

NUECES COUNTY ***TEXAS***



Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2017

NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2017



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

County Commissioners
Mike Pusley, Precinct 1
Joe A. Gonzalez, Precinct 2
John Marez, 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



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NUECES COUNTY, TEXAS
Comprehensive Annual Financial Report
Year Ended 2017
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OFFICE OF THE



COUNTY AUDITOR

KRISTEN TALAMANTEZ, C.P.A.
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ANNA VELAZQUEZ, C.P.P.
GRANTS / PAYROLL SUPERVISOR

DALE ATCHLEY, C.P.A.
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INTERNAL AUDIT SUPERVISOR

LISA DAVIS, C.I.O.
BUDGET ACCOUNTANT

AIDEE HERNANDEZ, C.I.O.
EXECUTIVE ACCOUNTANT

March 27, 2018

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

The Comprehensive Annual Financial Report of Nueces County, Texas, for the fiscal year ended September 30, 2017, is submitted herewith in accordance with Chapter 114.025 of the Local Government Code. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed public accountants.

This report consists of management's representations concerning the finances of Nueces County, Texas "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.

Ernest R. Garza and Company, P.C. a firm of licensed certified public accountants, has audited the County's financial statements. 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, 2017, 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 unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2017 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" as well as a state mandated "Single Audit" designed to meet the special needs of federal and state 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 and state 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 fifth largest port in the nation in cargo tonnage, 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 managing 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) 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 which are project length budgets. 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 expenditures designated by Commissioners court in the general fund, road, 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.

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 47 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the general fund, and the U.S. Marshal contract, the comparisons are presented in the Supplemental Non-major Governmental Funds subsection of this report.

Local Economy

The County is the fourteenth largest county in the State of Texas with an estimated population of 361,350. The County has a varied manufacturing and industrial base. Major industries located within the County include industrial, petrochemical, health care, meat processing, banking and financial services.

New residential permits rose from 657 permits issued in 2010 to 865 permits issued in 2017. The value for new residential went from \$98.6 million in 2010 to \$154.2 million in 2017. The number of new commercial permits went from 190 permits issued in 2010 to 137 permits issued in 2017 with a value increase from \$118.9 million in 2010 to \$407.6 million in 2017. Employment in the region showed a slight increase. There were 4,552 more jobs in the Corpus Christi area. September 2017 the unemployment rate in the region is 5.2% versus the State of Texas at 4.0% and the nation at 4.2%.

Future Economic Developments

The County experienced a natural disaster on August 25, 2017, resulting from Hurricane Harvey, which resulted in damage to portions of the County, with Port Aransas and Mustang Island receiving the most substantial damage. Damaged property included residential and commercial properties, as well as numerous County-owned facilities. The estimate of the total damage to the County-owned facilities is approximately \$5.5 million. The County anticipates that in excess of \$1 million will be covered by flood and/or windstorm insurance. On March 1, 2018, the Nueces County Commissioners court ratified the County's FEMA Public Assistance Project list submission estimating a total projected reimbursement from FEMA of \$2,452,551. The County also incurred disaster-related expenses, which include emergency repairs to County facilities, debris removal, protective measures and costs of emergency personnel overtime. The County anticipates that most of these will be covered by grants from the Federal Emergency Management Agency (FEMA) and the State of Texas, included in the estimate above

Any determination of assessed value will be made by the Nueces County Appraisal District based on the market value of such homes and commercial improvements as of January 1, 2018, which market value will be affected by, among other things, the extent to which any damage has been incurred and the extent to which it has been repaired. Further, there is no assurance that a casualty loss will be covered by insurance. Flood casualties are usually exempted from coverage unless specific flood insurance is purchased. The County cannot provide assurance that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damages to improvements within the County. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the County would be adversely affected. Finally, it is not known at this time what impact the effects of Hurricane Harvey will have generally upon the value of homes and commercial improvements that did not sustain damage

The State of Texas has begun construction of a new Harbor Bridge investing \$1 billion which will bring in many new construction jobs. Looking forward, our outlook is strong for continued growth in the near future. The Commissioners court continues to plan expenditures in a conservative manner. The 2016/2017 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 2016/2017 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 2016/2017 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, 2016. 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 four years (fiscal years ended 1993 through 2016). 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, 2018.

Additionally, Nueces County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2016 fiscal year beginning October 1, 2015. This is the third 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.

The preparation of the CAFR could not have been possible without the efficient and dedicated services of the entire staff of the Office of County Auditor. I also thank the members of the Commissioners court and their staff and all other county officials, department heads, and employees who have given their support in planning and conducting the financial operations of the County in a responsible manner.

Finally, I would like to thank the Board of 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,



Dale Atchley, CPA
County Auditor



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
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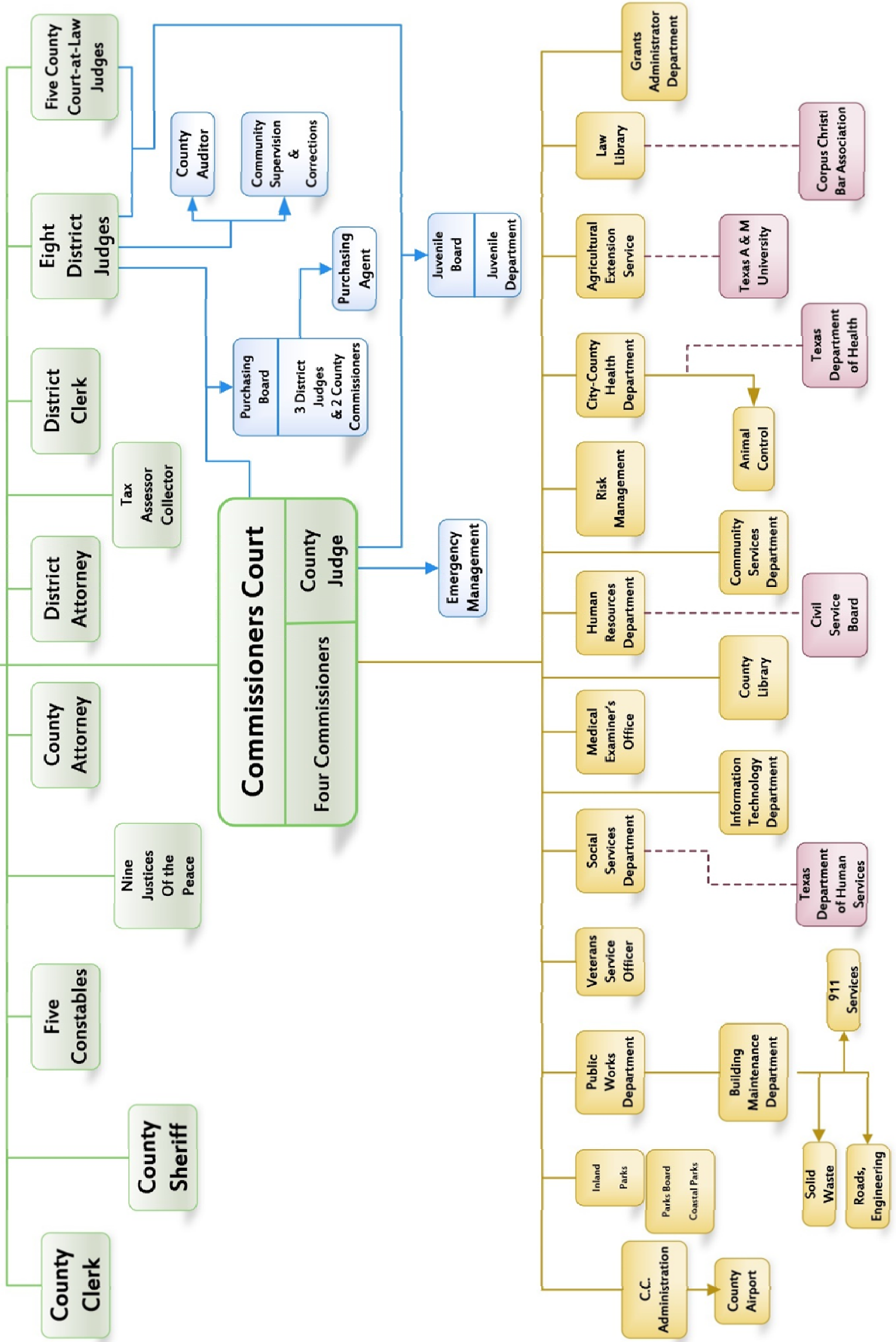
Nueces County Texas

for its Comprehensive Annual Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill
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 Pct. 1
Joe A. Gonzalez	County Commissioner Pct. 2
John Marez	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
Deanne 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 28 th District Court
Bobby Galvan	Judge 94 th District Court
Jack Pulcher	Judge 105 th District Court
Sandra Watts	Judge 117 th District Court
Guy Williams	Judge 148 th District Court
Inna Klein	Judge 214 th District Court
David Stith	Judge 319 th District Court
Missy Medary	Judge 347 th District Court
Mark Gonzalez	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
Jo Woosley	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
Mitchell Clark	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
Lance Murphy	Director of Info Technology
Jason Ott	County Extension Agent
Timothy Everest	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
Christopher A. Boyce	Emergency Management



FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

March 27, 2018

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, 2017, 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 \$85,524,374 and revenues were \$130,020,069. 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, 2017 and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, Debt Service Fund and U.S. Marshal Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 16, and budget comparison information and the other required supplementary information on page 89 through 93 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

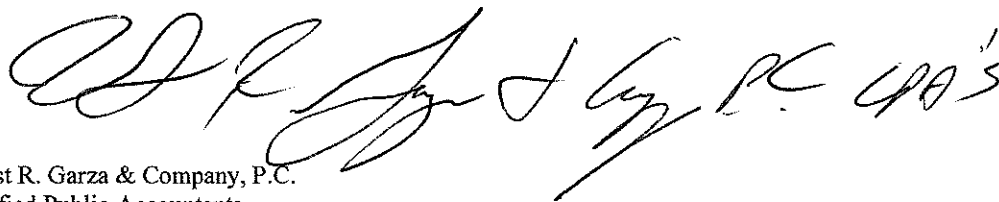
The combining and individual non-major fund statements and schedules, and the schedule of expenditures of federal/state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information 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 27, 2018 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

March 27, 2018

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, 2017. 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 beginning on page 4 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 \$94,767,092. As compared to the prior year, net position decreased by \$(14,967,301) or 13.64%.
- In contrast to the government-wide statements, the County's governmental funds reports a combined ending fund balance of \$68,529,512; an increase of \$3,609,136 in comparison with the prior year.
- The general fund total fund balance of \$16,510,888 reflects a decrease of \$ (5,490,749) from the previous year. After adjusting for amounts for prepaid and inventories (non-spendable) and the minimum general fund reserve of fund balance (committed), there is \$0 remaining in unassigned.
- The County's general obligation debt increased by \$20,920,000 due to the second of four principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Project in the amount of \$3,000,000 and \$17,920,000 due to a new bond issuance. The balance of general obligation debt at year end is \$122,779,252. The debt service fund balance is \$3,273,027 or 23.49% 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 (includes rural airport), 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 36-38 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, U.S. Marshal Contract fund, and capital projects fund, which are all considered major funds under the classification guidelines issued by GASB. Although the debt service fund did not meet the criteria to be reported as a major fund, the County has voluntarily elected to report as such. 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 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 39-48 of this report followed by the *Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual* for the general fund and the U.S. Marshal Contract fund.

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 fund is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 49-51 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 government-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 52 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 beginning on page 54 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 89-93 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 fund, debt service fund and the fiduciary funds. Combining and individual fund statements and schedules can be found on pages 94-121 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 of resources by \$94,767,092 and are summarized below along with comparative data from the previous year.

	Governmental Activities	
	Fiscal Year 16/17	Fiscal Year 15/16
Current and other Assets	\$ 99,248,934	\$ 97,190,301
Capital Assets(net of depreciation)	<u>177,071,114</u>	<u>174,933,047</u>
Total Assets	276,320,048	272,123,348
Loss on refunding debt	2,797,706	3,484,572
Deferred pension	<u>24,667,447</u>	<u>29,685,895</u>
Total deferred outflow of resources	27,465,153	33,170,467
Current and other liabilities	26,654,171	28,234,074
Long term liabilities	<u>179,437,645</u>	<u>164,737,084</u>
Total liabilities	206,091,816	192,971,158
Deferred pensions	<u>2,926,292</u>	<u>2,588,270</u>
Total deferred inflows of resources	2,926,292	2,588,270
Net Position		
Invested in capital assets	67,620,641	65,482,574
Restricted	14,904,500	16,016,006
Unrestricted	<u>12,241,951</u>	<u>28,235,813</u>
Total net position- restated	\$ 94,767,092	\$ 109,734,393

Current and other assets increased by \$ 2,058,633 or 2.12%. This was mainly attributable to an increase in investments due to issuance of debt stated above.

Capital assets (net of depreciation) increased by \$ 2,138,067 or 1.22%. For 2017, fixed assets additions were \$13,839,109, offset by accumulated depreciation of (\$11,528,111). There were also retirements and associated accumulated depreciation of (\$6,995,255) and \$6,822,324, respectively and a prior period adjustment to construction in process of \$3,769,946.

Deferred outflows of resources decreased by \$ (5,705,314) attributable to pension related deferrals in fiscal year 2017 including an additional \$207,577 in employer contributions made subsequent to measurement date, offset with (\$896,535) in changes of assumptions or other inputs, and (\$4,329,490) in the net difference between projected and actual earnings on pension plan investments. The decrease also includes (\$686,866) of amortization from the loss on refunding of debt.

Current and other liabilities decreased by \$ (1,579,903) or -5.60%, while long-term liabilities increased by \$ 14,700,561 or 8.92%. A decrease in current liabilities was attributable to both a reduction in accounts payable and other current liabilities. The increase in long-term debt is due to a \$20,920,000 increase in long-term debt, \$119,999 increase in accrued compensated absences offset by (\$7,591,221) in principal payments, (\$537,027) in capital lease payments and (\$1,554,569) in bond premium amortization.

Deferred inflows increased by \$ 338,022 attributable to a net increase in pension related deferred inflows of resources between expected and actual experience in the total pension liability of \$338,022.

The largest portion of the County's net position 71.35% 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 totaled \$ 14,904,500 and comprised 15.73% 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 totaled \$ 12,241,951 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 decreased the County's net position. In comparison to the prior year, total revenues increased by \$5,286,799 and total expenses increased by \$11,468,167. The change in net position for this current fiscal year was a net decrease of \$(14,967,301) making the ending balance of net position equal to \$ 94,767,092. Key elements of this decrease are discussed below.

The governmental activities change in net position is displayed in a table on the following page along with comparative data for the previous year.

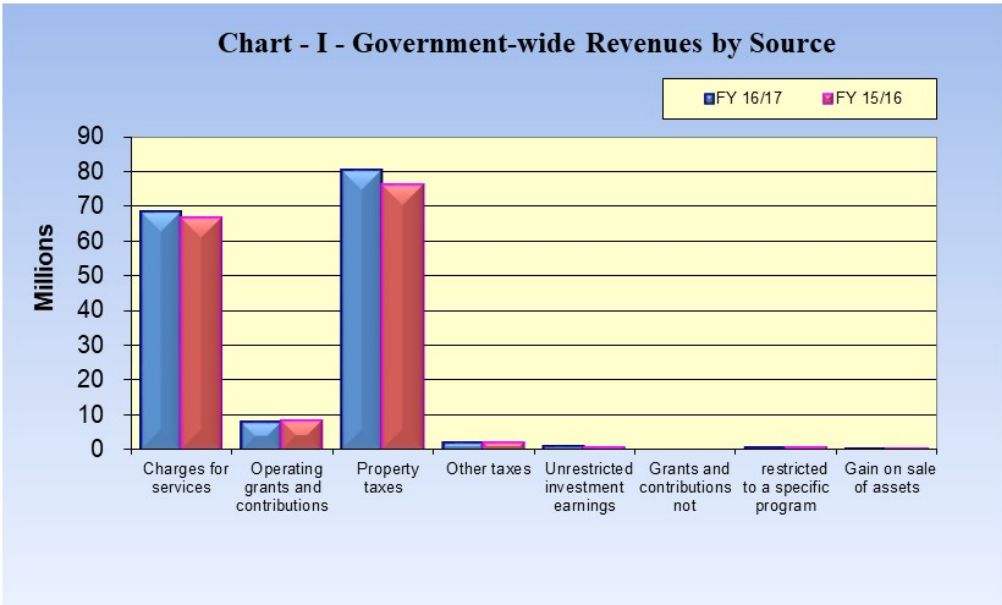
Changes in Net Position
Governmental Activities

	FY 16/17	Percent of Total	FY 15/16	Percent of Total	Difference	Percent of Change
Revenues:						
Program revenues:						
Charges for services	\$ 68,469,622	42.68%	\$ 66,978,233	43.17%	\$ 1,491,389	2.23%
Operating grants and contributions	7,916,730	4.93%	8,478,930	5.47%	(562,200)	-6.63%
General Revenues:						
Property taxes	80,556,818	50.21%	76,391,071	49.24%	4,165,747	5.45%
Other taxes	2,003,689	1.25%	2,047,110	1.32%	(43,421)	-2.12%
Unrestricted Investment earnings	858,835	0.54%	594,122	0.38%	264,713	44.56%
Grants and contributions not restricted to a restricted to a specific programs	548,501	0.34%	499,403	0.32%	49,098	9.83%
Gain on sale of assets	72,125	0.04%	150,652	0.10%	(78,527)	-52.12%
Total revenues	<u>160,426,320</u>	100.00%	<u>155,139,521</u>	100.00%	<u>5,286,799</u>	3.41%
Expenses:						
General government:						
Buildings and facilities	12,897,821	7.35%	13,588,683	8.29%	(690,862)	-5.08%
Administration of justice	26,518,868	15.12%	26,355,960	16.08%	162,908	0.62%
Law enforcement and corrections	73,365,188	41.83%	69,361,956	42.31%	4,003,232	5.77%
Social services	3,201,250	1.83%	3,128,854	1.91%	72,396	2.31%
Health, safety and sanitation	3,113,686	1.78%	3,104,344	1.89%	9,342	0.30%
Agriculture, education and consumer sciences	1,105,893	0.63%	1,006,618	0.61%	99,275	9.86%
Roads, bridges and transportation	15,065,571	8.59%	12,976,912	7.92%	2,088,659	16.10%
Parks and recreation	7,893,713	4.50%	9,736,734	5.94%	(1,843,021)	-18.93%
Interest on long-term debt	5,204,680	2.97%	4,731,881	2.89%	472,799	9.99%
Total Expenses	<u>175,393,621</u>	100.00%	<u>163,925,454</u>	100.00%	<u>11,468,167</u>	7.00%
Increase (Decrease) in net position	<u>(14,967,301)</u>		<u>(8,785,933)</u>		<u>(6,181,368)</u>	70.36%
Net position - beginning restated	<u>109,734,393</u>		<u>118,520,326</u>		<u>(8,785,933)</u>	-7.41%
Net position - ending restated	<u>\$ 94,767,092</u>		<u>\$109,734,393</u>		<u>\$(14,967,301)</u>	-13.64%

REVENUES - As shown in the table above, total revenues increased by \$5,286,799. Property taxes increased by \$4,165,747, this is due to adopting a tax rate in excess of the effective tax rate, and an increase in the property valuation.

Gain on the sale of assets decreased by (\$78,527). Operating grants and contributions decreased by (\$562,200) which is mainly due to a decrease in grant funding. Other taxes reflect a decrease of \$(43,421). Grants and contributions not restricted to specific programs increased by \$49,098.

Investment earnings were \$264,713 higher than the prior year. This increase was mainly attributable to higher than average monthly rates in one of the County's external investment pools as compared to the prior year.



The County’s government-wide revenue sources are graphically presented in Chart–I. Countywide, 50.21% of total revenues come from property taxes. The second largest revenue source, 42.68% comes from charges for services, which in addition to the fees collected in conjunction with the US Marshal Contract also includes fees of office, medical examiner fees, fine collections, motor vehicle registrations and intergovernmental tax collection fees. Operating grants and contributions comprise 4.93% 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 2016.

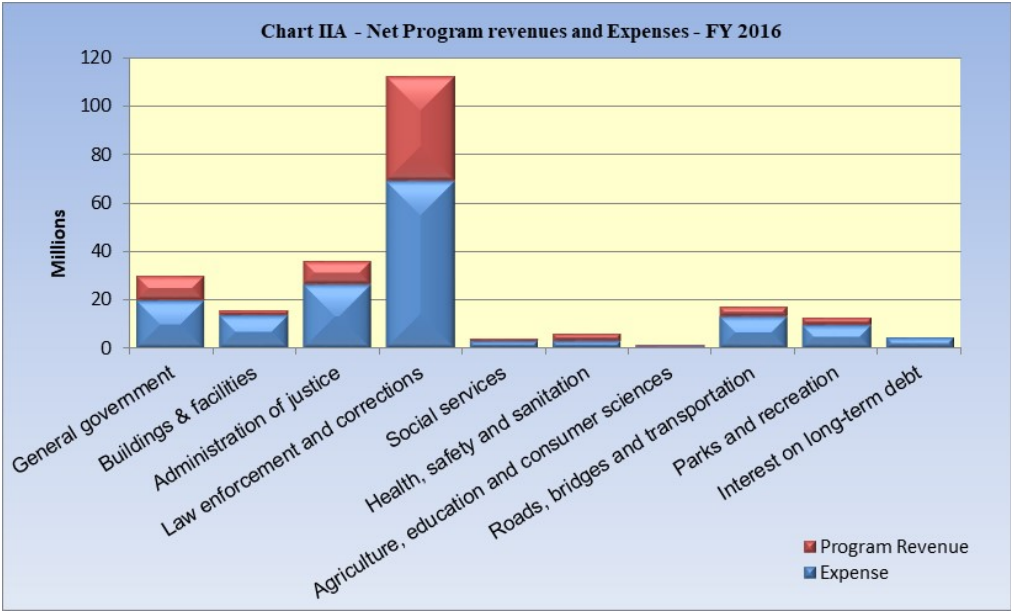
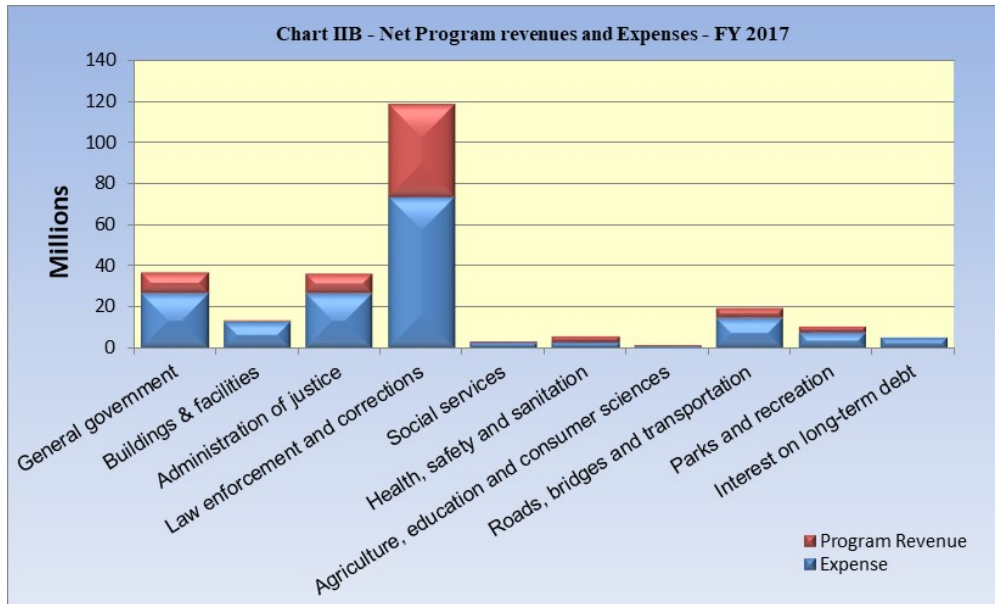


Chart IIB on the next page compares the net of program revenues and expenses for fiscal year 2017. In comparing Chart IIA and Chart IIB, they appear to remain very similar.



EXPENSES - Expenses increased by \$11,468,167 or 7.00%. The largest increases in expenses were in general government, law enforcement and parks and recreation. The increases in general government, law enforcement and parks and recreation were due to increases in payroll expenses for each function.

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. A large portion of the activity costs of law enforcement, administration of justice, and general government 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 its AA+/Aa2 underlying bond rating since 1998. On October 17, 2017 and October 18, 2017, Standard & Poor's and Moody's, respectively, reaffirmed the credit rating on the County's outstanding bonds at "AA+" and "Aa2".

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 \$68,529,512 an increase by \$3,609,136 in comparison with the prior year. Excluding capital projects fund, ending balances of governmental funds decreased by \$(6,409,430). This decrease is the result of an increase in operating expenditures attributed mostly to repairs and maintenance, personnel costs, medical insurance overruns and the purchase of election equipment.

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 \$16,510,888. As compared to previous year, the total fund balance decreased by \$(5,490,749). The total fund balance represents 19.02% of the sum of total general fund budgeted and transfer in revenues. The Commissioners court adopted a resolution and order on September 14, 2016, establishing the financial guidelines for the minimum general fund reserve of 25% of general fund 2016-2017 budgeted revenues and transfers in to maintain sound fiscal policies and an excellent bond rating. The 25% fund balance reserve was considered necessary since Nueces County is a coastal county and as such has a higher exposure to risk. The minimum general fund reserve for the year ended September 30, 2017, was expected to be \$21,708,512; however, the actual ending general fund balance was \$16,510,888. There were several unforeseen expenditures attributing to the decline in the fund balance reserves. The most significant expenditures were due to medical insurance overruns and the purchase of election equipment. The general fund was reimbursed for its portion of the purchase price of the election equipment as of November 29, 2017, as a part of the issuance of Series 2017 Certificates of Obligation. Applying this measure (using the total fund balance) toward the general fund expenditures and transfers out calculates to be approximately 2.71 months of operating expenditures.

The debt service fund was voluntarily included as a major fund and closed with an ending fund balance of \$3,273,027 which resulted in a net decrease of \$(319,426) as compared to prior year. Debt service payments and transfers out totaled \$13,749,665 and revenues and transfers in totaled \$13,430,239. 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.

Consistent with previous years, the U.S. Marshal Contract fund is considered a major fund because the liabilities revenues and expenditures each exceeded 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. Several modifications to the per-diem and guard/transportation rates with the U.S. Marshal Services as well as with the private prison operators were effective during the fiscal year ended September 30, 2017, to adjust the wages for department of labor wage determinations and to reflect the annual wage rate of the collective bargaining agreement; however, there were no changes to the County's negotiated fee. The remaining fund balance was \$234,542. There was a net decrease in fund balance of \$(2,160) at the end of the fiscal year.

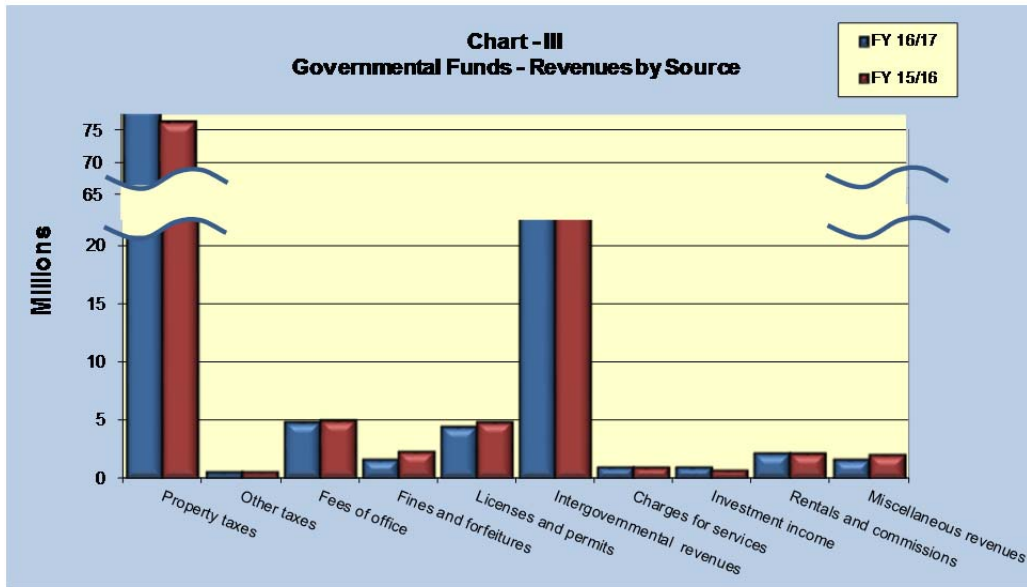
The capital projects fund is used to account for all of the major capital projects that are funded by either debt instruments or the general fund. The remaining fund balance at fiscal year-end was \$31,770,957, which is a net increase of \$10,018,566 when compared to prior fiscal year. The increase in fund balance as of year ended September 30, 2017 is the result of the issuance of Certificates of Obligation, Series 2016, \$17,920,000 on November 15, 2016 for the purpose of acquiring, designing, constructing, renovating, repairing and improving various County facilities to comply with the Americans With Disabilities Act and other federal laws; upgrading and improving the County's Information Technology Systems; acquiring, designing, constructing, renovating, repairing, and improving various County facilities, County parks, County airport runway and facilities; purchasing materials, supplies, equipment, machinery, landscaping, land and right-of-way in the County for authorized needs and purposes related to the aforementioned capital improvements; constructing and improving to various roads, bridges and drainage facilities throughout the County; and paying professional, fiscal, engineering and legal fees incurred in connection therewith. The second of four \$3,000,000 principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Construction Project was also issued during the year ended September 30, 2017. As soon as the funds were distributed to the County, the County paid the funds directly to the Texas Department of Transportation in accordance with the agreement. The funds received and subsequently distributed are included in issuance of debt under other financing sources and the roads, bridges and airport expenditure function, respectively, on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*. On November 15, 2017, the County issued \$4,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2017 which will be used to fund additional multiyear projects; acquisition of equipment for the conduct of elections in Nueces County and upgrading and improving the County's Information Technology Systems.

On August 16, 2017, the County issued a resolution declaring intention to reimburse certain expenditures with proceeds from the aforementioned Series 2017 obligations. The County finds, considers, and declares that the reimbursement of the County for the payment of such expenditures was appropriate and consistent with the lawful objectives of the County and, as such, chose to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issued obligations to finance the equipment. During September 2017, the County purchased \$3,671,344 in elections equipment, of which the County used \$3,100,000 of the above Series 2017 obligations to reimburse itself for such payments when it issued obligations to finance the elections equipment. The direct impact to the general fund as a result of the equipment purchase for the year ended September 30, 2017, was a (\$1,499,892) decrease in fund balance creating a further reduction against the minimum general fund reserve balance of 25% of budgeted general fund revenues and transfers in. However, due to the reimbursement resolution, the \$1,499,892 was recaptured in the fund balance effective November 29, 2017.

Other governmental funds has a total combined fund balance of \$16,740,094. 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 decreased by \$(597,096).

In the prior year, the County's Disaster Recovery department was presented with the Proprietary Funds financial statements. As of September 30, 2017, the department was reclassified from a proprietary fund account to a special revenue account. The only impact to the financial statements was a decrease of (\$55,460) in accounts receivable and accounts payable in the proprietary fund with an offsetting increase to the disaster recovery special revenue fund.

Please refer to next page Chart III, Revenues by Source, for a graphic presentation of the table. Revenues are comparably constant in all categories, except for intergovernmental revenue, rentals and commissions and miscellaneous revenues.



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 and U.S. Marshal Contract fund.

