

# ***NUECES COUNTY TEXAS***



Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2011



# NUECES COUNTY, TEXAS

## Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2011



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

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

County Clerk  
Diana T. Barrera

County Attorney  
Laura Jimenez

County Purchasing Agent  
Elsa Saenz

County Auditor  
Margaret (Peggy) Hayes, CPA

Director of Commissioners Court Administration  
Steve Waterman

Director of Public Works  
Glen Sullivan



Prepared by the staff of the Nueces County Auditor Office

Ben Abalos  
Raj Bhakta  
Fred Chavera  
Lisa Davis  
Elva Gomez  
Connie Larioz  
Telma Lopez  
Diana Rosas

NUECES COUNTY, TEXAS  
 Comprehensive Annual Financial Report  
 Year Ended September 30, 2011

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
County Auditor's Letter of Transmittal . . . . .	3
GFOA Certificate of Achievement. . . . .	8
Organizational Chart. . . . .	9
List of Elected and Appointed Officials. . . . .	10
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report. . . . .	13
Management's Discussion and Analysis. . . . .	15
Basic Financial Statements	
Statement of Net Assets. . . . .	33
Statement of Activities. . . . .	34
Balance Sheet - Governmental Funds. . . . .	36
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds. . . . .	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities. . . . .	40
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund. . . . .	42
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - U.S. Marshal Contract. . . . .	49
Statement of Net Assets - Proprietary Funds. . . . .	50
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds. . . . .	51
Statement of Cash Flows - Proprietary Funds. . . . .	52
Statement of Fiduciary Net Assets - Agency Funds. . . . .	53
Notes to the Financial Statements. . . . .	55
Required Supplementary Information	
Texas County and District Retirement System Schedule of Funding Progress. . . . .	80
 <b>SUPPLEMENTARY INFORMATION</b>	
Nonmajor Governmental Funds. . . . .	83
Combining Balance Sheet - Nonmajor Governmental Funds. . . . .	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds. . . . .	90
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual	
Road Fund. . . . .	95
Stadium and Fairgrounds Fund. . . . .	96
Law Library Fund. . . . .	97
Airport Fund. . . . .	98
Inland Parks Fund. . . . .	99
Coastal Parks Fund. . . . .	100
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual Special Revenues Fund . . . . .	102
Internal Service Funds	
Combining Statement of Net Assets - Internal Service Funds. . . . .	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Internal Service Funds. . . . .	107
Combining Statement of Cash Flows - Internal Service Funds. . . . .	108
Fiduciary Funds	
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds. . . . .	111
Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds. . . . .	112
Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds Detail. . . . .	113

**STATISTICAL SECTION**

**EXHIBIT**

Net Assets by Component - Last Ten Fiscal Years . . . . .	1	116
Changes in Net Assets - Last Ten Fiscal Years . . . . .	2	118
Fund Balances, Governmental Funds - Last Ten Fiscal Years . . . . .	3	120
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years. . . . .	4	122
Assessed and Taxable Valuations - Last Ten Fiscal Years . . . . .	5	124
Property Tax Levies - Direct and Overlapping Governments - Last Ten Fiscal Years. . . . .	6	126
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years. . . . .	7	128
Principal Taxpayers - Current Year and 10 Years Ago. . . . .	8	131
Tax Levies - Last Ten Fiscal Years. . . . .	9	132
Property Tax Levies and Collections - General Fund and Debt Service. . . . .	10	134
Property Tax Levies and Collections - Farm to Market. . . . .	11	136
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Deb to Total General Governmental Expenditures . . . . .	12	138
Ratio of Net General Bonded Debt Outstanding . . . . .	13	140
Computation of Direct and Overlapping Debt . . . . .	14	143
Legal Debt Margin Information Bonds and Certificates of Obligation		
Issued Under Texas General Law - Last Ten Fiscal Years. . . . .	15	144
Pledged Revenue Coverage - Last Ten Fiscal Years . . . . .	16	146
Miscellaneous Statistical Data - Last Ten Fiscal Years. . . . .	17	148
Principal Employers - Current Year and 10 Years Ago . . . . .	18	150
Construction and Commercial Permits Valuations - Last Ten Fiscal Years . . . . .	19	152
Deposits of FDIC Insured Institutions - Last Ten Fiscal Years . . . . .	20	154
Housing and Motor Vehicle Sales Volume - Last Ten Fiscal Years . . . . .	21	156
Full-Time Equivalent County Government Employees by Function - Last Ten Fiscal Years. . . . .	22	158
Operating Indicators by Function/Program - Last Ten Fiscal Years . . . . .	23	160
Capital Asset Statistics by Function - Last Ten Fiscal Years . . . . .	24	162
Salaries and Surety Bonds of Elected Officials. . . . .	25	165
Summary of Insurance Coverage. . . . .	26	166

**COMPLIANCE SECTION**

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i> . . . . .	171
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# INTRODUCTORY SECTION





March 31, 2012

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Nueces (County) for the fiscal year ended September 30, 2011 as audited by Ernest R. Garza and Company, P.C..

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

The County's financial statements have been audited by Ernest R. Garza and Company, P.C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require 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 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 Peneda found 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 28<sup>th</sup> state. The geographic location of the County on the Gulf of Mexico and the Intercoastal Waterway gives it one of the most strategic locations in the southwest as the home of the sixth largest port in the nation, major military installations, petrochemical industries and tourist attractions.

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

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

The county auditor has 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 some 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 library, assistance to indigents, the provision of juvenile health and education and welfare services involving the care and correction of dependent or delinquent children, and manage the central property tax collections for multiple agencies.

The County has a significant operational and financial relationship with two legally separate entities: the Nueces County Hospital District and the Nueces County Mental Health and Retardation Center, both of which are reported separately within the County's financial statements as component units. Additional information on both of these legally separate entities 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. All departments of the County are required to submit requests for appropriation to the county auditor on or before May 31<sup>st</sup> of each year. Copies of these requests for appropriations are forwarded to the director of the Office of Commissioners Court Administration (OCCA). OCCA uses these requests as the starting point for developing a base line budget, but without any tax increases or personnel changes. OCCA then presents this base line budget to the commissioners court for review prior to July. The commissioners court holds several budget workshops to discuss priorities or meet with department heads. The county auditor then prepares the proposed budget with all the revisions as directed by commissioners court. A copy of the proposed budget is filed with the county clerk and county auditor.

The commissioners' court must then hold a public hearing within seven calendar days after the date the proposed budget is filed but before October 31 of the current year. The commissioners court must take action on the proposed budget at the conclusion of the public hearing.

The appropriated budget is prepared by fund, department, and budget category. On items of greater importance, the budget is prepared by line item. All transfers between budget categories and departments require the special approval of the commissioners court with the exception of the special revenue funds other than the Road Fund, Inland Parks Funds, Coastal Parks Fund, Airport Fund, Law Library Fund and Stadium and Fairgrounds Fund. The appropriate department head with approval by the county auditor can make budget transfers for their special revenue funds other than those previously mentioned.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted excluding the debt service fund. For the general fund, this comparison is presented on page 34 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the general fund, this comparison is presented in the Supplemental Nonmajor Governmental Funds subsection of this report.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

### **Unemployment Rate**

The unemployment rate of 7.8% is the highest it has been in the past ten years. The unemployment rate is currently 8.2% as of February 2010. Compared to the national unemployment rate of 9.6% the local unemployment rate is lower by 1.4 points. Our local unemployment rate is also lower than the statewide average rate which is 8.1%.

### **Retail Sales**

Retail sales are up, by 11.68% as compared to the previous fiscal year. Total sales volume is the highest out of the past 10 year. The Eagle Ford Shale natural gas development is projected to have a positive economic impact for the next ten years.

### **Construction and Commercial Permits Valuations**

In 2011 the City of Corpus Christi issued 33.63% more construction permit valuations as compared to the prior year for a total of \$90,800,704. Construction permits seem to be on the rise again. The highest issuance of permits occurred in 2005 when \$404,748,793 in valuation construction permits were issued. Please see Exhibit 19 for more information.

### **Deposits of FDIC Insured Institutions**

Local bank deposits are holding strong, increasing by 5.27% as compared to last year. This year is actually the highest amount in the past ten years at \$3.72 billion. Last year total deposits were \$3.53 billion.

### **Housing Sales Volume, Housing Units Sold and Motor Vehicle Sales Tax**

Both housing sales and motor vehicle sales are up, 1.9% and 29.83% respectively. Although the housing sales dollars went up, the number of units sold remained constant which indicates higher real estate prices. The housing sales volume is \$534,980,028. Please see Exhibit 21 in the statistical section for more detail.

Although the economic indicators above reflect a slow growth in the local economy, the bottom line is remaining strong and stable and is in a better position than many areas of the country.

Nueces County has managed well during this economic slowdown and will not have to experience any interruptions to public services. The same number of full time personnel equivalents continued to be budgeted for the 2011/2012 budget year.

### **Future Economic Developments**

The Commissioners Court in March, 2010 granted a tax abatement to the Las Brisas Corporation. Las Brisas is a coke based electric generating plant which would add over \$3.2 billion to the County's tax rolls. If finalized, the Las Brisas project will be the largest construction project ever to have been done in Nueces County. Property tax valuations are expected to rise along with several of the other major economic indices due to the Eagle Ford Shale formation and drilling. Even though the community is seeing strong economic growth, the commissioners court continues to plan expenditures in a conservative manner. The 2011/2012 budget kept expenditures at the same levels as the prior budget

**Long-term financial planning**

The County approved another agreement with the State of Texas State Energy Conservation Office to borrow a maximum of \$7,930,497 to install energy conservation systems throughout the county. The loan is guaranteed to be paid off with energy savings. The terms of the agreement require the loan to be paid off in 11 ½ years with a 2% interest rate.

On October 12, 2010 a refunding issuance was finalized that yielded \$930,000 in future principal savings and \$1,216,744 in interest savings.

No further debt issuance is planned for in the near future.

**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, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

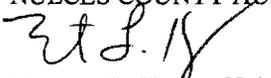
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last seventeen years (fiscal years ended 1993 through 2010). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA on April 2, 2012 with enhancements since filing with the bond agencies in compliance with continuing disclosure requirements on March 31, 2012.

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

Finally, I would like to thank the district judges for their support and guidance in matters relating to the discharge of my duties as county auditor. I am very 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



Margaret L. Hayes, CPA



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Nueces County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Dandson*

President

*Jeffrey R. Enser*

Executive Director



# Nueces County, Texas

## List of Principal Officials

### As of September 30, 2011

#### Elected Officials

Samuel L. Neal, Jr. County Judge  
 Mike Pusley County Commissioner Prt 1  
 Joe A. Gonzalez County Commissioner Prt 2  
 Oscar Ortiz County Commissioner Pct 3  
 Joe McComb County Commissioner Pct 4  
 Laura A. Jimenez County Attorney  
 Diana T. Barrera County Clerk  
 Ronnie Canales Tax Assessor-Collector  
 Robert J. Vargas Judge County Court at Law 1  
 Lisa Gonzales Judge County Court at Law 2  
 John Martinez Judge County Court at Law 3  
 James E. Klager Judge County Court at Law 4  
 Brent Chesney Judge County Court at Law 5  
 Nanette Hasette Judge 28<sup>th</sup> District Court  
 Bobby Galvan Judge 94<sup>th</sup> District Court  
 Angelica Hernandez Judge 105<sup>th</sup> District Court  
 Sandra Watts Judge 117<sup>th</sup> District Court  
 Guy Williams Judge 148<sup>th</sup> District Court  
 Jose Longoria Judge 214<sup>th</sup> District Court  
 Thomas Greenwell Judge 319<sup>th</sup> District Court  
 Missy Medary Judge 347<sup>th</sup> District Court  
 Mark Skurka District Attorney  
 Patsy Perez District Clerk  
 Amanda Torres Justice of the Peace 1-1  
 Henry A. Santana Justice of the Peace 1-2  
 Robert Balderas Justice of the Peace 1-3  
 Janice K. Stoner Justice of the Peace 2-1  
 Larry Cox Justice of the Peace 2-2  
 Adolfo G. Contreras 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  
 Rodolfo A. Caceres Constable Pct 1  
 Jerry C. Boucher Constable Pct 2  
 Jimmy Rivera Constable Pct 3  
 Robert W. Sherwood Constable Pct 4  
 Dionicio Ysassi Constable Pct 5

#### Appointed Officials & Dept Directors

Ida G. Garza County Librarian  
 Talma D. Benavides County Extension Agent  
 Michael J. Biddle Director of Info Technology  
 Jeffrey R. Stapper County Extension Agent  
 Servando Caballero Risk Manager  
 Toby Cross Veteran's Service Officer  
 Ray Fernandez Medical Examiner  
 Abraham Gonzales, Jr. Director of Law Library  
 Julie Guerra Director of Human Resources  
 Margaret L. Hayes County Auditor  
 Edward Herrera Director of Community Services  
 & Inland Parks  
 Roxanna Hunt Grants Administrator  
 Anne E. Lorentzen Court Administrator  
 Rebecca Rach Director of Human Services  
 Scott Cross Director of Coastal Parks  
 Annette Rodriguez Interim Director of Public Health  
 Elsa Saenz Purchasing Agent  
 Glen R. Sullivan County Road Engineer  
 Rebecca G. Flanigan Legal Advisor, Director  
 Homer Flores Chief Juvenile Probation Officer  
 Steve Waterman Director of Commissioners Court

# FINANCIAL SECTION



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

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



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

Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nueces County, Texas (the "County") as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's administrators. 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, which represents 19 percent and 22 percent of the total assets and revenues, respectively, for the year ended September 30, 2011. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Nueces County, Texas as of September 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2012, on our consideration of the County's 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 describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 15 through 29 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Nueces County, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements, other schedules listed under supplementary information, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and supplementary information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and schedules taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

March 31, 2012

A handwritten signature in black ink, appearing to read "ER Garza, P.C.", written in a cursive style.

## Nueces County, Texas

### MANAGEMENT'S DISCUSSION AND ANALYSIS

From the managers of Nueces County, Texas (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here and in conjunction with the additional information we are furnishing in our letter of transmittal, which can be found on pages 3-6 of this report, the basic financial statements, and the accompanying notes to those financial statements. This management discussion and analysis (MD&A) includes comparative data for the prior year.

#### FINANCIAL HIGHLIGHTS

- At fiscal year end, the County's government-wide total assets (excluding component units) exceeded its liabilities by \$141,960,444. As compared to the prior year, net assets decreased by \$(6,565,076) or 5.29%.
- In contrast to the government-wide statements, the County's governmental funds reports a combined ending fund balance of \$51,590,072; a decrease of \$11,526,628 in comparison with the prior year. Most of this decrease is due to the spend down of capital projects money.
- The general fund total fund balance of \$21,922,657 reflects a decrease of \$(2,106,833) from the previous year. After adjusting for amounts for prepaids and inventories (nonspendable) and the minimum 25% fund balance (committed), there is a \$3,889,668 remaining in unassigned.
- The County's general obligation debt increased by \$1,568,303. This is the net effect from adding \$7.06 million loan proceeds from the State Energy Conservation Office and doing the October 2010 refunding. The balance of general obligation debt at year end is \$124,496,595. The debt service fund balance is \$3,965,499 or 37.22% of next year's debt service requirements. A refunding occurred on October 12, 2010 which is explained in detail in the notes to the financial statements.

#### 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 interfund activity such as premiums charged by the self-insurance fund, transfers, receivables and payables.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that produce cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

The government-wide financial statements can be found on pages 33-35 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-five governmental funds (excluding proprietary and fiduciary funds): twenty-two special revenue funds, a debt service fund, a capital projects fund and the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, u.s. marshal contract fund, and capital projects fund which all are considered major funds under the classification guidelines issued by GASB. Data from the other twenty-one 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. Neither a budgetary comparison statement or a schedule on the debt service fund is presented because only debt service activity is involved. 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 36-49 of this report followed by the Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual for the general fund and u.s. marshal contract funds.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is presented as a single presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 50-52 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the governmental-wide financial statement because the resources of those funds are *not* available to support the County’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The funds in custody are held for community corrections and supervision 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 53 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 59-79 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 page 80 of this report.

Immediately following the required supplementary information on pensions are the combining statements referred to earlier in connection with the nonmajor governmental funds, the internal service funds and the fiduciary funds. Combining and individual fund statements and schedules can be found on pages 83-114 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As stated earlier, net assets may serve over time as a useful indicator of a government’s financial position. At the close of the fiscal year, the County’s assets exceeded liabilities by \$141,960,444 and are summarized below along with comparative data from the previous year.

<u>Governmental Activities</u>		
	Fiscal Year 10/11	Fiscal Year 09/10
Current and other assets	\$111,942,067	\$91,326,481
Capital assets (net of depreciation)	<u>176,134,008</u>	<u>207,919,071</u>
Total assets	291,076,075	299,245,552
Current and other liabilities	20,573,548	23,782,931
Long-term liabilities	<u>128,542,083</u>	<u>126,937,101</u>
Total liabilities	149,115,631	150,720,032
Net assets:		
Invested in capital assets, net of related debt	106,372,898	84,990,779
Restricted	16,108,044	16,087,871
Unrestricted	<u>19,479,502</u>	<u>47,446,870</u>
Total net assets	<u>\$141,960,444</u>	<u>\$148,525,520</u>

The largest portion of the County’s net assets (74.93%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, software systems, infrastructure and construction in progress); less any related debt used to acquire those assets that are still outstanding.

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

Restricted net assets total \$16,108,044 and comprise 11.35% of total net assets. 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 assets is *unrestricted net assets* which total \$19,479,502 and may be used to meet any county obligations. At the end of the current fiscal year, Nueces County is able to report positive balances in all three categories of net assets.

**Governmental activities.** Governmental activities decreased the County's net assets by \$6,565,074. Key elements of this decrease are as follows:

	Changes in Net Assets				Increase (Decrease)
	<u>Governmental Activities</u>				
	<u>Fiscal Year 10/11</u>		<u>Fiscal Year 09/10</u>		
Revenues:					
Program revenues:					
Charges for services	\$21,942,217	22.15%	\$24,006,841	22.95%	(2,064,624)
Operating grants and contributions	7,494,922	7.57%	8,625,300	8.25%	(1,130,378)
Capital grants and contributions	1,012,911	1.02%	654,404	0.63%	358,507
General revenues:					
Property taxes	64,229,777	64.84%	67,091,123	64.14%	(2,861,346)
Other taxes	3,396,993	3.43%	3,028,318	2.90%	368,675
Grants and contributions not restricted to specific programs	232,961	0.24%	281,025	0.27%	(48,064)
Investment earnings and other	477,878	0.48%	841,701	0.80%	(363,823)
Gain on sale of assets	275,630	0.28%	71,067	0.07%	204,563
Miscellaneous	-	0.00%	-	0.00%	-
Total revenues	<u>99,063,289</u>	<u>100.00%</u>	<u>104,599,779</u>	<u>100.00%</u>	<u>(5,536,490)</u>
Expenses:					
General government	13,436,667	12.72%	13,483,612	12.61%	(46,945)
Buildings and facilities	9,463,249	8.96%	10,165,122	9.51%	(701,873)
Administration of justice	26,967,846	25.53%	27,292,561	25.53%	(324,715)
Law enforcement and corrections	24,806,867	23.49%	24,468,809	22.89%	338,058
Social services	2,683,841	2.54%	2,679,502	2.51%	4,339
Health, safety and sanitation	1,527,275	1.45%	2,023,424	1.89%	(496,149)
Agriculture, education and consumer sciences	820,589	0.78%	865,488	0.81%	(44,899)
Roads, bridges and transportation	14,813,218	14.02%	14,143,486	13.23%	669,732
Parks and recreation	5,937,483	5.62%	5,948,582	5.56%	(11,099)
Interest and fees on long-term debt	<u>5,171,328</u>	4.90%	<u>5,823,695</u>	5.45%	<u>(652,367)</u>
Total expenses	<u>105,628,363</u>	100.00%	<u>106,894,281</u>	100.00%	<u>(1,265,918)</u>
Increase (decrease) in net assets	(6,565,074)		(2,294,502)		<u>(4,270,572)</u>
Net assets - beginning	<u>148,525,518</u>		<u>150,820,022</u>		
Net assets - ending	<u>\$141,960,444</u>		<u>\$148,525,520</u>		

Comparing the net assets to the previous year, there was a decrease of \$(6,565,074). This difference is attributed to decrease in revenues, however, expenses also decreased. In comparison to the prior year, revenues decreased by \$(5,536,490) or 5.29% and expenditures decreased by \$(1,265,918) or 1.18%. The change in net assets for this current fiscal year was a net decrease of \$(6,565,074), making the ending balance of net assets equal to \$141,960,444.

**REVENUES** - As shown in the table above, total revenues decrease by \$(5,536,490). There are three large swings that comprise most of this net decrease. Property taxes declined and are due to a cut in the tax rate as compared to the effective tax rate.

Charges for services reflect a net decrease from the previous year of \$(2,064,624). There are numerous items in this category, but this decrease is traceable to mainly two revenue types: JP fees of office and commission for collecting the state sales tax on motor vehicles. In the prior year both these revenues streams experienced large one-time-only payments

which makes the current year revenues look low in comparison. The one-time-only payments were JP Court fees collected on a class action law suit and the other was a catch up payment from State of Texas for collection commission. The amounts shown above reflect normal activity and the county expects this performance to continue next year which is stable when comparing to normal activity.

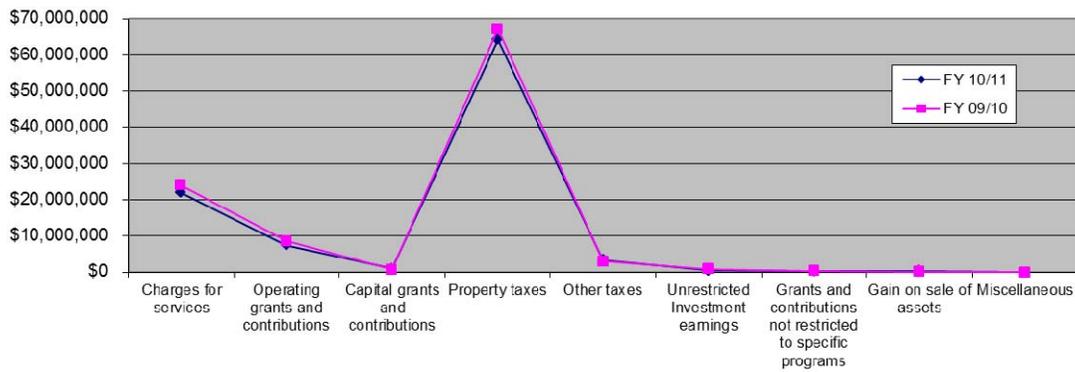
Operating grants and contributions decreased by \$(1,130,378) which is mainly due to decreased in state and federal funding. Overall intergovernmental revenues are trending downward.

Other taxes reflect an increase of \$368,675 which is attributed to the state of Texas finalizing a catch up distribution on the distribution of motor vehicle sales tax commission. Next year this category is expected to show another increase due to projected increases of motor vehicle sales.

Investment earnings were \$(363,823) lower than the prior year. This was not expected since we thought that market rates had bottomed out in the previous year.

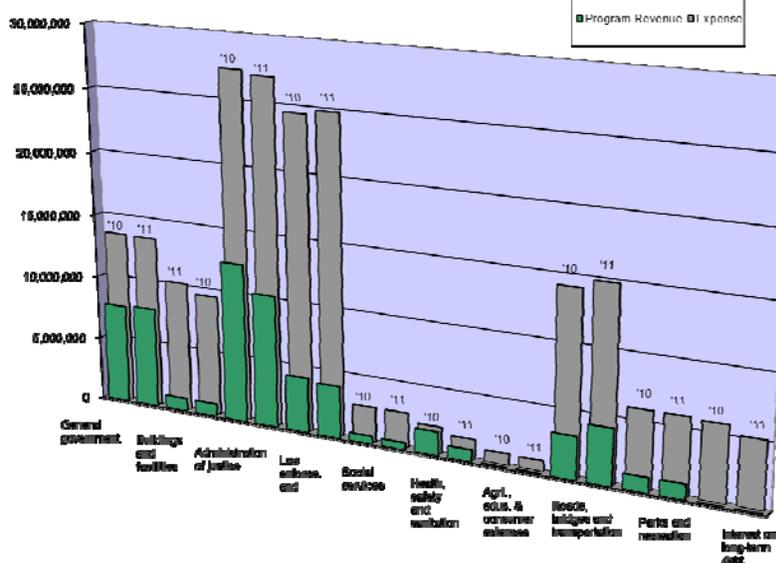
All other revenue categories reflect steady performance compared to the previous year.

**Chart I - Government-wide Revenues by Source**



The County’s government-wide revenue sources are graphically presented in Chart – I. Countywide, 64.84% of total revenues come from property taxes. The second largest revenue source, 22.15% comes from charges for services, which includes fees of office, medical examiner fees, fine collections, motor vehicle registrations and intergovernmental tax collection fees. Operating grants and contributions comprise 7.57% of the County’s total revenues and cover juvenile, senior community services, law enforcement, child support, and other operations. Chart – I shows that current year revenues are in line with FY 09/10 revenues except for those areas previously mentioned.

**Chart II  
Net Program Expenses**



**EXPENSES** - Expenses decreased by 1.18%, or \$1,265,918. This decrease in expenditures had a favorable impact on the net assets but is considerably smaller than the decrease in revenues which had an unfavorable impact on net assets.

Expenditures were tightly controlled during the year and commissioners court froze vacant positions at the beginning of the 4<sup>th</sup> quarter. Depreciation expense decreased by \$(555,126). Interest expense decreased due to the refunding. In summary, the results of the efforts to keep expenditures from growing proved successful.

In Chart II program revenues are matched up with the corresponding governmental activity to show what activities are most dependent on property taxes. As Chart II shows, the activity with the lowest net program expenses is health, safety, and sanitation. General government and administration of justice also reflect a large portion of the activity costs are paid for with program revenues. There are no excess program revenues in any governmental activity. Therefore all governmental activities rely on property tax revenue to maintain services.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls are the framework of the County's fiscal management system and for recording accountability. The County has maintained a double A (AA/Aa) underlying bond rating since 1998. And in November 2008, Standard & Poor's increased the credit rating on the County's outstanding bonds from "AA" to "AA+".

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$51,590,073 lower by \$(11,526,627) in comparison with the prior year. Excluding capital projects fund, ending balances decreased by \$(2,261,912). This decrease is attributed mostly to lower revenues since operating expenditures experienced minimal increases. The lower tax rate alone affected tax revenues by reducing revenues by over \$ 2.45 million.

The general fund is the chief operating fund of the County. At the end of the current fiscal year the total general fund unreserved fund balance was \$21,922,657. As compared to previous year, the total fund balance decreased by \$(2,106,832). Unreserved fund balance represents 30.44% of the sum of total general fund revenues plus other financing sources. The Commissioners Court has adopted a resolution setting the goal for the general fund balance to be 25% of general fund budgeted revenues and transfers in. Twenty-five percent of total budgeted revenues and transfers in \$17,604,083 which is designated as committed leaving \$3,889,668 as unassigned after adjusting for prepaids and inventories. Applying this measure (using the total fund balance) toward the general fund expenditures and transfers out calculates to be approximately 3.32 months of operating expenditures. The 25% fund balance policy was considered necessary since Nueces County is a coastal county and as such has a higher exposure to risk.

The debt service fund ended with a \$3,965,499 fund balance increasing slightly by \$379,788 as compared to prior year. Debt service payments totaled \$10,408,807 which is \$426,303 lower than previous year. Revenues and transfers in were \$(22,063,451) lower than previous year totaling \$10,825,109. The debt service tax rate of .059394 appears correct for practical purposes when comparing the revenues to debt service requirements.

The u.s. marshal contract fund is considered a major fund because the liabilities exceed 10% of total liabilities of all governmental funds. This fund accounts for the federal inmates that the County houses under a contract with the u.s. marshal service. Instead of housing the inmates in the county jail, however, the County sub-contracts with a private prison for placing the federal inmates. Contracts with the u.s. marshal service as well as with the private prison operators have recently been renegotiated. The revenue streams are expected to grow over the next couple of years.

Other governmental funds has a total combined fund balance of \$12,034,028. The road and bridge fund is included within this category, as well as the grant fund and other funds restricted to specific purposes. The total combined fund balance decreased as compared to the previous year by \$(468,132).

The following table 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.

Some observations on the revenues are as follows:

- The decrease in property tax revenues is attributed to a decrease in the tax rate for economic reasons. Since valuations dropped for the first time in seventeen years (-4.34%), the commissioners court took action to alleviate financial stress on the community.
- Fees of office decreased substantially by \$(1,734,640). This decrease resulted from a one time only event in the prior year. The previous year increase in fees was due to a class action law suit filed with the justice of the peace 5-1 with thousands of multiple parties.
- There was a slight increase in fines and forfeitures. The county has completed implementing a payment by credit card system and as a result this revenue has increased.
- The decrease in investment income, \$(361,709), is due to the decline in market interest rates. Year end balances of cash, cash equivalents, and investments are \$15.9 million lower this year than what the balances were a year ago contributing to lower investment revenue.. We do think that the interest rates have bottomed out and further declines will not occur.
- Rentals and commissions shows an increase in revenues which is attributed to coastal parks. The efforts to increase rv park revenues are making an impact.

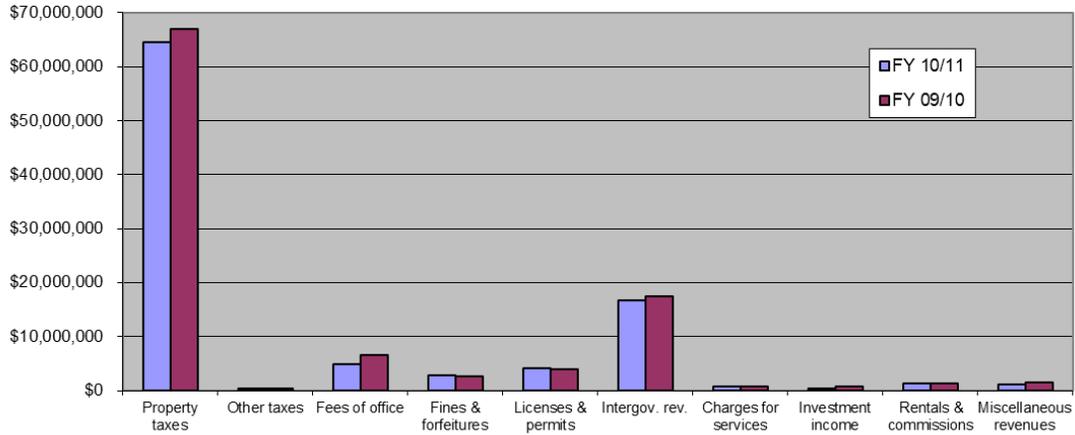
The remaining revenue categories remain strong and show no significant change from the previous year. Considering the national economic environment, these are excellent results.

