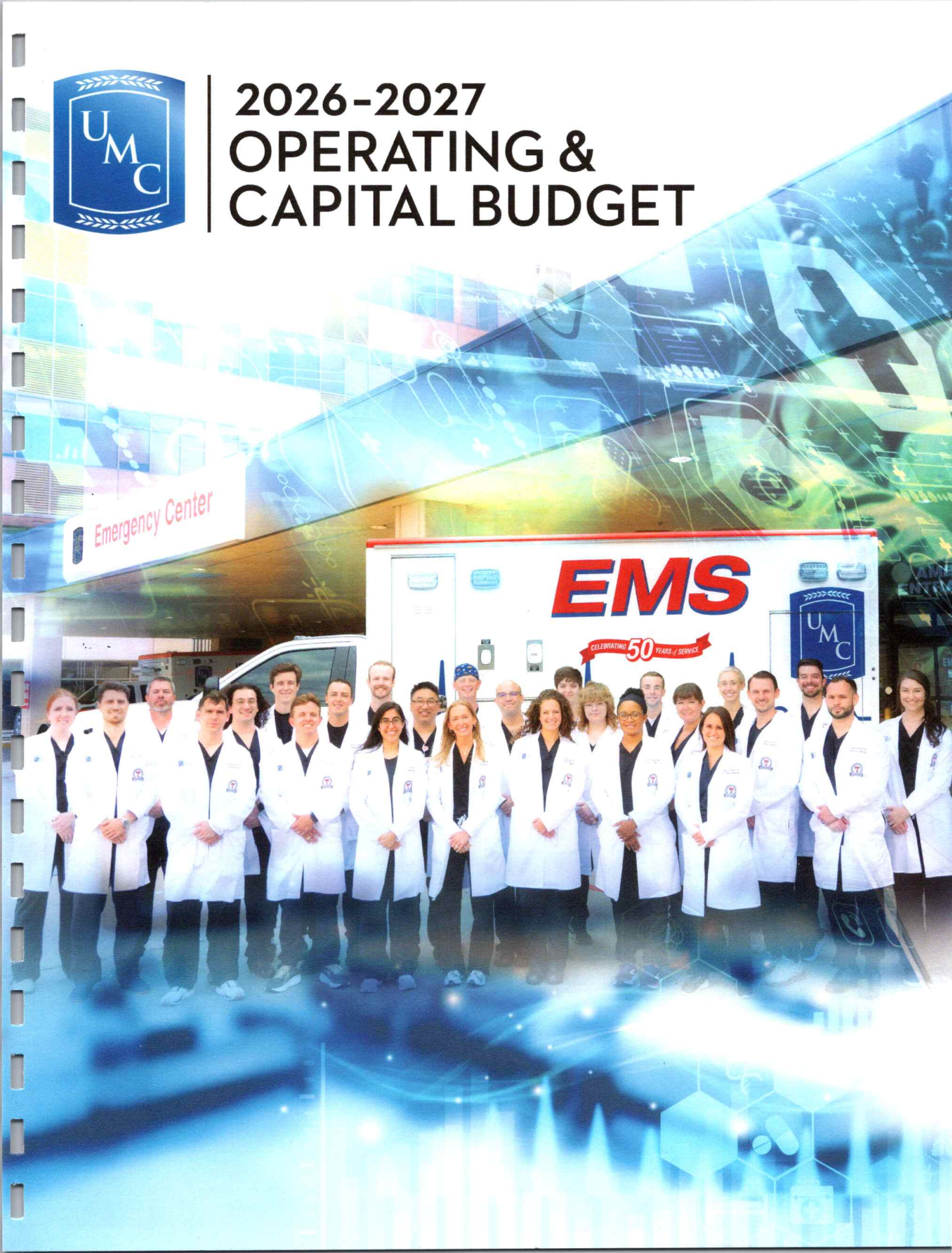




# 2026-2027 OPERATING & CAPITAL BUDGET





# HOW TO READ THIS DOCUMENT

This budget document consists of three separate budgets: the 2027 Operating Budget, a three-year Capital Equipment Budget for the years 2027, 2028, and 2029 and a three-year Capital Expansion Budget for the same period. Each component of this budget also contains revisions to the original 2026 Budget. In addition, in certain instances, 2025 operating results have been included for comparative purposes. Lastly, various types of graphic and numeric analyses, including analysis of the indigent care demands on UMCHS as compared to its ad valorem tax support, are provided for the purposes of illustration and comparison.

The 2027 Budget continues to be presented in summary format. The 2027 Budget is presented in this format because it is expected that it will undergo alteration during the coming year and the summary format will make changes easier to implement. If specific departmental information is needed, it will be made available by the Health System financial staff. It should be noted that prior to expenditures being made for items in the Capital Equipment Budget and the Capital Expansion Budget, these capital requests will be brought to the Board for final review and approval.

This budget will raise more revenue from property taxes than last year's budget by an amount of \$680,720, which is a 2.0% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$680,720.

# TABLE OF CONTENTS

|                                         |    |
|-----------------------------------------|----|
| How to Read This Document               | 2  |
| President's Letter                      | 4  |
| Proposed Budget Summary                 | 5  |
| Mission of Charity                      | 6  |
| Mission of Education                    | 8  |
| Mission of Stewardship                  | 9  |
| Correctional Healthcare                 | 12 |
| Capital Budget Summary                  | 17 |
| Tax Recommendation                      | 18 |
| 2026/2027 Budget Assumptions            | 20 |
| Revenues and Expenses                   | 21 |
| Income Statement by Expense Category    | 23 |
| Income Statement by Expense Area        | 24 |
| Capital Equipment Budget                | 25 |
| Capital Expansion Budget                | 35 |
| Capital Expenditures, Net Income & Cash | 38 |
| Cash Forecast                           | 39 |
| Property Tax Calculation                | 40 |
| Comparative Tax                         | 41 |
| Budget Summary                          | 42 |
| Budget Calendar                         | 43 |



August 10, 2026

Honorable Curtis Parrish, County Judge  
Mike Dalby, County Commissioner, Precinct 1  
Jason Corley, County Commissioner, Precinct 2  
Cary Shaw, County Commissioner, Precinct 3  
Jordan Rackler, County Commissioner, Precinct 4

Dear Judge Parrish and Commissioners,

The following budget documents have been prepared to comply with the Bylaws of the Board of Managers of the Lubbock County Hospital District d.b.a. UMC Health System (UMCHS) and to support the Health System's Strategic Plan. These budget documents consist of three separate budgets: the 2027 Operating Budget, a three-year Capital Equipment Budget for the years 2027, 2028, and 2029, and a three-year Capital Expansion Budget for the same period. Each component also contains revisions to the original 2026 Budget.

The mission of UMCHS is threefold:

- **Charity:** Service is our Passion. We serve by providing safe, high quality care to all.
- **Education:** We train tomorrow's healthcare professionals.
- **Financial Strength:** And we achieve excellent financial performance.

The purpose of this document is to present the financial status of UMCHS as well as the operational, capital equipment, and capital expansion budgets - as they relate to our mission, as well as a tax recommendation for your consideration.



# PROPOSED BUDGET SUMMARY

(DOLLARS IN THOUSANDS)

|                                | 2025<br>ACTUAL   | 2026<br>ORIGINAL | 2026<br>REVISED  | 2027<br>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          |
| <b>Total Operating Revenue</b> | <b>1,106,303</b> | <b>1,141,727</b> | <b>1,144,420</b> | <b>1,186,335</b> |
| <b>Less Operating Expense</b>  | <b>1,052,389</b> | <b>1,125,475</b> | <b>1,144,139</b> | <b>1,174,490</b> |
| <b>Operating Income</b>        | <b>53,914</b>    | <b>16,251</b>    | <b>281</b>       | <b>11,845</b>    |
| Investment Income              | 25,542           | 23,554           | 22,428           | 22,608           |
| Nonoperating Revenue           | 609              | 1,076            | 992              | 1,077            |
| <b>REVENUE OVER EXPENSE</b>    | <b>\$80,065</b>  | <b>\$40,881</b>  | <b>\$23,701</b>  | <b>\$35,530</b>  |
| <b>Operating Margin</b>        | <b>4.9%</b>      | <b>1.4%</b>      | <b>0.0%</b>      | <b>1.0%</b>      |
| Capital Equipment              | 39,850           | 49,534           | 45,189           | 37,915           |
| Capital Expansion              | 94,607           | 37,637           | 46,688           | 35,043           |
| <b>TOTAL CAPITAL OUTLAY</b>    | <b>\$134.457</b> | <b>\$87,170</b>  | <b>\$91,877</b>  | <b>\$72,959</b>  |
| <b>CASH BALANCE</b>            | <b>\$422,994</b> | <b>\$391,126</b> | <b>\$440,477</b> | <b>\$477,013</b> |
|                                | 2025 ADOPTED     |                  | 2026 PROPOSED    |                  |
| Tax Rate                       | \$0.099660       |                  | \$0.099932       |                  |

# UMC'S MISSION OF CHARITY

UMC is the only hospital system locally governed and accountable to our community, the only Level 1 Trauma Center in Texas between Dallas-Fort Worth (DFW) and Albuquerque, and the only verified burn center between Dallas-Fort Worth (DFW) and Phoenix. UMC in partnership with Texas Tech University Health Sciences Center (TTUHSC), provides trusted care in life's most critical moments and supports healthier lives every day.

