

# ***NUECES COUNTY TEXAS***



Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2016



# NUECES COUNTY, TEXAS

## Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2016



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

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

County Clerk  
Kara Sands

County Attorney  
Laura Jimenez

County Purchasing Agent  
Elsa Saenz

County Auditor  
Dale Atchley, CPA

Director of Commissioners Court Administration  
Steve Waterman

Director of Public Works  
Glen Sullivan



Prepared by the staff of the Nueces County Auditor Office

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NUECES COUNTY, TEXAS  
 Comprehensive Annual Financial Report  
 Year Ended September 30, 2016

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# INTRODUCTORY SECTION





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

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

DALE ATCHLEY, C.P.A.  
COUNTY AUDITOR

901 LEOPARD STREET, RM 304  
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ELVA FUENTES  
INTERNAL AUDIT SUPERVISOR

LISA DAVIS, C.I.O.  
BUDGET ACCOUNTANT

AIDEE HERNANDEZ, C.I.O.  
EXECUTIVE ACCOUNTANT

March 29, 2017

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

The Comprehensive Annual Financial Report of Nueces County, Texas, for the fiscal year ended September 30, 2016, is submitted herewith in accordance with Chapter 114.025 of the Local Government Code. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed public accountants.

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

Ernest R. Garza and Company, P.C. a firm of licensed certified public accountants, has audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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



## Profile of Nueces County

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

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

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

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

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

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

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

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

An appropriated budget is prepared by line item for the following expenditures: personnel expenditures (salaries and overtime), special personnel services (court appointed attorneys for example), insurance premiums, and other specific



expenditures designated by Commissioners court in the general fund, road, airport, inland parks and coastal parks funds. Remaining expenditures, (non-personnel items mainly), are controlled at the category level. For all other special revenue funds, the legal level of control is at the fund level.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on page 47 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the general fund, and the U.S. Marshal contract, the comparisons are presented in the Supplemental Non-major Governmental Funds subsection of this report.

### **Local Economy**

The County is the fourteenth largest county in the State of Texas with an estimated population of 359,715. The County has a varied manufacturing and industrial base. Major industries located within the County include industrial, petrochemical, health care, meat processing, banking and financial services.

New residential permits rose from 657 permits issued in 2010 to 954 permits issued in 2016. The value for new residential went from \$98.6 million in 2010 to \$176.8 million in 2016. The number of new commercial permits went from 190 permits issued in 2010 to 269 permits issued in 2016 with a value increase from \$118.9 million in 2010 to \$311 million in 2016. Employment in the region continues to grow. There are 12,600 more jobs in the Corpus Christi area. Aug. 2016 unemployment in the region is 6.0% versus the State of Texas at 4.7% and the nation at 4.9%.

### **Future Economic Developments**

Property tax valuations are expected to rise further along with several of the other major economic indices. Due to the Port of Corpus Christi, several large companies have moved to the area with several new job opportunities. A few of the companies are M&G Resin the world's largest PET pellet plant investing \$751 million and creating 220 jobs, Celanese announced plans to break ground on their \$150 million compounding facility which will create 106 jobs, and Castleton has announced a new condensate splitter with an investment of \$400 million and the creation of 35 jobs. The State of Texas will begin construction of a new Harbor Bridge in the near future investing \$1 billion which will bring in many new construction jobs. Looking forward, our outlook is strong for continued growth in the area. Even though the community is seeing strong economic growth, the Commissioners court continues to plan expenditures in a conservative manner. The 2016/2017 budget kept expenditures at or near the same levels as the prior budget with a few exceptions.

### **Long-term Financial Planning**

Many factors were considered in preparing the County's budget for the 2016/2017 fiscal year. Through the budget process, the County Commissioners set the goals for the County. The County reaffirmed the policy of setting aside adequate financial resources in the fund balance of the general fund to ensure that current and future services or operations would not be severely impacted by any economic slowdown, emergency, national disaster or any unforeseen circumstance. The priorities inherent to the 2016/2017 budget and future budgets are to make county government: (1) communicative and open to the public and departmental staff; (2) have attainable county and realistic budgets to enhance accountability; (3) recognize employee talent by awarding a continuance pay for every three years of service, (4) establish procedures that are in compliance with statutory requirements and (5) utilize technology to improve efficiency.



**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Nueces County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

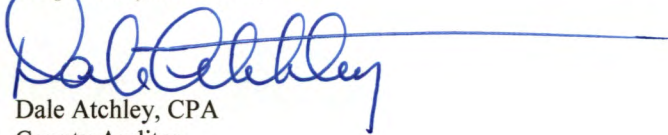
A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last twenty three years (fiscal years ended 1993 through 2015). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA on March 31, 2017.

Additionally, Nueces County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2016 fiscal year beginning October 1, 2015. This is the second year that the government has achieved this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including a policy statement, a financial plan, an operations guide, and a communications device. A Distinguished Budget Presentation Award is valid for a period of one year only.

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

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

Respectfully submitted,



Dale Atchley, CPA  
County Auditor





Government Finance Officers Association

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

Presented to

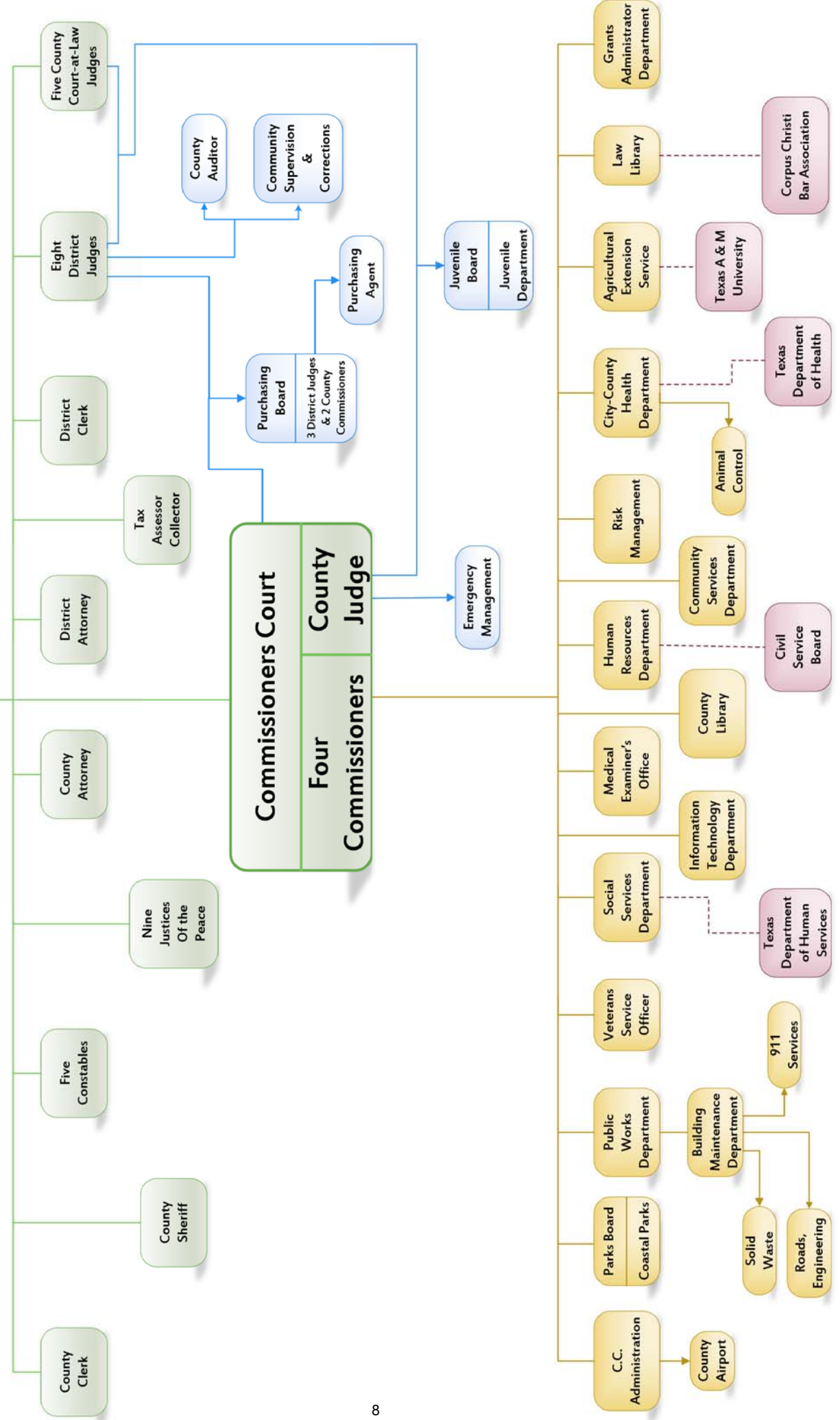
**Nueces County  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

# Citizens of Nueces County



# Nueces County, Texas

## List of Principal Officials

### Elected Officials

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

### Appointed Officials & Dept Directors

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



# FINANCIAL SECTION

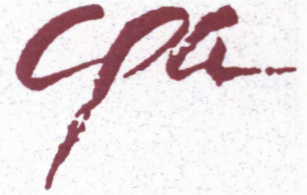


**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

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MEMBER

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



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Fax (361) 723-0689

## INDEPENDENT AUDITOR'S REPORT

March 29, 2017

The Honorable County Judge  
and County Commissioners  
Nueces County, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nueces County, Texas (the "County") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nueces County Hospital District whose assets were \$73,973,635 and revenues were \$120,070,620. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Nueces County Hospital District, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nueces County, Texas, as of September 30, 2016 and the respective changes in financial position and where applicable, cash flows, there of and the respective budgetary comparison for the General Fund, Debt Service Fund and U.S. Marshall Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budget comparison information and the other required supplementary information on pages 17 through 35 and pages 92 through 96 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nueces County, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal/state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning and is also not a required part of the financial statements.

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



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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

A handwritten signature in black ink that reads "Ernest R. Garza & Company, P.C. CPAs". The signature is written in a cursive, flowing style.

March 29, 2017



## Nueces County, Texas

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Nueces County, Texas (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here and in conjunction with the additional information we are furnishing in our letter of transmittal, which can be found on pages 3-6 of this report, the basic financial statements, and the accompanying notes to those financial statements. This management discussion and analysis (MD&A) includes comparative data for the prior year.

#### FINANCIAL HIGHLIGHTS

- At fiscal year end, the County's government-wide total assets and deferred outflows (excluding component units) exceeded its liabilities and deferred inflows of resources by \$113,926,915. As compared to the prior year, net position decreased by (\$8,785,933) or 7.16%.
- In contrast to the government-wide statements, the County's governmental funds reports a combined ending fund balance of \$64,920,369; a decrease of (\$9,236,213) in comparison with the prior year.
- The general fund total fund balance of \$22,001,634 reflects a decrease of (\$1,566,401) from the previous year. After adjusting for amounts for prepaid and inventories (non-spendable) and the minimum 25% fund balance (committed), there is \$187,100 remaining in unassigned.
- The County's general obligation debt increased by \$3,000,000 due to the first of four principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Project. The balance of general obligation debt at year end is \$109,450,473. The debt service fund balance is \$3,592,453 or 30.08% of next year's debt service requirements.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

##### Government-wide financial statements

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

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

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

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, buildings and facilities, administration of justice, law enforcement and corrections, social services, health, safety and sanitation, agriculture, education and consumer sciences, roads, bridges and transportation (includes rural airport), and parks and recreation.

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

The government-wide financial statements can be found on pages 39-41 of this report.

### **Fund financial statements**

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

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

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

The County maintains twenty-seven governmental funds (excluding proprietary and fiduciary funds): twenty-four special revenue funds, a debt service fund, a capital projects fund and the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund, U.S. Marshal Contract fund, and capital projects fund, which are all considered major funds under the classification guidelines issued by GASB. Although the debt service fund did not meet the criteria to be reported as a major fund, the County has voluntarily elected to report as such. Data from the other twenty-three special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

The County adopts annual appropriated budgets for all its governmental funds except for its capital projects and grant funds. A budgetary comparison statement has been provided for the general fund and the U.S. Marshal Contract fund to demonstrate budgetary compliance. A budget comparison statement is not presented for the capital projects fund because an annual budget is not adopted on the capital projects fund. Multi-year individual project budgets are adopted and maintained instead. Schedules of budget to actual are presented for all remaining funds elsewhere in the report except the grants fund for which an annual budget is not adopted similar to the capital projects fund. The governmental fund financial statements can be found on pages 42-51 of this report followed by the *Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual* for the general fund and the U.S. Marshal Contract fund.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is presented as a single presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 52-54 of this report.

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

The basic fiduciary fund financial statements can be found on page 55 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 57-90 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 91-95 of this report.

Immediately following the notes and the required supplementary information on pensions are the combining statements referred to earlier in connection with the nonmajor governmental funds, the internal service fund, debt service fund and the fiduciary funds. Combining and individual fund statements and schedules can be found on pages 101-128 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As stated earlier, net position may serve over time as a useful indicator of a government’s financial position. At the close of the fiscal year, the County’s assets plus the deferred outflows of resources exceeded liabilities plus deferred inflows by \$113,926,915 and are summarized below along with comparative data from the previous year.

Governmental Activities		
	Fiscal Year 15/16	Fiscal Year 14/15
Current and other assets	\$ 97,612,883	\$ 112,983,768
Capital assets (net of depreciation)	<u>178,702,993</u>	<u>180,102,895</u>
Total assets	276,315,876	293,086,663
Loss on refunding debt	3,484,572	4,241,131
Deferred pensions	<u>29,685,895</u>	<u>7,816,230</u>
Total deferred outflow of resources	33,170,467	12,057,361
Current and other liabilities	28,234,074	33,277,072
Long-term liabilities	<u>164,737,084</u>	<u>148,617,238</u>
Total liabilities	192,971,158	181,894,310
Deferred pensions	<u>2,588,270</u>	<u>536,866</u>
Total deferred inflow of resources	2,588,270	536,866
Net position:		
Invested in capital assets	69,252,520	66,467,569
Restricted	16,016,003	15,687,500
Unrestricted	<u>28,658,392</u>	<u>40,557,779</u>
Total net Position	<u>\$ 113,926,915</u>	<u>\$ 122,712,848</u>

Current and other assets decreased by (\$15,370,885) or (13.60%). This was mainly attributable to a (\$16,203,668) or (49.47%) decrease in investments. Investments were significantly reduced to fund expenditures of the long-term capital improvement projects.

Capital assets (net of depreciation) decreased by (\$1,399,902) or (0.78%). For 2016, fixed assets additions were \$12,368,688, offset by accumulated depreciation of (\$13,675,187). There were also retirements and associated accumulated depreciation of (\$919,625) and \$826,222, respectively.

Deferred outflows of resources increased by \$21,113,106 attributable to additional pension related deferrals originating in fiscal year 2016 including \$2,689,604 in changes of assumptions or other inputs, \$19,120,350 in net difference between

projected and actual earnings on pension plan investments, and an additional \$59,711 in employer contributions made subsequent to measurement date, offset with (\$756,559) of amortization from the loss on refunding of debt.

Current and other liabilities decreased by (\$5,042,998), or (15.15%) while long-term liabilities increased by \$16,119,846 or 10.85%. A decrease in current liabilities was attributable to both a reduction in accounts payable and other current liabilities and accrued payroll payable. The increase in long-term debt is due to a \$22,488,676 increase in the net pension liability, a \$3,000,000 increase in long-term debt, \$41,057 increase in accrued compensated absences offset by (\$7,184,854) in principal payments, (\$506,811) in capital lease payments, (\$1,533,581) in bond premium amortization, (\$84,912) decrease in other liabilities and a (\$99,729) decrease in the general settlements liability.

Deferred inflows increased by \$2,051,404 attributable to a net increase in pension related deferred inflows of resources between expected and actual experience in the total pension liability of \$2,051,404.

The largest portion of the County's net position 60.79% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, software systems, infrastructure and construction in progress); less any related debt used to acquire those assets that are still outstanding.

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

Restricted net position totaled \$16,016,003 and comprised 14.06% of total net position. Restricted resources are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and grant conditions. The remaining balance of net position is *unrestricted net position* which totaled \$28,658,392 and may be used to meet any county obligations. At the end of the current fiscal year, Nueces County is able to report positive balances in all three categories of net position.

**Governmental activities.** Governmental activities decreased the County's net position by (\$8,785,933). Key elements of this decrease are discussed below.

In comparison to the prior year, total revenues increased by \$34,512,561 and total expenses increased by \$44,523,698. During the year ended September 30, 2016, the County changed the accounting methodology related to the U.S. Marshal Contract fund. Prior to October 1, 2015, expenses related to the U.S. Marshal Contract fund were accounted for as a contra revenue account and netted against revenues and presented as one line item, which was included in the law enforcement and corrections function under charges for services program revenues in the *Statement of Activities*. We determined that both revenues collected and funds expended meet the criteria of revenue and expenses, respectively, and netting the two prohibits financial statement users from understanding the actual revenues received and expenses incurred in association with this contract. Therefore, it was more appropriate to reflect these items separately, rather than net them against each other. The change in methodology was effective October 1, 2015. The change had no impact on the *Statement of Net Position*. On the *Statement of Activities*, revenue is now reflected at the gross revenue amount (\$37,420,280) under charges for services program revenues and expenses (\$36,388,361) are now included under the law enforcement and corrections function. This change also had no impact on the beginning net position. Again, the change in net position for this current fiscal year was a net decrease of (\$8,785,933) making the ending balance of net position equal to \$113,926,915.

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

**Changes in Net Position**  
**Governmental Activities**

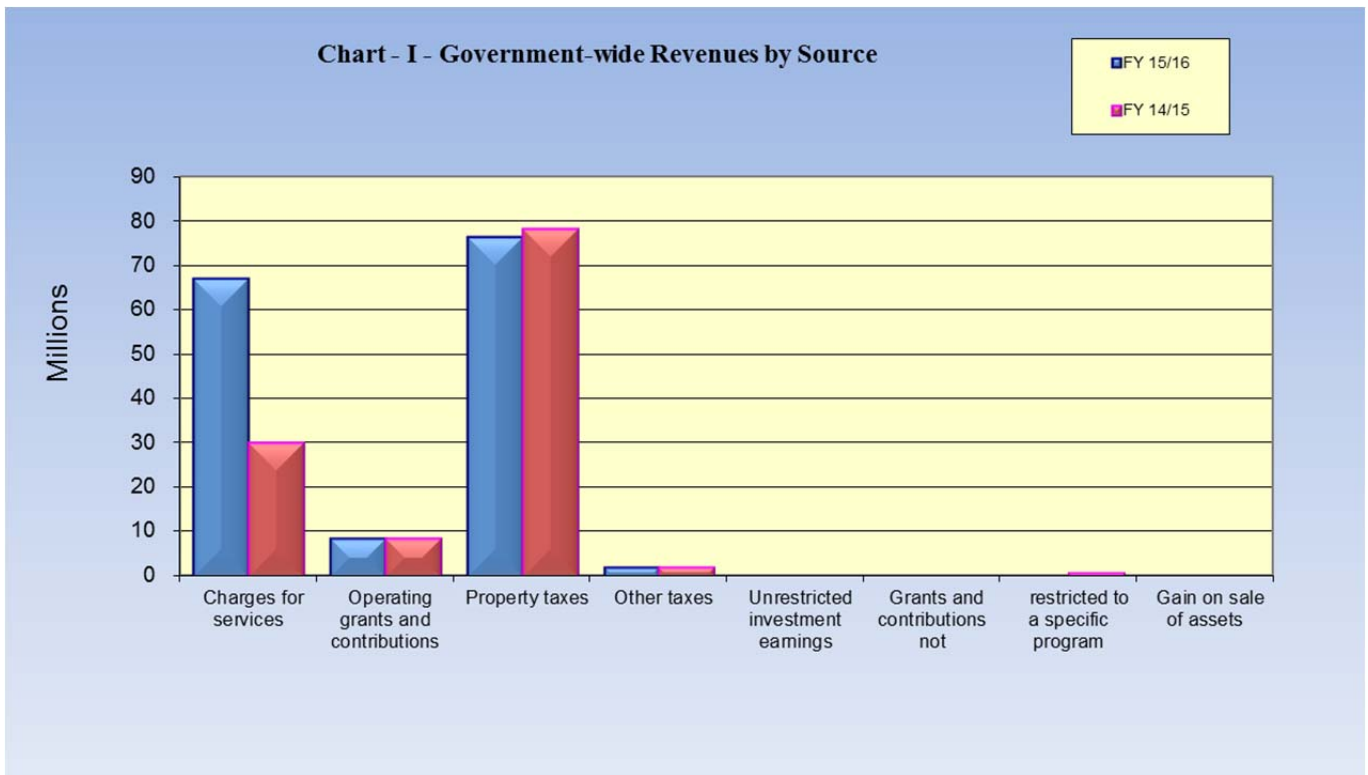
	FY 15/16	Percent of Total	FY 14/15	Percent of Total	Difference	Percent of Change
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 66,978,233	43.17%	\$ 30,229,232	25.06%	\$ 36,749,001	121.57%
Operating grants and contributions	8,478,930	5.47%	8,568,805	7.10%	(89,875)	-1.05%
General Revenues:						
Property taxes	76,391,071	49.24%	78,234,367	64.86%	(1,843,296)	-2.36%
Other taxes	2,047,110	1.32%	2,018,548	1.67%	28,562	1.41%
Unrestricted Investment earnings	594,122	0.38%	254,574	0.21%	339,548	133.38%
Grants and contributions not restricted to a specific programs	499,403	0.32%	850,976	0.71%	(351,573)	-41.31%
Gain on sale of assets	150,652	0.10%	470,458	0.39%	(319,806)	-67.98%
Total revenues	<u>155,139,521</u>	100.00%	<u>120,626,960</u>	100.00%	<u>34,512,561</u>	28.61%
<b>Expenses:</b>						
General government:	19,933,512	12.16%	17,896,010	14.99%	2,037,502	11.39%
Buildings and facilities	13,588,683	8.29%	10,940,747	9.16%	2,647,936	24.20%
Administration of justice	26,355,960	16.08%	25,843,255	21.64%	512,705	1.98%
Law enforcement and corrections	69,361,956	42.31%	31,747,809	26.59%	37,614,147	118.48%
Social services	3,128,854	1.91%	2,752,636	2.31%	376,218	13.67%
Health, safety and sanitation	3,104,344	1.89%	2,835,744	2.37%	268,600	9.47%
Agriculture, education and consumer sciences	1,006,618	0.61%	870,691	0.73%	135,927	15.61%
Roads, bridges and transportation	12,976,912	7.92%	15,164,446	12.70%	(2,187,534)	-14.43%
Parks and recreation	9,736,734	5.94%	6,375,073	5.34%	3,361,661	52.73%
Interest on long-term debt	4,731,881	2.89%	4,975,345	4.17%	(243,464)	-4.89%
Total Expenses	<u>163,925,454</u>	100.00%	<u>119,401,756</u>	100.00%	<u>44,523,698</u>	37.29%
Increase (Decrease) in net position	(8,785,933)		1,225,204		(10,011,137)	-817.10%
Net position - beginning	<u>122,712,848</u>		<u>121,487,644</u>		<u>1,225,204</u>	1.01%
Net position - ending	<u>\$113,926,915</u>		<u>\$122,712,848</u>		<u>\$ (8,785,933)</u>	-7.16%

**REVENUES** - As shown in the table above, total revenues increase by \$34,512,561. While charges in services increased by \$36,749,001, this is due to a change in accounting methodology for the U.S. Marshal Contract fund as referred to above.

Although net taxable property values increased by 6.44% for tax year 2015, property tax revenue overall decreased by (\$1,843,296) or 2.36% due to a \$1.4 million reduction in revenue from the settlement between the County and one of its principle taxpayers.

Gain on the sale of assets decreased by (\$319,806). Operating grants and contributions decreased by (\$89,875) which is mainly due to a decrease in grant funding. Other taxes reflect an increase of \$28,562. Grants and contributions not restricted to specific programs decreased by (\$351,573) also due to a decrease in grant funding.

Investment earnings were \$339,548 higher than the prior year. This increase was mainly attributable to higher than average monthly rates in one of the County's external investment pools as compared to the prior year.



The County’s government-wide revenue sources are graphically presented in Chart–I. Countywide, 49.24% of total revenues come from property taxes. The second largest revenue source, 43.17% comes from charges for services, which in addition to the fees collected in conjunction with the US Marshal Contract also includes fees of office, medical examiner fees, fine collections, motor vehicle registrations and intergovernmental tax collection fees. Operating grants and contributions comprise 5.47% of the County’s total revenues and cover juvenile, senior community services, law enforcement, child support, and other operations.

Chart IIA compares the net of program revenues and expenses for fiscal year 2015.

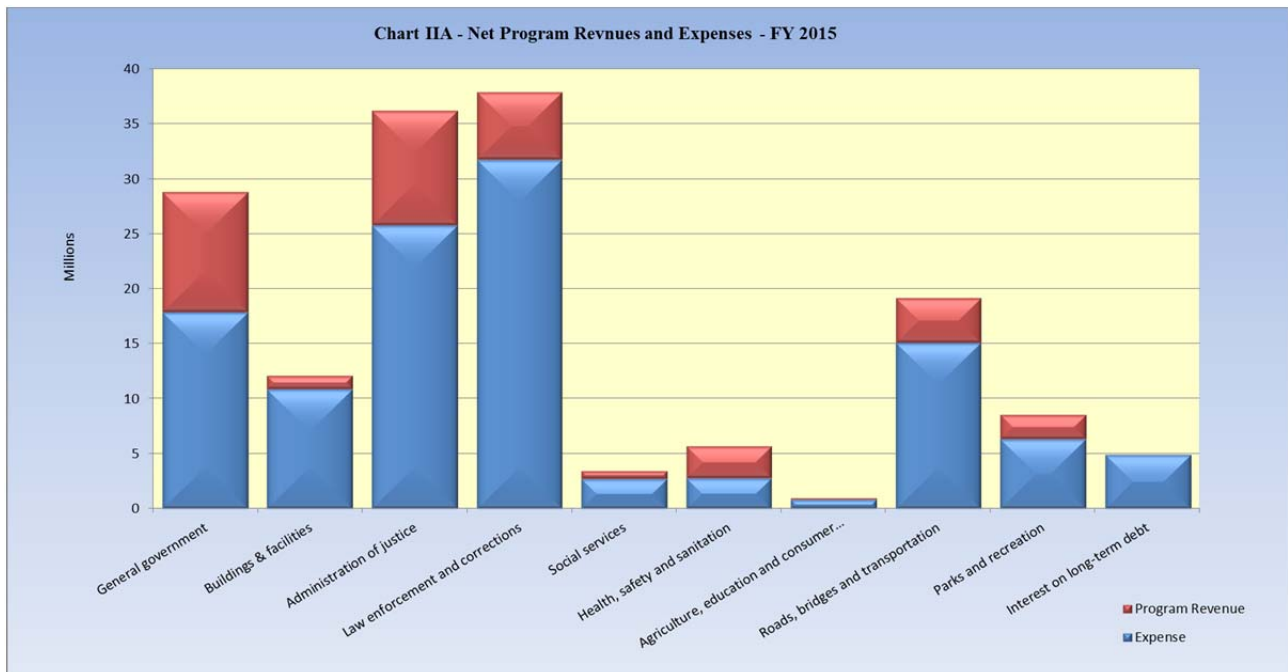
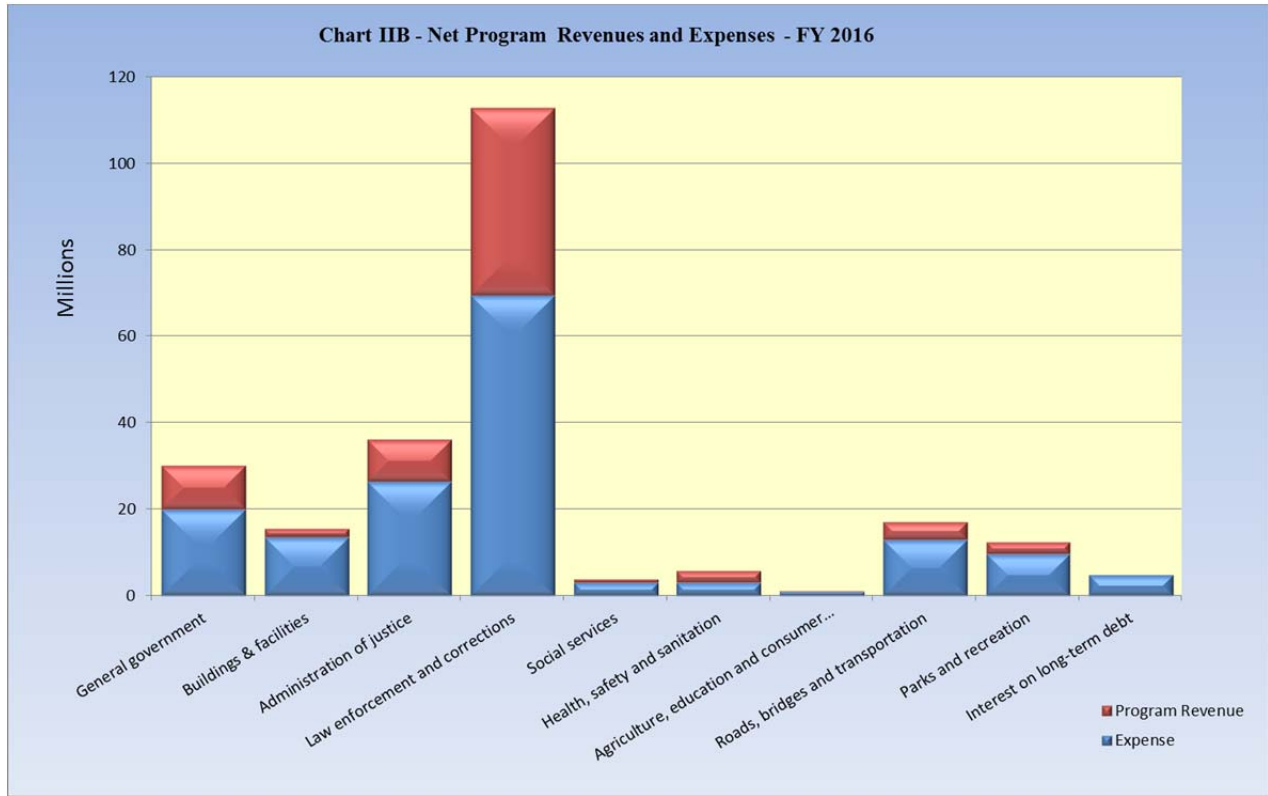




Chart IIB below compares the net of program revenues and expenses for fiscal year 2016. In comparing Chart IIA and Chart IIB, with the exception of the significant change in law enforcement and corrections due to the US Marshal Contract fund, they appear to remain very similar.



**EXPENSES** - Expenses increased by 37.29%, or \$44,523,698. The largest increases in expenses were in general government, law enforcement and parks and recreation. The increase in law enforcement was due to the change in accounting methodology of the US Marshal Contract fund which now presents expenditures separately from revenue where it was previously reported as a contra revenue account. Parks and recreation increased due to repairs and maintenance costs.

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

**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls are the framework of the County’s fiscal management system and for recording accountability. The County has maintained its AA+/Aa2 underlying bond rating since 1998. On March 25, 2015, Standard & Poor’s and Moody’s reaffirmed the credit rating on the County’s outstanding bonds at “AA+” and “Aa2”.

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$64,920,369 lower by (\$9,236,213) in comparison with the prior year. Excluding capital projects fund, ending balances of governmental funds decreased by (\$2,963,824). This decrease is the result of an increase in operating expenditures attributed mostly to repairs and maintenance and personnel costs.

The general fund is the chief operating fund of the County. At the end of the current fiscal year the total general fund balance was \$22,001,634. As compared to previous year, the total fund balance decreased by (\$1,566,401). The total fund balance represents 26.14% of the sum of total general fund budgeted and transfer in revenues. The Commissioners Court adopted a resolution to maintain a minimum general fund reserve balance of 25% of budgeted general fund revenues and transfers in. Twenty-five percent of total budgeted revenues and transfers is \$21,039,425, which is designated as committed, leaving \$187,100 as unassigned after adjusting for prepaid and inventories. Applying this measure (using the total fund balance) toward the general fund expenditures and transfers out calculates to be approximately 3.05 months of operating expenditures. The 25% fund balance was considered necessary since Nueces County is a coastal county and as such has a higher exposure to risk.

The debt service fund was voluntarily included as a major fund and closed with a ending fund balance of \$3,592,453 which resulted in a net decrease of (\$583,185) as compared to prior year. Debt service payments totaled \$11,921,887 and revenues and transfers in totaled \$11,338,702. The debt service tax rate of 0.044276 appears correct for practical purposes when comparing the revenues to debt service requirements. The ending fund balance in the debt service fund at year end will be applied to future debt payments.

