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Fiscal Year 2026

# BUDGET

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# Halifax Health Budget Policy FY 2026 Budget

**Premise:**

Generating fiscally sound policy while improving quality patient care is our commitment to the future of Halifax and the community we serve.

**Policy:**

To maintain employee salaries and benefits at competitive levels and allocate financial resources consistent with the standards, guidelines and parameters of nursing care required for patients.

To replace and enhance existing facilities and equipment with new and expanded services and technologies.

To develop a financial operation that is sufficiently flexible to react to the anticipated changes in the health care environment.

To enable the Cornerstone initiative in support of our patients, our employees and our community.

**Fiscal Year 2026 Budget Objectives:**

	<b>Total</b>
Adjusted Operating EBIDA Margin <sup>1</sup>	9.4%
Operating EBIDA Margin	9.7%
EBIDA Margin	12.3%
Total Margin	3.2%
Operating Margin <sup>2</sup>	1.0%
Days Cash on Hand	247
Unrestricted Cash to Debt	108.0%
Long-term Debt to Capitalization	46.0%
HHMC OG MADS coverage ratio	2.10

<sup>1</sup> Excludes investment income/loss of Foundation recorded as operating income.

<sup>2</sup> Operating income is net of SLA investment income.

**Halifax Health**  
**Projected Condensed Statement of Net Position**  
(\$ in thousands)

	<b>September 30,</b>		
	<b>2026</b>	<b>2025</b>	<b>Change</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$150,886	\$150,886	\$0
Investments	410,890	431,670	(20,780)
Board designated assets	36,991	36,991	-
Accounts receivable	103,666	92,559	11,107
Restricted assets whose use is limited	229	44,526	(44,297)
SLA interest receivable	381	408	(27)
Right to use asset, net	20,607	20,607	-
Other assets	62,239	62,239	-
Other rent receivable	8,142	8,142	-
Investment in securities lending agreement	156,800	158,250	(1,450)
Deferred outflow - swap	14,411	14,411	-
Deferred outflow - loss on bond refunding	9,480	9,480	-
Deferred outflow - pension	19,148	17,195	1,953
Property, plant and equipment	641,981	582,665	59,316
Total Assets	<u>\$1,635,850</u>	<u>\$1,630,029</u>	<u>\$5,821</u>
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$80,116	\$88,931	(\$8,815)
Other liabilities	124,998	124,998	-
Securities lending agreement obligation	156,800	158,250	(1,450)
Net pension liability	30,506	30,506	-
Long-term debt	541,406	553,598	(12,192)
Premium on LTD, net	6,677	8,434	(1,757)
Long-term subscription liability	10,784	10,784	-
Long-term lease liability	6,577	6,577	-
Deferred inflows related to leases	11,571	11,571	-
Long-term value of swap	14,411	14,411	-
Net position	652,004	621,969	30,035
Total Liabilities and Net position	<u>\$1,635,850</u>	<u>\$1,630,029</u>	<u>\$5,821</u>

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2026 Budget**  
(in thousands)

	<b>FY 2026 Budget</b>	<b>FY 2025 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$870,671	\$822,508	\$48,163
Ad valorem tax revenue	22,214	21,634	580
Other revenue	28,194	32,181	(3,987)
Total operating revenues <sup>(1)</sup>	<u>\$921,079</u>	<u>876,323</u>	<u>44,756</u>
<b>Operating expenses:</b>			
Salaries and benefits	414,475	386,004	28,471
Supplies	188,285	183,277	5,008
Purchased services	178,643	170,623	8,020
Depreciation and amortization	54,748	44,659	10,089
Ad valorem tax related expenses	7,732	7,223	509
Lease/Rentals	5,324	5,357	(33)
Other	37,299	37,838	(539)
Total operating expenses	<u>886,506</u>	<u>834,981</u>	<u>51,525</u>
<b>Income from operations</b>	<b>34,573</b>	<b>41,342</b>	<b>(6,769)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(31,868)	(30,471)	(1,397)
Investment income <sup>(1)</sup>	23,938	31,521	(7,583)
Interest income <sup>(1)</sup>	658	612	46
Donation revenue <sup>(1)</sup>	574	679	(105)
Appropriations <sup>(1)</sup>	1,750	5,000	(3,250)
Nonoperating revenues, expenses, and gains (losses), net	410	623	(213)
Total nonoperating revenues, expenses, and gains/(losses)	<u>(4,538)</u>	<u>7,964</u>	<u>(12,502)</u>
<b>Increase in net position</b>	<b><u>\$30,035</u></b>	<b><u>\$49,306</u></b>	<b><u>(\$19,271)</u></b>

