
NUECES COUNTY HOSPITAL DISTRICT SEPTEMBER 30, 2025

CAITLIN J. CHUPE, CPA
ADAMSON & COMPANY, LLC

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AGENDA

- Overview of the Financial Statements
- Independent Auditor's Reports
- Financial Statement Highlights
- Communication with Governing Body
- Upcoming Standards

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OVERVIEW OF THE FINANCIAL STATEMENTS

- Required Supplementary Information
 - Management's Discussion & Analysis
- Basic Financial Statements
 - Fund Financial Statements
 - Government-Wide Financial Statements
 - Notes to the Financial Statements

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INDEPENDENT AUDITOR'S REPORTS (4 REPORTS)

- Independent Auditor's Report (pgs 1-3)
 - Unmodified ("clean") Opinion
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* (pgs 55-56)
 - We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.
 - The results of our compliance testing disclosed no instances of noncompliance that are required to be reported.

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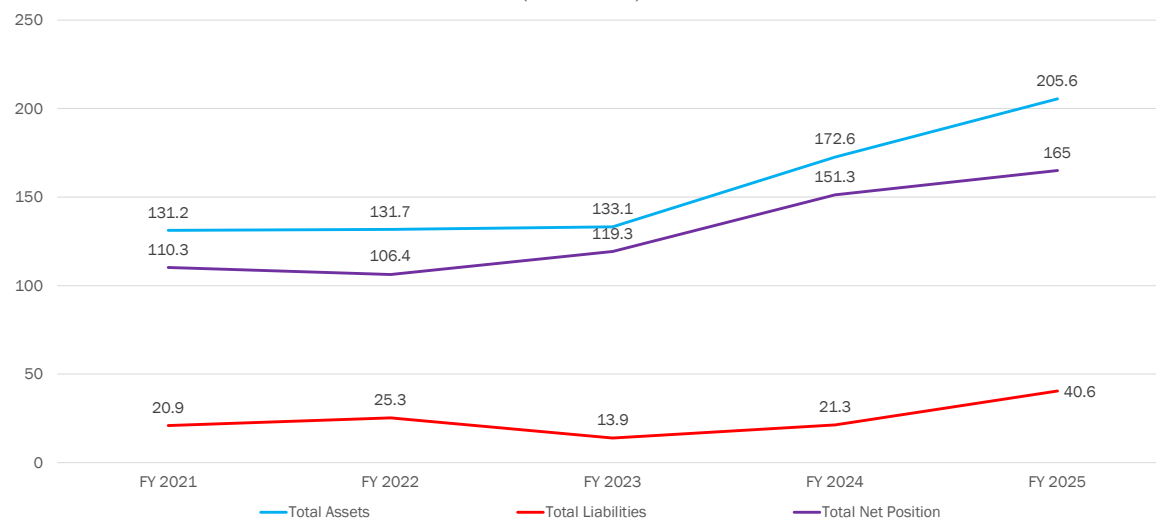
GOVERNMENTAL FUNDS STATEMENT OF NET POSITION (PGS 18-21)

- Total Net Position increased \$13.7 MM (9%) to \$165 MM
- Total Assets increased \$33 MM (19.1%) to \$133.1 MM showing an increase in available resources
 - 96.3% of assets are in cash and investments
- Total Liabilities increased \$19.3 MM (90.8%) to \$40.6 MM
 - Due to offsetting the restricted LPPF cash and normal year-to-year fluctuations in payments and accrued liabilities

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GOVERNMENTAL FUNDS STATEMENT OF NET POSITION

(in millions)



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CASH AND INVESTMENTS (PG 45)

(DOES NOT INCLUDE LOCAL PROVIDER PARTICIPATION (LPPF) FUNDS)

(In Thousands)