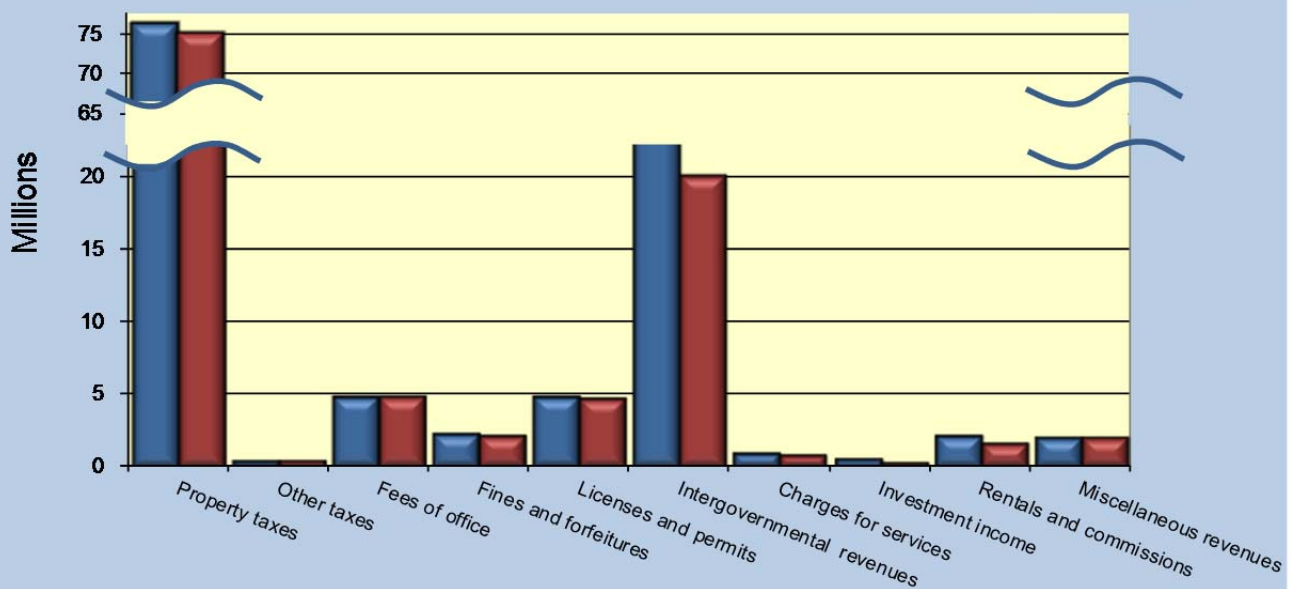
Consistent with previous years, the U.S. Marshal Contract fund is considered a major fund because the liabilities exceed 10% of total liabilities of all governmental funds. As mentioned above in the *Government-Wide Financial Analysis*, during the year ended September 30, 2016, the County changed the accounting methodology related to the U.S. Marshal Contract fund. Prior to October 1, 2015, expenditures related to the U.S. Marshal Contract fund were accounted for as a contra revenue account and netted against revenues and presented as one line item, intergovernmental revenue in the *Statement of Revenues, Expenditures, and Changes in Fund Balances*. We determined that both revenues collected and funds expended meet the criteria of revenue and expenditures, respectively, and netting the two prohibits financial statement users from understanding the actual revenues received and expenditures incurred in association with this contract. Therefore it was more appropriate to reflect these items separately, rather than net them against each other. The change in methodology was effective October 1, 2015. The change had no impact on the *Balance Sheet* of the Governmental Funds. On the *Statement of Revenues, Expenditures, and Changes in Fund Balances*, Intergovernmental Revenue is now reflected at the gross revenue amount of \$37,420,280 and expenditures of \$36,388,361 are now included under Law Enforcement and Corrections. This change had no impact on the beginning fund balance. Therefore, due to the change in methodology, the revenues and expenditures of this special revenue fund also exceed 10% of total revenues of all governmental funds. This special revenue fund accounts for the federal inmates that the County houses under a contract with the U.S. Marshal Service. Instead of housing the inmates in the county jail, however, the County sub-contracts with a private prison for placing the federal inmates. Effective May 1, 2016, contracts with the U.S. Marshal Service as well as with the private prison operators were recently renegotiated to a higher rate. The remaining fund balance was \$236,701. There was a net decrease in fund balance of (\$191,958) at the end of the fiscal year.

The capital projects fund is used to account for all of the major capital projects that are funded by either debt instruments or the general fund. The remaining fund balance at fiscal year-end was \$21,752,391, which is a net decrease of (\$6,272,389) when compared to prior fiscal year. The only new debt issued during the year ended September 30, 2016 was \$3,000,000 representing the first of four principal distributions in connection with the State Infrastructure Bank loan for the Harbor Bridge Construction Project. As soon as the funds were distributed to the County, the County paid the funds directly to the Texas Department of Transportation in accordance with the agreement. The funds received and subsequently distributed are included in issuance of debt under other financing sources and capital outlay, respectively, on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The overall decrease in fund balance is the result of the ongoing expenditures for multiyear projects such as constructing, repairing and improving county roads and bridges, County facilities to comply with the American Disabilities Act, the County park system and facilities and improving the County's information technology systems. On November 15, 2016, the County issued \$17,920,000 Combination Tax and Revenue Certificates of Obligation, Series 2016 which will be used to fund additional multiyear projects.

Other governmental funds has a total combined fund balance of \$17,337,190. The road and bridge fund is included within this category, as well as the other funds restricted to specific purposes. The total combined other governmental fund balance decreased by (\$622,280).

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

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



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

**Governmental Funds – Revenues by Source**

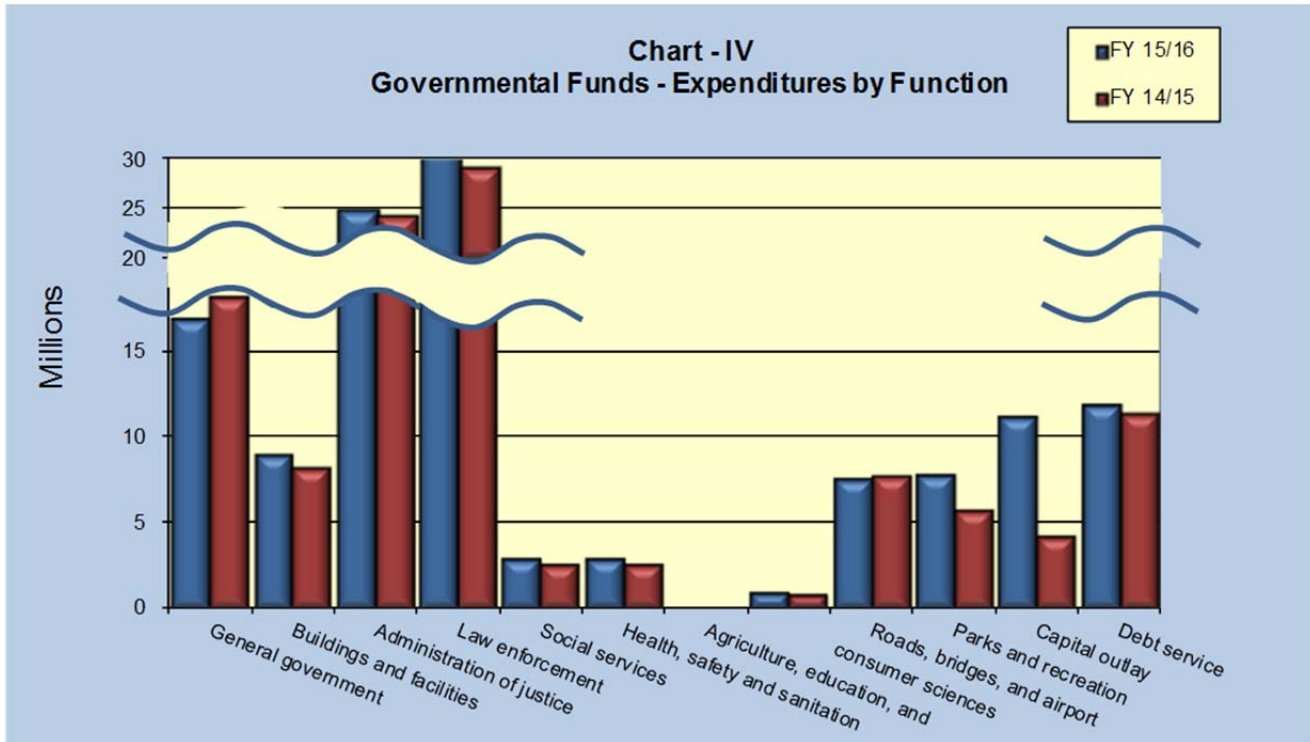
	FY 15/16	Percent of Total	FY 14/15	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$76,406,029	45.92%	\$75,196,369	42.44%	\$1,209,660	1.61%
Other taxes	431,990	0.26%	439,777	0.25%	(7,787)	-1.77%
Fees of office	4,931,127	2.96%	4,866,275	2.75%	64,852	1.33%
Fines and forfeitures	2,305,539	1.39%	2,244,060	1.27%	61,479	2.74%
Licenses and permits	4,842,727	2.91%	4,815,602	2.72%	27,125	0.56%
Intergovernmental revenues	56,080,858	33.70%	20,197,720	11.40%	35,883,138	177.66%
Charges for services	914,955	0.55%	858,055	0.48%	56,900	6.63%
Investment income	585,697	0.35%	250,178	0.14%	335,519	134.11%
Rentals and commissions	2,141,501	1.29%	1,655,121	0.93%	486,380	29.39%
Miscellaneous revenues	2,028,527	1.22%	2,068,530	1.17%	(40,003)	-1.93%
<b>Total revenues</b>	<b>150,668,950</b>	<b>90.54%</b>	<b>112,591,687</b>	<b>63.54%</b>	<b>38,077,263</b>	<b>33.82%</b>
<b>Other Financing Sources</b>						
Sale of Assets	150,652	0.09%	288,113	0.16%	(137,461)	-47.71%
Transfers in	12,586,914	7.56%	12,127,133	6.84%	459,781	3.79%
Capital lease funding	-	0.00%	663,896	0.37%	(663,896)	-100.00%
Issuance of debt	3,000,000	1.80%	45,620,000	25.75%	(42,620,000)	-93.42%
Premium(discount) on sale of bonds	-	0.00%	5,895,355	3.33%	(5,895,355)	-100.00%
<b>Total revenues &amp; other financing sources</b>	<b>\$166,406,516</b>	<b>100.00%</b>	<b>\$177,186,184</b>	<b>100.00%</b>	<b>(\$10,779,668)</b>	<b>-6.08%</b>

Some observations on the revenues are as follows:

- The increase in property tax revenues of \$1,209,660, an increase of 1.61%, is attributed to an increase in the net taxable value offset by a \$1.4 million reduction in revenue from the settlement between the County and one of its principle taxpayers.
- The increase of \$35,883,138 in intergovernmental revenues, an increase of 177.66% is the result of the aforementioned change in methodology in the accounting of the U.S. Marshal Contract fund.
- The increase of \$486,380 in rentals and commissions is mainly due to telephone commission from the County's inmate telephone service vendor.
- The increase in investment income, \$335,519 is mainly attributable to higher than average monthly rates in one of the County's external investment pools as compared to the prior year.
- The increase of \$56,900 in charges for services is mainly due to an increased in services provided by the medical examiner's office.
- The decrease of (\$40,003) in miscellaneous revenues is due to a reduction in the amount of privately funded grants received in fiscal year 2016 compared to the prior fiscal year.

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

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



The following table presents a comparison of expenditures by function with the prior year. All the funds are included but as with revenues, most of the changes are due to the general fund and the U.S. Marshal Contract fund.

## Governmental Funds – Expenditures by Function

	FY 15/16	Percent of Total	FY 14/15	Percent of Total	Increase (Decrease)	Percent of Change
General government	\$16,925,894	9.64%	\$18,115,425	11.47%	(1,189,531)	-6.57%
Buildings and facilities	8,971,418	5.11%	8,153,192	5.16%	818,226	10.04%
Administration of justice	24,797,069	14.12%	24,226,484	15.34%	570,585	2.36%
Law enforcement	67,302,369	38.32%	29,102,479	18.43%	38,199,890	131.26%
Social services	2,896,112	1.65%	2,545,213	1.61%	350,899	13.79%
Health, safety and sanitation	2,894,456	1.65%	2,546,715	1.61%	347,741	13.65%
Agriculture, education, and consumer sciences	906,736	0.52%	835,399	0.53%	71,337	8.54%
Roads, bridges, and airport	7,561,744	4.31%	7,743,709	4.90%	(181,965)	-2.35%
Parks and recreation	7,746,614	4.41%	5,721,271	3.62%	2,025,343	35.40%
Capital outlay	11,131,516	6.34%	4,237,547	2.68%	6,893,969	162.69%
Debt service	11,921,887	6.79%	11,409,198	7.23%	512,689	4.49%
<b>Total expenditures</b>	<b>163,055,815</b>	<b>92.83%</b>	<b>114,636,632</b>	<b>72.61%</b>	<b>48,419,183</b>	<b>42.24%</b>
Other financing uses						
Transfers out	12,586,914	7.17%	12,127,133	7.68%	459,781	3.79%
Refunding escrow payments	-	0.00%	31,125,992	19.71%	(31,125,992)	-100.00%
<b>Total expenditures and transfers out</b>	<b>\$175,642,729</b>	<b>100.00%</b>	<b>\$157,889,757</b>	<b>100.00%</b>	<b>\$17,752,972</b>	<b>11.24%</b>

Total expenditures increased by \$48,419,183 or by 42.24% compared to the prior year. The largest increase is in the U.S. Marshal Contract fund as the result of the aforementioned change in accounting methodology. Previously, expenditures were accounted for as a contra account and netted against revenues.

Capital outlay expenditures increased by \$6,893,969 or 162.69% due to the ongoing multiyear capital projects funded by both the general fund and general obligation debt issuances.

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

In summary, total governmental fund balances decreased by (\$9,236,213). Combined fund balances for all governmental funds totaled \$64,920,369.

**Proprietary funds.** The County’s only type of proprietary fund is an internal service fund, commonly referred to as the self-insurance fund. The proprietary fund is not included in with the governmental funds just described, but is combined with financial results presented on the government-wide basis. The self- insurance fund reports all liabilities on the full accrual basis. Complete details on each fund can be found on pages 122-124.

Unrestricted net position of the self-insurance fund at the end of the year amounted to \$561,205 with \$156,684 belonging to the workers compensation fund, \$344,598 belonging to the general liability fund, and \$59,923 belonging to the group health insurance fund.

**GENERAL FUND**

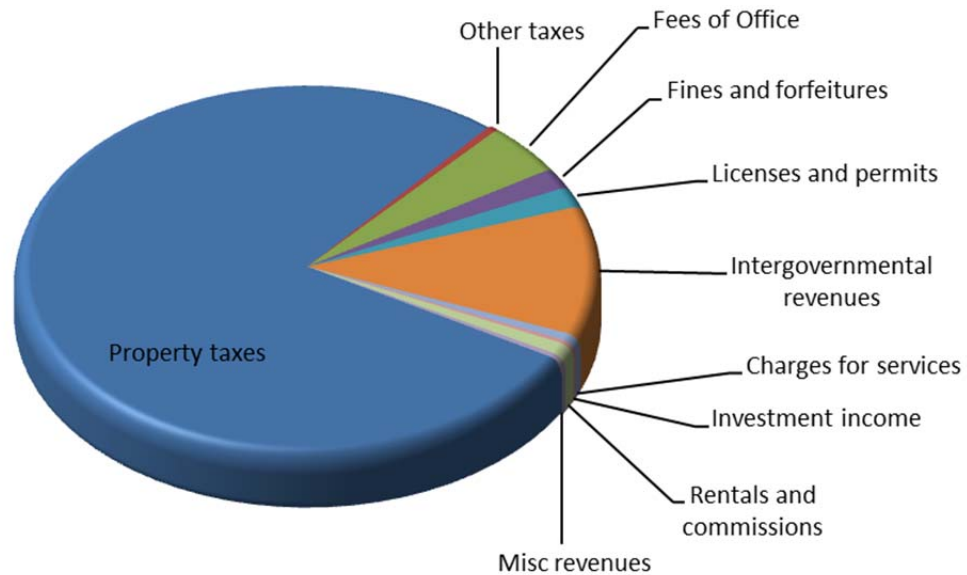
*Financial analysis*

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

	FY 15/16	Percent of Total	FY 14/15	Percent of Total	Variance Increase (Decrease)	Percentage of Change
Property taxes	\$ 64,771,956	76.13%	\$ 64,021,887	76.00%	\$ 750,069	1.17%
Other taxes	431,990	0.51%	439,246	0.52%	(7,256)	-1.65%
Fees of Office	3,775,832	4.44%	3,683,199	4.37%	92,633	2.52%
Fines and forfeitures	1,497,938	1.76%	1,865,545	2.21%	(367,607)	-19.71%
Licenses and permits	1,488,492	1.75%	1,520,416	1.80%	(31,924)	-2.10%
Intergovernmental revenues	9,452,744	11.11%	10,025,326	11.90%	(572,582)	-5.71%
Charges for services	553,468	0.65%	464,688	0.55%	88,780	19.11%
Investment income	225,483	0.27%	96,389	0.11%	129,094	133.93%
Rentals and commissions	826,728	0.97%	428,156	0.51%	398,572	93.09%
Misc revenues	309,423	0.36%	417,590	0.50%	(108,167)	-25.90%
Total revenues	83,334,054	97.95%	82,962,442	98.48%	371,612	0.45%
Transfers-in	1,746,266	2.05%	1,282,090	1.52%	464,176	36.20%
Total revenues and transfers-in	\$ 85,080,320	100.00%	\$ 84,244,532	100.00%	\$ 835,788	0.99%

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

**FY 15/16 General Fund Revenues**



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

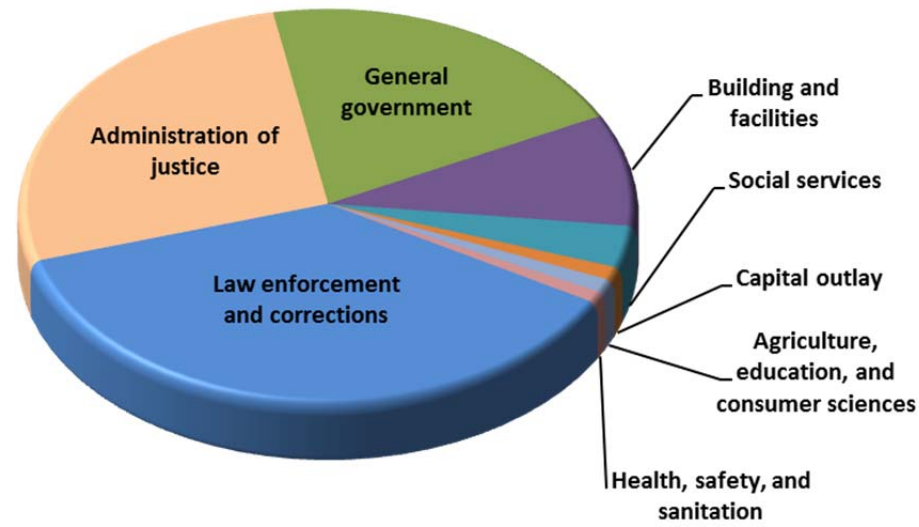
- As mentioned earlier, the 1.17% increase in property tax revenues is attributed to an increase in the net taxable value offset by a \$1.4 million reduction in revenue from the settlement between the County and one of its principle taxpayers.
- Fines and forfeitures decreased (\$367,607) or (19.71%) due to a decrease in the collection of court costs.
- Intergovernmental revenues decreased by (\$572,582) or (5.71%) with two of the most notable decreases in state grant revenue and motor vehicle sales tax commission.
- Charges for services increased by \$88,780 or 19.11% due to an increase in services provided by the medical examiner’s office.
- Miscellaneous revenue decreased by (\$108,167) or (25.90%) due to increased expired tax refund claims.
- Investment income increased by \$129,094 mainly due to higher than average monthly rates in one of the County’s external investment pools as compared to the prior year.
- Rentals and commissions increased by 398,572 or 93.09% due to a telephone commission received from the County’s inmate telephone service vendor.

All other general fund revenues reflect stable and consistent performance.

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

	FY 15/16	Percent of Total	FY 14/15	Percent of Total	Variance Increase (Decrease)	Percentage of Change
Law enforcement and corrections	\$ 28,688,790	33.11%	\$ 27,194,798	32.67%	\$ 1,493,992	5.49%
Administration of justice	20,779,539	23.98%	20,075,460	24.11%	704,079	3.51%
General government	15,924,010	18.38%	17,049,305	20.48%	(1,125,295)	-6.60%
Building and facilities	7,145,212	8.25%	6,755,112	8.11%	390,100	5.77%
Social services	2,673,303	3.09%	2,287,255	2.75%	386,048	16.88%
Capital outlay	841,684	0.97%	742,393	0.89%	99,291	13.37%
Agriculture, education, and consumer sciences	851,698	0.98%	746,731	0.90%	104,967	14.06%
Health, safety, and sanitation	698,341	0.81%	633,717	0.76%	64,624	10.20%
Total expenditures	<u>77,602,577</u>	<u>89.56%</u>	<u>75,484,771</u>	<u>90.67%</u>	<u>2,117,806</u>	<u>2.81%</u>
Transfers-out	9,044,144	10.44%	7,768,429	9.33%	1,275,715	16.42%
Total expenditures and transfers- out	<u>\$ 86,646,721</u>	<u>100.00%</u>	<u>\$ 83,253,200</u>	<u>100.00%</u>	<u>\$ 3,393,521</u>	<u>4.08%</u>

## FY 15/16 General Fund Expenditures



Total expenditures and transfers out increased by 4.08% from the prior year. In comparison to the national consumer price index (CPI) over the last twelve months, electricity per the CPI increased .1% while electricity paid for by the general fund increased 3%. This is mainly attributable to the replacement of a faulty meter at the Keach County Library which increased the monthly billings. The county's expenditures including transfers out are above the index.

The highest increase in general fund expenditures was in law enforcement and administration of justice. The increase in law enforcement is the result of additional overtime paid due to multiple vacancies in full-time positions along with the 2.5% COLA and 2.5% continuance pay for eligible employees in accordance with the collective bargaining unit. The increase in administration of justice is due to an increase in court appointed attorney fees as well as the COLA, continuance pay, and a 5% reclass for district attorney and county attorney positions.

### *Budgetary highlights*

In total, the original budget and the final amended budget were equal. There were minor budgetary shortfalls within budget categories of some departments. These minor shortfalls were covered by budget transfers within each department to offset the shortfall. Actual expenditures and transfers out for this fiscal year (budget basis) ended \$5,052,951 under total budgeted appropriations for an expenditure level of 94.49%. Actual revenues and transfers in came in \$922,620 over budget, or 101.10% of budget.

The variance in revenues is primarily attributable to:

- An increase in net taxable values offset by a \$1.4 million reduction in revenue from the settlement between the County and one of its principle taxpayers.
- An increase in intergovernmental revenues of \$1,062,744 is due to additional income from the state alcohol beverage tax and other state collection taxes and fees.
- An increase in rentals and commissions of \$416,728 due to the telephone commission received from the County's inmate telephone service vendor.

The variance in expenditures is primarily attributable to:

- Several employee vacancies throughout the year that led to significant cost savings for those departments that did not have to compensate with vacancies with additional overtime for existing positions.
- Less expenditure than expected in other services and charges including inter-local agreements, social services provided and insurance.
- Less expenditure than expected in special personnel services including jury expenditures.

Last fiscal year actual revenues and transfers in came in at 101.67% of budget and expenditures and transfers out came in at 95.42%.



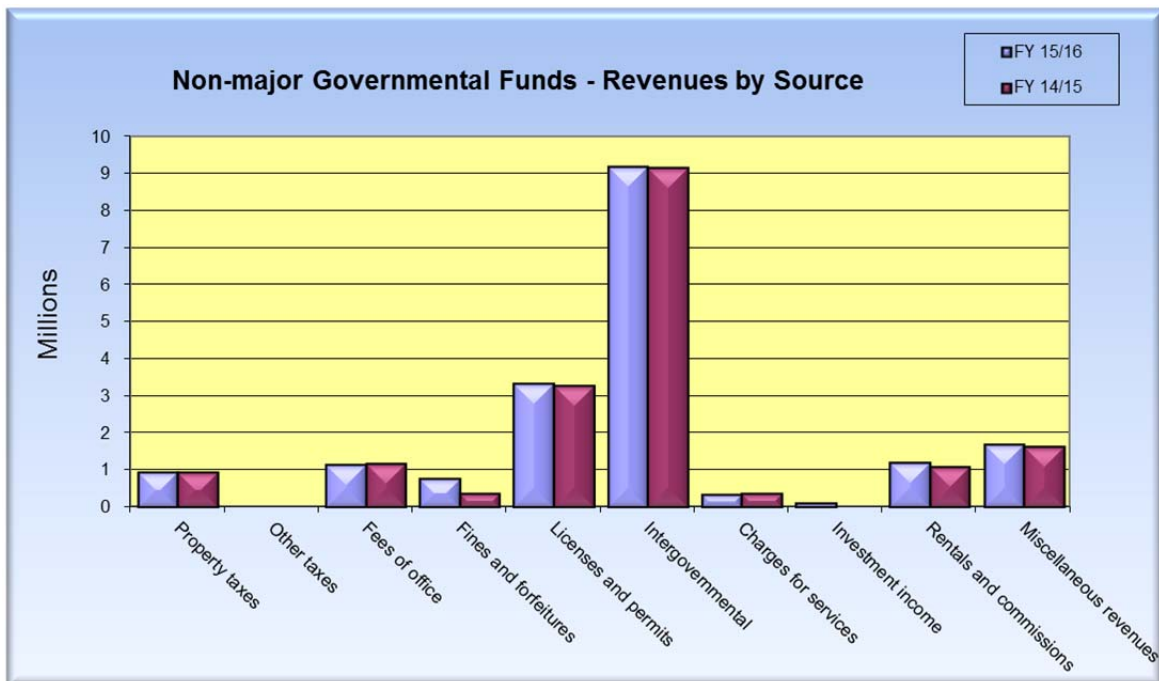
## Non-major Governmental Funds

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

### Non-major Governmental Funds – Revenues by Source

	FY 15/16	Percent of Total	FY 14/15	Percent of Total	Increase (Decrease)	Percent of Change
Property taxes	\$962,625	3.38%	\$969,083	3.47%	(\$6,458)	-0.67%
Other taxes	-	0.00%	531	0.00%	(531)	-100.00%
Fees of office	1,155,295	4.06%	1,183,076	4.24%	(27,781)	-2.35%
Fines and forfeitures	807,601	2.84%	378,515	1.36%	429,086	113.36%
Licenses and permits	3,354,235	11.78%	3,295,186	11.80%	59,049	1.79%
Intergovernmental	9,207,834	32.35%	9,154,814	32.80%	53,020	0.58%
Charges for services	361,487	1.27%	393,367	1.41%	(31,880)	-8.10%
Investment income	123,640	0.43%	57,155	0.20%	66,485	116.32%
Rentals and commissions	1,211,573	4.26%	1,123,765	4.03%	87,808	7.81%
Miscellaneous revenues	1,719,104	6.04%	1,650,940	5.91%	68,164	4.13%
<b>Total revenues</b>	<b>18,903,394</b>	<b>66.41%</b>	<b>18,206,432</b>	<b>65.22%</b>	<b>696,962</b>	<b>3.83%</b>
<b>Other Financing Sources</b>						
Transfers in	9,412,648	33.07%	8,756,252	31.37%	656,396	7.50%
Capital Lease Funding	-	0.00%	663,896	2.38%	(663,896)	-100.00%
Sale of Assets	150,652	0.53%	288,113	1.03%	(137,461)	-47.71%
<b>Total Revenues &amp; Other Financing Sources</b>	<b>\$28,466,694</b>	<b>100.00%</b>	<b>\$27,914,693</b>	<b>100.00%</b>	<b>\$ 552,001</b>	<b>1.98%</b>

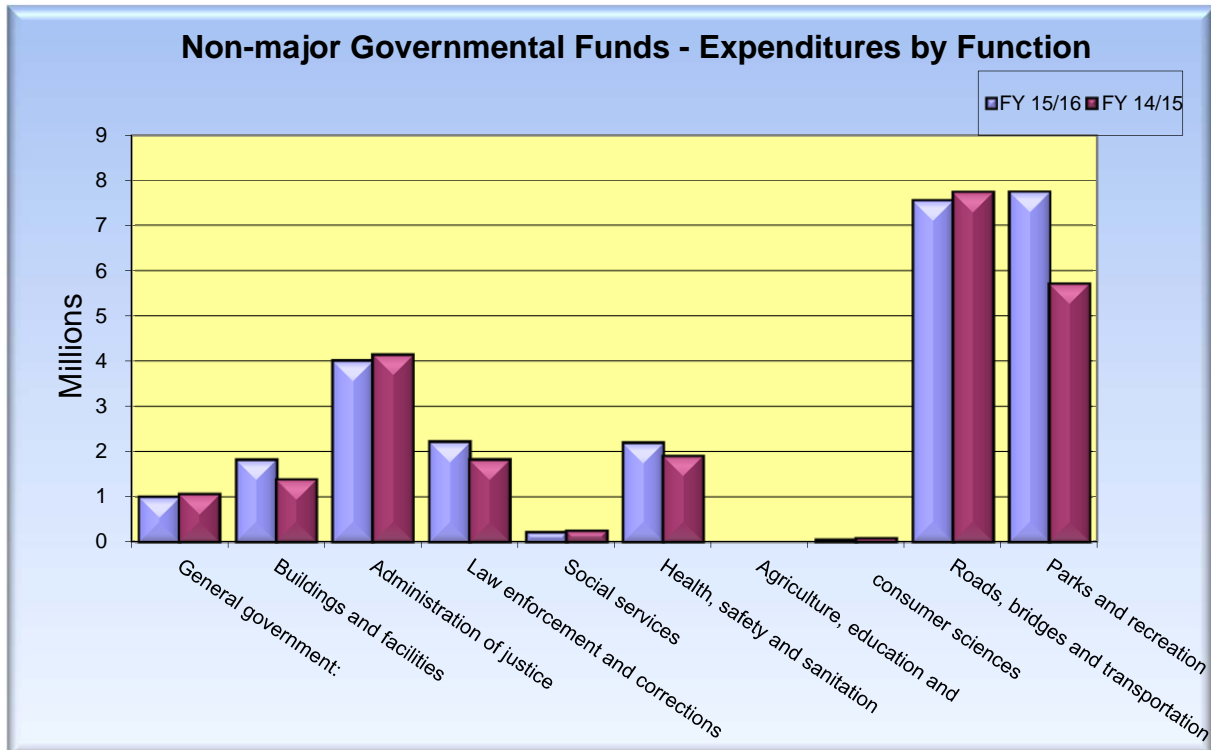
Total revenues for the non-major governmental funds increased by \$696,962 when compared to the previous year. Fines and forfeitures had the largest increase, \$429,086, due to a large property seizure conducted by the Sheriff's Office. Rentals and commissions had the next largest increase, \$87,808 due to an increase in pier admission and RV fees collected by Coastal Parks.



### Non-major Governmental Funds – Expenditures by Function

	FY 15/16	Percent of Total	FY 14/15	Percent of Total	Increase (Decrease)	Percent of Change
General government:	\$1,001,884	3.44%	\$1,066,120	4.01%	(\$64,236)	-6.03%
Buildings and facilities	1,826,206	6.28%	1,398,080	5.26%	428,126	30.62%
Administration of justice	4,017,530	13.81%	4,151,024	15.60%	(133,494)	-3.22%
Law enforcement and corrections	2,225,218	7.65%	1,832,728	6.89%	392,490	21.42%
Social services	222,809	0.77%	257,958	0.97%	(35,149)	-13.63%
Health, safety and sanitation	2,196,115	7.55%	1,912,998	7.19%	283,117	14.80%
Agriculture, education and consumer sciences	55,038	0.19%	88,668	0.33%	(33,630)	-37.93%
Roads, bridges and transportation	7,561,744	26.00%	7,743,709	29.11%	(181,965)	-2.35%
Parks and recreation	7,746,614	26.63%	5,721,271	21.51%	2,025,343	35.40%
Capital outlay	-	0.00%	48,684	0.18%	(48,684)	-100.00%
<b>Total expenditures</b>	<b>26,853,158</b>	<b>92.31%</b>	<b>24,221,240</b>	<b>91.05%</b>	<b>2,631,918</b>	<b>10.87%</b>
<b>Transfers Out</b>	<b>2,235,816</b>	<b>7.69%</b>	<b>2,381,686</b>	<b>8.95%</b>	<b>(145,870)</b>	<b>-6.12%</b>
<b>Total expenditures and transfers out</b>	<b>\$29,088,974</b>	<b>100.00%</b>	<b>\$26,602,926</b>	<b>100.00%</b>	<b>\$ 2,486,048</b>	<b>9.35%</b>

Expenditures and transfers out for the non-major governmental funds increased by \$2,486,048 from the prior year. Parks and recreation and building and facilities had the largest dollar amount increases in expenditures due to repairs and maintenance expenditures. Likewise, parks and recreation, and buildings and facilities functions had the largest percentage increase in expenditures.



**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The County’s investment in capital assets for its governmental activities as of September 30, 2016, amounts to \$178,702,993 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

Total investment in the County’s net capital assets decreased by (\$1,399,902) or (0.78%).

