HARRISHEALTH



Financial Statements

As of the Year Ended September 30, 2026
Subject to Audit

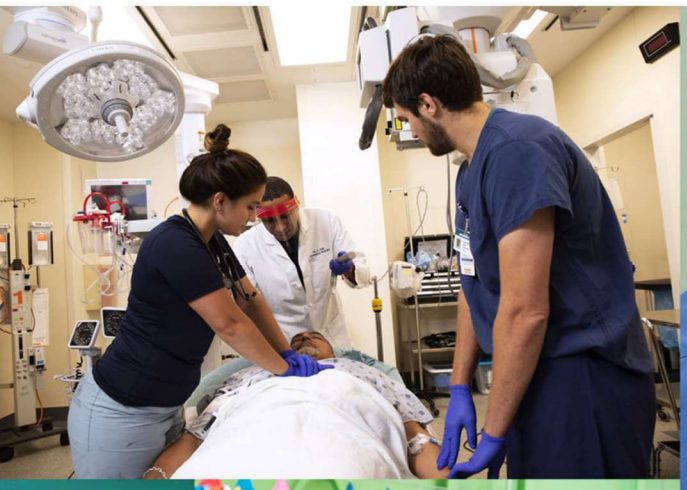






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For the year ended September 30, 2026, operating income was $300.4 million, compared to budgeted operating income of $53.1 million, resulting in an operating margin of 10.2%, subject to financial audit of FY 2026.

Total net revenue was $2,934.2 million, which was $95.5 million, or 3.4%, above budget. Net patient revenue exceeded budget by $41.1 million, driven by ongoing revenue cycle optimization efforts. Medicaid supplemental program revenue exceeded budget by $43.5 million. Favorable investment valuation activity and tobacco settlement revenue also contributed to the year-end favorable revenue performance.

Total expenses were $2,633.8 million, which was $151.8 million, or 5.4%, below budget. Labor costs were $115.6 million below budget driven, in part, by ongoing productivity and workforce-management initiatives as well as favorable pension and other post-employment benefit adjustments resulting from the completed annual actuarial valuation. Lower utilization of planned resources associated with reduced patient volumes in certain service lines also contributed to the favorable variance in labor, supplies and purchased services, which were a combined $48.5 million below budget. Ongoing cost-containment initiatives, including expanded enrollment in the pharmaceutical Patient Medical Assistance Program, formulary changes that increased the use of lower-cost drug alternatives, and continued standardization of supplies and implants also contributed to the cost savings. Additional favorable variances resulted from timing differences associated with strategic projects, including delays in the onboarding of incremental FTEs and the procurement of supplies and outside purchased services required to meet project demands.

For the year ended September 30, 2026, total patient days and average daily census were 0.8% below budget. Inpatient case mix index, a measure of patient acuity, was 2.0% below budget while length of stay was 2.5% above budget. Emergency department visits and total clinic visits, including telehealth, were 1.7% and 0.2% below budget, respectively. Births were 23.5% below budget.

The System has $1,821.7 million in unrestricted cash, cash equivalents and investments, net of governmental overpayment, representing 262.5 days cash on hand. Increase in days cash on hand is due to reimbursement from the Series 2025 and 2026 bonds totaling $852.4 million and $301.3 million, respectively, as of September 30, 2026, for capital expenditures tied to the Strategic Capital Plan. The remainder of the $840 million and $830 million issuances is recorded as an asset limited as to use within the balance sheet. The corresponding debt is shown within the long-term debt portion of the balance sheet.

Harris Health has $140.6 million in net accounts receivable, representing 59.6 days of outstanding patient accounts receivable at September 30, 2026. The September balance sheet reflects a combined net receivable position of $53.2 million under the various Medicaid Supplemental programs. As of September 30, 2026, $1,215.2 million in ad valorem tax collections were received and $1,207.9 million in current ad valorem tax revenue was recognized.

Income Statement

HARRISHEALTH

As of the Year Ended September 30, 2026 and 2025 (in $ Millions)

	QUARTER-TO-QUARTER			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	PRIOR YEAR	PERCENT VARIANCE
REVENUE								
Net Patient Revenue	$ 213.2	$ 199.6	6.8%	$ 861.5	$ 820.5	5.0%	$ 762.4	13.0%
Medicaid Supplemental Programs	186.9	163.9	14.0%	698.9	655.5	6.6%	729.9	-4.2%
Other Operating Revenue	21.2	13.1	62.3%	52.2	51.5	1.3%	149.1	-65.0%
Total Operating Revenue	**$ 421.3**	**$ 376.6**	**11.9%**	**$ 1,612.6**	**$ 1,527.4**	**5.6%**	**$ 1,641.5**	**-1.8%**
Net Ad Valorem Taxes	288.1	303.9	-5.2%	1,207.9	1,215.6	-0.6%	1,023.3	18.0%
Net Tobacco Settlement Revenue	-	-	0.0%	23.0	15.2	51.6%	19.0	21.2%
Capital Gifts & Grants	10.0	2.5	0.0%	10.0	10.0	0.0%	4.0	150.0%
Interest Income & Other	21.6	17.6	22.9%	80.7	70.4	14.5%	75.4	7.1%
Total Nonoperating Revenue	**$ 319.8**	**$ 324.0**	**-1.3%**	**$ 1,321.6**	**$ 1,311.2**	**0.8%**	**$ 1,121.6**	**17.8%**
Total Net Revenue	**$ 741.1**	**$ 700.6**	**5.8%**	**$ 2,934.2**	**$ 2,838.7**	**3.4%**	**$ 2,763.1**	**6.2%**
EXPENSE								
Salaries and Wages	$ 265.8	$ 278.9	4.7%	$ 1,023.1	$ 1,094.7	6.5%	$ 988.4	-3.5%
Employee Benefits	64.4	86.4	25.5%	301.6	345.6	12.7%	318.8	5.4%
Total Labor Cost	**$ 330.1**	**$ 365.3**	**9.6%**	**$ 1,324.7**	**$ 1,440.3**	**8.0%**	**$ 1,307.1**	**-1.3%**
Supply Expenses	98.7	89.7	-10.0%	334.0	352.1	5.1%	328.2	-1.8%
Physician Services	117.0	118.1	0.9%	486.3	484.5	-0.4%	475.9	-2.2%
Purchased Services	93.9	86.8	-8.2%	315.8	346.2	8.8%	315.8	0.0%
Depreciation & Interest	50.5	44.6	-13.2%	173.1	162.4	-6.6%	123.6	-40.1%
Total Operating Expense	**$ 690.3**	**$ 704.5**	**2.0%**	**$ 2,633.8**	**$ 2,785.6**	**5.4%**	**$ 2,550.5**	**-3.3%**
Operating Income (Loss)	**$ 50.8**	**$ (3.9)**		**$ 300.4**	**$ 53.1**		**$ 212.6**	
Total Margin %	**6.9%**	**-0.6%**		**10.2%**	**1.9%**		**7.7%**	

Balance Sheet

HARRISHEALTH

September 2026 and 2025 (in $ Millions)

	CURRENT YEAR	PRIOR YEAR
CURRENT ASSETS		
Cash, Cash Equivalents and Short Term Investments	$ 1,894.0	$ 1,647.8
Net Patient Accounts Receivable	140.6	145.4
Net Ad Valorem Taxes, Current Portion	-	-
Other Current Assets	128.6	105.0
Total Current Assets	**$ 2,163.3**	**$ 1,898.2**
CAPITAL ASSETS		
Plant, Property, & Equipment, Net of Accumulated Depreciation	$ 615.6	$ 602.5
Construction in Progress	1,382.7	638.7
Right of Use Assets	35.5	36.5
Total Capital Assets	**$ 2,033.7**	**$ 1,277.7**
ASSETS LIMITED AS TO USE & RESTRICTED ASSETS		
Debt Service & Capital Asset Funds	$ 565.9	$ 490.0
LPPF Restricted Cash	71.7	132.5
Capital Gift Proceeds	64.1	57.2
Other - Restricted	5.7	6.1
Total Assets Limited As to Use & Restricted Assets	**$ 707.3**	**$ 685.8**
Other Assets	46.2	40.7
Deferred Outflows of Resources	105.3	138.8
Total Assets & Deferred Outflows of Resources	**$ 5,055.8**	**$ 4,041.3**
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 326.5	$ 397.7
Employee Compensation & Related Liabilities	160.6	161.4
Deferred Revenue - Ad Valorem	-	-
Estimated Third-Party Payor Settlements	100.3	37.3
Current Portion Long-Term Debt and Capital Leases	24.2	36.6
Total Current Liabilities	**$ 611.5**	**$ 633.0**
Long-Term Debt	1,934.2	1,108.2
Net Pension & Post Employment Benefits Liability	453.3	646.6
Other Long-Term Liabilities	5.2	5.8
Deferred Inflows of Resources	185.7	82.2
Total Liabilities	**$ 3,190.0**	**$ 2,475.8**
Total Net Assets	**$ 1,865.9**	**$ 1,565.5**
Total Liabilities & Net Assets	**$ 5,055.8**	**$ 4,041.3**

Cash Flow Summary

HARRISHEALTH

As of the Year Ended September 30, 2026 and 2025 (in $ Millions)

	QUARTER-TO-QUARTER		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
CASH RECEIPTS				
Collections on Patient Accounts	$ 269.1	$ 203.5	$ 986.2	$ 833.6
Medicaid Supplemental Programs	341.3	356.2	662.1	683.6
Net Ad Valorem Taxes	2.7	2.7	1,215.2	1,030.6
Tobacco Settlement	-	-	23.0	19.0
Other Revenue	154.2	181.2	871.3	615.8
Total Cash Receipts	**$ 767.2**	**$ 743.5**	**$ 3,757.8**	**$ 3,182.7**
CASH DISBURSEMENTS				
Salaries, Wages and Benefits	$ 414.6	$ 390.9	$ 1,502.0	$ 1,387.6
Supplies	99.0	83.8	380.9	355.9
Physician Services	126.6	128.9	475.0	465.0
Purchased Services	85.9	78.9	324.4	306.4
Capital Expenditures	182.9	171.8	867.2	482.9
Debt and Interest Payments	24.8	13.2	65.7	33.4
Other Uses	(60.1)	(22.1)	(103.8)	(32.9)
Total Cash Disbursements	**$ 873.8**	**$ 845.3**	**$ 3,511.6**	**$ 2,998.3**
Net Change	**$ (106.6)**	**$ (101.8)**	**$ 246.2**	**$ 184.4**

Unrestricted cash, cash equivalents and investments - Beginning of year	$ 1,647.8
Net Change	$ 246.2
Untrestricted cash, cash equivalents and investments - End of period	**$ 1,894.0**