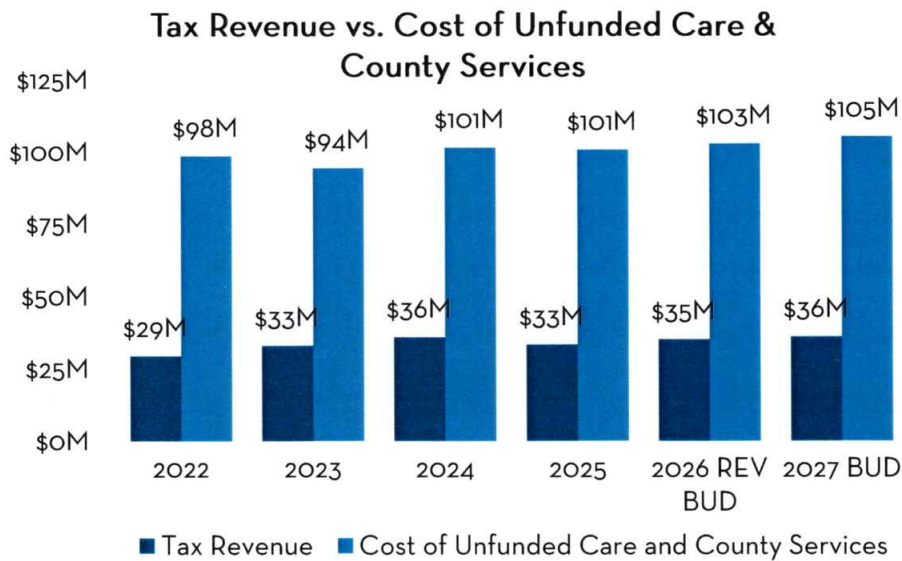
***UMC is the local and regional safety net no one else can provide. No one is turned away, regardless of economic status or ability to pay.***

UMC served over 900,000 patient encounters last year including 60,000 unfunded patients.

The cost of unfunded care continues to rise. Despite this reality, UMC delivers:

- 34,000 EMS patient transports and over 30,000 citizens trained in trauma prevention, for free
- Free diabetic management classes with successful results: A1C reduction of up to 20%
- LBK Network high risk patient referrals to community resources (food, transportation, etc.)
- 24/7 Urgent Care clinics saved patients and payors over \$15 million in 2025
- Rx Perks Pharmacy Clinic saved patients over \$4 million out of pocket in 2025





Patient comment received June 9, 2026: *“Dear Responsible party that instituted the UMC Rx Perks program, you are just a Godsend to the elderly community that live on such small incomes! Many sadly have to decide between food and medicine!! Thank God you all came together for the good of our elderly and community and have saved us so much from having to make such a decision between food and meds. Just unbelievable and how thankful I am for this! You have made a huge difference in so many lives! “*

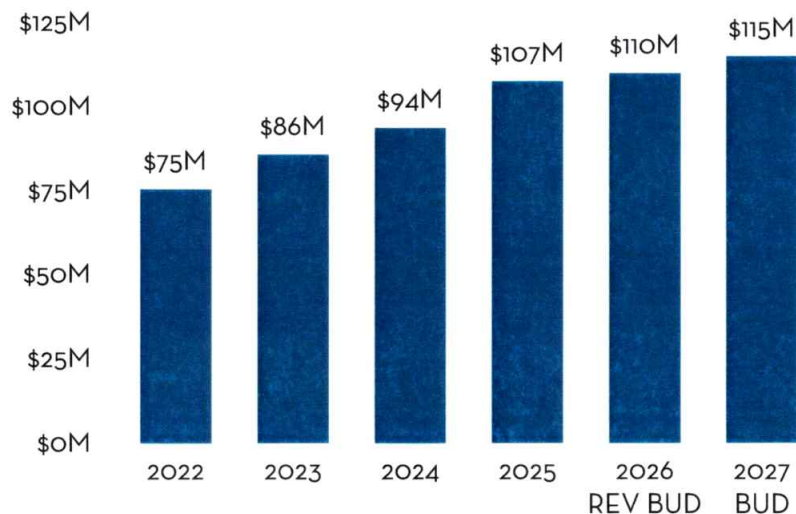
In spite of the incredible work of UMC to fund essentially every aspect of medical care within Lubbock County, **UMC receives about six times less funding on average from local tax support than similar hospitals across Texas.**

# UMC'S MISSION OF EDUCATION

UMC invests over \$100 million a year in education, to prepare doctors and future clinicians including nursing, therapists, laboratorians, and paramedics. Vital partnerships with TTUHSC, South Plains College, and Lubbock Christian University help address the growing need for medical professionals across the region, as training opportunities encourage graduates to remain in our communities. UMC is preparing for our future. UMC delivers:

- Funding for the TLC2 Cancer Center - treatment, research, and training
- Funding for 258 residents and their families who are training at UMC
- Funding for specialist physicians to staff the new TLC2 Foundation Cancer Center, the Level 1 Trauma Center, the Burn Center, and many other areas that Lubbock County patients, unfunded and funded alike, depend on UMC to provide
- New residency and fellowship programs to “grow our own” specialists, to ensure Lubbock’s healthcare needs are met

TTUSOM Physician Support





# UMC'S MISSION OF STEWARDSHIP

An in-depth economic impact study by the Perryman Group shows that:

- UMC boosts the local economy by more than \$1.3 billion in gross product each year while supporting 12,470 jobs across Lubbock County, that's 1 in every 14 workers.
- ***While UMC receives about \$36 million in local property tax receipts, annual tax revenues that stem from UMC's operations include about \$61.8 million to local taxing entities in the Lubbock area.***
- UMC supports over 5,600 team members and 800 medical staff.
- Over the past five years, UMC invested \$375 million in completed or planned expansion projects to proactively meet our need for healthcare as Lubbock nears 500,000. ***With a watchful eye on stewardship, UMC funded all projects with cash reserves, has no debt, and has been at the No New Revenue Rate for 13 of the last 16 years.***

## A New Reality:

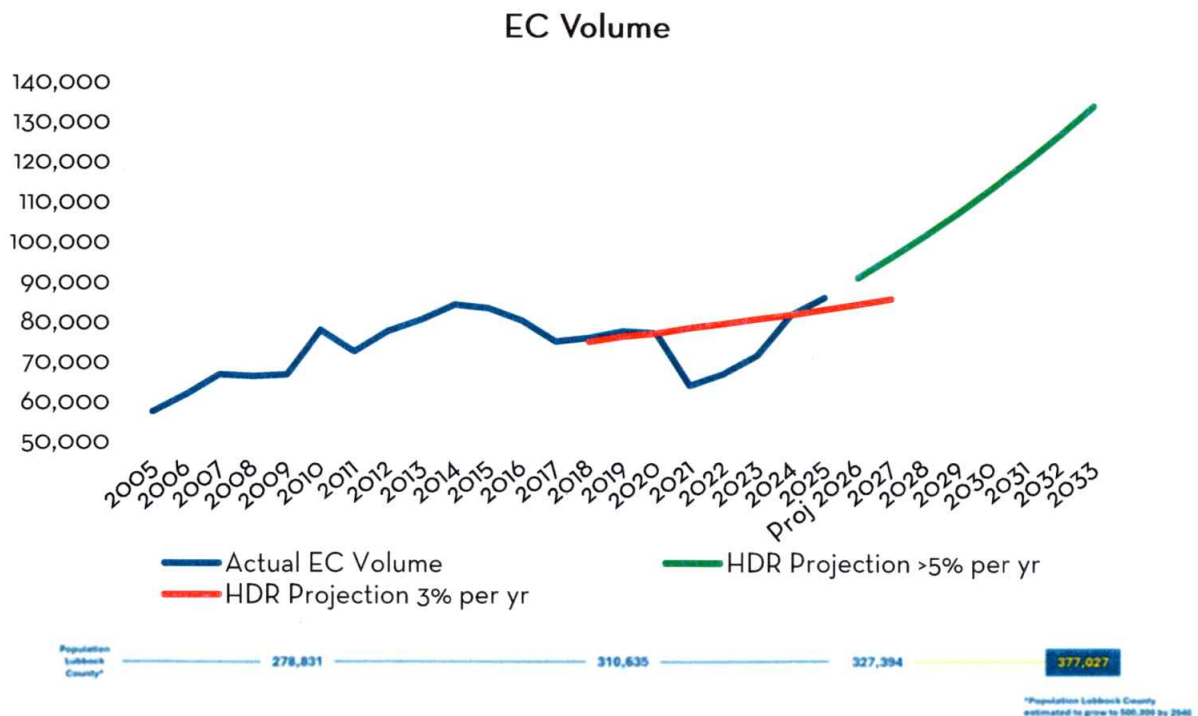
**Cash is declining & demand for beds is exceeding capacity**

*"I've been coming to the EC here since the 90s; I've never seen it like this."  
"The staff was amazing. The wait time of 13 hours was totally unacceptable."  
"They did the best they could with the very limited space."*

*(Typical, recent patient comments of growing frustration)*

100% of UMC's 500 beds are staffed. Bed occupancy exceeds 90%, stemming from local and regional demand for the only Level 1 Trauma Center and Academic Medical Center for 300+ miles. UMC's main Emergency Center experiences average wait times of 5.5 to 7.0 hours for treatment, with peak days in excess of 20 hours, after medical screening and triage. ***Our EC front door never closes - and growth will not stop. The time to expand capacity is now.***

- 86,000 patients were treated in UMC's two ECs in 2025 with 72 EC beds
- 96,000 patients are projected before 2028 (not 2033) at which time we will need 100+ beds
- Over 3,000 regional transfers each year are denied care and must seek a bed elsewhere
- EC growth has accelerated beyond projections and has exceeded 5% growth over the past two years.





