



**HALIFAX HEALTH**

**Audit & Finance  
Committee**

**Wednesday, August 30, 2017**

**Meeting Location**

Halifax Health

France Tower, Conference Room A

**4:00 p.m.**

# HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

4:00 p.m., Wednesday, August 30, 2017

## AGENDA

### I. CALL TO ORDER

### II. MINUTES

Investment Committee Minutes

portal page 4, **action requested**

- May 8, 2017

Audit & Finance Committee Minutes

portal page 6, **action requested**

- June 28, 2017

### III. AUDIT COMMITTEE

**Corporate Compliance, Shelly Shiflet**

- Monthly Compliance Dashboard Reports
- Responses to Compliance Effectiveness Report, CIA Year 3

portal page 9, **information only**

portal page 13, **information only**

**Internal Audit, Bill Rushton**

- Audit Services Discussion and Analysis

portal page 15, **action requested**

**2017 RSM Client Service and Audit Plan, Ryan Weber**

portal page 27, **information only**

### IV. FINANCE COMMITTEE

**Financial Report, Eric Peburn**

- July 2017
- June 2017

portal page 52, **action requested**

portal page 77, **action requested**

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

- Capital Investment Strategy
- Capital Expenditures \$50,000 and over
  - IV Pumps
  - New Smyrna Beach Family Practice - Office Expansion and Renovation
  - Ultrasound Machines for Intensive Care Units
  - Surgical Lighting for Cardiovascular
  - HDR Brachytherapy Equipment
  - Cytology Equipment

portal page 102, **information only**

portal page 110, **action requested**

\$2,316,642

\$137,600

\$99,375

\$92,360

\$74,700

\$54,214

- Disposals

portal page 123, **action requested**

- Comparison of Projected and Actual Financial Results for Significant Projects

none

**Old Business**

- Meeting Request Tracker/Checklist
- Deltona Financing Update, Charles Lee, David Hand, Eric Jordahl
- FY 2018 Budget Update

portal page 125, **information only**

portal page 126, **information only**

discussion, **information only**

**New Business**

- Expected Investment Return, FY 2018

portal page 136, **action requested**

## HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

### Information Only

- Discharged Based -Average Length of Stay and Case Mix Index portal page 137, [information only](#)
- Schedule of Uses of Property Taxes, June 2017 portal page 139, [information only](#)
- Investment Performance Reports, July & June 2017 portal page 140, [information only](#)
- Capital Expenditures \$25,000 - \$50,000 portal page 150, [information only](#)
  - Oncology Services Expansion for the Port Orange \$49,900
  - Sleeper Chairs for Mother and Baby Unit \$40,537
  - Patient Recliner Chairs for CVICU and CPCU \$34,390
  - Dr. Lopez Pediatric Office – IT Infrastructure \$30,000
- Operating Leases \$50,000 - \$250,000 portal page 157, [information only](#)
  - Dr. Lopez Pediatric Office, Lease \$5,434 monthly; 3 years

### V. OPEN DISCUSSION

- VI. NEXT MEETING      TUESDAY, September 5, 2017, 5:05 p.m. –First Public Hearing, Board of Commissioners, *Final Budget Hearing TBD*  
WEDNESDAY, November 1, 2017, 4:00 p.m. – Regular scheduled meeting  
MONDAY, November 13, 2017, 4:00 p.m. – Investment Committee meeting

### VII. EXECUTIVE SESSION

### VIII. 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, May 8, 2017

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

Not Present: Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board  
of Commissioners  
Decker Youngman, Member, Audit & Finance Committee

Also Present: Jeff Feasel, President & Chief Executive Officer  
Eric Peburn, Executive Vice President & Chief Financial Officer  
Kent Bailey, Director of Finance  
Lisa Tyler, Corporate Controller  
Joe Petrock, Executive Director, Foundation  
Ben Eby, Director of Finance, Halifax Health Hospice  
Leslie Wojcik, Ashford Investments  
Britt Cesarone, Ponder Investment Company

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

**Minutes**

Discussion: Minutes from the March 27, 2017 Investment Committee meeting were reviewed.

Action: Mr. Graffagnino moved to approve the March 27, 2017 Investment Committee minutes as presented. Mr. Francati seconded the motion and it carried unanimously.

**Manager Presentation**

Discussion: Manager Presentation – Ponder Investment Company  
Britt Cesarone from Ponder Investment Company was introduced and presented a portfolio update (board portal).

Action: None required.

**Manager Assessment and Quarterly Review**

Discussion: Manager Assessment – Ponder Investment Company  
Mr. Walsh presented the results of his comparative evaluation for Ponder (short-term government/corporate bond and short government bond comparisons). Brief discussion ensued.

Action: Mr. Graffagnino moved to approve that the investment relationship with Ponder Investment Company stay the same. Mr. Francati seconded the motion and it carried unanimously.

Discussion: Mr. Walsh, Ashford Investment Advisors, presented the investment review for the 1<sup>st</sup> calendar quarter, ended 3/31/2017.

Action: None required.

### **Old Business**

Discussion: None.

### **New Business**

Discussion: Expected Investment Return, FY 2018

Mr. Bailey reviewed the Investment Rate of Return Assumptions for FY 2018, highlighting the invested balance as of March 31, 2017, the assumed outlook return, and weighted assumed return of the Halifax Hospital Medical Center, HH Holdings, Foundation and Hospice accounts.

Action: Mr. Graffagnino moved to approve the expected investment rate of return assumptions. Mr. Francati seconded the motion and it carried unanimously.

Discussion: Annual Review of Pension Plan Rate of Return Assumptions

Mr. Bailey reviewed various information related to the pension plan rate of return assumption, pointing out the actuarially determined investment returns and the assumed discount rates over the last nine plan years. Comparative municipal plan investment return and asset allocation information was also presented. Brief discussion ensued.

Action: Mr. Graffagnino moved to keep the pension plan rate of return assumption at 6.75% for the next plan year. Mr. Francati seconded the motion and it carried unanimously.

### **Informational Only**

Discussion: Investment Performance Report, March 2017

Action: None required.

**Next Meeting:** Monday, August 14, 2017, 4 p.m. – Regular scheduled meeting

### **Open Discussion**

Discussion: None.

### **Adjournment**

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Ted Serbousek

Halifax Hospital Medical Center  
Audit and Finance Committee Meeting  
303 N. Clyde Morris Blvd., France Tower, Conference Room A  
Wednesday, June 28, 2017

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Present: Ted Serbousek, Chairman  
Decker Youngman, Member

Via Phone: Daniel Francati, Member & Vice Chairman, Board of Commissioners  
Greg Motto, Member

Not Present: Susan Schandel, Member & Treasurer, Board of Commissioners  
Ammar Hemaïdan, MD, Member & Member, Medical Staff

Also Present: Jeff Feasel, President & CEO  
Eric Peburn, Executive VP/Chief Financial Officer  
Kent Bailey, Director of Finance  
Lisa Tyler, Corporate Controller  
Bill Rushton, Director, Internal Audit  
Shelly Shiflet, Chief Compliance Officer  
Mark Billings, Executive VP/Chief Operating Officer  
Mary Jo Allen, Executive Director, Halifax Health Hospice  
Tony Trovato, Director of Business Operations, Halifax Health Hospice  
Bob Wade, Compliance Expert  
Jill Wheelock, Associate General Counsel  
Arvin Lewis, Senior VP/Chief Revenue Officer  
Bill Griffin, Director, System Research and Planning  
Charlena Kowatch, Deputy Chief Compliance Officer  
Barbara Schablik, Interested Resident

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

## MINUTES

Discussion: Minutes from the March 27, 2017 Investment Committee Meeting and from the April 26, 2017 Audit & Finance Committee Meeting were reviewed.

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

## AUDIT COMMITTEE

### Corporate Compliance

Discussion: Monthly Compliance Program Update Dashboard  
Ms. Shiflet presented the Compliance Dashboard for the months ended May 2017 and April 2017, referencing no issues in May 2017, but citing the attendance of the Compliance Committee fell short of the 70% or greater internal target in April 2017. Ms. Shiflet reported the annual report to the CIA was submitted and that over the last three years, no comments regarding the annual report have been received. She concluded her report by asking Mr. Peburn to share the status of Halifax Health's unclaimed property audit, an issue dating back to October 2009. Mr. Peburn briefly explained continued and diligent efforts over the last eight years to work with multiple representatives related to the audit examination. After forwarding a written proposal to settle in April 2017, Halifax received notification in June 2017 that the current organization assigned to the audit was no longer involved and that contact should be made with the State directly regarding concerns or management thereof. He stated that follow up contact will be made as directed and would report back to compliance when there is an update.

Action: None required.

## Internal Audit

- Discussion: Mr. Rushton led committee members through the Audit Services Discussion and Analysis presentation, requesting approval of the Summary of Audit Follow up Report, Summary of Internal Audit Report – Pharmacy Controls Audit, and Audit Plan Changes – Facility Key Control Review as of June 20, 2017. Brief questions ensued regarding the Pharmacy Controls Audit and Mr. Serbousek requested that this audit be revisited at the next committee meeting.
- Action: Mr. Youngman moved to approve the Summary of Audit Follow up Report as of June 20, 2017 as presented. Mr. Francati seconded the motion which carried unanimously.
- Action: Mr. Youngman moved to approve the Audit Plan Changes – Facility Key Control Review as of June 20, 2017 as presented. Mr. Francati seconded the motion which carried unanimously.

## FINANCE COMMITTEE

### FINANCIAL REPORT

- Discussion: Mr. Peburn reviewed the May 2017 Financial Report, reporting the performance compared to budget and long range targets, highlighting statistical and financial summaries.
- Action: Mr. Youngman moved to approve the May 2017 and April 2017 Financial Reports and recommends approval by the Board of Commissioners. Mr. Francati seconded the motion and it carried unanimously.

### ACQUISITIONS, LEASES & DISPOSALS

- Discussion: Capital Investment Strategy  
Mr. Bailey presented the Capital Investment Strategy monthly update (May and April summaries included in meeting materials).
- Action: None required.
- Discussion: Capital Expenditures \$50,000 and over
- |  |           |
|--|-----------|
| • C-Arm for Operating Room   | \$144,930 |
| • Retro-fit for X-ray Equipment - Port Orange Diagnostic Radiology | \$99,820  |
| • Pump Speed Control Units   | \$87,000  |
| • Acute Care Rehabilitation Therapy Office Renovation              | \$82,400  |
| • Soiled Utility Room Renovation for Respiratory Therapy           | \$72,832  |
- Action: Mr. Youngman moved to approve the capital expenditures and recommends approval by the Board of Commissioners. Mr. Francati seconded the motion and it carried unanimously.
- Discussion: Operating Leases \$250,000 and over
- |  |                          |
|--|--------------------------|
| • Facility and Office Space Leases – Deltona |                          |
| • Primary Care                               | \$10,604 monthly payment |
| • Pediatrics                                 | \$7,168 monthly payment  |
| • Rotating Specialists                       | \$3,022 monthly payment  |
| • Meeting Space                              | \$5,313 monthly payment  |
- Action: Mr. Youngman moved to approve the operating leases and recommends approval by the Board of Commissioners. Mr. Francati seconded the motion and it carried unanimously.
- Discussion: Disposals
- Action: Mr. Youngman moved to approve the disposals and recommends approval by the Board of Commissioners. Mr. Francati seconded the motion and it carried unanimously.
- Discussion: Comparison of Projected and Actual Financial Results for Significant Projects
- Action: None required.

## **OLD BUSINESS**

Discussion: Meeting Request Tracker/Checklist

Action: None required.

## **NEW BUSINESS**

Discussion: FY 2018 Preliminary Budget Review/Not to Exceed Millage Rate  
Mr. Peburn presented a FY 2018 budget update, highlighting key factors in setting the budget, key volume and resource assumptions, Medicare/Medicaid assumptions, the preliminary operating budget schedule and next steps. Brief discussion included references to FY 2018 volumes, compensation, length of stay, supply costs and drug costs. Mr. Peburn concluded the presentation by sharing the proposed not to exceed millage rate, 0.3781, which is half of the FY 2017 millage rate.

Action: None required.

Discussion: Deltona Schedule, Budget Status & Financing Update  
Mr. Peburn presented a Deltona Facilities Financing Update, sharing a project overview of current and next steps in alignment to present and approve a plan of finance at the August 30, 2017 Finance Committee meeting. The project overview included financing objectives and alternatives, a recap of the potential financing structures, HMS overview, the financial impact to the system, potential banking partners, and a JP Morgan alternative structure presentation. Brief discussion ensued which included the request to invite a representative from JPMorgan and potentially a prospective banking partner at the next committee meeting.

Action: None required.

## **INFORMATIONAL REPORTS**

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

• Time Clock Replacement	\$49,975
▪ Fetal Monitors for OB Diagnostics/Maternal Fetal Medicine	\$37,528
• Signage for Halifax Health Port Orange	\$35,000
• Sterilizer Conversion	\$33,060
• Eye Surgery Stretchers	\$25,014

Action: None required.

## **PUBLIC PARTICIPATION**

Discussion: Barbara Schablik, an interested resident addressed the committee to share a resource regarding a single payor healthcare system. She extended appreciation for the open meetings and discussion regarding caring for the residents in the community.

## **OPEN DISCUSSION**

Discussion: None.

**NEXT MEETING DATE:** Monday, August 7, 2017, 5:00 p.m. - FY 2017 BUDGET WORKSHOP, Combined with the Board of Commissioners

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

TUESDAY, September 5, 2017, 5:05 p.m. – Tentative First Public Hearing, Board of Commissioners

## **ADJOURNMENT**

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





# 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: August 21, 2017  
Re: Compliance Dashboard Report for the month ended July 31, 2017

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Enclosed is the Compliance Program Dashboard Report for July 2017. Item III(2) did not meet the target defined on the report. The target is set for at least 70% of the 13 members to attend the Compliance Committee meeting. Nine (9) of the thirteen (13) members (or 69%) attended the June 28, 2017 Compliance Committee meeting:

Members Present:

Shelly Shiflet, Vice President and Chief Compliance Officer;  
Mark Billings, Executive Vice President and Chief Operating Officer;  
Maria Crumlich, Director, Hospice;  
Kim Fulcher, Senior Vice President and Chief Human Resources Officer;  
Bill Griffin, Director, System Research and Planning;  
Khalelah Jones, Privacy Officer;  
Charlena Kowatch, Deputy Chief Compliance Officer;  
Arvin Lewis, Senior Vice President and Chief Revenue Officer; and,  
Vivian Gallo, Sr. Vice President and General Counsel.

Members Absent:

Eric Peburn, Executive Vice President and Chief Financial Officer;  
Alberto Tineo, Senior Vice President, Operations;  
Tom Stafford, Vice President and Chief Information Officer; and,  
Dr. Margaret Crossman, Chief Medical 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](mailto:rwade@kdlegal.com)  
Office: 574.485.2002

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

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

**Halifax Health**  
**Corporate Compliance Program**  
**Board Report – 7/31/2017**

**ON TARGET**

**ALERT**

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

	➤	<b>Code of Conduct Attestation<sup>1</sup></b>
	1. 4,247	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➤	<b>CIA Required Training<sup>2</sup></b>
	1. 4,091	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

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

	➤	<b>Sanction Check for Covered Persons<sup>3</sup></b>
	1. 4,992	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

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

	1. 13	Number of members on <i>Compliance Committee</i>
	2. 69.2%	% of members who attended the meeting (On Target at 70% or Greater) – meeting date 6/28/17
	3. 2	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 / 61	Number of Help Line calls received during month/past 12 months
	2. 2 / 44	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 6/30/2017
	4. 0	Number of open Help Line calls rated as High Priority as of 7/31/2017
	5. 3	Number of Help Line calls closed since last month

**V. COMPLIANCE ISSUES**

	1. 22	Number of issues open as of 6/30/2017
	2. 14	Of the issues in item 1, ___ remain open as of 7/31/2017
	3. 8	Number of issues from item 1 closed as of 7/31/2017
	4. 36%	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. 2	Number of concerns related to billing/coding received during the month
	2. 2	Number of concerns from #1 that required a billing/ coding review
	3. 2	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 2	Number of reviews from #1 expected to require repayment/processing of claims

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

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

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



# HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners  
Cc: Jeff Feasel, Chief Executive Officer  
From: Shelly Shiflet, Vice President and Chief Compliance Officer  
Date: July 24, 2017  
Re: Compliance Dashboard Report for the month ended June 30, 2017

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Enclosed is the Compliance Program Dashboard Report for June 2017.

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

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

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

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

**Halifax Health**  
**Corporate Compliance Program**  
**Board Report – 6/30/2017**

**ON TARGET**

**ALERT**

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

	➤	<b>Code of Conduct Attestation<sup>1</sup></b>
	1. 4,261	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➤	<b>CIA Required Training<sup>2</sup></b>
	1. 4,099	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

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

	➤	<b>Sanction Check for Covered Persons<sup>3</sup></b>
	1. 5,013	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

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

	1. 13	Number of members on <i>Compliance Committee</i>
	2. N/A	% of members who attended the meeting (On Target at 70% or Greater) – last meeting was 4/26/17
	3. 2	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 / 63	Number of Help Line calls received during month/past 12 months
	2. 3 / 45	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 5/31/2017
	4. 0	Number of open Help Line calls rated as High Priority as of 6/30/2017
	5. 8	Number of Help Line calls closed since last month

**V. COMPLIANCE ISSUES**

	1. 22	Number of issues open as of 5/31/2017
	2. 5	Of the issues in item 1, ___ remain open as of 6/30/2017
	3. 17	Number of issues from item 1 closed as of 6/30/2017
	4. 77%	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. 2	Number of concerns related to billing/coding received during the month
	2. 2	Number of concerns from #1 that required a billing/ coding review
	3. 2	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 2	Number of reviews from #1 expected to require repayment/processing of claims

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

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

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



# HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners  
Cc: Jeff Feasel, Chief Executive Officer  
From: Shelly Shiflet, Vice President and Chief Compliance Officer  
Date: July 24, 2017  
Re: Response and Action Plans – Compliance Effectiveness Review Report – for the Corporate Integrity Agreement (“CIA”) Year ended March 9, 2017 (“CIA Year 3”)

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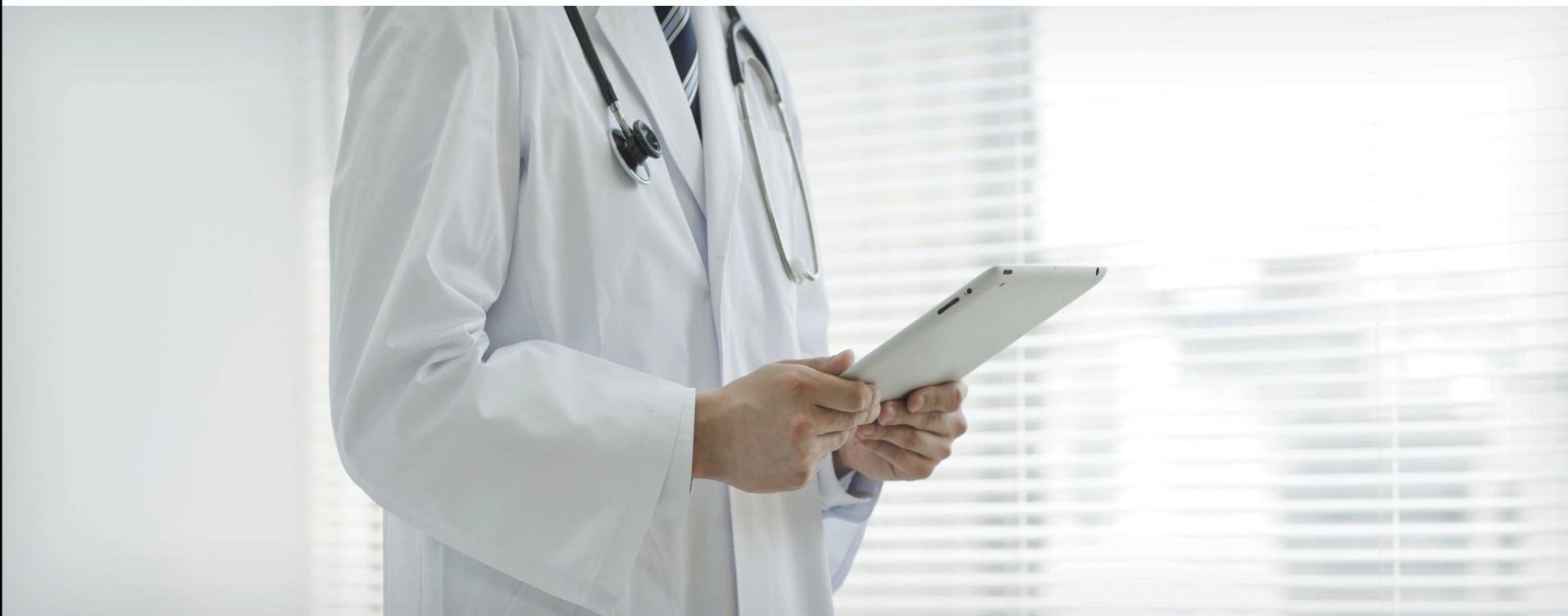
For the CIA year ended March 9, 2017, the Board Compliance Expert (“BCE”) evaluated the effectiveness of Halifax Health’s Compliance Program and made some recommendations in the form of the Compliance Effectiveness Review Report.

The responses and action plans for the recommendations from the Compliance Effectiveness Review Report are summarized below:

Report Page #	Report Section	Task	Response/ Plan
61, 68	E&M coding is reviewed for employed physicians	The Board Compliance Expert recommended the organization recruit additional coders for higher risk, specialty areas.	Corporate Compliance will ask management to evaluate coder needs for specialty areas and address those needs as deemed appropriate for the business.
57	Risks are addressed in a timely manner	The Board Compliance Expert observed that due to staff turnover, the Internal Audit function has faced some challenges in the timeliness of reviewing risk areas.	<p>Audit Services communicated Risk Assessment Results and the Proposed Audit Plan to the Audit and Finance Committee on April 26, 2017. During this meeting the Committee approved the plan.</p> <p>The new Director and Senior Auditor have developed an audit framework to address the timeliness of reviewing risk areas. The framework includes risk based audit programs, risk assessment tools and audit standards and tools. Evidence of a quicker review and closure process has been demonstrated with audit projects completed or in progress since the appointment of the Director in September 2016.</p>
62	A third party validates the accuracy of internal coders	The Board Compliance Expert recommended a third party coder periodically validate the accuracy of internal coders.	<p>Health Information Management ("HIM") conducts a periodic external review of the facility coders.</p> <p>Corporate Compliance has coding auditors who review professional fee coding for employed and contracted providers. Compliance will engage a third party for a periodic validation of the Compliance coding auditors.</p>

Response and Action Plans – Compliance Effectiveness Review Report – for the Corporate Integrity Agreement  
 (“CIA”) Year ended March 9, 2017 (“CIA Year 3”)

<b>Report Page #</b>	<b>Report Section</b>	<b>Task</b>	<b>Response/ Plan</b>
75	Compliance Committee	The Board Compliance Expert recommended the reports to the Compliance Committee periodically include an update on special topic compliance training from HIM and PBFS.	Corporate Compliance will evaluate and include information as is deemed appropriate in reports to the Compliance Committee.
73	Job Specific Compliance Education	The Board Compliance Expert recommended Compliance identify and receive updates about job specific compliance training that is being tracked by managers and other departments.	Health Information Management (HIM) and Patient Billing and Financial Services (PBFS) require job specific compliance education for employees. Management tracks this training and provides periodic updates to Corporate Compliance.  Corporate Compliance will evaluate other areas to determine if other education meets the definition of job specific compliance education.
10	Compliance Committee Meetings	The Board Compliance Expert observed that no Board members routinely attend the Compliance Committee meetings.	Traditionally, only one Board Member is invited to the Compliance Committee meetings.  Leadership will be asked for input on future invitations.
34, 36	Consistent Application of Discipline	The Board Compliance Expert reported his perception that the Just Culture Algorithm could result in inconsistent outcomes. He also noted that the Human Resources department has stated they do not direct management to the discipline, but rather, make recommendations to managers on discipline.	Human Resources will evaluate the documentation and forms to ensure the justification for outcomes are clearly articulated.
6, 79	Rounding	The Board Compliance Expert interviewed 13 employees and approximately half could not name the Compliance Officer.	Additional efforts will be made to advertise the name and image of the Corporate Compliance Officer. The Corporate Compliance Officer will continue to conduct educational rounding throughout the organization.
77	Training	The Board Compliance Expert recommended requiring additional compliance training for members of senior management in addition to the training mandated by the Corporate Integrity Agreement.	Corporate Compliance will evaluate opportunities for additional training for senior management and will present the training as appropriate.



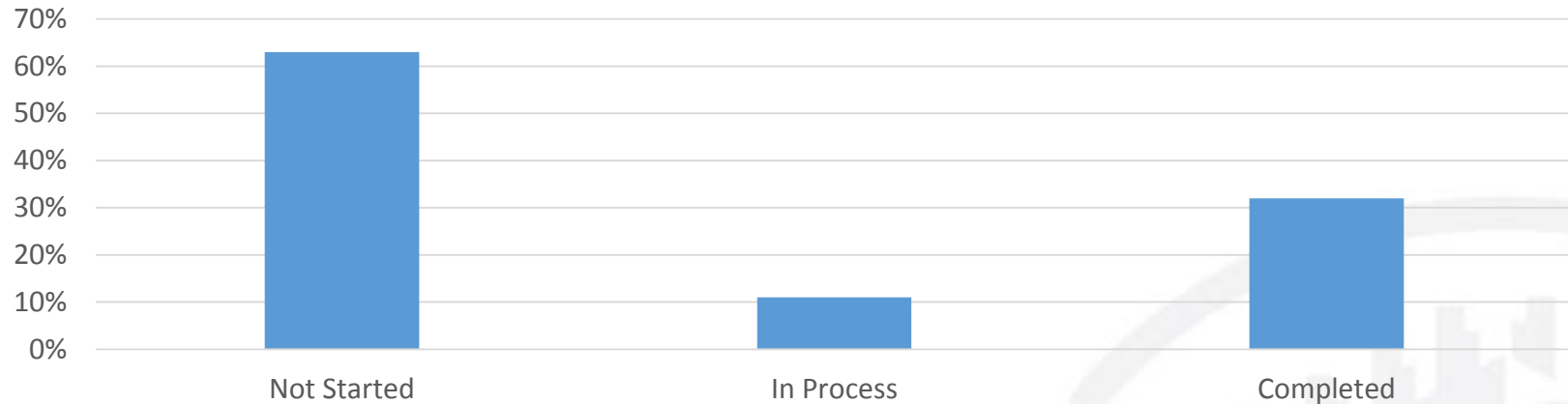
# Audit Services Discussion & Analysis

## Halifax Health Audit & Finance Committee

Presented August 30, 2017

For the period covering June 21, 2017 through August 22, 2017

# Audit Plan: FY 17/18 Plan Status



FY Audit Plan	Internal	CoSource/External	Total Audits
Approved	11	3	14
Added	5	1	6
Cancelled	0	0	0
Revised Plan Total	16	4	20

See Board Portal For Audit Plan Detail



# Results: FY 17/18 Audit Projects

Audit Source	Project Name	Issues by Impact Level		
		High	Moderate	Low
IAS	YE Audit Assistance	RSM Submits Results to Audit & Finance Committee		
Co-Source	Executive Compensation and Expenses	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	#Penetration Testing	0	2	2
IAS	Cash Collections Audit	Fieldwork		
IAS	Interim Audit Assistance	Fieldwork		

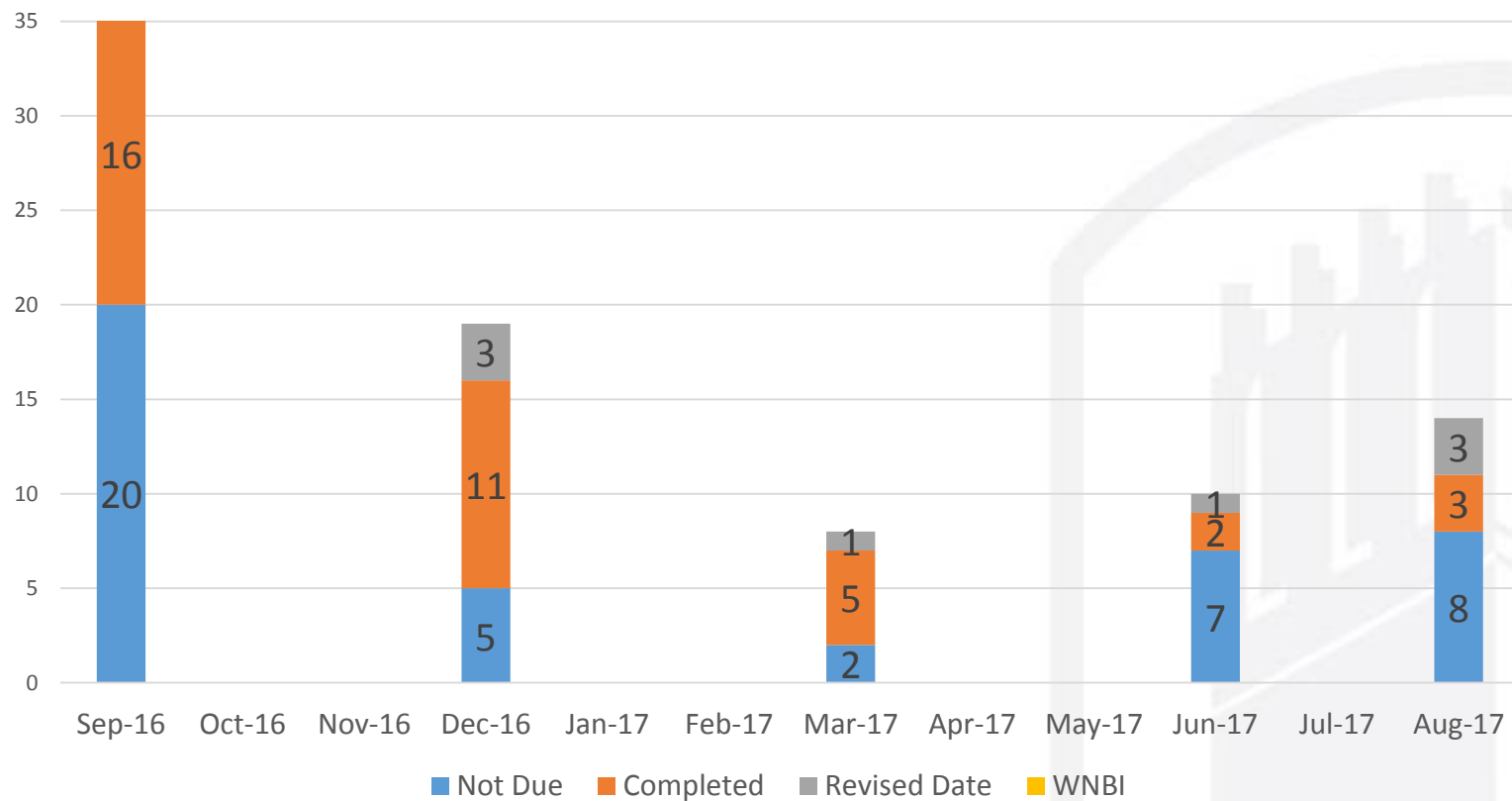
Local Audit Plan	Pharmacy Controls Audit	Issues by Impact Level		
Objective – Determined whether controls over certain pharmacy processes were functioning as Management intended.		High	Moderate	Low
<b>Business Objectives At Risks:</b> <ul style="list-style-type: none"> <li>• Medications are used in accordance with accreditation standards or State Regulations.</li> <li>• Prevent and detect the diversion of controlled substances.</li> </ul>		2	4	1
<b>Significant Issue(s)</b>	Lack of controls over pharmacy inventory and administration resulted in the following: <ul style="list-style-type: none"> <li>• Expired drugs included in sample inventory;</li> <li>• Sample drugs missing or not recorded;</li> <li>• Delays in wasting Schedule II drugs; and</li> <li>• Same person orders, receives and approves Schedule IIs.</li> </ul>			
<b>Key Take Away(s)</b>	<ul style="list-style-type: none"> <li>• Halifax Health has multiple pharmacy locations and because the potential for abuse continues to increase due to economic and human factors internal controls are necessary to prevent diversion.</li> <li>• Management has informed Internal Audit they have completed action plans for significant issues.</li> </ul>			

Local Audit Plan      Diversion ROC-Main Campus		Issues by Impact Level		
Objective – An assessment of the diversion and theft of Schedule II (CII) drugs at Main ROC Pharmacy.		High	Moderate	Low
<b>Business Objectives At Risks:</b> <ul style="list-style-type: none"> <li>Prevent and detect the diversion of controlled substances.</li> </ul>		1	0	0
<b>Significant Issue(s)</b>	<ul style="list-style-type: none"> <li>71 doses of CII were stolen from the Main ROC during the weekend of July 21, 2017.</li> <li>For FY 2017 ROC Pharmacists requisitioned 7K doses of CII while dispensing approximately 368 (5%) doses to Nurses for patient drug therapy.</li> </ul>			
<b>Key Take Away(s)</b>	<p>Leadership has taking the following actions:</p> <ul style="list-style-type: none"> <li>CII inventory has been transferred to the Main Hospital Pharmacy;</li> <li>A physician order is required to requisition and administer CII to patients; and</li> <li>CII activity is monitored using a security camera.</li> </ul> <p>Further, Leadership has installed an Omnicell within the Main ROC, which allows constant monitoring of Physician orders, requisitions and physical counts of CII.</p>			

Local Audit Plan      Halifax Health Call Network Audit		Issues by Impact Level		
Objective – Determine if Volusia Health Network administrative responsibilities over the call network are functioning as Management intended.		High	Moderate	Low
<b>Business Objectives At Risks:</b> <ul style="list-style-type: none"> <li>Physician claims for HCN patient services are processed accurately.</li> </ul>		1	4	0
<b>Significant Issue(s)</b>	<p>Same employees had the ability to add providers, process claims and approve payments.</p> <p>Review of provider maintenance and claim processes disclosed the following:</p> <ul style="list-style-type: none"> <li>Six (16%) claims incorrectly adjudicated or not supported by a contract;</li> <li>Physician termination notices not processed;</li> <li>Physician paid without an agreement; and</li> <li>Physician paid without a Medicaid number.</li> </ul>			
<b>Key Take Away(s)</b>	<ul style="list-style-type: none"> <li>Management will improve the control environment by establishing and maintaining define processes over provider files, claims adjudication and staff responsibilities.</li> </ul>			

# Audit Follow-Up

Audit Issue Follow-Up: Status of Management Action Plans  
August 22, 2017



See BoardEffect for Audit Follow Up Detail.

**AUDIT FOLLOW-UP OPEN ITEM REPORT  
HALIFAX HEALTH  
AS OF August 30, 2017**

<b>Audit</b>	<b>Findings</b>	<b>Actions Management Will Take</b>	<b>Action Plan Owner</b>	<b>Action Plan Due Date</b>	<b>Risk Rank</b>
Mitology Security Risk Assessment (11/30/15)	<p><b>Issue 6.7: Vulnerability Management.</b> A formal, documented policy with supporting procedures for managing and tracking IT assets including servers, workstations, network devices, mobile devices, software, and other assets does not exist.</p> <p>Application patching (e.g., Java, Adobe) is not incorporated into routine patching cycles. NOTE: Some applications such as Kronos, will not allow patching of Java or Adobe.</p>	<p>An asset management policy supported by detailed procedures should be developed that defines processes, responsibilities, and objectives for identifying and maintaining an asset inventory of both hardware and software. HH Specific Action: Create P&amp;Ps for asset management. Need to document what we currently do.</p> <p>Application vulnerabilities including Java and Adobe are common sources for system compromise via attacks that leverage malware, phishing, and other malicious tactics. Incorporate application patching processes into routine patch management procedures and standards. An exception process should be developed and documented if patching cannot be performed on all applications. HH Specific Action: Implement Application Patch Management solution.</p>	Tom Stafford, VP & Chief Information Officer	6/30/2017 Revised 6/30/18	Medium
Mitology Security Risk Assessment (11/30/15)	<p><b>Issue 6.11 Access Control</b> Routine user access reviews (e.g., access re-certifications) are not performed to ensure access to systems containing PHI and other sensitive information remains appropriate over time. Multi-factor authentication is not required for remote access users.</p> <p>Although the IT department has processes for revoking user access upon termination in place, user accounts for terminated employees are not revoked within an appropriate time period. NOTE: IT relies on communication from HR department to revoke access.</p>	<p>Periodically revalidate user access permissions to PHI and other sensitive information to ensure access is appropriate based on job function and business need. HH Specific Action: Implement role based access with annual reviews by Managers.</p> <p>Configure all remote access connections to require two-factor authentication, such as a hardware token or digital certificate. Where two-factor authentication is not possible, implement more restrictive access controls to reduce the risk associated with insecure configurations. HH Specific Action: Evaluate, determine if it will work for Physicians, purchase and implement 2-factor authentication for remote access.</p> <p>Design processes in conjunction with HR department to ensure that user accounts are disabled or removed for all users upon termination. A user re-validation should be conducted quarterly as a secondary opportunity to identify access for terminated users that may have been missed or overlooked. HH Specific Action: Possibly need to establish the process for a report of team member with 0 hours to be sent to HR. HR would review and follows up with management. Terminations would be entered as appropriate.</p>	<p>Tom Stafford, VP &amp; Chief Information Officer</p> <p>Kim Fulcher, VP &amp; Chief Human Resources Officer</p>	3/31/2017 Revised 12/31/17	Medium
Pharmacy Controls Audit (5/8/17)	<p><b>Issue 1: Inadequate Drug Sample Inventory Controls</b> Testing of controls over drug samples at HBS and CO disclosed the following:</p> <ul style="list-style-type: none"> <li>Expired sample medications were not segregated from inventory. Two expired sample packs of Strattera and 30 tablets of Tarceva had not been removed from inventory and destroyed. (HBS, CO-Ormond)</li> <li>45 units of Strattera and 35 units of Latuda were missing or incorrectly logged during receipt and/or dispensing. (HBS)</li> <li>Record of sample medication labels were illegible and could not be audited. Labels are placed on the samples and document physician name, patient's name, Rx, dosage, drug and any special instruction. (HBS)</li> <li>Receipts from pharmaceutical reps were not obtained or retained for samples. Receipts are needed to properly record the beginning inventory. (HBS, CO-Port Orange &amp; Ormond)</li> <li>Sample Medications Procedures were missing controls such as disposition of expired drugs, documented receipts and inventory counts.</li> </ul>	<ul style="list-style-type: none"> <li>Expired samples were immediately destroyed. (JT,DT,DD)</li> <li>Sample Policy and Procedures will be revised to include receipts from reps, the disposition of expired samples and surprise audits by a Halifax Pharmacy. Physicians to be trained on the updated Sample Medications Policy. (JT,DT,DD)</li> <li>Labels on samples are photocopied. HBS Management will work with the Print Shop to develop a sample label that copies what the Physician administered. (JT)</li> </ul> <p><b>Expected Deliverable</b> Due Date: 5/11/17</p> <ul style="list-style-type: none"> <li>Photocopies of drug sample labels.</li> </ul> <p><b>Expected Deliverable</b> Due Date: 8/14/17</p> <ul style="list-style-type: none"> <li>Copies of procedures and documents to address control gaps.</li> <li>Evidence of Physician training.</li> <li>Internal Audit will perform limited testing to assess new processes.</li> </ul>	<p>James Terry - Director, Service Line Psychology</p> <p>Debra Trovato - Director Service Line Oncology</p> <p>Dominick Damiani - Pharmacy Director</p>	9/1/2017	High

**AUDIT FOLLOW-UP OPEN ITEM REPORT  
HALIFAX HEALTH  
AS OF August 30, 2017**

<b>Audit</b>	<b>Findings</b>	<b>Actions Management Will Take</b>	<b>Action Plan Owner</b>	<b>Action Plan Due Date</b>	<b>Risk Rank</b>
Pharmacy Controls Audit (5/8/17)	<p><b>Issue 2: Scheduled II Medications Are Not Being Wasted At The Point Of Removal From Omnicell</b></p> <p>Internal Audit tested fifteen patient records to determine if policy was followed for the wasting of Schedule IIs and if the patient dosage ordered, administered and wasted reconciles. Results of testing disclosed the following:</p> <ul style="list-style-type: none"> <li>In five (33%) instances the amount wasted was witnessed three to seven hours after removing the medication from Omnicell. In each instance the patient medication ordered, administered and wasted reconciled and the EMR supported the wasting of the drug during the removal process.</li> <li>Automated Dispensing Machine Procedures did not cover when to waste medications. Unless an emergency, or drug therapy delays activities, procedures must require Nurses to waste and witness after removal from Omnicell and before patient administration.</li> </ul>	<ul style="list-style-type: none"> <li>Procedures will be revised to include when wasting medication activities occurred. (DD)</li> <li>Nurses will be trained on the revised procedures. (SJ)</li> <li>Pharmacy will research the possibility of enhancing the Waste Transaction Report to record and calculate waste activity times. (DD)</li> </ul> <p><b>Expected Deliverable</b> <b>Due Date: 8/14/17</b></p> <ul style="list-style-type: none"> <li>Copy of the revised procedures and CBL report showing Nurse training.</li> <li>Copy of the Waste Transaction Report detecting timing issues.</li> <li>Internal Audit will perform limited testing to assess new processes.</li> </ul>	<p>Shelly Jones - Director of Professional Development</p> <p>Dominick Damiani - Pharmacy Director</p>	9/14/2017	High
Pharmacy Controls Audit (5/8/17)	<p><b>Issue 3: Inadequate Inventory Controls Over HBS Day Treatment Drugs</b></p> <p>HBS Day Treatment Center did not have documented policies and procedures for managing the receipt, inventory and return of HBS day treatment medications.</p> <p>Internal Audit's walkthrough of the HBS Day Treatment Drug inventory disclosed the following controls were missing:</p> <ul style="list-style-type: none"> <li>Guardian's sign off for patient medications returned;</li> <li>Medication log aligned with HBS processes;</li> <li>Medications verified by Pharmacy;</li> <li>An inventory retention limit or return period; and</li> <li>Periodic inventory counts and reconciliations;</li> </ul>	<ul style="list-style-type: none"> <li>HBS Director and Pharmacy will develop Day Treatment procedures for patient medications. Procedures will include:               <ul style="list-style-type: none"> <li>Obtaining the guardian's sign off for receipts &amp; returns;</li> <li>Record of medications received and returned;</li> <li>Verify medication receipts with Pharmacy;</li> <li>An inventory retention limit;</li> <li>Periodic inventory counts;</li> <li>Record of medications administered;</li> <li>A Log aligned with managing day treatment.</li> </ul> </li> <li>Staff will be trained on procedures.</li> </ul> <p><b>Expected Deliverable</b> <b>Due Date: 8/14/17</b></p> <ul style="list-style-type: none"> <li>Copies of procedures and documents to address control gaps.</li> <li>Internal Audit will perform limited testing to assess new processes.</li> </ul>	<p>James Terry - Director, Service Line Psychology</p> <p>Dominick Damiani - Pharmacy Director</p>	9/1/2017	Medium
Pharmacy Controls Audit (5/8/17)	<p><b>Issue 7: Inadequate Physical Security Over Controlled Substances</b></p> <p>Internal Audit's review of physical safeguards over medication inventory at outpatient locations disclosed the following:</p> <ul style="list-style-type: none"> <li>There were no cameras positioned to record activity at or near the supply rooms. (HBS Day Treatment, CO-Main, Ormond &amp; PO)</li> <li>Facility keys to the safe and cabinet housing medications were not logged and could be duplicated. (HBS Day Treatment)</li> </ul>	<ul style="list-style-type: none"> <li>Management will perform an analysis of physical security measures, including the use of cameras and/or using existing Omnicell boxes to house medications or control keys.</li> </ul> <p><b>Expected Deliverable</b> <b>Due Date: 7/14/17</b></p> <ul style="list-style-type: none"> <li>Internal Audit will walkthrough CO and HBS Day Treatment to assess physical security measures.</li> </ul>	<p>James Terry - Director, Service Line Psychology</p> <p>Debra Trovato - Director Service Line Oncology</p> <p>Dominick Damiani - Pharmacy Director</p>	8/1/2017	Low