Performance Ratios

HARRISHEALTH

As of the Year Ended September 30, 2026 and 2025 (in $ Millions)

	QUARTER-TO-DATE		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
OPERATING HEALTH INDICATORS					
Operating Margin %	6.9%	-0.6%	10.2%	1.9%	7.7%
Run Rate per Day (In$ Millions)	$ 7.2	$ 7.4	$ 6.9	$ 7.4	$ 6.7
Salary, Wages & Benefit per APD	$ 2,495	$ 2,705	$ 2,523	$ 2,678	$ 2,438
Supply Cost per APD	$ 746	$ 664	$ 636	$ 655	$ 612
Physician Services per APD	$ 884	$ 875	$ 926	$ 901	$ 887
Total Expense per APD	**$ 5,216**	**$ 5,217**	**$ 5,017**	**$ 5,179**	**$ 4,756**
Overtime as a % of Total Salaries	3.1%	2.6%	3.0%	2.6%	3.2%
Contract as a % of Total Salaries	4.3%	2.7%	3.5%	2.8%	3.2%
Full-time Equivalent Employees	10,511	10,743	10,420	10,733	10,411
FINANCIAL HEALTH INDICATORS					
Quick Ratio			3.5		2.9
Unrestricted Cash (In $ Millions)			$ 1,894.0	$ 1,592.9	$ 1,647.8
Days Cash on Hand			262.5	216.2	244.3
Days Revenue in Accounts Receivable			59.6	64.4	69.6
Days in Accounts Payable			58.4		60.9
Capital Expenditures/Depreciation & Amortization			784.5%		501.7%
Average Age of Plant(years)			9.4		10.1

Harris Health
Key Indicators



Statistical Highlights

HARRISHEALTH

As of the Year Ended September 30, 2026 and 2025

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT QUARTER	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	132,182	135,031	-2.1%	525,006	537,883	-2.4%	536,239	-2.1%
Outpatient % of Adjusted Volume	60.5%	62.3%	-2.9%	60.9%	62.7%	-2.9%	63.2%	-3.6%
Primary Care Clinic Visits	137,034	143,883	-4.8%	532,318	548,068	-2.9%	547,535	-2.8%
Specialty Clinic Visits	66,189	63,551	4.2%	254,087	247,732	2.6%	252,397	0.7%
Telehealth Clinic Visits	33,424	32,086	4.2%	126,941	119,819	5.9%	124,551	1.9%
Total Clinic Visits	**236,647**	**239,520**	**-1.2%**	**913,346**	**915,619**	**-0.2%**	**924,483**	**-1.2%**
Emergency Room Visits - Outpatient	39,082	37,071	5.4%	141,055	145,977	-3.4%	141,324	-0.2%
Emergency Room Visits - Admitted	6,563	5,512	19.1%	23,486	21,411	9.7%	21,324	10.1%
Total Emergency Room Visits	**45,645**	**42,583**	**7.2%**	**164,541**	**167,388**	**-1.7%**	**162,648**	**1.2%**
Surgery Cases - Outpatient	3,243	2,953	9.8%	12,459	11,580	7.6%	12,413	0.4%
Surgery Cases - Inpatient	2,621	2,929	-10.5%	10,264	11,064	-7.2%	10,697	-4.0%
Total Surgery Cases	**5,864**	**5,882**	**-0.3%**	**22,723**	**22,644**	**0.3%**	**23,110**	**-1.7%**
Total Outpatient Visits	**413,195**	**445,833**	**-7.3%**	**1,575,010**	**1,747,722**	**-9.9%**	**1,576,029**	**-0.1%**
Inpatient Cases (Discharges)	8,306	8,060	3.1%	31,348	31,405	-0.2%	30,241	3.7%
Outpatient Observation Cases	2,605	2,666	-2.3%	10,567	11,527	-8.3%	12,267	-13.9%
Total Cases Occupying Patient Beds	**10,911**	**10,726**	**1.7%**	**41,915**	**42,932**	**-2.4%**	**42,508**	**-1.4%**
Births	1,073	1,391	-22.9%	4,170	5,454	-23.5%	5,148	-19.0%
Inpatient Days	52,212	50,898	2.6%	205,321	200,612	2.3%	197,482	4.0%
Outpatient Observation Days	8,042	9,330	-13.8%	33,957	40,623	-16.4%	42,888	-20.8%
Total Patient Days	**60,254**	**60,228**	**0.0%**	**239,278**	**241,235**	**-0.8%**	**240,370**	**-0.5%**
Average Daily Census	654.9	654.7	0.0%	655.6	660.9	-0.8%	658.5	-0.5%
Average Operating Beds	702	704	-0.3%	702	704	-0.3%	701	0.1%
Bed Occupancy %	93.3%	93.0%	0.3%	93.4%	93.9%	-0.5%	93.9%	-0.6%
Inpatient Average Length of Stay	6.29	6.31	-0.5%	6.55	6.39	2.5%	6.53	0.3%
Inpatient Case Mix Index (CMI)	1.639	1.712	-4.3%	1.678	1.712	-2.0%	1.730	-3.0%
Payor Mix (% of Charges)								
Charity & Self Pay	50.6%	45.5%	11.2%	48.1%	45.5%	5.6%	45.5%	5.6%
Medicaid & Medicaid Managed	17.9%	18.8%	-5.0%	19.0%	18.8%	1.1%	18.8%	1.1%
Medicare & Medicare Managed	10.4%	10.6%	-1.8%	11.0%	10.6%	3.9%	10.6%	3.9%
Commercial & Other	21.1%	25.1%	-15.9%	21.9%	25.1%	-12.6%	25.1%	-12.6%
Total Unduplicated Patients - Rolling 12				**237,816**			**243,424**	**-2.3%**
Total New Patient - Rolling 12				**82,088**			**85,782**	**-4.3%**

Harris Health

Statistical Highlights

As of the Quarter Ended September 30, 2026

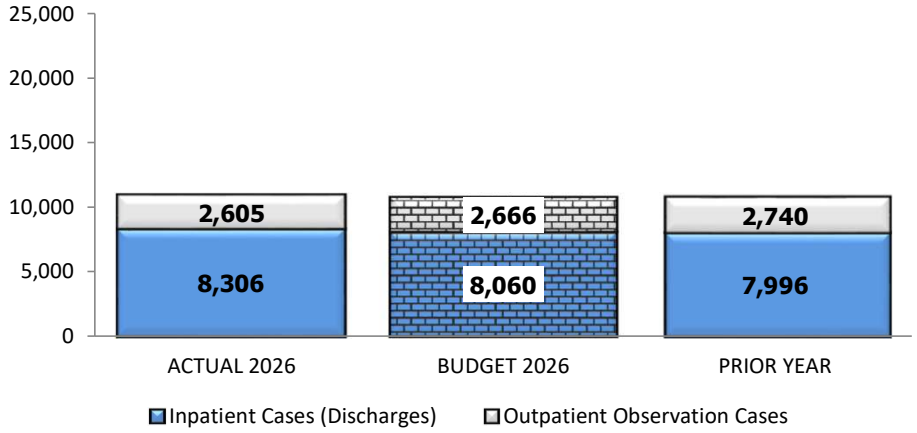
Cases Occupying Beds - Q4		
Actual	Budget	Prior Year
10,911	10,726	10,736

Cases Occupying Beds - YTD		
Actual	Budget	Prior Year
41,915	42,932	42,508

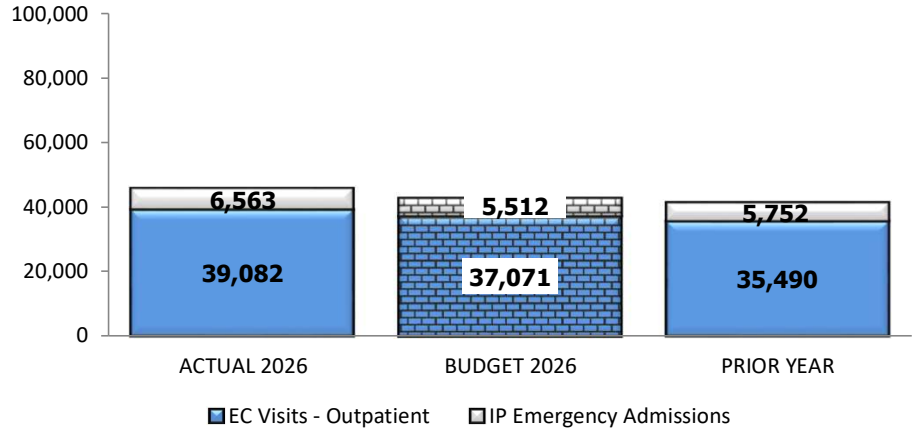
Emergency Visits - Q4		
Actual	Budget	Prior Year
45,645	42,583	41,242

Emergency Visits - YTD		
Actual	Budget	Prior Year
164,541	167,388	162,648

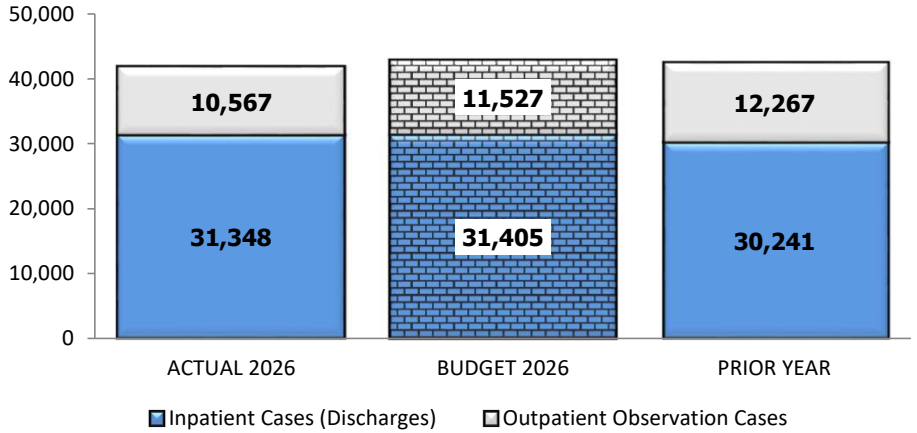
Cases Occupying Beds - Quarter End



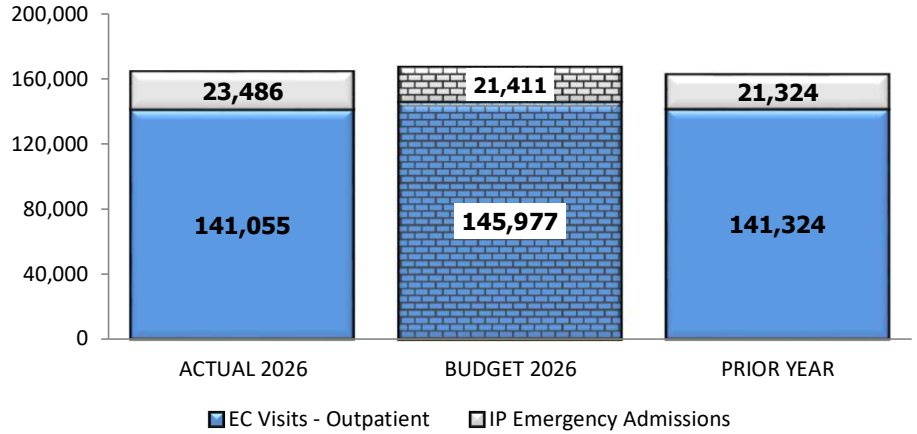
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



