



QUARTERLY FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED
July 31, 2018

Memorial Healthcare System Disclosure Representative:
David M. Smith
Senior Vice President and Chief Financial Officer
3111 Stirling Road
Fort Lauderdale, Florida 33312
(954) 265-5696
DSmith@mhs.net

Important Information

In accordance with undertakings of the South Broward Hospital District (the “Issuer”), regarding secondary market disclosure made pursuant to SEC Rule 15c2-12(b)(5)(i), by various continuing disclosure certificates, attached is the quarterly financial information (hereinafter collectively called the “Fiscal Quarter Information”) and operating data for the Fiscal quarter ended July 31, 2018. All of the information provided herein is unaudited.

The provision of this information is not intended as an offer to sell any security. It is being provided solely to comply with the contractual undertakings made by the Issuer with respect to certain outstanding obligations of the Issuer, which contractual undertaking require the provision of limited financial information and operating data with respect to the Issuer. It is not intended to be and is not an update of all of the information included in the Issuer’s prior Official Statements. Other events may have occurred since the date of the Issuer’s prior Official Statements which might be material to investors in the Issuer’s bonds including, without limitation, changes in regulation of the health care industry and certain other risk factors. No representation is made as to whether any such other events have occurred with respect to the Issuer or its outstanding debt that might be material or important to owners of the Issuer’s outstanding debt. No representation is made as to the materiality or completeness of the quarterly information contained herein and no representation is made that such information is indicative of financial or operating results of the Issuer since the end of the last fiscal year or of future financial or operating results.

In connection with the sale of each bond issue, the Issuer delivered Official Statements. Capitalized terms used herein shall have the meanings ascribed to such terms in the applicable Official Statement.

This report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and any expression of opinion contained herein are subject to change without notice, and the delivery of this report will not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or other matters described.

This report may contain additional information that is not required to be provided under the terms of the continuing disclosure undertakings entered into by the Issuer. Any such additional information is provided on a voluntary basis and may be excluded from future reports without notice.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Combined Balance Sheets
(In Thousands)**

	July 31,	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 313,940	\$ 285,209
Investments	1,585,988	1,545,420
Designated investments for capital improvements	-	626
Designated investments for employee disability	18,347	18,367
Patient accounts receivable, net of estimated uncollectibles	227,562	234,229
Ad valorem taxes receivable	8,137	8,101
Inventories	37,824	33,928
Other current assets	53,788	55,177
Total current assets	2,245,586	2,181,057
Non Current Assets		
Investments under self-insurance trust agreements	47,337	47,801
Restricted assets, net of current portion:		
Under indenture agreement	162,583	167,828
Under indenture - project funds	-	35,425
Total restricted assets	162,583	203,253
Capital assets, net	857,833	801,598
Other assets	39,472	33,288
Total assets	3,352,811	3,266,997
Unrealized pension contributions	38,457	37,579
Unrealized pension losses	28,593	39,925
Changes in pension assumptions	16,305	20,653
Changes in pension experience	786	-
Loss on defeasance, net	22,078	23,352
Total deferred outflows	106,219	121,509
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	71,172	66,677
Accrued compensation and payroll taxes	139,051	127,150
Estimated third-party payor settlements	43,288	37,237
Current installments of long-term debt	161,170	11,060
Current portion of capital lease obligations	457	1,596
Current portion of estimated claims liability	18,744	16,464
Other current liabilities	33,185	32,192
Total current liabilities	467,067	292,376
Long-term portion of estimated claims liability	26,981	23,032
Net pension liability	185,046	198,824
Other noncurrent liabilities	46,298	48,446
Long-term portion of capital lease obligations	-	270
Long-term debt	591,144	754,062
Total liabilities	1,316,536	1,317,010
Changes in pension experience	1,677	2,124
Other deferred inflows	21,563	17,629
Total deferred inflows	23,240	19,752
Net position:		
Invested in capital assets	288,547	218,582
Restricted:		
For debt service	12,583	53,254
Unrestricted	1,818,124	1,779,908
Total net position	\$ 2,119,254	\$ 2,051,744

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Revenue and Expenses and Changes in Net Position
(In Thousands)**

