




**MIDLAND HEALTH**

FY 2026 Budget



# Review FY 2025 Projection and FY 2026 Budget

# FY 2025 Projection to Budget

	Actual	Actual	Actual	Actual	Projection	Budget		
(In thousands)	FY22 Total	FY23 Total	FY24 Total	FY 25 YTD-Jul	FY25 Total	FY25 Total	\$ Diff	% Diff
Net patient service revenue	\$ 258,437	\$ 260,380	\$ 290,100	\$ 250,731	\$ 300,512	\$ 298,876	\$ 1,636	1%
Supplmental payments	43,817	33,693	32,495	24,202	30,532	24,617	5,915	24%
Provider relief funds/FEMA	2,597	1,465	-	909	909	-	909	100%
Other income	11,900	13,987	14,089	12,417	14,909	14,709	200	1%
Net operating revenue	316,751	309,525	336,684	288,259	346,862	338,202	8,660	3%
Salaries, wages and benefits	142,499	154,740	170,402	151,685	182,281	176,087	6,194	4%
Contract labor	33,838	24,105	22,171	15,966	19,566	19,500	66	0%
Supplies	62,858	62,565	64,384	57,425	68,387	65,434	2,953	5%
Purchased services and professional fees	43,117	45,827	54,534	56,480	67,821	65,647	2,174	3%
All other operating expenses	50,063	41,995	45,703	25,975	30,323	33,450	(3,127)	-9%
Total operating expense	332,375	329,232	357,194	307,531	368,378	360,118	8,260	2%
Operating EBITA	(15,624)	(19,707)	(20,510)	(19,272)	(21,516)	(21,916)	400	2%
Depreciation and amortization	27,871	30,209	31,673	27,410	33,178	33,132	46	0%
Gain on sale of capital asset	-	-	(1,052)	-	-	-	-	0%
Interest on LT debt	4,883	4,966	6,308	7,127	8,482	8,527	(45)	-1%
Ad valorem tax support	42,215	42,836	44,089	39,158	47,013	46,531	482	1%
Sales tax support	30,038	37,848	37,082	31,127	37,370	38,046	(676)	-2%
Investment income	227	4,142	7,256	5,962	6,956	5,408	1,548	29%
501a net activity	(17,982)	(20,732)	(24,747)	(23,571)	(28,135)	(25,618)	(2,517)	-10%
Insurance settlement	-	-	9,026	3,116	3,116	-	3,116	100%
Other nonoperating income/expense	6,775	6,444	5,836	6,502	7,610	5,608	2,002	36%
NET INCOME	\$ 12,895	\$ 15,656	\$ 21,103	\$ 8,485	\$ 10,754	\$ 6,400	\$ 4,354	68%

# FY 2026 Preliminary Budget to FY 2025 Projection

	Projection	Budget		
(In thousands)	FY25 Total	FY26 Prelim	\$ Change	% Change
Net patient service revenue	\$ 300,512	\$ 311,931	\$ 11,419	3.8%
Supplemental payments	30,532	30,532	-	0.0%
Supplemental COVID-19 payments-FEMA	909	-	(909)	-100.0%
Other income	14,909	15,654	745	5.0%
Net operating revenue	346,862	358,118	11,256	3.2%
Salaries, wages and benefits	182,281	191,715	9,434	5.2%
Contract labor	19,566	17,490	(2,076)	-10.6%
Supplies	68,387	70,898	2,511	3.7%
Purchased services and professional fees	67,821	68,838	1,017	1.5%
All other operating expenses	30,323	30,626	303	1.0%
Total operating expense	368,378	379,568	11,190	3.0%
Operating EBITA	(21,516)	(21,450)	66	0.3%
Depreciation and amortization	33,178	34,916	1,738	5.2%
Interest on LT debt	8,482	8,301	(181)	-2.1%
Ad valorem tax support	47,013	49,364	2,351	5.0%
Sales tax support	37,370	37,744	374	1.0%
Investment income	6,956	6,154	(802)	-11.5%
501a net activity	(28,135)	(28,820)	(685)	-2.4%
Insurance settlement	3,116	-	(3,116)	-100.0%
Other nonoperating income/expense	7,610	7,025	(585)	-7.7%
<b>NET INCOME</b>	<b>\$ 10,754</b>	<b>\$ 6,800</b>	<b>\$ (3,954)</b>	<b>-36.8%</b>