Governmental Funds – Revenues by Source

	FY 16/17	Percent of Total	FY 15/16	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$ 80,173,689	41.96%	\$76,406,029	45.92%	\$3,767,660	4.93%
Other taxes	420,187	0.22%	431,990	0.26%	(11,803)	-2.73%
Fees of office	4,746,222	2.48%	4,931,127	2.96%	(184,905)	-3.75%
Fines and forfeitures	1,631,529	0.85%	2,305,539	1.39%	(674,010)	-29.23%
Licenses and permits	4,413,729	2.31%	4,842,727	2.91%	(428,998)	-8.86%
Intergovernmental revenues	57,369,568	30.03%	56,080,858	33.70%	1,288,710	2.30%
Charges for services	899,685	0.47%	914,955	0.55%	(15,270)	-1.67%
Investment income	836,342	0.44%	585,697	0.35%	250,645	42.79%
Rentals and commissions	2,128,489	1.11%	2,141,501	1.29%	(13,012)	-0.61%
Miscellaneous revenues	1,596,045	0.84%	2,028,527	1.22%	(432,482)	-21.32%
Total revenues	154,215,485	80.71%	150,668,950	90.54%	3,546,535	2.35%
Other Financing Sources						
Sale of Assets	72,125	0.04%	150,652	0.09%	(78,527)	-52.12%
Transfers in	13,494,218	7.06%	12,586,914	7.56%	907,304	7.21%
Capital lease funding	17,835	0.01%	-	0.00%	17,835	0.00%
Issuance of debt	20,920,000	10.95%	3,000,000	1.80%	17,920,000	597.33%
Premium(discount) on sale of bonds	2,347,546	1.23%	-	0.00%	2,347,546	0.00%
Total revenues & other financing sources	\$191,067,209	100.00%	\$166,406,516	100.00%	\$24,660,693	14.82%

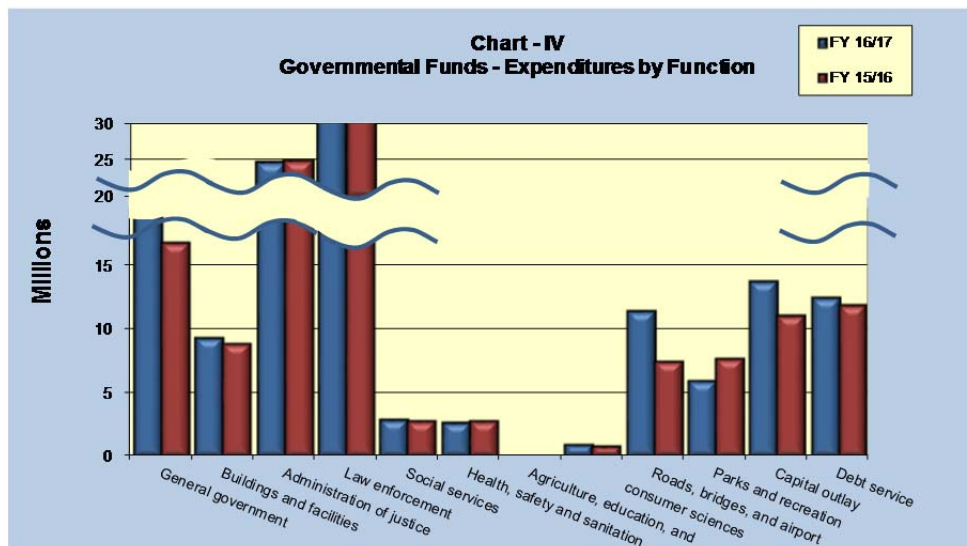
Some observations on the revenues are as follows:

- The increase in property tax revenues of \$3,767,660, an increase of 4.93%, is attributed to an increase in the net taxable value offset by a \$630,000 reduction in revenue from the settlement between the County and one of its principle taxpayers.

- The decrease of (\$674,010) in fines and forfeitures is mainly attributable to both a (\$218,000) or (36%) decrease in County Clerk collections and a (\$382,000) decrease in the Sheriff Chapter 59 forfeitures. County clerk collections are down, in part, due to the significant focus of resources on a software conversion. The Sheriff Chapter 59 forfeitures are down due to a large, one-time, property seizure conducted by the Sheriff's office during fiscal year ended September 30, 2016.
- The decrease of (\$184,905) in fees of office is due, in part, to the implementation of the e-filing requirements, attorneys are utilizing process servers which caused a (\$125,000) decrease in the District Clerk's service fees collected for services provided by the Constables and Sheriff's Offices. County Clerk fees also decreased from the cessation of an optional web search service fee.
- The decrease of (\$432,482) in licenses and permits is due to a rate decrease in the processing fees collected for online motor vehicle registrations, and the reduction in the road and bridge - \$10 optional fee and the motor vehicle registration commission caused by a decline in vehicle sales.
- The increase of \$1,288,710 in intergovernmental revenues is the result of additional revenues collected under the U.S. Marshal Service contract.
- The increase in investment income, \$250,645 is mainly attributable to higher than average monthly rates in one of the County's external investment pools as compared to the prior year.
- The decrease of (\$414,647) in miscellaneous revenues is due to other reimbursement revenue from a special revenue project substantially completed during fiscal year ended September 30, 2016.
- The \$907,304 increase in transfers in is due to transferring remaining fund balance of a debt issuance that is no longer outstanding to two currently outstanding debt issuances.
- Capital lease funding increased by \$17,835 as the result of one new capital lease entered into during the fiscal year for a wide-format printer.
- Issuance of debt and the premium on sale of bonds increased by \$17,920,000 and \$2,347,546, respectively, due to the second of four \$3,000,000 principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Construction Project and a \$17,920,000 issuance of Certificates of Obligation, Series 2016 including a \$2,347,546 bond premium.

The remaining revenue categories show no significant change from the previous year.

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



The following 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 16/17	Percent of Total	FY 15/16	Percent of Total	Increase (Decrease)	Percent of Change
General government	\$19,722,815	10.52%	\$16,925,894	9.64%	\$2,796,921	16.52%
Buildings and facilities	9,366,169	5.00%	8,971,418	5.11%	394,751	4.40%
Administration of justice	24,587,527	13.12%	24,797,069	14.12%	(209,542)	-0.85%
Law enforcement	69,651,851	37.16%	67,302,369	38.32%	2,349,482	3.49%
Social services	2,976,398	1.59%	2,896,112	1.65%	80,286	2.77%
Health, safety and sanitation	2,777,533	1.48%	2,894,456	1.65%	(116,923)	-4.04%
Agriculture, education, and consumer sciences	982,544	0.52%	906,736	0.52%	75,808	8.36%
Roads, bridges, and airport	11,507,676	6.14%	7,561,744	4.31%	3,945,932	52.18%
Parks and recreation	6,036,814	3.22%	7,746,614	4.41%	(1,709,800)	-22.07%
Capital outlay	13,832,255	7.38%	11,131,516	6.34%	2,700,739	24.26%
Debt service	12,522,275	6.68%	11,921,887	6.79%	600,388	5.04%
Total expenditures	<u>173,963,856</u>	92.80%	<u>163,055,815</u>	92.83%	10,908,041	6.69%
Other financing uses						
Transfers out	13,494,217	7.20%	12,586,914	7.17%	907,303	7.21%
Total expenditures and transfers out	<u>\$187,458,073</u>	100.00%	<u>\$175,642,729</u>	100.00%	<u>\$11,815,344</u>	6.73%

Total expenditures increased by \$10,908,042 or by 6.69% compared to the prior year. The largest increases were from roads, bridges, and airport, general government, and capital outlay. Roads, bridges and airport increased by \$3,945,932 or 52.18% due to the second of four principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Project which was subsequently distributed to the Texas Department of Transportation.

General government increased by \$2,796,921 or 16.52% due to several increases in both the general fund and special revenue funds. The commissioners' special revenue fund increased by approximately \$200,000 from funding improvements to a joint city-county park project. The disaster recovery special fund increased approximately \$145,000 due to preliminary costs incurred from Hurricane Harvey. The general fund comprised the remaining increases including funding approximately \$2 million for excess health insurance costs to cover unforeseen catastrophic medical costs. Also included was a \$100,000 settlement payment for software licensing dispute.

The increase of \$2,349,482 in law enforcement expenditures is the result of additional expenditures under the U.S. Marshal Service contract.

Capital outlay expenditures increased by \$2,700,739 or 24.26% due to the ongoing multiyear capital projects funded by both the general fund and general obligation debt issuances. The Voting Machines Sinking fund increased by approximately \$665,000 due to the purchase of new voting equipment and approximately \$1,500,000 from the general fund to fund election equipment. As mentioned previously, due to the reimbursement resolution issued in connection with the November 15, 2017 issuance of the Certificate of Obligation, Series 2017, the \$1,500,000 was recaptured in the fund balance effective November 29, 2017.

Other significant increases in expenditures across functions were due to increases in personnel costs from the 2.0% approved cost of living adjustment (COLA), 2.5% continuance pay for eligible employees, overtime specifically in the law enforcement function and the high costs of repairs and maintenance with major repairs needed in various County facilities.

The (\$1,709,800) decrease in parks and recreation is due to expenditures incurred during fiscal year ended September 30, 2017 related to a large capital project from the County's Beach Improvement Fund which did not require additional funding from this source during the current fiscal year.

The \$907,303 increase in transfers out is due to transferring remaining fund balance of a debt issuance that is no longer outstanding to two currently outstanding debt issuances, as mentioned previously.

In summary, total governmental fund balances increased by \$3,609,136. Combined fund balances for all governmental funds totaled \$68,529,508.

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. The self- insurance fund reports all liabilities on the full accrual basis. Complete details on each fund can be found on pages 115-117.

Unrestricted net position of the self-insurance fund at the end of the year amounted to \$638,560 with \$214,852 belonging to the workers compensation fund, \$325,679 belonging to the general liability fund, and \$98,029 belonging to the group health insurance fund.

GENERAL FUND

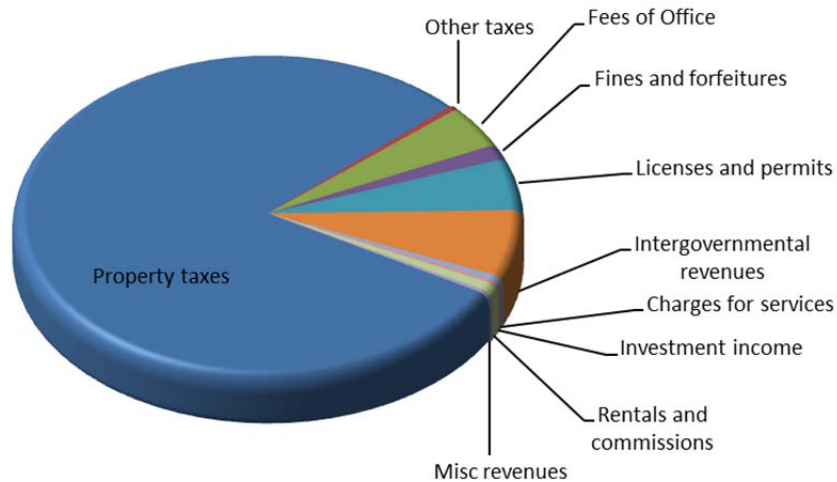
Financial analysis

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 16/17	Percent of Total	FY 15/16	Percent of Total	Variance Increase (Decrease)	Percentage of Change
Property taxes	\$ 67,632,377	78.70%	\$ 64,771,957	76.13%	\$ 2,860,420	4.42%
Other taxes	420,187	0.49%	431,990	0.51%	(11,802)	-2.73%
Fees of Office	3,640,730	4.24%	3,775,831	4.44%	(135,101)	-3.58%
Fines and forfeitures	1,290,318	1.50%	1,497,938	1.76%	(207,620)	-13.86%
Licenses and permits	1,315,764	1.53%	1,488,492	1.75%	(172,728)	-11.60%
Intergovernmental revenues	8,723,651	10.15%	9,452,744	11.11%	(729,094)	-7.71%
Charges for services	431,537	0.50%	553,468	0.65%	(121,931)	-22.03%
Investment income	279,231	0.32%	225,483	0.27%	53,748	23.84%
Rentals and commissions	687,441	0.80%	826,728	0.97%	(139,287)	-16.85%
Misc revenues	267,565	0.31%	309,423	0.36%	(41,858)	-13.53%
Total revenues	84,688,802	98.55%	83,334,055	97.95%	1,354,747	1.63%
Other Financing Sources						
Transfers-in	1,248,027	1.45%	1,746,266	2.05%	(498,239)	-28.53%
Sale of Assets	214	0.00%	-	0.00%	214	0.00%
Total Revenues & Other Financing Sources	\$ 85,937,043	100.00%	\$ 85,080,321	100.00%	\$ 856,722	1.01%

FY 16/17 General Fund Revenues



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

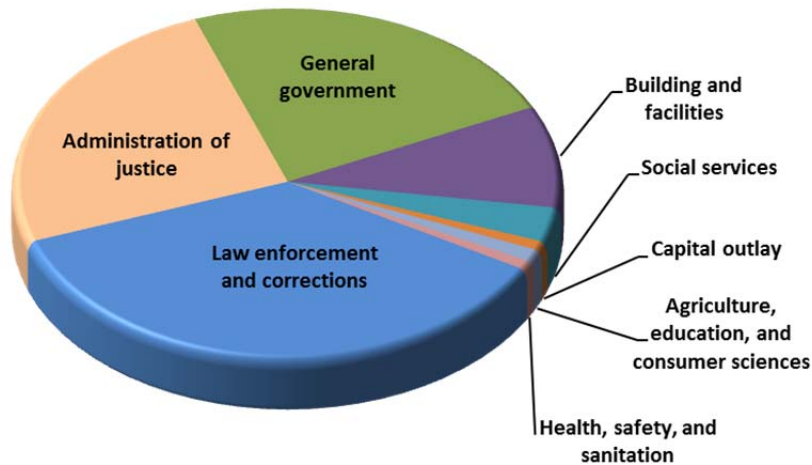
- The 4.42% increase in property tax revenues is attributable to an increase in the net taxable value offset by a \$624,000 reduction in revenue from the settlement between the County and one of its principle taxpayers.
- Fees of office decreased by (\$135,102) or (3.58%) due to the implementation of the e-filing requirements, attorneys are utilizing process servers, which caused a (\$125,000) decrease in the District Clerk’s service fees collected for services provided by the Constables and Sheriff’s Offices. County Clerk fees also decreased from the cessation of charging an optional web search service fee.
- Fines and forfeitures decreased (\$207,620) or (13.86%) due to a decrease in the County Clerk collections as the result of a shift in the focus of resources from a software conversion.
- Licenses and permits decreased by (\$172,728) or (11.60%) due to a decline in the fees collected from the motor vehicle registration commission.
- Intergovernmental revenues decreased by (\$729,094) or (7.71%) with two of the most notable decreases in motor vehicle sales tax commission and from loss of revenue from housing federal inmates.
- Charges for services decreased by (\$121,931) or (22.03%) due to an decrease in services provided by the medical examiner’s office.
- Miscellaneous revenue decreased by (\$41,858) or (13.53%) due to decreased court appointed attorney reimbursements.
- Investment income increased by \$53,748 mainly due to higher than average monthly rates in the County’s external investment pools and depository accounts as compared to the prior year.
- Rentals and commissions decreased by (\$139,287) or (16.85%) due to the commencement of a restructured telephone commission contract during fiscal year ended September 30, 2016 which led to higher than normal revenues in the prior year which then normalized during the current fiscal year.

All other general fund revenues reflect stable and consistent performance.

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

	FY 16/17	Percent of Total	FY 15/16	Percent of Total	Variance Increase (Decrease)	Percentage of Change
Law enforcement and corrections	\$ 29,825,278	32.62%	\$ 28,688,790	33.11%	\$ 1,136,488	3.96%
Administration of justice	20,541,833	22.47%	20,779,539	23.98%	(237,706)	-1.14%
General government	17,969,346	19.65%	15,924,010	18.38%	2,045,336	12.84%
Building and facilities	7,759,474	8.49%	7,145,212	8.25%	614,262	8.60%
Social services	2,622,931	2.87%	2,673,303	3.09%	(50,372)	-1.88%
Capital outlay	1,974,446	2.16%	841,684	0.97%	1,132,762	134.58%
Agriculture, education, and consumer sciences	927,694	1.01%	851,698	0.98%	75,996	8.92%
Health, safety, and sanitation	674,879	0.74%	698,341	0.81%	(23,462)	-3.36%
Total expenditures	82,295,880	90.01%	77,602,577	89.56%	4,693,304	6.05%
Transfers-out	9,131,912	9.99%	9,044,144	10.44%	87,768	0.97%
Total expenditures and transfers-out	\$ 91,427,792	100.00%	\$ 86,646,721	100.00%	\$ 4,781,072	5.52%

FY 16/17 General Fund Expenditures



Total expenditures and transfers out increased by 5.52% from the prior year. In comparison to the national consumer price index (CPI) over the last twelve months, electricity per the CPI increased 1.7% while electricity paid for by the general fund decreased (4.84%). This decrease is mainly attributable to both the reduction of usage at the Showbarn and a reduction in usage at the Keach County Library. During fiscal year ended September 30, 2016, the replacement of a faulty meter at the Keach County Library increased the monthly billings; however, overall usage was down during September 30, 2017 as compared to the previous year. The county's increase in expenditures including transfers out is above the index.

The highest increase in general fund expenditures were in capital outlay, general government, agriculture, education and consumer sciences and building and facilities. The increase in capital outlay is attributable to a \$1.4 million increase in the County Clerk's department from the prior year due to the purchase of election equipment, which will be reimbursed effective November 29, 2017, as described above. Increases in general government are due, in part, by an increase in the Information Technology department of approximately \$400,000 from the prior year due to an increase in internet service charges, hardware service and maintenance and \$100,000 settlement payment for software licensing dispute. The increase in agriculture, education and consumer sciences is due to an increase in general operating expenses of the agricultural extension and the county library. The increase in buildings and facilities is due to higher insurance costs, repairs and maintenance and utilities.

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 \$3,111,849 under total budgeted appropriations for an expenditure level of 96.71%. Actual revenues and transfers in came in \$897,006 under budget, or 98.97% of budget.

The variance in revenues is primarily attributable to:

- An increase in net taxable values offset by a (\$624,000) reduction in revenue from the settlement between the County and one of its principle taxpayers.
- A decrease in fines and forfeitures of (\$494,682) due to a decrease in overall collections, specifically with County Clerk collections as the result of a shift in the focus of resources from a software conversion.
- A decrease in licenses and permits of (\$424,236) due to a decrease in motor vehicle registration commission.
- An increase in intergovernmental revenues of \$148,651 is due to additional income from state grants and indirect cost reimbursements from grants,
- An increase in investment income of \$179,231 is due to higher than average monthly rates in the County's external investment pools and depository accounts as compared to the prior year.
- An increase in rentals and commissions of \$277,441 is due to the telephone commission received from the County's inmate telephone service provider which was not taken into consideration for budget purposes due to an uncertain Federal Communications Commission's ruling that could affect the amount of the commission.

The variance in expenditures is primarily attributable to:

- A decrease in court appointed attorney's fees led to a significant cost savings for the district and county courts at law.
- Several employee vacancies throughout the year that led to significant cost savings for those departments that did not have to compensate with vacancies with additional overtime for existing positions.
- In the general administration department, the full amount of the budgeted contingency was not necessary and professional fees were down for the year.
- The implementation of an online jury administration resulted in a significant cost savings to the County.
- Capital outlay, office expenses, and professional services were controlled during the year leading to positive budget variances.

Last fiscal year actual revenues and transfers in equaled 101.10% of budgeted revenues and expenditures and transfers out equaled 94.49% the budgeted expenditures.

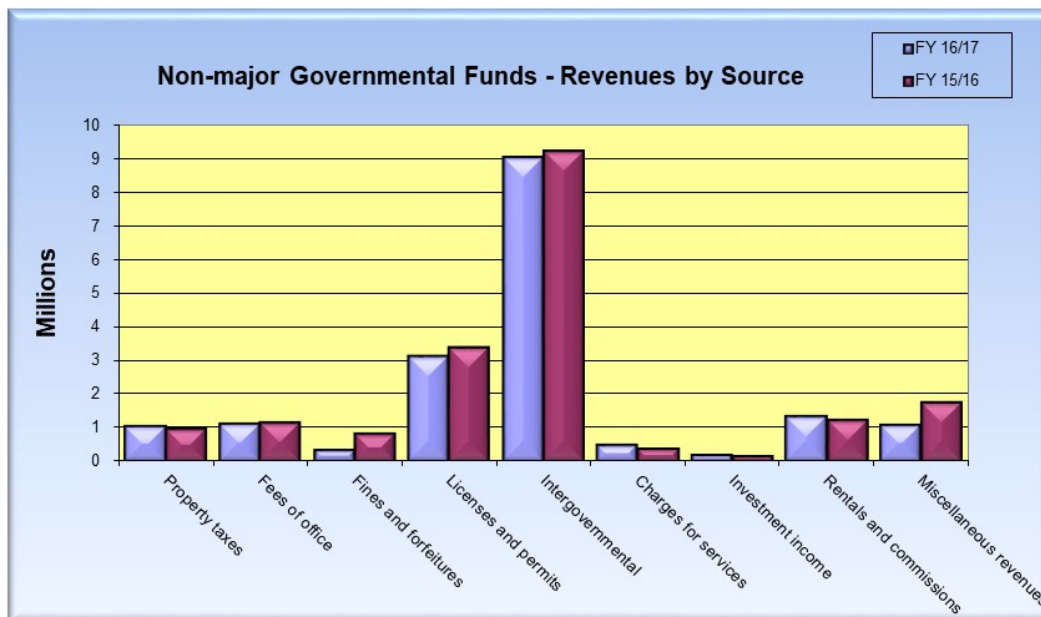
Non-major Governmental Funds

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 16/17	Percent of Total	FY 15/16	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$1,015,710	3.70%	\$962,625	3.38%	\$53,085	5.51%
Fees of office	1,105,492	4.03%	1,155,295	4.06%	(49,803)	-4.31%
Fines and forfeitures	341,211	1.24%	807,601	2.84%	(466,390)	-57.75%
Licenses and permits	3,097,965	11.30%	3,354,235	11.78%	(256,270)	-7.64%
Intergovernmental	9,016,617	32.89%	9,207,834	32.35%	(191,217)	-2.08%
Charges for services	468,148	1.71%	361,487	1.27%	106,661	29.51%
Investment income	191,541	0.70%	123,640	0.43%	67,901	54.92%
Rentals and commissions	1,336,546	4.88%	1,211,573	4.26%	124,973	10.31%
Miscellaneous revenues	1,059,478	3.86%	1,719,104	6.04%	(659,626)	-38.37%
Total revenues	17,632,708	64.32%	18,903,394	66.41%	(1,270,686)	-6.72%
Other Financing Sources						
Transfers in	9,693,066	35.36%	9,412,648	33.07%	280,418	2.98%
Capital Lease Funding	17,835	0.07%	-	0.00%	17,835	0.00%
Sale of Assets	71,911	0.26%	150,652	0.53%	(78,741)	-52.27%
Total Revenues & Other Financing Sources	\$27,415,520	100.00%	\$28,466,694	100.00%	\$ (1,051,174)	-3.69%

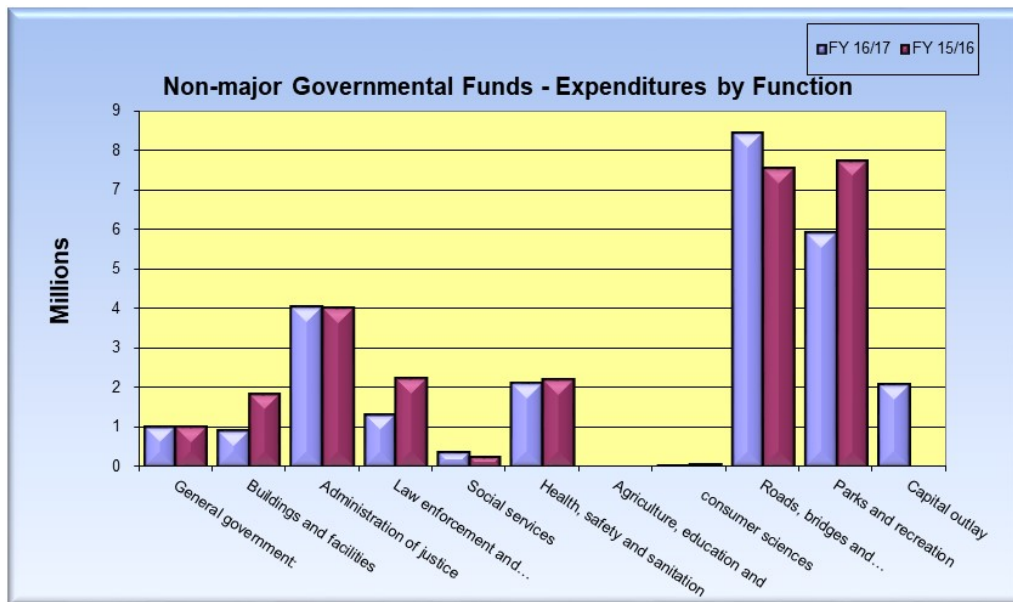
Total revenues for the non-major governmental funds decreased by (\$1,270,686) when compared to the previous year. Miscellaneous revenues had the largest decrease, (\$659,626), due to a reduction in the amount of other reimbursement revenue from a special revenue capital project substantially completed during fiscal year ended September 30, 2016. Fines and forfeitures had the next largest decrease, (\$466,390), due to a large one-time property seizure conducted by the Sheriff's Office in the previous fiscal year. Licenses and permits had a decrease, (\$256,270), due to a reduction of vehicle sales which caused the road and bridge \$10 optional fee revenues to decrease.



Non-major Governmental Funds – Expenditures by Function

	FY 16/17	Percent of Total	FY 15/16	Percent of Total	Increase (Decrease)	Percent of Change
General government:	\$999,969	3.57%	\$1,001,884	3.44%	(\$1,915)	-0.19%
Buildings and facilities	922,752	3.29%	1,826,206	6.28%	(903,454)	-49.47%
Administration of justice	4,045,695	14.44%	4,017,530	13.81%	28,165	0.70%
Law enforcement and corrections	1,323,991	4.73%	2,225,218	7.65%	(901,227)	-40.50%
Social services	316,679	1.13%	222,809	0.77%	93,870	42.13%
Health, safety and sanitation	2,102,655	7.51%	2,196,115	7.55%	(93,460)	-4.26%
Agriculture, education and consumer sciences	54,850	0.20%	55,038	0.19%	(188)	-0.34%
Roads, bridges and transportation	8,438,590	30.12%	7,561,744	26.00%	876,846	11.60%
Parks and recreation	5,916,836	21.12%	7,746,614	26.63%	(1,829,778)	-23.62%
Capital outlay	2,072,943	7.40%	-	0.00%	2,072,943	0.00%
Total expenditures	26,194,959	93.51%	26,853,158	92.31%	(658,198)	-2.45%
Transfers Out	1,817,658	6.49%	2,235,816	7.69%	(418,158)	-18.70%
Total expenditures and transfers out	\$28,012,617	100.00%	\$29,088,974	100.00%	\$ (1,076,356)	-3.70%

Expenditures and transfers out for the non-major governmental funds decreased by (\$1,076,356) from the prior year. Parks and recreation, building and facilities and law enforcement and corrections had the largest dollar amount decreases in expenditures. The (\$1,829,778) decrease in parks and recreation is due to expenditures incurred during fiscal year ended September 30, 2016 related to a large project from the County’s Beach Improvement Fund which did not require additional funding from this source during the current fiscal year. Buildings and facilities decreased (\$903,454) due to projects that were substantially complete during the previous fiscal year. Law enforcement and corrections decreased by (\$901,227) due to the reduction of overtime expense that was transferred to a federally awarded grant. Capital outlay had the largest increase \$2,072,943 due to the purchases of motor vehicles, heavy machinery and election equipment. Roads, bridges and transportation had the next largest increase, \$876,846, due to county road paving improvements funded by the Texas Department of Transportation.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$177,071,114 (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 increased by \$2,138,067 or 1.22%.

Nueces County Capital Assets (net of depreciation)		
	2017	2016
Land	\$5,063,554	\$5,063,554
Building and improvements	90,061,752	92,284,472
Furniture, equipment and machinery	12,695,515	9,460,862
Computer Software Systems	550,817	599,963
Infrastructure	49,156,027	47,062,998
Construction in progress	<u>19,543,449</u>	<u>20,461,198</u>
	<u>\$177,071,114</u>	<u>\$174,933,047</u>

Additional information on the County's capital assets can be found in note C in the notes to the financial statement beginning on page 54 of this report.

Long-term debt. At September 30, 2017, the County had general obligation debt outstanding in the amount of \$122,779,252. This amount is the total of certificates of obligation, revolving loans and State Infrastructure Bank loan 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

Therefore, the County's total indebtedness may not be increased by the issuance of bonds to an amount that exceeds five percent of the County's taxable values, which are according to the most recent appraisal roll. The current applicable limit for the county is \$1,358,546,466. This puts the County's net debt applicable to debit limit of \$119,506,225 at 8.8% of this legal limit.

NUECES COUNTY'S OUTSTANDING DEBT Governmental Activities

	2016	2017
Combination revenue and certificates of obligation	\$100,595,000	\$111,435,000
LoanSTAR loans/State Infrastructure Bank loans	<u>8,855,473</u>	<u>11,344,252</u>
Sub-total	109,450,473	122,779,252
Premium on debt	<u>9,194,153</u>	<u>9,987,132</u>
Total	<u>\$118,644,626</u>	<u>\$132,766,384</u>

On October 17, 2017 and October 18, 2017, Standard & Poor's and Moody's, respectively, reaffirmed the credit rating on the County's outstanding bonds at "AA+" and "Aa2".

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- As explained in Note E, the County experienced a substantial natural disaster on August 25, 2017, resulting from Hurricane Harvey. The County has filed insurance claims and submitted its Public Assistance Project list with the Federal Emergency Management Agency (FEMA) and the State of Texas, seeking reimbursement for its estimated loss from damages.
- The unemployment rate for Nueces County as of September 30, 2017 is 5.2%, which represents a (.8%) decrease from last year. The decrease is due in large part to growth within the industrial sector within the County and a 300 employment gain in the financial activities industry sector alone in September 2017 as a result of Hurricane Harvey. The County's unemployment rate is higher than the State's unemployment rate which was 4.0 percent at September 2017. The State of Texas is slightly lower than the national rate of 4.2 percent for the same time period; however, the County was 1.0% higher than the national rate.
- School enrollment decreased by (135) students from last year, for 2017 the enrollment is 61,350.
- Retail sales went down this year by (2.47%) as compared to prior year for a total decrease of (\$129,409,283).
- Net taxable value (NTV) increased by 23.06%. In the previous year, there was also an increase of 6.44%.
- Port tonnage decreased by (8.87%) from the prior year to \$94,292,335 in 2017.
- It is estimated that population of the County decreased by (0.05%).

All these factors were considered in preparing the County's budget for the 2017/2018 fiscal year. Through the budget process, the Commissioners court set the goals for the County. The priorities inherent to the 2017/2018 budget were to make county government: (1) more transparent; (2) have attainable and realistic budgets to enhance accountability; (3) recognize employee service and dedication by funding the continuance pay policy for the tenth year in a row, and (4) make county government more efficient and effective by establishing procedures that are in compliance with statutory requirements and utilizing technology to maximize performance.

The issues affecting the 2017-2018 budget included: countering cuts in state and federal funding, funding pay increases for law enforcement according to collective bargaining agreement, funding continuance pay increases to several employees, and trying to maintain the fund balance at 25% of the sum of General fund revenues and transfer in.

The County budget for FY 2017/2018 included the following to enact the priorities within the current economic conditions:

- Commissioners court adopted the current tax rate, which was the effective property tax rate for fiscal year ended September 30, 2017. The adopted tax rate is 0.307991 per \$100 value, which was equal to the prior year's tax rate.
- Provided salary increases for employees including a salary increase for law enforcement personnel under the Nueces County Sheriff's officers Association Collective Bargaining Agreement. There is also a continuance pay increase for approximately 160 employees. Continuance pay is a 2.5% pay increase every 3 years of service.
- Provides \$294,515 in funding for an increase in employer contribution rate for the pension plan.
- Provides \$900,000 additional funding for employee health insurance benefits.
- Provides reclassification of a limited number of positions at a cost of \$22,000.
- Provides \$147,576 in continuance pay for approximately 140 non-law enforcement employees.
- Provides \$300,000 and \$352,000 for election costs and jail overtime, respectively which typically have not been budgeted items.
- Provides an additional \$206,000 in internet, technology and related expenses.

- Provides an additional \$216,000 for funding a district court risk assessment program, visiting judge, and temporary employees.
- Provides an additional \$750,000 and \$150,000 in contingency and repairs and maintenance, respectively, for the County's building and facilities.
- Proposes an issuance of approximately \$5 million in bond proceeds for capital improvements.
- Sets aside \$1,000,000 as a contingency funding related to possible principle taxpayers property tax protests.

