



**HALIFAX HEALTH**

**Audit & Finance  
Committee**

**Wednesday, September 4, 2019**

**Meeting Location**

Halifax Health

France Tower, Conference Room A

**4:00 p.m.**

# HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

4:00 p.m., Wednesday, September 4, 2019

## AGENDA

### I. CALL TO ORDER

### II. MINUTES

Investment Committee Minutes

portal page 4, [action requested](#)

- May 13, 2019

Audit & Finance Committee Minutes

portal page 6, [action requested](#)

- June 26, 2019

### III. AUDIT COMMITTEE

**Corporate Compliance**, *Shelly Shiflet*

- Monthly Compliance Dashboard Reports

portal page 9, [information only](#)

**Internal Audit**, *Bill Rushton*

- Audit Services Discussion and Analysis

portal page 13, [action requested](#)

**External Audit**, *Lisa Tyler*

- 2019 Client Service and Audit Plan, RSM

portal page 26, [action requested](#)

### IV. FINANCE COMMITTEE

**Financial Report**, *Eric Peburn*

- FY 2019 Income Statement Monthly Forecast
- July 2019

portal page 53, [information only](#)

portal page 64, [action requested](#)

**Acquisitions, Leases and Disposals**, *Shawn Remington*

- Capital Investment Strategy, July 2019
- Capital Expenditures \$50,000 and over
  - *Renovation of the Port Orange and Ormond Beach ROC Pharmacies* \$451,846
  - *CVICU Patient Monitor Replacement* \$340,221
  - *Ventilators for Respiratory Therapy* \$320,086
  - *Chemotherapy Infusion Pumps* \$242,500
  - *Kronos Software for Employee Self Service Portal* \$154,058
  - *Mobile Digital X-ray System* \$149,660
  - *Ultrasound Mobile Cart for Cardiology* \$145,000
  - *Diagnostic Ultrasound for Port Orange Hospital* \$144,500
  - *Digital Print Press for Print Shop* \$92,603

portal page 88, [information only](#)

portal page 92, [action requested](#)

- Disposals, July 2019

portal page 109, [action requested](#)

- Sale of 11.8 Acres, West Clyde Morris Blvd.

portal page 114, [action requested](#)

- Comparison of Projected and Actual Financial Results for Significant Projects

none

**Old Business**

- Meeting Request Tracker/Checklist
  - Observation Management Presentation, *Mary Jo Allen*

portal page 119, [information only](#)

portal page 120, [information only](#)

## HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

### New Business

#### Information Only

- Schedule Uses of Property Taxes, June 2019 portal page 129, [information only](#)
- Discharged Based -Average Length of Stay and Case Mix Index portal page 130, [information only](#)
- Investment Performance Report, July 2019 portal page 132, [information only](#)
- Capital Expenditures \$25,000 - \$50,000 portal page 137, [information only](#)
  - 201 Building Renovation Suites 110 and 200 \$49,900
  - Salad Bar for Cafeteria \$49,777
  - Variable Frequency Drive for Condenser Pump \$30,057

### V. OPEN DISCUSSION

- VI. NEXT MEETING      **Monday, September 9, 2019, 4 p.m. 5:05 p.m. First Budget Public Hearing**  
**Monday, September 16, 2019, 5:05 p.m. PLACEHOLDER for Final Budget Public Hearing**  
**Wednesday, October 30, 2019, 4 p.m. Regular Meeting**

### VII. PUBLIC PARTICIPATION

### VIII. EXECUTIVE SESSION

### IX. ADJOURN

Halifax Hospital Medical Center  
Investment Committee Meeting, Sub Committee Audit & Finance Committee  
France Tower, Conference Room A, 303 N. Clyde Morris Blvd., Daytona Beach, FL 32114  
Monday, May 13, 2019

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Present: Ted Serbousek, Chairman & Chairman, Audit & Finance Committee  
Dave Graffagnino, Member  
Decker Youngman, Member, Audit & Finance Committee  
James Wesner, Marquette Associates

Not Present: Dan Francati, Member & Member, Audit & Finance Committee & Vice Chairman,  
Board of Commissioners  
Greg Motto, Member, Audit & Finance Committee  
Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board of  
Commissioners

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  
Tracee Postell, Treasury Services Manager  
Ben Eby, Director of Operations, Halifax Health Hospice  
Britt Cesarone, Ponder Investment Company

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

**New Business**

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

Action: None required.

**Minutes**

Discussion: Minutes from the March 11, 2019 Investment Committee meeting were reviewed.

Action: Mr. Graffagnino moved to approve the March 11, 2019 Investment Committee minutes as presented. Mr. Youngman seconded the motion and it carried unanimously.

**Old Business**

Discussion: Transitioning to Marquette Associates, Inc.  
Mr. Peburn and Mr. Bailey introduced Mr. Wesner who was present for the meeting as part of the announcement that negotiation efforts were met between leadership and Marquette Associates to assume management of investment advisory services. Mr. Wesner presented the transition plans to the Committee with highlights as well as a market outlook/tracker for April 2019 (board portal).

Action: None required.

**Investment Review**

Discussion: Market Outlook, Marquette Associates  
Brief discussion referenced above during transition presentation.

Action: None required.

- Discussion: Expected Investment Return, FY 2020  
Mr. Bailey reviewed the Investment Rate of Return Assumptions for FY 2020, highlighting the invested balance as of February 28, 2019, 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. Youngman seconded the motion and it carried unanimously.
- Discussion: Annual Review of Pension Plan Rate of Return Assumption  
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 ten 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. Youngman seconded the motion and it carried unanimously.

**Informational Only**

- Discussion: Quarter Ending March 31, 2019  
Mr. Peburn referred members to the final quarterly investment report, ended March 31, 2019, prepared by Ashford Investment Advisors (separate portal).
- Action: None required.

**Next Meeting:** Monday, August 12, 2019, 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 26, 2019

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Present: Ted Serbousek, Chairman  
Daniel Francati, Member & Vice Chairman, Board of Commissioners

Via Phone: Greg Motto, Member

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

Also Present: Jeff Feasel, President and Chief Executive Officer  
Eric Peburn, Executive VP/Chief Financial Officer  
Bill Rushton, Director, Internal Audit  
Shelly Shiflet, Chief Compliance Officer  
Shawn Remington, Director, Corporate Finance  
Lisa Tyler, Corporate Controller  
Arvin Lewis, SVP & CRO  
Alberto Tineo, SVP and Hospital Chief Operating Officer  
Kelly Kwiatek, SVP & General Counsel  
Tom Stafford, Vice President and Chief Information Officer  
Matt Petkus, Vice President, Operations  
Ben Eby, Director of Operations, Hospice  
Derek Rife, IT Security Risk Manager

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

## MINUTES

Discussion: Minutes from the March 11, 2019 Investment Committee Meeting and May 1, 2019 Audit & Finance Committee Meeting were reviewed.

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

## AUDIT COMMITTEE CORPORATE COMPLIANCE

Discussion: Monthly Compliance Program Update Dashboard  
Ms. Shiflet presented the Compliance Dashboard for the months ended April 30, 2019 and May 30, 2018 with no issues to report, but indicated that she will propose changes in the next meeting's dashboard report. Committee members were briefed on the status of three high level cases with no objections to close. Brief discussion ensued to include an update on the civil investigative demand (i.e. 90 days to re-file).

Action: None required.

## INTERNAL AUDIT

Discussion: Mr. Rushton led committee members through IADA that included highlights of the FY 2019 Plan Status, Results of FY 19 Audit Projects and Summary of two audit reports:

- Rapid Medical Assessment Payments Audit
- Consignment and Trunk Stock Controls Audit

Action: Mr. Francati moved to approve the Summary of Audit Reports and the Audit Follow-up Summary Report. Mr. Motto seconded the motion and it carried unanimously.

## FINANCE COMMITTEE

## **FINANCIAL REPORT**

- Discussion: Mr. Peburn led committee members through the Fiscal Year 2019 Income Statement Forecast, updated with actual activity through May 31, 2019. Highlights resulted to brief discussion regarding revenue and expense assumptions, YTD operating income compared to budget, and the obligated group MADS coverage ratio. Brief discussion also ensued regarding the recently released ratings report by FITCH.
- Action: Mr. Francati moved to approve the May 2019 Financial Report and recommends approval by the Halifax Health Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

## **ACQUISITIONS, LEASES & DISPOSALS**

- Discussion: Capital Investment Strategy, May 2019

- Action: None required.

- Discussion: Capital Expenditures \$50,000 and over
- *Mako Robotic Arm* \$790,000
  - *Desktop and Laptop Computers* \$500,000
  - *West Clyde Morris Infrastructure; Additional Approval* \$400,000
  - *Storage Platform and Software* \$368,554
  - *Port Orange Care Center Wind Retrofit* \$330,964
  - *Automatic Transfer Switch for Chiller* \$104,224
  - *Ormond Beach Care Center Wind Shutters* \$103,280

- Action: Mr. Francati moved to approve the Capital Expenditures, \$50,000 and over and recommends approval by the Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

- Discussion: Disposals, May 2019

- Action: Mr. Francati moved to approve the disposals and recommends approval by the Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

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

- Action: No update; none required. Discussion did ensue regarding the status of the data center resulting in leadership bringing back at a future meeting related policy.

## **OLD BUSINESS**

- Discussion: Meeting Request Tracker/Checklist (none) and Updated Board of Commissioners Calendar

- Action: None required.

## **NEW BUSINESS**

- Discussion: FY 2020 Preliminary Budget Review/Not to Exceed Millage Rate  
Mr. Peburn presented a FY 2020 budget update, highlighting key factors in setting the budget, current status and next steps. Brief discussion included references to achieving positive cash flow after capital and pension funding, targeted operating margin (excluding Deltona hospital) and the importance of continuing critical community benefits and services. Mr. Peburn concluded the presentation by sharing a recommendation would be presented to the Board of Commissioners to approve the Not to Exceed Rolled Back Millage Rate at the same rate as last year, 0.3546 Mill.

- Action: None required.

### INFORMATIONAL REPORTS

Discussion: The Discharged Based-Average Length of Stay and Case Mix Index and the Capital Expenditures, \$25,000 - \$50,000 were presented under Information Only:

- *Bioquell Decontamination System* \$45,000
- *Meditech Software - Corporate Management System* \$28,560
- *Cash Registers for Cafeterias, Café and Gift Shop* \$27,821

Action: None required.

### **OPEN DISCUSSION**

Discussion: None

**NEXT MEETING DATE: Monday, August 5, 2019, 4:00 p.m. - France Tower Conference Room A  
FY 2020 BUDGET WORKSHOP, Combined with the Board of Commissioners  
MONDAY, August 12, 2019, 4:00 p.m. – Investment Committee meeting  
WEDNESDAY, September 4, 2019, 4:00 p.m. – Regular scheduled meeting  
MONDAY, September 9, 2019, 5:05 p.m. – Tentative First Public Hearing, Board of Commissioners**

### **ADJOURNMENT**

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

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Ted Serbousek, Chairman





# HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners  
Cc: Jeff Feasel, Chief Executive Officer  
From: Shelly Shiflet, Vice President, and Chief Compliance Officer  
Date: August 27, 2019  
Re: Compliance Dashboard Report for the month ended July 31, 2019

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The Compliance Program Dashboard Report for July 2019 is attached.

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

Mr. Wade can be reached at: [Bob.Wade@btlaw.com](mailto:Bob.Wade@btlaw.com)  
Office: 574-237-1107

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 – 7/31/19**

**ON TARGET**

**ALERT**

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

	➤	<b>Code of Conduct Attestation<sup>1</sup></b>
	1. 3,999	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. 4,098	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. 4,966	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. 15	Number of members on <i>Compliance Committee</i>
	2. 80.0%	% of members who attended the meeting (On Target at 70% or Greater) – The last meeting date with approved minutes was 6/26/19
	3. 3	Number of meetings in the last quarter (On Target if 2 or more)

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

	1. 1/37	Number of Help Line calls received during month/past 12 months
	2. 1/15	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 6/30/19
	4. 0	Number of open Help Line calls rated as High Priority as of 7/31/19
	5. 3	Number of Help Line calls closed since last month

**V. COMPLIANCE ISSUES**

	1. 31	Number of issues open as of 6/30/19
	2. 21	Of the issues in item 1, ___ remain open as of 7/31/19
	3. 10	Number of issues from item 1 closed as of 7/31/19
	4. 35%	Percent of open issues from item 1 closed (On Target at 25% or Greater)

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

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

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

<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 22, 2019  
Re: Compliance Dashboard Report for the month ended June 30, 2019

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The Compliance Program Dashboard Report for June 2019 is attached.

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

Mr. Wade can be reached at: [Bob.Wade@btlaw.com](mailto:Bob.Wade@btlaw.com)  
Office: 574-237-1107

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 – 6/30/19**

**ON TARGET**

**ALERT**

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

	➤	<b>Code of Conduct Attestation<sup>1</sup></b>
1.	3,739	Number of Covered Persons and Board Members required to complete as of end of period
2.	100%	% of Covered Persons who have completed (On Target at 100%)

	➤	<b>CIA Required Training<sup>2</sup></b>
1.	3,984	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.	4,710	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.	15	Number of members on <i>Compliance Committee</i>
2.	86.7%	% of members who attended the meeting (On Target at 70% or Greater) – The last meeting date with approved minutes was 5/29/19.
3.	3	Number of meetings in the last quarter (On Target if 2 or more)

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

1.	7/18	Number of Help Line calls received during month/past 12 months
2.	2/7	Of calls in 1, how many related to Human Resource issues
3.	0	Number of open Help Line calls rated as High Priority as of 4/30/19
4.	0	Number of open Help Line calls rated as High Priority as of 5/31/19
5.	1	Number of Help Line calls closed since last month

**V. COMPLIANCE ISSUES**

1.	27	Number of issues open as of 5/31/19
2.	14	Of the issues in item 1, ___ remain open as of 6/30/19
3.	13	Number of issues from item 1 closed as of 6/30/19
4.	49%	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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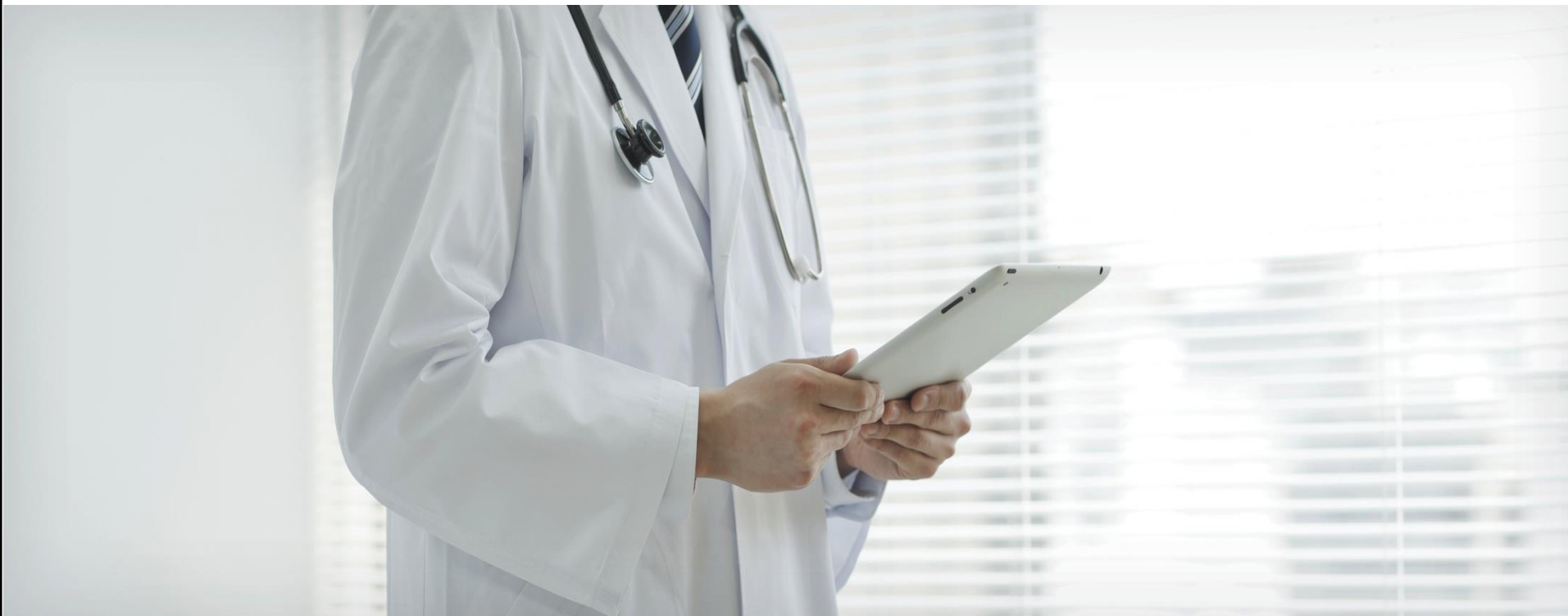
**VII. BILLING AND CODING REVIEWS** - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

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

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

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

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



# Audit Services Discussion & Analysis

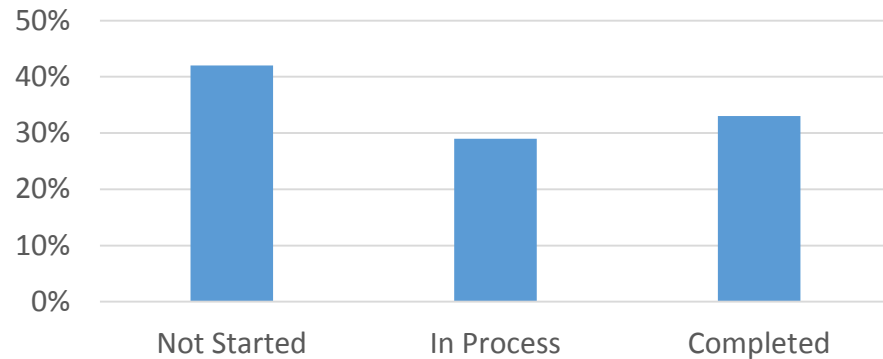
## Halifax Health Audit & Finance Committee

Presented October 4, 2019

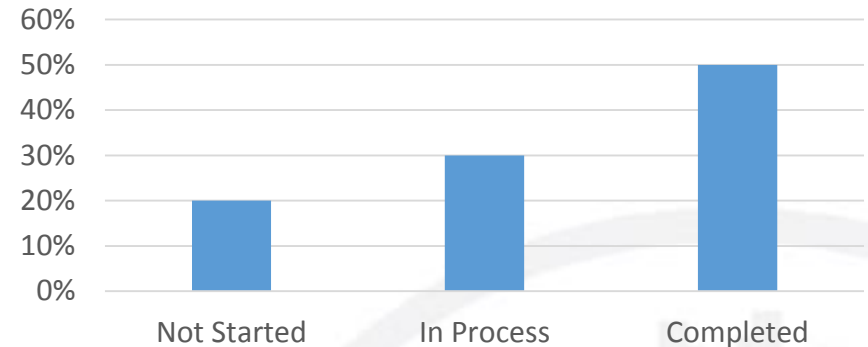
For the period covering June 20, 2019 through August 28, 2019

# Audit Plan: FY 19 Plan Status

Internal & Co Source Projects



Internal Only Projects



FY Audit Plan	Internal	CoSource	Total Audits
Approved	10	4	14
Added	2	8	8
Removed	2	0	0
Revised Plan Total	10	12	22

# Results: FY 19 Audit Projects

Audit Source	Project Name	Issues by Impact Level		
		High	Moderate	Low
IAS	2018 YE Audit Assistance	Completed		
IAS	Timekeeping – Casual Pool	1	1	1
IAS	Consignment/Trunk Stock Controls	0	6	1
Co Source	IT Penetration Testing	2	3	3
Co Source	Administrative Reimbursement & Expenses	0	0	0
IAS	Rapid Medical Assessment Payments	0	1	0
IAS	DAVID Attestation	1	1	0
Co Source	Deltona Construction Expenses	In Process		
Co Source	Emergency Service Charge Capture	In Process		
Co Source	MEDITECH Expanse Project Implementation	In Process		
IAS	Charity Care Operations	In Process		
IAS	Athena Charge Capture	In Process		
Co Source	Oncology Charge Capture	In Process		
IAS	2019 Interim Audit Assistance	In Process		

# Annual Communication to Governance and Management

Audit Committee Charter Assessment	Roles and Responsibilities	Achieved
Composition and Qualification	Member qualifications	Yes
Authority	Voting requirements, review and approval	No*
Meetings	# of meetings, attendance, quorum	Yes
Financial Reporting	Financial risk presented	Yes
Internal Control	Understanding Internal controls	Yes
Risk Assessment	Understanding Halifax Health risk universe	Yes
Internal Auditors	Audit plan progression presented	Yes
External Auditors	Audit scope/results presented	Yes
Reporting Responsibilities	BOC reporting	Yes
Other	Review Charter	Yes

\*Approval (action required) missing for 2018 year-end audit work to be performed by RSM

See Audit Committee Assessment in BoardEffect for Detailed Report



# Public Records, Financial & Audit Information

Audited financial statement and internal audit reports required by law or authorized by the Audit and Finance Committee are public records.

Public Records Act contains no exemption for completed audit reports, workpapers, notes, etc., although information within a report may fall within an exemption under certain statutes in order to protect Halifax Health.

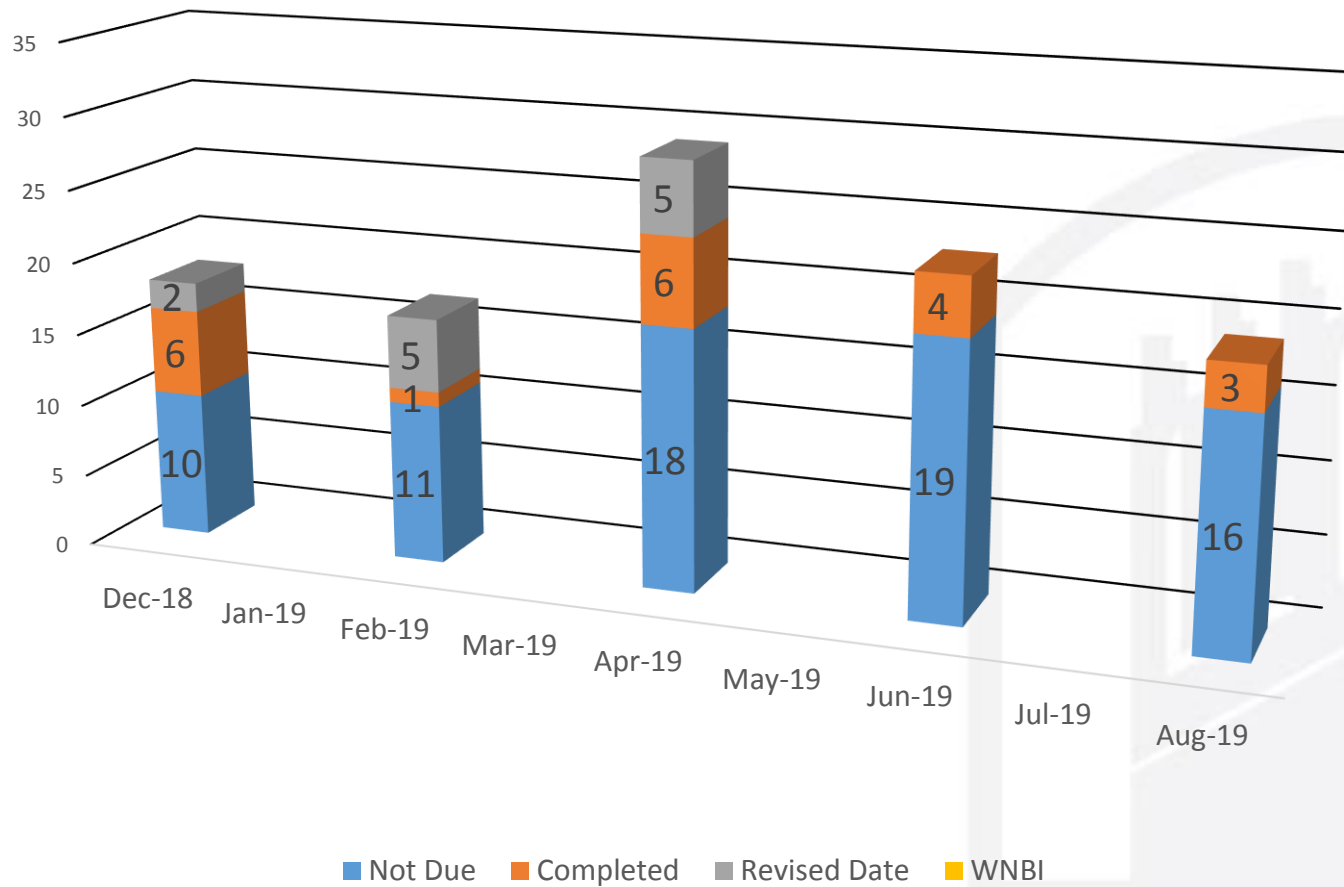
7 days before meeting, the agenda of the event, and meeting materials, excluding confidential/exempt information, must be posted to [www.halifaxhealthdistrict.org](http://www.halifaxhealthdistrict.org).

Halifax Health information which provides an advantage or the opportunity to obtain business advantage over Halifax and is subject to reasonable measures to protect its secrecy may be exempt.

Legal Department assesses information considered at risk if publicly posted. Results of assessment are shared with the Committee.

# Audit Follow-Up

Audit Issue Follow-Up: Status of Management Action Plans



See BoardEffect for Audit Follow Up Detail.

# Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date	Risk Rank
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 1: Web Application</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	9/30/19	Low
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 2: Windows and AD System</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	3/31/20	High
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 3: Data Storage and Access Controls</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	12/31/19	High
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 4: Network Architecture Infrastructure Management</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	3/31/20	Medium
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 5: Patch Management</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	*	Medium
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 6: Security Awareness and Physical Security</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	12/31/19	Medium
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 7: Email Architecture Security</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	*	Low
<b>Network Security Testing</b> 4/24/2019	<b>ISSUE 8: Wireless Network Security</b> Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	*	Low

*\*Completion Pending Audit Follow Up*



# Audit Action Plans - Open

**Rapid Medical Assessment Payroll Audit**  
6/11/2019

**ISSUE 1: Documentation To Support Payroll Was Missing And Available Reporting Was Inaccurate**

ES did not archive the RMA encounter records used to calculate May 2nd RMA payments. These records list each Physician RMA encounter and support the gross payroll calculations entered into Kronos.

IAS recalculated and analyzed May 2nd and 16th Physician payments. Results of audit work disclosed the following:

- Six (35%) RMA Physicians were underpaid totaling \$91.00 because the RMA report criteria dropped the RMA Physician when another ES Provider entered a note in the patient EMR, and the error persisted until this Provider signed off. IAS identified Providers signing off ten weeks after departure from the ER.
- Seven (41%) RMA Physicians were overpaid totaling \$130.00 because the RMA report criteria used initial assessment data. Patients were predicted to receive RMA at triage; however, final assignment was to the major medical or fast track routine.

- ES will work with Payroll to correct payroll errors.
- The RMA encounter records are now exportable, and ES has archived and included these records with RMA payroll calculations sent to the Payroll Department. Additionally, ES preparer will compare the Physician schedule to the RMA report to mitigate the risk of improper payments.
- BI and ES will research improvements to the RMA report criteria in order to mitigate the risk of improper payments.
- ES will leverage available third-party reporting for Provider timeliness to identify noncompliant Providers and issue warnings (verbal and written) and revoke privileges if warranted.

