

South Broward Hospital District

BOARD OF COMMISSIONERS

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FROM: David Smith, Executive Vice President and Chief Financial Officer, MHS

TO: K. Scott Wester, President and Chief Executive Officer, MHS

CC: Frank P. Rainer, Senior Vice President and General Counsel, MHS

DATE: September 6, 2023

SUBJECT: SOUTH BROWARD HOSPITAL DISTRICT PROPOSED TAX MILLAGE RATE FOR FISCAL YEAR 2024

The preliminary public tax hearing has been scheduled for Wednesday, September 13, 2023. The purpose of the meeting is to adopt a tentative budget and millage rate for fiscal year 2024. The final public tax hearing is scheduled for Wednesday, September 27, 2023. The millage rate adopted at the preliminary hearing can remain unchanged or can be subsequently reduced but cannot be increased at the final hearing.

At its July 26, 2023, meeting, the Board of Commissioners proposed a rate of 0.0937 mills, which is equal to this year's Break-Even Rate.

If the aforementioned millage rate is adopted at the final tax hearing, there will be \$0 for funding the District's Memorial Primary Care, as outlined on the Tax Fund Budget Sensitivity Analysis.

Attachments

MEMORIAL HEALTHCARE SYSTEM

MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL
MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE • MEMORIAL MANOR

3501 Johnson Street, Hollywood, FL 33021 • 954-987-2000 • MHS.net

**SOUTH BROWARD HOSPITAL DISTRICT
TAX FUND BUDGET - SENSITIVITY ANALYSIS
FY 2024**

| | | BREAK EVEN RATE | ROLLED-BACK RATE (RBR) | BUDGET BOOK | |
|-------------------------------------------------|---------------------------------------------------------|-----------------|------------------------|------------------|---------------|
| | | FY2024 | FY2024 | FY2024 | FY2023 |
| | | A | B | PROJECTED BUDGET | ACTUAL |
| | | 7.2% DECREASE | 9.2% DECREASE | | |
| ROLLED-BACK RATE IS 0.0917 | | | | | |
| 1 | ASSESSED VALUATIONS (In thousands) | \$ 83,565,440 | \$ 83,565,440 | \$ 77,554,448 | \$ 74,216,509 |
| 2 | MILLAGE RATE | 0.0937 | 0.0917 | 0.0995 | 0.1010 |
| 3 | % Change from Rolled-Back Rate | 2.18% | 0.00% | 8.51% | -3.26% |
| 4 | % Change from Prior Year Rate | -7.23% | -9.21% | -1.49% | -11.71% |
| 5 | GROSS TAXES LEVIED | \$ 7,830,000 | \$ 7,663,000 | \$ 7,717,000 | \$ 7,496,000 |
| a | Difference from Prior Year Actual | \$ 334,000 | \$ 167,000 | \$ 221,000 | \$ (237,000) |
| b | Variance from Prior Year Actual | 4.46% | 2.23% | 2.95% | -3.16% |
| TAX FUND REVENUE | | | | | |
| 5 | Gross Taxes Levied | \$ 7,830,000 | \$ 7,663,000 | \$ 7,717,000 | \$ 7,496,000 |
| 6 | Less: | | | | |
| a | Discounts on Taxes | 65,000 | 63,000 | 94,000 | 62,000 |
| b | Uncollectible Taxes | 1,000 | 1,000 | 1,000 | 1,000 |
| 7 | TAXES PAID BY DISTRICT RESIDENTS | \$ 7,764,000 | \$ 7,599,000 | \$ 7,622,000 | \$ 7,433,000 |
| a | Difference from Prior Year Actual | \$ 331,000 | \$ 166,000 | \$ 189,000 | \$ (64,000) |
| b | Variance from Prior Year Actual | 4.45% | 2.23% | 2.54% | -0.86% |
| 8 | Revenue Collection Fees | 155,000 | 152,000 | 152,000 | 149,000 |
| 9 | DISTRICT TAX RECEIPTS | \$ 7,609,000 | \$ 7,447,000 | \$ 7,470,000 | \$ 7,284,000 |
| a | Difference from Prior Year Actual | \$ 325,000 | \$ 163,000 | \$ 186,000 | \$ (64,000) |
| b | Variance from Prior Year Actual | 4.46% | 2.24% | 2.55% | -0.88% |
| Other Deductions from Tax Revenue: | | | | | |
| 10 | Property Appraiser's Fee | 47,000 | 47,000 | 48,000 | 47,000 |
| 11 | Community Redevelopment Agencies | 361,000 | 357,000 | 360,000 | 356,000 |
| 12 | Medicaid Match | 7,201,000 | 7,201,000 | 7,062,000 | 6,881,000 |
| Total Other Deductions from Tax Revenue | | \$ 7,609,000 | \$ 7,605,000 | \$ 7,470,000 | \$ 7,284,000 |
| 13 | NET TAX REVENUE/(EXPENSE) | \$ - | \$ (158,000) | \$ - | \$ - |
| 14 | TAX RECEIPTS FROM PRIOR TAX YEARS AND OTHER ADJUSTMENTS | - | - | - | - |
| 15 | TOTAL NET TAX REVENUE/(EXPENSE) | \$ - | \$ (158,000) | \$ - | \$ - |
| a | Difference from Prior Year Actual | \$ - | \$ (158,000) | \$ - | \$ - |
| TAX FUND PATIENT CARE EXPENDITURES | | | | | |
| 16 | Memorial Primary Care | - | - | - | - |
| 17 | Other SBHD Charity Care | - | - | - | - |
| 18 | Other SBHD Operating Fund Flow** | - | (158,000) | - | - |
| TOTAL TAX FUND PATIENT CARE EXPENDITURES | | \$ - | \$ (158,000) | \$ - | \$ - |

