



QUARTERLY FINANCIAL INFORMATION
FOR THE SECOND QUARTER ENDED
October 31, 2018

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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 October 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**

	October 31,	
	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 368,400	\$ 349,386
Investments	1,526,468	1,488,995
Designated investments for capital improvements	-	1,254
Designated investments for employee disability	18,197	18,185
Patient accounts receivable, net of estimated uncollectibles	220,970	235,597
Ad valorem taxes receivable	8,130	7,997
Inventories	37,844	34,171
Other current assets	83,955	62,488
Total current assets	<u>2,263,964</u>	<u>2,198,073</u>
Non Current Assets		
Investments under self-insurance trust agreements	46,364	46,976
Restricted assets, net of current portion:		
Under indenture agreement	173,664	177,768
Under indenture - project funds	-	35,515
Total restricted assets	<u>173,664</u>	<u>213,283</u>
Capital assets, net	882,793	820,753
Other assets	40,903	34,165
Total assets	<u>3,407,688</u>	<u>3,313,250</u>
Unrealized pension contributions	38,572	37,862
Unrealized pension losses	25,760	37,092
Changes in pension assumptions	15,218	19,566
Changes in pension experience	742	-
Loss on defeasance, net	21,760	23,034
Total deferred outflows	<u>102,052</u>	<u>117,554</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	80,231	88,702
Accrued compensation and payroll taxes	141,483	154,203
Estimated third-party payor settlements	40,359	35,313
Current installments of long-term debt	162,170	11,060
Current portion of capital lease obligations	164	1,180
Current portion of estimated claims liability	17,765	16,747
Other current liabilities	44,167	33,630
Total current liabilities	<u>486,339</u>	<u>340,835</u>
Long-term portion of estimated claims liability	27,123	24,168
Net pension liability	182,804	197,454
Other noncurrent liabilities	45,717	48,917
Long-term portion of capital lease obligations	-	192
Long-term debt	590,707	753,628
Total liabilities	<u>1,332,690</u>	<u>1,365,194</u>
Changes in pension experience	1,565	2,012
Other deferred inflows	20,236	16,631
Total deferred inflows	<u>21,801</u>	<u>18,643</u>
Net position:		
Invested in capital assets	312,875	238,350
Restricted:		
For debt service	23,664	63,283
Unrestricted	1,818,710	1,745,334
Total net position	<u>\$ 2,155,249</u>	<u>\$ 2,046,967</u>

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

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

	Second Quarter ended		Six Months ended October	
	2018	2017	2018	2017
Revenue:				
Net patient service revenue	\$494,336	\$460,215	\$980,846	\$934,750
Disproportionate share distributions	13,239	4,152	23,145	10,415
Other revenue	25,927	16,023	53,625	39,286
Total revenue	533,502	480,390	1,057,616	984,451
Expenses:				
Salaries and wages	245,893	236,725	487,999	467,809
Employee benefits	45,853	44,953	90,943	88,899
Professional fees	12,525	11,350	24,197	22,456
Supplies	99,248	96,996	201,596	190,482
Purchased services	29,397	29,527	59,281	57,903
Facilities	20,568	20,330	40,449	39,350
Depreciation and amortization	22,646	22,244	44,956	44,161
Other	18,329	20,289	38,944	45,188
Total expenses	494,459	482,414	988,365	956,248
Income (loss) from operations	39,043	(2,024)	69,251	28,203
Nonoperating gains (losses), net *	(3,177)	(3,237)	4,347	827
Income (loss) before capital contributions and grants	35,866	(5,261)	73,598	29,030
Capital contributions and grants	129	485	149	1,071
Increase (decrease) in net position	35,995	(4,776)	73,747	30,101
Net position at the beginning of the period	2,119,254	2,051,743	2,081,502	2,016,866
Net position at the end of the period	<u>\$2,155,249</u>	<u>\$2,046,967</u>	<u>\$2,155,249</u>	<u>\$2,046,967</u>
Net Margin	6.7%	(1.1%)	7.0%	2.9%
* Includes interest expense as follows:	<u>(\$7,672)</u>	<u>(\$7,953)</u>	<u>(\$15,480)</u>	<u>(\$15,748)</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System
Hospital and Physician Services
Combining Statement of Revenue and Expenses
Quarter ended October 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	\$161,117	\$23,237	\$65,027	\$139,257	\$32,881	\$49,207	\$18,291	\$489,017
Disproportionate share distributions	7,944	1,124	288	2,319	1,765	(454)	-	12,986
Other revenue	2,851	320	190	954	159	237	1,629	6,340
Total revenue	171,912	24,681	65,505	142,530	34,805	48,990	19,920	508,343
Expenses:								
Salaries and wages	67,164	11,422	22,904	44,313	14,589	16,825	30,254	207,471
Employee benefits	12,873	2,378	4,447	9,232	3,005	3,599	2,957	38,491
Professional fees	3,504	322	850	2,806	948	909	12	9,351
Supplies	37,514	3,495	8,981	25,056	5,080	5,611	587	86,324
Purchased services	3,277	(274)	1,408	5,829	2,076	1,744	413	14,473
Facilities	5,006	1,086	1,930	3,291	2,261	1,548	1,758	16,880
Depreciation and amortization	5,729	1,330	2,348	4,273	1,042	1,750	937	17,409
Other	4,343	678	1,683	3,214	893	1,282	1,148	13,241
Intrasystem allocation	21,940	2,891	6,477	17,791	5,244	5,691	699	60,733
Total expenses	161,350	23,328	51,028	115,805	35,138	38,959	38,765	464,373
Income (loss) from operations	10,562	1,353	14,477	26,725	(333)	10,031	(18,845)	43,970
Nonoperating gains (losses), net	(1,915)	(189)	(833)	(940)	(104)	(459)	(23)	(4,463)
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$8,647	\$1,164	\$13,644	\$25,785	(\$437)	\$9,572	(\$18,868)	\$39,507