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Pharmacy Diversion Memo (8/22/17)	<p><b>Issue 1: Diversion Main ROC CILs</b></p> <ul style="list-style-type: none"> <li>• Diversion incident concerning the ROC Pharmacist was reported to the Department Director on June 26, 2017. Drug test showed the ROC Pharmacist positive for opioids and marijuana.</li> <li>• 71 doses of CILs were stolen from the Main ROC Pharmacy during the weekend of July 21, 2017.</li> <li>• On July 24, 2017 a ROC Pharmacist was arrested and subsequently charged with theft of controlled substances and drug trafficking.</li> <li>• For FY 2017 ROC Pharmacists requisitioned 7K doses of CILs while only dispensing approximately 368 (5%) doses to Nurses for patient drug therapy.</li> </ul>	<ul style="list-style-type: none"> <li>• Controlled substance activity in the ROC is now monitored using a security camera;</li> <li>• CILs have been transferred back to the Main Pharmacy; and</li> <li>• ROC procedures require a physician order to administer CIL to patients.</li> </ul> <p>To control ROC floor stock, Omnicell is now in place and reporting records are being kept for CILs and a physical count is performed each every time CILs are removed to compare to the perpetual records. Discrepancies will be followed up and documented by Department Manager. Diversions will be reported to the Pharmacy Director and Human Resources for disciplinary actions.</p> <p>The Director will analyze ARIA Physician orders against Omnicell Pharmacist orders for variances. Because ARIA Oncology system does not systematically update Omnicell for Physician orders and the ROC Pharmacist must manually input orders into the automatic dispenser, this compensating control is required to identify possible diversions.</p> <p><b>Expected Deliverable</b> <b>Due Date: 11/1/17</b></p> <ul style="list-style-type: none"> <li>• IAS will perform physical inventory of the ROCs to assess new controls.</li> </ul>	Domnick Damiani - Pharmacy Director	11/15/2017	High
Halifax Health Call Network Audit (8/15/17)	<p><b>ISSUE 1: Segregation of Duties Was Missing Because Of Incorrect TriZetto User Access</b></p> <ul style="list-style-type: none"> <li>• Supervisor and Accountant had the ability to add Providers, adjudicate claims and approve the check register.</li> <li>• Two Claim Examiners and a Provider Relations Representative had the ability to add Providers and adjudicate claims.</li> </ul>	<p>Management to restructure staff and segregate tasks for the purposes of identifying issues when they occur.</p> <p><b>Expected Deliverable</b> <b>Due Date: 12/15/17</b></p> <p>Signon Restriction Listing report reflecting segregation of duties.</p>	Bob Williams-Director, Population Health Business Development	12/29/2017	High
Halifax Health Call Network Audit (8/15/17)	<p><b>ISSUE 2: Claims Were Incorrectly Adjudicated Or Not Supported by Terms</b></p> <p>Internal Audit Service's review of 38 claims for appropriate adjudication and reimbursement disclosed issues with six (16%) claims. The following issues were identified:</p> <ul style="list-style-type: none"> <li>• Two (5%) Physician claims with deleted 2009 Medicare CPT codes were reimbursed instead of held for incorrect billing. Terms required the Providers to be reimbursed at a percentage of the 2016 Medicare Fee Schedule. Net overpayments were approximately \$140.00.</li> <li>• A Physician claim was auto adjudicated at "lesser of bill charges." HCN terms stated reimbursement at a percentage of the Medicare Fee Schedule and did not include lesser of language. Net underpayment was approximately \$109.00.</li> <li>• Internal Audit Service was unable to verify if VHN appropriately processed three Gastroenterologist claims. Terms stated Physician reimbursement at 100% of the rate designated by the Compensation Committee. However, VHN and the Committee didn't have documentation to support the designated rate of 80% loaded into TriZetto's rate maintenance file.</li> </ul>	<ul style="list-style-type: none"> <li>• VHN will work with TriZetto to research solutions to improve the quality of Medicare fee schedule loads and to auto adjudicate claims without lesser of language. Results of VHN and TriZetto efforts to improve Physician reimbursement will be reported to SVP &amp; Chief Revenue Officer. (BW)</li> <li>• VHN will research and correct over/underpayments. (BW)</li> <li>• Compensation Committee will send a memo with the approved IMAC reimbursement rate to VHN. (AL)</li> </ul> <p><b>Expected Deliverable</b> <b>Due Date: 12/15/17</b></p> <ul style="list-style-type: none"> <li>• VHN management report to Arvin Lewis concerning process improvements.</li> <li>• TriZetto screen shots of correct Physician payments.</li> <li>• Copy of the memo with approved IMAC rate from Compensation Committee to VHN.</li> <li>• Internal Audit will perform limited testing to assess enhanced adjudication processes.</li> </ul>	<p>Arvin Lewis-SVP &amp; Chief Revenue Officer</p> <p>Bob Williams-Director, Population Health Business Development</p>	12/29/2017	Medium





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Halifax Health Call Network Audit (8/15/17)	<p><b>ISSUE 3: DAT Identified Overpayments and Missing Controls</b></p> <p>Internal Audit Service used DAT to analyze Meditech and VHN Physician payments from July 1, 2016 through December 31, 2016. Results of our review disclosed the following:</p> <ul style="list-style-type: none"> <li>• VHN did not process two termination notices from Halifax Legal Department. This resulted in forty-four claims for six Physicians incorrectly adjudicated. Claims should have been denied or retroactively adjudicated after VHN received notice from Halifax. Overpayments totaled \$19K.</li> <li>• VHN processed nine claims for a Physician without an agreement. Overpayments totaled \$3K dollars.</li> <li>• An Infectious Disease Specialist had two active agreements that permitted consults to be billed to Halifax's Accounts Payable and VHN. Because the payment systems cannot be integrated duplicate billings and payments could go undetected.</li> </ul>	<p>• VHN will develop documented procedures to manage provider maintenance and terminations, which will include verifying the Physician has an active agreement in Novatus before creating a profile in Trizetto and comparing the check register to the Novatus data base to prevent improper Physician payments. PBFS will also monitor HCN payments on a monthly basis. (BW,AL)</p> <p>• Halifax Management and VHN have identified and corrected claims processed after term dates and started a complete recovery of overpayments. (BW, AL)</p> <p>• PBFS will audit Specialist's AP bills and HCN claims for billing errors (e.g. duplicate patient consults). (AL)</p> <p><b>Expected Deliverable</b> <b>Due Date: 12/15/17</b></p> <ul style="list-style-type: none"> <li>• Copy of provider maintenance and termination procedures.</li> <li>• Trizetto screen shots of correct Physician payments.</li> <li>• A copy of PBFS audit work.</li> <li>• Internal Audit will perform limited testing to assess new processes.</li> </ul>	Arvin Lewis-SVP & Chief Revenue Officer  Bob Williams-Director, Population Health Business Development	12/29/2017	Medium
Halifax Health Call Network Audit (8/15/17)	<p><b>ISSUE 4: There Are Operational Gaps In Existing HCN Procedures</b></p> <p>Documented guidance is needed in key areas, including:</p> <ul style="list-style-type: none"> <li>• Verifying patient services requests to protocols;</li> <li>• Verifying the number of patient visits;</li> <li>• Issuing VHN authorization numbers for patient visits;</li> <li>• Verifying claims are received within 180-days of patient services;</li> <li>• Ensuring claims are adjudicated within 30-days;</li> <li>• Reviewing for coding accuracy and Medicare payment rules;</li> <li>• Resolving claim disputes;</li> <li>• Provider Maintenance (Includes set up, changes and terminations);</li> <li>• Quality assurance reviews to ensure auto and manual adjudication rules are aligned with contract terms;</li> <li>• Procedures to load and update fee schedules;</li> <li>• Batch reconciliation steps for manual, OCR and EDI claim receipts;</li> <li>• Verifying Medicaid Patient Prerequisite;</li> <li>• Correcting overpayments and underpayments; and</li> <li>• Notifying Halifax Compliance of overpayments/underpayments.</li> </ul>	<p>VHN will create or update their procedures to address operational gaps.</p> <p><b>Expected Deliverable</b> <b>Due Date: 11/17/17</b> Copies of procedures and documents to address control gaps.</p>	Bob Williams-Director, Population Health Business Development	12/29/2017	Medium
Halifax Health Call Network Audit (8/15/17)	<p><b>ISSUE 5: Controls Over the Medicaid Patient Prerequisite Terms Need To Be Improved</b></p> <ul style="list-style-type: none"> <li>• Review of HCN paid claims for our audit period disclosed VHN adjudicated one claim for a Physician who did not have a Medicaid number. Overpayment was approximately \$921.00.</li> <li>• The MPP file used by VHN to adjudicate claims was missing 25 HCN Physicians with active Medicaid numbers.</li> <li>• The HCN Agreement terms stated Physicians shall obtain a Medicaid ID number upon and six months after the effective date of the agreement. Terms should be consistent for efficient and effective claim adjudication and assignment operations.</li> </ul>	<p>• PBFS will work with Legal and Compliance Departments to evaluate MPP that includes assessing overpayments and contract terms. Final decisions will be documented and submitted to VHN. (AL)</p> <p>• In the interim VHN examiners will verify Physician's Medicaid number on the AHCA website. Physicians who submit a claim for a Medicaid patient without a Medicaid ID number will be denied. If VHN examiners cannot verify the physician's number, they must hold the claim, work with PBFS to adjudicate the claim, before releasing. (BW, AL)</p> <p><b>Expected Deliverable</b> <b>Due Date: 11/17/17</b></p> <ul style="list-style-type: none"> <li>• Copy of the MPP report.</li> <li>• Internal Audit will perform limited testing to assess MPP changes.</li> </ul>	Arvin Lewis-SVP & Chief Revenue Officer  Bob Williams-Director, Population Health Business Development	12/29/2017	Medium



## Recommended Committee Action

The following items need Committee approval:

- Summary of Audit Follow-Up Report as of August 22, 2017
- Summary of Internal Audit Report(s) - Pharmacy Controls Audit, Diversion ROC-Main Campus, Halifax HCN Audit

# Halifax Health

2017 Client Service and Audit Plan  
August 30, 2017





August 30, 2017

To the Audit Committee  
Halifax Hospital Medical Center  
d/b/a Halifax Health  
Daytona Beach, Florida

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On behalf of RSM US LLP, we are pleased to submit our 2017 client service and audit plan for Halifax Hospital Medical Center d/b/a Halifax Health and Halifax Hospice, Inc. (collectively referred to as "Halifax Health"). This report outlines our proposed audit delivery plan for Halifax Health, our client service team, key risks, overall audit approach, service deliverables, timelines and other matters.

This plan has been developed to provide Halifax Health with an efficient, high-quality audit that addresses key risks and business issues within the organization. This is our initial plan and will continue to evolve through the early stages of our audit planning and preliminary fieldwork. The evolution will come upon a few key milestones, the most critical of which revolve around our meetings and discussion with the audit committee, as well as management to develop a baseline understanding of enterprise risks and changes in the organization's operations, processes and internal control structure. Additionally, this service plan will be monitored throughout the year to ensure that we meet your expectations and address key audit, business and industry risks as they arise.

We appreciate the time and resources that your team has committed to assisting us. We look forward to our meeting with you today, to present this report, address any questions you may have, and discuss any other matters of interest to the Audit Committee and management.

Sincerely,

Ryan J Weber, Partner  
563 888 4081

Brandon Slauter  
407 581 3572

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## Audit Scope

Auditing standards require that we plan and perform our audits to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Based on discussions with management, we are planning to audit the financial statements and provide other services as follows:

<p><b>Stand-alone audits (separate opinion):</b> Procedures are performed at a level which allows RSM to express an opinion on the individual entity's financial statements as a whole. The procedures are designed to be performed on all significant accounts using a materiality threshold calculated based on the separate entity's financial statements.</p>	<ul style="list-style-type: none"> <li>• Halifax Hospital Medical Center</li> <li>• Halifax Hospice, Inc.</li> </ul>
<p><b>Interim testing approach:</b> Substantive testing during interim work for each entity will be based on a materiality limit that would have been used if a separate opinion was required.</p> <p><b>Final testing approach:</b> Consistent with the prior year, our intent is to perform as much substantive testing at interim as possible, and to rely on predictive substantive analytics at year end, with limited additional substantive detail testing, especially for the blended component units. Specific procedures (inquiry, analytical procedures, and substantive procedures) are performed on certain account balances or classes of transactions based on risk at the stand-alone materiality limit. We would also consider the results of the interim work to provide additional focus on areas with risk of material misstatement. The areas that involve significant management estimates (i.e. the allowances for accounts receivable, estimated third-party settlements, the other post-retirement benefit plan, pension liability and self-insured liabilities) will be a focus of our audit.</p>	<p><b><u>Primary reporting entities:</u></b></p> <ul style="list-style-type: none"> <li>• Halifax Hospice, Inc.</li> <li>• Halifax Hospital Medical Center including the following component units:</li> </ul> <p>Component units:</p> <ul style="list-style-type: none"> <li>• Halifax Medical Center Foundation, Inc.</li> <li>• Halifax Management System, Inc.</li> <li>• Volusia Health Ventures, Inc.</li> <li>• Halifax Hospice, Inc.</li> <li>• East Volusia Health Services, Inc.</li> <li>• Halifax Healthcare Systems, Inc.</li> <li>• HH Holdings, Inc.</li> <li>• Halifax Healthy Families Corporation</li> <li>• Halifax Staffing, Inc.</li> <li>• Patient Business &amp; Financial Services, Inc.</li> </ul>

<p><b>State compliance audit:</b> We will perform compliance audits of State of Florida awards in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States; and Chapter 10.550 of the State of Florida Rules of the Auditor General, <i>Local Governmental Entity Audits</i>. In conjunction with the State Compliance Audit, we will issue the following reports:</p> <ul style="list-style-type: none"> <li>• Report on Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards;</li> <li>• Independent Auditor's Report on Compliance for Each Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General of the State of Florida;</li> <li>• Attestation report related to compliance with Section 218.415, Florida Statutes, Local Government Investment Policies; and</li> <li>• Management letter required by the Auditor General of the State of Florida.</li> </ul> <p>In addition to the above noted reports, we will also ensure compliance with the reporting requirements of Lutheran Services Florida.</p> <p><b>Federal compliance audit:</b> We will perform a compliance audit of Federal awards in accordance with the standards applicable to financial audits contained in <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States and 2 C.F.R. Part 200, Subpart F. In conjunction with the Federal Compliance Audit, we will issue the following reports:</p> <ul style="list-style-type: none"> <li>• Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards;</li> <li>• Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards;</li> <li>• Report on Compliance with requirements that could have a direct and material effect on each major program and Internal Control over Compliance in accordance with Uniform Guidance;</li> <li>• A Schedule of Findings or Questioned Costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Halifax Hospital Medical Center</li> </ul>
<p><b>Component Auditors:</b> We will discuss the audit plan with component auditors and provide instructions relative to the materiality level and specific audit procedures to be performed for significant components. We will also review the component auditors' work papers as deemed necessary.</p>	<ul style="list-style-type: none"> <li>• Halifax Pension Plan</li> </ul>



<p><b>Other reports:</b></p> <ul style="list-style-type: none"> <li>Debt covenant compliance letter to the Halifax Health Board of Commissioners to provide negative assurance relating to Halifax Hospital Medical Center's compliance with the terms, covenants, conditions and provisions of Article III, Section 3.07 contained in the Master Trust Indenture, dated June 1, 2006 ("Trust Agreement"), and Sections 12(c), 12(d), and 12 (aa) contained in the Second Supplemental Indenture for Obligation No. 2 and No. 3 dated June 1, 2006 or the terms, covenants, provisions or conditions of the following: the First Amendment to the Second Supplemental Indenture for Obligations No. 2 and No. 3 dated December 1, 2014; Third Supplemental Indenture for Obligation No. 4, dated June 1, 2006; Fourth Supplemental Indenture for Obligation No. 5 dated April 21, 2008; Fifth Supplemental Indenture for Obligations No. 6 and 7 dated September 1, 2008; Sixth Supplemental Indenture for Obligation No. 8 dated November 1, 2010; Seventh Supplemental Indenture for Obligation No. 9 dated April 1, 2015; or Eighth Supplemental Indenture for Obligation No. 10 and First Amendment to Master Indenture dated as of March 1, 2016.</li> </ul>	<ul style="list-style-type: none"> <li>Halifax Hospital Medical Center</li> </ul>
<p><b>Written communications with the Audit Committee:</b></p> <ul style="list-style-type: none"> <li>We have issued the audit engagement letter dated March 1, 2017 describing our responsibility under auditing standards generally accepted in the United States of America.</li> <li>Issue a written report summarizing the results of our audits, including all required communications under the American Institute Certified Public Accountants' (AICPA) AU-C Section 260 (AU-C 260), <i>The Auditor's Communication with Those Charged with Governance</i>.</li> </ul> <p>If applicable, issue a management letter providing our observations and recommendations regarding internal controls (including all material weaknesses and significant deficiencies), business and industry matters, relevant technical advice, accounting guidance, and other matters.</p>	<ul style="list-style-type: none"> <li>Halifax Hospital Medical Center</li> <li>Halifax Hospice, Inc.</li> </ul>



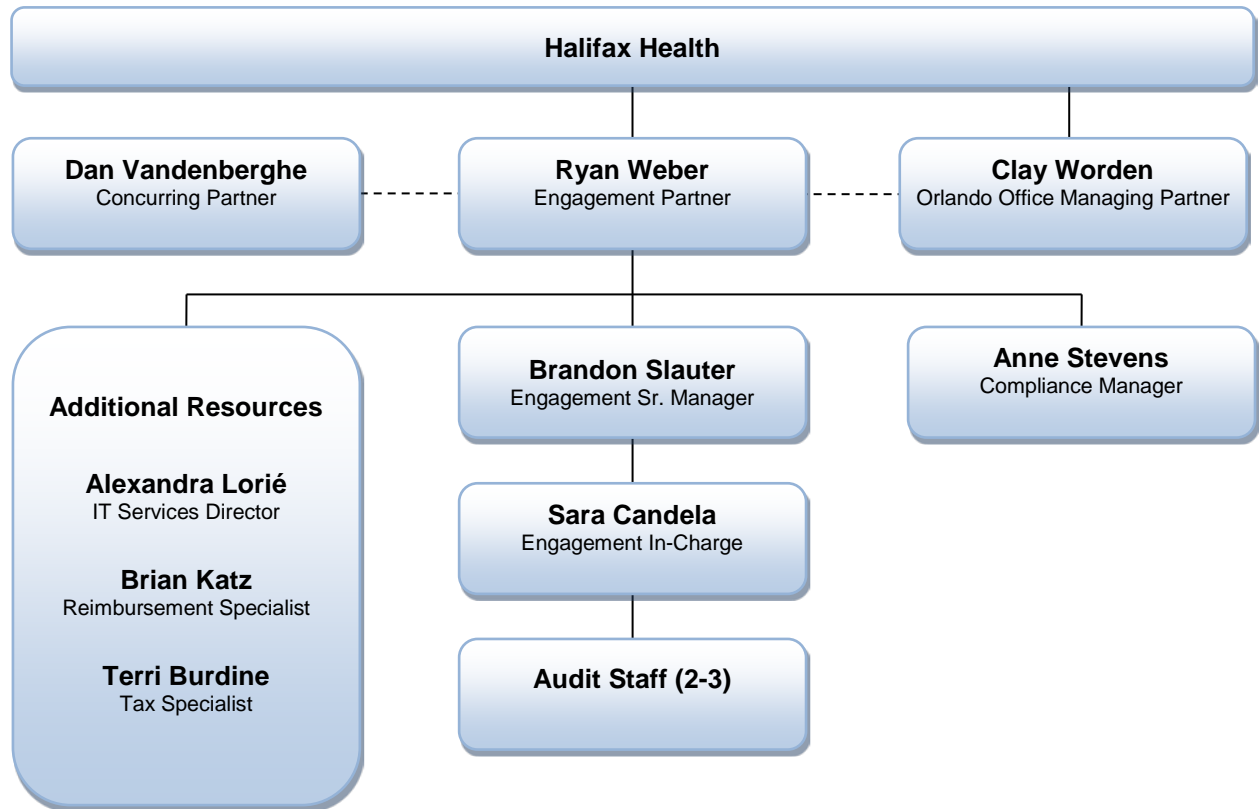
## Expectations of RSM

In the course of the prior year audit and various discussions, Halifax Health's expectations of its external audit firm were clearly defined. RSM's engagement team and plan have been developed to meet or exceed your expectations.

Expectation	RSM's Response
There will be no surprises	We will continue to keep management <u>and</u> the Audit Committee apprised on a timely basis of issues encountered during the audit, as well as communicate changes in the accounting and regulatory requirements. The key to this objective is active and ongoing two-way communication between our organizations.
Assign a service team that thoroughly understands the needs, challenges and dynamics of healthcare organizations that report under the Governmental Accounting Standards Board (GASB) framework	Our audit approach utilizes an integrated team of assurance professionals and specialists with significant, specific industry experience. The assurance professionals and the other specialists work closely together during the audit process to deliver a seamless approach. It is important to note that RSM's culture fosters national depth with a partnership of the local touch. This strategy has proven itself with all of our high-profile healthcare clients.
Provide proactive, hands-on involvement from the partners, directors and seasoned practitioners on our team — you will get the attention you deserve from our top people	<p>See our assigned client service team on page 6. These individuals will have hands-on involvement in the Halifax Health engagement as demonstrated during prior years' audits. These individuals will be active in planning and reviewing the audit and have committed to making themselves available to your team. You will also have third-party reimbursement and other advisory services practitioners from our team onsite working seamlessly with the audit team.</p> <p>We have assigned national resources to the Halifax Health account that will support the partners, managers and Halifax Health specifically with respect to technical and financial reporting matters. Halifax Health will continue to be a top priority for our client service team. In addition, our audit approach involves specialists who provide audit support and consulting services to an array of clients. They will share best practice ideas with Halifax.</p> <p><b>You will consistently see the managers, specialists, and partners in the field with you and we will be available to you.</b></p>
Build a long-term relationship with Halifax Health	<p>Halifax Health is undoubtedly a flagship client of RSM's Florida practice and the national healthcare practice, and we will continue to take due care to ensure this is preserved over time.</p> <p>Continuity will also be a hallmark of the team. All key engagement team members listed on page 6 are returning from the prior year team. Changes will be made only for reasons of promotion, individuals leaving the firm, or at Halifax Health's request.</p>

Expectation	RSM's Response
Maximize the resources of your Corporate Compliance, Audit Services, Accounting and Finance Departments to develop a coordinated, effective and efficient integrated audit plan focused on audit and business risks	We have already established relationships with individuals in the Corporate Compliance, Audit Services, Accounting and Finance Departments. We recognize their value to Halifax Health as well as to the audit process, particularly in assisting us with the development of the risk assessment and audit plan and the execution thereof.
Demonstrate our commitment to uncompromising standards, high integrity and professional ethics	We will demonstrate our commitment to uncompromising standards, high integrity and professional ethics every day and in everything we do. This is possible because of the people we have assigned to serve Halifax Health, our policies, training, monitoring and our culture, which require us to adhere to the professional standards that guide our profession.
Communications will be transparent	We will ensure all of our communications are timely and include the facts as we know them to ensure management, the Audit Committee, and others have the necessary information to make informed decisions. Our priority in our relationship with you will be to "think straight, talk straight." In that regard, we will provide management with a detail of the level effort (hours) expended throughout the audit process if you so desire.
Assess our performance and demonstrate continuous improvement	At the conclusion of the audit, we will solicit input from your staff to assess our performance. We will evaluate the results and determine action steps, if any.
Exceeding expectations	We set out to consistently exceed expectations at every stage of the audit. Client service is the fundamental basis of our healthcare practice.

## Client Service Team



## Risk Areas and Summary Audit Procedures

The fiscal year 2017 audit will be a risk-based plan based on our understanding of the control risk assessment from results of our audit scoping procedures. This risk based plan will continue to evolve as we learn more about changes in Halifax Health's operations and strategic initiatives through our discussions with you, management, audit services, and others, as well as our planning procedures. Following are the audit areas that based on our preliminary risk assessment we consider to be high-risk. Where deemed to be efficient, tests of controls will be performed as described below in the "Reliance on Internal Control" section. In those areas where we are relying on controls, as required by audit standards, we will also perform certain limited substantive and analytic tests. For those areas where controls are not relied on, we will perform substantive and analytic tests with more selections and at a lower scope than applied when we are relying on controls. A summary of the substantive and analytic tests we plan to perform is presented below, while our approach to internal controls is detailed starting on page 12.

Similar to our other large multi-facility integrated healthcare delivery clients, we understand a certain level of business transaction cycles occur centrally, or have some commonalities throughout the system. For business transaction cycles with these commonalities, our process is to understand the control structure first, and then if appropriate, test that control structure at a system-wide level, rather than at an individual site level. This proves to be a much more effective and efficient testing process, allowing for increased volume of coverage.

**We are planning to perform the audit procedures in bold below during preliminary fieldwork.**

Risk Area	Summary Audit Procedures
Accounts receivable - patient and net patient service revenue, including allowances	<ul style="list-style-type: none"> <li>• <b>Assess adequacy of current reserving methodologies.</b></li> <li>• <b>Review historical results used in calculating allowances for contractual adjustments and doubtful accounts.</b></li> <li>• <b>Perform substantive testing on a selected sample of patient balances and on patient billings.</b></li> <li>• Review subsequent cash receipts and credits.</li> <li>• Perform detailed analytical reviews.</li> </ul>
Third-party payor settlements and valuation allowances	<ul style="list-style-type: none"> <li>• <b>Perform a review of filed, amended and settled cost reports and contracts.</b></li> <li>• <b>Review historical results of reserving methodology.</b></li> <li>• <b>Test underlying data to support reserve level.</b></li> <li>• <b>Gain an understanding of outstanding compliance-related matters and other areas that may require specific valuation allowances.</b></li> <li>• Review and testing of current year cost report settlement estimate prepared by the finance department</li> </ul>
Investments: <ul style="list-style-type: none"> <li>• Equity and fixed-income securities</li> <li>• Joint Ventures</li> </ul>	<ul style="list-style-type: none"> <li>• Confirm investment balances.</li> <li>• Test market values and detail transactions on a sample basis.</li> <li>• Perform analytical procedures to test investment income.</li> <li>• <b>Update our understanding of the joint ventures and inquire of changes in accounting practices/methods, if any.</b></li> </ul>
Capital Assets: <ul style="list-style-type: none"> <li>• Construction in process</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Test a sample of additions and disposals.</b></li> <li>• Confirm details of major projects with general contractor.</li> <li>• Review depreciation expense for reasonableness.</li> <li>• Review construction in process for proper recording and disclosure, including commitments.</li> </ul>

Risk Area	Summary Audit Procedures
Goodwill	<ul style="list-style-type: none"> <li>• <b>Test management's process of evaluating the valuation of carrying value of goodwill recorded.</b></li> <li>• <b>If applicable, review new affiliations and management's process for establishing the fair value of goodwill acquired or contributed, if applicable.</b></li> </ul>
Long-term debt	<ul style="list-style-type: none"> <li>• <b>Obtain pro-forma rollforward of debt from 10/1/16 through 9/30/17.</b></li> <li>• Confirm debt balances.</li> <li>• Test interest expense by reviewing bond documents and performing analytical procedures.</li> <li>• Evaluate compliance with debt covenants.</li> <li>• <b>Obtain and review amendments to debt agreements.</b></li> </ul>
Interest rate swap agreement	<ul style="list-style-type: none"> <li>• <b>Review management's valuation process.</b></li> <li>• <b>Discuss process used by the third party to value the swap agreement with our national subject matter expert on financial instruments to ensure that the swaps are being valued using a reasonable method. If determined necessary, independently value the interest rate swap agreement.</b></li> <li>• <b>Review hedge accounting policy and determination of the effectiveness of the hedge.</b></li> </ul>
Defined benefit pension plans and other postretirement benefits	<ul style="list-style-type: none"> <li>• <b>Discuss the audit plan with the component auditors and discuss the audit work to be performed to ensure that the audit procedures are adequately designed and at a precision level appropriate for the primary reporting entity.</b></li> <li>• <b>Review of the actuarial firm's report and methodologies for the pension liability in accordance with GASB Statement No. 68.</b></li> </ul>
Self-insured liabilities, including medical malpractice and workers' compensation	<ul style="list-style-type: none"> <li>• Assess adequacy of current reserving methodologies.</li> <li>• Inquire of internal and external legal counsel.</li> <li>• Assess independence and competence of actuaries and their methodology.</li> <li>• Test data sent to actuaries for accuracy and completeness.</li> <li>• Review of the actuarial firm's (engaged by management) methodologies by RSM's specialists.</li> <li>• Confirm with legal counsel as to status of open claims and estimates of settlements.</li> </ul>
Commitments and contingencies	<ul style="list-style-type: none"> <li>• <b>Review status of litigation with management and internal and external legal counsel.</b></li> <li>• Confirm with external legal counsel.</li> <li>• <b>Review Board and Committee minutes.</b></li> <li>• Assess reasonableness of reserve level, if applicable.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Perform analytical procedures and substantive test work to address risks.</li> </ul>

Risk Area	Summary Audit Procedures
Revenue recognition	<ul style="list-style-type: none"> <li>• <b>Perform analytical procedures and substantive test work on a sample of revenue transactions to address existence of patient revenue and other sources of revenue.</b></li> <li>• Test cutoff primarily through analytical review.</li> </ul>
State and Federal program compliance	<ul style="list-style-type: none"> <li>• <b>Understand and test key controls over state and federal program compliance and compliance with laws and regulations.</b></li> </ul>
Net Assets	<ul style="list-style-type: none"> <li>• Compare expenses that meet donor intended purposes to amounts released from restriction.</li> <li>• Select a sample of expenses and ensure they were spent for the donor intended purpose.</li> <li>• Select a sample of contribution revenue, if any, to ensure restrictions are properly recognized, if applicable.</li> <li>• Roll forward of restricted net assets.</li> </ul>
Internal control documentation and testing	<ul style="list-style-type: none"> <li>• <b>Update our understanding of internal control policies and procedures relevant to specific assertions that are likely to prevent, or detect and correct, material misstatement of financial statements.</b></li> <li>• <b>Design and perform tests of controls to evaluate the operating effectiveness of those policies and procedures.</b></li> </ul>
Information system general computer controls	<ul style="list-style-type: none"> <li>• <b>Reassess information system controls relevant to financial reporting. Activities consist of the procedures (manual or automated) and records established to initiate, authorize, record, process and report entity transactions, events and conditions, and to maintain accountability for the related assets, liabilities and equity.</b></li> </ul>
Financial statement close process, including disclosures	<ul style="list-style-type: none"> <li>• <b>Review management's disclosure checklist for completeness.</b></li> <li>• <b>Gain an understanding of the financial statement close and preparation process.</b></li> </ul>
Related party transactions	<ul style="list-style-type: none"> <li>• Review transactions between Halifax Hospital Medical Center, Halifax Hospice, Inc. and related parties.</li> </ul>
Corporate Integrity Agreement Compliance	<ul style="list-style-type: none"> <li>• <b>Review compliance with Corporate Integrity Agreement.</b></li> </ul>

### ***Unpredictability of Procedures***

From year to year, RSM will change certain audit procedures to create an element of unpredictability in each audit. Some examples of this could include performing audit procedures related to accounts, disclosures and assertions that wouldn't otherwise be tested based on their amounts or assessment of risk, varying the timing of audit procedures, and performing audit procedures on an unannounced basis.

### ***Integration of Services and Teams***

RSM has created a team culture, especially in the healthcare industry, where we have fully embraced and implemented many initiatives to support building the integration of the entire healthcare team regardless of roles, levels, or geography. These initiatives include, weekly national calls to discuss a variety of topics, yearly conferences to enable members of the team to meet in person and discuss the healthcare industry, and a variety of other tactics that have helped build a cohesive team. These integration activities are common in other firms along lines of business (i.e. audit, tax, consulting) and geography however, at RSM we have initially created these events within industry practices. This team culture will extend to the Halifax Health engagement and ensure that you feel a seamless client service experience across all lines of our business and our specialists. Our audit, information technology and cost report teams will work hand in hand, to ensure efficiency and knowledge transfer among the various groups dedicated to serving Halifax Health.

## Use of Specialists

Halifax Health is a highly complex organization. This complexity requires a level of additional specialized expertise. As noted on the previous page, we have identified several experts to evaluate key risk areas embedded in your business. These specialists will not only ensure we have the right resources to achieve our audit objectives, they will also be able to draw upon their best practice knowledge to identify areas of operational improvement for your business as well as potential regulatory or compliance risks you were unaware of.

Area	Description of Services
<b>Information Technology (IT)</b>	We know IT systems are at the core of all transactions at Halifax Health. Our information technology specialists will assist with evaluating the current general computer controls implemented across Halifax Health. Our IT team, led by Alexandra Lorie, has extensive experience working in a similar capacity on our healthcare and governmental engagements.
<b>Third-Party Reimbursement</b>	The third-party reimbursement team will assist us in reviewing the balances and underlying data related to Medicare settlements. Medicare reimbursement for a system as diverse as Halifax Health is complex. These specialists, led by Brian Katz provide the precise industry-based experience we need to gain an appropriate understanding of the estimates prepared by management. Brian's team is also available to consult with management on various reimbursement issues that may arise during the course of the year.
<b>Actuarial—Pensions, Workers Comp, and Medical Malpractice</b>	Our actuaries assist us in evaluating the methodologies and actuarial assumptions utilized by the actuaries engaged by management.
<b>Interest Rate Swap</b>	Our national subject matter expert on financial instruments will assist us in reviewing the interest rate swap to ensure that it is being valued using a reasonable method.
<b>Government Accounting and Auditing Specialists</b>	Our core team will consult with national experts on complex government accounting and auditing matters.



# Integrated Audit Approach

## *Reliance on Internal Control*

We will collaborate with Halifax Health management and the internal audit department to leverage the risk assessment procedures and internal control work performed by the organization, where appropriate.

With respect to both general computer controls and business process controls, we have planned for the following:

	Procedures Performed
<b>Risk Assessment</b>	We will obtain an in-depth understanding of management's financial reporting objectives and analyze risks related to the achievement of those objectives. Our focus will be on quantitative and qualitative factors that potentially affect the reliability of financial reporting, and identifying and challenging where in the transaction processing or other activities something could go wrong.
<b>Control Environment</b>	We will obtain an in-depth understanding of the key environmental factors, such as the integrity and values of management, their philosophy and operating style, the organizational structure, the financial reporting competencies of those involved with financial statement preparation and oversight, and overall human resources policy and practice.
<b>Control Activities</b>	We will assess how control activities are integrated with risk assessment to assure the most effective and efficient activities are in place to mitigate risks to the achievement of financial reporting objectives. We will gain assurance that policies related to reliable financial reporting are communicated throughout the organization, resulting in management directives being carried out.
<b>Information and Communication</b>	Our information technology specialists will assist us in testing general computer controls associated with each of the significant financially related applications, including the general ledger and billing applications. As part of their testing, they will ensure that pertinent information is identified, captured and distributed in a form and time frame that supports the achievement of financial reporting objectives.
<b>Monitoring</b>	We will obtain an understanding of monitoring activities already in place and focus on changes in the financial reporting system since the prior year to gain insight into where to target more detailed testing. We will ensure that internal control deficiencies identified are communicated in a timely manner to those parties responsible for taking corrective action and to management and the Audit Committee as appropriate.

For audit areas where we believe it will be effective and efficient to rely on internal controls, we plan to review the design and implementation of key business processes and information technology (general computer) controls for those business processes and test the operating effectiveness of those controls. The design evaluation, implementation walk-throughs, and operating effectiveness testing will be done in collaboration with internal audit.

There are certain audit areas where we believe it would not be efficient or effective to rely on internal controls. This assessment is based on the overall risk of the area, the significance to the financial statements and the impact on substantive audit procedures. Many of the audit areas where we will not be relying on internal controls involve significant estimates. For these audit areas, we will continue to use a substantive audit approach. However, for each of these areas, we will obtain an understanding of the controls and perform walk-throughs.

Following is a preliminary high-level summary of the business processes, the assessment of the risk as “High,” “Moderate” or “Low,” and the determination of whether we plan to rely on controls or not. We also have indicated the procedures to be performed.

Business Processes	Control Reliance		Evaluate Design of Internal Controls	Perform Walk-Through	Summary Audit Plan
	Yes	No			
Financial Reporting and Consolidations	X Mod		X	X	Each significant account has been assigned an inherent risk rating ranging from “Low” to “High.”
Patient Service Revenue—Allowances and Provisions for Bad Debts		X High	X	X	
Patient Service Revenue—Billing and Collections		X Low	X	X	Inherent risk is the susceptibility that an account balance, transaction or disclosure could be susceptible to material misstatement based solely on its nature.
Patient Service Revenue—Cost Report Settlements		X High	X	X	
Investments		X Low	X	X	Following is a detail of the procedures to be performed:
Fixed Assets		X Low	X	X	
Inventories		X Low	X	X	<b>Control reliance:</b> <ul style="list-style-type: none"> <li>We will perform an evaluation of design of internal controls and perform walk-throughs for all relevant business processes.</li> <li>We will determine adequate methodology and sampling size.</li> <li>Where deemed efficient and effective, RSM will rely on internal audit to perform parts of the testing and documentation of internal controls, and we will re-perform their work on a sample basis (%).</li> </ul>
Debt		X Low	X	X	
Self-Insurance Liabilities, Defined Benefit and OPEB Plans		X Mod	X	X	
Expenditures and Cash		X Low	X	X	
Payroll	X Low		X	X	<b>No control reliance:</b> <ul style="list-style-type: none"> <li>We will perform the evaluation of design of internal controls and perform walk-throughs for all relevant business processes.</li> </ul>
Other Revenue		X Low	X	X	

## Summary Audit Calendar

The following is a summary audit engagement execution schedule which integrates all facets of the engagement to meet internal and external deadlines. Please see Appendix I for a more detailed engagement execution calendar.

Date	Activity
<b>February 2017</b>	<ul style="list-style-type: none"> <li>Client acceptance re-evaluation</li> <li>Engagement letter provided to Audit Committee for review and approval</li> </ul>
<b>August 30, 2017</b>	<ul style="list-style-type: none"> <li>Present client service plan to the Audit Committee</li> </ul>
<b>August 21 through September 1, 2017</b> <i>Planning &amp; Interim Fieldwork</i>	<ul style="list-style-type: none"> <li>Audit team on-site</li> <li>Third-party specialist onsite to review preliminary settlement calculations</li> <li>Entire team (including concurring reviewer) review draft of consolidated report format and disclosures</li> <li>Perform procedures noted in bold on pages 7 through 9</li> <li>Re-perform tests of controls completed by internal audit</li> <li>Re-perform revenue existence testing completed by internal audit</li> </ul>
<b>October 2017</b>	<ul style="list-style-type: none"> <li>Information technology specialist on-site</li> </ul>
<b>October 23 through November 17</b> <i>Final Fieldwork</i>	<ul style="list-style-type: none"> <li>Audit partner, manager, in-charge and staff members on-site</li> <li>Third-party specialist to review final settlement calculations</li> <li>Second partner review</li> </ul>
<b>January 3rd</b> <i>Presentation of Audit Results</i>	<ul style="list-style-type: none"> <li>Present audit results to the Audit Committee</li> </ul>
<b>January 12th</b> <i>Issuance of final Audited Financial Statements</i>	<ul style="list-style-type: none"> <li>Issue final audit reports for Halifax Hospital Medical Center and Halifax Hospice, Inc.</li> <li>Issue debt covenant compliance letter</li> <li>Issue attestation report as required by the Auditor General of the State of Florida</li> <li>Issue Report on Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</li> <li>Issue Independent Auditor's Report on Compliance for Each Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General of the State of Florida</li> <li>Issue report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards;</li> <li>Issue report on Compliance with requirements that could have a direct and material effect on each major program and Internal Control over Compliance in accordance with Uniform Guidance;</li> <li>Issue Schedule of Findings or Questioned Costs.</li> <li>Issue management letter as required by the Auditor General of the State of Florida</li> </ul>

**Ongoing Activities  
(continuous)**

- Open communication among management, the Audit Committee and RSM's partners, managers and specialists (quarterly meetings established)
- Open communication among management and process owner and RSM's partners, managers and specialists during the audit (Weekly/Bi-weekly meetings established)
- Internally ensure seamless coordination between all members of RSM's service team

## Using the Work of Others in an Audit

As part of our understanding of your business and its environment, we will read relevant internal audit reports issued during the year to determine whether such reports indicate a source of potential error or fraud that would require a response when designing our audit procedures. Because internal auditors are employees, they are not independent, and their work can never be substituted for the work of the external auditor. We will, however, alter the nature, timing and extent of our audit procedures based upon the results of the internal auditor's work and use them to provide direct assistance to us during the performance of our audit.

The following is a summary of the significant areas where we plan to use the work of internal audit to support the external audit.

- Documentation of internal control processes and identification of key internal controls
- Walk-throughs of certain business process and information technology internal controls
- Testing of specific account balances and classes of transactions at interim and year-end fieldwork, primarily the existence of patient service revenue
- Testing of key internal controls

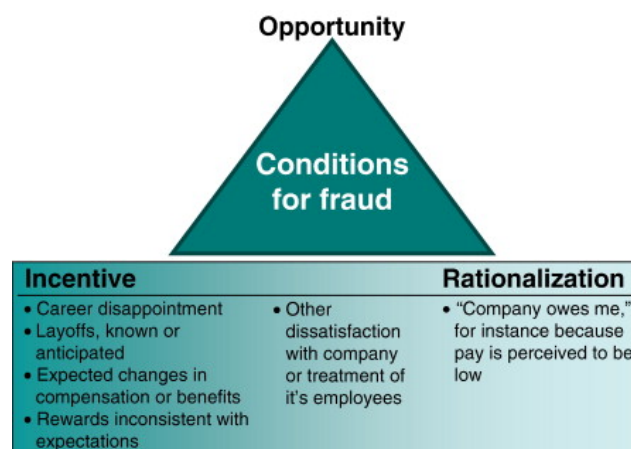
### **Component Auditors:**

As part of our process we will work with James Moore & Co., P.L., and we will contact them to perform certain procedures such as: review their latest peer review report, gain an understanding of the audit procedures they are going to perform, and confirm their independence with respect to Halifax Health.

