HALIFAX HEALTH

Board of Commissioners Meeting

January 8, 2018
4:00 p.m. - France Tower
Conference Room A

HALIFAX HEALTH BOARD OF COMMISSIONERS MEETING

303 No. Clyde Morris Boulevard, Daytona Beach, FL
France Tower Conference Room A
4:00 p.m., January 8, 2018

AGENDA

Call to Order
Invocation & Pledge of Allegiance
Roll Call
Mission Statement Page 4

Election of Officers

Approval of Minutes (Action)
- Board of Commissioners Meeting – November 6, 2017 Page 5

Approval of Agenda (Action)

Medical Staff Report – Dan Miles, MD (Action)
- Credentials Committee Actions – November & December 2017 Page 11

Management Report – Jeff Feasel Page 25

Strategic & Community Health Planning Committee – Jeff Feasel Page 30

Audit & Finance Committee Report – Eric Peburn (Information only)
- Audit & Finance Committee Minutes – November 2017 Page 33
- Investment Committee Minutes – August 2017 Page 37
- Investment Performance Report – October & November 2017 Page 39
- Capital Expenditures ($25,000 - $50,000) *(Working Capital)* Page 49
  - Access Control for CIC Oncology - $48,000 Page 50
  - Microdebriders - $46,126 Page 52
  - Hemostasis Analyzers - $45,380 Page 54
  - EMG/Nerve Conducting Ultrasound Unit - $26,876 Page 56
  - Bladder Scanners - $25,245 Page 58

Consent Agenda (Action)
- Appointment of Infection Control Officer – Debra Johnson Page 60
- Financial Statements Ended October 2017 Page 61
- Financial Statements Ended November 2017 Page 85
- HHMC Audited Financial Statements FY Ended Sept. 2017 Page 109
- Halifax Hospice Audited Financial Statements FY Ended Sept. 2017 Page 174
- Capital Expenditures - $50,000 and Over *(Working Capital)* Page 198
  - Data Protection Hardware & Software - $496,641 Page 199
  - Chilled Water Piping Project for Surgical Suites - $463,349 Page 201
  - Chiller for Ormond ROC - $186,532 Page 203
  - Patient Harness System for Inpatient Rehab - $83,315 Page 205
- Disposals – November & December 2017 Page 207
- Resolution – Revenue Bond Series 2018 Issuance Page 209

Old Business (Information Only)
- CIA Dashboard / Update October & November 2017 Page 218
- CIA Resolution (Draft) Page 222

HALIFAX HEALTH BOARD OF COMMISSIONERS MEETING

303 No. Clyde Morris Boulevard, Daytona Beach, FL
France Tower Conference Room A
4:00 p.m., January 8, 2018

AGENDA

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New Business

- Sale of Portion (12.5 Acres) of West Clyde Morris Blvd. - $2,500,000 Page 224
- Amendments to CEO Contract Page 226

Additional Information

- Human Resources Report October & November 2017 Page 233
- Affiliate Minutes Page 235

Public Participation

Presentation(s)

- UF Health / Halifax Health Collaboration Page 238

Next Meetings – March 5, 2018 - France Tower Conf. Room A

- 4:00 p.m. - Regular HH Board Meeting
- Closed Strategic Planning and Litigation meetings to follow (Pursuant to FS 395.3035 & FS 286.001)

Adjourn

OUR MISSION is to be the community healthcare leader through exceptional talent and superior patient centered service delivered in a financially sustainable manner.

OUR VISION is to develop talented teams dedicated to providing competent, accountable patient centered healthcare in a financially sustainable manner.

OUR VALUES:

Halifax Health will cultivate a positive workplace in which each team member is valued, respected, and has an opportunity for personal and professional growth. We will develop patient centered systems of care.

OUR SERVICE PHILOSOPHY:

Halifax Health will ensure that those we serve are treated with courtesy and respect in a safe, compassionate, and professional environment.

Halifax Health will provide exemplary medical, emotional, and spiritual care for each of our patients and their families.

Adopted 7/14/10

HALIFAX HOSPITAL MEDICAL CENTER
BOARD OF COMMISSIONERS MEETING
Held at 303 North Clyde Morris Boulevard, France Tower, Daytona Beach, FL
November 6, 2017

Present:	Ed Connor, Assistant Secretary Dan Francati, Vice Chairman Harold Goodemote, Chairman Carl W. Lentz, M.D., Member Tom McCall, Secretary Glenn Ritchey, Member Susan Schandel, Treasurer
Also Present:	Mary Jo Allen, Executive Director, Halifax Hospice Kent Bailey, Director of Finance Mark Billings, Exec. VP/Chief Operating Officer Jeanne Connelly, Exec. Director, Physician Services Margaret Crossman, MD, Sr. VP/Chief Medical Officer Jeff Feasel, President & Chief Executive Officer Kim Fulcher, VP/Chief Human Resource Officer Vivian Gallo, Sr. VP/General Counsel Bill Griffin, Director, System Research & Planning John Guthrie, Director, Communications Ginny Kwong, MD, VP/Chief Medical Information Officer Arvin Lewis, Sr. VP/Chief Revenue Officer Suzanne Lovelady, Director, Quality & Patient Safety Officer Catherine Luchsinger, Chief Nursing Officer Ann Martorano, Chief Communication Officer Gary Meredith, Director of Operations Dan Miles, MD, President, Medical Staff Steve Miles, MD, Sr. VP/Chief Quality Officer Jacob Nagib, Director, Engineering, Design & Construction Eric Peburn, Exec. VP/Chief Financial Officer Joe Petrock, Executive Director, Halifax Health Foundation Andy Pollock, Chaplain Ed Prevatte, MD, Designated Institutional Officer Raphael Ramirez, Market Development Specialist Shelly Shiflet, VP/Corporate Compliance Officer Keith Sofiak, Quality & Outcomes Date Manager Tom Stafford, VP/Chief Information Officer Debra Trovato, Service Line Administrator, Oncology Tony Trovato, Finance Director, Halifax Hospice Lisa Tyler, Corporate Controller Alberto Tineo, VP Operations Bob Wade, Board Compliance Expert, Barnes & Thornburg, LLP WG Watts, Auxiliary President, Halifax Health Raul Zimmerman, MD, Medical Director, Halifax Hospice Mike Finch, Daytona News Journal

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Chairman Goodemote called the meeting to order at 4:00 p.m. The invocation was given, the Pledge of Allegiance recited, the Mission Statement read, and the roll recorded.

APPROAL OF MINUTES

Discussion: Mr. Goodemote requested approval of the following minutes:

- Board of Commissioners Meeting – September 5, 2017
- Board of Commissioners First Public Hearing – September 5, 2017
- Board of Commissioners Final Public Hearing – September 18, 2017

Action: Dr. Lentz moved to approve minutes as presented. Mr. Francati seconded the motion. Carried unanimously.

APPROVAL OF AGENDA

Action: Mr. Ritchey moved to approve the agenda. Mrs. Schandel seconded the motion. Carried unanimously.

MEDICAL STAFF REPORT

Credentials Committee Actions – September & October, 2017

Discussion: Dr. Miles advised that Nashwa Wahba, DO, Internal Medicine, Associate status, was approved by the Board at the September meeting and was present to satisfy the Board's personal appearance requirement.

Discussion: Dr. Miles requested approval of the following physician applications as recommended by the Credentials Committee (Section A attached):

- Gershwin Cross, MD – Neonatology, Associate
- Kimberly De La Mata, MD – Emergency Medicine – Associate
- Mariano De La Mata, MD – Emergency Medicine – Associate
- Evgeny Goldman, MD – Family Medicine – Associate
- Brittney Lambie, MD – Orthopaedic Surgery – Associate
- Stephanie Vallancourt, DO – Anesthesiology – Associate
- Leslie Williams, MD – Family Medicine – Community Affiliate

Action: Mr. Ritchey moved to approve the above physicians as presented. Mr. Francati seconded the motion. Carried unanimously.

Discussion: Dr. Miles requested approval of Lauren Powell, MD, Family Medicine, Associate status and asked that the personal appearance be waived as Dr. Powell was a Family Medicine Resident and as such has appeared before the board previously.

Action: Mr. Ritchey moved to approve application for Dr. Lauren Powell as presented. Mrs. Schandel seconded the motion. Carried unanimously.

Discussion: Dr. Miles advised that the following physicians were unable to attend and requested approval of these physicians pending future personal appearance before the board:

- John Conboy, MD – Emergency Medicine – Associate
- Uril Greene, MD – Emergency Medicine – Associate
- Ameigh Worley, MD – OB/GYN – Associate
- Philip Dolin, MD – Emergency Medicine - Associate

Action: Mrs. Schandel moved to approve applications for Dr. Conboy, Dr. Greene, Dr. Worley and Dr. Dolan. Mr. Ritchey seconded the motion. Carried unanimously.

Discussion: Dr. Miles advised that Dr. Phillip Dolan joined the meeting and was present to introduce himself to satisfy the personal appearance requirement.

Action: Dr. Lentz moved to approve application of Dr. Phillip Dolan. Mr. Francati seconded the motion. Carried unanimously.

Discussion: Dr. Miles requested approval of applications for following Non-Physician providers (Section B attached):

- Jessica Huckaby, ARNP
- Jeffrey James, CCP
- Holly Mulvey, ARNP
- Ambili Nair, CRNA
- Allison Justice, PA
- Ashley Steblein Pascucci, ARNP

Action: Mrs. Schandel moved to approve Non-Physician providers as presented. Mr. Ritchey seconded the motion. Carried unanimously.

Discussion: Dr. Miles requested approval of following:

- Reappointment Physician Applications (Section C attached)
- Reappointment with Changes (Section D attached)
- Reappointment of Non-Physician Providers (Section E attached)
- Requests for additional Privileges/Deletions/Other (Section F attached)
- Change(s) in Status/Specialty/Privileges (Section G attached)

Action: Dr. Lentz questioned the request to approve Robert Meyers, ARNP, within the areas of Orthopaedic, Colon Rectal and OB/GYN. He moved to approve Mr. Meyers for surgical first Assist credentials in these specialties, but recommended further discussion on full non-surgical ARNP credentials for Mr. Meyers in each specialty. Mr. Ritchey seconded the motion. Carried unanimously. Dr. Miles noted that the non-surgical ARNP credentials and scope of practice issue would be brought back to Credentials Committee for further discussion and clarification.

Action: Mr. Francati moved to approved requests outlined in Sections C, D, E, F and G (attached) as presented. Mrs. Schandel seconded the motion. Carried unanimously.

Discussion: Dr. Miles advised following is provided for information only:

- Resignations (Section H attached)
- Lease of Absence (Section I attached)
- Locum Tenens Physicians (Section J attached)

AUXILIARY REPORT

Discussion: Auxiliary President, WG Watts, provided an update on Auxiliary activities (full report attached).

FOUNDATION REPORT

Discussion: Foundation Executive Director, Joe Petrock, provided an update on Foundation activities (full report attached).

MANAGEMENT REPORT

Discussion: Mr. Feasel reported that Halifax Health would be honoring Veterans on November 10th with a ceremony at the Halifax Veterans Memorial courtyard followed by lunch in the France Tower; and that Halifax Health Hospice will hold its 16th Annual Fall 5K Run & Walk event on November 11th at Port Orange City Center. Additionally, Mr. Feasel presented the Halifax Health Information Technology team with a replica cover page of *Computerworld* which recently named Halifax Health as one of the "Best Places to Work in IT".

Quality Report – Dr. Steve Miles, Suzanne Lovelady and Keith Sofiak provided Quality update for Quarter 3 FY 2017 (full report attached)

Family Medicine Residency Program - Mr. Feasel advised that the residency program continues to present results from their ongoing Quality & patient Safety projects at State and National conferences. Family Practice Residents, Dr. Joshua Grube and Dr. Marcia Newby-Goodman were in attendance to provide an overview on the projects/posters: Improving Patient Telephone Access to Clinic Staff (Dr. Grube), and Female Athlete Triad (Dr. Newby-Goodman).

HKS Presentation – Deltona Hospital – Mr. Carl Beers who provided an update on the Deltona Hospital project, timeline and budget (attached), noting the project budget is just under $105 million. Mr. Beers added that due to recent hurricanes, construction costs are rising.

Mr. Feasel recommended the project to the Halifax Hospital Medical Center Board for approval, stating that the $105 million would paid for by Halifax Management Systems (HMS), Inc. through an intercompany loan from HH Holdings, Inc. to HMS, Inc. for that amount. Mr. Feasel added that staff will bring back an update on the short term and long term financing options as well as the leasing structure between HHMC and HMS at the next Board meeting.

Action: Mr. Ritchey made a motion to approve the $105 million project to be paid for by Halifax Management Systems (HMS), Inc. as presented, understanding the legal risk, authorizing an intercompany loan from HH Holdings, Inc. to HMC of up to $105 million, with the understanding that staff would bring back the short term and long term financing options at the next board meeting. Mr. Ritchey added that purpose of the motion and structure is to allow us to lock in pricing to reduce risk of construction cost increases. Mrs. Schandel seconded the motion. Carried unanimously.

STRATEGIC & COMMUNITY HEALTH PLANNING COMMITTEE

Discussion: None.

AUDIT & FINANCE REPORT

Discussion: Mr. Peburn provided a statistical and financial summary for Halifax Medical Center and Halifax Hospice (full reports attached).

CONSENT AGENDA

Discussion: Mr. Goodemote requested approval of the Consent Agenda, which included following items:

- Healthy Communities Board Appointment
- Audit Services Reports #1-3
- Financial Statements August 2017
- Financial Statements September 2017
- Capital Expenditures $50,000 and Over (working capital)
    - Development of Road & Utility Infrastructure West of Clyde Morris Boulevard - $2,530,000
    - Acquisition of Orthopedic Medical Office - $898,250
    - Gastroenterology Relocation Project - $683,995
    - Surgical Tables - $109,840
    - Urinalysis Analyzer - $99,590
    - Orthopedic Surgical Table - $93,057
- Disposals
    - Capital Disposals – October 2017
    - Sale of Portion of Vacant Lant (11.68 acres) West Clyde Morris Boulevard - $2,336,000
- Banking & Treasury Services with US Bank
- Banking & Treasury Services with Intracoastal Bank

Action: Mr. Ritchey moved to approve the consent agenda as presented. Mr. McCall seconded the motion. Carried unanimously.

OLD BUSINESS

Interlocal Agreement – City of Deltona

Discussion: Mr. Feasel advised that approval of the revised Interlocal Agreement (attached) between Halifax Hospital Medical Center and the City of Deltona is requested in order to continue expanding access to care for residents of Deltona and surrounding communities.

Action: Mrs. Schandel moved to approve the Interlocal Agreement with the City of Deltona as presented. Mr. Francati seconded the motion. Carried unanimously.

HHMC Reimbursement Resolution

Discussion: Mr. Feasel advised that a Reimbursement Resolution for Halifax Hospital Medical Center (attached) has been provided and recommended for Board approval to reimburse HHMC for any expenses that are incurred on the Deltona project.

Action: Mr. Ritchey moved to approve the HHMC Reimbursement Resolution as presented. Mrs. Schandel seconded the motion. Carried unanimously.

CIA Dashboard/Update

Discussion: CIA Dashboards were presented for August & September 2017 as information only.

Action: None.

NEW BUSINESS

Discussion: None.

RECESS

Action: The Halifax Health Board of Commissioners meeting recessed at 5:38pm.

HH Holdings, Inc. Board of Directors meeting was called to order at 5:52pm (*see November 6, 2017 HH Holdings, Inc. minutes)* and adjourned at 5:56pm.

Halifax Health Care System, Inc. (HHCSI) Board of Directors meeting was called to order at 5:56pm *(see November 6, 2017 HHCSI minutes)* and adjourned at 6pm.

Halifax Hospice Board of Directors meeting was called to order at 6pm *(see November 6, 2017 Halifax Hospice minutes)* and adjourned at 6:20pm.

Halifax Health Board of Commissioners meeting reconvened at 6:20pm.

PUBLIC PARTICIPATION

Discussion: None.

NEXT MEETING

Discussion: Mr. Goodemote advised that the next Board of Commissioners meeting will be held on January 8, 2018, at 4pm in France Tower Conf. Room A.

ADJOURN

Discussion: There being no further business, the meeting adjourned at 6:20pm.

_____

Chairman

_____

Secretary

HALIFAX HEALTH

TO: Members of the Board of Commissioners
FROM: Daniel Miles, MD, Medical Staff President
DATE: January 8, 2018
RE: Credentials Committee Actions, November 20, December 18, 2017

The Medical Staff report is attached for the Board's review and approval at the Board of Commissioner's meeting on January 8, 2018.

PHYSICIAN INTRODUCTION: John Conboy, MD, Uril Greene, MD, Ameigh Worley, MD,

BOARD APPROVAL REQUIRED

A. INITIAL APPLICATIONS FOR PHYSICIANS *Action Required (Applicants present should introduce themselves to the BOC prior to a Motion to Approve for each applicant)*
The following practitioners were required to appear before the **Credentials Committee on** November 20, December 18, 2017 and are presented to the Board of Commissioners for approval:

Michael B. Black, MD	Anesthesiology	Associate
Gary E. DeCesare, MD	Plastic & Reconstructive Surgery	Associate
Michael Harrington, MD	General Surgery	Associate
William F. Kendall, Jr. MD	Transplant Surgery	Associate
Jennifer L. Kirkman, MD	Medicine/Family Medicine	Associate
Samuel D. Miller, MD	Family Medicine	Associate
Jessica I. Popelka, DPM	Surgery/Podiatry	Associate
Zachary S. Tyser, MD	OB/GYN	Associate
Karl Unkenholz, MD	Emergency Medicine	Associate
H. Cory Weitzner, MD	Anesthesiology	Associate

RESIDENT AFFILIATE – NO INTERVIEW REQUIRED

Charity Eko, MD	Family Medicine	Resident Affiliate
Benjamin Heyen, MD	Family Medicine	Resident Affiliate
Suresh Kandavanam, MD	Family Medicine	Resident Affiliate
Cory Pollard, MD	Family Medicine	Resident Affiliate
Kara L. Williams, MD	Family Medicine	Resident Affiliate

B. INITIAL APPLICATIONS FOR NON PHYSICIAN PROVIDERS – *Action Required (No appearance required; may propose Motion to Approve for entire group)*

The following practitioners were reviewed and approved by the Credentials Committee on September 18, October 16, 2017 and are presented to the Board of Commissioners for approval:

Allison Allard, ARNP	Physical Medicine/Rehab	Carolyn Geis, MD
Kelsey Bonnette, ARNP	Gastroenterology	Ammar Hemaidan, MD
Timothy D. Gilliard, PA	Neurology	Mandeep Garewal, MD
Angela C. Shepherd, PA/First Assist	Thoracic & Cardiovascular Surgery	Sohit Khanna, MD
Ryan W. Skerbetz, PA	Internal Medicine	Jawed Panja, MD

C. REAPPOINTMENTS AND PRIVILEGE CHANGES – *Action Required (No appearance required; may propose Motion to Approve for entire group)*

REAPPOINTMENT PHYSICIAN APPLICATIONS – ***SEE SECTION (C) OF THE REPORT***
REAPPOINTMENT WITH CHANGES – ***SEE SECTION (D) OF THE REPORT***
REAPPOINTEMENT NPP APPLICATIONS - ***SEE SECTION (E) OF THE REPORT***
REQUESTS FOR ADDITIONAL PRIVILEGES/DELETIONS/OTHER - ***SEE SECTION (F) OF THE REPORT***
CHANGES IN STATUS - ***SEE SECTION (G) OF THE REPORT***

BOARD ENDORSEMENT REQUIRED

D. RESIGNATIONS/LEAVE OF ABSENCE/AUTOMATIC RELINQUISHMENTS – The following practitioners have resigned from the Medical Staff, been granted a Leave of Absence, or have had their privileges automatically relinquished, for the reasons specified below:

Practitioner	Specialty	Status: Reason
Ahuja, Michael, MD	Physical Med/Rehab	Moving to Tampa
Carino-Caidic, Adela, MD	Pediatrics	Retirement
Kelly-Vega, Amy, ARNP	Neonatology	No longer working at HH
Glendye, Danielle, ARNP	Neonatology	No longer working at HH
Glidden-Wood, Angella, MD	Family Medicine	Closing practice
Livingston, Denise, ARNP	General Surgery	LOA
Martin, Kathryn, PA	Family Med/Internal Med	No longer employed by HH
Patel, Sandeep, DDS	Dentistry	No longer wishes to hold privileges
Pedley, Lawrence, PA	Family Med/Internal Med	No longer employed by HH
Pietra, Biagio, MD	Pediatric Cardiology	No longer needs privileges
Stavoy, Thomas, MD	OB/GYN	Retirement
Thek, Kerry, MD	Pedi Gastroenterology	LOA
Wright, Vincent, CRNA	Anesthesiology	No longer working at HH

E. OTHER - None

HALIFAX HEALTH
MEDICAL CENTER

BOARD OF COMMISSIONERS – January 8, 2018
CREDENTIALS COMMITTEE ACTIONS – November 20, December 18, 2017

FOR BOARD ACTION

A. INITIAL PHYSICIAN APPLICATIONS RECOMMENDED FOR APPROVAL
INTERVIEW NOT REQUIRED FOR RESIDENT AFFILIATE

Michael B. Black, MD	Anesthesiology	Associate
Gary E. DeCesare, MD	Plastic & Reconstructive Surgery	Associate
Michael P. Harrington, MD	General Surgery	Associate
William F. Kendall Jr., MD	Transplant Surgery	Associate
Jennifer L. Kirkman, MD	Medicine/Family Medicine	Associate
Samuel D. Miller, MD	Medicine/Family Medicine	Associate
Jessica I. Popelka, DPM	Surgery/Podiatry	Associate
Zachary S. Tyser, MD	OB/GYN	Associate
Karl Unkenholz, MD	Emergency Medicine	Associate
H. Cory Weitzner, MD	Anesthesiology	Associate

Resident Affiliate

Charity Eko, MD	Medicine/ Family Medicine	Resident Affiliate
Benjamin Heyen, MD	Medicine/ Family Medicine	Resident Affiliate
Suresh Kandavanam, MD	Medicine/ Family Medicine	Resident Affiliate
Cory Pollard, MD	Medicine/ Family Medicine	Resident Affiliate
Kara L. Williams, MD	Medicine/ Family Medicine	Resident Affiliate

B. INITIAL NON PHYSICIAN PROVIDERS RECOMMENDED FOR APPROVAL

Allison M. Allard, ARNP	Medicine/ Physical Medicine & Rehab	Employed by Brooks Rehab/Halifax Health
Kelsey Bonnette, ARNP	Gastroenterology	Employed by Ammar Hemaidan, MD
Timothy D. Gilliard, PA	Neurology	Employed by Neurology Associates
Angela C. Shepherd, PA/First Assist	Thoracic & Cardiovascular Surgery	Employed by Halifax Health
Ryan W. Skerbetz, PA	Internal Medicine	Employed by Volusia Hospitalist

C. PHYSICIAN REAPPOINTMENTS RECOMMENDED FOR APPROVAL

Department of Anesthesiology

Thompson, David, MD	Anesthesiology	Active

Department of Emergency Medicine

No reappointments this month

Department of Medicine

Driggers, Wesley, MD	Family Medicine	Active
Khalil, Taher, MD	Cardiology	Active
Khan, Gohar, MD	Family Medicine	Community Affiliate
Kwong, Ginny, MD	Family Medicine	Active
Lacierda, Alfea, MD	Internal Medicine	Active
Purandare, Vinayak, MD	Nephrology	Senior Active
Williams, David, MD	Interventional Cardiology	Senior Active

Department of Obstetrics/Gynecology

No reappointments this month

Department of Oncology

No reappointments this month

Department of Pathology

Green, Thomas, MD	Pathology, Anatomical & Clinical	Active

Department of Pediatrics

Kropf, Paulette, MD	Pediatric Cardiology	Courtesy

Department of Psychiatry

Greer, Richard, MD	Psychiatry, Child & Adolescent	Active

Department of Radiology

No reappointments this month

Department of Surgery

Fulton, Michael, MD	Orthopaedic Surgery	Courtesy Affiliate
Thomas, Shawn, DO	Urology	Active

D. PHYSICIAN REAPPOINTMENTS (*WITH CHANGES)* RECOMMENDED FOR APPROVAL

Denard, Antony, MD (*Associate to Active)*	Surgery	Orthopaedic Surgery
Diab, Fadi, MD (*Associate to Courtesy Affiliate)*	Medicine	Gastroenterology
Eads, Elizabeth, MD *(Active to Courtesy Affiliate)*	Medicine	Family Medicine
Lozano, Rolando, MD*(Active to Courtesy Affiliate)*	Pediatrics	Pediatrics
Makary, Wafik, MD (*Active to Courtesy Affiliate)*	Medicine	Internal Medicine
Malik, Amna, MD (*Associate to Active)*	Medicine	Internal Medicine

E. NON PHYSICIAN PROVIDERS REAPPOINTMENTS RECOMMENDED FOR APPROVAL

Butler, Trenton, PA/First Assist	Todd McCall, MD	Orthopaedic Surgery
Conner, Lori, ARNP	Stephen Viel, MD	Emergency Medicine
Hill, Margaux, PA	Federico Vinas, MD	Neurosurgery
Kenney, Alexandria, EFDA *(functioning as a Dental Assistant)*	Moema Arruda, DMD	Pediatric Dentistry
Kenney-Kersey, Sheri, LPN *(functioning as a Dental Assistant)*	Roger Thayer, DMD	Oral & Maxillofacial Surgery

Knight, Alejandro, CRNA	Derrick Payne, MD	Anesthesiology
Learn, Ronald, CCP	Cary Meyers, MD	Perfusionist
Olsen, Carol, DA *(functioning as a Dental Assistant)*	Roger Thayer, DMD	Oral & Maxillofacial Surgery
Salerno, Rachel, ARNP	Sandra Buchanan, MD	Family Medicine
Self, William, CRNA	Derrick Payne, MD	Anesthesiology
Smart, Donald, CRNA	Derrick Payne, MD	Anesthesiology
Taggart, Jack, CRNA	Derrick Payne, MD	Anesthesiology
Terwilliger, Jacqueline, ARNP	Cary Meyers, MD	Thoracic & Cardiovascular Surgery
Vesely, Catherine, ARNP	Raul Zimmerman, MD	Hospice and Palliative Medicine
Waterman, Jeannine, ARNP	Raul Zimmerman, MD	Hospice and Palliative Medicine

F. REQUEST(S) FOR ADDITIONAL PRIVILEGES / DELETIONS / OTHER RECOMMENDED FOR APPROVAL

Peterson, Vincent, MD	*Request for Rotoblator Coronary Atherectomy, must be proctored for 5 cases,* *Request for Percutaneous closure of ASD/PFO must be proctored for 3 cases*
Wooten, Jessica, ARNP	*Proctoring complete for Cardiac Stress Testing*

G. CHANGE(S) IN STATUS/SPECIALTY/PRIVILEGES RECOMMENDED FOR APPROVAL

Siddharthan, Renuka	Active	LOA – One year	Internal Medicine

FOR INFORMATION ONLY

H. RESIGNATIONS:

Ahuja, Michael, MD *(moving to Tampa)*	Physical Med/Rehab	11/10/2017
Carino-Caidic, Adela, MD *(Retirement)*	Pediatrics	12/31/2017
Kelly-Vega, Amy, ARNP *(no longer working at HH)*	Neonatology	10/21/2017
Glendye, Danielle, ARNP *(no longer working at HH)*	Neonatology	10/21/2017
Glidden-Wood, Angella, MD *(closing practice)*	Family Medicine	09/10/2017
Martin, Kathryn, PA *(no longer employed by HH)*	Family Med/Internal Med	12/02/2017
Patel, Sandeep, DDS *(Reappointment not returned)*	Dentistry	02/01/2018
Pedley, Lawrence, PA *(no longer employed by HH)*	Family Med/Internal Med	12/10/2017
Pietra, Biagio, MD *(no longer needs privileges)*	Pediatric Cardiology	01/08/2018
Stavoy, Thomas, MD *(Retirement)*	OB/GYN	12/31/2017
Wright, Vincent, CRNA *(no longer working at HH)*	Anesthesiology	11/08/2017

I. LEAVE OF ABSENCE:

***For Information Only*:**

Livingston, Denise, ARNP	Surgery
Thek, Kerry, MD	Pediatrics

J. LOCUM TENENS PHYSICIANS:

***For Information Only* - Ongoing Privileges this month:**

Currently providing services

Acevedo, Jorge, MD	Neurosurgery
Fisher, Anton, DO	Psychiatry
Regan, Judith, MD	Psychiatry, Child & Adolescent
Upton, Monique, MD	Psychiatry

Service provided as needed

Casas-Reyes, Carlos, MD	Neurosurgery
Cumberbatch, Gregory, MD	Neurosurgery
Tiesi, James, MD	Neurosurgery
Tran, Nam, MD	Neurosurgery
Liriano, Humberto, MD	Pediatric Critical Care
Lopez, Debra, MD	Pediatric Critical Care

K. OTHER BUSINESS: None

HALIFAX HEALTH MEDICAL CENTER

BOARD OF COMMISSIONERS
NEW PHYSICIAN PROFILES
January 8, 2018
(Credentials Committee November 20, December 18, 2017)

Michael Black, MD
Anesthesiology

Michael Black, MD, is requesting privileges in the Department of Anesthesiology and is in practice with Sheridan Healthcorp, Inc..

Medical Education:
Albert Einstein College of Medicine 08/01/1990 to 07/30/1994
Internship
Yale New Haven Hospital 07/01/1995 to 07/31/1995
Family Medicine/Primary Care
Residency
Yale New Haven Hospital 07/31/1995 to 07/31/1998
Anesthesiology
Board Certification:
American Board of Anesthesiolo

Gary DeCesare, MD
Plastic and Reconstructive Surgery

Gary DeCesare, MD, is requesting privileges in the Department of Surgery and is in practice with Halifax Health Center for Hand Surgery.

Medical Education:
University of South Florida 08/01/2001 to 05/01/2005
Internship
Georgetown University 07/01/2005 to 06/01/2006
General Surgery
Residency
University of California Los Angeles Medical Center 07/01/2012 to 06/01/2015
Plastic and Reconstructive Surgery
Fellowship
University of Miami Medical Center 07/01/2015 to 06/01/2016
Hand Surgery
Board Certification:
American Board of Plastic Surgery - BE

HALIFAX HEALTH MEDICAL CENTER

BOARD OF COMMISSIONERS
NEW PHYSICIAN PROFILES
January 8, 2018
(Credentials Committee November 20, December 18, 2017)

Charity Eko, MD – Resident Affiliate
Family Medicine

Charity Eko, MD, is requesting privileges in the Department of Medicine and is in practice with Center for Family & Sports Medicine.

Medical Education:
University of Kentucky 08/01/2011 to 05/30/2016
Internship
Halifax Health Family Medicine Residency 07/01/2016 to 06/30/2017
Family Medicine
Residency
Halifax Health Family Medicine Residency 07/01/2007 to
Family Medicine
Board Certification:
American Board of Family Medicine - BE

Michael Harrington, MD
General Surgery

Michael Harrington, MD, is requesting privileges in the Department of Surgery and is in solo practice.

Medical Education:
Saint Louis University School of Medicin to 01/01/1974
Residency
University of Missouri 01/01/1975 to 01/01/1978
Fellowship
University Hospitals & Clinics 01/01/1980 to 01/01/1981
Board Certification:
American Board of Surgery, Inc - Surgery

HALIFAX HEALTH MEDICAL CENTER

BOARD OF COMMISSIONERS
NEW PHYSICIAN PROFILES
January 8, 2018
(Credentials Committee November 20, December 18, 2017)

Benjamin Heyen, MD – Resident Affiliate
Family Medicine

Benjamin Heyen, MD, is requesting privileges in the Department of Medicine and is in practice with Center for Family & Sports Medicine.

Medical Education:
The University of Kansas School of Medicine 07/01/2012 to 05/30/2016

Residency
Halifax Health Family Medicine Residency 07/01/2016 to
Family Medicine

Board Certification:
American Board of Family Medicine - BE

Suresh Kandavanam, MD – Resident Affiliate
Family Medicine

Suresh Kandavanam, MD, is requesting privileges in the Department of Medicine and is in practice with Center for Family & Sports Medicine.

Medical Education:
University of Oklahoma College of Medicine 08/01/2012 to 05/31/2016

Residency
Halifax Family Medicine Residency Program 07/01/2016 to 06/30/2019
Family Medicine

Board Certification:
American Board of Family Medicine - BE

HALIFAX HEALTH MEDICAL CENTER

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(Credentials Committee November 20, December 18, 2017)

William Kendall, MD
Transplant Surgery

William Kendall, MD, is requesting privileges in the Department of Surgery and is in practice with Halifax Health - Center for Transplant Services .

Medical Education:
Michigan State Univ Coll of Osteo Medici 08/01/1991 to 06/30/1995
Internship
Michigan State University, Kalamazoo 06/01/1995 to 06/30/1996
General Surgery
Residency
University of North Dakota 10/01/2005 to 06/30/2007
General Surgery
Fellowship
Duke University Medical Center 07/01/1999 to 06/01/2001
Surgical Research
Board Certification:
American Board of Surgery - Surgery

Jennifer Kirkman, MD
Family Medicine

Jennifer Kirkman, MD, is requesting privileges in the Department of Medicine and is in practice with Halifax Health Hospitalists.

Medical Education:
University of Ala Birmingham 08/01/2009 to 06/30/2013
Internship
Duke University 07/01/2013 to 06/30/2014
Internship
Residency
Halifax Family Medicine Residency Program 07/01/2014 to 10/31/2017
Residency
Board Certification:
American Board of Family Medicine - BE

HALIFAX HEALTH MEDICAL CENTER

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(Credentials Committee November 20, December 18, 2017)

Samuel Miller, MD
Family Medicine

Samuel Miller, MD, is requesting privileges in the Department of Medicine and is in practice with Halifax Health Hospitalists.

Medical Education:
Loma Linda University School of Medicine 06/01/2002 to 05/30/2007
Residency
Halifax Health Family Medicine Residency 06/01/2007 to 06/30/2010
Family Medicine
Board Certification:
American Board of Family Medicine - Family Medicine

Cory Pollard, MD – Resident Affiliate
Family Medicine

Cory Pollard, MD, is requesting privileges in the Department of Medicine and is in practice with Center for Family & Sports Medicine.

Medical Education:
University of Florida College of Medicine 08/01/2012 to 05/30/2016
Residency
Halifax Health Family Medical Residency 07/01/2016 to
Family Medicine
Board Certification:
American Board of Family Medicine - BE

HALIFAX HEALTH MEDICAL CENTER

BOARD OF COMMISSIONERS
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(Credentials Committee November 20, December 18, 2017)

Jessica Popelka, DPM
Podiatry

Jessica Popelka, DPM, is requesting privileges in the Department of Surgery and is in practice with Atlantic Podiatry Associates OB.

Medical Education:
Temple University School of Podiatric Medicine 08/01/2009 to 08/31/2013

Residency
University of Florida Health Science Center Jacksonville 06/01/2014 to 06/30/2016
PMSR/RRA Foot & Ankle Surgical Residency

Board Certification:
American Board of Foot and Ankle Surgery - BE

Zachary Tyser, MD
OB/GYN

Zachary Tyser, MD, is requesting privileges in the Department of OB/GYN and is in practice with Halifax OB/GYN Associates.

Medical Education:
Florida State College of Medicine 06/01/2009 to 05/30/2013

Residency
University of South Carolina School Medicine 06/01/2009 to 05/30/2013
Obstetrics & Gynecology

Board Certification:
American Board of Obstetrics and Gynecology - BE

HALIFAX HEALTH MEDICAL CENTER

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(Credentials Committee November 20, December 18, 2017)

Karl Unkenholz, MD
Emergency Services

Karl Unkenholz, MD, is requesting privileges in the Department of Emergency Services and is in practice with Halifax Health Emergency Department of Deltona.

Medical Education:
UMDNJ-New Jersey Medical School 08/01/1990 to 06/01/1994

Residency
SUNY - Stony Brook University 07/01/1994 to 06/30/1997
Emergency Medicine

Board Certification:
American Board of Emergency Medicine - Emergency Medicine

H Cory Weitzner, MD
Anesthesiology

H Cory Weitzner, MD, is requesting privileges in the Department of Anesthesiology and is in practice with Sheridan Healthcorp, Inc..

Medical Education:
St. George's University School Of Medicine 08/01/1997 to 05/17/2002

Internship
St Barnabas Medical Center 07/01/2002 to 06/30/2003

Residency
University of Louisville 07/01/2003 to 06/01/2006
Anesthesiology

Board Certification:
American Board of Anesthesiology - Anesthesiology

HALIFAX HEALTH MEDICAL CENTER

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(Credentials Committee November 20, December 18, 2017)

Kara Williams, MD – Resident Affiliate
Family Medicine

Kara Williams, MD, is requesting privileges in the Department of Medicine and is in practice with Center for Family & Sports Medicine.

Medical Education:
Emory University School of Medicine 07/01/2011 to 05/30/2016

Residency
Halifax Health Family Medicine Residency 07/01/2016 to
Family Medicine

Board Certification:
American Board of Family Medicine – BE

HALIFAX HEALTH

Management Report – Board of Commissioners
January 2018

Presentations

- UF/Halifax Collaboration – Dr. Robert Feezor & Matt Petkus
- 2018 Hospice Compare Quality Data – Dr. Raul Zimmerman

Joint Commission Annual Survey

From November 28th to December 1st, Halifax Health underwent a very successful accreditation survey by the Joint Commission. Approximately every three years, The Joint Commission accredits and certifies nearly 21,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. It also ensures that the Conditions of Participation are being met by healthcare organizations that participate in the Medicare and Medicaid programs through the Centers for Medicare and Medicaid (CMS).

Utilizing team member interviews, document review and on site examination, multiple surveyors examined every aspect of our organization including our acute care facilities as well as our ambulatory facilities, to ensure that the structural, clinical and administrative policies, processes and procedures were in place to provide the highest quality care to our patients. The surveyors were extremely impressed with our organization and every day during the four days they were on site remarked about the high level of quality and engagement of our physicians and team members. This is an extremely focused and intense survey and our success would not have been possible without the continued commitment of our team members to providing the best possible care to our patients.

Joint Commission Primary Stroke Center Survey

On December 8, 2017, The Joint Commission was on site to survey Halifax Health's Primary Stroke Center program. Unlike the three-year comprehensive Joint Commission survey, disease-specific certification demonstrates an organization's commitment to a higher standard of care in specific areas through the use of continuous performance improvement, high quality, evidenced-based patient care and the continuous reduction of risks.

The surveyor examined the entire continuum of care related to stroke patients – from the Emergency Department through discharge – to evaluate three main components of our program – adherence to standards, clinical practice guidelines and performance measurement. Successful adherence to these areas provides a framework for consistency of care which improves patient outcomes. The survey went very well and our Primary Stroke Center was re-certified without reservation. The entire Neurosciences Team is to be congratulated for their hard work and drive to ensure that Halifax Health's Primary Stroke Center continually excels in the quality of care, treatment and services it provides to our community.

Deltona Hospital Groundbreaking

On December 4, Halifax Health hosted a groundbreaking ceremony celebrating the start of construction for Halifax Health Medical Center of Deltona – the West Volusia city's first hospital. The program opened with the presentation of colors by the Deltona High School ROTC. State Representative David Santiago, Volusia County Councilman Fred Lowry, City of Deltona Mayor John Masiarcyzk and Halifax Board Chairman, Harold Goodemote, spoke to the roughly 150 community leaders and members in attendance. Media coverage was strong with stores in three newspapers (News Journal, Hometown News, DeLand Beacon) and one television station (Channel 9).

Deltona Hospital Construction Update (will have updated photos on poster boards)

- 60% construction documents were issued to firm the guaranteed maximum price
- Foundation work for the tower and the central energy plant is in full gear and we should see columns rising up early in 2018
- Major equipment list is in progress
- Communication with AHCA is ongoing with regarding the project timeline and phases of work
- Team is working diligently on the budget final figures by daily evaluation of cost management items

Leadership Academy

The 3rd Annual Leadership Academy will be graduating in January 2018. Fifteen emerging leaders from across the organization were selected to be a part of the Leadership Academy. During the Academy, everyone is a student, not a boss or employee. Halifax Health's emerging leaders have an opportunity to understand the perspective of executive leadership; and likewise, executive leaders learn from Academy members, what their challenges are, along with their ideas and projects within departments and across the organization. Members of the Academy get to know the organization's leadership as well as community leaders who are invited to attend and speak to the group.

This years' experience included hearing from many community leaders who shared their personal leadership journeys and urged greater involvement within the many programs and projects throughout Volusia County, as well as presentations from executive-level leadership here at Halifax Health who brought a big-picture overview of the organization to the academy members. Additionally, the participants engaged in leadership development workshops, participated in roundtable discussions regarding organizational challenges and potential solutions, and took part in several Performance Improvement projects.

- Jaime Bracero – Manager | Pharmacy
- Javier Carbuccia – Accounting Coordinator | Food & Nutritional Services
- Amanda Conn – Director of Nursing | Nursing Administration
- Daniel Elko – Manager | 3rd Floor Med/Surg (PO)
- Thendrix Estrella, MD – Physician | Hospitalists
- Serena Fisher – Manager | Organization & Talent Development
- Cory Fountain – Patient Access Supervisor | HHPO ED Registration
- Dixie Gibbins – Manager | 6 France
- Barbara Gordon – Hospice Operations Manager | Hospice Administration
- Suzanne Lovelady – Director, Quality & Outcomes | Quality Improvement
- Lindsay Martin – Clinical Coordinator | Emergency Department Services
- Kathryn Nagib – Manager of Development | Foundation
- Rik Spelmans – Manager | Rehab Business Services
- Tracy Stafford – Practice Administrator | Ormond Primary Care
- Lisa Viccaro – Manager | Corporate Marketing

The Halifax Health Leadership Academy is an important part of our commitment to Team Member Professional development. Congratulations to each of these Halifax Health emerging leaders for their upcoming graduation on January 12, 2018.

Team Member Engagement Survey

Halifax Health conducted the annual Team Member Engagement Survey from October 23rd through November 15th. The survey results are in and Halifax Health increased in every category: Participation rate, Employee Engagement, Action Planning Readiness, and the Organizational, Manager and Employee Domains.

Participation rate increased from 61% last year to 79% this year. Average response rate for the national benchmark is 74%. Halifax Health not only improved, but surpassed the national healthcare average.

Overall Engagement Score was 3.95, up from 3.92 last year. The Engagement Score is a metric that includes employees' degree of pride in the organization, intent to stay, willingness to recommend to friends and family for care, and overall satisfaction employees feel towards the workplace.

Over the next few months, leadership will receive training as to how to interpret the overall survey results and how to interpret their own leadership results. Action Planning for each department, as well as for the overall organization, will commence in late January.

Radiologic Technology Accreditation

Halifax Medical Center's Radiologic Technology Program is officially recognized by the Joint Review Committee on Education in Radiologic Technology (JRCERT) as an "accredited" radiography program. The program recently underwent a site visit in May 2017. The continuing accreditation status of the program was considered at the November 14, 2017 meeting of the Joint Review Committee on Education in Radiologic Technology. The JRCERT awarded the program accreditation for a five year period. Based on evaluation of a progress report that will be submitted in November 2018, the Board of Directors will maintain or extend accreditation to eight years. Specialized accreditation awarded by the JRCERT offers institutions significant value by providing peer evaluation and assuring the public of quality professional education in the radiologic sciencess
since 1975. It is only NICU in the area that is equipped and ready to care for premature babies

Marketing & Communications Update

December 2: Ormond Beach Family YMCA 5K/10K. This race is part of Halifax Health's 2017 Live Your Life Well race series. lylwseries.com.

December 3: Port Orange Christmas Parade. Halifax Health participated in this holiday event.

December 4: Deltona Hospital Groundbreaking. Halifax Health hosted this groundbreaking ceremony celebrating the start of construction for Halifax Health Medical Center of Deltona – the city's first hospital. State and local officials, as well as representatives from several West Volusia civic groups, were in attendance.

December 6: Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information. Topic: Halifax Health – Behavioral Services

December 7: Speakers and Sneakers Series. This educational program for residents offers free monthly presentations at Halifax Health featuring a wide variety of healthcare topics.

Participants are encouraged to walk their choice of indoor and outdoor trails at Halifax Health after the presentation event. Walking logs are available for participants. A light breakfast is also provided.

December 9: 2017 Light Up Midtown Health Fair. Halifax Health participated in this City of Daytona Beach-sponsored event. Team Members provided attendees information on Halifax Health programs and services, as well as promotional items.

December 9: Bulow Woods Trail Race & Ultra Marathon. This Ormond Beach race is part of Halifax Health's 2017 Live Your Life Well race series. lylwseries.com.

December 13: Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information.

December 14: Winter Wonder Day at The Pavilion at Port Orange. Halifax Health celebrated the holiday season with Winter Wonder Day at The Pavilion at Port Orange. This free event featured a visit from Santa; treats and complimentary stockings for children; face painting; entertainment; and a tree lighting.

December 14: National Day of Remembrance. The Halifax Health - Hospice Traumatic Loss Program in collaboration with the Victims' Services Coalition of the 7th Judicial Circuit annually observe the National Day of Remembrance with a special ceremony in honor of the victims and survivors of homicide and traumatic loss as a way for them to remember, reflect and heal. This year's event was held at Port Orange City Center.

December 20: Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information.

December 23: Holiday Bridge Challenge 5K. This Ormond Beach event is the final race of Halifax Health's 2017 Live Your Life Well race series. lylwseries.com.

December 27: Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information.

November 1. Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information. Topic: Hospice and Palliative Care.

November 1. **Free Car Seat Safety Check**. Halifax Health – Healthy Communities is offering free car seat safety checks the first Wednesday of each month from 1:00 to 3:00 pm at Halifax Health Medical Center, France Tower. This program is presented in conjunction with SafeKids Volusia/Flagler Counties.

November 2. 5th Annual Volusia Flagler Family YMCA Corporate 5K and Dance Party. This event is held annually on City Island in downtown Daytona Beach. It is a part of the 2017 Live Your Life Well Race Series.

November 2. Speakers and Sneakers Series. Each month, Halifax Health Medical Center of Daytona Beach presents this educational program for residents that offers free monthly presentations featuring a wide variety of healthcare topics. Participants are encouraged to walk

their choice of indoor and outdoor trails on the Halifax Health campus after the presentation event. Walking logs are available for participants.

November 4. **City of Port Orange 150th Year Celebration**. Halifax Health is a proud sponsor of this event.

November 8. Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information. Topic: Care At Home.

November 10. Halifax Health Veterans Day Event. Halifax Health will honor Team Members who have served in the U.S. military.

November 11. Halifax Health – Hospice 16th Annual Fall 5K Run & Walk. This annual race event takes place in Port Orange and raises funds for hospice's Family Caregiver Program which plays an integral role in the health of both the patients and their caregivers. This race is part of the Live Your Life Well race series. www.halifaxhealth.org/hospice/5k.

November 12. Deltona Honor & Remember 5K Run/Walk. A part of the Live Your Life Well Series, this race honors and remembers the nation's veterans and first responders. The race starts in Dewey Boster Park in Deltona. www.lylwseries.com.

November 15. Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information. Topic: Diabetes Awareness.

November 22. Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information.

November 29. Halifax Health Live Your Life Well Radio on JOY 106.3 FM. This weekly radio show, hosted by Halifax Health Team Members Rev. John Long and Sharon James, RN, features a variety of healthcare topics and community information. Topic: Holiday Blues/Mental Health and Tree of Remembrance.

November 30. Halifax Health | Brooks Rehabilitation Pediatric Outpatient Clinic Open House. Halifax Health and Brooks Rehabilitation, in collaboration with Easterseals Northeast Central Florida, celebrated the grand opening of the Halifax Health | Brooks Rehabilitation – Pediatric Rehabilitation outpatient clinic, located at 311 North Clyde Morris Boulevard, on the campus of Halifax Health Medical Center of Daytona Beach. The reception, which included tours of the new facility, was attended by representatives from Halifax Health, Brooks Rehabilitation, Easterseals and community organizations.

HALIFAX HEALTH

Legislative Update as of December 20, 2017
Prepared by: Dee Schaeffer

2018 Legislative Session Dates

The 2018 legislature will convene January 9, 2018 and is scheduled to adjourn March 9, 2018.

CONSTITUTION REVISION COMMISSION

Florida's Constitution Revision Commission (CRC) meets every 20 years to review the constitution for relevancy and to develop and review possible amendments to the document. The CRC is comprised of 37 members with 15 members appointed by the Governor; 9 members appointed by the Senate President; 9 members appointed by the Speaker of the House; 3 members appointed by the Chief Justice and the Attorney General is a standing member.

The Commission has received 103 member proposals and 782 proposals from the public. Proposals are assigned to and reviewed by one or more of the ten substantive committees; and, if the proposal is approved, it goes to the full Commission for a vote. If approved by a majority of the members, it goes to the Style and Drafting Committee and returns to the Commission for final approval, for which 22 votes are required. If approved, the proposed amendment is submitted to the Secretary of State for inclusion on the November 2018 general election ballot, for which at least 60% of the voters must vote in favor of the proposal. The deadline for the Commission to complete its work is May 10, 2018.

Commissioners have submitted four proposals that affect healthcare:

Proposal 53, filed by Kruppenbacher (Governor appointee), creates a Patient's Bill of Rights "to ensure patients have access to information related to cost, services and other information needed to make healthcare decisions". Referred to Declaration of Rights Committee.

Proposal 54, also filed by Kruppenbacher, eliminates Certificate of Need for hospitals, nursing homes, hospices and intermediate care facilities. The proposal passed its one committee of reference and will now be heard by the full Commission.

Proposal 69, filed by Rep. Sprowls (Speaker appointee), sunsets all special districts' ability to levy ad valorem taxes; water management districts are exempt. There is a limited exception where debt is involved. Referred to Finance and Tax and Local Government.

Proposal 100, filed by Kruppenbacher, would remove ad valorem tax exemption for any non-profit organization or corporation that paid any non-physician employee more than $300,000 annually. Referred to Finance and Tax; temporarily postponed 12-12-17.

LEGISLATION OF INTEREST

TAXING DISTRICTS/LOCAL GOVERNMENTS

- *HB 7 (Burton):* Establishes requirements for local governments to post certain voting records and financial information on their website.
- *HB 11 (Metz) SB 354 (Stargel):* Requires local governments to maintain certain budget documents on their websites.

HEALTHCARE FACILITIES AND LICENSURE

- *HB 277 (Fitzenhagen):* Repeals of Certificate of Need for hospitals and rehabilitation centers.
- *HB 23 (Renner) SB 250 (Steube):* Expands Ambulatory Surgery stays to 24 hours.
- *HB 23 (Renner)):* Creates a new licensure category for Recovery Care Centers for 72 hour stays.

PHYSICIAN AND WORKFORCE

- *HB 81 (Gonzalez):* Creates new sections in law that would prohibit the Board of Medicine, the Department of Health, healthcare facilities licensed per FS 395 and insurers defined in FS 624 from requiring maintenance of certification or recertification as a condition of licensure, reimbursement, employment or admitting privileges for a physician who has achieved an initial certification.
- *HB 21 (Boyd) SB 458 (Bean):* Requires practitioners to complete specified board-approved continuing education to prescribe controlled substances and limits prescribing of opioids for acute pain in certain circumstances.
- *HB 35 (Grant):* Requires AHCA to develop surveys to assess patient safety culture in hospitals.

INSURANCE

- *HB 19 (Grall) SB 150 Lee:* Repeals Personal Injury Protection (PIP) insurance and replaces it with bodily injury coverage.
- *HB 37 (Burgess) SB 80 (Lee):* Authorizes contracts for Direct Primary Care outside of Department of Insurance regulations.
- *HB 217 (Hager) SB 162 (Steube):* Prohibits health insurers from retroactively denying a claim once patient eligibility has been verified and an authorization number is given.
- *SB 280 (Bean):* Establishes standards of care for telehealth providers and encourages certain insurers to include services provided through telehealth in insurance plans.

MENTAL HEALTH AND SUBSTANCE ABUSE

- *SB 202 (Steube):* Modifies the Baker Act and Marchman Act regulations.
- *SB 270 (Steube):* Authorizes a parent, in lieu of law enforcement, to transport a minor under age 14 to a facility for involuntary examination and requires the examination of the child to begin within 8 hours.
- *HB 2251 (Santiago):* Appropriations request for $750,000 continuation funding for the Child and Adolescent Community Action Team operated by Halifax Behavioral Services. Senator Hukill filed the companion bill in 2017 and is expected to do so again this year.

RED LIGHT CAMERAS

- *HB 6001 (Avila) SB 176 (Hutson:* Repeals local authority and/or overall authority for Red Light cameras.

FLORIDA KIDCARE/CHILDREN'S ISSUES

- *HB 293 (Duran) SB 108 (Campbell):* Establishes a task force within the Department of Health to enhance operational efficiencies in Florida KidCare.
- *HB 115 (Slosberg) SB 92 (Book):* Prohibits the person responsible for a child to leave them unattended in a motor vehicle for any length of time.
- *SB 728 (Perry):* Increases the age for required child restraint/booster seat for a child from age 5 to age 6.

MISCELLANEOUS

- *HB 65 (Roth) SB 978:* Proposed Constitutional Amendment that would increase the percentage of elector votes required to approve an amendment or revision to the Constitution from 60 % to 66 2/3%.

FEDERAL ISSUES

340B Medicare Reductions: Halifax is projected to lose approximately $1.6 million dollars as a result of a Rule recently finalized by the Centers for Medicaid and Medicare Services (CMS) that will go into effect January 2018. America's Essential Hospitals and the American Hospital Association have filed lawsuits alleging CMS over-reached their authority in issuing this Rule and are requesting an immediate moratorium. HR 4392 has also been filed to repeal this provision; and, currently there are 147 bi-partisan co-sponsors.

Medicaid DSH Reductions: Efforts are under way to delay Medicaid DSH reductions that began in October 2017 for another 2 year period. The House has been supportive and included the delay in their "extenders" funding bill.