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 October 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	\$2,547	\$1,639	\$613	\$266	\$216	\$38	\$489,017	\$494,336
Disproportionate share distributions	-	-	-	-	-	253	12,986	13,239
Other revenue	16	-	4,044	10,097	-	5,430	6,340	25,927
Total revenue	2,563	1,639	4,657	10,363	216	5,721	508,343	533,502
Expenses:								
Salaries and wages	2,416	1,353	2,568	1,708	341	30,036	207,471	245,893
Employee benefits	559	261	488	255	29	5,770	38,491	45,853
Professional fees	39	-	452	41	4	2,638	9,351	12,525
Supplies	471	41	196	11,310	26	880	86,324	99,248
Purchased services	296	59	937	246	12	13,374	14,473	29,397
Facilities	86	29	333	86	34	3,120	16,880	20,568
Depreciation and amortization	93	7	6	5	35	5,091	17,409	22,646
Other	82	101	364	82	8	4,451	13,241	18,329
Intrasystem allocation	147	60	180	167	16	(61,303)	60,733	-
Total expenses	4,189	1,911	5,524	13,900	505	4,057	464,373	494,459
Income (loss) from operations	(1,626)	(272)	(867)	(3,537)	(289)	1,664	43,970	39,043
Nonoperating gains (losses), net	-	-	-	-	-	1,286	(4,463)	(3,177)
Excess (deficiency) of revenues and net nonoperating gains over expenses	(\$1,626)	(\$272)	(\$867)	(\$3,537)	(\$289)	\$2,950	\$39,507	\$35,866

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Graduate Medical Education, 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 October 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	\$158,276	\$20,076	\$58,882	\$124,227	\$34,456	\$44,566	\$15,254	\$455,737
Disproportionate share distributions	1,301	199	59	1,119	901	389	-	3,968
Other revenue	2,158	322	223	735	168	264	816	4,686
Total revenue	161,735	20,597	59,164	126,081	35,525	45,219	16,070	464,391
Expenses:								
Salaries and wages	67,448	10,994	20,932	42,864	15,538	17,216	27,216	202,208
Employee benefits	13,529	2,082	4,579	8,768	3,131	3,566	2,387	38,042
Professional fees	3,524	230	770	2,348	954	887	4	8,717
Supplies	37,727	3,006	10,538	23,584	5,576	5,655	669	86,755
Purchased services	3,612	14	1,246	4,929	2,246	1,721	477	14,245
Facilities	5,589	1,101	1,815	2,830	2,298	1,577	1,605	16,815
Depreciation and amortization	5,838	1,390	2,555	3,431	1,021	1,688	737	16,660
Other	5,296	674	1,774	3,306	1,119	1,222	1,011	14,402
Intrasystem allocation	21,892	2,984	6,481	16,380	5,209	5,777	665	59,388
Total expenses	164,455	22,475	50,690	108,440	37,092	39,309	34,771	457,232
Income (loss) from operations	(2,720)	(1,878)	8,474	17,641	(1,567)	5,910	(18,701)	7,159
Nonoperating gains (losses), net	(2,039)	(194)	(864)	(995)	(102)	(487)	(27)	(4,708)
Excess (deficiency) of revenues and net nonoperating gains over expenses	(\$4,759)	(\$2,072)	\$7,610	\$16,646	(\$1,669)	\$5,423	(\$18,728)	\$2,451