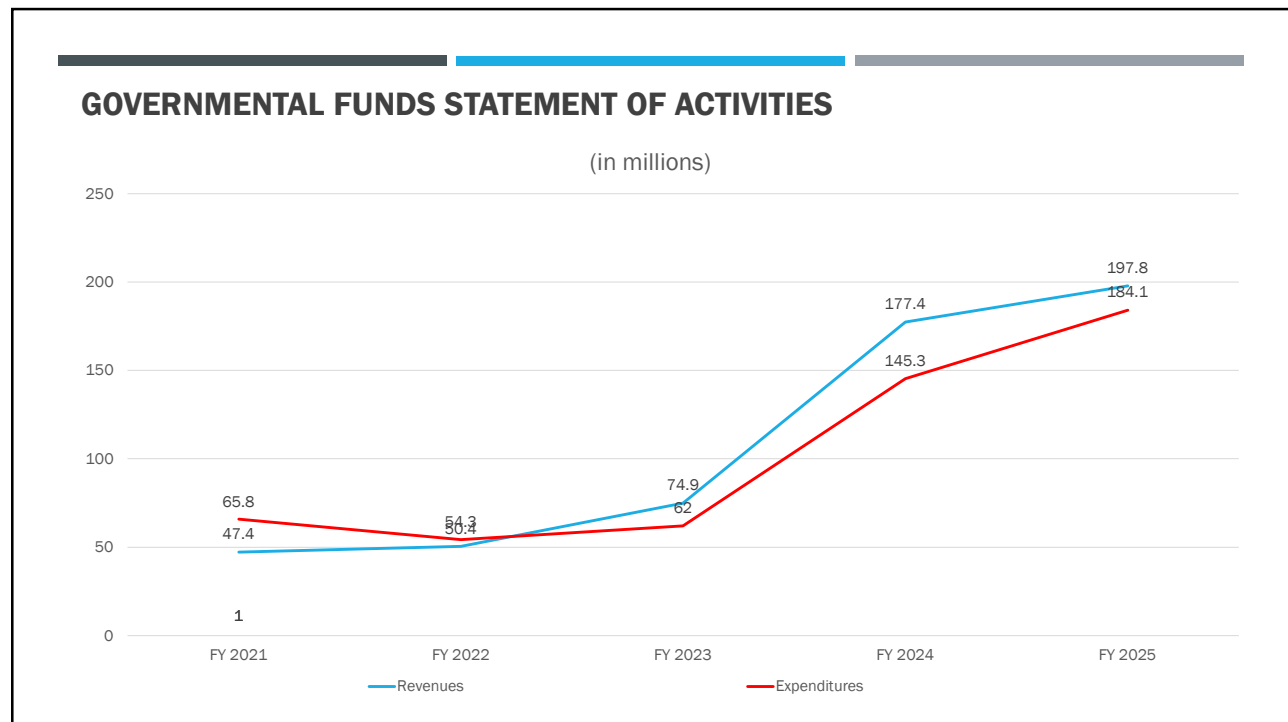
	2025		2024		Increase (Decrease)
U.S. Govt. Agencies	9,045	6%	18,021	12%	(8,976)
Municipal Bond	6,445	4%	6,438	4%	7
Commercial Paper	11,873	7%	14,799	10%	(2,926)
TexPool	94,908	59%	85,903	57%	9,005
TexStar	26,452	16%	20,255	14%	6,197
Logic	13,090	8%	4,274	3%	8,816
Money Market Mutual Funds	17	0%	31	0%	(14)
Collateralized Checking	189	0%	243	0%	(54)
	162,019	100%	149,964	100%	12,055

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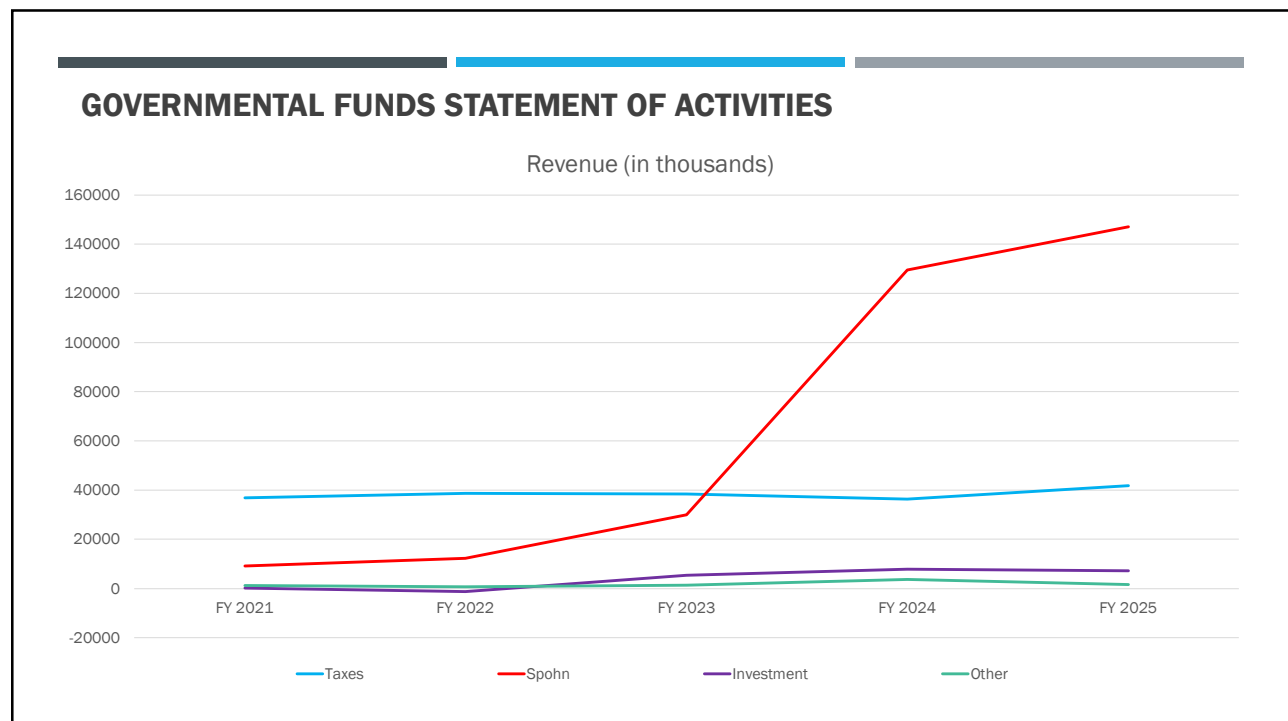
GOVERNMENTAL FUNDS STATEMENT OF ACTIVITIES (PGS 24-25)