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.nuecesco.com

NUECES COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2017

	Primary	Component Unit
	Governmental Activities	Hospital District
ASSETS		
Cash and cash equivalents	\$ 67,531,458	\$ 54,733,577
Investments	18,521,017	21,852,607
Accrued Interest	-	54,435
Receivables (net of allowance for uncollectibles)	12,147,656	986,365
Other Receivables	-	11,400
Due from component unit	96,965	-
Inventories	104,971	-
Prepaid expenses	846,866	160,120
Capital assets (not being depreciated):		
Land	5,063,554	3,076,926
Construction in progress	19,543,449	-
Capital assets (net of accumulated depreciation):		
Buildings and improvements	90,061,752	4,648,944
Furniture, equipment and machinery	12,695,515	-
Computer Software Systems	550,817	-
Infrastructure	49,156,027	-
Total assets	276,320,048	85,524,374
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding debt	2,797,706	-
Deferred pensions	24,667,447	-
Total deferred outflows of resources	27,465,153	-
LIABILITIES		
Accounts payable and other current liabilities	21,818,469	1,343,277
Accrued payroll payable	3,213,060	158,417
Accrued interest payable	1,026,602	-
Unearned revenue	596,041	-
Non-current liabilities:		
Due within one year	9,888,601	-
Due in more than one year	169,549,044	103,651
Total liabilities	206,091,816	1,605,345
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	2,926,292	-
Total deferred inflows of resources	2,926,292	-
NET POSITION		
Invested in capital assets	67,620,641	7,725,870
Restricted for:		
Debt service	3,273,027	-
Commissioners court purposes	2,709,796	-
County attorney funds	46,461	-
County clerk purposes	2,615,379	-
Tax assessor collector purposes	9,689	-
Juvenile programs	459,432	-
District attorney purposes	181,885	-
District clerk purposes	120,086	-
County sheriff purposes	603,170	-
Judicial and law enforcement purposes	1,424,900	-
Law enforcement & district attorney education	84,834	-
Other purposes	3,375,841	-
Unrestricted	12,241,951	76,193,159
Total net position	\$ 94,767,092	\$ 83,919,029

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, 2017

	<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	\$ 27,026,951	\$ 9,814,176	\$ 101,259
Buildings and facilities	12,897,821	899,212	85,295
Administration of justice	26,518,868	6,497,192	3,496,910
Law enforcement and corrections	73,365,188	44,305,861	608,593
Social services	3,201,250	18,755	562,118
Health, safety and sanitation	3,113,686	1,543,880	1,301,809
Agriculture, education and consumer sciences	1,105,893	75,048	79,145
Roads, bridges and transportation	15,065,571	3,362,377	1,095,137
Parks and recreation	7,893,713	1,953,121	586,464
Interest and fees on long-term debt	5,204,680	-	-
Total primary government	<u>175,393,621</u>	<u>68,469,622</u>	<u>7,916,730</u>
Component Units:			
Hospital district	<u>118,656,503</u>	<u>94,508,973</u>	<u>684,371</u>
Total component units	<u>\$ 118,656,503</u>	<u>\$ 94,508,973</u>	<u>\$ 684,371</u>

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

	Net (Expense) Revenue and Changes in Net Position		
	Program Revenues	Primary Government	
	Capital Grants and Contributions	Governmental Activities	Hospital District
\$	-	\$ (17,111,516)	\$ 2,215,960
	-	(11,913,314)	382,368
	-	(16,524,766)	-
	-	(28,450,734)	-
	-	(2,620,377)	-
	-	(267,997)	116,058,175
	-	(951,700)	-
	-	(10,608,057)	-
	-	(5,354,128)	-
	-	(5,204,680)	-
	<u>-</u>	<u>(99,007,269)</u>	<u>118,656,503</u>
	-	-	(23,463,159)
\$	<u>-</u>	<u>-</u>	<u>(23,463,159)</u>
General revenues:			
Property taxes		80,556,818	33,974,825
Alcohol beverage and other taxes		2,003,689	-
Unrestricted investment earnings		858,835	538,584
Grants and contributions not restricted			
to specific programs		548,501	-
Gain on sale of assets		72,125	-
Miscellaneous		-	313,316
Total general revenues		<u>84,039,968</u>	<u>34,826,725</u>
Change in net position		(14,967,301)	11,363,566
Net position - beginning (restated, Note G)		<u>109,734,393</u>	<u>72,555,463</u>
Net position - ending	\$	<u>94,767,092</u>	<u>\$ 83,919,029</u>

**NUECES COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017**

	General Fund	Debt Service
ASSETS		
Cash and cash equivalents	\$ 15,671,940	\$ 2,090,724
Investments	3,839,453	1,178,912
Receivables (net of allowance for uncollectibles)	4,840,797	516,267
Due from component unit	96,965	-
Due from other funds	5,916,802	-
Prepaid expenses	665,988	-
Inventories	62,588	-
Total assets	\$ 31,094,533	\$ 3,785,903
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 7,907,171	\$ -
Accrued payroll	2,721,366	-
Due to other funds	833,802	-
Unearned revenue	343	-
Other liabilities	16,520	-
Total liabilities	11,479,202	-
Deferred inflows of resources:		
Unavailable revenue - property taxes	3,054,767	512,876
Unavailable revenue -other	49,676	-
Total deferred inflows of resources	3,104,443	512,876
Fund balances:		
Nonspendable	728,576	-
Restricted	-	3,273,027
Committed	15,782,311	-
Assigned	-	-
Unassigned	-	-
Total fund balances	16,510,888	3,273,027
Total liabilities, deferred inflows of resources and fund balances	\$ 31,094,533	\$ 3,785,903

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

U.S. Marshal Contract	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,125,702	\$ 26,803,483	\$ 17,645,641	\$ 64,337,495
-	9,758,322	3,543,425	18,320,112
4,460,221	277,533	1,896,729	11,991,548
-	-	-	96,965
-	3,567,345	88,270	9,572,417
786	66,067	114,025	846,866
-	-	42,383	104,971
<u>\$ 6,586,709</u>	<u>\$ 40,472,750</u>	<u>\$ 23,330,474</u>	<u>\$ 105,270,373</u>
\$ 6,340,887	\$ 2,843,273	\$ 3,795,096	\$ 20,886,428
3,829	-	487,865	3,213,060
7,450	5,858,519	1,276,756	7,976,527
-	-	595,697	596,041
-	-	389,843	406,363
<u>6,352,167</u>	<u>8,701,792</u>	<u>6,545,257</u>	<u>33,078,418</u>
-	-	45,124	3,612,767
-	-	-	49,676
-	-	45,124	3,662,443
786	66,067	138,439	933,869
233,756	-	11,415,039	14,921,825
-	31,704,891	-	47,487,203
-	-	5,186,615	5,186,615
-	-	-	-
<u>234,542</u>	<u>31,770,957</u>	<u>16,740,094</u>	<u>68,529,512</u>
<u>\$ 6,586,709</u>	<u>\$ 40,472,750</u>	<u>\$ 23,330,474</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.	177,071,114
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).	3,612,767
Other revenue earned in the current fiscal year but are not available to provide for current financial resources, and therefore are unavailable in the funds (GASB 65).	49,676
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.	638,557
Unamortized loss on the refunding of bond issues, shown as a deferred outflow of resources on statement of net position (GASB 65).	2,797,706
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(140,656,662)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds (GASB 68).	(39,016,733)
Deferred Resource Outflows related to the pension plan are not reported in the funds (GASB 68).	24,667,447
Deferred Resource Inflows related to the pension plan are not reported in the funds (GASB 68).	(2,926,292)
Net position of governmental activities	<u>\$ 94,767,092</u>

NUECES COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended September 30, 2017

	General Fund	Debt Service	U.S. Marshal Contract
REVENUES			
Property taxes	\$ 67,632,377	\$ 11,525,602	\$ -
Other taxes	420,187	-	-
Fees of office	3,640,730	-	-
Fines and forfeitures	1,290,318	-	-
Licenses and permits	1,315,764	-	-
Intergovernmental revenue	8,723,651	-	39,604,300
Charges for services	431,537	-	-
Investment income	279,231	47,247	-
Rentals and commissions	687,441	-	-
Miscellaneous revenues	267,565	-	-
Total revenues	<u>84,688,802</u>	<u>11,572,849</u>	<u>39,604,300</u>
EXPENDITURES			
Current:			
General government	17,969,346	-	-
Buildings and facilities	7,759,474	-	-
Administration of justice	20,541,833	-	-
Law enforcement and corrections	29,825,278	-	38,502,582
Social services	2,622,931	-	-
Health, safety and sanitation	674,879	-	-
Agriculture, education and consumer sciences	927,694	-	-
Roads, bridges and airport	-	-	-
Parks and recreation	-	-	-
Capital outlay	1,974,446	-	-
Debt Service:			
Principal retirement	-	7,591,221	-
Bond issuance costs	-	8,950	-
Interest and other fees	-	4,922,104	-
Total expenditures	<u>82,295,880</u>	<u>12,522,275</u>	<u>38,502,582</u>
Excess (deficiency) of over (under) expenditures	<u>2,392,923</u>	<u>(949,426)</u>	<u>1,101,717</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,248,027	1,857,390	-
Transfers out	(9,131,912)	(1,227,390)	(1,103,877)
Sale of assets	214	-	-
Capital lease funding	-	-	-
Issuance of debt	-	-	-
Premium on sale of bonds	-	-	-
Total other financing sources and	<u>(7,883,672)</u>	<u>630,000</u>	<u>(1,103,877)</u>
Net change in fund balances	<u>(5,490,749)</u>	<u>(319,426)</u>	<u>(2,160)</u>
Fund balances - beginning	<u>22,001,636</u>	<u>3,592,453</u>	<u>236,702</u>
Fund balances - ending	<u>\$ 16,510,888</u>	<u>\$ 3,273,027</u>	<u>\$ 234,542</u>

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

	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$	-	\$ 1,015,710	\$ 80,173,689
	-	-	420,187
	-	1,105,492	4,746,222
	-	341,211	1,631,529
	-	3,097,965	4,413,729
	25,000	9,016,617	57,369,568
	-	468,148	899,685
	318,322	191,541	836,342
	104,502	1,336,546	2,128,489
	269,003	1,059,478	1,596,045
	<u>716,826</u>	<u>17,632,708</u>	<u>154,215,485</u>
	753,500	999,969	19,722,815
	683,943	922,752	9,366,169
	-	4,045,695	24,587,527
	-	1,323,991	69,651,851
	36,788	316,679	2,976,398
	-	2,102,655	2,777,533
	-	54,850	982,544
	3,069,086	8,438,590	11,507,676
	119,978	5,916,836	6,036,814
	9,784,865	2,072,943	13,832,255
	-	-	7,591,221
	-	-	8,950
	-	-	4,922,104
	<u>14,448,160</u>	<u>26,194,959</u>	<u>173,963,856</u>
	<u>(13,731,334)</u>	<u>(8,562,251)</u>	<u>(19,748,371)</u>
	695,734	9,693,066	13,494,218
	(213,380)	(1,817,658)	(13,494,218)
	-	71,911	72,125
	-	17,835	17,835
	20,920,000	-	20,920,000
	2,347,546	-	2,347,546
	<u>23,749,900</u>	<u>7,965,155</u>	<u>23,357,506</u>
	10,018,566	(597,096)	3,609,136
	21,752,391	17,337,189	64,920,376
\$	<u><u>31,770,957</u></u>	<u><u>16,740,094</u></u>	<u><u>68,529,512</u></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, 2017**

Amounts reported for governmental activities in the statement of activities (page 37 through 38) are different because:

Net change in fund balances---total governmental funds (page 42)	3,609,136
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.	2,310,998
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(172,931)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (GASB 63).	432,804
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.	(14,289,429)
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.	(393,625)
The net revenue of certain activities of internal service funds is reported with governmental activities.	77,355
Pension expense relating to (GASB 68) is recorded in the Statement Of Activities but not in the funds.	<u>(6,541,609)</u>
Change in net position of governmental activities (page 38).	<u><u>\$(14,967,301)</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
Budget to Actual
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property Taxes	\$67,985,176	\$67,985,176	\$67,632,377	\$(352,799)
Other Taxes	453,000	453,000	420,187	(32,813)
Fees of Office	3,733,600	3,733,600	3,640,730	(92,870)
Fines & Forfeitures	1,785,000	1,785,000	1,290,318	(494,682)
Licenses & Permits	1,740,000	1,740,000	1,315,764	(424,236)
Intergovernmental Revenue	8,575,000	8,575,000	8,723,651	148,651
Charges For Services	500,000	500,000	431,537	(68,463)
Investment Income	100,000	100,000	279,231	179,231
Rentals and Commissions	410,000	410,000	687,441	277,441
Other Income	286,500	286,500	267,565	(18,935)
Total Revenues	85,568,276	85,568,276	84,688,802	(879,474)
Expenditures				
<u>General Government</u>				
County Commissioner Pct. 1	164,257	164,257	143,989	20,268
County Commissioner Pct. 2	183,895	183,895	171,278	12,617
County Commissioner Pct. 3	185,382	185,382	182,751	2,631
County Commissioner Pct. 4	169,149	169,149	163,901	5,248
County Judge	304,784	304,784	294,859	9,925
Commissioners Court Management	477,276	480,276	478,275	2,001
Grants Administration	241,091	241,091	232,503	8,588
Risk Management	195,058	195,058	133,087	61,971
County Attorney	1,560,900	1,560,900	1,539,132	21,769
County Clerk	723,695	720,266	679,405	40,861
County Clerk-Treasury	318,965	318,965	281,683	37,282
County Clerk Collections	290,009	289,377	255,908	33,469
Election Expense	578,167	2,241,846	2,184,516	57,330
Tax Assessor-Collector	3,358,052	3,268,052	3,185,792	82,260
Information Technology	3,299,423	3,128,849	2,953,996	174,853
Human Resources	390,904	396,904	395,656	1,248
County Auditor	1,857,189	1,857,189	1,813,275	43,914
County Purchasing	595,699	602,612	584,615	17,997
Veteran's Service	134,880	134,880	131,990	2,890
General Employee Benefits	182,526	182,526	116,378	66,148
General Administration	3,943,871	3,591,671	3,462,245	129,426
Total General Government	19,155,172	20,217,929	19,385,233	832,696
<u>Building and Facilities</u>				
Courthouse General Repairs	88,080	91,580	89,958	1,622
Ronnie H. Polston Bldg	59,351	59,351	54,221	5,130
Bill Bode County Building	67,717	67,717	62,486	5,231
Robert N Barnes Regional Juvenile Facility	328,057	241,557	231,971	9,586
Broadway Warehouse	5,792	5,792	5,279	513
Records Management Department	605,739	610,165	537,314	72,851
CSCD Cook Building	153,754	153,754	137,599	16,155

(continued)

Nueces County, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Budget to Actual
For the Year Ended September 30, 2017

	Budgeted		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
Expenditures				
Mechanical Maintenance	1,814,118	1,822,058	1,770,423	51,635
Agua Dulce Building	43,571	44,231	35,151	9,080
Bishop Building	40,950	41,150	32,384	8,766
Port Aransas Building	34,632	34,932	34,453	479
Johnny S Calderon Building	222,699	222,699	214,963	7,736
Keach Library Building	239,993	239,361	185,000	54,361
Agricultural Building - Robstown	35,860	35,860	18,755	17,105
Medical Examiner Building	29,035	30,035	26,561	3,474
Building Superintendent	3,398,159	3,394,319	3,324,502	69,817
Welfare Building - Robstown	21,546	21,546	15,405	6,141
Hilltop Facility	198,102	202,460	176,791	25,669
Precinct III Yard Buildings	18,500	19,800	14,860	4,940
McKenzie Annex	722,897	725,097	679,640	45,457
Robstown Community Center	79,005	79,005	53,110	25,895
Senior Community Service Buildings	60,447	60,447	41,074	19,373
David Berlanga, Sr. Building	29,951	29,951	17,576	12,375
Total Buildings and Facilities	8,297,955	8,232,867	7,759,474	473,393
<u>Administration of Justice</u>				
County Court at Law 1	616,979	616,247	583,038	33,209
County Court at Law 2	603,082	602,523	586,345	16,178
County Court at Law 3	592,479	610,822	603,330	7,492
County Court at Law 4	596,210	607,142	600,991	6,151
County Court at Law 5	901,578	959,129	957,428	1,701
Legal Aid	101,338	101,338	99,714	1,624
Magistrate/Drug/DWI	300,291	289,182	263,885	25,297
Court Administration	469,838	409,438	337,886	71,553
Title IV-D Court	156,195	163,705	162,676	1,029
28th District Court	634,904	612,972	448,597	164,375
94th District Court	634,875	624,914	555,238	69,677
105th District Court	401,607	463,582	458,609	4,973
117th District Court	652,445	640,286	546,031	94,255
148th District Court	620,941	608,616	531,986	76,630
214th District Court	615,193	598,993	504,785	94,208
319th District Court	611,344	692,548	629,904	62,644
347th District Court	656,683	642,702	569,502	73,200
Juvenile Probation	2,540,387	2,530,364	2,494,067	36,297
Juvenile Detention	1,481,980	1,410,980	1,375,627	35,353
Juvenile Justice Post Adjudication	1,620,065	1,394,365	1,337,331	57,034
District Clerk - Jury Administration	1,103,949	645,949	618,105	27,844
District Clerk	2,799,216	2,704,216	2,665,557	38,659
Justice of the Peace 1-1	271,483	271,483	271,238	245
Justice of the Peace 1-2	260,068	260,068	240,029	20,039
Justice of the Peace 1-3	255,993	259,993	258,211	1,782
Justice of the Peace 2-1	317,769	317,769	306,881	10,888
Justice of the Peace 2-2	248,985	248,985	243,986	4,999

(continued)

Nueces County, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Budget to Actual
For the Year Ended September 30, 2017

	Budgeted		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
Justice of the Peace 3	215,105	215,105	207,150	7,955
Justice of the Peace 4	189,974	189,974	187,796	2,178
Justice of the Peace 5-1	261,611	261,611	244,938	16,673
Justice of the Peace 5-2	196,625	196,711	193,979	2,732
Medical Examiner	1,456,390	1,456,390	1,429,355	27,035
Total Administration of Justice	22,385,582	21,608,102	20,514,193	1,093,909
<u>Law Enforcement & Corrections</u>				
District Attorney	4,897,976	4,438,186	4,393,751	44,435
County Sheriff	6,068,998	5,889,575	5,872,370	17,205
Id Bureau	764,720	706,685	651,312	55,373
Jail	14,619,764	15,418,497	15,356,215	62,282
Constable 1	762,369	767,049	766,601	448
Constable 2	716,020	714,815	694,949	19,866
Constable 3	491,333	489,892	471,521	18,371
Constable 4	590,047	587,749	579,941	7,808
Constable 5	985,594	982,550	949,916	32,634
Total Law Enforcement & Corrections	29,896,821	29,994,998	29,736,578	258,420
<u>Social Services</u>				
Social Services - Administration	1,041,139	1,041,139	954,972	86,167
Social Services - Social Services	581,307	581,307	473,866	107,441
Children Protective Services	107,224	107,224	90,085	17,139
Senior Community Services	1,010,143	1,007,845	935,218	72,627
Hilltop Community Services	56,926	58,926	58,570	356
Social Mental Services	143,714	143,714	108,721	34,993
Total Social Services	2,940,453	2,940,155	2,621,433	318,722
<u>Health, Safety and Sanitation</u>				
Emergency Services	34,800	34,800	31,290	3,510
Emergency Management	219,280	219,280	166,843	52,437
911 Program	53,403	52,484	50,621	1,863
Code Enforcement	139,586	138,322	121,462	16,860
Animal Control	338,542	337,117	304,516	32,601
Total Health, Safety and Sanitation	785,611	782,003	674,732	107,271
<u>Agriculture, Education & Consumer Sciences</u>				
Agricultural Extension	295,716	295,142	283,202	11,940
Family & Consumer Sciences	89,320	88,434	82,248	6,186
County Library	543,255	550,255	549,241	1,014
Total Agriculture, Education & Consumer	928,291	933,831	914,691	19,140
<u>Capital Outlay</u>				
Capital Outlay greater than \$5,000	1,070,000	750,000	689,547	60,453
Total Capital Outlay	1,070,000	750,000	689,547	60,453
Total Expenditures	85,459,885	85,459,885	82,295,879	3,164,006
Excess (deficiency) of revenues over (under) expenditures	108,391	108,391	2,392,923	2,284,532

(continued)

Nueces County, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Budget to Actual
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	1,265,773	1,265,773	1,248,027	(17,746)
Transfers out	(9,079,755)	(9,079,755)	(9,131,912)	(52,157)
Sale of assets	-	-	214	214
Total other financing sources (uses)	<u>(7,813,982)</u>	<u>(7,813,982)</u>	<u>(7,883,672)</u>	<u>(69,690)</u>
Net change in fund balances	(7,705,591)	(7,705,591)	(5,490,748)	2,214,843
Fund balances - beginning	<u>24,519,311</u>	<u>24,519,311</u>	<u>22,001,636</u>	<u>(2,517,675)</u>
Fund balances - ending	<u>\$16,813,720</u>	<u>\$16,813,720</u>	<u>\$16,510,888</u>	<u>\$(302,832)</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$ 39,720,700	\$ 39,720,700	\$ 39,604,300	\$ (116,400)
Total revenues	<u>39,720,700</u>	<u>39,720,700</u>	<u>39,604,300</u>	<u>(116,400)</u>
 EXPENDITURES				
Law Enforcement:				
Personnel services	79,513	79,513	64,844	14,669
Reserve appropriations	290,478	290,478	-	290,478
Other services and charges	<u>38,565,580</u>	<u>38,565,580</u>	<u>38,437,738</u>	<u>127,842</u>
Total expenditures	<u>38,935,571</u>	<u>38,935,571</u>	<u>38,502,582</u>	<u>432,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>785,129</u>	<u>785,129</u>	<u>1,101,717</u>	<u>316,588</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	(318,748)	(318,748)	(2,160)	316,588
Fund balances - beginning	<u>318,748</u>	<u>318,748</u>	<u>236,702</u>	<u>(82,046)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,542</u>	<u>\$ 234,542</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, 2017

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Cash and cash equivalents	\$3,193,967
Investments	200,905
Due from other funds	1,759,887
Receivables (net of allowance for uncollectibles)	<u>156,108</u>
Total assets	<u>5,310,868</u>
LIABILITIES	
Current liabilities	
Accounts payable	932,041
Due to other funds	<u>3,355,778</u>
Total current liabilities	4,287,819
Noncurrent liabilities	
Estimated claims liability	<u>384,489</u>
Total noncurrent liabilities	<u>384,489</u>
Total liabilities	<u>4,672,307</u>
NET POSITION	
Unrestricted	<u>638,560</u>
Total net position	<u><u>\$638,560</u></u>

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

NUECES COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year ended September 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Premiums and reimbursements	\$13,456,892
Operating expenses:	
Benefit payments	12,581,465
Insurance premiums and bonds	2,285,011
Self-insurance claims	43,661
Capital Outlay	6,854
Administration	<u>848,398</u>
Total operating expenses	<u>15,765,389</u>
Operating income (loss)	<u>(2,308,497)</u>
Non-operating revenues:	
Investment income	22,493
Financing income	<u>2,363,359</u>
Total non-operating revenue	<u>2,385,853</u>
Change in net position	77,355
Total net position - beginning	<u>561,205</u>
Total net position - ending	<u><u>\$638,560</u></u>

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, 2017

	<u>Governmental Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$10,426,690
Receipts from employees	1,456,239
Receipts from other participants	524,475
Receipts from reimbursements and refunds	929,135
Payments for benefit claims	(12,402,249)
Payments for insurance and bond policies	(2,352,791)
Payments for administration	(718,928)
Payments for settlements and claims	<u>(47,809)</u>
Net cash provided in operating activities	<u>(2,185,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(25,605)
Interest received	<u>22,461</u>
Net cash provided by investing activities	<u>(3,144)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Financing Activity	<u>3,486,310</u>
Net cash provided by financing activities	3,486,310
Net increase in cash and cash equivalents	1,297,927
Cash and cash equivalents - beginning	<u>1,896,040</u>
Cash and cash equivalents - ending	<u><u>\$3,193,967</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$(2,308,497)
Adjustments to reconcile operating income to net cash provided:	
(Increase) decrease in accounts receivable	(78,392)
Increase (decrease) in estimated claims liabilities	(41,400)
Increase (decrease) in accounts payable	<u>243,050</u>
Total adjustments	<u>123,259</u>
Net cash provided by operating activities	<u><u>\$(2,185,239)</u></u>

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, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$12,296,678
Investments	6,697,374
Due from other governments and	370,222
Accounts receivable	185,545
Prepays	24,246
Total assets	\$19,574,064
Liabilities	
Accounts payable	\$16,972,490
Accrued payroll payable	541,411
Due to other governments and agencies	91,630
Funds held in escrow	1,968,534
Total liabilities	\$19,574,064

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



NUECES COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2017

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.

The County evaluated five GASB statements for applicable implementation in fiscal year ended September 30, 2017, as follows:

GASB Statement No. 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. In fiscal year ended September 30, 2017, the County determined that these requirements do not currently impact the County; consequently this Statement is not currently applicable.

GASB Statement No. 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. The County has implemented this Statement for the current fiscal year.

GASB Statement No. 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. In fiscal year ended September 30, 2017, the County determined that these requirements do not currently impact the County; consequently this Statement is not currently applicable.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* (“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*. In fiscal year ended September 30, 2017, the County determined that these requirements do not currently impact the County; consequently this Statement is not currently applicable.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* (“GASB 82”), addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The County has implemented this Statement for the current fiscal year.

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, including those defined in GASB Statement No. 80.

Component Unit

Nueces County Hospital District (the District) is a discretely presented 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 described on Note 3. 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 the 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 a 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 Payment Programs. This allows Spohn and certain other Region 4 healthcare providers to participate in supplemental Medicaid Payment Programs.

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, U.S. Marshals fund, and capital projects fund are major funds. 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 and all 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 Marshal Contract Fund is used to account for the millions of dollars that the County receives under a contract with the U.S. Marshals 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. The majority of the County's cash and investments are administered using a pooled concept, which combines the monies of various funds for investment purposes.

Investments are reported at fair value, with some exceptions, in accordance with GASB 72, which was implemented for the fiscal year ended September 30, 2016. GASB 72 requires governments to use valuation techniques in assessing fair value and establishes a hierarchy of three levels used to categorize the inputs that are used to measure fair value. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Texas local government investment pool (TexPool) meets the criteria for a qualifying external investment pool under GASB

79 and therefore continues to be reported at amortized cost. The Board of Trustees of The Texas Cooperative Liquid Assets Securities System (Texas CLASS) external investment pool determined that the investment pool does not meet all the criteria in GASB 79 and therefore participants should measure their investments in the pool at fair value as provided in paragraph 11 of GASB 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair value hierarchy and valuation techniques for all investments reported at fair value as well as cash and investment limitations are disclosed in Note IV. 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 its 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. Investments are recorded at fair value, except for investments pools which are reported at amortized costs and included in cash and cash equivalents.

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. The County estimates the allowance for property tax receivable 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 of resources represent an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the *Statement of Net Position*, 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. Unavailable revenue is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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"), which 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. In prior years, donated capital assets were valued at estimated fair market value at the time of donation. With the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*, this year, donated capital assets are valued at acquisition value at the time of donation. There is no significant change in the reported value of donated assets due to the implementation of GASB 72. The County has paintings, sculptures and other assets which are insured and are reflected on the statement of insurance coverage. The County has taken the position that these paintings, sculptures and other assets meet the criteria of the GASB 34 exemption which encourages, but does not require governments to capitalize collections that are (a) held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (b) protected, kept unencumbered, cared for, and preserved; and (c) subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. Therefore, these paintings and sculptures have not been capitalized, nor depreciated and are not reflected in the annual financial statements.

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 *Accounting and Financial Reporting for Intangible Assets* 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.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* ("GASB 42"), establishes standards that define capital asset impairment and specifies how various types of impairment losses will be measured, reported and disclosed. It also clarifies and establishes reporting and disclosure of all insurance recoveries. Nueces County cannot evaluate the impact affecting capital assets to determinate whether impairment of capital assets has occurred due to Hurricane Harvey, because the amount of insurance recoveries and restoration costs are not known at this time. No impairment losses of capital assets have been recognized during the year ended September 30, 2017.

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	10-30

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, 2017, 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 Commissioners court adopted a resolution and order on September 14, 2016 establishing the financial guidelines for the minimum general fund reserve of 25% of general fund 2016-2017 budgeted revenues and transfers in order to maintain sound fiscal policies and an excellent bond rating. The 25% fund balance was considered necessary since Nueces County is a coastal county and as such has a higher exposure to risk. The minimum general fund reserve for the year ended September 30, 2017, was expected to be \$21,708,512; however, the actual ending general fund balance was \$16,510,888. There were several unforeseen expenditures attributing to the decline in the fund balance reserves. The most significant expenditures were due to medical insurance overruns and the purchase of election equipment. As discussed in Note V.H., the general fund was reimbursed for the purchase price of the election equipment as of November 29, 2017, as a part of the issuance of Series 2017 Certificates of Obligation. 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

The adoption of GASB 68 in fiscal year ended September 30, 2015, replaced the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they related 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”), was an amendment to Statement No. 68, *Accounting and Financial Reporting for Pensions* and was adopted in fiscal year ended September 30, 2015. GASB 71 eliminated 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.

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 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 presented on the following page:

General obligation debt	\$ 122,779,252
Premium (net)	9,987,132
Capital leases	4,781,354
Accrued interest payable	1,026,602
Compensated absences	<u>2,082,322</u>
Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 140,656,662</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 Balances* includes 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 \$2,310,998 difference are as follows:

Capital outlay	\$ 13,832,255
Capital outlay Internal Service Fund	6,854
Depreciation expense	<u>(11, 528,111)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at change in <i>net position of governmental activities</i>	<u>\$ 2,310,998</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 \$(14,289,429) difference are as follows:

General obligation debt principle repayments	\$ 7,591,221
Capital leases reconciliation	519,193
Issuance of general obligation debt	(23,267,546)
Amortization of premiums and deferred charges	<u>867,703</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>\$ (14,289,429)</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 \$(393,625) difference are as follows:

Change in compensated absences	\$ (119,999)
Accrued interest	<u>(273,626)</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>\$ (393,625)</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 Main Grants Fund, the Texas Juvenile Justice Department Fund and Capital Projects Fund. Project length budgets are adopted for these 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 expenditures 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, 2017, the encumbrance balances for the governmental funds are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	\$ -	\$ 304,264	\$ -	\$ 304,264
Debt Service Fund	600	-	-	600
Capital Projects Fund	-	4,979,710	-	4,979,710
Non-major Governmental	1,162,235	-	192,814	1,355,049
Total	<u>\$ 1,162,835</u>	<u>\$ 5,283,974</u>	<u>\$ 192,814</u>	<u>\$ 6,639,623</u>

IV. Detailed notes on all funds

A. Deposits and Investments

Deposits

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.

Pooled Cash and Investments

The County maintains a cash and investment pool fund that is internal and is used primarily for investment purposes. Participation in the internal pooled fund is limited to the funds with the larger available balances. The other funds that do not have excess funds or smaller fund balances invest in Texas Class, an external pool, because monies are more readily available. Operating activities of the fund and other funds that are restricted because of statutory or contractual considerations, but does not include cash on hand (petty cash and change funds). Earnings from the Pool are allocated to the individual funds based upon its equity position of the funds in the Pool. A summary of balances in pooled and non-pooled accounts can be found below.

	Total Cash and		Total Cash and			
	Cash Equivalents	Investments	Investments	Pooled Funds	Non-Pooled	
Governmental Funds:						
General	\$ 15,671,940	\$ 3,839,453	\$ 19,511,393	\$ 9,368,475	\$ 10,142,918	
Debt Service	2,090,724	1,178,912	3,269,636	2,876,609	393,027	
U.S. Marshall Contract	2,125,702	-	2,125,702	-	2,125,702	
Capital Projects Fund	26,803,483	9,758,322	36,561,805	22,336,877	14,224,928	
Other Governmental Funds	17,645,641	3,543,425	21,189,066	8,634,902	12,554,164	
	<u>64,337,495</u>	<u>18,320,112</u>	<u>82,657,602</u>	<u>43,216,864</u>	<u>39,440,738</u>	
Proprietary Funds:						
Internal Service Funds	3,193,967	200,905	3,394,872	490,220	2,904,652	
	<u>3,193,967</u>	<u>200,905</u>	<u>3,394,872</u>	<u>490,220</u>	<u>2,904,652</u>	
Fiduciary Funds:						
Agency Funds	12,296,678	6,697,374	18,994,052	1,800,465	17,193,587	
	<u>12,296,678</u>	<u>6,697,374</u>	<u>18,994,052</u>	<u>1,800,465</u>	<u>17,193,587</u>	
TOTAL ALL FUNDS	<u>\$ 79,828,140</u>	<u>\$ 25,218,391</u>	<u>\$ 105,046,526</u>	<u>\$ 45,507,549</u>	<u>\$ 59,538,977</u>	

In February 2015, GASB issued Statement No. 72 (GASB 72), designed to enhance the comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. GASB 72 amended the definitions of fair value and investments, provided guidance for determining a fair value measurement for assets and liabilities required to be reported at fair value, provided guidance for applying fair value to investments required to be reported at fair value, and provided for disclosures in addition to those already required by GASB Statements No. 3, 31, 40, and 53 for all investments measured at fair value.

GASB 72 redefined investments as securities or other assets that governments hold primarily for the purpose of income or profit having a present service capacity based solely on its ability to generate cash or to be sold to generate cash. According to GASB 72, the

investment designation must be made when the asset is acquired and would remain over the life of the asset, even if the use of the asset changes over time. GASB 72 further redefined fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. By expanding how governments define investments, GASB 72 expands the scope of fair value reporting to include investments that were not previously reported at fair value.

In addition to expanding the definitions of fair value and investments, the standard provides requirements for the valuation and disclosure of assets and liabilities reported at fair value. Governments are to use valuation techniques that are appropriate and for which sufficient data is available to measure assets and liabilities at fair value. Valuation techniques should be applied consistently from one accounting period to the next and should maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach.

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.
- The cost approach reflects the amount that would be required to replace the present service capacity of an asset.
- The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

To help financial statement users better understand the quality of the inputs used in determining fair value, GASB 72 establishes a three-tier fair value hierarchy that prioritizes the inputs based on relative reliability, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for assets or liabilities.
- Level 3 inputs are inputs that are unobservable and only used when relevant Level 1 or 2 inputs are unobservable such as nonbinding quotes on interest rate swaps that cannot be corroborated by observable market data.