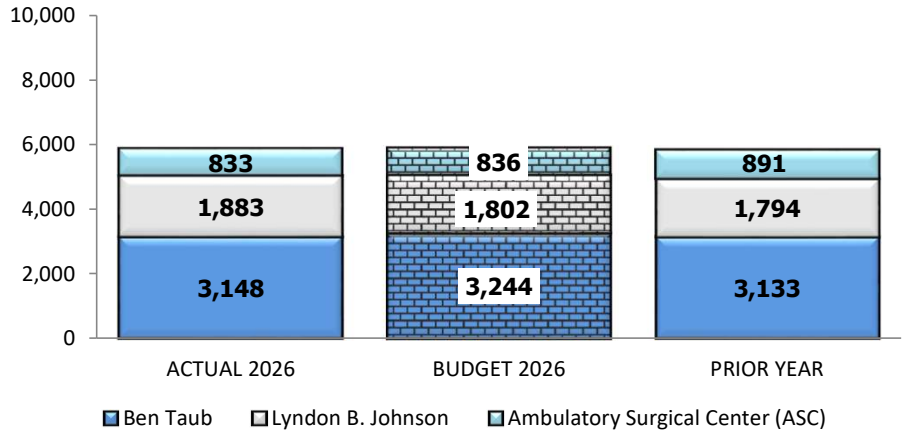
Harris Health

Statistical Highlights

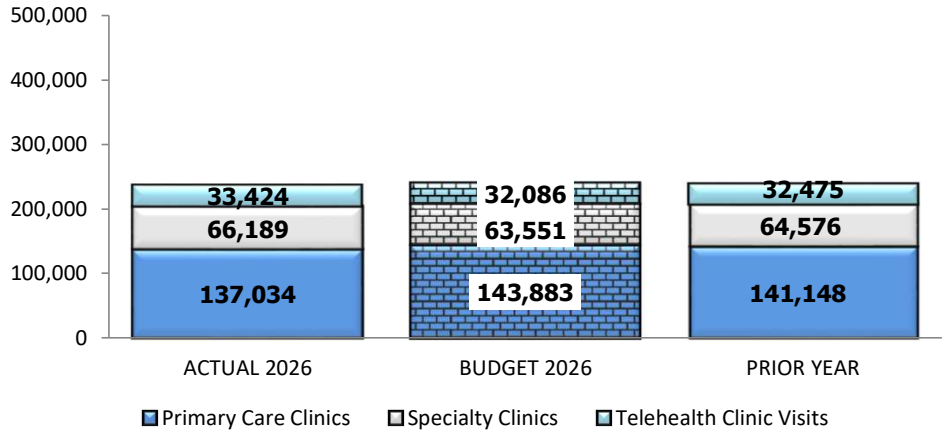
As of the Quarter Ended September 30, 2026

Surgery Cases - Q4			Surgery Cases - YTD			Clinic Visits - Q4			Clinic Visits - YTD		
Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year
5,864	5,882	5,818	22,723	22,644	23,110	236,647	239,520	238,199	913,346	915,619	924,483

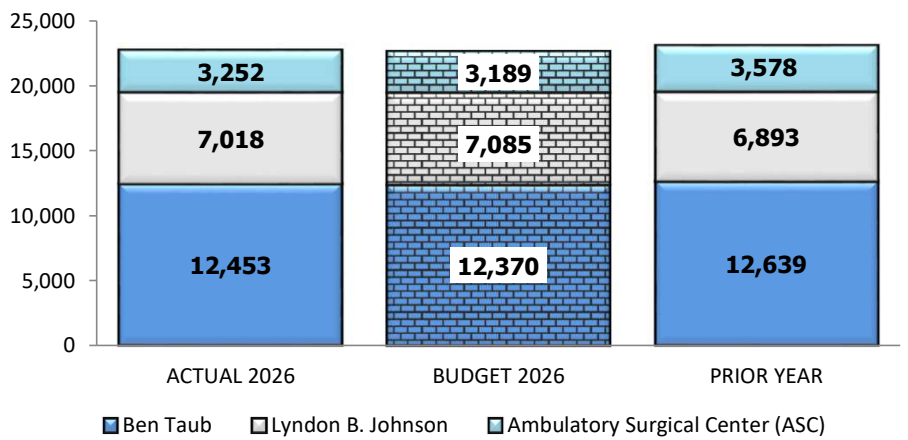
Surgery Cases - Quarter End



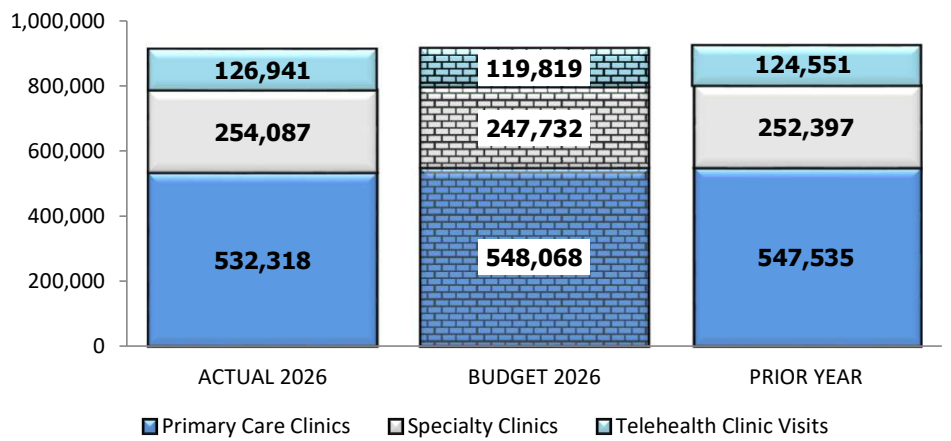
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



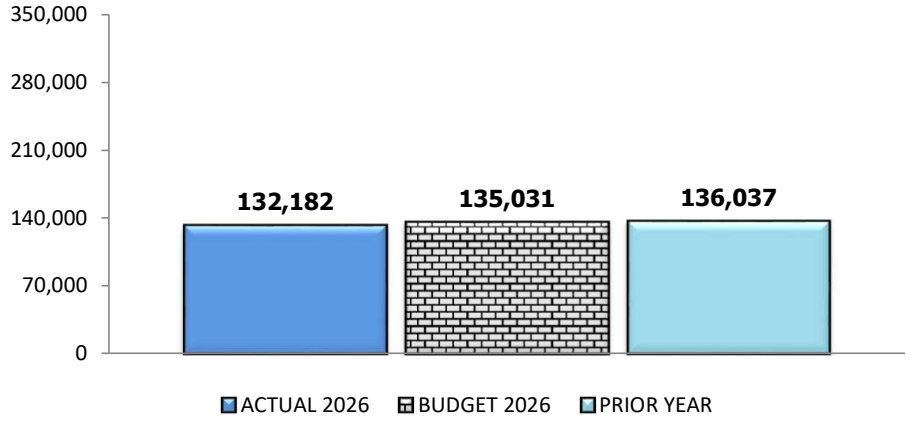
Harris Health

Statistical Highlights

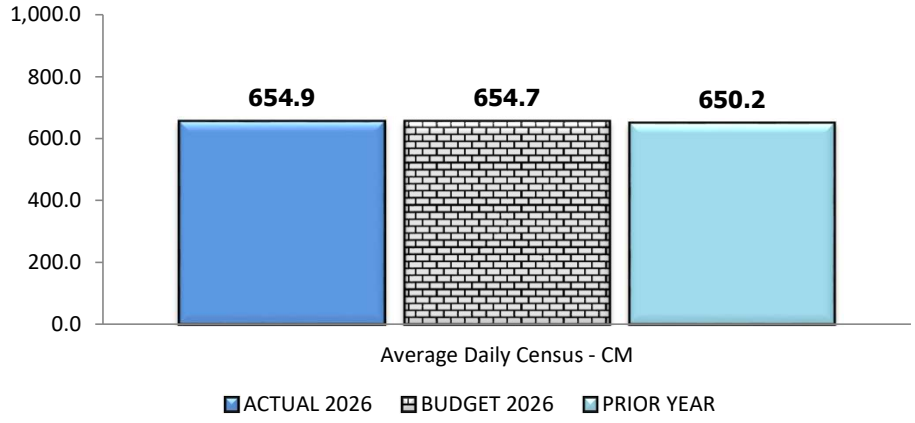
As of the Quarter Ended September 30, 2026

Adjusted Patient Days - Q4	Adjusted Patient Days - YTD	Average Daily Census - Q4	Average Daily Census - YTD
132,182	525,006	654.9	655.6

