

NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2018



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

County Commissioners
Carolyn Vaughn, 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
Tyner Little, III

Director of Public Works
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NUECES COUNTY, TEXAS
Comprehensive Annual Financial Report
Year Ended 2018
Table of Contents

INTRODUCTORY SECTION

County Auditor’s Letter of Transmittal	1
GFOA Certificate of Achievement	6
Nueces County Organizational Chart	7
List of Elected and Appointed Officials	8

FINANCIAL SECTION

Independent Auditor’s Report	11
Management’s Discussion and Analysis	15
Basic Financial Statements	
Statement of Net Position	35
Statement of Activities	36
Balance Sheet – Governmental Funds	38
Statement of Revenues, Expenditures, and Changes in Fund balances – Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	42
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	43
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – U. S. Marshal Contract	47
Statement of Net Position – Proprietary Funds	48
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	49
Statement of Cash Flow – Proprietary Funds	50
Statement of Fiduciary Net Position – Agency Funds	51
Notes to the Financial Statements	53
Required Supplemental Information	
Texas County and District Retirement System – Schedule of Contributions	84
Texas County and District Retirement System – Schedule of Changes in Net Pension Liability and Related Ratios	86
Notes to Schedule of Contributions	88

SUPPLEMENTAL INFORMATION

Non-major Governmental Funds	
Combining Balance Sheet – Non-major Governmental Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	95
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	
Road Fund	101
Stadium and Fairgrounds Fund	102
Law Library Fund	103
Airport Fund	104
Inland Parks Fund	105
Coastal Parks Fund	106
Special Revenue Fund	107
Debt Service Fund	109
Internal Service Funds	
Combining Statement of Net Position – Internal Service Fund	110
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund	111
Combining Statement of Cash Flows – Internal Service Fund	112
Fiduciary Funds	
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	113
Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	114
Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds Detail	115

STATISTICAL SECTION

EXHIBIT

1 Net Position by Component – Last Ten Fiscal Years 118

2 Changes in Net Position – Last Ten Fiscal Years 120

3 Fund Balances, Governmental Funds – Last Ten Fiscal Years 122

4 Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years 124

5 Assessed and Taxable Valuations – Last Ten Fiscal Years 126

6 Property Tax Levies – Direct and Overlapping Governments – Last Ten Fiscal Years 128

7 Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years 130

8 Principal Taxpayers – Current Year and Nine Years Ago 133

9 Tax Levies – Last Ten Fiscal Years 134

10 Property Tax Levies and Collections – General Fund and Debt Service 136

11 Property Tax Levies and Collections – Farm to Market 138

12 Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures 140

13 Ratio of Gross Bonded Debt Outstanding including Capital Leases 142

14 Computation of Direct and Overlapping Debt 145

15 Legal Debt Margin Information Bonds and Certificate of Obligations Issued Under Texas General Laws – Last Ten Fiscal Years 146

16 Pledged Revenue Coverage – Last Ten Fiscal Years..... 148

17 Miscellaneous Statistical Data – Last Ten Fiscal Years..... 150

18 Principal Employers – Current Year and Nine Years Ago..... 153

19 Construction and Commercial permits Valuations – Last Ten Fiscal Years..... 154

20 Housing and Motor Vehicle Sales Volume – Last Ten Fiscal Years..... 156

21 Full-Time Equivalent County Employees by Function – Last Ten Fiscal Years..... 158

22 Operating Indicators by Function/Program – Last Ten Fiscal Years..... 160

23 Capital Asset Statistics by Function – Last Ten Fiscal Years 162

24 Salaries and Surety Bonds of Elected Officials 165

25 Summary of Insurance Coverage 166

FEDERAL AND STATE AWARDS

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 *Governmental Auditing Standards* 171

Independent Auditor’s Report on Compliance for each Major Federal and State Program and Report on Internal Control over Compliance in Accordance *Uniform* Guidance and the State of Texas *Uniform Grant Management Standards* 173

Schedule of Findings and Questioned Costs 175

Schedule of Prior Audit Findings 177

Corrective Action Plan 176

Schedule of Expenditures of Federal, and State Awards 178

Notes to Schedule and State Award Program 181



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LISA DAVIS
BUDGET ACCOUNTANT

JULIAN MENDOZA
EXECUTIVE ACCOUNTANT

PHONE: (361) 88-0556 • FAX: (361) 888-0584

March 29, 2019

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, 2018, 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.

Pattillo, Brown & Hill, LLP 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, 2018, 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, 2018 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 Intercostal 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 43 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 fifteenth 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 952 permits issued in 2018. The value for new residential went from \$98.6 million in 2010 to \$165.7 million in 2018. The number of new commercial permits went from 190 permits issued in 2010 to 138 permits issued in 2018 with a value increase from \$118.9 million in 2010 to \$292.9 million in 2018. Employment in the region showed a slight increase. There were 3,991 more

jobs in the Corpus Christi area. September 2018 the unemployment rate in the region is 4.8% versus the State of Texas at 3.7% and the nation at 4.04%.

Future Economic Developments

The County experienced a natural disaster on August 25, 2017, resulting from Hurricane Harvey. All financial activity related to Hurricane Harvey is recorded in the Disaster Recovery department under the Special Revenue Fund. The Disaster Recovery department is used to account for disaster related expenditures, insurance proceeds, and Federal Emergency Management Agency (FEMA) grant distributions as well as other grants that are available. The County continues to evaluate the hurricane's effects and anticipates submitting reimbursement request to FEMA.

Hurricane Harvey resulted in the County incurring expenses over \$1.3 million for the year ended September 30, 2018. Capital repairs are expected to cost approximately \$1.4 million. The County will be seeking reimbursement from FEMA and Insurance.

The County received \$266,662 from FEMA, and \$1.2 million from Insurance during fiscal 2018. Also, the County received \$300,000 from Rebuild Texas Fund to restructure the I.B Magee Beach Park's pump station and the Horace Caldwell Fishing Pier. Total projects cost under FEMA review are \$709,856 and total cost for projects in process approximately \$396,986.

Repairs and assessments regarding County's capital assets are ongoing by County's and FEMA engineers. Potentially, impairment calculations will be performed and recorded. As the FEMA projects are obligated in subsequent years, the advances and addition inflows will be recognized as revenue as eligible expenditures are incurred.

The County authorized Balance Companies to review Nueces County's Hurricane Harvey Windstorm Claim. In addition to known damages, Balance Companies will review all county properties for unknown Hurricane Harvey related damages which had not been previously identified.

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

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 2017/2018 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 2017/2018 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 2017/2018 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, 2017. 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-five years (fiscal years ended 1993 through 2017). 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, 2019.

Additionally, Nueces County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2017 fiscal year beginning October 1, 2016. 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,
NUECES COUNTY AUDITOR



Dale Atchley, CPA



Government Finance Officers Association

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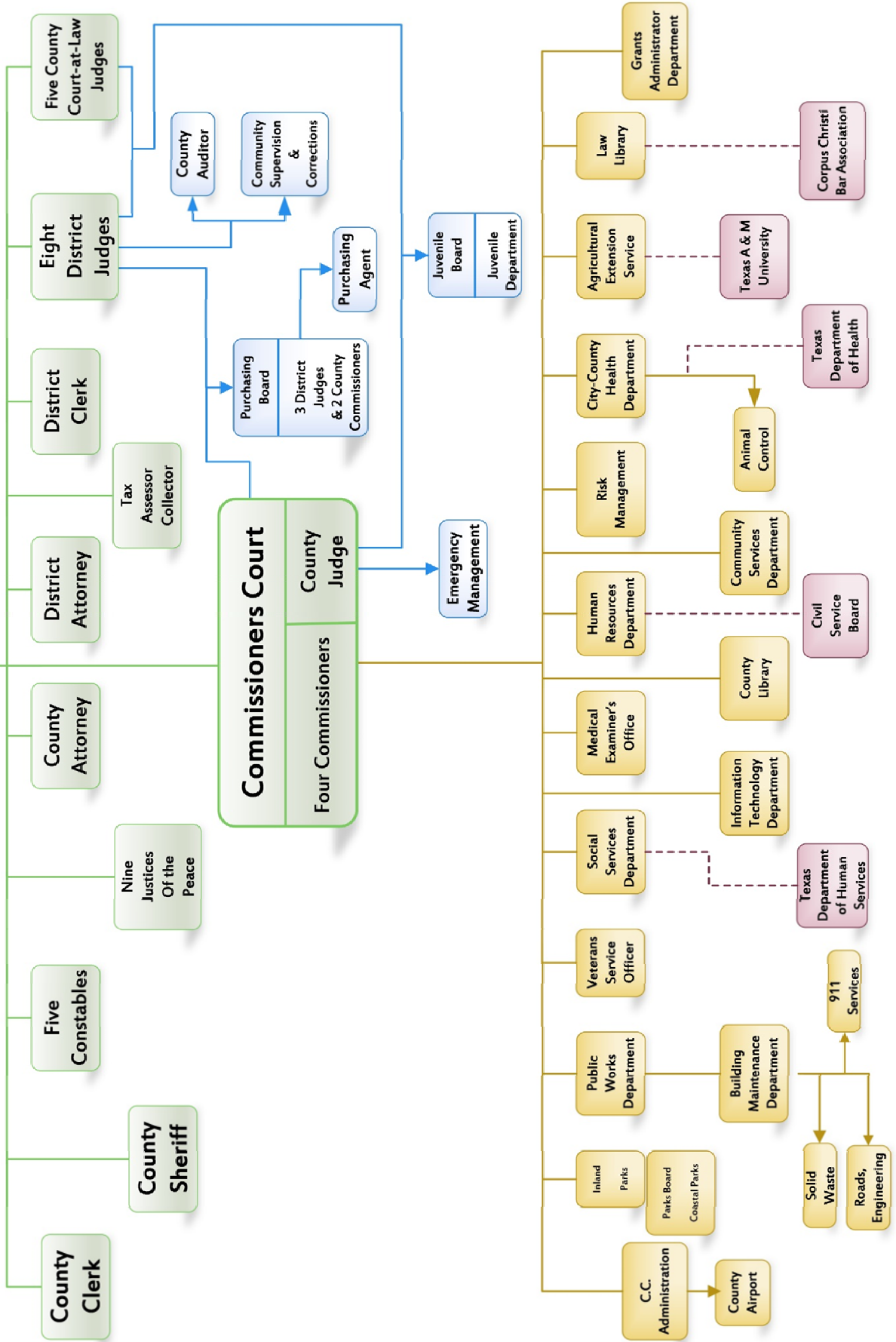
Nueces County Texas

for its Comprehensive Annual Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill
Executive Director/CEO

Citizens of Nueces County



Nueces County, Texas

List of Principal Officials

Elected Officials		Appointed Officials & Dept. Directors	
Samuel L. Neal, Jr.	County Judge	Ida G, Garza	County Librarian
Carolyn Vaughn	County Commissioner Pct. 1	Norma Alicia Davila	County Extension Agent
Joe A. Gonzalez	County Commissioner Pct. 2	Lance Murphy	Chief Information Officer
John Marez	County Commissioner Pct. 3	Jason Ott	County Extension Agent
Brent Chesney	County Commissioner Pct. 4	Timothy Everest	Risk Manager
Laura A. Jimenez	County Attorney	Martin Longoria	Veteran's Service Officer
Kara Sands	County Clerk	Ray Fernandez	Medical Examiner
Kevin Kieschnick	Tax Assessor-Collector	Abraham Gonzales, Jr.	Director of Law Library
Robert J. Vargas	County Court at Law 1	Julie Guerra	Director of Human Services
Lisa Gonzales	County Court at Law 2	Dale Atchley, CPA	County Auditor
Deeanne Galvan	County Court at Law 3	Edward Herrera	Director of Community Services & Inland Parks
Mark Woerner	County Court at Law 4	Roxanna Sandoval	Grants Administrator
Timothy McCoy	County Court at Law 5	Marilee Roberts	Court Administrator
Nanette Hasette	28th District Court	Rebecca Rach	Director of Social Services
Bobby Galvan	94th District Court	Scott Cross	Director of Coastal Parks
Jack Pulcher	105th District Court	Annette Rodriguez	Director of Public Health
Sandra Watts	117th District Court	Elsa Saenz	Purchasing Agent
Guy Williams	148th District Court	Juan Pimentel	County Road Engineer
Inna Klein	214th District Court	Rebecca G. Flanigan	Legal Advisor, Director
David Stith	319th District Court	Homer Flores	Chief Juvenile Probation Officer
Missy Medary	347th District Court	Kristen Talamantez, CPA	Director of Commissioners Court
Mark Gonzales	District Attorney	Christopher A. Boyce	Emergency Management
Anne E. Lorentzen	District Clerk		
Joe Benavides	Justice of the Peace 1-1		
Henry A. Santana	Justice of the Peace 1-2		
The Late 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		

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
Commissioners' Court
Nueces County, Texas

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely component unit, each major fund, and the aggregate remaining fund information of Nueces County, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Nueces County, Texas' 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.

Auditors' 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 \$90,178,131 and revenues were \$128,867,606. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Nueces County Hospital District, is based solely on the report 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.

OFFICE LOCATIONS

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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 entity'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 entity'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 unit, each major fund, and the aggregate remaining fund information of Nueces County, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance 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 and pension and information be presented to supplement the basic financial statements. Such information, although not a 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 about 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 nonmajor fund financial statements and schedules, statistical section and the schedule of expenditures of federal and state awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and 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 basic 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 nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements 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 29, 2019, on our consideration of the Nueces County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nueces County, Texas' 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 Nueces County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 29, 2019



Nueces County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Nueces County, Texas (County), offers readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2018. 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 1 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

- The County's government-wide total assets and deferred outflows (excluding component units) at fiscal year-end exceeded its liabilities and deferred inflows of resources by \$98,119,226. Net position increased by \$3,353,734 or 3.54% compared to the prior year.
- The County's governmental funds in contrast to the government-wide statements reports a combined ending fund balance of \$71,133,095; an increase of \$2,605,182 in comparison with the prior year.
- The general fund total fund balance of \$18,974,819 reflects an increase of \$2,463,931 from the previous year. The total remaining in unassigned is \$0 after adjusting for amounts for prepaid items and inventories (non-spendable) and the minimum general fund reserve of fund balance (committed).
- The County's general obligation debt increased by \$7,900,000 due to the third 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 \$4,900,000 due to a new bond issuance. The balance of general obligation debt at year end is \$121,507,095. The debt service fund balance is \$1,866,868 or 17.73% 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 35-37 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 38-47 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 48-50 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 51 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 53 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 84-88 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 89-116 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position as stated earlier. The County’s assets plus the deferred outflows of resources exceeded liabilities plus deferred inflows of resources at the close of the fiscal year by \$98,119,226 and are summarized below along with comparative data from the previous year.

	Governmental Activities	
	Fiscal Year 17/18	Fiscal Year 16/17
Current and other Assets	\$116,202,004	\$99,248,934
Capital Assets(net of depreciation)	<u>172,630,258</u>	<u>177,071,114</u>
Total Assets	288,832,262	276,320,048
Loss on refunding debt	2,186,285	2,799,306
Deferred pension	<u>7,450,533</u>	<u>24,667,447</u>
Total deferred outflow of resources	9,636,818	27,466,753
Current and other liabilities	35,316,056	26,654,171
Long term liabilities	<u>158,128,576</u>	<u>179,437,645</u>
Total liabilities	193,444,632	206,091,816
Deferred pensions	<u>6,905,222</u>	<u>2,926,292</u>
Total deferred inflows of resources	6,905,222	2,926,292
Net Position		
Invested in capital assets	49,851,006	67,620,641
Restricted	12,736,143	14,904,500
Unrestricted	<u>35,532,077</u>	<u>12,240,351</u>
Total net position- restated	\$98,119,226	\$94,765,492

Current and other assets increased by \$16,953,070 or 17.08%. For governmental activities, there was an increase of \$12,310,672 million in cash and cash equivalents, largely due to the improved cash position of the County's general fund and the U.S. Marshal Contract Fund. In addition, receivables were higher by \$5,544,735 million due to housing and care services under the U.S. Marshals Inter-Governmental Services Agreement.

Capital assets (net of depreciation) decreased by \$(4,440,856) or -2.51%. For 2018, fixed assets additions were \$7,643,216, offset by accumulated depreciation of \$(11,887,079) and net loss on disposal of capital asset of \$(196,993).

Deferred outflows of resources decreased by \$(17,829,935) attributable to pension related deferrals in fiscal year 2018 including an additional \$269,364 in employer contributions made subsequent to measurement date, offset with \$(1,307,542) in changes of assumptions or other inputs, and \$(16,178,736) in the net difference between projected and actual earnings on pension plan investments. The decrease also includes \$(611,421) of amortization from the loss on refunding of debt.

Current and other liabilities increased by \$8,661,885 or 32.50%. The largest component of this increase is \$4,440,426 million in accounts payable attributable to accrued expenses. In addition, housing and care services under the U.S. Marshals Inter-Governmental Services Agreement were higher by \$3,222,331 million. Liabilities were also higher due to an increase in accrued compensated absences. Long-term liabilities decreased by \$(21,309,069) or -11.88% compared to the prior year.

The total pension related deferred inflows increased by \$3,978,930 from the prior year. These amounts vary year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 68. Pension matters are discussed in more detail in Note V.C in the notes to the financial statements.

The largest portion of the County's net position 50.81% 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.

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 \$12,736,143 and comprised 12.98% 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 \$35,532,077 and may be used to meet any county obligations. The County is able to report positive balances in all three categories of net position at the end of the current fiscal year.

Governmental activities. Governmental activities increased the County's net position. Total revenues increased by \$21,178,489 and total expenses increased by \$2,857,454 in comparison to the prior year. The change in net position for this current fiscal year was a net increase of \$3,353,734 making the ending balance of net position equal to \$98,119,226. Key elements of this increase are discussed below.

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

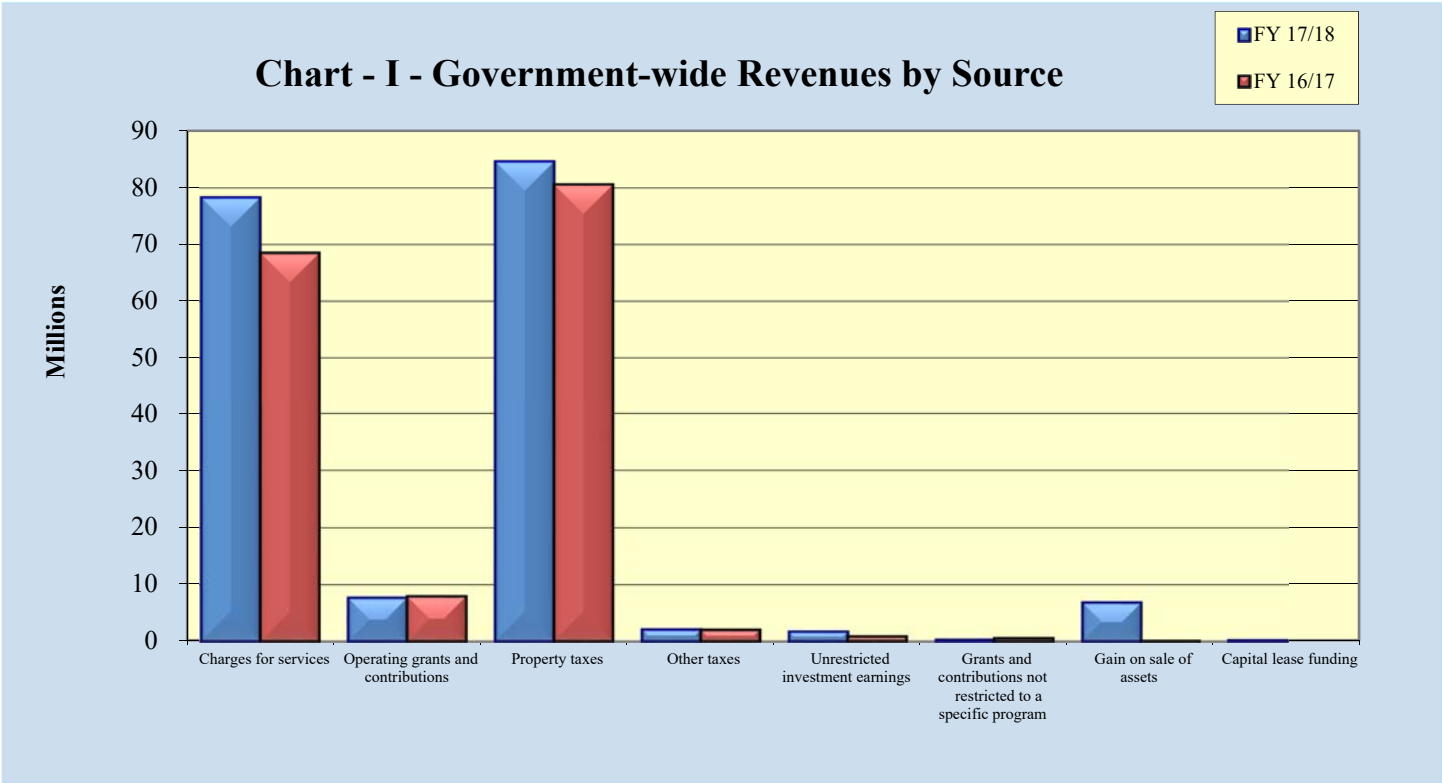
**Changes in Net Position
Governmental Activities**

	FY 17/18	Percent of Total	FY 16/17	Percent of Total	Difference	Percent of Change
Revenues:						
Program revenues:						
Charges for services	\$78,264,908	43.10%	\$68,469,622	42.68%	\$9,795,286	14.31%
Operating grants and contributions	7,673,123	4.23%	7,916,730	4.93%	(243,607)	-3.08%
General Revenues:						
Property taxes	84,620,635	46.60%	80,556,818	50.21%	4,063,817	5.04%
Other taxes	2,062,224	1.14%	2,003,689	1.25%	58,535	2.92%
Unrestricted Investment earnings	1,700,294	0.94%	858,835	0.54%	841,459	97.98%
Grants and contributions not restricted to a specific programs	266,769	0.15%	548,501	0.34%	(281,732)	-51.36%
		3.76%		0.04%		9378.14
Gain on sale of assets	6,836,105		72,125		6,763,980	%
Miscellaneous	180,750	0.10%	-	0.00%	180,750	0.00%
Total revenues	<u>181,604,809</u>	100.00%	<u>160,426,320</u>	100.00%	<u>21,178,489</u>	13.20%
Expenses:						
General government:						
Buildings and facilities	11,922,706	6.69%	12,897,821	7.35%	(975,115)	-7.56%
Administration of justice	26,594,159	14.92%	26,518,868	15.12%	75,291	0.28%
Law enforcement and corrections						
	80,936,655	45.41%	73,365,188	41.83%	7,571,467	10.32%
Social services	3,150,333	1.77%	3,201,250	1.83%	(50,917)	-1.59%
Health, safety and sanitation	2,660,831	1.49%	3,113,686	1.78%	(452,855)	-14.54%
Agriculture, education and consumer sciences						
	1,077,140	0.60%	1,105,893	0.63%	(28,753)	-2.60%
Roads, bridges and transportation	14,251,978	8.00%	15,065,571	8.59%	(813,593)	-5.40%
Parks and recreation	7,110,027	3.99%	7,893,713	4.50%	(783,686)	-9.93%
Interest on long-term debt	5,262,356	2.95%	5,204,680	2.97%	57,676	1.11%
Total Expenses	<u>178,251,075</u>	100.00%	<u>175,393,621</u>	100.00%	<u>2,857,454</u>	1.63%
Increase (Decrease) in net position	3,353,734		(14,967,301)		18,321,035	122.41%
Net position - beginning restated	94,765,492		109,734,393		(14,968,901)	-13.64%
Net position - ending restated	<u>\$98,119,226</u>		<u>\$94,765,492</u>		<u>\$3,353,734</u>	3.54%

REVENUES - Total revenues increased by \$21,178,489 as shown in the table above. Property taxes increased by \$4,063,817, due to adopting a tax rate above the effective tax rate, and an increase in the property valuation.

Gain on the sale of assets increased by \$6,763,980. Operating grants and contributions decreased by \$(243,607) which is mainly due to a decrease in grant funding. Other taxes reflect an increase of \$58,535. Grants and contributions not restricted to specific programs decreased by \$(281,732).

Investment earnings were \$841,459 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, 46.60% of total revenues come from property taxes. The second largest revenue source, 43.10% 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 4.23% 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 2017.

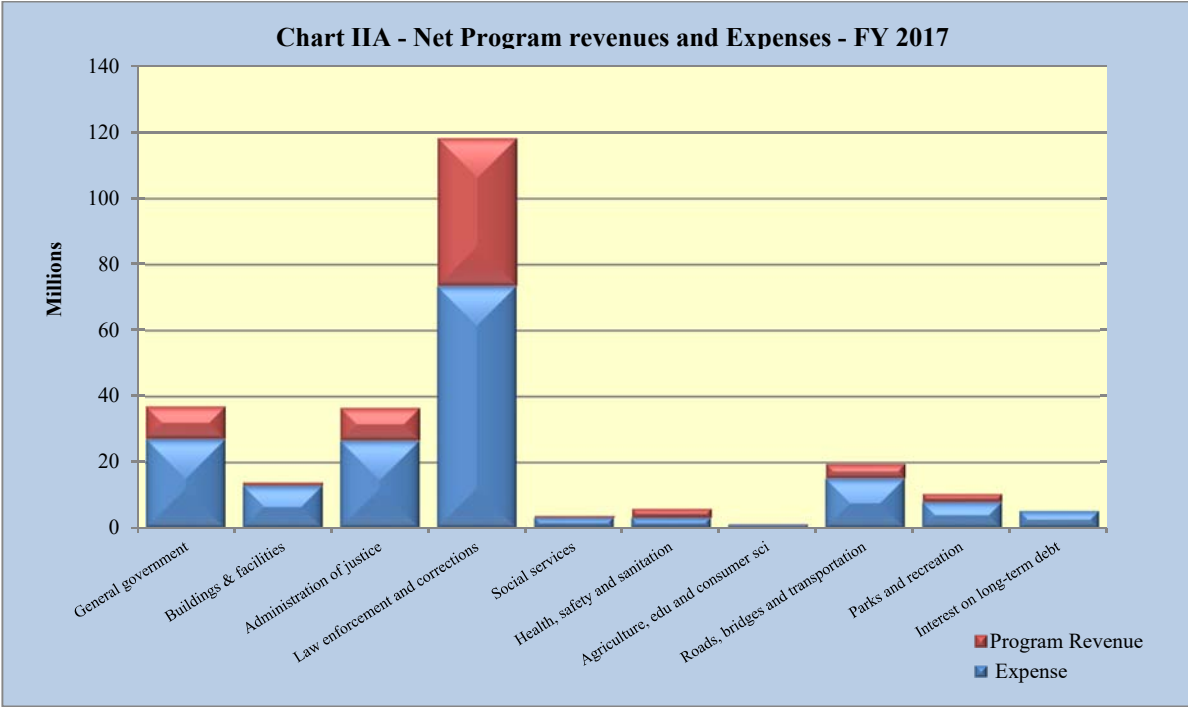
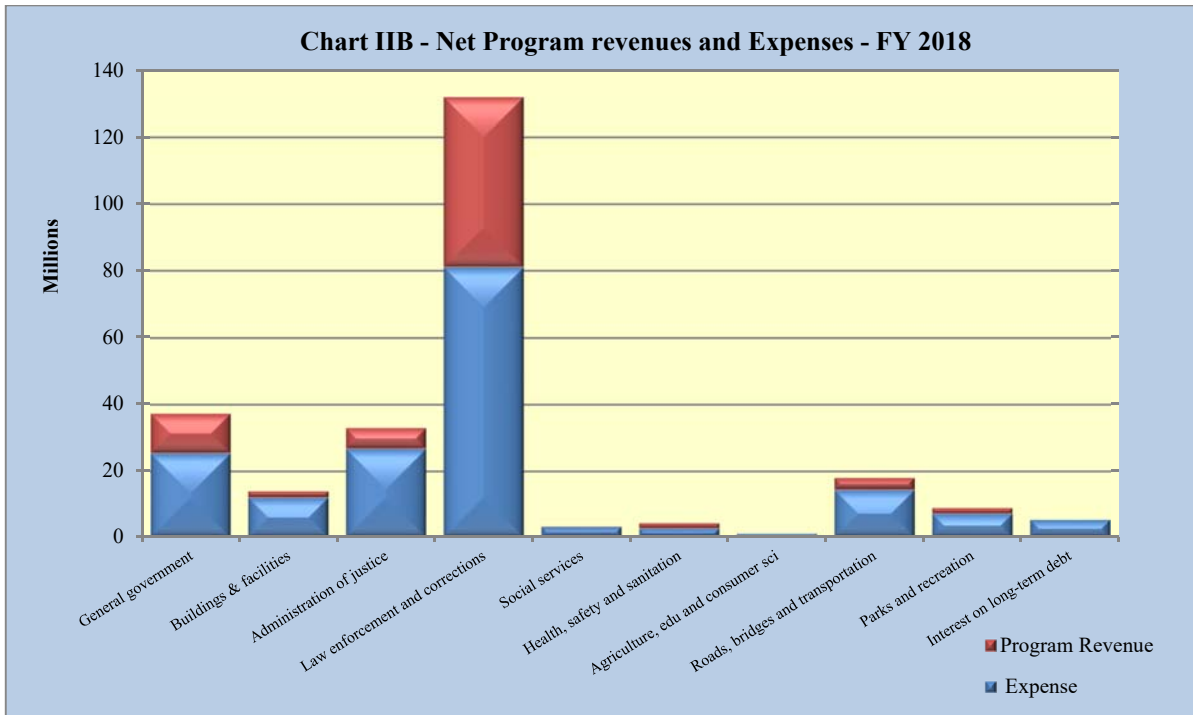


Chart IIB compares the net of program revenues and expenses for fiscal year 2018. In comparing Chart IIA and Chart IIB, they appear to remain very similar.