GASB 72 requires disclosure of the fair value level and valuation technique for each type of asset or liability measured at fair value. GASB 72 requires that these disclosures be organized by type of asset or liability as opposed to reporting entity segment. Also, for investments in certain entities that calculate the use net asset value per share or its equivalent as a measure of fair value, GASB 72 requires additional disclosures on any unfunded commitments and redemption terms.

The following chart summarizes pooled investments recurring fair value measurements and the fair value hierarchy at September 30, 2017.

	Total Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Investments by Fair Value Level				
Negotiable Certificates of Deposit	\$ 3,747,395	\$ -	\$ 3,747,395	\$ -
Municipal Bonds	4,315,667	-	4,315,667	-
U.S. Agency Obligations	10,457,956	-	10,457,956	-
External Investment Pool-Texas CLASS	40,129,882	-	40,129,882	-
Total Investments by Fair Value Level	\$ 58,650,900	\$ -	\$ 58,650,900	\$ -
Investments Measured at Amortized Cost				
External Investment Pool-TexPool	\$ 6,912			
Total Investments at Amortized Cost	\$ 6,912			
TOTAL ALL INVESTMENTS	\$ 58,657,812			

The County's investments are comprised of external investment pools with ratings no lower than AAA or AAA-, brokered CD's, US Agencies and Municipal Bonds with ratings no lower than the County's AA+. Total pooled investments as of September 30, 2017, were valued at \$58.66 million. The fair value of pooled investments categorized according to the GASB Statement No. 72 fair value

hierarchy totaled \$58.65 million, and are all classified as Level 2. Pooled investments also include external investment funds, Texas CLASS and TexPool. The County's total investment in Texas CLASS is \$40.13 million, which is valued at fair value. The County's total investment in TexPool is \$6,912, which is valued at amortized cost.

GASB 79 delinks money market Local Government Investment Pools (LGIPs) to SEC Rule 2a-7 and enables such pools to continue to utilize amortized cost for valuation and financial reporting so that the \$1.00 per unit value they pursue will not need to change to a fluctuating price. GASB 79 established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized costs for financial reporting purposes. The investment policies of TexPool already incorporate many of these provisions; therefore, none of these changes have a material impact on the portfolio construction of the pool. As a result, TexPool continues to use amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of the local government investment shares.

The Texas CLASS Board of Trustees has determined that Texas Class is not a government entity and therefore does not meet all the criteria in GASB 79. Therefore, the pool's participants should measure their investments in that pool at fair value as provided in paragraph 11 of Statement 31, as amended.

The County uses Frost Bank as the custodian of securities including its negotiable certificates of deposit, municipal bonds and U.S. agency obligations. Frost Bank uses Interactive Data as its primary securities data provider. Interactive Data's evaluations are based on market data. Interactive Data utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information and for structured securities, cash flow and, when available, loan performance data. Because many fixed income securities do not trade on a daily basis, Interactive Data's evaluated pricing application apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. The securities were valued using matrix pricing, which is consistent with the market approach. The matrix pricing technique is used to value some types of financial instruments, such as debt securities, without relying exclusively on quoted prices for the specific securities. Instead, matrix pricing relies on the securities' relationship to other benchmark quoted securities.

At year end, the County's governmental investment balances and weighted average were as follows:

	Fair Value	Less Than One Year	One to Four Years	Weighted Average Days to Maturity
External Investment Pools	\$ 40,136,794	\$ 40,136,794	\$ -	1
Brokered CD's	3,747,395	-	3,747,395	510
U S Agencies	10,457,956	-	10,457,956	708
Municipal Bonds	4,315,667	-	4,315,667	450
	<u>\$ 58,657,812</u>	<u>\$ 40,136,794</u>	<u>\$ 18,521,018</u>	<u>193</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. 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.

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 AAAM 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 AAAM by Standard & Poor's and Aaa by Moody's.

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 193 weighted average days to maturity. 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, 2017, the District segmented time distribution analysis of the portfolio by market sector including the Health Benefit Trust. At year end, the District's investment balances were as follows:

	Fair Value	Investment Maturities in Years	
		Less Than One Year	One to Three Years
Cash and Equivalents:			
Collateralized Bank Accounts	\$ 420,653	\$ 420,653	\$ -
Money Market Mutual Funds	205,733	205,733	-
Petty Cash	150	150	-
AAA-Rated Local Government Investment Pools:			
Texpool	44,386,909	44,386,909	-
Logic	17,596	17,596	-
TexStar	9,908,269	9,908,269	-
Total Cash and Equivalents	54,939,310	54,939,310	-
Investments At Fair Value:			
U.S. Agencies:			
Federal Home Loan Mortgage Corporation			
	3,976,984	-	3,976,984
Federal National Mortgage Association			
	17,875,623	-	17,875,623
Total Investments	21,852,607	-	21,852,607
TOTAL VALUE	\$ 76,791,917	\$ 54,939,310	\$ 21,852,607
% of Total Portfolio	100%	71.54%	28.46%

The District's policy is to report money market investments at amortized cost. 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 restrict 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 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. Commercial paper is restricted to a stated maturity of 90 days or less. 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, 2017 the cash and investments contained:

- FDIC insured or fully collateralized bank deposits representing 0.548% of the total portfolio
- Investment in three local government investment pools representing 70.73% of the total portfolio,
- AAA-rated money market funds striving to maintain \$1 net asset value represented 0.267% of the total portfolio, and
- US Government agency securities representing 28.455% 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 and 33% of the District's investments are designed to be in obligations of the US Government. As of September 30, 2017, the portfolio met its diversification requirements.

As of September 30, 2017, holdings in US Government securities with ratings of AAA represented 28.455% of the total portfolio. Investment in three local government investment pools represented 70.73% of the total portfolio. The investment in AAA- rated money market funds striving to maintain a \$1 net asset value represented 0.267% of the total portfolio. The remaining 0.548% 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% of 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, 2017, holdings in the portfolio with stated maturity dates beyond one year representing 28.455% of the total portfolio all of which were US agencies.

As of September 30, 2017, the portfolio contained 6 callable notes. The callable notes are as follows: Federal National Mortgage Association (FMNA) note with a current market value of \$3,947,524 coupon rate of 1.150% maturing September 13, 2019; Federal Home Loan Mortgage Corporation (FHLMC) note with a current market value of \$3,976,984, coupon rate of 1.250%, maturing July 26, 2019; FNMA note with a current market value of \$2,986,836, coupon rate of 1.125%, maturing October 29, 2018; FNMA note with a current market value of \$3,977,380, coupon rate of 1.300%, maturing March 22, 2019; FNMA note with a current market value of \$3,979,216, coupon rate of 1.20%, maturing on May 23, 2019, and a FNMA note with a current market value of \$2,984,667, coupon rate of 1.250%, maturing on June 28, 2019.

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. All pledged securities are to be transferred delivery versus payment and held by an independent party approved by the District and held in the District's name by an independent custodian. 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, 2017, the portfolio contained no certificates of deposit and no repurchase agreements. The portfolio contained 0.548% in fully insured and collateralized demand deposit accounts. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

GASB 72, *Fair Value Measurement and Application*, for financial reporting purposes categorized financial instruments within three different levels of risk dependent upon the measure of their fair value and pricing as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Because the investments are restricted by Policy and state law to active secondary market, the market approach is used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The fair market prices used for these fair market valuations of the Districts portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

All of the investments held by the District as of September 30, 2017 are US Government Agency Bonds.

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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund) net	\$ 3,054,767	\$ -
Delinquent property taxes receivable (debt service fund) net	512,876	-
Delinquent property taxes receivable (road fund) net	45,124	-
Other accounts receivable	49,676	-
Grant advances prior to meeting all eligibility requirements	-	596,041
Total unavailable/unearned revenue for governmental funds	<u>\$ 3,662,443</u>	<u>\$ 596,041</u>

Receivables as of September 30, 2017 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	\$ 3,776,335	\$ 2,548,984	\$ -	\$ 6,325,319
Debt service	634,022	3,391	-	637,413
U.S. Marshal	-	4,461,006	-	4,461,006
Capital projects fund	-	343,599	-	343,599
Non-major funds	67,311	662,317	1,303,315	2,032,943
Internal service fund	-	<u>156,108</u>	-	<u>156,108</u>
Subtotal	<u>4,477,668</u>	<u>8,175,405</u>	<u>1,303,315</u>	<u>13,956,388</u>
Less:				
Allowance for uncollectible taxes	<u>(864,901)</u>	-	-	<u>(864,901)</u>
Total	<u>\$ 3,612,767</u>	<u>\$ 8,175,405</u>	<u>\$ 1,303,315</u>	<u>\$ 13,091,487</u>

Component Unit

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the District.

	BALANCE OCTOBER 1, 2016	CURRENT YEAR LEVY	TOTAL COLLECTIONS	ADJUSTMENTS	BALANCE SEPTEMBER 30, 2017
Delinquent Taxes					
Receivable	\$ 1,890,985	\$ 34,698,916	\$ 33,977,413	\$ (585,156)	\$ 2,027,332
Allowance for Uncollectible Taxes	<u>(998,070)</u>	-	-	<u>(42,897)</u>	<u>(1,040,967)</u>
NET DELINQUENT TAX RECEIVABLE	<u>\$ 892,915</u>	<u>\$ 34,698,916</u>	<u>\$ 33,977,413</u>	<u>\$ (628,053)</u>	<u>\$ 986,365</u>

C. Capital Assets
Primary Government

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Completed Projects	Retirements	Adjustment	Ending Balance
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 5,063,554	\$ -		\$ -	\$ -	\$ 5,063,554
Construction in progress	20,461,198	8,284,109	(9,201,858)	-	-	19,543,449
Total capital assets, not being depreciated	25,524,752	8,284,109	(9,201,858)	-	-	24,607,003
Capital assets being depreciated:						
Buildings and improvements	182,029,923		3,558,937	-	-	185,588,860
Furniture, equipment and machinery	26,348,192	5,555,000	-	(6,995,255)	-	24,907,937
Software	982,917	-	-	-	-	982,917
Infrastructure	183,488,627	-	5,642,921	-	-	189,131,548
Total capital assets, being depreciated	392,849,659	5,555,000	9,201,858	(6,995,255)	-	400,611,262
Less accumulated depreciation for:						
Building and improvements	(89,745,451)	(5,781,657)	-	-	-	(95,527,108)
Furniture, equip and mach.	(16,887,330)	(2,147,415)	-	6,822,324	-	(12,212,421)
Software	(382,954)	(49,146)	-	-	-	(432,100)
Infrastructure	(136,425,629)	(3,549,893)	-	-	-	(139,975,522)
Total accumulated depreciation	(243,441,364)	(11,528,111)	-	6,822,324	-	(248,147,151)
Total capital assets, being depreciated, net	149,408,295	(5,973,111)	9,201,858	(172,931)	-	152,464,111
Governmental activities capital assets, net	\$ 174,933,047	\$ 2,310,998	\$ -	\$ (172,931)	\$ -	\$177,071,114

Depreciation expense for the year ended September 30, 2017 was charged to functions/programs of the County as follows:

Governmental activities:	FY 2017	FY 2016	Increase (Decrease)
General Government	\$ 549,912	\$ 486,315	\$ 63,597
Building and facilities	3,625,176	4,154,693	(529,517)
Administration of justice	526,693	531,948	(5,255)
Law enforcement and corrections	1,564,097	766,870	797,227
Health, safety and sanitation	143,492	133,295	10,197
Social services	63,365	68,152	(4,787)
Agriculture, education and consumer sciences	51,863	49,700	2,163
Road, bridges and transportation	3,277,429	5,663,798	(2,386,369)
Parks and recreation	1,726,084	1,820,416	(94,332)
Total depreciation expense - governmental activities	\$ 11,528,111	\$ 13,675,187	\$ (2,147,076)

At September 30, 2017 the County's construction commitments are as follows:

Project Description	Project Budget	Balance
Building Improvements	\$ 56,797,148	\$ 32,326,552
Fairgrounds Improvements	1,000,000	122,506
Information Technology Systems & Upgrades	13,106,458	2,502,183
Jail Renovations	2,995,000	2,315,172
Juvenile Justice Center Renovations	707,664	213,031

Component Unit

Capital assets activity for the District for the year ended September 30, 2017 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance
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	1,283,871	28,873	65,010	1,247,734
Buildings	28,073,021	-	-	28,073,021
Total capital assets, being depreciated:	<u>29,356,892</u>	<u>28,873</u>	<u>65,010</u>	<u>29,320,755</u>
Less accumulated depreciation for:				
Equipment	1,150,999	53,309	63,784	1,140,524
Buildings	23,202,228	329,059	-	23,531,287
Total accumulated depreciation	<u>24,353,226</u>	<u>382,368</u>	<u>63,784</u>	<u>24,671,811</u>
Total capital assets, being depreciated, net	<u>5,003,665</u>	<u>(353,495)</u>	<u>1,226</u>	<u>4,648,944</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 8,080,591</u>	<u>\$ (353,495)</u>	<u>\$ 1,226</u>	<u>\$ 7,725,870</u>

D. Inter-fund receivables, payables and transfers

Primary Government

The composition of inter-fund balances as of September 30, 2017, is presented on the following page:

Short-term due to/from other funds:

Receivable Due from	Payable Due to	Amount
General Fund	General Fund- Utilities Expense	\$ 93,782
	Nonmajor Funds- Coastal Parks	14,700
	Internal Service- Group Health Funds	115,092
General Fund- Expense	General Fund	951
General Fund- Payroll	General Fund	960
General Fund- Jury	General Fund	8,317
Nonmajor- Road Fund	General Fund- Utilities Expense	2,180
	Internal Service- Group Health Funds	289,392
Nonmajor - Special Revenue Funds	Capital Projects	238,216
	Internal Service- Group Health Funds	55,187
	General Fund	113,000
	Nonmajor - Coastal Parks Funds	18
Nonmajor - Stadium/Fairgrounds	General Fund- Utilities Expense	12,197
Nonmajor - Law Library	Internal Service- Group Health Funds	4,691
Nonmajor - Airport	Internal Service- Group Health Funds	2,190
	General Fund- Utilities Expense	1,723
Nonmajor - Inland Parks	Internal Service- Group Health Funds	43,336
	General Fund- Utilities Expense	9,542
Nonmajor - Coastal Parks	General Fund	11,717
	General Fund- Utilities Expense	8,323
Capital Projects	General Fund	2,860,331
	Capital Projects	2,995,101
	Nonmajor - Main Grant Funds	3,087
Nonmajor - Main Grant Funds	General Fund	40,000
	Capital Projects	334,028
	Nonmajor - Coastal Parks	70,465
Nonmajor - TJJJ Funds	General Fund	48,000
Internal Service- Workers Comp	Internal Service- Group Health Funds	350,000
Internal Service- General Liability	Internal Service- Group Health Funds	900,000
Internal Service- Group Health Funds	General Fund	1,105,778
		<u>\$ 9,732,304</u>

The purpose of short-term inter-fund loans is to provide operating cash flow to payroll and expense clearing accounts as well as other funds as expenditures are incurred, and also includes year-end accrual of investment interest. Inter-funds loans are settled upon cash availability in the owing fund/checking account or upon receipt of grant funds.

Long term due to/from other funds:

Receivable Due from	Payable Due to	Amount
General Fund- Expense	General Fund	\$ 600,000
Internal Service- Group Health Funds	General Fund	1,000,000
		<u>\$ 1,600,000</u>

Long-term inter-fund loans do not have a specific due date but may extend over one year, and some can be forgiven under certain conditions. The first long-term inter-fund loan of \$ 600,000 is due from the main grant fund to the general fund for advancing monies to fund grant expenditures until grants are received. The second long term inter-fund loan of \$ 1,000,000 is due from the Internal Service – Group Health Fund to the general fund to fund claims which have increased substantially over the last several years

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>\$ 96,965</u>

Inter-fund transfers:

	Transfers In					Total Transfers Out
	General Fund	Debt Service Fund	Capital Projects Fund	U.S. Marshal Contract	Nonmajor Governmental Funds	
<u>Transfers out</u>						
General Fund	\$ -	\$ -	\$ 250,000	\$ -	\$ 8,881,912	\$ 9,131,912
U.S. Marshal Contract	1,103,877	-	-	-	-	1,103,877
Capital Projects Fund	-	-	207,518	-	5,862	213,380
Debt Service Fund	-	1,227,390	-	-	-	1,227,390
Nonmajor Governmental Fund	144,150	630,000	238,216	-	805,292	1,817,658
Total Transfers In	<u>\$ 1,248,027</u>	<u>\$ 1,857,390</u>	<u>\$ 695,734</u>	<u>\$ -</u>	<u>\$ 9,693,066</u>	<u>\$ 13,494,217</u>

The General Fund provides most of the transfers. The Road Fund, Inland Parks Fund, Stadium and Fairgrounds Fund, Coastal Parks 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, 2017 were \$345,206. The following table presents minimum future rental obligation on non-cancelable operating leases as of September 30, 2017.

Noncancelable operating leases

<u>Fiscal Year</u>	<u>Primary Government</u>
2018	\$ 390,885
2019	389,642
2020	389,415
2021	194,546
2022	<u>50,825</u>
Total	<u>\$ 1,415,313</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, 2017 the County entered into one new capital lease agreement for the purchase of a wide-format printer. The County is also still obligated to prior lease agreements for the purchase of heavy equipment and building improvements. Payments during the fiscal year ended September 30, 2017 for all capital leases totaled \$688,441. 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, 2017.

<u>Fiscal Year</u>	<u>Future Capital Lease Payments</u>			<u>Type</u>	<u>Assets Under Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total Future Minimum Lease Payments</u>		<u>Assets under Capital Lease</u>	<u>Accumulated Depreciation</u>
2018	\$ 336,445	\$ 133,882	\$ 470,327	Buildings and improvements	\$ 5,562,891	\$ 719,365
2019	333,593	124,317	457,910	Furniture, equipment machinery	<u>802,175</u>	<u>180,531</u>
2020	354,481	114,948	469,429	Total	<u>\$ 6,365,066</u>	<u>\$ 899,896</u>
2021	376,226	104,994	481,220			
2022	383,959	94,464	478,423			
2023-2027	2,080,684	305,677	2,386,361			
2028-2029	<u>915,966</u>	<u>38,578</u>	<u>954,544</u>			
Total	<u>\$ 4,781,354</u>	<u>\$ 916,860</u>	<u>\$5,698,214</u>			

Component Unit

The District leases office space for its administrative offices under an operating lease expiring in 2018. Minimum future rental payments under this non-cancelable operating lease due in fiscal year ended September 30, 2018 amount to \$89,780. Rental payments under all operating leases amounted to \$133,174 during the year ended September 30, 2017.

The District and Spohn entered into a Spohn Membership Agreement to establish a structure for the joint membership of Spohn with the District effective October 1, 2012. The 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 Spohn Membership 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 has constructed a new Family Health Center on the MMC Campus and is currently expanding its Christus Spohn Hospital Shoreline Emergency Department, trauma center 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 \$99,981,948 and received \$94,508,973 in member revenues for the year ended September 30, 2017.

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, 2017:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
General Obligation Refunding Bonds, Series 2010	3.00%	2010	2022	\$ 27,310,000
State Energy Conservation Office LoanStar Revolving Program Loan	2.00%	2012	2027	5,344,252
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	17,515,000
General Obligation Refunding, Series 2015	2.00%-5.00%	2015	2027	26,345,000
State Infrastructure Bank	3.47%	2016	2035	6,000,000
Certificate of Obligation Comb. Tax & Revenue, Series 2016	4.00%-5.00%	2016	2036	17,920,000
Sub - total general obligation debt				122,779,252
Premium on debt (net)				9,987,132
Total general obligation debt at September 30, 2017				<u>\$ 132,766,384</u>

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 is 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 materials, supplies, equipment, land, and right-of-ways for authorized needs related to the aforementioned improvements and to pay professional services related services.

In December 2014, the County adopted a resolution for local project advance funding agreement for voluntary local government contribution with no 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 until April 2016. On March 23, 2016, Commissioners Court approved a resolution and order approving entering into a loan agreement 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.

On November 15, 2016, the County issued \$17,920,000 Combination Tax and Revenue Certificates of Obligation, Series 2016 due in installments of \$660,000 to \$1,640,000 (average installment equals \$995,556) through February 15, 2036, with interest ranging from 4.00% to 5.00% with a net interest cost of 3.89% to the County. The proceeds will be used for providing funds for the payment of contractual obligations incurred or to be incurred by the County, to-wit: acquiring, designing, constructing, renovating, repairing and improving various County facilities to comply with the American With Disabilities Act and other federal laws: upgrading and improving the County's Information Technology Systems; acquiring, designing, constructing, renovating, repairing, and improving various County facilities, County parks, County airport runway and facilities; purchasing materials, supplies, equipment, machinery, landscaping, land and rights-of-way in the County for authorized needs an purposes related to the aforementioned capital improvements; constructing and improving to various roads, bridges and drainage facilities throughout the County; and paying professional, fiscal, engineering and legal fees incurred in connection therewith.

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, 2017.

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

Fiscal Year Ending	Governmental Activities		Total Debt Service Requirements	
	<u>September 30</u>	<u>Principal</u>		<u>Interest</u>
2018		\$9,042,156	\$4,892,460	\$13,934,616
2019		9,299,248	4,950,183	14,249,431
2020		9,637,528	4,576,602	14,214,130
2021		9,577,122	4,197,708	13,774,830
2022		9,996,926	3,777,855	13,774,781
2023-2027		52,134,998	12,206,144	64,341,142
2028-2032		13,371,274	4,911,109	18,282,383
2033-2037		<u>9,720,000</u>	<u>906,250</u>	<u>10,626,250</u>
Totals		<u>\$122,779,252</u>	<u>\$40,418,311</u>	<u>\$163,197,563</u>

	<u>Changes in Long-term Liabilities</u>				Due Within One Year
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	
General obligation debt	\$ 109,450,473	\$ 20,920,000	\$ (7,591,221)	\$ 122,779,252	\$ 9,042,156
Unamortized premium on debt	9,194,153	2,347,546	(1,554,567)	9,987,132	-
Capital leases	5,300,548	17,835	(537,027)	4,781,356	336,445
Compensated absences	1,962,323	3,608,949	(3,488,950)	2,082,322	100,000
General liabilities claims	425,889	-	(41,400)	384,489	300,000
Net pension liability	37,831,594	34,913,763	(33,728,624)	39,016,733	-
Judgements and other claims	572,104	202,372	(368,113)	406,363	110,000
	<u>\$ 164,737,084</u>	<u>\$ 62,010,465</u>	<u>\$ (47,309,902)</u>	<u>\$ 179,437,647</u>	<u>\$ 9,888,601</u>

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 special revenue funds and include seizures, bonds and other.

Component Unit

The following is a summary of long-term obligation transactions of the District for the year ended September 30, 2017:

	<u>Changes in Long-term Liabilities</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Other Liabilities:				
Accrued Paid Time Off	\$ 88,981	\$ 162,129	\$ 147,459	\$ 103,651
Total	<u>\$ 88,981</u>	<u>\$ 162,129</u>	<u>\$ 147,459</u>	<u>\$ 103,651</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 2017 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	\$ 62,588	\$ -	\$ -	\$ -	\$ 42,383	\$ 104,971
Prepays	665,988	-	786	66,067	\$ 96,056	828,897
Restricted for:						
Debt Service Reserve	-	3,273,027	-	-	-	3,273,027
U.S. Marshal Contract	-	-	233,756	-	-	233,756
Commissioners Precinct	-	-	-	-	1,267,294	1,267,294
Commissioners Court	-	-	-	-	1,442,503	1,442,503
County Attorney	-	-	-	-	46,461	46,461
County Clerk	-	-	-	-	2,614,732	2,614,732
Tax Assessor Collector	-	-	-	-	9,689	9,689
Juvenile Programs	-	-	-	-	459,432	459,432
District Attorney	-	-	-	-	181,885	181,885
District Clerk	-	-	-	-	120,086	120,086
County Sheriff	-	-	-	-	603,170	603,170
Asset Forfeiture	-	-	-	-	1,424,900	1,424,900
Law Enforcement Education	-	-	-	-	84,834	84,834
Social Services	-	-	-	-	50,423	50,423
Community Health Program	-	-	-	-	2,952,435	2,952,435
Parks & Recreation	-	-	-	-	153,698	153,698
Library	-	-	-	-	3,497	3,497
Committed to:						
Capital Projects	-	-	-	31,704,891	-	31,704,891
Policy on minimum reserves	15,782,311	-	-	-	-	15,782,311
Assigned to:						
Road & Bridges	-	-	-	-	2,502,474	2,502,474
Stadium & Fairgrounds	-	-	-	-	1,798,002	1,798,002
Law Library	-	-	-	-	184,554	184,554
Airport	-	-	-	-	95,098	95,098
Inland Parks	-	-	-	-	146,580	146,580
Coastal Parks	-	-	-	-	459,908	459,908
Unassigned:						
Total Fund Balances	\$ 16,510,888	\$ 3,273,027	\$ 234,542	\$ 31,770,957	\$ 16,740,094	\$ 68,529,512

5. Intergovernmental Transfers (IGTs)

Component Unit

The District participates in the State sponsored Medicaid payment 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 payment programs. The District budgets IGT's based on provider's cost estimates. HHSC determines the amount of available State funds available to providers under the various Medicaid payment programs. 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 \$121,393,599 for IGT's, the District only paid \$109,281,868 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 coverage:

	<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	\$246,000,000	1% per item/others property \$100,000- \$1,500,000
Property Damages	Excluding Windstorm/Hail/Flood & Terrorism	\$310,443,159 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; \$1,000,000 Hangarkeepers; \$1,000 Medical	Hangarkeeper \$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, and a fire 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 have been several claims that have 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.

	Group Health 9/30/16	Group Health 9/30/17
Unpaid claims, beginning of fiscal year	\$ 613,026	\$ 613,026
Incurred claims	10,086,857	12,665,465
Payments on claims	(10,086,857)	(12,665,465)
Changes in estimate	-	263,217
Unpaid claims, end of fiscal year	<u>\$ 613,026</u>	<u>\$ 876,243</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 coverage for each of the past three fiscal years.

	General Liability 9/30/16	General Liability 9/30/17
Unpaid claims, beginning of fiscal year	\$ 525,618	\$ 425,889
Incurred claims	-	-
Payments on claims	(99,729)	(41,400)
Changes in estimate	-	-
Unpaid claims, end of fiscal year	<u>\$ 425,889</u>	<u>\$ 384,489</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 \$384,489 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 an agent, multiple-employer, defined-benefit plan. This plan is administered by the statewide, public-employee retirement system through the Texas County District Retirement System (the "TCDRS"). The system serves 738 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 of 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 12.18% and 12.36% in calendar years 2016 and 2017, respectively. Nueces County's contributions to TCDRS for the fiscal year ended September 30, 2017 were \$6,870,671 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 2017 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	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed Markets	MSCI World Ex USA(net)	10.00%	4.70%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%
Total		100.00%	

(1) Target asset allocation adopted at the April 2017 TCDRS board meeting. (2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2017 capital market assumptions. (3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs. (4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs. (5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

4. Changes in the Net Pension Liability

At December 31, 2016, Nueces County reported a net pension liability of \$39,016,733. 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 12/31/15	\$ 329,518,164	\$ 291,686,570	\$ 37,831,594
Changes for the year:			
Service cost	7,889,821	-	7,889,821
Interest	26,287,050	-	26,287,050
Change in benefit terms	-	-	-
Difference between expected/actual experience	(1,680,573)	-	(1,680,573)
Changes in assumptions	-	-	-
Contributions - employer	-	6,663,093	(6,663,093)
Contributions - employee	-	3,835,516	(3,835,516)
Net investment income	-	21,549,442	(21,549,442)
Benefit payments, including refunds of employee contributions	(18,061,219)	(18,061,219)	-
Administrative expenses	-	(234,167)	234,167
Other charges	-	(502,725)	502,725
Net changes	14,435,079	13,249,940	1,185,139
Balance at 12/31/16	\$ 343,953,243	\$ 304,936,510	\$ 39,016,733

The net pension liability was measured as of December 31, 2016 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	\$ 80,883,388	\$ 39,016,734	\$ 4,041,662

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

For the year ended September 30, 2017, Nueces County recognized pension expense of \$13,412,279.

At September 30, 2017, 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)	\$ -	\$ 2,926,292
Changes in actuarial assumptions	1,793,069	-
Differences between projected and actual investment earnings (net of current year amortization)	17,822,766	-
Contributions subsequent to the measurement date	5,051,612	-
Total	\$ 24,667,447	\$ 2,926,292

\$5,051,612 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ended September 30,	
2018	\$ 5,631,057
2019	\$ 5,810,014
2020	\$ 4,898,956
2021	\$ 349,516
2022	\$ -
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, 2017, twenty-two 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, 2017, the District had retirement plan expenses of \$75,411.

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. Tax Abatements

Primary Government

The County enters into property tax abatement agreements with local businesses under the state Property Redevelopment and Tax Abatement Act, Chapter 312, as well as its own guidelines and criteria, which is required under the Act. The statute permits the creation of tax abatement reinvestment zones to attract new commercial investment, to expand existing facilities, and to contribute to retaining or expanding primary employment within areas of economic development interests. The designation of a zone should contribute to the County's economic development and guidelines and criteria for governing tax phase-in agreements and must be adopted at the discretion of Commissioners Court. Once a reinvestment zone has been designated, the County may offer a tax phase-in agreement to owners or lessees of taxable property within the reinvestment zone on a case-by-case basis. Areas designated as an enterprise zone under the Texas Enterprise Zone Act also constitute designation as a reinvestment zone. Tax phase-in agreements are contracts between the County and an owner or lessee of property wherein the owner or lessee makes an amount of new capital investment and jobs and the County abates all or a portion of ad valorem taxes under its authority on the new eligible real and personal property improvements within a reinvestment zone for a specific period of time. Tax phase-in

agreements may abate up to 100% on real and/or personal property improvement values for up to 10 years. Provisions for recapturing abated taxes are enforced in such instances that the owner of a facility subject to abatement fails to commence operations with the minimum number of permanent jobs during the term of agreement or fails to maintain the minimum number of permanent jobs upon discontinuance of operations during the term of agreement. The said agreement shall be subject to termination and the applicable taxes shall be recaptured and paid within 60 days of termination.

For the fiscal year ended September 30, 2017, the County abated property taxes totaling \$477,718 under this program, which included the following tax abatement agreements in effect for the fiscal year ended September 30, 2017:

- October 24, 2012, the Commissioners Court approved a temporary property tax abatement for M & G Resins for construction of a new PET Plant; the abatement provided 100% abatement during the construction period (not to exceed 3 years, and a 70% abatement for 7 additional years). On July 26, 2017, the Commissioners Court amended the abatement agreement to provide for 100% abatement during the construction period (not to exceed 5 years, and the remainder of the 10 year agreement at 70%). The abatement amounted to \$383,139 for the year ended September 30, 2017.
- December 4, 2013, the Commissioners Court approved a temporary property tax abatement for Ticona Polymers, Celanese, LTD for construction of a new building to be used to “compound” specialty plastics; the abatement provided 100% abatement during the construction period (not to exceed 5 years, and a 50% abatement for 5 additional years). The abatement amounted to \$2,737 for the year ended September 30, 2017.
- June 18, 2014, the Commissioners Court approved a temporary property tax abatement for Ticona Polymers, Celanese, LTD for construction of a new methanol production facility; the abatement provided 100% abatement during the construction period (not to exceed 5 years, and a 70% abatement for 5 additional years). Although this tax abatement was in effect for the year ended September 30, 2017, the gross dollar amount of taxes abated during the period was zero.
- July 23, 2014, the Commissioners Court approved a temporary property tax abatement for voestalpine Texas, LLC for construction of new facilities comprised of a dock and marine improvements; the abatement provided 100% abatement during the construction period (not to exceed 5 years, and a 50% abatement for 5 additional years). The abatement amounted to \$91,842 for the year ended September 30, 2017.
- February 4, 2015, the Commissioners Court approved a temporary property tax abatement for Corpus Christi Liquefaction LLC (Cheniere Energy) for construction of new facilities comprised of a dock and marine improvements; the abatement provided 100% abatement during the construction period (not to exceed 5 years, and a 50% abatement for 5 additional years). Although this tax abatement was in effect for the year ended September 30, 2017, the gross dollar amount of taxes abated during the period was zero.
- December 17, 2014, the Commissioners Court approved a temporary property tax abatement for CCI Corpus Christi LLC for construction of new facilities to receive, store, process and deliver onto vessels crude oil, condensate and processed products; the abatement provided 100% abatement during the construction period (not to exceed 3 years, and a 50% abatement for 5 additional years;). This project has not begun construction and therefore the gross dollar amount of taxes abated during the period was zero.

