

South Broward Hospital District

BOARD OF COMMISSIONERS

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FROM: Irfan Mirza, Vice President, Finance, MHS
TO: David Smith, Executive Vice President and Chief Financial Officer, MHS
CC: Frank P. Rainer, Senior Vice President and General Counsel, MHS
DATE: September 18, 2024
SUBJECT: FINAL TAX BUDGET AND FINAL MILLAGE RATE FOR FISCAL YEAR 2025

The purpose of the final public tax hearing scheduled for Wednesday, September 25, 2024, is to adopt a final budget and final millage rate for fiscal year 2025. The tentative millage rate adopted on September 11, 2024, can be maintained or reduced, but not increased.

On September 11, 2024, the Board of Commissioners adopted a tentative rate of 0.0869 mills. This represents a rate 7.3% lower than last year's rate of 0.0937 mills.

The tax budget identifies the funding of various expenses associated with the tax fund, as outlined on the Tax 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

**SOUTH BROWARD HOSPITAL DISTRICT
TAX FUND BUDGET - SENSITIVITY ANALYSIS
FY 2025**

		ROLLED-BACK RATE (RBR)	BUDGET BOOK	
ROLLED-BACK RATE IS 0.0869		FY2025	FY2025	FY2024
		A 7.3% DECREASE	PROJECTED BUDGET	ACTUAL
1	ASSESSED VALUATIONS (In thousands)	\$ 90,903,111	\$ 90,668,440	\$ 83,270,353
2	MILLAGE RATE	0.0869	0.0885	0.0937
3	% Change from Rolled-Back Rate	0.00%	1.84%	2.18%
4	% Change from Prior Year Rate	-7.26%	-5.55%	-7.23%
5	GROSS TAXES LEVIED	\$ 7,899,000	\$ 8,024,000	\$ 7,802,000
a	Difference from Prior Year Actual	\$ 97,000	\$ 222,000	\$ 267,237
b	Variance from Prior Year Actual	1.24%	2.85%	3.43%
TAX FUND REVENUE				
5	Gross Taxes Levied	\$ 7,899,000	\$ 8,024,000	\$ 7,802,000
6	Less:			
a	Discounts on Taxes	37,000	67,000	37,000
b	Uncollectible Taxes	0	1,000	0
7	TAXES PAID BY DISTRICT RESIDENTS	\$ 7,862,000	\$ 7,956,000	\$ 7,765,000
a	Difference from Prior Year Actual	\$ 97,000	\$ 191,000	\$ 475,770
b	Variance from Prior Year Actual	1.25%	2.46%	6.13%
8	Revenue Collection Fees	157,000	159,000	155,000
9	DISTRICT TAX RECEIPTS	\$ 7,705,000	\$ 7,797,000	\$ 7,610,000
a	Difference from Prior Year Actual	\$ 95,000	\$ 187,000	\$ 475,770
b	Variance from Prior Year Actual	1.25%	2.46%	6.25%
Other Deductions from Tax Revenue:				
10	Property Appraiser's Fee	46,000	48,000	48,000
11	Community Redevelopment Agencies	369,000	365,000	361,000
12	Medicaid Match	8,409,000	7,384,000	7,201,000
Total Other Deductions from Tax Revenue		\$ 8,824,000	\$ 7,797,000	\$ 7,610,000
13	NET TAX REVENUE/(EXPENSE)	\$ (1,119,000)	\$ -	\$ -
14	TAX RECEIPTS FROM PRIOR TAX YEARS AND OTHER ADJUSTMENTS	-	-	-
15	TOTAL NET TAX REVENUE/(EXPENSE)	\$ (1,119,000)	\$ -	\$ -
a	Difference from Prior Year Actual	\$ (1,119,000)	\$ -	\$ -
TAX FUND PATIENT CARE EXPENDITURES				
16	Memorial Primary Care	-	-	-
17	Other SBHD Charity Care	-	-	-
18	Other SBHD Operating Fund Flow**	(1,119,000)	-	-
TOTAL TAX FUND PATIENT CARE EXPENDITURES		\$ (1,119,000)	\$ -	\$ -

