



QUARTERLY FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED

July 31, 2019

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 d/b/a Memorial Healthcare System (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, 2019. All of the information provided herein is unaudited.

The provision of this information is not intended as an offer to sell any securities. It is provided solely to comply with the contractual undertakings made by the Issuer with respect to certain outstanding obligations of the Issuer, which contractual undertakings 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 healthcare 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 Fiscal Quarter Information. No representation is made that the Fiscal Quarter 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,	
	2019	2018
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 521,726	\$ 313,940
Investments	1,589,011	1,585,988
Patient accounts receivable, net of estimated uncollectibles	253,019	227,562
Ad valorem taxes receivable	7,299	8,137
Inventories	39,794	37,824
Other current assets	67,282	53,788
Restricted assets:		
Under indenture agreements for debt service	9,603	9,674
Total current assets	2,487,734	2,236,913
Noncurrent assets:		
Designated investments for employee disability	18,860	18,347
Investments restricted under self-insurance trust agreements	44,768	47,337
Restricted assets, net of current portion:		
Under indenture agreements for debt service	-	152,909
Capital assets, net	900,957	857,833
Other assets	44,877	39,472
Total assets	3,497,196	3,352,811
Deferred outflows of resources:		
Deferred outflows – pension related items	67,100	84,141
Loss on defeasance, net	20,804	22,078
Total deferred outflows of resources	87,904	106,219
Total assets and deferred outflows of resources	\$ 3,585,100	\$ 3,459,030
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	68,278	71,172
Accrued compensation and payroll taxes	147,356	139,051
Estimated third-party payor settlements	55,982	43,288
Current installments of long-term debt	11,665	161,170
Current portion of estimated claims liability	18,189	18,744
Other current liabilities	34,838	33,642
Total current liabilities	336,308	467,067
Long-term portion of estimated claims liability	27,529	26,981
Net pension liability	137,276	185,046
Other noncurrent liabilities	46,338	46,298
Long-term debt	678,222	591,144
Total liabilities	1,225,673	1,316,536
Deferred inflows – pension related items	54,065	23,240
Total deferred inflows of resources	54,065	23,240
Net position:		
Net investment in capital assets	392,490	287,761
Restricted for debt service	9,603	12,583
Unrestricted	1,903,269	1,818,910
Total net position	2,305,362	2,119,254
Total liabilities, deferred inflows of resources and net position	\$ 3,585,100	\$ 3,459,030

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**

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

	First Quarter ended July 31,	
	2019	2018
Operating revenue:		
Net patient service revenue	\$ 505,651	\$ 486,510
Disproportionate share distributions	13,945	9,905
Other operating revenues	33,713	27,700
Total operating revenue	<u>553,309</u>	<u>524,115</u>
Operating expenses:		
Salaries and wages	257,656	242,106
Employee benefits	43,239	45,090
Professional fees	11,807	11,672
Supplies	107,480	102,348
Purchased services	34,245	29,884
Facilities	19,007	19,881
Depreciation and amortization	22,820	22,309
Other	24,391	20,616
Total operating expenses	<u>520,645</u>	<u>493,906</u>
Income (loss) from operations	32,664	30,209
Nonoperating revenues (expenses), net *	<u>25,548</u>	<u>7,522</u>
Income (loss) before capital contributions and grants	58,212	37,731
Capital contributions and grants	100	20
Increase (decrease) in net position	<u>58,312</u>	<u>37,751</u>
Net position at the beginning of the period	2,247,050	2,081,503
Net position at the end of the period	<u>\$ 2,305,362</u>	<u>\$ 2,119,254</u>
Net Margin	<u>10.5%</u>	<u>7.2%</u>
* Includes interest expense as follows:	<u>\$ 6,433</u>	<u>\$ 7,808</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, 2019
(In Thousands)**