Dr. Stephen Viel,  
Medical Director  
of ES

Rob Love,  
Director of  
Nursing

Lisa Tyler,  
Corporate  
Controller

Jessica  
Ferrentino,  
Manager B&D  
Support

Lindsay Martin,  
Nurse Manager  
of ES

9/11/19

Medium

# Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
<b>Consignment and Trunk Stock Controls Audit</b> 6/17/2019	<b>ISSUE 1: New Automation Is Not Decrementing From The Inventory Account</b> IAS was informed by Management that patient supply operations recorded \$3.5 million in trunk stock inventory.  IAS mapped 114 trunk stock items through Meditech applications to determine root causes for the incorrect inventory. Results of the audit disclosed new BZQ automation did not decrement 97 (85%) recorded receipts under the bill and replace operation required by Meditech for trunk stock. The automation error requires Accounting to perform a corrective journal entry to properly report supply inventory.	A Service Issue SUR ticket has been submitted to Meditech Application Department to research BZQ issues. If it is an uncorrectable situation, business owners will consider discontinuing BZQ automation and bill and replace operations and process trunk stock as bill only.	Matthew Petkus, Vice President of Operations  Judy Steiner, Director Information Systems  Lisa Tyler, Corporate Controller  Allison Brown, Manager Supply Chain/BI	12/31/19	Medium
<b>Consignment and Trunk Stock Controls Audit</b> 6/17/2019	<b>ISSUE 2: Consignment Item Reconciliations Were Not Performed and/or Documented Appropriately</b> IAS tested 12 consignment reconciliations to determine if item levels are monitored and maintained at the contracted level and if Team Members follow up and correct identified discrepancies. Results of testing disclosed the following:  <ul style="list-style-type: none"> <li>• Reconciliations were not approved by the vendor and/or Team Member in six instances (50%).</li> <li>• Vendor signed and approved the Bolton Medical reconciliation in place of a Halifax Health Team Member.</li> <li>• Four (33%) reconciliations resulted in variances that remained unreconciled between actual on hand, system amounts and agreement.</li> <li>• IAS was unable to audit three (25%) consignment reconciliations. Reconciliation documentation lacked sufficient detail, was poor quality or was not submitted for auditing.</li> </ul>	<ul style="list-style-type: none"> <li>• Materials Management will develop formal guidance to the Departments regarding the steps to perform reconciliations with consignment vendors.</li> <li>• Department Managers will be trained on these new procedures.</li> </ul>	Matthew Petkus, Vice President of Operations  Allison Brown, Manager Supply Chain/BI  Anthony Carillo, SCS Purchasing Manager	12/31/19	Medium

# Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
<b>Consignment and Trunk Stock Controls Audit</b> 6/17/2019	<b>ISSUE 3: Contract Information Is Missing, Incomplete, Unavailable and/or Not Aligned Between Legal and Purchasing</b> During the course of audit testing, IAS identified multiple instances where consignment agreements were not aligned with procedures. For example: <ul style="list-style-type: none"> <li>• Memos and emails between Department business owners and vendors replaced amendments to main agreements;</li> <li>• Purchasing possessed two complete and signed agreements, however, agreements could not be located in Novatus; and</li> <li>• Recorded consignment items were not supported by agreements.</li> </ul>	<ul style="list-style-type: none"> <li>• Surgical Services, Cath Lab and Interventional Radiology Department Managers will receive training on Non-Physician Contract procedures, with emphasis on the importance of sending the cover sheet and contract to legal after obtaining signatures.</li> <li>• Purchasing will work with the Legal Department to update Novatus for the two missing contracts.</li> </ul>	Matthew Petkus, Vice President of Operations  Anthony Carillo, SCS Purchasing Manager	12/31/19	Medium
<b>Consignment and Trunk Stock Controls Audit</b> 6/17/2019	<b>ISSUE 4: Meditech Item File Does Not Agree With Actual or Contracted Consignment Inventory Levels</b> The recorded consignment inventory quantity as of April 17, 2019 was not correct for 12 (43%) consignment items tested. IAS testing identified the following variances: <ul style="list-style-type: none"> <li>• Meditech Stock and Item File was overstated by 45 items to the quantity on hand and 33 items to agreed upon inventory; and</li> <li>• Actual quantity on hand exceeded the agreed upon quantity by 12.</li> </ul>	Leadership will leverage min/max variance reporting and perform periodic reconciliations and physical counts to determine if quantities on hand are aligned with quantities reported by Meditech/Merge. Resolution of significant variances will be documented.	Matthew Petkus, Vice President of Operations  Eric Little, Director Surgical Services  Allison Brown, Manager Supply Chain/BI	12/31/19 <sup>1</sup>	Medium
<b>Consignment and Trunk Stock Controls Audit</b> 6/17/2019	<b>ISSUE 7: Inadequate Physical Security Over Trunk Stock Inventory Items</b> IAS identified physical security issues for a "shared" inventory storage room. They are as follows: <ul style="list-style-type: none"> <li>• The door's passcode was not activated and thus the room was unlocked.</li> <li>• The staging area did not have CCTV camera or a way to log access to the room.</li> <li>• The inventory was not staged in an organized manner.</li> </ul>	Surgical Services leadership is currently renovating the shared storage room, which includes improving security.	Eric Little, Director Surgical Services	12/31/19	Low



# Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
<b>Consignment and Trunk Stock Controls Audit</b> 6/17/2019	<p><b>ISSUE 5: Guidance To Perform Consignment Reconciliations is Missing</b></p> <p>Team Members responsible for consignment reconciliations were unaware of the control steps necessary to perform reconciliations with consignment vendors. Procedures should include the following:</p> <ul style="list-style-type: none"> <li>• Halifax will only be responsible for items listed and quantities verified to the most recent signed inspection report.</li> <li>• Vendor owns the property, lead inspection to verify items, quantity and quality are aligned with agreement.</li> <li>• Replacement items will be aligned with agreement, Meditech Stock and Item Files and Merge if applicable.</li> <li>• Vendor representative will provide notice and work with the Department Consignment Team Member to properly perform reconciliation.</li> <li>• For the safety of patients, vendor representative will be granted immediate escorted access to remove items affected by a recall.</li> <li>• Items removed will be documented and noted as part of reconciliation and reported to Materials Management.</li> <li>• Reconciliations are based on the Meditech Stock and Item file and the agreement.</li> <li>• Reconciliation reports will be signed by the vendor representative, Consignment Team Member and Director if applicable. Copies of reports should be sent to Materials Management.</li> <li>• Department and Materials Management will work with the vendor representative if there is a discrepancy between reconciliation, actual count on hand and Meditech inventory. Item Files will be updated based on the results of the reconciliations.</li> </ul>	<ul style="list-style-type: none"> <li>• Materials Management leadership will develop reconciliation policies and procedures.</li> <li>• Department Consignment Team Members will be trained on new procedures.</li> </ul>	<p>Matthew Petkus, Vice President of Operations</p> <p>Allison Brown, Manager Supply Chain/BI</p> <p>Anthony Carillo, SCS Purchasing Manager</p>	<p>9/30/19</p>	<p>Medium</p>

# Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
<b>Consignment and Trunk Stock Controls Audit</b> 6/17/2019	<b>ISSUE 6: Guidance To Manage Consignment Inventory is Missing</b> IAS noted that documents governing physical inventory management do not provide guidance on how to manage consignment. Procedures have multiple steps that include: <ul style="list-style-type: none"> <li>• The Department Manager and Director using consignment will determine items that Halifax will accept into inventory.</li> <li>• Inventory level mutually agreed upon between the Department Manager and vendor representative.</li> <li>• Department Manager and Director using consignment may approve small stocking level changes.</li> <li>• Halifax Health may return unused, unopened or expired items without incurring an expense from the vendor. (Unused sterile items are governed by the terms of the agreement).</li> <li>• Consignment usage documented during Inspections, but not purchased must documented by item, submitted on a single requisition with supporting documentation from signed and approved reconciliation.</li> </ul>	<ul style="list-style-type: none"> <li>• Materials Management leadership will develop consignment inventory management procedures.</li> <li>• Accounting will modify Supply Inventory Instructions to address consignment.</li> <li>• Department Managers will be trained on new procedures.</li> </ul>	Matthew Petkus, Vice President of Operations  Lisa Tyler, Corporate Controller  Allison Brown, Manager Supply Chain/BI  Anthony Carillo, SCS Purchasing Manager	9/30/19	Medium



## Recommended Committee Action

Internal Audit recommends the following for Committee's approval:

- Audit Follow-up Summary Report



HALIFAX  
HEALTH

## Halifax Health

2019 Client Service and Audit Plan  
September 4, 2019



September 4, 2019

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

**RSM US LLP**

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Orlando, FL 32803  
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F +1 407 895 1335  
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On behalf of RSM US LLP, we are pleased to submit our 2019 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, which will continue to evolve throughout 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 discussions with the audit committee and management to develop a baseline understanding of financial reporting 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 to present this report, address any questions you may have, and discuss any other matters of interest to the Audit Committee and management.

Sincerely,

Jon Hillmann, Partner  
563 888 4029

Brandon Slauter, Senior Manager  
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 (e.g., the allowances for accounts receivable, estimated third-party settlements, other post-employment benefit plans, 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: <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> <li>○ Medical Center of Deltona, Inc.</li> </ul> </li> </ul>

**State compliance audit:** We will perform a compliance audit 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 of the State of Florida Rules of the Auditor General, *Local Governmental Entity Audits*. In conjunction with the State Compliance Audit, we will issue the following reports:

- 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;
- 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;
- Attestation report related to compliance with Section 218.415, Florida Statutes, Local Government Investment Policies; and
- Management letter required by the Auditor General of the State of Florida.

In addition to the above noted reports, we will also ensure compliance with the reporting requirements of Lutheran Services Florida.

**Federal compliance audit:** We will perform a compliance audit of expenditures of Federal awards in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, 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:

- Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards (SEFA);
- 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;
- 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;
- A Schedule of Findings or Questioned Costs.

- Halifax Hospital Medical Center

<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; Eighth Supplemental Indenture for Obligation No. 10 and First Amendment to Master Indenture dated as of March 1, 2016; or Ninth Supplemental Indenture for Obligation No. 11 dated June 1, 2018.</li> <li>• Examination report on Halifax Health's assertion that the net ad valorem tax revenue of Halifax Hospital Medical Center is insufficient to cover the cost of uncompensated care for Halifax Health's patients within the District for the year ended September 30, 2019.</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 August 21, 2019 describing our responsibilities 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>
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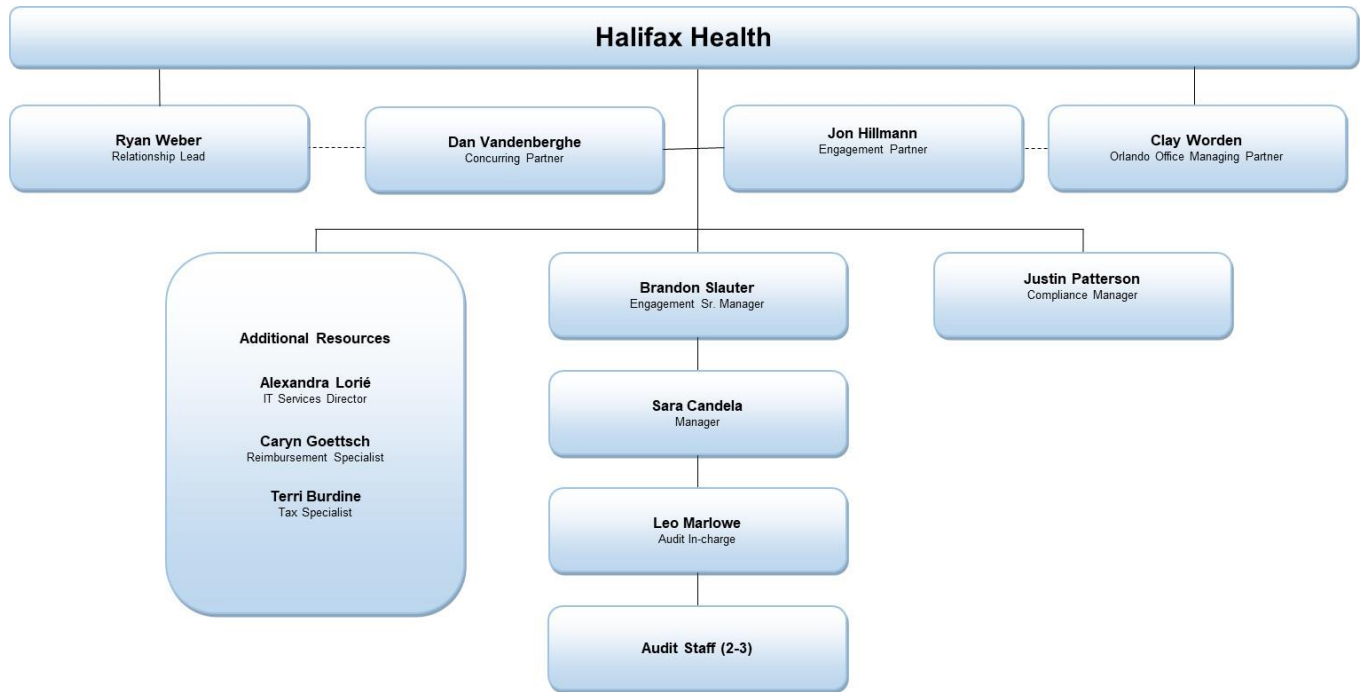
## Expectations of RSM

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 and 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 8. 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.</p> <p>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 8 are returning from the prior year team. Other 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 of effort 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 2019 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 internal 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 14.

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
Patient accounts receivable 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>• Perform a review of filed, amended and settled cost reports and contracts.</li> <li>• Review historical results of reserving methodology.</li> <li>• Test underlying data to support reserve level.</li> <li>• Gain an understanding of outstanding compliance-related matters and other areas that may require specific valuation allowances.</li> <li>• Review and testing of current year cost report settlement estimate prepared by management</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>• <b>Update our understanding of the joint ventures and inquire of changes in accounting practices/methods, if any.</b></li> <li>• Confirm investment balances.</li> <li>• Test fair values and detail transactions on a sample basis.</li> <li>• Perform analytical procedures to test investment income.</li> </ul>

Risk Area	Summary Audit Procedures
Capital assets	<ul style="list-style-type: none"> <li>• Test a sample of additions and disposals.</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>
Long-term debt	<ul style="list-style-type: none"> <li>• Obtain pro-forma rollforward of debt from October 1, 2018 through September 30, 2019.</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 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 plan and other post-employment 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 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>

Risk Area	Summary Audit Procedures
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>
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>• Review management's disclosure checklist for completeness.</li> <li>• <b>Gain an understanding of the financial statement close and preparation process.</b></li> </ul>

Risk Area	Summary Audit Procedures
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 would not 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, bi-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 within lines of business (i.e., audit, tax, consulting) and geography however, at RSM we have 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 pages, 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 other 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 Caryn Goettsch, provide the precise industry-based experience we need to gain an appropriate understanding of the estimates prepared by management. Caryn'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 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 evaluating general computer controls associated with each of the significant financially related applications, including the general ledger and billing applications. As part of their evaluation, 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 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:
Capital 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>June—August 2019</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>September 4, 2019</b>	<ul style="list-style-type: none"> <li>Present client service plan to the Audit Committee</li> </ul>
<b>September 16 through September 27, 2019</b> <i>Planning &amp; Interim Fieldwork</i>	<ul style="list-style-type: none"> <li>Audit team on-site</li> <li>Entire team (including concurring reviewer) review draft of consolidated report format and disclosures</li> <li>Perform procedures noted in bold on pages 9 through 11</li> </ul>
<b>September 2019</b>	<ul style="list-style-type: none"> <li>Information technology specialist on-site</li> </ul>
<b>October 23 through November 27, 2019</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 8, 2020</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 17, 2020</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> </ul>

	<ul style="list-style-type: none"> <li>• Issue management letter as required by the Auditor General of the State of Florida</li> <li>• Issue examination report over Schedule of Uses of Property Taxes</li> </ul>
<b>Ongoing Activities (Continuous)</b>	<ul style="list-style-type: none"> <li>• Open communication among management, the Audit Committee and RSM's partners, managers and specialists</li> <li>• Open communication among management and process owner and RSM's partners, managers and specialists during the audit (Weekly/Bi-weekly meetings established)</li> <li>• Internally ensure seamless coordination between all members of RSM's service team</li> </ul>

## 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
<b>Generally accepted audit standards (AU-C 240, <i>Consideration of Fraud in a Financial Statement Audit</i>)</b>	<p>Assess:</p> <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>
	<p>Evaluate and review:</p> <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>
	<p>Consider:</p> <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>
	<p>Examine and conduct:</p> <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>

**Opportunity**

**Conditions  
for fraud**

**Incentive**

- Career disappointment
- Layoffs, known or anticipated
- Expected changes in compensation or benefits
- Rewards inconsistent with expectations

**Rationalization**

- Other dissatisfaction with company or treatment of it's employees
- "Company owes me," for instance because pay is perceived to be low

# 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.

<b>GASB 87, Leases</b>	<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>
<b>GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	<p>In June of 2018, the GASB issued GASB 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred.</p> <p>This standard is effective for fiscal years beginning after December 15, 2019.</p>
<b>GASB 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61</b>	<p>In August of 2018, the GASB issued GASB 90, <i>Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61</i>. This statement clarifies the accounting and financial reporting for a state or local government's majority equity interest in an organization that remains legally separate after acquisition.</p> <p>This standard is effective for fiscal years beginning after December 15, 2018.</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>	August 21, 2019
<b>Risk Assessment Completed</b>	August 2019
<b>PBC Listing for Preliminary Audit Fieldwork Provided</b>	August 28, 2019
<b>Delivery of Client Service Plan to Audit Committee</b>	September 4, 2019
<b>Preliminary Audit Fieldwork Begins</b>	September 16, 2019
<b>PBC Listing for Final Audit Fieldwork Provided</b>	October 2, 2019
<b>Final Audit Fieldwork Begins</b>	October 23, 2019
<b>Preliminary Draft Financial Statements provided to management</b>	November 20, 2019
<b>Mailing to the Audit Committee</b>	December 20, 2019
<b>Presentation of Audit Results</b>	January 8, 2020

## 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
Arvin Lewis	Chief Revenue Officer	(386) 425-4595	Arvin.Lewis@halifax.org
Kelly Parsons-Kwiatek	General Counsel	(386) 425-4220	Kelly.Kwiatek@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
Shawn Remington	Director of Corporate Finance	(386) 425-4561	Shawn.Remington@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
Lisa Tyler	Corporate Controller	(386) 425-4587	Lisa.Tyler@halifax.org

### RSM:

Name	Title	Engagement Responsibility	Contact Phone	E-Mail Address
Sara Candela	Manager	Audit Manager	(407) 581-3527	sara.candela@rsmus.com
Caryn Goettsch	Senior Director	Third-Party Reimbursement	(612) 376-9563	caryn.goettsch@rsmus.com
Jon Hillmann	Partner	Audit Partner	(563) 888 4029	jon.hillmann@rsmus.com
Alexandra Lorie	Director	Information Technology Specialist	(305) 569-7973	alexandra.lorie@rsmus.com
Justin Patterson	Manager	Compliance Manager	(407) 581-3525	justin.patterson@rsmus.com
Brandon Slauter	Senior Manager	Audit Senior 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	Relationship Lead	(563) 888-4081	ryan.weber@rsmus.com
Clay Worden	Partner	Orlando Managing Partner	(407) 581-3506	clay.worden@rsmus.com

# FY 2019 Income Statement Monthly Forecast Halifax Health

Updated with Actual activity through July 31, 2019



# Halifax Health Medical Center

## FY 2019 Income Statement Monthly Forecast

### -Updated with actual results from June and July

- FY 2019 October-July Financial Results
  - June and July's actual performance exceeded the re-forecast by \$1.6M
    - Revenues were higher than forecast by \$2.8M due to higher volumes and better than expected collections
  - YTD Operating income is \$508k greater than budget
- Obligated Group MADS Coverage ratio
  - Bond covenant is 1.25x and FY 2019 Budget is 1.97x
  - Updated Forecast is at 1.97x at 9/30/19 with \$20.3M cushion from 1.25x and an excess of \$157k from Budget

Live your life well.



HALIFAX  
HEALTH

**Halifax Health Medical Center**  
**FY 2019 Actual and Projected with Margin Improvements**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

	Actual										Projected		Actual/Proj	Budget
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	Total
Operating revenues:														
Net patient service revenue	\$40,396	\$39,452	\$39,002	\$41,350	\$38,750	\$44,668	\$44,914	\$42,844	\$39,229	\$38,611	\$39,514	\$37,735	\$486,464	\$489,493
Ad valorem taxes	511	511	511	511	511	511	511	511	511	511	511	511	6,130	6,129
Other revenue	1,561	1,432	1,446	1,529	1,612	1,705	1,689	1,843	1,736	1,692	1,445	1,439	19,128	17,250
Total operating revenues	42,468	41,394	40,959	43,389	40,872	46,884	47,114	45,198	41,476	40,814	41,470	39,685	511,723	512,872
Operating expenses:														
Salaries and benefits	22,200	21,225	22,140	22,091	20,113	21,951	21,016	21,370	20,312	20,898	21,052	18,926	253,295	260,924
Purchased services	5,913	5,774	6,423	6,474	6,833	6,808	6,381	7,136	6,503	6,941	6,027	6,170	77,384	68,914
Supplies	8,472	8,292	7,948	8,882	7,609	8,537	8,430	8,497	7,526	7,952	8,694	8,097	98,935	99,029
Depreciation and amortization	2,142	2,134	2,140	2,094	2,131	2,101	2,116	2,123	2,056	2,049	2,029	1,976	25,093	24,731
Interest	1,610	1,630	1,602	1,594	1,597	1,627	1,611	1,641	1,577	1,585	1,610	1,610	19,293	19,319
Ad valorem tax related expenses	522	523	523	532	521	525	519	518	518	531	530	530	6,291	6,356
Leases and rentals	566	562	564	592	589	580	579	727	594	558	537	537	6,985	6,449
Other	2,160	2,176	2,050	2,130	2,018	2,340	2,081	2,186	2,227	2,054	2,131	2,131	25,686	25,577
Total operating expenses	43,586	42,316	43,389	44,389	41,410	44,470	42,733	44,198	41,313	42,568	42,611	39,979	512,962	511,299
<b>Income (loss) from operations</b>	<b>(1,118)</b>	<b>(922)</b>	<b>(2,430)</b>	<b>(1,000)</b>	<b>(538)</b>	<b>2,414</b>	<b>4,381</b>	<b>1,000</b>	<b>163</b>	<b>(1,754)</b>	<b>(1,141)</b>	<b>(294)</b>	<b>(1,240)</b>	<b>1,573</b>
Nonoperation revenues, expenses, and gains/(losses):														
Realized investment income/(losses)	293	1,271	220	438	520	489	457	1,851	206	380	43	90	6,258	6,815
Unrealized investment income/(losses)	(12)	166	592	444	42	558	149	(698)	540	66	-	-	1,847	-
Donation revenue	-	-	3	8	6	25	9	3	1	3	-	-	59	-
Nonoperation gains/(losses), net	209	199	179	89	179	136	112	134	225	1,728	100	100	3,390	258
Total nonoperating revenues, expenses, and gains/(losses)	490	1,637	994	979	748	1,208	727	1,290	972	2,177	143	190	11,554	7,073
<b>Increase (decrease) in net position</b>	<b>(\$628)</b>	<b>\$715</b>	<b>(\$1,436)</b>	<b>(\$20)</b>	<b>\$209</b>	<b>\$3,622</b>	<b>\$5,108</b>	<b>\$2,290</b>	<b>\$1,135</b>	<b>\$423</b>	<b>(\$998)</b>	<b>(\$104)</b>	<b>\$10,315</b>	<b>\$8,646</b>

**Halifax Health Medical Center**  
**FY 2019 Actual and Projected**  
**Maximum Annual Debt Service Calculation**  
**(\$ in thousands)**

	Actual										Projected	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b><u>MADS calculation</u></b>												
Excess of revenues over expenses	(\$628)	\$87	(\$1,350)	(\$1,370)	(\$1,161)	\$2,461	\$7,569	\$9,859	\$10,994	\$11,417	\$10,419	\$10,315
Interest	1,610	3,239	4,841	6,436	8,033	9,660	11,270	12,911	14,488	16,073	17,683	19,293
Depreciation	2,142	4,277	6,417	8,511	10,642	12,743	14,859	16,982	19,038	21,087	23,116	25,093
Unrealized losses (gains)	12	(155)	(746)	(1,191)	(1,232)	(1,790)	(1,939)	(1,241)	(1,781)	(1,847)	(1,847)	(1,847)
Total income available for debt service	\$3,135	\$7,448	\$9,162	\$12,386	\$16,281	\$23,074	\$31,760	\$38,512	\$42,740	\$46,731	\$49,372	\$52,854
<b>MADS</b>	<b>\$2,233</b>	<b>\$4,467</b>	<b>\$6,700</b>	<b>\$8,934</b>	<b>\$11,167</b>	<b>\$13,401</b>	<b>\$15,634</b>	<b>\$17,867</b>	<b>\$20,101</b>	<b>\$22,334</b>	<b>\$24,568</b>	<b>\$26,801</b>
MADS Coverage Ratio	1.40	1.67	1.37	1.39	1.46	1.72	2.03	2.16	2.13	2.09	2.01	1.97
<b>Income Cushion from 1.25x</b>	<b>\$343</b>	<b>\$1,864</b>	<b>\$787</b>	<b>\$1,219</b>	<b>\$2,322</b>	<b>\$6,323</b>	<b>\$12,217</b>	<b>\$16,177</b>	<b>\$17,614</b>	<b>\$18,813</b>	<b>\$18,662</b>	<b>\$19,352</b>
<b>Income Deficit from Budget</b>	<b>(\$952)</b>	<b>(\$1,069)</b>	<b>(\$3,521)</b>	<b>(\$7,262)</b>	<b>(\$7,619)</b>	<b>(\$7,391)</b>	<b>(\$2,204)</b>	<b>\$1,231</b>	<b>\$2,732</b>	<b>\$4,508</b>	<b>\$1,531</b>	<b>\$157</b>





# Halifax Health (System)

## FY 2019 Income Statement Monthly Forecast

### -Updated with actual results from June and July

- FY 2019 October-July Financial Results
  - June and July's actual performance exceeded budget excluding for Foundation Unrealized Investment income/loss
    - Primarily due to higher inpatient volumes compared to budget
  - YTD Adjusted Operating EBIDA is greater than the YTD Budget at 9.1%
    - *Excludes investment income/loss of Foundation recorded as operating income*
- Year ending forecast shows a \$2.5M variance from budgeted income from operations.