Child Heath Insurance Program (CHIP): Continuation funding for CHIP/Florida KidCare was also included in the House extenders bill. There is bi-partisan support to fund the program prior to 2018.

Halifax Hospital Medical Center
Audit and Finance Committee Meeting
303 N. Clyde Morris Blvd., France Tower, Conference Room A
Wednesday, November 1, 2017

Present:	Ted Serbousek, Chairman Ammar Hemaidan, MD, Member & Member, Medical Staff Greg Motto, Member Decker Youngman, Member Susan Schandel, Member & Treasurer, Board of Commissioners Daniel Francati, Member & Vice Chairman, Board of Commissioners
Also Present:	Jeff Feasel, President & CEO Eric Peburn, Executive VP/Chief Financial Officer Shelly Shiflet, Chief Compliance Officer Bill Rushton, Director, Internal Audit Kent Bailey, Director of Finance Lisa Tyler, Corporate Controller Bob Wade, Compliance Expert Mark Billings, Executive VP/Chief Operating Officer Arvin Lewis, Senior VP/Chief Revenue Officer Catherine Luchsinger, Chief Nursing Officer Alberto Tineo, Senior VP, Operations Bill Griffin, Director, System Research and Planning Jill Wheelock, Associate General Counsel Mary Jo Allen, Executive Director, Halifax Health Hospice Tony Trovato, Director of Business Operations, Halifax Health Hospice Ben Eby, Director of Finance, Halifax Health Hospice Charlena Kowatch, Deputy Chief Compliance Officer Dee Schaeffer, Government Affairs Officer/Ex. Director, Healthy Communities Bob Williams, Director, Population Health Business Development, Volusia Health Network Michael Marques, Director, Technical Services, Information Technology Nancy Jeffreys, IT Security Risk Manager

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The meeting was called to order at 4:00 p.m. by Ted Serbousek. Attendance was recorded. Chairman Serbousek stated that the first portion of the meeting was exempt from public participation due to the sensitive information presented.

MINUTES

Discussion:	Minutes from the August 30, 2017 Audit & Finance Committee Meeting were reviewed.
Action:	Dr. Hemaidan moved to approve the minutes as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

AUDIT COMMITTEE

CORPORATE COMPLIANCE

Discussion:	Monthly Compliance Program Update Dashboard Ms. Shiflet presented the Compliance Dashboard for the months ended September 2017 and August 2017, referencing no issues in September 2017, but citing the attendance of the Compliance Committee fell short of the 70% or greater internal target in August 2017. Ms. Shiflet and Mr. Peburn reported that as a follow up to previous discussion, the unclaimed property audit case is now closed.
Action:	None required.

INTERNAL AUDIT

Discussion: Mr. Rushton led committee members through the Audit Services Discussion and Analysis presentation. The Summary of Audit Follow-up Report will be brought back to the committee for continued discussion/approval at the next meeting

Action: None required.

FINANCE COMMITTEE

FINANCIAL REPORT

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

Action: Dr. Hemaidan moved to approve the September 2017 and August 2017 Financial Reports and recommends approval by the Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

ACQUISITIONS, LEASES & DISPOSALS

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

Action: None required.

Discussion: Capital Expenditures $50,000 and over

- *Development of Road & Utility Infrastructure, Clyde Morris* *$2,530,000*
- *Acquisition of Orthopedic Medical Office* *$897,715*
- *Gastroenterology (GI) Relocation Project* *$683,995*
- *Phase I Road & Utility Infrastructure, Howland Blvd.* *$430,000*
- *Surgical Tables* *$109,840*
- *Urinalysis Analyzer* *$99,590*
- *Orthopedic Surgical Table* *$93,057*

Action: Mr. Serbousek pulled the Development of Road & Utility Infrastructure capital expenditure totaling $2,530,000 on Clyde Morris Blvd. from the above list for discussion. Following discussion, Mr. Francati moved to approve, subject to Board approval of the sale of the property, the capital expenditure request totaling $2,530,000 and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion. Mr. Serbousek opened the floor for discussion.

Mr. Francati amended his motion to include that contingent on the sale of the land and Board approval, the capital expenditure request totaling $2,530,000 for the development of road & utility infrastructure on Clyde Morris Blvd. be approved and recommends approval by the Board of Commissioners. Mr. Youngman seconded the amended motion and it carried unanimously.

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

Discussion: Disposals

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

Discussion: Disposals - Sale of Portion of Vacant Land West of Clyde Morris Blvd. and Sale of Portion of Deltona Parcel, 120 Howland Blvd.

Action: Mr. Francati moved to approve the above stated vacant land and land parcel 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 report; no action required.

OLD BUSINESS

Discussion: Fitch Ratings Update
Mr. Peburn briefly restated the communication sent electronically to committee members of the bond rating upgrade from Fitch Ratings from "BBB+" to "A-."

Action: None required.

Discussion: Deltona Financing Update
Mr. Peburn provided a Deltona Financing update to the committee, referring members to slide 25 of his presentation (board portal) highlighting the approvals to be requested at the next meetings of the:

- Halifax Hospital Medical Center Board of Commissioners – Approve the Inpatient Hospital Facility in Deltona at a cost of $105 million and overall plan of financing/leasing
- H.H. Holdings, Inc. Board of Directors – Approve a loan to Halifax Management Systems to fund construction of inpatient hospital facility until permanent financing secured (variable interest rate, plus 25 bps - Stage 1 of project financing)

Discussion: Meeting Request Tracker/Checklist
The Center for Rehabilitation Service Line report is now slated for the January 3, 2018 committee meeting.

Action: None required.

NEW BUSINESS

Discussion: Reimbursement Resolutions
Mr. Bailey referred committee members to two reimbursement resolutions (board portal) drafted for the anticipated need to use in the future and to be used for expenses incurred with the acquisition, construction, renovation, equipping and improvement of hospital facilities to include all required support infrastructure and ancillary services for a full service acute care hospital in Deltona.

1. Halifax Hospital Medical Center: to reimburse itself from the proceeds of debt.
2. Halifax Management Systems: to reimburse itself from the proceeds of tax-exempt debt.

Action: Mr. Motto moved to approve the reimbursements resolutions as presented and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Opening of Bank Account with US Bank
Ms. Bailey shared that Halifax Health entered into an agreement with Athenahealth to become the provider for EMR and Practice Management Services. As such, it is recommended to use their relationship with US Bank for deposit purposes to achieve optimum cost and time saving features of their system configurations.

Action: Mr. Motto moved to approve the opening of the bank account with US Bank as presented and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Opening of Bank Account with Intracoastal Bank
Mr. Bailey reported that the Medical Staff is requesting establishing a relationship for banking and treasury services with Intracoastal Bank.

Action: Mr. Motto moved to approve the opening of the bank account with Intracoastal Bank as presented and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: 2018 Meeting Calendar
The 2018 Meeting Calendar was included in the materials.

Action: None required.

INFORMATIONAL REPORTS

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

- *Omnicell Medication Dispensing Cabinet* *$33,214*
- *Vaginal CT/MRI Multi Channel Applicator for Radiation Oncology* *$29,473*
- *Port Orange Care Center HVAC Replacement* *$28,600*
- *Meditech Interface for Laboratory – Blood Glucose Meter* *$25, 350*

Action: None required.

OPEN DISCUSSION

Discussion: None.

NEXT MEETING DATE: Monday, November 13, 2017, 4:00 p.m. – Investment Committee meeting
Wednesday, January 3, 2018, 4:00 p.m. – Regular Committee meeting

ADJOURNMENT

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

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Ted Serbousek, Chairman

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, August 14, 2017

Present:	Ted Serbousek, Chairman & Chairman, Audit & Finance Committee Dan Francati, Member & Member, Audit & Finance Committee & Vice Chairman, Board of Commissioners Dave Graffagnino, Member Greg Motto, Member, Audit & Finance Committee Decker Youngman, Member, Audit & Finance Committee Mike Walsh, Advisor
Via Phone:	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 Leslie Wojcik, Ashford Investments Tom McGuire, Retirement Planners & Administrators, Inc. Jim Charles, Dimensional Fund Advisors Dave Kershner, Dimensional Fund Advisors

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The meeting was called to order at 4:00 p.m. by Ted Serbousek. Mr. Serbousek introduced Mr. McGuire, who is the Halifax Health account representative with Retirement Planners & Administrators, Inc.

Manager Presentation

Discussion: Manager Presentation – Dimensional Fund Advisors
Jim Charles and Dave Kershner from Dimensional Fund Advisors (DFA) were introduced and presented the portfolio update (board portal).

Action: None required.

Minutes

Discussion: Minutes from the May 8, 2017 Investment Committee meeting were reviewed.

Action: Mr. Graffagnino moved to approve the May 8, 2017 Investment Committee minutes as presented. Mr. Youngman seconded the motion and it carried unanimously.

Manager Assessment and Quarterly Review

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

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

Discussion: Mr. Walsh, Ashford Investment Advisors, presented the investment review for the 2nd calendar quarter, ended 6/30/2017.

Action: None required.

Old Business

Discussion: None.

New Business

Discussion: Discuss Investment Allocations
Mr. Walsh reviewed the annual investment allocation review as information only.

Discussion: Annual Investment Policy Review Checklist
Mr. Bailey referred to the policy review checklist, stating that all requirements were reviewed since the last quarter. There are not any changes recommended at this time.

Action: Mr. Graffagnino moved to approve that the Annual Investment Policy Review Checklist. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Annual Investment Policies Review
Mr. Bailey reported that the investment policies of Halifax Hospital Medical Center, H.H. Holdings, Hospice, the Foundation and the Pension Plan were included for review; there are not any changes recommended at this time.

Action: Mr. Graffagnino moved to approve the Annual Investment Policies. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Annual Investment Charter Review
Mr. Bailey reported that the Investment Committee Charter was included for review; there are not any changes recommended at this time.

Action: Mr. Graffagnino moved to approve that the Annual Investment Charter. Mr. Motto seconded the motion and it carried unanimously.

Informational Only

Discussion: Investment Performance Report, June 2017

Action: None required.

Next Meeting: Monday, November 13, 2017, 4 p.m. – Regular scheduled meeting

Open Discussion

Discussion: None.

Adjournment

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Ted Serbousek

Halifax Health
Investment Manager Performance Report - through October 31, 2017

		October Performance	Calendar YTD	Calendar 2016	Fiscal Year
Fixed Income					
VFSIX - Vangaurd Short-Term Investment Gr.	Perf	0.16%	2.37%	2.85%	0.16%
	BMK	-0.04%	1.54%	1.56%	-0.04%
VSGDX - Vanguard Short-Term Federal	Perf	0.03%	1.02%	1.24%	0.03%
	BMK	-0.10%	0.99%	1.02%	-0.10%
Ponder Short-term Government/Corporate	Perf	0.06%	1.75%	1.95%	0.06%
	BMK	-0.04%	1.54%	1.56%	-0.04%
Ponder US Treasury Account	Perf	0.06%	0.68%	0.30%	0.06%
	BMK	-0.10%	0.99%	-0.44%	-0.10%
Ponder Short-Term Government	Perf	0.02%	1.12%	0.88%	0.02%
	BMK	-0.10%	0.99%	1.02%	-0.10%
Weighted Composite	**Perf**	**0.12%**	**1.87%**	**1.99%**	**0.12%**
	BMK	**-0.06%**	**1.38%**	**1.07%**	**-0.06%**
Equities					
DFSVX - DFA Small Cap Value	Perf	0.96%	4.95%	28.26%	0.96%
	BMK	0.13%	5.81%	31.74%	0.13%
DFLVX - DFA Large Cap Value	Perf	1.44%	12.29%	18.89%	1.44%
	BMK	0.73%	8.70%	17.34%	0.73%
DFIVX - DFA International Value	Perf	1.79%	21.73%	8.41%	1.79%
	BMK	1.37%	20.79%	2.75%	1.37%
DFEVX - DFA Emerging Markets	Perf	3.55%	28.36%	19.84%	3.55%
	BMK	3.51%	32.26%	11.19%	3.51%
VGELX - Vanguard Energy	Perf	0.90%	-2.12%	33.18%	0.90%
	BMK	0.95%	0.91%	27.66%	0.95%
VENAX - Vanguard Energy Index	Perf	-0.96%	-9.17%	28.94%	-0.96%
	BMK	0.95%	0.91%	27.66%	0.95%
VIGIX -Vanguard Large-Cap Growth	Perf	2.87%	23.77%	6.13%	2.87%
	BMK	3.87%	25.40%	7.08%	3.87%
VGHAX - Vanguard Health Care	Perf	-1.69%	16.99%	-8.94%	-1.69%
	BMK	-1.11%	17.32%	-6.83%	-1.11%
VSGIX - Vanguard Small-Cap Growth	Perf	2.37%	18.03%	10.74%	2.37%
	BMK	1.55%	18.62%	11.32%	1.55%
Weighted Composite	**Perf**	**1.62%**	**15.56%**	**15.17%**	**1.62%**
	BMK	**1.36%**	**15.66%**	**13.82%**	**1.36%**

Halifax Health

Investment Manager Performance Report - through October 31, 2017

		Invested Balance	October Performance		Calendar YTD	Fiscal YTD
HH Holdings						
VFSIX - Vanguard Short-Term Invest Grade	$	53,834,797	Perf	0.16%	2.37%	0.16%
			BMK	-0.04%	1.54%	-0.04%
Ponder Short-Term Gov't/Corporate		32,205,357	Perf	0.06%	1.75%	0.06%
			BMK	-0.04%	1.54%	-0.04%
Ponder US Treasury Account		73,749,756	Perf	0.06%	0.68%	0.06%
			BMK	-0.10%	0.99%	-0.10%
Total HH Holdings	$	159,789,910	Composite	**0.09%**	**1.47%**	**0.09%**
			Budget			0.08%
HHMC						
Ponder Short-Term Government	$	42,426,305	Perf	0.02%	1.12%	0.02%
			BMK	-0.10%	0.99%	-0.10%
VSGDX - Vanguard Short-Term Federal		64,649	Perf	0.03%	1.02%	0.03%
			BMK	-0.10%	0.99%	-0.10%
Wells Fargo Halifax Hospital Trust		546,682	Perf	0.08%	0.57%	0.08%
			BMK	-0.10%	0.99%	-0.10%
Total HHMC	$	43,037,636	Composite	**0.02%**	**1.11%**	**0.02%**
			Budget			0.08%

Halifax Health

Investment Manager Performance Report - through October 31, 2017

		Invested Balance	October Performance		Calendar YTD	Fiscal YTD
Foundation						
VFSIX - Vanguard Short-Term Invest Grade	$	23,101,679	Perf	0.16%	2.37%	0.16%
			BMK	-0.04%	1.54%	-0.04%
DFSVX - DFA Small Cap Value		3,802,789	Perf	0.96%	4.95%	0.96%
			BMK	0.13%	5.81%	0.13%
DFIVX - DFA International Value		2,023,721	Perf	1.79%	21.73%	1.79%
			BMK	1.37%	20.79%	1.37%
DFEVX - DFA Emerging Markets		811,282	Perf	3.55%	28.36%	3.55%
			BMK	3.51%	32.26%	3.51%
DFLVX - DFA Large Cap Value		8,352,669	Perf	1.44%	12.29%	1.44%
			BMK	0.73%	8.70%	0.73%
VGELX - Vanguard Energy		480,243	Perf	0.90%	-2.12%	0.90%
			BMK	0.95%	0.91%	0.95%
VENAX - Vanguard Energy Index		212,448	Perf	-0.96%	-9.17%	-0.96%
			BMK	0.95%	0.91%	0.95%
VIGIX -Vanguard Large-Cap Growth		4,313,379	Perf	2.87%	23.77%	2.87%
			BMK	3.87%	25.40%	3.87%
VGHAX - Vanguard Health Care		732,853	Perf	-1.69%	16.99%	-1.69%
			BMK	-1.11%	17.32%	-1.11%
VSGIX - Vanguard Small-Cap Growth		4,050,481	Perf	2.37%	18.03%	2.37%
			BMK	1.55%	18.62%	1.55%
Total Foundation	$	47,881,544	Composite	**0.98%**	**8.94%**	**0.98%**
			Budget			0.29%

Halifax Health

Investment Manager Performance Report - through October 31, 2017

		Invested Balance	October Performance		Calendar YTD	Fiscal YTD
Hospice						
VFSIX - Vanguard Short-Term Invest Grade	$	34,249,588	Perf	0.16%	2.37%	0.16%
			BMK	-0.04%	1.54%	-0.04%
DFSVX - DFA Small Cap Value		5,908,340	Perf	0.96%	4.95%	0.96%
			BMK	0.13%	5.81%	0.13%
DFIVX - DFA International Value		3,524,394	Perf	1.79%	21.73%	1.79%
			BMK	1.37%	20.79%	1.37%
DFEVX - DFA Emerging Markets		1,449,880	Perf	3.55%	28.36%	3.55%
			BMK	3.51%	32.26%	3.51%
DFLVX - DFA Large Cap Value		11,834,798	Perf	1.44%	12.29%	1.44%
			BMK	0.73%	8.70%	0.73%
VGELX - Vanguard Energy		106,119	Perf	0.90%	-2.12%	0.90%
			BMK	0.95%	0.91%	0.95%
VENAX - Vanguard Energy Index		566,246	Perf	-0.96%	-9.17%	-0.96%
			BMK	0.95%	0.91%	0.95%
VIGIX -Vanguard Large-Cap Growth		5,775,209	Perf	2.87%	23.77%	2.87%
			BMK	3.87%	25.40%	3.87%
VGHAX - Vanguard Health Care		637,241	Perf	-1.69%	16.99%	-1.69%
			BMK	-1.11%	17.32%	-1.11%
VSGIX - Vanguard Small-Cap Growth		5,643,887	Perf	2.37%	18.03%	2.37%
			BMK	1.55%	18.62%	1.55%
Total Hospice	$	69,695,702	Composite	**0.98%**	**8.87%**	**0.98%**
			Budget			0.29%

Halifax Health

Investment Manager Performance Report - through October 31, 2017

		Invested Balance	October Performance		Calendar YTD	Fiscal YTD
Pension						
VFSIX - Vanguard Short-Term Invest Grade	$	132,527,891	Perf	0.16%	2.37%	0.16%
			BMK	-0.04%	1.54%	-0.04%
DFSVX - DFA Small Cap Value		21,704,634	Perf	0.96%	4.95%	0.96%
			BMK	0.13%	5.81%	0.13%
DFIVX - DFA International Value		34,585,693	Perf	1.79%	21.73%	1.79%
			BMK	1.37%	20.79%	1.37%
DFEVX - DFA Emerging Markets		11,566,306	Perf	3.55%	28.36%	3.55%
			BMK	3.51%	32.26%	3.51%
DFLVX - DFA Large Cap Value		21,708,973	Perf	1.44%	12.29%	1.44%
			BMK	0.73%	8.70%	0.73%
VGELX - Vanguard Energy		4,428,445	Perf	0.90%	-2.12%	0.90%
			BMK	0.95%	0.91%	0.95%
VENAX - Vanguard Energy Index		4,731,550	Perf	-0.96%	-9.17%	-0.96%
			BMK	0.95%	0.91%	0.95%
VIGIX -Vanguard Large-Cap Growth		13,913,701	Perf	2.87%	23.77%	2.87%
			BMK	3.87%	25.40%	3.87%
VGHAX - Vanguard Health Care		9,289,389	Perf	-1.69%	16.99%	-1.69%
			BMK	-1.11%	17.32%	-1.11%
VSGIX - Vanguard Small-Cap Growth		13,875,376	Perf	2.37%	18.03%	2.37%
			BMK	1.55%	18.62%	1.55%
Wells Fargo Cash		18,728,732				
Wells Fargo Money Market		1,984				
Total Pension	$	287,062,674	Composite	**0.81%**	**8.55%**	**0.81%**
			Budget			0.56%
Total Halifax Health, including Pension	**$**	**607,467,466**				
Total Halifax Health, excluding Pension	**$**	**320,404,792**				

Halifax Health

Investment Manager Performance Report - through November 30, 2017

		November Performance	Calendar YTD	Calendar 2016	Fiscal Year
Fixed Income					
VFSIX - Vangaurd Short-Term Investment Gr.	Perf	-0.12%	2.15%	2.85%	0.04%
	BMK	-0.29%	1.24%	1.56%	-0.33%
VSGDX - Vanguard Short-Term Federal	Perf	-0.25%	0.76%	1.24%	-0.22%
	BMK	-0.29%	0.70%	1.02%	-0.39%
Ponder Short-term Government/Corporate	Perf	-0.15%	1.60%	1.95%	-0.09%
	BMK	-0.29%	1.24%	1.56%	-0.33%
Ponder US Treasury Account	Perf	0.06%	0.74%	0.30%	0.12%
	BMK	-0.29%	0..70%	-0.44%	-0.39%
Ponder Short-Term Government	Perf	-0.09%	1.12%	0.88%	-0.07%
	BMK	-0.29%	0.70%	1.02%	-0.39%
Weighted Composite	**Perf**	**-0.09%**	**1.73%**	**1.99%**	**0.03%**
	BMK	**-0.29%**	**1.08%**	**1.07%**	**-0.35%**
Equities					
DFSVX - DFA Small Cap Value	Perf	2.12%	7.18%	28.26%	3.10%
	BMK	2.89%	8.88%	31.74%	3.02%
DFLVX - DFA Large Cap Value	Perf	2.22%	18.07%	18.89%	3.87%
	BMK	2.25%	18.18%	17.34%	3.62%
DFIVX - DFA International Value	Perf	0.95%	22.89%	8.41%	2.76%
	BMK	1.01%	22.01%	2.75%	2.39%
DFEVX - DFA Emerging Markets	Perf	0.49%	28.99%	19.84%	4.06%
	BMK	0.20%	32.53%	11.19%	3.72%
VGELX - Vanguard Energy	Perf	1.52%	-0.63%	33.18%	2.43%
	BMK	1.09%	2.01%	27.66%	2.05%
VENAX - Vanguard Energy Index	Perf	2.12%	-7.24%	28.94%	1.14%
	BMK	1.09%	2.01%	27.66%	2.05%
VIGIX -Vanguard Large-Cap Growth	Perf	2.52%	26.89%	6.13%	5.46%
	BMK	3.04%	29.21%	7.08%	7.03%
VGHAX - Vanguard Health Care	Perf	2.09%	19.43%	-8.94%	0.36%
	BMK	2.25%	19.97%	-6.83%	1.12%
VSGIX - Vanguard Small-Cap Growth	Perf	3.02%	21.60%	10.74%	5.46%
	BMK	2.87%	22.03%	11.32%	4.46%
Weighted Composite	**Perf**	**2.22%**	**18.07%**	**15.17%**	**3.87%**
	BMK	**2.25%**	**18.18%**	**13.82%**	**3.62%**

Halifax Health

Investment Manager Performance Report - through November 30, 2017

		Invested Balance	November Performance		Calendar YTD	Fiscal YTD
HH Holdings						
VFSIX - Vanguard Short-Term Invest Grade	$	53,721,069	Perf	-0.12%	2.15%	0.04%
			BMK	-0.29%	1.24%	-0.33%
Ponder Short-Term Gov't/Corporate		32,150,113	Perf	-0.15%	1.60%	-0.09%
			BMK	-0.29%	1.24%	-0.33%
Ponder US Treasury Account		73,792,762	Perf	0.06%	0.74%	0.12%
			BMK	-0.29%	0.70%	-0.39%
Total HH Holdings	$	159,663,944	Composite	**-0.04%**	**1.39%**	**0.05%**
			Budget			0.17%
HHMC						
Ponder Short-Term Government	$	42,386,480	Perf	-0.09%	1.12%	-0.07%
			BMK	-0.29%	0.70%	-0.39%
VSGDX - Vanguard Short-Term Federal		64,486	Perf	-0.25%	0.76%	-0.22%
			BMK	-0.29%	0.70%	-0.39%
Wells Fargo Halifax Hospital Trust		542,096	Perf	0.08%	0.65%	0.16%
			BMK	-0.29%	0.70%	-0.39%
Total HHMC	$	42,993,062	Composite	**0.09%**	**1.11%**	**-0.07%**
			Budget			0.17%

Halifax Health

Investment Manager Performance Report - through November 30, 2017

		Invested Balance	November Performance		Calendar YTD	Fiscal YTD
Foundation						
VFSIX - Vanguard Short-Term Invest Grade	$	23,052,876	Perf	-0.12%	2.15%	0.04%
			BMK	-0.29%	1.24%	-0.33%
DFSVX - DFA Small Cap Value		3,883,575	Perf	2.12%	7.18%	3.10%
			BMK	2.89%	8.88%	3.02%
DFIVX - DFA International Value		2,043,004	Perf	0.95%	22.89%	2.76%
			BMK	1.01%	22.01%	2.39%
DFEVX - DFA Emerging Markets		815,295	Perf	0.49%	28.99%	4.06%
			BMK	0.20%	32.53%	3.72%
DFLVX - DFA Large Cap Value		8,649,443	Perf	3.55%	16.28%	5.04%
			BMK	3.06%	12.03%	3.81%
VGELX - Vanguard Energy		487,556	Perf	1.52%	-0.63%	2.43%
			BMK	1.09%	2.01%	2.05%
VENAX - Vanguard Energy Index		216,947	Perf	2.12%	-7.24%	1.14%
			BMK	1.09%	2.01%	2.05%
VIGIX -Vanguard Large-Cap Growth		4,421,980	Perf	2.52%	26.89%	5.46%
			BMK	3.04%	29.21%	7.03%
VGHAX - Vanguard Health Care		748,141	Perf	2.09%	19.43%	0.36%
			BMK	2.25%	19.97%	1.12%
VSGIX - Vanguard Small-Cap Growth		4,172,943	Perf	3.02%	21.60%	5.46%
			BMK	2.87%	22.03%	4.46%
Total Foundation	$	48,491,760	Composite	**1.34%**	**10.52%**	**2.35%**
			Budget			0.58%

Halifax Health

Investment Manager Performance Report - through November 30, 2017

		Invested Balance	November Performance		Calendar YTD	Fiscal YTD
Hospice						
VFSIX - Vanguard Short-Term Invest Grade	$	34,177,235	Perf	-0.12%	2.15%	0.04%
			BMK	-0.29%	1.24%	-0.33%
DFSVX - DFA Small Cap Value		6,033,856	Perf	2.12%	7.18%	3.10%
			BMK	2.89%	8.88%	3.02%
DFIVX - DFA International Value		3,557,976	Perf	0.95%	22.89%	2.76%
			BMK	1.01%	22.01%	2.39%
DFEVX - DFA Emerging Markets		1,457,053	Perf	0.49%	28.99%	4.06%
			BMK	0.20%	32.53%	3.72%
DFLVX - DFA Large Cap Value		12,255,293	Perf	3.55%	16.28%	5.04%
			BMK	3.06%	12.03%	3.81%
VGELX - Vanguard Energy		107,735	Perf	1.52%	-0.63%	2.43%
			BMK	1.09%	2.01%	2.05%
VENAX - Vanguard Energy Index		578,236	Perf	2.12%	-7.24%	1.14%
			BMK	1.09%	2.01%	2.05%
VIGIX -Vanguard Large-Cap Growth		5,920,616	Perf	2.52%	26.89%	5.46%
			BMK	3.04%	29.21%	7.03%
VGHAX - Vanguard Health Care		650,535	Perf	2.09%	19.43%	0.36%
			BMK	2.25%	19.97%	1.12%
VSGIX - Vanguard Small-Cap Growth		5,814,525	Perf	3.02%	21.60%	5.46%
			BMK	2.87%	22.03%	4.46%
Total Hospice	$	70,553,060	Composite	**1.30%**	**10.39%**	**2.31%**
			Budget			0.58%

Halifax Health

Investment Manager Performance Report - through November 30, 2017

		Invested Balance	November Performance		Calendar YTD	Fiscal YTD
Pension						
VFSIX - Vanguard Short-Term Invest Grade	$	132,247,922	Perf	-0.12%	2.15%	0.04%
			BMK	-0.29%	1.24%	-0.33%
DFSVX - DFA Small Cap Value		22,165,725	Perf	2.12%	7.18%	3.10%
			BMK	2.89%	8.88%	3.02%
DFIVX - DFA International Value		34,915,246	Perf	0.95%	22.89%	2.76%
			BMK	1.01%	22.01%	2.39%
DFEVX - DFA Emerging Markets		11,623,527	Perf	0.49%	28.99%	4.06%
			BMK	0.20%	32.53%	3.72%
DFLVX - DFA Large Cap Value		22,480,301	Perf	3.55%	16.28%	5.04%
			BMK	3.06%	12.03%	3.81%
VGELX - Vanguard Energy		4,495,883	Perf	1.52%	-0.63%	2.43%
			BMK	1.09%	2.01%	2.05%
VENAX - Vanguard Energy Index		4,831,743	Perf	2.12%	-7.24%	1.14%
			BMK	1.09%	2.01%	2.05%
VIGIX -Vanguard Large-Cap Growth		14,264,017	Perf	2.52%	26.89%	5.46%
			BMK	3.04%	29.21%	7.03%
VGHAX - Vanguard Health Care		9,483,180	Perf	2.09%	19.43%	0.36%
			BMK	2.25%	19.97%	1.12%
VSGIX - Vanguard Small-Cap Growth		14,294,886	Perf	3.02%	21.60%	5.46%
			BMK	2.87%	22.03%	4.46%
Wells Fargo Cash		16,923,515				
Wells Fargo Money Market		1,985				
Total Pension	$	287,727,930	Composite	**0.92%**	**9.68%**	**1.76%**
			Budget			1.13%
Total Halifax Health, including Pension	**$**	**609,429,756**				
Total Halifax Health, excluding Pension	**$**	**321,701,826**				

INFORMATIONAL REPORT
January 3, 2018

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

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Access Control for Cardiac Intermediate Care Oncology	Cardiac Intermediate Care (CIC) Oncology	Working Capital	$48,000
Microdebriders	Surgical Services	Working Capital	$46,126
Hemostasis Analyzers	Surgical Services	Working Capital	$45,380
EMG/Nerve Conducting Ultrasound Unit	Halifax Health/Brooks Rehabilitation Physician Practice	Working Capital	$26,876
Bladder Scanners	Nursing Administration	Working Capital	$25,245

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: Mark Billings, Executive Vice President and Chief Operating Officer
CC: Catherine Luchsinger, RN, Chief Nursing Officer
Eric Peburn, Executive Vice President and Chief Financial Officer
DATE: December 14, 2017
RE: Access Control for Cardiac Intermediate Care Oncology

Halifax Health Cardiac Intermediate Care (CIC) Oncology is requesting funds to purchase and install two doors with access control badge readers.

The access control doors will limit traffic on the 2-Central Oncology Unit in the Fountain Building. The limited access will help to provide patient privacy and maintain infection control for oncology patients who are immunocompromised.

The project was approved at the Capital Investment Committee meeting on November 15, 2017.

TOTAL CAPITAL COSTS **$48,000**

Halifax Health

Project Evaluation

Access Control for Cardiac Intermediate Care Oncology Unit

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

Summary

Purpose:

This project will install access control doors with badge readers to limit traffic, provide patient privacy, and maintain infection control for patients who are immunocompromised.

Strategic Plan Core Competency Achievement:	
Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:	
Safety	X
Compassion	
Image	X
Efficiency	

Investment Request for Approval **$48,000**

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: Mark Billings, Executive Vice President and Chief Operating Officer
CC: Eric Peburn, Executive Vice President and Chief Financial Officer
Matt Petkus, Vice President Surgical Services
DATE: November 14, 2017
RE: Microdebriders

Halifax Health Surgical Services is requesting funds to purchase two microdebrider units for ear, nose and throat (ENT) surgeries. The new units will replace equipment located at the Main and Port Orange campuses. The current equipment is more than ten years old and no longer supported by the manufacturer.

The microdebrider is used in powered endoscopic sinus surgery (PESS). The PESS procedure is the standard of care for sinus surgery.

The project was approved at the Capital Investment Committee meeting on October 18, 2017.

TOTAL CAPITAL COSTS **$46,126**

HALIFAX HEALTH

Halifax Health

Project Evaluation

Microdebriders

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

Summary

Purpose:

This project is to purchase two (2) microdebrider units used in ear, nose, and throat (ENT) surgery.

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	

Investment Request for Approval **$46,126**

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

HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Mark Billings, Executive Vice President and Chief Operating Officer
CC: Eric Peburn, Executive Vice President and Chief Financial Officer
Matt Petkus, Vice President Surgical Services
DATE: November 14, 2017
RE: Hemostasis Analyzers

Halifax Health Surgical Services is requesting funds to purchase two hemostasis analyzers used during cardiovascular surgeries. These devices are used by the perfusionists to monitor blood levels.

The current analyzers are seventeen years old and are no longer supported by the manufacturer.

The project was approved at the Capital Investment Committee meeting on October 18, 2017.

TOTAL CAPITAL COSTS **$45,380**

HALIFAX HEALTH

Halifax Health

Project Evaluation

Hemostasis Analyzers

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

Summary

Purpose:

This project is to purchase two (2) hemostasis analyzers used in cardiovascular surgery.

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	

Investment Request for Approval **$45,380**

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

HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Mark Billings, Executive Vice President and Chief Operating Officer
CC: Eric Peburn, Executive Vice President and Chief Financial Officer
Alberto Tineo, Senior Vice President, Operations
DATE: November 14, 2017
RE: EMG/Nerve Conducting Ultrasound Unit

Halifax Health/Brooks Rehabilitation Physician Practice is requesting funds to obtain a multifunctional electromyography (EMG)/nerve conduction velocity (NCV)/ultrasound unit. The equipment is used primarily in the outpatient rehabilitation clinic for patient EMG and NCV procedures, as well to assist with Botox injections.

The equipment will allow the capability for two physicians to perform EMG and NCV procedures simultaneously. The addition of ultrasound capabilities will allow the physicians to perform ultrasound procedures for diagnostic purposes and will aid the physician while doing deep Botox injections.

The project was approved at the Capital Investment Committee meeting on October 18, 2017

TOTAL CAPITAL COSTS **$26,876**

HALIFAX HEALTH

Halifax Health

Project Evaluation

EMG/ Nerve Conducting Ultrasound

Chief Operating Officer:	Mark Billings
Sr. Vice President, Operations:	Alberto Tineo
Executive Director, Center for Inpatient Rehab:	Astrid Gonzalez Parrilla
Finance Analysis by:	Steve Mach

Summary

Purpose:

This project is to purchase an electromyography (EMG)/ nerve conduction (NCV) ultrasound unit used for EMG and NCV procedures and to assist Botox injections.

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	

Investment Request for Approval	**$26,876**

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

HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Mark Billings, Executive Vice President and Chief Operating Officer
CC: Catherine Luchsinger, RN, Chief Nursing Officer
Eric Peburn, Executive Vice President and Chief Financial Officer
DATE: November 14, 2017
RE: Bladder Scanners

Halifax Health Nursing Administration is requesting funds to purchase three (3) bladder scanners.

Use of bladder scanners has demonstrated a decrease in foley catheter insertions. Decreasing foley catheter days is a primary factor in reducing catheter-associated urinary tract infections.

Halifax Health currently has two (2) scanners that are in high demand. The requested scanners will be distributed to the Intensive Care units and the Port Orange campus.

The project was approved at the Capital Investment Committee meeting on October 18, 2017.

TOTAL CAPITAL COSTS **$25,245**

Halifax Health

Project Evaluation

Bladder Scanners

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

Summary

Purpose:

This project is to purchase three (3) bladder scanners used to decrease foley catheter insertions.

Strategic Plan Core Competency Achievement:

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

Cornerstone:

Safety	X
Compassion	X
Image	X
Efficiency	

Investment Request for Approval **$25,245**

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

HALIFAX HEALTH

TO: Debra Johnson, Director Infection Prevention & Control

FROM: Alberto Tineo, Senior Vice President of Operations

SUBJECT: Letter of Appointment, Infection Control Officer

DATE: December 6, 2017

This letter serves as official communication regarding appointment as Infection Control Officer for Halifax Health. Your appointment to this position recognizes your experience and professional qualifications in regard to infection prevention and control and corresponding regulatory guidelines and standards.

The Infection Control Officer is responsible for development, implementation, management and evaluation of a comprehensive Infection Control Program. Responsibilities of this position will also include facilitation of surveillance and data collection, analysis and reporting of infection control data, as well as development, review and/or revision of infection control related plans, policies and procedures. As Infection Control Officer you will lead/facilitate Infection Control Committee meetings. Expectations of this role will include maintenance of current knowledge related to research, evidence-based best practices and regulatory requirements surrounding infection prevention and control.

You are hereby authorized to intervene whenever patient safety and infection control related concerns are identified within the organization, to include but not be limited to: Timely mitigation of issues relating to patient and team member safety and health, communication of any identified concerns to appropriate, to address any issues, development of formal/informal action plans, action plan implementation and follow-up monitoring of results.

Patient and Team Member safety, including reducing or eliminating the risk for healthcare-acquired infections, is the quality standard by which Halifax Health makes all decisions.

Alberto Tineo

Alberto Tineo, Senior Vice President of Operations

12/6/17

Date

Halifax Health
Summary Financial Narrative
For the one month ended October 31, 2017

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

Financial Indicator	YTD Actual FY 18	YTD Budget FY 18	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 18 vs. S&P "A"
Total Margin	1.7%	2.3%	Unfavorable	5.8%	Unfavorable
Operating Margin	-0.1%	1.4%	Unfavorable	3.6%	Unfavorable
EBIDA Margin	9.3%	9.5%	Unfavorable	13.1%	Unfavorable
Operating EBIDA Margin	7.6%	8.7%	Unfavorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	6.8%	8.5%	Unfavorable	N/A	N/A
Days Cash on Hand	245	258	Unfavorable	249	Unfavorable
Cash to Debt	93.6%	102.8%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	57.1%	53.3%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage	1.50	1.70	Unfavorable	4.50	Unfavorable
OG Debt to Capitalization	56.2%	52.9%	Unfavorable	29.1%	Unfavorable

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

Halifax Health Medical Center

Statistical Summary--

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

Financial Summary --

- Net patient service revenue for the month is 5.0% less than budget.
- Total operating expenses for the month are 1.2% less than budget.
- Loss from operations for the month of $908,000 compares unfavorably to budget by $1.3 million.
- Nonoperating gains/losses for the month of $126,000, primarily consisting of net investment income, compares unfavorably to the budgeted amount by $52,000.
- The decrease in net position for the month of $782,000 compares unfavorably to budget by $1.4 million.

Halifax Health Hospice

Statistical Summary –

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

Financial Summary --

- Net patient service revenue for the month is 1.7% greater than budget.
- Income from operations for the month of $154,000 compares favorably to budget by $196,000.
- Nonoperating gains/losses for the month of $729,000, primarily consisting of net investment income, compares favorably to the budgeted amount by $486,000.
- The increase in net position for the month of $883,000 compares favorably to budget by $682,000.

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

Halifax Health
Statistical Summary

Month Ended October 31,					One Month Ended October 31,			
2016	2017	Budget	Var.		2016	2017	Budget	Var.
				Inpatient Activity				
1,577	1,591	1,587	0.3%	HHMC Adult/Ped Admissions	1,577	1,591	1,587	0.3%
153	169	154	9.7%	HHMCPO Adult/Ped Admissions	153	169	154	9.7%
150	190	158	20.3%	Adult Psych Admissions	150	190	158	20.3%
59	64	58	10.3%	Rehabilitative Admissions	59	64	58	10.3%
1,939	**2,014**	**1,957**	**2.9%**	**Total Adult/Ped Admissions**	**1,939**	**2,014**	**1,957**	**2.9%**
8,837	8,114	7,645	6.1%	HHMC Adult/Ped Patient Days	8,837	8,114	7,645	6.1%
769	806	658	22.5%	HHMCPO Adult/Ped Patient Days	769	806	658	22.5%
1,545	1,506	1,565	-3.8%	Adult Psych Patient Days	1,545	1,506	1,565	-3.8%
870	881	862	2.2%	Rehabilitative Patient Days	870	881	862	2.2%
12,021	**11,307**	**10,730**	**5.4%**	**Total Adult/Ped Patient Days**	**12,021**	**11,307**	**10,730**	**5.4%**
5.6	5.1	4.8	5.9%	HHMC Average Length of Stay	5.6	5.1	4.8	5.9%
5.0	4.8	4.3	11.6%	HHMCPO Average Length of Stay	5.0	4.8	4.3	11.6%
5.6	**5.1**	**4.8**	**6.3%**	**HHMC/ HHMCPO Average Length of Stay**	**5.6**	**5.1**	**4.8**	**6.3%**
10.3	7.9	9.9	-20.0%	Adult Psych Average Length of Stay	10.3	7.9	9.9	-20.0%
14.7	13.8	14.9	-7.4%	Rehabilitative Length of Stay	14.7	13.8	14.9	-7.4%
6.2	**5.6**	**5.5**	**2.4%**	**Total Average Length of Stay**	**6.2**	**5.6**	**5.5**	**2.4%**
388	**365**	**346**	**5.4%**	**Total Average Daily Census**	**388**	**365**	**346**	**5.4%**
777	790	765	3.3%	HHMC Observation Patient Day Equivalents	777	790	765	3.3%
190	188	170	10.6%	HHMCPO Observation Patient Day Equivalents	190	188	170	10.6%
967	**978**	**935**	**4.6%**	**Total Observation Patient Day Equivalents**	**967**	**978**	**935**	**4.6%**
31	**32**	**30**	**6.7%**	**Observation Average Daily Census**	**31**	**32**	**30**	**6.7%**
121	130	129	0.8%	HHMC Newborn Births	121	130	129	0.8%
234	231	254	-9.1%	HHMC Nursery Patient Days	234	231	254	-9.1%
451	459	483	-5.0%	HHMC Inpatient Surgeries	451	459	483	-5.0%
3	11	3	266.7%	HHMCPO Inpatient Surgeries	3	11	3	266.7%
454	**470**	**486**	**-3.3%**	**Total Inpatient Surgeries**	**454**	**470**	**486**	**-3.3%**
				Inpatient Surgeries				
191	159			Orthopedics	191	159		
67	70			General Surgery	67	70		
41	26			Neurosurgery	41	26		
29	30			Thoracic Surgery	29	30		
17	34			Vascular	17	34		
109	151			All Other	109	151		
454	**470**	**486**	**-3.3%**	**Total Inpatient Surgeries**	**454**	**470**	**486**	**-3.3%**

Halifax Health
Statistical Summary

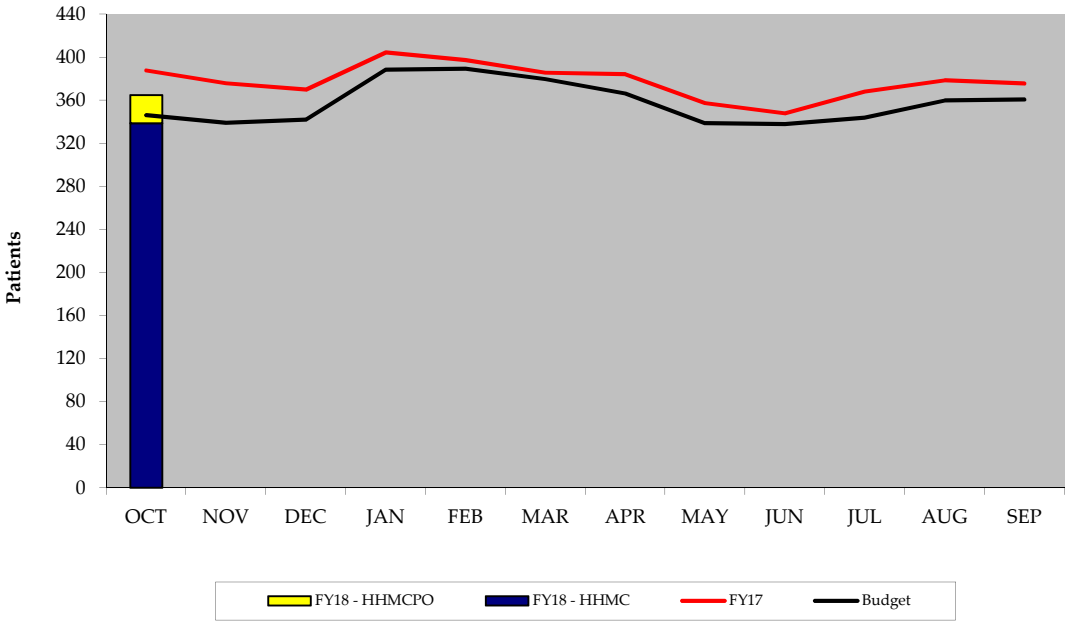
Month Ended October 31,					One Month Ended October 31,			
2016	2017	Budget	Var.		2016	2017	Budget	Var.
				Outpatient Activity				
6,821	7,060	6,884	2.6%	HHMC ED Registrations	6,821	7,060	6,884	2.6%
2,542	2,618	2,550	2.7%	HHMCPO ED Registrations	2,542	2,618	2,550	2.7%
0	1,313	1,271	3.3%	Deltona ED Registrations	0	1,313	1,271	3.3%
9,363	**10,991**	**10,705**	**2.7%**	**Total ED**	**9,363**	**10,991**	**10,705**	**2.7%**
379	392	392	0.0%	HHMC Outpatient Surgeries	379	392	392	0.0%
68	0	0	0.0%	HPC Outpatient Surgeries	68	0	0	0.0%
0	348	110	216.4%	HHMCPO Outpatient Surgeries	0	348	110	216.4%
348	121	318	-61.9%	Twin Lakes Surgeries	348	121	318	-61.9%
795	**861**	**820**	**5.0%**	**Total Outpatient Surgeries**	**795**	**861**	**820**	**5.0%**
				Outpatient Surgeries				
182	170			General Surgery	182	170		
143	152			Orthopedics	143	152		
94	127			Gastroenterology	94	127		
70	71			Obstetrics Gynecology	70	71		
52	75			Ophthalmology	52	75		
254	266			All Other	254	266		
795	**861**	**820**	**5.0%**	**Total Outpatient Surgeries**	**795**	**861**	**820**	**5.0%**
				Cardiology Procedures				
15	24			Open Heart Cases	15	24		
139	202			Cardiac Caths	139	202		
29	24			CRM Devices	29	24		
39	48			EP Studies	39	48		
222	**298**	**254**	**17.3%**	**Total Cardiology Procedures**	**222**	**298**	**254**	**17.3%**
				Interventional Radiology Procedures				
7	8	8	0.0%	Vascular	7	8	8	0.0%
143	148	147	0.7%	Nonvascular	143	148	147	0.7%
150	**156**	**155**	**0.6%**	**Total Interventional Radiology Procedures**	**150**	**156**	**155**	**0.6%**
187	**187**	**213**	**-12.2%**	**GI Lab Procedures**	**187**	**187**	**213**	**-12.2%**
				HH Hospice Activity				
				Patient Days				
14,970	16,443	15,501	6.1%	Volusia/ Flagler	14,970	16,443	15,501	6.1%
789.0	1,489	1,240	20.1%	Orange/ Osceola	789.0	1,489	1,240	20.1%
15,759	**17,932**	**16,741**	**7.1%**	**HH Hospice Patient Days**	**15,759**	**17,932**	**16,741**	**7.1%**
				Average Daily Census				
483	530	500	6.1%	Volusia/ Flagler	483	530	500	6.1%
25	48	40	20.1%	Orange/ Osceola	25	48	40	20.1%
508	**578**	**540**	**7.1%**	**HH Hospice Average Daily Census**	**508**	**578**	**540**	**7.1%**

Halifax Health
Statistical Summary

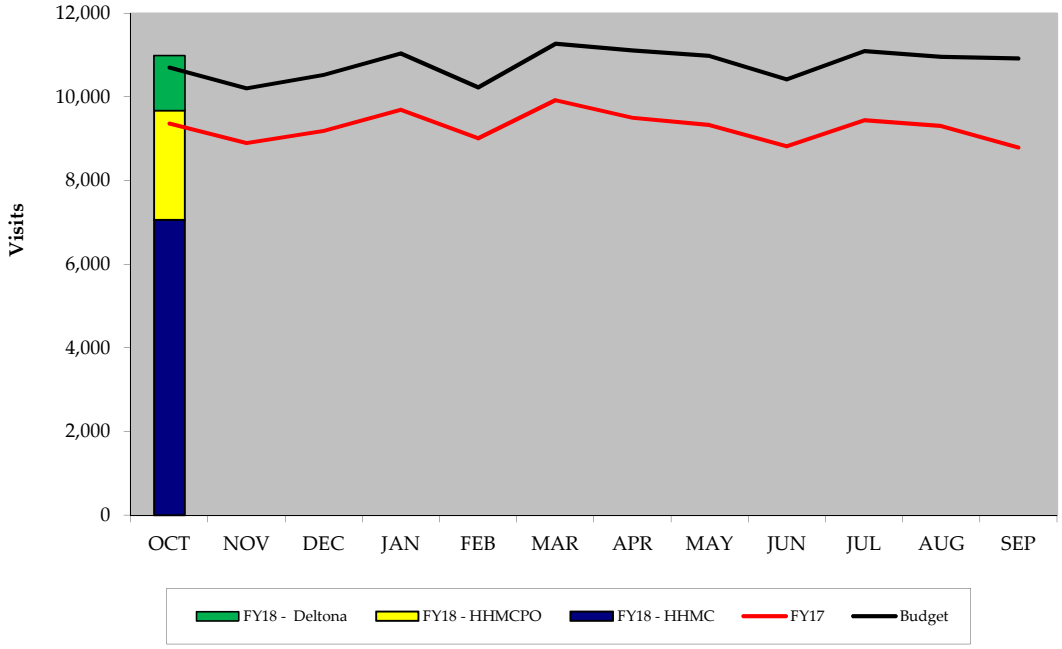
Month Ended October 31,					One Month Ended October 31,			
2016	2017	Budget	Var.		2016	2017	Budget	Var.
				Physician Practice Activity				
				Primary Care Visits				
256	361	321	12.5%	Ormond Beach	256	361	321	12.5%
1,053	1,172	1,086	7.9%	Daytona Beach	1,053	1,172	1,086	7.9%
659	717	610	17.5%	Port Orange	659	717	610	17.5%
316	324	652	-50.3%	Deltona	316	324	652	-50.3%
-	535	800	-33.1%	New Smyrna	-	535	800	-33.1%
421	643	476	35.1%	Ormond Beach (Women's/OB)	421	643	476	35.1%
-	284	876	-67.6%	Ormond Beach - Urgent Care	-	284	876	-67.6%
2,705	**4,036**	**4,821**	**-16.3%**	**Primary Care Visits**	**2,705**	**4,036**	**4,821**	**-16.3%**
				Children's Medical Center Visits				
814	646	1,041	-37.9%	Ormond Beach	814	646	1,041	-37.9%
293	261	374	-30.2%	Palm Coast	293	261	374	-30.2%
447	517	625	-17.3%	Port Orange	447	517	625	-17.3%
1,554	**1,424**	**2,040**	**-30.2%**	**Children's Medical Center Visits**	**1,554**	**1,424**	**2,040**	**-30.2%**
				Community Clinic Visits				
343	370	352	5.1%	Keech Street	343	370	352	5.1%
207	92	75	22.7%	Adult Community Clinic	207	92	75	22.7%
550	**462**	**427**	**8.2%**	**Community Clinic Visits**	**550**	**462**	**427**	**8.2%**

Halifax Health
Statistical Summary - Graphic

HHMC Average Daily Census
(Monthly)

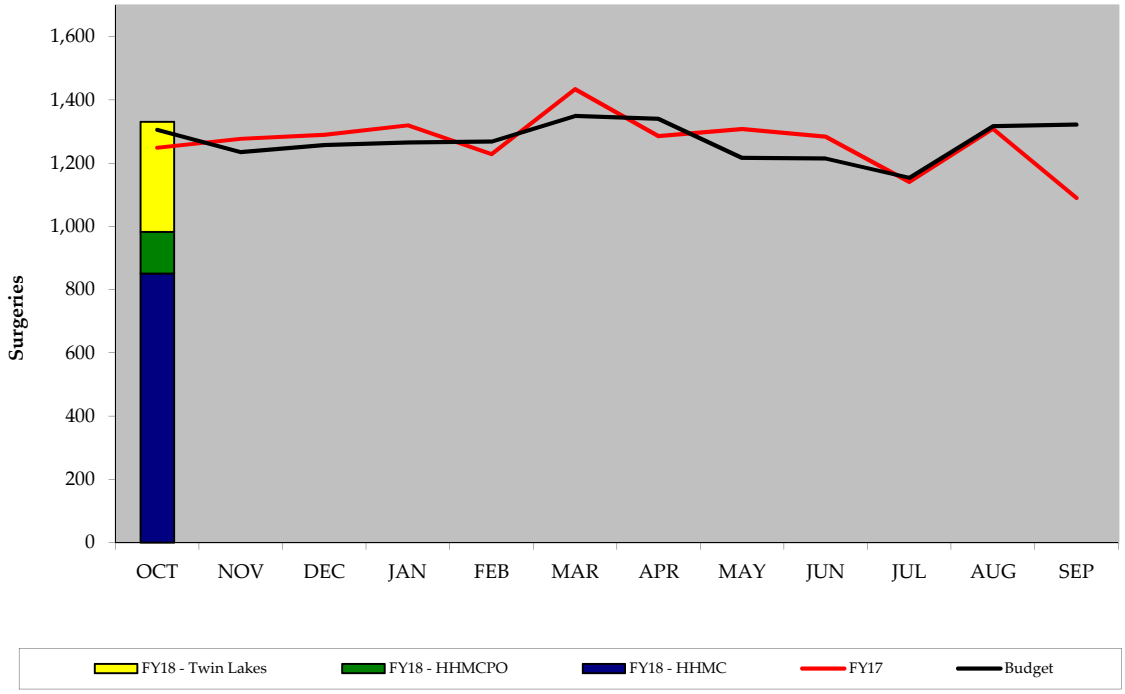


ED Visits
(Monthly)

