



ANNUAL REPORT

FOR THE FISCAL YEAR ENDED

April 30, 2023

Memorial Healthcare System Disclosure Representative:

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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 annual financial information (hereinafter collectively called the “Fiscal Year 2023 Annual Information”) and operating data for the Fiscal Year ended April 30, 2023 (“Fiscal Year 2023”). This information also satisfies the requirement for year-to-date financial information and operating data for the fiscal quarter ended April 30, 2023. The information in this Annual Report should be read in connection with the Audited Financial Statements (filed separately) including the Management's Discussion and Analysis, narratives and Notes to the Annual Financial Statements.

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 Year 2023 Annual Information. No representation is made that the Fiscal Year 2023 Annual Information is indicative of financial or operating results of the Issuer since the end of Fiscal Year 2023 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.

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER

Sources of Patient Revenue

The table below lists the approximate percentages of gross charges by category for the fiscal years ended April 30, 2022 and 2023.

<u>Percentage of Gross Charges</u>	<u>April 30, 2022</u>	<u>April 30, 2023</u>
Medicare	14.1%	13.4%
Medicaid	4.1%	3.6%
Managed Care	72.6%	74.5%
Other	9.2%	8.5%
Total	<u>100.0%</u>	<u>100.0%</u>

Levy and Collection of Taxes (\$ in Thousands)

The following table sets forth, for the fiscal years 2022 and 2023 the millage, assessed valuation and gross taxes levied.

	<u>2022</u>	<u>2023</u>
Millage	0.1144	0.1010
Assessed Valuation	\$67,646,385	\$74,571,448
Taxes Levied	\$7,739	\$7,532

Maximum Annual Debt Service (\$ in Thousands)

The Issuer's Maximum Annual Debt Service for the Outstanding Indebtedness for fiscal years ended April 30, 2022 and 2023, was approximately \$51.1 million and \$61.7 million, respectively. The Net Income Available for Debt Service and the Maximum Annual Debt Service on Outstanding Indebtedness is computed below for the years ended April 30, 2022 and 2023, as provided in Section 3.07 of the Master Trust Indenture ("MTI").

	Maximum Annual Debt Service Coverage	
	<u>Fiscal Year Ended April 30</u>	
	<u>2022*</u>	<u>2023</u>
(Deficit) excess of revenues (under) over expenses	(\$16,207)	\$109,837
Average of unrestricted contributions and grants for the prior three fiscal years	11,000	11,158
Unrealized losses (gains) on investments	154,497	(6,478)
Interest expense	35,074	32,553
Depreciation and amortization expense	91,586	111,657
(Gain) loss on disposal of assets	(802)	1,550
Net Income Available for Debt Service	<u>\$275,148</u>	<u>\$260,277</u>
Maximum Annual Debt Service	51,085	61,742
Long-Term Debt Service Coverage Ratio	5.39	4.22
Maximum Annual Debt Service	51,085	61,742
Percentage to adjust pursuant to MTI	110%	110%
Adjusted Maximum Annual Debt Service	56,194	67,916
Adjusted Long-Term Debt Service Coverage Ratio	4.90	3.83

* 2022 amounts do not reflect the adoption of GASB Statement No. 87.

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER (CONTINUED)

Summary of Historical Financial Information (\$ in Thousands)

The following selected financial data as of April 30, 2022 and 2023, and for the years then ended are derived from the audited financial statements of the Issuer. The financial data presented should be read in conjunction with the financial statements and related notes for the respective fiscal year.

	Fiscal Year Ended April 30	
	2022*	2023
Cash, cash equivalents and investments	\$2,551,217	\$2,453,739
Designated investments	19,416	19,597
Patient accounts receivable, net	320,357	340,202
Total current assets	3,132,812	3,090,701
Total assets incl. deferred outflows	\$4,424,116	\$4,561,058
Total current liabilities	563,072	558,216
Long term debt	911,503	896,930
Lease payable, net of current portion	-	59,179
Net position	\$2,749,483	\$2,864,194
LT Debt-to-Capitalization Ratio	25%	24%
Days Cash on Hand	366	330

	Fiscal Year Ended April 30	
	2022*	2023
Total operating revenue	\$2,760,269	\$2,930,676
Total operating expenses	2,649,904	2,844,254
Income from operations	110,365	86,422
Non-operating revenues (expenses), net (including depreciation expense of \$2,088 and \$2,170 in 2023 and 2022, respectively)	(126,572)	23,415
Excess (deficit) of revenues and net non- operating gains over (under) expenses and before capital contributions and grants	(\$16,207)	\$109,837
Capital contributions and grants	10,403	1,408
Net margin	(0.59%)	(3.75%)
Depreciation and amortization	\$89,416	\$109,569
Interest	\$35,074	\$32,553

* 2022 amounts do not reflect the adoption of GASB Statement No. 87.

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER (CONTINUED)

Liquidity (\$ in Thousands)

The following table sets forth the Issuer's liquidity position and days cash on hand as of April 30, 2022 and 2023.

	<u>As of April 30</u>	
	<u>2022*</u>	<u>2023</u>
Cash and cash equivalents	\$239,173	\$162,554
Investments	2,312,044	2,291,185
Designated Investments	19,416	19,597
Total Cash on Hand	\$2,570,633	\$2,473,336
Operating Expenses	2,649,904	2,844,254
Depreciation and amortization	(89,416)	(109,569)
Days Cash on Hand	366	330

Capitalization (\$ in Thousands)

The following table sets forth the Issuer's capitalization as of April 30, 2022 and 2023.

	<u>As of April 30</u>	
	<u>2022*</u>	<u>2023</u>
Long-term debt including Current portion	\$923,363	\$909,320
Lease payable including Current portion	944	74,707
Total Long-term debt and Lease payable	\$924,307	\$984,027
Net Position	2,749,483	2,864,194
Total capitalization	3,673,790	3,848,221
Debt to Capitalization Ratio	25%	26%

* 2022 amounts do not reflect the adoption of GASB Statement No. 87.

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER (CONTINUED)

HISTORICAL UTILIZATION STATISTICS

The table below presents certain historical utilization statistics of the Issuer.

		<u>Fiscal Year Ended April 30</u>	
		<u>2022</u>	<u>2023</u>
Admissions		75,446	77,482
Observation Discharges		<u>32,853</u>	<u>39,920</u>
Total		108,299	117,402
Patient Days	(1)	467,208	483,279
Observation Days		<u>48,879</u>	<u>65,447</u>
Total		516,087	548,726
Average Length of Stay (Days)	(1)	6.19	6.24
Average Daily Census	(2)	1,414	1,503
Percent of Occupancy	(2)	71.5%	74.7%
Licensed Beds	(3)	1,978	2,013
Hospital Outpatient Visits		605,590	614,106
Urgent Care Center (UCC) Visits		30,758	30,677
24/7 Care Center Visits		62,329	56,414
Memorial Primary Care (MPC) Visits		131,423	131,277
Home Health (HH) Visits	(4)	<u>10,331</u>	<u>-</u>
Total Outpatient, 24/7, UCC, MPC and HH Visits		840,431	832,474
Emergency Room Visits		353,966	405,235

(1) *Inpatients only*

(2) *Combined inpatient and observation patients*

(3) *Represents the weighted average number of licensed beds during the period; the increase in licensed beds relates to the Joe DiMaggio Children's Hospital's four-floor expansion*

(4) *The Issuer sold its Home Health business line as of September 1, 2021*