## Other Risk Areas

Generally accepted audit standards (AU-C 240, *Consideration of Fraud in a Financial Statement Audit*) requires us to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Following are the procedures designed to obtain reasonable assurance:

	Summary Audit Procedures
Generally accepted audit standards (AU-C 240, <i>Consideration of Fraud in a Financial Statement Audit</i> )	Assess: <ul style="list-style-type: none"> <li>• Risk of misstatement due to fraudulent financial reporting or misappropriation of assets.</li> <li>• Entity's risk assessment process.</li> <li>• Internal Audit and Audit Committee activities.</li> <li>• Independent review organization activities.</li> <li>• Financial performance versus budget and prior year.</li> </ul>
	Evaluate and review: <ul style="list-style-type: none"> <li>• Code of conduct/ethics policies.</li> <li>• Management programs and controls to deter and detect fraud for identified risk (AU-C 240).</li> <li>• Areas most likely susceptible to fraud.</li> <li>• Business rationale for significant unusual transactions.</li> <li>• Management structure and any changes.</li> <li>• Accounting estimates, current and retrospective, for biases</li> <li>• Revenue recognition policies and procedures.</li> </ul>
	Consider: <ul style="list-style-type: none"> <li>• Results of analytical procedures (including revenue analytics).</li> <li>• Conditions generally present to commit fraud, and assess risks of fraud throughout the audit.</li> <li>• Materiality.</li> <li>• Current market and industry conditions.</li> <li>• Understanding of business and history of errors.</li> </ul>
	Examine and conduct: <ul style="list-style-type: none"> <li>• Inquiries of management and others within the entity, including the Audit Committee, internal auditors, those outside management, and those outside the finance function.</li> <li>• Journal entries and other adjustments.</li> <li>• Add an element of unpredictability in audit procedures year to year.</li> </ul>



# Other Required Communications

## Communication

Effective two-way communication between our Firm and the Audit Committee is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding Halifax Health and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance, or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

## Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of RSM LLP is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by RSM LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

## The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks, and performance.

We will obtain an understanding of internal control over financial reporting and compliance with laws, regulations, and provisions of contracts and grant agreements to assess the impact of internal control on determining the nature, timing, and extent of audit procedures, and we will establish an overall materiality limit for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.

We will use this knowledge and understanding, together with other factors, to first assess the risk that errors or fraud may cause a material misstatement at the financial statement level. The assessment of the risks of material misstatement at the financial statement level provides us with parameters within which to design the audit procedures for specific account balances and classes of transactions. Our risk assessment process at the account-balance or class-of-transactions level consists of:

- An assessment of inherent risk (the susceptibility of an assertion relating to an account balance or class of transactions to a material misstatement, assuming there are no related controls); and

- An evaluation of the design effectiveness of internal control over financial reporting and our assessment of control risk (the risk that a material misstatement could occur in an assertion and not be prevented or detected on a timely basis by the entity's internal control).

Similar assessments will also be made relative to compliance with laws, regulations, and provisions of contracts and grant agreements

We will then determine the nature, timing, and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

### **The Concept of Materiality in Planning and Executing the Audit**

In planning the audit, the materiality limit is viewed as the maximum aggregate amount, which if detected and not corrected, would cause us to modify our opinion on the financial statements. The materiality limit is an allowance not only for misstatements that will be detected and not corrected but also for misstatements that may not be detected by the audit. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

### **Our Approach to Internal Control and Compliance Relevant to the Audit**

Our audit of the financial statements will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of Halifax Health's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal controls. Our reports on internal control will include any significant deficiencies and material weaknesses in the system, of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act and Uniform Guidance.

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards and guidance identified above.



## New Accounting Guidance and Standards

The following standards will be analyzed for applicability to Halifax Health.

GASB 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	<p>In June of 2015, the GASB issued GASB 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>. This statement provides guidance for reporting by state and local governments that provide OPEB such as retiree health insurance to their employees and for governments that finance OPEB for employees of other governments.</p> <p>This standard is effective for fiscal years beginning after June 15, 2017.</p>
GASB 82, <i>Pension Issues, an Amendment of GASB Statements No. 67, No. 68 and No. 73</i>	<p>In March of 2016, the GASB issued GASB 82, <i>Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73</i>. This statement clarifies disclosure requirements for defined benefit pension plans.</p> <p>This standard is effective for fiscal year 2017.</p>
GASB 87, <i>Leases</i>	<p>In June of 2017, the GASB issued GASB 87, <i>Leases</i>. This statement requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The lease assets and liabilities will be recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.</p> <p>This standard is effective for fiscal years beginning after December 15, 2019.</p>

## Appendix I: Summary of Key Dates

The timing of our procedures is coordinated with management and has been designed to match Halifax Health's needs. Ongoing communication with our key management contacts is a key to our successful relationship and will continue throughout the process through formal and informal means.

<b>Engagement Letter Issued</b>	<b>March 1, 2017</b>
<b>Risk Assessment Completed</b>	<b>August 2017</b>
<b>PBC Listing for Preliminary Audit Fieldwork Provided</b>	<b>June 27, 2017</b>
<b>Delivery of Client Service Plan to Audit Committee</b>	<b>August 30, 2017</b>
<b>Preliminary Audit Fieldwork Begins</b>	<b>August 21, 2017</b>
<b>PBC Listing for Final Audit Fieldwork Provided</b>	<b>September 15, 2017</b>
<b>Final Audit Fieldwork Begins</b>	<b>October 23, 2017</b>
<b>Draft Financial Statements Provided to RSM</b>	<b>October 18, 2017</b>
<b>Preliminary Draft Financial Statement comments to Halifax</b>	<b>October 25, 2017</b>
<b>Mailing to the Audit Committee</b>	<b>December 27, 2017</b>
<b>Presentation of Audit Results</b>	<b>January 3, 2018</b>

## Appendix II: Contact List

### Halifax Health:

Name	Title	Contact Phone	E-Mail Address
Kent Bailey	Director of Finance	(386) 425-4563	Kent.Bailey@halifax.org
Kern Dowsett	Reimbursement Specialist	(386) 226-4576	Kern.Dowsett@halifax.org
Jeff Feasel	President & Chief Executive Officer	(386) 425-4785	Jeff.Feasel@halifax.org
Vivian Gallo	Chief Legal Counsel	(386) 254-4340	Vivian.Gallo@halifax.org
Arvin Lewis	Chief Revenue Officer	(386) 425-4595	Arvin.Lewis@halifax.org
Eric Peburn	Chief Financial Officer	(386) 425-4568	Eric.Peburn@halifax.org
Tracee Postell	Treasury Services Manager	(386) 425-4594	Tracee.Postell@halifax.org
Tyna Rodrigues	Accounting Manager	(386) 425-4584	Tyna.Rodrigues@halifax.org
Deborah Sabotka	Administrative Assistant to CFO	(386) 425-4568	Deborah.Sabotka@halifax.org
Ted Serbousek	Audit Committee Chair	(386) 527-5340	tw@richeyautos.com
Shelly Shiflet	VP and Chief Compliance Officer	(386) 254-4340	Shelly.Shiflet@halifax.org
Tom Stafford	Chief IT Officer	(386) 425-7309	Tom.Stafford@halifax.org
Charlena Stedman	Deputy Compliance Officer	(386) 254-4187	Charlena.Stedman@halifax.org
Lisa Tyler	Corporate Controller	(386) 425-4587	Lisa.Tyler@halifax.org

### RSM:

Name	Title	Engagement Responsibility	Contact Phone	E-Mail Address
Brian Katz	Manager	Third-Party Reimbursement	(847) 413-6454	brian.katz@rsmus.com
Sara Candela	In-Charge	Audit In-Charge	(407) 581-3527	sara.candela@rsmus.com
Alexandra Lorie	Director	Information Technology Specialist	(305) 569-7973	alexandra.lorie@rsmus.com
Anne Stevens	Manager	Compliance Manager	(407) 581-3564	anne.stevens@rsmus.com
Brandon Slauter	Manager	Audit Sr. Manager	(407) 581-3572	brandon.slauter@rsmus.com
Dan Vandenberghe	Partner	Concurring and Quality Control Partner	(612) 376-9267	dan.vandenberghe@rsmus.com
Ryan Weber	Partner	Audit Partner	(563) 888-4081	ryan.weber@rsmus.com
Clay Worden	Partner	Orlando Managing Partner	(407) 581-3506	clay.worden@rsmus.com

# Halifax Health

## Summary Financial Narrative

### For the ten months ended July 31, 2017

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

Financial Indicator	YTD Actual FY 17	YTD Budget FY 17	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 17 vs. S&P "A"
Total Margin	2.5%	1.8%	Favorable	5.8%	Unfavorable
Operating Margin	0.8%	0.8%	Neutral	3.6%	Unfavorable
EBIDA Margin	9.8%	9.4%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	8.3%	8.4%	Unfavorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	7.6%	8.2%	Unfavorable	N/A	N/A
Days Cash on Hand	250	262	Unfavorable	249	Favorable
Cash to Debt	96.8%	98.9%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	55.5%	56.0%	Favorable	29.1%	Unfavorable
OG MADS Coverage	2.01	2.05	Unfavorable	4.50	Unfavorable
OG Debt to Capitalization	54.5%	55.0%	Favorable	29.1%	Unfavorable

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

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

##### *Statistical Summary--*

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

##### *Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 2.9% greater than budget.
- Total operating expenses for the fiscal year-to-date are 2.8% greater than budget.
- Loss from operations fiscal year-to-date of \$483,000 compares unfavorably to budget by \$1.1 million.
- Nonoperating gains/(losses) fiscal year-to-date of \$1.4 million, primarily consisting of net investment income, compares unfavorably to the budgeted amount by \$595,000.
- Increase in net position fiscal year-to-date of \$896,000 compares unfavorably to budget by \$1.7 million.

#### **Halifax Health Hospice**

##### *Statistical Summary --*

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

##### *Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 5.3% less than budget.
- Loss from operations fiscal year-to-date of \$881,000 compares unfavorably to budget by \$1.4 million, due primarily to a Medicare settlement adjustment relating to fiscal year 2015 that reduced net patient service revenue by approximately \$1.2 million.
- Nonoperating gains fiscal year-to-date of \$6.4 million, including investment income of \$5.6 million, is greater than the budgeted amount by \$3.9 million.
- Increase in net position fiscal year-to-date of \$5.5 million compares favorably to budget by \$2.6 million.

**Halifax Health**  
**Summary Financial Indicators – Excluding Estimated Hurricane Matthew Costs**  
**For the ten months ended July 31, 2017**

The performance of Halifax Health compared to budget and long-range targets (S&P “A” rated medians) for key financial indicators, including computations excluding \$1.8 million of estimated Hurricane Matthew related costs, is as follows.

Financial Indicator	YTD Actual FY 17	YTD Adjusted Actual FY 17 (2)	YTD Budget FY 17	YTD Adj. Actual vs. Budget	S&P "A"	YTD Adj. Actual FY 17 vs. S&P "A"
Total Margin	2.5%	2.9%	1.8%	Favorable	5.8%	Unfavorable
Operating Margin	0.8%	1.2%	0.8%	Favorable	3.6%	Unfavorable
EBIDA Margin	9.8%	10.2%	9.4%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	8.3%	8.7%	8.4%	Favorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin (1)	7.6%	8.0%	8.2%	Unfavorable	N/A	N/A
Days Cash on Hand	250	252	262	Unfavorable	249	Favorable
Cash to Debt	96.8%	97.3%	98.9%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	55.5%	55.3%	56.0%	Favorable	29.1%	Unfavorable
OG MADS Coverage	2.01	2.12	2.05	Favorable	4.50	Unfavorable
OG Debt to Capitalization	54.5%	54.4%	55.0%	Favorable	29.1%	Unfavorable

(1)- Excludes investment income/loss of Foundation recorded as operating income.

(2)- Financial indicators computed by excluding estimated Hurricane Matthew related expenses of \$1.8 million.

# Halifax Health Statistical Summary

Month Ended July 31,					Ten Months Ended July 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>		<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Inpatient Activity</u></b>								
1,467	1,567	1,502	4.3%	HHMC Adult/Ped Admissions	15,749	15,735	15,951	-1.4%
127	146	145	0.7%	HHMCPO Adult/Ped Admissions	1,455	1,469	1,549	-5.2%
156	148	133	11.3%	Adult Psych Admissions	1,381	1,407	1,431	-1.7%
56	53	51	3.9%	Rehabilitative Admissions	543	635	513	23.8%
<b>1,806</b>	<b>1,914</b>	<b>1,831</b>	<b>4.5%</b>	<b>Total Adult/Ped Admissions</b>	<b>19,128</b>	<b>19,246</b>	<b>19,444</b>	<b>-1.0%</b>
8,062	8,321	7,586	9.7%	HHMC Adult/Ped Patient Days	82,161	83,470	79,861	4.5%
533	886	717	23.6%	HHMCPO Adult/Ped Patient Days	5,437	8,496	7,489	13.4%
1,581	1,253	1,595	-21.4%	Adult Psych Patient Days	14,645	13,262	14,774	-10.2%
839	850	866	-1.8%	Rehabilitative Patient Days	8,641	8,802	8,493	3.6%
<b>11,015</b>	<b>11,310</b>	<b>10,764</b>	<b>5.1%</b>	<b>Total Adult/Ped Patient Days</b>	<b>110,884</b>	<b>114,030</b>	<b>110,617</b>	<b>3.1%</b>
5.5	5.3	5.1	5.1%	HHMC Average Length of Stay	5.2	5.3	5.0	6.0%
4.2	6.1	4.9	22.7%	HHMCPO Average Length of Stay	3.7	5.8	4.8	19.6%
<b>5.4</b>	<b>5.4</b>	<b>5.0</b>	<b>6.6%</b>	<b>HHMC/ HHMCPO Average Length of Stay</b>	<b>5.1</b>	<b>5.3</b>	<b>5.0</b>	<b>7.1%</b>
10.1	8.5	12.0	-29.4%	Adult Psych Average Length of Stay	10.6	9.4	10.3	-8.7%
15.0	16.0	17.0	-5.6%	Rehabilitative Length of Stay	15.9	13.9	16.6	-16.3%
<b>6.1</b>	<b>5.9</b>	<b>5.9</b>	<b>0.5%</b>	<b>Total Average Length of Stay</b>	<b>5.8</b>	<b>5.9</b>	<b>5.7</b>	<b>4.1%</b>
<b>355</b>	<b>365</b>	<b>347</b>	<b>5.1%</b>	<b>Total Average Daily Census</b>	<b>364</b>	<b>375</b>	<b>364</b>	<b>3.1%</b>
621	736	611	20.5%	HHMC Observation Patient Day Equivalents	6,238	6,632	6,115	8.5%
98	157	103	52.4%	HHMCPO Observation Patient Day Equivalents	984	1,284	935	37.3%
<b>719</b>	<b>893</b>	<b>714</b>	<b>25.1%</b>	<b>Total Observation Patient Day Equivalents</b>	<b>7,222</b>	<b>7,916</b>	<b>7,050</b>	<b>12.3%</b>
<b>23</b>	<b>29</b>	<b>23</b>	<b>26.1%</b>	<b>Observation Average Daily Census</b>	<b>24</b>	<b>26</b>	<b>23</b>	<b>13.0%</b>
160	152	154	-1.3%	HHMC Newborn Births	1,591	1,449	1,552	-6.6%
297	290	290	0.0%	HHMC Nursery Patient Days	3,100	2,689	3,109	-13.5%
430	424	459	-7.6%	HHMC Inpatient Surgeries	4,481	4,380	4,783	-8.4%
5	10	3	233.3%	HHMCPO Inpatient Surgeries	15	69	9	666.7%
<b>435</b>	<b>434</b>	<b>462</b>	<b>-6.1%</b>	<b>Total Inpatient Surgeries</b>	<b>4,496</b>	<b>4,449</b>	<b>4,792</b>	<b>-7.2%</b>
<b><u>Inpatient Surgeries</u></b>								
172	160			Orthopedics	1,754	1,709		
69	58			General Surgery	806	693		
50	39			Neurosurgery	498	409		
14	24			Vascular	143	292		
22	33			Thoracic Surgery	214	270		
108	120			All Other	1,081	1,076		
<b>435</b>	<b>434</b>	<b>462</b>	<b>-6.1%</b>	<b>Total Inpatient Surgeries</b>	<b>4,496</b>	<b>4,449</b>	<b>4,792</b>	<b>-7.2%</b>

# Halifax Health Statistical Summary

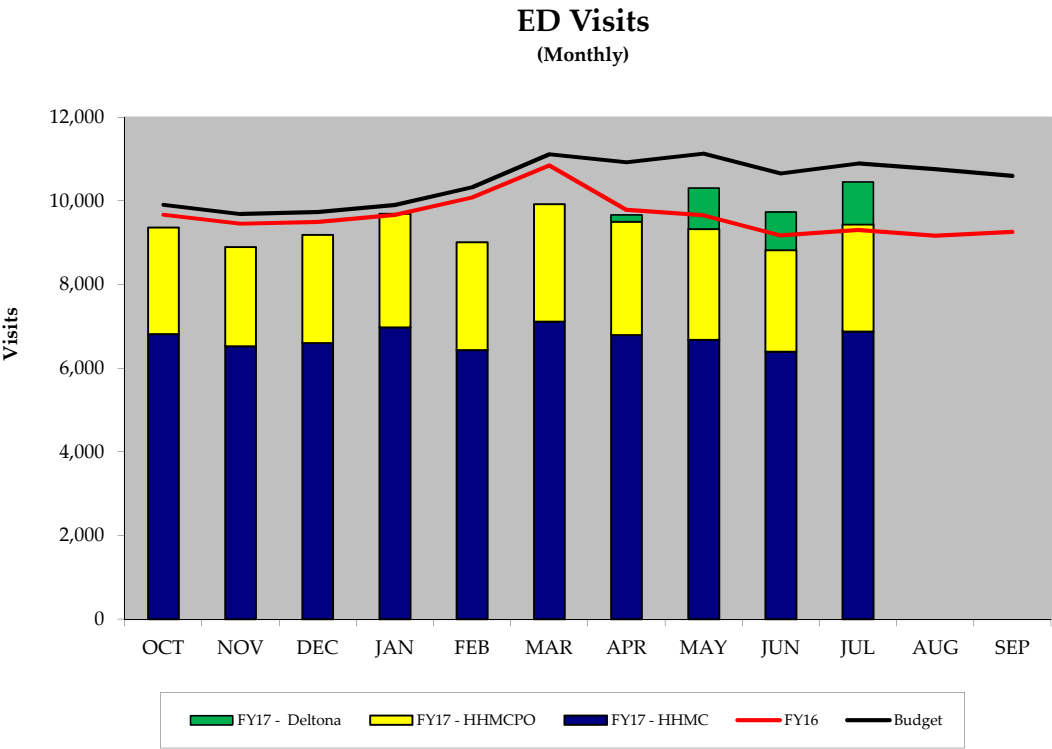
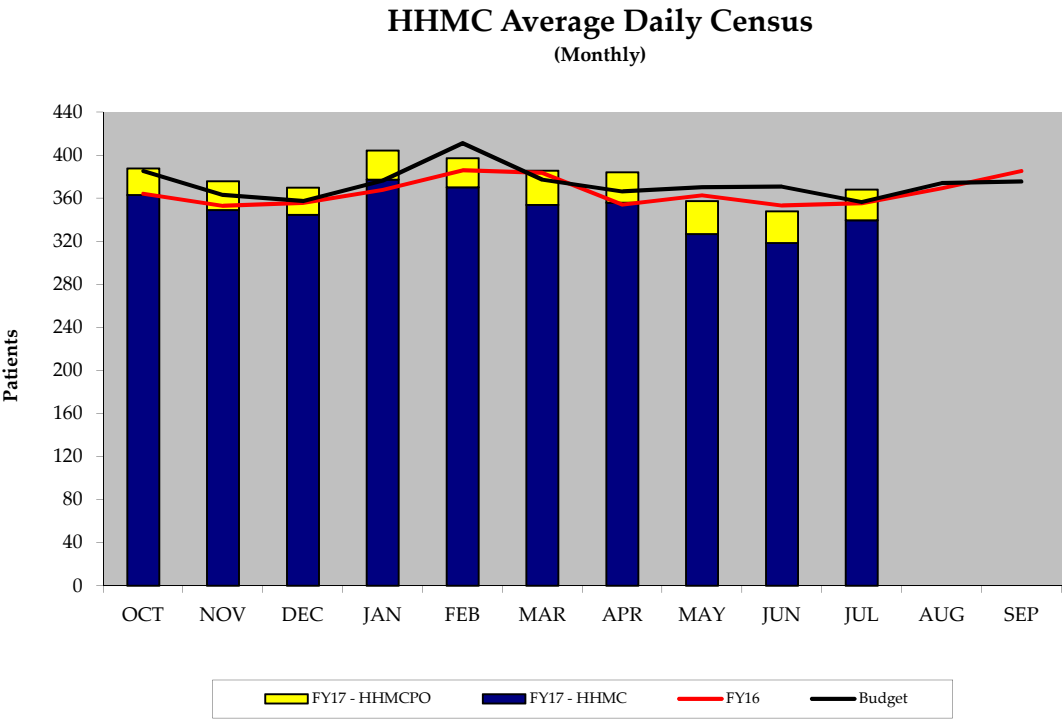
Month Ended					Ten Months Ended			
July 31,					July 31,			
2016	2017	Budget	Var.		2016	2017	Budget	Var.
				<u>Outpatient Activity</u>				
6,771	6,875	6,891	-0.2%	HHMC ED Registrations	69,647	67,235	70,884	-5.1%
2,536	2,565	2,642	-2.9%	HHMCPO ED Registrations	27,508	25,955	28,656	-9.4%
0	1,019	1,364	-25.3%	Deltona ED Registrations	0	3,074	4,764	-35.5%
9,307	10,459	10,897	-4.0%	Total ED	97,155	96,264	104,304	-7.7%
369	352	354	-0.6%	HHMC Outpatient Surgeries	3,915	4,041	3,756	7.6%
84	0	86	-100.0%	HPC Outpatient Surgeries	989	309	1,014	-69.5%
0	119	0	0.0%	HHMCPO Outpatient Surgeries	3	546	3	18100.0%
287	231	303	-23.8%	Twin Lakes Surgeries	3,651	3,467	3,455	0.3%
740	702	743	-5.5%	Total Outpatient Surgeries	8,558	8,363	8,228	1.6%
				<u>Outpatient Surgeries</u>				
161	144			General Surgery	1,703	1,773		
161	129			Orthopedics	1,836	1,561		
44	61			Gastroenterology	987	840		
76	63			Obstetrics Gynecology	776	736		
48	64			Ophthalmology	606	620		
250	241			All Other	2,650	2,833		
740	702	743	-5.5%	Total Outpatient Surgeries	8,558	8,363	8,228	1.6%
				<u>Cardiology Procedures</u>				
15	26			Open Heart Cases	152	206		
77	161			Cardiac Caths	1,060	1,344		
23	21			CRM Devices	358	296		
28	31			EP Studies	296	374		
143	239	178	34.3%	Total Cardiology Procedures	1,866	2,220	1,991	11.5%
				<u>Interventional Radiology Procedures</u>				
10	7	9	-22.2%	Vascular	79	54	68	-20.6%
180	155	205	-24.4%	Nonvascular	1,899	1,598	1,884	-15.2%
190	162	214	-24.3%	Total Interventional Radiology Procedures	1,978	1,652	1,952	-15.4%
166	203	164	23.8%	GI Lab Procedures	1,910	2,023	1,926	5.0%
				<u>HH Hospice Activity</u>				
				<u>Patient Days</u>				
16,684	16,137	17,050	-5.4%	Volusia/ Flagler	167,180	154,545	167,200	-7.6%
443.0	1,521	1,000	52.1%	Orange/ Osceola	2,455.0	10,779	7,945	35.7%
17,127	17,658	18,050	-2.2%	HH Hospice Patient Days	169,635	165,324	175,145	-5.6%
				<u>Average Daily Census</u>				
538	521	550	-5.4%	Volusia/ Flagler	548	508	550	-7.6%
14	49	32	52.1%	Orange/ Osceola	8	35	26	35.7%
552	570	582	-2.2%	HH Hospice Average Daily Census	556	544	576	-5.6%

# Halifax Health Statistical Summary

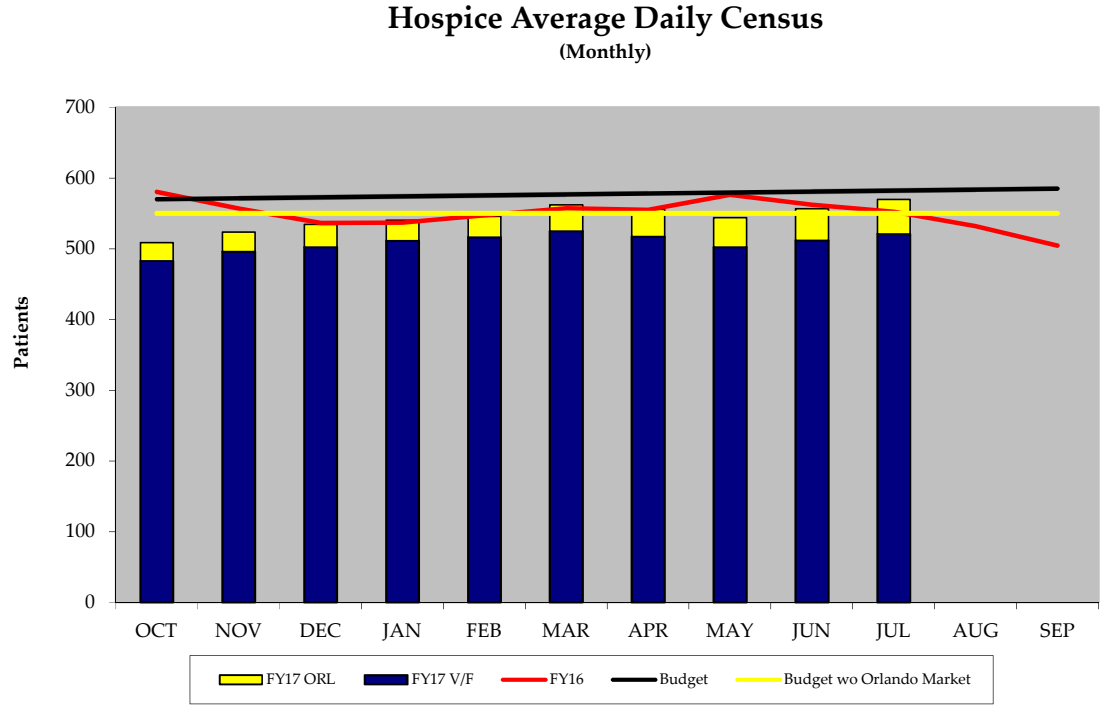
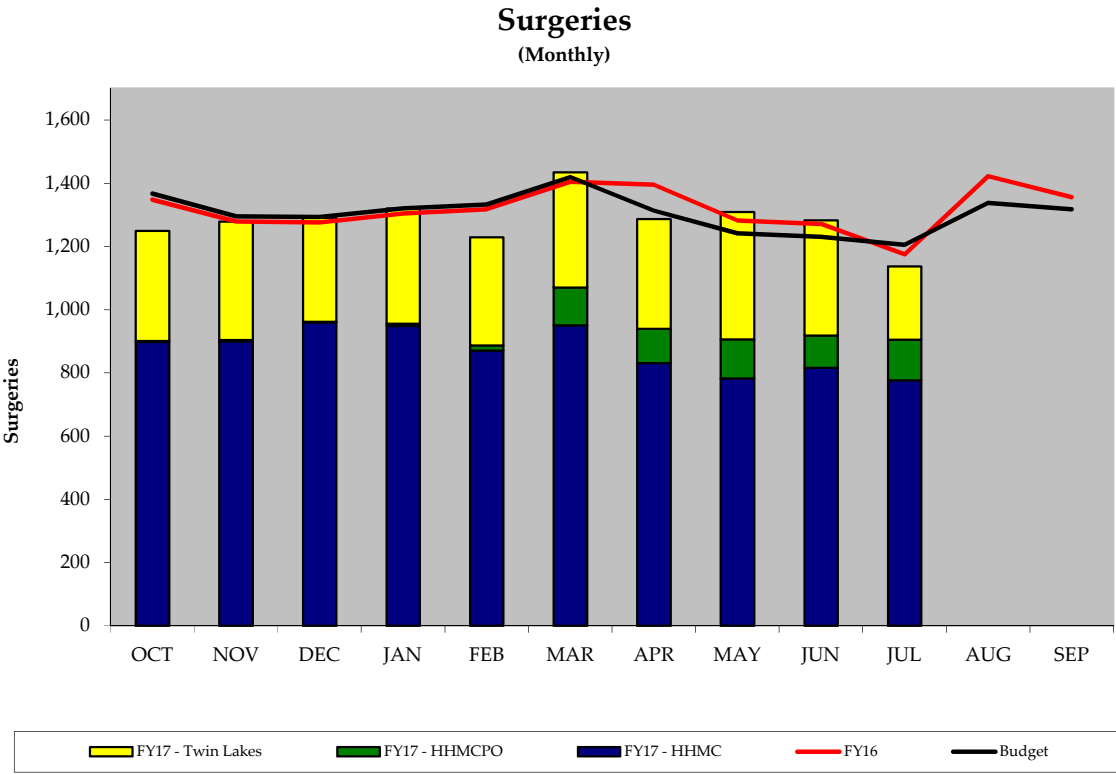
Month Ended July 31,				Ten Months Ended July 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>	<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Physician Practice Activity</u></b>							
<b><u>Primary Care Visits</u></b>							
289	371	687	-46.0%	Ormond Beach	2,489	3,249	6,732 -51.7%
958	987	956	3.3%	Daytona Beach	10,742	10,101	10,714 -5.7%
334	452	469	-3.6%	Port Orange	3,832	6,762	9,143 -26.0%
316	280	413	-32.2%	Deltona	4,581	2,809	5,984 -53.1%
-	767	-	N/A	New Smyrna	-	2,763	- N/A
420	515	940	-45.2%	Ormond Beach (Women's/OB)	4,359	4,861	9,755 -50.2%
-	220	806	-72.7%	Ormond Beach - Urgent Care	-	917	8,060 -88.6%
<b>2,317</b>	<b>3,592</b>	<b>4,271</b>	<b>-15.9%</b>	<b>Primary Care Visits</b>	<b>26,003</b>	<b>31,462</b>	<b>50,388 -37.6%</b>
<b><u>Children's Medical Center Visits</u></b>							
742	712	1,166	-38.9%	Ormond Beach	7,205	8,471	11,325 -25.2%
339	219	348	-37.1%	Palm Coast	4,039	1,179	4,144 -71.5%
393	490	416	17.8%	Port Orange	4,554	4,954	4,821 2.8%
<b>1,474</b>	<b>1,421</b>	<b>1,930</b>	<b>-26.4%</b>	<b>Children's Medical Center Visits</b>	<b>15,798</b>	<b>14,604</b>	<b>20,290 -28.0%</b>
<b><u>Community Clinic Visits</u></b>							
365	390	346	12.7%	Keech Street	4,091	4,127	3,875 6.5%
270	195	270	-27.8%	Adult Community Clinic	3,623	2,443	3,623 -32.6%
<b>635</b>	<b>585</b>	<b>616</b>	<b>-5.0%</b>	<b>Community Clinic Visits</b>	<b>7,714</b>	<b>6,570</b>	<b>7,498 -12.4%</b>



# Halifax Health Statistical Summary - Graphic



# Halifax Health Statistical Summary - Graphic



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

	July 31,		
	2017	2016	Change
<b><u>Assets</u></b>			
Cash and cash equivalents	\$40,212	\$52,990	(\$12,778)
Investments	269,691	262,813	6,878
Board designated assets	45,103	45,031	72
Accounts receivable	71,534	65,147	6,387
Restricted assets whose use is limited	13,684	19,686	(6,002)
Other assets	39,807	38,388	1,419
Deferred outflow - swap	30,763	44,605	(13,842)
Deferred outflow - loss on bond refunding	16,609	17,533	(924)
Deferred outflow - pension	27,540	34,604	(7,064)
Property, plant and equipment	352,703	361,026	(8,323)
Total Assets	<u>\$907,646</u>	<u>\$941,823</u>	<u>(\$34,177)</u>
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$34,498	\$31,959	\$2,539
Other liabilities	76,011	81,220	(5,209)
Net pension liability	105,600	131,601	(26,001)
Long-term debt	347,271	354,788	(7,517)
Premium on LTD, net	19,373	20,043	(670)
Long-term value of swap	30,763	44,605	(13,842)
Net position	294,130	277,607	16,523
Total Liabilities and Net position	<u>\$907,646</u>	<u>\$941,823</u>	<u>(\$34,177)</u>

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

Month ended July 31, 2017	Month ended July 31, 2016	Variance		Ten Months ended July 31, 2017	Ten Months ended July 31, 2016	Variance
			<b>Cash flows from operating activities:</b>			
\$41,532	\$37,892	\$3,640	Receipts from third party payors and patients	\$411,478	\$407,197	\$4,281
(21,397)	(21,626)	229	Payments to employees	(253,283)	(235,389)	(17,894)
(14,364)	(10,836)	(3,528)	Payments to suppliers	(158,098)	(150,832)	(7,266)
27	40	(13)	Receipt of ad valorem taxes	11,637	13,166	(1,529)
-	-	-	Receipt (payment) of State UPL funds, net	4,864	816	4,048
2,495	1,531	964	Other receipts	28,967	28,278	689
(3,709)	(3,660)	(49)	Other payments	(36,441)	(37,838)	1,397
4,584	3,341	1,243	Net cash provided by (used in) operating activities	9,124	25,398	(16,274)
			<b>Cash flows from noncapital financing activities:</b>			
58	70	(12)	Proceeds from donations received	868	1,169	(301)
-	-	-	Nonoperating gain (loss)	16	(6)	22
58	70	(12)	Net cash provided by noncapital financing activities	884	1,163	(279)
			<b>Cash flows from capital and related financing activities:</b>			
(1,593)	(1,450)	(143)	Acquisition of capital assets	(16,221)	(20,182)	3,961
(201)	(190)	(11)	Payment of long-term debt	(7,124)	(1,900)	(5,224)
-	-	-	Proceeds from issuance of long-term debt	-	175,424	(175,424)
-	1,030	(1,030)	Transfers to trustee held funds	5,474	(13,177)	18,651
-	-	-	Payment for defeasance of bonds	-	(168,728)	168,728
(364)	(354)	(10)	Payment of interest on long-term debt	(16,174)	(14,111)	(2,063)
-	-	-	Payment of bond issue costs	-	(1,774)	1,774
(2,158)	(964)	(1,194)	Net cash used in capital financing activities	(34,045)	(44,448)	10,403
			<b>Cash flows from investing activities:</b>			
223	405	(182)	Realized investment income (loss)	4,739	6,348	(1,609)
(213)	(2,435)	2,222	Purchases of investments/limited use assets	(8,702)	(100,990)	92,288
(77)	1,006	(1,083)	Sales/Maturities of investments/limited use assets	9,639	109,766	(100,127)
(67)	(1,024)	957	Net cash provided by (used in) investing activities	5,676	15,124	(9,448)
2,417	1,423	994	<b>Net increase (decrease) in cash and cash equivalents</b>	(18,361)	(2,763)	(15,598)
37,795	51,567	(13,772)	<b>Cash and cash equivalents at beginning of period</b>	58,573	55,753	2,820
<u>\$40,212</u>	<u>\$52,990</u>	<u>(\$12,778)</u>	<b>Cash and cash equivalents at end of period</b>	<u>\$40,212</u>	<u>\$52,990</u>	<u>(\$12,778)</u>

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

Actual Month Ended Jul 31, 2017	Actual Month Ended Jul 31, 2016	Favorable (Unfavorable) Variance		Actual Ten Months Ended Jul 31, 2017	Actual Ten Months Ended Jul 31, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
\$54,469	\$44,030	\$10,439	Net patient service revenue, before provision for bad debts	\$494,083	\$499,064	(\$4,981)
(12,512)	(4,573)	(7,939)	Provision for bad debts	(70,730)	(91,040)	20,310
41,957	39,457	2,500	Net patient service revenue	423,353	408,024	15,329
938	1,104	(166)	Ad valorem taxes	9,377	11,043	(1,666)
2,330	3,074	(744)	Other revenue	22,507	25,369	(2,862)
45,225	43,635	1,590	Total operating revenues	455,237	444,436	10,801
			Operating expenses:			
22,585	20,466	(2,119)	Salaries and benefits	232,251	214,209	(18,042)
6,857	6,051	(806)	Purchased services	65,025	65,744	719
8,606	7,438	(1,168)	Supplies	83,961	76,885	(7,076)
1,999	2,103	104	Depreciation and amortization	19,860	20,663	803
1,422	1,428	6	Interest	14,070	14,471	401
607	636	29	Ad valorem tax related expenses	6,217	6,320	103
906	748	(158)	Leases and rentals	7,877	7,577	(300)
2,207	2,382	175	Other	22,320	24,331	2,011
45,189	41,252	(3,937)	Total operating expenses	451,581	430,200	(21,381)
36	2,383	(2,347)	Excess of operating revenues over expenses	3,656	14,236	(10,580)
			Nonoperating revenues, expenses, and gains/(losses):			
223	406	(183)	Realized investment income/(losses)	4,739	6,349	(1,610)
1,151	1,675	(524)	Unrealized investment income/(losses)	2,169	5,458	(3,289)
58	71	(13)	Donation revenue	870	1,167	(297)
-	-	-	Interest - bond issue costs	-	(1,774)	1,774
-	-	-	Nonoperating gains/(losses), net	18	(6)	24
1,432	2,152	(720)	Total nonoperating revenues, expenses, and gains/(losses)	7,796	11,194	(3,398)
\$1,468	\$4,535	(\$3,067)	Increase in net position	\$11,452	\$25,430	(\$13,978)

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

Actual Month Ended Jul 31, 2017	Static Budget Month Ended Jul 31, 2017	Favorable (Unfavorable) Variance		Actual Ten Months Ended Jul 31, 2017	Static Budget Ten Months Ended Jul 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$54,469	\$46,201	\$8,268	Net patient service revenue, before provision for bad debts	\$494,083	\$474,554	\$19,529
(12,512)	(5,590)	(6,922)	Provision for bad debts	(70,730)	(60,165)	(10,565)
41,957	40,611	1,346	Net patient service revenue	423,353	414,389	8,964
938	938	-	Ad valorem taxes	9,377	9,377	-
2,330	2,023	307	Other revenue	22,507	21,468	1,039
45,225	43,572	1,653	Total operating revenues	455,237	445,234	10,003
			Operating expenses:			
22,585	23,530	945	Salaries and benefits	232,251	235,306	3,055
6,857	5,941	(916)	Purchased services	65,025	58,413	(6,612)
8,606	7,199	(1,407)	Supplies	83,961	77,854	(6,107)
1,999	1,978	(21)	Depreciation and amortization	19,860	19,856	(4)
1,422	1,407	(15)	Interest	14,070	14,096	26
607	628	21	Ad valorem tax related expenses	6,217	6,261	44
906	770	(136)	Leases and rentals	7,877	7,282	(595)
2,207	2,263	56	Other	22,320	22,505	185
45,189	43,716	(1,473)	Total operating expenses	451,581	441,573	(10,008)
36	(144)	180	Excess (deficiency) of operating revenues over expenses	3,656	3,661	(5)
			Nonoperating revenues, expenses, and gains/(losses):			
223	385	(162)	Realized investment income/(losses)	4,739	3,854	885
1,151	-	1,151	Unrealized investment income/(losses)	2,169	-	2,169
58	60	(2)	Donation revenue	870	596	274
-	-	-	Nonoperating gains/(losses), net	18	-	18
1,432	445	987	Total nonoperating revenues, expenses, and gains/(losses)	7,796	4,450	3,346
\$1,468	\$301	\$1,167	Increase in net position	\$11,452	\$8,111	\$3,341

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

<b>Actual Month Ended Jul 31, 2017</b>	<b>Static Budget Month Ended Jul 31, 2017</b>	<b>Favorable (Unfavorable) Variance</b>		<b>Actual Ten Months Ended Jul 31, 2017</b>	<b>Static Budget Ten Months Ended Jul 31, 2017</b>	<b>Favorable (Unfavorable) Variance</b>
			Operating revenues:			
\$50,845	\$42,415	\$8,430	Net patient service revenue, before provision for bad debts	\$459,232	\$437,692	\$21,540
(12,479)	(5,491)	(6,988)	Provision for bad debts	(69,834)	(59,174)	(10,660)
38,366	36,924	1,442	Net patient service revenue	389,398	378,518	10,880
938	938	-	Ad valorem taxes	9,377	9,377	-
1,310	1,307	3	Other revenue	13,556	14,307	(751)
40,614	39,169	1,445	Total operating revenues	412,331	402,202	10,129
			Operating expenses:			
20,528	21,402	874	Salaries and benefits	211,336	214,037	2,701
5,881	4,793	(1,088)	Purchased services	54,660	47,570	(7,090)
8,367	6,961	(1,406)	Supplies	81,682	75,536	(6,146)
1,871	1,851	(20)	Depreciation and amortization	18,517	18,515	(2)
1,415	1,400	(15)	Interest	13,973	13,999	26
607	628	21	Ad valorem tax related expenses	6,217	6,261	44
714	602	(112)	Leases and rentals	6,140	5,631	(509)
2,034	2,010	(24)	Other	20,289	20,002	(287)
41,417	39,647	(1,770)	Total operating expenses	412,814	401,551	(11,263)
(803)	(478)	(325)	Excess (deficiency) of operating revenues over expenses	(483)	651	(1,134)
			Nonoperating revenues, expenses, and gains/(losses):			
159	197	(38)	Realized investment income/(losses)	2,407	1,974	433
354	-	354	Unrealized investment income/(losses)	(1,084)	-	(1,084)
-	-	-	Donation revenue	38	-	38
-	-	-	Nonoperating gains/(losses), net	18	-	18
513	197	316	Total nonoperating revenues, expenses, and gains/(losses)	1,379	1,974	(595)
(\$290)	(\$281)	(\$9)	Increase (decrease) in net position	\$896	\$2,625	(\$1,729)

