



**QUARTERLY FINANCIAL INFORMATION**  
**FOR THE FIRST QUARTER ENDED**  
**July 31, 2017**

Memorial Healthcare System Disclosure Representative:  
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## **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, 2017. 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**

	July 31,	
	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 285,209,000	\$ 468,225,000
Investments	1,545,420,000	1,292,644,000
Designated investments for capital improvements	626,000	2,123,000
Designated investments for employee disability	18,367,000	18,491,000
Patient accounts receivable, net of estimated uncollectibles	234,229,000	247,111,000
Ad valorem taxes receivable	8,101,000	8,190,000
Inventories	33,928,000	32,062,000
Other current assets	55,177,000	44,517,000
Total current assets	2,181,057,000	2,113,363,000
Assets whose use is limited:		
Under self-insurance trust agreements	47,801,000	48,068,000
Restricted assets, net of current portion:		
Under indenture agreement	167,828,000	9,233,000
Under indenture - project funds	35,425,000	44,237,000
Total restricted assets	203,253,000	53,470,000
Capital assets, net	801,598,000	728,450,000
Other assets	33,288,000	23,644,000
Total assets	3,266,997,000	2,966,995,000
Unrealized pension contributions	37,579,000	37,718,000
Unrealized pension losses	39,925,000	51,258,000
Deferred outflows - changes in assumptions	20,653,000	24,649,000
Loss on defeasance, net	23,352,000	25,502,000
Total deferred outflows	121,509,000	139,127,000
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	66,677,000	61,265,000
Accrued compensation and payroll taxes	127,150,000	115,059,000
Estimated third-party payor settlements	37,237,000	34,717,000
Current installments of long-term debt	11,060,000	10,770,000
Current portion of capital lease obligations	1,596,000	2,396,000
Current portion of estimated claims liability	16,464,000	16,938,000
Other current liabilities	32,192,000	30,580,000
Total current liabilities	292,376,000	271,725,000
Long-term portion of estimated claims liability	23,032,000	25,537,000
Net pension liability	198,824,000	225,214,000
Other noncurrent liabilities	48,446,000	48,551,000
Long-term portion of capital lease obligations	270,000	1,711,000
Long-term debt	754,062,000	608,675,000
Total liabilities	1,317,010,000	1,181,413,000
Deferred inflows - changes in experience	2,124,000	1,506,000
Other deferred inflows	17,629,000	-
Total deferred inflows	19,752,000	1,506,000
Net position:		
Invested in capital assets, net of related debt	218,582,000	130,400,000
Restricted:		
For debt service	53,254,000	53,470,000
Unrestricted	1,779,908,000	1,739,333,000
Total net position	\$ 2,051,744,000	\$ 1,923,203,000

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

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

	First Quarter ended July 31,	
	2017	2016
Revenue:		
Net patient service revenue	\$474,536,000	\$458,555,000
Disproportionate Share Distributions	6,263,000	8,126,000
Other revenue	23,263,000	11,117,000
Total revenue	<u>504,062,000</u>	<u>477,798,000</u>
Expenses:		
Salaries and wages	231,084,000	219,992,000
Employee benefits	43,945,000	45,193,000
Professional fees	11,106,000	9,438,000
Supplies	93,486,000	80,968,000
Purchased services	28,377,000	28,317,000
Facilities	19,020,000	17,098,000
Depreciation and amortization	21,917,000	23,962,000
Other	24,899,000	17,232,000
Total expenses	<u>473,834,000</u>	<u>442,200,000</u>
Income (loss) from operations	30,228,000	35,598,000
Nonoperating gains (losses), net *	<u>4,064,000</u>	<u>4,241,000</u>
Income before capital contributions and grants	34,292,000	39,839,000
Capital contributions and grants	586,000	635,000
Increase in net position	<u>34,878,000</u>	<u>40,474,000</u>
Net position at the beginning of the period	2,016,866,000	1,882,729,000
Net position at the end of the period	<u><u>\$2,051,744,000</u></u>	<u><u>\$1,923,203,000</u></u>
Net Margin	<u>6.8%</u>	<u>8.3%</u>