**Halifax Health**  
**FY 2019 Actual and Projected**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

	Actual										Projected		Actual/Proj	Budget
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	Total
Operating revenues:														
Net patient service revenue	\$44,109	\$43,216	\$42,876	\$45,343	\$42,253	\$48,649	\$48,826	\$46,788	\$42,936	\$42,239	\$43,295	\$41,400	\$531,929	\$533,682
Ad valorem taxes	511	511	511	511	511	511	511	511	511	511	511	511	6,130	6,129
Other revenue	478	2,579	(358)	4,575	3,045	2,411	3,168	451	4,207	2,475	2,217	2,211	27,461	26,516
Total operating revenues	45,098	46,306	43,029	50,428	45,809	51,571	52,505	47,750	47,654	45,225	46,023	44,121	565,520	566,327
Operating expenses:														
Salaries and benefits	24,184	23,101	24,144	24,026	21,899	23,982	22,975	23,424	22,218	22,880	23,181	20,898	276,913	286,300
Purchased services	7,121	7,029	7,653	7,830	8,083	8,191	7,817	8,465	7,700	8,089	7,155	7,271	92,405	82,169
Supplies	8,703	8,475	8,129	9,089	7,813	8,791	8,653	8,707	7,714	8,147	8,893	8,291	101,405	101,370
Depreciation and amortization	2,275	2,267	2,273	2,227	2,264	2,235	2,249	2,257	2,190	2,183	2,161	2,108	26,690	26,307
Interest	1,616	1,630	1,617	1,609	1,607	1,637	1,616	1,651	1,568	1,585	1,610	1,610	19,356	19,319
Ad valorem tax related expenses	522	523	523	532	521	525	519	518	518	531	530	530	6,291	6,356
Leases and rentals	739	737	747	789	777	766	772	896	782	738	717	714	9,174	8,573
Other	2,366	2,386	2,336	2,303	2,193	2,555	2,293	2,428	2,589	2,220	2,384	2,382	28,434	28,586
Total operating expenses	47,528	46,148	47,421	48,405	45,157	48,683	46,894	48,345	45,279	46,373	46,630	43,804	560,668	558,980
<b>Income from operations</b>	<b>(2,430)</b>	<b>157</b>	<b>(4,392)</b>	<b>2,023</b>	<b>652</b>	<b>2,888</b>	<b>5,610</b>	<b>(595)</b>	<b>2,375</b>	<b>(1,148)</b>	<b>(607)</b>	<b>318</b>	<b>4,851</b>	<b>7,347</b>
Nonoperating revenues, expenses, and gains/(losses):														
Realized investment income/(losses)	269	1,558	1,372	724	563	2,501	524	1,920	428	447	276	323	10,906	9,615
Unrealized investment income/(losses)	(3,411)	766	(4,581)	8,241	(2,283)	(1,289)	1,406	(3,544)	3,103	312	-	-	(1,279)	-
Donation revenue	1	9	114	94	7	46	19	19	18	70	59	59	516	707
Interest - bond issue costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonoperating gains/(losses), net	209	199	179	89	179	136	112	134	225	1,728	100	100	3,390	258
Total nonoperating revenues, expenses, and gains/(losses)	(2,932)	2,531	(2,915)	9,149	(1,534)	1,394	2,062	(1,471)	3,774	2,557	435	482	13,533	10,580
<b>Increase in net position</b>	<b>(\$5,362)</b>	<b>\$2,689</b>	<b>(\$7,308)</b>	<b>\$11,172</b>	<b>(\$882)</b>	<b>\$4,283</b>	<b>\$7,672</b>	<b>(\$2,066)</b>	<b>\$6,149</b>	<b>\$1,409</b>	<b>(\$171)</b>	<b>\$800</b>	<b>\$18,384</b>	<b>\$17,927</b>

# Appendix



**Halifax Health Medical Center Obligated Group**  
**Reconciliation between FY 2019 Budget and Forecast**  
**Income Available for Debt Service**  
**\$ in thousands**

	<u>Income Available</u>
<b>A FY 2019 Original Budget</b>	<b>\$52,696</b>
Net patient service revenue	(\$18,582)
Realized investment income	(\$3,184)
LOS - avoidable day costs	(\$1,574)
Hospitalist physician costs	(\$1,200)
Anesthesia physician costs	(\$1,200)
<b>B FY 2019 Initial Forecast without Margin Improvements (Actual Oct-Jan and projected Feb-Sept)</b>	<b>\$26,956</b>
Revenue improvements	\$600
Position eliminations	\$1,780
Reduce excess patient days	\$600
Other operational changes	\$1,920
<b>C FY 2019 Initial Forecast with Margin Improvements (Actual Oct-Jan and projected Feb-Sept)</b>	<b>\$31,856</b>



**Halifax Health Medical Center Obligated Group**  
**Reconciliation between FY 2019 Budget and Forecast (cont.)**  
**Income Available for Debt Service**  
**\$ in thousands**

<b>C</b>	<b>FY 2019 Initial Forecast with Margin Improvements (Actual Oct-Jan and projected Feb-Sept)</b>	<b>\$31,856</b>
	<b>February variance to initial forecast:</b>	
	Expenses lower than initial forecast, primarily due to lower labor and supply costs	\$1,035
	Realized investment income	\$408
	Other	\$157
	Sub-total	<u>\$1,600</u>
	<b>March variance to initial forecast</b>	
	Revenues higher than initial forecast	\$2,104
	Realized investment income	\$397
	Other	\$291
	Sub-total	<u>\$2,792</u>
	<b>Re-forecast from April - Sept</b>	<u>\$1,571</u>
<b>D</b>	<b>FY 2019 Updated Forecast with Margin Improvements (Actual Oct- Mar and projected Apr-Sept )</b>	<b><u>\$37,819</u></b>



**Halifax Health Medical Center Obligated Group**  
**Reconciliation between FY 2019 Budget and Forecast (cont.)**  
**Income Available for Debt Service**  
**\$ in thousands**

<b>D</b>	<b>FY 2019 Updated Forecast with Margin Improvements (Actual Oct- Mar and projected Apr-Sept )</b>	<b>\$37,819</b>
	<b>April variance to initial forecast:</b>	
	Revenues higher than initial forecast	\$4,927
	Realized investment income	\$391
	Other	\$207
	Sub-total	<u>\$5,525</u>
	<b>May variance to initial forecast</b>	
	Revenues higher than initial forecast	\$2,933
	Realized investment income	\$968
	Sub-total	<u>\$3,901</u>
	<b>Re-forecast from Jun - Sept (incremental improvement from initial forecast)</b>	<u>\$1,181</u>
<b>E</b>	<b>FY 2019 Updated Forecast with Margin Improvements (Actual Oct- May and projected Jun-Sept )</b>	<b><u>\$48,426</u></b>

**Halifax Health Medical Center Obligated Group**  
**Reconciliation between FY 2019 Budget and Forecast (cont.)**  
**Income Available for Debt Service**  
**\$ in thousands**

<b>E</b>	<b>FY 2019 Updated Forecast with Margin Improvements (Actual Oct- May and projected Jun-Sept )</b>	<b>\$48,426</b>
	<b>June variance to initial forecast:</b>	
	Revenues higher than initial forecast	\$2,104
	Realized investment income	\$166
	Other	\$279
	Sub-total	<u>\$2,549</u>
	<b>July variance to initial forecast</b>	
	Revenues higher than initial forecast	\$1,071
	Realized investment income	\$308
	Sub-total	<u>\$1,379</u>
	<b>Re-forecast from Aug - Sept (incremental improvement from initial forecast)</b>	<b>\$500</b>
<b>F</b>	<b>FY 2019 Updated Forecast with Margin Improvements (Actual Oct- July and projected Aug-Sept )</b>	<b><u>\$52,854</u></b>



**HALIFAX  
HEALTH**

# Halifax Health

## Summary Financial Narrative

### For the ten months ended July 31, 2019

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

Financial Indicator	YTD Actual FY 19	YTD Budget FY 19	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 19 vs. S&P "A"
Total Margin	3.6%	2.7%	Favorable	4.1%	Unfavorable
Operating Margin	1.1%	0.9%	Favorable	1.4%	Unfavorable
EBIDA Margin	11.5%	10.7%	Favorable	11.7%	Unfavorable
Operating EBIDA Margin	9.2%	9.0%	Favorable	8.0%	Favorable
Adjusted Operating EBIDA Margin *	9.1%	8.7%	Favorable	N/A	N/A
Days Cash on Hand	273	248	Favorable	241	Favorable
Cash to Debt	91.8%	82.7%	Favorable	221.6%	Unfavorable
Debt to Capitalization	57.0%	57.0%	Neutral	26.4%	Unfavorable
OG MADS Coverage	2.09	1.90	Favorable	3.80	Unfavorable
OG Debt to Capitalization	56.4%	56.4%	Neutral	26.4%	Unfavorable

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

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

##### *Statistical Summary--*

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

##### *Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 0.2% greater than budget.
- Total operating expenses for the fiscal year-to-date are 0.5% greater than budget.
- Income from operations for the fiscal year-to-date of \$194,000 compares favorably to budget by \$508,000.
- Nonoperating gains/losses for the fiscal year-to-date of \$11.2 million, primarily consisting of net investment income, compares favorably to the budgeted amount by \$5.3 million.
- The increase in net position for the fiscal year-to-date of \$11.4 million compares favorably to budget by \$5.8 million.

#### **Halifax Health Hospice**

##### *Statistical Summary --*

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

##### *Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 3.5% greater than budget.
- Income from operations for the fiscal year-to-date of \$2.2 million compares favorably to budget by \$789,000.
- The increase in net position for the fiscal year-to-date of \$3.5 million compares unfavorably to budget by \$740,000.

**Other Component Units** - Financial results of other component units is more favorable than budgeted expectations except for increases in unrealized investment losses of the Foundation of \$1.5 million.



## Halifax Health Statistical Summary

Month Ended July 31					Ten Months Ended July 31			
<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>		<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>
				<b><u>Inpatient Activity</u></b>				
1,420	1,575	1,465	7.5%	HHMC Adult/Ped Admissions	15,507	15,910	15,910	0.0%
126	180	163	10.4%	HHMCPO Adult/Ped Admissions	1,680	1,809	1,763	2.6%
177	177	172	2.9%	Adult Psych Admissions	1,890	1,822	1,854	-1.7%
67	74	61	21.3%	Rehabilitative Admissions	623	728	657	10.8%
<b>1,790</b>	<b>2,006</b>	<b>1,861</b>	<b>7.8%</b>	<b>Total Adult/Ped Admissions</b>	<b>19,700</b>	<b>20,269</b>	<b>20,184</b>	<b>0.4%</b>
8,265	8,003	6,752	18.5%	HHMC Adult/Ped Patient Days	80,862	83,803	73,342	14.3%
376	528	573	-7.9%	HHMCPO Adult/Ped Patient Days	5,691	5,320	6,189	-14.0%
1,302	1,108	1,277	-13.2%	Adult Psych Patient Days	13,501	12,328	13,793	-10.6%
953	984	874	12.6%	Rehabilitative Patient Days	9,214	10,618	9,445	12.4%
<b>10,896</b>	<b>10,623</b>	<b>9,476</b>	<b>12.1%</b>	<b>Total Adult/Ped Patient Days</b>	<b>109,268</b>	<b>112,069</b>	<b>102,769</b>	<b>9.0%</b>
5.8	5.1	4.6	10.2%	HHMC Average Length of Stay	5.2	5.3	4.6	14.3%
3.0	2.9	3.5	-16.6%	HHMCPO Average Length of Stay	3.4	2.9	3.5	-16.2%
<b>5.6</b>	<b>4.9</b>	<b>4.5</b>	<b>8.0%</b>	<b>HHMC/ HHMCPO Average Length of Stay</b>	<b>5.0</b>	<b>5.0</b>	<b>4.5</b>	<b>11.8%</b>
7.4	6.3	7.4	-15.7%	Adult Psych Average Length of Stay	7.1	6.8	7.4	-9.1%
14.2	13.3	14.3	-7.2%	Rehabilitative Length of Stay	14.8	14.6	14.4	1.5%
<b>6.1</b>	<b>5.3</b>	<b>5.1</b>	<b>4.0%</b>	<b>Total Average Length of Stay</b>	<b>5.5</b>	<b>5.5</b>	<b>5.1</b>	<b>8.6%</b>
<b>351</b>	<b>343</b>	<b>306</b>	<b>12.1%</b>	<b>Total Average Daily Census</b>	<b>359</b>	<b>369</b>	<b>338</b>	<b>9.0%</b>
781	776	729	6.4%	HHMC Observation Patient Day Equivalents	8,914	8,032	8,406	-4.4%
207	176	169	4.1%	HHMCPO Observation Patient Day Equivalents	2,037	2,009	1,709	17.6%
<b>988</b>	<b>952</b>	<b>898</b>	<b>6.0%</b>	<b>Total Observation Patient Day Equivalents</b>	<b>10,951</b>	<b>10,041</b>	<b>10,115</b>	<b>-0.7%</b>
<b>32</b>	<b>31</b>	<b>29</b>	<b>6.9%</b>	<b>Observation Average Daily Census</b>	<b>36</b>	<b>33</b>	<b>33</b>	<b>0.0%</b>
137	128	132	-3.0%	HHMC Newborn Births	1,413	1,379	1,358	1.5%
240	274	229	19.7%	HHMC Nursery Patient Days	2,566	2,693	2,454	9.7%
544	539	558	-3.4%	HHMC Inpatient Surgeries	5,971	5,754	6,147	-6.4%
19	9	15	-40.0%	HHMCPO Inpatient Surgeries	223	186	193	-3.6%
<b>563</b>	<b>548</b>	<b>573</b>	<b>-4.4%</b>	<b>Total Inpatient Surgeries</b>	<b>6,194</b>	<b>5,940</b>	<b>6,340</b>	<b>-6.3%</b>
				<b><u>Inpatient Surgeries</u></b>				
168	184			Orthopedics	1,913	1,939		
115	113			Gastroenterology	1,394	1,150		
81	56			General Surgery	890	784		
41	35			Neurosurgery	404	403		
41	36			Podiatry	286	298		
117	124			All Other	1,307	1,366		
<b>563</b>	<b>548</b>	<b>573</b>	<b>-4.4%</b>	<b>Total Inpatient Surgeries</b>	<b>6,194</b>	<b>5,940</b>	<b>6,340</b>	<b>-6.3%</b>

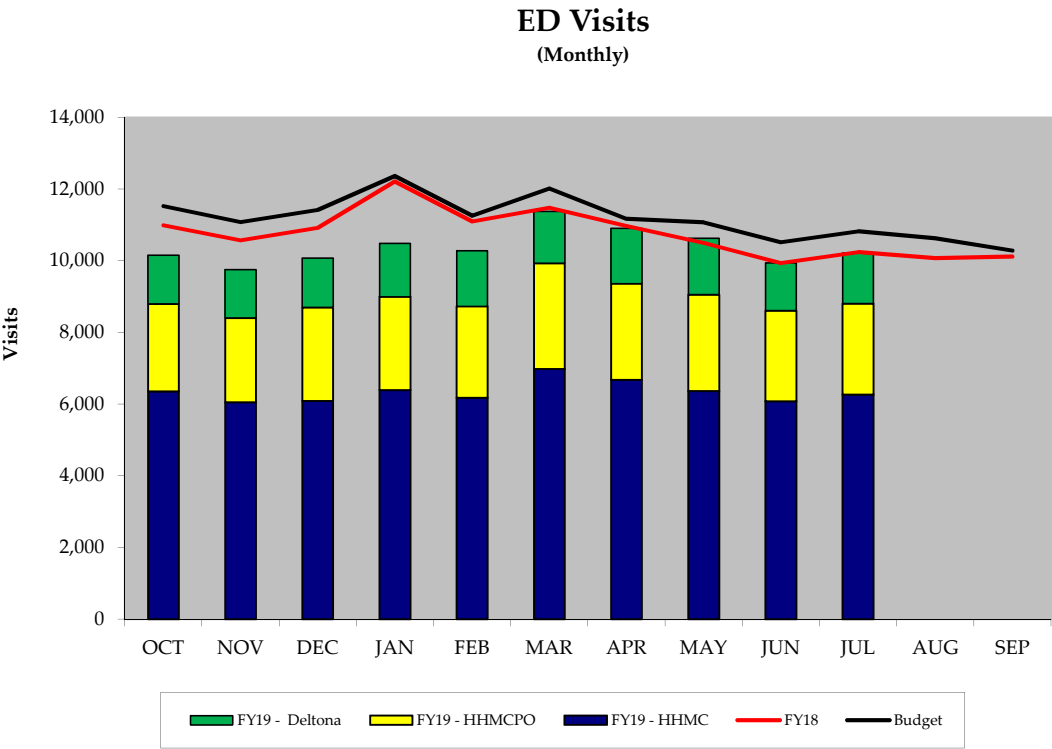
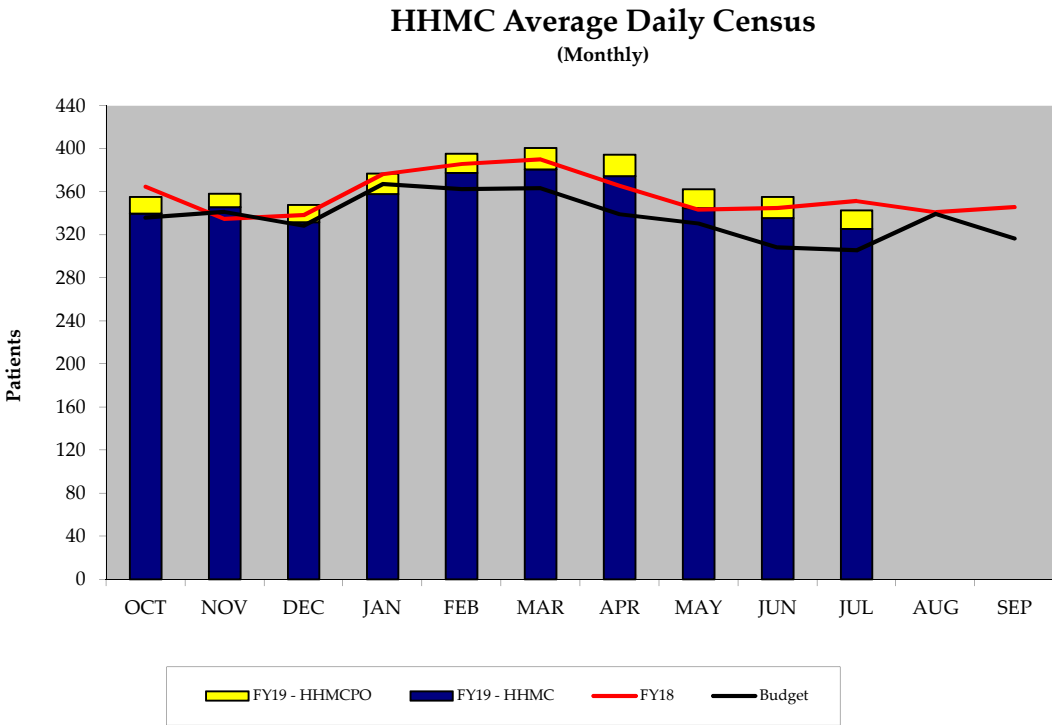
## Halifax Health Statistical Summary

Month Ended July 31					Ten Months Ended July 31			
<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>		<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>
				<u>Outpatient Activity</u>				
6,436	6,267	6,655	-5.8%	HHMC ED Registrations	67,951	63,435	70,264	-9.7%
2,558	2,537	2,676	-5.2%	HHMCPO ED Registrations	27,131	25,944	28,378	-8.6%
1,242	1,409	1,488	-5.3%	Deltona ED Registrations	13,821	14,436	14,592	-1.1%
<b>10,236</b>	<b>10,213</b>	<b>10,819</b>	<b>-5.6%</b>	<b>Total ED</b>	<b>108,903</b>	<b>103,815</b>	<b>113,234</b>	<b>-8.3%</b>
372	341	413	-17.4%	HHMC Outpatient Surgeries	3,806	3,615	4,334	-16.6%
101	87	91	-4.4%	HHMCPO Outpatient Surgeries	1,299	1,112	1,167	-4.7%
232	267	219	21.9%	Twin Lakes Surgeries	2,913	2,709	2,749	-1.5%
<b>705</b>	<b>695</b>	<b>723</b>	<b>-3.9%</b>	<b>Total Outpatient Surgeries</b>	<b>8,018</b>	<b>7,436</b>	<b>8,250</b>	<b>-9.9%</b>
				<u>Outpatient Surgeries</u>				
145	148			General Surgery	1,554	1,631		
108	112			Gastroenterology	1,287	1,093		
70	77			OB/GYN	733	787		
72	58			Orthopedics	1,275	766		
57	45			Ophtalmology	560	504		
253	255			All Other	2,609	2,655		
<b>705</b>	<b>695</b>	<b>723</b>	<b>-3.9%</b>	<b>Total Outpatient Surgeries</b>	<b>8,018</b>	<b>7,436</b>	<b>8,250</b>	<b>-9.9%</b>
				<u>Cardiology Procedures</u>				
2	24			Open Heart Cases	233	216		
116	151			Cardiac Caths	1,597	1,506		
32	9			CRM Devices	295	249		
42	28			EP Studies	447	368		
<b>192</b>	<b>212</b>	<b>265</b>	<b>-20.0%</b>	<b>Total Cardiology Procedures</b>	<b>2,572</b>	<b>2,339</b>	<b>2,685</b>	<b>-12.9%</b>
				<u>Interventional Radiology Procedures</u>				
83	95	80	18.8%	Vascular	874	897	846	6.0%
96	89	85	4.7%	Nonvascular	815	905	723	25.2%
<b>179</b>	<b>184</b>	<b>165</b>	<b>11.5%</b>	<b>Total Interventional Radiology Procedures</b>	<b>1,689</b>	<b>1,802</b>	<b>1,569</b>	<b>14.9%</b>
				<u>HH Hospice Activity</u>				
				<u>Patient Days</u>				
16,216	15,637	15,810	-1.1%	Volusia/ Flagler	158,495	161,271	155,040	4.0%
1,662	1,832	1,953	-6.2%	Orange/ Osceola	14,939	16,708	17,784	-6.1%
<b>17,878</b>	<b>17,469</b>	<b>17,763</b>	<b>-1.7%</b>	<b>HH Hospice Patient Days</b>	<b>173,434</b>	<b>177,979</b>	<b>172,824</b>	<b>3.0%</b>
				<u>Average Daily Census</u>				
523	504	510	-1.1%	Volusia/ Flagler	521	530	510	4.0%
54	59	63	-6.2%	Orange/ Osceola	49	55	59	-6.1%
<b>577</b>	<b>563</b>	<b>573</b>	<b>-1.7%</b>	<b>HH Hospice Average Daily Census</b>	<b>570</b>	<b>585</b>	<b>569</b>	<b>3.0%</b>

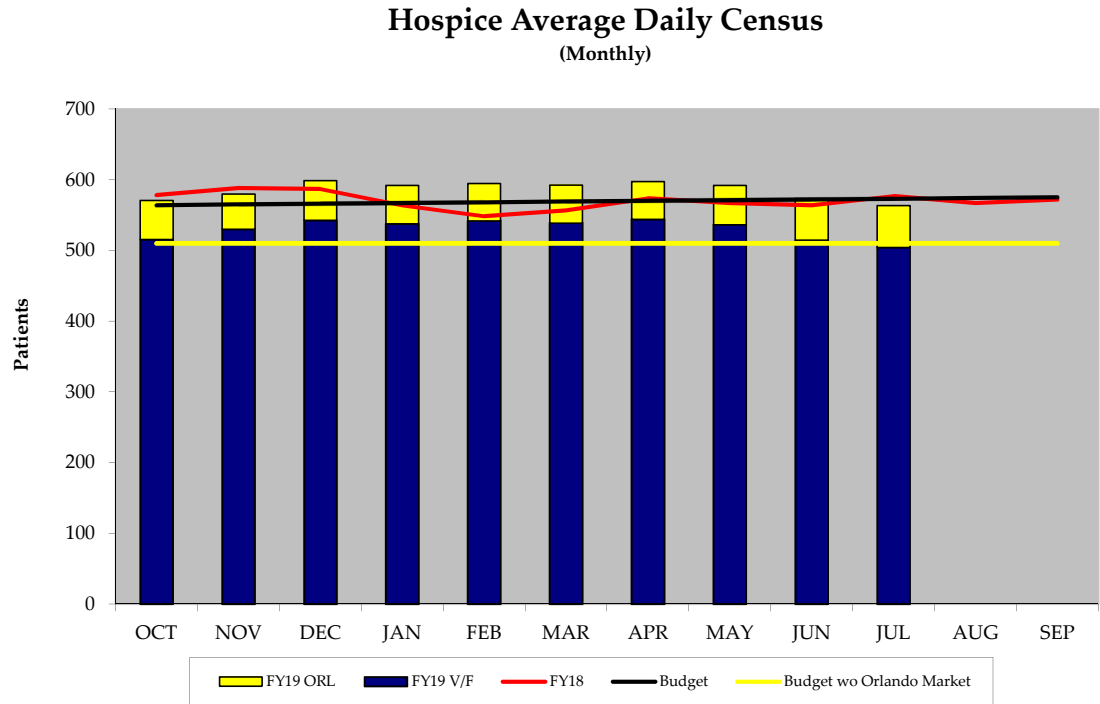
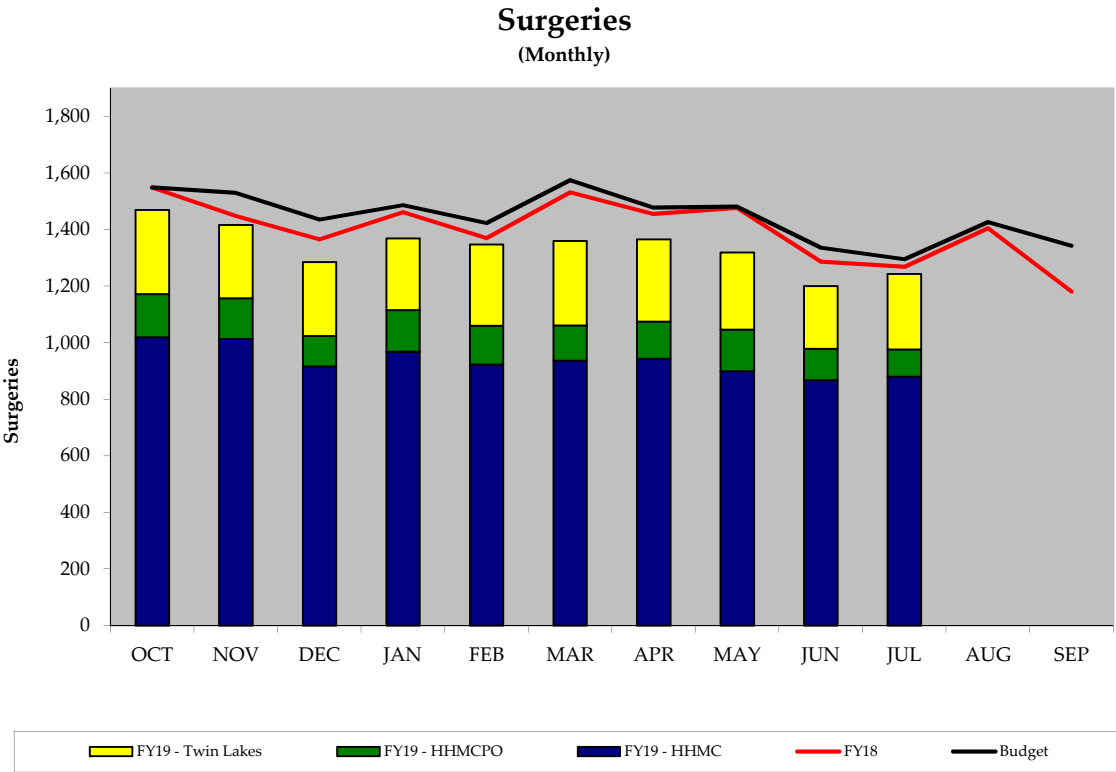
# Halifax Health Statistical Summary

Month Ended July 31					Ten Months Ended July 31			
<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>		<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>
<u>Physician Practice Activity</u>								
				<u>Primary Care Visits</u>				
546	509	525	-3.0%	Ormond Beach	5,152	5,131	5,708	-10.1%
985	1,115	976	14.2%	Daytona Beach	10,561	10,968	10,621	3.3%
225	584	799	-26.9%	Port Orange	5,908	6,025	8,694	-30.7%
173	344	438	-21.5%	Deltona	2,102	2,546	4,767	-46.6%
595	866	1,219	-29.0%	New Smyrna	7,249	7,954	11,952	-33.5%
333	499	554	-9.9%	Daytona Beach (Women's/OB)	5,382	6,256	6,027	3.8%
345	286	562	-49.1%	Ormond Beach - Urgent Care	3,851	3,470	6,271	-44.7%
<b>3,202</b>	<b>4,203</b>	<b>5,073</b>	<b>-17.1%</b>	<b>Primary Care Visits</b>	<b>40,205</b>	<b>42,350</b>	<b>54,040</b>	<b>-21.6%</b>
				<u>Pediatric Visits</u>				
538	810	664	22.0%	Ormond Beach-CMC	5,868	7,999	6,510	22.9%
-	279	280	-0.4%	Ormond Beach-Primary Care	-	2,536	3,051	-16.9%
444	469	442	6.1%	Daytona Beach - Keech Street	3,561	4,488	4,420	1.5%
363	382	372	2.7%	Palm Coast-CMC	3,687	4,416	3,648	21.1%
476	485	486	-0.2%	Port Orange-CMC	5,066	4,977	4,765	4.4%
<b>1,821</b>	<b>2,425</b>	<b>2,244</b>	<b>8.1%</b>	<b>Pediatric Visits</b>	<b>18,182</b>	<b>24,416</b>	<b>22,394</b>	<b>9.0%</b>
				<u>Oncology Visits</u>				
1,157	1,013	1,176	-13.9%	Daytona	10,858	9,862	11,045	-10.7%
501	483	480	0.6%	Ormond	5,221	5,166	5,020	2.9%
773	780	808	-3.4%	New Smyrna	8,038	8,039	8,400	-4.3%
858	885	853	3.8%	Port Orange	8,755	8,482	8,728	-2.8%
<b>3,289</b>	<b>3,161</b>	<b>3,316</b>	<b>-4.7%</b>	<b>Total Medical Oncology Visits</b>	<b>32,872</b>	<b>31,549</b>	<b>33,193</b>	<b>-5.0%</b>
1,921	1,730	1,849	-6.4%	Daytona	17,681	17,719	17,015	4.1%
546	515	545	-5.5%	New Smyrna	4,652	5,235	4,644	12.7%
<b>2,467</b>	<b>2,245</b>	<b>2,394</b>	<b>-6.2%</b>	<b>Total Radiation Oncology Visits</b>	<b>22,333</b>	<b>22,954</b>	<b>21,659</b>	<b>6.0%</b>
<b>5,756</b>	<b>5,406</b>	<b>5,710</b>	<b>-5.3%</b>	<b>Total Oncology Visits</b>	<b>55,205</b>	<b>54,503</b>	<b>54,852</b>	<b>-0.6%</b>

# Halifax Health Statistical Summary - Graphic



# Halifax Health Statistical Summary - Graphic



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

	July 31		
	2019	2018	Change
<b><u>Assets</u></b>			
Cash and cash equivalents	\$83,301	\$35,166	\$48,135
Investments	290,238	342,087	(51,849)
Board designated assets	28,449	45,367	(16,918)
Accounts receivable	59,039	73,966	(14,927)
Restricted assets whose use is limited	6,134	6,201	(67)
Other assets	44,391	39,535	4,856
Deferred outflow - swap	34,244	23,828	10,416
Deferred outflow - loss on bond refunding	14,786	15,691	(905)
Deferred outflow - pension	21,422	23,816	(2,394)
Property, plant and equipment	412,004	363,352	48,652
Total Assets	<u>\$994,008</u>	<u>\$969,009</u>	<u>\$24,999</u>
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$45,511	\$32,087	\$13,424
Other liabilities	85,974	91,643	(5,669)
Deferred inflow - pension	750	1,358	(608)
Net pension liability	59,684	70,684	(11,000)
Long-term debt	419,645	425,165	(5,520)
Premium on LTD, net	18,034	18,703	(669)
Long-term value of swap	34,244	23,828	10,416
Net position	<u>330,166</u>	<u>305,541</u>	<u>24,625</u>
Total Liabilities and Net position	<u>\$994,008</u>	<u>\$969,009</u>	<u>\$24,999</u>