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

Actual Month Ended Jul 31, 2016		Actual Month Ended Jul 31, 2017		Static Budget Month Ended Jul 31, 2017			Actual Ten Months Ended Jul 31, 2016		Actual Ten Months Ended Jul 31, 2017		Static Budget Ten Months Ended Jul 31, 2017	
\$129,439	100.00%	\$154,172	100.00%	\$142,983	100.00%	Gross charges	\$1,383,011	100.00%	\$1,518,231	100.00%	\$1,470,804	100.00%
(8,411)	-6.50%	(9,481)	-6.15%	(8,060)	-5.64%	Charity	(61,419)	-4.44%	(79,642)	-5.25%	(84,861)	-5.77%
(80,615)	-62.28%	(93,846)	-60.87%	(92,508)	-64.70%	Contractual adjustments	(858,841)	-62.10%	(979,357)	-64.51%	(948,251)	-64.47%
40,413	31.22%	50,845	32.98%	42,415	29.66%	Gross charges, before provision for bad debts	462,751	33.46%	459,232	30.25%	437,692	29.76%
(4,513)	-3.49%	(12,479)	-8.09%	(5,491)	-3.84%	Provision for bad debts	(90,243)	-6.53%	(69,834)	-4.60%	(59,174)	-4.02%
<b>\$35,900</b>	<b>27.74%</b>	<b>\$38,366</b>	<b>24.89%</b>	<b>\$36,924</b>	<b>25.82%</b>	<b>Net patient service revenue</b>	<b>\$372,508</b>	<b>26.93%</b>	<b>\$389,398</b>	<b>25.65%</b>	<b>\$378,518</b>	<b>25.74%</b>



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

Actual Month Ended Jul 31, 2017	Static Budget Month Ended Jul 31, 2017	Favorable (Unfavorable) Variance		Actual Ten Months Ended Jul 31, 2017	Static Budget Ten Months Ended Jul 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,624	\$3,786	(\$162)	Net patient service revenue, before provision for bad debts	\$34,851	\$36,862	(\$2,011)
(33)	(99)	66	Provision for bad debts	(896)	(991)	95
3,591	3,687	(96)	Net patient service revenue	33,955	35,871	(1,916)
157	199	(42)	Other revenue	1,675	1,991	(316)
3,748	3,886	(138)	Total operating revenues	35,630	37,862	(2,232)
			Operating expenses:			
1,994	2,053	59	Salaries and benefits	20,204	20,523	319
941	1,109	168	Purchased services	10,011	10,458	447
239	237	(2)	Supplies	2,276	2,310	34
61	60	(1)	Depreciation and amortization	677	675	(2)
187	163	(24)	Leases and rentals	1,686	1,600	(86)
161	183	22	Other	1,657	1,798	141
3,583	3,805	222	Total operating expenses	36,511	37,364	853
165	81	84	Excess (deficiency) of operating revenues over expenses	(881)	498	(1,379)
			Nonoperating revenues, expenses, and gains/(losses):			
64	188	(124)	Realized investment income/(losses)	2,332	1,880	452
797	-	797	Unrealized investment income/(losses)	3,253	-	3,253
58	60	(2)	Donation revenue	832	596	236
-	-	-	Nonoperating gains/(losses), net	-	-	-
919	248	671	Total nonoperating revenues, expenses, and gains/(losses)	6,417	2,476	3,941
\$1,084	\$329	\$755	Increase in net position	\$5,536	\$2,974	\$2,562

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

Actual Month Ended Jul 31, 2017	Static Budget Month Ended Jul 31, 2017	Favorable (Unfavorable) Variance		Actual Ten Months Ended Jul 31, 2017	Static Budget Ten Months Ended Jul 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
328	341	(13)	Other revenue	3,307	3,412	(105)
328	341	(13)	Total operating revenues	3,307	3,412	(105)
			Operating expenses:			
55	65	10	Salaries and benefits	610	642	32
35	35	-	Purchased services	341	348	7
-	1	1	Supplies	3	8	5
67	67	-	Depreciation and amortization	666	666	-
7	7	-	Interest	97	97	-
5	5	-	Leases and rentals	51	51	-
1	3	2	Other	11	33	22
170	183	13	Total operating expenses	1,779	1,845	66
158	158	-	Excess of operating revenues over expenses	1,528	1,567	(39)
			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)	-	-	-
\$158	\$158	\$0	Increase in net position	\$1,528	\$1,567	(\$39)

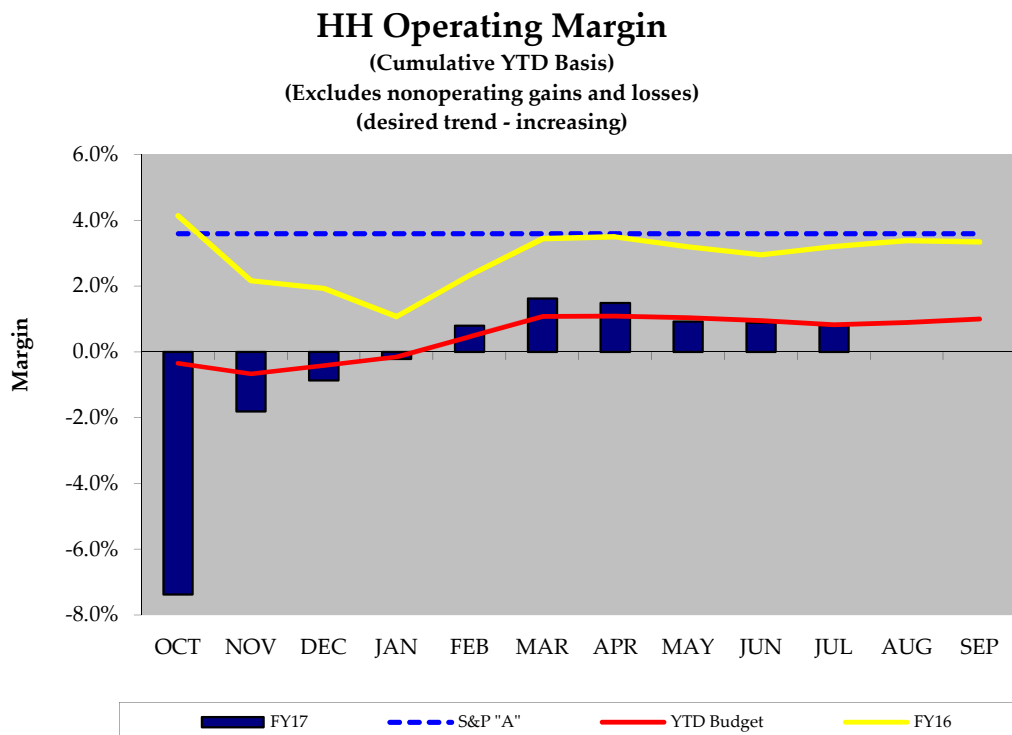
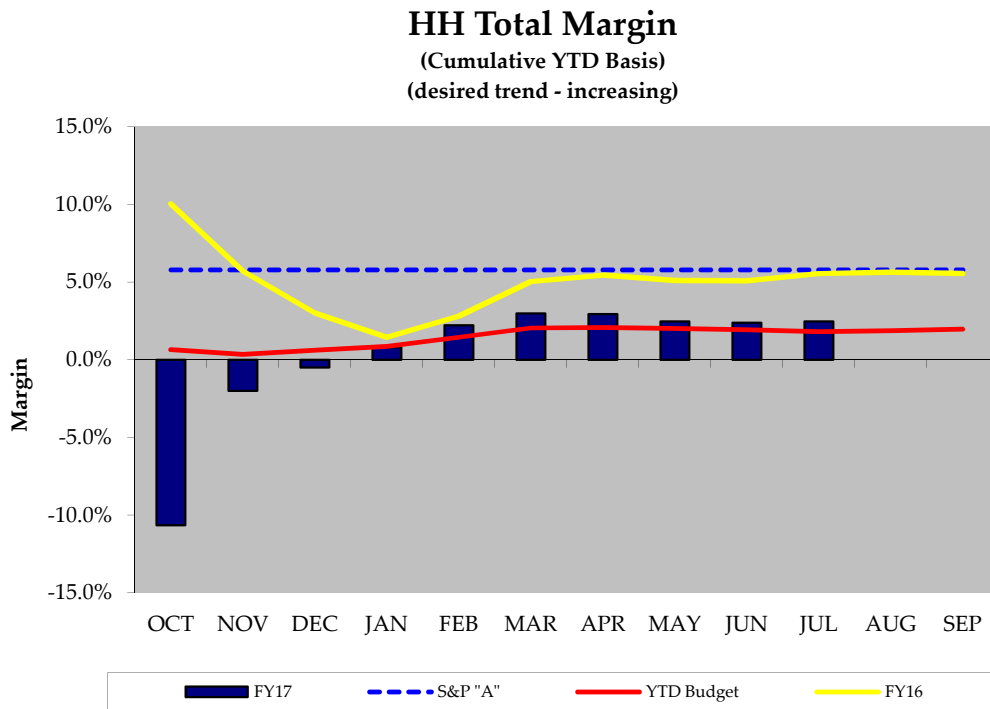
**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended Jul 31, 2017	Static Budget Month Ended Jul 31, 2017	Favorable (Unfavorable) Variance		Actual Ten Months Ended Jul 31, 2017	Static Budget Ten Months Ended Jul 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
39	105	(66)	Realized investment income/(losses)	1,208	1,050	158
419	-	419	Unrealized investment income/(losses)	1,822	-	1,822
77	71	6	Donation revenue	939	708	231
-	-	-	Other revenue	-	-	-
535	176	359	Total operating revenues	3,969	1,758	2,211
			Operating expenses:			
8	10	2	Salaries and benefits	101	104	3
-	4	4	Purchased services	13	37	24
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
11	67	56	Other	363	672	309
19	81	62	Total operating expenses	477	813	336
<b>\$516</b>	<b>\$95</b>	<b>\$421</b>	<b>Increase in net position</b>	<b>\$3,492</b>	<b>\$945</b>	<b>\$2,547</b>

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

Actual Month Ended Jul 31, 2017	Static Budget Month Ended Jul 31, 2017	Favorable (Unfavorable) Variance		Actual Ten Months Ended Jul 31, 2017	Static Budget Ten Months Ended Jul 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$50,845	\$42,415	\$8,430	Net patient service revenue, before provision for bad debts	\$459,232	\$437,692	\$21,540
(12,479)	(5,491)	(6,988)	Provision for bad debts	(69,834)	(59,174)	(10,660)
38,366	36,924	1,442	Net patient service revenue	389,398	378,518	10,880
938	938	-	Ad valorem taxes	9,377	9,377	-
1,310	1,307	3	Other revenue	13,556	14,307	(751)
40,614	39,169	1,445	Total operating revenues	412,331	402,202	10,129
			Operating expenses:			
20,528	21,402	874	Salaries and benefits	211,336	214,037	2,701
5,881	4,793	(1,088)	Purchased services	54,660	47,570	(7,090)
8,367	6,961	(1,406)	Supplies	81,682	75,536	(6,146)
1,871	1,851	(20)	Depreciation and amortization	18,517	18,515	(2)
1,415	1,400	(15)	Interest	13,973	13,999	26
607	628	21	Ad valorem tax related expenses	6,217	6,261	44
714	602	(112)	Leases and rentals	6,140	5,631	(509)
2,034	2,010	(24)	Other	20,289	20,002	(287)
41,417	39,647	(1,770)	Total operating expenses	412,814	401,551	(11,263)
(803)	(478)	(325)	Excess (deficiency) of operating revenues over expenses	(483)	651	(1,134)
			Nonoperating revenues, expenses, and gains/(losses):			
159	197	(38)	Realized investment income/(losses)	2,407	1,974	433
354	-	354	Unrealized investment income/(losses)	(1,084)	-	(1,084)
-	-	-	Donation revenue	38	-	38
-	-	-	Nonoperating gains/(losses), net	18	-	18
513	197	316	Total nonoperating revenues, expenses, and gains/(losses)	1,379	1,974	(595)
(290)	(281)	(9)	Increase (decrease) in net position before other changes in net position	896	2,625	(1,729)
1,758	582	1,176	Income from affiliates	10,556	5,486	5,070
<b>\$1,468</b>	<b>\$301</b>	<b>\$1,167</b>	<b>Increase in net position</b>	<b>\$11,452</b>	<b>\$8,111</b>	<b>\$3,341</b>

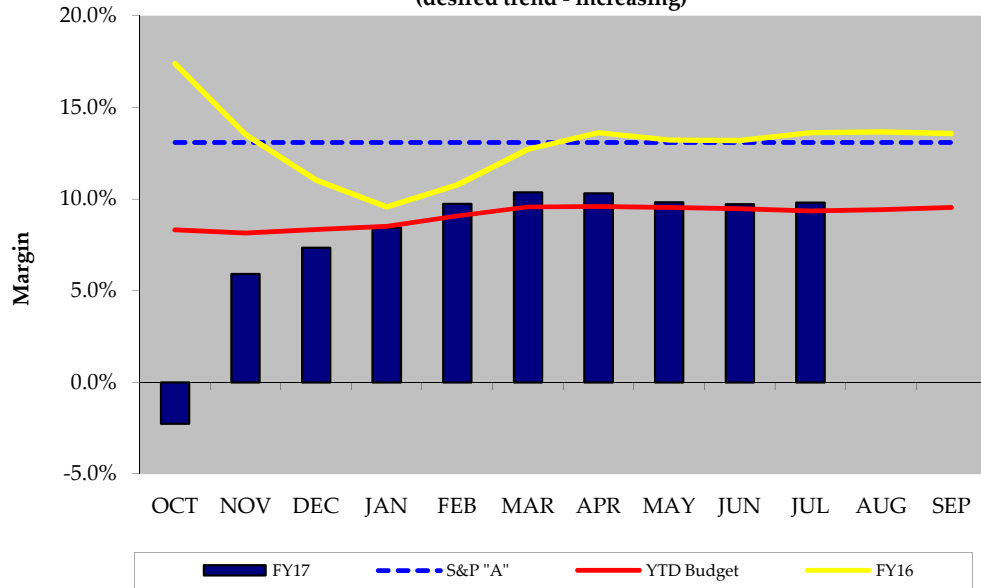
# Halifax Health Financial Summary - Graphic



# Halifax Health Financial Summary - Graphic

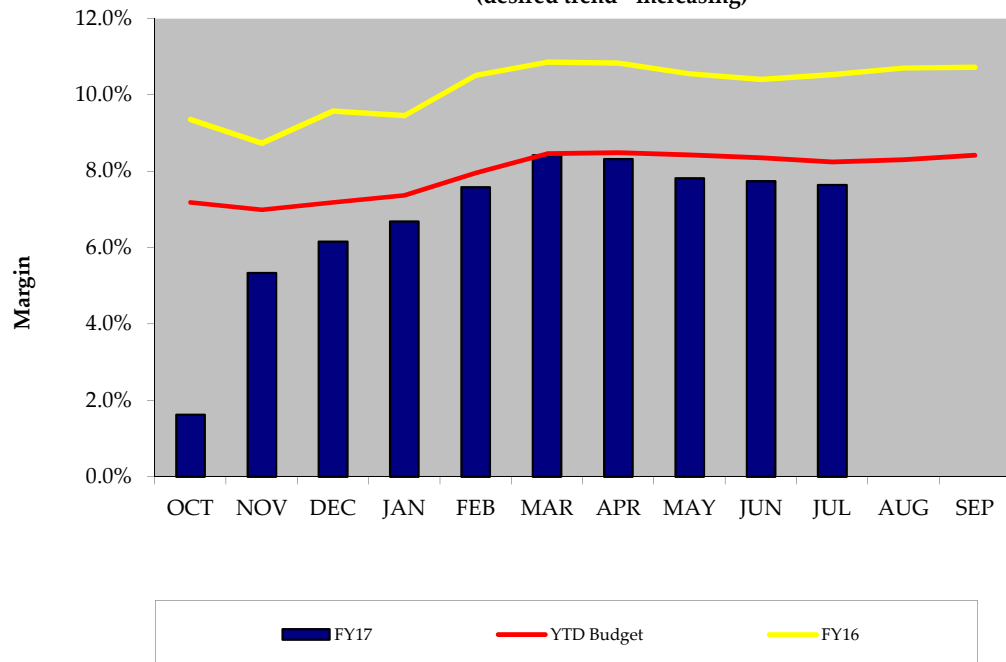
## HH EBIDA Margin

(Cumulative YTD Basis)  
(desired trend - increasing)



## HH Adjusted Operating EBIDA Margin

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



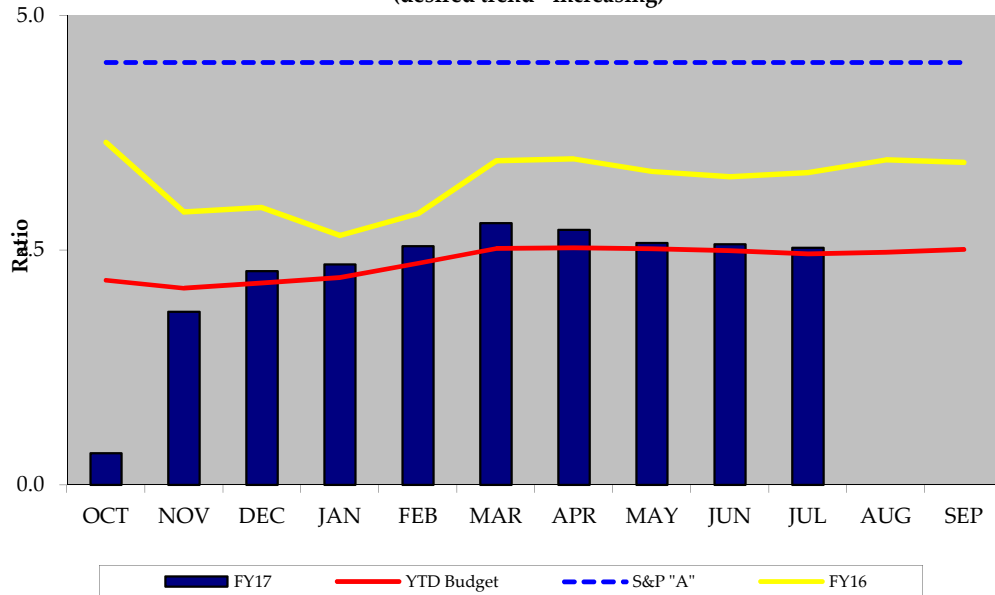
# Halifax Health Financial Summary - Graphic

## HH MADS Coverage Ratio

(Annualized Basis)

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

(desired trend - increasing)

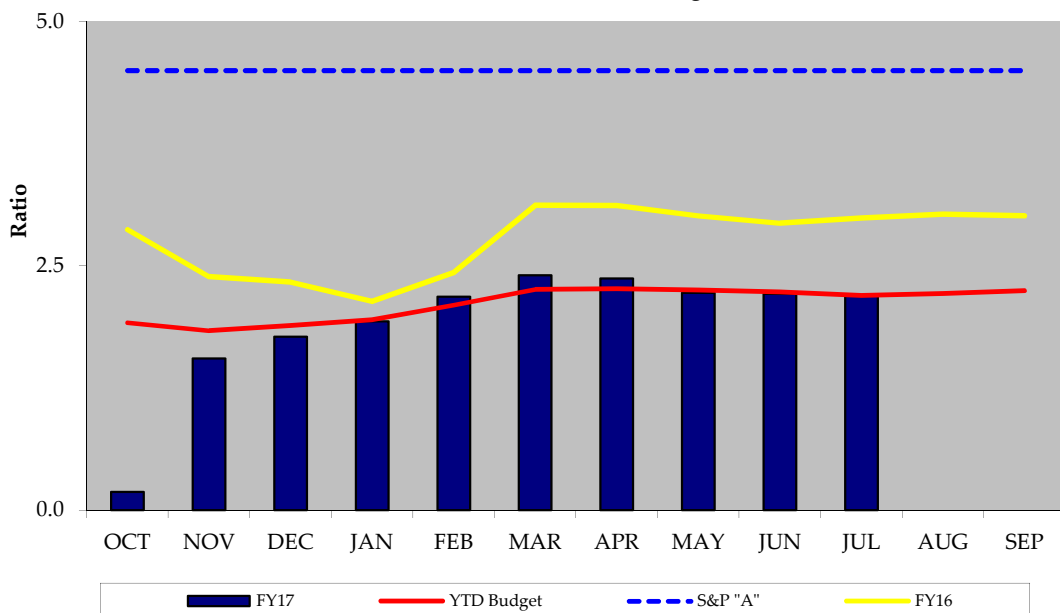


## HH MADS Coverage Ratio - Operations Only

(Annualized Basis)

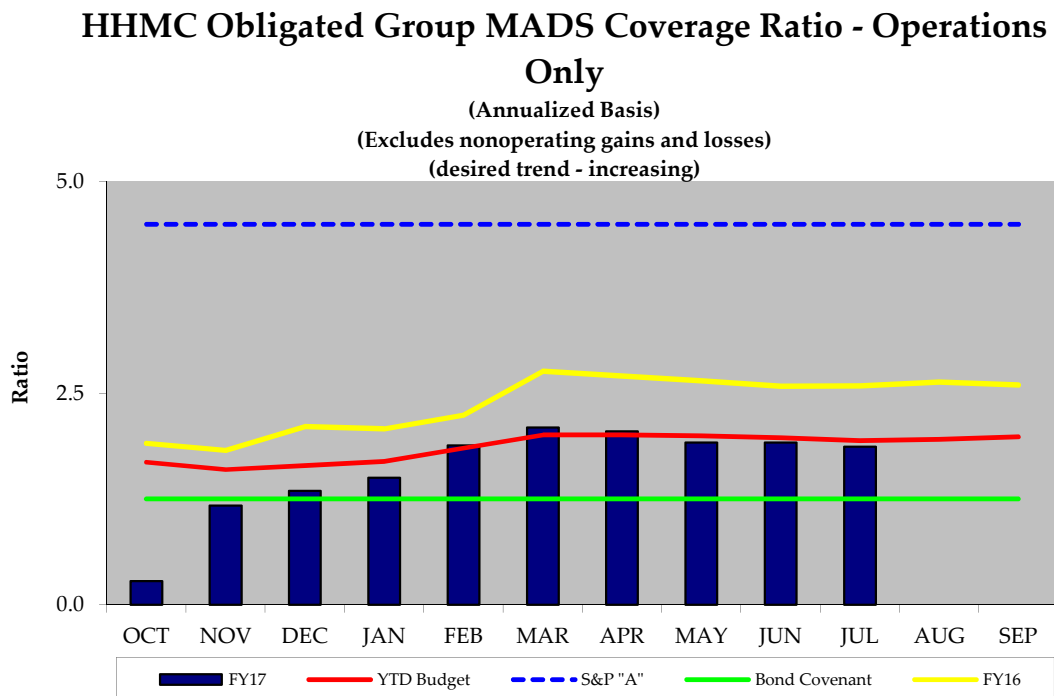
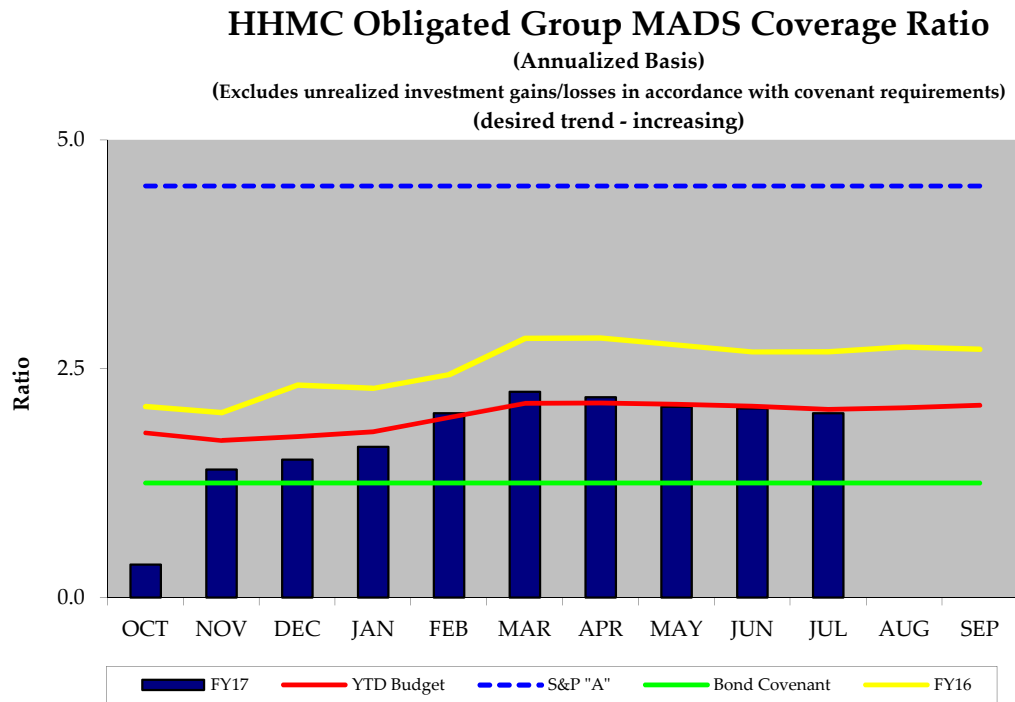
(Excludes nonoperating gains and losses)

(desired trend - increasing)



# Halifax Health

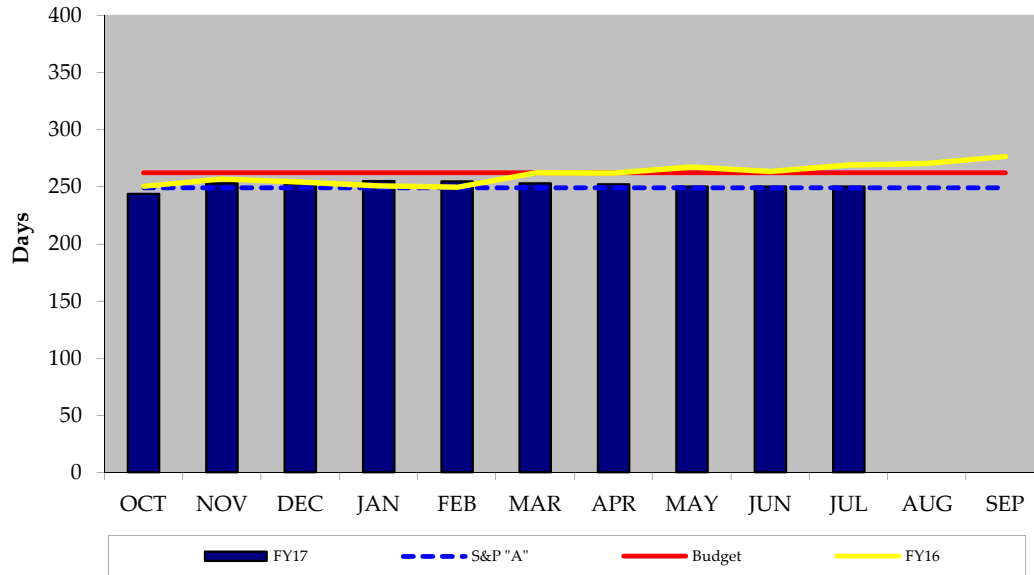
## Financial Summary - Graphic



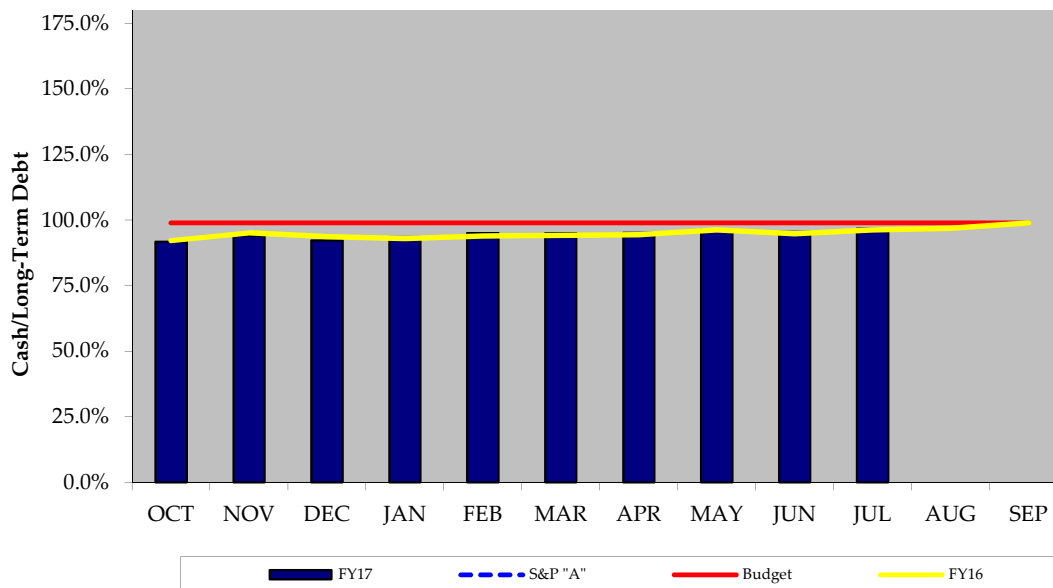


# Halifax Health Financial Summary - Graphic

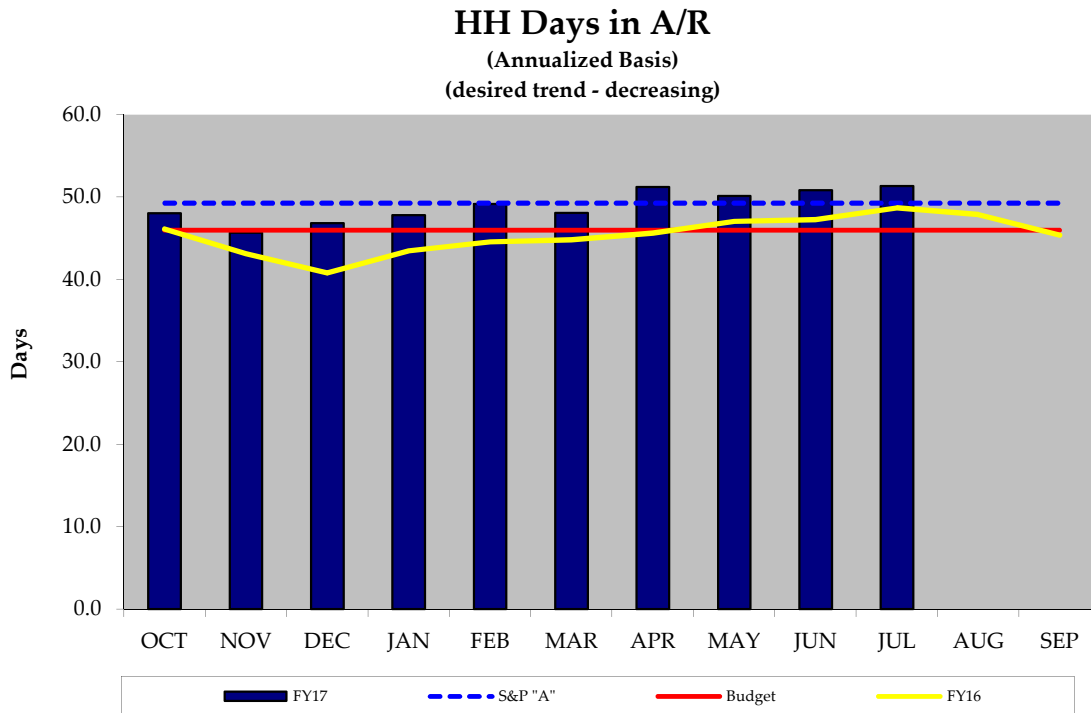
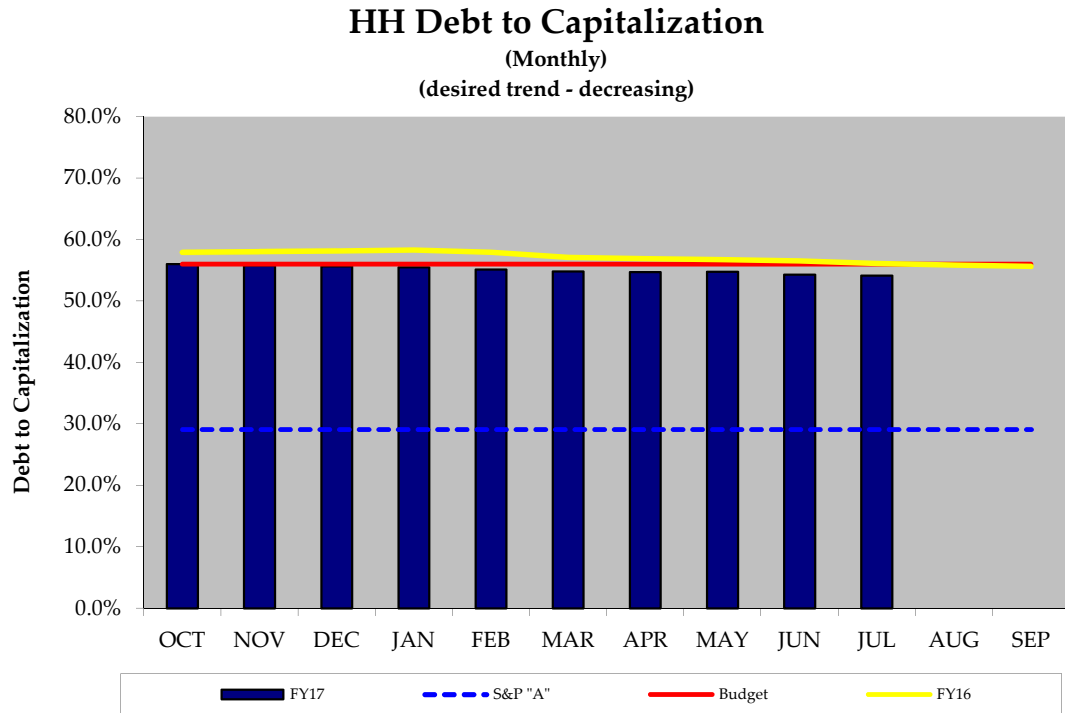
**HH Days Cash on Hand**  
(Annualized Basis)  
(desired trend - increasing)



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

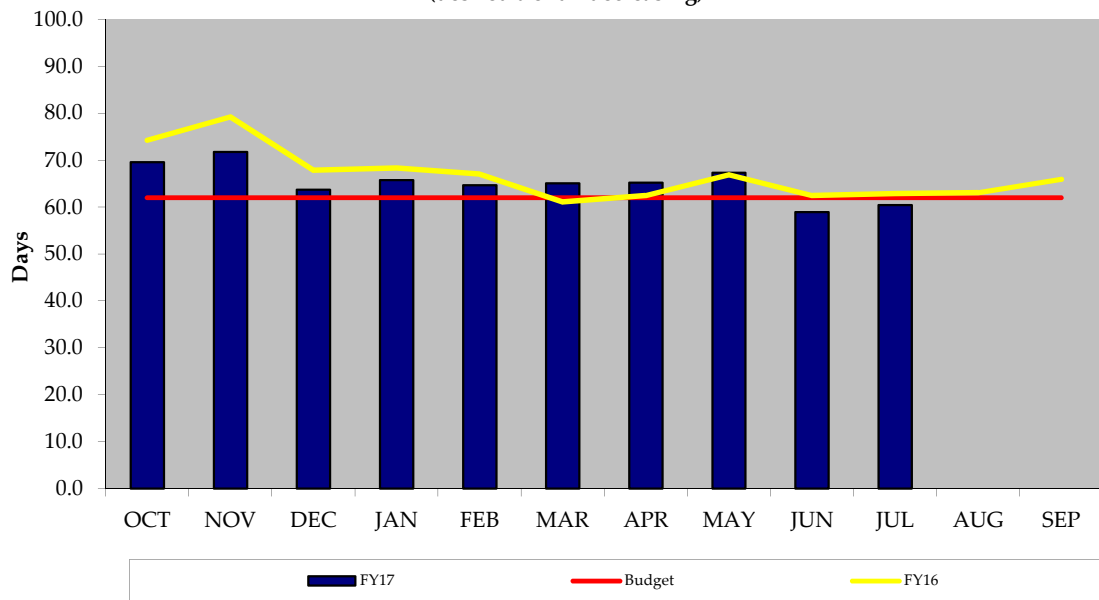


# Halifax Health Financial Summary - Graphic

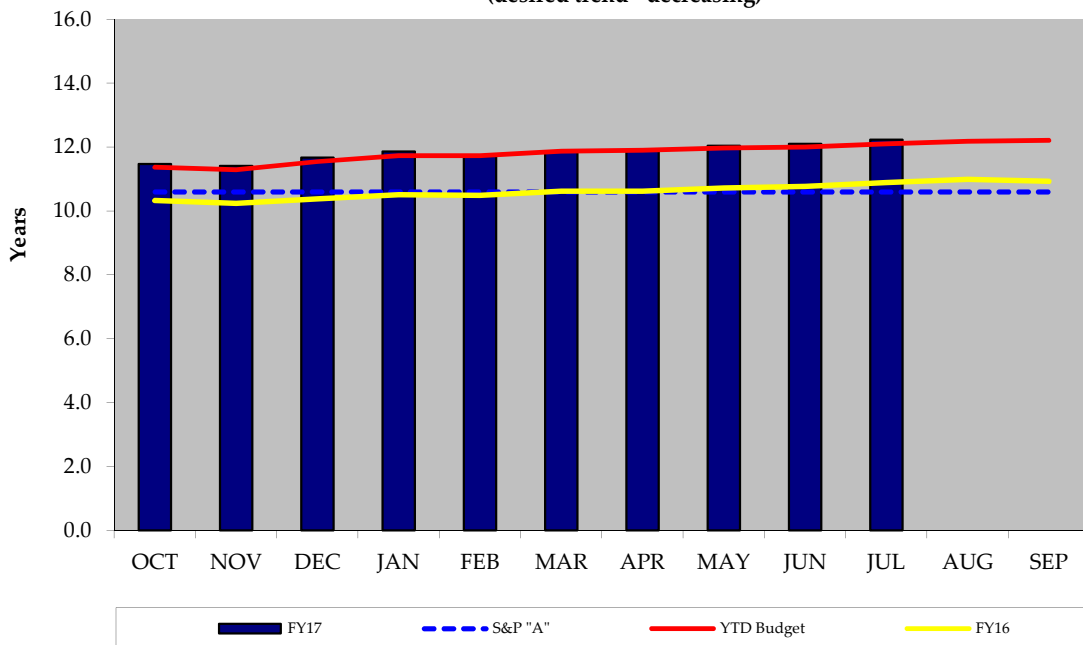


# Halifax Health Financial Summary - Graphic

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



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



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

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

**Halifax Health**  
**Summary Financial Narrative**  
**For the nine months ended June 30, 2017**

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

Financial Indicator	YTD Actual FY 17	YTD Budget FY 17	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 17 vs. S&P "A"
Total Margin	2.4%	1.9%	Favorable	5.8%	Unfavorable
Operating Margin	0.9%	0.9%	Neutral	3.6%	Unfavorable
EBIDA Margin	9.7%	9.5%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	8.3%	8.6%	Unfavorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	7.7%	8.4%	Unfavorable	N/A	N/A
Days Cash on Hand	246	262	Unfavorable	249	Unfavorable
Cash to Debt	95.6%	98.9%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	55.6%	56.0%	Favorable	29.1%	Unfavorable
OG MADS Coverage	2.07	2.09	Unfavorable	4.50	Unfavorable
OG Debt to Capitalization	54.6%	55.0%	Favorable	29.1%	Unfavorable

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

**Halifax Health Medical Center**

*Statistical Summary--*

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

*Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 2.2% greater than budget.
- Total operating expenses for the fiscal year-to-date are 2.6% greater than budget.
- Loss from operations fiscal year-to-date of \$1.7 million compares unfavorably to budget by \$2.8 million.
- Nonoperating gains/(losses) fiscal year-to-date of \$866,000, primarily consisting of net investment income, compare unfavorably to the budgeted amount by \$911,000.
- Decrease in net position fiscal year-to-date of \$812,000 compares unfavorably to budget by \$3.7 million.

**Halifax Health Hospice**

*Statistical Summary --*

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

*Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 5.7% less than budget.
- Loss from operations fiscal year-to-date of \$1 million compares unfavorably to budget by \$1.5 million, due primarily to a Medicare settlement adjustment relating to fiscal year 2015 that reduced net patient service revenue by approximately \$1.2 million.
- Nonoperating gains fiscal year-to-date of \$5.5 million, including investment income of \$4.7 million, is greater than the budgeted amount by \$3.3 million.
- Increase in net position fiscal year-to-date of \$4.5 million compares favorably to budget by \$1.8 million.

**Halifax Health**  
**Summary Financial Indicators – Excluding Estimated Hurricane Matthew Costs**  
**For the nine months ended June 30, 2017**

The performance of Halifax Health compared to budget and long-range targets (S&P “A” rated medians) for key financial indicators, including computations excluding \$1.8 million of estimated Hurricane Matthew related costs, is as follows.

Financial Indicator	YTD Actual FY 17	YTD Adjusted Actual FY 17 (2)	YTD Budget FY 17	YTD Adj. Actual vs. Budget	S&P "A"	YTD Adj. Actual FY 17 vs. S&P "A"
Total Margin	2.4%	2.8%	1.9%	Favorable	5.8%	Unfavorable
Operating Margin	0.9%	1.3%	0.9%	Favorable	3.6%	Unfavorable
EBIDA Margin	9.7%	10.2%	9.5%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	8.3%	8.8%	8.6%	Favorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin (1)	7.7%	8.2%	8.4%	Unfavorable	N/A	N/A
Days Cash on Hand	246	249	262	Unfavorable	249	Unfavorable
Cash to Debt	95.6%	96.1%	98.9%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	55.6%	55.5%	56.0%	Favorable	29.1%	Unfavorable
OG MADS Coverage	2.07	2.18	2.09	Favorable	4.50	Unfavorable
OG Debt to Capitalization	54.6%	54.5%	55.0%	Favorable	29.1%	Unfavorable

(1) - Excludes investment income/loss of Foundation recorded as operating income.

(2) - Financial indicator computed by excluding estimated Hurricane Matthew related expense of \$1.8 million.