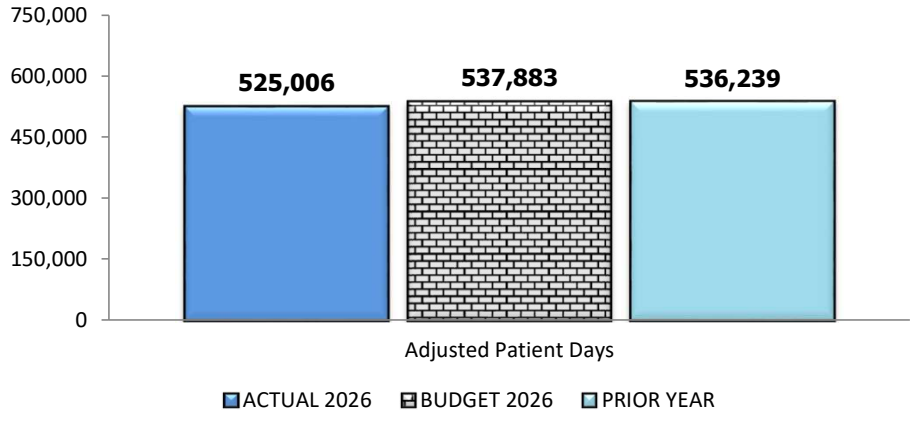
Adjusted Patient Days - Quarter End



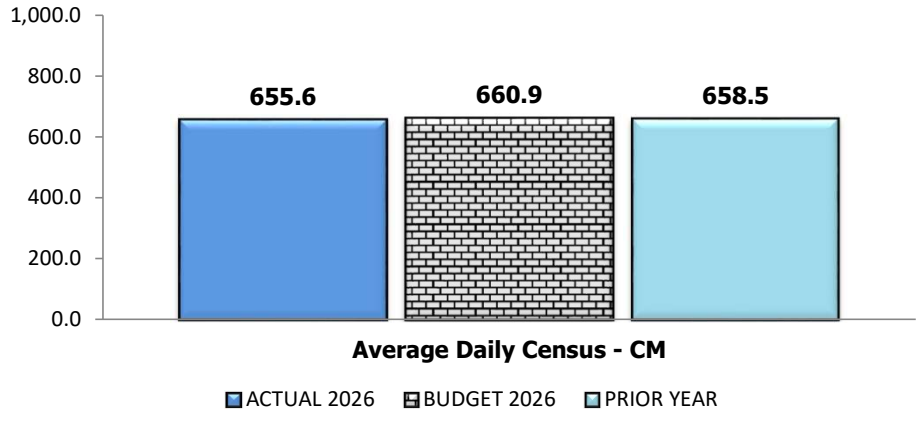
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



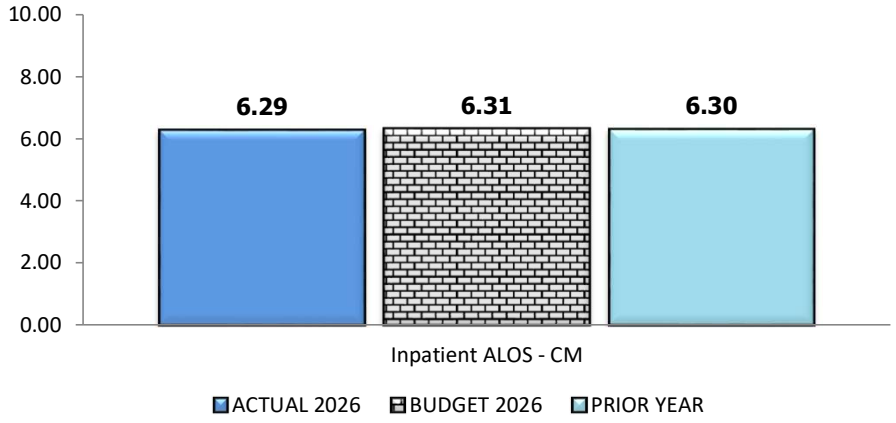
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Statistical Highlights

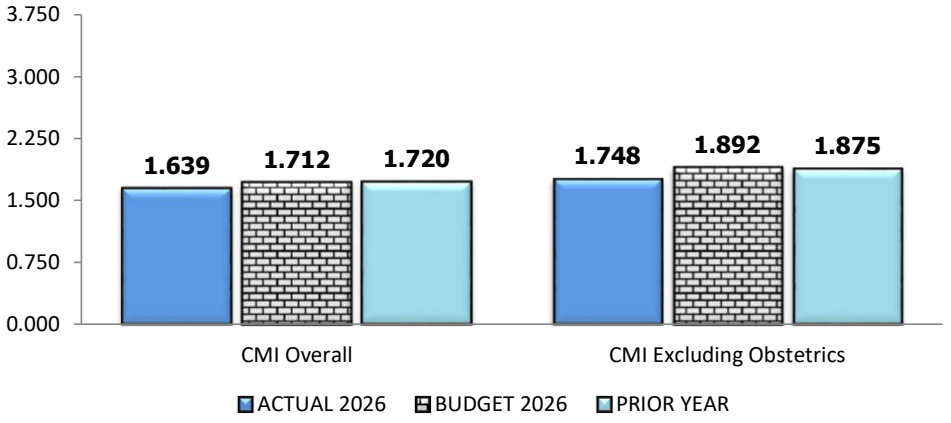
As of the Quarter Ended September 30, 2026

Inpatient ALOS - Q4	Inpatient ALOS - YTD	Case Mix Index - Q4		Case Mix Index (CMI) - YTD	
		Overall	Excl. Obstetrics	Overall	Excl. Obstetrics
6.29	6.55	1.639	1.748	1.678	1.795

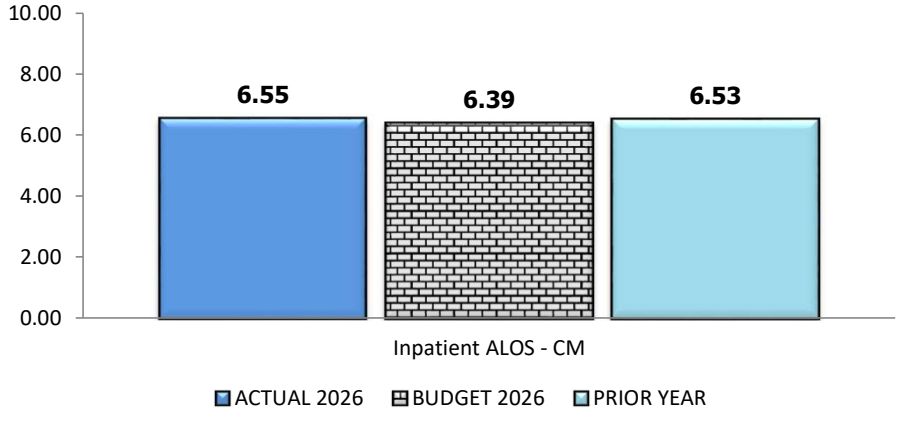
Inpatient ALOS - Quarter End



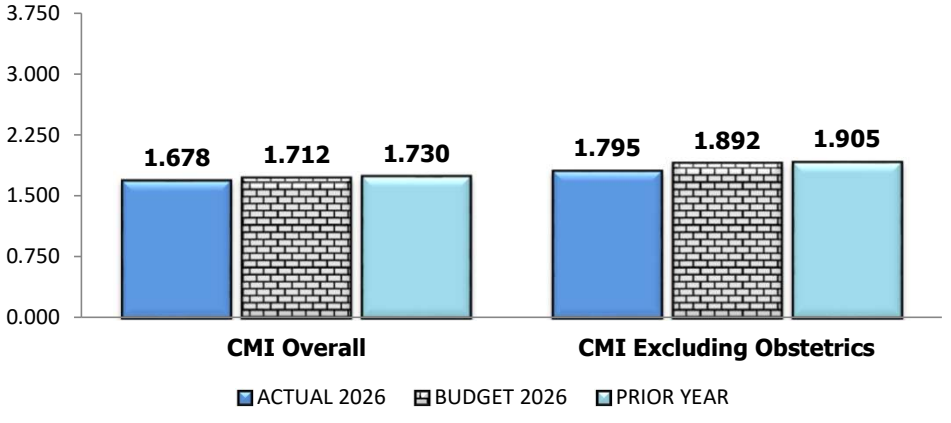
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended September 30, 2026

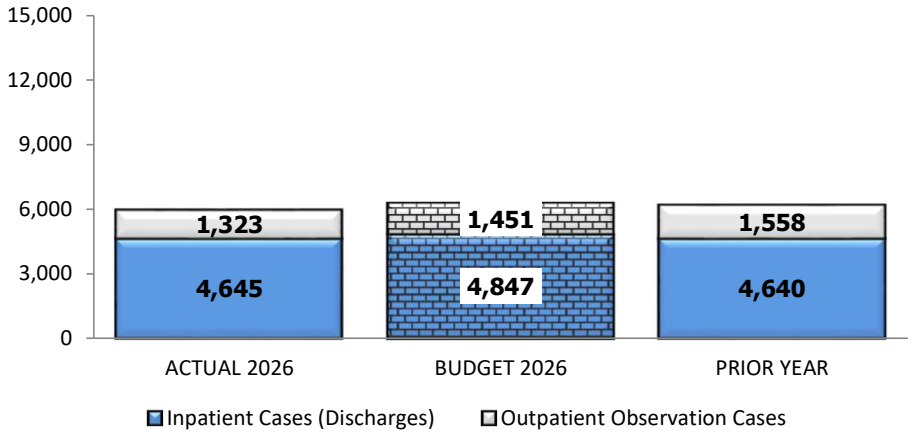
BT Cases Occupying Beds - Q4		
Actual	Budget	Prior Year
5,968	6,298	6,198

BT Cases Occupying Beds - YTD		
Actual	Budget	Prior Year
23,536	25,190	24,500

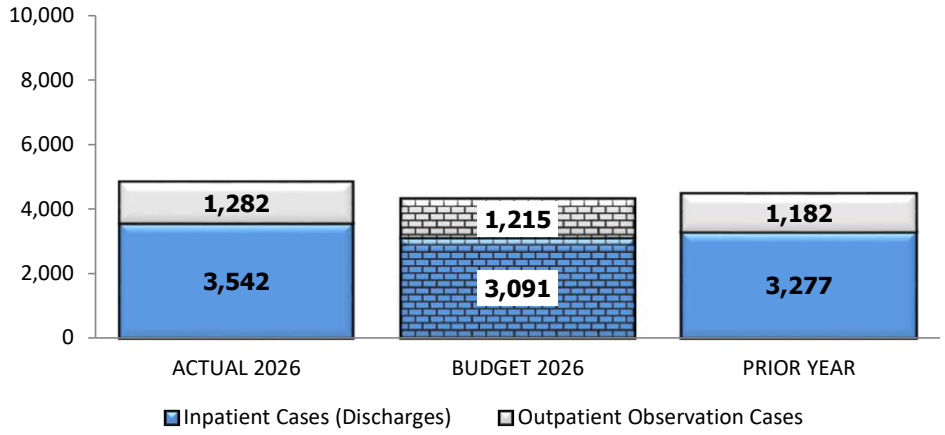
LBJ Cases Occupying Beds - Q4		
Actual	Budget	Prior Year
4,824	4,306	4,459