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

Month ended July 31, 2019	Month ended July 31, 2018	Variance		Ten Months ended July 31, 2019	Ten Months ended July 31, 2018	Variance
			<b>Cash flows from operating activities:</b>			
\$49,612	\$37,225	\$12,387	Receipts from third party payors and patients	\$463,687	\$427,298	\$36,389
(21,399)	(21,046)	(353)	Payments to employees	(233,529)	(248,380)	14,851
-	-	-	Payments to pension	(19,500)	(19,876)	376
(19,827)	(24,855)	5,028	Payments to suppliers	(187,422)	(156,481)	(30,941)
12	21	(9)	Receipt of ad valorem taxes	6,048	6,044	4
-	-	-	Receipt (payment) of State UPL funds, net	14,075	7,805	6,270
3,387	1,095	2,292	Other receipts	32,101	26,571	5,530
(3,493)	(3,754)	261	Other payments	(36,090)	(37,514)	1,424
8,292	(11,314)	19,606	Net cash provided by (used in) operating activities	39,370	5,467	33,903
			<b>Cash flows from noncapital financing activities:</b>			
70	50	20	Proceeds from donations received	399	632	(233)
(73)	850	(923)	Other nonoperating revenues, expenses and gains/(losses)	1,390	859	531
(3)	900	(903)	Net cash provided by (used in) noncapital financing activities	1,789	1,491	298
			<b>Cash flows from capital and related financing activities:</b>			
(498)	(429)	(69)	Acquisition of capital assets	(9,624)	(10,648)	1,024
(6,853)	(1,202)	(5,651)	Acquisition of capital assets- Deltona	(46,990)	(19,027)	(27,963)
2,912	-	2,912	Proceeds from disposals	2,912	-	2,912
-	-	-	Payment of long-term debt	(5,520)	(6,700)	1,180
-	-	-	Proceeds from issuance of long-term debt	-	85,000	(85,000)
(558)	(549)	(9)	Payment of interest on long-term debt	(18,181)	(16,128)	(2,053)
-	-	-	Payment of bond issue costs	-	(354)	354
(4,997)	(2,180)	(2,817)	Net cash provided by (used in) capital financing activities	(77,403)	32,143	(109,546)
			<b>Cash flows from investing activities:</b>			
447	310	137	Realized investment income (loss)	10,308	4,648	5,660
(347)	(321)	(26)	Purchases of investments/limited use assets	(41,164)	(164,525)	123,361
7,005	2,500	4,505	Sales/Maturities of investments/limited use assets	101,630	92,519	9,111
7,105	2,489	4,616	Net cash provided by (used in) investing activities	70,774	(67,358)	138,132
10,397	(10,105)	20,502	<b>Net increase (decrease) in cash and cash equivalents</b>	34,530	(28,257)	62,787
72,904	45,271	27,633	<b>Cash and cash equivalents at beginning of period</b>	48,771	63,423	(14,652)
<u>\$83,301</u>	<u>\$35,166</u>	<u>\$48,135</u>	<b>Cash and cash equivalents at end of period</b>	<u>\$83,301</u>	<u>\$35,166</u>	<u>\$48,135</u>

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

Actual Month Ended July 31, 2019	Actual Month Ended July 31, 2018	Favorable (Unfavorable) Variance		Actual Ten Months Ended July 31, 2019	Actual Ten Months Ended July 31, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$47,701	\$53,355	(\$5,654)	Net patient service revenue, before provision for bad debts	\$514,289	\$512,670	\$1,619
(5,462)	(10,566)	5,104	Provision for bad debts	(67,057)	(76,606)	9,549
42,239	42,789	(550)	Net patient service revenue	447,232	436,064	11,168
511	504	7	Ad valorem taxes	5,108	5,040	68
2,475	1,509	966	Other revenue, including investment income/(losses), net	23,033	22,634	399
45,225	44,802	423	Total operating revenues	475,373	463,738	11,635
			Operating expenses:			
22,880	22,255	(625)	Salaries and benefits	232,834	226,688	(6,146)
8,089	7,000	(1,089)	Purchased services	77,977	70,952	(7,025)
8,147	8,099	(48)	Supplies	84,221	84,725	504
2,183	2,172	(11)	Depreciation and amortization	22,422	21,445	(977)
1,585	1,646	61	Interest	16,136	14,636	(1,500)
531	530	(1)	Ad valorem tax related expenses	5,231	5,501	270
738	816	78	Leases and rentals	7,744	8,149	405
2,220	2,256	36	Other	23,670	24,543	873
46,373	44,774	(1,599)	Total operating expenses	470,235	456,639	(13,596)
(1,148)	28	(1,176)	Excess (deficiency) of operating revenues over expenses	5,138	7,099	(1,961)
			Nonoperating revenues, expenses, and gains/(losses):			
447	310	137	Realized investment income/(losses)	10,307	4,648	5,659
312	1,215	(903)	Unrealized investment income/(losses)	(1,280)	1,027	(2,307)
70	50	20	Donation revenue	398	633	(235)
-	-	-	Interest - bond issue costs	-	(354)	354
1,728	851	877	Nonoperating gains/(losses), net	3,191	860	2,331
2,557	2,426	131	Total nonoperating revenues, expenses, and gains/(losses)	12,616	6,814	5,802
\$1,409	\$2,454	(\$1,045)	Increase in net position	\$17,754	\$13,913	\$3,841



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

Actual Month Ended July 31, 2019	Static Budget Month Ended July 31, 2019	Favorable (Unfavorable) Variance		Actual Ten Months Ended July 31, 2019	Static Budget Ten Months Ended July 31, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$47,701	\$48,727	(\$1,026)	Net patient service revenue, before provision for bad debts	\$514,289	\$523,170	(\$8,881)
(5,462)	(7,164)	1,702	Provision for bad debts	(67,057)	(77,983)	10,926
42,239	41,563	676	Net patient service revenue	447,232	445,187	2,045
511	511	-	Ad valorem taxes	5,108	5,108	-
2,475	2,208	267	Other revenue, including investment income/(losses), net	23,033	22,088	945
45,225	44,282	943	Total operating revenues	475,373	472,383	2,990
			Operating expenses:			
22,880	23,342	462	Salaries and benefits	232,834	240,786	7,952
8,089	6,897	(1,192)	Purchased services	77,977	68,398	(9,579)
8,147	7,970	(177)	Supplies	84,221	84,487	266
2,183	2,164	(19)	Depreciation and amortization	22,422	22,039	(383)
1,585	1,610	25	Interest	16,136	16,099	(37)
531	530	(1)	Ad valorem tax related expenses	5,231	5,296	65
738	716	(22)	Leases and rentals	7,744	7,142	(602)
2,220	2,383	163	Other	23,670	23,821	151
46,373	45,612	(761)	Total operating expenses	470,235	468,068	(2,167)
(1,148)	(1,330)	182	Excess (deficiency) of operating revenues over expenses	5,138	4,315	823
			Nonoperating revenues, expenses, and gains/(losses):			
447	801	(354)	Realized investment income/(losses)	10,307	8,012	2,295
312	-	312	Unrealized investment income/(losses)	(1,280)	-	(1,280)
70	59	11	Donation revenue	398	589	(191)
1,728	21	1,707	Nonoperating gains/(losses), net	3,191	215	2,976
2,557	881	1,676	Total nonoperating revenues, expenses, and gains/(losses)	12,616	8,816	3,800
\$1,409	(\$449)	\$1,858	Increase (decrease) in net position	\$17,754	\$13,131	\$4,623

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

Actual Month Ended July 31, 2019	Static Budget Month Ended July 31, 2019	Favorable (Unfavorable) Variance		Actual Ten Months Ended July 31, 2019	Static Budget Ten Months Ended July 31, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$44,040	\$44,866	(\$826)	Net patient service revenue, before provision for bad debts	\$475,681	\$485,584	(\$9,903)
(5,429)	(7,078)	1,649	Provision for bad debts	(66,466)	(77,140)	10,674
38,611	37,788	823	Net patient service revenue	409,215	408,444	771
511	511	-	Ad valorem taxes	5,108	5,108	-
1,692	1,436	256	Other revenue	16,245	14,366	1,879
40,814	39,735	1,079	Total operating revenues	430,568	427,918	2,650
			Operating expenses:			
20,898	21,225	327	Salaries and benefits	213,317	219,511	6,194
6,941	5,771	(1,170)	Purchased services	65,186	57,372	(7,814)
7,952	7,770	(182)	Supplies	82,145	82,539	394
2,049	2,032	(17)	Depreciation and amortization	21,088	20,726	(362)
1,585	1,610	25	Interest	16,073	16,099	26
531	530	(1)	Ad valorem tax related expenses	5,231	5,296	65
558	537	(21)	Leases and rentals	5,911	5,374	(537)
2,054	2,131	77	Other	21,423	21,315	(108)
42,568	41,606	(962)	Total operating expenses	430,374	428,232	(2,142)
(1,754)	(1,871)	117	Excess (deficiency) of operating revenues over expenses	194	(314)	508
			Nonoperating revenues, expenses, and gains/(losses):			
380	568	(188)	Realized investment income/(losses)	6,126	5,679	447
66	-	66	Unrealized investment income/(losses)	1,847	-	1,847
3	-	3	Donation revenue	59	-	59
1,728	21	1,707	Nonoperating gains/(losses), net	3,191	215	2,976
2,177	589	1,588	Total nonoperating revenues, expenses, and gains/(losses)	11,223	5,894	5,329
\$423	(\$1,282)	\$1,705	Increase (decrease) in net position	\$11,417	\$5,580	\$5,837

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

Actual Month Ended July 31, 2018		Actual Month Ended July 31, 2019		Static Budget Month Ended July 31, 2019			Actual Ten Months Ended July 31, 2018		Actual Ten Months Ended July 31, 2019		Static Budget Ten Months Ended July 31, 2019	
\$150,672	100.00%	\$165,545	100.00%	\$160,589	100.00%	Gross charges	\$1,644,793	100.00%	\$1,705,127	100.00%	\$1,725,679	100.00%
(15,637)	-10.38%	(13,335)	-8.06%	(10,339)	-6.44%	Charity	(108,453)	-6.59%	(139,196)	-8.16%	(112,676)	-6.53%
(85,412)	-56.69%	(108,170)	-65.34%	(105,384)	-65.62%	Contractual adjustments	(1,060,333)	-64.47%	(1,090,250)	-63.94%	(1,127,419)	-65.33%
49,623	32.93%	44,040	26.60%	44,866	27.94%	Gross charges, before provision for bad debts	476,007	28.94%	475,681	27.90%	485,584	28.14%
(10,538)	-6.99%	(5,429)	-3.28%	(7,078)	-4.41%	Provision for bad debts	(75,716)	-4.60%	(66,466)	-3.90%	(77,140)	-4.47%
<b>\$39,085</b>	<b>25.94%</b>	<b>\$38,611</b>	<b>23.32%</b>	<b>\$37,788</b>	<b>23.53%</b>	<b>Net patient service revenue</b>	<b>\$400,291</b>	<b>24.34%</b>	<b>\$409,215</b>	<b>24.00%</b>	<b>\$408,444</b>	<b>23.67%</b>

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

Actual Month Ended July 31, 2019	Static Budget Month Ended July 31, 2019	Favorable (Unfavorable) Variance		Actual Ten Months Ended July 31, 2019	Static Budget Ten Months Ended July 31, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,661	\$3,861	(\$200)	Net patient service revenue, before provision for bad debts	\$38,608	\$37,586	\$1,022
(33)	(86)	53	Provision for bad debts	(591)	(843)	252
3,628	3,775	(147)	Net patient service revenue	38,017	36,743	1,274
154	194	(40)	Other revenue	1,664	1,941	(277)
3,782	3,969	(187)	Total operating revenues	39,681	38,684	997
			Operating expenses:			
1,937	2,048	111	Salaries and benefits	18,893	20,595	1,702
1,115	1,084	(31)	Purchased services	12,372	10,612	(1,760)
195	199	4	Supplies	2,075	1,941	(134)
65	65	-	Depreciation and amortization	645	647	2
175	174	(1)	Leases and rentals	1,782	1,717	(65)
170	182	12	Other	1,760	1,807	47
3,657	3,752	95	Total operating expenses	37,527	37,319	(208)
125	217	(92)	Excess of operating revenues over expenses	2,154	1,365	789
			Nonoperating revenues, expenses, and gains/(losses):			
67	233	(166)	Realized investment income/(losses)	4,181	2,333	1,848
246	-	246	Unrealized investment income/(losses)	(3,127)	-	(3,127)
67	59	8	Donation revenue	339	589	(250)
380	292	88	Total nonoperating revenues, expenses, and gains/(losses)	1,393	2,922	(1,529)
505	\$509	(\$4)	Increase in net position	\$3,547	\$4,287	(\$740)

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

Actual Month Ended July 31, 2019	Static Budget Month Ended July 31, 2019	Favorable (Unfavorable) Variance		Actual Ten Months Ended July 31, 2019	Static Budget Ten Months Ended July 31, 2019	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	-	-	-
343	362	(19)	Other revenue	3,712	3,623	89
343	362	(19)	Total operating revenues	3,712	3,623	89
			Operating expenses:			
36	59	23	Salaries and benefits	519	576	57
32	38	6	Purchased services	410	377	(33)
-	1	1	Supplies	1	7	6
69	67	(2)	Depreciation and amortization	689	666	(23)
-	-	-	Interest	63	-	(63)
5	5	-	Leases and rentals	51	51	-
-	3	3	Other	5	27	22
142	173	31	Total operating expenses	1,738	1,704	(34)
201	189	12	Excess of operating revenues over expenses	1,974	1,919	55
			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)	-	-	-
\$201	\$189	\$12	Increase in net position	\$1,974	\$1,919	\$55

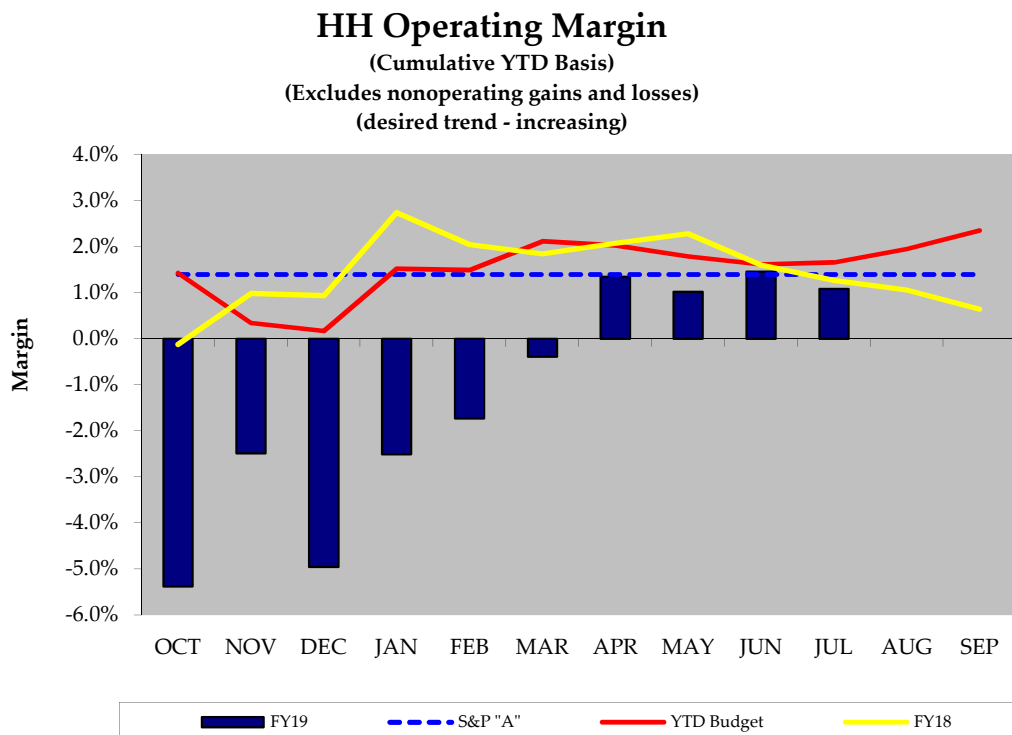
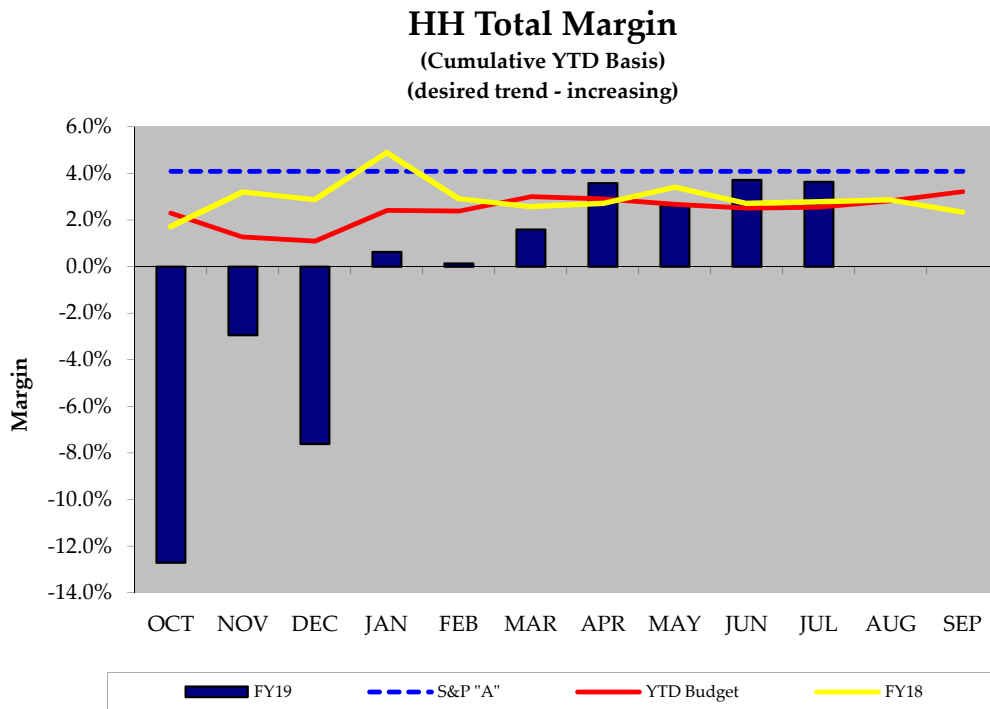
**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended July 31, 2019	Static Budget Month Ended July 31, 2019	Favorable (Unfavorable) Variance		Actual Ten Months Ended July 31, 2019	Static Budget Ten Months Ended July 31, 2019	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	-	-	-
27	127	(100)	Realized investment income/(losses)	1,926	1,267	659
152	-	152	Unrealized investment income/(losses)	(1,493)	-	(1,493)
107	89	18	Donation revenue	979	891	88
-	-	-	Other revenue	-	-	-
286	216	70	Total operating revenues	1,412	2,158	(746)
			Operating expenses:			
9	10	1	Salaries and benefits	105	104	(1)
1	4	3	Purchased services	9	37	28
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
(4)	67	71	Other	482	672	190
6	81	75	Total operating expenses	596	813	217
<b>\$280</b>	<b>\$135</b>	<b>\$145</b>	<b>Increase in net position</b>	<b>\$816</b>	<b>\$1,345</b>	<b>(\$529)</b>

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

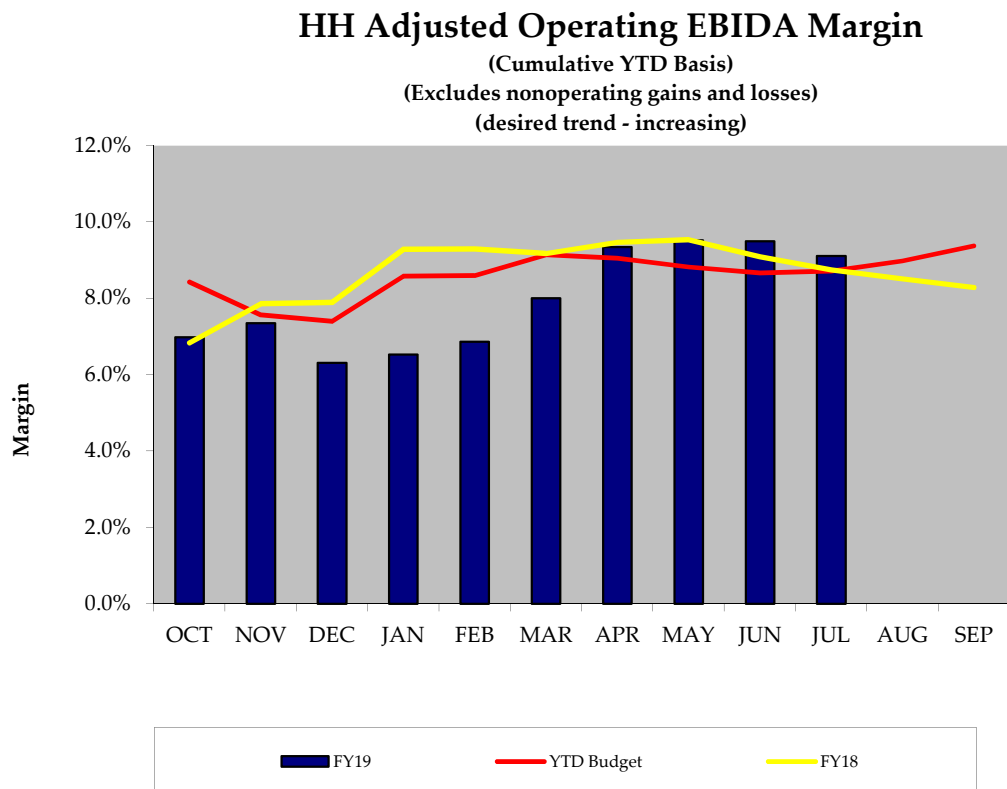
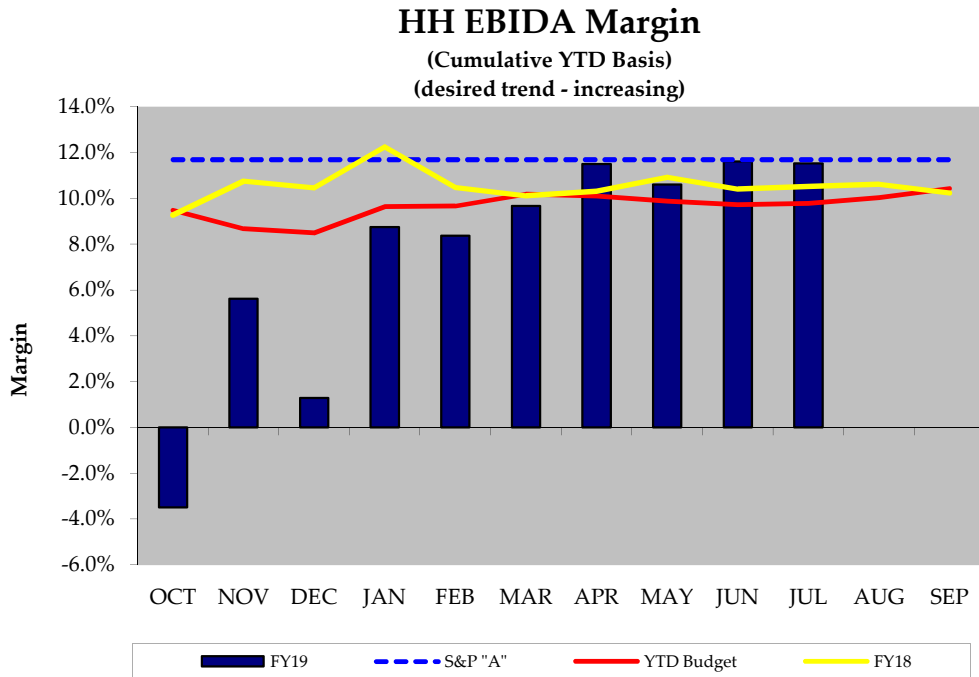
Actual Month Ended July 31, 2019	Static Budget Month Ended July 31, 2019	Favorable (Unfavorable) Variance		Actual Ten Months Ended July 31, 2019	Static Budget Ten Months Ended July 31, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$44,040	\$44,866	(\$826)	Net patient service revenue, before provision for bad debts	\$475,681	\$485,584	(\$9,903)
(5,429)	(7,078)	1,649	Provision for bad debts	(66,466)	(77,140)	10,674
38,611	37,788	823	Net patient service revenue	409,215	408,444	771
511	511	-	Ad valorem taxes	5,108	5,108	-
1,692	1,436	256	Other revenue	16,245	14,366	1,879
40,814	39,735	1,079	Total operating revenues	430,568	427,918	2,650
			Operating expenses:			
20,898	21,225	327	Salaries and benefits	213,317	219,511	6,194
6,941	5,771	(1,170)	Purchased services	65,186	57,372	(7,814)
7,952	7,770	(182)	Supplies	82,145	82,539	394
2,049	2,032	(17)	Depreciation and amortization	21,088	20,726	(362)
1,585	1,610	25	Interest	16,073	16,099	26
531	530	(1)	Ad valorem tax related expenses	5,231	5,296	65
558	537	(21)	Leases and rentals	5,911	5,374	(537)
2,054	2,131	77	Other	21,423	21,315	(108)
42,568	41,606	(962)	Total operating expenses	430,374	428,232	(2,142)
(1,754)	(1,871)	117	Excess (deficiency) of operating revenues over expenses	194	(314)	508
			Nonoperating revenues, expenses, and gains/(losses):			
380	568	(188)	Realized investment income/(losses)	6,126	5,679	447
66	-	66	Unrealized investment income/(losses)	1,847	-	1,847
3	-	3	Donation revenue	59	-	59
986	833	153	Income (loss) from affiliates	6,337	7,551	(1,214)
1,728	21	1,707	Nonoperating gains/(losses), net	3,191	215	2,976
3,163	1,422	1,741	Total nonoperating revenues, expenses, and gains/(losses)	17,560	13,445	4,115
\$1,409	(\$449)	\$1,858	Increase (decrease) in net position	\$17,754	\$13,131	\$4,623

# Halifax Health Financial Summary - Graphic

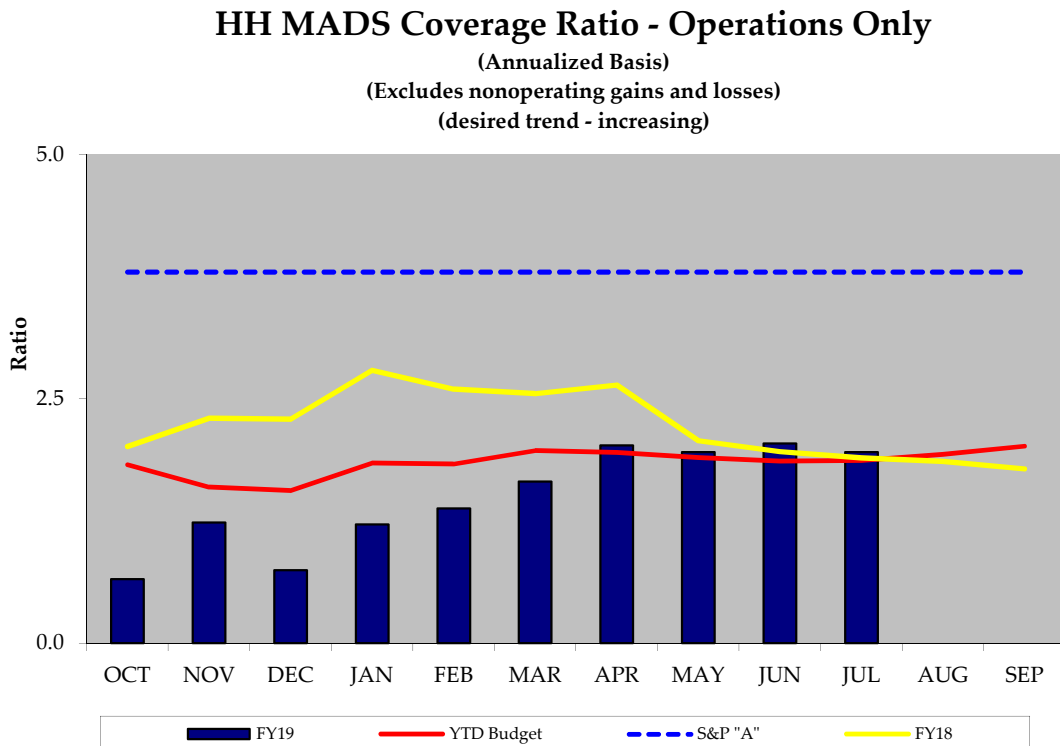
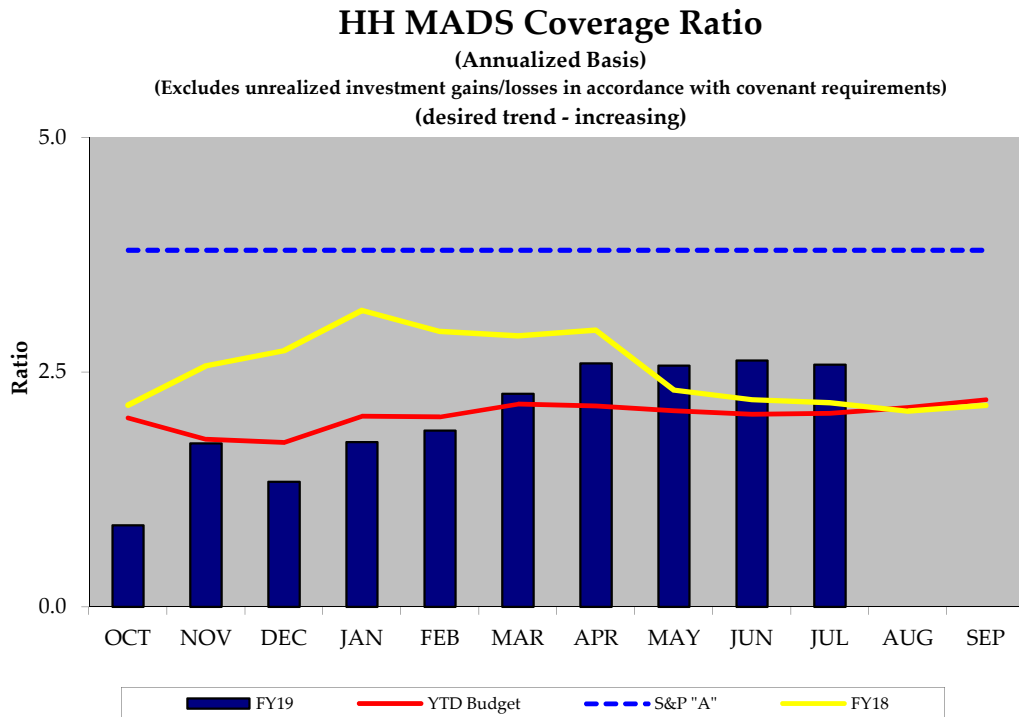