The County also participates in two Tax Increment Reinvestment Zones (TIRZs) currently, passed by ordinances of the City Council of Corpus Christi, TX as follows:

<u>TIRZ</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Corpus Christi Reinvestment Zone No. 2	\$ 1,052,418
Corpus Christi Reinvestment Zone No. 3	233,556

A county or a city may create one or more tax increment financing reinvestment zones within a county or city (“TIRZ”), under which the tax values on property in the zone are “frozen” at the value of the property at the time of creation of the zone. Under prior law, taxes of overlapping taxing units levied against the value of property in the TIRZ in excess of the “frozen values” were captured and collected by the TIRZ to pay or finance the costs of certain public improvements in the TIRZ. Under current law, other overlapping taxing units levying taxes in the TIRZ may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIRZ in excess of the “frozen values” to pay or finance the costs of certain public improvements in the TIRZ.

Taxes levied by a county or city against the values of real property in a TIRZ created by a county or a city in excess of the “frozen” value are not available for general county or city use but are restricted to paying or financing “project costs” within the TIRZ.

On November 14, 2000, the City Council passed an ordinance creating the Corpus Christi Reinvestment Zone No. 2 (“Zone No. 2”) encompassing approximately 1,934 acres on North Padre Island. The preliminary plan calls for funding the local share of the

reopening of a channel to the Gulf of Mexico, Packery Channel, along with beach restoration in front of the Padre Island seawall and related improvements. Nueces County, the Nueces County Hospital District, and Del Mar College (formerly Corpus Christi Junior College, a junior college district and leasing unit whose boundaries are coterminous with those of Nueces County) have agreed to participate in Zone No. 2. Pursuant to rights reserved to and exercised by the citizens of the City in its Charter, a referendum petition was filed to require an election on whether to repeal the City's ordinance adopted on November 14, 2000. In response to the petition, the City Council called an election on repeal of this ordinance for April 7, 2001. At this election citizens voted not to repeal the November 14, 2000 ordinance. In 2003, \$5,000,000 in bonds were issued, in 2004 \$4,100,000 in bonds and in 2006 \$2,900,000 in bonds were issued by the North Padre Island Development Corporation (the "Corporation"), a non-profit corporation created by the City for the purpose of issuing bonds in furtherance of the development of Zone No. 2. In March 2008, the Corporation issued \$13,445,000 in refunding bonds, refinancing all of the previously issued bonds, to generate a debt service savings.

On December 16, 2008, the City Council approved a 20 year Tax Increment Financing Zone for the downtown area of the City, designated as the Corpus Christi Reinvestment Zone No. 3 ("Zone No. 3"). Zone No. 3 is intended to address the problem of substandard, slum and or deteriorating structures within the boundaries of Zone No. 3, the predominance of defective or inadequate sidewalk and street layouts and conditions that endanger life or property by fire or other cause. The boundaries of Zone No. 3 start along the Bayfront from the Sea town area (ship channel) on the North, Morgan Avenue to the South and west to Tanchahua Street.

The primary function of Zone No. 3 is the planning, design and construction of public improvements. Zone No. 3 is only one of a variety of planned funding sources and programs that will act in concert to accomplish certain changes to the public environment in downtown. Over the last ten (10) years the City has invested over \$150 million in the downtown area, and \$47 million is planned for locations partly or wholly within Zone No. 3 intended to rehabilitate and improve existing public infrastructure. Some examples of possible improvements include:

- Streetscape, sidewalks and crosswalks
- Roadways and Traffic management
- Parks, public spaces and public facilities
- Utilities and drainage
- Land assembly
- Environmental remediation and safety improvements

The City's contribution of its tax increment revenues to Zone No. 3 is projected to be \$28.5 million over the 20 year period. The City requested the participation of Nueces County and Del Mar College, in Zone No. 3. In 2009, Nueces County agreed to participate for the remaining 19 years of Zone 3. Nueces County has participated over the last five years, and has fourteen years remaining in this commitment. Del Mar College, however, only agreed to pay the tax increment through tax year 2018.

E. Hurricane Harvey

Primary Government

The County experienced a natural disaster on August 25, 2017, resulting from Hurricane Harvey, which resulted in damage to portions of the County, with Port Aransas and Mustang Island receiving the most substantial damage. Damaged property included residential and commercial properties, as well as numerous County-owned facilities. The estimate of the total damage to the County-owned facilities is approximately \$5.5 million. The County anticipates that in excess of \$1 million will be covered by flood and/or windstorm insurance. On March 1, 2018, the Nueces County Commissioners court ratified the County's Federal Emergency Management Agency (FEMA) Public Assistance Project list submission estimating a total projected reimbursement from FEMA of \$2,452,551. The County also incurred disaster-related expenses, which include emergency repairs to County facilities, debris removal, protective measures and costs of emergency personnel overtime. The County anticipates that most of these will be covered by grants from the FEMA and the State of Texas, included in the estimate above.

On August 23, 2017, in anticipation of Hurricane Harvey's landfall, Governor Greg Abbott issued a proclamation declaring a state of disaster in numerous counties located along the Texas gulf coast, including Nueces County. The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. The County is not bound by a reappraisal of property that is authorized by another taxing unit and not authorized by the County. In addition, the Texas Tax Code permits taxpayers owning homes or certain businesses damaged by a declared disaster to pay taxes imposed in the year following the disaster in four equal installments, commencing on February 1 and ending on August 1.

Any determination of assessed value will be made by the Nueces County Appraisal District based on the market value of such homes and commercial improvements as of January 1, 2018, which market value will be affected by, among other things, the extent to which any damage has been incurred and the extent to which it has been repaired. Further, there is no assurance that a casualty loss will be covered by insurance. Flood casualties are usually exempted from coverage unless specific flood insurance is purchased. The County cannot provide assurance that any insurance company will fulfill its obligation to provide insurance proceeds. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which

assessed values within the County would be adversely affected. Finally, it is not known at this time what impact the effects of Hurricane Harvey will have generally upon the value of homes and commercial improvements that did not sustain damage.

F. Recent Accounting Pronouncements

Primary Government

GASB Statement No. 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 No. 81, *Irrevocable Split-Interest Agreements* (“GASB 81”), improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB 81 will be implemented by the County in fiscal year 2018 and the impact has not yet been determined.

GASB Statement No. 83, *Certain Asset Retirement Obligation* (“GASB 83”), addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB 83 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

GASB Statement No. 84, *Fiduciary Activities* (“GASB 84”), establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

GASB Statement No. 85, *Omnibus 2017* (“GASB 85”), addresses practice issues that have been identified during implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be implemented by the County in fiscal year 2018 and the impact has not yet been determined.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”), improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be implemented by the County in fiscal year 2018 and the impact has not yet been determined.

GASB Statement No. 87, *Leases* (“GASB 87”), requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. GASB 87 will be implemented by the County in fiscal year 2021 and the impact has not yet been determined.

G. Prior Period Adjustment

As of September 30, 2016, the Balance Sheet has been restated for the correction of an error from telephone commission earned from the County’s inmate telephone service vendor and for an adjustment in construction-in-progress. Included in general fund receivables and unavailable revenue – other was \$422,582 of inmate telephone commission. In accordance with the original interpretation of the contract, \$422,582 of the \$625,000 commission received in February 2017 was treated as having been earned as of September 30, 2016, for the contract period from February 2016 to February 2017. However, after a reevaluation of the contract terms, the County determined the payment received in February 2017 was instead received in advance for the period from February 2017 to February 2018 and therefore no asset or corresponding deferred inflows of resources should have been recorded as of September 30, 2016. The adjustment in construction-in-progress is due to expenses incorrectly included for the total amount of \$3,769,946 at September 30, 2016. These transactions had no impact on the Statement of Revenues, Expenditures, and Changes in fund Balances.

	General Fund Total assets		General Fund Total liabilities, deferred inflows of resources and fund balance
Total assets-as of September 30, 2016	\$ 36,753,951	Total liabilities, deferred inflows of resources and fund balance-as of September 30, 2016	\$ 36,753,951
Correction of an error - inmate telephone commission receivable	<u>(422,582)</u>	Correction of an error - inmate telephone commission unavailable revenue-other	<u>(422,582)</u>
Total assets-as of September 30, 2016 (restated)	<u>\$ 36,331,369</u>	Total liabilities, deferred inflows of resources and fund balance-as of September 30, 2016 (restated)	<u>\$ 36,331,369</u>

Due to the aforementioned correction of an error for the inmate telephone commission and the adjustment for construction-in-progress, Net Position as of September 30, 2016 has also been restated as follows:

Net position as previously reported at September 30, 2016	<u>\$ 113,926,921</u>
Prior period adjustment -	
Adjustment - construction-in-progress	(3,769,946)
Correction of an error - inmate telephone commission	<u>(422,582)</u>
Net position as restated, September 30, 2016	<u>\$ 109,734,393</u>

H. Subsequent Events

The County has evaluated subsequent events through March 27, 2018, the date which the financial statements were available to be issued.

On November 15, 2017, the County issued \$4,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2017 ("Series 2017") due in installments of \$130,000 to \$330,000 (average installment equals \$245,000) through February 15, 2037, with interest ranging from 2.50% to 4.00% with a net interest cost of 2.75% to the County. The proceeds will be used for providing funds for the payment of contractual obligations incurred or to be incurred by the County, to-wit: acquiring, designing, constructing, renovating, repairing and improving various County facilities to comply with the American With Disabilities Act and other federal laws: upgrading and improving the County's Information Technology Systems; acquisition of equipment for the conduct of elections in Nueces County; acquiring, designing, constructing, renovating, repairing, and improving various County parks system facilities; construction of and improvements to various roads, bridges and drainage facilities throughout Nueces County; purchases of materials, supplies, equipment, machinery, landscaping, land and rights-of-way in Nueces County for authorized needs and purposes related to the aforementioned capital improvements; and paying professional, fiscal, engineering and legal fees incurred in connection therewith.

On August 16, 2017, the County issued a resolution declaring intention to reimburse certain expenditures with proceeds from the aforementioned Series 2017 obligations. The County finds, considers, and declares that the reimbursement of the County for the payment of such expenditures was appropriate and consistent with the lawful objectives of the County and, as such, chose to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issued obligations to finance the equipment. During September 2017, the County purchased \$3,671,344 in elections equipment, of which the County used \$3,000,000 of the above Series 2017 obligations to reimburse itself for such payments when it issued obligations to finance the elections equipment. The direct impact to the general fund as a result of the equipment purchase for the year ended September 30, 2017, was a \$1,499,892 decrease in fund balance creating a further reduction against the minimum general fund reserve balance of 25% of budgeted general fund revenues and transfers in. However, due to the reimbursement resolution, the \$1,499,892 was recaptured in the fund balance effective November 29, 2017.

In 2009, San Patricio County brought a lawsuit in the 135th district Court of Refugio County, seeking a declaration that the Disputed Properties (14 properties) were in San Patricio County under the terms of the 2003 Judgment and that the 2003 Judgment bound the County and the Nueces County Appraisal District (NCAD) by its terms. It also sought to enjoin the County and NCAD from

attempting to tax or otherwise exercise jurisdiction over these properties. According to San Patricio County, it filed suit because, beginning in 2008, The County and NCAD periodically asserted jurisdiction and authority over at least 14 properties located in San Patricio County under the terms of the 2003 Boundary Judgment. The County was successful in getting the case transferred to The County based on a Motion to Transfer Venue.

On May 12, 2016, The Thirteenth Court of Appeals issued its opinion, reversing the ruling of the 94th District Court and transferring the case back to Refugio County. The Court reviewed the jurisdictional issue de novo. The Court found that the underlining dispute is a boundary dispute and the power to establish a common boundary line under section 72.009 of the Local Government Code encompasses the power to determine all matters that are necessary and indicate to the existence of the line. The Court also concluded that San Patricio County alleged facts that affirmatively demonstrate that the 135th District Court of Refugio County has subject matter jurisdiction in this case.

On June 16, 2017, the County's Petition for Review was denied by the Texas Supreme Court. Technically, it appears that lawsuit will go back to Refugio to start the process all over again; however, with the new law, it is unclear.

This past legislative session, SB2442 Amending Chapter 72 Local Government Code Suit to Establish Boundaries of and Texas Owed to Certain Counties or Taxing units located in those Counties – places original jurisdiction in the Supreme Court if any taxpayer desires to challenge a double taxation emanating from a county with a population of 400,000 and contains a municipality of at least 300,000 and a county that has a population of at least 50,000 and is adjacent to a county next to the one described. In other words, this statute is specifically geared and designed to apply only to The County and San Patricio County.

The bill indicates that a taxpayer "may" file in the Supreme Court; however, if that do file in the Supreme Court, The Supreme Court "shall" render a decision within 90 days. The current lawsuit is back in Refugio County to start all over again. The County attempted mediation and settlement discussions with San Patricio County, but it was unsuccessful.



REQUIRED SUPPLEMENTAL INFORMATION

**NUECES COUNTY
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2017
LAST TEN FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 6,870,671	\$ 6,619,937	\$ 6,283,390	\$ 6,242,443	\$ -
Contributions in relation to actuarially determined contribution	<u>(6,870,671)</u>	<u>(6,619,937)</u>	<u>(6,283,390)</u>	<u>(6,242,443)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$55,821,258	\$54,232,195	\$50,957,170	\$49,939,474	\$ -
Contributions as a percentage of covered payroll	12.31%	12.21%	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, 2016- December 31, 2016

*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, 2017
LAST TEN FISCAL YEARS*

2012	2011	2010	2009	2008
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -

NUECES COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Plan Year Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Pension Liability					
Service cost	\$ 7,889,821	\$ 6,906,773	\$ 6,819,879	\$ -	-
Interest (on the total pension liability)	26,287,050	25,213,058	24,018,245		
Changes of benefit terms	-	(1,236,992)	-		
Difference between expected and actual experience	(1,680,573)	(2,973,812)	(715,821)		
Change of assumptions	-	3,586,139			
Benefit payments, including refunds of employee contributions	(18,061,219)	(17,090,200)	(16,061,500)		
Net Change in Total Pension Liability	<u>14,435,079</u>	<u>-</u>	<u>14,060,803</u>	<u>-</u>	<u>-</u>
Total Pension Liability - Beginning	<u>329,518,164</u>	<u>315,113,198</u>	<u>301,052,395</u>		
Total Pension Liability - Ending (a)	<u><u>\$ 343,953,243</u></u>	<u><u>\$ 329,518,164</u></u>	<u><u>\$ 315,113,198</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 6,663,093	\$ 6,560,227	\$ 6,242,443	\$ -	-
Contributions - employee	3,835,516	3,746,343	3,496,680		
Net investment income	21,549,442	(649,272)	19,403,544		
Benefit payments, including refunds of employee contributions	(18,061,219)	(17,090,200)	(16,061,500)		
Administrative expense	(234,167)	(212,475)	(225,709)		
Other	(502,725)	(438,332)	299,103		
Net Change in Plan Fiduciary Net Position	<u>13,249,940</u>	<u>(8,083,709)</u>	<u>13,154,561</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Beginning	<u>291,686,571</u>	<u>299,770,280</u>	<u>286,615,719</u>		
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 304,936,511</u></u>	<u><u>\$ 291,686,571</u></u>	<u><u>\$ 299,770,280</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 39,016,732</u></u>	<u><u>\$ 37,831,593</u></u>	<u><u>\$ 15,342,918</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.66%	88.52%	95.13%		
Covered Payroll	\$ 54,705,324	\$ 53,422,045	\$ 49,939,474	\$ -	-
Net Pension Liability as a Percentage of Covered Payroll	71.32%	70.82%	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, 2017

2011	2010	2009	2008	2007	2006
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	-

Nueces County
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.0 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation
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	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule:	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017**

	<u>Road Fund</u>	<u>Stadium & Fairgrounds</u>	<u>Law Library</u>	<u>Airport</u>
ASSETS				
Cash and cash equivalents	\$ 3,005,286	\$ 1,663,099	\$ 141,606	\$ 115,108
Investments	54,419	484,254	55,245	-
Receivable (net)	46,888	33,431	159	465
Due from other funds	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expense	48,573	-	1,294	647
Inventories, at cost	19,943	-	-	5,364
	<u>3,175,110</u>	<u>2,180,784</u>	<u>198,304</u>	<u>121,584</u>
Total assets	\$ <u>3,175,110</u>	\$ <u>2,180,784</u>	\$ <u>198,304</u>	\$ <u>121,584</u>
LIABILITIES				
Accounts payable	\$ 63,154	\$ 282,584	\$ 3,236	\$ 7,045
Accrued payroll payable	204,269	-	4,530	2,728
Due to other funds	291,572	12,197	4,690	3,913
Unearned revenues	-	88,000	-	6,790
Other liabilities	-	-	-	-
	<u>558,995</u>	<u>382,782</u>	<u>12,456</u>	<u>20,475</u>
Total liabilities	<u>558,995</u>	<u>382,782</u>	<u>12,456</u>	<u>20,475</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property tax	45,124	-	-	-
	<u>45,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>45,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	68,516	-	1,294	6,011
Restricted	-	-	-	-
Assigned	2,502,474	1,798,002	184,554	95,098
	<u>2,570,991</u>	<u>1,798,002</u>	<u>185,848</u>	<u>101,109</u>
Fund balance	<u>2,570,991</u>	<u>1,798,002</u>	<u>185,848</u>	<u>101,109</u>
Total liabilities and fund balances	\$ <u>3,175,110</u>	\$ <u>2,180,784</u>	\$ <u>198,304</u>	\$ <u>121,584</u>

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017**

	Inland Parks	Coastal Parks	Commissioners Precinct Funds	Commissioners Court Funds
ASSETS				
Cash and cash equivalents	\$ 270,917	\$ 487,558	\$ 1,279,948	\$ (46,494)
Investments	-	73,803	-	1,957,960
Receivable (net)	-	212	-	301,404
Due from other funds	-	85,183	-	-
Due from component unit	-	-	-	-
Prepaid expense	14,840	11,051	-	10,221
Inventories, at cost	-	17,076	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>285,758</u>	\$ <u>674,883</u>	\$ <u>1,279,948</u>	\$ <u>2,223,090</u>
LIABILITIES				
Accounts payable	\$ 21,033	\$ 116,046	\$ 4,154	\$ 212,533
Accrued payroll payable	50,426	50,762	-	32,590
Due to other funds	52,878	20,040	8,500	135,401
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	389,843
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>124,338</u>	<u>186,849</u>	<u>12,654</u>	<u>770,367</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflow of resources	-	-	-	-
FUND BALANCES				
Nonspendable	14,840	28,126	-	10,221
Restricted	-	-	1,267,294	1,442,503
Assigned	146,580	459,908	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance	<u>161,420</u>	<u>488,034</u>	<u>1,267,294</u>	<u>1,452,723</u>
Total liabilities and fund balances	\$ <u>285,758</u>	\$ <u>674,883</u>	\$ <u>1,279,948</u>	\$ <u>2,223,090</u>

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017**

	<u>County Attorney Funds</u>	<u>County Clerk Funds</u>	<u>Tax Assessor Funds</u>	<u>Juvenile Programs</u>
ASSETS				
Cash and cash equivalents	\$ 48,115	\$ 3,320,990	\$ 1,924,489	\$ 307,510
Investments	-	104,625	-	-
Receivable (net)	-	-	8,072	151,968
Due from other funds	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expense	-	323	-	-
Inventories, at cost	-	-	-	-
	<u>48,115</u>	<u>3,425,938</u>	<u>1,932,561</u>	<u>459,478</u>
Total assets	\$ <u>48,115</u>	\$ <u>3,425,938</u>	\$ <u>1,932,561</u>	\$ <u>459,478</u>
LIABILITIES				
Accounts payable	\$ -	\$ 799,834	\$ 1,922,872	\$ 46
Accrued payroll payable	1,654	2,220	-	-
Due to other funds	-	8,829	-	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	-
	<u>1,654</u>	<u>810,883</u>	<u>1,922,872</u>	<u>46</u>
Total liabilities	<u>1,654</u>	<u>810,883</u>	<u>1,922,872</u>	<u>46</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	323	-	-
Restricted	46,461	2,614,732	9,689	459,432
Assigned	-	-	-	-
	<u>46,461</u>	<u>2,615,056</u>	<u>9,689</u>	<u>459,432</u>
Fund balance	<u>46,461</u>	<u>2,615,056</u>	<u>9,689</u>	<u>459,432</u>
Total liabilities and fund balances	\$ <u>48,115</u>	\$ <u>3,425,938</u>	\$ <u>1,932,561</u>	\$ <u>459,478</u>

NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017

	<u>District Attorney Funds</u>	<u>District Clerk Funds</u>	<u>County Sheriff Funds</u>	<u>Asset Forfeiture Funds</u>
ASSETS				
Cash and cash equivalents	\$ 199,114	\$ 120,183	\$ 814,764	\$ 1,160,593
Investments	-	-	-	300,000
Receivable (net)	369	-	45,289	-
Due from other funds	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expense	2,935	-	-	2,289
Inventories, at cost	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>202,419</u>	\$ <u>120,183</u>	\$ <u>860,053</u>	\$ <u>1,462,881</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 27,166	\$ 25,022
Accrued payroll payable	12,308	97	-	7,067
Due to other funds	5,290	-	229,716	3,603
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>17,598</u>	<u>97</u>	<u>256,882</u>	<u>35,693</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property tax	<hr/> -	<hr/> -	<hr/> -	<hr/> -
Total deferred inflow of resources	<hr/> -	<hr/> -	<hr/> -	<hr/> -
FUND BALANCES				
Nonspendable	2,935	-	-	2,289
Restricted	181,885	120,086	603,170	1,424,900
Assigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance	<u>184,821</u>	<u>120,086</u>	<u>603,170</u>	<u>1,427,188</u>
Total liabilities and fund balances	\$ <u>202,419</u>	\$ <u>120,183</u>	\$ <u>860,053</u>	\$ <u>\$1,462,881</u>

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017**

	Law Enforcement Education	Social Services Funds	Community Health Programs	Parks & Recreation Funds
ASSETS				
Cash and cash equivalents	\$ 84,834	\$ 54,795	\$ 2,479,235	\$ 155,008
Investments	-	-	513,118	-
Receivable (net)	-	-	22,926	200
Due from other funds	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expense	-	-	3,884	-
Inventories, at cost	-	-	-	-
	\$ 84,834	\$ 54,795	\$ 3,019,163	\$ 155,208
LIABILITIES				
Accounts payable	\$ -	\$ 4,371	\$ 31,286	\$ 1,510
Accrued payroll payable	-	-	23,925	-
Due to other funds	-	-	7,633	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	-
	-	4,371	62,844	1,510
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property tax	-	-	-	-
	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	3,884	-
Restricted	84,834	50,423	2,952,435	153,698
Assigned	-	-	-	-
	84,834	50,423	2,956,319	153,698
Total liabilities and fund balances	\$ 84,834	\$ 54,795	\$ 3,019,163	\$ 155,208

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2017**

	Library Funds	Main Grants	TJJD Grants	Total Non-major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,497	\$ 54,630	\$ 859	\$ 17,645,641
Investments	-	-	-	3,543,425
Receivable (net)	-	1,102,081	183,265	1,896,729
Due from other funds	-	3,087	-	88,270
Due from component unit	-	-	-	-
Prepaid expense	-	3,978	13,991	114,025
Inventories, at cost	-	-	-	42,383
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>3,497</u>	\$ <u>1,163,776</u>	\$ <u>198,114</u>	\$ <u>23,330,474</u>
LIABILITIES				
Accounts payable	\$ -	\$ 198,736	\$ 74,466	\$ 3,795,096
Accrued payroll payable	-	20,039	75,249	487,865
Due to other funds	-	444,493	48,000	1,276,756
Unearned revenues	-	500,508	400	595,697
Other liabilities	-	-	-	389,843
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	1,163,776	198,114	6,545,257
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property tax	-	-	-	45,124
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflow of resources	-	-	-	45,124
FUND BALANCES				
Nonspendable	-	-	-	138,439
Restricted	3,497	-	-	11,415,039
Assigned	-	-	-	5,186,615
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance	3,497	-	-	16,740,094
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ <u>3,497</u>	\$ <u>1,163,776</u>	\$ <u>198,114</u>	\$ <u>23,330,474</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2017

	<u>Road Fund</u>	<u>Stadium & Fairgrounds</u>	<u>Law Library</u>	<u>Airport</u>
REVENUES				
Property taxes	\$ 1,015,710	\$ -	\$ -	\$ -
Fees of office	-	-	161,919	-
Fines and forfeitures	-	-	-	-
Licenses and permits	2,761,994	-	-	-
Intergovernmental revenues	515,612	22,000	-	-
Charges for services	-	-	379	-
Investment income	24,006	24,123	1,618	811
Rentals and commissions	-	51,403	230	84,259
Miscellaneous revenue	6,157	13,200	845	8,367
Total revenues	<u>4,323,478</u>	<u>110,727</u>	<u>164,991</u>	<u>93,437</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	-
Administration of justice	-	-	208,289	-
Law enforcement and corrections	-	-	-	-
Social services	-	-	-	-
Health, safety and sanitation	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	7,501,029	-	-	115,919
Parks and recreation	-	1,226,589	-	-
Capital outlay	466,421	-	-	-
Total expenditures	<u>7,967,450</u>	<u>1,226,589</u>	<u>208,289</u>	<u>115,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,643,972)</u>	<u>(1,115,863)</u>	<u>(43,298)</u>	<u>(22,482)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,102,760	1,280,000	-	79,880
Transfers out	(182,889)	(142,499)	-	(21,179)
Sale of Assets	-	-	-	-
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>2,919,871</u>	<u>1,137,501</u>	<u>-</u>	<u>58,701</u>
Change in Fund Balance	(724,101)	21,638	(43,298)	36,219
Fund balance - beginning	3,295,091	1,776,364	229,146	64,890
Fund balance - ending	<u>\$ 2,570,991</u>	<u>\$ 1,798,002</u>	<u>\$ 185,848</u>	<u>\$ 101,109</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2017

	<u>Inland Parks</u>	<u>Coastal Parks</u>	<u>Commissioners Precinct Funds</u>	<u>Commissioners Court Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	385,973
Fines and forfeitures	-	-	-	3,515
Licenses and permits	-	288,371	-	2,000
Intergovernmental revenues	-	135,949	-	150,928
Charges for services	-	-	-	-
Investment income	3,779	5,403	-	99,154
Rentals and commissions	-	1,175,057	-	-
Miscellaneous revenue	1,174	34,246	7,500	61,162
Total revenues	<u>4,953</u>	<u>1,639,027</u>	<u>7,500</u>	<u>702,733</u>
EXPENDITURES				
Current:				
General government	-	-	390,781	295,254
Buildings and facilities	-	-	-	762,691
Administration of justice	-	-	-	588,368
Law enforcement and corrections	-	-	-	62,990
Social services	-	-	-	90,000
Health, safety and sanitation	-	-	-	24,658
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	18,379
Parks and recreation	1,570,810	2,520,372	-	9,886
Capital outlay	66,329	76,008	5,949	-
Total expenditures	<u>1,637,139</u>	<u>2,596,381</u>	<u>396,730</u>	<u>1,852,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,632,185)</u>	<u>(957,354)</u>	<u>(389,230)</u>	<u>(1,149,493)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,614,640	1,207,000	362,317	1,712,839
Transfers out	-	(290,000)	(8,500)	(803,623)
Sale of Assets	-	15,287	-	47,573
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>1,614,640</u>	<u>932,287</u>	<u>353,817</u>	<u>956,789</u>
Change in Fund Balance	(17,545)	(25,066)	(35,413)	(192,705)
Fund balance - beginning	178,965	513,100	1,302,707	1,645,428
Fund balance - ending	<u>\$ 161,420</u>	<u>\$ 488,034</u>	<u>\$ 1,267,294</u>	<u>\$ 1,452,723</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2017

	<u>County Attorney Funds</u>	<u>County Clerk Funds</u>	<u>Tax Assessor Funds</u>	<u>Juvenile Programs</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	-	512,876	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues	70,000	315,861	33,576	723,623
Charges for services	-	-	-	2,510
Investment income	-	-	1,850	3,472
Rentals and commissions	-	-	-	-
Miscellaneous revenue	-	11,875	-	685
Total revenues	<u>70,000</u>	<u>840,612</u>	<u>35,425</u>	<u>730,291</u>
EXPENDITURES				
Current:				
General government	67,539	212,819	33,576	-
Buildings and facilities	-	-	-	-
Administration of justice	-	-	-	625,901
Law enforcement and corrections	-	-	-	-
Social services	-	-	-	-
Health, safety and sanitation	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	809,394	-	-
Total expenditures	<u>67,539</u>	<u>1,022,213</u>	<u>33,576</u>	<u>625,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,461</u>	<u>(181,601)</u>	<u>1,850</u>	<u>104,390</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	7,786
Transfers out	-	(31,882)	-	-
Sale of Assets	-	-	-	-
Capital lease funding	-	17,835	-	-
Total other financing sources and (uses)	<u>-</u>	<u>(14,047)</u>	<u>-</u>	<u>7,786</u>
Change in Fund Balance	2,461	(195,648)	1,850	112,176
Fund balance - beginning	44,000	2,810,703	7,839	347,256
Fund balance - ending	<u>\$ 46,461</u>	<u>\$ 2,615,056</u>	<u>\$ 9,689</u>	<u>\$ 459,432</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2017

	<u>District Attorney Funds</u>	<u>District Clerk Funds</u>	<u>County Sheriff Funds</u>	<u>Asset Forfeitures Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	-	35,193	-	-
Fines and forfeitures	-	-	-	337,695
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,808	-	-	-
Charges for services	422,624	-	-	-
Investment income	-	-	2,565	4,451
Rentals and commissions	-	-	3,424	-
Miscellaneous revenue	-	-	596,857	-
Total revenues	<u>424,432</u>	<u>35,193</u>	<u>602,846</u>	<u>342,147</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	-
Administration of justice	-	2,524	-	-
Law enforcement and corrections	261,810	-	325,037	254,991
Social services	-	-	-	-
Health, safety and sanitation	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	260,439	138,492
Total expenditures	<u>261,810</u>	<u>2,524</u>	<u>585,476</u>	<u>393,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,622</u>	<u>32,669</u>	<u>17,370</u>	<u>(51,337)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,970	-	-	-
Transfers out	(10,970)	(2,104)	(229,716)	-
Sale of Assets	-	-	-	7,878
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>(2,104)</u>	<u>(229,716)</u>	<u>7,878</u>
Change in Fund Balance	162,622	30,565	(212,346)	(43,458)
Fund balance - beginning	22,199	89,521	815,516	1,470,647
Fund balance - ending	<u>\$ 184,821</u>	<u>\$ 120,086</u>	<u>\$ 603,170</u>	<u>\$ 1,427,188</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2017

	<u>Law Enforcement Education</u>	<u>Social Services Funds</u>	<u>Community Health Programs</u>	<u>Parks & Recreation Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	9,530	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	45,600	-
Intergovernmental revenues	22,415	40,646	1,256,763	-
Charges for services	-	-	-	-
Investment income	-	-	20,293	-
Rentals and commissions	-	-	-	22,173
Miscellaneous revenue	4	108,991	0	-
Total revenues	<u>22,419</u>	<u>149,637</u>	<u>1,332,186</u>	<u>22,173</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	55,319
Administration of justice	-	-	-	-
Law enforcement and corrections	13,127	-	-	-
Social services	-	107,940	-	-
Health, safety and sanitation	-	-	741,849	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	-
Parks and recreation	-	-	-	1,200
Capital outlay	-	-	13,852	-
Total expenditures	<u>13,127</u>	<u>107,940</u>	<u>755,701</u>	<u>56,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,292</u>	<u>41,697</u>	<u>576,485</u>	<u>(34,346)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	8,105	-
Transfers out	-	-	(78,405)	-
Sale of Assets	1,173	-	-	-
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>1,173</u>	<u>-</u>	<u>(70,301)</u>	<u>-</u>
Change in Fund Balance	10,464	41,697	506,185	(34,346)
Fund balance - beginning	74,370	8,726	2,450,134	188,044
Fund balance - ending	<u>\$ 84,834</u>	<u>\$ 50,423</u>	<u>\$ 2,956,319</u>	<u>\$ 153,698</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2017

	<u>Library Funds</u>	<u>Main Grants</u>	<u>TJJD Grants</u>	<u>Non-major Governmental Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 1,015,710
Fees of office	-	-	-	1,105,492
Fines and forfeitures	-	-	-	341,211
Licenses and permits	-	-	-	3,097,965
Intergovernmental revenues	-	3,203,200	2,524,236	9,016,617
Charges for services	-	42,635	-	468,148
Investment income	-	16	-	191,541
Rentals and commissions	-	-	-	1,336,546
Miscellaneous revenue	5,676	202,737	-	1,059,478
Total revenues	<u>5,676</u>	<u>3,448,588</u>	<u>2,524,236</u>	<u>17,632,709</u>
EXPENDITURES				
Current:				
General government	-	-	-	999,969
Buildings and facilities	-	104,742	-	922,752
Administration of justice	-	96,376	2,524,236	4,045,695
Law enforcement and corrections	-	406,035	-	1,323,991
Social services	-	118,739	-	316,679
Health, safety and sanitation	-	1,336,148	-	2,102,655
Agriculture, education and consumer sciences	4,722	50,128	-	54,850
Roads, bridges and transportation	-	839,546	(36,284)	8,438,590
Parks and recreation	-	587,979	-	5,916,836
Capital outlay	-	207,561	28,498	2,072,943
Total expenditures	<u>4,722</u>	<u>3,747,253</u>	<u>2,516,450</u>	<u>26,194,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>954</u>	<u>(298,665)</u>	<u>7,786</u>	<u>(8,562,250)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	306,770	-	9,693,066
Transfers out	-	(8,105)	(7,786)	(1,817,658)
Sale of Assets	-	-	-	71,911
Capital lease funding	-	-	-	17,835
Total other financing sources and (uses)	<u>-</u>	<u>298,665</u>	<u>(7,786)</u>	<u>7,965,155</u>
Change in Fund Balance	954	(0)	0	(597,095)
Fund balance - beginning	2,544	-	-	17,337,189
Fund balance - ending	<u>\$ 3,497</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ 16,740,095</u>