** Negative amount indicates that operations had to cover some or all of the Tax Fund obligations.

DESCRIPTION OF TAX FUND COMPONENTS

- 1 ASSESSED VALUATIONS (IN THOUSANDS)**

These values (illustrated in thousands) are provided by Broward County on the Certification of Taxable Value (form DR-420).
- 2 MILLAGE RATE**

The millage rate is multiplied by the Assessed Valuation (In Thousands) to derive the gross taxes levied. Per statutory guidelines, the District's maximum allowed millage rate is 2.5000.
- 3 % CHANGE FROM ROLLED-BACK RATE**

The percentage change in the millage rate from the year's rolled-back rate. The rolled-back rate is the rate that would generate the same tax revenues as the prior year, less allowances for new construction, additions, rehabilitative improvements increasing assessed value by at least 100%, annexations and deletions.
- 4 % CHANGE FROM PRIOR YEAR RATE**

The percentage change in the millage rate from the prior year millage rate.
- 5 GROSS TAXES LEVIED**

Total taxes levied on the assessed valuations per the given millage rate.

 - a Difference from Prior Year Actual**

The dollar difference in gross taxes levied per the given millage rate versus those levied in the prior year.
 - b Variance from Prior Year Actual**

The percentage change in gross taxes levied per the given millage rate versus those levied in the prior year.
- 6 LESS:**
 - a Discounts on Taxes**

The discounts that taxpayers receive by paying their property taxes prior to the due date.
 - b Uncollectible Taxes**

The taxes that are not collected from taxpayers (bad debt).
- 7 TAXES PAID BY DISTRICT RESIDENTS**

Total amount of ad valorem taxes paid to the District for the given year.

 - a Difference from Prior Year Actual**

The dollar difference in taxes paid by District residents versus those paid in the prior year.
 - b Variance from Prior Year Actual**

The percentage change in taxes paid by District residents versus those paid in the prior year.
- 8 REVENUE COLLECTION FEES**

Represents collection fees charged by the Broward County Tax Collector.
This is 2.0% of collected funds (i.e., 2.0% of taxes paid).
- 9 DISTRICT TAX RECEIPTS**

Total amount of tax revenue actually received by the District for the given year.

 - a Difference from Prior Year Actual**

The dollar difference in tax revenue received by the District versus that received in the prior year.
 - b Variance from Prior Year Actual**

The percentage change in tax revenue received by the District versus that received in the prior year.

- 10** **PROPERTY APPRAISER'S FEE**
Fees charged by Broward County Property Appraiser's Office.
- 11** **COMMUNITY REDEVELOPMENT AGENCIES**
The portion of taxes that must be remitted to the cities of Hollywood, Hallandale Beach and Davie for their community redevelopment agency programs.
- 12** **MEDICAID MATCH**
The State of Florida has determined an amount due from each county. That amount is allocated to all counties based on a blend of each county's total Medicaid expenditures and number of Medicaid eligible enrollees per county. The District's share is 27.4% of the amount allocated to Broward County, based on historical hospital inpatient utilization.
- 13** **NET TAX REVENUE/(EXPENSE)**
Total net tax revenue for the given year available for patient care; i.e., gross taxes levied less discounts on taxes, uncollectable taxes, revenue collection fees, Property Appraiser's fee, community redevelopment agency assessments, and Medicaid match.
- 14** **TAX RECEIPTS FROM PRIOR TAX YEARS AND OTHER ADJUSTMENTS**
Collections and adjustments related to prior tax years.
- 15** **TOTAL NET TAX REVENUE/(EXPENSE)**
Total net tax revenue (for all years), received in the given year, available for patient care.
 - a** **Difference from Prior Year Actual**
The dollar difference in total net tax revenue per the given millage rate versus those in the prior year.
- 16** **MEMORIAL PRIMARY CARE**
Funding for the clinics and programs offered by Memorial Primary Care.
- 17** **OTHER SBHD CHARITY CARE**
Tax funds allocated to offset charges for services rendered at District hospitals to patients qualifying as "indigent" under the District's indigent care policy guidelines. The annual income test currently used by the District corresponds to 200% of the Federal Poverty Guidelines.
- 18** **OTHER SBHD OPERATING FUND FLOW**
Non-tax, District operating funds needed to cover expenditures not otherwise provided by the Tax Fund.

Break-Even Rate
Sources & Uses of Tax Funds Based on Millage Rate of 0.0937

| <u>Sources of Funds</u> | <u>Funds</u> | <u>Millage Breakout</u> | <u>% Breakout</u> |
|-----------------------------------------|---------------------|-------------------------|-------------------|
| Gross Taxes Levied by SBHD | \$ 7,830,000 | 0.0937 | 100.0% |
| Total Sources | \$ 7,830,000 | 0.0937 | 100.0% |
| <u>Uses of Funds</u> | | | |
| Medicaid Match | \$ 7,201,000 | 0.0862 | 92.0% |
| Community Redevelopment Agencies | \$ 361,000 | 0.0043 | 4.6% |
| Hallandale Beach | 200,000 | | |
| Hollywood Downtown | 95,000 | | |
| Davie | 65,000 | | |
| Uncollected Taxes | \$ 66,000 | 0.0008 | 0.8% |
| Discounts on Taxes | 65,000 | | |
| Uncollectible Taxes | 1,000 | | |
| Broward County Revenue Collector's Fees | \$ 155,000 | 0.0019 | 2.0% |
| Property Appraiser's Fee | \$ 47,000 | 0.0006 | 0.6% |
| Memorial Primary Care | \$ - | - | 0.0% |
| Total Uses | \$ 7,830,000 | 0.0937 | 100.0% |