LBJ Cases Occupying Beds - YTD		
Actual	Budget	Prior Year
18,036	17,261	17,773

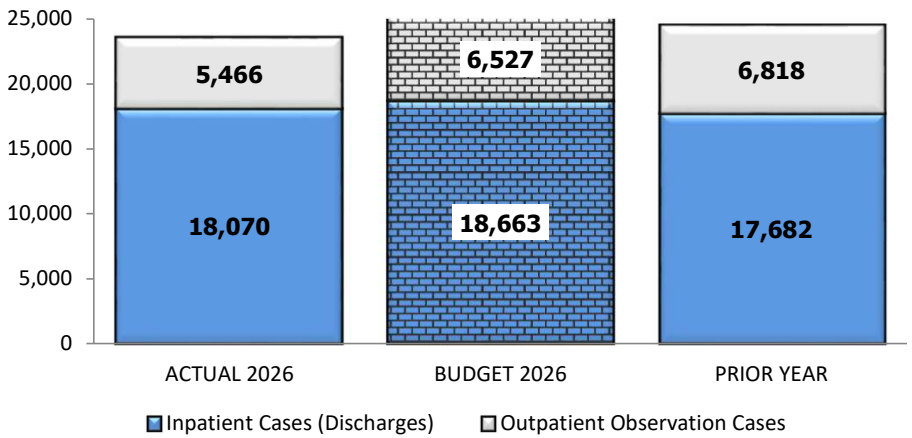
Ben Taub Cases - Quarter End



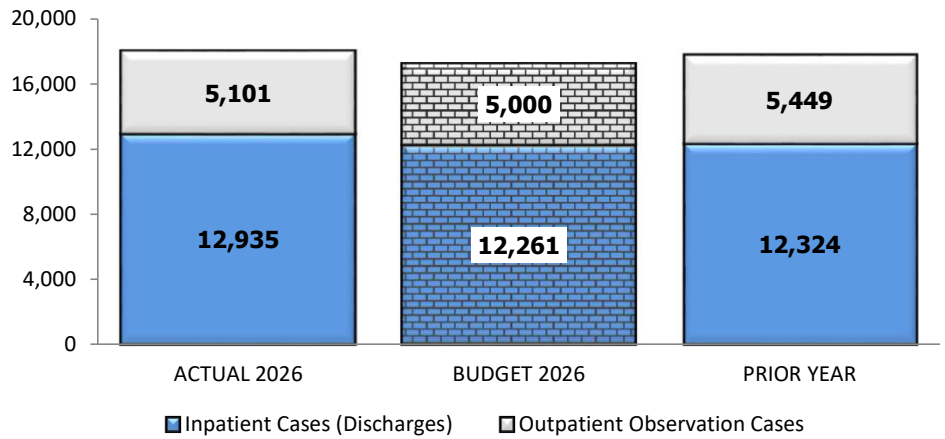
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health

Statistical Highlights - Surgery Cases

As of the Quarter Ended September 30, 2026

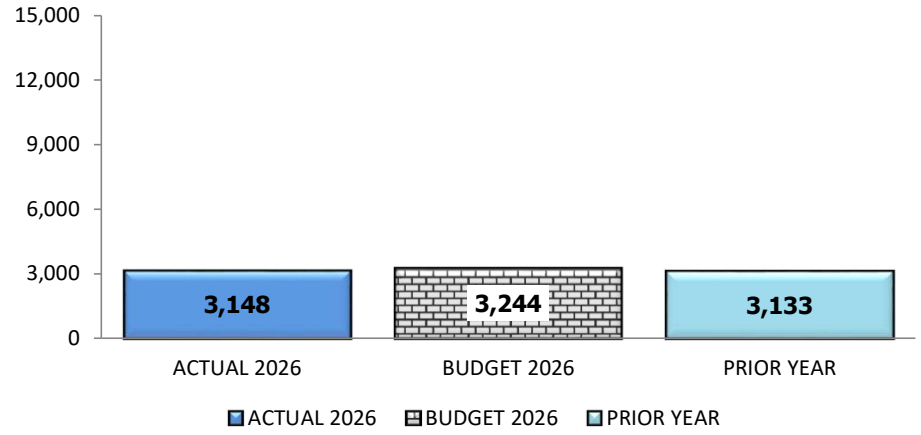
BT Surgery Cases - Q4		
Actual	Budget	Prior Year
3,148	3,244	3,133

BT Surgery Cases - YTD		
Actual	Budget	Prior Year
12,453	12,370	12,639

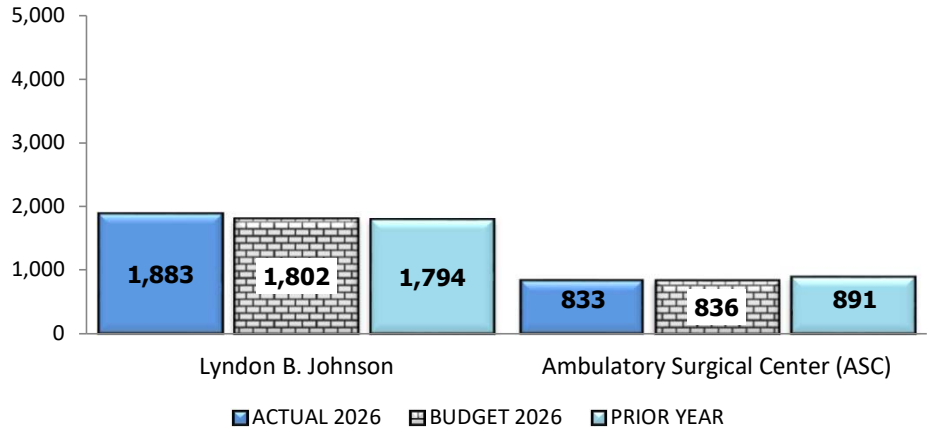
LBJ Surgery Cases - Q4		
Actual	Budget	Prior Year
2,716	2,638	2,685

LBJ Surgery Cases - YTD		
Actual	Budget	Prior Year
10,270	10,274	10,471

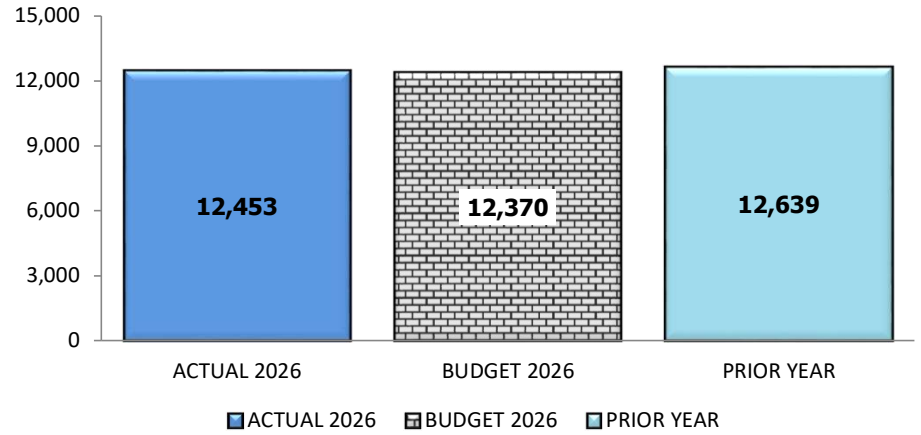
Ben Taub OR Cases - Quarter End



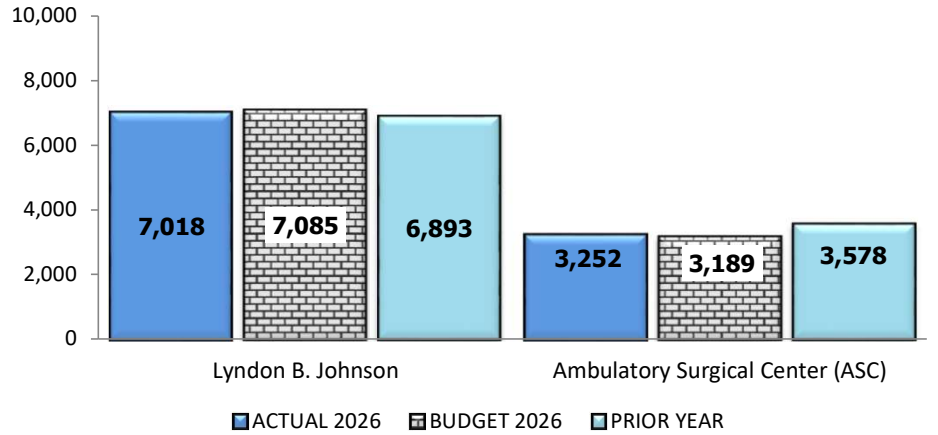
Lyndon B. Johnson OR Cases - Quarter End



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health

Statistical Highlights - Emergency Room Visits

As of the Quarter Ended September 30, 2026

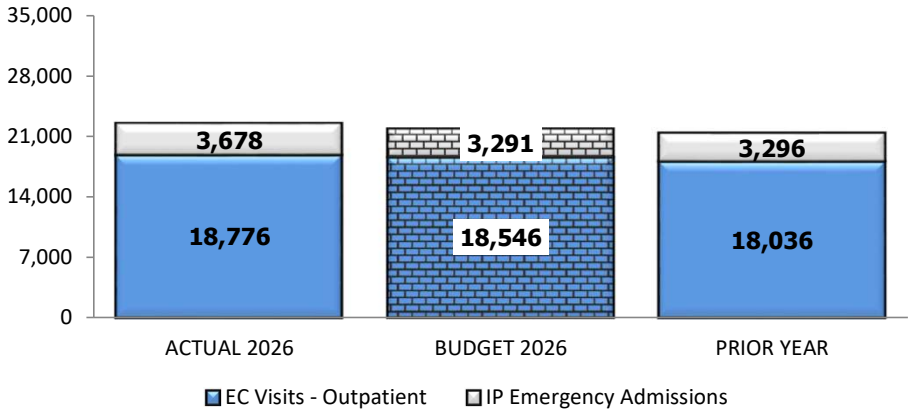
BT Emergency Visits - Q4		
Actual	Budget	Prior Year
22,454	21,837	21,332

BT Emergency Visits - YTD		
Actual	Budget	Prior Year
82,974	84,632	83,178

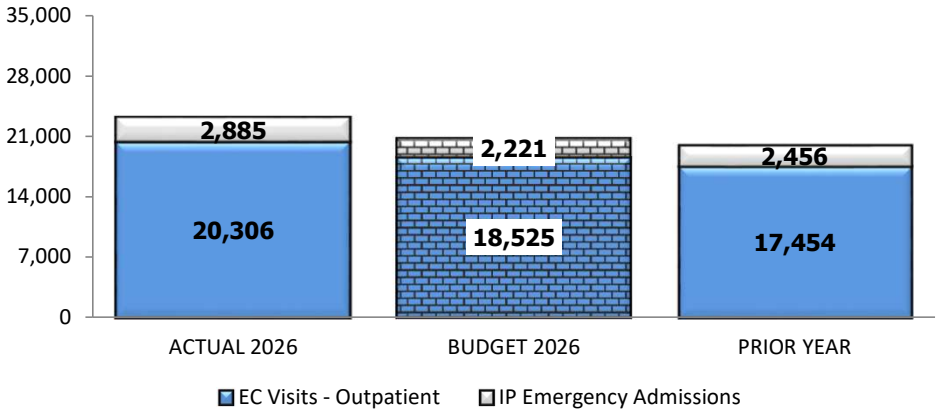
LBJ Emergency Visits - Q4		
Actual	Budget	Prior Year
23,191	20,746	19,910