EXPENSES - Expenses increased by \$2,857,454 or 1.63%. The largest increases in expenses were in law enforcement and administration of justice. The increases in law enforcement and administration of justice were due to increases in personnel expenses for each function.

Program revenues in Chart IIB 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. No excess program revenues are noted in any governmental activity. All governmental activities rely on property tax revenue to maintain services.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as noted earlier. Fund accounting and budget controls are the framework of the County’s fiscal management system and for recording accountability. On September 7, 2018 Standard & Poor’s and Moody’s issued their rating to the County. Standard & Poor’s lowered their credit rating on the County’s outstanding bonds to “AA”. The lower rating incorporates their revised view of the Corpus Christi metropolitan statistical area (MSA), which is no longer considered broad and diverse. Moody’s lowered their credit rating on the County’s outstanding bonds to “Aa2 Negative”. The negative outlook reflects the County’s narrowed operating reserve position that is not expected to improve until at least fiscal 2019.

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.

The County’s governmental funds reported combined ending fund balances of \$71,133,095 at of the end of the current fiscal year, an increase by \$2,605,182 in comparison with the prior year. Ending balances of governmental funds increased by \$442,939 excluding capital projects fund. This decrease is the result of an increase in operating expenditures attributed mostly to repairs and maintenance, and personnel costs.

The general fund is the chief operating fund of the County. The total general fund balance at the end of the current fiscal year was \$18,974,819. The total fund balance increased by \$2,463,931 compared to the previous year. The total fund balance represents 21% of the sum of total general fund budgeted and transfer in revenues. The Commissioners court adopted a resolution and order on September 13, 2017, establishing the financial guidelines for the minimum general fund reserve of 25% of general fund 2017-2018 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, 2018, was expected to be \$22,280,829. However, the actual ending general fund balance was \$18,974,819. 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 the total fund balance toward the general fund expenditures and transfers out approximates 3.03 months of operating expenditures.

The debt service fund was voluntarily included as a major fund and closed with a ending fund balance of \$1,866,868 which resulted in a net decrease of \$(1,406,159) as compared to prior year. Debt service payments and transfers out totaled \$14,190,514 and revenues and transfers in totaled \$12,784,355. The debt service tax rate of 0.044276 appears correct for practical purposes when comparing the revenues to debt service requirements. The ending fund balance in the debt service fund at year end will be applied to future debt payments.

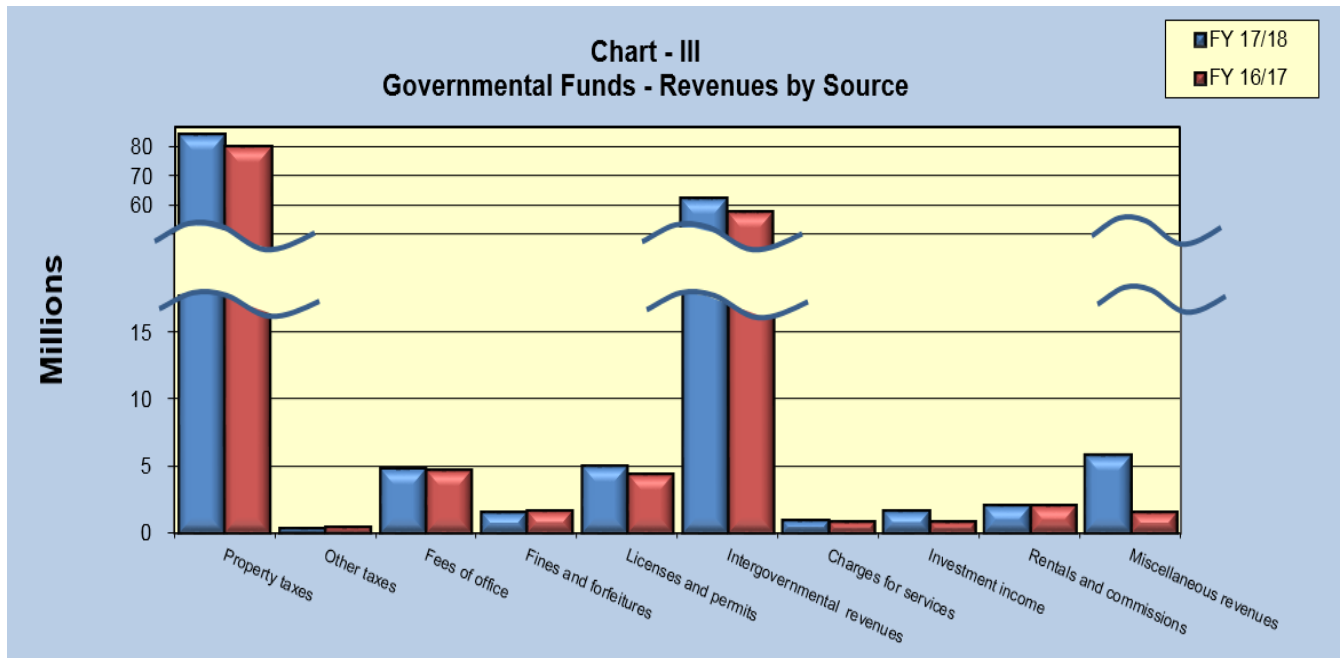
The U.S. Marshal Contract fund is considered a major fund consistent with previous years, because the liabilities revenues and expenditures each exceeded 10% of total liabilities of all governmental funds. This special revenue fund accounts for the federal inmates that the County houses under a contract with the U.S. Marshal Service. However, the County sub-contracts with a private prison for placing the federal inmates instead of housing the inmates in the county jail. 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, 2018, 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 \$(3,055,658). There was a net decrease in fund balance of \$(3,290,200) at the end of the fiscal year. Note D.8 in the notes to the financial statements contains additional information regarding fund balance matters.

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 \$33,933,200, which is a net increase of \$2,162,243 when compared to prior fiscal year. The increase in fund balance as of year ended September 30, 2018 is the result of the third of four \$3,000,000 principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Construction Project. The County paid the funds directly to the Texas Department of Transportation in accordance with the agreement as soon as the funds were distributed to the County. 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*. The County issued \$4,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2017 on November 15, 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.

The County issued a resolution on August 16, 2017 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. The County purchased \$3,671,344 in elections equipment During September 2017, 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.

Other governmental funds have a total combined fund balance of \$19,413,861. The road and bridge fund is included within this category, as well as the other funds restricted to specific purposes. The total combined other governmental fund balance increased by \$2,675,367.

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

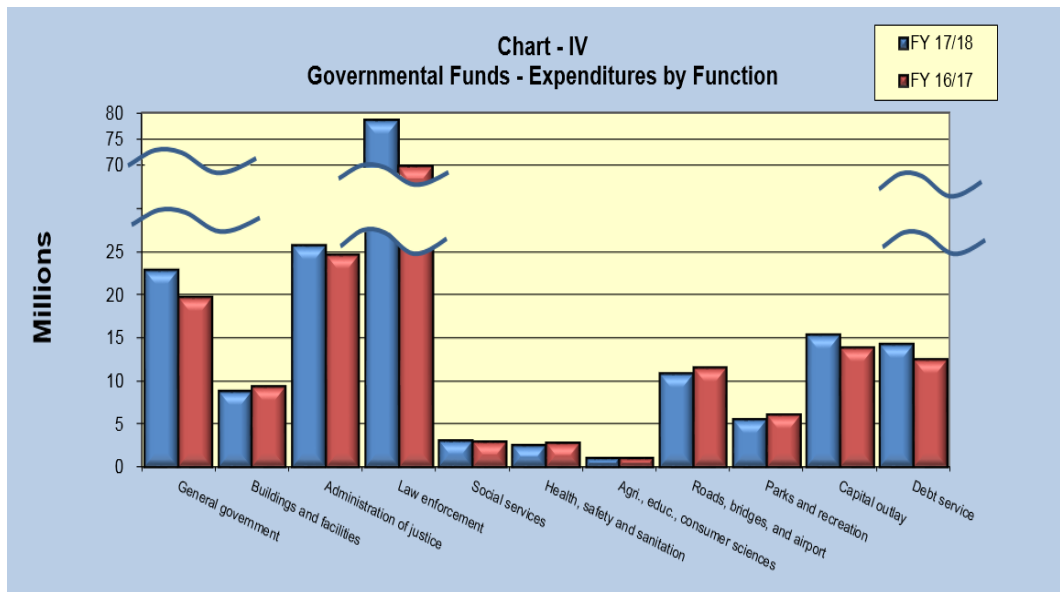
	FY 17/18	Percent of Total	FY 16/17	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$84,054,361	43.14%	\$80,173,689	41.96%	\$3,880,673	4.84%
Other taxes	337,188	0.17%	420,187	0.22%	(82,999)	-19.75%
Fees of office	4,768,777	2.45%	4,746,222	2.48%	22,555	0.48%
Fines and forfeitures	1,527,410	0.78%	1,629,929	0.85%	(102,519)	-6.29%
Licenses and permits	5,042,315	2.59%	4,419,439	2.31%	622,876	14.09%
Intergovernmental revenues	61,945,418	31.79%	57,369,864	30.03%	4,575,554	7.98%
Charges for services	910,699	0.47%	899,685	0.47%	11,014	1.22%
Investment income	1,635,709	0.84%	836,342	0.44%	799,367	95.58%
Rentals and commissions	2,114,329	1.09%	2,122,484	1.11%	(8,155)	-0.38%
Miscellaneous revenues	5,818,372	2.99%	1,596,045	0.84%	4,222,327	264.55%
Total revenues	168,154,578	86.30%	154,213,885	80.71%	13,940,693	9.04%
Other Financing Sources						
Sale of Assets	6,836,105	3.51%	72,125	0.04%	6,763,981	9378.16%
Transfers in	11,603,033	5.96%	13,494,218	7.06%	(1,891,185)	-14.01%
Capital lease funding	112,471	0.06%	17,835	0.01%	94,636	0.00%
Issuance of debt	7,900,000	4.05%	20,920,000	10.95%	(13,020,000)	-62.24%
Premium(discount) on sale of bonds	236,718	0.12%	2,347,546	1.23%	(2,110,828)	0.00%
Total revenues & other financing sources	\$194,842,905	100.00%	\$191,065,609	100.00%	\$3,777,296	1.98%

Some observations on the revenues are as follows:

- The increase in property tax revenues of \$3,880,673 an increase of 4.84%, is attributed to an increase in the net taxable value and adopting a tax rate above the effective rate.
- The decrease of \$(102,519) in fines and forfeitures is mainly attributable to both a \$(160,106) or (41.7%) decrease in County Clerk collections and a \$(75,184) decrease in the Sheriff federal awarded program. County Clerk collections are down, in part, due to the significant focus of resources on a software conversion.
- The increase of \$622,876 in licenses and permits is due to a rate increase in the processing fees collected for online motor vehicle registrations, and the increase in the road and bridge - \$10 optional fee and the motor vehicle registration commission.
- The increase of \$4,575,554 in intergovernmental revenues is the result of additional revenues collected under the U.S. Marshal Service contract.
- The increase in investment income, \$799,367 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 increase of \$4,222,327 in miscellaneous revenues is due the reimbursement 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.
- The \$(1,891,185) decrease in transfers in is due to the prior years transferring of the remaining fund balance of a debt issuance that is no longer outstanding to two currently outstanding debt issuances that was not needed in the current year.
- Issuance of debt and the premium on sale of bonds increased by \$7,900,000 and \$236,718, respectively, due to the third of four \$3,000,000 principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Construction Project and a \$4,900,000 issuance of Certificates of Obligation, Series 2017 including a \$236,718 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 table on the next page 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 and U.S. Marshal Contract Fund.

Governmental Funds – Expenditures By Function

	FY 17/18	Percent of Total	FY 16/17	Percent of Total	Increase (Decrease)	Percent of Change
General government	\$22,877,798	11.90%	\$19,722,815	10.52%	\$3,154,983	16.00%
Buildings and facilities	8,774,254	4.56%	9,366,169	5.00%	(591,915)	-6.32%
Administration of justice	25,647,536	13.34%	24,587,527	13.12%	1,060,009	4.31%
Law enforcement	78,673,348	40.93%	69,651,851	37.16%	9,021,497	12.95%
Social services	3,040,522	1.58%	2,976,398	1.59%	64,124	2.15%
Health, safety and sanitation	2,457,582	1.28%	2,777,533	1.48%	(319,951)	-11.52%
Agri., educ., consumer sciences	1,003,451	0.52%	982,544	0.52%	20,907	2.13%
Roads, bridges, and airport	10,875,995	5.66%	11,507,676	6.14%	(631,681)	-5.49%
Parks and recreation	5,450,472	2.84%	6,036,814	3.22%	(586,342)	-9.71%
Capital outlay	7,643,216	3.98%	13,832,255	7.38%	(6,189,039)	-44.74%
Debt service	<u>14,190,514</u>	<u>7.38%</u>	<u>12,522,275</u>	<u>6.68%</u>	<u>1,668,239</u>	<u>13.32%</u>
Total expenditures	180,634,690	93.96%	173,963,856	92.80%	6,670,834	3.83%
Other financing uses						
Transfers out	11,603,033	6.04%	13,494,217	7.20%	(1,891,184)	-14.01%
Refunding escrow payments	-	0.00%	-	0.00%	-	0.00%
Total expenditures and transfers out	<u>\$192,237,723</u>	<u>100.00%</u>	<u>\$187,458,073</u>	<u>100.00%</u>	<u>\$4,779,650</u>	<u>2.55%</u>

Total expenditures increased by \$6,670,834 or by 3.83% compared to the prior year. The largest increases were from law enforcement, general government and administration of justice. Law enforcement increased by \$9,021,497 or 12.95% due to the additional expenditures under the U.S. Marshal Service contract.

General government increased by \$3,154,983 or 16.00% due to several increases in both the general fund and special revenue funds. The commissioners' special revenue fund increased by approximately \$643,984 due to preliminary costs incurred from Hurricane Harvey. The general fund comprised the remaining increases including funding approximately \$750,586 for estimated claims resulting from a boundary dispute. Also included was a approximately \$3.9 million in capital improvements.

Administration of justice increased by \$1,060,009 or 4.31% due to increases in personnel costs from the 2.5% continuance pay for eligible employees, the increase in the retirement costs.

Other significant increases in expenditures across functions were due to increases in personnel costs from the 2.5% continuance pay for eligible employees, the increase in the retirement costs, the overtime specifically in the law enforcement function and the increase in health insurance premium costs.

The \$(586,342) decrease in parks and recreation is due to expenditures incurred during fiscal year ended September 30, 2018 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 \$(1,891,184) decrease 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 \$2,605,182. Combined fund balances for all governmental funds totaled \$71,133,095.

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 110-112.

Unrestricted net position of the self-insurance fund at the end of the year amounted to \$1,915,715 with \$310,720 belonging to the workers compensation fund, \$668,943 belonging to the general liability fund, and \$972,052 belonging to the group health insurance fund.

GENERAL FUND

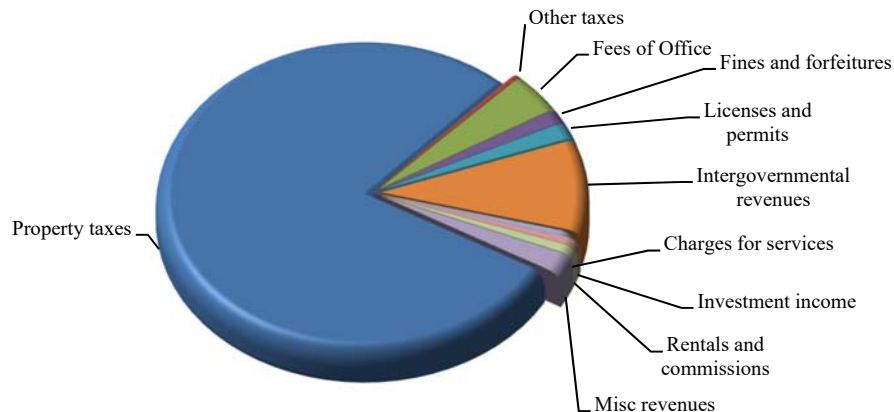
Financial analysis

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 17/18	Percent of Total	FY 16/17	Percent of Total	Variance Increase	Percenta of
Property taxes	\$70,909,261	77.33%	\$67,632,377	78.70%	\$3,276,884	4.85%
Other taxes	336,859	0.37%	420,187	0.49%	(83,329)	-19.83%
Fees of Office	3,797,422	4.14%	3,640,730	4.24%	156,692	4.30%
Fines and forfeitures	1,274,978	1.39%	1,290,318	1.50%	(15,340)	-1.19%
Licenses and permits	1,549,572	1.69%	1,315,764	1.53%	233,808	17.77%
Intergovernmental	8,621,036	9.40%	8,723,651	10.15%	(102,615)	-1.18%
Charges for services	488,298	0.53%	431,537	0.50%	56,761	13.15%
Investment income	684,457	0.75%	279,231	0.32%	405,225	145.12%
Rentals and commissions	802,956	0.88%	687,441	0.80%	115,515	16.80%
Misc revenues	1,890,906	2.06%	267,565	0.31%	1,623,341	606.71%
Total revenues	90,355,744	98.54%	84,688,802	98.55%	5,666,942	6.69%
Other Financing Sources						
Transfers-in	1,338,216	1.46%	1,248,027	1.45%	90,189	7.23%
Sale of Assets	-	0.00%	214	0.00%	(214)	0.00%
Total Revenues & Other Financing Sources	\$91,693,961	100.00%	\$85,937,043	100.00%	\$5,756,918	6.70%

FY 17/18 General Fund Revenues



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

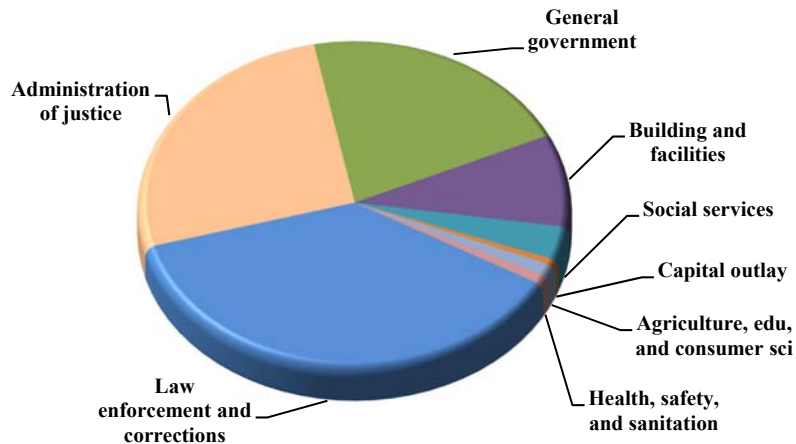
- The 4.85% increase in property tax revenues is attributable to an increase in the net taxable value and adopting a tax rate above the effective tax rate to cover increase in appropriations for the fiscal year.
- Fees of office increased by \$156,692 or 4.30% due to increases in Justice of the Peace deferred adjudication and filing fees followed by constable serving paper fees.
- Fines and forfeitures decreased by \$(15,340) or -1.19% due to a decrease in the County Clerk collections as the result of a shift in the continuous focus of resources from a software conversion.
- Licenses and permits increased by \$233,808 or 17.77% due to car title commissions and motor vehicle registration handling fee.
- Intergovernmental revenues decreased by \$(102,615) or -1.18% due to the decline of Texas Hazardous fees received.
- Charges for services increased by \$56,761 or 13.15% due to an increase medical examiner autopsies and other fees.
- Miscellaneous revenue increased by \$1,623,341 or 606.71% due to a reimbursement from certificate of obligation for election equipment purchased in the previous year.
- Investment income increased by \$405,225 or 145.12% mostly 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 increase by \$115,515 or 16.80% mostly due to increase in telephone commissions.

All other general fund revenues reflect stable and consistent performance.

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

	FY 17/18	Percent of Total	FY 16/17	Percent of Total	Variance Increase (Decrease)	Percentage of Change
Law enforcement and	\$30,629,885	34.33%	\$29,825,278	32.62%	\$804,607	2.70%
Administration of justice	21,571,709	24.18%	20,541,833	22.47%	1,029,876	5.01%
General government	17,507,239	19.62%	17,969,346	19.65%	(462,107)	-2.57%
Building and facilities	7,542,270	8.45%	7,759,474	8.49%	(217,204)	-2.80%
Social services	2,703,587	3.03%	2,622,931	2.87%	80,656	3.08%
Capital outlay	491,547	0.55%	1,974,446	2.16%	(1,482,900)	-75.10%
Agriculture, edu, and consumer sci	933,900	1.05%	927,694	1.01%	6,207	0.67%
Health, safety, and sanitation	753,177	0.84%	674,879	0.74%	78,299	11.60%
Total expenditures	<u>82,133,314</u>	<u>90.01%</u>	<u>82,295,880</u>	<u>89.56%</u>	<u>(162,566)</u>	<u>-0.20%</u>
Transfers-out	<u>7,096,715</u>	<u>7.95%</u>	<u>9,131,912</u>	<u>9.99%</u>	<u>(2,035,197)</u>	<u>-22.29%</u>
Total expenditures and transfers-out	<u>\$89,230,029</u>	<u>100.00%</u>	<u>\$91,427,792</u>	<u>100.00%</u>	<u>\$(2,197,762)</u>	<u>-2.40%</u>

FY 17/18 General Fund Expenditures



Total expenditures and transfers out decreased by \$(2,197,762) or -2.40% from the prior year. In comparison to the national consumer price index (CPI) over the last twelve months, electricity per the CPI increased 2.27% while electricity paid for by the general fund remained steady with a minimal increase of .18%. This is mainly attributable to the reduction of usage at several county facilities.

The highest increases in the general fund expenditures were in administration of justice and law enforcement and corrections with \$1,029,876 or 5.01% and \$804,607 or 2.70%, respectively. Offsetting the increases were large dollars decreases in capital outlay and transfers out with \$(1,482,900) or -75.10% and \$(2,035,197) or -22.29%, respectively. The increase in administration of justice is attributable to increases on personnel costs as stated earlier. Increases in law enforcement and corrections are also due to increase in personnel cost associated in the collective bargaining agreement. The decrease in capital outlay is due to the completion of construction in progress sin prior years. The decrease in transfers out is due to transferring the funding source to another fund for this fiscal year.

Budgetary highlights

The original budget and the final amended budget in total were equal. Minor budgetary shortfalls occurred 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 \$8,745,136 under total budgeted appropriations for an expenditure level of 91.07%. Actual revenues and transfers were \$2,570,643 over budget, or 102.88% of budget.

The variance in revenues is primarily attributable to:

- An increase in property taxes of \$3,276,884 due to an increase net taxable values and adopting a tax rate above the effective tax rate.
- A decrease in fines and forfeitures of \$(15,350) 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.
- An increase in licenses and permits of \$233,808 due to an increase in motor vehicle registration commission.
- A decrease in intergovernmental revenues of \$(102,615) is due to reductions in income from state grants and indirect cost reimbursements from grants,
- An increase in investment income of \$405,225 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 \$115,515 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.
- The full amount of the budgeted contingency in the general administration department 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 98.97% of budgeted revenues and expenditures and transfers out equaled 96.71% the budgeted expenditures.

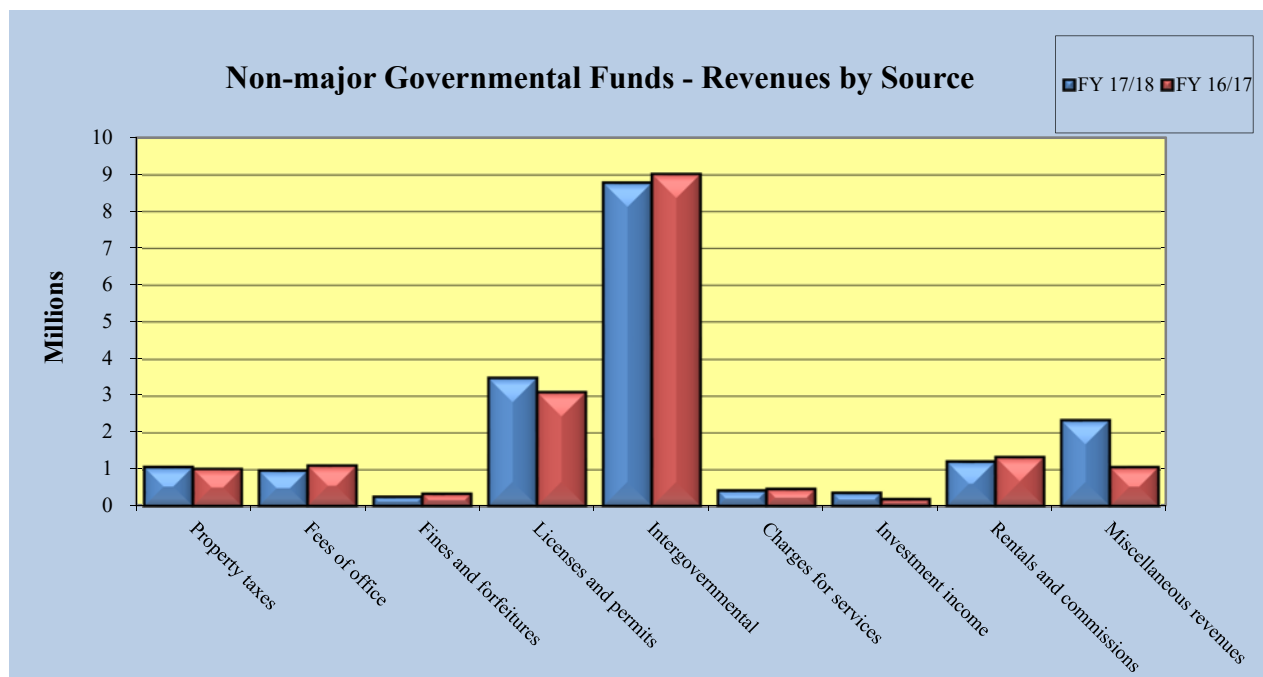
Non-major Governmental Funds

Twenty-three non-major governmental funds are reported in combining statements and 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 17/18	Percent of Total	FY 16/17	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$1,060,776	3.74%	\$1,015,710	3.71%	\$45,066	4.44%
Fees of office	971,355	3.43%	1,105,492	4.03%	(134,137)	-12.13%
Fines and forfeitures	252,432	0.89%	339,611	1.24%	(87,179)	-25.67%
Licenses and permits	3,486,051	12.30%	3,097,965	11.30%	388,085	12.53%
Intergovernmental	8,777,829	30.98%	9,016,617	32.89%	(238,788)	-2.65%
Charges for services	422,401	1.49%	468,148	1.71%	(45,747)	-9.77%
Investment income	360,543	1.27%	191,541	0.70%	169,002	88.23%
Rentals and commissions	1,215,439	4.29%	1,336,546	4.88%	(121,107)	-9.06%
Miscellaneous revenues	2,337,331	8.25%	1,059,478	3.86%	1,277,853	120.61%
Total revenues	<u>18,884,156</u>	<u>66.65%</u>	<u>17,631,108</u>	<u>64.31%</u>	<u>1,253,048</u>	<u>7.11%</u>
Other Financing Sources						
Transfers in	9,299,816	32.82%	9,693,066	35.36%	(393,250)	-4.06%
Capital Lease Funding	112,471	0.40%	17,835	0.07%	94,636	0.00%
Sale of Assets	36,455	0.13%	71,911	0.26%	(35,456)	-49.31%
Total Revenues & Other Financing Sources	<u>\$28,332,899</u>	<u>100.00%</u>	<u>\$27,413,921</u>	<u>100.00%</u>	<u>\$918,978</u>	<u>3.35%</u>

Total revenues for the non-major governmental funds increased by \$1,253,048 when compared to the previous year. The majority of the increase was due to the insurance proceeds received for Hurricane Harvey damages. Other changes included increase in investment income and decrease in grant proceeds.