* Includes interest expense as follows:	<u><u>(\$7,795,000)</u></u>	<u><u>(\$8,806,000)</u></u>
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**South Broward Hospital District  
d/b/a Memorial Healthcare System**

**Combining Statement of Revenue and Expenses  
Quarter ended July 31, 2017**

	<b>Memorial Regional Hospital</b>	<b>Joe DiMaggio Children's Hospital</b>	<b>Memorial Hospital West</b>	<b>Memorial Hospital Pembroke</b>	<b>Memorial Hospital Miramar</b>	<b>Memorial Manor Nursing Home</b>	<b>Memorial Home Health</b>	<b>So Brow Community Health Svcs</b>	<b>Memorial Physician Group</b>	<b>Memorial Corporate Services*</b>	<b>Memorial Healthcare System</b>
<b>Revenue:</b>											
Net patient service revenue	\$177,467,000	\$64,456,000	\$128,644,000	\$35,154,000	\$48,070,000	\$2,684,000	\$1,548,000	\$451,000	\$15,902,000	\$160,000	\$474,536,000
Disproportionate share distributions	5,067,000	(70,000)	1,180,000	362,000	(342,000)	-	-	-	-	66,000	6,263,000
Other revenue	2,453,000	340,000	738,000	191,000	242,000	9,000	-	2,353,000	817,000	16,120,000	23,263,000
<b>Total revenue</b>	<b>184,987,000</b>	<b>64,726,000</b>	<b>130,562,000</b>	<b>35,707,000</b>	<b>47,970,000</b>	<b>2,693,000</b>	<b>1,548,000</b>	<b>2,804,000</b>	<b>16,719,000</b>	<b>16,346,000</b>	<b>504,062,000</b>
<b>Expenses:</b>											
Salaries and wages	76,194,000	21,185,000	42,069,000	15,547,000	16,331,000	2,256,000	1,207,000	2,524,000	26,449,000	27,322,000	231,084,000
Employee benefits	15,234,000	4,471,000	8,564,000	3,069,000	3,391,000	509,000	239,000	467,000	2,388,000	5,613,000	43,945,000
Professional fees	3,566,000	690,000	1,851,000	892,000	848,000	20,000	-	536,000	16,000	2,687,000	11,106,000
Supplies	40,407,000	9,220,000	23,005,000	6,005,000	5,510,000	436,000	31,000	136,000	519,000	8,217,000	93,486,000
Purchased services	3,473,000	1,176,000	4,051,000	2,204,000	1,676,000	289,000	57,000	992,000	444,000	14,015,000	28,377,000
Facilities	6,108,000	1,636,000	2,558,000	2,288,000	1,398,000	90,000	27,000	316,000	1,627,000	2,972,000	19,020,000
Depreciation and amortization	6,899,000	2,536,000	3,407,000	1,013,000	1,695,000	89,000	7,000	8,000	717,000	5,546,000	21,917,000
Other	6,190,000	1,796,000	3,289,000	996,000	1,173,000	73,000	77,000	97,000	760,000	10,448,000	24,899,000
Intrasystem allocation	23,454,000	6,111,000	15,518,000	4,905,000	5,446,000	133,000	54,000	164,000	522,000	(56,307,000)	-
<b>Total expenses</b>	<b>181,525,000</b>	<b>48,821,000</b>	<b>104,312,000</b>	<b>36,919,000</b>	<b>37,468,000</b>	<b>3,895,000</b>	<b>1,699,000</b>	<b>5,240,000</b>	<b>33,442,000</b>	<b>20,513,000</b>	<b>473,834,000</b>
Income (loss) from operations	3,462,000	15,905,000	26,250,000	(1,212,000)	10,502,000	(1,202,000)	(151,000)	(2,436,000)	(16,723,000)	(4,167,000)	30,228,000
Nonoperating gains (losses), net	(1,991,000)	(892,000)	(1,031,000)	(101,000)	(490,000)	(1,000)	-	(1,000)	(21,000)	8,592,000	4,064,000
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$1,471,000	\$15,013,000	\$25,219,000	(\$1,313,000)	\$10,012,000	(\$1,203,000)	(\$151,000)	(\$2,437,000)	(\$16,744,000)	\$4,425,000	\$34,292,000

\* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Graduate Medical Education, Outpatient Pharmacy Services, Urgent Care Centers, and Eliminations

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

**Combining Statement of Revenue and Expenses  
Quarter ended July 31, 2016**

	<b>Memorial Regional Hospital</b>	<b>Joe DiMaggio Children's Hospital</b>	<b>Memorial Hospital West</b>	<b>Memorial Hospital Pembroke</b>	<b>Memorial Hospital Miramar</b>	<b>Memorial Manor Nursing Home</b>	<b>Memorial Home Health</b>	<b>So Brow Community Health Svcs</b>	<b>Memorial Physician Group</b>	<b>Memorial Corporate Services*</b>	<b>Memorial Healthcare System</b>
<b>Revenue:</b>											
Net patient service revenue	\$180,117,000	\$62,253,000	\$124,349,000	\$30,124,000	\$42,518,000	\$2,531,000	\$1,595,000	\$680,000	\$14,388,000	-	\$458,555,000
Disproportionate share distributions	3,644,000	2,556,000	927,000	287,000	353,000	-	-	-	-	359,000	8,126,000
Other revenue	3,795,000	282,000	729,000	143,000	228,000	11,000	-	1,951,000	793,000	3,185,000	11,117,000
<b>Total revenue</b>	<b>187,556,000</b>	<b>65,091,000</b>	<b>126,005,000</b>	<b>30,554,000</b>	<b>43,099,000</b>	<b>2,542,000</b>	<b>1,595,000</b>	<b>2,631,000</b>	<b>15,181,000</b>	<b>3,544,000</b>	<b>477,798,000</b>
<b>Expenses:</b>											
Salaries and wages	75,140,000	20,305,000	40,570,000	14,559,000	15,878,000	2,208,000	1,229,000	2,623,000	22,855,000	24,625,000	219,992,000
Employee benefits	15,785,000	4,334,000	8,462,000	3,133,000	3,350,000	534,000	265,000	482,000	2,366,000	6,482,000	45,193,000
Professional fees	3,208,000	798,000	1,846,000	715,000	651,000	30,000	-	748,000	(48,000)	1,490,000	9,438,000
Supplies	39,721,000	8,808,000	19,680,000	4,429,000	4,995,000	432,000	148,000	1,165,000	409,000	1,181,000	80,968,000
Purchased services	4,729,000	1,041,000	3,969,000	2,181,000	1,617,000	312,000	161,000	1,308,000	535,000	12,464,000	28,317,000
Facilities	5,564,000	1,342,000	2,240,000	2,113,000	1,344,000	83,000	56,000	306,000	1,342,000	2,708,000	17,098,000
Depreciation and amortization	6,660,000	3,096,000	3,436,000	1,066,000	1,620,000	79,000	5,000	10,000	511,000	7,479,000	23,962,000
Other	5,881,000	1,843,000	3,124,000	835,000	1,121,000	67,000	82,000	123,000	819,000	3,337,000	17,232,000
Intrasystem allocation	22,360,000	6,906,000	15,946,000	4,769,000	5,245,000	181,000	62,000	204,000	649,000	(56,322,000)	-
<b>Total expenses</b>	<b>179,048,000</b>	<b>48,473,000</b>	<b>99,273,000</b>	<b>33,800,000</b>	<b>35,821,000</b>	<b>3,926,000</b>	<b>2,008,000</b>	<b>6,969,000</b>	<b>29,438,000</b>	<b>3,444,000</b>	<b>442,200,000</b>
Income (loss) from operations	8,508,000	16,618,000	26,732,000	(3,246,000)	7,278,000	(1,384,000)	(413,000)	(4,338,000)	(14,257,000)	100,000	35,598,000
Nonoperating gains (losses), net	(2,712,000)	(876,000)	(1,622,000)	(128,000)	(789,000)	(1,000)	-	1,000	(33,000)	10,401,000	4,241,000
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$5,796,000	\$15,742,000	\$25,110,000	(\$3,374,000)	\$6,489,000	(\$1,385,000)	(\$413,000)	(\$4,337,000)	(\$14,290,000)	\$10,501,000	\$39,839,000

\* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Graduate Medical Education, Specialty Pharmacy, Urgent Care Centers, and Eliminations