# Halifax Health Financial Summary - Graphic

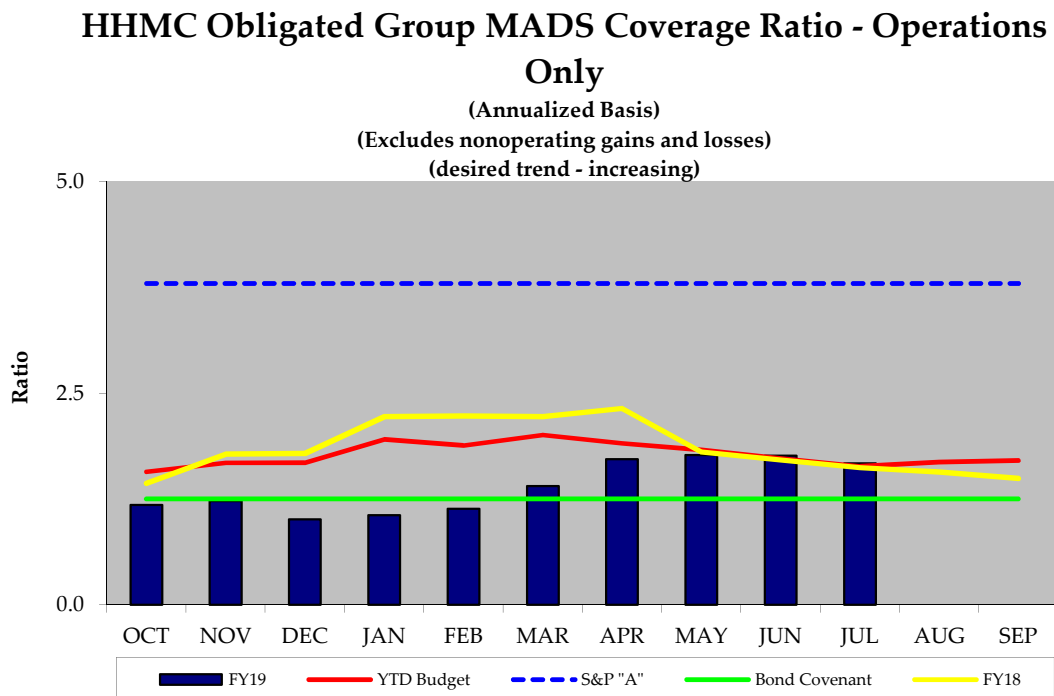
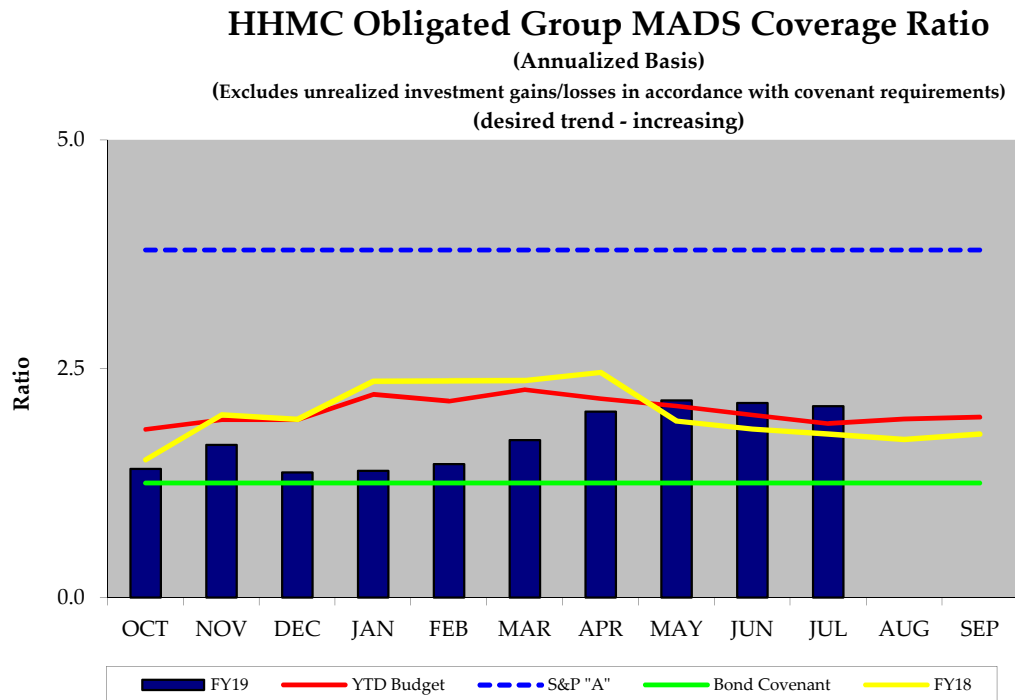


# Halifax Health Financial Summary - Graphic



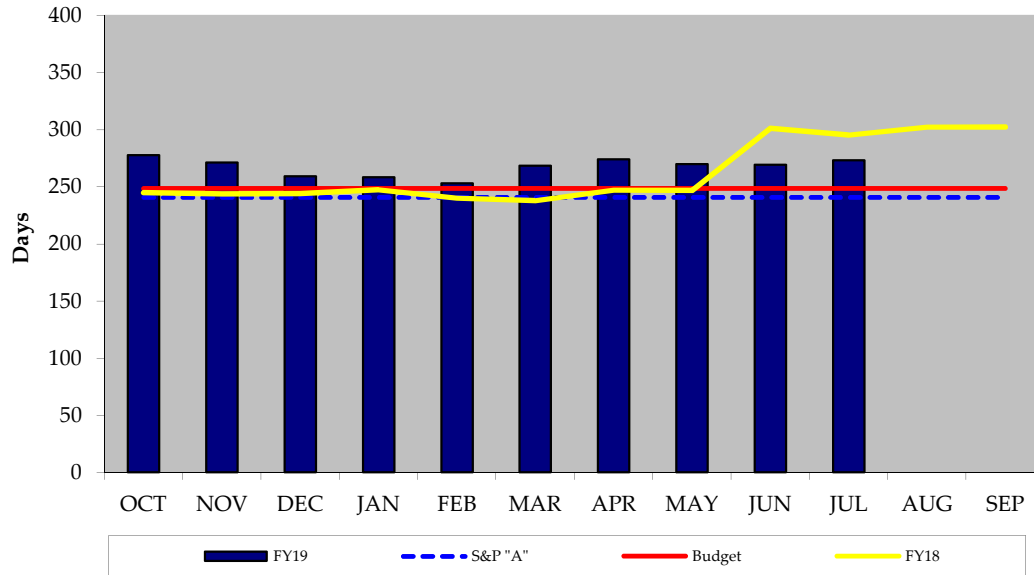
# Halifax Health

## Financial Summary - Graphic

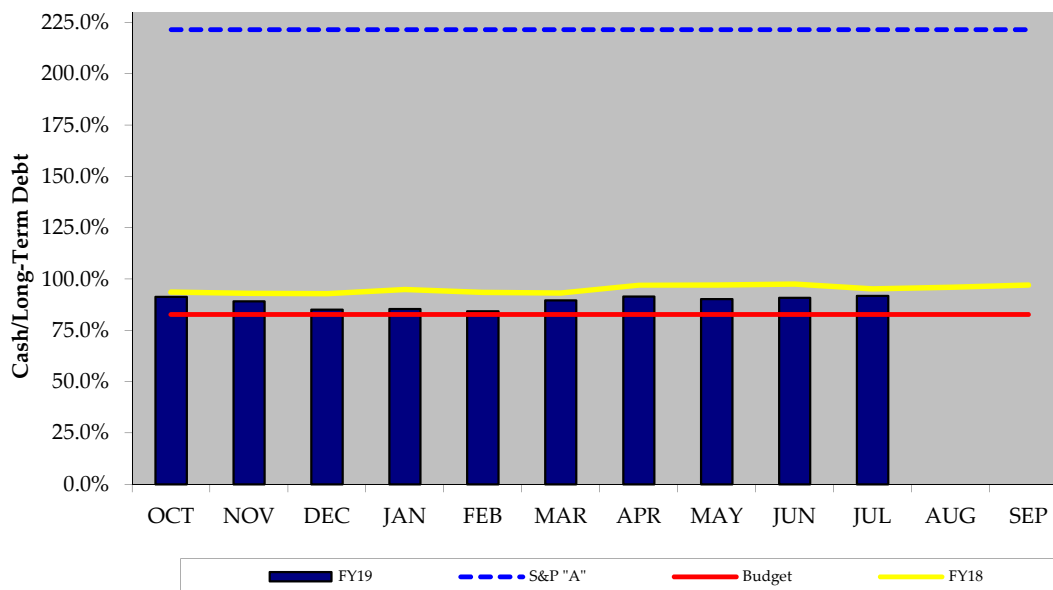


# Halifax Health Financial Summary - Graphic

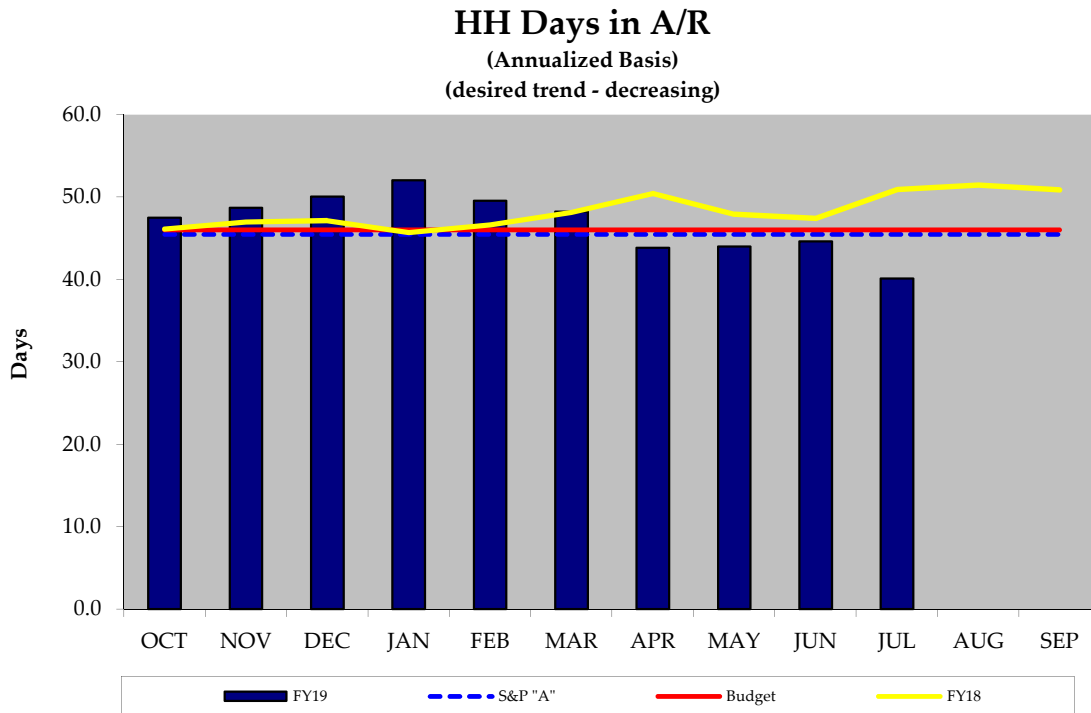
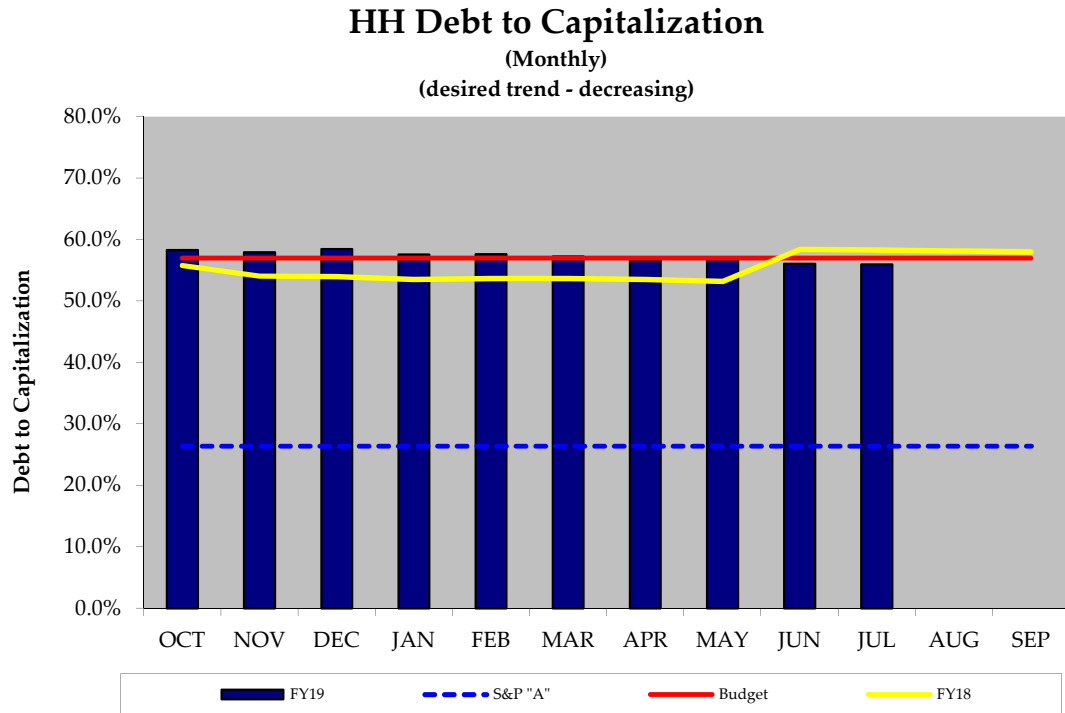
**HH Days Cash on Hand**  
(Annualized Basis)  
(desired trend - increasing)



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

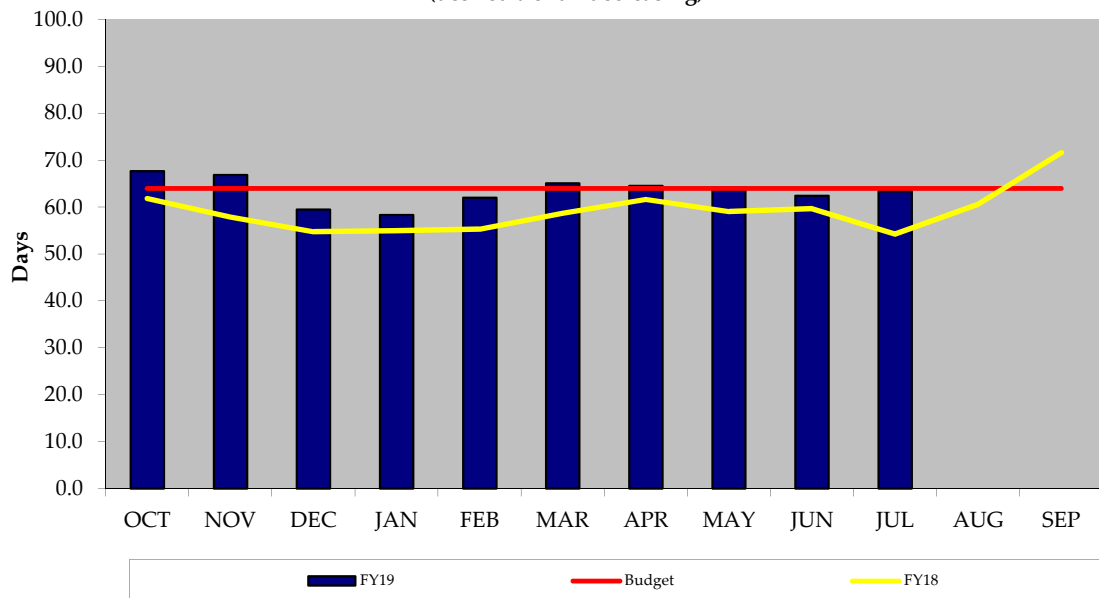


# Halifax Health Financial Summary - Graphic

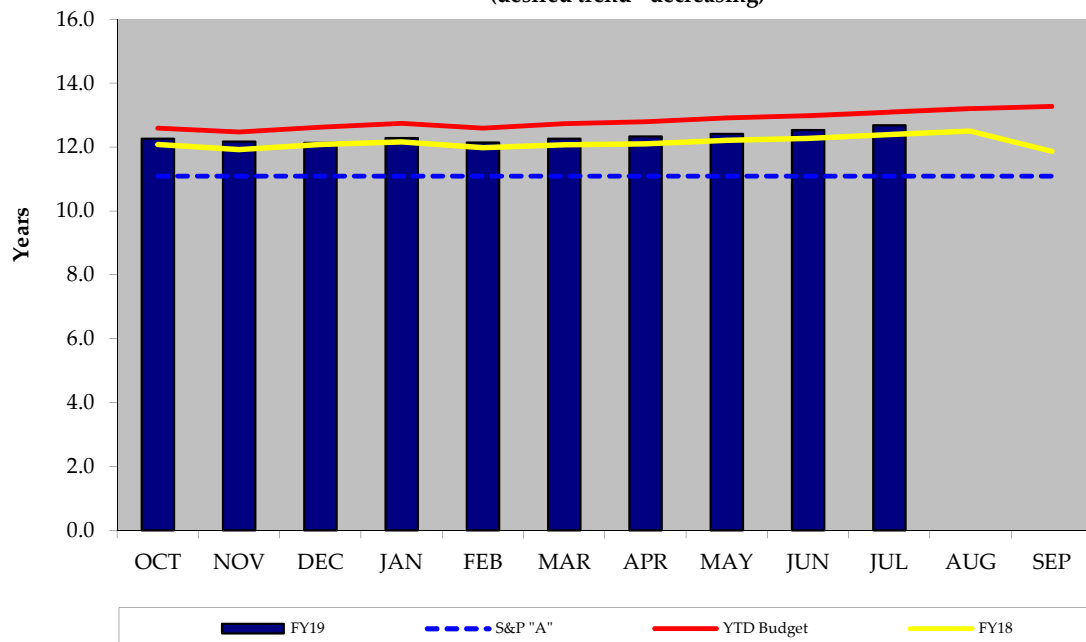


# Halifax Health Financial Summary - Graphic

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



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



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

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

**Halifax Health**  
**FY 2019 Capital Investment Strategy**  
**Executive Summary**  
**As of July, 2019**  
**(\$ in thousands)**

**Summary of Capital Approvals**

FY 2019 Capital Budget	\$ 20,000
Projected funds available in excess of FY 2019 Capital Investment	575
FY 2019 Adjusted Capital Budget	<u>20,575</u>
 FY 2019 Board of Commissioners approved projects	 \$ 3,334
FY 2019 CIC approved projects, net of those subsequently approved by the Board	<u>1,056</u>
Approved capital projects	<u>4,390</u>
 <b>Available for new projects</b>	 <b><u><u>\$ 16,185</u></u></b>

Project(s) proposed for Board of Commissioners approval:

CVICU Monitoring (x6) Upgrade	\$ 340
Ventilators (Qty 10)	320
Baxter Infusion Pumps (x100) for Oncology	243
Pharmacy Renovation-Ormond Beach and Port Orange Regional Oncology Center	452
Kronos Software for Employee Self Service	154
Diagnostic Portable X-Ray	150
Ultrasound Mobile Cart for Cardiac Cath Lab	145
Ultrasound for HHPO	145
Color Print Press	93
	<u>2,040</u>

<b>Available Capital if Proposed Projects are Approved</b>	<b><u><u>\$ 14,145</u></u></b>
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Halifax Health  
FY 2019 Capital Investment Strategy  
As of July, 2019  
(\$ in thousands)

	Hospital Only	HH Holdings	HH Obligated Group	VHS/HMS	Foundation	Hospice	Total Halifax Health
<b>Unrestricted Cash and Investments and days cash on hand</b>							
Actual unrestricted Cash and Investments as of July31, 2019	\$ 184,609	\$ 93,270	\$ 277,879	\$ 3,627	\$ 40,348	\$ 80,135	\$ 401,988
Days cash on hand [S&P Calculation]	150.7		226.4			660.5	272.9
Days cash on hand including bad debt [Bond Compliance Calculation]	127.9		192.2			650.1	237.3
<b>Projection of Cash Available for Capital Investment - FY 2019</b>							
Actual unrestricted Cash and Investments as of July31, 2019	\$ 184,609	\$ 93,270	\$ 277,879	\$ 3,627	\$ 40,348	\$ 80,135	\$ 401,988
Budgeted Cash and Investments at September 30, 2019	165,807	94,126	259,933	724	36,202	65,164	362,023
Difference	18,802	(856)	17,946	2,903	4,145	14,971	39,965
<b>Calculation of Cash from Operations Available for Capital Investment</b>							
Gain from operations - budgeted FY 2019- Remaining	\$ 711	\$ -	\$ 711	\$ -	\$ -	\$ -	\$ 711
GASB 68 pension accounting - budgeted FY 2019- Remaining	2,172	-	2,172	-	-	111	2,283
Depreciation expense - budgeted FY 2019- Remaining	3,879	126	4,005	110	-	130	4,245
Expected cash from operations- budgeted FY 2019- Remaining	6,762	126	6,888	110	-	241	7,240
Donations and nonoperating gains, net- budgeted FY 2019- Remaining	43	-	43	-	-	118	160
Investment gains- budgeted FY 2019- Remaining	\$ (550)	\$ 1,686	\$ 1,136	\$ -	\$ -	\$ 467	\$ 1,603
Portion being made available for capital expenditures	100%	100%	100%	100%	100%	100%	100%
Pension Funding (paid Oct 2018)	-	-	-	-	-	-	-
Expected changes in working capital through September 30, 2019	(7,583)	-	(7,583)	-	-	-	(7,583)
Deltona capital expenditures to be funded by planned financing (\$105m+\$3.8m-\$77m)		(20,883)	(20,883)	-	-	-	(20,883)
FEMA reimbursement for capital projects	426		426	-	-	-	426
Principal payments on debt (paid in June 2019)	-	-	-	-	-	-	-
<b>Total expected cash and investments available for capital expenditures</b>	<b>(A) \$ 17,901</b>	<b>(A) \$ (19,927)</b>	<b>(A) \$ (2,026)</b>	<b>(A) \$ 3,013</b>	<b>(A) \$ 4,145</b>	<b>(A) \$ 15,797</b>	<b>(A) \$ 20,928</b>
<b>Projected Capital Investments FY 2019</b>							
Capital projects approved in FY 2018 and prior	\$ 12,353	\$ -	\$ 12,353	\$ -	\$ -	\$ -	\$ 12,353
FY2019 capital budget	19,700	-	19,700	-	-	300	20,000
Estimated carryover of approved projects to FY 2020	(12,000)	-	(12,000)	-	-	-	(12,000)
Projected capital expenditures	(B) 20,053	(B) -	(B) 20,053	(B) -	(B) -	(B) 300	(B) 20,353
<b>Projected funds available in excess of capital expenditures</b>	<b>(A)-(B) \$ (2,152)</b>	<b>(A)-(B) \$ (19,927)</b>	<b>(A)-(B) \$ (22,080)</b>	<b>(A)-(B) \$ 3,013</b>	<b>(A)-(B) \$ 4,145</b>	<b>(A)-(B) \$ 15,497</b>	<b>(A)-(B) \$ 575</b>
<b>Summary of Capital Approvals</b>							
FY 2019 Capital Budget	\$ 19,700	\$ -	\$ 19,700	\$ -	\$ -	\$ 300	\$ 20,000
Projected funds available in excess of FY 2019 Capital Investment	(2,152)	(19,927)	(22,080)	3,013	4,145	15,497	575
FY 2019 Adjusted Capital Budget	(C) 17,548	(C) (19,927)	(C) (2,380)	(C) 3,013	(C) 4,145	(C) 15,797	(C) 20,575
FY 2019 Board of Commissioners approved projects	3,334	-	3,334	-	-	-	3,334
FY 2019 CIC approved projects, net of those subsequently approved by the Board	1,056	-	1,056	-	-	-	1,056
Approved capital projects	(D) 4,390	(D) -	(D) 4,390	(D) -	(D) -	(D) -	(D) 4,390
<b>Available for new projects</b>	<b>(C)-(D) \$ 13,158</b>	<b>(C)-(D) \$ (19,927)</b>	<b>(C)-(D) \$ (6,769)</b>	<b>(C)-(D) \$ 3,013</b>	<b>(C)-(D) \$ 4,145</b>	<b>(C)-(D) \$ 15,797</b>	<b>(C)-(D) \$ 16,185</b>
Project(s) proposed for Board of Commissioners approval:							
CVICU Monitoring (x6) Upgrade	340	-	340	-	-	-	340
Ventilators (Qty 10)	320	-	320	-	-	-	320
Baxter Infusion Pumps (x100) for Oncology	243	-	243	-	-	-	243
Pharmacy Renovation-Ormond Beach and Port Orange Regional Oncology Center	452	-	452	-	-	-	452
Kronos Software for Employee Self Service	154	-	154	-	-	-	154
Diagnostic Portable X-Ray	150	-	150	-	-	-	150
Ultrasound Mobile Cart for Cardiac Cath Lab	145	-	145	-	-	-	145
Ultrasound for HHPO	145	-	145	-	-	-	145
Color Print Press	93	-	93	-	-	-	93
Total	2,040	-	2,040	-	-	-	2,040
<b>Available Capital if Proposed Projects are Approved</b>	<b>\$ 11,117</b>	<b>\$ (19,927)</b>	<b>\$ (8,810)</b>	<b>\$ 3,013</b>	<b>\$ 4,145</b>	<b>\$ 15,797</b>	<b>\$ 14,145</b>

**Halifax Health**  
**FY 2019 Capital Budget**  
(in Thousands)

		(A)	(B)	(A) + (B)
Item	Information Technology	FY 19 Capital Budget	FY 19 Approvals	Remaining Balance
1	Laptop/Desktop Refresh	\$ 600	\$ (500)	\$ 100
2	IT Internal Resource Capitalization	500	(500)	-
3	IT Enterprise Projects	500	(36)	464
4	NAS Hardware Replacement	400	(369)	31
5	PBX Room Decommission	400		400
6	WOW Replacements	200		200
7	Security Camera Upgrade to IP	150		150
8	Wireless Upgrade	150		150
9	Kronos Software for Employee Self Service	-	(154)	(154)
10	Enterprise Infrastructure	100	(16)	84
	<b>Total Information Technology</b>	<b>\$ 3,000</b>	<b>\$ (1,575)</b>	<b>\$ 1,425</b>
Item	Medical Equipment			
11	Siemens Nexaris Angio/CT Oncology Suite Project	\$ 2,500	\$ -	\$ 2,500
12	Mako System with Total Knee Application	-	(790)	(790)
13	Echo Cart Replacement (2)	470		470
14	Ventilators (15)	446	(320)	126
15	Patient Monitors (6)	350	(340)	10
16	EP Ablation System & Mapping Upgrade	350		350
17	Epiphany EKG Data Management System Upgrade	350		350
18	Baxter Pumps (100)	302	(243)	60
19	Critical Care Beds (16)	259		259
20	Med/Surg Beds (27)	162		162
21	Portable X-Ray System (1)	160	(150)	10
22	Diagnostic Ultrasound Unit Replacement HHPO (1)	148	(145)	4
23	Ultrasound for Cardiac Cath Lab	-	(145)	(145)
24	Ultrasound Machine (1)	140		140
25	Medical Equipment Emergency Purchases over \$100,000	1,000		1,000
26	Medical Equipment Projects under \$100,000	1,338	(558)	780
	<b>Total Medical Equipment</b>	<b>\$ 7,975</b>	<b>\$ (2,690)</b>	<b>\$ 5,285</b>
Item	Infrastructure/Facilities			
27	T-Zone AHU Replacement	\$ 1,250	\$ -	\$ 1,250
28	Humidifiers	700		700
29	500 Ton Chiller	600		600
30	AHU D Replacement	300		300
31	South Machine Room Heat Exchanger Replacement	175		175
32	Infrastructure Emergency Purchases over \$100,000	1,000	(556)	444
33	Infrastructure Projects under \$100,000	1,000	(496)	504
	<b>Total Infrastructure/Facilities</b>	<b>\$ 5,025</b>	<b>\$ (1,052)</b>	<b>\$ 3,973</b>
Item	Hospice Capital Expenditures			
34	Hospice Capital	\$ 300	\$ (713)	\$ (413)
	<b>Total Hospice Capital Expenditures</b>	<b>\$ 300</b>	<b>\$ (713)</b>	<b>\$ (413)</b>
Item	Other			
35	Service Expansion	\$ 3,700	\$ (400)	\$ 3,300
	<b>Total Other</b>	<b>\$ 3,700</b>	<b>\$ (400)</b>	<b>\$ 3,300</b>
	<b>Total HH Capital Expenditures</b>	<b>\$ 20,000</b>	<b>\$ (6,430)</b>	<b>\$ 13,570</b>