TAX EFFECT ON A SAMPLE HOME

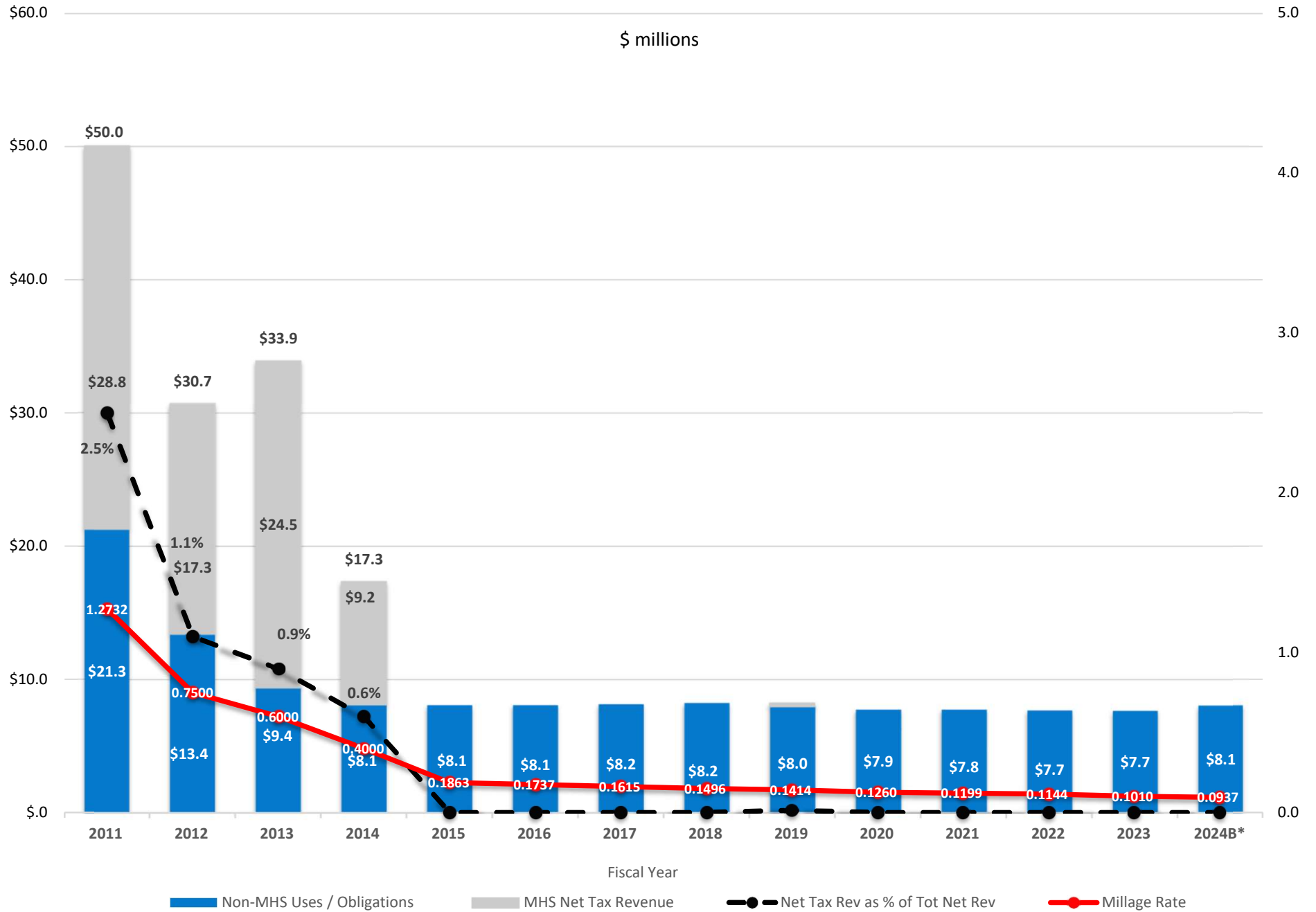
SOUTH BROWARD HOSPITAL DISTRICT TAX FUND BUDGET FISCAL YEAR 2024

| | FISCAL YEAR | OPERATING MILLAGE RATE | TAXABLE VALUE BEFORE HOMESTEAD EXEMPTION | TAXABLE VALUE AFTER HOMESTEAD EXEMPTION | TAX ON HOME ASSESSED AT \$300,000 THIS YEAR | ANNUAL DOLLAR CHANGE | ANNUAL PERCENT CHANGE |
|------------|-------------|------------------------|------------------------------------------|-----------------------------------------|---------------------------------------------|----------------------|-----------------------|
| PROPOSED* | 2023-2024 | 0.0937 | \$300,000 | \$250,000 | \$23.43 | \$0.00 | 0.0% |
| | | | | | | | |
| PRIOR YEAR | 2022-2023 | 0.1010 | \$282,000 | \$232,000 | \$23.43 | (\$1.05) | -4.3% |
| | 2021-2022 | 0.1144 | \$264,000 | \$214,000 | \$24.48 | (\$0.70) | -2.8% |
| | 2020-2021 | 0.1199 | \$260,000 | \$210,000 | \$25.18 | (\$0.51) | -2.0% |
| | 2019-2020 | 0.1260 | \$254,000 | \$204,000 | \$25.69 | (\$2.45) | -8.7% |
| | 2018-2019 | 0.1414 | \$249,000 | \$199,000 | \$28.14 | (\$0.36) | -1.3% |
| | 2017-2018 | 0.1469 | \$244,000 | \$194,000 | \$28.50 | (\$2.02) | -6.6% |
| | 2016-2017 | 0.1615 | \$239,000 | \$189,000 | \$30.52 | (\$1.96) | -6.0% |
| | 2015-2016 | 0.1737 | \$237,000 | \$187,000 | \$32.48 | (\$1.99) | -5.8% |
| | 2014-2015 | 0.1863 | \$235,000 | \$185,000 | \$34.47 | (\$38.33) | -52.7% |
| | 2013-2014 | 0.4000 | \$232,000 | \$182,000 | \$72.80 | (\$34.00) | -31.8% |
| | 2012-2013 | 0.6000 | \$228,000 | \$178,000 | \$106.80 | (\$21.45) | -16.7% |

Comparing various millage rate scenarios with prior year for a sample home valued at \$300,000 with homestead exemption