LBJ Emergency Visits - YTD		
Actual	Budget	Prior Year
81,567	82,756	79,470

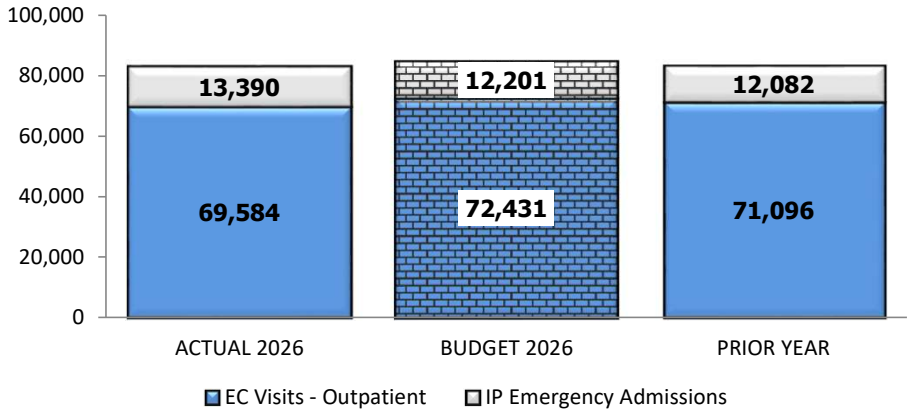
Ben Taub EC Visits - Quarter End



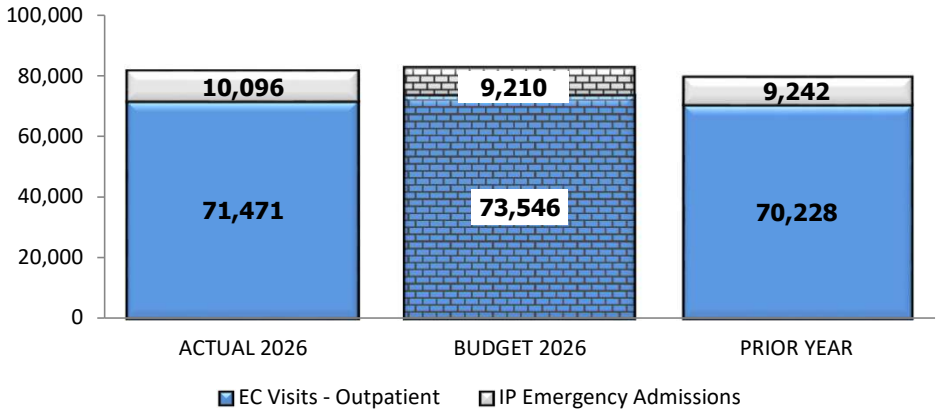
Lyndon B. Johnson EC Visits - Quarter End



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD

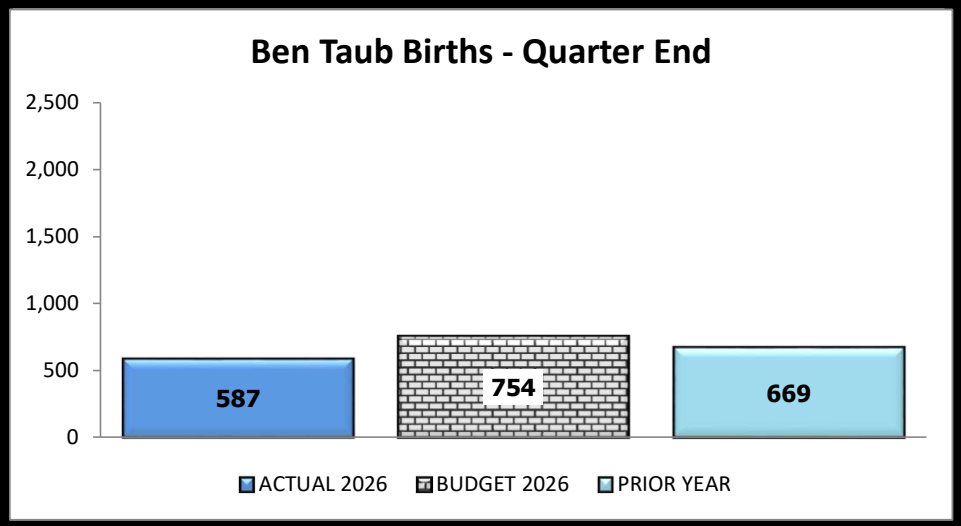


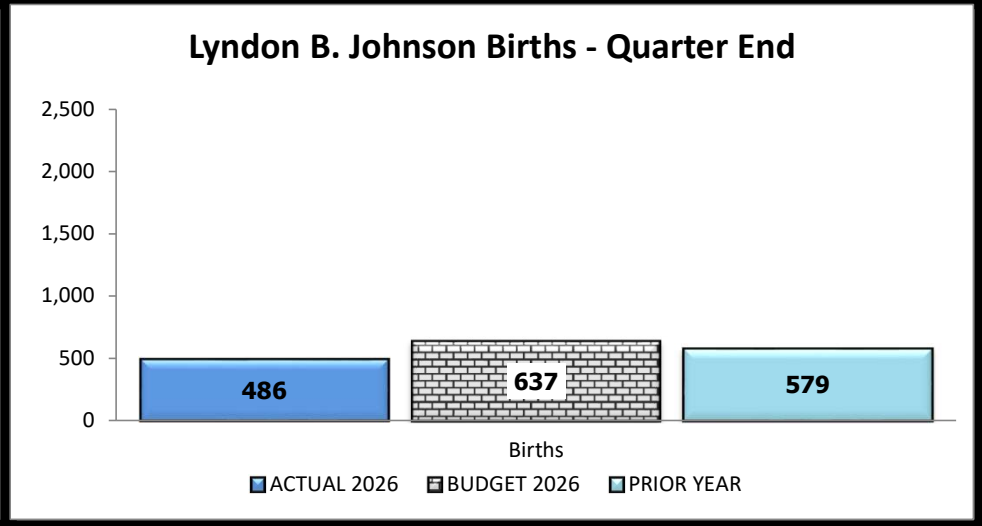
Harris Health

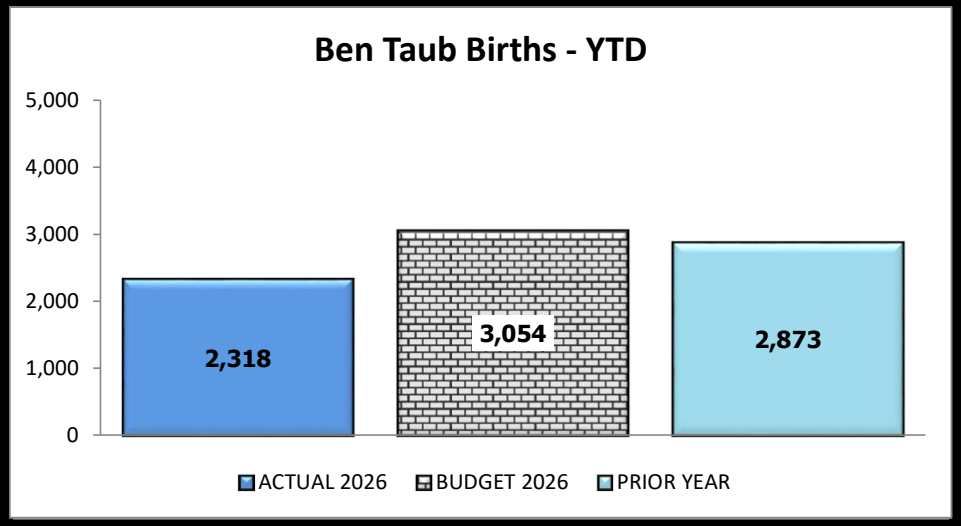
Statistical Highlights - Births

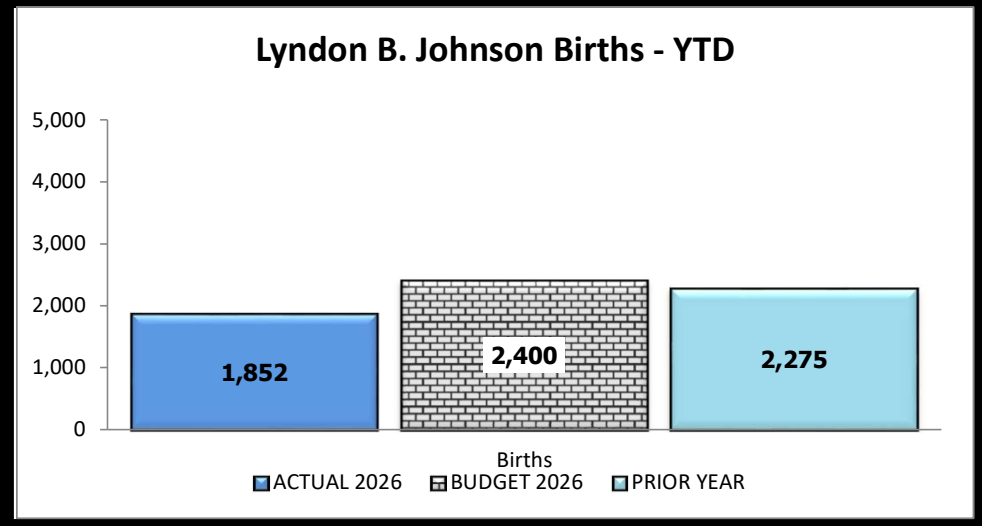
As of the Quarter Ended September 30, 2026

BT Births - Q4			BT Births - YTD			LBJ Births - Q4			LBJ Births - YTD		
Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year
587	754	669	2,318	3,054	2,873	486	637	579	1,852	2,400	2,275