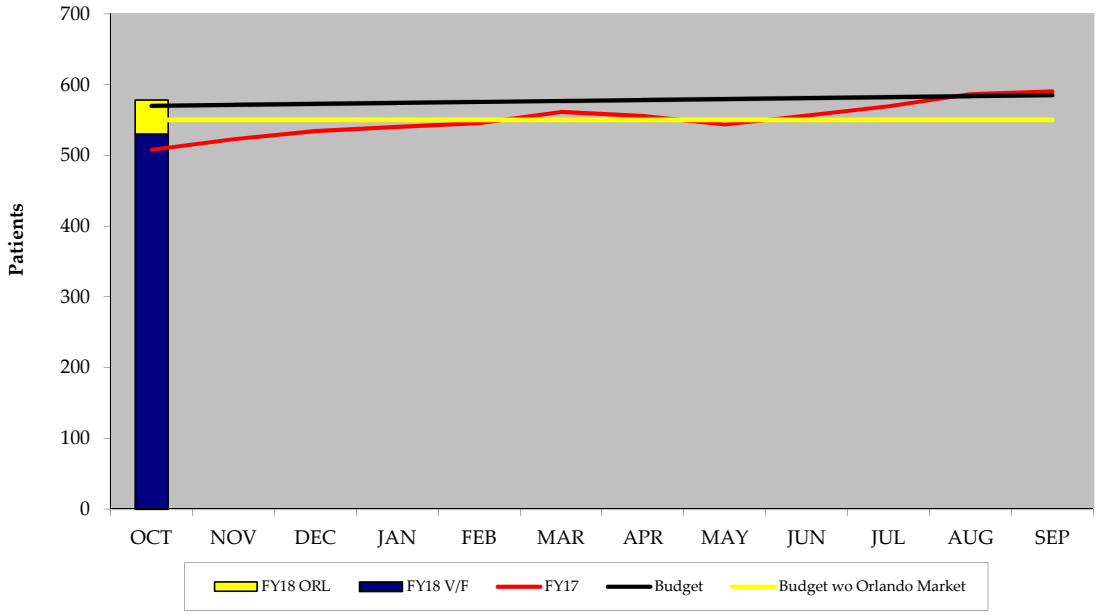


Halifax Health
Statistical Summary - Graphic

Surgeries
(Monthly)



Hospice Average Daily Census
(Monthly)



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

	October 31,		
	2017	2016	Change
Assets			
Cash and cash equivalents	$27,709	$33,178	($5,469)
Investments	269,702	265,077	4,625
Board designated assets	45,126	44,972	154
Accounts receivable	62,910	62,676	234
Restricted assets whose use is limited	6,428	19,161	(12,733)
Other assets	53,562	52,873	689
Deferred outflow - swap	30,025	35,243	(5,218)
Deferred outflow - loss on bond refunding	16,378	17,302	(924)
Deferred outflow - pension	25,995	58,096	(32,101)
Property, plant and equipment	354,455	355,212	(757)
Total Assets	$892,290	$943,790	($51,500)
Liabilities and Net position			
Accounts payable	$31,332	$29,588	$1,744
Other liabilities	104,183	96,481	7,702
Net pension liability	86,088	130,126	(44,038)
Long-term debt	346,667	354,199	(7,532)
Premium on LTD, net	19,206	19,876	(670)
Long-term value of swap	30,025	35,243	(5,218)
Net position	274,789	278,277	(3,488)
Total Liabilities and Net position	$892,290	$943,790	($51,500)

Halifax Health
Statement of Cash Flows
($ in thousands)

Month ended October 31, 2017	Month ended October 31, 2016	Variance		One Month ended October 31, 2017	One Month ended October 31, 2016	Variance
			Cash flows from operating activities:			
$41,885	$38,440	$3,445	Receipts from third party payors and patients	$41,885	$38,440	$3,445
(41,917)	(43,296)	1,379	Payments to employees	(41,917)	(43,296)	1,379
(30,049)	(17,050)	(12,999)	Payments to suppliers	(30,049)	(17,050)	(12,999)
18	46	(28)	Receipt of ad valorem taxes	18	46	(28)
650	2,674	(2,024)	Other receipts	650	2,674	(2,024)
(3,686)	(3,570)	(116)	Other payments	(3,686)	(3,570)	(116)
(33,099)	(22,756)	(10,343)	Net cash used in operating activities	(33,099)	(22,756)	(10,343)
			Cash flows from noncapital financing activities:			
60	84	(24)	Proceeds from donations received	60	84	(24)
60	84	(24)	Net cash provided by noncapital financing activities	60	84	(24)
			Cash flows from capital and related financing activities:			
(2,062)	(2,088)	26	Acquisition of capital assets	(2,062)	(2,088)	26
(200)	(195)	(5)	Payment of long-term debt	(200)	(195)	(5)
(350)	(380)	30	Payment of interest on long-term debt	(350)	(380)	30
(2,612)	(2,663)	51	Net cash used in capital financing activities	(2,612)	(2,663)	51
			Cash flows from investing activities:			
175	172	3	Realized investment income (loss)	175	172	3
(243)	(247)	4	Purchases of investments/limited use assets	(243)	(247)	4
5	15	(10)	Sales/Maturities of investments/limited use assets	5	15	(10)
(63)	(60)	(3)	Net cash used in investing activities	(63)	(60)	(3)
(35,714)	(25,395)	(10,319)	**Net decrease in cash and cash equivalents**	(35,714)	(25,395)	(10,319)
63,423	58,573	4,850	**Cash and cash equivalents at beginning of period**	63,423	58,573	4,850
$27,709	$33,178	($5,469)	**Cash and cash equivalents at end of period**	$27,709	$33,178	($5,469)

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

Actual Month Ended October 31, 2017	Actual Month Ended October 31, 2016	Favorable (Unfavorable) Variance		Actual One Month Ended October 31, 2017	Actual One Month Ended October 31, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
$53,475	$49,674	$3,801	Net patient service revenue, before provision for bad debts	$53,475	$49,674	$3,801
(11,208)	(9,228)	(1,980)	Provision for bad debts	(11,208)	(9,228)	(1,980)
42,267	40,446	1,821	Net patient service revenue	42,267	40,446	1,821
504	938	(434)	Ad valorem taxes	504	938	(434)
2,702	1,202	1,500	Other revenue	2,702	1,202	1,500
45,473	42,586	2,887	Total operating revenues	45,473	42,586	2,887
			Operating expenses:			
23,549	24,615	1,066	Salaries and benefits	23,549	24,619	1,070
6,664	5,995	(669)	Purchased services	6,664	5,995	(669)
8,123	8,043	(80)	Supplies	8,123	8,043	(80)
2,105	2,026	(79)	Depreciation and amortization	2,105	2,026	(79)
1,396	1,438	42	Interest	1,396	1,438	42
591	614	23	Ad valorem tax related expenses	591	614	23
808	722	(86)	Leases and rentals	808	722	(86)
2,293	2,274	(19)	Other	2,293	2,274	(19)
45,529	45,727	198	Total operating expenses	45,529	45,731	202
(56)	**(3,141)**	**3,085**	**Deficiency of operating revenues over expenses**	**(56)**	**(3,145)**	**3,089**
			Nonoperating revenues, expenses, and gains/(losses):			
175	172	3	Realized investment income/(losses)	175	172	3
620	(1,513)	2,133	Unrealized investment income/(losses)	620	(1,513)	2,133
60	85	(25)	Donation revenue	60	85	(25)
855	(1,256)	2,111	Total nonoperating revenues, expenses, and gains/(losses)	855	(1,256)	2,111
$799	**($4,397)**	**$5,196**	**Increase (decrease) in net position**	**$799**	**($4,401)**	**$5,200**

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

Actual Month Ended October 31, 2017	Static Budget Month Ended October 31, 2017	Favorable (Unfavorable) Variance		Actual One Month Ended October 31, 2017	Static Budget One Month Ended October 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$53,475	$52,292	$1,183	Net patient service revenue, before provision for bad debts	$53,475	$52,292	$1,183
(11,208)	(8,066)	(3,142)	Provision for bad debts	(11,208)	(8,066)	(3,142)
42,267	44,226	(1,959)	Net patient service revenue	42,267	44,226	(1,959)
504	504	-	Ad valorem taxes	504	504	-
2,702	2,193	509	Other revenue	2,702	2,193	509
45,473	46,923	(1,450)	Total operating revenues	45,473	46,923	(1,450)
			Operating expenses:			
23,549	24,752	1,203	Salaries and benefits	23,549	24,752	1,203
6,664	6,183	(481)	Purchased services	6,664	6,183	(481)
8,123	8,181	58	Supplies	8,123	8,181	58
2,105	2,007	(98)	Depreciation and amortization	2,105	2,007	(98)
1,396	1,395	(1)	Interest	1,396	1,395	(1)
591	577	(14)	Ad valorem tax related expenses	591	577	(14)
808	805	(3)	Leases and rentals	808	805	(3)
2,293	2,352	59	Other	2,293	2,352	59
45,529	46,252	723	Total operating expenses	45,529	46,252	723
(56)	**671**	**(727)**	**Excess (deficiency) of operating revenues over expenses**	**(56)**	**671**	**(727)**
			Nonoperating revenues, expenses, and gains/(losses):			
175	365	(190)	Realized investment income/(losses)	175	365	(190)
620	(2)	622	Unrealized investment income/(losses)	620	(2)	622
60	58	2	Donation revenue	60	58	2
855	421	434	Total nonoperating revenues, expenses, and gains/(losses)	855	421	434
$799	**$1,092**	**($293)**	**Increase in net position**	**$799**	**$1,092**	**($293)**

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

Actual Month Ended October 31, 2017	Static Budget Month Ended October 31, 2017	Favorable (Unfavorable) Variance		Actual One Month Ended October 31, 2017	Static Budget One Month Ended October 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$49,812	$48,686	$1,126	Net patient service revenue, before provision for bad debts	$49,812	$48,686	$1,126
(11,122)	(7,978)	(3,144)	Provision for bad debts	(11,122)	(7,978)	(3,144)
38,690	40,708	(2,018)	Net patient service revenue	38,690	40,708	(2,018)
504	504	-	Ad valorem taxes	504	504	-
1,614	1,420	194	Other revenue	1,614	1,420	194
40,808	42,632	(1,824)	Total operating revenues	40,808	42,632	(1,824)
			Operating expenses:			
21,502	22,585	1,083	Salaries and benefits	21,502	22,585	1,083
5,563	5,089	(474)	Purchased services	5,563	5,089	(474)
7,941	7,956	15	Supplies	7,941	7,956	15
1,974	1,881	(93)	Depreciation and amortization	1,974	1,881	(93)
1,390	1,389	(1)	Interest	1,390	1,389	(1)
591	577	(14)	Ad valorem tax related expenses	591	577	(14)
626	633	7	Leases and rentals	626	633	7
2,129	2,120	(9)	Other	2,129	2,120	(9)
41,716	42,230	514	Total operating expenses	41,716	42,230	514
(908)	**402**	**(1,310)**	**Excess (deficiency) of operating revenues over expenses**	**(908)**	**402**	**(1,310)**
			Nonoperating revenues, expenses, and gains/(losses):			
119	180	(61)	Realized investment income/(losses)	119	180	(61)
8	(2)	10	Unrealized investment income/(losses)	8	(2)	10
(1)	-	(1)	Donation revenue	(1)	-	(1)
126	178	(52)	Total nonoperating revenues, expenses, and gains/(losses)	126	178	(52)
($782)	**$580**	**($1,362)**	**Increase (decrease) in net position**	**($782)**	**$580**	**($1,362)**

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

Actual Month Ended October 31, 2016		Actual Month Ended October 31, 2017		Static Budget Month Ended October 31, 2017			Actual One Month Ended October 31, 2016		Actual One Month Ended October 31, 2017		Static Budget One Month Ended October 31, 2017	
$144,846	100.00%	$165,515	100.00%	$162,404	100.00%	Gross charges	$144,846	100.00%	$165,515	100.00%	$162,404	100.00%
(8,662)	-5.98%	(9,711)	-5.87%	(8,535)	-5.26%	Charity	(8,662)	-5.98%	(9,711)	-5.87%	(8,535)	-5.26%
(89,700)	-61.93%	(105,992)	-64.04%	(105,183)	-64.77%	Contractual adjustments	(89,700)	-61.93%	(105,992)	-64.04%	(105,183)	-64.77%
46,484	32.09%	49,812	30.10%	48,686	29.98%	Gross charges, before provision for bad debts	46,484	32.09%	49,812	30.10%	48,686	29.98%
(9,123)	-6.30%	(11,122)	-6.72%	(7,978)	-4.91%	Provision for bad debts	(9,123)	-6.30%	(11,122)	-6.72%	(7,978)	-4.91%
$37,361	**25.79%**	**$38,690**	**23.38%**	**$40,708**	**25.07%**	**Net patient service revenue**	**$37,361**	**25.79%**	**$38,690**	**23.38%**	**$40,708**	**25.07%**

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

Actual Month Ended October 31, 2017	Static Budget Month Ended October 31, 2017	Favorable (Unfavorable) Variance		Actual One Month Ended October 31, 2017	Static Budget One Month Ended October 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$3,663	$3,606	$57	Net patient service revenue, before provision for bad debts	$3,663	$3,606	$57
(86)	(88)	2	Provision for bad debts	(86)	(88)	2
3,577	3,518	59	Net patient service revenue	3,577	3,518	59
195	199	(4)	Other revenue	195	199	(4)
3,772	3,717	55	Total operating revenues	3,772	3,717	55
			Operating expenses:			
1,976	2,097	121	Salaries and benefits	1,976	2,097	121
1,061	1,051	(10)	Purchased services	1,061	1,051	(10)
182	224	42	Supplies	182	224	42
64	59	(5)	Depreciation and amortization	64	59	(5)
177	167	(10)	Leases and rentals	177	167	(10)
158	161	3	Other	158	161	3
3,618	3,759	141	Total operating expenses	3,618	3,759	141
154	**(42)**	**196**	**Excess (deficiency) of operating revenues over expenses**	**154**	**(42)**	**196**
			Nonoperating revenues, expenses, and gains/(losses):			
56	185	(129)	Realized investment income/(losses)	56	185	(129)
612	-	612	Unrealized investment income/(losses)	612	-	612
61	58	3	Donation revenue	61	58	3
729	243	486	Total nonoperating revenues, expenses, and gains/(losses)	729	243	486
$883	**$201**	**$682**	**Increase in net position**	**$883**	**$201**	**$682**

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

Actual Month Ended October 31, 2017	Static Budget Month Ended October 31, 2017	Favorable (Unfavorable) Variance		Actual One Month Ended October 31, 2017	Static Budget One Month Ended October 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$0	$0	$0	Net patient service revenue, before provision for bad debts	$0	$0	$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
351	352	(1)	Other revenue	351	352	(1)
351	352	(1)	Total operating revenues	351	352	(1)
			Operating expenses:			
61	60	(1)	Salaries and benefits	61	60	(1)
39	39	-	Purchased services	39	39	-
-	1	1	Supplies	-	1	1
67	67	-	Depreciation and amortization	67	67	-
6	6	-	Interest	6	6	-
5	5	-	Leases and rentals	5	5	-
1	4	3	Other	1	4	3
179	182	3	Total operating expenses	179	182	3
172	**170**	**2**	**Excess of operating revenues over expenses**	**172**	**170**	**2**
			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)	-	-	-
$172	**$170**	**$2**	**Increase in net position**	**$172**	**$170**	**$2**

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

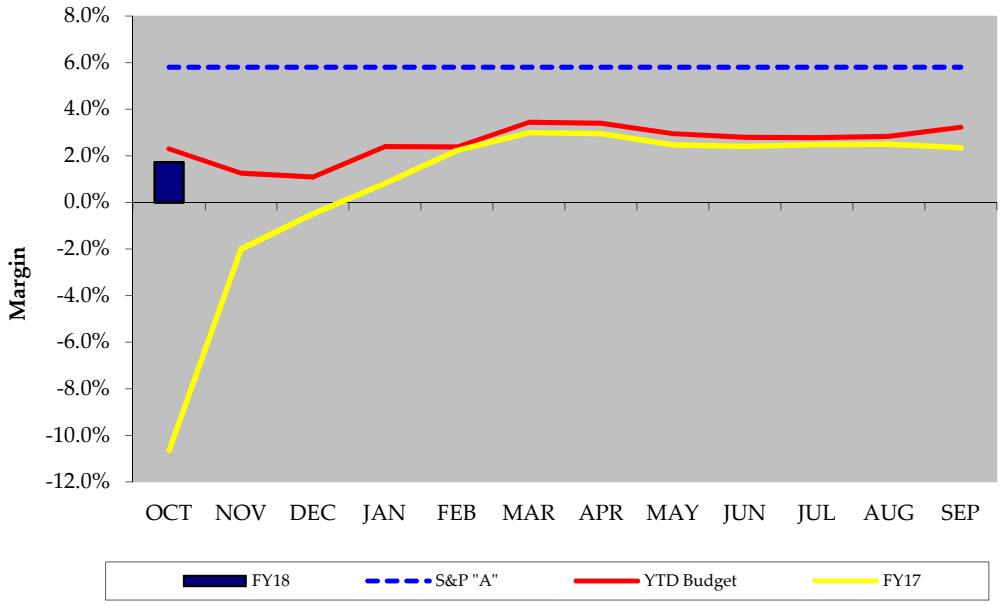
Actual Month Ended October 31, 2017	Static Budget Month Ended October 31, 2017	Favorable (Unfavorable) Variance		Actual One Month Ended October 31, 2017	Static Budget One Month Ended October 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$0	$0	$0	Net patient service revenue, before provision for bad debts	$0	$0	$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
36	114	(78)	Realized investment income/(losses)	36	114	(78)
325	-	325	Unrealized investment income/(losses)	325	-	325
181	108	73	Donation revenue	181	108	73
-	-	-	Other revenue	-	-	-
542	222	320	Total operating revenues	542	222	320
			Operating expenses:			
10	10	-	Salaries and benefits	10	10	-
1	4	3	Purchased services	1	4	3
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
5	67	62	Other	5	67	62
16	81	65	Total operating expenses	16	81	65
$526	**$141**	**$385**	**Increase in net position**	**$526**	**$141**	**$385**

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

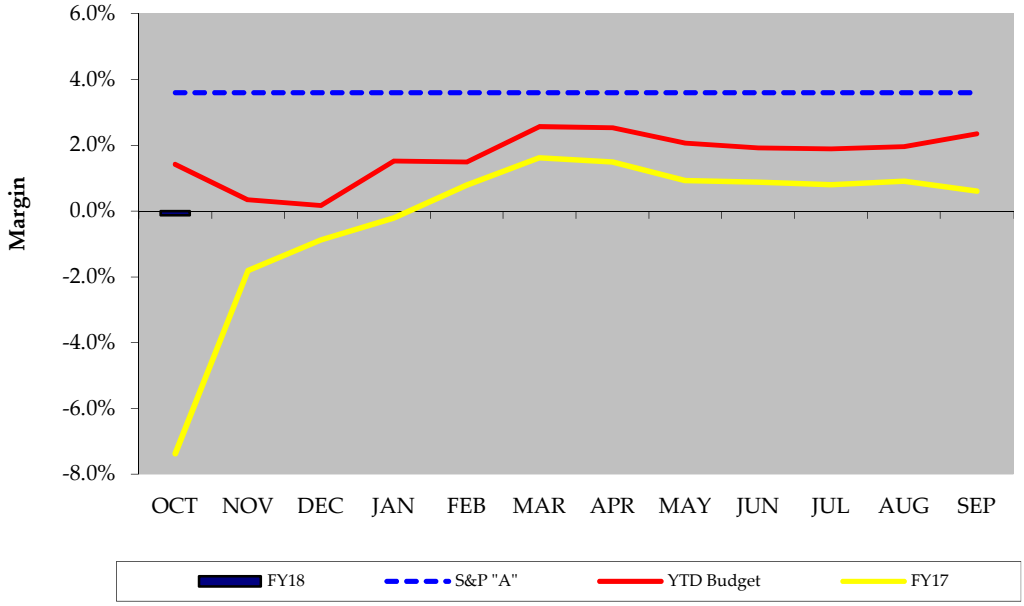
Actual Month Ended October 31, 2017	Static Budget Month Ended October 31, 2017	Favorable (Unfavorable) Variance		Actual One Month Ended October 31, 2017	Static Budget One Month Ended October 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$49,812	$48,686	$1,126	Net patient service revenue, before provision for bad debts	$49,812	$48,686	$1,126
(11,122)	(7,978)	(3,144)	Provision for bad debts	(11,122)	(7,978)	(3,144)
38,690	40,708	(2,018)	Net patient service revenue	38,690	40,708	(2,018)
504	504	-	Ad valorem taxes	504	504	-
1,614	1,420	194	Other revenue	1,614	1,420	194
40,808	42,632	(1,824)	Total operating revenues	40,808	42,632	(1,824)
			Operating expenses:			
21,502	22,585	1,083	Salaries and benefits	21,502	22,585	1,083
5,563	5,089	(474)	Purchased services	5,563	5,089	(474)
7,941	7,956	15	Supplies	7,941	7,956	15
1,974	1,881	(93)	Depreciation and amortization	1,974	1,881	(93)
1,390	1,389	(1)	Interest	1,390	1,389	(1)
591	577	(14)	Ad valorem tax related expenses	591	577	(14)
626	633	7	Leases and rentals	626	633	7
2,129	2,120	(9)	Other	2,129	2,120	(9)
41,716	42,230	514	Total operating expenses	41,716	42,230	514
(908)	**402**	**(1,310)**	**Excess (deficiency) of operating revenues over expenses**	**(908)**	**402**	**(1,310)**
			Nonoperating revenues, expenses, and gains/(losses):			
119	180	(61)	Realized investment income/(losses)	119	180	(61)
8	(2)	10	Unrealized investment income/(losses)	8	(2)	10
(1)	-	(1)	Donation revenue	(1)	-	(1)
-	-	-	Nonoperating gains/(losses), net	-	-	-
126	178	(52)	Total nonoperating revenues, expenses, and gains/(losses)	126	178	(52)
(782)	**580**	**(1,362)**	**Increase (decrease) in net position before other changes in net**	**(782)**	**580**	**(1,362)**
1,581	512	1,069	Income from affiliates	1,581	512	1,069
$799	**$1,092**	**($293)**	**Increase in net position**	**$799**	**$1,092**	**($293)**

Halifax Health
Financial Summary - Graphic

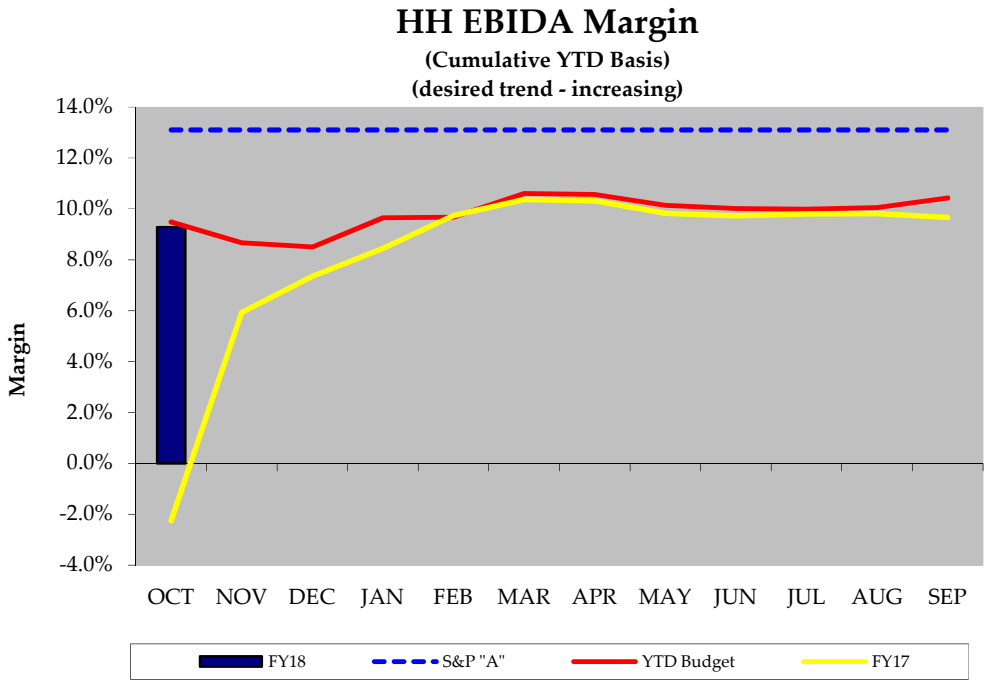
HH Total Margin
(Cumulative YTD Basis)
(desired trend - increasing)

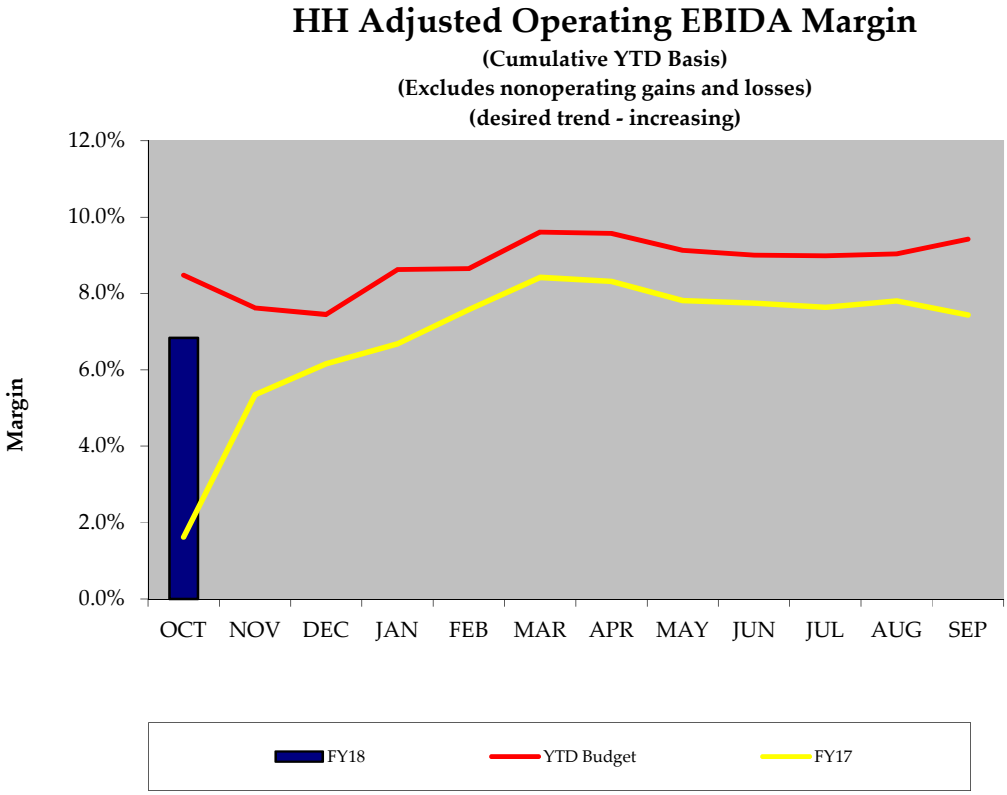


HH Operating Margin
(Cumulative YTD Basis)
(Excludes nonoperating gains and losses)
(desired trend - increasing)



Halifax Health
Financial Summary - Graphic

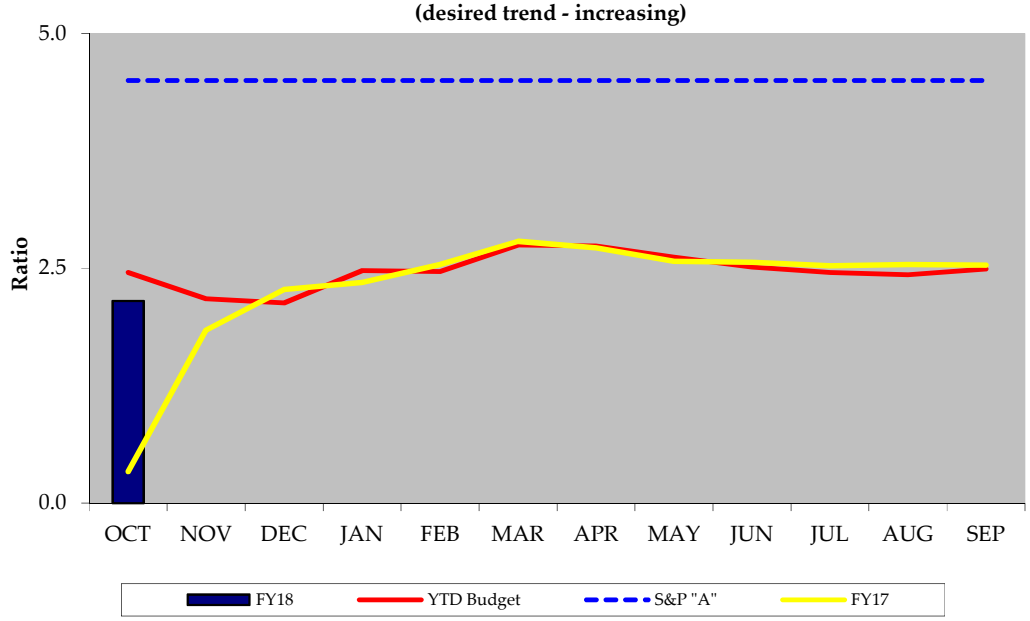




Halifax Health
Financial Summary - Graphic

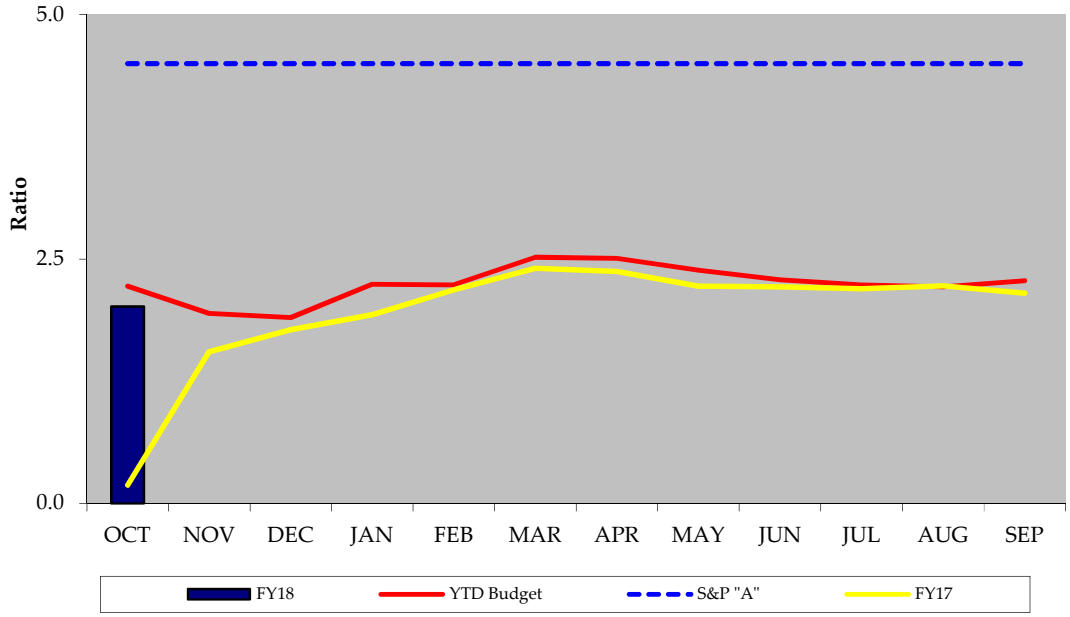
HH MADS Coverage Ratio

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



HH MADS Coverage Ratio - Operations Only

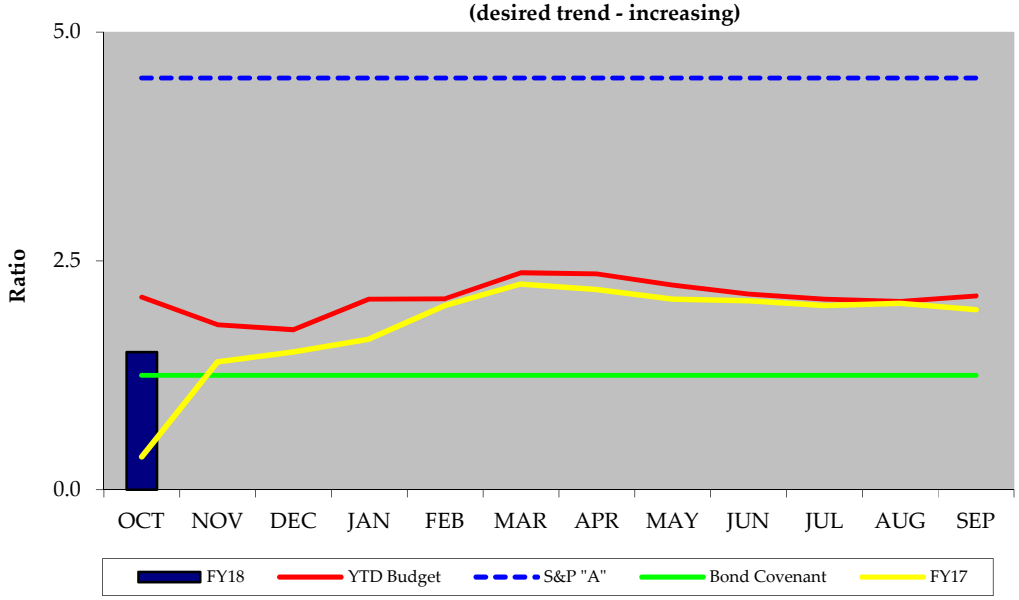
(Annualized Basis)
(Excludes nonoperating gains and losses)
(desired trend - increasing)



Halifax Health
Financial Summary - Graphic

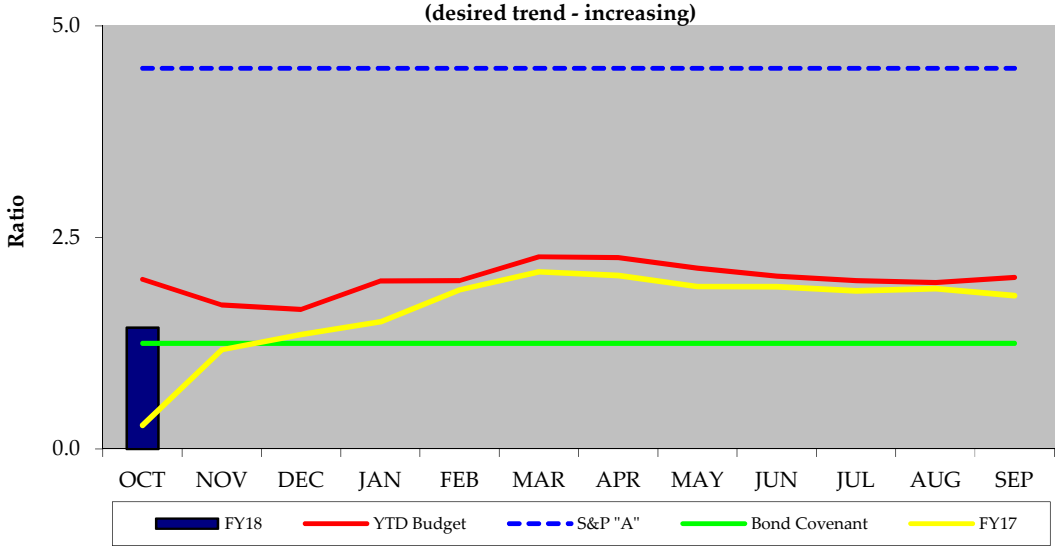
HHMC Obligated Group MADS Coverage Ratio

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



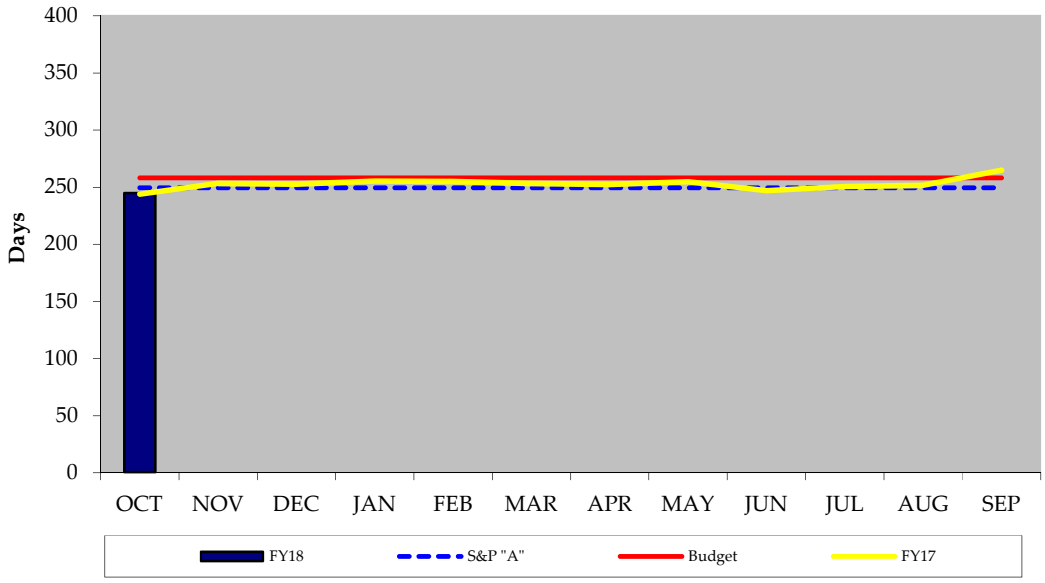
HHMC Obligated Group MADS Coverage Ratio - Operations Only

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

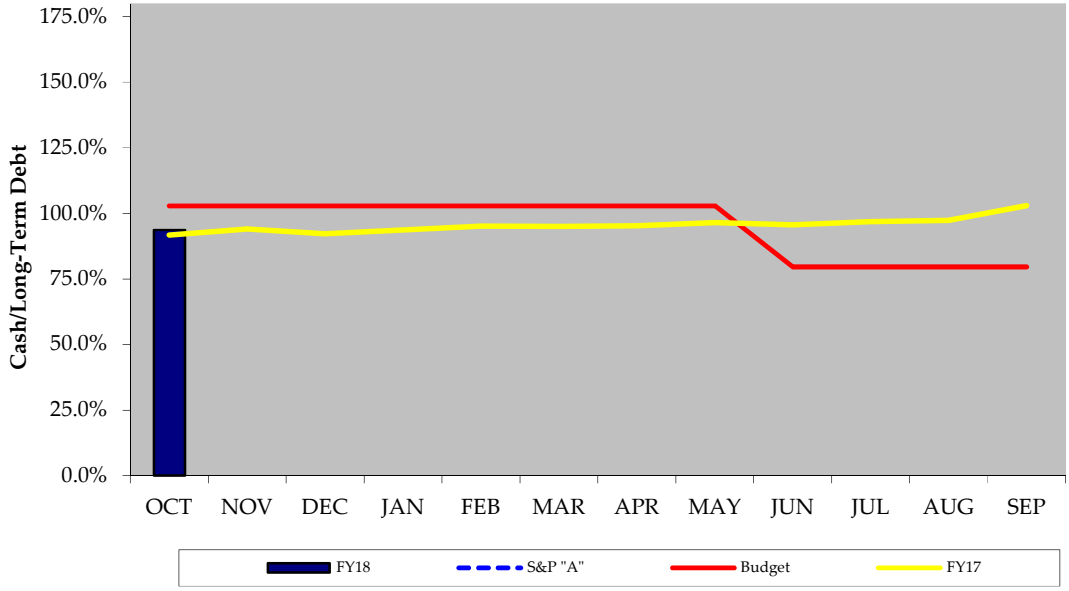


Halifax Health
Financial Summary - Graphic

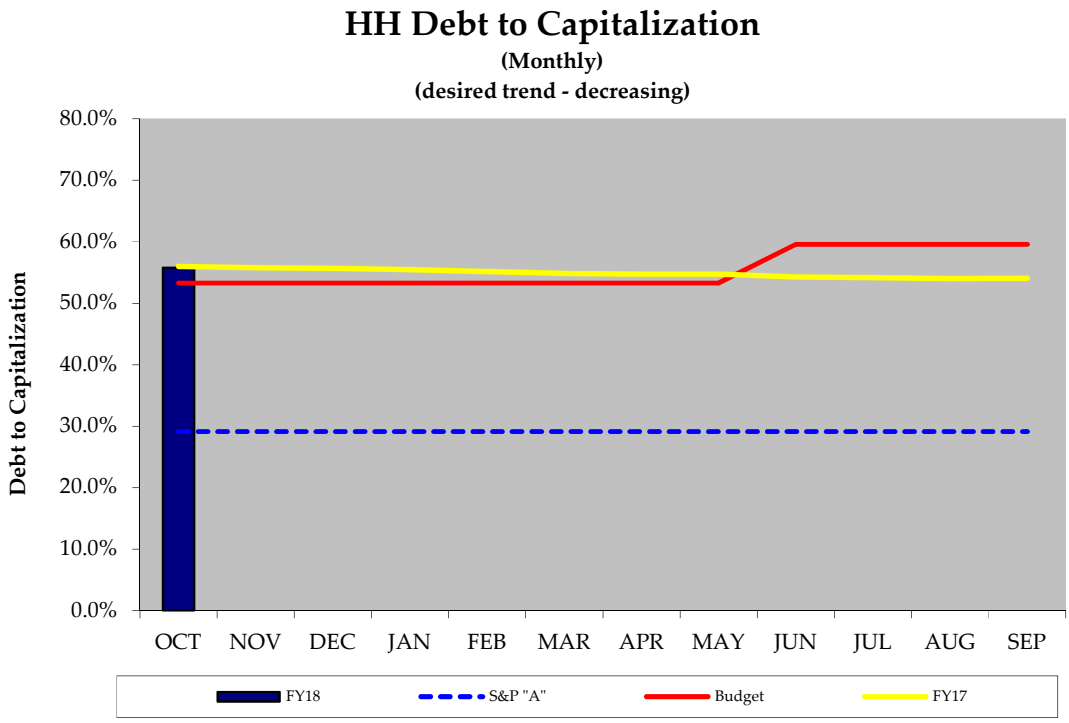
HH Days Cash on Hand
(Annualized Basis)
(desired trend - increasing)

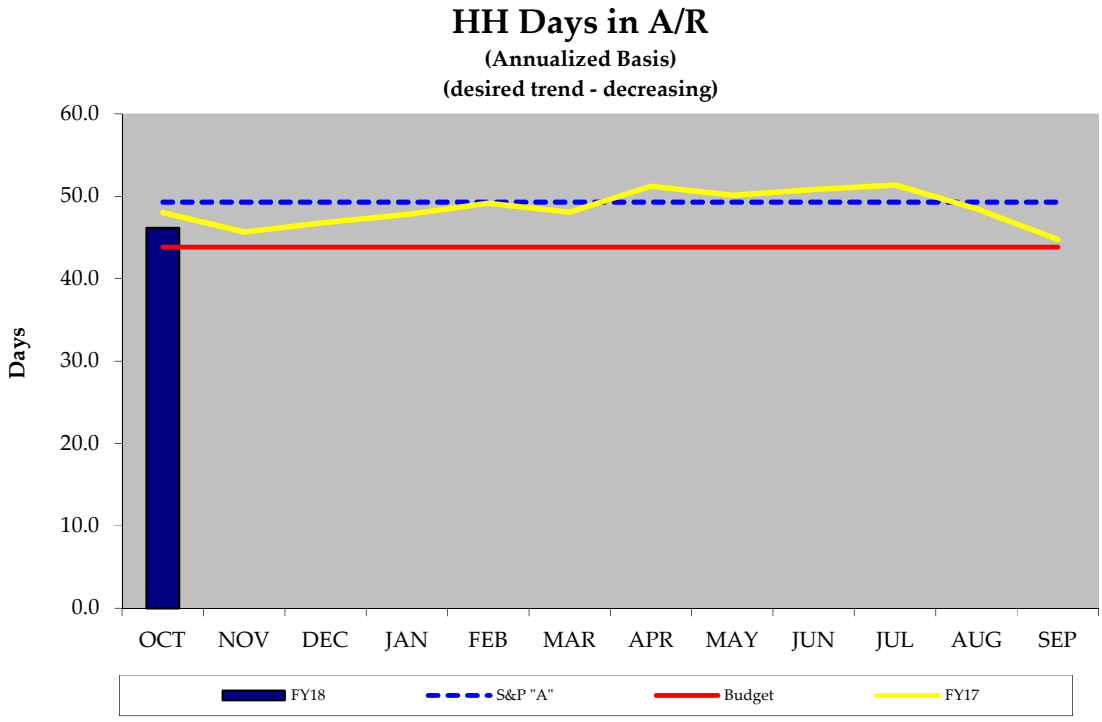


HH Cash/Debt
(Monthly)
(desired trend - increasing)

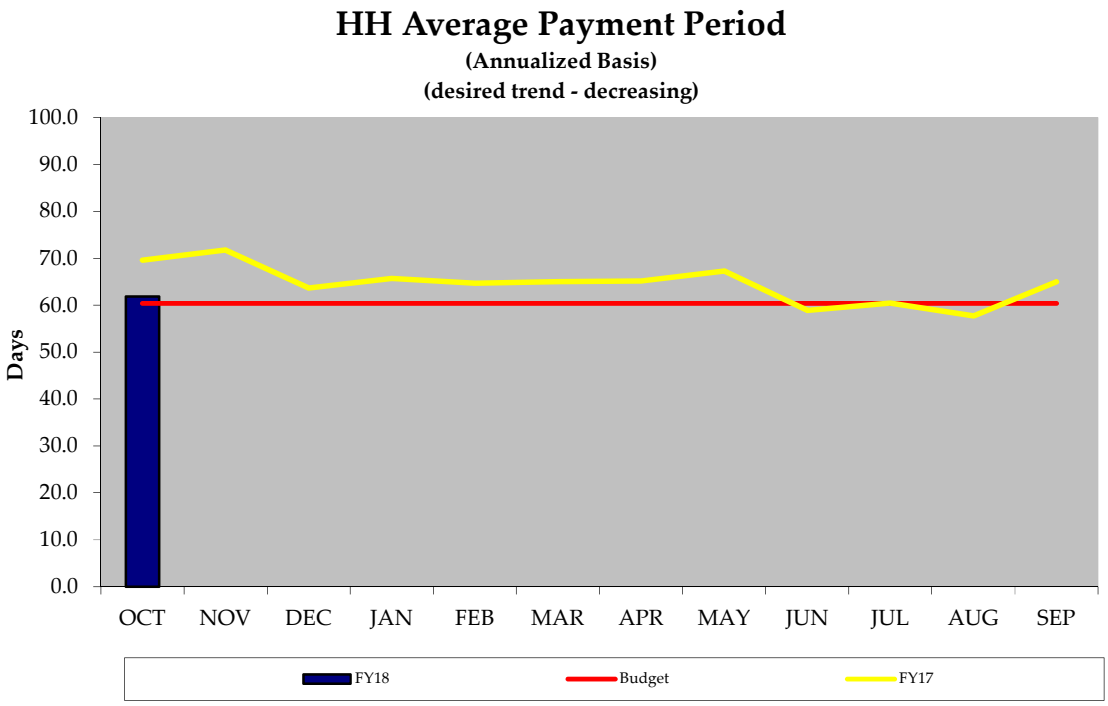


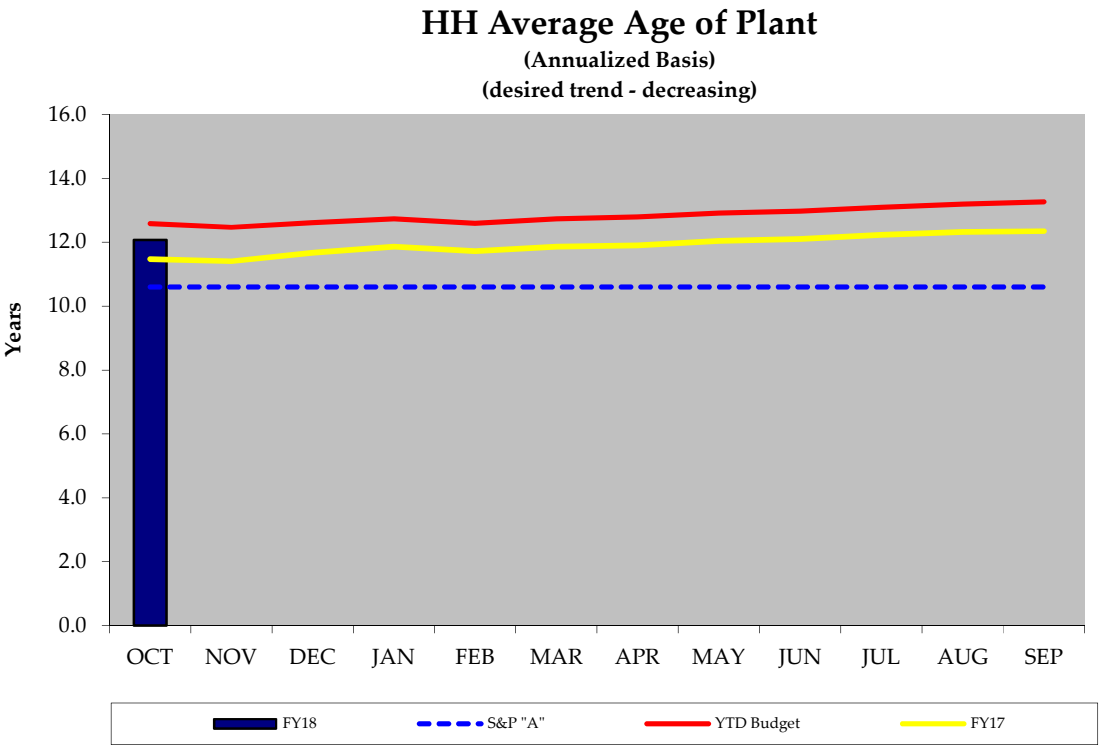
Halifax Health
Financial Summary - Graphic





Halifax Health
Financial Summary - Graphic





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

Halifax Health
Summary Financial Narrative
For the two months ended November 30, 2017

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

Financial Indicator	YTD Actual FY 18	YTD Budget FY 18	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 18 vs. S&P "A"
Total Margin	3.2%	1.2%	Favorable	5.8%	Unfavorable
Operating Margin	1.0%	0.3%	Favorable	3.6%	Unfavorable
EBIDA Margin	10.8%	8.6%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	8.7%	7.8%	Favorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	7.9%	7.6%	Favorable	N/A	N/A
Days Cash on Hand	243	258	Unfavorable	249	Unfavorable
Cash to Debt	93.1%	102.8%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	55.4%	53.3%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage	2.00	1.80	Favorable	4.50	Unfavorable
OG Debt to Capitalization	54.5%	52.9%	Unfavorable	29.1%	Unfavorable

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

Halifax Health Medical Center

Statistical Summary--

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

Financial Summary --

- Net patient service revenue for the fiscal year-to-date is 2.3% less than budget.
- Total operating expenses for the fiscal year-to-date are 1.2% less than budget.
- Loss from operations for the fiscal year-to-date of $621,000 compares unfavorably to budget by $288,000.
- Nonoperating gains/losses for the fiscal year-to-date of $484,000, primarily consisting of net investment income, compares favorably to the budgeted amount by $126,000.
- The decrease in net position for the fiscal year-to-date of $137,000 compares unfavorably to budget by $162,000.

Halifax Health Hospice

Statistical Summary –

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

Financial Summary --

- Net patient service revenue for the fiscal year-to-date is 1.7% greater than budget.
- Income from operations for the fiscal year-to-date of $191,000 compares favorably to budget by $198,000.
- Nonoperating gains/losses for the fiscal year-to-date of $1.6 million, primarily consisting of net investment income, compares favorably to the budgeted amount by $1.1 million.
- The increase in net position for the fiscal year-to-date of $1.8 million compares favorably to budget by $1.3 million.