**Our Plan:**

**Expand capacity to meet our County's EC healthcare needs**

Phase 1: Expand Main EC now to reduce patient wait times - funded with remaining undesignated cash reserves. Adds 72 EC exam rooms and observation beds. Cost: \$160M. Opens in 2029.

Phase 2: Expand bed capacity to meet demand for specialty care - funded with voter approved obligation bond. Adds specialty beds and renovated support areas. Cost: \$215M. Opens in 2031-32.

***Regardless of the cost of expansion, UMC needs additional tax support to operate the beds for unfunded care - specifically correctional healthcare.***

# LUBBOCK COUNTY'S RESPONSIBILITY: CORRECTIONAL HEALTHCARE

Since 1998, UMC has borne the entire cost of providing healthcare to the detainees at the Lubbock County Detention Center (LCDC) and at the Lubbock County Juvenile Justice Center (LCJJC).

LCDC has become the largest mental health provider in the county. Inmates with mental health disorders stay in the facility longer, costing taxpayers more. Longer stays for mental health disorders increase all costs of caring for detainees including medical healthcare costs.

Detainee healthcare costs are provided by UMC from its operational budget, not by Lubbock County, LCDC, or LCJJC. The cost of providing healthcare at the detention center is rapidly increasing.

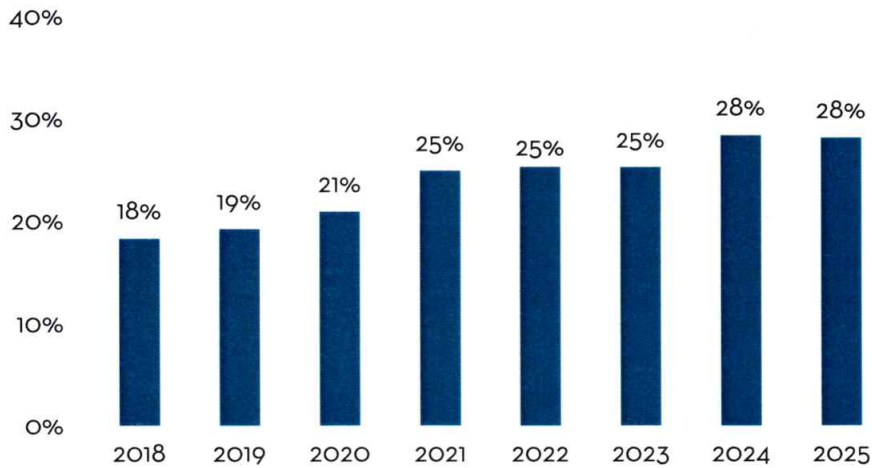
Detainees in the custody of Lubbock County are entitled by law to basic healthcare services. In 1998, Lubbock County mandated UMC to provide basic healthcare services compliant with the Texas Commission on Jail Standards.

***StarCare, the local mental health authority, receives \$2.3 million per year from Lubbock County to provide mental health services at LCDC. Yet, UMC Health System receives NO designated financial support from the County to provide healthcare, while also paying for all the mental health medications prescribed by StarCare clinicians!***

UMC's cost for providing medical services at LCDC and LCJJC is projected to be \$10.3 million in 2026, an increase of 152% since fiscal year 2018. ***The cost of providing this care now equates to 28% of the Lubbock County Medical Indigent Tax***, set by the Lubbock County Commissioners' Court to ensure all low-income residents of Lubbock County can access essential medical services regardless of their ability to pay. The LCMI tax is not intended to supplement the cost of healthcare at LCDC or LCJJC.



### Percentage of LCHD Tax Spent on Healthcare for Lubbock County Detention Center



The cost growth for providing basic healthcare at LCDC and LCJJC reflects pressures experienced by detention centers throughout the nation: inflationary cost growth within healthcare, a growing detainee population, a population staying longer in detention, and an older detainee population entering the system sicker with chronic health conditions.

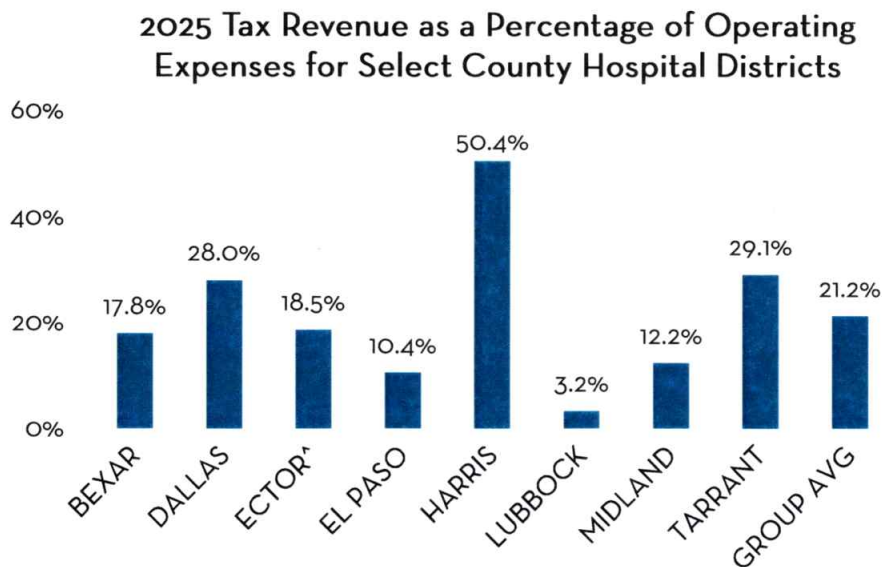
### Tax Revenue Received vs. Cost of Correctional Care



**One inmate at the LCDC** entered the facility with a mechanical heart device, which helps the heart pump blood throughout his body. Since there isn't a heart physician in the Lubbock area trained to manage this device, this detainee must be transported to Dallas for care. Additionally, the batteries needed to keep the device working must be replaced every 6 months at a cost of \$3,500, borne by UMC.

Most hospital districts across Texas provide basic healthcare services at their respective detention centers. But, these hospital districts are provided greater resources by their county, i.e., a greater percentage of their operational budget from local hospital district tax support, and/or other funding sources provided by the county.

**In 2025, Lubbock County Hospital District received just 3.2% of its operational budget from the Lubbock County Hospital District tax, the lowest in the state.** Comparatively, on average, hospital districts in Texas receive 21.2% of their operational budget from their respective hospital district tax. Other hospital districts, like El Paso and Ector County, receive funding in addition to the hospital district tax. Odessa receives a total of \$77M, and Midland \$83M.



Sources: 2025 Tax Levies (Texas Comptroller of Public Account website), Estimated Operating Expenses (individual entity websites). ^ Ector County assesses a property tax and sales tax, both of which are included in total tax levy.



***UMC is taking aggressive steps to improve the efficiency of care delivery at LCDC and LCJJC, resulting in \$800,000 dollars in cost savings in 2025.***

UMC set up a dialysis treatment center for detainees with chronic kidney disease within the detention center. These detainees require care three times per week, lasting 3 to 4 hours. LCDC typically houses three detainees needing this treatment at any given time.

Before dialysis was available at the detention center, these detainees were taken to the UMC emergency center for care, requiring Lubbock County Sheriff's Officers to accompany the detainee for the duration of their treatment. In addition to saving UMC money, dialysis services at the detention center save the Sheriff's office about \$250,000 annually in officer time.

Cost is already high and will continue to grow. Old methods for providing care at LCDC and LCJJC must be reexamined against the backdrop of new realities and pressures within healthcare and the detainee population.

***The LCHD tax rate, though not intended to finance healthcare at LCDC, is the only financial support UMC receives from Lubbock County to provide this care.***

These realities require Lubbock County to reevaluate how healthcare is paid for at LCDC and LCJJC to sustainably meet the needs of a growing and vibrant Lubbock community.