### Governmental Funds – Revenues by Source

	FY 10/11	Percent of Total	FY 09/10	Percent of Total	Increase (Decrease)	Yr to Yr Percent of Change
Property taxes	\$64,567,154	39.92%	\$67,018,275	59.49%	\$ (2,451,121)	-3.66%
Other taxes	361,415	0.22%	319,549	0.28%	41,866	13.10%
Fees of office	4,885,117	3.02%	6,619,757	5.88%	(1,734,640)	-26.20%
Fines and forfeitures	2,880,933	1.78%	2,641,095	2.34%	239,838	9.08%
Licenses and permits	4,190,771	2.59%	3,994,255	3.55%	196,516	4.92%
Intergovernmental revenue	16,687,845	10.32%	17,421,622	15.47%	(733,777)	-4.21%
Charges for services	766,868	0.47%	780,845	0.69%	(13,977)	-1.79%
Investment income	466,015	0.29%	827,724	0.73%	(361,709)	-43.70%
Rentals and commissions	1,363,402	0.84%	1,282,655	1.14%	80,747	6.30%
Miscellaneous revenues	<u>1,126,807</u>	<u>0.70%</u>	<u>1,545,928</u>	<u>1.37%</u>	<u>(419,121)</u>	<u>-27.11%</u>
Total revenues	97,296,327	60.16%	102,451,705	90.95%	\$(5,155,378)	-5.03%
Other financing sources:						
Sale of assets	275,630	0.17%	71,067	0.06%	204,563	287.85%
Issuance of debt	49,374,640	30.53%	137,857	0.12%	49,236,783	35715.84%
Bond Premium	6,370,260	3.94%	0	0.00%	<u>6,370,260</u>	100.00%
Transfers in	<u>8,409,659</u>	<u>5.20%</u>	<u>9,987,541</u>	<u>8.87%</u>	<u>(1,577,882)</u>	<u>-15.80%</u>
Total revenues and other financing sources	<u>\$161,726,516</u>	<u>100.00%</u>	<u>\$112,648,170</u>	<u>100.00%</u>	<u>\$49,078,346</u>	<u>43.57%</u>

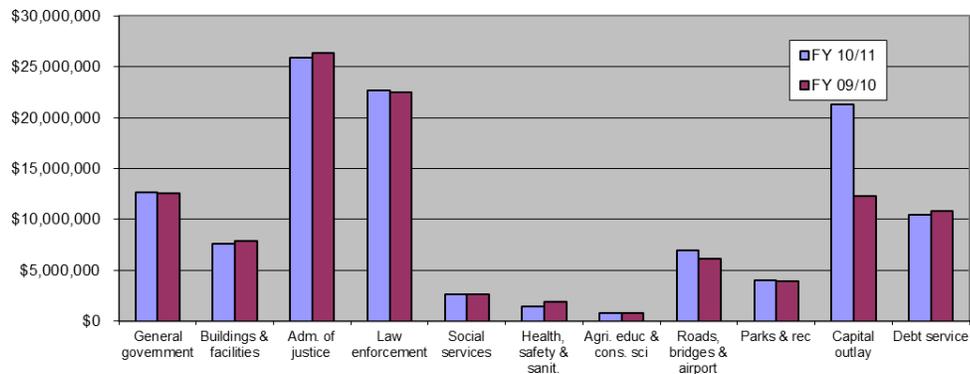
Please refer to the table above and Chart III, Revenues by Source, for a graphic presentation of the table above. Revenues are comparably constant in all categories, except for property taxes, fees of office, and intergovernmental revenue.

**Chart - III  
Governmental Funds - Revenues by Source**



	FY 10/11	Percent of Total	FY 09/10	Percent of Total	Increase (Decrease)	Percent of Change
<b>Function:</b>						
General government	\$12,601,731	7.27%	\$12,541,880	10.66%	\$ 59,851	0.48%
Buildings and facilities	7,559,472	4.36%	7,870,284	6.69%	(310,812)	-3.95%
Administration of justice	25,880,407	14.94%	26,372,564	22.41%	(492,157)	-1.87%
Law enforcement and corrections	22,698,588	13.10%	22,503,895	19.12%	194,693	0.87%
Social services	2,580,655	1.49%	2,586,380	2.20%	(5,725)	-0.22%
Health, safety and sanitation	1,379,811	0.80%	1,899,605	1.61%	(519,794)	-27.36%
Agriculture, education and consumer sciences	752,931	0.43%	796,441	0.68%	(43,510)	-5.46%
Roads, bridges and airport	6,982,203	4.03%	6,077,509	5.16%	904,694	14.89%
Parks and recreation	4,024,551	2.32%	3,946,736	3.35%	77,815	1.97%
Capital outlay	21,257,553	12.27%	12,276,982	10.43%	8,980,421	73.15%
Debt service	<u>10,408,807</u>	<u>6.01%</u>	<u>10,835,110</u>	<u>9.21%</u>	<u>(426,303)</u>	<u>-3.93%</u>
Total expenditures	\$116,126,709	67.03%	\$107,707,386	91.51%	8,419,323	7.82%
Bond Defeasance	48,716,774	28.12%	-	0.00%	48,716,774	100.00%
Transfers out	<u>8,409,659</u>	<u>4.85%</u>	<u>\$9,987,541</u>	<u>8.49%</u>	<u>(1,577,882)</u>	<u>-15.80</u>
Total expenditures and transfers out	<u>\$173,253,142</u>	<u>100.00%</u>	<u>\$117,694,927</u>	<u>100.00%</u>	<u>\$55,558,215</u>	<u>47.21%</u>

**Chart - IV  
Governmental Funds - Expenditures by Function**



Total expenditures increased by \$8,419,323, or by 7.82% compared to the prior year. The largest item contributing to this increase is capital outlay. Excluding capital outlay, the operating expenditures decreased by \$561,098. Roads, bridges, and airport reflect stepped up efforts to maintain roadways. For all funds and law enforcement collective bargaining agreement, but have remained contained for the most part.

In summary, total governmental fund balances decreased by (11,526,626). This decrease is attributed to the spending down of capital projects money and lower revenues. Ending combined fund balances totaled \$51,590,073.

*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 are combined in with financial results presented on the government-wide basis.

Unrestricted net assets of the self insurance fund at the end of the year amounted to \$1,774,847 with \$525,731 belonging to the workers compensation fund, \$305,516 belonging to the general liability fund and \$943,600 belonging to the group health insurance fund.

The self- insurance fund reports all liabilities on the full accrual basis and includes claims that have occurred but not yet been reported. Complete details on each fund can be found on pages 106-108.

**GENERAL FUND**

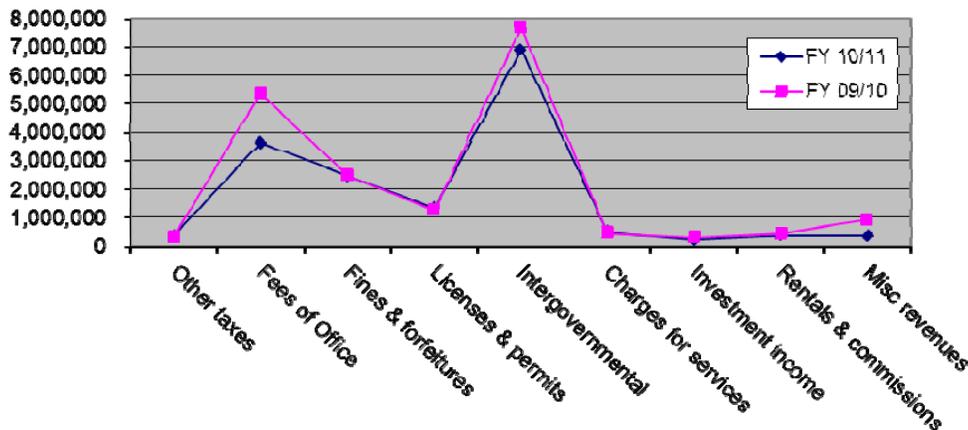
*Financial analysis*

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. Two tables are presented as follows along with line graphs to show the general fund revenues and expenditures compared to prior year.

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

	FY 10/11	Percent of Total	FY 09/10	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$52,993,989	76.70%	\$55,012,438	74.15%	\$ (2,018,449)	-3.67%
Other taxes	360,768	0.52%	319,339	0.43%	41,429	12.97%
Fees of office	3,627,598	5.25%	5,349,907	7.21%	(1,722,309)	-32.19%
Fines & forfeitures	2,446,469	3.54%	2,466,714	3.32%	(20,245)	-0.82%
Licenses & permits	1,340,044	1.94%	1,251,231	1.69%	88,813	7.10%
Intergovernmental	6,891,875	9.97%	7,683,823	10.36%	(791,948)	-10.31%
Charges for services	483,596	0.70%	442,225	0.60%	41,371	9.36%
Investment income	206,817	0.30%	313,218	0.42%	(106,401)	-33.97%
Rental & Commissions	382,258	0.55%	432,192	0.58%	(49,934)	-11.55%
Miscellaneous revenues	<u>358,333</u>	<u>0.52%</u>	<u>917,487</u>	<u>1.24%</u>	<u>(559,154)</u>	<u>-60.94%</u>
Total revenues	69,091,747	100.00%	74,188,574	100.00%	(5,096,827)	-6.87%
Transfers in	<u>1,516,864</u>		<u>1,926,088</u>		<u>(409,224)</u>	<u>-21.25%</u>
Total revenues & transfers in	<u>\$70,608,611</u>		<u>\$76,114,662</u>		<u>\$ (5,506,051)</u>	<u>-7.23%</u>

**General Fund  
Actual Revenues Comparison to Prior Year Actual  
(Excluding Property Tax)**



As mentioned earlier, the property tax revenue decrease is attributed to a lower tax rate for economic reasons.

Comparing FY 2010/2011 to FY 2009/2010, the fees of office decreased due to a class action law suit that was filed in 2009/2010. Disregarding the impact of the class action law suit fees, the other items in this category decreased such as less real estate recordings were filed, less marriage licenses issued along with less birth certificates. Although the decrease in the normal activity is less, the county thinks that fees of office have already experienced the worst.

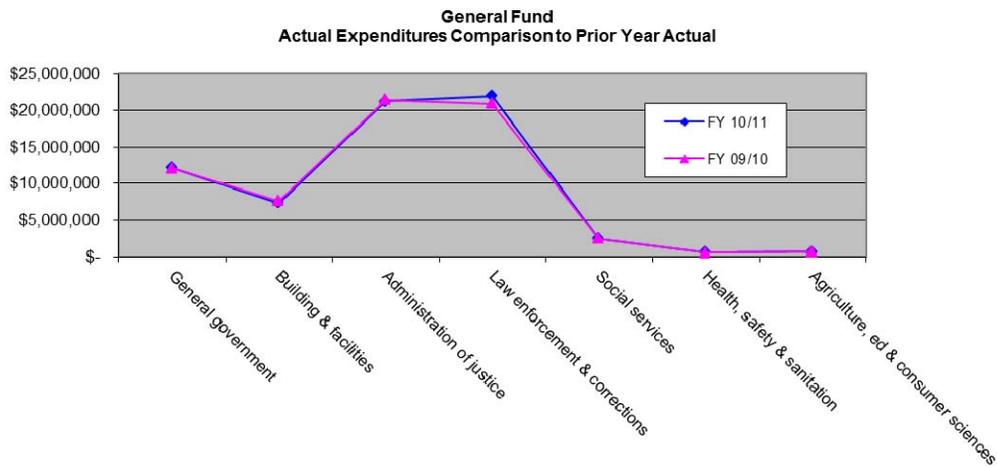
Investment income decreased by \$(106,401) as expected due to the decline in market rates.

Fines and forfeitures revenue remained steady after a slight dip in the prior year.

All other general fund revenues reflect stable and consistent performance.

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

	FY 10/11	Percent of Total	FY 09/10	Percent of Total	Increase (Decrease)	Percent of Change
General government	\$ 12,132,172	18.11%	\$ 12,078,908	18.22%	\$ 53,264	0.44%
Buildings & facilities	7,377,418	11.01%	7,623,792	11.50%	(246,374)	-3.23%
Administration of justice	21,202,307	31.64%	21,405,918	32.29%	(203,611)	-0.95%
Law enforcement & corrections	21,902,001	32.68%	20,886,135	31.51%	1,015,866	4.86%
Social services	2,498,486	3.73%	2,465,269	3.72%	33,217	1.35%
Health, safety & sanitation	622,062	0.93%	568,499	0.86%	53,563	9.42%
Agriculture, education and consumer sciences	712,074	1.06%	702,096	1.06%	9,978	1.42%
Capital outlay	563,280	0.84%	553,121	0.83%	10,159	1.84%
Total expenditures	67,009,800	100.00%	66,283,738	100.00%	726,062	1.10%
Transfers out	5,705,644		6,799,508		(1,093,864)	-16.09%
Total expenditures & transfers out	<u>\$ 72,715,444</u>		<u>\$ 73,083,246</u>		<u>\$ (367,802)</u>	-0.50%



Expenditures decreased by (0.50%) from the prior year. In comparison to the national consumer price index (CPI) of 3.16%, the county's expenditures were contained extremely well.

Buildings and facilities expenses decreased due to lower energy and maintenance costs. The costs for health, safety and sanitation costs increased by 9.42% from last year due to FEMA expenditures for Hurricane Ike still continuing.

*Budgetary highlights*

In total, the original budget and the final amended budget were equal although significant changes were made between the functions. Actual expenditures and transfers out for this fiscal year (budget basis) ended \$4,319,641 under total appropriations for an expenditure level of 94.39%. Actual revenues and transfers in came in \$192,280 over budget, or 100.27% of budget.

Last year actual revenues and transfers in came in at 105.31% of budget and expenditures and transfers out came in at 96.56%. Overall, the actual results compare favorably to the 10/11 budget, ending the year with a fund balance of \$21,922,656, a decrease of \$2,106,833 over the prior year.

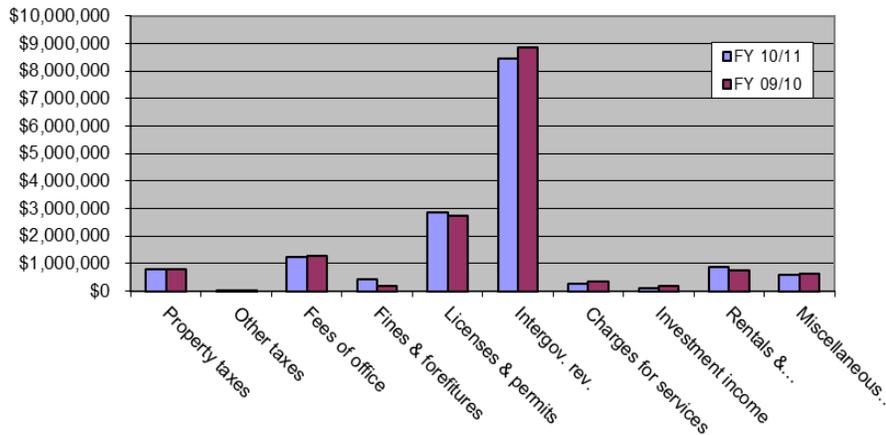
**Nonmajor Governmental Funds**

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

**Nonmajor Governmental Funds – Revenues by Source**

	FY10/11	Percent of Total	FY09/10	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$ 783,369	3.55%	\$ 812,408	3.65%	\$ (29,039)	-3.57%
Other taxes	647	0.00%	210	0.00%	437	0.00%
Fees of office	1,257,519	5.69%	1,269,850	5.71%	(12,331)	-0.97%
Fines and forfeitures	434,464	1.97%	174,381	0.78%	260,083	149.15%
Licenses and permits	2,850,727	12.90%	2,743,024	12.33%	107,703	3.93%
Intergovernmental revenue	8,445,607	38.23%	8,854,528	39.80%	(408,921)	-4.62%
Charges for services	283,272	1.28%	338,620	1.52%	(55,348)	-16.35%
Investment income	88,012	0.40%	174,144	0.78%	(86,132)	-49.46%
Rentals and commissions	892,520	4.04%	763,148	3.43%	129,372	16.95%
Miscellaneous revenues	<u>587,918</u>	<u>2.66%</u>	<u>625,443</u>	<u>2.81%</u>	<u>(37,525)</u>	<u>-6.00%</u>
Total revenues	15,624,055	70.72%	15,755,756	70.82%	(131,701)	-0.84%
Other financing sources:						
Transfers in	6,192,795	28.03%	6,421,453	28.86%	(228,657)	-3.56%
Sale of assets	<u>275,630</u>	<u>1.25%</u>	<u>71,067</u>	<u>0.32%</u>	<u>204,563</u>	<u>-1.31%</u>
Total revenues and other financing sources	<u>\$ 22,092,481</u>	<u>100.00%</u>	<u>\$ 22,248,276</u>	<u>100.00%</u>	<u>\$ (155,795)</u>	<u>-0.70%</u>

**Nonmajor Governmental Funds - Revenues by Source**



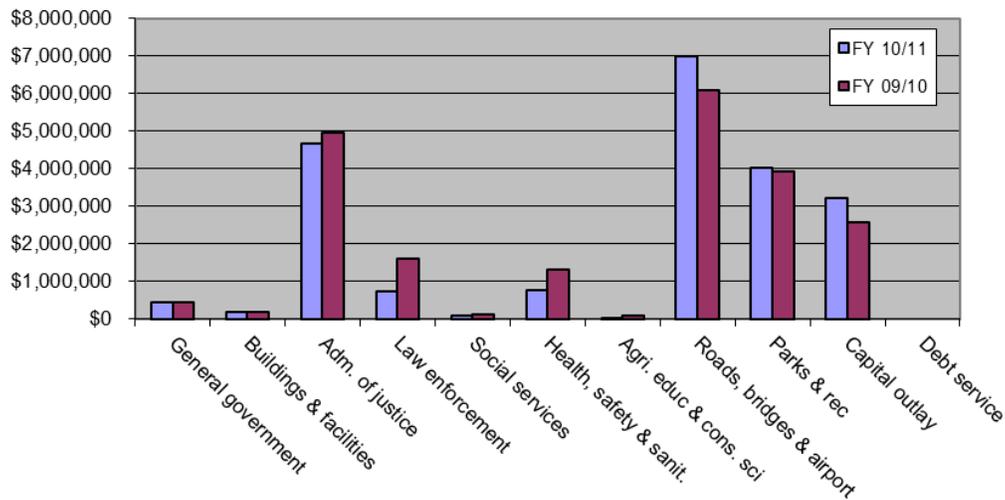
Total revenues for the nonmajor governmental funds are \$131,701 lower as compared to the previous year. Intergovernmental revenues decreased by \$408,921 and come from activity in the road fund, commissioners court funds, juvenile program, and grants. The specific revenue streams are, again, the commission on collecting motor vehicle sales

tax and the election machine usage fees. Other than investment income, overall revenues are steady, strong and consistent.

### Nonmajor Governmental Funds – Expenditures by Function

Function:	FY 10/11	Percent of Total	FY 09/10	Percent of Total	Increase (Decrease)	Percent of Change
General government	\$ 436,424	1.93%	\$462,972	2.01%	\$ (26,548)	-5.73%
Buildings and facilities	182,054	0.81%	188,903	0.82%	(6,849)	-3.63%
Administration of justice	4,678,100	20.74%	4,966,646	21.52%	(288,546)	-5.81%
Law enforcement and corrections	737,861	3.27%	1,595,631	6.91%	(857,770)	-53.76%
Social services	82,169	0.36%	121,111	0.52%	(38,942)	-32.15%
Health, safety and sanitation	757,749	3.36%	1,331,106	5.77%	(573,357)	-43.07%
Agriculture, education and consumer sciences	40,857	0.18%	94,345	0.41%	(53,488)	-56.69%
Roads, bridges and airport	6,982,203	30.95%	6,077,509	26.33%	904,694	14.89%
Parks and recreation	4,024,551	17.84%	3,946,736	17.10%	77,815	1.97%
Capital outlay	3,229,287	14.31%	2,566,435	11.12%	662,852	25.83%
Debt service:						
Principal retirement	-	0.00%	-	0.00%	-	0.00%
Interest and fiscal fees	-	0.00%	-	0.00%	-	0.00%
Total expenditures	21,151,255	93.75%	21,351,394	92.52%	(200,139)	-0.94%
Transfers						
Transfers out	1,409,355	6.25%	1,726,380	7.48%	(317,025)	-18.36%
Total expenditures and transfers	\$22,560,610	100.00%	\$23,077,774	100.00%	\$ (517,164)	-2.24%

### Nonmajor Governmental Funds - Expenditures by Function



Expenditures for the nonmajor governmental funds decreased by \$(200,139). Law enforcement and correction and health, safety and sanitation had the largest decrease in expenses. Road, bridge and airport and capital outlay had the largest increase in expenses. Two areas in the county, Rose Acres colonias and San Petronilla are under construction to improve sewage and other infrastructure but are nearing completion reducing expenditures in health, safety, and sanitation. All other expenditures have been previously discussed and are in line with the budget and expectations.

Ending fund balances decreased slightly by \$ (468,130) for a total balance of \$12,034,030.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The County’s investment in capital assets for its governmental activities as of September 30, 2011, amounts to \$ 214,875,296 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

Total investment in the County’s net capital assets Increased by \$6,961,476 or 3.35%.

Nueces County Capital Assets (net of depreciation)		
	2011	2010
Land	\$6,090,433	\$6,090,433
Building and improvements	91,034,414	96,155,828
Furniture, equipment and machinery	9,956,077	10,307,570
Infrastructure	75,143,516	79,331,070
Construction in progress	<u>32,650,855</u>	<u>16,028,919</u>
	<u>\$214,875,296</u>	<u>\$207,913,820</u>

Additional information on the County’s capital assets can be found in note IV-C on pages 67-69 of this report.

**Long-term debt.** At September 30, 2011, the County had general obligation debt outstanding in the amount of \$124,496,595. This amount is the total of certificates of obligation and a revolving 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

Although, obligations for courthouses, jails, and certain other types of facilities may be under the authority of other provisions of Texas law, the County’s current debt limitation using the 1½% shown above is \$365,164,758, which puts the County’s outstanding debt at 34.09% of this legal limit.

**NUECES COUNTY’S OUTSTANDING DEBT**

Governmental Activities			
	2010	After Refunding Insurance October 12,2010	2011
Certificates of obligation	\$ -	\$ -	\$ -
Combination revenue and certificates of obligation	120,430,000	119,500,000	114,830,000
Loan Star loans	<u>865,301</u>	<u>865,301</u>	<u>7,803,900</u>
Sub-total	121,295,301	120,365,301	122,633,900
Premium on debt	<u>1,632,991</u>	<u>1,632,991</u>	<u>1,862,695</u>
Total	\$122,928,292	\$121,998,292	\$124,496,595

Since its upgrade in rating in 1998 and October 2010 the County maintains a “AA+” rating from Standard & Poor’s and a “Aa” rating from Moody’s for general obligation debt. Additional information on the County’s long-term debt can be found in note IV-F on pages 71-74 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Nueces County as of September 30, 2011 is 7.8%, an increase from last year's rate. The County's unemployment rate is higher than the State's average unemployment rate of 7.9 percent. Both the State of Texas and the County are lower than the national average rate of 9.0 percent.
- School enrollment for 2011 is 60,734, which is an increase of 778 from last year.
- Retail sales went up this year by 11.67% as compared to prior year for a total of \$448.354 million.
- Net taxable value (NTV) increased by 4.5%. Last year the decrease was 4.34%.
- Property valuations increased by 1.44% this year as compared to last year, during which the valuations dropped for the first time in 19 years.
- Port tonnage increased by 7.4%.
- Population increased by 5.3%.

All these factors were considered in preparing the County's budget for the 2011/2012 fiscal year. Through the budget process, the County Commissioners set the goals for the County. The priorities inherent to the 2011/2012 budget were to make county government: (1) communicative and open to the public and departmental staff; (2) have attainable and realistic budgets to enhance accountability; (3) recognize employee talent by awarding a continuance pay for every three years of service, and (4) establish procedures that are in compliance with statutory requirements to improve efficiency.

External issues affecting the 2011-2012 budget included: absorbing \$855,000 in costs previously funded through the hospital district, countering cuts in state and federal funding for juvenile programs, adapting to higher pension costs, funding pay increases for law enforcement according to collective bargaining agreement and maintaining the fund balance at 25% of the sum of revenues and transfers in.

The County budget for FY 2011/2012 included the following to enact the priorities within the current economic conditions:

- Adopted a property tax rate slightly above the effective tax rate. Commissioners court adopted the same tax rate in 2011/2012 as the 2009/2010 tax rate of 0.355295 per \$100 value. This is 1.57% higher than the effective tax rate of 0.349791
- Implemented the sixth year of a continuance pay plan where employees and elected officials received a pay increase of 2 ½% for every three years of service.
- Imposed a 30 day hiring freeze
- No new program funding
- Decreased funding for temporary employees by \$100,000
- Reduced funding for major capital improvements, precinct road and drainage repairs, and consultants and inter-local agreements
- Continue installation of a new case management system which will lead to greater efficiency in the district attorney, district clerk and judicial court offices.
- Continue installation an automated time keeping system which will be interfaced with the payroll system.