** 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.

Voting Requirements For FY 2024-2025 Millage Rates

Assessed Valuation \$ 90,903,111,392

<u>Vote Type</u>	<u>Millage</u>		<u>Taxes Levied</u>	
	<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>
Simple Majority Vote	0.0000	2.2378	\$ 0	\$ 203,422,983
Two-Thirds Majority Vote	2.2379	2.4616	\$ 203,422,984	\$ 223,767,099
Unanimous Vote or Referendum	2.4617	2.5000	\$ 223,767,100	\$ 227,257,778
<hr/>				
Rolled-Back Rate		0.0869		\$ 7,899,000

Rolled-Back Rate

Sources & Uses of Tax Funds Based on Millage Rate of 0.0869

<u>Sources of Funds</u>	<u>Funds</u>	<u>Millage Breakout</u>	<u>% Breakout</u>
Gross Taxes Levied by SBHD	\$ 7,899,000	0.0869	100.0%
Total Sources	\$ 7,899,000	0.0869	100.0%
<u>Uses of Funds</u>			
Medicaid Match	\$ 8,409,000	0.0810	93.2%
Community Redevelopment Agencies	\$ 369,000	0.0036	4.1%
Hallandale Beach	200,000		
Hollywood Downtown	102,000		
Davie	67,000		
Uncollected Taxes	\$ 37,000	0.0004	0.4%
Discounts on Taxes	37,000		
Uncollectible Taxes	-		
Broward County Revenue Collector's Fees	\$ 157,000	0.0015	1.7%
Property Appraiser's Fee	\$ 46,000	0.0004	0.5%
Memorial Primary Care	\$ -	-	0.0%
Total Uses	\$ 9,018,000	0.0869	100.0%
Net Expense for SBHD	\$ (1,119,000)	-	