Respectfully, the bottom line for 2026-2027:

- UMC is already disadvantaged, receiving the lowest tax support in the state vs. comparable hospital districts
- UMC funds 100% of EMS 911 services - unlike other health systems
- UMC funds 100% of correctional healthcare - with no added or designated support
- UMC's cost of correctional healthcare accounts for almost 1/3 of tax revenue received
- Meanwhile, StarCare receives \$2.3 million for correctional mental healthcare
- It is the County's responsibility to pay for unfunded and correctional healthcare

***UMC is expanding capacity, drawing down the remainder of undesignated cash reserves.***



# CAPITAL BUDGET SUMMARY

Capital  
Expansion  
2026-2029  
\$257M  
Highlights  
Include:

- West Tower EC Expansion (\$160M)
- 3 West Renovation (\$7.9M)
- New EMS Location (\$2.0M)

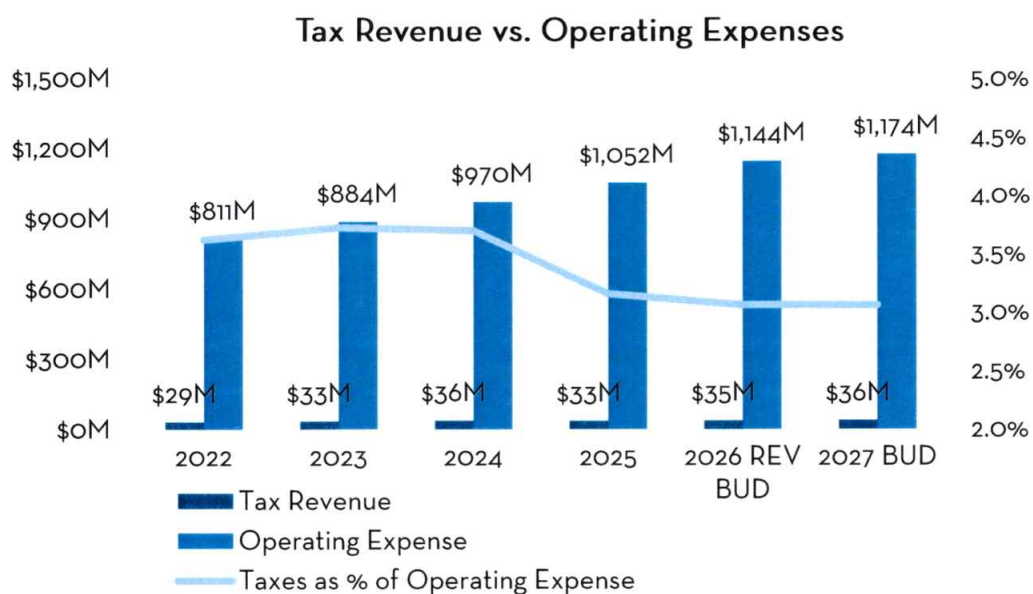
Capital  
Equipment  
2026-2029  
\$156M  
Highlights  
Include:

- Imaging Equipment (\$21.3M)
- Ambulances and First Responder Vehicles and Equipment (\$8.1M)
- Surgical Biplane (\$2.6M)
- Surgical Robot (\$2.5M)

# TAX RECOMMENDATION

In 2025, ad valorem tax revenue represented 3.2% of total operating expenses. At the proposed tax rate for 2026, taxes will represent approximately 3.1% of total operating expenses for 2026 and 3.1% for 2027. This represents the lowest among comparative hospital districts in Texas.

By proposing the No-New-Revenue Rate, tax revenue will not increase over 2025 on existing property. However, new property of \$681M will be added to the tax base resulting, gratefully, in an estimated additional increase in tax revenue of \$681K over 2025.

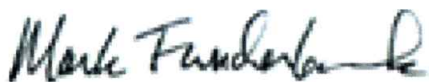




On behalf of the Board of Managers of UMCHS, I respectfully recommend the adoption of the tax rate of \$0.099932. I also recommend the approval of the 2027 Capital Expansion Budget of \$35,043,369; 2027 Capital Equipment Budget of \$37,915,334; and 2027 Operating Budget of \$1,174,489,585. Finally, I recommend the approval of the 2026 Revised Capital Expansion Budget of \$46,687,755; 2026 Revised Capital Equipment Budget of \$45,189,132; and 2026 Revised Operating Budget of \$1,144,138,724.

Our mission is grounded in a history of proper stewardship to the citizens of Lubbock County and exceptional value to our patients, medical staff, strategic partners, and over 5,600 team members.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark Funderburk". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark Funderburk  
President and Chief Executive Officer  
UMC Health System

# 2026/2027 BUDGET ASSUMPTIONS

The Operating Budget is predicated upon volume forecasts as well as a number of assumptions, including both internal operating forecasts and external industry, legislative, and regulatory factors. The results of the Operating Budget flow directly from the application of these volume forecasts and assumptions. For the 2027 Operating Budget, as well as revisions to the 2026 Operating Budget, key budget assumptions are as follows:

| ASSUMPTIONS                        | 2025 ACTUAL | 2026 REVISED BUDGET | 2027 BUDGET |
|------------------------------------|-------------|---------------------|-------------|
| <b>Inflation Factors</b>           |             |                     |             |
| Payroll                            | 2.6%        | 2.6%                | 2.6%        |
| Supply Expenses                    | 5.0%        | 3.0%                | 3.0%        |
| Purchased Services Expenses        | 4.0%        | 4.0%                | 4.0%        |
| Select Other Non-Payroll Expenses  | 0.0%        | 0.0%                | 0.0%        |
| Billing Rate Increase              | 6.0%        | 6.0%                | 6.0%        |
| <b>Patient Encounters</b>          |             |                     |             |
| Census                             | 401.4       | 427.0               | 441.4       |
| Admissions (including Observation) | 35,123      | 35,840              | 37,274      |
| Outpatient Visits                  | 421,210     | 458,474             | 471,506     |
| EC Visits                          | 85,804      | 90,094              | 94,598      |
| Urgent Care Visits                 | 72,465      | 85,498              | 88,433      |
| Patient Transfers to UMC           | 9,425       | 9,707               | 9,950       |
| EMS Transports                     | 34,199      | 35,550              | 36,759      |
| UMCP Clinic Visits                 | 371,765     | 326,774             | 336,577     |

# REVENUES AND EXPENSES

## 2026 Revenues and Expense

In the original 2026 operating budget, it was expected that the Health System would have excess revenue over expenses of \$40.9M. The revised 2026 budget now forecasts the Health System will have excess revenue over expenses of \$23.7M, a decrease of \$17.2M from the original budget and a \$56.4M decrease to 2025.

Versus 2025 actuals, the 2026 revised budget has a \$40.0M increase in overall net revenue due to significantly higher volumes associated with the continued growth of the Health & Wellness Hospital (H&W) and strong commercial activity. Supplemental funding decreased \$13.2M (DSH/UC and NAIP funding) from 2025. While net revenue increased over 2025, expenses were up \$91.7M or 8.7%. Some are payroll (\$38.9M) and supply (\$15.9M) increases related to higher volume. Additionally, physician support costs were up \$7.1M. But \$23.2M in expense is related to the Epic project including \$14.2M in operational implementation costs and new depreciation.

Overall net revenue in the revised 2026 budget increases by \$3.9M or 0.4% over the original budget due to volume increases. Supplemental funding is down (\$1.1M) as uncertainty around funding formulas continues to present challenges in setting future budget expectations particularly around NAIP. Nonoperating revenue is down \$1.2M due to lower yields on investment income year to date. This puts total revenue up 0.1% from original budget estimates.

Expenses are expected to increase 1.7% to original budget expectations due additional needed staffing added this year, higher physician fees in EC and Radiology, higher than expected Epic implementation project costs, and increased depreciation estimates.

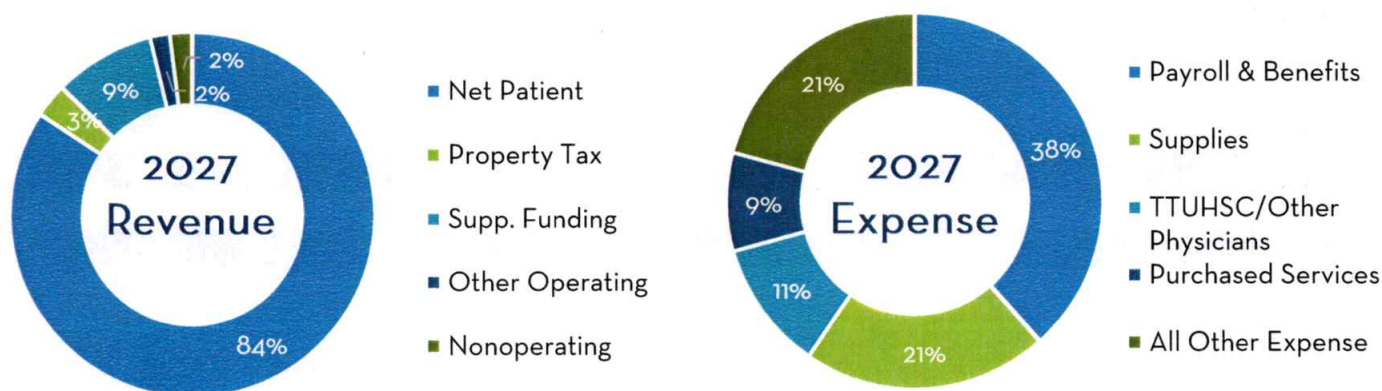


## 2027 Revenues and Expense

In 2027, overall net revenue is expected to grow \$47.6M or 4.9% from 2026, driven by continued growth at H&W and both Emergency Centers. Total operating revenue growth is only 3.7% however, due to other operating revenue decreasing from the conclusion of the Epic implementation capital costs payback by TTUHSC and decreases in supplemental funding. Reliance on DSH/UC and NAIP funds to generate a positive bottom line continues and presents concerns with the NAIP program expected to end in 2027.

Total expense growth in 2027 is projected to be \$30.3M or 2.7%. Increased volume at H&W and the Main Campus, labor costs including market raises to attract and retain staff, inflationary increases system-wide, and increases in physician support make up the expense increase. Net expense growth is lower than recent years however due to one-time Epic implementation costs of \$9.9M and the completion of the Cerner contract both concluding in 2026.

With the slightly higher increase in revenues relative to operating expense, operating margin increases from 0.0% to 1.0% in 2027 and increases excess revenue over expense to \$35.5M. However, expense growth and reliance on supplemental funding continue to challenge the bottom line.



# INCOME STATEMENT BY EXPENSE CATEGORY

(DOLLARS IN THOUSANDS)

|                                   | 2025<br>ACTUAL   | 2026<br>BUDGET   | 2026<br>REVISED<br>BUDGET | 2026<br>BUDGET<br>CHG % | 2027<br>BUDGET   | 2027<br>BUDGET<br>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%)                  |
| <b>Total Operating Revenue</b>    | <b>1,106,303</b> | <b>1,141,727</b> | <b>1,144,420</b>          | <b>0.2%</b>             | <b>1,186,335</b> | <b>3.7%</b>             |
| 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%                    |
| <b>Total Operating Expense</b>    | <b>1,052,389</b> | <b>1,125,475</b> | <b>1,144,139</b>          | <b>1.7%</b>             | <b>1,174,490</b> | <b>2.7%</b>             |
| <b>Operating Income</b>           | <b>53,914</b>    | <b>16,251</b>    | <b>281</b>                | <b>(98.3%)</b>          | <b>11,845</b>    | <b>4114.2%</b>          |
| 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%                    |
| <b>Total Nonoperating Revenue</b> | <b>26,151</b>    | <b>24,630</b>    | <b>23,420</b>             | <b>(4.9%)</b>           | <b>23,685</b>    | <b>1.1%</b>             |
| <b>REVENUE OVER EXPENSE</b>       | <b>\$80,065</b>  | <b>\$40,881</b>  | <b>\$23,701</b>           | <b>(42.0%)</b>          | <b>\$35,530</b>  | <b>49.9%</b>            |



# INCOME STATEMENT BY EXPENSE AREA

(DOLLARS IN THOUSANDS)

|                                   | 2025<br>ACTUAL   | 2026<br>BUDGET   | 2026<br>REVISED<br>BUDGET | 2026<br>BUDGET<br>CHG % | 2027<br>BUDGET   | 2027<br>BUDGET<br>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%)                  |
| <b>Total Operating Revenue</b>    | <b>1,106,303</b> | <b>1,141,727</b> | <b>1,144,420</b>          | <b>0.2%</b>             | <b>1,186,335</b> | <b>3.7%</b>             |
| 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%                    |
| <b>Total Operating Expense</b>    | <b>1,052,389</b> | <b>1,125,475</b> | <b>1,144,139</b>          | <b>1.7%</b>             | <b>1,174,490</b> | <b>2.7%</b>             |
| <b>Operating Income</b>           | <b>53,914</b>    | <b>16,251</b>    | <b>281</b>                | <b>(98.3%)</b>          | <b>11,845</b>    | <b>4114.2%</b>          |
| 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%                    |
| <b>Total Nonoperating Revenue</b> | <b>26,151</b>    | <b>24,630</b>    | <b>23,420</b>             | <b>(4.9%)</b>           | <b>23,685</b>    | <b>1.1%</b>             |
| <b>REVENUE OVER EXPENSE</b>       | <b>\$80,065</b>  | <b>\$40,881</b>  | <b>\$23,701</b>           | <b>(42.0%)</b>          | <b>\$35,530</b>  | <b>49.9%</b>            |



# CAPITAL EQUIPMENT BUDGET 2026-2029

| BY YEAR           | PROPOSED BUDGET |
|-------------------|-----------------|
| 2026 Budget       | 38,189,132      |
| 2026 Undesignated | 7,000,000       |
| 2026 Total        | \$45,189,132    |
| 2027 Budget       | 29,915,334      |
| 2027 Undesignated | 8,000,000       |
| 2027 Total        | \$37,915,334    |
| 2028 Budget       | 16,969,146      |
| 2028 Undesignated | 19,530,854      |
| 2028 Total        | \$36,500,000    |
| 2029 Budget       | 13,955,769      |
| 2029 Undesignated | 22,544,231      |
| 2029 Total        | \$36,500,000    |

## 2026 CAPITAL EQUIPMENT BUDGET

|                                                          | BUDGET    | PURCHASED |
|----------------------------------------------------------|-----------|-----------|
| <b>Cath Lab</b>                                          |           |           |
| EKG Replacement - 2026                                   | 60,450    |           |
| Medtronic Renal Denervation G3 Generator                 | 60,450    |           |
| Ultrasound Machine Replacement - 2026                    | 288,300   | X         |
| <b>EMS</b>                                               |           |           |
| Ambulances - 2026                                        | 1,408,253 | X         |
| First Responder/Supervisory Vehicle - 2026               | 75,000    |           |
| <b>Information Technology</b>                            |           |           |
| BATC Data Center Network Core and TOR Switch Replacement | 1,627,186 | X         |
| Central Station and Surveillance Replacement             | 453,029   | X         |
| Data Loss Prevention Technology                          | 372,000   |           |
| Decision Support and Financial Planning System           | 1,122,000 | X         |
| Epic Implementation                                      | 4,110,257 | X         |
| IT Infrastructure Refresh Fund - 2026                    | 2,232,000 | X         |
| <b>Labs</b>                                              |           |           |
| Coagulation Analyzer Instrument                          | 150,000   |           |
| Coagulation Automation Line                              | 150,000   |           |
| GeneXpert Analyzer                                       | 325,260   | X         |
| Hematology Analyzer - 2026                               | 150,000   |           |
| Hematology Analyzers and Automation                      | 450,000   |           |
| <b>Nursing Services</b>                                  |           |           |
| Accuryn Urine Monitoring System                          | 136,320   |           |
| CVICU Ultrasound                                         | 54,990    | X         |
| Defibrillator Replacement - Phase I                      | 791,685   |           |
| Giraffe Omni Beds-Isolettes - 2026                       | 95,486    |           |
| Giraffe Radiant Warmers                                  | 61,412    |           |
| Hemosphere Alta Monitor for CVICU and OR                 | 973,880   | X         |
| NICU Transport Isolette                                  | 317,075   |           |
| <b>Radiology</b>                                         |           |           |
| 3T MRI Upgrade                                           | 430,324   | X         |
| Canon Soltus 500 40kw Digital Mobile X-Ray System - 2026 | 325,500   |           |
| High Resolution Standardization of Mammography Machines  | 339,397   | X         |
| Mammography Machines Replacement - Main Campus           | 815,276   | X         |
| MRI Machine Upgrade - UMC Southwest                      | 163,644   | X         |
| OB Ultrasound Machines - 2026                            | 306,900   |           |
| Ultrasound Machine - UMC Southwest                       | 134,850   |           |

