2026-2027 OPERATING & CAPITAL BUDGET

2027 BUDGET SUMMARY

Average daily census from 427.0 in 2026 to 441.4 in 2027

$1.02B in net patient revenue

Property tax revenue of $35M at the proposed tax rate of $0.099932

$1.2B in operating expenses

Budgeted net income of $35.5M with 1.0% operating margin

Capital investments of $73M, including $38M in equipment and $35M in expansion/facilities

Ending cash balance of $477M

Unfunded care of $105M and TTU School of Medicine Support of $115M

PROPOSED BUDGET SUMMARY
(DOLLARS IN THOUSANDS)

	2025 ACTUAL	2026 ORIGINAL	2026 REVISED	2027 BUDGET
Net Patient Revenue	$932,501	$968,557	$972,503	$1,020,147
Other Operating Revenue	17,875	26,334	27,398	21,394
Property Tax Revenue	33,184	36,192	35,022	35,897
Supplemental Funding	122,743	110,644	109,497	108,897
Total Operating Revenue	1,106,303	1,141,727	1,144,420	1,186,335
Less Operating Expense	1,052,389	1,125,475	1,144,139	1,174,490
Operating Income	53,914	16,251	281	11,845
Investment Income	25,542	23,554	22,428	22,608
Nonoperating Revenue	609	1,076	992	1,077
REVENUE OVER EXPENSE	$80,065	$40,881	$23,701	$35,530
Operating Margin	***4.9%***	***1.4%***	***0.0%***	***1.0%***
Capital Equipment	39,850	49,534	45,189	37,915
Capital Expansion	94,607	37,637	46,688	35,043
TOTAL CAPITAL OUTLAY	$134.457	$87,170	$91,877	$72,959
CASH BALANCE	$422,994	$391,126	$440,477	$477,013

	2025 ADOPTED	2026 PROPOSED
Tax Rate	$0.099660	$0.099932

INCOME STATEMENT BY EXPENSE CATEGORY

(DOLLARS IN THOUSANDS)

	2025 ACTUAL	2026 BUDGET	2026 REVISED BUDGET	2026 BUDGET CHG %	2027 BUDGET	2027 BUDGET CHG %
Revenue						
Net Patient Revenue						
Hospital	$863,531	$897,357	$906,240	1.0%	$951,654	5.0%
UMC Physicians	50,008	51,699	46,680	(9.7%)	47,990	2.8%
EC Physicians	6,686	6,853	7,292	6.4%	7,711	5.7%
Radiology Physician Services	12,277	12,648	12,290	(2.8%)	12,792	4.1%
Other Operating Revenue	17,875	26,334	27,398	4.0%	21,394	(21.9%)
Ad Valorem Tax Revenue	33,184	36,192	35,022	(3.2%)	35,897	2.5%
Medicaid Supplemental Funding	122,743	110,644	109,497	(1.0%)	108,897	(0.5%)
Total Operating Revenue	1,106,303	1,141,727	1,144,420	0.2%	1,186,335	3.7%
Operating Expenses						
Payroll & Benefits	393,728	423,745	432,694	2.1%	451,313	4.3%
Professional Services	19,946	22,216	22,252	0.2%	14,730	(33.8%)
Supplies	218,126	233,683	234,004	0.1%	247,991	6.0%
Purchased Services	82,964	103,550	107,128	3.5%	99,463	(7.2%)
Other Direct Expenses	46,508	46,338	47,137	1.7%	48,273	2.4%
Interest	2,323	2,285	2,285	0.0%	2,286	0.0%
Depreciation & Amortization	62,681	63,309	65,659	3.7%	68,965	5.0%
TTUHSC/Other Physicians	122,526	125,928	125,928	0.0%	131,410	4.4%
UMC Physicians	65,684	66,046	65,479	(0.9%)	66,789	2.0%
EC Physicians	20,991	20,577	21,875	6.3%	22,801	4.2%
Radiology Physician Services	16,912	17,799	19,698	10.7%	20,469	3.9%
Total Operating Expense	1,052,389	1,125,475	1,144,139	1.7%	1,174,490	2.7%
Operating Income	53,914	16,251	281	(98.3%)	11,845	4114.2%
Nonoperating Revenues						
Investment Income	20,740	18,679	17,353	(7.1%)	17,457	0.6%
Investment In Joint Ventures	4,802	4,875	5,075	4.1%	5,151	1.5%
Net Nonoperating Income	609	1,076	992	(7.8%)	1,077	8.5%
Total Nonoperating Revenue	26,151	24,630	23,420	(4.9%)	23,685	1.1%
REVENUE OVER EXPENSE	$80,065	$40,881	$23,701	(42.0%)	$35,530	49.9%

INCOME STATEMENT BY EXPENSE AREA

(DOLLARS IN THOUSANDS)

	2025 ACTUAL	2026 BUDGET	2026 REVISED BUDGET	2026 BUDGET CHG %	2027 BUDGET	2027 BUDGET CHG %
Revenue						
Net Patient Revenue						
Hospital	$863,531	$897,357	$906,240	1.0%	$951,654	5.0%
UMC Physicians	50,008	51,699	46,680	(9.7%)	47,990	2.8%
EC Physicians	6,686	6,853	7,292	6.4%	7,711	5.7%
Radiology Physician Services	12,277	12,648	12,290	(2.8%)	12,792	4.1%
Other Operating Revenue	17,875	26,334	27,398	4.0%	21,394	(21.9%)
Ad Valorem Tax Revenue	33,184	36,192	35,022	(3.2%)	35,897	2.5%
Medicaid Supplemental Funding	122,743	110,644	109,497	(1.0%)	108,897	(0.5%)
Total Operating Revenue	1,106,303	1,141,727	1,144,420	0.2%	1,186,335	3.7%
Operating Expenses						
Nursing Services	164,429	175,014	175,887	0.5%	188,648	7.3%
Clinical Ancillary Services	393,657	404,473	409,127	1.2%	430,760	5.3%
Physician Practice	7,681	7,261	7,544	3.9%	7,860	4.2%
UMC Physicians	65,684	66,046	65,479	(0.9%)	66,789	2.0%
EC Physicians	20,991	20,577	21,875	6.3%	22,801	4.2%
Radiology Physician Services	16,912	17,799	19,698	10.7%	20,469	3.9%
Support Services	49,760	50,492	52,593	4.2%	54,162	3.0%
Fiscal Services	59,696	103,683	108,550	4.7%	87,785	(19.1%)
Administrative Services	79,261	81,710	82,614	1.1%	85,567	3.6%
TTUHSC/Other Physicians	122,526	125,928	125,928	0.0%	131,410	4.4%
County Medical Services	6,788	6,900	6,900	0.0%	6,988	1.3%
Interest	2,323	2,285	2,285	0.0%	2,286	0.0%
Depreciation & Amortization	62,681	63,309	65,659	3.7%	68,965	5.0%
Total Operating Expense	1,052,389	1,125,475	1,144,139	1.7%	1,174,490	2.7%
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Nonoperating Revenues						
Investment Income	20,740	18,679	17,353	(7.1%)	17,457	0.6%
Investment In Joint Ventures	4,802	4,875	5,075	4.1%	5,151	1.5%
Net Nonoperating Income	609	1,076	992	(7.8%)	1,077	8.5%
Total Nonoperating Revenue	26,151	24,630	23,420	(4.9%)	23,685	1.1%
REVENUE OVER EXPENSE	$80,065	$40,881	$23,701	(42.0%)	$35,530	49.9%

PROPERTY TAX CALCULATION

NO-NEW-REVENUE TAX RATE CALCULATION	
2025 Adjusted Tax Levy	$34,140,881
2026 Adjusted Tax Base (less value of new property)	$34,163,919,632
2026 No-New-Revenue Tax Rate	0.099932
Tax Revenue Attributable To New Construction	$680,720

2026 Certified Tax Roll and Levy	
Appraised Valuation (less TIF)	34,845,295,828
Proposed Tax Rate Per $100	0.099932
Total Tax Levy	34,821,601
Percent of Current Collection	100%
Estimated Current Tax Collections	$34,821,601

Summary of Tax Collections	
Current Tax	34,821,601
Penalty and Interest	200,000
TOTAL 2026 TAX COLLECTIONS	$35,021,601

ESTIMATED TAX COLLECTIONS AT RATE LEVELS	% CHG TO NNR RATE	TAX RATE	REVENUE ON 2026 PROPERTY	CHG IN REVENUE FROM RATE
2025 Adopted Tax Rate	-0.3%	0.099660	$34,726,822	-$94,779
2026 No-New-Revenue Tax Rate	0.0%	0.099932	34,821,601	0
1% Increase	1.0%	0.100931	35,169,810	348,209
2% Increase	2.0%	0.101931	35,518,019	696,418
3% Increase	3.0%	0.102930	35,866,263	1,044,662
4% Increase	4.0%	0.103929	36,214,472	1,392,871
5% Increase	5.0%	0.104929	36,562,681	1,741,080
6% Increase	6.0%	0.105928	36,910,890	2,089,289
7% Increase	7.0%	0.106927	37,259,099	2,437,498
2026 Voter-Approval Rate	10.0%	0.109803	38,261,180	3,439,579