Nueces County Capital Assets (net of depreciation)		
	2016	2015
Land	\$5,063,554	\$4,893,918
Building and improvements	92,284,472	96,112,374
Furniture, equipment and machinery	9,460,862	9,917,413
Computer Software Systems	599,963	552,094
Infrastructure	47,062,998	52,317,250
Construction in progress	<u>24,231,144</u>	<u>16,309,846</u>
	<u>\$178,702,993</u>	<u>\$180,102,895</u>

Additional information on the County’s capital assets can be found in note III-C on page 75 of this report.

**Long-term debt.** At September 30, 2016, the County had general obligation debt outstanding in the amount of \$109,450,473. This amount is the total of certificates of obligation, revolving loans and State Infrastructure Bank loan through the State of Texas. This total debt is backed by the full faith and credit of the County. Chapter 1301, as amended, of the Texas Government Code, limits the amount of bonds that is payable from the \$0.80 Constitution Tax Rate issued for the purposes as follows:

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

Therefore, the County’s total indebtedness may not be increased by the issuance of bonds to an amount that exceeds five percent of the County’s taxable values, which are according to the most recent appraisal roll. The current applicable limit for the county is \$1,259,932,982. This puts the County’s net debt applicable to debit limit of \$105,858,020 at 8.4% of this legal limit.

**NUECES COUNTY’S OUTSTANDING DEBT**  
Governmental Activities

	2015	2016
Combination revenue and certificates of obligation	\$107,220,000	\$100,595,000
LoanSTAR loans/State Infrastructure Bank loans	<u>6,415,326</u>	<u>8,855,473</u>
Sub-total	113,635,326	109,450,473
Premium on debt	<u>10,727,735</u>	<u>9,194,153</u>
Total	<u>\$124,363,061</u>	<u>\$118,644,626</u>

On March 25, 2015, the Nueces County rating was an “AA+” from Standard & Poor’s and an “Aa2” rating from Moody’s for general obligation debt were reaffirmed. Additional information on the County’s long-term debt can be found in note IV-E 3 on pages 79-81 of this report.

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

- The unemployment rate for Nueces County as of September 30, 2016 is 6.0%, which represents a 1.2% increase from last year. The increase is due large part to job losses affected by Eagle Ford Shale production slow down. The County's unemployment rate is higher than the State's unemployment rate which was 4.7 percent at September 2016. The State of Texas is slightly lower than the national rate of 4.9 percent for the same time period; however, the County was 1.1% higher than the national rate.
- School enrollment decrease by 78 students from last year, for 2016 the enrollment is 61,485.
- Retail sales went down this year by (30.02%) as compared to prior year for a total decrease of (\$2,251,698,576).
- Net taxable value (NTV) increased by 6.44%. In the previous year, there was a decrease of (3.7%) due to revaluation adjustment from the settlement of litigation with a principal taxpayer.
- Port tonnage increased by 2.87% from the prior year to \$103,474,496 in 2016.
- It is estimated that population of the County increased by .98%.

All these factors were considered in preparing the County's budget for the 2016/2017 fiscal year. Through the budget process, the Commissioners court set the goals for the County. The priorities inherent to the 2016/2017 budget were to make county government: (1) communicative and open to the public and departmental staff; (2) have attainable and realistic budgets to enhance accountability; (3) recognize employee talent by awarding a continuance pay for every three years of service, (4) establish procedures that are in compliance with statutory requirements and (5) utilize technology to improve efficiency.

The issues affecting the 2016-2017 budget included: countering cuts in state and federal funding, funding pay increases for law enforcement according to collective bargaining agreement, funding pay increases to all other county employees, setting aside additional funds as a contingency to a tax protest, and maintaining the fund balance at 25% of the sum of revenues and transfers in.

The County budget for FY 2016/2017 included the following to enact the priorities within the current economic conditions:

- Commissioners court adopted the effective property tax rate. The adopted tax rate is 0.307991 per \$100 value, which is \$0.008904 lower than the prior year's tax rate of 0.316895 per \$100 value.
- Provides salary increases for employees including a cost of living increase for law enforcement personnel under the Nueces County Sheriff's Officers Association Collective Bargaining Agreement. Provides salary increases of 2.0% cost of living increase to all other employees. There is also a continuance pay increase for approximately 317 employees. Continuance pay is a 2.5% pay increase every 3 years of service.
- Provides \$80,000 in funding for increase in employer contribution rate for the pension plan.
- Provides \$1,190,000 additional funding for employee health insurance benefits.
- Provides reclassification of a limited number of positions at a cost of \$90,000.
- Provides \$220,000 in contact preventative maintenance for air conditioning units at both the courthouse and the jail.
- Adds a limited number of new positions at a cost of \$181,400.
- Proposes an issuance of approximately \$20 million in bond proceeds for capital improvements.
- Sets aside \$1,000,000 as a contingency funding related to principle taxpayers property tax protest.

## **REQUESTS FOR INFORMATION**

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

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

Or visit our website at: [www.nuecesco.com](http://www.nuecesco.com)



# BASIC FINANCIAL STATEMENTS





**NUECES COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

	<b>Primary Government</b>	<b>Component Unit</b>
	Governmental Activities	Hospital District
<b>ASSETS</b>		
Cash and cash equivalents	\$ 63,647,598	\$ 42,787,337
Investments	16,549,994	22,002,546
Accrued Interest	-	52,890
Receivables (net of allowance for uncollectibles)	16,360,321	892,915
Other Receivables	-	12,516
Due from component unit	104,720	-
Inventories	116,426	-
Prepays	833,824	144,840
Capital assets (not being depreciated):		
Land	5,063,554	3,076,926
Construction in progress	24,231,144	-
Capital assets (net of accumulated depreciation):		
Buildings and improvements	92,284,472	5,003,665
Furniture, equipment and machinery	9,460,861	-
Computer Software Systems	599,963	-
Infrastructure	47,062,999	-
<b>Total assets</b>	<b>276,315,876</b>	<b>73,973,635</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on refunding debt	3,484,572	-
Deferred pensions	29,685,895	-
<b>Total deferred outflows of resources</b>	<b>33,170,467</b>	<b>-</b>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	23,587,695	1,179,215
Accrued payroll payable	3,075,508	149,976
Accrued interest payable	752,976	-
Unearned revenue	817,895	-
Non-current liabilities:		
Due within one year	7,591,221	-
Due in more than one year	117,351,946	-
Accrued Compensated Absences	1,962,323	88,981
Net pension liability	37,831,594	-
<b>Total liabilities</b>	<b>192,971,158</b>	<b>1,418,172</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pensions	2,588,270	-
<b>Total deferred inflows of resources</b>	<b>2,588,270</b>	<b>-</b>
<b>NET POSITION</b>		
Invested in capital assets	69,252,520	8,080,591
Restricted for:		
Debt service	3,592,453	-
Commissioners court purposes	2,945,219	-
County attorney funds	44,000	-
County clerk purposes	2,807,126	-
Tax assessor collector purposes	7,729	-
Juvenile programs	347,229	-
District attorney purposes	19,529	-
District clerk purposes	89,520	-
County sheriff purposes	811,345	-
Judicial and law enforcement purposes	1,469,470	-
Law enforcement & district attorney education	74,370	-
Other purposes	3,808,013	-
Unrestricted	28,658,392	64,474,872
<b>Total net position</b>	<b>\$ 113,926,915</b>	<b>\$ 72,555,463</b>

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, 2016**

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<u>Functions/Programs</u>			
Primary government:			
Governmental Activities:			
General government	\$ 19,933,512	\$ 9,981,778	\$ 246,153
Buildings and facilities	13,588,683	1,516,386	412,869
Administration of justice	26,355,960	6,036,695	3,670,251
Law enforcement and corrections	69,361,956	42,285,271	1,061,442
Social services	3,128,854	125,148	540,337
Health, safety and sanitation	3,104,344	1,559,093	1,108,472
Agriculture, education and consumer sciences	1,006,618	48,458	54,471
Roads, bridges and transportation	12,976,912	3,576,036	458,913
Parks and recreation	9,736,734	1,849,368	926,022
Interest and fees on long-term debt	4,731,881	-	-
Total primary government	<u>163,925,454</u>	<u>66,978,233</u>	<u>8,478,930</u>
Component Units:			
Hospital district	<u>115,252,335</u>	<u>87,379,999</u>	<u>533,277</u>
Total component units	<u>\$ 115,252,335</u>	<u>\$ 87,379,999</u>	<u>\$ 533,277</u>

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Hospital District</u>
Capital		
Grants and Contributions		
\$ -	\$ (9,705,581)	\$ 2,047,434
-	(11,659,428)	394,825
-	(16,649,014)	-
-	(26,015,243)	-
-	(2,463,369)	-
-	(436,779)	112,810,076
-	(903,689)	-
-	(8,941,963)	-
-	(6,961,344)	-
-	(4,731,881)	-
-	(88,468,291)	115,252,335
-	-	(27,339,059)
\$ -	\$ -	\$ (27,339,059)

General revenues:

Property taxes	76,391,071	31,506,540
Alcohol beverage and other taxes	2,047,110	-
Unrestricted investment earnings	594,122	340,170
Grants and contributions not restricted		
to specific programs	499,403	-
Gain on sale of assets	150,652	-
Miscellaneous	-	310,634
Total general revenues	<u>79,682,358</u>	<u>32,157,344</u>
Change in net position	(8,785,933)	4,818,285
Net position - beginning	<u>122,712,848</u>	<u>67,737,178</u>
Net position - ending	<u>\$ 113,926,915</u>	<u>\$ 72,555,463</u>

**NUECES COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2016**

	General Fund	Debt Service
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,589,792	\$ 2,563,673
Investments	5,570,558	1,028,661
Receivables (net of allowance for uncollectibles)	6,496,273	454,491
Due from component unit	99,468	-
Due from other funds	2,222,751	-
Prepays	718,708	-
Inventories	56,401	-
Total assets	\$ 36,753,951	\$ 4,046,825
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 7,699,282	\$ 3,084
Accrued payroll	2,542,870	-
Due to other funds	1,336,462	-
Unearned revenue	3,698	-
Other liabilities	9,153	-
Total liabilities	11,591,465	3,084
<b>Deferred inflows of resources:</b>		
Unavailable revenue - property taxes	2,738,270	451,288
Unavailable revenue -other	422,582	-
Total deferred inflows of resources	3,160,852	451,288
<b>Fund balances:</b>		
Nonspendable	775,109	-
Restricted	-	3,592,453
Committed	21,039,425	-
Assigned	-	-
Unassigned	187,100	-
Total fund balances	22,001,634	3,592,453
Total liabilities, deferred inflows of resources and fund balances	\$ 36,753,951	\$ 4,046,825

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
\$ 2,235,446	\$ 16,390,851	\$ 18,971,797	\$ 61,751,559
-	6,643,162	3,132,312	16,374,693
5,700,289	20,682	2,328,506	15,000,241
-	-	5,253	104,721
-	2,387,357	109,339	4,719,447
1,641	-	113,475	833,824
-	-	60,025	116,426
<u>\$ 7,937,376</u>	<u>\$ 25,442,052</u>	<u>\$ 24,720,707</u>	<u>\$ 98,900,911</u>
\$ 7,696,588	\$ 1,689,661	\$ 4,054,722	\$ 21,143,337
4,087	-	528,551	3,075,508
-	2,000,000	1,382,985	4,719,447
-	-	814,197	817,895
-	-	562,981	572,134
<u>7,700,675</u>	<u>3,689,661</u>	<u>7,343,436</u>	<u>30,328,321</u>
-	-	40,081	3,229,639
-	-	-	422,582
-	-	40,081	3,652,221
1,641	-	149,115	925,865
235,060	-	11,262,624	15,090,137
-	21,752,391	-	42,791,816
-	-	5,925,451	5,925,451
-	-	-	187,100
<u>236,701</u>	<u>21,752,391</u>	<u>17,337,190</u>	<u>64,920,369</u>
<u>\$ 7,937,376</u>	<u>\$ 25,442,052</u>	<u>\$ 24,720,707</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	178,702,993
Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore are unavailable in the funds (GASB 63).	3,229,639
Other revenue earned in the current fiscal year but are not available to provide for current financial resources, and therefore are unavailable in the funds (GASB 65).	422,582
Internal service funds are used by management to charge the costs of workers compensation insurance, general liability coverage and group health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	561,202
Unamortized loss on the refunding of bond issues, shown as a deferred outflow of resources on statement of net position (GASB 65).	3,484,572
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(126,660,473)
Recognition of the County's proportionate share of the net pension liability is not reported in the funds (GASB 68).	(37,831,594)
Deferred Resource Outflows related to the pension plan are not reported in the funds (GASB 68).	29,685,895
Deferred Resource Inflows related to the pension plan are not reported in the funds (GASB 68).	(2,588,270)
Net position of governmental activities	<u>\$ 113,926,915</u>

**NUECES COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended September 30, 2016**

	General Fund	Debt Service	U.S. Marshal Contract
<b>REVENUES</b>			
Property taxes	\$ 64,771,956	\$ 10,671,448	\$ -
Other taxes	431,990	-	-
Fees of office	3,775,832	-	-
Fines and forfeitures	1,497,938	-	-
Licenses and permits	1,488,492	-	-
Intergovernmental revenue	9,452,744	-	37,420,280
Charges for services	553,468	-	-
Investment income	225,483	37,254	-
Rentals and commissions	826,728	-	-
Miscellaneous revenues	309,423	-	-
Total revenues	<u>83,334,054</u>	<u>10,708,702</u>	<u>37,420,280</u>
<b>EXPENDITURES</b>			
Current:			
General government	15,924,010	-	-
Buildings and facilities	7,145,212	-	-
Administration of justice	20,779,539	-	-
Law enforcement and corrections	28,688,790	-	36,388,361
Social services	2,673,303	-	-
Health, safety and sanitation	698,341	-	-
Agriculture, education and consumer sciences	851,698	-	-
Roads, bridges and airport	-	-	-
Parks and recreation	-	-	-
Capital outlay	841,684	-	-
Debt Service:			
Principal retirement	-	7,184,854	-
Bond issuance costs	-	83,469	-
Interest and other fees	-	4,653,564	-
Total expenditures	<u>77,602,577</u>	<u>11,921,887</u>	<u>36,388,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,731,477</u>	<u>(1,213,185)</u>	<u>1,031,919</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,746,266	630,000	-
Transfers out	(9,044,144)	-	(1,223,877)
Sale of assets	-	-	-
Issuance of debt	-	-	-
Total other financing sources and uses	<u>(7,297,878)</u>	<u>630,000</u>	<u>(1,223,877)</u>
Net change in fund balances	<u>(1,566,401)</u>	<u>(583,185)</u>	<u>(191,958)</u>
Fund balances - beginning	23,568,035	4,175,638	428,659
Fund balances - ending	<u>\$ 22,001,634</u>	<u>\$ 3,592,453</u>	<u>\$ 236,701</u>

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

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 962,625	\$ 76,406,029
-	-	431,990
-	1,155,295	4,931,127
-	807,601	2,305,539
-	3,354,235	4,842,727
-	9,207,834	56,080,858
-	361,487	914,955
199,320	123,640	585,697
103,200	1,211,573	2,141,501
-	1,719,104	2,028,527
<u>302,520</u>	<u>18,903,394</u>	<u>150,668,950</u>
-	1,001,884	16,925,894
-	1,826,206	8,971,418
-	4,017,530	24,797,069
-	2,225,218	67,302,369
-	222,809	2,896,112
-	2,196,115	2,894,456
-	55,038	906,736
-	7,561,744	7,561,744
-	7,746,614	7,746,614
10,289,832	-	11,131,516
-	-	7,184,854
-	-	83,469
-	-	4,653,564
<u>10,289,832</u>	<u>26,853,158</u>	<u>163,055,815</u>
<u>(9,987,312)</u>	<u>(7,949,764)</u>	<u>(12,386,865)</u>
798,000	9,412,648	12,586,914
(83,077)	(2,235,816)	(12,586,914)
-	150,652	150,652
<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
<u>3,714,923</u>	<u>7,327,484</u>	<u>3,150,652</u>
<u>(6,272,389)</u>	<u>(622,280)</u>	<u>(9,236,213)</u>
<u>28,024,780</u>	<u>17,959,470</u>	<u>74,156,582</u>
<u>\$ 21,752,391</u>	<u>\$ 17,337,190</u>	<u>\$ 64,920,369</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, 2016**

Amounts reported for governmental activities in the statement of activities (page 40 through 41) are different because:

Net change in fund balances---total governmental funds (page 45)	(9,236,213)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(1,306,499)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(93,403)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (GASB 63).	407,622
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas only the premium and discount are deferred and amortized in the statement of activities, per (GASB 65). This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,468,687
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.	(35,904)
The net revenue of certain activities of internal service funds is reported with governmental activities.	(1,319,808)
Pension expense relating to (GASB 68) is recorded in the Statement Of Activities but not in the funds.	(2,670,415)
Change in net position of governmental activities (page 41).	<u>\$ (8,785,933)</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Taxes	\$ 65,316,266	\$ 65,316,266	64,771,956	\$ (544,310)
Other Taxes	415,000	415,000	431,990	16,990
Fees of Office	3,696,700	3,696,700	3,775,832	79,132
Fines & Forfeitures	2,005,000	2,005,000	1,497,938	(507,062)
Licenses & Permits	1,755,000	1,755,000	1,488,492	(266,508)
Intergovernmental Revenue	8,390,000	8,390,000	9,452,744	1,062,744
Charges For Services	500,000	500,000	553,468	53,468
Investment Income	100,000	100,000	225,483	125,483
Rentals and Commissions	410,000	410,000	826,728	416,728
Other Income	281,500	281,500	309,423	27,923
<b>TOTAL REVENUES</b>	82,869,466	82,869,466	83,334,054	464,588

**EXPENDITURES**  
GENERAL GOVERNMENT

County Commissioner Prct 1	\$ 176,594	\$ 176,594	142,353	\$ 34,241
County Commissioner Prct 2	170,776	171,131	168,769	2,362
County Commissioner Prct 3	177,718	177,824	175,121	2,703
County Commissioner Prct 4	161,908	162,263	160,135	2,128
County Judge	305,646	306,001	291,493	14,508
Commissioners Court Management	464,208	464,579	459,658	4,921
Grants Administration	225,289	233,289	229,548	3,741
Risk Management	195,182	201,262	177,176	24,086
County Attorney	1,536,712	1,538,400	1,469,697	68,703
County Clerk	706,916	709,700	658,879	50,821
County Clerk-Treasury	299,331	299,331	271,949	27,382
County Clerk Collections	264,892	264,260	229,489	34,771
Election Expense	588,581	838,581	832,622	5,959
Tax Assessor-Collector	3,133,886	3,181,144	3,133,520	47,624
Information Technology	3,301,760	3,301,253	2,551,973	749,280
Human Resources	385,013	385,013	376,267	8,746
County Auditor	1,782,089	1,782,386	1,739,597	42,789
County Purchasing	573,901	580,529	563,936	16,593
Veteran's Service	122,092	122,092	102,979	19,113
General Employee Benefits	180,526	180,526	99,292	81,234
General Administration	3,998,171	2,816,108	2,089,557	726,551
Total General Government	18,751,191	17,892,266	15,924,010	1,968,256

(continued)

**NUECES COUNTY, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b><u>BUILDINGS AND FACILITIES</u></b>				
Courthouse General Repairs	210,579	179,329	168,397	10,932
Ronnie H. Polston Bldg	59,581	79,581	76,960	2,621
Bill Bode County Building	70,896	79,396	69,055	10,341
Robert N Barnes Regional Juvenile Facility	454,307	600,307	492,148	108,159
Broadway Warehouse	13,292	8,792	8,112	680
Records Management Department	485,957	485,450	420,779	64,671
CSCD Cook Building	162,859	181,859	169,307	12,552
Mechanical Maintenance	3,035,958	2,686,603	2,609,453	77,150
Agua Dulce Building	46,363	54,363	42,242	12,121
Bishop Building	46,050	59,050	46,593	12,457
Port Aransas Building	34,040	76,033	70,197	5,836
Johnny S Calderon Building	240,470	272,470	245,628	26,842
Keach Library Building	199,987	250,355	247,038	3,317
Agricultural Building - Robstown	34,910	42,288	37,663	4,625
Medical Examiner Building	59,335	67,329	63,039	4,290
Building Superintendent	1,430,675	1,240,028	1,234,639	5,389
Welfare Building - Robstown	23,446	28,946	22,465	6,481
Hilltop Facility	188,019	189,265	179,016	10,249
Precint III Yard Buildings	20,100	20,100	17,272	2,828
McKenzie Annex	822,855	893,083	797,263	95,820
Robstown Community Center	77,405	74,405	65,293	9,112
Senior Community Service Buildings	56,147	56,802	45,178	11,624
David Berlanga, Sr. Building	28,451	29,296	17,475	11,821
Total Buildings and Facilities	7,801,682	7,655,130	7,145,212	509,918
<b><u>ADMINISTRATION OF JUSTICE</u></b>				
County Court at Law 1	608,399	610,840	598,166	12,674
County Court at Law 2	595,382	628,152	624,689	3,463
County Court at Law 3	610,397	609,192	583,637	25,555
County Court at Law 4	602,405	601,380	570,324	31,056
County Court at Law 5	894,533	1,017,604	1,015,252	2,352
Legal Aid	101,696	101,696	99,832	1,864
Magistrate/Drug/DWI	281,730	284,930	283,340	1,590
Court Administration	383,290	258,810	240,111	18,699
Title IV-D Court	151,593	155,965	152,957	3,008
28th District Court	632,142	629,728	553,977	75,751
94th District Court	641,995	637,266	560,921	76,345
105th District Court	395,725	451,823	448,604	3,219
117th District Court	658,237	657,080	566,584	90,496
148th District Court	617,514	625,241	578,764	46,477
214th District Court	622,783	680,369	669,426	10,943
319th District Court	620,964	618,550	548,720	69,830
347th District Court	631,877	665,686	662,318	3,368
Juvenile Probation	2,421,335	2,420,313	2,399,163	21,150
Juvenile Detention	1,483,430	1,481,430	1,418,612	62,818
Justice Boot Camp	1,584,551	1,586,051	1,390,755	195,296
District Clerk - Jury Administration	1,083,880	1,083,880	954,930	128,950
District Clerk	2,790,014	2,791,381	2,426,958	364,423
Justice of the Peace 1-1	252,151	256,151	252,857	3,294
Justice of the Peace 1-2	262,632	263,261	240,549	22,712

(Continued)

**NUECES COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
Justice of the Peace 1-3	254,972	255,327	236,268	19,059
Justice of the Peace 2-1	295,909	295,909	290,502	5,407
Justice of the Peace 2-2	240,133	240,488	231,130	9,358
Justice of the Peace 3	202,040	202,551	196,945	5,606
Justice of the Peace 4	171,484	175,839	172,637	3,202
Justice of the Peace 5-1	250,039	250,039	234,269	15,770
Justice of the Peace 5-2	185,429	185,529	181,961	3,568
Medical Examiner	1,401,092	1,420,892	1,394,381	26,511
Total Administration of Justice	21,929,753	22,143,353	20,779,539	1,363,814
 <u>LAW ENFORCEMENT &amp; CORRECTIONS</u>				
District Attorney	4,751,979	4,752,927	4,725,535	27,392
County Sheriff	5,861,914	5,843,509	5,422,321	421,188
Id Bureau	708,172	708,297	686,930	21,367
Jail	13,910,077	14,686,234	14,639,259	46,975
Constable 1	713,881	718,862	715,019	3,843
Constable 2	706,512	710,631	647,446	63,185
Constable 3	463,860	467,848	441,534	26,314
Constable 4	519,111	543,205	540,309	2,896
Constable 5	956,041	953,374	870,437	82,937
Total Law Enforcement & Corrections	28,591,547	29,384,887	28,688,790	696,097
 <u>SOCIAL SERVICES</u>				
Social Services - Administration	1,001,113	1,001,113	963,260	37,853
Social Services - Social Services	576,307	576,307	504,194	72,113
Children Protective Services	105,921	105,921	88,167	17,754
Senior Community Services	967,766	965,736	925,452	40,284
Hilltop Community Services	55,209	60,209	56,755	3,454
Social Mental Services	143,714	143,714	135,475	8,239
Total Social Services	2,850,030	2,853,000	2,673,303	179,697
 <u>HEALTH, SAFETY AND SANITATION</u>				
Emergency Services	34,800	34,800	27,450	7,350
Emergency Management	223,603	223,981	197,039	26,942
911 Program	50,493	49,607	47,855	1,752
Code Enforcement	139,181	137,917	121,174	16,743
Animal Control	339,036	337,768	304,823	32,945
Total Health, Safety and Sanitation	787,113	784,073	698,341	85,732
 <u>AGRICULTURE, EDUCATION &amp; CONSUMER SCIENCES</u>				
Agricultural Extension	291,454	290,947	266,765	24,182
Family & Consumer Sciences	86,632	85,746	81,231	4,515
County Library	515,916	515,916	503,702	12,214
Total Agriculture, Education & Consumer Sciences	894,002	892,609	851,698	40,911
 <u>CAPITAL OUTLAY</u>				
Capital Outlay greater than \$5,000	1,070,000	1,070,000	841,684	228,316
Total Capital Outlay	1,070,000	1,070,000	841,684	228,316
Total Expenditures	\$ 82,675,318	\$ 82,675,318	77,602,577	\$ 5,072,741
Excess (deficiency) of revenues over (under) expenditures	194,148	194,148	5,731,477	5,537,329

(continued)

**NUECES COUNTY, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - to Actual GAAP Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,288,234	1,288,234	1,746,266	458,032
Transfers out	<u>(9,024,354)</u>	<u>(9,024,354)</u>	<u>(9,044,144)</u>	<u>(19,790)</u>
 Total other financing sources (uses)	 <u>(7,736,120)</u>	 <u>(7,736,120)</u>	 <u>(7,297,878)</u>	 <u>438,242</u>
 Net change in fund balances	 (7,541,973)	 (7,541,972)	 (1,566,401)	 5,975,571
 Fund balances - beginning	 <u>24,519,311</u>	 <u>24,519,311</u>	 <u>23,568,035</u>	 <u>(951,276)</u>
Fund balances - ending	<u>\$ 16,977,338</u>	<u>\$ 16,977,339</u>	<u>22,001,634</u>	<u>\$ 5,024,295</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, 2016**

	<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	\$ 35,209,990	\$ 35,209,990	\$ 37,420,280	\$ 2,210,290
Total revenues	<u>35,209,990</u>	<u>35,209,990</u>	<u>37,420,280</u>	<u>2,210,290</u>
 <b>EXPENDITURES</b>				
Law Enforcement:				
Personnel services	77,010	77,010	79,184	(2,174)
Reserve appropriations	642,458	642,458	-	642,458
Other services and charges	33,937,931	33,937,931	36,309,177	(2,371,246)
Total expenditures	<u>34,657,399</u>	<u>34,657,399</u>	<u>36,388,361</u>	<u>(1,730,962)</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>552,591</u>	 <u>552,591</u>	 <u>1,031,919</u>	 <u>479,328</u>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,103,877)</u>	<u>(1,103,877)</u>	<u>(1,223,877)</u>	<u>(120,000)</u>
Total other financing sources (uses)	<u>(1,103,877)</u>	<u>(1,103,877)</u>	<u>(1,223,877)</u>	<u>(120,000)</u>
 Net change in fund balances	 (551,286)	 (551,286)	 (191,958)	 359,328
 Fund balances - beginning	 <u>551,286</u>	 <u>551,286</u>	 <u>428,659</u>	 <u>(122,627)</u>
 Fund balances - ending	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 236,701</u>	 <u>\$ 236,701</u>

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

NUECES COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,896,040
Investments	175,300
Due from other funds	1,000,000
Receivables (net of allowance for uncollectibles)	<u>1,360,082</u>
Total assets	<u>4,431,422</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	2,444,328
Due to other funds	<u>1,000,000</u>
Total current liabilities	3,444,328
Noncurrent liabilities	
Estimated claims liability	<u>425,889</u>
Total noncurrent liabilities	<u>425,889</u>
Total liabilities	<u>3,870,217</u>
<b>NET POSITION</b>	
Total net position - unrestricted	<u><u>\$ 561,205</u></u>

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

NUECES COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the Year ended September 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Premiums and reimbursements	\$ 11,624,664
Operating expenses:	
Benefit payments	10,002,857
Insurance premiums and bonds	2,319,943
Self-insurance claims	42,717
Administration	<u>587,392</u>
Total operating expenses	<u>12,952,909</u>
Operating income (loss)	<u>(1,328,245)</u>
Non-operating revenues:	
Investment income	<u>8,439</u>
Total non-operating revenue	<u>8,439</u>
Change in net position	(1,319,806)
Total net position - beginning	<u>1,881,011</u>
Total net position - ending	<u><u>\$ 561,205</u></u>

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

NUECES COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended September 30, 2016

	<u>Governmental Activities - Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services provided	\$ 8,772,576
Receipts from employees	1,217,781
Receipts from other participants	1,287,734
Receipts from reimbursements and refunds	242,594
Payments for benefit claims	(10,086,857)
Payments for insurance and bond policies	(64,345)
Payments for administration	(435,843)
Payments for settlements and claims	<u>(21,692)</u>
Net cash provided in operating activities	<u>911,948</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	161,594
Interest received	<u>1,055,576</u>
Net cash provided by investing activities	<u>1,217,170</u>
Net increase in cash and cash equivalents	119,253
Cash and cash equivalents - beginning	<u>1,776,787</u>
Cash and cash equivalents - ending	<u><u>\$ 1,896,040</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ (1,318,380)
Adjustments to reconcile operating income to net cash provided:	
(Increase) decrease in accounts receivable	(3,166)
(Increase) decrease in due from other funds	2,000,000
Increase (decrease) in estimated claims liabilities	(99,729)
Increase (decrease) in accounts payable	<u>333,223</u>
Total adjustments	<u>2,230,328</u>
Net cash provided by operating activities	<u><u>\$ 911,948</u></u>

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



NUECES COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
September 30, 2016

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 13,237,802
Investments	7,090,835
Due from other governments and agencies	266,485
Accounts receivable	171,169
Prepays	129,210
Total assets	\$ 20,895,501
 <b>Liabilities</b>	
Accounts payable	\$ 17,554,719
Accrued payroll payable	513,359
Due to other governments and agencies	324,432
Funds held in escrow	2,502,992
Total liabilities	\$ 20,895,502

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



NUECES COUNTY, TEXAS  
Notes to the Financial Statements  
September 30, 2016

**I. Summary of significant accounting policies**

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

The County implemented four GASB statements in fiscal year ended September 30, 2016, as follows:

GASB Statement 72, *Fair Value Measurement and Application* (“GASB 72”), modifies the previous definition of fair value and an investment as it addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments. GASB 72 also sets forth disclosure requirements about fair value measurements, the level of fair value hierarchy and valuation techniques. The County has implemented this Statement for the current fiscal year.

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (“GASB 73”), establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and GASB 68 for pension plans and pensions that are within their respective scopes. Implementation of GASB 73 did not have an impact on the County’s financial statements or disclosures.

GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”), has the objective to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (“GAAP”). This Statement supersedes GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The County has implemented this Statement for the current fiscal year.

GASB Statement 79, *Certain External Investment Pools and Pool Participants* (“GASB 79”) establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The County has implemented this Statement for the current fiscal year.

**A. Reporting entity**

*Primary Government*

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

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

## *Component Unit*

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

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

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

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

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

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

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

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

### *Primary Government*

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

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

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

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

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

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

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

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

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

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

The U.S Marshal Contract Fund is used to account for the millions of dollars that the County receives under a contract with the U.S. Marshal Contract fund and then pays to a private prison company for housing federal inmates. During the year ended September 30, 2016, the County changed the accounting methodology related to the U.S. Marshal Contract fund. Prior to October 1, 2015, expenditures related to the U.S. Marshal Contract fund were accounted for as a contra revenue account and netted against revenues and presented as one line item, intergovernmental revenue in the *Statement of Revenues, Expenditures, and Changes in Fund Balances*. We determined that both revenues collected and funds expended meet the criteria as revenue and expenditures, respectively, and netting the two prohibits financial statement users from understanding the actual revenues received and expenses incurred in association with this contract. Therefore it was more appropriate to reflect these items separately, rather than net them against each other. The change in methodology was effective October 1, 2015. The change had no impact on either the *Statement of Net Position* or the *Balance Sheet* of the Governmental Funds. The only impact on the *Statement of Activities* is that the law enforcement and corrections now includes the expenses of the U.S. Marshal Contract fund (\$36,388,362 for the fiscal year ended September 30, 2016) and the charges for services now includes the gross revenues of the U.S. Marshal Contract fund (\$37,420,280). Previously, these would have been netted and reflected as the net amount of the two, or \$1,031,919 under Charges for Services. This had no impact on the net (expense) revenue or the beginning net position. On the *Statement of Revenues, Expenditures, and Changes in Fund Balances*, intergovernmental revenue is now reflected at the gross revenue amount of \$37,420,280 and expenditures of \$36,388,362 are now included under law enforcement and corrections function. Previously, these were netted and reflected under intergovernmental revenues. This change had no impact on the beginning fund balance.

