

# South Broward Hospital District

## BOARD OF COMMISSIONERS

Douglas A. Harrison, *Chairman* • Dr. Luis E. Orta, *Vice Chairman* • Elizabeth Justen, *Secretary Treasurer*  
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**FROM:** David Smith, Senior Vice President and Chief Financial Officer, MHS

**TO:** Aurelio M. Fernandez III, President and Chief Executive Officer, MHS

**CC:** Matthew Muhart, Executive Vice President and Chief Administrative Officer, MHS  
Frank P. Rainer, Senior Vice President and General Counsel, MHS

**DATE:** September 9, 2020

**SUBJECT: SOUTH BROWARD HOSPITAL DISTRICT PROPOSED TAX MILLAGE  
RATE FOR FISCAL YEAR 2021**

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The preliminary public tax hearing has been scheduled for Wednesday, September 16, 2020. The purpose of the meeting is to adopt a tentative budget and millage rate for fiscal year 2021. The final public tax hearing is scheduled for Wednesday, September 23, 2020. The millage rate adopted at the preliminary hearing can remain unchanged or can be subsequently reduced but cannot be increased.

At its July 22, 2020, meeting, the Board of Commissioners proposed a rate of 0.1211 mills, which is equal to this year's Rolled-Back Rate.

If the aforementioned millage rate is adopted at the final tax hearing, there will only be \$72,000 for funding the District's programs at 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 • MEMORIAL HOME HEALTH SERVICES

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

**SOUTH BROWARD HOSPITAL DISTRICT  
TAX FUND BUDGET - SENSITIVITY ANALYSIS  
FY 2021**

		BREAK EVEN RATE	ROLLED-BACK RATE (RBR)	BUDGET BOOK	
		FY2021	FY2021	FY2021	FY2020
		A	B	PROJECTED BUDGET	ACTUAL
		4.8% DECREASE	3.9% DECREASE		
<b>ROLLED-BACK RATE IS 0.1211</b>					
1	<b>ASSESSED VALUATIONS (In thousands)</b>	\$ 65,071,742	\$ 65,071,742	\$ 64,439,005	\$ 61,522,250
2	<b>MILLAGE RATE</b>	<b>0.1199</b>	<b>0.1211</b>	<b>0.1241</b>	<b>0.1260</b>
3	% Change from Rolled-Back Rate	-0.99%	0.00%	2.48%	0.00%
4	% Change from Prior Year Rate	-4.82%	-3.89%	-1.52%	-10.89%
5	<b>GROSS TAXES LEVIED</b>	\$ 7,804,000	\$ 7,880,000	\$ 7,996,000	\$ 7,752,000
a	Difference from Prior Year Actual	\$ 52,000	\$ 128,000	\$ 244,000	\$ (474,000)
b	Variance from Prior Year Actual	0.67%	1.65%	3.15%	-5.76%
<b>TAX FUND REVENUE</b>					
5	Gross Taxes Levied	\$ 7,804,000	\$ 7,880,000	\$ 7,996,000	\$ 7,752,000
6	Less:				
a	Discounts on Taxes	205,000	207,000	261,000	203,177
b	Uncollectible Taxes	1,000	1,000	1,000	1,000
7	<b>TAXES PAID BY DISTRICT RESIDENTS</b>	\$ 7,598,000	\$ 7,672,000	\$ 7,734,000	\$ 7,547,823
a	Difference from Prior Year Actual	\$ 50,177	\$ 124,177	\$ 186,177	\$ (408,335)
b	Variance from Prior Year Actual	0.66%	1.65%	2.47%	-5.13%
8	Revenue Collection Fees	152,000	153,000	155,000	151,000
9	<b>DISTRICT TAX RECEIPTS</b>	\$ 7,446,000	\$ 7,519,000	\$ 7,579,000	\$ 7,396,823
a	Difference from Prior Year Actual	\$ 49,177	\$ 122,177	\$ 182,177	\$ (400,335)
b	Variance from Prior Year Actual	0.66%	1.65%	2.46%	-5.13%
Other Deductions from Tax Revenue:					
10	Property Appraiser's Fee	55,000	55,000	56,000	55,091
11	Community Redevelopment Agencies	346,000	347,000	340,000	336,732
12	Medicaid Match	7,045,000	7,045,000	7,183,000	7,005,000
Total Other Deductions from Tax Revenue		\$ 7,446,000	\$ 7,447,000	\$ 7,579,000	\$ 7,396,823
13	<b>NET TAX REVENUE/(EXPENSE)</b>	\$ -	\$ 72,000	\$ -	\$ -
14	TAX RECEIPTS FROM PRIOR TAX YEARS AND OTHER ADJUSTMENTS	-	-	-	-
15	<b>TOTAL NET TAX REVENUE/(EXPENSE)</b>	\$ -	\$ 72,000	\$ -	\$ -
a	Difference from Prior Year Actual	\$ -	\$ 72,000	\$ -	\$ -
<b>TAX FUND PATIENT CARE EXPENDITURES</b>					
16	Memorial Primary Care	-	72,000	-	-
17	Other SBHD Charity Care	-	-	-	-
18	Other SBHD Operating Fund Flow	-	-	-	-
<b>TOTAL TAX FUND PATIENT CARE EXPENDITURES</b>		\$ -	\$ 72,000	\$ -	\$ -

