

**COUNTY OF VICTORIA, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*For the year ended December 31, 2011*

Prepared by: County Auditor's Office  
Judy McAdams, CPA  
Victoria County Auditor

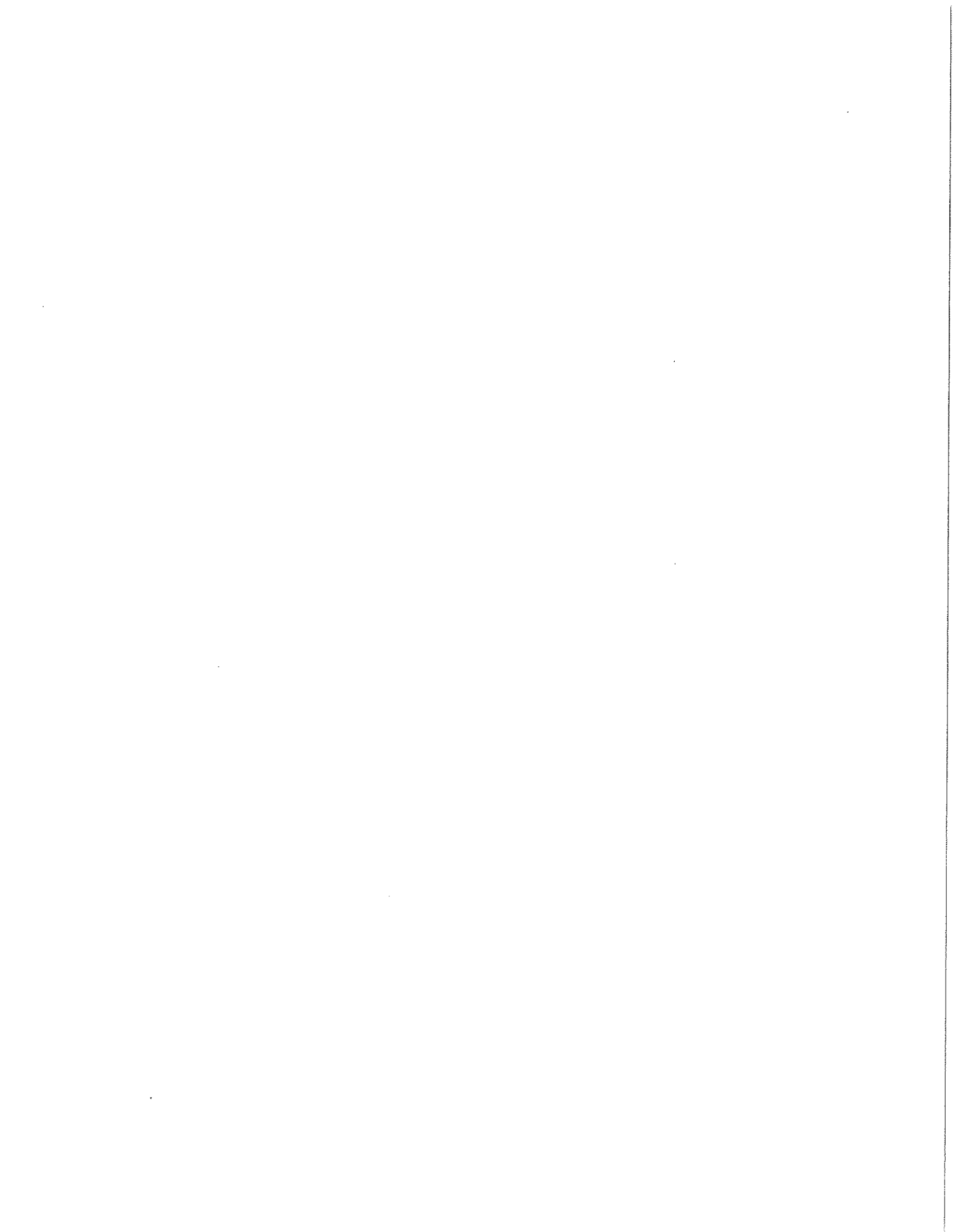


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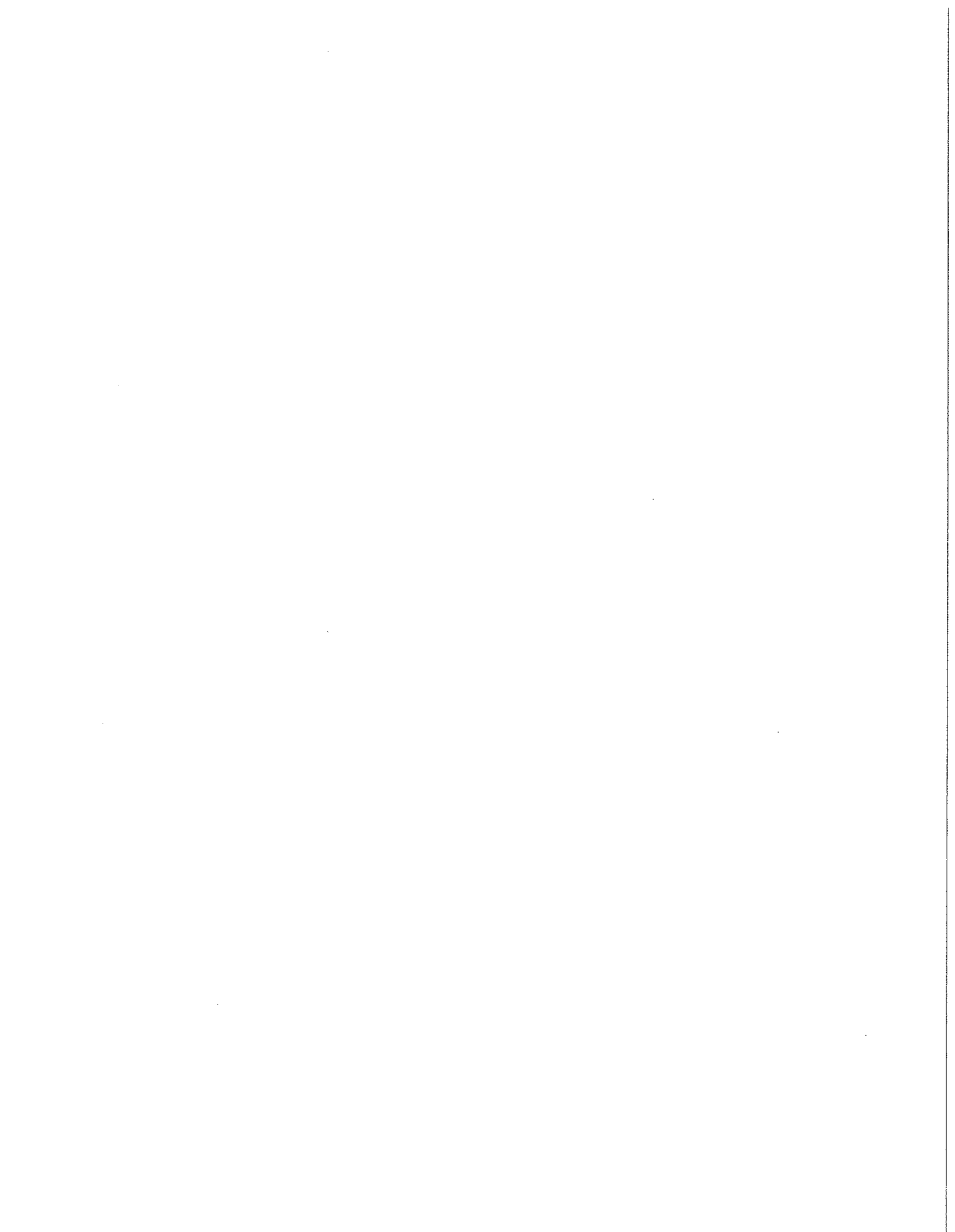
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## INTRODUCTORY SECTION





**JUDY McADAMS, CPA  
COUNTY AUDITOR  
VICTORIA COUNTY, TEXAS**

115 N. Bridge, Room 122  
Victoria, Texas 77901

Tel: (361)575-8451  
Fax: (361)573-0636

June 28, 2012

Honorable District Judges  
Honorable County Judge  
Honorable County Commissioners  
County of Victoria  
Victoria, Texas

The County Auditor's Office is pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Victoria, Texas (the "County"), for the year ended December 31, 2011. This report is submitted in compliance with Texas Local Government Code 114.025.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The County Auditor serves as the Chief Financial Officer for Victoria County. By statute, the Auditor reports to the State District Judges. This provides for an independent review of County financial operations separate from the Commissioner's Court, the legislative and executive branch of county government. The County Auditor is responsible for accounting systems design, audit functions required by law, general control of finances and ensuring that the County meets its fiduciary responsibilities to taxpayers with regard to County finances by strictly enforcing the statutes governing County finances as provided by the local government code. As an appointed County Official and as a Certified Public Accountant, the County Auditor takes an oath to uphold the Constitution and the laws of the State of Texas.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In compliance with Texas Local Government Code 115.045, the financial statements and notes contained in this report have been audited by the independent auditors of Harrison, Waldrop and Uherek, L.L.P., a firm of licensed certified public accountants. The independent auditors' report is included in the Financial Section of this report.

When other accounting bases conflict with state law, Texas and its political subdivisions may follow the statutory provisions of Chapter 2264, Texas Government Code. Accordingly, in 2008 the County followed the statutory basis of accounting, which is an other comprehensive basis of accounting provided, but not mandated, by this statute. For the County, the only difference between generally accepted accounting principles ("GAAP") and the statutory basis of accounting is in the reporting of other postemployment benefits ("OPEB").

The statutory basis differs from GAAP in that the County's presentation of OPEB on the financial statements uses the statutory modified accrual basis. This basis accurately and fairly sets forth the financial position of the County by (i) measuring the cost of benefits according to their adoption by the governing body of the County; and by (ii) providing an accurate assessment of OPEB liabilities and extent of their funding for the time for which the benefits were adopted. Under GAAP, GASB Statement No. 45 ("GASB 45"), "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" defines an OPEB liability to include amounts the governing body has not authorized nor promised to employees, and for which there is no legally enforceable liability. The County has concluded that recognizing an OPEB liability as defined by GASB 45 would result in publishing financial statements that are materially misleading. It would also be inconsistent with State financial laws and misrepresent the nature, scope, and duration of the financial activities of the County.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis ("MD&A"). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section of this report.

## **PROFILE OF VICTORIA COUNTY**

The County is located in southeastern Texas on the Coastal plain about midway between the southern and eastern extremities of the Texas Gulf Coast. The County was created in 1836 from a Mexican municipality named for Mexican President Guadalupe Victoria. The County encompasses an area of 892 square miles and serves a population of 86,236.

The County is a public corporation and political subdivision of the State of Texas. 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. The Commissioners' Court is also responsible for development of policies and orders, approving 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 key County offices is crucial to the success of the County in financial management and growth.

The County provides a full range of services. The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. A primary service is the administration of justice, which includes the civil and criminal county and district courts, justices of the peace, constables, district attorney, investigators, clerks of the courts, sheriff, jail, security, and emergency management and grand jury bailiffs. Other functions performed by the County include the construction and maintenance of roads and bridges, either independently or in cooperation with other entities; administration of public health services; assistance to indigents; and the provision of juvenile, health, education, and welfare services involving the care and correction of dependent or delinquent children as well as property tax collections for multiple agencies.

The annual budget serves as the foundation for the County's financial planning and control. Budget hearings are posted annually in July and August by the County Judge, with the final budget approved by the Commissioners' Court following the hearings. The final budget includes contingency line items. Most appropriated budgets are prepared by fund, department, and category. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the line-item level within an individual fund. The original budget may be amended by Commissioners' Court under conditions prescribed by Texas Local Government Code, Section 111.010. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated budget has been adopted.

Various potential component units were evaluated to determine whether they should be included in the County's reporting entity because of the significance of their operational and financial relationship with the County. Based upon standards established by the Governmental Accounting Standards Board (see Note 1 to the financial statements), three component units have been included in this year's report: the Victoria County Navigation District, the Victoria County Child Welfare Board, and Citizens Medical Center. These entities are discretely presented and are not considered part of the primary government of the County. This reporting method was used because, while the entities are financially accountable to the County, they do not have substantively the same governing body as the County nor do they provide services exclusively to the County.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy** - The County is one of the leading regional economies in the seven-county Golden Crescent region. The County has developed into a primary business center with growth in services and retail employment. The County's principal economic activities include petrochemical and industrial chemical plants, plastics manufacturers, heavy steel fabrication, pre-stressed concrete, oil and gas exploration, medical services, professional and financial services, retail trade, and higher education. Although the oil and gas petrochemical industries remain a vital component of the area employment base, diversification within these industries into production of ancillary goods and plastics has reduced economic vulnerability to energy price fluctuations.

The County records reflect modest debt levels, rapid principal amortization, and acceptable reserve levels that have benefited from sound fiscal management practices. The County practices conservative budgeting and sets General Fund reserve targets at 15% to 25% of annual expenditures. In the past year, the County incurred an increase in the General Fund unassigned fund balance mainly as a result of an increase in sales tax revenue. The County's General Fund reserve target is based on the County's policy of deferring ad valorem property taxes. The resulting unreserved fund balance does not include \$6.1 million in ad valorem taxes collected in October, November, and December of 2011, and are instead reported as deferred revenues.

**Long-Term Financial Planning** - The County of Victoria has identified several long-term issues that need to be prioritized and funded by the Commissioners' Court. These priorities include adding additional courtrooms for the increasing caseload of jury trials, resolving inadequate parking around the Courthouse complex and relocating the elections office to allow room for future jail expansion.

**Cash Management** - The Commissioners' Court has adopted a formal investment policy for the County consistent with State statutes governing the investment of County funds and has designated the County Treasurer as the County's investment officer. The policy is updated annually. The general objectives set forth in the policy provide for financial security and optimum liquidity of County funds while achieving the maximum yield on funds invested and maximum levels of invested funds. Authorized investments are consistent with those investments authorized by State law for Texas counties. Currently, the County has limited its investments to certificates of deposits and money market funds.

**Risk Management** - The County has risk exposure in various areas including general liability, worker's compensation, automobile liability, and property damage. To reduce its risk exposure in these areas, the County purchases commercial insurance policies from a private carrier. The related policies carry various deductibles and aggregate maximum loss totals.

The County is also exposed to risk of loss in the area of employee health coverage. In this area, the County bears all risk of loss up to \$85,000 per participant per year. Co-insurance through a private insurance carrier assumes all risk for individual participants past that level. Please refer to the notes to the financial statements for a complete discussion of the County's employee health insurance operations.

**Pension Benefits** - The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). Specific plan provisions are adopted by the County within the options available in the state statutes governing the TCDRS. 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 within the constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed.

## **ACKNOWLEDGEMENTS**

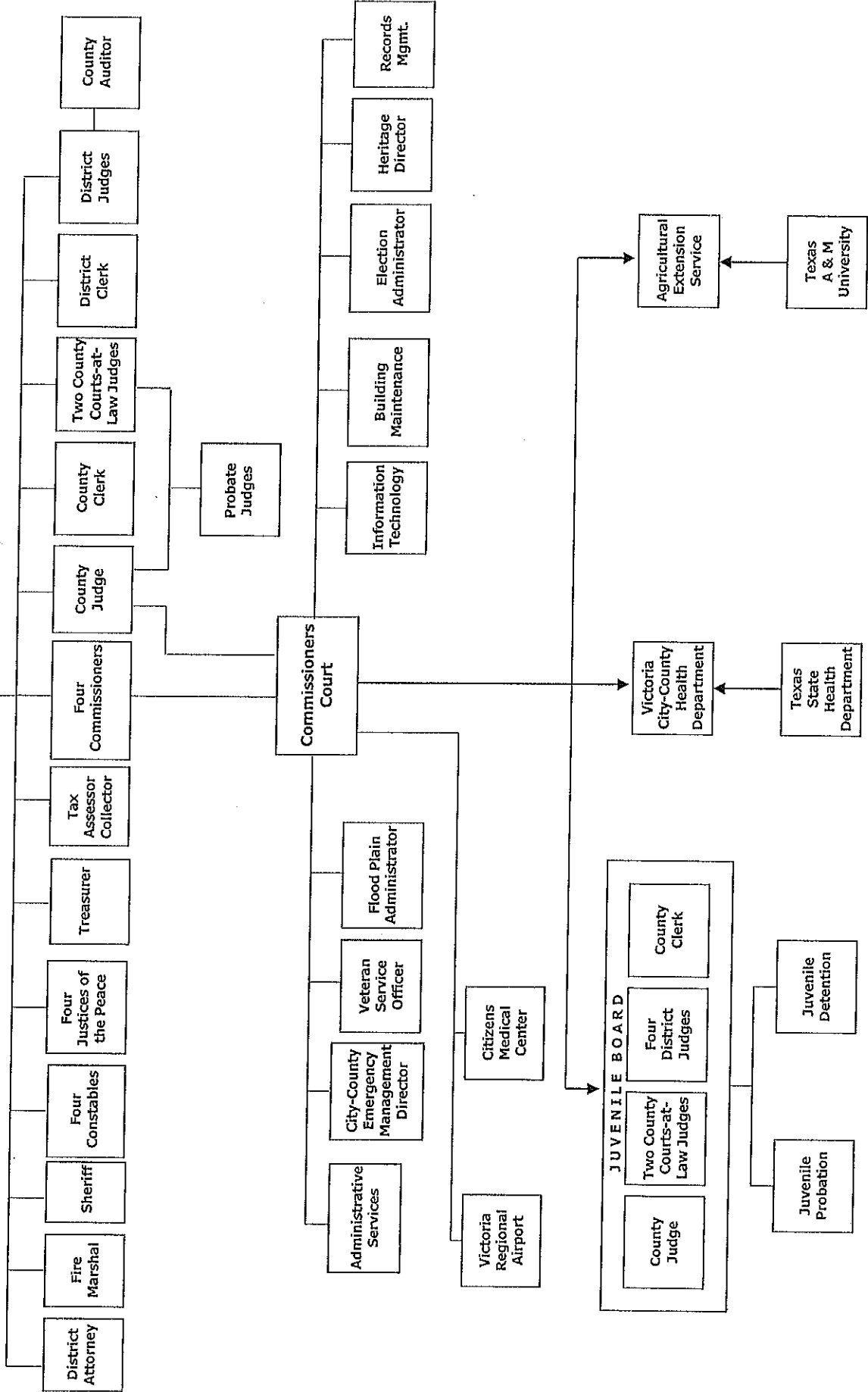
The preparation of the CAFR could not have been accomplished without the efficient and dedicated efforts of the staff of the County Auditor's Office. We express our appreciation to all the members of the office who assisted in and contributed to its preparation. We would also like to thank the accounting firm of Harrison, Waldrop & Uherek, L.L.P. for sharing their knowledge, and extending their cooperation and support to the County Auditor's Office. Appreciation must also be expressed to the County Judge, members of the Commissioners' Court, the County Treasurer, and all other officials of the County for their assistance in planning and conducting the financial operations of the County in a progressive and responsible manner.

Respectfully submitted,  
Judy McAdams, CPA  
Victoria County Auditor



# VICTORIA COUNTY ORGANIZATION

## COUNTY VOTERS



**COUNTY OF VICTORIA, TEXAS**  
 DIRECTORY OF PRINCIPAL OFFICIALS  
 December 31, 2011

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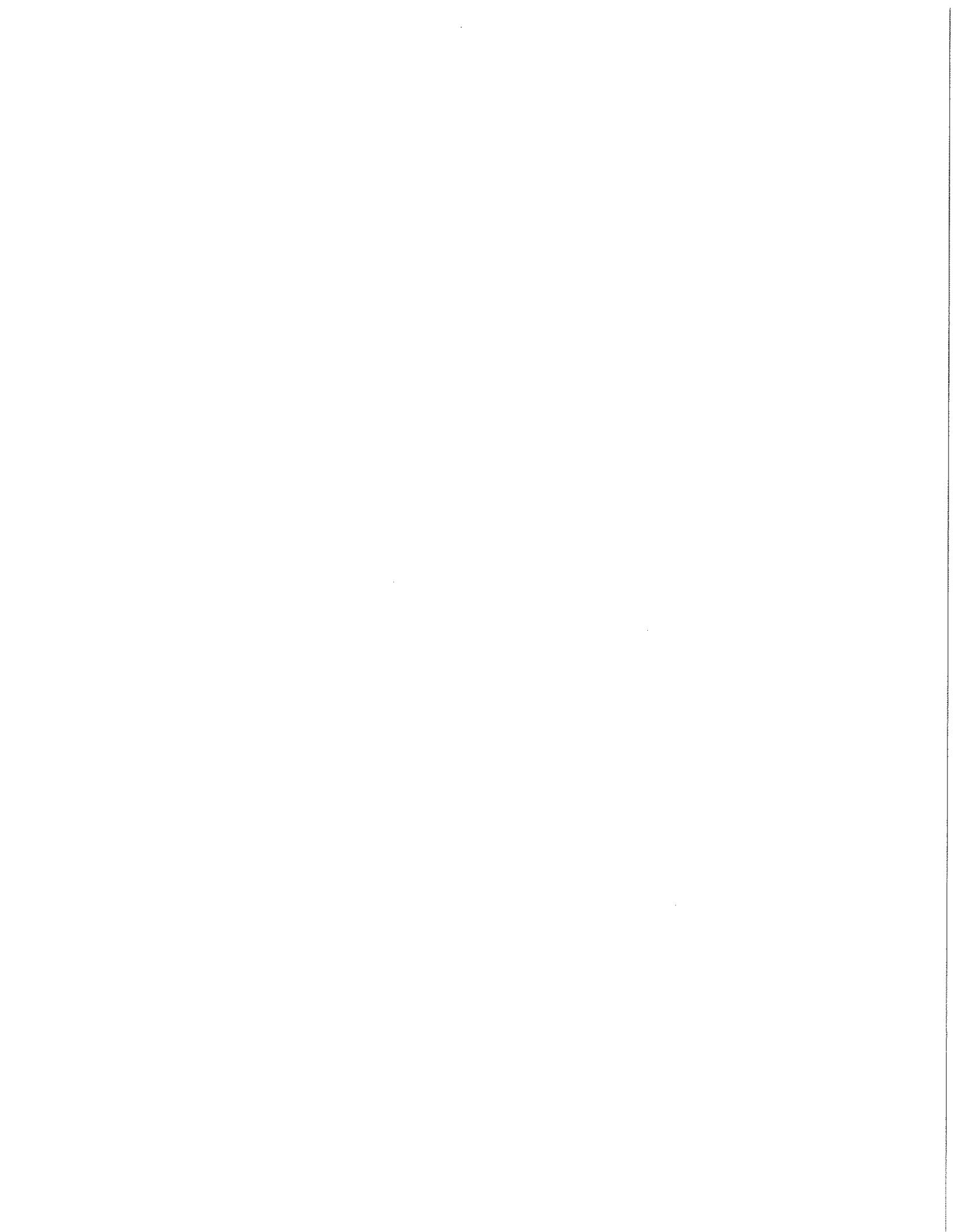
**ELECTED OFFICIALS**

<u>NAME</u>	<u>POSITION</u>
Donald R. Pozzi	County Judge
Kenny Spann	Commissioner, Precinct #1
Kevin Janak	Commissioner, Precinct #2
Gary Burns	Commissioner, Precinct #3
Clint Ives	Commissioner, Precinct #4
Stephen Tyler	Criminal District Attorney
Robert Cortez	County Clerk
Cathy Stuart	District Clerk
Sean Kennedy	County Treasurer
Rena Scherer	County Tax Assessor-Collector
T. Michael O'Connor	County Sheriff
Laura A. Weiser	Judge, County Court-at-Law #1
Daniel Gilliam	Judge, County Court-at-Law #2
Joseph P. Kelly	Judge, 24th Judicial District
K. Stephen Williams, III	Judge, 135th Judicial District
Juergen "Skipper" Koetter, Jr.	Judge, 267th Judicial District
Robert C. Cheshire	Judge, 377th Judicial District
Annie Ramos	Justice of the Peace #1
Stuart Posey	Justice of the Peace #2
Robert Whitaker	Justice of the Peace #3
Henry Welfel	Justice of the Peace #4
Richard G. Castillo	Constable, Precinct #1
James E. Calaway	Constable, Precinct #2
Kenneth Easley, Jr.	Constable, Precinct #3
John G. Miller	Constable, Precinct #4

**APPOINTED OFFICIALS**

<u>NAME</u>	<u>POSITION</u>
Judy McAdams, CPA	County Auditor
Ronald W. Pray	County Fire Marshal

**FINANCIAL SECTION**





CERTIFIED PUBLIC ACCOUNTANTS  
101 S. MAIN, SUITE 400  
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA  
HAMILTON H. REDMON, CPA  
DENNIS C. CIHAL, CPA  
ERIC L. KUCERA, CPA  
CLAYTON P. VAN FELT, CPA  
ROBERT W. SCHAAR, CPA  
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255  
FAX: (361) 573-9531

## INDEPENDENT AUDITORS' REPORT

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

We have audited the accompanying statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Victoria, Texas (the "County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These statutory basis financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Citizens Medical Center and the Victoria County Child Welfare Board, which represent 88 percent, 92 percent, and 98 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions insofar as it relates to the amounts included for the Citizens Medical Center and the Victoria County Child Welfare Board, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free of material misstatement. The financial statements of the Citizens Medical Center and the Victoria County Child Welfare Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

As described more fully in Note 1, the County has prepared these financial statements using accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365, which practices differ from GAAP. These statutory accounting practices recognize the cost of postemployment benefits, other than retirement benefits, on a statutory modified accrual basis. GAAP requires that annual required contributions related to postemployment benefits, other than retirement benefits, under a substantive plan as comprehended in GAAP be recorded as expenses, which, if not funded would increase the liabilities, reduce the net assets, and change the expenses of the governmental and business-type activities. The effects on the financial statements taken as a whole of the variances between these regulatory practices and GAAP, although not reasonably determinable, are presumed to be material. In our opinion, because of the effects of the matter discussed previously, the financial statements referred to above do not present fairly, in conformity with GAAP, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

In addition, in our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective statutory basis financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the statutory basis of accounting described in Note 1.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and historical pension information on pages 3 through 12 and 75 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the statutory basis financial statements that collectively comprise the County's basic financial statements. The introductory section, statutory basis combining and individual major and nonmajor fund financial statements and schedules, statistical data, and schedule of expenditures of federal and state awards (as required by the U.S. Office of Management and Budget Circular A-133, *Auditing of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The statutory basis combining and individual major and nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Harrison, Waldrop & Ullrich, LLP*

June 28, 2012

The discussion and analysis of the County of Victoria's (the "County") financial performance provides an overview of the County's financial activities for the year ended December 31, 2011. The discussion and analysis should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the financial statements. The discussion and analysis includes comparative data for the prior year.

**FINANCIAL HIGHLIGHTS**

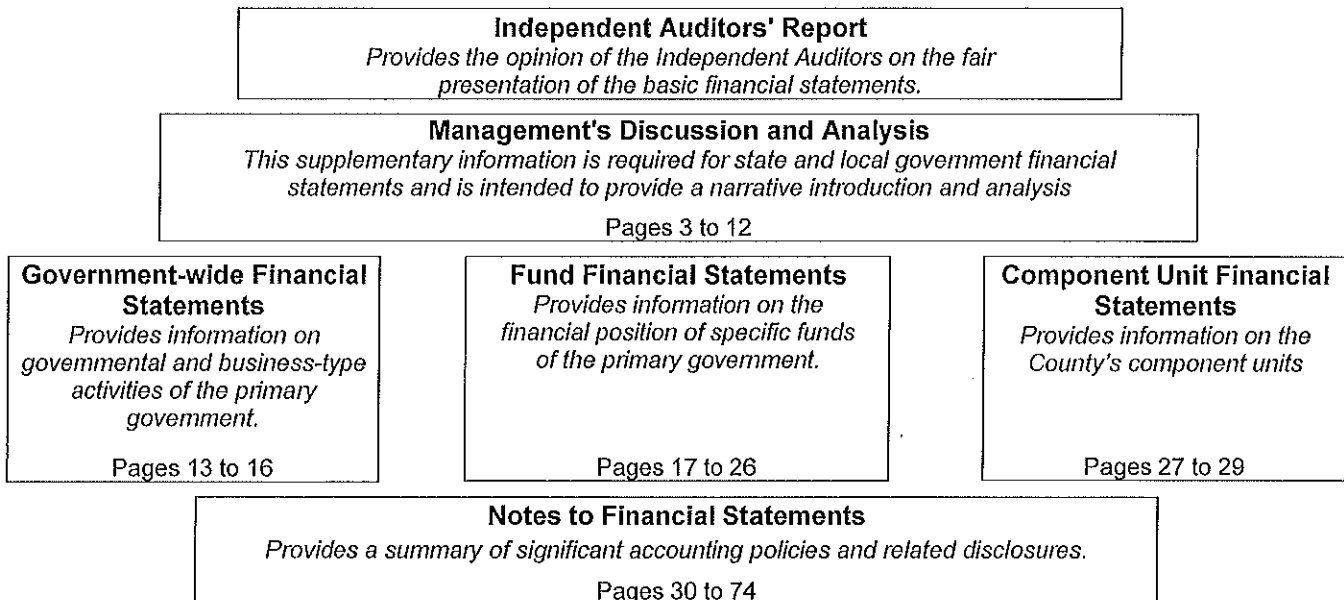
- The assets of the County exceeded its liabilities at the close of the year ended December 31, 2011, by \$37,111,461. Of this amount \$10,484,797 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2011, the County's governmental funds reported combined ending fund balances of \$11,668,570. The amount available for governmental discretion (unassigned fund balance) is \$8,168,791.
- At December 31, 2011, the fund balance for the General Fund was \$9,207,991, a \$3,683,060 increase over last year. The unassigned portion of fund balance was \$8,663,446 or 94.09% of total fund balance or 31.29% of total General Fund expenditures for 2011.
- The County's general obligation debt netted a decrease of \$1,124,641. The key factor in this decrease was the bond payments made during 2011.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The new financial reporting model instituted by Governmental Accounting Standards Board Statement 34 ("GASB 34") seeks to improve operational accountability by highlighting an overall picture that was lost in the detail of fund accounting. Instead of focusing on aggregations of similar individual funds, GASB 34 introduced government-wide financial statements, which present the government as a single unified entity.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) component unit financial statements, and 4) notes to financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**Organization and Flow of Financial Section Information**



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## OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

**Government-wide Financial Statements.** The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these 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 cost through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, culture and recreation, and public health. The business-type activities of the County include the airport, Navarro project, and other (commissary).

The government-wide financial statements include not only the County itself (known as the *primary government*) but also the component units of Victoria County Navigation District, Victoria County Child Welfare Board, and Citizens Medical Center. These component units are not included as part of the primary government.

The government-wide financial statements can be found on pages 13-16 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 of the County can be 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 a *balance 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 several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. Data from the other governmental 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 and individual statements and schedules following the required supplementary information.



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## OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

The County adopts an annual appropriated budget for its General Fund, road and bridge special revenue funds, and Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget and is located on pages 106-113 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 115-120 of this report.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its airport, Navarro project, and other enterprise activities (commissary). *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses an internal service fund to account for its employee health insurance services. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *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 proprietary fund financial statements provide separate information for the airport and for the Navarro project, both of which are considered to be major funds of the County, and other (commissary).

The basic proprietary fund financial statements can be found on pages 21-24 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 similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

**Notes to 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 financial statements can be found on pages 30-74 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 General Fund's budgetary comparison schedule and historical pension benefits information. Required supplementary information can be found on pages 75-77 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 78-124 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$37,111,461 at the close of the year ended December 31, 2011.

### County of Victoria, Texas

#### NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 37,723,919	\$ 34,529,621	\$ 2,967	\$ 256,098	\$ 37,726,886	\$ 34,785,719
Capital assets (net)	28,286,259	26,164,664	9,973,746	10,390,530	38,260,005	36,555,194
Total Assets	66,010,178	60,694,285	9,976,713	10,646,628	75,986,891	71,340,913
Current and other liabilities	24,167,500	23,528,979	305,916	266,906	24,473,416	23,795,885
Noncurrent liabilities	13,768,503	12,443,417	633,511	756,069	14,402,014	13,199,486
Total Liabilities	37,936,003	35,972,396	939,427	1,022,975	38,875,430	36,995,371
Net Assets:						
Investment in capital assets, net of related debt	16,692,542	13,801,455	9,245,449	9,575,043	25,937,991	23,376,498
Restricted	688,673	478,249	-	-	688,673	478,249
Unrestricted	10,692,960	10,442,185	(208,163)	48,710	10,484,797	10,490,895
Total Net Assets	\$ 28,074,175	\$ 24,721,889	\$ 9,037,286	\$ 9,623,753	\$ 37,111,461	\$ 34,345,642

The largest portion of the County's net assets (69.89%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. 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 from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has restricted net assets of \$688,673, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$10,484,797) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the County is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for the governmental activities.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

County of Victoria, Texas

**CHANGES IN NET ASSETS**

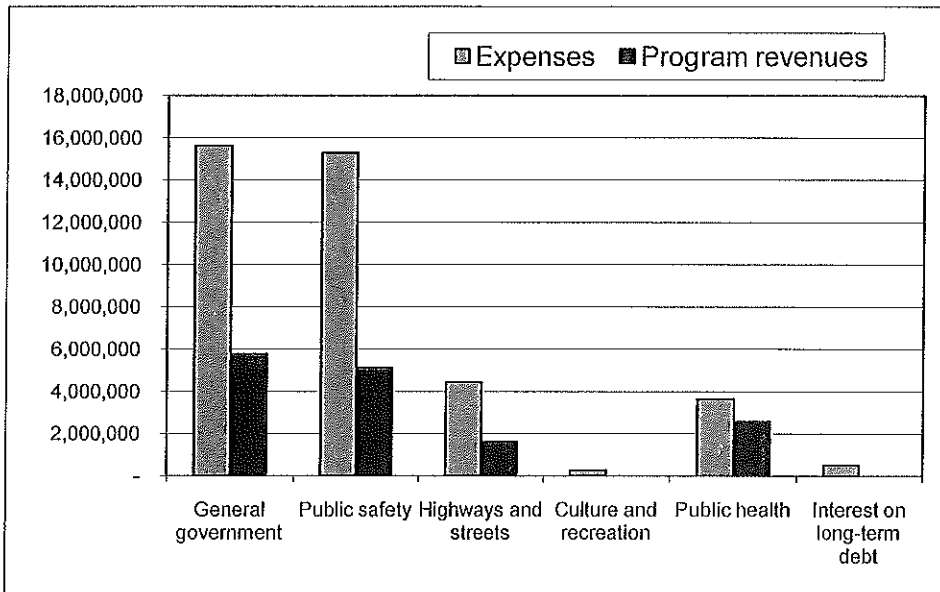
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 9,206,345	\$ 9,238,459	\$ 3,629,405	\$ 2,951,412	\$ 12,835,750	\$ 12,189,871
Operating grants & contributions	4,894,311	4,892,681	42,190	-	4,936,501	4,892,681
Capital grants & contributions	951,625	376,900	148,968	185,325	1,100,593	562,225
General revenues:						
Property taxes	19,323,241	19,632,861	-	-	19,323,241	19,632,861
Other taxes	10,253,545	7,738,868	-	-	10,253,545	7,738,868
Other	1,108,755	571,392	417	759	1,109,172	572,151
<b>Total Revenues</b>	<b>45,737,822</b>	<b>42,451,161</b>	<b>3,820,980</b>	<b>3,137,496</b>	<b>49,558,802</b>	<b>45,588,657</b>
<b>EXPENSES</b>						
General governmental	15,620,851	16,605,275	-	-	15,620,851	16,605,275
Public safety	15,289,156	19,400,560	-	-	15,289,156	19,400,560
Highways and streets	4,435,115	4,606,913	-	-	4,435,115	4,606,913
Culture and recreation	257,880	356,884	-	-	257,880	356,884
Public health	3,650,720	4,222,958	-	-	3,650,720	4,222,958
Interest on long-term debt	504,255	329,593	-	-	504,255	329,593
Airport	-	-	3,737,407	3,501,044	3,737,407	3,501,044
Navarro project	-	-	579,775	583,222	579,775	583,222
Commissary	-	-	101,378	95,089	101,378	95,089
<b>Total Expenses</b>	<b>39,757,977</b>	<b>45,522,183</b>	<b>4,418,560</b>	<b>4,179,355</b>	<b>44,176,537</b>	<b>49,701,538</b>
Change in net assets before transfers and special item	5,979,845	(3,071,022)	(597,580)	(1,041,859)	5,382,265	(4,112,881)
Transfers	(11,113)	(439,953)	11,113	439,953	-	-
Special item-interlocal commitment	(2,616,446)	-	-	-	(2,616,446)	-
Change in net assets	3,352,286	(3,510,975)	(586,467)	(601,906)	2,765,819	(4,112,881)
<b>Net assets - January 1, 2011, as restated</b>	<b>24,721,889</b>	<b>28,232,864</b>	<b>9,623,753</b>	<b>10,225,659</b>	<b>34,345,642</b>	<b>38,458,523</b>
<b>Net assets - December 31, 2011</b>	<b>\$ 28,074,175</b>	<b>\$ 24,721,889</b>	<b>\$ 9,037,286</b>	<b>\$ 9,623,753</b>	<b>\$ 37,111,461</b>	<b>\$ 34,345,642</b>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

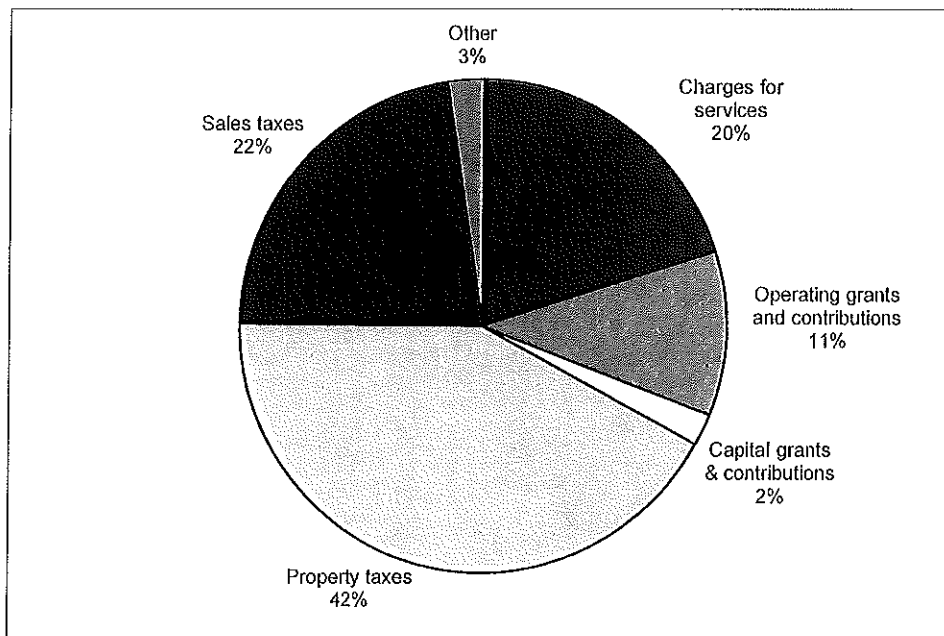
**Governmental activities.** Governmental activities increased the County's net assets by \$3,352,286, thereby accounting for the majority of the total increase in the net assets of the County. Key elements of this increase are as follows:

- Sales tax revenue increased 33.30% or \$2,505,371 from the prior year. Also, there were various decreases in expenses from the prior year mainly due to a reduction in force and a reduction in retirement contributions.

**Expenses and Program Revenues - Governmental Activities**



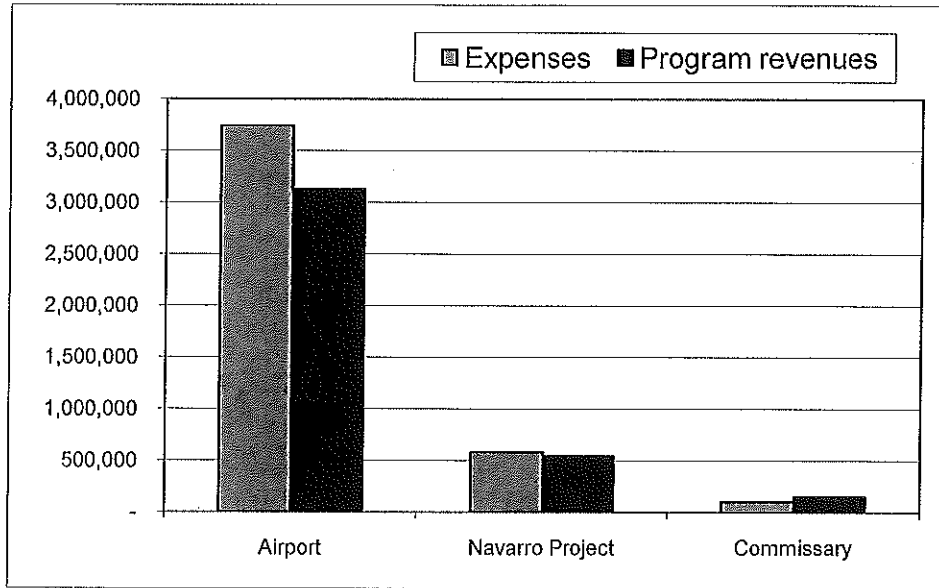
**Revenues by Source - Governmental Activities**



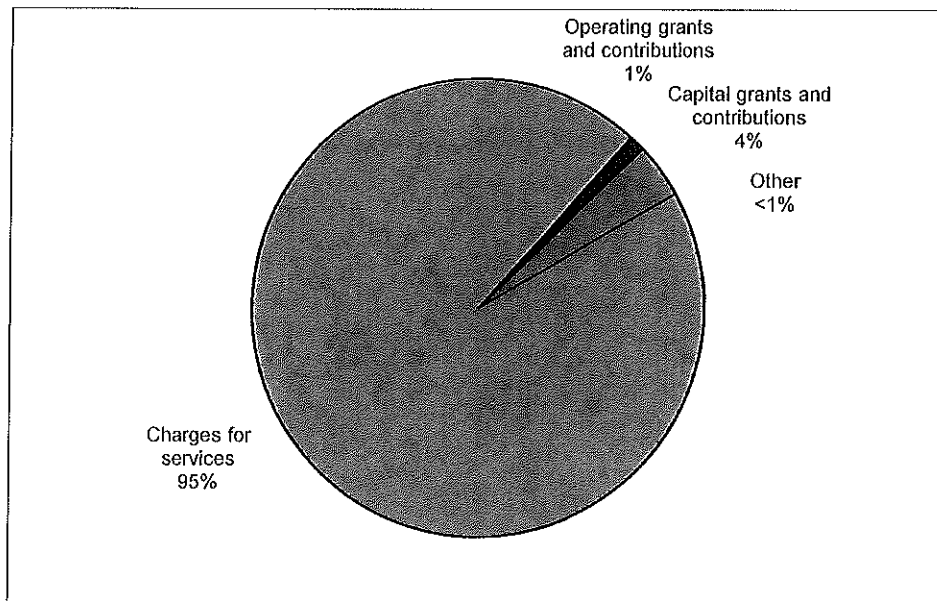
**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**Business-type activities.** Business-type activities decreased the County's net assets by \$586,467, thereby accounting for 21.20% of the decrease in the net assets of the County. This change was mainly due to a decrease in transfers from governmental activities received by the Airport Fund during 2011.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



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## 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.

**Governmental funds.** The focus of 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. Non-financial assets such as governmental buildings, roads, park land and long-term liabilities that will not be paid with current assets are excluded.

In the fiscal year 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), which changed the various classifications of fund balance and clarified governmental fund type definitions. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,668,570, an increase of \$2,556,232 in comparison with the prior year. Of the total fund balance, \$8,168,791 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$2,955,234 is *restricted* to specific types of expenditures and \$544,545 is *nonspendable*.

**General Fund.** The General Fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the General Fund was \$8,663,446, while total fund balance was \$9,207,991. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31.29% of total General Fund expenditures, while total fund balance represents 33.26% of that same amount.

The fund balance of the County's General Fund increased by \$3,683,060 during the current year. This increase is due mainly to an increase in sales tax revenues.

**Capital Projects Fund.** The Capital Projects Fund reported an ending fund balance of \$284,958, which represents a decrease of \$582,553 from the prior year. The decrease is due to the "spend down" of prior year debt proceeds on various capital projects.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of proprietary funds at the end of the year amounted to:

Fund	2011	2010
	Unrestricted Net Assets	Unrestricted Net Assets
Airport	\$ (478,206)	\$ (127,514)
Navarro Project	198,136	160,689
Commissary	71,907	15,535
<b>Total</b>	<u>\$ (208,163)</u>	<u>\$ 48,710</u>

Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an increase of \$405,046 and can be briefly summarized as follows:

- \$231,910 in miscellaneous increases in general governmental expenditures, due to the purchase of a new software program for the administrative services department, new computer servers for the information technology department, increased indigent defense expenditures, and increases in utilities for various County departments.
- \$198,461 in miscellaneous increases in public safety expenditures, due to increased expenditures for fuel and oil for the Sheriff's department, video equipment for Constable Precinct #2, and the purchase of a washer and dryer unit for the fire fighting gear for the Fire Department.

These increases were to be funded out of miscellaneous increases in intergovernmental revenues, fines and forfeitures revenues, and other miscellaneous revenues.

For 2011, the General Fund's actual expenditures came in \$1,035,465 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2011.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$38,260,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The net increase in the County's investment in capital assets for the current year was 4.66% (a 8.11% increase for governmental activities and a 4.01% decrease for business-type activities). This net increase was mainly due to the acquisition of a Type I Communications/Command Vehicle at the Sheriff's office.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,302,794	\$ 2,302,794	\$ 149,433	\$ 149,433	\$ 2,452,227	\$ 2,452,227
Construction in progress	1,956,482	754,460	335,528	-	2,292,010	754,460
Buildings	10,326,966	10,660,414	517,760	592,517	10,844,726	11,252,931
Improvements	5,918,056	5,420,849	8,776,605	9,454,458	14,694,661	14,875,307
Machinery and equipment	6,144,815	5,307,057	194,420	194,121	6,339,235	5,501,178
Infrastructure	1,637,146	1,719,090	-	-	1,637,146	1,719,090
Total	\$ 28,286,259	\$ 26,164,664	\$ 9,973,746	\$ 10,390,529	\$ 38,260,005	\$ 36,555,193

Major capital asset events during the current year included the following:

- The additions to the governmental activities capital assets during the year ended December 31, 2011, consisted of the following:
  - Equipment increased by \$837,758 due to the acquisition of a Type I Communications/Command Vehicle at the Sheriff's Office, the purchase of a new asphalt distributor for all Road & Bridge Precincts, and the acquisition of a new radio tower for the Sheriff's office.

## CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)

### Capital Assets. - (Continued)

- o The additions to the business-type activities capital assets during the year ended December 31, 2011, consisted of ongoing improvements to the airport property and the remodel of the fuel based operation at the airport.

Additional information on the County's capital assets can be found in Note 6 of this report.

**Long-term debt.** At the end of the current year, the County had total bonded debt outstanding of \$12,477,613. Of this amount, \$11,749,316 comprises debt backed by the full faith and credit of the government and \$728,297 secured solely by specific revenue sources (i.e., revenue bonds).

### County of Victoria, Texas

#### General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Certificates of obligation	\$ 8,315,000	\$ 8,895,000	\$ -	\$ -	\$ 8,315,000	\$ 8,895,000
General obligation bonds	3,295,000	3,830,000	-	-	3,295,000	3,830,000
Issuance discount	(45,063)	(47,538)	-	-	(45,063)	(47,538)
Issuance premiums	259,180	289,071	-	-	259,180	289,071
Loss on refunding	(74,801)	(92,576)	-	-	(74,801)	(92,576)
Revenue bonds	-	-	730,000	830,000	730,000	830,000
Bond discount	-	-	(1,703)	(2,013)	(1,703)	(2,013)
<b>Total</b>	<b>\$ 11,749,316</b>	<b>\$ 12,873,957</b>	<b>\$ 728,297</b>	<b>\$ 827,987</b>	<b>\$ 12,477,613</b>	<b>\$ 13,701,944</b>

The County's total debt decreased by \$1,224,331 (8.94%) during the current year, this was due to debt repayment. The County maintains an "AA" rating from Standard & Poor's, and Fitch Ratings for general obligation debt. Also in 2011, the County became obligated for their share in the costs of the Loop 463 Improvement Project with the City of Victoria. The present value of the obligation was \$2,616,446 and payments will begin in 2014. Additional information on the County's long-term debt can be found in Note 13.

### Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective, and controlled use of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Commissioners' Court sets the direction of the County, allocates its resources, and establishes its priorities.

The final 2012 budget was adopted by Commissioners' Court on September 19, 2011. The budget included a 4% raise to employees, 3% raise to County Officials, a 2% raise to Commissioners' Court, retirement contributions were increased from 150% to 200%, several capital improvements to cover aging infrastructure, and 7 new vehicles with equipment for the Sheriff's office. The property tax rate was set at \$0.3986 (39.86 cents) per \$100 assessed taxable valuation, which reflects no change from the 2011 tax rate. However, the 2012 tax rate is \$0.0165 (or 4.32%) over the County's effective tax rate. The taxable valuation increased for the 2012 year by \$240 million which will result in an increase of tax revenue of \$198,000.

### Request 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. Questions concerning any of the information provide in this report or requests for additional financial information should be addressed to the County Auditor's Office, 115 N. Bridge, Room 122, Victoria, Texas 77901.



**Basic Financial Statements**



**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF NET ASSETS - STATUTORY BASIS**  
December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 17,844,022	\$ 320,222	\$ 18,164,244	\$ 105,321,178
Receivables (net)	17,212,721	72,863	17,285,584	15,987,846
Internal balances	4,314	(4,314)	-	-
Due from other governments	1,894,068	32,779	1,926,847	59,779
Due from external parties	35,000	-	35,000	-
Inventory	-	99,112	99,112	2,133,051
Deferred expenditures/expenses	-	-	-	993,784
<b>Total current assets</b>	<b>36,990,125</b>	<b>520,662</b>	<b>37,510,787</b>	<b>124,495,638</b>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	4,259,276	484,961	4,744,237	30,621,636
Buildings, improvements, and equipment (net)	24,026,983	9,488,785	33,515,768	87,875,994
Issuance costs (net)	189,249	26,850	216,099	2,703,360
Noncurrent internal balances	544,545	(544,545)	-	-
<b>Total noncurrent assets</b>	<b>29,020,053</b>	<b>9,456,051</b>	<b>38,476,104</b>	<b>121,200,990</b>
<b>Total assets</b>	<b>66,010,178</b>	<b>9,976,713</b>	<b>75,986,891</b>	<b>245,696,628</b>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 1,078,540	\$ 112,176	\$ 1,190,716	\$ 3,188,308
Accrued expenses	980,986	27,932	1,008,918	5,864,773
Accrued interest payable	213,688	16,346	230,034	22,395
Due to other governments	378,636	-	378,636	501,115
Claims payable	166,498	-	166,498	-
Deposits	1,000	25,200	26,200	-
Unearned revenue	19,528,892	-	19,528,892	1,998,743
Accrued compensated absences	480,772	13,825	494,597	-
Current portion of long-term obligations	1,338,488	110,437	1,448,925	540,000
<b>Total current liabilities</b>	<u>24,167,500</u>	<u>305,916</u>	<u>24,473,416</u>	<u>12,115,334</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	13,768,503	633,511	14,402,014	6,480,000
<b>Total noncurrent liabilities</b>	<u>13,768,503</u>	<u>633,511</u>	<u>14,402,014</u>	<u>6,480,000</u>
<b>Total liabilities</b>	<u>37,936,003</u>	<u>939,427</u>	<u>38,875,430</u>	<u>18,595,334</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	16,692,542	9,245,449	25,937,991	111,728,522
Restricted for:				
Debt service	418,410	-	418,410	104,678
Other purposes	270,263	-	270,263	-
Unrestricted net assets	10,692,960	(208,163)	10,484,797	115,268,094
<b>Total net assets</b>	<u>\$ 28,074,175</u>	<u>\$ 9,037,286</u>	<u>\$ 37,111,461</u>	<u>\$ 227,101,294</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES - STATUTORY BASIS**  
For the year ended December 31, 2011

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 15,620,851	\$ 4,639,764	\$ 1,131,496	\$ -
Public safety	15,289,156	2,216,737	1,940,799	951,625
Highways and streets	4,435,115	1,506,282	97,573	-
Culture and recreation	257,880	-	-	-
Public health	3,650,720	843,562	1,724,443	-
Interest on long-term debt	504,255	-	-	-
Total governmental activities	<u>39,757,977</u>	<u>9,206,345</u>	<u>4,894,311</u>	<u>951,625</u>
Business-type activities				
Airport	3,737,407	2,932,268	42,190	148,968
Navarro Project	579,775	544,203	-	-
Commissary	101,378	152,934	-	-
Total business-type activities	<u>4,418,560</u>	<u>3,629,405</u>	<u>42,190</u>	<u>148,968</u>
Total primary government	<u>\$ 44,176,537</u>	<u>\$ 12,835,750</u>	<u>\$ 4,936,501</u>	<u>\$ 1,100,593</u>
<b>Component Units</b>	<u>\$ 132,720,409</u>	<u>\$ 135,396,387</u>	<u>\$ 5,940</u>	<u>\$ 35,128</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted Investment earnings

Miscellaneous

Transfers

Special item - interlocal commitment

Total general revenues, transfers, and special item

Change in net assets

Net assets - beginning, as restated

Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (9,849,591)	\$ -	\$ (9,849,591)	\$ -
(10,179,995)	-	(10,179,995)	-
(2,831,260)	-	(2,831,260)	-
(257,880)	-	(257,880)	-
(1,082,715)	-	(1,082,715)	-
(504,255)	-	(504,255)	-
<u>(24,705,696)</u>	<u>-</u>	<u>(24,705,696)</u>	<u>-</u>
-	(613,981)	(613,981)	-
-	(35,572)	(35,572)	-
-	51,556	51,556	-
-	<u>(597,997)</u>	<u>(597,997)</u>	<u>-</u>
<u>(24,705,696)</u>	<u>(597,997)</u>	<u>(25,303,693)</u>	<u>-</u>
-	-	-	2,717,046
17,725,946	-	17,725,946	1,317,798
1,597,295	-	1,597,295	322,111
10,028,625	-	10,028,625	-
224,920	-	224,920	-
352,549	-	352,549	-
119,708	417	120,125	673,681
636,498	-	636,498	20,906
(11,113)	11,113	-	-
<u>(2,616,446)</u>	<u>-</u>	<u>(2,616,446)</u>	<u>-</u>
<u>28,057,982</u>	<u>11,530</u>	<u>28,069,512</u>	<u>2,334,496</u>
3,352,286	(586,467)	2,765,819	5,051,542
<u>24,721,889</u>	<u>9,623,753</u>	<u>34,345,642</u>	<u>222,049,752</u>
<u>\$ 28,074,175</u>	<u>\$ 9,037,286</u>	<u>\$ 37,111,461</u>	<u>\$ 227,101,294</u>

COUNTY OF VICTORIA, TEXAS  
BALANCE SHEET - STATUTORY BASIS  
GOVERNMENTAL FUNDS  
December 31, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 12,395,394	\$ 319,531	\$ 4,594,026	\$ 17,308,951
Receivables (net)	14,515,231	-	2,672,023	17,187,254
Due from other governments	459,722	-	1,434,346	1,894,068
Due from other funds	1,575,467	-	3,814	1,579,281
Advance to other funds	544,545	-	-	544,545
<b>Total assets</b>	<u>\$ 29,490,359</u>	<u>\$ 319,531</u>	<u>\$ 8,704,209</u>	<u>\$ 38,514,099</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 447,356	\$ 34,573	\$ 410,168	\$ 892,097
Accrued expenditures	743,271	-	228,244	971,515
Due to other funds	-	-	1,539,770	1,539,770
Due to other governments	378,636	-	-	378,636
Deposits	1,000	-	-	1,000
Deferred revenue	18,712,105	-	4,350,406	23,062,511
<b>Total liabilities</b>	<u>20,282,368</u>	<u>34,573</u>	<u>6,528,588</u>	<u>26,845,529</u>
<b>Fund balances</b>				
Nonspendable	544,545	-	-	544,545
Restricted	-	284,958	2,670,276	2,955,234
Unassigned	8,663,446	-	(494,655)	8,168,791
<b>Total fund balances</b>	<u>9,207,991</u>	<u>284,958</u>	<u>2,175,621</u>	<u>11,668,570</u>
<b>Total liabilities and fund balances</b>	<u>\$ 29,490,359</u>	<u>\$ 319,531</u>	<u>\$ 8,704,209</u>	<u>\$ 38,514,099</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS  
OF GOVERNMENTAL ACTIVITIES - STATUTORY BASIS**

December 31, 2011

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<b>Total governmental fund balances</b>		<b>\$ 11,668,570</b>
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
The internal service fund is used by the County to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.		197,929
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		1,643,622
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.		1,889,997
Capital assets used in governmental activities are reported as expenditures in governmental funds when purchased or constructed. The cost of these assets is \$168,589,081 and the accumulated depreciation is \$140,302,822.		28,286,259
Other noncurrent assets (for example, bond issue costs) used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$389,232 and the accumulated amortization is \$199,983.		189,249
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and certificates payable	\$ (11,610,000)	
Issuance discount	45,063	
Issuance premiums	(259,180)	
Deferred loss on refunding	74,801	
Interlocal commitment	(2,616,446)	
Capital leases payable	(129,359)	
Accrued interest payable	(213,688)	
Compensated absences	<u>(1,092,642)</u>	<u>(15,801,451)</u>
<b>Net assets of governmental activities</b>		<b><u>\$ 28,074,175</u></b>

The accompanying notes are an integral part of this statement.



**COUNTY OF VICTORIA, TEXAS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - STATUTORY BASIS****GOVERNMENTAL FUNDS**

For the year ended December 31, 2011

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 25,665,427	\$ -	\$ 4,325,928	\$ 29,991,355
Fees of office and user fees	1,640,175	-	1,149,975	2,790,150
Intergovernmental	3,391,980	-	6,787,402	10,179,382
Fines and forfeitures	1,203,479	-	329,365	1,532,844
Investment income	72,994	3,159	41,571	117,724
Licenses and permits	53,464	-	-	53,464
Contributions	-	-	301,344	301,344
Miscellaneous	624,369	155,584	263,964	1,043,917
<b>Total revenues</b>	<u>32,651,888</u>	<u>158,743</u>	<u>13,199,549</u>	<u>46,010,180</u>
<b>EXPENDITURES</b>				
Current				
General government	13,915,736	-	1,770,225	15,685,961
Public safety	13,526,132	263,077	1,868,233	15,657,442
Highways and streets	-	-	4,764,971	4,764,971
Culture and recreation	216,113	-	-	216,113
Public health	26,305	-	3,571,605	3,597,910
Capital outlay	-	469,328	1,827,573	2,296,901
Debt service				
Principal retirement	-	-	1,115,000	1,115,000
Interest and fiscal charges	-	-	524,982	524,982
<b>Total expenditures</b>	<u>27,684,286</u>	<u>732,405</u>	<u>15,442,589</u>	<u>43,859,280</u>
Excess (deficiency) of revenues over expenditures	<u>4,967,602</u>	<u>(573,662)</u>	<u>(2,243,040)</u>	<u>2,150,900</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	61,840	-	145,793	207,633
Capital lease	-	-	197,699	197,699
Transfers in	174,000	-	1,537,506	1,711,506
Transfers out	(1,520,382)	(8,891)	(182,233)	(1,711,506)
<b>Total other financing sources (uses)</b>	<u>(1,284,542)</u>	<u>(8,891)</u>	<u>1,698,765</u>	<u>405,332</u>
Change in fund balances	3,683,060	(582,553)	(544,275)	2,556,232
Fund balances at beginning of year, as restated	<u>5,524,931</u>	<u>867,511</u>	<u>2,719,896</u>	<u>9,112,338</u>
<b>Fund balances at end of year</b>	<u>\$ 9,207,991</u>	<u>\$ 284,958</u>	<u>\$ 2,175,621</u>	<u>\$ 11,668,570</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS***RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - STATUTORY BASIS  
For the year ended December 31, 2011*

<b>Total net change in fund balances - governmental funds</b>		<b>\$ 2,556,232</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The internal service fund is used by the County to charge the costs of health insurance to individual funds. The net income of the internal service fund is reported with governmental activities.		439,824
The net effect of various transactions involving capital assets (i.e., transfers, adjustments and dispositions) is to increase net assets.		(125,720)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2011 capital outlays is to increase net assets.		4,167,187
Depreciation is not recognized as an expense on the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(1,919,872)
Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets.		(197,699)
Capital lease		(197,699)
Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:		
Bond principal retirement	\$ 1,115,000	
Capital lease principal retirement	<u>425,103</u>	1,540,103
Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year end and are not reported as revenue in the governmental funds.		
Property taxes	(401,669)	
Other revenues	<u>45,415</u>	(356,254)
Some items 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. These activities consist of:		
Increase in compensated absences	(155,795)	
Increase in interlocal commitment	(2,616,446)	
Decrease in accrued interest	31,798	
Decrease in loss on bond refunding	(17,775)	
Net increase in bond premium	29,891	
Net increase in bond discount	(2,475)	
Decrease in issuance costs	<u>(20,713)</u>	<u>(2,751,515)</u>
<b>Change in net assets of governmental activities</b>		<b><u>\$ 3,352,286</u></b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF NET ASSETS - STATUTORY BASIS**  
**PROPRIETARY FUNDS**  
December 31, 2011

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 22,250	\$ 241,585	\$ 56,387	\$ 320,222	\$ 535,071
Receivables (net)	51,519	-	21,344	72,863	25,467
Due from other governments	32,779	-	-	32,779	-
Inventory	99,112	-	-	99,112	-
<b>Total current assets</b>	<b>205,660</b>	<b>241,585</b>	<b>77,731</b>	<b>524,976</b>	<b>560,538</b>
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	335,528	149,433	-	484,961	-
Buildings, improvements, and equipment (net)	7,652,189	1,812,375	24,221	9,488,785	-
Bond issue costs (net)	-	26,850	-	26,850	-
<b>Total noncurrent assets</b>	<b>7,987,717</b>	<b>1,988,658</b>	<b>24,221</b>	<b>10,000,596</b>	<b>-</b>
<b>Total assets</b>	<b>8,193,377</b>	<b>2,230,243</b>	<b>101,952</b>	<b>10,525,572</b>	<b>560,538</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	66,335	44,906	935	112,176	186,443
Accrued expenses	20,886	4,209	2,837	27,932	9,471
Accrued interest payable	-	16,346	-	16,346	-
Due to other funds	3,694	373	247	4,314	197
Advance from other funds	544,545	-	-	544,545	-
Deposits	25,200	-	-	25,200	-
Claims payable	-	-	-	-	166,498
Accrued compensated absences	10,219	2,568	1,038	13,825	-
Current portion of capital lease payable	5,437	-	-	5,437	-
Current portion of bonds payable	-	105,000	-	105,000	-
<b>Total current liabilities</b>	<b>676,316</b>	<b>173,402</b>	<b>5,057</b>	<b>854,775</b>	<b>362,609</b>
Noncurrent liabilities					
Accrued compensated absences	7,550	1,897	767	10,214	-
Bonds payable, net	-	623,297	-	623,297	-
<b>Total noncurrent liabilities</b>	<b>7,550</b>	<b>625,194</b>	<b>767</b>	<b>633,511</b>	<b>-</b>
<b>Total liabilities</b>	<b>683,866</b>	<b>798,596</b>	<b>5,824</b>	<b>1,488,286</b>	<b>362,609</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	7,987,717	1,233,511	24,221	9,245,449	-
Unrestricted net assets	(478,206)	198,136	71,907	(208,163)	197,929
<b>Total net assets</b>	<b>\$ 7,509,511</b>	<b>\$ 1,431,647</b>	<b>\$ 96,128</b>	<b>\$ 9,037,286</b>	<b>\$ 197,929</b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - STATUTORY BASIS  
PROPRIETARY FUNDS**

For the year ended December 31, 2011

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,306,497	\$ -	\$ 152,934	\$ 2,459,431	\$ 3,011,612
Rents	604,697	544,203	-	1,148,900	-
Miscellaneous	21,074	-	-	21,074	-
<b>Total operating revenues</b>	<u>2,932,268</u>	<u>544,203</u>	<u>152,934</u>	<u>3,629,405</u>	<u>3,011,612</u>
<b>OPERATING EXPENSES</b>					
Airport operations	3,023,214	-	-	3,023,214	-
Commissary operations	-	-	96,752	96,752	-
Lease operations	-	295,388	-	295,388	-
Health services	-	-	-	-	2,573,772
Depreciation and amortization	708,758	236,609	4,626	949,993	-
<b>Total operating expenses</b>	<u>3,731,972</u>	<u>531,997</u>	<u>101,378</u>	<u>4,365,347</u>	<u>2,573,772</u>
<b>Operating income (loss) before nonoperating revenues (expenses) and contributions</b>	(799,704)	12,206	51,556	(735,942)	437,840
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income					
Interest	227	-	190	417	1,984
Noncapital grants and contributions	42,190	-	-	42,190	-
Loss on disposition of capital assets	(5,435)	-	-	(5,435)	-
Interest and debt costs	-	(47,778)	-	(47,778)	-
<b>Total nonoperating revenues (expenses)</b>	<u>36,982</u>	<u>(47,778)</u>	<u>190</u>	<u>(10,606)</u>	<u>1,984</u>
Income (loss) before contributions	(762,722)	(35,572)	51,746	(746,548)	439,824
Contributions					
Capital grants and contributions	160,081	-	-	160,081	-
<b>Total contributions</b>	<u>160,081</u>	<u>-</u>	<u>-</u>	<u>160,081</u>	<u>-</u>
Change in net assets	(602,641)	(35,572)	51,746	(586,467)	439,824
Total net assets at beginning of year, as restated	<u>8,112,152</u>	<u>1,467,219</u>	<u>44,382</u>	<u>9,623,753</u>	<u>(241,895)</u>
<b>Total net assets at end of year</b>	<u>\$ 7,509,511</u>	<u>\$ 1,431,647</u>	<u>\$ 96,128</u>	<u>\$ 9,037,286</u>	<u>\$ 197,929</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**

STATEMENT OF CASH FLOWS - STATUTORY BASIS

PROPRIETARY FUNDS

For the year ended December 31, 2011

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 3,002,949	\$ 544,203	\$ 131,590	\$ 3,678,742	\$ 3,046,445
Cash paid to suppliers for goods and services	(2,624,810)	(160,740)	(25,880)	(2,811,430)	(2,397,973)
Cash paid to employees for services	(475,696)	(99,037)	(68,928)	(643,661)	(217,349)
<b>Net cash provided (used) by operating activities</b>	<u>(97,557)</u>	<u>284,426</u>	<u>36,782</u>	<u>223,651</u>	<u>431,123</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Noncapital grants and contributions	38,641	-	-	38,641	-
Borrowing (repayments) to other funds	379,872	23	52	379,947	(8)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>418,513</u>	<u>23</u>	<u>52</u>	<u>418,588</u>	<u>(8)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	130,851	-	-	130,851	-
Acquisition and construction of capital assets	(442,266)	(58,618)	-	(500,884)	-
Principal paid on debt	(27,813)	(100,000)	-	(127,813)	-
Interest paid	-	(49,625)	-	(49,625)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(339,228)</u>	<u>(208,243)</u>	<u>-</u>	<u>(547,471)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	227	-	190	417	1,984
<b>Net cash provided (used) by investing activities</b>	<u>227</u>	<u>-</u>	<u>190</u>	<u>417</u>	<u>1,984</u>
Net increase (decrease) in cash and cash equivalents	(18,045)	76,206	37,024	95,185	433,099
Cash and cash equivalents at beginning of year	40,295	165,379	19,363	225,037	101,972
<b>Cash and cash equivalents at end of year</b>	<u>\$ 22,250</u>	<u>\$ 241,585</u>	<u>\$ 56,387</u>	<u>\$ 320,222</u>	<u>\$ 535,071</u>

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF CASH FLOWS - STATUTORY BASIS**  
**PROPRIETARY FUNDS**  
For the year ended December 31, 2011

	<u>Business-type Activities</u>				<u>Governmental Activities- Internal Service Fund</u>
	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>	<u>Total</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (799,704)	\$ 12,206	\$ 51,556	\$ (735,942)	\$ 437,840
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	708,758	236,609	4,626	949,993	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	45,481	-	(21,344)	24,137	34,833
(Increase) decrease in inventory	(28,171)	-	-	(28,171)	-
Increase (decrease) in accounts payable	(52,631)	33,838	244	(18,549)	(20,519)
Increase (decrease) in accrued expenses	3,785	238	963	4,986	839
Increase (decrease) in deposits	25,200	-	-	25,200	-
Increase (decrease) in compensated absences	(275)	1,535	737	1,997	-
Increase (decrease) in claims payable	-	-	-	-	(21,870)
Total adjustments	<u>702,147</u>	<u>272,220</u>	<u>(14,774)</u>	<u>959,593</u>	<u>(6,717)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (97,557)</u>	<u>\$ 284,426</u>	<u>\$ 36,782</u>	<u>\$ 223,651</u>	<u>\$ 431,123</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributed relating to capital asset additions	<u>\$ 11,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,113</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
December 31, 2011

	Private Purpose Trust	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 81,292	\$ 7,051,537
Receivables (net)		
Other	-	63,794
Due from other governments	-	3,363
Seized assets	-	104,600
<b>Total assets</b>	<u>81,292</u>	<u>7,223,294</u>
<b>LIABILITIES</b>		
Liabilities		
Accounts payable	23,965	3,069,268
Due to other funds	35,000	-
Due to other governments	-	4,154,026
<b>Total liabilities</b>	<u>58,965</u>	<u>7,223,294</u>
<b>NET ASSETS</b>		
Unrestricted net assets	<u>\$ 22,327</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
*For the year ended December 31, 2011*

	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Investment income	
Interest	\$ 149
Miscellaneous	
Participants' contributions	<u>93,593</u>
<b>Total additions</b>	<u>93,742</u>
<b>DEDUCTIONS</b>	
General government	
Participants' withdrawals	<u>97,052</u>
Changes in net assets	(3,310)
Net assets - beginning	<u>25,637</u>
<b>Net assets - ending</b>	<u>\$ 22,327</u>

The accompanying notes are an integral part of this statement.





**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
December 31, 2011

	Victoria County Navigation District	Victoria County Child Welfare Board	Citizens Medical Center	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 4,866,969	\$ 140,137	\$ 100,314,072	\$ 105,321,178
Receivables (net)	1,233,429	-	14,754,417	15,987,846
Due from other governments	28,493	-	31,286	59,779
Supplies inventory	-	-	2,133,051	2,133,051
Deferred expenditures/prepaid expenses	-	-	993,784	993,784
<b>Total current assets</b>	<u>6,128,891</u>	<u>140,137</u>	<u>118,226,610</u>	<u>124,495,638</u>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	13,030,223	-	17,591,413	30,621,636
Buildings, improvements, and equipment (net)	9,082,948	-	78,793,046	87,875,994
Bond issue costs (net)	84,365	-	2,618,995	2,703,360
<b>Total noncurrent assets</b>	<u>22,197,536</u>	<u>-</u>	<u>99,003,454</u>	<u>121,200,990</u>
<b>Total assets</b>	<u>28,326,427</u>	<u>140,137</u>	<u>217,230,064</u>	<u>245,696,628</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	546,127	4,110	2,638,071	3,188,308
Accrued expenditures/expenses	-	-	5,864,773	5,864,773
Accrued interest payable	22,395	-	-	22,395
Due to other governments	-	-	501,115	501,115
Unearned revenue	1,998,743	-	-	1,998,743
Current portion of long-term obligations	540,000	-	-	540,000
<b>Total current liabilities</b>	<u>3,107,265</u>	<u>4,110</u>	<u>9,003,959</u>	<u>12,115,334</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	5,980,000	-	500,000	6,480,000
<b>Total noncurrent liabilities</b>	<u>5,980,000</u>	<u>-</u>	<u>500,000</u>	<u>6,480,000</u>
<b>Total liabilities</b>	<u>9,087,265</u>	<u>4,110</u>	<u>9,503,959</u>	<u>18,595,334</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	15,593,171	-	96,135,351	111,728,522
Restricted for:				
Debt service	104,678	-	-	104,678
Unrestricted net assets	3,541,313	136,027	111,590,754	115,268,094
<b>Total net assets</b>	<u>\$ 19,239,162</u>	<u>\$ 136,027</u>	<u>\$ 207,726,105</u>	<u>\$ 227,101,294</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
*For the year ended December 31, 2011*

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units</b>				
Victoria County Navigation District	\$ 2,449,660	\$ 1,129,238	\$ 5,940	\$ -
Victoria County Child Welfare Board	28,434	3,608	-	-
Citizens Medical Center	<u>130,242,315</u>	<u>134,263,541</u>	<u>-</u>	<u>35,128</u>
Total component units	<u>\$ 132,720,409</u>	<u>\$ 135,396,387</u>	<u>\$ 5,940</u>	<u>\$ 35,128</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning, as restated

Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue  
and Changes  
in Net Assets

Component Units

Victoria County Navigation District	Victoria County Child Welfare Board	Citizens Medical Center	Total
\$ (1,314,482)	\$ -	\$ -	\$ (1,314,482)
-	(24,826)	-	(24,826)
-	-	4,056,354	4,056,354
<u>(1,314,482)</u>	<u>(24,826)</u>	<u>4,056,354</u>	<u>2,717,046</u>
1,317,798	-	-	1,317,798
322,111	-	-	322,111
32,661	1,152	639,868	673,681
20,906	-	-	20,906
<u>1,693,476</u>	<u>1,152</u>	<u>639,868</u>	<u>2,334,496</u>
378,994	(23,674)	4,696,222	5,051,542
<u>18,860,168</u>	<u>159,701</u>	<u>203,029,883</u>	<u>222,049,752</u>
<u>\$ 19,239,162</u>	<u>\$ 136,027</u>	<u>\$ 207,726,105</u>	<u>\$ 227,101,294</u>



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Victoria, Texas (the "County") is a political subdivision of the State of Texas (the "State"). The County is governed by the Commissioners' Court, composed of four (4) County Commissioners and the County Judge, all of whom are elected officials.

The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles, to the extent that its rules do not conflict with State financial laws and the State Constitution. The codification of GASB Statements and Interpretations and any amendments thereto define the Governmental Accounting and Financial Reporting Standards that constitute generally accepted accounting principles (GAAP) for governmental units. GASB recognizes that the establishment of accounting standards for states and local governments, which were created by states, is a power retained by the states.

Prior to 2008, the County prepared financial statements in accordance with GAAP because it did not conflict with State financial laws and the State Constitution. However, the County has concluded that complying with recently issued GASB Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), would result in publishing financial statements that are materially misleading. It would also be inconsistent with State financial laws and misrepresent the nature, scope, and duration of the financial activities of the County.

Beginning in 2008, the County prepared its financial statements using the statutory basis of accounting provided by the State in Chapter 2264, Texas Government Code (Chapter 2264), Financial Accounting and Reporting (the "Statutory Basis"). This Statutory Basis is a comprehensive basis of accounting other than GAAP that is consistent with State financial laws and the State Constitution. The statutory accounting practices as prescribed in Chapter 2264 amend or supersede portions of GASB pronouncements.

The only departure from GAAP as a result of applying the Statutory Basis of accounting is in the accounting for and reporting of OPEB. GASB 45 requires state and local governments to establish standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures, related liabilities, and note disclosures in the financial statements. The Statutory Basis differs from GAAP in that GAAP requires a government to report an OPEB liability even when the government has not promised or contracted to fund future benefits and when there is no legally enforceable liability. In other words, GASB 45 does not distinguish between a government that has a legally enforceable liability and a government that does not; nor does it distinguish between a government that has promised benefits and a government that has not. In addition, GASB stated in paragraph 77 of GASB 45, "...the Board affirmed its general presumptions, and that of other standards setters, that an employer that has established a *pattern of providing* postemployment benefits has accepted *responsibility to provide* those benefits". Such presumptions may result in materially misleading financial statements and may be contrary to State law and the actions of the government's governing body.

The Statutory Basis of accounting provides an accounting basis for the County to report any legally enforceable OPEB liability it may have incurred based on the County's "Substantive Plan". A Substantive Plan is defined in Chapter 2264 as a plan providing OPEB approved by the governing body of the plan provider according to the laws and Constitution of the State. The Statutory Basis is consistent with the definition and characteristics of a liability defined in GASB Concepts Statement No. 4, *Elements of Financial Statements* as a "present obligation to sacrifice resources that the government has little or no discretion to avoid". No promises of continuing retirement healthcare benefits beyond 2011 have been made to employees by the Commissioners' Court. The County has included communications both in information provided to employees and in the annual financial statements that specifically state that the decision to provide these benefits is made on an annual basis.



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In summary, the County's presentation of OPEB in its financial statements using the Statutory Basis in Chapter 2264: (1) measures the cost of benefits according to their adoption by the government body of the County; (2) provides an accurate assessment of OPEB liabilities and the extent of their funding for the time period for which the benefits were adopted; and (3) provides information useful in assessing potential demands on the County's future cash flows.

Other significant accounting policies followed by the County are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the County's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Under these guidelines, the reporting entity consists of the primary government (all funds of the County), organizations for which the primary government is financially accountable, organizations for which the primary government is not financially accountable, organizations that raise and hold economic resources for the direct benefit of the primary government, and any other organization for which the nature and significance of their relationship with the primary government is such that exclusion could cause the County's financial statements to be misleading or incomplete. Entities other than the primary government that are included in the primary government's financial statements are called component units. The component units discussed in this note are included in the County's financial statements because of the significance of their financial relationships with the County and the County's ability to impose its will on the organizations.

Component Units

The component units' column in the financial statements includes the financial data of the County's three component units. They are reported in a separate column to emphasize that they are legally separate from the County.

Victoria County Navigation District - Established to oversee and regulate the maintenance and operations of the Victoria Barge Canal. The District is governed by a Board of Commissioners, each member of which is appointed by the Commissioners' Court of the County. The Commissioners' Court of Victoria also reviews and approves its annual budget. This entity is considered a Governmental Fund Type for the County's reporting purposes and uses the same fiscal year as the County.

Victoria County Child Welfare Board - Established to provide various child protective services to residents of the County. The Commissioners' Court of the County appoints each member of the entity's board of directors and reviews and approves its annual budget. The programs of the Board are jointly financed by the County and the State of Texas. This entity is considered a Governmental Fund Type for the County's reporting purposes and uses the same fiscal year as the County.

Citizens Medical Center - A 368-bed acute care hospital owned by the County and established to provide medical services to the residents of the County and surrounding areas. The Medical Center is governed by a board of directors, each member of which is appointed by the Commissioners' Court of the County. This Court also reviews and approves the annual operating budget of the Medical Center. Citizens Medical Center operates on a fiscal year ending June 30 of each year. The amounts reported for the Medical Center in the financial statements are as of June 30, 2011. The Medical Center is reported as a Proprietary Fund Type in the accompanying financial statements.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

A. Reporting Entity - (Continued)

Complete financial statements for each of the above noted component units may be obtained by contacting their respective administrative offices at the following addresses:

Victoria County Navigation District  
1934 FM 1432  
Victoria, Texas 77905

Victoria County Child Welfare Board  
P.O. Box 2543  
Victoria, Texas 77902

Citizens Medical Center  
2701 Hospital Drive  
Victoria, Texas 77901

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 its legally separate component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, discretely presented component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)**

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 as 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. The County considers property taxes as available if they are collected within 60 days after year-end. A 120 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, fines, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state and other third parties at year-end on behalf of the County are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the County.

The 2010 tax levy is dedicated to pay for expenditures of the 2011 budget. The entire 2011 tax levy has been recorded as deferred revenue as of December 31, 2011.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets. Capital Projects Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The County maintains one Capital Projects Fund which accounts for the funding of various improvement projects and to pay for professional services related to bond issuance costs.

The County reports the following major proprietary funds:

Enterprise Funds are used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Airport Fund, an enterprise fund, accounts for the operations of and improvements to the County Airport.

The Navarro Project Fund, an enterprise fund, accounts for the operation of a large office complex which was purchased and renovated by the County for the primary use of the County Health Department. The building is also currently leasing space to other entities unrelated to the County.

Additionally, the County reports the following funds:

The Internal Service Fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The County maintains one Internal Service Fund: Employee Health Insurance Fund.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The Private Purpose Trust Fund, or the Flexible Benefits Plan, is used to account for amounts withheld from employee paychecks before FICA and withholding taxes are computed. All resources of the fund, including any earnings on invested resources, may be used to benefit parties outside the County. All the above is according to the plan document. The fund is excluded from the government-wide financial statements.

The Agency Funds account for resources held by the County as an agent for various governments and individuals. These resources include ad valorem taxes collected and to be distributed to other local governments, pass-through grants, various fines and fees to be distributed to other governments, etc. The funds are excluded from the government-wide financial statements.

The Special Revenue Funds account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The Debt Service Fund accounts for and report financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

D. Budgets and Budgetary Accounting

The County Judge is, by statute, the budget officer of the County. After being furnished budget guidelines by the County Judge and Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures. Department officials appear before the County Judge and the County Auditor for departmental budget review. A proposed budget is prepared by the County Auditor, then submitted to the Commissioners' Court. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and estimated cash balance at January 1 of the budgeted year.

Budgets are adopted for the General Fund, Road and Bridge Special Revenue Funds and the Debt Service Fund by the first regular session of the Commissioners' Court in September. All budgets adopted by the County are on the cash basis of accounting rather than in conformity with GAAP. Under the budgetary basis, revenues are recognized as collected and expenditures when paid.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring expenditures to keep them from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control (the level on which expenditures may not exceed appropriations) for each legally adopted annual operating budget is on a line-item basis. Any amendments above the line-item level must have the approval of the Commissioners' Court before implementation. The line-item level of control is defined by the basic categories of salaries, fringe benefits, operating expenditures, other services and charges, capital outlay, and debt service.

Budget revenue amendments made during the year in the County's governmental funds netted an increase of \$405,346. Budget expenditure amendments in these funds netted an increase of \$575,224.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the County as an extension of formal budgetary integration. Encumbrances outstanding at year-end are not reported as reservations of fund balances. All encumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

E. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the County are reported at fair value.

The County may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; 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; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements.

The Commissioners' Court has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the County are in compliance with the Commissioners' Court's investment policies.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". 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 available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

G. Inventory and Prepaid Items

Inventories of supplies held by the Airport Fund, an enterprise fund, are valued at the lower of cost (first-in, first-out) or market. Estimated cost is used when actual cost figures are not available.

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are reported as deferred expenditures (governmental funds) or prepaid expenses (proprietary funds) in the fund financial statements and as deferred expenditures/expenses in the government-wide statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. The County defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The County reports infrastructure assets on a system basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported regardless of their amount. In the case of the initial capitalization of general infrastructure assets, the County chose to include all such items acquired on or after January 1, 2003. The County reported infrastructure assets acquired prior to January 1, 2003, beginning in year ending December 31, 2007.

As the County constructs or acquires capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is capitalized when acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred during the period of construction until completion of the project with interest earned on invested proceeds over the same period.

As the County constructs or acquires capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is capitalized when acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred during the period of construction until completion of the project with interest earned on invested proceeds over the same period.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

H. Capital Assets - (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	20-40
Machinery and equipment	5-15
Office equipment and fixtures	5-10

I. Compensated Absences

Paid time off or PTO benefits are accrued by County employees according to guidelines set in the County's personnel policy. This policy states that PTO begins to accrue on the first day of employment. However, a new hire (regular 40 hour employee) may not begin to use their accrued PTO until they have completed six months of continuous service (with the exception of Public Safety employees, PTO is available after the first bi-weekly accrual). Each employee will thereafter accrue PTO according to the number of years of continuous service. Upon termination of employment, if the employee has completed one year of service, he or she will be paid for accrued but unused PTO. The payment of unused PTO may not exceed 80 hours. All PTO is accrued when incurred in the government-wide and proprietary financial 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.

J. Long-term Obligations

In the government-wide financial statements, and in 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, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

K. Fund Equity

Fund balances of Governmental Funds classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the Commissioners Court through a resolution or by other formal action. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments can be made by the Commissioners Court or by a Court designee (e.g., a department head).

For the classification of Governmental Fund balances, the County considers an expenditure to be made from the most restrictive first when more than one classification is available. However, the County has reserved the right to deviate from this general strategy.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

L. Minimum Fund Balance Policy

It is the desire of the County to maintain adequate General Fund fund balance to provide sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Commissioners Court has adopted a financial standard to maintain an unassigned General Fund fund balance of 18 - 25 percent of the total budgeted expenditures.

The Commissioners Court has also adopted a financial standard to maintain a restricted Debt Service Fund fund balance of 10 - 25 percent of the following year's debt service requirements, to be used for debt service expenditures.

M. Restricted Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions by creditors, grantors or laws or regulations of other governments.

N. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires the County to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Deficit Fund Equity

As of December 31, 2011, the following funds had deficit equity balances:

<u>Fund</u>	<u>Fund Balance/ Net Assets</u>
Nonmajor Funds	
Courthouse Security	\$ 11,770
Emergency Operations Center Grant	482,059
Law Library	826

Steps will be taken to eliminate these deficits in the upcoming fiscal year.



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**NOTE 3: DEPOSITS AND INVESTMENTS**

As of December 31, 2011, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Money Market Funds	\$ 140,000	N/A
Total	\$ 140,000	

Interest Rate Risk

In accordance with the County's investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments to less than five years from the time of purchase. Specifically, investments of operating funds must have stated final maturities of three years or less and investments in capital project funds must have stated final maturities that do not exceed the expected completion date of the project for which the bonds were sold. The money market funds are redeemable in full immediately and therefore do not have a stated weighted average maturity.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. It is the County's policy to limit its investments to those with ratings of not less than A or its equivalent. At December 31, 2011, the County was not exposed to credit risk.

Concentration of Credit Risk

The County's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity or specific user. At year-end, the County was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the County by the depository in an amount equal to at least 110% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the County was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that securities be held in the name of the County or held on behalf of the County and that all securities are purchased using the delivery versus payment method. As of December 31, 2011, and for the year then ended, the County was not exposed to any custodial credit risk.

Please see Notes 20, 21, and 22 for discussions relative to the cash deposits of the County's three component units.

**NOTE 4: RECEIVABLES**

Receivables at December 31, 2011, for the County's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Airport</u>	<u>Commissary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables					
Ad valorem taxes	\$ 11,250,598	\$ -	\$ -	\$ 2,799,000	\$ 14,049,598
Sales taxes	1,956,362	-	-	-	1,956,362
Fines	8,555,709	-	-	-	8,555,709
Other	60,952	51,519	21,344	38,440	172,255
Total gross receivables	21,823,621	51,519	21,344	2,837,440	24,733,924
Less: Allowances	7,308,390	-	-	139,950	7,448,340
Total net receivables	\$ 14,515,231	\$ 51,519	\$ 21,344	\$ 2,697,490	\$ 17,285,584

The only receivables not expected to be collected within one year are \$366,335 of fines receivable reported in the General Fund.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 1,373,073	\$ 15,449,035	\$ 16,822,108
Fines receivable	1,889,997	-	1,889,997
Nonmajor Funds			
Ad valorem taxes receivable	270,549	4,079,857	4,350,406
	<u>\$ 3,533,619</u>	<u>\$ 19,528,892</u>	<u>\$ 23,062,511</u>

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by the following January 31, which comprises the collection dates for the current tax roll. The County of Victoria Tax Assessor-Collector bills and collects its own property taxes.

The County is permitted by State Statute to levy taxes up to \$0.80 per \$100 of assessed valuation. The combined tax rate for the budgetary year ended December 31, 2011, was \$0.3986 per \$100, which means the County has a tax margin of \$0.4014 per \$100.

**NOTE 5: DUE FROM OTHER GOVERNMENTS**

Various funds of the County reported amounts due from other governments as of the end of the current year. These amounts are comprised of the following at December 31, 2011:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Contract reimbursements	\$ 399,486	\$ 95,674	\$ 495,160
Federal and state grants	6,503	1,338,672	1,345,175
Alcohol and bingo taxes	53,733	-	53,733
	<u>\$ 459,722</u>	<u>\$ 1,434,346</u>	<u>\$ 1,894,068</u>

**NOTE 6: CAPITAL ASSETS**

The County's capital asset activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,302,794	\$ -	\$ -	\$ 2,302,794
Construction in progress	<u>754,460</u>	<u>1,827,573</u>	<u>625,551</u>	<u>1,956,482</u>
Total capital assets not being depreciated	<u>3,057,254</u>	<u>1,827,573</u>	<u>625,551</u>	<u>4,259,276</u>
Capital assets, being depreciated				
Machinery and equipment	14,314,136	2,215,813	1,046,130	15,483,819
Buildings	18,722,298	16,691	-	18,738,989
Improvements	14,167,717	855,134	-	15,022,851
Infrastructure	<u>115,084,146</u>	<u>-</u>	<u>-</u>	<u>115,084,146</u>
Total capital assets being depreciated	<u>162,288,297</u>	<u>3,087,638</u>	<u>1,046,130</u>	<u>164,329,805</u>
Less accumulated depreciation for				
Machinery and equipment	9,007,079	1,129,862	797,937	9,339,004
Buildings	8,061,884	350,139	-	8,412,023
Improvements	8,746,868	357,927	-	9,104,795
Infrastructure	<u>113,365,056</u>	<u>81,944</u>	<u>-</u>	<u>113,447,000</u>
Total accumulated depreciation	<u>139,180,887</u>	<u>1,919,872</u>	<u>797,937</u>	<u>140,302,822</u>
Total capital assets being depreciated, net	<u>23,107,410</u>	<u>1,167,766</u>	<u>248,193</u>	<u>24,026,983</u>
Governmental activities capital assets, net	<u>\$ 26,164,664</u>	<u>\$ 2,995,339</u>	<u>\$ 873,744</u>	<u>\$ 28,286,259</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 149,433	\$ -	\$ -	\$ 149,433
Construction in progress	<u>-</u>	<u>335,528</u>	<u>-</u>	<u>335,528</u>
Total capital assets not being depreciated	<u>149,433</u>	<u>335,528</u>	<u>-</u>	<u>484,961</u>
Capital assets, being depreciated				
Machinery and equipment	634,137	65,679	18,054	681,762
Buildings	2,478,519	-	-	2,478,519
Improvements	<u>17,424,083</u>	<u>143,270</u>	<u>-</u>	<u>17,567,353</u>
Total capital assets being depreciated	<u>20,536,739</u>	<u>208,949</u>	<u>18,054</u>	<u>20,727,634</u>
Less accumulated depreciation for				
Machinery and equipment	440,016	59,945	12,619	487,342
Buildings	1,886,002	74,757	-	1,960,759
Improvements	<u>7,969,625</u>	<u>821,123</u>	<u>-</u>	<u>8,790,748</u>
Total accumulated depreciation	<u>10,295,643</u>	<u>955,825</u>	<u>12,619</u>	<u>11,238,849</u>
Total capital assets being depreciated, net	<u>10,241,096</u>	<u>(746,876)</u>	<u>5,435</u>	<u>9,488,785</u>
Business-type activities capital assets, net	<u>\$ 10,390,529</u>	<u>\$ (411,348)</u>	<u>\$ 5,435</u>	<u>\$ 9,973,746</u>

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**NOTE 6: CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to functions/programs of the County as follows:

<b>Governmental activities</b>	
General government	\$ 616,673
Public safety	690,977
Highways and streets	473,536
Culture and recreation	46,468
Public health	<u>92,218</u>
Total depreciation expense - governmental activities	<u>\$ 1,919,872</u>
<b>Business-type activities</b>	
Airport	\$ 708,759
Commissary	4,626
Navarro project	<u>231,327</u>
Total depreciation expense - business-type activities	<u>\$ 944,712</u>

The business-type activities depreciation expense above differs from the schedule on page 42 by \$11,113 which represents the accumulated depreciation on the capital assets that were transferred from the governmental activities during 2011.

**NOTE 7: LESSOR AGREEMENTS**

The Airport Fund, a major enterprise fund, leases land and buildings to various unrelated third parties. Approximately 25% of the Airport Fund's capital assets are used to operate the Airport activities. The total cost of the buildings is \$1,111,046 and the carrying value is \$39,148. The total cost of the improvements to the land and buildings is \$14,387,324 and the carrying value is \$7,449,876. Accumulated depreciation on all assets in the Airport Fund is \$8,433,001. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2011:

Year Ending December 31	
2012	\$ 131,773
2013	132,633
2014	131,707
2015	83,289
2016	<u>68,190</u>
	547,592
Thereafter	<u>566,550</u>
	<u>\$ 1,114,142</u>

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**NOTE 7: LESSOR AGREEMENTS - (Continued)**

The Navarro Project Fund, a major enterprise fund, also leases building space. Approximately 50% of the building space is used by the Victoria City/County Health Department. The remaining 50% is leased to various unrelated third parties. The total cost of the building leased is \$1,367,473 and the carrying value is \$478,612. The total cost of the improvements to the building leased is \$3,180,029 and the carrying value is \$1,326,727. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$2,764,648. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2011:

Year Ending December 31	
2012	\$ 227,184
2013	227,184
2014	150,386
2015	12,960
2016	<u>3,240</u>
	620,954
Thereafter	<u>-</u>
	<u>\$ 620,954</u>

**NOTE 8: EMPLOYEES' RETIREMENT PLAN**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members can withdraw contributions in a lump sum via partial payments; however, these members 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.

**NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)**

A. Funding Policy

The employer has elected the annually determined contribution rate (Variable-Rate) 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. It was 7.36% for calendar year 2011. The deposit rate payable by the employee members is the rate of 5.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

B. Annual Pension Cost

For the employer's accounting year ending December 31, 2011, the annual pension cost for the TCDRS plan for its employees was \$1,727,550 and the actual contributions were \$1,727,550.

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

C. Actuarial Valuation and Trend Information

	Actuarial Valuation Information		
	12/31/08	12/31/09	12/31/10
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	21.3	20.0	20.0
Asset valuation method	SAF; 10-yr smoothed value ESF; Fund value	SAF; 10-yr smoothed value ESF; Fund value	SAF; 10-yr smoothed value ESF; Fund value
Assumptions:			
Investment return <sup>(1)</sup>	8.00%	8.00%	8.00%
Projected salary increases <sup>(1)</sup>	5.30%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

<sup>(1)</sup> includes inflation at the stated rate

**Trend Information for the Retirement Plan for the Employees of the County of Victoria, Texas**

Fiscal Year Ending December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 2,692,545	100%	\$ -
2010	1,788,432	100%	-
2011	1,727,550	100%	-

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**NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)**C. Actuarial Valuation and Trend Information - (Continued)**Schedule of Funding Progress for the Retirement Plan  
for the Employees of the County of Victoria, Texas**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll <sup>(1)</sup></u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2007	\$ 54,352,276	\$ 63,178,459	\$ 8,826,183	86.03%	\$ 20,431,958	43.20%
12/31/2008	55,248,498	66,350,474	11,101,976	83.27%	22,538,550	49.26%
12/31/2009	62,600,325	73,171,534	10,571,209	85.55%	23,807,032	44.40%
12/31/2010	64,270,343	75,676,862	11,406,519	84.93%	23,877,175	47.77%

<sup>(1)</sup> The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

**NOTE 9: OPTIONAL GROUP TERM LIFE FUND**A. Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by TCDRS. This plan is referred to as the Optional Group Term Life Fund (OGTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The OGTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available CAFR that includes financial statements and required supplementary information for the OGTLF. This report may be obtained by writing to the TCDRS, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at [www.tcdrs.org](http://www.tcdrs.org).

B. Funding Policy

Each participating employer contributes to the OGTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the OGTLF for the years ended December 31, 2011, 2010, and 2009, were \$74,219, \$71,638, and \$71,718, respectively, which equaled the contractually required contributions each year.

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**NOTE 10: OTHER POST EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the County provides its retirees with post employment health care benefits. In order for a County employee to be eligible for this benefit, their age combined with their years of service must equal seventy-five (75), or they must have attained the age of sixty (60) and with eight (8) years of service, or they must have twenty (20) or more years of service with Victoria County and can retire at any age with full benefits.

The County pays 45.16% of the premium cost for each retiree under the age of 65 provided they worked for Victoria County for eight (8) or more years. If the retiree worked less than eight (8) years for Victoria County the County will not pay any of the premium cost. The County does not contribute to the premium cost for dependents who may be covered under the retiree's (under 65) health insurance plan.

The County pays 50% of the premium cost for medical coverage only for each retiree over the age of 65. The County does not contribute to the premium cost for dependents for retirees over the age of 65.

Other post employment benefits are expensed and funded on a pay-as-you-go basis. The County recognizes the cost of providing these benefits as a payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Health Insurance Fund. Payments for health insurance are shown as an expense in the Employee Health Insurance Fund. The cost of providing these benefits for 62 and 47 retirees and active employees for the years 2011 and 2010, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$117,310 in 2011 and \$98,014 in 2010.

**NOTE 11: EMPLOYEES' HEALTH INSURANCE FUND**

The County maintains a self-insurance internal service fund designed to pay comprehensive health benefits incurred by its participants. The fund assumes all risk up to \$85,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year up to \$915,000 of claims per participant. Premiums are charged to the individual funds based on a predetermined cost per employee and dependent. These amounts are recorded as operating revenue in the internal service fund and as operating expenditures/expenses in the respective funds. Any claims that have been incurred, but not reported, as of the balance sheet date are shown as current liabilities in the internal service fund and have been charged as an operating expense for that period. This amount was determined by the County's health plan administrator.

As of December 31, 2011, the fund had estimated liabilities for outstanding claims of \$166,498. There was a positive unrestricted net assets of \$197,929 as of December 31, 2011, an increase of \$439,824 from 2010.



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**NOTE 11: EMPLOYEES' HEALTH INSURANCE FUND - (Continued)**

Below is a reconciliation of claims liabilities reported in the Employee's Health Insurance Fund for the years noted:

<u>Year</u>	<u>Payable Jan 1</u>	<u>Incurred</u>	<u>Paid</u>	<u>Payable Dec 31</u>
2002	\$ 745,480	\$ 1,546,813	\$ 1,913,502	\$ 378,791
2003	378,791	1,635,920	1,742,013	272,698
2004	272,698	1,663,809	1,315,452	621,055
2005	621,055	1,548,112	1,951,610	217,557
2006	217,557	2,969,408	2,903,915	283,050
2007	283,050	1,995,710	1,807,241	471,519
2008	471,519	2,132,631	2,366,400	237,750
2009	237,750	2,765,719	2,851,515	151,954
2010	151,954	3,197,262	3,160,848	188,368
2011	188,368	1,734,895	1,756,765	166,498

The above schedule reflects only those claims for which the County was liable. Information on claims paid by the insurance carrier under the reinsurance policy was not available. Settled claims resulting from insured risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 12: DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Except in specified circumstances, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

During 1998, the County transferred plan assets to an independent trust for the exclusive benefit of the participants and their beneficiaries.

**NOTE 13: RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchased commercial insurance to cover risks associated with potential claims in 2011. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**NOTE 14: LONG-TERM DEBT****A. Changes In Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds and certificates payable					
Certificates of obligation	\$ 8,895,000	\$ -	\$ 580,000	\$ 8,315,000	\$ 320,000
General obligation bonds	3,830,000	-	535,000	3,295,000	955,000
Less: Deferred amounts					
Issuance discount	(47,538)	-	(2,475)	(45,063)	-
Issuance premiums	289,071	-	29,891	259,180	-
Loss on refunding	(92,576)	-	(17,775)	(74,801)	-
Net bonds and certificates payable	<u>12,873,957</u>	<u>-</u>	<u>1,124,641</u>	<u>11,749,316</u>	<u>1,275,000</u>
Capital leases payable	<u>356,763</u>	<u>197,699</u>	<u>425,103</u>	<u>129,359</u>	<u>63,488</u>
Interlocal commitment	<u>-</u>	<u>2,616,446</u>	<u>-</u>	<u>2,616,446</u>	<u>-</u>
Compensated absences	<u>936,847</u>	<u>1,951,177</u>	<u>1,795,382</u>	<u>1,092,642</u>	<u>480,772</u>
Total governmental activity long-term liabilities	<u>\$ 14,167,567</u>	<u>\$ 4,765,322</u>	<u>\$ 3,345,126</u>	<u>\$ 15,587,763</u>	<u>\$ 1,819,260</u>
<b>Business-type activities</b>					
Bonds					
Revenue bonds	\$ 830,000	\$ -	\$ 100,000	\$ 730,000	\$ 105,000
Less: Deferred amounts					
Issuance discount	(2,013)	-	(310)	(1,703)	-
Net bonds payable	<u>827,987</u>	<u>-</u>	<u>99,690</u>	<u>728,297</u>	<u>105,000</u>
Capital leases payable	<u>33,250</u>	<u>-</u>	<u>27,813</u>	<u>5,437</u>	<u>5,437</u>
Compensated absences	<u>22,042</u>	<u>56,577</u>	<u>54,580</u>	<u>24,039</u>	<u>13,825</u>
Total business-type activity long-term liabilities	<u>\$ 883,279</u>	<u>\$ 56,577</u>	<u>\$ 182,083</u>	<u>\$ 757,773</u>	<u>\$ 124,262</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

**B. General Obligation Certificates and Bonds**

Long-term liabilities at December 31, 2011, are comprised of the following issues:

\$8,500,000 2010 Certificates of Obligation (Radio System and Sheriff's Office) due in annual installments ranging from \$185,000 to \$605,000 through 2030; interest varying between 2.00% and 4.00%.	\$ 8,315,000
\$3,830,000 2010 General Obligation Refunding Bonds due in annual installments ranging from \$440,000 to \$975,000 through 2016; interest varying between 2.00% and 3.00%.	<u>3,295,000</u>
Total general obligation debt	<u>\$ 11,610,000</u>

**NOTE 14: LONG-TERM DEBT - (Continued)**

**B. General Obligation Certificates and Bonds - (Continued)**

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2012	\$ 1,275,000	\$ 368,700	\$ 1,643,700
2013	1,300,000	342,950	1,642,950
2014	770,000	320,050	1,090,050
2015	795,000	298,225	1,093,225
2016	825,000	272,150	1,097,150
2017-2021	1,975,000	1,119,176	3,094,176
2022-2026	2,385,000	702,900	3,087,900
2027-2030	2,285,000	187,100	2,472,100
	<u>\$ 11,610,000</u>	<u>\$ 3,611,251</u>	<u>\$ 15,221,251</u>

**C. Capital Leases**

Capital leases payable at December 31, 2011, are comprised of the following individual leases:

Lease purchase agreement on a motor grader used by Precinct #4.

The original amount of the lease, entered into in 2011, was

\$197,699. The lease is payable in three annual installments of \$68,340 and bears interest at a rate of 3.75%.

\$ 129,359

The original amount of the lease, entered into in 2010, was \$40,000. The lease

is payable over three years and is based on a minimum annual fuel volume of 350,000 gallons at \$0.05 per gallon with the anticipation of reaching a total of 800,000 gallons.

5,437

Total capital leases

\$ 134,796

Year Ending December 31	Governmental Activities	Business-type Activities	Total
2012	\$ 68,339	\$ 5,437	\$ 73,776
2013	68,341	-	68,341
Total minimum lease payments	136,680	5,437	\$ 142,117
Less: Amount representing interest	(7,321)	-	(7,321)
Present value of minimum lease payments	<u>\$ 129,359</u>	<u>\$ 5,437</u>	<u>\$ 134,796</u>

**NOTE 14: LONG-TERM DEBT - (Continued)**

**D. Interlocal Commitment**

In February 2010, the County agreed to pay funds (\$3.3 million) to the City of Victoria, Texas (the "City") to assist with the financing of the State Highway Loop 463 Improvement Project ("Project"). According to the agreement, the City is responsible to oversee the construction of the Project with assistance from the Texas Department of Transportation ("TxDOT") and to finance the costs of the Project with indebtedness to be issued by the City. In April 2011, the City issued the 2011 Pass-Through Toll Revenue and Limited Tax Bonds in the amount of \$9,740,000 with interest varying between 2.00 and 4.00% for the purpose of paying their obligation arising under the agreement. The payments by the County to the City would be paid over eleven years, \$300,000 per annum, beginning in 2014 and continuing through 2024. The payments are to be made on or before February 1 of each year at an interest rate of approximately 3.00%. The cost of the Project was estimated to be \$22,980,000 and if the costs for the Project come in less than the estimated amount by more than 20.113685814%, the County's total obligation of \$3,300,000 would be reduced by 50% of the savings. The remaining costs of the Project will be contributed by TxDOT.

The County has reported the interlocal commitment as a special item and a long-term obligation on the government-wide financial statements at and as of December 31, 2011. The County intends to service the commitment by the levy of the debt service property tax rate.

Annual requirements on this long-term interlocal commitment are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	57,385	242,615	300,000
2015	223,228	76,772	300,000
2016	229,925	70,075	300,000
2017-2021	1,257,324	242,676	1,500,000
2022-2024	848,584	51,416	900,000
	<u>\$ 2,616,446</u>	<u>\$ 683,554</u>	<u>\$ 3,300,000</u>

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**NOTE 14: LONG-TERM DEBT - (Continued)**E. Revenue Bonds

Revenue bonds payable is comprised of the following:

\$1,650,000 1997 Victoria County Public Facilities Corporation Lease Revenue Bonds, Series 1997 due in annual installments ranging from \$105,000 to \$140,000 through 2017; interest rate varying between 5.75% and 6.00%.	<u>\$ 730,000</u>
Total revenue bonds	<u>\$ 730,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31	Business-type Activities		
	Principal	Interest	Total
2012	\$ 105,000	\$ 40,545	\$ 145,545
2013	110,000	34,200	144,200
2014	115,000	27,450	142,450
2015	125,000	20,250	145,250
2016	135,000	12,450	147,450
2017	140,000	4,200	144,200
	<u>\$ 730,000</u>	<u>\$ 139,095</u>	<u>\$ 869,095</u>

**NOTE 15: PRIOR YEAR DEFEASANCE OF DEBT**

In 2010 the County defeased certain general obligation bonds and certificates of obligation by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the bonds are not included in the County's financial statements. At December 31, 2011, \$3,280,000 of bonds outstanding is considered defeased.

**NOTE 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the County were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. In addition to the short-term amounts, the General Fund began making long-term loans to the Airport Fund, a proprietary enterprise fund type, during 2010. The unpaid loan amount was \$544,545 at December 31, 2011 and is being used to finance the operation of the Airport.

Interfund receivable and payable balances as of December 31, 2011, were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 1,535,956
	Airport	3,694
	Navarro Project	373
	Commissary	247
	Internal Service	197
	Private Purpose Trust	<u>35,000</u>
		1,575,467
Nonmajor Governmental	Nonmajor Governmental	
FEMA Hazard Mitigation		
DR 1780-046	Road and Bridge Pct. 4	3,017
Elections Chapter 19	Election Admin. Special	<u>797</u>
		3,814
Total		<u>\$ 1,579,281</u>

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport	<u>\$ 544,545</u>
Total		<u>\$ 544,545</u>

B. Interfund Transfers

Each year various funds of the County transfer funds to other funds. The most significant of these are the planned transfers from the County's General Fund to the Health Department Fund, a Special Revenue Fund. These transfers are intended to provide the necessary resources to meet the operating obligations of the receiving fund. During the current fiscal year, transfers between funds consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General	\$ -	\$ 1,520,382	\$ 1,520,382
Capital Projects Fund	-	8,891	8,891
Nonmajor Governmental	<u>174,000</u>	<u>8,233</u>	<u>182,233</u>
	<u>\$ 174,000</u>	<u>\$ 1,537,506</u>	<u>\$ 1,711,506</u>

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**NOTE 17: COMMITMENTS AND CONTINGENCIES**

The County is exposed to the risk of contingent liabilities in the ordinary course of its operations. Specifically, such risks arise as a result of the County's participation in various state and federal grant programs and as a result of threatened and pending litigation. Disallowed costs could result if County expenditures made under its grants programs are found to be improper in that they violate state or federal regulations. Such disallowed costs would have to be paid back to the granting agency from the County's General Fund. The County is not aware of any costs that have been disallowed in the current year and does not anticipate that any will be.

As of December 31, 2011, the County was involved in various matters of litigation. It is the opinion of the County's legal counsel that any exposure faced by the County as a result of these matters was minimal. Furthermore, any losses incurred would in all probability be covered by liability insurance carried by the County.

Based on the above information, the accompanying financial statements do not reflect any accrual for contingent liabilities as of the end of the current fiscal year.

**NOTE 18: ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES**

The County's governmental activities financial statements for the year ended December 31, 2010 have been restated to properly reflect the unearned revenue related to fines receivable for the year ending December 31, 2010. The result of the restatement was to increase the unrestricted net assets and decrease the unearned revenue balances by \$22,895.

The financial statements for the County's Airport Fund, a major proprietary fund, for the year ended December 31, 2010 were restated to properly reflect the net capital asset and capital lease obligation balances at December 31, 2010. The result of the restatement were the following: Decrease net capital assets by \$10,416; decrease noncurrent capital lease obligation by \$12,500; and increase investment in capital assets, net of related debt by \$2,084.

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**NOTE 19: FUND BALANCES**

The following is a detail of the governmental fund balances as of December 31, 2011:

	<u>Governmental Fund Balances</u>			
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>	<u>Total</u>
General				
Advance to Airport Fund	\$ 544,545	\$ -	\$ -	\$ 544,545
Unassigned	-	-	8,663,446	8,663,446
Capital Projects Fund				
Various capital projects	-	284,958	-	284,958
Nonmajor Governmental				
Road and bridge	-	1,445,816	-	1,445,816
Juvenile probation services	-	64,638	-	64,638
County/District Clerks	-	94,637	-	94,637
Public safety	-	405,272	-	405,272
Public health	-	51,866	-	51,866
Courthouse security	-	41,832	(11,770)	30,062
Retirement of long-term debt	-	459,542	-	459,542
Various government costs	-	106,673	(826)	105,847
Emergency Operations Center	-	-	(482,059)	(482,059)
	<u>\$ 544,545</u>	<u>\$ 2,955,234</u>	<u>\$ 8,168,791</u>	<u>\$ 11,668,570</u>

**NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT**

As described in Note 1, the Victoria County Navigation District is a component unit of the County. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the County. Following are note disclosures relating to this component unit.

**A. Organization**

The Victoria County Navigation District (the "District") was created by a vote of the electorate of Victoria County, Texas, at an election held on February 4, 1947, under the provisions of Article 8263(h) V.A.T.S. (now codified into Chapter 62, Texas Water Code). The Board of Navigation and the Canal Commissioners (the "Directors") is the level of government which has oversight responsibility and control over all activities related to the District's activities in the County.

The Directors are appointed by the Commissioners' Court of the County and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters including taxing authority.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the District has included the Port Facilities Corporation (the "PFC") as a blended component unit which is reported as a governmental internal service fund activity in the financial statements. The PFC was created for the purpose of aiding and acting on behalf of the District in the performance of its governmental purpose. The PFC will promote the common good and general welfare of the District through the operation and/or development of the Port of Victoria and the District's waterways and the provision of aid to navigate and navigation related commerce at the District and on the waterways. The PFC was created in 2007 as a local government, nonprofit corporation, pursuant to Subchapter D of Chapter 431, Texas Transportation Code, and Chapter 394, Texas Local Government Code. The board of directors of the PFC is comprised exclusively of three of the Directors of the District.



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**NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

B. Summary of Significant Accounting Policies

The accounting and reporting policies of the District conform to GAAP, as applicable to governmental units. For inclusion in this report, the District's operations are reported in a single Governmental Fund Type.

C. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

For the year ended December 31, 2011, the District complied with budgetary restrictions at all function levels except the following. The following table details these variances:

<u>Fund/Function</u>	<u>Expenditure Variance</u>
General Fund	
Operating expenditures	\$ 222,866
Other services and charges	9,285
Capital outlay	628,906

These over expenditures were funded by available fund balance in the General Fund.

D. Deposits and Investments

The District's funds are deposited and invested under the terms of the Victoria County's depository contract. The depository bank, First Victoria National Bank, deposits for safekeeping and trust with Victoria County's agent bank, approved pledged securities in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledge-approved securities are waived only to the extent of the depository bank's dollar amount of FDIC insurance.

As of December 31, 2011, the District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
Public Funds Investment Pool	\$ 921	42

The pool operates in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but are not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool.

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**NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

D. Deposits and Investments - (Continued)

Interest Rate Risk

In accordance with the District's investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The L.O.G.I.C. Investment Pool's weighted average maturity cannot exceed 60 days.

Credit Risk

The District's investments in the public funds investment pool include those with the L.O.G.I.C. Investment Pool. The pool operates in full compliance with the Public Funds Investment Act and is rated AAA by Standard & Poor's.

Concentration of Credit Risk

The District's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the District was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the District was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments are invested in the L.O.G.I.C. Investment Pool and it has no custodial credit risk.

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**NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

E. Receivables

Receivables at December 31, 2011, consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Gross receivables:			
Accounts	\$ 234,757	\$ -	\$ 234,757
Ad valorem taxes	<u>807,730</u>	<u>238,524</u>	<u>1,046,254</u>
Total gross receivables	1,042,487	238,524	1,281,011
Less: Allowances	<u>36,821</u>	<u>10,761</u>	<u>47,582</u>
Total net receivables	<u>\$ 1,005,666</u>	<u>\$ 227,763</u>	<u>\$ 1,233,429</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 18,568	\$ 1,176,648	\$ 1,195,216
Lease revenue	-	466,964	466,964
Nonmajor Fund			
Ad valorem taxes receivable	<u>22,134</u>	<u>355,131</u>	<u>377,265</u>
	<u>\$ 40,702</u>	<u>\$ 1,998,743</u>	<u>\$ 2,039,445</u>

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Taxes are delinquent by February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

F. Due From Other Governments

At December 31, 2011, the Victoria County Tax Assessor and Collector held tax receipts that had been collected for, but not yet remitted to, the District. These amounts are reported as due from other governments in the government-wide and fund financial statements.

**NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

G. Prepaid Lease Relating to Land Purchase

The PFC purchased 1800+ acres of land, inclusive of an appurtenant water rights permit in March 2007 for a total of \$5,604,871. The PFC leased the land to the District for a 20-year period for \$3,267,071 which was paid in advance. The PFC immediately sold the consumptive water rights permit to the District for \$2,337,800, which immediately sold them to the City of Victoria, Texas. The prepaid lease amount as of December 31, 2011, was \$2,491,141. This amount is recorded as an asset in the General Fund balance sheet at year-end. The PFC recorded the advance payment as deferred revenue as of December 31, 2011, in the same amount. The asset and deferred revenue amounts were eliminated in the government-wide financial statements since the cost of the land is included as part of the capital assets of the governmental activities.

H. Capital Assets

The District's capital asset activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 11,897,356	\$ -	\$ -	\$ 11,897,356
Construction in progress	<u>709,041</u>	<u>479,730</u>	<u>55,904</u>	<u>1,132,867</u>
Total capital assets, not being depreciated	<u>12,606,397</u>	<u>479,730</u>	<u>55,904</u>	<u>13,030,223</u>
Capital assets, being depreciated				
Improvements	15,456,832	260,290	-	15,717,122
M.P.R.R. Main Line Bridge	1,493,134	-	-	1,493,134
Equipment	<u>11,318</u>	<u>30,790</u>	<u>-</u>	<u>42,108</u>
Total capital assets, being depreciated	<u>16,961,284</u>	<u>291,080</u>	<u>-</u>	<u>17,252,364</u>
Less accumulated depreciation for				
Improvements	6,272,193	608,608	-	6,880,801
M.P.R.R. Main Line Bridge	1,249,450	27,122	-	1,276,572
Equipment	<u>8,817</u>	<u>3,226</u>	<u>-</u>	<u>12,043</u>
Total accumulated depreciation	<u>7,530,460</u>	<u>638,956</u>	<u>-</u>	<u>8,169,416</u>
Total capital assets being depreciated, net	<u>9,430,824</u>	<u>(347,876)</u>	<u>-</u>	<u>9,082,948</u>
Governmental activities capital assets, net	<u>\$ 22,037,221</u>	<u>\$ 131,854</u>	<u>\$ 55,904</u>	<u>\$ 22,113,171</u>

Depreciation expense of \$638,956 was charged to the general government function/program in 2011.

**NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

I. Unearned Lease Revenue

The District entered into an agreement with Equalizer, Incorporated ("Equalizer") in January 2010 in which Equalizer agreed to fund a portion of the construction costs for the Rail Expansion Project in cash funds and in contributed materials. The contributed cash funds are treated as deferred/unearned revenue. As Equalizer incurs wharfage, fees, tariffs and/or other charges, one-half of these charges will be credited against the contributed funds. Total contributed funds were \$392,446. During 2011, \$36,910 in fees were credited against the contributed funds, leaving a balance in unearned revenue of \$339,590. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of Equalizer's yearly charges until the full amount has been earned.

The District also has other tenants that have paid their annual lease in advance and those amounts totaling \$127,374 are also included as unearned revenue.

J. Long-term Debt

The following is a summary of general obligation bond transactions for the year ended December 31, 2011, for governmental activities:

Bonds payable at January 1, 2011	\$ 7,035,000
Additions	-
Retirements	<u>(515,000)</u>
Bonds payable at December 31, 2011	<u>\$ 6,520,000</u>

Bonds payable at December 31, 2011, are comprised of the following issues:

2003 General Obligation Refunding Bonds due in annual installments of various amounts beginning in 2005 through February 15, 2014; interest rate varies based on year of maturity and ranges from 3.0% to 3.75%.	\$ 1,015,000
2008 Revenue Bonds due in annual installments of various amounts beginning in 2009 through June 1, 2028; interest rate of 4.8%.	<u>5,505,000</u>
Total	<u>\$ 6,520,000</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 540,000	\$ 290,014	\$ 830,014
2013	565,000	267,808	832,808
2014	585,000	244,042	829,042
2015	250,000	225,840	475,840
2016	260,000	213,600	473,600
2017-2021	1,505,000	862,920	2,367,920
2022-2026	1,910,000	455,280	2,365,280
2027-2028	<u>905,000</u>	<u>44,040</u>	<u>949,040</u>
Total	<u>\$ 6,520,000</u>	<u>\$ 2,603,544</u>	<u>\$ 9,123,544</u>

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**NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

J. Long-term Debt - (Continued)

In 2004, the District issued \$2,860,000 of General Obligation Refunding Bonds with interest rates varying from 3.0% to 3.75% to currently refund the District's General Obligation Bonds, Series 1994 with interest rates varying from 5.0% to 7.0% and to provide funding for costs of issuance. As a result, the Series 1994 bonds are considered defeased and the liabilities have been removed from the governmental activities column on the statement of net assets. The 1994 Series that was refunded has \$1,030,000 of bonds outstanding at December 31, 2011.

K. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchased commercial insurance to cover risks associated with potential claims during fiscal year 2011. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

L. Interfund Transfers

The transfers made by the General Fund to the Capital Projects Fund totaling \$15,000 were to supplement the construction activity that was performed in 2011.

M. Restatement of Previously Issued Statements

The beginning balance of the net assets of the governmental activities has been restated to account for the contribution of certain capital improvements made by a certain lessee. The contribution that occurred in 2010 resulted in an increase of \$87,112 in construction in progress and an increase in the ending net assets of the same amount.

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**NOTE 21: VICTORIA COUNTY CHILD WELFARE BOARD**

As described in Note 1, the Victoria County Child Welfare Board (the "Board") is a component unit of the County. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the County. Following are note disclosures relating to this component unit:

A. Organization

The Commissioners' Court of Victoria County, Texas established the Board on August 8, 1938. The Board is a countywide, jointly financed, state-administered program of child protection to meet the needs of abused, neglected, and abandoned children, and children with special needs. The board members of the Board have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The Board is considered a component unit of the County under the guidelines established by GASB Statement No. 14.

B. Summary of Significant Accounting Policies

The accounting and reporting policies of the Board conform to GAAP, as applicable to governmental units. For inclusion in this report, the Board's operations are reported in a single Governmental Fund Type.

C. Deposits and Investments

The Board has deposits that are held by one financial institution within Victoria County, Texas. At December 31, 2011, and 2010, the carrying amount of the Board's deposits was \$140,137 and \$160,576, respectively. The bank balances were \$140,369 and \$160,803, respectively. The deposits are collateralized by FDIC coverage as follows:

	<u>2011</u>	<u>2010</u>
Insured by FDIC	\$ 140,369	\$ 160,803
Amount of Board's deposits uncollateralized by financial institutions	-	-
Total	<u>\$ 140,369</u>	<u>\$ 160,803</u>

Texas Statutes authorize the Board to invest in:

1. obligations of the U. S. Treasury or its agencies;
2. direct obligations of the State of Texas or its agencies;
3. other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States;
4. obligations of states, agencies, counties, or cities rated A or better by a national investment rating firm;
5. certificates of deposit that are insured by the FDIC or secured by obligations having a market value of at least the principal amount of the certificates; and
6. fully collateralized direct repurchase agreements.

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**NOTE 21: VICTORIA COUNTY CHILD WELFARE BOARD - (Continued)**

C. Deposits and Investments - (Continued)

As of December 31, 2011, the Board held \$103,847 invested in FDIC insured certificates of deposit. The Board held no other investments during the current fiscal year.

D. Budgetary Legal Compliance

For the fiscal year ended December 31, 2011, the Board complied with all budgetary restrictions.

**NOTE 22: CITIZENS MEDICAL CENTER**

As described in Note 1, Citizens Medical Center is a component unit of the County. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the County. Following are note disclosures relating to this component unit:

A. Organization

Citizens Medical Center (the "Medical Center") is a 368-bed acute care hospital that is a component unit of the County. The Medical Center is operated by a Board of Directors that is appointed by the County Commissioners' Court. Its primary mission is to provide health care services to the citizens of the County. The Medical Center primarily earns revenues by providing inpatient, outpatient, skilled nursing, home health, and emergency care services to patients in Victoria County and surrounding areas.

B. Summary of Significant Accounting Policies

The financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions. Investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Medical Center first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Medical Center prepares its financial statements as a business-type activity in conformity with applicable pronouncements of GASB. Pursuant to GASB Statement No. 20, the Medical Center has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.



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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

B. Summary of Significant Accounting Policies - (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Medical Center considers all liquid investments, with original maturities of three months or less, to be cash equivalents. At June 30, 2011, cash equivalents consisted primarily of money market mutual funds.

Investments and Investment Income

Investments in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than general and professional liability, employee health claims and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Medical Center is self-insured for a portion of its exposure to risk of loss from general and professional liability, employee health claims, and workers' compensation. Annual estimated provisions are accrued for the self-insured portion of these risks and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

B. Summary of Significant Accounting Policies - (Continued)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The following estimated useful lives are being used by the Medical Center:

Land improvements	5 to 25 years
Buildings, building improvements, and fixed equipment	3 to 40 years
Major movable equipment	3 to 25 years

The Medical Center capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred was as follows:

Interest capitalized	\$ 290,186
Interest charged to expense	<u>323,093</u>
Total interest incurred	<u>\$ 613,279</u>

Net Assets

Net assets of the Medical Center are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets, if any, are noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the Medical Center, including amounts deposited with trustees as required by revenue bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt, or restricted expendable.

Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis for the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. In 2010, such costs were being amortized over the term of the related bond issues using the straight-line method. In 2011, the unamortized amount of deferred financing costs were expensed in conjunction with the repayment of the related tax-exempt revenue bonds.

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

B. Summary of Significant Accounting Policies - (Continued)

Charity Care

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income Taxes

As an essential government function of the County, the Medical Center is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income.

Compensated Absences

Medical Center policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Patient Accounts Receivable

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. The Medical Center provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. As a service to the patient, the Medical Center bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. The reclassifications had no effect on the results of operations.

C. Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include:

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

C. Net Patient Service Revenue - (Continued)

Medicare

Inpatient acute care, skilled nursing, and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity, and other factors. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medicare administrative contractor has audited the Medical Center's cost reports through June 30, 2007.

Medicaid

Inpatient services are paid under a prospective payment system. Outpatient services rendered to Medicaid program beneficiaries are primarily paid based on a cost reimbursement methodology. The Medical Center is reimbursed for certain services at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by Medicaid.

Approximately 57% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the year ended June 30, 2011. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The Medical Center participates in the State of Texas' Medicaid Upper Payment Limit (UPL) program. Under the program, the Medical Center receives supplemental payments from the Medicaid program generally based on the difference in the payments made by Medicaid and what would have been paid for a similar patient by Medicare. Amounts received under the UPL program for the year ended June 30, 2011 was approximately \$9,199,000.

D. Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at June 30, 2011, consisted of these amounts:

Patients and their insurance carriers	\$ 32,020,889
Medicare	4,497,796
Medicaid	<u>500,802</u>
	37,019,487
Less allowance for uncollectible amounts	<u>22,265,070</u>
Total	<u>\$ 14,754,417</u>

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)****E. Capital Assets**

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

	Balance June 30, 2010	Additions	Transfers	Disposals	Balance June 30, 2011
Land and land improvements	\$ 10,850,893	\$ 54,898	\$ 82,951	\$ -	\$ 10,988,742
Buildings, improvements, and fixed equipment	109,934,859	567,383	6,017,971	-	116,520,213
Major moveable equipment	69,363,365	2,284,590	1,459,671	-	73,107,626
Construction in progress	11,270,416	2,892,848	(7,560,593)	-	6,602,671
	<u>201,419,533</u>	<u>5,799,719</u>	<u>-</u>	<u>-</u>	<u>207,219,252</u>
Less accumulated depreciation:					
Land improvements	1,965,450	221,971	-	-	2,187,421
Buildings, improvements, and fixed equipment	50,637,645	3,518,088	-	-	54,155,733
Major moveable equipment	47,727,634	6,766,312	-	2,307	54,491,639
	<u>100,330,729</u>	<u>10,506,371</u>	<u>-</u>	<u>2,307</u>	<u>110,834,793</u>
Capital assets, net	<u>\$ 101,088,804</u>	<u>\$ (4,706,652)</u>	<u>\$ -</u>	<u>\$ (2,307)</u>	<u>\$ 96,384,459</u>

Depreciation and amortization expense includes approximately \$41,000 of amortization charges related to bond issuance costs.

**F. Deposits, Investments, and Investment Income****Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Medical Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; bonds of any city, county, school district or special road district of the State of Texas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2011, the Medical Center's bank balance of \$101,678,903 was insured or collateralized by assets held in other than the Medical Center's name based on the Medical Center's cash management arrangement with the County Treasurer.

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

F. Deposits, Investments, and Investment Income - (Continued)

Investments

The Medical Center's internally designated investments are made by the Victoria County Treasurer and either held by the County or bank trust departments in the County's name. In accordance with the Medical Center's investment policy, these investments are in money market mutual funds.

There were no investments held at June 30, 2011.

- Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Medical Center's investment policy limits its investment portfolio to maturities of four years or less. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.
- Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2011, the Medical Center was not exposed to credit risk.
- Concentration of Credit Risk - The Medical Center places no limit on the amount that may be invested in any issuer. At June 30, 2011, the Medical Center was not exposed to concentration of credit risk.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet as follows:

Carrying value	
Deposits	\$ 100,314,072
	<u>\$ 100,314,072</u>
Included in the following balance sheet captions	
Cash and cash equivalents	\$ 100,314,072
	<u>\$ 100,314,072</u>

Investment Income

Interest and dividends	\$ 639,868
	<u>\$ 639,868</u>

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

G. Long-term Obligations

The following is a summary of long-term obligation transactions for the Medical Center for the year ended June 30, 2011:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Current</u> <u>Portion</u>
Long-term debt					
Series 1999 Bonds (A)	\$ 13,320,000	\$ -	\$ (13,320,000)	\$ -	\$ -
Total long-term debt	<u>\$ 13,320,000</u>	<u>\$ -</u>	<u>\$ (13,320,000)</u>	<u>\$ -</u>	<u>\$ -</u>

(A) Originally due February 15, 2019, but paid in full during 2011; principal payable annually and interest payable semiannually at interest rates varying between 4.30% and 6.25%; secured by the Medical Center's net revenues and trustee-held assets.

H. Self-insured Claims

The Medical Center partially self-insures the cost for its general and professional liability, employee health care benefits, and workers' compensation. The Texas Tort Claims Act limits the Medical Center's general and professional liability to \$100,000 per claim and \$300,000 per occurrence, with no annual aggregate. The Medical Center purchases annual stop-loss insurance coverage for all employee health care benefits and workers' compensation claims. Stop-loss coverage began at \$350,000 for workers compensation claims in 2011. Stop-loss coverage for employee health claims began at \$450,000 during 2011.

Losses from asserted and unasserted claims identified under the Medical Center's incident reporting system are accrued based on estimates that incorporate the Medical Center's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the Medical Center's estimate of losses will change by a material amount in the near term.

Activity in the Medical Center's self-insured claims liability accounts during 2011 and 2010 are summarized on the following page:

**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

H. Self-insured Claims - (Continued)

	2011		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
Balance, beginning of year	\$ 1,082,000	\$ 690,821	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	7,996,218	84,984	-
Claim and expenses paid, net	(8,078,218)	(210,905)	-
Balance, end of year	<u>\$ 1,000,000</u>	<u>\$ 564,900</u>	<u>\$ 500,000</u>

	2010		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
Balance, beginning of year	\$ 955,801	\$ 776,509	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	7,291,398	203,853	-
Claim and expenses paid, net	(7,165,199)	(289,541)	-
Balance, end of year	<u>\$ 1,082,000</u>	<u>\$ 690,821</u>	<u>\$ 500,000</u>

The accrual for general and professional liability claims are presented as other long-term liabilities on the balance sheet. The accrual for employee health care benefits and workers' compensation is included in accrued payroll and expenses on the balance sheet.



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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

I. Charity Care

In support of its mission, the Medical Center voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Medical Center provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts which are less than established charges for the services provided to the recipients and, many times, the payments are less than the cost of rendering the services provided. The Medical Center recorded \$17,487,686 of charity care in 2011.

In addition to uncompensated charges, the Medical Center also commits significant time and resources to endeavors and critical services which meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screening and assessments, prenatal education and care, community educational services and various support groups.

J. Related Party Transactions

The County maintains custody of the Medical Center's operating cash accounts and is responsible for obtaining appropriate collateralization of such accounts. The County issues debt on behalf of the Medical Center and invests the unadvanced proceeds. The investment income attributable to deposits of the 1999 bond funds are included in nonoperating income.

From time to time, the Medical Center conducts business with companies owned or related to members of its Board. It is the Medical Center's policy that these transactions be approved by the Board.

K. Pension Plan

The Medical Center sponsors The Texas Hospital Association Retirement Plan for Citizens Medical Center ("the Plan"), an agent multi-employer defined benefit pension plan that covers eligible employees. The Plan is administered by HealthShare/THA, a wholly owned subsidiary of the Texas Hospital Association. The Plan's assets are invested as a portion of the total HealthShare/THA investment trust fund. Amendments to the Plan are made only with the authority of the Board of the Medical Center. The Plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from the Medical Center or HealthShare/THA. That report may be obtained by writing HealthShare/THA at P.O. Box 679010, Austin, Texas 78768-9010.

All Medical Center employees who work 20 or more hours per week for at least five months during a year are eligible for the Plan. There is no minimum age requirement for Plan participation.

The Plan provides retirement, death and disability benefits. Additionally, the Plan provides fully-vested benefits to terminated employees who have at least five years of vesting service. Employees may retire (with reduced benefits) at age 60 with five years of vesting service. The monthly benefit at normal retirement (age 65 plus five years of Plan participation), payable in a lifetime annuity, ranges from 1.75% to 3.25% times years of service times average monthly compensation, subject to certain benefit limits.

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

K. Pension Plan - (Continued)

Funding Policy

The Board has the sole authority to establish or amend the obligations to contribute to the Plan by participants or the employer.

Plan participants are required to contribute at rates ranging from 4.0% to 5.5% in 2011 of their prior Plan year compensation. The Medical Center makes contributions at an actuarially determined amount, which equaled 8.0% of participant-covered compensation for 2011 and is expected to be 7.3% of participant-covered compensation for 2012. The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

Annual Pension Cost

For the fiscal year ended June 30, 2011, the Medical Center's Annual Pension Cost (APC) was \$2,965,528, which was substantially equal to the Medical Center's annual contributions.

The required contributions for 2011 were determined based on the results of actuarial valuations as of March 1, 2011, using the entry age actuarial cost method. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.0% to 9.0% per year. Both (a) and (b) included an inflation component of 4.0%. The 2011 actuarial valuation assumptions included 2.0% per year postretirement benefit increases for retirees whose benefit commences on or after March 1, 2007. The actuarial valuation of Plan assets was determined using a five-year adjusted market value method for both valuations.

Three-year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2011	\$ 2,553,957	114%	\$ 1,789,015
2010	2,773,310	130%	2,615,705
2009	2,965,528	100%	2,620,177

For the March 31, 2011 valuation, the open amortization period was calculated to be four years, assuming that contributions of 7.3% of payroll would be made each year.

Funding Status and Funding Progress

As of March 1, 2011, the most recent actuarial valuation date, the Plan was 92.3% funded. The actuarial accrued liability for benefits was \$49,128,864 and the actuarial value of assets was \$45,331,193, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,797,671. The covered payroll (annual payroll of active employees covered by the plan) was \$37,929,734 and the ratio of the UAAL to the covered payroll was 10.0%.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the Medical Center's financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**

L. Designated Net Assets

At June 30, 2011 and 2010, unrestricted net assets have been designated by the Medical Center's Board of Directors for the following purposes:

	<u>2011</u>	<u>2010</u>
Capital acquisitions	\$ 10,669,492	\$ 10,624,364
Self-insured professional liability	931,791	924,814
Self-insured health care	46,668	59,132

Designated net assets remain under the control of the Board of Directors, which may at its discretion later use these net assets for other purposes.

M. Contingencies

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

N. Significant Estimates and Concentrations

Current Economic Conditions

The current protracted economic decline continues to presents hospitals with difficult circumstances and challenges, which, in some cases, have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Medical Center.

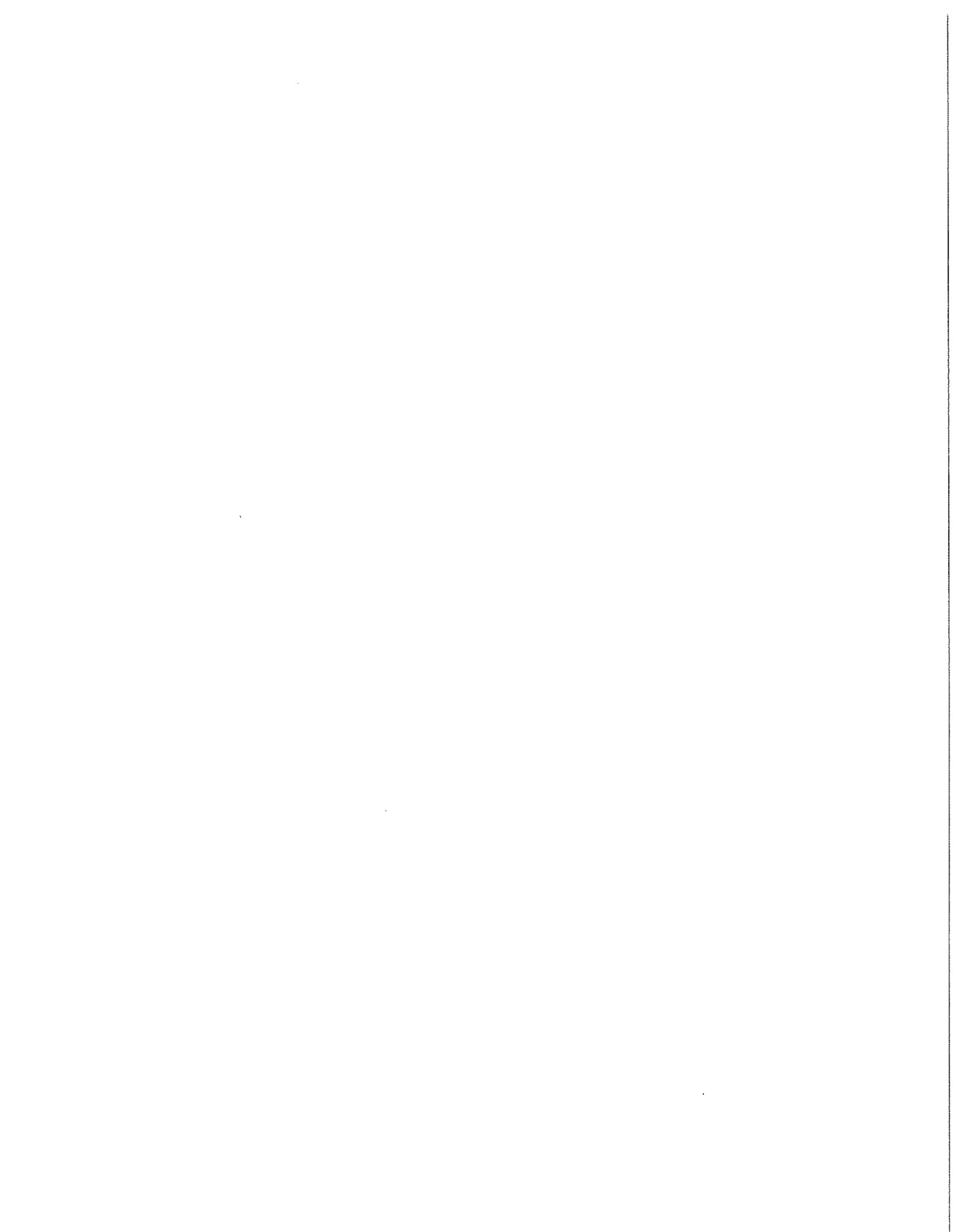
Current economic conditions, including the rising unemployment rate, have made it difficult for certain of our patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Medical Center's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values (including defined benefit pension plan investments) and allowances for accounts receivable that could negatively impact the Medical Center's ability to meet debt covenants or maintain sufficient liquidity.

Health Care Reform

During 2010, Congress passed legislation that will significantly reform the United States health care system. The legislation will require certain changes through 2014 to private and public health care insurance plans, including the Texas Medicaid program. While the impact of these regulatory changes cannot currently be determined, it is reasonably possible that these changes will negatively impact the Medical Center's net patient service revenues.

**Required Supplementary Information**



**COUNTY OF VICTORIA, TEXAS**

*MAJOR GOVERNMENTAL FUND - GENERAL FUND*

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -*

*BUDGET AND ACTUAL - STATUTORY BASIS*

*For the year ended December 31, 2011*

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>					
Taxes	\$ 22,034,849	\$ 22,462,798	\$ 25,149,364	\$ (516,063)	\$ 25,665,427
Fees of office and user fees	1,854,150	1,854,150	1,636,081	(4,094)	1,640,175
Intergovernmental	3,026,200	3,033,340	3,520,957	128,977	3,391,980
Fines and forfeitures	1,665,100	1,665,100	1,170,801	(32,678)	1,203,479
Investment income					
Interest	35,000	35,000	77,196	4,202	72,994
Licenses and permits	47,300	47,300	52,625	(839)	53,464
Miscellaneous	816,570	834,027	632,347	7,978	624,369
<b>Total revenues</b>	<u>29,479,169</u>	<u>29,931,715</u>	<u>32,239,371</u>	<u>(412,517)</u>	<u>32,651,888</u>
<b>EXPENDITURES</b>					
Current					
General government	14,144,758	14,376,668	13,827,659	(88,077)	13,915,736
Public safety	13,724,436	13,922,897	13,508,546	(17,586)	13,526,132
Culture and recreation	238,972	246,972	216,547	434	216,113
Public health	26,830	26,830	26,116	(189)	26,305
<b>Total expenditures</b>	<u>28,134,996</u>	<u>28,573,367</u>	<u>27,578,868</u>	<u>(105,418)</u>	<u>27,684,286</u>
Excess (deficiency) of revenues over expenditures	<u>1,344,173</u>	<u>1,358,348</u>	<u>4,660,503</u>	<u>(307,099)</u>	<u>4,967,602</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	20,000	20,000	58,911	(2,929)	61,840
Transfers in	230,500	183,000	174,000	-	174,000
Transfers out	(1,594,673)	(1,561,348)	(1,520,382)	-	(1,520,382)
<b>Total other financing sources (uses)</b>	<u>(1,344,173)</u>	<u>(1,358,348)</u>	<u>(1,287,471)</u>	<u>(2,929)</u>	<u>(1,284,542)</u>
Change in fund balance	-	-	3,373,032	(310,028)	3,683,060
Fund balance, January 1, as restated	4,281,933	4,281,933	4,281,933	(1,242,998)	5,524,931
<b>Fund balance, December 31</b>	<u>\$ 4,281,933</u>	<u>\$ 4,281,933</u>	<u>\$ 7,654,965</u>	<u>\$ (1,553,026)</u>	<u>\$ 9,207,991</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

The accompanying notes to required supplementary information are an integral part of this schedule.



**COUNTY OF VICTORIA, TEXAS**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 HISTORICAL PENSION BENEFITS INFORMATION  
 December 31, 2011

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll <sup>(1)</sup></u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2007	\$54,352,276	\$ 63,178,459	\$ 8,826,183	86.03%	\$20,431,958	43.20%
12/31/2008	55,248,498	66,350,474	11,101,976	83.27%	22,538,550	49.26%
12/31/2009	62,600,325	73,171,534	10,571,209	85.55%	23,807,032	44.40%
12/31/2010	64,270,343	75,676,862	11,406,519	84.93%	23,877,175	47.77%

<sup>(1)</sup> The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.



**COUNTY OF VICTORIA, TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

*December 31, 2011*

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**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

The County annually adopts budgets that are prepared using the cash basis of accounting, which is not consistent with generally accepted accounting principles (GAAP). A reconciliation to the statutory basis is provided in the preceding statement. Refer to Note 1 of the notes to the financial statements for explanation of the statutory basis of accounting used to prepare the financial statements.

**Combining and Individual Fund Statements and Schedules**



COUNTY OF VICTORIA, TEXAS  
 ALL NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET - STATUTORY BASIS  
 December 31, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 3,527,470	\$ 1,066,556	\$ 4,594,026
Receivables (net)	1,725,344	946,679	2,672,023
Due from other governments	1,434,346	-	1,434,346
Due from other funds	3,814	-	3,814
<b>Total assets</b>	<b><u>\$ 6,690,974</u></b>	<b><u>\$ 2,013,235</u></b>	<b><u>\$ 8,704,209</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 410,168	\$ -	\$ 410,168
Accrued expenditures	228,244	-	228,244
Due to other funds	1,539,770	-	1,539,770
Deferred revenue	2,796,713	1,553,693	4,350,406
<b>Total liabilities</b>	<b><u>4,974,895</u></b>	<b><u>1,553,693</u></b>	<b><u>6,528,588</u></b>
<b>Fund balances</b>			
Restricted	2,210,734	459,542	2,670,276
Unassigned	(494,655)	-	(494,655)
<b>Total fund balances</b>	<b><u>1,716,079</u></b>	<b><u>459,542</u></b>	<b><u>2,175,621</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 6,690,974</u></b>	<b><u>\$ 2,013,235</u></b>	<b><u>\$ 8,704,209</u></b>

COUNTY OF VICTORIA, TEXAS

ALL NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
STATUTORY BASIS

For the year ended December 31, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,677,781	\$ 1,648,147	\$ 4,325,928
Fees of office and user fees	1,149,975	-	1,149,975
Intergovernmental	6,787,402	-	6,787,402
Fines and forfeitures	329,365	-	329,365
Investment income	17,961	23,610	41,571
Contributions	301,344	-	301,344
Miscellaneous	263,964	-	263,964
<b>Total revenues</b>	<u>11,527,792</u>	<u>1,671,757</u>	<u>13,199,549</u>
<b>EXPENDITURES</b>			
Current			
General government	1,770,225	-	1,770,225
Public safety	1,868,233	-	1,868,233
Highways and streets	4,764,971	-	4,764,971
Public health	3,571,605	-	3,571,605
Capital outlay	1,827,573	-	1,827,573
Debt service			
Principal retirement	-	1,115,000	1,115,000
Interest and fiscal charges	-	524,982	524,982
<b>Total expenditures</b>	<u>13,802,607</u>	<u>1,639,982</u>	<u>15,442,589</u>
Excess (deficiency) of revenues over expenditures	<u>(2,274,815)</u>	<u>31,775</u>	<u>(2,243,040)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	145,793	-	145,793
Capital lease	197,699	-	197,699
Transfers in	1,537,506	-	1,537,506
Transfers out	(182,233)	-	(182,233)
<b>Total other financing sources (uses)</b>	<u>1,698,765</u>	<u>-</u>	<u>1,698,765</u>
Change in fund balances	(576,050)	31,775	(544,275)
Fund balances at beginning of year, as restated	<u>2,292,129</u>	<u>427,767</u>	<u>2,719,896</u>
<b>Fund balances at end of year</b>	<u>\$ 1,716,079</u>	<u>\$ 459,542</u>	<u>\$ 2,175,621</u>

## NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, private purpose trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The County's Special Revenue Funds consists of Road and Bridge and other funds.

### ROAD AND BRIDGE FUNDS

The Road and Bridge Funds are constitutional funds established to account for current funds used for the purpose of constructing and maintaining roads and bridges. The principal sources of revenues for these funds are ad valorem taxes and intergovernmental revenues.

The County is divided into four precincts, each of which is administered by one of the four County Commissioners. Each precinct has a separate budget for construction and maintenance of roads and bridges in the precinct. The Road and Bridge Funds consists of the following:

**Road and Bridge Precinct Funds** - Account for costs associated with the construction and maintenance of roads and bridges in the four Commissioners' precincts. Revenues are derived primarily from ad valorem taxes, vehicle registration fees, and interest earnings.

### OTHER SPECIAL REVENUE FUNDS

The Other Special Revenue Funds consists of various funds that account for particular functions and activities as described below:

**Emergency Management Fund** - Accounts for the funds received from the City of Victoria and the State of Texas for Emergency Management operations.

**Records Management Fund** - Accounts for monies received by the County under Local Government Code Section 118.011. Expenditures of the fund are made to manage and preserve documents filed in the office of the County Clerk. Revenues come from filing charges assessed by the County Clerk.

**Courthouse Security Fund** - Accounts for funds received from various sources designated to be used to enhance security in the County Courthouse.

**Justice Court Building Security Fund** - Accounts for funds received that are designated to be used to enhance security in buildings that house justice court other than the County Courthouse.

**District Clerk Records Management Fund** - Accounts for monies received by the County from filing charges assessed by the District Clerk under Local Government Code Section 51.317. Expenditures of the fund are made to manage and preserve documents filed in the office of the District Clerk.

**FEMA Hazard Mitigation (DR 1780-038 TX) Fund** - Accounts for funds received from the Texas Department of Rural Affairs to facilitate disaster relief, recovery, restoration, and economic revitalization in areas affected by Hurricanes Dolly and Ike.

**Disaster Recovery Texas Community Block Grant Program** - Accounts for funds received from Federal Emergency Management Agency for the disaster declaration FEMA 1780-038 DR TX for the installation of wind resistant film on the windows and doors of the Victoria County Courthouse Annex Facility.

**Emergency Operations Center Grant Fund** - Accounts for funds received from the Department of Homeland Security Federal Emergency Management Association to provide law enforcement and emergency response communities with enhanced capabilities for detecting, deterring, disrupting, preventing and responding to potential threats of manmade, natural disasters, and acts of terrorism.

**NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

**OTHER SPECIAL REVENUE FUNDS - (Continued)**

**Gulf of Mexico Energy Security Act Fund** - Accounts for funds received from the U.S. Department of Interior for rentals, royalties, bonus and other sums derived from certain Outer Continental Shelf leases in the Gulf of Mexico. These revenues are reserved for projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses.

**FEMA Hazard Mitigation (DR 1791 TX) Fund** - Accounts for funds received from Federal Emergency Management Agency and Office of Rural and Community Affairs for the disaster declaration FEMA 1791 DR TX for the acquisition of three parcels of land and creation of a detention pond.

**FEMA Hazard Mitigation (DR 1780-046 TX) Fund** - Accounts for funds received from the Federal Emergency Management Agency for improvements to the drainage system at the intersection of Live Oak Drive and Acorn Loop in Inez.

**Juvenile Probation Fund** - Records monies received by the County from the Texas Juvenile Probation Commission as well as transfers from the General Fund of the County. These monies are spent to provide various services related to the operation of the County Juvenile Probation Department.

**Drug Courts Program Fund** - Accounts for the revenues/expenditures related to operations of the state mandated programs for monitoring and rehabilitating violators of state drug laws.

**Juvenile Delinquency Prevention Fund** - Accounts for funds received as a cost of court fee for offenses committed under Section 28.08, Penal Code. These funds are administered by or under the direction of Commissioners' Court and are used to repair damage, provide educational and intervention programs, and provide public rewards.

**Justice Technology Fund** - Accounts for funds received from a defendant convicted of a misdemeanor offense in a Justice Court, pursuant to Article 102.0173, Code of Criminal Procedures. These funds are administered by or under the direction of the Commissioners' Court and are used to finance the technological enhancements of the Justice Courts.

**Family Protection Fee Fund** - Accounts for funds received from individuals filing suit for dissolution of a marriage. These funds are administered by or under the direction of the Commissioners' Court and are to be distributed to non-profit organizations in Victoria County.

**County/District Technology Fund** - Accounts for funds received from a defendant convicted of a criminal offense in a County or District Court, pursuant to Article 102.0169, Code of Criminal Procedures. These funds are administered by or under the direction of the Commissioners' Court and are used to finance the technological enhancements of the County and District Courts.

**CDA Processing Fee Fund** - Accounts for fees earned by the office of the Criminal District Attorney from the collection of "hot" checks returned to County merchants. Expenditures of the fund include normal operating costs of the District Attorney's Office.

**CDA Victims Assistance Grant Fund** - Accounts for the funds received from the U.S. Department of Justice and administered by the Office for Victims of Crime. The purpose of the grant is to stimulate State participation and support for victim service programs and promote victim cooperation with law enforcement, in addition to the direct benefit to crime victims with Federal assistance monies.

**NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

**OTHER SPECIAL REVENUE FUNDS - (Continued)**

**Sheriff Victims Assistance Grant Fund** - Accounts for the funds received from the Office of the Attorney General to provide funding for a full-time Crime Victim Liaison to work in the Sheriff's Department and the Victoria Police Department.

**Texas Vine Grant Fund** - Accounts for funds received from the Office of the Attorney General. The purpose of the VINE (Victim Information and Notification Everyday) grant is to provide basic information on jailed suspects/offenders and their scheduled court events to crime victims and other concerned citizens.

**Gang Prevention Grant Fund** - Accounts for funds received from the Office of the Governor passed through the Criminal Justice Division to prevent and control crime and make improvements to the criminal justice system.

**Local Border Security Grant Fund** - Accounts for funds received from the Texas Department of Public Safety to organize and deploy local government law enforcement personnel and equipment to participate in a project to enhance border security along the Texas-Mexico border by supplementing the border security efforts of federal agencies.

**Operation Stone Garden Grant Fund** - Accounts for funds received from the Department of Homeland Security to enhance cooperation and coordination between federal and local law enforcement agencies in a joint mission to secure the United States borders.

**Tobacco Compliance Grant Fund** - Accounts for funds received from the Comptroller of Public Accounts under the provisions of the Texas Health & Safety Code Ann. Sec. 161.088 (b) to reduce the extent to which cigarettes and tobacco products are sold or distributed to persons who are younger than 18 years of age.

**Impaired Driving Incentive Fund** - Accounts for funds received from the Texas Department of Transportation to reimburse the County for actual costs incurred for traffic safety-related items.

**Byrne Justice Assistance Grant (JAG) Program Fund** - Accounts for funds received from the City of Victoria for the purchase of equipment and training of personnel for the Victoria County Sheriff's Office.

**Border Security Grant Fund** - Accounts for funds received from the Office of the Governor passed through the Criminal Justice Division to prevent and control crime and make improvements to the criminal justice system.

**2009 Homeland Security Grant Program Fund** - Accounts for 2009 grant funds received from the Governor's Division of Emergency Management to provide law enforcement and emergency response communities with enhanced capabilities for detecting, deterring, disrupting, preventing and responding to potential threats of manmade, natural disasters and acts of terrorism.

**FEMA Firefighter Grant Program Fund** - Accounts for funds received from the Federal Emergency Management Association passed through the Department of Homeland Security to protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

**Emergency Management Volunteer Program Fund** - Accounts for funds received from the Southwest Texas Regional Advisory Council to employ a part-time volunteer program manager.



**NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

**OTHER SPECIAL REVENUE FUNDS - (Continued)**

**Community Oriented Policing Services Grant Fund** - Accounts for funds received from the U.S. Department of Justice for the continued development of technologies and automated systems to assist in investigating, responding to, and preventing crime.

**BISD School Resource Officer Fund** - Accounts for funds received from Bloomington Independent School District (BISD) to employ a juvenile probation officer that is housed and working on BISD campuses.

**Sheriff's Special Purpose Fund** - Accounts for the use of drug related monies awarded to the Sheriff's Department via court proceedings.

**Sheriff's Donations Fund** - Accounts for funds received from various entities which have been donated for specific purposes for the Victoria County Sheriff.

**Sheriff's DOJ Federal Forfeiture Fund** - Accounts for funds received from the U.S. Department of Justice. The purpose of this program is for law enforcement to deter crime by depriving criminals of the profits and proceeds of their illegal activities and to weaken criminal enterprises by removing the instrumentalities of crime.

**Constable Forfeiture Fund** - Accounts for funds received from the CDA Contraband Forfeiture Fund to aid the County's constables with expenditures for their departments.

**CDA Contraband Forfeiture Fund** - Accounts for the use of drug related monies awarded to the Criminal District Attorney via court proceedings post October 17, 1989.

**Sheriff's DOT Federal Forfeiture Fund** - Accounts for funds received from the U.S. Department of Treasury. The purpose of this program is for law enforcement to deter crime by depriving criminals of the profits and proceeds of their illegal activities and to weaken criminal enterprises by removing the instrumentalities of crime.

**Goliad County Juvenile Probation Services Fund** - Accounts for funds received from Goliad County, Texas for additional salary costs for the Chief Probation Officer and Assistant Chief Probation Officer for services provided to the Goliad County Juvenile Probation Department.

**VISD Juvenile Probation Officer Fund** - Accounts for funds received from Victoria Independent School District (VISD) to employ four juvenile probation officers that are housed and working on VISD campuses.

**Election Administrator's Special Fund** - Records the various fees received designated to be used by the County Election Administrator in coordinating various County elections.

**Elections Chapter 19 Fund** - Accounts for funds received from the Secretary of State to increase the number of registered voters in the state, maintain and report an accurate list of the number of registered voters, and/or increase the efficiency of the voter registration office through the use of technological equipment.

**Tax Assessor-Collector Special Fund** - Accounts for interest earnings on the Special Inventory Escrow Account. These funds are the sole property of the collector and are used to defray the cost of administration of the prepayment procedure established by Texas Property Tax Code Section 23.122.

**NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

**OTHER SPECIAL REVENUE FUNDS - (Continued)**

**Historical Commission Fund** - Accounts for monies received through various promotional activities. These funds are expended for the purpose of preparing the historical heritage of the County of Victoria.

**Law Library Fund** - Accounts for expenditures related to the establishment and maintenance of a professional library for members of the Texas Bar Association. Revenues are derived from fees assessed on civil cases filed in County and District Courts.

**Health Department Fund** - Accounts for revenues and expenditures associated with services provided to the public by the nursing division, special services division, and the environmental services division located at the Victoria City/County Health Department.

**WIC Program Fund** - Accounts for funds received from the Texas Department of State Health Services for Victoria County's participation in the WIC Card Program. These funds are used to determine eligibility of applicants through assessment of their income, residence and nutritional status and provide nutrition education and counseling to eligible participants.

**Law Enforcement Officer Education (LEOSE) Fund** - Accounts for funds received from the State of Texas. These funds are used for continuing education of persons licensed under Government Code Chapter 415 or to provide necessary training to full-time law enforcement support personnel.

**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET - STATUTORY BASIS**  
 December 31, 2011

	Road and Bridge	Other Special Revenue	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,698,738	\$ 828,732	\$ 3,527,470
Receivables (net)			
Ad valorem	1,712,371	-	1,712,371
Other	1,839	11,134	12,973
Due from other governments	-	1,434,346	1,434,346
Due from other funds	-	3,814	3,814
<b>Total assets</b>	<b><u>\$ 4,412,948</u></b>	<b><u>\$ 2,278,026</u></b>	<b><u>\$ 6,690,974</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 65,184	\$ 344,984	\$ 410,168
Accrued expenditures	85,955	142,289	228,244
Due to other funds	19,280	1,520,490	1,539,770
Deferred revenue	2,796,713	-	2,796,713
<b>Total liabilities</b>	<b><u>2,967,132</u></b>	<b><u>2,007,763</u></b>	<b><u>4,974,895</u></b>
<b>Fund balance</b>			
Restricted	1,445,816	764,918	2,210,734
Unassigned	-	(494,655)	(494,655)
<b>Total fund balance</b>	<b><u>1,445,816</u></b>	<b><u>270,263</u></b>	<b><u>1,716,079</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 4,412,948</u></b>	<b><u>\$ 2,278,026</u></b>	<b><u>\$ 6,690,974</u></b>

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
STATUTORY BASIS**

For the year ended December 31, 2011

	<u>Road and Bridge</u>	<u>Other Special Revenue</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 2,677,781	\$ -	\$ 2,677,781
Fees of office and user fees	-	1,149,975	1,149,975
Intergovernmental	1,506,282	5,281,120	6,787,402
Fines and forfeitures	-	329,365	329,365
Investment income			
Interest	14,665	3,296	17,961
Contributions	-	301,344	301,344
Miscellaneous	88,939	175,025	263,964
<b>Total revenues</b>	<u>4,287,667</u>	<u>7,240,125</u>	<u>11,527,792</u>
<b>EXPENDITURES</b>			
Current			
General government	-	1,770,225	1,770,225
Public safety	-	1,868,233	1,868,233
Highways and streets	4,664,381	100,590	4,764,971
Public health	-	3,571,605	3,571,605
Capital outlay	-	1,827,573	1,827,573
<b>Total expenditures</b>	<u>4,664,381</u>	<u>9,138,226</u>	<u>13,802,607</u>
Excess (deficiency) of revenues over expenditures	<u>(376,714)</u>	<u>(1,898,101)</u>	<u>(2,274,815)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	145,793	-	145,793
Capital lease	197,699	-	197,699
Transfers in	216	1,537,290	1,537,506
Transfers out	(162,017)	(20,216)	(182,233)
<b>Total other financing sources (uses)</b>	<u>181,691</u>	<u>1,517,074</u>	<u>1,698,765</u>
Change in fund balance	(195,023)	(381,027)	(576,050)
Fund balance, January 1, as restated	<u>1,640,839</u>	<u>651,290</u>	<u>2,292,129</u>
<b>Fund balance, December 31</b>	<u>\$ 1,445,816</u>	<u>\$ 270,263</u>	<u>\$ 1,716,079</u>

**COUNTY OF VICTORIA, TEXAS**

*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS*

*ROAD AND BRIDGE FUNDS*

*COMBINING BALANCE SHEET - STATUTORY BASIS*

*December 31, 2011*

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	Road and Bridge Funds				
	<u>Pct. 1</u>	<u>Pct. 2</u>	<u>Pct. 3</u>	<u>Pct. 4</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 437,331	\$ 703,239	\$ 978,954	\$ 579,214	\$ 2,698,738
Receivables (net)					
Ad valorem	438,218	409,791	401,737	462,625	1,712,371
Other	<u>491</u>	<u>-</u>	<u>804</u>	<u>544</u>	<u>1,839</u>
<b>Total assets</b>	<u>\$ 876,040</u>	<u>\$ 1,113,030</u>	<u>\$ 1,381,495</u>	<u>\$ 1,042,383</u>	<u>\$ 4,412,948</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable	\$ 35,040	\$ 8,257	\$ 12,120	\$ 9,767	\$ 65,184
Accrued expenditures	23,521	18,692	23,564	20,178	85,955
Due to other funds	4,049	3,566	4,558	7,107	19,280
Deferred revenue	<u>714,725</u>	<u>670,033</u>	<u>656,557</u>	<u>755,398</u>	<u>2,796,713</u>
<b>Total liabilities</b>	<u>777,335</u>	<u>700,548</u>	<u>696,799</u>	<u>792,450</u>	<u>2,967,132</u>
Fund balance					
Restricted	<u>98,705</u>	<u>412,482</u>	<u>684,696</u>	<u>249,933</u>	<u>1,445,816</u>
<b>Total liabilities and fund balance</b>	<u>\$ 876,040</u>	<u>\$ 1,113,030</u>	<u>\$ 1,381,495</u>	<u>\$ 1,042,383</u>	<u>\$ 4,412,948</u>

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****STATUTORY BASIS**

For the year ended December 31, 2011

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
<b>REVENUES</b>					
Taxes	\$ 682,834	\$ 642,668	\$ 629,280	\$ 722,999	\$ 2,677,781
Intergovernmental	380,740	368,231	364,062	393,249	1,506,282
Investment income					
Interest	2,789	3,513	5,360	3,003	14,665
Miscellaneous	17,337	2,075	35,975	33,552	88,939
<b>Total revenues</b>	<u>1,083,700</u>	<u>1,016,487</u>	<u>1,034,677</u>	<u>1,152,803</u>	<u>4,287,667</u>
<b>EXPENDITURES</b>					
Current					
Highways and streets	<u>1,302,160</u>	<u>935,182</u>	<u>1,109,134</u>	<u>1,317,905</u>	<u>4,664,381</u>
Excess (deficiency) of revenues over expenditures	<u>(218,460)</u>	<u>81,305</u>	<u>(74,457)</u>	<u>(165,102)</u>	<u>(376,714)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	26,718	17,008	40,717	61,350	145,793
Capital lease	-	-	-	197,699	197,699
Transfers in	-	-	-	216	216
Transfers out	<u>(46,000)</u>	<u>(46,000)</u>	<u>(21,000)</u>	<u>(49,017)</u>	<u>(162,017)</u>
<b>Total other financing sources (uses)</b>	<u>(19,282)</u>	<u>(28,992)</u>	<u>19,717</u>	<u>210,248</u>	<u>181,691</u>
Change in fund balance	(237,742)	52,313	(54,740)	45,146	(195,023)
Fund balance, January 1	<u>336,447</u>	<u>360,169</u>	<u>739,436</u>	<u>204,787</u>	<u>1,640,839</u>
<b>Fund balance, December 31</b>	<u>\$ 98,705</u>	<u>\$ 412,482</u>	<u>\$ 684,696</u>	<u>\$ 249,933</u>	<u>\$ 1,445,816</u>

**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET - STATUTORY BASIS**  
**December 31, 2011**

	<u>Emergency Mgmt.</u>	<u>Records Mgmt.</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>	<u>District Clerk Records Mgmt.</u>	<u>FEMA Hazard Mitigation DR 1780-038</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 90,395	\$ -	\$ 41,807	\$ 5,976	\$ -
Receivables (net)						
Other	-	503	205	25	6	-
Due from other governments	118,023	-	-	-	-	26,674
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 118,023</u>	<u>\$ 90,898</u>	<u>\$ 205</u>	<u>\$ 41,832</u>	<u>\$ 5,982</u>	<u>\$ 26,674</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ 7,807	\$ 25	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	6,590	2,203	-	-	-	-
Due to other funds	101,297	15	11,975	-	-	26,674
<b>Total liabilities</b>	<u>115,694</u>	<u>2,243</u>	<u>11,975</u>	<u>-</u>	<u>-</u>	<u>26,674</u>
<b>Fund balance</b>						
Restricted	2,329	88,655	-	41,832	5,982	-
Unassigned	-	-	(11,770)	-	-	-
<b>Total fund balance</b>	<u>2,329</u>	<u>88,655</u>	<u>(11,770)</u>	<u>41,832</u>	<u>5,982</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 118,023</u>	<u>\$ 90,898</u>	<u>\$ 205</u>	<u>\$ 41,832</u>	<u>\$ 5,982</u>	<u>\$ 26,674</u>

Disaster Recovery Grant	Emergency Operations Center Grant	Gulf of Mexico Energy Security Act	FEMA Hazard Mitigation DR 1791	FEMA Hazard Mitigation DR 1780-046	Juvenile Probation	Drug Courts Program	Juvenile Delinquency Prevention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,279	\$ 18,145	\$ 116
-	-	-	-	-	-	-	-
193,621	540,256	-	-	97,573	6,375	-	-
-	-	-	-	3,017	-	-	-
<u>\$ 193,621</u>	<u>\$ 540,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,590</u>	<u>\$ 145,654</u>	<u>\$ 18,145</u>	<u>\$ 116</u>
\$ 1,633	\$ 110,326	\$ -	\$ -	\$ 91,715	\$ 42,945	\$ 2,077	\$ -
-	-	-	-	-	35,874	-	-
191,988	911,989	-	-	8,875	2,197	-	-
<u>193,621</u>	<u>1,022,315</u>	<u>-</u>	<u>-</u>	<u>100,590</u>	<u>81,016</u>	<u>2,077</u>	<u>-</u>
-	-	-	-	-	64,638	16,068	116
-	(482,059)	-	-	-	-	-	-
-	(482,059)	-	-	-	64,638	16,068	116
<u>\$ 193,621</u>	<u>\$ 540,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,590</u>	<u>\$ 145,654</u>	<u>\$ 18,145</u>	<u>\$ 116</u>

(continued)



**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET - STATUTORY BASIS**  
**December 31, 2011**

	<u>Justice Technology</u>	<u>Family Protection Fee</u>	<u>County/ District Technology</u>	<u>CDA Processing Fee</u>	<u>CDA Victims Assistance Grant</u>	<u>Sheriff Victims Assistance Grant</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,228	\$ 4,014	\$ 24,294	\$ 8,202	\$ -	\$ 299
Receivables (net)						
Other	97	-	35	-	-	-
Due from other governments	-	-	-	3,599	5,133	3,287
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 10,325</u>	<u>\$ 4,014</u>	<u>\$ 24,329</u>	<u>\$ 11,801</u>	<u>\$ 5,133</u>	<u>\$ 3,586</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 7,424	\$ 20	\$ 16
Accrued expenditures	-	-	-	4,167	1,982	1,568
Due to other funds	-	-	-	22	3,131	147
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,613</u>	<u>5,133</u>	<u>1,731</u>
<b>Fund balance</b>						
Restricted	10,325	4,014	24,329	188	-	1,855
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<u>10,325</u>	<u>4,014</u>	<u>24,329</u>	<u>188</u>	<u>-</u>	<u>1,855</u>
<b>Total liabilities and fund balance</b>	<u>\$ 10,325</u>	<u>\$ 4,014</u>	<u>\$ 24,329</u>	<u>\$ 11,801</u>	<u>\$ 5,133</u>	<u>\$ 3,586</u>

<u>Texas Vine Grant</u>	<u>Gang Prevention Grant</u>	<u>Local Border Security Grant</u>	<u>Operation Stone Garden Grant</u>	<u>Tobacco Compliance Grant</u>	<u>Impaired Driving Incentive</u>	<u>Byrne JAG Program</u>	<u>Border Security Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,524	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	32,338	60,537	19,384	-	-	-	44,250
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 32,338</u>	<u>\$ 60,537</u>	<u>\$ 19,384</u>	<u>\$ 2,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,250</u>
\$ -	\$ 184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	32,130	60,537	19,384	-	-	-	44,250
-	32,314	60,537	19,384	-	-	-	44,250
-	24	-	-	2,524	-	-	-
-	-	-	-	-	-	-	-
-	24	-	-	2,524	-	-	-
<u>\$ -</u>	<u>\$ 32,338</u>	<u>\$ 60,537</u>	<u>\$ 19,384</u>	<u>\$ 2,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,250</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET - STATUTORY BASIS**  
 December 31, 2011

	2009 Homeland Security	FEMA Firefighter Grant	Emergency Management Volunteer Program	Community Oriented Policing Svcs. Grant	BISD School Resource Officer	Sheriff's Special Purpose
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,372
Receivables (net)						
Other	-	-	-	-	5,856	-
Due from other governments	-	-	1,222	-	-	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222</u>	<u>\$ -</u>	<u>\$ 5,856</u>	<u>\$ 27,372</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 6	\$ -	\$ 19	\$ -
Accrued expenditures	-	-	269	-	1,890	-
Due to other funds	-	-	947	-	3,947	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>1,222</u>	<u>-</u>	<u>5,856</u>	<u>-</u>
<b>Fund balance</b>						
Restricted	-	-	-	-	-	27,372
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,372</u>
<b>Total liabilities and fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222</u>	<u>\$ -</u>	<u>\$ 5,856</u>	<u>\$ 27,372</u>

<u>Sheriff's Donations</u>	<u>Sheriff's DOJ Federal Forfeiture</u>	<u>Constable Forfeiture</u>	<u>CDA Contraband Forfeiture</u>	<u>Sheriff's DOT Federal Forfeiture</u>	<u>Goliad Co. Juvenile Probation Services</u>	<u>VISD Juvenile Probation Officer</u>	<u>Election Admin. Special</u>
\$ 487	\$ 347	\$ 4,007	\$ 206,655	\$ 142,955	\$ -	\$ -	\$ 2,457
-	-	-	-	-	-	-	-
-	-	-	-	-	1,648	-	-
-	-	-	-	-	-	-	-
<u>\$ 487</u>	<u>\$ 347</u>	<u>\$ 4,007</u>	<u>\$ 206,655</u>	<u>\$ 142,955</u>	<u>\$ 1,648</u>	<u>\$ -</u>	<u>\$ 2,457</u>
\$ -	\$ -	\$ -	\$ 31	\$ -	\$ 8	\$ -	\$ -
-	-	-	1,565	-	-	-	-
-	-	-	20	-	1,640	-	818
-	-	-	1,616	-	1,648	-	818
487	347	4,007	205,039	142,955	-	-	1,639
-	-	-	-	-	-	-	-
<u>487</u>	<u>347</u>	<u>4,007</u>	<u>205,039</u>	<u>142,955</u>	<u>-</u>	<u>-</u>	<u>1,639</u>
<u>\$ 487</u>	<u>\$ 347</u>	<u>\$ 4,007</u>	<u>\$ 206,655</u>	<u>\$ 142,955</u>	<u>\$ 1,648</u>	<u>\$ -</u>	<u>\$ 2,457</u>

(continued)

COUNTY OF VICTORIA, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET - STATUTORY BASIS  
December 31, 2011

	<u>Elections Chapter 19</u>	<u>Tax Assessor- Collector Special</u>	<u>Historical Commission</u>	<u>Law Library</u>	<u>Health Department</u>	<u>WIC Program</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 34,696	\$ 14,501	\$ 5,262	\$ 26,381	\$ -
Receivables (net)						
Other	-	-	-	123	4,284	-
Due from other governments	874	-	-	-	132,276	147,276
Due from other funds	797	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,671</u>	<u>\$ 34,696</u>	<u>\$ 14,501</u>	<u>\$ 5,385</u>	<u>\$ 162,941</u>	<u>\$ 147,276</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ 90	\$ -	\$ -	\$ 6,211	\$ 64,067	\$ 10,380
Accrued expenditures	-	-	-	-	62,596	23,585
Due to other funds	784	-	-	-	1,462	96,261
<b>Total liabilities</b>	<u>874</u>	<u>-</u>	<u>-</u>	<u>6,211</u>	<u>128,125</u>	<u>130,226</u>
<b>Fund balance</b>						
Restricted	797	34,696	14,501	-	34,816	17,050
Unassigned	-	-	-	(826)	-	-
<b>Total fund balance</b>	<u>797</u>	<u>34,696</u>	<u>14,501</u>	<u>(826)</u>	<u>34,816</u>	<u>17,050</u>
<b>Total liabilities and fund balance</b>	<u>\$ 1,671</u>	<u>\$ 34,696</u>	<u>\$ 14,501</u>	<u>\$ 5,385</u>	<u>\$ 162,941</u>	<u>\$ 147,276</u>

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<u>LEOSE</u>	<u>Total</u>
\$ 18,333	\$ 828,732
-	11,134
-	1,434,346
-	<u>3,814</u>
<u>\$ 18,333</u>	<u>\$ 2,278,026</u>

\$ -	\$ 344,984
-	142,289
-	<u>1,520,490</u>
-	<u>2,007,763</u>

18,333	764,918
-	<u>(494,655)</u>
<u>18,333</u>	<u>270,263</u>

<u>\$ 18,333</u>	<u>\$ 2,278,026</u>
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(concluded)

**COUNTY OF VICTORIA, TEXAS**

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
STATUTORY BASIS

For the year ended December 31, 2011

	<u>Emergency Mgmt.</u>	<u>Records Mgmt.</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>	<u>District Clerk Records Mgmt.</u>	<u>FEMA Hazard Mitigation DR 1780-038</u>
<b>REVENUES</b>						
Fees of office and user fees	\$ -	\$ 83,469	\$ 42,676	\$ 5,053	\$ 6,219	\$ -
Intergovernmental	28,950	-	-	-	-	26,674
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Contributions	94,026	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<u>122,976</u>	<u>83,469</u>	<u>42,676</u>	<u>5,053</u>	<u>6,219</u>	<u>26,674</u>
<b>EXPENDITURES</b>						
Current						
General government	-	66,661	70,954	-	7,744	35,565
Public safety	216,500	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public health	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<u>216,500</u>	<u>66,661</u>	<u>70,954</u>	<u>-</u>	<u>7,744</u>	<u>35,565</u>
Excess (deficiency) of revenues over expenditures	<u>(93,524)</u>	<u>16,808</u>	<u>(28,278)</u>	<u>5,053</u>	<u>(1,525)</u>	<u>(8,891)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	93,524	-	-	-	-	8,891
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>93,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,891</u>
Change in fund balance	-	16,808	(28,278)	5,053	(1,525)	-
Fund balance, January 1	<u>2,329</u>	<u>71,847</u>	<u>16,508</u>	<u>36,779</u>	<u>7,507</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 2,329</u>	<u>\$ 88,655</u>	<u>\$ (11,770)</u>	<u>\$ 41,832</u>	<u>\$ 5,982</u>	<u>\$ -</u>

Disaster Recovery Grant	Emergency Operations Center Grant	Gulf of Mexico Energy Security Act	FEMA Hazard Mitigation DR 1791	FEMA Hazard Mitigation DR 1780-046	Juvenile Probation	Drug Courts Program	Juvenile Delinquency Prevention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,922	\$ 10,497	\$ -
193,621	951,625	205	216	97,573	899,364	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	723	67	-
-	207,300	-	-	-	-	-	-
-	167,955	-	-	-	-	-	-
<u>193,621</u>	<u>1,326,880</u>	<u>205</u>	<u>216</u>	<u>97,573</u>	<u>902,009</u>	<u>10,564</u>	<u>-</u>
-	-	-	-	-	1,245,156	7,092	-
193,621	-	-	-	-	-	-	-
-	-	-	-	100,590	-	-	-
-	-	-	-	-	-	-	-
-	<u>1,808,939</u>	<u>18,634</u>	-	-	-	-	-
<u>193,621</u>	<u>1,808,939</u>	<u>18,634</u>	<u>-</u>	<u>100,590</u>	<u>1,245,156</u>	<u>7,092</u>	<u>-</u>
-	(482,059)	(18,429)	216	(3,017)	(343,147)	3,472	-
-	-	-	-	3,017	324,400	-	-
-	-	-	(216)	-	-	-	-
-	-	-	(216)	3,017	324,400	-	-
-	(482,059)	(18,429)	-	-	(18,747)	3,472	-
-	-	18,429	-	-	83,385	12,596	116
<u>\$ -</u>	<u>\$ (482,059)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,638</u>	<u>\$ 16,068</u>	<u>\$ 116</u>

(continued)



**COUNTY OF VICTORIA, TEXAS**

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

STATUTORY BASIS

For the year ended December 31, 2011

	Justice Technology	Family Protection Fee	County/ District Technology	CDA Processing Fee	CDA Victims Assistance Grant	Sheriff Victims Assistance Grant
<b>REVENUES</b>						
Fees of office and user fees	\$ 20,566	\$ 6,019	\$ 18,110	\$ 87,172	\$ -	\$ -
Intergovernmental	-	-	-	-	37,199	37,938
Fines and forfeitures	-	-	-	-	-	-
Investment income						
Interest	-	-	-	50	-	-
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	2,305	-	-
<b>Total revenues</b>	<u>20,566</u>	<u>6,019</u>	<u>18,110</u>	<u>89,527</u>	<u>37,199</u>	<u>37,938</u>
<b>EXPENDITURES</b>						
Current						
General government	27,087	30,000	8,211	102,720	50,120	-
Public safety	-	-	-	-	-	37,938
Highways and streets	-	-	-	-	-	-
Public health	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<u>27,087</u>	<u>30,000</u>	<u>8,211</u>	<u>102,720</u>	<u>50,120</u>	<u>37,938</u>
Excess (deficiency) of revenues over expenditures	<u>(6,521)</u>	<u>(23,981)</u>	<u>9,899</u>	<u>(13,193)</u>	<u>(12,921)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	5,000	12,921	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>12,921</u>	<u>-</u>
Change in fund balance	(6,521)	(23,981)	9,899	(8,193)	-	-
Fund balance, January 1	<u>16,846</u>	<u>27,995</u>	<u>14,430</u>	<u>8,381</u>	<u>-</u>	<u>1,855</u>
<b>Fund balance, December 31</b>	<u>\$ 10,325</u>	<u>\$ 4,014</u>	<u>\$ 24,329</u>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ 1,855</u>

<u>Texas Vine Grant</u>	<u>Gang Prevention Grant</u>	<u>Local Border Security Grant</u>	<u>Operation Stone Garden Grant</u>	<u>Tobacco Compliance Grant</u>	<u>Impaired Driving Incentive</u>	<u>Byrne JAG Program</u>	<u>Border Security Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,283	68,233	146,037	110,178	3,500	4,000	18,490	526,249
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,283</u>	<u>68,233</u>	<u>146,037</u>	<u>110,178</u>	<u>3,500</u>	<u>4,000</u>	<u>18,490</u>	<u>526,249</u>
18,283	-	-	-	-	-	-	-
-	68,209	146,037	110,178	976	4,000	18,490	526,249
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,283</u>	<u>68,209</u>	<u>146,037</u>	<u>110,178</u>	<u>976</u>	<u>4,000</u>	<u>18,490</u>	<u>526,249</u>
-	24	-	-	2,524	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	24	-	-	2,524	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
STATUTORY BASIS

For the year ended December 31, 2011

	2009 Homeland Security	FEMA Firefighter Grant	Emergency Management Volunteer Program	Community Oriented Policing Svcs. Grant	BISD School Resource Officer	Sheriff's Special Purpose
<b>REVENUES</b>						
Fees of office and user fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,884	84,048	18,176	199,525	47,674	-
Fines and forfeitures	-	-	-	-	-	25,746
Investment income						
Interest	-	-	-	-	-	93
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<u>3,884</u>	<u>84,048</u>	<u>18,176</u>	<u>199,525</u>	<u>47,674</u>	<u>25,839</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	-
Public safety	3,884	88,163	18,176	199,525	47,674	23,083
Highways and streets	-	-	-	-	-	-
Public health	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<u>3,884</u>	<u>88,163</u>	<u>18,176</u>	<u>199,525</u>	<u>47,674</u>	<u>23,083</u>
Excess (deficiency) of revenues over expenditures	-	(4,115)	-	-	-	2,756
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	(4,115)	-	-	-	2,756
Fund balance, January 1	-	4,115	-	-	-	24,616
<b>Fund balance, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,372</u>

<u>Sheriff's Donations</u>	<u>Sheriff's DOJ Federal Forfeiture</u>	<u>Constable Forfeiture</u>	<u>CDA Contraband Forfeiture</u>	<u>Sheriff's DOT Federal Forfeiture</u>	<u>Goliad Co. Juvenile Probation Services</u>	<u>VISD Juvenile Probation Officer</u>	<u>Election Admin. Special</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,576	\$ -	\$ 13,512
-	-	-	-	-	-	18,796	-
-	-	-	160,776	142,843	-	-	-
5	-	-	1,229	157	-	-	36
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5</u>	<u>-</u>	<u>-</u>	<u>162,005</u>	<u>143,000</u>	<u>15,576</u>	<u>18,796</u>	<u>13,548</u>
-	-	-	-	-	-	-	28,529
648	184	1,993	82,856	24,662	15,576	18,796	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>648</u>	<u>184</u>	<u>1,993</u>	<u>82,856</u>	<u>24,662</u>	<u>15,576</u>	<u>18,796</u>	<u>28,529</u>
<u>(643)</u>	<u>(184)</u>	<u>(1,993)</u>	<u>79,149</u>	<u>118,338</u>	<u>-</u>	<u>-</u>	<u>(14,981)</u>
-	-	-	-	-	-	-	-
-	-	-	(5,000)	-	-	-	-
-	-	-	(5,000)	-	-	-	-
<u>(643)</u>	<u>(184)</u>	<u>(1,993)</u>	<u>74,149</u>	<u>118,338</u>	<u>-</u>	<u>-</u>	<u>(14,981)</u>
<u>1,130</u>	<u>531</u>	<u>6,000</u>	<u>130,890</u>	<u>24,617</u>	<u>-</u>	<u>-</u>	<u>16,620</u>
<u>\$ 487</u>	<u>\$ 347</u>	<u>\$ 4,007</u>	<u>\$ 205,039</u>	<u>\$ 142,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,639</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

STATUTORY BASIS

For the year ended December 31, 2011

	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission	Law Library	Health Department	WIC Program
<b>REVENUES</b>						
Fees of office and user fees	\$ 12,091	\$ -	\$ -	\$ 59,470	\$ 767,623	\$ -
Intergovernmental	-	-	-	-	929,538	794,905
Fines and forfeitures	-	-	-	-	-	-
Investment income						
Interest	-	864	72	-	-	-
Contributions	-	-	-	-	18	-
Miscellaneous	-	375	296	-	697	3,397
<b>Total revenues</b>	<u>12,091</u>	<u>1,239</u>	<u>368</u>	<u>59,470</u>	<u>1,697,876</u>	<u>798,302</u>
<b>EXPENDITURES</b>						
Current						
General government	13,898	11,826	1,175	45,204	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public health	-	-	-	-	2,776,653	794,952
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<u>13,898</u>	<u>11,826</u>	<u>1,175</u>	<u>45,204</u>	<u>2,776,653</u>	<u>794,952</u>
Excess (deficiency) of revenues over expenditures	<u>(1,807)</u>	<u>(10,587)</u>	<u>(807)</u>	<u>14,266</u>	<u>(1,078,777)</u>	<u>3,350</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	1,000	-	1,088,537	-
Transfers out	-	-	-	(15,000)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(15,000)</u>	<u>1,088,537</u>	<u>-</u>
Change in fund balance	(1,807)	(10,587)	193	(734)	9,760	3,350
Fund balance, January 1	<u>2,604</u>	<u>45,283</u>	<u>14,308</u>	<u>(92)</u>	<u>25,056</u>	<u>13,700</u>
<b>Fund balance, December 31</b>	<u>\$ 797</u>	<u>\$ 34,696</u>	<u>\$ 14,501</u>	<u>\$ (826)</u>	<u>\$ 34,816</u>	<u>\$ 17,050</u>

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<u>LEOSE</u>	<u>Total</u>
\$ -	\$ 1,149,975
16,239	5,281,120
-	329,365
-	3,296
-	301,344
-	175,025
<u>16,239</u>	<u>7,240,125</u>
-	1,770,225
20,815	1,868,233
-	100,590
-	3,571,605
-	1,827,573
<u>20,815</u>	<u>9,138,226</u>
<u>(4,576)</u>	<u>(1,898,101)</u>
-	1,537,290
-	(20,216)
-	1,517,074
(4,576)	(381,027)
<u>22,909</u>	<u>651,290</u>
<u>\$ 18,333</u>	<u>\$ 270,263</u>
	(concluded)



## GENERAL FUND

The General Fund is a constitutional fund and is utilized to account for all County revenues and expenditures except those which are required to be classed in other constitutional funds and such other funds that are presented separately to facilitate proper accountability.



**COUNTY OF VICTORIA, TEXAS**

*GENERAL FUND*

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN*

*FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL*

*For the year ended December 31, 2011*

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes				
Ad valorem				
Current	\$ 14,784,849	\$ 14,784,849	\$ 14,966,524	\$ 181,675
Delinquent	300,000	300,000	487,405	187,405
Penalty and interest	150,000	150,000	188,296	38,296
Sales and use	6,800,000	7,227,949	9,507,139	2,279,190
<b>Total taxes</b>	<u>22,034,849</u>	<u>22,462,798</u>	<u>25,149,364</u>	<u>2,686,566</u>
Fees of office and user fees				
Sheriff's department	500,000	500,000	362,430	(137,570)
Prisoner maintenance	5,000	5,000	3,097	(1,903)
County treasurer	5,000	5,000	3,635	(1,365)
Election administrator	3,000	3,000	312	(2,688)
County clerk	400,350	400,350	375,698	(24,652)
Probate personnel education fees	1,800	1,800	1,356	(444)
Guardianship fee	5,000	5,000	5,402	402
County courts at law	4,000	4,000	4,073	73
Tax assessor-collector	450,000	450,000	481,223	31,223
Criminal district attorney	25,000	25,000	16,375	(8,625)
District clerk	300,000	300,000	247,407	(52,593)
Fire marshal	-	-	40	40
Justices of the peace	35,000	35,000	30,419	(4,581)
Deferred adjudication	50,000	50,000	33,555	(16,445)
Constables	70,000	70,000	71,059	1,059
<b>Total fees of office and user fees</b>	<u>1,854,150</u>	<u>1,854,150</u>	<u>1,636,081</u>	<u>(218,069)</u>
Intergovernmental				
Payment in lieu of taxes	1,000	1,000	4,917	3,917
Alcohol beverage tax	150,000	150,000	162,188	12,188
County courts at law	150,000	150,000	149,760	(240)
Bingo gross receipts tax	80,000	80,000	62,732	(17,268)
Tobacco settlement	51,000	51,000	51,205	205
Indigent defense grant	60,000	60,000	123,641	63,641
Title IV-E legal service	40,000	40,000	35,071	(4,929)
Jury fee reimbursement/SB1704	40,000	40,000	47,328	7,328
Juvenile detention contracts	1,200,000	1,200,000	985,730	(214,270)
State juvenile detention funds	125,200	132,340	167,117	34,777
Jail inmate bedspace	1,000,000	1,000,000	1,559,513	559,513
Jail inmate contract other	60,000	60,000	65,797	5,797
Jail inmate extradition	20,000	20,000	22,651	2,651
General inmate medical	25,000	25,000	34,353	9,353
Vest reimbursement	-	-	8,689	8,689
TSA security reimbursement	24,000	24,000	32,372	8,372
Abandoned vehicles	-	-	7,893	7,893
<b>Total intergovernmental</b>	<u>3,026,200</u>	<u>3,033,340</u>	<u>3,520,957</u>	<u>487,617</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
For the year ended December 31, 2011**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>REVENUES (continued)</b>				
Fines and forfeitures				
District court fines	\$ 300,000	\$ 300,000	\$ 152,871	\$ (147,129)
County court at law fines	600,000	600,000	434,812	(165,188)
Justice of the peace fines	725,000	725,000	551,700	(173,300)
Forfeitures	40,100	40,100	31,418	(8,682)
Total fines and forfeitures	<u>1,665,100</u>	<u>1,665,100</u>	<u>1,170,801</u>	<u>(494,299)</u>
Interest	<u>35,000</u>	<u>35,000</u>	<u>77,196</u>	<u>42,196</u>
Licenses and permits				
Marriage licenses	15,000	15,000	20,942	5,942
Beer and whiskey licenses	32,000	32,000	31,583	(417)
Miscellaneous	300	300	100	(200)
Total licenses and permits	<u>47,300</u>	<u>47,300</u>	<u>52,625</u>	<u>5,325</u>
Miscellaneous				
Records management preservation	40,000	40,000	28,378	(11,622)
Criminal justice planning commission	300	300	12	(288)
Crime stopper fee	5	5	-	(5)
LEOSEF collection	10	10	2	(8)
Victims of crime collection	1,500	1,500	118	(1,382)
JCPTF commission	100	100	8	(92)
Juvenile probation diversion collections	200	200	20	(180)
Operators/chauffeurs license collection	25	25	19	(6)
General revenue/misdemeanor cost	25	25	1	(24)
Comprehensive rehabilitation collection	25	25	-	(25)
Criminal assessment collection	25	25	-	(25)
Abused children fees	25	25	-	(25)
Legal service for indigents fees	600	600	871	271
Defensive driving course fee	20,000	20,000	5,861	(14,139)
Visual record by electronic device	500	500	-	(500)
Court reporter fees	30,000	30,000	25,404	(4,596)
Arrest warrant fees	50,000	50,000	45,869	(4,131)
Other fees	204,300	204,300	118,759	(85,541)
Personal recognizant fees	7,000	7,000	3,810	(3,190)
CJAD contract services	6,300	6,300	6,670	370
Rents and royalties	69,680	74,680	75,207	527
Telephone commissions	255,000	255,000	205,224	(49,776)
Election machines rental	10,000	10,000	8,067	(1,933)
Fire department training	-	-	1,920	1,920
Reimbursements	26,500	33,174	60,106	26,932
Refunds	100	100	-	(100)
Restitutions	1,000	1,000	146	(854)
Miscellaneous	93,350	99,133	45,875	(53,258)
Total miscellaneous	<u>816,570</u>	<u>834,027</u>	<u>632,347</u>	<u>(201,680)</u>
<b>Total revenues</b>	<u>29,479,169</u>	<u>29,931,715</u>	<u>32,239,371</u>	<u>2,307,656</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Current				
General government				
County judge				
Salaries	\$ 169,475	\$ 169,475	\$ 169,474	\$ 1
Fringe benefits	39,868	39,868	38,880	988
Operating expenditures	4,678	5,678	4,737	941
Total county judge	<u>214,021</u>	<u>215,021</u>	<u>213,091</u>	<u>1,930</u>
Commissioners' court				
Salaries	44,155	44,155	44,154	1
Fringe benefits	11,153	11,153	10,999	154
Operating expenditures	12,500	13,400	12,799	601
Other services and charges	2,000	5,000	4,700	300
Total commissioners' court	<u>69,808</u>	<u>73,708</u>	<u>72,652</u>	<u>1,056</u>
Records management				
Salaries	37,836	37,836	37,836	-
Fringe benefits	10,186	10,186	10,029	157
Operating expenditures	1,000	1,000	995	5
Total records management	<u>49,022</u>	<u>49,022</u>	<u>48,860</u>	<u>162</u>
County clerk				
Salaries	454,489	454,489	436,199	18,290
Fringe benefits	125,264	125,264	106,614	18,650
Operating expenditures	41,295	41,295	40,631	664
Total county clerk	<u>621,048</u>	<u>621,048</u>	<u>583,444</u>	<u>37,604</u>
Veterans' service officer				
Salaries	22,551	22,551	21,797	754
Fringe benefits	3,454	3,454	3,343	111
Operating expenditures	2,250	2,250	2,098	152
Total veterans' service officer	<u>28,255</u>	<u>28,255</u>	<u>27,238</u>	<u>1,017</u>
Heritage director				
Salaries	32,126	32,126	31,937	189
Fringe benefits	9,312	9,312	9,033	279
Operating expenditures	200	200	-	200
Total heritage director	<u>41,638</u>	<u>41,638</u>	<u>40,970</u>	<u>668</u>
Non-departmental				
Operating expenditures	1,421,992	1,182,746	1,090,945	91,801
Other services and charges	834,387	857,703	806,870	50,833
Capital outlay	75,000	77,095	36,163	40,932
Total non-departmental	<u>2,331,379</u>	<u>2,117,544</u>	<u>1,933,978</u>	<u>183,566</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
For the year ended December 31, 2011**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
County court at law # 1				
Salaries	\$ 192,095	\$ 192,095	\$ 192,094	\$ 1
Fringe benefits	34,548	38,940	36,410	2,530
Operating expenditures	3,643	3,643	3,199	444
Other services and charges	37,000	45,997	45,247	750
Total county court at law # 1	<u>267,286</u>	<u>280,675</u>	<u>276,950</u>	<u>3,725</u>
County court at law # 2				
Salaries	191,132	191,132	191,131	1
Fringe benefits	38,048	38,048	35,291	2,757
Operating expenditures	3,628	5,300	4,143	1,157
Other services and charges	37,000	40,786	40,028	758
Total county court at law # 2	<u>269,808</u>	<u>275,266</u>	<u>270,593</u>	<u>4,673</u>
District court				
Salaries	288,672	289,003	288,677	326
Fringe benefits	98,295	98,295	91,711	6,584
Operating expenditures	9,700	9,637	8,660	977
Other services and charges	524,400	627,970	613,665	14,305
Total district court	<u>921,067</u>	<u>1,024,905</u>	<u>1,002,713</u>	<u>22,192</u>
District clerk				
Salaries	459,627	459,627	459,606	21
Fringe benefits	120,914	120,914	116,791	4,123
Operating expenditures	17,662	17,662	17,492	170
Capital outlay	-	12,056	12,056	-
Total district clerk	<u>598,203</u>	<u>610,259</u>	<u>605,945</u>	<u>4,314</u>
Justice of the peace # 1				
Salaries	97,196	97,196	96,585	611
Fringe benefits	28,058	28,058	23,910	4,148
Operating expenditures	5,838	5,978	5,698	280
Other services and charges	12,500	12,360	12,237	123
Capital outlay	-	5,877	5,876	1
Total justice of the peace # 1	<u>143,592</u>	<u>149,469</u>	<u>144,306</u>	<u>5,163</u>
Justice of the peace # 2				
Salaries	97,036	97,036	97,036	-
Fringe benefits	23,642	23,642	23,348	294
Operating expenditures	3,638	3,638	3,169	469
Other services and charges	13,800	13,800	13,668	132
Total justice of the peace # 2	<u>138,116</u>	<u>138,116</u>	<u>137,221</u>	<u>895</u>
Justice of the peace # 3				
Salaries	178,443	178,443	176,111	2,332
Fringe benefits	45,633	45,633	40,014	5,619
Operating expenditures	3,238	3,488	3,360	128
Other services and charges	600	350	210	140
Total justice of the peace # 3	<u>227,914</u>	<u>227,914</u>	<u>219,695</u>	<u>8,219</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 For the year ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Justice of the peace # 4				
Salaries	\$ 119,807	\$ 119,807	\$ 119,785	\$ 22
Fringe benefits	27,872	27,872	23,064	4,808
Operating expenditures	5,418	5,790	4,648	1,142
Other services and charges	37,900	37,528	36,132	1,396
Total justice of the peace # 4	<u>190,997</u>	<u>190,997</u>	<u>183,629</u>	<u>7,368</u>
Criminal district attorney				
Salaries	1,032,064	1,032,064	1,011,934	20,130
Fringe benefits	235,687	235,687	218,204	17,483
Operating expenditures	9,000	9,000	8,969	31
Total criminal district attorney	<u>1,276,751</u>	<u>1,276,751</u>	<u>1,239,107</u>	<u>37,644</u>
Election administrator				
Salaries	138,258	141,874	141,485	389
Fringe benefits	35,088	31,428	28,332	3,096
Operating expenditures	55,270	56,192	56,144	48
Other services and charges	6,850	8,264	8,054	210
Total election administrator	<u>235,466</u>	<u>237,758</u>	<u>234,015</u>	<u>3,743</u>
County auditor				
Salaries	324,686	324,686	316,784	7,902
Fringe benefits	81,944	81,944	78,120	3,824
Operating expenditures	12,095	20,070	19,617	453
Capital outlay	-	1,364	1,363	1
Total county auditor	<u>418,725</u>	<u>428,064</u>	<u>415,884</u>	<u>12,180</u>
County treasurer				
Salaries	213,194	213,194	213,189	5
Fringe benefits	55,346	55,346	54,227	1,119
Operating expenditures	31,028	31,028	28,073	2,955
Total county treasurer	<u>299,568</u>	<u>299,568</u>	<u>295,489</u>	<u>4,079</u>
Tax assessor-collector				
Salaries	458,656	486,289	467,025	19,264
Fringe benefits	130,294	138,917	125,952	12,965
Operating expenditures	12,500	12,500	11,750	750
Total tax assessor-collector	<u>601,450</u>	<u>637,706</u>	<u>604,727</u>	<u>32,979</u>
Administrative services				
Salaries	192,273	194,187	193,863	324
Fringe benefits	47,750	47,750	45,610	2,140
Operating expenditures	9,000	12,788	12,190	598
Total administrative services	<u>249,023</u>	<u>254,725</u>	<u>251,663</u>	<u>3,062</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Information technology				
Salaries	\$ 304,139	\$ 304,139	\$ 304,137	\$ 2
Fringe benefits	78,797	78,797	73,016	5,781
Operating expenditures	273,750	270,750	267,668	3,082
Other services and charges	77,000	116,546	116,377	169
Capital outlay	40,000	127,000	125,041	1,959
Debt service	273,909	273,909	273,909	-
Total information technology	<u>1,047,595</u>	<u>1,171,141</u>	<u>1,160,148</u>	<u>10,993</u>
Building maintenance				
Salaries	311,706	311,706	308,883	2,823
Fringe benefits	88,740	88,740	77,776	10,964
Operating expenditures	859,800	971,748	966,633	5,115
Total building maintenance	<u>1,260,246</u>	<u>1,372,194</u>	<u>1,353,292</u>	<u>18,902</u>
Adult probation department				
Operating expenditures	6,700	6,700	6,254	446
Capital outlay	-	4,004	4,003	1
Total adult probation department	<u>6,700</u>	<u>10,704</u>	<u>10,257</u>	<u>447</u>
Juvenile detention facility				
Salaries	1,717,122	1,702,122	1,663,756	38,366
Fringe benefits	397,155	397,155	368,690	28,465
Operating expenditures	402,580	417,424	357,182	60,242
Other services and charges	40,800	46,935	39,724	7,211
Capital outlay	-	1,161	1,161	-
Total juvenile detention facility	<u>2,557,657</u>	<u>2,564,797</u>	<u>2,430,513</u>	<u>134,284</u>
Juvenile board				
Salaries	24,171	24,171	24,171	-
Fringe benefits	3,702	3,702	3,439	263
Other services and charges	51,550	51,550	43,669	7,881
Total juvenile board	<u>79,423</u>	<u>79,423</u>	<u>71,279</u>	<u>8,144</u>
Total general government	<u>14,144,758</u>	<u>14,376,668</u>	<u>13,827,659</u>	<u>549,009</u>
Public safety				
Fire marshal				
Salaries	271,688	286,057	282,079	3,978
Fringe benefits	69,438	71,642	65,048	6,594
Operating expenditures	59,355	83,559	80,989	2,570
Other services and charges	56,000	57,534	57,534	-
Capital outlay	-	21,450	21,450	-
Total fire marshal	<u>456,481</u>	<u>520,242</u>	<u>507,100</u>	<u>13,142</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 For the year ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
Public safety (continued)				
Sheriff				
Salaries	\$ 7,970,467	\$ 7,915,644	\$ 7,756,995	\$ 158,649
Fringe benefits	1,884,318	1,884,318	1,737,339	146,979
Operating expenditures	1,643,854	1,743,607	1,651,234	92,373
Capital outlay	-	85,070	85,212	(142)
Debt service	99,473	99,473	99,472	1
Total sheriff	<u>11,598,112</u>	<u>11,728,112</u>	<u>11,330,252</u>	<u>397,860</u>
Constable # 1				
Salaries	32,202	32,202	32,202	-
Fringe benefits	4,932	4,932	4,935	(3)
Operating expenditures	5,400	5,400	5,242	158
Total constable # 1	<u>42,534</u>	<u>42,534</u>	<u>42,379</u>	<u>155</u>
Constable # 2				
Salaries	32,587	32,587	32,587	-
Fringe benefits	10,126	10,126	9,803	323
Operating expenditures	8,400	8,400	7,251	1,149
Capital outlay	-	4,700	4,700	-
Total constable # 2	<u>51,113</u>	<u>55,813</u>	<u>54,341</u>	<u>1,472</u>
Constable # 3				
Salaries	32,322	32,322	32,322	-
Fringe benefits	9,341	9,341	9,208	133
Operating expenditures	8,400	8,400	7,439	961
Total constable # 3	<u>50,063</u>	<u>50,063</u>	<u>48,969</u>	<u>1,094</u>
Constable # 4				
Salaries	32,322	32,322	32,322	-
Fringe benefits	10,085	10,085	9,716	369
Operating expenditures	5,400	5,400	5,141	259
Total constable # 4	<u>47,807</u>	<u>47,807</u>	<u>47,179</u>	<u>628</u>
Non-departmental				
Other services and charges				
City/County interlocal agreement	<u>1,478,326</u>	<u>1,478,326</u>	<u>1,478,326</u>	<u>-</u>
Total non-departmental	<u>1,478,326</u>	<u>1,478,326</u>	<u>1,478,326</u>	<u>-</u>
Total public safety	<u>13,724,436</u>	<u>13,922,897</u>	<u>13,508,546</u>	<u>414,351</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

*GENERAL FUND*

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN*

*FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL*

*For the year ended December 31, 2011*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES (continued)</b>				
Current (continued)				
Culture and recreation (continued)				
Extension service				
Salaries	\$ 170,972	\$ 170,972	\$ 148,648	\$ 22,324
Fringe benefits	32,660	32,660	27,672	4,988
Operating expenditures	21,840	20,487	18,617	1,870
Other services and charges	13,500	21,500	20,257	1,243
Capital outlay	-	1,353	1,353	-
Total extension service	<u>238,972</u>	<u>246,972</u>	<u>216,547</u>	<u>30,425</u>
Total culture and recreation	<u>238,972</u>	<u>246,972</u>	<u>216,547</u>	<u>30,425</u>
Public health				
Emergency mgmt. / Flood plain				
Salaries	18,622	18,622	18,371	251
Fringe benefits	5,523	5,130	4,966	164
Operating expenditures	2,685	3,078	2,779	299
Total flood plain management	<u>26,830</u>	<u>26,830</u>	<u>26,116</u>	<u>714</u>
Total public health	<u>26,830</u>	<u>26,830</u>	<u>26,116</u>	<u>714</u>
<b>Total expenditures</b>	<u>28,134,996</u>	<u>28,573,367</u>	<u>27,578,868</u>	<u>994,499</u>
Excess (deficiency) of revenues over expenditures	<u>1,344,173</u>	<u>1,358,348</u>	<u>4,660,503</u>	<u>3,302,155</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	20,000	20,000	58,911	38,911
Transfers in	230,500	183,000	174,000	(9,000)
Transfers out	<u>(1,594,673)</u>	<u>(1,561,348)</u>	<u>(1,520,382)</u>	<u>40,966</u>
<b>Total other financing sources (uses)</b>	<u>(1,344,173)</u>	<u>(1,358,348)</u>	<u>(1,287,471)</u>	<u>70,877</u>
Change in fund balance	-	-	3,373,032	3,373,032
Fund balance, January 1, as restated	<u>4,281,933</u>	<u>4,281,933</u>	<u>4,281,933</u>	-
<b>Fund balance, December 31</b>	<u>\$ 4,281,933</u>	<u>\$ 4,281,933</u>	<u>\$ 7,654,965</u>	<u>\$ 3,373,032</u>

(concluded)





NONMAJOR SPECIAL REVENUE FUNDS

**COUNTY OF VICTORIA, TEXAS**

## NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

## ROAD AND BRIDGE PRECINCT NO. 1

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

## BUDGET AND ACTUAL - STATUTORY BASIS

For the year ended December 31, 2011

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 646,861	\$ 655,317	\$ -	\$ 655,317
Delinquent taxes	12,000	19,852	210	19,642
Penalty and interest	7,000	7,915	40	7,875
Intergovernmental				
Vehicle license fees	138,000	150,003	-	150,003
Additional license fees	204,000	207,304	-	207,304
Permits	18,500	23,433	-	23,433
Investment income				
Interest	5,000	2,789	-	2,789
Miscellaneous	13,100	16,931	(406)	17,337
<b>Total revenues</b>	<u>1,044,461</u>	<u>1,083,544</u>	<u>(156)</u>	<u>1,083,700</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	473,320	440,583	(2,709)	443,292
Fringe benefits	138,800	128,799	449	128,350
Operating expenditures	576,095	540,512	(22,522)	563,034
Other services and charges	2,768	2,764	-	2,764
Capital outlay	164,871	164,720	-	164,720
<b>Total expenditures</b>	<u>1,355,854</u>	<u>1,277,378</u>	<u>(24,782)</u>	<u>1,302,160</u>
Excess (deficiency) of revenues over expenditures	<u>(311,393)</u>	<u>(193,834)</u>	<u>24,626</u>	<u>(218,460)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	20,100	26,718	-	26,718
Transfers in	4,500	-	-	-
Transfers out	(46,000)	(46,000)	-	(46,000)
<b>Total other financing sources (uses)</b>	<u>(21,400)</u>	<u>(19,282)</u>	<u>-</u>	<u>(19,282)</u>
Change in fund balance	(332,793)	(213,116)	24,626	(237,742)
Fund balance, January 1	<u>409,671</u>	<u>409,671</u>	<u>73,224</u>	<u>336,447</u>
<b>Fund balance, December 31</b>	<u>\$ 76,878</u>	<u>\$ 196,555</u>	<u>\$ 97,850</u>	<u>\$ 98,705</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

**COUNTY OF VICTORIA, TEXAS***NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**ROAD AND BRIDGE PRECINCT NO. 2**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**BUDGET AND ACTUAL - STATUTORY BASIS**For the year ended December 31, 2011*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 608,810	\$ 616,769	\$ -	\$ 616,769
Delinquent taxes	10,000	18,684	197	18,487
Penalty and interest	6,000	7,451	39	7,412
Intergovernmental				
Vehicle license fees	138,000	144,658	-	144,658
Additional license fees	189,652	200,140	-	200,140
Permits	18,500	23,433	-	23,433
Investment income				
Interest	4,000	3,513	-	3,513
Miscellaneous	100	2,075	-	2,075
<b>Total revenues</b>	<u>975,062</u>	<u>1,016,723</u>	<u>236</u>	<u>1,016,487</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	384,723	373,422	(771)	374,193
Fringe benefits	111,512	106,394	(95)	106,489
Operating expenditures	354,127	332,304	(3,660)	335,964
Other services and charges	25,300	1,160	203	957
Capital outlay	142,216	117,579	-	117,579
<b>Total expenditures</b>	<u>1,017,878</u>	<u>930,859</u>	<u>(4,323)</u>	<u>935,182</u>
Excess (deficiency) of revenues over expenditures	<u>(42,816)</u>	<u>85,864</u>	<u>4,559</u>	<u>81,305</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	100	17,008	-	17,008
Transfers out	(47,500)	(46,000)	-	(46,000)
<b>Total other financing sources (uses)</b>	<u>(47,400)</u>	<u>(28,992)</u>	<u>-</u>	<u>(28,992)</u>
Change in fund balance	(90,216)	56,872	4,559	52,313
Fund balance, January 1	<u>534,897</u>	<u>534,897</u>	<u>174,728</u>	<u>360,169</u>
<b>Fund balance, December 31</b>	<u>\$ 444,681</u>	<u>\$ 591,769</u>	<u>\$ 179,287</u>	<u>\$ 412,482</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 3****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2011

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 596,127	\$ 603,920	\$ -	\$ 603,920
Delinquent taxes	10,000	18,295	193	18,102
Penalty and interest	5,400	7,295	37	7,258
Intergovernmental				
Vehicle license fees	138,000	144,658	-	144,658
Additional license fees	185,689	195,971	-	195,971
Permits	18,500	23,433	-	23,433
Investment income				
Interest	5,500	5,360	-	5,360
Miscellaneous	25,100	35,171	(804)	35,975
<b>Total revenues</b>	<u>984,316</u>	<u>1,034,103</u>	<u>(574)</u>	<u>1,034,677</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	505,195	490,175	880	489,295
Fringe benefits	150,591	146,999	(112)	147,111
Operating expenditures	374,864	353,915	(6,203)	360,118
Other services and charges	8,300	8,054	1,500	6,554
Capital outlay	106,221	106,056	-	106,056
<b>Total expenditures</b>	<u>1,145,171</u>	<u>1,105,199</u>	<u>(3,935)</u>	<u>1,109,134</u>
Excess (deficiency) of revenues over expenditures	<u>(160,855)</u>	<u>(71,096)</u>	<u>3,361</u>	<u>(74,457)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	34,684	40,717	-	40,717
Transfers out	(22,500)	(21,000)	-	(21,000)
<b>Total other financing sources (uses)</b>	<u>12,184</u>	<u>19,717</u>	<u>-</u>	<u>19,717</u>
Change in fund balance	(148,671)	(51,379)	3,361	(54,740)
Fund balance, January 1	<u>810,901</u>	<u>810,901</u>	<u>71,465</u>	<u>739,436</u>
<b>Fund balance, December 31</b>	<u>\$ 662,230</u>	<u>\$ 759,522</u>	<u>\$ 74,826</u>	<u>\$ 684,696</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 4****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2011

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 684,911	\$ 693,864	\$ -	\$ 693,864
Delinquent taxes	12,000	21,019	222	20,797
Penalty and interest	7,200	8,380	42	8,338
Intergovernmental				
Vehicle license fees	138,000	144,658	-	144,658
Additional license fees	213,428	225,158	-	225,158
Permits	18,500	23,433	-	23,433
Investment income				
Interest	3,000	3,003	-	3,003
Miscellaneous	20,100	33,008	(544)	33,552
<b>Total revenues</b>	<u>1,097,139</u>	<u>1,152,523</u>	<u>(280)</u>	<u>1,152,803</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	446,921	436,917	(202)	437,119
Fringe benefits	124,615	115,737	648	115,089
Operating expenditures	412,912	375,825	14,081	361,744
Other services and charges	11,649	9,589	350	9,239
Capital outlay	326,375	326,374	-	326,374
Debt Service	68,340	68,340	-	68,340
<b>Total expenditures</b>	<u>1,390,812</u>	<u>1,332,782</u>	<u>14,877</u>	<u>1,317,905</u>
Excess (deficiency) of revenues over expenditures	<u>(293,673)</u>	<u>(180,259)</u>	<u>(15,157)</u>	<u>(165,102)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	51,649	61,350	-	61,350
Capital lease	197,699	197,699	-	197,699
Transfers in	31,018	31,019	30,803	216
Transfers out	(47,500)	(46,000)	3,017	(49,017)
<b>Total other financing sources (uses)</b>	<u>232,866</u>	<u>244,068</u>	<u>33,820</u>	<u>210,248</u>
Change in fund balance	(60,807)	63,809	18,663	45,146
Fund balance, January 1	<u>411,263</u>	<u>411,263</u>	<u>206,476</u>	<u>204,787</u>
<b>Fund balance, December 31</b>	<u>\$ 350,456</u>	<u>\$ 475,072</u>	<u>\$ 225,139</u>	<u>\$ 249,933</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.



**NONMAJOR DEBT SERVICE FUND**

The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest.



**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUND**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
*For the year ended December 31, 2011*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 1,560,306	\$ 1,579,482	\$ -	\$ 1,579,482
Delinquent taxes	25,000	49,739	543	49,196
Penalty and interest	13,300	12,559	(6,910)	19,469
Investment income				
Interest	3,000	3,237	(20,373)	23,610
<b>Total revenues</b>	<u>1,601,606</u>	<u>1,645,017</u>	<u>(26,740)</u>	<u>1,671,757</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	1,115,000	1,115,000	-	1,115,000
Interest and fiscal charges	528,982	524,982	-	524,982
<b>Total expenditures</b>	<u>1,643,982</u>	<u>1,639,982</u>	<u>-</u>	<u>1,639,982</u>
Excess (deficiency) of revenues over expenditures	<u>(42,376)</u>	<u>5,035</u>	<u>(26,740)</u>	<u>31,775</u>
<b>OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(42,376)	5,035	(26,740)	31,775
Fund balance, January 1	426,800	426,800	(967)	427,767
<b>Fund balance, December 31</b>	<u>\$ 384,424</u>	<u>\$ 431,835</u>	<u>\$ (27,707)</u>	<u>\$ 459,542</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

## AGENCY FUNDS

Agency Funds are used to account for the monies received and disbursed by the County in the capacity of trustee, custodian, or agent for individuals or other entities.

**County Clerk-Trusts Fund** - Accounts for monies held by the County Clerk in trust for various minors of the County of Victoria.

**Criminal District Attorney Fund** - Accounts for the merchants' portion of collections made on "hot" checks.

**District Clerk-Trusts Fund** - Accounts for monies held by the District Clerk in trust for various minors of the County of Victoria.

**Clerk's Special Fund** - Accounts for the collection and disbursement of excess fees collected by both the County and District Clerks.

**Jail Inmate Trust Fund** - Accounts for monies that are held for the benefit of and use by inmates in the County Jail.

**Sheriff Special Fund** - Records out-of-county cash bonds and various fines and fees collected by the Sheriff's department. These funds are remitted to the State and other entities as appropriate.

**State Fees Fund** - Accounts for statutory additions to various fines collected by the County. These fees are transferred to the State and the General Fund of the County on a periodic basis.

**Justice of the Peace Special Fund** - Records the disposition of cash bonds and miscellaneous overpayments. These funds are disbursed according to court orders.

**Tax Assessor-Collector Fund** - Accounts for the collection of ad valorem taxes, various vehicle taxes, and sales taxes by the County Tax Assessor-Collector. These monies are remitted to other various County funds and the State as collected.

**Juvenile Restitution Fund** - Records the receipt and disbursement of monies collected from juvenile offenders and paid to owners of damaged property.

**Special Services Fund** - Records confiscated drug monies prior to their being awarded, by action of the court, to various individuals and/or County departments.

**Juvenile Inmate Trust Fund** - Accounts for monies that are held for the benefit of and use by inmates in the County Juvenile Detention facility.

**CDA State Judiciary Fund** - Accounts for funds received from the State Comptroller's Office to provide financial assistance to district attorneys for office expenses, supplies, and personnel.

COUNTY OF VICTORIA, TEXAS  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 For the year ended December 31, 2011

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>COUNTY CLERK-TRUSTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 725,286	\$ 194,114	\$ 108,950	\$ 810,450
<b>LIABILITIES</b>				
Accounts payable	\$ 725,286	\$ 194,114	\$ 108,950	\$ 810,450
<b>CRIMINAL DISTRICT ATTORNEY</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,955	\$ 571,266	\$ 553,930	\$ 49,291
<b>LIABILITIES</b>				
Accounts payable	\$ 31,955	\$ 571,266	\$ 553,930	\$ 49,291
<b>DISTRICT CLERK-TRUSTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,024,940	\$ 484,771	\$ 1,086,644	\$ 1,423,067
<b>LIABILITIES</b>				
Accounts payable	\$ 2,024,940	\$ 484,771	\$ 1,086,644	\$ 1,423,067
<b>CLERK'S SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 169	\$ 9,272	\$ 9,182	\$ 259
<b>LIABILITIES</b>				
Accounts payable	\$ 169	\$ 9,272	\$ 9,182	\$ 259
<b>JAIL INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 110,513	\$ 792,223	\$ 829,835	\$ 72,901
<b>LIABILITIES</b>				
Accounts payable	\$ 110,513	\$ 792,223	\$ 829,835	\$ 72,901
<b>SHERIFF SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 55,000	\$ 93,946	\$ 137,922	\$ 11,024
<b>LIABILITIES</b>				
Accounts payable	\$ 55,000	\$ 93,946	\$ 137,922	\$ 11,024

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2011

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>STATE FEES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 172,468	\$ 797,335	\$ 802,748	\$ 167,055
Other receivables	5,057	-	5,057	-
<b>Total assets</b>	<u>\$ 177,525</u>	<u>\$ 797,335</u>	<u>\$ 807,805</u>	<u>\$ 167,055</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 177,525</u>	<u>\$ 797,335</u>	<u>\$ 807,805</u>	<u>\$ 167,055</u>
<b>JUSTICE OF THE PEACE-SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 896</u>	<u>\$ 1,957</u>	<u>\$ 1,930</u>	<u>\$ 923</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 896</u>	<u>\$ 1,957</u>	<u>\$ 1,930</u>	<u>\$ 923</u>
<b>TAX ASSESSOR-COLLECTOR</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,553,114	\$ 146,741,297	\$ 146,188,884	\$ 4,105,527
Other receivables	47,702	63,794	47,702	63,794
<b>Total assets</b>	<u>\$ 3,600,816</u>	<u>\$ 146,805,091</u>	<u>\$ 146,236,586</u>	<u>\$ 4,169,321</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,177	\$ 142,651,065	\$ 142,648,947	15,295
Due to other governments	3,587,639	4,154,026	3,587,639	4,154,026
<b>Total liabilities</b>	<u>\$ 3,600,816</u>	<u>\$ 146,805,091</u>	<u>\$ 146,236,586</u>	<u>\$ 4,169,321</u>
<b>JUVENILE RESTITUTION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 865</u>	<u>\$ 2,316</u>	<u>\$ 2,929</u>	<u>\$ 252</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 865</u>	<u>\$ 2,316</u>	<u>\$ 2,929</u>	<u>\$ 252</u>
<b>SPECIAL SERVICES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 357,804	\$ 543,796	\$ 491,195	\$ 410,405
Seized assets	108,850	154,800	159,050	104,600
<b>Total assets</b>	<u>\$ 466,654</u>	<u>\$ 698,596</u>	<u>\$ 650,245</u>	<u>\$ 515,005</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 466,654</u>	<u>\$ 698,596</u>	<u>\$ 650,245</u>	<u>\$ 515,005</u>

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2011

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>JUVENILE INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 251	\$ 1,915	\$ 1,783	\$ 383
<b>LIABILITIES</b>				
Accounts payable	\$ 251	\$ 1,915	\$ 1,783	\$ 383
<b>CDA STATE JUDICIARY FUND</b>				
<b>ASSETS</b>				
Due from other governments	\$ 4,405	\$ 3,363	\$ 4,405	\$ 3,363
<b>LIABILITIES</b>				
Accounts payable	\$ 4,405	\$ 3,363	\$ 4,405	\$ 3,363
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,033,261	\$ 150,234,208	\$ 150,215,932	\$ 7,051,537
Other receivables	52,759	63,794	52,759	63,794
Due from other governments	4,405	3,363	4,405	3,363
Seized assets	108,850	154,800	159,050	104,600
<b>Total assets</b>	<b>\$ 7,199,275</b>	<b>\$ 150,456,165</b>	<b>\$ 150,432,146</b>	<b>\$ 7,223,294</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,611,636	\$ 146,302,139	\$ 146,844,507	\$ 3,069,268
Due to other governments	3,587,639	4,154,026	3,587,639	4,154,026
<b>Total liabilities</b>	<b>\$ 7,199,275</b>	<b>\$ 150,456,165</b>	<b>\$ 150,432,146</b>	<b>\$ 7,223,294</b>

(concluded)

## STATISTICAL SECTION

This part of the County's 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 County's overall financial health.

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<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property tax and sales tax revenues.....	137
<b>Debt Capacity</b>	
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<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.....	155
<b>Operating Information</b>	
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs .....	157

**COUNTY OF VICTORIA, TEXAS**  
**NET ASSETS BY COMPONENT (1)**  
*Last nine fiscal years*

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 8,999,425	\$ 12,559,708	\$ 14,019,641	\$ 13,930,982
Restricted	151,540	357,245	727,782	713,370
Unrestricted	<u>7,275,730</u>	<u>8,764,650</u>	<u>10,092,763</u>	<u>13,929,933</u>
Total governmental activities net assets	<u>\$ 16,426,695</u>	<u>\$ 21,681,603</u>	<u>\$ 24,840,186</u>	<u>\$ 28,574,285</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 5,830,794	\$ 7,020,823	\$ 8,662,029	\$ 9,540,853
Unrestricted	<u>647,764</u>	<u>294,558</u>	<u>(15,726)</u>	<u>(127,521)</u>
Total business-type activities net assets	<u>\$ 6,478,558</u>	<u>\$ 7,315,381</u>	<u>\$ 8,646,303</u>	<u>\$ 9,413,332</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 14,830,219	\$ 19,580,531	\$ 22,681,670	\$ 23,471,835
Restricted	151,540	357,245	727,782	713,370
Unrestricted	<u>7,923,494</u>	<u>9,059,208</u>	<u>10,077,037</u>	<u>13,802,412</u>
Total primary government activities net assets	<u>\$ 22,905,253</u>	<u>\$ 28,996,984</u>	<u>\$ 33,486,489</u>	<u>\$ 37,987,617</u>

(1) Accrual basis of accounting

NOTES: The County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 14,451,437	\$ 16,490,648	\$ 18,800,745	\$ 13,801,455	\$ 16,692,542
354,100	484,274	479,495	478,249	688,673
17,001,719	12,797,072	8,952,624	10,442,185	10,692,960
\$ 31,807,256	\$ 29,771,994	\$ 28,232,864	\$ 24,721,889	\$ 28,074,175
\$ 9,881,812	\$ 9,991,881	\$ 10,069,793	\$ 9,575,043	\$ 9,245,449
56,927	155,922	155,866	48,710	(208,163)
\$ 9,938,739	\$ 10,147,803	\$ 10,225,659	\$ 9,623,753	\$ 9,037,286
\$ 24,333,249	\$ 26,482,529	\$ 28,870,538	\$ 23,374,414	\$ 25,937,991
354,100	484,274	479,495	478,249	688,673
17,058,646	12,952,994	9,108,490	10,468,000	10,484,797
\$ 41,745,995	\$ 39,919,797	\$ 38,458,523	\$ 34,320,663	\$ 37,111,461



**COUNTY OF VICTORIA, TEXAS**  
**CHANGES IN NET ASSETS (1)**  
*Last nine fiscal years*

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities</b>				
Expenses				
General government	\$ 13,173,038	\$ 13,237,845	\$ 14,149,101	\$ 14,575,456
Public safety	9,285,840	9,333,043	9,929,954	10,942,218
Streets and highways	3,414,048	3,255,108	4,232,306	4,244,523
Culture and recreation	1,248,392	1,195,419	1,293,663	1,340,356
Public health	3,547,555	3,584,444	3,653,066	3,860,870
Interest on long-term debt	548,963	446,612	430,889	390,875
<b>Total expenses</b>	<b>31,217,836</b>	<b>31,052,471</b>	<b>33,688,979</b>	<b>35,354,298</b>
Program revenues				
Charges for services				
General government	5,342,455	4,933,859	4,589,676	5,295,474
Public safety	3,884,817	3,818,691	3,401,404	3,493,283
Streets and highways	1,892,593	1,695,264	1,750,489	1,744,465
Culture and recreation	2,540	-	-	-
Public health	353,498	530,418	375,485	444,626
Operating grants and contributions	3,277,410	3,280,496	3,227,144	3,410,606
Capital grants and contributions	350,313	509,910	695,671	7,584
<b>Total program revenues</b>	<b>15,103,626</b>	<b>14,768,638</b>	<b>14,039,869</b>	<b>14,396,038</b>
<b>Total governmental activities net program (expense) revenue</b>	<b>(16,114,210)</b>	<b>(16,283,833)</b>	<b>(19,649,110)</b>	<b>(20,958,260)</b>
General revenues and other changes in net assets				
Taxes				
Property taxes	12,817,909	14,234,749	15,180,030	15,637,488
Sales taxes	5,069,316	5,608,969	6,005,658	7,153,556
Other taxes	-	204,454	215,784	216,996
Grants and contributions not restricted to specific programs	10,847	112,354	124,118	232,154
Unrestricted investment earnings	223,724	273,807	585,776	1,029,000
Gain (loss) on disposition of capital assets	47,787	81,271	235,488	84,566
Miscellaneous	955,849	743,036	463,016	365,664
Payments to component units	(56,600)	-	-	-
Transfers	(340,017)	(238,457)	(130,000)	(130,000)
Special item	(27,374)	-	-	-
<b>Total general revenues and other changes in net assets</b>	<b>18,701,441</b>	<b>21,020,183</b>	<b>22,679,870</b>	<b>24,589,424</b>
<b>Total governmental activities change in net assets</b>	<b>\$ 2,587,231</b>	<b>\$ 4,736,350</b>	<b>\$ 3,030,760</b>	<b>\$ 3,631,164</b>

Fiscal Year				
2007	2008	2009	2010	2011
\$ 15,640,516	\$ 19,234,562	\$ 17,845,546	\$ 16,605,275	\$ 15,620,851
11,518,191	14,741,608	15,751,805	19,400,560	15,289,156
3,804,550	4,400,102	4,220,057	4,606,913	4,435,115
1,504,003	465,943	462,762	356,884	257,880
4,157,317	4,294,718	4,319,623	4,222,958	3,650,720
398,919	304,359	239,157	329,593	504,255
<u>37,023,496</u>	<u>43,441,292</u>	<u>42,838,950</u>	<u>45,522,183</u>	<u>39,757,977</u>
5,123,021	5,145,235	5,280,919	5,009,671	4,639,764
2,303,680	2,457,863	2,066,881	1,967,771	2,216,737
1,771,764	1,739,696	1,586,389	1,454,744	1,506,282
-	-	-	-	-
648,392	668,449	828,916	806,273	843,562
3,868,765	4,782,081	4,159,006	4,892,681	4,894,311
61,764	-	769,421	376,900	951,625
<u>13,777,386</u>	<u>14,793,324</u>	<u>14,691,532</u>	<u>14,508,040</u>	<u>15,052,281</u>
(23,246,110)	(28,647,968)	(28,147,418)	(31,014,143)	(24,705,696)
16,774,618	17,808,933	19,199,929	19,632,861	19,323,241
7,371,870	7,813,529	6,620,902	7,523,254	10,028,625
228,363	210,783	223,178	215,614	224,920
328,962	365,459	200,591	53,401	352,549
1,215,536	507,091	166,674	101,623	119,708
-	-	-	-	-
410,217	379,770	606,628	416,368	636,498
-	-	-	-	-
(648,126)	(472,859)	(409,614)	(439,953)	(11,113)
-	-	-	-	(2,616,446)
<u>25,681,440</u>	<u>26,612,706</u>	<u>26,608,288</u>	<u>27,503,168</u>	<u>28,057,982</u>
\$ <u>2,435,330</u>	\$ <u>(2,035,262)</u>	\$ <u>(1,539,130)</u>	\$ <u>(3,510,975)</u>	\$ <u>3,352,286</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**CHANGES IN NET ASSETS (1)**

Last nine fiscal years

	Fiscal Year			
	2003	2004	2005	2006
<b>Business-type activities</b>				
Expenses				
Airport	\$ 2,188,872	\$ 2,328,426	\$ 2,301,212	\$ 2,603,568
Navarro Project	503,268	466,392	481,568	512,537
Commisary	240,192	80,541	73,431	103,240
Total expenses	<u>2,932,332</u>	<u>2,875,359</u>	<u>2,856,211</u>	<u>3,219,345</u>
Program revenues				
Charges for services				
Airport	1,424,414	1,507,081	1,559,650	1,634,860
Navarro Project	534,130	535,960	535,960	543,917
Commisary	280,255	91,400	81,269	88,106
Operating grants and contributions	-	-	-	80,000
Capital grants and contributions	192,817	1,323,954	1,773,311	1,483,028
Total program revenues	<u>2,431,616</u>	<u>3,458,395</u>	<u>3,950,190</u>	<u>3,829,911</u>
Total business-type activities net program (expense) revenue	(500,716)	583,036	1,093,979	610,566
General revenues and other changes in net assets				
Unrestricted investment earnings	14,947	13,983	23,499	28,702
Gain (loss) on disposition of capital assets	1,615	-	-	(2,239)
Miscellaneous	22,638	1,347	-	-
Transfers	340,117	238,457	130,000	130,000
Total general revenues and other changes in net assets	<u>379,317</u>	<u>253,787</u>	<u>153,499</u>	<u>156,463</u>
<b>Total business-type activities change in net assets</b>	<u>\$ (121,399)</u>	<u>\$ 836,823</u>	<u>\$ 1,247,478</u>	<u>\$ 767,029</u>
<b>Total primary government change in net assets</b>	<u>\$ 2,465,832</u>	<u>\$ 5,573,173</u>	<u>\$ 4,278,238</u>	<u>\$ 4,398,193</u>

(1) Accrual basis of accounting

NOTES: The County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	2,874,801	\$	3,678,423	\$	2,950,244	\$	3,501,044	\$	3,737,407
	576,777		583,104		608,712		583,222		579,775
	104,128		117,250		92,737		95,089		101,378
	<u>3,555,706</u>		<u>4,378,777</u>		<u>3,651,693</u>		<u>4,179,355</u>		<u>4,418,560</u>
	1,685,134		2,604,426		1,860,584		2,324,719		2,932,268
	547,157		512,461		528,143		538,088		544,203
	90,917		94,666		98,235		88,605		152,934
	7,494		27,152		6,522		-		42,190
	<u>1,080,710</u>		<u>865,997</u>		<u>825,097</u>		<u>185,325</u>		<u>148,968</u>
	<u>3,411,412</u>		<u>4,104,702</u>		<u>3,318,581</u>		<u>3,136,737</u>		<u>3,820,563</u>
	(144,294)		(274,075)		(333,112)		(1,042,618)		(597,997)
	17,659		10,280		1,354		759		417
	-		-		-		-		-
	3,916		-		-		-		-
	<u>648,126</u>		<u>472,859</u>		<u>409,614</u>		<u>439,953</u>		<u>11,113</u>
	<u>669,701</u>		<u>483,139</u>		<u>410,968</u>		<u>440,712</u>		<u>11,530</u>
\$	<u>525,407</u>	\$	<u>209,064</u>	\$	<u>77,856</u>	\$	<u>(601,906)</u>	\$	<u>(586,467)</u>
\$	<u>2,960,737</u>	\$	<u>(1,826,198)</u>	\$	<u>(1,461,274)</u>	\$	<u>(4,112,881)</u>	\$	<u>2,765,819</u>

(concluded)

**COUNTY OF VICTORIA, TEXAS**

*FUND BALANCES, GOVERNMENTAL FUNDS (1)*

*Last nine fiscal years*

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Nonspendable				
Advance to Airport Fund	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved				
Advances	494,610	297,670	362,219	362,219
Adult Probation	31,108	33,999	24,513	26,882
Deferred expenditures	-	-	-	275,913
Unreserved	<u>2,895,612</u>	<u>5,641,834</u>	<u>8,139,621</u>	<u>11,273,877</u>
Total general fund	<u>\$ 3,421,330</u>	<u>\$ 5,973,503</u>	<u>\$ 8,526,353</u>	<u>\$ 11,938,891</u>
All Other Governmental Funds				
Restricted				
Various capital projects	\$ -	\$ -	\$ -	\$ -
Road and bridge	-	-	-	-
Juvenile probation services	-	-	-	-
County/District Clerks	-	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Courthouse security	-	-	-	-
Retirement of long-term debt	-	-	-	-
Various government costs	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in				
Special revenue funds	3,449,442	3,246,520	2,460,438	2,303,054
Capital project funds	626,255	678,986	304,760	-
Debt service funds	<u>151,540</u>	<u>212,187</u>	<u>252,772</u>	<u>126,807</u>
Total all other governmental funds	<u>\$ 4,227,237</u>	<u>\$ 4,137,693</u>	<u>\$ 3,017,970</u>	<u>\$ 2,429,861</u>

(1) Modified accrual basis of accounting

NOTES: Due to the changes in the County's fund structure initiated when GASB Statement No. 34 was implemented, the fund balance information is available only beginning in 2003.

Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Fiscal Year				
2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ 544,545
-	-	-	-	8,663,446
211,766	120,690	50,848	110,132	-
15,767	17,149	8,675	10,959	-
8,794	-	-	-	-
<u>12,267,877</u>	<u>8,230,983</u>	<u>3,965,140</u>	<u>5,375,150</u>	-
<u>\$ 12,504,204</u>	<u>\$ 8,368,822</u>	<u>\$ 4,024,663</u>	<u>\$ 5,496,241</u>	<u>\$ 9,207,991</u>
\$ -	\$ -	\$ -	\$ -	\$ 284,958
-	-	-	-	1,445,816
-	-	-	-	64,638
-	-	-	-	94,637
-	-	-	-	405,272
-	-	-	-	51,866
-	-	-	-	41,832
-	-	-	-	459,542
-	-	-	-	106,673
-	-	-	-	(494,655)
2,992,795	2,671,741	2,686,483	2,320,819	-
-	-	-	867,511	-
<u>117,545</u>	<u>204,365</u>	<u>272,958</u>	<u>427,767</u>	-
<u>\$ 3,110,340</u>	<u>\$ 2,876,106</u>	<u>\$ 2,959,441</u>	<u>\$ 3,616,097</u>	<u>\$ 2,460,579</u>

**COUNTY OF VICTORIA, TEXAS**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)**

*Last nine fiscal years*

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 17,902,538	\$ 19,855,785	\$ 21,232,178	\$ 23,030,801
Fees of office and user fees	2,207,983	2,595,533	2,472,287	2,820,340
Intergovernmental	10,546,682	10,035,336	9,830,274	9,432,658
Fines and forfeitures	1,619,602	1,403,048	1,463,626	1,589,568
Investment income	223,670	272,257	585,742	1,028,984
Licenses and permits	40,053	36,451	33,524	37,074
Contributions	10,847	36,466	16,085	13,389
Miscellaneous	1,470,100	1,167,551	867,932	811,325
<b>Total revenues</b>	<b>34,021,475</b>	<b>35,402,427</b>	<b>36,501,648</b>	<b>38,764,139</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	13,068,813	13,277,443	14,278,131	14,921,068
Public safety	8,614,925	8,963,262	9,283,373	10,682,752
Highways and streets	3,331,107	3,808,439	4,337,766	4,327,674
Culture and recreation	1,109,649	1,157,450	1,241,058	1,298,407
Public health	3,554,074	3,489,244	3,712,723	3,903,367
Capital outlay	2,971,375	542,487	643,352	155,250
<b>Debt service</b>				
Principal retirement	975,000	1,160,000	1,225,000	1,265,000
Interest and fiscal charges	592,782	440,642	417,093	377,923
Bond issue costs	84,130	-	-	-
<b>Total expenditures</b>	<b>34,301,855</b>	<b>32,838,967</b>	<b>35,138,496</b>	<b>36,931,441</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(280,380)</b>	<b>2,563,460</b>	<b>1,363,152</b>	<b>1,832,698</b>
<b>Other financing sources (uses)</b>				
Proceeds from refunding issue	3,379,969	-	-	-
Payment to escrow	(3,292,343)	-	-	-
Capital lease proceeds	182,393	139,923	-	1,493,422
Capital lease refinancing proceeds	-	2,351,458	-	-
Capital lease refinancing payments	-	(2,272,716)	-	-
Sales of assets	108,245	392,955	303,975	103,309
Transfers in	1,630,468	1,967,450	2,091,364	1,976,294
Transfers out	(1,970,485)	(2,205,907)	(2,325,364)	(2,581,294)
Debt issued	8,400	-	-	-
Premium on issuance of bonds	-	-	-	-
Discount on issuance of bonds	-	-	-	-
Payment from component unit	-	-	-	-
Payment to component unit	(65,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(18,353)</b>	<b>373,163</b>	<b>69,975</b>	<b>991,731</b>
<b>Change in fund balances</b>	<b>\$ (298,733)</b>	<b>\$ 2,936,623</b>	<b>\$ 1,433,127</b>	<b>\$ 2,824,429</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.30%</b>	<b>5.14%</b>	<b>4.88%</b>	<b>4.67%</b>

(1) Modified accrual basis of accounting

NOTES: Due to the changes in the County's fund structure initiated when GASB Statement No. 34 was implemented, the fund balance information is available only beginning in 2003.

Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 24,218,139	\$ 25,882,890	\$ 26,161,569	\$ 27,320,324	\$ 29,991,355
2,867,161	2,755,103	2,978,655	2,832,777	2,790,150
8,985,485	10,490,501	8,954,716	9,307,493	10,179,382
1,742,243	1,422,624	1,415,132	1,346,014	1,532,844
1,213,768	507,091	166,674	101,623	117,724
33,967	38,501	53,966	45,907	53,464
11,510	25,565	5,350	1,568	301,344
882,228	843,912	876,511	812,004	1,043,917
<u>39,954,501</u>	<u>41,966,187</u>	<u>40,612,573</u>	<u>41,767,710</u>	<u>46,010,180</u>
15,770,505	19,430,296	17,629,258	16,423,517	15,685,961
11,406,589	14,020,458	15,306,966	19,620,535	15,657,442
4,048,835	4,713,221	4,228,163	4,450,977	4,764,971
1,460,636	418,550	389,558	287,088	216,113
4,152,679	4,294,492	4,289,732	4,231,648	3,597,910
94,590	734,192	175,844	754,460	2,296,901
1,300,000	1,360,000	1,405,000	840,000	1,115,000
337,967	293,390	244,250	149,083	524,982
-	-	-	226,361	-
<u>38,571,801</u>	<u>45,264,599</u>	<u>43,668,771</u>	<u>46,983,669</u>	<u>43,859,280</u>
1,382,700	(3,298,412)	(3,056,198)	(5,215,959)	2,150,900
-	-	-	-	-
-	-	-	(3,871,647)	-
446,095	105,324	282,872	-	197,699
-	-	-	-	-
-	-	-	-	-
65,123	46,331	122,116	28,044	207,633
2,260,283	1,960,363	2,437,560	4,663,724	1,711,506
(2,908,409)	(3,183,222)	(4,047,174)	(6,069,165)	(1,711,506)
-	-	-	12,330,000	-
-	-	-	312,734	-
-	-	-	(49,497)	-
-	-	-	-	-
<u>(136,908)</u>	<u>(1,071,204)</u>	<u>(1,204,626)</u>	<u>7,344,193</u>	<u>405,332</u>
\$ <u>1,245,792</u>	\$ <u>(4,369,616)</u>	\$ <u>(4,260,824)</u>	\$ <u>2,128,234</u>	\$ <u>2,556,232</u>
<u>4.46%</u>	<u>3.81%</u>	<u>3.88%</u>	<u>2.25%</u>	<u>4.13%</u>





**COUNTY OF VICTORIA, TEXAS****TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

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<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Sales</u>	<u>Total</u>
2002	\$ 12,230,688	\$ 118,211	\$ 4,858,298	\$ 17,207,197
2003	12,700,002	133,220	4,921,323	17,754,545
2004	14,103,669	143,147	5,546,861	19,793,677
2005	15,099,157	199,308	6,005,659	21,304,124
2006	15,676,262	200,983	7,153,556	23,030,801
2007	16,671,552	174,717	7,371,870	24,218,139
2008	17,862,422	206,939	7,813,529	25,882,890
2009	19,291,055	249,612	6,620,902	26,161,569
2010	19,557,729	239,340	7,523,254	27,320,323
2011	19,724,910	237,820	10,028,625	29,991,355
Change 2002-2011	61.27%	101.18%	106.42%	74.30%

- (1) Fiscal years 2005 through 2011 revenues are reported on the modified accrual basis of accounting. Fiscal years 2004 and prior are reported on the budgetary (cash) basis of accounting.

NOTES: Property tax rates have remained stable because of growth in property tax values and the addition of new construction values.

Sales tax revenues decreased in 2009 due to the sluggish economy and recovered in 2011 due to the growing local economy.

**COUNTY OF VICTORIA, TEXAS**

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*

*Last ten fiscal years*

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2002	2001	\$ 1,515,610,710	\$ 1,328,121,065	\$ 315,270,880	\$ 892,710,483	\$ 163,977,230
2003	2002	1,625,755,010	1,307,594,240	319,775,450	910,136,402	101,305,210
2004	2003	1,670,101,235	1,285,202,470	320,599,730	938,958,351	92,863,880
2005	2004	1,782,811,934	1,237,970,296	335,934,884	1,035,824,147	132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690

(1) Values on property for maintenance and operation and interest and sinking taxes. Property exemptions differ from those allowed on road and bridge taxes.

NOTE: Property in the County is reassessed annually. The County assesses property at 100 percent of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Victoria County Tax Assessor/Collector

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<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 690,637,420	\$ 3,525,052,948	\$ 0.3035	\$ 3,525,052,948	100.00%
707,407,494	3,557,158,818	0.3201	3,557,158,818	100.00%
754,830,546	3,552,895,120	0.3536	3,552,895,120	100.00%
812,709,653	3,711,965,388	0.3536	3,711,965,388	100.00%
806,522,045	3,960,206,494	0.3486	3,960,206,494	100.00%
1,261,388,725	4,250,272,719	0.3436	4,250,272,719	100.00%
1,313,651,006	4,589,870,585	0.3436	4,589,870,585	100.00%
1,301,579,120	5,008,901,871	0.3436	5,008,901,871	100.00%
1,338,712,521	5,055,702,048	0.3436	5,055,702,048	100.00%
1,561,725,565	5,063,721,455	0.3436	5,063,721,455	100.00%

**COUNTY OF VICTORIA, TEXAS**

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*

*Last ten fiscal years*

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2002	2001	\$ 1,515,610,710	\$ 1,328,121,065	\$ 315,270,880	\$ 892,710,483	\$ 163,977,230
2003	2002	1,625,755,010	1,307,594,240	319,775,450	910,136,402	101,305,210
2004	2003	1,670,101,235	1,285,202,470	320,599,730	938,958,351	92,863,880
2005	2004	1,782,811,934	1,237,970,296	335,934,884	1,035,824,147	132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690

(1) Values on property for road and bridges taxes.  
Property exemptions differ from those allowed on maintenance and operation and interest and sinking taxes.

NOTE: Property in the County is reassessed annually. The County assesses property at 100 percent of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Victoria County Tax Assessor/Collector

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<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 797,088,372	\$ 3,418,601,996	\$ 0.0450	\$ 3,418,601,996	100.00%
817,364,812	3,447,201,500	0.0400	3,447,201,500	100.00%
868,888,776	3,438,836,890	0.0450	3,438,836,890	100.00%
926,295,902	3,598,379,139	0.0450	3,598,379,139	100.00%
924,708,177	3,842,020,362	0.0500	3,842,020,362	100.00%
1,379,896,539	4,131,764,905	0.0550	4,131,764,905	100.00%
1,437,997,578	4,465,524,013	0.0550	4,465,524,013	100.00%
1,431,114,690	4,879,366,301	0.0550	4,879,366,301	100.00%
1,469,496,100	4,924,918,469	0.0550	4,924,918,469	100.00%
1,685,999,800	4,939,447,220	0.0550	4,939,447,220	100.00%

**COUNTY OF VICTORIA, TEXAS**

*DIRECT AND OVERLAPPING PROPERTY TAX RATES*

*PER \$100 OF ASSESSED VALUE*

*Last ten fiscal years*

Fiscal Year	County Direct Rates				Overlapping Rates				
	Debt Service	General Fund	Road & Bridge Fund	Total	City of Victoria	Navigation District	Victoria Junior College	Victoria I.S.D.	Bloomington I.S.D.
2002	\$ 0.0457	\$ 0.2578	\$ 0.0450	\$ 0.3485	\$ 0.7000	\$ 0.0401	\$ 0.1394	\$ 1.5510	\$ 1.5800
2003	0.0437	0.2764	0.0400	0.3601	0.7000	0.0404	0.1394	1.5535	1.6630
2004	0.0461	0.3075	0.0450	0.3986	0.7000	0.0402	0.1491	1.5535	1.6672
2005	0.0435	0.3101	0.0450	0.3986	0.6900	0.0386	0.1461	1.5535	1.6433
2006	0.0368	0.3118	0.0500	0.3986	0.6900	0.0369	0.1416	1.5535	1.6433
2007	0.0379	0.3057	0.0550	0.3986	0.6900	0.0335	0.1416	1.4285	1.4913
2008	0.0380	0.3056	0.0550	0.3986	0.6750	0.0317	0.1445	1.2337	1.2101
2009	0.0349	0.3087	0.0550	0.3986	0.6500	0.0314	0.1445	1.3094	1.2101
2010	0.0228	0.3208	0.0550	0.3986	0.6450	0.0306	0.1534	1.3227	1.5150
2011	0.0328	0.3108	0.0550	0.3986	0.6500	0.0304	0.1531	1.3226	1.5150

SOURCE: Victoria County Appraisal District

Overlapping Rates

Industrial I.S.D.	Nursery I.S.D.	McFaddin I.S.D.	W.C.I.D #1	W.C.I.D #2	V.C.D.D. #2	V.C.D.D. #3	Ground Water District	Quail Creek M.U.D.	Total
\$ 1.9894	\$ 1.3850	\$ 1.2400	\$ 0.6551	\$ 1.0880	\$ 0.0979	\$ 0.0500	\$ -	\$ 0.1900	\$ 10.7059
1.9387	1.3700	1.5000	0.6262	1.0332	0.1103	0.0500	-	0.1900	10.9147
1.8485	0.8998	1.5000	0.6146	1.0187	0.1241	0.0500	-	0.1937	10.3594
1.7361	1.0250	1.4500	0.6162	0.9911	0.1247	0.0477	-	0.1896	10.2519
1.5893	1.3700	1.4600	0.4947	0.9016	0.1240	0.0460	-	0.1840	10.2349
1.3600	1.2540	1.4395	0.4687	0.9391	0.1120	0.0461	0.0100	0.1777	9.5920
1.3234	1.1565	1.1875	0.6772	0.8757	0.1131	0.0427	0.0100	0.1749	8.8560
1.3770	1.1055	1.1650	0.7246	1.0529	0.1116	0.0398	0.0100	0.1768	9.1086
1.3725	1.1055	1.1725	0.7246	1.1000	0.1180	0.0382	0.00995	0.1768	9.4848
1.3433	1.1000	1.1575	0.7246	1.1051	0.1180	0.0381	0.00946	0.1844	9.4515





**COUNTY OF VICTORIA, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
*Current Year and Nine Years Ago*

2011		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista S A R L	\$ 225,877,450	4.99%
South Texas Electric Coop Inc	78,077,160	1.73%
Invista S A R L	77,133,690	1.71%
Crown Energy Technologies	37,476,340	0.83%
E.I. DuPont De Nemours and Company	37,196,200	0.82%
AEP Texas Central Co	35,149,920	0.78%
Valerus Compression Services	28,319,760	0.63%
Union Pacific Railroad Co	27,426,800	0.61%
Equistar Chemicals, LP	25,934,190	0.57%
Victoria Hospital LLC	22,920,420	0.51%
	<u>\$ 595,511,930</u>	<u>13.18%</u>

2002		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
E.I. DuPont De Nemours and Company	\$ 586,770,720	13.91%
Union Gas Operating Co.	66,460,570	1.57%
Equistar Chemicals LP	54,751,470	1.30%
Air Liquide America Corp.	49,711,700	1.18%
AEP Central Power and Light	41,463,380	0.98%
Southwestern Bell Telephone Company	36,475,720	0.86%
Carlisle Plastics, Inc	23,014,840	0.55%
MRO Commercial, Inc.	20,611,540	0.48%
Central Power and Light	18,588,110	0.44%
Victoria Hospital, LLC	18,534,380	0.44%
	<u>\$ 916,382,430</u>	<u>21.71%</u>

SOURCE: Victoria County Tax Assessor/Collector

**COUNTY OF VICTORIA, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS(1)**  
*Last eight fiscal years*

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 12,565,142	\$ 13,930	\$ 12,579,072	\$ 12,297,626	97.76%
2005	13,128,311	293,542	13,421,853	13,134,288	97.86%
2006	13,807,127	(69,838)	13,737,289	13,471,286	98.06%
2007	14,548,615	(49,062)	14,499,553	14,199,891	97.93%
2008	15,579,099	(40,217)	15,538,882	15,213,071	97.90%
2009	16,908,347	(68,191)	16,840,156	16,440,126	97.62%
2010	17,002,193	(23,581)	16,978,612	16,574,735	97.62%
2011	16,992,274	(8,598)	16,983,676	16,670,742	98.16%

(1) Tax levies and collections on maintenance and operation and interest and sinking only

NOTE: Information for fiscal years 2002 through 2003 was not readily available

SOURCE: Victoria County Tax Assessor/Collector

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 239,042	\$ 12,536,668	99.66%
248,568	13,382,856	99.71%
224,909	13,696,195	99.70%
250,047	14,449,938	99.66%
256,521	15,469,592	99.55%
311,483	16,751,609	99.47%
265,627	16,840,362	99.19%
65,511	16,736,253	98.54%

**COUNTY OF VICTORIA, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1)**  
*Last eight fiscal years*

<u>Fiscal Year</u>	Taxes Levied for the Fiscal Year (Original Levy)	<u>Adjustments</u>	Total <u>Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 1,547,823	\$ 1,324	\$ 1,549,147	\$ 1,515,798	97.85%
2005	1,619,739	34,839	1,654,578	1,620,549	97.94%
2006	1,921,399	(10,937)	1,910,462	1,875,102	98.15%
2007	2,245,643	(8,130)	2,237,513	2,192,993	98.01%
2008	2,407,502	(9,521)	2,397,981	2,348,887	97.95%
2009	2,619,091	(11,872)	2,607,219	2,549,796	97.80%
2010	2,634,083	(1,743)	2,632,340	2,571,251	97.68%
2011	2,636,862	(1,398)	2,635,464	2,588,470	98.22%

(1) Tax levies and collections on road and bridge only.

NOTE: Information for fiscal years 2002 through 2003 was not readily available.

SOURCE: Victoria County Tax Assessor/Collector

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<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
	<u>Amount</u>	<u>Percentage of Levy</u>
\$ 28,120	\$ 1,543,918	99.66%
29,214	1,649,763	99.71%
29,687	1,904,789	99.70%
37,059	2,230,052	99.67%
38,621	2,387,508	99.56%
44,152	2,593,948	99.49%
40,434	2,611,685	99.22%
9,950	2,598,420	98.59%

**COUNTY OF VICTORIA, TEXAS**  
**SALES TAX REVENUE**  
*Last ten fiscal years*

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<u>Fiscal Year</u>		<u>Collections</u>
2002	\$	4,858,298
2003		4,921,323
2004		5,546,861
2005		5,883,458
2006		6,918,443
2007		7,179,370
2008		7,584,672
2009		6,664,519
2010		6,975,893
2011		9,179,189

NOTES: Collections reported on the budgetary (cash) basis of accounting

Detailed information related to sales tax collections will be provided in subsequent years

**COUNTY OF VICTORIA, TEXAS**  
**DIRECT AND OVERLAPPING SALES TAX RATES**  
*Last ten fiscal years*

Fiscal Year	Direct Rate County	Overlapping Rates		Total
		City of Victoria	State of Texas	
2002	0.50%	1.50%	6.25%	8.25%
2003	0.50%	1.50%	6.25%	8.25%
2004	0.50%	1.50%	6.25%	8.25%
2005	0.50%	1.50%	6.25%	8.25%
2006	0.50%	1.50%	6.25%	8.25%
2007	0.50%	1.50%	6.25%	8.25%
2008	0.50%	1.50%	6.25%	8.25%
2009	0.50%	1.50%	6.25%	8.25%
2010	0.50%	1.50%	6.25%	8.25%
2011	0.50%	1.50%	6.25%	8.25%

NOTE: Eventhough the total sales tax rate is 8.25%, sales occurring outside the City of Victoria City limits would only be taxed at 6.75% which is the combination of the County and the State of Texas sales tax rates.

Texas counties have the option of imposing an additional local sales tax of 0.5% to 1.5% for a combined total of state and local taxes of 8.25%.



**COUNTY OF VICTORIA, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*Last ten fiscal years*

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Obligation	General Obligation Bonds	Revenue Bonds			
2002	\$ 5,000,000	\$ 8,575,000	\$ 1,425,510	\$ 15,000,510	0.91%	\$ 176.62
2003	5,000,000	7,715,000	1,370,000	14,085,000	0.82%	164.94
2004	4,700,000	6,855,000	1,305,000	12,860,000	0.71%	149.79
2005	4,385,000	5,945,000	1,235,000	11,565,000	N/A	135.03
2006	4,060,000	5,005,000	1,160,000	10,225,000	N/A	118.63
2007	3,720,000	4,045,000	1,085,000	8,850,000	N/A	102.68
2008	3,370,000	3,035,000	1,005,000	7,410,000	N/A	85.25
2009	3,005,000	1,995,000	920,000	5,920,000	N/A	68.65
2010	8,895,000	3,830,000	830,000	13,555,000	N/A	157.18
2011	8,315,000	3,295,000	730,000	12,340,000	N/A	140.96

NOTES: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

N/A denotes information not available

**COUNTY OF VICTORIA, TEXAS****RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING***Last ten fiscal years*

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<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2002	\$ 13,575,000	\$ 144,701	\$ 13,430,299	0.32%	\$ 158.13
2003	12,715,000	151,540	12,563,460	0.29%	147.12
2004	11,555,000	212,187	11,342,813	0.26%	132.12
2005	10,330,000	252,772	10,077,228	0.22%	117.66
2006	9,065,000	126,807	8,938,193	0.19%	103.70
2007	7,765,000	117,545	7,647,455	0.14%	88.73
2008	6,405,000	204,365	6,200,635	0.11%	71.34
2009	5,000,000	272,958	4,727,042	0.07%	54.82
2010	12,725,000	427,767	12,297,233	0.19%	142.60
2011	11,610,000	459,542	11,150,458	0.17%	127.37



**COUNTY OF VICTORIA, TEXAS***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**December 31, 2011*

	<u>Net Debt Outstanding</u>		<u>Percentage Applicable To County</u>	<u>Amount Applicable To County</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
County of Victoria	12/31/2011	<u>\$ 11,150,458</u>	100.00%	<u>\$ 11,150,458</u>
Overlapping Debt:				
City of Victoria	9/30/2011	96,921,606	100.00%	96,921,606
Victoria County Navigation District	12/31/2011	6,420,769	100.00%	6,420,769
Victoria Junior College District	8/31/2011	16,947,395	100.00%	16,947,395
Victoria Independent School District	8/31/2011	170,130,639	100.00%	170,130,639
Industrial Independent School District	8/31/2011	5,090,000	25.46%	1,295,914
Victoria County Water Control and Improvement District #1	6/30/2011	3,095,000	100.00%	3,095,000
Victoria County Water Control and Improvement District #2	9/30/2011	<u>604,291</u>	100.00%	<u>604,291</u>
Total Overlapping Debt		<u>299,209,700</u>		<u>295,415,614</u>
Total		<u>\$ 310,360,158</u>		<u>\$ 306,566,072</u>

SOURCE: County of Victoria, City of Victoria, Victoria Junior College, Victoria Independent School District, Industrial Independent School District, Victoria County Water Control and Improvement District Numbers 1 and 2.

**COUNTY OF VICTORIA, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
*Last ten fiscal years*

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 1,053,922,592	\$ 1,066,141,578	\$ 1,076,931,417	\$ 1,131,168,760
Total net debt applicable to limit	<u>13,430,299</u>	<u>12,563,460</u>	<u>11,342,813</u>	<u>10,077,228</u>
Legal debt margin	<u>\$ 1,040,492,293</u>	<u>\$ 1,053,578,118</u>	<u>\$ 1,065,588,604</u>	<u>\$ 1,121,091,532</u>
Total net debt applicable to the limit as a percentage of debt limit	1.27%	1.18%	1.05%	0.89%

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 1,191,682,135	\$ 1,377,915,361	\$ 1,475,880,398	1,577,620,248	1,598,603,642	1,656,361,755
<u>8,938,193</u>	<u>7,647,455</u>	<u>6,200,635</u>	<u>4,727,042</u>	<u>12,297,233</u>	<u>11,150,458</u>
<u>\$ 1,182,743,942</u>	<u>\$ 1,370,267,906</u>	<u>\$ 1,469,679,763</u>	<u>\$ 1,572,893,206</u>	<u>\$ 1,586,306,409</u>	<u>\$ 1,645,211,297</u>

0.75%                      0.56%                      0.42%                      0.30%                      0.77%                      0.67%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 6,625,447,020
Debt limit	1,656,361,755
Debt applicable to limit	
General obligation bonds	11,610,000
Less: Debt Service Fund Balance	<u>459,542</u>
Total amount of debt applicable to debt limit	<u>11,150,458</u>
Legal debt margin	<u>\$ 1,645,211,297</u>

**COUNTY OF VICTORIA, TEXAS****DEMOGRAPHIC STATISTICS***Last ten fiscal years*

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<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (000's)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) Unemployment Rate</u>
2002	84,932	\$ 1,650,480	\$ 27,234	5.2%
2003	85,395	1,721,244	27,952	5.2%
2004	85,853	1,810,364	29,399	5.2%
2005	85,648	2,656,877	31,261	5.4%
2006	86,191	2,838,256	33,331	4.1%
2007	86,291	3,026,271	35,121	3.5%
2008	86,916	3,278,989	37,788	3.9%
2009	86,236	N/A	N/A	7.1%
2010	86,793	N/A	N/A	7.3%
2011	87,545	N/A	N/A	6.4%

NOTE: N/A denotes information not available

SOURCE: (1) Texas Association of Counties & Census Bureau  
(2) U.S. Department of Commerce, Bureau of Economic Analysis - Estimates based on Victoria County Area statistical data.  
(3) Texas Workforce Commission

**COUNTY OF VICTORIA, TEXAS**

**PRINCIPAL EMPLOYERS**

*Current Year and Nine Years Ago*

<u>Employer</u>	<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,165	4.96%
The Inteplast Group	1,975	4.53%
Formosa Plastics	1,663	3.81%
Citizens Medical Center	1,127	2.58%
DeTar Healthcare System	939	2.15%
City of Victoria	605	1.39%
Dow-Seadrift Operations	600	1.38%
Invista	600	1.38%
Ranstad	600	1.38%
Alcoa	599	1.37%
	<u>10,873</u>	<u>24.93%</u>

<u>Employer</u>	<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,229	5.18%
The Inteplast Group	1,500	3.49%
Formosa Plastics	1,500	3.49%
Citizens Medical Center	1,235	2.87%
DeTar Healthcare System	940	2.18%
Koch-Invista	814	1.89%
Dow-Seadrift Operations	670	1.56%
Calhoun Independent School District	609	1.42%
City of Victoria	609	1.42%
Alcoa	604	1.40%
	<u>10,710</u>	<u>24.90%</u>

SOURCE: Victoria Economic Development Corporation

NOTE: Based on Victoria Metropolitan Statistical Area, which includes Victoria, Calhoun, Dewitt, Lavaca, Gonzales, Jackson and Goliad Counties.



**COUNTY OF VICTORIA, TEXAS**

*FULL-TIME-EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM*

*Last nine fiscal years*

Function/Program	Fiscal Year			
	2003	2004	2005	2006
General government				
County Judge	3	3	3	3
Comissioners' court	1	1	1	1
Records management	-	-	-	-
County clerk	16	16	16	16
Veterans' service officer	1	1	1	1
Heritage director	2	1	1	1
County court at law #1	2	2	2	2
County court at law #2	2	2	2	2
District court	10	10	10	10
District clerk	13	13	13	14
Justice of the peace #1	2	2	2	2
Justice of the peace #2	2	2	2	2
Justice of the peace #3	6	6	6	5
Justice of the peace #4	3	3	3	3
Criminal district attorney	20	20	20	20
Election administrator	3	3	3	3
County auditor	8	8	8	8
County treasurer	6	6	5	6
Tax assessor-collector	15	15	15	15
Administrative services	3	3	3	4
Information technology	5	5	5	7
Building maintenance	8	8	8	8
Juvenile detention facility	63	58	62	68
Public safety				
Fire marshal	2	2	2	2
Sheriff	157	157	155	176
Constable #1	1	1	1	1
Constable #2	1	1	1	1
Constable #3	1	1	1	1
Constable #4	1	1	1	1
Culture and recreation				
Parks and recreation	3	2	2	2
Extension service	7	7	7	7
Public health(includes flood/emg mgmt & health dept)	57	57	55	56
Highways and streets	43	39	40	40
Airport	14	14	19	19
Commissary	1	1	1	2
Navarro Project	4	1	1	2
<b>Total</b>	<b>486</b>	<b>472</b>	<b>477</b>	<b>511</b>

NOTES: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

Fiscal year 2009 additions were mainly due to the increase in the patrol officers in the Sheriff's department.

Information for fiscal year 2002 was not readily available.

Fiscal Year				
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
3	3	3	3	3
1	2	1	1	1
1	1	2	2	1
16	16	16	16	16
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
10	11	11	11	11
15	14	16	16	14
2	2	3	3	3
2	2	3	3	3
5	5	5	5	4
3	3	3	3	4
22	22	23	23	24
3	3	3	3	3
8	8	8	8	8
5	5	5	5	5
15	15	16	16	16
4	4	4	4	4
7	7	7	7	7
8	8	11	11	11
68	68	68	68	68
2	2	6	6	6
182	184	194	198	198
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
2	2	2	1	1
7	7	7	7	7
69	68	69	69	60
42	42	43	43	43
19	19	15	15	14
2	2	2	2	2
3	3	3	3	3
<u>536</u>	<u>538</u>	<u>559</u>	<u>562</u>	<u>550</u>

**COUNTY OF VICTORIA, TEXAS**

*OPERATING INDICATORS BY FUNCTION/PROGRAM*

*Last six fiscal years*

Function/Program	Fiscal Year			
	2006	2007	2008	2009
General government				
County Court				
Criminal cases filed	2,723	2,556	2,092	2,089
Criminal case dispositions	3,057	3,301	2,338	2,214
Civil cases filed	532	578	521	520
Civil case dispositions	442	656	507	688
Juvenile cases filed	235	146	126	144
Juvenile case dispositions	214	176	105	113
District Court				
Criminal cases filed	1,003	848	838	788
Criminal case dispositions	988	916	859	1,001
Civil cases filed	3,170	3,053	3,022	2,558
Civil case dispositions	3,095	3,006	3,186	2,321
Justice of the Peace				
Civil cases filed	750	788	1,217	941
Criminal cases filed	17,420	15,043	11,547	13,169
Elections Administrator				
New registrations	3,592	2,221	4,253	1,542
Elections held	11	2	5	2
County Auditor				
Accounts payable invoices processed	24,099	19,746	18,749	18,607
County Treasurer				
Payroll checks processed	16,963	17,003	18,069	17,630
Tax Assesor-collector				
Automobile Registrations	87,569	88,853	86,190	85,729
Public Safety				
Sheriff				
Emergency 911 calls received	4,673	4,667	4,780	4,917
Fire marshal				
Fires	434	143	391	247
Culture and Recreation				
Parks and recreation				
Cabana rentals	24	25	22	31
Public health				
Health Department				
Immunizations administered	8,320	13,661	13,967	13,499
Adult/Child health screening visits	582	2,571	1,203	1,135
Dental clinic visits	7,910	2,484	2,811	2,597
Enviromental Inspections/Permits	1,064	2,796	2,895	3,318
Mosquito control trips	176	293	62	76
Animal control calls	3,174	11,824	9,292	9,675
Highways and streets				
Road and bridge precincts				
Miles of roads overlaid	30	15	20	21

NOTE: Information for fiscal years 2002 through 2005 was not readily available.

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Fiscal Year	
2010	2011

2,017	1,972
2,333	1,974
455	491
581	498
102	109
101	120
822	954
899	896
2,600	3,836
1,726	3,583
1,080	1,131
10,510	8,704
2,273	1,784
4	2
18,291	17,707
18,030	16,777
86,812	89,937
N/A	6,531
72	38
19	27
12,625	8,424
891	875
3,151	2,041
2,378	3,530
271	3
8,085	8,030
15	19

**COUNTY OF VICTORIA, TEXAS**

*CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM*

*Last nine fiscal years*

Function/Program	Fiscal Year			
	2003	2004	2005	2006
General government				
Buildings	8	8	8	9
Parking Lots	3	3	3	3
Public safety				
Sheriff				
Jail	1	1	1	1
Patrol units	52	57	51	53
Fire Marshal				
Stations	1	1	1	1
Fire Trucks	3	3	3	4
Highways and streets				
Roads (miles)	N/A	590.75	590.75	596.13
Bridges	90	90	90	90
Landfills	4	3	2	2
Culture and recreation				
Lake (acreage)	95	95	95	95
Boat Ramps	2	2	2	2
Extension Office	1	1	1	1
4 H Activity Center	1	1	1	1
Public Health				
Animal Shelter	1	1	1	1
Airport				
T-Hanger	6	6	6	6
Terminal	1	1	1	1
Navarro Lse Project				
Building	1	1	1	1

NOTES: N/A denotes information not available.

Information for fiscal year 2002 was not readily available.

SOURCES: Various County Departments

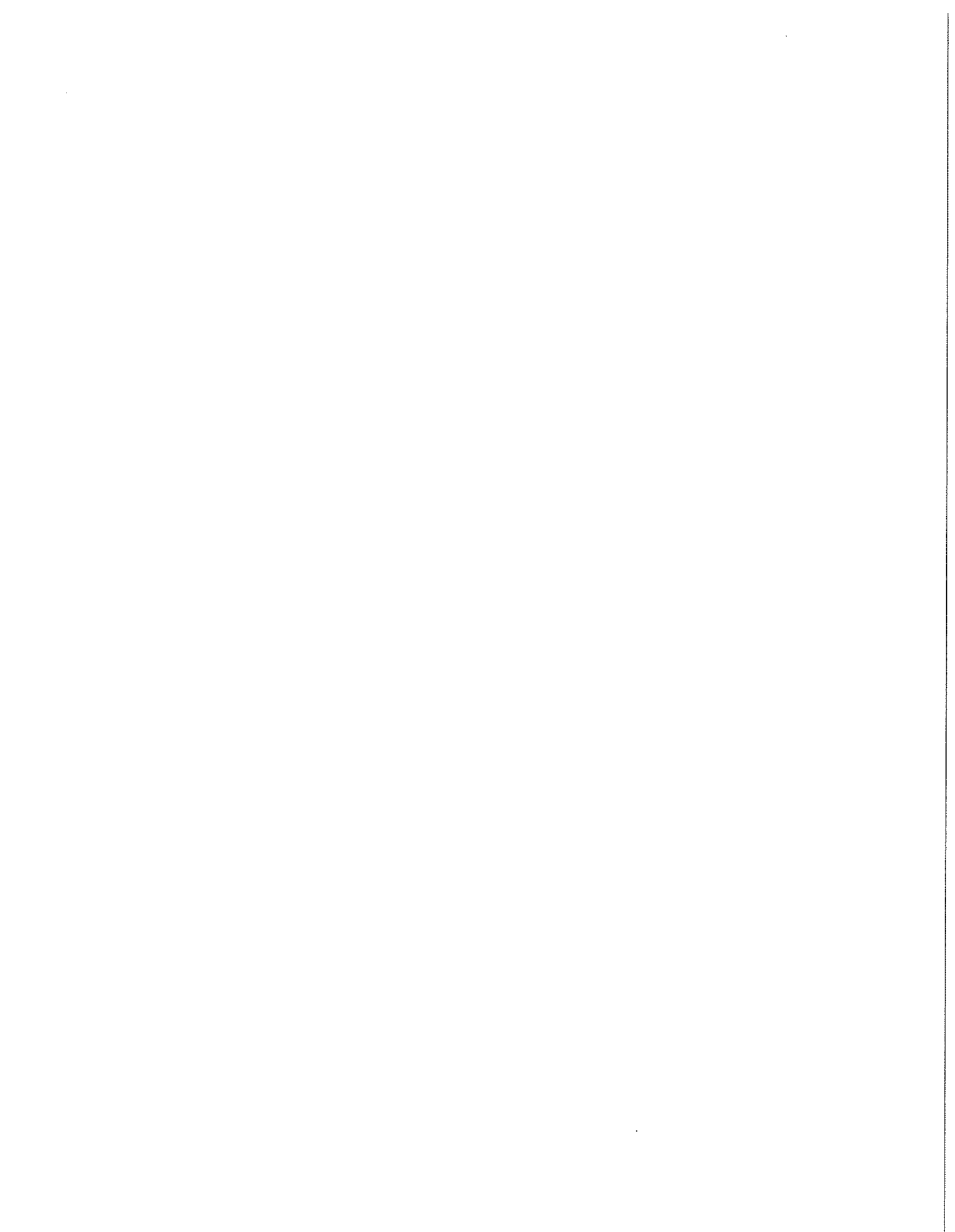
Texas Department of Transportation

Fiscal Year				
2007	2008	2009	2010	2011
9 3	9 3	8 3	8 3	8 3
1 58	1 61	1 68	1 74	1 76
1 5	1 4	1 4	1 7	1 7
595.49 90 2	595.49 90 2	599.18 90 3	600.26 90 3	600.26 90 3
95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1
1	1	1	1	1
6 1	6 1	6 1	6 1	6 1
1	1	1	1	1



**SINGLE AUDIT SECTION**







CERTIFIED PUBLIC ACCOUNTANTS  
101 S. MAIN, SUITE 400  
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA  
HAMILTON H. REDMON, CPA  
DENNIS C. CIHAL, CPA  
ERIC L. KUCERA, CPA  
CLAYTON P. VAN PELT, CPA  
ROBERT W. SCHAAR, CPA  
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255  
FAX: (361) 573-9531

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

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

We have audited the statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Victoria, Texas (the "County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 28, 2012. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Citizens Medical Center and the Victoria County Child Welfare Board, as described in our report on the County's financial statements. The financial statements were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

Compliance and Other Matters

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

This report is intended solely for the information and use of the County Judge and members of Commissioners' Court, management, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Harrison, Waldrop & Uheuk, LLP*

June 28, 2012



CERTIFIED PUBLIC ACCOUNTANTS  
101 S. MAIN, SUITE 400  
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA  
HAMILTON H. REDMON, CPA  
DENNIS C. CIHAL, CPA  
ERIC L. KUCERA, CPA  
CLAYTON P. VAN PELT, CPA  
ROBERT W. SCHAAR, CPA  
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255  
FAX: (361) 573-9531

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

Compliance

We have audited the County of Victoria, Texas' (the "County"), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2011. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Single Audit Circular*. Those standards, the *OMB Circular A-133*, and the *State of Texas Single Audit 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 federal and 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

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 or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County Judge and members of Commissioners' Court, management, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Harrison, Waldrop & Uheuk, LLP*

June 28, 2012

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
*For the year ended December 31, 2011*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>FEDERAL EXPENDITURES</b>			
<b>U. S. Department of Transportation</b>			
<i>Passed Through the Texas Department of Transportation</i>			
Airport Improvement Grant	20.106	1113VICTO	\$ 114,868
Total U.S. Department of Transportation			<u>114,868</u>
<b>U. S. Department of Homeland Security</b>			
<i>Passed Through the Transportation Security Administration</i>			
Airport Law Enforcement Personnel Program	97.090	HSTS0208HSLR354	32,933
<i>Passed Through Federal Emergency Management Agency</i>			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-07896	84,048
<i>Passed Through the Governor's Division of Emergency Management</i>			
Emergency Operations Center Grant Program	97.052	2009-EO-MX-0012	951,625
Homeland Security Citizens Corps Grant Program	97.053	2009-SS-T9-0064	3,884
Operation Stone Garden	97.067	2010-SS-TO-0008	110,178
Hazard Mitigation Grant	97.039	FEMA-1791-DR	216
Hazard Mitigation Grant	97.039	FEMA-1780-038-DR	26,674
Hazard Mitigation Grant	97.039	FEMA-1780-046-DR	97,573
Emergency Management Performance Grant	97.042	11TX-EMPG-0605	28,950
Total Governor's Division of Emergency Management			<u>1,219,100</u>
Total U.S. Department of Homeland Security			<u>1,336,081</u>
<b>U. S. Department of Justice</b>			
Community Oriented Policing Services - ARRA	16.710	2010CKWX0276	199,525
			<u>199,525</u>
<i>Passed Through the Office of Governor of Texas, Criminal Justice Division</i>			
Victoria County Border Security Program - ARRA	16.803	2332601	526,249
Victoria County Gang Prevention and Intervention Program	16.738	2311401	68,234
Edward Byrne Memorial Justice Assistance Grant	16.738	2011DJBX3181	18,490
Victims Coordinator Liason Grant	16.575	1227099	16,759
Victims Coordinator Liason Grant	16.575	1014570	20,440
Victims Coordinator Liason Grant	16.575	1227107	13,810
Victims Coordinator Liason Grant	16.575	1014588	24,128
Total Office of Governor of Texas, Criminal Justice Division			<u>688,110</u>
Total U.S. Department of Justice			<u>887,635</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the year ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>FEDERAL EXPENDITURES - (Continued)</b>			
<b>U. S. Department of Agriculture</b>			
<i>Passed Through Texas Department of State Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2011-037162	\$ 590,080
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2012-03989	<u>204,825</u>
Total Texas Department of State Health Services			<u>794,905</u>
<i>Passed Through Texas Department of Health and Human Services Commission</i>			
School Breakfast Program	10.553	75-8802	23,806
National School Lunch Program	10.555	75-8802	43,804
Non-Cash Assistance (Commodities)	10.555	N/A	<u>5,073</u>
Total Texas Department of Health and Human Services Commission			<u>72,683</u>
Total U.S. Department of Agriculture			<u>867,588</u>
<b>U. S. Department of Health and Human Services</b>			
<i>Passed Through Texas Department of State Health Services</i>			
Bioterrorism Preparedness	93.283	2010-035593	34,846
Bioterrorism Preparedness	93.283	2011-038798	19,654
Immunization Grant	93.268	2011-036463	134,406
Immunization Grant	93.268	2012-039680	50,727
RLSS/LPHS	93.991	2011-035545	107,314
RLSS/LPHS	93.991	2012-039442	<u>20,942</u>
Total Texas Department of State Health Services			<u>367,889</u>
<i>Passed Through Alamo Area Development Corporation</i>			
Ryan White Part B - State Services 2010-2011	93.917	N/A	43,086
Ryan White Part B - State Services 2011-2012	93.917	N/A	16,244
Ryan White Part B- Service Delivery 2010-2011	93.917	N/A	38,983
Ryan White Part B- Service Delivery 2011-2012	93.917	N/A	<u>148,699</u>
Total Alamo Area Development Corporation			<u>247,012</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
*For the year ended December 31, 2011*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>FEDERAL EXPENDITURES - (Continued)</b>			
<b>U. S. Department of Health and Human Services - (Continued)</b>			
<i>Passed Through Texas Department of Family and Protective Services</i>			
Title IV-E Legal Services - ARRA	93.658	23358151	\$ 25,254
Total U.S. Department of Health and Human Services			<u>640,155</u>
<b>U. S. Department of Housing and Urban Development</b>			
<i>Passed Through Texas Department of Rural Affairs</i>			
Texas Community Development Block Grant Program	14.228	DRS010195	<u>193,621</u>
<i>Passed Through Texas Department of Health in Bexar County</i>			
HOPWA 2010-2011	14.241	2010/2011 VCCHD	953
HOPWA 2011-2012	14.241	2011/2012 VCCHD	<u>71,322</u>
Total Texas Department of Health in Bexar County			<u>72,275</u>
Total U.S. Department of Housing and Urban Development			<u>265,896</u>
<b>U. S. General Services Administration</b>			
<i>Passed Through Texas Facilities Commission</i>			
Donation of Federal Surplus Personal Property	39.003	15490	<u>17,508</u>
Total U.S. General Services Administration			<u>17,508</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u>4,129,731</u>
<b>STATE EXPENDITURES</b>			
<b>Texas Department of State Health Services</b>			
Diabetes-Comm. Diabetes Services	N/A	2011-035140	<u>42,611</u>
<i>Passed Through Southwest Texas Regional Advisory Council</i>			
Public Health Preparedness	N/A	N/A	<u>18,176</u>
Total Texas Department of State Health Services			<u>60,787</u>

(continued)



**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
*For the year ended December 31, 2011*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>STATE EXPENDITURES - (Continued)</b>			
<b>Texas Juvenile Probation Commission</b>			
Diversionary Placement Fund	N/A	TJPC-H-2011-235	\$ 46,380
State Aid	N/A	TJPC-A-2011-235	73,405
State Aid	N/A	TJPC-A-2012-235	290,545
Commitment Reduction Program	N/A	TJPC-C-2011-235	119,234
Commitment Reduction Program	N/A	TJPC-C-2012-235	65,795
Progressive Santions JPO	N/A	TJPC-F-2011-235	54,894
Intensive Community Based Program	N/A	TJPC-X-2011-235	20,078
Community Corrections Assistance Program	N/A	TJPC-Y-2011-235	128,906
Salary Adjustment	N/A	TJPC-Z-2011-235	<u>53,598</u>
Total Texas Juvenile Probation Commission			<u>852,835</u>
<b>Office of the Attorney General of Texas</b>			
Texas Vine Grant	N/A	1225317	<u>18,283</u>
<b>Texas Department of Transportation</b>			
Routine Airport Maintenance Program	N/A	M213VICTO	<u>114,868</u>
<b>Texas Task Force on Indigent Defense</b>			
Indigent Defense	N/A	N/A	<u>123,641</u>
<b>TOTAL STATE EXPENDITURES</b>			<u>1,170,414</u>
<b>TOTAL FEDERAL AND STATE EXPENDITURES</b>			<u>\$ 5,300,145</u>

See accompanying notes to schedule of expenditures of federal and state awards.

**COUNTY OF VICTORIA, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*For the year ended December 31, 2011*

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the County and is presented on a statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the year ended December 31, 2011*

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that is/are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that is/are not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

yes  no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
97.052	Emergency Operations Center Grant Program
16.803	Victoria County Border Security Program
N/A	Texas Juvenile Probation Commission-2011-235/2012-235

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

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None noted.

**Section III - Federal Award Findings and Questioned Costs**

None noted.

**COUNTY OF VICTORIA, TEXAS**  
*SCHEDULE OF PRIOR AUDIT FINDINGS*  
*For the year ended December 31, 2011*

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None were reported.