	Memorial Regional Hospital	Memorial Regional Hospital South	Joe DiMaggio Children's Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Primary Care	Total Hospitals and Primary Care
Operating revenue:								
Net patient service revenue	\$164,065	\$22,538	\$67,251	\$147,271	\$34,098	\$47,602	\$862	\$483,687
Disproportionate share distributions	7,226	956	258	2,849	1,847	809	-	13,945
Other operating revenues	2,723	312	564	869	298	234	2,046	7,046
Total operating revenue	<u>174,014</u>	<u>23,806</u>	<u>68,073</u>	<u>150,989</u>	<u>36,243</u>	<u>48,645</u>	<u>2,908</u>	<u>504,678</u>
Operating expenses:								
Salaries and wages	70,990	11,562	23,113	47,521	15,048	17,062	2,859	188,155
Employee benefits	12,004	2,103	3,987	8,349	2,470	3,113	565	32,591
Professional fees	2,774	305	789	3,487	999	945	336	9,635
Supplies	39,907	3,638	9,717	26,714	5,080	5,790	185	91,031
Purchased services	3,890	(404)	1,706	6,826	2,517	2,659	944	18,138
Facilities	4,535	1,086	1,616	3,242	2,303	1,569	393	14,744
Depreciation and amortization	5,375	1,192	2,416	4,719	816	1,719	5	16,242
Other	5,019	702	1,715	3,485	1,032	1,219	76	13,248
Intrasystem allocation	22,498	3,143	6,753	18,770	4,993	5,759	188	62,104
Total operating expenses	<u>166,992</u>	<u>23,327</u>	<u>51,812</u>	<u>123,113</u>	<u>35,258</u>	<u>39,835</u>	<u>5,551</u>	<u>445,888</u>
Income (loss) from operations	7,022	479	16,261	27,876	985	8,810	(2,643)	58,790
Nonoperating revenues (expenses), net	(2,193)	(161)	(452)	(2,261)	(93)	(450)	-	(5,610)
Income (loss) before capital contributions and grants	<u>\$4,829</u>	<u>\$318</u>	<u>\$15,809</u>	<u>\$25,615</u>	<u>\$892</u>	<u>\$8,360</u>	<u>(\$2,643)</u>	<u>\$53,180</u>

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, 2019
(In Thousands)**

	Memorial Manor Nursing Home	Memorial Home Health	Memorial Physician Group	Outpatient Pharmacy Services	Urgent Care Centers	Memorial Corporate Services*	Total Hospitals and Primary Care	Memorial Healthcare System
Operating revenue:								
Net patient service revenue	\$2,533	\$1,215	\$17,317	\$406	\$456	\$37	\$483,687	\$505,651
Disproportionate share distributions	-	-	-	-	-	-	13,945	13,945
Other operating revenues	38	-	865	14,351	-	11,413	7,046	33,713
Total operating revenue	<u>2,571</u>	<u>1,215</u>	<u>18,182</u>	<u>14,757</u>	<u>456</u>	<u>11,450</u>	<u>504,678</u>	<u>553,309</u>
Operating expenses:								
Salaries and wages	2,411	1,256	31,686	1,985	503	31,660	188,155	257,656
Employee benefits	480	237	2,952	279	56	6,644	32,591	43,239
Professional fees	15	-	5	-	8	2,144	9,635	11,807
Supplies	441	43	511	13,565	23	1,866	91,031	107,480
Purchased services	266	70	472	328	27	14,944	18,138	34,245
Facilities	114	35	2,092	218	64	1,740	14,744	19,007
Depreciation and amortization	85	3	999	169	71	5,251	16,242	22,820
Other	71	95	850	47	9	10,071	13,248	24,391
Intrasystem allocation	151	65	631	194	25	(63,170)	62,104	-
Total operating expenses	<u>4,034</u>	<u>1,804</u>	<u>40,198</u>	<u>16,785</u>	<u>786</u>	<u>11,150</u>	<u>445,888</u>	<u>520,645</u>
Income (loss) from operations	(1,463)	(589)	(22,016)	(2,028)	(330)	300	58,790	32,664
Nonoperating revenues (expenses), net	(1)	-	(26)	-	(1)	31,186	(5,610)	25,548
Income (loss) before capital contributions and grants	<u>(\$1,464)</u>	<u>(\$589)</u>	<u>(\$22,042)</u>	<u>(\$2,028)</u>	<u>(\$331)</u>	<u>\$31,486</u>	<u>\$53,180</u>	<u>\$58,212</u>