## 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.

**Rolled-Back Rate**      (July 22, 2020 - Proposed Rate)

**Sources & Uses of Tax Funds Based on Millage Rate of 0.1211**

<u>Sources of Funds</u>	<u>Funds</u>	<u>Millage Breakout</u>	<u>% Breakout</u>
Gross Taxes Levied by SBHD	\$ 7,880,000	0.1211	100.0%
<b>Total Sources</b>	<b>\$ 7,880,000</b>	<b>0.1211</b>	<b>100.0%</b>

<u>Uses of Funds</u>			
Medicaid Match	\$ 7,045,000	0.1083	89.4%
Community Redevelopment Agencies	\$ 347,000	0.0053	4.4%
Hallandale Beach	200,000		
Hollywood Downtown	91,000		
Davie	55,000		
Uncollected Taxes	\$ 208,000	0.0032	2.6%
Discounts on Taxes	207,000		
Uncollectible Taxes	1,000		
Broward County Revenue Collector's Fees	\$ 153,000	0.0024	1.9%
Property Appraiser's Fee	\$ 55,000	0.0009	0.7%
Memorial Primary Care	\$ 72,000	0.0011	0.9%
<b>Total Uses</b>	<b>\$ 7,880,000</b>	<b>0.1211</b>	<b>100.0%</b>