- **Revenue of \$197.8 MM (11.5% increase)**
 - Largest source of funding was Spohn Membership at \$147.1 MM (74.4% of total revenue)
 - Property Taxes totaled \$41.8 MM (15.2% increase)
 - Tax rate during FY 2025 increased 4.69%, while overall property valuations decreased 1.7%
 - Lower Opioid Proceeds and Investment Earnings and increased Tobacco proceeds also impacted CY income
- **Expenses of \$184.1 MM (26.7% increase)**
 - Largest expense Medicaid Program Support of \$164.3 MM (89.2% of total expenses)
 - Second largest expenditure is \$12.7 MM for County Healthcare Services
 - *Administrative and General costs make up less than 2% of all net costs in the CY
 - 1.5% (FY 2025) compared 1.9% (FY 2024)

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REQUIRED COMMUNICATIONS

- Our responsibility under Generally Accepted Auditing Standards (GAAS) & Government Auditing Standards (GAS)
 - Form and express an opinion about whether the financial statements prepared by management are fairly presented in conformity with U.S. GAAP (Generally Accepted Accounting Principles)
 - Obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement
 - Consideration of internal controls for the purpose of determining and designing our audit procedures
 - Communicate significant matters related to the financial statement audit

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COMMUNICATION WITH GOVERNING BODY

- Auditors' responsibility under Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance
 - As stated in our engagement letter dated November 12, 2025, **our responsibility**, as described by professional standards, **is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP).** Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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COMMUNICATION WITH GOVERNING BODY

- Management's responsibility
 - Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the government-wide and fund financial statements in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge or experience; evaluate the adequacy and results of those services; and accept responsibility for them.
- Planned scope and timing of the audit
 - There were **no significant deviations from the planned scope and timing of the audit**
- Management Judgements and Accounting Estimates
 - **Accrual of expenses**
 - Management's estimate of the expenses to be accrued is based on management's evaluation of the expected billings from the County and other recipients for services rendered through September 30, 2025, and discussions with key personnel from the recipient's organization. We evaluated key factors and assumptions used to develop the accruals in determining that it is reasonable in relation to the financial statements as a whole.

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COMMUNICATION WITH GOVERNING BODY

- Significant difficulties encountered during the audit
 - **We encountered no significant difficulties** in dealing with management in performing and completing our audit
- Corrected and uncorrected misstatements
 - Professional standards require use to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. During the completion of audit procedures, **we encountered no misstatements, both individually or in the aggregate to the financial statements taken as a whole.**
- Disagreements with management
 - For purposes of this communication, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. **We are pleased to report that no such disagreements arose during the course of our audit.**

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COMMUNICATION WITH GOVERNING BODY

- Consultants with other accountants
 - To our knowledge, there was no such consultations with other accountants.
- Other findings and issues
 - **None noted.**
- Required Supplementary Information (RSI)
 - We applied certain limited procedures to the required supplementary information that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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COMMUNICATION WITH GOVERNING BODY

- Written representations
 - We have received these representations in a separate letter from management.
- Internal control deficiencies
 - **None noted.**
- Fraud and illegal acts
 - **We are unaware of any fraud or illegal acts** involving management or causing material misstatement of the financial statements.
- Significant unusual accounting transactions
 - **No significant unusual accounting transactions** were noted during the year.

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THANK YOU!

Caitlin Johnson Chupe, CPA

Partner

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