## **REQUESTS FOR INFORMATION**

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

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

Or visit our website at: [www.co.nueces.tx.us](http://www.co.nueces.tx.us)



# BASIC FINANCIAL STATEMENTS



**NUECES COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**September 30, 2011**

	<b>Primary Government</b>	<b>Component Units</b>	
	Governmental Activities	Hospital District	MHMR Center
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,041,222	\$ 29,396,001	\$ 1,562,292
Investments	34,201,889	8,998,168	3,720,180
Receivables (net of allowance for uncollectibles)	-	-	-
	11,314,488	16,867,138	214,276
Due from component unit	102,675	-	-
Due from agencies	9,415	-	1,115,673
Inventories	140,673	-	9,953
Prepays	385,166	121,136	30,552
Other assets	-	54,255	-
Capital assets (not being depreciated):	-	-	-
Land	6,095,682	3,076,926	438,358
Construction in progress	32,650,857	-	10,500
Capital assets (net of accumulated depreciation)	-	7,184,673	3,116,743
Buildings and improvement:	90,920,763	-	-
Furniture, equipment and machinery	10,194,198	-	-
Computer Software Systems:	360,343	-	-
Infrastructure	74,658,704	-	-
Total assets	<u>291,076,075</u>	<u>65,698,297</u>	<u>10,218,527</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	17,966,440	1,228,633	875,228
Due to component unit	-	102,675	-
Accrued payroll payable	1,437,988	76,491	-
Accrued interest payable	674,666	66,855	-
Unearned revenue	494,454	-	361,261
Non-current liabilities	-	-	-
Due within one year	7,952,496	1,615,000	58,089
Due in more than one year	120,589,587	5,247,642	236,948
Accrued Compensated Absence:	-	-	395,280
Total liabilities:	<u>149,115,631</u>	<u>8,337,296</u>	<u>1,926,806</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	106,372,898	-	3,270,564
Restricted for:	-	-	-
Debt service	4,067,023	-	-
Roads, bridges and transportation	2,999,119	-	-
Stadium & Fairgrounds:	388,312	-	-
Law library	288,111	-	-
Airport	(3,068)	-	-
Inland parks	213,476	-	-
Coastal parks	1,282,143	-	-
Commissioners court purpose:	1,199,716	-	-
County attorney funds	50,678	-	-
County clerk purposes:	2,739,102	-	-
Tax assessor collector purpose	114,783	-	-
Juvenile programs	63,905	-	-
District attorney purpose:	320,327	-	-
District clerk purpose:	2	-	-
County sheriff purposes	422,989	-	-
Judicial and law enforcement purpose:	1,185,288	-	-
Law enforcement & district attorney education	43,908	-	-
Other purposes	732,230	-	-
Unrestricted	19,479,502	-	5,021,157
Total net assets	<u>\$ 141,960,444</u>	<u>\$ 57,361,001</u>	<u>\$ 8,291,721</u>

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, 2011**

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b><u>Functions/Programs</u></b>			
<b>Primary government:</b>			
Governmental Activities:			
General government	\$ 13,436,667	\$ 6,931,136	\$ 972,914
Buildings and facilities	9,463,249	974,075	3,055
Administration of justice	26,967,846	6,498,942	3,907,292
Law enforcement and corrections	24,806,867	3,329,600	764,112
Social services	2,683,841	156,370	392,371
Health, safety and sanitation	1,527,275	67,508	837,831
Agriculture, education and consumer sciences	820,589	23,543	9,681
Roads, bridges and transportation	14,813,218	2,920,096	467,409
Parks and recreation	5,937,483	1,040,947	140,257
Interest and fees on long-term debt	5,171,328	-	-
Total primary government	<u>105,628,363</u>	<u>21,942,217</u>	<u>7,494,922</u>
<b>Component Units:</b>			
Hospital district	39,932,137	3,367,615	687,793
MHMR	17,182,377	7,349,640	9,603,505
Total component units	<u>\$ 57,114,514</u>	<u>\$ 10,717,255</u>	<u>\$ 10,291,298</u>

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Hospital</u>	<u>MHMR</u>
	<u>Governmental</u>	<u>District</u>	<u>Center</u>
	<u>Activities</u>		
\$ -	\$ (5,532,617)	\$ 1,761,715	\$ -
-	(8,486,119)	533,222	-
-	(16,561,612)	-	-
-	(20,713,155)	-	-
-	(2,135,100)	-	20,911
9,396	(612,540)	37,285,555	(71,345)
-	(787,365)	-	-
1,003,515	(10,422,198)	-	-
-	(4,756,279)	-	-
-	(5,171,328)	-	(19,888)
<u>1,012,911</u>	<u>(75,178,313)</u>	<u>39,580,492</u>	<u>(70,322)</u>
-	-	(35,876,729)	-
<u>158,910</u>	<u>-</u>	<u>-</u>	<u>(70,322)</u>
<u>\$ 158,910</u>	<u>-</u>	<u>(35,876,729)</u>	<u>(70,322)</u>

General revenues:

Property taxes	64,229,777	29,828,154	-
Alcohol beverage and other taxes	3,396,993	-	-
Unrestricted investment earnings	477,878	1,216,535	17,401
Grants and contributions not restricted	-	-	765,333
to specific programs	232,961	-	-
Gain on sale of assets	275,630	-	-
Miscellaneous	-	4,134,812	103,476
Total general revenues	<u>68,613,239</u>	<u>35,179,501</u>	<u>886,210</u>
Change in net assets	(6,565,074)	(697,228)	815,888
Net assets - beginning	<u>148,525,518</u>	<u>62,113,637</u>	<u>7,475,833</u>
Net assets - ending	<u>\$ 141,960,444</u>	<u>\$ 61,416,409</u>	<u>\$ 8,291,721</u>

**NUECES COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2011**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,012,780	\$ 1,353,570
Investments	13,703,276	2,623,381
Receivables (net of allowance for uncollectibles)	1,819,686	5,788
Due from component unit	102,675	-
Due from other funds	2,361,136	-
Prepays	334,400	-
Inventories	94,506	-
Total assets	\$ 31,428,459	\$ 3,982,739
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 8,141,679	\$ -
Accrued payroll	1,198,772	-
Due to other funds	106,424	-
Unearned revenue	3,000	-
Other liabilities	55,927	17,240
Total liabilities	9,505,802	17,240
Fund balances:		
Nonspendable	428,906	-
Restricted	-	3,965,499
Committed	17,604,083	-
Assigned	-	-
Unassigned	3,889,668	-
Total fund balances	21,922,657	3,965,499
Total liabilities and fund balances	\$ 31,428,459	\$ 3,982,739

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
\$ -	\$ 4,711,179	\$ 7,707,792	\$ 26,785,321
-	9,415,072	7,606,534	33,348,263
4,974,721	575,357	3,332,113	10,707,665
-	-	-	102,675
-	200,000	52,979	2,614,115
531	-	50,235	385,166
-	-	46,167	140,673
<u>\$ 4,975,252</u>	<u>\$ 14,901,608</u>	<u>\$ 18,795,820</u>	<u>\$ 74,083,878</u>
\$ 4,837,912	\$ 1,195,427	\$ 3,108,980	\$ 17,283,998
2,191	-	237,025	1,437,988
135,149	37,584	2,334,958	2,614,115
-	708	490,746	494,454
-	-	590,083	663,250
<u>4,975,252</u>	<u>1,233,719</u>	<u>6,761,792</u>	<u>22,493,805</u>
-	-	94,987	523,893
-	-	-	3,965,499
-	13,667,889	-	31,271,972
-	-	11,957,290	11,957,290
-	-	(18,249)	3,871,419
<u>-</u>	<u>13,667,889</u>	<u>12,034,028</u>	<u>51,590,073</u>
<u>\$ 4,975,252</u>	<u>\$ 14,901,608</u>	<u>\$ 18,795,820</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	214,880,547
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	606,823
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 assets.	1,774,847
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(126,891,846)
Net assets of governmental activities	<u>\$ 141,960,444</u>

**NUECES COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended September 30, 2011**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property taxes	\$ 52,993,989	\$ 10,789,796
Other taxes	360,768	-
Fees of office	3,627,598	-
Fines and forfeitures	2,446,469	-
Licenses and permits	1,340,044	-
Intergovernmental revenue	6,891,875	-
Charges for services	483,596	-
Investment income	206,817	35,313
Rentals and commissions	382,258	-
Miscellaneous revenues	358,333	-
Total revenues	69,091,747	10,825,109
<b>EXPENDITURES</b>		
Current:		
General government	12,132,172	-
Buildings and facilities	7,377,418	-
Administration of justice	21,202,307	-
Law enforcement and corrections	21,902,001	-
Social services	2,498,486	-
Health, safety and sanitation	622,062	-
Agriculture, education and consumer sciences	712,074	-
Roads, bridges and airport	-	-
Parks and recreation	-	-
Capital outlay	563,280	-
Debt Service:		
Principal retirement	-	4,796,040
Interest and other fees	-	5,612,767
Total expenditures	67,009,800	10,408,807
Excess (deficiency) of revenues over (under) expenditures	2,081,947	416,302
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	1,516,864	-
Transfers out	(5,705,644)	-
Sale of assets	-	-
Bond Issuance	-	42,310,000
Bond Defeasance	-	(48,716,774)
Premium of Bonds Issued	-	6,370,260
Total other financing sources and uses	(4,188,780)	(36,514)
Net change in fund balances	(2,106,833)	379,788
Fund balances - beginning	24,029,489	3,585,711
Fund balances - ending	\$ 21,922,656	\$ 3,965,499

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
\$ -	\$ -	\$ 783,369	\$ 64,567,154
-	-	647	361,415
-	-	1,257,519	4,885,117
-	-	434,464	2,880,933
-	-	2,850,727	4,190,771
1,014,763	335,600	8,445,607	16,687,845
-	-	283,272	766,868
-	135,873	88,012	466,015
-	88,624	892,520	1,363,402
-	180,556	587,918	1,126,807
<u>1,014,763</u>	<u>740,653</u>	<u>15,624,055</u>	<u>97,296,327</u>
-	33,135	436,424	12,601,731
-	-	182,054	7,559,472
-	-	4,678,100	25,880,407
58,726	-	737,861	22,698,588
-	-	82,169	2,580,655
-	-	757,749	1,379,811
-	-	40,857	752,931
-	-	6,982,203	6,982,203
-	-	4,024,551	4,024,551
-	17,464,986	3,229,287	21,257,553
-	-	-	4,796,040
-	-	-	5,612,767
<u>58,726</u>	<u>17,498,121</u>	<u>21,151,255</u>	<u>116,126,709</u>
<u>956,037</u>	<u>(16,757,468)</u>	<u>(5,527,200)</u>	<u>(18,830,382)</u>
-	700,000	6,192,795	8,409,659
(1,022,773)	(271,887)	(1,409,355)	(8,409,659)
-	-	275,630	275,630
-	7,064,640	-	49,374,640
-	-	-	(48,716,774)
-	-	-	6,370,260
<u>(1,022,773)</u>	<u>7,492,753</u>	<u>5,059,070</u>	<u>7,303,756</u>
(66,736)	(9,264,715)	(468,130)	(11,526,626)
66,736	22,932,603	12,502,160	63,116,699
<u>\$ -</u>	<u>\$ 13,667,888</u>	<u>\$ 12,034,030</u>	<u>\$ 51,590,073</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, 2011**

Amounts reported for governmental activities in the statement of activities (page 34) are different because:

Net change in fund balances---total governmental funds (page 39)	\$ (11,526,626)
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 capital outlay exceeded depreciation in the current period.	6,961,476
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(337,377)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,568,303)
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.	(29,736)
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 net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(64,508)</u>
Change in net assets of governmental activities (page 35).	<u><u>\$ (6,565,074)</u></u>

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



**NUECES COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Current property taxes	\$ 50,943,381	\$ 50,943,381	\$ 50,914,771	\$ (28,610)
Delinquent property taxes	1,742,264	1,742,264	1,438,667	(303,597)
Penalty and interest	723,396	723,396	640,551	(82,845)
Total property taxes, penalty and interest	<u>53,409,041</u>	<u>53,409,041</u>	<u>52,993,989</u>	<u>(415,052)</u>
<b>OTHER TAXES</b>				
Bingo tax	285,000	285,000	287,605	2,605
Occupation tax	15,000	15,000	20,303	5,303
Vehicle inventory tax	10,000	10,000	52,860	42,860
Total other taxes	<u>310,000</u>	<u>310,000</u>	<u>360,768</u>	<u>50,768</u>
<b>FEES OF OFFICE</b>				
County Clerk	1,150,000	1,150,000	1,376,301	226,301
District Clerk	950,000	950,000	872,041	(77,959)
Justice of the Peace:				
J.P. Prct 1, Pl 1	40,000	40,000	39,632	(368)
J.P. Prct 1, Pl 2	40,000	40,000	41,586	1,586
J.P. Prct 1, Pl 3	40,000	40,000	33,234	(6,766)
J.P. Prct 2, Pl 1	70,000	70,000	83,221	13,221
J.P. Prct 2, Pl 2	30,000	30,000	22,661	(7,339)
J.P. Prct 3	15,000	15,000	16,061	1,061
J.P. Prct 4	13,000	13,000	8,978	(4,022)
J.P. Prct 5, Pl 1	45,000	45,000	43,904	(1,096)
J.P. Prct 5, Pl 2	13,000	13,000	10,244	(2,756)
Sub-total justice of the peace	<u>306,000</u>	<u>306,000</u>	<u>299,521</u>	<u>(6,479)</u>
Sheriff	<u>400,000</u>	<u>400,000</u>	<u>378,142</u>	<u>(21,858)</u>
Constables:				
Constable, Prct 1	300,000	300,000	292,755	(7,245)
Constable, Prct 2	210,000	210,000	228,859	18,859
Constable, Prct 3	9,000	9,000	9,262	262
Constable, Prct 4	35,000	35,000	30,252	(4,748)
Constable, Prct 5	33,000	33,000	31,083	(1,917)
Sub-total constables	<u>587,000</u>	<u>587,000</u>	<u>592,211</u>	<u>5,211</u>
Time Payment Fees	25,000	25,000	58,904	
Attorney fees	60,000	60,000	50,478	(9,522)
Total fees of office	<u>3,478,000</u>	<u>3,478,000</u>	<u>3,627,598</u>	<u>115,694</u>

(continued)

**NUECES COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BANANCES - BUDGET TO ACTUAL**  
**For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>FINES &amp; FORFEITURES</b>				
Misdemeanors & Felonies	\$1,350,000	1,350,000	1,114,787	(235,213)
J.P. Prct 1, Pl 1	195,000	195,000	245,678	50,678
J.P. Prct 1, Pl 2	190,000	190,000	152,033	(37,967)
J.P. Prct 1, Pl 3	120,000	120,000	158,495	38,495
J.P. Prct 2, Pl 1	65,000	65,000	104,020	39,020
J.P. Prct 2, Pl 2	110,000	110,000	120,495	10,495
J.P. Prct 3	70,000	70,000	143,477	73,477
J.P. Prct 4	120,000	120,000	180,078	60,078
J.P. Prct 5, Pl 1	100,000	100,000	145,234	45,234
J.P. Prct 5, Pl 2	55,000	55,000	62,475	7,475
Bail bond forfeitures	22,000	22,000	19,697	(2,303)
Total fines and forfeitures	<u>2,397,000</u>	<u>2,397,000</u>	<u>2,446,469</u>	<u>49,469</u>
<b>LICENSES &amp; PERMITS</b>	<u>129,300</u>	<u>129,300</u>	<u>163,032</u>	<u>33,732</u>
<b>MOTOR VEHICLE SERVICES</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,319,561</u>	<u>319,561</u>
<b>INTERGOVERNMENTAL REVENUE</b>				
Salary reimbursements	680,915	680,915	605,632	(75,283)
Utility reimbursements	45,000	45,000	42,477	(2,523)
Tax collection fees	800,000	800,000	986,462	186,462
Fiscal services and data processing	52,000	52,000	61,541	9,541
Child support IV-D programs	245,000	245,000	260,302	15,302
Social security reporting	10,000	10,000	76,200	66,200
State alcoholic beverage tax	1,000,000	1,000,000	1,115,038	115,038
State Jury Reimbursement	350,000	350,000	295,636	(54,364)
In lieu of taxes	2,000	2,000	16,939	14,939
911 Program and Emerg Mgmt	30,000	30,000	10,417	(19,583)
Emergency management grants	-	-	31,000	31,000
Senior community grants	275,000	275,000	299,789	24,789
Juvenile grants	90,000	90,000	84,705	(5,295)
Child protective service grants	100,000	100,000	109,642	9,642
Law enforcement overtime grants	-	-	-	-
Texas hazardous waste fees	200,000	200,000	201,632	1,632
Prosecution - legal services	-	-	-	-
Food Stamp Fraud Case Fees	2,000	2,000	2,520	520
Fema & Civil Defense	-	-	6,136	6,136
Election reimbursements	30,000	30,000	62,455	32,455
Federal grants	35,000	35,000	25,737	(9,263)
Inter-local government agreements	556,954	556,954	366,634	(190,320)
Other inter government funds	147,689	147,689	488,488	340,799
Total intergovernmental revenue	<u>4,651,558</u>	<u>4,651,558</u>	<u>5,149,382</u>	<u>497,824</u>

(continued)

**NUECES COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BANANCES - BUDGET TO ACTUAL**  
**For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>HOUSING INMATES AND JUVENILES</b>				
Housing federal inmates	300,000	300,000	116,490	(183,510)
Housing state inmates/transport	-	-		-
Housing juveniles	580,000	580,000	483,455	(96,545)
Total housing of inmates and juveniles	<u>880,000</u>	<u>880,000</u>	<u>599,945</u>	<u>(280,055)</u>
<b>CHARGES FOR SERVICES</b>				
Service fee for state costs	130,000	130,000	132,361	2,361
Tax certificates and other fees	5,000	5,000	12,070	7,070
Transaction fees	25,000	25,000	34,637	9,637
JP Omni Base	10,000	10,000	16,449	6,449
Juvenile service charges	-	-	830	830
Child support services	6,000	6,000	63	(5,937)
Sheriff miscellaneous charges	10,000	10,000	7,310	(2,690)
Medical examiner charges	240,000	240,000	259,191	19,191
Social program charges	6,000	6,000	8,880	2,880
Animal control fees	10,000	11,000	8,960	(2,040)
Other Charges	1,000	-	2,845	2,845
Total charges for service	<u>443,000</u>	<u>443,000</u>	<u>483,596</u>	<u>40,596</u>
<b>INVESTMENT INCOME</b>	<u>325,000</u>	<u>325,000</u>	<u>206,817</u>	<u>(118,183)</u>
<b>RENTALS &amp; COMMISSIONS</b>	<u>385,000</u>	<u>385,000</u>	<u>382,258</u>	<u>(2,742)</u>
<b>REFUNDS AND REIMBURSEMENTS</b>				
Workers comp salary reimbursement	-	-	5,899	5,899
Other refunds and reimbursements	75,000	75,000	29,955	(45,045)
Court appointed attorney reimbursements	150,000	150,000	184,357	34,357
Total refund and reimbursements	<u>225,000</u>	<u>225,000</u>	<u>220,211</u>	<u>(4,789)</u>
<b>OTHER INCOME</b>				
Sale of printed material	12,000	12,000	11,339	(661)
Copy machine fees	15,000	15,000	20,475	5,475
Miscellaneous revenues	15,000	15,000	106,307	91,307
Total other income	<u>42,000</u>	<u>42,000</u>	<u>138,121</u>	<u>96,121</u>
<b>TOTAL REVENUES</b>	<u>68,674,899</u>	<u>68,674,899</u>	<u>69,091,747</u>	<u>382,944</u>

(continued)

**NUECES COUNTY, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BANANCES - BUDGET TO ACTUAL  
For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
County Commissioner Prct 1	\$ 149,166	\$ 149,166	\$ 143,209	\$ 5,957
County Commissioner Prct 2	163,416	163,495	157,685	5,810
County Commissioner Prct 3	158,554	158,624	155,036	3,588
County Commissioner Prct 4	156,470	158,679	155,934	2,745
County Judge	265,567	263,627	256,976	6,651
Commissioners Court Management	392,375	390,739	383,701	7,038
Grants Administration	215,400	207,400	196,926	10,474
Risk Management	158,025	153,025	145,899	7,126
County Attorney	1,217,456	1,204,872	1,196,875	7,997
County Clerk	594,390	572,690	563,663	9,027
County Clerk-Treasury	257,844	247,844	241,349	6,495
County Clerk Collections	235,093	220,793	214,089	6,704
Election Expense	557,585	550,267	516,533	33,734
Tax Assessor-Collector	2,637,052	2,637,052	2,480,459	156,593
Information Technology	1,860,670	1,860,670	1,568,654	292,016
Human Resources	289,821	289,821	285,268	4,553
County Auditor	1,384,925	1,392,994	1,267,393	125,601
County Purchasing	492,576	494,788	480,085	14,703
Veteran's Service	94,774	95,474	94,862	612
General Employee Benefits	154,800	188,276	162,107	26,169
General Administration	3,205,346	3,009,377	1,465,469	1,543,908
Total General Government	14,641,305	14,409,673	12,132,172	2,277,501
<b>BUILDINGS AND FACILITIES</b>				
Courthouse General Repairs	225,397	285,884	259,400	26,484
Ronnie H. Polston Bldg	54,349	64,084	62,579	1,505
Bill Bode County Building	63,181	68,139	64,908	3,231
Robert N Barnes Regional Juvenile Facility	519,935	543,785	496,048	47,737
Broadway Warehouse	10,887	10,887	5,582	5,305
Records Management Department	459,723	459,723	418,055	41,668
CSCD Cook Building	168,991	175,991	172,963	3,028
Mechanical Maintenance	3,667,906	2,997,864	2,912,146	85,718
Agua Dulce Building	37,246	53,376	52,442	934
Bishop Building	75,236	84,731	84,608	123
Port Aransas Building	42,979	48,979	44,632	4,347
Johnny S Calderon Building	232,331	234,751	234,748	3
Keach Library Building	166,523	207,331	205,541	1,790
Agricultural Building - Robstown	52,515	64,125	48,060	16,065
Medical Examiner Building	37,862	78,412	72,332	6,080
Building Superintendent	1,247,103	1,265,103	1,241,867	23,236
Welfare Building - Robstown	21,837	21,837	18,295	3,542
Hilltop Facility	160,974	170,474	161,947	8,527
Precint III Yard Buildings	21,535	22,785	18,887	3,898
McKenzie Annex	828,875	828,875	687,571	141,304

(Continued)

**NUECES COUNTY, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
Robstown Community Center	53,664	53,664	49,993	3,671
Senior Community Service Buildings	48,437	48,437	40,147	8,290
David Berlanga, Sr. Building	23,702	29,702	24,667	5,035
Total Buildings and Facilities	8,221,188	7,818,939	7,377,418	441,521
 <u>ADMINISTRATION OF JUSTICE</u>				
County Court at Law 1	550,765	551,378	523,242	28,136
County Court at Law 2	557,551	557,551	498,994	58,557
County Court at Law 3	558,485	558,509	520,250	38,259
County Court at Law 4	528,222	528,835	484,456	44,379
County Court at Law 5	794,940	1,024,853	1,024,305	548
Legal Aid	95,154	94,598	92,856	1,742
Magistrate/Drug/DWI	251,857	251,857	201,745	50,112
Court Administration	1,310,613	1,317,932	1,044,877	273,055
Court Master	110,548	115,143	113,997	1,146
28th District Court	605,914	605,938	517,657	88,281
94th District Court	602,487	678,436	674,211	4,225
105th District Court	404,214	411,122	370,326	40,796
117th District Court	610,458	634,191	631,265	2,926
148th District Court	540,540	546,048	466,105	79,943
214th District Court	574,319	574,643	563,170	11,473
319th District Court	604,598	605,211	570,212	34,999
347th District Court	556,270	556,603	534,549	22,054
Juvenile Probation	2,085,858	2,085,858	2,033,407	52,451
Juvenile Detention	1,356,573	1,356,573	1,276,873	79,700
Justice Boot Camp	1,418,292	1,418,292	1,248,009	170,283
District Attorney	3,802,916	3,821,319	3,811,073	10,246
District Clerk	2,320,423	2,320,554	2,201,507	119,047
Child Support Division	51,794	53,693	29,850	23,843
Justice of the Peace 1-1	208,050	208,050	202,044	6,006
Justice of the Peace 1-2	225,927	229,242	223,006	6,236
Justice of the Peace 1-3	219,514	219,514	210,850	8,664
Justice of the Peace 2-1	244,845	250,156	235,802	14,354
Justice of the Peace 2-2	203,281	203,841	192,034	11,807
Justice of the Peace 3	159,217	160,847	159,580	1,267
Justice of the Peace 4	161,210	161,490	150,793	10,697
Justice of the Peace 5-1	200,847	200,847	196,240	4,607
Justice of the Peace 5-2	202,594	203,912	199,022	4,890
Total Administration of Justice	22,118,276	22,507,036	21,202,307	1,304,729

(Continued)

**NUECES COUNTY, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>LAW ENFORCEMENT &amp; CORRECTIONS</u>				
County Sheriff	5,293,980	5,293,980	5,152,839	141,141
Id Bureau	624,742	624,742	518,096	106,646
Jail	12,506,239	12,514,523	12,501,493	13,030
Constable 1	605,401	631,122	628,994	2,128
Constable 2	580,121	580,121	527,729	52,392
Constable 3	397,042	397,042	373,480	23,562
Constable 4	429,948	457,102	453,660	3,442
Constable 5	789,506	833,782	832,933	849
Medical Examiner	816,441	914,990	912,777	2,213
Total Law Enforcement & Corrections	22,043,420	22,247,404	21,902,001	345,403
<u>SOCIAL SERVICES</u>				
Social Services - Administration	882,650	884,250	870,057	14,193
Social Services - Social Services	577,351	567,400	557,166	10,234
Children Protective Services	99,819	99,819	81,898	17,921
Federal Emergency Management/United Way	-	8,351	-	8,351
Senior Community Services	852,710	852,710	769,856	82,854
Hilltop Community Services	45,415	45,415	44,550	865
Social Mental Services	153,714	183,714	174,959	8,755
Total Social Services	2,611,659	2,641,659	2,498,486	143,173
<u>HEALTH, SAFETY AND SANITATION</u>				
Emergency Services	24,800	24,800	10,485	14,315
Emergency Management	159,136	164,938	163,753	1,185
Emergency FEMA	-	-	-	-
911 Program	48,539	48,539	44,734	3,805
Code Enforcement	115,432	124,159	119,010	5,149
Animal Control	295,938	295,938	284,080	11,858
Total Health, Safety and Sanitation	643,845	658,374	622,062	36,312
<u>AGRICULTURE, EDUCATION &amp; CONSUMER SCIENCES</u>				
Agricultural Extension	239,383	239,557	226,777	12,780
Family & Consumer Sciences	101,960	102,134	83,825	18,309
County Library	393,033	405,013	401,472	3,541
Total Agriculture, Education & Consumer Sciences	734,376	746,704	712,074	34,630
<u>CAPITAL OUTLAY</u>				
Capital Outlay greater than \$5,000	580,000	563,280	563,280	-
Total Capital Outlay	580,000	563,280	563,280	-
Total Expenditures	\$ 71,594,069	\$ 71,593,069	\$ 67,009,800	\$ 4,583,269
Excess (deficiency) of revenues over (under) expenditures	(2,919,170)	(2,918,170)	2,081,947	5,000,117

**NUECES COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>TRANSFERS</b>				
Transfers in from:				
Special Revenues Fund	1,410,121	1,410,121	1,209,235	(200,886)
Capital Projects Fund	-	-		-
TJPC Fund	331,311	331,311	307,629	(23,682)
Total transfers in	<u>1,741,432</u>	<u>1,741,432</u>	<u>1,516,864</u>	<u>(224,568)</u>
Transfers out to:				
Road Fund	(1,599,626)	(1,599,626)	(1,671,869)	(72,243)
Special Revenue Fund	(70,000)	(71,000)	(506,685)	(435,685)
Stadium Fairgrounds	(1,050,555)	(1,050,555)	(1,050,555)	-
Airport Fund	(25,120)	(25,120)	(25,120)	-
Inland Parks	(1,194,100)	(1,194,100)	(1,194,100)	-
Island Parks	(756,211)	(756,211)	(756,211)	-
Capital Projects	(500,000)	(500,000)	(500,000)	-
Main Grant Fund	(31,804)	(31,804)	(1,104)	30,700
TJPC Grant Fund	(213,600)	(213,600)		213,600
Total transfers out	<u>(5,441,016)</u>	<u>(5,442,016)</u>	<u>(5,705,644)</u>	<u>(263,628)</u>
Total other financing sources (uses)	<u>(3,699,584)</u>	<u>(3,700,584)</u>	<u>(4,188,780)</u>	<u>(488,196)</u>
Net change in fund balances	(6,618,754)	(6,618,754)	(2,106,833)	(4,511,921)
Fund balances - beginning	21,232,628	21,232,628	24,029,489	(2,796,861)
Fund balances - ending	<u>\$ 14,613,874</u>	<u>\$ 14,613,874</u>	<u>\$ 21,922,656</u>	<u>\$ (7,308,782)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 1,074,375	\$ 1,074,375	\$ 1,014,763	\$ (59,612)
Total revenues	<u>1,074,375</u>	<u>1,074,375</u>	<u>1,014,763</u>	<u>(59,612)</u>
<b>EXPENDITURES</b>				
Law Enforcement:				
Personnel services	50,620	58,728	58,726	2
Reserve appropriations	<u>30,243</u>	<u>22,135</u>	<u>-</u>	<u>22,135</u>
Total expenditures	<u>80,863</u>	<u>80,863</u>	<u>58,726</u>	<u>22,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>993,512</u>	<u>993,512</u>	<u>956,037</u>	<u>(37,475)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,063,000)</u>	<u>(1,063,000)</u>	<u>(1,022,773)</u>	<u>(40,227)</u>
Total other financing sources (uses)	<u>(1,063,000)</u>	<u>(1,063,000)</u>	<u>(1,022,773)</u>	<u>(40,227)</u>
Net change in fund balances	(69,488)	(69,488)	(66,736)	(77,702)
Fund balances - beginning	<u>69,488</u>	<u>69,488</u>	<u>66,736</u>	<u>(2,752)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,454)</u>

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

NUECES COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
September 30, 2011

	<u>Governmental  Activities -  Internal  Service Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,255,901
Investments	853,626
Receivables (net of allowance for uncollectibles)	<u>9,415</u>
Total assets	<u>4,118,942</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	<u>682,442</u>
Total current liabilities	682,442
Noncurrent liabilities	
Estimated claims liability	<u>1,661,653</u>
Total noncurrent liabilities	<u>1,661,653</u>
Total liabilities	<u>2,344,095</u>
<b>NET ASSETS</b>	
Total net assets - unrestricted	<u><u>\$ 1,774,847</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 ASSETS  
 PROPRIETARY FUNDS  
 For the Year ended September 30, 2011

	Governmental Activities - Internal Service Funds
Operating revenues:	
Premiums and reimbursements	\$ 7,973,656
Operating expenses:	
Benefit payments	5,703,186
Insurance premiums and bonds	1,824,878
Self-insurance claims	80,091
Administration	441,873
Total operating expenses	8,050,028
Operating income (loss)	(76,372)
Non-operating revenues:	
Investment income	11,863
Total non-operating revenue	11,863
Change in net assets	(64,509)
Total net assets - beginning	1,839,356
Total net assets - ending	\$ 1,774,847

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, 2011

	<u>Governmental Activities - Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services provided	\$ 6,630,878
Receipts from employees	1,036,176
Receipts from other participants	570,542
Receipts from reimbursements and refunds	103,182
Payments for benefit claims	(5,697,186)
Payments for insurance and bond policies	(1,800,349)
Payments for administration	(441,873)
Payments for settlements and claims	(80,611)
	<u>320,759</u>
Net cash provided in operating activities	<u>320,759</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	137,053
Interest received	13,467
	<u>150,520</u>
Net cash provided by investing activities	<u>150,520</u>
Net increase in cash and cash equivalents	471,279
Cash and cash equivalents - beginning	2,784,622
	<u>2,784,622</u>
Cash and cash equivalents - ending	<u>\$ 3,255,901</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ (76,373)
Adjustments to reconcile operating income to net cash provided:	
(Increase) decrease in accounts receivable	(7,931)
(Increase) decrease in due from other funds	430,366
Increase (decrease) in estimated claims liabilities	(520)
Increase (decrease) in deferred revenue	16,751
Increase (decrease) in accounts payable	(43,738)
Increase (decrease) in due to other insurance	2,204
Total adjustments	<u>397,132</u>
Net cash provided by operating activities	<u>\$ 320,759</u>

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

NUECES COUNTY, TEXAS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 September 30, 2011

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 16,393,126
Due from other governments and agencies	24,400
Accounts receivable	1,204,252
Prepays	26,069
Total assets	\$ 17,647,847
<b>Liabilities</b>	
Accounts payable	\$ 14,318,767
Accrued payroll payable	272,966
Due to other governments and agencies	1,143,562
Funds held in escrow	1,912,552
Total liabilities	\$ 17,647,847

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



NUECES COUNTY, TEXAS  
Notes to the Financial Statements  
September 30, 2011

**I. Summary of significant accounting policies**

The accounting and reporting policies of 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) in *Governmental Accounting and Financial Reporting Standards*. The financial report has been prepared in accordance with GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", issued in June 1999 and implemented by the County in fiscal year, FY 2003. GASB Statement No. 45, "*Accounting and Financial Reporting by Employees for Post employment Benefits Other Than Pensions*" has been implemented in this report. This statement had no impact on the County's expenditures since the County does not provide any post employment benefits other than a pension. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

**A. Reporting entity**

*Primary Government*

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. 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 its discretely presented component units defined according to criteria in GASB Statement No. 14, *The Financial Reporting Entity*. There are no blended component units included in this financial report.

*Component Units*

Nueces County Hospital District (District) is legally separate from the County; however, the Nueces County Commissioners appoints all of the board of directors. Additionally, the Commissioners court sets the tax rate and approves the District's budget.

As of October 1, 1996, Spohn Health System (Spohn) leased the hospital and the satellite clinics, Memorial Medical Center (MMC) from the District and is responsible for their operations. The lease calls for payments to be made over 30 years at which point the operating responsibility of MMC reverts to the District unless such agreement is extended. The District's primary mission is to work with Spohn Health Systems to make available high quality, accessible and cost effective healthcare services to the indigent residents of Nueces County, consistent with statutory requirements and available resources. Primarily, the District provides a healthcare management and payment system. The District is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the county.