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

Halifax Health
Statistical Summary

Month Ended November 30,					Two Months Ended November 30,			
2016	2017	Budget	Var.		2016	2017	Budget	Var.
				Inpatient Activity				
1,501	1,579	1,511	4.5%	HHMC Adult/Ped Admissions	3,078	3,160	3,097	2.0%
124	158	146	8.2%	HHMCPO Adult/Ped Admissions	277	326	300	8.7%
149	172	150	14.7%	Adult Psych Admissions	299	363	308	17.9%
66	63	53	18.9%	Rehabilitative Admissions	125	126	111	13.5%
1,840	**1,972**	**1,860**	**6.0%**	**Total Adult/Ped Admissions**	**3,779**	**3,975**	**3,816**	**4.2%**
8,276	7,382	7,280	1.4%	HHMC Adult/Ped Patient Days	17,113	15,496	14,925	3.8%
801	653	624	4.6%	HHMCPO Adult/Ped Patient Days	1,570	1,459	1,281	13.9%
1,403	1,061	1,485	-28.6%	Adult Psych Patient Days	2,948	2,567	3,050	-15.8%
793	945	785	20.4%	Rehabilitative Patient Days	1,663	1,826	1,647	10.9%
11,273	**10,041**	**10,174**	**-1.3%**	**Total Adult/Ped Patient Days**	**23,294**	**21,348**	**20,903**	**2.1%**
5.5	4.7	4.8	-3.0%	HHMC Average Length of Stay	5.6	4.9	4.8	1.8%
6.5	4.1	4.3	-3.3%	HHMCPO Average Length of Stay	5.7	4.5	4.3	4.8%
5.6	**4.6**	**4.8**	**-3.0%**	**HHMC/ HHMCPO Average Length of Stay**	**5.6**	**4.9**	**4.8**	**2.0%**
9.4	6.2	9.9	-37.7%	Adult Psych Average Length of Stay	9.9	7.1	9.9	-28.6%
12.0	15.0	14.8	1.3%	Rehabilitative Length of Stay	13.3	14.5	14.8	-2.3%
6.1	**5.1**	**5.5**	**-6.9%**	**Total Average Length of Stay**	**6.2**	**5.4**	**5.5**	**-2.0%**
376	**335**	**339**	**-1.3%**	**Total Average Daily Census**	**382**	**350**	**343**	**2.1%**
884	829	794	4.4%	HHMC Observation Patient Day Equivalents	1,660	1,648	1,558	5.8%
105	165	170	-2.9%	HHMCPO Observation Patient Day Equivalents	295	353	340	3.8%
989	**994**	**964**	**3.1%**	**Total Observation Patient Day Equivalents**	**1,955**	**2,001**	**1,898**	**5.4%**
33	**33**	**32**	**3.1%**	**Observation Average Daily Census**	**32**	**33**	**31**	**6.5%**
158	147	169	-13.0%	HHMC Newborn Births	279	280	298	-6.0%
277	267	300	-11.0%	HHMC Nursery Patient Days	511	498	554	-10.1%
435	474	419	13.1%	HHMC Inpatient Surgeries	886	955	902	5.9%
4	9	3	200.0%	HHMCPO Inpatient Surgeries	7	20	6	233.3%
439	**483**	**422**	**14.5%**	**Total Inpatient Surgeries**	**893**	**975**	**908**	**7.4%**
				Inpatient Surgeries				
172	157			Orthopedics	363	327		
67	67			General Surgery	134	138		
40	36			Neurosurgery	81	67		
26	19			Thoracic Surgery	55	53		
28	31			Vascular	45	67		
106	173			All Other	215	323		
439	**483**	**422**	**14.5%**	**Total Inpatient Surgeries**	**893**	**975**	**908**	**7.4%**

Halifax Health
Statistical Summary

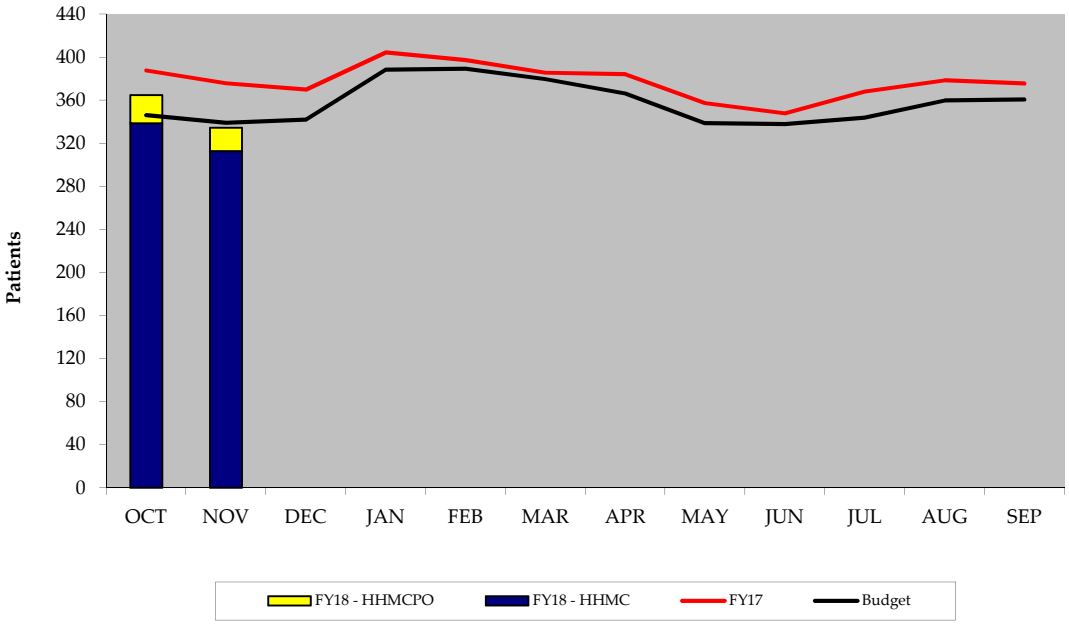
Month Ended November 30,					Two Months Ended November 30,			
2016	2017	Budget	Var.		2016	2017	Budget	Var.
				Outpatient Activity				
6,527	6,735	6,593	2.2%	HHMC ED Registrations	13,348	13,795	13,477	2.4%
2,375	2,552	2,382	7.1%	HHMCPO ED Registrations	4,917	5,170	4,932	4.8%
0	1,281	1,230	4.1%	Deltona ED Registrations	0	2,594	2,501	3.7%
8,902	**10,568**	**10,205**	**3.6%**	**Total ED**	**18,265**	**21,559**	**20,910**	**3.1%**
409	354	382	-7.3%	HHMC Outpatient Surgeries	788	748	774	-3.4%
56	1	0	0.0%	HPC Outpatient Surgeries	124	1	0	0.0%
0	125	107	16.8%	HHMCPO Outpatient Surgeries	0	246	217	13.4%
374	351	324	8.3%	Twin Lakes Surgeries	722	728	642	13.4%
839	**831**	**813**	**2.2%**	**Total Outpatient Surgeries**	**1,634**	**1,723**	**1,633**	**5.5%**
				Outpatient Surgeries				
190	147			General Surgery	372	321		
148	126			Orthopedics	291	285		
93	124			Gastroenterology	187	251		
82	75			Obstetrics Gynecology	152	148		
55	70			Ophthalmology	107	146		
271	289			All Other	525	572		
839	**831**	**813**	**2.2%**	**Total Outpatient Surgeries**	**1,634**	**1,723**	**1,633**	**5.5%**
				Cardiology Procedures				
21	21			Open Heart Cases	36	45		
112	143			Cardiac Caths	251	345		
39	32			CRM Devices	68	56		
46	39			EP Studies	85	87		
218	**235**	**215**	**9.3%**	**Total Cardiology Procedures**	**440**	**533**	**470**	**13.4%**
				Interventional Radiology Procedures				
5	10	6	66.7%	Vascular	7	18	14	28.6%
147	155	151	2.6%	Nonvascular	290	293	298	-1.7%
152	**165**	**157**	**5.1%**	**Total Interventional Radiology Procedures**	**297**	**311**	**312**	**-0.3%**
184	**229**	**174**	**31.6%**	**GI Procedures**	**371**	**442**	**361**	**22.4%**
				HH Hospice Activity				
				Patient Days				
14,876	16,206	15,002	8.0%	Volusia/ Flagler	29,846	32,649	30,503	7.0%
822.0	1,437	1,255	14.5%	Orange/ Osceola	1,611.0	2,926	2,495	17.3%
15,698	**17,643**	**16,257**	**8.5%**	**HH Hospice Patient Days**	**31,457**	**35,575**	**32,998**	**7.8%**
				Average Daily Census				
496	540	500	8.0%	Volusia/ Flagler	489	535	500	7.0%
27	48	42	14.5%	Orange/ Osceola	26	48	41	17.3%
523	**588**	**542**	**8.5%**	**HH Hospice Average Daily Census**	**515**	**583**	**541**	**7.8%**

Halifax Health
Statistical Summary

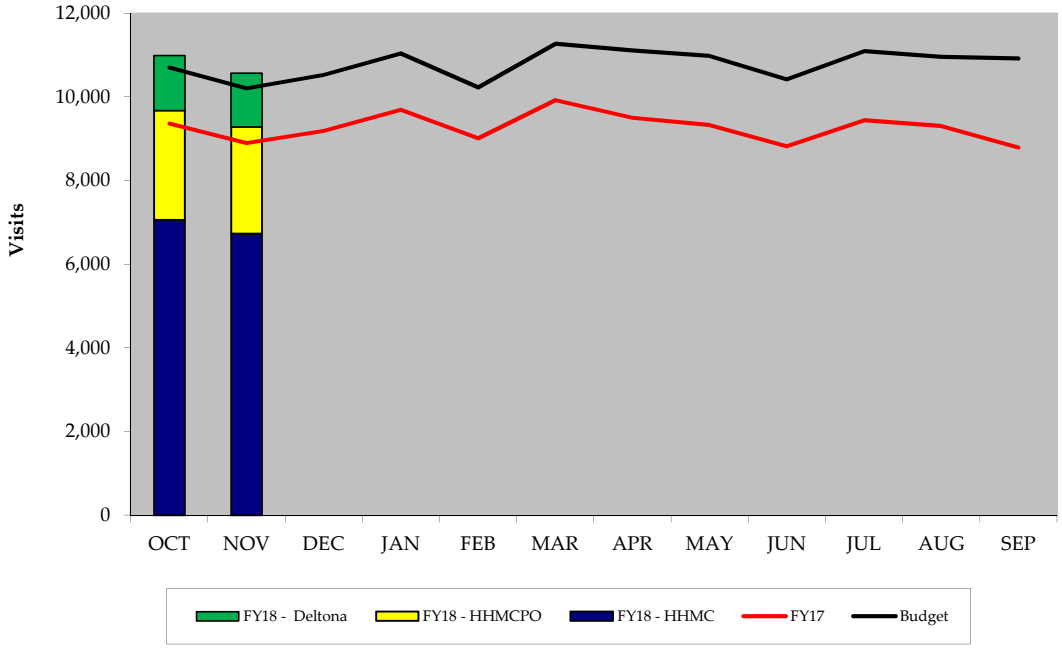
Month Ended November 30,					Two Months Ended November 30,			
2016	2017	Budget	Var.		2016	2017	Budget	Var.
				Physician Practice Activity				
				Primary Care Visits				
298	389	231	68.4%	Ormond Beach	554	750	552	35.9%
987	1,115	1,018	9.5%	Daytona Beach	2,040	2,287	2,104	8.7%
675	717	624	14.9%	Port Orange	1,334	1,434	1,234	16.2%
324	318	668	-52.4%	Deltona	640	642	1,320	-51.4%
-	898	800	12.3%	New Smyrna	-	1,788	1,600	11.8%
491	605	461	31.2%	Ormond Beach (Women's/OB)	912	1,248	937	33.2%
-	326	848	-61.6%	Ormond Beach - Urgent Care	-	610	1,724	-64.6%
2,775	**4,368**	**4,650**	**-6.1%**	**Primary Care Visits**	**5,480**	**8,759**	**9,471**	**-7.5%**
				Children's Medical Center Visits				
974	549	762	-28.0%	Ormond Beach	1,788	1,195	1,803	-33.7%
-	341	323	5.6%	Palm Coast	293	602	697	-13.6%
506	474	707	-33.0%	Port Orange	953	991	1,332	-25.6%
1,480	**1,364**	**1,792**	**-23.9%**	**Children's Medical Center Visits**	**3,034**	**2,788**	**3,832**	**-27.2%**
				Community Clinic Visits				
381	334	391	-14.6%	Keech Street	724	704	743	-5.2%
221	-	-	0.0%	Adult Community Clinic	428	92	75	22.7%
602	**334**	**391**	**-14.6%**	**Community Clinic Visits**	**1,152**	**796**	**818**	**-2.7%**

Halifax Health
Statistical Summary - Graphic

HHMC Average Daily Census
(Monthly)

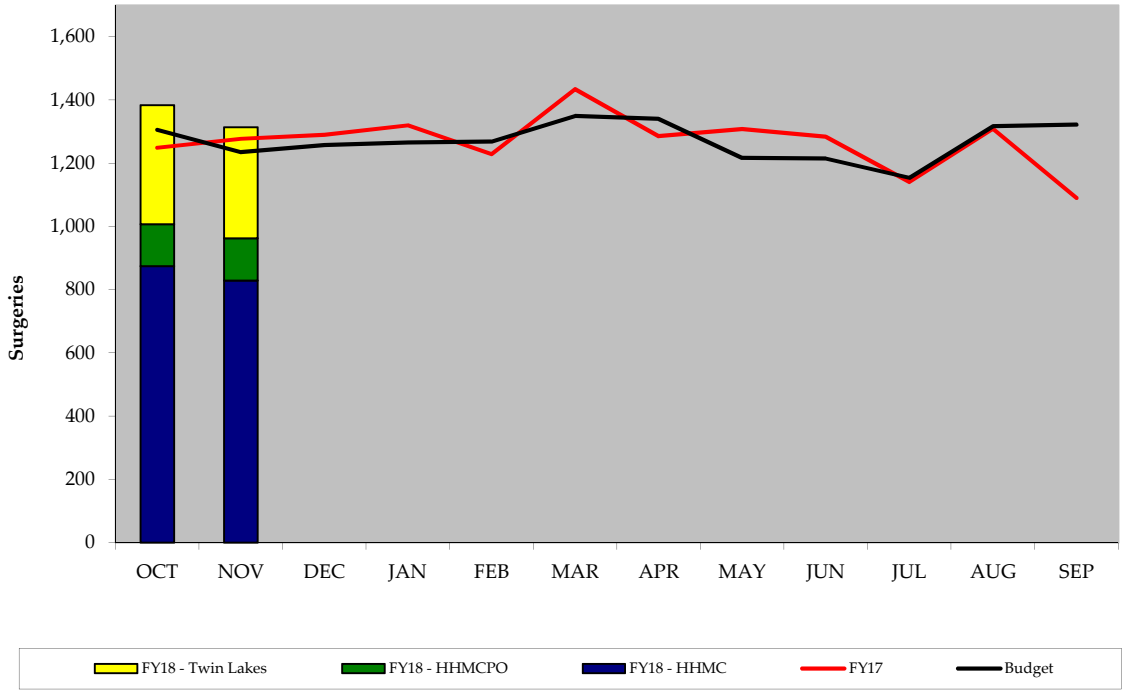


ED Visits
(Monthly)

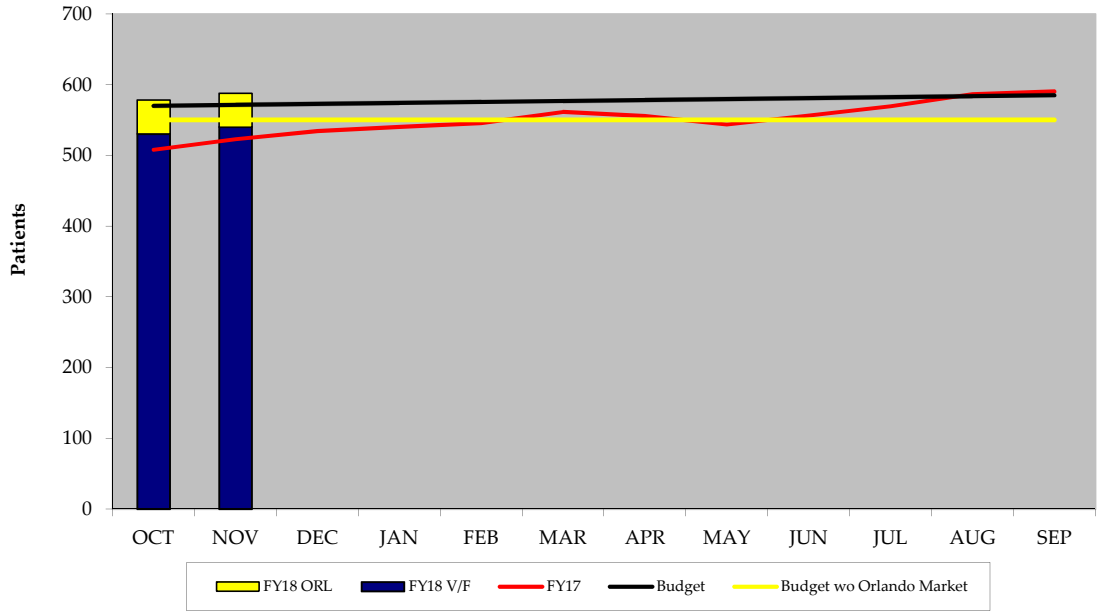


Halifax Health
Statistical Summary - Graphic

Surgeries
(Monthly)



Hospice Average Daily Census
(Monthly)



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

	November 30,		
	2017	2016	Change
Assets			
Cash and cash equivalents	$23,765	$39,347	($15,582)
Investments	271,379	267,437	3,942
Board designated assets	45,145	44,726	419
Accounts receivable	64,595	60,681	3,914
Restricted assets whose use is limited	6,427	19,164	(12,737)
Other assets	52,336	52,098	238
Deferred outflow - swap	29,745	35,243	(5,498)
Deferred outflow - loss on bond refunding	16,301	17,225	(924)
Deferred outflow - pension	23,316	58,096	(34,780)
Property, plant and equipment	353,627	354,747	(1,120)
Total Assets	$886,636	$948,764	($62,128)
Liabilities and Net position			
Accounts payable	$32,094	$29,644	$2,450
Other liabilities	96,315	98,003	(1,688)
Net pension liability	68,279	131,108	(62,829)
Long-term debt	346,465	354,003	(7,538)
Premium on LTD, net	19,150	19,820	(670)
Long-term value of swap	29,745	35,243	(5,498)
Net position	294,588	280,943	13,645
Total Liabilities and Net position	$886,636	$948,764	($62,128)

Halifax Health
Statement of Cash Flows
($ in thousands)

Month ended November 30, 2017	Month ended November 30, 2016	Variance		Two Months ended November 30, 2017	Two Months ended November 30, 2016	Variance
			Cash flows from operating activities:			
$39,802	$42,633	($2,831)	Receipts from third party payors and patients	$81,687	$81,073	$614
(28,368)	(21,877)	(6,491)	Payments to employees	(70,285)	(65,173)	(5,112)
(12,167)	(14,626)	2,459	Payments to suppliers	(42,215)	(31,676)	(10,539)
144	2,363	(2,219)	Receipt of ad valorem taxes	162	2,409	(2,247)
2,181	2,697	(516)	Other receipts	2,830	5,371	(2,541)
(3,690)	(3,532)	(158)	Other payments	(7,376)	(7,102)	(274)
(2,098)	7,658	(9,756)	Net cash provided by (used in) operating activities	(35,197)	(15,098)	(20,099)
			Cash flows from noncapital financing activities:			
6	53	(47)	Proceeds from donations received	66	137	(71)
6	53	(47)	Net cash provided by noncapital financing activities	66	137	(71)
			Cash flows from capital and related financing activities:			
(1,287)	(952)	(335)	Acquisition of capital assets	(3,349)	(3,040)	(309)
(201)	(195)	(6)	Payment of long-term debt	(401)	(390)	(11)
(327)	(358)	31	Payment of interest on long-term debt	(677)	(738)	61
(1,815)	(1,505)	(310)	Net cash used in capital financing activities	(4,427)	(4,168)	(259)
			Cash flows from investing activities:			
675	683	(8)	Realized investment income (loss)	850	855	(5)
(727)	(733)	6	Purchases of investments/limited use assets	(970)	(980)	10
15	13	2	Sales/Maturities of investments/limited use assets	20	28	(8)
(37)	(37)	-	Net cash provided by (used in) investing activities	(100)	(97)	(3)
(3,944)	6,169	(10,113)	**Net increase (decrease) in cash and cash equivalents**	(39,658)	(19,226)	(20,432)
27,709	33,178	(5,469)	**Cash and cash equivalents at beginning of period**	63,423	58,573	4,850
$23,765	$39,347	($15,582)	**Cash and cash equivalents at end of period**	$23,765	$39,347	($15,582)

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

Actual Month Ended November 30, 2017	Actual Month Ended November 30, 2016	Favorable (Unfavorable) Variance		Actual Two Months Ended November 30, 2017	Actual Two Months Ended November 30, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
$53,104	$46,354	$6,750	Net patient service revenue, before provision for bad debts	$106,580	$96,029	$10,551
(11,488)	(5,779)	(5,709)	Provision for bad debts	(22,695)	(15,007)	(7,688)
41,616	40,575	1,041	Net patient service revenue	83,885	81,022	2,863
504	938	(434)	Ad valorem taxes	1,008	1,875	(867)
2,802	3,156	(354)	Other revenue	5,503	4,358	1,145
44,922	44,669	253	Total operating revenues	90,396	87,255	3,141
			Operating expenses:			
21,864	22,568	704	Salaries and benefits	45,411	47,187	1,776
6,722	5,848	(874)	Purchased services	13,387	11,843	(1,544)
8,152	7,670	(482)	Supplies	16,275	15,713	(562)
2,115	2,013	(102)	Depreciation and amortization	4,220	4,039	(181)
1,373	1,417	44	Interest	2,769	2,854	85
577	613	36	Ad valorem tax related expenses	1,169	1,227	58
803	702	(101)	Leases and rentals	1,611	1,424	(187)
2,374	2,273	(101)	Other	4,667	4,547	(120)
43,980	43,104	(876)	Total operating expenses	89,509	88,834	(675)
942	**1,565**	**(623)**	**Excess (deficiency) of operating revenues over expenses**	**887**	**(1,579)**	**2,466**
			Nonoperating revenues, expenses, and gains/(losses):			
675	683	(8)	Realized investment income/(losses)	851	856	(5)
540	363	177	Unrealized investment income/(losses)	1,159	(1,150)	2,309
6	53	(47)	Donation revenue	65	138	(73)
1,221	1,099	122	Total nonoperating revenues, expenses, and gains/(losses)	2,075	(156)	2,231
$2,163	**$2,664**	**($501)**	**Increase (decrease) in net position**	**$2,962**	**($1,735)**	**$4,697**

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

Actual Month Ended November 30, 2017	Static Budget Month Ended November 30, 2017	Favorable (Unfavorable) Variance		Actual Two Months Ended November 30, 2017	Static Budget Two Months Ended November 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$53,104	$49,195	$3,909	Net patient service revenue, before provision for bad debts	$106,580	$101,487	$5,093
(11,488)	(7,809)	(3,679)	Provision for bad debts	(22,695)	(15,875)	(6,820)
41,616	41,386	230	Net patient service revenue	83,885	85,612	(1,727)
504	504	-	Ad valorem taxes	1,008	1,008	-
2,802	2,167	635	Other revenue	5,503	4,359	1,144
44,922	44,057	865	Total operating revenues	90,396	90,979	(583)
			Operating expenses:			
21,864	23,575	1,711	Salaries and benefits	45,411	48,328	2,917
6,722	6,064	(658)	Purchased services	13,387	12,246	(1,141)
8,152	7,703	(449)	Supplies	16,275	15,884	(391)
2,115	2,007	(108)	Depreciation and amortization	4,220	4,014	(206)
1,373	1,394	21	Interest	2,769	2,789	20
577	547	(30)	Ad valorem tax related expenses	1,169	1,124	(45)
803	803	-	Leases and rentals	1,611	1,608	(3)
2,374	2,350	(24)	Other	4,667	4,701	34
43,980	44,443	463	Total operating expenses	89,509	90,694	1,185
942	**(386)**	**1,328**	**Excess (deficiency) of operating revenues over expenses**	**887**	**285**	**602**
			Nonoperating revenues, expenses, and gains/(losses):			
675	365	310	Realized investment income/(losses)	851	732	119
540	(2)	542	Unrealized investment income/(losses)	1,159	(3)	1,162
6	58	(52)	Donation revenue	65	115	(50)
1,221	421	800	Total nonoperating revenues, expenses, and gains/(losses)	2,075	844	1,231
$2,163	**$35**	**$2,128**	**Increase in net position**	**$2,962**	**$1,129**	**$1,833**

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

Actual Month Ended November 30, 2017	Static Budget Month Ended November 30, 2017	Favorable (Unfavorable) Variance		Actual Two Months Ended November 30, 2017	Static Budget Two Months Ended November 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$49,519	$45,694	$3,825	Net patient service revenue, before provision for bad debts	$99,332	$94,380	$4,952
(11,380)	(7,724)	(3,656)	Provision for bad debts	(22,501)	(15,702)	(6,799)
38,139	37,970	169	Net patient service revenue	76,831	78,678	(1,847)
504	504	-	Ad valorem taxes	1,008	1,008	-
1,755	1,394	361	Other revenue	3,368	2,814	554
40,398	39,868	530	Total operating revenues	81,207	82,500	(1,293)
			Operating expenses:			
19,889	21,556	1,667	Salaries and benefits	41,390	44,141	2,751
5,571	4,992	(579)	Purchased services	11,135	10,082	(1,053)
7,946	7,484	(462)	Supplies	15,887	15,440	(447)
1,984	1,881	(103)	Depreciation and amortization	3,959	3,762	(197)
1,368	1,389	21	Interest	2,758	2,778	20
577	547	(30)	Ad valorem tax related expenses	1,169	1,124	(45)
628	633	5	Leases and rentals	1,254	1,266	12
2,147	2,120	(27)	Other	4,276	4,240	(36)
40,110	40,602	492	Total operating expenses	81,828	82,833	1,005
288	**(734)**	**1,022**	**Excess (deficiency) of operating revenues over expenses**	**(621)**	**(333)**	**(288)**
			Nonoperating revenues, expenses, and gains/(losses):			
619	180	439	Realized investment income/(losses)	739	361	378
(262)	(2)	(260)	Unrealized investment income/(losses)	(254)	(3)	(251)
-	-	-	Donation revenue	(1)	-	(1)
357	178	179	Total nonoperating revenues, expenses, and gains/(losses)	484	358	126
$645	**($556)**	**$1,201**	**Increase (decrease) in net position**	**($137)**	**$25**	**($162)**

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

Actual Month Ended November 30, 2016		Actual Month Ended November 30, 2017		Static Budget Month Ended November 30, 2017			Actual Two Months Ended November 30, 2016		Actual Two Months Ended November 30, 2017		Static Budget Two Months Ended November 30, 2017	
$148,439	100.00%	$160,267	100.00%	$155,010	100.00%	Gross charges	$293,286	100.00%	$325,781	100.00%	$317,414	100.00%
(11,011)	-7.42%	(8,761)	-5.47%	(8,143)	-5.25%	Charity	(19,673)	-6.71%	(18,472)	-5.67%	(16,678)	-5.25%
(94,248)	-63.49%	(101,987)	-63.64%	(101,173)	-65.27%	Contractual adjustments	(183,948)	-62.72%	(207,977)	-63.84%	(206,356)	-65.01%
43,180	29.09%	49,519	30.90%	45,694	29.48%	Gross charges, before provision for bad debts	89,665	30.57%	99,332	30.49%	94,380	29.73%
(5,729)	-3.86%	(11,380)	-7.10%	(7,724)	-4.98%	Provision for bad debts	(14,852)	-5.06%	(22,501)	-6.91%	(15,702)	-4.95%
$37,451	**25.23%**	**$38,139**	**23.80%**	**$37,970**	**24.50%**	**Net patient service revenue**	**$74,813**	**25.51%**	**$76,831**	**23.58%**	**$78,678**	**24.79%**

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

Actual Month Ended November 30, 2017	Static Budget Month Ended November 30, 2017	Favorable (Unfavorable) Variance		Actual Two Months Ended November 30, 2017	Static Budget Two Months Ended November 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$3,585	$3,501	$84	Net patient service revenue, before provision for bad debts	$7,248	$7,107	$141
(108)	(85)	(23)	Provision for bad debts	(194)	(173)	(21)
3,477	3,416	61	Net patient service revenue	7,054	6,934	120
181	199	(18)	Other revenue	376	398	(22)
3,658	3,615	43	Total operating revenues	7,430	7,332	98
			Operating expenses:			
1,906	1,950	44	Salaries and benefits	3,881	4,047	166
1,112	1,029	(83)	Purchased services	2,173	2,080	(93)
206	218	12	Supplies	388	442	54
64	59	(5)	Depreciation and amortization	128	119	(9)
170	165	(5)	Leases and rentals	347	332	(15)
163	159	(4)	Other	322	319	(3)
3,621	3,580	(41)	Total operating expenses	7,239	7,339	100
37	**35**	**2**	**Excess (deficiency) of operating revenues over expenses**	**191**	**(7)**	**198**
			Nonoperating revenues, expenses, and gains/(losses):			
56	185	(129)	Realized investment income/(losses)	112	371	(259)
802	-	802	Unrealized investment income/(losses)	1,413	-	1,413
6	58	(52)	Donation revenue	66	115	(49)
864	243	621	Total nonoperating revenues, expenses, and gains/(losses)	1,591	486	1,105
$901	**$278**	**$623**	**Increase in net position**	**$1,782**	**$479**	**$1,303**

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

Actual Month Ended November 30, 2017	Static Budget Month Ended November 30, 2017	Favorable (Unfavorable) Variance		Actual Two Months Ended November 30, 2017	Static Budget Two Months Ended November 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$0	$0	$0	Net patient service revenue, before provision for bad debts	$0	$0	$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
350	352	(2)	Other revenue	701	703	(2)
350	352	(2)	Total operating revenues	701	703	(2)
			Operating expenses:			
58	59	1	Salaries and benefits	120	119	(1)
38	39	1	Purchased services	77	77	-
-	1	1	Supplies	-	2	2
67	67	-	Depreciation and amortization	133	133	-
5	5	-	Interest	11	11	-
5	5	-	Leases and rentals	10	10	-
1	4	3	Other	1	8	7
174	180	6	Total operating expenses	352	360	8
176	**172**	**4**	**Excess of operating revenues over expenses**	**349**	**343**	**6**
			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)	-	-	-
$176	**$172**	**$4**	**Increase in net position**	**$349**	**$343**	**$6**

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

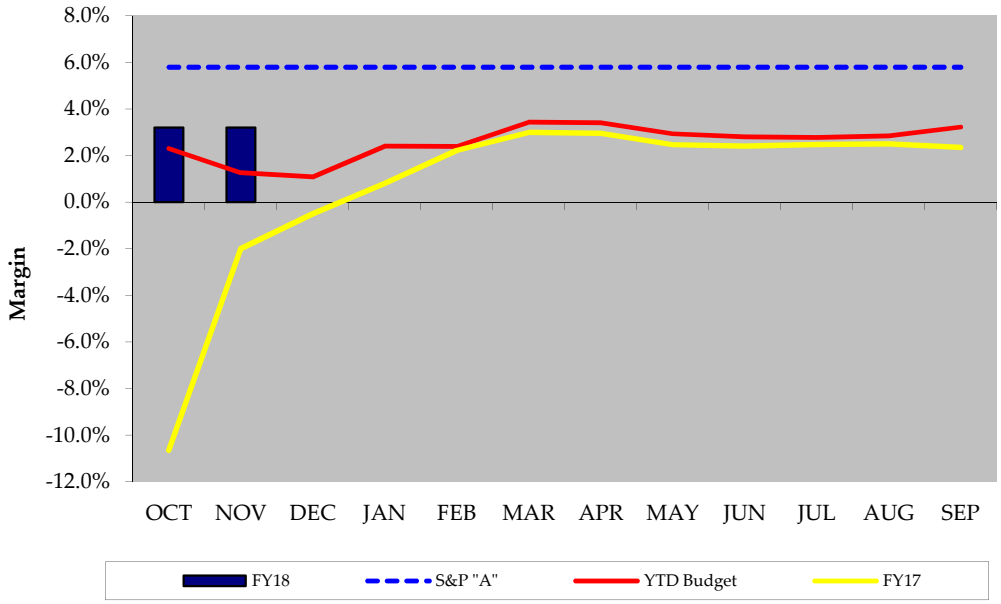
Actual Month Ended November 30, 2017	Static Budget Month Ended November 30, 2017	Favorable (Unfavorable) Variance		Actual Two Months Ended November 30, 2017	Static Budget Two Months Ended November 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$0	$0	$0	Net patient service revenue, before provision for bad debts	$0	$0	$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
36	114	(78)	Realized investment income/(losses)	71	228	(157)
444	-	444	Unrealized investment income/(losses)	770	-	770
36	108	(72)	Donation revenue	217	216	1
-	-	-	Other revenue	-	-	-
516	222	294	Total operating revenues	1,058	444	614
			Operating expenses:			
11	10	(1)	Salaries and benefits	20	21	1
1	4	3	Purchased services	2	7	5
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
63	67	4	Other	68	134	66
75	81	6	Total operating expenses	90	162	72
$441	**$141**	**$300**	**Increase in net position**	**$968**	**$282**	**$686**

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

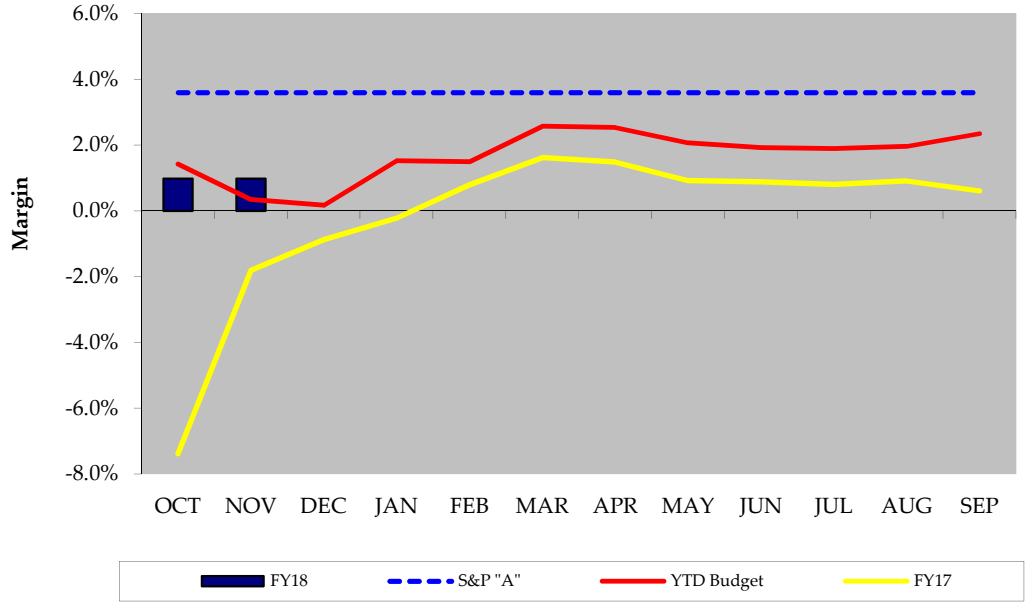
Actual Month Ended November 30, 2017	Static Budget Month Ended November 30, 2017	Favorable (Unfavorable) Variance		Actual Two Months Ended November 30, 2017	Static Budget Two Months Ended November 30, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
$49,519	$45,694	$3,825	Net patient service revenue, before provision for bad debts	$99,332	$94,380	$4,952
(11,380)	(7,724)	(3,656)	Provision for bad debts	(22,501)	(15,702)	(6,799)
38,139	37,970	169	Net patient service revenue	76,831	78,678	(1,847)
504	504	-	Ad valorem taxes	1,008	1,008	-
1,755	1,394	361	Other revenue	3,368	2,814	554
40,398	39,868	530	Total operating revenues	81,207	82,500	(1,293)
			Operating expenses:			
19,889	21,556	1,667	Salaries and benefits	41,390	44,141	2,751
5,571	4,992	(579)	Purchased services	11,135	10,082	(1,053)
7,946	7,484	(462)	Supplies	15,887	15,440	(447)
1,984	1,881	(103)	Depreciation and amortization	3,959	3,762	(197)
1,368	1,389	21	Interest	2,758	2,778	20
577	547	(30)	Ad valorem tax related expenses	1,169	1,124	(45)
628	633	5	Leases and rentals	1,254	1,266	12
2,147	2,120	(27)	Other	4,276	4,240	(36)
40,110	40,602	492	Total operating expenses	81,828	82,833	1,005
288	**(734)**	**1,022**	**Excess (deficiency) of operating revenues over expenses**	**(621)**	**(333)**	**(288)**
			Nonoperating revenues, expenses, and gains/(losses):			
619	180	439	Realized investment income/(losses)	739	361	378
(262)	(2)	(260)	Unrealized investment income/(losses)	(254)	(3)	(251)
-	-	-	Donation revenue	(1)	-	(1)
357	178	179	Total nonoperating revenues, expenses, and gains/(losses)	484	358	126
645	**(556)**	**1,201**	**Increase (decrease) in net position before other changes in net**	**(137)**	**25**	**(162)**
1,518	591	927	Income from affiliates	3,099	1,104	1,995
$2,163	**$35**	**$2,128**	**Increase in net position**	**$2,962**	**$1,129**	**$1,833**

Halifax Health
Financial Summary - Graphic

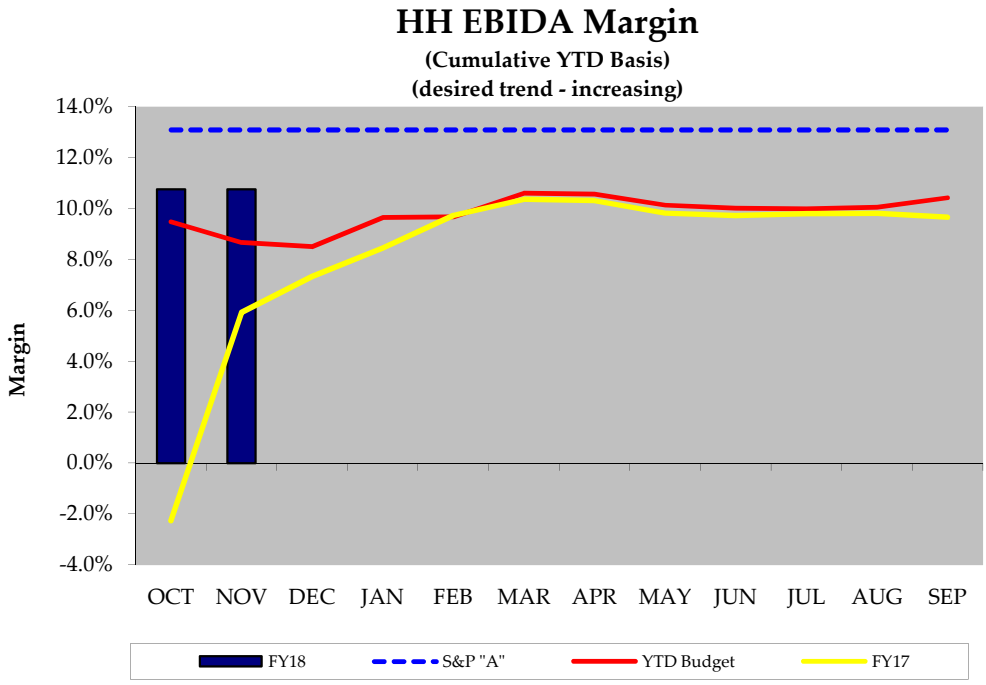
HH Total Margin
(Cumulative YTD Basis)
(desired trend - increasing)

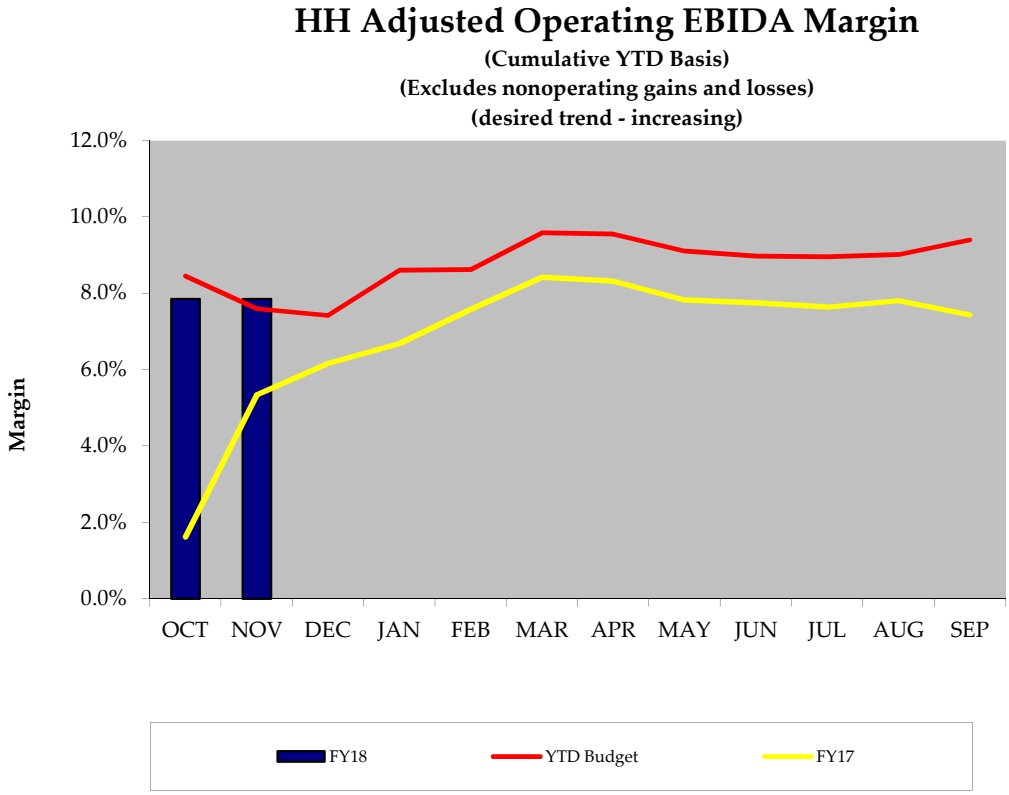


HH Operating Margin
(Cumulative YTD Basis)
(Excludes nonoperating gains and losses)
(desired trend - increasing)



Halifax Health
Financial Summary - Graphic

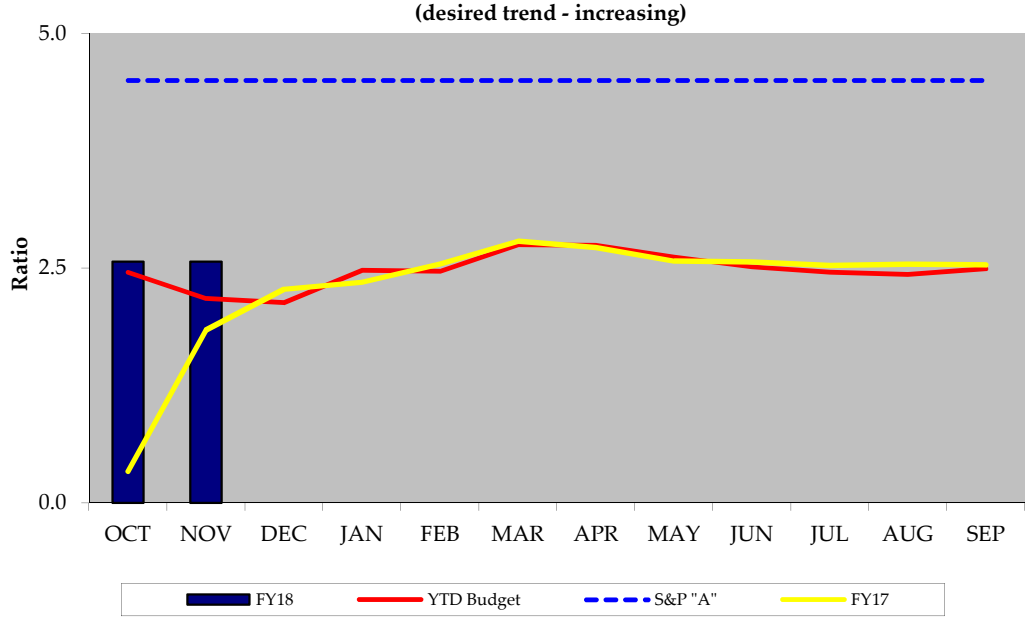




Halifax Health
Financial Summary - Graphic

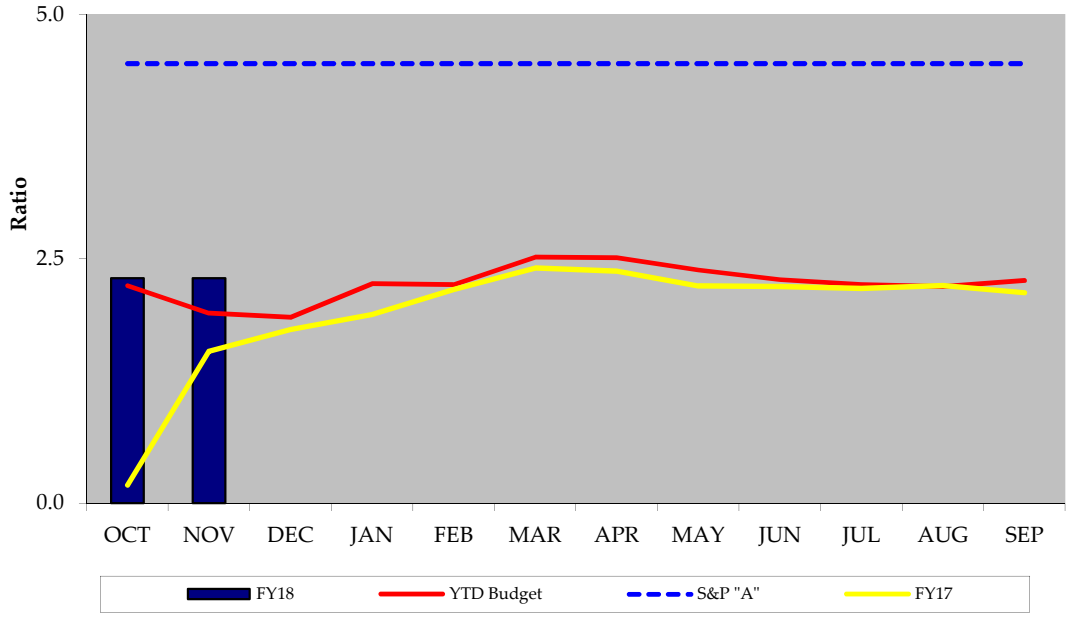
HH MADS Coverage Ratio

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



HH MADS Coverage Ratio - Operations Only

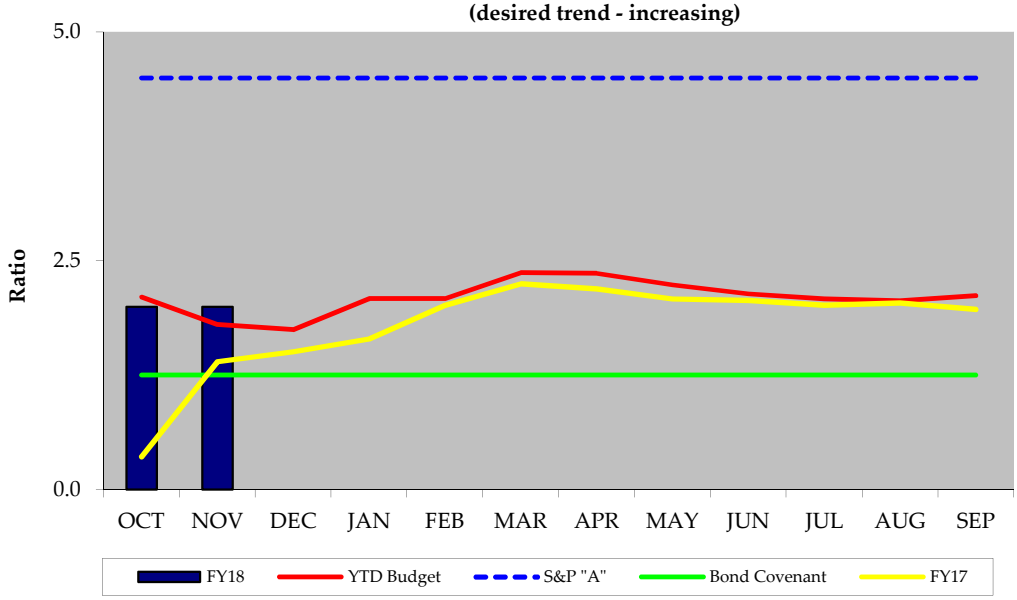
(Annualized Basis)
(Excludes nonoperating gains and losses)
(desired trend - increasing)



Halifax Health
Financial Summary - Graphic

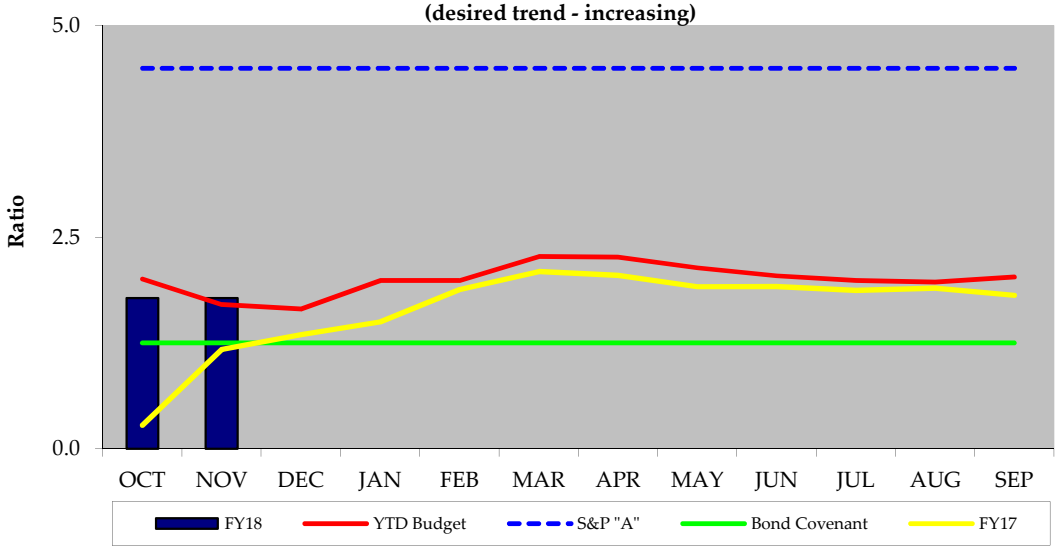
HHMC Obligated Group MADS Coverage Ratio

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



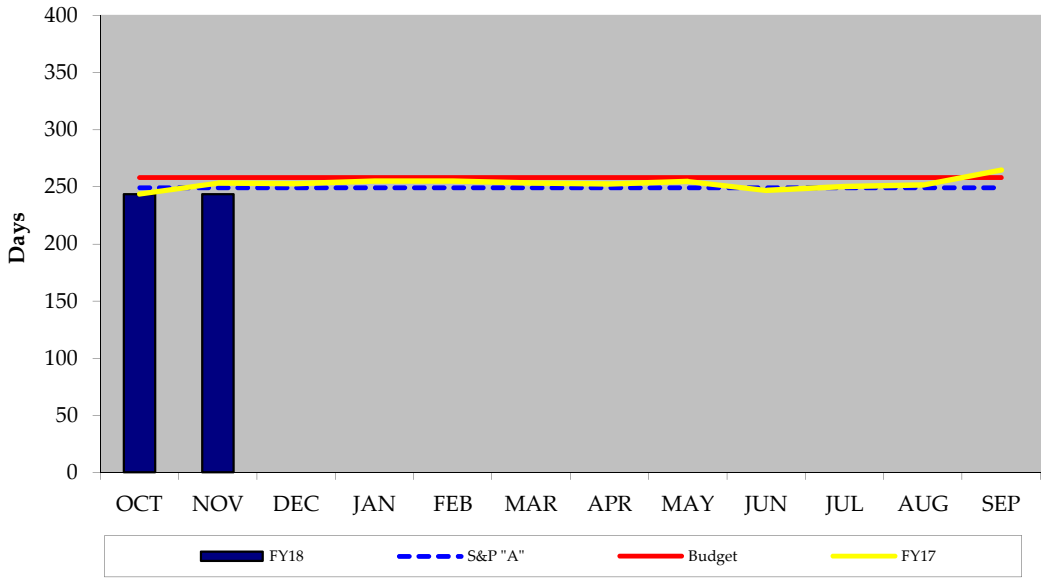
HHMC Obligated Group MADS Coverage Ratio - Operations Only

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

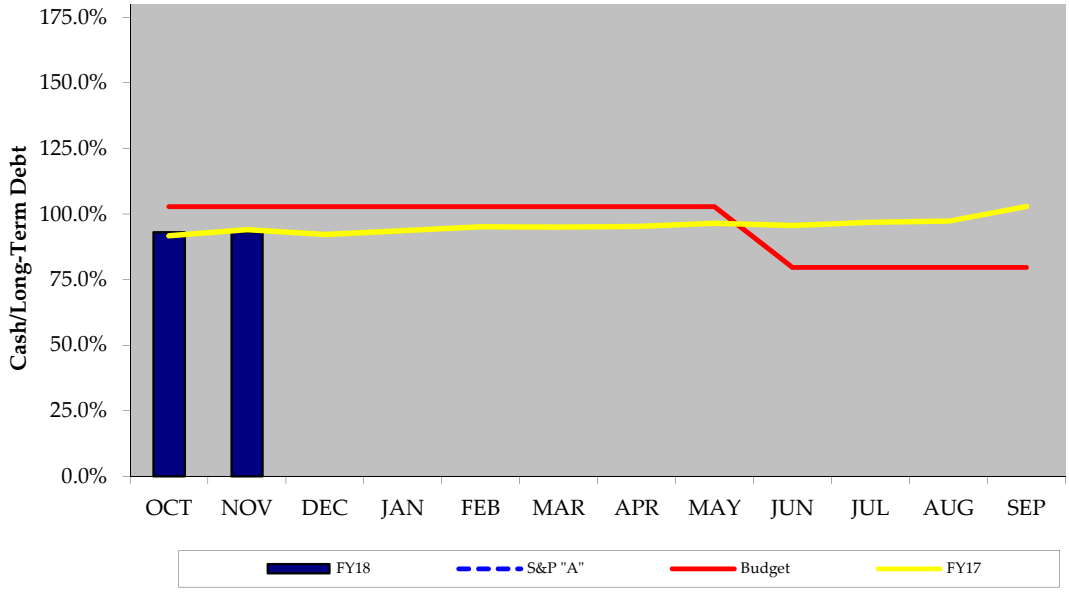


Halifax Health
Financial Summary - Graphic

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

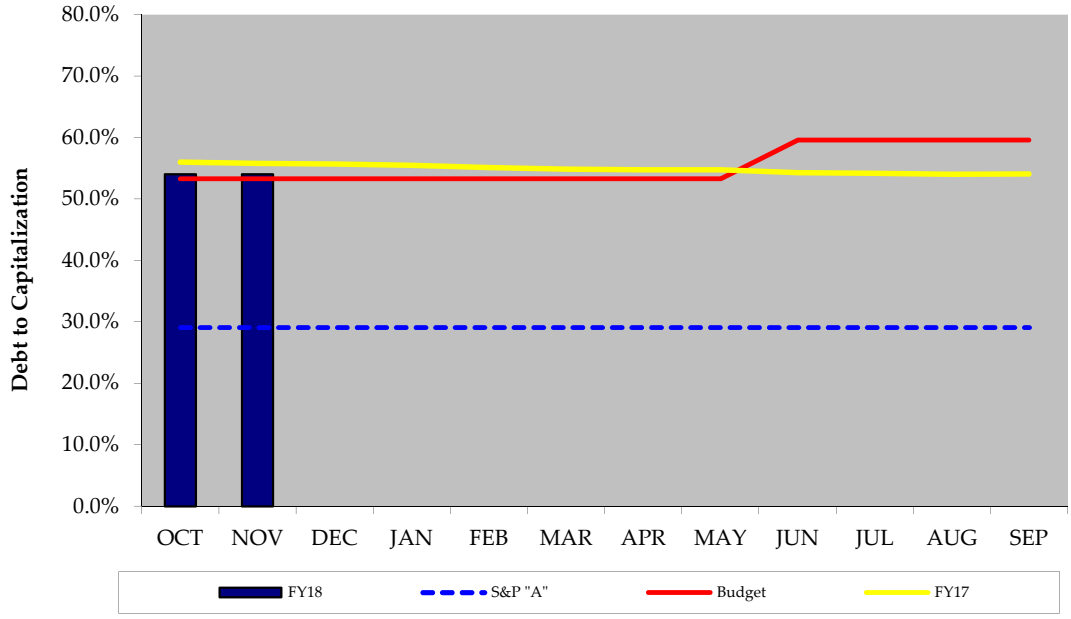


HH Cash/Debt
(Monthly)
(desired trend - increasing)