**Halifax Health**  
**FY 2019 and Prior Approved Capital Projects and Expenditures**  
**As of July, 2019**  
**(\$ in thousands)**

		Total Carryover and Approved	Spent During FY 2019	HMC Remaining to be Spent
<b>Capital funds required for projects approved in FY 2018 and prior</b>				
West Clyde Morris Infrastructure (Spine Road)	18-1115-007	\$ 2,530	(1,886)	\$ 644
Vendor Neutral Archive (VNA) for Enterprise Imaging	16-0720-002	1,474	(384)	1,090
ROC Renovation	18-0321-001	1,380	(987)	393
CT Scanner - Radiation Oncology	18-0418-001	517	-	517
Roof Replacement, Building B	18-0718-001	505	-	505
Pediatric Telemetry Monitors	18-1220-002	429	(425)	4
Medical Oncology Expansion-Port Orange	17-0215-004	389	(102)	288
Wound Therapy Units (x13)	18-0516-002	358	(338)	19
Security Camera System	18-0620-001	349	(254)	95
Laundry Facility Modification	18-0516-004	327	(92)	235
Fan Coil Units (FCUs) Connection to Emergency Generator at HHPO	18-0117-001	300	(95)	205
GI Lab Relocation	18-1018-002	245	(140)	105
Echo Cart (Ultrasound) with TEE Probe	18-0718-002	222	(120)	102
IV Pumps	17-0816-017	202	0	202
Professional Development Renovation-3rd Floor Fountain Building	18-0221-002	196	(89)	107
Storage for Servers & Applications for Parrish	18-0620-002	188	(180)	8
Port Orange Equipment Refresh	16-0518-002	98	-	98
Diagnostic Ultrasound for HHPO	18-0822-001	147	(104)	44
Cath Lab Renovation	17-0816-001	146	(143)	3
Mobile X-Ray System	19-1219-008	139	(138)	0
OB Headwalls (x11) Upgrade-2nd Floor Fountain Building	18-0221-003	129	(145)	(16)
Desktops (Qty 650) & Laptops (Qty 75)	18-0516-001	123	(123)	-
Subtotal of approved items less than \$100k		2,085	(1,219)	866
<b>Total Capital funds required for projects approved in FY 2018 and prior</b>		<b>\$ 12,353</b>	<b>\$ (6,841)</b>	<b>\$ 5,512</b>
<b>FY2019 Board Approved Capital Projects</b>				
Mako System with Total Knee Application	19-0515-023	\$ 790	\$ -	\$ 790
Laptops (x90) and PCs (x800)	19-0515-003	500	-	500
IT Internal Resource Capitalization		500	-	500
West Clyde Morris Infrastructure-Additional Approval	18-1115-007	400	-	400
Storage Platform & Software for IT	19-0515-004	369	-	369
Hospice POCC Window Shutters	19-0619-002	331	-	331
Hospice WVCC Wind Shutters	19-0515-002	237	-	237
Automatic Transfer Switch (ATS) for Generator #6 Chiller	19-0515-005	104	-	104
Hospice Ormond Care Center Window Shutters	19-0515-006	103	-	103
<b>Total FY 2019 Board Approved Capital Projects</b>		<b>\$ 3,334</b>	<b>\$ -</b>	<b>\$ 3,334</b>
<b>FY 2019 Other Approved Capital Projects</b>				
Renal Replacement Therapy Equipment (Prismaflex)	19-1120-001	92	(89)	3
Chillers for MRI (Air SYS)	19-1219-003	50	(50)	-
201 Bldg. Renovation Floors 1 & 2	19-0717-008	50	(21)	29
Salad Bar	19-0717-009	50	-	50
Work Benches and Refrigerator for ROC Pharmacy	19-1017-002	49	(49)	0
CPUs (Qty 2) for EP Labs #2 & #6	19-1219-002	45	(45)	-
Subtotal of approved items less than \$50k		964	(449)	516
<b>Total FY 2019 Other Approved Capital Projects</b>		<b>\$ 1,056</b>	<b>\$ (538)</b>	<b>\$ 518</b>
<b>Projects proposed for Board of Commissioners approval</b>				
CVICU Monitoring (x6) Upgrade	19-0717-002	\$ 340	\$ -	\$ 340
Ventilators (Qty 10)	19-0717-003	320	-	320
Baxter Infusion Pumps (x100) for Oncology	19-0619-008	243	-	243
Pharmacy Renovation-Ormond Beach ROC	19-0515-024	236	-	236
Pharmacy Renovation-Port Orange ROC	19-0515-025	216	-	216
Kronos Software for Employee Self Service	19-0717-004	154	-	154
Diagnostic Portable X-Ray	19-0717-005	150	-	150
Ultrasound for Cardiac Cath Lab	19-0717-006	145	-	145
Ultrasound for HHPO	19-0717-007	145	-	145
Color Print Press	19-0619-009	93	-	93
<b>Total Project(s) proposed for Board approval</b>		<b>\$ 2,041</b>	<b>\$ -</b>	<b>\$ 2,041</b>

**CAPITAL EXPENDITURES & OPERATING LEASES**  
Audit & Finance Committee

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

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Renovation of the Port Orange and Ormond Beach ROC Pharmacies	Pharmacy Department	Working Capital	\$451,846
CVICU Patient Monitor Replacement	Center for Cardiology	Working Capital	\$340,221
Ventilators for Respiratory Therapy	Respiratory Therapy Department	Working Capital	\$320,086
Chemotherapy Infusion Pumps	Center for Medical Oncology	Working Capital	\$242,500
Kronos Software for Employee Self Service Portal	Human Resources Department	Working Capital	\$154,058
Mobile Digital X-ray System	Radiology Department	Working Capital	\$149,660
Ultrasound Mobile Cart for Cardiology	Cardiology Department	Working Capital	\$145,000
Diagnostic Ultrasound for Port Orange Hospital	Radiology Department	Working Capital	\$144,500
Digital Print Press for Print Shop	Marketing Department	Working Capital	\$92,603

**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: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
CC: Dominick Damiani, Director Pharmacy  
DATE: August 15, 2019  
RE: Renovation of the Port Orange and Ormond Beach ROC Pharmacies

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Halifax Health Pharmacy Department is requesting funding to renovate the pharmacies at the Port Orange and Ormond Beach Regional Oncology Centers. The renovation is required due to the revised United States Pharmacopeia (USP) guidelines effective December 1, 2019. The USP guidelines are subject to inspection by the Department of Health, Joint Commission and Centers for Medicare and Medicaid Services.

The revised standards include a number of regulatory changes which required a thorough review of current processes and facility designs. The pharmacy areas were independently assessed by engineers specialized in the field along with the pharmacy manager.

The renovation includes the installation of laminar flow hoods, replacement of work surfaces and flooring, refrigerators and the installation of low exhaust systems. The majority of the cost, and critical to the improvements, is the need for a dedicated air supply.

The project will renovate existing space and segregate it into three distinct classified areas; an ante-room, a non-hazardous clean room and a hazardous mixing clean room. The ante-room and the non-hazardous clean room are positive pressure rooms. The hazardous mixing room is a negative pressure room. Per design, the mixing of hazardous and non-hazardous medication compounds will occur in separate areas.

Additionally, regulatory changes require refrigerated hazardous medication to be stored in a negative air space with a return exhaust directly behind it. The flooring will be seamless and coated with epoxy paint to ensure a cleanable surface. Stainless steel work benches will be installed to meet the requirements for non-porous and cleanable surfaces.

The project was approved at the Capital Investment Committee meeting on May 15, 2019.

**TOTAL CAPITAL COSTS    \$451,846**

Per Site:

Port Orange Regional Oncology Center	\$ 216,133.71
Ormond Beach Regional Oncology Center	\$ 235,712.71



## Halifax Health Project Evaluation

<b>Renovation of the Port Orange ROC and Ormond Beach ROC Pharmacies</b>
--

Chief Operating Officer  
Director, Pharmacy  
Financial Analysis

Alberto Tineo  
Dominick Damiani  
Roxanne Edmonds

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

This project is for the renovation of the Port Orange and Ormond Beach Regional Oncology Center (ROC) Pharmacies to include the installation of a laminar flow hood, replacement of work surfaces and flooring and the installation of a low exhaust refrigerator. This renovation will segregate the existing space into three distinct classified areas, as well as adhere to regulatory changes related to hazardous medication storage.

**Strategic Plan Core Competency Achievement:**

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

**Cornerstone:**

Safety	X
Compassion	
Image	X
Efficiency	

**Investment Request for Approval**     **\$451,846**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
CC: Matt Petkus, Vice President Operations  
DATE: August 15, 2019  
RE: CVICU Patient Monitor Replacement

---

Halifax Health Center for Cardiology is requesting funds to purchase six (6) patient monitors for the Cardiovascular Intensive Care Unit (CVICU).

The patient monitor project for CVICU will replace existing monitors with the latest available technology for advanced support of critically ill patients. The monitors will interface with the electronic medical record and support the goal of standardizing monitoring support systems throughout Halifax Health facilities.

This project was approved at the Capital Investment Committee meeting on July 17, 2019.

<b>TOTAL CAPITAL COSTS</b>	<b><u>\$340,221</u></b>
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## Halifax Health

### Project Evaluation

#### CVICU Monitoring Upgrade

Chief Operating Officer  
Sr. VP Operations  
Financial Analysis

Alberto Tineo  
Matt Petkus  
Roxanne Edmonds

#### Summary

#### Purpose:

This project is for the purchase of six patient monitors for CVICU as part of the phased equipment capital plan for monitors.

#### Strategic Plan Core Competency Achievement:

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

X
X

#### Cornerstone:

Safety  
Compassion  
Image  
Efficiency

X
X

#### Investment Request for Approval

**\$340,221**

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





# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
CC: Matt Petkus, Vice President Operations  
DATE: August 15, 2019  
RE: Ventilators for Respiratory Therapy

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Halifax Health Respiratory Therapy Department is requesting funding to purchase ten (10) comprehensive ventilators. This purchase is phase two of a five-year schedule to replace a fleet of fifty-two (52) ventilators. The current ventilators are more than ten years old.

The new ventilators are comprehensive ventilators that include volumetric capnography, a built-in software that will monitor the concentration of carbon dioxide in the patient's exhaled gases. The feature will help the physician and respiratory therapist evaluate adequate ventilation levels.

The project was approved at the Capital Investment Committee meeting on July 17, 2019.

**TOTAL CAPITAL COSTS    \$320,086**



## Halifax Health Project Evaluation

<b>Ventilators</b>
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Chief Operating Officer	Alberto Tineo
Sr. VP Operations	Matt Petkus
Manager, Respiratory Therapy	John Walburg
Financial Analysis	Roxanne Edmonds

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

This project is for the purchase of 10 ventilators as part of the ongoing replacement cycle.

**Strategic Plan Core Competency Achievement:**

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

**Cornerstone:**

Safety	X
Compassion	
Image	
Efficiency	X

**Investment Request for Approval**     **\$320,086**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
DATE: August 15, 2019  
RE: Chemotherapy Infusion Pumps

---

Halifax Health Center for Medical Oncology is requesting the purchase of one hundred (100) chemotherapy infusion pumps.

The pumps will be used at the outpatient oncology infusion locations in Daytona Beach, Port Orange and Ormond Beach. The purchase of the pumps will align with the hospital standard.

The project was approved at the Capital Investment Committee meeting on June 19, 2019.

**TOTAL CAPITAL COSTS: \$242,500**



## Halifax Health Project Evaluation

### Chemotherapy Infusion Pumps

Chief Operating Officer	Alberto Tineo
Director, Oncology Services	Debra Trovato
Financial Analysis	Roxanne Edmonds

### Summary

**Purpose:**

This project is for the purchase of 100 Baxter pumps for each of the outpatient oncology clinics in Daytona Beach (36), Port Orange (36), and Ormond (28) to align with the hospitals 2018 initiative to replace all Hospira pumps.

**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	
Compassion	X
Image	
Efficiency	

**Investment Request for Approval**     **\$242,500**

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: Kim Fulcher, Senior Vice President and Chief Human Resources Officer  
DATE: August 15, 2019  
RE: Kronos Software for Employee Self Service Portal

---

Halifax Health Human Resources Department is requesting funding to purchase software for the Kronos self-service portal. The software will allow employees to update personal information, schedule personal leave, view and print payroll and W2s, and self-enroll for insurance and other annual benefits.

Presently, Halifax Health uses a third party to interface annual enrollment data into Kronos. The third party platform will no longer be available after October 2019. With the purchase of the software, team members will have access to their personal portals to make changes throughout the year and during the annual benefit process. The software will eliminate much of the labor-intensive manual process that currently exists.

The project was approved at the Capital Investment Committee meeting on July 17, 2019.

**TOTAL CAPITAL COSTS    \$154,058**



## Halifax Health Project Evaluation

### Kronos Software-Employee Self Service

Senior VP & Chief Human Resource Officer	Kim Fulcher
Benefit Manager	Terry Martin
Project Manager	Maybelle Denoncourt
Financial Analysis	Roxanne Edmonds

### Summary

#### Purpose:

This project is for the purchase of a Kronos Self Service Portal for employees to be able to update personal information, schedule personal leave, view and print payroll information and self-enroll for benefits.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval **\$154,058**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
CC: Matt Petkus, Vice President Operations  
DATE: August 15, 2019  
RE: Mobile Digital X-ray System

---

Halifax Health Radiology Department is requesting funds to purchase a mobile digital x-ray system for the Halifax Health main campus.

The digital x-ray system will significantly improve image quality and lower the radiation dose to patients by 50 percent compared to the current computed radiology x-ray system.

The project was approved at the Capital Investment Committee meeting on July 17, 2019.

**TOTAL CAPITAL COSTS    \$149,660**



## Halifax Health

### Project Evaluation

#### Mobile Digital X-ray System

Chief Operating Officer	Alberto Tineo
Sr. VP Operations	Matt Petkus
Manager, Radiology Services	Andrea Huffman
Financial Analysis	Roxanne Edmonds

#### Summary

#### Purpose:

This project is for the purchase of a diagnostic portable x-ray that will significantly improve image quality and lower the radiation dose to patients by 50% compared to the current CR system.

#### 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	
Efficiency	X

Investment Request for Approval **\$149,660**

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





# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
CC: Matt Petkus, Vice President Operations  
DATE: August 15, 2019  
RE: Ultrasound Mobile Cart for Cardiology

---

Halifax Health Cardiology Department is requesting funding to purchase an ultrasound mobile cart. The new ultrasound will replace equipment that has reached its useful life.

The equipment will perform ultrasounds, Instant Flow Reserve (IFR), and Fraction Flow Reserve (FFR). IFR is used to assess whether a stenosis is causing a limitation of blood flow in coronary arteries. Fractional flow reserve (FFR) is used to measure pressure differences across a coronary artery stenosis if the stenosis impedes oxygen delivery to the heart muscle. The ultrasound mobile cart is highly used by our Cardiologists.

The project was approved at the Capital Investment Committee meeting on July 17, 2019.

**TOTAL CAPITAL COSTS    \$145,000**



## Halifax Health Project Evaluation

### Ultrasound Mobile Cart for Cardiology

Chief Operating Officer	Alberto Tineo
Sr. VP Operations	Matt Petkus
Manager, Cardiac Cath Lab	Lismer Castellano
Financial Analysis	Roxanne Edmonds

### Summary

**Purpose:**

This project is for the purchase of a Philips Core Mobile Cart for Ultrasound, IFR and FFR procedures to replace the current cart which is failing and significantly passed its useful life.

**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	
Compassion	
Image	X
Efficiency	X

**Investment Request for Approval** **\$145,000**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
CC: Matt Petkus, Vice President Operations  
DATE: August 15, 2019  
RE: Diagnostic Ultrasound for Port Orange Hospital

---

Halifax Health Radiology Department is requesting funds to purchase a diagnostic ultrasound system for Halifax Health Port Orange.

The system includes new technology that allows clinicians to see deeper into the tissue without impacting diagnostic quality and providing unprecedented clarity. The ultrasound system will significantly improve image quality, color sensitivity, and advanced imaging modes to provide a full spectrum of imaging for a wide range of patients for our community.

The project was approved at the Capital Investment Committee meeting on July 17, 2019.

<b>TOTAL CAPITAL COSTS</b>	<b><u>\$144,500</u></b>
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## Halifax Health Project Evaluation

### Diagnostic Ultrasound for Port Orange Hospital

Chief Operating Officer	Alberto Tineo
Sr. VP Operations	Matt Petkus
Manager, Radiology	Andrea Huffman
Financial Analysis	Roxanne Edmonds

### Summary

**Purpose:**

This project is for the purchase of a diagnostic ultrasound to replace the current unit at HHPO.

**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	
Compassion	
Image	X
Efficiency	X

**Investment Request for Approval**    **\$144,500**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Ann Martorano, Chief Communications Officer and HHPO Administrator  
CC: John Guthrie, VP Corporate Communications and Executive Director Healthy Communities  
DATE: August 15, 2019  
RE: Digital Print Press for Print Shop

---

Halifax Health Marketing Department is requesting funding to purchase a digital color print press. The color press will replace two printers that are 11 years old and no longer supported for parts and service.

The new color press will print all marketing materials including brochures, rack cards and patient booklets. The press will provide improved image quality and efficiency.

Currently, certain print jobs are outsourced due to the malfunctioning of an existing printer. With the purchase of the new press the print jobs will be brought in-house and printed at a reduced cost.

The project was approved at the Capital Investment Committee meeting on June 19, 2019.

**TOTAL CAPITAL COSTS    \$92,603**



## Halifax Health Project Evaluation

### Digital Print Press for Print Shop

Chief Executive Officer:	Jeff Feasel
VP Corporate Communications:	John Guthrie
Financial Analysis by:	Todd Aldrich

### Summary

#### Purpose:

This purchase will increase our image with color publications and our efficiency with no down-time and no repair costs. The purchase will allow the health system to realize a printing cost savings by processing less, more expensive jobs with outside printers. It will also increase our capacity to process small run jobs without incurring significant paper and ink waste due to minimum run restrictions

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	
Compassion	
Image	X
Efficiency	X

#### Investment/Return:

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow
Year 0 <sup>1</sup>	(\$92,603)	\$0	(\$92,603)
Year 1	\$0	\$30,678	(\$61,925)
Year 2	\$0	\$31,291	(\$30,634)
Year 3	\$0	\$31,917	\$1,283
Year 4	\$0	\$32,555	\$33,839
Year 5	\$0	\$33,207	\$67,045
Terminal Value <sup>2</sup>	\$0	\$0	\$67,045

Decision Metrics	
Required rate of Return	6.2%
Internal Rate of Return (IRR)	21.1%
5 Year Net Present Value (NPV)	\$40,846
Payback Period (in Years)	3.0

Investment Request for Approval **\$92,603**

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

<sup>2</sup> Terminal value is estimated at 0, assumes technology is obsolete after 5 years

**Halifax Health  
Capital Disposals  
July 2019**

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

Asset #	Description	Department	Date Purchased	Disposition Status	Original Cost	Book Value
50194	SCAG TIGER CUB MOWER	FACILITY OPERATIONS	11/12/02	DAMAGED/IRREPAIRABLE	5,599.99	-
0037692	TENNANT TREND 2500S	ENVIRONMENTAL SERVICES	10/01/88	LOST	2,809.16	-
60715	AUTO SCRUBBER 2 PAD ONBOARD CHARGE	ENVIRONMENTAL SERVICES	08/01/13	DAMAGED/IRREPAIRABLE	8,050.00	-
57733	DRYING RACK	DIETARY	06/30/09	DAMAGED/IRREPAIRABLE	2,693.62	-
56865	CONVECTION STEAM GAS	DIETARY	06/10/08	DAMAGED/IRREPAIRABLE	31,987.00	-

**Total to be Disposed:**

<b>\$</b>	<b>51,139.77</b>	<b>\$</b>	<b>-</b>
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**Halifax Health  
Capital Inventory Disposals  
July 2019**

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

Asset #	Description	Department	Date Purchased	Disposition Status	Original Cost	Book Value
591928	HEMODIALYSIS DIALOG PLUS SYSTEM	RENAL DIALYSIS	02/22/06	DAMAGED/IRREPAIRABLE	18,827.00	-
591938	HEMODIALYSIS DIALOG PLUS SYSTEM	RENAL DIALYSIS	02/22/06	DAMAGED/IRREPAIRABLE	18,827.00	-
591948	HEMODIALYSIS DIALOG PLUS SYSTEM	RENAL DIALYSIS	02/22/06	DAMAGED/IRREPAIRABLE	18,827.00	-
591958	HEMODIALYSIS DIALOG PLUS SYSTEM	RENAL DIALYSIS	02/22/06	DAMAGED/IRREPAIRABLE	18,827.00	-
46163	MAT-TREATMENT HI LO	201 PHYSICAL THERAPY	08/31/94	DAMAGED/IRREPAIRABLE	2,702.83	-
52447	FLUIDOTHERAPY ULTRA	201 OCC THERAPY	10/01/88	DAMAGED/IRREPAIRABLE	4,444.86	-
47403	WHEELCHAIR SCALE	HEALTH & FITNESS CTR	10/01/96	DAMAGED/IRREPAIRABLE	1,416.97	-
46153	UPPER BODY CYCLE	201 PHYSICAL THERAPY	09/07/94	DAMAGED/IRREPAIRABLE	2,295.00	-
0038189	TRACTION UNIT TABLE	201 PHYSICAL THERAPY	12/01/88	DAMAGED/IRREPAIRABLE	2,495.00	-
0038188	TRACTION UNIT TABLE	201 PHYSICAL THERAPY	12/01/88	DAMAGED/IRREPAIRABLE	4,175.00	-
50291	GAITKEEPER TREADMILL	201 PHYSICAL THERAPY	03/10/03	DAMAGED/IRREPAIRABLE	3,145.00	-
55185	TRANSFER/TRANSPORT CHAIR	4 FRANCE TELEMETRY	04/14/05	DAMAGED/IRREPAIRABLE	7,673.25	-
60343	BLADDER SCANNER	NURSING ADMIN	05/26/15	DAMAGED/IRREPAIRABLE	8,453.00	1,408.85
57522-57523	RECLINER	3 FRANCE ISC	06/30/09	DAMAGED/IRREPAIRABLE	2,850.00	-
58007	SOFABED	3 FRANCE ISC	06/30/09	DAMAGED/IRREPAIRABLE	1,848.77	-
58011	SOFABED	3 FRANCE ISC	06/30/09	DAMAGED/IRREPAIRABLE	1,848.77	-
58015	SOFABED	3 FRANCE ISC	06/30/09	DAMAGED/IRREPAIRABLE	1,848.77	-
58152	SOFABED	7 FRANCE MED/SURG	06/30/09	DAMAGED/IRREPAIRABLE	1,848.77	-
58163	SOFABED	7 FRANCE MED/SURG	06/30/09	DAMAGED/IRREPAIRABLE	1,848.77	-
58171-58172	SOFABED	7 FRANCE MED/SURG	06/30/09	DAMAGED/IRREPAIRABLE	3,697.54	-
70764	ISTAT POINT OF CARE WIRELESS ANALYZER	CLIN LAB-CHEM	08/23/16	DAMAGED/IRREPAIRABLE	1,602.31	934.67
59421	LENOVO LAPTOP	RAD-BUSINESS SUPPORT	12/01/11	DAMAGED/IRREPAIRABLE	1,737.68	-
59422	LENOVO LAPTOP	RAD-BUSINESS SUPPORT	12/01/11	DAMAGED/IRREPAIRABLE	1,737.68	-
50692-50693	GDC POWER SUPPLY	RAD-SPEC PROC	11/13/98	DAMAGED/IRREPAIRABLE	4,000.00	-
55754	NIBP/DINAMAP MONITOR	RAD-SPEC PROC	11/20/06	DAMAGED/IRREPAIRABLE	5,296.50	-
54482	ACCUTOR PLUS DINAMAP	RAD-OPU	05/20/02	DAMAGED/IRREPAIRABLE	-	-
51319-51320	HEART MONITOR ALPHA 9 VISUAL	RAD-OPU	11/13/99	DAMAGED/IRREPAIRABLE	2,018.45	-
59170	MR PROCEDURE LAMP	RAD-MRI	12/03/03	DAMAGED/IRREPAIRABLE	1,052.28	-
52173	BAR/SRF TRANSFER INTERFACE	FINANCE	07/28/03	SOFTWARE SUNSETTED	4,000.00	-
54036	SOFTWARE LICENSE-KAUFMAN HALL	FINANCE	10/03/03	SOFTWARE SUNSETTED	45,000.00	-
54183	INPATIENT DATA TRANSFER INTERFACE	FINANCE	01/05/04	SOFTWARE SUNSETTED	8,000.00	-
54566	CLARITAS 2004 BUSINESS FACTS	FINANCE	02/14/05	SOFTWARE SUNSETTED	1,635.00	-
58514	TRENDSTAR SERVER	FINANCE	09/30/09	SOFTWARE SUNSETTED	10,700.00	-
0034951	REIMBURSEMENT SOFTWARE	FINANCE	09/01/87	SOFTWARE SUNSETTED	36,720.00	-
0034952	BUDGETING SOFTWARE	FINANCE	09/01/87	SOFTWARE SUNSETTED	36,720.00	-
0034953	CASE MIX SOFTWARE	FINANCE	09/01/87	SOFTWARE SUNSETTED	44,880.00	-
0034954	COST ACCTG SOFTWARE	FINANCE	09/01/87	SOFTWARE SUNSETTED	44,880.00	-
0034968	INSTALLATION COST TRENDPAC	FINANCE	09/01/87	SOFTWARE SUNSETTED	91,526.86	-
47200	TRENDSTAR RUA/CPA/TRENDPATH	FINANCE	07/31/95	SOFTWARE SUNSETTED	149,500.00	-
39324	MONITOR APNEA	RESPIRATORY THERAPY	12/15/89	DAMAGED/IRREPAIRABLE	2,395.00	-
43578	PULSE OXIMETER	RESPIRATORY THERAPY	12/31/92	DAMAGED/IRREPAIRABLE	3,410.62	-
55433	EKG CART W/ WIRELESS KIT	EKG	12/14/06	DAMAGED/IRREPAIRABLE	10,777.67	-
55760	CPFSUSB MODULE BREEZESUITE W/ LAPTOP	HPO RESPIRATORY THERAPY	11/21/06	DAMAGED/IRREPAIRABLE	3,597.26	-
55770	EKG CART W/ WIRELESS KIT	HPO EKG	12/14/06	DAMAGED/IRREPAIRABLE	10,532.54	-
56386	ECLIPSE PREMIER EKG CART	EKG	06/19/07	DAMAGED/IRREPAIRABLE	10,531.49	-
56393	ECLIPSE PREMIER EKG CART	EKG	06/19/07	DAMAGED/IRREPAIRABLE	10,531.48	-
56394	ECLIPSE PREMIER EKG CART	EKG	06/19/07	DAMAGED/IRREPAIRABLE	10,531.48	-
55390-55394	HONEY MAPLE STATIONARY RECLINER	POF MEDICAL ONCOLOGY	09/29/06	DAMAGED/IRREPAIRABLE	7,174.39	-
55396-55401	HONEY MAPLE STATIONARY RECLINER	POF MEDICAL ONCOLOGY	09/29/06	DAMAGED/IRREPAIRABLE	8,533.40	-
0026354	EXAM TABLE MAPLE	ROC MEDICAL ONCOLOGY	09/01/82	UNABLE TO LOCATE	1,240.00	-
0031091	DRAPERIES	ROC MEDICAL ONCOLOGY	01/01/84	UNABLE TO LOCATE	3,299.00	-
48295	DINAMAP	ROC RAD THERAPY	01/12/98	DAMAGED/IRREPAIRABLE	2,750.00	-
48942	DINAMAP	ROC RAD THERAPY	04/15/97	DAMAGED/IRREPAIRABLE	2,650.00	-
52320	ICE MACHINE & WATER DISPENSER	ROC RAD THERAPY	03/24/03	DAMAGED/IRREPAIRABLE	2,758.17	-
58519	DRAGON MEDICAL 10 SOFTWARE	ROC RAD THERAPY	10/13/09	SOFTWARE SUNSETTED	5,600.00	-
59650-59652	VOCERA BADGE B300	ROC RAD THERAPY	10/23/12	UNDER CAPITAL THRESHOLD	2,112.36	-
60228	CARPET ROC WAITING ROOM	ROC RAD THERAPY	11/05/13	REMOVED DURING RENOVATION	6,991.19	-
0026976	STRETCHER BED	ROC RAD THERAPY	04/01/83	DAMAGED/IRREPAIRABLE	1,896.00	-
0030312	CABINET HEAD & NECK TREAT	ROC RAD THERAPY	01/01/84	DAMAGED/IRREPAIRABLE	2,074.24	-
0031066	CABINET HEAD & NECK TREAT	ROC RAD THERAPY	01/01/84	DAMAGED/IRREPAIRABLE	2,074.25	-
0031067	CABINET HEAD & NECK TREAT	ROC RAD THERAPY	01/01/84	DAMAGED/IRREPAIRABLE	2,074.24	-
0031537	STRETCHER	ROC RAD THERAPY	02/01/84	DAMAGED/IRREPAIRABLE	2,070.85	-
0034949	CARPET TILES FOR ROC OFFICE	ROC RAD THERAPY	07/01/87	REMOVED DURING RENOVATION	1,272.00	-
0036261	STACKABLE CHAIRS	ROC RAD THERAPY	05/01/88	DAMAGED/IRREPAIRABLE	1,216.25	-
2011156	UPGRADE PROS SOFTWARE KIT	ROC RAD THERAPY	06/07/11	SOFTWARE SUNSETTED	50,560.00	-
0038470	MONITOR TELETHERAPY RADIATION	ROC RAD THERAPY	04/01/89	DAMAGED/IRREPAIRABLE	1,056.00	-
0022759	DIGITAL ELECTROMETER	ROC RAD THERAPY	08/01/77	UNABLE TO LOCATE	2,629.22	-
59140	AMBASSADOR MONOCHROME MONITOR	ROC RAD THERAPY	05/18/12	DAMAGED/IRREPAIRABLE	5,225.00	-
59139	AMBASSADOR MONOCHROME MONITOR	ROC RAD THERAPY	05/18/12	DAMAGED/IRREPAIRABLE	10,375.00	-
51185-51186	LAMINAR FLOW HOOD	PHARMACY	10/01/00	DOES NOT MEET REQUIRED STANDARDS	7,079.00	-
54729	PDM LINK ASSEMBLY	CARDIAC CATH LAB	05/23/05	REPLACED BY NEW SYSTEM	2,537.05	-
55210	50 WEB CLIENT W/PORT FORWARD	CARDIAC CATH LAB	04/25/06	REPLACED BY NEW SYSTEM	6,572.00	-
56354	VERICIS 4.1 SOFTWARE UPGRADE	CARDIAC CATH LAB	06/12/07	REPLACED BY NEW SYSTEM	48,428.41	-
56355	VERICIS NAS NETWORK APPLICATION	CARDIAC CATH LAB	06/12/07	REPLACED BY NEW SYSTEM	3,153.13	-
59401	C-ARM SYSTEM	CARDIAC CATH LAB	03/12/12	REPLACED BY NEW SYSTEM	137,300.00	-
59402	FLAT PANEL BI PLANE	CARDIAC CATH LAB	03/16/12	REPLACED BY NEW SYSTEM	205,000.00	-
59403	AXIOM ARTISFC PLUS SINGLE PLANE	CARDIAC CATH LAB	03/16/12	REPLACED BY NEW SYSTEM	121,000.00	-
59404	C ARM X-RAY SYSTEM	CARDIAC CATH LAB	03/16/12	REPLACED BY NEW SYSTEM	137,300.00	-
59638	HEMO BARCODE SCANNER	EP PACERS	11/06/12	REPLACED BY NEW SYSTEM	1,866.54	-
0038798	COLOR MONITOR	POF FPC	08/01/89	DAMAGED/IRREPAIRABLE	1,015.00	-
0026930	REFRIGERATOR/FREEZER SELF	DIETARY	03/01/83	DAMAGED/IRREPAIRABLE	2,876.97	-
0031042	TRAY UNIT	DIETARY	08/01/84	DAMAGED/IRREPAIRABLE	1,051.12	-
59778	COFFEE MAKER	DIETARY-SPEC FUNC	10/10/13	DAMAGED/IRREPAIRABLE	4,895.00	-



