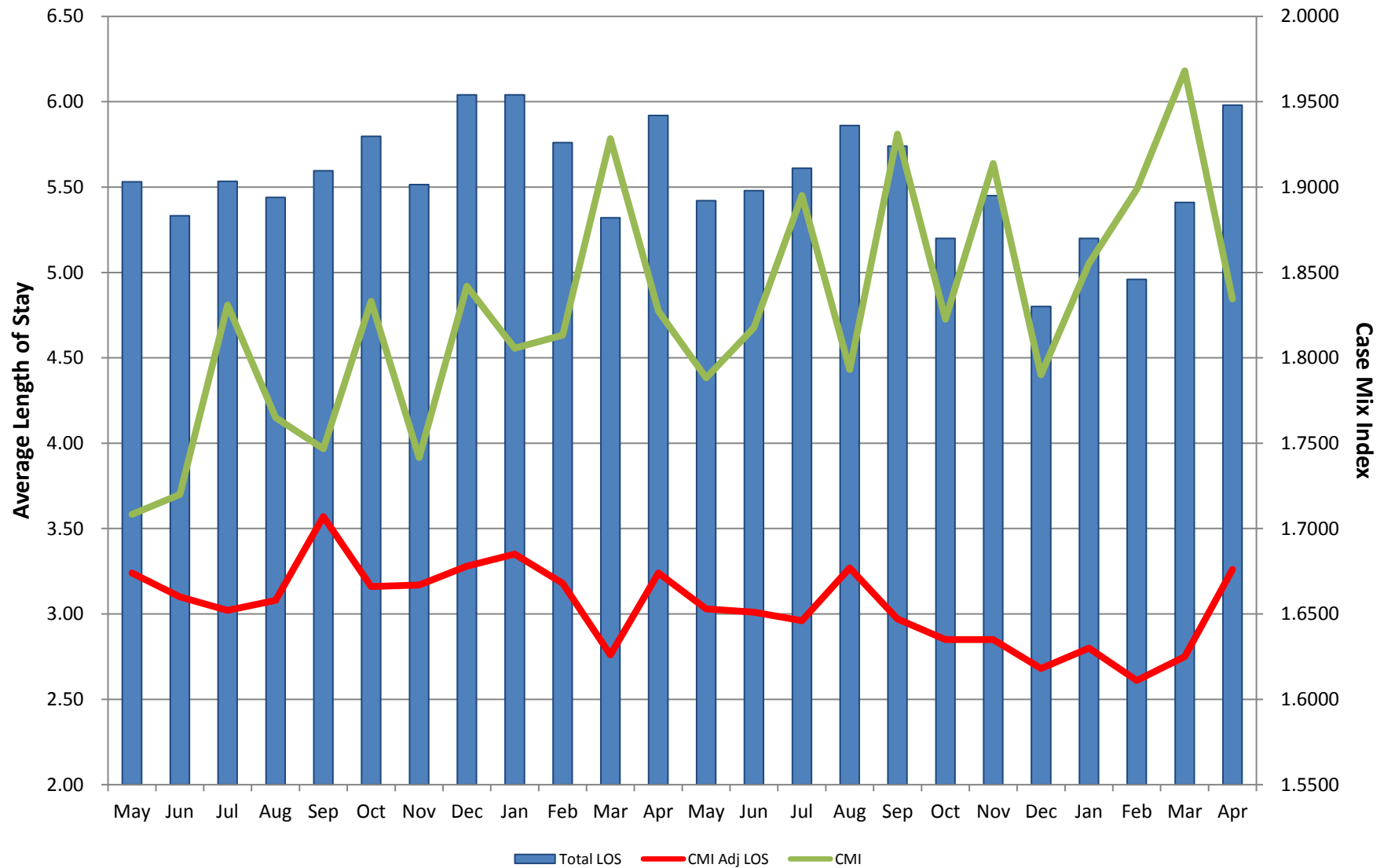
Excludes Newborns and Inpatient Rehabilitation



Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended May 31, 2018

Excludes Newborns, OB, Psych, and Inpatient Rehabilitation



Halifax Health
Investment Manager Performance Report - through May 31, 2018

		May Performance	Calendar YTD	Fiscal Year
Fixed Income				
VFSIX - Vangaurd Short-Term Investment Gr.	Perf	0.42%	-0.33%	-0.28%
	BMK	0.47%	-0.37%	-0.60%
VSGDX - Vanguard Short-Term Federal	Perf	0.36%	-0.20%	-0.38%
	BMK	0.49%	-0.25%	-0.65%
Ponder Short-term Government/Corporate	Perf	-0.53%	-0.94%	-0.76%
	BMK	0.47%	-0.37%	-0.60%
Ponder US Treasury Account	Perf	0.57%	1.02%	1.15%
	BMK	0.49%	-0.25%	-0.65%
Ponder Short-Term Government	Perf	0.32%	0.19%	0.18%
	BMK	0.49%	-0.25%	-0.65%
Weighted Composite	Perf	0.36%	-0.07%	-0.01%
	BMK	0.48%	-0.34%	-0.62%
Equities				
DFSVX - DFA Small Cap Value	Perf	6.29%	5.16%	9.27%
	BMK	5.82%	4.81%	6.95%
DFLVX - DFA Large Cap Value	Perf	0.92%	-1.30%	6.07%
	BMK	0.59%	-1.94%	3.29%
DFIVX - DFA International Value	Perf	-3.62%	-2.34%	2.96%
	BMK	-1.90%	-1.69%	2.47%
DFEVX - DFA Emerging Markets	Perf	-4.34%	-1.82%	5.94%
	BMK	-3.54%	-2.60%	4.65%
VGELX - Vanguard Energy	Perf	0.50%	6.35%	13.21%
	BMK	1.18%	5.39%	12.57%
VIGIX -Vanguard Large-Cap Growth	Perf	4.36%	5.88%	12.48%
	BMK	4.36%	6.21%	14.56%
VGHAX - Vanguard Health Care	Perf	2.18%	0.02%	0.58%
	BMK	0.51%	0.32%	1.58%
VSGIX - Vanguard Small-Cap Growth	Perf	5.81%	8.31%	14.54%
	BMK	5.79%	8.33%	13.30%
Weighted Composite	Perf	1.52%	1.64%	7.76%
	BMK	1.73%	1.56%	6.73%

Halifax Health
Investment Manager Performance Report - through May 31, 2018

	Invested Balance	May	Performance	Calendar YTD	Fiscal YTD
HH Holdings					
VFSIX - Vanguard Short-Term Invest Grade	\$ 46,431,645	Perf	0.42%	-0.33%	-0.28%
		BMK	0.47%	-0.37%	-0.60%
Ponder Short-Term Gov't/Corporate	26,657,463	Perf	-0.53%	-0.94%	-0.76%
		BMK	0.47%	-0.37%	-0.60%
Ponder US Treasury Account	74,648,993	Perf	0.57%	1.02%	1.15%
		BMK	0.49%	-0.25%	-0.65%
Total HH Holdings	<u>\$ 147,738,101</u>	Composite	0.29%	0.17%	0.28%
		Budget			0.67%
HHMC					
Ponder Short-Term Government	\$ 42,491,338	Perf	0.32%	0.19%	0.18%
		BMK	0.49%	-0.25%	-0.65%
VSGDX - Vanguard Short-Term Federal	64,377	Perf	0.36%	-0.20%	-0.38%
		BMK	0.49%	-0.25%	-0.65%
Wells Fargo Halifax Hospital Trust	516,547	Perf	0.14%	0.75%	0.87%
		BMK	0.49%	-0.25%	-0.65%
Total HHMC	<u>\$ 43,072,262</u>	Composite	0.32%	0.20%	0.19%
		Budget			0.67%