# Halifax Health Statistical Summary

Month Ended June 30,					Nine Months Ended June 30,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>		<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Inpatient Activity</u></b>								
1,500	1,468	1,539	-4.6%	HHMC Adult/Ped Admissions	14,282	14,171	14,449	-1.9%
156	146	149	-2.0%	HHMCPO Adult/Ped Admissions	1,328	1,323	1,403	-5.7%
124	129	138	-6.5%	Adult Psych Admissions	1,225	1,259	1,299	-3.1%
52	68	51	33.3%	Rehabilitative Admissions	487	582	462	26.0%
<b>1,832</b>	<b>1,811</b>	<b>1,877</b>	<b>-3.5%</b>	<b>Total Adult/Ped Admissions</b>	<b>17,322</b>	<b>17,335</b>	<b>17,613</b>	<b>-1.6%</b>
7,695	7,443	7,714	-3.5%	HHMC Adult/Ped Patient Days	74,099	75,149	72,274	4.0%
549	889	727	22.3%	HHMCPO Adult/Ped Patient Days	4,904	7,610	6,772	12.4%
1,553	1,193	1,567	-23.9%	Adult Psych Patient Days	13,064	12,009	13,179	-8.9%
805	857	838	2.3%	Rehabilitative Patient Days	7,802	7,952	7,627	4.3%
<b>10,602</b>	<b>10,382</b>	<b>10,846</b>	<b>-4.3%</b>	<b>Total Adult/Ped Patient Days</b>	<b>99,869</b>	<b>102,720</b>	<b>99,852</b>	<b>2.9%</b>
5.1	5.1	5.0	1.2%	HHMC Average Length of Stay	5.2	5.3	5.0	6.0%
3.5	6.1	4.9	24.8%	HHMCPO Average Length of Stay	3.7	5.8	4.8	19.2%
<b>5.0</b>	<b>5.2</b>	<b>5.0</b>	<b>3.2%</b>	<b>HHMC/ HHMCPO Average Length of Stay</b>	<b>5.1</b>	<b>5.3</b>	<b>5.0</b>	<b>7.1%</b>
12.5	9.2	11.4	-18.6%	Adult Psych Average Length of Stay	10.7	9.5	10.1	-6.0%
15.5	12.6	16.4	-23.3%	Rehabilitative Length of Stay	16.0	13.7	16.5	-17.2%
<b>5.8</b>	<b>5.7</b>	<b>5.8</b>	<b>-0.8%</b>	<b>Total Average Length of Stay</b>	<b>5.8</b>	<b>5.9</b>	<b>5.7</b>	<b>4.5%</b>
<b>353</b>	<b>346</b>	<b>362</b>	<b>-4.3%</b>	<b>Total Average Daily Census</b>	<b>364</b>	<b>376</b>	<b>366</b>	<b>2.9%</b>
702	760	608	25.0%	HHMC Observation Patient Day Equivalents	5,617	5,896	5,504	7.1%
137	163	99	64.6%	HHMCPO Observation Patient Day Equivalents	886	1,127	833	35.3%
<b>839</b>	<b>923</b>	<b>707</b>	<b>30.6%</b>	<b>Total Observation Patient Day Equivalents</b>	<b>6,503</b>	<b>7,023</b>	<b>6,337</b>	<b>10.8%</b>
<b>28</b>	<b>31</b>	<b>24</b>	<b>29.2%</b>	<b>Observation Average Daily Census</b>	<b>24</b>	<b>26</b>	<b>23</b>	<b>13.0%</b>
152	114	145	-21.4%	HHMC Newborn Births	1,431	1,296	1,397	-7.2%
296	219	290	-24.5%	HHMC Nursery Patient Days	2,803	2,399	2,819	-14.9%
399	400	425	-5.9%	HHMC Inpatient Surgeries	4,051	3,954	4,325	-8.6%
1	8	1	700.0%	HHMCPO Inpatient Surgeries	10	59	6	883.3%
<b>400</b>	<b>408</b>	<b>426</b>	<b>-4.2%</b>	<b>Total Inpatient Surgeries</b>	<b>4,061</b>	<b>4,013</b>	<b>4,331</b>	<b>-7.3%</b>
<b><u>Inpatient Surgeries</u></b>								
162	137			Orthopedics	1,582	1,549		
69	56			General Surgery	737	635		
44	34			Neurosurgery	448	370		
15	38			Vascular	129	267		
21	32			Thoracic Surgery	192	237		
89	111			All Other	973	955		
<b>400</b>	<b>408</b>	<b>426</b>	<b>-4.2%</b>	<b>Total Inpatient Surgeries</b>	<b>4,061</b>	<b>4,013</b>	<b>4,331</b>	<b>-7.3%</b>

# Halifax Health Statistical Summary

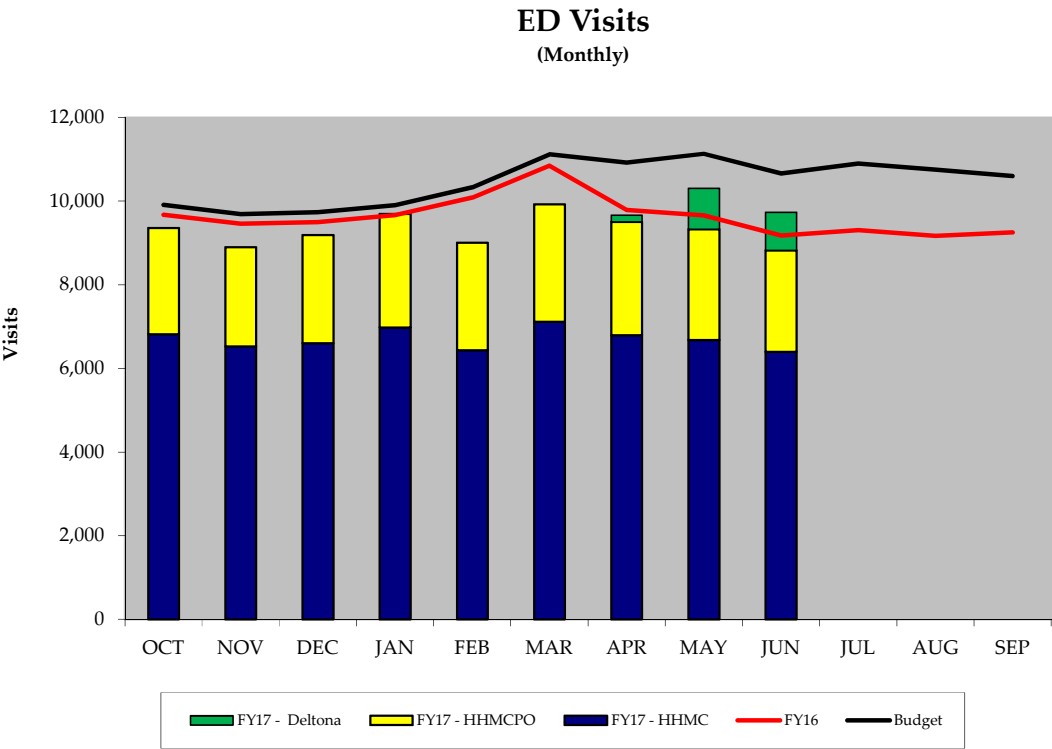
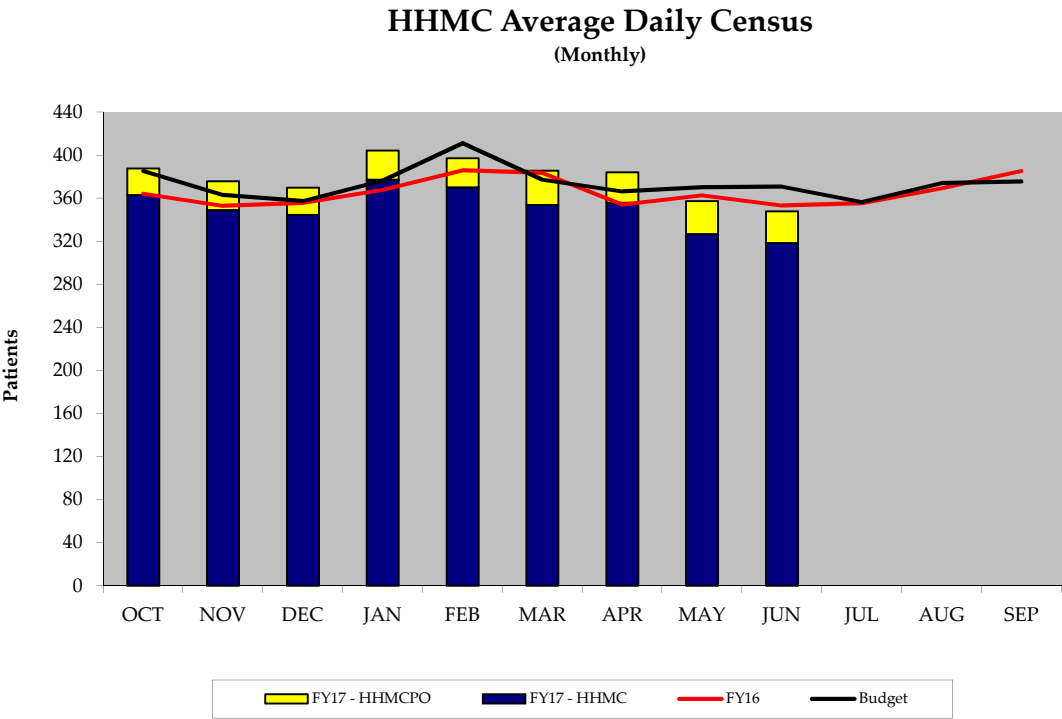
Month Ended				Nine Months Ended				
June 30,				June 30,				
2016	2017	Budget	Var.		2016	2017	Budget	Var.



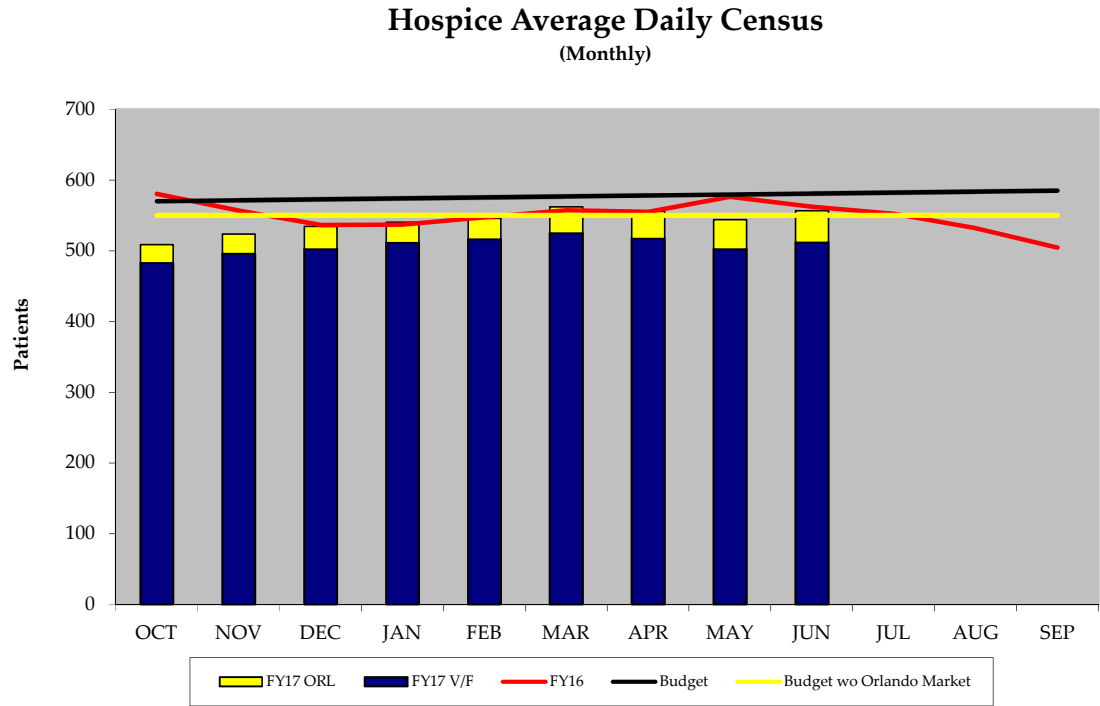
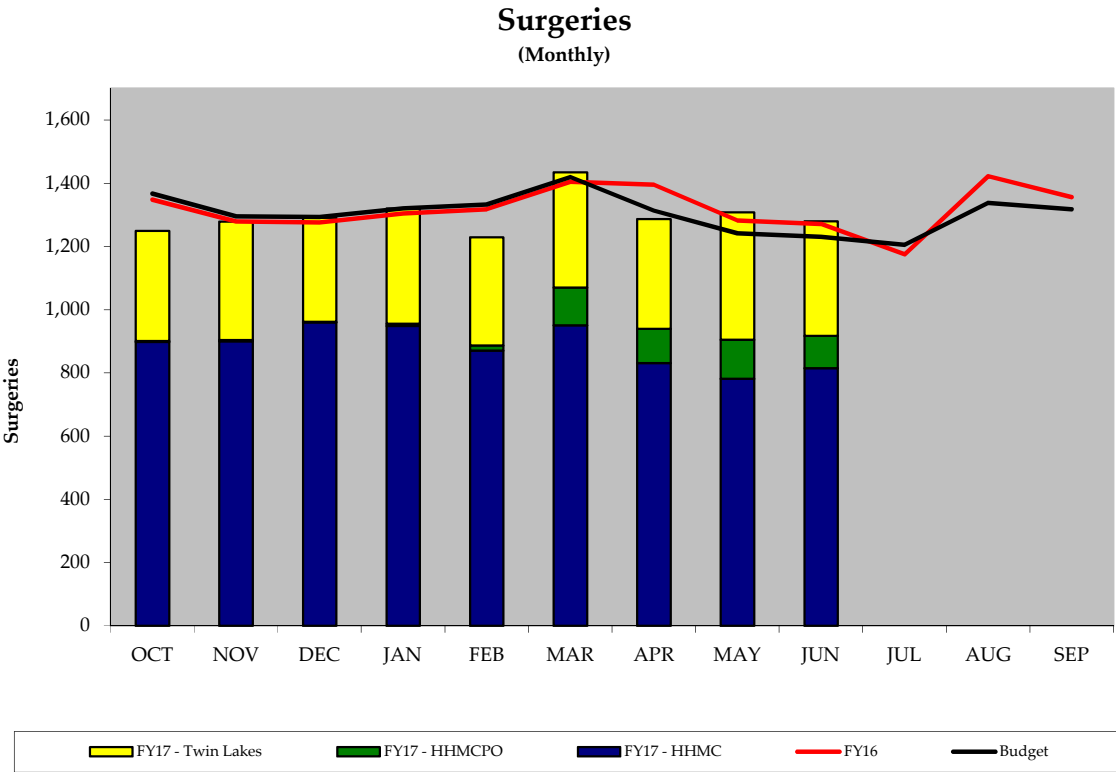
# Halifax Health Statistical Summary

Month Ended June 30,				Nine Months Ended June 30,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>	<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Physician Practice Activity</u></b>							
<b><u>Primary Care Visits</u></b>							
215	322	664	-51.5%	Ormond Beach	2,200	2,878	6,046 -52.4%
1,111	1,012	1,108	-8.7%	Daytona Beach	9,784	9,114	9,759 -6.6%
587	605	903	-33.0%	Port Orange	3,498	6,310	8,674 -27.3%
292	315	381	-17.3%	Deltona	4,265	2,529	5,571 -54.6%
-	812	-	N/A	New Smyrna	-	1,996	- N/A
476	373	1,065	-65.0%	Ormond Beach (Women's/OB)	3,939	4,346	8,815 -50.7%
-	140	806	-82.6%	Ormond Beach - Urgent Care	-	697	7,254 -90.4%
<b>2,681</b>	<b>3,579</b>	<b>4,927</b>	<b>-27.4%</b>	<b>Primary Care Visits</b>	<b>23,686</b>	<b>27,870</b>	<b>46,119 -39.6%</b>
<b><u>Children's Medical Center Visits</u></b>							
717	757	1,127	-32.8%	Ormond Beach	6,463	7,759	10,158 -23.6%
399	221	409	-46.0%	Palm Coast	3,700	960	3,796 -74.7%
451	516	477	8.2%	Port Orange	4,161	4,464	4,405 1.3%
<b>1,567</b>	<b>1,494</b>	<b>2,013</b>	<b>-25.8%</b>	<b>Children's Medical Center Visits</b>	<b>14,324</b>	<b>13,183</b>	<b>18,359 -28.2%</b>
<b><u>Community Clinic Visits</u></b>							
458	432	434	-0.5%	Keech Street	3,726	3,737	3,529 5.9%
284	235	284	-17.3%	Adult Community Clinic	3,353	2,248	3,353 -33.0%
<b>742</b>	<b>667</b>	<b>718</b>	<b>-7.1%</b>	<b>Community Clinic Visits</b>	<b>7,079</b>	<b>5,985</b>	<b>6,882 -13.0%</b>

# Halifax Health Statistical Summary - Graphic



# Halifax Health Statistical Summary - Graphic



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

	<u>June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$37,795	\$51,567	(\$13,772)
Investments	267,908	258,808	9,100
Board designated assets	45,031	45,036	(5)
Accounts receivable	71,026	63,593	7,433
Restricted assets whose use is limited	13,679	20,709	(7,030)
Other assets	37,744	39,303	(1,559)
Deferred outflow - swap	30,898	43,247	(12,349)
Deferred outflow - loss on bond refunding	16,686	17,610	(924)
Deferred outflow - pension	27,613	34,360	(6,747)
Property, plant and equipment	353,109	362,871	(9,762)
Total Assets	<u>\$901,489</u>	<u>\$937,104</u>	<u>(\$35,615)</u>
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$30,655	\$29,956	\$699
Other liabilities	75,402	83,336	(7,934)
Net pension liability	104,972	132,416	(27,444)
Long-term debt	347,472	354,977	(7,505)
Premium on LTD, net	19,429	20,099	(670)
Long-term value of swap	30,898	43,247	(12,349)
Net position	292,661	273,073	19,588
Total Liabilities and Net position	<u>\$901,489</u>	<u>\$937,104</u>	<u>(\$35,615)</u>

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

Month ended June 30, 2017	Month ended June 30, 2016	Variance		Nine Months ended June 30, 2017	Nine Months ended June 30, 2016	Variance
			<b>Cash flows from operating activities:</b>			
\$40,787	\$39,463	\$1,324	Receipts from third party payors and patients	\$369,946	\$369,303	\$642
(30,576)	(26,335)	(4,241)	Payments to employees	(231,886)	(213,761)	(18,125)
(14,357)	(15,321)	964	Payments to suppliers	(143,734)	(139,996)	(3,738)
352	420	(68)	Receipt of ad valorem taxes	11,610	13,126	(1,516)
10,224	-	10,224	Receipt (payment) of State UPL funds, net	4,864	816	4,048
2,847	3,801	(954)	Other receipts	26,472	26,747	(275)
(4,048)	(4,315)	267	Other payments	(32,732)	(34,178)	1,446
5,229	(2,287)	7,516	Net cash provided by (used in) operating activities	4,540	22,057	(17,518)
			<b>Cash flows from noncapital financing activities:</b>			
289	81	208	Proceeds from donations received	810	1,099	(289)
24	-	24	Nonoperating gain (loss)	16	(6)	22
313	81	232	Net cash provided by noncapital financing activities	826	1,093	(267)
			<b>Cash flows from capital and related financing activities:</b>			
(2,493)	(226)	(2,267)	Acquisition of capital assets	(14,628)	(18,732)	4,104
(5,361)	(190)	(5,171)	Payment of long-term debt	(6,923)	(1,710)	(5,213)
-	-	-	Proceeds from issuance of long-term debt	-	175,424	(175,424)
-	-	-	Transfers to trustee held funds	5,474	(14,207)	19,681
-	-	-	Payment for defeasance of bonds	-	(168,728)	168,728
(6,683)	(4,295)	(2,388)	Payment of interest on long-term debt	(15,810)	(13,757)	(2,053)
-	-	-	Payment of bond issue costs	-	(1,774)	1,774
(14,537)	(4,711)	(9,826)	Net cash used in capital financing activities	(31,887)	(43,484)	11,597
			<b>Cash flows from investing activities:</b>			
204	731	(527)	Realized investment income (loss)	4,516	5,943	(1,427)
(468)	(2,748)	2,280	Purchases of investments/limited use assets	(8,489)	(98,555)	90,066
142	3,282	(3,140)	Sales/Maturities of investments/limited use assets	9,716	108,760	(99,044)
(122)	1,265	(1,387)	Net cash provided by (used in) investing activities	5,743	16,148	(10,405)
(9,117)	(5,652)	(3,465)	<b>Net decrease in cash and cash equivalents</b>	(20,778)	(4,186)	(16,593)
46,912	57,219	(10,307)	<b>Cash and cash equivalents at beginning of period</b>	58,573	55,753	2,820
\$37,795	\$51,567	(\$13,772)	<b>Cash and cash equivalents at end of period</b>	\$37,795	\$51,567	(\$13,773)

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

Actual Month Ended Jun 30, 2017	Actual Month Ended Jun 30, 2016	Favorable (Unfavorable) Variance		Actual Nine Months Ended Jun 30, 2017	Actual Nine Months Ended Jun 30, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
\$49,402	\$48,924	\$478	Net patient service revenue, before provision for bad debts	\$439,615	\$455,034	(\$15,419)
(5,208)	(9,365)	4,157	Provision for bad debts	(58,218)	(86,467)	28,249
44,194	39,559	4,635	Net patient service revenue	381,397	368,567	12,830
938	1,104	(166)	Ad valorem taxes	8,439	9,939	(1,500)
2,360	2,154	206	Other revenue	20,176	22,294	(2,118)
47,492	42,817	4,675	Total operating revenues	410,012	400,800	9,212
			Operating expenses:			
22,979	20,810	(2,169)	Salaries and benefits	209,666	193,743	(15,923)
7,484	6,435	(1,049)	Purchased services	58,168	59,693	1,525
9,399	7,486	(1,913)	Supplies	75,356	69,446	(5,910)
2,019	2,161	142	Depreciation and amortization	17,861	18,561	700
1,398	1,410	12	Interest	12,648	13,043	395
623	635	12	Ad valorem tax related expenses	5,609	5,683	74
840	727	(113)	Leases and rentals	6,971	6,829	(142)
2,480	2,745	265	Other	20,113	21,949	1,836
47,222	42,409	(4,813)	Total operating expenses	406,392	388,947	(17,445)
270	408	(138)	Excess of operating revenues over expenses	3,620	11,853	(8,233)
			Nonoperating revenues, expenses, and gains/(losses):			
204	731	(527)	Realized investment income/(losses)	4,516	5,943	(1,427)
101	947	(846)	Unrealized investment income/(losses)	1,018	3,783	(2,765)
289	81	208	Donation revenue	811	1,097	(286)
-	-	-	Interest - bond issue costs	-	(1,774)	1,774
25	1	24	Nonoperating gains/(losses), net	18	(6)	24
619	1,760	(1,141)	Total nonoperating revenues, expenses, and gains/(losses)	6,363	9,043	(2,680)
\$889	\$2,168	(\$1,279)	Increase in net position	\$9,983	\$20,896	(\$10,913)

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

Actual Month Ended Jun 30, 2017	Static Budget Month Ended Jun 30, 2017	Favorable (Unfavorable) Variance		Actual Nine Months Ended Jun 30, 2017	Static Budget Nine Months Ended Jun 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$49,402	\$47,129	\$2,273	Net patient service revenue, before provision for bad debts	\$439,615	\$428,353	\$11,262
(5,208)	(5,780)	572	Provision for bad debts	(58,218)	(54,575)	(3,643)
44,194	41,349	2,845	Net patient service revenue	381,397	373,778	7,619
938	938	-	Ad valorem taxes	8,439	8,439	-
2,360	2,033	327	Other revenue	20,176	19,445	731
47,492	44,320	3,172	Total operating revenues	410,012	401,662	8,350
			Operating expenses:			
22,979	23,417	438	Salaries and benefits	209,666	211,775	2,109
7,484	5,900	(1,584)	Purchased services	58,168	52,474	(5,694)
9,399	7,807	(1,592)	Supplies	75,356	70,655	(4,701)
2,019	2,019	-	Depreciation and amortization	17,861	17,878	17
1,398	1,408	10	Interest	12,648	12,689	41
623	628	5	Ad valorem tax related expenses	5,609	5,633	24
840	767	(73)	Leases and rentals	6,971	6,513	(458)
2,480	2,261	(219)	Other	20,113	20,241	128
47,222	44,207	(3,015)	Total operating expenses	406,392	397,858	(8,534)
270	113	157	Excess of operating revenues over expenses	3,620	3,804	(184)
			Nonoperating revenues, expenses, and gains/(losses):			
204	385	(181)	Realized investment income/(losses)	4,516	3,469	1,047
101	-	101	Unrealized investment income/(losses)	1,018	-	1,018
289	60	229	Donation revenue	811	537	274
25	-	25	Nonoperating gains/(losses), net	18	-	18
619	445	174	Total nonoperating revenues, expenses, and gains/(losses)	6,363	4,006	2,357
\$889	\$558	\$331	Increase in net position	\$9,983	\$7,810	\$2,173

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

Actual Month Ended Jun 30, 2017	Static Budget Month Ended Jun 30, 2017	Favorable (Unfavorable) Variance		Actual Nine Months Ended Jun 30, 2017	Static Budget Nine Months Ended Jun 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$45,709	\$43,467	\$2,242	Net patient service revenue, before provision for bad debts	\$408,388	\$395,277	\$13,111
(4,997)	(5,681)	684	Provision for bad debts	(57,355)	(53,683)	(3,672)
40,712	37,786	2,926	Net patient service revenue	351,033	341,594	9,439
938	938	-	Ad valorem taxes	8,439	8,439	-
1,523	1,317	206	Other revenue	12,246	13,000	(754)
43,173	40,041	3,132	Total operating revenues	371,718	363,033	8,685
			Operating expenses:			
20,899	21,332	433	Salaries and benefits	190,808	192,634	1,826
6,395	4,811	(1,584)	Purchased services	48,779	42,777	(6,002)
9,170	7,576	(1,594)	Supplies	73,315	68,574	(4,741)
1,891	1,891	-	Depreciation and amortization	16,646	16,664	18
1,390	1,400	10	Interest	12,558	12,599	41
623	628	5	Ad valorem tax related expenses	5,609	5,633	24
661	602	(59)	Leases and rentals	5,426	5,029	(397)
2,142	2,010	(132)	Other	18,255	17,992	(263)
43,171	40,250	(2,921)	Total operating expenses	371,396	361,902	(9,494)
2	(209)	211	Excess (deficiency) of operating revenues over expenses	322	1,131	(809)
			Nonoperating revenues, expenses, and gains/(losses):			
(8)	197	(205)	Realized investment income/(losses)	2,248	1,777	471
(196)	-	(196)	Unrealized investment income/(losses)	(1,438)	-	(1,438)
-	-	-	Donation revenue	38	-	38
25	-	25	Nonoperating gains/(losses), net	18	-	18
(179)	197	(376)	Total nonoperating revenues, expenses, and gains/(losses)	866	1,777	(911)
(\$177)	(\$12)	(\$165)	Increase (decrease) in net position	\$1,188	\$2,908	(\$1,720)



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

Actual Month Ended Jun 30, 2016		Actual Month Ended Jun 30, 2017		Static Budget Month Ended Jun 30, 2017			Actual Nine Months Ended Jun 30, 2016		Actual Nine Months Ended Jun 30, 2017		Static Budget Nine Months Ended Jun 30, 2017	
\$136,276	100.00%	\$152,735	100.00%	\$147,268	100.00%	Gross charges	\$1,253,572	100.00%	\$1,364,058	100.00%	\$1,327,821	100.00%
(7,464)	-5.48%	(6,965)	-4.56%	(8,360)	-5.68%	Charity	(53,008)	-4.23%	(70,160)	-5.14%	(76,800)	-5.78%
(83,428)	-61.22%	(100,061)	-65.51%	(95,441)	-64.81%	Contractual adjustments	(778,226)	-62.08%	(885,510)	-64.92%	(855,744)	-64.45%
45,384	33.30%	45,709	29.93%	43,467	29.52%	Gross charges, before provision for bad debts	422,338	33.69%	408,388	29.94%	395,277	29.77%
(9,334)	-6.85%	(4,997)	-3.27%	(5,681)	-3.86%	Provision for bad debts	(85,730)	-6.84%	(57,355)	-4.20%	(53,683)	-4.04%
<b>\$36,050</b>	<b>26.45%</b>	<b>\$40,712</b>	<b>26.66%</b>	<b>\$37,786</b>	<b>25.66%</b>	<b>Net patient service revenue</b>	<b>\$336,608</b>	<b>26.85%</b>	<b>\$351,033</b>	<b>25.73%</b>	<b>\$341,594</b>	<b>25.73%</b>

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

Actual Month Ended Jun 30, 2017	Static Budget Month Ended Jun 30, 2017	Favorable (Unfavorable) Variance		Actual Nine Months Ended Jun 30, 2017	Static Budget Nine Months Ended Jun 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,693	\$3,662	\$31	Net patient service revenue, before provision for bad debts	\$31,227	\$33,076	(\$1,849)
(211)	(99)	(112)	Provision for bad debts	(863)	(892)	29
3,482	3,563	(81)	Net patient service revenue	30,364	32,184	(1,820)
162	199	(37)	Other revenue	1,518	1,792	(274)
3,644	3,762	(118)	Total operating revenues	31,882	33,976	(2,094)
			Operating expenses:			
2,012	2,011	(1)	Salaries and benefits	18,210	18,470	260
1,054	1,050	(4)	Purchased services	9,070	9,349	279
229	230	1	Supplies	2,038	2,073	35
61	61	-	Depreciation and amortization	615	614	(1)
174	160	(14)	Leases and rentals	1,499	1,438	(61)
238	181	(57)	Other	1,496	1,615	119
3,768	3,693	(75)	Total operating expenses	32,928	33,559	631
(124)	69	(193)	Excess (deficiency) of operating revenues over expenses	(1,046)	417	(1,463)
			Nonoperating revenues, expenses, and gains/(losses):			
212	188	24	Realized investment income/(losses)	2,268	1,692	576
297	-	297	Unrealized investment income/(losses)	2,456	-	2,456
289	60	229	Donation revenue	773	537	236
-	-	-	Nonoperating gains/(losses), net	-	-	-
798	248	550	Total nonoperating revenues, expenses, and gains/(losses)	5,497	2,229	3,268
\$674	\$317	\$357	Increase in net position	\$4,451	\$2,646	\$1,805

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

Actual Month Ended Jun 30, 2017	Static Budget Month Ended Jun 30, 2017	Favorable (Unfavorable) Variance		Actual Nine Months Ended Jun 30, 2017	Static Budget Nine Months Ended Jun 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
322	341	(19)	Other revenue	2,979	3,071	(92)
322	341	(19)	Total operating revenues	2,979	3,071	(92)
			Operating expenses:			
59	64	5	Salaries and benefits	555	577	22
34	35	1	Purchased services	306	314	8
-	1	1	Supplies	3	8	5
67	67	-	Depreciation and amortization	600	600	-
8	8	-	Interest	90	90	-
5	5	-	Leases and rentals	46	46	-
-	3	3	Other	10	30	20
173	183	10	Total operating expenses	1,610	1,665	55
149	158	(9)	Excess of operating revenues over expenses	1,369	1,406	(37)
			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)	-	-	-
\$149	\$158	(\$9)	Increase in net position	\$1,369	\$1,406	(\$37)

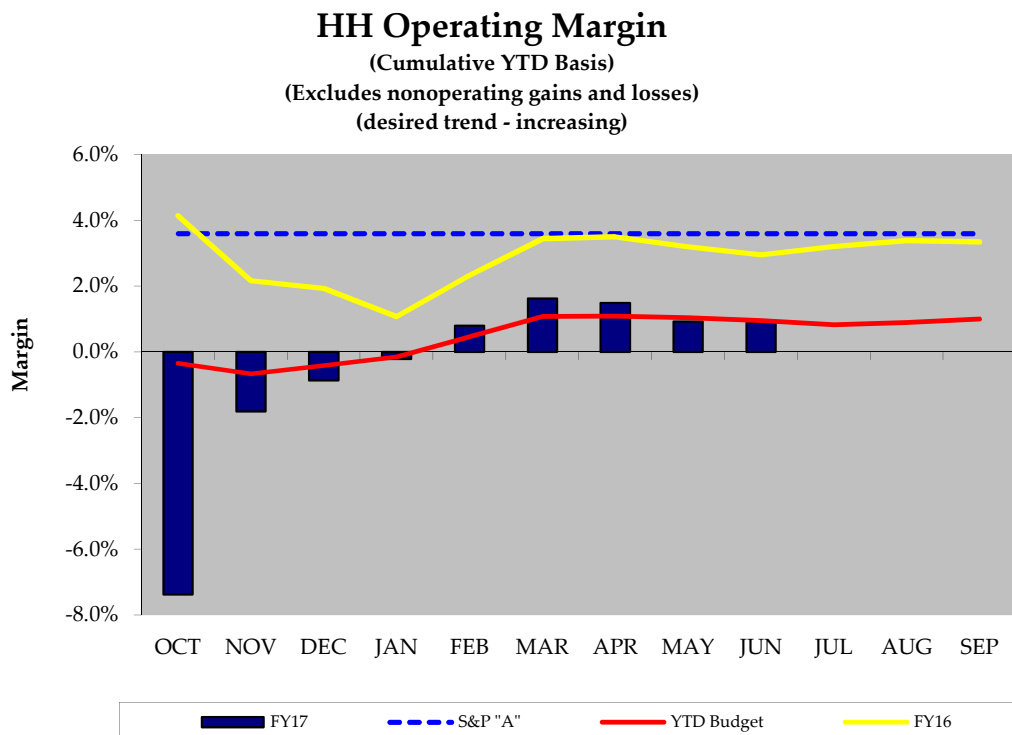
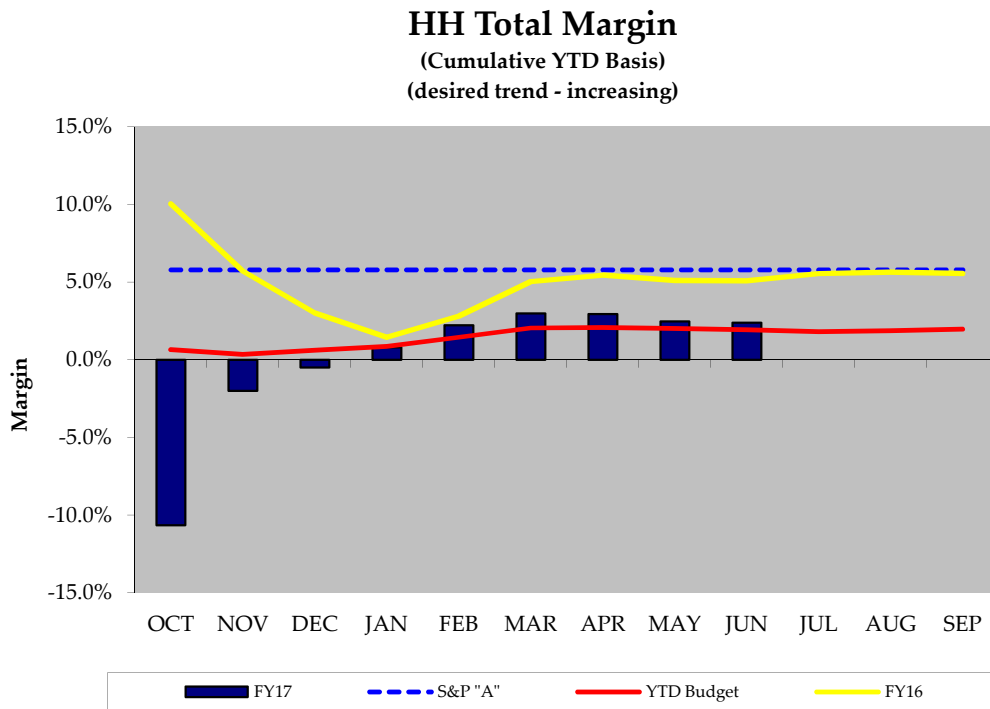
**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended Jun 30, 2017	Static Budget Month Ended Jun 30, 2017	Favorable (Unfavorable) Variance		Actual Nine Months Ended Jun 30, 2017	Static Budget Nine Months Ended Jun 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
125	105	20	Realized investment income/(losses)	1,169	945	224
174	-	174	Unrealized investment income/(losses)	1,403	-	1,403
54	71	(17)	Donation revenue	861	637	224
-	-	-	Other revenue	-	-	-
353	176	177	Total operating revenues	3,433	1,582	1,851
			Operating expenses:			
9	10	1	Salaries and benefits	93	94	1
1	4	3	Purchased services	13	34	21
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
100	67	(33)	Other	352	604	252
110	81	(29)	Total operating expenses	458	732	274
<b>\$243</b>	<b>\$95</b>	<b>\$148</b>	<b>Increase in net position</b>	<b>\$2,975</b>	<b>\$850</b>	<b>\$2,125</b>

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

Actual Month Ended Jun 30, 2017	Static Budget Month Ended Jun 30, 2017	Favorable (Unfavorable) Variance		Actual Nine Months Ended Jun 30, 2017	Static Budget Nine Months Ended Jun 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$45,709	\$43,467	\$2,242	Net patient service revenue, before provision for bad debts	\$408,388	\$395,277	\$13,111
(4,997)	(5,681)	684	Provision for bad debts	(57,355)	(53,683)	(3,672)
40,712	37,786	2,926	Net patient service revenue	351,033	341,594	9,439
938	938	-	Ad valorem taxes	8,439	8,439	-
1,523	1,317	206	Other revenue	12,246	13,000	(754)
43,173	40,041	3,132	Total operating revenues	371,718	363,033	8,685
			Operating expenses:			
20,899	21,332	433	Salaries and benefits	190,808	192,634	1,826
6,395	4,811	(1,584)	Purchased services	48,779	42,777	(6,002)
9,170	7,576	(1,594)	Supplies	73,315	68,574	(4,741)
1,891	1,891	-	Depreciation and amortization	16,646	16,664	18
1,390	1,400	10	Interest	12,558	12,599	41
623	628	5	Ad valorem tax related expenses	5,609	5,633	24
661	602	(59)	Leases and rentals	5,426	5,029	(397)
2,142	2,010	(132)	Other	18,255	17,992	(263)
43,171	40,250	(2,921)	Total operating expenses	371,396	361,902	(9,494)
2	(209)	211	Excess (deficiency) of operating revenues over expenses	322	1,131	(809)
			Nonoperating revenues, expenses, and gains/(losses):			
(8)	197	(205)	Realized investment income/(losses)	2,248	1,777	471
(196)	-	(196)	Unrealized investment income/(losses)	(1,438)	-	(1,438)
-	-	-	Donation revenue	38	-	38
25	-	25	Nonoperating gains/(losses), net	18	-	18
(179)	197	(376)	Total nonoperating revenues, expenses, and gains/(losses)	866	1,777	(911)
(177)	(12)	(165)	Increase (decrease) in net position before other changes in net	1,188	2,908	(1,720)
1,066	570	496	Income from affiliates	8,795	4,902	3,893
\$889	\$558	\$331	Increase in net position	\$9,983	\$7,810	\$2,173

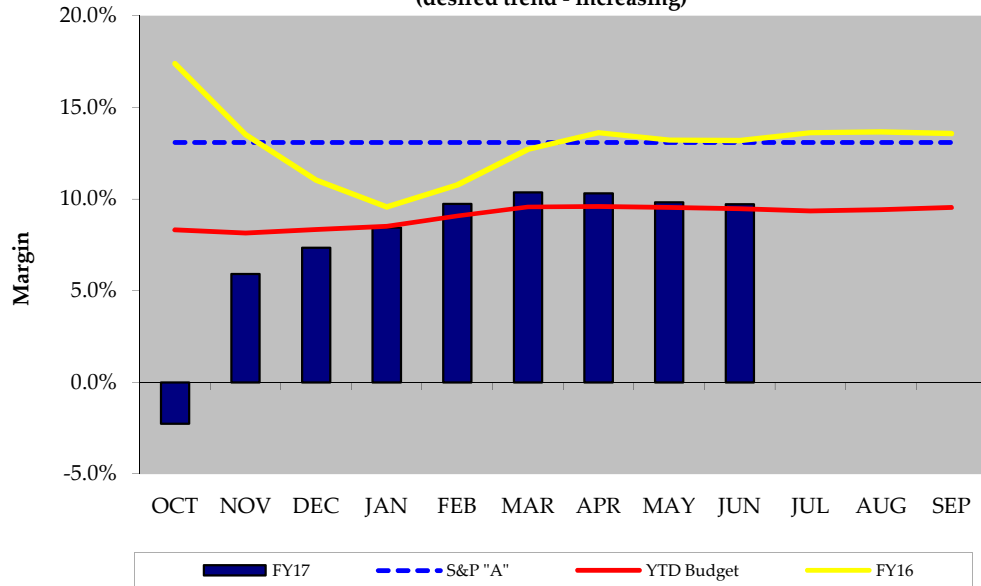
# Halifax Health Financial Summary - Graphic



# Halifax Health Financial Summary - Graphic

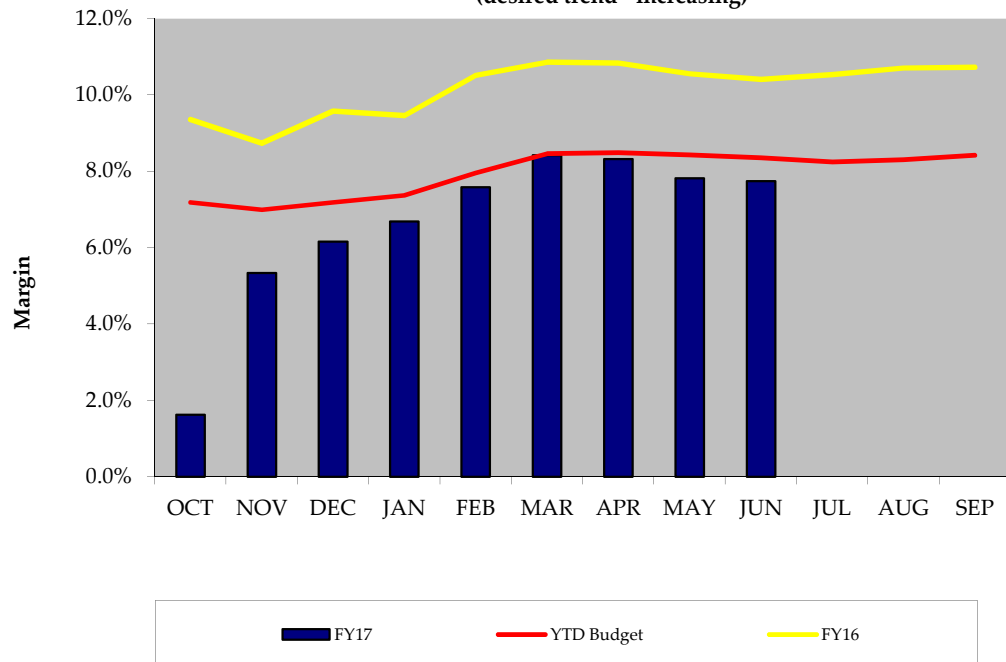
## HH EBIDA Margin

(Cumulative YTD Basis)  
(desired trend - increasing)