Asset #	Description	Department	Date Purchased	Disposition Status	Original Cost	Book Value
56352	ROBOT COUPE FOOD PROCESSOR	DIETARY-CAFETERIA	05/22/07	DAMAGED/IRREPAIRABLE	1,184.80	-
58397	INTELLIGENT REGISTER	VOLUNTEER SERVICES	06/30/09	DOES NOT MEET REQUIRED STANDARDS	2,701.88	-
58396	INTELLIGENT REGISTER	VOLUNTEER SERVICES	06/30/09	DOES NOT MEET REQUIRED STANDARDS	2,701.89	-
0300272	KONICA MINOLTA COPIER	HSP ADMIN SVCS	03/03/05	DAMAGED/IRREPAIRABLE	2,987.00	-
0300205	KONICA MINOLTA COPIER	HSP ADMIN SVCS	07/22/04	DAMAGED/IRREPAIRABLE	2,987.00	-
61434-61437	ORCHESTRA GLIDER /RECLINER	OBSTETRICS	10/01/12	DAMAGED/IRREPAIRABLE	7,090.00	-
61441-61442	ORCHESTRA GLIDER /RECLINER	OBSTETRICS	10/01/12	DAMAGED/IRREPAIRABLE	3,545.00	-
61444, 47	ORCHESTRA GLIDER /RECLINER	OBSTETRICS	10/01/12	DAMAGED/IRREPAIRABLE	3,545.00	-
61420-61425	ORCHESTRA GLIDER /RECLINER	LABOR & DELIVERY	10/01/13	DAMAGED/IRREPAIRABLE	10,928.10	-
61453,55,57,59	ORCHESTRA GLIDER /RECLINER	LABOR & DELIVERY	10/01/13	DAMAGED/IRREPAIRABLE	7,090.00	-
61460-61461	ORCHESTRA GLIDER /RECLINER	LABOR & DELIVERY	10/01/13	DAMAGED/IRREPAIRABLE	3,545.00	-
61467-61468	ORCHESTRA GLIDER /RECLINER	LABOR & DELIVERY	10/01/13	DAMAGED/IRREPAIRABLE	3,545.00	-
61473	ORCHESTRA GLIDER /RECLINER	LABOR & DELIVERY	10/01/13	DAMAGED/IRREPAIRABLE	1,772.50	-
55256-55259	HOSPIRA A+ PUMP	SPD	07/25/06	DOES NOT MEET REQUIRED STANDARDS	9,800.00	-
46769	WHEELCHAIR (WIDE) RED	SPD	10/18/94	UNABLE TO LOCATE	1,277.32	-
56309	HOSPIRA A+ PUMP	SPD	05/03/07	DOES NOT MEET REQUIRED STANDARDS	2,466.10	-
56313	HOSPIRA A+ PUMP	SPD	05/03/07	DOES NOT MEET REQUIRED STANDARDS	2,466.09	-
60337	40 GALLON STEAM KETTLE	DIETARY	02/03/15	DAMAGED/IRREPAIRABLE	4,235.57	2,988.50
60470	KONICA MINOLTA BIZHUB	PRINT SHOP	12/11/12	DAMAGED/IRREPAIRABLE	13,735.00	-
44941	SCALE PEDIATRIC	PEDIATRIC CLINIC	09/08/93	DAMAGED/IRREPAIRABLE	1,510.00	-
55652	ICE MACHINE W/ FILTER	HPO EMERGENCY SRVCS	11/09/06	DAMAGED/IRREPAIRABLE	4,734.40	-
60318	3320 MICRO OSMOMETER	CLIN LAB-CHEM	08/16/11	DAMAGED/IRREPAIRABLE	8,856.03	-
49630	ELECTROLYTE ANALYZER	CLIN LAB-CHEM	05/16/00	DAMAGED/IRREPAIRABLE	3,443.00	-
0026928	CAFETERIA SALAD BAR	DIETARY	03/01/83	DAMAGED/IRREPAIRABLE	3,660.90	-
56942	SOFTWARE BOSTON LICENSE	IT-AUTODEV SERVICES	10/07/08	SOFTWARE SUNSETTED	6,000.00	-
56943	SOFTWARE BOSTON LICENSE	IT-AUTODEV SERVICES	10/07/08	SOFTWARE SUNSETTED	6,000.00	-
41771	SOFTWARE - CHART SCRIPT	IS-MGMT SUPPORT SVCS	05/27/91	DOES NOT MEET REQUIRED STANDARDS	19,300.00	-
54472	SOFTWARE - MISC - LOGICARE ED LICENSE	IS-MGMT SUPPORT SVCS	12/27/04	DOES NOT MEET REQUIRED STANDARDS	27,950.00	-
54510	SOFTWARE - MISC - ED LOGICARE SPANISH INSTR	IS-MGMT SUPPORT SVCS	02/16/05	DOES NOT MEET REQUIRED STANDARDS	2,500.00	-
54550	SOFTWARE - MISC LOGICARE ED LICENSE	IS-MGMT SUPPORT SVCS	12/27/04	DOES NOT MEET REQUIRED STANDARDS	10,000.00	-
54752	SECURITY LICENSE/250 THIN CLIENT USER	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	10,125.00	-
54753	SECURITY SOFTWARE MAINTENANCE/SECURE DESKTOP	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	3,150.00	-
54754	SECURITY SOFTWARE MAINTENANCE/CACHE CLEANER	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	1,620.00	-
54786	SECURITY LICENSES/250 THIN CLIENT USER	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	43,998.00	-
54787	SECURITY SOFTWARE MAINTENANCE/SECURE DESKTOP	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	7,700.00	-
54788	SECURITY SOFTWARE MAINTENANCE/SECURE DESKTOP	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	7,700.00	-
54789	SECURITY SOFTWARE MAINTENANCE/CACHE CLEANER	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	3,960.00	-
54790	SECURITY SOFTWARE MAINTENANCE/CACHE CLEANER	IT-TECH SVCS	06/29/05	DOES NOT MEET REQUIRED STANDARDS	3,960.00	-
56469	BIZHUB 350 KONICA MINOLTA	PLANT CONSTRUCTION	06/19/07	DOES NOT MEET REQUIRED STANDARDS	3,160.00	-
59715	IMO APPLIANCE SOFTWARE	IT-APPLICATIONS	12/21/12	SOFTWARE SUNSETTED	5,000.00	-
60506	LENOVO NOTEBOOK	IS-MGMT SUPPORT SVCS	01/14/14	DOES NOT MEET REQUIRED STANDARDS	1,339.10	-
60507-60508	IT TABLET	IT-TECH SVCS	05/20/14	DOES NOT MEET REQUIRED STANDARDS	2,992.16	-
57709	ICE/WATER DISPENSER	TOWER PROJECT	06/30/09	DAMAGED/IRREPAIRABLE	2,877.58	-
57721	ICE/WATER DISPENSER	TOWER PROJECT	06/30/09	DAMAGED/IRREPAIRABLE	2,877.64	-
0033861	PATIENT SIMULATOR II	PROFESSIONAL STAFF DEVELOPMENT	03/01/87	UNABLE TO LOCATE	1,003.05	-
54514	SOFTWARE UPGRADE ECLIPSE W/C CLAIM SYSTEM	INS-WORKERS COMP	02/16/05	SOFTWARE SUNSETTED	17,000.00	-
0033829	CARPET 3RD FL CLASSROOM	ORGANIZ TALENT DEVELOPMENT	10/01/86	REMOVED DURING RENOVATION	1,496.00	-
0038797	CAMERA VIDEO ENDOSCOPIC	CENTER FOR FAMILY SPORTS AND MEDICINE	08/01/89	UNABLE TO LOCATE	9,400.00	-
Total to be Disposed:					\$ 1,797,836.49	\$ 5,332.02



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Bill Griffin, Director of System Planning  
CC: Eric Peburn, Executive Vice-President and Chief Financial Officer  
DATE: August 15, 2019  
RE: Sale of portion of West Clyde Morris Property – Discovery Senior Living

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The real estate parcel located at West Clyde Morris Blvd., Daytona Beach, consisting of 11.8 acres is owned by Halifax Hospital Medical Center (HHMC).

HHMC is requesting approval by the Halifax Health Board of Commissioners to enter into a Purchase and Sale Agreement with Henning Holdings, LLC for the sale of 11.8 acres as shown in the attached exhibit.

Discovery Senior Living develops, builds, markets and operates upscale senior-living communities across the United States.

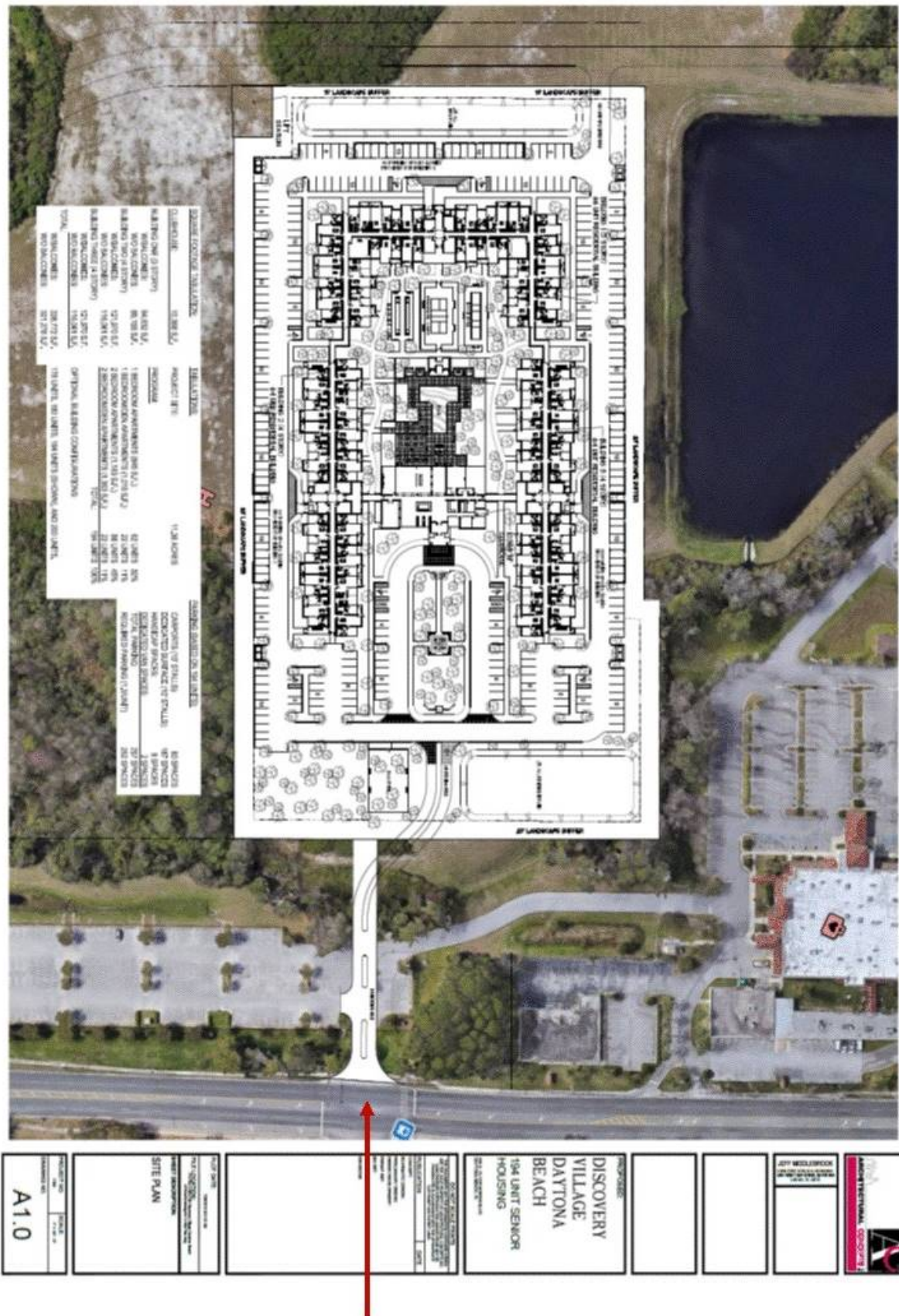
Evaluation of proposed selling price:

- Proposed Sale: \$3,145,000 - \$3,300,000 *(adjusted by final # units developed @ \$18,000 per unit)*
- Recent Sales Comparison: \$2,227,627 *(recent comparable sales analysis)*
- Gain on Sale: \$1,882,000 - \$2,037,000

**We request the Halifax Hospital Medical Center Board of Commissioners provide approval for disposal of this asset and to sell the real estate parcel as described above and authorize the Chief Executive Officer and/or the Chief Financial Officer to execute any related sales documents or agreements.**

Exhibit A: Exhibit/Parcel Overview  
Exhibit B: Examples of Completed Construction

## Exhibit A



Clyde Morris &amp; Mayberry





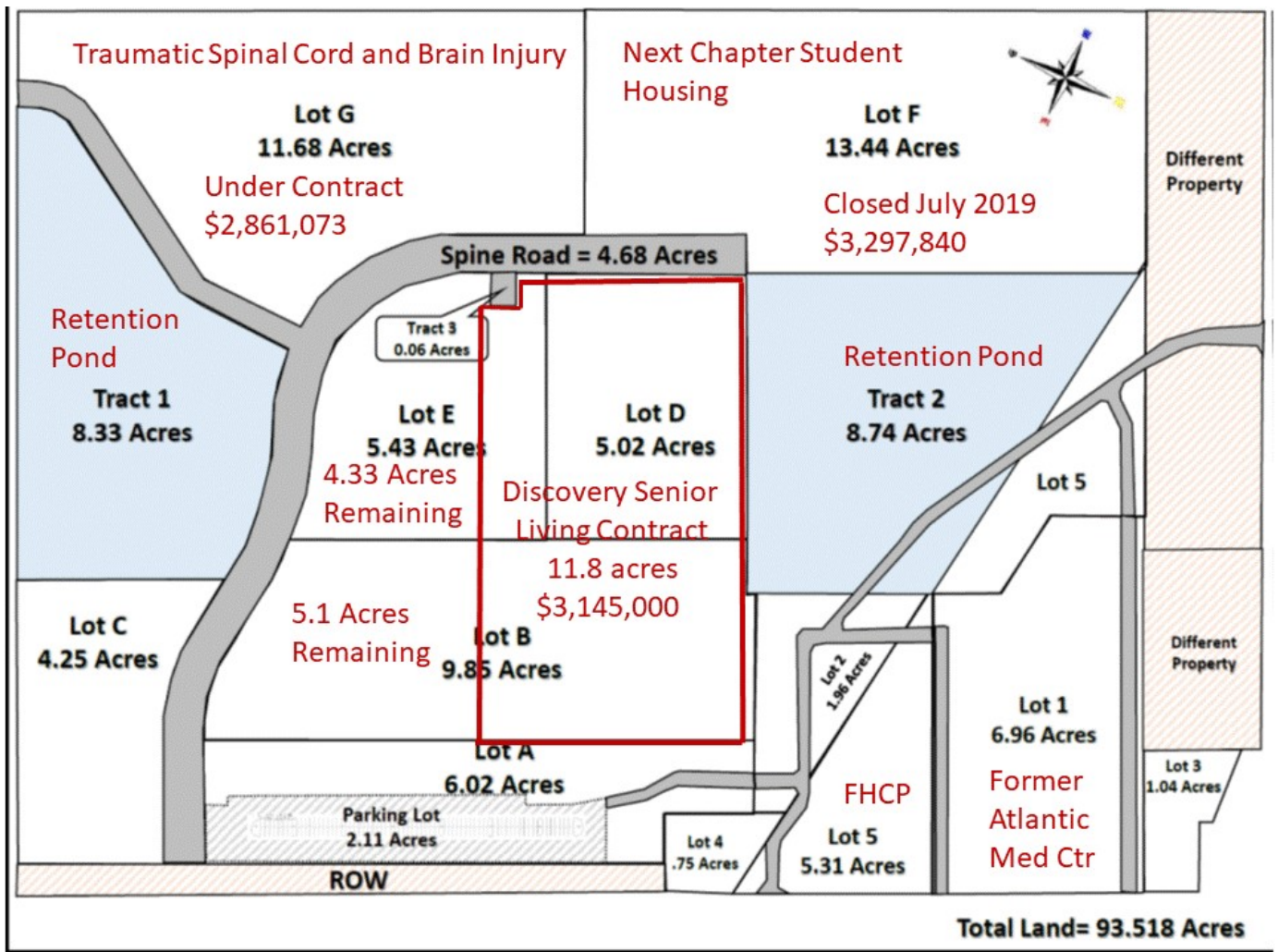




Exhibit B



## Halifax Health Audit & Finance Committee

*Request Tracker/Checklist*

Meeting Date	Request	Projected Timeline	Frequency of Future Updates/Reports	Completed (Y/N)	Other
2/27/2019	Observation versus Admissions Presentation (efforts/results)	September 4, 2019	One Time Request		
5/2/2018	Data Center Construction Project	June 26, 2019	Bring Back as Needed/With Updates		\$2,000,000 (\$1.5 million FEMA covered, if approved)





# HALIFAX HEALTH

Live your life well.



# Observation Management

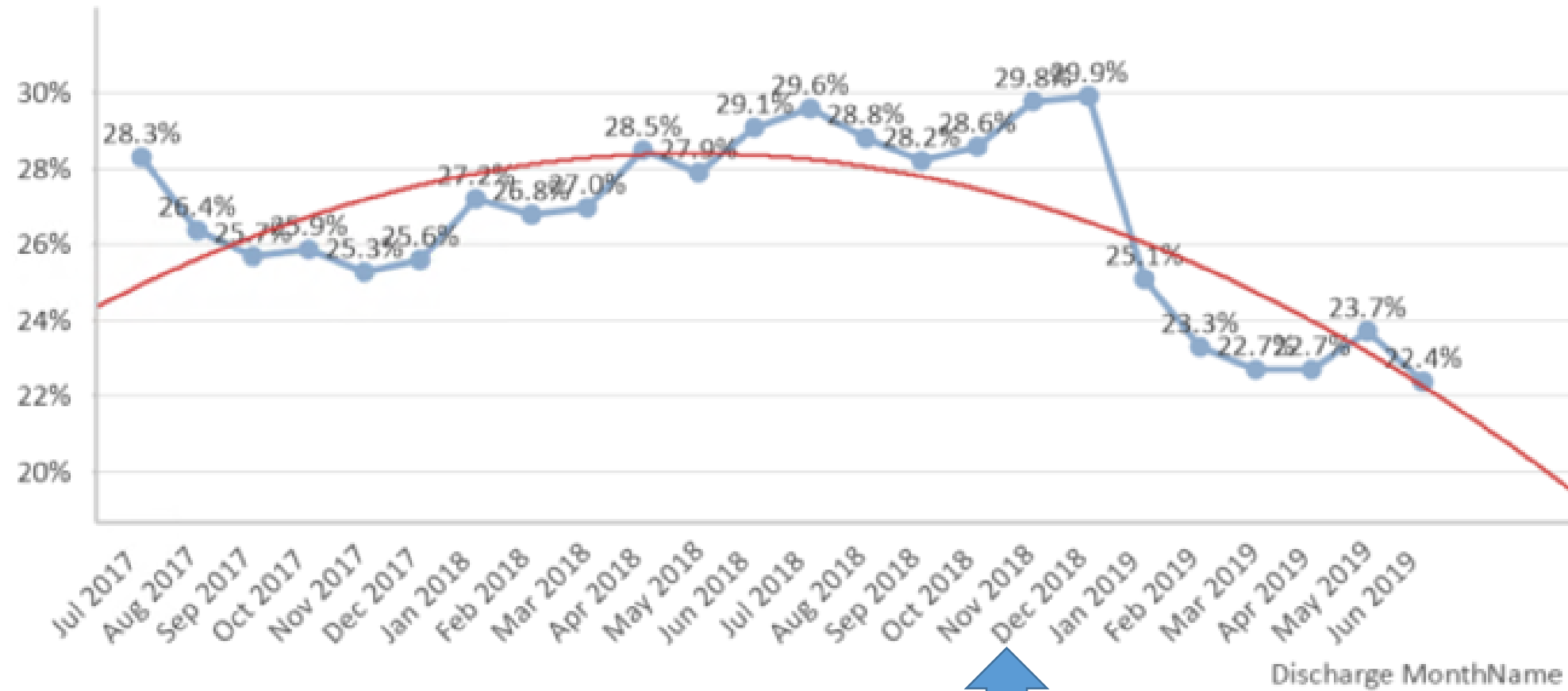
# Definition Observation Status

- [Center for Medicare & Medicaid Services \(CMS\)](#) defines “observation status” as “...specific, clinically appropriate services, including ongoing short term treatment, assessment, and reassessment before a decision can be made about whether a patient requires further treatment as a hospital inpatient or if the patient can be discharged...”

# Definition Inpatient Status

- [Center for Medicare & Medicaid Services \(CMS\)](#) defines “*inpatient status*” as “*a person who has been admitted to a hospital for bed occupancy for purpose of receiving inpatient hospital services...with the expectation that he or she will remain at least overnight...*”

## % Observation Rate – All-Payor: July 2017 – June 2019



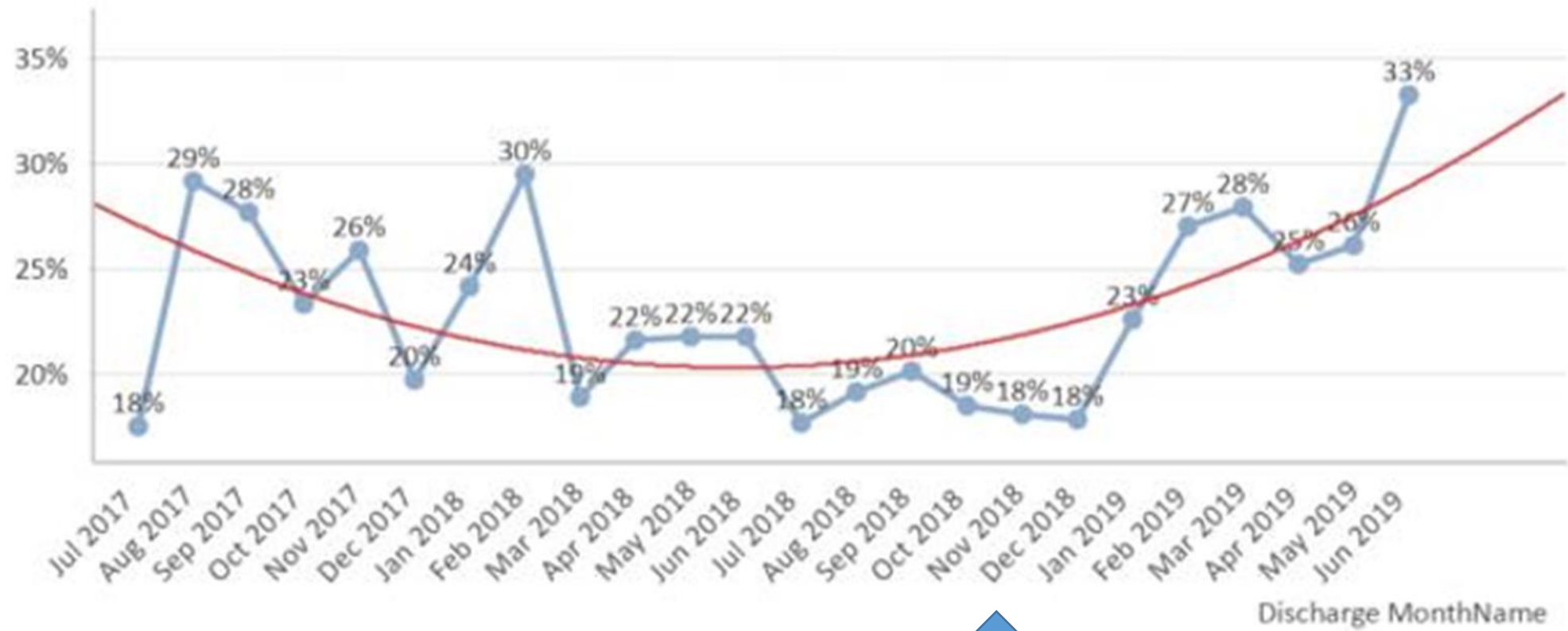
## % Observation Rate – Medicare: July 2017 – June 2019