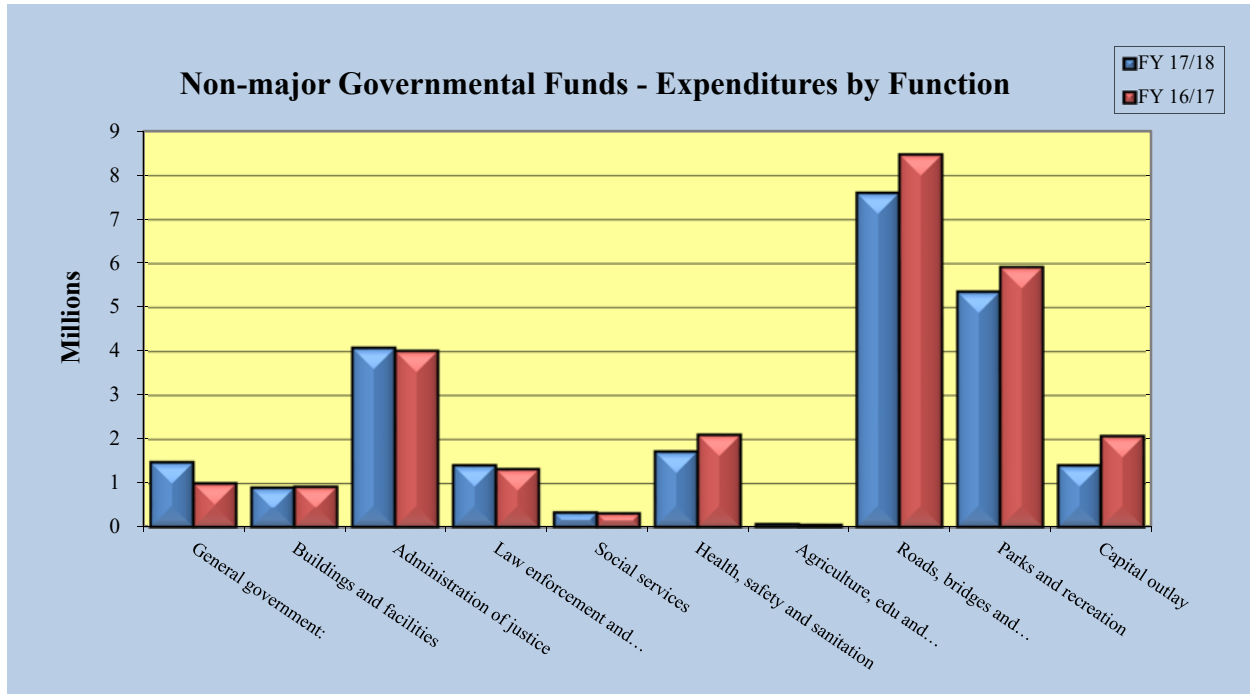


Non-major Governmental Funds – Expenditures by Function

	FY 17/18	Percent of Total	FY 16/17	Percent of Total	Increase (Decrease)	Percent of Change
General government:	\$1,477,768	5.76%	\$999,969	3.57%	\$477,799	47.78%
Buildings and facilities	901,549	3.51%	922,752	3.29%	(21,202)	-2.30%
Administration of justice	4,075,827	15.89%	4,009,411	14.31%	66,416	1.66%
Law enforcement and corrections	1,407,261	5.48%	1,323,991	4.73%	83,270	6.29%
Social services	336,935	1.31%	316,679	1.13%	20,256	6.40%
Health, safety and sanitation	1,722,085	6.71%	2,102,655	7.51%	(380,569)	-18.10%
Agriculture, edu and Consumer Science	69,551	0.27%	54,850	0.20%	14,701	26.80%
Roads, bridges and transportation	7,604,406	29.64%	8,474,873	30.25%	(870,467)	-10.27%
Parks and recreation	5,353,809	20.87%	5,916,836	21.12%	(563,027)	-9.52%
Capital outlay	1,408,289	5.49%	2,072,943	7.40%	(664,654)	-32.06%
Total expenditures	24,357,481	94.93%	26,194,959	93.51%	(1,837,478)	-7.01%
Transfers Out	\$1,300,051	5.07%	\$1,817,658	6.49%	(517,607)	-28.48%
Total expenditures and transfers out	\$25,657,532	100.00%	\$28,012,616	100.00%	\$(2,355,085)	-8.41%

Expenditures and transfers out for the non-major governmental funds decreased by \$(2,355,085) from the prior year. Road, Bridges, and Transportation had the largest dollar decrease of \$(870,467). The decrease in road and bridges is due to decreases in repair and maintenance costs, decreases in other services and charges and decreases in professional services costs. Other decreases in expenditures were in the capital outlay \$(664,654), parks and recreation \$(563,027), and health, safety, and sanitation \$(380,569). The decrease in capital outlay is due to the completion of several capital projects in the prior year. These decreases in expenditures were

offset by an increase in the general government function of \$477,799. The increase in the general government is due to the increase in personnel cost associated with the collective bargaining agreement.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County’s investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$172,630,258 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

Total investment in the County’s net capital assets decreased by \$(4,440,856) or -2.51%.

Nueces County Capital Assets (net of depreciation)		
	2018	2017
Land	\$5,063,554	\$5,063,554
Building and improvements	89,632,104	90,061,752
Furniture, equipment and machinery	11,914,056	12,695,516
Computer Software Systems	582,371	550,817
Infrastructure	46,355,986	49,156,027
Construction in progress	<u>19,082,188</u>	<u>19,543,449</u>
	<u>\$172,630,258</u>	<u>\$177,071,114</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 53 of this report.

Long-term debt. At September 30, 2018, the County had general obligation debt outstanding in the amount of \$121,507,095. 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 \$1,417,822,474. This puts the County’s net debt applicable to debit limit of \$119,640,227 at 8.44% of this legal limit.

NUECES COUNTY’S OUTSTANDING DEBT
Governmental Activities

	2018	2017
Combination revenue and certificates of obligation	\$107,685,000	\$111,435,000
LoanSTAR loans/State Infrastructure Bank loans	<u>13,822,095</u>	<u>11,344,252</u>
Sub-total	121,507,095	122,779,252
Premium on debt	<u>8,709,277</u>	<u>9,987,132</u>
Total	<u>\$130,216,372</u>	<u>\$132,766,384</u>

On September 7, 2018 Standard & Poor’s and Moody’s issued their rating to the County. Standard & Poor’s lowered their credit rating on the County’s outstanding bonds to “AA”. The lower rating incorporates their revised view of the Corpus Christi metropolitan statistical area (MSA), which is no longer considered broad and diverse. Moody’s lowered their credit rating on the County’s outstanding bonds to “Aa2 Negative”. The negative outlook reflects the County’s narrowed operating reserve position that is not expected to improve until at least fiscal 2019. Additional information about long-term debt can be found on page 72 of this report.

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, 2018 is 4.8%, which represents a 7.69% decrease from last year. The increase 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 3.7 percent at September 2018. The State of Texas is slightly lower than the national rate of 4.04 percent for the same time period; however, the County was 1.86% higher than the national rate.
- School enrollment decreased by (275) students from last year, for 2018 the enrollment is 61,075.
- Retail sales went up this year by 10.45% as compared to prior year for a total increase of \$534,727,287.
- Net taxable value (NTV) increased by 4.37%. In the previous year, there was also an increase of 23.06%.
- Port tonnage increased by 5.77% from the prior year to \$79,332,779 in 2018.
- It is estimated that population of the County increased by 2.19%.

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 above the effective tax rate. 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 140 employees. Continuance pay is a 2.5% pay increase every 3 years of service.
- Provided \$294,515 in funding for an increase in employer contribution rate for the pension plan.
- Provided \$900,000 additional funding for employee health insurance benefits.
- Provided reclassification of a limited number of positions at a cost of \$23,687.
- Provided \$147,576 in continuance pay for approximately 140 non-law enforcement employees.
- Provided \$275,000 and \$310,000 for election costs and jail overtime, respectively which typically have not been budgeted items.
- Provided an additional \$223,678 in repairs and maintenance, respectively, for the County's building and facilities.
- Sets aside \$1,750,000 as a contingency funding related to possible principle taxpayer 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, 2018

	Primary	Component Unit
	Governmental Activities	Hospital District
ASSETS		
Cash and cash equivalents	\$ 79,842,130	\$ 51,809,892
Investments	17,703,702	27,751,465
Accrued Interest	-	120,874
Receivables (net of allowance for uncollectibles)	17,650,663	1,770,562
Other Receivables	-	1,313,714
Due from component unit	97,090	-
Inventories	93,517	-
Prepaid items	814,902	131,467
Capital assets (not being depreciated):		
Land	5,063,554	3,076,926
Construction in progress	19,082,188	-
Capital assets (net of accumulated depreciation):		
Buildings and improvements	89,632,104	4,203,231
Furniture, equipment and machinery	11,914,055	-
Computer Software Systems	582,371	-
Infrastructure	46,355,986	-
Total assets	288,832,262	90,178,131
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding debt	2,186,285	-
Deferred pensions	7,450,533	-
Total deferred outflows of resources	9,636,818	-
LIABILITIES		
Accounts payable and other current liabilities	29,531,482	1,182,672
Accrued payroll payable	3,206,172	200,610
Accrued interest payable	1,270,600	-
Unearned revenue	1,307,802	-
Non-current liabilities:		
Due within one year	10,293,677	-
Due in more than one year	147,834,899	30,175
Total liabilities	193,444,632	1,413,457
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	6,905,222	-
Total deferred inflows of resources	6,905,222	-
NET POSITION		
Invested in capital assets	49,851,006	7,280,157
Restricted for:		
Debt service	1,866,868	-
Commissioners court purposes	4,017,715	-
County attorney funds	48,383	-
County clerk purposes	2,803,366	-
Tax assessor collector purposes	21,260	-
Juvenile programs	575,494	-
District attorney purposes	247,171	-
District clerk purposes	153,348	-
County sheriff purposes	790,231	-
Judicial and law enforcement purposes	1,377,926	-
Law enforcement & district attorney education	87,521	-
Other purposes	746,859	-
Unrestricted	35,532,077	81,484,517
Total net position	\$ 98,119,226	\$ 88,764,674

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, 2018

	<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	\$ 25,269,404	\$ 11,889,981	\$ 982,182
Buildings and facilities	11,940,386	1,886,533	38,054
Administration of justice	26,594,159	6,282,168	3,734,736
Law enforcement and corrections	80,936,656	51,082,366	547,441
Social services	3,150,333	169,193	521,332
Health, safety and sanitation	2,661,336	1,610,791	879,638
Agriculture, education and consumer sciences	1,077,140	43,864	87,566
Roads, bridges and transportation	14,251,978	3,593,807	404,034
Parks and recreation	7,107,327	1,706,205	478,141
Interest and fees on long-term debt	5,262,356	-	-
Total primary government	<u>178,251,075</u>	<u>78,264,908</u>	<u>7,673,123</u>
Component Units:			
Hospital district	<u>124,021,961</u>	<u>91,553,344</u>	<u>659,092</u>
Total component units	<u>\$ 124,021,961</u>	<u>\$ 91,553,344</u>	<u>\$ 659,092</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
\$	-	\$ (12,397,241)	\$ 2,062,674
	-	(10,015,799)	360,101
	-	(16,577,255)	-
	-	(29,306,849)	-
	-	(2,459,808)	-
	-	(170,907)	121,599,186
	-	(945,710)	-
	-	(10,254,137)	-
	-	(4,922,981)	-
	-	(5,262,356)	-
	<u>-</u>	<u>(92,313,044)</u>	<u>124,021,961</u>
	-	-	(31,809,525)
\$	<u>-</u>	<u>-</u>	<u>(31,809,525)</u>

General revenues:

Property taxes	84,620,635	34,340,148
Alcohol beverage and other taxes	2,062,224	-
Unrestricted investment earnings	1,700,294	1,133,557
Grants and contributions not restricted to specific programs	266,769	-
Gain on sale of assets	6,836,105	-
Miscellaneous	180,750	1,181,465
Total general revenues	<u>95,666,778</u>	<u>36,655,170</u>
Change in net position	3,353,734	4,845,645
Net position - beginning	<u>94,765,492</u>	<u>83,919,029</u>
Net position - ending	<u>\$ 98,119,226</u>	<u>\$ 88,764,674</u>

**NUECES COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

	General Fund	Debt Service
ASSETS		
Cash and cash equivalents	\$ 22,323,874	\$ 954,004
Investments	2,819,161	908,496
Receivables (net of allowance for uncollectibles)	5,291,486	593,729
Due from component unit	97,090	-
Due from other funds	3,020,360	-
Prepaid items	696,667	-
Inventories	68,800	-
Total assets	\$ 34,317,437	\$ 2,456,229
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 7,934,656	\$ 750
Accrued payroll	2,727,820	-
Due to other funds	1,006,764	-
Unearned revenue	343	-
Other liabilities	150,073	-
Total liabilities	11,819,656	750
Deferred inflows of resources:		
Unavailable revenue - property taxes	3,521,781	588,611
Unavailable revenue -other	1,181	-
Total deferred inflows of resources	3,522,962	588,611
Fund balances:		
Nonspendable	765,467	-
Restricted	-	1,866,868
Committed	18,209,353	-
Assigned	-	-
Unassigned	-	-
Total fund balances	18,974,819	1,866,868
Total liabilities, deferred inflows of resources and fund balances	\$ 34,317,437	\$ 2,456,229

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

U.S. Marshal Contract	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,645,937	\$ 25,500,783	\$ 18,469,004	\$ 74,893,606
-	9,184,948	4,538,754	17,451,360
9,317,479	26,906	2,305,933	17,535,533
-	-	-	97,090
-	54,689	39,420	3,114,469
707	-	117,528	814,902
-	-	24,717	93,517
<u>\$ 16,964,123</u>	<u>\$ 34,767,327</u>	<u>\$ 25,495,356</u>	<u>\$ 114,000,476</u>
\$ 16,654,111	\$ 828,592	\$ 3,205,878	\$ 28,623,988
3,815	-	474,538	3,206,172
-	5,534	621,393	1,633,691
-	-	1,307,458	1,307,802
-	-	351,979	502,052
<u>16,657,926</u>	<u>834,126</u>	<u>5,961,246</u>	<u>35,273,705</u>
-	-	68,649	4,179,041
<u>3,361,855</u>	<u>-</u>	<u>51,600</u>	<u>3,414,636</u>
<u>3,361,855</u>	<u>-</u>	<u>120,249</u>	<u>7,593,677</u>
707	-	122,741	888,916
-	-	13,945,144	15,812,014
-	33,933,200	-	52,142,554
-	-	5,345,976	5,345,976
<u>(3,056,365)</u>	<u>-</u>	<u>-</u>	<u>(3,056,365)</u>
<u>(3,055,658)</u>	<u>33,933,200</u>	<u>19,413,861</u>	<u>71,133,095</u>
<u>\$ 16,964,123</u>	<u>\$ 34,767,327</u>	<u>\$ 25,495,356</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.	172,630,258
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).	4,179,041
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).	3,414,636
Internal service funds are used by management to charge the costs of workers compensation insurance, general liability coverage and group health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,951,715
Unamortized loss on the refunding of bond issues, shown as a deferred outflow of resources on statement of net position (GASB 65).	2,186,285
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(138,146,732)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds (GASB 68).	(19,774,383)
Deferred Resource Outflows related to the pension plan are not reported in the funds (GASB 68).	7,450,533
Deferred Resource Inflows related to the pension plan are not reported in the funds (GASB 68).	(6,905,222)
Net position of governmental activities	<u>\$ 98,119,226</u>

NUECES COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended September 30, 2018

	General Fund	Debt Service	U.S. Marshal Contract
REVENUES			
Property taxes	\$ 70,909,261	\$ 12,084,324	\$ -
Other taxes	336,859	-	-
Fees of office	3,797,422	-	-
Fines and forfeitures	1,274,978	-	-
Licenses and permits	1,549,572	-	-
Intergovernmental revenue	8,621,036	-	44,546,002
Charges for services	488,298	-	-
Investment income	684,457	69,281	-
Rentals and commissions	802,956	-	-
Miscellaneous revenues	1,890,906	750	-
Total revenues	<u>90,355,744</u>	<u>12,154,355</u>	<u>44,546,002</u>
EXPENDITURES			
Current:			
General government	17,507,239	-	-
Buildings and facilities	7,542,270	-	-
Administration of justice	21,571,709	-	-
Law enforcement and corrections	30,629,885	-	46,636,202
Social services	2,703,587	-	-
Health, safety and sanitation	753,177	-	-
Agriculture, education and consumer sciences	933,900	-	-
Roads, bridges and airport	-	-	-
Parks and recreation	-	-	-
Capital outlay	491,547	-	-
Debt Service:			
Principal retirement	-	9,172,156	-
Bond issuance costs	-	10,000	-
Interest and other fees	-	5,008,358	-
Total expenditures	<u>82,133,314</u>	<u>14,190,514</u>	<u>46,636,202</u>
Excess (deficiency) of over (under) expenditures	<u>8,222,431</u>	<u>(2,036,159)</u>	<u>(2,090,200)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,338,216	630,000	-
Transfers out	(7,096,715)	-	(1,200,000)
Sale of assets	-	-	-
Capital lease funding	-	-	-
Issuance of debt	-	-	-
Premium on sale of bonds	-	-	-
Total other financing sources and	<u>(5,758,499)</u>	<u>630,000</u>	<u>(1,200,000)</u>
Net change in fund balances	2,463,932	(1,406,159)	(3,290,200)
Fund balances - beginning	16,510,888	3,273,027	234,542
Fund balances - ending	<u>\$ 18,974,819</u>	<u>\$ 1,866,868</u>	<u>\$ (3,055,658)</u>

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

	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$	-	\$ 1,060,776	\$ 84,054,361
	-	330	337,188
	-	971,355	4,768,777
	-	252,432	1,527,410
	-	3,492,744	5,042,315
	-	8,778,380	61,945,418
	-	422,401	910,699
	521,428	360,543	1,635,709
	106,731	1,204,641	2,114,329
	1,586,161	2,340,555	5,818,372
	<u>2,214,320</u>	<u>18,884,156</u>	<u>168,154,578</u>
	3,892,791	1,477,768	22,877,798
	312,755	901,549	8,756,574
		4,075,827	25,647,536
		1,407,261	78,673,348
		336,935	3,040,522
		1,722,085	2,475,263
		69,551	1,003,451
	3,271,589	7,604,406	10,875,995
	96,663	5,353,809	5,450,472
	5,743,381	1,408,289	7,643,216
	-	-	9,172,156
	-	-	10,000
	-	-	5,008,358
	<u>13,317,179</u>	<u>24,357,481</u>	<u>180,634,690</u>
	<u>(11,102,859)</u>	<u>(5,473,325)</u>	<u>(12,480,112)</u>
	335,000	9,299,816	11,603,033
	(2,006,267)	(1,300,051)	(11,603,033)
	6,799,650	36,455	6,836,105
	-	112,471	112,471
	7,900,000	-	7,900,000
	236,718	-	236,718
	<u>13,265,102</u>	<u>8,148,692</u>	<u>15,085,295</u>
	2,162,243	2,675,367	2,605,182
	31,770,957	16,738,494	68,527,912
\$	<u><u>33,933,200</u></u>	<u><u>19,413,861</u></u>	<u><u>71,133,095</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, 2018**

Amounts reported for governmental activities in the statement of activities (page 36 through 37) are different because:

Net change in fund balances---total governmental funds (page 41)	2,605,182
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.	(4,243,863)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(196,994)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (GASB 63).	3,931,234
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.	2,201,735
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.	(303,223)
The net revenue of certain activities of internal service funds is reported with governmental activities.	1,313,155
Pension expense relating to (GASB 68) is recorded in the Statement Of Activities but not in the funds.	<u>(1,953,494)</u>
Change in net position of governmental activities (page 37).	<u><u>\$3,353,734</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property Taxes	\$70,684,048	\$70,684,048	\$70,909,261	\$225,213
Other Taxes	443,000	443,000	336,859	(106,141)
Fees of Office	3,653,600	3,653,600	3,797,422	143,822
Fines & Forfeitures	1,595,000	1,595,000	1,274,978	(320,022)
Licenses & Permits	1,740,000	1,740,000	1,549,572	(190,428)
Intergovernmental Revenue	8,055,000	8,055,000	8,621,036	566,036
Charges For Services	500,000	500,000	488,298	(11,702)
Investment Income	200,000	200,000	684,457	484,457
Rentals and Commissions	610,000	610,000	802,956	192,956
Other Income	286,500	286,500	1,890,906	1,604,406
Total Revenues	87,767,148	87,767,148	90,355,744	2,588,596
Expenditures				
<u>General Government</u>				
County Commissioner Pct. 1	165,557	165,557	155,829	9,728
County Commissioner Pct. 2	181,005	180,650	174,173	6,477
County Commissioner Pct. 3	197,000	197,355	183,496	13,859
County Commissioner Pct. 4	171,018	171,018	164,321	6,697
County Judge	309,734	309,734	301,415	8,319
Commissioners Court Management	490,344	490,344	484,736	5,608
Grants Administration	246,602	257,702	247,979	9,723
Risk Management	186,285	186,285	181,955	4,330
County Attorney	1,600,667	1,600,667	1,512,079	88,588
County Clerk	760,732	760,732	710,559	50,173
County Clerk-Treasury	326,573	354,573	320,806	33,767
County Clerk Collections	297,129	297,129	266,066	31,063
Election Expense	888,695	888,695	828,725	59,970
Tax Assessor-Collector	3,423,832	4,043,832	4,020,297	23,535
Information Technology	3,448,546	3,448,546	3,006,570	441,976
Human Resources	404,805	404,805	391,052	13,753
County Auditor	1,954,753	1,954,753	1,923,962	30,791
County Purchasing	616,695	616,695	600,875	15,820
Veteran's Service	137,513	137,513	131,267	6,246
General Employee Benefits	205,346	205,346	88,249	117,097
General Administration	3,807,371	2,685,681	1,788,527	897,154
Total General Government	19,820,202	19,357,612	17,482,939	1,874,673
<u>Building and Facilities</u>				
Courthouse General Repairs	100,697	100,697	97,998	2,700
Ronnie H. Polston Bldg	61,051	61,051	55,196	5,855
Bill Bode County Building	71,785	71,785	60,991	10,794
Robert N Barnes Regional Juvenile Facility	335,257	335,257	229,749	105,508
Broadway Warehouse	6,392	6,692	6,029	663
Records Management Department	650,984	650,984	614,083	36,901
CSCD Cook Building	181,554	182,254	159,079	23,175

(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, 2018

	Budgeted		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
Expenditures				
Mechanical Maintenance	2,518,878	2,518,878	1,638,244	880,634
Agua Dulce Building	45,236	45,236	36,139	9,097
Bishop Building	41,550	49,550	44,516	5,034
Port Aransas Building	36,039	36,039	14,990	21,049
Johnny S Calderon Building	234,144	234,144	217,169	16,975
Keach Library Building	242,777	244,277	192,901	51,376
Agricultural Building - Robstown	36,183	36,183	4,456	31,727
Medical Examiner Building	29,735	33,235	25,232	8,003
Building Superintendent	3,530,704	3,519,104	3,169,631	349,473
Welfare Building - Robstown	22,046	22,046	15,343	6,703
Hilltop Facility	214,917	214,917	167,946	46,971
Precinct III Yard Buildings	19,000	20,100	15,289	4,811
McKenzie Annex	762,107	766,607	643,414	123,193
Robstown Community Center	85,505	85,505	59,026	26,479
Senior Community Service Buildings	66,947	66,947	44,105	22,842
David Berlanga, Sr. Building	38,051	38,051	17,658	20,393
Total Buildings and Facilities	9,331,539	9,339,539	7,529,182	1,810,357
<u>Administration of Justice</u>				
County Court at Law 1	678,668	628,641	575,806	52,835
County Court at Law 2	629,454	586,780	576,379	10,401
County Court at Law 3	618,286	575,859	557,499	18,360
County Court at Law 4	622,314	579,125	530,260	48,865
County Court at Law 5	885,660	1,197,278	1,189,906	7,372
Legal Aid	101,800	101,800	101,184	616
Magistrate/Drug/DWI	266,397	269,797	268,273	1,524
Court Administration	754,003	574,003	469,961	104,042
Title IV-D Court	174,614	178,588	178,045	543
28th District Court	618,943	618,857	506,462	112,395
94th District Court	624,907	634,368	596,577	37,791
105th District Court	415,298	485,283	472,736	12,547
117th District Court	637,904	637,810	548,832	88,978
148th District Court	609,022	608,735	578,324	30,411
214th District Court	601,055	631,032	624,114	6,918
319th District Court	599,999	598,650	586,606	12,044
347th District Court	647,651	664,935	661,630	3,305
Juvenile Probation	2,569,845	2,594,345	2,519,472	74,873
Juvenile Detention	1,508,417	1,500,917	1,425,507	75,410
Juvenile Justice Post Adjudication	1,687,742	1,670,742	1,475,490	195,252
District Clerk - Jury Administration	952,904	952,904	552,593	400,311
District Clerk	2,964,531	2,964,531	2,915,877	48,654
Justice of the Peace 1-1	282,084	282,084	277,309	4,776
Justice of the Peace 1-2	270,460	270,460	252,043	18,417
Justice of the Peace 1-3	256,497	256,497	240,377	16,120
Justice of the Peace 2-1	317,611	357,611	303,607	54,004
Justice of the Peace 2-2	254,230	254,230	249,547	4,683

(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, 2018

	Budgeted		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
Justice of the Peace 3	220,564	220,564	189,564	31,000
Justice of the Peace 4	193,659	193,659	180,009	13,650
Justice of the Peace 5-1	263,278	263,278	246,152	17,126
Justice of the Peace 5-2	200,595	200,595	195,202	5,393
Medical Examiner	1,480,612	1,537,351	1,511,661	25,690
Total Administration of Justice	22,909,004	23,091,309	21,557,005	1,534,304
<u>Law Enforcement & Corrections</u>				
District Attorney	5,057,870	5,057,870	4,778,319	279,551
County Sheriff	6,152,976	6,201,261	5,938,711	262,550
Id Bureau	850,140	850,140	771,494	78,646
Jail	15,351,535	15,551,535	15,519,219	32,316
Constable 1	787,975	806,975	798,509	8,466
Constable 2	733,590	733,590	714,282	19,308
Constable 3	503,116	503,116	470,390	32,726
Constable 4	595,635	595,635	593,877	1,758
Constable 5	992,070	992,070	969,950	22,120
Total Law Enforcement & Corrections	31,024,907	31,292,192	30,554,750	737,442
<u>Social Services</u>				
Social Services - Administration	1,083,710	1,083,710	987,552	96,158
Social Services - Social Services	581,307	581,307	541,605	39,702
Children Protective Services	106,958	106,958	91,376	15,582
Senior Community Services	949,080	949,080	934,466	14,614
Hilltop Community Services	58,132	58,132	56,166	1,966
Social Mental Services	143,714	143,714	89,759	53,955
Total Social Services	2,922,901	2,922,901	2,700,926	221,975
<u>Health, Safety and Sanitation</u>				
Emergency Services	34,800	39,800	39,330	470
Emergency Management	205,467	205,467	201,558	3,909
911 Program	54,431	54,431	50,262	4,169
Code Enforcement	137,029	137,029	124,947	12,082
Animal Control	338,287	338,287	336,474	1,813
Total Health, Safety and Sanitation	770,014	775,014	752,571	22,443
<u>Agriculture, Education & Consumer Sciences</u>				
Agricultural Extension	303,189	303,189	283,224	19,965
Family & Consumer Sciences	92,683	92,683	86,960	5,723
County Library	568,527	568,527	555,127	13,400
Total Agriculture, Education & Consumer	964,399	964,399	925,310	39,089
<u>Capital Outlay</u>				
Capital Outlay greater than \$5,000	1,070,000	1,070,000	630,631	439,369
Total Capital Outlay	1,070,000	1,070,000	630,631	439,369
Total Expenditures	88,812,966	88,812,966	82,133,314	6,679,652
Excess (deficiency) of revenues over (under) expenditures	(1,045,818)	(1,045,818)	8,222,431	9,268,249