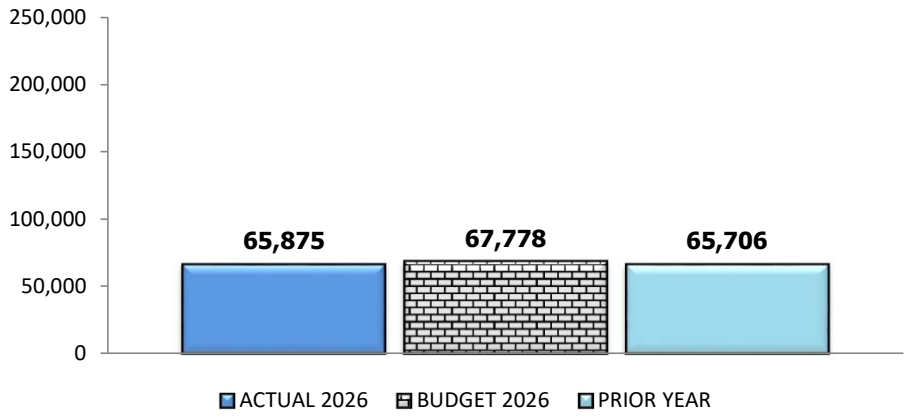
Harris Health

Statistical Highlights - Adjusted Patient Days

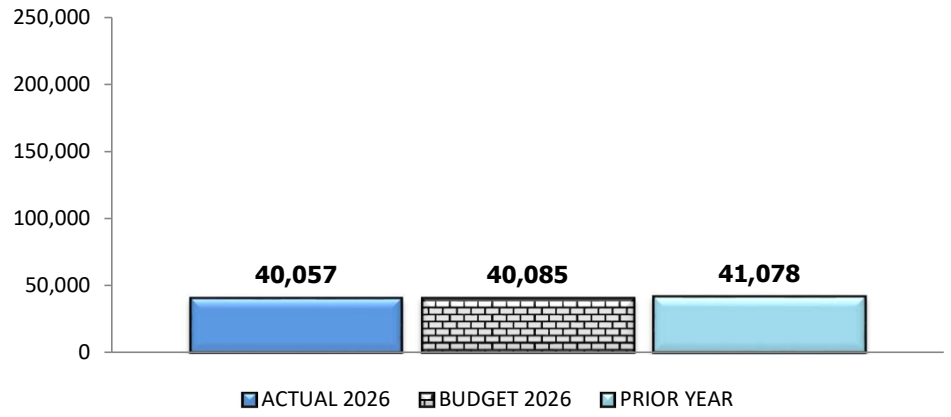
As of the Quarter Ended September 30, 2026

BT Adjusted Patient Days - Q4	BT Adjusted Patient Days - YTD	LBJ Adjusted Patient Days - Q4	LBJ Adjusted Patient Days - YTD
65,875	262,049	40,057	158,650

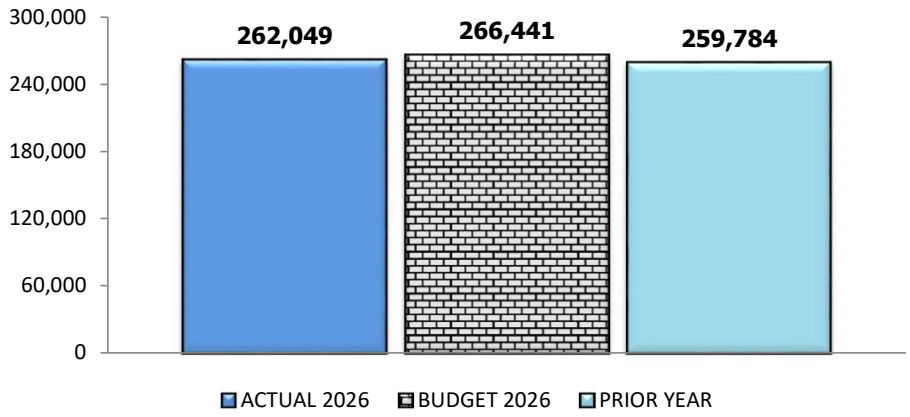
Ben Taub APD - Quarter End



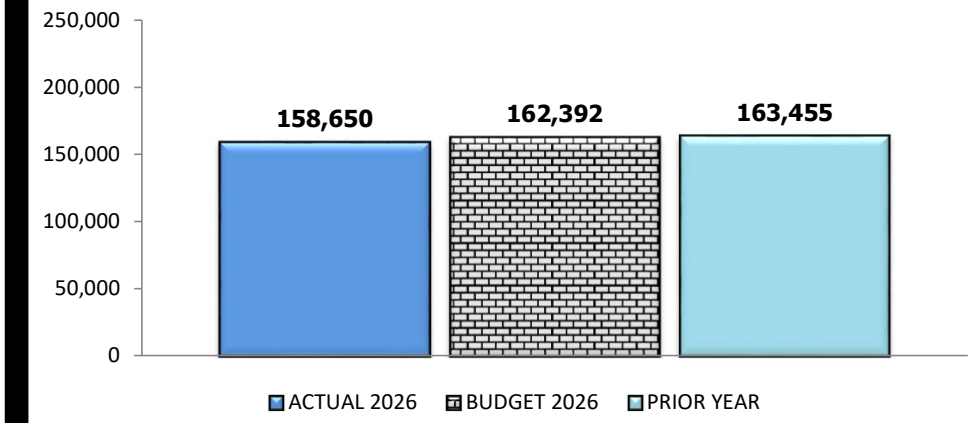
Lyndon B. Johnson APD - Quarter End



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



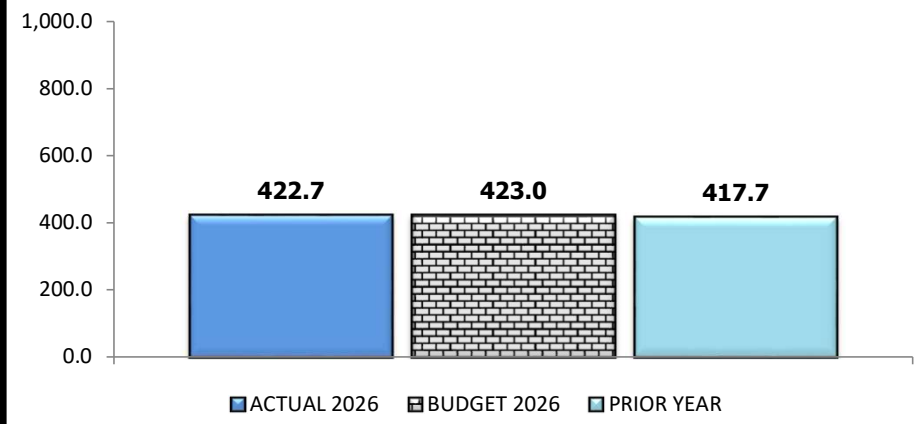
Harris Health

Statistical Highlights - Average Daily Census (ADC)

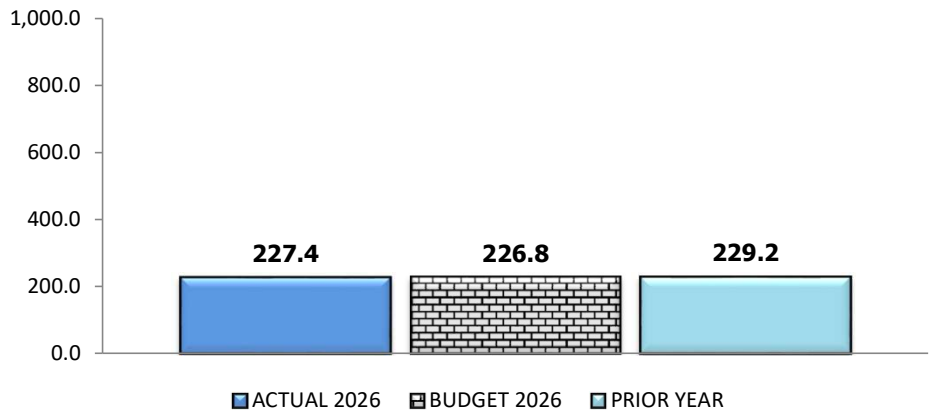
As of the Quarter Ended September 30, 2026

BT Average Daily Census - Q4	BT Average Daily Census - YTD	LBJ Average Daily Census - YTD	LBJ Average Daily Census - YTD
422.7	426.9	227.4	225.1