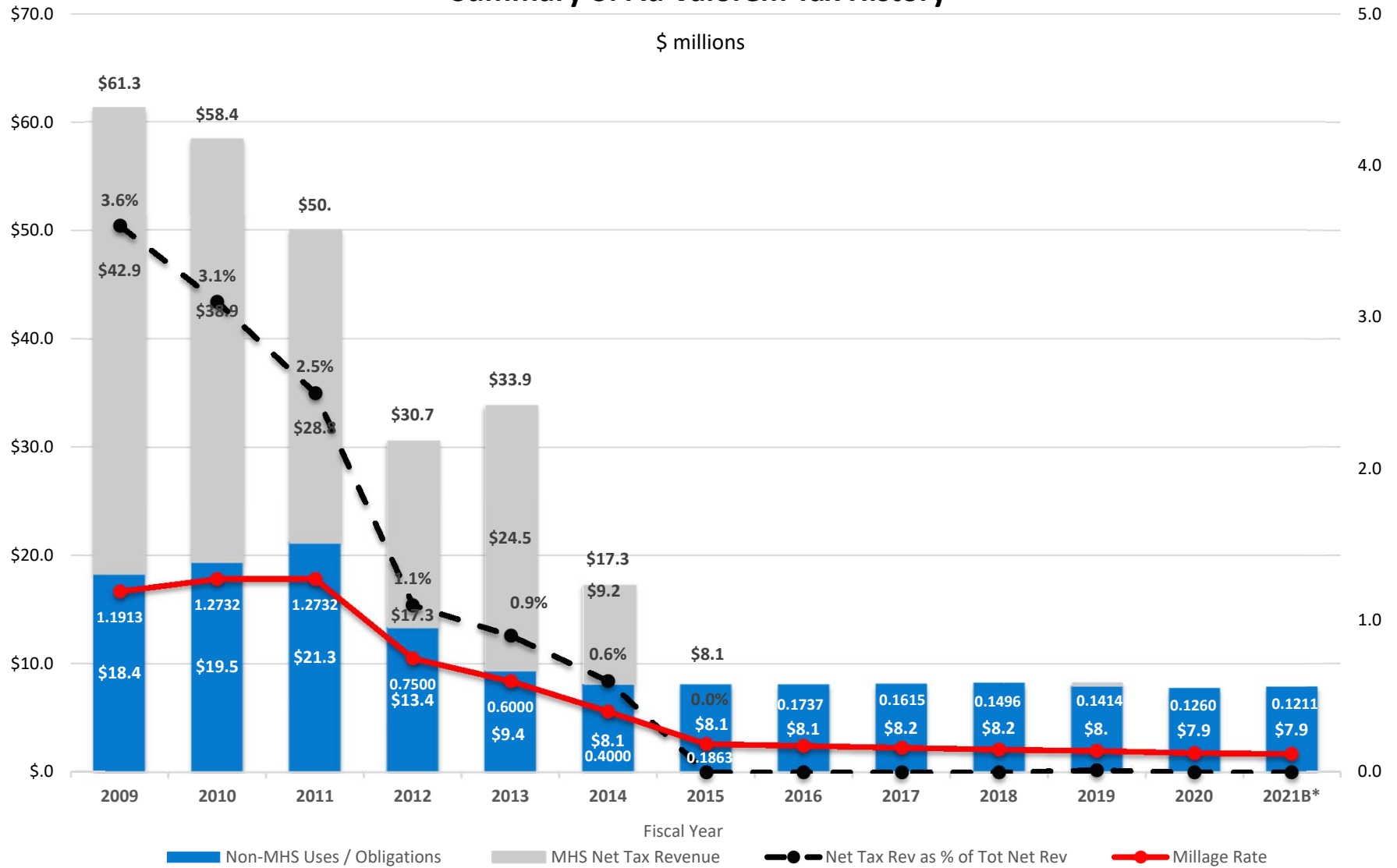
## TAX EFFECT ON A SAMPLE HOME

### SOUTH BROWARD HOSPITAL DISTRICT TAX FUND BUDGET FISCAL YEAR 2021

	FISCAL YEAR	OPERATING MILLAGE RATE	TAXABLE VALUE BEFORE HOMESTEAD EXEMPTION	TAXABLE VALUE AFTER HOMESTEAD EXEMPTION	TAX ON HOME ASSESSED AT \$0 THIS YEAR	ANNUAL DOLLAR CHANGE	ANNUAL PERCENT CHANGE
PROPOSED*	2020-2021	0.1211	\$260,000	\$210,000	\$25.43	(\$0.26)	-1.0%
PRIOR YEAR	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%
	2011-2012	0.7500	\$221,000	\$171,000	\$128.25	(\$85.65)	-40.0%
	2010-2011	1.2732	\$218,000	\$168,000	\$213.90	\$7.64	3.7%
<b>A tentative 0.1211 millage rate results in a tax decrease of \$0.26 or 1.0% as compared with prior year for a sample home valued at \$260,000 with homestead exemption</b>							