(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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	1,356,169	1,356,169	1,338,216	(17,953)
Transfers out	<u>(9,162,199)</u>	<u>(9,162,199)</u>	<u>(7,096,715)</u>	<u>2,065,484</u>
Total other financing sources (uses)	<u>(7,806,030)</u>	<u>(7,806,030)</u>	<u>(5,758,499)</u>	<u>2,047,531</u>
Net change in fund balances	(8,851,848)	(8,851,848)	2,463,932	11,315,780
Fund balances - beginning	<u>18,543,152</u>	<u>18,543,152</u>	<u>16,510,888</u>	<u>(2,032,264)</u>
Fund balances - ending	<u><u>\$9,691,304</u></u>	<u><u>\$9,691,304</u></u>	<u><u>\$18,974,819</u></u>	<u><u>\$9,283,515</u></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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$ 44,954,102	\$ 44,954,102	\$ 44,546,002	\$ (408,100)
Total revenues	<u>44,954,102</u>	<u>44,954,102</u>	<u>44,546,002</u>	<u>(408,100)</u>
EXPENDITURES				
Law Enforcement:				
Personnel services	83,034	83,199	74,230	8,969
Reserve appropriations	53,044	52,879	-	52,879
Other services and charges	<u>44,500,000</u>	<u>44,500,000</u>	<u>46,561,972</u>	<u>(2,061,972)</u>
Total expenditures	<u>44,636,078</u>	<u>44,636,078</u>	<u>46,636,202</u>	<u>(2,000,124)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>318,024</u>	<u>318,024</u>	<u>(2,090,200)</u>	<u>(2,408,224)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Net change in fund balances	(881,976)	(881,976)	(3,290,200)	(2,408,224)
Fund balances - beginning	<u>195,980</u>	<u>195,980</u>	<u>234,542</u>	<u>38,562</u>
Fund balances - ending	<u>\$ (685,996)</u>	<u>\$ (685,996)</u>	<u>\$ (3,055,658)</u>	<u>\$ (2,369,662)</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, 2018

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$4,948,528
Investments	252,342
Receivables (net of allowance for uncollectibles)	<u>115,130</u>
Total current assets	<u>5,316,000</u>
LIABILITIES	
Current liabilities	
Accounts payable	907,494
Due to other funds	<u>1,480,778</u>
Total current liabilities	2,388,272
Noncurrent liabilities	
Estimated claims liability	<u>976,013</u>
Total noncurrent liabilities	<u>976,013</u>
Total liabilities	<u>3,364,285</u>
NET POSITION	
Unrestricted	<u>1,951,715</u>
Total net position	<u><u>\$1,951,715</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, 2018

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums and reimbursements	\$13,774,969
Operating expenses:	
Benefit payments	9,749,330
Insurance premiums and bonds	1,879,567
Self-insurance claims	56,811
Capital Outlay	25,007
Administration	815,684
Total operating expenses	12,526,400
Operating income (loss)	1,248,569
Non-operating revenues:	
Investment income	64,586
Total non-operating revenue	64,586
Change in net position	1,313,155
Total net position - beginning	638,560
Total net position - ending	\$1,951,715

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, 2018

	<u>Governmental Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$11,826,882
Receipts from employees	1,535,762
Receipts from other participants	605,549
Receipts from reimbursements and refunds	411,833
Payments for benefit claims	(9,868,446)
Payments for insurance and bond policies	(1,921,912)
Payments for administration	(728,061)
Payments for settlements and claims	<u>(33,759)</u>
Net cash provided in operating activities	<u>1,827,849</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(51,437)
Interest received	<u>64,414</u>
Net cash provided by investing activities	<u>12,978</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Financing Activity	<u>(86,265)</u>
Net cash provided by financing activities	(86,265)
Net increase in cash and cash equivalents	1,754,561
Cash and cash equivalents - beginning	<u>3,193,967</u>
Cash and cash equivalents - ending	<u><u>\$4,948,528</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$1,248,569
Adjustments to reconcile operating income to net cash provided:	
(Increase) decrease in accounts receivable	12,302
Increase (decrease) in estimated claims liabilities	591,524
Increase (decrease) in accounts payable	<u>(24,547)</u>
Total adjustments	<u>579,279</u>
Net cash provided by operating activities	<u><u>\$1,827,849</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, 2018

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$12,771,048
Investments	6,852,127
Due from other governments and	427,268
Accounts receivable	170,210
Prepays	38,632
Total assets	<u>\$20,259,285</u>
Liabilities	
Accounts payable	\$17,979,789
Accrued payroll payable	501,990
Due to other governments and agencies	61,002
Funds held in escrow	1,716,504
Total liabilities	<u>\$20,259,285</u>

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



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 four GASB statements for applicable implementation in fiscal year ended September 30, 2018, as follows:

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*. This Statement requires cost-sharing employers, in financial statements prepared using the accrual basis of accounting, to recognize a liability for its proportionate share of the net OPEB liability (of all employers for benefits provided through the OPEB plan) the collective net OPEB liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the OPEB plan are determined. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. In fiscal year ended September 30, 2018, the County determined that these requirements do not currently impact the County; consequently this Statement is not currently applicable.

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. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administrated by a third party, if the government controls the present service capacity of the beneficial interest. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. In fiscal year ended September 30, 2018, the County determined that these requirements do not currently impact the County; consequently this Statement is not currently applicable.

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]). In fiscal year ended September 30, 2018, the County determined that these requirements do not currently impact the County; consequently this Statement is not currently applicable.

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 deb that is defeased in substance. In fiscal year ended September 30, 2018, the County determined that these requirements do not currently impact the County; consequently this Statement is not currently applicable.

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), a discretely presented component unit of Nueces County, Texas (the County), was created by an Act of the Legislature of the State of Texas and subsequently approved by the votes of Nueces County, Texas. The District is constitutionally responsible for furnishing medical and hospital care for indigent and needy persons residing in Nueces County.

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

Beginning in 1996, Christus Spohn Health System (Spohn) leased the District's hospital, Memorial Medical Center (MMC), and its satellite clinics and was responsible for their operations. The lease called for payments to be made over 30 years at which point the operating responsibility of MMC reverts back to the District unless such agreement is extended. Effective October 1, 2012 the District's previous agreement with Spohn was renegotiated and the relationship between the District and Spohn is now governed by the Spohn Membership Agreement 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 Governmental Accounting Standards Board. 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.

The District is a special purpose government engaged in a single governmental program, GASB allows the District to combine the required fund financial statements and government-wide statements.

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.

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, 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

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide statement of net assets column of the combined financial statements. 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, 2018.

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

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 time off. The cost of paid time off and sick leave 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, 2018, fund balances for the governmental funds are made up of the following:

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

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

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

creation or modification of a commitment must also be clearly posted on the Commissioners court agenda in advance of taking any action.

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

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

County Fund Balance Policy

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

The County’s total unassigned fund balance is negative \$3.06 million for the year ended September 30, 2018. Unearned revenue represented the most significant factor associated with the reported deficit due to housing and care services under the U.S. Marshals Inter-Governmental Services Agreement, and per GASB 65, when an asset is recorded in a governmental fund, but the revenue is not available, *deferred inflows of resources* are reported in the *governmental fund financial statements* until such time the revenue becomes available. In accordance with modified accrual basis of accounting the County considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period.

The Commissioners court adopted a resolution and order on September 13, 2017 establishing the financial guidelines for the minimum general fund reserve of 25% of general fund 2017-2018 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, 2018, was expected to be \$22,280,829; however, the actual ending general fund balance was \$18,974,819.

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	\$121,507,095
Premium (net)	8,709,277
Capital Lease	4,518,211
Accrued interest payable	1,270,600
Compensated absences	<u>2,141,547</u>
Net adjustments to reduce <i>fund balance - total governmental fund</i> to arrive at <i>net position - governmental activities</i>	<u>\$138,146,730</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 \$(4,243,863) difference are as follows:

Capital outlay	\$7,618,209
Capital outlay Internal Service Fund	25,007
Depreciation expense	<u>(11,887,079)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$(4,243,863)</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 \$2,201,735 difference are as follows:

General obligation debt principal repayment	\$9,172,156
Capital lease reconciliation	263,145
Issuance of general obligation debt	(8,136,718)
Amortization of premium and deferred charges	<u>903,152</u>
Net adjustment to increase <i>net cahnges in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$2,201,735</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 \$(303,223) difference are as follows:

Changes in compensated balances	\$(59,225)
Accrued interest	<u>(243,998)</u>
Net adjustment to increase <i>net cahnges in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(303,223)</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:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General Fund	\$ -	\$ 115,623	\$ -	\$ -	\$ 115,623
US Marshal Contract	-	-	-	10,189,849	10,189,849
Capital Projects Fund	-	2,867,868	-	-	2,867,868
Non-major Governmental	131,700	-	51,283	-	182,983
Total	<u>\$ 131,700</u>	<u>\$ 2,983,491</u>	<u>\$ 51,283</u>	<u>\$ 10,189,849</u>	<u>\$ 13,356,323</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. Our policy requires that at all times the market value of collateral must be equal to or greater than 102% of the par value of the certificate of deposit plus accrued interest and equal to or greater than 102% of the bank deposit less amount insured by the Federal Deposit Insurance Corporation.

The County’s demand deposits are fully covered by collateral held in the County’s name by the County’s agents, the Federal Reserve Bank of Boston, and the Federal Home Loan Bank of Dallas. The County’s collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by Frost Bank (the County depository bank) and Wells Fargo Bank and American Bank continue to collateralize our demand deposits. The Treasury is required to monitor the adequacy of collateral at least weekly but in practice is actually monitored daily.

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 or departments with the larger cash available balances. The other funds that do not have excess funds or smaller fund balances are not in the pooled fund invest in Texas Class, an external pool, because monies are more readily available for longer term investment. 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 on the following page.

	<u>Total Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total Cash and Investments</u>	<u>Pooled Funds</u>	<u>Non-Pooled</u>
Governmental Funds:					
General	\$ 22,323,874	\$ 2,819,161	\$ 25,143,035	\$ 5,483,191	\$ 19,659,844
Debt Service	954,004	908,496	1,862,500	1,767,001	95,500
U.S. Marshall Contract	7,645,937	-	7,645,937	-	7,645,937
Capital Projects Fund	25,500,783	9,184,948	34,685,731	17,617,190	17,068,542
Other Governmental Funds	18,469,004	4,538,754	23,007,758	8,821,120	14,186,638
	<u>74,893,602</u>	<u>17,451,360</u>	<u>92,344,962</u>	<u>33,688,501</u>	<u>58,656,461</u>
Proprietary Funds:					
Internal Service Funds	4,948,528	252,342	5,200,870	490,798	4,710,072
	<u>4,948,528</u>	<u>252,342</u>	<u>5,200,870</u>	<u>490,798</u>	<u>4,710,072</u>
Fiduciary Funds:					
Agency Funds	12,771,048	6,852,127	19,623,175	-	19,623,175
	<u>12,771,048</u>	<u>6,852,127</u>	<u>19,623,175</u>	<u>-</u>	<u>19,623,175</u>
TOTAL ALL FUNDS	<u>\$ 92,613,178</u>	<u>\$ 24,555,829</u>	<u>\$ 117,169,007</u>	<u>\$ 34,179,299</u>	<u>\$ 82,989,709</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.

None of the County's investments are valued using Level 1 and Level 3 inputs. The Pool uses the market approach as a valuation technique in the application of GASB 72. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

The following chart summarizes pooled investments recurring fair value measurements and the fair value hierarchy at September 30, 2018.

	<u>Total Value</u>	<u>Quoted Prices</u>		
		<u>in Active Markets for Identical Assets (Level 1 Inputs)</u>	<u>Other Observable Inputs (Level 2 Inputs)</u>	<u>Significant Unobservable Inputs (Level 3 Inputs)</u>
Investments by Fair Value Level				
Negotiable Certificates of Deposit	\$ 3,476,649	\$ -	\$ 3,476,649	\$ -
Municipal Bonds	3,846,106	-	3,846,106	-
U.S. Agency Obligations	10,380,947	-	10,380,947	-
External Investment Pool-Texas CLASS	48,933,486	-	48,933,486	-
Total Investments by Fair Value Level	\$ 66,637,187	\$ -	\$ 66,637,187	\$ -
Investments Measured at Amortized Cost				
External Investment Pool-TexPool	\$ -			
Total Investments at Amortized Cost	\$ -			
TOTAL ALL INVESTMENTS	\$ 66,637,187			

The County's investments are comprised of an external investment pool with ratings no lower than AAAM or AAA-, brokered CD's, and US Agencies and Municipal Bonds with ratings no lower than the County's AA+. Total pooled investments as of September 30, 2018, were valued at \$66.64 million. The fair value of pooled investments categorized according to the GASB Statement No. 72 fair value hierarchy totaled \$66.64 million and are all classified as Level 2. Pooled investments also include external investment fund Texas CLASS. The County's total investment in Texas CLASS is \$48.93 million, which is valued at fair value.

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 government sponsored enterprise (GSEs) obligations. Unlike Treasury securities, government agency bonds are expressly backed by the full faith and credit of the U.S. government, but they do carry and implied backed due the continuing ties the agencies and the U.S. government. 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:

	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Four Years</u>	<u>Weighted Average Days to Maturity</u>
External Investment Pools	\$ 48,933,486	\$ 48,933,486	\$ -	1
Brokered CD's	3,476,649	-	3,476,649	648
U S Agencies	10,380,947	-	10,380,947	343
Municipal Bonds	3,846,106	-	3,846,106	471
	<u>\$ 66,637,187</u>	<u>\$ 48,933,486</u>	<u>\$ 17,703,702</u>	<u>115</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 2256.016 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.

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 115 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. Nueces County mitigates the interest rate risk by having several different bonds that have varying maturation schedules.

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, 2018, 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:

	<u>INVESTMENT MATURITIES IN YEARS</u>		
	<u>TOTAL</u>	<u>LESS THAN ONE YEAR</u>	<u>ONE TO THREE YEARS</u>
Cash and Equivalents			
Collateralized Bank Accounts	96,537	96,537	-
Money Market Mutual Funds	173,349	173,349	-
Petty Cash	150	150	-
AAA-Rate Local Government Insetment Pools:			
Texpool	41,633,649	41,633,649	-
Logic	17,912	17,912	-
TexStar	10,061,643	10,061,643	-
Total Cash and Equivalents	<u>51,983,240</u>	<u>51,983,240</u>	<u>-</u>
Investments At Fair Value			
US Treasury Securities	999,275	999,275	-
US Agencies:			
Federal Home Loan Mortgage Corporation			
Corporation	3,956,832	3,956,832	-
Federal Farm Credit Banks	2,980,782	-	2,980,782
Federal National Mortgage Association	19,814,576	17,857,864	1,956,712
Total Investments	<u>27,751,465</u>	<u>22,813,971</u>	<u>4,937,494</u>
TOTAL VALUE	<u>79,734,705</u>	<u>74,797,211</u>	<u>4,937,494</u>
% of Total Portfolio	100%	93.81%	6.19%

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, 2018 the cash and investments contained:

- FDIC insured or fully collateralized bank deposits representing 0.12% of the total portfolio
- Investment in three local government investment pools representing 64.86% of the total portfolio,
- AAA-rated money market funds striving to maintain \$1 net asset value represented 0.22% of the total portfolio, and
- US Government agency securities representing 33.55% of the total portfolio.
- US Treasury Securities represented 1.25% 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, 2018, the portfolio met its diversification requirements.

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, 2018, holdings in the portfolio with stated maturity dates beyond one year representing 6.19% of the total portfolio all of which were US agencies.

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, 2018, the portfolio contained no certificates of deposit and no repurchase agreements. The portfolio contained 0.12% 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, 2018 are US Treasury or 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:

Receivables -- Unavailable / Unearned

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund) net	\$ 3,521,781	\$ -
Delinquent property taxes receivable (debt service fund) net	588,611	-
Delinquent property taxes receivable (road fund) net	68,649	-
Other accounts receivable	3,414,636	-
Grant advances prior to meeting all eligibility requirements	-	1,307,802
Total unavailable/unearned revenue for governmental funds	<u>\$ 7,593,677</u>	<u>\$ 1,307,802</u>

Receivables as of September 30, 2018 for each major fund, non-major and internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Taxes	Accounts	Grants	Total
Governmental activities:				
General fund	4,272,971	1,769,705	-	6,042,676
Debt Service	714,159	5,118	-	719,277
U.S. Marshal	-	9,317,479	-	9,317,479
Capital projects fund	-	26,906	-	26,906
Non-major funds	92,814	898,505	1,338,780	2,330,099
Internal Service fund	-	115,130	-	115,130
Subtotal	<u>5,079,944</u>	<u>12,132,843</u>	<u>1,338,780</u>	<u>18,551,567</u>
Less:				
Allowance for uncollectible taxes	<u>(900,904)</u>	<u>-</u>	<u>-</u>	<u>(900,904)</u>
Total	4,179,041	12,132,843	1,338,780	17,650,663

Component Unit

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

	BALANCE OCTOBER 1, 2017	CURRENT YEAR LEVY	TOTAL COLLECTIONS	ADJUSTMENTS	BALANCE SEPTEMBER 30, 2018
Delinquent Taxes					
Receivable	2,027,332	35,037,066	34,010,008	(232,716)	2,821,674
Allowance for Uncollectible Taxes	<u>(1,040,967)</u>	-	-	<u>(10,145)</u>	<u>(1,051,112)</u>
NET DELINQUENT TAXES RECEIVABLE	<u>986,365</u>	<u>35,037,066</u>	<u>34,010,008</u>	<u>(242,861)</u>	<u>1,770,562</u>

C. Capital Assets
Primary Government

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Completed Projects	Retirements	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 5,063,554	\$ -	\$ -	\$ -	\$ 5,063,554
Construction in progress	19,543,449	5,561,124	(6,022,385)	-	19,082,188
Total Capital assets, not being depreciated	24,607,003	5,561,124	(6,022,385)	-	24,145,742
Capital assets being depreciated:					
Buildings and improvements	185,588,860	52,034	5,298,692	-	190,939,586
Furniture, equipment and machinery	24,907,937	1,861,294	78,344	(1,176,788)	25,670,787
Software	982,917	80,700	-	-	1,063,617
Infrastructure	189,131,548	88,064	645,349	-	189,864,961
Total capital asstes, being depreciated	400,611,262	2,082,092	6,022,385	(1,176,788)	407,538,951
Less secumulated depreciation for:					
Buildings and improvements	(95,527,108)	(5,780,374)	-	-	(101,307,482)
Furniture, equipment and machinery	(12,212,421)	(2,524,105)	-	979,795	(13,756,731)
Software	(432,100)	(49,146)	-	-	(481,246)
Infrastructure	(139,975,522)	(3,533,454)	-	-	(143,508,976)
Total accumulated depreciation	(248,147,151)	(11,887,079)	-	979,795	(259,054,435)
Total capital assets, being depreciated, net	152,464,111	(9,804,987)	6,022,385	(196,993)	148,484,516
Governmental activities capital assets, net	\$ 177,071,114	\$ (4,243,863)	\$ -	\$ (196,993)	\$ 172,630,258

Depreciation expense for the year ended September 30, 2018 was charged to functions/programs of the County as follows:

	FY 2018	FY 2017	Increase (Decrease)
Government activities:			
General Government	\$ 881,316	\$ 549,912	\$ 331,404
Building and facilities	3,630,106	3,625,176	4,930
Administration of justice	466,441	526,693	(60,252)
Law enforcement and corrections	1,644,991	1,564,097	80,894
health, safety and sanitation	136,609	143,492	(6,883)
Social services	62,211	63,365	(1,154)
Agriculture, education and consumer sciences	55,100	51,863	3,237
Road, bridges and transportation	3,290,190	3,277,429	12,761
Parks and recreation	1,720,115	1,726,084	(5,969)
Total depreciation expense - governmental activities	\$ 11,887,079	\$ 11,528,111	\$ 358,968

At September 30, 2018 the County's construction commitments are as follows:

Project Description	Project Budget	Balance
Building Improvements	\$ 16,037,877	\$ 10,343,285
Information technology Systems & Upgrades	11,003,001	1,307,143
Jail Renovations	3,987,921	1,539,737
Park Improvements	5,344,865	3,417,008
Road Improvements	10,382,162	4,775,064
Airport Improvements	3,658,156	1,756,166
Other Improvement Projects	14,835,778	7,670,450

Component Unit

Capital assets activity for the District for the year ended September 30, 2018 was as follows:

	BALANCE OCTOBER 1, 2017	ADDITIONS	REDUCTIONS	BALANCE SEPTEMBER 30, 2018
Capital Assets, Not Being Depreciated:				
Land	3,076,926	-	-	3,076,926
Capital Assets, Being Depreciated:				
Equipment	1,247,734	978	-	1,248,712
Buildings	28,073,021	-	362,594	27,710,427
Total Capital Assets, Being Depreciated	29,320,755	978	362,594	28,959,139
Less Accumulated Depreciation for:				
Equipment	1,140,524	50,132	-	1,190,656
Buildings	23,531,287	309,969	276,004	23,565,252
Total Accumulated Depreciation	24,671,811	360,101	276,004	24,755,908
Total Capital Assets, Being Depreciated Net	4,648,944	(359,123)	86,590	4,203,231
TOTAL CAPITAL ASSETS, NET	7,725,870	(359,123)	86,590	7,280,157

D. Inter-fund receivables, payables and transfers

Primary Government

The composition of inter-fund balances as of September 30, 2018, is presented on the following page:

Short-term due to/from other funds:

Receivable Due from	Payable Due to	Amount
General Fund	General Fund - Expense	\$ 392,365
General Fund - Expense	General Fund	2,535
General Fund - Payroll	General Fund	1,771
General Fund - Jury	General Fund	10,093
Nonmajor - Road Fund	General Fund - Expense	7,007
Nonmajor - Stadium/Fairgrounds	General Fund - Expense	15,938
Nonmajor - Airport	General Fund - Expense	2,366
Nonmajor - Inland Parks	General Fund - Expense	15,462
Nonmajor - Coastal Parks	General Fund	24,241
	General Fund - Expense	27,993
Capital Projects	Capital Projects	1,114
	Nonmajor - Main Grants Fund	4,420
Nonmajor - Main Grants Fund	Capital Projects	53,575
Nonmajor - Main Grants Fund	General Fund	347,125
	Nonmajor - Special Revenue Fund	35,000
Nonmajor - TJJJ Fund	General Fund	92,687
Internal Service - Group Health Fund	General Fund	480,778
		<u>\$ 1,514,469</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 Fund	General Fund	<u>1,000,000</u>
		\$ 1,600,000

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:

Receivable Entity	Payable Entity	Amount
Primary government - governmental funds	Component unit - district	\$ 97,090

Inter-fund transfers:

	Transfers In				Total Transfers Out
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfers out					
General Fund	\$ -	\$ -	\$ 250,000	\$ 6,846,715	\$ 7,096,715
U.S. Marshal Contract	1,200,000	-	-	-	1,200,000
Capital Projects Fund	-	-	-	2,006,267	2,006,267
Nonmajor Governmental Fund	<u>138,216</u>	<u>630,000</u>	<u>85,000</u>	<u>446,834</u>	<u>1,300,051</u>
Total Transfers In	<u>\$ 1,338,216</u>	<u>\$ 630,000</u>	<u>\$ 335,000</u>	<u>\$ 9,299,816</u>	<u>\$ 11,603,033</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, 2018 were \$410,122. The following table presents minimum future rental obligation on non-cancelable operating leases as of September 30, 2018.

Noncancelable operating leases	
Fiscal Year	Primary Government
2019	\$399,158
2020	403,690
2021	353,227
2022	<u>75,756</u>
Total	<u>\$1,231,831</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, 2018 the County entered into one new capital lease agreement for the purchase of a Wheel Loader. 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, 2018 for all capital leases totaled \$509,498. 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, 2018.

Fiscal Year	Future Capital Lease Payments			Assets Under Capital Leases		
	Principal	Interest	Total Minimum Lease Payments	Type	Assets under Capital Lease	Accumlaetd Depreciation
2019	\$369,429	\$127,653	\$497,082	Buildings and improvements	\$5,562,891	\$997,510
2020	391,947	116,653	508,600.00	Furniture, equipment machinery	251,101	91,852
2021	376,226	104,994	481,220.00			
2022	383,959	94,464	478,423.00	Total	<u>\$5,813,992</u>	<u>\$1,089,362</u>
2023	393,516	83,756	477,272.00			
2024-2028	2,138,839	247,522	2,386,361.00			
2029	464,295	12,977	477,272.00			
Total	<u>\$4,518,211</u>	<u>\$788,019</u>	<u>\$5,306,230</u>			

Component Unit

The District leases office space for its administrative offices under an operating lease expiring in May 31, 2023. Rental payments under all operating leases amounted to \$127,163 during the year ended September 30, 2018. As of September 30, 2018, the District had the following minimum commitments under a non-cancelable lease for the next five years:

Year Ended September 30,:	
2019	110,385
2020	110,998
2021	112,838
2022	114,678
2023	<u>77,270</u>
TOTAL	<u>526,169</u>

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 \$85,051,200 and received \$91,206,130 in member revenues for the year ended September 30, 2018.

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, 2018:

<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	\$21,740,000
State Energy Conservation Office LoanStar Revolving Program Loan	2.00%	2012	2027	\$4,822,095
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	\$16,935,000
General Obligation Refunding, Series 2015	2.00%-5.00%	2015	2027	\$24,635,000
State Infrastructure Bank	3.47%	2016	2035	\$9,000,000
Certificate of Obligation Comb. Tax & Revenue, Series 2016	4.00%-5.00%	2016	2036	\$17,260,000
Certificate of Obligation Comb. Tax & Revenue, Series 2017	2.50%-4.00%	2017	2037	\$4,770,000
Sub - total general obligation debt				121,507,095
Premium on debt (net)				8,709,277
Total general obligation debt at September 30, 2018				\$130,216,372

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. The loan payments were set up to be paid quarterly.

The County issued \$42,310,000 in General Obligation Refunding, Series 2010 on October 12, 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.

The County issued \$26,005,000 in General Obligation Refunding, Series 2012 on March 26, 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.

The County issued \$27,550,000 in General Obligation Refunding, Series 2015 on April 1, 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.

The County issued \$18,070,000 Combination Tax and Revenue Certificates of Obligation, Series 2015 on April 1 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.

The County adopted a resolution on December 17, 2014 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.

The County issued \$17,920,000 Combination Tax and Revenue Certificates of Obligation, Series 2016 on November 15, 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 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 County issued \$4,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2017 on November 15, 2017 due in installments of \$115,000 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 2.754368% 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 equipment for conduct of elections in Nueces County; 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; purchase of material 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.

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, 2018.

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>
2019		\$9,414,248	\$5,106,683	\$14,520,931
2020		9,822,528	4,727,102	14,549,630
2021		9,772,122	4,340,608	14,112,730
2022		10,201,926	3,912,755	14,114,681
2023		10,142,067	3,465,939	13,608,006
2024-2028		45,907,055	10,613,758	56,520,813
2029-2033		15,805,004	4,735,294	20,540,298
2034-2038		10,442,145	1,102,017	11,544,162
Totals		\$121,507,095	\$38,004,156	\$159,511,251

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation debt	\$122,779,252	\$7,900,000	\$(9,172,156)	\$121,507,095	\$9,414,248
Unamortized premium on debt	9,987,132	236,718	(1,514,573)	8,709,277	-
Capital leases	4,781,356	112,471	(375,616)	4,518,211	369,429
Compensated absences	2,082,322	3,727,618	(3,668,393)	2,141,547	100,000
General liabilities claims	\$384,489	1,202,135	(610,611)	976,011	300,000
Net pension liability	39,016,733	37,381,832	(56,624,183)	19,774,382	-
Judgements and other claims	407,963	585,895	(491,806)	502,051	110,000
	<u>\$179,439,247</u>	<u>\$51,146,669</u>	<u>\$(72,457,338)</u>	<u>\$158,128,575</u>	<u>\$10,293,677</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, 2018:

Changes in Long-term Liabilities

	<u>BALANCE OCTOBER 1, 2017</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE SEPTEMBER 30, 2018</u>
Other Liabilities				
Accrued Paid Time Off	103,651	274,252	200,776	177,127
TOTAL	<u>103,651</u>	<u>274,252</u>	<u>200,776</u>	<u>177,127</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	\$ 68,800	\$ -	\$ -	\$ -	\$ 24,717	\$ 93,517
Prepays	696,667	-	707	-	98,024	795,398
Restricted for:						
Debt Service Reserve	-	1,866,868	-	-	-	1,866,868
U.S. Marshal Contract	-	-	-	-	-	-
Commissioners Precinct	-	-	-	-	1,336,209	1,336,209
Commissioners Court	-	-	-	-	2,681,506	2,681,506
County Attorney	-	-	-	-	48,383	48,383
County Clerk	-	-	-	-	2,803,366	2,803,366
Tax Assessor Collector	-	-	-	-	21,260	21,260
Juvenile Programs	-	-	-	-	575,494	575,494
District Attorney	-	-	-	-	247,171	247,171
District Clerk	-	-	-	-	153,348	153,348
County Sheriff	-	-	-	-	790,231	790,231
Asset Forfeiture	-	-	-	-	1,377,926	1,377,926
Law Enforcement Education	-	-	-	-	87,521	87,521
Social Services	-	-	-	-	14,442	14,442
Community Health Program	-	-	-	-	3,638,419	3,638,419
Parks & Recreation	-	-	-	-	165,561	165,561
Library	-	-	-	-	4,307	4,307
Committed to:						
Capital Projects	-	-	-	33,933,200	-	33,933,200
Policy on minimum reserves	18,209,353	-	-	-	-	18,209,353
Assigned to:						
Road & Bridges	-	-	-	-	1,937,162	1,937,162
Stadium & Fairgrounds	-	-	-	-	2,011,977	2,011,977
Law Library	-	-	-	-	143,011	143,011
Airport	-	-	-	-	136,750	136,750
Inland Parks	-	-	-	-	276,363	276,363
Coastal Parks	-	-	-	-	840,714	840,714
Unassigned:						
	-	-	(3,055,658)	-	-	(3,055,658)
Total Fund Balances	\$ 18,974,819	\$ 1,866,868	\$ (3,054,951)	\$ 33,933,200	\$ 19,413,861	\$ 71,133,798

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 IGTs 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 \$113,975,038 for IGT's, the District paid \$114,273,204 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. Boon Chapman 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. The balance in the accounts payable includes an estimate for ninety days of run off claims.