## 2026 CAPITAL EQUIPMENT BUDGET

|                                                       | BUDGET    | PURCHASED |
|-------------------------------------------------------|-----------|-----------|
| <b>Support Services</b>                               |           |           |
| Hamilton C6 Ventilators - 2026                        | 373,895   | X         |
| Hamilton T1 Transport Ventilators - 2026              | 171,814   | X         |
| Mattress Replacement - 2026                           | 68,400    | X         |
| Police Patrol Unit                                    | 74,400    |           |
| Vapotherm High Velocity Therapy 2.0 - 2026            | 149,985   | X         |
| <b>Surgical Services</b>                              |           |           |
| Aesculap Aeos Microscope                              | 538,262   | X         |
| Colon Scopes - 2026                                   | 218,528   |           |
| Diagnosis Bronchoscopes                               | 63,944    |           |
| Draeger Anesthesia Machines                           | 2,225,853 | X         |
| Dualto Surgical Generators                            | 581,250   |           |
| EBUS Ultrasound Processor                             | 243,405   |           |
| Endoflip Imaging Probe                                | 99,209    |           |
| Fibroscan Ultrasound                                  | 162,736   | X         |
| GE Ultrasound Machines                                | 120,540   |           |
| Globus Excelsius3D                                    | 857,500   | X         |
| Gold Lasers                                           | 151,800   |           |
| Heater/Coolers for Perfusion                          | 174,044   |           |
| Jackson Modular Surgical Bases and Tops               | 291,978   |           |
| LivaNova Essenz Perfusion System - 2026               | 433,211   |           |
| Misonix Nexus System                                  | 140,000   |           |
| Mizuho Levo Head Positioning System                   | 67,365    |           |
| Neptune Waste Management System                       | 68,355    |           |
| Neuro and Urology Instrumentation - Health & Wellness | 300,000   |           |
| Neuro and Urology Instrumentation - Main Campus       | 600,000   |           |
| Neuro Equipment at Health & Wellness - 2026           | 500,000   |           |
| OEC Elite C-Arm                                       | 338,548   | X         |
| Omega FluoroShield Image Guided Endoscopy System      | 932,184   | X         |
| OR Lights and Booms                                   | 5,345,788 |           |
| Q Guidance Copilot Robotic System                     | 1,881,565 | X         |
| Rigid Bronch System                                   | 116,397   | X         |
| Storz CMAC                                            | 101,726   |           |
| Stryker Nico Spectra                                  | 323,688   |           |
| Therapeutic Bronchoscopes                             | 64,026    |           |
| Trusystem Table                                       | 101,569   |           |
| Video Tower and Camera Set Upgrades                   | 2,326,242 | X         |



# 2026 CAPITAL EQUIPMENT BUDGET

|                                     | BUDGET       | PURCHASED |
|-------------------------------------|--------------|-----------|
| Subtotal                            | 38,189,132   |           |
| Undesignated or Less Than \$100,000 | 7,000,000    |           |
| GRAND TOTAL                         | \$45,189,132 |           |

## 2027 CAPITAL EQUIPMENT BUDGET

|                                                                 | BUDGET    | PURCHASED |
|-----------------------------------------------------------------|-----------|-----------|
| <b>Cath Lab</b>                                                 |           |           |
| Azurion X-Ray System                                            | 920,438   |           |
| EKG Replacement - 2027                                          | 65,000    |           |
| Ultrasound Machine Replacement - 2027                           | 310,000   |           |
| <b>EMS</b>                                                      |           |           |
| Ambulances - 2027                                               | 1,261,875 |           |
| First Responder/Supervisory Vehicles - 2027                     | 160,000   |           |
| PowerLoads - 2027                                               | 230,864   |           |
| Stretchers - 2027                                               | 232,296   |           |
| <b>Information Technology</b>                                   |           |           |
| Backup Solution Expansion                                       | 186,000   |           |
| Cellular DAS - East Tower Expansion and Main Campus Replacement | 3,236,400 |           |
| Datacenter Server Expansion                                     | 279,000   |           |
| Datacenter Storage Expansion                                    | 372,000   |           |
| Health and Wellness Disaster Recovery Data Center Site          | 1,150,000 |           |
| IT Infrastructure Refresh Fund - 2027                           | 2,500,000 |           |
| Primary Data Center UPS Revitalization                          | 183,000   |           |
| VDI Platform Replacement                                        | 1,300,000 |           |
| <b>Labs</b>                                                     |           |           |
| Apheresis System                                                | 100,000   |           |
| Automated Gram Stainer and Reader                               | 250,000   |           |
| Biofire Torch 2 PCR Testing System                              | 55,500    |           |
| CBC Analyzer with Parameter for Sepsis Indication               | 75,850    |           |
| Plex Testing System - Respiratory and Sepsis                    | 85,000    |           |
| Rapid Antimicrobial Susceptibility Testing (AST)                | 395,000   |           |
| <b>Nursing Services</b>                                         |           |           |
| CRRT Machine Replacements                                       | 380,417   |           |
| Defibrillator Replacement - Phase II                            | 792,566   |           |
| Giraffe Omni Beds-Isolettes - 2027                              | 95,486    |           |
| Rapid Infusers                                                  | 148,164   |           |

## 2027 CAPITAL EQUIPMENT BUDGET

|                                                          | BUDGET    | PURCHASED |
|----------------------------------------------------------|-----------|-----------|
| <b>Radiology</b>                                         |           |           |
| Canon Omnera 400T System - Pavilion                      | 221,250   |           |
| Canon Omnera 400T System - UMCP Milwaukee Clinic         | 250,000   |           |
| Canon Omnera 500A System - UMCP I-27 Clinic              | 232,500   |           |
| Canon Soltus 500 40kw Digital Mobile X-Ray System - 2027 | 243,500   |           |
| Cardiac Cat Scan                                         | 2,093,000 |           |
| Cat Scan AW Server Upgrade                               | 222,889   |           |
| Cat Scan Replacement - 2027                              | 1,699,000 |           |
| Mammography Machine Replacement - UMC Southwest 2027     | 500,000   |           |
| OB Ultrasound Machines - 2027                            | 330,000   |           |
| Radiology Artificial Intelligence Technology             | 450,000   |           |
| <b>Support Services</b>                                  |           |           |
| 3100A HFOV Ventilators                                   | 117,161   |           |
| Bed and Stretcher Replacement - 2027                     | 225,000   |           |
| Cardiac Rehab Telemetry System Upgrade - Main Campus     | 230,486   |           |
| Hamilton C6 Ventilators - 2027                           | 373,895   |           |
| Hamilton MR1 Ventilators                                 | 123,000   |           |
| Hamilton T1 Transport Ventilators - 2027                 | 65,930    |           |
| Illumia POS Hardware                                     | 219,000   |           |
| License Plate Readers                                    | 121,148   |           |
| Mattress Replacement - 2027                              | 114,400   |           |
| Security Patrol Vehicle                                  | 60,000    |           |
| Vapotherm High Velocity Therapy 2.0 - 2027               | 166,430   |           |
| <b>Surgical Services</b>                                 |           |           |
| Alcon Centurion PHACO Machines                           | 180,000   |           |
| Alcon Constellation VIT Machines                         | 210,000   |           |
| Arctic Sun Stat Temperature Management System            | 184,434   |           |
| Belimed Washer Disinfector                               | 91,132    |           |
| Biplane                                                  | 2,600,000 |           |
| Colon Scopes - 2027                                      | 238,237   |           |
| EBUS Scopes and Mini Probe                               | 210,567   |           |
| EUS Scopes                                               | 205,380   |           |
| LivaNova Essenz Perfusion System - 2027                  | 433,211   |           |
| Neuro Equipment at Health & Wellness - 2027              | 500,000   |           |
| Olympus Processors                                       | 595,811   |           |
| Radial EUS 190 Scope                                     | 349,600   |           |
| Sonopet Series 3                                         | 369,572   |           |
| Zeiss Lumera 700 Microscopes                             | 449,646   |           |



## 2027 CAPITAL EQUIPMENT BUDGET

|                                           | BUDGET       | PURCHASED |
|-------------------------------------------|--------------|-----------|
| TLC <sup>2</sup> Foundation Cancer Center |              |           |
| Elekta Flexitron Afterloader Unit         | 474,300      |           |
| Subtotal                                  | 29,915,334   |           |
| Undesignated or Less Than \$100,000       | 8,000,000    |           |
| GRAND TOTAL                               | \$37,915,334 |           |

## 2028 CAPITAL EQUIPMENT BUDGET

|                                                          | BUDGET    | PURCHASED |
|----------------------------------------------------------|-----------|-----------|
| <b>Cath Lab</b>                                          |           |           |
| EKG Replacement - 2028                                   | 65,000    |           |
| Ultrasound Machine Replacement - 2028                    | 310,000   |           |
| <b>EMS</b>                                               |           |           |
| Ambulances - 2028                                        | 1,261,875 |           |
| First Responder/Supervisory Vehicles - 2028              | 160,000   |           |
| PowerLoads - 2028                                        | 240,000   |           |
| Stretchers - 2028                                        | 280,000   |           |
| <b>Information Technology</b>                            |           |           |
| IT Infrastructure Refresh Fund - 2028                    | 2,600,000 |           |
| <b>Labs</b>                                              |           |           |
| Transfusion Automation                                   | 600,000   |           |
| Urine Analyzer - Kingspark                               | 100,000   |           |
| <b>Nursing Services</b>                                  |           |           |
| Defibrillator Replacement - Phase III                    | 792,566   |           |
| Giraffe Omni Beds-Isolettes - 2028                       | 95,486    |           |
| <b>Radiology</b>                                         |           |           |
| Canon Omnera 400T System - MOP I                         | 250,000   |           |
| Canon Omnera 400T System - UMC Southwest                 | 250,000   |           |
| Canon Soltus 500 40kw Digital Mobile X-Ray System - 2028 | 330,000   |           |
| Cat Scan Replacement - 2028                              | 1,200,000 |           |
| Digital Mobile Super C C-Arms - 2028                     | 471,000   |           |
| GE 860 NM SPECT/CT System - 2028                         | 500,000   |           |
| GE NM 830 Dual Head SPECT Camera                         | 400,000   |           |
| Mammography Machine Replacement - UMC Southwest<br>2028  | 500,000   |           |
| PACS System - 2028                                       | 1,500,000 |           |
| Ultrasound Machine - Main Campus                         | 289,700   |           |
| <b>Support Services</b>                                  |           |           |
| Bed and Stretcher Replacement - 2028                     | 685,000   |           |
| Bipaps/C1 Replacements                                   | 480,000   |           |
| Hamilton C6 Ventilators - 2028                           | 373,895   |           |
| Mattress Replacement - 2028                              | 63,360    |           |
| Vapotherm High Velocity Therapy 2.0 - 2028               | 110,953   |           |