Halifax Health
Investment Manager Performance Report - through May 31, 2018

Foundation	Invested Balance	May	Performance	Calendar YTD	Fiscal YTD
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,976,483	Perf	0.42%	-0.33%	-0.28%
		BMK	0.47%	-0.37%	-0.60%
DFSVX - DFA Small Cap Value	4,085,574	Perf	6.29%	5.16%	9.27%
		BMK	5.82%	4.81%	6.95%
DFIVX - DFA International Value	2,046,786	Perf	-3.62%	-2.34%	2.96%
		BMK	-1.90%	-1.69%	2.47%
DFEVX - DFA Emerging Markets	830,013	Perf	-4.34%	-1.82%	5.94%
		BMK	-3.54%	-2.60%	4.65%
DFLVX - DFA Large Cap Value	8,734,397	Perf	0.92%	-1.30%	6.07%
		BMK	0.59%	-1.94%	3.29%
VGELX - Vanguard Energy	776,837	Perf	0.50%	6.35%	13.21%
		BMK	1.18%	5.39%	12.57%
VIGIX -Vanguard Large-Cap Growth	4,716,333	Perf	4.36%	5.88%	12.48%
		BMK	4.36%	6.21%	14.56%
VGHAX - Vanguard Health Care	749,671	Perf	2.18%	0.02%	0.58%
		BMK	0.51%	0.32%	1.58%
VSGIX - Vanguard Small-Cap Growth	4,532,077	Perf	5.81%	8.31%	14.54%
		BMK	5.79%	8.33%	13.30%
Total Foundation	<u>\$ 49,448,171</u>	Composite	1.58%	1.17%	4.34%
		Budget			2.33%

Halifax Health
Investment Manager Performance Report - through May 31, 2018

	Invested Balance	May	Performance	Calendar YTD	Fiscal YTD
Hospice					
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,063,977		Perf 0.42%	-0.33%	-0.28%
			BMK 0.47%	-0.37%	-0.60%
DFSVX - DFA Small Cap Value	6,347,698		Perf 6.29%	5.16%	9.27%
			BMK 5.82%	4.81%	6.95%
DFIVX - DFA International Value	3,564,564		Perf -3.62%	-2.34%	2.96%
			BMK -1.90%	-1.69%	2.47%
DFEVX - DFA Emerging Markets	1,483,354		Perf -4.34%	-1.82%	5.94%
			BMK -3.54%	-2.60%	4.65%
DFLVX - DFA Large Cap Value	12,375,663		Perf 0.92%	-1.30%	6.07%
			BMK 0.59%	-1.94%	3.29%
VGELX - Vanguard Energy	753,442		Perf 0.50%	6.35%	13.21%
			BMK 1.18%	5.39%	12.57%
VIGIX -Vanguard Large-Cap Growth	6,314,729		Perf 4.36%	5.88%	12.48%
			BMK 4.36%	6.21%	14.56%
VGHAX - Vanguard Health Care	651,866		Perf 2.18%	0.02%	0.58%
			BMK 0.51%	0.32%	1.58%
VSGIX - Vanguard Small-Cap Growth	6,314,937		Perf 5.81%	8.31%	14.54%
			BMK 5.79%	8.33%	13.30%
Total Hospice	<u>\$ 71,870,230</u>	Composite	1.49%	1.02%	4.14%
		Budget			2.33%