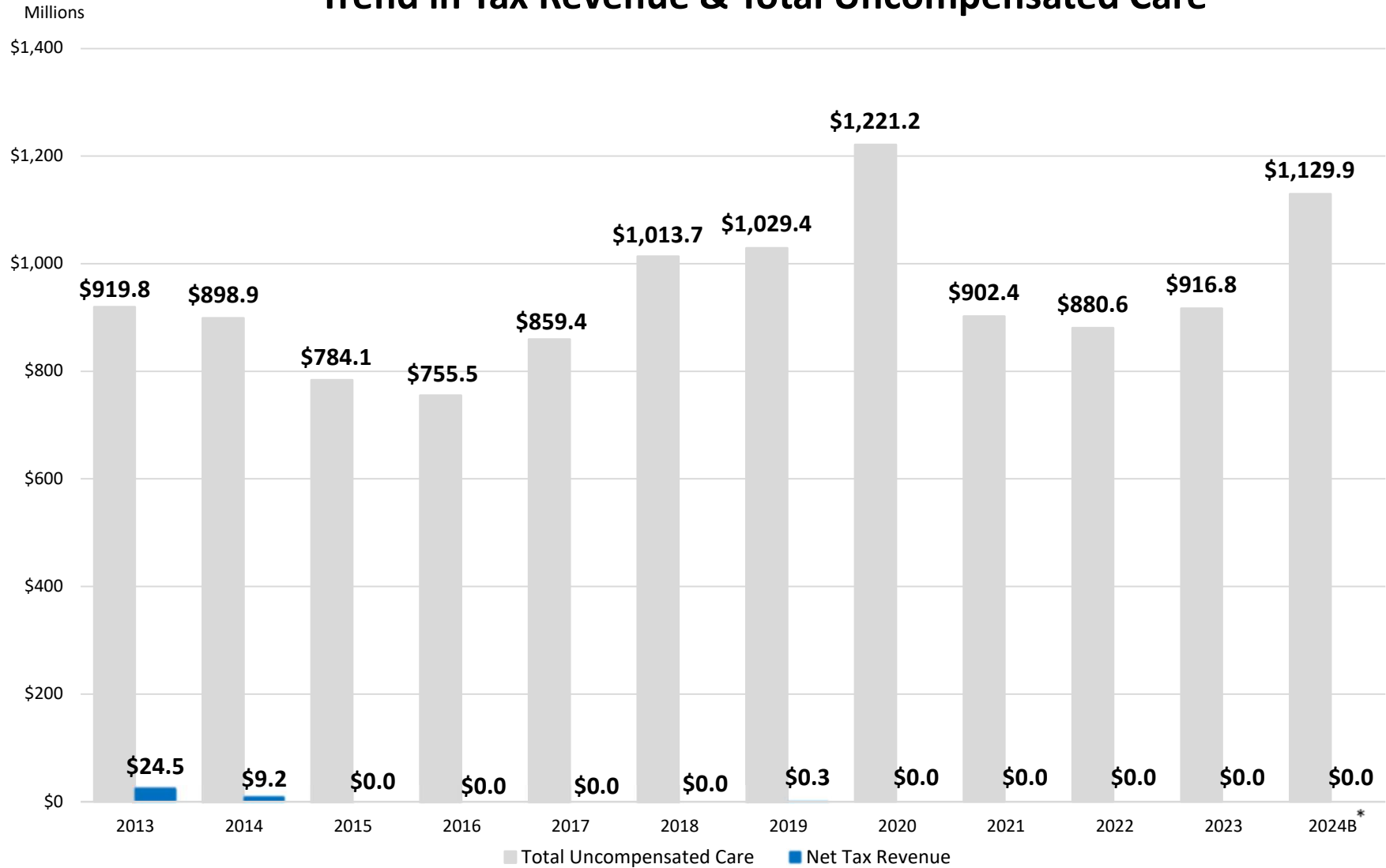
*Proposed rate at July Board meeting

South Broward Hospital District Summary of Ad Valorem Tax History