	Group Health 9/30/2017	Group Health 9/30/2018
Unpaid claims, beginning of fiscal year	\$ 613,026	\$ 876,243
incurred claims	13,903,579	11,023,131
payment on claims	(13,903,579)	(11,023,131)
Changes in estimate	<u>263,217</u>	<u>(132,062)</u>
Unpaid claims, end of fiscal year	<u>\$ 876,243</u>	<u>\$ 744,181</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 9/30/2017	General Liability 9/30/2018
Unpaid claims, beginning of fiscal year	\$ 425,889	\$ 384,489
Incurred claims	-	-
Payment on claims	-	(610,611)
Changes in estimate	<u>(41,400)</u>	<u>1,202,135</u>
Unpaid claims, end of fiscal year	<u>\$ 384,489</u>	<u>\$ 976,013</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 \$976,011 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 12.36% and 12.95% in calendar years 2017 and 2018, respectively. Nueces County's contributions to TCDRS for the fiscal year ended September 30, 2018 were \$7,184,610 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 2018 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)	General Real Rate of Return(2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(3)	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
Int'l Equities - Developed Marquets	MSCI World Ex USA (net) Index	11.00%	4.55%
Int'l Equities - Emerging Marquets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%
Total		100%	

(1)Target Asset allocation adopted at the April 2018 TCDRS Board meeting.

(2)Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 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, 2017, Nueces County reported a net pension liability of \$19,774,383. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2016	343,953,244	304,936,510	39,016,734
Changes for the year:			
Service cost	7,674,494	-	7,674,494
Interest on total pension liability	27,724,198	-	27,724,198
Effect of economic/demographic gains or losses	(1,403,396)	-	(1,403,396)
Effect of assumptions changes or inputs	1,644,030	-	1,644,030
Refund of contributions	(855,323)	(855,323)	-
Benefit payments	(18,223,505)	(18,223,505)	-
Administrative expenses	-	(226,603)	226,603
Member contributions	-	3,927,920	(3,927,920)
Net investment income	-	44,377,621	(44,377,621)
Employer contributions	-	6,915,246	(6,915,246)
Other charges	-	(112,507)	112,507
Net Changes	16,560,498	35,802,849	(19,242,351)
Balances at December 31, 2017	<u>360,513,742</u>	<u>340,739,358</u>	<u>19,774,383</u>

The net pension liability was measured as of December 31, 2017 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	\$63,644,945	\$19,774,384	\$(17,368,306)

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

For the year ended September 30, 2018, Nueces County recognized pension expense of \$9,138,103.

At September 30, 2018, 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)	\$ -	\$ 2,636,287
Changes in actuarial assumptions	2,129,557	-
Differences between projected and actual investment earnings (net of current year amortization)	-	4,268,935
Contributions subsequent to the measurement date	5,320,976	-
Total	\$ 7,450,533	\$ 6,905,222

\$5,320,976 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	\$ 1,866,516
2019	\$ 955,458
2020	\$ (3,593,983)
2021	\$ (4,003,656)
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, 2018, 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, 2018, the District had retirement plan expenses of \$78,011.

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, 2018, the County abated property taxes totaling \$1,573,823 under this program, which included the

following tax abatement agreements in effect for the fiscal year ended September 30, 2018:

- The Commissioners Court approved on October 24, 2012 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). The Commissioners Court amended the abatement agreement On July 26, 2017 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 \$1,468,760 for the year ended September 30, 2018.
- The Commissioners Court approved on December 4, 2013 a temporary property tax abatement for Ticona Polymers, Celene, 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 \$2,772 for the year ended September 30, 2018.
- The Commissioners Court approved on June 18, 2017 a temporary property tax abatement for Ticona Polymers, Celene, 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). The abatement amounted to \$42,065 for the year ended September 30, 2018.
- The Commissioners Court approved on July 23, 2014 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 \$46,618 for the year ended September 30, 2018.
- The Commissioners Court approved on February 4, 2015 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). The abatement amounted to \$13,608 for the year ended September 30, 2018.
- The Commissioners Court approved on December 17, 2017 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	\$ 1,178,938
Corpus Christi Reinvestment Zone No. 3	251,114

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.

The City Council passed an ordinance on November 14, 2000 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.

The City Council approved on December 16, 20018 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 Tanchuhua 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. All financial activity related to Hurricane Harvey is recorded in the Disaster Recovery department under the Special Revenue Fund. The Disaster Recovery department is used to account for disaster related expenditures, insurance proceeds, and Federal Emergency Management Agency (FEMA) grant distributions as well as other grants that are available. The County continues to evaluate the hurricane's effects and anticipates submitting reimbursement request to FEMA.

Hurricane Harvey resulted in the County incurring expenses over \$1.3 million for the year ended September 30, 2018. Capital repairs are expected to cost approximately \$1.4 million. The County will be seeking reimbursement from FEMA and Insurance.

The County received \$266,662 from FEMA, and \$1.2 million from Insurance during fiscal 2018. Also, the County received \$300,000 from Rebuild Texas Fund to restructure the I.B Magee Beach Park's pump station and the Horace Caldwell Fishing Pier. Total projects cost under FEMA review are \$709,856 and total cost for projects in process approximately \$396,986.

Repairs and assessments regarding County's capital assets are ongoing by County's and FEMA engineers. Potentially, impairment calculations will be performed and recorded. As the FEMA projects are obligated in subsequent years, the advances and addition inflows will be recognized as revenue as eligible expenditures are incurred.

The County authorized Balance Companies to review Nueces County's Hurricane Harvey Windstorm Claim. In addition to known damages, Balance Companies will review all county properties for unknown Hurricane Harvey related damages which had not been previously identified.

F. Recent Accounting Pronouncements

Primary Government

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. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. 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 2020 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* ("GASB 88"). This Statement clarifies which liabilities governments should include when disclosing information related to debt and defines debt for purposes of disclosure in financial statements. It also requires that additional essential information related to debt be disclosed in notes to financial statements, and that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"). This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that it be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. It also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. GASB 89 will be implemented by the County in fiscal year 2021 and the impact has not yet been determined.

GASB Statement No. 90, *Majority Equity Interest, an amendment of GASB Statements No. 14 and No. 61* ("GASB 90"). This Statement establishes that ownership of a majority equity interest in a legally separated organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as an investment or a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest, accounts for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value, at the acquisition date. GASB 90 will be implemented by the County in fiscal year 2020 and the impact has not yet been determined.

REQUIRED SUPPLEMENTAL INFORMATION

**NUECES COUNTY
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2018
LAST TEN FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 7,184,610	\$ 6,870,671	\$ 6,619,937	\$ 6,283,390	\$ 6,242,443
Contributions in relation to actuarially determined contribution	<u>(7,184,610)</u>	<u>(6,870,671)</u>	<u>(6,619,937)</u>	<u>(6,283,390)</u>	<u>(6,242,443)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$56,166,554	\$55,821,258	\$54,232,195	\$50,957,170	\$49,939,474
Contributions as a percentage of covered payroll	12.79%	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, 2017- December 31, 2017

*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, 2018
LAST TEN FISCAL YEARS*

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	-	-	-	-	-
\$	-	-	-	-	-
\$	-	-	-	-	-

NUECES COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Plan Year Ended December 31,	2017	2016	2015	2014	2013
Total Pension Liability					
Service cost	\$ 7,674,494	\$ 7,889,821	\$ 6,906,773	\$ 6,819,879	\$ -
Interest (on the total pension liability)	27,724,198	26,287,050	25,213,058	24,018,245	
Changes of benefit terms	-	-	(1,236,992)	-	
Difference between expected and actual experience	(1,403,396)	(1,680,573)	(2,973,812)	(715,821)	
Change of assumptions	1,644,030	-	3,586,139		
Benefit payments, including refunds of employee contributions	(19,078,828)	(18,061,219)	(17,090,200)	(16,061,500)	
Net Change in Total Pension Liability	16,560,498	14,435,079	14,404,966	14,060,803	-
Total Pension Liability - Beginning	343,953,244	329,518,164	315,113,198	301,052,395	
Total Pension Liability - Ending (a)	\$ 360,513,741	\$ 343,953,244	\$ 329,518,164	\$ 315,113,198	\$ -
Plan Fiduciary Net Position					
Contributions - employer	\$ 6,915,246	\$ 6,663,093	\$ 6,560,227	\$ 6,242,443	\$ -
Contributions - employee	3,927,920	3,835,516	3,746,343	3,496,680	
Net investment income	44,377,620	21,549,442	(649,272)	19,403,544	
Benefit payments, including refunds of employee contributions	(19,078,828)	(18,061,219)	(17,090,200)	(16,061,500)	
Administrative expense	(226,603)	(234,167)	(212,475)	(225,709)	
Other	(112,507)	(502,725)	(438,332)	299,103	
Net Change in Plan Fiduciary Net Position	35,802,848	13,249,940	(8,083,709)	13,154,561	-
Plan Fiduciary Net Position - Beginning	304,936,510	291,686,570	299,770,280	286,615,719	
Plan Fiduciary Net Position - Ending (b)	\$ 340,739,358	\$ 304,936,510	\$ 291,686,570	\$ 299,770,280	\$ -
Net Pension Liability - Ending (a) - (b)	\$ 19,774,383	\$ 39,016,734	\$ 37,831,594	\$ 15,342,918	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.51%	88.66%	88.52%	95.13%	
Covered Payroll	\$ 55,948,644	\$ 54,705,324	\$ 53,422,045	\$ 49,939,474	\$ -
Net Pension Liability as a Percentage of Covered Payroll	35.34%	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, 2018

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	-	-	-	-	-	-
	-	-	-	-	-	-
\$	-	-	-	-	-	-
	-	-	-	-	-	-
\$	-	-	-	-	-	-
	-	-	-	-	-	-
\$	-	-	-	-	-	-
	-	-	-	-	-	-
\$	-	-	-	-	-	-

Nueces County
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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	13.1 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
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:	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	<u>Road Fund</u>	<u>Stadium & Fairgrounds</u>	<u>Law Library</u>	<u>Airport</u>
ASSETS				
Cash and cash equivalents	\$ 2,045,432	\$ 1,649,078	\$ 85,140	\$ 154,765
Investments	68,352	608,235	69,389	-
Receivable (net)	212,735	31,200	226	319
Due from other funds	-	-	-	-
Prepaid expense	47,565	-	1,306	653
Inventories, at cost	-	-	-	5,375
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,374,084</u>	<u>\$ 2,288,512</u>	<u>\$ 156,062</u>	<u>\$ 161,113</u>
LIABILITIES				
Accounts payable	\$ 119,656	\$ 194,598	\$ 7,350	\$ 5,067
Accrued payroll payable	194,045	-	4,394	2,202
Due to other funds	7,007	15,938	-	2,366
Unearned revenues	-	66,000	-	8,700
Other liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>320,708</u>	<u>276,535</u>	<u>11,744</u>	<u>18,335</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - property tax	68,649	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflow of resources	<u>68,649</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	47,565	-	1,306	6,028
Restricted	-	-	-	-
Assigned	1,937,162	2,011,977	143,011	136,750
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance	<u>1,984,727</u>	<u>2,011,977</u>	<u>144,318</u>	<u>142,778</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 2,374,084</u>	<u>\$ 2,288,512</u>	<u>\$ 156,062</u>	<u>\$ 161,113</u>

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	Inland Parks	Coastal Parks	Commissioners Precinct Funds	Commissioners Court Funds
ASSETS				
Cash and cash equivalents	\$ 376,731	\$ 945,619	\$ 537,818	\$ -
Investments	-	180,826	803,391	2,808,560
Receivable (net)	-	527	-	357,768
Due from other funds	-	-	-	-
Prepaid expense	17,170	10,508	-	11,951
Inventories, at cost	-	19,342	-	-
Total assets	\$ 393,900	\$ 1,156,822	\$ 1,341,209	\$ 3,178,279
LIABILITIES				
Accounts payable	\$ 32,292	\$ 190,754	\$ 5,000	\$ 45,493
Accrued payroll payable	52,614	43,271	-	38,106
Due to other funds	15,462	52,234	-	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	351,979
Total liabilities	100,368	286,259	5,000	435,578
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - other	-	-	-	49,245
Unavailable revenue - property tax	-	-	-	-
Total deferred inflow of resources	-	-	-	49,245
FUND BALANCES				
Nonspendable	17,170	29,849	-	11,951
Restricted	-	-	1,336,209	2,681,506
Assigned	276,363	840,714	-	-
Fund balance	293,532	870,563	1,336,209	2,693,456
Total liabilities and fund balances	\$ 393,900	\$ 1,156,822	\$ 1,341,209	\$ 3,178,279

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	<u>County Attorney Funds</u>	<u>County Clerk Funds</u>	<u>Tax Assessor Funds</u>	<u>Juvenile Programs</u>
ASSETS				
Cash and cash equivalents	\$ 120,095	\$ 2,870,730	\$ 2,264,395	\$ 517,832
Investments	-	-	-	-
Receivable (net)	-	-	8,515	57,662
Due from other funds	-	-	-	-
Prepaid expense	-	-	-	-
Inventories, at cost	-	-	-	-
 Total assets	 <u>\$ 120,095</u>	 <u>\$ 2,870,730</u>	 <u>\$ 2,272,909</u>	 <u>\$ 575,494</u>
LIABILITIES				
Accounts payable	\$ -	\$ 13,717	\$ 2,249,087	\$ -
Accrued payroll payable	1,712	72	2,562	-
Due to other funds	-	53,575	-	-
Unearned revenues	70,000	-	-	-
Other liabilities	-	-	-	-
 Total liabilities	 <u>71,712</u>	 <u>67,365</u>	 <u>2,251,649</u>	 <u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - property tax	-	-	-	-
 Total deferred inflow of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	48,383	2,803,366	21,260	575,494
Assigned	-	-	-	-
 Fund balance	 <u>48,383</u>	 <u>2,803,366</u>	 <u>21,260</u>	 <u>575,494</u>
 Total liabilities and fund balances	 <u>\$ 120,095</u>	 <u>\$ 2,870,730</u>	 <u>\$ 2,272,909</u>	 <u>\$ 575,494</u>

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	District Attorney Funds	District Clerk Funds	County Sheriff Funds	Asset Forfeiture Funds
ASSETS				
Cash and cash equivalents	\$ 258,902	\$ 153,445	\$ 614,671	\$ 1,255,130
Investments	-	-	-	-
Receivable (net)	1,139	-	184,389	106,851
Due from other funds	-	-	-	35,000
Prepaid expense	2,965	-	-	1,985
Inventories, at cost	-	-	-	-
Total assets	\$ 263,005	\$ 153,445	\$ 799,060	\$ 1,398,966
LIABILITIES				
Accounts payable	-	-	8,828	11,516
Accrued payroll payable	12,869	98	-	7,539
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	12,869	98	8,828	19,055
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - property tax	-	-	-	-
Total deferred inflow of resources	-	-	-	-
FUND BALANCES				
Nonspendable	2,965	-	-	1,985
Restricted	247,171	153,348	790,231	1,377,926
Assigned	-	-	-	-
Fund balance	250,136	153,348	790,231	1,379,911
Total liabilities and fund balances	\$ 263,005	\$ 153,445	\$ 799,060	\$ 1,398,966

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	Law Enforcement Education	Social Services Funds	Community Health Programs	Parks & Recreation Funds
ASSETS				
Cash and cash equivalents	\$ 87,962	\$ 18,258	\$ 3,757,272	\$ 170,209
Investments	-	-	-	-
Receivable (net)	801	-	5,023	-
Due from other funds	-	-	-	-
Prepaid expense	-	-	3,922	-
Inventories, at cost	-	-	-	-
Total assets	\$ 88,763	\$ 18,258	\$ 3,766,217	\$ 170,209
LIABILITIES				
Accounts payable	\$ 442	\$ 3,816	\$ 97,382	\$ 4,648
Accrued payroll payable	-	-	24,938	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	442	3,816	122,320	4,648
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - other	801	-	1,555	-
Unavailable revenue - property tax	-	-	-	-
Total deferred inflow of resources	801	-	1,555	-
FUND BALANCES				
Nonspendable	-	-	3,922	-
Restricted	87,521	14,442	3,638,419	165,561
Assigned	-	-	-	-
Fund balance	87,521	14,442	3,642,341	165,561
Total liabilities and fund balances	\$ 88,763	\$ 18,258	\$ 3,766,217	\$ 170,209

**NUECES COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	<u>Library Funds</u>	<u>Main Grants</u>	<u>TJJD Grants</u>	<u>Total Non-major Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,947	\$ 575,105	\$ 5,468	\$ 18,469,004
Investments	-	-	-	4,538,754
Receivable (net)	-	1,101,826	236,954	2,305,933
Due from other funds	-	4,420	-	39,420
Prepaid expense	-	5,332	14,173	117,528
Inventories, at cost	-	-	-	24,717
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>4,947</u>	\$ <u>1,686,682</u>	\$ <u>256,595</u>	\$ <u>25,495,356</u>
LIABILITIES				
Accounts payable	\$ 640	\$ 125,123	\$ 90,468	\$ 3,205,878
Accrued payroll payable	-	22,144	67,972	474,538
Due to other funds	-	382,125	92,687	621,393
Unearned revenues	-	1,157,290	5,468	1,307,458
Other liabilities	-	-	-	351,979
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>640</u>	<u>1,686,682</u>	<u>256,595</u>	<u>5,961,246</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - other	-	-	-	51,600
Unavailable revenue - property tax	-	-	-	68,649
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,249</u>
FUND BALANCES				
Nonspendable	-	-	-	122,741
Restricted	4,307	-	-	13,945,144
Assigned	-	-	-	5,345,976
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance	<u>4,307</u>	<u>-</u>	<u>-</u>	<u>19,413,861</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ <u>4,947</u>	\$ <u>1,686,682</u>	\$ <u>256,595</u>	\$ <u>25,495,356</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2018

	<u>Road Fund</u>	<u>Stadium & Fairgrounds</u>	<u>Law Library</u>	<u>Airport</u>
REVENUES				
Property taxes	\$ 1,060,776	\$ -	\$ -	\$ -
Other Taxes	330	-	-	-
Fees of office	-	-	161,285	-
Fines and forfeitures	-	-	-	-
Licenses and permits	3,140,330	-	-	-
Intergovernmental revenues	524,965	22,000	-	-
Charges for services	-	-	140	-
Investment income	24,800	37,042	2,495	2,264
Rentals and commissions	-	47,525	350	90,588
Miscellaneous revenue	10,734	13,200	543	9,930
Total revenues	<u>4,761,934</u>	<u>119,767</u>	<u>164,813</u>	<u>102,782</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	-
Administration of justice	-	-	206,343	-
Law enforcement and corrections	-	-	-	-
Social services	-	-	-	-
Health, safety and sanitation	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	7,428,944	-	-	116,967
Parks and recreation	-	1,113,042	-	-
Capital outlay	625,030	2,700	-	-
Total expenditures	<u>8,053,974</u>	<u>1,115,742</u>	<u>206,343</u>	<u>116,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,292,040)</u>	<u>(995,974)</u>	<u>(41,530)</u>	<u>(14,185)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,721,856	1,240,000	-	79,880
Transfers out	(16,080)	(30,051)	-	(24,025)
Sale of Assets	-	-	-	-
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>2,705,776</u>	<u>1,209,949</u>	<u>-</u>	<u>55,855</u>
Change in Fund Balance	(586,264)	213,975	(41,530)	41,669
Fund balance - beginning	<u>2,570,991</u>	<u>1,798,002</u>	<u>185,848</u>	<u>101,109</u>
Fund balance - ending	<u>\$ 1,984,727</u>	<u>\$ 2,011,977</u>	<u>\$ 144,318</u>	<u>\$ 142,778</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2018

	<u>Inland Parks</u>	<u>Coastal Parks</u>	<u>Commissioners Precinct Funds</u>	<u>Commissioners Court Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Fees of office	-	-	-	397,917
Fines and forfeitures	-	-	-	5,369
Licenses and permits	-	317,929	-	1,000
Intergovernmental revenues	-	106,165	-	1,002,247
Charges for services	-	-	-	-
Investment income	6,287	18,369	-	181,110
Rentals and commissions	-	1,040,401	-	-
Miscellaneous revenue	166	65,034	-	1,256,481
Total revenues	<u>6,453</u>	<u>1,547,898</u>	<u>-</u>	<u>2,844,124</u>
EXPENDITURES				
Current:				
General government	-	-	140,063	986,156
Buildings and facilities	-	-	-	827,672
Administration of justice	-	-	-	539,255
Law enforcement and corrections	-	-	-	-
Social services	-	-	-	60,000
Health, safety and sanitation	-	-	-	22,179
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	49,245
Parks and recreation	1,469,556	2,290,262	-	2,302
Capital outlay	58,956	190,313	5,378	55,898
Total expenditures	<u>1,528,513</u>	<u>2,480,575</u>	<u>145,441</u>	<u>2,542,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,522,060)</u>	<u>(932,677)</u>	<u>(145,441)</u>	<u>301,418</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,654,172	1,420,000	359,357	1,698,548
Transfers out	-	(220,000)	(145,000)	(785,620)
Sale of Assets	-	2,735	-	27,987
Capital lease funding	-	112,471	-	-
Total other financing sources and (uses)	<u>1,654,172</u>	<u>1,315,206</u>	<u>214,357</u>	<u>940,915</u>
Change in Fund Balance	132,113	382,529	68,916	1,242,333
	<u>161,420</u>	<u>488,034</u>	<u>1,267,294</u>	<u>1,451,123</u>
	<u>\$ 293,532</u>	<u>\$ 870,563</u>	<u>\$ 1,336,209</u>	<u>\$ 2,693,456</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2018

	<u>County Attorney Funds</u>	<u>County Clerk Funds</u>	<u>Tax Assessor Funds</u>	<u>Juvenile Programs</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Fees of office	-	365,900	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues	70,000	40,937	27,343	683,683
Charges for services	-	-	-	3,623
Investment income	-	-	14,612	8,220
Rentals and commissions	-	-	-	-
Miscellaneous revenue	-	220,215	-	5,027
Total revenues	<u>70,000</u>	<u>627,052</u>	<u>41,954</u>	<u>700,553</u>
EXPENDITURES				
Current:				
General government	68,077	253,089	30,383	-
Buildings and facilities	-	-	-	-
Administration of justice	-	-	-	583,640
Law enforcement and corrections	-	-	-	-
Social services	-	-	-	-
Health, safety and sanitation	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	155,652	-	-
Total expenditures	<u>68,077</u>	<u>408,741</u>	<u>30,383</u>	<u>583,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,923</u>	<u>218,310</u>	<u>11,572</u>	<u>116,913</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	6,000
Transfers out	-	(30,000)	-	(6,851)
Sale of Assets	-	-	-	-
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(851)</u>
Change in Fund Balance	1,923	188,310	11,572	116,062
	<u>46,461</u>	<u>2,615,056</u>	<u>9,689</u>	<u>459,432</u>
	<u>\$ 48,383</u>	<u>\$ 2,803,366</u>	<u>\$ 21,260</u>	<u>\$ 575,494</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2018

	<u>District Attorney Funds</u>	<u>District Clerk Funds</u>	<u>County Sheriff Funds</u>	<u>Asset Forfeitures Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Fees of office	-	35,796	-	-
Fines and forfeitures	-	-	-	247,063
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,729	-	-	1,652
Charges for services	380,829	-	-	-
Investment income	-	-	9,165	19,202
Rentals and commissions	-	-	3,512	-
Miscellaneous revenue	-	-	626,598	-
Total revenues	<u>382,558</u>	<u>35,796</u>	<u>639,275</u>	<u>267,917</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	-
Administration of justice	-	2,534	-	-
Law enforcement and corrections	317,243	-	319,962	307,170
Social services	-	-	-	-
Health, safety and sanitation	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	132,252	13,758
Total expenditures	<u>317,243</u>	<u>2,534</u>	<u>452,214</u>	<u>320,927</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,315</u>	<u>33,262</u>	<u>187,061</u>	<u>(53,010)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of Assets	-	-	-	5,733
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,733</u>
Change in Fund Balance	65,315	33,262	187,061	(47,278)
	<u>184,821</u>	<u>120,086</u>	<u>603,170</u>	<u>1,427,188</u>
	<u>\$ 250,136</u>	<u>\$ 153,348</u>	<u>\$ 790,231</u>	<u>\$ 1,379,911</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2018

	<u>Law Enforcement Education</u>	<u>Social Services Funds</u>	<u>Community Health Programs</u>	<u>Parks & Recreation Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Fees of office	-	-	10,458	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	33,485	-
Intergovernmental revenues	22,122	3,195	1,456,054	-
Charges for services	-	-	-	-
Investment income	-	-	36,965	-
Rentals and commissions	-	-	-	22,265
Miscellaneous revenue	-	66,184	74	50
Total revenues	<u>22,122</u>	<u>69,378</u>	<u>1,537,036</u>	<u>22,315</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	9,952
Administration of justice	-	-	-	-
Law enforcement and corrections	19,435	-	-	-
Social services	-	102,437	-	-
Health, safety and sanitation	-	2,923	842,764	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	-
Parks and recreation	-	-	-	500
Capital outlay	-	-	6,690	-
Total expenditures	<u>19,435</u>	<u>105,360</u>	<u>849,454</u>	<u>10,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,687</u>	<u>(35,982)</u>	<u>687,581</u>	<u>11,863</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19,307	-
Transfers out	-	-	(20,866)	-
Sale of Assets	-	-	-	-
Capital lease funding	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(1,559)</u>	<u>-</u>
Change in Fund Balance	2,687	(35,982)	686,022	11,863
Fund balance - beginning	84,834	50,423	2,956,319	153,698
Fund balance - ending	<u>\$ 87,521</u>	<u>\$ 14,442</u>	<u>\$ 3,642,341</u>	<u>\$ 165,561</u>

NUECES COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the period ending September 30, 2018

	<u>Library Funds</u>	<u>Main Grants</u>	<u>TJJD Grants</u>	<u>Non-major Governmental Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 1,060,776
Other Taxes	-	-	-	330
Fees of office	-	-	-	971,355
Fines and forfeitures	-	-	-	252,432
Licenses and permits	-	-	-	3,492,744
Intergovernmental revenues	-	2,275,379	2,540,910	8,778,380
Charges for services	-	37,809	-	422,401
Investment income	-	13	-	360,543
Rentals and commissions	-	-	-	1,204,641
Miscellaneous revenue	5,993	60,326	-	2,340,555
Total revenues	<u>5,993</u>	<u>2,373,527</u>	<u>2,540,910</u>	<u>18,884,157</u>
EXPENDITURES				
Current:				
General government	-	-	-	1,477,768
Buildings and facilities	-	63,925	-	901,549
Administration of justice	-	253,240	2,490,815	4,075,827
Law enforcement and corrections	-	443,451	-	1,407,261
Social services	-	174,498	-	336,935
Health, safety and sanitation	-	854,219	-	1,722,085
Agriculture, education and consumer sciences	5,183	64,368	-	69,551
Roads, bridges and transportation	-	9,250	-	7,604,406
Parks and recreation	-	478,147	-	5,353,809
Capital outlay	-	111,568	50,095	1,408,289
Total expenditures	<u>5,183</u>	<u>2,452,667</u>	<u>2,540,910</u>	<u>24,357,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>810</u>	<u>(79,140)</u>	<u>-</u>	<u>(5,473,324)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100,697	-	9,299,816
Transfers out	-	(21,557)	-	(1,300,051)
Sale of Assets	-	-	-	36,455
Capital lease funding	-	-	-	112,471
Total other financing sources and (uses)	<u>-</u>	<u>79,140</u>	<u>-</u>	<u>8,148,692</u>
Change in Fund Balance	810	-	-	2,675,368
Fund balance - beginning	3,497	-	-	16,738,494
Fund balance - ending	<u>\$ 4,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,413,862</u>

NUECES COUNTY, TEXAS
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES				
Property taxes, penalty & interest	\$ 1,077,235	\$ 1,077,235	\$ 1,060,776	\$ (16,459)
Licenses and permits	2,907,000	2,907,000	3,140,881	233,881
Intergovernmental revenue	540,000	540,000	524,413	(15,587)
Investment income	15,000	15,000	24,800	9,800
Miscellaneous revenue	<u>3,100</u>	<u>3,100</u>	<u>11,063</u>	<u>7,963</u>
Total revenues	<u>4,542,335</u>	<u>4,542,335</u>	<u>4,761,934</u>	<u>219,599</u>
EXPENDITURES				
Roads, bridges and transportation:				
Personnel services	4,382,576	4,372,576	3,759,411	613,165
Maintenance, materials and supplies	3,495,736	3,514,236	3,420,728	93,508
Telephone & utilities	111,632	111,632	50,655	60,977
Professional and special services	100,420	105,620	69,930	35,690
Other services and charges	1,260,853	1,260,653	128,220	1,132,433
Capital outlay	<u>641,270</u>	<u>627,770</u>	<u>625,030</u>	<u>2,740</u>
Total expenditures	<u>9,992,487</u>	<u>9,992,487</u>	<u>8,053,974</u>	<u>1,938,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,450,152)</u>	<u>(5,450,152)</u>	<u>(3,292,040)</u>	<u>2,158,112</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,665,686	2,665,686	2,721,856	56,170
Transfers out	<u>(16,080)</u>	<u>(16,080)</u>	<u>(16,080)</u>	<u>-</u>
Total other financing Sources (uses)	<u>2,649,606</u>	<u>2,649,606</u>	<u>2,705,776</u>	<u>56,170</u>
Net change in fund balances	(2,800,546)	(2,800,546)	(586,264)	2,214,282
Fund balances - beginning	<u>3,171,419</u>	<u>3,171,419</u>	<u>2,570,991</u>	<u>(600,428)</u>
Fund balances - ending	<u>\$ 370,873</u>	<u>\$ 370,873</u>	<u>\$ 1,984,727</u>	<u>\$ 1,613,854</u>

NUECES COUNTY, TEXAS
STADIUM & FAIRGROUNDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Rentals and commissions	\$ 46,500	\$ 46,500	\$ 60,725	\$ 14,225
Intergovernmental Revenue	-	-	22,000	22,000
Investment income	<u>5,000</u>	<u>5,000</u>	<u>37,042</u>	<u>32,042</u>
Total revenues	<u>51,500</u>	<u>51,500</u>	<u>119,767</u>	<u>68,267</u>
EXPENDITURES				
Parks and recreation:				
Maintenance, materials and supplies	103,000	160,426	111,061	49,365
Telephone & utilities	143,200	143,200	101,570	41,630
Reserve appropriations	1,275,000	1,239,804	-	1,239,804
Professional services	3,000	3,000	693	2,307
Other services and charges	966,131	966,131	899,718	66,413
Other Expenses	5,088	5,088	-	5,088
Capital outlay	<u>88,000</u>	<u>65,770</u>	<u>2,700</u>	<u>63,070</u>
Total expenditures	<u>2,583,419</u>	<u>2,583,419</u>	<u>1,115,742</u>	<u>1,467,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,531,919)</u>	<u>(2,531,919)</u>	<u>(995,974)</u>	<u>1,535,945</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,180,000	1,180,000	1,240,000	60,000
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(30,051)</u>	<u>(5,051)</u>
Total other financing Sources (uses)	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,209,949</u>	<u>54,949</u>
Net change in fund balances	<u>(1,376,919)</u>	<u>(1,376,919)</u>	<u>213,975</u>	<u>1,590,894</u>
Fund balances - beginning	<u>1,723,497</u>	<u>1,723,497</u>	<u>1,798,002</u>	<u>74,505</u>
Fund balances - ending	<u>\$ 346,578</u>	<u>\$ 346,578</u>	<u>\$ 2,011,977</u>	<u>\$ 1,665,399</u>

NUECES COUNTY, TEXAS
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES				
Fees of office	\$ 170,000	\$ 170,000	\$ 161,285	\$ (8,715)
Charges for Services	1,100	1,100	140	(960)
Investment Income	1,000	1,000	2,495	1,495
Rentals and commissions	700	700	350	(350)
Miscellaneous revenue	2,000	2,000	543	(1,457)
Total revenues	<u>174,800</u>	<u>174,800</u>	<u>164,813</u>	<u>(9,987)</u>
EXPENDITURES				
Administration of Justice				
Personnel services	99,346	99,346	98,988	358
Maintenance, materials and supplies	1,100	1,100	183	917
Professional and special services	38,687	38,687	37,158	1,529
Reserve appropriations	10,000	10,000	-	10,000
Other services and charges	75,955	75,955	70,014	5,941
Capital outlay	2,000	2,000	-	2,000
Total expenditures	<u>227,088</u>	<u>227,088</u>	<u>206,343</u>	<u>20,745</u>
Deficiency of revenues under expenditures	(52,288)	(52,288)	(41,530)	10,758
Fund balances - beginning	<u>236,095</u>	<u>236,095</u>	<u>185,848</u>	<u>(50,247)</u>
Fund balances - ending	<u>\$ 183,807</u>	<u>\$ 183,807</u>	<u>\$ 144,318</u>	<u>\$ (39,489)</u>

NUECES COUNTY, TEXAS
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2018

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Investment income	\$ 150	\$ 150	\$ 2,264	\$ 2,114
Rentals and commissions	92,117	92,117	90,588	(1,529)
Miscellaneous revenue	<u>11,300</u>	<u>11,300</u>	<u>9,930</u>	<u>(1,370)</u>
Total revenues	<u>103,567</u>	<u>103,567</u>	<u>102,782</u>	<u>(785)</u>
EXPENDITURES				
Roads, bridges and transportation:				
Personnel services	57,326	57,926	57,882	44
Maintenance, materials and supplies	33,600	32,600	20,625	11,975
Telephone & utilities	23,248	23,248	18,699	4,549
Professional and special services	11,960	12,360	11,076	1,284
Reserve appropriations	34,364	34,364	-	34,364
Other services and charges	<u>11,605</u>	<u>11,605</u>	<u>8,685</u>	<u>2,920</u>
Total expenditures	<u>172,103</u>	<u>172,103</u>	<u>116,967</u>	<u>55,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(68,536)</u>	<u>(68,536)</u>	<u>(14,185)</u>	<u>54,351</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	79,880	79,880	79,880	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(24,025)</u>	<u>25,975</u>
Total other financing Sources (uses)	<u>29,880</u>	<u>29,880</u>	<u>55,855</u>	<u>25,975</u>
Net change in fund balances	(38,656)	(38,656)	41,669	80,325
Fund balances - beginning	<u>69,280</u>	<u>69,280</u>	<u>101,109</u>	<u>31,829</u>
Fund balances - ending	<u>\$ 30,624</u>	<u>\$ 30,624</u>	<u>\$ 142,778</u>	<u>\$ 112,154</u>

NUECES COUNTY, TEXAS
INLAND PARKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Investment income	\$ 2,000	\$ 2,000	\$ 6,287	\$ 4,287
Miscellaneous revenue	-	-	166	166
Total revenues	2,000	2,000	6,453	4,453
EXPENDITURES				
Parks and recreation:				
Personnel services	1,088,499	1,088,499	998,249	90,250
Maintenance, materials and supplies	268,551	285,551	263,248	22,303
Telephone & utilities	196,020	196,020	157,972	38,048
Professional and special services	5,000	23,000	11,305	11,695
Other services and charges	48,964	63,964	38,783	25,181
Capital outlay	155,000	105,000	58,956	46,044
Total expenditures	1,762,034	1,762,034	1,528,513	233,521
Excess (deficiency) of revenues over (under) expenditures	(1,760,034)	(1,760,034)	(1,522,060)	237,974
OTHER FINANCING SOURCES (USES)				
Transfers in	1,667,216	1,667,216	1,654,172	(13,044)
Total other financing Sources (uses)	1,667,216	1,667,216	1,654,172	(13,044)
Net change in fund balances	(92,818)	(92,818)	132,113	224,931
Fund balances - beginning	182,588	182,588	161,420	(21,168)
Fund balances - ending	\$ 89,770	\$ 89,770	\$ 293,532	\$ 203,762

NUECES COUNTY, TEXAS
COASTAL PARKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Intergovernmental Revenue	\$ 110,000	\$ 110,000	\$ 106,165	\$ (3,836)
Interest Income	9,000	9,000	18,369	9,369
Rentals and commissions	1,355,000	1,355,000	1,361,884	6,884
Other Income	<u>46,750</u>	<u>46,750</u>	<u>176,687</u>	<u>129,937</u>
Total revenues	<u>1,520,750</u>	<u>1,520,750</u>	<u>1,663,104</u>	<u>142,354</u>
EXPENDITURES				
Parks & Recreation:				
Personnel services	1,264,431	1,236,088	1,064,051	172,037
Maintenance, materials and supplies	328,228	393,852	318,968	74,884
Telephone & utilities	584,500	564,500	421,110	143,390
Professional and special services	94,900	96,500	75,441	21,059
Reserve appropriations	128,186	962	-	962
Other services and charges	487,148	484,491	410,692	73,799
Capital outlay	<u>85,000</u>	<u>196,000</u>	<u>190,313</u>	<u>5,687</u>
Total expenditures	<u>2,972,393</u>	<u>2,972,393</u>	<u>2,480,575</u>	<u>491,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,451,643)</u>	<u>(1,451,643)</u>	<u>(817,471)</u>	<u>634,172</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,607,000	1,607,000	1,420,000	(187,000)
Transfers out	(390,000)	(390,000)	(220,000)	170,000
Sale of assets	<u>-</u>	<u>-</u>	<u>2,735</u>	<u>2,735</u>
Total other financing Sources (uses)	<u>1,217,000</u>	<u>1,217,000</u>	<u>1,315,206</u>	<u>(17,000)</u>
Net change in fund balances	(234,643)	(234,643)	497,736	617,172
Fund balances - beginning	<u>617,283</u>	<u>617,283</u>	<u>488,034</u>	<u>(129,249)</u>
Fund balances - ending	<u>\$ 382,640</u>	<u>\$ 382,640</u>	<u>\$ 985,769</u>	<u>\$ 487,923</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Commissioners Court Funds	810,977	810,977	2,844,124	2,033,147
County Attorney Funds	70,000	70,000	70,000	-
County Clerk Funds	580,000	580,000	627,052	47,052
Tax Assessor Collector	25,701	25,701	41,954	16,253
Juvenile Programs	738,457	738,457	700,553	(37,904)
District Attorney Funds	455,900	455,900	382,558	(73,342)
District Clerk Funds	36,200	36,200	35,796	(404)
County Sheriff Funds	405,750	405,750	639,275	233,525
Asset Forfeiture Funds	232,000	232,000	267,917	35,917
LEOSE Funds	29,715	29,715	22,122	(7,593)
Social Services Funds	113,000	113,000	69,378	(43,622)
Community Health Programs	1,417,500	1,417,500	1,537,036	119,536
Parks & Recreation Funds	24,000	24,000	22,315	(1,685)
Library Funds	6,000	6,000	5,993	(7)
Total revenues	<u>4,945,200</u>	<u>4,945,200</u>	<u>7,266,072</u>	<u>2,320,872</u>
Current:				
General government				
Commissioners Precinct Funds	1,618,078	1,603,800	140,063	1,463,737
Commissioners Court	658,763	1,601,030	1,036,653	564,377
County Attorney	96,626	96,626	68,077	28,549
County Clerk	3,307,854	2,179,199	253,089	1,926,110
Tax Assessor Collector	33,430	33,430	30,383	3,047
Buildings and facilities				
Commissioners Court	950,819	970,352	827,672	142,680
Parks & recreation funds	105,610	105,610	9,952	95,658
Administration of justice				
Commissioners Court	907,487	907,487	544,655	362,832
Juvenile Programs	1,190,003	1,190,003	583,640	606,363
District Clerk Funds	52,553	52,553	2,534	50,019
Law enforcement and corrections				
District Attorney Funds	309,419	320,619	317,243	3,376
County Sheriff Funds	908,495	908,495	319,962	588,533
Asset Forfeiture	1,266,840	1,241,838	307,170	934,668
Law Enforcement Education	116,378	116,378	19,435	96,943
Social services				
Commissioners Court	114,192	114,192	60,000	54,192
Social Services	124,427	124,427	102,437	21,990
Parks & Recreation Funds	12,622	12,622	-	12,622
Health, safety and sanitation				
Commissioners Court	25,122	25,122	22,179	2,943
Social Services	9,893	9,893	2,923	6,970
Community Health Programs	4,283,188	4,282,926	842,764	3,440,162
Agriculture, education and consumer sciences				
Library Funds	8,752	8,752	5,183	3,569

(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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget -
				Positive
				(Negative)
Roads, bridges, and transportation				
Commissioners Court	\$ 408,337	\$ 408,337	\$ 49,245	\$ 359,092
Parks & recreation				
Commissioners Court	10,219	10,219	2,302	7,917
Parks & recreation funds	57,193	57,193	500	56,693
Capital Outlay				
Commissioners Precinct Funds	-	14,278	5,378	8,900
County Clerk	30,000	185,655	155,652	30,003
County Sheriff Funds	260,000	260,000	132,252	127,748
Asset Forfeiture	151,000	176,002	13,758	162,244
Community Health Programs	35,000	35,262	6,690	28,572
Total expenditures	<u>17,052,300</u>	<u>17,052,300</u>	<u>5,861,791</u>	<u>11,190,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,107,100)</u>	<u>(12,107,100)</u>	<u>1,404,281</u>	<u>13,511,381</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,048,314	2,048,314	2,083,211	34,897
Transfers out	(836,169)	(836,169)	(988,337)	(152,168)
Sale of Assets	-	-	33,720	33,720
Total other financing sources and (uses)	<u>1,212,145</u>	<u>1,212,145</u>	<u>1,128,594</u>	<u>(83,551)</u>
Net change in fund balances	(10,894,955)	(10,894,955)	2,532,875	13,427,830
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>\$ 1,011,547</u>	<u>\$ 1,011,547</u>	<u>\$ 12,746,940</u>	<u>\$ 11,735,393</u>

NUECES COUNTY, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 12,150,375	\$ 12,150,375	\$ 12,084,324	\$ (66,051)
Investment income	7,500	7,500	69,281	61,781
Other Income	-	-	750	750
Total revenues	<u>12,157,875</u>	<u>12,157,875</u>	<u>12,154,355</u>	<u>(3,520)</u>
EXPENDITURES				
Debt Service:				
Principal	9,042,156	9,042,156	9,172,156	(130,000)
Interest	5,138,110	5,138,110	5,006,208	131,902
Fiscal agents & other fees	13,500	13,500	12,150	1,350
Total expenditures	<u>14,193,766</u>	<u>14,193,766</u>	<u>14,190,514</u>	<u>3,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,035,891)</u>	<u>(2,035,891)</u>	<u>(2,036,159)</u>	<u>(268)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	630,000	630,000	630,000	-
Total other financing sources (uses)	<u>630,000</u>	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Net change in fund balances	(1,405,891)	(1,405,891)	(1,406,159)	(268)
Fund balances - beginning	<u>3,529,385</u>	<u>3,529,385</u>	<u>3,273,027</u>	<u>(256,358)</u>
Fund balances - ending	<u>\$ 2,123,494</u>	<u>\$ 2,123,494</u>	<u>\$ 1,866,868</u>	<u>\$ (256,626)</u>

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
September 30, 2018

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$310,720	\$1,401,492	\$3,236,316	\$4,948,528
Investments	-	252,342	-	252,342
Receivables (net of allowance)	-	2,556	112,574	115,130
TOTAL CURRENT ASSETS	<u>310,720</u>	<u>1,656,389</u>	<u>3,348,890</u>	<u>5,316,000</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	11,433	896,061	907,494
Due to Other Funds	-	-	1,480,778	1,480,778
Total current liabilities	-	11,433	2,376,838	2,388,272
Noncurrent liabilities				
Estimated claims liability	-	976,013	-	976,013
Total noncurrent liabilities	-	976,013	-	976,013
TOTAL LIABILITIES	<u>-</u>	<u>987,446</u>	<u>2,376,838</u>	<u>3,364,285</u>
NET POSITION				
Unrestricted	<u>310,720</u>	<u>668,943</u>	<u>972,052</u>	<u>1,951,715</u>
TOTAL NET POSITION	<u>\$310,720</u>	<u>\$668,943</u>	<u>\$972,052</u>	<u>\$1,951,715</u>

NUECES COUNTY, TEXAS
 INTERNAL SERVICE FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 For the Year Ended September 30, 2018

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
Operating revenues:				
Premiums and reimbursements	\$460,904	\$1,444,479	\$11,869,586	\$13,774,969
Total operating revenues	<u>460,904</u>	<u>1,444,479</u>	<u>11,869,586</u>	<u>13,774,969</u>
Operating expenses:				
Benefit payments	-	-	9,749,330	9,749,330
Insurance premiums and bonds	375,799	1,045,652	458,116	1,879,567
Capital outlay	-	25,007	-	25,007
Claims and settlements	-	56,811	-	56,811
Administration	-	-	815,684	815,684
Total operating expenses	<u>375,799</u>	<u>1,127,470</u>	<u>11,023,131</u>	<u>12,526,400</u>
Operating income (loss)	<u>85,105</u>	<u>317,009</u>	<u>846,455</u>	<u>1,248,569</u>
Non operating revenues:				
Investment income	10,763	26,255	27,568	64,586
Financing Income	-	-	-	-
Total non-operating revenue	<u>10,763</u>	<u>26,255</u>	<u>27,568</u>	<u>64,586</u>
Income (loss) before transfers	<u>95,868</u>	<u>343,264</u>	<u>874,023</u>	<u>1,313,155</u>
Change in net position	95,868	343,264	874,023	1,313,155
Net position at beginning of year	<u>214,852</u>	<u>325,679</u>	<u>98,029</u>	<u>638,560</u>
Net position at end of year	<u><u>\$310,720</u></u>	<u><u>\$668,943</u></u>	<u><u>\$972,052</u></u>	<u><u>\$1,951,715</u></u>

NUECES COUNTY, TEXAS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2018

	Workers Compensatio Fund	General Liability	Group Health Insurance	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$460,904	\$2,019,888	\$9,346,091	\$11,826,882
Receipts from employees	-	-	1,535,762	1,535,762
Receipts from other participants	-	(1,684)	607,233	605,549
Receipts from reimbursements and refunds	-	16,116	395,718	411,833
Payments for benefit claims	-	-	(9,868,446)	(9,868,446)
Payments for insurance and bond policies	(375,799)	(1,084,374)	(461,739)	(1,921,912)
Payments for administration	-	-	(728,061)	(728,061)
Payments for settlements and claims	-	(35,264)	1,505	(33,759)
	<u>85,105</u>	<u>914,681</u>	<u>828,063</u>	<u>1,827,849</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investments	-	(51,437)	-	(51,437)
Interest received	10,763	26,083	27,568	64,414
	<u>10,763</u>	<u>(25,353)</u>	<u>27,568</u>	<u>12,978</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Financing activities	(350,000)	(900,000)	1,163,735	(86,265)
	<u>(350,000)</u>	<u>(900,000)</u>	<u>1,163,735</u>	<u>(86,265)</u>
Net increase in cash and cash equivalents	(254,132)	(10,672)	2,019,366	1,754,561
Cash and cash equivalents at beginning of year	564,852	1,412,164	1,216,950	3,193,967
	<u>\$310,720</u>	<u>\$1,401,492</u>	<u>\$3,236,316</u>	<u>\$4,948,528</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$85,105	\$317,009	\$846,455	\$1,248,569
Adjustments to reconcile operating loss to net cash provided:				
(Increase) decrease in accounts receivable	-	(1,684)	13,986	12,302
Increase (decrease) in estimated claims liabilities	-	591,524	-	591,524
Increase (decrease) in accounts payable	-	7,832	(32,379)	(24,547)
Total Adjustments	<u>-</u>	<u>597,672</u>	<u>(18,393)</u>	<u>579,279</u>
Net cash provided by operating activities	<u>\$85,105</u>	<u>\$914,681</u>	<u>\$828,063</u>	<u>\$1,827,849</u>

NUECES COUNTY, TEXAS
 COMBINING STATEMENT FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 SEPTEMBER 30, 2018

ASSETS	CSCD	Nueces County Trust	Metropolitan Planning Organization	Total
Cash, equivalents & pooled funds	\$1,894,501	\$10,384,641	\$491,906	\$12,771,048
Investments	-	6,852,127	-	6,852,127
Due from other governments and agencies	-	427,268	-	427,268
Accounts receivable	84,757	-	85,453	170,210
Prepays	-	30,632	8,000	38,632
TOTAL ASSETS	<u>\$1,979,258</u>	<u>\$17,694,669</u>	<u>\$585,359</u>	<u>\$20,259,285</u>
LIABILITIES				
Accounts payable	\$520,843	\$17,181,920	\$277,027	\$17,979,789
Accrued payroll payable	417,601	66,522	17,867	501,990
Due to other governments and agencies	6,640	54,362	-	61,002
Funds held in escrow	1,034,174	391,866	290,464	1,716,504
TOTAL LIABILITIES	<u>\$1,979,258</u>	<u>\$17,694,669</u>	<u>\$585,359</u>	<u>\$20,259,285</u>

NUECES COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance 9/30/2017	Additions	Deductions	Balance 9/30/2018
ASSETS				
Cash and cash equivalents	\$12,296,678	\$46,431,715	\$45,957,345	\$12,771,048
Investments	6,697,374	864,787	710,034	6,852,127
Due from other governments and agencies	370,222	7,234,087	7,177,040	427,268
Accounts receivable	185,545	27,595,636	27,610,971	170,210
Prepays	24,246	38,982	24,596	38,632
TOTAL ASSETS	<u>\$19,574,064</u>	<u>\$82,165,207</u>	<u>\$81,479,986</u>	<u>\$20,259,285</u>
LIABILITIES				
Accounts payable	16,972,490	38,090,719	39,098,018	17,979,789
Accrued payroll payable	541,411	10,553,775	10,514,354	501,990
Due to other governments and agencies	91,630	62,045	31,417	61,002
Funds held in escrow	1,968,534	16,216,792	15,964,762	1,716,504
TOTAL LIABILITIES	<u>\$19,574,064</u>	<u>\$64,923,332</u>	<u>\$ 65,608,552</u>	<u>\$20,259,285</u>

NUECES COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended September 30, 2018

CSCD

	Balance 9/30/2017	Additions	Deductions	Balance 9/30/2018
ASSETS				
Cash, equivalents & pooled funds	\$2,780,795	\$30,053,102	\$30,939,396	\$1,894,501
Accounts receivable	39,188	26,955,725	26,910,156	84,757
TOTAL ASSETS	\$2,819,983	\$57,008,827	\$57,849,552	\$1,979,258
LIABILITIES				
Accounts payable	\$1,053,275	\$19,688,421	\$19,155,988	\$520,843
Accrued payroll payable	453,769	8,554,054	8,517,886	417,601
Due to other governments and agencies	7,919	32,676	31,397	6,640
Funds held in escrow	1,305,020	10,315,011	10,044,165	1,034,174
TOTAL LIABILITIES	\$2,819,983	\$38,590,162	\$37,749,437	\$1,979,258

NUECES COUNTY TRUST

	Balance 9/30/2017	Additions	Deductions	Balance 9/30/2018
ASSETS				
Cash, equivalents & pooled funds	\$9,133,556	\$15,672,715	\$14,421,629	\$10,384,641
Investments	6,697,374	864,787	710,034	6,852,127
Due from other governments and agencies	370,222	6,104,937	6,047,891	427,268
Accounts receivable	-	51,485	51,485	-
Prepays	16,281	30,632	16,281	30,632
TOTAL ASSETS	\$16,217,432	\$22,724,556	\$21,247,319	\$17,694,669
LIABILITIES				
Accounts payable	\$15,647,171	\$17,741,647	\$19,276,396	\$17,181,920
Accrued payroll payable	64,907	1,500,734	1,502,349	66,522
Due to other governments and agencies	83,711	29,350	0	54,362
Funds held in escrow	421,643	5,305,405	5,275,628	391,866
TOTAL LIABILITIES	\$16,217,432	\$24,577,137	\$26,054,373	\$17,694,669

METROPOLITAN PLANNING ORG.

	Balance 9/30/2017	Additions	Deductions	Balance 9/30/2018
ASSETS				
Cash, equivalents & pooled funds	\$382,327	\$705,899	\$596,320	\$491,906
Due from other agencies	-	1,129,150	1,129,150	-
Accounts Receivable	146,357	588,426	649,330	85,453
Prepays	7,966	8,350	8,316	8,000
TOTAL ASSETS	\$536,650	\$2,431,824	\$2,383,115	\$585,359
LIABILITIES				
Accounts Payable	\$272,044	\$660,651	\$665,634	\$277,027
Accrued payroll payable	22,735	498,987	494,120	17,867
Due to other governments and agencies	-	19	19	-
Funds Held in Escrow	241,871	596,376	644,969	290,464
TOTAL LIABILITIES	\$536,650	\$1,756,033	\$1,804,742	\$585,359



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	118-127
<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	128-137
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	138-147
<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	148-157
<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	158-167
<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, 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:				
Primary government (excludes component units)				
Net investment in capital assets	\$114,418,905	\$84,990,779	\$106,372,898	\$90,846,187
Restricted	14,855,823	14,739,132	16,108,044	17,328,598
Unrestricted	<u>21,545,294</u>	<u>48,795,609</u>	<u>19,479,502</u>	<u>30,480,260</u>
Total primary government net position	<u>\$150,820,022</u>	<u>\$148,525,520</u>	<u>\$141,960,444</u>	<u>\$138,655,045</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$83,933,928	\$78,879,070	\$66,467,569	\$65,482,574	\$67,620,641	\$49,851,006
12,502,545	13,843,763	15,687,500	16,016,006	14,904,500	12,736,143
<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>35,532,077</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>	<u>\$98,119,226</u>

Nueces County, Texas
Changes in Net Position
Last Ten Fiscal Years
September 30, 2018

	2009	2010	2011	2012
Expenses				
General government	\$13,922,786	\$13,483,612	\$13,436,667	\$13,319,250
Building and facilities	9,216,536	10,165,122	9,463,249	9,490,211
Administration of justice	26,870,285	27,292,561	26,967,846	23,654,964
Law enforcement and corrections	23,257,876	24,468,809	24,806,867	27,986,723
Social services	2,664,755	2,679,502	2,683,841	2,606,445
Health, safety and sanitation	3,083,653	2,023,424	1,527,275	1,992,715
Agriculture, education and consumer sciences	788,629	865,488	820,589	776,594
Roads, bridges and transportation	13,662,879	14,143,486	14,813,218	14,810,777
Parks and recreation	5,595,232	5,948,582	5,937,483	6,140,480
Interest and fees on long -term debt	6,086,736	5,823,695	5,171,328	5,019,143
Total primary government expenses	<u>\$105,149,367</u>	<u>\$106,894,281</u>	<u>\$105,628,363</u>	<u>\$105,797,302</u>
Program Revenues				
Charges for services:				
General government	\$7,419,814	\$7,631,054	\$6,931,136	\$6,889,479
Buildings and facilities	1,004,650	1,010,740	974,075	762,958
Administration of justice	6,290,997	8,381,617	6,498,942	7,027,556
Law enforcement and corrections	2,976,714	2,826,083	3,329,600	3,741,178
Social services	88,258	168,321	156,370	149,331
Health, safety, and sanitation	52,928	55,058	67,508	109,275
Agriculture, education, and consumers sciences	16,049	20,361	23,543	25,384
Roads, bridges and transportation	2,903,756	2,835,769	2,920,096	3,109,675
Parks and recreation	998,061	1,077,838	1,040,947	1,245,215
Operating grants and contributions	9,256,087	8,625,300	7,494,922	9,230,257
Capital grants and contributions	1,302,695	654,404	1,012,911	194,861
Total primary government revenues	<u>\$32,310,009</u>	<u>\$33,286,545</u>	<u>\$30,450,050</u>	<u>\$32,485,169</u>
Net (Expense) Revenue				
Governmental activities	(72,839,358)	(73,607,736)	(75,178,313)	(73,312,133)
Total primary government net expenses	<u>\$(72,839,358)</u>	<u>\$(73,607,736)</u>	<u>\$(75,178,313)</u>	<u>\$(73,312,133)</u>
General revenues and other changes in net position				
General Revenues				
Property taxes	\$66,024,875	\$67,091,123	\$64,229,777	\$65,494,382
Alcohol beverage and other taxes	2,741,543	3,028,318	3,396,993	3,858,512
Unrestricted investment earnings	1,785,507	841,701	477,878	226,253
Grants and contributions not restricted to specific program	354,973	281,025	232,961	343,915
Gain or loss on sale of capital assets	-	71,067	275,630	83,682
Miscellaneous	-	-	-	-
Total general revenues	<u>\$70,906,898</u>	<u>\$71,313,234</u>	<u>\$68,613,239</u>	<u>\$70,006,744</u>
Change in Net Position	<u>\$(1,932,460)</u>	<u>\$(2,294,502)</u>	<u>\$(6,565,074)</u>	<u>\$(3,305,389)</u>

2013	2014	2015	2016	2017	2018
\$14,441,357	\$15,341,758	\$17,896,010	\$19,933,512	\$27,026,951	\$25,269,404
11,214,282	10,972,546	10,940,747	13,588,683	12,897,821	11,940,386
23,559,375	24,916,824	25,843,255	26,355,960	26,518,868	26,594,159
28,701,541	30,303,203	31,747,809	69,361,956	73,365,188	80,936,656
2,797,707	2,682,643	2,752,636	3,128,854	3,201,250	3,150,333
2,343,115	2,815,645	2,835,744	3,104,344	3,113,686	2,661,336
761,011	794,140	870,691	1,006,618	1,105,893	1,077,140
17,441,342	15,575,863	15,164,446	12,976,912	15,065,571	14,251,978
6,290,622	6,415,580	6,375,073	9,736,734	7,893,713	7,107,327
4,895,833	4,607,852	4,975,345	4,731,881	5,204,680	5,262,356
<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>	<u>\$178,251,075</u>
\$9,385,296	\$10,341,220	\$10,876,084	\$9,981,778	\$9,814,176	\$11,889,981
501,910	519,209	794,881	1,516,386	899,212	1,886,533
6,078,678	6,046,685	6,429,888	6,036,695	6,497,192	6,282,168
4,720,538	4,537,276	5,050,560	42,285,271	44,305,861	51,082,366
95,401	103,285	156,408	125,148	18,755	169,193
601,846	1,355,657	1,774,832	1,559,093	1,543,880	1,610,791
36,355	37,573	61,175	48,458	75,048	43,864
3,805,227	3,829,878	3,588,409	3,576,036	3,362,377	3,593,807
1,355,013	1,597,108	1,496,995	1,849,368	1,953,121	1,706,205
7,298,475	8,179,157	8,568,805	8,478,930	7,916,730	7,673,123
-	-	-	-	-	-
<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>	<u>\$85,938,031</u>
(78,567,446)	(77,879,006)	(80,603,719)	(88,468,291)	(99,007,269)	(92,313,044)
<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>	<u>\$(92,313,044)</u>
\$68,079,584	\$72,960,037	\$78,234,367	\$76,391,071	\$80,556,818	\$84,620,635
1,562,313	1,915,600	2,018,548	2,047,110	2,003,689	2,062,224
134,583	163,578	254,574	594,122	858,835	1,700,294
380,041	962,838	850,976	499,403	548,501	266,769
2,440,008	-	470,458	150,652	72,125	6,836,105
-	-	-	-	-	180,750
<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>\$95,666,778</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>	<u>\$3,353,734</u>

Nueces County, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
September 30, 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Non-spendable	\$ -	\$ -	\$ 428,906	\$ 400,035
Committed	-	-	17,604,083	17,626,642
Unassigned	-	-	3,889,668	3,993,232
Reserved	612,027	-	-	-
Unreserved	<u>20,386,046</u>	<u>24,029,489</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$ 20,998,073</u>	<u>\$ 24,029,489</u>	<u>\$ 21,922,657</u>	<u>\$ 22,019,909</u>
All Other Governmental Funds				
Non-spendable	\$ -	\$ -	\$ 94,987	\$ 87,606
Restricted	30,485,845	22,932,604	3,965,499	4,138,701
Committed	3,182,479	3,585,711	-	12,002,482
Assigned	13,467,060	12,568,896	25,625,179	12,702,255
Unassigned	<u>-</u>	<u>-</u>	<u>(18,249)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 47,135,384</u>	<u>\$ 39,087,211</u>	<u>\$ 29,667,416</u>	<u>\$ 28,931,044</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
457,844 \$	428,321 \$	754,746 \$	775,109 \$	728,576 \$	765,467
18,373,139	20,148,361	20,722,982	21,039,425	15,782,312	18,209,353
2,681,591	2,000,021	2,090,307	187,100	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>18,974,820</u>
96,178 \$	112,592 \$	127,314 \$	150,756 \$	223,262 \$	123,449
12,438,727	14,993,121	14,805,438	15,090,137	14,903,856	15,812,014
10,332,775	10,430,217	28,024,779	21,752,391	31,704,891	33,933,200
7,308,362	6,747,522	7,631,015	5,925,451	5,186,615	5,345,976
-	-	-	-	-	(3,056,365)
<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>	<u>52,158,275</u>

Nueces County, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
September 30, 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Property taxes	\$ 66,035,245	\$ 67,018,275	\$ 64,567,154	\$ 65,803,580
Other taxes	356,538	319,549	361,415	382,730
Fees of office	4,967,966	6,619,757	4,885,117	5,296,898
Fines and forfeitures	3,044,301	2,641,095	2,880,933	2,551,595
Licenses and permits	3,942,987	3,994,255	4,190,771	4,418,683
Intergovernmental revenue	17,594,903	17,421,622	16,687,845	18,088,623
Charges for services	958,227	780,845	766,868	940,888
Investment revenue	1,755,508	827,724	466,015	215,294
Rentals and commissions	879,767	1,282,655	1,363,402	1,500,566
Miscellaneous revenue	1,700,521	1,545,928	1,126,807	1,417,049
Total Revenues	<u>\$ 101,235,963</u>	<u>\$ 102,451,705</u>	<u>\$ 97,296,327</u>	<u>\$ 100,615,906</u>
Expenditures				
General government	\$ 12,783,442	\$ 12,569,919	\$ 12,665,314	\$ 13,194,301
Building and facilities	7,098,274	7,899,760	7,559,472	9,054,524
Administration of justice	22,829,285	26,416,814	25,912,952	22,663,249
Law enforcement and corrections	24,624,057	22,892,651	23,249,015	26,507,891
Social services	2,569,661	2,586,380	2,580,656	2,500,076
Health, safety and sanitation	2,466,245	2,171,854	1,511,612	1,717,358
Agriculture, education and consumer sciences	716,056	802,707	752,931	712,929
Roads, bridges and transportation	6,504,456	6,559,432	7,535,294	7,040,143
Parks and recreation	3,775,725	4,119,390	4,115,220	4,155,893
Capital outlay	5,733,618	10,853,369	19,835,436	3,893,507
Debt service:				
Interest and Other fees	6,108,091	5,877,733	5,612,767	5,038,809
Debt Issuance Costs				
Principal	4,553,649	4,957,377	4,796,040	5,724,864
Total Expenditures	<u>\$ 99,762,559</u>	<u>\$ 107,707,386</u>	<u>\$ 116,126,709</u>	<u>\$ 102,203,544</u>
Excess of Revenues over (under) expenditures	\$ 1,473,404	\$ (5,255,681)	\$ (18,830,382)	\$ (1,587,638)
Other Financing Sources (Uses)				
Transfers In	\$ 8,453,858	\$ 9,987,541	\$ 8,409,659	\$ 8,778,061
Transfers Out	(8,453,858)	(9,987,541)	(8,409,659)	(8,778,061)
Sale of Assets	-	71,067	275,630	86,789
Capital lease funding	-	-	-	861,731
Issuance of debt	-	-	49,374,640	-
Bond Defeasance	-	-	(48,716,774)	-
Premium on Bonds Issued	-	-	6,370,260	-
Proceeds of General Obligation Bonds	-	-	-	-
Total Other Financing Sources (uses)	<u>\$ -</u>	<u>\$ 71,067</u>	<u>\$ 7,303,756</u>	<u>\$ 948,520</u>
Net Changes in Fund Balances	<u>\$ 1,473,404</u>	<u>\$ (5,184,614)</u>	<u>\$ (11,526,626)</u>	<u>\$ (639,118)</u>
Debt Service as a percentage of noncapital expenditures	11.3%	11.2%	10.8%	10.9%

	2013	2014	2015	2016	2017	2018
\$	68,227,630	\$ 72,903,015	\$ 75,196,369	\$ 76,406,029	\$ 80,173,689	\$ 84,054,361
	391,784	411,398	439,777	431,990	420,187	337,188
	5,089,036	4,820,592	4,866,275	4,931,127	4,746,222	4,768,777
	2,287,821	2,139,483	2,244,060	2,305,539	1,631,529	1,527,410
	4,402,803	5,085,459	4,815,602	4,842,727	4,413,729	5,035,622
	17,645,491	20,557,700	20,197,720	56,080,858	57,369,568	61,944,867
	970,996	858,493	858,055	914,955	899,685	910,699
	128,746	139,723	250,178	585,697	836,342	1,635,709
	1,521,251	1,659,351	1,655,121	2,141,501	2,128,489	2,125,127
	1,062,154	1,022,938	2,068,530	2,028,527	1,596,045	5,814,818
\$	<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>	<u>\$ 168,154,578</u>
\$	14,139,402	\$ 14,758,277	\$ 18,115,425	\$ 16,925,894	\$ 19,722,815	\$ 22,877,798
	8,071,874	7,655,261	8,153,192	8,971,418	9,366,169	8,756,574
	22,370,784	23,462,077	24,226,484	24,797,069	24,587,527	25,647,536
	27,313,577	28,646,136	29,102,479	67,302,369	69,651,851	78,673,348
	2,672,416	2,524,416	2,545,213	2,896,112	2,976,398	3,040,522
	2,171,721	2,423,912	2,546,715	2,894,456	2,777,533	2,475,263
	682,633	713,296	835,399	906,736	982,544	1,003,451
	7,809,892	7,742,469	7,743,709	7,561,744	11,507,676	10,875,995
	4,471,466	4,652,352	5,721,271	7,746,614	6,036,814	5,450,472
	2,756,107	2,779,781	4,237,547	11,131,516	13,832,255	7,643,216
	6,031,337	4,648,721	4,318,152	4,653,564	7,591,221	9,172,156
			376,859	83,469	8,950	10,000
	<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>5,008,358</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>	<u>\$ 180,634,690</u>
\$	(1,702,346)	\$ 3,171,539	\$ (2,044,945)	\$ (12,386,865)	\$ (19,748,371)	\$ (12,480,112)
\$	10,829,801	\$ 10,518,868	\$ 12,127,133	\$ 12,586,914	\$ 13,494,218	\$ 11,603,033
	(10,829,801)	(10,518,868)	(12,127,133)	(12,586,914)	(13,494,218)	(11,603,033)
	2,440,008	-	288,113	150,652	72,125	6,836,105
	-	-	-	-	17,835	112,471
	-	-	663,896	3,000,000	20,920,000	7,900,000
	-	-	45,620,000	-	-	-
	-	-	(31,125,992)	-	2,347,546	236,718
	-	-	5,895,355	-	-	-
\$	<u>2,440,008</u>	<u>\$ -</u>	<u>\$ 21,341,372</u>	<u>\$ 3,150,652</u>	<u>\$ 23,357,506</u>	<u>\$ 15,085,295</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>	<u>\$ 2,605,182</u>
	10.9%	10.7%	10.0%	7.8%	7.8%	8.2%

Nueces County, Texas
Assessed and Taxable Valuations
Last Ten Fiscal Years
September 30, 2018

<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>
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
2018	2017	81,728,348	34,441,215,194	11,074,057	115,513,648	3,474,180,608

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 Rate		
				County Tax Rate	Hospital Tax Rate	Total Tax Rate
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
733,627,603	38,857,339,458	(10,489,815,916)	28,367,523,542	0.307991	0.121297	0.429288

Nueces County, Texas
Property Tax Levies - Direct and Overlapping Governments
Last Ten Fiscal Years
September 30, 2018

FISCAL YEAR ENDING SEPT. 30, <u>TAX ROLL YEAR</u>	2009 2008	2010 2009	2011 2010	2012 2011
Nueces County - General Fund	\$54,636,632	\$55,456,844	\$53,624,613	\$54,495,366
Nueces County - Debt Service	10,908,756	11,379,441	10,924,694	10,835,130
Subtotal	65,545,388	66,836,285	64,549,307	65,330,496
Nueces County - Farm to Market	804,802	824,104	791,360	788,479
Total	\$66,350,190	\$67,660,389	\$65,340,667	\$66,118,975
Special Districts:				
Hospital District	27,667,730	30,075,910	30,144,807	31,381,381
Downtown Management District	159,691	165,584	158,258	156,357
Corpus Christi Junior College District	41,484,470	44,196,050	43,545,490	44,477,385
Drainage District No. 2	1,193,703	1,280,248	1,184,406	1,262,100
Drainage District No. 3	64,045	65,721	68,347	68,933
South Texas Water Authority	329,056	352,589	381,888	360,780
Cities:				
Agua Dulce	55,254	56,321	56,054	54,354
Bishop	669,179	718,038	717,361	777,224
Corpus Christi	77,246,481	80,059,041	79,419,087	79,241,020
Driscoll	119,117	136,750	140,333	150,721
Port Aransas	3,892,916	4,406,448	4,211,939	4,250,061
Robstown	2,298,460	2,453,516	2,547,737	2,561,579
School Districts:				
Agua Dulce ISD	1,637,940	1,738,741	1,774,476	1,718,702
Banquete ISD	3,158,296	3,753,016	3,899,640	3,743,103
Bishop ISD	6,740,678	7,412,684	7,057,666	7,224,087
Calallen ISD	15,292,156	14,837,798	14,285,938	14,521,821
Corpus Christi ISD	124,364,289	138,205,927	134,509,386	137,310,628
Driscoll ISD	1,827,693	1,674,838	1,736,141	1,602,741
Flour Bluff ISD	23,011,873	24,686,703	24,152,098	23,066,097
London ISD	3,099,680	2,770,807	2,751,523	2,908,575
Port Aransas ISD	20,136,951	18,723,992	17,114,597	16,908,910
Robstown ISD	3,792,182	4,616,958	5,177,291	5,854,557
Tuloso Midway ISD	18,651,309	19,361,393	19,194,283	21,958,877
West Oso ISD	6,633,690	7,418,412	7,536,112	7,375,479
Fire Districts:				
Fire Prevention District 1	1,655,807	1,763,463	1,745,305	1,840,015
Fire Prevention District 2	613,532	655,742	646,663	613,808
Fire Prevention District 3	280,209	163,126	155,554	154,935
Fire Prevention District 4	228,663	271,938	275,763	259,741
Fire Prevention District 5	33,210	33,295	31,177	36,531
Fire Prevention District 6	-	-	397,627	390,428
Total	<u>\$452,688,450</u>	<u>\$479,715,438</u>	<u>\$470,357,614</u>	<u>\$478,349,905</u>

2013 2012	2014 2013	2015 2014	2016 2015	2017 2016	2018 2017
\$56,498,344	\$61,167,064	\$66,201,428	\$66,517,122	\$69,352,816	\$72,167,419
11,243,542	11,593,241	10,305,916	11,023,768	11,870,460	12,354,436
67,741,886	72,760,305	76,507,344	77,540,890	81,223,276	84,521,855
833,275	902,847	976,332	989,396	1,042,241	1,098,142
\$68,575,161	\$73,663,152	\$77,483,676	\$78,530,286	\$82,265,517	\$85,619,997
32,624,036	32,699,744	32,737,721	33,268,991	34,698,916	35,037,066
185,497	189,596	186,740	198,775	205,129	200,462
45,729,322	49,096,901	52,752,191	56,481,130	60,295,665	65,696,908
1,633,415	1,745,224	1,662,848	1,686,679	1,697,606	1,924,241
71,391	74,217	72,536	78,008	77,152	81,648
367,599	505,060	510,598	553,610	543,790	581,415
53,496	63,246	75,248	80,597	84,838	80,375
748,251	800,212	825,351	849,174	878,339	915,817
81,261,225	89,824,944	97,674,230	108,626,928	114,823,952	119,303,280
147,844	149,152	150,063	152,696	153,083	156,289
4,495,666	4,781,884	4,946,077	5,102,333	5,651,656	6,343,780
2,553,456	2,584,634	2,622,658	3,537,157	3,703,155	4,091,492
1,926,609	1,857,313	1,884,088	2,062,765	2,023,618	2,016,080
3,746,471	3,822,213	4,062,174	4,927,755	5,010,812	5,403,145
7,165,452	7,711,383	7,460,523	7,292,047	6,895,829	7,196,628
14,981,256	16,289,883	18,962,029	20,241,154	20,147,493	20,773,953
141,131,198	153,986,528	167,484,620	173,447,371	185,294,982	187,768,712
1,647,685	1,532,157	1,761,613	1,526,181	1,443,883	1,489,556
23,763,633	27,633,038	29,856,693	31,465,881	32,530,709	34,136,773
3,457,943	3,288,774	3,899,911	4,384,876	4,566,109	5,132,340
16,782,015	19,750,081	22,084,177	23,963,124	27,041,043	29,161,650
6,753,486	7,768,053	8,491,130	8,804,845	8,571,974	9,039,718
24,256,964	28,860,372	30,648,853	33,353,456	36,080,308	36,770,252
8,132,776	9,295,268	10,328,417	10,992,080	11,174,081	11,076,448
1,994,810	2,433,646	2,732,664	3,297,952	3,583,128	3,879,968
634,574	772,626	843,039	920,915	961,158	1,011,512
155,731	163,190	156,586	162,535	154,977	552,366
261,248	268,091	285,874	353,659	361,522	389,155
40,827	39,291	39,921	40,820	37,652	36,647
393,287	411,320	396,764	445,325	397,154	410,992
<u>\$495,672,324</u>	<u>\$542,061,19</u>	<u>\$583,079,013</u>	<u>\$616,829,105</u>	<u>\$651,355,230</u>	<u>\$676,278,665</u>

Nueces County, Texas
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
September 30, 2018

	FISCAL YEAR	2009	2010	2011	2012
	TAX ROLL YEAR	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Nueces County		0.356	0.355	0.355	0.355
Special Districts:					
Hospital District		0.145	0.155	0.162	0.162
Downtown Management District		0.370	0.370	0.370	0.370
Corpus Christi Junior College District		0.242	0.251	0.258	0.258
Drainage District No. 2		0.385	0.347	0.310	0.318
Drainage District No. 3		0.890	0.189	0.189	0.189
South Texas Water Authority		0.056	0.057	0.062	0.062
Cities:					
Agua Dulce		0.593	0.536	0.477	0.480
Aransas Pass		0.000	0.593	0.607	0.723
Bishop		0.828	0.809	0.914	0.911
Corpus Christi		0.564	0.564	0.582	0.571
Driscoll		0.930	0.930	0.857	0.899
Port Aransas		0.276	0.322	0.332	0.332
Robstown		1.000	1.000	0.975	0.954
School Districts:					
Agua Dulce ISD		1.389	1.400	1.379	1.400
Aransas Pass ISD		0.000	1.071	1.071	1.071
Banquete ISD		1.449	1.439	1.473	1.512
Bishop ISD		1.300	1.526	1.563	1.556
Calallen ISD		1.277	1.299	1.299	1.329
Corpus Christi ISD		1.176	1.237	1.237	1.237
Driscoll ISD		1.239	1.239	1.250	1.265
Flour Bluff ISD		1.070	1.069	1.070	1.072
London ISD		1.144	1.210	1.250	1.263
Port Aransas ISD		1.058	1.058	1.062	1.063
Robstown ISD		1.254	1.374	1.523	1.650
Tuloso Midway ISD		1.332	1.332	1.332	1.332
West Oso ISD		1.340	1.420	1.420	1.420
Fire Districts:					
Fire District No. 1		0.100	0.100	0.100	0.100
Fire District No. 2		0.026	0.026	0.026	0.026
Fire District No. 3		0.048	0.030	0.030	0.030
Fire District No. 4		0.100	0.100	0.100	0.100
Fire District No. 5		0.028	0.270	0.240	0.030
Fire District No. 6		0.000	0.000	0.070	0.070
TOTAL:		<u>21.965</u>	<u>23.678</u>	<u>23.945</u>	<u>24.110</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>	<u>2018</u> <u>2017</u>
0.355	0.345	0.335	0.317	0.308	0.308
0.162	0.148	0.137	0.130	0.127	0.121
0.370	0.370	0.370	0.370	0.370	0.370
0.258	0.251	0.248	0.248	0.246	0.259
0.398	0.390	0.350	0.334	0.333	0.338
0.189	0.189	0.178	0.193	0.193	0.193
0.062	0.085	0.085	0.083	0.083	0.085
0.462	0.500	0.500	0.502	0.500	0.485
0.696	0.680	0.680	0.680	0.689	0.689
0.805	0.823	0.825	0.785	0.764	0.794
0.571	0.585	0.585	0.606	0.606	0.606
0.907	0.902	0.763	0.773	0.734	0.704
0.351	0.323	0.299	0.276	0.272	0.281
0.956	0.866	0.812	1.011	1.005	0.932
1.400	1.400	1.400	1.351	1.510	1.516
1.071	1.071	1.071	1.071	1.231	1.222
1.513	1.513	1.513	1.513	1.513	1.513
1.551	1.533	1.533	1.406	1.399	1.359
1.359	1.359	1.359	1.376	1.375	1.375
1.237	1.237	1.237	1.237	1.237	1.237
1.265	1.265	1.555	1.625	1.706	1.700
1.071	1.178	1.168	1.154	1.150	1.145
1.238	1.251	1.395	1.356	1.358	1.349
1.086	1.126	1.126	1.118	1.118	1.118
1.610	1.630	1.645	1.650	1.650	1.665
1.332	1.317	1.395	1.377	1.409	1.372
1.370	1.370	1.450	1.450	1.450	1.450
0.100	0.100	0.100	0.100	0.100	0.100
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	0.100
0.030	0.030	0.030	0.030	0.030	0.030
0.070	0.070	0.070	0.075	0.070	0.068
<u>24.001</u>	<u>24.067</u>	<u>24.374</u>	<u>24.357</u>	<u>24.696</u>	<u>24.614</u>



**Nueces County, Texas
Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2018**

Exhibit 8

Taxpayer	2018			2009		
	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	\$994,320,270	1	21.73%	\$859,953,932	1	28.16%
Valero Refining Company	992,797,910	2	21.69%	854,927,496	2	27.99%
Citgo	636,936,720	3	13.92%	496,996,857	3	16.27%
Equistar Chemicals LP	498,920,600	4	10.90%	180,005,743	4	5.89%
AEP Texas Central	343,791,420	5	7.51%	174,919,855	5	5.73%
Chapman Ranch Wind I LLC	283,500,000	6	6.20%	-	-	-
Buckeye Texas Processing LLC	266,934,130	7	5.83%	-	-	-
Hoechst Cel-Plastics Division	197,636,150	8	4.32%	174,159,940	6	5.70%
Valero Marketing & Supply	186,972,890	9	4.09%	-	-	-
Flint Hills Res LLC-East Plant	174,379,320	10	3.81%	-	-	-
Corpus Christi Retail Venture LP	-	-	-	82,864,222	7	2.71%
Apache Corporation	-	-	-	78,947,618	8	2.58%
Corpus Christi Cogeneration LP	-	-	-	78,881,330	9	2.58%
Butt H E Grocery Co	-	-	-	72,650,028	10	2.38%
Total	<u>\$4,576,189,410</u>		<u>100.00%</u>	<u>\$3,054,307,021</u>		<u>100.00%</u>
Total Assessed Value and Percentage of Total	<u>\$28,367,523,542</u>		<u>100.00%</u>	<u>\$18,171,179,953</u>		<u>100.00%</u>

**Nueces County, Texas
Tax Levies
Last Ten Fiscal Years
September 30, 2018**

FISCAL YEAR	2009	2010	2011	2012
TAX ROLL YEAR	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Levy for maintenance and operations (M & O):				
General Fund	\$54,636,632	\$55,456,844	\$53,624,613	\$54,495,366
Road Fund	<u>804,802</u>	<u>824,104</u>	<u>791,360</u>	<u>788,479</u>
Total M & O levy	<u>55,441,434</u>	<u>56,280,948</u>	<u>54,415,973</u>	<u>55,283,845</u>
Levy for debt service (I & S):				
Debt Service Fund	<u>10,908,756</u>	<u>11,379,441</u>	<u>10,924,694</u>	<u>10,835,130</u>
Total I & S levy	<u>10,908,756</u>	<u>11,379,441</u>	<u>10,924,694</u>	<u>10,835,130</u>
Total County levy	<u><u>\$66,350,190</u></u>	<u><u>\$67,660,389</u></u>	<u><u>\$65,340,667</u></u>	<u><u>\$66,118,975</u></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>	<u>2018</u> <u>2017</u>
\$56,498,344	\$61,167,064	\$66,201,428	\$66,517,122	\$69,352,816	\$72,167,419
<u>833,275</u>	<u>902,847</u>	<u>976,332</u>	<u>989,396</u>	<u>1,042,241</u>	<u>1,098,142</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>73,265,561</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>12,354,436</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>12,354,436</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>	<u>\$85,619,997</u>

Nueces County, Texas
Property Tax Levies and Collections -
General Fund and Debt Service Funds
Last Ten Fiscal Years
September 30, 2018

FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR	2009 2008	2010 2009	2011 2010	2012 2011
Tax Levy (original levy) (1)	65,545,388	66,836,285	64,549,307	65,330,496
Current Tax Collections (2)	62,719,961	64,656,554	62,146,816	63,364,158
Percent of Current Taxes Collected	96%	97%	96%	97%
Unpaid as of June 30th	2,825,427	2,179,731	2,402,491	1,966,338
Subsequent Collections & Adjustments	1,421,968	658,713	1,099,494	825,937
Total Collections & Adjustments	64,141,929	65,315,267	63,246,310	64,190,095
Percent Total Collections of Tax Levy	97.86%	97.72%	97.98%	98.25%
Unpaid Taxes	1,403,459	1,521,018	1,302,997	1,140,401

(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>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>	<u>2018</u> <u>2017</u>
67,741,886	72,760,305	76,507,344	77,540,890	81,223,276	84,521,855
66,008,745	70,450,668	74,267,821	73,849,526	78,131,456	80,769,940
97%	97%	97%	95%	96%	96%
1,733,141	2,309,637	2,239,523	3,691,364	3,091,820	3,751,915
626,494	1,017,372	1,028,313	2,364,877	1,552,955	1,853,627
66,635,239	71,468,040	75,296,134	76,214,403	79,684,411	82,623,567
98.37%	98.22%	98.42%	98.29%	98.11%	97.75%
1,106,647	1,292,265	1,211,210	1,326,487	1,538,865	1,898,288

**Nueces County, Texas
Property Tax Levies and Collections -
Farm To Market
Last Ten Fiscal Years
September 30, 2018**

FISCAL YEAR ENDING SEPTEMBER 30, TAX ROLL YEAR	2009 <u>2008</u>	2010 <u>2009</u>	2011 <u>2010</u>	2012 <u>2011</u>
Tax Levy (1)	804,802	824,104	791,360	788,479
Current Tax Collections (2)	769,669	790,533	761,190	761,310
Percent of Current Taxes Collected	96%	96%	96%	97%
Unpaid as of June 30th	35,133	33,571	30,170	27,169
Subsequent Collections & Adjustments	17,998	14,989	14,263	13,463
Total Collections & Adjustments	787,667	805,522	775,453	774,773
Percent Total Collections of Tax Levy	97.87%	97.75%	97.99%	98.26%
Unpaid Taxes Sept. 30	17,135	18,582	15,907	13,706

(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.