Nueces County Mental Health and Mental Retardation Community Center (Center) is legally separate from the County, however the Nueces County Commissioners appoint all nine members of the Board of Trustees. In previous years the County provided significant direct funding to the Center, but the District currently assumes this financial responsibility. The County has considerable potential liability if the state or federal reduces their funding. The Center began when House Bill 3 of 1965 first appointed this Board in May 1966 as authorized by the Texas Legislature. The Center provides various mental health and mental retardation services to residents of the local area. The Center receives funding from local, state and federal government sources. The Board of Trustees' and the Texas Department of Mental Health and Mental Retardation must approve the Center's budget. The Center is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the county.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Nueces County Hospital District  
555 N. Carancahua, Suite 950  
Corpus Christi, Texas 78478

Nueces County Mental Health and Mental  
Retardation Community Center  
1630 South Brownlee  
Corpus Christi, Texas 78404

## **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, interfund activity has been removed from these statements to eliminate duplication. Interfund 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 and the capital projects fund are major funds and are reported in separate columns in the fund financial statements.

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

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

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

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

The County reports four major governmental funds:

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

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

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

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

All other governmental funds are combined and reported as nonmajor. Nonmajor funds include debt service fund, road fund, inland and island parks, grants and other special revenue funds.

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 corrections and supervision department, contract elections, and City-County Health District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements and includes activity from the internal service funds.

## **D. Assets, liabilities, and net assets**

### **1. Deposits and investments**

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

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

#### *Components Units*

The District considers cash and cash equivalents at year-end to include currency on hand, demand deposits and amounts included in pooled cash or liquid investments with maturity of three months or less when purchased.

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

The Center's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments at August 31, 2011, primarily consist of investments in a governments and agency investment pool, certificates of deposit in local financial

institutions. Investments for the Center are reported at fair value. For investments in local government investment pools, the reported value of the pool is approximately the same as the fair value of the pool shares.

Investments for the Center are reported at fair value. For investments in local government investment pools, the reported value of the pool is the same as the fair value of the pool shares.

**2. Receivables and payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade receivables are directly written-off when circumstances indicate a receivable is no longer collectible usually within one year a receivable was incurred. The property tax receivable allowance is equal to 100 percent of the balances older than 11 years plus .5 percent of the 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. On the governmental fund financial statements outstanding property taxes receivable are reported as deferred revenue.

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. Interfund activity reflected in "due to or due from" is eliminated on the government-wide statements.

**3. Inventories and prepaid items**

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 current assets. 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. 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. 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 estimate useful life in excess of two years, plus computers, laptops, weapons, palm pilots, and radios.

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

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

Property, plant and equipment of the primary government is 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

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

## **5. Compensated absences**

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 Units*

The District employees earn paid time off and sick leave. Paid time off accumulates from year to year up to a maximum of two years accrual. Semi-annually, employees can elect to be paid in lieu of utilizing paid time off at a rate of 80% of time earned. Sick leave accumulates up to a maximum of 1,440 hours. Upon termination of employment, employees may receive pay for their unused paid time off. Sick leave is not convertible to paid time off or additional pay. The cost of paid time off is recognized when earned by employees.

The Center employees earn paid time off each month. The amount is based upon 100% of paid time off for each employee multiplied by their effective hourly rate, up to a cap based on years of service. Actual compensated absences benefits paid during the year are recorded as expenditures in the general fund. The Center's liability for accrued compensated absences is reported as a liability in the governmental activities column of the statement of net assets.

## **6. Long-term obligations**

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 assets. Bond premiums and discounts, as well as issuance costs, and any gain or loss on refundings are deferred and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount and bond issuance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 other financing uses.

## **7. Fund Equity**

Fund balance is divided into five classifications based primarily on the extent to which the county is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the county is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category 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. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the commissioners court. Those committed amounts cannot be used for any other purpose unless the commissioners court removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by commissioners court, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the commissioners court or state statute, commissioners court or a County official delegated that authority by commissioners’ court.

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

#### County Fund Balance Policy

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The County has in the past and plans to continue in the future its conservative approach to monitoring expenditures to ensure that fund balances stay strong at the 25% general fund policy level. Good management practices contributed toward the credit rating agencies deciding to reaffirm the County's "double A" ratings (AA+ and Aa2). As Standard & Poor's stated, "[Our] stable outlook also reflects our expectation that County officials will maintain reserve levels at a strong level. By a majority vote in a scheduled meeting of the Commissioners court, the Court may commit fund balances and it may modify or rescind these commitments. The Commissioners court may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds such as the County Judge

## 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 assets

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

General obligation debt	\$124,479,354
Accrued interest payable	674,666
Compensated absences	<u>1,737,826</u>
Net adjustments to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$126,891,846</u>

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

The governmental fund statement of revenue, expenditures, and change in fund balance includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net assets 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 \$(6,961,476) difference are as follows:

Capital outlay	\$21,257,553
Depreciation expense	<u>(14,296,077)</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at change in <i>net assets of governmental activities</i>	<u>\$6,961,476</u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The county had no differences this year from the sale of net assets.

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 assets. Also, governmental funds report the effect of issuance costs, 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 \$(1,568,303) difference are as follows:

General obligation debt principle repayments	\$ 4,796,040
Issuance of debt	(49,374,640)
Refunded prior debt par	43,240,000
Deferred loss on refunding	4,611,227
Net change in premium and issuance costs for refunding	(5,074,413)
Amortization of issuance costs, premiums and deferred charges	<u>233,483</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (1,568,303)</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 (\$29,736) difference are as follows:

Change in compensated absences	\$ (40,875)
Accrued interest	<u>11,139</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 29,736</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 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. The Commissioners court must hold a public hearing on the budget on some date within seven calendar days after the filing of the proposed budget and prior to October 31 of the current year.

Annual budgets are adopted for all governmental funds except for the Grants Fund and Capital Projects Fund. Project

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

An appropriated budget is prepared by line item for the following expenditures: personnel expenditures (salaries and overtime), special personnel services (court appointed attorneys for example), insurance premiums, and other specific expenses designated by Commissioners court in the general fund, road fund, airport, inland parks and island parks funds. Remaining expenditures, (nonpersonnel 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. More comprehensive accounting of activity on the budgetary basis is provided in a separate report, which is available for public inspection in The Office of the Nueces County Auditor, 901 Leopard, Room 304, Corpus Christi, Texas 78401.

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. All outstanding purchase orders at fiscal year end automatically carry over to and encumber into the next budget year unless Commissioners court individually approves them as an encumbrance to the prior year. Encumbrances outstanding at fiscal year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**IV. Detailed notes on all funds**

**A. Investments**

*Primary Government*

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.

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

The County’s investments are comprised of (U.S. Agencies), Federal Home Loan Bank, Federal Farm Credit Bank, and Fannie Mae and Freddie Mac bonds. Local government investment pools with ratings no lower than AAA or AAA – or an equivalent rating of at least one national recognized rating service. Currently the County is using two local government investment pools. The first pool is AAA Rated TexPool, which is overseen by the Texas Comptroller of Public Accounts and is administered by Federated Investors, Inc. and the second is the AAA Rated Texas Class, administered by Cutwater Investor Services Corporation with Wells Fargo as the custodian of funds. Both funds are in compliance with the provisions of Texas Public Funds Investment Act.

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

	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
Government sponsored securities	\$34,200,011	889
Local government investment pools	<u>14,851,647</u>	1
Total	<u>\$49,051,658</u>	<u>402</u>

## **Credit risk**

Nueces County seeks to control the risk of loss due to the failure of a security issuer or grantor by purchasing only eligible investments, and requires prior approval of investment vendors with which it transacts business and by having the bank collateralize deposits and money market account at greater than 100% at the market value. 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.

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

## **Concentration of credit risk**

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

## **Interest rate risk**

In accordance with the County's investment policy, the County manages exposure to declines in the fair market value by laddering its investment portfolio and by limiting its weighted average days to maturity to less than 365 days in the operating portfolio. However toward the end of our fiscal year our longer term investments remained the same while our shorter term cash equivalents diminished. As a result we were over the 365 day investment policy limit, temporarily and our investment committee agreed to let situation continue until our tax monies started coming in during October. By the following quarter we were in compliance with our investment policy. Due to the low interest environment the County has been investing toward the lower end of the range of the ladder in order to reduce the interest rate risk.

## *Component Units*

The District's cash deposits at September 30, 2011 and during the year ended September 30, 2010, were covered by federal deposit insurance or by pledged collateral held by the District's agent bank in the District's name.

Deposits at August 31, 2011, were insured or collateralized by securities held by the Center's agent in the Center's name.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counter party's trust department or agent in the government's name.

- (3) Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the government's name.

### Component Units

At year end, the District's investment balances were as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		
		<u>Less Than One Year</u>	<u>One to Two Years</u>	<u>Two to Three Years</u>
U.S. Agency				
Federal Home Loan Mortgage Corporation	\$8,996,454	-	\$8,996,454	\$ -
Federal Home Loan Bank	-	-	-	-
Government National Mortgage Association	1,714	-	-	1,714
AAA-Rated Local Govt				
Investment Pools:				
Texpool	23,117,387	23,117,387	-	-
Logic	17,232	17,232	-	-
TexStar	6,000,230	6,000,230	-	-
Money Market Mutual Funds	362,652	362,652	-	-
Petty Cash	150	150	-	-
Total investments	<u>\$38,756,821</u>	<u>\$29,758,653</u>	<u>\$8,996,454</u>	<u>\$ 1,714</u>
% of Total Portfolio		76.78%	23.21%	00.01%

### Credit risk

The primary stated objective of the District's adopted Investment Policy is the safety of principal and avoidance of principal loss. 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, bankers' acceptances, commercial paper and non-rated SEC registered money market mutual funds and mutual funds. All other 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 restricts both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full insurance and/or collateralization from these depositories (banks and savings banks). Certificates of deposit are limited to a stated maturity of three years. Collateral, with a 102% margin, is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are priced at market on a daily basis as a contractual responsibility of the bank.

State law and the District's adopted Investment Policy restricts investment in SEC registered money market mutual funds striving to maintain a \$1 net asset value as further defined by State law. Neither the state law nor the Policy requires a rating.

State law and the District's adopted Investment Policy restricts investments in mutual funds to AAA- rated no-load SEC registered mutual funds invested exclusively in obligations of the U.S. Government, its agencies and instrumentalities, commercial paper and bankers acceptances as further defined by state law. The funds must have a dollar-weighted average maturity of two years or less.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating agency. The District Policy further restricts investments to AAA-rated, "2a-7 like" (constant dollar) local government investment pools.

### Concentration of credit risk

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

As of September 30, 2011, holdings in US Government securities with ratings of AAA represented 23.21% of the total portfolio. Investment in the State Treasurer's local government investment pool, Texpool, represented 59.66% of the total

portfolio. Investment in a second local government investment pool, LOGIC, represented .04% of the total portfolio. Investment in a third local government investment pool, TexStar, represented 15.48% of the total portfolio. Holdings in an AAA-rated money market mutual fund represented .94% of the total portfolio. The remaining .67% of the portfolios invested in collateralized bank accounts.

**Interest rate risk**

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

As of September 30, 2011, the portfolio contained four holdings in the portfolio with stated maturity dates beyond one year representing 23.22% of the total portfolio, and the weighted average of the combined portfolio was 155 days.

As of September 30, 2011, the portfolio contained three callable notes and one Government National Mortgage Association pass through mortgage backed note with an original par value of \$100,000 and current market value of \$1,714 and a coupon rate of 9%. The note was purchased October 1, 1986, matures October 15, 2016.

**Custodial credit risk**

To control custody and safekeeping risk, State law and the District’s adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the District and held in the District’s name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under 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, 2011, the portfolio contained no certificates of deposit and no repurchase agreements. All bank demand deposits were fully collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank’s holding company.

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificate of Deposit	\$ 250,495	180 days
Coastal Bend Community	112,905	N/A
AIM Govt & Agency-Cash Mgmt	<u>3,356,780</u>	<u>45 days</u>
Total Fair Value	<u>\$3,720,180</u>	

**Credit risk**

As of August 31, 2011, the Center’s investments in AIM Money Market Mutual Fund were rated AAA by Standard & Poor’s, the highest rating a security can achieve. AIM Money Market Mutual Fund is administered by AIM Investment.

**Concentration of credit risk**

The Center’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified after considering maturity duration, type of investment, liquidity factors, cash-flow timing and degree of risk.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer period are subject to increased risk of adverse interest rate changes. Center policy requires that the maturity of investments correspond to anticipated cash flows. The maximum allowable stated maturity of any individual investment owned by the Center shall not exceed three years.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Center’s investment in a single issuer. The Center’s investment policy does not limit investments in any one issuer; however the policy states that the investment portfolio shall be diversified considering maturity duration, type of investment, liquidity factors, cash-flow timing, and degree of risk.

**B. Receivables**

*Primary Government*

Receivables as of September 30, 2011 for each major fund, nonmajor and internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Taxes	Accounts	Grants	Total
Governmental activities:				
General fund	\$ 3,333,401	\$ 1,819,685	\$ -	\$ 5,153,086
Debt service	679,106	5,788	-	684,894
U.S. marshal	-	4,974,721	-	4,974,721
Capital projects fund	-	575,356	-	575,356
Nonmajor funds	74,312	390,982	2,941,133	3,406,427
Internal service fund	<u>-</u>	<u>9,415</u>	<u>-</u>	<u>9,415</u>
Total – governmental activities	4,086,819	7,775,947	2,941,133	14,803,899
Less:				
Allowance for uncollectible taxes	<u>(3,479,997)</u>	<u>-</u>	<u>-</u>	<u>(3,479,997)</u>
Total – governmental activities, net	<u>\$ 606,822</u>	<u>\$ 7,775,947</u>	<u>\$ 2,941,133</u>	<u>\$ 11,323,902</u>

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund) net	\$498,306	\$ -
Delinquent property taxes receivable (debt service fund) net	101,524	-
Delinquent property taxes receivable (road fund) net	6,992	-
Grant advances prior to meeting all eligibility requirements	-	489,208
Miscellaneous prepayments	<u>-</u>	<u>5,246</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 606,822</u>	<u>\$ 494,454</u>

Component units

	<u>District</u> As of September 30	<u>Center</u> As of August 31
Receivables:		
Accounts	\$ -	\$ 214,276
Taxes	2,027,667	-
Receivable other governments	-	1,115,673
Other receivables	10,090	-
Hospital lease receivable	<u>15,743,815</u>	-
Gross receivables	17,781,572	1,329,949
Less: allowance for uncollectibles	<u>( 904,344)</u>	-
Net total receivables	<u>\$16,877,228</u>	<u>\$1,329,949</u>

**C. Capital Assets**

*Primary Government*

Capital asset activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Completed Projects	Retirements	Ending Balance
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 6,090,433	\$ -	\$ -	\$ -	\$ 6,090,433
Construction in progress	<u>16,028,919</u>	<u>19,272,157</u>	<u>(2,650,221)</u>	-	<u>32,650,855</u>
Total capital assets, not being depreciated	<u>22,119,352</u>	<u>19,272,157</u>	<u>(2,650,221)</u>	-	<u>38,741,288</u>
Capital assets being depreciated:					
Buildings and improvements	153,335,535	325,148	80,299	-	153,740,981
Furniture, equipment and machinery	26,654,880	1,535,779	-	(2,345,007)	25,845,652
Software	403,307	124,469	-	-	527,776
Infrastructure	<u>171,465,331</u>	-	<u>2,569,922</u>	-	<u>174,035,253</u>
Total capital assets, being depreciated	351,859,053	1,985,396	2,650,221	(2,345,007)	354,149,662
Less accumulated depreciation for:					
Building and improvements	(57,179,707)	(5,526,860)	-	-	(62,706,567)
Furniture, equipment and machinery	(16,347,310)	(1,887,272)	-	2,345,007	(15,889,576)
Software	(20,165)	(22,799)	-	-	(42,964)
Infrastructure	<u>(92,517,403)</u>	<u>(6,859,146)</u>	-	-	<u>(99,376,549)</u>
Total accumulated depreciation	<u>(166,064,585)</u>	<u>(14,296,077)</u>	-	<u>2,345,007</u>	<u>(178,015,655)</u>
Total capital assets, being depreciated, net	<u>185,794,468</u>	<u>(12,310,681)</u>	-	-	<u>176,134,007</u>
Governmental activities capital assets, net	<u>\$207,913,820</u>	<u>\$6,961,476</u>	\$ -	-	<u>\$214,875,296</u>

Depreciation expense for the year ended September 30, 2011 was charged to functions/programs of the County as follows:

	FY 2011	FY 2010	Increase (Decrease)
Governmental activities:			
General government	\$ 767,191	\$ 786,736	\$ (19,545)
Buildings and facilities	1,845,726	2,021,861	(176,135)
Administration of justice	497,841	506,811	(8,970)
Law enforcement and corrections	1,460,332	1,446,409	(35,973)
Health, safety and sanitation	112,248	105,618	6,630
Social services	40,409	42,564	(2,155)
Agriculture, education and consumer sciences	50,701	56,236	(5,535)
Roads, bridges and transportation	7,676,859	7,919,287	(267,452)
Parks and recreation	<u>1,844,770</u>	<u>1,890,760</u>	<u>(45,990)</u>
Total depreciation expense – governmental activities	<u>\$ 14,296,077</u>	<u>\$ 14,776,283</u>	<u>\$ (555,126)</u>

At September 30, 2011 the County's construction commitments are as follows:

Project Description	Contract Amount	Balance
Bob Hall Pier Pavillion Expansion	\$ 843,000	\$ 39,512
Rose Acres Improvements	248,848	116,601
Rose Acers Water And Waste Improvements	1,130,172	40,747
McKenzie Jail Annex Roof Replacement	603,766	80,801
Banquete Park Lighting Improvement	224,690	61,044
Juvenile Rehab & Smoke Purge Improvements	290,275	14,514
Banquete Park Phase II	479,883	56,627
Fairgrounds Improvements	4,657,181	306,942
McKenzie Jail Annex Rehabilitation	1,130,194	188,029

Several projects were completed during the year and have been put into service in the amount of \$2,650,221.

*Component units*

Capital assets activity for the District for the year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 574,450	\$ -	\$ -	\$ 574,450
Land Leased to Spohn	<u>2,502,476</u>	<u>-</u>	<u>-</u>	<u>2,502,476</u>
Total capital assets, not being depreciated, net	<u>3,076,926</u>	<u>-</u>	<u>-</u>	<u>3,076,926</u>
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Furniture, equipment and machinery	1,286,346	32,406	(17,617)	1,301,135
Buildings Leased to Spohn	28,073,023	-	-	28,073,023
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated:	<u>29,359,369</u>	<u>32,406</u>	<u>(17,617)</u>	<u>29,374,158</u>
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Furniture, equipment and machinery	(810,347)	(95,976)	17,350	(888,973)
Buildings Leased to Spohn	<u>(20,863,266)</u>	<u>(437,246)</u>	<u>-</u>	<u>(21,300,512)</u>
Total accumulated depreciation	<u>(21,673,612)</u>	<u>(533,222)</u>	<u>17,350</u>	<u>(22,189,485)</u>
Total capital assets, being depreciated, net	<u>7,685,757</u>	<u>(500,816)</u>	<u>(267)</u>	<u>7,184,673</u>
Governmental activities capital assets, net	<u>\$ 10,762,683</u>	<u>\$(500,816)</u>	<u>\$(267)</u>	<u>\$10,261,599</u>

Capital asset activity for the Center for the year ended August 31, 2011 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 481,983	\$ -	\$ 43,625	\$ 438,358
Construction in progress	<u>12,519</u>	<u>10,500</u>	<u>12,519</u>	<u>10,500</u>
Total capital assets, not being depreciated	<u>494,502</u>	<u>10,500</u>	<u>(56,144)</u>	<u>448,858</u>
Capital assets being depreciated:				
Buildings and improvements	5,638,532	345,716	140,112	5,844,136
Furniture, equipment and machinery	1,965,902	119,883	239,825	1,845,960
Vehicles	<u>669,243</u>	<u>34,690</u>	<u>118,593</u>	<u>585,340</u>
Total capital assets, being depreciated	8,273,677	500,289	(498,530)	8,275,436
Less: accumulated depreciation				
Governmental activities capital assets, net	<u>(5,195,964)</u>	<u>(406,836)</u>	<u>444,107</u>	<u>(5,158,693)</u>
	<u>\$ 3,572,215</u>	<u>\$(103,953)</u>	<u>\$(110,567)</u>	<u>\$ 3,565,601</u>

**D. Interfund receivables, payables and transfers**

The composition of interfund balances as of September 30, 2011, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects (1915)	Road Fund	<u>\$200,000</u>
	Subtotal	<u>\$200,000</u>
Payroll fund (General fund)	General fund	62
Expense fund (General fund)	Payroll fund (General fund)	2,330
Expense fund (General fund)	General fund	92,282
Expense fund (General fund)	Road fund	120
Expense fund (General fund)	Investment Pool fund	7,589
Expense fund (General fund)	Airport fund	384
Expense fund (General fund)	Inland Park fund	1,953
Expense fund (General fund)	Coastal Parks fund	150
Expense fund (General fund)	Main Grant fund	9,567
General fund	Jury Fund (General fund)	11,751
General fund	Special Revenue fund	189,229
General fund	Airport fund	14,000
General fund	Coastal Parks fund	6,720
General fund	Main Grant fund	235,000
General fund	Main Grant fund	<u>1,790,000</u>
	Subtotal	<u>2,361,136</u>
Coastal Parks fund	Special Revenue fund	13,838
Main Grant fund	Coastal Parks fund	1,558
Main Grant fund	Capital Projects (1915)	<u>37,584</u>
	Subtotal	<u>52,979</u>
Total due to/from other funds		<u>\$2,614,115</u>

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

Amounts owed to capital projects (the receivable fund) are for projects partially funded with other funds.

Amounts payable by capital projects result from capital project expenditures paid for by another fund. Since the expenditure belongs to a fund other than the one paying, an interfund receivable has to be created.

The \$ 1,790,000 owed to general fund by the grants fund is a long term loan for financing expenditures that will be reimbursed by grantor agencies. The remaining interfund receivables and payables are related to the clearing accounts used to process accounts payable, payroll and jury checks.

**Due to/from primary government and component units:**

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government – general fund	Component unit – district	<u>\$102,675</u>

**Interfund transfers:**

	Transfers in:				
	General Fund	US Marshal Contract	Capital Projects	Nonmajor Governmental	Total
Transfers out:					
General fund	\$ -	\$ -	\$500,000	5,205,644	\$5,705,644
Capital projects	-	-	-	271,887	271,887
Nonmajor governmental	<u>1,516,864</u>	-	-	<u>915,264</u>	<u>2,432,128</u>
Total transfers out	<u>\$1,516,864</u>	<u>\$ -</u>	<u>\$500,000</u>	<u>\$6,392,795</u>	<u>\$8,409,659</u>

The General Fund provides most of the transfers. The Inland Parks Fund, Airport Fund, Stadium Fairgrounds Fund and other nonmajor funds are dependent upon the General Fund for financial support. The transfer from Capital Projects Fund to Special Revenue Fund is for technology advancement projects. The General Fund also provides most of the required matching funds for grants.

**E. Leases**

Primary Government

Nueces County ended this year with no obligations for capital leases. There were also no contingent rentals or sublease rentals.

*Component Units*

District

The District leases hospital and clinic real estate and equipment to Spohn under a Lease Agreement. The Agreement calls for the non-cancelable lease for a term of thirty years, which may be extended by the parties for a maximum of ten years in two successive five-year terms. The lease price was \$66,066,799. The lease price has been allocated to two components.

The first component amounting to \$43,892,394 was allocated to the real estate and has been accounted for as an operating lease. The second component amounting to \$22,174,405 was allocated to the working capital and equipment and has been accounted for as a sales-type lease. Spohn pays the District an annual base rent of \$5,068,930 in semi-annual payments.

The District and Spohn entered a related Indigent Care Agreement (ICA) wherein; Spohn became exclusive provider of the District's indigent healthcare. Pursuant to Chapter 281 of the Texas Health and Safety Code, the District is required to furnish medical and hospital care to indigent and needy persons residing in Nueces County. Under terms of the ICA, the District pays Spohn based upon negotiated rates, subject to an annual reconciliation of charges, for providing such indigent care.

A schedule of minimum future rentals to be received on the non-cancelable operating lease related to the real estate as of September 30, 2011, for each of the next five years and in the aggregate is as follows:

For the Year Ended September 30:	<u>TOTAL</u>
2012	3,367,614
2013	3,367,614
2014	3,367,614
2015	3,367,614
2016	3,364,614
Thereafter	<u>33,676,136</u>
Minimum Future Lease Payments	<u>\$50,514,206</u>

A schedule of the remaining sales-type lease payments relating to the equipment and working capital for each of the next five years and in the aggregate is as follows:

For the Year Ended September 30:	Principal	Interest	Total
2012	625,601	1,075,715	1,701,317
2013	669,513	1,031,803	1,701,316
2014	716,506	984,810	1,701,316
2015	766,798	934,518	1,701,316
2016	820,620	880,677	1,701,297
Thereafter	<u>12,144,777</u>	<u>4,868,406</u>	<u>17,013,183</u>
Minimum Future Lease Payments	<u>\$15,743,815</u>	<u>\$9,775,929</u>	<u>\$25,519,744</u>

Center

The Center is obligated under capital leases for certain equipment as of August 31, 2011. Such assets totaled approximately \$102,242 at August 31, 2011 and are included in depreciable assets noted above. Related amortization expense is included in depreciation expense. There were no contingent rentals or sublease rentals. The estimated rental commitments under existing non-cancelable operating lease agreements are not considered to be material in amount.

The future minimum lease payments under capital leases and the present value of the future minimum capital lease payments as of August 31, 2011, are as follows:

For the Year Ended August 31:	<u>TOTAL</u>
2012	24,997
2013	21,758
2014	15,495
2015	11,827
2016	6,881
Thereafter	<u>928</u>
Total minimum lease payments	81,886
Less amount representing interest	<u>(11,747)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 70,139</u>

**F. Long-term debt**

*Primary Government*

The following items comprise the county's outstanding general obligation debt at September 30, 2011.

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
Combination Tax and Revenue Certificates of Obligation, Series 2002	3.00%-4.75%	2002	2022	\$ 325,000
Combination Tax and Revenue Certificates of Obligation, Series 2004	3.00%-5.00%	2004	2026	38,125,000
LoanStar Revolving Loan Program	3.00%	2004	2016	601,403
Combination Tax and Revenue Certificates of Obligation, Series 2007	4.00%-5.00%	2007	2027	34,070,000
State Energy Conservation Office LoanStar Revolving Program Loan	2.00 %	2010	2023	7,202,497
General Obligation Refunding Bonds, Series 2010	3.00%	2010	2022	<u>42,310,000</u>
Sub - total general obligation debt				122,633,900
Premium on debt (net)				<u>1,862,695</u>
Total general obligation debt at September 30, 2011				<u>\$124,496,595</u>

On September 1, 2002, the County issued \$6,730,000 in Combination Tax and Revenue Certificate of Obligation, Series 2002 due in installments of \$100,000 to \$585,000 through February 15, 2022, with interest rates ranging from 3% to 4.75%. The proceeds were used to build a baseball stadium and infrastructure at site. This particular Certificate of Obligation was refunded through General Obligation Refunding Bonds, Series 2010 and the balance has been adjusted to reflect the new outstanding bond balance.

On April 14, 2004, the County issued \$91,800,000 in Combination Tax and Revenue Certificates of Obligation, Series 2004 due in installments of \$3,825,000 to \$5,880,000 through February 15, 2026, with interest rate ranging from 3.00% to 5.00%. The proceeds are being used for road and bridge construction, new construction for a showbarn at the county fairgrounds, renovating various county buildings, and pier reconstruction. This particular Certificate of Obligation was refunded through General Obligation Refunding Bonds, Series 2010 and the balance has been adjusted to reflect the new outstanding bond balance.

On March 23, 2004, the County approved LoanSTAR a revolving loan mechanism up to the maximum amount of \$1,548,630 with the Texas State Energy Conservation Office under the Comptroller of Public Accounts. As of July 21, 2006 only \$1,185,764 has been used and included \$40,753 in accrued interest for a total of \$1,226,517. Upon completion of the project scheduled for April 1, 2005 quarterly installments will become due over the next 9.75 years. The proceeds were used to improve energy efficiency by replacing interior lighting in several county buildings, install programmable thermostats, and replace selected heat pumps, chiller, and HVAC units.

On January 18, 2007, the County issued \$34,500,000 in Combination Tax and Revenue Certificates of Obligation, Series 2007 due in 21 installments of \$50,000 to \$7,880,000 (average installment equals \$1,642,858) through February 15, 2027. The interest coupon rates range from 4.00% to 5.00% with a net interest cost of 4.409288% to the County. The proceeds are being used for new construction for a heritage center, jail repairs, County road 52, finish prior and new construction projects and improving the county's information technology systems.

On May 12, 2010, the County approved LoanSTAR, a revolving loan mechanism up to a maximum of \$7,930,497 with State Energy Conservation Stimulus Program under the Comptroller of Public Accounts. As of September 22, 2010 the State Comptroller has disbursed only \$7,202,497 on this loan. The interest rate on the loan will be at 2.00 % for a payback period of 11.9 years after the anticipated substantial completion date of December 31, 2011. 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 anticipates repaying this loan from the energy savings measures implemented through building and facility improvements.

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

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

<u>Governmental Activities</u>			
Fiscal Year Ending September 30	Principal	Interest	Total Debt Service Requirements
2012	\$ 5,339,180	5,316,261	\$ 10,655,441
2013	6,103,089	5,170,829	11,273,918
2014	6,493,119	4,885,800	11,378,919
2015	6,913,503	4,578,034	11,491,537
2016	7,260,967	4,247,185	11,508,152
2017-2021	39,894,009	16,199,169	56,093,178
2022-2026	42,750,033	6,788,391	49,538,424
2027	<u>7,880,000</u>	<u>177,300</u>	<u>8,057,300</u>
Totals	<u>\$122,633,900</u>	<u>\$47,362,969</u>	<u>\$169,996,869</u>

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities:					
General obligation debt	\$122,928,292	\$56,954,820	(\$55,386,517)	\$124,496,595	\$5,854,670
Compensated absences	1,696,950	3,190,993	(3,150,117)	1,737,826	1,737,826
General liability claims	1,662,174	-	(521)	1,661,653	250,000
Judgments and other claims	<u>649,685</u>	<u>-</u>	<u>(3,676)</u>	<u>646,009</u>	<u>110,000</u>
Totals	<u>\$126,937,101</u>	<u>\$60,145,813</u>	<u>(\$58,540,831)</u>	<u>\$128,542,083</u>	<u>\$7,952,496</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 used to liquidate the liability for compensated absences depend on what fund the employee is attached. The general fund and road fund have the highest number of employees and pay for the most toward compensated absences. Judgments and other claims are reported in the general fund and include seizures, bonds and other.