## 2028 CAPITAL EQUIPMENT BUDGET

|                                          | BUDGET       | PURCHASED |
|------------------------------------------|--------------|-----------|
| Surgical Services                        |              |           |
| Crash Carts                              | 91,100       |           |
| Da Vinci 5 Single Console Systems - 2028 | 2,536,000    |           |
| LivaNova Essenz Perfusion System - 2028  | 433,211      |           |
| Subtotal                                 | 16,969,146   |           |
| Undesignated or Less Than \$100,000      | 19,530,854   |           |
| GRAND TOTAL                              | \$36,500,000 |           |



## 2029 CAPITAL EQUIPMENT BUDGET

|                                             | BUDGET              | PURCHASED |
|---------------------------------------------|---------------------|-----------|
| <b>Cath Lab</b>                             |                     |           |
| EKG Replacement - 2029                      | 65,000              |           |
| <b>EMS</b>                                  |                     |           |
| Ambulances - 2029                           | 1,350,000           |           |
| Cardiac Monitors - 2029                     | 750,000             |           |
| First Responder/Supervisory Vehicles - 2029 | 170,000             |           |
| PowerLoads - 2029                           | 256,000             |           |
| Stretchers - 2029                           | 288,000             |           |
| <b>Information Technology</b>               |                     |           |
| IT Infrastructure Refresh Fund - 2029       | 2,700,000           |           |
| <b>Labs</b>                                 |                     |           |
| Automated HPV PCR Analyzer                  | 150,000             |           |
| Coagulation Analyzer                        | 60,000              |           |
| Hematology Analyzer - 2029                  | 50,000              |           |
| TEG Blood Analyzers                         | 200,000             |           |
| X-Ray Blood Irradiator                      | 324,388             |           |
| <b>Nursing Services</b>                     |                     |           |
| Giraffe Omni Beds-Isolettes - 2029          | 95,486              |           |
| <b>Radiology</b>                            |                     |           |
| Cat Scan - Main Campus                      | 2,093,000           |           |
| Cat Scan Replacement - UMC Southwest        | 1,300,000           |           |
| Digital Mobile Super C C-Arms - 2029        | 430,000             |           |
| GE 860 NM SPECT/CT System - 2029            | 500,000             |           |
| PACS System - 2029                          | 2,500,000           |           |
| <b>Support Services</b>                     |                     |           |
| Bed and Stretcher Replacement - 2029        | 300,000             |           |
| Hamilton C6 Ventilators - 2029              | 373,895             |           |
| <b>Subtotal</b>                             | <b>13,955,769</b>   |           |
| Undesignated or Less Than \$100,000         | 22,544,231          |           |
| <b>GRAND TOTAL</b>                          | <b>\$36,500,000</b> |           |

# CAPITAL EXPANSION BUDGET 2026-2029

| #  | PROJECT DESCRIPTION                       | 2025 ACTUAL | 2026 REVISED BUDGET | 2027 BUDGET | 2028 BUDGET | 2029 BUDGET | TOTAL      |
|----|-------------------------------------------|-------------|---------------------|-------------|-------------|-------------|------------|
| 1  | Facilities Projects                       | 3,955,632   | 6,575,000           | 7,580,705   | 6,859,926   | 5,348,600   | 30,319,863 |
| 2  | Marketing & Patient Experience Projects   | 910,851     | 1,175,371           | 1,175,371   | 1,175,371   | 1,175,371   | 5,612,335  |
| 3  | 3 East Finish Upgrades                    | 1,483,910   | 490,531             | -           | -           | -           | 1,974,441  |
| 4  | 3 West Renovation                         | -           | -                   | 3,946,316   | 3,946,316   | -           | 7,892,632  |
| 5  | 4 East Renovation                         | -           | -                   | -           | -           | 1,598,648   | 1,598,648  |
| 6  | 4 East BMT                                | -           | -                   | -           | -           | 576,450     | 576,450    |
| 7  | 4th Floor East Tower OR Equipment Upgrade | -           | 615,000             | -           | -           | -           | 615,000    |
| 8  | BATC CBO                                  | 248,866     | 11,280              | -           | -           | -           | 260,146    |
| 9  | BATC Epic Conversion                      | 2,947       | -                   | -           | -           | -           | 2,947      |
| 10 | Blue Sky Office Renovation                | -           | 400,000             | -           | -           | -           | 400,000    |
| 11 | Cancer Center                             | 59,500,406  | 14,059,082          | -           | -           | -           | 73,559,488 |
| 12 | Cath Labs 1-4                             | 1,200       | -                   | -           | -           | -           | 1,200      |
| 13 | CI/CV/NICU Renovation                     | 6,693       | 1,824,712           | 1,746,920   | -           | -           | 3,578,325  |
| 14 | CT Room 1 Remodel                         | -           | 79,635              | -           | -           | -           | 79,635     |
| 15 | Dock Expansion                            | 45,555      | 986,107             | -           | -           | -           | 1,031,662  |
| 16 | East/West Equipment Room Upgrades         | -           | 3,166,106           | 2,007,270   | -           | -           | 5,173,376  |
| 17 | East Tower On Call Rooms                  | -           | 227,966             | -           | -           | -           | 227,966    |
| 18 | EC Residence Conference Room              | -           | 198,000             | -           | -           | -           | 198,000    |
| 19 | EC Room Renovation                        | 91,553      | -                   | -           | -           | -           | 91,553     |
| 20 | EMS Logistics Expansion                   | -           | -                   | -           | -           | 1,215,000   | 1,215,000  |
| 21 | EP 1 & 2                                  | -           | 1,202,583           | 300,646     | -           | -           | 1,503,229  |

| #  | PROJECT DESCRIPTION                          | 2025 ACTUAL | 2026 REVISED BUDGET | 2027 BUDGET | 2027 BUDGET | 2029 BUDGET | TOTAL     |
|----|----------------------------------------------|-------------|---------------------|-------------|-------------|-------------|-----------|
| 22 | First Responder Park (S Indiana EMS)         | -           | -                   | -           | 2,000,000   | -           | 2,000,000 |
| 23 | Health & Wellness Hospital                   | 141,635     | 43                  | -           | -           | -           | 141,678   |
| 24 | HWH Glass Replacement                        | -           | -                   | -           | -           | 935,000     | 935,000   |
| 25 | HWH MOP 2nd Floor Finishout                  | 12,740      | -                   | -           | -           | -           | 12,740    |
| 26 | HWH MOP 3rd Floor Finishout                  | 2,383       | -                   | -           | -           | -           | 2,383     |
| 27 | HWH Sterile Storage Expansion                | -           | 102,600             | -           | -           | -           | 102,600   |
| 28 | HWH Urgent Care Clinic                       | 19,319      | -                   | -           | -           | -           | 19,319    |
| 29 | Helipad Addition/Expansion                   | 149,410     | 2,012,448           | -           | -           | -           | 2,161,858 |
| 30 | I-27 Rehab Renovation                        | -           | 550,000             | -           | -           | -           | 550,000   |
| 31 | Kingspark Renovation                         | 29,940      | 226,851             | -           | -           | -           | 256,791   |
| 32 | Main Lobby Expansion                         | 27,991      | -                   | -           | -           | -           | 27,991    |
| 33 | McInturff Renovation                         | -           | 1,276,884           | 1,276,884   | -           | -           | 2,553,768 |
| 34 | MOP I 3rd & 4th Flrs HVAC/Tenant Improvement | 735,652     | 4,604,439           | 815,925     | -           | -           | 6,156,016 |
| 35 | MOP II AIC/UC Swap                           | 258,047     | -                   | -           | -           | -           | 258,047   |
| 36 | MRI Room 2                                   | 54,819      | 836,248             | -           | -           | -           | 891,067   |
| 37 | Nuclear Medicine/Cardiac CT                  | -           | -                   | -           | 610,000     | -           | 610,000   |
| 38 | Nursing Administration                       | -           | 139,579             | -           | -           | -           | 139,579   |
| 39 | OR #8                                        | 104,042     | -                   | -           | -           | -           | 104,042   |
| 40 | OR 16/17 - Bi-Plane                          | -           | -                   | 4,905,000   | -           | -           | 4,905,000 |
| 41 | Pedi Playground                              | 532,772     | 91,491              | -           | -           | -           | 624,263   |