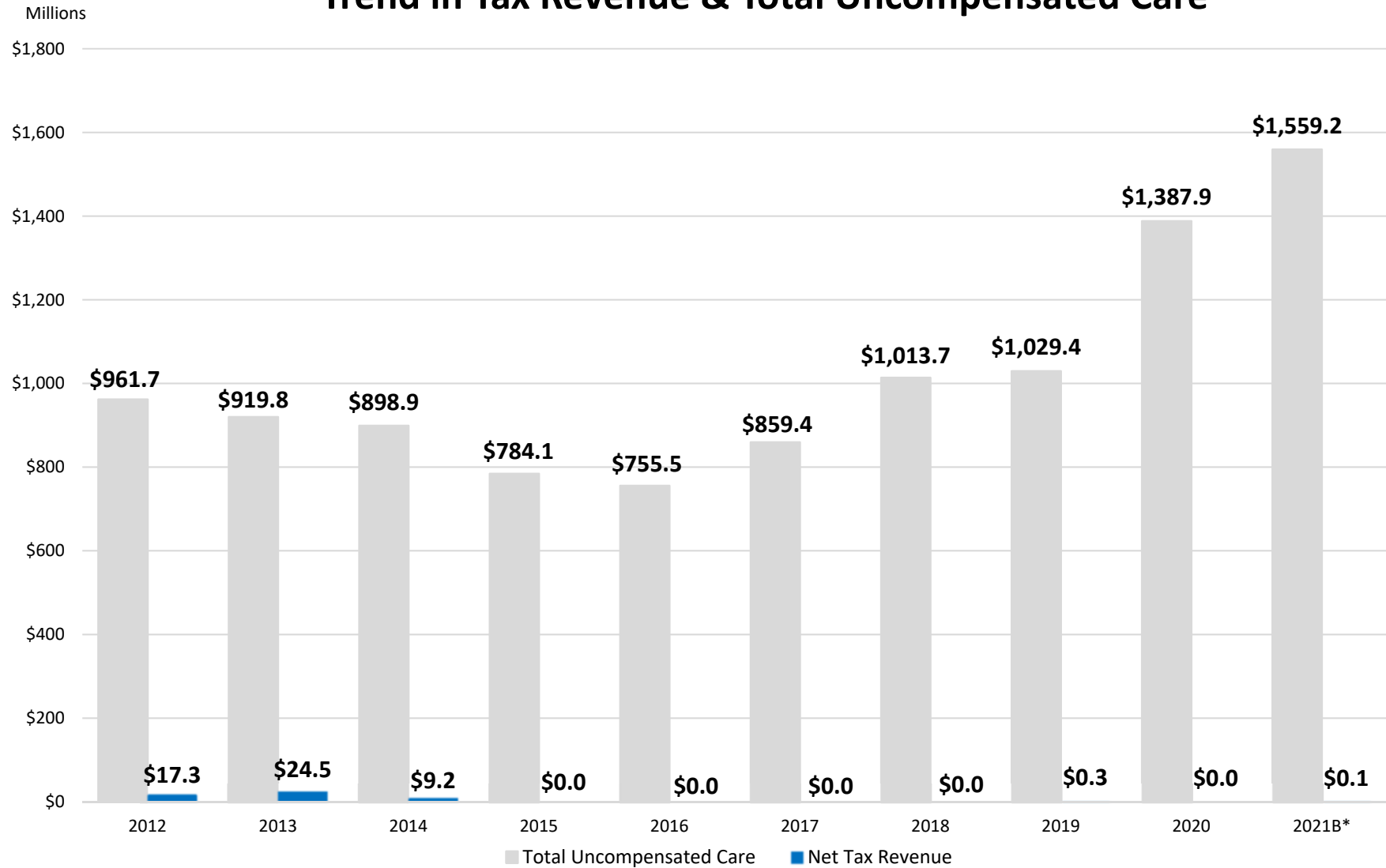
\*Proposed rate at July Board meeting

## South Broward Hospital District Summary of Ad Valorem Tax History



\* FY2021 Proposed Millage Rate

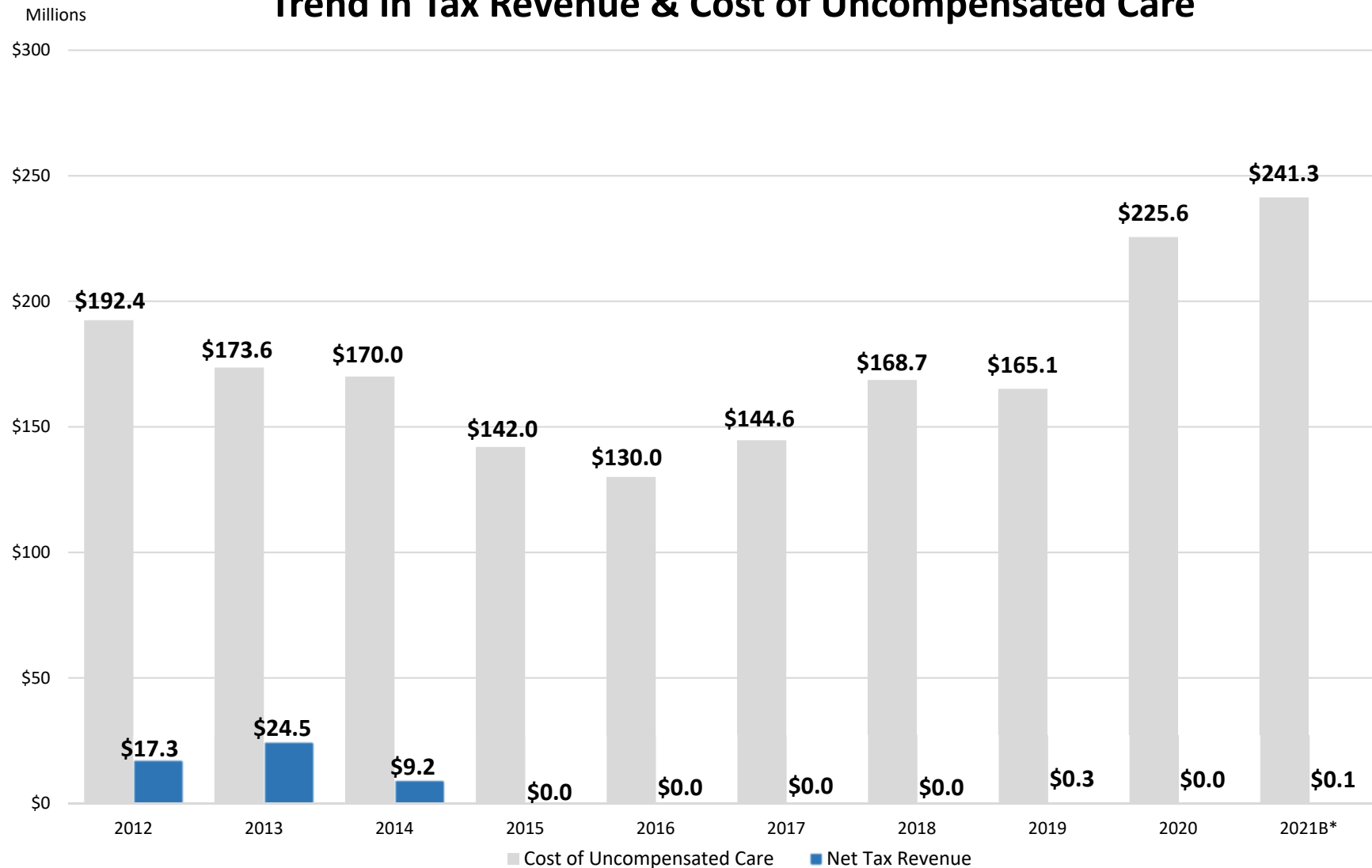
## South Broward Hospital District Trend in Tax Revenue & Total Uncompensated Care