*Component units*

District

The limited tax refunding bonds are collateralized by ad valorem taxes issued on all property located within the District. The limited tax refunding bonds mature in varying amounts through the year 2015 and are callable to redemption prior to maturity beginning in 2013. Interest is payable semiannually and accrued at rates ranging from 2.0% to 4.1%.

The bond covenants do not require a separate sinking fund. However, the District has a reserved cash account for making debt payments. The balance of this account is \$471,649 at September 30, 2011. The District had sufficient cash and cash equivalents at year end to cover current maturities of bonds payable.

Aggregate maturities of the limited tax refunding bonds for each of the next five years and in the aggregate are as follows:

	<u>Requirements</u>		
Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1,615,000	267,420	1,882,420
2013	1,675,000	207,665	1,882,665
2014	1,740,000	144,015	1,884,015
2015	<u>1,815,000</u>	<u>74,415</u>	<u>1,889,415</u>
Total	<u>\$ 6,845,000</u>	<u>\$ 693,515</u>	<u>\$7,538,515</u>

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds:					
Limited Tax Refunding Bonds, Series 2003	\$8,410,000	\$ -	\$1,565,000	\$ 6,845,000	\$1,615,000
Premium	(588)	-	194	(394)	-
Deferred Loss on Refunding	<u>(72,920)</u>	<u>-</u>	<u>24,056</u>	<u>(48,864)</u>	<u>-</u>
Total Bonds	\$ 8,336,492	\$ -	\$1,589,250	\$6,795,742	\$1,615,000
Other Liabilities:					
Accrued Paid Time Off	<u>66,900</u>	<u>157,191</u>	<u>157,191</u>	<u>66,900</u>	<u>-</u>
Total	<u>\$ 8,403,392</u>	<u>\$ 157,191</u>	<u>\$1,746,441</u>	<u>\$6,862,642</u>	<u>\$1,615,000</u>

Center

On October 31, 2001, the Center entered into a \$500,000 note payable with Bank of America. Proceeds of the note were used to acquire a building located at 3733 South Port which also serves as collateral for the note. This note carries an interest rate of 6.0% and is payable in monthly installments of \$4,242. This note will mature on October 31, 2016.

Annual debt service requirements to maturity for the note payable of the Center are summarized as follows:

Requirements

<u>Fiscal Year</u> <u>Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	38,252	12,657	50,909
2013	40,681	10,228	50,909
2014	43,226	7,683	50,909
2015	45,929	4,980	50,909
2016	48,797	2,113	50,909
2017	<u>8,013</u>	<u>61</u>	<u>8,074</u>
Total	<u>\$224,898</u>	<u>\$37,722</u>	<u>\$262,620</u>

Changes in Long-term Liabilities

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities					
Compensated absences	\$ 414,363	\$ 433,522	\$ (452,605)	\$ 395,280	\$ 395,280
Capital leases	42,223	42,055	(14,139)	70,139	19,837
Notes payable	<u>260,930</u>	<u>-</u>	<u>(36,032)</u>	<u>224,898</u>	<u>38,252</u>
Total	<u>\$ 717,516</u>	<u>\$ 475,577</u>	<u>\$ (502,776)</u>	<u>\$ 690,317</u>	<u>\$ 453,369</u>

## G. Fund balance by designations

### Fund Balances – GASB 54

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the total governmental funds are presented as follows:

<b>Fund balances:</b>	<b><u>Amount</u></b>
<b>Nonspendable:</b>	
Inventory	\$140,673
Prepays	383,220
<b>Restricted for:</b>	
Debt service reserve	3,965,499
<b>Committed to:</b>	
Capital projects	13,667,889
Policy	17,604,083
<b>Assigned to:</b>	
Road & Bridges	2,944,129
Stadium & Fairgrounds	388,312
Law Library	287,335
Inland Parks	207,274
Coastal Parks	1,261,335
Commissioners Court	1,196,845
County Attorney	50,678
County Clerk	2,738,334
Tax Assessor Collector	114,783
Juvenile Programs	63,905
District Attorney	320,327
District Clerk	2
County Sheriff	422,989
Asset Forfeiture	1,184,904
Law Enforcement Education	43,908
Social Services	27,628
Community Health Program	527,944
Parks & Recreation	172,917
Library	3,741
<b>Unassigned:</b>	3,871,419
Total fund balances	\$51,590,073

## V. Other information

### A. Risk management

#### *Primary Government*

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

Workers Compensation

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

Property & Liability

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

<u>Coverage</u>		<u>Maximum Limit</u>	<u>Deductible</u>
Auto Liabilities		\$100,000	\$5,000
Auto Body Injury Liabilities		\$100,000/\$300,000	\$5,000
Property Damages	Windstorm/Hail Only	\$80,000,000	1% per item
Property Damages	Excluding Windstorm/Hail	\$234,972,913	\$100,000
Public Official Liabilities	Excluding Law Enforcement	\$1,000,000	\$50,000

Group Health

The County is self-insured on providing group health medical benefits to employees and retirees. Other participants in the program include small organizations and districts such as the local credit union, the District, a fire district and a drainage district. Retirees and other participants pay 100% of their own premiums. The County does not have a liability for any postemployment benefits. Boon Chapman serves as the County’s third party administrator. A stop loss policy which covers health claims in excess of \$300,000 per individual with unlimited maximum lifetime coverage is kept in force. In addition, the County maintains aggregate coverage of its group health expenses of 125% of projected claims. There have been six claims that have exceeded the individual stop loss in the past six years. The balance in the accounts payable includes an estimate for ninety days of run off claims.

General Liabilities

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the balances of estimated claims liabilities during the past two years are as follows:

	<u>General Liability</u> <u>9/30/10</u>	<u>General Liability</u> <u>9/30/11</u>
Unpaid claims, beginning of fiscal year	\$1,736,115	\$1,662,174
Incurred claims and changes in estimates	-	-
Claim payments:	<u>(73,941)</u>	<u>(521)</u>
Unpaid claims, end of fiscal year	<u>\$1,662,174</u>	<u>\$1,661,653</u>

Component units

Risk Management

The Center is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets, errors and omission; injuries to employees; doctors’ malpractice; and natural disasters. During fiscal year 2011, the Center was covered by insurance for these various risks at a cost it considered to be economically justifiable. The Center has entered into an agreement with the Texas Council Risk Management Fund (TCRMF), a public entity risk pool which operated as a common risk management and insurance program for members of the Texas Council of Community Centers. The agreement provides that the trust established by TCRMF will be self-sustaining through member premiums. The Center pays an annual premium to TCRMF for workers’ compensation, general and auto liability, and property insurance coverage. There were no significant reductions in insurance coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in any of the past three fiscal years.

## **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 \$1,661,653 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**

### *Primary government – pension plan*

#### Texas County and District Retirement System

##### 1. Plan Description

Nueces County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is a qualified pension plan under Section 401(a) of Internal Revenue Code. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 602 nontraditional defined benefit pension plans.

TCDRS in the aggregate 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 age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of employment with any organization with an accredited plan (not just the County), but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

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. Funding Policy.

The 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. The County contributed using the actuarially determined rate of 10.17% for the months of the fiscal year in 2010, and 9.91% for the months of the fiscal year in 2011.

The County's contribution rate payable by the employee members for calendar year 2010 was 10.17% and for 2011 is 9.91% of covered compensation. The employee contribution rate was 7% for both years. The County's contribution rate and the employee rate may be changed by the Commissioners court of the employer within the options available in the TCDRS Act.

##### 3. Annual Pension Cost.

For the County's fiscal year ended September 30, 2011, the annual pension cost for the TCDRS plan for its employees and the actual contributions were \$8,462,445.

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread

the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008 and December 31, 2009, the basis for determining the contributions rates for calendar years 2010 and 2011. The December 31, 2010 actuarial valuation is the most recent valuation.

#### Actuarial Valuation Information

Plan year	2010	2011	-
Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	19.8	20	20
Asset valuation method	SAF:10-yr smoothed value ESF: Fund value	SAF:10-yr smoothed value ESF: Fund value	SAF:10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.30%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

(1) Includes inflation at the stated rate.

#### Trend Information on Annual Pension Cost

Fiscal	Annual	Percentage	Net
<u>Year Ending</u>	<u>Cost (APC)</u>	<u>of APC</u>	<u>Pension</u>
		<u>Contributed</u>	<u>Obligation</u>
September 2006	\$6,628,632	100%	\$0
September 2007	\$6,795,542	100%	\$0
September 2008	\$6,497,110	100%	\$0
September 2009	\$6,651,196	100%	\$0
September 2010	\$7,746,703	100%	\$0
September 2011	\$8,462,445	100%	\$0

As of December 31, 2010, the most recent actuarial valuation date, the plan was 88.15% funded. The actuarial accrued liability for benefits was \$190,854,154,154, and the actuarial value of assets was \$168,327,648, resulting in an unfunded (or overfunded) actuarial accrued liability (UAAL) (or OAAL) of \$22,626,506. The covered payroll (annual payroll of active employees covered by the plan) was \$47,503,849 and the ratio of the UAAL (or OAAL) to the covered payroll was 47.63%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Component units

##### District

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, 2011, twenty-six 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, 2010, the District had retirement plan expenses of \$73,425.

Center

The Center maintains a 401(a) defined contribution money purchase pension plan for the benefit of eligible employees and their beneficiaries. The name of the plan is MHMR of Nueces County Retirement Plan and Trust. The Center contributes to the plan 6% of each covered employee's compensation for the year. These contributions are used to purchase investments on behalf of eligible Center employees. The employee may elect to contribute up to 10% of their post tax compensation. Eligible employees are full-time employees with 1,000 hours of service to the center within a consecutive period. Employees vest in the Center's contributions to the plan on their behalf over a six-year period as follows:

<u>Years of Service</u>	<u>Percentage</u>
0-2 Years	0%
2-3 Years	20%
3-4 Years	40%
4-5 Years	60%
5-6 Years	80%
6+ Years	100%

The required contribution by the Center for the fiscal year ending August 31, 2011 was \$352,135, and the actual Center contribution was \$352,135. Employer contributions were reduced by forfeited non-vested accounts in the amount of \$29,922 for the fiscal year ending August 31, 2011. Employee contributions to the plan were \$86,433.

NUECES COUNTY, TEXAS

**Required Supplemental Information**

Texas County and District Retirement System  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	136,173,277	147,139,665	10,966,388	92.55%	37,986,413	28.87%
12/31/2006	151,103,448	155,908,067	4,804,619	96.92%	41,214,894	11.66%
12/31/2007	160,072,306	164,375,875	4,303,569	97.38%	43,878,982	9.81%
12/31/2008	151,965,650	171,125,385	19,159,735	88.80%	44,839,036	42.73%
12/31/2009	165,369,459	183,680,265	18,310,806	90.03%	46,586,120	39.31%
12/31/2010	168,327,648	190,954,154	22,626,506	88.15%	47,503,849	47.63%

# SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds  
Internal Service Funds  
Fiduciary Funds



## NONMAJOR GOVERNMENTAL FUNDS

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

The Road Funds - used to account for the receipt and disbursement of funds designated for constructing and maintaining roads and bridges or for flood control other than specific improvements for which road bonds are issued. There are eight departments within this fund which include road and bridge, engineering, road right of way, precinct 1 road repair, precinct 3 road repair, precinct 4 road repair, and countywide road repair.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	Road Fund	Stadium & Fairgrounds	Law Library	Airport	Inland Parks
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,664,592	\$ 410,926	\$ 136,621	\$ 1,052	\$ 266,025
Investments	2,086,013		157,539	-	-
Receivable (net)	4,753	2,766	347	700	-
Due from other funds	-	-	-	-	-
Prepays	28,054	-	768	897	6,202
Inventories, at cost	19,943	-	-	14,184	-
	<u>3,803,355</u>	<u>413,692</u>	<u>295,275</u>	<u>16,833</u>	<u>272,227</u>
<b>LIABILITIES</b>					
Accounts payable	491,565	17,791	5,952	3,977	36,563
Accrued payroll payable	119,544	-	1,212	-	20,235
Due to other funds	200,120	7,589	-	14,384	1,953
Deferred revenues	-	-	-	1,540	-
Other liabilities	-	-	-	-	-
	<u>811,229</u>	<u>25,380</u>	<u>7,164</u>	<u>19,901</u>	<u>58,751</u>
<b>FUND BALANCES</b>					
Nonspendable	47,997	-	776	15,181	6,202
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	2,944,129	388,312	287,335	-	207,274
Unassigned	-	-	-	(18,249)	-
	<u>2,992,126</u>	<u>388,312</u>	<u>288,111</u>	<u>(3,068)</u>	<u>213,476</u>
Total liabilities and fund balances	<u>\$ 3,803,355</u>	<u>\$ 413,692</u>	<u>\$ 295,275</u>	<u>\$ 16,833</u>	<u>\$ 272,227</u>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	Special Revenues Fund				
	Coastal Parks	Commissioners Court Funds	County Attorney Funds	County Clerk Funds	Tax Assessor Collector Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 678,415	\$ 18,751	\$ 51,043	\$ 371,536	\$ 1,553,698
Investments	685,288	1,620,914	-	2,417,970	-
Receivable (net)	94,058	234,517	-	676	1,048
Due from other funds	13,838	-	-	-	-
Prepays	6,968	2,871	-	768	-
Inventories, at cost	12,040	-	-	-	-
<b>Total assets</b>	<u>1,490,607</u>	<u>1,877,053</u>	<u>51,043</u>	<u>2,790,950</u>	<u>1,554,746</u>
<b>LIABILITIES</b>					
Accounts payable	176,135	61,753	-	46,462	1,439,963
Accrued payroll payable	23,903	12,739	365	5,386	-
Due to other funds	8,426	13,836	-	-	-
Deferred revenues	-	-	-	-	-
Other liabilities	-	589,009	-	-	-
<b>Total liabilities</b>	<u>208,464</u>	<u>677,337</u>	<u>365</u>	<u>51,848</u>	<u>1,439,963</u>
<b>FUND BALANCES</b>					
Nonspendable	20,808	2,871	-	768	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,261,335	1,196,845	50,678	2,738,334	114,783
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>1,282,143</u>	<u>1,199,716</u>	<u>50,678</u>	<u>2,739,102</u>	<u>114,783</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,490,607</u>	<u>\$ 1,877,053</u>	<u>\$ 51,043</u>	<u>\$ 2,790,950</u>	<u>\$ 1,554,746</u>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

<u>Special Revenues Fund</u>					
	<u>Juvenile Programs</u>	<u>District Attorney Funds</u>	<u>District Clerk Funds</u>	<u>County Sheriff Funds</u>	<u>Asset Forfeiture Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,122	\$ 325,751	\$ 2	\$ 436,768	\$ 1,047,578
Investments	-	-	-	-	255,524
Receivable (net)	123,723	-	-	-	1,435
Due from other funds	-	-	-	-	-
Prepays	-	-	-	-	384
Inventories, at cost	-	-	-	-	-
	<u>124,845</u>	<u>325,751</u>	<u>2</u>	<u>436,768</u>	<u>1,304,921</u>
<b>LIABILITIES</b>					
Accounts payable	6,859	3,125	-	13,779	118,487
Accrued payroll payable	-	1,225	-	-	1,146
Due to other funds	54,081	-	-	-	-
Deferred revenues	-	-	-	-	-
Other liabilities	-	1,074	-	-	-
	<u>60,940</u>	<u>5,424</u>	<u>-</u>	<u>13,779</u>	<u>119,633</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	384
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	63,905	320,327	2	422,989	1,184,904
Unassigned	-	-	-	-	-
	<u>63,905</u>	<u>320,327</u>	<u>2</u>	<u>422,989</u>	<u>1,185,288</u>
Total liabilities and fund balances	<u>\$ 124,845</u>	<u>\$ 325,751</u>	<u>\$ 2</u>	<u>\$ 436,768</u>	<u>\$ 1,304,921</u>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	Special Revenues Fund				
	Law Enforcement Education	Social Services Funds	Community Health Programs	Parks & Recreation Funds	Library Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,908	\$ 28,178	\$ 151,043	\$ 171,677	\$ 7,111
Investments	-	-	383,286	-	-
Receivable (net)	-	-	4,250	1,240	11
Due from other funds	-	-	-	-	-
Prepays	-	-	-	-	-
Inventories, at cost	-	-	-	-	-
<b>Total assets</b>	<b>43,908</b>	<b>28,178</b>	<b>538,579</b>	<b>172,917</b>	<b>7,122</b>
<b>LIABILITIES</b>					
Accounts payable	-	550	10,635	-	3,381
Accrued payroll payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>550</b>	<b>10,635</b>	<b>-</b>	<b>3,381</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	43,908	27,628	527,944	172,917	3,741
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>43,908</b>	<b>27,628</b>	<b>527,944</b>	<b>172,917</b>	<b>3,741</b>
<b>Total liabilities and fund balances</b>	<b>\$ 43,908</b>	<b>\$ 28,178</b>	<b>\$ 538,579</b>	<b>\$ 172,917</b>	<b>\$ 7,122</b>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	Grants	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 341,995	\$ 7,707,792
Investments	-	7,606,534
Receivable (net)	2,862,589	3,332,113
Due from other funds	39,141	52,979
Prepays	3,323	50,235
Inventories, at cost	-	46,167
	<u>3,247,048</u>	<u>18,795,820</u>
<b>LIABILITIES</b>		
Accounts payable	672,003	3,108,980
Accrued payroll payable	51,270	237,025
Due to other funds	2,034,569	2,334,958
Deferred revenues	489,206	490,746
Other liabilities	-	590,083
	<u>3,247,048</u>	<u>6,761,792</u>
<b>FUND BALANCES</b>		
Nonspendable	-	94,987
Restricted	-	-
Committed	-	-
Assigned	-	11,957,290
Unassigned	-	(18,249)
	<u>-</u>	<u>12,034,028</u>
Total fund balances	-	12,034,028
Total liabilities and fund balances	<u>\$ 3,247,048</u>	<u>\$ 18,795,820</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2011**

	Road Fund	Stadium & Fairgrounds	Law Library	Airport	Inland Parks
<b>REVENUES</b>					
Property taxes	\$ 783,369	\$ -	\$ -	\$ -	\$ -
Other taxes	647	-	-	-	-
Fees of office	-	-	181,359	-	-
Fines and forfeitures	-	-	-	-	-
Licenses and permits	2,623,318	-	-	-	-
Intergovernmental revenues	1,221,517	-	-	-	-
Charges for services	-	-	827	-	-
Investment income	30,842	1,454	1,868	244	1,161
Rentals and commissions	-	34,140	480	46,981	-
Miscellaneous revenue	34,319	315	2,961	1,548	330
Total revenues	<u>4,694,012</u>	<u>35,909</u>	<u>187,495</u>	<u>48,773</u>	<u>1,491</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Buildings and facilities	-	-	-	-	-
Administration of justice	-	-	178,294	-	-
Law enforcement and corrections	-	-	-	-	-
Social services	-	-	-	-	-
Health, safety and sanitation	-	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-	-
Roads, bridges and transportation	6,729,653	-	-	144,151	-
Parks and recreation	-	1,097,643	-	-	1,060,847
Capital outlay	550,805	-	-	2,285	46,049
Total expenditures	<u>7,280,458</u>	<u>1,097,643</u>	<u>178,294</u>	<u>146,436</u>	<u>1,106,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,586,446)</u>	<u>(1,061,734)</u>	<u>9,201</u>	<u>(97,663)</u>	<u>(1,105,405)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,671,869	1,050,555	-	25,120	1,194,100
Transfers out	(200,000)	-	-	(49,830)	-
Sale of capital assets	95,433	100	-	-	-
Total other financing sources and (uses)	<u>1,567,302</u>	<u>1,050,655</u>	<u>-</u>	<u>(24,710)</u>	<u>1,194,100</u>
Net change in fund balances	(1,019,144)	(11,079)	9,201	(122,373)	88,695
Fund balances - beginning	4,011,271	399,391	278,910	119,305	124,780
Fund balances - ending	<u>\$ 2,992,127</u>	<u>\$ 388,312</u>	<u>\$ 288,111</u>	<u>\$ (3,068)</u>	<u>\$ 213,475</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2011**

	Special Revenues Fund				
	Coastal Parks	Commissioners Court Funds	County Attorney Funds	County Clerk Funds	Tax Assessor Collector Funds
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Fees of office	-	546,451	-	464,075	-
Fines and forfeitures	-	4,209	-	-	-
Licenses and permits	212,014	500	-	-	-
Intergovernmental revenues	91,734	103,646	62,500	288,544	28,114
Charges for services	-	20,720	-	-	-
Investment income	8,178	34,341	-	-	1,101
Rentals and commissions	705,365	60,761	-	-	-
Miscellaneous revenue	6,763	8,163	-	-	10
<b>Total revenues</b>	<b>1,024,054</b>	<b>778,791</b>	<b>62,500</b>	<b>752,619</b>	<b>29,225</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	41,487	59,417	265,865	39,240
Buildings and facilities	-	175,944	-	-	-
Administration of justice	-	484,963	-	-	-
Law enforcement and corrections	-	163	-	-	-
Social services	-	13,459	-	-	-
Health, safety and sanitation	-	7,457	-	-	-
Agriculture, education and consumer sciences	-	-	-	-	-
Roads, bridges and transportation	-	14,850	-	-	-
Parks and recreation	1,849,619	-	-	-	-
Capital outlay	44,620	5,345	-	31,306	-
<b>Total expenditures</b>	<b>1,894,239</b>	<b>743,668</b>	<b>59,417</b>	<b>297,171</b>	<b>39,240</b>
Excess (deficiency) of revenues over (under) expenditures	(870,185)	35,123	3,083	455,448	(10,015)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	756,211	654,262	-	-	-
Transfers out	-	(670,122)	-	(36,794)	-
Sale of capital assets	13,838	166,259	-	-	-
<b>Total other financing sources and (uses)</b>	<b>770,049</b>	<b>150,399</b>	<b>-</b>	<b>(36,794)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(100,136)</b>	<b>185,522</b>	<b>3,083</b>	<b>418,654</b>	<b>(10,015)</b>
Fund balances - beginning	1,382,278	1,014,194	47,595	2,320,448	124,798
Fund balances - ending	<u>\$ 1,282,142</u>	<u>\$ 1,199,716</u>	<u>\$ 50,678</u>	<u>\$ 2,739,102</u>	<u>\$ 114,783</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2011**

	Special Revenues Fund				
	Juvenile Programs	District Attorney Funds	District Clerk Funds	County Sheriff Funds	Asset Forfeitures Funds
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Fees of office	-	23,331	36,043	-	-
Fines and forfeitures	-	-	-	-	430,255
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	855,410	-	-	-	960
Charges for services	6,074	253,525	-	-	-
Investment income	3,439	-	-	39	5,324
Rentals and commissions	-	-	-	6,302	-
Miscellaneous revenue	527	458	-	391,672	43,775
	<u>865,450</u>	<u>277,314</u>	<u>36,043</u>	<u>398,013</u>	<u>480,314</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Buildings and facilities	-	-	-	-	-
Administration of justice	1,009,136	137,692	75,766	-	162,750
Law enforcement and corrections	-	-	-	349,612	103,250
Social services	-	-	-	-	-
Health, safety and sanitation	-	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-	-
Roads, bridges and transportation	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	27,826	73,906
	<u>1,009,136</u>	<u>137,692</u>	<u>75,766</u>	<u>377,438</u>	<u>339,906</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(143,686)</u>	<u>139,622</u>	<u>(39,723)</u>	<u>20,575</u>	<u>140,408</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	40,895	-	-	-	-
Transfers out	-	-	(19,950)	-	-
Sale of capital assets	-	-	-	-	-
	<u>40,895</u>	<u>-</u>	<u>(19,950)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(102,791)	139,622	(59,673)	20,575	140,408
Fund balances - beginning	166,697	180,705	59,676	402,414	1,044,880
Fund balances - ending	<u>\$ 63,906</u>	<u>\$ 320,327</u>	<u>\$ 3</u>	<u>\$ 422,989</u>	<u>\$ 1,185,288</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2011**

	Special Revenues Fund				
	Law Enforcement Education	Social Services Funds	Community Health Programs	Parks & Recreation Funds	Library Funds
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Fees of office	-	-	6,260	-	-
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	14,895	-	-
Intergovernmental revenues	28,359	-	134	-	8,641
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Rentals and commissions	-	-	772	37,719	-
Miscellaneous revenue	1,140	63,619	25	616	650
Total revenues	<u>29,499</u>	<u>63,619</u>	<u>22,086</u>	<u>38,335</u>	<u>9,291</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Buildings and facilities	-	-	-	-	-
Administration of justice	456	-	-	-	-
Law enforcement and corrections	22,769	-	-	-	-
Social services	-	68,710	-	-	-
Health, safety and sanitation	-	-	84,051	-	-
Agriculture, education and consumer sciences	-	-	-	-	40,857
Roads, bridges and transportation	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>23,225</u>	<u>68,710</u>	<u>84,051</u>	<u>-</u>	<u>40,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,274</u>	<u>(5,091)</u>	<u>(61,965)</u>	<u>38,335</u>	<u>(31,566)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	43,884	-	1,702
Transfers out	-	-	(40,252)	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>3,632</u>	<u>-</u>	<u>1,702</u>
Net change in fund balances	6,274	(5,091)	(58,333)	38,335	(29,864)
Fund balances - beginning	37,634	32,720	586,277	134,582	33,605
Fund balances - ending	<u>\$ 43,908</u>	<u>\$ 27,629</u>	<u>\$ 527,944</u>	<u>\$ 172,917</u>	<u>\$ 3,741</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2011**

	Grants	Total Nonmajor Governmental Funds
<b>REVENUES</b>		
Property taxes	\$ -	783,369
Other taxes	-	647
Fees of office	-	1,257,519
Fines and forfeitures	-	434,464
Licenses and permits	-	2,850,727
Intergovernmental revenues	5,756,048	8,445,607
Charges for services	2,126	283,272
Investment income	21	88,012
Rentals and commissions	-	892,520
Miscellaneous revenue	31,027	587,918
	<u>5,789,222</u>	<u>15,624,055</u>
<b>EXPENDITURES</b>		
Current:		
General government	30,415	436,424
Buildings and facilities	6,110	182,054
Administration of justice	2,629,043	4,678,100
Law enforcement and corrections	262,067	737,861
Social services	-	82,169
Health, safety and sanitation	666,241	757,749
Agriculture, education and consumer sciences	-	40,857
Roads, bridges and transportation	93,549	6,982,203
Parks and recreation	16,442	4,024,551
Capital outlay	2,447,145	3,229,287
	<u>6,151,012</u>	<u>21,151,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(361,790)</u>	<u>(5,527,200)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	754,197	6,192,795
Transfers out	(392,407)	(1,409,355)
Sale of capital assets	-	275,630
	<u>361,790</u>	<u>5,059,070</u>
Net change in fund balances	-	(468,130)
Fund balances - beginning	-	12,502,160
Fund balances - ending	<u>\$ -</u>	<u>\$ 12,034,030</u>

**NUECES COUNTY, TEXAS**  
**ROAD FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property taxes, penalty & interest	\$ 788,254	\$ 788,254	\$ 784,016	\$ (4,238)
Licenses and permits	3,701,568	3,701,568	3,745,018	43,450
Intergovernmental revenue	90,000	90,000	99,818	9,818
Investment income	75,150	7,515	30,842	23,327
Miscellaneous revenue	-	-	34,318	34,318
Total revenues	<u>4,654,972</u>	<u>4,587,337</u>	<u>4,694,012</u>	<u>106,675</u>
<b>EXPENDITURES</b>				
Roads, bridges and transportation:				
Personnel services	3,888,847	3,900,283	3,605,438	294,845
Maintenance, materials and supplies	3,632,005	3,441,446	2,831,992	609,454
Telephone & utilities	79,125	85,523	85,522	1
Reserve appropriations	454,208	454,208	-	454,208
Professional and special services	131,000	112,696	102,308	10,388
Other services and charges	133,202	117,482	104,393	13,089
Capital outlay	537,700	555,700	550,805	4,895
Total expenditures	<u>8,856,087</u>	<u>8,667,338</u>	<u>7,280,458</u>	<u>1,386,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,201,115)</u>	<u>(4,080,001)</u>	<u>(2,586,446)</u>	<u>1,493,555</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	95,433	95,433
Transfers in	1,614,626	1,614,626	1,671,869	57,243
Transfers out	(8,209)	(213,000)	(200,000)	13,000
Total other financing sources (uses)	<u>1,606,417</u>	<u>1,401,626</u>	<u>1,567,302</u>	<u>165,676</u>
Net change in fund balances	<u>(2,594,698)</u>	<u>(2,678,375)</u>	<u>(1,019,144)</u>	<u>1,659,231</u>
Fund balances - beginning	<u>1,180,425</u>	<u>1,180,425</u>	<u>4,011,271</u>	<u>2,830,846</u>
Fund balances - ending	<u>\$ (1,414,273)</u>	<u>\$ (1,497,950)</u>	<u>\$ 2,992,127</u>	<u>\$ 4,490,077</u>