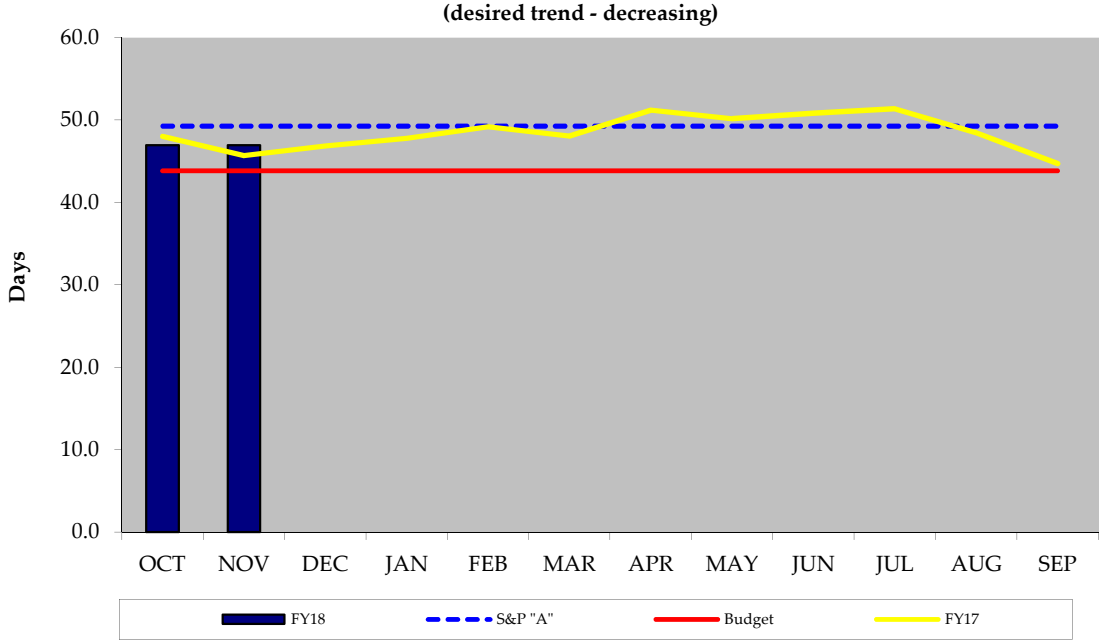


Halifax Health
Financial Summary - Graphic

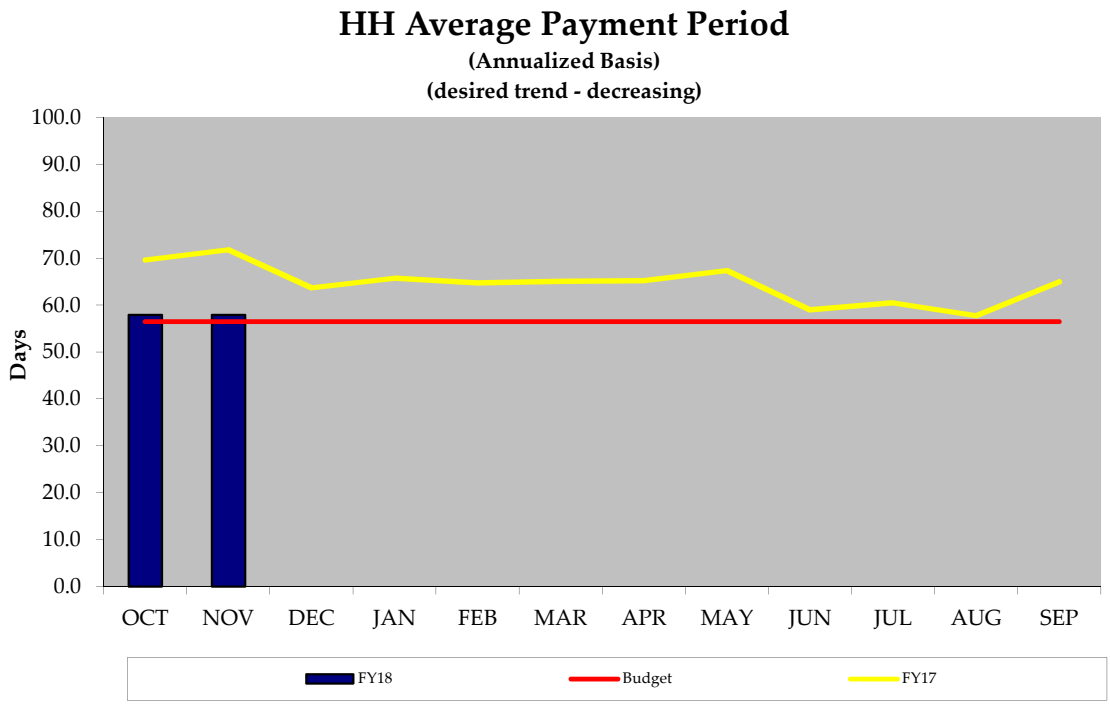
HH Debt to Capitalization
(Monthly)
(desired trend - decreasing)

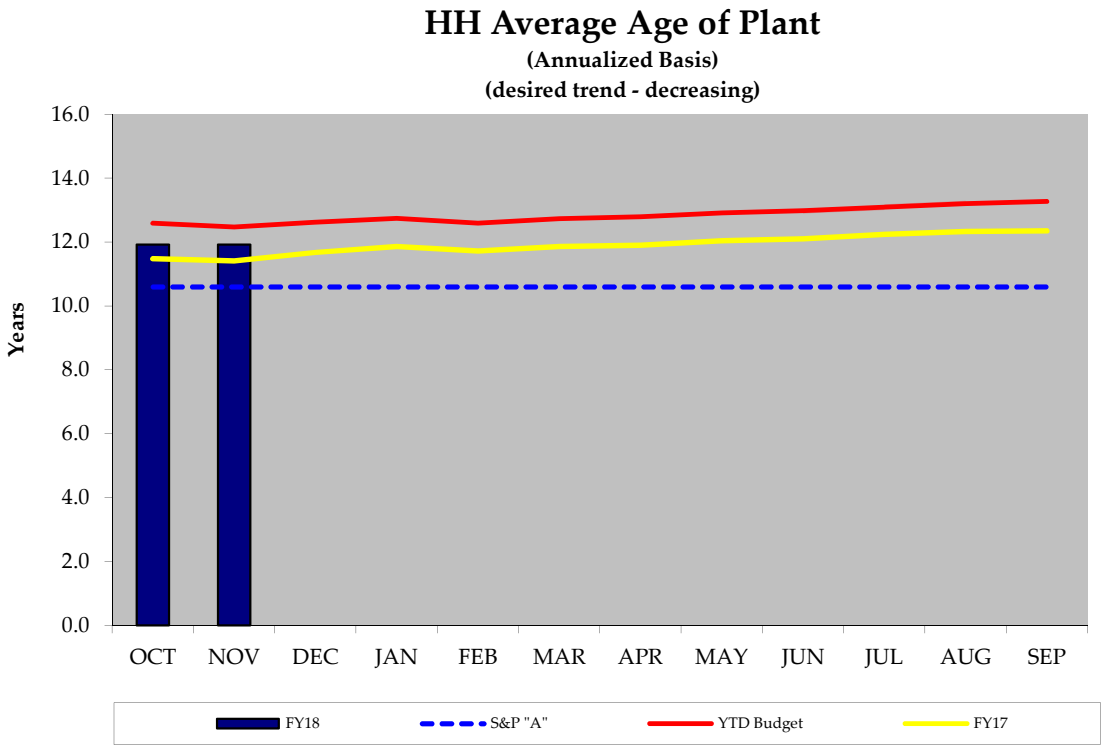


HH Days in A/R
(Annualized Basis)
(desired trend - decreasing)



Halifax Health
Financial Summary - Graphic





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

Halifax Hospital Medical Center
d/b/a Halifax Health

Financial Report
September 30, 2017

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Independent Auditor's Report

To the Honorable Commissioners of the Board
Halifax Hospital Medical Center
d/b/a Halifax Health

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Halifax Hospital Medical Center d/b/a Halifax Health ("Halifax Health"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Halifax Health's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of Halifax Health's fiduciary activities as of and for the year ended September 30, 2017, as presented on pages 16 – 17, which represent 100% of the total assets and additions of the aggregate remaining fund information. That statement was audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Halifax Health's fiduciary activities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Halifax Health's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Halifax Health's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Halifax Health as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 3 to the financial statements, the net position as of October 1, 2016, has been restated to correct net pension liability that was recorded at incorrect amounts. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 – 10 and the required supplementary information on pages 50 – 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Halifax Health's basic financial statements. The accompanying Obligated Group financial information on pages 56 – 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Obligated Group financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit the Obligated Group financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated [opinion date], on our consideration of Halifax Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Halifax Health's internal control over financial reporting and compliance.

Davenport, Iowa
[opinion date]

Independent Auditor's Report

To the Honorable Commissioners of the Board
Halifax Hospital Medical Center
d/b/a Halifax Health

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Halifax Hospital Medical Center d/b/a Halifax Health ("Halifax Health"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Halifax Health's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of Halifax Health's fiduciary activities as of and for the year ended September 30, 2017, as presented on pages 16 – 17, which represent 100% of the total assets and additions of the aggregate remaining fund information. That statement was audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Halifax Health's fiduciary activities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Halifax Health's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Halifax Health's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Halifax Health as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 3 to the financial statements, the net position as of October 1, 2016, has been restated to correct net pension liability that was recorded at incorrect amounts. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 – 10 and the required supplementary information on pages 50 – 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Halifax Health's basic financial statements. The accompanying Obligated Group financial information on pages 56 – 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Obligated Group financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit the Obligated Group financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Davenport, Iowa
[opinion date]

INTRODUCTION

This section of the Halifax Hospital Medical Center (the "Medical Center") d/b/a Halifax Health's annual financial report provides an overview of the organization and management's discussion and analysis of financial performance and results for the fiscal year ended September 30, 2017. This analysis should be read in conjunction with the accompanying basic financial statements.

The current enabling act of the Medical Center was passed by a special act of the Florida Legislature as Chapter 2003-374, Laws of Florida (the "Act"), which codified all prior laws that established the Medical Center as a special taxing district, a public body corporate and politic of the State of Florida. The Medical Center was originally created in 1925 under the name Halifax Hospital District by Chapter 112.72, Laws of Florida, 1925. The Medical Center's Board of Commissioners (the "Board") is empowered to levy ad valorem taxes for operating expenses, capital outlays, and other purposes. Pursuant to the Act, the Medical Center has all the powers of a body corporate, including, but not limited to, the power to establish, construct, operate, and maintain such hospitals, medical facilities, and healthcare facilities and services for the preservation of the public health, for the public good, and for the use of the public; the power to enter into contracts; borrow money; establish for-profit and not-for-profit corporations; the power to acquire, purchase, hold, lease, and convey real and personal property; and the power of eminent domain. The Medical Center's geographic territory is primarily northeastern Volusia County, Florida, including the cities of Bunnell, Daytona Beach, Debary, Deland, DeLeon Springs, Deltona, Edgewater, Flagler Beach, Holly Hill, Lake Helen, New Smyrna Beach, Oak Hill, Orange City, Ormond Beach, Osteen, Palm Coast, Pierson, Port Orange, and Seville.

The Medical Center owns and operates three inpatient hospital facilities under one license. The main campus of the Medical Center, located in Daytona Beach, is the inpatient referral center which includes a Level II neonatal intensive care center and a Level II state-certified trauma center, offering open-heart surgery, neurosurgery, inpatient rehabilitation and other specialty inpatient and outpatient services. The Port Orange campus, located ten miles south of the main campus, is a community hospital providing a broad range of services to the residents of Port Orange and southeast Volusia County. The Halifax Behavioral Services (HBS) campus, two miles north of the main campus, provides inpatient and outpatient child, adolescent, and adult psychiatric services. The Medical Center is licensed by the Agency for Health Care Administration (AHCA) to operate with 678 beds and 33 bassinets. The licensed beds by location are set forth in the table below:

Licensed Beds by Location

Main campus:	
Inpatient hospital	528
Inpatient rehabilitation	40
Port Orange campus	80
HBS campus	30
Total	678

In addition to its inpatient facilities, the Medical Center owns and operates a freestanding emergency room located in Deltona and outpatient centers in Daytona Beach, Port Orange, Ormond Beach, Palm Coast and Deland.

The Medical Center has established not-for-profit corporations (the "component units" or the "affiliates") to assist in carrying out its purpose to provide health care and related services to the community. The component units are legally separate organizations for which the Medical Center is financially accountable and the nature and significance of their relationship to the Medical Center are such that exclusion would cause the Medical Center's financial statements to be misleading or incomplete. The component units of the Medical Center are:

- East Volusia Health Services, Inc. ("EVHS")
- HH Holdings, Inc. ("Holdings")
- Halifax Healthcare Systems, Inc. ("HHCSI")
- Halifax Healthy Families Corporation d/b/a Healthy Communities ("Healthy Communities")
- Halifax Staffing, Inc. ("Staffing")
- Patient Business & Financial Services, Inc. ("PBFS")
- Halifax Hospice, Inc. d/b/a Halifax Health Hospice ("Hospice")
- Halifax Management System, Inc. ("HMS")
- Halifax Medical Center Foundation, Inc. ("Foundation")
- Volusia Health Ventures, Inc. d/b/a Volusia Health Network ("VHN")

These corporations are considered blended component units of the Medical Center and their financial results are blended with the Medical Center in the accompanying financial statements. See Note 1 of the audited financial statements for a description of each component unit and combining schedules. The Medical Center, together with all of its component units, is referred to as "Halifax Health."

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report includes the independent auditor's report, management's discussion and analysis, and the basic financial statements of Halifax Health. The basic financial statements are intended to describe the net position, results of operations, sources and uses of cash, and the capital structure of Halifax Health. Fiduciary fund statements for the pension trust fund are also provided as part of the basic financial statements. The basic financial statements include notes providing detailed information for select accounts and transactions.

In addition to the aforementioned content, the annual financial report includes required supplementary information composed of unaudited schedules of changes in net pension liability, funding progress, and actuarially determined contributions for the Halifax Pension Plan, and schedules of funding progress for the Halifax Insurance Subsidy and for the Halifax Implicit Rate Subsidy postemployment benefit plans.

Schedules of net position and revenues, expenses, and changes in net position for the Obligated Group are included as additional (supplementary) information. The members of the Obligated Group are the Medical Center (including certain blended component units; EVHS, Staffing, HHCSI, and PBFS) and Holdings.

NET POSITION AND CHANGES IN NET POSITION

Net position is an indicator of the financial health of an organization. Increases in net position over time indicate that the financial condition is improving while decreases in net position over time signify a declining financial condition. A comparative summary of the financial condition of Halifax Health is presented below:

Condensed Statements of Net Position
(In thousands)

	2017	2016 (as restated)
Current assets	**$ 425,287**	$ 412,173
Assets whose use is limited, noncurrent	**51,034**	63,600
Capital assets, net	**356,986**	356,341
Other noncurrent assets and deferred outflows	**88,965**	109,260
Total assets and deferred outflows	**$ 922,272**	$ 941,374
Current liabilities	**$ 95,114**	$ 88,145
Long-term debt and premium on long-term debt, net	**359,427**	366,702
Noncurrent liabilities and deferred inflows	**155,006**	185,201
Total liabilities and deferred inflows	**609,547**	640,048
Net investment in capital assets	**25,778**	34,305
Restricted net position	**5,856**	5,850
Unrestricted net position, as restated	**281,091**	261,171
Total net position, as restated	**312,725**	301,326
Total liabilities, deferred inflows and net position	**$ 922,272**	$ 941,374

The statement of revenues, expenses, and changes in net position measures the annual operating success of the organization and can be used to determine whether costs have been recovered through operating revenue sources. Following is a comparative summary of the operations of Halifax Health.

Condensed Statement of Revenues, Expenses and Changes in Net Position
(In thousands)

	2017	2016 (as restated)
Operating revenue	**$ 543,899**	$ 530,666
Operating expenses	**525,403**	496,740
Income from operations	**18,496**	33,926
Nonoperating expenses	**(7,097)**	(4,702)
Increase in net position	**$ 11,399**	$ 29,224

MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE

Total assets and deferred outflows of Halifax Health decreased $19.1 million from September 30, 2016. Current assets of Halifax Health increased $13.1 million from fiscal year 2016 primarily as a result of an increase in cash and cash equivalents of $4.9 million, an increase in inventories of $2.9 million and an increase in investments of $1.8 million. Noncurrent assets whose use is limited decreased from fiscal year 2016 by approximately $12.6 million as a result of the decrease in trustee-held funds used for capital purchases. Capital assets, net of accumulated depreciation increased $645,000 from 2016 primarily as a result of capital acquisitions of approximately $22.0 million, offset by depreciation and amortization expense of $24.0 million and disposals of certain equipment. Other noncurrent assets and deferred outflows decreased $20.3 million from 2016 primarily due to the decrease in the value of the interest rate swap of $12.3 million, decreases in deferred outflows related to the pension of $6.4 million and the amortization of goodwill of $1.3 million.

Total liabilities and deferred inflows of Halifax Health decreased $30.5 million from September 30, 2016 due to the decrease in pension liability and the fair value of the interest rate swap liability. Current liabilities increased from fiscal year 2016 primarily as a result of an increase in current payables of $7.0 million due to timing of payments.

Long-term debt, excluding current portion due, decreased approximately $6.6 million from September 30, 2016 as a result of principal payments made in the year. As of September 30, 2017, the Medical Center's outstanding bonds (Series 2008, Series 2015, and Series 2016) were rated A- by Standard & Poor's, and A- by Fitch Ratings with a stable outlook.

The decrease in noncurrent liabilities and deferred inflows of the Medical Center of $30.2 million from fiscal year 2016 is primarily due to the decrease in the net pension liability of $19.2 million and a decrease in the long-term value of the interest rate swap liability of $12.3 million.

The net position of Halifax Health at September 30, 2017, was $312.7 million, an increase of $11.4 million from September 30, 2016. The increase is the result of a decrease in the pension liability of $19.2 million and revenue generated from patient care and other operations of $543.9 million offset by operating expenses of $525.4 million and nonoperating expenses of $7.1 million.

Operating Revenues

The increase in operating revenues of $13.2 million over 2016 at Halifax Health is primarily the result of an increase in admissions, and new services offered. Halifax Health continues to expand the quality and continuum of services that it provides to the community.

Utilization statistics for the years ended September 30, 2017 and 2016, are as follows:

Halifax Health Utilization Statistics

	2017	2016
Medical Center Activity:		
Admissions	**23,213**	23,026
Patient days	**137,838**	133,895
Average daily census	**378**	366
Total outpatient visits	**291,682**	292,272
Observation patient day equivalents	**9,504**	8,832
Hospice Activity:		
Hospice patient days	**201,231**	201,259

Halifax Health's inpatient admissions for 2017 increased by 187 admissions compared to 2016, and patient days for 2017 increased by 3,943 (2.9%) compared to 2016. The increases in admissions and patient days led to an increase in the average daily census by 12 patients per day from the prior year. Outpatient visits for 2017 decreased by 590 compared to 2016 due to certain outpatient activity included in a joint venture with a third party.

Operating Expenses

Total operating expenses of Halifax Health increased $28.7 million in fiscal year 2017 compared to fiscal year 2016 primarily due to increases in salaries and benefits expense of $25.2 million and an increase supplies expense of $8.1 million offset by decreases in purchased services of $2.0 million. Included in operating expenses is the impact of Hurricane Matthew (October 2016) and Hurricane Irma (September 2017) in the amount of $3.1 million. Depreciation and amortization expense decreased $900,000 from 2016 to 2017, primarily due to assets retired from service.

Halifax Health also incurs expenses related to ad valorem taxes levied. These expenses include payments to Volusia County and the cities of Daytona Beach, Ormond Beach, Holly Hill, and Port Orange (tax collector and appraiser commissions, Medicaid matching funds, and redevelopment taxes) and the costs of non-hospital community health services (physician services, community clinics, prescription drugs, medical supplies, etc.). Ad valorem tax-related expenses were substantially the same from 2016 to 2017.

Nonoperating Revenues, Expenses, Gains and Losses

Investment income decreased $3.6 million in fiscal year 2017 compared to fiscal year 2016 as a result of increases in interest rates deducing returns on fixed income investments offset by improved performance of the equity markets. Investment income for the year ended September 30, 2017 includes unrealized gains of $1.9 million.

KEY FINANCIAL INDICATORS

The following represents a summary of key financial indicators of Halifax Health:

Key Financial Indicators

	2017	2016 (as restated)
Total margin	**2.1%**	5.5%
Days cash on hand	**265.6**	276.0
Unrestricted cash to long-term debt	**103.0%**	98.9%
Long-term debt to capitalization	**53.9%**	54.9%
Total net patient service revenue, before provision for bad debts (in millions)	**$ 588.0**	$ 557.3

The total margin decreased to 2.1% in fiscal year 2017 due to the increase in operating revenues of Halifax Health, offset by increases in operating and nonoperating expenses compared to fiscal year 2016. The number of days cash on hand, which includes investments and board designated assets whose use is limited, decreased from 276 days at September 30, 2016, to 265.6 days at September 30, 2017, due to decreases in operating revenue and cash flows during 2017. Unrestricted cash (including investments and board designated assets whose use is limited) to long-term debt increased in fiscal year 2017 from 2016 due to increases in cash and cash equivalents. Long-term debt to capitalization decreased as a result of the increase in net position at September 30, 2017 compared to September 30, 2016.

Total net patient service revenue, before provision for bad debts, increased $30.7 million from 2016 as a result of changes in estimates relating to third party reserves, increased oncology visits, increased cardiology procedures and new services offered by the Medical Center. In April 2017 the Medical Center opened a full service 24/7 emergency department located in Deltona.

COMMUNITY BENEFIT

Halifax Health provides a continuum of health care services to the community and is involved in numerous outreach programs that help meet the public health needs of the community. Halifax Health provided an estimated $61.6 million in community benefits during fiscal year 2017, which is comprised of amounts paid for community health and wellness services and the cost of uncompensated care.

The table below shows the sources and uses of the ad valorem tax revenues of Halifax Health, which includes community benefits (in thousands):

SCHEDULE OF USES OF PROPERTY TAXES

	2017	2016
Gross property tax levy	**$ 11,252**	$ 13,252
Tax discounts and uncollectible taxes	**(300)**	(345)
Net property taxes collected	**10,952**	12,907
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	**(374)**	(390)
Volusia County Medicaid matching assessment	**(2,920)**	(2,818)
Redevelopment taxes paid to Cities	**(585)**	(630)
Subtotal	**(3,879)**	(3,838)
Net taxes available for community health, wellness and readiness	**7,073**	9,069
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	**(1,345)**	(1,309)
Physician services	**(8,801)**	(7,571)
Trauma services	**(6,061)**	(5,406)
Pediatric and neonatal intensive care services	**(325)**	(687)
Child and adolescent behavioral services	**(602)**	(616)
Subtotal	**(17,134)**	(15,589)
Deficiency of net taxes available to fund hospital operating expenses	**(10,061)**	(6,520)
Uncompensated care provided by Halifax Health, *at cost*	**(44,452)**	(45,506)
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, *at cost*	**$ (54,513)**	$ (52,026)

RISK FACTORS

The health care industry is highly dependent on several factors that could have a significant effect on the future operations and financial condition of Halifax Health. These factors include, but are not limited to, competition, state and federal regulatory authorities, Medicare and Medicaid laws and regulations, healthcare reform initiatives, environmental laws, advances in technology, changes in demand for health care services, demographic changes, and managed care contract terms and conditions.

As of the date of this report, the following known facts, decisions, or conditions may have a significant effect on net position or the results of operations:

- Salaries in the health care industry continue to be very competitive due to increased costs of attracting and retaining quality physicians, registered nurses, and other health care professionals.

- The laws and regulations governing the Medicare and Medicaid program are complex and subject to change. As such, changes to these programs could have a negative effect on the financial performance of the Halifax Health. Audits of hospital compliance with Medicare and Medicaid program laws and regulations present exposure for repayments and fines and penalties.

- In March 2010, President Barack Obama signed the Affordable Care Act ("ACA"). The ACA was enacted to increase the quality and affordability of healthcare and lower the uninsured rate. Unsuccessful congressional efforts have been made to repeal the ACA and the following concerns continue to exist:

- The State of Florida has not approved Medicaid expansion which has constrained state funding.

- Proposed changes to the 340B drug regulations will reduce cost savings achieved by the program for Halifax Health.

- Bundled payment and value-based payment initiatives of the Medicare program may reduce net payments received by Halifax Health.

- Federal legislative efforts, both directly and via tax reform, could significantly reduce access to individual insurance coverage currently provided under the ACA.

- At the state level, the Medicaid managed care program has continued to expand and a prospective payment system for outpatient services has been implemented. These changes will limit the ability of local governments and related providers to positively affect Medicaid payment rates.

- The State of Florida Low Income Pool Program has been extended to June 30, 2022. Payments from the LIP program have been limited to the cost of charity care services provided, meaning that LIP funds are not available to offset Medicaid costs in excess of Medicaid payments.

The uncertainties listed above may adversely impact future operating results and financial position. The estimated effects of these matters have been considered in the development of the FY 2018 Halifax Health operating budget.

Halifax Hospital Medical Center
d/b/a Halifax Health

Statement of Net Position
September 30, 2017
(In thousands)

Assets and Deferred Outflows		
Current Assets:		
Cash and cash equivalents	$	63,423
Investments		268,485
Current assets whose use is limited – Trustee-held self-insurance funds		551
Accounts receivable, patients, net of estimated uncollectibles of $163,875		62,459
Inventories		14,186
Other current assets		16,183
Total current assets		425,287
Noncurrent Assets Whose Use is Limited:		
Board-designated, funded depreciation		42,508
Trustee held funds		17
Restricted by donor		5,671
Board-designated, other		2,650
Restricted funds under indenture agreements for debt service		188
Depreciable Capital Assets, Net		288,420
Nondepreciable Capital Assets		68,566
Other Assets		10,963
Total assets		844,270
Deferred Outflows:		
Interest rate swap		27,176
Pension, contribution after measurement		21,060
Pension, other		10,762
Loss on refunding of debt		16,455
Goodwill, net		2,549
Total deferred outflows		78,002
Total assets and deferred outflows	$	922,272

(Continued)

Halifax Hospital Medical Center
d/b/a Halifax Health

Statement of Net Position (Continued)
September 30, 2017
(In thousands)

Liabilities, Deferred Inflows and Net Position		
Current Liabilities:		
Accounts payable and accrued liabilities	$	55,417
Accrued payroll and personal leave time		20,959
Current portion of accrued self-insurance liability		4,736
Current portion of long-term debt		6,605
Other current liabilities		7,397
Total current liabilities		95,114
Noncurrent Liabilities:		
Long-term debt, less current portion		340,165
Premium on long-term debt, net		19,262
Net pension liability		88,753
Accrued self-insurance liability, less current portion		8,594
Other liabilities		26,096
Long-term value of interest rate swap		27,176
Total liabilities		605,160
Deferred Inflows Related to Pension		4,387
Total liabilities and deferred inflows		609,547
Net Position:		
Net investment in capital assets		25,778
Restricted for debt service		185
Restricted by donors, expendable		5,427
Restricted by donors, nonexpendable		244
Unrestricted		281,091
Total net position		312,725
Total liabilities, deferred inflows and net position	$	922,272

See Notes to Financial Statements.

Halifax Hospital Medical Center
d/b/a Halifax Health

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2017
(In thousands)

Operating Revenues:		
Net patient service revenue,		
before provision for bad debts	$	587,972
Provision for bad debts		(79,613)
Net patient service revenue		508,359
Ad valorem tax revenue		11,252
Other revenue		24,288
Total operating revenues		543,899
Operating Expenses:		
Salaries and benefits		279,710
Supplies		101,430
Purchased services		78,891
Depreciation and amortization		24,038
Ad valorem tax-related expenses		7,417
Leases and rentals		6,589
Other		27,328
Total operating expenses		525,403
Income from operations		18,496
Nonoperating Revenues (Expenses):		
Interest expense		(16,814)
Investment income – net		8,687
Donation revenue		1,014
Nonoperating losses – net		16
Total nonoperating expenses		(7,097)
Increase in net position		11,399
Net Position:		
Beginning net position, as restated		301,326
End of year	$	312,725

See Notes to Financial Statements.

Halifax Hospital Medical Center
d/b/a Halifax Health

Statement of Cash Flows
Year Ended September 30, 2017
(In thousands)

Cash Flows from Operating Activities:		
Receipts from third-party payors and patients	$	502,026
Payments to employees		(297,759)
Payments to suppliers		(184,239)
Ad valorem taxes		11,671
Other receipts		38,161
Other payments		(41,444)
Net cash provided by operating activities		28,416
Cash Flows from Noncapital Financing Activities:		
Proceeds from donations received		1,012
Payment of notes payable		(50)
Other nonoperating expenses		14
Net cash provided by noncapital financing activities		976
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets		(21,956)
Principal paid on long-term debt		(7,531)
Transfer to trustee-held funds		12,722
Payment of interest on long-term debt		(16,803)
Net cash used in capital and related financing activities		(33,568)
Cash Flows from Investing Activities:		
Realized investment income		6,802
Purchase of investments and assets whose use is limited		(11,008)
Proceeds from sales and maturities of investments and assets whose use is limited		13,205
Net cash provided by investing activities		8,999
Net increase in cash and cash equivalents		4,823
Cash and Cash Equivalents:		
Beginning of year		58,600
End of year	$	63,423

(Continued)

Halifax Hospital Medical Center
d/b/a Halifax Health

Statement of Cash Flows (Continued)
Year Ended September 30, 2017
(In thousands)

Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	$	18,496
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization expense		24,038
Unrealized losses on investments considered operating activity		(2,206)
Provision for bad debts		79,613
Changes in assets and liabilities:		
Accounts receivable, patients		(80,828)
Inventories and other current assets		(6,190)
Other assets		(19,541)
Accounts payable and accrued liabilities		3,607
Other liabilities		11,427
Net cash provided by operating activities	$	28,416
Noncash Investing Activities, unrealized gains on investments and assets whose use is limited	$	1,886

See Notes to Financial Statements.

Halifax Hospital Medical Center
d/b/a Halifax Health

Statement of Fiduciary Net Position
September 30, 2017
(In thousands)

Assets:	
Investments, at fair value:	
Money market and mutual funds	$ 266,359
Net position restricted for pension benefits	$ 266,359

See Notes to Financial Statements.

Halifax Hospital Medical Center
d/b/a Halifax Health

Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2017
(In thousands)

Additions:		
Investment results:		
Appreciation in fair value of investments	$	20,507
Interest and dividends		5,161
Net investment results		25,668
Employer contributions		21,060
Total additions		46,728
Deductions:		
Administrative expenses		74
Benefits paid directly to participants		20,439
Total deductions		20,513
Increase in net position restricted for pension benefits		26,215
Net Position Restricted for Pension Benefits:		
Beginning of year		240,144
End of year	$	266,359

See Notes to Financial Statements.

Note 1. Description of the Organization

Reporting Entity: Halifax Hospital Medical Center (the "Medical Center") d/b/a Halifax Health was created by a special act of the Legislature of the State of Florida, Chapter 2003-374, Laws of Florida, as a special taxing district, a public body corporate and politic of the State of Florida and successor to Halifax Hospital District created pursuant to Chapter 112.72, Laws of Florida, Special Acts of 1925. The Medical Center's Board of Commissioners (the "Board") is empowered to levy ad valorem taxes for operating expenses, capital outlays, and other purposes.

The Medical Center, located in Daytona Beach, Florida, is a full-service, accredited, acute care hospital licensed to operate 678 beds. The Medical Center owns and operates three inpatient hospital facilities under one license and several ambulatory facilities. The main campus of the Medical Center is the inpatient referral center, providing Level II neonatal intensive care and a Level II state-certified trauma center, in addition to open-heart surgery, neurosurgery, and other specialty inpatient and outpatient services. The Port Orange campus, located ten miles south of the main campus, is a community hospital providing a broad range of services to the residents of Port Orange and Southeast Volusia County. The Halifax Behavioral Services campus, located two miles north of the main campus, provides child, adolescent, and adult inpatient and outpatient psychiatric services to the residents of Volusia and Flagler Counties.

As required by accounting principles generally accepted in the United States of America ("GAAP"), these financial statements represent the primary government, the Medical Center, and its component units. The component units discussed below are included because of the significance of their operational or financial relationships with the Medical Center. The Medical Center, together with its component units, is referred to as "Halifax Health." All significant intercompany accounts and balances have been eliminated in the financial statements.

Component Units: East Volusia Health Services, Inc. ("EVHS"); Halifax Healthcare Systems, Inc. ("HHCSI"), HH Holdings, Inc. ("Holdings"); Halifax Healthy Families Corporation d/b/a Healthy Communities ("Healthy Communities"); Halifax Staffing, Inc. ("Staffing"); Patient Business & Financial Services, Inc. ("PBFS"); Halifax Hospice, Inc. d/b/a Halifax Health Hospice ("Hospice"); Halifax Management System, Inc. ("HMS"); Halifax Medical Center Foundation, Inc. ("Foundation"); and Volusia Health Ventures, Inc. d/b/a Volusia Health Network ("VHN") are legally separate organizations for which the Medical Center is financially accountable and the nature and significance of their relationship to the Medical Center are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. With the exception of the Foundation, the Medical Center Board appoints the Board of Directors for the other component units, and each has a specific financial benefit or burden to the Medical Center. While the Foundation appoints its own Board of Directors, it also has a specific financial benefit to the Medical Center, and is fiscally dependent on the Medical Center. Accordingly, all of these organizations represent component units of the Medical Center.

Each component unit was established to provide administrative and other services for and on behalf of the Medical Center. In accordance with GASB Statement No. 80, which was adopted by the Medical Center in 2016, these entities are blended within the financial results of the Medical Center because they are organized as not-for-profit corporations and the Medical Center is the sole corporate member of each component unit, with the exception of HMS and VHN. HMS is blended within the financial results of the Medical Center in accordance with GASB Statement No. 61 because it has a specific financial benefit to the Medical Center, and management of the Medical Center have operational responsibility for the results of HMS. The activities of VHN are not considered material to the Medical Center.

EVHS is a not-for-profit corporation organized under the laws of Florida. EVHS was organized for the purpose of entering into joint-venture agreements to enhance the access and quality of patient care provided to the community.

Note 1. Description of the Organization (Continued)

HHCSI is a not-for-profit corporation organized under the laws of Florida. HHCSI was organized for the purpose of enhancing the access and quality of patient care provided to the community.

Holdings is a not-for-profit corporation organized under the laws of Florida that was established to manage the remaining assets that resulted from the sale of Florida Health Care Plan in 2008.

Healthy Communities is a not-for-profit corporation organized under the laws of Florida that coordinates the delivery of education, health resources, and direct assistance to the community. The services provided by Healthy Communities include administering Healthy Kids (child health insurance program), facilitating the provision of preventive care, and providing education and other activities relating to the general welfare of all children in Volusia and Flagler counties.

Staffing is a not-for-profit corporation organized under the laws of Florida, formed for the purpose of providing individuals to staff and manage the Medical Center, its component units, and any other related entities and facilities. The Medical Center is obligated to reimburse Staffing for all costs incurred in meeting its obligations under an agreement between the parties.

PBFS is a not-for-profit corporation that operates the patient accounting services for the Medical Center and employs certain staff for this function.

The Foundation was organized in 1988 as a not-for-profit corporation under the laws of Florida. The Foundation is the fund-raising organization for the Medical Center.

Hospice was organized in 1984 as a not-for-profit corporation under the laws of Florida. Hospice provides palliative medical care and treatment to patients who have less than six months to live via four inpatient care centers and in-home hospice services. The Port Orange care center is a 16-bed inpatient care center located in Port Orange. The West Volusia Care Center is an 18-bed center in Orange City. The Southeast Volusia care center is a 12-bed facility located in Edgewater. The Ormond Beach Care Center is a 12-bed facility.

HMS was organized in 1984 as a not-for-profit corporation under the laws of Florida. HMS owns and leases to the Medical Center two ambulatory facilities and one hospital facility. Facilities located in Ormond Beach and on the Medical Center's main campus in Daytona Beach provide outpatient hospital services and medical offices. The third facility located in Port Orange is an 80-bed inpatient hospital.

VHN was organized in 1984 as a not-for-profit corporation under Florida law. VHN operates a preferred provider network of physicians and hospitals in the service area and offers the network and certain related services to employers that are self-insured for the health insurance coverage of their employees.

Presented on the following pages are condensed combining schedules for the component units.

Note 1. Description of the Organization (Continued)

Condensed Combining Statement of Net Position
September 30, 2017
(In thousands)

		Blended Component Units										
	Medical Center	Holdings	Staffing	PBFS	HHCSI	EVHS	Hospice	VHN	Foundation	HMS	Intercompany Eliminations	Halifax Health
Assets and Deferred Outflows												
Current Assets	$ 146,946	$ 163,666	$ -	$ -	$ 226	$ 8,331	$ 69,398	$ 49	$ 36,769	$ -	$ (98)	$ 425,287
Noncurrent Assets Whose Use is Limited	42,525	-	-	-	-	-	2,650	-	5,671	188	-	51,034
Capital Assets, net	299,386	21,260	-	-	60	48	18,652	3	-	17,577	-	356,986
Other Assets and Deferred Outflows	76,394	-	-	-	-	5,399	6,907	-	256	9	-	88,965
Total assets and deferred outflows	$ 565,251	$ 184,926	$ -	$ -	$ 286	$ 13,778	$ 97,607	$ 52	$ 42,696	$ 17,774	$ (98)	$ 922,272
Liabilities, Deferred Inflows and Net Position												
Current Liabilities	$ 84,757	$ 979	$ -	$ -	$ 1,612	$ 2,378	$ 1,466	$ 1,099	$ 152	$ 2,769	$ (98)	$ 95,114
Long-Term Debt, less current portion	359,427	-	-	-	-	-	-	-	-	-	-	359,427
Other Liabilities and Deferred Inflows	147,450	-	-	-	-	-	5,244	-	2,312	-	-	155,006
Total liabilities and deferred inflows	591,634	979	-	-	1,612	2,378	6,710	1,099	2,464	2,769	(98)	609,547
Net Position:												
Net investment in capital assets	(9,108)	-	-	-	-	48	18,652	3	-	16,183	-	25,778
Restricted for debt service	-	-	-	-	-	-	-	-	-	185	-	185
Restricted by donors, expendable	-	-	-	-	-	-	-	-	5,427	-	-	5,427
Restricted by donors, nonexpendable	-	-	-	-	-	-	-	-	244	-	-	244
Unrestricted	(17,275)	183,947	-	-	(1,326)	11,352	72,245	(1,050)	34,561	(1,363)	-	281,091
Total net position	(26,383)	183,947	-	-	(1,326)	11,400	90,897	(1,047)	40,232	15,005	-	312,725
Total liabilities, deferred inflows and net position	$ 565,251	$ 184,926	$ -	$ -	$ 286	$ 13,778	$ 97,607	$ 52	$ 42,696	$ 17,774	$ (98)	$ 922,272

Note 1. Description of the Organization (Continued)

Condensed Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2017
(In thousands)

		Blended Component Units										
	Medical Center	Holdings	Staffing	PBFS	HHCSI	EVHS	Hospice	VHN	Foundation	HMS	Intercompany Eliminations	Halifax Health
Operating Revenues	$ 484,516	$ 1,570	$ -	$ -	$ 2,639	$ 6,008	$ 43,390	$ 1,084	$ 4,813	$ 2,881	$ (3,002)	$ 543,899
Operating Expenses, before depreciation and amortization	195,780	96	232,638	23,973	3,546	3,049	43,432	1,164	628	61	(3,002)	501,365
Depreciation and Amortization	21,590	832	-	-	6	6	804	1	-	799	-	24,038
Total operating expenses	217,370	928	232,638	23,973	3,552	3,055	44,236	1,165	628	860	(3,002)	525,403
Income (loss) from operations	267,146	642	(232,638)	(23,973)	(913)	2,953	(846)	(81)	4,185	2,021	-	18,496
Nonoperating Revenues (Expenses)	(272,333)	1,077	232,638	23,973	-	-	7,652	-	-	(104)	-	(7,097)
Increase (decrease) in net position	$ (5,187)	$ 1,719	$ -	$ -	$ (913)	$ 2,953	$ 6,806	$ (81)	$ 4,185	$ 1,917	$ -	$ 11,399

Note 1. Description of the Organization (Continued)

Condensed Combining Statement of Cash Flows
Year Ended September 30, 2017
(In thousands)

		Blended Component Units										
Net cash provided by (used in):	Medical Center	Holdings	Staffing	PBFS	HHCSI	EVHS	Hospice	VHN	Foundation	HMS	Intercompany Eliminations	Halifax Health
Operating Activities	$ 281,477	$ 1,334	$ (232,638)	$ (23,973)	$ (977)	$ 1,408	$ (2,800)	$ (63)	$ 1,826	$ 2,822	$ -	$ 28,416
Noncapital Financing Activities	(253,261)	(4,455)	232,638	23,973	977	859	(722)	63	-	904	-	976
Capital and Related Financing Activities	(26,703)	(2,763)	-	-	-	(48)	(328)	-	-	(3,726)	-	(33,568)
Investing Activities	(54)	6,948	-	-	-	-	3,600	-	(1,495)	-	-	8,999
Net increase (decrease) in cash and cash equivalents	1,459	1,064	-	-	-	2,219	(250)	-	331	-	-	4,823
Cash and Cash Equivalents:												
Beginning of year	51,259	900	-	-	-	5,211	363	-	867	-	-	58,600
End of year	$ 52,718	$ 1,964	$ -	$ -	$ -	$ 7,430	$ 113	$ -	$ 1,198	$ -	$ -	$ 63,423

Note 1. Description of the Organization (Continued)

Fiduciary Fund Financial Statements: The Pension Trust Fund (the "Pension Fund"), the fiduciary fund, is used to account for the net position restricted for the pension benefits of certain employees of Staffing and Hospice.

Note 2. Significant Accounting Policies

A summary of the significant accounting policies used by Halifax Health follows:

Accounting Standards: These financial statements have been prepared in accordance with the Governmental Accounting Standards Board ("GASB") codification ("GASB Cod."). The financial statements of the component units are also prepared in accordance with the GASB codification, as they are established for the direct benefit of the Medical Center. The financial statements of the Medical Center and its component units have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents: All unrestricted highly liquid investments with maturities of three months or less when purchased are considered cash equivalents, excluding cash and cash equivalents included in assets whose use is limited. The Medical Center's cash deposits are fully collateralized and component unit cash accounts are insured up to FDIC limits.

Investments: Investments are reported at fair value or amortized cost, if not materially different from fair value. Investments are marketable securities representing the investment of cash available for current operations, and as such are reported as current assets. Interest and dividends, when earned, and realized and unrealized investment gains and losses are recorded as nonoperating revenue in the statements of revenues, expenses, and changes in net position, with the exception of Foundation. Interest and dividends, when earned, and realized and unrealized investment gains and losses of the Foundation are recorded as operating revenue in the accompanying statements of revenues, expenses, and changes in net position.

Net Patient Accounts Receivable: Net patient accounts receivable are reported at estimated net realizable amounts due from patients, third-party payors, and others for services rendered. The provision for bad debts is based on management's assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon these trends. The results of this review are then used to make any modifications to the provision for bad debts and to establish an appropriate estimated allowance for uncollectible accounts. Specific patient accounts identified as uncollectible are written off to the allowance for uncollectible accounts.

Assets Whose Use is Limited: Assets whose use is limited includes assets held for self-insurance funds, restricted funds under indenture agreements for debt service, Board-designated funded depreciation, donor restricted funds, and Board-designated assets set aside for other purposes. The Board may change these Board designations at its discretion.

Inventories: Inventories consist of medical supplies, which are stated at the lower of cost or market (on a first-in, first-out basis).

Note 2. Significant Accounting Policies (Continued)

Capital Assets: Purchases of real property and equipment greater than $1,000 that have a useful life of longer than one year are capitalized at cost. The costs of replacement assets are capitalized in the same manner. Interest expense incurred during construction, net of investment gains on proceeds from issued debt, is capitalized. Interest cost incurred during construction for which no debt has been issued is evaluated based on the size and duration of the project for capitalization. The cost of minor equipment less than $1,000 and repairs are recorded in operating expenses.

Capital assets are reviewed and considered for impairment whenever indicators of impairment are present, such as the decline in service utility of a capital asset that is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset.

Intangible Assets: Certain intangible assets are capitalized in accordance with GASB Cod. Sec. 1400, *Reporting Capital Assets*. Generally, those intangible assets would meet the same criteria for capitalization as other capital assets; cost greater than $1,000 and a useful life of longer than one year.

Goodwill: Goodwill represents the purchase price in excess of the fair value of net assets acquired that is attributed to future years. Goodwill is included in deferred outflows on the accompanying statement of net position.

Depreciation and Amortization: Capital assets, excluding land and construction in progress, are depreciated on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 5 to 20 years for building improvements, 10 to 40 years for buildings, 10 to 20 years for fixed equipment, and 3 to 20 years for major movable equipment. Capitalized intangible assets and goodwill are amortized over their estimated useful lives of three years and five years, respectively.

Derivative Instruments: The Medical Center has entered into an interest rate-swap agreement (the "Swap") and applies hedge accounting in accordance with GASB Cod. Sec. D40, *Derivative Instruments*. For effective hedging instruments, the change in fair value is recorded as a deferred outflow in noncurrent assets on the accompanying statement of net position, and the fair value of the Swap is reported in noncurrent liabilities. See Note 9 for more information on the Swap.

Deferred Outflows and Inflows: In addition to the Swap described above, certain pension costs and losses on refunding of debt in prior years are included in deferred outflows and inflows and amortized over a specified period. Amortization of pension related deferred outflows and inflows is included in salaries and benefits expense in the accompanying statement of revenues, expenses, and changes in net position. Amortization of losses on refunding of long-term debt is included in interest expense.

Personal Leave Time: Personal leave time, which includes holiday, sick, and vacation time, that is accrued but not used at September 30, 2017, is included in accrued payroll and personal leave time in the accompanying statement of net position.

Pension Plan: The Halifax Pension Plan (the "Plan") is a cost-sharing, multiple-employer, noncontributory defined benefit pension plan that covers certain employees of the two participating employers, Hospice and Staffing. The Plan is accounted for in accordance with GASB Cod. Sec. Pe5, *Pension Plans – Defined Benefit*. Contributions are made based on the minimum recommended contribution as determined by actuarial valuation. The Plan is considered a governmental plan exempt from Employee Retirement Income Security Act requirements based upon rulings received from the Internal Revenue Service. See Note 10 for more information on the Plan.

Note 2. Significant Accounting Policies (Continued)

Self-Insurance: Halifax Health is self-insured for various risks of loss, including professional and general liability losses, workers' compensation claims, and employees' health claims. Estimated liabilities include a reserve for known claims and for claims that have been incurred but not reported. The noncurrent portion of estimated professional and general liability losses and workers' compensation claims have been discounted using a 4% interest rate for 2017. Estimated losses for employees' health claims are not discounted as all amounts are considered current liabilities. See Note 8 for more information on self-insurance liabilities.

Income Taxes: The Medical Center is tax exempt under Section 115 of the Internal Revenue Code ("IRC"). With the exception of VHN, all of the component units are not-for-profit corporations described in Section 501(c)(3) of the IRC and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the IRC and Chapter 220.13 of the Florida Statutes, respectively. VHN is a taxable Florida not-for-profit corporation. There was no material amount of tax expense or benefit for the year ended September 30, 2017.

Net Position: In accordance with GASB Cod. Sec. 2200, *Comprehensive Annual Financial Report*, net position is reported in three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any debt issued that is attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

The restricted component of net position consists of restricted assets; assets that have constraints placed on them externally by creditors, grantors, contributors, or laws or regulations of other governments, or laws through constitutional provisions or enabling legislation, reduced by liabilities or deferred inflows related to those restricted assets.

The unrestricted component of net position consists of the net amount of assets, deferred outflows of resources and liabilities, and deferred inflows of resources that do not meet the definitions of the other two components of net position.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and Expenses: For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions, such as interest expense, donations, and investment income are reported as nonoperating revenues, expenses, gains, and losses.

Ad valorem taxes levied and received by the Medical Center are designated by law to fund the Medical Center's operating expenses, which may include maintenance, construction, improvements, and repairs to the Medical Center or fund other expenses in carrying out the business of the Medical Center. The Medical Center considers ad valorem tax receipts to be ongoing and central to the provision of health care services and, accordingly, classifies these funds as operating revenue.

Note 2. Significant Accounting Policies (Continued)

Ad valorem taxes received by the Medical Center are based on the assessed valuation of certain taxable real and personal property at the Board-approved millage rate for the year. Gross receipts of $11.3 million are included in operating revenues in the accompanying statement of revenues, expenses, and changes in net position. Certain expenses directly attributable to the Medical Center's status as a taxing authority are classified as ad valorem tax-related expenses. These expenses, when added to the charity care and other uncompensated care provided to qualifying patients, exceed ad valorem taxes received and are considered by the Board when determining the tax levy.

Substantially all expenses, including those expenses directly attributable to the Medical Center's status as a taxing authority, are considered by management to be ongoing and central to the provision of health care services and, therefore, are reported as operating expenses. The excess of revenue over expenses is reported as income from operations in the accompanying statement of revenues, expenses, and changes in net position and excludes nonoperating revenues, expenses, gains, and losses.

When an expense is incurred for which both unrestricted and restricted resources are available, restricted resources are applied first.

Net Patient Service Revenue: The Medical Center and Hospice serve certain patients whose medical costs are not paid at established rates. These include patients sponsored under government programs, such as Medicare and Medicaid, patients sponsored under private contractual agreements, and uninsured patients who have limited ability to pay.

Net patient service revenue is reported at estimated net realizable amounts due from patients, third-party payors, and others when services are rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Approximately $7.3 million in amounts due to Medicare and Medicaid relating to estimated future retroactive adjustments is recorded in accounts payable and accrued liabilities.

Revenue from the Medicare and Medicaid programs accounted for approximately 57% of net patient service revenue for the year ended September 30, 2017. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as changes in estimated provisions and final settlements are determined. Adjustments to revenue related to prior periods increased net patient service revenue by approximately $5.2 million for the year ended September 30, 2017.

Note 2. Significant Accounting Policies (Continued)

The Medical Center and Hospice classify a patient as charity based on established policies. These policies define charity services as those services for which no additional payment is anticipated. When assessing a patient's ability to pay, the Medical Center utilizes percentages of the federal poverty income levels, as well as the relationship between charges and the patient's income. Beginning fiscal year 2016, the Medical Center's policy was revised from 200% to 400% of the federal poverty income level. Hospice classifies charity patients as those whose income is at or below the federal poverty guidelines. Core services may be covered in full, or discounted based on income and a sliding scale. Charity care, based on estimated costs, totaled approximately $32.9 million for the year ended September 30, 2017. Cost of charity care is calculated by applying the cost-to-charge ratio to the total amount of charity care deductions from gross revenue. The cost-to-charge ratio is calculated by taking the total expenses and gross charges of the Medical Center and applying adjustments to offset non-patient care activity revenue against expense as well as eliminate bad debt expense.

Net patient service revenue is reported net of charity adjustments, contractual adjustments, and provision for bad debts for the year ended September 30, 2017, as follows (in thousands):

Gross patient charges	$ 1,873,199
Charity adjustments	(113,778)
Contractual adjustments	(1,171,449)
Net patient service revenue before provision for bad debts	587,972
Provision for bad debts	(79,613)
Net patient service revenue	$ 508,359

Note 2. Significant Accounting Policies (Continued)

Pending accounting pronouncements: In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will be effective for Halifax Health beginning with its year ending September 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability. Halifax Health is evaluating the impact of this statement on its financial statements.

In June 2017, GASB issued Statement No. 87, *Leases.* 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. This standard is effective for fiscal years beginning after December 15, 2019. Halifax Health is evaluating the impact of this statement on its financial statements.

Note 3. Restatement

The Medical Center restated net position as of October 1, 2016. Net position was restated to correct net pension liability that was recorded at incorrect amounts. The impact of the restatement is as follows (in thousands):

Beginning net position, as previously reported	$	282,676
Decrease in total pension liability and change in deferred outflows (inflows)		18,650
Beginning net position, as restated	$	301,326

Note 4. Investments and Assets Whose Use is Limited

Halifax Health measures and records its investments and assets whose use is limited using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;

- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;

Note 4. Investments and Assets Whose Use is Limited (Continued)

The composition and fair value classification of investments and assets whose use is limited of Halifax Health at September 30, 2017, is set forth in the following table (in thousands).