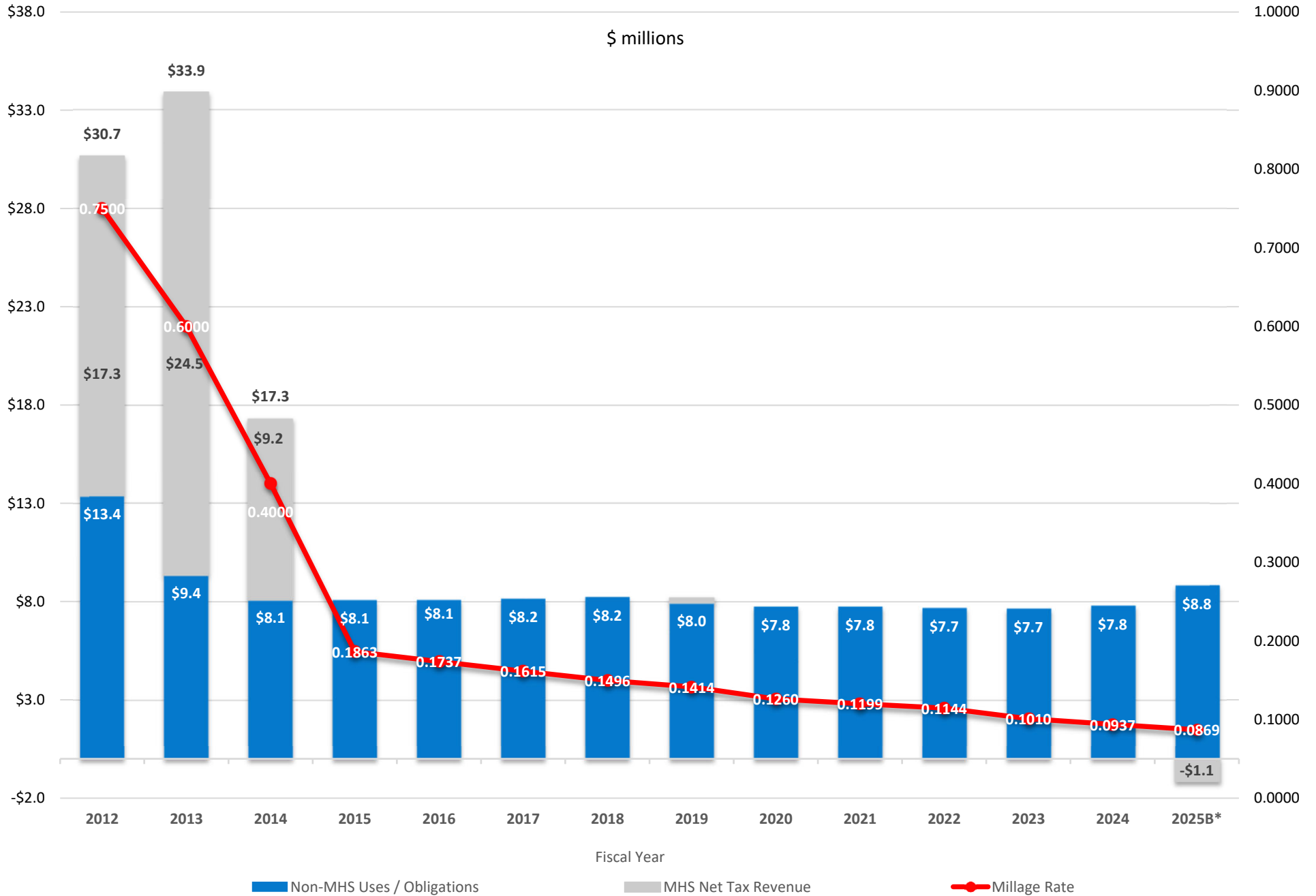
TAX EFFECT ON A SAMPLE HOME
SOUTH BROWARD HOSPITAL DISTRICT
TAX FUND BUDGET
FISCAL YEAR 2025

	<u>FISCAL YEAR</u>	<u>OPERATING MILLAGE RATE</u>	<u>TAXABLE VALUE BEFORE HOMESTEAD EXEMPTION</u>	<u>TAXABLE VALUE AFTER HOMESTEAD EXEMPTION</u>	<u>TAX ON HOME ASSESSED AT \$310,000 THIS YEAR</u>	<u>ANNUAL DOLLAR CHANGE</u>	<u>ANNUAL PERCENT CHANGE</u>
PROPOSED*	2024-2025	0.0869	\$310,000	\$260,000	\$22.59	(\$0.84)	-3.6%
PRIOR YEAR	2023-2024	0.0937	\$300,000	\$250,000	\$23.43	\$0.00	0.0%
	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 \$310,000 with homestead exemption

