

NUECES COUNTY TEXAS



Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2015

NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2015



Commissioners Court:
County Judge
Samuel L. Neal, Jr.

County Commissioners
Mike Pusley, Precinct 1
Joe A. Gonzalez, Precinct 2
Oscar O. Ortiz, Precinct 3
Brent Chesney, Precinct 4

County Clerk
Kara Sands

County Attorney
Laura Jimenez

County Purchasing Agent
Elsa Saenz

County Auditor
Dale Atchley, CPA

Director of Commissioners Court Administration
Steve Waterman

Director of Public Works
Glen Sullivan



Prepared by the staff of the Nueces County Auditor Office

Ben Abalos
Fred Chavera
Lisa Davis
Elva Fuentes
Aidee Hernandez
Harry Horak
Connie Larioz
Margaret Meade
Kristen Talamantez
Anna Velazquez

NUECES COUNTY, TEXAS
 Comprehensive Annual Financial Report
 Year Ended September 30, 2015

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INTRODUCTORY SECTION





KRISTEN TALAMANTEZ, C.P.A.
FIRST ASSISTANT
ACCOUNTS PAYABLE MANAGER

ANNA VELAZQUEZ, C.P.P.
GRANTS / PAYROLL SUPERVISOR

DALE ATCHLEY, C.P.A.
COUNTY AUDITOR

901 LEOPARD STREET, RM 304
CORPUS CHRISTI, TX 78401

PHONE: (361) 888-0556 • FAX: (361) 888-0584

ELVA FUENTES
INTERNAL AUDIT SUPERVISOR

LISA DAVIS, C.I.O.
BUDGET ACCOUNTANT

AIDEE HERNANDEZ, C.I.O.
EXECUTIVE ACCOUNTANT

March 28, 2016

Honorable District Judges of Nueces County
Honorable Members of the Nueces County Commissioners Court
Citizens of Nueces County

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Nueces (County) for the fiscal year ended September 30, 2015 as audited by Ernest R. Garza and Company, P.C.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to protect the government's assets, to compile sufficient reliable information for the preparation of the County's financial statements, to manage operations in compliance with governing statutes and regulations, and to improve efficiency and effectiveness. Because the cost of internal controls should not outweigh their benefit, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statement will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Ernest R. Garza and Company, P.C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statement, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are located in the Federal and State Awarded Program section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Nueces County

Nueces County has a long, unique history beginning in 1591 with the Spanish exploration of the New World. Alonso Alvarez de Piñeda founded what is now Corpus Christi Bay into which the Nueces River flows. The first permanent settlement on the Corpus Christi Bay was a trading post established by Colonel Henry Lawrence Kinney in 1838. It remained small and relatively unknown until July 1844 when General Zachary Taylor and his troops camped there for the winter. The army marched south to the Rio Grande for the beginning of the Mexican War in March 1845. Nueces County was formed from San Patricio County in 1846 the year after Texas became the 28th state. The geographic location of the County on the Gulf of Mexico and the Intercoastal Waterway gives it one of the most strategic locations in the southwest as the home of the sixth largest port in the nation, major military installations, petrochemical industries and tourist attractions.

Nueces County is a public corporation and political subdivision of the State of Texas. The county seat is the City of Corpus Christi, the eighth largest city in the State. The general governing body of the County is the elected five-member Commissioners court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The county judge is elected at large to serve a four-year term.

The Commissioners court sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the county auditor. The Commissioners court is also responsible for development of policies and orders pertaining to the approval of financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners court and the elected and appointed officials of other departments are crucial to the success of the County's financial management and growth.

The county auditor has the responsibility of prescribing the systems and procedures for handling the finances of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners court for approval. The county auditor is appointed by the council of district judges for a two year term.

The County provides a variety of services to the public it serves. These services include operation of the district, county and justices of the peace judicial courts, voting operations for national, state and local elections, maintenance on and construction of county owned roads and bridges, recording functions relating to property rights and vital statistics, operation of the law enforcement agencies (sheriff and constables), operation of the county jail, operation of the public health department in conjunction with the City of Corpus Christi, operation of park and beach services department, operation of the county fairgrounds, operation of the county library, assistance to indigents, the provision of juvenile health and education and welfare services involving the care and correction of dependent or delinquent children, and manage the central property tax collections for multiple agencies.

The County has a significant operational and financial relationship with one legally separate entity: the Nueces County Hospital District is reported separately within the County's financial statements as a component unit. Additional information on the legally separate entity can be found in Note I.A. in the notes to the financial statements. The County does not have any blended component units included in this report.

The annual budget serves as the foundation for the County's financial planning and control. The county auditor serves as the County's budget officer. After requests have been submitted by County departments, a base line budget is presented to the Office of Commissioners Court Administration (OCCA). This is the starting point for developing a base line budget, but without any tax increases or personnel changes. The Commissioners court reviews the requests, adjusts budget requests to final form and conducts a public hearing. One copy of the proposed budget must be filed with the county clerk and one with the county auditor. Copies must be available to the public for inspection. The Commissioners court must hold a public hearing on the budget on some date within seven calendar days after the filing of the proposed budget and prior to October 31 of the current year.

Annual budgets are adopted for all governmental funds except for the Grants Fund and Capital Projects Fund. Project length budgets are adopted for grants and capital project funds. Budgetary integration is not employed for the internal service fund because expenses are not controllable by management. The amounts budgeted for expenditures in various funds may not exceed the fund balances in those funds as of the first day of the fiscal year plus anticipated revenue for the fiscal year as estimated by the county auditor.

An appropriated budget is prepared by line item for the following expenditures: personnel expenditures (salaries and overtime), special personnel services (court appointed attorneys for example), insurance premiums, and other specific expenses designated by Commissioners court in the general fund, road fund, airport, inland parks and island parks funds. Remaining expenditures, (non-personnel items mainly), are controlled at the category level. For all other special revenue funds, the legal level of control is at the fund level.

Budget transfers may be made among the line items, categories and departments only with the approval of the Commissioners court. Such transfers were made during the fiscal year but did not increase the County's overall budget. The budgets are prepared on a basis consistent with generally accepted accounting principles. The final budgets presented in this report reflect the budget amendments for all appropriation transfers processed during the fiscal year.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on page 45 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the general fund, tax assessor fund, and the U.S. Marshal contract, the comparisons are presented in the Supplemental Non-major Governmental Funds subsection of this report.

Unemployment Rate

The unemployment rate for Nueces County as of September 30, 2015 is 4.8%, which was the same as last year's rate of 4.8%. The County's unemployment rate is higher than the State's average unemployment rate of 4.5 percent. Both the State of Texas and the County are lower than the national average rate of 4.9 percent.

Construction and Commercial Permits Valuations

In 2015 the City of Corpus Christi issued 10.31% more construction permits as compared to the prior year. The total permit valuations for 2015 were \$435,189,854. Please see Exhibit 19 for more information.

Local Economy

The County of Nueces is the fourteenth largest county in the State of Texas with an estimated population of 356,211. The county has a varied manufacturing and industrial base. Major industries located within the county include industrial, petrochemical, construction, meat processing, banking and financial services.

Housing sales dollars went up by 7.052%. The housing sales volume is \$996,087,857. Units sold went up by 2.58%. The 2015 unit sold volume is 4,811. Please see page 166, Exhibit 21 in the statistical section for more detail.

The economic indicators continued to show a growing trend in the local economy, this continues to contribute to the bottom line remaining strong and stable and is in a better position than many areas of the country.

Future Economic Developments

Property tax valuations are expected to rise further along with several of the other major economic indices. Even though the community is seeing strong economic growth, the Commissioners court continues to plan expenditures in a conservative manner. The 2015/2016 budget kept expenditures at or near the same levels as the prior budget with a few exceptions.

Long-term Financial Planning

Many factors were considered in preparing the County's budget for the 2015/2016 fiscal year. Through the budget process, the County Commissioners set the goals for the County. The County reaffirmed the policy of setting aside adequate financial resources in the fund balance of the general fund to ensure that current and future services or operations would not be severely impacted by any economic slowdown, emergency, national disaster or any unforeseen circumstance. The priorities inherent to the 2015/2016 budget and future budgets are to make county government: (1) communicative and open to the public and departmental staff; (2) have attainable county and realistic budgets to enhance accountability; (3) recognize employee talent by awarding a continuance pay for every three years of service, (4) establish procedures that are in compliance with statutory requirements and (5) utilize technology to improve efficiency.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Nueces County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last twenty two years (fiscal years ended 1993 through 2014). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA on March 31, 2016.

The preparation of the CAFR could not have been accomplished without the dedicated services of the county auditor office staff. Their work is reflected in this financial report and it is greatly appreciated. We also thank the members of the Commissioners court and their staff and all other county officials and employees who have given their support in planning and conducting the financial operations of the County in a responsible manner.

Additionally, Nueces County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2015 fiscal year beginning October 1, 2014. This was the first year that the government has achieved this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including a policy statement, a financial plan, an operations guide, and a communications device. A Distinguished Budget Presentation Award is valid for a period of one year only.

Nueces County was awarded a 2015 Leadership Circle Platinum Award issued by the Texas Comptroller of Public Accounts. The Leadership Circle recognizes local governments across Texas that strives to meet a high standard for financial transparency online by opening their books to the public; provide clear, consistent pictures of spending; and sharing information in a user friendly format. The Platinum designation highlights those entities that are setting the bar in their transparency efforts. The Leadership Circle Award is valid for one year only. Nueces County has received this award for three consecutive years.

Finally, I would like to thank the district judges for their support and guidance in matters relating to the discharge of my duties as county auditor. I am honored to serve the citizens of this County and to work with the outstanding officials and employees that help make Nueces County a great place to live.

Respectfully submitted,
NUECES COUNTY AUDITOR

A handwritten signature in black ink that reads "Dale Atchley, CPA". The signature is written in a cursive style with a large initial "D".

Dale Atchley, CPA



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

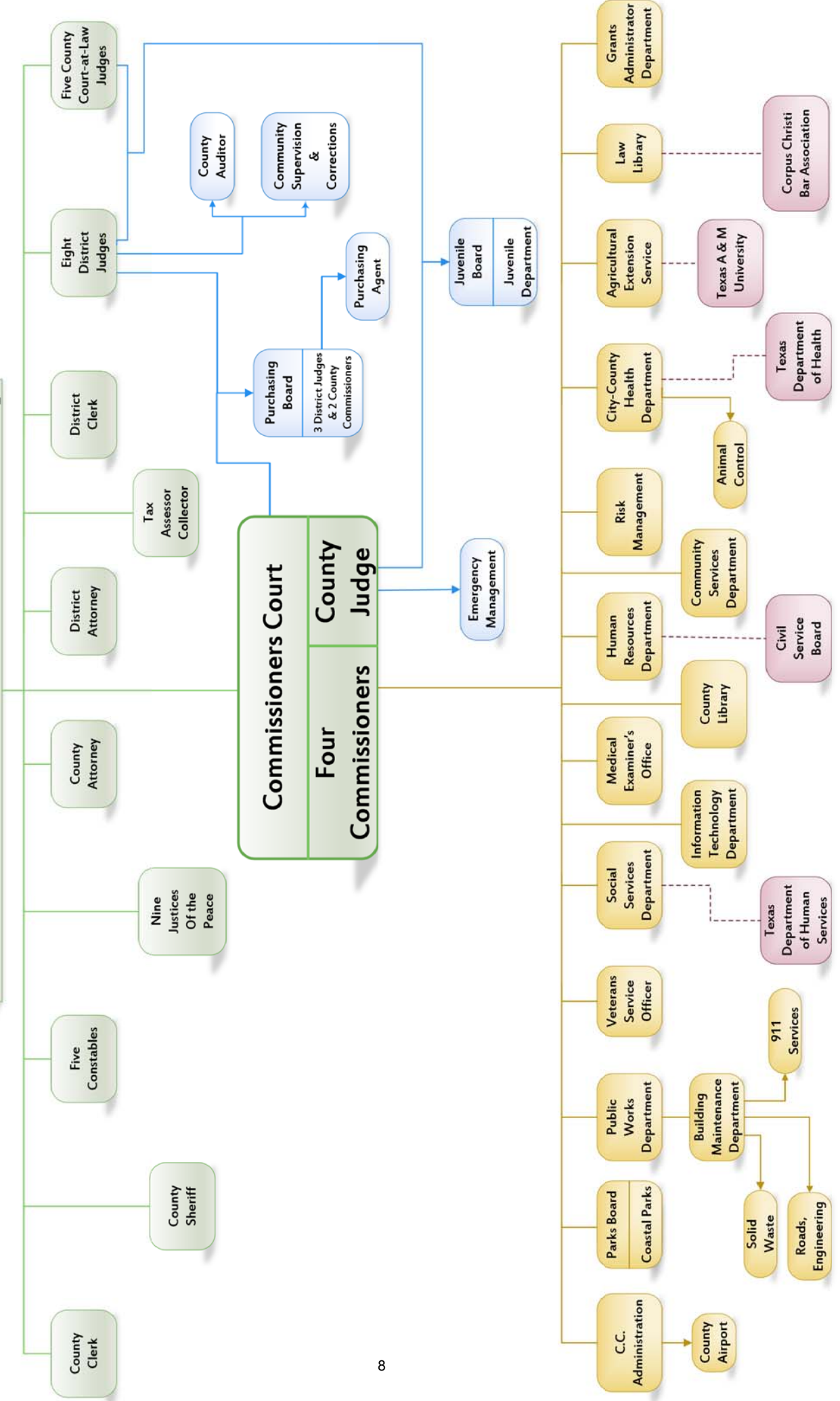
**Nueces County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

Citizens of Nueces County



Nueces County, Texas

List of Principal Officials

Elected Officials

Samuel L. Neal, Jr. County Judge
 Mike Pusley County Commissioner Prt 1
 Joe A. Gonzalez County Commissioner Prt 2
 Oscar Ortiz County Commissioner Pct 3
 Brent Chesney County Commissioner Pct 4
 Laura A. Jimenez County Attorney
 Kara Sands County Clerk
 Kevin Kieschnick Tax Assessor-Collector
 Robert J. Vargas Judge County Court at Law 1
 Lisa Gonzales Judge County Court at Law 2
 Deeanne Galvan Judge County Court at Law 3
 Mark Woerner Judge County Court at Law 4
 Timothy McCoy Judge County Court at Law 5
 Nanette Hasette Judge 28th District Court
 Bobby Galvan Judge 94th District Court
 Jack Pulcher Judge 105th District Court
 Sandra Watts Judge 117th District Court
 Guy Williams Judge 148th District Court
 Jose Longoria Judge 214th District Court
 David Stith Judge 319th District Court
 Missy Medary Judge 347th District Court
 Mark Skurka District Attorney
 Anne E. Lorentzen District Clerk
 Joe Benavides Justice of the Peace 1-1
 Henry A. Santana Justice of the Peace 1-2
 Robert Balderas Justice of the Peace 1-3
 Janice K. Stoner Justice of the Peace 2-1
 Thelma Rodriguez Justice of the Peace 2-2
 Larry Lawrence Justice of the Peace 3
 Daniel D. Neblett, Jr. Justice of the Peace 4
 Roberto H. Gonzalez, Jr. Justice of the Peace 5-1
 Hermilo Pena, Jr. Justice of the Peace 5-2
 Jim Kaelin Sheriff
 Robert Cisneros Constable Pct 1
 Jerry C. Boucher Constable Pct 2
 Jimmy Rivera Constable Pct 3
 Robert W. Sherwood Constable Pct 4
 Frank Flores III Constable Pct 5

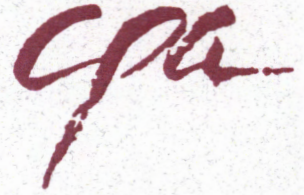
Appointed Officials & Dept Directors

Ida G. Garza County Librarian
 Norma Alicia Davila County Extension Agent
 Michael J. Biddle Director of Info Technology
 Jason Ott County Extension Agent
 Lance Esswein Risk Manager
 Martin Longoria Veteran's Service Officer
 Ray Fernandez Medical Examiner
 Abraham Gonzales, Jr. Director of Law Library
 Julie Guerra Director of Human Resources
 Dale Atchley, CPA County Auditor
 Edward Herrera Director of Community Services
 & Inland Parks
 Roxanna Sandoval Grants Administrator
 Marilee Roberts Court Administrator
 Rebecca Rach Director of Social Services
 Scott Cross Director of Coastal Parks
 Annette Rodriguez Director of Public Health
 Elsa Saenz Purchasing Agent
 Glen R. Sullivan County Road Engineer
 Rebecca G. Flanigan Legal Advisor, Director
 Homer Flores Chief Juvenile Probation Officer
 Steve Waterman Director of Commissioners Court
 Danielle Hale Emergency Management



FINANCIAL SECTION





**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272

MEMBER

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

INDEPENDENT AUDITOR'S REPORT

March 28, 2016

The Honorable County Judge
and County Commissioners
Nueces County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nueces County, Texas (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nueces County Hospital District whose assets were \$69,371,364 and revenues were \$69,189,252. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Nueces County Hospital District, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nueces County, Texas, as of September 30, 2015 and the respective changes in financial position and where applicable, cash flows, there of and the respective budgetary comparison for the General Fund, Debt Service Fund and U.S. Marshall Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V. C. to the financial statements, in 2015, the County has adopted new accounting guidance prescribed by GASB #68 for its pension plan a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation.

Because GASB #68 implements new measurement criteria and reporting provisions, significant information has been added to the Government Wide Statements. The Statement of Net Position discloses the County's Net Pension Liability and some deferred resource outflows and deferred resource inflows related to the County's pension plan. The Statement of Activities discloses the adjustment to the County's Beginning Net Position. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budget comparison information and the other required supplementary information on pages 17 through 33 and pages 88 through 92 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nueces County, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal/state awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and by the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning and is also not a required part of the financial statements.

The combining and individual non-major fund statements and schedules, and the schedule of expenditures of federal/state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund statements and the schedule of expenditures of federal/state awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Ernest R. Garza & Company, P.C.
Certified Public Accountants
Corpus Christi, Texas

A handwritten signature in black ink, appearing to read "ER GARZA P.C. CPA'S", is written over the printed name of Ernest R. Garza & Company, P.C.

March 28, 2016



Nueces County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Nueces County, Texas (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here and in conjunction with the additional information we are furnishing in our letter of transmittal, which can be found on pages 3-6 of this report, the basic financial statements, and the accompanying notes to those financial statements. This management discussion and analysis (MD&A) includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

- At fiscal year end, the County's government-wide total assets and deferred outflows (excluding component units) exceeded its liabilities and deferred inflows of resources by \$122,712,848. As compared to the prior year, net position increased by \$1,225,204 or 1.010%. The overall increase in net position was offset by a \$9,693,305 restatement to (decrease) beginning net position associated with reporting the beginning net pension liability as a result of the fiscal year 2015 implementation of Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB 68*.
- In contrast to the government-wide statements, the County's governmental funds reports a combined ending fund balance of \$74,156,582; an increase of \$19,296,427 in comparison with the prior year.
- The general fund total fund balance of \$23,568,035 reflects an increase of \$991,332 from the previous year. After adjusting for amounts for prepaid and inventories (non-spendable) and the minimum 25% fund balance (committed), there is a \$2,090,308 remaining in unassigned.
- The County's general obligation debt increased by \$9,030,813 due to a new bond issue. The balance of general obligation debt at year end is \$113,635,326. The debt service fund balance is \$4,175,638 or 35.27% of next year's debt service requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains other information in addition to the basic financial statements. Please see the supplementary information and statistical sections toward the end of this report.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County and all liabilities. Additionally, certain adjustments have occurred to eliminate duplications in regards to inter-fund activity such as premiums charged by the self-insurance fund, transfers, receivables and payables.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that produce cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, buildings and facilities, administration of justice, law enforcement and corrections, social

services, health, safety and sanitation, agriculture, education and consumer sciences, roads, bridges and transportation, and parks and recreation.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate hospital district for which the County is financially accountable. Financial information for *component units* is reported separately from the financial information for the *primary government*.

The government-wide financial statements can be found on pages 37-39 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains twenty-seven governmental funds (excluding proprietary and fiduciary funds): twenty-four special revenue funds, a debt service fund, a capital projects fund and the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, U.S. Marshal Contract fund, and capital projects fund, which are all considered major funds under the classification guidelines issued by GASB. Data from the other twenty-three special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

The County adopts annual appropriated budgets for all its governmental funds except for its capital projects and grant funds. A budgetary comparison statement has been provided for the general fund, debt service fund, and the U.S. Marshal Contract fund to demonstrate budgetary compliance. A budget comparison statement is not presented for the capital projects fund because an annual budget is not adopted on the capital projects fund. Multi-year individual project budgets are adopted and maintained instead. Schedules of budget to actual are presented for all remaining funds elsewhere in the report except the grants fund for which an annual budget is not adopted similar to the capital projects fund.

The governmental fund financial statements can be found on pages 40-50 of this report followed by the Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual for the general fund, debt service fund, and the U.S. Marshal Contract funds.

Proprietary funds. The County maintains one type of proprietary fund, an internal service fund. The internal service fund is used to report activities of the County's self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, the internal service fund is reported with *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is presented as a single presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 51-53 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the governmental-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The funds in custody are held for community supervision and corrections department (CSCD), metropolitan planning organization (MPO), dispute resolutions center, the district clerk court registry, and the permanent school fund.

The basic fiduciary fund financial statements can be found on page 54 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 55-86 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 88-92 of this report.

Immediately following the notes and the required supplementary information on pensions are the combining statements referred to earlier in connection with the nonmajor governmental funds, the internal service funds and the fiduciary funds. Combining and individual fund statements and schedules can be found on pages 95-124 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, the County's assets plus the deferred outflows of resources exceeded liabilities plus deferred inflows by \$122,712,848 and are summarized below along with comparative data from the previous year.

| Governmental Activities | | |
|--|-----------------------|-----------------------|
| | Fiscal Year 14/15 | Fiscal Year 13/14 |
| Current and other assets | \$ 112,983,768 | \$ 79,884,121 |
| Capital assets (net of depreciation) | <u>180,102,895</u> | <u>190,466,847</u> |
| Total assets | 293,086,663 | 270,350,968 |
| Loss on refunding debt | 4,241,131 | 3,701,271 |
| Deferred pensions | <u>7,816,230</u> | <u>4,743,371</u> |
| Total deferred outflow of resources | 12,057,361 | 8,444,642 |
| Current and other liabilities | 33,277,072 | 22,162,629 |
| Long-term liabilities | <u>148,617,238</u> | <u>135,145,307</u> |
| Total liabilities | 181,894,310 | 157,307,936 |
| Deferred pensions | <u>536,866</u> | - |
| Total deferred inflow of resources | 536,866 | - |
| Net position: | | |
| Invested in capital assets | 66,467,569 | 80,299,444 |
| Restricted | 15,687,500 | 13,688,280 |
| Unrestricted | <u>40,557,779</u> | <u>27,499,920</u> |
| Total net Position - Restated (See Note V. E.) | <u>\$ 122,712,848</u> | <u>\$ 121,487,644</u> |

The largest portion of the County's net position 54.17% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, software systems, infrastructure and construction in progress); less any related debt used to acquire those assets that are still outstanding.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Restricted net position total \$15,687,500 and comprise 12.78% of total net position. Restricted resources are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and grant conditions. The remaining balance of net position is *unrestricted net position* which total \$40,557,779 and may be used to meet any county obligations. At the end of the current fiscal year, Nueces County is able to report positive balances in all three categories of net position.

Governmental activities. Governmental activities increased the County's net position by \$1,225,204. Key elements of this increase are as follows:

| <u>Changes in Net Position</u> <u>Governmental Activities</u> | | | | | | |
|--|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| | FY 14/15 | Percent of Total | FY 13/14 | Percent of Total | Difference | Percent of Change |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 30,229,232 | 25.06% | \$ 28,367,891 | 25.20% | \$ 1,861,341 | 6.56% |
| Operating grants and contributions | 8,568,805 | 7.10% | 8,179,157 | 7.27% | 389,648 | 4.76% |
| General Revenues: | | | | | | |
| Property taxes | 78,234,367 | 64.86% | 72,960,037 | 64.83% | 5,274,330 | 7.23% |
| Other taxes | 2,018,548 | 1.67% | 1,915,601 | 1.70% | 102,947 | 5.37% |
| Unrestricted Investment earnings | 254,574 | 0.21% | 163,577 | 0.15% | 90,997 | 55.63% |
| Grants and contributions not restricted to a specific programs | 850,976 | 0.71% | 962,838 | 0.86% | (111,862) | -11.62% |
| Gain on sale of assets | 470,458 | 0.39% | - | 0.00% | 470,458 | |
| Total revenues | <u>120,626,960</u> | 100.00% | <u>112,549,101</u> | 100.00% | <u>8,077,859</u> | 7.18% |
| Expenses: | | | | | | |
| General government: | 17,896,010 | 14.99% | 15,341,758 | 13.41% | 2,554,252 | 16.65% |
| Buildings and facilities | 10,940,747 | 9.16% | 10,972,546 | 9.59% | (31,799) | -0.29% |
| Administration of justice | 25,843,255 | 21.64% | 24,916,824 | 21.78% | 926,431 | 3.72% |
| Law enforcement and corrections | 31,747,809 | 26.59% | 30,303,203 | 26.48% | 1,444,606 | 4.77% |
| Social services | 2,752,636 | 2.31% | 2,682,643 | 2.34% | 69,993 | 2.61% |
| Health, safety and sanitation | 2,835,744 | 2.37% | 2,815,645 | 2.46% | 20,099 | 0.71% |
| Agriculture, education and consumer sciences | 870,691 | 0.73% | 794,140 | 0.69% | 76,551 | 9.64% |
| Roads, bridges and transportation | 15,164,446 | 12.70% | 15,575,863 | 13.61% | (411,417) | -2.64% |
| Parks and recreation | 6,375,073 | 5.34% | 6,415,580 | 5.61% | (40,507) | -0.63% |
| Interest on long-term debt | 4,975,345 | 4.17% | 4,607,852 | 4.03% | 367,493 | 7.98% |
| Total Expenses | <u>119,401,756</u> | 100.00% | <u>114,426,054</u> | 100.00% | <u>4,975,702</u> | 4.35% |
| Increase (Decrease) in net position | 1,225,204 | | (1,876,953) | | 3,102,157 | -165.28% |
| Net position - beginning (restated) | 121,487,644 | | 123,364,597 | | | |
| Net position - ending (restated) | <u>\$122,712,848</u> | | <u>\$121,487,644</u> | | <u>\$ 1,225,204</u> | 1.01% |

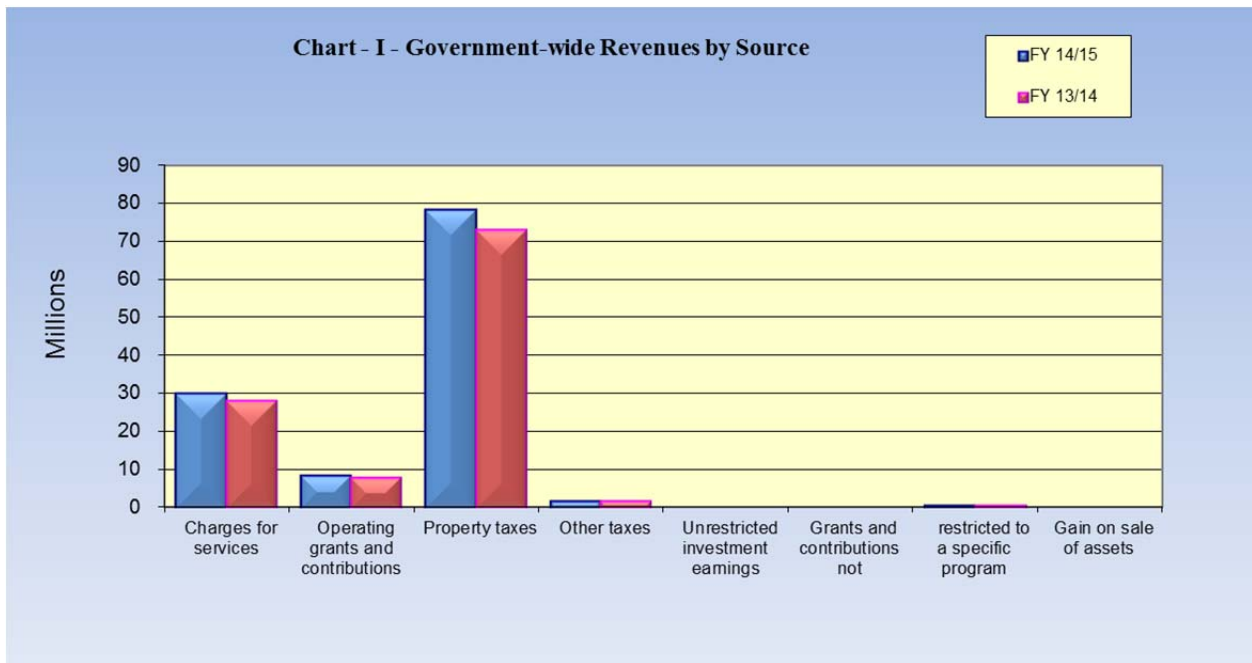
In comparison to the prior year, total revenues increased by \$8,077,859 and total expenses increased by \$4,975,702, which resulted in the increase from the prior year net position. Again, the change in net position for this current fiscal year was a net increase of \$1,225,204 making the ending balance of net position equal to \$122,712,848. The aforementioned implementation of GASB 68 had the effect of reporting a beginning net pension liability of \$14,436,676, which resulted in reducing the beginning net position (via a restatement of beginning net position) and reducing the 2015 unrestricted net position by \$9,693,305 as well.

REVENUES - As shown in the table above, total revenues increase by \$8,077,859. There are three large swings that comprise most of this net increase. Property taxes increased \$5,274,330 due to a slight increase in net taxable value.

Charges for services reflect a net increase from the previous year of \$1,861,341. There are numerous items in this category, but this increase is traceable to mainly two revenue types: fees of office and the centralized tax collection commission.

Gain on the sale of assets increased by \$470,458. Operating grants and contributions increased by \$389,648 which is mainly due to increase in grant funding. Other taxes reflect an increase of \$102,947 which is attributed to change in revenue category. Grants and contributions not restricted to specific programs decreased by (\$111,862).

Investment earnings were \$90,997 higher than the prior year. This increase was due to some short term CDs and municipal bonds invested at a higher rate.



The County’s government-wide revenue sources are graphically presented in Chart–I. Countywide, 64.86% of total revenues come from property taxes. The second largest revenue source, 25.06% comes from charges for services, which includes fees of office, medical examiner fees, fine collections, motor vehicle registrations and intergovernmental tax collection fees. Operating grants and contributions comprise 7.10% of the County’s total revenues and cover juvenile, senior community services, law enforcement, child support, and other operations.

Chart IIA compares the net of program revenues and expenses for fiscal year 2014.

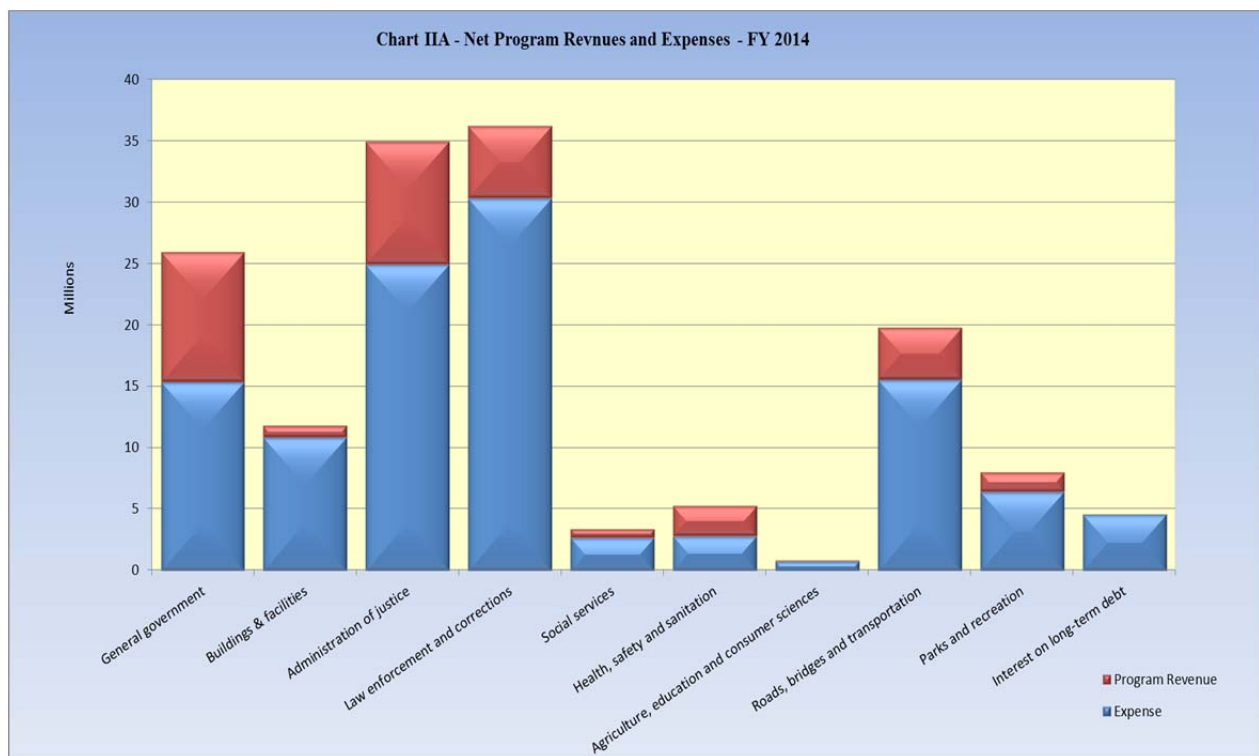
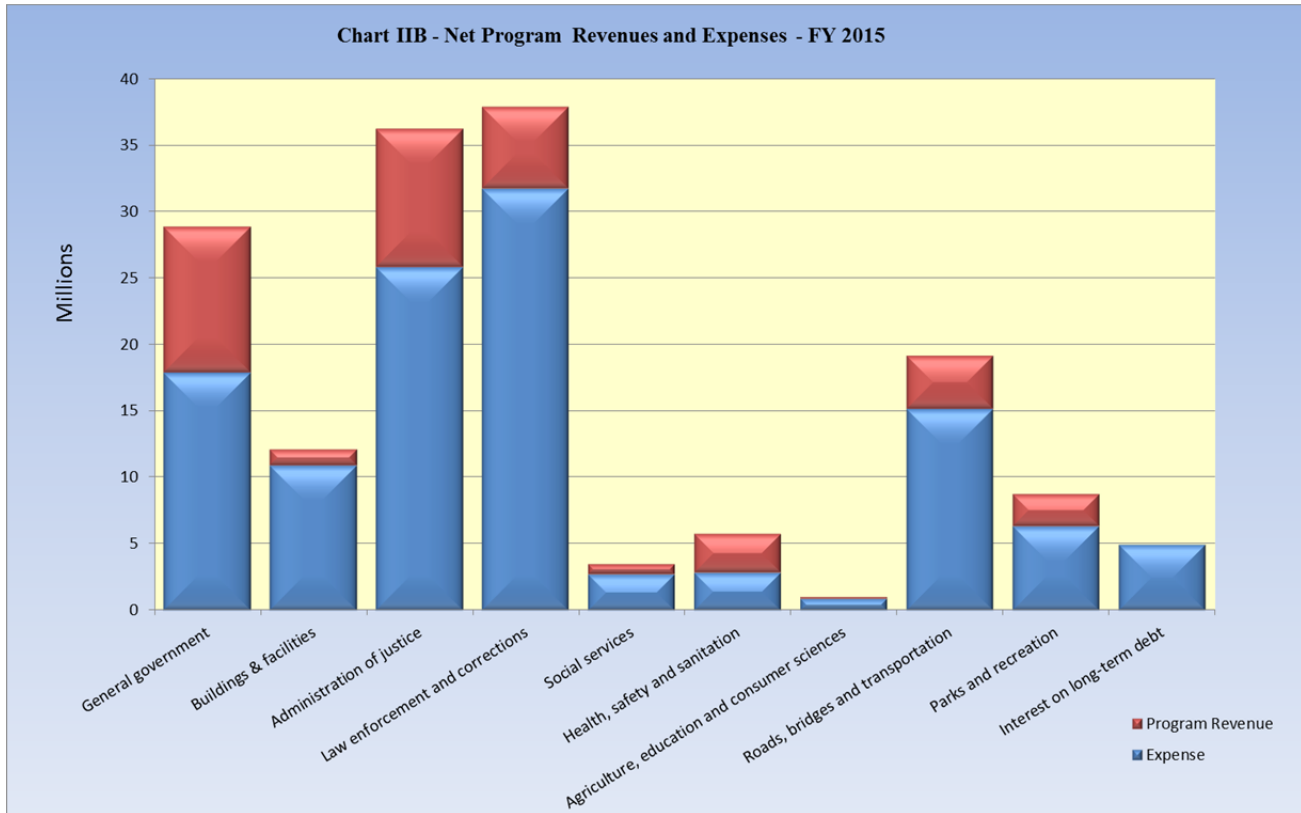


Chart IIB below compares the net of program revenues and expenses for fiscal year 2015. In comparing Chart IIA and Chart IIB, they appear to remain very similar.



EXPENSES - Expenses increased by 4.35%, or \$4,975,702. The largest increases in expenses were in general government and law enforcement. The general government increase in expense was the result of additional funding necessary for the county’s health insurance, which is part of the internal service fund. The increase in law enforcement was due to an audit by the Department of Labor (DOL) that resulted in an additional payment of overtime to all deputies of the sheriff’s office.

In Chart IIB program revenues are matched up with the corresponding governmental activity to show what activities are most dependent on property taxes. As Chart IIB shows, the activity with the lowest net program expense is agriculture, education, and consumer sciences. Law enforcement, administration of justice, and general government also reflect a large portion of the activity costs are paid for with program revenues. There are no excess program revenues in any governmental activity. Therefore all governmental activities rely on property tax revenue to maintain services.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls are the framework of the County’s fiscal management system and for recording accountability. The County has maintained a double A (AA/Aa) underlying bond rating since 1998. On March 25, 2015, Standard & Poor’s and Moody’s reaffirmed the credit rating on the County’s outstanding bonds at “AA+” and “Aa”.

Governmental funds. The focus on the County’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County’s financing requirements.

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$74,156,582 higher by \$19,296,427 in comparison with the prior year. Excluding capital projects fund, ending balances of governmental funds increased by \$1,701,864. This increase is attributed mostly to both higher revenues and minimal increase in operating expenditures.

The general fund is the chief operating fund of the County. At the end of the current fiscal year the total general fund balance was \$23,568,035. As compared to previous year, the total fund balance increased by \$991,332. The total fund balance represents 28.43% of the sum of total general fund budgeted and transfer in revenues. The Commissioners Court adopted a

resolution to maintain a minimum general fund reserve balance of 25% of budgeted general fund revenues and transfers in. Twenty-five percent of total budgeted revenues and transfers is \$20,722,982, which is designated as committed, leaving \$2,090,309 as unassigned after adjusting for prepaid and inventories. Applying this measure (using the total fund balance) toward the general fund expenditures and transfers out calculates to be approximately 3.80 months of operating expenditures. The 25% fund balance was considered necessary since Nueces County is a coastal county and as such has a higher exposure to risk.

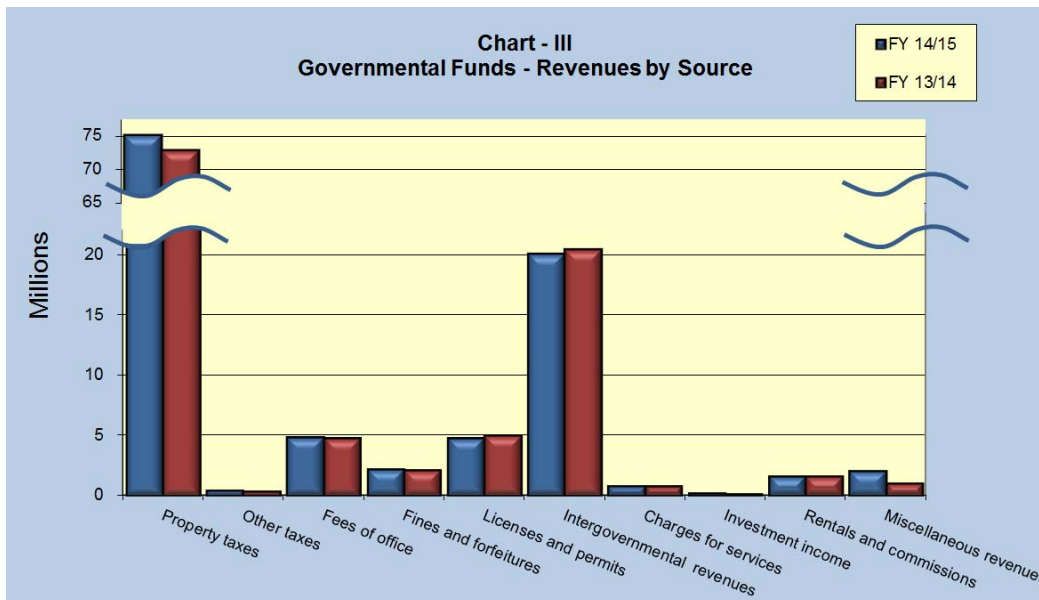
The debt service fund was voluntarily included as a major fund and closed with an ending fund balance of \$4,175,638 which resulted in a net decrease of (\$419,985) as compared to prior year. Debt service payments totaled \$11,409,198 and revenues and transfers in totaled \$11,035,433. The debt service tax rate of 0.044276 appears correct for practical purposes when comparing the revenues to debt service requirements. The ending fund balance in the debt service fund at year end will be applied to future debt payments.

The U.S. Marshal contract fund is considered a major fund because the liabilities exceed 10% of total liabilities of all governmental funds. This special revenue fund accounts for the federal inmates that the County houses under a contract with the U.S. Marshal service. Instead of housing the inmates in the county jail, however, the County sub-contracts with a private prison for placing the federal inmates. Contracts with the U.S. Marshal service as well as with the private prison operators were recently renegotiated to a higher rate. The remaining fund balance was \$428,659. There was a net decrease in fund balance of (\$181,250) at the end of the fiscal year.

The capital projects fund is used to account for all of the major capital projects that are funded by either debt instruments or the general fund. The remaining fund balance at fiscal year-end was \$28,024,780, which is a net increase of \$17,594,563 when compared to prior fiscal year. This increase in fund balance is the result of the issuance of Certificates of Obligation Series 2015, \$18,070,000 in April 2015 for the purpose of constructing, repairing and improving county roads and bridges, the McKenzie County Jail Annex, County facilities to comply with the American Disabilities Act, the County Airport runway extension, the County park system and facilities. The proceeds will also be used to purchase material supplies land, for authorized needs related to the aforementioned improvements and to pay professional services related services. It is expected for the fund balance to decrease as multiyear projects are completed.

Other governmental funds has a total combined fund balance of \$17,959,470. The road and bridge fund is included within this category, as well as the other funds restricted to specific purposes. The total combined other governmental fund balance increased by \$1,311,767.

Please refer below to Chart III, Revenues by Source, for a graphic presentation of the table on the following page. Revenues are comparably constant in all categories, except for property taxes, fees of office, and intergovernmental revenue.



The table below presents revenues by source with comparisons to the prior year. All the funds are included but most of the changes are due to the general fund.