		Assets Whose Use is Limited and Restricted Assets						
	Investments	Trustee-Held Self-Insurance Funds	Trustee-Held Funds for Capital Projects	Trustee-Held Funds under Indenture Agreements for Debt Service	Board-Designated Funded Depreciation	Restricted by Donor	Board Designated Other	Total
Level 1								
Money market funds	$ 2	$ 551	$ 17	$ 188	$ 91	$ -	$ -	$ 849
Mutual funds:								
DFA Emerging Markets Value Portfolio	1,690	-	-	-	-	399	95	2,184
DFA International Value Portfolio	4,337	-	-	-	-	887	227	5,451
DFA Small Cap Value Portfolio	7,333	-	-	-	-	1,856	430	9,619
DFA U.S. Large Cap Value Portfolio	16,749	-	-	-	-	2,284	868	19,901
Vanguard Energy Fund Admiral Shares	138	-	-	-	-	-	52	190
Vanguard Energy Index	742	-	-	-	-	-	-	742
Vanguard Health Care Fund	588	-	-	-	-	-	60	648
Vanguard Large Cap Growth Index Fund	7,502	-	-	-	-	-	-	7,502
Vanguard Short-Term Federal Admiral Fund	65	-	-	-	-	-	-	65
Vanguard Short-Term Investment Grade Inst Fund	108,712	-	-	-	-	-	918	109,630
Vanguard Small Cap Growth Index Fund	7,811	-	-	-	-	-	-	7,811
U.S. Treasury obligations	73,427	-	-	-	2,079	-	-	75,506
Total Level 1	229,096	551	17	188	2,170	5,426	2,650	240,098
Level 2								
U.S. Government-sponsored enterprises:								
Federal National Mortgage Association	-	-	-	-	10,464	-	-	10,464
Federal Home Loan Bank	4,384	-	-	-	21,313	-	-	25,697
Federal Home Loan Mortgage Corporation	3,013	-	-	-	8,478	-	-	11,491
Corporate bonds	24,612	-	-	-	-	-	-	24,612
Other	7,380	-	-	-	83	245	-	7,708
Total Level 2	39,389	-	-	-	40,338	245	-	79,972
Total	$ 268,485	$ 551	$ 17	$ 188	$ 42,508	$ 5,671	$ 2,650	$ 320,070

Note 4. Investments and Assets Whose Use is Limited (Continued)

All investments of the Halifax Pension Plan were classified as Level 1 at September 30, 2017. The composition of investments in the Halifax Pension Plan at September 30, 2017, is set forth in the following table (in thousands):

Money market funds	$	304
Mutual funds:		
DFA Emerging Markets Value Portfolio		11,170
DFA International Value Portfolio		33,979
DFA U.S. Large Cap Value Portfolio		21,401
DFA U.S. Small Cap Value Portfolio		21,499
Vanguard Energy Fund Admiral Shares		4,389
Vanguard Energy Index Fund		4,777
Vanguard Growth Index Fund		13,526
Vanguard Health Care Fund		9,448
Vanguard Short-Term Investment Grade Inst Fund		132,312
Vanguard Small Cap Growth Index Fund		13,554
Total	$	266,359

Assets whose use is limited for obligations classified as current liabilities are reported as current assets.

The Medical Center invests in money market and mutual funds that qualify as fixed-income securities in accordance with its investment policy described in Note 5. At September 30, 2017, the Medical Center was invested in one money market fund, the Wells Fargo Advantage Government Money Market Fund, and the following mutual funds:

- Vanguard Short-Term Federal Admiral Fund (VSGDX) invests at least 80% of its portfolio in short-term debt securities issued by the U.S. government, its agencies and U.S. government-sponsored enterprises. The fund had an average duration of 2.4 years as of September 30, 2017.

- Vanguard Short-Term Investment-Grade Institutional Fund (VFSIX) invests at least 80% of its portfolio in short and intermediate-term investment grade securities. The fund had an average duration of 2.6 years as of September 30, 2017.

At September 30, 2017, the Medical Center held debt securities in U.S. Treasury Obligations and U.S. Government-sponsored enterprises including Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation.

Investment income on assets whose use is limited, restricted assets, and investments for the year ended September 30, 2017, was $8.7 million and includes unrealized gains of $1.9 million. Investment income of the Foundation includes unrealized gains of approximately $2.2 million and is included in other operating revenue.

Note 5. Deposits and Investment Risk

GASB Cod. Sec. I50, *Investments*, requires disclosures related to investment and deposit risks, including risks related to credit risk, consisting of custodial credit risk and concentrations of credit risk, interest rate risk, and foreign currency risk. GASB Cod. Sec. I50 also requires the disclosure of the credit quality of investments in debt securities, except for obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government.

Investment Risk: Investment policies were established in order to control and diversify risk by limiting specific security types and/or concentration with individual financial institutions. Specific investment types are limited to a percentage of the total investment portfolio and maximum maturity date. Investment strategies are influenced by relative market yields and the cash needs of Halifax Health. Excess funds of the Medical Center and its component units may be invested in accordance with the respective investment policies. Excess funds of the Medical Center may be invested in, but are not limited to:

- U.S. Government securities and repurchase agreements;
- U.S. Government agency and U.S. Government-sponsored enterprises;
- Domestic bank certificates of deposit provided that any such investments are in Federal Deposit Insurance Corporation guaranteed accounts or deposits collateralized by U.S. Government securities or obligations;
- Securities of, or other interests in, any management-type investment company or investment trust registered under the Investment Company Act of 1940, as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the U.S. Government or any agency or instrumentality thereof; and
- Repurchase agreements with reputable financial institutions, which are fully secured by U.S. Government obligations.
- Mutual funds of registered investment advisors may be purchased to invest in the permissible securities listed above.

The Halifax Pension Plan's investment policy provides guidelines for the types of investments that can be acquired in order to provide maximum diversity and reduce risk. Specific asset classes are limited to a percentage of the total investment portfolio. Specific investment strategies are influenced by relative market yields and the cash needs of the Halifax Pension Plan. The Halifax Pension Plan may be invested in, but not limited to:

- Local government investment pool;
- U.S. Government securities and repurchase agreements;
- U.S. Government agency and U.S. Government-sponsored enterprises;
- Domestic Bank Certificates of Deposit provided that any such investments are in Federal Deposit Insurance Corporation ("FDIC") guaranteed accounts or deposits collateralized by U.S. Government securities or obligations;
- Repurchase agreements with reputable financial institutions, which are fully secured by U.S. Government obligations; and
- Commercial Paper and Stocks; limited to issuers with an A rating or better.
- Mutual funds of registered investment advisors may be purchased to invest in the permissible securities listed above.

Note 5. Deposits and Investment Risk (Continued)

All investment decisions are made based on reasonable research as to credit quality, liquidity, and counterparty risk prior to the investment. An investment advisory firm is utilized to monitor the investment of all funds and quarterly performance of the portfolio is reported to management and the Investment Committee of the Board.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, Halifax Health and the Halifax Pension Plan will not be able to recover its deposits. At September 30, 2017, Halifax Health and the Halifax Pension Plan's deposits, consisting primarily of cash and cash equivalents, were covered by federal depository insurance, collateralized with U.S. Treasury Securities and Federal agency securities or guaranteed 100% by the State of Florida and collateralized through the Florida Bureau of Collateralization.

Credit Risk: The investment policy provides guidelines to investment managers that restrict investments in debt securities to those with an A- or A rating or better for Halifax Health and the Halifax Pension Plan, respectively, and established asset allocation limits to reduce the concentration of credit risk. Guidelines are provided to investment managers and monitored by the investment advisory firm and management for compliance. As of September 30, 2017, Halifax Health has an investment in debt securities with Federal Home Loan Bank totaling approximately $25.7 million, representing 8.03% of total investments. At September 30, 2017, the money market fund at Halifax Health had a credit rating of Aaa-mf, and other debt securities each had credit ratings of Aaa from Moody's Investors Service Inc.

As of September 30, 2017, the Halifax Pension Plan did not have investments in debt securities in any one issuer that represents 5% or more of the Halifax Pension Plan's fiduciary net position. The Halifax Pension Plan's investment in debt securities was limited to one fixed income mutual fund with a credit rating of Aaa-mf from Moody's Investor Services.

Interest Rate Risk: Changes in interest rates can adversely affect the fair value of an investment. Halifax Health and the Halifax Pension Plan manage exposure to interest rate risk by limiting investment maturities and diversifying its investment portfolios.

As of September 30, 2017, Halifax Health had investments, assets whose use is limited and restricted assets maturing as follows (in thousands):

	Fair Value	Less than 1 Year	1 – 5 Years	6 – 10 Years
Money market funds	$ 849	$ 849	$ -	$ -
Mutual funds	163,743	163,743	-	-
U.S. Government securities	75,506	73,427	-	2,079
U.S. Government-sponsored enterprises	47,652	32,184	12,473	2,995
Corporate bonds	24,612	2,378	14,538	7,696
Other	7,708	7,708	-	-
Total	$ 320,070	$ 280,289	$ 27,011	$ 12,770

At September 30, 2017, all of the Halifax Pension Plan's investments had maturity dates within one year or no maturity date.

Note 6. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

- Long-term debt related to bonds payable is reported at historical value. The carrying value of long-term debt, net of unamortized premiums and discounts at September 30, 2017, is approximately $349.7 million and the fair value at September 30, 2017, is approximately $366 million.

- The fair value of the Swap was approximately $27.2 million at September 30, 2017, as determined by an independent source. In accordance with GASB Statement No. 72, the fair value measurement of the Swap is classified as Level 2 and is valued using matrix pricing based on the securities' relationship to benchmark quoted prices. See Note 10 for more information about the Swap.

Note 7. Capital Assets

Capital assets are recorded at cost and presented net of accumulated depreciation in the accompanying statements of net position. Projects in progress includes primarily short-term capitalizable projects that were not yet in service as of September 30, 2017. No interest related to these projects was capitalized during the year. A summary of the activities for the year ended September 30, 2017, is presented below (in thousands):

	Balance at September 30, 2016	Increases/ Transfers	Decreases/ Transfers	Balance at September 30, 2017
Capital Assets — at cost:				
Land	$ 49,162	$ -	$ 536	$ 48,626
Land improvements	4,242	2,058	-	6,300
Buildings	397,129	6,384	84	403,429
Fixed equipment	19,292	6,533	1	25,824
Major moveable equipment	89,220	9,808	2,777	96,251
Computers and software	22,433	3,750	398	25,785
Projects in progress	22,594	37,928	40,582	19,940
Total capital assets — at cost	604,072	66,461	44,378	626,155
Accumulated Depreciation:				
Land improvements	3,170	303	2	3,471
Buildings	144,161	13,312	19	157,454
Fixed equipment	11,977	3,010	6	14,981
Major moveable equipment	70,579	6,803	4,583	72,799
Computers and software	17,844	3,031	411	20,464
Total accumulated depreciation	247,731	26,459	5,021	269,169
Capital assets — net	$ 356,341	$ 40,002	$ 39,357	$ 356,986

Note 8. Self-Insurance and Insurance

Self-Insurance: The Medical Center is self-insured for various risks of loss, including professional and general liability losses, workers' compensation claims, and employees' health claims. Certain component units participate in the Medical Center's employee health and workers' compensation self-insurance programs. Self-insurance funds are held by a trustee bank and recorded as assets whose use is limited.

The Medical Center, as a subdivision of the State of Florida, has sovereign immunity in tort actions. Therefore, in accordance with Chapter 768.28, Laws of Florida, the Medical Center and its component units are not liable to pay a claim by or judgment to any one person which exceeds the sum of $200,000 or any claim or judgment, or portions thereof, which when totaled with all other claims or judgments paid by the state or its agencies or subdivisions arising out of the same incident or occurrence exceeds the sum of $300,000. Chapter 768.28 also provides that judgments may be claimed or rendered in excess of these limits; however, these amounts must be reported to and approved by the Florida Legislature.

Professional and general liability losses are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Accrued self-insurance liabilities include an amount for claims that have been incurred but not reported based on actuarial determinations. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in actual claim amounts. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The liabilities for employees' health insurance and workers' compensation claims are estimated based on historical data. The Medical Center has commercial insurance policies for health insurance and workers' compensation for cases that exceed certain limits. The health insurance policy includes an 80% indemnity of cases that exceed $325,000 and a $1 million lifetime maximum. Specific excess coverage for workers' compensation includes retention of $750,000 per incident.

Changes in the accrued self-insurance liabilities for the years ended September 30, 2017 and 2016 are as follows (in thousands):

	Balance at September 30, 2016	Current Year Claims and Changes in Estimates	Claim Payments	Balance at September 30, 2017
Employee health	$ 905	$ 9,235	$ (9,040)	$ 1,100
Professional liability	9,420	1,331	(1,021)	9,730
Workers' compensation	2,650	1,481	(1,631)	2,500
Total	$ 12,975	$ 12,047	$ (11,692)	$ 13,330

	Balance at September 30, 2015	Current Year Claims and Changes in Estimates	Claim Payments	Balance at September 30, 2016
Employee health	$ 1,355	$ 7,286	$ (7,736)	$ 905
Professional liability	7,390	2,645	(615)	9,420
Workers' compensation	3,964	(238)	(1,076)	2,650
Total	$ 12,709	$ 9,693	$ (9,427)	$ 12,975

Note 8. Self-Insurance and Insurance (Continued)

Certain matters of litigation against Halifax Health arise in the normal course of business. Losses in excess of amounts accrued may occur although an estimate of such excess cannot be made. It is the opinion of management that the ultimate liability, if any, resulting from these matters will not have a material adverse effect on Halifax Health's financial statements.

Note 9. Long-Term Debt

Long-term debt at September 30, 2017, consists of the following (in thousands):

	Current Portion of Long-Term Debt	Long-Term Debt	Premium
Bonds payable:			
Series 2008	$ -	$ 70,000	$ -
Series 2010	1,295	-	-
Series 2015	3,720	107,860	9,824
Series 2016	1,590	162,305	9,438
Total bonds payable	$ 6,605	$ 340,165	$ 19,262

Bonds Payable: Halifax Health has outstanding $366.0 million of debt, which was issued to refund prior debt and to provide funding for capital projects. The debt is organized with outstanding principal balances as follows: $70 million of tax-exempt, variable-rate demand-obligation ("VRDO") bonds ("Series 2008"), secured by a letter of credit; $111.5 million of tax-exempt, fixed rate bonds ("Series 2015"), $163.9 million of tax-exempt, fixed rate bonds ("Series 2016"), and $1.3 million of conduit indebtedness ("Series 2010"). Pursuant to the terms of the Master Trust Indenture ("MTI") under which the bonds were issued (excluding conduit indebtedness), principal and interest on each bond series are payable from and secured by a pledge of net revenues of the Obligated Group. The members of the Obligated Group are the Medical Center and Holdings, and also include certain other component units; EVHS, Staffing, HHCSI, and PBFS.

The Series 2015 bonds have maturities starting on June 1, 2017 and extending through 2046. Interest rates on the Series 2015 bonds range from 3.0% to 5.0%. The Series 2016 bonds have maturities starting on June 1, 2017 and extending through 2046. Interest rates on the Series 2016 bonds range from 3.0% to 5.0%.

Note 9. Long-Term Debt (Continued)

The Series 2008 bonds are tax-exempt, variable-rate securities with a weekly interest-rate period. The Series 2008 bonds have final maturities of June 1, 2048, subject to the demand provisions described below. The net proceeds of the Series 2008 bonds were used to advance refund a portion of the Medical Center's outstanding indebtedness, to provide funds for future capital projects, and for reimbursement of prior capital expenditures.

The Series 2008 bonds are subject to purchase from time to time at the option of the owners thereof and are required to be purchased in certain circumstances. As such, the bonds are supported by a remarketing agreement and an irrevocable direct pay letter of credit with a bank in the aggregate amount of $70 million at September 30, 2017. The remarketing agreement generally provides the Medical Center the option to market the obligations at the then-prevailing short-term rate, as determined by the remarketing agent. The obligations were marketed weekly during 2017, with interest rates ranging from 0.54% to 0.95%. The term of the letter of credit expires November 17, 2020. The letter of credit is secured by an interest in any bonds purchased with draws on the letter of credit and amounts payable under the MTI. The Medical Center did not draw on the letter of credit during 2017. In the event that all of the Series 2008 bonds are unable to be remarketed, the Medical Center would be required to draw on the letter of credit. Repayments of principal and interest would begin one year after the date of the draw, and be made in 12 equal quarterly installments and any amounts outstanding at the termination date of the letter of credit would be due and payable at that date. Therefore, the entire outstanding amount drawn on the letter of credit would become due by November 15, 2021. Pursuant to the terms of the letter of credit, the Medical Center is required to comply with certain provisions regarding additional borrowings, capital expenditures, and the maintenance of certain financial ratios.

The Medical Center has a $70 million notional-amount fixed-pay percentage of the London InterBank Offered Rate ("LIBOR") interest rate swap on the Series 2008 bonds (the "Swap"). The variable interest paid on the Series 2008 bonds is expected to correlate very closely with the rate that is received on the related Swap. The effective interest rate on the Swap is a synthetic fixed rate of interest of 3.94% at September 30, 2017. See Note 10 for further information on the Swap.

The Obligated Group is required to comply with certain provisions regarding additional borrowings and the maintenance of certain minimum debt service coverage, liquidity, and indebtedness ratios.

The Medical Center issued conduit indebtedness in 1998 on behalf of HMS, and refunded that debt with the issuance of the Halifax Hospital Medical Center Health Care Facility Revenue Refunding Bonds (Halifax Management System, Inc. Project) Series 2010 ("Series 2010") bonds on December 28, 2010. The total debt issued was approximately $14.6 million. The Series 2010 bonds are payable solely from, and secured by a pledge of, rental payments to be received from a lease agreement between the Medical Center and HMS. The bonds do not constitute a debt or pledge of the faith and credit of the Medical Center.

Note 9. Long-Term Debt (Continued)

A summary of bond issues follows (in thousands):

Fixed Rate Bonds

		Term Bonds			Serial Bonds		
Series	Date Issued/ Converted	Original Issue Amount	Interest Rate	Maturity Date	Original Issue Amount	Interest Rate	Maturity Date
Series 2010	December 28, 2010	$ 14,630	2.99	June 1, 2018			
Series 2015	April 29, 2015	57,795	5.00	June 1, 2035	$ 57,350	3.00%–5.00%	June 1, 2030
			4.00	June 1, 2038			
			4.00	June 1, 2041			
			5.00	June 1, 2046			
Series 2016	March 28, 2016	48,430	4.00	June 1, 2018	117,060	3.75%–5.00%	June 1, 2046
			5.00	June 1, 2030			
			3.38	June 1, 2031			

Variable-Rate Bonds

Series	Date Issued	Original Issue Amount	Interest Rate at September 30, 2017*	Maturity Date	Interest Rate Period
Series 2008	September 18, 2008	$ 70,000	0.93%	June 1, 2048	7 days

* This rate is the remarketed interest rate in effect as of September 30, 2017. The Medical Center also has a fixed-pay interest rate as part of the Swap. See Note 10 for more information on the Swap.

Note 9. Long-Term Debt (Continued)

Listed below are the debt service payments for Halifax Health for each of the five years ending September 30, 2018 through 2022, and in five-year increments thereafter (in thousands). The principal shown on the Series 2008 bonds is based on scheduled repayments; however, as described above the principal is subject to call by the bondholders, in which case the principal may be due by 2021. The interest rate used to calculate interest on the Series 2008 bonds was the remarketed interest rate in effect at September 30, 2017.

	Series 2008		Series 2015		Series 2016		Total Debt Secured by Obligated Group		Series 2010		Total Halifax Health	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ -	$ 651	$ 3,720	$ 5,318	$ 1,590	$ 7,216	$ 5,310	$ 13,185	$ 1,295	$ 12	$ 6,605	$ 13,197
2019	-	651	4,350	5,169	1,170	7,152	5,520	12,972	-	-	5,520	12,972
2020	-	651	4,570	4,952	1,225	7,094	5,795	12,697	-	-	5,795	12,697
2021	-	651	4,785	4,723	1,305	7,032	6,090	12,406	-	-	6,090	12,406
2022	-	651	5,025	4,484	1,365	6,967	6,390	12,102	-	-	6,390	12,102
2023 – 2027	-	3,255	24,775	18,386	12,310	33,745	37,085	55,386	-	-	37,085	55,386
2028 – 2032	-	3,255	11,490	13,977	35,610	28,140	47,100	45,372	-	-	47,100	45,372
2033 – 2037	-	3,255	14,615	10,837	44,920	18,849	59,535	32,941	-	-	59,535	32,941
2038 – 2042	18,990	2,823	19,145	7,475	35,300	9,541	73,435	19,839	-	-	73,435	19,839
2043 – 2047	36,290	1,530	19,105	2,365	29,100	3,032	84,495	6,927	-	-	84,495	6,927
2048	14,720	-	-	-	-	-	14,720	-	-	-	14,720	-
Total	$ 70,000	$ 17,373	$ 111,580	$ 77,686	$ 163,895	$ 128,768	$ 345,475	$ 223,827	$ 1,295	$ 12	$ 346,770	$ 223,839

Note 9. Long-Term Debt (Continued)

Long-Term Notes Payable and Other Indebtedness: HMS has a promissory note payable in the amount of $2.3 million to the Medical Center. The note payable is due on a level debt service basis with an interest rate of 5.85%. The outstanding principal at September 30, 2017 was $98,000.

Long-term debt activity for the year ended September 30, 2017, consisted of the following (in thousands):

	Balance at September 30, 2016	Additions (Reductions) Net of Amortization of Original Issue Discounts and Premium	Balance at September 30, 2017
Series 2008	$ 70,000	$ -	$ 70,000
Series 2010	3,470	(2,175)	1,295
Series 2015	125,308	(3,904)	121,404
Series 2016	175,259	(1,926)	173,333
Total	$ 374,037	$ (8,005)	$ 366,032

Note 10. Interest Rate Swap

The Medical Center has previously entered into a Swap agreement with a notional amount of $70 million in conjunction with the issuance of the Series 2008 bonds that effectively converts the variable rate bonds to a fixed rate. Under the terms of the Swap, the Medical Center pays to the counterparty a fixed rate of interest equal to 3.837% of the remaining notional amount. In turn, the Medical Center receives a payment of variable interest equal to 67% of LIBOR. The termination date of this Swap agreement is June 1, 2048, which coincides with the maximum maturity of the Series 2008 bonds. Payments under the Swap agreement are insured by AGMC. For the year ended September 30, 2017, the Medical Center made approximately $2.7 million in payments under the Swap agreement to the counterparty and received approximately $410,000 in payments under the Swap agreement from the counterparty, the net of which is reported as interest expense. Payments made and received under the Swap agreement are included in interest expense on the accompanying statement of revenues, expenses and changes in net position.

In accordance with GASB Cod. Sec. D40, the Medical Center applies hedge accounting for its Swap. At September 30, 2017, the fair value of the Swap liability of approximately $27.2 million was included in other long-term liabilities, with the current-year change in fair value of approximately $12.3 million recorded as an increase in deferred outflows in noncurrent assets. The fair value of the Swap is determined by an independent source, based on an analysis of discounted cash flows.

Interest Rate Risk: The Medical Center is exposed to interest rate risk on the Swap. As LIBOR decreases, the Medical Center's net payment on the Swap increases.

Note 10. Interest Rate Swap (Continued)

Basis Risk: The Medical Center is exposed to basis risk on the Swap because the variable-rate interest payments it receives on the Swap is based on a rate other than the interest rate the Medical Center pays on its hedged, variable rate debt, which is remarketed every seven days. As of September 30, 2017, the interest rate on the hedged variable-rate debt is 0.93% and 67% of LIBOR is 0.83%.

Termination Risk: The Medical Center or its counterparty may terminate the Swap if the other party fails to perform under the terms of the agreement. If, at the time of termination, the Swap is in a liability position, the Medical Center would be liable to the counterparty for payment equal to the liability, subject to net settlement.

The following table summarizes the Medical Center's anticipated net cash flows from outstanding variable rate debt and the related Swap at September 30, 2017 (in thousands). The interest rates used to calculate interest on the variable rate debt and the variable portion of the Swap were the respective interest rates in effect at September 30, 2017. The rate used for the fixed-pay portion of the Swap is the actual interest rate of 3.837%.

Years Ending September 30,	Principal	Interest	Net Interest on Swap	Total Interest
2018	$ -	$ 651	$ 2,105	$ 2,756
2019	-	651	2,105	2,756
2020	-	651	2,105	2,756
2021	-	651	2,105	2,756
2022	-	651	2,105	2,756
2023 – 2027	-	3,255	10,525	13,780
2028 – 2032	-	3,255	10,525	13,780
2033 – 2037	-	3,255	10,525	13,780
2038 – 2042	18,990	2,823	9,127	11,950
2043 – 2047	36,290	1,530	4,946	6,476
2048	14,720	-	-	-
Total	$ 70,000	$ 17,373	$ 56,173	$ 73,546

Note 11. Pension Plan and Other Postemployment Benefits

Defined Benefit Pension Plan: Certain employees participate in the Halifax Pension Plan, which is a cost-sharing, multiple-employer, noncontributory defined benefit pension plan (the "Plan") with two participating employers, Staffing and Hospice. The Plan is treated as a single employer plan for the purposes of making contributions and paying pension benefits, determining whether there has been any termination of service, and applying the maximum benefit limitation. Plan provisions are established and may be amended by the Board of Staffing, the Plan's sponsor. The Plan issues stand-alone financial statements that can be obtained by contacting the Plan's sponsor or by accessing Halifax Health's website at www.halifaxhealth.org. The Plan's financial statements are prepared using the accrual basis of accounting.

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

The Plan covers all eligible employees who have attained the age of 21 and have more than one year of service. Eligibility for the Plan was closed to all employees whose initial hire date or rehire date was on or after October 1, 2000. Halifax Health assumed the unfunded portion of the past service liability for employees who participated and were not vested in the prior pension benefit programs. As of September 30, 2016, the measurement date, the Plan included 513 active employees, 539 terminated but vested participants, and 957 retired participants and beneficiaries.

Pension plan benefits are based on the number of years of service and the employee's highest three-year average annual compensation. Effective October 1, 2013 the Plan was frozen and as such, participants of the Plan will no longer accrue credit for years of service and, upon eligibility, calculation of benefits will be made based on compensation information through October 1, 2013. Participants may elect to receive pension plan benefits as a monthly annuity or as one lump-sum payment for an amount equal to the present value of future benefits, as calculated by an actuary. Beneficiaries receive an annual, automatic 3% cost of living adjustment.

The Medical Center is obligated by contractual agreement to fund contributions on behalf of Staffing. The contribution rate is determined on an actuarial basis. Halifax Health contributed $21 million to the Plan in fiscal year 2017. In accordance with GASB Statement No. 68, that amount is recorded on the statement of net position as a deferred outflow at September 30, 2017. Staffing's proportionate share of the contribution, expense and net pension liability is 94.37% and Hospice's proportionate share is 5.63% for fiscal years 2017 and 2016. The proportionate share calculation is based on the present value of future salaries for active employees of Staffing and Hospice.

Significant assumptions of the Plan are presented in the following table:

Actuarial Methods and Assumptions

Mortality table	RP-2014 Mortality Table (sex-distinct), Scale MP2016
Interest rate	6.75% annually, compounded
Pay increase	N/A
Cost of living adjustment	3%
Measurement date	September 30, 2016
Valuation date	October 1, 2015
Allocation of Plan assets	40-70% Equities 30-60% Fixed income
Real rate of return	Overall - 10.42%, arithmetic mean Equities - 19.36% Fixed income - 1.36%
Experience study date	October 1, 2016

The discount rate used in measuring the total pension liability was 6.75% for fiscal years 2017 and 2016. The long-term expected rate of return on plan assets is 6.75%. The discount rates and rate of return are based on the long-term rate of return on pension plan investments expected to finance the payment of benefits into the future. Net pension liability at September 30, 2017 using a discount rate of 5.75% would have been $125.2 million, and using a discount rate of 7.75% would have been $57.7 million.

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table above.

The projection of cash flows used to determine the discount rate assumed that contributions from the Medical Center and Hospice will continue into the future and that the Plan will eventually be fully funded. It is also assumed that 25% of benefit payments will be paid out as one-time, lump-sum payments. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

The net pension liability at September 30, 2017 using a discount rate of 6.75% was $88.8 million. Since the last measurement date, September 30, 2015, the Plan updated its assumptions regarding mortality tables to the same assumption as used by the actuary for the Florida Retirement System Pension Plan per Florida Statutes. Changes in the pension accounts since the last valuation date, and pension expense, are as follows (in thousands):

	Deferred Outflow - Pension Contributions	Deferred Outflow - Investment Gains	Deferred Outflow - Liability Loss	Deferred Inflow - Change in Assumptions	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Pension Expense
Balance at September 30, 2016	$ 21,236	$ 16,971	$ 298	$ (4,030)	$ (322,844)	$ 214,911	$ (107,933)	$ -
Service cost	-	-	-	-	(4,441)	-	(4,441)	4,441
Interest cost	-	-	-	-	(21,234)	-	(21,234)	21,234
Difference in expected and actual experience	-	(5,687)	1,996	-	(1,996)	5,687	3,691	-
Changes of assumptions	-	-	-	(4,800)	4,800	-	4,800	-
Projected investment income	-	-	-	-	-	15,205	15,205	(15,205)
Benefit payments	-	-	-	-	16,818	(16,818)	-	-
Expenses	-	-	-	-	-	(77)	(77)	77
Contributions recognized in Plan Fiduciary Net Position	(21,236)	-	-	-	-	21,236	21,236	-
Contributions made after measurement date	21,060	-	-	-	-	-	-	-
Amortization of deferred inflows	-	(2,069)	(747)	4,443	-	-	-	(1,627)
Balance at September 30, 2017	$ 21,060	$ 9,215	$ 1,547	$ (4,387)	$ (328,897)	$ 240,144	$ (88,753)	$ 8,920

Proportionate share of the above balances as of September 30, 2017:

Medical Center	$ 19,873	$ 8,696	$ 1,460	$ (4,140)	$ (310,381)	$ 226,624	$ (83,757)	$ 8,417
Hospice	1,187	519	87	(247)	(18,516)	13,520	(4,996)	503
	$ 21,060	$ 9,215	$ 1,547	$ (4,387)	$ (328,897)	$ 240,144	$ (88,753)	$ 8,920

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

The following table shows the balances of deferred inflows and outflows for the Plan as of September 30, 2017, the amount of deferred outflows to be realized in future years and the amount of deferred inflows to be recognized in future years' pension expense as follows (in thousands):

	Deferred Outflow - Contributions	Deferred Outflow - Investment Gains	Deferred Outflow - Liability Loss	Deferred Inflow - Change in Assumptions	To Be Recognized in Future Pension Expense
Balance at September 30, 2017	$ 21,060	$ 9,215	$ 1,547	$ (4,387)	$ -
2018	(21,060)	(2,071)	(1,251)	3,673	(351)
2019	-	(4,328)	(296)	714	3,910
2020	-	(3,951)	-	-	3,951
2021	-	1,135	-	-	(1,135)
	$ -	$ -	$ -	$ -	$ 6,375

Defined Contribution Pension Plan: Eligible employees may participate in a 403(b) defined contribution pension plan (the "Contribution Plan"). The Contribution Plan covers all eligible employees who have attained the age of 18 and have completed 30 days of employment. Employee contributions are matched dollar-for-dollar up to 3% of annual salary. Employees vest 20% per year of employment for employer matched funds.

Total expense of the Contribution Plan for the year ended September 30, 2017, was approximately $4.4 million and is included in salaries and benefits in the accompanying statement of revenues, expenses, and changes in net position. Participants contributed approximately $9.1 million to the Contribution Plan for the year ended September 30, 2017.

Other Postemployment Benefit Plans: Qualified retired employees are eligible for certain postretirement benefit plans other than pensions ("OPEB"). All employees with ten years of benefited service as a participant in the Halifax Pension Plan or the Florida Retirement System are eligible to receive a subsidy for health insurance premiums ("Insurance Subsidy OPEB"). The Insurance Subsidy OPEB is a multi-employer defined benefit plan. The participant must present, at the time of retirement, evidence of health insurance coverage, either through an insurance company or Medicare. The Insurance Subsidy OPEB is calculated based on the number of years of service and is limited to a maximum annual benefit of $1,800 per participant. The Insurance Subsidy OPEB does not issue stand-alone financial statements. It is included in the financial statements and required supplementary information of the Medical Center.

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

The following table shows the components of the annual Insurance Subsidy OPEB cost for the year ended September 30, 2017 (in thousands):

ARC and Annual OPEB Cost

ARC	$ 1,076
Plus interest on net OPEB obligation	230
Less adjustment to annual required contribution	(332)
Annual OPEB cost	974
Contributions made	(750)
Increase in net OPEB obligation	224
Net OPEB obligation:	
Beginning of year	5,739
End of year	$ 5,963

Benefits for participants are funded from contributions made by Halifax Health, on a pay-as-you-go basis. The annual Insurance Subsidy OPEB cost for fiscal year 2017 is approximately $974,000. The net OPEB obligation was $6.0 million as of September 30, 2017, and is included in other liabilities on the accompanying statement of net position. The percentage of OPEB cost contributed during fiscal year 2017 was 70%. The annual cost history for the Insurance Subsidy OPEB plan is summarized below (in thousands):

Years Ended September 30,	OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
2017	$ 974	70%	$ 5,963
2016	934	73	5,739
2015	947	69	5,487

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amounts
Remaining amortization period	30 years, open
Actuarial assumptions:	
Investment rate of return	4%

These actuarial assumptions are based on the presumption that the Insurance Subsidy OPEB will continue. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

Calculations are based on the benefits provided under the terms of the substantive plan as of the valuation date and on the sharing of costs between the employer and plan members as of that date. In addition, assumptions on employee withdrawal and retirement rates were used. Mortality is assumed to follow the sex-distinct Blue Collar RP-2014 Mortality Table for employees and health annuitants, adjusted to 2006 using scale MP-2014 and then projected mortality improvements using scale MP-2016 on a fully-generational basis.

Information about the funded status of the Insurance Subsidy OPEB plan from the most recent actuarial valuation is as follows (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
October 1, 2016	$ -	$ 18,603	$ 18,603	0%	$ 38,361	48%

Health insurance is also offered to certain retirees at the same cost as active employees, in a benefit plan called the "Implicit Rate Subsidy OPEB," a single-employer defined benefit OPEB plan. The Implicit Rate Subsidy OPEB is offered through the Halifax Health Plan, which provides medical care and prescription drug coverage to full-time employees and specified part-time employees. The Implicit Rate Subsidy OPEB does not issue stand-alone financial statements. It is included in the financial statements and required supplementary information of the Medical Center.

The following table shows the annual Implicit Rate Subsidy OPEB cost and change in OPEB obligation for the year ended September 30, 2017 (in thousands):

Annual OPEB cost	$ 476
Contributions made	(321)
Increase in net OPEB obligation	155
Net OPEB obligation:	
Beginning of year	3,430
End of year	$ 3,585

Benefits for participants are funded from contributions made by Halifax Health and plan members on a pay-as-you-go basis. The cost of the plan is a blended rate of active employees and retirees. Retired employees contribute both the employee and employer rates, but do not pay a separate rate based solely on retiree costs to the plan. Therefore, this OPEB provides an implicit rate subsidy to retirees in the plan.

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

The annual Implicit Rate Subsidy OPEB cost for fiscal year 2017 is approximately $476,000. The Implicit Rate Subsidy OPEB obligation was $3.6 million as of September 30, 2017, and is included in other liabilities in the accompanying statement of net position. The percentage of OPEB cost contributed during fiscal year 2017 is 62%. The annual cost history for the Implicit Rate Subsidy OPEB plan is summarized below (in thousands):

Year Ended September 30,	OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
2017	$ 476	62%	$ 3,585
2016	442	66	3,430
2015	582	56	3,281

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amounts
Remaining amortization period	30 years, open
Actuarial assumptions:	
Investment rate of return	4%
Healthcare trend rate	8%

These actuarial assumptions are based on the presumption that the Implicit Rate Subsidy OPEB will continue. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Calculations are based on the benefits provided under the terms of the substantive plan as of the valuation date and on the sharing of costs between the employer and plan members as of that date. In addition, assumptions on employee withdrawal and retirement rates were used. Mortality is assumed to follow the sex-distinct Blue Collar RP-2014 Mortality Table for employees and health annuitants, adjusted to 2006 using scale MP-2014 and then projected mortality improvements using scale MP-2016 on a fully-generational basis.

Note 11. Pension Plan and Other Postemployment Benefits (Continued)

Information about the funded status of the Implicit Rate Subsidy OPEB plan from the recent actuarial valuation is as follows (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
October 1, 2016	$ -	$ 5,204	$ 5,204	0%	$ 38,361	14%

Schedules of funding progress regarding both OPEB plans are included in the required supplementary information section of the financial statements and presents information about whether the value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 12. Commitments and Contingencies

Leases: The Medical Center is committed under various noncancelable operating leases. These expire in various years through 2028. Future minimum operating lease payments are as follows (in thousands):

Years Ending September 30,	
2018	$ 5,209
2019	3,331
2020	2,686
2021	1,658
2022	1,368
2023 – 2028	7,988
Total minimum lease payments required	$ 22,240

Contingencies: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in significant fines and penalties, including repayments for patient services previously reimbursed.

During fiscal year 2017, The Health Resources and Services Administration, Office of Pharmacy Affairs conducted a 340B Drug Pricing Program audit at the Medical Center. The Medical Center is vigorously defending the audit findings and at the current time, a loss cannot be reasonably estimated and is not considered probable. Total savings under the 340B Drug Pricing Program is approximately $7.1 million.

Note 13. Concentrations of Credit Risk

The Medical Center and Hospice grant credit without collateral to its patients, most of who are local residents that are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at September 30, 2017, was as follows:

Medicare	20%
Medicaid	13%
Other third-party payors	62%
Self-pay patients	5%
Total	100%

Note 14. Joint Ventures

EVHS has a 50% equity interest in a joint-venture to operate East Central Florida Outpatient Imaging, LLC (ECFOI). During the year ended September 30, 2017, EVHS received distributions of $2.6 million from ECFOI and recognized its proportionate share of ECFOI's net income or loss by adjusting its equity interest balance. At September 30, 2017, EVHS had $1.0 million recorded as an equity interest in ECFOI that is included in other assets in the accompanying financial statements. ECFOI issues stand-alone financial statements.

EVHS has a 50% equity interest in a joint-venture to operate HB Rehabilitative Services, Inc. (HB). During the year ended September 30, 2017, EVHS received no distributions from HB, and at September 30, 2017, EVHS had $3.9 million recorded as an equity interest in HB that is included in other assets in the accompanying financial statements. HB does not issue stand-alone financial statements.

EVHS acquired an additional 45% interest in Daytona Area Senior Services ("DASS") from Council on Aging ("COA") in May 2017. As a result EVHS has a 95% equity interest in DASS d/b/a Halifax Health Care at Home, which provides home health services to the residents of the local area, and DASS' financial activity is now included in these financial statements. In consideration of this transfer of ownership, COA forgave a $50,000 debt owed to them by DASS and EVHS forgave a prior funding obligation owed by COA.

Required Supplementary Information

Halifax Hospital Medical Center
d/b/a Halifax Health
Halifax Pension Plan

Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability
Year Ended September 30, 2017
(In thousands)

	Total Pension Liability, as restated (a)	Plan Fiduciary Net Pension, as restated (b)	Net Pension Liability, as restated (a) - (b)
Balance, September 30, 2014	$ 311,814	$ 207,198	$ 104,616
Service cost	2,776	-	2,776
Interest	20,547	-	20,547
Difference between expected and actual experience	(2,241)	-	(2,241)
Contributions - employer	-	20,000	(20,000)
Net investment income	-	12,954	(12,954)
Benefit payments	(15,077)	(15,077)	-
Plan administrative expenses	-	(59)	59
Balance, September 30, 2015	317,819	225,016	92,803
Service cost	4,282	-	4,282
Interest	20,943	-	20,943
Difference between expected and actual experience and assumption changes	(4,845)	-	(4,845)
Contributions - employer	-	15,218	(15,218)
Net investment income	-	(9,853)	9,853
Benefit payments	(15,355)	(15,355)	-
Plan administrative expenses	-	(115)	115
Balance, September 30, 2016	322,844	214,911	107,933
Service cost	4,441	-	4,441
Interest	21,234	-	21,234
Difference between expected and actual experience and assumption changes	(2,804)	-	(2,804)
Contributions - employer	-	21,236	(21,236)
Net investment income	-	20,892	(20,892)
Benefit payments	(16,818)	(16,818)	-
Plan administrative expenses	-	(77)	77
Balance, September 30, 2017	$ 328,897	$ 240,144	$ 88,753

Source: BPAS Actuarial and Pension Services.

Halifax Hospital Medical Center
d/b/a Halifax Health
Halifax Pension Plan

Required Supplementary Information (Unaudited)
Schedule of Funding Progress
Year Ended September 30, 2017
(In thousands)

Actuarial Valuation Date	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Medical Center Proportionate Share (a-b) * 94.37%	Hospice Proportionate Share (a-b) * 5.63%	Covered Payroll (c)	Fiduciary Net Position as a % of Net Pension Liability (b/a)	Net Pension Liability as a % of Covered Payroll
October 1, 2015	$ 328,897	$ 240,144	$ 88,753	$ 83,757	$ 4,996	$ 38,361	73%	231%
October 1, 2014	322,844	214,911	107,933	101,856	6,077	42,387	67	255
October 1, 2013	317,819	225,016	92,803	87,578	5,225	43,613	71	213
October 1, 2012	311,814	207,198	104,616	98,726	5,890	46,960	66	223

Source: BPAS Actuarial and Pension Services.

Halifax Hospital Medical Center
d/b/a Halifax Health
Halifax Pension Plan

Required Supplementary Information (Unaudited)
Schedule of Actuarially Determined Contributions
Year Ended September 30, 2017
(In thousands)

Actuarial Valuation Date	Actuarially Determined Contributions (a)	Contributions Recognized During the year (b)	Difference of Actuarially Determined and Recognized Contributions (a-b)	% Contributions Recognized to Contributions Actuarially Determined (b/a)	Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
October 1, 2015	$ 21,060	$ 21,236	$ (176)	101%	$ 38,361	55%
October 1, 2014	21,236	15,218	6,018	72	42,387	36
October 1, 2013	15,218	20,000	(4,782)	131	43,613	46
October 1, 2012	17,278	12,688	4,590	73	46,960	27

Source: BPAS Actuarial and Pension Services.

Notes to Required Supplementary Information – Halifax Pension Plan (Unaudited)

Note 1. Key Assumptions

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2015
Actuarial cost method	Traditional Unit Credit
Amortization method	10 year, closed
Remaining amortization period	Varies
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	NA
Cost-of-living adjustments	3.00%
Mortality	RP-2014 Mortality Table (sex-distinct), Scale MP2016
Retirement age	62

These actuarial assumptions are based on the presumption that the Plan will continue. Should the Plan terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits. Also, changes in actuarial assumptions and methods may affect the amounts reported and information presented in the required supplemental schedules.

Since the last measurement date, September 30, 2015, the Plan updated its assumptions regarding mortality tables. A recent update to the Florida Statutes requires the use of the same assumption as used by the actuary for the Florida Retirement System Pension Plan. This change in Plan assumption resulted in a decrease in the pension liability of approximately $4.8 million at September 30, 2017.

In accordance with GASB Cod. Sec. Pe5, *Pension Plans – Defined Benefit*, Halifax Health is required to present ten years of data in the required supplemental schedules; however, only four years of information is available since implementing GASB Statement No. 68 at October 1, 2014. Annual Plan information will be added until the required ten years is presented.

Halifax Hospital Medical Center
d/b/a Halifax Health
Halifax Insurance Subsidy OPEB

Required Supplementary Information (Unaudited)
Schedule of Funding Progress
Year Ended September 30, 2017
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL – Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
October 1, 2016	$ -	$ 18,603	$ 18,603	0%	$ 38,361	48%
October 1, 2015	-	17,842	17,842	0%	42,387	42%
October 1, 2014	-	17,974	17,974	0%	43,613	41%
October 1, 2013	-	17,738	17,738	0%	46,960	38%
October 1, 2012	-	16,681	16,681	0%	51,283	33%
October 1, 2011	-	17,023	17,023	0%	55,573	31%

Source: BPAS Actuarial and Pension Services.

Halifax Hospital Medical Center
d/b/a Halifax Health
Halifax Implicit Rate Subsidy OPEB

Required Supplementary Information (Unaudited)
Schedule of Funding Progress
Year Ended September 30, 2017
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL – Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
October 1, 2016	$ -	$ 5,204	$ 5,204	0%	$ 38,361	14%
October 1, 2015	-	4,998	4,998	0%	42,387	12%
October 1, 2014	-	5,587	5,587	0%	43,613	13%
October 1, 2013	-	5,069	5,069	0%	46,960	11%
October 1, 2012	-	6,649	6,649	0%	51,283	13%
October 1, 2010	-	4,991	4,991	0%	56,311	9%

Source: BPAS Actuarial and Pension Services.

Other Supplementary Information

Halifax Hospital Medical Center
d/b/a Halifax Health

Supplementary Information
Schedule of Net Position – Obligated Group
September 30, 2017
(In thousands)

Assets and Deferred Outflows		
Current Assets:		
Cash and cash equivalents	$	62,112
Investments		166,536
Current assets whose use is limited:		
Trustee-held self-insurance funds		551
Accounts receivable, patients, net of estimated uncollectibles of $163,462		59,728
Inventories		14,074
Other current assets		16,168
Total current assets		319,169
Noncurrent Assets Whose Use is Limited:		
Board-designated funded depreciation		42,508
Trustee-held funds		17
Depreciable Capital Assets, net		255,436
Nondepreciable Capital Assets		65,221
Investment in Affiliates		138,277
Other Assets		5,593
Total assets		826,221
Deferred Outflows:		
Interest rate swap		27,176
Pension, contribution after measurement date		19,873
Pension, other		10,156
Loss on refunding of debt		16,446
Goodwill, net		2,549
Total deferred outflows		76,200
Total assets and deferred outflows	$	902,421

(Continued)

Halifax Hospital Medical Center
d/b/a Halifax Health

Supplementary Information
Schedule of Net Position – Obligated Group (Continued)
September 30, 2017
(In thousands)

Liabilities, Deferred Inflows and Net Position		
Current Liabilities:		
Accounts payable and accrued liabilities	$	53,632
Accrued payroll and personal leave time		19,955
Current portion of accrued self-insurance liability		4,736
Current portion of long-term debt		5,310
Other current liabilities		6,091
Total current liabilities		89,724
Noncurrent Liabilities:		
Long-term debt, less current portion		340,165
Net pension liability		83,757
Accrued self-insurance liability, less current portion		8,594
Other liabilities		43,046
Long-term value of interest rate swap		27,176
Total liabilities		592,462
Deferred Inflows Related to Pension		4,140
Total liabilities and deferred inflows		596,602
Net Position:		
Net investment in capital assets		(9,060)
Unrestricted		314,879
Total net position		305,819
Total liabilities, deferred inflows and net position	$	902,421

Halifax Hospital Medical Center
d/b/a Halifax Health

Supplementary Information
Schedule of Revenues, Expenses and Changes in Net Position – Obligated Group
Year Ended September 30, 2017
(In thousands)

Operating Revenues:		
Net patient service revenue, before provision for bad debts	$	545,295
Provision for bad debts		(78,354)
Net patient service revenue		466,941
Ad valorem taxes		11,252
Other revenue		16,539
Total operating revenues		494,732
Operating Expenses:		
Salaries and benefits		254,738
Supplies		98,664
Purchased services		65,994
Depreciation and amortization		22,434
Ad valorem tax-related expenses		7,417
Leases and rentals		7,498
Other		24,771
Total operating expenses		481,516
Income from operations		13,216
Nonoperating Revenues (Expenses):		
Interest expense		(16,710)
Investment income — net		1,890
Donation revenue		159
Nonoperating gains (losses) — net		16
Income from affiliates		12,826
Total nonoperating expenses		(1,819)
Increase in net position		11,397
Net Position:		
Beginning net position, as restated		294,422
End of year	$	305,819

Note 1. Summary of Significant Accounting Policies

Obligated Group: The members of the Obligated Group are the Medical Center (including certain other blended component units; EVHS, Staffing, HHCSI, and PBFS) and Holdings. The Medical Center has an equity interest in entities which are expected to produce income, appreciation in value, or other economic benefit. These affiliates include Hospice, VHN, Foundation, and HMS. Under the provisions of the MTI, dated June 1, 2006, by and between the Medical Center and Wells Fargo Bank, N.A., the equity interest in affiliates are accounted for under the equity method. The net investment in capital assets and unrestricted components of the net position of the affiliates are included in equity interest in affiliates on the schedule of net position and income from affiliates is separately disclosed on the schedule of revenues, expenses, and changes in net position. In accordance with the MTI, the Obligated Group does not have ownership rights to the affiliates' restricted component of net position; therefore, they are excluded from the equity interest in affiliates.

The affiliates are not members of the Obligated Group and are not required to pay operating expenses of the Obligated Group. In addition, except in the event of or to cure a default, affiliates are not required to make any payments with respect to the outstanding indebtedness of the Medical Center.

Note 2. Restatement

The Obligated Group restated net position as of October 1, 2016. Net position was restated to correct total net pension liability that was recorded at incorrect amounts. The impact of the restatement is as follows (in thousands):

Beginning net position, as previously reported	$	276,822
Decrease in total pension liability and change in deferred outflows (inflows)		17,600
Beginning net position, as restated	$	294,422

Halifax Hospice, Inc.

d/b/a Halifax Health Hospice
(A Blended Component Unit of Halifax Hospital Medical Center)

Financial Report
September 30, 2017

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Independent Auditor's Report

To the Board of Directors
Halifax Hospice, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities of Halifax Hospice, Inc. d/b/a Halifax Health Hospice ("Hospice"), a blended component unit of Halifax Hospital Medical Center, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Hospice's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Hospice's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hospice's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Hospice as of September 30, 2017, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the financial statements, the net position as of October 1, 2016, has been restated to correct net pension liability that was recorded at incorrect amounts. Our opinion is not modified with respect to this matter.

Required Supplementary Information
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Davenport, Iowa
[opinion date]

Halifax Hospice, Inc.
d/b/a Halifax Health Hospice
(A Blended Component Unit of Halifax Hospital Medical Center)

Statement of Net Position
September 30, 2017
(In thousands)

Assets and Deferred Outflows		
Current Assets:		
Cash and cash equivalents	$	113
Investments		66,378
Accounts receivable, patients, net of estimated uncollectibles of $414		2,725
Inventories		112
Other current assets		70
Total current assets		69,398
Assets Whose Use is Limited, Board-designated		2,650
Depreciable Capital Assets, net		16,688
Nondepreciable Capital Assets		1,981
Other Assets		5,097
Total assets		95,814
Deferred Outflows Related to Pension		1,793
Total assets and deferred outflows	$	97,607
Liabilities, Deferred Inflows and Net Position		
Current Liabilities:		
Accounts payable and accrued liabilities	$	492
Accrued payroll and personal leave time		969
Other current liabilities		6
Total current liabilities		1,467
Noncurrent Liabilities:		
Net pension liability		4,996
Total liabilities		6,463
Deferred Inflows Related to Pension		247
Total liabilities and deferred inflows		6,710
Net Position:		
Net investment in capital assets		18,652
Unrestricted		72,245
Total net position		90,897
Total liabilities, deferred inflows and net position	$	97,607

See Notes to Financial Statements.

Halifax Hospice, Inc.
d/b/a Halifax Health Hospice
(A Blended Component Unit of Halifax Hospital Medical Center)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2017
(In thousands)

Operating Revenues:		
Net patient service revenue, before provision for bad debt	$	42,674
Provision for bad debt		(1,259)
Net patient service revenue		41,415
Other revenue		1,975
Total operating revenues		43,390
Operating Expenses:		
Salaries and benefits		24,133
Supplies		2,763
Purchased services		12,453
Depreciation		804
Leases and rentals		2,032
Other		2,051
Total operating expenses		44,236
Loss from operations		(846)
Nonoperating Revenues:		
Investment income		6,797
Contribution revenue		855
Total nonoperating revenues		7,652
Increase in net position		6,806
Net Position:		
Beginning net position, as restated		84,091
End of year	$	90,897

See Notes to Financial Statements.

Halifax Hospice, Inc.
d/b/a Halifax Health Hospice
(A Blended Component Unit of Halifax Hospital Medical Center)

Statement of Cash Flows
Year Ended September 30, 2017
(In thousands)

Cash Flows from Operating Activities:		
Receipts from third-party payors and patients	$	40,457
Payments to employees		(24,254)
Payments to suppliers		(17,015)
Other receipts		2,100
Other payments		(4,062)
Net cash used in operating activities		(2,774)
Cash Flows from Noncapital Financing Activities:		
Proceeds from contributions received		855
Transfer to affiliate		(1,577)
Net cash used in noncapital financing activities		(722)
Cash Flows Used in Capital and Related Financing Activities:		
Acquisition of capital assets		(354)
Cash Flows from Investing Activities:		
Investment income		3,807
Purchases of investments and assets whose use is limited		(5,307)
Proceeds from sales and maturities of investments and assets whose use is limited		5,100
Net cash provided by investing activities		3,600
Net decrease in cash and cash equivalents		(250)
Cash and Cash Equivalents		
Beginning of year		363
End of year	$	113
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities:		
Loss from operations	$	(846)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation		804
Provision for bad debts		1,259
Changes in assets and liabilities:		
Accounts receivable, patients		(2,216)
Inventories and other current assets		7
Other assets		(93)
Accounts payable and accrued liabilities		(1,562)
Other liabilities		(127)
Net cash used in operating activities	$	(2,774)
Noncash Investing, Capital and Related Financing Activities:		
Unrealized gains on investments and assets whose use is limited	$	2,991

See Notes to Financial Statements.