**NUECES COUNTY, TEXAS**  
**STADIUM & FAIRGROUNDS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Rentals and commissions	\$ 62,004	\$ 62,004	\$ 34,140	\$ (27,864)
Investment income	750	750	1,454	704
Miscellaneous revenue	1,000,000	1,000,000	315	(999,685)
Total revenues	<u>1,062,754</u>	<u>1,062,754</u>	<u>35,909</u>	<u>(1,026,845)</u>
<b>EXPENDITURES</b>				
Parks and recreation:				
Personnel services	3,000	14,932	11,931	3,001
Maintenance, materials and supplies	38,000	73,963	53,917	20,046
Telephone & utilities	165,000	163,540	125,966	37,574
Reserve appropriations	1,130,137	1,118,205	-	1,118,205
Professional services	1,920	1,920	1,920	-
Other services and charges	1,040,042	1,040,042	903,909	136,133
Capital outlay	50,000	13,577	-	13,577
Total expenditures	<u>2,428,099</u>	<u>2,426,179</u>	<u>1,097,643</u>	<u>1,328,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,365,345)</u>	<u>(1,363,425)</u>	<u>(1,061,734)</u>	<u>301,691</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,050,555	-	1,050,555	1,050,555
Sale of Assets	-	-	100	100
Transfers out	(15,500)	(15,500)	-	15,500
Total other financing sources (uses)	<u>1,035,055</u>	<u>(15,500)</u>	<u>1,050,655</u>	<u>1,066,155</u>
Net change in fund balances	(330,290)	(1,378,925)	(11,079)	1,367,846
Fund balances - beginning	<u>72,468</u>	<u>72,468</u>	<u>399,391</u>	<u>326,923</u>
Fund balances - ending	<u>\$ (257,822)</u>	<u>\$ (1,306,457)</u>	<u>\$ 388,312</u>	<u>\$ 1,694,769</u>

**NUECES COUNTY, TEXAS**  
**LAW LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fees of office	\$ 170,000	\$ 170,000	\$ 181,359	\$ 11,359
Charges for Services	500	500	827	327
Investment Income	1,500	1,500	1,868	368
Rentals and commissions	700	700	480	(220)
Miscellaneous revenue	3,500	3,500	2,961	(539)
Total revenues	<u>176,200</u>	<u>176,200</u>	<u>187,495</u>	<u>11,295</u>
<b>EXPENDITURES</b>				
Adminstration of Justice				
Personnel services	88,290	88,379	83,605	4,774
Maintenance, materials and supplies	1,250	1,250	973	277
Professional and special services	3,100	3,100	2,940	160
Reserve appropriations	20,000	20,000	-	20,000
Other services and charges	94,804	94,715	90,776	3,939
Capital outlay	5,000	5,000	-	5,000
Total expenditures	<u>212,444</u>	<u>212,444</u>	<u>178,294</u>	<u>34,150</u>
Deficiency of revenues under expenditures	(36,244)	(36,244)	9,201	45,445
Fund balances - beginning	<u>256,002</u>	<u>256,002</u>	<u>278,910</u>	<u>22,908</u>
Fund balances - ending	<u>\$ 219,758</u>	<u>\$ 219,758</u>	<u>\$ 288,111</u>	<u>\$ 68,353</u>

**NUECES COUNTY, TEXAS**  
**AIRPORT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services				\$ -
Investment income	350	350	244	(106)
Rentals and commissions	47,908	47,908	46,981	(927)
Miscellaneous revenue	4,150	4,150	1,548	(2,602)
Total revenues	<u>52,408</u>	<u>52,408</u>	<u>48,773</u>	<u>(3,635)</u>
<b>EXPENDITURES</b>				
Roads, bridges and transportation:				
Personnel services	34,496	44,533	64,429	(19,896)
Maintenance, materials and supplies	21,500	37,069	51,334	(14,265)
Telephone & utilities	16,613	16,613	16,189	424
Professional and special services	12,000	6,020	4,447	1,573
Other services and charges	7,697	8,486	7,752	734
Capital Outlay	30,000	9,585	2,285	7,300
Total expenditures	<u>122,306</u>	<u>122,306</u>	<u>146,436</u>	<u>(24,130)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,898)</u>	<u>(69,898)</u>	<u>(97,663)</u>	<u>(27,765)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	38,120	38,120	25,120	(13,000)
Transfers out	(50,000)	(50,000)	(49,830)	170
Total other financing sources (uses)	<u>(11,880)</u>	<u>(11,880)</u>	<u>(24,710)</u>	<u>(12,830)</u>
Net change in fund balances	(81,778)	(81,778)	(122,373)	(40,595)
Fund balances - beginning	<u>68,397</u>	<u>68,397</u>	<u>119,305</u>	<u>50,908</u>
Fund balances - ending	<u>\$ (13,381)</u>	<u>\$ (13,381)</u>	<u>\$ (3,068)</u>	<u>\$ 10,313</u>

**NUECES COUNTY, TEXAS**  
**INLAND PARKS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>Amounts</u>
<b>REVENUES</b>				
Investment income	\$ 1,100	\$ 1,100	\$ 1,161	\$ 61
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 330</u>
Total revenues	<u>1,100</u>	<u>1,100</u>	<u>1,491</u>	<u>391</u>
<b>EXPENDITURES</b>				
Parks and recreation:				
Personnel services	696,440	694,525	591,129	103,396
Maintenance, materials and supplies	161,000	199,782	203,177	(3,395)
Telephone & utilities	237,000	214,705	186,224	28,481
Professional and special services	5,000	26,435	26,276	159
Other services and charges	53,701	54,305	54,041	264
Capital outlay	90,000	53,389	46,049	7,340
Total expenditures	<u>1,243,141</u>	<u>1,243,141</u>	<u>1,106,896</u>	<u>136,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,242,041)</u>	<u>(1,242,041)</u>	<u>(1,105,405)</u>	<u>136,636</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,209,600	1,209,600	1,194,100	(15,500)
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Total other financing sources (uses)	<u>1,204,600</u>	<u>1,204,600</u>	<u>1,194,100</u>	<u>(10,500)</u>
Net change in fund balances	(37,441)	(37,441)	88,695	126,136
Fund balances - beginning	<u>44,740</u>	<u>44,740</u>	<u>124,780</u>	<u>80,040</u>
Fund balances - ending	<u>\$ 7,299</u>	<u>\$ 7,299</u>	<u>\$ 213,475</u>	<u>\$ 206,176</u>

**NUECES COUNTY, TEXAS**  
**COASTAL PARKS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Beach Parking Fees	\$ 325,000	\$ 325,000	\$ 212,014	\$ (112,986)
RV & PJ Park Rentals	275,000	275,000	355,274	80,274
Pier Fees & Commission	125,000	125,000	204,550	79,550
Interest Income	12,000	12,000	8,178	(3,822)
Rentals and commissions	55,000	55,000	27,430	(27,570)
Beach Cleaning - State	95,000	95,000	91,734	(3,266)
Refunds & Reimbursement	500	500	299	(201)
Other Income	500	500	2,051	1,551
Commodity Sales	400	400	3,169	2,769
Overage & Shortage	-	-	-	-
RV Park Improvements	95,000	95,000	119,355	24,355
Total revenues	<u>983,400</u>	<u>983,400</u>	<u>1,024,054</u>	<u>40,654</u>
<b>EXPENDITURES</b>				
Parks & Recreation:				
Personnel services	811,614	921,431	864,067	57,364
Maintenance, materials and supplies	289,000	359,332	260,122	99,210
Telephone & utilities	436,000	386,447	356,464	29,983
Professional and special services	56,900	59,804	52,033	7,771
Reserve appropriations	390,000	236,500	-	236,500
Other services and charges	322,594	380,094	316,933	63,161
Capital outlay	97,900	60,400	44,620	15,780
Total expenditures	<u>2,404,008</u>	<u>2,404,008</u>	<u>1,894,239</u>	<u>509,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,420,608)</u>	<u>(1,420,608)</u>	<u>(870,185)</u>	<u>550,423</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	13,838	13,838
Transfers in	756,211	756,211	756,211	-
Transfers out	(10,000)	(10,000)	-	10,000
Total other financing sources (uses)	<u>746,211</u>	<u>746,211</u>	<u>770,049</u>	<u>10,000</u>
Net change in fund balances	<u>(674,397)</u>	<u>(674,397)</u>	<u>(100,136)</u>	<u>560,423</u>
Fund balances - beginning	<u>499,698</u>	<u>499,698</u>	<u>1,382,278</u>	<u>882,580</u>
Fund balances - ending	<u>\$ (174,699)</u>	<u>\$ (174,699)</u>	<u>\$ 1,282,142</u>	<u>\$ 1,443,003</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Commissioners Court Fund	\$ 879,384.00	\$ 879,384.00	\$ 778,790.00	\$ (100,594.00)
County Attorney Funds	62,500	62,500	62,500	-
County Clerk Funds	721,000	721,000	752,619	31,619
Tax Assessor - Collector Funds	87,822	87,822	29,225	(58,597)
Juvenile Programs	890,900	890,900	865,450	(25,450)
District Attorney Funds	335,000	335,000	277,314	(57,686)
District Clerk Funds	33,000	33,000	36,043	3,043
County Sheriff Funds	256,550	256,550	398,013	141,463
Asset Forfeiture Funds	178,325	178,325	480,314	301,989
LEOSE Funds	27,283	27,283	29,499	2,216
Social Services Funds	110,000	110,000	63,619	(46,381)
Community Health Programs	11,500	11,500	22,086	10,586
Parks & Recreation Funds	21,500	21,500	38,335	16,835
Library Funds	1,500	1,500	9,291	7,791
Total revenues	<u>3,616,264</u>	<u>3,616,264</u>	<u>3,843,098</u>	<u>226,834</u>
Current:				
<b>General government</b>				
Commissioners Court	204,702	201,437	41,487	159,950
County Attorney	108,898	108,898	59,417	49,481
County Clerk	2,916,978	2,817,157	265,865	2,551,292
Tax Assessor Collector	212,558	212,558	39,240	173,318
<b>Buildings and facilities</b>				
Commissioners Court	172,415	176,102	175,944	158
Parks & recreation funds	161,289	161,289	-	161,289
<b>Administration of justice</b>				
Commissioners Court	774,711	786,590	484,963	301,627
Juvenile Programs	1,219,559	1,219,559	1,009,136	210,423
District Attorney Funds	221,880	221,880	137,693	84,187
District Clerk Funds	66,940	76,678	75,766	912
Asset Forfeiture	402,061	402,061	162,750	239,311
Law Enforcement Education	1,663	1,663	456	1,207
<b>Law enforcement and corrections</b>				
Commissioners Court	-	163	163	-
County Sheriff Funds	517,100	536,644	349,612	187,032
Asset Forfeiture	876,833	876,833	103,250	773,583
Law Enforcement Education	62,821	62,658	22,769	39,889
<b>Social services</b>				
Commissioners Court	51,526	14,878	13,459	1,419
Social Services	136,538	181,174	68,711	112,463
<b>Health, safety and sanitation</b>				
Commissioners Court	-	7,458	7,457	1
Community Health Programs	732,308	692,056	84,052	608,004
<b>Agriculture, education and consumer sciences</b>				
Commissioners Court	14,049	14,049	-	14,049
Library Funds	65,384	75,025	40,857	34,168
<b>Roads, bridges, and transportation</b>				
Commissioners Court	405,670	405,670	14,850	390,820
<b>Parks &amp; recreation</b>				
Capital outlay:				
Capital outlay	135,000	115,456	138,383	(22,927)
Total expenditures	<u>9,460,883</u>	<u>9,367,936</u>	<u>3,296,280</u>	<u>6,071,656</u>
Excess (deficiency) of revenues over (under) expenditures:	<u>(5,844,619)</u>	<u>(5,751,672)</u>	<u>546,818</u>	<u>6,298,490</u>

(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	535,152	535,152	740,743	205,591
Transfers out	(1,072,739)	(1,123,359)	(767,118)	356,241
Sale of Assets	-	-	166,259	166,259
Total other financing sources and uses	(537,587)	(588,207)	139,885	728,092
Net change in fund balances	(6,382,206)	(6,339,879)	686,703	7,026,582
Fund balances - beginning	7,152,895	7,152,895	6,186,226	(966,669)
Fund balances - ending	<u>\$ 770,689</u>	<u>\$ 813,016</u>	<u>\$ 6,872,929</u>	<u>\$ 6,059,913</u>



# INTERNAL SERVICE FUNDS

NUECES COUNTY, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
September 30, 2011

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 310,471	\$ 1,373,265	\$ 1,572,165	\$ 3,255,901
Investments	215,259	638,367	-	853,626
Due from island parks				-
Due from other governments and agencies	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	9,415	9,415
<b>TOTAL ASSETS</b>	<u>525,730</u>	<u>2,011,632</u>	<u>1,581,580</u>	<u>4,118,942</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	-	44,461	637,981	682,442
Total current liabilities	-	44,461	637,981	682,442
<b>Noncurrent liabilities</b>				
Estimated claims liability	-	1,661,653	-	1,661,653
Total noncurrent liabilities	-	1,661,653	-	1,661,653
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>1,706,114</u>	<u>637,981</u>	<u>2,344,095</u>
<b>NET ASSETS</b>				
Unrestricted	<u>525,730</u>	<u>305,518</u>	<u>943,599</u>	<u>1,774,847</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 525,730</u>	<u>\$ 2,011,632</u>	<u>\$ 1,581,580</u>	<u>\$ 4,118,942</u>

NUECES COUNTY, TEXAS  
 INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 For the Year Ended September 30, 2011

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
Operating revenues:				
Premiums and reimbursements	\$ 267,007	\$ 1,361,654	\$ 6,344,995	\$ 7,973,656
Total operating revenues	<u>267,007</u>	<u>1,361,654</u>	<u>6,344,995</u>	<u>7,973,656</u>
Operating expenses:				
Benefit payments	-	-	5,703,186	5,703,186
Insurance premiums and bonds	332,741	1,194,126	298,011	1,824,878
Claims and settlements	-	80,091	-	80,091
Administration	-	-	441,873	441,873
Total operating expenses	<u>332,741</u>	<u>1,274,217</u>	<u>6,443,070</u>	<u>8,050,028</u>
Operating income (loss)	<u>(65,734)</u>	<u>87,437</u>	<u>(98,075)</u>	<u>(76,372)</u>
Non operating revenues:				
Investment income	<u>2,013</u>	<u>8,535</u>	<u>1,315</u>	<u>11,863</u>
Net income (loss)	(63,721)	95,972	(96,760)	(64,509)
Net assets at beginning of year	<u>589,452</u>	<u>209,544</u>	<u>1,040,360</u>	<u>1,839,356</u>
Net assets at end of year	<u>\$ 525,731</u>	<u>\$ 305,516</u>	<u>\$ 943,600</u>	<u>\$ 1,774,847</u>

NUECES COUNTY, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2011

	Workers Compensation Fund	General Liability	Group Health Insurance	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from interfund services provided	\$ 533,881	\$ 1,408,875	\$ 4,688,122	\$ 6,630,878
Receipts from employees	-	-	1,036,176	1,036,176
Receipts from other participants	-	14,850	555,692	570,542
Receipts from reimbursements and refunds	-	27,154	76,028	103,182
Payments for benefit claims	-	-	(5,697,186)	(5,697,186)
Payments for insurance and bond policies	(343,134)	(1,159,204)	(298,011)	(1,800,349)
Payments for administration	-	-	(441,873)	(441,873)
Payments for settlements and claims	-	(80,611)	-	(80,611)
Net cash provided in operating activities	<u>190,747</u>	<u>211,064</u>	<u>(81,052)</u>	<u>320,759</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of investments	26,185	110,868	-	137,053
Interest received	5,023	7,129	1,315	13,467
Net cash provided by investing activities	<u>31,208</u>	<u>117,997</u>	<u>1,315</u>	<u>150,520</u>
Net increase in cash and cash equivalents	221,955	329,061	(79,737)	471,279
Cash and cash equivalents at beginning of year	88,516	1,044,204	1,651,902	2,784,622
Cash and cash equivalents at end of year	<u>\$ 310,471</u>	<u>\$ 1,373,265</u>	<u>\$ 1,572,165</u>	<u>\$ 3,255,901</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ (65,734)	\$ 87,437	\$ (98,076)	\$ (76,373)
Adjustments to reconcile operating loss to net cash provided:				
(Increase) decrease in accounts receivable	-		(7,931)	(7,931)
(Increase) decrease in due from other funds	341,141	89,225		430,366
Increase (decrease) in estimated claims liabilities	-	(520)		(520)
Increase (decrease) in deferred revenue			16,751	16,751
Increase (decrease) in accounts payable	(84,660)	34,922	6,000	(43,738)
Increase (decrease) in other insurance	-	-	2,204	2,204
Total Adjustments	<u>256,481</u>	<u>123,627</u>	<u>17,024</u>	<u>397,132</u>
Net cash provided by operating activities	<u>\$ 190,747</u>	<u>\$ 211,064</u>	<u>\$ (81,052)</u>	<u>\$ 320,759</u>

# FIDUCIARY FUNDS



**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2011**

ASSETS	<u>CSCD</u>	<u>Nueces County Trust</u>	<u>Metropolitan Planning Organization</u>	<u>Total</u>
Cash, equivalents & pooled funds	\$ 1,934,853	\$ 14,510,109	\$ (51,836)	\$ 16,393,126
Due from other governments and agencies	23,524		876	24,400
Accounts receivable	26,176	802,642	375,434	1,204,252
Prepays	<u>183</u>	<u>22,791</u>	<u>3,095</u>	<u>26,069</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,984,736</u></b>	<b><u>\$ 15,335,542</u></b>	<b><u>\$ 327,569</u></b>	<b><u>\$ 17,647,847</u></b>
LIABILITIES				
Accounts payable	\$ 123,165	\$ 14,175,086	\$ 20,516	\$ 14,318,767
Accrued payroll payable	233,700	34,597	4,669	272,966
Due to other governments and agencies	23,524	852,038	268,000	1,143,562
Funds held in escrow	<u>1,604,347</u>	<u>273,821</u>	<u>34,384</u>	<u>1,912,552</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,984,736</u></b>	<b><u>\$ 15,335,542</u></b>	<b><u>\$ 327,569</u></b>	<b><u>\$ 17,647,847</u></b>

Nueces County, Texas  
Statement of Changes in Fiduciary Assets and Liabilities -  
Agency Funds  
For the Year Ended September 30, 2011

	Balance 9/30/2010	Additions	Deductions	Balance 9/30/2011
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,118,374	\$ 35,296,985	\$ 36,022,233	\$ 16,393,126
Due from other governments and agencies	408,158	22,336,177	22,719,935	24,400
Accounts receivable	751,465	7,323,209	6,870,422	1,204,252
Prepays	17,466	328,839	320,236	26,069
<b>TOTAL ASSETS</b>	<u>18,295,463</u>	<u>65,285,210</u>	<u>65,932,826</u>	<u>17,647,847</u>
<b>LIABILITIES</b>				
Accounts payable	16,190,174	26,456,368	24,584,961	14,318,767
Accrued payroll payable	717,229	9,823,131	9,378,868	272,966
Due to other governments and agencies	911,872	5,691,746	5,923,436	1,143,562
Funds held in escrow	476,188	2,932,246	4,368,610	1,912,552
<b>TOTAL LIABILITIES</b>	<u>\$ 18,295,463</u>	<u>\$ 44,903,491</u>	<u>\$ 44,255,875</u>	<u>\$ 17,647,847</u>

NUECES COUNTY, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
For the Year Ended September 30, 2011

CSCD

	Balance 9/30/2010	Additions	Deductions	Balance 9/30/2011
<b>ASSETS</b>				
Cash, equivalents & pooled funds	\$ 1,245,459	20,016,509	19,327,115	1,934,853
Due from other governments and agencies	389,762	20,881,273	21,247,511	23,524
Accounts receivable	173,978	72,763	220,565	26,176
Prepays	-	183	-	183
<b>TOTAL ASSETS</b>	<b>\$ 1,809,199</b>	<b>40,970,728</b>	<b>40,795,191</b>	<b>1,984,736</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 93,029	13,453,521	13,483,657	123,165
Accrued payroll payable	587,381	8,100,079	7,746,398	233,700
Due to other governments and agencies	-	14,216	37,740	23,524
Funds held in escrow	1,128,789	2,932,246	3,407,804	1,604,347
<b>TOTAL LIABILITIE</b>	<b>\$ 1,809,199</b>	<b>24,500,062</b>	<b>24,675,599</b>	<b>1,984,736</b>

NUECES COUNTY TRUST

	Balance 9/30/2010	Additions	Deductions	Balance 9/30/2011
<b>ASSETS</b>				
Cash, equivalents & pooled funds	\$ 15,805,540	14,579,342	15,874,773	14,510,109
Accounts receivable	304,500	6,531,441	6,033,299	802,642
Prepays	17,063	325,561	319,833	22,791
<b>TOTAL ASSETS</b>	<b>\$ 16,127,103</b>	<b>21,436,344</b>	<b>22,227,905</b>	<b>15,335,542</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 16,070,202	12,001,347	10,106,231	14,175,086
Accrued payroll payable	95,376	1,242,414	1,181,635	34,597
Due to other governments and agencies	643,872	5,409,530	5,617,696	852,038
Funds held in escrow	(682,347)	-	956,168	273,821
<b>TOTAL LIABILITIES</b>	<b>\$ 16,127,103</b>	<b>18,653,291</b>	<b>17,861,730</b>	<b>15,335,542</b>

METROPOLITAN PLANNING ORG.

	Balance 9/30/2010	Additions	Deductions	Balance 9/30/2011
<b>ASSETS</b>				
Cash, equivalents & pooled funds	\$ 67,375	701,134	820,345	(51,836)
Due from other agencies	18,396	1,454,904	1,472,424	876
Accounts Receivable	272,987	719,005	616,558	375,434
Prepays	403	3,095	403	3,095
<b>TOTAL ASSETS</b>	<b>\$ 359,161</b>	<b>2,878,138</b>	<b>2,909,730</b>	<b>327,569</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 26,943	1,001,500	995,073	20,516
Accrued payroll payable	34,472	480,638	450,835	4,669
Due to other governments and agencies	268,000	268,000	268,000	268,000
Funds Held in Escrow	29,746	-	4,638	34,384
<b>TOTAL LIABILITIES</b>	<b>\$ 359,161</b>	<b>1,750,138</b>	<b>1,718,546</b>	<b>327,569</b>



## *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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends	116-123
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	124-137
<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	148-155
<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	156-167
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

**Nueces County, Texas**  
**Net Assets By Component**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:				
Primary government (excludes component units)				
Invested in capital assets, net of related debt	Data not available	\$ 51,045,261	\$ 51,366,127	\$ 42,710,159
Restricted	Data not available	11,047,485	13,307,054	32,800,849
Unrestricted	Data not available	<u>10,176,379</u>	<u>11,882,141</u>	<u>10,630,392</u>
Total primary government net assets	Data not available	<u>\$ 72,269,125</u>	<u>\$ 76,555,322</u>	<u>\$ 86,141,400</u>

Exhibit 1

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 95,062,614	\$ 127,137,862	\$ 119,615,150	\$ 114,418,905	\$ 84,990,779	\$ 106,372,898
41,385,412	15,684,832	48,736,178	14,855,823	14,739,132	16,108,044
<u>20,754,076</u>	<u>14,273,648</u>	<u>(15,598,846)</u>	<u>21,545,294</u>	<u>48,795,609</u>	<u>19,479,502</u>
<u>\$ 157,202,102</u>	<u>\$ 157,096,342</u>	<u>\$ 152,752,482</u>	<u>\$ 150,820,022</u>	<u>\$ 148,525,520</u>	<u>\$ 141,960,444</u>

**Nueces County, Texas  
Changes In Net Assets  
Last Ten Fiscal Years  
September 30, 2011**

	2002	2003	2004	2005
<b>Expenses</b>				
General government		\$ 12,280,648	\$ 12,231,938	\$ 13,828,609
Building and facilities		6,312,325	6,480,287	7,193,556
Administration of justice		21,184,105	20,168,883	20,970,326
Law enforcement and corrections		22,112,523	19,777,272	30,825,022
Social services		2,618,248	2,282,124	2,379,678
Health, safety and sanitation		1,745,064	1,554,184	852,329
Agriculture, education and consumer sciences		582,026	477,219	439,122
Roads, bridges and transportation		6,996,814	5,742,327	5,522,753
Parks and recreation		2,527,212	2,783,556	2,610,974
Interest and fees on long-term debt		905,647	1,833,454	6,379,012
Total primary government expenses		<u>\$ 77,264,612</u>	<u>\$ 73,331,244</u>	<u>\$ 91,001,381</u>
<b>Program Revenues</b>				
Charges for services:				
General government		\$ 6,300,344	\$ 6,101,382	\$ 6,877,929
Buildings and facilities		494,056	535,798	356,699
Administration of justice		4,117,636	5,343,647	5,535,141
Law enforcement and corrections		4,817,598	5,055,255	14,662,202
Social services		13,070	16,999	11,060
Health, safety, and sanitation		273,663	218,034	75,297
Agriculture, education, and consumers sciences		282	12	68
Roads, bridges and transportation		2,649,195	2,497,441	2,519,178
Parks and recreation		586,968	726,996	667,538
Interest and fees on long-term debt		-	-	-
Operating grants and contributions	Data not available	9,868,841	7,743,506	8,226,779
Capital grants and contributions	Data not available	201,600	1,857,282	2,810,367
Total primary government revenues		<u>\$ 29,323,253</u>	<u>\$ 30,096,352</u>	<u>\$ 41,742,258</u>
<b>Net (Expense) Revenue</b>				
Governmental activities		\$ (47,941,359)	\$ (43,234,892)	\$ (49,259,123)
Total primary government net expenses		<u>\$ (47,941,359)</u>	<u>\$ (43,234,892)</u>	<u>\$ (49,259,123)</u>
<b>General revenues and other changes in net assets</b>				
<b>General Revenues</b>				
Property taxes		\$ 41,662,221	\$ 46,136,506	\$ 55,541,622
Alcohol beverage and other taxes		974,992	1,291,058	1,199,120
Unrestricted investment earnings		1,630,759	2,086,216	2,809,534
Grants and contributions not restricted to specific program		100	377,430	172,339
Gain or loss on sale of capital assets		(74,053)	23,106	(877,414)
Miscellaneous		-	-	0
Total general revenues		<u>\$ 44,194,019</u>	<u>\$ 49,914,316</u>	<u>\$ 58,845,201</u>
<b>Change in Net Assets</b>		<u>\$ (3,747,340)</u>	<u>\$ 6,679,424</u>	<u>\$ 9,586,078</u>

Exhibit 2

2006	2007	2008	2009	2010	2011
\$ 11,309,350	\$ 12,487,965	\$ 13,447,105	\$ 13,922,786	\$ 13,483,612	\$ 13,436,667
7,954,617	8,256,406	8,799,943	9,216,536	10,165,122	9,463,249
22,667,915	23,729,715	24,763,021	26,870,285	27,292,561	26,967,846
21,701,331	23,817,761	22,643,877	23,257,876	24,468,809	24,806,867
2,509,261	2,514,128	2,567,466	2,664,755	2,679,502	2,683,841
1,192,347	1,748,318	1,757,672	3,083,653	2,023,424	1,527,275
480,931	492,016	722,211	788,629	865,488	820,589
10,341,541	12,578,634	13,708,534	13,662,879	14,143,486	14,813,218
2,395,171	4,930,535	5,460,139	5,595,232	5,948,582	5,937,483
5,005,426	5,995,943	6,291,032	6,086,736	5,823,695	5,171,328
<u>\$ 85,557,890</u>	<u>\$ 96,551,421</u>	<u>\$ 100,161,000</u>	<u>\$ 105,149,367</u>	<u>\$ 106,894,281</u>	<u>\$ 105,628,363</u>
\$ 6,773,455	\$ 6,803,856	\$ 7,614,423	\$ 7,419,814	\$ 7,631,054	\$ 6,931,136
769,989	764,542	802,452	1,004,650	1,010,740	974,075
5,002,914	6,312,388	5,761,254	6,290,997	8,381,617	6,498,942
4,652,646	2,592,443	2,348,523	2,976,714	2,826,083	3,329,600
64,138	145,940	123,282	88,258	168,321	156,370
112,908	121,189	195,139	52,928	55,058	67,508
3,622	5,006	7,535	16,049	20,361	23,543
2,523,587	2,623,937	2,771,423	2,903,756	2,835,769	2,920,096
1,002,593	898,852	852,643	998,061	1,077,838	1,040,947
-	-	-	-	-	-
8,479,146	8,957,688	9,141,332	9,256,087	8,625,300	7,494,922
1,854,807	3,852,784	455,115	1,302,695	654,404	1,012,911
<u>\$ 31,239,805</u>	<u>\$ 33,078,625</u>	<u>\$ 30,073,121</u>	<u>\$ 32,310,009</u>	<u>\$ 33,286,545</u>	<u>\$ 30,450,050</u>
\$ (54,318,085)	\$ (63,472,796)	\$ (70,087,879)	\$ (72,839,358)	\$ (73,607,736)	\$ (75,178,313)
<u>\$ (54,318,085)</u>	<u>\$ (63,472,796)</u>	<u>\$ (70,087,879)</u>	<u>\$ (72,839,358)</u>	<u>\$ (73,607,736)</u>	<u>\$ (75,178,313)</u>
\$ 55,745,552	\$ 56,313,439	\$ 60,527,569	\$ 66,024,875	\$ 67,091,123	\$ 64,229,777
1,346,945	1,447,606	1,518,806	2,741,543	3,028,318	3,396,993
4,792,279	5,274,254	3,134,177	1,785,507	841,701	477,878
95,960	331,737	378,320	354,973	281,025	232,961
-	-	18,362	-	71,067	275,630
-	-	166,788	-	-	-
<u>\$ 61,980,736</u>	<u>\$ 63,367,036</u>	<u>\$ 65,744,022</u>	<u>\$ 70,906,898</u>	<u>\$ 71,313,234</u>	<u>\$ 68,613,239</u>
\$ 7,662,651	\$ (105,760)	\$ (4,343,857)	\$ (1,932,460)	\$ (2,294,502)	\$ (6,565,074)

**Nueces County, Texas**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Fund</b>					
Non-spendable	\$0	\$0	\$0	\$0	\$0
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	292,390	527,698	420,680	449,116	490,784
Unreserved	<u>10,971,336</u>	<u>7,933,023</u>	<u>11,697,472</u>	<u>17,323,215</u>	<u>15,930,195</u>
Total General Fund	<u>\$ 11,263,726</u>	<u>\$ 8,460,721</u>	<u>\$ 12,118,152</u>	<u>\$ 17,772,331</u>	<u>\$ 16,420,979</u>
<b>All Other Governmental Funds</b>					
Non-spendable	\$0	\$0	\$0	\$0	\$0
Restricted	\$ 9,516,981	\$ 1,923,768	\$ 97,605,241	\$ 61,145,663	\$ 27,670,892
Committed	-	1,521,312	2,346,690	2,486,611	2,751,145
Assigned	11,282,868	9,981,902	11,693,785	15,732,112	15,296,471
Unassigned	-	-	-	-	-
Reserved	-	-	-	-	-
Unreserved, reported in:					
Debt service funds	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Total all other governmental funds	<u>\$20,799,849</u>	<u>\$13,426,982</u>	<u>\$111,645,716</u>	<u>\$79,364,386</u>	<u>\$45,718,508</u>