	First Quarter ended July 31,	
	2018	2017
Revenue:		
Net patient service revenue	\$486,510	\$474,536
Disproportionate share distributions	9,905	6,263
Other revenue	27,700	23,263
Total revenue	<u>524,115</u>	<u>504,062</u>
Expenses:		
Salaries and wages	242,106	231,084
Employee benefits	45,090	43,945
Professional fees	11,672	11,106
Supplies	102,348	93,486
Purchased services	29,884	28,377
Facilities	19,881	19,020
Depreciation and amortization	22,309	21,917
Other	20,616	24,899
Total expenses	<u>493,906</u>	<u>473,834</u>
Income (loss) from operations	30,209	30,228
Nonoperating gains (losses), net *	<u>7,522</u>	<u>4,064</u>
Income before capital contributions and grants	37,731	34,292
Capital contributions and grants	20	586
Increase in net position	<u>37,751</u>	<u>34,878</u>
Net position at the beginning of the period	<u>2,081,503</u>	<u>2,016,866</u>
Net position at the end of the period	<u><u>\$2,119,254</u></u>	<u><u>\$2,051,744</u></u>
Net Margin	<u>7.20%</u>	<u>6.80%</u>
* Includes interest expense as follows:	<u><u>(\$7,808)</u></u>	<u><u>(\$7,795)</u></u>

**South Broward Hospital District
d/b/a Memorial Healthcare System
Hospital and Physician Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2018
(In Thousands)**

	Memorial Regional Hospital	Memorial Regional Hospital South	Joe DiMaggio Children's Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Physician Group	Total Hospitals and Physician Group
Revenue:								
Net patient service revenue	\$158,679	\$21,844	\$62,813	\$138,069	\$33,558	\$48,881	\$17,599	\$481,443
Disproportionate share distributions	4,845	706	204	1,952	1,555	592	-	9,854
Other revenue	2,470	311	313	779	162	258	930	5,223
Total revenue	165,994	22,861	63,330	140,800	35,275	49,731	18,529	496,520
Expenses:								
Salaries and wages	66,907	11,093	21,543	44,426	14,799	16,788	29,441	204,997
Employee benefits	13,042	2,287	4,191	8,953	2,882	3,437	2,999	37,791
Professional fees	3,549	340	776	2,696	975	914	8	9,258
Supplies	37,988	3,270	9,370	25,961	5,018	5,588	582	87,777
Purchased services	3,431	(337)	1,111	6,181	2,199	1,801	474	14,860
Facilities	5,352	1,011	1,673	2,722	2,246	1,528	1,756	16,288
Depreciation and amortization	5,795	1,338	2,531	4,148	963	1,657	863	17,295
Other	4,372	597	1,446	3,148	1,029	1,232	849	12,673
Intrasystem allocation	20,749	2,751	6,166	16,935	4,997	5,410	573	57,581
Total expenses	161,185	22,350	48,807	115,170	35,108	38,355	37,545	458,520
Income (loss) from operations	4,809	511	14,523	25,630	167	11,376	(19,016)	38,000
Nonoperating gains (losses), net	(1,967)	(191)	(861)	(1,021)	(99)	(459)	(20)	(4,618)
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$2,842	\$320	\$13,662	\$24,609	\$68	\$10,917	(\$19,036)	\$33,382

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2018
(In Thousands)**

	Memorial Manor Nursing Home	Memorial Home Health	So Brow Community Health Svcs	Outpatient Pharmacy Services	Urgent Care Centers	Memorial Corporate Services*	Total Hospitals and Physician Group	Memorial Healthcare System
Revenue:								
Net patient service revenue	\$2,461	\$1,520	\$644	\$198	\$237	\$7	\$481,443	\$486,510
Disproportionate share distributions	-	-	-	-	-	51	9,854	9,905
Other revenue	12	-	2,314	11,056	-	9,095	5,223	27,700
Total revenue	<u>2,473</u>	<u>1,520</u>	<u>2,958</u>	<u>11,254</u>	<u>237</u>	<u>9,153</u>	<u>496,520</u>	<u>524,115</u>
Expenses:								
Salaries and wages	2,374	1,342	2,670	1,659	263	28,801	204,997	242,106
Employee benefits	534	251	510	260	29	5,715	37,791	45,090
Professional fees	37	-	450	100	5	1,822	9,258	11,672
Supplies	456	57	103	12,112	7	1,836	87,777	102,348
Purchased services	305	47	1,009	273	9	13,381	14,860	29,884
Facilities	82	27	332	60	34	3,058	16,288	19,881
Depreciation and amortization	95	7	6	5	26	4,875	17,295	22,309
Other	116	86	68	42	5	7,626	12,673	20,616
Intrasystem allocation	131	53	159	123	14	(58,061)	57,581	-
Total expenses	<u>4,130</u>	<u>1,870</u>	<u>5,307</u>	<u>14,634</u>	<u>392</u>	<u>9,053</u>	<u>458,520</u>	<u>493,906</u>
Income (loss) from operations	(1,657)	(350)	(2,349)	(3,380)	(155)	100	38,000	30,209
Nonoperating gains (losses), net	-	-	-	(1)	1	12,140	(4,618)	7,522
Excess (deficiency) of revenues and net nonoperating gains over expenses	<u>(\$1,657)</u>	<u>(\$350)</u>	<u>(\$2,349)</u>	<u>(\$3,381)</u>	<u>(\$154)</u>	<u>\$12,240</u>	<u>\$33,382</u>	<u>\$37,731</u>