* FY2024 Proposed Millage Rate

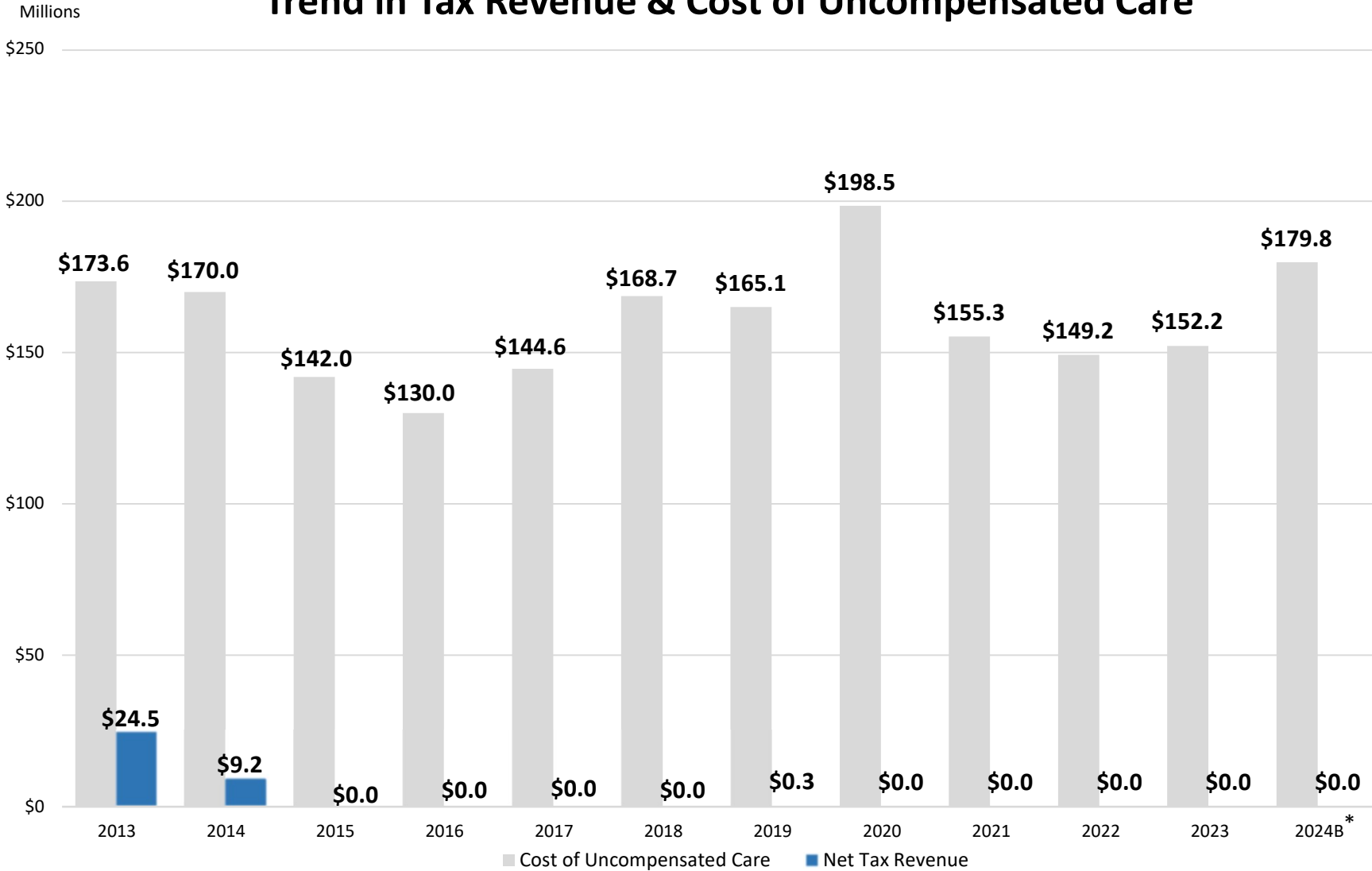
South Broward Hospital District Trend in Tax Revenue & Total Uncompensated Care