Note 1. Description of Business and Significant Accounting Policies

Description of Organization: Halifax Hospice, Inc. d/b/a Halifax Health Hospice ("Hospice") is a not-for-profit corporation, incorporated in the state of Florida, which provides home-based skilled nursing care, social service counseling, inpatient services, and other related services to terminally ill patients located in Volusia, Flagler, Orange and Osceola Counties of Florida. Income is derived from the fees charged for services, donations, and other miscellaneous sources. Hospice is a blended component unit of Halifax Hospital Medical Center ("Medical Center") d/b/a Halifax Health in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 80 since Hospice is organized as a not-for-profit corporation and the Medical Center is its sole corporate member.

A summary of Hospice's significant accounting policies follows:

Accounting Standards: These financial statements have been prepared in accordance with the GASB Codification ("GASB Cod."). The financial statements of Hospice have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents: Hospice considers all unrestricted highly liquid investments with maturities of three months or less when purchased to be cash equivalents, excluding cash and cash equivalents included in assets whose use is limited. Cash deposits are federally insured up to specified limits.

Investments: All investments are reported at fair value in the accompanying statement of net position. Investments are marketable securities representing the investment of cash available for current operations, and as such are reported as current assets. Interest, dividend income, and realized and unrealized gains and losses are included as investment income in the statement of revenues, expenses, and changes in net position.

Assets Whose Use is Limited: Assets whose use is limited includes designated assets set aside and controlled by the Board of Directors (the "Board") for repair and replacement of capital assets and for other purposes. The Board retains control of, and may use, these designated assets for purposes other than those for which the assets were initially designated.

Capital Assets: Purchases of real property and equipment greater than $1,000 that have a useful life of longer than one year are capitalized at cost. The cost of minor equipment less than $1,000 and repairs are recorded in operating expenses.

Capital assets are reviewed and considered for impairment whenever indicators of impairment are present, such as the decline in service utility of the capital asset that is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset.

Deferred Outflows and Inflows: Certain pension costs are included in deferred outflows and inflows and amortized over a specified period. Amortization of pension related deferred outflows and inflows is included in salaries and benefits expense in the accompanying statement of revenues, expenses, and changes in net position.

Note 1. Description of Business and Significant Accounting Policies (Continued)

Net Position: Hospice reports net position in accordance with GASB Cod. Sec. 2200 – *Comprehensive Annual Financial Report*. As such, net position is reported in three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt issued that is attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent debt proceeds are not included in the calculation of net investment in capital assets.

The restricted component of net position would consist of restricted assets; assets that have constraints placed on them externally by creditors, grantors, contributors, or laws or regulations of other governments; or laws through constitutional provisions or enabling legislation, reduced by liabilities or deferred inflows related to those restricted assets. There was no restricted net position as of September 30, 2017.

The unrestricted component of net position consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definitions of the other two components of net position.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and Expenses: For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of patient care are reported as operating revenue and expenses. Peripheral or incidental transactions, such as gains and losses on the sale and disposal of capital assets, donations, and investment income, are reported as nonoperating revenues, expenses, gains, or losses.

Net Patient Service Revenue and Patient Accounts Receivable: Net patient service revenue and patient accounts receivable are reported at estimated net realizable amounts due from patients, third-party payors, and others for services rendered, and includes an estimate for retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Net patient service revenue for the year ended September 30, 2017 has been reduced by a $1.2 million retroactive adjustment relating to a Medicare audit for fiscal year September 30, 2015.

Hospice is reimbursed by Medicare and Medicaid based upon per diem rates established by the programs. Medicare makes interim biweekly payments to Hospice based upon projected utilization levels. Differences between payments received and amounts due for actual services rendered are adjusted tri-annually between the fiscal intermediary and Hospice. Hospice is paid by commercial insurance companies at established billing rates for each visit or contracted per diem rates.

Revenue from the Medicare and Medicaid programs accounted for approximately 95% of Hospice's net patient service revenue for the year ended September 30, 2017. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

Note 1. Description of Business and Significant Accounting Policies (Continued)

The provision for bad debts is based on management's assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon these trends. The results are used to make modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. Specific patient accounts identified as uncollectible are written off to the allowance for uncollectible accounts after collection efforts have been followed in accordance with Hospice policies.

Hospice classifies a patient as charity based on established policies. These policies define charity services as those services for which no additional payment is anticipated. Therefore, these amounts are excluded from net patient service revenue. When assessing a patient's ability to pay, Hospice utilizes percentages of the federal poverty income levels, as well as the relationship between charges and the patient's income. Services may be covered in full, or discounted based on income and a sliding scale.

Net patient service revenue is reported net of charity adjustments, contractual adjustments, and provision for bad debts for the year ended September 30, 2017, as follows (in thousands):

Gross patient charges	$	45,337
Charity adjustments		(749)
Contractual adjustments		(1,914)
Net patient service revenue before provision for bad debts		42,674
Provision for bad debts		(1,259)
Net patient service revenue	$	41,415

Depreciation: Capital assets, excluding land and construction in progress, are depreciated on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 5 to 20 years for land improvements, 10 to 40 years for buildings, and 3 to 15 years for equipment.

Personal Leave Time: Personal leave time, which includes holiday, sick, and vacation time, that is accrued, but not used at September 30, 2017, is included in accrued payroll and personal leave time in the accompanying statement of net position.

Contributions: Hospice reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are subject to stipulations that expire with the passage of time. However, to the extent that all or a portion of the donor restrictions are met during the same period as the contributions are received, Hospice records the contributions as unrestricted support. The net balance of these donations is recorded as a restricted component of net position in the statement of net position. At September 30, 2017, there was no such restricted component of net position. Gifts of land, buildings, and equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Note 1. Description of Business and Significant Accounting Policies (Continued)

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported separately after nonoperating revenues, expenses and gains (losses) in the statement of revenues, expenses and changes in net position. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Hospice reports expirations of donor restrictions when the donated long-lived assets are placed in service.

Legally enforceable pledges are recorded as receivables in the year the pledge is made. Unconditional pledges for support of current operations are recorded as unrestricted revenue. There are no material amounts of pledges receivable at September 30, 2017.

Costs incurred for soliciting contributions and for promotional materials, as well as costs of holding fund-raising events, are recorded as fund-raising expenses and are included in other expenses in the accompanying financial statements. Fund-raising expenses were not material for the year ended September 30, 2017.

Pension Plan: The Halifax Pension Plan (the "Plan") is a cost-sharing, multiple-employer, noncontributory defined benefit pension plan that covers certain employees of Hospice. The Plan is accounted for in accordance with GASB Cod. Sec. Pe5, *Pension Plans – Defined Benefit.* Contributions are made based on the minimum recommended contribution as determined by actuarial valuation. The Plan is considered a governmental plan exempt from Employee Retirement Income Security Act requirements based upon rulings received from the Internal Revenue Service. See Note 6 for more information.

Income Taxes: The Internal Revenue Service has recognized Hospice as exempt from income taxes under Internal Revenue Code Section 501(c)(3), and Hospice is classified as a publicly-supported charity described by Internal Revenue Code Section 509(a)(1). Hospice previously obtained an IRS determination letter that it is exempt from filing Form 990 as an affiliate of a government unit. Although Hospice is not required to file Form 990, the organization is still required to file Form 990T in the event it generates unrelated business income. Hospice had no unrelated business income for the year ended September 30, 2017.

Pending Accounting Pronouncements: In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will be effective for Hospice beginning with its year ending September 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability. Hospice is evaluating the impact of this statement on its financial statements.

Note 1. Description of Business and Significant Accounting Policies (Continued)

In June 2017, GASB issued Statement No. 87, Leases. 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. This standard is effective for fiscal years beginning after December 15, 2019. Halifax Health is evaluating the impact of this statement on its financial statements.

Note 2. Restatement

Hospice restated net position as of October 1, 2016. Net position was restated to correct net pension liability that was recorded at incorrect amounts. The impact of the restatement to Hospice is as follows (in thousands):

Beginning net position, as previously reported	$	83,040
Decrease in total pension liability and change in deferred outflows (inflows)		1,051
Beginning net position, as restated	$	84,091

Note 3. Assets Whose Use is Limited and Investments

Hospice measures and records its investments and assets whose use is limited using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At September 30, 2017, all of Hospice's assets whose use is limited and investments were classified as Level 1. Mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

Assets Whose Use is Limited: Assets whose use is limited was comprised primarily of mutual funds with a fair value of approximately $2.7 million at September 30, 2017.

Investments: The composition of investments at September 30, 2017, is set forth below (in thousands):

Vanguard Short-Term Investment Grade Fund	$	31,544
DFA U.S. Large Cap Value Portfolio		11,667
Vanguard Small Cap Growth Index Fund		5,513
Vanguard Growth Index Fund		5,614
DFA Small Cap Value Portfolio		5,852
DFA International Value Portfolio		3,463
DFA Emerging Markets Value Portfolio		1,400
Vanguard Energy Index Fund		105
Vanguard Health Care Fund		648
Vanguard Energy Fund		572
Total	$	66,378

Investment income on assets whose use is limited and investments for the year ended September 30, 2017, was approximately $6.8 million and includes unrealized gains of approximately $3.0 million.

Note 4. Deposits and Investment Risk

GASB Cod. Sec. I50, *Investments*, requires disclosures related to investment and deposit risks, including risks related to credit risk, consisting of custodial credit risk and concentrations of credit risk; interest rate risk; and foreign currency risk. GASB Cod. Sec. I50 also requires the disclosure of the credit quality of investments in debt securities, except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. Government.

Investment Risk: Hospice has an established investment policy in order to control and diversify risk by limiting specific security types and/or concentration with individual financial institutions. Specific investment types are limited to a percentage of the total investment portfolio and maximum maturity date. Investment strategies are influenced by relative market yields and the cash needs of Hospice. Excess funds may be invested in, but not limited to:

- U.S. Government securities and repurchase agreements;
- U.S. Government agency obligations;
- Domestic bank certificates of deposit provided that any such investments are in Federal Deposit Insurance Corporation guaranteed accounts or deposits collateralized by U.S. Government securities or obligations;
- Securities of, or other interests in, any management-type investment company or investment trust registered under the Investment Company Act of 1940, as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof; and
- Repurchase agreements with reputable financial institutions, which are fully secured by U.S. Government obligations.
- Mutual funds of registered investment advisors may be purchased to invest in the permissible securities listed above.

All investment decisions are made based on reasonable research as to credit quality, liquidity, and counterparty risk prior to the investment. An investment advisory firm is utilized to monitor the investment of all funds and performance of the portfolio is reported to Hospice's management and the Board.

Deposit Risk: Deposit risk is the risk that, in the event of the failure of a depository financial institution, Hospice will not be able to recover its deposits. Hospice's deposits are covered by federal depository insurance, collateralized with U.S. Treasury securities and federal agency securities, or guaranteed 100% by the State of Florida and collateralized through the Florida Bureau of Collateralization. At September 30, 2017, Hospice's cash deposits were not exposed to custodial deposit risk.

Note 4. Deposits and Investment Risk (Continued)

Credit Risk: The investment policy provides guidelines to investment managers that restrict investments in debt securities to those with an A- rating or better. The policy also has established asset allocation limits to reduce the concentration of credit risk. Guidelines are provided to investment managers and monitored by the investment advisory firm and management for compliance. As of September 30, 2017, Hospice does not have investments in debt securities with a single issuer that represent 5% or more of total investments.

Interest Rate Risk: Changes in interest rates can adversely affect the fair value of an investment. Hospice manages its exposure to interest rate risk by limiting investment maturities and diversifying its investment portfolios.

At September 30, 2017, all of Hospice's investments and assets whose use is limited had a maturity date within one year or no maturity date.

Note 5. Capital Assets

Capital assets are recorded at cost and presented net of accumulated depreciation. A summary of the activities for the year ended September 30, 2017, is as follows (in thousands):

	Balance at September 30, 2016	Increases/ Transfers	Decreases/ Transfers	Balance at September 30, 2017
Capital Assets – at cost:				
Land	$ 1,954	$ -	$ -	$ 1,954
Land improvements	57	7	-	64
Buildings	22,513	178	-	22,691
Fixed equipment	350	160	-	510
Major moveable equipment	2,253	-	5	2,248
Projects in progress	18	195	186	27
Total capital assets — at cost	27,145	540	191	27,494
Accumulated Depreciation:				
Land improvements	32	8	1	39
Buildings	6,115	624	15	6,724
Fixed equipment	166	43	-	209
Major moveable equipment	1,705	150	2	1,853
Total accumulated depreciation	8,018	825	18	8,825
Capital Assets — net	$ 19,127	$ (285)	$ 173	$ 18,669

Note 6. Pension Plan and Other Postemployment Benefits

Defined Benefit Pension Plan: Certain employees participate in the Halifax Pension Plan, which is a cost-sharing, multiple-employer, noncontributory defined benefit pension plan (the "Plan") with two participating employers, Halifax Staffing, Inc. ("Staffing") and Hospice. The Plan is treated as a single employer plan for the purposes of making contributions and paying pension benefits, determining whether there has been any termination of service, and applying the maximum benefit limitation. Hospice's proportional share of 2017 contributions was $1.2 million. Hospice's proportional share of deferred outflows, inflows and net pension liability are recorded in the accompanying statement of net position. Plan provisions are established and may be amended by the Board of Staffing, the Plan's sponsor. The Plan issues stand-alone financial statements that can be obtained by contacting the Plan's sponsor or by accessing the Medical Center's website at www.halifaxhealth.org. The Plan's financial statements are prepared using the accrual basis of accounting.

The Plan covers all eligible employees who have attained the age of 21 and have more than one year of service. Eligibility for the Plan was closed to all employees whose initial hire date or rehire date was on or after October 1, 2000. The Medical Center assumed the unfunded portion of the past service liability for employees who participated and were not vested in the prior pension benefit programs. As of September 30, 2016, the measurement date, the Plan included 513 active employees, 539 terminated but vested participants, and 957 retired participants and beneficiaries.

Pension plan benefits are based on the number of years of service and the employee's highest three-year average annual compensation. Effective October 1, 2013 the Plan was frozen and as such, participants of the Plan will no longer accrue credit for years of service and, upon eligibility, calculation of benefits will be made based on compensation information through October 1, 2013. Participants may elect to receive pension plan benefits as a monthly annuity or as one lump-sum payment for an amount equal to the present value of future benefits, as calculated by an actuary. Beneficiaries receive an annual, automatic 3% cost of living adjustment.

The contribution rate is determined on an actuarial basis. Hospice and Staffing contributed $19.8 million to the Plan in fiscal year 2017 of which $1.2 million relates to Hospice's portion of the contribution and is recorded on the statement of net position as a deferred outflow at September 30, 2017. Staffing's proportionate share of the contribution, expense and net pension liability is 94.37% and Hospice's proportionate share is 5.63% for fiscal year 2017. The proportionate share calculation is based on the present value of future salaries for active employees of each Staffing and Hospice.

Note 6. Pension Plan and Other Postemployment Benefits (Continued)

Significant assumptions of the Plan are presented in the following table:

Actuarial Methods and Assumptions

Mortality table	RP-2014 Mortality Table (sex-distinct), Scale MP2016
Interest rate	6.75% annually, compounded
Pay increase	N/A
Cost of living adjustment	3%
Measurement date	September 30, 2016
Valuation date	October 1, 2015
Allocation of Plan assets	40-70% Equities
	30-60% Fixed income
Real rate of return	Overall - 10.42%, arithmetic mean
	Equities - 19.36%
	Fixed income - 1.36%
Experience study date	October 1, 2016

The discount rate used in measuring the total pension liability was 6.75% for fiscal years 2017 and 2016. The long-term expected rate of return on Plan assets is 6.75%. The discount rates and rate of return are based on the long-term rate of return on pension plan investments expected to finance the payment of benefits into the future. The Plan's net pension liability at September 30, 2017 using a discount rate of 5.75% would have been $125.2 million, and using a discount rate of 7.75% would have been $57.7 million.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table above.

The projection of cash flows used to determine the discount rate assumed that contributions from the Medical Center and Hospice will continue into the future and that the Plan will eventually be fully funded. It is also assumed that 25% of benefit payments will be paid out as one-time, lump-sum payments. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 6. Pension Plan and Other Postemployment Benefits (Continued)

The Plan's net pension liability at September 30, 2017 using a discount rate of 6.75% was $88.8 million. Since the last measurement date, September 30, 2015, the Plan updated its assumptions regarding mortality tables to more reasonably reflect the actual experience of the Plan. Changes in the pension accounts since the last valuation date, and pension expense are as follows (in thousands):

	Deferred Outflow - Pension Contributions	Deferred Outflow - Investment gains	Deferred Outflow - Liability loss	Deferred Inflow - Change in assumptions	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Pension Expense
Balance at September 30, 2016	$ 21,236	$ 16,971	$ 298	$ (4,030)	$ (322,844)	$ 214,911	$ (107,933)	$ -
Service cost	-	-	-	-	(4,441)	-	(4,441)	4,441
Interest cost	-	-	-	-	(21,234)	-	(21,234)	21,234
Difference in expected and actual experience	-	(5,687)	1,996	-	(1,996)	5,687	3,691	-
Changes of assumptions	-	-	-	(4,800)	4,800	-	4,800	-
Projected investment income	-	-	-	-	-	15,205	15,205	(15,205)
Benefit payments	-	-	-	-	16,818	(16,818)	-	-
Expenses	-	-	-	-	-	(77)	(77)	77
Contributions recognized in Plan Fiduciary Net Position	(21,236)	-	-	-	-	21,236	21,236	-
Contributions made after measurement date	21,060	-	-	-	-	-	-	-
Amortization of deferred inflows	-	(2,069)	(747)	4,443	-	-	-	(1,627)
Balance at September 30, 2017	$ 21,060	$ 9,215	$ 1,547	$ (4,387)	$ (328,897)	$ 240,144	$ (88,753)	$ 8,920

Proportionate share of the above balances as of September 30, 2017:

Medical Center	$ 19,873	$ 8,696	$ 1,460	$ (4,140)	$ (310,381)	$ 226,624	$ (83,757)	$ 8,417
Hospice	1,187	519	87	(247)	(18,516)	13,520	(4,996)	503
	$ 21,060	$ 9,215	$ 1,547	$ (4,387)	$ (328,897)	$ 240,144	$ (88,753)	$ 8,920

Note 6. Pension Plan and Other Postemployment Benefits (Continued)

The following table shows the balances of deferred inflows and outflows for the Plan as of September 30, 2017, the amount of deferred outflows to be realized in future years, and the amount of deferred inflows to be recognized in future years' pension expense as follows (in thousands):

	Deferred Outflow - Contributions	Deferred Outflow - Investment Gains	Deferred Outflow - Liability Loss	Deferred Inflow - Change in Assumptions	To Be Recognized in Future Pension Expense
Balance at September 30, 2017	$ 1,187	$ 519	$ 87	$ (247)	$ -
2018	(1,187)	(117)	(70)	206	(19)
2019	-	(243)	(17)	41	219
2020	-	(222)	-	-	222
2021	-	63	-	-	(63)
	$ -	$ -	$ -	$ -	$ 359

Defined Contribution Pension Plan: Hospice offers a 403(b) defined contribution pension plan (the "Contribution Plan") to employees. The Contribution Plan covers all eligible employees who have attained the age of 18 and have completed 30 days of employment. Employee contributions are matched dollar for dollar up to 3% of annual salary. Employees vest 20% per year of employment for employer matched funds.

Hospice's cost of the Contribution Plan for the year ended September 30, 2017, was approximately $417,000 and is included in salaries and benefits in the accompanying statement of revenues, expenses, and changes in net position.

Other Postemployment Benefit (OPEB): Qualified retired employees are eligible for certain postretirement benefit plans other than pensions (OPEB). Hospice participates in the Insurance Subsidy OPEB sponsored by Staffing that provides certain postretirement benefits to qualified employees. All employees with ten years of benefited service as a participant in the Plan or the Florida Retirement System are eligible to receive a subsidy for health insurance premiums. The participant must present, at the time of retirement, evidence of health insurance coverage, either through an insurance company or Medicare. The Insurance Subsidy OPEB is calculated based on the number of years of service and is limited to a maximum annual benefit of $1,800 per participant. Information as to Hospice's portion of the costs and obligations of the Insurance Subsidy OPEB is not available as these amounts are determined on an aggregate basis for the entire Insurance Subsidy OPEB. The Schedule of Funding Progress related to this Plan is included in the financial statements and required supplementary information of the Medical Center.

Note 7. Related-Party Transactions

The Medical Center provides certain inpatient and outpatient services to Hospice patients. Payments for these services by Hospice to the Medical Center are based upon a per diem rate and percentage of established rates, and approximated $175,000 during the year ended September 30, 2017. Also, the Medical Center pays certain expenses of Hospice, and provides certain services, which are subsequently reimbursed. The Medical Center holds approximately $4.6 million on deposit from Hospice to cover such future expenses. Hospice has reported this amount in other noncurrent assets. Hospice also leases land from the Medical Center for approximately $52,000 annually.

Note 8. Commitments and Contingencies

Hospice is insured for professional liability coverage under an occurrence-basis policy. Management expects that any claims against Hospice would be settled within the coverage limits of the policy. Hospice participates in the Medical Center's workers' compensation insurance plans. Hospice is subject to potential litigation arising in the ordinary course of business. Management is currently not aware of any such litigation.

Leases: Hospice is committed under various noncancelable operating leases. These expire in various years through 2023. Future minimum operating lease payments are as follows (in thousands):

Years ending September 30:		
2018	$	735
2019		662
2020		220
2021		66
2022		52
2023		52
Total minimum lease payments required	$	1,787

Contingencies: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in significant fines and penalties, including repayments for patient services previously reimbursed.

Note 9. Concentrations of Credit Risk

Hospice grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at September 30, 2017, was as follows:

Medicare	39%
Medicaid	50%
Other third-party payors	8%
Patients	3%
	100%

Required Supplementary Information

Halifax Hospice, Inc.
d/b/a Halifax Health Hospice
(A Blended Component Unit of Halifax Hospital Medical Center)
Halifax Pension Plan

Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability
Year Ended September 30, 2017
(In thousands)

	Total Pension Liability, as restated (a)	Plan Fiduciary Net Pension, as restated (b)	Net Pension Liability, as restated (a) - (b)
Balance, September 30, 2014	$ 311,814	$ 207,198	$ 104,616
Service cost	2,776	-	2,776
Interest	20,547	-	20,547
Difference between expected and actual experience	(2,241)	-	(2,241)
Contributions - employer	-	20,000	(20,000)
Net investment income	-	12,954	(12,954)
Benefit payments	(15,077)	(15,077)	-
Plan administrative expenses	-	(59)	59
Balance, September 30, 2015	317,819	225,016	92,803
Service cost	4,282	-	4,282
Interest	20,943	-	20,943
Difference between expected and actual experience and assumption changes	(4,845)	-	(4,845)
Contributions - employer	-	15,218	(15,218)
Net investment income	-	(9,853)	9,853
Benefit payments	(15,355)	(15,355)	-
Plan administrative expenses	-	(115)	115
Balance, September 30, 2016	322,844	214,911	107,933
Service cost	4,441		4,441
Interest	21,234	-	21,234
Difference between expected and actual experience and assumption changes	(2,804)	-	(2,804)
Contributions - employer	-	21,236	(21,236)
Net investment income	-	20,892	(20,892)
Benefit payments	(16,818)	(16,818)	-
Plan administrative expenses	-	(77)	77
Balance, September 30, 2017	$ 328,897	$ 240,144	$ 88,753

Source: BPAS Actuarial and Pension Services.

Halifax Hospice, Inc.
d/b/a Halifax Health Hospice
(A Blended Component Unit of Halifax Hospital Medical Center)
Halifax Pension Plan

Required Supplementary Information (Unaudited)
Schedule of Funding Progress
Year Ended September 30, 2017
(In thousands)

Actuarial Valuation Date	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Staffing Proportionate Share (a-b) * 94.37%	Hospice Proportionate Share (a-b) * 5.63%	Covered Payroll (c)	Fiduciary Net Position as a % of Net Pension Liability (b/a)	Net Pension Liability as a % of Covered Payroll (a-b)/(c)
October 1, 2015	$ 328,897	$ 240,144	$ 88,753	$ 83,756	$ 4,997	$ 38,361	73%	231%
October 1, 2014	322,844	214,911	107,933	101,856	6,077	42,387	67	255
October 1, 2013	317,819	225,016	92,803	87,578	5,225	43,613	71	213
October 1, 2012	311,814	207,198	104,616	98,726	5,890	46,960	66	223

Source: BPAS Actuarial and Pension Services

Halifax Hospice, Inc.
d/b/a Halifax Health Hospice
(A Blended Component Unit of Halifax Hospital Medical Center)
Halifax Pension Plan

Required Supplementary Information (Unaudited)
Schedule of Actuarially Determined Contributions
Year Ended September 30, 2017
(In thousands)

Actuarial Valuation Date	Actuarially Determined Contributions (a)	Contributions Recognized During the year (b)	Difference of Actuarially Determined and Recognized Contributions (a-b)	% Contributions Recognized to Contributions Actuarially Determined (b/a)	Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
October 1, 2015	$ 21,060	$ 21,236	$ (176)	101%	$ 38,361	55%
October 1, 2014	21,236	15,218	6,018	72	42,387	36
October 1, 2013	15,218	20,000	(4,782)	131	43,613	46
October 1, 2012	17,278	12,688	4,590	73	46,960	27

Source: BPAS Actuarial and Pension Services

Note to Required Supplementary Information – Halifax Pension Plan (Unaudited)

Note 1. Key Assumptions

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2015
Actuarial cost method	Traditional Unit Credit
Amortization method	10 year, closed
Remaining amortization period	Varies
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	NA
Cost-of-living adjustments	3.00%
Mortality	RP-2014 Mortality Table (sex-distinct), Scale MP2016
Retirement age	62

These actuarial assumptions are based on the presumption that the Plan will continue. Should the Plan terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. Also, changes in actuarial assumptions and methods may affect the amounts reported and information presented in the required supplemental schedules.

Since the last measurement date, September 30, 2015, the Plan updated its assumptions regarding mortality tables. A recent update to the Florida Statutes requires the use of the same assumption as used by the actuary for the Florida Retirement System Pension Plan. This change in Plan assumption resulted in a decrease in the pension liability of approximately $4.8 million at September 30, 2017.

In accordance with GASB Cod. Sec. Pe5, *Pension Plans – Defined Benefit*, Halifax Health is required to present ten years of data in the required supplementary schedules; however, only four years of information is available since implementing GASB Statement No. 68 at October 1, 2014. Annual Plan information will be added until the required ten years is presented.

CAPITAL EXPENDITURES & OPERATING LEASES

Audit & Finance Committee

January 3, 2018

Capital Expenditures $50,000 and over

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Data Protection Hardware & Software	Information Technology	Working Capital	$496,641
Chilled Water Piping Project for Surgical Suites	Facility Operations	Working Capital	$463,349
Chiller for Ormond ROC	Facility Operations	Working Capital	$186,532
Patient Harness System for Inpatient Rehabilitation	Halifax/Brooks Center for Inpatient Rehabilitation	Working Capital/Brooks Healthcare	$83,315

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: Arvin Lewis, Senior Vice President and Chief Revenue Officer
CC: Tom Stafford, Vice President and Chief Information Officer
Eric Peburn, Executive Vice President and Chief Financial Officer
DATE: December 14, 2017
RE: Data Protection Hardware & Software

Halifax Health Information Technology is requesting funds to purchase hardware & software for the data protection platform. This platform mitigates our risk of data loss due to environmental conditions (e.g. hurricanes), system failures (e.g. loss of cooling, power, IT system failures), and loss due to fire.

The new platform will also mitigate the risk of losing data due to a cyber-threat such as hacker ransoming or erasing data. The new hardware will replace existing hardware that has reached end of life.

The project was approved at the Capital Investment Committee meeting on November 15, 2017.

TOTAL CAPITAL COST **$496,641**

Halifax Health

Project Evaluation

Data Protection Hardware and Software

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

Summary

Purpose:

This project is to purchase hardware and software for the data protection platform.

Strategic Plan Core Competency Achievement:	
Physician Integration	
Care Coordination	
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:	
Safety	X
Compassion	
Image	X
Efficiency	X

Investment Request for Approval **$496,641**

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

HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer
DATE: December 20, 2017
RE: Chilled Water Piping Project for Surgical Suites

Halifax Health Facility Operations Department is requesting funds to install a chilled water pipe bypass system for the Surgical Suites on the third floor of the Fountain Building. The bypass will connect the main chilled water supplied from the North Central Energy Plant and route the water through the France Tower, connecting it to the three air handling units (AHUs) located above the surgical suites in the Fountain Building.

The chilled water is necessary to provide a secondary means of cooling the AHUs that serve the surgical suites. The bypass system will supplement the chilled water currently provided by the South Central Energy Plant, providing redundancy that will reduce risks of failure to both chilled water systems.

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

TOTAL CAPITAL COSTS **$463,349**

Halifax Health

Project Evaluation

Chilled Water Connection

Chief Financial Officer:	Eric Peburn
Director, Engineering:	Jacob Nagib
Finance Analysis by:	Steve Mach

Summary

Purpose:

This project will provide chilled water-piping connection from the North Power area to air handler units supporting the operating room suites in the Fountain Tower.

Strategic Plan Core Competency Achievement:	
Physician Integration	
Care Coordination	X
Cost Management	X
Information Technology	
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:	
Safety	X
Compassion	
Image	X
Efficiency	

Investment Request for Approval **$463,349**

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

HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer
DATE: December 20, 2017
RE: Chiller for Ormond ROC

Halifax Health Facility Operations is requesting funds to purchase a chiller for the Ormond Beach Regional Oncology Center (ROC).

The existing chiller is 17 years old and the only unit that supplies chilled water to the air handling unit for this location. The chiller runs continuously. The condenser coils of the chiller to be replaced have deteriorated beyond repair.

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

TOTAL CAPITAL COSTS **$186,532**

HALIFAX HEALTH

Halifax Health

Project Evaluation

Ormond Beach Regional Oncology Center Chiller

Chief Financial Officer:	Eric Peburn
Director, Engineering:	Jacob Nagib
Finance Analysis by:	Steve Mach

Summary

Purpose:

This project will replace the chiller that supplies chilled water for the Ormond Beach Regional Oncology Center building.

Strategic Plan Core Competency Achievement:	
Physician Integration	
Care Coordination	X
Cost Management	X
Information Technology	
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:	
Safety	X
Compassion	
Image	X
Efficiency	X

Investment Request for Approval **$186,532**

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

HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Mark Billings, Executive Vice President and Chief Operating Officer
CC: Eric Peburn, Executive Vice President and Chief Financial Officer
Alberto Tineo, Senior Vice President, Operations
DATE: December 20, 2017
RE: Patient Harness System for Inpatient Rehabilitation

Halifax/Brooks Center for Inpatient Rehabilitation is requesting funds to obtain two (2) patient harness systems for the therapy gyms located on the eighth and ninth floors. The system allows the therapist to easily attach up to three patients simultaneously to secured harnesses for gait training.

The harness system will be used for inpatient rehabilitation patients who have complex issues including stroke, traumatic brain injury, spinal cord injury, multiple sclerosis, and Parkinson's. The greatest advantage of using the system is that it can be utilized with only one or two staff members instead of requiring up to four staff members to ambulate one patient while pushing a cumbersome device for stability.

The harness permits the patient to practice ambulation, sit-to-stand and other functional balance tasks while removing the risk of falling. Additionally, the system frees the therapist to work on correcting gait deviations while performing mobility tasks rather than being restricted to use their hands to help maintain the patient in an upright position to prevent a fall. The device will challenge the patient to advance to greater levels of independence, increase outcome measures, and be more cost efficient.

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

TOTAL CAPITAL COSTS **$83,315**

Halifax Health

Project Evaluation

Patient Harness System for Inpatient Rehabilitation

Chief Operating Officer:	Mark Billings
Vice President, Operations:	Alberto Tineo
Executive Director- Rehabilitation Services:	Astrid Gonzalez-Parrilla
Finance Analysis by:	Steve Mach

Summary

Purpose:

This project will install two (2) patient harness systems for therapy gyms located in the inpatient rehabilitation unit. The system allows the therapist to attach patients to a secured harness for gait training.

Strategic Plan Core Competency Achievement:	
Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:	
Safety	X
Compassion	X
Image	X
Efficiency	

Investment Request for Approval **$83,315**

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

Halifax Health Medical Center
Capital Disposals
NOVEMBER 2017

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

Asset #	Description	Department	Date Purchased	Original Cost	Book Value
60382	MEGADYNE PATIENT ELECTRODE	TWIN LAKES O.R.	03/11/15	2,257.75	-
60381	MEGADYNE PATIENT ELECTRODE	TWIN LAKES O.R.	03/11/15	2,257.75	-
60379	MEGADYNE PATIENT ELECTRODE	TWIN LAKES O.R.	03/11/15	2,257.75	-
60380	MEGADYNE PATIENT ELECTRODE	TWIN LAKES O.R.	03/11/15	2,257.75	-
70117	STRYKER NEPTUNE DOCKING STATION	TWIN LAKES O.R.	02/21/13	9,950.00	-
60795	10X 10 COLLAPSIBLE TENT	MARKETING	02/17/15	1,927.68	-
54620	BED	EVS	09/22/04	4,017.35	-
54628	BED	EVS	09/22/04	4,017.35	-
48483	BED	EVS	11/15/95	7,350.00	-
46126	BED	EVS	10/20/94	7,552.26	-
54617	BED	EVS	09/22/04	4,017.35	-
46127	BED	EVS	10/20/94	7,552.26	-
54824	BED	EVS	10/18/05	4,244.40	-
54611	BED	EVS	09/22/04	4,017.35	-
54626	BED	EVS	09/24/04	4,017.35	-
49462	BED	EVS	07/16/98	3,900.38	-
54610	BED	EVS	09/22/04	4,017.35	-
54840	BED	EVS	10/18/05	4,244.40	-
52200	BED	EVS	08/18/03	4,255.68	-
54559	COPYTRONICS COPIER	HHPO ED REGISTRATION	01/13/05	4,437.00	-
55953	COMBI OVEN	FOOD AND NUTRITION	11/22/06	13,040.57	-
54908	VIASYS BEAR CUB 750 VENTILATOR	RESPIRATORY	06/23/05	14,662.74	-
63009-36	CANNISTER SUPPORT UNITS	RESPIRATORY	06/30/09	2,505.44	-
55215	NOVAMETRIX TIDAL WAVE ETCO2 MONITOR	RESPIRATORY	04/24/06	2,403.72	-
50900	RADIOMETERABL 720 BLOOD GAS ANALYZER	RESPIRATORY	11/01/17	27,880.00	-
49973	ACHIEVA VENTILATOR - PSO	RESPIRATORY	07/05/02	8,400.00	-
49972	ACHIEVA VENTILATOR - PSO	RESPIRATORY	07/05/02	8,400.00	-
48840	BIPAP ST/D VENTILATOR	RESPIRATORY	03/14/96	6,017.25	-
				$ 171,858.88	**$ -**

Halifax Health Medical Center
Capital Disposals
DECEMBER 2017

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

Asset #	Description	Department	Date Purchased	Original Cost	Book Value
40352	DEFIBRILLATOR LIFEPAK 8	SPD	12/07/90	2,468.94	-
45879	CYSTO CART	SPD	05/11/94	1,000.00	-
45891	DEFIBRILLATOR LIFEPAK 9-CRASH CART	SPD	06/08/94	5,886.35	-
47612	HP LASERJET 5 SI PRINTER	SPD	02/13/97	2,824.01	-
48331	DEFIBRILLATOR LIFEPAK 9	SPD	05/19/94	7,756.82	-
54406	BARCODE AND LABEL SYSTEM	SPD	07/31/04	2,395.00	-
0022140	CART SUPPLY	SPD	07/01/76	535.00	-
0022141	CART SUPPLY	SPD	07/01/76	535.00	-
0022142	CART SUPPLY	SPD	07/01/76	535.00	-
0022147	CART SUPPLY	SPD	07/01/76	535.00	-
0022150	CART SUPPLY	SPD	07/01/76	535.00	-
0022153	CART SUPPLY	SPD	07/01/76	535.00	-
0022155	CART SUPPLY	SPD	07/01/76	535.00	-
0022156	CART SUPPLY	SPD	07/01/76	535.00	-
0022158	CART SUPPLY	SPD	07/01/76	535.00	-
0022161	CART SUPPLY	SPD	07/01/76	535.00	-
0022163	CART SUPPLY	SPD	07/01/76	535.00	-
0025817	CART SUPPLY	SPD	04/01/82	535.00	-
0025818	CART SUPPLY	SPD	04/01/82	535.00	-
0025819	CART SUPPLY	SPD	04/01/82	535.00	-
0025820	CART SUPPLY	SPD	04/01/82	535.00	-
0030374	CART SUPPLY	SPD	01/01/84	1,030.63	-
0030376	CART SUPPLY	SPD	01/01/84	1,030.63	-
0032124	CARTS MOBILE SHELVING 30	SPD	05/01/85	5,222.16	-
0032215	CARTS MOBILE SHELVING PR #	SPD	06/01/85	2,255.71	-
0032837	UTILITY CART	SPD	04/01/86	1,017.34	-
0032838	UTILITY CART	SPD	04/01/86	1,017.34	-
0036225	DEFIBRILLATOR/LIFEPAK 8	SPD	03/01/88	4,652.44	-
0036525	RACK W/2 SHELVES 16X16X26	SPD	07/01/88	588.00	-
0036527	RACK W/2 SHELVES 16X16X26	SPD	07/01/88	588.00	-
0037968	CART-ENDOSCOPIC	SPD	12/01/88	1,930.00	-
63009-60	IV HOOK & STANDS (149)	SPD	06/30/09	11,879.77	-
57025	12-REDUNDANT POWER SUPPLIES	I.T.	06/30/09	61,879.50	-
54798	DELL 4100MP PROJECTOR	FAMILY MEDICINE RESIDENCY PRO(	04/08/05	1,719.80	-
60626	MACBOOK PRO 13" LAPTOP	I.T.	04/02/14	1,228.39	-
54469	66 INCH DOUBLE PEDESTAL DESK	FOUNDATION	12/07/04	1,067.76	-
54720	DESK BY WAVEWORKS	CIC	10/22/04	1,012.40	-
56709	INFUSION PUMP GEMSTAR 7 PCA	7 EAST	01/15/08	2,258.31	-
59239	INFUSION PUMP GEMSTAR 7 PCA	7 EAST	01/15/08	2,031.32	-
59240	INFUSION PUMP GEMSTAR 7 PCA	7 EAST	01/15/08	2,258.31	-
54914	PORTABLE TOPSIDE CEILING ENTRY KIT	FACILITY OPERATIONS	07/06/05	2,465.25	-
54921	PORTABLE TOPSIDE CEILING ENTRY KIT	FACILITY OPERATIONS	07/06/05	2,465.25	-
				$ 139,954.43	**$ -**

HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer
CC: Vivian Gallo, Executive Vice President and General Counsel
DATE: December 28, 2017
RE: Resolution for Issuance of Bond Financing for Deltona Inpatient Hospital

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As reflected in the Deltona Facilities Update presentation to the Board of Commissioners on November 6, 2017, our goal is to secure long-term tax-exempt financing to construct an inpatient acute care hospital in Deltona ("Deltona Hospital"). The attached Resolution of the Board of Commissioners provides authorization for the issuance of bonds in an amount not-to-exceed $115 million for the purpose of constructing the Deltona Hospital.

Among other matters, the Resolution outlines the following:

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

The not-to-exceed bond issuance authority of $115 million included in the Resolution is greater than the Deltona Hospital project amount of $105 million previously approved by the Board of Commissioners. The additional $10 million of authority is to provide financing capacity should additional project costs be approved by the Board of Commissioners and incurred. Issuance of any long-term bond indebtedness for the Deltona Hospital will be subject to final approval by the Finance Committee and Board of Commissioners.

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

Attachment – Board of Commissioners Resolution

RESOLUTION

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HALIFAX HOSPITAL MEDICAL CENTER AUTHORIZING THE ISSUANCE OF ITS HEALTH CARE FACILITIES REVENUE BONDS (HALIFAX MANAGEMENT SYSTEM, INC. PROJECT), SERIES 2018, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $115,000,000, FOR THE PURPOSE OF MAKING A LOAN TO HALIFAX MANAGEMENT SYSTEM, INC. OR ANOTHER NOT-FOR-PROFIT CORPORATION TO BE USED TO FINANCE THE ACQUISITION OF LEASEHOLD INTERESTS OR FEE TITLE IN CERTAIN LANDS LOCATED IN THE CITY OF DELTONA, FLORIDA AND THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF IMPROVEMENTS THEREON CONSTITUTING AN ACUTE CARE HOSPITAL; PROVIDING THAT SUCH REVENUE BONDS SHALL NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE HALIFAX HOSPITAL MEDICAL CENTER, THE CITY OF DELTONA, FLORIDA OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES PROVIDED IN THE INDENTURE OF TRUST TO BE ENTERED INTO WITH U.S. BANK NATIONAL ASSOCIATION, OR OTHER CORPORATE TRUSTEE, PURSUANT TO WHICH SUCH REVENUE BONDS WILL BE ISSUED; PROVIDING FOR THE LOAN OF THE PROCEEDS OF SUCH REVENUE BONDS BY HALIFAX HOSPITAL MEDICAL CENTER TO HALIFAX MANAGEMENT SYSTEM, INC. OR ANOTHER NOT-FOR-PROFIT CORPORATION PURSUANT TO A LOAN AGREEMENT; PROVIDING FOR THE SECURING OF THE OBLIGATIONS OF HALIFAX MANAGEMENT SYSTEM, INC. OR SUCH OTHER CORPORATION UNDER THE LOAN AGREEMENT BY A MORTGAGE ON AND SECURITY INTEREST IN SUCH HOSPITAL FACILITIES AND OTHER HEALTHCARE FACILITIES; PROVIDING FOR A LEASING OF SUCH HOSPITAL FACILITIES TO HALIFAX HOSPITAL MEDICAL CENTER; PROVIDING CERTAIN FINDINGS IN CONNECTION THEREWITH; PROVIDING AN EFFECTIVE DATE; AND PROVIDING CERTAIN OTHER DETAILS IN CONNECTION THEREWITH.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HALIFAX HOSPITAL MEDICAL CENTER:

SECTION 1. AUTHORITY. This Resolution is adopted pursuant to Chapter 2003-374, Laws of Florida, Part I of Chapter 163, Florida Statutes, Chapter 189, Florida Statutes, the Constitution of the State of Florida, and other applicable provisions of law (collectively, the "Act").

SECTION 2. PROPOSAL. The State of Florida, Agency for Health Care Administration has issued a Certificate of Need, numbered 10429 to Halifax Hospital Medical Center, a special taxing District created and existing under Chapter 2003-374, Laws of Florida (the "District") that permits the establishment of a new 96 licensed bed acute care hospital facility located within the Halifax Crossing Development, a mixed use medically focused development (the "Hospital") within the city limits of the City of Deltona, Florida (the "City"). The District and the City duly entered into an Interlocal Agreement dated November 6, 2017 (the "Interlocal Agreement") providing for the District, directly or by and through one or more subsidiary or affiliated corporations, to operate in the jurisdiction of the City to provide healthcare facilities and services, including financing, acquiring, constructing and operating the Hospital and other healthcare facilities. Halifax Management System, Inc. ("HMS") is a Florida not-for-profit corporation created for the purpose of assisting the District in carrying out its public purpose in compliance with Chapter 617, Florida Statutes. HMS desires to finance, acquire and construct the Hospital and to lease the same to the District for operation by the District. The District, in its capacity as a conduit issuer (in such capacity, the "Issuer"), at the request of HMS, desires to issue its Halifax Hospital Medical Center Healthcare Facilities Revenue Bonds (Halifax Management System, Inc. Project), Series 2018 in an aggregate principal amount not to exceed $115,000,000, in one or more series (the "Bonds") to finance a loan to HMS, or other not-for-profit corporation formed to assist the District in carrying out its public purposes, (the "Borrower") to finance the Hospital.

SECTION 3. FINDINGS AND DETERMINATIONS. The District, after due consideration of all facts and circumstances, has found and determined and does hereby declare that:

A. The Hospital is appropriate to the needs and circumstances of, and will serve a public purpose by preserving and advancing the public health, public good, and general welfare of the State and its people, including the residents of the District. The Hospital will serve a paramount public purpose of the City by providing needed healthcare facilities and services within the City and access to a modern, integrated healthcare delivery system to the residents and visitors of the City. The Hospital will also serve a paramount public purpose of the District by affording the benefits of economies of scale of a larger integrated healthcare system and increasing the revenue base and non-ad valorem revenues of the District to promote enhanced financial performance and stability and to better enable it to provide modern, integrated healthcare facilities and services available to the residents and visitors of the District and the State of Florida.

B. The conservation of financial resources is a legitimate public purpose of government. The District specifically finds that the construction, operation and maintenance of the Hospital in the City will conserve the District's financial resources, is necessary and will serve a legitimate purpose of the District.

C. The District, which was originally created in 1925, for many years has maintained medical facilities, hospitals and other health care facilities and services outside its geographical boundaries when the District has deemed such facilities necessary and to serve a

legitimate purpose of the District. The District maintained such facilities when the Legislature re-codified the special acts creating the District with the adoption of Chapter 2003-374, Laws of Florida.

D. Pursuant to the Resolution adopted by the District on June 6, 2016, the District and the City entered into the Interlocal Agreement pursuant to section 163.01, Florida Statutes, on November 6, 2017. The City requested that the District enter into the Interlocal Agreement to address issues of mutual concern regarding the health care needs identified within the City and to provide health care services within the City's boundaries to meet those needs, including emergency and non-emergency primary care, a medical emergency receiving facility, and specialty physician services. The Hospital is intended and will address these needs. The City authorized the District to finance, acquire, construct and operate the Hospital within the City's boundaries.

E. Market competition disadvantages threaten the District's continued viability as a provider of medical services to the indigent, including the indigent population residing within the District's geographical boundaries. Without additional income streams and increased market competitiveness, the District projects an operating loss that will require it to curtail expenses and constrain resources invested on services that cannot be profitable, including the support of important safety net services currently provided to the medically indigent within the District's geographical boundaries. Furthermore, the Hospital is an expansion of the District's existing health care services system, will allow for a diversification of the District's funding sources that will allow for the reduction of the tax liability of property owners in the District's geographical boundaries, all enhancing the competitiveness of the District and which are expressly contemplated by the Act. The Hospital will thus allow the District to stay competitive with for profit hospitals and health care providers.

F. The Hospital will provide a more efficient, cost-effective delivery of services to patients residing in the City that are already seeking care at the District's existing facilities. For these and other reasons. AHCA agreed that the Hospital was necessary and issued the Certificate of Need.

G. The Hospital is an integral part of the viability of the District's provision of medical care to indigents regardless of their ability to pay. The Legislature has directed that the District provide indigent medical services.

H. The District and the City are able to cope satisfactorily with the impact of the Hospital and will be able to provide, or cause to be provided, the public facilities, including utilities and public services that will be necessary for the operation, repair and maintenance of the Hospital and on account of any increases in population or other circumstances resulting therefrom.

I. Adequate provision will be made in the documents to be subsequently authorized and approved by the District for a loan by the District, in its capacity as Issuer, to the

Borrower (the "Loan") to finance the acquisition, construction and installation of the Hospital, and provide for the operation, repair and maintenance of the Hospital and for the repayment by the Borrower of the loan in installments sufficient to pay the principal of and the interest on the Bonds and all costs and expenses relating to the Bonds in the amounts and at the times required.

J. The Borrower is financially responsible and is fully capable and willing to fulfill its obligations under the Promissory Note (the "Note") to be made by the Borrower in favor of the Issuer and the Loan Agreement (the "Agreement") to be entered into between the Borrower and the Issuer, each to be in form and substance authorized and approved by subsequent action of the District and to provide the obligation to repay the loan in installments in the amounts and at the times required and the obligation to provide for the operation, repair and maintenance the Hospital. The payments to be made by the Borrower to the Issuer and the other security provided by the Agreement, the Note, the Mortgage (or Agreement Not to Encumber, as the case may be), the Assignment of Rents and Leases and the Indenture, as those terms are hereinafter defined, will be adequate for the security of the Bonds, and the proposed or issuance of the Bonds otherwise complies with all of the provisions of the Act and all requirements of the Issuer for the issuance of the Bonds.

K. The Issuer is not obligated to pay the Bonds except from the proceeds derived from the repayment by the Borrower of the Loan, or from the other security pledged therefor by the Borrower, and neither the faith and credit nor the taxing power of the Issuer, the City, the State of Florida or any political subdivision thereof will be pledged or obligated in any manner to the payment of the principal of, premium, if any, or the interest on the Bonds or for the operation and maintenance of the Hospital.

L. The Issuer and the Borrower will concurrently with the issuance of the Bonds execute the documentation required for the financing of the Hospital as contemplated hereby.

SECTION 4. AUTHORIZATION OF BONDS. For the purpose of financing the Hospital, subject and pursuant to the provisions hereof, the issuance of revenue bonds of the Issuer under the authority of the Act is hereby authorized. Such bonds shall be designated "Health Care Facilities Revenue Bonds (Halifax Management System, Inc. Project), Series 2018" (provided; however, that if HMS is not the Borrower, or if the Bonds are not issued in calendar year 2018 or if the Bonds are issued in more than one series, such designation shall be revised accordingly), shall be issued in one or more series in an aggregate principal amount of not to exceed $115,000,000, subject to payment as shall be provided in the Indenture of Trust to be entered into by and between the Issuer and the Trustee thereunder, the form of which shall be authorized and approved by subsequent action of the Issuer (the "Indenture").

The Bonds shall be dated such date, shall bear interest at such rate or rates, not to exceed the maximum rate of interest permitted by applicable law, shall be payable or shall mature on such date or dates, shall be issued in such denominations, shall be subject to redemption at such time or times, and upon such terms and conditions, shall be payable at the place or places and in the manner, shall be executed, authenticated and delivered, shall otherwise be in such form, and subject to such terms and conditions and may be issued in such lesser aggregate principal amount, all as shall be provided in the Indenture.

The Bonds and the premium, if any, and the interest thereon shall not constitute a general debt, liability at obligation of the Issuer, the City or of the State of Florida or of any political subdivision thereof, or a pledge of the faith and credit of the Issuer, the City or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues provided therefor pursuant to the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon except from the revenues and proceeds pledged therefor, and neither the faith and credit or taxing power of the Issuer, the City, State of Florida or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds.

The Indenture shall be authorized and approved by subsequent action of the Issuer. The Indenture shall be entered into between the Issuer and U.S. Bank, National Association, or other corporate trustee designated by the Issuer (the "Trustee"). The Indenture shall provide for the deposit of the proceeds of the Bonds with the Trustee and requirements for disbursement by the Trustee and certification by the Trustee of the proper expenditure of the proceeds of the Bonds.

SECTION 5. AUTHORIZATION OF AGREEMENT AND NOTE. As authorized by and in conformity with the Act, it is desirable and in the public interest that the Issuer loan funds to the Borrower to be used to pay all or a portion of the cost of acquisition, construction and installation of the Hospital, such loan to be evidenced by the Note of the Borrower and to be made pursuant to the Agreement between the Issuer and the Borrower, both to be in form and substance authorized and approved by subsequent action of the Issuer. Certain rights of the Issuer under the Note and the Agreement shall be assigned by the Issuer to the Trustee to provide for and as security for the payment of the Bonds.

SECTION 6. AUTHORIZATION OF MORTGAGE AND ASSIGNMENT OF RENTS AND LEASES. To provide collateral security for the payment of the Bonds, the Borrower shall mortgage its leasehold or fee interest in the real property upon which the Hospital is to be built (the "Project Site") and in certain other facilities owned by the Borrower and grant a security interest in the Hospital and such other facilities pursuant to a Mortgage, Security Agreement and Fixture Filing and a UCC Financing Statement from the Borrower, as mortgagor, to the Issuer, as mortgagee (the "Mortgage") and the Assignment of Rents and Leases from the Borrower to the Trustee, (the "Assignment of Rents and Leases"), both to be in form and substance authorized and approved by subsequent action of the Issuer. Alternatively, if acceptable to the purchaser of the Bonds, the Borrower may provide an Agreement Not To Encumber, in form and substance approved by subsequent action of the Issuer (the "Agreement Not To Encumber"), providing that

it shall not encumber or grant a mortgage on or security interest in the Hospital and the Project Site and such other facilities.

SECTION 7. APPROVAL OF ASSIGNMENT OF MORTGAGE. To evidence the assignment of the Issuer's interests under the Mortgage (or the Agreement Not to Encumber, as the case may be) by the Issuer to the Trustee, the Issuer shall execute an Assignment of Mortgage, in the form and substance to be approved by subsequent action of the Issuer.

SECTION 8. MASTER OFFICE BUILDING LEASE. The District, in its capacity as lessee (in such capacity, the "Tenant") of the Hospital shall enter into a Master Office Building Lease (the "Master Lease") with the Borrower as landlord (in such capacity the "Landlord"). The Master Lease shall be in such form and substance as shall be authorized and approved by subsequent action of the District. The obligations of the District as Tenant under the Master Lease shall be limited obligations of the District, either subject to the annual appropriation by the District of non-ad valorem revenues of the District sufficient to make rental payments under the Master Lease and continue the terms of the Master Lease, or payable and secured by a pledge of and lien on non-ad valorem revenues of the District available after making payments required under the Master Trust Indenture dated as of June 1, 2006 between the District and H. H. Holdings, Inc., as the current Members of the Obligated Group, and Wells Fargo Bank, National Association, as Master Trustee, as supplemented and amended (the "Obligated Group Master Indenture"). In either event, the obligations of the District, as Tenant under the Master Lease, shall be junior and subordinate to its obligations and the pledge and lien created under the Obligated Group Master Indenture. The obligations of the District, as Tenant under the Master Lease shall be payable solely from legally available non-ad valorem revenues of the District and shall not be a general debt, liability or obligation of the District and neither the full faith and credit nor the taxing power of the District shall be pledged or obligated thereto. In no event shall the Landlord, the Trustee or assignee or any other person have the right to compel the exercise of the ad valorem taxing power of the District to make payments due under the Master Lease.