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Graduate Medical Education, and Eliminations
Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**South Broward Hospital District
d/b/a Memorial Healthcare System
Hospital and Physician Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2017
(In Thousands)**

	Memorial Regional Hospital	Memorial Regional Hospital South	Joe DiMaggio Children's Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Physician Group	Total Hospitals and Physician Group
Revenue:								
Net patient service revenue	\$155,170	\$22,297	\$64,456	\$128,644	\$35,154	\$48,070	\$15,902	\$469,693
Disproportionate share distributions	4,492	575	(70)	1,180	362	(342)	-	6,197
Other revenue	2,124	329	340	738	191	242	817	4,781
Total revenue	161,786	23,201	64,726	130,562	35,707	47,970	16,719	480,671
Expenses:								
Salaries and wages	65,232	10,962	21,185	42,069	15,547	16,331	26,449	197,775
Employee benefits	13,238	1,996	4,471	8,564	3,069	3,391	2,388	37,117
Professional fees	3,315	251	690	1,851	892	848	16	7,863
Supplies	37,168	3,239	9,220	23,005	6,005	5,510	519	84,666
Purchased services	3,600	(127)	1,176	4,051	2,204	1,676	444	13,024
Facilities	5,035	1,073	1,636	2,558	2,288	1,398	1,627	15,615
Depreciation and amortization	5,554	1,345	2,536	3,407	1,013	1,695	717	16,267
Other	5,499	691	1,796	3,289	996	1,173	760	14,204
Intrasystem allocation	20,650	2,804	6,111	15,518	4,905	5,446	522	55,956
Total expenses	159,291	22,234	48,821	104,312	36,919	37,468	33,442	442,487
Income (loss) from operations	2,495	967	15,905	26,250	(1,212)	10,502	(16,723)	38,184
Nonoperating gains (losses), net	(1,795)	(196)	(892)	(1,031)	(101)	(490)	(21)	(4,526)
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$700	\$771	\$15,013	\$25,219	(\$1,313)	\$10,012	(\$16,744)	\$33,658

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2017
(In Thousands)**

	Memorial Manor Nursing Home	Memorial Home Health	So Brow Community Health Svcs	Outpatient Pharmacy Services	Urgent Care Centers	Memorial Corporate Services*	Total Hospitals and Physician Group	Memorial Healthcare System
Revenue:								
Net patient service revenue	\$2,684	\$1,548	\$451	\$158	-	\$2	\$469,693	\$474,536
Disproportionate share distributions	-	-	-	-	-	66	6,197	6,263
Other revenue	9	-	2,353	4,830	-	11,290	4,781	23,263
Total revenue	2,693	1,548	2,804	4,988	-	11,358	480,671	504,062
Expenses:								
Salaries and wages	2,256	1,207	2,524	1,071	32	26,219	197,775	231,084
Employee benefits	509	239	467	110	28	5,475	37,117	43,945
Professional fees	20	-	536	342	-	2,345	7,863	11,106
Supplies	436	31	136	7,087	-	1,130	84,666	93,486
Purchased services	289	57	992	140	-	13,875	13,024	28,377
Facilities	90	27	316	36	-	2,936	15,615	19,020
Depreciation and amortization	89	7	8	-	-	5,546	16,267	21,917
Other	73	77	97	40	2	10,406	14,204	24,899
Intrasystem allocation	133	54	164	71	7	(56,385)	55,956	-
Total expenses	3,895	1,699	5,240	8,897	69	11,547	442,487	473,834
Income (loss) from operations	(1,202)	(151)	(2,436)	(3,909)	(69)	(189)	38,184	30,228
Nonoperating gains (losses), net	(1)	-	(1)	-	-	8,592	(4,526)	4,064
Excess (deficiency) of revenues and net nonoperating gains over expenses	(\$1,203)	(\$151)	(\$2,437)	(\$3,909)	(\$69)	\$8,403	\$33,658	\$34,292

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Graduate Medical Education, and Eliminations
Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.