\*FY2021 Net Tax Revenue of \$72,000 at tentative rate of 0.1211



## South Broward Hospital District Trend in Tax Revenue & Cost of Uncompensated Care



\*FY2021 Net Tax Revenue of \$72,000 at tentative rate of 0.1211



## GRID OF OPTIONS FOR MOTIONS TO ADOPT A MILLAGE RATE

	①	②
<b><u>FIRST RESOLUTION</u></b>		
PROPOSED MILLAGE RATE	<b>0.1199</b>	<b>0.1211</b>
	BREAK EVEN RATE	ROLLED-BACK RATE (RBR)
<b><u>SECOND RESOLUTION</u></b>		
TOTAL ESTIMATED REVENUES	\$ 2,399,350,000	\$ 2,399,424,000
TAX FUND BUDGETED REVENUES	\$ 7,598,000	\$ 7,672,000
<b><u>CHAIRMAN'S STATEMENT</u></b>		
% CHANGE FROM ROLLED-BACK RATE	-0.99%	0.00%

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

**BUDGET SUMMARY  
SOUTH BROWARD HOSPITAL DISTRICT  
FISCAL YEAR 2020 - 2021**

**THE BUDGETED OPERATING EXPENDITURES OF THE  
SOUTH BROWARD HOSPITAL DISTRICT  
ARE 5.1% MORE THAN LAST YEAR'S TOTAL OPERATING EXPENDITURES**

**Proposed Millage per \$1,000 = 0.1211**

	TAX FUND	GENERAL FUND	TOTAL
<b><u>REVENUES:</u></b>			
Taxes:			
Ad Valorem Taxes (Millage 0.1357)	\$ 7,880,000		\$ 7,880,000
Less Discount on Taxes	(207,000)		(207,000)
Patient Charges		\$ 14,591,832,000	14,591,832,000
Less Deductions from Revenue:			
Contractual Allowances		(10,867,455,000)	(10,867,455,000)
Charity Care		(1,391,721,000)	(1,391,721,000)
Provision for Uncollectible Accounts	(1,000)	(170,593,000)	(170,594,000)
Other Operating Revenues		191,795,000	191,795,000
Investment Income		37,894,000	37,894,000
<b>TOTAL ESTIMATED REVENUES</b>	<b><u>\$ 7,672,000</u></b>	<b><u>\$ 2,391,752,000</u></b>	<b><u>\$ 2,399,424,000</u></b>
<b><u>ESTIMATED EXPENDITURES:</u></b>			
Salaries and Wages		\$ 1,122,998,000	\$ 1,122,998,000
Employee Benefits		188,098,000	188,098,000
Supplies and Services		668,136,000	668,136,000
Depreciation & Amortization		93,043,000	93,043,000
Interest		24,987,000	24,987,000
Other Operating Expenses	\$ 7,672,000	181,440,000	189,112,000
<b>TOTAL ESTIMATED OPERATING EXPENSES</b>	<b><u>\$ 7,672,000</u></b>	<b><u>\$ 2,278,702,000</u></b>	<b><u>\$ 2,286,374,000</u></b>
Contributions to Fund Balance and Reserves		113,050,000	113,050,000
<b>TOTAL ESTIMATED EXPENSES AND CONTRIBUTIONS TO FUND BALANCE</b>	<b><u>\$ 7,672,000</u></b>	<b><u>\$2,391,752,000</u></b>	<b><u>\$ 2,399,424,000</u></b>