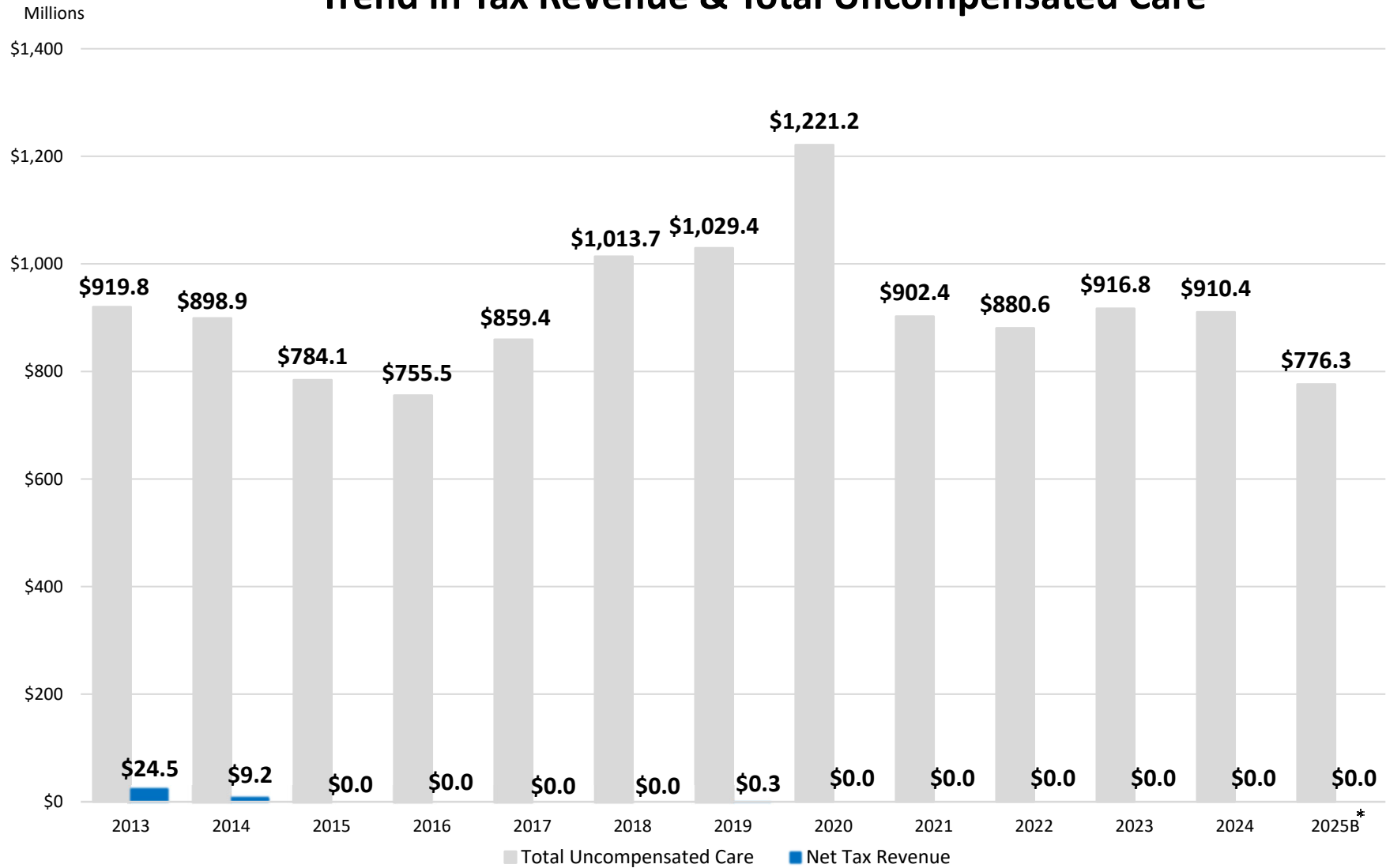
*Proposed rate at First Tax Hearing

South Broward Hospital District Summary of Ad Valorem Tax History



* FY2025 Proposed Millage Rate

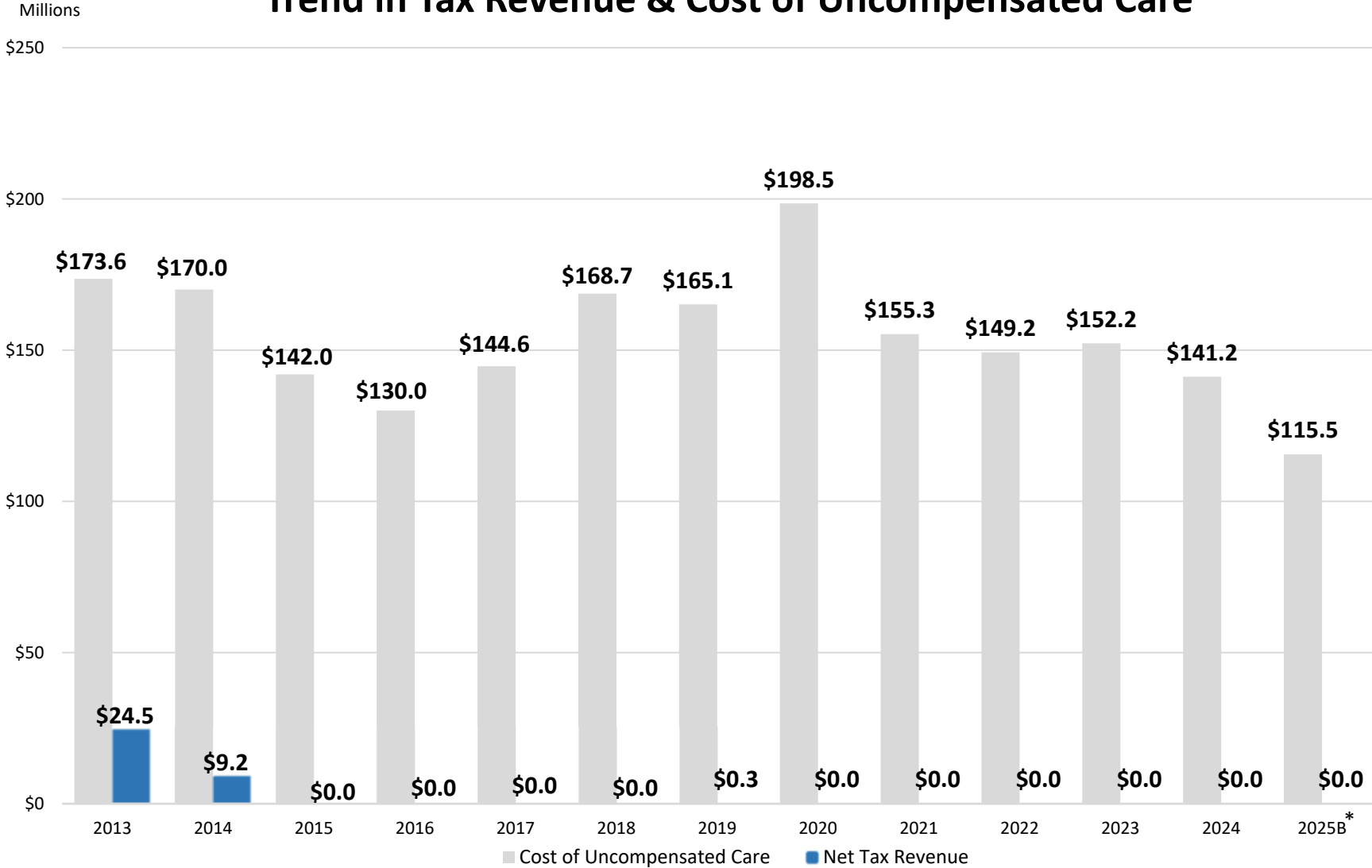
South Broward Hospital District Trend in Tax Revenue & Total Uncompensated Care



*FY2025 tentative rate of 0.0869

South Broward Hospital District

Trend in Tax Revenue & Cost of Uncompensated Care



*FY2025 tentative rate of 0.0869

Tentative Budget (Preliminary Hearing)

**BUDGET SUMMARY
SOUTH BROWARD HOSPITAL DISTRICT
FISCAL YEAR 2024 - 2025**

**THE BUDGETED OPERATING EXPENDITURES OF THE
SOUTH BROWARD HOSPITAL DISTRICT
ARE 1.4% MORE THAN LAST YEAR'S TOTAL OPERATING EXPENDITURES**