NUECES COUNTY, TEXAS
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)
REVENUES				
Property taxes, penalty & interest	\$ 1,024,130	\$ 1,024,130	\$ 1,015,710	\$ (8,420)
Licenses and permits	2,906,500	2,906,500	2,761,994	(144,506)
Intergovernmental revenue	540,000	540,000	515,612	(24,388)
Investment income	5,000	5,000	24,006	19,006
Miscellaneous revenue	3,100	3,100	6,157	3,057
Total revenues	4,478,730	4,478,730	4,323,478	(155,252)
EXPENDITURES				
Roads, bridges and transportation:				
Personnel services	4,383,942	4,369,292	3,848,902	520,390
Maintenance, materials and supplies	3,059,390	3,167,311	3,052,816	114,495
Telephone & utilities	107,156	87,156	65,181	21,975
Professional and special services	95,000	79,650	52,569	27,081
Other services and charges	1,392,236	1,375,236	481,563	893,673
Capital outlay	514,500	473,579	466,421	7,158
Total expenditures	9,552,224	9,552,224	7,967,450	1,584,774
Excess (deficiency) of revenues over (under) expenditures	(5,073,494)	(5,073,494)	(3,643,972)	1,429,522
OTHER FINANCING SOURCES (USES)				
Transfers in	3,095,818	3,095,818	3,102,760	6,942
Transfers out	(16,080)	(16,080)	(182,889)	(166,809)
Total other financing Sources (uses)	3,079,738	3,079,738	2,919,871	(159,867)
Net change in fund balances	(1,993,756)	(1,993,756)	(724,101)	1,269,655
Fund balances - beginning	3,171,419	3,171,419	3,295,091	123,672
Fund balances - ending	\$ 1,177,663	\$ 1,177,663	\$ 2,570,991	\$ 1,393,328

NUECES COUNTY, TEXAS
STADIUM & FAIRGROUNDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES				
Rentals and commissions	\$ 46,500	\$ 46,500	\$ 64,603	\$ 18,103
Intergovernmental Revenue	-	-	22,000	22,000
Investment income	2,500	2,500	24,123	21,623
Total revenues	<u>49,000</u>	<u>49,000</u>	<u>110,727</u>	<u>61,727</u>
EXPENDITURES				
Parks and recreation:				
Maintenance, materials and supplies	98,000	279,961	151,128	128,833
Telephone & utilities	130,000	146,200	106,358	39,842
Reserve appropriations	1,460,000	1,318,239	-	1,318,239
Professional services	3,000	11,600	10,240	1,360
Other services and charges	977,000	977,200	958,454	18,746
Other Expenses	5,088	5,088	409	4,679
Capital outlay	73,000	7,800	-	7,800
Total expenditures	<u>2,746,088</u>	<u>2,746,088</u>	<u>1,226,589</u>	<u>1,519,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,697,088)</u>	<u>(2,697,088)</u>	<u>(1,115,863)</u>	<u>1,581,226</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,180,000	1,180,000	1,280,000	100,000
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(142,499)</u>	<u>(117,499)</u>
Total other financing Sources (uses)	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,137,501</u>	<u>(17,499)</u>
Net change in fund balances	<u>(1,542,088)</u>	<u>(1,542,088)</u>	21,638	1,563,726
Fund balances - beginning	<u>1,723,497</u>	<u>1,723,497</u>	<u>1,776,364</u>	<u>52,867</u>
Fund balances - ending	<u>\$ 181,409</u>	<u>\$ 181,409</u>	<u>\$ 1,798,002</u>	<u>\$ 1,616,593</u>

NUECES COUNTY, TEXAS
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable <u>(Unfavorable)</u>
REVENUES				
Fees of office	\$ 170,000	\$ 170,000	\$ 161,919	\$ (8,081)
Charges for Services	1,100	1,100	379	(721)
Investment Income	1,000	1,000	1,618	618
Rentals and commissions	700	700	230	(470)
Miscellaneous revenue	<u>2,000</u>	<u>2,000</u>	<u>845</u>	<u>(1,155)</u>
Total revenues	<u>174,800</u>	<u>174,800</u>	<u>164,991</u>	<u>(9,809)</u>
EXPENDITURES				
Administration of				
Personnel services	97,389	97,989	97,625	364
Maintenance, materials and supplies	1,500	1,500	255	1,245
Professional and special services	37,143	37,143	36,668	475
Reserve appropriations	22,000	17,400	-	17,400
Other services and	72,900	76,900	73,741	3,159
Capital outlay	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total	<u>234,932</u>	<u>234,932</u>	<u>208,289</u>	<u>26,643</u>
Deficiency of revenues under expenditures	(60,132)	(60,132)	(43,298)	16,834
Fund balances - beginning	<u>236,095</u>	<u>236,095</u>	<u>229,146</u>	<u>(6,949)</u>
Fund balances - ending	<u>\$ 175,963</u>	<u>\$ 175,963</u>	<u>\$ 185,848</u>	<u>\$ 9,885</u>

NUECES COUNTY, TEXAS
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 150	\$ 150	\$ 811	\$ 661
Rentals and	92,117	92,117	84,259	(7,858)
Miscellaneous	<u>6,650</u>	<u>6,650</u>	<u>8,367</u>	<u>1,717</u>
Total revenues	<u>98,917</u>	<u>98,917</u>	<u>93,437</u>	<u>(5,480)</u>
EXPENDITURES				
Roads, bridges and transportation:				
Personnel services	57,032	57,932	57,484	448
Maintenance, materials and supplies	33,600	37,473	28,072	9,401
Telephone & utilities	23,248	23,248	18,283	4,965
Professional and special services	11,960	8,087	200	7,887
Reserve	34,364	33,464	-	33,464
Other services and charges	<u>13,773</u>	<u>13,773</u>	<u>11,879</u>	<u>1,894</u>
Total	<u>173,977</u>	<u>173,977</u>	<u>115,919</u>	<u>58,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,060)</u>	<u>(75,060)</u>	<u>(22,482)</u>	<u>52,578</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	79,880	79,880	79,880	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(21,179)</u>	<u>28,821</u>
Total other financing Sources (uses)	<u>29,880</u>	<u>29,880</u>	<u>58,701</u>	<u>28,821</u>
Net change in fund balances	(45,180)	(45,180)	36,219	81,399
Fund balances - beginning	<u>69,280</u>	<u>69,280</u>	<u>64,890</u>	<u>(4,390)</u>
Fund balances - ending	<u>\$ 24,100</u>	<u>\$ 24,100</u>	<u>\$ 101,109</u>	<u>\$ 77,009</u>

NUECES COUNTY, TEXAS
INLAND PARKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 400	\$ 400	\$ 3,779	\$ 3,379
Miscellaneous	-	-	1,174	1,174
Total revenues	<u>400</u>	<u>400</u>	<u>4,953</u>	<u>4,553</u>
EXPENDITURES				
Parks and recreation:				
Personnel services	1,014,079	1,020,079	977,088	42,991
Maintenance, materials and supplies	273,551	329,051	310,686	18,365
Telephone & utilities	196,020	196,020	162,985	33,035
Professional and special services	5,000	9,500	8,530	970
Reserve appropriations	75,000	12,500	-	12,500
Other services and charges	50,902	113,402	111,520	1,882
Capital outlay	<u>160,000</u>	<u>94,000</u>	<u>66,329</u>	<u>27,671</u>
Total expenditures	<u>1,774,552</u>	<u>1,774,552</u>	<u>1,637,139</u>	<u>137,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,774,152)</u>	<u>(1,774,152)</u>	<u>(1,632,185)</u>	<u>141,967</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,597,141	1,597,141	1,614,640	17,499
Transfers out	-	-	-	-
Total other financing Sources (uses)	<u>1,597,141</u>	<u>1,597,141</u>	<u>1,614,640</u>	<u>17,499</u>
Net change in fund balances	(177,011)	(177,011)	(17,545)	159,466
Fund balances - beginning	<u>182,588</u>	<u>182,588</u>	<u>178,965</u>	<u>(3,623)</u>
Fund balances - ending	<u>\$ 5,577</u>	<u>\$ 5,577</u>	<u>\$ 161,420</u>	<u>\$ 155,843</u>

NUECES COUNTY, TEXAS
COASTAL PARKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue	\$ 110,000	\$ 110,000	\$ 135,949	\$ 25,949
Interest Income	9,000	9,000	5,403	(3,597)
Rentals and commissions	1,355,000	1,355,000	1,462,440	107,440
Other Income	<u>46,750</u>	<u>46,750</u>	<u>35,234</u>	<u>(11,516)</u>
Total revenues	<u>1,520,750</u>	<u>1,520,750</u>	<u>1,639,027</u>	<u>118,277</u>
EXPENDITURES				
Parks & Recreation:				
Personnel services	1,221,207	1,172,207	1,113,229	58,978
Maintenance, materials and supplies	293,028	403,419	356,174	47,245
Telephone & utilities	402,500	487,500	483,451	4,049
Professional and special services	74,900	84,500	76,651	7,849
Reserve appropriations	371,972	234,472	-	234,472
Other services and charges	522,949	512,949	490,867	22,082
Capital outlay	<u>85,000</u>	<u>76,509</u>	<u>76,008</u>	<u>501</u>
Total expenditures	<u>2,971,556</u>	<u>2,971,556</u>	<u>2,596,381</u>	<u>375,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,450,806)</u>	<u>(1,450,806)</u>	<u>(957,354)</u>	<u>493,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,127,000	1,127,000	1,207,000	80,000
Transfers out	(250,033)	(250,033)	(290,000)	(39,967)
Sale of assets	<u>-</u>	<u>-</u>	<u>15,287</u>	<u>15,287</u>
Total other financing Sources (uses)	<u>876,967</u>	<u>876,967</u>	<u>932,287</u>	<u>40,033</u>
Net change in fund balances	(573,839)	(573,839)	(25,066)	533,485
Fund balances - beginning	<u>617,283</u>	<u>617,283</u>	<u>513,100</u>	<u>(104,183)</u>
Fund balances - ending	<u>\$ 43,444</u>	<u>\$ 43,444</u>	<u>\$ 488,034</u>	<u>\$ 429,302</u>

NUECES COUNTY, TEXAS
SPECIAL REVENUES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the year ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Commissioners Precinct Funds	\$ -	\$ -	\$ 7,500	\$ 7,500
Commissioners Court Funds	779,973	779,973	702,733	(77,240)
County Attorney Funds	70,000	70,000	70,000	-
County Clerk Funds	485,000	485,000	840,612	355,612
Tax Assessor Collector	101,000	101,000	35,425	(65,575)
Juvenile Programs	723,884	723,884	730,291	6,407
District Attorney Funds	336,875	336,875	424,432	87,557
District Clerk Funds	23,500	23,500	35,193	11,693
County Sheriff Funds	386,050	386,050	602,846	216,796
Asset Forfeiture Funds	191,870	191,870	342,147	150,277
LEOSE Funds	29,715	29,715	22,419	(7,296)
Social Services Funds	62,000	62,000	149,637	87,637
Community Health Programs	1,417,500	1,417,500	1,332,186	(85,314)
Parks & Recreation Funds	24,000	24,000	22,173	(1,827)
Library Funds	6,000	6,000	5,676	(324)
Total revenues	4,637,367	4,637,367	5,323,270	685,903
Current:				
General government				
Commissioners Precinct Funds	1,725,052	1,710,152	390,781	1,319,371
Commissioners Court	541,069	404,568	295,254	109,314
County Attorney	105,356	105,356	67,539	37,817
County Clerk	3,497,119	3,497,119	212,819	3,284,300
Tax Assessor Collector	109,357	109,357	33,576	75,781
Buildings and facilities				
Commissioners Court	1,099,477	1,138,477	762,691	375,786
Parks & recreation funds	135,271	135,271	55,319	79,952
Administration of justice				
Commissioners Court	1,015,694	1,019,694	588,368	431,326
Juvenile Programs	1,023,721	1,023,721	625,901	397,820
District Clerk Funds	52,553	52,553	2,524	50,029
Law enforcement and corrections				
Commissioners Court	-	64,000	62,990	1,010
District Attorney Funds	342,085	342,085	261,810	80,275
County Sheriff Funds	930,320	630,320	325,037	305,283
Asset Forfeiture	946,514	863,516	254,991	608,525
Law Enforcement Education	108,312	108,312	13,127	95,185
Social services				
Commissioners Court	102,377	104,878	90,000	14,878
Social Services	94,988	109,988	107,940	2,048
Parks & Recreation Funds	12,022	12,022	-	12,022
Health, safety and sanitation				
Commissioners Court	28,410	28,410	24,658	3,752
Social Services	1,619	1,619	-	1,619
Community Health Programs	4,065,251	4,065,251	741,849	3,323,402
Agriculture, education and consumer sciences				
Commissioners Court	12,401	12,401	-	12,401
Library Funds	9,335	9,335	4,722	4,613

(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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Roads, bridges, and transportation				
Commissioners Court	\$ 416,635	\$ 416,635	\$ 18,379	\$ 398,256
Parks & recreation				
Commissioners Court	-	12,000	9,886	2,114
Parks & recreation funds	56,137	56,137	1,200	54,937
Capital Outlay				
Commissioners Precinct Funds	-	14,900	5,949	8,951
County Clerk	30,000	30,000	809,394	(779,394)
County Sheriff Funds	85,000	385,000	260,439	124,561
Asset Forfeiture	156,000	238,998	138,492	100,506
Community Health Programs	35,000	35,000	13,852	21,148
Total expenditures	<u>16,737,075</u>	<u>16,737,075</u>	<u>6,179,488</u>	<u>10,557,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,099,708)</u>	<u>(12,099,708)</u>	<u>(856,218)</u>	<u>11,243,490</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,006,551	2,006,551	2,102,016	95,465
Transfers out	(858,813)	(858,813)	(1,165,200)	(306,387)
Sale of Assets	-	-	56,624	56,624
Capital lease funding	-	-	17,835	17,835
Total other financing sources and (uses)	<u>1,147,738</u>	<u>1,147,738</u>	<u>1,011,275</u>	<u>(136,463)</u>
Net change in fund balances	(10,951,970)	(10,951,970)	155,057	11,107,027
Fund balances - beginning	<u>11,906,502</u>	<u>11,906,502</u>	<u>10,214,065</u>	<u>(1,692,437)</u>
Fund balances - ending	<u>\$ 954,532</u>	<u>\$ 954,532</u>	<u>\$ 10,369,122</u>	<u>\$ 9,414,590</u>

NUECES COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 11,688,597	\$ 11,688,597	\$ 11,525,602	\$ (162,995)
Investment income	7,500	7,500	47,247	39,747
Total revenues	11,696,097	11,696,097	11,572,849	(123,248)
EXPENDITURES				
Debt Service:				
Principal	7,591,842	7,591,842	7,591,221	621
Interest	4,353,125	4,353,125	4,922,104	(568,979)
Fiscal agents fees	11,500	11,500	8,950	2,550
Total expenditures	11,956,467	11,956,467	12,522,275	(565,808)
Excess (deficiency) of revenues over (under) expenditures	(260,370)	(260,370)	(949,426)	(689,056)
OTHER FINANCING SOURCES				
Transfers in	630,000	630,000	1,857,390	1,227,390
Transfers out	-	-	(1,227,390)	(1,227,390)
Total other financing sources	630,000	630,000	630,000	-
Net change in fund balances	369,630	369,630	(319,426)	(689,056)
Fund balances - beginning	3,529,385	3,529,385	3,592,453	63,068
Fund balances - ending	\$ 3,899,015	\$ 3,899,015	\$ 3,273,027	\$ (625,988)

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
September 30, 2017

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$564,852	\$1,412,164	\$1,216,950	\$3,193,967
Investments	-	200,905	-	200,905
Due from other funds	-	-	1,759,887	1,759,887
Receivables (net of allowance for uncollectibles)	<u>-</u>	<u>700</u>	<u>155,408</u>	<u>156,108</u>
TOTAL ASSETS	<u><u>564,852</u></u>	<u><u>1,613,770</u></u>	<u><u>3,132,246</u></u>	<u><u>5,310,868</u></u>
LIABILITIES				
Current liabilities				
Accounts payable	-	3,602	928,439	932,041
Due to Other Funds	<u>350,000</u>	<u>900,000</u>	<u>2,105,778</u>	<u>3,355,778</u>
Total current liabilities	350,000	903,602	3,034,217	4,287,819
Noncurrent liabilities				
Estimated claims liability	<u>-</u>	<u>384,489</u>	<u>-</u>	<u>384,489</u>
Total noncurrent liabilities	<u>-</u>	<u>384,489</u>	<u>-</u>	<u>384,489</u>
TOTAL LIABILITIES	<u><u>350,000</u></u>	<u><u>1,288,090</u></u>	<u><u>3,034,217</u></u>	<u><u>4,672,307</u></u>
NET POSITION				
Unrestricted	<u>214,852</u>	<u>325,679</u>	<u>98,029</u>	<u>638,560</u>
TOTAL NET POSITION	<u><u>\$214,852</u></u>	<u><u>\$325,679</u></u>	<u><u>\$98,029</u></u>	<u><u>\$638,560</u></u>

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended September 30, 2017

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
Operating revenues:				
Premiums and reimbursements	\$567,751	\$1,566,445	\$11,322,697	\$13,456,892
Total operating revenues	<u>567,751</u>	<u>1,566,445</u>	<u>11,322,697</u>	<u>13,456,892</u>
Operating expenses:				
Benefit payments	-	-	12,581,465	12,581,465
Insurance premiums and bonds	411,874	1,399,421	473,716	2,285,011
Capital outlay	-	6,854	-	6,854
Claims and settlements	-	43,661	-	43,661
Administration	-	-	848,398	848,398
Total operating expenses	<u>411,874</u>	<u>1,449,936</u>	<u>13,903,579</u>	<u>15,765,389</u>
Operating income (loss)	<u>155,877</u>	<u>116,509</u>	<u>(2,580,882)</u>	<u>(2,308,497)</u>
Non operating revenues:				
Investment income	2,292	14,573	5,629	22,493
Financing Income	-	-	2,363,359	2,363,359
Total non-operating revenue	<u>2,292</u>	<u>14,573</u>	<u>2,368,988</u>	<u>2,385,853</u>
Income (loss) before transfers	158,168	131,081	(211,894)	77,355
Transfers in	-	-	250,000	250,000
Transfers out	<u>(100,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>(250,000)</u>
Total transfers	<u>(100,000)</u>	<u>(150,000)</u>	<u>250,000</u>	<u>-</u>
Change in net position	58,168	(18,919)	38,106	77,355
Net position at beginning of year	<u>156,684</u>	<u>344,598</u>	<u>59,923</u>	<u>561,205</u>
Net position at end of year	<u><u>\$214,852</u></u>	<u><u>\$325,679</u></u>	<u><u>\$98,029</u></u>	<u><u>\$638,560</u></u>

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2017

	Workers Compensation Fund	General Liability	Group Health Insurance	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$567,751	\$1,484,313	\$8,374,627	\$10,426,690
Receipts from employees	-	-	1,456,239	1,456,239
Receipts from other participants	-	-	524,475	524,475
Receipts from reimbursements and refunds	-	41,275	887,860	929,135
Payments for benefit claims	-	-	(12,402,249)	(12,402,249)
Payments for insurance and bond policies	(411,874)	(1,421,731)	(519,185)	(2,352,791)
Payments for administration	-	-	(718,928)	(718,928)
Payments for settlements and claims	-	(47,809)	-	(47,809)
	<u>155,877</u>	<u>56,047</u>	<u>(2,397,163)</u>	<u>(2,185,239)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investments	-	(25,605)	-	(25,605)
Interest received	2,292	14,540	5,629	22,461
	<u>2,292</u>	<u>(11,065)</u>	<u>5,629</u>	<u>(3,144)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Financing activities	-	405,908	3,080,402	3,486,310
	<u>-</u>	<u>405,908</u>	<u>3,080,402</u>	<u>3,486,310</u>
Net cash provided in financing activities	-	405,908	3,080,402	3,486,310
Net increase in cash and cash equivalents	158,168	450,891	688,868	1,297,927
Cash and cash equivalents at beginning of year	406,684	961,274	528,082	1,896,040
	<u>564,852</u>	<u>1,412,164</u>	<u>1,216,950</u>	<u>3,193,967</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$155,877	\$116,509	\$(2,580,882)	\$(2,308,497)
Adjustments to reconcile operating loss to net cash provided:				
(Increase) decrease in accounts receivable	-	-	(78,392)	(78,392)
Increase (decrease) in estimated claims liabilities	-	(41,400)	-	(41,400)
Increase (decrease) in accounts payable	-	(19,061)	262,112	243,050
Total Adjustments	<u>-</u>	<u>(60,461)</u>	<u>183,720</u>	<u>123,259</u>
Net cash provided by operating activities	<u>\$155,877</u>	<u>\$56,047</u>	<u>\$(2,397,163)</u>	<u>\$(2,185,239)</u>

NUECES COUNTY, TEXAS
 COMBINING STATEMENT FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 SEPTEMBER 30, 2017

ASSETS	<u>CSCD</u>	<u>Nueces County Trust</u>	<u>Metropolitan Planning Organization</u>	<u>Total</u>
Cash, equivalents & pooled funds	\$2,780,795	\$9,133,556	\$382,327	\$12,296,678
Investments	-	6,697,374	-	6,697,374
Due from other governments and	-	370,222	-	370,222
Accounts receivable	39,188	-	146,357	185,545
Prepays	-	16,281	7,966	24,246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$2,819,983</u>	<u>\$16,217,432</u>	<u>\$536,650</u>	<u>\$19,574,064</u>
LIABILITIES				
Accounts payable	\$1,053,275	\$15,647,171	\$272,044	\$16,972,490
Accrued payroll payable	453,769	64,907	22,735	541,411
Due to other governments and	7,919	83,711	-	91,630
Funds held in escrow	1,305,020	421,643	241,871	1,968,534
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$2,819,983</u>	<u>\$16,217,432</u>	<u>\$536,650</u>	<u>\$19,574,064</u>

NUECES COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance 9/30/2016	Additions	Deductions	Balance 9/30/2017
ASSETS				
Cash and cash equivalents	\$13,237,802	\$46,102,646	\$47,043,770	\$12,296,678
Investments	7,090,835	1,033,604	1,427,065	6,697,374
Due from other governments and agencies	266,488	8,127,771	8,024,037	370,222
Accounts receivable	173,060	27,106,015	27,093,530	185,545
Prepays	129,210	24,434	129,398	24,246
	<u>\$20,897,395</u>	<u>\$82,394,470</u>	<u>\$83,717,801</u>	<u>\$19,574,064</u>
LIABILITIES				
Accounts payable	17,640,403	41,139,287	40,471,373	16,972,490
Accrued payroll payable	513,359	10,303,620	10,331,672	541,411
Due to other governments and agencies	240,642	283,300	134,288	91,630
Funds held in escrow	2,502,991	16,806,891	16,272,435	1,968,534
	<u>\$20,897,395</u>	<u>\$68,533,098</u>	<u>\$ \$67,209,767</u>	<u>\$19,574,064</u>

NUECES COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended September 30, 2017

CSCD

	Balance 9/30/2016	Additions	Deductions	Balance 9/30/2017
ASSETS				
Cash, equivalents & pooled funds	\$2,656,868	\$30,105,441	\$29,981,513	\$2,780,795
Accounts receivable	68,852	26,080,961	26,110,626	39,188
TOTAL ASSETS	<u><u>\$2,725,720</u></u>	<u><u>\$56,186,402</u></u>	<u><u>\$56,092,140</u></u>	<u><u>\$2,819,983</u></u>
LIABILITIES				
Accounts payable	\$247,979	\$20,748,224	\$21,553,520	\$1,053,275
Accrued payroll payable	432,452	8,321,919	8,343,235	453,769
Due to other governments and agencies	184,693	236,098	59,323	7,919
Funds held in escrow	1,860,596	10,720,683	10,165,107	1,305,020
TOTAL LIABILITIES	<u><u>\$2,725,720</u></u>	<u><u>\$40,026,923</u></u>	<u><u>\$40,121,185</u></u>	<u><u>\$2,819,983</u></u>

NUECES COUNTY TRUST

	Balance 9/30/2016	Additions	Deductions	Balance 9/30/2017
ASSETS				
Cash, equivalents & pooled funds	\$10,209,251	\$15,210,067	\$16,285,762	\$9,133,556
Investments	7,090,835	1,033,604	1,427,065	6,697,374
Due from other governments and agencies	264,593	6,627,249	6,521,621	370,222
Accounts receivable	1,892	-	1,892	-
Prepays	124,426	16,281	124,426	16,281
TOTAL ASSETS	<u><u>\$17,690,997</u></u>	<u><u>\$22,887,201</u></u>	<u><u>\$24,360,766</u></u>	<u><u>\$16,217,432</u></u>
LIABILITIES				
Accounts payable	\$17,122,740	\$19,348,257	\$17,872,688	\$15,647,171
Accrued payroll payable	59,145	1,497,286	1,503,048	64,907
Due to other governments and agencies	54,055	43,698	73,354	83,711
Funds held in escrow	455,057	5,318,075	5,284,662	421,643
TOTAL LIABILITIES	<u><u>\$17,690,997</u></u>	<u><u>\$26,207,316</u></u>	<u><u>\$24,733,751</u></u>	<u><u>\$16,217,432</u></u>

METROPOLITAN PLANNING ORG.

	Balance 9/30/2016	Additions	Deductions	Balance 9/30/2017
ASSETS				
Cash, equivalents & pooled funds	\$371,683	\$787,139	\$776,495	\$382,327
Due from other agencies	1,895	1,500,522	1,502,417	-
Accounts Receivable	102,316	1,025,053	981,012	146,357
Prepays	4,785	8,153	4,972	7,966
TOTAL ASSETS	<u><u>\$480,678</u></u>	<u><u>\$3,320,867</u></u>	<u><u>\$3,264,896</u></u>	<u><u>\$536,650</u></u>
LIABILITIES				
Accounts Payable	\$269,684	\$1,042,806	\$1,045,166	\$272,044
Accrued payroll payable	21,762	484,416	485,388	22,735
Due to other governments and agencies	1,895	3,505	1,610	-
Funds Held in Escrow	187,338	768,133	822,666	241,871
TOTAL LIABILITIES	<u><u>\$480,678</u></u>	<u><u>\$2,298,859</u></u>	<u><u>\$2,354,830</u></u>	<u><u>\$536,650</u></u>



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	123-132
<i>These schedules contain trend information to help the reader understand how the governments financial performance and well-being have changed over time.</i>	
Revenue Capacity	133-142
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	143-152
<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	153-162
<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	163-172
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the governments financial report relates to the services the government provides and the activities it performs.</i>	

Source: 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, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:				
Primary government (excludes component units)				
Net investment in capital assets	\$119,615,150	\$114,418,905	\$84,990,779	\$106,372,898
Restricted	48,736,178	14,855,823	14,739,132	16,108,044
Unrestricted	<u>(15,598,846)</u>	<u>21,545,294</u>	<u>48,795,609</u>	<u>19,479,502</u>
Total primary government net position	<u>\$152,752,482</u>	<u>\$150,820,022</u>	<u>\$148,525,520</u>	<u>\$141,960,444</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$90,846,187	\$83,933,928	\$78,879,070	\$66,467,569	\$65,482,574	\$67,620,641
17,328,598	12,502,545	13,843,763	15,687,500	16,016,006	14,904,500
<u>30,480,260</u>	<u>36,247,660</u>	<u>37,193,225</u>	<u>40,557,779</u>	<u>28,235,813</u>	<u>12,241,951</u>
<u>\$138,655,045</u>	<u>\$132,684,133</u>	<u>\$129,916,058</u>	<u>\$122,712,848</u>	<u>\$109,734,393</u>	<u>\$94,767,092</u>

Nueces County, Texas
Changes in Net Position
Last Ten Fiscal Years
September 30, 2017

	2008	2009	2010	2011
Expenses				
General government	\$13,447,105	\$13,922,786	\$13,483,612	\$13,436,667
Building and facilities	8,799,943	9,216,536	10,165,122	9,463,249
Administration of justice	24,763,021	26,870,285	27,292,561	26,967,846
Law enforcement and corrections	22,643,877	23,257,876	24,468,809	24,806,867
Social services	2,567,466	2,664,755	2,679,502	2,683,841
Health, safety and sanitation	1,757,672	3,083,653	2,023,424	1,527,275
Agriculture, education and consumer sciences	722,211	788,629	865,488	820,589
Roads, bridges and transportation	13,708,534	13,662,879	14,143,486	14,813,218
Parks and recreation	5,460,139	5,595,232	5,948,582	5,937,483
Interest and fees on long -term debt	6,291,032	6,086,736	5,823,695	5,171,328
Total primary government expenses	<u>\$100,161,000</u>	<u>\$105,149,367</u>	<u>\$106,894,281</u>	<u>\$105,628,363</u>
Program Revenues				
Charges for services:				
General government	\$7,614,423	\$7,419,814	\$7,631,054	\$6,931,136
Buildings and facilities	802,452	1,004,650	1,010,740	974,075
Administration of justice	5,761,254	6,290,997	8,381,617	6,498,942
Law enforcement and corrections	2,348,523	2,976,714	2,826,083	3,329,600
Social services	123,282	88,258	168,321	156,370
Health, safety, and sanitation	195,139	52,928	55,058	67,508
Agriculture, education, and consumers sciences	7,535	16,049	20,361	23,543
Roads, bridges and transportation	2,771,423	2,903,756	2,835,769	2,920,096
Parks and recreation	852,643	998,061	1,077,838	1,040,947
Operating grants and contributions	9,141,332	9,256,087	8,625,300	7,494,922
Capital grants and contributions	455,115	1,302,695	654,404	1,012,911
Total primary government revenues	<u>\$30,073,121</u>	<u>\$32,310,009</u>	<u>\$33,286,545</u>	<u>\$30,450,050</u>
Net (Expense) Revenue				
Governmental activities	(70,087,879)	(72,839,358)	(73,607,736)	(75,178,313)
Total primary government net expenses	<u>\$(70,087,879)</u>	<u>\$(72,839,358)</u>	<u>\$(73,607,736)</u>	<u>\$(75,178,313)</u>
General revenues and other changes in net position				
General Revenues				
Property taxes	\$60,527,569	\$66,024,875	\$67,091,123	\$64,229,777
Alcohol beverage and other taxes	1,518,806	2,741,543	3,028,318	3,396,993
Unrestricted investment earnings	3,134,177	1,785,507	841,701	477,878
Grants and contributions not restricted to specific program	378,320	354,973	281,025	232,961
Gain or loss on sale of capital assets	18,362	-	71,067	275,630
Miscellaneous	166,788	-	-	-
Total general revenues	<u>\$65,744,022</u>	<u>\$70,906,898</u>	<u>\$71,313,234</u>	<u>\$68,613,239</u>
Change in Net Position	<u>\$(4,343,857)</u>	<u>\$(1,932,460)</u>	<u>\$(2,294,502)</u>	<u>\$(6,565,074)</u>