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**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Quarter ended October 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	\$2,477	\$1,354	\$519	\$124	-	\$4	\$455,737	\$460,215
Disproportionate share distributions	-	-	-	-	-	184	3,968	4,152
Other revenue	8	-	2,439	5,959	-	2,931	4,686	16,023
Total revenue	2,485	1,354	2,958	6,083	-	3,119	464,391	480,390
Expenses:								
Salaries and wages	2,282	1,183	2,589	1,239	34	27,190	202,208	236,725
Employee benefits	534	236	453	146	27	5,515	38,042	44,953
Professional fees	21	-	471	256	-	1,885	8,717	11,350
Supplies	417	41	161	8,421	4	1,197	86,755	96,996
Purchased services	301	53	928	153	-	13,847	14,245	29,527
Facilities	169	27	331	62	-	2,926	16,815	20,330
Depreciation and amortization	95	7	8	-	-	5,474	16,660	22,244
Other	108	85	160	21	3	5,510	14,402	20,289
Intrasystem allocation	153	63	194	99	9	(59,906)	59,388	-
Total expenses	4,080	1,695	5,295	10,397	77	3,638	457,232	482,414
Income (loss) from operations	(1,595)	(341)	(2,337)	(4,314)	(77)	(519)	7,159	(2,024)
Nonoperating gains (losses), net	(2)	1	(1)	-	-	1,473	(4,708)	(3,237)
Excess (deficiency) of revenues and net nonoperating gains over expenses	(\$1,597)	(\$340)	(\$2,338)	(\$4,314)	(\$77)	\$954	2,451	(\$5,261)

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Graduate Medical Education, 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
Six Months ended October 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	\$319,796	\$45,081	\$127,840	\$277,326	\$66,439	\$98,088	\$35,891	\$970,461
Disproportionate share distributions	12,789	1,830	493	4,270	3,320	138	-	22,840
Other revenue	5,321	631	502	1,734	321	495	2,559	11,563
Total revenue	337,906	47,542	128,835	283,330	70,080	98,721	38,450	1,004,864
Expenses:								
Salaries and wages	134,071	22,514	44,447	88,739	29,388	33,613	59,695	412,467
Employee benefits	25,915	4,665	8,638	18,185	5,887	7,036	5,955	76,281
Professional fees	7,053	662	1,625	5,502	1,923	1,824	20	18,609
Supplies	75,502	6,765	18,351	51,017	10,097	11,199	1,169	174,100
Purchased services	6,708	(612)	2,519	12,010	4,275	3,546	886	29,332
Facilities	10,358	2,097	3,603	6,013	4,508	3,076	3,515	33,170
Depreciation and amortization	11,523	2,668	4,879	8,421	2,005	3,407	1,800	34,703
Other	8,717	1,276	3,130	6,362	1,922	2,512	1,999	25,918
Intrasystem allocation	42,688	5,643	12,643	34,726	10,241	11,101	1,271	118,313
Total expenses	322,535	45,678	99,835	230,975	70,246	77,314	76,310	922,893
Income (loss) from operations	15,371	1,864	29,000	52,355	(166)	21,407	(37,860)	81,971
Nonoperating gains (losses), net	(3,882)	(380)	(1,694)	(1,962)	(203)	(918)	(44)	(9,083)
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$11,489	\$1,484	\$27,306	\$50,393	(\$369)	\$20,489	(\$37,904)	\$72,888