Proposed Millage per \$1,000 = 0.0869

	TAX FUND	GENERAL FUND	TOTAL
REVENUES:			
Taxes:			
Ad Valorem Taxes (Millage 0.0869)	\$ 7,899,000		\$ 7,899,000
Less Discount on Taxes	(37,000)		(37,000)
Patient Charges		\$ 21,947,158,000	21,947,158,000
Less Deductions from Revenue:			
Contractual Allowances		(18,070,082,000)	(18,070,082,000)
Charity Care		(684,318,000)	(684,318,000)
Provision for Uncollectible Accounts	-	(91,941,000)	(91,941,000)
Other Operating Revenues		270,170,000	270,170,000
Investment Income		80,718,000	80,718,000
TOTAL ESTIMATED REVENUES	\$ 7,862,000	\$ 3,451,705,000	\$ 3,459,567,000
ESTIMATED EXPENDITURES:			
Salaries and Wages		\$ 1,617,241,000	\$ 1,617,241,000
Employee Benefits		287,305,000	287,305,000
Supplies and Services		973,469,000	973,469,000
Depreciation & Amortization		164,215,000	164,215,000
Interest		34,002,000	34,002,000
Other Operating Expenses	\$ 8,981,000	219,837,000	228,818,000
TOTAL ESTIMATED OPERATING EXPENSES	\$ 8,981,000	\$ 3,296,069,000	\$ 3,305,050,000
Contributions to Fund Balance and Reserves	(1,119,000)	155,636,000	154,517,000
TOTAL ESTIMATED EXPENSES AND CONTRIBUTIONS TO FUND BALANCE	\$ 7,862,000	\$3,451,705,000	\$ 3,459,567,000

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



GRID OF OPTIONS FOR MOTIONS TO ADOPT A MILLAGE RATE

1

FIRST RESOLUTION

PROPOSED MILLAGE RATE

0.0869

ROLLED-BACK
RATE (RBR)

SECOND RESOLUTION

TOTAL ESTIMATED REVENUES	\$	3,459,567,000
TAX FUND BUDGETED REVENUES	\$	7,862,000

CHAIRMAN'S STATEMENT

% CHANGE FROM ROLLED-BACK RATE 0.00%

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

RESOLUTION NO. 507

A RESOLUTION ADOPTING THE FINAL 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, 2024 AND
ENDING ON APRIL 30, 2025

This Resolution No. 507, concerning the final millage rate to be levied for general fund purposes only, is hereby adopted by the Board of Commissioners, South Broward Hospital District, on September 25, 2024, 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 final millage rate of **0.0869** 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 final levy of **0.0869** mills is equal to the rolled-back rate.

Section 3. This final millage rate of **0.0869** mills for the general fund is for the tax year 2024 to fund the expenses for the Fiscal Year commencing May 1, 2024 and ending April 30, 2025.

Section 4. Funds of the 2024 - 2025 Final Budget not expended during the current Fiscal Year 2024 - 2025 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 25th day of September 2024.

Elizabeth Justen, Chairwoman

Attest:

Douglas A. Harrison, Secretary

(Seal)

RESOLUTION NO. 508
A RESOLUTION ADOPTING THE FINAL 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, 2024
AND ENDING ON APRIL 30, 2025

This Resolution No. 508, concerning the adoption of a Final Budget, is hereby adopted by the Board of Commissioners, South Broward Hospital District, on September 25, 2024, after the adoption of preceding Resolution No. 507 pertaining to the adoption of a final 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 Final Budget are **\$3,459,567,000** and include tax revenues of **\$7,862,000** and other non-ad valorem operating revenues of **\$3,451,705,000**. The budget is based upon a taxable value of real property of \$87,055,247,440, personal property of \$3,830,367,055, and centrally assessed property of \$17,496,897.

Section 2. The Final Budget is approved and shall become effective at the beginning of the 2024 - 2025 Fiscal Year, and the taxing authority funds may be expended commencing as of May 1, 2024, and ending on April 30, 2025.

Section 3. Funds of the 2024 - 2025 Final Budget not expended during the current Fiscal Year 2024 - 2025 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 25th day of September 2024.

Elizabeth Justen, Chairwoman

Attest:

Douglas A. Harrison, Secretary

(Seal)