Halifax Health
Investment Manager Performance Report - through May 31, 2018

	Invested Balance	May	Performance	Calendar YTD	Fiscal YTD
Pension					
VFSIX - Vanguard Short-Term Invest Grade	\$ 124,804,310		Perf 0.42%	-0.33%	-0.28%
			BMK 0.47%	-0.37%	-0.60%
DFSVX - DFA Small Cap Value	26,766,625		Perf 6.29%	5.16%	9.27%
			BMK 5.82%	4.81%	6.95%
DFIVX - DFA International Value	37,913,589		Perf -3.62%	-2.34%	2.96%
			BMK -1.90%	-1.69%	2.47%
DFEVX - DFA Emerging Markets	10,986,050		Perf -4.34%	-1.82%	5.94%
			BMK -3.54%	-2.60%	4.65%
DFLVX - DFA Large Cap Value	24,668,095		Perf 0.92%	-1.30%	6.07%
			BMK 0.59%	-1.94%	3.29%
VGELX - Vanguard Energy	11,325,847		Perf 0.50%	6.35%	13.21%
			BMK 1.18%	5.39%	12.57%
VIGIX - Vanguard Large-Cap Growth	14,302,395		Perf 4.36%	5.88%	12.48%
			BMK 4.36%	6.21%	14.56%
VGHAX - Vanguard Health Care	10,500,695		Perf 2.18%	0.02%	0.58%
			BMK 0.51%	0.32%	1.58%
VSGIX - Vanguard Small-Cap Growth	14,634,031		Perf 5.81%	8.31%	14.54%
			BMK 5.79%	8.33%	13.30%
Wells Fargo Cash	6,948,703				
Wells Fargo Money Market	16				
Total Pension	<u>\$ 282,850,356</u>	Composite	0.80%	0.56%	3.58%
		Budget			4.50%
Total Halifax Health, including Pension	<u>\$ 594,979,120</u>				
Total Halifax Health, excluding Pension	<u>\$ 312,128,764</u>				

INFORMATIONAL REPORT

June 2018

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

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Hospice West Volusia Care Center Flooring	Halifax Health Hospice	Working Capital	\$45,960
Vital Signs Monitors	Nursing Administration	Working Capital	\$45,333
Parrish WAN Connectivity Hardware	Information Technology	Working Capital	\$41,083
Instrument Trays for Surgical Services	Surgical Services	Working Capital	\$32,313
Telemetry Monitoring System for Halifax Health Port Orange	Cardiology Department	Working Capital	\$30,687

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: Eric Peburn, Executive Vice President and Chief Financial Officer
CC: Mary Jo Allen, Executive Director-Halifax Health Hospice
DATE: May 15, 2018
RE: Hospice West Volusia Care Center Flooring

Halifax Health Hospice is requesting funding to replace the flooring in the patient rooms, two offices and the nursing station at the West Volusia Care Center.

The carpeting and transitional strips in the patient rooms are damaged and worn. The flooring to be replaced was installed ten years ago.

The project was approved at the Capital Investment Committee meeting on April 18, 2018.

TOTAL CAPITAL COSTS \$45,960



Halifax Health Project Evaluation

WVCC Flooring Replacement

Chief Financial Officer	Eric Peburn
Service Line Administrator	Mary Jo Allen
Director, Hospice Services	Tony Trovato
Financial Analysis	Roxanne Edmonds

Summary

Purpose:

This project is to replace the flooring in the WVCC eighteen patient rooms, nursing station and both offices due to extensive wear and tear.

Strategic Plan Core Competency Achievement:

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

Cornerstone:

Safety	X
Compassion	
Image	X
Efficiency	

Investment Request for Approval \$45,960

Estimated useful life 10 years

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: Catherine Luchsinger, RN, Chief Nursing Officer
DATE: May 15, 2018
RE: Vital Signs Monitors

Halifax Health Nursing Administration is requesting funding to purchase eleven (11) vital signs patient monitors. The monitors will be used for patients who do not require continuous monitoring.

The vital signs monitors measure the patient's blood pressure, temperature and oxygen saturation levels. The new monitors connect with the electronic medical record which will facilitate integration of the patient's information to the medical record increasing efficiency and quality patient care.

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

TOTAL CAPITAL COSTS \$ 45,333



Halifax Health

Project Evaluation

Vital Signs Monitors (11)

Chief Nursing Officer
Financial Analysis

Catherine Luchsinger
Roxanne Edmonds

Summary

Purpose:

This project is to purchase 11 vital signs monitors as part of a replacement plan to standardize these monitors system wide.