*FY2024 Net Tax Revenue of \$0 at tentative rate of 0.0937

South Broward Hospital District

Trend in Tax Revenue & Cost of Uncompensated Care



*FY2024 Net Tax Revenue of \$0 at tentative rate of 0.0937



GRID OF OPTIONS FOR MOTIONS TO ADOPT A MILLAGE RATE

1

FIRST RESOLUTION

PROPOSED MILLAGE RATE

0.0937

BREAK EVEN RATE

SECOND RESOLUTION

| | | |
|-----------------------------------|-----------|----------------------|
| TOTAL ESTIMATED REVENUES | \$ | 3,131,873,000 |
| TAX FUND BUDGETED REVENUES | \$ | 7,896,000 |

CHAIRMAN'S STATEMENT

| | |
|---------------------------------------|--------------|
| % CHANGE FROM ROLLED-BACK RATE | 2.18% |
|---------------------------------------|--------------|

NOTE: THE MILLAGE RATE CAN ONLY REMAIN UNCHANGED OR DECREASE AT THE FINAL HEARING.

Tentative Budget (Preliminary Hearing)

**BUDGET SUMMARY
SOUTH BROWARD HOSPITAL DISTRICT
FISCAL YEAR 2023 - 2024**

**THE BUDGETED OPERATING EXPENDITURES OF THE
SOUTH BROWARD HOSPITAL DISTRICT
ARE 10.2% MORE THAN LAST YEAR'S TOTAL OPERATING EXPENDITURES**

Proposed Millage per \$1,000 = 0.0937

| | TAX FUND | GENERAL FUND | TOTAL |
|-----------------------------------------------------------------------|---------------------|-------------------------|-------------------------|
| <u>REVENUES:</u> | | | |
| Taxes: | | | |
| Ad Valorem Taxes (Millage 0.0937) | \$ 7,830,000 | | \$ 7,830,000 |
| Less Discount on Taxes | (65,000) | | (65,000) |
| Patient Charges | | \$ 19,050,151,000 | 19,050,151,000 |
| Less Deductions from Revenue: | | | |
| Contractual Allowances | | (15,143,337,000) | (15,143,337,000) |
| Charity Care | | (859,902,000) | (859,902,000) |
| Provision for Uncollectible Accounts | (1,000) | (270,046,000) | (270,047,000) |
| Other Operating Revenues | | 281,258,000 | 281,258,000 |
| Investment Income | | 65,853,000 | 65,853,000 |
| TOTAL ESTIMATED REVENUES | \$ 7,764,000 | \$ 3,123,977,000 | \$ 3,131,741,000 |
| <u>ESTIMATED EXPENDITURES:</u> | | | |
| Salaries and Wages | | \$ 1,477,221,000 | \$ 1,477,221,000 |
| Employee Benefits | | 249,752,000 | 249,752,000 |
| Supplies and Services | | 984,931,000 | 984,931,000 |
| Depreciation & Amortization | | 123,155,000 | 123,155,000 |
| Interest | | 32,068,000 | 32,068,000 |
| Other Operating Expenses | \$ 7,764,000 | 190,344,000 | 198,108,000 |
| TOTAL ESTIMATED OPERATING EXPENSES | \$ 7,764,000 | \$ 3,057,471,000 | \$ 3,065,235,000 |
| Contributions to Fund Balance and Reserves | | 66,506,000 | 66,506,000 |
| TOTAL ESTIMATED EXPENSES AND CONTRIBUTIONS TO FUND BALANCE | \$7,764,000 | \$3,123,977,000 | \$ 3,131,741,000 |