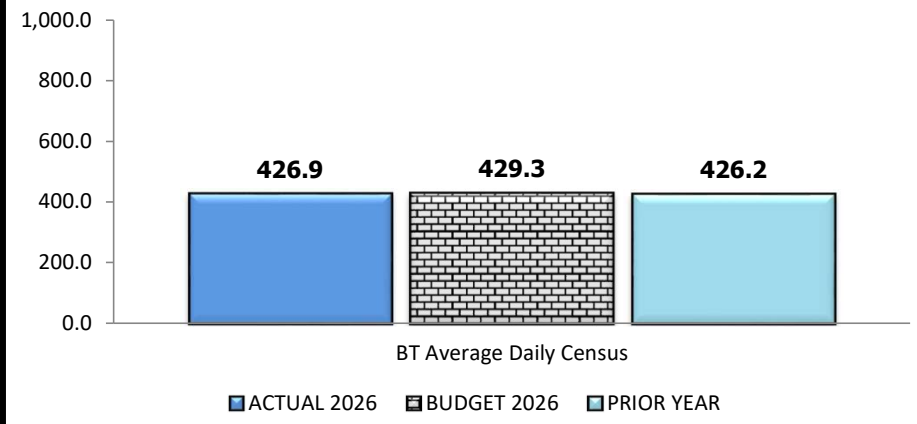
Ben Taub ADC - Quarter End



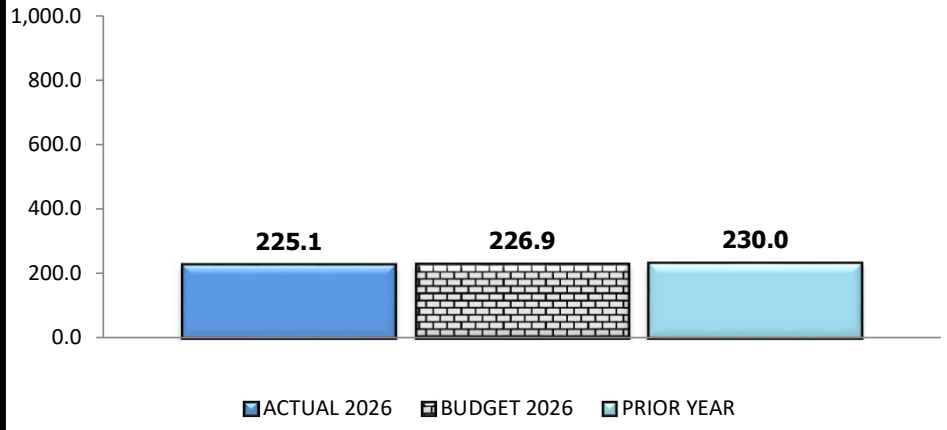
Lyndon B. Johnson ADC - Quarter End



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



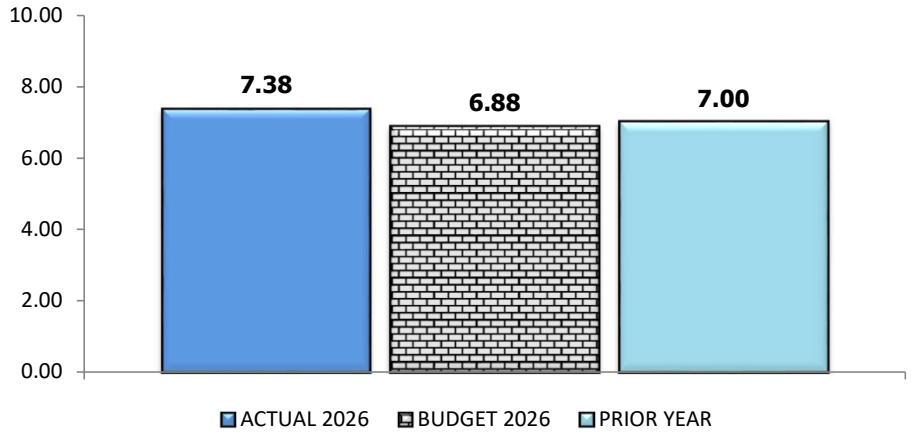
Harris Health

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

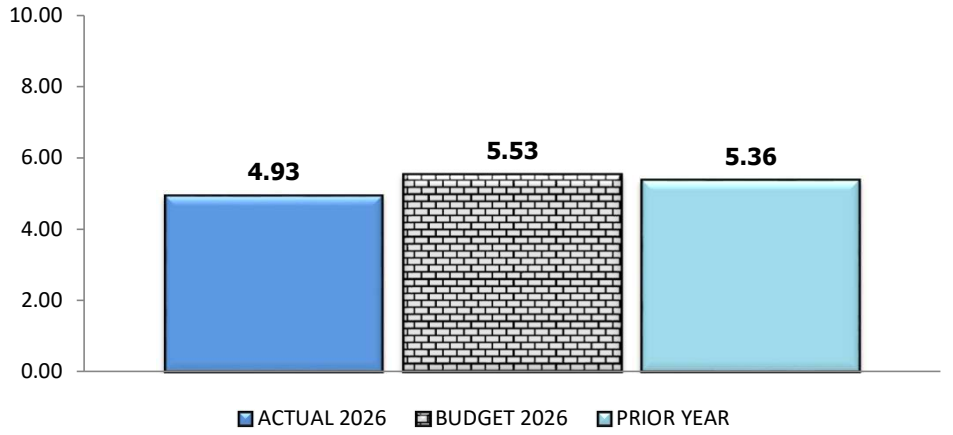
As of the Quarter Ended September 30, 2026

BT Inpatient ALOS - Q4	BT Inpatient ALOS - YTD	LBJ Inpatient ALOS - Q4	LBJ Inpatient ALOS - YTD
7.38	7.54	4.93	5.25

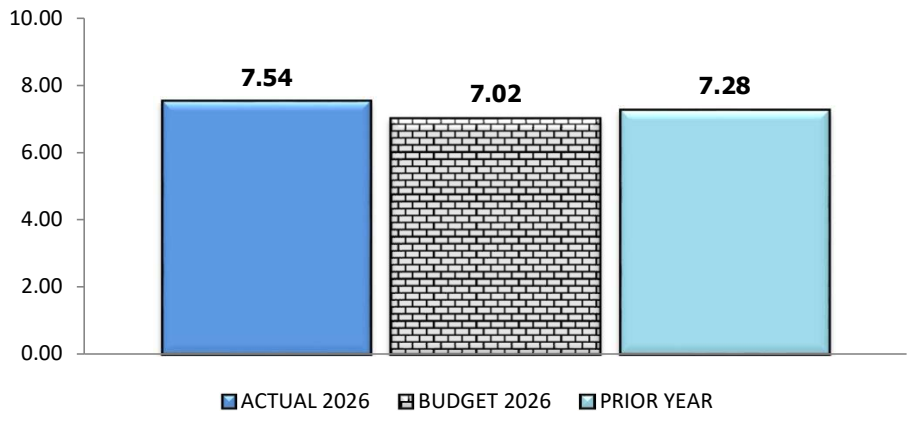
Ben Taub ALOS - Quarter End



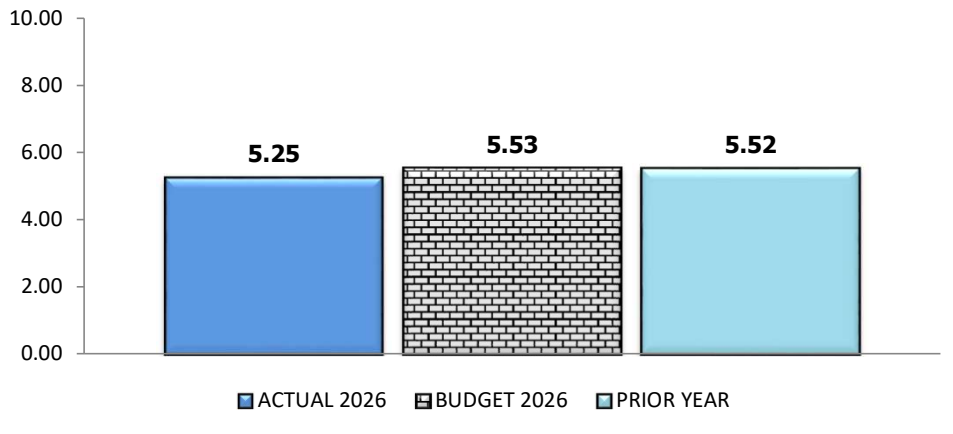
Lyndon B. Johnson ALOS - Quarter End



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



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Statistical Highlights - Case Mix Index (CMI)

As of the Quarter Ended September 30, 2026

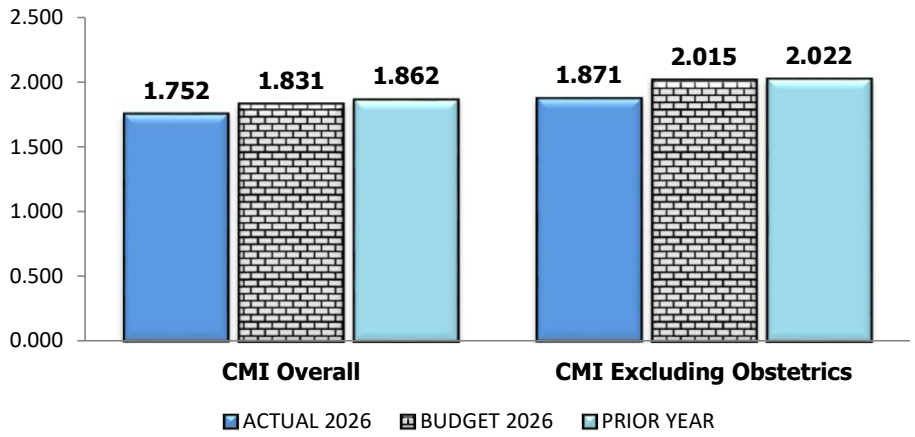
BT Case Mix Index (CMI) - Q4	
Overall	Excl. Obstetrics
1.752	1.871

BT Case Mix Index (CMI) - YTD	
Overall	Excl. Obstetrics
1.797	1.922

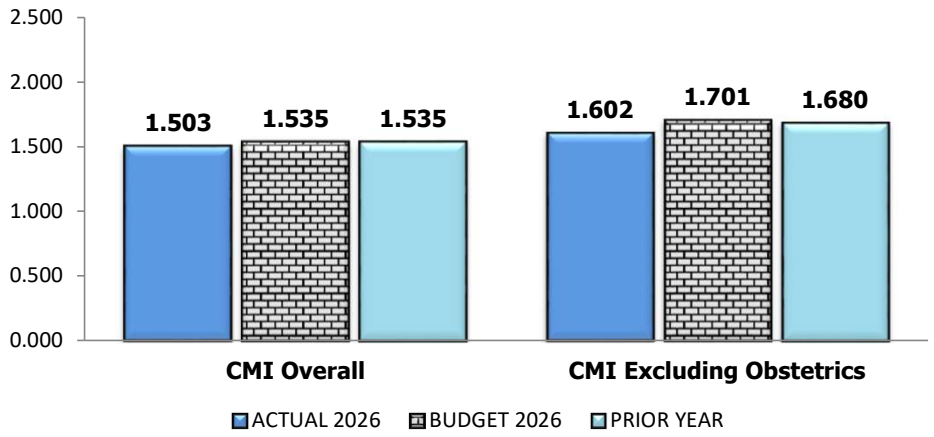
LBJ Case Mix Index (CMI) - Q4	
Overall	Excl. Obstetrics
1.503	1.602

LBJ Case Mix Index (CMI) - YTD	
Overall	Excl. Obstetrics
1.525	1.632

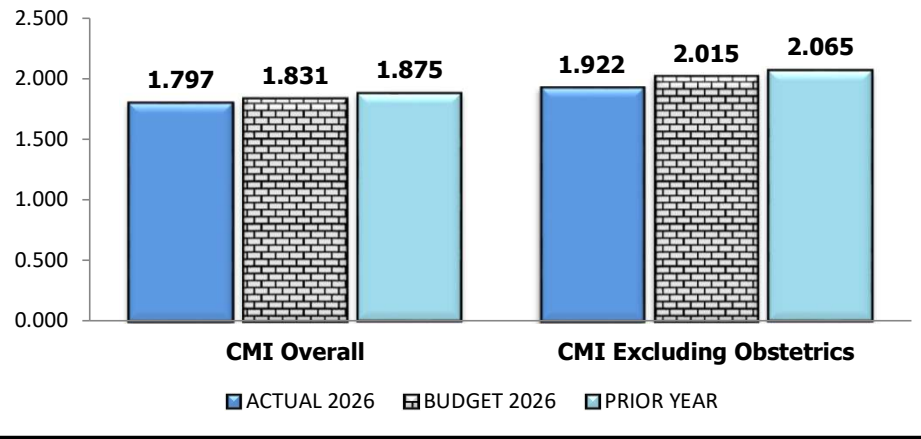
Ben Taub CMI - Quarter End



Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD