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

Investments are reported at fair value, with some exceptions, in accordance with GASB 72, which was implemented for the fiscal year ended September 30, 2016. GASB 72 requires governments to use valuation techniques in assessing fair value and establishes a hierarchy of three levels used to categorize the inputs that are used to measure fair value. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Texas local government investment pool (TexPool) meets the criteria for a qualifying external investment pool under GASB 79 and therefore continues to be reported at amortized cost. The Board of Trustees of The Texas Cooperative Liquid Assets Securities System (Texas CLASS) external investment pool determined that the investment pool does not meet all the criteria in GASB 79 and therefore participants should measure their investments in the pool at fair value as provided in paragraph 11 of GASB 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair value hierarchy and valuation techniques for all investments reported at fair value as well as cash and investment limitations are disclosed in Note IV. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Deposit and Investment Risk Disclosures are in accordance with GASB Statement No. 40.

### *Component Unit*

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

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

## **2. Receivables and payables**

### *Primary Government*

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

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

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

### *Component Unit*

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

## **3. Inventories and prepaid items**

### *Primary Government*

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

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

#### 4. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the *Statement of Net Position*, deferred inflows and outflows consist of deferred costs on refunding debt obligations that are applicable to future period(s) and certain changes in net pension liability. Unavailable revenue is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

#### 5. Capital assets

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In prior years, donated capital assets were valued at estimated fair market value at the time of donation. With the implementation of GASB Statement No. 72, Fair Value Measurement and Application, this year, donated capital assets are valued at acquisition value at the time of donation. There is no significant change in the reported value of donated assets due to the implementation of GASB 72. The County has paintings and sculptures which are valued at approximately \$193,500 for insurance purposes. The County has taken the position that these paintings and sculptures meet the criteria of the GASB 34 exemption which encourages, but does not require governments to capitalize collections that are (a) held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (b) protected, kept unencumbered, cared for, and preserved; and (c) subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. Therefore, these paintings and sculptures have not been capitalized, nor depreciated and are not reflected in the annual financial statements.

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

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



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

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

*Component Unit*

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

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

**6. Compensated absences**

*Primary Government*

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

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

*Component Unit*

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

**7. Long-term obligations**

*Primary Government*

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

whichever is shorter. Bonds payable are reported net of the applicable bond premiums or discounts. Also per GASB 65, issuance costs are now expensed immediately.

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

## **8. Fund Balance**

### *Primary Government*

As prescribed by GASB 54, governmental funds report fund balance in classifications based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of September 30, 2016, fund balances for the governmental funds are made up of the following:

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

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

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

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

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

### County Fund Balance Policy

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

The County has continued to hold a conservative approach to monitoring expenditures to ensure that fund balances stay strong. In order to do so, Commissioners court adopted a resolution and order on September 16, 2015 establishing the financial guidelines for the minimum general fund reserve of 25% of general fund 2015-2016 budgeted revenues and transfers in order to maintain sound fiscal policies and an excellent bond rating. These good management practices contributed toward the credit rating agencies deciding to reaffirm the County's "double A" ratings (AA+ and Aa2). By a majority vote in a scheduled meeting of the Commissioners court, the Court may commit fund balances and it may modify or rescind these commitments. The

Commissioners court may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds such as the County Judge.

## **E. Employee Benefit Plans**

### *Primary Government*

The adoption of GASB 68 in fiscal year ended September 30, 2015, replaced the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they related to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria.

GASB Statement 71, *Pension Transition for Contributions Made for Subsequent to the Measurement Date* (“GASB 71”), was an amendment to Statement No. 68, *Accounting and Financial Reporting for Pensions* and was adopted in fiscal year ended September 30, 2015. GASB 71 eliminated the source of a potential significant understatement of restated beginning net position and expense in the first year implementation of Statement 68 in accrual basis financial statements.

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

### *Component Unit*

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

## **II. Reconciliation of government-wide and fund financial statements**

### **A. Explanation of certain differences between the governmental fund *Balance Sheet* and the government-wide *Statement of Net Position***

#### *Primary Government*

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

General obligation debt	\$ 109,450,473
Premium (net)	9,194,153
Capital leases	5,300,548
Accrued interest payable	752,976
Compensated absences	<u>1,962,323</u>
Net adjustments to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 126,660,473</u>

### **B. Fund Explanation of certain differences between the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the government-wide *Statement of Activities*.**

The governmental fund *Statement of Revenue, Expenditures, and Change in Fund Balances* includes reconciliation between *net changes in fund balance – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide *Statement of Activities*. One element of that reconciliation indicates, “Governmental

funds report capital outlays as expenditures. However, in the *Statement of Activities* the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this (\$1,306,499) difference are as follows:

Capital outlay	\$11,131,516
Depreciation expense	<u>(12,438,015)</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at change in <i>net position of governmental activities</i>	<u>(\$1,306,499)</u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$5,468,687 difference are as follows:

General obligation debt principle repayments	\$ 7,184,854
Capital leases reconciliation	506,811
Issuance of general obligation debt	(3,000,000)
Amortization of premiums and deferred charges	<u>777,022</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 5,468,687</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 (\$35,904) difference are as follows:

Change in compensated absences	(\$41,057)
Accrued interest	<u>5,153</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>(\$35,904)</u>

### III. Stewardship, compliance and accountability

#### A. Budgetary information

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

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

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

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

*Component Unit*

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

**B. Encumbrances**

*Primary Government*

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized in the governmental funds to the extent - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Encumbrances outstanding at fiscal year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of September 30, 2016, the encumbrance balances for the governmental funds are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	\$ -	\$ 64,342	\$ -	\$ 64,342
Capital Projects Fund	-	2,307,643	-	2,307,643
Non-major Governmental	1,275,061	-	-	1,275,061
Total	<u>\$ 1,275,061</u>	<u>\$ 2,371,985</u>	<u>\$ -</u>	<u>\$ 3,647,046</u>

**IV. Detailed notes on all funds**

**A. Deposits and Investments**

**Deposits**

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

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

**Pooled Cash and Investments**

The County maintains a cash and investment pool that is available for use by all funds. Participation in the Pool is limited to normal operating activities of the fund and other funds that are restricted because of statutory or contractual considerations, but does not include cash on hand (petty cash and change funds). Earnings from the Pool are allocated to the individual funds based upon its equity position of the funds in the Pool. A summary of balances in pooled and non-pooled accounts can be found on the following page.

	<u>Total Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total Cash and Investments</u>	<u>Pooled Funds</u>	<u>Non-Pooled</u>
<b>Governmental Funds:</b>					
General	\$ 21,589,792	\$ 5,570,558	\$ 27,160,350	\$ 23,458,109	\$ 3,702,241
Debt Service	2,563,673	1,028,661	3,592,334	3,592,334	-
U.S. Marshall Contract	2,235,446	-	2,235,446	2,235,446	-
Capital Projects Fund	16,390,851	6,643,162	23,034,013	23,034,013	-
Other Governmental Funds	18,971,797	3,132,312	22,104,109	18,145,952	3,958,157
	<u>61,751,559</u>	<u>16,374,693</u>	<u>78,126,252</u>	<u>70,465,854</u>	<u>7,660,398</u>
<b>Proprietary Funds:</b>					
Internal Service Funds	1,896,040	175,300	2,071,340	1,506,404	564,936
	<u>1,896,040</u>	<u>175,300</u>	<u>2,071,340</u>	<u>1,506,404</u>	<u>564,936</u>
<b>Fiduciary Funds:</b>					
Agency Funds	13,237,802	7,090,835	20,328,637	2,678,692	17,649,945
	<u>13,237,802</u>	<u>7,090,835</u>	<u>20,328,637</u>	<u>2,678,692</u>	<u>17,649,945</u>
<b>TOTAL ALL FUNDS</b>	<u>\$ 76,885,401</u>	<u>\$ 23,640,828</u>	<u>\$ 100,526,229</u>	<u>\$ 74,650,950</u>	<u>\$ 25,875,279</u>

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

GASB 72 redefined investments as securities or other assets that governments hold primarily for the purpose of income or profit having a present service capacity based solely on its ability to generate cash or to be sold to generate cash. According to GASB 72, the investment designation must be made when the asset is acquired and would remain over the life of the asset, even if the use of the asset changes over time. GASB 72 further redefined fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. By expanding how governments define investments, GASB 72 expands the scope of fair value reporting to include investments that were not previously reported at fair value.

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

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

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

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

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

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

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

The following chart summarizes pooled investments recurring fair value measurements and the fair value hierarchy at September 30, 2016.

	<b>Total Value</b>	<b>Quoted Prices in Active Markets for Identical Assets</b>		
		<b>(Level 1 Inputs)</b>	<b>Other Observable Inputs (Level 2 Inputs)</b>	<b>Significant Unobservable Inputs (Level 3 Inputs)</b>
<b>Investments by Fair Value Level</b>				
Negotiable Certificates of Deposit	\$ 7,035,733	\$ -	\$ 7,035,733	\$ -
Municipal Bonds	6,519,780	-	6,519,780	-
U.S. Agency Obligations	2,994,481	-	2,994,481	-
External Investment Pool-Texas CLASS	36,940,169	-	36,940,169	-
<b>Total Investments by Fair Value Level</b>	<b>\$53,490,163</b>	<b>\$ -</b>	<b>\$ 53,490,163</b>	<b>\$ -</b>
<b>Investments Measured at Amortized Cost</b>				
External Investment Pool-TexPool	\$ 6,864			
<b>Total Investments at Amortized Cost</b>	<b>\$ 6,864</b>			
<b>TOTAL ALL INVESTMENTS</b>	<b>\$53,497,027</b>			

The County's investments are comprised of external investment pools with ratings no lower than AAA or AAA, brokered CD's, US Agencies and Municipal Bonds with ratings no lower than the County's AA+. Total pooled investments as of September 30, 2016, were valued at \$53.50 million. The fair value of pooled investments categorized according to the GASB Statement No. 72 fair value hierarchy totaled \$53.49 million, and are all classified as Level 2. Pooled investments also include external investment funds, Texas CLASS and TexPool. The County's total investment in Texas CLASS is \$36.94 million, which is valued at fair value. The County's total investment in TexPool is \$6,864, which is valued at amortized cost.

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

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

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

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

	Fair Value	Less Than One Year	One to Four Years	Weighted Average Days to Maturity
External Investment Pools	\$ 36,947,033	\$ 36,947,033	\$ -	1
Brokered CD's	7,035,733	250,052	6,785,681	578
U S Agencies	2,994,481	-	2,994,481	774
Municipal Bonds	6,519,780	-	6,519,780	618
	<u>\$ 53,497,027</u>	<u>\$ 37,197,085</u>	<u>\$ 16,299,942</u>	<u>195</u>

### Credit risk

Nueces County seeks to control the risk of loss of a security issuer or grantor by purchasing only eligible investments and requiring prior approval of investment vendors with which it transacts business and by having the bank collateralize deposits account at greater than 100% at the market value. In addition, Nueces County executes the purchase of individual eligible investments only on the "delivery versus payment" (DVP) method through Frost bank serving as Nueces County's depository for the safekeeping of collateral with both Nueces County and a third party safekeeping agent to define Nueces County's rights to the collateral in case of default.

Texas statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a Federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed, insured by, or backed by the full faith and credit of this State or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state (rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent.); and certificates of obligations issued by a state or national bank domiciled in Texas.

A certificate of deposit that is purchased through a brokerage firm, or a sales representative other than a bank is called a brokered CD. Each invested brokered CD is guaranteed or insured by the Federal Deposit Insurance Corporation up to \$250,000 per investment instrument. House Bill 2226 (effective 6/17/2011) amends Section 2256.010(b) of the Government Code which allows the County to invest in certificates of deposit through a broker or depository institution. This allows the broker or depository institution to arrange investing for certificates of deposit in one or more federally insured depository institutions, wherever located. Currently the County is investing in brokered certificate of deposits.



Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provision of the PFIA designed to promote liquidity and safety of principal, the (PFIA) requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. All investments noted above are rated AAA-m by Standard & Poor's and Aaa by Moody's.

### Concentration of credit risk

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

### Interest rate risk

In accordance with the County's investment policy, the County manages exposure to declines in the fair market value by laddering its investment portfolio and by limiting its weighted average days to maturity to less than 365 days. With the declining interest rates the County has shortened our investment ladder and cash equivalents have increased. As a result we were 195 weighted average days to maturity. Due to the low interest environment the County has been investing toward the lower end of the range of the ladder in order to reduce the interest rate risk.

### Component Unit

The District's investment policies and types of investments are governed by the Texas Public Funds Investment Act ("PFIA"). The District's management believes that it has complied with the requirements of the PFIA and the District investment policies. At September 30, 2016, the District segmented time distribution analysis of the portfolio by market sector including the Health Benefit Trust. At year end, the District's investment balances were as follows:

	Fair Value	Investment Maturities in Years	
		Less Than One Year	One to Three Years
Cash and Equivalents:			
Collateralized Bank Accounts	\$ 316,741	\$ 316,741	\$ -
Money Market Mutual Funds	235,085	235,085	-
Petty Cash	150	150	-
AAA-Rated Local Government Investment Pools:			
Texpool	32,614,143	32,614,143	-
Logic	17,413	17,413	-
TexStar	9,838,890	9,838,890	-
Total Cash and Equivalents	43,022,422	43,022,422	-
Investments:			
U.S. Agencies:			
Federal Home Loan Mortgage Corporation	4,000,200	-	4,000,200
Federal National Mortgage Association	18,002,346	-	18,002,346
Total Investments	22,002,546	-	22,002,546
TOTAL VALUE	\$ 65,024,968	\$ 43,022,422	\$ 22,002,546
% of Total Portfolio	100%	66.16%	33.84%

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

### **Credit risk**

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

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

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

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

By policy and state law commercial paper must be rated not less than A1/P1 or equivalent by at least two NRSRO's or by one NRSRO if fully secured by an irrevocable letter of credit issued by a bank organized and existing under US law or the law of a state of the US. Commercial paper is restricted to a stated maturity of 90 days or less. The District adopted Investment Policy restricts investment in money market mutual funds to those rated AAA and registered with the SEC. Each fund must strive to maintain a \$1 net asset value.

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

As of September 30, 2016 the cash and investments contained:

- FDIC insured or fully collateralized bank deposits representing .487% of the total portfolio,
- Investment in three local government investment pools representing 65.314% of the total portfolio,
- AAA-rated money market funds striving to maintain \$1 net asset value represented .362% of the total portfolio, and
- US Government agency securities representing 33.837% of the total portfolio.

### **Concentration of credit risk**

The District recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The District's adopted Investment Policy establishes diversification as a major objective of the investment program and 33% of the District's investments are designed to be in obligations of the US Government.

As of September 30, 2016, holdings in US Government securities with ratings of AAA represented 33.837% of the total portfolio. Investment in three local government investments pools represented 65.314% of the total portfolio. The investment in AAA- rated money market funds striving to maintain a \$1 net asset value represented .362% of the total portfolio. The remaining .487% of the portfolio is invested in FDIC insured or fully collateralized bank deposits.

### **Interest rate risk**

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

As of September 30, 2016, holdings in the portfolio with stated maturity dates beyond one year representing 33.837% of the total portfolio all of which were US agencies.

As of September 30, 2016, the portfolio contained 6 callable notes. The callable notes are as follows: Federal National Mortgage Association (FMNA) note with a current market value of \$4,000,700 coupon rate of 1.150% maturing September 13, 2019; Federal Home Loan Mortgage Corporation (FHLMC) note with a current market value of \$4,000,200, coupon rate of 1.250%, maturing July 26, 2019; FNMA note with a current market value of \$3,000,165, coupon rate of 1.125%, maturing October 29, 2018; FNMA note with a current market value of \$4,000,888 coupon rate of 1.300%, maturing March 22, 2019; FNMA note with a current market value of \$4,000,308, coupon rate of 1.20%, maturing on May 23, 2019 and a FNMA note with a current market value of \$3,000,285 coupon rate of 1.250%, maturing on June 28, 2019.

### **Custodial credit risk**

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

As of September 30, 2016, the portfolio contained no certificates of deposit and no repurchase agreements. The portfolio contained .487% in fully insured and collateralized demand deposit accounts. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

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

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

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



**C. Capital Assets**  
*Primary Government*

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Completed Projects	Retirements	Adjustment	Ending Balance
<b>Governmental activities:</b>						
Capital assets not being depreciated:						
Land	\$ 4,893,918	\$ -	\$ 169,636	\$ -	\$ -	\$ 5,063,554
Construction in progress	16,309,846	10,289,832	(2,368,534)	-	-	24,231,144
Total capital assets, not being depreciated	21,203,764	10,289,832	(2,198,898)	-	-	29,294,698
Capital assets being depreciated:						
Buildings and improvements	180,153,963	347,263	1,528,697	-	-	182,029,923
Furniture, equipment and machinery	25,536,224	1,731,593	-	(919,625)	-	26,348,192
Software	891,589	-	91,328	-	-	982,917
Infrastructure	182,909,754	-	578,873	-	-	183,488,627
Total capital assets, being depreciated	389,491,530	2,078,856	2,198,898	(919,625)	-	392,849,659
Less accumulated depreciation for:						
Building and improvements	(84,041,589)	(5,703,862)	-	-	-	(89,745,451)
Furniture, equip and mach.	(15,619,930)	(2,093,622)	-	826,222	-	(16,887,330)
Software	(338,375)	(44,579)	-	-	-	(382,954)
Infrastructure	(130,592,505)	(5,833,124)	-	-	-	(136,425,629)
Total accumulated depreciation	(230,592,399)	(13,675,187)	-	826,222	-	(243,441,364)
Total capital assets, being depreciated, net	158,899,131	(11,596,331)	2,198,898	(93,403)	-	149,408,295
Governmental activities capital assets, net	\$ 180,102,895	\$ (1,306,499)	\$ -	\$ (93,403)	\$ -	\$ 178,702,993

Depreciation expense for the year ended September 30, 2016 was charged to functions/programs of the County as follows:

Governmental activities:	FY 2016	FY 2015	Increase (Decrease)
General government	\$ 486,315	\$ 428,616	\$ 57,699
Buildings and facilities	4,154,693	3,573,203	581,490
Administration of justice	531,948	524,307	7,641
Law enforcement and corrections	766,870	802,392	(35,522)
Health, safety and sanitation	133,295	124,035	9,260
Social services	68,152	72,996	(4,844)
Agriculture, education and consumer sciences	49,700	44,914	4,786
Roads, bridges and transportation	5,663,798	8,029,548	(2,365,750)
Parks and recreation	1,820,416	1,941,133	(120,717)
Total depreciation expense – governmental activities	\$ 13,675,187	\$ 15,541,144	\$ (1,865,957)

At September 30, 2016 the County's construction commitments are as follows:

Project Description	Project Budget	Balance
Building Improvements	\$ 42,291,664	\$ 26,426,789
Fairgrounds Improvements	1,413,031	143,461
Information Technology Systems & Upgrades	10,742,986	1,657,774
Jail Renovations	4,430,060	2,488,430
Juvenile Justice Center Renovations	787,664	224,639

Component Unit

Capital assets activity for the District for the year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,076,926	\$ -	\$ -	\$ 3,076,926
Total capital assets, not being depreciated, net	<u>3,076,926</u>	<u>-</u>	<u>-</u>	<u>3,076,926</u>
Capital assets being depreciated:				
Equipment	1,351,403	10,457	(77,989)	1,283,871
Buildings	28,073,023	-	-	28,073,023
Total capital assets, being depreciated:	<u>29,424,426</u>	<u>10,457</u>	<u>(77,989)</u>	<u>29,356,894</u>
Less accumulated depreciation for:				
Equipment	(1,167,293)	(61,695)	77,989	(1,150,999)
Buildings	(22,869,100)	(333,130)	-	(23,202,230)
Total accumulated depreciation	<u>(24,036,392)</u>	<u>(394,825)</u>	<u>77,989</u>	<u>(24,353,229)</u>
Total capital assets, being depreciated, net	<u>5,388,033</u>	<u>(384,368)</u>	<u>-</u>	<u>5,003,665</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 8,464,959</u>	<u>\$ (384,368)</u>	<u>\$ -</u>	<u>\$ 8,080,591</u>

**D. Inter-fund receivables, payables and transfers**

*Primary Government*

The composition of inter-fund balances as of September 30, 2016, is as follows:

**Due to/from other funds:**

	Due from	Due to
General Fund	\$ 2,222,751	\$ 1,336,462
Capital Projects Fund	2,387,357	2,000,000
Non-major Funds	109,339	1,382,985
Total	<u>\$ 4,719,447</u>	<u>\$ 4,719,447</u>

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

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

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government – governmental funds	Component unit – district	<u>\$ 104,721</u>

**Inter-fund transfers:**

	Transfers In					Total Transfers Out
	General Fund	Debt Service Fund	Capital Projects Fund	U.S. Marshal Contract	Nonmajor Governmental Funds	
<u>Transfers out</u>						
General Fund	\$ -	\$ -	\$ 250,000	\$ -	\$ 8,794,144	\$ 9,044,144
U.S. Marshal Contract	1,223,877	-	-	-	-	1,223,877
Capital Projects Fund	-	-	-	-	83,076	83,076
Debt Service Fund	-	-	-	-	-	-
Nonmajor Governmental Fund	522,389	630,000	548,000	-	535,427	2,235,816
Total Transfers In	<u>\$ 1,746,266</u>	<u>\$ 630,000</u>	<u>\$ 798,000</u>	<u>\$ -</u>	<u>\$ 9,412,648</u>	<u>\$ 12,586,914</u>

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

## E. Leases

### 1. Operating Leases

Operating lease payments are recorded as expenditures or expenses during the life of the lease. Rental expenditures or expenses related to operating leases for the year ended September 30, 2016 were \$291,053. The following table presents minimum future rental obligation on non-cancelable operating leases as of September 30, 2016.

<u>Noncancelable operating leases</u>	
<u>Fiscal Year</u>	<u>Primary Government</u>
2017	\$ 288,153
2018	271,812
2019	272,077
2020	271,850
2021	76,786
Total	<u>\$ 1,180,678</u>

### 2. Capital Leases

Leases that are purchases in substance are reported as capital lease obligations. The capital assets are recorded at the present value of the future minimum lease payments at the inception of the lease. For governmental activities, the assets and liabilities are recorded in the government-wide financial statements.

During fiscal year ended September 30, 2016 the County did not enter into any new capital lease agreements. However, the County is still obligated to prior lease agreements for the purchase of heavy equipment and building improvements. Payments during the fiscal year ended September 30, 2016 for all capital leases totaled \$675,103. Payments include interest ranging from 2.795% and 4.740% per annum.

The tables below are a summary of the future minimum lease payments for all capital leases and any analysis of the property recorded under capital leases by asset category, respectively at September 30, 2016.

<u>Fiscal Year</u>	<u>Future Capital Lease Payments</u>			<u>Type</u>	<u>Assets Under Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total Future Minimum Lease Payments</u>		<u>Assets under Capital Lease</u>	<u>Accumulated Depreciation</u>
2017	\$ 534,737	\$ 151,257	\$ 685,994	Buildings and improvements	\$ 5,562,891	\$ 441,221
2018	333,058	133,322	466,380	Furniture, equipment machinery	784,340	122,799
2019	330,068	123,895	453,963	Total	<u>\$ 6,347,231</u>	<u>\$ 564,020</u>
2020	350,812	114,670	465,482			
2021	372,407	104,865	477,272			
2022-2026	2,024,110	362,250	2,386,360			
2027-2028	<u>1,355,356</u>	<u>76,460</u>	<u>1,431,816</u>			
Total	<u>\$ 5,300,548</u>	<u>\$ 1,066,719</u>	<u>\$6,367,267</u>			

*Component Unit*

The District leases office space for its administrative offices under an operating lease expiring in 2018. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2016 for each of the next four years and in the aggregate are:

Noncancelable operating leases

<u>Fiscal</u> <u>Year</u>	<u>Component</u> <u>Unit</u>
2017	\$ 133,174
2018	<u>89,780</u>
Total	<u>\$ 222,954</u>

Rental payments under all operating leases amounted to \$131,009 during the year ended September 30, 2016.

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

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

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

Each year under the Spohn Membership Agreement, Spohn and the District confer regarding the support necessary for the operations of Spohn over the ensuing fiscal year starting October 1. Spohn prepares a budget that contemplates any modifications or additions in cost to provide healthcare services at MMC and the Satellite Clinics. Upon review of the Spohn budget, economic resources of Spohn, the Members and other factors, Spohn and the District agree on a "Specified Annual Percentage", (as defined in the agreement), of Spohn's net patient revenue that the District will receive. Based on this year's estimate the District budgeted \$83,875,000 and received \$87,379,999 in member revenues for the year ended September 30, 2016.

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



### 3. Long-term debt

#### Primary Government

The following items comprise the County's outstanding general obligation debt at September 30, 2016:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
General Obligation Refunding Bonds, Series 2010	3.00%	2010	2022	\$ 32,630,000
State Energy Conservation Office LoanStar Revolving Program Loan	2.00%	2012	2027	5,855,473
General Obligation Refunding Bonds, Series 2012	3.00%-5.00%	2012	2026	22,345,000
Certificate of Obligation Comb. Tax & Revenue, Series 2015	2.00%-5.00%	2015	2026	18,070,000
General Obligation Refunding, Series 2015	2.00%-5.00%	2015	2027	27,550,000
State Infrastructure Bank	3.47%	2016	2035	<u>3,000,000</u>
Sub - total general obligation debt				109,450,473
Premium on debt (net)				<u>9,194,153</u>
Total general obligation debt at September 30, 2016				<u>\$ 118,644,626</u>

On March 23, 2004, the County approved LoanSTAR a revolving loan mechanism up to the maximum amount of \$1,548,630 with the Texas State Energy Conservation Office under the Comptroller of Public Accounts. The repayment terms included quarterly payments of \$36,602 over 9.75 years funded by the debt service tax rate. The 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. The County made the final loan payment in February 2016.

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

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

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

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

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

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

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

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government on arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County has no cumulative rebate amount due or payable as of September 30, 2016.

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

Fiscal Year Ending	Governmental Activities		Total Debt Service Requirements	
	September 30	Principal		Interest
2017		\$7,591,221	\$4,353,746	\$11,944,967
2018		8,382,156	4,056,660	12,438,817
2019		9,299,248	4,127,583	13,426,831
2020-2023		37,048,643	12,791,204	49,839,847
2024-2027		38,454,205	5,436,910	43,891,115
2028-2031		3,950,000	1,251,494	5,201,494
2032-2035		<u>4,725,000</u>	<u>487,125</u>	<u>5,212,125</u>
Totals		<u>\$109,450,473</u>	<u>\$32,504,722</u>	<u>\$141,955,195</u>

Changes in Long-term Liabilities

Governmental Activities:	Beginning	Additions	Reductions	Ending Balance	Due Within
	Balance				One Year
General obligation debt	\$ 113,635,326	\$ 3,000,000	\$ (7,184,853)	\$ 109,450,473	\$ 7,591,221
Unamortized premium on debt	10,727,735	-	(1,533,582)	9,194,153	-
Capital leases	5,807,359	-	(506,811)	5,300,548	534,737
Compensated absences	1,921,266	3,382,956	(3,341,899)	1,962,323	100,000
General liabilities claims	525,618	-	(99,729)	425,889	300,000
Net pension liability	15,342,918	37,006,049	(14,517,373)	37,831,594	-
Judgements and other claims	657,017	878,540	(963,453)	572,104	110,000
	<u>\$ 148,617,239</u>	<u>\$ 44,267,545</u>	<u>\$ (28,147,700)</u>	<u>\$ 164,737,084</u>	<u>\$ 8,635,958</u>

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

*Component Unit*

The following is a summary of long-term obligation transactions of the District for the year ended September 30, 2016:

	<u>Changes in Long-term Liabilities</u>			
	Beginning Balance	Additions	Reductions	Ending Balance
Other Liabilities:				
Accrued Paid Time Off	<u>\$ 88,981</u>	<u>\$ 144,222</u>	<u>\$ 144,222</u>	<u>\$ 88,981</u>
Total	<u>\$ 88,981</u>	<u>\$ 144,222</u>	<u>\$ 144,222</u>	<u>\$ 88,981</u>

#### 4. Fund balance by designations

##### Primary Government

In fiscal year 2012, the County implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The fiscal year 2016 financial report continues to reflect these changes. GASB 54 is intended to enhance the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classification that compromise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

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

	General Fund	Debt Service Fund	U.S. Marshal Contract	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	\$ 56,401	\$ -	\$ -	\$ -	\$ 60,025	\$ 116,426
Prepays	718,708	-	1,641	-	89,090	809,439
<b>Restricted for:</b>						
Debt Service Reserve	-	3,592,453	-	-	-	3,592,453
U.S. Marshal Contract	-	-	235,060	-	-	235,060
Commissioners Precinct	-	-	-	-	1,302,706	1,302,706
Commissioners Court	-	-	-	-	1,642,513	1,642,513
County Attorney	-	-	-	-	44,000	44,000
County Clerk	-	-	-	-	2,807,126	2,807,126
Tax Assessor Collector	-	-	-	-	7,729	7,729
Juvenile Programs	-	-	-	-	347,229	347,229
District Attorney	-	-	-	-	19,529	19,529
District Clerk	-	-	-	-	89,520	89,520
County Sheriff	-	-	-	-	811,345	811,345
Asset Forfeiture	-	-	-	-	1,469,470	1,469,470
Law Enforcement Education	-	-	-	-	74,370	74,370
Social Services	-	-	-	-	8,727	8,727
Community Health Program	-	-	-	-	2,447,772	2,447,772
Parks & Recreation	-	-	-	-	188,044	188,044
Library	-	-	-	-	2,544	2,544
<b>Committed to:</b>						
Capital Projects	-	-	-	21,752,391	-	21,752,391
Policy on minimum reserves	21,039,425	-	-	-	-	21,039,425
<b>Assigned to:</b>						
Road & Bridges	-	-	-	-	3,228,364	3,228,364
Stadium & Fairgrounds	-	-	-	-	1,776,363	1,776,363
Law Library	-	-	-	-	227,969	227,969
Airport	-	-	-	-	47,951	47,951
Inland Parks	-	-	-	-	164,001	164,001
Coastal Parks	-	-	-	-	480,803	480,803
<b>Unassigned:</b>	187,100	-	-	-	-	187,100
<b>Total Fund Balances</b>	<b>\$ 22,001,634</b>	<b>\$ 3,592,453</b>	<b>\$ 236,701</b>	<b>\$ 21,752,391</b>	<b>\$ 17,337,190</b>	<b>\$64,920,369</b>

#### 5. Intergovernmental Transfers (IGTs)

##### Component Unit

The District participates in the State sponsored Waiver program serving as the Region 4 Anchor. The District provides IGT's for certain healthcare providers in Region 4 so they can participate in Medicaid supplemental funding available under the Waiver. The District budgets IGTs based on provider's estimates of projects completed under the Delivery System Reform Incentive Payment (DSRIP) program and uncompensated care costs reported to HHSC. HHSC determines if provider's achievement of HHSC DSRIP program metrics were met and the amount of available State funds available to providers for their uncompensated care costs. After these complicated calculations are made by HHSC for all providers in the entire State, then HHSC calculates the amount of IGT needed by each provider and determines timing of the payments to providers. Therefore, of the District's budgeted \$111,460,382 for IGT's, the District only paid \$105,759,833 in IGT's in the current fiscal year.

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

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

**V. Other Information**

**A. Risk management**

*Primary Government*

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

Workers Compensation

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

Property & Liability

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

<u>Coverage</u>	<u>Maximum Limit</u>	<u>Deductible</u>
Auto Liabilities	\$100,000	\$5,000
Auto Body Injury Liabilities	\$100,000/\$300,000	\$5,000
Property Damages	Windstorm/Hail Only \$246,000,000	1% per item/others property \$100,000- \$1,500,000
Property Damages	Excluding Windstorm/Hail \$310,443,159 Buildings/ \$33,664,386 Contents; \$100,000,000 Boil & Mach; \$5,000,000 BI-EE	\$100,000
Property Damages	Flood \$3,856,400 Building/\$415,900 Contents	\$1,250-\$3,000
Property Damages	Excess Flood \$2,049,584	\$500,000
Property Damages	Inland Marine Floater \$860,000 Valuable Papers; \$2,012,000 Voting Machines; \$193,000 Fine Arts	\$2,500 min all other than/5% to \$10,000 min Windstorm-Hail
Property Damage & Medical	Airport Legal Liability; Hangarkeepers; Medical \$1,000,000 Airport Legal Liability; \$1,000,000 Hangarkeepers; \$1,000 Medical	Hangarkeeper \$500
Crime Policy	\$5,000-\$100,000	\$2,500
Public Official Liabilities	Excluding Law Enforcement \$1,000,000	\$50,000

### Group Health

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

	<u>Group Health</u> <u>9/30/15</u>	<u>Group Health</u> <u>9/30/16</u>
Unpaid claims, beginning of fiscal year	\$ 613,026	\$ 613,026
Incurred claims	8,719,619	10,086,857
Payments on claims	(8,719,619)	(10,086,857)
Changes in estimate	-	-
Unpaid claims, end of fiscal year	<u>\$ 613,026</u>	<u>\$ 613,026</u>

### General Liabilities

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

	<u>General Liability</u> <u>9/30/15</u>	<u>General Liability</u> <u>9/30/16</u>
Unpaid claims, beginning of fiscal year	\$ 1,571,167	\$ 525,618
Incurred claims	-	-
Payments on claims	(141,609)	(99,729)
Changes in estimate	(903,940)	-
Unpaid claims, end of fiscal year	<u>\$ 525,618</u>	<u>\$ 425,889</u>

### **B. Contingent liabilities**

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

The County is a defendant in various lawsuits. An estimated claims liability of \$425,889 has been established in the internal service fund. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney and legal counsel for the Commissioners court the resolution of these matters will not have a material adverse effect on the financial condition of the County.