# Proposal-Ad Valorem Rates

	<b>ACTUAL FY 2025</b>	<b>NEW NNR FY 2026</b>	<b>PROPOSED FY 2026</b>	<b>Change \$</b>	<b>Change %</b>
Value	61,528,340,497	66,970,727,863	66,970,727,863	6,048,042,233	9.8%
New Prop		605,654,867	605,654,867		
M&O	0.059182	0.053970	0.057486	(0.001695)	-2.9%
I&S	0.017123	0.016245	0.016245	(0.000879)	-5.1%
	0.076305	0.070214	0.073731	(0.002574)	-3.4%
M&O	36,534,111	36,143,889	38,499,126	1,965,015	5.4%
I&S	10,415,089	10,977,447	10,977,447	562,358	5.4%
New Property	-	326,870	348,170	348,170	100.0%
Levy adjustments	73,750	-	-	(73,750)	-100.0%
	47,022,950	47,448,206	49,824,743	2,801,793	5.2%
Average Home Market Value	237,656	241,030	241,030	3,374.50	1.4%
Tax	181.34	169.24	177.71	(3.63)	-2.0%
M&O Effective/Rollback	0.059182	0.053970	0.057486		
Total Effective/Rollback	0.076305	0.070214	0.073731		

## Ad Valorem Tax Rate-Proposal

<b>THIS IS THE NEW NNR&gt;&gt;&gt;&gt;</b>	<b>0.073740</b>	<b>0.070214</b>	<b>0.070214</b>
<b>THIS IS THE NEW VAR&gt;&gt;&gt;&gt;</b>	<b>0.076309</b>		<b>0.075131</b>

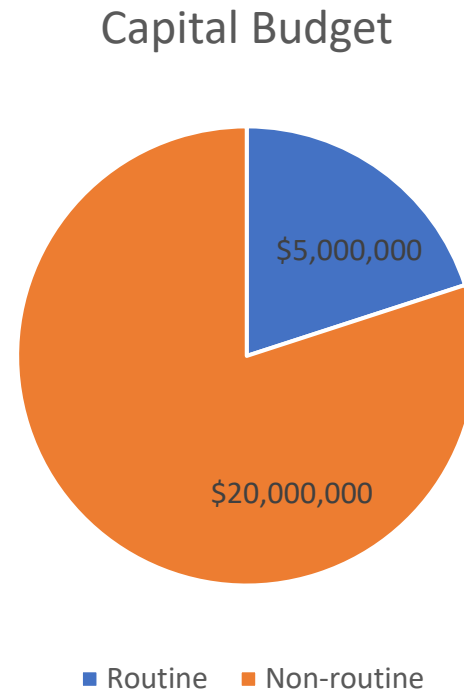
# Ad Valorem Tax Proposal

- Tax values increased by over \$6B. The NNR tax rate is 0.070214/\$100 valuation and the Voter Approved Rate (VAR) tax rate is 0.075131/\$100 valuation.
- Propose an M&O Tax rate of 0.057486 and an I&S Tax rate of 0.016245, for a total tax rate of 0.073731.
- This represents a tax rate reduction of 3.4% generating a savings of \$3.63 for the average home value in 2024/2025.
- This proposed rate is above the NNR but below the VAR.



# Capital Assumptions

# FY2025 CAPITAL BUDGET - \$25M



- **Routine:** All requests under \$100k
- **Non-routine:** All requests over \$100k



# Action Item

- A motion to approve the FY26 tax rate of \$0.073731. Of this rate, \$0.057486 will go towards Maintenance and Operations (M&O), while \$0.016245 will go towards Interest and Sinking (I&S).