## HH Adjusted Operating EBIDA Margin

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



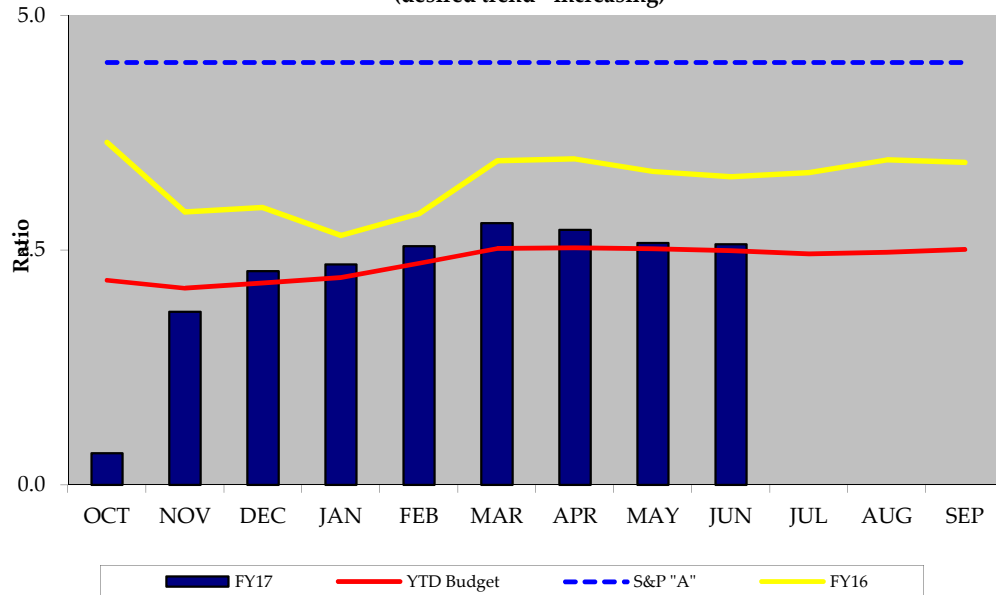
# Halifax Health Financial Summary - Graphic

## HH MADS Coverage Ratio

(Annualized Basis)

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

(desired trend - increasing)

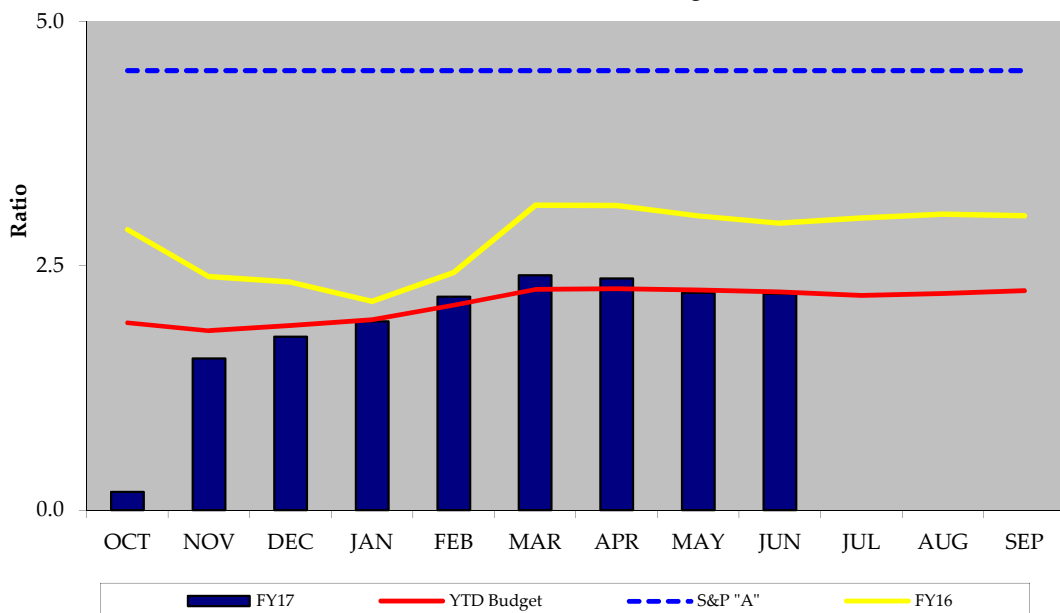


## HH MADS Coverage Ratio - Operations Only

(Annualized Basis)

(Excludes nonoperating gains and losses)

(desired trend - increasing)





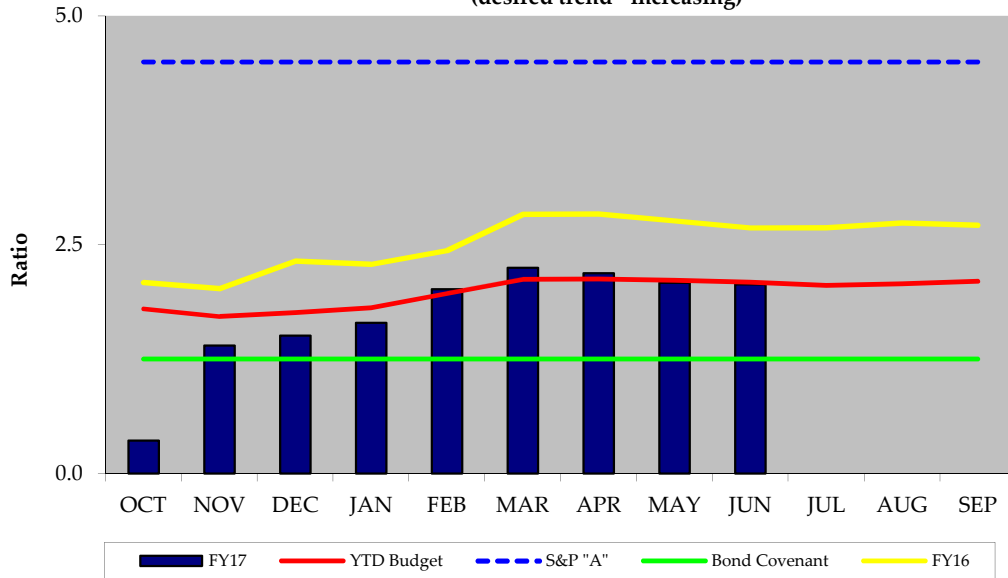
# Halifax Health

## Financial Summary - Graphic

### HHMC Obligated Group MADS Coverage Ratio

(Annualized Basis)

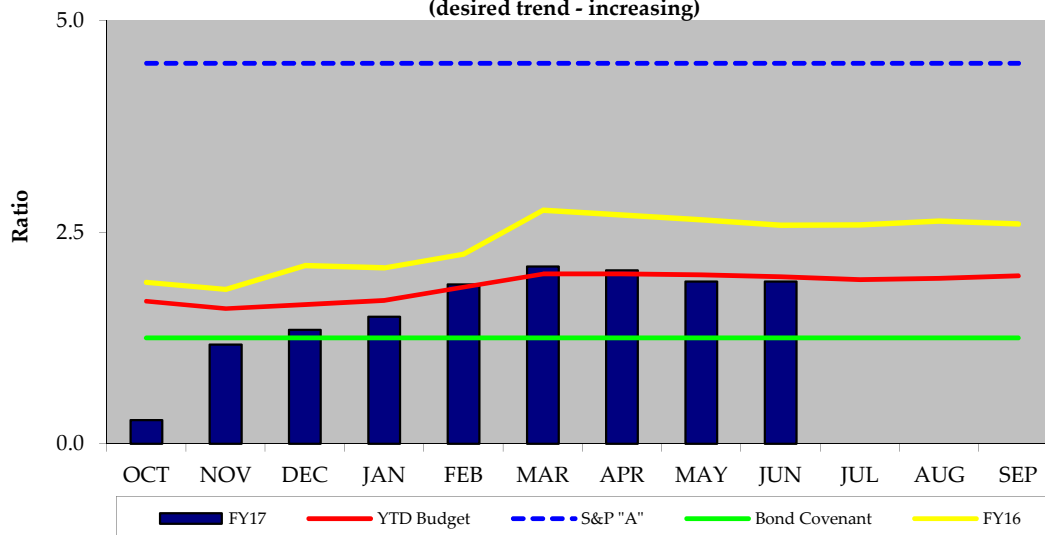
(Excludes unrealized investment gains/losses in accordance with covenant requirements)  
(desired trend - increasing)



### HHMC Obligated Group MADS Coverage Ratio - Operations Only

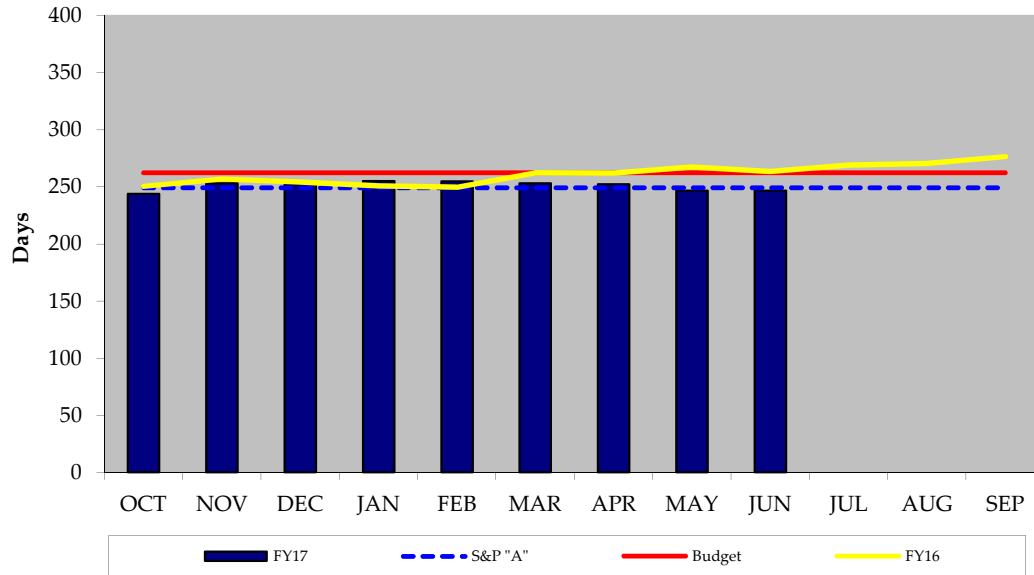
(Annualized Basis)

(Excludes nonoperating gains and losses)  
(desired trend - increasing)

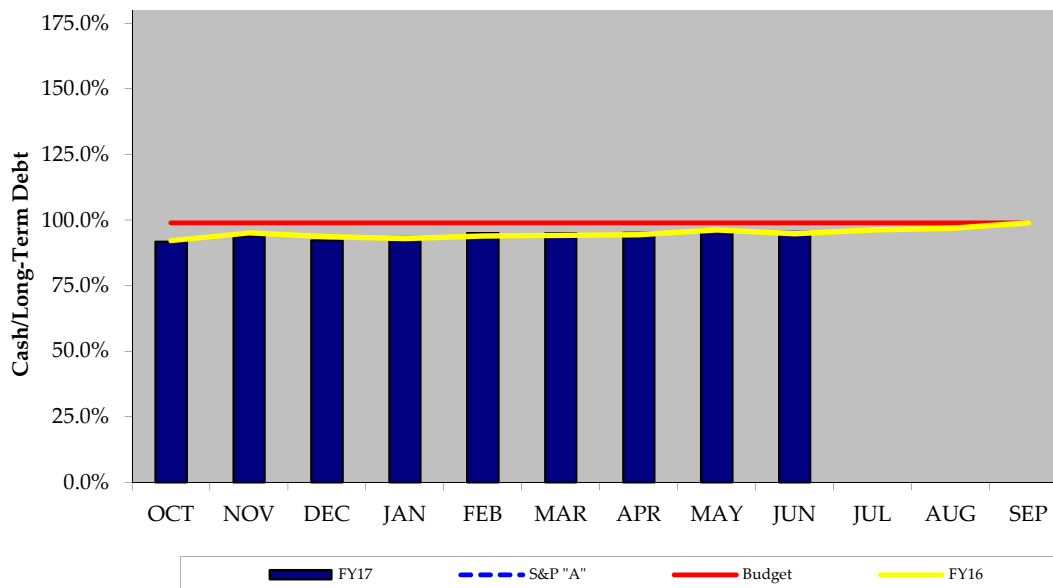


# Halifax Health Financial Summary - Graphic

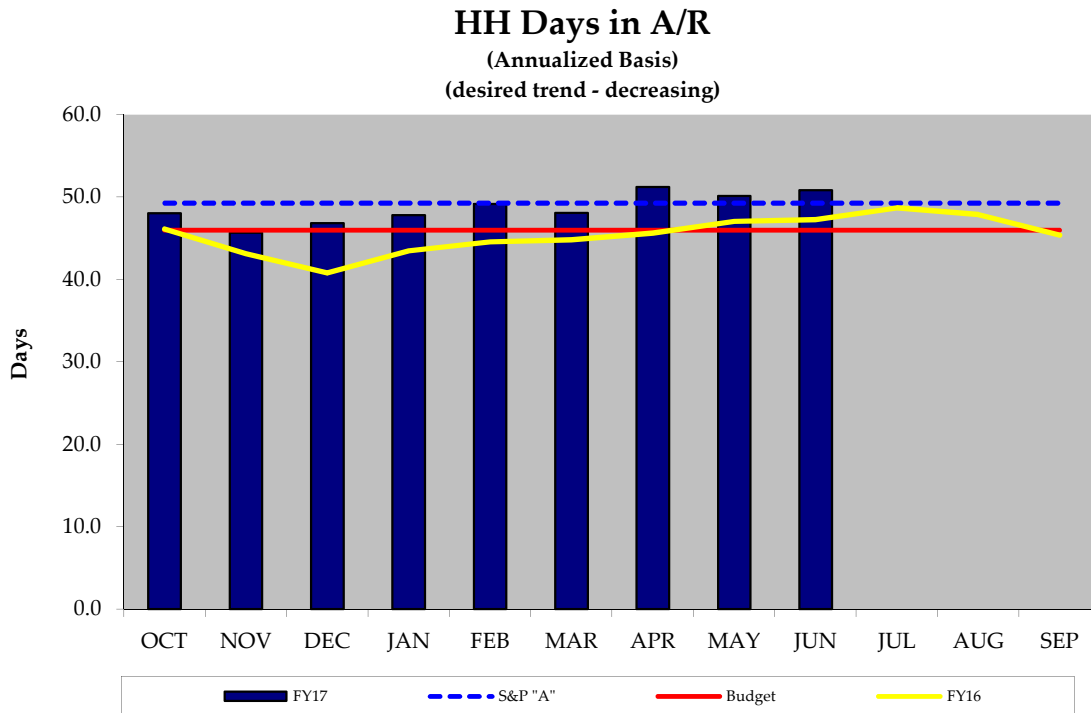
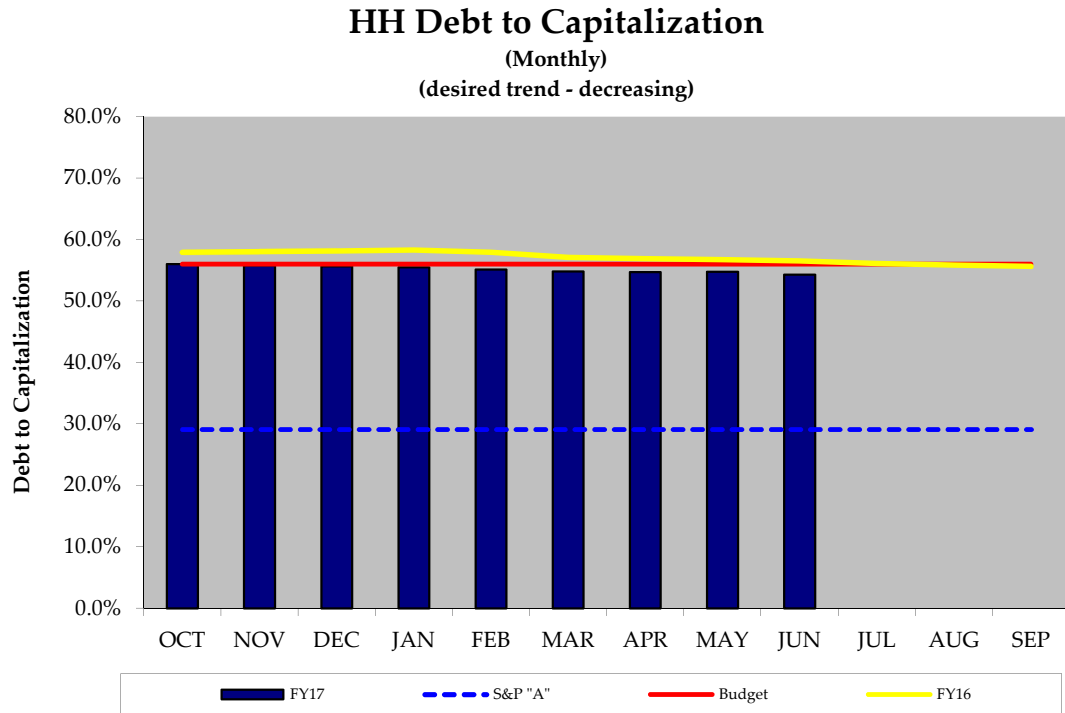
**HH Days Cash on Hand**  
(Annualized Basis)  
(desired trend - increasing)



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

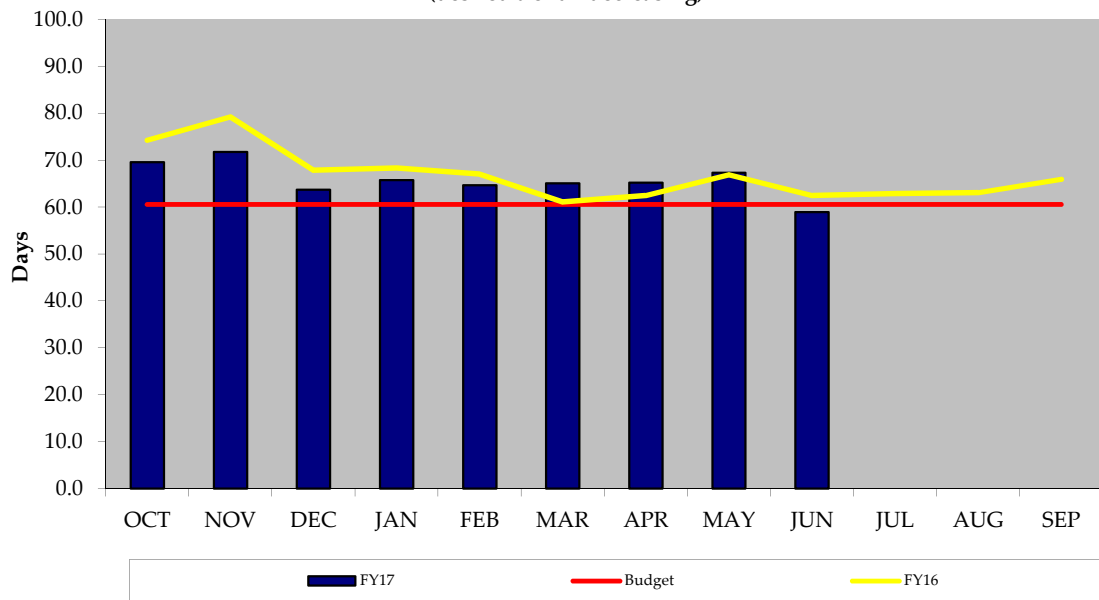


# Halifax Health Financial Summary - Graphic

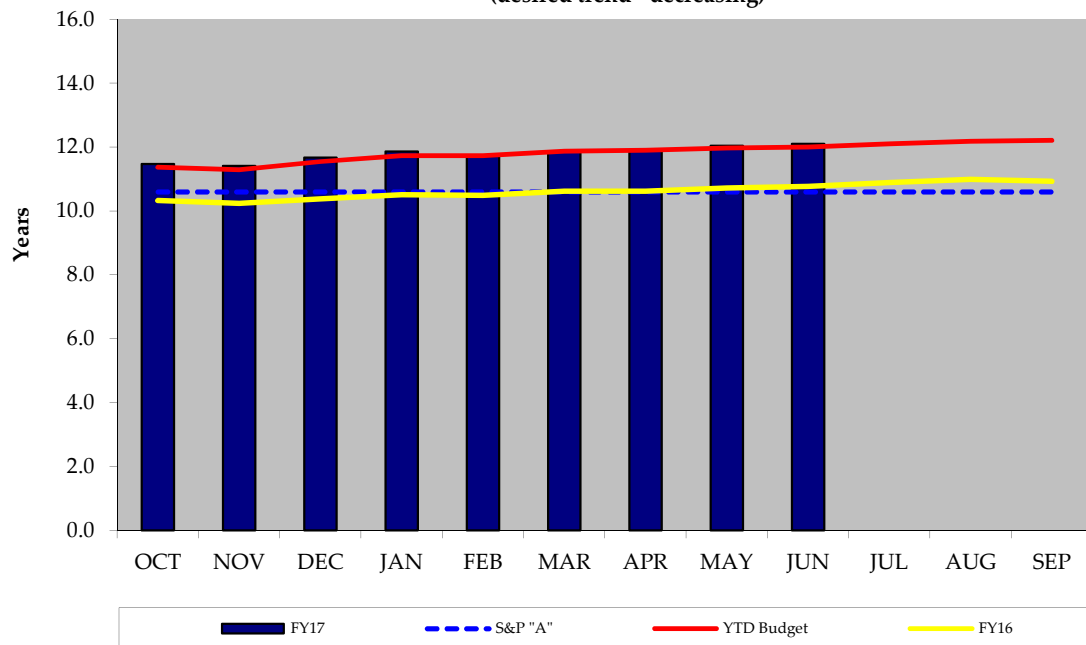


# Halifax Health Financial Summary - Graphic

**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**  
**FY2017 Capital Investment Strategy**  
**Executive Summary**  
**As of July 31, 2017**  
**(\$ in thousands)**

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<b>Targeted Unrestricted Cash and Investments - September 30, 2017</b> (262 days cash on hand)	<b>\$ 362,668</b>
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<b>Projected FY 2017 funds available for capital expenditures - based on current level of unrestricted cash and investment, plus amounts expected to be derived from operations and other sources</b>	<b>\$ 22,067</b>	<b>=</b>	<b>This amount is greater than the projected capital expenditures for FY 2017</b>
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**Capital Strategy Justifications for Approval of Proposed Capital Projects:**

1. The targeted unrestricted cash and investments for September 30, 2017 (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 2017 capital budget.

**Halifax Health**  
**FY2017 Capital Investment Strategy**  
**As of July 31, 2017**  
**(\$ in thousands)**

	Hospital Only	HH Holdings	HH Obligated Group	Foundation	Hospice	Total Halifax Health*
<b>Unrestricted Cash and Investments and days cash on hand</b>						
Actual unrestricted Cash and Investments as of July 31, 2017	\$86,384	\$160,964	\$247,348	\$36,077	\$71,581	\$355,006
Days cash on hand [S&P Calculation]	66.6	N/A	190.7	N/A	607.3	250.0
Days cash on hand including bad debt [Bond Compliance Calculation]	56.6	N/A	162.0	N/A	592.4	214.8
<b>Projection of Cash Available for Capital Investment - FY 2017</b>						
Actual Cash and Investments as of July 31, 2017	\$86,384	\$160,964	\$247,348	\$36,077	\$71,581	\$355,006
Budgeted Cash and Investments at September 30, 2017	88,924	168,474	257,398	34,422	70,848	362,668
Difference	(2,540)	(7,510)	(10,050)	1,655	733	(7,662)
<b>Calculation of Cash from Operations Available for Capital Investment</b>						
Gain from operations - budgeted FY 2017- Remaining	\$851	\$89	\$939	\$184	\$190	\$969
GASB 68 pension accounting - budgeted FY 2017- Remaining	2,031	-	2,031	-	101	2,132
Depreciation expense - budgeted FY 2017- Remaining	3,779	-	3,779	-	120	4,034
Expected cash from operations- budgeted FY 2017- Remaining	6,660	89	6,749	184	412	7,135
Donations and nonoperating gains, net- budgeted FY 2017- Remaining	-	-	-	-	116	116
Investment gains- budgeted FY 2017- Remaining	\$142	\$258	\$399	\$0	\$376	\$775
Portion being made available for capital expenditures	100% 142	100% 258	100% 399	100% -	100% 376	100% 775
Adjustment to cash from Bond Proceeds	7,646	-	7,646	-	-	7,646
Expected changes in working capital through September 30, 2017	14,332	-	14,332	-	-	14,332
Principal payments on debt	(275)	-	(275)	-	-	(275)
<b>Total expected cash and investments available for capital expenditures</b>	<b>(A) \$25,965</b>	<b>(A) (\$7,164)</b>	<b>(A) \$18,801</b>	<b>(A) \$1,839</b>	<b>(A) \$1,637</b>	<b>(A) \$22,067</b>
<b>Projected Capital Investments FY 2017</b>						
Capital projects approved in FY 2016 and prior - not expended at September 30, 2016	\$18,044	\$0	\$18,044	\$0	\$108	\$18,152
FY2017 Capital Budget	19,700	-	19,700	-	300	20,000
Adjustments (FY 2017 Budgeted Projects approved in FY 2016)	(2,681)	-	(2,681)	-	-	(2,681)
Estimated carryover of approved projects to FY 2018	(12,000)	-	(12,000)	-	-	(12,000)
Projected capital expenditures	(B) 23,063	(B) -	(B) 23,063	(B) -	(B) 408	(B) 23,471
<b>Projected funds available in excess of capital expenditures</b>	<b>(A)-(B) \$2,902</b>	<b>(A)-(B) (\$7,164)</b>	<b>(A)-(B) (\$4,262)</b>	<b>(A)-(B) \$1,839</b>	<b>(A)-(B) \$1,229</b>	<b>(A)-(B) (\$1,403)</b>
<b>Summary of Capital Approvals</b>						
FY 2017 Capital Budget	\$19,700	\$0	\$19,700	\$0	\$300	\$20,000
Projected funds available in excess of FY 2017 Capital Investment	2,902	(7,164)	(4,262)	1,839	1,229	(1,403)
FY 2017 Capital Budget plus projected excess funds	(C) 22,602	(C) (7,164)	(C) 15,438	(C) 1,839	(C) 1,529	(C) 18,597
FY2017 Board of Commissioners approved projects	15,466	-	15,466	-	-	15,466
FY 2017 CIC approved projects, net of those subsequently approved by the Board	4,078	-	4,078	-	-	4,078
Approved capital projects	(D) 19,544	(D) -	(D) 19,544	(D) -	(D) -	(D) 19,544
Adjustments (FY 2017 board approvals, approved by CIC in FY 2016)	(E) (4,326)	(E) -	(E) (4,326)	(E) -	(E) -	(E) (4,326)
<b>Available for new projects</b>	<b>(C)-(D)-(E) 7,384</b>	<b>(C)-(D)-(E) (7,164)</b>	<b>(C)-(D)-(E) 220</b>	<b>(C)-(D)-(E) 1,839</b>	<b>(C)-(D)-(E) 1,529</b>	<b>(C)-(D)-(E) 3,378</b>
Project(s) proposed for Board of Commissioners approval:						
HDR Brachytherapy Equipment	(\$75)	\$0	(\$75)	\$0	\$0	(\$75)
IV Pumps	(2,316)	-	(2,316)	-	-	(2,316)
New Smyrna Beach Family Practice-Expansion	(138)	-	(138)	-	-	(138)
Surgical Lights (Qty 3) for Open Heart ORs	(93)	-	(93)	-	-	(93)
Microscope & Centrifuge for Cytology	(54)	-	(54)	-	-	(54)
Ultrasounds (x2) for IMC & ISC	(99)	-	(99)	-	-	(99)
<b>Available Capital if Proposed Projects are Approved</b>	<b>\$4,609</b>	<b>(\$7,164)</b>	<b>(\$2,555)</b>	<b>\$1,839</b>	<b>\$1,529</b>	<b>\$603</b>

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

**Halifax Health**  
**Capital Budget**  
**FY 2017 Budget - July 31, 2017 Evaluation**  
**(in Thousands)**

		(A)	(B)	(C)	(A)+(B)+(C)		
		FY 17 Capital Budget	FY17 Adjustments	FY 17 Activity/ Approvals	Remaining Balance as of 7/31/17	Current CIC Submitted Projects	Remaining Capital with CIC Projects Approved
<b>Item</b>	<b>Information Technology</b>						
1	IT Enterprise Projects	\$1,700		(\$1,253)	\$447		\$447
2	IT Internal Resource Capitalization	700		(500)	200		200
3	Laptop/Desktop Replacement (rolling 4-5 year cycle)	300			300		300
4	WOW Replacement (rolling 7 year cycle) - 50/yr.	200		(198)	2		2
5	Enterprise Infrastructure	100			100		100
	<b>Total Information Technology</b>	<b>\$3,000</b>	<b>\$0</b>	<b>(\$1,951)</b>	<b>\$1,049</b>	<b>\$0</b>	<b>\$1,049</b>
<b>Item</b>	<b>Medical Equipment</b>						
6	Cath Lab Replacement	\$1,841			\$1,841		\$1,841
7	Vendor Neutral Archive (VNA) for Enterprise Imaging *	1,500		(1,500)	0		0
8	Power equipment (Ortho)	500		(488)	12		12
9	Intraoperative Radiation Therapy - Breast site	425		(441)	(16)		(16)
10	CT Scanner- Big Bore	350			350		350
11	Critical Care Beds	281		(322)	(41)		(41)
12	OeC O.R. C-Arm (One Machine)	225		(145)	80		80
13	Power equipment (Neuro)	225		(181)	44		44
14	Replace obsolete surgical tables (6)	220			220		220
15	Prostate Biopsy	170			170		170
16	Med/Surg Beds	163		(153)	9		9
17	IRIS Replacement	150			150		150
18	Robotics Single Site	125			125		125
19	Medical Equipment Emergency Purchases	1,000		(303)	697		697
20	Medical Equipment Projects under \$100,000	1,000		(1,197)	(197)		(197)
	<b>Total Medical Equipment</b>	<b>\$8,174</b>	<b>\$0</b>	<b>(\$4,731)</b>	<b>\$3,444</b>	<b>\$0</b>	<b>\$3,444</b>
<b>Item</b>	<b>Infrastructure/Facilities</b>						
21	T-Zone AHU (Fountain 5, 6, 7)	\$1,000		(\$321)	\$679		\$679
22	CVICU/ CPCU Renovation	816		(816)	-		-
23	Bronch Renovation	381		(580)	(199)		(199)
24	GI Lab Renovation	280			280		280
25	Lab Roof	265			265		265
26	Ophthalmology Microscope and Room Renovation	258		(130)	128		128
27	Infrastructure Emergency Purchases	1,000		(1,761)	(761)		(761)
28	Infrastructure Projects under \$100,000	1,000		(732)	268		268
	<b>Total Infrastructure/Facilities</b>	<b>\$5,000</b>	<b>\$0</b>	<b>(\$4,340)</b>	<b>\$660</b>	<b>\$0</b>	<b>\$660</b>
<b>Item</b>	<b>Hospice Capital Expenditures</b>						
29	SE Volusia Air Conditioning Units	\$175		(\$83)	\$92		\$92
30	Remaining Hospice Capital	125			125		125
	<b>Total Hospice Capital Expenditures</b>	<b>\$300</b>	<b>\$0</b>	<b>(\$83)</b>	<b>\$217</b>	<b>\$0</b>	<b>\$217</b>
<b>Item</b>	<b>Other</b>						
31	Service Expansion	\$3,526		(\$4,620)	(\$1,094)		(\$1,094)
	<b>Subtotal Other Projects</b>	<b>\$3,526</b>	<b>\$0</b>	<b>(\$4,620)</b>	<b>(\$1,094)</b>	<b>\$0</b>	<b>(\$1,094)</b>
	<b>Total HH Capital Expenditures</b>	<b>\$20,000</b>	<b>\$0</b>	<b>(\$15,725)</b>	<b>\$4,275</b>	<b>\$0</b>	<b>\$4,275</b>

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



**Halifax Health**  
**FY 2017 and Prior Approved Capital Projects and Expenditures**  
**As of July 31, 2017**  
**(\$ in thousands)**

	Project Approval Date	Total Carryover and Approved	HMC Remaining to be Spent	HH Holdings Remaining to be Spent	Hospice Remaining to be Spent
<b>Capital funds required for projects approved in FY 2016 and prior</b>					
Vendor Neutral Archive (VNA) for Enterprise Imaging	8/8/2016	\$ 3,239	\$ 2,251		
Fire Alarm System	3/16/2016	700	675		
Air Handling Unit #5 for Facility Expansion Roof	8/24/2016	231	223		
Air Handling Unit #1 for SPD Area	8/24/2016	189	186		
Port Orange Equipment Refresh	2/17/2016	746	186		
Neurosurgical Power Equipment	9/21/2016	181	181		
Data Center Cooling Replacement	9/21/2016	163	163		
Outpatient Rehab JV Renovations	6/6/2016	137	137		
Chiller #1 for HHPO	3/7/2016	183	123		
Subtotal of approved items less than \$100k		12,987	513	-	60
<b>Total Capital funds required for projects approved in FY 2016 and prior</b>		<b>\$ 18,757</b>	<b>\$ 4,638</b>	<b>\$ -</b>	<b>\$ 60</b>
<b>FY2017 Board Approved Capital Projects</b>					
Cardiac Cath & Electrophysiology Lab Replacement	11/7/2016 ^	\$ 1,841	\$ 1,659		
Patient Monitors- PACU, Holding, L&D	11/7/2016 ^	950	-		
Laptops (x50) and Desktops (x200) Replacement	11/7/2016 ^	190	-		
Ultrasound for OB Diagnostics	11/7/2016 ^	74	74		
CVICU & CPCU Renovation	12/5/2016	816	506		
SAN Software	12/5/2016 ^	594	-		
Endoscopic Ultrasound for GI with Video Scopes (Qty 4)	12/5/2016 ^	441	16		
WOW Carts (Qty 55)	12/5/2016	198	-		
Pulmonary Function Tester	12/5/2016 ^	68	68		
Intrabeam Radiation System	1/9/2017	441	441		
Fountain Building Waterproofing and Repairs	1/9/2017	118	41		
New Smyrna Family Practice Equipment and X-Ray Upgrade	1/9/2017	96	96		
AHUs #1, #3, #4, #5 for OR Areas	3/6/2017	1,643	731		
Deltona Architectural Fees	3/6/2017	3,350	2,874		
SAN Hardware	3/6/2017	477	-		
Surgical Power Equipment- Small Bone Orthopedics	3/6/2017	471	471		
AHU #1 for SPD	3/6/2017	321	117		
Ophthalmic Microscope, Surgical Light, Lens & Renovation of OR #1	3/6/2017	130	-		
Neurosurgical Power Equipment	3/6/2017 ^	181	181		
Network Switches & Installation for Patient Monitoring	3/6/2017	141	85		
Plasma Pheresis Systems (Qty 5)	3/6/2017	122	122		
Minimally Invasive Valve Replacement Instrumentation & Video System	3/6/2017	73	7		
Mini C-Arm for Hand Surgery	3/6/2017	72	-		
SEVCC HVACs (Qty 3)	2/15/2017	83	-	40	
IMC (16) and CIC (25) Beds and Mattresses	5/1/2017	476	-		
Brain Path Kit	5/1/2017	181	181		
Medical Oncology Expansion-Port Orange	5/1/2017	433	433		
Bronchoscopy Lab Construction	5/1/2017	580	548		
Fairwarning Patient Privacy System	5/1/2017	182	182		
Logrhythm Security Licenses, Software & Hardware	5/1/2017	150	150		
Pediatric Rehab Renovation	5/1/2017	574	574		
Access Control-Lenel License & Network Boards	7/10/2017	125	125		
Renovation of Acute Care staff offices	7/10/2017	82	76		
Pump Speed Controls for Heart-Lung Machines (Qty 3)	7/10/2017	87	87		
C-Arm for OR	7/10/2017	145	145		
Diagnostic (Xray) Equipment Retro Fit for HHPO	7/10/2017	100	100		
Soiled Utility Room Remodel	7/10/2017	73	73		
<b>Total FY 2017 Board Approved Capital Projects</b>		<b>\$ 15,466</b>	<b>\$ 9,557</b>	<b>\$ 40</b>	<b>\$ -</b>
<b>FY 2017 Other Approved Capital Projects</b>					
Cargo Vans (Qty 2)	3/15/2017 *	\$ 52	\$ 52		
Subtotal of approved items less than \$50k		1,345	794	50	-
<b>Total FY 2017 Other Approved Capital Projects</b>		<b>\$ 1,397</b>	<b>\$ 846</b>	<b>\$ 50</b>	<b>\$ -</b>
<b>Projects proposed for Board of Commissioners approval</b>					
HDR Brachytherapy Equipment	6/21/2017 *	\$ 75	\$ 75		
IV Pumps	8/17/2017	2,316	2,316		
New Smyrna Beach Family Practice-Expansion	7/19/2017 *	138	138		
Surgical Lights (Qty 3) for Open Heart ORs	6/21/2017 *	93	93		
Microscope & Centrifuge for Cytology	7/19/2017 *	54	54		
Ultrasonounds (x2) for IMC & ISC	6/21/2017 *	99	99		
<b>Total Project(s) proposed for Board approval</b>		<b>\$ 2,775</b>	<b>\$ 2,775</b>	<b>\$ -</b>	<b>\$ -</b>

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

^ CIC approved project in FY 2016

**Halifax Health**  
**FY2017 Capital Investment Strategy**  
**Executive Summary**  
**As of June 30, 2017**  
**(\$ in thousands)**

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<b>Targeted Unrestricted Cash and Investments - September 30, 2017</b> (262 days cash on hand)	<b>\$ 362,668</b>
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<b>Projected FY 2017 funds available for capital expenditures - based on current level of unrestricted cash and investment, plus amounts expected to be derived from operations and other sources</b>	<b>\$ 21,228</b>	<b>=</b>	<b>This amount is greater than the projected capital expenditures for FY 2017</b>
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**Capital Strategy Justifications for Approval of Proposed Capital Projects:**

1. The targeted unrestricted cash and investments for September 30, 2017 (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 2017 capital budget.