## C. Employee retirement systems and pension plans

### *Texas County and District Retirement System*

#### 1. Plan Description

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

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

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

#### 2. Contributions

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

Employees of Nueces County were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the County were 12.28% and 12.18% in calendar years 2015 and 2016, respectively. Nueces County's contributions to TCDRS for the fiscal year ended September 30, 2016 were \$6,619,937 and were equal to the required contributions.

#### 3. Discount Rate

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

The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2016 information for a 7-10 year time horizon.

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA(net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA(net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%
Total		100.00%	

(1) Target asset allocation adopted at the April 2016 TCDRS board meeting.  
(2) Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.  
(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.  
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.



4. Changes in the Net Pension Liability

At December 31, 2015, Nueces County reported a net pension liability of \$37,831,594. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/14	\$ 315,113,198	\$ 299,770,280	\$ 15,342,918
Changes for the year:			
Service cost	6,906,773	-	6,906,773
Interest	25,213,058	-	25,213,058
Change in benefit terms	(1,236,992)	-	(1,236,992)
Difference between expected/actual experience	(2,973,812)	-	(2,973,812)
Changes in assumptions	3,586,139	-	3,586,139
Contributions - employer		6,560,227	(6,560,227)
Contributions - employee		3,746,343	(3,746,343)
Net investment income		(649,272)	649,272
Benefit payments, including refunds of employee contributions	(17,090,200)	(17,090,200)	-
Administrative expenses	-	(212,476)	212,476
Other charges	-	(438,332)	438,332
Net changes	14,404,966	(8,083,710)	22,488,676
Balance at 12/31/15	\$ 329,518,164	\$ 291,686,570	\$ 37,831,594

The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended.

Consistent with the projected increases in life expectancies, the TCDRS Board of Trustees adopted new mortality assumptions that affected measurement of the total pension liability during the measurement period. The change in benefit terms reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

5. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Net pension liability	\$ 78,423,829	\$ 37,831,594	\$ 3,933,180

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

For the year ended September 30, 2016, Nueces County recognized pension expense of \$9,290,352.

At September 30, 2016, Nueces County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience (net of current year amortization)	\$ -	\$ 2,588,270
Changes in actuarial assumptions	2,689,604	-
Differences between projected and actual investment earnings (net of current year amortization)	22,152,256	-
Contributions subsequent to the measurement date	4,844,035	-
Total	\$ 29,685,895	\$ 2,588,270

\$4,844,035 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,	
2016	\$ 5,701,684
2017	\$ 5,701,683
2018	\$ 5,880,640
2019	\$ 4,969,583
2020	\$ -
Thereafter	\$ -

*Component Unit*

The District maintains a single-employer, defined contribution retirement plan available to all employees. The plan is a tax-qualified plan pursuant to section 403(b) of the Internal Revenue Code. All full-time employees are eligible for participation in the plan. As of September 30, 2016, twenty-two employees were enrolled in the plan.

The plan is administered by an outside party. Employees can contribute a percentage of their compensation as permitted by the Internal Revenue Code Section 403(b). The District can make a discretionary matching contribution ranging from 5% to 7% of the employee's earnings based on tenure. The vesting schedule provides for employees to be 100% vested in their contributions. The District's contributions are vested at a rate of 20% per year of employment. The plan permits employees to borrow from the plan and the related administration cost thereof shall be borne by the employee participant. The normal retirement age has been designated as 65 years of age. During the year ended September 30, 2016 the District had retirement plan expenses of \$74,848.

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

#### **D. Recent Accounting Pronouncements**

##### *Primary Government*

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

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

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

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

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

GASB Statement 81, *Irrevocable Split-Interest Agreements* (“GASB 81”) improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB 81 will be implemented by the County in fiscal year 2018 and the impact has not yet been determined.

GASB Statement 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* (“GASB 82”) addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 83, *Certain Asset Retirement Obligation* (“GASB 83”) addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB 83 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

#### **E. Subsequent Events**

The County has evaluated subsequent events through March 29, 2017, the date which the financial statements were available to be issued.

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



**REQUIRED SUPPLEMENTAL INFORMATION**

**Nueces County  
SCHEDULE OF CONTRIBUTIONS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
LAST TEN FISCAL YEARS\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 6,619,937	\$ 6,283,390	\$ 6,242,443	\$ -
Contributions in relation to actuarially determined contribution	<u>(6,619,937)</u>	<u>(6,283,390)</u>	<u>(6,242,443)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$54,232,195	\$50,957,170	\$ 49,939,474	\$ -
Contributions as a percentage of covered employee payroll	12.21%	12.33%	12.50%	

Note: GASB 68, Paragraph 81.2b requires that the data in this schedule be presented as the County's current fiscal year as opposed to the time period covered by the measurement date of January 1, 2015- December 31, 2015

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

**Nueces County**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
**LAST TEN FISCAL YEARS\***

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

Nueces County  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016\***

Plan Year Ended December 31,	2015	2014	2013	2012
<b>Total Pension Liability</b>				
Service cost	\$ 6,906,773	\$ 6,819,879	\$ -	\$ -
Interest (on the total pension liability)	25,213,058	24,018,245		
Changes of benefit terms	(1,236,992)	-		
Difference between expected and actual experience	(2,973,812)	(715,821)		
Change of assumptions	3,586,139			
Benefit payments, including refunds of employee contributions	(17,090,200)	(16,061,500)		
<b>Net Change in Total Pension Liability</b>	<u>14,404,966</u>	<u>14,060,803</u>	-	-
<b>Total Pension Liability - Beginning</b>	<u>315,113,198</u>	<u>301,052,395</u>		
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 329,518,164</u>	<u>\$ 315,113,198</u>	\$ -	\$ -
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 6,560,227	\$ 6,242,443	\$ -	\$ -
Contributions - employee	3,746,343	3,496,680		
Net investment income	(649,272)	19,403,544		
Benefit payments, including refunds of employee contributions	(17,090,200)	(16,061,500)		
Administrative expense	(212,475)	(225,709)		
Other	(438,332)	299,103		
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(8,083,709)</u>	<u>13,154,561</u>	-	-
<b>Plan Fiduciary Net Position - Beginning</b>	<u>299,770,280</u>	<u>286,615,719</u>		
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 291,686,571</u>	<u>\$ 299,770,280</u>	\$ -	\$ -
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 37,831,593</u>	<u>\$ 15,342,918</u>	\$ -	\$ -
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	88.52%	95.13%		
<b>Covered Employee Payroll</b>	\$53,422,045	\$ 49,939,474	\$ -	\$ -
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	70.82%	30.72%		

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



Nueces County  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016\*

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

Nueces County  
 NOTES TO SCHEDULE OF CONTRIBUTIONS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

**Valuation Date:**

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.7 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation
Retirement Age	Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 80 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule:	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

# SUPPLEMENTAL INFORMATION

Non-major Governmental Funds  
Debt Service Fund  
Internal Service Fund  
Fiduciary Funds



## NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

The District Attorney Funds - There are two departments within this fund which include pretrial diversion, and DWI pretrial diversion.

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 seven 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 five departments in this fund which include clinical programs cholesterol screening, environment fund, food inspection, and 1115 waiver funds.

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

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

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

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

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
For the period ending September 30, 2016**

	<b>Road Fund</b>	<b>Stadium &amp; Fairgrounds</b>	<b>Law Library</b>	<b>Airport</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,870,811	\$ 1,484,381	\$ 189,723	\$ 63,503
Investments	47,484	338,601	48,204	-
Receivable (net)	40,229	28,356	150	4,609
Due from other funds	-	-	3,829	5,088
Due from component unit	-	-	-	-
Prepays	46,787	-	1,177	588
Inventories, at cost	19,943	-	-	16,351
<b>Total assets</b>	<b>4,025,254</b>	<b>1,851,338</b>	<b>243,083</b>	<b>90,139</b>
<b>LIABILITIES</b>				
Accounts payable	473,500	51,992	9,746	11,530
Accrued payroll payable	203,685	-	4,191	3,054
Due to other funds	12,894	22,983	-	3,707
Unearned revenues	-	-	-	6,958
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>690,079</b>	<b>74,975</b>	<b>13,937</b>	<b>25,249</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property tax	40,081	-	-	-
<b>Total deferred inflow of resources</b>	<b>40,081</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	66,730	-	1,177	16,939
Restricted	-	-	-	-
Assigned	3,228,364	1,776,363	227,969	47,951
<b>Fund balance</b>	<b>3,295,094</b>	<b>1,776,363</b>	<b>229,146</b>	<b>64,890</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,025,254</b>	<b>\$ 1,851,338</b>	<b>\$ 243,083</b>	<b>\$ 90,139</b>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
For the period ending September 30, 2016**

	<b>Inland Parks</b>	<b>Coastal Parks</b>	<b>Commissioners Precinct Funds</b>	<b>Commissioners Court Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 338,712	\$ 789,922	\$ 1,323,989	\$ 1,703,024
Investments	-	188,826	-	437,197
Receivable (net)	-	100,588	-	212,385
Due from other funds	68	76,591	-	-
Due from component unit	-	-	-	-
Prepays	14,964	12,167	-	7,087
Inventories, at cost	-	20,131	-	-
Total assets	<u>353,744</u>	<u>1,188,225</u>	<u>1,323,989</u>	<u>2,359,693</u>
<b>LIABILITIES</b>				
Accounts payable	66,875	562,952	21,283	119,389
Accrued payroll payable	56,081	49,811	-	27,753
Due to other funds	51,823	62,361	-	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	562,951
Total liabilities	<u>174,779</u>	<u>675,124</u>	<u>21,283</u>	<u>710,093</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property tax	-	-	-	-
Total deferred inflow of resources	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	14,964	32,298	-	7,087
Restricted	-	-	1,302,706	1,642,513
Assigned	164,001	480,803	-	-
Fund balance	<u>178,965</u>	<u>513,101</u>	<u>1,302,706</u>	<u>1,649,600</u>
Total liabilities and fund balances	<u>\$ 353,744</u>	<u>\$ 1,188,225</u>	<u>\$ 1,323,989</u>	<u>\$ 2,359,693</u>



**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
For the period ending September 30, 2016**

	<b>County Attorney Funds</b>	<b>County Clerk Funds</b>	<b>Tax Assessor Funds</b>	<b>Juvenile Programs</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 115,654	\$ 2,860,834	\$ 2,070,007	\$ 242,100
Investments	-	-	-	-
Receivable (net)	-	-	30,030	105,167
Due from other funds	-	4,410	-	-
Due from component unit	-	-	-	-
Prepays	-	3	110	-
Inventories, at cost	-	3,600	-	-
	<u>115,654</u>	<u>2,868,847</u>	<u>2,100,147</u>	<u>347,267</u>
Total assets	<u>115,654</u>	<u>2,868,847</u>	<u>2,100,147</u>	<u>347,267</u>
<b>LIABILITIES</b>				
Accounts payable	-	56,140	2,090,118	38
Accrued payroll payable	1,654	1,978	2,190	-
Due to other funds	-	-	-	-
Unearned revenues	70,000	-	-	-
Other liabilities	-	-	-	-
	<u>71,654</u>	<u>58,118</u>	<u>2,092,308</u>	<u>38</u>
Total liabilities	<u>71,654</u>	<u>58,118</u>	<u>2,092,308</u>	<u>38</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	3,603	110	-
Restricted	44,000	2,807,126	7,729	347,229
Assigned	-	-	-	-
	<u>44,000</u>	<u>2,810,729</u>	<u>7,839</u>	<u>347,229</u>
Fund balance	<u>44,000</u>	<u>2,810,729</u>	<u>7,839</u>	<u>347,229</u>
Total liabilities and fund balances	<u>\$ 115,654</u>	<u>\$ 2,868,847</u>	<u>\$ 2,100,147</u>	<u>\$ 347,267</u>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
For the period ending September 30, 2016**

	<b>District Attorney Funds</b>	<b>District Clerk Funds</b>	<b>County Sheriff Funds</b>	<b>Asset Forfeiture Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,230	\$ 89,617	\$ 964,289	\$ 1,478,642
Investments	-	-	-	-
Receivable (net)	1,755	-	64,634	-
Due from other funds	-	-	-	-
Due from component unit	-	-	-	-
Prepays	2,669	-	-	1,177
Inventories, at cost	-	-	-	-
<b>Total assets</b>	<b>34,654</b>	<b>89,617</b>	<b>1,028,923</b>	<b>1,479,819</b>
<b>LIABILITIES</b>				
Accounts payable	-	-	217,578	2,396
Accrued payroll payable	12,456	97	-	6,776
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>12,456</b>	<b>97</b>	<b>217,578</b>	<b>9,172</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property tax	-	-	-	-
<b>Total deferred inflow of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	2,669	-	-	1,177
Restricted	19,529	89,520	811,345	1,469,470
Assigned	-	-	-	-
<b>Fund balance</b>	<b>22,198</b>	<b>89,520</b>	<b>811,345</b>	<b>1,470,647</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,654</b>	<b>\$ 89,617</b>	<b>\$ 1,028,923</b>	<b>\$ 1,479,819</b>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
For the period ending September 30, 2016**

	<b>Law Enforcement Education</b>	<b>Social Services Funds</b>	<b>Community Health Programs</b>	<b>Parks &amp; Recreation Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 74,420	\$ 14,617	\$ 584,934	\$ 188,044
Investments	-	-	2,072,000	-
Receivable (net)	-	-	5,101	-
Due from other funds	-	-	-	-
Due from component unit	-	-	5,253	-
Prepays	-	-	2,361	-
Inventories, at cost	-	-	-	-
<b>Total assets</b>	<b>74,420</b>	<b>14,617</b>	<b>2,669,649</b>	<b>188,044</b>
<b>LIABILITIES</b>				
Accounts payable	50	5,890	195,629	-
Accrued payroll payable	-	-	23,887	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>50</b>	<b>5,890</b>	<b>219,516</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property tax	-	-	-	-
<b>Total deferred inflow of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	2,361	-
Restricted	74,370	8,727	2,447,772	188,044
Assigned	-	-	-	-
<b>Fund balance</b>	<b>74,370</b>	<b>8,727</b>	<b>2,450,133</b>	<b>188,044</b>
<b>Total liabilities and fund balances</b>	<b>\$ 74,420</b>	<b>\$ 14,617</b>	<b>\$ 2,669,649</b>	<b>\$ 188,044</b>

**NUECES COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
For the period ending September 30, 2016**

	<b>Library Funds</b>	<b>Main Grants</b>	<b>TJJD Grants</b>	<b>Total Non-major Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,844	\$ 491,499	\$ -	\$ 18,971,796
Investments	-	-	-	3,132,312
Receivable (net)	-	1,515,994	219,508	2,328,506
Due from other funds	-	19,354	-	109,340
Due from component unit	-	-	-	5,253
Prepays	-	9,862	14,523	113,475
Inventories, at cost	-	-	-	60,025
	<u>2,844</u>	<u>2,036,709</u>	<u>234,031</u>	<u>24,720,707</u>
<b>Total assets</b>	<b>2,844</b>	<b>2,036,709</b>	<b>234,031</b>	<b>24,720,707</b>
<b>LIABILITIES</b>				
Accounts payable	300	115,495	53,819	4,054,720
Accrued payroll payable	-	39,256	95,682	528,551
Due to other funds	-	1,144,718	84,500	1,382,986
Unearned revenues	-	737,240	-	814,198
Other liabilities	-	-	30	562,981
	<u>300</u>	<u>2,036,709</u>	<u>234,031</u>	<u>7,343,436</u>
<b>Total liabilities</b>	<b>300</b>	<b>2,036,709</b>	<b>234,031</b>	<b>7,343,436</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property tax	-	-	-	40,081
	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,081</u>
<b>Total deferred inflow of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,081</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	149,115
Restricted	2,544	-	-	11,262,624
Assigned	-	-	-	5,925,451
	<u>2,544</u>	<u>-</u>	<u>-</u>	<u>17,337,190</u>
<b>Fund balance</b>	<b>2,544</b>	<b>-</b>	<b>-</b>	<b>17,337,190</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,844</b>	<b>\$ 2,036,709</b>	<b>\$ 234,031</b>	<b>\$ 24,720,707</b>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2016**

	<b>Road Fund</b>	<b>Stadium &amp; Fairgrounds</b>	<b>Law Library</b>	<b>Airport</b>
<b>REVENUES</b>				
Property taxes	\$ 962,627	\$ -	\$ -	\$ -
Fees of office	-	-	169,321	-
Fines and forfeitures	-	-	-	-
Licenses and permits	3,015,303	-	-	-
Intergovernmental revenues	547,730	-	-	-
Charges for services	-	-	265	-
Investment income	9,513	15,891	1,611	344
Rentals and commissions	-	43,373	690	78,332
Miscellaneous revenue	35,361	-	739	9,264
	<u>4,570,534</u>	<u>59,264</u>	<u>172,626</u>	<u>87,940</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	-
Administration of justice	-	-	193,394	-
Law enforcement and corrections	-	-	-	-
Social services	-	-	-	-
Health, safety and sanitation	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	7,371,893	-	-	120,641
Parks and recreation	-	1,147,519	-	-
Capital outlay	-	-	-	-
	<u>7,371,893</u>	<u>1,147,519</u>	<u>193,394</u>	<u>120,641</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(2,801,359)</u>	<u>(1,088,255)</u>	<u>(20,768)</u>	<u>(32,701)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,271,635	1,188,400	-	79,880
Transfers out	(568,046)	(55,845)	-	(29,879)
Sale of Assets	-	-	-	-
	<u>2,703,589</u>	<u>1,132,555</u>	<u>-</u>	<u>50,001</u>
Total other financing sources and (uses)				
Change in Fund Balance	(97,770)	44,300	(20,768)	17,300
Fund balance - beginning	3,392,864	1,732,063	249,914	47,589
Fund balance - ending	<u>\$ 3,295,094</u>	<u>\$ 1,776,363</u>	<u>\$ 229,146</u>	<u>\$ 64,890</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2016**

	Inland Parks	Coastal Parks	Commissioners Precinct Funds	Commissioners Court Funds
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	418,726
Fines and forfeitures	-	-	-	1,962
Licenses and permits	-	301,989	-	4,000
Intergovernmental revenues	-	101,825	-	234,999
Charges for services	-	-	-	-
Investment income	1,520	10,212	-	72,178
Rentals and commissions	-	1,058,028	-	2,925
Miscellaneous revenue	508	33,620	-	650,985
	<u>2,028</u>	<u>1,505,674</u>	<u>-</u>	<u>1,385,775</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	262,796	56,563
Buildings and facilities	-	-	-	1,377,907
Administration of justice	-	-	-	492,723
Law enforcement and corrections	-	-	-	-
Social services	-	-	-	49,374
Health, safety and sanitation	-	-	-	26,229
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	29,195
Parks and recreation	1,456,654	4,058,034	-	-
Capital outlay	-	-	-	-
	<u>1,456,654</u>	<u>4,058,034</u>	<u>262,796</u>	<u>2,031,991</u>
Total expenditures	<u>1,456,654</u>	<u>4,058,034</u>	<u>262,796</u>	<u>2,031,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,454,626)</u>	<u>(2,552,360)</u>	<u>(262,796)</u>	<u>(646,216)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,569,365	1,110,686	363,322	1,584,883
Transfers out	(67,634)	(236,341)	-	(1,152,424)
Sale of Assets	-	-	-	150,652
	<u>1,501,731</u>	<u>874,345</u>	<u>363,322</u>	<u>583,111</u>
Total other financing sources and (uses)	<u>1,501,731</u>	<u>874,345</u>	<u>363,322</u>	<u>583,111</u>
Change in Fund Balance	47,105	(1,678,015)	100,526	(63,105)
Fund balance - beginning	131,860	2,191,116	1,202,180	1,712,705
Fund balance - ending	<u>\$ 178,965</u>	<u>\$ 513,101</u>	<u>\$ 1,302,706</u>	<u>\$ 1,649,600</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2016**

	<b>County Attorney Funds</b>	<b>County Clerk Funds</b>	<b>Tax Assessor Funds</b>	<b>Juvenile Programs</b>	<b>District Attorney Funds</b>
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	523,715	-	-	-
Fines and forfeitures	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	70,000	25,606	85,084	726,253	4,040
Charges for services	-	-	-	3,765	319,181
Investment income	-	-	990	1,212	-
Rentals and commissions	-	-	-	-	-
Miscellaneous revenue	-	-	25	894	-
	<u>70,000</u>	<u>549,321</u>	<u>86,099</u>	<u>732,124</u>	<u>323,221</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
General government	69,944	514,739	97,843	-	-
Buildings and facilities	-	-	-	-	-
Administration of justice	-	-	-	629,942	-
Law enforcement and corrections	-	-	-	-	323,052
Social services	-	-	-	-	-
Health, safety and sanitation	-	-	-	-	-
Agriculture, education and consumer sciences	-	-	-	-	-
Roads, bridges and transportation	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
	<u>69,944</u>	<u>514,739</u>	<u>97,843</u>	<u>629,942</u>	<u>323,052</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>56</u>	<u>34,582</u>	<u>(11,744)</u>	<u>102,182</u>	<u>169</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(47,891)	-	-	-
Sale of Assets	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)					
Change in Fund Balance	56	(13,309)	(11,744)	102,182	169
Fund balance - beginning	43,944	2,824,038	19,583	245,047	22,029
Fund balance - ending	<u>\$ 44,000</u>	<u>\$ 2,810,729</u>	<u>\$ 7,839</u>	<u>\$ 347,229</u>	<u>\$ 22,198</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2016**

	<b>District Clerk Funds</b>	<b>County Sheriff Funds</b>	<b>Asset Forfeitures Funds</b>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees of office	36,612	-	-
Fines and forfeitures	-	-	805,639
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Investment income	-	86	3,080
Rentals and commissions	-	3,774	-
Miscellaneous revenue	-	662,106	1,150
	<hr/>	<hr/>	<hr/>
Total revenues	36,612	665,966	809,869
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Buildings and facilities	-	-	-
Administration of justice	2,571	-	-
Law enforcement and corrections	-	569,265	321,112
Social services	-	-	-
Health, safety and sanitation	-	-	-
Agriculture, education and consumer sciences	-	-	-
Roads, bridges and transportation	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	2,571	569,265	321,112
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	34,041	96,701	488,757
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	6,468	-
Transfers out	(9,509)	-	-
Sale of Assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources and (uses)	(9,509)	6,468	-
Change in Fund Balance	24,532	103,169	488,757
Fund balance - beginning	64,988	708,176	981,890
Fund balance - ending	<u>\$ 89,520</u>	<u>\$ 811,345</u>	<u>\$ 1,470,647</u>



**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2016**

	<b>Law Enforcement Education</b>	<b>Social Services Funds</b>	<b>Community Health Programs</b>	<b>Parks &amp; Recreation Funds</b>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	6,920	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	32,943	-
Intergovernmental revenues	28,069	-	1,271,580	-
Charges for services	-	-	-	-
Investment income	-	-	6,995	-
Rentals and commissions	-	-	-	24,448
Miscellaneous revenue	-	34,474	64,243	50
	<u>28,069</u>	<u>34,474</u>	<u>1,382,681</u>	<u>24,498</u>
Total revenues	28,069	34,474	1,382,681	24,498
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Buildings and facilities	-	-	-	5,552
Administration of justice	-	-	-	-
Law enforcement and corrections	12,068	-	-	-
Social services	-	57,358	-	-
Health, safety and sanitation	-	1,031	1,087,658	-
Agriculture, education and consumer sciences	-	-	-	-
Roads, bridges and transportation	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<u>12,068</u>	<u>58,389</u>	<u>1,087,658</u>	<u>5,552</u>
Total expenditures	12,068	58,389	1,087,658	5,552
Excess (deficiency) of revenues over (under) expenditures	<u>16,001</u>	<u>(23,915)</u>	<u>295,023</u>	<u>18,946</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	35,244	-
Transfers out	-	-	(7,236)	-
Sale of Assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>28,008</u>	<u>-</u>
Total other financing sources and (uses)	-	-	28,008	-
Change in Fund Balance	16,001	(23,915)	323,031	18,946
Fund balance - beginning	58,369	32,642	2,127,102	169,098
Fund balance - ending	<u>\$ 74,370</u>	<u>\$ 8,727</u>	<u>\$ 2,450,133</u>	<u>\$ 188,044</u>

**NUECES COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year ended September 30, 2016**

	Library Funds	Main Grants	TJJD Grants	Total Non-major Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 962,625
Fees of office	-	-	-	1,155,295
Fines and forfeitures	-	-	-	807,601
Licenses and permits	-	-	-	3,354,235
Intergovernmental revenues	-	3,596,677	2,515,971	9,207,833
Charges for services	-	38,276	-	361,487
Investment income	-	9	-	123,640
Rentals and commissions	-	-	-	1,211,572
Miscellaneous revenue	2,526	223,160	-	1,719,104
	<u>2,526</u>	<u>3,858,122</u>	<u>2,515,971</u>	<u>\$ 18,903,393</u>
Total revenues	<u>2,526</u>	<u>3,858,122</u>	<u>2,515,971</u>	<u>\$ 18,903,393</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	1,001,885
Buildings and facilities	-	442,747	-	1,826,206
Administration of justice	-	182,929	2,515,971	4,017,529
Law enforcement and corrections	-	999,722	-	2,225,218
Social services	-	116,077	-	222,809
Health, safety and sanitation	-	1,081,198	-	2,196,115
Agriculture, education and consumer sciences	2,256	52,782	-	55,038
Roads, bridges and transportation	-	40,015	-	7,561,745
Parks and recreation	-	1,084,406	-	7,746,613
Capital outlay	-	-	-	-
	<u>2,256</u>	<u>3,999,876</u>	<u>2,515,971</u>	<u>26,853,158</u>
Total expenditures	<u>2,256</u>	<u>3,999,876</u>	<u>2,515,971</u>	<u>26,853,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>270</u>	<u>(141,754)</u>	<u>-</u>	<u>(7,949,765)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	202,765	-	9,412,648
Transfers out	-	(61,011)	-	(2,235,816)
Sale of Assets	-	-	-	150,652
	<u>-</u>	<u>141,754</u>	<u>-</u>	<u>7,327,484</u>
Total other financing sources and (uses)	<u>-</u>	<u>141,754</u>	<u>-</u>	<u>7,327,484</u>
Change in Fund Balance	270	-	-	(622,281)
Fund balance - beginning	2,274	-	-	17,959,471
Fund balance - ending	<u>\$ 2,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,337,190</u>

**NUECES COUNTY, TEXAS**  
**ROAD FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes, penalty & interest	\$ 969,026	\$ 969,026	\$ 962,627	\$ (6,399)
Licenses and permits	3,265,000	2,905,000	3,015,303	110,303
Intergovernmental revenue	180,000	540,000	547,730	7,730
Investment income	5,000	5,000	9,513	4,513
Miscellaneous revenue	2,500	2,500	35,361	32,861
Total revenues	<u>4,421,526</u>	<u>4,421,526</u>	<u>4,570,534</u>	<u>149,008</u>
<b>EXPENDITURES</b>				
Roads, bridges and transportation:				
Personnel services	4,149,784	4,149,784	3,751,212	398,572
Maintenance, materials and supplies	3,059,470	3,061,470	2,466,126	595,344
Telephone & utilities	110,308	110,308	78,404	31,904
Professional and special serv.	95,000	95,000	84,316	10,684
Other services and charges	488,894	513,894	510,014	3,880
Capital outlay	514,500	487,500	481,821	5,679
Total expenditures	<u>8,417,956</u>	<u>8,417,956</u>	<u>7,371,893</u>	<u>1,046,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,996,430)</u>	<u>(3,996,430)</u>	<u>(2,801,359)</u>	<u>1,195,071</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,271,413	3,271,413	3,271,635	222
Transfers out	(564,080)	(564,080)	(568,046)	(3,966)
Total other financing Sources (uses)	<u>2,707,333</u>	<u>2,707,333</u>	<u>2,703,589</u>	<u>(3,744)</u>
Net change in fund balances	<u>(1,289,097)</u>	<u>(1,289,097)</u>	<u>(97,770)</u>	<u>1,191,327</u>
Fund balances - beginning	<u>2,964,682</u>	<u>2,964,682</u>	<u>3,392,864</u>	<u>428,182</u>
Fund balances - ending	<u>\$ 1,675,585</u>	<u>\$ 1,675,585</u>	<u>\$ 3,295,094</u>	<u>\$ 1,619,509</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)
<b>REVENUES</b>				
Rentals and commissions	\$ 46,800	\$ 46,800	\$ 43,374	\$ (3,426)
Investment income	1,500	1,500	15,891	14,391
Total revenues	48,300	48,300	59,265	10,965
<b>EXPENDITURES</b>				
Parks and recreation:				
Maintenance, materials and supplies	86,000	233,273	185,587	47,686
Telephone & utilities	130,000	130,000	92,251	37,749
Reserve appropriations	1,330,000	1,227,795	-	1,227,795
Professional services	2,000	16,130	9,429	6,701
Other services and charges	962,300	970,300	860,253	110,047
Other Expenses	5,088	5,088	-	5,088
Capital outlay	80,000	12,802	-	12,802
Total expenditures	2,595,388	2,595,388	1,147,520	1,447,868
Excess (deficiency) of revenues over (under) expenditures	(2,547,088)	(2,547,088)	(1,088,255)	1,458,833
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,165,000	1,165,000	1,188,400	23,400
Transfers out	(15,500)	(15,500)	(55,845)	(40,345)
Total other financing Sources (uses)	1,149,500	1,149,500	1,132,555	(16,945)
Net change in fund balances	(1,397,588)	(1,397,588)	44,300	1,441,888
Fund balances - beginning	1,817,566	1,817,566	1,732,063	(85,503)
Fund balances - ending	\$ 419,978	\$ 419,978	\$ 1,776,363	\$ 1,356,385

**NUECES COUNTY, TEXAS**  
**LAW LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 160,000	\$ 160,000	\$ 169,321	\$ 9,321
Charges for Services	1,100	1,100	265	(835)
Investment Income	850	850	1,611	761
Rentals and commissions	700	700	690	(10)
Miscellaneous revenue	2,000	2,000	739	(1,261)
Total revenues	164,650	164,650	172,626	7,976
<b>EXPENDITURES</b>				
Adminstration of Justice				
Personnel services	92,709	94,709	92,777	1,932
Maintenance, materials and supplies	1,400	1,400	344	1,056
Professional and special services	37,143	37,143	35,218	1,925
Reserve appropriations	22,000	20,000	-	20,000
Other services and charges	69,645	69,645	65,055	4,590
Capital outlay	4,000	4,000	-	4,000
Total expenditures	226,897	226,897	193,394	33,503
Deficiency of revenues under expenditures	(62,247)	(62,247)	(20,768)	41,479
Fund balances - beginning	242,837	242,837	249,914	7,077
Fund balances - ending	\$ 180,590	\$ 180,590	\$ 229,146	\$ 48,556

**NUECES COUNTY, TEXAS**  
**AIRPORT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 35	\$ 35	\$ 344	\$ 309
Rentals and commissions	88,542	88,524	78,333	(10,191)
Miscellaneous revenue	2,900	2,900	9,264	6,364
Total revenues	91,477	91,459	87,941	(3,518)
<b>EXPENDITURES</b>				
Roads, bridges and transportation:				
Personnel services	56,398	58,187	55,528	2,659
Maintenance, materials and supplies	33,100	38,585	31,754	6,831
Telephone & utilities	22,748	22,748	19,163	3,585
Professional and special services	11,960	6,475	4,127	2,348
Reserve appropriations	27,364	27,364	-	27,364
Other services and charges	13,773	11,984	10,069	1,915
Total expenditures	165,343	165,343	120,641	44,702
Excess (deficiency) of revenues over (under) expenditures	(73,866)	(73,884)	(32,700)	41,184
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	79,880	79,880	79,880	-
Transfers out	(50,000)	(50,000)	(29,879)	20,121
Total other financing Sources (uses)	29,880	29,880	50,001	20,121
Net change in fund balances	(43,986)	(44,004)	17,301	61,305
Fund balances - beginning	45,586	45,586	47,589	2,003
Fund balances - ending	\$ 1,600	\$ 1,582	\$ 64,890	\$ 63,308

**NUECES COUNTY, TEXAS**  
**INLAND PARKS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 400	\$ 400	\$ 1,520	\$ 1,120
Miscellaneous revenue	-	-	508	508
Total revenues	400	400	2,028	1,628
<b>EXPENDITURES</b>				
Parks and recreation:				
Personnel services	944,641	943,641	884,331	59,310
Maintenance, materials and supplies	273,551	295,551	211,405	84,146
Telephone & utilities	194,995	194,995	189,153	5,842
Professional and special services	5,000	13,500	13,035	465
Other services and charges	50,656	81,656	60,053	21,603
Capital outlay	160,000	99,500	98,677	823
Total expenditures	1,628,843	1,628,843	1,456,654	172,189
Excess (deficiency) of revenues over (under) expenditures	(1,628,443)	(1,628,443)	(1,454,626)	173,817
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,552,641	1,552,641	1,569,365	16,724
Transfers out	-	-	(67,634)	(67,634)
Total other financing Sources (uses)	1,552,641	1,552,641	1,501,731	(50,910)
Net change in fund balances	(75,802)	(75,802)	47,105	122,907
Fund balances - beginning	75,802	75,802	131,860	56,058
Fund balances - ending	\$ -	\$ -	\$ 178,965	\$ 178,965