Governmental Funds – Revenues by Source

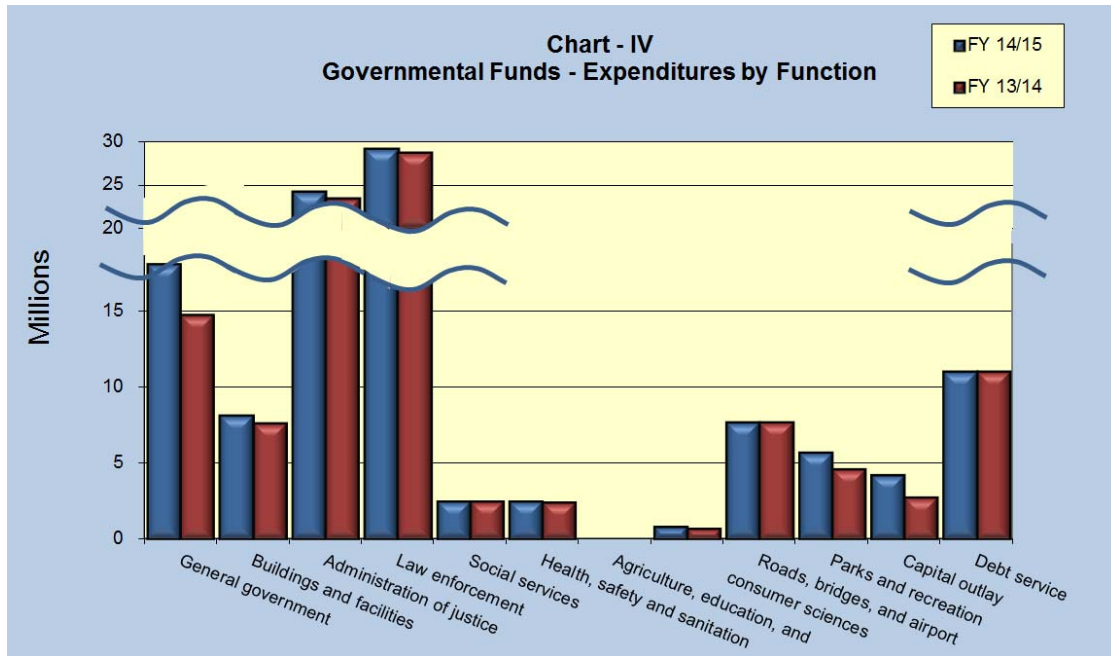
| | FY 14/15 | Percent of Total | FY 13/14 | Percent of Total | Increase (Decrease) | Percent of Change |
|--|----------------------|------------------|----------------------|------------------|---------------------|-------------------|
| Property taxes | \$75,196,369 | 42.44% | \$72,903,015 | 60.69% | \$2,293,354 | 3.15% |
| Other taxes | 439,777 | 0.25% | 411,398 | 0.34% | 28,379 | 6.90% |
| Fees of office | 4,866,275 | 2.75% | 4,820,592 | 4.01% | 45,683 | 0.95% |
| Fines and forfeitures | 2,244,060 | 1.27% | 2,139,483 | 1.78% | 104,577 | 4.89% |
| Licenses and permits | 4,815,602 | 2.72% | 5,085,459 | 4.23% | (269,857) | -5.31% |
| Intergovernmental revenues | 20,197,720 | 11.40% | 20,557,700 | 17.11% | (359,980) | -1.75% |
| Charges for services | 858,055 | 0.48% | 858,493 | 0.71% | (438) | -0.05% |
| Investment income | 250,178 | 0.14% | 139,723 | 0.12% | 110,455 | 79.05% |
| Rentals and commissions | 1,655,121 | 0.93% | 1,659,351 | 1.38% | (4,230) | -0.25% |
| Miscellaneous revenues | <u>2,068,530</u> | <u>1.17%</u> | <u>1,022,938</u> | <u>0.85%</u> | <u>1,045,592</u> | <u>102.21%</u> |
| Total revenues | 112,591,687 | 63.54% | 109,598,152 | 91.24% | 2,993,535 | 2.73% |
| Other Financing Sources | | | | | | |
| Sale of Assets | 288,113 | 0.16% | - | 0.00% | 288,113 | 0.00% |
| Transfers in | 12,127,133 | 6.84% | 10,518,868 | 8.76% | 1,608,265 | 15.29% |
| Capital lease funding | 663,896 | 0.37% | - | 0.00% | 663,896 | 0.00% |
| Bond Proceeds | 45,620,000 | 25.75% | - | 0.00% | 45,620,000 | 0.00% |
| Premium(discount) on sale of bond: | <u>5,895,355</u> | <u>3.33%</u> | <u>-</u> | <u>0.00%</u> | <u>5,895,355</u> | <u>0.00%</u> |
| Total revenues & other financing sources | <u>\$177,186,184</u> | <u>100.00%</u> | <u>\$120,117,020</u> | <u>100.00%</u> | <u>\$57,069,164</u> | <u>47.51%</u> |

Some observations on the revenues are as follows:

- The increase in property tax revenues of \$2,293,354, an increase of 3.15%, is attributed to an increase in the net taxable value.
- The increase of \$1,045,592 in miscellaneous revenues is due to increase private grant funding and reimbursements.
- The increase of \$ 104,577 in fines and forfeitures is due to increase in state and federal forfeitures received.
- There was a decrease of (\$359,980) in intergovernmental revenues which was due to a decrease in funding for the U.S. Marshal contract with the County for the inmates.
- There was a decrease of (\$269,858) in license and permits due to motor registration commission.
- The increase in investment income, \$110,455 is due to some short term CDs and municipal bonds at a higher rate. Year end balances of cash, cash equivalents, and investments are \$15,020,270 higher this year than what the balances were a year ago.

The remaining revenue categories remain strong and show no significant change from the previous year. Considering the national economic environment, these are excellent results.

Please refer to Chart IV, Governmental Funds - Expenditures by Function, below for a graphic presentation of the table shown below.



This table presents a comparison of expenditures by function with the prior year. All the funds are included but as with revenues, most of the changes are due to the general fund.

Governmental Funds – Expenditures by Function

| | FY 14/15 | Percent of Total | FY 13/14 | Percent of Total | Increase (Decrease) | Percent of Change |
|--|----------------------|------------------|----------------------|------------------|---------------------|-------------------|
| General government | \$18,115,425 | 11.47% | \$14,758,277 | 12.62% | \$3,357,148 | 22.75% |
| Buildings and facilities | 8,153,192 | 5.16% | 7,655,261 | 6.55% | 497,931 | 6.50% |
| Administration of justice | 24,226,484 | 15.34% | 23,462,077 | 20.06% | 764,407 | 3.26% |
| Law enforcement | 29,102,479 | 18.43% | 28,646,136 | 24.50% | 456,343 | 1.59% |
| Social services | 2,545,213 | 1.61% | 2,524,416 | 2.16% | 20,797 | 0.82% |
| Health, safety and sanitation | 2,546,715 | 1.61% | 2,423,912 | 2.07% | 122,803 | 5.07% |
| Agriculture, education, and consumer sciences | 835,399 | 0.53% | 713,296 | 0.61% | 122,103 | 17.12% |
| Roads, bridges, and airport | 7,743,709 | 4.90% | 7,742,469 | 6.62% | 1,240 | 0.02% |
| Parks and recreation | 5,721,271 | 3.62% | 4,652,352 | 3.98% | 1,068,919 | 22.98% |
| Capital outlay | 4,237,547 | 2.68% | 2,779,781 | 2.38% | 1,457,766 | 52.44% |
| Debt service | 11,409,198 | 7.23% | 11,068,636 | 9.46% | 340,562 | 3.08% |
| Total expenditures | 114,636,632 | 72.61% | 106,426,613 | 91.01% | 8,210,019 | 7.71% |
| Other financing uses | | | | | | |
| Transfers out | 12,127,133 | 7.68% | 10,518,868 | 8.99% | 1,608,265 | 15.29% |
| Refunding escrow payments | 31,125,992 | 19.71% | - | 0.00% | 31,125,992 | 0.00% |
| Total expenditures and other financing uses | \$157,889,757 | 100.00% | \$116,945,481 | 100.00% | \$40,944,276 | 35.01% |

Total expenditures increased by \$8,210,019 or by 7.71% compared to the prior year. The largest increase is in the general government due to increase funding provided to the internal service fund to cover higher than expected health care costs. Continuance pay for employees contributed to the increase in all functions.

In summary, total governmental fund balances increased by \$19,296,427. Combined fund balances for all governmental funds totaled \$74,156,582.

Proprietary funds. The County’s only type of proprietary fund is an internal service fund, commonly referred to as the self-insurance fund. The proprietary fund is not included in with the governmental funds just described, but is combined with financial results presented on the government-wide basis.

Unrestricted net position of the self-insurance fund at the end of the year amounted to \$1,881,011 with \$380,594 belonging to the workers compensation fund, \$1,344,007 belonging to the general liability fund, and \$156,410 belonging to the group health insurance fund.

The self- insurance fund reports all liabilities on the full accrual basis and includes claims that have occurred but not yet been reported. Complete details on each fund can be found on pages 118-120.

GENERAL FUND

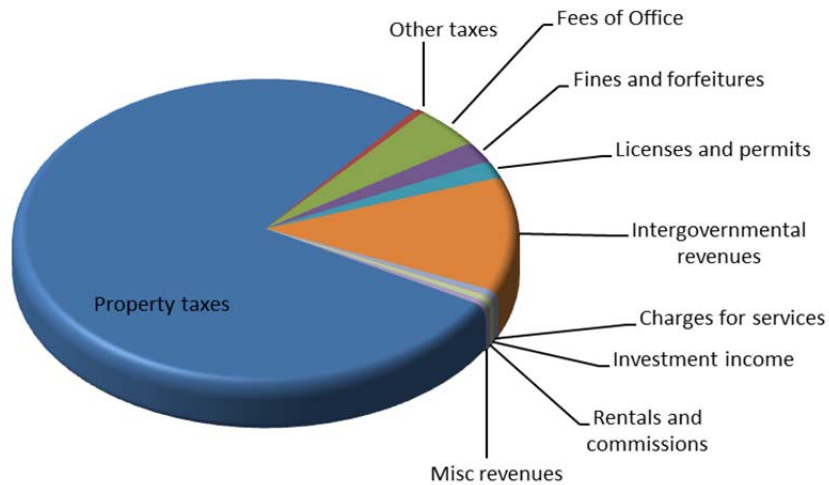
Financial analysis

Previous discussions on the results of operations under the governmental activities and governmental funds sections are also relevant to the general fund in most areas since it is the main operating major fund. The following two tables compare general fund prior year to current for the revenues and expenditures. Two pie charts are also included as a representation of the general fund revenues and expenditures for the current year.

**General Fund
Actual Revenues Comparison to Prior Year Actual**

| | FY 14/15 | Percent of Total | FY 13/14 | Percent of Total | Variance Increase (Decrease) | Percentage of Change |
|---------------------------------|---------------|---------------------|---------------|---------------------|---------------------------------|-------------------------|
| Property taxes | \$ 64,021,887 | 76.00% | \$ 60,524,981 | 75.10% | \$ 3,496,906 | 5.78% |
| Other taxes | 439,246 | 0.52% | 410,822 | 0.51% | 28,424 | 6.92% |
| Fees of Office | 3,683,199 | 4.37% | 3,624,467 | 4.50% | 58,732 | 1.62% |
| Fines and forfeitures | 1,865,545 | 2.21% | 1,953,136 | 2.42% | (87,591) | -4.48% |
| Licenses and permits | 1,520,416 | 1.80% | 1,721,868 | 2.14% | (201,452) | -11.70% |
| Intergovernmental revenues | 10,025,326 | 11.90% | 9,830,930 | 12.20% | 194,396 | 1.98% |
| Charges for services | 464,688 | 0.55% | 495,251 | 0.61% | (30,563) | -6.17% |
| Investment income | 96,389 | 0.11% | 63,477 | 0.08% | 32,912 | 51.85% |
| Rentals and commissions | 428,156 | 0.51% | 439,899 | 0.55% | (11,743) | -2.67% |
| Misc revenues | 417,590 | 0.50% | 251,412 | 0.31% | 166,178 | 66.10% |
| Total revenues | 82,962,442 | 98.48% | 79,316,243 | 98.42% | 3,646,199 | 4.60% |
| Transfers-in | 1,282,090 | 1.52% | 1,277,201 | 1.58% | 4,889 | 0.38% |
| Total revenues and transfers-in | \$ 84,244,532 | 100.00% | \$ 80,593,444 | 100.00% | \$ 3,651,088 | 4.53% |

FY 14/15 General Fund Revenues



Some observations of the general fund revenues when compared to the prior year are as follows:

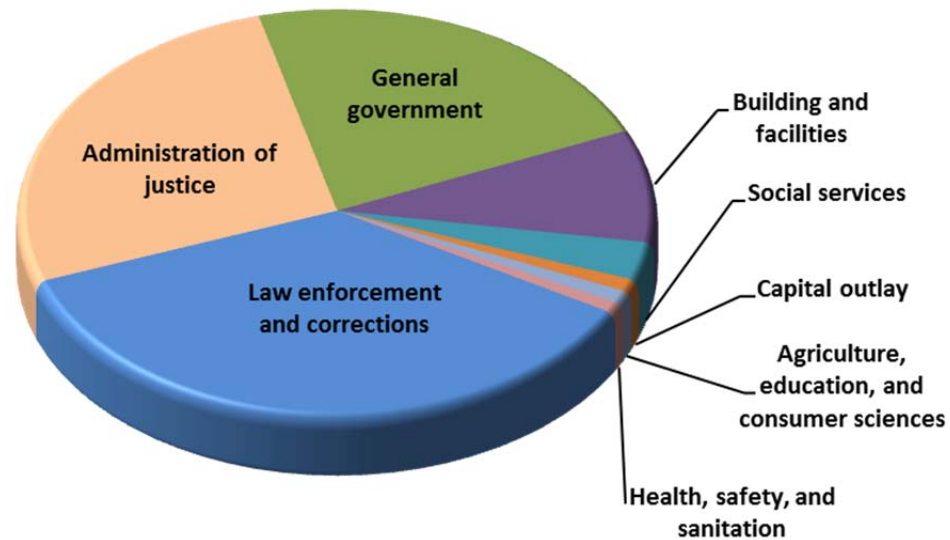
- As mentioned earlier, the 5.78% increase in property tax revenue is attributed to an increase in net taxable valuation.
- Intergovernmental revenues increased by \$194,396 due to an increase in motor vehicle sales tax.
- Miscellaneous revenue increased by \$166,178 or 66.10% due to increased expired tax refund claims.
- Investment income increased by \$32,912 due to short term investment CDs and municipal bonds with a high rate.
- Licenses and permits indicated a decrease of (\$201,452) or 11.70% due to decrease in motor registration commission.

All other general fund revenues reflect stable and consistent performance.

General Fund Actual Expenditures Comparison to Prior Year Actual

| | FY 14/15 | Percent of Total | FY 13/14 | Percent of Total | Variance Increase (Decrease) | Percentage of Change |
|--|----------------------|---------------------|----------------------|---------------------|------------------------------------|-------------------------|
| Law enforcement and corrections | \$ 27,194,798 | 32.67% | \$ 25,891,681 | 32.56% | \$ 1,303,117 | 5.03% |
| Administration of justice | 20,075,460 | 24.11% | 19,278,414 | 24.24% | 797,046 | 4.13% |
| General government | 17,049,305 | 20.48% | 14,011,608 | 17.62% | 3,037,697 | 21.68% |
| Building and facilities | 6,755,112 | 8.11% | 6,875,535 | 8.65% | (120,423) | -1.75% |
| Social services | 2,287,255 | 2.75% | 2,337,182 | 2.94% | (49,927) | -2.14% |
| Capital outlay | 742,393 | 0.89% | 1,112,173 | 1.40% | (369,780) | -33.25% |
| Agriculture, education, and consumer sciences | 746,731 | 0.90% | 696,312 | 0.88% | 50,419 | 7.24% |
| Health, safety, and sanitation | 633,717 | 0.76% | 669,700 | 0.84% | (35,983) | -5.37% |
| Total expenditures | 75,484,771 | 90.67% | 70,872,605 | 89.12% | 4,612,166 | 6.51% |
| Transfers-out | 7,768,429 | 9.33% | 8,656,710 | 10.88% | (888,281) | -10.26% |
| Total expenditures and transfers- out | \$ 83,253,200 | 100.00% | \$ 79,529,315 | 100.00% | \$ 3,723,885 | 4.68% |

FY 14/15 General Fund Expenditures



Total expenditures and transfers out increased by 6.51% from the prior year. In comparison to the national consumer price index (CPI) over the last twelve months all index items indicated no change. The county's expenditures without including transfers out are above the index.

The highest increase in general fund expenditures was in general government and law enforcement. The increase in general government was the result of funding provided to the County internal service fund to cover higher than expected health care costs. The increase in law enforcement is the result of additional overtime paid to the Sheriff staff as a result to a Department of Labor (DOL) investigation.

Budgetary highlights

In total, the original budget and the final amended budget were equal. There were minor budgetary shortfalls within budget categories of some departments. These minor shortfalls were covered by budget transfers within each department to offset the shortfall. Actual expenditures and transfers out for this fiscal year (budget basis) ended \$3,994,970 under total appropriations for an expenditure level of 95.42%. Actual revenues and transfers in came in \$1,352,605 over budget, or 101.67% of budget.

The variance in revenues is primarily attributable to:

- A decrease in property taxes of (\$963,752) is due to a settlement with principle tax payer in a multiyear dispute on property valuation.
- An increase in intergovernmental revenues of \$1,504,667 is mainly due to additional grant revenue.
- An increase in motor vehicle services revenue of \$1,013,883 is due to an increase in vehicle sales.

The variance in expenditures is primarily attributable to:

- Several employee vacancies throughout the year that led to significant cost savings.
- Department heads and elected officials closely monitoring expenditures and budget.

Last fiscal year actual revenues and transfers in came in at 103.62% of budget and expenditures and transfers out came in at 94.45%. Overall, the FY14/15 actual results compared to the FY13/14 budget reflects an increase of \$991,332 over the prior year and an ending fund balance of \$23,568,035.

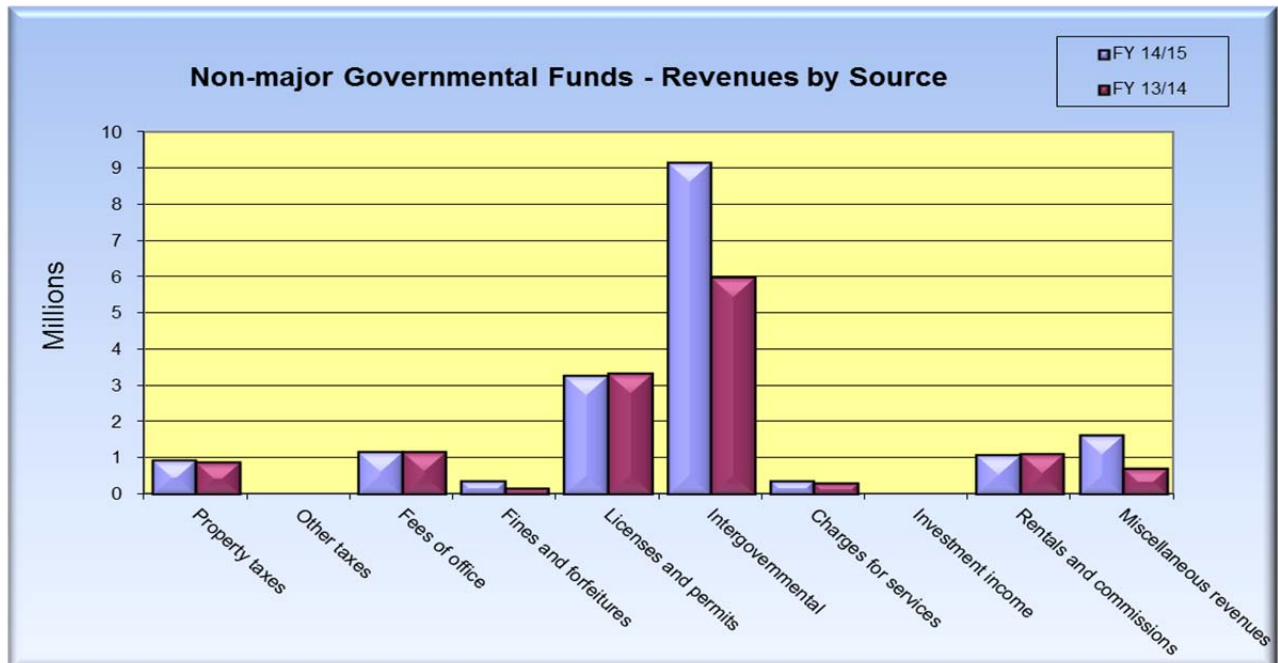
Non-major Governmental Funds

There are twenty-three non-major governmental funds reported in combining statements as well as individually elsewhere in this report. Most of these funds are subject to restrictions and can be used for only specified purposes.

Non-major Governmental Funds – Revenues by Source

| | FY 14/15 | Percent of Total | FY 13/14 | Percent of Total | Increase (Decrease) | Percent of Change |
|---|---------------------|------------------|---------------------|------------------|---------------------|-------------------|
| Property taxes | \$969,083 | 3.47% | \$894,476 | 4.12% | \$74,607 | 8.34% |
| Other taxes | 531 | 0.00% | 576 | 0.00% | (45) | -7.81% |
| Fees of office | 1,183,076 | 4.24% | 1,194,904 | 5.51% | (11,828) | -0.99% |
| Fines and forfeitures | 378,515 | 1.36% | 186,347 | 0.86% | 192,168 | 103.12% |
| Licenses and permits | 3,295,186 | 11.80% | 3,363,591 | 15.51% | (68,405) | -2.03% |
| Intergovernmental | 9,154,814 | 32.80% | 5,990,278 | 27.62% | 3,164,536 | 52.83% |
| Charges for services | 393,367 | 1.41% | 339,710 | 1.57% | 53,657 | 15.79% |
| Investment income | 57,155 | 0.20% | 37,613 | 0.17% | 19,542 | 51.96% |
| Rentals and commissions | 1,123,765 | 4.03% | 1,124,946 | 5.19% | (1,181) | -0.10% |
| Miscellaneous revenues | 1,650,940 | 5.91% | 723,732 | 3.34% | 927,208 | 128.11% |
| Total revenues | 18,206,432 | 65.22% | 13,856,173 | 63.90% | 4,350,259 | 31.40% |
| Other Financing Sources | | | | | | |
| Transfers in | 8,756,252 | 31.37% | 7,828,445 | 36.10% | 927,807 | 11.85% |
| Capital Lease Funding | 663,896 | 2.38% | - | 0.00% | 663,896 | 0.00% |
| Sale of Assets | 288,113 | 1.03% | - | 0.00% | 288,113 | 0.00% |
| Total Revenues & Other Financing Sources | \$27,914,693 | 100.00% | \$21,684,618 | 100.00% | \$ 6,230,075 | 28.73% |

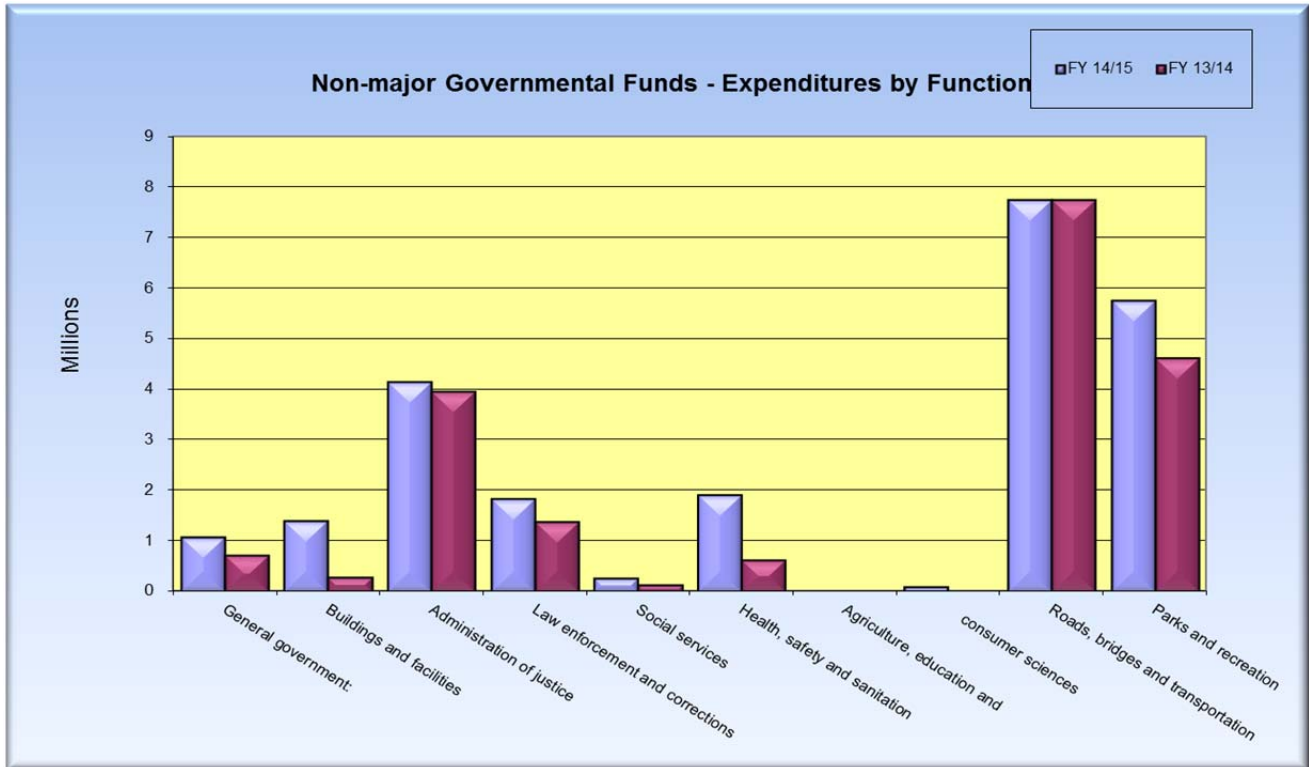
Total revenues for the non-major governmental funds increased by \$4,350,259 when compared to the previous year. This is primarily due to one of the grant funds that was considered a major fund last year but did not meet the criteria this year. Intergovernmental revenue had the largest increase due to a larger number of grants compared to prior year. Miscellaneous revenues had the next largest increase due to additional private grant funding.



Non-major Governmental Funds – Expenditures by Function

| | FY 14/15 | Percent of Total | FY 13/14 | Percent of Total | Increase (Decrease) | Percent of Change |
|--|---------------------|------------------|---------------------|------------------|---------------------|-------------------|
| General government: | \$1,066,120 | 4.01% | \$726,341 | 3.60% | \$339,779 | 46.78% |
| Buildings and facilities | 1,398,080 | 5.26% | 281,257 | 1.39% | 1,116,823 | 397.08% |
| Administration of justice | 4,151,024 | 15.60% | 3,950,789 | 19.56% | 200,235 | 5.07% |
| Law enforcement and corrections | 1,832,728 | 6.89% | 1,386,899 | 6.86% | 445,829 | 32.15% |
| Social services | 257,958 | 0.97% | 138,265 | 0.68% | 119,693 | 86.57% |
| Health, safety and sanitation | 1,912,998 | 7.19% | 621,214 | 3.07% | 1,291,784 | 207.95% |
| Agriculture, education and consumer sciences | 88,668 | 0.33% | 16,984 | 0.08% | 71,684 | 422.07% |
| Roads, bridges and transportation | 7,743,709 | 29.11% | 7,742,469 | 38.32% | 1,240 | 0.02% |
| Parks and recreation | 5,721,271 | 21.51% | 4,625,974 | 22.90% | 1,095,297 | 23.68% |
| Capital outlay | 48,684 | 0.18% | - | 0.00% | 48,684 | 0.00% |
| Total expenditures | 24,221,240 | 91.05% | 19,490,192 | 96.47% | 4,731,048 | 24.27% |
| Transfers Out | 2,381,686 | 8.95% | 712,445 | 3.53% | 1,669,241 | 234.30% |
| Total expenditures and transfers out | \$26,602,926 | 100.00% | \$20,202,637 | 100.00% | \$ 6,400,289 | 31.68% |

Expenditures and transfers out for the non-major governmental funds increased by \$6,400,289 from the prior year. Health, safety and sanitation and building and facilities had the largest dollar amount increases in expenditures. Agriculture, education, and consumer sciences, and buildings and facilities functions had the largest percentage increase in expenditures.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County’s investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$180,102,895 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

Total investment in the County’s net capital assets decreased by (\$3,380,687) or 1.84%.

| Nueces County Capital Assets (net of depreciation) | | |
|---|----------------------|----------------------|
| | 2015 | 2014 |
| Land | \$4,893,918 | \$4,272,918 |
| Building and improvements | 96,112,374 | 94,058,805 |
| Furniture, equipment and machinery | 9,917,413 | 10,611,567 |
| Computer Software Systems | 552,094 | 269,888 |
| Infrastructure | 52,317,250 | 56,150,264 |
| Construction in progress | <u>16,309,846</u> | <u>18,120,140</u> |
| | <u>\$180,102,895</u> | <u>\$183,483,582</u> |

Additional information on the County’s capital assets can be found in note III-C on pages 69-70 of this report.

Long-term debt. At September 30, 2015, the County had general obligation debt outstanding in the amount of \$113,635,326. This amount is the total of certificates of obligation and revolving loans through the State of Texas. This total debt is backed by the full faith and credit of the County. Chapter 1301, as amended, of the Texas Government Code, limits the amount of bonds that is payable from the \$0.80 Constitution Tax Rate issued for the purposes as follows:

| | |
|---------------------------------|----------------------------|
| Courthouse Bonds | 2% of Assessed Valuation |
| Jail Bonds | 1 ½% of Assessed Valuation |
| Courthouse Bonds and Jail Bonds | 3 ½% of Assessed Valuation |
| Road and Bridge Bonds | 1 ½% of Assessed Valuation |

Although, obligations for courthouses, jails, and certain other types of facilities may be under the authority of other provisions of Texas law, the County’s current debt limitation using the 1½% shown above is \$350,370,267, which puts the County’s outstanding debt at 32.43% of this legal limit.

NUECES COUNTY’S OUTSTANDING DEBT

| Governmental Activities | | |
|--|----------------------|----------------------|
| | 2014 | 2015 |
| Combination revenue and certificates of obligation | \$ 97,555,000 | \$107,220,000 |
| LoanSTAR loans/energy Texas loans | <u>7,049,513</u> | <u>6,415,326</u> |
| Sub-total | 104,604,513 | 113,635,326 |
| Premium on debt | <u>6,033,024</u> | <u>10,727,735</u> |
| Total | <u>\$110,637,537</u> | <u>\$124,363,061</u> |

On March 25, 2015, the Nueces County rating was an “AA+” from Standard & Poor’s and an “Aa” rating from Moody’s for general obligation debt were reaffirmed. Additional information on the County’s long-term debt can be found in note IV-E 3 on pages 73-76 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Nueces County as of September 30, 2015 is 4.8%, which remained the same from last year. The County's unemployment rate is slightly higher than the State's unemployment rate which was 4.5 percent at September 2015. Both the State of Texas and the County are lower than the national rate of 5.1 percent for the same time period.
- School enrollment for 2015 is 61,563, which is an decrease of 391 students from last year.
- Retail sales went up this year by 36.22% as compared to prior year for a total increase of \$1,994,549,185 billion.
- Net taxable value (NTV) increased by 8.63%. In the previous year, there was also an increase of 8.232%
- Port tonnage increased by 12.45%.
- It is estimated that population increased by 1.17%.

All these factors were considered in preparing the County's budget for the 2015/2016 fiscal year. Through the budget process, the Commissioners court set the goals for the County. The priorities inherent to the 2015/2016 budget were to make county government: (1) communicative and open to the public and departmental staff; (2) have attainable and realistic budgets to enhance accountability; (3) recognize employee talent by awarding a continuance pay for every three years of service, (4) establish procedures that are in compliance with statutory requirements and (5) utilize technology to improve efficiency.

External issues affecting the 2015-2016 budget included: countering cuts in state and federal funding, funding pay increases for law enforcement according to collective bargaining agreement, funding pay increases to all other county employees, setting aside additional funds as a contingency to a tax protest, and maintaining the fund balance at 25% of the sum of revenues and transfers in.

The County budget for FY 2015/2016 included the following to enact the priorities within the current economic conditions:

- Commissioners court adopted the effective property tax rate. The adopted tax rate is 0.316895 per \$100 value, which is \$0.018235 lower than the prior year's tax rate of 0.335130 per \$100 value.
- Provides salary increases for employees including a 3.2% cost of living increase for law enforcement personnel under the Nueces County Sheriff's Officers Association Collective Bargaining Agreement. Provides salary increases of 2.5% cost of living increase to all other employees. There is also a continuance pay increase for approximately 100 employees. Continuance pay is a 2.5% pay increase every 3 years of service.
- Provides \$221,500 in funding for County's Right-of-Way cost share related to I-69 construction.
- Provides \$1,200,000 additional funding for employee health insurance benefits.
- Provides reclassification of a limited number of positions at a cost of \$200,000.
- Adds a limited number of new positions at a cost of \$407,000.
- Provides funding in the amount of \$548,000 for Capital Improvements to facilities.
- Sets aside \$1,200,000 as a contingency funding related to Valero's property tax protest.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances including the component units. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Nueces County Auditor
901 Leopard, Room 304
Corpus Christi, TX 78401
Telephone: (361) 888-0556
Fax: (361) 888-0584

Or visit our website at: www.co.nueces.tx.us



BASIC FINANCIAL STATEMENTS



NUECES COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2015

| | Primary Government | Component Unit |
|--|----------------------------|-----------------------|
| | Governmental Activities | Hospital District |
| ASSETS | | |
| Cash and cash equivalents | \$ 63,032,312 | \$ 50,790,453 |
| Investments | 32,753,662 | 9,017,600 |
| Accrued Interest | - | 10,275 |
| Receivables (net of allowance for uncollectibles) | 16,149,489 | 919,440 |
| Other Receivables | - | 21,321 |
| Due from component unit | 148,559 | - |
| Inventories | 97,295 | - |
| Prepays | 802,451 | 147,316 |
| Capital assets (not being depreciated): | | |
| Land | 4,893,918 | 3,076,926 |
| Construction in progress | 16,309,846 | - |
| Capital assets (net of accumulated depreciation): | | |
| Buildings and improvements | 96,112,374 | 5,204,795 |
| Furniture, equipment and machinery | 9,917,413 | 183,238 |
| Computer Software Systems | 552,094 | - |
| Infrastructure | 52,317,250 | - |
| Total assets | 293,086,663 | 69,371,364 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Loss on refunding debt | 4,241,131 | - |
| Deferred pensions | 7,816,230 | - |
| Total deferred outflows of resources | 12,057,361 | - |
| LIABILITIES | | |
| Accounts payable and other current liabilities | 28,862,783 | 1,405,442 |
| Accrued payroll payable | 2,808,165 | 139,763 |
| Accrued interest payable | 758,129 | - |
| Unearned revenue | 847,995 | - |
| Non-current liabilities: | | |
| Due within one year | 8,201,644 | - |
| Due in more than one year | 123,151,410 | - |
| Accrued Compensated Absences | 1,921,266 | 88,981 |
| Net pension liability | 15,342,918 | - |
| Total liabilities | 181,894,310 | 1,634,186 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred pensions | 536,866 | - |
| Total deferred inflows of resources | 536,866 | - |
| NET POSITION | | |
| Invested in capital assets | 66,467,569 | 8,464,959 |
| Restricted for: | | |
| Debt service | 4,175,638 | - |
| Commissioners court purposes | 2,910,253 | - |
| County attorney funds | 43,944 | - |
| County clerk purposes | 2,823,266 | - |
| Tax assessor collector purposes | 19,484 | - |
| Juvenile programs | 245,047 | - |
| District attorney purposes | 19,451 | - |
| District clerk purposes | 64,988 | - |
| County sheriff purposes | 707,576 | - |
| Judicial and law enforcement purposes | 981,122 | - |
| Law enforcement & district attorney education | 58,369 | - |
| Other purposes | 3,638,362 | - |
| Unrestricted | 40,557,779 | 59,272,219 |
| Total net position | \$ 122,712,848 | \$ 67,737,178 |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

| | <u>Program Revenues</u> | | |
|--|-------------------------|---------------------------------|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| <u>Functions/Programs</u> | | | |
| Primary government: | | | |
| Governmental Activities: | | | |
| General government | \$ 17,896,010 | \$ 10,876,084 | \$ 117,045 |
| Buildings and facilities | 10,940,747 | 794,881 | 398,213 |
| Administration of justice | 25,843,255 | 6,429,888 | 3,954,817 |
| Law enforcement and corrections | 31,747,809 | 5,050,560 | 1,114,705 |
| Social services | 2,752,636 | 156,408 | 564,879 |
| Health, safety and sanitation | 2,835,744 | 1,774,832 | 1,152,794 |
| Agriculture, education and consumer sciences | 870,691 | 61,175 | 91,259 |
| Roads, bridges and transportation | 15,164,446 | 3,588,409 | 438,823 |
| Parks and recreation | 6,375,073 | 1,496,995 | 736,270 |
| Interest and fees on long-term debt | 4,975,345 | - | - |
| Total primary government | <u>119,401,756</u> | <u>30,229,232</u> | <u>8,568,805</u> |
| Component Units: | | | |
| Hospital district | <u>95,251,117</u> | <u>34,575,863</u> | <u>632,336</u> |
| Total component units | <u>\$ 95,251,117</u> | <u>\$ 34,575,863</u> | <u>\$ 632,336</u> |

The notes to the financial statements are an integral part of this statement.

| <u>Program Revenues</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> | |
|-------------------------|--|------------------------------|
| | <u>Primary Government</u> | |
| | <u>Governmental Activities</u> | <u>Hospital District</u> |
| \$ - | \$ (6,902,881) | \$ 2,191,938 |
| - | (9,747,653) | 420,022 |
| - | (15,458,550) | - |
| - | (25,582,544) | - |
| - | (2,031,349) | - |
| - | 91,882 | 92,578,659 |
| - | (718,257) | - |
| - | (11,137,214) | - |
| - | (4,141,808) | - |
| - | (4,975,345) | - |
| <u>-</u> | <u>(80,603,719)</u> | <u>95,190,619</u> |
| - | - | (60,042,918) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ (60,042,918)</u> |

General revenues:

| | | |
|---|-----------------------|----------------------|
| Property taxes | 78,234,367 | 32,437,866 |
| Alcohol beverage and other taxes | 2,018,548 | - |
| Unrestricted investment earnings | 254,574 | 238,331 |
| Grants and contributions not restricted to specific programs | 850,976 | - |
| Gain on sale of assets | 470,458 | - |
| Miscellaneous | - | 1,304,856 |
| Total general revenues | <u>81,828,923</u> | <u>33,981,053</u> |
| Change in net position | 1,225,204 | (26,061,865) |
| Net position - beginning (restated, Note V. E.) | <u>121,487,644</u> | <u>93,799,043</u> |
| Net position - ending | <u>\$ 122,712,848</u> | <u>\$ 67,737,178</u> |

**NUECES COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015**

| | General Fund | Debt Service Fund |
|---|-----------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 25,829,145 | \$ 1,921,419 |
| Investments | 8,097,182 | 2,251,464 |
| Receivables (net of allowance for uncollectibles) | 6,163,118 | 435,927 |
| Due from component unit | 95,901 | - |
| Due from other funds | 1,316,567 | - |
| Prepays | 708,400 | - |
| Inventories | 46,346 | - |
| Total assets | \$ 42,256,659 | \$ 4,608,810 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 12,102,420 | \$ 4,384 |
| Accrued payroll | 2,485,910 | - |
| Due to other funds | 1,286,333 | - |
| Unearned revenue | 3,352 | - |
| Other liabilities | 34,408 | - |
| Total liabilities | 15,912,423 | 4,384 |
| Deferred inflows of resources: | | |
| Deferred/unavailable property taxes | 2,776,201 | 428,788 |
| Total deferred inflows of resources | 2,776,201 | 428,788 |
| Fund balances: | | |
| Nonspendable | 754,746 | - |
| Restricted | - | 4,175,638 |
| Committed | 20,722,981 | - |
| Assigned | - | - |
| Unassigned | 2,090,308 | - |
| Total fund balances | 23,568,035 | 4,175,638 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 42,256,659 | \$ 4,608,810 |

The notes to the financial statements are an integral part of this statement.

| U.S. Marshal Contract | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------|--------------------------|--------------------------------|--------------------------------|
| \$ 5,171,302 | \$ 11,607,697 | \$ 16,725,964 | \$ 61,255,527 |
| - | 16,415,561 | 5,652,561 | 32,416,768 |
| 5,118,181 | 97,634 | 1,930,575 | 13,745,435 |
| - | - | 52,658 | 148,559 |
| - | 606,629 | 18,265 | 1,941,461 |
| 1,419 | - | 92,632 | 802,451 |
| - | - | 50,949 | 97,295 |
| <u>\$ 10,290,902</u> | <u>\$ 28,727,521</u> | <u>\$ 24,523,604</u> | <u>\$ 110,407,496</u> |
| | | | |
| \$ 9,855,599 | \$ 701,450 | \$ 4,087,824 | \$ 26,751,677 |
| 6,644 | - | 315,611 | 2,808,165 |
| - | 1,291 | 653,837 | 1,941,461 |
| - | - | 844,643 | 847,995 |
| - | - | 622,609 | 657,017 |
| <u>9,862,243</u> | <u>702,741</u> | <u>6,524,524</u> | <u>33,006,315</u> |
| | | | |
| - | - | 39,610 | 3,244,599 |
| - | - | 39,610 | 3,244,599 |
| | | | |
| 1,419 | - | 125,895 | 882,060 |
| 427,240 | - | 10,202,560 | 14,805,438 |
| - | 28,024,780 | - | 48,747,761 |
| - | - | 7,631,015 | 7,631,015 |
| - | - | - | 2,090,308 |
| <u>428,659</u> | <u>28,024,780</u> | <u>17,959,470</u> | <u>74,156,582</u> |
| | | | |
| <u>\$ 10,290,902</u> | <u>\$ 28,727,521</u> | <u>\$ 24,523,604</u> | |

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|--|-----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 180,102,894 |
| Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore are unavailable in the funds (GASB 63). | 3,244,599 |
| Internal service funds are used by management to charge the costs of workers compensation insurance, general liability coverage and group health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 1,881,011 |
| Unamortized loss on the refunding of bond issues, shown as a deferred outflow of resources on statement of net position (GASB 65). | 4,241,131 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (132,849,815) |
| Recognition of the County's proportionate share of the net pension liability is not reported in the funds (GASB 68). | (15,342,918) |
| Deferred Resource Outflows related to the pension plan are not reported in the funds (GASB 68). | 7,816,230 |
| Deferred Resource Inflows related to the pension plan are not reported in the funds (GASB 68). | (536,866) |
| Net position of governmental activities | <u>\$ 122,712,848</u> |

NUECES COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended September 30, 2015

| | General Fund | Debt Service Fund | U.S. Marshal Contract |
|--|----------------------|----------------------|--------------------------|
| REVENUES | | | |
| Property taxes | \$ 64,021,887 | \$ 10,205,399 | \$ - |
| Other taxes | 439,246 | - | - |
| Fees of office | 3,683,199 | - | - |
| Fines and forfeitures | 1,865,545 | - | - |
| Licenses and permits | 1,520,416 | - | - |
| Intergovernmental revenue | 10,025,326 | - | 997,580 |
| Charges for services | 464,688 | - | - |
| Investment income | 96,389 | 21,243 | - |
| Rentals and commissions | 428,156 | - | - |
| Miscellaneous revenues | 417,590 | - | - |
| Total revenues | <u>82,962,442</u> | <u>10,226,642</u> | <u>997,580</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 17,049,305 | - | - |
| Buildings and facilities | 6,755,112 | - | - |
| Administration of justice | 20,075,460 | - | - |
| Law enforcement and corrections | 27,194,798 | - | 74,953 |
| Social services | 2,287,255 | - | - |
| Health, safety and sanitation | 633,717 | - | - |
| Agriculture, education and consumer sciences | 746,731 | - | - |
| Roads, bridges and airport | - | - | - |
| Parks and recreation | - | - | - |
| Capital outlay | 742,393 | - | - |
| Debt Service: | | | |
| Principal retirement | - | 6,714,187 | - |
| Bond issuance costs | - | 376,859 | - |
| Interest and other fees | - | 4,318,152 | - |
| Total expenditures | <u>75,484,771</u> | <u>11,409,198</u> | <u>74,953</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,477,671</u> | <u>(1,182,556)</u> | <u>922,627</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 1,282,090 | 808,791 | - |
| Transfers out | (7,768,429) | (178,791) | (1,103,877) |
| Sale of assets | - | - | - |
| Capital lease funding | - | - | - |
| Bond proceeds | - | 27,550,000 | - |
| Refunding escrow payments | - | (31,125,992) | - |
| Premium on sale of bonds | - | 3,708,563 | - |
| Total other financing sources and uses | <u>(6,486,339)</u> | <u>762,571</u> | <u>(1,103,877)</u> |
| Net change in fund balances | 991,332 | (419,985) | (181,250) |
| Fund balances - beginning | 22,576,703 | 4,595,623 | 609,909 |
| Fund balances - ending | <u>\$ 23,568,035</u> | <u>\$ 4,175,638</u> | <u>\$ 428,659</u> |

The notes to the financial statements are an integral part of this statement.

| Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------|--------------------------------|--------------------------------|
| \$ - | \$ 969,083 | \$ 75,196,369 |
| - | 531 | 439,777 |
| - | 1,183,076 | 4,866,275 |
| - | 378,515 | 2,244,060 |
| - | 3,295,186 | 4,815,602 |
| 20,000 | 9,154,814 | 20,197,720 |
| - | 393,367 | 858,055 |
| 75,391 | 57,155 | 250,178 |
| 103,200 | 1,123,765 | 1,655,121 |
| - | 1,650,940 | 2,068,530 |
| <u>198,591</u> | <u>18,206,432</u> | <u>112,591,687</u> |
| - | 1,066,120 | 18,115,425 |
| - | 1,398,080 | 8,153,192 |
| - | 4,151,024 | 24,226,484 |
| - | 1,832,728 | 29,102,479 |
| - | 257,958 | 2,545,213 |
| - | 1,912,998 | 2,546,715 |
| - | 88,668 | 835,399 |
| - | 7,743,709 | 7,743,709 |
| - | 5,721,271 | 5,721,271 |
| 3,446,470 | 48,684 | 4,237,547 |
| - | - | 6,714,187 |
| - | - | 376,859 |
| - | - | 4,318,152 |
| <u>3,446,470</u> | <u>24,221,240</u> | <u>114,636,632</u> |
| <u>(3,247,879)</u> | <u>(6,014,808)</u> | <u>(2,044,945)</u> |
| 1,280,000 | 8,756,252 | 12,127,133 |
| (694,350) | (2,381,686) | (12,127,133) |
| - | 288,113 | 288,113 |
| - | 663,896 | 663,896 |
| 18,070,000 | - | 45,620,000 |
| - | - | (31,125,992) |
| <u>2,186,792</u> | <u>-</u> | <u>5,895,355</u> |
| <u>20,842,442</u> | <u>7,326,575</u> | <u>21,341,372</u> |
| 17,594,563 | 1,311,767 | 19,296,427 |
| <u>10,430,217</u> | <u>16,647,703</u> | <u>54,860,155</u> |
| <u>\$ 28,024,780</u> | <u>\$ 17,959,470</u> | <u>\$ 74,156,582</u> |

**NUECES COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Amounts reported for governmental activities in the statement of activities (page 38 through 39) are different because:

| | |
|--|----------------------------|
| Net change in fund balances---total governmental funds (page 43) | 19,296,427 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. | (9,531,313) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. | (832,642) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (GASB 63). | 3,038,000 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas only the premium and discount are deferred and amortized in the statement of activities, per (GASB 65). This amount is the net effect of these differences in the treatment of long-term debt and related items. | (13,299,276) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (87,219) |
| The net revenue of certain activities of internal service funds is reported with governmental activities. | 1,011,476 |
| Pension expense relating to (GASB 68) is recorded in the Statement Of Activities but not in the funds. | <u>1,629,751</u> |
| Change in net position of governmental activities (page 39). | <u><u>\$ 1,225,204</u></u> |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the Year Ended September 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget - to Actual GAAP |
|-----------------------------|-------------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property Taxes | \$ 64,985,639 | \$ 64,985,639 | 64,021,887 | \$ (963,752) |
| Other Taxes | 365,000 | 365,000 | 439,246 | 74,246 |
| Fees of Office | 3,556,300 | 3,556,300 | 3,683,199 | 126,899 |
| Fines & Forfeitures | 2,119,500 | 2,119,500 | 1,865,545 | (253,955) |
| Licenses & Permits | 160,000 | 160,000 | 119,836 | (40,164) |
| Motor Vehicle Services | 3,800,000 | 3,800,000 | 4,813,883 | 1,013,883 |
| Intergovernmental Revenue | 4,338,500 | 4,338,500 | 5,843,167 | 1,504,667 |
| Housing Inmates & Juveniles | 890,000 | 890,000 | 768,855 | (121,145) |
| Charges For Services | 545,000 | 545,000 | 464,688 | (80,312) |
| Investment Income | 100,000 | 100,000 | 96,389 | (3,611) |
| Rentals and Commissions | 410,000 | 410,000 | 428,156 | 18,156 |
| Refunds and Reimbursements | 201,000 | 201,000 | 150,629 | (50,371) |
| Other Income | 130,000 | 130,000 | 266,962 | 136,962 |
| TOTAL REVENUES | 81,600,939 | 81,600,939 | 82,962,442 | 1,361,503 |

EXPENDITURES
GENERAL GOVERNMENT

| | | | | |
|--------------------------------|-------------------|-------------------|-------------------|------------------|
| County Commissioner Prct 1 | \$ 166,853 | \$ 166,853 | 150,827 | \$ 16,026 |
| County Commissioner Prct 2 | 165,541 | 165,541 | 160,971 | 4,570 |
| County Commissioner Prct 3 | 172,592 | 172,592 | 169,302 | 3,290 |
| County Commissioner Prct 4 | 168,128 | 168,128 | 145,529 | 22,599 |
| County Judge | 293,294 | 293,294 | 281,007 | 12,287 |
| Commissioners Court Management | 437,671 | 437,416 | 432,587 | 4,829 |
| Grants Administration | 222,536 | 222,536 | 208,957 | 13,579 |
| Risk Management | 183,008 | 183,008 | 169,640 | 13,368 |
| County Attorney | 1,372,402 | 1,337,950 | 1,324,856 | 13,094 |
| County Clerk | 660,978 | 609,978 | 594,014 | 15,964 |
| County Clerk-Treasury | 285,567 | 285,567 | 278,612 | 6,955 |
| County Clerk Collections | 252,018 | 237,018 | 217,268 | 19,750 |
| Election Expense | 611,683 | 1,131,683 | 1,097,262 | 34,421 |
| Tax Assessor-Collector | 2,921,846 | 2,881,846 | 2,858,331 | 23,515 |
| Information Technology | 2,330,559 | 2,035,559 | 1,975,792 | 59,767 |
| Human Resources | 364,755 | 364,755 | 363,031 | 1,724 |
| County Auditor | 1,751,482 | 1,751,482 | 1,702,686 | 48,796 |
| County Purchasing | 544,587 | 544,587 | 527,088 | 17,499 |
| Veteran's Service | 110,334 | 110,334 | 106,847 | 3,487 |
| General Employee Benefits | 170,526 | 191,063 | 177,804 | 13,259 |
| General Administration | 3,916,971 | 4,766,552 | 4,106,894 | 659,658 |
| Total General Government | <u>17,103,331</u> | <u>18,057,742</u> | <u>17,049,305</u> | <u>1,008,437</u> |

(continued)

**NUECES COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the Year Ended September 30, 2015**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - to Actual GAAP |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | Positive (Negative) |
| EXPENDITURES | | | | |
| <u>BUILDINGS AND FACILITIES</u> | | | | |
| Courthouse General Repairs | 207,341 | 208,941 | 202,293 | 6,648 |
| Ronnie H. Polston Bldg | 57,484 | 64,484 | 59,464 | 5,020 |
| Bill Bode County Building | 63,644 | 83,944 | 83,619 | 325 |
| Robert N Barnes Regional Juvenile Facility | 499,700 | 417,800 | 414,931 | 2,869 |
| Broadway Warehouse | 8,750 | 26,950 | 26,172 | 778 |
| Records Management Department | 460,270 | 402,270 | 386,185 | 16,085 |
| CSCD Cook Building | 168,650 | 186,650 | 166,545 | 20,105 |
| Mechanical Maintenance | 3,018,134 | 2,409,134 | 2,360,009 | 49,125 |
| Agua Dulce Building | 46,394 | 55,394 | 54,989 | 405 |
| Bishop Building | 83,230 | 71,489 | 60,212 | 11,277 |
| Port Aransas Building | 39,247 | 68,497 | 57,150 | 11,347 |
| Johnny S Calderon Building | 234,273 | 264,473 | 250,827 | 13,646 |
| Keach Library Building | 188,829 | 201,429 | 193,729 | 7,700 |
| Agricultural Building - Robstown | 34,800 | 42,800 | 42,241 | 559 |
| Medical Examiner Building | 58,570 | 83,770 | 75,697 | 8,073 |
| Building Superintendent | 1,414,522 | 1,244,522 | 1,236,393 | 8,129 |
| Welfare Building - Robstown | 20,800 | 22,800 | 21,279 | 1,521 |
| Hilltop Facility | 162,828 | 162,828 | 148,926 | 13,902 |
| Precint III Yard Buildings | 20,500 | 28,100 | 24,155 | 3,945 |
| McKenzie Annex | 842,740 | 780,240 | 766,505 | 13,735 |
| Robstown Community Center | 74,650 | 74,650 | 61,622 | 13,028 |
| Senior Community Service Buildings | 55,585 | 55,585 | 38,818 | 16,767 |
| David Berlanga, Sr. Building | 28,425 | 31,875 | 23,351 | 8,524 |
| Total Buildings and Facilities | 7,789,366 | 6,988,625 | 6,755,112 | 233,513 |
| <u>ADMINISTRATION OF JUSTICE</u> | | | | |
| County Court at Law 1 | 592,338 | 640,810 | 633,685 | 7,125 |
| County Court at Law 2 | 583,830 | 583,622 | 559,147 | 24,475 |
| County Court at Law 3 | 584,194 | 582,831 | 577,381 | 5,450 |
| County Court at Law 4 | 606,419 | 602,932 | 598,147 | 4,785 |
| County Court at Law 5 | 879,205 | 1,084,126 | 1,076,166 | 7,960 |
| Legal Aid | 98,316 | 98,316 | 97,331 | 985 |
| Magistrate/Drug/DWI | 272,125 | 272,125 | 205,411 | 66,714 |
| Court Administration | 1,381,661 | 1,151,661 | 1,118,409 | 33,252 |
| Title IV-D Court | 144,890 | 144,811 | 143,982 | 829 |
| 28th District Court | 600,934 | 574,791 | 555,001 | 19,790 |
| 94th District Court | 631,883 | 599,059 | 587,643 | 11,416 |
| 105th District Court | 395,762 | 354,374 | 331,959 | 22,415 |
| 117th District Court | 640,373 | 549,686 | 532,838 | 16,848 |
| 148th District Court | 594,030 | 590,576 | 577,090 | 13,486 |
| 214th District Court | 594,327 | 820,699 | 803,610 | 17,089 |
| 319th District Court | 594,823 | 581,345 | 565,271 | 16,074 |
| 347th District Court | 613,521 | 666,788 | 639,374 | 27,414 |
| Juvenile Probation | 2,199,131 | 2,214,031 | 2,197,117 | 16,914 |
| Juvenile Detention | 1,412,844 | 1,347,944 | 1,323,035 | 24,909 |
| Justice Boot Camp | 1,507,721 | 1,335,721 | 1,319,810 | 15,911 |
| District Clerk - Jury Administration | - | 600 | 489 | 111 |
| District Clerk | 2,557,905 | 2,417,905 | 2,413,033 | 4,872 |
| Child Support Division | 44,953 | 44,953 | 30,995 | 13,958 |
| Justice of the Peace 1-1 | 240,529 | 240,529 | 233,425 | 7,104 |
| Justice of the Peace 1-2 | 262,756 | 262,756 | 241,104 | 21,652 |

(Continued)

NUECES COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the Year Ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance Final Budget Positive (Negative) |
|---|------------------|---------------|-------------------|--|
| | Original | Final | | |
| Justice of the Peace 1-3 | 226,079 | 229,079 | 228,245 | 834 |
| Justice of the Peace 2-1 | 283,908 | 283,908 | 272,608 | 11,300 |
| Justice of the Peace 2-2 | 209,701 | 212,391 | 211,884 | 507 |
| Justice of the Peace 3 | 184,492 | 184,492 | 177,385 | 7,107 |
| Justice of the Peace 4 | 165,121 | 165,121 | 157,370 | 7,751 |
| Justice of the Peace 5-1 | 227,221 | 227,221 | 219,720 | 7,501 |
| Justice of the Peace 5-2 | 167,216 | 167,216 | 164,821 | 2,395 |
| Medical Examiner | 1,278,346 | 1,286,346 | 1,281,974 | 4,372 |
| Total Administration of Justice | 20,776,554 | 20,518,765 | 20,075,460 | 443,305 |
| <u>LAW ENFORCEMENT & CORRECTIONS</u> | | | | |
| District Attorney | 4,223,437 | 4,235,001 | 4,207,346 | 27,655 |
| County Sheriff | 5,713,480 | 5,497,294 | 5,479,078 | 18,216 |
| Id Bureau | 667,996 | 689,996 | 686,917 | 3,079 |
| Jail | 13,121,546 | 13,852,546 | 13,809,273 | 43,273 |
| Constable 1 | 688,441 | 688,441 | 669,648 | 18,793 |
| Constable 2 | 640,428 | 640,428 | 605,322 | 35,106 |
| Constable 3 | 455,651 | 455,651 | 385,597 | 70,054 |
| Constable 4 | 483,926 | 483,926 | 473,577 | 10,349 |
| Constable 5 | 888,106 | 888,106 | 878,040 | 10,066 |
| Total Law Enforcement & Corrections | 26,883,011 | 27,431,389 | 27,194,798 | 236,591 |
| <u>SOCIAL SERVICES</u> | | | | |
| Social Services - Administration | 918,196 | 858,196 | 831,465 | 26,731 |
| Social Services - Social Services | 576,307 | 576,307 | 405,908 | 170,399 |
| Children Protective Services | 111,758 | 111,758 | 52,251 | 59,507 |
| Senior Community Services | 881,518 | 864,459 | 817,376 | 47,083 |
| Hilltop Community Services | 51,868 | 51,868 | 49,536 | 2,332 |
| Social Mental Services | 153,714 | 153,714 | 130,719 | 22,995 |
| Total Social Services | 2,693,361 | 2,616,302 | 2,287,255 | 329,047 |
| <u>HEALTH, SAFETY AND SANITATION</u> | | | | |
| Emergency Services | 34,800 | 34,800 | 26,450 | 8,350 |
| Emergency Management | 193,078 | 193,078 | 172,447 | 20,631 |
| 911 Program | 48,749 | 48,749 | 46,787 | 1,962 |
| Code Enforcement | 130,427 | 110,427 | 97,372 | 13,055 |
| Animal Control | 325,107 | 302,107 | 290,661 | 11,446 |
| Total Health, Safety and Sanitation | 732,161 | 689,161 | 633,717 | 55,444 |
| <u>AGRICULTURE, EDUCATION & CONSUMER SCIENCES</u> | | | | |
| Agricultural Extension | 272,707 | 258,707 | 237,274 | 21,433 |
| Family & Consumer Sciences | 81,156 | 81,156 | 74,798 | 6,358 |
| County Library | 435,234 | 435,234 | 434,659 | 575 |
| Total Agriculture, Education & Consumer Sciences | 789,097 | 775,097 | 746,731 | 28,366 |
| <u>CAPITAL OUTLAY</u> | | | | |
| Capital Outlay greater than \$5,000 | 1,070,000 | 759,800 | 742,393 | 17,407 |
| Total Capital Outlay | 1,070,000 | 759,800 | 742,393 | 17,407 |
| Total Expenditures | \$ 77,836,881 | \$ 77,836,881 | 75,484,771 | \$ 2,352,110 |
| Excess (deficiency) of revenues over (under) expenditures | 3,764,058 | 3,764,058 | 7,477,671 | 3,713,613 |

(continued)

**NUECES COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the Year Ended September 30, 2015**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - to Actual GAAP Positive (Negative) |
|--|------------------------|------------------------|------------------------|---|
| | Original | Final | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,290,988 | 1,290,988 | 1,282,090 | (8,898) |
| Transfers out | <u>(9,411,289)</u> | <u>(9,411,289)</u> | <u>(7,768,429)</u> | <u>1,642,860</u> |
| Total other financing sources (uses) | <u>(8,120,301)</u> | <u>(8,120,301)</u> | <u>(6,486,339)</u> | <u>1,633,962</u> |
| Net change in fund balances | (4,356,243) | (4,356,243) | 991,332 | 5,347,575 |
| Fund balances - beginning | <u>20,600,570</u> | <u>20,600,570</u> | <u>22,576,703</u> | <u>1,976,133</u> |
| Fund balances - ending | <u>\$ 16,244,327</u> | <u>\$ 16,244,327</u> | <u>23,568,035</u> | <u>\$ 7,323,708</u> |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

For the Year Ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 10,015,520 | \$ 10,015,520 | \$ 10,205,399 | \$ 189,879 |
| Investment income | 12,260 | 12,260 | 21,243 | 8,983 |
| Total revenues | 10,027,780 | 10,027,780 | 10,226,642 | 198,862 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 6,713,813 | 6,713,813 | 6,714,187 | (374) |
| Interest | 4,387,418 | 4,387,418 | 4,311,152 | 76,266 |
| Fiscal agents fees | 21,000 | 21,000 | 7,000 | 14,000 |
| Bond issuance costs | - | - | 376,859 | (376,859) |
| Advance refunding escrow | - | - | - | - |
| Total expenditures | 11,122,231 | 11,122,231 | 11,409,198 | (286,967) |
| Excess (deficiency) of revenues over (under) expenditures | (1,094,451) | (1,094,451) | (1,182,556) | (88,105) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 773,659 | 773,659 | 808,791 | 35,132 |
| Bond Proceeds | - | - | 27,550,000 | 27,550,000 |
| Premium on sale of bonds | - | - | 3,708,563 | 3,708,563 |
| Refunding escrow payments | - | - | (31,125,992) | (31,125,992) |
| Transfers out | (143,659) | (143,659) | (178,791) | (35,132) |
| Total other financing sources (uses) | 630,000 | 630,000 | 762,571 | 132,571 |
| Net change in fund balances | (464,451) | (464,451) | (419,985) | 44,466 |
| Fund balances - beginning | 4,476,981 | 4,476,981 | 4,595,623 | 118,642 |
| Fund balances - ending | \$ 4,012,530 | \$ 4,012,530 | \$ 4,175,638 | \$ 163,108 |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
U. S. MARSHAL CONTRACT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenue | \$ 1,144,001 | \$ 1,144,001 | \$ 997,580 | \$ (146,421) |
| Total revenues | <u>1,144,001</u> | <u>1,144,001</u> | <u>997,580</u> | <u>(146,421)</u> |
| EXPENDITURES | | | | |
| Law Enforcement: | | | | |
| Personnel services | 68,546 | 68,546 | 74,953 | (6,407) |
| Reserve appropriations | <u>537,477</u> | <u>537,477</u> | <u>-</u> | <u>537,477</u> |
| Total expenditures | <u>606,023</u> | <u>606,023</u> | <u>74,953</u> | <u>531,070</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>537,978</u> | <u>537,978</u> | <u>922,627</u> | <u>384,649</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(1,103,877)</u> | <u>(1,103,877)</u> | <u>(1,103,877)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(1,103,877)</u> | <u>(1,103,877)</u> | <u>(1,103,877)</u> | <u>-</u> |
| Net change in fund balances | (565,899) | (565,899) | (181,250) | 384,649 |
| Fund balances - beginning | <u>565,899</u> | <u>565,899</u> | <u>609,909</u> | <u>44,010</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 428,659</u> | <u>\$ 428,659</u> |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

| | <u>Governmental Activities - Internal Service Funds</u> |
|--|---|
| ASSETS | |
| Cash and cash equivalents | \$ 1,776,787 |
| Investments | 336,894 |
| Receivables (net of allowance for uncollectibles) | <u>2,404,054</u> |
| Total assets | <u>4,517,735</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | <u>2,111,106</u> |
| Total current liabilities | 2,111,106 |
| Noncurrent liabilities | |
| Estimated claims liability | <u>525,618</u> |
| Total noncurrent liabilities | <u>525,618</u> |
| Total liabilities | <u>2,636,724</u> |
| NET POSITION | |
| Total net position - unrestricted | <u><u>\$ 1,881,011</u></u> |

NUECES COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 For the Year ended September 30, 2015

| | Governmental Activities - Internal Service Funds |
|--------------------------------|---|
| | |
| Operating revenues: | |
| Premiums and reimbursements | \$ 11,368,846 |
| Operating expenses: | |
| Benefit payments | 8,719,619 |
| Insurance premiums and bonds | 2,115,973 |
| Self-insurance claims | (884,480) |
| Administration | 410,654 |
| Total operating expenses | 10,361,766 |
| Operating income (loss) | 1,007,080 |
| Non-operating revenues: | |
| Investment income | 4,395 |
| Total non-operating revenue | 4,395 |
| Change in net position | 1,011,475 |
| Total net position - beginning | 869,536 |
| Total net position - ending | \$ 1,881,011 |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2015

| | Governmental Activities - Internal Service Funds |
|--|---|
| | |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from interfund services provided | \$ 6,687,312 |
| Receipts from employees | 111,287 |
| Receipts from other participants | 3,783,134 |
| Receipts from reimbursements and refunds | 92,345 |
| Payments for benefit claims | (8,720,035) |
| Payments for insurance and bond policies | (2,283,424) |
| Payments for administration | 479,514 |
| Payments for settlements and claims | (5,688) |
| | 144,445 |
| Net cash provided in operating activities | |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of investments | (34,530) |
| Interest received | (1,535,878) |
| | (1,570,408) |
| Net cash provided by investing activities | |
| Net increase in cash and cash equivalents | (1,425,963) |
| Cash and cash equivalents - beginning | 3,202,750 |
| Cash and cash equivalents - ending | \$ 1,776,787 |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income (loss) | \$ 1,007,080 |
| Adjustments to reconcile operating income to net cash provided: | |
| (Increase) decrease in accounts receivable | 351,983 |
| Increase (decrease) in estimated claims liabilities | (1,045,549) |
| Increase (decrease) in accounts payable | (169,069) |
| Total adjustments | (862,635) |
| Net cash provided by operating activities | \$ 144,445 |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2015

| | Agency Funds |
|---|---------------|
| Assets | |
| Cash and cash equivalents | \$ 12,281,248 |
| Investments | 6,139,743 |
| Due from other governments and agencies | 326,206 |
| Accounts receivable | 344,293 |
| Prepays | 18,914 |
| Total assets | \$ 19,110,404 |
| Liabilities | |
| Accounts payable | \$ 15,671,437 |
| Accrued payroll payable | 354,976 |
| Due to other governments and agencies | 692,259 |
| Funds held in escrow | 2,391,732 |
| Total liabilities | \$ 19,110,404 |

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2015

I. Summary of significant accounting policies

The accounting and reporting policies of Nueces County, Texas (the “County”) reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB). This financial report has been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999 and implemented by the County in fiscal year, FY 2003.

GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62* (“GASB 66”), seeks to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements.* Implementation of GASB 66 is reflected in the financial statements and notes to the financial statements.

GASB Statement 67, *Financial Reporting for Pension Plans* (“GASB 67”), replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50, *Pension Disclosure*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 enhances note disclosures and RSI for both defined benefit and defined contribution plans. This statement has no impact on the County; however, the plan, Texas County and District Retirement System implemented GASB 67.

GASB Statement 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria.

GASB Statement 71, *Pension Transition for Contributions Made for Subsequent to the Measurement Date* (“GASB 71”), is an amendment to Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 71 eliminates the source of a potential significant understatement of restated beginning net position and expense in the first year implementation of Statement 68 in accrual basis financial statements.

The adoption of GASB 68 and GASB 71 has no impact on the County’s governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the County’s fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statements. Net position as of October 1, 2014 was decreased by \$9,693,305 reflecting the cumulative retrospective effect of adoption. Refer to Note V.C. for more information regarding the County’s pension plan.

GASB Statement 69, *Government Combinations and Disposals of Government Operations* (“GASB 69”), establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Implementation of GASB 69 did not have an impact on the County’s financial disclosures.

GASB Statement 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees* (“GASB 70”), provides guidance to improve accounting and reporting by state and local governments that extend and receive non-exchange financial guarantees. Implementation of GASB 70 did not have an impact on the County’s financial disclosures.

A. Reporting entity

Primary Government

The County was created and organized by the State of Texas in 1846 from San Patricio County. The principal city and county seat is the City of Corpus Christi. The County operates as a subdivision of the State of Texas and is governed by the Commissioners court. The County provides the following services as authorized by the statutes of the State of Texas: general government (national and state voting operations, property records, auto registration), judicial (district attorney, courts, juvenile), law enforcement and corrections (sheriff, constables, jail), roads, bridges and transportation (includes rural airport), inland and island parks, and social services.

The accompanying basic financial statements present the government and the discretely presented component unit defined according to criteria in GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. There are no blended component units included in this financial report.

Component Unit

Nueces County Hospital District (District) is a discrete component unit of Nueces County, Texas. The District is legally separate from the County, however, members of the District's governing board (the Board) are appointed by the County Commissioners court. Although the County neither provides funding to the District, nor holds title to any of the District's assets, nor has any rights to any surpluses of the District, the Commissioners court does approve the District's tax rate and annual budget as required by state law.

Beginning in 1996, Christus Spohn Health System (Spohn) leased the District's hospital, Memorial Medical Center (MMC), and its satellite clinics and was responsible for their operations. The lease called for payments to be made over 30 years at which point the operating responsibility of MMC reverts back to the District unless such agreement is extended. Effective October 1, 2012 the District's previous agreement with Spohn was renegotiated and the relationship between the District and Spohn is now governed by the Spohn Membership Agreement. The subsequent changes were effective for the entire fiscal year and the District now contributes the use of MMC and the satellite clinics to Spohn rent free in return for a share of net patient revenue and Spohn is responsible for maintaining MMC.

The District's primary mission is to coordinate with Spohn in making available high quality, accessible and cost effective hospital and healthcare services to the indigent and needy residents of Nueces County, consistent with statutory requirements and available resources.

The District has no component units as defined by GASB. Although the District and County Commissioners court appoint three of the members of the Board of Trustees of Spohn as part of the Spohn Membership Agreement between the two parties, Spohn does not qualify as the component unit. The District does not approve the budget of Spohn, nor have any rights to surpluses of Spohn.

Additionally, the District serves as the region 4 Anchor and funds voluntary intergovernmental transfers (IGTs) for certain healthcare providers under provisions of the Texas Health and Human Services Commission's (HHSC) Medicaid Section 1115 Demonstration Waiver (the "Waiver"). This allows Spohn and certain other Region 4 healthcare providers to participate in supplemental Medicaid funding under the Waiver program.

Complete financial statements for this component unit above may be obtained at the entity's administrative office.

Nueces County Hospital District
Administrative Offices
555 N. Carancahua, Suite 950
Corpus Christi, Texas 78401-0835
<http://www.nchdcc.org/contact.cfm>

B. Government-wide and fund financial statements

Primary Government

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, inter-fund activity has been removed from these statements to eliminate duplication. Inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The general fund, Debt Service fund, U.S. Marshals fund, and capital projects fund are major funds and are reported in separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows including claims and judgments reported in the County's internal service fund (proprietary fund). Property taxes are recognized as revenues in the year for which they are levied. Fees and fines are considered as earned when paid. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Intergovernmental revenues, rents, commissions, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County, which includes delinquent property taxes, licenses, fees and fines. For grants, like the government-wide financial statements, the revenue is recognized when all the eligibility requirements have been met.

The County reports four major governmental funds, including the Debt Service Fund, which did not meet the criteria to be reported as major; however, the County has voluntarily elected to report as such:

The General Fund is the County's primary operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the property tax revenues received which were specifically levied for the purpose of meeting debt service requirements.

The U.S Marshals Fund is used to account for the millions of dollars that the County receives under a contract with the U.S. Marshal Service and then pays to a private prison company for housing federal inmates.

The Capital Projects Fund is used to account for the proceeds from debt instruments and major capital projects funded with general fund monies.

All other governmental funds are combined and reported as non-major. Non-major funds include grants, road and bridge, stadium and fairgrounds, inland parks, coastal parks, and other special revenue.

Additionally, the County reports the following fund types:

Internal service funds account for and finance the County's uninsured risks of loss from workers compensation coverage, general liability, and group health insurance. Revenues are derived from County contributions, employee and retiree/cobra premiums, investment income, and premiums from some external entities. Expenses are for benefits, claims and administrative expenses. Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. Activities include payments to medical providers for services provided and payments to litigants related to suits and claims against the County.

Fiduciary funds are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for the assets that are held for the benefit of others or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Activities vary depending on whose funds the County has custody of. Examples of the funds held are: inmate trust funds, district clerk minor trust funds, metropolitan planning organization, dispute resolution, permanent school fund, community supervision and corrections department, contract elections, vector control, and City-County Health District.

D. Assets, liabilities, and net position

1. Deposits and investments

The statement of cash flows for proprietary funds presents the change in cash and cash equivalents during the fiscal year. The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than 90 days and local government pools. State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U.S. and its agencies, certificates of deposit, brokered CD's, local government pools, repurchase agreements, and direct obligations of states, agencies, counties, cities, and other political subdivisions of any state rated "A" or its equivalent.

Investments for the County are reported at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Deposit and Investment Risk Disclosures are in accordance with GASB Statement No. 40.

Component Unit

The District's Cash and Cash Equivalents include currency on hand, demand deposits with banks and amounts included in pooled cash or liquid investments with a maturity of three months or less when purchased.

Statutes give the District the authority to invest the funds in obligations of the United States, direct obligations of the State of Texas, other obligations guaranteed or insured by the State of Texas or the United States, obligations of states, agencies, counties, or cities of any state that have been rated not less than one or its equivalent by a nationally recognized investment firm; certificates of deposit guaranteed insured or secured by approved obligations, certain commercial paper, fully collateralized repurchase agreements, and Securities & Exchange Commission-registered, no-load money market mutual funds whose assets consist exclusively of approved obligations.

2. Receivables and payables

Primary Government

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade receivables are directly written-off when circumstances indicate a receivable is no longer collectible usually within two years a receivable was incurred. During the fiscal year ended September 30, 2015, the County reduced its estimate for reporting the allowance for property tax receivable. Previously, the property tax receivable allowance was equal to 100 percent of the balances older than 11 years plus .5 percent of the tax levies less than 11 years old including the most current levy. The County revised the estimate to include 100 percent of the delinquent balances older than 11 years plus 10 percent of the delinquent balances less than 11 years old which includes the current year's levy. Property taxes are levied prior to September 30 based on taxable value as of January 1 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivables include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and unearned revenue (a liability) at the time the contracts are approved and signed. Grant revenues are recognized when eligibility requirements established by the grantor have been met at which time unearned revenue (the liability account) is reduced.

Lending or borrowing between funds is reflected as "due to or due from" (current position) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources. Inter-fund activity reflected in "due to or due from" is eliminated on the government-wide statements.

Component Unit

Tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to 3% of the annual tax levy. IGTs are not accrued because they cannot be reasonably estimated and are not legal obligations of the District.

3. Inventories and prepaid items

Primary Government

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are comprised of expendable supplies and gasoline held for consumption. All inventory items are expensed when used. Reported inventories are offset by a reservation of fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net position. Inventory policy on government-wide statements is consistent with fund statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the fund financial statements, advances and prepayments are offset by a reservation of fund balance which indicates they do not represent "available spendable resources."

4. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred inflows and outflows consist of deferred costs on refunding debt obligations that are applicable to future period(s) and certain changes in net pension liability.

In fiscal year 2013, the County implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.*" This statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. In addition to assets/liabilities, the statement of financial position and/or balance sheet reports a separate section called deferred outflows/inflows of resources.

In fiscal year 2014, the County implemented GASB Statement 65, “Items Previously Reported as Assets and Liabilities” (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to the financial statements.

With this implementation, deferred charges, consisting of bond issuance costs, which were previously amortized over the term of the bonds, are now accounted for as expenses in the period incurred. Also, GASB 65 required that deferred losses on the refunding of bond issue be reported as a deferred outflow of resources.

5. Capital assets

Capital assets, which include land, buildings and improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years, plus items shown on the exception list. Examples of items on the exception list are computers, radios, tablets, guns, and other items considered necessary.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

GASB Statement No. 51 requires the County to report and depreciate new software systems with the beginning of the current year. The County has elected to depreciate these systems over 20 years. Millions of dollars are capitalized in construction in progress until completed for a new case management system, jail management system, automated time keeping attendance and financial system upgrade.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

| <u>Assets</u> | <u>Life in Years</u> |
|-----------------------------|----------------------|
| Buildings | 40 |
| Building Improvements | 20 |
| Equipment | 10-15 |
| Automotive | 6 |
| Furniture | 12 |
| Heavy Equipment | 15 |
| Computer Equipment | 7 |
| Software Systems | 20 |
| Infrastructure | 30 |
| Infrastructure Improvements | 10 |

Component Unit

All fixed assets are valued at historical cost if purchased or constructed. Donated fixed assets are valued at their estimated fair value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight line basis over the following estimated useful lives:

| <u>Assets</u> | <u>Life in Years</u> |
|----------------------------|----------------------|
| Buildings and Improvements | 20-40 |
| Furniture and Equipment | 10 |
| Computer Equipment | 5 |

6. Compensated absences

Primary Government

Accumulated vacation and sick leave is accrued when incurred and reported in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

All full-time employees accumulate vacation benefits in varying amounts depending on years of service and sick leave benefits accrue at the rate of twelve days per year as determined by the employee's work schedule. On termination and retirement, the County pays employees for unused, accumulated vacation leave time up to maximum of 96 hours for civilian personnel and 102 hours for law enforcement. Unused compensatory time of non-exempt employees is fully paid upon termination or retirement. Sick leave benefits are payable only upon retirement, and not termination of employment. One half of the unused sick leave is paid up to a maximum of thirty days to those employees who retire from the County.

Component Unit

The District employees earn paid time off and sick leave. Paid time off accumulates from year to year up to a maximum of two years accrual. Semi-annually, employees can elect to be paid in lieu of utilizing paid time off and sick leave at a rate of 80% of time earned. Sick leave accumulates up to a maximum of 1,440 hours. Upon termination of employment, employees may receive pay for their unused paid time off. The cost of paid time off is recognized when earned by employees.

7. Long-term obligations

Primary Government

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt. Per GASB 65, any gain or loss on refunding of a bond is reported as a Deferred Inflow or Outflow of Resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable bond premiums or discounts. Also per GASB 65, issuance costs are now expensed immediately.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period issued.

8. Fund Balance

Primary Government

As prescribed by GASB 54, governmental funds report fund balance in classifications based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of September 30, 2015, fund balances for the governmental funds are made up of the following:

Non-spendable Fund Balance - includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts and long-term notes receivable.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changes or lifted only with the consent of resource providers. When restricted and unrestricted fund balance exists for the same purpose, restricted fund balance will be used first.

Committed Fund Balance – includes amounts that can be used for specific purposes determined by the Commissioners court. The commitment of fund balance requires the highest level action of the Commissioners court to constitute a binding constraint on fund balance. This can only be achieved by a majority vote of approval of the Commissioners court. Commitments may only be changed or lifted by a majority vote of approval of the Commissioners court. The proposed action of the Commissioners court with regard to creation or modification of a commitment must also be clearly posted on the Commissioners court agenda in advance of taking any action.

Assigned Fund balance –comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. *Intent* is expressed by the Commissioners court or an official to which the Commissioners court has delegated the authority to assign amounts to be used for specific purposes. As of the date of this report the Commissioners court has not authorized any other official to have authority to assign fund balance; therefore the assignment of fund balance must be made by approval of the Commissioners court.

Unassigned Fund Balance - is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

County Fund Balance Policy

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The County has continued to hold a conservative approach to monitoring expenditures to ensure that fund balances stay strong. In order to do so, Commissioners court adopted a resolution and order on September 16, 2015 establishing the financial guidelines for the minimum general fund reserve of 25% of general fund 2015-2016 budgeted revenues and transfers in order to maintain sound fiscal policies and an excellent bond rating. These good management practices contributed toward the credit rating agencies deciding to reaffirm the County's "double A" ratings (AA+ and Aa). By a majority vote in a scheduled meeting of the Commissioners court, the Court may commit fund balances and it may modify or rescind these commitments. The Commissioners court may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds such as the County Judge.

E. Employee Benefit Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (the "TCDRS") and additions to/deductions from TCERS' Fiduciary Net Position have been determined on the same basis as they are reported to TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

Component Unit

The District has a 403(b) tax sheltered annuity retirement plan and a deferred compensation plan. The assets, liabilities, fund equity and operations of this plan are not presented on the District's financial statements as both plans are independently administered.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

Primary Government

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

| | |
|---|-----------------------|
| General obligation debt | \$ 113,635,326 |
| Premium (net) | 10,727,735 |
| Capital leases | 5,807,359 |
| Accrued interest payable | 758,129 |
| Compensated absences | <u>1,921,266</u> |
| Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u>\$ 132,849,815</u> |

B. Fund Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenue, expenditures, and change in fund balance includes a reconciliation between *net changes in fund balance - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation indicates, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this (\$9,531,313) difference are as follows:

| | |
|--|----------------------|
| Capital outlay | \$6,009,830 |
| Depreciation expense | <u>(15,541,143)</u> |
| Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i> | <u>(\$9,531,313)</u> |

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this (\$13,299,276) difference are as follows:

| | |
|--|------------------------|
| General obligation debt principle repayments | \$ 6,714,187 |
| Capital leases reconciliation | (113,611) |
| Issuance and refunding of general obligation debt | (20,389,363) |
| Amortization of premiums and deferred charges | <u>489,513</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ (13,299,276)</u> |

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$87,219) difference are as follows:

| | |
|--|-------------------|
| Change in compensated absences | (\$45,788) |
| Accrued interest | <u>(41,431)</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>(\$87,219)</u> |

III. Stewardship, compliance and accountability

A. Budgetary information

The county auditor serves as the County's budget officer. After requests have been submitted by County departments, a base line budget is presented to Commissioners court with no tax increase as a starting point. The Commissioners court reviews the requests, adjusts budget requests to final form and conducts public hearings. One copy of the proposed budget must be filed with the county clerk. Copies must be available to the public for review. The Commissioners court must hold a public hearing on the budget on some date within ten (10) calendar days after the filing of the proposed budget and prior to October 31 of the current year.

Annual budgets are adopted for all governmental funds except for the Grants Fund and Capital Projects Fund. Project length budgets are adopted for grants and capital project funds. Budgetary integration is not employed for the internal service fund because expenses are not controllable by management. The amounts budgeted for expenditures in various funds may not exceed the fund balances in those funds as of the first day of the fiscal year plus anticipated revenue for the fiscal year as estimated by the county auditor.

An appropriated budget is prepared by line item for the following expenditures: personnel expenditures (salaries and overtime), special personnel services (court appointed attorneys for example), insurance premiums, and other specific expenses designated by Commissioners court in the general fund, road fund, airport, inland parks and coastal parks funds. Remaining expenditures, (non-personnel items mainly), are controlled at the category level. For all other special revenue funds, the legal level of control is at the fund level.

Budget transfers may be made among the line items, categories and departments only with the approval of the Commissioners court. Such transfers were made during the fiscal year but did not increase the County's overall budget. The budgets are prepared on a basis consistent with generally accepted accounting principles. The final budgets presented in this report reflect the budget amendments for all appropriation transfers processed during the fiscal year.

Component Unit

The Board adopts an annual budget for all funds. The annual budget and revisions must be approved by the Board of Managers and then the County Commissioners Court.

B. Encumbrances

Primary Government

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized in the governmental funds to the extent - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Encumbrances outstanding at fiscal year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of September 30, 2015, the encumbrance balances for the governmental funds are reported as follows:

| | Restricted | Committed | Assigned | Total |
|------------------------|---------------------|---------------------|-------------|---------------------|
| General Fund | \$ - | \$ 61,488 | \$ - | \$ 61,488 |
| Capital Projects Fund | - | 1,159,426 | - | 1,159,426 |
| Non-major Governmental | 1,875,901 | - | - | 1,875,901 |
| Total | <u>\$ 1,875,901</u> | <u>\$ 1,220,914</u> | <u>\$ -</u> | <u>\$ 3,096,815</u> |

IV. Detailed notes on all funds

A. Investments

The County's investment policy is in accordance with the laws of the State of Texas. The policy identifies authorized investments and investment terms, collateral requirements and safekeeping requirements for collateral. Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Depository Insurance Corporation (FDIC) is available for funds deposited at any financial institution up to a maximum of \$250,000 each for demand deposits, time and savings deposits, and deposits pursuant to indenture. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The County’s demand deposits are fully covered by collateral held in the County’s name by the County’s agents, the Federal Reserve Bank of Boston and the Federal Home Loan Bank of Dallas. The County’s collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by Frost Bank (the County depository bank) and Wells Fargo Bank and American Bank continue to collateralize our demand deposits.

The County’s investments are comprised of Federal Farm Credit Bank, Federal Home Loan Bank, and Fannie Mae and Freddie Mac bonds. Local government investment pools with ratings no lower than AAA or AAA – or an equivalent rating of at least one nationally recognized rating service. Nueces County also has purchased municipal bonds as well. Currently the County is using Texas Class a local government investment pool. Texas CLASS is rated ‘AAAm’ by Standard and Poor’s Rating Service Texas CLASS, administered by Public Trust Advisors, LLC (PTA) and Wells Fargo Bank Texas, N.A. as Custodian. Texas Class invests only in securities allowed by the Texas Public Investment Act.

At year end, the County’s governmental investment balances were as follows:

| | Fair Value | Less Than One Year | One to Four Years |
|-----------------|----------------------|-----------------------|----------------------|
| Brokered CD's | \$ 9,349,824 | \$ 4,182,533 | \$ 5,167,291 |
| U S Agencies | 18,653,416 | 1,979,801 | 16,673,615 |
| Municipal Bonds | 4,413,528 | - | 4,413,528 |
| | <u>\$ 32,416,768</u> | <u>\$ 6,162,334</u> | <u>\$ 26,254,434</u> |

Credit risk

Nueces County seeks to control the risk of loss of a security issuer or grantor by purchasing only eligible investments and requiring prior approval of investment vendors with which it transacts business and by having the bank collateralize deposits account at greater than 100% at the market value. In addition, Nueces County executes the purchase of individual eligible investments only on the “delivery versus payment” (DVP) method through Frost bank serving as Nueces County’s depository for the safekeeping of collateral with both Nueces County and a third party safekeeping agent to define Nueces County’s rights to the collateral in case of default. Texas statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a Federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed, insured by, or backed by the full faith and credit of this State or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state (rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent.); and certificates of obligations issued by a state or national bank domiciled in Texas. A certificate of deposit that is purchased through a brokerage firm, or a sales representative other than a bank is called a brokered CD. Each invested brokered CD is guaranteed or insured by the Federal Deposit Insurance Corporation up to \$250,000 per investment instrument..

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provision of the PFIA designed to promote liquidity and safety of principal, the (PFIA) requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. All investments noted above are rated AAA-m by Standard & Poor’s and Aaa by Moody’s. House Bill 2226 (effective 6/17/2011) amends Section 2256.010(b) of the Government Code which allows the County to invest in certificates of deposit through a broker or depository institution. This allows the broker or depository institution to arrange investing for certificates of deposit in one or more federally insured depository institutions, wherever located. Currently the County is investing in brokered certificate of deposits.

Concentration of credit risk

The County’s investment policy states that the investment committee must maintain diversity in the type of eligible investments purchased by limiting the percentage of the combined portfolios for each type from a range of 10% to 85%. Nueces County also maintains diversity of vendors by purchasing from more than one vendor. The County strives to obtain more than one bid when purchasing investments.

Interest rate risk

In accordance with the County’s investment policy, the County manages exposure to declines in the fair market value by laddering its investment portfolio and by limiting its weighted average days to maturity to less than 365 days. With the declining interest rates the County has shortened our investment ladder and cash equivalents have increased. As a result we were under the 365 day investment policy limit. Due to the low interest environment the County has been investing toward the lower end of the range of the ladder in order to reduce the interest rate risk.

Component Unit

The District’s investment policies and types of investments are governed by the Texas Public Funds Investment Act (“PFIA”). The District’s management believes that it has complied with the requirements of the PFIA and the District investment policies. At September 30, 2015, the District segmented time and distribution analysis of the portfolio by market sector including the Health Benefit Trust. At year end, the District’s investment balances were as follows:

| | | <u>Investment Maturities in Years</u> | |
|------------------------------|----------------------------|---------------------------------------|-------------------------------|
| | <u>Fair Value</u> | <u>Less Than One Year</u> | <u>One to Three Years</u> |
| Cash and Equivalents: | | | |
| Collateralized Bank Accounts | \$ 714,241 | \$ 714,241 | \$ - |
| Money Market Mutual Funds | 280,281 | 280,281 | - |
| Petty Cash | 150 | 150 | - |
| AAA-Rated Local Government | | | |
| Investment Pools: | | | |
| Texpool | 33,323,722 | 33,323,722 | - |
| Logic | 17,332 | 17,332 | - |
| TexStar | 16,735,008 | 16,735,008 | - |
| Total Cash and Equivalents | <u>51,070,734</u> | <u>51,070,734</u> | - |
| Investments: | | | |
| U.S. Agencies: | | | |
| Federal Home Loan | | | |
| Mortgage Corporation | 8,014,414 | - | 8,014,414 |
| Federal National Mortgage | | | |
| Association | 1,003,112 | - | 1,003,112 |
| Government National | | | |
| Mortgage Corporation | 74 | - | 74 |
| Total Investments | <u>\$ 9,017,600</u> | <u>\$ -</u> | <u>\$ 9,017,600</u> |
| TOTAL VALUE | <u>\$60,088,334</u> | <u>\$51,070,734</u> | <u>\$9,017,600</u> |
| % of Total Portfolio | 100.00% | 84.99% | 15.01% |

The District’s policy is to report money market investments at amortized cost. However, U.S. Government Agency Securities are reported at fair value based on quoted market values. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value.

Credit risk

The primary stated objectives of the District's adopted Investment Policy are the safety of principal, liquidity, diversification and yield. Credit risk within the District's portfolio among the authorized investments approved by the District's adopted Investment Policy is present only in time and demand deposits, repurchase agreements, commercial paper, municipal obligations and money market mutual funds. All investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the U.S. Government, its agencies or instrumentalities. State law and the District's adopted Investment Policy require inclusion of a procedure to monitor and act as necessary to changes in credit rating on any investment which requires a rating. State law and the District's adopted Investment Policy also require a procedure to verify continued FDIC insurance weekly.

State law and the District's adopted Investment Policy restricts both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full insurance and/or collateralization from these depositories (banks and savings banks). Depository certificates of deposit are limited to a stated maturity of three years. Collateral, with a 102% margin, is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are priced at market on a daily basis as a contractual responsibility of the bank.

Brokered CD's must be FDIC insured and delivered versus payment to the District's depository. Maximum maturity is one year and FDIC insurance must be verified before purchase. By policy any change in FDIC status of the banks requires a review to assure FDIC status has not changed and immediate liquidation in the case of a merger or acquisition.

By policy and state law repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed one year to stated maturity. Reverse repurchase agreements may not exceed 90 days and must be matched with reinvestment maturities.

By policy and state law commercial paper must be rated not less than A1/P1 or equivalent by at least two NRSRO's or by one NRSRO if fully secured by an irrevocable letter of credit issued by a bank organized and existing under US law or the law of a state of the US. The District adopted Investment Policy restricts investment in money market mutual funds to those rated AAA and registered with the SEC. Each fund must strive to maintain a \$1 net asset value.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating agency. The Policy further restricts investments to AAA-rated local government investment pools which strive to maintain a \$1 net asset value.

As of September 30, 2015 the cash and investments contained:

- FDIC insured or fully collateralized bank deposits representing 1.66% of the total portfolio,
- Investment in three local government investment pools representing 83.34% of the total portfolio, and
- US Government agency securities representing 15.01% of the total portfolio.

Concentration of credit risk

The District recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The District's adopted Investment Policy establishes diversification as a major objective of the investment program.

As of September 30, 2015, holdings in US Government securities with ratings of AAA represented 15.01% of the total portfolio. Investment in the State Treasurer's local government investment pool, Texpool, represented 55.46% of the total portfolio. Investment in a second local government investment pool, LOGIC, represented .03% of the total portfolio. Investment in a third local government investment pool, TexStar, represented 27.85% of the total portfolio. The remaining 1.66% of the portfolio is invested in FDIC insured or fully collateralized bank deposits.

Interest rate risk

In order to limit interest and market rate risk from changes in interest rates, the District’s adopted Investment Policy sets a maximum stated maturity date of three years and at least a 33% if the District’s investments shall be obligations of the U.S. Government. To insure liquidity a minimum of 10% shall be liquid. The maximum weighted average maturity (WAM) of twelve (12) months. At the time any investment is placed, the overall compliance with the Investment Policy is verified. A segmented time distribution analysis is shown above.

As of September 30, 2015, the portfolio contained five holdings in the portfolio with stated maturity dates beyond one year representing 15.01% of the total portfolio, and the weighted average of the combined portfolio was 151 days.

As of September 30, 2015, the portfolio contained 4 callable notes and one mortgaged backed security. The callable notes are as follows: Federal Home Loan Mortgage Corporation (FHLMC) note with a current market value of \$3,000,000, coupon rate of 1.125%, maturing February 26, 2018; one callable FHLMC note with a current market value of \$3,000,000, coupon rate of 1.375% maturing July 30, 2018; FHLMC note with a current market value of \$2,002,474, coupon rate of 1.25% ,maturing September 28, 2018; Federal National Mortgage Association (FNMA) note with a current market value of \$1,003,112, coupon rate of 1.30%, maturing on September 28, 2018. Additionally, the District had one Government National Mortgage Association (GNMA) pass through with an original par value of \$100,000 and a current market value of \$74 and a coupon rate of 9%. The GNMA note was purchased October 1, 1986, matures on October 15, 2016.

Custodial credit risk

To control custody and safekeeping risk, State law and the District’s adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the District and held in the District’s name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% of market value and collateral terms to be detailed in executed written agreements. Depository agreements are executed under the terms of U.S. Financial Institutions Resource and Recovery Enforcement Act (FIRREA). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of September 30, 2015, the portfolio contained no certificates of deposit and no repurchase agreements. All bank demand deposits were fully collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank’s holding company.

B. Receivables

Primary Government

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

| | Unavailable | Unearned |
|--|---------------------|-------------------|
| Delinquent property taxes receivable (general fund) net | \$ 2,776,201 | \$ - |
| Delinquent property taxes receivable (debt service fund) net | 428,788 | - |
| Delinquent property taxes receivable (road fund) net | 39,609 | - |
| Grant advances prior to meeting all eligibility requirements | - | 847,995 |
| Total unavailable/unearned revenue for governmental funds | <u>\$ 3,244,599</u> | <u>\$ 847,995</u> |

Receivables as of September 30, 2015 for each major fund, non-major and internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Taxes</u> | <u>Accounts</u> | <u>Grants</u> | <u>Total</u> |
|-----------------------------------|---------------------|----------------------|---------------------|----------------------|
| Governmental activities: | | | | |
| General fund | \$ 3,463,700 | \$ 3,386,916 | \$ - | \$ 6,850,616 |
| Debt service | 534,974 | 7,137 | - | 542,111 |
| U.S. Marshal | - | 5,118,181 | - | 5,118,181 |
| Capital projects fund | - | 97,634 | - | 97,634 |
| Non-major funds | 67,152 | 674,571 | 1,216,397 | 1,958,120 |
| Internal service fund | - | 2,382,068 | - | 2,382,068 |
| Subtotal | <u>4,065,826</u> | <u>11,666,507</u> | <u>1,216,397</u> | <u>16,948,730</u> |
| Less: | | | | |
| Allowance for uncollectible taxes | <u>(821,227)</u> | <u>-</u> | <u>-</u> | <u>(821,227)</u> |
| Total | <u>\$ 3,244,599</u> | <u>\$ 11,666,507</u> | <u>\$ 1,216,397</u> | <u>\$ 16,128,503</u> |

Component Unit

As of September 30, 2015, the Receivables for the District are as follows:

| | |
|-----------------------------------|-------------------|
| Taxes receivable | \$ 1,901,571 |
| Less: allowance for uncollectible | <u>(982,131)</u> |
| Net total receivables | <u>\$ 919,440</u> |

C. Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2015 was as follows:

| | Beginning Balance | Additions | Completed Projects | Retirements | Adjustment | Ending Balance |
|--|-----------------------|-----------------------|-----------------------|---------------------|-------------|----------------------|
| Governmental activities: | | | | | | |
| Capital assets not being depreciated: | | | | | | |
| Land | \$ 4,272,918 | \$ 629,300 | \$ - | \$ (8,300) | \$ - | \$ 4,893,918 |
| Construction in progress | 25,103,405 | 3,255,562 | (12,049,121) | - | - | 16,309,846 |
| Total capital assets, not being depreciated | <u>29,376,323</u> | <u>3,884,862</u> | <u>(12,049,121)</u> | <u>(8,300)</u> | <u>-</u> | <u>21,203,764</u> |
| Capital assets being depreciated: | | | | | | |
| Buildings and improvements | 172,573,330 | 60,245 | 7,520,387 | - | - | 180,153,963 |
| Furniture, equipment and machinery | 29,677,444 | 2,041,827 | 130,920 | (6,313,967) | - | 25,536,224 |
| Software | 580,322 | 22,900 | 293,222 | (4,854) | - | 891,589 |
| Infrastructure | 178,805,162 | - | 4,104,592 | - | - | 182,909,754 |
| Total capital assets, being depreciated | <u>381,636,258</u> | <u>2,124,972</u> | <u>12,049,121</u> | <u>(6,318,821)</u> | <u>-</u> | <u>389,491,530</u> |
| Less accumulated depreciation for: | | | | | | |
| Building and improvements | (78,514,525) | (5,527,064) | - | - | - | (84,041,589) |
| Furniture, equip and mach. | (19,065,878) | (2,047,411) | - | 5,494,480 | - | (15,618,809) |
| Software | (310,434) | (29,062) | - | - | - | (339,496) |
| Infrastructure | (122,654,898) | (7,937,607) | - | - | - | (130,592,505) |
| Total accumulated depreciation | <u>(220,545,735)</u> | <u>(15,541,144)</u> | <u>-</u> | <u>5,494,480</u> | <u>-</u> | <u>(230,592,399)</u> |
| Total capital assets, being depreciated, net | <u>161,090,523</u> | <u>(13,416,172)</u> | <u>12,049,121</u> | <u>(824,341)</u> | <u>-</u> | <u>158,899,131</u> |
| Governmental activities capital assets, net | <u>\$ 190,466,846</u> | <u>\$ (9,531,310)</u> | <u>\$ -</u> | <u>\$ (832,641)</u> | <u>\$ -</u> | <u>\$180,102,895</u> |

Depreciation expense for the year ended September 30, 2015 was charged to functions/programs of the County as follows:

| Governmental activities: | <u>FY 2015</u> | <u>FY 2014</u> | <u>Increase (Decrease)</u> |
|--|----------------------|----------------------|--------------------------------|
| General government | \$ 428,616 | \$ 338,960 | \$ 89,656 |
| Buildings and facilities | 3,573,203 | 3,454,646 | 118,556 |
| Administration of justice | 524,307 | 539,134 | (14,827) |
| Law enforcement and corrections | 802,392 | 764,123 | 38,268 |
| Health, safety and sanitation | 124,035 | 155,747 | (31,712) |
| Social services | 72,996 | 46,674 | 26,323 |
| Agriculture, education and consumer sciences | 44,914 | 56,286 | (11,372) |
| Roads, bridges and transportation | 8,029,548 | 8,065,846 | (36,298) |
| Parks and recreation | <u>1,941,133</u> | <u>1,918,969</u> | <u>22,164</u> |
| Total depreciation expense – governmental activities | <u>\$ 15,541,144</u> | <u>\$ 15,340,385</u> | <u>\$ 200,758</u> |

At September 30, 2015 the County's construction commitments are as follows:

| Project Description | <u>Project Budget</u> | <u>Balance</u> |
|---|-----------------------|----------------|
| Building Improvements | \$ 31,706,286 | \$ 23,266,835 |
| Fairgrounds Improvements | 1,413,905 | 187,529 |
| Information Technology Systems & Upgrades | 8,863,898 | 2,085,834 |
| Jail Renovations | 4,326,003 | 2,766,041 |
| Juvenile Justice Center Renovations | 787,664 | 241,431 |

Component Unit

Capital assets activity for the District for the year ended September 30, 2015 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,076,926 | \$ - | \$ - | \$ 3,076,926 |
| Total capital assets, not being depreciated, net | <u>3,076,926</u> | <u>-</u> | <u>-</u> | <u>3,076,926</u> |
| Capital assets being depreciated: | | | | |
| Equipment | 1,324,213 | 27,190 | - | 1,351,403 |
| Buildings | <u>28,073,023</u> | <u>-</u> | <u>-</u> | <u>28,073,023</u> |
| Total capital assets, being depreciated: | <u>29,379,236</u> | <u>27,190</u> | <u>-</u> | <u>29,424,426</u> |
| Less accumulated depreciation for: | | | | |
| Equipment | (1,096,700) | (71,465) | - | (1,168,165) |
| Buildings | <u>(22,519,671)</u> | <u>(348,557)</u> | <u>-</u> | <u>(22,868,228)</u> |
| Total accumulated depreciation | <u>(23,616,370)</u> | <u>(420,022)</u> | <u>-</u> | <u>(24,036,393)</u> |
| Total capital assets, being depreciated, net | <u>5,780,865</u> | <u>(392,832)</u> | <u>-</u> | <u>5,388,033</u> |
| Governmental activities capital assets, net | <u>\$ 8,857,791</u> | <u>\$ (392,832)</u> | <u>\$ -</u> | <u>\$ 8,464,959</u> |

D. Inter-fund receivables, payables and transfers

Primary Government

The composition of inter-fund balances as of September 30, 2015, is as follows:

Due to/from other funds:

| | | |
|-----------------------|---------------------|---------------------|
| | <u>Due from</u> | <u>Due to</u> |
| General Fund | \$ 1,316,567 | \$ 1,286,333 |
| Capital Projects Fund | 606,629 | 1,291 |
| Non-major Funds | <u>18,265</u> | <u>653,837</u> |
| Total | <u>\$ 1,941,461</u> | <u>\$ 1,941,461</u> |

Inter-fund receivables and payables occur between those funds that have separate bank accounts. Transactions that occur in the normal course of business are recorded in the general ledger before the physical cash in the bank is exchanged.

Due to/from primary government and component units:

| | | |
|---|---------------------------|-------------------|
| <u>Receivable Entity</u> | <u>Payable Entity</u> | <u>Amount</u> |
| Primary government – governmental funds | Component unit – district | <u>\$ 148,559</u> |

Inter-fund transfers:

| | | | | | | |
|----------------------------|---------------------|--------------|---------------------|-------------------|---------------------|----------------------|
| | <u>Transfers In</u> | | | | | |
| | | U.S. Marshal | Capital | Debt Service | Nonmajor | |
| | General Fund | Contract | Projects | Fund | Governmental | Total |
| <u>Transfers out</u> | | | Fund | | Funds | Transfers Out |
| General Fund | \$ - | \$ - | \$ 350,000 | \$ - | \$ 7,418,429 | \$ 7,768,429 |
| U.S. Marshal Contract | 1,103,877 | - | - | - | - | 1,103,877 |
| Capital Projects Fund | - | - | - | - | 694,350 | 694,350 |
| Debt Service Fund | - | - | - | 178,791 | - | 178,791 |
| Nonmajor Governmental Fund | 178,213 | - | 930,000 | 630,000 | 643,473 | 2,381,686 |
| Total Transfers In | <u>\$ 1,282,090</u> | <u>\$ -</u> | <u>\$ 1,280,000</u> | <u>\$ 808,791</u> | <u>\$ 8,756,252</u> | <u>\$ 12,127,133</u> |

The General Fund provides most of the transfers. The Inland Parks Fund, Airport Fund, Stadium and Fairgrounds Fund and other non-major funds are dependent upon the General Fund for financial support. The General Fund also provides most of the required matching funds for grants.

E. Leases

1. Operating Leases

Operating lease payments are recorded as expenditures or expenses during the life of the lease. Rental expenditures or expenses related to operating leases for the year ended September 30, 2015 were \$276,252. The following table presents minimum future rental obligation on non-cancelable operating leases as of September 30, 2015.

Noncancelable operating leases

| | | |
|-------|---------------|-------------------|
| | <u>Fiscal</u> | <u>Primary</u> |
| | <u>Year</u> | <u>Government</u> |
| 2016 | \$ | 229,130 |
| 2017 | | 229,130 |
| 2018 | | 226,694 |
| 2019 | | 226,694 |
| 2020 | | <u>224,772</u> |
| Total | <u>\$</u> | <u>1,136,420</u> |

2. Capital Leases

Leases that are purchases in substance are reported as capital lease obligations. The capital assets are recorded at the present value of the future minimum lease payments at the inception of the lease. For governmental activities, the assets and liabilities are recorded in the government-wide financial statements. During fiscal year ended September 30, 2014, the County entered into a lease purchase agreement to cover the cost of energy savings equipment and installation through an energy saving performance contract. The County's statement of net position as of September 30, 2014 incorrectly excluded the capital lease obligation and corresponding capital asset associated with the lease purchase agreement. The County's statement of revenues, expenditures, and changes in fund balance also excluded an other financing source and an expenditure equal to the net present value of the minimum lease payments in the amount of \$5,562,891. Beginning balances for assets and liabilities have been adjusted, respectively, by \$5,562,891 on the statement of net position to reflect the prior period misstatement. See Note V.E. for further information regarding the prior period adjustment.

During the fiscal year ended September 30, 2015, the County entered into two new capital lease agreements for the purchase of heavy equipment. Payments during the fiscal year ended September 30, 2015 for all capital leases totaled \$712,381. Payments include interest ranging from 2.795% and 4.740% per annum.

The tables below are a summary of the future minimum lease payments for all capital leases and any analysis of the property recorded under capital leases by asset category, respectively at September 30, 2015.

| Fiscal Year | Future Capital Lease Payments | | | Type | Assets Under Capital Leases | |
|-------------|-------------------------------|---------------------|-------------------------------------|--------------------------------|-----------------------------|--------------------------|
| | Principal | Interest | Total Future Minimum Lease Payments | | Assets under Capital Lease | Accumulated Depreciation |
| 2016 | \$ 507,041 | \$ 168,061 | \$ 675,102 | Buildings and improvements | \$ 5,562,891 | \$ 162,314 |
| 2017 | 534,507 | 151,136 | 685,643 | Furniture, equipment machinery | 493,455 | 19,840 |
| 2018 | 333,058 | 133,322 | 466,380 | Total | \$ 6,056,346 | \$ 182,154 |
| 2019 | 330,068 | 123,895 | 453,963 | | | |
| 2020 | 350,812 | 114,670 | 465,482 | | | |
| 2021-2025 | 1,969,075 | 420,286 | 2,389,361 | | | |
| 2025-2029 | <u>1,782,798</u> | <u>126,289</u> | <u>1,909,087</u> | | | |
| Total | <u>\$ 5,807,359</u> | <u>\$ 1,237,659</u> | <u>\$7,045,018</u> | | | |

Component Unit

The District leases office space for its administrative offices under an operating lease expiring in 2018. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2015 for each of the next four years and in the aggregate are:

| Noncancelable operating leases | |
|--------------------------------|-------------------|
| Fiscal Year | Component Unit |
| 2016 | \$ 130,929 |
| 2017 | 133,174 |
| 2018 | <u>89,780</u> |
| Total | <u>\$ 353,883</u> |

Rental payments under all operating leases amounted to \$128,685 during the year ended September 30, 2015.

The District and Spohn entered into a Spohn Membership Agreement to establish a structure for the joint membership of Spohn with the District. The Spohn Membership Agreement includes (1) provisions stipulating the parameters for the healthcare services that Spohn will continue to provide to the Nueces County indigent residents during the term of the Spohn Membership Agreement, without payment by the District to Spohn for such services, (2) operative provisions and parameters for Spohn’s continued use of the District’s Memorial Medical Center (MMC) facilities and satellite clinics during the term of the Spohn Membership Agreement in a manner consistent with the substantive and maintenance provisions in the former Lease Agreement, without payment of rent by Spohn to the District for such use, and (3) a Spohn net patient revenue allocation and sharing arrangement between Spohn and the District, the amount of which is determined each year prior to October 1.

The agreement serve multiple purposes including to facilitate (1) continued provision of indigent health care services in Nueces County, (2) Spohn’s and other Region 4 healthcare providers’ ability to participate in Medicaid supplemental funding under the Waiver based on the providers’ achievement of Waiver-related project metrics and milestones and their provision of uncompensated care, to the benefit of the Nueces County indigent residents served by the District and (3) the District’s ability to serve as the Region 4 Anchor under the Waiver.

The Spohn Membership Agreement was amended and restated effective November 18, 2015; Spohn will be permitted to renovate and transform the MMC campus. Spohn will construct a new Family Health Center on the MMC Campus and expand its Christus Spohn Hospital Shoreline Emergency Department, trauma cent and in-patient bed capacity. When the expansion is complete, ensuring that the community will have access to the health care services currently available, Spohn will be allowed to cease operation and demolish MMC.

Each year under the Spohn Membership Agreement, Spohn and the District confer regarding the support necessary for the operations of Spohn over the ensuing fiscal year starting October 1. Spohn prepares a budget that contemplates any modifications or additions in cost to provide healthcare services at MMC and the Satellite Clinics. Upon review of the Spohn budget, economic resources of Spohn, the Members and other factors, Spohn and the District agree on a “Specified Annual Percentage”, (as defined in the agreement), of Spohn’s net patient revenue that the District will receive. Based on this year’s estimate the District budgeted \$32,852,893 and received \$34,575,863 in member revenues for the year ended September 30, 2015.

According to management, estimating the Specified Annual Percentage for membership revenue sharing is difficult due to the number of changing factors in the health care system that affect costs, as well as, revenues. Management intends to adjust the membership revenue sharing “Specified Annual Percentage” annually according to the Spohn Membership Agreement.

3. Long-term debt

Primary Government

The following items comprise the County’s outstanding general obligation debt at September 30, 2015:

| <u>Description</u> | <u>Interest Rates (%)</u> | <u>Date of Issuance</u> | <u>Date of Maturity</u> | <u>Bonds Outstanding</u> |
|---|---------------------------|-------------------------|-------------------------|--------------------------|
| LoanStar Revolving Loan Program | 3.00% | 2004 | 2016 | \$58,192 |
| Combination Tax and Revenue Certificates of Obligation, Series 2007 | 4.00%-5.00% | 2007 | 2027 | 1,540,000 |
| General Obligation Refunding Bonds, Series 2010 | 3.00% | 2010 | 2022 | 37,715,000 |
| State Energy Conservation Office LoanStar Revolving Program Loan | 2.00% | 2012 | 2027 | 6,357,134 |
| General Obligation Refunding Bonds, Series 2012 | 3.00%-5.00% | 2012 | 2026 | 22,345,000 |
| Certificate of Obligation Comb. Tax & Revenue, Series 2015 | 2.00%-5.00% | 2015 | 2026 | 18,070,000 |
| General Obligation Refunding, Series 2015 | 2.00%-5.00% | 2015 | 2027 | 27,550,000 |
| Sub - total general obligation debt | | | | 113,635,326 |
| Premium on debt (net) | | | | 10,727,735 |
| Total general obligation debt at September 30, 2015 | | | | <u>\$124,363,061</u> |

On March 23, 2004, the County approved LoanSTAR a revolving loan mechanism up to the maximum amount of \$1,548,630 with the Texas State Energy Conservation Office under the Comptroller of Public Accounts. The repayment terms included quarterly payments of \$36,602 over 9.75 years funded by the debt service tax rate. The County expects to make the last loan payment by February 2016. The proceeds were used to improve energy efficiency by replacing interior lighting in several County buildings, install programmable thermostats, and replace selected heat pumps, chiller, and HVAC units. As of September 30, 2015 the Loan balance was \$58,192, since then the loan has been paid off.

On January 18, 2007, the County issued \$34,500,000 in Combination Tax and Revenue Certificates of Obligation, Series 2007 due in 21 installments of \$50,000 to \$7,880,000 (average installment equals \$1,642,858) through February 15, 2027. The interest coupon rates range from 4.00% to 5.00% with a net interest cost of 4.41% to the County. The proceeds were used for construction of a heritage center, jail repairs, County road 52, finish prior and new construction projects and improving the County's information technology systems. The Combination Tax and Revenue Certificates of Obligation, Series 2007 was refunded by the General Obligation Bonds, Series 2015 leaving \$1,540,000 final payment due February 15, 2016.

On May 12, 2010, the County approved LoanSTAR, a revolving loan mechanism up to a maximum of \$7,930,497 plus capitalized interest during construction from the State Energy Conservation Stimulus Program under the Comptroller of Public Accounts. Nueces County obtained debt of \$8,064,228 and the first payment due November 2012. The interest rate on the loan will be at 2.00 % for a payback period of 11.9 years with quarterly payments of \$156,289. The purpose of this program is to increase the energy efficiency of public sector buildings and facilities in order to create or retain jobs, reduce energy consumption, reduce greenhouse gas emissions, increase energy cost savings and install commercially-available renewable energy. The County is repaying this loan from the energy savings measures implemented through building and facility improvements.

On October 12, 2010, the County issued \$42,310,000 in General Obligation Refunding, Series 2010 due in installments of \$830,000 to \$5,265,000 through February 15, 2022, with interest ranging from 3.00% to 5.00%. The bonds were issued to refund certain outstanding obligations of the County (Refunded Obligations) and for the payment of the costs related to the bonds. The refunding met the requirements of an in-substance defeasance and \$43,240,000 from the 2001, 2002, and 2004 series of certificate of obligation were removed from the county's government-wide financial statements. As a result of the current refunding, the cash flows required to service the old debt amounted to \$59,794,248 and the cash flow to service the new debt will amount to \$57,890,163. The refunding resulted in a loss of (\$4,611,227) and a net present value savings of \$1,627,233. The reacquisition premium exceeded the net carrying amount of the old debt by \$5,074,413. This balance is reported as a deferred outflow of resources, per GASB 65.

On March 26, 2012, the County issued \$26,005,000 in General Obligation Refunding, Series 2012 due in installments of \$84,000 to \$6,179,275 through February 15, 2026, with interest ranging from 3.00% to 5.00%. The bonds were issued to refund certain outstanding obligations of the County (Refunded Obligations) and for the payment of the costs related to the bonds. The refunding met the requirements of an in-substance defeasance and \$26,720,000 from the 2004 series of certificate of obligation was removed from the County's government-wide financial statements. As a result of the current refunding, the cash flows required to service the old debt amounted to \$41,747,750 and the cash flow to service the new debt will amount to \$38,471,152. The refunding resulted in a loss of (\$1,679,146) and a net present value savings of \$2,676,171. The reacquisition premium exceeded the net carrying amount of the old debt by \$2,410,180. This amount is reported as a deferred outflow of resources, per GASB 65

On April 1, 2015, the County issued \$27,550,000 in General Obligation Refunding, Series 2015 due in installments of \$1,205,000 to \$7,645,000 through February 15, 2027, with interest ranging from 2.00% to 5.00%. The bonds were issued to refund certain outstanding obligations of the County (Refunded Obligations) and for the payment of the costs related to the bonds. The refunding met the requirements of an in-substance defeasance and \$29,875,000 from the 2007 series of certificate of obligation was removed from the County's government-wide financial statements with the exception of \$1,540,000 the final payment which was paid February 15, 2016. As a result of the current refunding, the cash flows required to service the old debt amounted to \$40,631,043 and the cash flow to service the new debt will amount to \$37,203,540. The refunding resulted in a loss of (\$1,250,992) and a net present value savings of \$2,789,560. The reacquisition premium exceeded the net carrying amount of the old debt by \$3,708,563. This amount is reported as a deferred outflow of resources, per GASB 65.

On April 1, 2015, the County issued \$18,070,000 Combination Tax and Revenue Certificates of Obligation, Series 2015 due in installments of \$555,000 to \$1,270,000 (average installment equals \$951,053) through February 15, 2035, with interest ranging from 2.00% to 5.00% with a net interest cost of 3.44% to the County. The proceeds will be used for providing funds for the payment of contractual obligations of the County constructing, repairing and improving County roads and bridges, the McKenzie County Jail Annex, County facilities to comply with the American Disabilities Act, the County Airport runway extension, the County park system and facilities. The proceeds will also be used to purchase material supplies land, for authorized needs related to the aforementioned improvements and to pay professional services related services.

The County has defeased certain general obligation bonds and certificates of obligation by placing the proceeds of the refunding bonds in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the County's financial statements.

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government on arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County has no cumulative rebate amount due or payable as of September 30, 2015.

Debt service requirements to maturity for general obligation debts are as follows:

| Fiscal Year Ending | Governmental Activities | | Total Debt Service Requirements | |
|--------------------|-------------------------|----------------------|---------------------------------|----------------------|
| | September 30 | Principal | | Interest |
| 2016 | | \$7,184,231 | \$4,653,796 | \$11,838,027 |
| 2017 | | 7,591,842 | 4,353,125 | 11,944,967 |
| 2018 | | 8,382,156 | 4,056,661 | 12,438,817 |
| 2019-2022 | | 35,330,753 | 12,694,964 | 48,025,717 |
| 2023-2026 | | 37,478,286 | 6,377,630 | 43,855,916 |
| 2027-2030 | | 11,898,058 | 1,605,469 | 13,503,527 |
| 2031-2034 | | 4,500,000 | 708,606 | 5,208,606 |
| 2035 | | <u>1,270,000</u> | <u>31,750</u> | <u>1,301,750</u> |
| Totals | | <u>\$113,635,326</u> | <u>\$34,482,001</u> | <u>\$148,117,327</u> |

Changes in Long-term Liabilities

| Governmental Activities: | Beginning | Additions | Reductions | Ending Balance | Due Within |
|-----------------------------|-----------------------|----------------------|------------------------|-----------------------|---------------------|
| | Balance | | | | One Year |
| General obligation debt | \$ 104,604,513 | \$ 45,620,000 | \$ (36,589,187) | \$ 113,635,326 | \$ 7,184,603 |
| Unamortized premium on debt | 6,033,024 | 5,895,355 | (1,200,644) | 10,727,735 | - |
| Capital leases | 5,693,748 | 663,896 | (550,285) | 5,807,359 | 507,041 |
| Compensated absences | 1,875,478 | 3,400,966 | (3,355,178) | 1,921,266 | 100,000 |
| General liabilities claims | 1,571,167 | - | (1,045,550) | 525,617 | 300,000 |
| Net pension liability* | 14,436,676 | 906,242 | - | 15,342,918 | - |
| Judgements and other claims | 775,218 | 174,153 | (292,354) | 657,017 | 110,000 |
| | <u>\$ 134,989,824</u> | <u>\$ 56,660,612</u> | <u>\$ (43,033,198)</u> | <u>\$ 148,617,238</u> | <u>\$ 8,201,644</u> |

* The net pension liability is a new long-term liability beginning in Fiscal Year 2014-15 as a result of the implementation of GASB Statement No. 68 . The prior year balance is a result of a prior period adjustment. (Note V.E.)

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. General liability claims are paid from the self-insurance fund. The funds are used to liquidate the liability for compensated absences depending on what fund the employee is attached. The general fund and road fund have the highest number of employees and pay the most toward compensated absences. Judgments and other claims are reported in the general fund and include seizures, bonds and other.

Component Unit

The Districts long-term debt was paid off during the year ended September 30, 2015. The following is a summary of long-term obligation transactions of the District for the year ended September 30, 2015:

| | <u>Changes in Long-term Liabilities</u> | | | |
|---|---|-------------------|---------------------|---------------------------|
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
| Bonds: | | | | |
| Limited Tax Refunding Bonds, Series 2003 | \$ 1,815,000 | \$ - | \$ 1,815,000 | \$ - |
| Premium | <u>(36)</u> | <u>-</u> | <u>36</u> | <u>-</u> |
| Total Bonds | 1,814,964 | - | 1,815,036 | - |
| Other Liabilities: | | | | |
| Accrued Paid Time Off | <u>96,940</u> | <u>166,979</u> | <u>174,938</u> | <u>88,981</u> |
| Total | <u>\$ 1,911,904</u> | <u>\$ 166,979</u> | <u>\$ 1,989,974</u> | <u>\$ 88,981</u> |

4. Fund balance by designations

Primary Government

In fiscal year 2012, the County implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions.*” The fiscal year 2014 financial report continues to reflect these changes. GASB 54 is intended to enhance the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classification that compromise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The table on the following page provides detail of the classification of fund balances as reported in the fund financial statements:

| | General Fund | Debt Service Fund | U.S. Marshal Contract | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------|---------------|-------------------|-----------------------|-----------------------|--------------------------|--------------------------|
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | \$ 46,346 | \$ - | \$ - | \$ - | \$ 74,948 | \$ 121,294 |
| Prepays | 708,400 | - | 1,419 | - | 50,949 | 760,768 |
| Restricted for: | | | | | | |
| Debt Service Reserve | - | 4,175,638 | - | - | - | 4,175,638 |
| U.S. Marshal Contract | - | - | 427,240 | - | - | 427,240 |
| Commissioners Precinct | - | - | - | - | 1,202,180 | 1,202,180 |
| Commissioners Court | - | - | - | - | 1,708,073 | 1,708,073 |
| County Attorney | - | - | - | - | 43,944 | 43,944 |
| County Clerk | - | - | - | - | 2,823,266 | 2,823,266 |
| Tax Assessor Collector | - | - | - | - | 19,484 | 19,484 |
| Juvenile Programs | - | - | - | - | 245,047 | 245,047 |
| District Attorney | - | - | - | - | 19,451 | 19,451 |
| District Clerk | - | - | - | - | 64,988 | 64,988 |
| County Sheriff | - | - | - | - | 707,576 | 707,576 |
| Asset Forfeiture | - | - | - | - | 981,122 | 981,122 |
| Law Enforcement Education | - | - | - | - | 58,369 | 58,369 |
| Social Services | - | - | - | - | 32,642 | 32,642 |
| Community Health Program | - | - | - | - | 2,125,046 | 2,125,046 |
| Parks & Recreation | - | - | - | - | 169,098 | 169,098 |
| Library | - | - | - | - | 2,274 | 2,274 |
| Committed to: | | | | | | |
| Capital Projects | - | - | - | 28,024,780 | - | 28,024,780 |
| Policy on minimum reserves | 20,722,981 | - | - | - | - | 20,722,981 |
| Assigned to: | | | | | | |
| Road & Bridges | - | - | - | - | 3,334,069 | 3,334,069 |
| Stadium & Fairgrounds | - | - | - | - | 1,732,063 | 1,732,063 |
| Law Library | - | - | - | - | 249,403 | 249,403 |
| Airport | - | - | - | - | 33,958 | 33,958 |
| Inland Parks | - | - | - | - | 121,243 | 121,243 |
| Coastal Parks | - | - | - | - | 2,160,277 | 2,160,277 |
| Unassigned: | | | | | | |
| | 2,090,308 | - | - | - | - | 2,090,308 |
| Total Fund Balances | \$ 23,568,035 | \$ 4,175,638 | \$ 428,659 | \$ 28,024,780 | \$ 17,959,470 | \$ 74,156,582 |

5. Intergovernmental Transfers (IGTs)

Component Unit

The District participates in the State sponsored Waiver program serving as the Region 4 Anchor. The District provides IGT's for certain healthcare providers in Region 4 so they can participate in Medicaid supplemental funding available under the Waiver. The District budgets IGTs based on provider's estimates of projects completed under the Delivery System Reform Incentive Payment (DSRIP) program and uncompensated care costs reported to HHSC. HHSC determines if provider's achievement of HHSC DSRIP program metrics were met and the amount of available State funds available to providers for their uncompensated care costs. After these complicated calculations are made by HHSC for all providers in the entire State, then HHSC calculates the amount of IGT needed by each provider and determines timing of the payments to providers. Therefore, of the District's budgeted \$96,524,873 for IGT's, the District only paid \$85,361,467 in IGT's in the current fiscal year.

Additionally, IGTs are not accrued as liabilities by the District on the government-wide financial statements because of the following factors:

- There is no legal obligation for the District to remit IGTs to HHSC;
- The amount to pay cannot be reasonably estimated

V. Other Information

A. Risk management

Primary Government

The County is exposed to various risks of loss related to injuries to employees; torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters for which the County carries commercial insurance; and medical health claims provided to employees and retirees. The Self Insurance Fund (an internal service fund) is used to account for and finance the County's uninsured risks of loss. Premiums are paid into the Self-Insurance Fund by all other funds based on estimates of the amounts needed to pay insurance premiums, claims, administrative costs, and to establish a reserve for catastrophic losses.

Workers Compensation

The County provides coverage for all workers compensation claims arising from accidents that occurred prior to July 12, 1995. The County participates in a public entity risk pool operated by Texas Association of Counties (TAC) and liability for workers compensation claims dated July 12, 1995 and thereafter is covered by TAC.

Property & Liability

The County has elected to self-insure for the risks from tort claims and law enforcement public official liability. The following are the County coverages:

| | <u>Coverage</u> | <u>Maximum Limit</u> | <u>Deductible</u> |
|--|------------------------------|---|---|
| | Auto Liabilities | \$100,000 | \$5,000 |
| | Auto Body Injury Liabilities | \$100,000/\$300,000 | \$5,000 |
| | Property Damages | Windstorm/Hail Only | \$80,000,000 |
| | | | 1% per item/others property \$100,000-\$1,500,000 |
| | Property Damages | Excluding Windstorm/Hail | \$262,385,995 Buildings/ \$33,664,386 Contents; \$100,000,000 Boil & Mach; \$5,000,000 BI-EE |
| | | | \$100,000 |
| | Property Damages | Flood | \$3,856,400 Building/\$415,900 Contents |
| | | | \$1,250-\$3,000 |
| | Property Damages | Excess Flood | \$2,049,584 |
| | | | \$500,000 |
| | Property Damages | Inland Marine Floater | \$860,000 Valuable Papers; \$2,012,000 Voting Machines; \$193,000 Fine Arts |
| | | | \$2,500 min all other than/5% to \$10,000 min Windstorm-Hail |
| | Property Damage & Medical | Airport Legal Liability; Hangarkeepers; Medical | \$1,000,000 Airport Legal Liability; \$100,000 Hangarkeepers; \$1,000 Medical |
| | | | Hangerkeeper \$500 |
| | Crime Policy | | \$5,000-\$100,000 |
| | | | \$2,500 |
| | Public Official Liabilities | Excluding Law Enforcement | \$1,000,000 |
| | | | \$50,000 |

Group Health

The County is self-insured on providing group health medical benefits to employees and retirees. Other participants in the program include small organizations and districts such as the local credit union, the District, a fire district and a drainage district. Retirees and other participants pay 100% of their own premiums. The County does not have a liability for any postemployment benefits. HealthSmart serves as the County's third party administrator. A stop loss policy which covers health claims in excess of \$325,000 per individual with unlimited maximum lifetime coverage is kept in force. There has been one claim that has exceeded the individual stop loss in the past five years. The balance in the accounts payable includes an estimate for ninety days of run off claims.

| | <u>Group Health</u> <u>9/30/2014</u> | <u>Group Health</u> <u>9/30/2015</u> |
|---|---|---|
| Unpaid claims, beginning of fiscal year | \$ 613,026 | \$ 613,026 |
| Incurred claims | 7,498,352 | 8,719,619 |
| Payments on claims | (7,498,352) | (8,719,619) |
| Changes in estimate | - | - |
| Unpaid claims, end of fiscal year | <u>\$ 613,026</u> | <u>\$ 613,026</u> |

General Liabilities

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Settlements have not exceeded coverages for each of the past three fiscal years. As shown in the table below there was a decrease in the estimated liability. This change caused a negative balance of (\$884,480) in self-insurance claims as shown on the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.

| | <u>General Liability</u> <u>9/30/2014</u> | <u>General Liability</u> <u>9/30/2015</u> |
|---|--|--|
| Unpaid claims, beginning of fiscal year | \$ 1,571,167 | \$ 1,571,167 |
| Incurred claims | - | - |
| Payments on claims | - | (141,609) |
| Changes in estimate | - | (903,940) |
| Unpaid claims, end of fiscal year | <u>\$ 1,571,167</u> | <u>\$ 525,618</u> |

B. Contingent liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

The County is a defendant in various lawsuits. An estimated claims liability of \$525,618 has been established in the internal service fund. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney and legal counsel for the Commissioners court the resolution of these matters will not have a material adverse effect on the financial condition of the County.

C. Employee retirement systems and pension plans

Texas County and District Retirement System

1. Plan Description

Nueces County provides pension, disability, and death benefits for all of its full-time employees through a statewide, multiple-employer, public-employee retirement system through the Texas County District Retirement System (the "TCDRS"). The system serves 677 actively participating counties and districts throughout Texas. Each employer has its own defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. The TCDRS issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 80 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

2. Contributions

Nueces County has elected the annually determined contribution rate (ADCR) plan provisions if the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Employees of Nueces County were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the County were 12.50% and 12.28% in calendar years 2014 and 2015, respectively. Nueces County's contributions to TCDRS for the fiscal year ended September 30, 2015 were \$6,283,390 and were equal to the required contributions.

3. Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

| Asset Class | Benchmark | Target Allocation (1) | Geometric Real Rate of Return (Expected minus Inflation) (2) |
|------------------------------------|--|-----------------------|--|
| US Equities | Dow Jones U.S. Total Stock Market Index | 16.50% | 5.35% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index (3) | 12.00% | 8.35% |
| Global Equities | MSCI World (net) Index | 1.50% | 5.65% |
| International Equities - Developed | 50% MSCI World Ex USA (Net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index | 11.00% | 5.35% |
| International Equities - Emerging | 50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index | 9.00% | 6.35% |
| Investment-Grade Bonds | Barclays Capital Aggregate Bond Index | 3.00% | 0.55% |
| High-Yield Bonds | Citigroup High-Yield Cash-Pay Capped Index | 3.00% | 3.75% |
| Opportunistic Credit | Citigroup High-Yield Cash-Pay Capped Index | 5.00% | 5.54% |
| Direct Lending | Citigroup High-Yield Cash-Pay Capped Index | 2.00% | 5.80% |
| Distressed Debt | Citigroup High-Yield Cash-Pay Capped Index | 3.00% | 6.75% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index | 2.00% | 4.00% |
| Commodities | Bloomberg Commodities Index | 2.00% | -0.20% |
| Master Limited Partnerships (MLPs) | Alerian MLP Index | 2.00% | 5.30% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index (4) | 3.00% | 7.20% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index | 25.00% | 5.15% |
| Total | | 100.00% | |

(1) Target asset allocation adopted at the April 2015 TCDRS board meeting.
(2) Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.
(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

4. Changes in the Net Pension Liability

At December 31, 2014, Nueces County reported a net pension liability of \$15,342,918. The changes in net pension liability were as follows:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|----------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance at 12/31/13 | \$ 301,052,395 | \$ 286,615,719 | \$ 14,436,676 |
| Changes for the year: | | | |
| Service cost | 6,819,879 | - | 6,819,879 |
| Interest | 24,018,245 | - | 24,018,245 |
| Change in benefit terms | - | - | - |
| Difference between expected/actual experience | (715,821) | - | (715,821) |
| Changes in assumptions | - | - | - |
| Contributions - employer | - | 6,242,443 | (6,242,443) |
| Contributions - employee | - | 3,496,680 | (3,496,680) |
| Net investment income | - | 19,403,544 | (19,403,544) |
| Benefit payments, including refunds of employee contributions | (16,061,500) | (16,061,500) | - |
| Administrative expenses | - | (225,709) | 225,709 |
| Other charges | - | 299,103 | (299,103) |
| Net changes | 14,060,803 | 13,154,561 | 906,242 |
| Balance at 12/31/14 | \$ 315,113,198 | \$ 299,770,280 | \$ 15,342,918 |

The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

5. Discount Rate Sensitivity Analysis

The following shows the net pension liability calculated using the discount rate of 8.10%, as well as what Nueces County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

| | 1% Decrease in Discount Rate (7.1%) | Discount Rate (8.1%) | 1% Increase in Discount Rate (9.1%) |
|---------------------------------|---|-------------------------|---|
| Net pension liability / (asset) | \$ 53,856,965 | \$ 15,342,918 | \$ (16,462,512) |

6. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, Nueces County recognized pension expense of \$4,653,645.

At September 30, 2015, Nueces County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Difference between expected and actual economic experience (net of current year amortization) | \$ - | \$ 536,866 |
| Changes in actuarial assumptions | - | - |
| Differences between projected and actual investment earnings (net of current year amortization) | 3,031,906 | - |
| Contributions subsequent to the measurement date | 4,784,324 | - |
| Total | \$ 7,816,230 | \$ 536,866 |

\$4,784,324 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended December 31, | |
|-------------------------|------------|
| 2015 | \$ 579,021 |
| 2016 | \$ 579,021 |
| 2017 | \$ 579,021 |
| 2018 | \$ 757,976 |
| 2019 | \$ - |
| Thereafter | \$ - |

Component Unit

The District maintains a single-employer, defined contribution retirement plan available to all employees. The plan is a tax-qualified plan pursuant to section 403(b) of the Internal Revenue Code. All full-time employees are eligible for participation in the plan. As of September 30, 2015, twenty-four employees were enrolled in the plan.

The plan is administered by an outside party. Employees can contribute a percentage of their compensation as permitted by the Internal Revenue Code Section 403(b). The District can make a discretionary matching contribution ranging from 5% to 7% of the employee’s earnings based on tenure. The vesting schedule provides for employees to be 100% vested in their contributions. The District’s contributions are vested at a rate of 20% per year of employment. The plan permits employees to borrow from the plan and the related administration cost thereof shall be borne by the employee participant. The normal retirement age has been designated as 65 years of age. During the year ended September 30, 2015 the District had retirement plan expenses of \$72,012.

The District has a deferred compensation agreement with a key employee which allows the employee to defer a percentage of his annual compensation to future periods as permitted by the Internal Revenue Code. The Plan is administered by an outside party.

D. Recent Accounting Pronouncements

Primary Government

GASB Statement 72, *Fair Value Measurement and Application* (“GASB 72”), addresses accounting and financial reporting issues related to fair value measurements by providing guidance for determining a fair value measurement for financial reporting purposes and guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 will be implemented by the County in fiscal year 2016 and the impact has not yet been determined.

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (“GASB 73”), establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, “*Financial Reporting for Pension Plans*”, and Statement 68 for pension plans and pensions that are within their respective scopes. GASB 73 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (“GASB 74”), replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. GASB 74 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (“GASB 75”), replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. GASB 75 will be implemented by the County in fiscal year 2018 and the impact has not yet been determined.

GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”), has the objective to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (“GAAP”). GASB 76 will be implemented by the County in fiscal year 2016 and the impact has not yet been determined.

GASB Statement 77, *Tax Abatement Disclosure* (“GASB 77”), requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues. GASB 77 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* (“GASB 78”) amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 79, *Certain External Investment Pools and Pool Participants* (“GASB 79”) establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. GASB 79 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 1* (“GASB 80”) amends the blending requirements for the financial statement presentation of component units of all state and local governments established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. GASB 80 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

E. Prior Period Adjustment

Net position as of September 30, 2014 has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71 and the correction of error for interest expense on a capital lease.

| | |
|--|----------------|
| Net position as previously reported at September 30, 2014 | \$ 129,916,058 |
| Prior period adjustment - Implementation of GASB 68: | |
| Net pension liability (measurement date as of December 31, 2014) | (14,436,676) |
| Correction of an error - interest expense | (155,483) |
| Correction of an error - Capital outlay | 1,420,374 |
| Deferred outflows: | |
| Contributions made after the initial measurement date | 4,743,371 |
| Total prior period adjustment | (8,428,414) |
| Net position as restated, September 30, 2014 | \$ 121,487,644 |

As mentioned previously in Note IV.E, the County's statement of net position as of September 30, 2014 incorrectly excluded the capital lease obligation and corresponding capital asset associated with a lease purchase agreement. Below reflects the restated total assets and total liabilities, respectively, as of September 30, 2014. Included in the restatement are adjustments to record the capital lease and capital asset (which is reflected in construction in progress) at the present value of the minimum lease payments (\$5,562,891) and corresponding interest payable (\$155,483); other construction in progress additions (\$1,420,374) incorrectly excluded at September 30, 2014 as well as the adjustment for the net pension liability.

| | <u>Total Assets</u> | | <u>Total Liabilities</u> |
|--|---------------------|---|--------------------------|
| Total assets-as of September 30, 2014 | \$ 263,367,703 | Total liabilities-as of September 30, 2014 | \$ 137,152,916 |
| Adjustment for construction in progress | 6,983,265 | Adjustment for capital lease and GASB 68 | 20,155,050 |
| Total assets-September 30, 2014 (restated) | \$ 270,350,968 | Total liabilities-September 30, 2014 (restated) | \$ 157,307,966 |

F. Subsequent Events

The County has evaluated subsequent events through March 28, 2016, the date which the financial statements were available to be issued.

As reported in Footnote V.B, pending litigation between the County and one its principle taxpayers was settled in November 2015 which resulted in a decrease in market values of the disputed properties and a refund due of \$1,690,812, including \$97,762 in interest due as of September 30, 2015. The principal refund of \$1,593,049 was paid to the taxpayer in January 2016 and \$125,368 in interest due as of the refund date was waived by the taxpayer. The refund of principal and interest due was accrued as of September 30, 2015

In December 2015, the County approved the settlement agreement with the U.S. Department of Labor ("DOL") for payment of overtime back wages at the Sheriff's office in the amount of \$843,251 (inclusive of benefits) related to the period of September 25, 2013 through September 24, 2015. The checks for back wages were paid in December 2015; however, the expense was accrued as of September 30, 2015. In February 2016, the County also approved payment of a Civil Money Penalty in the amount of \$52,030 in conjunction with the DOL's settlement agreement related to the payment of back wages.

In December 2014, the County adopted a resolution for agreement for local project advance funding agreement for voluntary local government contribution with required match for the design and construction of the US 181 Harbor Bridge Replacement Project. The County also entered a local project agreement between the County and the Texas Department of Public Transportation for advance funding agreement for voluntary local contribution for this project. The County agreed to pay \$3,000,000 to the State of Texas on December 31, 2015, 2016, 2017 and 2018. Due to pending litigation from area residents affected by the project, the construction and consequently the funding for the project were delayed and therefore funding was not obtained nor scheduled payments made. On March 23, 2015, commissioners court approved a resolution and order approving entering into a loan agreements with the State of Texas – State Infrastructure Bank (“SIB”) for \$12,000,000 for purposes of funding Nueces County’s portion of the Texas Department of Transportation US 181 Harbor Bridge Project. The SIB agreement calls for four principal distributions of \$3,000,000 be made on April 15, 2016; December 1, 2016, 2017 and 2018 to the State accruing interest at the rate of 3.47%. Principal and interest payments from Nueces County to the SIB will begin on February 15, 2019.



REQUIRED SUPPLEMENTAL INFORMATION

**Nueces County
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LAST TEN FISCAL YEARS***

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|--------------------|--------------------|-------------|-------------|
| Actuarially determined contribution | \$ 6,283,390 | \$ 6,242,443 | \$ - | \$ - |
| Contributions in relation to actuarially determined contribution | <u>(6,283,390)</u> | <u>(6,242,443)</u> | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | \$50,957,170 | \$49,939,474 | \$ - | \$ - |
| Contributions as a percentage of covered employee payroll | 12.33% | 12.50% | | |

Note: GASB 68, Paragraph 81.2b requires that the data in this schedule be presented as the County's current fiscal year as opposed to the time period covered by the measurement date of January 1, 2014- December 31, 2014

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Nueces County
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LAST TEN FISCAL YEARS*

| <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | | |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Nueces County
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LAST TEN FISCAL YEARS*

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|-----------------------|-------------|-------------|-------------|
| Total Pension Liability | | | | |
| Service cost | \$ 6,819,879 | \$ - | \$ - | \$ - |
| Interest (on the total pension liability) | 24,018,245 | | | |
| Changes of benefit terms | - | | | |
| Difference between expected and actual experience | (715,821) | | | |
| Change of assumptions | | | | |
| Benefit payments, including refunds of employee contributions | <u>(16,061,500)</u> | | | |
| Net Change in Total Pension Liability | 14,060,803 | - | - | - |
| Total Pension Liability - Beginning | <u>301,052,395</u> | | | |
| Total Pension Liability - Ending (a) | <u>\$ 315,113,198</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - employer | \$ 6,242,443 | \$ - | \$ - | \$ - |
| Contributions - employee | 3,496,680 | | | |
| Net investment income | 19,403,544 | | | |
| Benefit payments, including refunds of employee contributions | (16,061,500) | | | |
| Administrative expense | (225,709) | | | |
| Other | 299,103 | | | |
| Net Change in Plan Fiduciary Net Position | 13,154,561 | - | - | - |
| Plan Fiduciary Net Position - Beginning | 286,615,719 | | | |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 299,770,280</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 15,342,918</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 95.13% | | | |
| Covered Employee Payroll | \$49,939,474 | \$ - | \$ - | \$ - |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 30.72% | | | |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, this schedule provides the information only for those years for which information is available.

Nueces County
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015
LAST TEN FISCAL YEARS*

| <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-------------|-------------|---------------|-------------|-------------|---------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u># \$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u># \$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u># \$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u># \$ -</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u># \$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u># \$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Nueces County
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry age Normal |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 14.6 |
| Asset Valuation Method | 5-yr smoothed value; Fund value |
| Inflation | 3.0% |
| Salary Increases | 4.9% |
| Investment Rate of Return | 8.0% |
| Retirement Age | Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 80 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit. |
| Mortality | The RP2000 Active Employee Mortality Table for males with a two-year set-forward and a four-year setback for females with the projection scale AA. |

Other Information: There were no benefit changes during the year.

SUPPLEMENTAL INFORMATION

Non-major Governmental Funds
Internal Service Funds
Fiduciary Funds



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to – account for the proceeds of specific revenue sources (other than major capital projects funded by bond sales) that are legally restricted to expenditures for specified purposes. The following are the County's Special Revenue Funds:

The Road Funds - used to account for the receipt and disbursement of funds designated for constructing and maintaining roads and bridges or for flood control other than specific improvements for which road bonds are issued. There are three departments within this fund which include road and bridge, engineering, and road right of way.

The Stadium/Fairgrounds Fund – used to account for the operations of the county baseball stadium and fairgrounds located in Robstown.

The Law Library Fund - used to operate and maintain a law library in the county courthouse and is financed by special fees charged for each civil suit filed in the county.

The Airport Funds - used to operate and maintain the county airport. Revenue sources are from the rentals of airport hangers, the leasing of the land, fuel sales and any investment income.

The Inland Park Fund - used to account for the operations of nine parks not located on the coast.

The Coastal Park Funds - used to account for the operations of beach services including a RV park, fishing piers, and beach cleaning. There are four departments within this fund which includes coastal park, beach improvement, pier construction, and pier admission.

The Commissioners Court Funds - used to account for proceeds of various revenues that are restricted by law or administrative action to expenditures for specific purposes under the authority of commissioners court. There are twenty-nine departments within this fund which include general special revenue, records imaging, grants indirect reimbursement, compensated absences, judge special fund, precinct 1 special fund, precinct 2 special fund, precinct 3 special fund, precinct 4 special fund, bail bond board, cafeteria plan, county records management, courthouse security, delinquent tax collection contract, JP tech funds, RTA, abandoned vehicles, child safety, appellate judicial, court reporter, family protection, juvenile case manager, main grants administration, and TJPC administration.

The County Attorney Fund - used to account for the receipt and disbursement of supplemental funds received from the state.

The County Clerk Funds - used to administer the records management program of the county clerk and to account for proceeds received from contract elections. There are three departments in this fund which include records archive, county clerk records management, and election services.

The Tax Assessor/Collector Funds - used to account for the cost of administration of the vehicle inventory tax (VIT) prepayment procedure and is financed by interest generated by the escrow account.

The Juvenile Programs Funds - used to account for the use of probation fees, the interest earned on TJPC funds, IV E grant monies, and JJAEP school operating. There are five departments in this fund which include IV-E, JJAEP school operating, TJPC interest, childrens fund, and juvenile probation fees.

The District Attorney Funds - used to account for the expenditures of the hot check division of the district attorney and is financed by a fee assessed for the collecting and processing of sight orders. There are two departments within this fund which include hot check misdemeanor and hot check felony.

The District Clerk Fund – used to administer the records management program of the district clerk.

The County Sheriff Funds - used to account for donations received and expenses for special community projects under the sheriff and to account for resources and expenses of profits from commissary. There are three departments within this fund which include community projects, DARE, and inmate benefit.

The Asset Forfeiture Funds - used to account for the seizure, forfeiture, receipt, and specific expenditure of all such proceeds awarded both state and federal. This fund includes forfeitures received by the district attorney, sheriff, and constables. There are eleven departments in this fund which include IRS forfeiture, state award – district attorney, federal award – sheriff department, state award – sheriff department, state award – constable 1, state award – constable 2, state award – constable 3, state award – constable 4, state award – constable 5, federal award – constable 3, and federal award – constable 5.

The Law Enforcement Education Fund - used to account for the resources and expenditures for law enforcement education of the district attorney, sheriff and constables. There are five departments with this fund which include district attorney, sheriff, constable 1, constable 2, constable 3, constable 4, and constable 5.

The Social Services Funds - used to account for the donations received for the benefit of needy children in the area and other community functions. There are two departments in this fund which include coastal bend community fund and childrens appeal.

The Community Health Programs Funds - used to account for the operation of the community health programs of the city-county health department. There are six departments in this fund which include clinical programs cholesterol screening, environment fund, food inspection, lab testing, and immunizations.

The Park & Recreation Funds - used to account for the maintenance and operations of the recreation programs. There are eighteen departments within this fund which include three main departments, hilltop fund, center rental fund, and senior community-bishop and fifteen various recreational funds, adult basketball league, recreational classes, art classes, dance classes, girls kickball, girls softball league, martial arts, outdoor facility rental, pony league, softball fees, softball lights, summer day camp, volleyball, work experience program, and twirling classes.

The Library Funds - used to account for the donations and grants received for county public libraries. There are two departments in this fund which include Robstown library and Bishop library.

The Main Grant Funds – approximately 70 grants from federal and state funding which provide funding for various functions. Some of the larger grants include funding for law enforcement and health, safety, and sanitation.

The Texas Juvenile Justice Department (TJJD) Funds – state grants which provide funding for the purpose of juvenile programs, treatments, education, and facilities.

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2015**

| | <u>Road Fund</u> | <u>Stadium & Fairgrounds</u> | <u>Law Library</u> | <u>Airport</u> |
|-------------------------------------|----------------------|--------------------------------------|------------------------|------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,682,597 | \$ 1,708,762 | \$ 133,437 | \$ 80,535 |
| Investments | 125,576 | 150,728 | 126,961 | - |
| Receivable (net) | 40,008 | 24,049 | 403 | 4,811 |
| Due from other funds | 179 | - | - | - |
| Due from component unit | | | | |
| Prepays | 38,851 | - | 511 | 511 |
| Inventories, at cost | 19,943 | - | - | 13,120 |
| | <u>3,907,154</u> | <u>1,883,539</u> | <u>261,312</u> | <u>98,977</u> |
| LIABILITIES | | | | |
| Accounts payable | 314,195 | 130,013 | 10,072 | 41,400 |
| Accrued payroll payable | 148,424 | - | 1,326 | - |
| Due to other funds | 12,062 | 21,463 | - | 3,126 |
| Unearned revenues | - | - | - | 6,861 |
| Other liabilities | - | - | - | - |
| | <u>474,681</u> | <u>151,476</u> | <u>11,398</u> | <u>51,387</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred tax revenue | 39,609 | - | - | - |
| | <u>39,609</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | 58,794 | - | 511 | 13,631 |
| Restricted | - | - | - | - |
| Assigned | 3,334,070 | 1,732,063 | 249,403 | 33,959 |
| | <u>3,392,864</u> | <u>1,732,063</u> | <u>249,914</u> | <u>47,590</u> |
| Fund balance | <u>3,392,864</u> | <u>1,732,063</u> | <u>249,914</u> | <u>47,590</u> |
| Total liabilities and fund balances | <u>\$ 3,907,154</u> | <u>\$ 1,883,539</u> | <u>\$ 261,312</u> | <u>\$ 98,977</u> |

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2015**

| | <u>Inland Parks</u> | <u>Coastal Parks</u> | <u>Commissioners Precinct Funds</u> | <u>Commissioners Court Funds</u> |
|-------------------------------------|-------------------------|--------------------------|---|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 389,891 | \$ 2,011,406 | \$ 1,204,780 | \$ - |
| Investments | - | 427,082 | - | 2,203,831 |
| Receivable (net) | - | 152,050 | - | 287,332 |
| Due from other funds | 711 | 365 | 2,000 | - |
| Due from component unit | | | | |
| Prepays | 10,616 | 12,953 | - | 4,631 |
| Inventories, at cost | - | 17,886 | - | - |
| | <u>401,218</u> | <u>2,621,742</u> | <u>1,206,780</u> | <u>2,495,794</u> |
| LIABILITIES | | | | |
| Accounts payable | 86,814 | 340,488 | 4,600 | 144,299 |
| Accrued payroll payable | 30,799 | 38,958 | - | 16,183 |
| Due to other funds | 151,746 | 51,180 | - | - |
| Unearned revenues | - | - | - | - |
| Other liabilities | - | - | - | 622,608 |
| | <u>269,359</u> | <u>430,626</u> | <u>4,600</u> | <u>783,090</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred tax revenue | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflow of resources | - | - | - | - |
| FUND BALANCES | | | | |
| Nonspendable | 10,616 | 30,839 | - | 4,631 |
| Restricted | - | - | 1,202,180 | 1,708,073 |
| Assigned | 121,243 | 2,160,277 | - | - |
| | <u>131,859</u> | <u>2,191,116</u> | <u>1,202,180</u> | <u>1,712,704</u> |
| Fund balance | <u>131,859</u> | <u>2,191,116</u> | <u>1,202,180</u> | <u>1,712,704</u> |
| Total liabilities and fund balances | <u>\$ 401,218</u> | <u>\$ 2,621,742</u> | <u>\$ 1,206,780</u> | <u>\$ 2,495,794</u> |

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2015**

| | <u>County Attorney Funds</u> | <u>County Clerk Funds</u> | <u>Tax Assessor Funds</u> | <u>Juvenile Programs</u> |
|---|--------------------------------------|-----------------------------------|-----------------------------------|------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 114,232 | \$ 751,439 | \$ 2,325,487 | \$ 123,751 |
| Investments | - | 2,103,566 | - | - |
| Receivable (net) | - | 228 | 12,701 | 122,179 |
| Due from other funds | - | - | - | - |
| Due from component unit | - | - | - | - |
| Prepays | - | 772 | 99 | - |
| Inventories, at cost | - | - | - | - |
| Total assets | <u>114,232</u> | <u>2,856,005</u> | <u>2,338,287</u> | <u>245,930</u> |
| LIABILITIES | | | | |
| Accounts payable | - | 29,125 | 2,318,704 | 883 |
| Accrued payroll payable | 288 | 2,842 | - | - |
| Due to other funds | - | - | - | - |
| Unearned revenues | 70,000 | - | - | - |
| Other liabilities | - | - | - | - |
| Total liabilities | <u>70,288</u> | <u>31,967</u> | <u>2,318,704</u> | <u>883</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred tax revenue | - | - | - | - |
| Total deferred inflow of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | 772 | 99 | - |
| Restricted | 43,944 | 2,823,266 | 19,484 | 245,047 |
| Assigned | - | - | - | - |
| Fund balance | <u>43,944</u> | <u>2,824,038</u> | <u>19,583</u> | <u>245,047</u> |
| Total liabilities and fund balances | <u>\$ 114,232</u> | <u>\$ 2,856,005</u> | <u>\$ 2,338,287</u> | <u>\$ 245,930</u> |

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2015**

| | District Attorney Funds | District Clerk Funds | County Sheriff Funds | Asset Forfeiture Funds |
|--|--|-------------------------------------|-------------------------------------|---------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 18,251 | \$ 64,988 | \$ 664,880 | \$ 782,281 |
| Investments | - | - | - | 205,927 |
| Receivable (net) | 1,200 | - | 43,932 | 653 |
| Due from other funds | - | - | - | - |
| Due from component unit | - | - | - | - |
| Prepays | 2,578 | - | 600 | 768 |
| Inventories, at cost | - | - | - | - |
| Total assets | 22,029 | 64,988 | 709,412 | 989,629 |
| LIABILITIES | | | | |
| Accounts payable | - | - | 1,236 | 6,981 |
| Accrued payroll payable | - | - | - | 758 |
| Due to other funds | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Other liabilities | - | - | - | - |
| Total liabilities | - | - | 1,236 | 7,739 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred tax revenue | - | - | - | - |
| Total deferred inflow of resources | - | - | - | - |
| FUND BALANCES | | | | |
| Nonspendable | 2,578 | - | 600 | 768 |
| Restricted | 19,451 | 64,988 | 707,576 | 981,122 |
| Assigned | - | - | - | - |
| Fund balance | 22,029 | 64,988 | 708,176 | 981,890 |
| Total liabilities and fund balances | \$ 22,029 | \$ 64,988 | \$ 709,412 | \$ 989,629 |

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2015**

| | Law Enforcement Education | Social Services Funds | Community Health Programs | Parks & Recreation Funds |
|---|--|--------------------------------------|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 58,710 | \$ 34,847 | \$ 2,066,972 | \$ 184,148 |
| Investments | - | - | 308,890 | - |
| Receivable (net) | - | - | 24,638 | - |
| Due from other funds | - | - | - | - |
| Due from component unit | - | - | 52,658 | - |
| Prepays | - | - | 2,056 | - |
| Inventories, at cost | - | - | - | - |
| Total assets | <u>58,710</u> | <u>34,847</u> | <u>2,455,214</u> | <u>184,148</u> |
| LIABILITIES | | | | |
| Accounts payable | 341 | 2,205 | 318,850 | 14,250 |
| Accrued payroll payable | - | - | 9,262 | - |
| Due to other funds | - | - | - | - |
| Unearned revenues | - | - | - | 800 |
| Other liabilities | - | - | - | - |
| Total liabilities | <u>341</u> | <u>2,205</u> | <u>328,112</u> | <u>15,050</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred tax revenue | - | - | - | - |
| Total deferred inflow of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 2,056 | - |
| Restricted | 58,369 | 32,642 | 2,125,046 | 169,098 |
| Assigned | - | - | - | - |
| Fund balance | <u>58,369</u> | <u>32,642</u> | <u>2,127,102</u> | <u>169,098</u> |
| Total liabilities and fund balances | <u>\$ 58,710</u> | <u>\$ 34,847</u> | <u>\$ 2,455,214</u> | <u>\$ 184,148</u> |

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2015**

| | Library Funds | Main Grants | TJJD Grants | Total Non-major Governmental Funds |
|--|--------------------------|------------------------|------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,566 | \$ 315,266 | \$ 6,734 | \$ 16,725,960 |
| Investments | - | - | - | 5,652,561 |
| Receivable (net) | - | 1,000,577 | 215,820 | 1,930,581 |
| Due from other funds | - | 6,705 | 8,305 | 18,265 |
| Due from component unit | - | - | - | 52,658 |
| Prepays | - | 6,585 | 11,099 | 92,630 |
| Inventories, at cost | - | - | - | 50,949 |
| Total assets | 2,566 | 1,329,133 | 241,958 | 24,523,604 |
| LIABILITIES | | | | |
| Accounts payable | 292 | 215,231 | 107,847 | 4,087,826 |
| Accrued payroll payable | - | 12,659 | 54,111 | 315,610 |
| Due to other funds | - | 334,261 | 80,000 | 653,838 |
| Unearned revenues | - | 766,982 | - | 844,643 |
| Other liabilities | - | - | - | 622,608 |
| Total liabilities | 292 | 1,329,133 | 241,958 | 6,524,525 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred tax revenue | - | - | - | 39,609 |
| Total deferred inflow of resources | - | - | - | 39,609 |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | 125,895 |
| Restricted | 2,274 | - | - | 10,202,560 |
| Assigned | - | - | - | 7,631,015 |
| Fund balance | 2,274 | - | - | 17,959,470 |
| Total liabilities and fund balances | \$ 2,566 | \$ 1,329,133 | \$ 241,958 | \$ 24,523,604 |

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year ended September 30, 2015

| | <u>Road Fund</u> | <u>Stadium & Fairgrounds</u> | <u>Law Library</u> | <u>Airport</u> |
|--|----------------------|--------------------------------------|------------------------|------------------|
| REVENUES | | | | |
| Property taxes | \$ 969,083 | \$ - | \$ - | \$ - |
| Other taxes | 531 | - | - | - |
| Fees of office | - | - | 173,501 | - |
| Fines and forfeitures | - | - | - | - |
| Licenses and permits | 2,979,907 | - | - | - |
| Intergovernmental revenues | 571,464 | - | - | - |
| Charges for services | - | - | 1,550 | - |
| Investment income | 2,800 | 4,194 | 1,079 | 41 |
| Rentals and commissions | - | 47,496 | 405 | 67,936 |
| Miscellaneous revenue | 41,101 | - | 1,324 | 15,470 |
| | <u>4,564,886</u> | <u>51,690</u> | <u>177,859</u> | <u>83,447</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Buildings and facilities | - | - | - | - |
| Administration of justice | - | - | 182,086 | - |
| Law enforcement and corrections | - | - | - | - |
| Social services | - | - | - | - |
| Health, safety and sanitation | - | - | - | - |
| Agriculture, education and consumer sciences | - | - | - | - |
| Roads, bridges and transportation | 7,609,780 | - | - | 120,375 |
| Parks and recreation | - | 1,127,837 | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | - | - | - | - |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Issuance Costs | - | - | - | - |
| Non-Issuance Fiscal Fees | - | - | - | - |
| Payment Escrow Agent | - | - | - | - |
| | <u>7,609,780</u> | <u>1,127,837</u> | <u>182,086</u> | <u>120,375</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,044,894)</u> | <u>(1,076,147)</u> | <u>(4,227)</u> | <u>(36,928)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | 2,617 | - | - | - |
| Capital Fund Leasing | 363,772 | - | - | - |
| Bond Issuance | - | - | - | - |
| Premium of Bonds Issued | - | - | - | - |
| Transfers in | 3,539,754 | 1,100,000 | - | 76,080 |
| Transfers out | (17,131) | (952,735) | - | (23,095) |
| | <u>3,889,012</u> | <u>147,265</u> | <u>-</u> | <u>52,985</u> |
| Total other financing sources and (uses) | | | | |
| Change in Fund Balance | 844,118 | (928,882) | (4,227) | 16,057 |
| Fund balance - beginning | 2,548,746 | 2,660,945 | 254,141 | 31,532 |
| Fund balance - ending | <u>\$ 3,392,864</u> | <u>\$ 1,732,063</u> | <u>\$ 249,914</u> | <u>\$ 47,590</u> |

NUECES COUNTY, TEXAS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year ended September 30, 2015**

| | <u>Inland Parks</u> | <u>Coastal Parks</u> | <u>Commissioners Precinct Funds</u> | <u>Commissioners Court Funds</u> |
|--|-------------------------|--------------------------|---|--|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - |
| Fees of office | - | - | - | 455,647 |
| Fines and forfeitures | - | - | - | - |
| Licenses and permits | - | 299,327 | - | 500 |
| Intergovernmental revenues | - | 127,769 | - | 205,600 |
| Charges for services | - | - | - | - |
| Investment income | 406 | 3,745 | - | 40,040 |
| Rentals and commissions | - | 973,978 | - | 5,050 |
| Miscellaneous revenue | - | 41,171 | - | 337,367 |
| | <u>406</u> | <u>1,445,990</u> | <u>-</u> | <u>1,044,204</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 101,112 | 80,409 |
| Buildings and facilities | - | - | - | 943,532 |
| Administration of justice | - | - | - | 500,548 |
| Law enforcement and corrections | - | - | - | - |
| Social services | - | - | - | 49,374 |
| Health, safety and sanitation | - | - | - | 51,977 |
| Agriculture, education and consumer sciences | - | - | - | - |
| Roads, bridges and transportation | - | - | - | 8,300 |
| Parks and recreation | 1,343,782 | 2,545,723 | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Issuance Costs | - | - | - | - |
| Non-Issuance Fiscal Fees | - | - | - | - |
| Payment Escrow Agent | - | - | - | - |
| | <u>1,343,782</u> | <u>2,545,723</u> | <u>101,112</u> | <u>1,634,140</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,343,376)</u> | <u>(1,099,733)</u> | <u>(101,112)</u> | <u>(589,936)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | - | 210,387 | - | 56,017 |
| Capital Fund Leasing | - | 300,124 | - | - |
| Bond Issuance | - | - | - | - |
| Premium of Bonds Issued | - | - | - | - |
| Transfers in | 1,277,596 | 1,832,908 | 357,399 | 417,730 |
| Transfers out | - | (210,000) | (145,685) | (806,841) |
| | <u>1,277,596</u> | <u>2,133,419</u> | <u>211,714</u> | <u>(333,094)</u> |
| Total other financing sources and (uses) | <u>1,277,596</u> | <u>2,133,419</u> | <u>211,714</u> | <u>(333,094)</u> |
| Change in Fund Balance | (65,780) | 1,033,686 | 110,602 | (923,030) |
| Fund balance - beginning | 197,639 | 1,157,430 | 1,091,578 | 2,635,734 |
| Fund balance - ending | <u>\$ 131,859</u> | <u>\$ 2,191,116</u> | <u>\$ 1,202,180</u> | <u>\$ 1,712,704</u> |

NUECES COUNTY, TEXAS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year ended September 30, 2015**

| | <u>County Attorney Funds</u> | <u>County Clerk Funds</u> | <u>Tax Assessor Funds</u> | <u>Juvenile Programs</u> |
|--|--------------------------------------|-----------------------------------|-----------------------------------|------------------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - |
| Fees of office | - | 507,557 | - | - |
| Fines and forfeitures | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental revenues | 70,000 | 305,522 | 26,982 | 693,401 |
| Charges for services | - | - | - | 6,200 |
| Investment income | - | - | 702 | 387 |
| Rentals and commissions | - | - | - | - |
| Miscellaneous revenue | 360 | - | - | 595 |
| | <u>70,360</u> | <u>813,079</u> | <u>27,684</u> | <u>700,583</u> |
| Total revenues | | | | |
| | <u>70,360</u> | <u>813,079</u> | <u>27,684</u> | <u>700,583</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 70,450 | 774,913 | 39,234 | - |
| Buildings and facilities | - | - | - | - |
| Administration of justice | - | - | - | 629,760 |
| Law enforcement and corrections | - | - | - | - |
| Social services | - | - | - | - |
| Health, safety and sanitation | - | - | - | - |
| Agriculture, education and consumer sciences | - | - | - | - |
| Roads, bridges and transportation | - | - | - | - |
| Parks and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Issuance Costs | - | - | - | - |
| Non-Issuance Fiscal Fees | - | - | - | - |
| Payment Escrow Agent | - | - | - | - |
| | <u>70,450</u> | <u>774,913</u> | <u>39,234</u> | <u>629,760</u> |
| Total expenditures | | | | |
| | <u>70,450</u> | <u>774,913</u> | <u>39,234</u> | <u>629,760</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(90)</u> | <u>38,166</u> | <u>(11,550)</u> | <u>70,823</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | - | - | - | - |
| Capital Fund Leasing | - | - | - | - |
| Bond Issuance | - | - | - | - |
| Premium of Bonds Issued | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | (47,891) | - | (3,565) |
| | <u>-</u> | <u>(47,891)</u> | <u>-</u> | <u>(3,565)</u> |
| Total other financing sources and (uses) | | | | |
| | <u>-</u> | <u>(47,891)</u> | <u>-</u> | <u>(3,565)</u> |
| Change in Fund Balance | (90) | (9,725) | (11,550) | 67,258 |
| Fund balance - beginning | 44,034 | 2,833,763 | 31,133 | 177,789 |
| Fund balance - ending | <u>\$ 43,944</u> | <u>\$ 2,824,038</u> | <u>\$ 19,583</u> | <u>\$ 245,047</u> |

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year ended September 30, 2015

| | <u>District Attorney Funds</u> | <u>District Clerk Funds</u> | <u>County Sheriff Funds</u> | <u>Asset Forfeitures Funds</u> |
|--|--|-------------------------------------|-------------------------------------|--|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - |
| Fees of office | - | 38,165 | - | - |
| Fines and forfeitures | - | - | - | 378,515 |
| Licenses and permits | - | - | - | - |
| Intergovernmental revenues | 4,170 | - | - | 450 |
| Charges for services | 334,180 | - | - | - |
| Investment income | - | - | 56 | 2,261 |
| Rentals and commissions | - | - | 4,277 | - |
| Miscellaneous revenue | - | - | 435,099 | 145 |
| | <u>338,350</u> | <u>38,165</u> | <u>439,432</u> | <u>381,371</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Buildings and facilities | - | - | - | - |
| Administration of justice | - | 2,523 | - | - |
| Law enforcement and corrections | 376,537 | - | 168,562 | 317,124 |
| Social services | - | - | - | - |
| Health, safety and sanitation | - | - | - | - |
| Agriculture, education and consumer sciences | - | - | - | - |
| Roads, bridges and transportation | - | - | - | - |
| Parks and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Issuance Costs | - | - | - | - |
| Non-Issuance Fiscal Fees | - | - | - | - |
| Payment Escrow Agent | - | - | - | - |
| | <u>376,537</u> | <u>2,523</u> | <u>168,562</u> | <u>317,124</u> |
| Total expenditures | <u>376,537</u> | <u>2,523</u> | <u>168,562</u> | <u>317,124</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(38,187)</u> | <u>35,642</u> | <u>270,870</u> | <u>64,247</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | - | - | - | 19,092 |
| Capital Fund Leasing | - | - | - | - |
| Bond Issuance | - | - | - | - |
| Premium of Bonds Issued | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | (9,509) | - | - |
| | <u>-</u> | <u>(9,509)</u> | <u>-</u> | <u>19,092</u> |
| Total other financing sources and (uses) | <u>-</u> | <u>(9,509)</u> | <u>-</u> | <u>19,092</u> |
| Change in Fund Balance | (38,187) | 26,133 | 270,870 | 83,339 |
| Fund balance - beginning | 60,216 | 38,855 | 437,306 | 898,551 |
| Fund balance - ending | <u>\$ 22,029</u> | <u>\$ 64,988</u> | <u>\$ 708,176</u> | <u>\$ 981,890</u> |

NUECES COUNTY, TEXAS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year ended September 30, 2015**

| | <u>Law Enforcement Education</u> | <u>Social Services Funds</u> | <u>Community Health Programs</u> | <u>Parks & Recreation Funds</u> |
|--|--|--------------------------------------|--|---|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - |
| Fees of office | - | - | 8,206 | - |
| Fines and forfeitures | - | - | - | - |
| Licenses and permits | - | - | 15,452 | - |
| Intergovernmental revenues | 28,547 | 19,309 | 1,461,386 | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | 1,424 | - |
| Rentals and commissions | - | - | - | 24,623 |
| Miscellaneous revenue | 869 | 58,459 | 24,214 | - |
| | <u>29,416</u> | <u>77,768</u> | <u>1,510,682</u> | <u>24,623</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Buildings and facilities | - | - | - | 26,825 |
| Administration of justice | - | - | - | - |
| Law enforcement and corrections | 5,254 | - | - | - |
| Social services | - | 79,893 | - | - |
| Health, safety and sanitation | - | 1,519 | 708,149 | - |
| Agriculture, education and consumer sciences | - | - | - | - |
| Roads, bridges and transportation | - | - | - | - |
| Parks and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Issuance Costs | - | - | - | - |
| Non-Issuance Fiscal Fees | - | - | - | - |
| Payment Escrow Agent | - | - | - | - |
| | <u>5,254</u> | <u>81,412</u> | <u>708,149</u> | <u>26,825</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>24,162</u> | <u>(3,644)</u> | <u>802,533</u> | <u>(2,202)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | - | - | - | - |
| Capital Fund Leasing | - | - | - | - |
| Bond Issuance | - | - | - | - |
| Premium of Bonds Issued | - | - | - | - |
| Transfers in | - | - | 62,480 | - |
| Transfers out | - | - | (43,662) | - |
| | <u>-</u> | <u>-</u> | <u>18,818</u> | <u>-</u> |
| Total other financing sources and (uses) | | | | |
| Change in Fund Balance | 24,162 | (3,644) | 821,351 | (2,202) |
| Fund balance - beginning | 34,207 | 36,286 | 1,305,751 | 171,300 |
| Fund balance - ending | <u>\$ 58,369</u> | <u>\$ 32,642</u> | <u>\$ 2,127,102</u> | <u>\$ 169,098</u> |

NUECES COUNTY, TEXAS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year ended September 30, 2015**

| | <u>Library Funds</u> | <u>Main Grants</u> | <u>TJJD Grants</u> | <u>Total Non-major Governmental Funds</u> |
|--|--------------------------|------------------------|------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 969,083 |
| Other taxes | - | - | - | 531 |
| Fees of office | - | - | - | 1,183,076 |
| Fines and forfeitures | - | - | - | 378,515 |
| Licenses and permits | - | - | - | 3,295,186 |
| Intergovernmental revenues | 15,678 | 2,971,254 | 2,653,282 | 9,154,814 |
| Charges for services | - | 51,437 | - | 393,367 |
| Investment income | - | 20 | - | 57,155 |
| Rentals and commissions | - | - | - | 1,123,765 |
| Miscellaneous revenue | 1,984 | 692,782 | - | 1,650,940 |
| | <u>17,662</u> | <u>3,715,493</u> | <u>2,653,282</u> | <u>18,206,432</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | 1,066,120 |
| Buildings and facilities | - | 427,722 | - | 1,398,080 |
| Administration of justice | - | 182,827 | 2,653,282 | 4,151,024 |
| Law enforcement and corrections | - | 965,250 | - | 1,832,728 |
| Social services | - | 128,692 | - | 257,958 |
| Health, safety and sanitation | - | 1,151,353 | - | 1,912,998 |
| Agriculture, education and consumer sciences | 16,156 | 72,512 | - | 88,668 |
| Roads, bridges and transportation | - | 5,255 | - | 7,743,709 |
| Parks and recreation | - | 703,929 | - | 5,721,271 |
| Capital outlay | - | 48,684 | - | 48,684 |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Issuance Costs | - | - | - | - |
| Non-Issuance Fiscal Fees | - | - | - | - |
| Payment Escrow Agent | - | - | - | - |
| | <u>16,156</u> | <u>3,686,224</u> | <u>2,653,282</u> | <u>24,221,240</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,506</u> | <u>29,269</u> | <u>-</u> | <u>(6,014,808)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | - | - | - | 288,113 |
| Capital Fund Leasing | - | - | - | 663,896 |
| Bond Issuance | - | - | - | - |
| Premium of Bonds Issued | - | - | - | - |
| Transfers in | 121 | 92,184 | - | 8,756,252 |
| Transfers out | (121) | (121,453) | - | (2,381,686) |
| | <u>-</u> | <u>(29,269)</u> | <u>-</u> | <u>7,326,575</u> |
| Total other financing sources and (uses) | | | | |
| Change in Fund Balance | 1,506 | - | - | 1,311,767 |
| Fund balance - beginning | 768 | - | - | 16,647,703 |
| Fund balance - ending | <u>\$ 2,274</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,959,470</u> |

NUECES COUNTY, TEXAS
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes, penalty & interest | \$ 929,690 | \$ 929,690 | \$ 969,613 | \$ 39,923 |
| Licenses and permits | 3,401,000 | 3,401,000 | 3,340,261 | (60,739) |
| Intergovernmental revenue | 110,000 | 110,000 | 211,112 | 101,112 |
| Investment income | 5,000 | 5,000 | 2,800 | (2,200) |
| Miscellaneous revenue | 2,500 | 2,500 | 41,100 | 38,600 |
| Total revenues | <u>4,448,190</u> | <u>4,448,190</u> | <u>4,564,886</u> | <u>116,696</u> |
| EXPENDITURES | | | | |
| Roads, bridges and transportation: | | | | |
| Personnel services | 3,844,496 | 3,844,496 | 3,359,662 | 484,834 |
| Maintenance, materials and supplies | 3,029,473 | 2,608,973 | 2,040,835 | 568,138 |
| Telephone & utilities | 93,408 | 93,408 | 88,200 | 5,208 |
| Professional and special servi | 95,000 | 95,000 | 72,077 | 22,923 |
| Other services and charges | 1,958,843 | 1,972,843 | 1,328,593 | 644,250 |
| Capital outlay | 382,500 | 789,000 | 720,413 | 68,587 |
| Total expenditures | <u>9,403,720</u> | <u>9,403,720</u> | <u>7,609,780</u> | <u>1,793,940</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,955,530)</u> | <u>(4,955,530)</u> | <u>(3,044,894)</u> | <u>1,910,636</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,541,772 | 3,541,772 | 3,539,754 | (2,018) |
| Transfers out | (16,080) | (16,080) | (17,131) | (1,051) |
| Sale of assets | - | - | 2,617 | 2,617 |
| Capital lease | - | - | 363,772 | 363,772 |
| Total other financing sources (uses) | <u>3,525,692</u> | <u>3,525,692</u> | <u>3,889,012</u> | <u>363,320</u> |
| Net change in fund balances | <u>(1,429,838)</u> | <u>(1,429,838)</u> | <u>844,118</u> | <u>2,273,956</u> |
| Fund balances - beginning | <u>2,555,503</u> | <u>2,555,503</u> | <u>2,548,746</u> | <u>(6,757)</u> |
| Fund balances - ending | <u>\$ 1,125,665</u> | <u>\$ 1,125,665</u> | <u>\$ 3,392,864</u> | <u>\$ 2,267,199</u> |

NUECES COUNTY, TEXAS
STADIUM & FAIRGROUNDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Rentals and commissions | \$ 16,000 | \$ 16,000 | \$ 47,496 | \$ 31,496 |
| Investment income | 1,500 | 1,500 | 4,194 | 2,694 |
| Miscellaneous revenue | 21,800 | 21,800 | - | (21,800) |
| Total revenues | <u>39,300</u> | <u>39,300</u> | <u>51,690</u> | <u>12,390</u> |
| EXPENDITURES | | | | |
| Parks and recreation: | | | | |
| Maintenance, materials and supplies | 71,000 | 109,271 | 70,563 | 38,708 |
| Telephone & utilities | 130,000 | 130,000 | 90,235 | 39,765 |
| Reserve appropriations | 1,570,000 | 1,486,402 | - | 1,486,402 |
| Professional services | 1,000 | 29,650 | 25,519 | 4,131 |
| Other services and charges | 962,300 | 962,300 | 881,628 | 80,672 |
| Capital outlay | 55,000 | 71,677 | 59,892 | 11,785 |
| Total expenditures | <u>2,789,300</u> | <u>2,789,300</u> | <u>1,127,837</u> | <u>1,661,463</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,750,000)</u> | <u>(2,750,000)</u> | <u>(1,076,147)</u> | <u>1,673,853</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,100,000 | 1,100,000 | 1,100,000 | - |
| Transfers out | (945,500) | (945,500) | (952,735) | (7,235) |
| Total other financing sources (uses) | <u>154,500</u> | <u>154,500</u> | <u>147,265</u> | <u>(7,235)</u> |
| Net change in fund balances | <u>(2,595,500)</u> | <u>(2,595,500)</u> | <u>(928,882)</u> | <u>1,666,618</u> |
| Fund balances - beginning | <u>2,686,539</u> | <u>2,686,539</u> | <u>2,660,945</u> | <u>(25,594)</u> |
| Fund balances - ending | <u>\$ 91,039</u> | <u>\$ 91,039</u> | <u>\$ 1,732,063</u> | <u>\$ 1,641,024</u> |

**NUECES COUNTY, TEXAS
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget |
|--|-------------------------|-------------------|---------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Fees of office | \$ 165,000 | \$ 165,000 | \$ 173,501 | \$ 8,501 |
| Charges for Services | 900 | 900 | 1,550 | 650 |
| Investment Income | 620 | 620 | 1,079 | 459 |
| Rentals and commissions | 700 | 700 | 405 | (295) |
| Miscellaneous revenue | 3,250 | 3,250 | 1,324 | (1,926) |
| Total revenues | <u>170,470</u> | <u>170,470</u> | <u>177,859</u> | <u>7,389</u> |
| EXPENDITURES | | | | |
| Administration of Justice | | | | |
| Personnel services | 90,846 | 90,846 | 78,095 | 12,751 |
| Maintenance, materials and supplies | 1,100 | 1,904 | 1,421 | 483 |
| Professional and special services | 36,000 | 36,000 | 34,167 | 1,833 |
| Reserve appropriations | 22,000 | 22,000 | - | 22,000 |
| Other services and charges | 69,700 | 69,700 | 65,574 | 4,126 |
| Capital outlay | 4,000 | 3,196 | 2,830 | 366 |
| Total expenditures | <u>223,646</u> | <u>223,646</u> | <u>182,087</u> | <u>41,559</u> |
| Deficiency of revenues under expenditures | (53,176) | (53,176) | (4,228) | 48,948 |
| Fund balances - beginning | <u>242,922</u> | <u>242,922</u> | <u>254,141</u> | <u>11,219</u> |
| Fund balances - ending | <u>\$ 189,746</u> | <u>\$ 189,746</u> | <u>\$ 249,913</u> | <u>\$ 60,167</u> |

NUECES COUNTY, TEXAS
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|-----------------|-------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Charges for Services | \$ - | \$ - | \$ - | \$ - |
| Investment income | 150 | 150 | 41 | (109) |
| Rentals and commissions | 55,500 | 66,200 | 67,936 | 1,736 |
| Miscellaneous revenue | 23,000 | 12,300 | 15,470 | 3,170 |
| Total revenues | <u>78,650</u> | <u>78,650</u> | <u>83,447</u> | <u>4,797</u> |
| EXPENDITURES | | | | |
| Roads, bridges and transportation: | | | | |
| Personnel services | 52,626 | 52,626 | 52,586 | 40 |
| Maintenance, materials and supplies | 28,100 | 28,700 | 28,562 | 138 |
| Telephone & utilities | 23,692 | 23,692 | 20,228 | 3,464 |
| Professional and special services | 11,960 | 11,360 | 4,294 | 7,066 |
| Other services and charges | 18,283 | 18,283 | 14,704 | 3,579 |
| Total expenditures | <u>134,661</u> | <u>134,661</u> | <u>120,374</u> | <u>14,287</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(56,011)</u> | <u>(56,011)</u> | <u>(36,927)</u> | <u>19,084</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 76,080 | 76,080 | 76,080 | - |
| Transfers out | <u>(50,000)</u> | <u>(50,000)</u> | <u>(23,095)</u> | <u>26,905</u> |
| Total other financing sources (uses) | <u>26,080</u> | <u>26,080</u> | <u>52,985</u> | <u>26,905</u> |
| Net change in fund balances | (29,931) | (29,931) | 16,058 | 45,989 |
| Fund balances - beginning | <u>35,482</u> | <u>35,482</u> | <u>31,532</u> | <u>(3,950)</u> |
| Fund balances - ending | <u>\$ 5,551</u> | <u>\$ 5,551</u> | <u>\$ 47,590</u> | <u>\$ 42,039</u> |

NUECES COUNTY, TEXAS
INLAND PARKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|--------------------|--------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Investment income | \$ 900 | \$ 900 | \$ 406 | \$ (494) |
| Total revenues | <u>900</u> | <u>900</u> | <u>406</u> | <u>(494)</u> |
| EXPENDITURES | | | | |
| Parks and recreation: | | | | |
| Personnel services | 784,349 | 786,349 | 733,622 | 52,727 |
| Maintenance, materials and supplies | 273,551 | 287,051 | 254,806 | 32,245 |
| Telephone & utilities | 217,000 | 217,000 | 161,130 | 55,870 |
| Professional and special services | 5,000 | 11,000 | 10,850 | 150 |
| Other services and charges | 51,179 | 51,179 | 47,149 | 4,030 |
| Capital outlay | 160,000 | 138,500 | 136,224 | 2,276 |
| Total expenditures | <u>1,491,079</u> | <u>1,491,079</u> | <u>1,343,781</u> | <u>147,298</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,490,179)</u> | <u>(1,490,179)</u> | <u>(1,343,375)</u> | <u>146,804</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,270,716 | 1,270,716 | 1,277,596 | 6,880 |
| Total other financing sources (uses) | <u>1,270,716</u> | <u>1,270,716</u> | <u>1,277,596</u> | <u>6,880</u> |
| Net change in fund balances | (219,463) | (219,463) | (65,779) | 153,684 |
| Fund balances - beginning | <u>263,228</u> | <u>263,228</u> | <u>197,638</u> | <u>(65,590)</u> |
| Fund balances - ending | <u>\$ 43,765</u> | <u>\$ 43,765</u> | <u>\$ 131,859</u> | <u>\$ 88,094</u> |

NUECES COUNTY, TEXAS
COASTAL PARKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Beach Parking Fees | \$ 275,000 | \$ 275,000 | \$ 299,327 | \$ 24,327 |
| RV & PJ Park Rentals | 339,000 | 339,000 | 353,345 | 14,345 |
| Pier Fees & Commission | 385,000 | 385,000 | 427,962 | 42,962 |
| Interest Income | 8,500 | 8,500 | 3,745 | (4,755) |
| Rentals and commissions | 55,000 | 55,000 | 54,997 | (3) |
| Beach Cleaning - State | 95,000 | 95,000 | 127,769 | 32,769 |
| Refunds & Reimbursement | 8,000 | 8,000 | 1,897 | (6,103) |
| Other Income | 500 | 500 | 2,562 | 2,062 |
| Commodity Sales | 21,000 | 21,000 | 38,232 | 17,232 |
| RV Park Improvements | 115,000 | 115,000 | 136,154 | 21,154 |
| Total revenues | 1,302,000 | 1,302,000 | 1,445,990 | 143,990 |
| EXPENDITURES | | | | |
| Parks & Recreation: | | | | |
| Personnel services | 1,120,824 | 1,140,824 | 1,008,374 | 132,450 |
| Maintenance, materials and supplies | 305,728 | 388,228 | 326,844 | 61,384 |
| Telephone & utilities | 440,834 | 440,834 | 377,633 | 63,201 |
| Professional and special services | 76,900 | 83,850 | 55,173 | 28,677 |
| Reserve appropriations | 610,000 | 159,741 | - | 159,741 |
| Other services and charges | 487,423 | 509,168 | 470,079 | 39,089 |
| Capital outlay | 40,000 | 359,064 | 307,620 | 51,444 |
| Total expenditures | 3,081,709 | 3,081,709 | 2,545,723 | 535,986 |
| Excess (deficiency) of revenues over (under) expenditures | (1,779,709) | (1,779,709) | (1,099,733) | 679,976 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 959,375 | 959,375 | 1,832,908 | 873,533 |
| Transfers out | (165,074) | (165,074) | (210,000) | (44,926) |
| Sale of assets | - | - | 210,387 | 210,387 |
| Capital lease | - | - | 300,124 | 300,124 |
| Total other financing sources (uses) | 794,301 | 794,301 | 2,133,419 | 828,607 |
| Net change in fund balances | (985,408) | (985,408) | 1,033,686 | 1,508,583 |
| Fund balances - beginning | 1,140,666 | 1,140,666 | 1,157,430 | 16,764 |
| Fund balances - ending | \$ 155,258 | \$ 155,258 | \$ 2,191,116 | \$ 1,525,347 |

NUECES COUNTY, TEXAS
SPECIAL REVENUES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Commissioners Court Funds | \$ 893,024 | \$ 893,024 | \$ 1,044,205 | \$ 151,181 |
| County Attorney Funds | 70,000 | 70,000 | 70,360 | 360 |
| County Clerk Funds | 505,000 | 505,000 | 813,079 | 308,079 |
| Tax Assessor Collector | 50,505 | 50,505 | 27,684 | (22,821) |
| Juvenile Programs | 738,295 | 738,295 | 700,583 | (37,712) |
| District Attorney Funds | 349,065 | 349,065 | 338,350 | (10,715) |
| District Clerk Funds | 25,000 | 25,000 | 38,165 | 13,165 |
| County Sheriff Funds | 386,035 | 386,035 | 439,432 | 53,397 |
| Asset Forfeiture Funds | 156,850 | 156,850 | 381,371 | 224,521 |
| LEOSE Funds | 29,715 | 29,715 | 29,416 | (299) |
| Social Services Funds | 70,000 | 70,000 | 77,768 | 7,768 |
| Community Health Programs | 1,651,374 | 1,651,374 | 1,510,682 | (140,692) |
| Parks & Recreation Funds | 29,000 | 29,000 | 24,623 | (4,377) |
| Library Funds | 10,885 | 10,885 | 17,662 | 6,777 |
| Total revenues | <u>4,964,748</u> | <u>4,964,748</u> | <u>5,513,380</u> | <u>548,632</u> |
| Current: | | | | |
| General government | | | | |
| Commissioners Precinct Funds | 1,410,388 | 1,345,388 | 101,112 | 1,244,276 |
| Commissioners Court | 211,449 | 208,319 | 80,410 | 127,909 |
| County Attorney | 114,318 | 114,318 | 70,450 | 43,868 |
| County Clerk | 2,707,522 | 2,707,522 | 774,913 | 1,932,609 |
| Tax Assessor Collector | 80,731 | 80,731 | 39,234 | 41,497 |
| Buildings and facilities | | | | |
| Commissioners Court | 1,830,499 | 1,896,629 | 943,532 | 953,097 |
| Parks & recreation funds | 135,048 | 135,048 | 26,825 | 108,223 |
| Administration of justice | | | | |
| Commissioners Court | 982,795 | 982,795 | 500,548 | 482,247 |
| Juvenile Programs | 955,788 | 955,788 | 629,760 | 326,028 |
| District Clerk Funds | 2,553 | 2,553 | 2,523 | 30 |
| Law enforcement and corrections | | | | |
| District Attorney Funds | 414,204 | 414,204 | 376,537 | 37,667 |
| County Sheriff Funds | 450,289 | 450,289 | 168,563 | 281,726 |
| Asset Forfeiture | 923,774 | 923,774 | 317,124 | 606,650 |
| Law Enforcement Education | 54,607 | 54,607 | 5,254 | 49,353 |
| Social services | | | | |
| Commissioners Court | 133,632 | 133,632 | 49,374 | 84,258 |
| Social Services | 89,124 | 89,124 | 79,893 | 9,231 |
| Parks & Recreation Funds | 13,972 | 13,972 | - | 13,972 |
| Health, safety and sanitation | | | | |
| Commissioners Court | 74,377 | 74,377 | 51,977 | 22,400 |
| Social Services | - | 2,000 | 1,519 | 481 |
| Community Health Programs | 3,034,699 | 3,034,699 | 708,150 | 2,326,549 |
| Agriculture, education and consumer sciences | | | | |
| Commissioners Court | 8,954 | 8,954 | - | 8,954 |
| Library Funds | 12,913 | 12,913 | 16,156 | (3,243) |

(Continued)

NUECES COUNTY, TEXAS
SPECIAL REVENUES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended September 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|----------------------|---|
| | Original | Final | | |
| Roads, bridges, and transportation | | | | |
| Commissioners Court | \$ 318,632 | \$ 318,632 | \$ 8,300 | \$ 310,332 |
| Parks & recreation | | | | |
| Parks & recreation funds | 50,073 | 50,073 | - | 50,073 |
| Total expenditures | <u>14,010,341</u> | <u>14,010,341</u> | <u>4,952,154</u> | <u>9,058,187</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(9,045,593)</u> | <u>(9,045,593)</u> | <u>561,226</u> | <u>9,606,819</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,183,888 | 1,183,888 | 837,730 | (346,158) |
| Transfers out | (917,805) | (917,805) | (1,057,274) | (139,469) |
| Sale of Assets | - | - | 75,109 | 75,109 |
| Total other financing sources and uses | <u>266,083</u> | <u>266,083</u> | <u>(144,435)</u> | <u>(410,518)</u> |
| Net change in fund balances | (8,779,510) | (8,779,510) | 416,791 | 9,196,301 |
| Fund balances - beginning | 9,301,643 | 9,301,643 | 9,797,271 | 495,628 |
| | <u>\$ 522,133</u> | <u>\$ 522,133</u> | <u>\$ 10,214,062</u> | <u>\$ 9,691,929</u> |

INTERNAL SERVICE FUNDS

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2015

| | Workers Compensation Fund | General Liability Insurance | Group Health Insurance | Total |
|--|---------------------------------|-----------------------------------|------------------------------|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 65,191 | \$ 1,432,774 | \$ 278,822 | \$ 1,776,787 |
| Investments | 25,603 | 311,291 | - | 336,894 |
| Receivables (net of allowance for uncollectibles) | <u>402,958</u> | <u>256,093</u> | <u>1,745,003</u> | <u>2,404,054</u> |
| TOTAL ASSETS | <u><u>493,752</u></u> | <u><u>2,000,158</u></u> | <u><u>2,023,825</u></u> | <u><u>4,517,735</u></u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | <u>113,158</u> | <u>130,533</u> | <u>1,867,415</u> | <u>2,111,106</u> |
| Total current liabilities | 113,158 | 130,533 | 1,867,415 | 2,111,106 |
| Noncurrent liabilities | | | | |
| Estimated claims liability | <u>-</u> | <u>525,618</u> | <u>-</u> | <u>525,618</u> |
| Total noncurrent liabilities | <u>-</u> | <u>525,618</u> | <u>-</u> | <u>525,618</u> |
| TOTAL LIABILITIES | <u>113,158</u> | <u>656,151</u> | <u>1,867,415</u> | <u>2,636,724</u> |
| NET POSITION | | | | |
| Unrestricted | <u>380,594</u> | <u>1,344,007</u> | <u>156,410</u> | <u>1,881,011</u> |
| TOTAL NET POSITION | <u><u>\$ 380,594</u></u> | <u><u>\$ 1,344,007</u></u> | <u><u>\$ 156,410</u></u> | <u><u>\$ 1,881,011</u></u> |

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended September 30, 2015

| | Workers Compensation Fund | General Liability Insurance | Group Health Insurance | Total |
|-----------------------------------|---------------------------------|-----------------------------------|------------------------------|---------------------|
| Operating revenues: | | | | |
| Premiums and reimbursements | \$ 402,766 | \$ 1,369,266 | \$ 9,596,814 | \$ 11,368,846 |
| Total operating revenues | <u>402,766</u> | <u>1,369,266</u> | <u>9,596,814</u> | <u>11,368,846</u> |
| Operating expenses: | | | | |
| Benefit payments | - | - | 8,719,619 | 8,719,619 |
| Insurance premiums and bonds | 407,154 | 1,253,585 | 455,234 | 2,115,973 |
| Claims and settlements | - | (884,480) | - | (884,480) |
| Administration | - | - | 410,654 | 410,654 |
| Total operating expenses | <u>407,154</u> | <u>369,105</u> | <u>9,585,507</u> | <u>10,361,766</u> |
| Operating income (loss) | <u>(4,388)</u> | <u>1,000,161</u> | <u>11,307</u> | <u>1,007,080</u> |
| Non operating revenues: | | | | |
| Investment income | <u>690</u> | <u>3,150</u> | <u>555</u> | <u>4,395</u> |
| Change in net position | (3,698) | 1,003,311 | 11,862 | 1,011,475 |
| Net position at beginning of year | <u>384,292</u> | <u>340,696</u> | <u>144,548</u> | <u>869,536</u> |
| Net position at end of year | <u>\$ 380,594</u> | <u>\$ 1,344,007</u> | <u>\$ 156,410</u> | <u>\$ 1,881,011</u> |

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2015

| | Workers Compensation Fund | General Liability | Group Health Insurance | Governmental Activities - Internal Service Funds |
|---|---------------------------------|----------------------|------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from interfund services provided | \$ 402,766 | \$ 1,322,394 | \$ 4,962,152 | \$ 6,687,312 |
| Receipts from employees | - | (1,045,549) | 1,156,836 | 111,287 |
| Receipts from other participants | - | 354,086 | 3,429,048 | 3,783,134 |
| Receipts from reimbursements and refunds | - | 46,872 | 45,473 | 92,345 |
| Payments for benefit claims | - | - | (8,720,035) | (8,720,035) |
| Payments for insurance and bond policies | (293,996) | (1,532,792) | (456,636) | (2,283,424) |
| Payments for administration | - | 890,168 | (410,654) | 479,514 |
| Payments for settlements and claims | - | (5,688) | - | (5,688) |
| | <u>108,770</u> | <u>29,491</u> | <u>6,184</u> | <u>144,445</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (17,170) | (17,360) | - | (34,530) |
| Interest received | (39,381) | (197,052) | (1,299,445) | (1,535,878) |
| | <u>(56,551)</u> | <u>(214,412)</u> | <u>(1,299,445)</u> | <u>(1,570,408)</u> |
| Net increase in cash and cash equivalents | 52,219 | (184,921) | (1,293,261) | (1,425,963) |
| Cash and cash equivalents at beginning of year | <u>12,972</u> | <u>1,617,695</u> | <u>1,572,083</u> | <u>3,202,750</u> |
| Cash and cash equivalents at end of year | <u>\$ 65,191</u> | <u>\$ 1,432,774</u> | <u>\$ 278,822</u> | <u>\$ 1,776,787</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | | |
| Operating income (loss) | \$ (4,388) | \$ 1,000,161 | \$ 11,307 | \$ 1,007,080 |
| Adjustments to reconcile operating loss to net cash provided: | | | | |
| (Increase) decrease in accounts receivable | - | 354,086 | (2,103) | 351,983 |
| (Increase) decrease in due from other funds | - | - | - | - |
| Increase (decrease) in estimated claims liabilities | - | (1,045,549) | - | (1,045,549) |
| Increase (decrease) in deferred revenue | - | - | - | - |
| Increase (decrease) in accounts payable | 113,158 | (279,207) | (3,020) | (169,069) |
| Increase (decrease) in other insurance | - | - | - | - |
| Total Adjustments | <u>113,158</u> | <u>(970,670)</u> | <u>(5,123)</u> | <u>(862,635)</u> |
| Net cash provided by operating activities | <u>\$ 108,770</u> | <u>\$ 29,491</u> | <u>\$ 6,184</u> | <u>\$ 144,445</u> |

FIDUCIARY FUNDS

NUECES COUNTY, TEXAS
 COMBINING STATEMENT FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 SEPTEMBER 30, 2015

| ASSETS | CSCD | Nueces County Trust | Metropolitan Planning Organization | Total |
|---|----------------------------|-----------------------------|--|-----------------------------|
| Cash, equivalents & pooled funds | \$ 2,707,008 | \$ 9,334,142 | \$ 240,098 | \$ 12,281,248 |
| Investments | - | 6,139,743 | - | 6,139,743 |
| Due from other governments and agencies | - | 326,206 | - | 326,206 |
| Accounts receivable | 71,970 | 34,970 | 237,353 | 344,293 |
| Prepays | - | 14,751 | 4,163 | 18,914 |
| TOTAL ASSETS | <u>\$ 2,778,978</u> | <u>\$ 15,849,812</u> | <u>\$ 481,614</u> | <u>\$ 19,110,404</u> |
| | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 258,342 | \$ 15,143,151 | \$ 269,944 | \$ 15,671,437 |
| Accrued payroll payable | 310,688 | 37,388 | 6,900 | 354,976 |
| Due to other governments and agencies | 491,780 | 200,479 | - | 692,259 |
| Funds held in escrow | 1,718,168 | 468,794 | 204,770 | 2,391,732 |
| TOTAL LIABILITIES | <u>\$ 2,778,978</u> | <u>\$ 15,849,812</u> | <u>\$ 481,614</u> | <u>\$ 19,110,404</u> |

Nueces County, Texas
Statement of Changes in Fiduciary Assets and Liabilities -
Agency Funds
For the Year Ended September 30, 2015

| | Balance 9/30/2014 | Additions | Deductions | Balance 9/30/2015 |
|---|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 18,340,091 | \$ 47,784,804 | \$ 53,843,647 | \$ 12,281,248 |
| Investments | 6,667,142 | - | 527,399 | 6,139,743 |
| Due from other governments and agencies | 653,321 | 2,110,484 | 2,437,599 | 326,206 |
| Accounts receivable | 168,830 | 933,039 | 757,576 | 344,293 |
| Prepays | 55,559 | 18,914 | 55,559 | 18,914 |
| TOTAL ASSETS | \$ 25,884,943 | \$ 50,847,241 | \$ 57,621,780 | \$ 19,110,404 |
| LIABILITIES | | | | |
| Accounts payable | 21,974,146 | 55,667,743 | 61,970,452 | 15,671,437 |
| Accrued payroll payable | 324,154 | 9,875,706 | 9,844,884 | 354,976 |
| Due to other governments and agencies | 636,942 | 3,553,017 | 3,497,700 | 692,259 |
| Funds held in escrow | 2,949,701 | 125,327 | 683,296 | 2,391,732 |
| TOTAL LIABILITIES | \$ 25,884,943 | \$ 69,221,793 | \$ 75,996,332 | \$ 19,110,404 |

NUECES COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended September 30, 2015

CSCD

| | Balance 9/30/2014 | Additions | Deductions | Balance 9/30/2015 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash, equivalents & pooled funds | \$ 2,697,923 | \$ 30,051,658 | \$ 30,042,573 | \$ 2,707,008 |
| Accounts receivable | 52,525 | 111,650 | 92,205 | 71,970 |
| TOTAL ASSETS | \$ 2,750,448 | \$ 30,163,308 | \$ 30,134,778 | \$ 2,778,978 |
| LIABILITIES | | | | |
| Accounts payable | \$ 70,414 | \$ 16,638,454 | \$ 16,450,526 | \$ 258,342 |
| Accrued payroll payable | 278,248 | 8,056,326 | 8,023,886 | 310,688 |
| Due to other governments and agencies | 322 | 530,126 | 38,668 | 491,780 |
| Funds held in escrow | 2,401,464 | - | 683,296 | 1,718,168 |
| TOTAL LIABILITIES | \$ 2,750,448 | \$ 25,224,906 | \$ 25,196,376 | \$ 2,778,978 |

NUECES COUNTY TRUST

| | Balance 9/30/2014 | Additions | Deductions | Balance 9/30/2015 |
|---|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash, equivalents & pooled funds | \$ 15,384,920 | \$ 17,071,460 | \$ 23,122,238 | \$ 9,334,142 |
| Investments | 6,667,142 | - | 527,399 | 6,139,743 |
| Due from other governments and agencies | 653,321 | 2,110,484 | 2,437,599 | 326,206 |
| Accounts receivable | 6,038 | 48,479 | 19,547 | 34,970 |
| Prepays | 52,210 | 14,751 | 52,210 | 14,751 |
| TOTAL ASSETS | \$ 22,763,631 | \$ 19,245,174 | \$ 26,158,993 | \$ 15,849,812 |
| LIABILITIES | | | | |
| Accounts payable | \$ 21,634,123 | \$ 37,969,873 | \$ 44,460,845 | \$ 15,143,151 |
| Accrued payroll payable | 39,399 | 1,266,632 | 1,268,643 | 37,388 |
| Due to other governments and agencies | 636,620 | 3,022,891 | 3,459,032 | 200,479 |
| Funds held in escrow | 453,489 | 15,305 | - | 468,794 |
| TOTAL LIABILITIES | \$ 22,763,631 | \$ 42,274,701 | \$ 49,188,520 | \$ 15,849,812 |

METROPOLITAN PLANNING ORG.

| | Balance 9/30/2014 | Additions | Deductions | Balance 9/30/2015 |
|---------------------------------------|----------------------|---------------------|---------------------|----------------------|
| ASSETS | | | | |
| Cash, equivalents & pooled funds | \$ 257,248 | \$ 661,686 | \$ 678,836 | \$ 240,098 |
| Accounts Receivable | 110,267 | 772,910 | 645,824 | 237,353 |
| Prepays | 3,349 | 4,163 | 3,349 | 4,163 |
| TOTAL ASSETS | \$ 370,864 | \$ 1,438,759 | \$ 1,328,009 | \$ 481,614 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 269,609 | \$ 1,059,416 | \$ 1,059,081 | \$ 269,944 |
| Accrued payroll payable | 6,507 | 552,748 | 552,355 | 6,900 |
| Due to other governments and agencies | - | - | - | - |
| Funds Held in Escrow | 94,748 | 110,022 | - | 204,770 |
| TOTAL LIABILITIES | \$ 370,864 | \$ 1,722,186 | \$ 1,611,436 | \$ 481,614 |

Statistical Section

This part of the Nueces County, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends | 126-135 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 136-149 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 150-157 |
| <i>These present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 158-165 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | |
| Operating Information | 166-177 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

Nueces County, Texas
Net Position By Component
Last Ten Fiscal Years
September 30, 2015

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | |
| Primary government (excludes component units) | | | | |
| Net investment in capital assets | \$ 95,062,614 | \$ 127,137,862 | \$ 119,615,150 | \$ 114,418,905 |
| Restricted | 41,385,412 | 15,684,832 | 48,736,178 | 14,855,823 |
| Unrestricted | <u>20,754,076</u> | <u>14,273,648</u> | <u>(15,598,846)</u> | <u>21,545,294</u> |
| Total primary government net position | <u>\$ 157,202,102</u> | <u>\$ 157,096,342</u> | <u>\$ 152,752,482</u> | <u>\$ 150,820,022</u> |

Exhibit 1

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 84,990,779 | \$ 106,372,898 | \$ 90,846,187 | \$ 83,933,928 | \$ 78,879,070 | \$ 66,467,569 |
| 14,739,132 | 16,108,044 | 17,328,598 | 12,502,545 | 13,843,763 | 15,687,500 |
| <u>48,795,609</u> | <u>19,479,502</u> | <u>30,480,260</u> | <u>36,247,660</u> | <u>37,193,225</u> | <u>40,557,779</u> |
| <u>\$ 148,525,520</u> | <u>\$ 141,960,444</u> | <u>\$ 138,655,045</u> | <u>\$ 132,684,133</u> | <u>\$ 129,916,058</u> | <u>\$ 122,712,848</u> |

Nueces County, Texas
Changes In Net Position
Last Ten Fiscal Years
September 30, 2015

| | 2006 | 2007 | 2008 | 2009 |
|---|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | |
| General government | \$ 11,309,350 | \$ 12,487,965 | \$ 13,447,105 | \$ 13,922,786 |
| Building and facilities | 7,954,617 | 8,256,406 | 8,799,943 | 9,216,536 |
| Administration of justice | 22,667,915 | 23,729,715 | 24,763,021 | 26,870,285 |
| Law enforcement and corrections | 21,701,331 | 23,817,761 | 22,643,877 | 23,257,876 |
| Social services | 2,509,261 | 2,514,128 | 2,567,466 | 2,664,755 |
| Health, safety and sanitation | 1,192,347 | 1,748,318 | 1,757,672 | 3,083,653 |
| Agriculture, education and consumer sciences | 480,931 | 492,016 | 722,211 | 788,629 |
| Roads, bridges and transportation | 10,341,541 | 12,578,634 | 13,708,534 | 13,662,879 |
| Parks and recreation | 2,395,171 | 4,930,535 | 5,460,139 | 5,595,232 |
| Interest and fees on long -term debt | 5,005,426 | 5,995,943 | 6,291,032 | 6,086,736 |
| Total primary government expenses | <u>\$ 85,557,890</u> | <u>\$ 96,551,421</u> | <u>\$ 100,161,000</u> | <u>\$ 105,149,367</u> |
| Program Revenues | | | | |
| Charges for services: | | | | |
| General government | \$ 6,773,455 | \$ 6,803,856 | \$ 7,614,423 | \$ 7,419,814 |
| Buildings and facilities | 769,989 | 764,542 | 802,452 | 1,004,650 |
| Administration of justice | 5,002,914 | 6,312,388 | 5,761,254 | 6,290,997 |
| Law enforcement and corrections | 4,652,646 | 2,592,443 | 2,348,523 | 2,976,714 |
| Social services | 64,138 | 145,940 | 123,282 | 88,258 |
| Health, safety, and sanitation | 112,908 | 121,189 | 195,139 | 52,928 |
| Agriculture, education, and consumers sciences | 3,622 | 5,006 | 7,535 | 16,049 |
| Roads, bridges and transportation | 2,523,587 | 2,623,937 | 2,771,423 | 2,903,756 |
| Parks and recreation | 1,002,593 | 898,852 | 852,643 | 998,061 |
| Operating grants and contributions | 8,479,146 | 8,957,688 | 9,141,332 | 9,256,087 |
| Capital grants and contributions | 1,854,807 | 3,852,784 | 455,115 | 1,302,695 |
| Total primary government revenues | <u>\$ 31,239,805</u> | <u>\$ 33,078,625</u> | <u>\$ 30,073,121</u> | <u>\$ 32,310,009</u> |
| Net (Expense) Revenue | | | | |
| Governmental activities | (54,318,085) | (63,472,796) | (70,087,879) | (72,839,358) |
| Total primary government net expenses | <u>\$ (54,318,085)</u> | <u>\$ (63,472,796)</u> | <u>\$ (70,087,879)</u> | <u>\$ (72,839,358)</u> |
| General revenues and other changes in net position | | | | |
| General Revenues | | | | |
| Property taxes | \$ 55,745,552 | \$ 56,313,439 | \$ 60,527,569 | \$ 66,024,875 |
| Alcohol beverage and other taxes | 1,346,945 | 1,447,606 | 1,518,806 | 2,741,543 |
| Unrestricted investment earnings | 4,792,279 | 5,274,254 | 3,134,177 | 1,785,507 |
| Grants and contributions not restricted to specific program | 95,960 | 331,737 | 378,320 | 354,973 |
| Gain or loss on sale of capital assets | - | - | 18,362 | - |
| Miscellaneous | - | - | 166,788 | - |
| Total general revenues | <u>\$ 61,980,736</u> | <u>\$ 63,367,036</u> | <u>\$ 65,744,022</u> | <u>\$ 70,906,898</u> |
| Change in Net Position | <u>\$ 7,662,651</u> | <u>\$ (105,760)</u> | <u>\$ (4,343,857)</u> | <u>\$ (1,932,460)</u> |

Exhibit 2

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ | 13,483,612 | \$ 13,436,667 | \$ 13,319,250 | \$ 14,441,357 | \$ 15,341,758 | 17,896,010 |
| | 10,165,122 | 9,463,249 | 9,490,211 | 11,214,282 | 10,972,546 | 10,940,747 |
| | 27,292,561 | 26,967,846 | 23,654,964 | 23,559,375 | 24,916,824 | 25,843,255 |
| | 24,468,809 | 24,806,867 | 27,986,723 | 28,701,541 | 30,303,203 | 31,747,809 |
| | 2,679,502 | 2,683,841 | 2,606,445 | 2,797,707 | 2,682,643 | 2,752,636 |
| | 2,023,424 | 1,527,275 | 1,992,715 | 2,343,115 | 2,815,645 | 2,835,744 |
| | 865,488 | 820,589 | 776,594 | 761,011 | 794,140 | 870,691 |
| | 14,143,486 | 14,813,218 | 14,810,777 | 17,441,342 | 15,575,863 | 15,164,446 |
| | 5,948,582 | 5,937,483 | 6,140,480 | 6,290,622 | 6,415,580 | 6,375,073 |
| | 5,823,695 | 5,171,328 | 5,019,143 | 4,895,833 | 4,607,852 | 4,975,345 |
| \$ | <u>106,894,281</u> | <u>\$ 105,628,363</u> | <u>\$ 105,797,302</u> | <u>\$ 112,446,185</u> | <u>\$ 114,426,054</u> | <u>\$ 119,401,756</u> |
| \$ | 7,631,054 | \$ 6,931,136 | \$ 6,889,479 | \$ 9,385,296 | \$ 10,341,220 | 10,876,084 |
| | 1,010,740 | 974,075 | 762,958 | 501,910 | 519,209 | 794,881 |
| | 8,381,617 | 6,498,942 | 7,027,556 | 6,078,678 | 6,046,685 | 6,429,888 |
| | 2,826,083 | 3,329,600 | 3,741,178 | 4,720,538 | 4,537,276 | 5,050,560 |
| | 168,321 | 156,370 | 149,331 | 95,401 | 103,285 | 156,408 |
| | 55,058 | 67,508 | 109,275 | 601,846 | 1,355,657 | 1,774,832 |
| | 20,361 | 23,543 | 25,384 | 36,355 | 37,573 | 61,175 |
| | 2,835,769 | 2,920,096 | 3,109,675 | 3,805,227 | 3,829,878 | 3,588,409 |
| | 1,077,838 | 1,040,947 | 1,245,215 | 1,355,013 | 1,597,108 | 1,496,995 |
| | 8,625,300 | 7,494,922 | 9,230,257 | 7,298,475 | 8,179,157 | 8,568,805 |
| | 654,404 | 1,012,911 | 194,861 | - | - | - |
| \$ | <u>33,286,545</u> | <u>\$ 30,450,050</u> | <u>\$ 32,485,169</u> | <u>\$ 33,878,739</u> | <u>\$ 36,547,048</u> | <u>\$ 38,798,037</u> |
| | (73,607,736) | (75,178,313) | (73,312,133) | (78,567,446) | (77,879,006) | (80,603,719) |
| \$ | <u>(73,607,736)</u> | <u>\$ (75,178,313)</u> | <u>\$ (73,312,133)</u> | <u>\$ (78,567,446)</u> | <u>\$ (77,879,006)</u> | <u>\$ (80,603,719)</u> |
| \$ | 67,091,123 | \$ 64,229,777 | 65,494,382 | 68,079,584 | 72,960,037 | 78,234,367 |
| | 3,028,318 | 3,396,993 | 3,858,512 | 1,562,313 | 1,915,600 | 2,018,548 |
| | 841,701 | 477,878 | 226,253 | 134,583 | 163,578 | 254,574 |
| | 281,025 | 232,961 | 343,915 | 380,041 | 962,838 | 850,976 |
| | 71,067 | 275,630 | 83,682 | 2,440,008 | - | 470,458 |
| | - | - | - | - | - | - |
| \$ | <u>71,313,234</u> | <u>\$ 68,613,239</u> | <u>\$ 70,006,744</u> | <u>\$ 72,596,529</u> | <u>\$ 76,002,053</u> | <u>\$ 81,828,923</u> |
| \$ | <u>(2,294,502)</u> | <u>\$ (6,565,074)</u> | <u>\$ (3,305,389)</u> | <u>\$ (5,970,917)</u> | <u>\$ (1,876,953)</u> | <u>\$ 1,225,204</u> |

Nueces County, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
September 30, 2015

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund | | | | |
| Non-spendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Reserved | 490,784 | 398,054 | 633,602 | 612,027 |
| Unreserved | <u>15,930,195</u> | <u>14,821,934</u> | <u>15,923,732</u> | <u>20,386,046</u> |
| Total General Fund | <u><u>\$ 16,420,979</u></u> | <u><u>\$ 15,219,988</u></u> | <u><u>\$ 16,557,334</u></u> | <u><u>\$ 20,998,073</u></u> |
| All Other Governmental Funds | | | | |
| Non-spendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | 27,670,892 | 39,244,470 | 33,034,960 | 30,485,845 |
| Committed | 2,751,145 | 3,005,603 | 2,900,201 | 3,182,479 |
| Assigned | 15,296,471 | 14,701,196 | 14,197,613 | 13,467,060 |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u><u>\$45,718,508</u></u> | <u><u>\$56,951,269</u></u> | <u><u>\$50,132,774</u></u> | <u><u>\$47,135,384</u></u> |

The above schedule has been modified to comply with GASB 54 "Fund Balance Reporting and Governmental Fund Type" Definitions for period after June 15, 2010.

Exhibit 3

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$428,906 | \$400,035 | \$457,844 | \$428,321 | \$754,746 |
| - | - | - | - | - | - |
| - | 17,604,083 | 17,626,642 | 18,373,139 | 20,148,361 | 20,722,982 |
| - | - | - | - | - | - |
| - | 3,889,668 | 3,993,232 | 2,681,591 | 2,000,021 | 2,090,307 |
| - | - | - | - | - | - |
| 24,029,489 | - | - | - | - | - |
| <u>\$ 24,029,489</u> | <u>\$ 21,922,657</u> | <u>\$ 22,019,909</u> | <u>\$ 21,512,574</u> | <u>\$ 22,576,703</u> | <u>\$ 23,568,035</u> |
| \$ - | \$94,987 | \$87,606 | \$96,178 | \$112,592 | \$127,314 |
| 22,932,604 | 3,965,499 | 4,138,701 | 12,438,727 | 14,993,121 | 14,805,438 |
| 3,585,711 | - | 12,002,482 | 10,332,775 | 10,430,217 | 28,024,779 |
| 12,568,896 | 25,625,179 | 12,702,255 | 7,308,362 | 6,747,522 | 7,631,015 |
| - | (18,249) | - | - | - | - |
| <u>\$39,087,211</u> | <u>\$29,667,416</u> | <u>\$28,931,044</u> | <u>\$30,176,042</u> | <u>\$32,283,452</u> | <u>\$50,588,546</u> |

Nueces County, Texas
Changes In Fund Balances, Governmental Funds,
Last Ten Fiscal Years
September 30, 2015

| | 2006 | 2007 | 2008 | 2009 |
|---|------------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | |
| Property taxes | \$ 55,630,171 | \$ 56,408,266 | \$ 60,622,393 | \$ 66,035,245 |
| Other taxes | 352,995 | 382,665 | 373,124 | 356,538 |
| Fees of office | 5,324,240 | 5,477,674 | 5,052,204 | 4,967,966 |
| Fines and forfeitures | 2,956,251 | 3,884,689 | 3,232,877 | 3,044,301 |
| Licenses and permits | 3,654,604 | 3,685,405 | 3,850,740 | 3,942,987 |
| Intergovernmental revenue | 16,742,140 | 18,021,951 | 15,191,698 | 17,594,903 |
| Charges for services | 504,631 | 493,678 | 774,537 | 958,227 |
| Investment revenue | 4,581,599 | 5,074,901 | 2,950,999 | 1,755,508 |
| Rentals and commissions | 1,198,997 | 1,229,696 | 812,755 | 879,767 |
| Miscellaneous revenue | 1,405,550 | 1,180,957 | 2,190,705 | 1,700,521 |
| Total Revenues | <u>\$ 92,351,178</u> | <u>\$ 95,839,882</u> | <u>\$ 95,052,032</u> | <u>\$ 101,235,963</u> |
| Expenditures | | | | |
| General government | \$ 11,925,140 | \$ 11,349,145 | \$ 12,341,797 | \$ 12,783,442 |
| Building and facilities | 5,806,855 | 6,227,129 | 7,622,304 | 7,098,274 |
| Administration of justice | 19,451,564 | 20,353,767 | 21,016,236 | 22,829,285 |
| Law enforcement and corrections | 22,814,596 | 25,516,469 | 24,129,630 | 24,624,057 |
| Social services | 2,423,548 | 2,460,086 | 2,508,085 | 2,569,661 |
| Health, safety and sanitation | 1,118,169 | 1,797,981 | 1,662,725 | 2,466,245 |
| Agriculture, education and consumer scien | 441,048 | 567,487 | 871,150 | 716,056 |
| Roads, bridges and transportation | 5,283,964 | 5,159,761 | 6,392,921 | 6,504,456 |
| Parks and recreation | 2,141,206 | 4,166,781 | 3,772,310 | 3,775,725 |
| Capital outlay | 47,115,281 | 31,532,052 | 9,777,482 | 5,733,618 |
| Debt service: | | | | |
| Interest and Other fees | 5,230,157 | 6,032,350 | 6,313,340 | 6,108,091 |
| Principal | 4,140,815 | 4,645,104 | 4,174,248 | 4,553,649 |
| Total Expenditures | <u>\$ 127,892,343</u> | <u>\$ 119,808,112</u> | <u>\$ 100,582,228</u> | <u>\$ 99,762,559</u> |
| Excess of Revenues over (under) expenditures | \$ (35,541,165) | \$ (23,968,230) | \$ (5,530,196) | \$ 1,473,404 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 14,685,406 | \$ 11,881,458 | \$ 7,150,277 | \$ 8,453,858 |
| Transfers Out | (14,685,406) | (11,881,458) | (7,150,277) | (8,453,858) |
| Sale of Assets | 178,937 | - | 49,050 | - |
| Bond Issuance | - | - | - | - |
| Bond Defeasance | - | - | - | - |
| Premium on Bonds Issued | - | - | - | - |
| Proceeds of General Obligation Bonds | 365,000 | 34,000,000 | - | - |
| Total Other Financing Sources (uses) | <u>\$ 543,937</u> | <u>\$ 34,000,000</u> | <u>\$ 49,050</u> | <u>\$ -</u> |
| Net Changes in Fund Balances | <u>\$ (34,997,228)</u> | <u>\$ 10,031,770</u> | <u>\$ (5,481,146)</u> | <u>\$ 1,473,404</u> |
| Debt Service as a percentage of noncapital expenditures | 11.6% | 12.1% | 11.5% | 11.3% |

Exhibit 4

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----|--------------------|------------------------|-----------------------|-----------------------|-----------------------|--------------------|
| \$ | 67,018,275 | \$ 64,567,154 | \$ 65,803,580 | \$ 68,227,630 | \$ 72,903,015 | \$ 75,196,369 |
| | 319,549 | 361,415 | 382,730 | 391,784 | 411,398 | 439,777 |
| | 6,619,757 | 4,885,117 | 5,296,898 | 5,089,036 | 4,820,592 | 4,866,275 |
| | 2,641,095 | 2,880,933 | 2,551,595 | 2,287,821 | 2,139,483 | 2,244,060 |
| | 3,994,255 | 4,190,771 | 4,418,683 | 4,402,803 | 5,085,459 | 4,815,602 |
| | 17,421,622 | 16,687,845 | 18,088,623 | 17,645,491 | 20,557,700 | 20,197,720 |
| | 780,845 | 766,868 | 940,888 | 970,996 | 858,493 | 858,055 |
| | 827,724 | 466,015 | 215,294 | 128,746 | 139,723 | 250,178 |
| | 1,282,655 | 1,363,402 | 1,500,566 | 1,521,251 | 1,659,351 | 1,655,121 |
| | 1,545,928 | 1,126,807 | 1,417,049 | 1,062,154 | 1,022,938 | 2,068,530 |
| \$ | <u>102,451,705</u> | <u>\$ 97,296,327</u> | <u>\$ 100,615,906</u> | <u>\$ 101,727,712</u> | <u>\$ 109,598,152</u> | <u>112,591,687</u> |
| \$ | 12,569,919 | \$ 12,665,314 | \$ 13,194,301 | \$ 14,139,402 | \$ 14,758,277 | \$ 18,115,425 |
| | 7,899,760 | 7,559,472 | 9,054,524 | 8,071,874 | 7,655,261 | 8,153,192 |
| | 26,416,814 | 25,912,952 | 22,663,249 | 22,370,784 | 23,462,077 | 24,226,484 |
| | 22,892,651 | 23,249,015 | 26,507,891 | 27,313,577 | 28,646,136 | 29,102,479 |
| | 2,586,380 | 2,580,656 | 2,500,076 | 2,672,416 | 2,524,416 | 2,545,213 |
| | 2,171,854 | 1,511,612 | 1,717,358 | 2,171,721 | 2,423,912 | 2,546,715 |
| | 802,707 | 752,931 | 712,929 | 682,633 | 713,296 | 835,399 |
| | 6,559,432 | 7,535,294 | 7,040,143 | 7,809,892 | 7,742,469 | 7,743,709 |
| | 4,119,390 | 4,115,220 | 4,155,893 | 4,471,466 | 4,652,352 | 5,721,271 |
| | 10,853,369 | 19,835,436 | 3,893,507 | 2,756,107 | 2,779,781 | 4,237,547 |
| | 5,877,733 | 5,612,767 | 5,038,809 | 6,031,337 | 4,648,721 | 4,318,152 |
| | 4,957,377 | 4,796,040 | 5,724,864 | 4,938,849 | 6,419,915 | 6,714,187 |
| \$ | <u>107,707,386</u> | <u>\$ 116,126,709</u> | <u>\$ 102,203,544</u> | <u>\$ 103,430,058</u> | <u>\$ 106,426,613</u> | <u>114,259,773</u> |
| \$ | (5,255,681) | \$ (18,830,382) | \$ (1,587,638) | \$ (1,702,346) | \$ 3,171,539 | \$ (2,044,945) |
| \$ | 9,987,541 | \$ 8,409,659 | \$ 8,778,061 | \$ 10,829,801 | \$ 10,518,868 | 12,127,133 |
| | (9,987,541) | (8,409,659) | (8,778,061) | (10,829,801) | (10,518,868) | (12,127,133) |
| | 71,067 | 275,630 | 86,789 | 2,440,008 | - | 288,113 |
| | - | 49,374,640 | 861,731 | - | - | 663,896 |
| | - | (48,716,774) | - | - | - | 45,620,000 |
| | - | 6,370,260 | - | - | - | (31,125,992) |
| | - | - | - | - | - | 5,895,355 |
| \$ | <u>71,067</u> | <u>\$ 7,303,756</u> | <u>\$ 948,520</u> | <u>\$ 2,440,008</u> | <u>\$ -</u> | <u>21,341,372</u> |
| \$ | <u>(5,184,614)</u> | <u>\$ (11,526,626)</u> | <u>\$ (639,118)</u> | <u>\$ 737,662</u> | <u>\$ 3,171,539</u> | <u>19,296,427</u> |
| | 11.2% | 10.8% | 10.9% | 10.9% | 10.7% | 10.0% |

Nueces County, Texas
Assessed and Taxable Valuations
Last Ten Fiscal Years
September 30, 2015

| <u>Fiscal Year Ending Sept. 30,</u> | <u>Tax Roll Year</u> | <u>Mineral Roll</u> | <u>Real Estate Roll</u> | <u>Railroads & Intangible Personal</u> | <u>Special Inventory</u> | <u>Personal Property</u> |
|---|------------------------------|-------------------------|---------------------------------|--|------------------------------|------------------------------|
| 2006 | 2005 | 369,927,940 | 14,336,209,343 | 3,923,966 | 61,919,774 | 1,602,281,496 |
| 2007 | 2006 | 454,174,950 | 15,908,063,075 | 3,437,744 | 61,474,765 | 1,778,332,026 |
| 2008 | 2007 | 445,066,850 | 18,350,063,512 | 4,057,666 | 68,521,322 | 2,017,368,089 |
| 2009 | 2008 | 630,187,640 | 19,074,304,898 | 4,349,437 | 74,314,714 | 2,043,613,181 |
| 2010 | 2009 | 448,474,373 | 20,458,356,089 | 4,642,526 | 69,261,166 | 2,558,065,865 |
| 2011 | 2010 | 445,455,710 | 20,528,145,997 | 4,472,987 | 56,531,587 | 2,862,212,497 |
| 2012 | 2011 | 299,717,668 | 21,451,380,309 | 5,735,797 | 66,941,822 | 2,954,037,106 |
| 2013 | 2012 | 308,127,002 | 22,925,125,820 | 6,055,007 | 85,389,968 | 3,211,461,360 |
| 2014 | 2013 | 224,488,217 | 24,884,890,271 | 6,157,250 | 105,718,556 | 3,758,538,797 |
| 2015 | 2014 | 209,200,272 | 24,233,699,495 | 7,609,314 | 118,095,651 | 4,045,069,843 |

Exemptions include: Homestead Exemptions for 2006 shall include 20% for homestead exemption (but not less than \$5,000); and \$62,500 for over age 65 or disabled exemption, plus a tax limitation on the total amount of taxes that may be imposed on the residence homestead of a disabled individual or those 65 or older, pursuant to Article VIII 1-b (h) of the Texas Constitution, and exemptions mandated by state law.