Strategic Plan Core Competency Achievement:

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

X
X

Cornerstone:

Safety
Compassion
Image
Efficiency

X
X

Investment Request for Approval **\$45,333**

Estimated useful life **5** years

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: June 14, 2018
RE: Parrish WAN Connectivity Hardware

Halifax Health Information Technology is requesting funding to purchase Wide Area Network (WAN) hardware to establish network connectivity between Halifax Health and Parrish Healthcare. The network connectivity will help facilitate communication and services between the organizations.

This network hardware will provide seamless network connectivity over two redundant fiber connections.

This project was approved at the Capital Investment Committee meeting on April 18, 2018.

TOTAL CAPITAL COSTS \$41,083



Halifax Health Project Evaluation

WAN Hardware for Parrish

Chief Revenue Officer	Arvin Lewis
Chief Information Officer	Tom Stafford
Director, IT Technical Services	Michael Marques
Financial Analysis	Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of network hardware needed to establish network connectivity between Halifax Health and Parrish Healthcare.

Strategic Plan Core Competency Achievement:

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

Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval \$41,083

Estimated useful life 5 years



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Matt Petkus, Vice President Surgical Services
DATE: May 15, 2018
RE: Instrument Trays for Surgical Services

Halifax Health Surgical Services is requesting funds to purchase surgical instrumentation for the cardiovascular surgical program.

The two (2) instrument trays will allow us to expand our minimally invasive surgery services. Minimally invasive cardiovascular procedures are performed by using small incisions as an alternative to open-heart surgery.

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

TOTAL CAPITAL COSTS \$32,313



Halifax Health Project Evaluation

Instrument Trays (Qty 2) for Cardiovascular Surgery

Service Line Administrator
Director, Surgical Services
Financial Analysis

Matt Petkus
Deborah Moore
Todd Aldrich

Summary

Purpose:

This project is for the purchase of two (2) surgical instrument trays to support the Cardiovascular program.

Strategic Plan Core Competency Achievement:

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

Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	X

Investment Request for Approval \$32,313

Estimated useful life 3 years

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: Matt Petkus, Vice President Surgical Services
DATE: May 15, 2018
RE: Telemetry Monitoring System for Halifax Health Port Orange

Halifax Health Cardiology Department is requesting funding for the replacement of the network components of the GE telemetry monitoring system at Halifax Health Port Orange. The current monitoring system is more than 12 years old.

A telemetry monitor is a portable device that continuously monitors a patient's heart rate, heart rhythm, and respiratory rate and/or oxygen saturations while automatically transmitting information to a central monitor.

The system upgrade will stabilize the network and provide redundancy to the data flowing to the central monitoring area on 4-North.

TOTAL CAPITAL COSTS \$30,687



Halifax Health

Project Evaluation

Telemetry Network for HHPO

Chief Revenue Officer	Arvin Lewis
Chief Information Officer	Tom Stafford
Director, IT Technical Services	Michael Marques
Financial Analysis	Roxanne Edmonds

Summary

Purpose:

This project is to update the telemetry system at HHPO which is at the end of its life.

Strategic Plan Core Competency Achievement:

Physician Integration	<input type="checkbox"/>
Care Coordination	<input type="checkbox"/>
Cost Management	<input type="checkbox"/>
Information Technology	<input checked="" type="checkbox"/>
Service Distribution	<input type="checkbox"/>
Financial Position	<input type="checkbox"/>
Scale	<input type="checkbox"/>
Managed Care Contracting	<input type="checkbox"/>
Competitive Position	<input type="checkbox"/>

Cornerstone:

Safety	<input type="checkbox"/>
Compassion	<input type="checkbox"/>
Image	<input type="checkbox"/>
Efficiency	<input checked="" type="checkbox"/>

Investment Request for Approval **\$30,687**

Estimated useful life years

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