**NUECES COUNTY, TEXAS**  
**COASTAL PARKS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Beach Parking Fees	\$ 285,000	\$ 285,000	\$ 301,989	\$ 16,989
RV & PJ Park Rentals	360,000	360,000	393,071	33,071
Pier Fees & Commission	440,000	440,000	445,937	5,937
Interest Income	8,500	8,500	10,212	1,712
Rentals and commissions	55,000	55,000	67,205	12,205
Beach Cleaning - State	95,000	95,000	101,825	6,825
Refunds & Reimbursement	8,000	8,000	336	(7,664)
Other Income	500	500	343	(157)
Commodity Sales	24,000	24,000	33,281	9,281
RV Park Improvements	135,000	135,000	151,475	16,475
Total revenues	<u>1,411,000</u>	<u>1,411,000</u>	<u>1,505,674</u>	<u>94,674</u>
<b>EXPENDITURES</b>				
Parks & Recreation:				
Personnel services	1,208,080	1,179,596	1,150,378	29,218
Maintenance, materials and supplies	309,028	513,956	387,352	126,604
Telephone & utilities	403,500	388,500	383,937	4,563
Professional and special services	86,900	1,607,377	1,596,029	11,348
Reserve appropriations	1,701,262	-	-	-
Other services and charges	486,949	500,449	494,497	5,952
Capital outlay	40,000	45,841	45,841	-
Total expenditures	<u>4,235,719</u>	<u>4,235,719</u>	<u>4,058,034</u>	<u>177,685</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,824,719)</u>	<u>(2,824,719)</u>	<u>(2,552,360)</u>	<u>272,359</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,072,000	1,072,000	1,110,686	38,686
Transfers out	(190,000)	(190,000)	(236,341)	(46,341)
Total other financing Sources (uses)	<u>882,000</u>	<u>882,000</u>	<u>874,345</u>	<u>(7,655)</u>
Net change in fund balances	(1,942,719)	(1,942,719)	(1,678,015)	264,704
Fund balances - beginning	<u>2,226,552</u>	<u>2,226,552</u>	<u>2,191,116</u>	<u>(35,436)</u>
Fund balances - ending	<u>\$ 283,833</u>	<u>\$ 283,833</u>	<u>\$ 513,101</u>	<u>\$ 229,268</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Commissioners Court Funds	\$ 1,559,091	\$ 1,559,091	\$ 1,385,775	\$ (173,316)
County Attorney Funds	70,000	70,000	70,000	-
County Clerk Funds	505,000	505,000	549,321	44,321
Tax Assessor Collector	112,122	112,122	86,099	(26,023)
Juvenile Programs	723,884	723,884	732,124	8,240
District Attorney Funds	349,065	349,065	323,221	(25,844)
District Clerk Funds	23,500	23,500	36,612	13,112
County Sheriff Funds	386,050	386,050	665,966	279,916
Asset Forfeiture Funds	156,850	156,850	809,869	653,019
LEOSE Funds	29,715	29,715	28,069	(1,646)
Social Services Funds	93,000	93,000	34,474	(58,526)
Community Health Programs	1,408,614	1,408,614	1,382,681	(25,933)
Parks & Recreation Funds	24,000	24,000	24,498	498
Library Funds	6,000	6,000	2,526	(3,474)
Total revenues	5,446,891	5,446,891	6,131,235	684,344
 Current:				
<b>General government</b>				
Commissioners Precinct Funds	1,538,792	1,538,792	262,796	1,275,996
Commissioners Court	303,799	252,630	56,563	196,067
County Attorney	114,086	114,086	69,944	44,142
County Clerk	3,108,697	3,108,697	514,739	2,593,958
Tax Assessor Collector	131,583	131,583	97,843	33,740
<b>Buildings and facilities</b>				
Commissioners Court	2,225,049	2,374,309	1,377,907	996,402
Parks & recreation funds	138,965	138,965	5,552	133,413
<b>Administration of justice</b>				
Commissioners Court	1,032,269	1,032,269	492,723	539,546
Juvenile Programs	948,738	948,738	629,942	318,796
District Clerk Funds	52,553	52,553	2,571	49,982
<b>Law enforcement and corrections</b>				
District Attorney Funds	387,047	378,881	323,052	55,829
County Sheriff Funds	1,017,548	1,027,998	569,265	458,733
Asset Forfeiture	938,019	970,644	321,112	649,532
Law Enforcement Education	86,015	86,015	12,068	73,947
<b>Social services</b>				
Commissioners Court	127,897	127,897	49,374	78,523
Social Services	125,051	125,051	57,358	67,693
Parks & Recreation Funds	11,272	11,272	-	11,272
<b>Health, safety and sanitation</b>				
Commissioners Court	56,239	56,239	26,229	30,010
Social Services	1,750	1,750	1,031	719
Community Health Programs	2,543,232	2,418,232	1,087,658	1,330,574
<b>Agriculture, education and consumer sciences</b>				
Commissioners Court	12,024	12,024	-	12,024
Library Funds	7,244	7,244	2,256	4,988

(Continued)

**NUECES COUNTY, TEXAS**  
**SPECIAL REVENUES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the year ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Roads, bridges, and transportation</b>				
Commissioners Court	\$ 408,335	\$ 400,335	\$ 29,195	\$ 371,140
<b>Parks &amp; recreation</b>				
Parks & recreation funds	53,563	53,563	-	53,563
Total expenditures	<u>15,369,767</u>	<u>15,369,767</u>	<u>5,989,178</u>	<u>9,380,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,922,876)</u>	<u>(9,922,876)</u>	<u>142,057</u>	<u>10,064,933</u>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,916,083	1,916,083	1,989,917	73,834
Transfers out	(932,445)	(932,445)	(1,217,060)	(284,615)
Sale of Assets	-	-	150,652	150,652
Total other financing sources and (uses)	<u>983,638</u>	<u>983,638</u>	<u>923,509</u>	<u>(60,129)</u>
Net change in fund balances	(8,939,238)	(8,939,238)	1,065,566	10,004,804
Fund balances - beginning	<u>9,301,643</u>	<u>9,301,643</u>	<u>10,214,065</u>	<u>912,422</u>
	<u>\$ 362,405</u>	<u>\$ 362,405</u>	<u>\$ 11,279,631</u>	<u>\$ 10,917,226</u>

**NUECES COUNTY, TEXAS**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 10,892,579	\$ 10,892,579	\$ 10,671,448	\$ (221,131)
Investment income	10,500	10,500	37,254	26,754
Total revenues	<u>10,903,079</u>	<u>10,903,079</u>	<u>10,708,702</u>	<u>(194,377)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	7,184,604	7,184,604	7,184,854	(250)
Interest	4,653,797	4,653,797	4,653,564	233
Fiscal agents fees	22,850	22,850	5,375	17,475
Bond issuance costs	-	-	78,094	(78,094)
Total expenditures	<u>11,861,251</u>	<u>11,861,251</u>	<u>11,921,887</u>	<u>(60,636)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(958,172)</u>	<u>(958,172)</u>	<u>(1,213,185)</u>	<u>(255,013)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	630,000	630,000	630,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>630,000</u>	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Net change in fund balances	(328,172)	(328,172)	(583,185)	(255,013)
Fund balances - beginning	4,387,512	4,387,512	4,175,638	(211,874)
Fund balances - ending	<u>\$ 4,059,340</u>	<u>\$ 4,059,340</u>	<u>\$ 3,592,453</u>	<u>\$ (466,887)</u>



# INTERNAL SERVICE FUNDS



NUECES COUNTY, TEXAS  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
September 30, 2016

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 406,684	\$ 961,274	\$ 528,082	\$ 1,896,040
Investments	-	175,300	-	175,300
Due from other funds	-	-	1,000,000	1,000,000
Receivables (net of allowance for uncollectibles)	-	461,913	898,169	1,360,082
<b>TOTAL ASSETS</b>	<b>406,684</b>	<b>1,598,487</b>	<b>2,426,251</b>	<b>4,431,422</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	-	78,000	2,366,328	2,444,328
Due to Other Funds	250,000	750,000	-	1,000,000
Total current liabilities	250,000	828,000	2,366,328	3,444,328
<b>Noncurrent liabilities</b>				
Estimated claims liability	-	425,889	-	425,889
Total noncurrent liabilities	-	425,889	-	425,889
<b>TOTAL LIABILITIES</b>	<b>250,000</b>	<b>1,253,889</b>	<b>2,366,328</b>	<b>3,870,217</b>
<b>NET POSITION</b>				
Unrestricted	156,684	344,598	59,923	561,205
<b>TOTAL NET POSITION</b>	<b>\$ 156,684</b>	<b>\$ 344,598</b>	<b>\$ 59,923</b>	<b>\$ 561,205</b>

NUECES COUNTY, TEXAS  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
For the Year Ended September 30, 2016

	Workers Compensation Fund	General Liability Insurance	Group Health Insurance	Total
Operating revenues:				
Premiums and reimbursements	\$ 405,030	\$ 1,302,418	\$ 9,917,216	\$ 11,624,664
Total operating revenues	<u>405,030</u>	<u>1,302,418</u>	<u>9,917,216</u>	<u>11,624,664</u>
Operating expenses:				
Benefit payments	-	-	10,002,857	10,002,857
Insurance premiums and bonds	379,924	1,514,006	426,013	2,319,943
Claims and settlements	-	42,717	-	42,717
Administration	-	-	587,392	587,392
Total operating expenses	<u>379,924</u>	<u>1,556,723</u>	<u>11,016,262</u>	<u>12,952,909</u>
Operating income (loss)	<u>25,106</u>	<u>(254,305)</u>	<u>(1,099,046)</u>	<u>(1,328,245)</u>
Non operating revenues:				
Investment income	<u>984</u>	<u>4,896</u>	<u>2,559</u>	<u>8,439</u>
Income (loss) before transfers	26,090	(249,409)	(1,096,487)	(1,319,806)
Transfers in	-	-	1,000,000	1,000,000
Transfers out	<u>(250,000)</u>	<u>(750,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Total transfers	<u>(250,000)</u>	<u>(750,000)</u>	<u>1,000,000</u>	<u>-</u>
Change in net position	(223,910)	(999,409)	(96,487)	(1,319,806)
Net position at beginning of year	<u>380,594</u>	<u>1,344,007</u>	<u>156,410</u>	<u>1,881,011</u>
Net position at end of year	<u>\$ 156,684</u>	<u>\$ 344,598</u>	<u>\$ 59,923</u>	<u>\$ 561,205</u>



NUECES COUNTY, TEXAS  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2016

	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	\$ 405,030	\$ 1,267,354	\$ 7,100,192	\$ 8,772,576
Receipts from employees	-	(99,728)	1,317,509	1,217,781
Receipts from other participants	-	-	1,287,734	1,287,734
Receipts from reimbursements and refunds	-	35,064	207,530	242,594
Payments for benefit claims	-	-	(10,086,857)	(10,086,857)
Payments for insurance and bond policies	(243,082)	(823,905)	1,002,642	(64,345)
Payments for administration	-	(3,795)	(432,048)	(435,843)
Payments for settlements and claims	-	(21,692)	-	(21,692)
Net cash provided in operating activities	<u>161,948</u>	<u>353,298</u>	<u>396,702</u>	<u>911,948</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of investments	25,603	135,991	-	161,594
Interest received	403,942	(200,925)	852,559	1,055,576
Net cash provided by investing activities	<u>429,545</u>	<u>(64,934)</u>	<u>852,559</u>	<u>1,217,170</u>
Net increase in cash and cash equivalents	341,493	(471,500)	249,260	119,253
Cash and cash equivalents at beginning of year	<u>65,191</u>	<u>1,432,774</u>	<u>278,822</u>	<u>1,776,787</u>
Cash and cash equivalents at end of year	<u>\$ 406,684</u>	<u>\$ 961,274</u>	<u>\$ 528,082</u>	<u>\$ 1,896,040</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 25,106	\$ (244,440)	\$ (1,099,046)	\$ (1,318,380)
Adjustments to reconcile operating loss to net cash provided:				
(Increase) decrease in accounts receivable	-	-	(3,166)	(3,166)
(Increase) decrease in due from other funds	250,000	750,000	1,000,000	2,000,000
Increase (decrease) in estimated claims liabilities	-	(99,729)	-	(99,729)
Increase (decrease) in accounts payable	(113,158)	(52,533)	498,914	333,223
Total Adjustments	<u>136,842</u>	<u>597,738</u>	<u>1,495,748</u>	<u>2,230,328</u>
Net cash provided by operating activities	<u>\$ 161,948</u>	<u>\$ 353,298</u>	<u>\$ 396,702</u>	<u>\$ 911,948</u>



# FIDUCIARY FUNDS



NUECES COUNTY, TEXAS  
 COMBINING STATEMENT FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 SEPTEMBER 30, 2016

ASSETS	<u>CSCD</u>	<u>Nueces County Trust</u>	<u>Metropolitan Planning Organization</u>	<u>Total</u>
Cash, equivalents & pooled funds	\$ 2,656,868	\$ 10,209,251	\$ 371,683	\$ 13,237,802
Investments	-	7,090,835	-	7,090,835
Due from other governments and agencies	-	266,485	-	266,485
Accounts receivable	68,853	-	102,316	171,169
Prepays	-	124,426	4,785	129,210
<b>TOTAL ASSETS</b>	<b><u>\$ 2,725,721</u></b>	<b><u>\$ 17,690,997</u></b>	<b><u>\$ 478,784</u></b>	<b><u>\$ 20,895,501</u></b>
LIABILITIES				
Accounts payable	\$ 247,980	\$ 17,037,055	\$ 269,684	\$ 17,554,719
Accrued payroll payable	432,452	59,145	21,762	513,359
Due to other governments and agencies	184,693	139,739	-	324,432
Funds held in escrow	1,860,596	455,058	187,338	2,502,992
<b>TOTAL LIABILITIES</b>	<b><u>\$ 2,725,721</u></b>	<b><u>\$ 17,690,997</u></b>	<b><u>\$ 478,784</u></b>	<b><u>\$ 20,895,502</u></b>

Nueces County, Texas  
Statement of Changes in Fiduciary Assets and Liabilities -  
Agency Funds  
For the Year Ended September 30, 2016

	Balance 9/30/2015	Additions	Deductions	Balance 9/30/2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,281,248	\$ 38,125,433	\$ 37,168,879	\$ 13,237,802
Investments	6,139,743	1,364,232	413,139	7,090,835
Due from other governments and agencies	326,205	1,673,806	1,733,526	266,485
Accounts receivable	344,293	26,018,257	26,191,382	171,169
Prepays	18,913	129,210	18,913	129,210
<b>TOTAL ASSETS</b>	<b>\$ 19,110,402</b>	<b>\$ 67,310,938</b>	<b>\$ 65,525,839</b>	<b>\$ 20,895,501</b>
<b>LIABILITIES</b>				
Accounts payable	15,671,437	32,629,539	34,512,821	17,554,719
Accrued payroll payable	354,975	9,729,568	9,887,952	513,359
Due to other governments and agencies	692,259	816,918	449,091	324,432
Funds held in escrow	2,391,732	1,820,624	1,931,884	2,502,992
<b>TOTAL LIABILITIES</b>	<b>\$ 19,110,403</b>	<b>\$ 44,996,649</b>	<b>\$ 46,781,748</b>	<b>\$ 20,895,502</b>

NUECES COUNTY, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
For the Year Ended September 30, 2016

CSCD

	Balance 9/30/2015	Additions	Deductions	Balance 9/30/2016
<b>ASSETS</b>				
Cash, equivalents & pooled funds	\$ 2,707,008	\$ 25,390,616	\$ 25,440,756	\$ 2,656,868
Accounts receivable	71,970	24,897,812	24,900,929	68,853
<b>TOTAL ASSETS</b>	<b>\$ 2,778,978</b>	<b>\$ 50,288,428</b>	<b>\$ 50,341,685</b>	<b>\$ 2,725,721</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 258,342	\$ 17,513,957	\$ 17,503,595	\$ 247,980
Accrued payroll payable	310,688	7,928,560	8,050,324	432,452
Due to other governments and agencies	491,780	512,970	205,883	184,693
Funds held in escrow	1,718,168	1,741,919	1,884,347	1,860,596
<b>TOTAL LIABILITIES</b>	<b>\$ 2,778,978</b>	<b>\$ 27,697,406</b>	<b>\$ 27,644,149</b>	<b>\$ 2,725,721</b>

NUECES COUNTY TRUST

	Balance 9/30/2015	Additions	Deductions	Balance 9/30/2016
<b>ASSETS</b>				
Cash, equivalents & pooled funds	\$ 9,334,142	\$ 11,520,046	\$ 10,644,937	\$ 10,209,251
Investments	6,139,743	1,364,232	413,139	7,090,835
Due from other governments and agencies	326,205	1,673,806	1,733,526	266,485
Accounts receivable	34,970	-	34,970	-
Prepays	14,750	124,426	14,750	124,426
<b>TOTAL ASSETS</b>	<b>\$ 15,849,810</b>	<b>\$ 14,682,510</b>	<b>\$ 12,841,323</b>	<b>\$ 17,690,997</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 15,143,151	\$ 13,468,909	\$ 15,362,813	\$ 17,037,055
Accrued payroll payable	37,387	1,329,139	1,350,897	59,145
Due to other governments and agencies	200,479	303,948	243,208	139,739
Funds held in escrow	468,794	13,736	-	455,058
<b>TOTAL LIABILITIES</b>	<b>\$ 15,849,811</b>	<b>\$ 15,115,732</b>	<b>\$ 16,956,918</b>	<b>\$ 17,690,997</b>

METROPOLITAN PLANNING ORG.

	Balance 9/30/2015	Additions	Deductions	Balance 9/30/2016
<b>ASSETS</b>				
Cash, equivalents & pooled funds	\$ 240,098	\$ 1,214,771	\$ 1,083,186	\$ 371,683
Accounts Receivable	237,353	1,120,445	1,255,483	102,316
Prepays	4,163	4,785	4,163	4,785
<b>TOTAL ASSETS</b>	<b>\$ 481,614</b>	<b>\$ 2,340,001</b>	<b>\$ 2,342,831</b>	<b>\$ 478,784</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 269,944	\$ 1,646,673	\$ 1,646,413	\$ 269,684
Accrued payroll payable	6,900	471,869	486,731	21,762
Due to other governments and agencies	-	-	-	-
Funds Held in Escrow	204,770	64,969	47,537	187,338
<b>TOTAL LIABILITIES</b>	<b>\$ 481,614</b>	<b>\$ 2,183,511</b>	<b>\$ 2,180,681</b>	<b>\$ 478,784</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	132-139
<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	140-153
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	154-159
<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	160-173
<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	174-182
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

**Nueces County, Texas**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:				
Primary government (excludes component units)				
Net investment in capital assets	\$ 127,137,862	\$ 119,615,150	\$ 114,418,905	\$ 84,990,779
Restricted	15,684,832	48,736,178	14,855,823	14,739,132
Unrestricted	<u>14,273,648</u>	<u>(15,598,846)</u>	<u>21,545,294</u>	<u>48,795,609</u>
Total primary government net position	<u>\$ 157,096,342</u>	<u>\$ 152,752,482</u>	<u>\$ 150,820,022</u>	<u>\$ 148,525,520</u>

**Exhibit 1**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 106,372,898	\$ 90,846,187	\$ 83,933,928	\$ 78,879,070	\$ 66,467,569	\$ 69,252,520
16,108,044	17,328,598	12,502,545	13,843,763	15,687,500	16,016,003
<u>19,479,502</u>	<u>30,480,260</u>	<u>36,247,660</u>	<u>37,193,225</u>	<u>40,557,779</u>	<u>28,658,392</u>
<u>\$ 141,960,444</u>	<u>\$ 138,655,045</u>	<u>\$ 132,684,133</u>	<u>\$ 129,916,058</u>	<u>\$ 122,712,848</u>	<u>\$ 113,926,915</u>

**Nueces County, Texas**  
**Changes In Net Position**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	2007	2008	2009	2010
<b>Expenses</b>				
General government	\$ 12,487,965	\$ 13,447,105	\$ 13,922,786	\$ 13,483,612
Building and facilities	8,256,406	8,799,943	9,216,536	10,165,122
Administration of justice	23,729,715	24,763,021	26,870,285	27,292,561
Law enforcement and corrections	23,817,761	22,643,877	23,257,876	24,468,809
Social services	2,514,128	2,567,466	2,664,755	2,679,502
Health, safety and sanitation	1,748,318	1,757,672	3,083,653	2,023,424
Agriculture, education and consumer sciences	492,016	722,211	788,629	865,488
Roads, bridges and transportation	12,578,634	13,708,534	13,662,879	14,143,486
Parks and recreation	4,930,535	5,460,139	5,595,232	5,948,582
Interest and fees on long -term debt	5,995,943	6,291,032	6,086,736	5,823,695
Total primary government expenses	<u>\$ 96,551,421</u>	<u>\$ 100,161,000</u>	<u>\$ 105,149,367</u>	<u>\$ 106,894,281</u>
<b>Program Revenues</b>				
Charges for services:				
General government	\$ 6,803,856	\$ 7,614,423	\$ 7,419,814	\$ 7,631,054
Buildings and facilities	764,542	802,452	1,004,650	1,010,740
Administration of justice	6,312,388	5,761,254	6,290,997	8,381,617
Law enforcement and corrections	2,592,443	2,348,523	2,976,714	2,826,083
Social services	145,940	123,282	88,258	168,321
Health, safety, and sanitation	121,189	195,139	52,928	55,058
Agriculture, education, and consumers sciences	5,006	7,535	16,049	20,361
Roads, bridges and transportation	2,623,937	2,771,423	2,903,756	2,835,769
Parks and recreation	898,852	852,643	998,061	1,077,838
Operating grants and contributions	8,957,688	9,141,332	9,256,087	8,625,300
Capital grants and contributions	3,852,784	455,115	1,302,695	654,404
Total primary government revenues	<u>\$ 33,078,625</u>	<u>\$ 30,073,121</u>	<u>\$ 32,310,009</u>	<u>\$ 33,286,545</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	(63,472,796)	(70,087,879)	(72,839,358)	(73,607,736)
Total primary government net expenses	<u>\$ (63,472,796)</u>	<u>\$ (70,087,879)</u>	<u>\$ (72,839,358)</u>	<u>\$ (73,607,736)</u>
<b>General revenues and other changes in net position</b>				
<b>General Revenues</b>				
Property taxes	\$ 56,313,439	\$ 60,527,569	\$ 66,024,875	\$ 67,091,123
Alcohol beverage and other taxes	1,447,606	1,518,806	2,741,543	3,028,318
Unrestricted investment earnings	5,274,254	3,134,177	1,785,507	841,701
Grants and contributions not restricted to specific program	331,737	378,320	354,973	281,025
Gain or loss on sale of capital assets	-	18,362	-	71,067
Miscellaneous	-	166,788	-	-
Total general revenues	<u>\$ 63,367,036</u>	<u>\$ 65,744,022</u>	<u>\$ 70,906,898</u>	<u>\$ 71,313,234</u>
<b>Change in Net Position</b>	<u>\$ (105,760)</u>	<u>\$ (4,343,857)</u>	<u>\$ (1,932,460)</u>	<u>\$ (2,294,502)</u>

Exhibit 2

	2011	2012	2013	2014	2015	2016
\$	13,436,667	\$ 13,319,250	\$ 14,441,357	\$ 15,341,758	17,896,010	19,933,512
	9,463,249	9,490,211	11,214,282	10,972,546	10,940,747	13,588,683
	26,967,846	23,654,964	23,559,375	24,916,824	25,843,255	26,355,960
	24,806,867	27,986,723	28,701,541	30,303,203	31,747,809	69,361,956
	2,683,841	2,606,445	2,797,707	2,682,643	2,752,636	3,128,854
	1,527,275	1,992,715	2,343,115	2,815,645	2,835,744	3,104,344
	820,589	776,594	761,011	794,140	870,691	1,006,618
	14,813,218	14,810,777	17,441,342	15,575,863	15,164,446	12,976,912
	5,937,483	6,140,480	6,290,622	6,415,580	6,375,073	9,736,734
	5,171,328	5,019,143	4,895,833	4,607,852	4,975,345	4,731,881
\$	<u>105,628,363</u>	<u>\$ 105,797,302</u>	<u>\$ 112,446,185</u>	<u>\$ 114,426,054</u>	<u>\$ 119,401,756</u>	<u>\$ 163,925,454</u>
\$	6,931,136	\$ 6,889,479	\$ 9,385,296	\$ 10,341,220	\$ 10,876,084	\$ 9,981,778
	974,075	762,958	501,910	519,209	794,881	1,516,386
	6,498,942	7,027,556	6,078,678	6,046,685	6,429,888	6,036,695
	3,329,600	3,741,178	4,720,538	4,537,276	5,050,560	42,285,271
	156,370	149,331	95,401	103,285	156,408	125,148
	67,508	109,275	601,846	1,355,657	1,774,832	1,559,093
	23,543	25,384	36,355	37,573	61,175	48,458
	2,920,096	3,109,675	3,805,227	3,829,878	3,588,409	3,576,036
	1,040,947	1,245,215	1,355,013	1,597,108	1,496,995	1,849,368
	7,494,922	9,230,257	7,298,475	8,179,157	8,568,805	8,478,930
	1,012,911	194,861	-	-	-	-
\$	<u>30,450,050</u>	<u>\$ 32,485,169</u>	<u>\$ 33,878,739</u>	<u>\$ 36,547,048</u>	<u>\$ 38,798,037</u>	<u>\$ 75,457,163</u>
	(75,178,313)	(73,312,133)	(78,567,446)	(77,879,006)	(80,603,719)	(88,468,291)
\$	<u>(75,178,313)</u>	<u>\$ (73,312,133)</u>	<u>\$ (78,567,446)</u>	<u>\$ (77,879,006)</u>	<u>\$ (80,603,719)</u>	<u>\$ (88,468,291)</u>
\$	64,229,777	\$ 65,494,382	\$ 68,079,584	\$ 72,960,037	\$ 78,234,367	\$ 76,391,071
	3,396,993	3,858,512	1,562,313	1,915,600	2,018,548	2,047,110
	477,878	226,253	134,583	163,578	254,574	594,122
	232,961	343,915	380,041	962,838	850,976	499,403
	275,630	83,682	2,440,008	-	470,458	150,652
	-	-	-	-	-	-
\$	<u>68,613,239</u>	<u>\$ 70,006,744</u>	<u>\$ 72,596,529</u>	<u>\$ 76,002,053</u>	<u>\$ 81,828,923</u>	<u>\$ 79,682,358</u>
\$	<u>(6,565,074)</u>	<u>\$ (3,305,389)</u>	<u>\$ (5,970,917)</u>	<u>\$ (1,876,953)</u>	<u>\$ 1,225,204</u>	<u>\$ (8,785,933)</u>

**Nueces County, Texas**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Unassigned	-	-	-	-
Reserved	398,054	633,602	612,027	-
Unreserved	<u>14,821,934</u>	<u>15,923,732</u>	<u>20,386,046</u>	<u>24,029,489</u>
Total General Fund	<u><u>\$ 15,219,988</u></u>	<u><u>\$ 16,557,334</u></u>	<u><u>\$ 20,998,073</u></u>	<u><u>\$ 24,029,489</u></u>
<b>All Other Governmental Funds</b>				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	39,244,470	33,034,960	30,485,845	22,932,604
Committed	3,005,603	2,900,201	3,182,479	3,585,711
Assigned	14,701,196	14,197,613	13,467,060	12,568,896
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><u>\$ 56,951,269</u></u>	<u><u>\$ 50,132,774</u></u>	<u><u>\$ 47,135,384</u></u>	<u><u>\$ 39,087,211</u></u>

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

**Exhibit 3**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 428,906	\$ 400,035	\$ 457,844	\$ 428,321	\$ 754,746	\$ 775,109
17,604,083	17,626,642	18,373,139	20,148,361	20,722,982	21,039,425
3,889,668	3,993,232	2,681,591	2,000,021	2,090,307	187,100
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 21,922,657</u>	<u>\$ 22,019,909</u>	<u>\$ 21,512,574</u>	<u>\$ 22,576,703</u>	<u>\$ 23,568,035</u>	<u>\$ 22,001,634</u>
\$ 94,987	\$ 87,606	\$ 96,178	\$ 112,592	\$ 127,314	\$ 150,756
3,965,499	4,138,701	12,438,727	14,993,121	14,805,438	15,090,137
-	12,002,482	10,332,775	10,430,217	28,024,779	21,752,391
25,625,179	12,702,255	7,308,362	6,747,522	7,631,015	5,925,451
(18,249)	-	-	-	-	-
<u>\$ 29,667,416</u>	<u>\$ 28,931,044</u>	<u>\$ 30,176,042</u>	<u>\$ 32,283,452</u>	<u>\$ 50,588,546</u>	<u>\$ 42,918,735</u>

**Nueces County, Texas**  
**Changes In Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	2007	2008	2009	2010
<b>Revenues</b>				
Property taxes	\$ 56,408,266	\$ 60,622,393	\$ 66,035,245	\$ 67,018,275
Other taxes	382,665	373,124	356,538	319,549
Fees of office	5,477,674	5,052,204	4,967,966	6,619,757
Fines and forfeitures	3,884,689	3,232,877	3,044,301	2,641,095
Licenses and permits	3,685,405	3,850,740	3,942,987	3,994,255
Intergovernmental revenue	18,021,951	15,191,698	17,594,903	17,421,622
Charges for services	493,678	774,537	958,227	780,845
Investment revenue	5,074,901	2,950,999	1,755,508	827,724
Rentals and commissions	1,229,696	812,755	879,767	1,282,655
Miscellaneous revenue	1,180,957	2,190,705	1,700,521	1,545,928
Total Revenues	<u>\$ 95,839,882</u>	<u>\$ 95,052,032</u>	<u>\$ 101,235,963</u>	<u>\$ 102,451,705</u>
<b>Expenditures</b>				
General government	\$ 11,349,145	\$ 12,341,797	\$ 12,783,442	\$ 12,569,919
Building and facilities	6,227,129	7,622,304	7,098,274	7,899,760
Administration of justice	20,353,767	21,016,236	22,829,285	26,416,814
Law enforcement and corrections	25,516,469	24,129,630	24,624,057	22,892,651
Social services	2,460,086	2,508,085	2,569,661	2,586,380
Health, safety and sanitation	1,797,981	1,662,725	2,466,245	2,171,854
Agriculture, education and consumer scien	567,487	871,150	716,056	802,707
Roads, bridges and transportation	5,159,761	6,392,921	6,504,456	6,559,432
Parks and recreation	4,166,781	3,772,310	3,775,725	4,119,390
Capital outlay	31,532,052	9,777,482	5,733,618	10,853,369
Debt service:				
Interest and Other fees	6,032,350	6,313,340	6,108,091	5,877,733
Debt Issuance Costs				
Principal	4,645,104	4,174,248	4,553,649	4,957,377
Total Expenditures	<u>\$ 119,808,112</u>	<u>\$ 100,582,228</u>	<u>\$ 99,762,559</u>	<u>\$ 107,707,386</u>
Excess of Revenues over (under) expenditures	\$ (23,968,230)	\$ (5,530,196)	\$ 1,473,404	\$ (5,255,681)
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 11,881,458	\$ 7,150,277	\$ 8,453,858	\$ 9,987,541
Transfers Out	(11,881,458)	(7,150,277)	(8,453,858)	(9,987,541)
Sale of Assets	-	49,050	-	71,067
Issuance of debt	34,000,000	-	-	-
Bond Defeasance	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Proceeds of General Obligation Bonds	34,000,000	-	-	-
Total Other Financing Sources (uses)	<u>\$ 68,000,000</u>	<u>\$ 49,050</u>	<u>\$ -</u>	<u>\$ 71,067</u>
Net Changes in Fund Balances	<u>\$ 44,031,770</u>	<u>\$ (5,481,146)</u>	<u>\$ 1,473,404</u>	<u>\$ (5,184,614)</u>
Debt Service as a percentage of noncapital expenditures	12.1%	11.5%	11.3%	11.2%



