

**Nueces County Hospital District
Annual Operating Deficits & Fund Balance
Projection Assumptions for Fiscal Years Ending 2022-2028**

Revenues

- Property tax will remain at effective tax rate or “no-new” revenue rate.
- Pending tax lawsuits will be an annual contingency until settled.
- Unless terminated, the Spohn Membership Agreement will automatically be renewed for an additional 5 years on September 30, 2022 and will continue until September 30, 2027. This assumes the Membership Agreement will renew for the additional 5 years. Although Spohn Membership revenue is determined annually by Spohn and NCHD, the projection assumes \$6.2 million for fiscal years 2023-2026. The Spohn Membership Agreement will terminate by its terms on September 30, 2027, unless it is renewed by the parties.

Expenses

- IGT’s requirements will increase 3% per year for 2023-2027.
- If the Spohn Membership Agreement is not renewed on September 30, 2027, then the standby Indigent Care Agreement is in effect for FY 2028 requiring a \$29 million annual payment.
- All other expenses increase by 3% per year.

Additional Inflows/Outflows

- Tobacco fund inflows continue at \$550,000 per year.