<sup>(1)</sup> Represents total revenue of \$947.9 million

**Halifax Health Medical Center**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2026 Budget**  
(in thousands)

	<b>FY 2026 Budget</b>	<b>FY 2025 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$730,815	\$690,727	\$40,088
Ad valorem tax revenue	22,214	21,634	580
Other revenue	18,011	18,018	(7)
Total operating revenues	771,040	730,379	\$40,661
<b>Operating expenses:</b>			
Salaries and benefits	351,568	332,236	19,332
Supplies	170,995	166,775	4,220
Purchased services	143,002	133,883	9,119
Depreciation and amortization	46,470	36,010	10,460
Ad valorem tax related expenses	7,732	7,223	509
Lease/Rentals	2,132	2,270	(138)
Other	30,768	31,653	(885)
Total operating expenses	752,667	710,050	42,617
<b>Income from operations</b>	<b>18,373</b>	<b>20,329</b>	<b>(1,956)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(17,563)	(17,760)	197
Investment income	9,456	13,750	(4,294)
Interest income	190	177	13
Donation revenue	84	295	(211)
Appropriations	1,750	5,000	(3,250)
Nonoperating revenues, expenses, and gains (losses), net	-	104	(104)
Total nonoperating revenues, expenses, and gains/(losses)	(6,083)	1,566	(7,649)
<b>Increase in net position</b>	<b>\$12,290</b>	<b>\$21,895</b>	<b>\$ (9,605)</b>

**Halifax Health Medical Center of Deltona**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2026 Budget**

(in thousands)

	<u>FY 2026 Budget</u>	<u>FY 2025 Actual &amp; Projected</u>	<u>Change</u>
<b>Operating revenues:</b>			
Net patient service revenue	\$70,135	\$65,661	\$4,474
Other revenue	156	136	20
Total operating revenues	<u>70,291</u>	<u>65,797</u>	<u>4,494</u>
<b>Operating expenses:</b>			
Salaries and benefits	25,244	22,856	2,388
Supplies	14,126	13,435	691
Purchased services	16,390	16,657	(267)
Depreciation and amortization	5,077	5,495	(418)
Ad valorem tax related expenses	-	-	-
Lease/Rentals	501	437	64
Other	3,338	2,986	352
Total operating expenses	<u>64,676</u>	<u>61,866</u>	<u>2,810</u>
<b>Income from operations</b>	<b>5,615</b>	<b>3,931</b>	<b>1,684</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(14,077)	(12,491)	(1,586)
Investment income	7,182	7,188	(6)
Interest income	25	25	-
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total nonoperating revenues, expenses, and gains/(losses)	<u>(6,870)</u>	<u>(5,278)</u>	<u>(1,592)</u>
<b>Decrease in net position</b>	<b><u>(\$1,255)</u></b>	<b><u>(\$1,347)</u></b>	<b><u>\$92</u></b>

**Halifax Health Hospice**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2026 Budget**  
(in thousands)

	<b>FY 2026 Budget</b>	<b>FY 2025 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$69,721	\$66,120	\$3,601
Other revenue	27	53	(26)
Total operating revenues	69,748	66,173	3,575
<b>Operating expenses:</b>			
Salaries and benefits	37,315	30,569	6,746
Supplies	3,164	3,067	97
Purchased services	18,325	19,109	(784)
Depreciation and amortization	1,225	1,178	47
Ad valorem tax related expenses	-	-	-
Lease/Rentals	1,612	1,553	59
Other	2,554	2,533	21
Total operating expenses	64,195	58,009	6,186
<b>Income from operations</b>	<b>5,553</b>	<b>8,164</b>	<b>(2,611)</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(89)	(86)	(3)
Investment income	6,658	9,763	(3,105)
Interest income	-	1	(1)
Donation revenue	490	384	106
Nonoperating revenues, expenses, and gains (losses), net	410	519	(109)
Total nonoperating revenues, expenses, and gains/(losses)	7,469	10,581	(3,112)
<b>Increase in net position</b>	<b>\$13,022</b>	<b>\$18,745</b>	<b>(\$5,723)</b>

**Volusia Health Network / Halifax Management System**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2026 Budget**  
(in thousands)

	<b>FY 2026 Budget</b>	<b>FY 2025 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$0	\$0	\$0
Other revenue	6,259	6,270	(11)
Total operating revenues	6,259	6,270	(11)
<b>Operating expenses:</b>			
Salaries and benefits	223	270	(47)
Supplies	-	-	-
Purchased services	921	935	(14)
Depreciation and amortization	1,976	1,976	-
Ad valorem tax related expenses	-	-	-
Lease/Rentals	1,079	1,097	(18)
Other	1	1	-
Total operating expenses	4,200	4,279	(79)
<b>Income from operations</b>	<b>2,059</b>	<b>1,991</b>	<b>68</b>
Nonoperating revenues, expenses, and gains/(losses)			
Interest expense	(139)	(134)	(5)
Investment income	642	820	(178)
Interest income	443	409	34
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total nonoperating revenues, expenses, and gains/(losses)	946	1,095	(149)
<b>Increase in net position</b>	<b>\$3,005</b>	<b>\$3,086</b>	<b>(\$81)</b>