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

**Exhibit 3**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$0	\$0	\$0	\$0	\$428,906
-	-	-	-	0
-	-	-	-	17,604,083
-	-	-	-	0
-	-	-	-	3,889,668
398,054	633,602	612,027	-	-
<u>14,821,934</u>	<u>15,923,732</u>	<u>20,386,046</u>	<u>24,029,489</u>	<u>-</u>
<u>\$ 15,219,988</u>	<u>\$ 16,557,334</u>	<u>\$ 20,998,073</u>	<u>\$ 24,029,489</u>	<u>\$ 21,922,657</u>
\$0	\$0	\$0	\$0	\$523,893
\$ 39,244,470	\$ 33,034,960	\$ 30,485,845	\$ 22,932,604	3,965,499
3,005,603	2,900,201	3,182,479	3,585,711	31,271,972
14,701,196	14,197,613	13,467,060	12,568,896	11,957,290
-	-	-	-	3,871,419
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$56,951,269</u>	<u>\$50,132,774</u>	<u>\$47,135,384</u>	<u>\$39,087,211</u>	<u>\$51,590,073</u>

**Nueces County, Texas**  
**Changes In Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	2002	2003	2004	2005	2006
<b>Revenues</b>					
Property taxes	\$ 39,342,759	\$ 41,694,172	\$ 46,443,623	\$ 55,253,521	\$ 55,630,171
Other taxes	250,633	191,121	255,473	311,058	352,995
Fees of office	4,334,967	4,543,144	4,735,286	4,804,000	5,324,240
Fines and forfeitures	1,562,733	1,898,311	2,666,386	3,569,262	2,956,251
Licenses and permits	3,488,755	4,052,302	3,513,680	3,594,125	3,654,604
Intergovernmental revenue	14,397,991	14,515,380	15,778,623	27,219,619	16,742,140
Charges for services	453,068	470,628	487,436	391,978	504,631
Investment revenue	1,534,382	1,494,300	1,982,999	2,692,259	4,581,599
Rentals and commissions	1,662,996	1,343,580	1,147,844	833,989	1,198,997
Miscellaneous revenue	515,840	771,440	1,701,925	1,583,699	1,405,550
Total Revenues	<u>67,544,124</u>	<u>70,974,378</u>	<u>78,713,275</u>	<u>100,253,510</u>	<u>92,351,178</u>
<b>Expenditures</b>					
General government	\$ 9,576,629	\$ 9,484,282	\$ 9,878,173	\$ 12,394,224	\$ 10,708,716
Building and facilities	4,922,960	5,463,576	5,604,821	5,572,030	5,830,607
Administration of justice	19,053,006	20,646,224	19,869,806	20,566,391	21,994,248
Law enforcement and corrections	19,499,114	20,806,390	19,326,454	29,919,163	19,993,842
Social services	2,572,243	2,577,319	2,271,452	2,333,082	2,439,475
Health, safety and sanitation	1,421,721	1,696,338	1,488,665	817,893	1,101,303
Agriculture, education and consumer science	408,700	548,595	439,350	408,169	443,948
Roads, bridges and transportation	6,824,127	6,352,456	5,373,945	5,143,495	5,091,211
Parks and recreation	2,790,111	2,440,469	2,766,547	2,501,982	2,049,420
Capital outlay	8,970,464	10,761,788	3,610,784	38,304,549	48,868,601
Debt service:					
Interest and Other fees	808,306	912,647	893,162	7,006,834	5,245,801
Principal	1,220,000	1,415,000	1,190,000	2,240,000	4,137,349
Total Expenditures	<u>\$ 78,067,381</u>	<u>\$ 83,105,084</u>	<u>\$ 72,713,159</u>	<u>\$ 127,207,812</u>	<u>\$ 127,904,521</u>
Excess of Revenues over (under) expenditures	\$ (10,523,257)	\$ (12,130,706)	\$ 6,000,116	\$ (26,954,302)	\$ (35,553,343)
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ 15,671,951	\$ 6,287,717	\$ 6,346,584	\$ 6,287,717	\$ 14,685,406
Transfers Out	(15,671,951)	(6,287,717)	(6,346,584)	(6,287,717)	(14,685,406)
Sale of Assets	46,900	130,414	23,106	338,454	178,937
Bond Issuance	-	-	-	-	-
Bond Defeasance	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Proceeds of General Obligation Bonds	6,523,430	16,734	95,852,944	(11,308)	365,000
Total Other Financing Sources (uses)	<u>\$ 6,570,330</u>	<u>\$ 147,148</u>	<u>\$ 95,876,050</u>	<u>\$ 327,146</u>	<u>\$ 543,937</u>
Net Changes in Fund Balances	<u>\$ (3,952,927)</u>	<u>\$ (11,983,558)</u>	<u>\$ 101,876,166</u>	<u>\$ (26,627,156)</u>	<u>\$ (35,009,406)</u>
Debt Service as a percentage of noncapital expenditures	2.9%	3.2%	3.0%	10.4%	11.9%

Exhibit 4

	2007	2008	2009	2010	2011
\$	56,408,266	\$ 60,622,393	\$ 66,035,245	\$ 67,018,275	\$ 64,567,154
	382,665	373,124	356,538	319,549	361,415
	5,477,674	5,052,204	4,967,966	6,619,757	4,885,117
	3,884,689	3,232,877	3,044,301	2,641,095	2,880,933
	3,685,405	3,850,740	3,942,987	3,994,255	4,190,771
	18,021,951	15,191,698	17,594,903	17,421,622	16,687,845
	493,678	774,537	958,227	780,845	766,868
	5,074,901	2,950,999	1,755,508	827,724	466,015
	1,229,696	812,755	879,767	1,282,655	1,363,402
	1,180,957	2,190,705	1,700,521	1,545,928	1,126,807
	<u>95,839,882</u>	<u>95,052,032</u>	<u>101,235,963</u>	<u>102,451,705</u>	<u>97,296,327</u>
\$	11,413,297	12,437,255	12,785,454	12,541,880	12,601,881
	6,245,555	7,455,253	7,104,965	7,870,284	7,559,472
	23,341,402	24,173,536	25,983,264	26,372,564	25,880,407
	22,548,286	20,985,274	21,344,308	22,503,895	22,698,588
	2,469,485	2,512,566	2,578,849	2,586,380	2,580,655
	1,679,589	1,659,474	2,977,516	1,899,605	1,379,811
	462,374	673,562	721,098	796,441	752,931
	4,991,742	6,050,715	5,930,698	6,077,509	6,982,203
	4,245,447	3,697,016	3,637,202	3,946,736	4,024,551
	31,736,481	10,454,001	6,037,465	12,276,982	21,257,403
	6,032,350	6,313,149	6,108,091	5,877,938	5,612,767
	<u>4,645,104</u>	<u>4,170,427</u>	<u>4,553,649</u>	<u>4,957,172</u>	<u>4,796,040</u>
\$	<u>119,811,112</u>	<u>100,582,228</u>	<u>99,762,559</u>	<u>107,707,386</u>	<u>116,126,709</u>
\$	(23,971,230)	(5,530,196)	1,473,404	(5,255,681)	(18,830,382)
\$	11,881,458	\$ 7,150,277	\$ 8,453,858	\$ 9,987,541	\$ 8,409,659
	(11,881,458)	(7,150,277)	(8,453,858)	(9,987,541)	(8,409,659)
	-	49,050	-	71,067	275,630
	-	-	-	-	49,374,640
	-	-	-	-	(48,716,774)
	-	-	-	-	6,370,260
	34,000,000	-	-	-	-
\$	<u>34,000,000</u>	<u>49,050</u>	<u>-</u>	<u>71,067</u>	<u>7,303,756</u>
\$	<u>10,028,770</u>	<u>(5,481,146)</u>	<u>1,473,404</u>	<u>(5,184,614)</u>	<u>(11,526,626)</u>
	12.1%	11.6%	11.4%	11.4%	11.0%

**Nueces County, Texas**  
**Assessed and Taxable Valuations**  
**Last Ten Fiscal Years**  
**September 30, 2011**

<u>Fiscal Year Ending Sept. 30,</u>	<u>Tax Roll Year</u>	<u>Mineral Roll</u>	<u>Real Estate Roll</u>	<u>Railroads &amp; Intangible Personal</u>	<u>Special Inventory</u>	<u>Personal Property</u>
2001	2000	191,485,540	10,798,381,895	3,998,830	54,208,030	1,201,556,154
2002	2001	344,843,680	11,284,528,832	4,151,976	60,237,948	1,333,926,249
2003	2002	332,963,870	11,872,891,279	4,670,931	64,709,399	1,349,554,486
2004	2003	286,691,170	12,502,549,019	4,812,182	62,030,925	1,454,083,741
2005	2004	375,402,210	13,444,475,383	5,059,948	60,413,525	1,464,771,920
2006	2005	369,927,940	14,336,209,343	3,923,966	61,919,774	1,602,281,496
2007	2006	454,174,950	15,908,063,075	3,437,744	61,474,765	1,778,332,026
2008	2007	445,066,850	18,350,063,512	4,057,666	68,521,322	2,017,368,089
2009	2008	630,187,640	19,074,304,898	4,349,437	74,314,714	2,043,613,181
2010	2009	448,474,373	20,458,356,089	4,642,526	69,261,166	2,558,065,865
2011	2010	445,455,710	20,528,145,997	4,472,987	56,531,587	2,862,212,497

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 District Tax Rate	Total Direct Tax Rate
462,773,479	12,712,403,928	(2,234,965,638)	10,477,438,290	0.355480	0.228028	0.583508
406,755,184	13,434,443,869	(2,285,588,602)	11,148,855,267	0.355480	0.228028	0.583508
397,137,327	14,021,927,292	(2,577,290,418)	11,444,636,874	0.366318	0.228028	0.594346
437,036,748	14,747,203,785	(2,711,844,657)	12,035,359,128	0.385381	0.228028	0.613409
443,586,543	15,793,709,529	(2,958,537,009)	12,835,172,520	0.429731	0.225225	0.654956
484,808,669	16,859,071,188	(3,084,157,163)	13,774,914,025	0.404096	0.174903	0.578999
484,664,706	18,690,147,266	(3,353,502,019)	15,336,645,247	0.370678	0.160715	0.531393
442,155,470	21,327,232,909	(3,988,600,184)	17,338,632,725	0.355678	0.144785	0.500463
441,662,715	22,268,432,585	(4,097,252,632)	18,171,179,953	0.355678	0.144782	0.500460
448,894,815	23,987,694,834	(4,618,079,656)	19,369,615,178	0.355259	0.154678	0.509937
439,349,608	24,336,168,386	(5,810,394,569)	18,525,773,817	0.355259	0.162428	0.517687

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**Nueces County, Texas**  
**Property Tax Levies - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**September 30, 2011**

FISCAL YEAR ENDING SEPT. 30,	2002	2003	2004	2005
<u>TAX ROLL YEAR</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Nueces County - General Fund	\$ 37,103,390	\$ 39,310,039	\$ 43,598,209	\$ 45,032,203
Nueces County - Debt Service	2,038,345	1,996,174	2,099,207	9,419,091
Subtotal	39,141,735	41,306,213	45,697,416	54,451,294
Nueces County - Farm to Market	577,586	610,842	677,415	694,791
Total	\$ 39,719,321	\$ 41,917,055	\$ 46,374,831	\$ 55,146,085

**Special Districts:**

Hospital District	25,413,517	26,086,326	27,433,018	28,972,289
Downtown Management District	152,794	146,699	145,838	145,523
Port of Corpus Christi	235,945	-	-	-
Corpus Christi Junior College District	22,365,050	23,254,364	26,543,312	28,027,812
County Education District	-	-	-	-
Water Control No. 4	274,003	-	-	-
Water Control No. 5	-	-	-	-
Drainage District No. 2	864,466	899,148	898,982	1,018,906
Drainage District No. 3	35,218	39,244	41,757	48,100
South Texas Water Authority	514,785	500,544	219,735	224,058

**Cities:**

Agua Dulce	52,343	54,177	56,580	58,998
Bishop	490,352	375,347	556,016	600,944
Corpus Christi	51,724,101	54,282,424	57,640,118	61,310,406
Driscoll	58,223	58,229	61,888	64,719
Port Aransas	2,102,841	2,285,000	2,529,210	2,693,565
Robstown	1,569,904	1,637,928	1,648,777	1,778,888

**School Districts:**

Agua Dulce ISD	1,313,893	1,336,885	1,277,621	1,344,239
Aranas Pass ISD (1)	-	4,858,162	5,397,191	-
Banquete ISD	2,759,105	3,284,603	2,785,139	2,635,058
Bishop ISD	7,773,648	7,379,803	7,517,932	7,443,373
Calallen ISD	13,838,196	14,305,534	14,821,775	15,545,452
Corpus Christi ISD	102,346,438	107,133,675	112,648,515	120,513,417
Driscoll ISD	1,753,525	1,735,690	1,664,284	1,682,679
Flour Bluff ISD	13,528,827	15,124,516	15,983,185	18,518,588
London ISD	942,556	910,007	1,007,867	-
Port Aransas ISD	8,077,060	10,024,345	11,315,140	13,265,011
Robstown ISD	3,002,461	3,167,096	3,123,824	3,815,153
Tuloso Midway ISD	16,635,596	17,090,434	17,946,434	18,258,376
West Oso ISD	4,646,530	4,770,179	4,879,103	6,708,426

**Fire Districts:**

Fire Prevention District 1	609,182	649,709	693,452	728,011
Fire Prevention District 2	219,103	240,621	258,965	354,837
Fire Prevention District 3	155,908	144,071	145,021	146,598
Fire Prevention District 4	93,403	116,981	119,774	151,617
Fire Prevention District 5	22,707	22,235	21,262	22,929
Fire Prevention District 6	-	-	-	-
Total	\$ 323,291,001	\$ 343,831,031	\$ 365,756,546	\$ 391,224,057

Exhibit 6

2006	2007	2008	2009	2010	2011
2005	2006	2007	2008	2009	2010
\$ 45,658,468	\$ 46,461,648	\$ 50,085,508	\$ 54,636,632	\$ 55,456,844	\$ 53,624,613
9,293,659	9,374,604	10,391,327	10,908,756	11,379,441	10,924,694
54,952,127	55,836,252	60,476,835	65,545,388	66,836,285	64,549,307
705,084	718,108	737,557	804,802	824,104	791,360
\$ 55,657,211	\$ 56,554,360	\$ 61,214,392	\$ 66,350,190	\$ 67,660,389	\$ 65,340,667
24,065,239	24,636,585	25,279,939	27,667,730	30,075,910	30,144,807
149,947	161,577	161,357	159,691	165,584	158,258
-	-	-	-	-	-
29,223,115	35,534,509	38,286,064	41,484,470	44,196,050	43,545,490
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
898,339	1,015,895	1,077,856	1,193,703	1,280,248	1,184,406
49,705	55,286	55,904	64,045	65,721	68,347
246,235	270,600	287,420	329,056	352,589	381,888
56,580	56,714	55,798	55,254	56,321	56,054
605,688	625,681	660,731	669,179	718,038	717,361
65,178,042	68,229,629	72,714,618	77,246,481	80,059,041	79,419,087
67,322	85,200	90,847	119,117	136,750	140,333
2,890,633	3,057,037	3,536,314	3,892,916	4,406,448	4,211,939
1,832,949	1,995,347	2,160,908	2,298,460	2,453,516	2,547,737
1,462,987	1,453,986	1,300,513	1,637,940	1,738,741	1,774,476
-	-	-	-	-	-
3,001,187	3,193,546	3,006,540	3,158,296	3,753,016	3,899,640
7,576,235	6,965,248	5,468,039	6,740,678	7,412,684	7,057,666
16,230,103	15,459,524	12,534,365	15,292,156	14,837,798	14,285,938
128,878,344	128,015,148	111,679,245	124,364,289	138,205,927	134,509,386
1,810,106	2,003,197	1,523,471	1,827,693	1,674,838	1,736,141
21,557,838	23,260,437	21,312,429	23,011,873	24,686,703	24,152,098
1,937,536	2,106,536	2,334,769	3,099,680	2,770,807	2,751,523
14,750,349	18,901,149	17,866,260	20,136,951	18,723,992	17,114,597
4,021,717	4,027,906	3,479,118	3,792,182	4,616,958	5,177,291
18,718,690	18,595,792	16,536,840	18,651,309	19,361,393	19,194,283
6,222,458	6,231,796	6,187,913	6,633,690	7,418,412	7,536,112
947,416	1,042,128	1,147,898	1,655,807	1,763,463	1,745,305
404,835	479,999	571,642	613,532	655,742	646,663
152,205	257,225	258,646	280,209	163,126	155,554
152,636	179,341	183,393	228,663	271,938	275,763
25,719	28,005	30,365	33,210	33,295	31,177
-	-	-	-	-	397,627
\$ 408,771,366	\$ 424,479,383	\$ 411,003,594	\$ 452,688,450	\$ 479,715,438	\$ 470,357,614

**Nueces County, Texas**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	FISCAL YEAR	2002	2003	2004
	TAX ROLL YEAR	<u>2001</u>	<u>2002</u>	<u>2003</u>
Nueces County		0.355	0.366	0.385
<b>Special Districts:</b>				
Hospital District		0.228	0.228	0.228
Downtown Management District		0.500	0.500	0.500
Port of Corpus Christi		0.002	0.000	0.000
Corpus Christi Junior College District		0.220	0.200	0.236
County Education District		0.000	0.000	0.000
Water Control No. 4		0.050	0.000	0.000
Water Control No. 5		0.000	0.000	0.000
Drainage District No. 2		0.424	0.419	0.475
Drainage District No. 3		0.160	0.160	0.180
South Texas Water Authority		0.115	0.115	0.055
<b>Cities:</b>				
Agua Dulce		0.681	0.700	0.718
Aransas Pass		0.000	0.000	0.000
Bishop		0.867	0.646	0.901
Corpus Christi		0.644	0.644	0.644
Driscoll		0.660	0.660	0.632
Port Aransas		0.470	0.442	0.443
Robstown		1.082	1.082	1.082
<b>School Districts:</b>				
Agua Dulce ISD		1.743	1.809	1.805
Aransas Pass ISD		1.576	1.576	1.576
Banquete ISD		1.380	1.681	1.682
Bishop ISD		1.628	1.648	1.642
Calallen ISD		1.600	1.595	1.599
Corpus Christi ISD		1.570	1.590	1.590
Driscoll ISD		1.635	1.839	1.840
Flour Bluff ISD		1.526	1.526	1.526
London ISD		1.265	1.260	1.260
Port Aransas ISD		1.462	1.536	1.560
Robstown ISD		1.614	1.614	1.614
Tuloso Midway ISD		1.740	1.730	1.730
West Oso ISD		1.540	1.570	1.570
<b>Fire Districts:</b>				
Fire District No. 1		0.060	0.060	0.060
Fire District No. 2		0.022	0.022	0.022
Fire District No. 3		0.030	0.030	0.030
Fire District No. 4		0.045	0.058	0.069
Fire District No. 5		0.030	0.030	0.030
Fire District No. 6		0.000	0.000	0.000
TOTAL:		<u>26.924</u>	<u>27.336</u>	<u>27.684</u>

Exhibit 7

2005	2006	2007	2008	2009	2010	2011
2004	2005	2006	2007	2008	2009	2010
0.429	0.404	0.370	0.356	0.356	0.355	0.355
0.225	0.175	0.161	0.145	0.145	0.155	0.162
0.500	0.370	0.000	0.370	0.370	0.370	0.370
0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.234	0.228	0.256	0.242	0.242	0.251	0.258
0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.426	0.363	0.382	0.377	0.385	0.347	0.310
0.180	0.180	0.180	0.190	0.890	0.189	0.189
0.055	0.055	0.055	0.057	0.056	0.057	0.062
0.724	0.071	0.625	0.607	0.593	0.536	0.477
0.000	0.000	0.000	0.000	0.000	0.593	0.607
0.930	0.091	0.921	0.921	0.828	0.809	0.914
0.634	0.626	0.602	0.564	0.564	0.564	0.582
0.644	0.644	0.750	0.750	0.930	0.930	0.857
0.393	0.378	0.297	0.286	0.276	0.322	0.332
1.056	1.056	1.019	1.000	1.000	1.000	0.975
1.760	1.744	1.611	1.253	1.389	1.400	1.379
1.576	1.576	1.061	1.061	0.000	1.071	1.071
1.605	1.829	1.649	1.521	1.449	1.439	1.473
1.632	1.639	1.515	1.188	1.300	1.526	1.563
1.599	1.599	1.430	1.100	1.277	1.299	1.299
1.616	1.616	1.486	1.156	1.176	1.237	1.237
1.795	1.795	1.623	1.298	1.239	1.239	1.250
1.526	1.526	1.387	1.070	1.070	1.069	1.070
1.250	1.391	1.277	1.130	1.144	1.210	1.250
1.558	1.550	1.395	1.058	1.058	1.058	1.062
1.714	1.714	1.584	1.254	1.254	1.374	1.523
1.725	1.742	1.612	1.282	1.332	1.332	1.332
1.900	1.780	1.650	1.240	1.340	1.420	1.420
0.060	0.075	0.075	0.075	0.100	0.100	0.100
0.026	0.026	0.026	0.026	0.026	0.026	0.026
0.030	0.030	0.050	0.050	0.048	0.030	0.030
0.088	0.088	0.088	0.088	0.100	0.100	0.100
0.030	0.030	0.030	0.027	0.028	0.270	0.240
0.000	0.000	0.000	0.000	0.000	0.000	0.070
<u>27.920</u>	<u>26.390</u>	<u>25.167</u>	<u>21.742</u>	<u>21.965</u>	<u>23.678</u>	<u>23.945</u>



**Nueces County, Texas  
Principal Taxpayers  
Current Year and 10 Years Ago  
September 30, 2011**

**Exhibit 8**

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AEP Texas Central	131,775,490	6	4.59%	-	-	-
Apache Corporation	-	-	-	-	-	-
Barney M Davis LP	79,582,720	8	2.77%	-	-	-
BASF Corporation Ibuprofen	-	-	-	71,604,410	9	3.19%
Central Power and Light	-	-	-	226,946,261	5	10.11%
Citgo Refining & Chemicals	503,820,830	3	17.54%	292,816,756	3	13.05%
Coastal Refining, Inc.	-	-	-	132,393,549	7	5.90%
Corpus Christi Retail Venture LP	78,804,140	9	2.74%	-	-	-
Equistar Chemicals LP	157,086,470	5	5.47%	303,255,260	2	13.51%
Flint Hills Resources	844,920,030	1	29.42%	-	-	-
H.E. Butt Grocery	72,273,527	10	2.52%	69,614,366	10	3.10%
Hoechst Cel-Plastics Division	176,109,860	4	6.13%	-	-	-
Koch Refining Company	-	-	-	615,282,662	1	27.42%
Nueces Bay WLE LP	83,327,800	7	2.90%	-	-	-
Southwestern Bell Telephone	-	-	-	86,256,119	8	3.84%
Ticona Polymets Plastic Division	-	-	-	258,446,900	4	11.52%
Valero Refining Company	744,702,760	2	25.93%	187,612,015	6	8.36%
Wal-Mart Stores Inc.	-	-	-	-	-	-
<b>Total</b>	<b>2,872,403,627</b>		<b>100.00%</b>	<b>\$ 2,244,228,298</b>		<b>100.00%</b>

**Nueces County, Texas**  
**Tax Levies**  
**Last Ten Fiscal Years**  
**September 30, 2011**

FISCAL YEAR	2002	2003	2004	2005	2006
TAX ROLL YEAR	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Levy for maintenance and operations (M & O):					
General Fund	\$ 37,103,390	\$ 39,310,039	\$ 43,598,209	\$ 45,032,203	\$ 45,658,468
Road Fund	<u>577,586</u>	<u>610,842</u>	<u>677,415</u>	<u>694,791</u>	<u>705,084</u>
Total M & O levy	<u>37,680,976</u>	<u>39,920,881</u>	<u>44,275,624</u>	<u>45,726,994</u>	<u>46,363,552</u>
Levy for debt service (I & S):					
Debt Service Fund	<u>2,038,345</u>	<u>1,996,174</u>	<u>2,099,207</u>	<u>9,419,091</u>	<u>9,293,659</u>
Total I & S levy	<u>2,038,345</u>	<u>1,996,174</u>	<u>2,099,207</u>	<u>9,419,091</u>	<u>9,293,659</u>
Total County levy	<u>\$ 39,719,321</u>	<u>\$ 41,917,055</u>	<u>\$ 46,374,831</u>	<u>\$ 55,146,085</u>	<u>\$ 55,657,211</u>

**Exhibit 9**

2007 2006	2008 2007	2009 2008	2010 2009	2011 2010
\$ 46,461,648	\$ 50,085,508	\$ 54,636,632	\$ 55,456,844	\$ 53,624,613
<u>718,108</u>	<u>737,557</u>	<u>804,802</u>	<u>824,104</u>	<u>791,360</u>
<u>47,179,756</u>	<u>50,823,065</u>	<u>55,441,434</u>	<u>56,280,948</u>	<u>54,415,973</u>
<u>9,374,604</u>	<u>10,391,327</u>	<u>10,908,756</u>	<u>11,379,441</u>	<u>10,924,694</u>
<u>9,374,604</u>	<u>10,391,327</u>	<u>10,908,756</u>	<u>11,379,441</u>	<u>10,924,694</u>
<u><u>\$ 56,554,360</u></u>	<u><u>\$ 61,214,392</u></u>	<u><u>\$ 66,350,190</u></u>	<u><u>\$ 67,660,389</u></u>	<u><u>\$ 65,340,667</u></u>

**Nueces County, Texas**  
**Property Tax Levies and Collections -**  
**General Fund and Debt Service Funds**  
**Last Ten Fiscal Years**  
**September 30, 2011**

FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR	2002 2001	2003 2002	2004 2003	2005 2004
Tax Levy (original levy) (1)	39,141,735	41,306,213	45,697,416	54,451,294
Current Tax Collections (2)	37,579,833	39,677,733	43,834,626	52,341,670
Percent of Current Taxes Collected	96%	96%	96%	96%
Unpaid as of June 30th	1,561,902	1,628,480	1,862,790	2,109,624
Subsequent Collections & Adjustments	1,378,353	1,390,718	1,542,120	1,559,895
Total Collections & Adjustments	38,958,186	41,068,451	45,376,746	53,901,565
Percent Total Collections of Tax Levy	99.53%	99.42%	99.30%	98.99%
Unpaid Taxes Sept. 30, 2010	183,549	237,762	320,670	549,729

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

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

**Exhibit 10**

2006 2005	2007 2006	2008 2007	2009 2008	2010 2009	2011 2010
54,952,127	55,836,252	60,476,835	65,545,388	66,836,285	64,549,307
52,997,962	54,102,451	58,312,583	62,719,961	64,656,554	62,146,816
96%	97%	96%	96%	97%	96%
1,954,165	1,733,801	2,164,252	2,825,427	2,179,731	2,402,491
919,994	692,359	955,172	1,421,968	658,713	1,099,494
53,917,956	54,794,810	59,267,755	64,141,929	65,315,267	63,246,310
98.12%	98.13%	98.00%	97.86%	97.72%	97.98%
1,034,171	1,041,442	1,209,080	1,403,459	1,521,018	1,302,997

**Nueces County, Texas**  
**Property Tax Levies and Collections -**  
**Farm To Market**  
**Last Ten Fiscal Years**  
**September 30, 2011**

FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR	2002 2001	2003 2002	2004 2003	2005 2004
Tax Levy (1)	577,586	610,842	677,415	694,791
Current Tax Collections (2)	555,824	586,601	649,665	671,272
Percent of Current Taxes Collected	96%	96%	96%	97%
Unpaid as of June 30th	21,762	24,241	27,750	23,519
Subsequent Collections & Adjustments	19,063	20,752	23,052	16,524
Total Collections & Adjustments	574,887	607,353	672,717	687,796
Percent Total Collections of Tax Levy	99.53%	99.43%	99.31%	98.99%
Unpaid Taxes Sept. 30, 2010	2,699	3,489	4,698	6,995

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

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

**Exhibit 11**

<u>2006</u> <u>2005</u>	<u>2007</u> <u>2006</u>	<u>2008</u> <u>2007</u>	<u>2009</u> <u>2008</u>	<u>2010</u> <u>2009</u>	<u>2011</u> <u>2010</u>
705,084	718,108	737,557	804,802	824,104	791,360
680,021	695,790	710,093	769,669	790,533	761,190
96%	97%	96%	96%	96%	96%
25,063	22,318	27,464	35,133	33,571	30,170
11,948	9,043	12,856	17,998	14,989	14,263
691,969	704,833	722,949	787,667	805,522	775,453
98.14%	98.15%	98.02%	97.87%	97.75%	97.99%
13,115	13,275	14,608	17,135	18,582	15,907

**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, 2011**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Principal	1,220,000	1,415,000	1,190,000	2,240,000
Interest	804,898	909,130	879,571	7,006,834
Fiscal Agents & Other Fees	3,408	3,517	10,447	-
Total Debt Service	2,028,306	2,327,647	2,080,018	9,246,834
Total General governmental expenditures (2)	78,067,381	83,105,084	72,713,159	52,682,203
Ratio of Debt Service to General governmental expenditures	2.60%	2.80%	2.86%	17.55%

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

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

**Exhibit 12**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
4,137,349	4,641,465	4,170,427	4,553,649	4,957,377	4,796,040
5,199,308	6,027,209	6,308,649	6,104,074	5,869,233	5,179,967
5,537	4,768	4,500	4,017	8,500	432,800
9,342,194	10,673,442	10,483,576	10,661,740	10,835,110	10,408,807
56,390,578	60,442,720	62,733,431	65,036,510	66,283,738	67,009,800
16.57%	17.66%	16.71%	16.39%	16.35%	15.53%

**Nueces County, Texas**  
**Ratios Of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**September 30, 2011**

<u>Fiscal Year Ending</u>	<u>Gross<sup>(1)</sup> Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Personal Income (in thousands)</u>	<u>Percentage of Personal Income</u>
2002	20,860,000	(1,807,686)	19,052,314	8,025,024	0.24%
2003	19,445,000	(1,521,312)	17,923,688	8,391,864	0.21%
2004	110,135,000	(2,346,690)	107,788,310	8,838,953	1.22%
2005	108,715,764	(2,486,611)	106,229,153	9,427,932	1.13%
2006	104,943,415	(2,738,967)	102,204,448	10,347,486	0.99%
2007	134,838,895	(3,005,603)	131,833,292	10,874,617	1.21%
2008	130,668,469	(2,900,021)	127,768,448	11,633,423	1.10%
2009	126,114,820	(3,182,479)	122,932,341	Not available	Not available
2010	121,157,443	(3,585,711)	117,571,732	Not available	Not available
2011	122,633,900	(3,965,499)	118,668,401	Not available	Not available

(1) Certificates of Obligation.