**Halifax Health**  
**FY2017 Capital Investment Strategy**  
**As of June 30, 2017**  
**(\$ in thousands)**

	Hospital Only	HH Holdings	HH Obligated Group	Foundation	Hospice	Total Halifax Health*
<b>Unrestricted Cash and Investments and days cash on hand</b>						
Actual unrestricted Cash and Investments as of June 30, 2017	\$83,999	\$160,486	\$244,485	\$35,562	\$70,688	\$350,734
Days cash on hand [S&P Calculation]	64.7	N/A	188.1	N/A	597.2	246.4
Days cash on hand including bad debt [Bond Compliance Calculation]	55.7	N/A	162.0	N/A	581.2	214.3
<b>Projection of Cash Available for Capital Investment - FY 2017</b>						
Actual Cash and Investments as of June 30, 2017	\$83,999	\$160,486	\$244,485	\$35,562	\$70,688	\$350,734
Budgeted Cash and Investments at September 30, 2017	88,924	168,474	257,398	34,422	70,848	362,668
Difference	(4,925)	(7,988)	(12,913)	1,140	(160)	(11,934)
<b><u>Calculation of Cash from Operations Available for Capital Investment</u></b>						
Gain from operations - budgeted FY 2017- Remaining	(\$37)	\$133	\$96	\$279	\$270	\$1,190
GASB 68 pension accounting - budgeted FY 2017- Remaining	3,046	-	3,046	-	152	3,198
Depreciation expense - budgeted FY 2017- Remaining	5,630	-	5,630	-	162	6,012
Expected cash from operations- budgeted FY 2017- Remaining	8,640	133	8,772	279	584	10,400
Donations and nonoperating gains, net- budgeted FY 2017- Remaining	-	-	-	-	236	236
Investment gains- budgeted FY 2017- Remaining	\$210	\$386	\$596	\$0	\$564	\$1,160
Portion being made available for capital expenditures	100% 210	100% 386	100% 596	100% -	100% 564	100% 1,160
Adjustment to cash from Bond Proceeds	7,646	-	7,646	-	-	7,646
Expected changes in working capital through September 30, 2017	14,132	-	14,132	-	-	14,132
Principal payments on debt	(412)	-	(412)	-	-	(412)
<b>Total expected cash and investments available for capital expenditures</b>	<b>(A) \$25,290</b>	<b>(A) (\$7,469)</b>	<b>(A) \$17,821</b>	<b>(A) \$1,419</b>	<b>(A) \$1,224</b>	<b>(A) \$21,228</b>
<b>Projected Capital Investments FY 2017</b>						
Capital projects approved in FY 2016 and prior - not expended at September 30, 2016	\$18,044	\$0	\$18,044	\$0	\$108	\$18,152
FY2017 Capital Budget	19,700	-	19,700	-	300	20,000
Adjustments (FY 2017 Budgeted Projects approved in FY 2016)	(2,681)	-	(2,681)	-	-	(2,681)
Estimated carryover of approved projects to FY 2018	(12,000)	-	(12,000)	-	-	(12,000)
Projected capital expenditures	(B) 23,063	(B) -	(B) 23,063	(B) -	(B) 408	(B) 23,471
<b>Projected funds available in excess of capital expenditures</b>	<b>(A)-(B) \$2,228</b>	<b>(A)-(B) (\$7,469)</b>	<b>(A)-(B) (\$5,241)</b>	<b>(A)-(B) \$1,419</b>	<b>(A)-(B) \$816</b>	<b>(A)-(B) (\$2,243)</b>
<b>Summary of Capital Approvals</b>						
FY 2017 Capital Budget	\$19,700	\$0	\$19,700	\$0	\$300	\$20,000
Projected funds available in excess of FY 2017 Capital Investment	2,228	(7,469)	(5,241)	1,419	816	(2,243)
FY 2017 Capital Budget plus projected excess funds	(C) 21,928	(C) (7,469)	(C) 14,459	(C) 1,419	(C) 1,116	(C) 17,757
FY2017 Board of Commissioners approved projects	15,466	-	15,466	-	-	15,466
FY 2017 CIC approved projects, net of those subsequently approved by the Board	4,183	-	4,183	-	-	4,183
Approved capital projects	(D) 19,649	(D) -	(D) 19,649	(D) -	(D) -	(D) 19,649
Adjustments (FY 2017 board approvals, approved by CIC in FY 2016)	(E) (4,394)	(E) -	(E) (4,394)	(E) -	(E) -	(E) (4,394)
<b>Available for new projects</b>	<b>(C)-(D)-(E) 6,673</b>	<b>(C)-(D)-(E) (7,469)</b>	<b>(C)-(D)-(E) (796)</b>	<b>(C)-(D)-(E) 1,419</b>	<b>(C)-(D)-(E) 1,116</b>	<b>(C)-(D)-(E) 2,503</b>
Project(s) proposed for Board of Commissioners approval:						
HDR Brachytherapy Equipment	(\$75)	\$0	(\$75)	\$0	\$0	(\$75)
Ultrasounds (x2) for IMC & ISC	(99)	-	(99)	-	-	(99)
<b>Available Capital if Proposed Projects are Approved</b>	<b>\$6,499</b>	<b>(\$7,469)</b>	<b>(\$970)</b>	<b>\$1,419</b>	<b>\$1,116</b>	<b>\$2,328</b>

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

**Halifax Health**  
**Capital Budget**  
**FY 2017 Budget - June 30, 2017 Evaluation**  
**(in Thousands)**

		(A)	(B)	(C)	(A)+(B)+(C)		
		FY 17 Capital Budget	FY17 Adjustments	FY 17 Activity/ Approvals	Remaining Balance as of 6/30/17	Current CIC Submitted Projects	Remaining Capital with CIC Projects Approved
<b>Item</b>	<b>Information Technology</b>						
1	IT Enterprise Projects	\$1,700		(\$1,239)	\$461		\$461
2	IT Internal Resource Capitalization	700			700		700
3	Laptop/Desktop Replacement (rolling 4-5 year cycle)	300			300		300
4	WOW Replacement (rolling 7 year cycle) - 50/yr.	200		(198)	2		2
5	Enterprise Infrastructure	100			100		100
	<b>Total Information Technology</b>	<b>\$3,000</b>	<b>\$0</b>	<b>(\$1,437)</b>	<b>\$1,563</b>	<b>\$0</b>	<b>\$1,563</b>
<b>Item</b>	<b>Medical Equipment</b>						
6	Cath Lab Replacement	\$1,841			\$1,841		\$1,841
7	Vendor Neutral Archive (VNA) for Enterprise Imaging *	1,500		(1,500)	0		0
8	Power equipment (Ortho)	500		(488)	12		12
9	Intraoperative Radiation Therapy - Breast site	425		(441)	(16)		(16)
10	CT Scanner- Big Bore	350			350		350
11	Critical Care Beds	281		(322)	(41)		(41)
12	OeC O.R. C-Arm (One Machine)	225		(145)	80		80
13	Power equipment (Neuro)	225		(181)	44		44
14	Replace obsolete surgical tables (6)	220			220		220
15	Prostate Biopsy	170			170		170
16	Med/Surg Beds	163		(153)	9		9
17	IRIS Replacement	150			150		150
18	Robotics Single Site	125			125		125
19	Medical Equipment Emergency Purchases	1,000		(303)	697		697
20	Medical Equipment Projects under \$100,000	1,000		(1,082)	(82)		(82)
	<b>Total Medical Equipment</b>	<b>\$8,174</b>	<b>\$0</b>	<b>(\$4,616)</b>	<b>\$3,558</b>	<b>\$0</b>	<b>\$3,558</b>
<b>Item</b>	<b>Infrastructure/Facilities</b>						
21	T-Zone AHU (Fountain 5, 6, 7)	\$1,000		(\$321)	\$679		\$679
22	CVICU/ CPCU Renovation	816		(816)	-		-
23	Bronch Renovation	381		(580)	(199)		(199)
24	GI Lab Renovation	280			280		280
25	Lab Roof	265			265		265
26	Ophthalmology Microscope and Room Renovation	258		(130)	128		128
27	Infrastructure Emergency Purchases	1,000		(1,761)	(761)		(761)
28	Infrastructure Projects under \$100,000	1,000		(815)	185		185
	<b>Total Infrastructure/Facilities</b>	<b>\$5,000</b>	<b>\$0</b>	<b>(\$4,423)</b>	<b>\$577</b>	<b>\$0</b>	<b>\$577</b>
<b>Item</b>	<b>Hospice Capital Expenditures</b>						
29	SE Volusia Air Conditioning Units	\$175		(\$83)	\$92		\$92
30	Remaining Hospice Capital	125			125		125
	<b>Total Hospice Capital Expenditures</b>	<b>\$300</b>	<b>\$0</b>	<b>(\$83)</b>	<b>\$217</b>	<b>\$0</b>	<b>\$217</b>
<b>Item</b>	<b>Other</b>						
31	Service Expansion	\$3,526		(\$4,453)	(\$927)		(\$927)
	<b>Subtotal Other Projects</b>	<b>\$3,526</b>	<b>\$0</b>	<b>(\$4,453)</b>	<b>(\$927)</b>	<b>\$0</b>	<b>(\$927)</b>
	<b>Total HH Capital Expenditures</b>	<b>\$20,000</b>	<b>\$0</b>	<b>(\$15,012)</b>	<b>\$4,988</b>	<b>\$0</b>	<b>\$4,988</b>

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

**Halifax Health**  
**FY 2017 and Prior Approved Capital Projects and Expenditures**  
**As of June 30, 2017**  
**(\$ in thousands)**

	Project Approval	Total Carryover and Approved	Spent During FY 2017	HMC Remaining to be Spent	HH Holdings Remaining to be Spent	Hospice Remaining to be Spent
<b>Capital funds required for projects approved in FY 2016 and prior</b>						
Deltona FSED	6/6/2016	\$ 3,843	(3,843)	\$ -		
Vendor Neutral Archive (VNA) for Enterprise Imaging	8/8/2016	3,239	(526)	2,712		
Cardiac Cath & Electrophysiology Lab Replacement	10/3/2016 ^	1,841	-	1,841		
Boiler Replacement (3)	8/8/2016	1,605	(1,113)	492		
Patient Monitors- PACU, Holding, L&D	10/3/2016 ^	950	-	950		
Port Orange Equipment Refresh	2/17/2016	746	(560)	186		
Fire Alarm System	3/16/2016	700	(25)	675		
SAN Software	10/3/2016 ^	594	-	594		
Med Psych Construction & Furnishings-4-South Fountain Tower	11/2/2015	489	(447)	42		
Endoscopic Ultrasound for GI with Video Scopes (Qty 4)	8/24/2016 ^	470	-	470		
AHU (x2) for Ormond ROC	6/6/2016	328	(314)	14		
Air Handling Units (Qty 2) for HHPO	6/6/2016	320	(320)	0		
Access Control System - Replacement of WinPal	11/2/2015	243	(250)	(7)		
Air Handling Unit #5 for Facility Expansion Roof	8/24/2016	231	(8)	223		
Bronchoscopes (Qty 3) and Navigation Cart	6/6/2016	200	(200)	-		
Hemodynamic Patient Monitors (x10)	8/8/2016	198	(198)	-		
Laptops (x50) and Desktops (x200) Replacement	10/3/2016 ^	190	-	190		
Air Handling Unit #1 for SPD Area	8/24/2016	189	(3)	186		
Chiller #1 for HHPO	3/7/2016	183	(60)	123		
Neurosurgical Power Equipment	9/21/2016	181	-	181		
Data Center Cooling Replacement	9/21/2016	163	-	163		
Outpatient Rehab JV Renovations	6/6/2016	137	-	137		
Ormond Beach Urgent Care Construction & Equipment	12/7/2015	111	(111)	-		
Ormond Beach Resale Shop	8/24/2016	108	(61)	-		47
GI Lab for HHPO	1/8/2016	106	(94)	12		
Pump Speed Controls for Heart-Lung Machines (Qty 3)	9/21/2016 *	100	-	100		
Subtotal of approved items less than \$100k		1,292	(820)	459	-	13
<b>Total Capital funds required for projects approved in FY 2016 and prior</b>		<b>\$ 17,465</b>	<b>\$ (8,133)</b>	<b>\$ 9,284</b>	<b>\$ -</b>	<b>\$ 47</b>
<b>FY2017 Board Approved Capital Projects</b>						
Cardiac Cath & Electrophysiology Lab Replacement	11/7/2016 ^	\$ 1,841	\$ (182)	\$ 1,659		
Patient Monitors- PACU, Holding, L&D	11/7/2016 ^	950	(950)	-		
Laptops (x50) and Desktops (x200) Replacement	11/7/2016 ^	190	(190)	-		
Ultrasound for OB Diagnostics	11/7/2016 ^	74	-	74		
CVICU & CPCU Renovation	12/5/2016	816	(167)	649		
SAN Software	12/5/2016 ^	594	(594)	-		
Endoscopic Ultrasound for GI with Video Scopes (Qty 4)	12/5/2016 ^	441	(424)	16		
WOW Carts (Qty 55)	12/5/2016	198	(198)	-		
Pulmonary Function Tester	12/5/2016 ^	68	-	68		
Intrabeam Radiation System	1/9/2017	441	-	441		
Fountain Building Waterproofing and Repairs	1/9/2017	118	(77)	41		
New Smyrna Family Practice Equipment and X-Ray Upgrade	1/9/2017	96	-	96		
AHUs #1, #3, #4, #5 for OR Areas	3/6/2017	1,643	(812)	831		
Deltona Architectural Fees	3/6/2017	3,350	(282)	3,068		
SAN Hardware	3/6/2017	477	(477)	-		
Surgical Power Equipment- Small Bone Orthopedics	3/6/2017	471	-	471		
AHU #1 for SPD	3/6/2017	321	(2)	318		
Ophthalmic Microscope, Surgical Light, Lens & Renovation of OR #1	3/6/2017	130	(106)	24		
Neurosurgical Power Equipment	3/6/2017 ^	181	-	181		
Network Switches & Installation for Patient Monitoring	3/6/2017	141	(55)	85		
Plasma Pheresis Systems (Qty 5)	3/6/2017	122	-	122		
Minimally Invasive Valve Replacement Instrumentation & Video System	3/6/2017	73	(66)	7		
Mini C-Arm for Hand Surgery	3/6/2017	72	(72)	-		
SEVCC HVACs (Qty 3)	2/15/2017	83	(43)	-	40	
IMC (16) and CIC (25) Beds and Mattresses	5/1/2017	476	-	476		
Brain Path Kit	5/1/2017	181	-	181		
Medical Oncology Expansion-Port Orange	5/1/2017	433	-	433		
Bronchoscopy Lab Construction	5/1/2017	580	(21)	559		
Fairwarning Patient Privacy System	5/1/2017	182	-	182		
Loghythm Security Licenses, Software & Hardware	5/1/2017	150	-	150		
Pediatric Rehab Renovation	5/1/2017	574	-	574		
Access Control-Lenel License & Network Board	7/10/2017 *	125	-	125		
Renovation of Acute Care staff offices	7/10/2017 *	82	(6)	76		
Pump Speed Controls for Heart-Lung Machines (Qty 3)	7/10/2017 *	87	-	87		
C-Arm for OR	7/10/2017 *	145	-	145		
Diagnostic (Xray) Equipment Retro Fit for HHPO	7/10/2017 *	100	-	100		
Soiled Utility Room Remodel	7/10/2017 *	73	-	73		
<b>Total FY 2016 Board Approved Capital Projects</b>		<b>\$ 15,466</b>	<b>\$ (4,719)</b>	<b>\$ 10,707</b>	<b>\$ 40</b>	<b>\$ -</b>
<b>FY 2017 Other Approved Capital Projects</b>						
Courtesy Golf Carts (x4)	4/19/2017 *	\$ 129	\$ (129)	\$ -		
Surgical Lights (Qty 3) for Open Heart ORs	6/21/2017 *	93	-	93		
Cargo Vans (Qty 2)	3/15/2017 *	52	-	52		
Subtotal of approved items less than \$50k		734	(257)	477	-	-
<b>Total FY 2016 Other Approved Capital Projects</b>		<b>\$ 1,502</b>	<b>\$ (527)</b>	<b>\$ 925</b>	<b>\$ 50</b>	<b>\$ -</b>
<b>Projects proposed for Board of Commissioners approval</b>						
HDR Brachytherapy Equipment	6/21/2017 *	\$ 75	\$ -	\$ 75		
Ultrasonics (x2) for IMC & ISC	6/21/2017 *	99	-	99		
<b>Total Project(s) proposed for Board approval</b>		<b>\$ 174</b>	<b>\$ -</b>	<b>\$ 174</b>	<b>\$ -</b>	<b>\$ -</b>

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

^ CIC approved project in FY 2016

## CAPITAL EXPENDITURES & OPERATING LEASES

Audit & Finance Committee

August 2017

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

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
IV Pumps	Nursing Administration	Working Capital	\$2,316,642
New Smyrna Beach Family Practice - Office Expansion and Renovation	Physician Services	Working Capital	\$137,600
Ultrasound Machines for Intensive Care Units	Intensive Care Services	Working Capital	\$99,375
Surgical Lighting for Cardiovascular Operating Room	Surgical Services	Working Capital	\$92,360
HDR Brachytherapy Equipment	Center for Oncology	Working Capital	\$74,700
Cytology Equipment	Laboratory	Working Capital	\$54,214

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

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, Vice President and Chief Nursing Officer  
DATE: August 17, 2017  
RE: IV Pumps

---

Halifax Health Nursing Administration is requesting the funds to purchase 750 Intravenous (IV) Pumps.

The purchase will provide improved patient safety through the utilization of "smart pump" technology that prevents over or under medicating patients through the programming of safe limits during the transfusion of medication process. In addition, the purchase allows us to utilize a single vendor for related supplies, resulting in an estimated annual operational savings of \$489,000 and a recovery of the capital investment in 4.6 years.

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

**TOTAL CAPITAL COSTS    \$2,316,642**



## Halifax Health Project Evaluation

<b>IV Pumps</b>
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Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Director, Nursing:	Monika Dutton
Finance Analysis by:	Steve Mach

<b>Summary</b>
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**Purpose:**

This purchase will provide improved patient safety through the utilization of smart pump technology during the transfusion of medication process. The purchase will allow the health system to realize supply cost savings.

**Strategic Plan Core Competency Achievement:**

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

**Cornerstone:**

Safety	X
Compassion	X
Image	
Efficiency	X

**Investment/Return:**

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow
Year 0 <sup>1</sup>	(\$2,316,642)	\$0	(\$2,316,642)
Year 1	\$0	\$489,392	(\$1,827,250)
Year 2	\$0	\$499,180	(\$1,328,069)
Year 3	\$0	\$509,164	(\$818,906)
Year 4	\$0	\$519,347	(\$299,559)
Year 5	\$0	\$529,734	\$230,175
Year 6	\$0	\$540,329	\$770,504
Terminal Value <sup>2</sup>	\$0	\$0	\$770,504

Decision Metrics	
Required rate of Return	6.5%
Internal Rate of Return (IRR)	8.7%
5 Year Net Present Value (NPV)	\$164,971
Payback Period (in Years)	4.6

**Investment Request for Approval**     **\$2,316,642**

<sup>1</sup> Includes capital acquisition

<sup>2</sup> Terminal value is estimated at 0





# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Jeanne Connelly, Executive Director Physician Services  
DATE: August 15, 2017  
RE: New Smyrna Beach Family Practice - Office Expansion and Renovation

---

Halifax Health Physician Services is requesting funds to expand and renovate the New Smyrna Beach (NSB) Family Practice office space. The expansion includes an additional 511 square feet.

The renovations include the reconfiguration of the employee break room to become an exam room, the addition of two exam rooms, creation of a physician office space, addition of a new employee break room, and an increase to the waiting room area. After the renovation, the physician practice location will have ten exam rooms.

This primary care practice serves the residents of NSB, and is part of the Halifax Health primary care network. The expansion of the physician practice improves access to primary care and other healthcare services provided by Halifax Health.

The building is owned by Dr. Gregory Samano. Dr. Samano entered into an employment agreement and provides medical services in the leased office. Dr. Anthony Stover joined the practice on August 1, 2017. There are three Physician Assistants who are also providing patient care at this location. The original lease agreement included a right of first refusal for Halifax Health to rent additional space owned by Dr. Samano. The lease with Dr. Samano will be amended to include the 511 additional square feet referenced above.

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

**TOTAL CAPITAL COSTS    \$137,600**



## Halifax Health Project Evaluation

### New Smyrna Family Practice Office Expansion

Chief Financial Officer:	Eric Peburn
Executive Director Physician Services:	Jeanne Connelly
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project will expand the New Smyrna Family Practice office space by 511 square feet and create a larger waiting room, three additional exam rooms, provider office space, and a lounge area.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	
Compassion	X
Image	X
Efficiency	X

**Investment Request for Approval**     **\$137,600**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: P. Kent Harman, M.D., Director, Intensive Care Services  
Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: July 17, 2017  
RE: Ultrasound Machines for Intensive Care Units

---

The Halifax Health Intensive Care Services is requesting funds to purchase two ultrasound machines and three probes for use in the Intensive Medical Care, Intensive Surgical Care, and Cardiovascular Intensive Care Units. These machines will replace two machines purchased in 1999 and 2006, for which parts for repair are no longer available.

The ultrasound machines produce a real-time image that allows visualization of heart function and assessment of the inferior vena cava during urgent patient resuscitations. Ultrasound-guided patient resuscitation has been the standard of care nationally for many years. The images are also used for the immediate recognition of punctured lungs or active bleeding in the chest and abdomen, and for the insertion of intravascular transfusion and monitoring lines. The machines are used multiple times each day in all three ICUs.

The project was approved by the Capital Investment Committee meeting on June 21, 2017.

**TOTAL CAPITAL COSTS    \$99,375**



## Halifax Health Project Evaluation

<b>Ultrasound Machines for Intensive Care Units</b>
---

Chief Operating Officer:	Mark Billings
Director, Intensive Care	Dr. Harman
Finance Analysis by:	Steve Mach

### Summary

**Purpose:**

This project will replace two bedside Ultrasound units for use in the Intensive Medical Care, Intensive Surgical Care, and Cardiovascular Intensive Care Units.

**Strategic Plan Core Competency Achievement:**

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

**Cornerstone:**

Safety	X
Compassion	X
Image	
Efficiency	X

**Investment Request for Approval**     **\$99,375**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Matt Petkus, Vice President Surgical Services  
DATE: August 15, 2017  
RE: Surgical Lighting for Cardiovascular Operating Room

---

Halifax Health Surgical Services is requesting funds to purchase LED surgical lighting for the Cardiovascular Operating Room (CVOR). The LED lighting will replace 20 year-old surgical lights that are no longer supported by the manufacturer. Replacement parts are not available.

The LED lighting will provide natural color to ensure that the surgical field remains clearly illuminated. The new lights will reduce shadows and increase the depth of field and brightness compared to the current surgical lights.

The project was approved at the Capital Investment Committee meeting on June 21, 2017.

**TOTAL CAPITAL COSTS    \$92,360**



## Halifax Health

### Project Evaluation

#### Surgical Lighting for CVOR

Chief Operating Officer:	Mark Billings
Vice President, Surgical Services:	Matt Petkus
Director, Surgical Services:	Deborah Moore
Finance Analysis by:	Steve Mach

#### Summary

#### Purpose:

This project will upgrade surgical lights in the Cardio Vascular Operating Room with LED lighting.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	X
Compassion	X
Image	
Efficiency	

Investment Request for Approval **\$92,360**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Alberto Tineo, Senior Vice President Operations  
DATE: July 17, 2017  
RE: HDR Brachytherapy Equipment

---

Halifax Health Center for Oncology is requesting funds to purchase High Dose Rate (HDR) Brachytherapy equipment. This equipment delivers radiation from implants placed close to, or inside, the tumors of the body; in particular uterus, vaginal or breast cancers.

Prior to radiation, tiny hollow catheters are temporarily inserted directly into the tumor. Before each treatment, a check for position is performed to ensure the catheter is placed within one millimeter of the tumor. High dose rate radiation is then delivered through the catheter into the tumor.

Our current HDR system will be end of life in January 2018. Parts or service will then no longer be available. The radiation oncology department performs approximately 265 brachytherapy cases annually. The new equipment will allow for a fully digital system with enhancements to the delivery time, dose calculation tools, security features and patient set-up and will have a lifespan through December 2027.

The project was approved at the Capital Investment Committee meeting on June 21, 2017.

**TOTAL CAPITAL COSTS    \$74,700**



## Halifax Health Project Evaluation

### HDR Brachytherapy Equipment

Chief Operating Officer:	Mark Billings
Sr. Vice President, Operations:	Alberto Tineo
Service Line Administrator, Oncology:	Debra Trovato
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project will upgrade the Brachytherapy equipment in Radiation Oncology.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	X

**Investment Request for Approval** **\$74,700**

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





# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Alberto Tineo, Vice President Operations  
DATE: August 15, 2017  
RE: Cytology Equipment

---

Halifax Health Laboratory is requesting the purchase of Cytology equipment including a thin prep cytofuge, a cell block centrifuge and a microscope. The equipment will be used by a licensed cytologist to implement cytology processing in-house.

Cytology is the study of the microscopic appearance of cells for the diagnosis of abnormalities and malignancies. The thin prep method is advantageous because it results in a consistent single layer of cells making it easier to interpret. The thin prep method reduces clustering, overlapping and deformation of cells, blood and infections that can occur with standard methods.

Currently the laboratory sends 800 cytology requests per year to a reference lab. The process takes 3-5 days to obtain results. With the implementation of cytology services in-house, we will reduce turnaround times to 24-48 hours. The in-house cytologies will also support the interventional bronchoscopy and interventional radiology programs by providing immediate interpretation of slides for adequacy at the bedside. This service will reduce the need for patients to return for additional testing in instances where adequate material was not recovered during the initial biopsy.

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

**TOTAL CAPITAL COST      \$54,214**



## Halifax Health Project Evaluation

### Microscope and Centrifuges for Pathology

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

### Summary

**Purpose:**

This project will allow the lab to provide Cytology services in-house.

**Strategic Plan Core Competency Achievement:**

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

**Cornerstone:**

Safety	X
Compassion	X
Image	
Efficiency	X

**Investment Request for Approval** **\$54,214**

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

**Halifax Health Medical Center  
Capital Disposals  
August 2017**

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	Original Cost	Book Value
45839	Upper Body Ergometer	Pulmonary Rehab - 01.757604	05/04/94	2,460.90	-
47364	Rolm Attendant Console	Safety & Security - 01.843000	09/26/96	1,979.80	-
47623	Endoscopy Cart Windquest	GI Lab - 01.703700	11/27/96	2,830.00	-
50801	Communication EQ Radio UHF	Safety & Security - 01.843000	04/22/99	2,455.00	-
55223	Sony Bravia 32" Flat Screen TV	7 EAST - Pt. Room	06/06/06	1,562.48	-
55301	Sony Bravia 32" Flat Screen TV	7 EAST - Pt. Room	06/06/06	1,562.47	-
54646	Leather Recliner	7 EAST - Pt. Room	03/15/06	1,391.92	340.32
54647	Leather Recliner	7 EAST - Pt. Room	03/15/06	1,391.92	340.32
56049	Sony Plasma Panel 50" TV	7 EAST - Pt. Room	03/01/07	2,840.00	-
56080	Leather Recliner, Kangaroo	7 EAST - Pt. Room	04/13/07	2,659.00	842.14
51739	Patient tray delivery cart	Food/Nutrition - 01.831000	11/13/99	1,062.67	-
52420	Patient tray delivery cart	Food/Nutrition - 01.831000	05/05/03	2,585.85	-
54998	Blast chiller	Food/Nutrition - 01.831000	09/01/05	16,750.00	-
57100	Patient tray delivery cart	Food/Nutrition - 01.831000	06/30/09	2,627.94	507.94
0035641	Double deck convection oven	Food/Nutrition - 01.831000	02/01/88	4,916.00	-
56517	GE V730 EXPERT ULTRASOUND	OB DIAGNOSTIC	08/06/07	86,574.00	-
50585	HEMOCGRON ANALYZER	SPECIALS RADIOLOGY	07/24/98	3,506.00	-
39403	PHANTON W/WATER THROUGH	RADIOLOGY ULTRASOUND	01/30/90	1,924.38	-
48528	ONEAC LINE CONDITIONER	RADIOLOGY ULTRASOUND	05/30/94	1,500.00	-
56912	TRANSDUCER	RADIOLOGY ULTRASOUND	08/29/08	4,998.50	-
58446	KONICA XPRESS CR-CS1 113	RADIOLOGY	05/31/10	15,800.00	-
55103	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55104	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55105	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55106	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55107	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55108	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55109	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55110	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55111	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55112	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55113	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
55114	SURGICAL CART WITH MONITOR AND UPS FOR PACS RADIOLOGY	RADIOLOGY	01/04/06	4,294.88	-
49851	PC	EEG	12/13/01	2,604.97	-
55775	GARBAGE DISPOSER	FOOD AND NUTRITION	11/22/06	2,673.49	-
51741	TRAY DELIVERY CART	FOOD AND NUTRITION	11/13/99	1,585.58	-
45995	HOBART REFRIGERATOR/FREEZER #QSLF1	FOOD AND NUTRITION	05/31/94	3,735.00	-
52172	SAECO AUTOMATIC ESPRESSO MACHINE	FOOD AND NUTRITION	07/14/03	3,950.00	-
52413	PATIENT TRAY CART	FOOD AND NUTRITION	05/05/03	2,585.85	-
54231	SAECO AUTOMATIC ESPRESSO MACHINE	FOOD AND NUTRITION	03/25/04	2,898.00	-
54548	SAECO AUTOMATIC ESPRESSO MACHINE	FOOD AND NUTRITION	12/10/04	2,898.00	-
48825	BIOCHEM ETCO2 ANALYZER	RESPIRATORY	01/08/96	1,618.49	-
50900	RADIOMETER ABI-720 BLOOD GAS ANALYZER	RESPIRATORY	11/03/99	27,880.00	-
38458	SONY 3/4 INCH TAPE PLAYER	RADIOLOGY EDUCATION	04/01/89	1,388.00	-
52444	LIFE SIZE RADIOGRAPHIC POSITING PHANTOM	RADIOLOGY EDUCATION	03/01/76	3,495.01	(0.01)

**\$ 272,229.78 \$ 2,030.71**

**Halifax Health Medical Center  
Capital Disposals  
July 2017**

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	Original Cost	Book Value
47333	Drain snake	Facility Ops - 01.841000	05/06/96	1,035.00	-
55448	Neptune bronze waster canister	OR - 01.704000	01/17/07	5,200.00	-
55449	Neptune docking station	OR - 01.704000	01/17/07	10,584.80	-
55450	Neptune bronze waster canister	OR - 01.704000	01/17/07	5,400.00	-
55451	Neptune bronze waster canister	OR - 01.704000	01/17/07	5,400.00	-
55171	Television, Sony KLV532A10	OR - 01.704000	10/25/05	1,999.99	-
50125	Zoll M Series Defibrillator	CIC - 01.602100	08/20/02	13,250.84	-
54039	Zoll M Series Defibrillator	IMC - 01.631000	10/27/03	14,048.35	-
54567	Zoll M Series Defibrillator	IMC - 01.631000	03/22/05	13,228.00	-
0038767	Headwall Module 20 in	IMC - 01.631000	10/01/88	2,642.41	-

<b>\$ 72,789.39</b>	<b>\$ -</b>
---------------------	-------------

# Halifax Health Audit & Finance Committee

Request Tracker/Checklist

Meeting Date	Request	Projected Timeline	Frequency of Future Updates/Reports	Completed (Y/N)	Other
April 28, 2017	Center for Rehabilitation Service Line Report and Annual Update	11/1/17	Annually, Same Timeframe		



## HALIFAX MANAGEMENT SYSTEMS

### Deltona Project Financing: Securities Lending Structure Overview

August 2017

**The Company should consult with their internal and external accounting advisors prior to executing any transaction similar to that contemplated herein. J.P. Morgan does not provide specific accounting advice for any transaction. Many of the concepts discussed herein are highly complex and have only been summarized. The actual accounting treatment afforded any transaction executed by the Company may vary substantially from the treatment described herein, based upon, among other things, other facts and circumstances not contemplated in the summary provided.**

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# Structured Variable Product Overview: Securities Lending Agreement

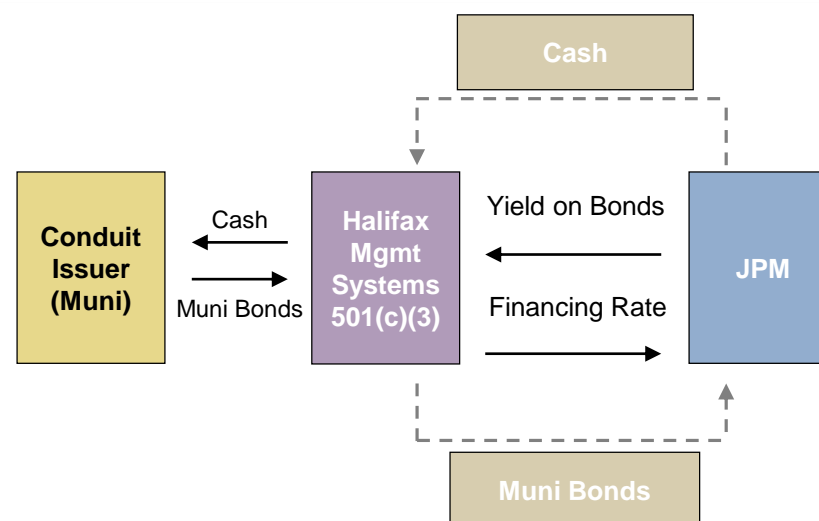
## Structure Overview

- HMS purchases its bonds from conduit issuer
- HMS executes a SLA with JPMorgan
  - HMS lends its bonds to JPMorgan
    - HMS receives yield on bonds held in the SLA
  - JPMorgan provides cash (100% or par) against bonds
    - HMS pays financing rate of index plus a spread
  - HMS owes the difference between par and value of bonds prior to or at maturity
- While HMS receives the yield on the bonds, JPMorgan is the tax owner of the bonds via the SLA
- SLA is governed by a Master Securities Lending Agreement (“MSLA”)

## Bond Terms / Documents

- **The fixed rate bonds lent to JPMorgan Chase Bank NA will have the following:**
  - Limited Offering Memorandum
  - Bond Opinion, including unqualified tax opinion
  - Public Ratings
  - Cusip(s)
  - Initial price of Par or 100
  - Optional Redemption 1 year following closing
  - Multi-modal documents; initial fixed rate mode
  - Purchase in Lieu of Redemption

## Product Flows



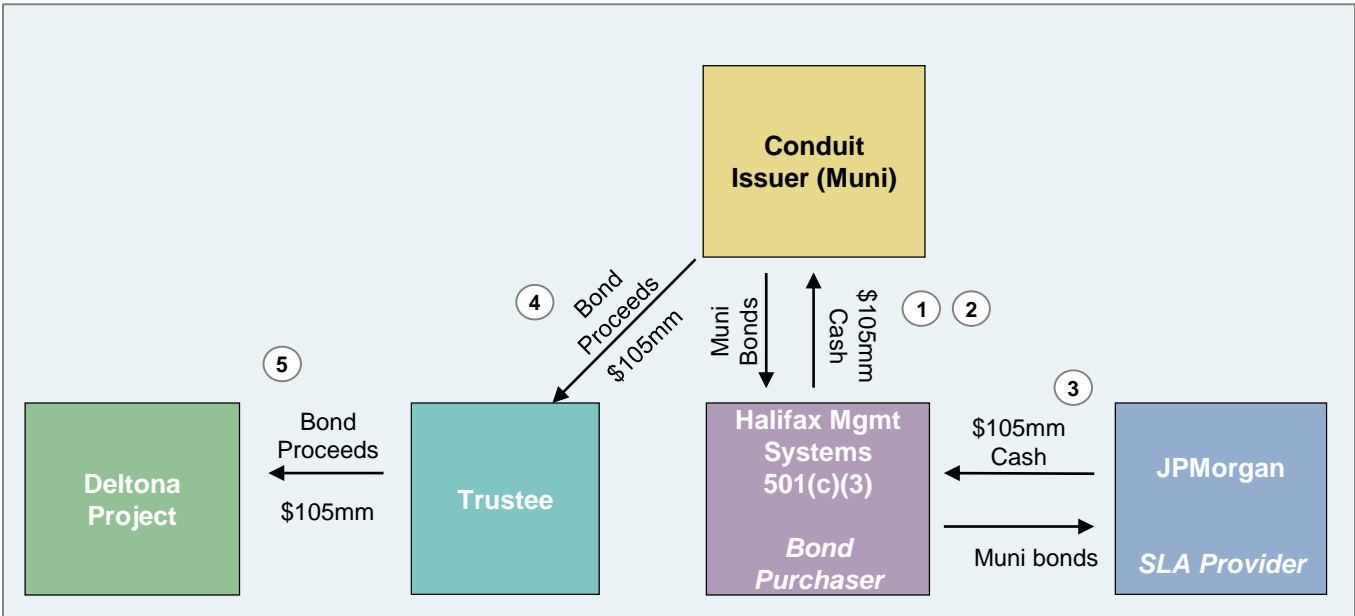
## SLA Terms / Documents

- **Securities Lending Agreement will be provided by JPMorgan Chase Bank NA and have the following:**
  - Master Securities Lending Agreement
  - Enforceability Opinion
  - Security Package TBD
  - SLA cash will match bond par amount
  - SLA will have [7]-year maturity
  - Optional Termination after 1-year

# Full product cash flows: At bond issuance and under SLA

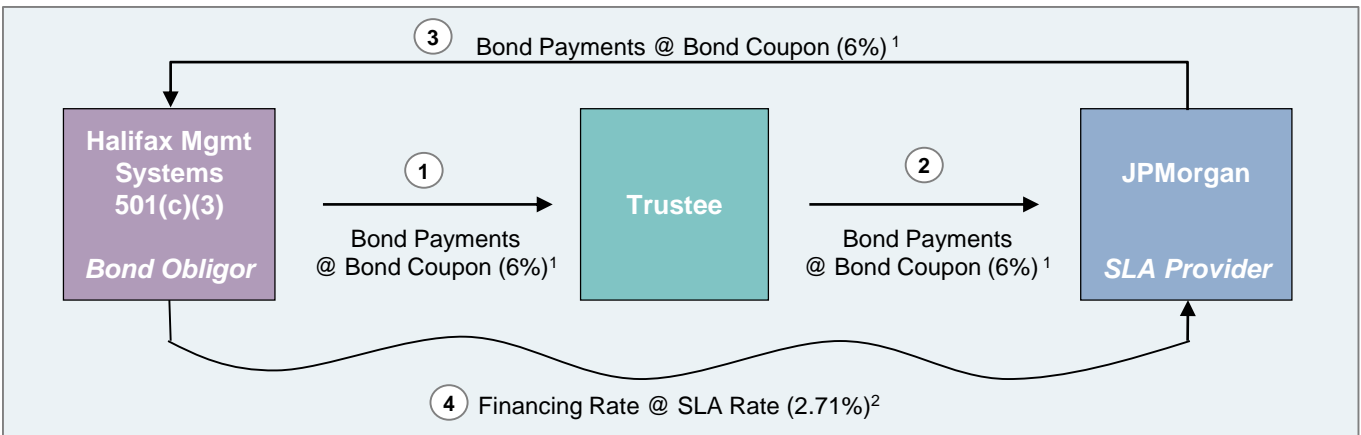
## SLA Flows – At Closing

- 1) Conduit Issuer issues the Bonds
- 2) HMS purchases its bonds from conduit issuer
- 3) HMS executes a Master Securities Lending Agreement (SLA) with JPMorgan:
  - HMS lends its bonds to JPMorgan
  - JPMorgan provides cash (100% or par) against bonds
- 4) Bond proceeds are deposited to Project Fund held by trustee
- 5) Bond proceeds are drawn to pay Deltona Project costs



## SLA Flows – Over Time

- 1) HMS pays the yield on the Bonds
- 2) As the tax owner of the Bonds, JPMorgan receives the yield on the Bonds
- 3) Under the SLA, JPMorgan pays the Bond yield to HMS
- 4) Under the SLA, HMS pays a Financing Rate to JPMorgan equal to an index + spread



1. Bond coupon rate is assumed to be 6% for illustrative purposes only; final bond coupon subject to market conditions and verification.

2. SLA rate assumed to be 20Y average of 70% 1-Month LIBOR (1.66%) plus a credit spread of 1.05%. SLA pricing preliminary and subject to change, based upon an assumed HMS rating of BBB+; security package to be determined, and final due diligence.

## HMS has three alternatives at the maturity of the Securities Lending Agreement

### Alternative 1: Amend and restate the SLA

- JPM and HMS mutually agree to amend and restate the Securities Lending Agreement (can occur before SLA maturity date)
- Amendments would include, but are not limited to:
  - Extension of the maturity date
  - Re-pricing the SLA credit spread
- JPM would anticipate maintaining ownership of the bonds

### Alternative 2: Settle the SLA & refund bonds

- HMS decides to refund the bonds in the then prevailing market
- HMS exercises its par call on the bonds and cash settles the Securities Lending Agreement
  - Given the price of the bonds will be par at the call date, there will be 0 price depreciation in the value of the bonds to be paid to JPMorgan (i.e. cash settlement equals 0)

### Alternative 3: Settle SLA & leave bonds outstanding<sup>1</sup>

- At SLA maturity HMS will owe to JPM the value of any price depreciation in the bonds
  - If rates are higher, the bond will likely be trading at a discount to par
    - The difference between the fair-market price for the bonds and par is the settlement value of the SLA
  - If rates are lower, the bond will likely be priced to the call, or par
    - There is no settlement on the SLA
- JPM may retain ownership of the bonds or alternatively may sell the bonds in the marketplace

<sup>1</sup>"Rates" refers to HMS' cost of financing (i.e. benchmark rates + HMS' credit)

### Sensitivity analysis of SLA settlement<sup>2</sup>

Change in Rates	Indicative Bond Price	Indicative Settlement Value
+500 bps	55.3009	(\$46.93mm)
+250 bps	72.7972	(\$28.56mm)
+100 bps	87.6128	(\$13.01mm)
+50 bps	93.5193	(\$6.80mm)
+25 bps	96.6840	(\$3.48mm)
+0 bps	100.0000	\$0.00mm
-25 bps	100.0000	\$0.00mm
-50 bps	100.0000	\$0.00mm
-100 bps	100.0000	\$0.00mm

<sup>2</sup>Analysis based on \$105mm notional and a bond with 23 years remaining until maturity  
 Note: Assumes that if rates are higher the bond trades to maturity and if rates are lower the bond trades at par. "Rates" refers to HMS' cost of financing (i.e. benchmark rates + HMS' credit)

# HMS Deltona financing – indicative financing statistics

## Illustrative Scenario: \$105 million Deltona construction fund deposit

### Indicative Sources & Uses

#### Sources:

Bond Proceeds: \$105,795,000

**Total Sources: \$105,795,000**

#### Uses:

Construction Fund Deposit \$105,000,000

Estimated Issuance Costs (0.75%) 793,463

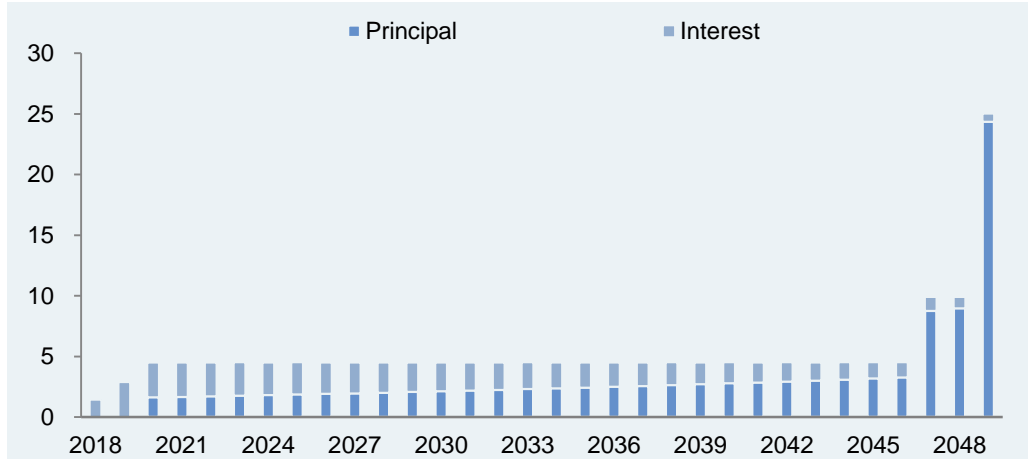
Additional Proceeds 1,538

**Total Uses: \$105,795,000**

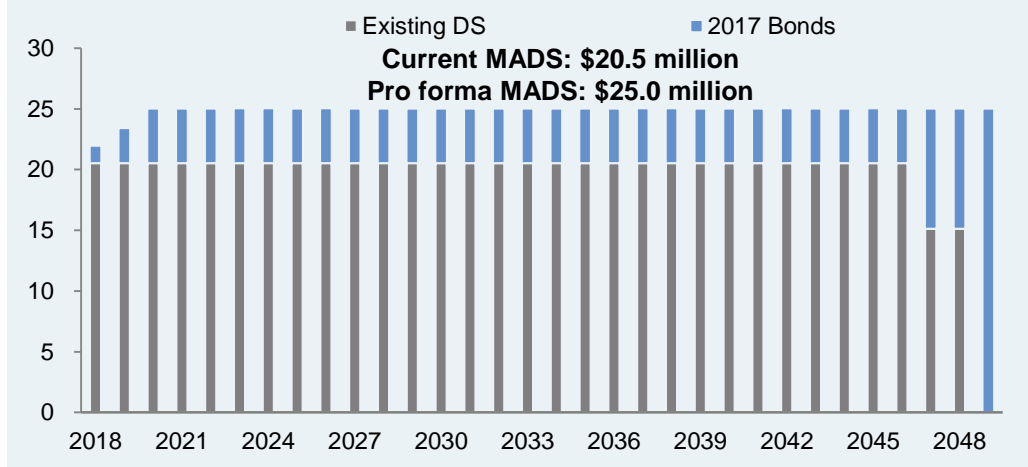
#### Assumptions include:

- \$105 million construction fund deposit
- Estimated COI of 0.75% of par amount
- Interest calculated at 20Y historical average of 70% 1-Month LIBOR (1.66% as of June 26, 2017) plus a credit spread of 1.05% based upon an assumed HMS rating of BBB+; security package to be determined, and final due diligence
- Assumes closing on December 1, 2017 with first principal payment on June 1, 2020
- Bonds structured to achieve aggregate level debt service across the entire Halifax portfolio
- Assumes that structured product is renewed at the above terms at each renewal date over the life of the bonds

### HMS Deltona Financing - Indicative Debt Service (\$mm, FY 9/30)



### Pro-Forma Aggregate Halifax Debt Service (\$mm, FY 9/30)



Debt service for variable rate Series 2008 bonds is calculated based on a principal amount of \$70 million and an assumed synthetic swap fixed payor rate of 3.837%. Interest rates used herein are hypothetical and take into consideration conditions in today's market and other factual information such as the issuer's credit rating, geographic location and market sector. Interest rates applied herein are hypothetical, based on current market facts and should not be viewed as rates that J.P. Morgan might expect to achieve for you at the time of any relevant transaction should we be selected to act as your underwriter. Information about interest rates and terms for SLGs is based on current publicly available information and treasury or agency rates for open-market escrows are based on current market interest rates and should not be seen as costs or rates that J.P. Morgan might expect to achieve for you at the time of any relevant transaction should we be selected to act as your underwriter.