**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**FY 2026 Budget**  
(in thousands)

	<b>FY 2026 Budget</b>	<b>FY 2025 Actual &amp; Projected</b>	<b>Change</b>
<b>Operating revenues:</b>			
Net patient service revenue	\$0	\$0	\$0
Other revenue	3,742	7,704	(3,962)
Total operating revenues	3,742	7,704	(3,962)
<b>Operating expenses:</b>			
Salaries and benefits	125	73	52
Supplies	-	-	-
Purchased services	5	39	(34)
Depreciation and amortization	-	-	-
Ad valorem tax related expenses	-	-	-
Lease/Rentals	-	-	-
Other	638	665	(27)
Total operating expenses	768	777	(9)
		-	
<b>Income from operations</b>	<b>2,974</b>	<b>6,927</b>	<b>(3,953)</b>
<b>Nonoperating revenues, expenses, and gains/(losses)</b>			
Interest expense	-	-	-
Investment income	-	-	-
Donation revenue	-	-	-
Nonoperating revenues, expenses, and gains (losses), net	-	-	-
Total Nonoperating revenues, expenses, and gains/(losses)	-	-	-
<b>Increase in net position</b>	<b>\$2,974</b>	<b>\$6,927</b>	<b>(\$3,953)</b>

**Halifax Health  
FY 2026 Budget  
Operational Risk Factors**

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1. Successful implementation of Epic
2. Additional Revenue: Clinical Documentation/LOS management/Payor denials (\$2 million)
3. Reduction in supply expense (\$4 million)
4. Maintain and Continue to Improve profitability at Medical Center of Deltona (\$1.7 million)
5. Achieve cash flow targets for new programs and services
6. Elimination/reduction of contract labor in ancillary areas (\$1 million)
7. Hold/delay hiring 150 open positions (\$3.2 million)

## **Ad Valorem Tax Schedules**

**Haliux Health Medical Center**  
**Schedule of Uses of Property Taxes**  
**FY 2026 Budget \***

	<b>FY 2025 Projected</b>	<b>FY 2026 Budget</b>
	<b>0.7309 Mill</b>	<b>0.7019 Mill</b>
Gross property tax levy	\$ 21,634,456	\$22,214,086
Tax discounts and uncollectible taxes	(374,400)	(384,000)
Net property taxes collected	21,260,056	21,830,086
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(703,344)	(722,000)
Volusia County Medicaid matching assessment	(3,124,224)	(3,524,742)
Redevelopment taxes paid to Cities	(1,307,060)	(1,342,000)
Subtotal	(5,134,628)	(5,588,742)
<b>Net taxes available for community health, wellness and readiness</b>	<b>16,125,428</b>	<b>16,241,344</b>
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(397,972)	(400,000)
Physician services	(12,872,440)	(13,500,000)
Trauma services	(7,779,206)	(7,750,000)
Pediatric and neonatal intensive care services	(2,058,974)	(2,200,000)
Child and adolescent behavioral services	(772,432)	(825,000)
Subtotal	(23,881,024)	(24,675,000)
Deficiency of net taxes available to fund hospital operating expenses	(7,755,596)	(8,433,656)
Uncompensated care, at cost:		
Halifax Health patients at facilities inside of the Halifax Health tax district	(30,497,014)	(31,564,409)
Non-Halifax Health taxing district patients and other write-offs	(11,720,218)	(12,130,426)
Subtotal	(42,217,232)	(43,694,835)
<b>Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, at cost</b>	<b>(\$49,972,828)</b>	<b>(\$52,128,491)</b>

\* Based on Preliminary assessed total taxable value.

**Halifax Health Medical Center**  
**Impact of Millage Rate**  
**Non-Homesteaded Homeowner or Commercial/Investment Property**  
**FY 2026 Preliminary Budget <sup>1</sup>**

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	<u>Prior Year</u>	<u>FY 2026 Rolled Back Rate</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.7309	0.7019	-4.0%
Property value <sup>2</sup>	\$350,000	\$373,765	6.8%
Exemptions	\$0	\$0	
Property taxes	\$255.82	\$262.35	
<b>Tax Levy impact to homeowner</b>		<b>\$6.53</b>	<b>2.6%</b>

<sup>1</sup> FY 2026 Millage rate is estimated based on the information provided from the Preliminary tax value.

<sup>2</sup> FY 2026 Property Value increased 6.8% based on the average increase within the Halifax Taxing District excluding new construction.

**Halifax Health Medical Center  
Impact of Millage Rate  
Homesteaded Homeowner  
FY 2026 Preliminary Budget <sup>1</sup>**

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	<u>Prior Year</u>	<u>FY 2026 Rolled Back Rate</u>	<u>Percent Change</u>
Millage rate, per 1,000	0.7309	0.7019	-4.0%
Homestead Property value <sup>2</sup>	\$350,000	\$360,500	3.0%
Exemptions	(\$50,000)	(\$50,000)	
Property taxes	\$219.27	\$217.94	
<b>Tax Levy impact to homeowner</b>		<b>(\$1.33)</b>	<b>-0.6%</b>

<sup>1</sup> FY 2026 Millage rate is estimated based on the information provided from the Preliminary tax value.

<sup>2</sup> FY 2026 Property Value (Assessed value) increase is estimated at 3.0%.