(2) Excludes valuation of tax ceiling property and property under protest is at lower values as of July 25th.

**Exhibit 13**

<u>Assessed Valuation</u>	<u>Net Debt of Valuation %</u>	<u>Estimated Population</u>	<u>Net Debt Per Capita</u>
11,444,636,874	0.17%	312,470	60.97
12,035,359,128	0.15%	314,696	56.96
12,835,172,520	0.84%	309,397	348.38
13,774,914,025	0.77%	311,592	340.92
14,831,500,357	0.69%	313,465	326.05
16,755,834,017	0.79%	321,457	410.11
18,171,179,953	0.70%	321,135	397.87
18,543,081,236	0.66%	322,077	381.69
17,737,980,901	0.68%	323,046	363.95
18,035,454,760	0.66%	340,223	348.80



**Nueces County, Texas**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2011**

**Exhibit 14**

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Nueces County Share Of Gross Debt
Special Districts:			
Corpus Christi Junior College District	\$ 118,279,516	100.00%	\$ 118,279,516
Nueces County Hospital District	6,845,000	100.00%	6,845,000
County-Line Special Districts:			
Nueces County Water Control District 4	-	-	-
Nueces County Drainage District 2	357,494	100.00%	357,494
South Texas Water Authority	-	100.00%	-
Cities:			
Agua Dulce	101,280	100.00%	101,280
Aransas Pass	2,232,047	100.00%	2,232,047
Bishop	1,425,822	100.00%	1,425,822
Corpus Christi	222,738,596	100.00%	222,738,596
Driscoll	681,229	100.00%	681,229
Port Aransas	9,803,938	100.00%	9,803,938
Robstown	8,905,817	100.00%	8,905,817
School Districts:			
Agua Dulce ISD	2,100,000	52.20%	1,096,200
Aransas Pass ISD	2,235,000	7.83%	175,001
Banquete ISD	17,384,702	100.00%	17,384,702
Bishop ISD	25,545,997	100.00%	25,545,997
Calallen ISD	82,466,094	100.00%	82,466,094
Corpus Christi ISD	322,520,292	100.00%	322,520,292
Driscoll ISD	2,614,000	100.00%	2,614,000
Flour Bluff ISD	5,784,700	100.00%	5,784,700
Port Aransas ISD	8,086,340	99.90%	8,078,254
Robstown ISD	47,245,788	100.00%	47,245,788
Tuloso-Midway ISD	51,088,165	100.00%	51,088,165
West Oso ISD	53,710,727	100.00%	53,710,727
Sub-total direct and overlapping debt	992,152,544	99.69%	989,080,658
Nueces County	<u>122,633,900</u>	100.00%	<u>122,633,900</u>
Total direct and overlapping debt	<u>\$ 1,114,786,444</u>	99.72%	<u>\$ 1,111,714,558</u>

Estimated Nueces County: Population: 340,223

Nueces County share of Gross Debt per Capita is \$360.46

**Nueces County, Texas**  
**Legal Debt Margin Information**  
**Bonds and Certificates of Obligation**  
**Issued Under Texas General Laws**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Assessed value of all taxable property	13,434,443,869	14,021,927,292	14,742,391,603	15,793,709,529
Debt limit rate	x 5%	x 5%	x 5%	x 5%
Amount of debt limit	<u>671,722,193</u>	<u>701,096,365</u>	<u>737,119,580</u>	<u>789,685,476</u>
Amount of debt applicable to debt limit:				
Gross bonded debt (1)	20,860,000	19,445,000	110,790,985	108,656,349
Less: Amounts set aside to repay general debt	<u>1,807,686</u>	<u>1,521,312</u>	<u>2,346,690</u>	<u>2,486,611</u>
Total amount of net debt applicable to debt limit	<u>19,052,314</u>	<u>17,923,688</u>	<u>108,444,295</u>	<u>106,169,738</u>
Legal debt margin	<u>\$ 652,669,879</u>	<u>\$ 683,172,677</u>	<u>\$ 628,675,285</u>	<u>\$ 683,515,738</u>
Total net debt applicable to the limit as a percentage of debt limit	2.84%	2.56%	14.71%	13.44%

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 and Certificates of Obligation

Exhibit 15

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
	16,855,147,222	18,690,147,266	21,385,557,163	23,170,211,252	24,044,540,087	24,347,389,404	
x	5%	x	5%	x	5%	x	5%
	<u>842,757,361</u>	<u>934,507,363</u>	<u>1,069,277,858</u>	<u>1,158,510,563</u>	<u>1,202,227,004</u>	<u>1,217,369,470</u>	
	104,943,415	134,838,895	130,668,469	126,114,820	121,157,443	122,633,900	
	<u>2,751,145</u>	<u>3,005,603</u>	<u>2,900,021</u>	<u>3,182,479</u>	<u>3,585,711</u>	<u>3,965,499</u>	
	<u>102,192,270</u>	<u>131,833,292</u>	<u>127,768,448</u>	<u>122,932,341</u>	<u>117,571,732</u>	<u>118,668,401</u>	
	<u>\$ 740,565,091</u>	<u>\$ 802,674,071</u>	<u>\$ 941,509,410</u>	<u>\$ 1,035,578,222</u>	<u>\$ 1,084,655,272</u>	<u>\$ 1,098,701,069</u>	
	12.13%	14.11%	11.95%	10.61%	9.78%	9.75%	

**Nueces County, Texas**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**September 30, 2011**

Combination Tax and Revenue Certificates of Obligation 200, 2002, 2004 and 2007

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Solid Waste Fees	3,791	3,917	-	5,000
Total Revenues Available (1)	2,000	2,000	2,000	2,000
Debt Service Requirements				
Interest	438,667	589,283	590,515	582,001
Principal	130,000	430,000	210,000	265,000

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

**Exhibit 16**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
5,000	5,000	1,122	1,356	1,000	1,244
2,000	2,000	2,000	2,000	2,000	2,000
577,880	560,785	6,196,829	6,031,276	5,834,759	5,632,640
280,000	290,000	2,935,000	3,885,000	4,255,000	4,670,000

**Nueces County, Texas  
Miscellaneous Statistical Data  
Last Ten Fiscal Years  
September 30, 2011**

Year	(1) Estimated Population	(2) Personal Income	(2) Per Capita Personal Income	(3) Public School Enrollment Corpus Christi
2002	312,470	8,025,024	25,570	54,120
2003	314,696	8,391,864	26,695	53,519
2004	309,397	8,838,953	27,892	53,557
2005	311,592	9,427,932	29,541	53,264
2006	313,465	10,347,486	32,299	53,323
2007	321,457	10,874,617	33,970	53,401
2008	321,135	11,633,423	36,318	52,897
2009	322,077	12,004,999	37,162	53,391
2010	323,046	-	-	52,993
2011	340,223			53,795

Form of Government

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

Area - 847 Square Miles

Transportation

Air: American, Continental, ASA Delta, 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  
 Rail: Union Pacific, Burlington Northern/Santa Fe & Texas-Mexican Railway  
 Motor Freight: 17  
 Water: Steamship agencies representing dry cargo carriers and bulk  
 carriers; canal barges that offer service to and from Corpus Christi  
 on Intracoastal Canal.  
 Port: The deepest port on the Gulf of Mexico; authorized to 45 feet.  
 Corpus Christi Harbor Bridge: Dedicated October 23, 1959; main span across  
 the channel is 640 feet; 235 feet high with free vertical clearance  
 under the span of 140 feet.

Communications

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

- (1) Source: 2007 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 (formerly Texas Employment Commission)
- (6) Source: Port Authority - calendar year 2005
- (7) Source: Texas State Comptroller

**Exhibit 17**

(4) Public School Rural County	(5) Nueces County Unemployment Rate	(6) Port Tonnage	(7) Retail Sales
7,266	6.2%	87,035,957	3,446,919,483
7,333	6.5%	80,958,923	3,479,487,441
7,387	6.3%	85,131,124	3,622,168,301
7,402	5.4%	86,393,801	3,772,517,274
7,106	4.9%	86,785,590	3,919,474,169
7,019	4.4%	86,982,833	4,178,081,762
6,890	5.1%	89,319,693	3,953,684,008
6,855	7.6%	85,859,440	3,917,568,280
6,963	7.6%	76,519,648	3,840,034,538
6,939	7.8%	82,194,297	4,288,389,104

**Nueces County, Texas  
Principal Employers  
Last Ten Fiscal Years  
September 30, 2011**

<u>Employer Name</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>			<u>2007</u>		
					Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Bay, LTD					2,200	7	7.21%	2,100	6	6.63%
Christus Spohn Health System					5,404	2	17.70%	5,400	1	17.06%
City of Corpus Christi					2,500	6	8.19%	3,171	5	10.02%
Corpus Christi Army Depot					2,654	5	8.69%	4,876	4	15.40%
Corpus Christi ISD	Data not available	Data not available	Data not available	Data not available	4,500	3	14.74%	5,178	2	16.36%
Corpus Christi Medical Center					1,680	9	5.50%	1,300	10	4.11%
Del Mar College					2,007	8	6.57%	1,500	8	4.74%
Driscoll Children's Hospital					-	-	0.00%	-	-	0.00%
First Data Corporation					1,200	10	3.93%	1,500	9	4.74%
H.E.B.					2,882	4	9.44%	5,000	3	15.80%
Naval Air Station Corpus Christi					5,500	1	18.02%	1,630	7	5.15%
					<u>30,527</u>		<u>100.00%</u>	<u>31,655</u>		<u>100.00%</u>

Source: Corpus Christi Regional Economic and Development

2008			2009			2010			2011		
Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
2,100	6	6.63%	2,100	6	6.63%	2,100	7	6.12%	2,100	7	6.20%
5,400	1	17.04%	5,400	1	17.04%	5,144	3	15.00%	5,144	3	15.19%
3,171	5	10.00%	3,171	5	10.00%	3,171	6	9.24%	3,171	5	9.37%
4,876	4	15.38%	4,876	4	15.38%	3,541	5	10.32%	5,800	1	17.13%
5,178	2	16.34%	5,178	2	16.34%	5,178	2	15.10%	5,178	2	15.29%
1,300	10	4.10%	1,300	10	4.10%	1,300	10	3.79%	1,300	10	3.84%
1,542	8	4.86%	1,542	8	4.86%	1,542	9	4.50%	1,542	9	4.55%
1,500	9	4.73%	1,500	9	4.73%	1,800	8	5.25%	1,800	8	5.32%
-	-	0.00%	0	-	0.00%	0	-	0.00%	0	-	0.00%
5,000	3	15.77%	5,000	3	15.77%	5,000	4	14.58%	5,000	4	14.77%
1,630	7	5.14%	1,630	7	5.14%	5,525	1	16.11%	2,822	6	8.34%
<u>31,697</u>		<u>100.00%</u>	<u>31,697</u>		<u>100.00%</u>	<u>34,301</u>		<u>100.00%</u>	<u>33,857</u>		<u>100.00%</u>

**Nueces County, Texas**  
**Construction and Commercial Permits Valuations**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
New Construction (1)					
Residential					
Dwelling Units	1,186	1,410	2,201	1,857	2,807
Permits	985	1,250	1,457	1,531	1,692
Valuation	109,830,371	128,562,414	172,818,160	199,543,259	241,180,554
Commercial					
Permits	163	157	306	318	361
Valuation	<u>88,733,837</u>	<u>198,745,734</u>	<u>118,167,688</u>	<u>205,205,534</u>	<u>132,941,420</u>
Total Permits Valuations	<u><u>198,564,208</u></u>	<u><u>327,308,148</u></u>	<u><u>290,985,848</u></u>	<u><u>404,748,793</u></u>	<u><u>374,121,974</u></u>

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

**Exhibit 19**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1,255	1,249	806	913	880
1,250	848	738	657	660
148,166,220	121,972,346	93,209,375	98,637,278	118,003,701
280	160	140	190	214
<u>108,504,979</u>	<u>80,363,751</u>	<u>60,853,477</u>	<u>118,984,064</u>	<u>172,797,003</u>
<u><u>256,671,199</u></u>	<u><u>202,336,097</u></u>	<u><u>154,062,852</u></u>	<u><u>217,621,342</u></u>	<u><u>290,800,704</u></u>

**Nueces County, Texas**  
**Deposits of FDIC Insured Institutions**  
**Last Ten Fiscal Years**  
**September 30, 2011**

<b>Banks</b>	2002	2003	2004	2005
American Bank National Assn	412,438	451,239	520,208	600,674
Bank of Alice	39,545	39,058	39,421	-
Bank of America NA	519,043	548,623	544,903	536,681
Capital One National Assn	-	-	-	-
Charter Alliance Bank	-	-	-	-
Charter Bank	72,442	88,095	83,757	98,229
Coastal Banc, S.S.B.	76,389	76,433	-	-
Compass Bank	-	-	-	-
Eisenhower National Bank	2,285	-	-	-
First Capital Bank, S.S.B.	221,797	212,174	209,507	-
First Commerce Bank	104,051	106,328	105,782	103,125
First Community Bank	67,265	78,563	51,255	58,712
First National Bank	183,496	304,731	499,461	330,191
First National Bank of South Texas	-	-	-	-
First National Bank Texas	2,665	3,745	3,910	4,330
First State Bank	30,895	-	-	-
First State Bank of Odem	10,355	10,085	11,536	10,101
First Victoria National Bank	-	-	-	-
Frost National Bank	475,405	499,356	549,663	537,453
Hibernia National Bank	-	-	74,924	70,696
International Bank of Commerce	74,963	82,519	81,044	100,493
Kleberg 1st National Bank of Kingsville	-	-	597	1,904
Laredo National Bank	37,144	40,964	34,736	39,189
Nationsbank National Assn	-	-	-	-
Norwest Bank Texas National Assn	-	-	-	-
Nueces National Bank	-	-	-	-
Pacific Southwest Bank	-	-	-	-
Prosperity Bank	-	-	-	189,289
Texas Champion Bank	-	-	-	45,493
Texas State Bank	-	30,334	47,805	93,446
Valuebank Texas	61,901	58,255	64,952	60,004
Wells Fargo Bank NA	273,688	284,801	296,437	297,276
	2,665,767	2,915,303	3,219,898	3,177,286

Source: Federal Deposit Insurance Corporation

As of June 30,  
(in thousands)

2006	2007	2008	2009	2010	2011
621,007	644,881	698,673	685,739	703,129	757,780
-	-	-	-	-	-
537,554	465,883	482,977	406,264	398,930	436,490
64,331	59,792	56,904	68,296	55,625	51,603
-	-	-	7,638	17,733	-
106,767	107,686	123,952	121,795	119,481	157,791
-	-	-	-	-	-
-	-	187,969	133,466	99,436	92,053
-	-	-	-	-	-
-	-	-	-	-	-
102,843	-	-	-	-	-
55,025	67,122	83,364	90,478	94,331	111,158
370,356	306,232	308,412	250,532	192,998	155,941
-	-	-	-	-	-
4,502	4,925	4,987	5,025	5,024	6,144
-	-	-	-	-	-
18,614	17,969	18,844	23,229	24,707	31,737
1,571	6,450	13,156	46,022	50,119	60,127
543,689	578,236	632,489	669,928	794,867	823,063
-	-	-	-	-	-
95,649	108,526	121,413	127,193	149,092	145,132
7,331	110,082	108,597	116,587	115,187	113,900
44,465	42,107	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
180,690	172,888	170,084	163,458	160,186	163,079
46,875	51,733	65,602	60,307	57,325	60,172
146,750	120,610	-	-	-	-
58,984	60,944	60,463	57,816	58,468	61,730
340,420	346,995	349,123	404,671	432,757	487,542
<u>3,347,423</u>	<u>3,273,061</u>	<u>3,487,009</u>	<u>3,438,444</u>	<u>3,529,395</u>	<u>3,715,442</u>

**Nueces County, Texas**  
**Housing & Motor Vehicle Sales Volume**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Home Sales Volume(1)	417,770,000	506,795,000	626,580,000	720,990,000	795,840,000
Units Sold(1)	3,770	4,198	4,745	4,894	5,192
Median Price Real Estate(1)	93,100	101,400	113,800	125,200	130,400
Registered Vehicles(2)	252,213	251,273	253,291	255,585	264,065
Motor vehicle sales tax(2)	-	-	37,277,463	34,119,016	40,999,661

Source:

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

(2) Texas Department of Transportation

**Exhibit 21**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
730,788,955	614,709,948	535,561,527	524,798,817	534,980,028
4,510	3,773	3,444	3,445	3,396
136,500	138,900	134,800	136,500	135,700
270,083	267,474	268,198	269,639	276,139
43,237,796	44,348,871	33,145,384	35,560,228	46,167,854

**Nueces County, Texas**  
**Full-Time Equivalent**  
**County Government Employees by Function**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	<u>01/02</u>	<u>02/03</u>	<u>03/04</u>	<u>04/05</u>	<u>05/06</u>
General Government	188	188	167	167	170
Buildings & Facilities	51	52	44	43	41
Administration of Justice	365	367	355	344	344
Law Enforcement & Corrections	407	406	373	379	381
Social Services	40	40	36	35	35
Health, Safety & Sanitation	30	31	36	11	13
Agr, Ed & Consumer Sciences	12	12	13	13	13
Roads, Bridges & Airport	117	117	93	94	92
Parks & Recreation	65	48	32	32	32
Total Employee Positions	<u>1,275</u>	<u>1,261</u>	<u>1,149</u>	<u>1,118</u>	<u>1,121</u>

Source: Nueces County Clerk, adopted annual budgets.

**Exhibit 22**

<u>06/07</u>	<u>07/08</u>	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>
178	183	183	183	183
41	41	41	41	41
348	349	359	358	355
379	384	384	385	384
35	37	36	36	36
26	23	23	23	22
13	16	16	16	16
92	92	91	92	92
34	38	38	38	38
<u>1,146</u>	<u>1,163</u>	<u>1,171</u>	<u>1,172</u>	<u>1,167</u>

**Nueces County, Texas**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**  
**September 30, 2011**

	<u>2002(1)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Administration of Justice</b>				
JP Courts				
Cases Filed	26,276	20,480	27,116	30,836
Cases Disposed	23,501	20,570	21,103	17,630
Cases Appealed	20	16	5	101
County Courts at Law				
Civil Cases Filed	2,287	1,950	1,965	1,991
Civil Cases Disposed	2,292	1,728	2,166	1,963
Criminal Cases Filed	8,523	11,894	10,532	11,286
Criminal Cases Disposed	8,535	9,588	10,529	12,458
District Courts				
Civil Cases Filed	7,464	8,681	8,754	8,500
Civil Cases Disposed	7,520	8,650	9,772	9,353
Criminal Cases Filed	4,324	4,380	4,632	5,091
Criminal Cases Disposed	3,712	4,698	4,715	4,816
Juvenile Cases	610	598	649	654
Juvenile Cases Disposed	524	461	478	392
<b>General Government</b>				
County Clerk Filling	-	-	-	-

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

Sources:

Office of Court Administration  
Nueces County Clerk  
Nueces County Tax Assessor/Collector

**Exhibit 23**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
31,798	32,172	32,059	29,851	99,578	27,150
24,571	25,200	27,084	26,941	24,095	22,532
66	100	79	85	87	83
2,348	2,210	2,532	1,969	2,002	2,616
2,052	2,346	2,164	1,967	1,910	2,474
9,884	11,455	4,238	8,952	8,590	6,970
10,687	11,304	11,389	10,925	9,353	8,818
8,704	8,154	5,031	7,649	7,261	7,947
8,356	8,811	7,659	8,094	7,401	6,561
4,588	5,294	2,339	5,304	4,608	3,134
4,832	5,179	5,525	5,236	5,027	4,754
539	537	1,264	345	242	-
429	288	321	372	242	-
75,208	80,061	65,881	99,206	80,715	73,729

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

<b><u>Functions</u></b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Government</b>					
Number of Vehicle	5	6	5	6	8
<b>Administration of Justice</b>					
Number of Buildings	5	5	5	5	5
Number of vehicle	11	11	7	7	7
<b>Law Enforcement</b>					
Number of Building	2	2	2	2	2
Jail Capacity - Main Jail	656	656	656	656	656
Jail Capacity - McKenzie Jail	412	412	412	412	412
Number of Vehicle	158	99	102	102	97
<b>Health, Safety, and Sanitation</b>					
Number of Vehicle	7	6	6	6	11
<b>Social Services</b>					
Number of Buildings	2	2	2	2	2
Number of Vehicle	10	8	9	8	10
<b>Roads, Bridges, and Transportation</b>					
Number of Buildings	12	12	12	12	12
Number of Bridges	80	80	80	80	80
Number of Miles (Paved Roads)	475	475	475	475	475
Number of Miles (Improved Caliche Roads)	50	50	50	50	50
Number of Miles (Dirt Roads)	178	178	178	178	178
Number of Vehicle	60	51	53	50	47
<b>Parks and Recreation</b>					
Number of Buildings	14	19	19	19	19
Number of Parks	13	13	13	13	13
Number of Vehicle	37	24	23	20	18
<b>Building and Facilities</b>					
Number of Buildings	24	24	24	24	25
Number of Vehicle	12	12	12	11	11
<b>Agriculture, Education, Consumer science</b>					
Number of Vehicle	4	4	4	3	4

**Exhibit 24**

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
5	6	6	7	6
5	5	5	5	5
8	9	9	7	9
2	2	2	2	2
656	656	656	656	656
412	412	412	412	412
97	102	106	107	104
12	12	12	12	12
2	2	2	2	2
9	10	9	8	9
13	13	13	14	14
80	80	80	80	80
475	475	475	475	475
50	50	50	50	50
178	178	178	178	178
47	50	51	49	51
32	32	32	32	35
13	13	13	13	13
21	16	17	21	22
26	26	26	26	26
13	13	11	11	10
4	4	4	4	4



**Nueces County, Texas**  
**Salaries and Surety Bonds of Elected Officials**  
**September 30, 2011**

**Exhibit 25**

<u>Official Title</u>	<u>Incumbent</u>	<u>Budget Salary</u>	<u>Surety Bond</u>	<u>Term Ending Dates</u>
Elected Officials:				
Commissioner, Precinct I	James M. Pusley	\$ 70,234	\$ 3,000	12/31/2012
Commissioner, Precinct II	Joe A. Gonzalez	73,785	3,000	12/31/2014
Commissioner, Precinct III	Oscar Ortiz	73,785	3,000	12/31/2012
Commissioner, Precinct IV	Joe Mc Comb	73,785	3,000	12/31/2014
County Judge	Samuel L. Neal, Jr.	87,858	10,000	12/31/2014
County Attorney	Laura A. Jimenez	105,649	2,500	12/31/2012
County Clerk	Diana T. Barrera	73,785	500,000	12/31/2014
Assessor-Collector of Taxes	Ramiro Canales	73,785	100,000	12/31/2012
District Clerk	Patsy Perez	73,785	100,000	12/31/2014
Sheriff	Jim Kaelin	78,729	30,000	12/31/2012
County Court At Law Judge, Court At Law I	Robert J. Vargas	139,000	10,000	12/31/2014
County Court At Law Judge, Court At Law II	Lisa Gonzales	139,000	10,000	12/31/2014
County Court At Law Judge, Court At Law III	John Martinez	139,000	10,000	12/31/2014
County Court At Law Judge, Court At Law IV	James E. Klager	139,000	10,000	12/31/2014
County Court At Law Judge, Court At Law V	Brent Chesney	139,000	10,000	12/31/2014
District Judge, 28th District Court	Nanette Hasette	15,000	N/A (1)	12/31/2012
District Judge, 94th District Court	Robert M. Galvan	15,000	N/A (1)	12/31/2014
District Judge, 105th District Court	Angelica Hernandez	15,000	N/A (1)	12/31/2014
District Judge, 117th District Court	Sandra Watts	15,000	N/A (1)	12/31/2014
District Judge, 148th District Court	Guy Williams	15,000	N/A (1)	12/31/2014
District Judge, 214th District Court	Jose Longoria	15,000	N/A (1)	12/31/2012
District Judge, 319th District Court	Thomas Greenwell	15,000	N/A (1)	12/31/2014
District Judge, 347th District Court	Missy Medary	15,000	N/A (1)	12/31/2012
District Attorney	Mark Skurka	12,000	5,000 (1)	12/31/2014
Constable, Precinct I	Rodolfo A. Caceres	51,734	1,500	12/31/2012
Constable, Precinct II	Jerry C. Boucher	51,734	1,500	12/31/2012
Constable, Precinct III	Jimmy Rivera	49,248	1,500	12/31/2012
Constable, Precinct IV	Robert W. Sherwood	51,734	1,500	12/31/2012
Constable, Precinct V	Don Ysassi III	49,248	1,500	12/31/2012
Justice of the Peace, Pct. I, Place I	Amanda Torres	52,455	5,000	12/31/2012
Justice of the Peace, Pct. I, Place II	Henry A. Santana	55,111	5,000	12/31/2014
Justice of the Peace, Pct.I,Place III	Roberto Balderas	55,111	5,000	12/31/2014
Justice of the Peace,Pct.II,Place I	Janice K. Stoner	55,111	5,000	12/31/2012
Justice of the Peace, Pct. II, Place II	Larry G. Cox	55,111	5,000	12/31/2014
Justice of the Peace, Pct. III	Adolfo Contreras	53,767	5,000	12/31/2014
Justice of the Peace, Pct. IV	Duncan Neblett, Jr.	55,111	5,000	12/31/2014
Justice of the Peace, Pct. V, Place I	Roberto H Gonzalez Jr.	55,111	5,000	12/31/2012
Justice of the Peace, Pct. V, Place II	Hermilo Peña, Jr.	55,111	5,000	12/31/2014

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, 2011**

<u>Type of Coverage</u>	<u>Premiums Paid FY01-02</u>	<u>Premiums Paid FY02-03</u>	<u>Premiums Paid FY03-04</u>	<u>Premiums Paid FY04-05</u>
Property With Excess Windstorm		584,968	547,707	534,094
	635,175			
Property Without Excess Windstorm	635,175			
County Buildings (Blanket Buildings)				
County Buildings (Blanket Contents)				
Primary Windstorm				
<b>Subtotal Windstorm</b>	<b>635,175</b>	<b>584,968</b>	<b>547,707</b>	<b>534,094</b>
Flood Insurance	17,095	33,090	29,395	33,337
Building Limits				
Building Contents				
Building and Contents				
Excess Flood				
<b>Subtotal Flood</b>	<b>17,095</b>	<b>33,090</b>	<b>29,395</b>	<b>33,337</b>
Inland Marine:	6,778	7,664	7,893	6,955
Voting Machine				
Fine Arts				
Valuable Papers				
<b>Subtotal Inland Marine</b>	<b>6,778</b>	<b>7,664</b>	<b>7,893</b>	<b>6,955</b>
Public Official Employee Liability	42,175	56,830	57,621	52,753
Crime Policy Includes	2,190	2,190	2,512	2,512
Dishonesty				
Money & Securities				
Auto Liability Blanket	134,697	115,229	118,461	107,641
Boiler and Machinery	2,930	3,370	4,213	4,213
Airport Liability	4,500	4,500	4,950	4,950
Airport Hangar keepers Legal				
Other Liability				
<b>Total</b>	<b>845,540</b>	<b>807,840</b>	<b>772,751</b>	<b>746,454</b>

Exhibit 26

<b>Premiums Paid FY05-06</b>	<b>Premiums Paid FY06-07</b>	<b>Premiums Paid FY07-08</b>	<b>Premiums Paid FY08-09</b>	<b>Premiums Paid FY09-10</b>	<b>Premiums Paid FY10-11</b>
138,271	157,527	152,548	123,117	111,913	123,259
316,402	434,994	574,949	378,162	1,028,516	755,168
<b>454,693</b>	<b>592,521</b>	<b>727,497</b>	<b>501,279</b>	<b>1,140,429</b>	<b>878,427</b>
46,558	53,434	115,730	84,397		
				76,260	83,441
	19,243		80,012	56,323	56,530
<b>46,558</b>	<b>72,677</b>	<b>115,730</b>	<b>164,409</b>	<b>132,583</b>	<b>139,971</b>
12,471	13,220	11,132	13,212	5,939	7,418
<b>12,471</b>	<b>13,220</b>	<b>11,132</b>	<b>13,212</b>	<b>5,939</b>	<b>7,418</b>
52,701	37,199	33,435	33,435	24,567	31,361
2,512	2,783	2,783	2,783	2,783	2,783
85,061	115,016	113,989	119,122	111,242	115,029
3,941	5,140				
4,950	4,950	4,455			
			3,783	2,888	2,837
<b>662,887</b>	<b>843,506</b>	<b>1,009,021</b>	<b>838,023</b>	<b>1,420,431</b>	<b>1,177,826</b>



# COMPLIANCE SECTION



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

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



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

**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**

To the Honorable County Judge,  
Members of City Council  
Nueces County, Texas

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Nueces County, Texas, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 31, 2012. 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 and the State of Texas, *Single Audit Circular*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nueces County, Texas' internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we reported to the administration of the Nueces County, Texas, in a letter dated March 31, 2012.

This report is intended solely for the information of County Commissioners, the audit committee, the administration, and the various federal agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Ernest R. Garza and Company, P.C.  
Certified Public Accountants

A handwritten signature in black ink, appearing to read "Ernest R. Garza, P.C.", written in a cursive style.

March 31, 2012