THE TENTATIVE, ADOPTED, AMENDED, AND/OR FINAL BUDGETS ARE ON FILE IN THE OFFICE
OF THE ABOVE MENTIONED TAXING AUTHORITY AS A PUBLIC RECORD.

RESOLUTION NO. 491

A RESOLUTION ADOPTING THE TENTATIVE MILLAGE RATE
FOR
SOUTH BROWARD HOSPITAL DISTRICT,

AN INDEPENDENT SPECIAL TAX DISTRICT UNDER
THE LAWS OF THE STATE OF FLORIDA, FOR THE
FISCAL YEAR COMMENCING ON MAY 1, 2023 AND
ENDING ON APRIL 30, 2024

This Resolution No. 491, concerning the tentative millage rate to be levied for general fund purposes only, is hereby adopted by the Board of Commissioners, South Broward Hospital District, on September 13, 2023, as follows:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF SOUTH BROWARD HOSPITAL DISTRICT:

Section 1. The Board of Commissioners of South Broward Hospital District does hereby adopt its tentative millage rate of **0.0937** mills to be levied for the general fund upon all real property and all tangible personal property located within the boundaries of South Broward Hospital District, an independent special tax district under the laws of the State of Florida.

Section 2. The tentative levy of **0.0937** mills is 2.18% higher than the rolled-back rate of 0.0917.

Section 3. This tentative millage rate of **0.0937** mills for the general fund is for the tax year 2023 to fund the expenses for the Fiscal Year commencing May 1, 2023 and ending April 30, 2024.

Section 4. Funds of the 2023 - 2024 Tentative Budget not expended during the current Fiscal Year 2023 - 2024 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 13th day of September 2023.

Elizabeth Justen, Chair

Attest:

Douglas A. Harrison, Secretary

(Seal)

RESOLUTION NO. 492
A RESOLUTION ADOPTING THE TENTATIVE BUDGET
FOR
SOUTH BROWARD HOSPITAL DISTRICT,

AN INDEPENDENT SPECIAL TAX DISTRICT UNDER
THE LAWS OF THE STATE OF FLORIDA, FOR THE
FISCAL YEAR COMMENCING ON MAY 1, 2023
AND ENDING ON APRIL 30, 2024

This Resolution No. 492, concerning the adoption of a Tentative Budget, is hereby adopted by the Board of Commissioners, South Broward Hospital District, on September 13, 2023, after the adoption of preceding Resolution No. 491 pertaining to the adoption of a tentative millage rate, as follows:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF SOUTH BROWARD HOSPITAL DISTRICT:

Section 1. The total estimated revenues in the Tentative Budget are **\$3,131,741,000** and include tax revenues of **\$7,764,000** and other non-ad valorem operating revenues of **\$3,123,977,000**. The budget is based upon a taxable value of real property of \$79,787,519,860, personal property of \$3,757,789,221, and centrally assessed property of \$20,131,168.

Section 2. The Tentative Budget is approved and shall become effective at the beginning of the 2023 - 2024 Fiscal Year, and the taxing authority funds may be expended commencing as of May 1, 2023, and ending on April 30, 2024.

Section 3. Funds of the 2023 - 2024 Tentative Budget not expended during the current Fiscal Year 2023 - 2024 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 13th day of September 2023.

Elizabeth Justen, Chair

Attest:

Douglas A. Harrison, Secretary

(Seal)