Exhibit 4

2011	2012	2013	2014	2015	2016
\$ 64,567,154	\$ 65,803,580	\$ 68,227,630	\$ 72,903,015	\$ 75,196,369	\$ 76,406,029
361,415	382,730	391,784	411,398	439,777	431,990
4,885,117	5,296,898	5,089,036	4,820,592	4,866,275	4,931,127
2,880,933	2,551,595	2,287,821	2,139,483	2,244,060	2,305,539
4,190,771	4,418,683	4,402,803	5,085,459	4,815,602	4,842,727
16,687,845	18,088,623	17,645,491	20,557,700	20,197,720	56,080,858
766,868	940,888	970,996	858,493	858,055	914,955
466,015	215,294	128,746	139,723	250,178	585,697
1,363,402	1,500,566	1,521,251	1,659,351	1,655,121	2,141,501
1,126,807	1,417,049	1,062,154	1,022,938	2,068,530	2,028,527
<u>\$ 97,296,327</u>	<u>\$ 100,615,906</u>	<u>\$ 101,727,712</u>	<u>\$ 109,598,152</u>	<u>112,591,687</u>	<u>150,668,950</u>
\$ 12,665,314	\$ 13,194,301	\$ 14,139,402	\$ 14,758,277	\$ 18,115,425	\$ 16,925,894
7,559,472	9,054,524	8,071,874	7,655,261	8,153,192	8,971,418
25,912,952	22,663,249	22,370,784	23,462,077	24,226,484	24,797,069
23,249,015	26,507,891	27,313,577	28,646,136	29,102,479	67,302,369
2,580,656	2,500,076	2,672,416	2,524,416	2,545,213	2,896,112
1,511,612	1,717,358	2,171,721	2,423,912	2,546,715	2,894,456
752,931	712,929	682,633	713,296	835,399	906,736
7,535,294	7,040,143	7,809,892	7,742,469	7,743,709	7,561,744
4,115,220	4,155,893	4,471,466	4,652,352	5,721,271	7,746,614
19,835,436	3,893,507	2,756,107	2,779,781	4,237,547	11,131,516
5,612,767	5,038,809	6,031,337	4,648,721	4,318,152	4,653,564
				376,859	83,469
4,796,040	5,724,864	4,938,849	6,419,915	6,714,187	7,184,854
<u>\$ 116,126,709</u>	<u>\$ 102,203,544</u>	<u>\$ 103,430,058</u>	<u>\$ 106,426,613</u>	<u>114,636,632</u>	<u>163,055,815</u>
\$ (18,830,382)	\$ (1,587,638)	\$ (1,702,346)	\$ 3,171,539	\$ (2,044,945)	\$ (12,386,865)
\$ 8,409,659	\$ 8,778,061	\$ 10,829,801	\$ 10,518,868	12,127,133	12,586,914
(8,409,659)	(8,778,061)	(10,829,801)	(10,518,868)	(12,127,133)	(12,586,914)
275,630	86,789	2,440,008	-	288,113	150,652
49,374,640	861,731	-	-	663,896	3,000,000
(48,716,774)	-	-	-	45,620,000	-
6,370,260	-	-	-	(31,125,992)	-
-	-	-	-	5,895,355	-
<u>\$ 7,303,756</u>	<u>\$ 948,520</u>	<u>\$ 2,440,008</u>	<u>\$ -</u>	<u>21,341,372</u>	<u>3,150,652</u>
<u>\$ (11,526,626)</u>	<u>\$ (639,118)</u>	<u>\$ 737,662</u>	<u>\$ 3,171,539</u>	<u>19,296,427</u>	<u>(9,236,213)</u>
10.8%	10.9%	10.9%	10.7%	10.0%	7.8%

**Nueces County, Texas**  
**Assessed and Taxable Valuations**  
**Last Ten Fiscal Years**  
**September 30, 2016**

<u>Fiscal Year</u> <u>Ending</u> <u>Sept. 30,</u>	<u>Tax</u> <u>Roll</u> <u>Year</u>	<u>Mineral</u> <u>Roll</u>	<u>Real</u> <u>Estate</u> <u>Roll</u>	<u>Railroads</u> <u>&amp; Intangible</u> <u>Personal</u>	<u>Special</u> <u>Inventory</u>	<u>Personal</u> <u>Property</u>
2007	2006	454,174,950	15,908,063,075	3,437,744	61,474,765	1,778,332,026
2008	2007	445,066,850	18,350,063,512	4,057,666	68,521,322	2,017,368,089
2009	2008	630,187,640	19,074,304,898	4,349,437	74,314,714	2,043,613,181
2010	2009	448,474,373	20,458,356,089	4,642,526	69,261,166	2,558,065,865
2011	2010	445,455,710	20,528,145,997	4,472,987	56,531,587	2,862,212,497
2012	2011	299,717,668	21,451,380,309	5,735,797	66,941,822	2,954,037,106
2013	2012	308,127,002	22,925,125,820	6,055,007	85,389,968	3,211,461,360
2014	2013	224,488,217	24,884,890,271	6,157,250	105,718,556	3,758,538,797
2015	2014	209,200,272	24,233,699,495	7,609,314	118,095,651	4,045,069,843
2016	2015	131,637,245	25,805,518,983	8,987,386	128,318,904	4,046,395,435

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

Source: Nueces County Appraisal District

**EXHIBIT 5**

Utilities Pipelines	Gross Market Valuation	Less Exemptions & Abatements	Net Taxable Assessed Valuation	Direct Tax Rate		
				County Tax Rate	Hospital District Tax Rate	Total Direct Tax Rate
484,664,706	18,690,147,266	(3,353,502,019)	15,336,645,247	0.370678	0.160715	0.531393
442,155,470	21,327,232,909	(3,988,600,184)	17,338,632,725	0.355678	0.144785	0.500463
441,662,715	22,268,432,585	(4,097,252,632)	18,171,179,953	0.355678	0.144782	0.500460
448,894,815	23,987,694,834	(4,618,079,656)	19,369,615,178	0.355259	0.154678	0.509937
439,349,608	24,336,168,386	(5,810,394,569)	18,525,773,817	0.355259	0.162428	0.517687
417,964,423	25,195,777,125	(6,347,144,376)	18,848,632,749	0.355259	0.162428	0.517687
447,583,575	26,983,742,732	(7,453,162,690)	19,530,580,042	0.355259	0.162428	0.517687
532,888,811	29,512,681,902	(7,965,439,445)	21,547,242,457	0.345187	0.148077	0.493264
566,049,702	29,179,724,277	(8,429,072,802)	20,750,651,475	0.335130	0.137455	0.472585
643,562,930	30,764,420,883	(8,677,204,445)	22,087,216,438	0.316900	0.129750	0.446650

**Nueces County, Texas**  
**Property Tax Levies - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**September 30, 2016**

FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR	2007 2006	2008 2007	2009 2008	2010 2009
Nueces County - General Fund	\$ 46,461,648	\$ 50,085,508	\$ 54,636,632	\$ 55,456,844
Nueces County - Debt Service	9,374,604	10,391,327	10,908,756	11,379,441
Subtotal	55,836,252	60,476,835	65,545,388	66,836,285
Nueces County - Farm to Market	718,108	737,557	804,802	824,104
Total	\$ 56,554,360	\$ 61,214,392	\$ 66,350,190	\$ 67,660,389
<b>Special Districts:</b>				
Hospital District	24,636,585	25,279,939	27,667,730	30,075,910
Downtown Management District	161,577	161,357	159,691	165,584
Corpus Christi Junior College District	35,534,509	38,286,064	41,484,470	44,196,050
Drainage District No. 2	1,015,895	1,077,856	1,193,703	1,280,248
Drainage District No. 3	55,286	55,904	64,045	65,721
South Texas Water Authority	270,600	287,420	329,056	352,589
<b>Cities:</b>				
Agua Dulce	56,714	55,798	55,254	56,321
Bishop	625,681	660,731	669,179	718,038
Corpus Christi	68,229,629	72,714,618	77,246,481	80,059,041
Driscoll	85,200	90,847	119,117	136,750
Port Aransas	3,057,037	3,536,314	3,892,916	4,406,448
Robstown	1,995,347	2,160,908	2,298,460	2,453,516
<b>School Districts:</b>				
Agua Dulce ISD	1,453,986	1,300,513	1,637,940	1,738,741
Banquete ISD	3,193,546	3,006,540	3,158,296	3,753,016
Bishop ISD	6,965,248	5,468,039	6,740,678	7,412,684
Calallen ISD	15,459,524	12,534,365	15,292,156	14,837,798
Corpus Christi ISD	128,015,148	111,679,245	124,364,289	138,205,927
Driscoll ISD	2,003,197	1,523,471	1,827,693	1,674,838
Flour Bluff ISD	23,260,437	21,312,429	23,011,873	24,686,703
London ISD	2,106,536	2,334,769	3,099,680	2,770,807
Port Aransas ISD	18,901,149	17,866,260	20,136,951	18,723,992
Robstown ISD	4,027,906	3,479,118	3,792,182	4,616,958
Tuloso Midway ISD	18,595,792	16,536,840	18,651,309	19,361,393
West Oso ISD	6,231,796	6,187,913	6,633,690	7,418,412
<b>Fire Districts:</b>				
Fire Prevention District 1	1,042,128	1,147,898	1,655,807	1,763,463
Fire Prevention District 2	479,999	571,642	613,532	655,742
Fire Prevention District 3	257,225	258,646	280,209	163,126
Fire Prevention District 4	179,341	183,393	228,663	271,938
Fire Prevention District 5	28,005	30,365	33,210	33,295
Fire Prevention District 6	-	-	-	-
Total	\$ 424,479,383	\$ 411,003,594	\$ 452,688,450	\$ 479,715,438

Exhibit 6

2011 2010	2012 2011	2013 2012	2014 2013	2015 2014	2016 2015
\$ 53,624,613	\$ 54,495,366	\$ 56,498,344	\$ 61,167,064	66,201,428	66,517,122
10,924,694	10,835,130	11,243,542	11,593,241	10,305,916	11,023,768
64,549,307	65,330,496	67,741,886	72,760,305	76,507,344	77,540,890
791,360	788,479	833,275	902,847	976,332	989,396
\$ 65,340,667	\$ 66,118,975	\$ 68,575,161	\$ 73,663,152	\$ 77,483,676	\$ 78,530,286
30,144,807	31,381,381	32,624,036	32,699,744	32,737,721	33,268,991
158,258	156,357	185,497	189,596	186,740	198,775
43,545,490	44,477,385	45,729,322	49,096,901	52,752,191	56,481,130
1,184,406	1,262,100	1,633,415	1,745,224	1,662,848	1,686,679
68,347	68,933	71,391	74,217	72,536	78,008
381,888	360,780	367,599	505,060	510,598	553,610
56,054	54,354	53,496	63,246	75,248	80,597
717,361	777,224	748,251	800,212	825,351	849,174
79,419,087	79,241,020	81,261,225	89,824,944	97,674,230	108,626,928
140,333	150,721	147,844	149,152	150,063	152,696
4,211,939	4,250,061	4,495,666	4,781,884	4,946,077	5,102,333
2,547,737	2,561,579	2,553,456	2,584,634	2,622,658	3,537,157
1,774,476	1,718,702	1,926,609	1,857,313	1,884,088	2,062,765
3,899,640	3,743,103	3,746,471	3,822,213	4,062,174	4,927,755
7,057,666	7,224,087	7,165,452	7,711,383	7,460,523	7,292,047
14,285,938	14,521,821	14,981,256	16,289,883	18,962,029	20,241,154
134,509,386	137,310,628	141,131,198	153,986,528	167,484,620	173,447,371
1,736,141	1,602,741	1,647,685	1,532,157	1,761,613	1,526,181
24,152,098	23,066,097	23,763,633	27,633,038	29,856,693	31,465,881
2,751,523	2,908,575	3,457,943	3,288,774	3,899,911	4,384,876
17,114,597	16,908,910	16,782,015	19,750,081	22,084,177	23,963,124
5,177,291	5,854,557	6,753,486	7,768,053	8,491,130	8,804,845
19,194,283	21,958,877	24,256,964	28,860,372	30,648,853	33,353,456
7,536,112	7,375,479	8,132,776	9,295,268	10,328,417	10,992,080
1,745,305	1,840,015	1,994,810	2,433,646	2,732,664	3,297,952
646,663	613,808	634,574	772,626	843,039	920,915
155,554	154,935	155,731	163,190	156,586	162,535
275,763	259,741	261,248	268,091	285,874	353,659
31,177	36,531	40,827	39,291	39,921	40,820
397,627	390,428	393,287	411,320	396,764	445,325
\$ 470,357,614	\$ 478,349,905	\$ 495,672,324	\$ 542,061,193	\$ 583,079,013	\$ 616,829,105

**Nueces County, Texas**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	FISCAL YEAR	2007	2008	2009	2010
	TAX ROLL YEAR	2006	2007	2008	2009
Nueces County		0.370	0.356	0.356	0.355
<b>Special Districts:</b>					
Hospital District		0.161	0.145	0.145	0.155
Downtown Management District		0.000	0.370	0.370	0.370
Corpus Christi Junior College District		0.256	0.242	0.242	0.251
Drainage District No. 2		0.382	0.377	0.385	0.347
Drainage District No. 3		0.180	0.190	0.890	0.189
South Texas Water Authority		0.055	0.057	0.056	0.057
<b>Cities:</b>					
Agua Dulce		0.625	0.607	0.593	0.536
Aransas Pass		0.000	0.000	0.000	0.593
Bishop		0.921	0.921	0.828	0.809
Corpus Christi		0.602	0.564	0.564	0.564
Driscoll		0.750	0.750	0.930	0.930
Port Aransas		0.297	0.286	0.276	0.322
Robstown		1.019	1.000	1.000	1.000
<b>School Districts:</b>					
Agua Dulce ISD		1.611	1.253	1.389	1.400
Aransas Pass ISD		1.061	1.061	0.000	1.071
Banquete ISD		1.649	1.521	1.449	1.439
Bishop ISD		1.515	1.188	1.300	1.526
Calallen ISD		1.430	1.100	1.277	1.299
Corpus Christi ISD		1.486	1.156	1.176	1.237
Driscoll ISD		1.623	1.298	1.239	1.239
Flour Bluff ISD		1.387	1.070	1.070	1.069
London ISD		1.277	1.130	1.144	1.210
Port Aransas ISD		1.395	1.058	1.058	1.058
Robstown ISD		1.584	1.254	1.254	1.374
Tuloso Midway ISD		1.612	1.282	1.332	1.332
West Oso ISD		1.650	1.240	1.340	1.420
<b>Fire Districts:</b>					
Fire District No. 1		0.075	0.075	0.100	0.100
Fire District No. 2		0.026	0.026	0.026	0.026
Fire District No. 3		0.050	0.050	0.048	0.030
Fire District No. 4		0.088	0.088	0.100	0.100
Fire District No. 5		0.030	0.027	0.028	0.270
Fire District No. 6		0.000	0.000	0.000	0.000
TOTAL:		<u>25.167</u>	<u>21.742</u>	<u>21.965</u>	<u>23.678</u>

**Exhibit 7**

<u>2011</u> <u>2010</u>	<u>2012</u> <u>2011</u>	<u>2013</u> <u>2012</u>	<u>2014</u> <u>2013</u>	<u>2015</u> <u>2014</u>	<u>2016</u> <u>2015</u>
0.355	0.355	0.355	0.345	0.335	0.317
0.162	0.162	0.162	0.148	0.137	0.130
0.370	0.370	0.370	0.370	0.370	0.370
0.258	0.258	0.258	0.251	0.248	0.248
0.310	0.318	0.398	0.390	0.350	0.334
0.189	0.189	0.189	0.189	0.178	0.193
0.062	0.062	0.062	0.085	0.085	0.083
0.477	0.480	0.462	0.500	0.500	0.502
0.607	0.723	0.696	0.680	0.680	0.680
0.914	0.911	0.805	0.823	0.825	0.785
0.582	0.571	0.571	0.585	0.585	0.606
0.857	0.899	0.907	0.902	0.763	0.773
0.332	0.332	0.351	0.323	0.299	0.276
0.975	0.954	0.956	0.866	0.812	1.011
1.379	1.400	1.400	1.400	1.400	1.351
1.071	1.071	1.071	1.071	1.071	1.071
1.473	1.512	1.513	1.513	1.513	1.513
1.563	1.556	1.551	1.533	1.533	1.406
1.299	1.329	1.359	1.359	1.359	1.376
1.237	1.237	1.237	1.237	1.237	1.237
1.250	1.265	1.265	1.265	1.555	1.625
1.070	1.072	1.071	1.178	1.168	1.154
1.250	1.263	1.238	1.251	1.395	1.356
1.062	1.063	1.086	1.126	1.126	1.118
1.523	1.650	1.610	1.630	1.645	1.650
1.332	1.332	1.332	1.317	1.395	1.377
1.420	1.420	1.370	1.370	1.450	1.450
0.100	0.100	0.100	0.100	0.100	0.100
0.026	0.026	0.026	0.030	0.030	0.030
0.030	0.030	0.030	0.030	0.030	0.030
0.100	0.100	0.100	0.100	0.100	0.100
0.240	0.030	0.030	0.030	0.030	0.030
0.070	0.070	0.070	0.070	0.070	0.075
<u>23.945</u>	<u>24.110</u>	<u>24.001</u>	<u>24.067</u>	<u>24.374</u>	<u>24.357</u>

**Nueces County, Texas  
Principal Taxpayers  
Current Year and Nine Years Ago  
September 30, 2016**

**Exhibit 8**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value of Principal Taxpayers	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value of Principal Taxpayers
Valero Refining Company	\$ 1,239,186,485	1	5.61%	\$ 532,006,858	2	3.47%
Flint Hills Resources	1,073,220,480	2	4.86%	752,337,533	1	4.91%
Citgo	653,684,738	3	2.96%	465,845,534	3	3.04%
Buckeye Texas Processing LLC	450,868,717	4	2.04%			
AEP Texas Central	231,034,170	5	1.05%	161,334,455	6	1.05%
Equistar Chemicals LP	323,691,580	6	1.47%	298,730,224	4	1.95%
Hoechst Cel-Plastics Division	185,911,650	7	0.84%	197,033,120	5	1.28%
Corpus Christi Retail Venture LP	94,713,652	8	0.43%	-		-
C & J Specialty Rental Tools	57,046,060	9	0.26%	-		-
Butt H E Grocery Co	93,649,804	10	0.42%	77,840,073	9	0.51%
Markwest Javelina	65,286,900	11	0.30%	71,164,230	10	0.46%
Barney M Davis LP	182,407,010	12	0.83%	-		-
Bay Area Healthcare Group LTD	67,952,782	13	0.31%	-		-
Nueces Bay WLE LP	179,958,010	14	0.81%	-		-
Texstar Midstream Services, LP	108,877,870	15	0.49%	-		-
Apache Corporation	-	-	-	78,870,366	8	0.51%
Pioneer Drilling Co LTD	-	-	-	85,354,683	7	0.56%
<b>Total</b>	<b>\$ 5,007,489,908</b>		<b>22.67%</b>	<b>\$ 2,720,517,076</b>		<b>17.74%</b>
<b>Total Assessed Value and Percentage of Total</b>	<b>\$ 22,087,216,438</b>		<b>100.00%</b>	<b>\$ 15,336,645,247</b>		<b>100.00%</b>





**Nueces County, Texas**  
**Tax Levies**  
**Last Ten Fiscal Years**  
**September 30, 2016**

FISCAL YEAR	2007	2008	2009	2010
TAX ROLL YEAR	2006	2007	2008	2009
Levy for maintenance and operations (M & O):				
General Fund	\$ 46,461,648	\$ 50,085,508	\$ 54,636,632	\$ 55,456,844
Road Fund	718,108	737,557	804,802	824,104
Total M & O levy	<u>47,179,756</u>	<u>50,823,065</u>	<u>55,441,434</u>	<u>56,280,948</u>
Levy for debt service (I & S):				
Debt Service Fund	<u>9,374,604</u>	<u>10,391,327</u>	<u>10,908,756</u>	<u>11,379,441</u>
Total I & S levy	<u>9,374,604</u>	<u>10,391,327</u>	<u>10,908,756</u>	<u>11,379,441</u>
Total County levy	<u>\$ 56,554,360</u>	<u>\$ 61,214,392</u>	<u>\$ 66,350,190</u>	<u>\$ 67,660,389</u>

**Exhibit 9**

<u>2011 2010</u>	<u>2012 2011</u>	<u>2013 2012</u>	<u>2014 2013</u>	<u>2015 2014</u>	<u>2016 2015</u>
\$ 53,624,613 791,360	\$ 54,495,366 788,479	\$ 56,498,344 833,275	\$ 61,167,064 902,847	\$ 66,201,428 976,332	\$ 66,517,122 989,396
<u>54,415,973</u>	<u>55,283,845</u>	<u>57,331,619</u>	<u>62,069,911</u>	<u>67,177,760</u>	<u>67,506,518</u>
<u>10,924,694</u>	<u>10,835,130</u>	<u>11,243,542</u>	<u>11,593,241</u>	<u>10,305,916</u>	<u>11,023,768</u>
<u>10,924,694</u>	<u>10,835,130</u>	<u>11,243,542</u>	<u>11,593,241</u>	<u>10,305,916</u>	<u>11,023,768</u>
<u>\$ 65,340,667</u>	<u>\$ 66,118,975</u>	<u>\$ 68,575,161</u>	<u>\$ 73,663,152</u>	<u>\$ 77,483,676</u>	<u>\$ 78,530,286</u>

**Nueces County, Texas**  
**Property Tax Levies and Collections -**  
**General Fund and Debt Service Funds**  
**Last Ten Fiscal Years**  
**September 30, 2016**

FISCAL YEAR ENDING SEPT. 30, TAX ROLL YEAR	2007 2006	2008 2007	2009 2008	2010 2009
Tax Levy (original levy) (1)	55,836,252	60,476,835	65,545,388	66,836,285
Current Tax Collections (2)	54,102,451	58,312,583	62,719,961	64,656,554
Percent of Current Taxes Collected	97%	96%	96%	97%
Unpaid as of June 30th	1,733,801	2,164,252	2,825,427	2,179,731
Subsequent Collections & Adjustments	692,359	955,172	1,421,968	658,713
Total Collections & Adjustments	54,794,810	59,267,755	64,141,929	65,315,267
Percent Total Collections of Tax Levy	98.13%	98.00%	97.86%	97.72%
Unpaid Taxes	1,041,442	1,209,080	1,403,459	1,521,018

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

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

**Exhibit 10**

<u>2011</u> <u>2010</u>	<u>2012</u> <u>2011</u>	<u>2013</u> <u>2012</u>	<u>2014</u> <u>2013</u>	<u>2015</u> <u>2014</u>	<u>2016</u> <u>2015</u>
64,549,307	65,330,496	67,741,886	72,760,305	76,507,344	77,540,890
62,146,816	63,364,158	66,008,745	70,450,668	74,267,821	73,849,526
96%	97%	97%	97%	97%	95%
2,402,491	1,966,338	1,733,141	2,309,637	2,239,523	3,691,364
1,099,494	825,937	626,494	1,017,372	1,028,313	2,364,877
63,246,310	64,190,095	66,635,239	71,468,040	75,296,134	76,214,403
97.98%	98.25%	98.37%	98.22%	98.42%	98.29%
1,302,997	1,140,401	1,106,647	1,292,265	1,211,210	1,326,487

**Nueces County, Texas**  
**Property Tax Levies and Collections -**  
**Farm To Market**  
**Last Ten Fiscal Years**  
**September 30, 2016**

FISCAL YEAR ENDING SEPTEMBER 30, TAX ROLL YEAR	2007 2006	2008 2007	2009 2008	2010 2009
Tax Levy (1)	718,108	737,557	804,802	824,104
Current Tax Collections (2)	695,790	710,093	769,669	790,533
Percent of Current Taxes Collected	97%	96%	96%	96%
Unpaid as of June 30th	22,318	27,464	35,133	33,571
Subsequent Collections & Adjustments	9,043	12,856	17,998	14,989
Total Collections & Adjustments	704,833	722,949	787,667	805,522
Percent Total Collections of Tax Levy	98.15%	98.02%	97.87%	97.75%
Unpaid Taxes Sept. 30	13,275	14,608	17,135	18,582

(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>2011</u> <u>2010</u>	<u>2012</u> <u>2011</u>	<u>2013</u> <u>2012</u>	<u>2014</u> <u>2013</u>	<u>2015</u> <u>2014</u>	<u>2016</u> <u>2015</u>
791,360	788,479	833,275	902,847	976,332	989,396
761,190	761,310	812,362	874,926	949,013	942,609
96%	97%	97%	97%	97%	95%
30,170	27,169	20,913	27,921	27,319	46,787
14,263	13,463	7,616	12,180	12,144	30,119
775,453	774,773	819,978	887,106	961,157	972,728
97.99%	98.26%	98.40%	98.26%	98.45%	98.32%
15,907	13,706	13,297	15,741	15,175	16,668

**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, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Principal	4,641,465	4,170,427	4,553,649	4,957,377
Interest	6,027,209	6,308,649	6,104,074	5,869,233
Fiscal Agents & Other Fees	4,768	4,500	4,017	8,500
Total Debt Service	10,673,442	10,483,576	10,661,740	10,835,110
Total General governmental expenditures (2)	60,442,720	62,733,431	65,036,510	66,283,738
Ratio of Debt Service to General governmental expenditures	17.66%	16.71%	16.39%	16.35%

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

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



**Exhibit 12**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
4,796,040	5,724,864	6,031,337	6,419,915	6,714,187	7,184,854
5,179,967	5,054,843	4,923,149	4,639,571	4,311,152	4,653,564
432,800	(16,034)	15,700	9,150	7,000	5,375
10,408,807	10,763,673	10,970,186	11,068,636	11,032,339	11,843,793
67,009,800	66,516,869	67,511,560	70,872,605	75,484,771	77,602,577
15.53%	16.18%	16.25%	15.62%	14.62%	15.26%

**Nueces County, Texas**  
**Ratios Of Gross Bonded Debt Outstanding including Capital Leases**  
**Last Ten Fiscal Years**  
**September 30, 2016**

Fiscal Year Ending	Bonded Debt	Bond Premium/Discount	Gross Bonded Debt	Less Debt Service Funds	Outstanding Net Bonded Debt	Capital Leases
2007	134,838,895	-	134,838,895	(3,005,603)	131,833,292	-
2008	130,668,469	-	130,668,469	(2,900,021)	127,768,448	-
2009	126,114,820	1,718,362	127,833,182	(3,182,479)	124,650,703	23,216
2010	121,157,443	1,770,849	122,928,292	(3,585,711)	119,342,581	-
2011	122,633,900	1,862,695	124,496,595	(3,982,739)	120,513,856	-
2012	117,055,767	2,201,958	119,257,725	(3,945,987)	115,311,738	143,995
2013	111,024,428	1,835,039	112,859,467	(4,165,398)	108,694,069	196,358
2014	104,604,513	6,033,024	110,637,537	(4,595,623)	106,041,914	130,857
2015	113,635,326	10,727,735	124,363,061	(4,175,638)	120,187,423	5,807,359
2016	109,450,473	9,194,153	118,644,626	(3,592,453)	115,052,173	5,300,548

**Exhibit 13**

<u>Personal Income (in thousands)</u>	<u>Percentage of Personal Income</u>	<u>Assessed Valuation</u>	<u>Gross Debt of Valuation %</u>	<u>Estimated Population</u>	<u>Net Debt Per Capita</u>
10,874,617	8.06%	14,831,500,357	0.91%	321,457	410.11
11,633,423	8.90%	16,755,834,017	0.78%	321,135	397.87
12,004,999	9.52%	18,171,179,953	0.70%	322,077	387.02
12,438,913	10.27%	18,543,081,236	0.66%	323,046	369.43
13,196,232	10.76%	17,737,980,901	0.70%	340,223	354.22
14,226,934	12.14%	18,035,454,760	0.66%	343,281	335.91
14,841,683	13.34%	18,710,372,638	0.60%	347,691	312.62
15,117,598	14.43%	20,613,089,617	0.54%	352,107	301.16
15,416,870	12.91%	22,309,191,166	0.56%	356,221	337.40
not available	not available	23,871,896,271	0.50%	359,715	319.84





**Nueces County, Texas  
Legal Debt Margin Information  
Bonds and Certificates of Obligation  
Issued Under Texas General Laws  
Last Ten Fiscal Years  
September 30, 2016**

Fiscal Year Ending	2007	2008	2009	2010
Assessed market value of taxable property	18,690,147,266	21,381,499,497	23,170,211,252	24,044,540,087
Less exemptions and abatements	(3,360,983,568)	(3,988,600,184)	(4,097,252,632)	(4,623,171,657)
Assessed value of all taxable property	15,329,163,698	17,392,899,313	19,072,958,620	19,421,368,430
Debt limit rate	x 5%	x 5%	x 5%	x 5%
Amount of debt limit	766,458,185	869,644,966	953,647,931	971,068,422
Amount of debt applicable to debt limit:				
Total Bonded Applicable Debt	134,838,895	130,668,469	126,114,820	121,157,443
Less: Amounts set aside to repay general debt	3,005,603	2,900,021	3,182,479	3,585,711
Total amount of net debt applicable to debt limit	131,833,292	127,768,448	122,932,341	117,571,732
Legal debt margin	\$ 634,624,893	\$ 741,876,518	\$ 830,715,590	\$ 853,496,690
Total net debt applicable to the limit as a percentage of debt limit	17.20%	14.69%	12.89%	12.11%

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

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

**Notes:** Excludes applicable exemptions.

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

Exhibit 15

	2011	2012	2013	2014	2015	2016	
	24,347,389,404	25,190,041,328	26,977,687,725	29,506,524,652	31,887,031,407	33,875,864,077	
	(5,810,394,569)	(6,347,136,935)	(7,453,162,690)	(7,965,439,445)	(8,429,072,802)	(8,677,204,445)	
	18,536,994,835	18,842,904,393	19,524,525,035	21,541,085,207	23,457,958,605	25,198,659,632	
x	5%	x	5%	x	5%	x	5%
	926,849,742	942,145,220	976,226,252	1,077,054,260	1,172,897,930	1,259,932,982	
	122,633,900	117,055,767	111,024,428	104,604,513	113,635,326	109,450,473	
	3,982,739	3,945,987	4,165,398	4,595,623	4,175,638	3,592,453	
	118,651,161	113,109,780	106,859,030	100,008,890	109,459,688	105,858,020	
	\$ 808,198,581	\$ 829,035,440	\$ 869,367,222	\$ 977,045,370	\$ 1,063,438,242	\$ 1,154,074,962	
	12.80%	12.01%	10.95%	9.29%	9.33%	8.40%	

**Nueces County, Texas**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**September 30, 2016**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Solid Waste Fees	5,000	1,122	1,356	1,000
Total Revenues Available (1)	1,000	1,000	1,000	1,000
Debt Service Requirements				
Interest	560,785	6,196,829	6,031,276	5,834,759
Principal	290,000	2,935,000	3,885,000	4,255,000

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



**Exhibit 16**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1,244	1,248	1,568	1,984	1,872	1,940
1,000	1,000	1,000	1,000	1,000	1,000
5,632,640	5,155,948	4,923,149	4,639,571	4,311,152	4,653,564
4,670,000	5,724,865	6,031,337	6,419,915	6,714,187	7,184,854

**Nueces County, Texas  
Miscellaneous Statistical Data  
Last Ten Fiscal Years  
September 30, 2016**

Year	(1) Estimated Population	(2) Personal Income	(2) Per Capita Personal Income	(3) Public School Enrollment Corpus Christi
2007	321,457	10,874,617	33,970	53,401
2008	321,135	11,633,423	36,318	52,897
2009	322,077	12,004,999	37,162	53,391
2010	323,046	12,438,913	36,545	52,993
2011	340,223	13,196,232	38,441	53,795
2012	343,281	14,226,934	40,918	53,968
2013	347,691	14,841,683	42,151	54,574
2014	352,107	15,117,598	42,439	54,911
2015	356,221	15,416,870	42,859	54,448
2016	359,715	not available	not available	54,292

Form of Government

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

Area - 847 Square Miles

Transportation

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

Communications

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

- (1) Source: 2016 U.S. Census Bureau
- (2) Source: The Bureau of Economic Analysis
- (3) Source: Corpus Christi Independent School District, Flour Bluff,  
 Calallen ISD, Tuloso Midway ISD, and West Oso ISD
- (4) Source: Bishop ISD, Banquete ISD, Agua Dulce ISD, Port Aransas ISD,  
 Driscoll ISD, London ISD, and Robstown ISD
- (5) Source: Texas Workforce Commission
- (6) Source: Port Authority - calendar year 2016
- (7) Source: Texas State Comptroller

**Exhibit 17**

<u>(4)</u> Public School Rural County	<u>(5)</u> Nueces County Unemployment Rate	<u>(6)</u> Port Tonnage	<u>(7)</u> Retail Sales
7,019	4.4%	86,982,833	4,178,081,762
6,890	5.1%	89,319,693	3,953,684,008
6,855	7.6%	85,859,440	3,917,568,280
6,963	7.6%	76,519,648	3,840,034,538
6,939	7.8%	82,194,297	4,288,389,104
7,058	5.7%	80,310,217	4,772,060,753
7,046	5.8%	78,806,189	5,169,529,102
7,043	4.8%	89,454,480	5,505,775,116
7,115	4.8%	100,588,014	7,500,324,301
7,193	6.0%	103,474,496	5,248,625,725

**Nueces County, Texas  
Principal Employers  
Current Year and Nine Years Ago  
September 30, 2016**

**Exhibit 18**

Employer Name	2016			2007		
	Number of Employees	Rank	Percent of total County Employment	Number of Employees	Rank	Percent of total County Employment
Corpus Christi Army Depot	6,500	1	4.04%	4,876	4	3.08%
Corpus Christi ISD	5,178	2	3.22%	5,178	2	3.27%
Christus Spohn Health System	5,144	3	3.20%	5,400	1	3.41%
H.E.B. Grocery Co.	5,000	4	3.11%	5,000	3	3.16%
City of Corpus Christi	3,171	5	1.97%	3,171	5	2.00%
Corpus Christi Naval Air Station	2,827	6	1.76%	1,630	7	1.03%
Kiewit Offshore Services	2,200	7	1.37%	-	-	-
Bay, Ltd.	2,100	8	1.31%	2,100	6	1.33%
Driscoll Children's Hospital	1,800	9	1.12%	-	-	-
Del Mar College	1,542	10	0.96%	1,500	8	0.95%
Corpus Christi Medical Center		11	-	1,300	10	0.82%
First Data Corporation		12	-	1,500	9	0.95%
Total	<u>35,462</u>		<u>22.04%</u>	<u>31,655</u>		<u>20.00%</u>
Total Employed in the County <sup>(1)</sup>	160,900			158,307		

Source: Corpus Christi Regional Economic Development Corporation  
(1) Bureau of Labor Statistics



**Nueces County, Texas**  
**Construction and Commercial Permits Valuations**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
New Construction (1)				
Residential				
Dwelling Units	1,255	1,249	806	913
Permits	1,250	848	738	657
Valuation	148,166,220	121,972,346	93,209,375	98,637,278
Commercial				
Permits	280	160	140	190
Valuation	<u>108,504,979</u>	<u>80,363,751</u>	<u>60,853,477</u>	<u>118,984,064</u>
Total Permits Valuations	<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>

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

**Exhibit 19**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
880	1,217	1,790	1,367	1,090	954
660	951	976	998	1,090	954
118,003,701	178,113,660	193,356,876	183,877,132	191,238,582	176,846,614
214	198	196	272	311	269
<u>172,797,003</u>	<u>155,968,117</u>	<u>105,906,153</u>	<u>210,751,936</u>	<u>243,951,272</u>	<u>310,971,822</u>
<u><u>290,800,704</u></u>	<u><u>334,081,777</u></u>	<u><u>299,263,029</u></u>	<u><u>394,629,068</u></u>	<u><u>435,189,854</u></u>	<u><u>487,818,436</u></u>

**Nueces County, Texas  
Housing & Motor Vehicle Sales Volume  
Last Ten Fiscal Years  
September 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Home Sales Volume(1)	730,788,955	614,709,948	535,561,527	524,798,817
Units Sold(1)	4,510	3,773	3,444	3,445
Median Price Real Estate(1)	136,500	138,900	134,800	136,500
Registered Vehicles(2)	270,083	267,474	268,198	269,639
Motor vehicle sales tax(3)	43,237,796	44,348,871	33,145,384	35,560,228

Source:

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



**Exhibit 20**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
534,980,028	689,413,715	829,025,327	930,473,282	996,087,857	884,478,979
3,396	4,058	4,589	4,690	4,811	4,156
135,700	142,300	152,200	168,600	178,700	186,900
276,139	285,373	292,278	300,564	301,993	289,017
46,167,854	56,734,057	65,516,565	67,508,283	67,756,629	62,301,881

**Nueces County, Texas**  
**Full-Time Equivalent**  
**County Government Employees by Function**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	<u>06/07</u>	<u>07/08</u>	<u>08/09</u>	<u>09/10</u>
General Government	178	183	183	183
Buildings & Facilities	41	41	41	41
Administration of Justice	348	349	359	358
Law Enforcement & Corrections	379	384	384	385
Social Services	35	37	36	36
Health, Safety & Sanitation	26	23	23	23
Agr, Ed & Consumer Sciences	13	16	16	16
Roads, Bridges & Airport	92	92	91	92
Parks & Recreation	34	38	38	38
Total Employee Positions	<u>1,146</u>	<u>1,163</u>	<u>1,171</u>	<u>1,172</u>

Source: Nueces County Human Resources, adopted annual budgets.