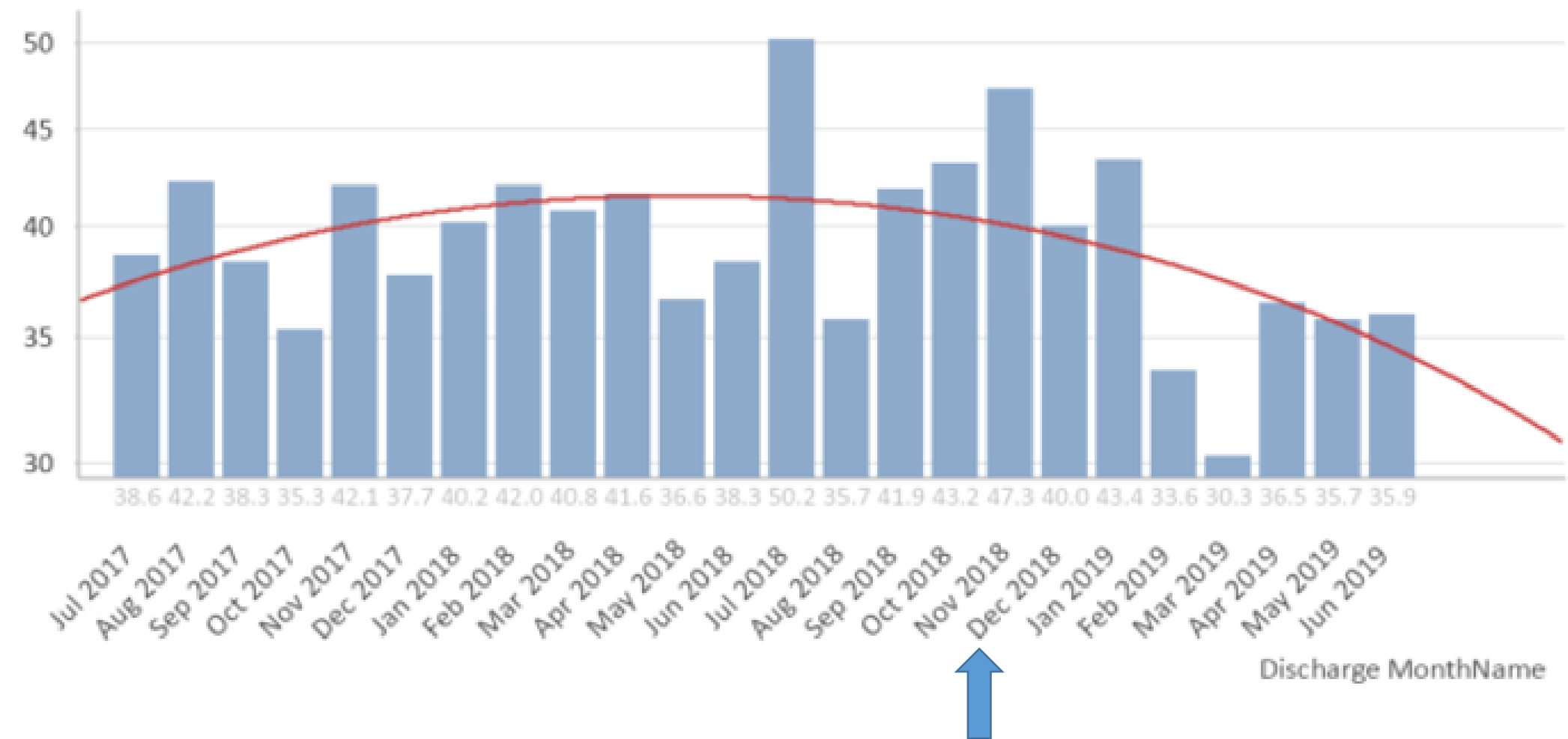
# Observation to Inpatient Conversion Rate – All-Payor: July 2017 – June 2019



# Observation to Inpatient Conversion Rate – Medicare: July 2017 – June 2019



# Observation Average Length of Stay – Medicare: July 2017 – June 2019





**HALIFAX HEALTH MEDICAL CENTER  
SCHEDULE OF USES OF PROPERTY TAXES  
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

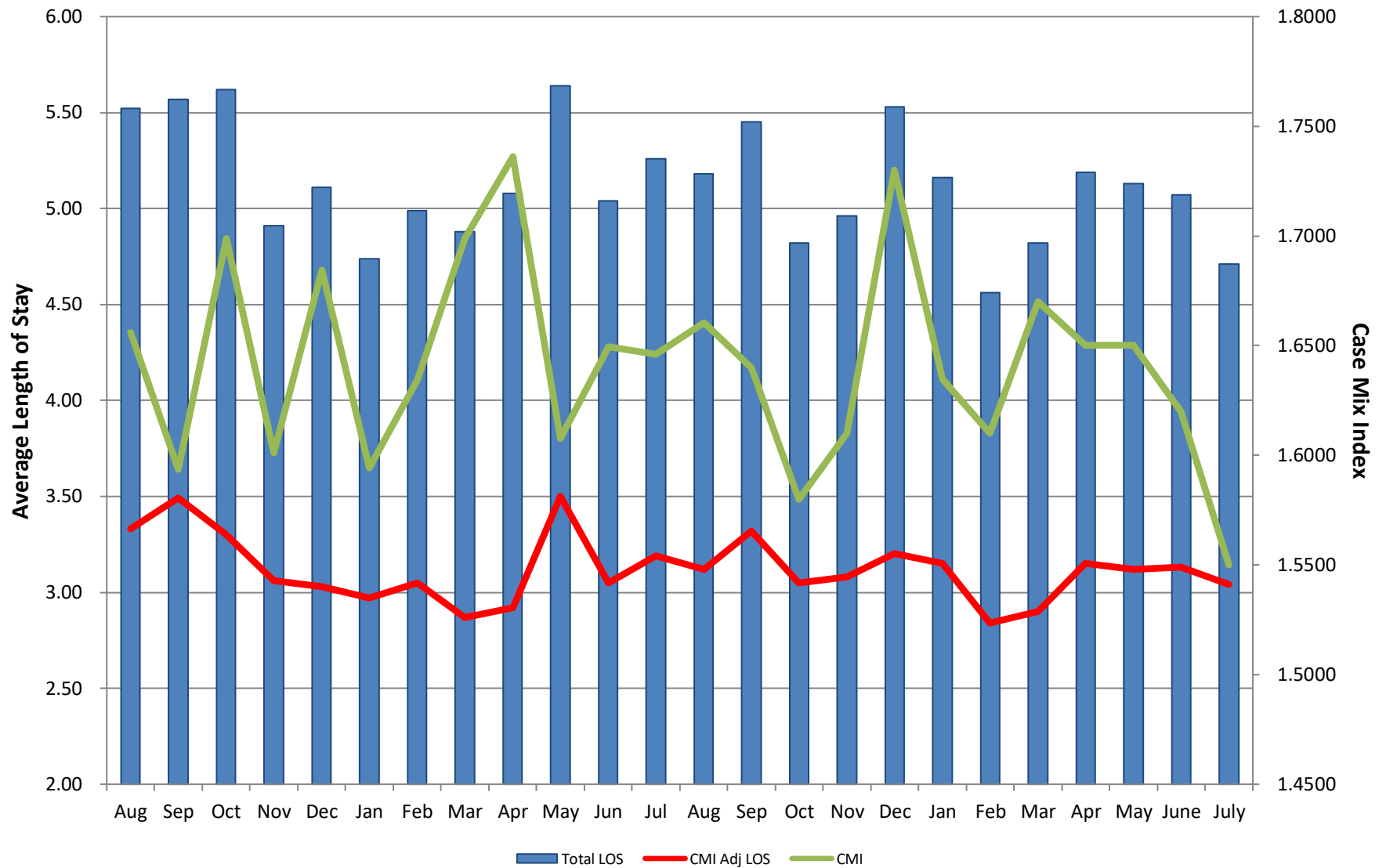
		in mills
Gross property tax levy	\$ 4,597,101	0.3546
Tax discounts and uncollectible taxes	(81,747)	(0.0063)
Net property taxes collected	4,515,354	0.3483
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(153,747)	(0.0119)
Volusia County Medicaid matching assessment	(2,339,091)	(0.1804)
Redevelopment taxes paid to Cities	(240,192)	(0.0185)
Subtotal	(2,733,030)	(0.2108)
Net taxes available for community health, wellness and readiness	1,782,324	0.1375
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(498,836)	(0.0385)
Physician services	(6,431,158)	(0.4961)
Trauma services	(4,374,054)	(0.3374)
Pediatric and neonatal intensive care services	(261,374)	(0.0202)
Child and adolescent behavioral services	(668,188)	(0.0515)
Subtotal	(12,233,610)	(0.9437)
Deficiency of net taxes available to fund hospital operating expenses	(10,451,286)	(0.8062)
Uncompensated care, <i>at cost</i> :		
Halifax Health patients at facilities inside of the Halifax Health tax district	(26,841,979)	(2.0705)
Non-Halifax Health taxing district patients and other write-offs	(14,959,186)	(1.1539)
Subtotal	(41,801,165)	(3.2244)
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, <i>at cost</i>	\$ (52,252,451)	(4.0306)
Proforma tax levy to cover uncompensated care, at cost:		
Gross property tax levy		0.3546
Subsidized uncompensated care costs by operations		4.0306
Equivalent property tax levy expended *		4.3852

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

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

24 Months Ended July 31st, 2019

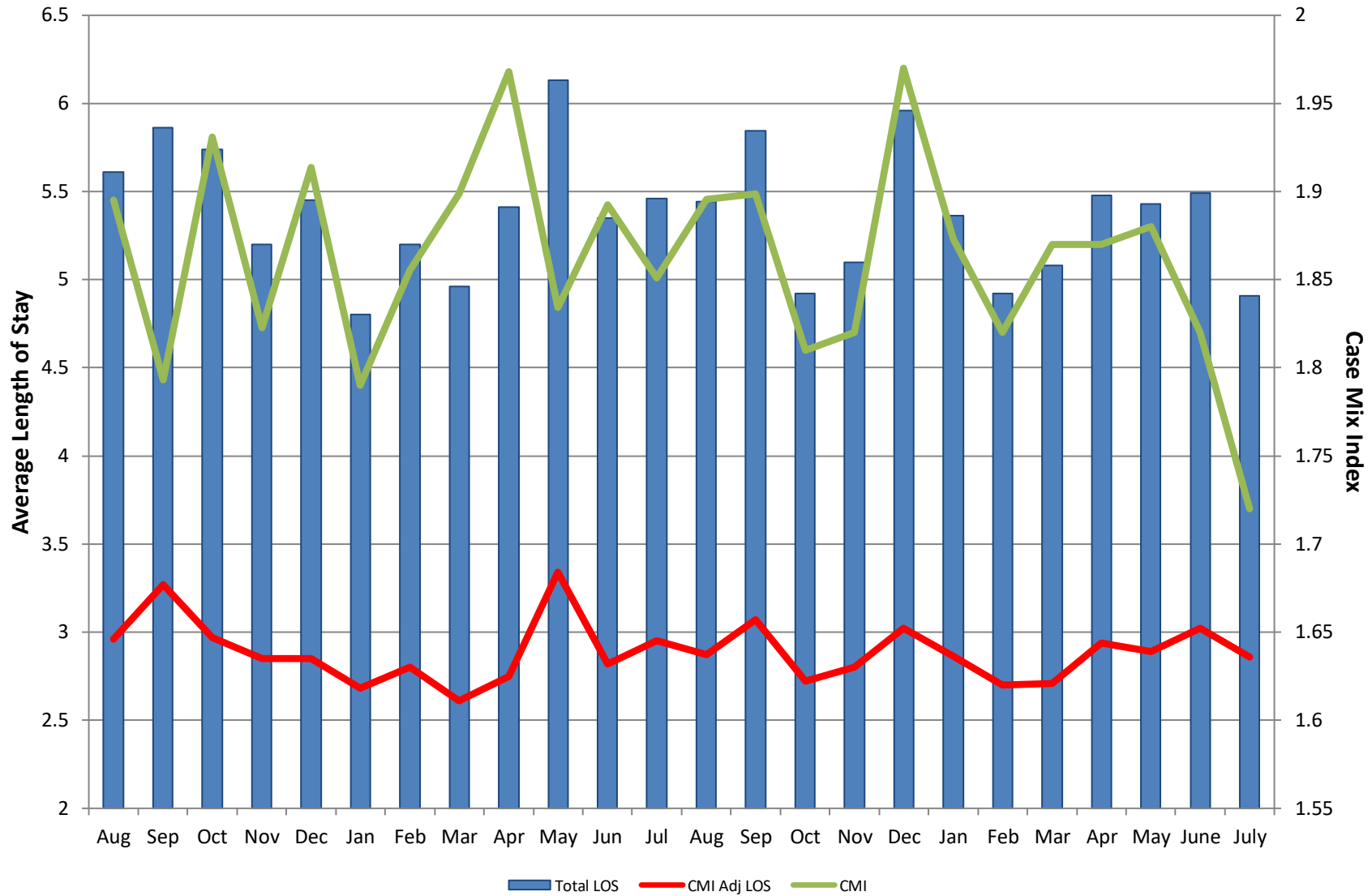
Excludes Newborns and Inpatient Rehabilitation



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

24 Months Ended July 31st, 2019

Excludes Newborns, OB, Psych, and Inpatient Rehabilitation



Market Value: \$114.1 M

## Ending July 31, 2019

Asset Class	Market Value 6/30/19	1 Mo Net Cash Flows	Market Value 7/31/19	% of Portfolio	Policy %	1 Mo	YTD
<b>Total Fund Composite</b>	<b>\$113,822,192</b>	<b>\$0</b>	<b>\$114,091,532</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.2%</b>	<b>1.9%</b>
<b>Fixed Income Composite</b>	<b>\$113,822,192</b>	<b>\$0</b>	<b>\$114,091,532</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.2%</b>	<b>1.9%</b>
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.1%	3.5%
Ponder Short Term Gov't/Credit <i>BBgBarc US Govt/Credit 1-3 Yr. TR</i>	Short-Term Fixed Income	\$25,612,441	\$0	\$25,707,947	22.5%	0.4%	2.8%
						-0.1%	2.6%
Ponder US Treasury <i>BBgBarc US Govt/Credit 1-3 Yr. TR</i>	Short-Term Govt. Fixed Income	\$86,764,179	\$0	\$86,935,799	76.2%	0.2%	1.5%
						-0.1%	2.6%
Vanguard Short-Term Investment Grade <i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>	Short-Term Fixed Income	\$1,445,572	\$0	\$1,447,787	1.3%	0.2%	4.3%
						-0.1%	3.5%

Market Value: \$82.7 M

## Ending July 31, 2019

Asset Class	Market Value 6/30/19	1 Mo Net Cash Flows	Market Value 7/31/19	% of Portfolio	Policy %	1 Mo	YTD
<b>Total Fund Composite</b>	<b>\$89,611,363</b>	<b>-\$7,000,000</b>	<b>\$82,734,621</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.1%</b>	<b>2.6%</b>
<b>Fixed Income Composite</b>	<b>\$89,611,363</b>	<b>-\$7,000,000</b>	<b>\$82,734,621</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.1%</b>	<b>2.6%</b>
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.1%	3.5%
Ponder Short Term Gov't/Credit Short-Term Fixed Income	\$64,193,179	-\$7,000,000	\$57,277,504	69.2%		0.1%	2.0%
<i>BBgBarc US Govt/Credit 1-3 Yr. TR</i>						-0.1%	2.6%
Vanguard Short-Term Investment Grade Short-Term Fixed Income	\$25,418,184	\$0	\$25,457,117	30.8%		0.2%	4.3%
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.1%	3.5%

Market Value: \$76.5 M

Ending July 31, 2019

Asset Class	Market Value 6/30/19	1 Mo Net Cash Flows	Market Value 7/31/19	% of Portfolio	Policy %	1 Mo	YTD
<b>Total Fund Composite</b>	<b>\$76,120,896</b>	<b>\$0</b>	<b>\$76,473,792</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.5%</b>	<b>11.2%</b>
<b>Fixed Income Composite</b>	<b>\$37,546,805</b>	<b>\$0</b>	<b>\$37,642,333</b>	<b>49.2%</b>	<b>40.0%</b>	<b>0.3%</b>	<b>2.3%</b>
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.1%	3.5%
Ponder US Treasury <i>BBgBarc US Govt 1-3 Yr TR</i>	Short-Term Govt. Fixed Income	\$25,881,562	\$0	\$25,959,222	33.9%	0.3%	1.8%
						-0.1%	2.4%
Vanguard Short-Term Investment Grade <i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>	Short-Term Fixed Income	\$11,665,243	\$0	\$11,683,111	15.3%	0.2%	4.3%
						-0.1%	3.5%
<b>U.S. Equity Composite</b>		<b>\$0</b>	<b>\$34,647,320</b>	<b>45.3%</b>	<b>53.0%</b>	<b>1.2%</b>	<b>18.9%</b>
<i>Wilshire 5000 Total Market</i>						1.5%	20.4%
DFA Large Cap Value <i>Russell 1000 Value</i>	Large-Cap Value	\$12,852,720	\$0	\$12,987,193	17.0%	1.0%	15.4%
						0.8%	17.2%
Vanguard Growth Index <i>CRSP US Large Cap Growth TR USD</i>	Large-Cap Growth	\$6,201,999	\$0	\$6,342,032	8.3%	2.3%	25.2%
						2.3%	25.3%
DFA US Small Cap Value <i>Russell 2000 Value</i>	Small-Cap Value	\$5,380,031	\$0	\$5,401,219	7.1%	0.4%	11.0%
						0.2%	13.6%
Vanguard Small Cap Growth Index <i>CRSP US Small Cap Growth TR USD</i>	Small-Cap Growth	\$7,912,428	\$0	\$8,055,687	10.5%	1.8%	26.3%
						1.8%	26.3%
Vanguard Energy Fund <i>S&amp;P 500 Energy</i>	Large-Cap Value	\$1,131,045	\$0	\$1,095,646	1.4%	-3.1%	9.8%
						-1.8%	11.1%
Vanguard Health Care Fund <i>S&amp;P 500 Health Care</i>	Large-Cap Growth	\$763,778	\$0	\$765,544	1.0%	0.2%	7.1%
						-1.6%	6.3%
<b>Non-U.S. Composite</b>		<b>\$0</b>	<b>\$3,712,418</b>	<b>4.9%</b>	<b>7.0%</b>	<b>-3.9%</b>	<b>4.8%</b>
<i>MSCI ACWI ex USA</i>						-1.2%	12.2%
DFA International Value <i>MSCI EAFE Value</i>	Non-U.S. Large-Cap Value	\$1,885,842	\$0	\$1,824,228	2.4%	-3.3%	6.5%
						-2.2%	7.1%
DFA Emerging Markets Value <i>MSCI Emerging Markets Value</i>	Emerging Markets	\$1,975,295	\$0	\$1,888,190	2.5%	-4.4%	2.7%
						-2.7%	6.0%
<b>Cash Composite</b>		<b>\$470,953</b>	<b>\$0</b>	<b>\$471,721</b>	<b>0.6%</b>	<b>--</b>	<b>0.2%</b>
Money Market	Cash & Equivalents	\$470,953	\$0	\$471,721	0.6%	0.2%	1.1%

Ending July 31, 2019

Asset Class		Market Value 6/30/19	1 Mo Net Cash Flows	Market Value 7/31/19	% of Portfolio	Policy %	1 Mo	YTD
Total Fund Composite		\$49,904,417	\$0	\$50,070,739	100.0%	100.0%	0.3%	9.1%
Fixed Income Composite		\$17,433,182	\$0	\$17,435,660	34.8%	40.0%	0.0%	1.7%
BBgBarc US Govt/Credit 1-5 Yr. TR							-0.1%	3.5%
Ponder US Treasury	Short-Term Govt. Fixed Income	\$16,117,255	\$0	\$16,117,716	32.2%		0.0%	1.5%
BBgBarc US Govt 1-3 Yr TR							-0.1%	2.4%
Vanguard Short-Term Investment Grade	Short-Term Fixed Income	\$1,315,928	\$0	\$1,317,943	2.6%		0.2%	4.3%
BBgBarc US Govt/Credit 1-5 Yr. TR							-0.1%	3.5%
U.S. Equity Composite		\$23,451,126	\$0	\$23,702,138	47.3%	53.0%	1.1%	18.0%
Wilshire 5000 Total Market							1.5%	20.4%
DFA Large Cap Value	Large-Cap Value	\$8,930,158	\$0	\$9,023,590	18.0%	20.0%	1.0%	15.4%
Russell 1000 Value							0.8%	17.2%
Vanguard Growth Index	Large-Cap Growth	\$4,159,905	\$0	\$4,253,830	8.5%	10.0%	2.3%	25.2%
CRSP US Large Cap Growth TR USD							2.3%	25.3%
DFA US Small Cap Value	Small-Cap Value	\$4,198,933	\$0	\$4,215,469	8.4%	10.0%	0.4%	11.0%
Russell 2000 Value							0.2%	13.6%
Vanguard Small Cap Growth Index	Small-Cap Growth	\$4,305,570	\$0	\$4,383,525	8.8%	10.0%	1.8%	26.3%
CRSP US Small Cap Growth TR USD							1.8%	26.3%
Vanguard Energy Fund	Large-Cap Value	\$1,045,253	\$0	\$1,012,539	2.0%	1.5%	-3.1%	9.8%
S&P 500 Energy							-1.8%	11.1%
Vanguard Health Care Fund	Large-Cap Growth	\$811,309	\$0	\$813,185	1.6%	1.5%	0.2%	7.1%
S&P 500 Health Care							-1.6%	6.3%
Non-U.S. Composite		\$2,703,544	\$0	\$2,606,072	5.2%	7.0%	-3.6%	5.3%
MSCI ACWI ex USA							-1.2%	12.2%
DFA International Value	Non-U.S. Large-Cap Value	\$1,903,451	\$0	\$1,841,261	3.7%	5.0%	-3.3%	6.5%
MSCI EAFE Value							-2.2%	7.1%
DFA Emerging Markets Value	Emerging Markets	\$800,093	\$0	\$764,811	1.5%	2.0%	-4.4%	2.7%
MSCI Emerging Markets Value							-2.7%	6.0%
Cash Composite		\$6,316,564	\$0	\$6,326,869	12.6%	--	0.2%	1.2%
Ponder Money Market	Cash & Equivalents	\$6,316,564	\$0	\$6,326,869	12.6%		0.2%	1.2%

# Halifax Health Pension Plan

Monthly Update

Market Value: \$280.4 M

Ending July 31, 2019

Asset Class	Market Value 6/30/19	1 Mo Net Cash Flows	Market Value 7/31/19	% of Portfolio	Policy %	1 Mo	YTD
<b>Total Fund Composite</b>	<b>\$282,618,962</b>	<b>-\$1,641,819</b>	<b>\$280,429,669</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.2%</b>	<b>8.2%</b>
<b>Fixed Income Composite</b>	<b>\$109,157,737</b>	<b>\$0</b>	<b>\$109,472,926</b>	<b>39.0%</b>	<b>40.0%</b>	<b>0.3%</b>	<b>1.2%</b>
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.1%	3.5%
Ponder US Treasury	\$100,749,785	\$0	\$101,052,095	36.0%		0.3%	0.9%
<i>BBgBarc US Govt 1-3 Yr TR</i>						-0.1%	2.4%
Vanguard Short-Term Investment Grade	\$8,407,952	\$0	\$8,420,831	3.0%		0.2%	4.3%
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.1%	3.5%
<b>U.S. Equity Composite</b>	<b>\$119,338,301</b>	<b>-\$1,500,000</b>	<b>\$118,711,829</b>	<b>42.3%</b>	<b>40.0%</b>	<b>0.7%</b>	<b>16.3%</b>
<i>Wilshire 5000 Total Market</i>						1.5%	20.4%
DFA Large Cap Value	\$29,749,902	\$0	\$30,061,162	10.7%	10.0%	1.0%	15.4%
<i>Russell 1000 Value</i>						0.8%	17.2%
Vanguard Growth Index	\$17,452,974	\$0	\$17,847,040	6.4%	6.0%	2.3%	25.2%
<i>CRSP US Large Cap Growth TR USD</i>						2.3%	25.3%
DFA US Small Cap Value	\$29,473,760	\$0	\$29,591,386	10.6%	10.0%	0.4%	11.0%
<i>Russell 2000 Value</i>						0.2%	13.6%
Vanguard Small Cap Growth Index	\$19,930,524	-\$1,500,000	\$18,808,587	6.7%	6.0%	1.8%	26.3%
<i>CRSP US Small Cap Growth TR USD</i>						1.8%	26.3%
Vanguard Energy Fund	\$11,307,848	\$0	\$10,953,940	3.9%	4.0%	-3.1%	9.9%
<i>S&amp;P 500 Energy</i>						-1.8%	11.1%
Vanguard Health Care Fund	\$11,423,294	\$0	\$11,449,715	4.1%	4.0%	0.2%	7.1%
<i>S&amp;P 500 Health Care</i>						-1.6%	6.3%
<b>Non-U.S. Composite</b>	<b>\$51,645,029</b>	<b>-\$2,000,000</b>	<b>\$47,906,718</b>	<b>17.1%</b>	<b>20.0%</b>	<b>-3.4%</b>	<b>6.1%</b>
<i>MSCI ACWI ex USA</i>						-1.2%	12.2%
DFA International Value	\$43,061,018	-\$2,000,000	\$39,701,238	14.2%	15.0%	-3.3%	6.5%
<i>MSCI EAFE Value</i>						-2.2%	7.1%
DFA Emerging Markets Value	\$8,584,011	\$0	\$8,205,480	2.9%	5.0%	-4.4%	2.7%
<i>MSCI Emerging Markets Value</i>						-2.7%	6.0%
<b>Cash Composite</b>	<b>\$2,477,894</b>	<b>\$1,858,181</b>	<b>\$4,338,196</b>	<b>1.5%</b>	<b>--</b>	<b>0.1%</b>	<b>1.2%</b>
Money Market	\$2,477,894	\$1,858,181	\$4,338,196	1.5%		0.1%	1.2%



# INFORMATIONAL REPORT

September 2019

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

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
201 Building Renovation Suites 110 and 200	Education Department	Working Capital	\$49,900
Salad Bar for Cafeteria	Food and Nutrition Department	Working Capital	\$49,777
Variable Frequency Drive for Condenser Pump	Facilities and Engineering Department	Working Capital	\$30,057

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

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals  
CC: Edwin Prevatte, MD Designated Institutional Official  
DATE: August 15, 2019  
RE: 201 Building Renovation Suites 110 and 200

---

Halifax Health Medical Education Department is requesting funding to renovate Suite 110 and Suite 200 in the 201 Building on the Halifax Health campus. The renovation will provided the space needed for the relocation of the Care for Women services.

The relocation of these services provides multiple benefits to the patients and the Family Medicine Residency Program. The patients will benefit from the ease of access to services such as outpatient operating rooms for gynecology procedures, OB Diagnostics/Maternal Fetal Medicine specialists, birthing classes, and laboratory services. The Family Medicine Residency program will benefit by increasing the residency's obstetric and gynecology patient base and educational opportunity as well as adding Dr. Greenblum as a faculty member.

The renovations include the construction of built-in work stations in two physician dictation rooms, a nursing station and a large office to house multiple business office personel. The renovation provides more work space, improved workflow and better communication among providers.

The project was approved at the Capital Investment Committee meeting on July 17, 2019.

**TOTAL CAPITAL COSTS    \$49,900**



## Halifax Health Project Evaluation

### 201 Building Renovation Suites 110 and 200

Chief Operating Officer:	Alberto Tineo
MD Designated Institutional Official:	Edwin Prevatte
Finance Analysis by:	Roxanne Edmonds

### Summary

#### Purpose:

This project is to renovate Suite 110 and Suite 200 in the 201 Building of the Halifax Health campus. The renovation will provide the space needed for the relocation of the Care for Women services.

#### Strategic Plan Core Competency Achievement:

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

#### Cornerstone:

Safety	
Compassion	X
Image	X
Efficiency	X

**Investment Request for Approval** **\$49,900**

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Alberto Tineo, Executive Vice President and Chief Operating Officer, Hospitals  
DATE: August 15, 2019  
RE: Salad Bar for Cafeteria

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Halifax Health Food and Nutrition Department is requesting funding to purchase a new salad bar for the main campus cafeteria. The current salad bar is 36 years old.

The new salad bar is larger and will hold more items. The equipment has adjustable glass breath guards and LED lighting. The updated salad bar will enhance the presentation of healthy food choices and improve the appearance of the cafeteria serving area.

The project was approved by the Capital Investment Committee meeting on July 17, 2019.

**TOTAL CAPITAL COST \$49,777**



## Halifax Health Project Evaluation

### Salad Bar for Cafeteria

Chief Operating Officer:  
Manager, Food and Nutrition  
Finance Analysis by:

Alberto Tineo  
Theresa Massie  
Roxanne Edmonds

### Summary

#### Purpose:

This project is to purchase new larger salad bar with adjustable glass breath guards and LED lighting.

#### Strategic Plan Core Competency Achievement:

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

X

#### Cornerstone:

Safety  
Compassion  
Image  
Efficiency

X
X

**Investment Request for Approval** \$49,777

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



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Jacob Nagib, Director, Engineering, Design and Construction  
DATE: August 15, 2019  
RE: Variable Frequency Drive for Condenser Pump

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Halifax Health Facilities and Engineering Department is requesting funding to purchase a variable frequency drive (VFD) for a condenser pump that supports a chiller in the north central energy plant. The existing equipment is 12 years old and beyond its useful life.

The VFD will support the functioning of a chiller that maintains proper climate control throughout clinical areas. The areas include the France Tower, operating rooms and patient rooms.

The project was approved at the Capital Investment Committee meeting on July 17, 2019.

**TOTAL CAPITAL COSTS    \$30,057**



## Halifax Health Project Evaluation

### Variable Frequency Drive for Condenser Pump

Chief Financial Officer:	Eric Peburn
Director:	Jacob Nagib
Manager:	Chad Hutchinson
Finance Analysis by:	Roxanne Edmonds

### Summary

**Purpose:**

This project is to purchase a variable frequency drive for a condenser pump that supports a chiller in the north central energy plant.

**Strategic Plan Core Competency Achievement:**

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

**Cornerstone:**

Safety	X
Compassion	
Image	
Efficiency	X

**Investment Request for Approval** **\$30,057**

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