SECTION 9. NO AD VALOREM TAXATION. The District is not authorized or required and shall not expend any ad valorem tax revenues generated by the exercise of the ad valorem taxing power of the District within the District to pay or finance any cost of acquisition, construction, development, installation, leasing, operation, maintenance or repair of the Hospital. Such amounts shall be payable solely from the revenues of the Borrower or legally available non-ad valorem revenues of the District, as the case may be, and the documents to be entered into pertaining to the Bonds and the Hospital shall so provide. In no event shall the District levy any ad valorem taxes on the residents of the District, or expend the proceeds thereof, to pay any cost of or relating to the acquisition, construction, development, installation, leasing, operation, maintenance or repair of the Hospital and it may not be compelled by any person to do so.

SECTION 10. AUTHORIZATION OF VALIDATION. The General Counsel of the District and Bryant Miller Olive P.A., Bond Counsel to the District, are hereby authorized to validate the Bonds and the security therefor, the Interlocal Agreement, and all other matters related to the Bonds, in accordance with Chapter 75, Florida Statutes.

SECTION 11. SEVERABILITY. In the event any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, such illegality or invalidity shall not affect any other provisions of this Resolution, and this Resolution shall be construed and enforced as if such illegal or invalid provision had not been contained herein. This Resolution is adopted and the Indenture, the Agreement, the Note, the Mortgage, the Assignment of Leases and Rents and the Master Lease shall be executed, and the Bonds shall be issued, with the intent that the laws of the State of Florida shall govern their construction, except as shall otherwise be expressly provided by the terms thereof.

[Remainder of page intentionally left blank]

SECTION 12. EFFECTIVE DATE. This Resolution shall become effective immediately upon its passage.

PASSED AND ADOPTED in public session of the Halifax Hospital Medical Center this ____ day of January, 2018.

HALIFAX HOSPITAL MEDICAL CENTER

(SEAL)

By:_____
Chairman

ATTEST:

_____
Secretary

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:	November 20, 2017
Re:	Compliance Dashboard Report for the month ended October 31, 2017

Enclosed is the Compliance Program Dashboard Report for October 2017.

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

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

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

Recommended Action: None. Information only.

Halifax Health
Corporate Compliance Program
Board Report – 10/31/2017

ON TARGET **ALERT**

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

	➢	**Code of Conduct Attestation[1]**
	1. 4,240	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➢	**CIA Required Training[2]**
	1. 4,087	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

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

	➢	**Sanction Check for Covered Persons[3]**
	1. 5,005	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

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

	1. 14	Number of members on *Compliance Committee*
	2. 78.6%	% of members who attended the meeting (On Target at 70% or Greater) – meeting date 9/27/17
	3. 3	Number of meetings in the last quarter (On Target if 2 or more)

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

	1. 3 / 59	Number of Help Line calls received during month/past 12 months
	2. 3 / 38	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 9/30/2017
	4. 0	Number of open Help Line calls rated as High Priority as of 10/31/2017
	5. 7	Number of Help Line calls closed since last month

V. COMPLIANCE ISSUES

	1. 24	Number of issues open as of 9/30/2017
	2. 8	Of the issues in item 1, __ remain open as of 10/31/2017
	3. 16	Number of issues from item 1 closed as of 10/31/2017
	4. 67%	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)

VII. BILLING AND CODING REVIEWS - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

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

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

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

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

HALIFAX HEALTH

To:	Audit and Finance Committee and Board of Commissioners
Cc:	Jeff Feasel, Chief Executive Officer
From:	Shelly Shiflet, Vice President and Chief Compliance Officer
Date:	December 18, 2017
Re:	Compliance Dashboard Report for the month ended November 30, 2017

Enclosed is the Compliance Program Dashboard Report for November 2017.

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

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

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

Recommended Action: None. Information only.

Halifax Health
Corporate Compliance Program
Board Report – 11/30/2017

ON TARGET **ALERT**

I. EMPLOYEE AND BOARD EDUCATION – Halifax Health's compliance program and Corporate Integrity Agreement requires most employees to acknowledge the Code of Conduct within 30 days of hire. Employees who are considered "Covered Persons" are required to complete 1 hour of general compliance training within 30 days of hire and annually thereafter. Managers and others who are considered "Arrangements Covered Persons" must complete an additional hour of general education and 2 hours of arrangements training within 30 days of becoming an "Arrangements Covered Person," and annually thereafter. Members of the Board are required to complete 6 hours (2 hours general, 2 hours arrangements, and 2 hours governance) of training within 30 days of becoming a member. The following is the status of education for Halifax Health's employees:		
	➢	**Code of Conduct Attestation[1]**
	1. 4,206	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➢	**CIA Required Training[2]**
	1. 4,062	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

II. SANCTION CHECKS - Halifax Health's Corporate Integrity Agreement requires all "Covered Persons" be screened for exclusions from participation in federal programs monthly. During the period:		
	➢	**Sanction Check for Covered Persons[3]**
	1. 4,962	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)
III. COMPLIANCE COMMITTEE – Halifax Health has a Compliance Committee responsible for regulatory compliance matters, which meets monthly. Members of senior leadership across service lines as well as representatives from Hospice and the Medical Staff are represented. During the period:		
	1. 14	Number of members on *Compliance Committee*
	2. 71.4%	% of members who attended the meeting (On Target at 70% or Greater) – meeting date 11/1/17
	3. 3	Number of meetings in the last quarter (On Target if 2 or more)
IV. HELP LINE *[844-251-1880]* *or* ***halifaxhealth.ethicspoint.com***		
	1. 8 / 58	Number of Help Line calls received during month/past 12 months
	2. 6 / 36	Of calls in 1, how many related to Human Resource issues
	3. 0	Number of open Help Line calls rated as High Priority as of 10/31/2017
	4. 0	Number of open Help Line calls rated as High Priority as of 11/30/2017
	5. 5	Number of Help Line calls closed since last month
V. COMPLIANCE ISSUES		
	1. 19	Number of issues open as of 10/31/2017
	2. 6	Of the issues in item 1, __ remain open as of 11/30/2017
	3. 13	Number of issues from item 1 closed as of 11/30/2017
	4. 68%	Percent of open issues from item 1 closed (On Target at 25% or Greater)
VI. COMPLIANCE POLICIES – Halifax Health's Compliance Program involves the development, implementation and monitoring of policies to ensure the organization conducts business compliant with applicable statutes, rules and regulations. During the period:		
	1. 1	Number of Compliance Policies reviewed/ updated in the last month (On Target at 1)
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. 0	Number of concerns from #1 that required a billing/ coding review
	3. 0	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 0	Number of reviews from #1 expected to require repayment/processing of claims

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

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

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

HALIFAX HEALTH

To:	Board of Commissioners
Cc:	Jeff Feasel, Chief Executive Officer
From:	Shelly Shiflet, Vice President and Chief Compliance Officer
Date:	December 18, 2017
Re:	For Review – Resolution for Annual Report

Enclosed is a draft of the Resolution that will need to be completed for the annual report to the Office of Inspector General ("OIG"). This item is included for review purposes.

Approval and signature will be requested at the March 5, 2018 Board of Commissioners meeting.

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

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

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

Recommended Action: None. Information only.

RESOLUTION OF THE BOARD OF COMMISSIONERS OF
HALIFAX HOSPITAL MEDICAL CENTER

WHEREAS, Halifax Hospital Medical Center ("Halifax") entered into a Corporate Integrity Agreement ("CIA") with the Office of the Inspector General of the Department of Health and Human Services dated March 10, 2014; and

WHEREAS, the CIA imposes certain compliance obligations on the Halifax Board of Commissioners ("Board") and requires the Board to adopt a resolution for each reporting period under the CIA summarizing its review and oversight of Halifax's compliance with Federal health care program requirements and the obligations of the CIA; and

WHEREAS, the Board has conducted an ongoing inquiry and review of Halifax's Compliance Program as required under the CIA, including but not limited to the performance of the Compliance Officer and the Compliance Committee.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF HALIFAX HOSPITAL MEDICAL CENTER that:

1. The Board has made a reasonable inquiry into the operations of Halifax's Compliance Program including the performance of the Compliance Officer and the Compliance Committee.

2. Based on its inquiry and review the Board has concluded that, to the best of its knowledge, Halifax has implemented an effective Compliance Program to meet Federal health care program requirements and the obligations of the CIA.

3. This Resolution and the conclusions contained herein shall be applicable to the Reporting Periods of the CIA beginning March 10, 2014 and continuing through March 9, 2018.

PASSED AND ADOPTED in public session of the Halifax Hospital Medical Center Board of Commissioners as of the ____ day of _____ 2018.

Harold L. Goodemote, II, Chairman	Dan Francati, Vice Chairman
Susan Schandel, Treasurer	Tom McCall, Secretary
Ed Connor, Assistant Secretary	Glenn Ritchey, Member
Dr. Carl "Rick" Lentz III, Member	

HALIFAX HEALTH

TO:	Jeff Feasel, President and Chief Executive Officer
FROM:	Bill Griffin, Director, Research and Planning
CC:	Eric Peburn, Executive Vice President and Chief Financial Officer
DATE:	December 14, 2017
RE:	Sale of a Portion of Vacant Land West of Clyde Morris Blvd.

The vacant real estate parcel located west of Clyde Morris Blvd (across from the main campus), consisting of 77.5 +/- acres is owned by Halifax Hospital Medical Center (HHMC). Development of a portion of this parcel is planned, including road and utility infrastructure.

The HHMC Board of Commissioners previously approved (November 2017) sale of 11.68 acres at a purchase price of $200,000 per acre to Highbridge Care LLC for the development of a traumatic brain injury/spinal cord injury (TBI/SCI) post-acute rehab and a memory care assisted living facility (ALF). A student housing developer (Next Chapter) has submitted a Letter of Intent to purchase 12.5 acres adjacent to the Highbridge parcel for $200,000 per acre. This parcel is labeled "F" on the attached conceptual parcelization master plan with a recommended use of multi-family. This development is in accord with this master plan.

The negotiated purchase price for 12.50 acres is $2,500,000 ($200,000 per acre).

In addition, Next Chapter has agreed to fund a pro rata share of the cost of constructing access road, storm water, and utility infrastructure for the overall site. HHMC's estimated cost of road, storm water, and utility infrastructure up to that round-about (dotted circle) in front of Parcel G on the attached conceptual parcelization master plan is $2,530,000, of which approximately 22% ($553,168) is to be paid by Next Chapter. The resulting total purchase price to be paid by Next Chapter would be $3,053,168 [i.e. $2,500,000 for the land and $553,168 for the first part (highlighted in yellow on attached master plan) of Next Chapter's pro rata share of the infrastructure construction costs]. Next Chapter also has agreed in the LOI to pay its pro-rata portion of the cost of constructing road, storm water, and utility infrastructure north to the round-about in front of Parcel F (highlighted in blue on attached master plan). If the infrastructure construction contract for the first part of the infrastructure comes in for less than the $2,530,000, or if the survey establishes the Sale Parcel is less than 12.5 gross acres, Next Chapter's contribution amount would decrease pro rata.

Additional background on proposed sale:

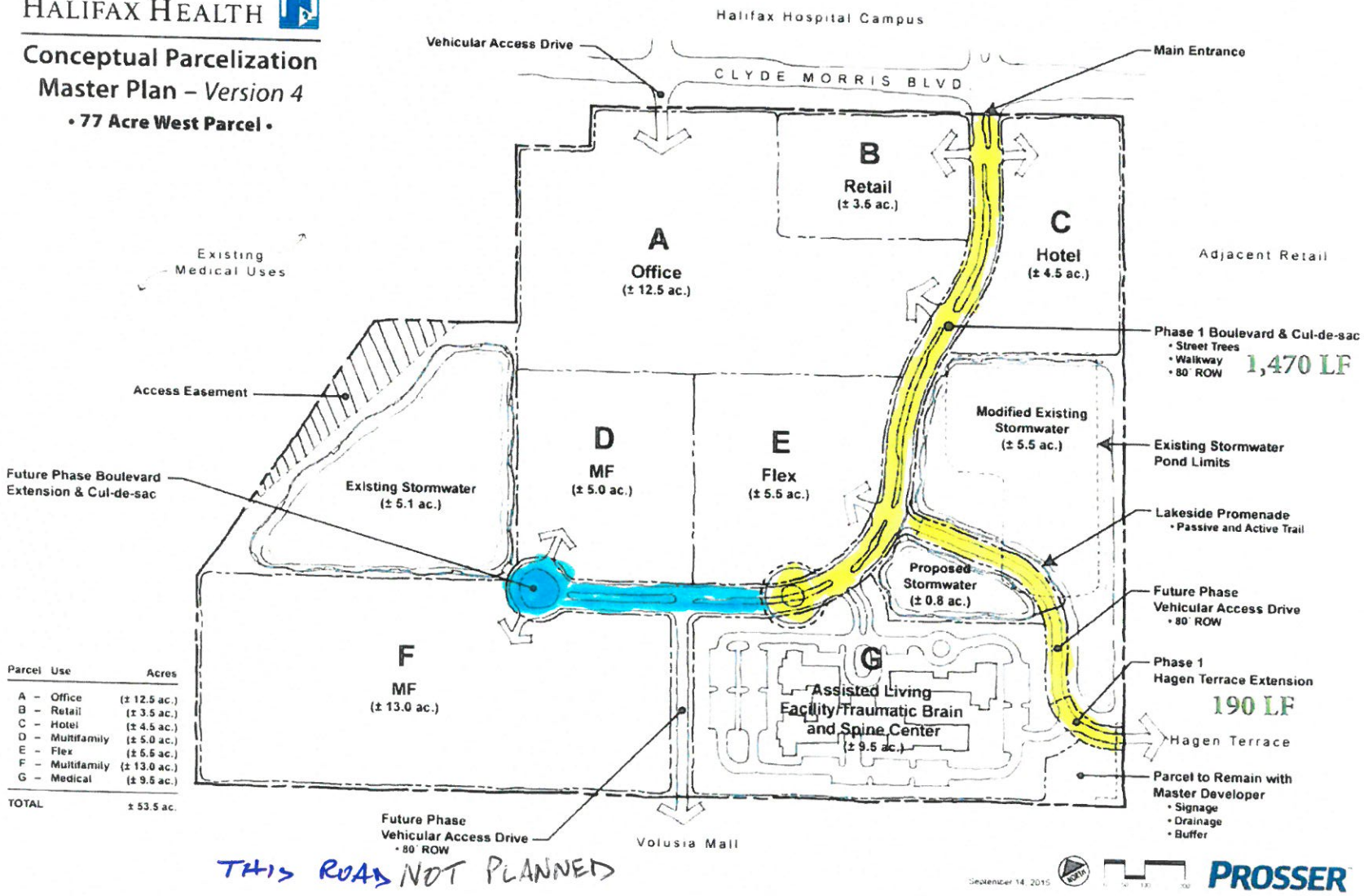
- This west Clyde Morris land was donated to the Halifax Hospital District in 1935, the book value includes the investment made for wetland mitigation
- Book value of the 77.5 +/- land is $1,590,951.99; ($20,528.41 per acre).
- Net gain on sale – Approximately $2 million

Requested approval:
Sell the real estate parcel described above and authorize the Chief Executive Officer or the Chief Financial Officer to execute any related sales documents or agreements.

HALIFAX HEALTH

Conceptual Parcelization Master Plan – *Version 4*

• 77 Acre West Parcel •



Parcel	Use	Acres
A	Office	(± 12.5 ac.)
B	Retail	(± 3.5 ac.)
C	Hotel	(± 4.5 ac.)
D	Multifamily	(± 5.0 ac.)
E	Flex	(± 5.5 ac.)
F	Multifamily	(± 13.0 ac.)
G	Medical	(± 9.5 ac.)
TOTAL		± 53.5 ac.

THIS ROAD NOT PLANNED

HALIFAX HEALTH

To: Board of Commissioners, Halifax Hospital Medical Center

From: Vivian Gallo, General Counsel

Date: December 28, 2017

Re: Amendments to CEO Contract

Pursuant to the Enabling Act and Bylaws of the Board of Commissioners, it is the responsibility of the Board of Commissioners to retain an experienced Chief Executive Officer. Any revisions to the CEO's contract shall be reviewed and approved by the Board of Commissioners.

The Board of Commissioners may consider an increase to the CEO's base salary or benefits at any time. Mr. Feasel has represented that he would prefer that the Board only consider an increase in those years in which the non-executive hospital staff are eligible for a salary increase.

Attached please find a draft amendment to Jeff Feasel's contract of employment and a letter of explanation from executive employment and benefits counsel to Halifax Health, Mike Connors.

The following CEO contract and retirement plan amendments are presented to the Board of Commissioner, for discussion and vote. Each provision may be considered and discussed individually, or in a group:

1. Revision to the Supplemental Retirement Plan provisions to permit contributions to the SERP to continue and increase from year to year after the CEO reaches age 58 in the same percentage increase as applied prior to age 58.
2. Revision to the CEO contract to confirm that the severance provisions (continuation of compensation and benefits) in the event of a change in control or no cause termination apply until the Executive attains the age of seventy (70).
3. Revisions to the CEO contract to increase the total value of life insurance the Employer shall provide CEO from $4 million dollars to $6.5 million dollars.

SMITH & DOWNEY
A PROFESSIONAL ASSOCIATION
100 QUENTIN ROOSEVELT BOULEVARD
SUITE 210
GARDEN CITY, NEW YORK 11530
(631) 755-0100
FAX: (631) 755-0110
http://www.smithdowney.com

MICHAEL P. CONNORS
Direct Number (631) 755-0102
E-mail: mconnors@smithdowney.com

Baltimore
New York
Washington, D.C
Charleston
Sarasota/Bradenton

December 26, 2017

Vivian M. Gallo, Esq.
General Counsel
Halifax Health
303 N. Clyde Morris Boulevard
Daytona Beach, Florida 32114

Re: Jeff Feasel's Employment Contract

Dear Vivian:

We have served as executive employment and benefits counsel to Halifax for over 12 years. I specialize in providing these legal services to hospital boards throughout the country.

We developed Jeff Feasel's employment and benefits package on behalf of the Halifax Board when Jeff succeeded Ron Rees as CEO. Under Jeff's employment agreement, Jeff has the right to be paid three years of continued pay and benefits in the event of an involuntary termination without cause, a constructive termination (e.g., a demotion) or a change in control.

At the time Jeff and the Board entered into the Agreement, Jeff's forecasted retirement date was set at age 58. (Jeff's attained age 56 in November.) The key significance of Jeff's attainment of age 58 under Jeff's employment agreement is that Jeff has the right to be paid severance for an involuntary termination of employment, etc. occurring only before age 58. If Jeff experiences an involuntary termination of employment, etc. on or after age 58, he has no severance protection.

You asked whether the age at which Jeff would cease to have severance protection could be changed from age 58 to some later age, such as 65. There would be no problem with such a change from age 58 to age 65, either from a best practices or a legal perspective. In fact, if the Board and Jeff wanted to negotiate a later age than age 65 at which Jeff's severance protection would end, that would be purely a business matter between the Board and Jeff, with the key business question being: **at what age would it be fair for the Board to have the right to cause Jeff to retire as CEO without needing to pay him severance benefits to do so?**

We have prepared an amendment to Jeff's contract changing the age 58 to age 65, and an amendment to Jeff's contract with the age left blank. As discussed, if the parties want a different age, you may feel free to replace age 65 with such age. The amendment also provides that, in the event of Jeff's continued employment beyond age 65 (or such other age), Jeff's compensation and benefits (including his SERP contributions) would continue for so long as Jeff remains CEO (even though his severance protection would have ended). This is also a reasonable provision at current compensation and benefit levels, whatever age is selected as his end-of-severance age.

In regard to any extension of Jeff's employment agreement, like the one mentioned in the previous paragraph, the Board should take its long-term commitment to Jeff into account whenever the Board considers any increases in pay or benefits in the future. As you know, Jeff's last base salary increase was in 2011, and he has taken the position that he does not want a base salary increase until Hospital staff at large are eligible to receive base salary adjustments. As you also know, Jeff's retirement contributions index upward every year; so, while his base pay is flat, his total package (including retirement) does increase from year to year. Thus, assuming Jeff's employment contract is extended as discussed above, at such time as the Board does consider a base salary increase for Jeff in the future, it should do so only in connection with a review of competitive compensation and benefit practices performed by like organizations, the level of Jeff's non-salary benefits at the time, its obligation to retain him under the employment agreement, its obligation to pay him severance and benefits if his employment is discontinued by the Board and other business factors. I will be available to discuss with the Board any such increases when they are considered.

Finally, Jeff has also asked that the Board approve an increase in his life insurance coverage entitlement and that this entitlement be reflected in Jeff's employment contract. Currently, besides the normal group life insurance benefits Jeff is entitled to receive as a full-time employee, Jeff is entitled under his employment agreement to a term life insurance policy premium each year with a death benefit of $4 million. Jeff has asked that this coverage be increased to $6.5 million. Eric Peburn informed me that this $6.5 million coverage amount would cost Halifax $30,464 per year on a level basis (this premium will not increase through age 70). In addition, we have enabled Jeff to elect another form of life insurance if he wishes (such as cash-value life insurance instead of term) as long as Halifax's total cost does not increase as a result of that election.

These proposed changes all reflect business decisions to be made by the Board; that is, I do not view these decisions as having significant compliance implications. Nevertheless, I wish to confirm that none of these changes (i) are problematic under any applicable law or (ii) result in unreasonable compensation based on my experience or the recent market studies performed by Halifax's compensation consultant.

I have attached to this letter an amendment to Jeff's employment agreement reflecting the above proposed modifications. As always, I am willing to discuss the above with any Board member that wishes to discuss this and/or to attend the Board meeting at which the above is considered.

Please let me know if you have questions or comments.

Very truly yours,

Michael P. Connors

Enclosures

AMENDMENT TO
EMPLOYMENT AGREEMENT

This Amendment to the Employment Agreement (the "Amendment") is effective as of January 1, 2018. This amends the Employment Agreement (the "Agreement") between Halifax Staffing, Inc. (the "Employer") and Jeff Feasel ("Executive") dated June 1, 2011.

1. Section 4(F)(ii) is deleted and replaced with the following:

> (ii) Life Insurance. The Employer shall provide, at its expense, an individually owned Life Insurance Policy for the Executive having a death benefit amount of Six Million Five Hundred Thousand Dollars ($6,500,000.00). The parties recognize that the projected annual cost for this Policy is $30,464 per year on a level basis (with this premium projected not to increase through age 70). Executive shall have the right to change this Policy, including to change carriers and/or to change the form of insurance from term to any other type of life insurance, provided that the Employer's annual cost shall not exceed $30,464. Employer may change its current group life insurance policy covering the Executive from time to time in its business discretion, provided that it shall not change its current group life insurance policy covering the Executive so as to reduce the then current amount of group life insurance coverage of the Executive if such change is made primarily for the purpose of depriving the Executive of his life insurance benefits.

2. Section 4(H) is hereby deleted and replaced with the following:

> (H) **SERP**.
>
> Employer has established an Employer-funded defined contribution supplemental executive retirement plan (the "SERP"). Pursuant to the SERP, Employer has committed to provide Executive with a total Employer-funded benefit targeted to equal in value a single life annuity of sixty percent (60%) of the participant's average annual total cash compensation (Base Salary plus short-term incentive compensation) received by Executive during the 3 full calendar years preceding his attainment of age 58 assuming certain then-anticipated salary increases. The Target Benefit is the "net", taking into consideration all amounts earned by the Executive under Employer-financed retirement plans, including the Employer's qualified defined benefit pension plan, the Florida Retirement System and 50% of the Executive's Social Security benefits. To meet the Target Benefit objective, Employer calculated as of the SERP's origination date the annual contributions that would be necessary to fund the Target Benefit at age 58 for the Executive, assuming reasonable investment return and reasonable compensation increases ("Annual Contributions"). The SERP has been funded annually by Employer with the required Annual Contributions without regard to actual

investment return or compensation increases. Due to compensation freezes unrelated to Executive's performance, it has been the Board's intent and practice to continue this Actual Contribution funding without regard to actual compensation increase practices, provided that total compensation continues to be reasonable.

The Employer maintains 3 vehicles for the provision of the SERP benefit to the Executive: an Internal Revenue Code ("Code") section 401(a) plan providing the first dollars of the Annual Contributions up to the Code section 415 limit; a Code section 403(b) plan providing the next dollars of the Annual Contributions up to the Code section 415 limit; and a Code section 415(m) excess plan providing for the remainder of the Annual Contributions (the "Funding Vehicles"). Notwithstanding the generality of Subsection 4(A), it is specifically acknowledged and agreed that, in the event one or more of these Funding Vehicles cease to be available as funding vehicles for the SERP due to a change in tax or other applicable law, Employer shall be required to direct the Annual Contributions to alternative funding vehicles offering reasonably comparable income tax characteristics to the replaced Funding Vehicle(s) to the extent possible based on the opinion of Employer's outside counsel, but Employer shall not be required to alter the Annual Contributions due to any potential additional taxes payable by Executive as a result of such changes. A forecast of the Annual Contributions from 2018 through the Executive's attainment of age 65 are set forth on Exhibit I hereto. If Executive remains employed beyond his attainment of age 58 (the original presumed retirement date), he shall continue to be eligible for contributions to the SERP and, following age 58, his contributions shall increase from year to year in the same percentage increase as applied prior to age 58 (as shown on Exhibit I through age 65). This Subsection 4(H) shall be subject to the final sentence of Subsection 4(A), if applicable.

3. Section 5(D)(ix) is hereby deleted and replaced with the following:

(ix) No Continuation of Compensation and Benefits Protections. Notwithstanding the foregoing, the provisions of this Section 5(D) shall not apply in the event that a separation from employment for No Cause, a Constructive Discharge, a Non-Renewal of Contract, or a Change of Control termination occurs on or after the Executive attains age seventy (70). After Executive's attainment of such age, while Executive's protections in these events shall no longer apply, the Executive's employment with the Employer and his compensation and benefits (including contributions to the SERP) shall nevertheless continue beyond his attainment of such age until the Board or he, as applicable, elects to terminate the employment relationship or to change compensation and/or benefits.

4. The last sentence of Section 5(E) hereby is deleted.

5. Exhibit I is hereby amended as follows:

Calendar Year	Age	End of Year Annual DC Contribution
2018	56	414,639
2019	57	437,445
2020	58	461,504
2021	59	486,887
2022	60	513,666
2023	61	541,917
2024	62	571,723
2025	63	603,167
2026	64	636,342
2027	65	671,340

IN WITNESS WHEREOF, the Employer has caused this Amendment to be executed and Executive has signed this Amendment, all to take effect as a legally binding agreement.

HALIFAX STAFFING, INC.

_____

Print Name:_____

Date:_____

JEFF FEASEL

_____

Date:_____

HALIFAX HEALTH

Human Resources Executive Summary - October 2017

HALIFAX HEALTH

Recruitment

^Vacancy Rate	3.30%	New Hires	94
Number of Applications	1,995	FT	72
Average Days to Fill	31.4	PT	2
RNs	31.3	Casual Pool	20
Allied Health	29.1	Core RNs	24

Turnover

*Annualized Turnover Rate	20.92%
*Annualized RN Turnover Rate	15.54%
Terminated/Resigned	64
Average Number of Employees	4,299
Average Number of FT /PT Employees	3,672

Employee Relations

Employee of the Month:

Service Awards

5 Year	18
10 Year	13
15 Year	5
20 Year	7
25 Year	2
30 Year	1
35 Year	-
40 Year	

Retention

Average Tenure of Active Employees	7.72
Active Employees	
Average Tenure 0 - 1 yr	30.62%
Average Tenure 2 - 5 yr	27.77%
Average Tenure 6 - 10 yr	11.04%
Average Tenure > 10 yr	30.57%
Seperations	
Average Tenure 0 - 1 yr	64.86%
Average Tenure 2 - 5 yr	22.52%
Average Tenure 6 - 10 yr	0.90%
Average Tenure > 10 yr	9.91%

*Organizational & Talent Development

Inservice & Continuing Education	
Number of Programs	1,406
Participants	14,580
Instructions Hours	10,941
*Computer Based Learning	7,091
Continuing Physcician Education	
Number of Programs	
Participants	
Continuing Clinical Education	18
Number of Programs	310
Participants	
Medical Library	
Patrons	
Article Sources	
	101
	199

Compensation

Total Evaluations Due	407
Early/OnTime Evaluations	136
Late Evaluations	174
Outstanding Evaluations	97
Avg Score	3.21
Avg Hourly Rate	$ 25.67
RN Referral Bonuses Paid	$ 9,000.00
At Max/Bonus Paid	
Tuition Reimbursements	50,850.13
Sign On/Relocation Bonuses	$ 15,000.00
Nursing Loan Forgivness	$ 666.89

Includes 6 Month and Annual Performance Evals

Work / Life Benefits & Leave Programs

Total Employees on Leave	33	Number of Benefits Eligible	3,787
Worker's Compensation Claims	0	Number of 457 Plan Participants	49
Leave of Absence Requests	10	Number of 403(b) PlanParticipants	3,718
Family Medical Leave Act Requests	21	1%-3% Contributions	2,812
Military Leave Requests	1	4% or Higher Contributions	906
Voluntary Summer Leave	0	* UNUM Wellness Claims Paid	97@$5650
Number of Retirements	4	Disability Claims Paid	
Worker's Compensation Incidents	20	STD	7@$15,908.90
Administrative Leave	1	LTD	$1@526.27
		Management	1@$11,256.17

Auxilary

Volunteer Hours	5,915

Visitor Access

Total Visitors	36,026
Halifax Main Campus	32,582
HHPO	1,894
HBS	1,550

**Based on statistics reported by Date

^Vacancy Rate = Open Positions / Entire House

*Turnover Rate = FT & PT Seperations / Average FT & PT Employees

Annualized Turnover is multiplied by 12 to create a predictive nature.

This allows us to foresee the annual turnover rate if current rate doesn't change.

Divide by 12 to get the monthly value.

HALIFAX HEALTH

Human Resources Executive Summary - November 2017

HALIFAX HEALTH

Recruitment

^Vacancy Rate	3.10%	New Hires	50	*Annualized Turnover Rate	10.41%
Number of Applications	1,287	FT	36	*Annualized RN Turnover Rate	17.87%
Average Days to Fill	32.5	PT	3	Terminated/Resigned	37
RNs	38.9	Casual Pool	11	Average Number of Employees	4,264
Allied Health	29.6	Core RNs	8	Average Number of FT /PT Employees	3,648

Turnover

Employee Relations

Employee of the Month:

Service Awards

5 Year	11
10 Year	7
15 Year	10
20 Year	3
25 Year	2
30 Year	-
35 Year	1
40 Year	-

Retention

Average Tenure of Active Employees	7.74
Active Employees	
Average Tenure 0 - 1 yr	30.75%
Average Tenure 2 - 5 yr	27.68%
Average Tenure 6 - 10 yr	10.98%
Average Tenure > 10 yr	30.59%
Seperations	
Average Tenure 0 - 1 yr	45.31%
Average Tenure 2 - 5 yr	34.38%
Average Tenure 6 - 10 yr	12.50%
Average Tenure > 10 yr	7.81%

*Organizational & Talent Development

Inservice & Continuing Education	
Number of Programs	1,564
Participants	16,279
Instructions Hours	16,967
*Computer Based Learning	9,332
Continuing Physcician Education	
Number of Programs	17
Participants	274
Continuing Clinical Education	
Number of Programs	61
Participants	145
Medical Library	
Patrons	98
Article Sources	172

Compensation

Total Evaluations Due	404
Early/OnTime Evaluations	156
Late Evaluations	106
Outstanding Evaluations	142
Avg Score	3.18
Avg Hourly Rate	$ 25.57
RN Referral Bonuses Paid	$ 6,500.00
At Max/Bonus Paid	
Tuition Reimbursements	$2,626.14
Sign On/Relocation Bonuses	$ 25,000.00
Nursing Loan Forgivness	$35,736.26

Includes 6 Month and Annual Performance Evals

Work / Life Benefits & Leave Programs

Total Employees on Leave	34	Number of Benefits Eligible	3,637
Worker's Compensation Claims	2	Number of 457 Plan Participants	50
Leave of Absence Requests	13	Number of 403(b) PlanParticipants	3,675
Family Medical Leave Act Requests	16	1%-3% Contributions	2,775
Military Leave Requests	1	4% or Higher Contributions	900
Voluntary Summer Leave	2	* UNUM Wellness Claims Paid	$4,400.00
Number of Retirements	4	Disability Claims Paid	
Worker's Compensation Incidents	28	STD	4@$5,444.81
Administrative Leave	0	LTD	2@$13,360.25
		Management	1@$5,535.82

Auxilary

Volunteer Hours	6,037

Visitor Access

Total Visitors	33,920
Halifax Main Campus	31,060
HHPO	1,600
HBS	1,260

**Based on statistics reported by Date

^Vacancy Rate = Open Positions / Entire House

*Turnover Rate = FT & PT Seperations / Average FT & PT Employees

Volusia Health Network
Board of Directors' Meeting Minutes
November 14, 2017 – 8:00 am

Call to order

Dr. Hemaidan called the Board of Directors' meeting to order at 8:05 a.m.

Members Present

Ammar Hemaidan, MD – Joseph Bianchi, MD - Walter Durkin, MD – Debbie Marz – Jeff Feasel

Others Present

Lane Jennings, MD – Bob Williams - Natasha Leverett - Carol Alvarado - Jean Carroll

Approval of Minutes

A motion was made and seconded to accept the minutes, as presented, from the August 8, 2017 meeting. The minutes were approved as presented.

Medical Director's Report

Dr. Jennings reported the following:

- **Mavyret** is a new Hepatitis C treatment for patients with chronic hepatitis C virus genotype 1 – 6. The cost is $26,400 for an 8 week course and has a 95% success rate.

Administrative Report

Mr. Williams reported the following:

- **Outpatient Pharmacy** – We are working with a vendor and looking for a location for the outpatient pharmacy.

- **Bundle Payment Project** – Progress is being made. The physician slated to begin November 1, 2017 was unable to relocate to this area at this time. The hospital is looking for a physician to fill this position.

- **Community Clinic –** Thanks to grant writers, two FQHC facilities have opened in this area. The Halifax Health Community Clinic has closed.

Operations Report

Natasha Leverett reported the following:

- **Precert Stats** – Utilization management have reviewed 1,427 cases since January.

- **Claims –** Average claims turnaround time is 3 days.

- **Gym Membership –** Members are taking advantage of their gym membership.

- **Board Vacancies –** VHN had one physician board vacancy to fill.

Other Business

Discussion: VHN sent each participating provider an invitation to our annual board meeting along with a voting proxy. Providers were asked to either volunteer or nominate a peer to serve on our board.

Action: Dr. Daniel Warner was unanimously approved to fill the board seat being vacated by Dr. Durkin.

Adjournment

There being no further business, Dr. Hemaidan adjourned the Board of Directors' meeting at 8:15 a.m.

Minutes submitted by: Jean E. Carroll

Minutes reviewed by: Bob Williams

Volusia Health Network
Peer Review Minutes
November 14, 2017

Call to order

Dr. Hemaidan called the Peer Review meeting to order at 8:15 am.

Approval of Minutes

A motion was made to accept the minutes, as presented, from the August 8, 2017 meting. The minutes were approved as presented.

Discussion

One hundred and two providers were presented to the board for a two-year reappointment to Volusia Health Network.

Action

A motion was made to accept all the providers presented, as recommended by the credentials committee. Upon a vote, the motion carried.

Discussion

Nine providers were presented to the board for initial appointment to Volusia Health Network.

Action

A motion was made to accept all the providers presented, as recommended by the credentials committee. Upon a vote, the motion carried.

Adjournment

There being no further business, the Peer Review meeting was adjourned at 8:18 am.

Minutes submitted by: Jean E. Carroll

Minutes reviewed by: Bob Williams

UF HEALTH AND HALIFAX HEALTH

Robert J. Feezor, MD FACS RPVI

Associate Professor of Surgery
Vascular Surgery and Endovascular Therapy
UF Health Heart and Vascular Surgery – Halifax Health

UFHealth
HEART AND VASCULAR SURGERY

HALIFAX HEALTH

Timeline

- July 2015: Inception of Cardiac Surgery Program
  - Dr. Sohit Khanna
  - Dr. Cary Meyers
- July 2016: Expansion to Vascular Surgery
  - Dr. Robert J. Feezor (Nov 2016)
- September 2017: Renal Transplantation

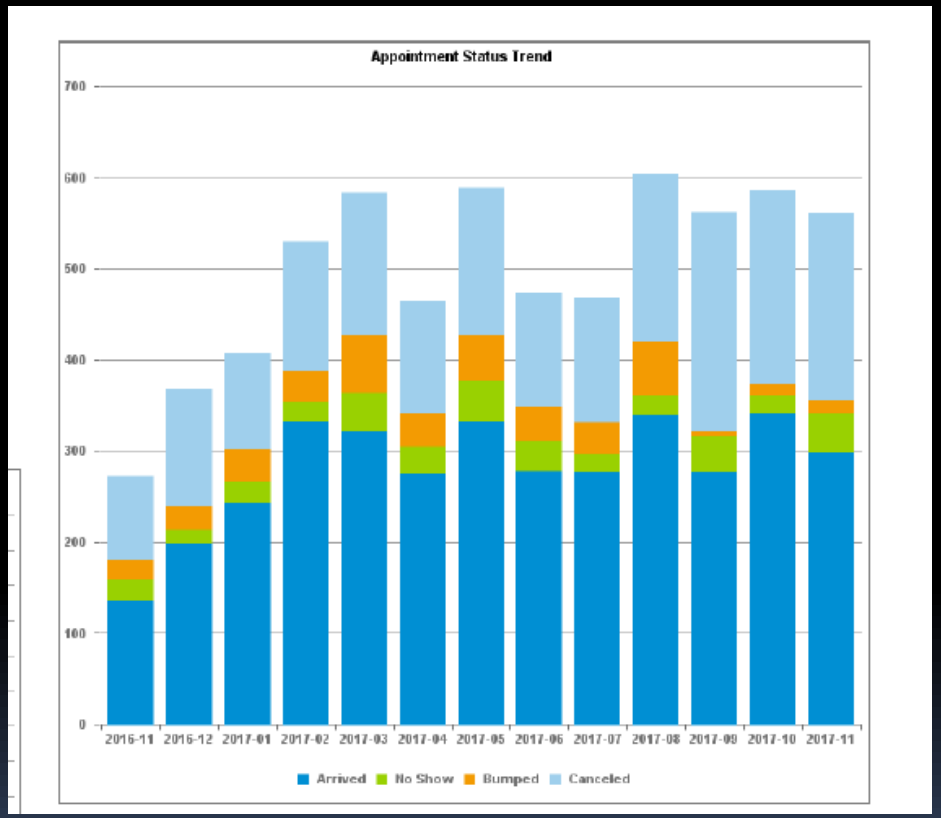
UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Goals

- Quality
- Efficient Care
- Regional recognition
- Volume

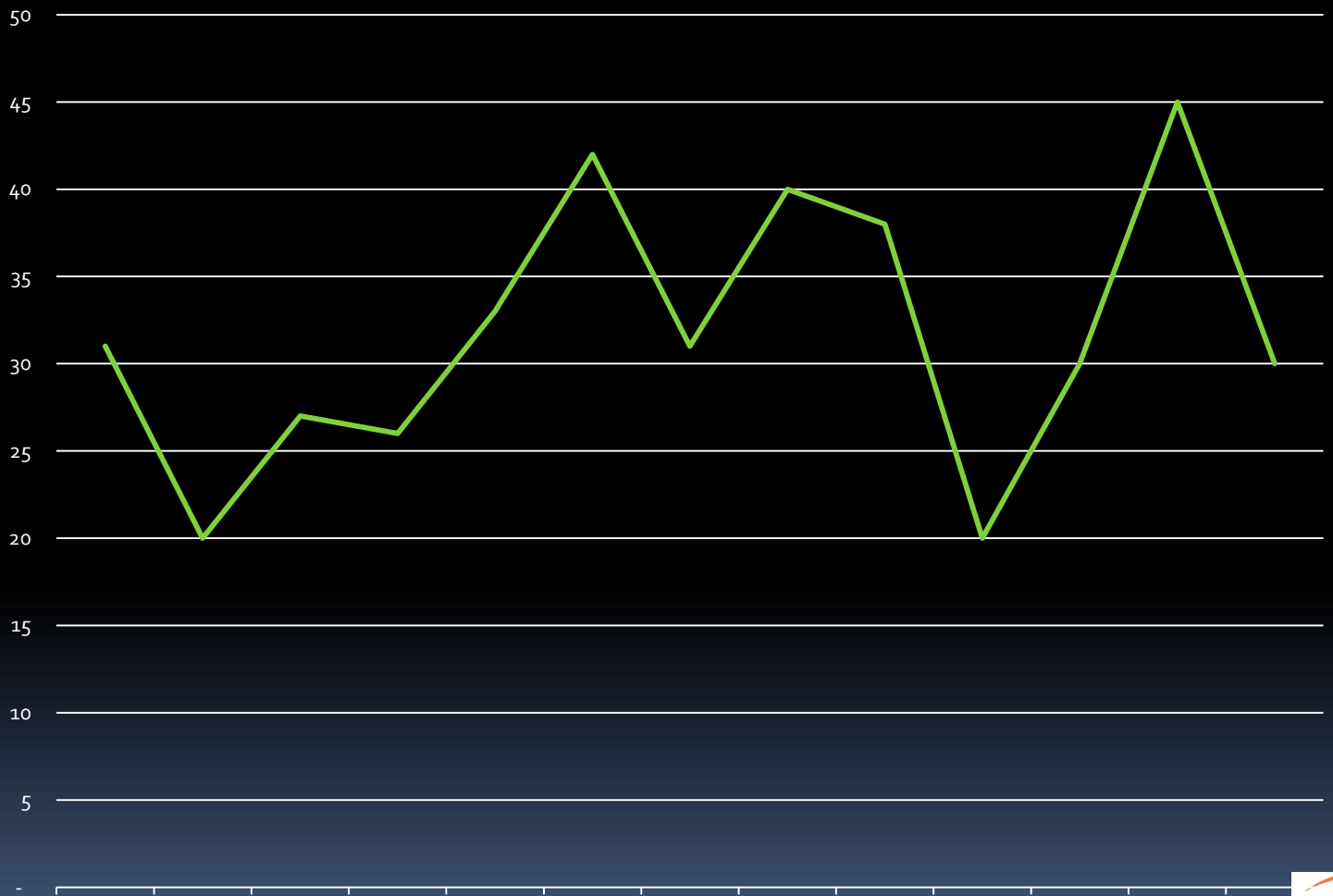
UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Outpatient clinic: Suite 100, HPC



UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

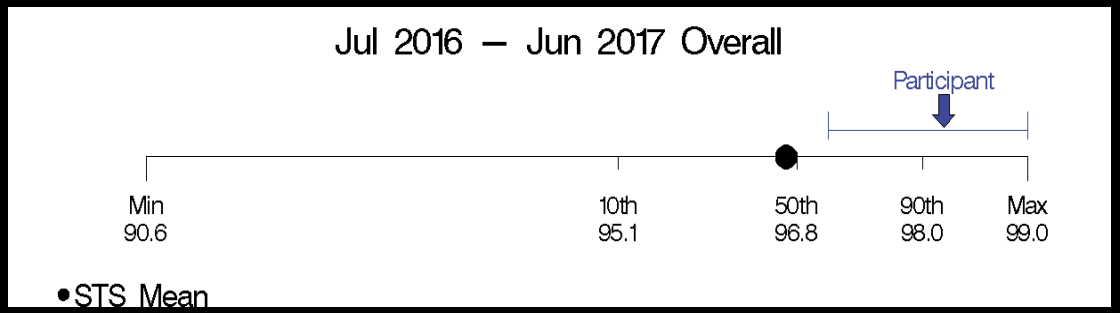
Cardiac Surgery: Case volumes



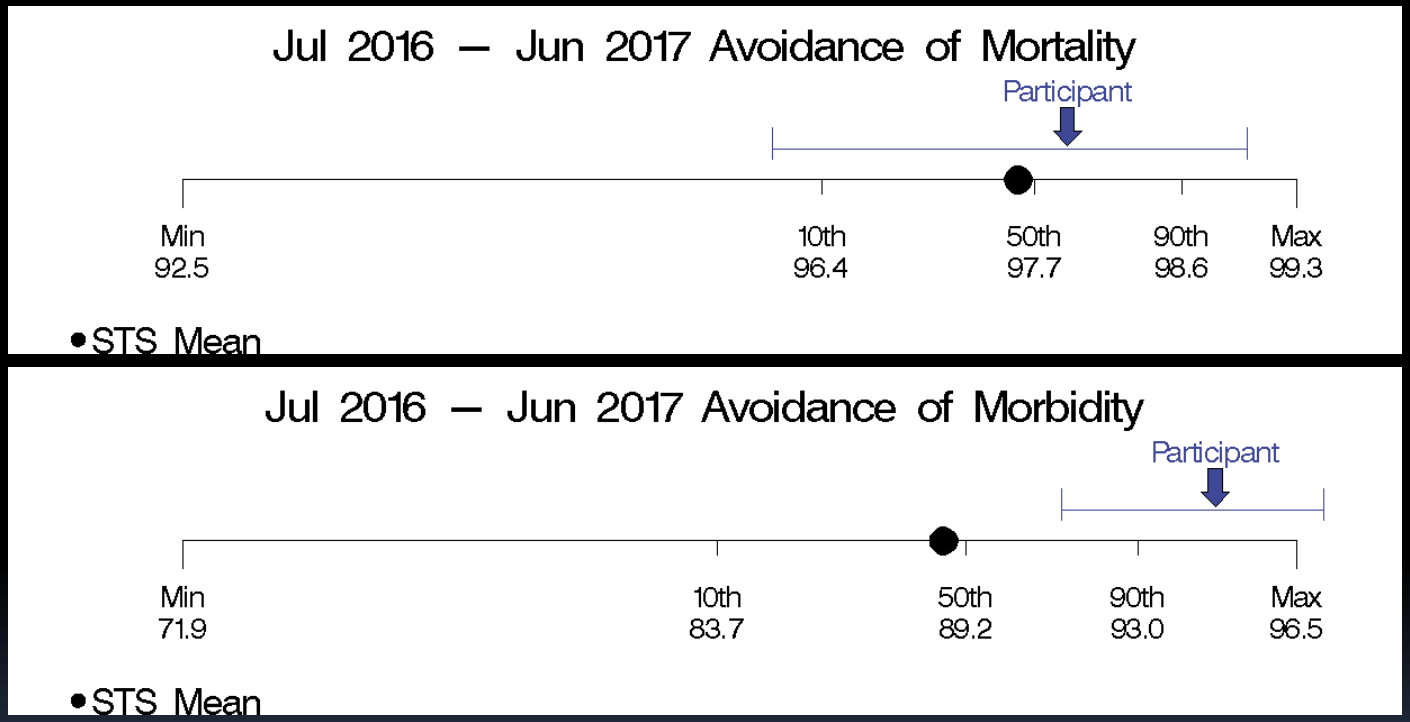
UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Cardiac Surgery

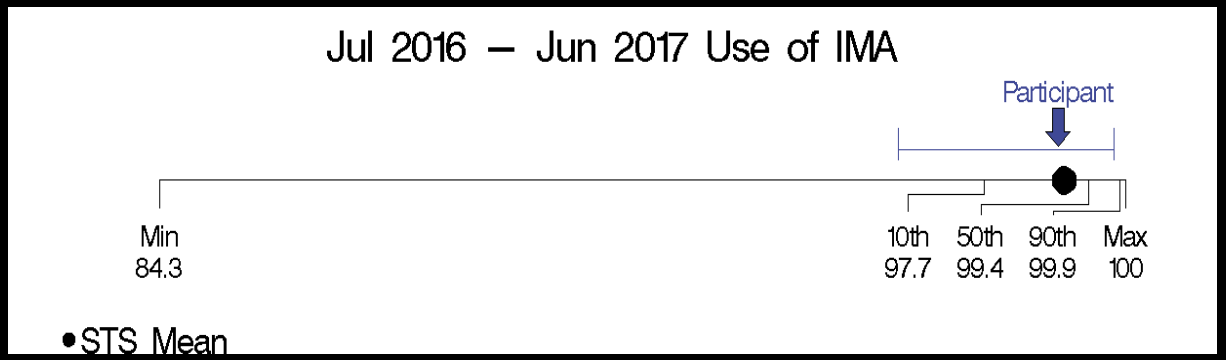
- 3 star overall rating by STS CABG



Cardiac Surgery



Cardiac Surgery



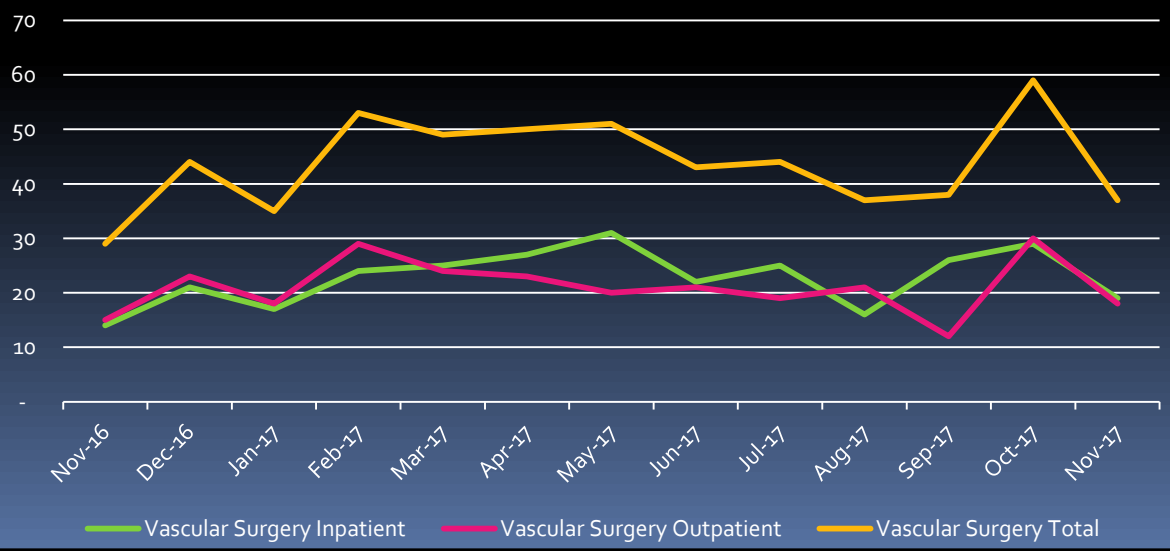
Vascular Surgery

- Outpatient growth

FEEZOR, ROBERT J - 2017/November

Appointment Statistics	Current Month		Current Month Last Year		% Growth (CM, CMLY)		YTD		Prior YTD		% Growth (YTD, PYTD)	
	NEW	RET	NEW	RET	NEW	RET	NEW	RET	NEW	RET	NEW	RET
Total Scheduled Appts	81	194	17	26	376.5%	646.2%	254	768	17	26	1,982.4%	2,853.8%
Arrived	47	101	11	12	327.3%	741.7%	203	435	11	12	1,745.5%	3,525.0%
% Arrived	58.0%	52.1%	64.7%	46.2%	-10.33%	12.8%	57.3%	56.6%	64.7%	46.2%	-11.4%	22.7%

- Surgical volume



UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Vascular Surgery: Sept – mid Dec

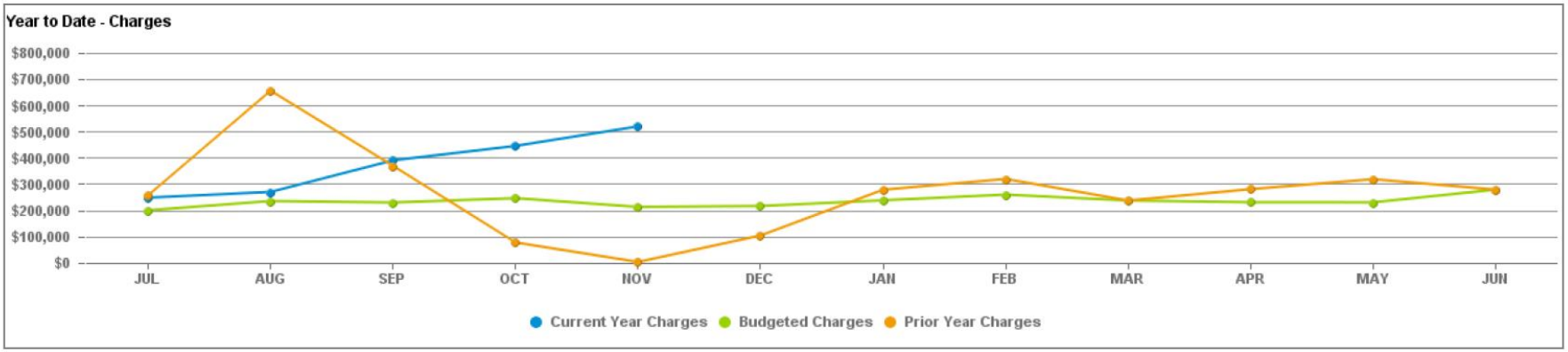
Open aortic reconstruction	6
Endovascular aortic reconstruction	12
Distal bypass	16
Dialysis access	28
Endovascular – peripheral	41
Carotid	7
Amputations	14
Vein cases	10

UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Vascular Surgery

UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Vascular Surgery



UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Renal Transplant Surgery

- New partnership began September 1
  - Dr William Kendall joined the program 12/01
- Applied to United Network for Organ Sharing (UNOS) for living donor program (pending approval)
  - Laprascopic Kidney procurement

UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH

Future directions

- Cardiac surgery
  - Expansion of services (*e.g.*, TAVR)
  - Volume
- Vascular surgery
  - Hire 2nd Vascular Surgeon
  - Participation in VQI
- Renal transplantation
  - Re-grow CRT
  - Initiate LRD

UFHealth
HEART AND VASCULAR SURGERY
HALIFAX HEALTH