## Comparison of available floating rate products

	<b>VRDBs with Bank LOC</b>	<b>Floating Rate Notes</b> <i>Public Market</i>	<b>Floating Rate Notes</b> <i>Bank Direct Purchase</i>	<b>Structured Variable Rate Product</b> <i>Securities Lending Agmt</i>	<b>Synthetic Variable</b> <i>Intermediate Fixed Rate Bond + FXR swap</i>
<b>Size / Capacity</b>	■ Size may require <u>multiple</u> banks	■ Dependent on market conditions at pricing	■ Size may require <u>multiple</u> banks	■ JPM can single source	■ Dependent on market conditions at pricing
<b>Term</b>	■ Likely limited to 3Y	■ Up to 7Y	■ Available up to 10Y	■ Up to 7Y	■ Up to 30Y
<b>Security / Covenants</b>	■ Parity with Series 2010 bonds; mortgage lien on HMS facilities/assets, including Port Orange and ambulatory facilities; HMC MTI cross-defaults to lease; ■ [HMC lease term extends to term of the 2017 bonds]				
	■ Banks may require additional security/ covenants	■ None	■ Banks may require additional security/ covenants	■ None	■ None
<b>Other non-Credit Business</b>	■ Banks may require other non-credit business	■ None	■ Banks may require other non-credit business	■ None	■ None
<b>Rating Agency Requirements</b>	■ Rating based on LOC bank	■ Rating based on HMS credit	■ No rating required (some banks req. private rating)	■ Rating based on HMS credit	■ Rating based on HMS credit
<b>Disclosure</b>	■ Appendix A disclosure (HMC + HMS)	■ Appendix A disclosure (HMC + HMS)	■ No disclosure	■ Limited disclosure (No Appendix A)	■ Appendix A disclosure (HMC + HMS)
<b>Put/Funding Risk</b>	■ Optional Tender by investors ■ Risk of failed remarketings ■ Term-out of Bank Bonds	■ No optional tender by investors; ■ Renewal risk at mandatory put	■ Renewal risk at mandatory put	■ No optional tender by JPM; ■ If not renewed, payment of SLA settlement cost (if any)	■ No optional tender by investors; ■ Renewal risk at mandatory put
<b>Market Rate Risk</b>	■ Yes	■ Yes	■ Yes	■ Yes	■ Yes
<b>Market Access Risk</b>	■ Yes, if not renewed	■ Yes	■ Yes, if not renewed	■ Limited to SLA payment, if not renewed	■ Yes
<b>Tax Risk</b>	■ Tax adjustment provision	■ None	■ Tax adjustment provision	■ None	■ None
<b>Bank Credit Exposure</b>	■ Credit of LOC bank drives rate resets	■ None	■ None	■ None	■ None
<b>Counterparty Risk</b>	■ None	■ None	■ None	■ Yes	■ Yes
<b>Settlement Risk</b>	■ None	■ None	■ None	■ Yes (first year only)	■ Yes
<b>Benchmark</b>	■ Actual Resets [~SIFMA]	■ SIFMA or %LIBOR	■ %LIBOR	■ SIFMA or %LIBOR	■ SIFMA or %LIBOR

# Considerations for using a Structured Variable Rate Product

Size	<ul style="list-style-type: none"> <li>Entire \$105MM financing can be executed with JPMorgan                     <ul style="list-style-type: none"> <li>Total size could be pieced together across products and banks, but a consistent credit package will be challenging</li> </ul> </li> </ul>
Variable Funding Alternatives	<ul style="list-style-type: none"> <li>SLA compares favorably to other 7y variable funding alternatives                     <ul style="list-style-type: none"> <li>VRDB's with bank LOC</li> <li>Public market FRNs</li> <li>Bank Direct Purchase FRNS</li> <li>Public Market Fixed Rate Bonds swapped to floating</li> </ul> </li> </ul>
Flexibility	<ul style="list-style-type: none"> <li>Structure is fully or partially prepayable at par after 1 year; allows flexibility to de-leverage based on future land sale proceeds</li> <li>Ease of renewal</li> <li>Limited Disclosure</li> <li>Ability to leave Fixed Rate bond outstanding following the SLA maturity / termination</li> </ul>
Security, Covenants and Other Requirements	<ul style="list-style-type: none"> <li>[Parity obligation and comparable legal structure with outstanding HMS Series 2010 Bonds]</li> <li>No tax adjustment provision</li> <li>No other non-credit business</li> </ul>
Settlement Risk	<ul style="list-style-type: none"> <li>If SLA is not renewed and the fixed rate bonds are not called at par, HMS may owe a settlement payment on the SLA                     <ul style="list-style-type: none"> <li>Settlement payment occurs if fixed rate bonds are priced at a discount due to higher long term tax-exempt fixed rates</li> </ul> </li> </ul>

## Key Transaction Milestones / Timeline

Requirement		Action Items	
1)	<b>Tax Opinion</b>	✓	Schedule follow-up call with Bond/Tax Counsel
2)	<b>Accounting</b>	✓	HMS to check accounting treatment with internal / external accountants
3)	<b>Credit Due Diligence</b>	✓	Conduct due diligence site visit with JPM credit team
4)	<b>Determine Conduit Issuing Authority</b>		Deltona or HMC; amend inter-local agreement if needed
5)	<b>Documentation</b>		Draft documentation; negotiate final security terms and covenants
6)	<b>Bond Rating(s)</b>		Finalize standalone rating(s) for HMS
7)	<b>Halifax Approval</b>		Finance Committee (October); Board (November)
8)	<b>Closing</b>		Pricing, closing and funding in mid-November

**Halifax Health**  
**Development of FY 2018 Investment Rate of Return Assumptions**

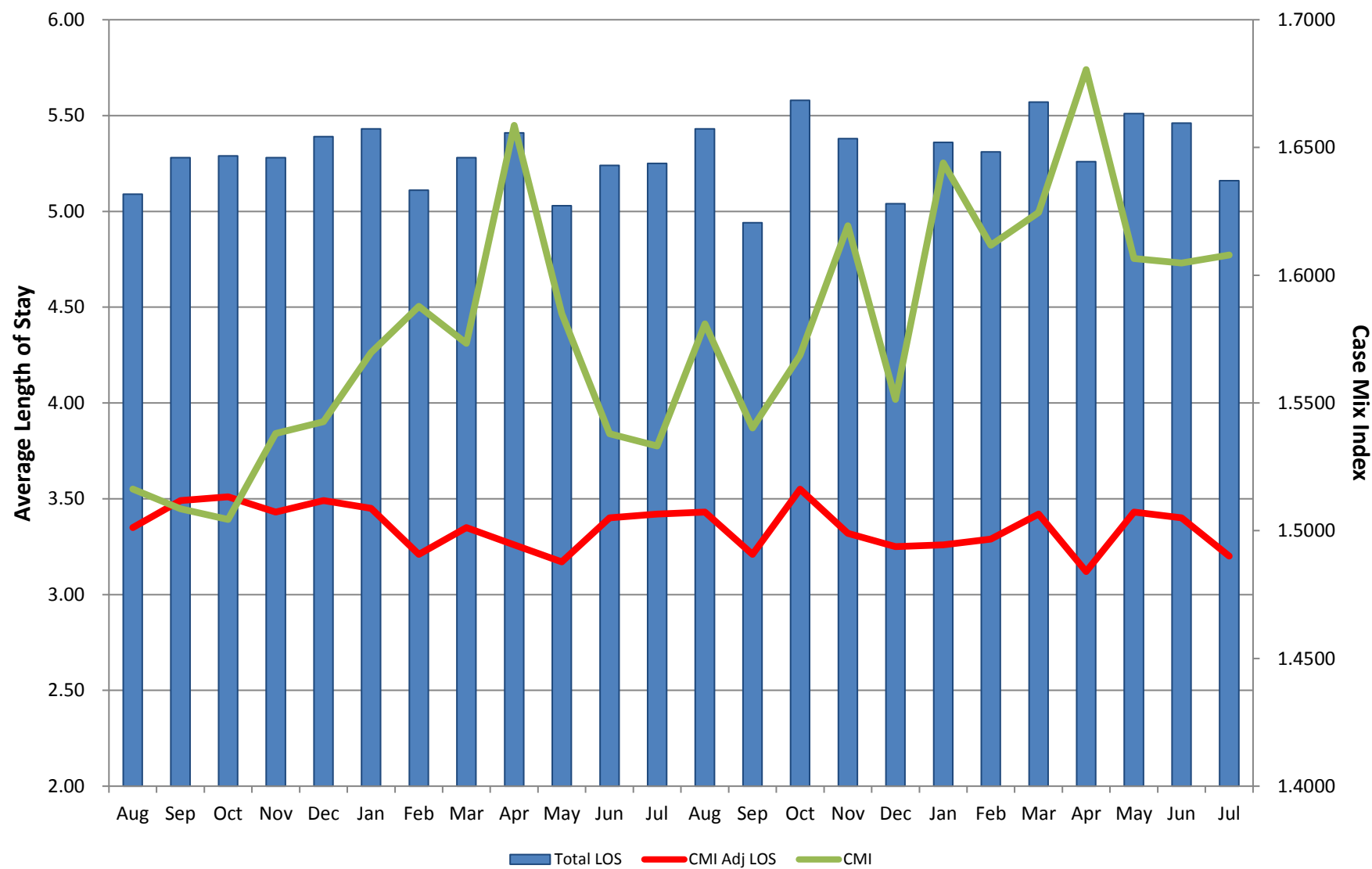
	March 31, 2017 Invested Balance	Assumed Outlook Return	Weighted Assumed Return	Recommend to Finance Committee
<b>HHMC and HH Holdings</b>				
Ponder US Treasury Account	\$ 73,355,434	0.855%	0.301%	
VFSIX - Vanguard Short-Term Invest Grade	53,031,926	1.000%	0.255%	
Ponder Short-Term Gov't	42,099,744	1.000%	0.202%	
Ponder Short-Term Gov't/Corporate	31,837,878	1.000%	0.153%	
Ponder 2016 Project Fund	7,216,502	1.000%	0.035%	
Wells Fargo Halifax Hospital Trust	579,094	0.500%	0.001%	
VSGDX-Vanguard Short-Term Federal	64,246	1.000%	0.000%	
Total HHMC and HH Holdings	<u>\$ 208,184,824</u>		0.948%	1.00%
<b>Foundation</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,264,215	1.00%	0.49%	
DFSVX - DFA Small Cap Value	3,574,459	6.00%	0.47%	
DFIVX - DFA International Value	1,983,630	6.00%	0.26%	
DFEVX - DFA Emerging Markets	721,777	6.00%	0.10%	
DFLVX - DFA Large Cap Value	7,700,913	6.00%	1.02%	
VGELX - Vanguard Energy	471,076	6.00%	0.06%	
VENAX - Vanguard Energy Index	217,716	6.00%	0.03%	
VIGIX -Vanguard Large-Cap Growth	3,819,852	6.00%	0.51%	
VGHAX - Vanguard Health Care	692,772	6.00%	0.09%	
VSGIX - Vanguard Small-Cap Growth	3,869,369	6.00%	0.51%	
Total Foundation	<u>\$ 45,315,779</u>		3.54%	3.50%
<b>Hospice</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,232,224	1.00%	0.49%	
DFSVX - DFA Small Cap Value	5,553,586	6.00%	0.48%	
DFIVX - DFA International Value	3,066,774	6.00%	0.27%	
DFEVX - DFA Emerging Markets	1,289,922	6.00%	0.11%	
DFLVX - DFA Large Cap Value	12,086,983	6.00%	1.04%	
VGELX - Vanguard Energy	104,094	6.00%	0.01%	
VENAX - Vanguard Energy Index	580,285	6.00%	0.05%	
VIGIX -Vanguard Large-Cap Growth	6,261,037	6.00%	0.54%	
VGHAX - Vanguard Health Care	602,390	6.00%	0.05%	
VSGIX - Vanguard Small-Cap Growth	5,624,964	6.00%	0.49%	
Total Hospice	<u>\$ 69,402,259</u>		3.53%	3.50%



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

24 Months Ended July 31, 2017

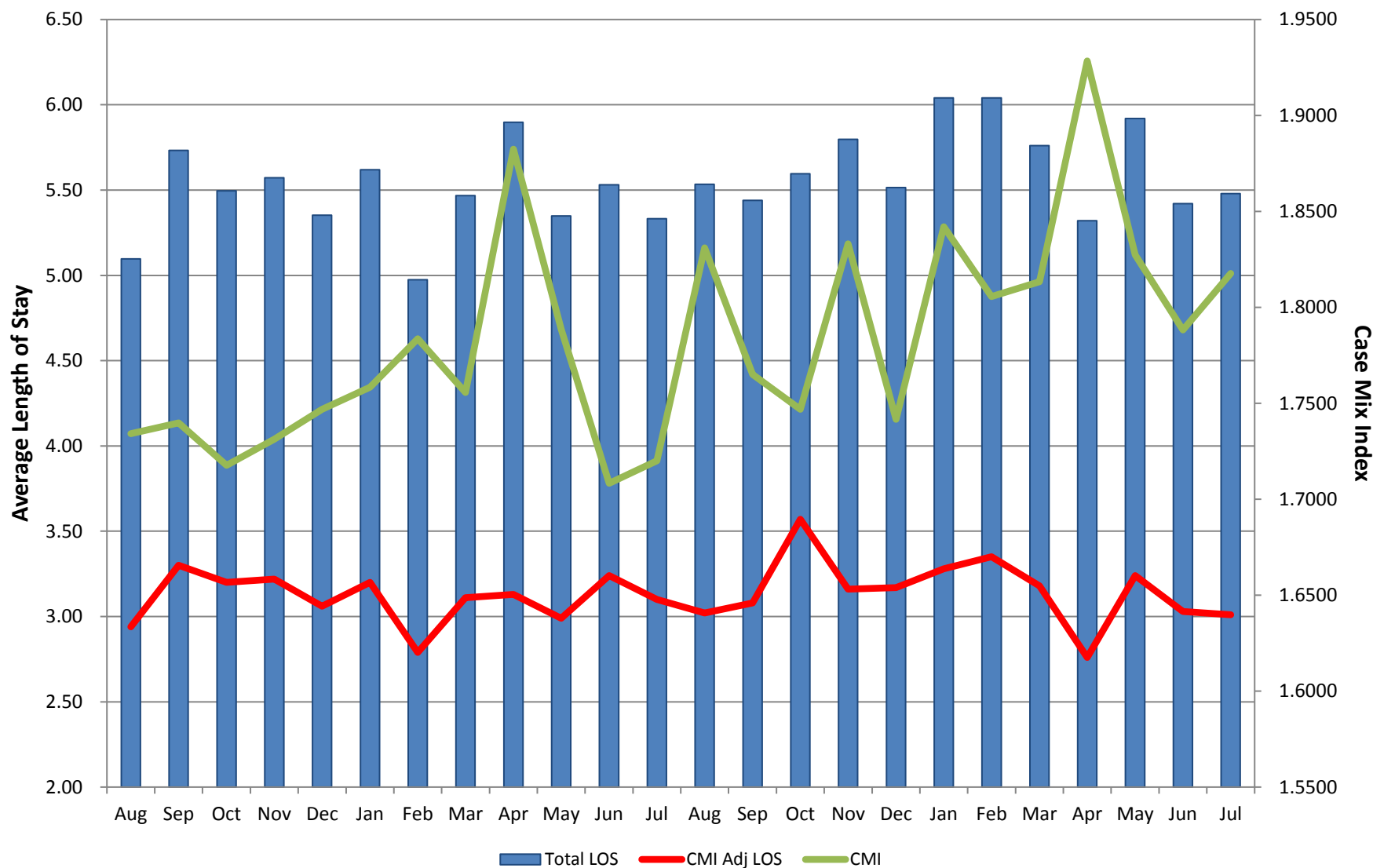
Excludes Newborns and Inpatient Rehabilitation



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

24 Months Ended July 31, 2017

Excludes Newborns, OB, Psych, and Inpatient Rehabilitation



**HALIFAX HEALTH MEDICAL CENTER  
SCHEDULE OF USES OF PROPERTY TAXES  
FOR THE NINE MONTHS ENDED JUNE 30, 2017**

		in mills
Gross property tax levy	\$8,438,958	0.7561
Tax discounts and uncollectible taxes	(262,881)	(0.0236)
Net property taxes collected	8,176,077	0.7325
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(280,737)	(0.0252)
Volusia County Medicaid matching assessment	(2,180,818)	(0.1954)
Redevelopment taxes paid to Cities	(443,002)	(0.0397)
Subtotal	(2,904,557)	(0.2603)
Net taxes available for community health, wellness and readiness	5,271,520	0.4722
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(1,018,552)	(0.0913)
Physician services	(5,898,834)	(0.5285)
Trauma services	(5,010,459)	(0.4489)
Pediatric and neonatal intensive care services	(344,129)	(0.0308)
Child and adolescent behavioral services	(216,770)	(0.0194)
Subtotal	(12,488,744)	(1.1189)
Deficiency of net taxes available to fund hospital operating expenses	(7,217,224)	(0.6467)
Uncompensated care provided by Halifax Health, <i>at cost</i>	(29,527,875)	(2.6456)
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, <i>at cost</i>	(36,745,099)	(3.2923)
Proforma tax levy to cover uncompensated care, at cost:		
Gross property tax levy		0.7561
Subsidized uncompensated care costs by operations		3.2923
Equivalent property tax levy expended *		4.0484

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

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

		<b>July</b>	<b>Calendar</b>	<b>Calendar</b>	<b>Fiscal</b>
		<b>Performance</b>	<b>YTD</b>	<b>2016</b>	<b>Year</b>
<b>Fixed Income</b>					
VFSIX - Vangaurd Short-Term Investment Gr.	Perf	0.37%	1.97%	2.85%	1.13%
	BMK	0.36%	1.50%	1.56%	0.43%
VSGDX - Vanguard Short-Term Federal	Perf	0.39%	1.04%	1.24%	0.19%
	BMK	0.28%	1.08%	1.02%	-0.08%
Ponder Short-term Government/Corporate	Perf	0.34%	1.51%	1.95%	0.15%
	BMK	0.36%	1.50%	1.56%	0.43%
Ponder US Treasury Account	Perf	0.15%	0.43%	0.30%	0.25%
	BMK	0.28%	1.08%	-0.44%	0.14%
Ponder Short-Term Government	Perf	0.19%	0.99%	0.88%	0.15%
	BMK	0.28%	1.08%	1.02%	-0.08%
Ponder 2016 Project Fund	Perf	0.08%	0.38%	0.43%	0.82%
	BMK	0.26%	0.98%	0.29%	0.59%
<b>Weighted Composite</b>	<b>Perf</b>	<b>0.30%</b>	<b>1.51%</b>	<b>1.99%</b>	<b>0.77%</b>
	<b>BMK</b>	<b>0.33%</b>	<b>1.37%</b>	<b>1.07%</b>	<b>0.32%</b>
<b>Equities</b>					
DFSVX - DFA Small Cap Value	Perf	0.77%	-1.15%	28.26%	13.73%
	BMK	0.63%	1.18%	31.74%	15.41%
DFLVX - DFA Large Cap Value	Perf	1.68%	7.60%	18.89%	16.89%
	BMK	1.33%	6.05%	17.34%	13.12%
DFIVX - DFA International Value	Perf	4.68%	15.60%	8.41%	21.48%
	BMK	2.98%	16.18%	2.75%	15.77%
DFEVX - DFA Emerging Markets	Perf	5.35%	23.70%	19.84%	22.50%
	BMK	5.96%	25.49%	11.19%	20.27%
VGELX - Vanguard Energy	Perf	3.24%	-6.97%	33.18%	-1.89%
	BMK	3.89%	-5.10%	27.66%	1.96%
VENAX - Vanguard Energy Index	Perf	2.44%	-12.11%	28.94%	-5.45%
	BMK	3.89%	-5.10%	27.66%	1.96%
VIGIX -Vanguard Large-Cap Growth	Perf	2.54%	17.66%	6.13%	17.17%
	BMK	2.66%	17.02%	7.08%	18.21%
VGHAX - Vanguard Health Care	Perf	0.64%	18.58%	-8.94%	11.52%
	BMK	0.07%	15.90%	-6.83%	9.56%
VSGIX - Vanguard Small-Cap Growth	Perf	1.29%	11.46%	10.74%	13.04%
	BMK	0.85%	10.91%	11.32%	14.87%
<b>Weighted Composite</b>	<b>Perf</b>	<b>2.49%</b>	<b>10.53%</b>	<b>15.17%</b>	<b>15.97%</b>
	<b>BMK</b>	<b>2.06%</b>	<b>10.74%</b>	<b>13.82%</b>	<b>14.61%</b>

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

	<b>Invested Balance</b>	<b>July Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>HH Holdings</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 53,626,229	Perf 0.37%	1.97%	1.13%
		BMK 0.36%	1.50%	0.43%
Ponder Short-Term Gov't/Corporate	32,134,476	Perf 0.34%	1.51%	0.15%
		BMK 0.36%	1.50%	0.43%
Ponder US Treasury Account	73,560,254	Perf 0.15%	0.43%	0.25%
		BMK 0.28%	1.08%	0.14%
Total HH Holdings	<u>\$ 159,320,959</u>	Composite Budget	<b>0.26%</b>	<b>1.17%</b>
				<b>0.53%</b>
				0.83%
<b>HHMC</b>				
Ponder Short-Term Government	\$ 42,372,681	Perf 0.19%	0.99%	0.15%
		BMK 0.28%	1.08%	-0.08%
VSGDX - Vanguard Short-Term Federal	64,661	Perf 0.39%	1.04%	0.19%
		BMK 0.28%	1.08%	-0.08%
Wells Fargo Halifax Hospital Trust	560,453	Perf 0.07%	0.35%	0.42%
		BMK 0.28%	1.08%	-0.08%
Ponder 2016 Project Fund	7,237,262	Perf 0.08%	0.38%	0.82%
		BMK 0.26%	0.98%	0.59%
Total HHMC	<u>\$ 50,235,057</u>	Composite Budget	<b>0.17%</b>	<b>0.90%</b>
				<b>0.25%</b>
				0.83%

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

	<b>Invested Balance</b>		<b>July Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Foundation</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,513,718	Perf	0.37%	1.97%	1.13%
		BMK	0.46%	2.18%	1.11%
DFSVX - DFA Small Cap Value	3,581,737	Perf	0.77%	-1.15%	13.73%
		BMK	0.63%	1.18%	15.41%
DFIVX - DFA International Value	2,164,733	Perf	4.68%	15.60%	21.48%
		BMK	2.98%	16.18%	15.77%
DFEVX - DFA Emerging Markets	781,857	Perf	5.35%	23.70%	22.50%
		BMK	5.96%	25.49%	20.27%
DFLVX - DFA Large Cap Value	8,003,975	Perf	1.68%	7.60%	16.89%
		BMK	1.33%	6.05%	13.12%
VGELX - Vanguard Energy	456,450	Perf	3.24%	-6.97%	-1.89%
		BMK	3.89%	-5.10%	1.96%
VENAX - Vanguard Energy Index	205,576	Perf	2.44%	-12.11%	-5.45%
		BMK	3.89%	-5.10%	1.96%
VIGIX -Vanguard Large-Cap Growth	4,100,418	Perf	2.54%	17.66%	17.17%
		BMK	2.66%	17.02%	18.21%
VGHAX - Vanguard Health Care	742,852	Perf	0.64%	18.58%	11.52%
		BMK	0.07%	15.90%	9.56%
VSGIX - Vanguard Small-Cap Growth	4,067,660	Perf	1.29%	11.46%	13.04%
		BMK	0.85%	10.91%	14.87%
Total Foundation	<u>\$ 46,618,976</u>	Composite	<b>1.22%</b>	<b>6.02%</b>	<b>8.67%</b>
		Budget			3.33%

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

	<b>Invested Balance</b>		<b>July Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Hospice</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,615,848	Perf	0.37%	1.97%	1.13%
		BMK	0.46%	2.18%	1.11%
DFSVX - DFA Small Cap Value	5,564,895	Perf	0.77%	-1.15%	13.73%
		BMK	0.63%	1.18%	15.41%
DFIVX - DFA International Value	3,346,768	Perf	4.68%	15.60%	21.48%
		BMK	2.98%	16.18%	15.77%
DFEVX - DFA Emerging Markets	1,397,293	Perf	5.35%	23.70%	22.50%
		BMK	5.96%	25.49%	20.27%
DFLVX - DFA Large Cap Value	12,562,654	Perf	1.68%	7.60%	16.89%
		BMK	1.33%	6.05%	13.12%
VGELX - Vanguard Energy	100,862	Perf	3.24%	-6.97%	-1.89%
		BMK	3.89%	-5.10%	1.96%
VENAX - Vanguard Energy Index	547,928	Perf	2.44%	-12.11%	-5.45%
		BMK	3.89%	-5.10%	1.96%
VIGIX - Vanguard Large-Cap Growth	6,720,907	Perf	2.54%	17.66%	17.17%
		BMK	2.66%	17.02%	18.21%
VGHAX - Vanguard Health Care	645,936	Perf	0.64%	18.58%	11.52%
		BMK	0.07%	15.90%	9.56%
VSGIX - Vanguard Small-Cap Growth	5,913,223	Perf	1.29%	11.46%	13.04%
		BMK	0.85%	10.91%	14.87%
Total Hospice	<u>\$ 71,416,314</u>	Composite	<b>1.23%</b>	<b>6.07%</b>	<b>8.79%</b>
		Budget			3.33%

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

	<b>Invested Balance</b>	<b>July Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Pension</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 128,375,526	Perf 0.37%	1.97%	1.13%
		BMK 0.46%	2.18%	1.11%
DFSVX - DFA Small Cap Value	20,442,967	Perf 0.77%	-1.15%	13.73%
		BMK 0.63%	1.18%	15.41%
DFIVX - DFA International Value	35,676,275	Perf 4.68%	15.60%	21.48%
		BMK 2.98%	16.18%	15.77%
DFEVX - DFA Emerging Markets	11,146,797	Perf 5.35%	23.70%	22.50%
		BMK 5.96%	25.49%	20.27%
DFLVX - DFA Large Cap Value	20,802,700	Perf 1.68%	7.60%	16.89%
		BMK 1.33%	6.05%	13.12%
VGELX - Vanguard Energy	4,209,046	Perf 3.24%	-6.97%	-1.89%
		BMK 3.89%	-5.10%	1.96%
VENAX - Vanguard Energy Index	4,578,486	Perf 2.44%	-12.11%	-5.45%
		BMK 3.89%	-5.10%	1.96%
VIGIX - Vanguard Large-Cap Growth	14,209,826	Perf 2.54%	17.66%	17.17%
		BMK 2.66%	17.02%	18.21%
VGHAX - Vanguard Health Care	9,416,138	Perf 0.64%	18.58%	11.52%
		BMK 0.07%	15.90%	9.56%
VSGIX - Vanguard Small-Cap Growth	13,588,230	Perf 1.29%	11.46%	13.04%
		BMK 0.85%	10.91%	14.87%
Wells Fargo Cash	1,980			
Wells Fargo Money Market	2,640,237			
Total Pension	<u>\$ 265,088,208</u>	Composite	<b>1.54%</b>	<b>6.44%</b>
		Budget		5.63%
<b>Total Halifax Health, including Pension</b>	<u><b>\$ 592,679,514</b></u>			
<b>Total Halifax Health, excluding Pension</b>	<u><b>\$ 327,591,306</b></u>			



**Halifax Health**  
**Investment Manager Performance Report - through June 30, 2017**

		<b>June</b>	<b>Calendar</b>	<b>Calendar</b>	<b>Fiscal</b>
		<b>Performance</b>	<b>YTD</b>	<b>2016</b>	<b>Year</b>
<b>Fixed Income</b>					
VFSIX - Vangaurd Short-Term Investment Gr.	Perf	0.09%	1.59%	2.85%	0.76%
	BMK	-0.11%	1.14%	1.56%	0.08%
VSGDX - Vanguard Short-Term Federal	Perf	-0.16%	0.64%	1.24%	-0.21%
	BMK	-0.15%	0.80%	1.02%	-0.36%
Ponder Short-term Government/Corporate	Perf	-0.10%	1.17%	1.95%	-0.19%
	BMK	-0.11%	1.14%	1.56%	0.08%
Ponder US Treasury Account	Perf	0.04%	0.28%	0.30%	0.10%
	BMK	-0.15%	0.80%	-0.44%	-0.14%
Ponder Short-Term Government	Perf	-0.03%	0.81%	0.88%	-0.03%
	BMK	-0.15%	0.80%	1.02%	-0.36%
Ponder 2016 Project Fund	Perf	0.08%	0.30%	0.43%	0.74%
	BMK	-0.04%	0.72%	0.29%	0.33%
<b>Weighted Composite</b>	<b>Perf</b>	<b>0.05%</b>	<b>1.20%</b>	<b>1.99%</b>	<b>0.47%</b>
	<b>BMK</b>	<b>-0.12%</b>	<b>1.03%</b>	<b>1.07%</b>	<b>0.00%</b>
<b>Equities</b>					
DFSVX - DFA Small Cap Value	Perf	2.59%	-1.90%	28.26%	12.86%
	BMK	3.50%	0.54%	31.74%	14.68%
DFLVX - DFA Large Cap Value	Perf	1.65%	5.82%	18.89%	14.95%
	BMK	1.63%	4.66%	17.34%	11.64%
DFIVX - DFA International Value	Perf	1.06%	10.43%	8.41%	16.05%
	BMK	0.09%	12.82%	2.75%	12.43%
DFEVX - DFA Emerging Markets	Perf	0.26%	17.42%	19.84%	16.28%
	BMK	1.01%	18.43%	11.19%	13.50%
VGELX - Vanguard Energy	Perf	-1.52%	-9.89%	33.18%	-4.97%
	BMK	-1.56%	-8.65%	27.66%	-1.85%
VENAX - Vanguard Energy Index	Perf	-0.54%	-14.20%	28.94%	-7.70%
	BMK	-1.56%	-8.65%	27.66%	-1.85%
VIGIX -Vanguard Large-Cap Growth	Perf	-0.48%	14.75%	6.13%	14.27%
	BMK	-0.26%	13.99%	7.08%	15.15%
VGHAX - Vanguard Health Care	Perf	3.28%	17.83%	-8.94%	10.82%
	BMK	2.72%	15.82%	-6.83%	9.48%
VSGIX - Vanguard Small-Cap Growth	Perf	2.03%	10.04%	10.74%	11.60%
	BMK	3.44%	9.97%	11.32%	13.90%
<b>Weighted Composite</b>	<b>Perf</b>	<b>1.31%</b>	<b>7.76%</b>	<b>15.17%</b>	<b>13.11%</b>
	<b>BMK</b>	<b>1.43%</b>	<b>8.42%</b>	<b>13.82%</b>	<b>12.30%</b>

**Halifax Health**  
**Investment Manager Performance Report - through June 30, 2017**

	<b>Invested Balance</b>	<b>June Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>HH Holdings</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 53,427,383	Perf 0.09% BMK -0.11%	1.59% 1.14%	0.76% 0.08%
Ponder Short-Term Gov't/Corporate	32,025,133	Perf -0.10% BMK -0.11%	1.17% 1.14%	-0.19% 0.08%
Ponder US Treasury Account	73,452,127	Perf 0.04% BMK -0.15%	0.28% 0.80%	0.10% -0.14%
Total HH Holdings	<u>\$ 158,904,643</u>	Composite Budget	<b>0.03%</b> <b>0.90%</b>	<b>0.26%</b> <b>0.75%</b>
<b>HHMC</b>				
Ponder Short-Term Government	\$ 42,293,751	Perf -0.03% BMK -0.15%	0.81% 0.80%	-0.03% -0.36%
VSGDX - Vanguard Short-Term Federal	64,408	Perf -0.16% BMK -0.15%	0.64% 0.80%	-0.21% -0.36%
Wells Fargo Halifax Hospital Trust	565,054	Perf 0.06% BMK -0.15%	0.28% 0.80%	0.35% -0.36%
Ponder 2016 Project Fund	7,231,295	Perf 0.08% BMK -0.04%	0.30% 0.72%	0.74% 0.33%
Total HHMC	<u>\$ 50,154,508</u>	Composite Budget	<b>-0.01%</b> <b>0.73%</b>	<b>0.09%</b> <b>0.75%</b>

**Halifax Health**  
**Investment Manager Performance Report - through June 30, 2017**

	<b>Invested Balance</b>		<b>June Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Foundation</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,430,238	Perf	0.09%	1.59%	0.76%
		BMK	-0.11%	1.14%	0.08%
DFSVX - DFA Small Cap Value	3,554,537	Perf	2.59%	-1.90%	12.86%
		BMK	3.50%	0.54%	14.68%
DFIVX - DFA International Value	2,068,043	Perf	1.06%	10.43%	16.05%
		BMK	0.09%	12.82%	12.43%
DFEVX - DFA Emerging Markets	742,182	Perf	0.26%	17.42%	16.28%
		BMK	1.01%	18.43%	13.50%
DFLVX - DFA Large Cap Value	7,871,359	Perf	1.65%	5.82%	14.95%
		BMK	1.63%	4.66%	11.64%
VGELX - Vanguard Energy	442,116	Perf	-1.52%	-9.89%	-4.97%
		BMK	-1.56%	-8.65%	-1.85%
VENAX - Vanguard Energy Index	200,676	Perf	-0.54%	-14.20%	-7.70%
		BMK	-1.56%	-8.65%	-1.85%
VIGIX -Vanguard Large-Cap Growth	3,998,887	Perf	-0.48%	14.75%	14.27%
		BMK	-0.26%	13.99%	15.15%
VGHAX - Vanguard Health Care	738,142	Perf	3.28%	17.83%	10.82%
		BMK	2.72%	15.82%	9.48%
VSGIX - Vanguard Small-Cap Growth	4,015,837	Perf	2.03%	10.04%	11.60%
		BMK	3.44%	9.97%	13.90%
Total Foundation	<u>\$ 46,062,017</u>	Composite	<b>0.75%</b>	<b>4.66%</b>	<b>7.24%</b>
		Budget			3.00%

**Halifax Health**  
**Investment Manager Performance Report - through June 30, 2017**

	<b>Invested Balance</b>	<b>June Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Hospice</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,487,493	Perf 0.09% BMK -0.11%	1.59% 1.14%	0.76% 0.34%
DFSVX - DFA Small Cap Value	5,522,633	Perf 2.59% BMK 3.50%	-1.90% 0.54%	12.86% 14.68%
DFIVX - DFA International Value	3,197,280	Perf 1.06% BMK 0.09%	10.43% 12.82%	16.05% 12.43%
DFEVX - DFA Emerging Markets	1,326,388	Perf 0.26% BMK 1.01%	17.42% 18.43%	16.28% 13.50%
DFLVX - DFA Large Cap Value	12,354,508	Perf 1.65% BMK 1.63%	5.82% 4.66%	14.95% 11.64%
VGELX - Vanguard Energy	97,694	Perf -1.52% BMK -1.56%	-9.89% -8.65%	-4.97% -1.85%
VENAX - Vanguard Energy Index	534,867	Perf -0.54% BMK -1.56%	-14.20% -8.65%	-7.70% -1.85%
VIGIX - Vanguard Large-Cap Growth	6,554,488	Perf -0.48% BMK -0.26%	14.75% 13.99%	14.27% 15.15%
VGHAX - Vanguard Health Care	641,840	Perf 3.28% BMK 2.72%	17.83% 15.82%	10.82% 9.48%
VSGIX - Vanguard Small-Cap Growth	5,837,886	Perf 2.03% BMK 3.44%	10.04% 9.97%	11.60% 13.90%
Total Hospice	<u>\$ 70,555,077</u>	Composite Budget	<b>0.74%</b> <b>4.69%</b>	<b>7.35%</b> <b>3.00%</b>

**Halifax Health**  
**Investment Manager Performance Report - through June 30, 2017**

	<b>Invested Balance</b>	<b>June Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Pension</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 127,899,510	Perf 0.09%	1.59%	0.76%
		BMK -0.11%	1.14%	0.34%
DFSVX - DFA Small Cap Value	20,287,718	Perf 2.59%	-1.90%	12.86%
		BMK 3.50%	0.54%	14.68%
DFIVX - DFA International Value	34,082,747	Perf 1.06%	10.43%	16.05%
		BMK 0.09%	12.82%	12.43%
DFEVX - DFA Emerging Markets	10,581,161	Perf 0.26%	17.42%	16.28%
		BMK 1.01%	18.43%	13.50%
DFLVX - DFA Large Cap Value	20,458,027	Perf 1.65%	5.82%	14.95%
		BMK 1.63%	4.66%	11.64%
VGELX - Vanguard Energy	4,076,867	Perf -1.52%	-9.89%	-4.97%
		BMK -1.56%	-8.65%	-1.85%
VENAX - Vanguard Energy Index	4,469,354	Perf -0.54%	-14.20%	-7.70%
		BMK -1.56%	-8.65%	-1.85%
VIGIX -Vanguard Large-Cap Growth	13,857,972	Perf -0.48%	14.75%	14.27%
		BMK -0.26%	13.99%	15.15%
VGHAX - Vanguard Health Care	9,356,430	Perf 3.28%	17.83%	10.82%
		BMK 2.72%	15.82%	9.48%
VSGIX - Vanguard Small-Cap Growth	13,415,111	Perf 2.03%	10.04%	11.60%
		BMK 3.44%	9.97%	13.90%
Wells Fargo Cash	5,043,873			
Wells Fargo Money Market	1,980			
Total Pension	<u>\$ 263,530,750</u>	Composite	<b>0.68%</b>	<b>4.65%</b>
		Budget		<b>6.76%</b>
				5.06%
<b>Total Halifax Health, including Pension</b>	<u><b>\$ 589,206,995</b></u>			
<b>Total Halifax Health, excluding Pension</b>	<u><b>\$ 325,676,245</b></u>			

# INFORMATIONAL REPORT

August 2017

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

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Oncology Services Expansion for the Port Orange – Additional Renovations	Oncology Department	Working Capital	\$49,900
Sleeper Chairs for Mother and Baby Unit	Mother and Baby Unit	Working Capital	\$40,537
Patient Recliner Chairs for CVICU and CPCU	Cardiovascular Intensive Care Unit (CVICU) and Cardiac Progressive Care Unit (CPCU)	Working Capital	\$34,390
Dr. Lopez Pediatric Office – IT Infrastructure	Physician Services	Working Capital	\$30,000

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

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT
Dr. Lopez Pediatric Office – Lease	Physician Services	N	3 years	3.3%	\$5,434



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Alberto Tineo, Vice President Operations  
DATE: August 17, 2017  
RE: Oncology Services Expansion for the Port Orange – Additional Renovations

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The Halifax Health Board of Commissioners approved a project on May 1, 2017 to expand oncology services at the Port Orange Medical Oncology Treatment Center. The project was approved for \$432,720 and included construction costs and pharmacy equipment to accommodate increased patient volume. The expansion will provide additional chemotherapy services for the increased demand for oncology services in this demographic area.

At the time of the request, construction costs were estimated based on current healthcare sector related costs for a project of this type. Completion of the formal bid process for the project resulted in costs higher than originally approved by the Board of Commissioners.

The Halifax Health Oncology Department is requesting additional funds of \$49,900 for the increased construction costs. The increase is due, in part, to pharmacy construction and engineering costs associated with shell space conversion and compliance with the 2018 pharmacy regulatory requirements. Other costs include placement of water and sewer lines and negative/positive pressure for a temporary pharmacy while the new pharmacy is being constructed.

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

**TOTAL ADDITIONAL CAPITAL COSTS    \$49,900**

**TOTAL CAPITAL COST OF PROJECT    \$482,620**



## Halifax Health Project Evaluation

### Oncology Services Expansion for the Port Orange Treatment Center

Chief Operating Officer:	Mark Billings
Vice President, Operations:	Alberto Tineo
Service Line Administrator, Oncology:	Debra Trovato
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project will add additional space and capacity (10 Chemotherapy chairs) to the Outpatient Port Orange Medical Oncology office. The analysis has been updated to include additional project costs.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	X
Compassion	X
Image	X
Efficiency	X

#### Investment/Return:

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow
Year 0 <sup>1</sup>	(\$432,720)	(\$29,044)	(\$461,764)
Year 0 <sup>2</sup>	(\$49,900)	\$0	(\$511,664)
Year 1	\$0	\$140,704	(\$370,961)
Year 2	\$0	\$151,960	(\$219,001)
Year 3	\$0	\$154,999	(\$64,002)
Year 4	\$0	\$158,099	\$94,097
Year 5	\$0	\$161,261	\$255,358
Terminal Value <sup>3</sup>	\$0	\$806,305	\$1,061,664

#### Decision Metrics

Required rate of Return	9.5%
Internal Rate of Return (IRR)	31.6%
5 Year Net Present Value (NPV)	\$539,794
Payback Period (in Years)	3.4

**Total Project Cost** **\$482,620**

**Additional Capital Request** **\$49,900**

<sup>1</sup> Includes capital acquisition and project startup costs

<sup>2</sup> Additional project costs

<sup>3</sup> Terminal value is valued a 5 times Year 5 operations cash flow





# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, RN, Vice President and Chief Nursing Officer  
DATE: July 17, 2017  
RE: Sleeper Chairs for Mother and Baby Unit

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Halifax Health Mother and Baby Unit is requesting funds to purchase twenty-one (21) sleeper chairs and four (4) dual-sleeper chairs.

The purchase will replace sleeper chairs on the unit. The sleeper chairs are used by family members during the patient's stay. The current sleeper chairs are 6 years old and uncomfortable for family members. The chairs are bulky and heavy to move which makes it difficult to clean in the patient rooms.

The project was approved at the Capital Investment Committee meeting on May 17, 2017.

**TOTAL CAPITAL COSTS    \$40,537**



## Halifax Health Project Evaluation

### Sleeper Chairs for Mother and Baby (1-East)

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Manager, Mother Baby	Heidi Wright
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project will replace sleeper chairs on the Mother and Baby unit located on 1-East.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	X
Compassion	X
Image	X
Efficiency	

**Investment Request for Approval** **\$40,537**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, Vice President and Chief Nursing Officer  
DATE: August 15, 2017  
RE: Patient Recliner Chairs for CVICU and CPCU

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Halifax Health Cardiovascular Intensive Care Unit (CVICU) and Cardiac Progressive Care Unit (CPCU) are requesting funds to purchase eighteen (18) patient recliner chairs.

The purchase will provide six recliners for CVICU and twelve recliners for CPCU for the newly renovated units that support open heart, thoracic and vascular surgery patients. The chairs allow the patients to sit comfortably with their legs elevated during their recovery as part of our early mobility program.

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

**TOTAL CAPITAL COSTS    \$34,390**



## Halifax Health Project Evaluation

### Patient Recliner Chairs for CVICU and CPCU

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

The project is to purchase six (6) patient recliners for the Cardiovascular Intensive Care Unit (CVICU) and twelve (12) patient recliners for the Cardiac Progressive Care Unit (CPCU).

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	X
Compassion	X
Image	X
Efficiency	

**Investment Request for Approval**     **\$34,390**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Jeanne Connelly, Executive Director Physician Services  
DATE: August 15, 2017  
RE: Dr. Lopez Pediatric Office – Lease and IT Infrastructure

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Halifax Health Physician Services is planning to lease physician practice space located at 1728 Dunlawton Avenue in Port Orange. The leased office suite will be used to operate a pediatric care practice that will serve the residents of Port Orange, and be part of the Halifax Health primary care network. The space to be leased is owned by Dr. Reuben Lopez.

Dr. Lopez will enter into an employment agreement and continue to provide medical services in the leased office. The leased office space will require certain IT infrastructure, including a network switch, router, firewall and cabling.

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

**TOTAL CAPITAL COSTS    \$30,000**

**LEASE TERMS (Information Only)**

Exam Rooms	7
Square Footage	2,717
Term	3 Years
Monthly Lease Payment	\$5,434 (\$24/sq.ft.)
Discount Rate	3.3%
Net Present Value of Minimum Lease Payments	\$183,389



## Halifax Health Project Evaluation

### Dr. Ruben Lopez Asset Purchase

Chief Financial Officer:	Eric Peburn
Executive Director Physician Services:	Jeanne Connelly
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project is to add IT infrastructure in leased pediatric physician office space located in Port Orange.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	
Compassion	X
Image	X
Efficiency	

Investment Request for Approval **\$30,000**

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