2012	2013	2014	2015	2016	2017
\$13,319,250	\$14,441,357	\$15,341,758	\$17,896,010	\$19,933,512	\$27,026,951
9,490,211	11,214,282	10,972,546	10,940,747	13,588,683	12,897,821
23,654,964	23,559,375	24,916,824	25,843,255	26,355,960	26,518,868
27,986,723	28,701,541	30,303,203	31,747,809	69,361,956	73,365,188
2,606,445	2,797,707	2,682,643	2,752,636	3,128,854	3,201,250
1,992,715	2,343,115	2,815,645	2,835,744	3,104,344	3,113,686
776,594	761,011	794,140	870,691	1,006,618	1,105,893
14,810,777	17,441,342	15,575,863	15,164,446	12,976,912	15,065,571
6,140,480	6,290,622	6,415,580	6,375,073	9,736,734	7,893,713
5,019,143	4,895,833	4,607,852	4,975,345	4,731,881	5,204,680
<u>\$105,797,302</u>	<u>\$112,446,185</u>	<u>\$114,426,054</u>	<u>\$119,401,756</u>	<u>\$163,925,454</u>	<u>\$175,393,621</u>
\$6,889,479	\$9,385,296	\$10,341,220	\$10,876,084	\$9,981,778	\$9,814,176
762,958	501,910	519,209	794,881	1,516,386	899,212
7,027,556	6,078,678	6,046,685	6,429,888	6,036,695	6,497,192
3,741,178	4,720,538	4,537,276	5,050,560	42,285,271	44,305,861
149,331	95,401	103,285	156,408	125,148	18,755
109,275	601,846	1,355,657	1,774,832	1,559,093	1,543,880
25,384	36,355	37,573	61,175	48,458	75,048
3,109,675	3,805,227	3,829,878	3,588,409	3,576,036	3,362,377
1,245,215	1,355,013	1,597,108	1,496,995	1,849,368	1,953,121
9,230,257	7,298,475	8,179,157	8,568,805	8,478,930	7,916,730
194,861	-	-	-	-	-
<u>\$32,485,169</u>	<u>\$33,878,739</u>	<u>\$36,547,048</u>	<u>\$38,798,037</u>	<u>\$75,457,163</u>	<u>\$76,386,352</u>
(73,312,133)	(78,567,446)	(77,879,006)	(80,603,719)	(88,468,291)	(99,007,269)
<u>\$(73,312,133)</u>	<u>\$(78,567,446)</u>	<u>\$(77,879,006)</u>	<u>\$(80,603,719)</u>	<u>\$(88,468,291)</u>	<u>\$(99,007,269)</u>
\$65,494,382	\$68,079,584	\$72,960,037	\$78,234,367	\$76,391,071	\$80,556,818
3,858,512	1,562,313	1,915,600	2,018,548	2,047,110	2,003,689
226,253	134,583	163,578	254,574	594,122	858,835
343,915	380,041	962,838	850,976	499,403	548,501
83,682	2,440,008	-	470,458	150,652	72,125
-	-	-	-	-	-
<u>\$70,006,744</u>	<u>\$72,596,529</u>	<u>\$76,002,053</u>	<u>\$81,828,923</u>	<u>\$79,682,358</u>	<u>\$84,039,968</u>
<u>\$(3,305,389)</u>	<u>\$(5,970,917)</u>	<u>\$(1,876,953)</u>	<u>\$1,225,204</u>	<u>\$(8,785,933)</u>	<u>\$(14,967,301)</u>

Nueces County, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
September 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Non-spendable	\$ -	\$ -	\$ -	\$ 428,906
Committed	-	-	-	17,604,083
Unassigned	-	-	-	3,889,668
Reserved	633,602	612,027	-	-
Unreserved	<u>15,923,732</u>	<u>20,386,046</u>	<u>24,029,489</u>	<u>-</u>
Total General Fund	<u>\$ 16,557,334</u>	<u>\$ 20,998,073</u>	<u>\$ 24,029,489</u>	<u>\$ 21,922,657</u>
All Other Governmental Funds				
Non-spendable	\$ -	\$ -	\$ -	\$ 94,987
Restricted	33,034,960	30,485,845	22,932,604	3,965,499
Committed	2,900,201	3,182,479	3,585,711	-
Assigned	14,197,613	13,467,060	12,568,896	25,625,179
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,249)</u>
Total all other governmental funds	<u>\$ 50,132,774</u>	<u>\$ 47,135,384</u>	<u>\$ 39,087,211</u>	<u>\$ 29,667,416</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.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 400,035	\$ 457,844	\$ 428,321	\$ 754,746	\$ 775,109	\$ 728,576
17,626,642	18,373,139	20,148,361	20,722,982	21,039,425	15,782,312
3,993,232	2,681,591	2,000,021	2,090,307	187,100	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,019,909</u>	<u>\$ 21,512,574</u>	<u>\$ 22,576,703</u>	<u>\$ 23,568,035</u>	<u>\$ 22,001,634</u>	<u>\$ 16,510,888</u>
\$ 87,606	\$ 96,178	\$ 112,592	\$ 127,314	\$ 150,756	\$ 223,262
4,138,701	12,438,727	14,993,121	14,805,438	15,090,137	14,903,856
12,002,482	10,332,775	10,430,217	28,024,779	21,752,391	31,704,891
12,702,255	7,308,362	6,747,522	7,631,015	5,925,451	5,186,615
-	-	-	-	-	-
<u>\$ 28,931,044</u>	<u>\$ 30,176,042</u>	<u>\$ 32,283,452</u>	<u>\$ 50,588,546</u>	<u>\$ 42,918,735</u>	<u>\$ 52,018,624</u>

Nueces County, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
September 30, 2017

	2008	2009	2010	2011
Revenues				
Property taxes	\$ 60,622,393	\$ 66,035,245	\$ 67,018,275	\$ 64,567,154
Other taxes	373,124	356,538	319,549	361,415
Fees of office	5,052,204	4,967,966	6,619,757	4,885,117
Fines and forfeitures	3,232,877	3,044,301	2,641,095	2,880,933
Licenses and permits	3,850,740	3,942,987	3,994,255	4,190,771
Intergovernmental revenue	15,191,698	17,594,903	17,421,622	16,687,845
Charges for services	774,537	958,227	780,845	766,868
Investment revenue	2,950,999	1,755,508	827,724	466,015
Rentals and commissions	812,755	879,767	1,282,655	1,363,402
Miscellaneous revenue	2,190,705	1,700,521	1,545,928	1,126,807
Total Revenues	\$ 95,052,032	\$ 101,235,963	\$ 102,451,705	\$ 97,296,327
Expenditures				
General government	\$ 12,341,797	\$ 12,783,442	\$ 12,569,919	\$ 12,665,314
Building and facilities	7,622,304	7,098,274	7,899,760	7,559,472
Administration of justice	21,016,236	22,829,285	26,416,814	25,912,952
Law enforcement and corrections	24,129,630	24,624,057	22,892,651	23,249,015
Social services	2,508,085	2,569,661	2,586,380	2,580,656
Health, safety and sanitation	1,662,725	2,466,245	2,171,854	1,511,612
Agriculture, education and	871,150	716,056	802,707	752,931
Roads, bridges and transportation	6,392,921	6,504,456	6,559,432	7,535,294
Parks and recreation	3,772,310	3,775,725	4,119,390	4,115,220
Capital outlay	9,777,482	5,733,618	10,853,369	19,835,436
Debt service:				
Interest and Other fees	6,313,340	6,108,091	5,877,733	5,612,767
Debt Issuance Costs				
Principal	4,174,248	4,553,649	4,957,377	4,796,040
Total Expenditures	\$ 100,582,228	\$ 99,762,559	\$ 107,707,386	\$ 116,126,709
Excess of Revenues over (under) expenditures	\$ (5,530,196)	\$ 1,473,404	\$ (5,255,681)	\$ (18,830,382)
Other Financing Sources (Uses)				
Transfers In	\$ 7,150,277	\$ 8,453,858	\$ 9,987,541	\$ 8,409,659
Transfers Out	(7,150,277)	(8,453,858)	(9,987,541)	(8,409,659)
Sale of Assets	49,050	-	71,067	275,630
Capital lease funding	-	-	-	-
Issuance of debt	-	-	-	49,374,640
Bond Defeasance	-	-	-	(48,716,774)
Premium on Bonds Issued	-	-	-	6,370,260
Total Other Financing Sources	\$ 49,050	\$ -	\$ 71,067	\$ 7,303,756
Net Changes in Fund Balances	\$ (5,481,146)	\$ 1,473,404	\$ (5,184,614)	\$ (11,526,626)
Debt Service as a percentage of noncapital expenditures	11.5%	11.3%	11.2%	10.8%

2012	2013	2014	2015	2016	2017
65,803,580	\$ 68,227,630	\$ 72,903,015	\$ 75,196,369	\$ 76,406,029	\$ 80,173,689
382,730	391,784	411,398	439,777	431,990	420,187
5,296,898	5,089,036	4,820,592	4,866,275	4,931,127	4,746,222
2,551,595	2,287,821	2,139,483	2,244,060	2,305,539	1,631,529
4,418,683	4,402,803	5,085,459	4,815,602	4,842,727	4,413,729
18,088,623	17,645,491	20,557,700	20,197,720	56,080,858	57,369,568
940,888	970,996	858,493	858,055	914,955	899,685
215,294	128,746	139,723	250,178	585,697	836,342
1,500,566	1,521,251	1,659,351	1,655,121	2,141,501	2,128,489
1,417,049	1,062,154	1,022,938	2,068,530	2,028,527	1,596,045
<u>100,615,906</u>	<u>\$ 101,727,712</u>	<u>\$ 109,598,152</u>	<u>\$ 112,591,687</u>	<u>\$ 150,668,950</u>	<u>\$ 154,215,485</u>
13,194,301	\$ 14,139,402	\$ 14,758,277	\$ 18,115,425	\$ 16,925,894	\$ 19,722,815
9,054,524	8,071,874	7,655,261	8,153,192	8,971,418	9,366,169
22,663,249	22,370,784	23,462,077	24,226,484	24,797,069	24,587,527
26,507,891	27,313,577	28,646,136	29,102,479	67,302,369	69,651,851
2,500,076	2,672,416	2,524,416	2,545,213	2,896,112	2,976,398
1,717,358	2,171,721	2,423,912	2,546,715	2,894,456	2,777,533
712,929	682,633	713,296	835,399	906,736	982,544
7,040,143	7,809,892	7,742,469	7,743,709	7,561,744	11,507,676
4,155,893	4,471,466	4,652,352	5,721,271	7,746,614	6,036,814
3,893,507	2,756,107	2,779,781	4,237,547	11,131,516	13,832,255
5,038,809	6,031,337	4,648,721	4,318,152	4,653,564	7,591,221
			376,859	83,469	8,950
<u>5,724,864</u>	<u>4,938,849</u>	<u>6,419,915</u>	<u>6,714,187</u>	<u>7,184,854</u>	<u>4,922,104</u>
<u>102,203,544</u>	<u>\$ 103,430,058</u>	<u>\$ 106,426,613</u>	<u>\$ 114,636,632</u>	<u>\$ 163,055,815</u>	<u>\$ 173,963,856</u>
(1,587,638)	\$ (1,702,346)	\$ 3,171,539	\$ (2,044,945)	\$ (12,386,865)	\$ (19,748,371)
8,778,061	\$ 10,829,801	\$ 10,518,868	\$ 12,127,133	\$ 12,586,914	\$ 13,494,218
(8,778,061)	(10,829,801)	(10,518,868)	(12,127,133)	(12,586,914)	(13,494,218)
86,789	2,440,008	-	288,113	150,652	72,125
861,731	-	-	663,896	-	17,835
-	-	-	45,620,000	3,000,000	20,920,000
-	-	-	(31,125,992)	-	-
-	-	-	5,895,355	-	2,347,546
<u>948,520</u>	<u>\$ 2,440,008</u>	<u>\$ -</u>	<u>\$ 21,341,372</u>	<u>\$ 3,150,652</u>	<u>\$ 23,357,506</u>
<u>(639,118)</u>	<u>\$ 737,662</u>	<u>\$ 3,171,539</u>	<u>\$ 19,296,427</u>	<u>\$ (9,236,213)</u>	<u>\$ 3,609,136</u>
10.9%	10.9%	10.7%	10.0%	7.8%	7.8%

Nueces County, Texas
Assessed and Taxable Valuations
Last Ten Fiscal Years
September 30, 2017

<u>Fiscal Year</u> <u>Ending</u> <u>Sept. 30,</u>	<u>Tax</u> <u>Roll</u> <u>Year</u>	<u>Mineral</u> <u>Roll</u>	<u>Real</u> <u>Estate</u> <u>Roll</u>	<u>Railroads</u> <u>& Intangible</u> <u>Personal</u>	<u>Special</u> <u>Inventory</u>	<u>Personal</u> <u>Property</u>
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
2016	2015	131,637,245	25,805,518,983	8,987,386	128,318,904	4,046,395,435
2017	2016	80,287,997	31,993,586,074	10,023,976	126,901,251	3,642,583,230

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

Utilities Pipelines	Gross Market Valuation	Less Exemptions & Abatements	Net Taxable Assessed Valuation	Direct Tax		
				County Tax Rate	Hospital Tax Rate	Total Tax Rate
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
643,562,930	30,764,420,883	(8,677,204,445)	22,087,216,438	0.316900	0.129750	0.446650
666,699,889	36,520,082,417	(9,339,129,118)	27,180,953,299	0.307991	0.126836	0.434827

Nueces County, Texas
Property Tax Levies - Direct and Overlapping Governments
Last Ten Fiscal Years
September 30, 2017

FISCAL YEAR ENDING	2008	2009	2010	2011
<u>TAX ROLL YEAR</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Nueces County - General	\$50,085,508	\$54,636,632	\$55,456,844	\$53,624,613
Nueces County - Debt	10,391,327	10,908,756	11,379,441	10,924,694
Subtotal	60,476,835	65,545,388	66,836,285	64,549,307
Nueces County - Farm to	737,557	804,802	824,104	791,360
Total	\$61,214,392	\$66,350,190	\$67,660,389	\$65,340,667
Special Districts:				
Hospital District	25,279,939	27,667,730	30,075,910	30,144,807
Downtown Management	161,357	159,691	165,584	158,258
Corpus Christi Junior	38,286,064	41,484,470	44,196,050	43,545,490
Drainage District No. 2	1,077,856	1,193,703	1,280,248	1,184,406
Drainage District No. 3	55,904	64,045	65,721	68,347
South Texas Water	287,420	329,056	352,589	381,888
Cities:				
Agua Dulce	55,798	55,254	56,321	56,054
Bishop	660,731	669,179	718,038	717,361
Corpus Christi	72,714,618	77,246,481	80,059,041	79,419,087
Driscoll	90,847	119,117	136,750	140,333
Port Aransas	3,536,314	3,892,916	4,406,448	4,211,939
Robstown	2,160,908	2,298,460	2,453,516	2,547,737
School Districts:				
Agua Dulce ISD	1,300,513	1,637,940	1,738,741	1,774,476
Banquete ISD	3,006,540	3,158,296	3,753,016	3,899,640
Bishop ISD	5,468,039	6,740,678	7,412,684	7,057,666
Calallen ISD	12,534,365	15,292,156	14,837,798	14,285,938
Corpus Christi ISD	111,679,245	124,364,289	138,205,927	134,509,386
Driscoll ISD	1,523,471	1,827,693	1,674,838	1,736,141
Flour Bluff ISD	21,312,429	23,011,873	24,686,703	24,152,098
London ISD	2,334,769	3,099,680	2,770,807	2,751,523
Port Aransas ISD	17,866,260	20,136,951	18,723,992	17,114,597
Robstown ISD	3,479,118	3,792,182	4,616,958	5,177,291
Tuloso Midway ISD	16,536,840	18,651,309	19,361,393	19,194,283
West Oso ISD	6,187,913	6,633,690	7,418,412	7,536,112
Fire Districts:				
Fire Prevention District 1	1,147,898	1,655,807	1,763,463	1,745,305
Fire Prevention District 2	571,642	613,532	655,742	646,663
Fire Prevention District 3	258,646	280,209	163,126	155,554
Fire Prevention District 4	183,393	228,663	271,938	275,763
Fire Prevention District 5	30,365	33,210	33,295	31,177
Fire Prevention District 6	-	-	-	397,627
Total	<u>\$411,003,594</u>	<u>\$452,688,450</u>	<u>\$479,715,438</u>	<u>\$470,357,614</u>

2012 2011	2013 2012	2014 2013	2015 2014	2016 2015	2017 2016
\$54,495,366	\$56,498,344	\$61,167,064	\$66,201,428	\$66,517,122	\$69,352,816
10,835,130	11,243,542	11,593,241	10,305,916	11,023,768	11,870,460
65,330,496	67,741,886	72,760,305	76,507,344	77,540,890	81,223,276
788,479	833,275	902,847	976,332	989,396	1,042,241
\$66,118,975	\$68,575,161	\$73,663,152	\$77,483,676	\$78,530,286	\$82,265,517
31,381,381	32,624,036	32,699,744	32,737,721	33,268,991	34,698,916
156,357	185,497	189,596	186,740	198,775	205,129
44,477,385	45,729,322	49,096,901	52,752,191	56,481,130	60,295,665
1,262,100	1,633,415	1,745,224	1,662,848	1,686,679	1,697,606
68,933	71,391	74,217	72,536	78,008	77,152
360,780	367,599	505,060	510,598	553,610	543,790
54,354	53,496	63,246	75,248	80,597	84,838
777,224	748,251	800,212	825,351	849,174	878,339
79,241,020	81,261,225	89,824,944	97,674,230	108,626,928	114,823,952
150,721	147,844	149,152	150,063	152,696	153,083
4,250,061	4,495,666	4,781,884	4,946,077	5,102,333	5,651,656
2,561,579	2,553,456	2,584,634	2,622,658	3,537,157	3,703,155
1,718,702	1,926,609	1,857,313	1,884,088	2,062,765	2,023,618
3,743,103	3,746,471	3,822,213	4,062,174	4,927,755	5,010,812
7,224,087	7,165,452	7,711,383	7,460,523	7,292,047	6,895,829
14,521,821	14,981,256	16,289,883	18,962,029	20,241,154	20,147,493
137,310,628	141,131,198	153,986,528	167,484,620	173,447,371	185,294,982
1,602,741	1,647,685	1,532,157	1,761,613	1,526,181	1,443,883
23,066,097	23,763,633	27,633,038	29,856,693	31,465,881	32,530,709
2,908,575	3,457,943	3,288,774	3,899,911	4,384,876	4,566,109
16,908,910	16,782,015	19,750,081	22,084,177	23,963,124	27,041,043
5,854,557	6,753,486	7,768,053	8,491,130	8,804,845	8,571,974
21,958,877	24,256,964	28,860,372	30,648,853	33,353,456	36,080,308
7,375,479	8,132,776	9,295,268	10,328,417	10,992,080	11,174,081
1,840,015	1,994,810	2,433,646	2,732,664	3,297,952	3,583,128
613,808	634,574	772,626	843,039	920,915	961,158
154,935	155,731	163,190	156,586	162,535	154,977
259,741	261,248	268,091	285,874	353,659	361,522
36,531	40,827	39,291	39,921	40,820	37,652
390,428	393,287	411,320	396,764	445,325	397,154
<u>\$478,349,905</u>	<u>\$495,672,324</u>	<u>\$542,061,193</u>	<u>\$583,079,013</u>	<u>\$616,829,105</u>	<u>\$651,355,230</u>

Nueces County, Texas
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
September 30, 2017

	FISCAL YEAR	2008	2009	2010	2011
	TAX ROLL YEAR	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Nueces County		0.356	0.356	0.355	0.355
Special Districts:					
Hospital District		0.145	0.145	0.155	0.162
Downtown Management District		0.370	0.370	0.370	0.370
Corpus Christi Junior College		0.242	0.242	0.251	0.258
Drainage District No. 2		0.377	0.385	0.347	0.310
Drainage District No. 3		0.190	0.890	0.189	0.189
South Texas Water Authority		0.057	0.056	0.057	0.062
Cities:					
Agua Dulce		0.607	0.593	0.536	0.477
Aransas Pass		0.000	0.000	0.593	0.607
Bishop		0.921	0.828	0.809	0.914
Corpus Christi		0.564	0.564	0.564	0.582
Driscoll		0.750	0.930	0.930	0.857
Port Aransas		0.286	0.276	0.322	0.332
Robstown		1.000	1.000	1.000	0.975
School Districts:					
Agua Dulce ISD		1.253	1.389	1.400	1.379
Aransas Pass ISD		1.061	0.000	1.071	1.071
Banquete ISD		1.521	1.449	1.439	1.473
Bishop ISD		1.188	1.300	1.526	1.563
Calallen ISD		1.100	1.277	1.299	1.299
Corpus Christi ISD		1.156	1.176	1.237	1.237
Driscoll ISD		1.298	1.239	1.239	1.250
Flour Bluff ISD		1.070	1.070	1.069	1.070
London ISD		1.130	1.144	1.210	1.250
Port Aransas ISD		1.058	1.058	1.058	1.062
Robstown ISD		1.254	1.254	1.374	1.523
Tuloso Midway ISD		1.282	1.332	1.332	1.332
West Oso ISD		1.240	1.340	1.420	1.420
Fire Districts:					
Fire District No. 1		0.075	0.100	0.100	0.100
Fire District No. 2		0.026	0.026	0.026	0.026
Fire District No. 3		0.050	0.048	0.030	0.030
Fire District No. 4		0.088	0.100	0.100	0.100
Fire District No. 5		0.027	0.028	0.270	0.240
Fire District No. 6		0.000	0.000	0.000	0.070
TOTAL:		<u>21.742</u>	<u>21.965</u>	<u>23.678</u>	<u>23.945</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>	<u>2016</u> <u>2015</u>	<u>2017</u> <u>2016</u>
0.355	0.355	0.345	0.335	0.317	0.308
0.162	0.162	0.148	0.137	0.130	0.127
0.370	0.370	0.370	0.370	0.370	0.370
0.258	0.258	0.251	0.248	0.248	0.246
0.318	0.398	0.390	0.350	0.334	0.333
0.189	0.189	0.189	0.178	0.193	0.193
0.062	0.062	0.085	0.085	0.083	0.083
0.480	0.462	0.500	0.500	0.502	0.500
0.723	0.696	0.680	0.680	0.680	0.689
0.911	0.805	0.823	0.825	0.785	0.764
0.571	0.571	0.585	0.585	0.606	0.606
0.899	0.907	0.902	0.763	0.773	0.734
0.332	0.351	0.323	0.299	0.276	0.272
0.954	0.956	0.866	0.812	1.011	1.005
1.400	1.400	1.400	1.400	1.351	1.510
1.071	1.071	1.071	1.071	1.071	1.231
1.512	1.513	1.513	1.513	1.513	1.513
1.556	1.551	1.533	1.533	1.406	1.399
1.329	1.359	1.359	1.359	1.376	1.375
1.237	1.237	1.237	1.237	1.237	1.237
1.265	1.265	1.265	1.555	1.625	1.706
1.072	1.071	1.178	1.168	1.154	1.150
1.263	1.238	1.251	1.395	1.356	1.358
1.063	1.086	1.126	1.126	1.118	1.118
1.650	1.610	1.630	1.645	1.650	1.650
1.332	1.332	1.317	1.395	1.377	1.409
1.420	1.370	1.370	1.450	1.450	1.450
0.100	0.100	0.100	0.100	0.100	0.100
0.026	0.026	0.030	0.030	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
0.030	0.030	0.030	0.030	0.030	0.030
0.070	0.070	0.070	0.070	0.075	0.070
<u>24.110</u>	<u>24.001</u>	<u>24.067</u>	<u>24.374</u>	<u>24.357</u>	<u>24.696</u>



Nueces County, Texas
Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2017

Exhibit 8

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value Principal	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value Principal
Flint Hills Resources	\$1,184,654,080	1	23.50%	\$847,380,525	1	26.59%
Valero Refining Company	881,210,930	2	17.48%	846,718,616	2	26.57%
Equistar Chemicals LP	703,981,620	3	13.97%	297,842,862	4	9.35%
Citgo	675,799,893	4	13.41%	524,746,315	3	16.47%
Buckeye Texas Processing LLC	429,687,790	5	8.53%	-	-	-
AEP Texas Central	292,485,740	6	5.80%	168,594,345	6	5.29%
Hoechst Cel-Plastics Division	188,229,550	7	3.73%	189,043,640	5	5.93%
Barney M Davis LP	132,801,870	8	2.63%	-	-	-
Nueces Bay WLE LP	120,056,600	9	2.38%	-	-	-
Corpus Christi Retail Venture LP	94,576,372	10	1.88%	-	-	-
Butt H E Grocery Co	94,039,019	11	1.87%	64,972,156	10	2.04%
Texstar Midstream Services, LP	91,127,640	12	1.81%	-	-	-
Electric Transmission of Texas	79,621,820	13	1.58%	-	-	-
Bay Area Healthcare Group LTD	71,795,284	14	1.42%	-	-	-
Apache Corporation	-	-	-	97,807,789	7	3.07%
Corpus Christi Cogeneration LP	-	-	-	78,881,330	8	2.48%
Markwest Javelina	-	-	-	70,753,370	9	2.22%
Total	<u>\$5,040,068,208</u>		<u>100.00%</u>	<u>\$3,186,740,948</u>		<u>100.00%</u>
Total Assessed Value and	<u>\$27,180,953,299</u>		<u>100.00%</u>	<u>\$17,338,632,725</u>		<u>100.00%</u>

**Nueces County, Texas
Tax Levies
Last Ten Fiscal Years
September 30, 2017**

FISCAL YEAR	2008	2009	2010	2011
TAX ROLL YEAR	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Levy for maintenance and operations (M & O):				
General Fund	\$50,085,508	\$54,636,632	\$55,456,844	\$53,624,613
Road Fund	<u>737,557</u>	<u>804,802</u>	<u>824,104</u>	<u>791,360</u>
Total M & O levy	<u>50,823,065</u>	<u>55,441,434</u>	<u>56,280,948</u>	<u>54,415,973</u>
Levy for debt service (I & S):				
Debt Service Fund	<u>10,391,327</u>	<u>10,908,756</u>	<u>11,379,441</u>	<u>10,924,694</u>
Total I & S levy	<u>10,391,327</u>	<u>10,908,756</u>	<u>11,379,441</u>	<u>10,924,694</u>
Total County levy	<u><u>\$61,214,392</u></u>	<u><u>\$66,350,190</u></u>	<u><u>\$67,660,389</u></u>	<u><u>\$65,340,667</u></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>	<u>2016</u> <u>2015</u>	<u>2017</u> <u>2016</u>
\$54,495,366	\$56,498,344	\$61,167,064	\$66,201,428	\$66,517,122	\$69,352,816
<u>788,479</u>	<u>833,275</u>	<u>902,847</u>	<u>976,332</u>	<u>989,396</u>	<u>1,042,241</u>
<u>55,283,845</u>	<u>57,331,619</u>	<u>62,069,911</u>	<u>67,177,760</u>	<u>67,506,518</u>	<u>70,395,057</u>
<u>10,835,130</u>	<u>11,243,542</u>	<u>11,593,241</u>	<u>10,305,916</u>	<u>11,023,768</u>	<u>11,870,460</u>
<u>10,835,130</u>	<u>11,243,542</u>	<u>11,593,241</u>	<u>10,305,916</u>	<u>11,023,768</u>	<u>11,870,460</u>
<u>\$66,118,975</u>	<u>\$68,575,161</u>	<u>\$73,663,152</u>	<u>\$77,483,676</u>	<u>\$78,530,286</u>	<u>\$82,265,517</u>

Nueces County, Texas
Property Tax Levies and Collections -
General Fund and Debt Service Funds
Last Ten Fiscal Years
September 30, 2017

FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR	2008 2007	2009 2008	2010 2009	2011 2010
Tax Levy (original levy) (1)	60,476,835	65,545,388	66,836,285	64,549,307
Current Tax Collections (2)	58,312,583	62,719,961	64,656,554	62,146,816
Percent of Current Taxes Collected	96%	96%	97%	96%
Unpaid as of June 30th	2,164,252	2,825,427	2,179,731	2,402,491
Subsequent Collections & Adjustments	955,172	1,421,968	658,713	1,099,494
Total Collections & Adjustments	59,267,755	64,141,929	65,315,267	63,246,310
Percent Total Collections of Tax Levy	98.00%	97.86%	97.72%	97.98%
Unpaid Taxes	1,209,080	1,403,459	1,521,018	1,302,997

(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.

<u>2012</u> <u>2011</u>	<u>2013</u> <u>2012</u>	<u>2014</u> <u>2013</u>	<u>2015</u> <u>2014</u>	<u>2016</u> <u>2015</u>	<u>2017</u> <u>2016</u>
65,330,496	67,741,886	72,760,305	76,507,344	77,540,890	81,223,276
63,364,158	66,008,745	70,450,668	74,267,821	73,849,526	78,131,456
97%	97%	97%	97%	95%	96%
1,966,338	1,733,141	2,309,637	2,239,523	3,691,364	3,091,820
825,937	626,494	1,017,372	1,028,313	2,364,877	1,552,955
64,190,095	66,635,239	71,468,040	75,296,134	76,214,403	79,684,411
98.25%	98.37%	98.22%	98.42%	98.29%	98.11%
1,140,401	1,106,647	1,292,265	1,211,210	1,326,487	1,538,865

**Nueces County, Texas
Property Tax Levies and Collections -
Farm To Market
Last Ten Fiscal Years
September 30, 2017**

FISCAL YEAR ENDING SEPTEMBER 30, TAX ROLL YEAR	2008	2009	2010	2011
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Tax Levy (1)	737,557	804,802	824,104	791,360
Current Tax Collections (2)	710,093	769,669	790,533	761,190
Percent of Current Taxes Collected	96%	96%	96%	96%
Unpaid as of June 30th	27,464	35,133	33,571	30,170
Subsequent Collections & Adjustments	12,856	17,998	14,989	14,263
Total Collections & Adjustments	722,949	787,667	805,522	775,453
Percent Total Collections of Tax Levy	98.02%	97.87%	97.75%	97.99%
Unpaid Taxes Sept. 30	14,608	17,135	18,582	15,907

(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.