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. 455

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, 2020 AND  
ENDING ON APRIL 30, 2021

This Resolution No. 455, 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 16, 2020, 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 **0.1199** 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 **0.1199** mills is **0.99% lower** than the rolled-back rate of 0.1211.

Section 3. This tentative millage rate of **0.1199** mills for the general fund is for the tax year 2020 to fund the expenses for the Fiscal Year commencing May 1, 2020, and ending April 30, 2021.

Section 4. Funds of the 2020 - 2021 Tentative Budget not expended during the current Fiscal Year 2020 - 2021 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 16th day of September 2020.

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Douglas A. Harrison, Chairman

Attest:

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Elizabeth Justen, Secretary

(Seal)

RESOLUTION NO. 456

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, 2020  
AND ENDING ON APRIL 30, 2021

This Resolution No. 456, concerning the adoption of a Tentative Budget, is hereby adopted by the Board of Commissioners, South Broward Hospital District, on September 16, 2020, after the adoption of preceding Resolution No. 455 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 **\$2,399,350,000** and include tax revenues of **\$7,598,000** and other non-ad valorem operating revenues of **\$2,391,752,000**. The budget is based upon a taxable value of real property of \$62,245,467,100, personal property of \$2,808,936,150, and centrally assessed property of \$17,338,396.

Section 2. The Tentative Budget is approved and shall become effective at the beginning of the 2019 - 2020 Fiscal Year, and the taxing authority funds may be expended commencing as of May 1, 2020, and ending on April 30, 2021.

Section 3. Funds of the 2020 - 2021 Tentative Budget not expended during the current Fiscal Year 2020 - 2021 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 16th day of September 2020.

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Douglas A. Harrison, Chairman

Attest:

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Elizabeth Justen, Secretary

(Seal)

RESOLUTION NO. 455

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, 2020 AND  
ENDING ON APRIL 30, 2021

This Resolution No. 455, 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 16, 2020, 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 **0.1211** 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 **0.1211** mills is **equal to** the rolled-back rate of 0.1211.

Section 3. This tentative millage rate of **0.1211** mills for the general fund is for the tax year 2020 to fund the expenses for the Fiscal Year commencing May 1, 2020, and ending April 30, 2021.

Section 4. Funds of the 2020 - 2021 Tentative Budget not expended during the current Fiscal Year 2020 - 2021 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 16th day of September 2020.

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Douglas A. Harrison, Chairman

Attest:

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Elizabeth Justen, Secretary

(Seal)

RESOLUTION NO. 456

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, 2020  
AND ENDING ON APRIL 30, 2021

This Resolution No. 456, concerning the adoption of a Tentative Budget, is hereby adopted by the Board of Commissioners, South Broward Hospital District, on September 16, 2020, after the adoption of preceding Resolution No. 455 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 **\$2,399,424,000** and include tax revenues of **\$7,672,000** and other non-ad valorem operating revenues of **\$2,391,752,000**. The budget is based upon a taxable value of real property of \$62,245,467,100, personal property of \$2,808,936,150, and centrally assessed property of \$17,338,396.

Section 2. The Tentative Budget is approved and shall become effective at the beginning of the 2019 - 2020 Fiscal Year, and the taxing authority funds may be expended commencing as of May 1, 2020, and ending on April 30, 2021.

Section 3. Funds of the 2020 - 2021 Tentative Budget not expended during the current Fiscal Year 2020 - 2021 may be used and expended during subsequent Fiscal Years.

PASSED and ADOPTED on this 16th day of September 2020.

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Douglas A. Harrison, Chairman

Attest:

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Elizabeth Justen, Secretary

(Seal)