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**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Six Months ended October 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	\$5,009	\$3,159	\$1,257	\$464	\$453	\$43	\$970,461	\$980,846
Disproportionate share distributions	-	-	-	-	-	305	22,840	23,145
Other revenue	28	-	6,358	21,153	-	14,523	11,563	53,625
Total revenue	5,037	3,159	7,615	21,617	453	14,871	1,004,864	1,057,616
Expenses:								
Salaries and wages	4,790	2,695	5,238	3,367	604	58,838	412,467	487,999
Employee benefits	1,093	511	998	515	58	11,487	76,281	90,943
Professional fees	76	-	902	140	9	4,461	18,609	24,197
Supplies	927	98	299	23,422	33	2,717	174,100	201,596
Purchased services	601	106	1,947	520	21	26,754	29,332	59,281
Facilities	167	56	665	146	68	6,177	33,170	40,449
Depreciation and amortization	187	14	12	9	62	9,969	34,703	44,956
Other	200	188	432	126	11	12,069	25,918	38,944
Intrasystem allocation	277	113	339	290	30	(119,362)	118,313	-
Total expenses	8,318	3,781	10,832	28,535	896	13,110	922,893	988,365
Income (loss) from operations	(3,281)	(622)	(3,217)	(6,918)	(443)	1,761	81,971	69,251
Nonoperating gains (losses), net	(3)	-	1	-	-	13,432	(9,083)	4,347
Excess (deficiency) of revenues and net nonoperating gains over expenses	(\$3,284)	(\$622)	(\$3,216)	(\$6,918)	(\$443)	\$15,193	\$72,888	\$73,598

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**South Broward Hospital District
d/b/a Memorial Healthcare System
Hospital and Physician Services
Combining Statement of Revenue and Expenses
Six Months ended October 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	\$313,446	\$42,374	\$123,337	\$252,871	\$69,610	\$92,636	\$31,154	\$925,428
Disproportionate share distributions	5,794	774	(11)	2,298	1,263	47	-	10,165
Other revenue	4,281	651	564	1,474	359	506	1,634	9,469
Total revenue	323,521	43,799	123,890	256,643	71,232	93,189	32,788	945,062
Expenses:								
Salaries and wages	132,680	21,957	42,117	84,934	31,085	33,547	53,665	399,985
Employee benefits	26,768	4,078	9,051	17,331	6,200	6,958	4,775	75,161
Professional fees	6,838	482	1,460	4,199	1,846	1,735	20	16,580
Supplies	74,896	6,245	19,758	46,589	11,581	11,165	1,188	171,422
Purchased services	7,209	(112)	2,421	8,980	4,451	3,397	921	27,267
Facilities	10,623	2,175	3,451	5,388	4,586	2,975	3,232	32,430
Depreciation and amortization	11,391	2,734	5,092	6,839	2,033	3,383	1,454	32,926
Other	10,799	1,364	3,569	6,594	2,114	2,394	1,770	28,604
Intrasystem allocation	42,542	5,788	12,592	31,898	10,114	11,223	1,187	115,344
Total expenses	323,746	44,711	99,511	212,752	74,010	76,777	68,212	899,719
Income (loss) from operations	(225)	(912)	24,379	43,891	(2,778)	16,412	(35,424)	45,343
Nonoperating gains (losses), net	(3,835)	(391)	(1,757)	(2,025)	(204)	(977)	(47)	(9,236)
Excess (deficiency) of revenues and net nonoperating gains over expenses	(\$4,060)	(\$1,303)	\$22,622	\$41,866	(\$2,982)	\$15,435	(\$35,471)	\$36,107

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**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Six Months ended October 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	\$5,161	\$2,902	\$969	\$282	-	\$8	\$925,428	\$934,750
Disproportionate share distributions	-	-	-	-	-	250	10,165	10,415
Other revenue	17	-	4,792	10,789	-	14,219	9,469	39,286
Total revenue	5,178	2,902	5,761	11,071	-	14,477	945,062	984,451
Expenses:								
Salaries and wages	4,538	2,390	5,114	2,310	67	53,405	399,985	467,809
Employee benefits	1,042	475	921	256	55	10,989	75,161	88,899
Professional fees	41	1	1,006	599	-	4,229	16,580	22,456
Supplies	853	72	297	15,507	4	2,327	171,422	190,482
Purchased services	591	111	1,921	294	-	27,719	27,267	57,903
Facilities	259	54	647	98	-	5,862	32,430	39,350
Depreciation and amortization	184	14	17	-	-	11,020	32,926	44,161
Other	181	159	254	60	4	15,926	28,604	45,188
Intrasystem allocation	286	117	358	170	16	(116,291)	115,344	-
Total expenses	7,975	3,393	10,535	19,294	146	15,186	899,719	956,248
Income (loss) from operations	(2,797)	(491)	(4,774)	(8,223)	(146)	(709)	45,343	28,203
Nonoperating gains (losses), net	(2)	-	-	-	-	10,065	(9,236)	827
Excess (deficiency) of revenues and net nonoperating gains over expenses	(\$2,799)	(\$491)	(\$4,774)	(\$8,223)	(\$146)	\$9,356	\$36,107	\$29,030

* 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.