**Exhibit 21**

<u>10/11</u>	<u>11/12</u>	<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>
183	184	184	190	196	201
41	41	39	37	37	37
355	355	308	307	308	308
384	388	442	444	444	446
36	36	36	36	36	36
22	18	28	55	57	55
16	16	15	15	15	16
92	92	93	93	93	93
38	40	40	42	42	46
<u>1,167</u>	<u>1,170</u>	<u>1,184</u>	<u>1,219</u>	<u>1,227</u>	<u>1,238</u>

**Nueces County, Texas**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**  
**September 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Administration of Justice</b>				
<b>JP Courts</b>				
Cases Filed	32,172	32,059	29,851	99,578
Cases Disposed	25,200	27,084	26,941	24,095
Cases Appealed	100	79	85	87
<b>County Courts at Law</b>				
Civil Cases Filed	2,210	2,532	1,969	2,002
Child Protective Services	234	230	231	207
Civil Cases Disposed	2,346	2,164	1,967	1,910
Criminal Cases Filed	11,455	4,238	8,952	8,590
Criminal Cases Disposed	11,304	11,389	10,925	9,353
<b>District Courts</b>				
Civil Cases Filed	8,154	5,031	7,649	7,261
Child Protective Services	1	-	1	1
Civil Cases Disposed	8,811	7,659	8,094	7,401
Criminal Cases Filed	5,294	2,339	5,304	4,608
Criminal Cases Disposed	5,179	5,525	5,236	5,027
<b>Juvenile</b>				
Juvenile Cases Filed	537	1,264	345	242
Juvenile Cases Disposed	288	321	372	242
<b>General Government</b>				
County Clerk Filling	80,061	65,881	99,206	80,715

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

Sources:

Office of Court Administration  
Nueces County District Clerk

**Exhibit 22**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
27,150	22,041	25,797	22,079	17,702	15,529
22,532	15,833	75,316	20,231	19,795	23,386
83	4	112	97	99	136
2,425	2,242	2,057	2,174	2,367	2,463
192	181	152	229	249	346
2,474	2,378	1,836	1,944	2,190	2,269
6,963	7,826	7,868	8,912	6,627	4,960
8,126	7,350	8,142	7,489	7,030	6,520
7,945	6,322	6,472	6,308	6,657	6,945
1	1	1	1	28	21
6,561	6,414	6,126	5,721	4,844	5,752
3,138	2,878	2,795	3,055	2,941	2,685
4,501	4,813	4,728	4,668	4,642	4,032
184	243	244	175	139	151
74	249	295	261	222	231
73,729	85,517	110,525	147,679	99,254	96,330

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

<b><u>Functions</u></b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General Government</b>				
Number of Vehicles	5	6	6	7
Number of Buildings	2	2	2	2
<b>Administration of Justice</b>				
Number of Buildings	5	5	5	5
Number of Vehicles	8	9	9	7
<b>Law Enforcement</b>				
Number of Buildings	2	2	2	2
Jail Capacity - Main Jail	656	656	656	656
Jail Capacity - McKenzie Jail	412	412	412	412
Number of Vehicle	97	102	106	107
<b>Health, Safety, and Sanitation</b>				
Number of Vehicles	12	12	12	12
<b>Social Services</b>				
Number of Buildings	2	2	2	2
Number of Vehicles	9	10	9	8
<b>Roads, Bridges, and Transportation</b>				
Number of Buildings	13	13	13	14
Number of Bridges	80	80	80	80
Number of Miles (Paved Roads)	475	475	475	475
Number of Miles (Improved Caliche Roads)	50	50	50	50
Number of Miles (Dirt Roads)	178	178	178	178
Number of Vehicles	47	50	51	49
<b>Parks and Recreation</b>				
Number of Buildings	32	32	32	32
Number of Parks	13	13	13	13
Number of Vehicles	21	16	17	21
<b>Building and Facilities</b>				
Number of Buildings	26	26	26	26
Number of Vehicles	13	13	11	11
<b>Agriculture, Education, Consumer science</b>				
Number of Vehicles	4	4	4	4

Exhibit 23

2011	2012	2013	2014	2015	2016
6	11	11	11	6	19
2	2	2	2	2	2
5	4	4	4	4	4
9	8	6	7	7	7
2	2	2	2	2	2
656	656	656	656	656	656
412	412	412	412	412	412
104	113	102	105	122	119
12	10	11	11	11	11
2	2	2	2	2	2
9	8	13	12	8	8
14	14	14	14	17	17
80	80	80	80	80	80
475	475	475	475	475	475
50	50	50	50	50	50
178	178	178	178	178	178
51	57	54	55	54	52
35	25	25	25	25	25
13	13	13	13	13	13
22	22	22	22	21	22
26	37	36	36	37	37
10	13	17	16	11	11
4	4	4	4	3	4

**Nueces County, Texas**  
**Salaries and Surety Bonds of Elected Officials**  
**September 30, 2016**

**Exhibit 24**

<u>Official Title</u>	<u>Incumbent</u>	<u>Budget Salary</u>	<u>Surety Bond</u>	<u>Term Ending Dates</u>
Elected Officials:				
Commissioner, Precinct I	James Michael Pusley	\$ 79,461	\$ 3,000	12/31/2016
Commissioner, Precinct II	Joe A. Gonzalez	77,523	3,000	12/31/2018
Commissioner, Precinct III	Oscar Ortiz	81,442	3,000	12/31/2016
Commissioner, Precinct IV	Brent Chesney	75,632	3,000	12/31/2018
County Judge	Samuel L. Neal, Jr.	96,975	10,000	12/31/2018
County Attorney	Laura A. Jimenez	116,614	2,500	12/31/2016
County Clerk	Kara Sands	80,440	500,000	12/31/2018
Assessor-Collector of Taxes	Kevin Kieschnick	77,523	100,000	12/31/2016
District Clerk	Anne Lorentzen	81,442	100,000	12/31/2018
Sheriff	Jim Kaelin	86,900	30,000	12/31/2016
County Court At Law Judge, Court At Law I	Robert J. Vargas	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law II	Anna Elisabet Gonzales	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law III	Deanne Svoboda Galvan	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law IV	Mark Woerner	157,000	10,000	12/31/2018
County Court At Law Judge, Court At Law V	Timothy McCoy	157,000	10,000	12/31/2018
District Judge, 28th District Court	Nanette Hasette	18,000	N/A (1)	12/31/2016
District Judge, 94th District Court	Robert M. Galvan	18,000	N/A (1)	12/31/2018
District Judge, 105th District Court	Jack Pulcher	18,000	N/A (1)	12/31/2018
District Judge, 117th District Court	Sandra Watts	18,000	N/A (1)	12/31/2018
District Judge, 148th District Court	Guy Williams	18,000	N/A (1)	12/31/2018
District Judge, 214th District Court	Jose Longoria	18,000	N/A (1)	12/31/2016
District Judge, 319th District Court	David Stith	18,000	N/A (1)	12/31/2018
District Judge, 347th District Court	Missy Medary	18,000	N/A (1)	12/31/2016
District Attorney	Mark Skurka	12,000	5,000 (1)	12/31/2016
Constable, Precinct I	Robert Cisneros	57,103	1,500	12/31/2016
Constable, Precinct II	Jerry C. Boucher	57,103	1,500	12/31/2016
Constable, Precinct III	Jimmy Rivera	55,718	5,000	12/31/2016
Constable, Precinct IV	Robert W. Sherwood	57,103	1,500	12/31/2016
Constable, Precinct V	Frank Flores III	57,103	1,500	12/31/2016
Justice of the Peace, Pct. I, Place I	Joe Benavides	56,487	5,000	12/31/2016
Justice of the Peace, Pct. I, Place II	Henry A. Santana	60,830	5,000	12/31/2018
Justice of the Peace, Pct.I,Place III	Roberto Balderas	60,830	5,000	12/31/2018
Justice of the Peace,Pct.II,Place I	Janice K. Stoner	60,830	5,000	12/31/2016
Justice of the Peace, Pct. II, Place II	Thelma Rodriguez	60,830	5,000	12/31/2018
Justice of the Peace, Pct. III	Larry Lawrence	56,487	5,000	12/31/2018
Justice of the Peace, Pct. IV	Duncan Neblett, Jr.	60,830	5,000	12/31/2018
Justice of the Peace, Pct. V, Place I	Roberto H Gonzalez Jr.	60,830	5,000	12/31/2016
Justice of the Peace, Pct. V, Place II	Hermilo Peña, Jr.	60,830	5,000	12/31/2018

Notes:

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





**Nueces County, Texas**  
**Summary of Insurance Coverage**  
**Last Ten Fiscal Years**  
**September 30, 2016**

<u>Type of Coverage</u>	<u>Premiums Paid FY06-07</u>	<u>Premiums Paid FY07-08</u>	<u>Premiums Paid FY08-09</u>	<u>Premiums Paid FY09-10</u>
Property With Excess Windstorm				
Property Without Excess Windstorm	157,527	152,548	123,117	111,913
County Buildings (Blanket Buildings)				
County Buildings (Blanket Contents)				
Primary Windstorm	<u>434,994</u>	<u>574,949</u>	<u>378,162</u>	<u>1,028,516</u>
<b>Subtotal Windstorm</b>	<b>592,521</b>	<b>727,497</b>	<b>501,279</b>	<b>1,140,429</b>
Flood Insurance	53,434	115,730	84,397	
Building Limits				
Building Contents				
Building and Contents				76,260
Excess Flood	<u>19,243</u>	<u></u>	<u>80,012</u>	<u>56,323</u>
<b>Subtotal Flood</b>	<b>72,677</b>	<b>115,730</b>	<b>164,409</b>	<b>132,583</b>
Inland Marine:	13,220	11,132	13,212	5,939
Voting Machine				
Fine Arts				
Valuable Papers				
<b>Subtotal Inland Marine</b>	<b>13,220</b>	<b>11,132</b>	<b>13,212</b>	<b>5,939</b>
Public Official Employee Liability	37,199	33,435	33,435	24,567
Crime Policy Includes	2,783	2,783	2,783	2,783
Dishonesty				
Money & Securities				
Auto Liability Blanket	115,016	113,989	119,122	111,242
Boiler and Machinery	5,140			
Airport Liability	4,950	4,455		
Airport Hangar keepers Legal			3,783	2,888
Other Liability				
<b>Total</b>	<b><u>843,506</u></b>	<b><u>1,009,021</u></b>	<b><u>838,023</u></b>	<b><u>1,420,431</u></b>

Exhibit 25

<b>Premiums Paid FY10-11</b>	<b>Premiums Paid FY11-12</b>	<b>Premiums Paid FY12-13</b>	<b>Premiums Paid FY13-14</b>	<b>Premiums Paid FY14-15</b>	<b>Premiums Paid FY15-16</b>
123,259	136,120	154,343	179,542	179,542	152,646
755,168	858,524	845,948	824,545	747,536	961,438
<b>878,427</b>	<b>994,644</b>	<b>1,000,291</b>	<b>1,004,087</b>	<b>927,078</b>	<b>1,114,084</b>
83,441	91,802	86,043	98,677	106,988	101,844
56,530	56,415	61,324	65,228	64,001	63,640
<b>139,971</b>	<b>148,217</b>	<b>147,367</b>	<b>163,905</b>	<b>170,989</b>	<b>165,484</b>
7,418	7,051	7,418	7,785	7,785	7,826
<b>7,418</b>	<b>7,051</b>	<b>7,418</b>	<b>7,785</b>	<b>7,785</b>	<b>7,826</b>
31,361	30,153	32,771	32,771	32,771	35,805
2,783	2,783	4,231	4,397	4,700	5,000
115,029	106,706	87,812	91,902	91,180	118,545
2,837	2,258	2,258	1,734	1,734	3,258
<b>1,177,826</b>	<b>1,291,812</b>	<b>1,282,148</b>	<b>1,306,581</b>	<b>1,236,237</b>	<b>1,450,002</b>



# FEDERAL AND STATE AWARDS PROGRAMS

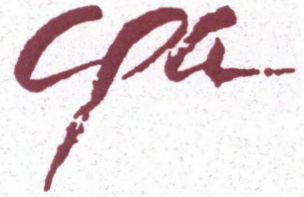


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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

March 29, 2017

The Honorable County Judge  
and County Commissioners  
Nueces County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State of Texas, *Single Audit Circular*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Nueces County, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2017.

**Internal Control over Financial Reporting**

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

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

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

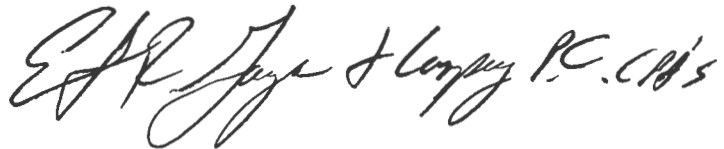
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of Nueces County, Texas, in a separate letter dated March 29, 2017.

**Purpose of this Report**

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

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



March 29, 2017





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

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

March 29, 2017

The Honorable County Judge  
and County Commissioners  
Nueces County, Texas

**Report on Compliance for Each Major Federal Program**

We have audited the Nueces County, Texas (the "County") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Nueces County, Texas (the "County") complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

### **Report on Internal Control Over Compliance**

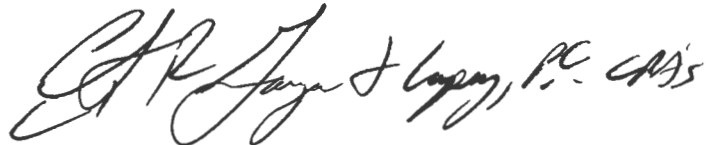
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types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

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

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

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

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

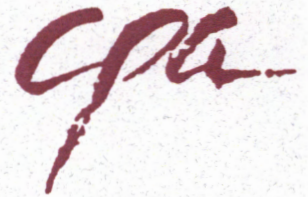


March 29, 2017

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

March 29, 2017

The Honorable County Judge  
and County Commissioners  
Nueces County, Texas

**Report on Compliance for Each Major State Program**

We have audited the Nueces County, Texas (the "County") compliance with the types of compliance requirements described in *the State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2016. The County's major state programs are identified in the summary of auditor's results section of the accompanying state schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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



**Opinion on Each Major State Program**

In our opinion, the Nueces County, Texas (the "County") complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2016.

**Report on Internal Control over Compliance**

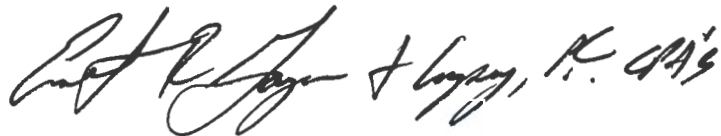
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types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

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

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

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

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



March 29, 2017

NUECES COUNTY, TEXAS  
 Schedule of Findings and Questioned Costs  
 For The Year Ended September 30, 2016

Summary of Auditor's Results

Type of report on financial statements	Unmodified
Internal control over financial reporting: Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weakness (es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unmodified
Findings and questioned costs for federal awards as defined in the Uniform Guidance and the state awards as defined by the State of Texas Single Audit Circular	None
Dollar threshold considered between Type A and Type B state and federal programs	\$750,000
Low risk auditee statement	The County was classified as a low-risk auditee.
Major federal program	Homeland Security Grant Program #97.067
Major state program	State Aid - TJJD

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

None

Findings and Questioned Costs for Federal and State Awards

None

NUECES COUNTY, TEXAS  
Schedule of Prior Audit Findings  
For The Year Ended September 30, 2016

None Noted

NUECES COUNTY, TEXAS  
Corrective Action Plan  
For The Year Ended September 30, 2016

None Required





**NUECES COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES, INDIRECT COSTS AND REFUNDS	PASS THROUGH AMOUNT TO RECIPIENTS
<b>FEDERAL AWARDS:</b>				
<b>US DEPARTMENT OF AGRICULTURE</b>				
<b>Pass Through: Texas Department of Agriculture</b>				
3490-4464	School Breakfast Program	10.553	01216	\$ 27,125 \$ -
3490-4469	National School Lunch Program	10.555	01216	42,744 -
3492-4469	Emergency Assistance Program (Food Commodities)	10.569	01216	1,794 -
<b>TOTAL CLUSTER PROGRAM:</b>			<b>\$ 71,663</b>	<b>\$ -</b>
<b>TOTAL US DEPARTMENT OF AGRICULTURE:</b>			<b>\$ 71,663</b>	<b>\$ -</b>
<b>US DEPARTMENT OF COMMERCE</b>				
<b>Pass Through: Texas General Land Office</b>				
2724	Coastal Zone Management Administration Awards	11.419	14-094-000-7962	\$ 117,518 \$ -
2725	Coastal Zone Management Administration Awards	11.419	15-053-000-8462	47,663 -
<b>Total CFDA 11.419</b>			<b>\$ 165,181</b>	<b>\$ -</b>
<b>TOTAL US DEPARTMENT OF COMMERCE</b>			<b>\$ 165,181</b>	<b>\$ -</b>
<b>US DEPARTMENT OF THE INTERIOR</b>				
<b>Direct Grant</b>				
1307	Minerals Management Services	15.423	None	377 -
<b>Pass Through: Texas Park and Wildlife Department</b>				
2455	Sportfishing and Boat Safety Act	15.622	F2260-B	249,229 -
2453	Outdoor Recreation_Acquisition, Development & Planning Grant	15.916	48-00-1124	89,507 -
<b>Pass Through: Texas General Land Office</b>				
2772-09	Coastal Impact Assistance Program	15.668	13-147-000-7235	383,339 -
<b>TOTAL US DEPARTMENT OF THE INTERIOR</b>			<b>\$ 722,452</b>	<b>\$ -</b>
<b>US DEPARTMENT OF JUSTICE:</b>				
<b>Pass Through: US Attorney, SW Region</b>				
2236	(OCDETF) State & Local Overtime and Authorized Expense Agreement	16.112	SW-TXS-0955	6,498 -
<b>Pass Through: Office of the Governor - Criminal Justice Division</b>				
2056	Juvenile Justice & Delinquency Prevention	16.540	2015-JA-FX-0005	32,083 -
2077	Juvenile Justice Alternative	16.540	2315207	2,615 -
<b>TOTAL CFDA 16.540</b>			<b>\$ 34,698</b>	<b>\$ -</b>
2046	Violence Against Women Formula Grant	16.588	2013-WF-AX-0053	50,000 -
<b>Direct Award</b>				
3720-4463	State Criminal Alien Assistance Program	16.606	2016-AP-BX-0043	24,253 -
<b>Pass Through: City of Corpus Christi</b>				
2395	Edward Byrne Memorial J.A.G. Program	16.738	2013-DJ-BX-0850	5,284 -
2396	Edward Byrne Memorial J.A.G. Program	16.738	2014-DJ-BX-0826	46,868 -
2397	Edward Byrne Memorial J.A.G. Program	16.738	2015-DJ-BX-0616	28,920 -
<b>TOTAL CFDA 16.738</b>			<b>\$ 81,072</b>	<b>\$ -</b>
<b>TOTAL US DEPARTMENT OF JUSTICE</b>			<b>\$ 196,521</b>	<b>\$ -</b>

**NUECES COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES, INDIRECT COSTS AND REFUNDS	PASS THROUGH AMOUNT TO RECIPIENTS	
<b>FEDERAL AWARDS:</b>					
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>					
<b>Pass Through: Texas State Library &amp; Archives Commission</b>					
2156	Impact Grant Program	45.310	478-16009	28,956	-
2158	Impact Grant Program	45.310	478-17018	22,775	-
<b>Total CFDA Number 45.310</b>			<b>\$ 51,731</b>	<b>\$ -</b>	
<b>TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			<b>\$ 51,731</b>	<b>\$ -</b>	
<b>US ENVIRONMENTAL PROTECTION AGENCY</b>					
<b>Pass Through: Texas General Land Office</b>					
2635	Beach Monitoring and Notification Program	66.472	16-099-000-9299	88,915	-
2637	Beach Monitoring and Notification Program	66.472	16-099-000-9299-01	11,460	-
<b>Total CFDA Number 66.472</b>			<b>\$ 100,375</b>	<b>\$ -</b>	
<b>TOTAL US ENVIRONMENTAL PROTECTION AGENCY</b>			<b>\$ 100,375</b>	<b>\$ -</b>	
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Pass Through: Texas Department of Aging and Disability Services</b>					
<b>Through: Coastal Bend Council of Governments:</b>					
Special Programs for the Aging Title III, Part B_Grants for					
4190-4445	Supportive Services and Senior Centers	93.044	AA3-0848-10	19,524	-
4190-4446	Special Programs for the Aging, Title III, Part C1_Nutrition Svcs	93.045	AA3-0848-10	53,739	-
4190-4447	Special Programs for the Aging, Title III, Part C2_Nutrition Svcs	93.045	AA3-0848-10	56,346	-
<b>Total Cluster</b>			<b>\$ 129,609</b>	<b>\$ -</b>	
<b>Pass Through: Department of State Health Services</b>					
2685	Public Health Emergency Preparedness	93.069	2016-004038	15,779	-
2696	Public Health Emergency Preparedness	93.069	2016-001327-00	118,428	-
2697	Public Health Emergency Preparedness	93.069	2016-001327-03	40,814	-
<b>Total CFDA 93.069</b>			<b>\$ 175,021</b>	<b>\$ -</b>	
2656	Hospital Preparedness Program	93.074	2015-003715-01	22,071	-
<b>Through: Texas Health and Human Services Commission</b>					
2536	ACA-Maternal, Infant, and Early Childhood Visiting Program	93.505	HCS 529-12-0066-00005	534,582	-
2537	ACA-Maternal, Infant, and Early Childhood Visiting Program	93.505	HCS 529-12-0066-00005	36,109	-
<b>Total CFDA 93.505</b>			<b>\$ 570,691</b>	<b>\$ -</b>	
<b>Pass Through: Department of State Health Services</b>					
2574	Centers For Disease Control and Prevention Investigations and Technical Assistance	93.558	2015-04750-001A	35,286	-
<b>Through: Office of the Attorney General</b>					
3530-4363	Child Support Enforcement	93.563		125,824	-
3530-4365	Child Support Enforcement	93.563	17-C0061	793	-
3540-4365	Child Support Enforcement	93.563	00-3721,00-082010	13,316	-
<b>Total CFDA 93.563</b>			<b>\$ 139,933</b>	<b>\$ -</b>	
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 625,197</b>	<b>\$ -</b>	

**NUECES COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES, INDIRECT COSTS AND REFUNDS	PASS THROUGH AMOUNT TO RECIPIENTS	
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES - continued</b>					
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES BLANCE CARRIED FORWARD</b>			<b>\$ 625,197</b>	<b>\$ -</b>	
<b>Pass Through: Texas Juvenile Justice Department</b>					
1317	Title IV-E Foster Care	93.658	TJJD-E-2015-178	\$ 22,931	\$ -
1317	Title IV-E Foster Care	93.658	TJJD-E-2016-178	60,259	
<b>Pass Through: Texas Department of Family and Protective Services</b>					
1130	Title IV-E Legal Services	93.658	23940957	50,102	-
4130	Title IV-E Child Welfare Services	93.658	23940956	31,160	-
<b>Total CFDA 93.658</b>			<b>\$ 164,452</b>	<b>\$ -</b>	
<b>Pass Through: Department of State Health Services</b>					
4190-4450	Social Services Block Grant	93.667	167600	57,069	-
2595	HIV Prevention_Health Department Based	93.940	2015-001347-00	22,717	-
2596	HIV Prevention_Health Department Based	93.940	2015-001347-00	19,988	-
<b>Total CFDA 93.940</b>			<b>\$ 42,705</b>	<b>\$ -</b>	
<b>TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 1,336,837</b>	<b>\$ -</b>	
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>					
<b>Pass Through: Office of National Drug Control Policy</b>					
2375	High Intensity Drug Trafficking Area Programs	95.001	G15HN0007A	83,837	-
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT</b>			<b>\$ 83,837</b>	<b>\$ -</b>	
<b>US DEPARTMENT OF HOMELAND SECURITY</b>					
<b>Pass Through Department of Public Safety-TX Division of Emergency Management</b>					
2461	Public Assistance Grant	97.036	PA-06-TX-4223-PW01036	11,898	-
2462	Public Assistance Grant	97.036	PA-06-TX-4223-PW01259	37,439	-
2464	Public Assistance Grant	97.036	PA-06-TX-4223-PW01520	22,965	-
<b>Total CFDA 97.036</b>			<b>\$ 72,302</b>	<b>\$ -</b>	
<b>Pass Through Texas Department of Public Safety</b>					
5105	Emergency Management Performance Grant	97.042	16TX-EMPG-0578	37,543	-
2244	Homeland Security Grant Program	97.067	14-SR 48355-01	154,286	-
2414	Homeland Security Grant Program	97.067	14-GA 48355-08F	617,252	411,527
<b>Pass Through: Office of the Governor</b>					
2415	Homeland Security Grant Program	97.067	15-SR-48355-02	57,965	-
<b>Total CFDA 97.067</b>			<b>\$ 829,503</b>	<b>\$ 411,527</b>	
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<b>\$ 939,348</b>	<b>\$ 411,527</b>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,667,945</b>	<b>\$ 411,527</b>	

**NUECES COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

FEDERAL / STATE GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES, INDIRECT COSTS AND REFUNDS	PASS THROUGH AMOUNT TO RECIPIENTS	
<b>STATE AWARDS:</b>					
<b>OFFICE OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION</b>					
<b>Direct Grant</b>					
2076	Juvenile Justice Alternative	N/a	2315206	28,470	-
2086	Nueces County Drug/DWI Court	N/a	2067608	69,761	-
<b>TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION</b>			<b>\$ 98,231</b>	<b>\$ -</b>	
<b>TEXAS DEPARTMENT OF AGRICULTURE</b>					
<b>Direct Grant</b>					
2792	The Colonia Fund: Construction	N/a	7214085	\$ 126,048	\$ -
2794	The Colonia Fund: Construction	N/a	7215115	\$ 29,262	\$ -
4190-4450	Texans Feeding Texans - Home Delivered Meals Grant Program	N/a	HDM-16-1696	\$ 17,737	\$ -
<b>TOTAL TEXAS DEPARTMENT OF AGRICULTURE</b>			<b>\$ 173,047</b>	<b>\$ -</b>	
<b>TEXAS DEPARTMENT OF HEALTH STATE SERVICES</b>					
<b>Direct Grant</b>					
2616	HIV Surveillance	N/a	2016-001419-00	47,547	-
2617	HIV Surveillance	N/a	2016-001419-01	3,618	-
<b>TOTAL DEPARTMENT OF HEALTH STATE SERVICES</b>			<b>\$ 51,165</b>	<b>\$ -</b>	
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>					
<b>Direct Grant</b>					
2116	Routine Airport Maintenance Program	N/a	MI616ROBS	29,530	-
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>			<b>\$ 29,530</b>	<b>\$ -</b>	
<b>TEXAS INDIGENT DEFENSE COMMISSION</b>					
<b>Direct Grant</b>					
3300	Indigent Defense Formula Grant	N/a	221-16-178	\$ 357,167	\$ -
<b>TOTAL TEXAS INDIGENT DEFENSE COMMISSION</b>			<b>\$ 357,167</b>	<b>\$ -</b>	
<b>TEXAS JUVENILE JUSTICE DEPARTMENT</b>					
<b>Direct Grants</b>					
2826	State Financial Aide Fund	N/a	TJJD-A-2016-178	2,232,898	-
2827	State Financial Aide Fund	N/a	TJJD-A-2017-178	217,530	-
2836	Special Needs Diversionary Program	N/a	TJJD-M-2016-178	26,937	-
2846	JJAEP School Fund	N/a	TJJD-P-2016-178	28,208	-
2847	JJAEP School Fund	N/a	TJJD-P-2017-178	1,978	-
2856	Regional Diversion Alternative (RDA) Program	N/a	TJJD-R-2016-178	8,420	-
<b>TOTAL TEXAS JUVENILE JUSTICE DEPARTMENT</b>			<b>\$ 2,515,971</b>	<b>\$ -</b>	
<b>TEXAS VETERANS COMMISSION</b>					
<b>Direct Grant</b>					
2175	Fund For Veterans Assistance Grant	N/a	FVA_15B_0267-01	\$ 74,154	\$ -
2177	Fund For Veterans Assistance Grant	N/a	FVA_16B_0339	41,923	-
<b>TOTAL TEXAS VETERANS COMMISSION:</b>			<b>\$ 116,077</b>	<b>\$ -</b>	
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ 3,341,188.00</b>	<b>\$ -</b>	
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS:</b>			<b>7,009,133.00</b>		

NUECES COUNTY, TEXAS

Notes to Schedule of State/Federal Awards

For the year ended September 30, 2016

1. General

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

2. Basis of Accounting

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

3. Basic Financial Statements

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

<u>Special Revenue Funds</u>			<u>Federal</u>	<u>State</u>	<u>Total</u>
			\$ 3,126,613	\$ 2,966,284	\$ 6,092,897
(13)	\$ 83,567	(13)	\$		
(20)	3,043,046	(20)	450,313		
		(28)	2,515,971		
Federal \$	<u>3,126,613</u>	State \$	<u>2,966,284</u>		
		General Fund	(11) 539,538	374,904	914,442
		Commodities	(11) <u>1,794</u>	<u>-0-</u>	<u>1,794</u>
		TOTAL	<u>\$ 3,667,945</u>	<u>\$ 3,341,188</u>	<u>\$ 7,009,133</u>

4. Relationship to State/Federal Financial Reports

Amounts reported in the Schedule of State/Federal Awards are in agreement with the amounts reported in the related Federal financial reports filed with grantor agencies. The schedule of expenditures of federal/state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning and is also not a required part of the financial statements.

5. Commodities Valuation

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

6. Requests for Information

This financial report is designed to provide a general review of Nueces County's State and Federal Financial Awards for the Fiscal Year Ended September 30, 2016. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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