Source: Nueces County Appraisal District

EXHIBIT 5

| Utilities Pipelines | Gross Market Valuation | Less Exemptions & Abatements | Net Taxable Assessed Valuation | Direct Tax Rate | | |
|------------------------|------------------------------|------------------------------------|---|--------------------|-------------------------------|--------------------------|
| | | | | County Tax Rate | Hospital District Tax Rate | Total Direct Tax Rate |
| 484,808,669 | 16,859,071,188 | (3,084,157,163) | 13,774,914,025 | 0.404096 | 0.174903 | 0.578999 |
| 484,664,706 | 18,690,147,266 | (3,353,502,019) | 15,336,645,247 | 0.370678 | 0.160715 | 0.531393 |
| 442,155,470 | 21,327,232,909 | (3,988,600,184) | 17,338,632,725 | 0.355678 | 0.144785 | 0.500463 |
| 441,662,715 | 22,268,432,585 | (4,097,252,632) | 18,171,179,953 | 0.355678 | 0.144782 | 0.500460 |
| 448,894,815 | 23,987,694,834 | (4,618,079,656) | 19,369,615,178 | 0.355259 | 0.154678 | 0.509937 |
| 439,349,608 | 24,336,168,386 | (5,810,394,569) | 18,525,773,817 | 0.355259 | 0.162428 | 0.517687 |
| 417,964,423 | 25,195,777,125 | (6,347,144,376) | 18,848,632,749 | 0.355259 | 0.162428 | 0.517687 |
| 447,583,575 | 26,983,742,732 | (7,453,162,690) | 19,530,580,042 | 0.355259 | 0.162428 | 0.517687 |
| 532,888,811 | 29,512,681,902 | (7,965,439,445) | 21,547,242,457 | 0.345187 | 0.148077 | 0.493264 |
| 566,049,702 | 29,179,724,277 | (8,429,072,802) | 20,750,651,475 | 0.335130 | 0.137455 | 0.472585 |

Nueces County, Texas
Property Tax Levies - Direct and Overlapping Governments
Last Ten Fiscal Years
September 30, 2015

| FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR | 2006 2005 | 2007 2006 | 2008 2007 | 2009 2008 |
|---|----------------|----------------|----------------|----------------|
| Nueces County - General Fund | \$ 45,658,468 | \$ 46,461,648 | \$ 50,085,508 | \$ 54,636,632 |
| Nueces County - Debt Service | 9,293,659 | 9,374,604 | 10,391,327 | 10,908,756 |
| Subtotal | 54,952,127 | 55,836,252 | 60,476,835 | 65,545,388 |
| Nueces County - Farm to Market | 705,084 | 718,108 | 737,557 | 804,802 |
| Total | \$ 55,657,211 | \$ 56,554,360 | \$ 61,214,392 | \$ 66,350,190 |
| Special Districts: | | | | |
| Hospital District | 24,065,239 | 24,636,585 | 25,279,939 | 27,667,730 |
| Downtown Management District | 149,947 | 161,577 | 161,357 | 159,691 |
| Port of Corpus Christi | - | - | - | - |
| Corpus Christi Junior College District | 29,223,115 | 35,534,509 | 38,286,064 | 41,484,470 |
| County Education District | - | - | - | - |
| Water Control No. 4 | - | - | - | - |
| Water Control No. 5 | - | - | - | - |
| Drainage District No. 2 | 898,339 | 1,015,895 | 1,077,856 | 1,193,703 |
| Drainage District No. 3 | 49,705 | 55,286 | 55,904 | 64,045 |
| South Texas Water Authority | 246,235 | 270,600 | 287,420 | 329,056 |
| Cities: | | | | |
| Agua Dulce | 56,580 | 56,714 | 55,798 | 55,254 |
| Bishop | 605,688 | 625,681 | 660,731 | 669,179 |
| Corpus Christi | 65,178,042 | 68,229,629 | 72,714,618 | 77,246,481 |
| Driscoll | 67,322 | 85,200 | 90,847 | 119,117 |
| Port Aransas | 2,890,633 | 3,057,037 | 3,536,314 | 3,892,916 |
| Robstown | 1,832,949 | 1,995,347 | 2,160,908 | 2,298,460 |
| School Districts: | | | | |
| Agua Dulce ISD | 1,462,987 | 1,453,986 | 1,300,513 | 1,637,940 |
| Aransas Pass ISD (1) | - | - | - | - |
| Banquete ISD | 3,001,187 | 3,193,546 | 3,006,540 | 3,158,296 |
| Bishop ISD | 7,576,235 | 6,965,248 | 5,468,039 | 6,740,678 |
| Calallen ISD | 16,230,103 | 15,459,524 | 12,534,365 | 15,292,156 |
| Corpus Christi ISD | 128,878,344 | 128,015,148 | 111,679,245 | 124,364,289 |
| Driscoll ISD | 1,810,106 | 2,003,197 | 1,523,471 | 1,827,693 |
| Flour Bluff ISD | 21,557,838 | 23,260,437 | 21,312,429 | 23,011,873 |
| London ISD | 1,937,536 | 2,106,536 | 2,334,769 | 3,099,680 |
| Port Aransas ISD | 14,750,349 | 18,901,149 | 17,866,260 | 20,136,951 |
| Robstown ISD | 4,021,717 | 4,027,906 | 3,479,118 | 3,792,182 |
| Tuloso Midway ISD | 18,718,690 | 18,595,792 | 16,536,840 | 18,651,309 |
| West Oso ISD | 6,222,458 | 6,231,796 | 6,187,913 | 6,633,690 |
| Fire Districts: | | | | |
| Fire Prevention District 1 | 947,416 | 1,042,128 | 1,147,898 | 1,655,807 |
| Fire Prevention District 2 | 404,835 | 479,999 | 571,642 | 613,532 |
| Fire Prevention District 3 | 152,205 | 257,225 | 258,646 | 280,209 |
| Fire Prevention District 4 | 152,636 | 179,341 | 183,393 | 228,663 |
| Fire Prevention District 5 | 25,719 | 28,005 | 30,365 | 33,210 |
| Fire Prevention District 6 | - | - | - | - |
| Total | \$ 408,771,366 | \$ 424,479,383 | \$ 411,003,594 | \$ 452,688,450 |

Exhibit 6

| 2010 2009 | 2011 2010 | 2012 2011 | 2013 2012 | 2014 2013 | 2015 2014 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 55,456,844 | \$ 53,624,613 | \$ 54,495,366 | \$ 56,498,344 | \$ 61,167,064 | 66,201,428 |
| 11,379,441 | 10,924,694 | 10,835,130 | 11,243,542 | 11,593,241 | 10,305,916 |
| 66,836,285 | 64,549,307 | 65,330,496 | 67,741,886 | 72,760,305 | 76,507,344 |
| 824,104 | 791,360 | 788,479 | 833,275 | 902,847 | 976,332 |
| \$ 67,660,389 | \$ 65,340,667 | \$ 66,118,975 | \$ 68,575,161 | \$ 73,663,152 | \$ 77,483,676 |
| 30,075,910 | 30,144,807 | 31,381,381 | 32,624,036 | 32,699,744 | 32,737,721 |
| 165,584 | 158,258 | 156,357 | 185,497 | 189,596 | 186,740 |
| - | - | - | - | - | - |
| 44,196,050 | 43,545,490 | 44,477,385 | 45,729,322 | 49,096,901 | 52,752,191 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,280,248 | 1,184,406 | 1,262,100 | 1,633,415 | 1,745,224 | 1,662,848 |
| 65,721 | 68,347 | 68,933 | 71,391 | 74,217 | 72,536 |
| 352,589 | 381,888 | 360,780 | 367,599 | 505,060 | 510,598 |
| 56,321 | 56,054 | 54,354 | 53,496 | 63,246 | 75,248 |
| 718,038 | 717,361 | 777,224 | 748,251 | 800,212 | 825,351 |
| 80,059,041 | 79,419,087 | 79,241,020 | 81,261,225 | 89,824,944 | 97,674,230 |
| 136,750 | 140,333 | 150,721 | 147,844 | 149,152 | 150,063 |
| 4,406,448 | 4,211,939 | 4,250,061 | 4,495,666 | 4,781,884 | 4,946,077 |
| 2,453,516 | 2,547,737 | 2,561,579 | 2,553,456 | 2,584,634 | 2,622,658 |
| 1,738,741 | 1,774,476 | 1,718,702 | 1,926,609 | 1,857,313 | 1,884,088 |
| - | - | - | - | - | - |
| 3,753,016 | 3,899,640 | 3,743,103 | 3,746,471 | 3,822,213 | 4,062,174 |
| 7,412,684 | 7,057,666 | 7,224,087 | 7,165,452 | 7,711,383 | 7,460,523 |
| 14,837,798 | 14,285,938 | 14,521,821 | 14,981,256 | 16,289,883 | 18,962,029 |
| 138,205,927 | 134,509,386 | 137,310,628 | 141,131,198 | 153,986,528 | 167,484,620 |
| 1,674,838 | 1,736,141 | 1,602,741 | 1,647,685 | 1,532,157 | 1,761,613 |
| 24,686,703 | 24,152,098 | 23,066,097 | 23,763,633 | 27,633,038 | 29,856,693 |
| 2,770,807 | 2,751,523 | 2,908,575 | 3,457,943 | 3,288,774 | 3,899,911 |
| 18,723,992 | 17,114,597 | 16,908,910 | 16,782,015 | 19,750,081 | 22,084,177 |
| 4,616,958 | 5,177,291 | 5,854,557 | 6,753,486 | 7,768,053 | 8,491,130 |
| 19,361,393 | 19,194,283 | 21,958,877 | 24,256,964 | 28,860,372 | 30,648,853 |
| 7,418,412 | 7,536,112 | 7,375,479 | 8,132,776 | 9,295,268 | 10,328,417 |
| 1,763,463 | 1,745,305 | 1,840,015 | 1,994,810 | 2,433,646 | 2,732,664 |
| 655,742 | 646,663 | 613,808 | 634,574 | 772,626 | 843,039 |
| 163,126 | 155,554 | 154,935 | 155,731 | 163,190 | 156,586 |
| 271,938 | 275,763 | 259,741 | 261,248 | 268,091 | 285,874 |
| 33,295 | 31,177 | 36,531 | 40,827 | 39,291 | 39,921 |
| - | 397,627 | 390,428 | 393,287 | 411,320 | 396,764 |
| \$ 479,715,438 | \$ 470,357,614 | \$ 478,349,905 | \$ 495,672,324 | \$ 542,061,193 | \$ 583,079,013 |

Nueces County, Texas
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
September 30, 2015

| | FISCAL YEAR TAX ROLL YEAR | 2006 2005 | 2007 2006 | 2008 2007 | 2009 2008 |
|--|------------------------------|---------------|---------------|---------------|---------------|
| Nueces County | | 0.404 | 0.370 | 0.356 | 0.356 |
| Special Districts: | | | | | |
| Hospital District | | 0.175 | 0.161 | 0.145 | 0.145 |
| Downtown Management District | | 0.370 | 0.000 | 0.370 | 0.370 |
| Port of Corpus Christi | | 0.000 | 0.000 | 0.000 | 0.000 |
| Corpus Christi Junior College District | | 0.228 | 0.256 | 0.242 | 0.242 |
| County Education District | | 0.000 | 0.000 | 0.000 | 0.000 |
| Water Control No. 4 | | 0.000 | 0.000 | 0.000 | 0.000 |
| Water Control No. 5 | | 0.000 | 0.000 | 0.000 | 0.000 |
| Drainage District No. 2 | | 0.363 | 0.382 | 0.377 | 0.385 |
| Drainage District No. 3 | | 0.180 | 0.180 | 0.190 | 0.890 |
| South Texas Water Authority | | 0.055 | 0.055 | 0.057 | 0.056 |
| Cities: | | | | | |
| Agua Dulce | | 0.071 | 0.625 | 0.607 | 0.593 |
| Aransas Pass | | 0.000 | 0.000 | 0.000 | 0.000 |
| Bishop | | 0.091 | 0.921 | 0.921 | 0.828 |
| Corpus Christi | | 0.626 | 0.602 | 0.564 | 0.564 |
| Driscoll | | 0.644 | 0.750 | 0.750 | 0.930 |
| Port Aransas | | 0.378 | 0.297 | 0.286 | 0.276 |
| Robstown | | 1.056 | 1.019 | 1.000 | 1.000 |
| School Districts: | | | | | |
| Agua Dulce ISD | | 1.744 | 1.611 | 1.253 | 1.389 |
| Aransas Pass ISD | | 1.576 | 1.061 | 1.061 | 0.000 |
| Banquete ISD | | 1.829 | 1.649 | 1.521 | 1.449 |
| Bishop ISD | | 1.639 | 1.515 | 1.188 | 1.300 |
| Calallen ISD | | 1.599 | 1.430 | 1.100 | 1.277 |
| Corpus Christi ISD | | 1.616 | 1.486 | 1.156 | 1.176 |
| Driscoll ISD | | 1.795 | 1.623 | 1.298 | 1.239 |
| Flour Bluff ISD | | 1.526 | 1.387 | 1.070 | 1.070 |
| London ISD | | 1.391 | 1.277 | 1.130 | 1.144 |
| Port Aransas ISD | | 1.550 | 1.395 | 1.058 | 1.058 |
| Robstown ISD | | 1.714 | 1.584 | 1.254 | 1.254 |
| Tuloso Midway ISD | | 1.742 | 1.612 | 1.282 | 1.332 |
| West Oso ISD | | 1.780 | 1.650 | 1.240 | 1.340 |
| Fire Districts: | | | | | |
| Fire District No. 1 | | 0.075 | 0.075 | 0.075 | 0.100 |
| Fire District No. 2 | | 0.026 | 0.026 | 0.026 | 0.026 |
| Fire District No. 3 | | 0.030 | 0.050 | 0.050 | 0.048 |
| Fire District No. 4 | | 0.088 | 0.088 | 0.088 | 0.100 |
| Fire District No. 5 | | 0.030 | 0.030 | 0.027 | 0.028 |
| Fire District No. 6 | | 0.000 | 0.000 | 0.000 | 0.000 |
| TOTAL: | | <u>26.390</u> | <u>25.167</u> | <u>21.742</u> | <u>21.965</u> |

Exhibit 7

| <u>2010</u> <u>2009</u> | <u>2011</u> <u>2010</u> | <u>2012</u> <u>2011</u> | <u>2013</u> <u>2012</u> | <u>2014</u> <u>2013</u> | <u>2015</u> <u>2014</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 0.355 | 0.355 | 0.355 | 0.355 | 0.345 | 0.335 |
| 0.155 | 0.162 | 0.162 | 0.162 | 0.148 | 0.137 |
| 0.370 | 0.370 | 0.370 | 0.370 | 0.370 | 0.370 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.251 | 0.258 | 0.258 | 0.258 | 0.251 | 0.248 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.347 | 0.310 | 0.318 | 0.398 | 0.390 | 0.350 |
| 0.189 | 0.189 | 0.189 | 0.189 | 0.189 | 0.178 |
| 0.057 | 0.062 | 0.062 | 0.062 | 0.085 | 0.085 |
| 0.536 | 0.477 | 0.480 | 0.462 | 0.500 | 0.500 |
| 0.593 | 0.607 | 0.723 | 0.696 | 0.680 | 0.680 |
| 0.809 | 0.914 | 0.911 | 0.805 | 0.823 | 0.825 |
| 0.564 | 0.582 | 0.571 | 0.571 | 0.585 | 0.585 |
| 0.930 | 0.857 | 0.899 | 0.907 | 0.902 | 0.763 |
| 0.322 | 0.332 | 0.332 | 0.351 | 0.323 | 0.299 |
| 1.000 | 0.975 | 0.954 | 0.956 | 0.866 | 0.812 |
| 1.400 | 1.379 | 1.400 | 1.400 | 1.400 | 1.400 |
| 1.071 | 1.071 | 1.071 | 1.071 | 1.071 | 1.071 |
| 1.439 | 1.473 | 1.512 | 1.513 | 1.513 | 1.513 |
| 1.526 | 1.563 | 1.556 | 1.551 | 1.533 | 1.533 |
| 1.299 | 1.299 | 1.329 | 1.359 | 1.359 | 1.359 |
| 1.237 | 1.237 | 1.237 | 1.237 | 1.237 | 1.237 |
| 1.239 | 1.250 | 1.265 | 1.265 | 1.265 | 1.555 |
| 1.069 | 1.070 | 1.072 | 1.071 | 1.178 | 1.168 |
| 1.210 | 1.250 | 1.263 | 1.238 | 1.251 | 1.395 |
| 1.058 | 1.062 | 1.063 | 1.086 | 1.126 | 1.126 |
| 1.374 | 1.523 | 1.650 | 1.610 | 1.630 | 1.645 |
| 1.332 | 1.332 | 1.332 | 1.332 | 1.317 | 1.395 |
| 1.420 | 1.420 | 1.420 | 1.370 | 1.370 | 1.450 |
| 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 |
| 0.026 | 0.026 | 0.026 | 0.026 | 0.030 | 0.030 |
| 0.030 | 0.030 | 0.030 | 0.030 | 0.030 | 0.030 |
| 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 |
| 0.270 | 0.240 | 0.030 | 0.030 | 0.030 | 0.030 |
| 0.000 | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 |
| <u>23.678</u> | <u>23.945</u> | <u>24.110</u> | <u>24.001</u> | <u>24.067</u> | <u>24.374</u> |

**Nueces County, Texas
Principal Taxpayers
Current Year and 10 Years Ago
September 30, 2015**

Exhibit 8

| Taxpayer | 2015 | | | 2005 | | |
|--------------------------------------|------------------------|------|---|-------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value of Principal Taxpayers | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value of Principal Taxpayers |
| Flint Hills Resources | 1,096,244,359 | 1 | 26.01% | 675,462,515 | 1 | 29.53% |
| Valero Refining Company | 937,754,584 | 2 | 22.25% | 285,477,436 | 3 | 12.48% |
| Citgo | 686,267,622 | 3 | 16.28% | 308,235,442 | 2 | 13.48% |
| Buckeye Texas Processing LLC | 329,277,360 | 4 | 7.81% | | | |
| AEP Texas Central | 231,401,680 | 5 | 5.49% | 224,735,860 | 6 | 9.83% |
| Equistar Chemicals LP | 198,039,330 | 6 | 4.70% | 256,742,330 | 4 | 11.22% |
| Hoechst Cel-Plastics Division | 183,325,580 | 7 | 4.35% | - | - | - |
| Corpus Christi Retail Venture LP | 94,713,652 | 8 | 2.25% | - | - | - |
| C & J Specialty Rental Tools | 94,046,060 | 9 | 2.23% | - | - | - |
| Butt H E Grocery Co | 85,806,772 | 10 | 2.04% | 67,147,274 | 9 | 2.94% |
| Frio Lasalle Pipeline LP | 81,483,750 | 11 | 1.93% | - | - | - |
| Markwest Javelina | 66,054,480 | 12 | 1.57% | - | - | - |
| Barney M Davis LP | 65,766,770 | 13 | 1.56% | - | - | - |
| Bay Area Healthcare Group LTD | 64,639,140 | 14 | 1.53% | - | - | - |
| Texas Dock & Rail Co LTD | - | - | - | - | - | - |
| Corpus Christi Cogeneration | - | - | - | 107,501,550 | 7 | 4.70% |
| PSMall LP | - | - | - | 55,414,935 | 10 | 2.42% |
| Southwestern Bell Telephone | - | - | - | 77,125,629 | 8 | 3.37% |
| Ticona Polymets Plastic Division | - | - | - | 229,466,720 | 5 | 10.03% |
| Total Taxable Assessed Values | 4,214,821,139 | | 100.00% | \$ 2,287,309,691 | | 100.00% |



**Nueces County, Texas
Tax Levies
Last Ten Fiscal Years
September 30, 2015**

| FISCAL YEAR | 2006 | 2007 | 2008 | 2009 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| TAX ROLL YEAR | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Levy for maintenance and operations (M & O): | | | | |
| General Fund | \$ 45,658,468 | \$ 46,461,648 | \$ 50,085,508 | \$ 54,636,632 |
| Road Fund | <u>705,084</u> | <u>718,108</u> | <u>737,557</u> | <u>804,802</u> |
| Total M & O levy | <u>46,363,552</u> | <u>47,179,756</u> | <u>50,823,065</u> | <u>55,441,434</u> |
| Levy for debt service (I & S): | | | | |
| Debt Service Fund | <u>9,293,659</u> | <u>9,374,604</u> | <u>10,391,327</u> | <u>10,908,756</u> |
| Total I & S levy | <u>9,293,659</u> | <u>9,374,604</u> | <u>10,391,327</u> | <u>10,908,756</u> |
| Total County levy | <u><u>\$ 55,657,211</u></u> | <u><u>\$ 56,554,360</u></u> | <u><u>\$ 61,214,392</u></u> | <u><u>\$ 66,350,190</u></u> |

Exhibit 9

| <u>2010 2009</u> | <u>2011 2010</u> | <u>2012 2011</u> | <u>2013 2012</u> | <u>2014 2013</u> | <u>2015 2014</u> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 55,456,844 824,104 | \$ 53,624,613 791,360 | \$ 54,495,366 788,479 | \$ 56,498,344 833,275 | \$ 61,167,064 902,847 | \$ 66,201,428 976,332 |
| <u>56,280,948</u> | <u>54,415,973</u> | <u>55,283,845</u> | <u>57,331,619</u> | <u>62,069,911</u> | <u>67,177,760</u> |
| <u>11,379,441</u> | <u>10,924,694</u> | <u>10,835,130</u> | <u>11,243,542</u> | <u>11,593,241</u> | <u>10,305,916</u> |
| <u>11,379,441</u> | <u>10,924,694</u> | <u>10,835,130</u> | <u>11,243,542</u> | <u>11,593,241</u> | <u>10,305,916</u> |
| <u><u>\$ 67,660,389</u></u> | <u><u>\$ 65,340,667</u></u> | <u><u>\$ 66,118,975</u></u> | <u><u>\$ 68,575,161</u></u> | <u><u>\$ 73,663,152</u></u> | <u><u>\$ 77,483,676</u></u> |

Nueces County, Texas
Property Tax Levies and Collections -
General Fund and Debt Service Funds
Last Ten Fiscal Years
September 30, 2015

| FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR | 2006 2005 | 2007 2006 | 2008 2007 | 2009 2008 |
|---|--------------|--------------|--------------|--------------|
| Tax Levy (original levy) (1) | 54,952,127 | 55,836,252 | 60,476,835 | 65,545,388 |
| Current Tax Collections (2) | 52,997,962 | 54,102,451 | 58,312,583 | 62,719,961 |
| Percent of Current Taxes Collected | 96% | 97% | 96% | 96% |
| Unpaid as of June 30th | 1,954,165 | 1,733,801 | 2,164,252 | 2,825,427 |
| Subsequent Collections & Adjustments | 919,994 | 692,359 | 955,172 | 1,421,968 |
| Total Collections & Adjustments | 53,917,956 | 54,794,810 | 59,267,755 | 64,141,929 |
| Percent Total Collections of Tax Levy | 98.12% | 98.13% | 98.00% | 97.86% |
| Unpaid Taxes | 1,034,171 | 1,041,442 | 1,209,080 | 1,403,459 |

(1) The original levy is the levy calculated on certified valuations on July 25th of each fiscal year. Subsequent adjustments made to the levy are included in with subsequent collections.

(2) Current tax collections include all collections including tax increment financing zones that were collected by June 30th of each fiscal year.

Exhibit 10

| <u>2010</u> <u>2009</u> | <u>2011</u> <u>2010</u> | <u>2012</u> <u>2011</u> | <u>2013</u> <u>2012</u> | <u>2014</u> <u>2013</u> | <u>2015</u> <u>2014</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 66,836,285 | 64,549,307 | 65,330,496 | 67,741,886 | 72,760,305 | 76,507,344 |
| 64,656,554 | 62,146,816 | 63,364,158 | 66,008,745 | 70,450,668 | 74,267,821 |
| 97% | 96% | 97% | 97% | 97% | 97% |
| 2,179,731 | 2,402,491 | 1,966,338 | 1,733,141 | 2,309,637 | 2,239,523 |
| 658,713 | 1,099,494 | 825,937 | 626,494 | 1,017,372 | 1,028,313 |
| 65,315,267 | 63,246,310 | 64,190,095 | 66,635,239 | 71,468,040 | 75,296,134 |
| 97.72% | 97.98% | 98.25% | 98.37% | 98.22% | 98.42% |
| 1,521,018 | 1,302,997 | 1,140,401 | 1,106,647 | 1,292,265 | 1,211,210 |

Nueces County, Texas
Property Tax Levies and Collections -
Farm To Market
Last Ten Fiscal Years
September 30, 2015

| FISCAL YEAR ENDING SEPTEMBER 30, TAX ROLL YEAR | 2006 2005 | 2007 2006 | 2008 2007 | 2009 2008 |
|---|--------------|--------------|--------------|--------------|
| Tax Levy (1) | 705,084 | 718,108 | 737,557 | 804,802 |
| Current Tax Collections (2) | 680,021 | 695,790 | 710,093 | 769,669 |
| Percent of Current Taxes Collected | 96% | 97% | 96% | 96% |
| Unpaid as of June 30th | 25,063 | 22,318 | 27,464 | 35,133 |
| Subsequent Collections & Adjustments | 11,948 | 9,043 | 12,856 | 17,998 |
| Total Collections & Adjustments | 691,969 | 704,833 | 722,949 | 787,667 |
| Percent Total Collections of Tax Levy | 98.14% | 98.15% | 98.02% | 97.87% |
| Unpaid Taxes Sept. 30 | 13,115 | 13,275 | 14,608 | 17,135 |

(1) The original levy is the levy calculated on certified valuations on July 25th of each fiscal year. Subsequent adjustments made to the levy are included in with subsequent collections.

(2) Current tax collections include all collections including tax increment financing zones that were collected by June 30th of each fiscal year.

Exhibit 11

| <u>2010 2009</u> | <u>2011 2010</u> | <u>2012 2011</u> | <u>2013 2012</u> | <u>2014 2013</u> | <u>2015 2014</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 824,104 | 791,360 | 788,479 | 833,275 | 902,847 | 976,332 |
| 790,533 | 761,190 | 761,310 | 812,362 | 874,926 | 949,013 |
| 96% | 96% | 97% | 97% | 97% | 97% |
| 33,571 | 30,170 | 27,169 | 20,913 | 27,921 | 27,319 |
| 14,989 | 14,263 | 13,463 | 7,616 | 12,180 | 12,144 |
| 805,522 | 775,453 | 774,773 | 819,978 | 887,106 | 961,157 |
| 97.75% | 97.99% | 98.26% | 98.40% | 98.26% | 98.45% |
| 18,582 | 15,907 | 13,706 | 13,297 | 15,741 | 15,175 |

Nueces County, Texas
Ratio Of Annual Debt Service Expenditures
For General Obligation Bonded Debt (1)
To Total General Governmental Expenditures
Last Ten Fiscal Years
September 30, 2015

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------|-------------|-------------|-------------|
| Principal | 4,137,349 | 4,641,465 | 4,170,427 | 4,553,649 |
| Interest | 5,199,308 | 6,027,209 | 6,308,649 | 6,104,074 |
| Fiscal Agents & Other Fees | 5,537 | 4,768 | 4,500 | 4,017 |
| Total Debt Service | 9,342,194 | 10,673,442 | 10,483,576 | 10,661,740 |
| Total General governmental expenditures (2) | 56,390,578 | 60,442,720 | 62,733,431 | 65,036,510 |
| Ratio of Debt Service to General governmental expenditures | 16.57% | 17.66% | 16.71% | 16.39% |

(1) Special assessment debt with government commitment are excluded.

(2) Includes general, special revenue, capital projects, grants and debt service funds.

Exhibit 12

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 4,957,377 | 4,796,040 | 5,724,864 | 6,031,337 | 6,419,915 | 6,714,187 |
| 5,869,233 | 5,179,967 | 5,054,843 | 4,923,149 | 4,639,571 | 4,311,152 |
| 8,500 | 432,800 | (16,034) | 15,700 | 9,150 | 7,000 |
| 10,835,110 | 10,408,807 | 10,763,673 | 10,970,186 | 11,068,636 | 11,032,339 |
| 66,283,738 | 67,009,800 | 66,516,869 | 67,511,560 | 70,872,605 | 75,484,771 |
| 16.35% | 15.53% | 16.18% | 16.25% | 15.62% | 14.62% |

Nueces County, Texas
Ratios Of Gross Bonded Debt Outstanding including Capital Leases
Last Ten Fiscal Years
September 30, 2015

| Fiscal Year Ending | Bonded Debt | Bond Premium/Discount | Gross Bonded Debt | Less Debt Service Funds | Outstanding Net Bonded Debt | Capital Leases |
|--------------------|-------------|-----------------------|-------------------|-------------------------|-----------------------------|----------------|
| 2006 | 139,443,415 | - | 139,443,415 | (2,751,145) | 136,692,270 | - |
| 2007 | 134,838,895 | - | 134,838,895 | (3,005,603) | 131,833,292 | - |
| 2008 | 130,668,469 | - | 130,668,469 | (2,900,021) | 127,768,448 | - |
| 2009 | 126,114,820 | 1,718,362 | 127,833,182 | (3,182,479) | 122,932,341 | 23,216 |
| 2010 | 121,157,443 | 1,770,849 | 122,928,292 | (3,585,711) | 117,571,732 | - |
| 2011 | 122,633,900 | 1,862,695 | 124,496,595 | (3,982,739) | 118,651,161 | - |
| 2012 | 117,055,767 | 2,201,958 | 119,257,725 | (3,945,987) | 113,109,780 | 143,995 |
| 2013 | 111,024,428 | 1,835,039 | 112,859,467 | (4,165,398) | 106,859,030 | 196,358 |
| 2014 | 104,604,513 | 6,033,024 | 110,637,537 | (4,595,623) | 100,008,890 | 130,857 |
| 2015 | 113,635,326 | 10,727,735 | 124,363,061 | (4,175,638) | 109,459,688 | 5,807,359 |

Exhibit 13

| <u>Personal Income (in thousands)</u> | <u>Percentage of Personal Income</u> | <u>Assessed Valuation</u> | <u>Gross Debt of Valuation %</u> | <u>Estimated Population</u> | <u>Net Debt Per Capita</u> |
|---|--|-------------------------------|--|---------------------------------|------------------------------------|
| 10,347,486 | 7.42% | 13,774,914,025 | 1.01% | 313,465 | 436.07 |
| 10,874,617 | 8.06% | 14,831,500,357 | 0.91% | 321,457 | 410.11 |
| 11,633,423 | 8.90% | 16,755,834,017 | 0.78% | 321,135 | 397.87 |
| 12,004,999 | 9.52% | 18,171,179,953 | 0.69% | 322,077 | 381.69 |
| 12,438,913 | 10.27% | 18,543,081,236 | 0.65% | 323,046 | 363.95 |
| 13,196,232 | 10.76% | 17,737,980,901 | 0.69% | 340,223 | 348.75 |
| 14,226,934 | 12.14% | 18,035,454,760 | 0.65% | 343,281 | 329.50 |
| 14,841,683 | 13.34% | 18,710,372,638 | 0.59% | 347,691 | 307.34 |
| 15,117,598 | 14.43% | 20,613,089,617 | 0.51% | 352,107 | 284.03 |
| not available | not available | 22,309,191,166 | 0.51% | 356,221 | 307.28 |

Nueces County, Texas
Computation of Direct and Overlapping Debt
September 30, 2015

Exhibit 14

| Bonded Debt of Individual Governmental Subdivisions: | Estimated Gross Debt | Percent Applicable | Nueces County Share Of Gross Debt |
|---|----------------------------|-----------------------|---|
| Special Districts: | | | |
| Corpus Christi Junior College District | \$ 71,170,000 | 100.00% | \$ 71,170,000 |
| Nueces County Hospital District | - | - | - |
| County-Line Special Districts: | | | |
| Nueces County Water Control District 4 | - | - | - |
| Nueces County Drainage District 2 | - | 100.00% | - |
| South Texas Water Authority | 4,740,000 | 42.68% | 2,023,032 |
| Cities: | | | |
| Agua Dulce | 905,000 | 100.00% | 905,000 |
| Aransas Pass | 27,520,000 | 2.52% | 693,504 |
| Bishop | 2,119,000 | 100.00% | 2,119,000 |
| Corpus Christi | 506,445,000 | 100.00% | 506,445,000 |
| Driscoll | 412,133 | 100.00% | 412,133 |
| Port Aransas | 12,580,000 | 100.00% | 12,580,000 |
| Robstown | 17,737,343 | 100.00% | 17,737,343 |
| School Districts: | | | |
| Agua Dulce ISD | 1,480,000 | 64.31% | 951,788 |
| Aransas Pass ISD | 1,525,000 | 1.91% | 29,128 |
| Banquete ISD | 10,010,000 | 99.83% | 9,992,983 |
| Bishop ISD | 19,995,429 | 100.00% | 19,995,429 |
| Calallen ISD | 44,000,000 | 100.00% | 44,000,000 |
| Corpus Christi ISD | 368,935,000 | 99.86% | 368,418,491 |
| Driscoll ISD | 8,588,306 | 100.00% | 8,588,306 |
| Flour Bluff ISD | 49,990,000 | 100.00% | 49,990,000 |
| London ISD | 19,905,891 | 100.00% | 19,905,891 |
| Port Aransas ISD | 8,235,000 | 99.99% | 8,234,177 |
| Robstown ISD | 54,620,159 | 100.00% | 54,620,159 |
| Tuloso-Midway ISD | 74,986,201 | 100.00% | 74,986,201 |
| West Oso ISD | 28,651,168 | 100.00% | 28,651,168 |
| Total overlapping and underlying debt | 1,334,550,630 | 97.59% | 1,302,448,732 |
| Nueces County | <u>130,170,420</u> | 100.00% | <u>130,170,420</u> |
| Total direct and overlapping debt | <u>\$ 1,464,721,050</u> | 97.81% | <u>\$ 1,432,619,152</u> |

Estimated Nueces County: Population: 356,221

Nueces County share of Gross Debt per Capita is \$ 365.42
source: The Municipal Advisory of Texas (Texas MAC)



Nueces County, Texas
Legal Debt Margin Information
Bonds and Certificates of Obligation
Issued Under Texas General Laws
Last Ten Fiscal Years
September 30, 2015

| Fiscal Year Ending | 2006 | 2007 | 2008 | 2009 |
|---|-----------------|-----------------|-----------------|-----------------|
| Assessed market value of taxable property | 16,866,928,635 | 18,690,147,266 | 21,381,499,497 | 23,170,211,252 |
| Less exemptions and abatements | (3,096,058,415) | (3,360,983,568) | (3,988,600,184) | (4,097,252,632) |
| Assessed value of all taxable property | 13,770,870,220 | 15,329,163,698 | 17,392,899,313 | 19,072,958,620 |
| Debt limit rate | x 5% | x 5% | x 5% | x 5% |
| Amount of debt limit | 688,543,511 | 766,458,185 | 869,644,966 | 953,647,931 |
| Amount of debt applicable to debt limit: | | | | |
| Net bonded debt (1) | 139,443,415 | 134,838,895 | 130,668,469 | 127,833,182 |
| Less: Amounts set aside to repay general debt | 2,751,145 | 3,005,603 | 2,900,021 | 3,182,479 |
| Total amount of net debt applicable to debt limit | 136,692,270 | 131,833,292 | 127,768,448 | 124,650,703 |
| Legal debt margin | \$ 551,851,241 | \$ 634,624,893 | \$ 741,876,518 | \$ 828,997,228 |
| Total net debt applicable to the limit as a percentage of debt limit | 19.85% | 17.20% | 14.69% | 13.07% |

Bonds issued under the Texas General Laws have, in addition to the debt limit of 5 percent of assessed value of all taxable property, a constitutional limit on the tax rate which may be levied to service general law bonds and provide funds for the general operations of the County. This limit for Nueces County is \$.80 annually on the \$100 assessed valuation plus a levy of \$.15 annually for the maintenance of public roads.

Article VIII, Section 9 of the Texas Constitution, as amended, specified that the Commissioners Court "shall levy whatever tax rate may be needed for the four (4) constitutional purposes; namely, general fund, permanent improvement fund, road and bridge fund and jury fund so long as the Court does not impair any outstanding bonds or other obligations and so long as the total of the foregoing tax levies does not exceed Eighty Cents (\$.80) on the One Hundred Dollars (\$100) valuation in any one (1) year."

Notes: Excludes applicable exemptions.

(1) Include General Obligation Bonds Net of Premium on related debt and Certificates of Obligation and Energy Conservation Loans.

Exhibit 15

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 24,044,540,087 (4,623,171,657) | 24,347,389,404 (5,810,394,569) | 25,190,041,328 (6,347,136,935) | 26,977,687,725 (7,453,162,690) | 29,506,524,652 (7,965,439,445) | 31,887,031,407 (8,429,072,802) |
| | 19,421,368,430 | 18,536,994,835 | 18,842,904,393 | 19,524,525,035 | 21,541,085,207 | 23,457,958,605 |
| x | 5% | x | 5% | x | 5% | 5% |
| | 971,068,422 | 926,849,742 | 942,145,220 | 976,226,252 | 1,077,054,260 | 1,172,897,930 |
| | 122,928,292 3,585,711 | 124,496,595 3,982,739 | 119,257,725 3,945,987 | 112,859,467 4,165,398 | 110,637,537 4,595,623 | 124,363,061 4,175,638 |
| | 119,342,581 | 120,513,856 | 115,311,738 | 108,694,069 | 106,041,914 | 120,187,423 |
| \$ | 851,725,841 | \$ 806,335,886 | \$ 826,833,482 | \$ 867,532,183 | \$ 971,012,346 | \$ 1,052,710,507 |
| | 12.29% | 13.00% | 12.24% | 11.13% | 9.85% | 10.25% |

Nueces County, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years
September 30, 2015

Combination Tax and Revenue Certificates of Obligation 2000, 2002, 2004 , 2007 and 2015

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|------------------------------|-------------|-------------|-------------|-------------|
| Solid Waste Fees | 5,000 | 5,000 | 1,122 | 1,356 |
| Total Revenues Available (1) | 2,000 | 2,000 | 2,000 | 2,000 |
| Debt Service Requirements | | | | |
| Interest | 577,880 | 560,785 | 6,196,829 | 6,031,276 |
| Principal | 280,000 | 290,000 | 2,935,000 | 3,885,000 |

(1) Per official statements, "not to exceed \$1000."

Exhibit 16

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1,000 | 1,244 | 1,248 | 1,568 | 1,984 | 1,872 |
| 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 5,834,759 | 5,632,640 | 5,155,948 | 4,923,149 | 4,639,571 | 4,311,152 |
| 4,255,000 | 4,670,000 | 5,724,865 | 6,031,337 | 6,419,915 | 6,714,187 |

**Nueces County, Texas
Miscellaneous Statistical Data
Last Ten Fiscal Years
September 30, 2015**

| Year | (1) Estimated Population | (2) Personal Income | (2) Per Capita Personal Income | (3) Public School Enrollment Corpus Christi |
|------|--------------------------------|---------------------------|---|--|
| 2006 | 313,465 | 10,347,486 | 32,299 | 53,323 |
| 2007 | 321,457 | 10,874,617 | 33,970 | 53,401 |
| 2008 | 321,135 | 11,633,423 | 36,318 | 52,897 |
| 2009 | 322,077 | 12,004,999 | 37,162 | 53,391 |
| 2010 | 323,046 | 12,438,913 | 36,545 | 52,993 |
| 2011 | 340,223 | 13,196,232 | 38,441 | 53,795 |
| 2012 | 343,281 | 14,226,934 | 40,918 | 53,968 |
| 2013 | 347,691 | 14,841,683 | 42,151 | 54,574 |
| 2014 | 352,107 | 15,117,598 | 42,439 | 54,911 |
| 2015 | 356,221 | not available | not available | 54,448 |

Form of Government

A public corporation and political subdivision of the State of Texas.

Area - 847 Square Miles

Transportation

Air: American, United, and Southwest
 Bus: Regional Transit Authority and 2 interstate bus lines
 Taxis: 6 taxicab services; 1 airport limousine service
 Highways (running to or through city): U.S. 77 and 181; Texas 35,44,257
 286, 358, and Interstate 37 and 69
 Rail: Union Pacific, Burlington Northern/Santa Fe & Texas-Mexican Railway
 Motor Freight: 17
 Water: Steamship agencies representing dry cargo carriers and bulk
 carriers; canal barges that offer service to and from Corpus Christi
 on Intracoastal Canal.
 Port: The deepest port on the Gulf of Mexico; authorized to 45 feet.
 Corpus Christi Harbor Bridge: Dedicated October 23, 1959; main span
 across the channel is 640 feet; 235 feet high with free vertical
 clearance under the span of 140 feet.

Communications

Publications:
 Newspaper - 1 morning (7 days a week), and 5 weekly; 2 daily business-
 Legal publications; 1 monthly magazine.
 Radio Stations: 22, with 15 FM stations and 3 spanish stations.
 Television stations: 8, 3 major networks, cable public television,
 Spanish language stations, and other independent stations.

- (1) Source: 2015 U.S. Census Bureau
- (2) Source: The Bureau of Economic Analysis
- (3) Source: Corpus Christi Independent School District, Flour Bluff,
 Calallen ISD, Tuloso Midway ISD, and West Oso ISD
- (4) Source: Bishop ISD, Banquete ISD, Agua Dulce ISD, Port Aransas ISD,
 Driscoll ISD, London ISD, and Robstown ISD
- (5) Source: Texas Workforce Commission
- (6) Source: Port Authority - calendar year 2015
- (7) Source: Texas State Comptroller

Exhibit 17

| (4) Public School Rural County | (5) Nueces County Unemployment Rate | (6) Port Tonnage | (7) Retail Sales |
|--|--|------------------------|------------------------|
| 7,106 | 4.9% | 86,785,590 | 3,919,474,169 |
| 7,019 | 4.4% | 86,982,833 | 4,178,081,762 |
| 6,890 | 5.1% | 89,319,693 | 3,953,684,008 |
| 6,855 | 7.6% | 85,859,440 | 3,917,568,280 |
| 6,963 | 7.6% | 76,519,648 | 3,840,034,538 |
| 6,939 | 7.8% | 82,194,297 | 4,288,389,104 |
| 7,058 | 5.7% | 80,310,217 | 4,772,060,753 |
| 7,046 | 5.8% | 78,806,189 | 5,169,529,102 |
| 7,043 | 4.8% | 89,454,480 | 5,505,775,116 |
| 7,115 | 4.8% | 100,588,014 | 7,500,324,301 |

Nueces County, Texas
Principal Employers
Last Ten Fiscal Years
September 30, 2015

| Employer Name | 2006 | | | 2007 | | | 2008 | | | 2009 | | |
|----------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|
| | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment |
| Corpus Christi Army Depot | 2,654 | 5 | 8.69% | 4,876 | 4 | 15.40% | 4,876 | 4 | 15.38% | 4,876 | 4 | 15.38% |
| Corpus Christi ISD | 4,500 | 3 | 14.74% | 5,178 | 2 | 16.36% | 5,178 | 2 | 16.34% | 5,178 | 2 | 16.34% |
| Christus Spohn Health System | 5,404 | 2 | 17.70% | 5,400 | 1 | 17.06% | 5,400 | 1 | 17.04% | 5,400 | 1 | 17.04% |
| H.E.B. | 2,882 | 4 | 9.44% | 5,000 | 3 | 15.80% | 5,000 | 3 | 15.77% | 5,000 | 3 | 15.77% |
| City of Corpus Christi | 2,500 | 6 | 8.19% | 3,171 | 5 | 10.02% | 3,171 | 5 | 10.00% | 3,171 | 5 | 10.00% |
| Naval Air Station Corpus Christi | 5,500 | 1 | 18.02% | 1,630 | 7 | 5.15% | 1,630 | 7 | 5.14% | 1,630 | 7 | 5.14% |
| Kiewit Offshore Services | - | - | - | - | - | - | - | - | - | - | - | - |
| Bay, LTD | 2,200 | 7 | 7.21% | 2,100 | 6 | 6.63% | 2,100 | 6 | 6.63% | 2,100 | 6 | 6.63% |
| Driscoll Children's Hospital | - | - | - | - | - | - | 1,500 | 9 | 4.73% | 1,500 | 9 | 4.73% |
| Del Mar College | 2,007 | 8 | 6.57% | 1,500 | 8 | 4.74% | 1,542 | 8 | 4.86% | 1,542 | 8 | 4.86% |
| Corpus Christi Medical Center | 1,680 | 9 | 5.50% | 1,300 | 10 | 4.11% | 1,300 | 10 | 4.10% | 1,300 | 10 | 4.10% |
| First Data Corporation | 1,200 | 10 | 0 | 1,500 | 9 | 0 | 0 | 0 | - | 0 | 0 | - |
| | 30,527 | | 100.00% | 31,655 | | 100.00% | 31,697 | | 100.00% | 31,697 | | 100.00% |

Source: Corpus Christi Regional Economic and Development

| 2010 | | | 2011 | | | 2012 | | | 2013 | | | 2014 | | | 2015 | | |
|---------------------|------|----------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|
| Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment |
| 3,541 | 5 | 10.32% | 5,800 | 1 | 17.13% | 5,800 | 1 | 16.13% | 6,500 | 1 | 17.12% | 6,500 | 1 | 17.12% | 6,500 | 1 | 17.12% |
| 5,178 | 2 | 15.10% | 5,178 | 2 | 15.29% | 5,178 | 2 | 14.40% | 5,178 | 2 | 13.64% | 5,178 | 2 | 13.64% | 5,178 | 2 | 13.64% |
| 5,144 | 3 | 15.00% | 5,144 | 3 | 15.19% | 5,144 | 3 | 14.30% | 5,144 | 3 | 13.55% | 5,144 | 3 | 13.55% | 5,144 | 3 | 13.55% |
| 5,000 | 4 | 14.58% | 5,000 | 4 | 14.77% | 5,000 | 4 | 13.90% | 5,000 | 4 | 13.17% | 5,000 | 4 | 13.17% | 5,000 | 4 | 13.17% |
| 3,171 | 6 | 9.24% | 3,171 | 5 | 9.37% | 3,171 | 5 | 8.82% | 3,171 | 5 | 8.35% | 3,171 | 5 | 8.35% | 3,171 | 5 | 8.35% |
| 5,525 | 1 | 16.11% | 2,822 | 6 | 8.34% | 2,827 | 6 | 7.86% | 2,822 | 6 | 7.43% | 2,827 | 6 | 7.45% | 2,827 | 6 | 7.45% |
| - | - | - | - | - | - | 2,200 | 7 | 6.12% | 2,200 | 7 | 5.80% | 2,200 | 7 | 5.80% | 2,200 | 7 | 5.80% |
| 2,100 | 7 | 6.12% | 2,100 | 7 | 6.20% | 2,100 | 8 | 5.84% | 2,100 | 8 | 5.53% | 2,100 | 8 | 5.53% | 2,100 | 8 | 5.53% |
| 1,800 | 8 | 5.25% | 1,800 | 8 | 5.32% | 1,800 | 9 | 5.01% | 1,800 | 9 | 4.74% | 1,800 | 9 | 4.74% | 1,800 | 9 | 4.74% |
| 1,542 | 9 | 4.50% | 1,542 | 9 | 4.55% | 1,542 | 10 | 4.29% | 1,542 | 10 | 4.06% | 1,542 | 10 | 4.06% | 1,542 | 10 | 4.06% |
| 1,300 | 10 | 3.79% | 1,300 | 10 | 3.84% | 1,200 | 11 | 3.34% | 1,300 | 11 | 3.42% | 1,300 | 11 | 3.42% | 1,300 | 11 | 3.42% |
| 0 | 0 | - | 0 | 0 | - | 0 | 0 | - | 1,200 | 12 | 0 | 1,200 | 12 | 3.16% | 1,200 | 12 | 3.16% |
| 34,301 | | 100.00% | 33,857 | | 100.00% | 35,962 | | 100.00% | 37,957 | | 100.00% | 37,962 | | 100.00% | 37,962 | | 100.00% |

Nueces County, Texas
Construction and Commercial Permits Valuations
Last Ten Fiscal Years
September 30, 2015

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| New Construction (1) | | | | |
| Residential | | | | |
| Dwelling Units | 2,807 | 1,255 | 1,249 | 806 |
| Permits | 1,692 | 1,250 | 848 | 738 |
| Valuation | 241,180,554 | 148,166,220 | 121,972,346 | 93,209,375 |
| Commercial | | | | |
| Permits | 361 | 280 | 160 | 140 |
| Valuation | <u>132,941,420</u> | <u>108,504,979</u> | <u>80,363,751</u> | <u>60,853,477</u> |
| Total Permits Valuations | <u><u>374,121,974</u></u> | <u><u>256,671,199</u></u> | <u><u>202,336,097</u></u> | <u><u>154,062,852</u></u> |