2013 2012	2014 2013	2015 2014	2016 2015	2017 2016	2018 2017
833,275	902,847	976,332	989,396	1,042,241	1,098,142
812,362	874,926	949,013	942,609	1,002,278	1,031,719
97%	97%	97%	95%	96%	94%
20,913	27,921	27,319	46,787	39,963	66,423
7,616	12,180	12,144	30,119	20,397	23,391
819,978	887,106	961,157	972,728	1,022,675	1,055,110
98.40%	98.26%	98.45%	98.32%	98.12%	96.08%
13,297	15,741	15,175	16,668	19,566	43,032

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, 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Principal	4,553,649	4,957,377	4,796,040	5,724,864
Interest	6,104,074	5,869,233	5,179,967	5,054,843
Fiscal Agents & Other Fees	4,017	8,500	432,800	(16,034)
Total Debt Service	10,661,740	10,835,110	10,408,807	10,763,673
Total General governmental expenditures (2)	65,036,510	66,283,738	67,009,800	66,516,869
Ratio of Debt Service to General governmental expenditures	16.39%	16.35%	15.53%	16.18%

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

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
6,031,337	6,419,915	6,714,187	7,184,854	7,591,221	9,172,156
4,923,149	4,639,571	4,311,152	4,653,564	4,922,104	5,006,208
15,700	9,150	7,000	5,375	8,950	10,000
10,970,186	11,068,636	11,032,339	11,843,793	12,522,275	14,188,364
67,511,560	70,872,605	75,484,771	77,602,577	82,273,765	82,133,314
16.25%	15.62%	14.62%	15.26%	15.22%	17.27%

Nueces County, Texas
Ratios of Gross Bonded Debt Outstanding including Capital Leases
Last Ten Fiscal Years
September 30, 2018

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>
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
2018	121,507,095	8,709,277	130,216,372	(1,866,868)	128,349,504	4,518,211

<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>
12,004,999	9.52%	18,171,179,953	0.70%	338,220	377.96
12,438,913	10.27%	18,543,081,236	0.66%	340,314	361.22
13,196,232	10.76%	17,737,980,901	0.70%	343,190	362.76
14,226,934	12.14%	18,035,454,760	0.66%	347,816	342.88
14,841,683	13.34%	18,710,372,638	0.60%	352,728	319.96
15,117,598	14.43%	20,613,089,617	0.54%	356,325	310.50
15,416,870	12.91%	22,309,191,166	0.56%	360,118	345.34
14,743,237	12.85%	23,871,896,271	0.50%	361,350	328.34
15,125,406	11.86%	25,690,394,131	0.52%	361,221	367.55
not available	not available	26,698,695,590	0.49%	369,142	352.75



Nueces County, Texas
Computation of Direct and Overlapping Debt
September 30, 2018

Exhibit 14

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicabl	Nueces County Share Of Gross Debt
Special Districts:			
Corpus Christi Junior College District	\$228,195,000	100.00%	\$228,195,000
County-Line Special Districts:			
Nueces County Drainage District 2	283,372	100.00%	283,372
South Texas Water Authority	4,095,000	38.19%	1,563,881
Cities:			
Agua Dulce	724,000	100.00%	724,000
Aransas Pass	24,890,000	1.74%	433,086
Bishop	3,846,000	100.00%	3,846,000
Corpus Christi	479,495,000	100.00%	479,495,000
Driscoll	176,046	100.00%	176,046
Port Aransas	19,440,000	100.00%	19,440,000
Robstown	15,452,272	100.00%	15,452,272
School Districts:			
Agua Dulce ISD	5,210,000	58.12%	3,028,052
Aransas Pass ISD	17,490,000	1.35%	236,115
Banquete ISD	7,650,000	99.87%	7,640,055
Bishop ISD	31,803,756	100.00%	31,803,756
Calallen ISD	73,160,000	100.00%	73,160,000
Corpus Christi ISD	526,935,000	99.19%	522,666,827
Driscoll ISD	7,611,306	100.00%	7,611,306
Flour Bluff ISD	47,225,000	100.00%	47,225,000
London ISD	34,569,968	100.00%	34,569,968
Port Aransas ISD	9,144,000	99.99%	9,143,086
Robstown ISD	50,344,868	100.00%	50,344,868
Tuloso-Midway ISD	66,361,807	100.00%	66,361,807
West Oso ISD	23,281,994	100.00%	23,281,994
Total overlapping and underlying debt	1,677,384,389	96.98%	1,626,681,490
Nueces County	<u>134,734,583</u>	100.00%	<u>134,734,583</u>
Total direct and overlapping debt	<u>\$1,812,118,97</u>	97.20%	<u>\$1,761,416,07</u>

Estimated Nueces County: Population: 369,142

Nueces County share of Gross Debt per Capita is \$ 352.75
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, 2018

Fiscal Year Ending	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed market value of taxable property	23,170,211,252	24,044,540,087	24,347,389,404	25,190,041,328
Less exemptions and abatements	<u>(4,097,252,632)</u>	<u>(4,623,171,657)</u>	<u>(5,810,394,569)</u>	<u>(6,347,136,935)</u>
Assessed value of all taxable property	19,072,958,620	19,421,368,430	18,536,994,835	18,842,904,393
Debt limit rate	x 5%	x 5%	x 5%	5%
Amount of debt limit	<u>953,647,931</u>	<u>971,068,422</u>	<u>926,849,742</u>	<u>942,145,220</u>
Amount of debt applicable to debt limit:				
Total Bonded Applicable Debt	126,114,820	121,157,443	122,633,900	117,055,767
Less: Amounts set aside to repay general debt	<u>3,182,479</u>	<u>3,585,711</u>	<u>3,982,739</u>	<u>3,945,987</u>
Total amount of net debt applicable to debt limit	<u>122,932,341</u>	<u>117,571,732</u>	<u>118,651,161</u>	<u>113,109,780</u>
Legal debt margin	<u>\$830,715,590</u>	<u>\$853,496,690</u>	<u>\$808,198,581</u>	<u>\$829,035,440</u>
Total net debt applicable to the limit as a percentage of debt limit	12.89%	12.11%	12.80%	12.01%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	26,977,687,725	29,506,524,652	31,887,031,407	33,875,864,077	36,510,058,441	38,846,265,401
	(7,453,162,690)	(7,965,439,445)	(8,429,072,802)	(8,677,204,445)	(9,339,129,118)	(10,489,815,916)
	<u>19,524,525,035</u>	<u>21,541,085,207</u>	<u>23,457,958,605</u>	<u>25,198,659,632</u>	<u>27,170,929,323</u>	<u>28,356,449,485</u>
x	5%	5%	5%	5%	5%	5%
	<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>	<u>1,417,822,474</u>
	111,024,428	104,604,513	113,635,326	109,450,473	122,779,252	134,734,583
	<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>1,866,868</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>132,867,715</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>	<u>\$1,284,954,759</u>
	10.95%	9.29%	9.33%	8.40%	8.80%	9.37%

**Nueces County, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years
September 30, 2018**

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Solid Waste Fees	1,356	1,000	1,244	1,248
Total Revenues Available (1)	1,000	1,000	1,000	1,000
Debt Service Requirements				
Interest	6,031,276	5,834,759	5,632,640	5,155,948
Principal	3,885,000	4,255,000	4,670,000	5,724,865

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

Exhibit 16

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1,568	1,984	1,872	1,940	2,368	1,060
1,000	1,000	1,000	1,000	1,000	1,000
4,923,149	4,639,571	4,311,152	4,653,564	4,922,104	5,006,208
6,031,337	6,419,915	6,714,187	7,184,854	7,591,221	9,172,156

Nueces County Texas
Miscellaneous Statistical Data
Last Ten Fiscal Years
September 30 2018

	(1)	(2)	(2)	(3)
<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment Corpus Christi</u>
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	361,221	15,125,406	41,873	54,037
2018	369,142	not available	not available	53,743

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
6,855	7.6%	56,857,481	3,917,568,280
6,963	7.6%	60,744,779	3,840,034,538
6,939	7.8%	61,858,320	4,288,389,104
7,058	5.7%	57,296,567	4,772,060,753
7,046	5.8%	65,544,987	5,169,529,102
7,043	4.8%	72,878,577	5,505,775,116
7,115	4.8%	77,890,428	7,500,324,301
7,193	6.0%	70,089,873	5,248,625,725
7,313	5.2%	75,003,446	5,119,216,442
7,332	4.6%	79,332,779	5,653,943,729



Nueces County, Texas
Principal Employers
Current Year and Nine Years Ago
September 30, 2018

Exhibit 18

Employer Name	2018			2009		
	Number of Employees	Rank	Percent of total County Employment	Number of Employees	Rank	Percent of total County Employment
Corpus Christi ISD	5,944	1	17.87%	5,178	2	16.34%
Naval Air Station Corpus Christi	4,500	2	13.53%	1,630	7	5.14%
H.E.B. Stores & Bakery	3,840	3	11.55%	5,000	3	15.77%
Christus Spohn Hospital	3,400	4	10.22%	5,400	1	17.04%
Corpus Christi Army Depot	3,400	4	10.22%	4,876	4	15.38%
City of Corpus Christi	3,202	5	9.63%	3,171	5	10.00%
Driscoll Children's Hospital	2,136	6	6.42%	1,500	9	4.73%
Corpus Christi Medical Center	1,885	7	5.67%	1,300	10	4.10%
Kiewit Offshore Services	1,750	8	5.26%	-	-	-
Bay, Ltd.	1,700	9	5.11%	2,100	6	6.63%
Del Mar College	1,500	10	4.51%	1,542	8	4.86%
Total	33,257		100.00%	31,697		100.00%
Total Employed in the County ⁽¹⁾	157,908			154,451		

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, 2018**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
New Construction (1)				
Residential				
Dwelling Units	806	913	880	1,217
Permits	738	657	660	951
Valuation	93,209,375	98,637,278	118,003,701	178,113,660
Commercial				
Permits	140	190	214	198
Valuation	<u>60,853,477</u>	<u>118,984,064</u>	<u>172,797,003</u>	<u>155,968,117</u>
Total Permits Valuations	<u><u>154,062,852</u></u>	<u><u>217,621,342</u></u>	<u><u>290,800,704</u></u>	<u><u>334,081,777</u></u>

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

Exhibit 19

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1,790	1,367	1,090	954	865	952
976	998	1,090	954	865	952
193,356,876	183,877,132	191,238,582	176,846,614	154,152,293	165,647,055
196	272	311	269	137	138
<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>292,864,942</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>	<u><u>458,511,997</u></u>

**Nueces County, Texas
Housing & Motor Vehicle Sales Volume
Last Ten Fiscal Years
September 30, 2018**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Home Sales Volume(1)	535,561,527	524,798,817	534,980,028	689,413,715
Units Sold(1)	3,444	3,445	3,396	4,058
Median Price Real Estate(1)	134,800	136,500	135,700	142,300
Registered Vehicles(2)	268,198	269,639	276,139	285,373
Motor vehicle sales tax(3)	33,145,384	35,560,228	46,167,854	56,734,057

Source:

(1) Real Estate Center at Texas A&M University

(2) Texas Department of Transportation

(3) Nueces Tax Office

Exhibit 20

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
829,025,327	930,473,282	996,087,857	884,478,979	874,706,343	949,356,771
4,589	4,690	4,811	4,156	3,889	4,322
152,200	168,600	178,700	186,900	189,765	191,392
292,278	300,564	301,993	289,017	285,911	287,512
65,516,565	67,508,283	67,756,629	62,301,881	58,197,613	65,387,700

Nueces County, Texas
Full-Time Equivalent
County Government Employees by Function Last Ten Fiscal Years
September 30, 2018

	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>	<u>11/12</u>
General Government	183	183	183	184
Buildings & Facilities	41	41	41	41
Administration of Justice	359	358	355	355
Law Enforcement & Corrections	384	385	384	388
Social Services	36	36	36	36
Health, Safety & Sanitation	23	23	22	18
Agr, Ed & Consumer Sciences	16	16	16	16
Roads, Bridges & Airport	91	92	92	92
Parks & Recreation	38	38	38	40
Total Employee Positions	<u>1,171</u>	<u>1,172</u>	<u>1,167</u>	<u>1,170</u>

Source: Nueces County Clerk, adopted annual budgets.

<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>
184	190	197	201	205	195
39	37	37	37	39	39
308	307	307	308	307	306
442	444	444	446	448	456
36	36	36	36	37	36
28	55	57	55	57	48
15	15	15	16	16	16
93	93	93	93	93	92
40	42	42	46	46	46
<u>1,184</u>	<u>1,219</u>	<u>1,227</u>	<u>1,238</u>	<u>1,247</u>	<u>1,234</u>

Nueces County, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years
September 30, 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Administration of Justice				
JP Courts				
Cases Filed	29,851	99,578	27,150	22,041
Cases Disposed	26,941	24,095	22,532	15,833
Cases Appealed	85	87	83	4
County Courts at Law				
Civil Cases Filed	1,969	2,002	2,425	2,242
Child Protective Services	231	207	192	181
Civil Cases Disposed	1,967	1,910	2,474	2,378
Criminal Cases Filed	8,952	8,590	6,963	7,826
Criminal Cases Disposed	10,925	9,353	8,126	7,350
District Courts				
Civil Cases Filed	7,649	7,261	7,945	6,322
Child Protective Services	1	1	1	1
Civil Cases Disposed	8,094	7,401	6,561	6,414
Criminal Cases Filed	5,304	4,608	3,138	2,878
Criminal Cases Disposed	5,236	5,027	4,501	4,813
Juvenile				
Juvenile Cases Filed	345	242	184	243
Juvenile Cases Disposed	372	242	74	249
General Government				
County Clerk Filing	99,206	80,715	73,729	85,517

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

Office of Court Administration
Nueces County District Clerk

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
25,797	22,079	17,702	15,529	18,995	25,676
75,316	20,231	19,795	23,386	15,467	19,723
112	97	99	136	119	119
2,057	2,174	2,367	2,463	2,110	1,900
152	229	249	346	396	383
1,836	1,944	2,190	2,269	2,120	1,892
7,868	8,912	6,627	4,960	3,347	6,807
8,142	7,489	7,030	6,520	7,012	5,007
6,472	6,308	6,657	6,945	6,408	7,072
1	1	28	21	3	2
6,126	5,721	4,844	5,752	7,254	7,233
2,795	3,055	2,941	2,685	1,989	3,199
4,728	4,668	4,642	4,032	4,423	5,912
244	175	139	151	131	1,183
295	261	222	231	109	191
110,525	147,679	99,254	96,330	92,062	81,095

Nueces County, Texas
Capital Asset Statistics By Function
Last Ten Fiscal Years
September 30, 2018

<u>Functions</u>	2009	2010	2011	2012
General Government				
Number of Vehicles	6	7	6	11
Number of Buildings	2	2	2	2
Administration of Justice				
Number of Buildings	5	5	5	4
Number of Vehicles	9	7	9	8
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	106	107	104	113
Health, Safety, and Sanitation				
Number of Vehicles	12	12	12	10
Social Services				
Number of Buildings	2	2	2	2
Number of Vehicles	9	8	9	8
Roads, Bridges, and Transportation				
Number of Buildings	13	14	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	51	49	51	57
Parks and Recreation				
Number of Buildings	32	32	35	25
Number of Parks	13	13	13	13
Number of Vehicles	17	21	22	22
Building and Facilities				
Number of Buildings	26	26	26	37
Number of Vehicles	11	11	10	13
Agriculture, Education, Consumer Science				
Number of Vehicles	4	4	4	4

2013	2014	2015	2016	2017	2018
11	11	6	19	22	28
2	2	2	2	2	2
4	4	4	4	4	4
6	7	7	7	7	7
2	2	2	2	2	2
656	656	656	656	656	656
412	412	412	412	412	412
102	105	122	119	119	129
11	11	11	11	12	13
2	2	2	2	2	2
13	12	8	8	8	8
14	14	17	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
54	55	54	52	57	60
25	25	25	25	25	25
13	13	13	13	13	13
22	22	21	22	23	23
36	36	37	37	37	37
17	16	11	11	11	11
4	4	3	4	4	4



Nueces County, Texas
Salaries and Surety Bonds of Elected Officials
September 30, 2018

Exhibit 24

Official Title	Incumbent	Budget Salary	Surety Bond	Term Ending Dates
Elected Officials:				
Commissioner, Precinct 1	Carolyn Vaughn	\$77,140	\$3,000	12/31/2020
Commissioner, Precinct 2	Joe A. Gonzalez	81,045	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 At Law 1	Robert J. Vargas	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law 2	Lisa Gonzales	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law 3	Deeanne Galvan	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law 4	Mark Woerner	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law 5	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	The Late 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, 2018

<u>Type of Coverage</u>	<u>Premiums Paid FY 08-09</u>	<u>Premiums Paid FY 09-10</u>	<u>Premiums Paid FY 10-11</u>	<u>Premiums Paid FY 11-12</u>
Property Without Excess Windstorm	123,117	111,913	123,259	136,120
Primary Windstorm	378,162	1,028,516	755,168	858,524
Subtotal Windstorm	501,279	1,140,429	878,427	994,644
Flood Insurance	84,397			
Building and Contents		76,260	83,441	91,802
Excess Flood	80,012	56,323	56,530	56,415
Subtotal Flood	164,409	132,583	139,971	148,217
Inland Marine:	13,212	5,939	7,418	7,051
Subtotal Inland Marine	13,212	5,939	7,418	7,051
Public Official Employee Liability	33,435	24,567	31,361	30,153
Crime Policy Includes Dishonesty Money & Securities	2,783	2,783	2,783	2,783
Auto Liability Blanket	119,122	111,242	115,029	106,706
Airport Hangar keepers Legal	3,783	2,888	2,837	2,258
Total	838,023	1,420,431	1,177,826	1,291,812

Exhibit 25

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	Premiums Paid FY 17-18
154,343	179,542	179,542	152,646	234,470	234,660
845,948	824,545	747,536	961,438	971,775	868,350
1,000,291	1,004,087	927,078	1,114,084	1,206,245	1,103,010
86,043	98,677	106,988	101,844	115,829	110,154
61,324	65,228	64,001	63,640	59,728	59,728
147,367	163,905	170,989	165,484	175,557	169,882
7,418	7,785	7,785	7,826	7,474	7,474
7,418	7,785	7,785	7,826	7,474	7,474
32,771	32,771	32,771	35,805	35,175	44,337
4,231	4,397	4,700	5,000	4,700	5,025
87,812	91,902	91,180	118,545	91,561	96,791
2,258	1,734	1,734	3,258	1,734	1,770
1,282,148	1,306,581	1,236,237	1,450,002	1,522,446	1,428,289



FEDERAL AND STATE AWARDS PROGRAMS



**INDEPENDENT AUDITORS' 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***

The Honorable County Judge and
Commissioners' Court
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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Nueces County, Texas as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Nueces County, Texas' basic financial statements, and have issued our report thereon dated March 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nueces County, Texas' 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 Nueces County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Nueces County, Texas' 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 a 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Nueces County, Texas' financial statements are free from 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*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 29, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE AND THE STATE OF TEXAS *UNIFORM
GRANT MANAGEMENT STANDARDS***

The Honorable County Judge and
Commissioners' Court
Nueces County, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Nueces County, Texas' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Compliance Supplement*) and the State of Texas *Uniform Grants Management Standards* that could have a direct and material effect on each of Nueces County, Texas' major federal and state programs for the year ended September 30, 2018. Nueces County, Texas' major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Nueces County, Texas' major federal and 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Uniform Grant Management Standards* ("UGMS"). Those standards, the Uniform Guidance, and UGMS 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 or state program occurred. An audit includes examining, on a test basis, evidence about Nueces County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Nueces County, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, Nueces County, Texas 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 and state programs for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of Nueces County, Texas 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 Nueces County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, 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 Nueces County, Texas' 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 or 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 federal or 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 were not 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 and UGMS. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 29, 2019

NUECES COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance or *the State of Texas Single Audit Circular*? None

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster:</u>
14.228	Community Development Block Grant
93.563	Child Support Enforcement Grant
97.067	Homeland Security Grant Program
State	Indigent Defense Formula Grant

Dollar threshold used to distinguish between type A and type B federal programs \$750,000

Dollar threshold used to distinguish between type A and type B state programs \$300,000

Auditee qualified as low-risk auditee for federal single audit? Yes

Auditee qualified as low-risk auditee for state single audit? Yes

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
Corrective Action Plan
For The Year Ended September 30, 2018

None Required

NUECES COUNTY, TEXAS
Schedule of Prior Audit Findings
For The Year Ended September 30, 2018

None Noted

NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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	10.553	01216	23,549	-
3490-4469	10.555	01216	\$ 37,460	\$ -
3492-4469	10.569	01216	3,429	-
TOTAL CLUSTER PROGRAM:			<u>\$ 64,438</u>	<u>\$ -</u>
2058	10.579	6TX300355	24,999	-
TOTAL US DEPARTMENT OF AGRICULTURE:			<u>\$ 89,437</u>	<u>\$ -</u>
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass Through: Texas Department of Agriculture				
2792	14.228	7214085	\$ 224,722	\$ -
2794	14.228	7215115	4,658	-
Total CFDA 14.228			<u>\$ 229,379</u>	<u>\$ -</u>
TOTAL US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>\$ 229,379</u>	<u>\$ -</u>
US DEPARTMENT OF THE INTERIOR				
Direct Grant				
1307	15.435	664025911	\$ 6,949	\$ -
TOTAL US DEPARTMENT OF THE INTERIOR			<u>\$ 6,949</u>	<u>\$ -</u>
US DEPARTMENT OF JUSTICE:				
Pass Through: US Attorney, SW Region				
2238	16.111	SW-TXS-1081	\$ 18,141	\$ -
Direct Grant				
3720-4463	16.606	2017-AP-BX-0043	\$ 39,966	\$ -
Pass Through: Texas Office of the Governor - Criminal Justice Division				
2077	16.540	2315207	\$ 3,190	\$ -
2018	16.575	2987403	44,000	-
2048	16.738	3103302	8,000	-
Through: City of Corpus Christi				
2397	16.738	2015-DJ-BX-0616	\$ 2,394	\$ -
2398	16.738	2016-DJ-BX-0829	50,845	-
2399	16.738	2017-DJ-BX-0571	1,862	-
TOTAL CFDA 16.738			<u>\$ 63,101</u>	<u>\$ -</u>
TOTAL US DEPARTMENT OF JUSTICE			<u>\$ 168,398</u>	<u>\$ -</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass Through: Texas State Library & Archives Commission				
2159	45.310	478-18016	69,222	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>\$ 69,222</u>	<u>\$ -</u>
US ENVIRONMENTAL PROTECTION AGENCY				
Pass Through: Texas Water Development Board				
2793	66.468	LF1000340	\$ 18,994	\$ -
2795	66.468	LF1000661	191,491	-
Total CFDA Number 66.468			<u>\$ 210,485</u>	<u>\$ -</u>
Pass Through: Texas General Land Office				
2638	66.472	16-099-000-9299-02	\$ 92,230	\$ -
2639	66.472	16-099-000-9299-03	13,380	-
Total CFDA Number 66.472			<u>\$ 105,610</u>	<u>\$ -</u>
TOTAL US ENVIRONMENTAL PROTECTION AGENCY			<u>\$ 316,095</u>	<u>\$ -</u>
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	93.044	AA3-0848-11	\$ 21,633	\$ -
4190-4446	93.045	AA3-0848-11	57,484	-
4190-4447	93.045	AA3-0848-11	63,369	-
Total Cluster			<u>\$ 142,486</u>	<u>\$ -</u>
Pass Through: Texas Health and Human Services Commission				
2557	93.069	537-18-0349-00001	\$ 132,479	\$ -
2698	93.074	537-18-0172-00001	169,953	-
2699	93.074	537-18-0172-00001-	\$ 50,543	\$ -
Total CFDA 93.074			<u>\$ 220,496</u>	<u>\$ -</u>

NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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				
2557	Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	537-18-0349-00001	\$ 180,917 \$ -
Through: Office of the Attorney General				
3530-4363	Child Support Enforcement	93.563	17-C0061	\$ 223,013 \$ -
3530-4365	Child Support Enforcement	93.563	17-C0061	583 -
3540-4365	Child Support Enforcement	93.563	00-3721,00-082010	13,316 -
Total CFDA 93.563			\$ 236,912	\$ -
Through: Texas Department of Family and Protective Services				
1317-16	Title IV-E Foster Care	93.658	TJJD-E-2016-178	\$ 7,605 \$ -
1317-17	Title IV-E Foster Care	93.658	TJJD-E-2017-178	47,881 -
1317-18	Title IV-E Foster Care	93.658	TJJD-E-2018-178	31,800 -
1130	Title IV-E Foster Care Legal Services	93.658	23940957	55,046 -
4130	Title IV-E Foster Care Child Welfare Services	93.658	23940956	30,257 -
Total CFDA 93.658			\$ 172,589	\$ -
Pass Through: Department of Aging and Disability Services				
4190-4450	Social Services Block Grant	93.667	167600	\$ 19,138 \$ -
US DEPARTMENT OF HEALTH AND HUMAN SERVICES - continued				
Pass Through: Department of State Health Services				
2597	HIV Prevention_Health Department Based	93.940	2016-001347-02	\$ 22,372 \$ -
2598	HIV Prevention_Health Department Based	93.940	2016-001347C	81,107 -
Total CFDA 93.940			\$ 103,479	\$ -
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 1,208,497	\$ -
EXECUTIVE OFFICE OF THE PRESIDENT				
Pass Through: Office of National Drug Control Policy				
2377	High Intensity Drug Trafficking Area Programs	95.001	G17HN0007A	\$ 64,073 \$ -
2378	High Intensity Drug Trafficking Area Programs	95.001	G18HN0007A	14,371 -
Total CFDA 95.001			\$ 78,444	\$ -
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			\$ 78,444	\$ -
US DEPARTMENT OF HOMELAND SECURITY				
Pass Through: United Way				
1350	Emergency Food and Shelter National Board Program	97.024	34-8284-00-001	3,195 -
2168	Emergency Food and Shelter National Board Program	97.024	35-8284-00-001	12,500 -
Total CFDA 97.024			\$ 15,694	\$ -
Pass Through Department of Public Safety				
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW01097	\$ 14,940 \$ -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW00833	5,130 -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW01502	9,099 -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW02015	4,579 -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW01096	3,715 -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW01095	53,446 -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW01182	28,309 -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW02700	10,152 -
0104	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4332-PW01723	137,291 -
2463	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW01413	6,938 -
2471	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW01535	2,120 -
2472	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4223-PW1820	5,540 -
Total CFDA 97.036			\$ 281,259	\$ -
2468	Hazard Mitigation Grant Program	97.039	HMGP DR-4223-008	\$ 2,062 \$ -
2470	Hazard Mitigation Grant Program	97.039	HMGP DR-4245-007	13,260 -
Total CFDA 97.039			\$ 15,322	\$ -
5105	Emergency Management Performance Grant	97.042	18TX-EMPG-578	31,806 -
Pass Through Texas Office of the Governor-HSGD				
2767	Homeland Security Grant Program	97.067	3400801	\$ 8,488 \$ -
2415	Homeland Security Grant Program	97.067	3173501	75,924 -
2416	Homeland Security Grant Program	97.067	3173502	147,554 2,489
2417	Homeland Security Grant Program	97.067	3173503	42,115 -
Total CFDA 97.067			\$ 274,081	\$ 2,489
TOTAL US DEPARTMENT OF HOMELAND SECURITY			\$ 618,162	\$ 2,489
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,784,583	\$ 2,489

NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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				
4190-4450				
Texans Feeding Texans - HDM	N/a	HDM-18-3148	\$ 28,202	\$ -
Pass through: Texas A&M AgriLife Extension Service				
2448				
Hog Abatement Grant	N/a	LF 6079/18	\$ 16,644	\$ -
TOTAL TEXAS DEPARTMENT OF AGRICULTURE			\$ 44,845	\$ -
DEPARTMENT OF STATE HEALTH SERVICES				
Pass through: Texas Health and Human Services Commission				
2618				
HIV Surveillance	N/a	537-18-0368-00001	\$ 38,560	\$ -
TOTAL DEPARTMENT OF STATE HEALTH SERVICES			\$ 38,560	\$ -
TEXAS DEPARTMENT OF TRANSPORTATION				
2118				
Routine Airport Maintenance Program	N/a	MI816ROBS	\$ 23,858	\$ -
2119				
Routine Airport Maintenance Program	N/a	MI916ROBS	168	-
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			\$ 24,025	\$ -
TEXAS INDIGENT DEFENSE COMMISSION				
2067				
Technical Support Grant	N/a	18-TS-178	\$ 105,821	\$ -
3300				
Indigent Defense Formula Grant	N/a	212-18-178	261,726	-
3300				
Indigent Defense Formula Grant	N/a	EX-18-178	180,115	-
3300				
Indigent Defense Formula Grant	N/a	GRSF-18-178	18,652	-
TOTAL TEXAS INDIGENT DEFENSE COMMISSION			\$ 566,313	\$ -
TEXAS OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION				
2078				
Juvenile Justice Mental Health Program	N/a	3325001	\$ 54,908	\$ -
2438				
Rifle-Resistant Body Armor Grant Program	N/a	3495401	55,730	-
TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION			\$ 110,638	\$ -
TEXAS VETERANS COMMISSION				
2178				
Veterans Assistance Grant	N/a	FVA_17_0428	\$ 105,819	\$ -
2179				
Veterans Assistance Grant	N/a	FVA_18_0530	56,180	-
TOTAL TEXAS VETERANS COMMISSION:			\$ 161,999	\$ -
TOTAL EXPENDITURES OF STATE AWARDS			\$ 946,381	\$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS:			\$ 3,730,964	\$ 2,489

NUECES COUNTY, TEXAS

Notes to Schedule of State/Federal Awards

For the year ended September 30, 2018

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>
			\$ 2,164,534	\$ 457,687	\$ 2,622,221
(13)	\$ 364,091	(13)	\$		
(20)	1,800,443	(20)	457,687		
Federal \$	<u>2,164,534</u>	State \$	<u>457,687</u>		
		General Fund	(11) 616,620	488,694	1,105,314
		Commodities	(11) <u>3,429</u>	<u>-0-</u>	<u>3,429</u>
		TOTAL	\$ <u>2,784,583</u>	\$ <u>946,381</u>	\$ <u>3,730,964</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, 2018. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

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