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network and Eliminations
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**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 Primary Care	Total Hospitals and Primary Care
Operating revenue:								
Net patient service revenue	\$158,679	\$21,844	\$62,813	\$138,069	\$33,558	\$48,881	\$644	\$464,488
Disproportionate share distributions	4,845	706	204	1,952	1,555	592	-	9,854
Other operating revenues	2,470	311	313	779	162	258	2,314	6,607
Total operating revenue	165,994	22,861	63,330	140,800	35,275	49,731	2,958	480,949
Operating expenses:								
Salaries and wages	66,907	11,093	21,543	44,426	14,799	16,788	2,670	178,226
Employee benefits	13,042	2,287	4,191	8,953	2,882	3,437	510	35,302
Professional fees	3,549	340	776	2,696	975	914	450	9,700
Supplies	37,988	3,270	9,370	25,961	5,018	5,588	103	87,298
Purchased services	3,431	(337)	1,111	6,181	2,199	1,801	1,009	15,395
Facilities	5,352	1,011	1,673	2,722	2,246	1,528	332	14,864
Depreciation and amortization	5,795	1,338	2,531	4,148	963	1,657	6	16,438
Other	4,372	597	1,446	3,148	1,029	1,232	68	11,892
Intrasystem allocation	20,749	2,751	6,166	16,935	4,997	5,410	159	57,167
Total operating expenses	161,185	22,350	48,807	115,170	35,108	38,355	5,307	426,282
Income (loss) from operations	4,809	511	14,523	25,630	167	11,376	(2,349)	54,667
Nonoperating revenues (expenses), net	(1,967)	(191)	(861)	(1,021)	(99)	(459)	-	(4,598)
Income (loss) before capital contributions and grants	\$2,842	\$320	\$13,662	\$24,609	\$68	\$10,917	(\$2,349)	\$50,069

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**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	Memorial Physician Group	Outpatient Pharmacy Services	Urgent Care Centers	Memorial Corporate Services*	Total Hospitals and Primary Care	Memorial Healthcare System
Operating revenue:								
Net patient service revenue	\$2,461	\$1,520	\$17,599	\$198	\$237	\$7	\$464,488	\$486,510
Disproportionate share distributions	-	-	-	-	-	51	9,854	9,905
Other operating revenues	12	-	930	11,056	-	9,095	6,607	27,700
Total operating revenue	2,473	1,520	18,529	11,254	237	9,153	480,949	524,115
Operating expenses:								
Salaries and wages	2,374	1,342	29,441	1,659	263	28,801	178,226	242,106
Employee benefits	534	251	2,999	260	29	5,715	35,302	45,090
Professional fees	37	-	8	100	5	1,822	9,700	11,672
Supplies	456	57	582	12,112	7	1,836	87,298	102,348
Purchased services	305	47	474	273	9	13,381	15,395	29,884
Facilities	82	27	1,756	60	34	3,058	14,864	19,881
Depreciation and amortization	95	7	863	5	26	4,875	16,438	22,309
Other	116	86	849	42	5	7,626	11,892	20,616
Intrasystem allocation	131	53	573	123	14	(58,061)	57,167	-
Total operating expenses	4,130	1,870	37,545	14,634	392	9,053	426,282	493,906
Income (loss) from operations	(1,657)	(350)	(19,016)	(3,380)	(155)	100	54,667	30,209
Nonoperating revenues (expenses), net	-	-	(20)	(1)	1	12,140	(4,598)	7,522
Income (loss) before capital contributions and grants	(\$1,657)	(\$350)	(\$19,036)	(\$3,381)	(\$154)	\$12,240	\$50,069	\$37,731

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network and Eliminations
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