(1) Source: City of Corpus Christi Building Division (Calendar Year)

Exhibit 19

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 913 | 880 | 1,217 | 1,790 | 1,367 | 1,090 |
| 657 | 660 | 951 | 976 | 998 | 1,090 |
| 98,637,278 | 118,003,701 | 178,113,660 | 193,356,876 | 183,877,132 | 191,238,582 |
| 190 | 214 | 198 | 196 | 272 | 311 |
| <u>118,984,064</u> | <u>172,797,003</u> | <u>155,968,117</u> | <u>105,906,153</u> | <u>210,751,936</u> | <u>243,951,272</u> |
| <u>217,621,342</u> | <u>290,800,704</u> | <u>334,081,777</u> | <u>299,263,029</u> | <u>394,629,068</u> | <u>435,189,854</u> |

Nueces County, Texas
Deposits of FDIC Insured Institutions
Last Ten Fiscal Years
September 30, 2015

| Banks | As of June 30, (in thousands) | | | |
|---|--|------------------|------------------|------------------|
| | 2006 | 2007 | 2008 | 2009 |
| American Bank National Assn | 621,007 | 644,881 | 698,673 | 685,739 |
| Bank of Alice | - | - | - | - |
| Bank of America NA | 537,554 | 465,883 | 482,977 | 406,264 |
| Capital One National Assn | 64,331 | 59,792 | 56,904 | 68,296 |
| Charter Alliance Bank | - | - | - | 7,638 |
| Charter Bank | 106,767 | 107,686 | 123,952 | 121,795 |
| Coastal Banc, S.S.B. | - | - | - | - |
| Compass Bank | - | - | 187,969 | 133,466 |
| Eisenhower National Bank | - | - | - | - |
| First Capital Bank, S.S.B. | - | - | - | - |
| First Commerce Bank | 102,843 | - | - | - |
| First Community Bank | 55,025 | 67,122 | 83,364 | 90,478 |
| First National Bank | 370,356 | 306,232 | 308,412 | 250,532 |
| First National Bank of South Texas | - | - | - | - |
| First National Bank Texas | 4,502 | 4,925 | 4,987 | 5,025 |
| First State Bank | - | - | - | - |
| First State Bank of Odem | 18,614 | 17,969 | 18,844 | 23,229 |
| First Victoria National Bank | 1,571 | 6,450 | 13,156 | 46,022 |
| Frost National Bank | 543,689 | 578,236 | 632,489 | 669,928 |
| Hibernia National Bank | - | - | - | - |
| International Bank of Commerce | 95,649 | 108,526 | 121,413 | 127,193 |
| Kleberg 1st National Bank of Kingsville | 7,331 | 110,082 | 108,597 | 116,587 |
| Laredo National Bank | 44,465 | 42,107 | - | - |
| Nationsbank National Assn | - | - | - | - |
| Norwest Bank Texas National Assn | - | - | - | - |
| Nueces National Bank | - | - | - | - |
| Pacific Southwest Bank | - | - | - | - |
| Plains Capital Bank | - | - | - | - |
| Prosperity Bank | 180,690 | 172,888 | 170,084 | 163,458 |
| Texas Champion Bank | 46,875 | 51,733 | 65,602 | 60,307 |
| Texas State Bank | 146,750 | 120,610 | - | - |
| Valuebank Texas | 58,984 | 60,944 | 60,463 | 57,816 |
| Wells Fargo Bank NA | 340,420 | 346,995 | 349,123 | 404,671 |
| | <u>3,347,423</u> | <u>3,273,061</u> | <u>3,487,009</u> | <u>3,438,444</u> |

Source: Federal Deposit Insurance Corporation

Exhibit 20

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 703,129 | 757,780 | 830,338 | 922,454 | 972,796 | 962,751 |
| - | - | - | - | - | - |
| 398,930 | 436,490 | 444,816 | 483,381 | 495,261 | 617,531 |
| 55,625 | 51,603 | 47,010 | 41,908 | 37,254 | 34,864 |
| 17,733 | - | - | - | - | - |
| 119,481 | 157,791 | 188,199 | 174,163 | 193,876 | 224,143 |
| - | - | - | - | - | - |
| 99,436 | 92,053 | 99,599 | 100,239 | 93,317 | 95,223 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 94,331 | 111,158 | 123,372 | 143,035 | 142,924 | 145,475 |
| 192,998 | 155,941 | 148,400 | 112,017 | - | - |
| - | - | - | - | - | - |
| 5,024 | 6,144 | 7,579 | 9,683 | 10,300 | 11,856 |
| - | - | - | - | - | - |
| 24,707 | 31,737 | 32,758 | 38,856 | 42,362 | 48,536 |
| 50,119 | 60,127 | 83,127 | 116,638 | - | - |
| 794,867 | 823,063 | 899,232 | 981,383 | 1,136,593 | 1,388,936 |
| - | - | - | - | - | - |
| 149,092 | 145,132 | 150,220 | 149,370 | 162,779 | 180,590 |
| 115,187 | 113,900 | 126,574 | 133,640 | 136,750 | 161,105 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 96,224 | 83,744 |
| 160,186 | 163,079 | 172,913 | 175,502 | 317,070 | 363,407 |
| 57,325 | 60,172 | 64,052 | 58,266 | 58,715 | 47,499 |
| - | - | - | - | - | - |
| 58,468 | 61,730 | 65,917 | 68,274 | 76,623 | 76,868 |
| 432,757 | 487,542 | 516,821 | 614,569 | 682,384 | 870,233 |
| <u>3,529,395</u> | <u>3,715,442</u> | <u>4,000,927</u> | <u>4,323,378</u> | <u>4,655,228</u> | <u>5,312,761</u> |

**Nueces County, Texas
Housing & Motor Vehicle Sales Volume
Last Ten Fiscal Years
September 30, 2015**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-----------------------------|-------------|-------------|-------------|-------------|
| Home Sales Volume(1) | 795,840,000 | 730,788,955 | 614,709,948 | 535,561,527 |
| Units Sold(1) | 5,192 | 4,510 | 3,773 | 3,444 |
| Median Price Real Estate(1) | 130,400 | 136,500 | 138,900 | 134,800 |
| Registered Vehicles(2) | 264,065 | 270,083 | 267,474 | 268,198 |
| Motor vehicle sales tax(3) | 40,999,661 | 43,237,796 | 44,348,871 | 33,145,384 |

Source:

- (1) Real Estate Center at Texas A&M University
- (2) Texas Department of Transportation
- (3) Nueces Tax Office

Exhibit 21

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 524,798,817 | 534,980,028 | 689,413,715 | 829,025,327 | 930,473,282 | 996,087,857 |
| 3,445 | 3,396 | 4,058 | 4,589 | 4,690 | 4,811 |
| 136,500 | 135,700 | 142,300 | 152,200 | 168,600 | 178,700 |
| 269,639 | 276,139 | 285,373 | 292,278 | 300,564 | 301,993 |
| 35,560,228 | 46,167,854 | 56,734,057 | 65,516,565 | 67,508,283 | 67,756,629 |

Nueces County, Texas
Full-Time Equivalent
County Government Employees by Function
Last Ten Fiscal Years
September 30, 2015

| | <u>05/06</u> | <u>06/07</u> | <u>07/08</u> | <u>08/09</u> |
|-------------------------------|--------------|--------------|--------------|--------------|
| General Government | 170 | 178 | 183 | 183 |
| Buildings & Facilities | 41 | 41 | 41 | 41 |
| Administration of Justice | 344 | 348 | 349 | 359 |
| Law Enforcement & Corrections | 381 | 379 | 384 | 384 |
| Social Services | 35 | 35 | 37 | 36 |
| Health, Safety & Sanitation | 13 | 26 | 23 | 23 |
| Agr, Ed & Consumer Sciences | 13 | 13 | 16 | 16 |
| Roads, Bridges & Airport | 92 | 92 | 92 | 91 |
| Parks & Recreation | 32 | 34 | 38 | 38 |
| Total Employee Positions | <u>1,121</u> | <u>1,146</u> | <u>1,163</u> | <u>1,171</u> |

Source: Nueces County Clerk, adopted annual budgets.

Exhibit 22

| <u>09/10</u> | <u>10/11</u> | <u>11/12</u> | <u>12/13</u> | <u>13/14</u> | <u>14/15</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 183 | 183 | 184 | 184 | 190 | 196 |
| 41 | 41 | 41 | 39 | 37 | 37 |
| 358 | 355 | 355 | 308 | 307 | 308 |
| 385 | 384 | 388 | 442 | 444 | 444 |
| 36 | 36 | 36 | 36 | 36 | 36 |
| 23 | 22 | 18 | 28 | 55 | 57 |
| 16 | 16 | 16 | 15 | 15 | 15 |
| 92 | 92 | 92 | 93 | 93 | 93 |
| 38 | 38 | 40 | 40 | 42 | 42 |
| <u>1,172</u> | <u>1,167</u> | <u>1,170</u> | <u>1,184</u> | <u>1,219</u> | <u>1,227</u> |

Nueces County, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years
September 30, 2015

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|----------------------------------|-------------|-------------|-------------|-------------|
| Administration of Justice | | | | |
| JP Courts | | | | |
| Cases Filed | 31,798 | 32,172 | 32,059 | 29,851 |
| Cases Disposed | 24,571 | 25,200 | 27,084 | 26,941 |
| Cases Appealed | 66 | 100 | 79 | 85 |
| County Courts at Law | | | | |
| Civil Cases Filed | 2,348 | 2,210 | 2,532 | 1,969 |
| Child Protective Services | | 234 | 230 | 231 |
| Civil Cases Disposed | 2,052 | 2,346 | 2,164 | 1,967 |
| Criminal Cases Filed | 9,884 | 11,455 | 4,238 | 8,952 |
| Criminal Cases Disposed | 10,687 | 11,304 | 11,389 | 10,925 |
| District Courts | | | | |
| Civil Cases Filed | 8,704 | 8,154 | 5,031 | 7,649 |
| Child Protective Services | | 1 | - | 1 |
| Civil Cases Disposed | 8,356 | 8,811 | 7,659 | 8,094 |
| Criminal Cases Filed | 4,588 | 5,294 | 2,339 | 5,304 |
| Criminal Cases Disposed | 4,832 | 5,179 | 5,525 | 5,236 |
| Juvenile | | | | |
| Juvenile Cases Filed | 539 | 537 | 1,264 | 345 |
| Juvenile Cases Disposed | 429 | 288 | 321 | 372 |
| General Government | | | | |
| County Clerk Filling | 75,208 | 80,061 | 65,881 | 99,206 |

(1)Information required for GASB Statement 44 not previously tracked before this fiscal year

(2)Updated information from JP 5-1 for FY 2015

Sources:

Office of Court Administration
Nueces County Clerk

Exhibit 23

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------|--------|--------|------------|---------|--------|
| 99,578 | 27,150 | 22,041 | 25,797 | 22,079 | 17,702 |
| 24,095 | 22,532 | 15,833 | 75,316 (2) | 20,231 | 19,795 |
| 87 | 83 | 4 | 112 | 97 | 99 |
| 2,002 | 2,425 | 2,242 | 2,057 | 2,174 | 2,367 |
| 207 | 192 | 181 | 152 | 229 | 249 |
| 1,910 | 2,474 | 2,378 | 1,836 | 1,944 | 2,190 |
| 8,590 | 6,963 | 7,826 | 7,868 | 8,912 | 6,627 |
| 9,353 | 8,126 | 7,350 | 8,142 | 7,489 | 7,030 |
| 7,261 | 7,945 | 6,322 | 6,472 | 6,308 | 6,657 |
| 1 | 1 | 1 | 1 | 1 | 28 |
| 7,401 | 6,561 | 6,414 | 6,126 | 5,721 | 4,844 |
| 4,608 | 3,138 | 2,878 | 2,795 | 3,055 | 2,941 |
| 5,027 | 4,501 | 4,813 | 4,728 | 4,668 | 4,648 |
| 242 | 184 | 243 | 244 | 175 | 139 |
| 242 | 74 | 249 | 295 | 261 | 222 |
| 80,715 | 73,729 | 85,517 | 110,525 | 147,679 | 99,254 |

Nueces County , Texas
Capital Asset Statistics By Function
Last Ten Years

| <u>Functions</u> | 2006 | 2007 | 2008 | 2009 |
|---|-------------|-------------|-------------|-------------|
| General Government | | | | |
| Number of Vehicles | 8 | 5 | 6 | 6 |
| Number of Buildings | 2 | 2 | 2 | 2 |
| Administration of Justice | | | | |
| Number of Buildings | 5 | 5 | 5 | 5 |
| Number of Vehicles | 7 | 8 | 9 | 9 |
| Law Enforcement | | | | |
| Number of Buildings | 2 | 2 | 2 | 2 |
| Jail Capacity - Main Jail | 656 | 656 | 656 | 656 |
| Jail Capacity - McKenzie Jail | 412 | 412 | 412 | 412 |
| Number of Vehicle | 97 | 97 | 102 | 106 |
| Health, Safety, and Sanitation | | | | |
| Number of Vehicles | 11 | 12 | 12 | 12 |
| Social Services | | | | |
| Number of Buildings | 2 | 2 | 2 | 2 |
| Number of Vehicles | 10 | 9 | 10 | 9 |
| Roads, Bridges, and Transportation | | | | |
| Number of Buildings | 12 | 13 | 13 | 13 |
| Number of Bridges | 80 | 80 | 80 | 80 |
| Number of Miles (Paved Roads) | 475 | 475 | 475 | 475 |
| Number of Miles (Improved Caliche Roads) | 50 | 50 | 50 | 50 |
| Number of Miles (Dirt Roads) | 178 | 178 | 178 | 178 |
| Number of Vehicles | 47 | 47 | 50 | 51 |
| Parks and Recreation | | | | |
| Number of Buildings | 19 | 32 | 32 | 32 |
| Number of Parks | 13 | 13 | 13 | 13 |
| Number of Vehicles | 18 | 21 | 16 | 17 |
| Building and Facilities | | | | |
| Number of Buildings | 25 | 26 | 26 | 26 |
| Number of Vehicles | 11 | 13 | 13 | 11 |
| Agriculture, Education, Consumer science | | | | |
| Number of Vehicles | 4 | 4 | 4 | 4 |

Exhibit 24

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------|------|------|------|------|------|
| 7 | 6 | 11 | 11 | 11 | 6 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 5 | 5 | 4 | 4 | 4 | 4 |
| 7 | 9 | 8 | 6 | 7 | 7 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 656 | 656 | 656 | 656 | 656 | 656 |
| 412 | 412 | 412 | 412 | 412 | 412 |
| 107 | 104 | 113 | 102 | 105 | 122 |
| 12 | 12 | 10 | 11 | 11 | 11 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 8 | 9 | 8 | 13 | 12 | 8 |
| 14 | 14 | 14 | 14 | 14 | 17 |
| 80 | 80 | 80 | 80 | 80 | 80 |
| 475 | 475 | 475 | 475 | 475 | 475 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 178 | 178 | 178 | 178 | 178 | 178 |
| 49 | 51 | 57 | 54 | 55 | 54 |
| 32 | 35 | 25 | 25 | 25 | 25 |
| 13 | 13 | 13 | 13 | 13 | 13 |
| 21 | 22 | 22 | 22 | 22 | 21 |
| 26 | 26 | 37 | 36 | 36 | 37 |
| 11 | 10 | 13 | 17 | 16 | 11 |
| 4 | 4 | 4 | 4 | 4 | 3 |

Nueces County, Texas
Salaries and Surety Bonds of Elected Officials
September 30, 2015

Exhibit 25

| <u>Official Title</u> | <u>Incumbent</u> | <u>Budget Salary</u> | <u>Surety Bond</u> | <u>Term Ending Dates</u> |
|---|------------------------|----------------------|--------------------|--------------------------|
| Elected Officials: | | | | |
| Commissioner, Precinct I | James Michael Pusley | \$ 73,430 | \$ 3,000 | 12/31/2016 |
| Commissioner, Precinct II | Joe A. Gonzalez | 71,639 | 3,000 | 12/31/2018 |
| Commissioner, Precinct III | Oscar Ortiz | 77,142 | 3,000 | 12/31/2016 |
| Commissioner, Precinct IV | Brent Chesney | 71,639 | 3,000 | 12/31/2018 |
| County Judge | Samuel L. Neal, Jr. | 91,856 | 10,000 | 12/31/2018 |
| County Attorney | Laura A. Jimenez | 110,457 | 2,500 | 12/31/2016 |
| County Clerk | Kara Sands | 82,371 | 500,000 | 12/31/2018 |
| Assessor-Collector of Taxes | Kevin Kieschnick | 71,639 | 100,000 | 12/31/2016 |
| District Clerk | Anne Lorentzen | 77,143 | 100,000 | 12/31/2018 |
| Sheriff | Jim Kaelin | 82,312 | 30,000 | 12/31/2016 |
| County Court At Law Judge, Court At Law I | Robert J. Vargas | 157,000 | 10,000 | 12/31/2018 |
| County Court At Law Judge, Court At Law II | Anna Elisabet Gonzales | 157,000 | 10,000 | 12/31/2018 |
| County Court At Law Judge, Court At Law III | Deanne Svoboda Galvan | 157,000 | 10,000 | 12/31/2018 |
| County Court At Law Judge, Court At Law IV | Mark Woerner | 157,000 | 10,000 | 12/31/2018 |
| County Court At Law Judge, Court At Law V | Timothy McCoy | 157,000 | 10,000 | 12/31/2018 |
| District Judge, 28th District Court | Nanette Hasette | 18,000 | N/A (1) | 12/31/2016 |
| District Judge, 94th District Court | Robert M. Galvan | 18,000 | N/A (1) | 12/31/2018 |
| District Judge, 105th District Court | Jack Pulcher | 18,000 | N/A (1) | 12/31/2018 |
| District Judge, 117th District Court | Sandra Watts | 18,000 | N/A (1) | 12/31/2018 |
| District Judge, 148th District Court | Guy Williams | 18,000 | N/A (1) | 12/31/2018 |
| District Judge, 214th District Court | Jose Longoria | 18,000 | N/A (1) | 12/31/2016 |
| District Judge, 319th District Court | David Stith | 18,000 | N/A (1) | 12/31/2018 |
| District Judge, 347th District Court | Missy Medary | 18,000 | N/A (1) | 12/31/2016 |
| District Attorney | Mark Skurka | 12,000 | 5,000 (1) | 12/31/2016 |
| Constable, Precinct I | Robert Cisneros | 54,088 | 1,500 | 12/31/2016 |
| Constable, Precinct II | Jerry C. Boucher | 54,088 | 1,500 | 12/31/2016 |
| Constable, Precinct III | Jimmy Rivera | 51,489 | 5,000 | 12/31/2016 |
| Constable, Precinct IV | Robert W. Sherwood | 54,088 | 1,500 | 12/31/2016 |
| Constable, Precinct V | Frank Flores III | 54,088 | 1,500 | 12/31/2016 |
| Justice of the Peace, Pct. I, Place I | Joe Benavides | 53,504 | 5,000 | 12/31/2016 |
| Justice of the Peace, Pct. I, Place II | Henry A. Santana | 57,619 | 5,000 | 12/31/2018 |
| Justice of the Peace, Pct.I,Place III | Roberto Balderas | 57,619 | 5,000 | 12/31/2018 |
| Justice of the Peace,Pct.II,Place I | Janice K. Stoner | 57,619 | 5,000 | 12/31/2016 |
| Justice of the Peace, Pct. II, Place II | Thelma Rodriguez | 57,619 | 5,000 | 12/31/2018 |
| Justice of the Peace, Pct. III | Larry Lawrence | 56,214 | 5,000 | 12/31/2018 |
| Justice of the Peace, Pct. IV | Duncan Neblett, Jr. | 57,619 | 5,000 | 12/31/2018 |
| Justice of the Peace, Pct. V, Place I | Roberto H Gonzalez Jr. | 57,619 | 5,000 | 12/31/2016 |
| Justice of the Peace, Pct. V, Place II | Hermilo Peña, Jr. | 57,619 | 5,000 | 12/31/2018 |

Notes:

(1) Official of the State of Texas. Salary represents County portion only.



**Nueces County, Texas
Summary of Insurance Coverage
Last Ten Fiscal Years
September 30, 2015**

| Type of Coverage | Premiums Paid FY05-06 | Premiums Paid FY06-07 | Premiums Paid FY07-08 | Premiums Paid FY08-09 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Property With Excess Windstorm | | | | |
| Property Without Excess Windstorm | 138,271 | 157,527 | 152,548 | 123,117 |
| County Buildings (Blanket Buildings) | | | | |
| County Buildings (Blanket Contents) | | | | |
| Primary Windstorm | 316,402 | 434,994 | 574,949 | 378,162 |
| Subtotal Windstorm | 454,693 | 592,521 | 727,497 | 501,279 |
| Flood Insurance | 46,558 | 53,434 | 115,730 | 84,397 |
| Building Limits | | | | |
| Building Contents | | | | |
| Building and Contents | | | | |
| Excess Flood | | 19,243 | | 80,012 |
| Subtotal Flood | 46,558 | 72,677 | 115,730 | 164,409 |
| Inland Marine: | 12,471 | 13,220 | 11,132 | 13,212 |
| Voting Machine | | | | |
| Fine Arts | | | | |
| Valuable Papers | | | | |
| Subtotal Inland Marine | 12,471 | 13,220 | 11,132 | 13,212 |
| Public Official Employee Liability | 52,701 | 37,199 | 33,435 | 33,435 |
| Crime Policy Includes | 2,512 | 2,783 | 2,783 | 2,783 |
| Dishonesty | | | | |
| Money & Securities | | | | |
| Auto Liability Blanket | 85,061 | 115,016 | 113,989 | 119,122 |
| Boiler and Machinery | 3,941 | 5,140 | | |
| Airport Liability | 4,950 | 4,950 | 4,455 | |
| Airport Hangar keepers Legal | | | | 3,783 |
| Other Liability | | | | |
| Total | 662,887 | 843,506 | 1,009,021 | 838,023 |

Exhibit 26

| <u>Premiums Paid FY09-10</u> | <u>Premiums Paid FY10-11</u> | <u>Premiums Paid FY11-12</u> | <u>Premiums Paid FY12-13</u> | <u>Premiums Paid FY13-14</u> | <u>Premiums Paid FY14-15</u> |
|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 111,913 | 123,259 | 136,120 | 154,343 | 179,542 | 179,542 |
| <u>1,028,516</u> | <u>755,168</u> | <u>858,524</u> | <u>845,948</u> | <u>824,545</u> | <u>747,536</u> |
| 1,140,429 | 878,427 | 994,644 | 1,000,291 | 1,004,087 | 927,078 |
| 76,260 | 83,441 | 91,802 | 86,043 | 98,677 | 106,988 |
| <u>56,323</u> | <u>56,530</u> | <u>56,415</u> | <u>61,324</u> | <u>65,228</u> | <u>64,001</u> |
| 132,583 | 139,971 | 148,217 | 147,367 | 163,905 | 170,989 |
| 5,939 | 7,418 | 7,051 | 7,418 | 7,785 | 7,785 |
| <u>5,939</u> | <u>7,418</u> | <u>7,051</u> | <u>7,418</u> | <u>7,785</u> | <u>7,785</u> |
| 24,567 | 31,361 | 30,153 | 32,771 | 32,771 | 32,771 |
| 2,783 | 2,783 | 2,783 | 4,231 | 4,397 | 4,700 |
| 111,242 | 115,029 | 106,706 | 87,812 | 91,902 | 91,180 |
| 2,888 | 2,837 | 2,258 | 2,258 | 1,734 | 1,734 |
| <u>1,420,431</u> | <u>1,177,826</u> | <u>1,291,812</u> | <u>1,282,148</u> | <u>1,306,581</u> | <u>1,236,237</u> |



FEDERAL AND STATE AWARDS PROGRAMS

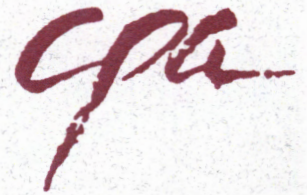


**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272

MEMBER

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants



6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

March 28, 2016

The Honorable County Judge
and County Commissioners
Nueces County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State of Texas, *Single Audit Circular*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nueces County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of Nueces County, Texas, in a separate letter dated March 28, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernest R. Garza & Company, P.C.
Certified Public Accountants
Corpus Christi, Texas



March 28, 2016



**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272

MEMBER

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

March 28, 2016

The Honorable County Judge
and County Commissioners
Nueces County, Texas

Report on Compliance for Each Major Federal Program

We have audited the Nueces County, Texas (the "County") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the Nueces County, Texas (the "County") complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

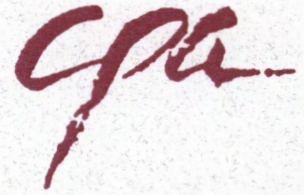
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ernest R. Garza & Company, P.C.
Certified Public Accountants
Corpus Christi, Texas

A handwritten signature in black ink, appearing to read "Ernest R. Garza" followed by "PC CPAS". The signature is fluid and cursive.

March 28, 2016



**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272

MEMBER

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

6102 Ayres St. #100
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

March 28, 2016

The Honorable County Judge
and County Commissioners
Nueces County, Texas

Report on Compliance for Each Major State Program

We have audited the Nueces County, Texas (the "County") compliance with the types of compliance requirements described in *the State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2015. The County's major state programs are identified in the summary of auditor's results section of the accompanying state schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning. Those standards and the Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major State Program

In our opinion, the Nueces County, Texas (the "County") complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Ernest R. Garza & Company, P.C.
Certified Public Accountants
Corpus Christi, Texas



March 28, 2016

NUECES COUNTY, TEXAS
 Schedule of Findings and Questioned Costs
 For The Year Ended September 30, 2015

Summary of Auditor's Results

| | |
|--|--|
| Type of report on financial statements | Unmodified |
| Internal control over financial reporting: Material weakness (es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness (es)? | None reported |
| Internal control over major programs: Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | None reported |
| Noncompliance which is material to the basic financial statements | None |
| Type of report on compliance with major programs | Unmodified |
| Findings and questioned costs for federal awards as defined in Section 501 (a), OMB Circular A-133 and state awards as defined by the State of Texas Single Audit Circular | None |
| Dollar threshold considered between Type A and Type B state and federal programs | \$300,000 |
| Low risk auditee statement | The County was classified as a low-risk auditee. |
| Major federal program | Coastal Impact Assistance Program #15.668 Homeland Security Grant Program #97.067 Affordable Care- Act – Maternal, Infant and Early Childhood Visiting Program #93.505 |
| Major state program | State Aid - TJJD Indigent Defense Formula Grant |

Findings Related to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None

NUECES COUNTY, TEXAS
Schedule of Prior Audit Findings
For The Year Ended September 30, 2015

None Noted

NUECES COUNTY, TEXAS
Corrective Action Plan
For The Year Ended September 30, 2015

None Required



NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

| FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS- THROUGH GRANTOR'S NUMBER | EXPENDITURES, INDIRECT COSTS AND REFUNDS | PASS THROUGH AMOUNT TO RECIPIENTS |
|--|--|---|---|--|
| FEDERAL AWARDS: | | | | |
| US DEPARTMENT OF AGRICULTURE | | | | |
| Pass Through: Texas Department of Agriculture | | | | |
| 3490-4464 | School Breakfast Program | 10.553 | 01216 | \$ 30,121 \$ - |
| 3490-4469 | National School Lunch Program | 10.555 | 01216 | 47,154 - |
| 3492-4469 | Emergency Assistance Program (Food Commodities) | 10.569 | 01216 | 5,903 - |
| TOTAL CLUSTER PROGRAM: | | | \$ 83,178 | \$ - |
| TOTAL US DEPARTMENT OF AGRICULTURE: | | | \$ 83,178 | \$ - |
| US DEPARTMENT OF COMMERCE | | | | |
| Pass Through: The University of Southern Mississippi | | | | |
| 2791 | Sea Grant Support | 11.417 | USM-GR04114-R/MG/CPS-38 | \$ 33,582 \$ 33,582 |
| Pass Through: Texas General Land Office | | | | |
| 2724 | Coastal Zone Management Administration Awards | 11.419 | 14-094-000-7962 | \$ 839 \$ - |
| 2725 | Coastal Zone Management Administration Awards | 11.419 | 15-053-000-8462 | 12,177 - |
| Total CFDA 11.419 | | | \$ 13,016 | \$ - |
| TOTAL US DEPARTMENT OF COMMERCE | | | \$ 46,598 | \$ 33,582 |
| US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Pass Through: Texas Department of Housing & Community Affairs | | | | |
| 2710 | Community Development Block Grant-Non Entitlement Grants | 14.228 | 10-5122-000-5103 | \$ 7,270 \$ - |
| Pass Through: Texas Department of Agriculture | | | | |
| 2792 | Community Development Block Grant | 14.228 | 7214085 | \$ 41,414 \$ - |
| TOTAL US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT | | | \$ 48,684 | \$ - |
| US DEPARTMENT OF THE INTERIOR | | | | |
| Direct Grant | | | | |
| 1307 | Minerals Mangement Services | 15.423 | None | 3,070 - |
| Pass Through: Texas Park and Wildlife Department | | | | |
| 2455 | Sportfishing and Boat Safety Act | 15.622 | F2260-B | 34,280 - |
| 2772-04 | Coastal Impact Assistance Program | 15.668 | F13AF00079 | 378,935 - |
| 2772-09 | Coastal Impact Assistance Program | 15.668 | 13-147-000-7235 | 2,600 - |
| TOTAL CFDA 15.668 | | | \$ 381,535 | \$ - |
| 2453 | Outdoor Recreation_Acquisition, Development & Planning Grant | 15.916 | 48-00-124 | 671 - |
| TOTAL US DEPARTMENT OF THE INTERIOR | | | \$ 419,556 | \$ - |
| US DEPARTMENT OF JUSTICE: | | | | |
| Pass Through: US Marshals Service | | | | |
| 2334 | Joint Law Enforcement Operations Task Force | 16.111 | M-15-D79-O-000158 | \$ 10,000 \$ - |
| Pass Through: US Attorney, SW Region | | | | |
| 2235 | (OCDETF) State & Local Overtime and Authorized Expense Agreement | 16.112 | SW-TXS-0955 | 8,534 - |
| Pass Through: Office of the Governor - Criminal Justice Division | | | | |
| 2053 | Juvenile Accountability Incentive Block Grant | 16.523 | JB-13-S80-28018-01 | 32,083 - |
| 2056 | Juvenile Justice & Delinquency Prevention | 16.540 | JA-15-J20-28018-02 | 2,917 - |
| Direct Award | | | | |
| 3720-4463 | State Criminal Alien Assistance Program | 16.606 | 2014-AP-BX-0697 | 20,793 - |
| Pass Through: Office of the Governor - Criminal Justice Division | | | | |
| 2044 | Edward Byrne Memorial J.A.G. Program | 16.738 | DJ-12-A10-26905-02 | 36,142 - |
| Pass Through: City of Corpus Christi | | | | |
| 2394 | Edward Byrne Memorial J.A.G. Program | 16.738 | 2012-DJ-BX-0822 | 7,671 - |
| 2395 | Edward Byrne Memorial J.A.G. Program | 16.738 | 2013-DJ-BX-0850 | 41,391 - |
| 2396 | Edward Byrne Memorial J.A.G. Program | 16.738 | 2014-H3775-TX-DJ | 29,151 - |
| TOTAL CFDA 16.738 | | | \$ 114,355 | \$ - |
| TOTAL US DEPARTMENT OF JUSTICE | | | \$ 188,682 | \$ - |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | |
| Pass Through: Texas State Library & Archives Commission | | | | |
| 1391-A | Impact Grant Program | 45.310 | 475-15014 | \$ 7,885 \$ - |
| 2156 | Impact Grant Program | 45.310 | 478-16009 | 45,763 - |
| Total CFDA Number 45.310 | | | \$ 53,648 | \$ - |
| TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | \$ 53,648 | \$ - |

NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

| FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS- THROUGH GRANTOR'S NUMBER | EXPENDITURES, INDIRECT COSTS AND REFUNDS | PASS THROUGH AMOUNT TO RECIPIENTS |
|---|---------------------------|---|---|--|
| FEDERAL AWARDS: | | | | |
| US ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Pass Through: Texas General Land Office | | | | |
| 2634 Beach Monitoring and Notification Program | 66.472 | 15-065-000-8686 | 106,716 | - |
| 2635 Beach Monitoring and Notification Program | 66.472 | 16-099-000-9299 | 14,355 | - |
| Total CFDA Number 66.472 | | | \$ 121,071 | \$ - |
| TOTAL US ENVIRONMENTAL PROTECTION AGENCY | | | \$ 121,071 | \$ - |
| US DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Pass Through: Texas Department of Aging and Disability Services | | | | |
| Through: Coastal Bend Council of Governments: | | | | |
| Special Programs for the Aging Title III, Part B_Grants for | | | | |
| 4190-4445 Supportive Services and Senior Centers | 93.044 | AA3-0848-10 | \$ 19,524 | \$ - |
| 4190-4446 Special Programs for the Aging, Title III, Part C1_Nutrition Svcs | 93.045 | AA3-0848-10 | 56,516 | - |
| 4190-4447 Special Programs for the Aging, Title III, Part C2_Nutrition Svcs | 93.045 | AA3-0848-10 | 61,412 | - |
| Total Cluster | | | \$ 137,452 | \$ - |
| Pass Through: Department of State Health Services | | | | |
| 2695 Public Health Emergency Preparedness | 93.069 | 2015-001327-00 | \$ 157,402 | \$ - |
| 2696 Public Health Emergency Preparedness | 93.069 | 2016-003715-00 | \$ 33,167 | \$ - |
| Total CFDA 93.069 | | | \$ 190,569 | \$ - |
| 2656 Hospital Preparedness Progr. & Public Health Emergy. Preprd. | 93.074 | 2015-003715-00 | \$ 552 | \$ - |
| Through: Texas Health and Human Services Commission | | | | |
| 2535 ACA-Maternal, Infant, and Early Childhood Visiting Program | 93.505 | HCS 529-12-0066-00005 | 495,780 | - |
| Pass Through: Department of State Health Services | | | | |
| 2574 Centers For Disease Control and Prevention Investigations and Technical Assistance | 93.558 | 2015-04750-001B | 106,475 | - |
| Through: Office of the Attorney General | | | | |
| 3530-4363 Child Support Enforcement | 93.563 | N/A | 23,117 | - |
| 3530-4365 Child Support Enforcement | 93.563 | 00-3721,00-082010 | 87,609 | - |
| 3540-4365 Child Support Enforcement | 93.563 | 00-3721,00-082010 | 1,199 | - |
| Total CFDA 93.563 | | | \$ 111,925 | \$ - |
| Pass Through: Texas Juvenile Justice Department | | | | |
| 1317 Title IV-E Foster Care | 93.658 | TJJD-E-2014-178 | \$ 20,313 | \$ - |
| 1317 Title IV-E Foster Care | 93.658 | TJJD-E-2015-178 | 8,514 | - |
| Pass Through: Texas Department of Family and Protective Services | | | | |
| 1130 Title IV-E Legal Services | 93.658 | 23940957 | 63,033 | - |
| 4130 Title IV-E Child Welfare Services | 93.658 | 23940956 | 26,337 | - |
| Total CFDA 93.658 | | | \$ 118,197 | \$ - |
| Pass Through: Department on Aging & Disability Services | | | | |
| 4190-4450 Social Services Block Grant | 93.667 | 167600 | 68,539 | - |
| Pass Through: Department of State Health Services | | | | |
| 2595 HIV Prevention_Health Department Based | 93.940 | 2015-001347-00 | 64,854 | - |
| TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | \$ 1,294,343 | \$ - |
| EXECUTIVE OFFICE OF THE PRESIDENT | | | | |
| Pass Through: Office of National Drug Control Policy | | | | |
| 2374 High Intensity Drug Trafficking Area Programs | 95.001 | G14HN0007A | \$ 77,981 | \$ - |
| Total CFDA 95.001 | | | \$ 77,981 | \$ - |
| TOTAL EXECUTIVE OFFICE OF THE PRESIDENT | | | \$ 77,981 | \$ - |
| US DEPARTMENT OF HOMELAND SECURITY | | | | |
| Pass Through: United Way of the Coastal Bend | | | | |
| 1350 Emergency Food and Shelter National Board Program | 97.024 | 32-82840-00 001 | \$ 19,309 | \$ - |
| Pass Through Texas Department of Public Safety | | | | |
| 2740 Hazard Mitigation Grant Program | 97.039 | HMGP DR-4029-13 | 687 | - |
| 5105 Emergency Management Performance Grant | 97.042 | 15TX-EMPG-0578 | 33,895 | - |
| 2243 Homeland Security Grant Program | 97.067 | 13-GA 48355-07F | 25,178 | - |
| 2413 Homeland Security Grant Program | 97.067 | 13-SR 48355-02 | 678,390 | 360,377 |
| 2414 Homeland Security Grant Program | 97.067 | 14-SR-48355-02 | 80,578 | 12,363 |
| Total CFDA 97.067 | | | \$ 784,146 | \$ 372,740 |
| TOTAL US DEPARTMENT OF HOMELAND SECURITY | | | \$ 838,037 | \$ 372,740 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 3,171,778 | \$ 406,322 |

**NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

| FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS- THROUGH GRANTOR'S NUMBER | EXPENDITURES, INDIRECT COSTS AND REFUNDS | PASS THROUGH AMOUNT TO RECIPIENTS |
|--|--|---|---|--|
| STATE AWARDS: | | | | |
| OFFICE OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION | | | | |
| Direct Grant | | | | |
| 2045 | CE-County Essentials Program | N/a | CE15C412847901 | \$ 21,039 \$ - |
| 2074 | Juvenile Justice Alternative | N/a | SF-15-J20-23152-05 | 32,822 - |
| 2076 | Juvenile Justice Alternative | N/a | SF-16-J20-23152-06 | 3,075 - |
| 2085 | Nueces County Drug/DWI Court | N/a | SF-15-S80-20676-07 | 67,826 - |
| 2086 | Nueces County Drug/DWI Court | N/a | SF-16-S80-20676-08 | 4,397 - |
| TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION | | | \$ 129,159 | \$ - |
| TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | | | |
| Pass Through: Coastal Bend Council of Governments | | | | |
| 2204 | Solid Waste Grant - Interlocal Agreement | N/a | 15-20-G04 | \$ 4,997 \$ - |
| TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | | \$ 4,997 | \$ - |
| TEXAS COMMISSION ON THE ARTS | | | | |
| Direct Grant | | | | |
| 1391-B | Arts Respond Performance Support Grant | N/a | None | \$ 550 \$ - |
| TOTAL TEXAS COMMISSION ON THE ARTS | | | \$ 550 | \$ - |
| TEXAS DEPARTMENT OF AGRICULTURE | | | | |
| Direct Grant | | | | |
| 4190-4450-1 | Texans Feeding Texans - Home Delivered Meals Grant Program | N/a | HDM-15-1589 | \$ 20,446 \$ - |
| TOTAL TEXAS DEPARTMENT OF AGRICULTURE | | | \$ 20,446 | \$ - |
| TEXAS DEPARTMENT OF HEALTH STATE SERVICES | | | | |
| Direct Grant | | | | |
| 2615 | HIV Surveillance | N/a | 2015-001419-00 | 47,649 - |
| 2616 | HIV Surveillance | N/a | 2016-001419-00 | 4,170 - |
| TOTAL DEPARTMENT OF HEALTH STATE SERVICES | | | \$ 51,819 | \$ - |
| TEXAS DEPARTMENT OF PUBLIC SAFETY | | | | |
| Pass Through: Texas Homeland Security State Administrative Agency | | | | |
| 2315 | Local Border Security Program | N/a | LBSP-15-0011 | \$ 8,457 \$ - |
| TOTAL TEXAS DEPARTMENT OF PUBLIC SAFETY | | | \$ 8,457 | \$ - |
| TEXAS DEPARTMENT OF TRANSPORTATION | | | | |
| Direct Grant | | | | |
| 2704 | County Transportation Infrastructure Fund Grant Program | N/a | CTIF-01-178 | \$ 4,204 \$ - |
| 2115 | Routine Airport Maintenance Program | N/a | MI516ROBS | 23,095 - |
| TOTAL TEXAS DEPARTMENT OF TRANSPORTATION | | | \$ 27,299 | \$ - |
| TEXAS INDIGENT DEFENSE COMMISSION | | | | |
| Direct Grant | | | | |
| 3300 | Indigent Defense Formula Grant | N/a | 221-15-178 | \$ 492,660 \$ - |
| TOTAL TEXAS INDIGENT DEFENSE COMMISSION | | | \$ 492,660 | \$ - |
| TEXAS JUVENILE JUSTICE DEPARTMENT | | | | |
| Direct Grants | | | | |
| 2825 | State Financial Aide Fund | N/a | TJJD-A-2015-178 | 1,936,922 - |
| 2826 | State Financial Aide Fund | N/a | TJJD-A-2016-178 | 201,960 - |
| 2855 | Commitment Reduction Program | N/a | TJJD-C-2015-178 | 138,994 - |
| 2865 | Special Needs Diversionary Program | N/a | TJJD-M-2015-178 | 31,508 - |
| 2836 | Special Needs Diversionary Program | N/a | TJJD-M-2016-178 | 5,003 - |
| 2835 | Mental Health Services | N/a | TJJD-N-2015-178 | 270,869 - |
| 2845 | JJAEP School Fund | N/a | TJJD-P-2015-178 | 59,168 - |
| 2846 | JJAEP School Fund | N/a | TJJD-P-2016-178 | 8,858 - |
| TOTAL TEXAS JUVENILE JUSTICE DEPARTMENT | | | \$ 2,653,282 | \$ - |

**NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

From Page 1
PASS THROUGH
AMOUNT
TO
RECIPIENTS

| FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS- THROUGH GRANTOR'S NUMBER | EXPENDITURES, INDIRECT COSTS AND REFUNDS | PASS THROUGH AMOUNT TO RECIPIENTS |
|--|---------------------------|---|---|--|
| STATE AWARDS: | | | | |
| TEXAS STATE LIBRARY & ARCHIVES COMMISSION | | | | |
| 1391-C Family Place Library Grant | N/a | None | \$ 6,000 | \$ - |
| TOTAL TEXAS STATE LIBRARY & ARCHIVES COMMISSION | | | \$ 6,000 | \$ - |
| TEXAS VETERANS COMMISSION | | | | |
| Direct Grant | | | | |
| 2715 Fund For Veterans Assistance Grant | N/a | FVA_14B_0183 | \$ 77,856 | \$ - |
| 2175 Fund For Veterans Assistance Grant | N/a | FVA_15B_0267-01 | \$ 50,835 | \$ - |
| TOTAL TEXAS VETERANS COMMISSION: | | | \$ 128,691 | \$ - |
| TOTAL EXPENDITURES OF STATE AWARDS | | | \$ 3,523,360 | \$ - |
| TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS: | | | \$ 6,695,138 | \$ 406,322 |

NUECES COUNTY, TEXAS

Notes to Schedule of State/Federal Awards

For the year ended September 30, 2015

1. General

The accompanying Schedule of State/Federal Awards presents the activity of all State and Federal Awards programs of Nueces County, Texas. The reporting entity, Nueces County (the County) was created and organized by the State of Texas in 1846 from San Patricio County. The principal city and county seat is the City of Corpus Christi. Nueces County operates as a subdivision of the State of Texas and is governed by the Commissioners Court. All State and Federal Awards received directly from Federal agencies and passed through to other governmental agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of State/Federal Awards is presented using the modified accrual basis of accounting. Grant revenues are recognized as soon as all eligibility requirements imposed by the provider have been met. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

3. Relationship to General Purpose Financial Statements

State and Federal Awards revenues are reported in the County's general-purpose financial statements as follows:

| <u>Special Revenue Funds</u> | | | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|------------------------------|------------------|-------------------|---------------------|---------------------|---------------------|
| | | | \$ 2,626,626 | \$ 3,010,254 | \$ 5,636,880 |
| (13) | \$ 59,091 | (13) | \$ 6,550 | | |
| (20) | 2,567,535 | (20) | 350,422 | | |
| | | (28) | 2,653,282 | | |
| Federal \$ | <u>2,626,626</u> | State \$ | <u>3,010,254</u> | | |
| | | General Fund (11) | 539,249 | 513,106 | 1,052,355 |
| | | Commodities (11) | <u>5,903</u> | <u>-0-</u> | <u>5,903</u> |
| | | TOTAL | <u>\$ 3,171,778</u> | <u>\$ 3,523,360</u> | <u>\$ 6,695,138</u> |

4. Relationship to State/Federal Financial Reports

Amounts reported in the Schedule of State/Federal Awards are in agreement with the amounts reported in the related Federal financial reports filed with grantor agencies.

5. Commodities Valuation

The Juvenile Probation Department receives allotments of donated commodity items from the United States Department of Agriculture. A unit cost list provided by the Department is used to determine the valuation of the Federal/State financial assistance. Ending inventory is valued at cost.

6. Requests for Information

This financial report is designed to provide a general review of Nueces County's State and Federal Financial Awards for the Fiscal Year Ended September 30, 2015. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Dale Atchley, CPA
County Auditor
901 Leopard St., Rm. 304
Corpus Christi, Texas 78401
(361) 888-0556 Phone
(361) 888-0584 Fax

Anna Velazquez
Supervisor Payroll and Grants
901 Leopard St., Rm. 304
Corpus Christi, Texas 78401
(361) 888-0612 Phone
(361) 888-0584 Fax