2012	2013	2014	2015	2016	2017
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
788,479	833,275	902,847	976,332	989,396	1,042,241
761,310	812,362	874,926	949,013	942,609	1,002,278
97%	97%	97%	97%	95%	96%
27,169	20,913	27,921	27,319	46,787	39,963
13,463	7,616	12,180	12,144	30,119	20,397
774,773	819,978	887,106	961,157	972,728	1,022,675
98.26%	98.40%	98.26%	98.45%	98.32%	98.12%
13,706	13,297	15,741	15,175	16,668	19,566

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, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Principal	4,170,427	4,553,649	4,957,377	4,796,040
Interest	6,308,649	6,104,074	5,869,233	5,179,967
Fiscal Agents & Other Fees	4,500	4,017	8,500	432,800
Total Debt Service	10,483,576	10,661,740	10,835,110	10,408,807
Total General governmental expenditures (2)	62,733,431	65,036,510	66,283,738	67,009,800
Ratio of Debt Service to General governmental expenditures	16.71%	16.39%	16.35%	15.53%

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

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
5,724,864	6,031,337	6,419,915	6,714,187	7,184,854	7,591,221
5,054,843	4,923,149	4,639,571	4,311,152	4,653,564	4,922,104
(16,034)	15,700	9,150	7,000	5,375	8,950
10,763,673	10,970,186	11,068,636	11,032,339	11,843,793	12,522,275
66,516,869	67,511,560	70,872,605	75,484,771	77,602,577	82,273,765
16.18%	16.25%	15.62%	14.62%	15.26%	15.22%

Nueces County, Texas
Ratios of Gross Bonded Debt Outstanding including Capital Leases
Last Ten Fiscal Years
September 30, 2017

Fiscal Year <u>Ending</u>	Bonded <u>Debt</u>	Bond Premium/ <u>Discount</u>	Gross Bonded <u>Debt</u>	Less Debt Service <u>Funds</u>	Outstanding	
					Net Bonded <u>Debt</u>	Capital <u>Leases</u>
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)	124,650,703	23,216
2010	121,157,443	1,770,849	122,928,292	(3,585,711)	119,342,581	-
2011	122,633,900	1,862,695	124,496,595	(3,982,739)	120,513,856	-
2012	117,055,767	2,201,958	119,257,725	(3,945,987)	115,311,738	143,995
2013	111,024,428	1,835,039	112,859,467	(4,165,398)	108,694,069	196,358
2014	104,604,513	6,033,024	110,637,537	(4,595,623)	106,041,914	130,857
2015	113,635,326	10,727,735	124,363,061	(4,175,638)	120,187,423	5,807,359
2016	109,450,473	9,194,153	118,644,626	(3,592,453)	115,052,173	5,300,548
2017	122,779,252	9,987,132	132,766,384	(3,273,027)	129,493,357	4,781,356

<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>
11,633,423	8.90%	16,755,834,017	0.78%	333,526	383.08
12,004,999	9.52%	18,171,179,953	0.70%	338,220	368.55
12,438,913	10.27%	18,543,081,236	0.66%	340,314	350.68
13,196,232	10.76%	17,737,980,901	0.70%	343,190	351.16
14,226,934	12.14%	18,035,454,760	0.66%	247,816	465.31
14,841,683	13.34%	18,710,372,638	0.60%	352,728	308.15
15,117,598	14.43%	20,613,089,617	0.54%	356,325	297.60
15,416,870	12.91%	22,309,191,166	0.56%	360,118	333.74
14,743,237	12.85%	23,871,896,271	0.50%	361,350	318.40
not available	not available	25,690,394,131	0.52%	361,175	358.53



Nueces County, Texas
Computation of Direct and Overlapping Debt
September 30, 2017

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	\$134,695,000	100.00%	\$134,695,000
County-Line Special Districts:			
Nueces County Drainage District 2	163,915	100.00%	163,915
South Texas Water Authority	4,315,000	45.51%	1,963,757
Cities:			
Agua Dulce	787,000	100.00%	787,000
Aransas Pass	25,670,000	6.60%	1,694,220
Bishop	4,131,000	100.00%	4,131,000
Corpus Christi	474,030,000	100.00%	474,030,000
Driscoll	258,306	100.00%	258,306
Port Aransas	14,635,000	100.00%	14,635,000
Robstown	16,134,343	100.00%	16,134,343
School Districts:			
Agua Dulce ISD	5,445,000	70.06%	3,814,767
Aransas Pass ISD	18,170,000	1.59%	288,903
Banquete ISD	8,510,000	99.86%	8,498,086
Bishop ISD	18,851,369	100.00%	18,851,369
Calallen ISD	39,760,000	100.00%	39,760,000
Corpus Christi ISD	479,780,000	99.76%	478,628,528
Driscoll ISD	7,937,306	100.00%	7,937,306
Flour Bluff ISD	48,185,000	100.00%	48,185,000
London ISD	18,573,953	100.00%	18,573,953
Port Aransas ISD	10,750,000	99.99%	10,748,925
Robstown ISD	51,886,591	100.00%	51,886,591
Tuloso-Midway ISD	71,029,031	100.00%	71,029,031
West Oso ISD	24,689,540	100.00%	24,689,540
Total overlapping and underlying	1,478,387,354	96.82%	1,431,384,540
Nueces County	<u>122,779,252</u>	100.00%	<u>122,779,252</u>
Total direct and overlapping debt	<u>\$1,601,166,606</u>	97.06%	<u>\$1,554,163,792</u>

Estimated Nueces County: Population: 361,175

Nueces County share of Gross Debt per Capita is \$ 339.94
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, 2017

Fiscal Year Ending	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed market value of taxable property	21,381,499,497	23,170,211,252	24,044,540,087	24,347,389,404
Less exemptions and abatements	<u>(3,988,600,184)</u>	<u>(4,097,252,632)</u>	<u>(4,623,171,657)</u>	<u>(5,810,394,569)</u>
Assessed value of all taxable property	17,392,899,313	19,072,958,620	19,421,368,430	18,536,994,835
Debt limit rate	x <u>5%</u>	x <u>5%</u>	x <u>5%</u>	x <u>5%</u>
Amount of debt limit	<u>869,644,966</u>	<u>953,647,931</u>	<u>971,068,422</u>	<u>926,849,742</u>
Amount of debt applicable to debt limit:				
Total Bonded Applicable Debt	130,668,469	126,114,820	121,157,443	122,633,900
Less: Amounts set aside to repay general debt	<u>2,900,021</u>	<u>3,182,479</u>	<u>3,585,711</u>	<u>3,982,739</u>
Total amount of net debt applicable to debt limit	<u>127,768,448</u>	<u>122,932,341</u>	<u>117,571,732</u>	<u>118,651,161</u>
Legal debt margin	<u>\$741,876,518</u>	<u>\$830,715,590</u>	<u>\$853,496,690</u>	<u>\$808,198,581</u>
Total net debt applicable to the limit as a percentage of debt limit	14.69%	12.89%	12.11%	12.80%

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.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
25,190,041,328	26,977,687,725	29,506,524,652	31,887,031,407	33,875,864,077	36,510,058,441
(6,347,136,935)	(7,453,162,690)	(7,965,439,445)	(8,429,072,802)	(8,677,204,445)	(9,339,129,118)
18,842,904,393	19,524,525,035	21,541,085,207	23,457,958,605	25,198,659,632	27,170,929,323
5% x	5%	5%	5%	5%	5%
<u>942,145,220</u>	<u>976,226,252</u>	<u>1,077,054,260</u>	<u>1,172,897,930</u>	<u>1,259,932,982</u>	<u>1,358,546,466</u>
117,055,767	111,024,428	104,604,513	113,635,326	109,450,473	122,779,252
<u>3,945,987</u>	<u>4,165,398</u>	<u>4,595,623</u>	<u>4,175,638</u>	<u>3,592,453</u>	<u>3,273,027</u>
<u>113,109,780</u>	<u>106,859,030</u>	<u>100,008,890</u>	<u>109,459,688</u>	<u>105,858,020</u>	<u>119,506,225</u>
<u>\$829,035,440</u>	<u>\$869,367,222</u>	<u>\$977,045,370</u>	<u>\$1,063,438,242</u>	<u>\$1,154,074,962</u>	<u>\$1,239,040,241</u>
12.01%	10.95%	9.29%	9.33%	8.40%	8.80%

**Nueces County, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years
September 30, 2017**

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Solid Waste Fees	1,122	1,356	1,000	1,244
Total Revenues Available	1,000	1,000	1,000	1,000
Debt Service				
Interest	6,196,829	6,031,276	5,834,759	5,632,640
Principal	2,935,000	3,885,000	4,255,000	4,670,000

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1,248	1,568	1,984	1,872	1,940	2,368
1,000	1,000	1,000	1,000	1,000	1,000
5,155,948	4,923,149	4,639,571	4,311,152	4,653,564	4,922,104
5,724,865	6,031,337	6,419,915	6,714,187	7,184,854	7,591,221

Nueces County Texas
Miscellaneous Statistical Data
Last Ten Fiscal Years
September 30 2017

<u>Year</u>	<u>(1)</u> <u>Estimated</u> <u>Population</u>	<u>(2)</u> <u>Personal</u> <u>Income</u>	<u>(2)</u> <u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>(3)</u> <u>Public School</u> <u>Enrollment</u> <u>Corpus Christi</u>
2008	333,526	12,253,362	36,739	52,897
2009	338,220	11,479,369	33,940	53,391
2010	340,314	12,184,494	35,804	52,993
2011	343,190	13,162,872	38,354	53,795
2012	347,816	13,706,561	39,408	53,968
2013	352,728	14,024,085	39,759	54,574
2014	356,325	14,883,008	41,768	54,911
2015	360,118	14,901,830	41,380	54,448
2016	361,250	14,743,237	40,800	54,292
2017	361,175	not available	not available	54,037

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 (now 52) 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: 2016 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 2016
- (7) Source: Texas State Comptroller

(4) Public School Rural County	(5) Nueces County Unemployment Rate	(6) Port Tonnage	(7) Retail Sales
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
7,193	6.0%	103,474,496	5,248,625,725
7,313	5.2%	94,292,335	5,119,216,442



Nueces County, Texas
Principal Employers
Current Year and Nine Years Ago
September 30, 2017

Exhibit 18

Employer Name	2017			2008		
	Number of Employees	Rank	Percent of total County Employment	Number of Employees	Rank	Percent of total County Employment
Corpus Christi ISD	4,800	1	3.01%	5,178	2	3.34%
Corpus Christi Naval Air Station	4,500	2	2.82%	1,630	7	1.05%
H.E.B. Grocery Co.	3,840	3	2.40%	5,000	3	3.22%
Christus Spohn Health System	3,700	4	2.32%	5,400	1	3.48%
Corpus Christi Army Depot	3,500	5	2.19%	4,876	4	3.14%
City of Corpus Christi	3,202	6	2.01%	3,171	5	2.04%
Driscoll Children's Hospital	2,136	7	1.34%	1,500	9	0.97%
Corpus Christi Medical Center	1,885	8	1.18%	1,300	10	0.84%
Kiewit Offshore Services	1,750	9	1.10%	-	-	-
Bay, Ltd.	1,700	10	1.06%	2,100	6	1.35%
Del Mar College		-	-	1,542	8	0.99%
Total	31,013		19.42%	31,697		20.43%
Total Employed in the County ⁽¹⁾	159,695			155,143		

Source: Corpus Christi Regional Economic Development Corporation

(1) Bureau of Labor Statistics

Nueces County, Texas
Construction and Commercial Permits Valuations
Last Ten Fiscal Years
September 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
New Construction (1)				
Residential				
Dwelling Units	1,249	806	913	880
Permits	848	738	657	660
Valuation	121,972,346	93,209,375	98,637,278	118,003,701
Commercial				
Permits	160	140	190	214
Valuation	<u>80,363,751</u>	<u>60,853,477</u>	<u>118,984,064</u>	<u>172,797,003</u>
Total Permits Valuations	<u><u>202,336,097</u></u>	<u><u>154,062,852</u></u>	<u><u>217,621,342</u></u>	<u><u>290,800,704</u></u>

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

Exhibit 19

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1,217	1,790	1,367	1,090	954	865
951	976	998	1,090	954	865
178,113,660	193,356,876	183,877,132	191,238,582	176,846,614	154,152,293
198	196	272	311	269	137
<u>155,968,117</u>	<u>105,906,153</u>	<u>210,751,936</u>	<u>243,951,272</u>	<u>310,971,822</u>	<u>407,641,669</u>
<u><u>334,081,777</u></u>	<u><u>299,263,029</u></u>	<u><u>394,629,068</u></u>	<u><u>435,189,854</u></u>	<u><u>487,818,436</u></u>	<u><u>561,793,962</u></u>

Nueces County, Texas
Housing & Motor Vehicle Sales Volume
Last Ten Fiscal Years
September 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Home Sales Volume(1)	614,709,948	535,561,527	524,798,817	534,980,028
Units Sold(1)	3,773	3,444	3,445	3,396
Median Price Real Estate(1)	138,900	134,800	136,500	135,700
Registered Vehicles(2)	267,474	268,198	269,639	276,139
Motor vehicle sales tax(3)	44,348,871	33,145,384	35,560,228	46,167,854

Source:

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

Exhibit 20

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
689,413,715	829,025,327	930,473,282	996,087,857	884,478,979	874,706,343
4,058	4,589	4,690	4,811	4,156	3,889
142,300	152,200	168,600	178,700	186,900	189,765
285,373	292,278	300,564	301,993	289,017	285,911
56,734,057	65,516,565	67,508,283	67,756,629	62,301,881	58,197,613

Nueces County, Texas
Full-Time Equivalent
County Government Employees by Function Last Ten Fiscal Years
September 30, 2017

	<u>07/08</u>	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>
General Government	183	183	183	183
Buildings & Facilities	41	41	41	41
Administration of Justice	349	359	358	355
Law Enforcement & Corrections	384	384	385	384
Social Services	37	36	36	36
Health, Safety & Sanitation	23	23	23	22
Agr, Ed & Consumer Sciences	16	16	16	16
Roads, Bridges & Airport	92	91	92	92
Parks & Recreation	38	38	38	38
Total Employee Positions	<u>1,163</u>	<u>1,171</u>	<u>1,172</u>	<u>1,167</u>

Source: Nueces County Clerk, adopted annual budgets.

<u>11/12</u>	<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>
184	184	190	197	201	205
41	39	37	37	37	39
355	308	307	307	308	307
388	442	444	444	446	448
36	36	36	36	36	37
18	28	55	57	55	57
16	15	15	15	16	16
92	93	93	93	93	93
40	40	42	42	46	46
<u>1,170</u>	<u>1,184</u>	<u>1,219</u>	<u>1,227</u>	<u>1,238</u>	<u>1,247</u>

Nueces County, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years
September 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Administration of Justice				
JP Courts				
Cases Filed	32,059	29,851	99,578	27,150
Cases Disposed	27,084	26,941	24,095	22,532
Cases Appealed	79	85	87	83
County Courts at Law				
Civil Cases Filed	2,532	1,969	2,002	2,425
Child Protective Services	230	231	207	192
Civil Cases Disposed	2,164	1,967	1,910	2,474
Criminal Cases Filed	4,238	8,952	8,590	6,963
Criminal Cases Disposed	11,389	10,925	9,353	8,126
District Courts				
Civil Cases Filed	5,031	7,649	7,261	7,945
Child Protective Services	-	1	1	1
Civil Cases Disposed	7,659	8,094	7,401	6,561
Criminal Cases Filed	2,339	5,304	4,608	3,138
Criminal Cases Disposed	5,525	5,236	5,027	4,501
Juvenile				
Juvenile Cases Filed	1,264	345	242	184
Juvenile Cases Disposed	321	372	242	74

General Government

County Clerk Filing	65,881	99,206	80,715	73,729
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(1)Information required for GASB Statement 44 not previously tracked before this fiscal year

Sources:

Office of Court Administration

Nueces County District Clerk

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
22,041	25,797	22,079	17,702	15,529	18,995
15,833	75,316	20,231	19,795	23,386	15,467
4	112	97	99	136	119
2,242	2,057	2,174	2,367	2,463	2,110
181	152	229	249	346	396
2,378	1,836	1,944	2,190	2,269	2,120
7,826	7,868	8,912	6,627	4,960	3,347
7,350	8,142	7,489	7,030	6,520	7,012
6,322	6,472	6,308	6,657	6,945	6,408
1	1	1	28	21	3
6,414	6,126	5,721	4,844	5,752	7,254
2,878	2,795	3,055	2,941	2,685	1,989
4,813	4,728	4,668	4,642	4,032	4,423
243	244	175	139	151	131
249	295	261	222	231	109
85,517	110,525	147,679	99,254	96,330	92,062

Nueces County, Texas
Capital Asset Statistics By Function
Last Ten Fiscal Years
September 30, 2017

<u>Functions</u>	2008	2009	2010	2011
General Government				
Number of Vehicles	6	6	7	6
Number of Buildings	2	2	2	2
Administration of Justice				
Number of Buildings	5	5	5	5
Number of Vehicles	9	9	7	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	102	106	107	104
Health, Safety, and Sanitation				
Number of Vehicles	12	12	12	12
Social Services				
Number of Buildings	2	2	2	2
Number of Vehicles	10	9	8	9
Roads, Bridges, and Transportation				
Number of Buildings	13	13	14	14
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	50	51	49	51
Parks and Recreation				
Number of Buildings	32	32	32	35
Number of Parks	13	13	13	13
Number of Vehicles	16	17	21	22
Building and Facilities				
Number of Buildings	26	26	26	26
Number of Vehicles	13	11	11	10
Agriculture, Education, Consumer science				
Number of Vehicles	4	4	4	4

2012	2013	2014	2015	2016	2017
11	11	11	6	19	8
2	2	2	2	2	2
4	4	4	4	4	4
8	6	7	7	7	7
2	2	2	2	2	2
656	656	656	656	656	656
412	412	412	412	412	412
113	102	105	122	119	124
10	11	11	11	11	13
2	2	2	2	2	2
8	13	12	8	8	8
14	14	14	17	17	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
57	54	55	54	52	57
25	25	25	25	25	25
13	13	13	13	13	13
22	22	22	21	22	23
37	36	36	37	37	37
13	17	16	11	11	11
4	4	4	3	4	4



Nueces County, Texas
Salaries and Surety Bonds of Elected Officials
September 30, 2017

Exhibit 24

<u>Official Title</u>	<u>Incumbent</u>	<u>Budget Salary</u>	<u>Surety Bond</u>	<u>Term Ending Dates</u>
Elected Officials:				
Commissioner, Precinct 1	Mike Pusley	\$81,045	\$3,000	12/31/2020
Commissioner, Precinct 2	Joe A. Gonzalez	79,068	3,000	12/31/2018
Commissioner, Precinct 3	John Marez	77,140	3,000	12/31/2020
Commissioner, Precinct 4	Brent Chesney	77,140	3,000	12/31/2018
County Judge	Samuel L. Neal, Jr.	101,388	10,000	12/31/2018
County Attorney	Laura A. Jimenez	121,920	2,500	12/31/2020
County Clerk	Kara Sands	82,049	500,000	12/31/2018
Assessor-Collector of Taxes	Kevin Kieschnick	79,068	100,000	12/31/2020
District Clerk	Anne Lorentzen	85,148	100,000	12/31/2018
Sheriff	Jim Kaelin	90,583	30,000	12/31/2020
County Court At Law Judge, Court	Robert J. Vargas	157,000	10,000	12/31/2018
County Court At Law Judge, Court	Lisa Gonzales	157,000	10,000	12/31/2018
County Court At Law Judge, Court	Deeanne Galvan	157,000	10,000	12/31/2018
County Court At Law Judge, Court	Mark Woerner	157,000	10,000	12/31/2018
County Court At Law Judge, Court	Timothy McCoy	157,000	10,000	12/31/2018
District Judge, 28th District Court	Nanette Hasette	18,000	N/A (1)	12/31/2020
District Judge, 94th District Court	Bobby 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	Inna Klein	18,000	N/A (1)	12/31/2020
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)	12/31/2020
District Attorney	Mark Gonzalez	12,000	5,000 (1)	12/31/2020
Constable, Precinct 1	Robert Cisneros	59,701	1,500	12/31/2020
Constable, Precinct 2	Mitchell Clark	54,086	1,500	12/31/2020
Constable, Precinct 3	Jimmy Rivera	56,824	5,000	12/31/2020
Constable, Precinct 4	Robert W. Sherwood	59,701	1,500	12/31/2020
Constable, Precinct 5	Frank Flores III	59,701	1,500	12/31/2020
Justice of the Peace, Pct. 1, Place 1	Joe Benavides	59,057	5,000	12/31/2020
Justice of the Peace, Pct. 1, Place 2	Henry A. Santana	63,598	5,000	12/31/2018
Justice of the Peace, Pct. 1, Place 3	Roberto Balderas	63,598	5,000	12/31/2018
Justice of the Peace, Pct. 2, Place 1	Jo Woolsey	57,616	5,000	12/31/2020
Justice of the Peace, Pct. 2, Place 2	Thelma Rodriguez	63,598	5,000	12/31/2018
Justice of the Peace, Pct. 3	Larry Lawrence	57,616	5,000	12/31/2018
Justice of the Peace, Pct. 4	Duncan Neblett, Jr.	63,598	5,000	12/31/2018
Justice of the Peace, Pct. 5, Place 1	Roberto H Gonzalez Jr.	63,598	5,000	12/31/2020
Justice of the Peace, Pct. 5, Place 2	Hermilo Peña, Jr.	63,598	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, 2017

<u>Type of Coverage</u>	<u>Premiums Paid FY 07-08</u>	<u>Premiums Paid FY 08-09</u>	<u>Premiums Paid FY 09-10</u>	<u>Premiums Paid FY 10-11</u>
Property With Excess Windstorm				
Property Without Excess Windstorm	152,548	123,117	111,913	123,259
County Buildings (Blanket Buildings)				
County Buildings (Blanket Contents)				
Primary Windstorm	574,949	378,162	1,028,516	755,168
Subtotal Windstorm	727,497	501,279	1,140,429	878,427
Flood Insurance	115,730	84,397		
Building Limits				
Building Contents				
Building and Contents			76,260	83,441
Excess Flood		80,012	56,323	56,530
Subtotal Flood	115,730	164,409	132,583	139,971
Inland Marine:	11,132	13,212	5,939	7,418
Voting Machine				
Fine Arts				
Valuable Papers				
Subtotal Inland Marine	11,132	13,212	5,939	7,418
Public Official Employee Liability	33,435	33,435	24,567	31,361
Crime Policy Includes				
Dishonesty	2,783	2,783	2,783	2,783
Money & Securities				
Auto Liability Blanket	113,989	119,122	111,242	115,029
Boiler and Machinery				
Airport Liability	4,455			
Airport Hangar keepers Legal		3,783	2,888	2,837
Other Liability				
Total	1,009,021	838,023	1,420,431	1,177,826

Exhibit 25

Premiums Paid FY 11-12	Premiums Paid FY 12-13	Premiums Paid FY 13-14	Premiums Paid FY 14-15	Premiums Paid FY 15-16	Premiums Paid FY 16-17
136,120	154,343	179,542	179,542	152,646	234,470
858,524	845,948	824,545	747,536	961,438	971,775
994,644	1,000,291	1,004,087	927,078	1,114,084	1,206,245
91,802	86,043	98,677	106,988	101,844	115,829
56,415	61,324	65,228	64,001	63,640	59,728
148,217	147,367	163,905	170,989	165,484	175,557
7,051	7,418	7,785	7,785	7,826	7,474
7,051	7,418	7,785	7,785	7,826	7,474
30,153	32,771	32,771	32,771	35,805	35,175
2,783	4,231	4,397	4,700	5,000	4,700
106,706	87,812	91,902	91,180	118,545	91,561
2,258	2,258	1,734	1,734	3,258	1,734
1,291,812	1,282,148	1,306,581	1,236,237	1,450,002	1,522,446



FEDERAL AND STATE AWARDS PROGRAMS



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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 27, 2018

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, 2017, 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 27, 2018.

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 27, 2018.

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 27, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 27, 2018

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 *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, 2017. 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 the audit requirements of Title 2 U.S. *Code of federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

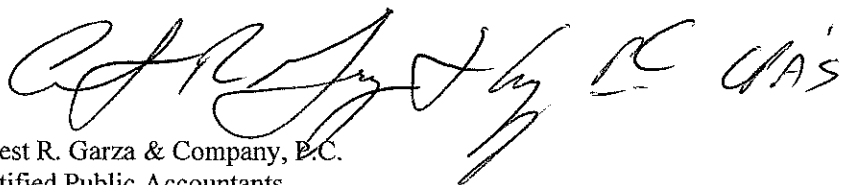
Report on Internal Control Over Compliance

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

March 27, 2018

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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 27, 2018

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, 2017. 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, 2017.

Report on Internal Control over Compliance

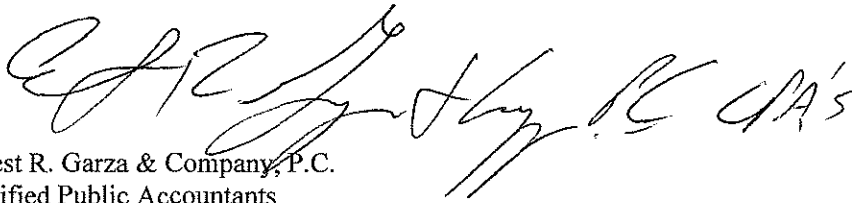
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types 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

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 27, 2018

NUECES COUNTY, TEXAS
 Schedule of Findings and Questioned Costs
 For The Year Ended September 30, 2017

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 the Uniform Guidance and the 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	\$750,000
Low risk auditee statement	The County was classified as a low-risk auditee.
Major federal programs	ACA-Maternal, Infant and Early Childhood Visiting Program #93.505 Homeland Security Grant Program #97.067
Major state program	State Aid - TJJD

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, 2017

None Noted

NUECES COUNTY, TEXAS
Corrective Action Plan
For The Year Ended September 30, 2017

None Required

NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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	\$ 18,782 \$ -
3490-4469	National School Lunch Program	10.555	01216	29,559 -
3492-4469	National School Lunch Program (Food Commodities)	10.555	01216	4,848 -
			<u>53,189</u>	<u>-</u>
TOTAL CLUSTER PROGRAM:				
TOTAL US DEPARTMENT OF AGRICULTURE:			\$ 53,189	\$ -
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass Through: Texas General Land Office				
2710	Community Development Block Grant/Entitlement Grants	14.218	10-5122-000-5103	\$ (10,260) \$ -
Pass Through: Texas Department of Agriculture				
2792	Community Development Block Grant	14.228	7214085	107,816 -
2794	Community Development Block Grant	14.228	7215115	232,374 -
			<u>340,190</u>	<u>-</u>
Total CFDA 14.228				
TOTAL US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			\$ 329,930.30	\$ -
US DEPARTMENT OF THE INTERIOR				
Direct Grant				
1307	Gulf of Mexico Energy Security Act Program	15.435	664025911	\$ 1,279 \$ -
Pass Through: Texas Park and Wildlife Department				
2455	Sport Fish Restoration	15.605	F2260-B	4,544 -
Pass Through: Coastal Bend Bays & Estuaries Program, Inc.				
2786	Coastal Programs	15.630	1628-AF	12,559 -
Direct Grant				
2772-10	Coastal Impact Assistance Program	15.668	F13AF00017	51,810 -
Pass Through: Texas Park and Wildlife Department				
2453	Outdoor Recreation, Acquisition, Development & Planning Grant	15.916	48-001124	(7,039) -
TOTAL US DEPARTMENT OF THE INTERIOR			\$ 63,152	\$ -
US DEPARTMENT OF JUSTICE:				
Pass Through: US Attorney, SW Region				
2237	(OCDETF) State & Local Overtime and Authorized Expense Agreement	16.111	SW-TXS-0955	\$ 17,685 \$ -
Pass Through: Office of the Governor - Criminal Justice Division				
2077	Juvenile Justice and Delinquency Prevention	16.540	2315207	26,535 -
2017	Violence Against Women Formula Grant	16.588	2987402	32,500 -
2047	Edward Byrne Memorial J.A.G. Program	16.738	3103301	20,291 -
Through: City of Corpus Christi				
2396	Edward Byrne Memorial J.A.G. Program	16.738	2014-DJ-BX-0826	8,289 -
2397	Edward Byrne Memorial J.A.G. Program	16.738	2015-DJ-BX-0616	43,242 -
2398	Edward Byrne Memorial J.A.G. Program	16.738	2016-DJ-BX-0829	30,657 -
			<u>102,479</u>	<u>-</u>
TOTAL CFDA 16.738				
TOTAL US DEPARTMENT OF JUSTICE			\$ 179,199	\$ -
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass Through: Texas State Library & Archives Commission				
2158	Grants to States	45.310	478-17018	\$ 50,808 \$ -
2159	Grants to States	45.310	478-18016	1,594 -
			<u>52,402</u>	<u>-</u>
Total CFDA Number 45.310				
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			\$ 52,402	\$ -
US ENVIRONMENTAL PROTECTION AGENCY				
Pass Through: Texas Water Development Board				
2793	Capitalization Grants for Drinking Water-State Revolving Fund	66.468	LF1000340	\$ 122,464 \$ -
Pass Through: Texas General Land Office				
2637	Beach Monitoring & Notification Program Implementation Grants	66.472	16-099-000-9299-01	76,220 -
2638	Beach Monitoring & Notification Program Implementation Grants	66.472	16-099-000-9299-02	11,465 -
			<u>87,685</u>	<u>-</u>
Total CFDA Number 66.472				
TOTAL US ENVIRONMENTAL PROTECTION AGENCY			\$ 210,149	\$ -
US DEPARTMENT OF EDUCATION				
Pass Through: Texas Library and Archives Commission				
2136	Adult Education-Basic Grants to States	84.002A	481-17010	\$ 3,795 \$ -
TOTAL US DEPARTMENT OF EDUCATION			\$ 3,795	\$ -

NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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-Continued				
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, Title III, B	93.044	AA3-0848-11	\$ 19,520 \$ -
4190-4446	Special Programs for the Aging, Title III, Part C1_Nutrition Svcs	93.045	AA3-0848-11	\$ 53,844 \$ -
4190-4447	Special Programs for the Aging, Title III, Part C2_Nutrition Svcs	93.045	AA3-0848-11	\$ 56,421 \$ -
Total Cluster			\$ 129,785	\$ -
Pass Through: Department of State Health Services				
2557	Public Health Emergency Preparedness	93.069	537-18-0349-00001	\$ 62,094 \$ -
2697	Public Health Emergency Preparedness	93.069	2016-001327-03	\$ 180,769 \$ -
2698	Public Health Emergency Preparedness	93.069	537-18-0172-0001	\$ 33,670 \$ -
Total CFDA 93.069			\$ 276,533	\$ -
2656	HPP & PHEP Aligned Cooperative Agreements	93.074	2015-003715-01	\$ 19,957 \$ -
2557	Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	537-18-0349-00001	\$ 3,635 \$ -
Through: Texas Department of Family and Protective Services				
2537	ACA-Maternal, Infant, and Early Childhood Visiting Program	93.505	HCS 529-12-0066-00005E	\$ 579,908 \$ -
Through: Office of the Attorney General				
3530-4363	Child Support Enforcement	93.563	17-C0061	\$ 36,461 \$ -
3530-4365	Child Support Enforcement	93.563	17-C0061	\$ 438 \$ -
3540-4365	Child Support Enforcement	93.563	00-3721,00-082010	\$ 13,019 \$ -
Total CFDA 93.563			\$ 49,918	\$ -
Through: Texas Department of Family and Protective Services				
1317-15	Title IV-E Foster Care	93.658	TJJD-E-2015-178	\$ 9,917 \$ -
1317-16	Title IV-E Foster Care	93.658	TJJD-E-2016-178	\$ 32,677 \$ -
1317-17	Title IV-E Foster Care	93.658	TJJD-E-2017-178	\$ 51,922 \$ -
1130	Title IV-E Foster Care Legal Services	93.658	23940957	\$ 48,328 \$ -
4130	Title IV-E Foster Care Child Welfare Services	93.658	23940956	\$ 27,319 \$ -
Total CFDA 93.658			\$ 170,162	\$ -
Pass Through: Department of Aging and Disability Services				
4190-4450	Social Services Block Grant	93.667	167600	\$ 61,785 \$ -
Pass Through: Department of State Health Services				
2596	HIV Prevention_Health Department Based	93.940	2016-001347-00	\$ 49,518 \$ -
2597	HIV Prevention_Health Department Based	93.940	2016-001347-02	\$ 47,116 \$ -
Total CFDA 93.940			\$ 96,634	\$ -
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 1,388,318	\$ -
EXECUTIVE OFFICE OF THE PRESIDENT				
Pass Through: Office of National Drug Control Policy				
2376	High Intensity Drug Trafficking Area Programs	95.001	G16HN0007A	\$ 68,537 \$ -
2377	High Intensity Drug Trafficking Area Programs	95.001	G17HN0007A	\$ 4,766 \$ -
Total CFDA 95.001			\$ 73,303	\$ -
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			\$ 73,303	\$ -
US DEPARTMENT OF HOMELAND SECURITY				
Pass Through: United Way				
1350	Emergency Food and Shelter National Board Program	97.024	33-8284-00-010	\$ 24,355 \$ -
Pass Through Department of Public Safety				
2465	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW01536	\$ 4,125 \$ -
2472	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW1820	\$ 13,043 \$ -
Total CFDA 97.036			\$ 17,168	\$ -
2468	Hazard Mitigation Grant Program	97.039	HMGP DR-4223-0008	\$ 60,376 \$ -
5105	Emergency Management Performance Grant	97.042	17TX-EMPG-578	\$ 34,072 \$ -
Pass Through Texas Office of the Governor-HSGD				
2245	Homeland Security Grant Program	97.067	2966901	\$ 64,500 \$ -
2415	Homeland Security Grant Program	97.067	3173501	\$ 297,072 \$ 21,781
Total CFDA 97.067			\$ 361,572	\$ 21,781
TOTAL US DEPARTMENT OF HOMELAND SECURITY			\$ 497,544	\$ 21,781
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,850,982	\$ 21,781

NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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 DEPARTMENT OF AGRICULTURE				
Direct Grant				
4190-4450		N/a	HDM-17-1839	34,602
				-
TOTAL TEXAS DEPARTMENT OF AGRICULTURE			\$ 34,602	\$ -
TEXAS DEPARTMENT OF STATE HEALTH SERVICES				
Direct Grant				
2617		N/a	2016-001419-00	38,616
2618		N/a	537-18-0368-00001	3,674
				-
TOTAL DEPARTMENT OF STATE HEALTH SERVICES			\$ 42,290	\$ -
TEXAS DEPARTMENT OF TRANSPORTATION				
Direct Grant				
2117		N/a	MI716ROBS	20,063
2118		N/a	MI816ROBS	379
2704		N/a	CTIF-01-178	667,237
				-
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			\$ 687,679	\$ -
TEXAS INDIGENT DEFENSE COMMISSION				
Direct Grant				
3300		N/a	221-17-178	428,002
				-
TOTAL TEXAS INDIGENT DEFENSE COMMISSION			\$ 428,002	\$ -
TEXAS JUVENILE JUSTICE DEPARTMENT				
Direct Grants				
2827		N/a	TJJD-A-2017-178	2,222,401
2828		N/a	TJJD-A-2018-178	150,829
2837		N/a	TJJD-M-2017-178	31,940
2847		N/a	TJJD-P-2017-178	28,856
2848		N/a	TJJD-P-2018-178	5,357
2857		N/a	TJJD-R-2017-178	53,136
2858		N/a	TJJD-R-2018-178	29,340
2867		N/a	TJJD-W-2017-178	4,638
				-
TOTAL TEXAS JUVENILE JUSTICE DEPARTMENT			\$ 2,526,497	\$ -
TEXAS OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION				
Direct Grant				
2437		N/a	3050501	25,962
				-
TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION			\$ 25,962	\$ -
TEXAS VETERANS COMMISSION				
Direct Grant				
2177		N/a	FVA_16B_0339	81,122
2178		N/a	FVA_17_0428	37,617
				-
TOTAL TEXAS VETERANS COMMISSION:			\$ 118,739	\$ -
TOTAL EXPENDITURES OF STATE AWARDS			\$ 3,863,772	\$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS:			\$ 6,714,754	\$ 21,781

NUECES COUNTY, TEXAS

Notes to Schedule of State/Federal Awards

For the year ended September 30, 2017

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. Basic Financial Statements

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

<u>Special Revenue Funds</u>			<u>Federal</u>	<u>State</u>	<u>Total</u>	
			\$ 2,446,586	\$ 3,401,167	\$ 5,847,753	
(13)	\$ 120,149	(13)	\$			
(20)	2,326,437	(20)		874,670		
		(28)		<u>2,526,497</u>		
Federal \$	<u>2,446,586</u>	State \$		<u>3,401,167</u>		
		General Fund	(11)	399,548	462,604	862,152
		Commodities	(11)	<u>4,848</u>	<u>-0-</u>	<u>4,848</u>
		TOTAL		<u>\$ 2,850,982</u>	<u>\$ 3,863,771</u>	<u>\$ 6,714,753</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. The schedule of expenditures of federal/state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

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, 2017. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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901 Leopard St., Rm. 304
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(361) 888-0556 Phone
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