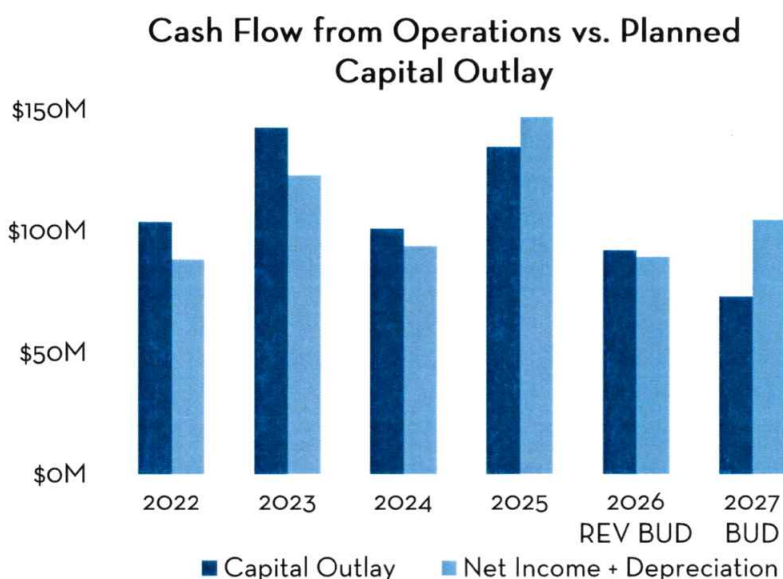


| #             | PROJECT DESCRIPTION                  | 2025 ACTUAL  | 2026 REVISED BUDGET | 2027 BUDGET  | 2027 BUDGET  | 2029 BUDGET   | TOTAL         |
|---------------|--------------------------------------|--------------|---------------------|--------------|--------------|---------------|---------------|
| 42            | Pedi/PICU Relocation                 | 2,592,733    | -6,595              | -            | -            | -             | 2,586,138     |
| 43            | Pharmacy Basement/On-Call Renovation | 372,217      | 2,915,883           | -            | -            | -             | 3,288,100     |
| 44            | Roof Repairs (MOP I, West Tower)     | 55,334       | -                   | -            | -            | -             | 55,334        |
| 45            | Security Enhancement                 | -            | 150,000             | 150,000      | 150,000      | 150,000       | 600,000       |
| 46            | SMB Soriano Suite Finish Updates     | -            | 542,028             | -            | -            | -             | 542,028       |
| 47            | UMCP Tenant Improvements             | -            | 250,000             | 250,000      | 250,000      | 250,000       | 1,000,000     |
| 48            | West Tower                           | -            | 500,000             | 10,638,333   | 46,590,833   | 102,270,833   | 159,999,999   |
| 49            | Wolfforth Clinic                     | 3,018,102    | 1,009,395           | -            | -            | -             | 4,027,497     |
| 50            | Miscellaneous                        | 50,923       | 475,091             | 250,000      | 250,000      | 250,000       | 1,276,014     |
| YEARLY TOTALS |                                      | \$74,405,669 | \$46,687,755        | \$35,043,369 | \$61,832,447 | \$113,769,903 | \$331,739,143 |

# CAPITAL EXPENDITURES, NET INCOME & CASH

Capital expenditures increased in 2023 with the construction of the Health & Wellness Hospital and again in 2025 with the TLC2 Cancer Center and the transition of our medical record and revenue platform to Epic. Planned capital expenditures have exceeded net income and depreciation from 2022 to 2024 with these major investments, but capital outlay has decreased in 2026 and 2027.

Prior to 2023, net income increased cash reserves allowing for these capital investments while maintaining zero debt. Cash operating reserves remain above 120 days in 2026 and 2027, however planned expansion for EC and overall bed capacity beyond 2028 will challenge cash reserves.



# CASH FORECAST

(DOLLARS IN THOUSANDS)

|                                                   | 2026 REVISED<br>BUDGET | 2027 BUDGET      |
|---------------------------------------------------|------------------------|------------------|
| Beginning Cash Balance Before Designations        | \$422,994              | \$440,477        |
| Sources of Cash                                   |                        |                  |
| Excess Revenue Over Expense                       | 23,701                 | 35,530           |
| Foundation Donation                               | 20,000                 | 5,000            |
| Depreciation                                      | 65,659                 | 68,965           |
| Cash Surplus/(Deficit) From Net Income            | 109,360                | 109,495          |
| Total Cash Available                              | 532,354                | 549,972          |
| Sources/Uses of Cash                              |                        |                  |
| Facility Expansion                                | -46,688                | -35,043          |
| Equipment Acquisition                             | -45,189                | -37,915          |
| Total Sources/(Uses) Of Cash                      | -91,877                | -72,959          |
| <b>TOTAL CASH BALANCE BEFORE DESIGNATIONS</b>     | <b>\$440,477</b>       | <b>\$477,013</b> |
| <b>Days Cash on Hand Before Designations</b>      | <b>147.0</b>           | <b>155.3</b>     |
| Less Reserves                                     |                        |                  |
| Board Designated for Operating Reserve (120 Days) | 359,493                | 368,508          |
| Board Designated for Self Insurance               | 2,729                  | 2,729            |
| Endowment for SOM Anesthesiology                  | 1,021                  | 1,021            |
| Endowment for Excellence in Nursing               | 1,026                  | 1,026            |
| Board Designated for Peter Canizaro Professorship | 250                    | 250              |
| Total Reserves                                    | 364,519                | 373,535          |
| <b>UNDESIGNATED CASH BALANCE AT YEAR END</b>      | <b>\$75,958</b>        | <b>\$103,479</b> |
| <b>Operating Reserve Days Cash on Hand</b>        | <b>120.0</b>           | <b>120.0</b>     |



# 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         |
| <b>Tax Revenue Attributable To New Construction</b> | <b>\$680,720</b> |

|                                          |                     |
|------------------------------------------|---------------------|
| 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%                |
| <b>Estimated Current Tax Collections</b> | <b>\$34,821,601</b> |

## Summary of Tax Collections

|                                   |                     |
|-----------------------------------|---------------------|
| Current Tax                       | 34,821,601          |
| Penalty and Interest              | 200,000             |
| <b>TOTAL 2026 TAX COLLECTIONS</b> | <b>\$35,021,601</b> |

| 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                |

# COMPARATIVE TAX

|                                                 | 2025              | % OF LEVY     | PROPOSED<br>2026* | % OF LEVY     |
|-------------------------------------------------|-------------------|---------------|-------------------|---------------|
| <b>Lubbock County</b>                           |                   |               |                   |               |
| Average Market Value                            | 226,622           |               | 230,840           |               |
| Homestead Exemptions                            | 0                 |               | 0                 |               |
| Taxable Value                                   | 226,622           |               | 230,840           |               |
| Tax Rate/\$100*                                 | 0.327425          |               | 0.327425          |               |
| <b>Tax Levy</b>                                 | <b>\$742.02</b>   | <b>19.2%</b>  | <b>\$755.83</b>   | <b>19.2%</b>  |
| <b>Lubbock ISD</b>                              |                   |               |                   |               |
| Average Market Value                            | 226,622           |               | 230,840           |               |
| Homestead Exemptions                            | 15,000            |               | 15,000            |               |
| Taxable Value                                   | 211,622           |               | 215,840           |               |
| Tax Rate/\$100*                                 | 0.867200          |               | 0.867200          |               |
| <b>Tax Levy</b>                                 | <b>\$1,835.19</b> | <b>47.4%</b>  | <b>\$1,871.76</b> | <b>47.4%</b>  |
| <b>City of Lubbock</b>                          |                   |               |                   |               |
| Average Market Value                            | 226,622           |               | 230,840           |               |
| Homestead Exemptions                            | 0                 |               | 0                 |               |
| Taxable Value                                   | 226,622           |               | 230,840           |               |
| Tax Rate/\$100*                                 | 0.472191          |               | 0.472191          |               |
| <b>Tax Levy</b>                                 | <b>\$1,070.09</b> | <b>27.6%</b>  | <b>\$1,090.01</b> | <b>27.6%</b>  |
| <b>Lubbock County Hospital District (UMCHS)</b> |                   |               |                   |               |
| Average Market Value                            | 226,622           |               | 230,840           |               |
| Homestead Exemptions                            | 0                 |               | 0                 |               |
| Taxable Value                                   | 226,622           |               | 230,840           |               |
| Tax Rate/\$100*                                 | 0.099660          |               | 0.099932          |               |
| <b>Tax Levy</b>                                 | <b>\$225.85</b>   | <b>5.8%</b>   | <b>\$230.68</b>   | <b>5.8%</b>   |
| <b>TOTAL TAX LEVY</b>                           | <b>\$3,873.14</b> | <b>100.0%</b> | <b>\$3,948.28</b> | <b>100.0%</b> |

\*2025 using adopted tax rate. 2026 using prior year rate for proposed, subject to final adoption by governing bodies.

## 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



# BUDGET CALENDAR

