

COUNTY OF VICTORIA, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

COUNTY OF VICTORIA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2018

Prepared by: County Auditor's Office
Susan Gabrysch
Victoria County Auditor

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INTRODUCTORY SECTION



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June 28, 2019

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, 2018. 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, 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 another 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 92,084.

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), two component units are included in the report: the Victoria County Navigation District 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 18% 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 as well as a decrease in the amount of transfers to other funds. The County's General Fund reserve target is based on the County's policy of deferring ad valorem property taxes. The resulting unassigned fund balance does not include \$7.1 million in ad valorem taxes collected in October, November, and December of 2018, and are instead reported as unavailable 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 and making the County Airport more cost efficient. The County is in the process of rehabilitating the Officers Club located at the Victoria Airport. The County is also rehabilitating and widening several roads in Precinct #1 to improve traffic flow for the Port of Victoria, with some grant assistance.

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 \$100,000 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.

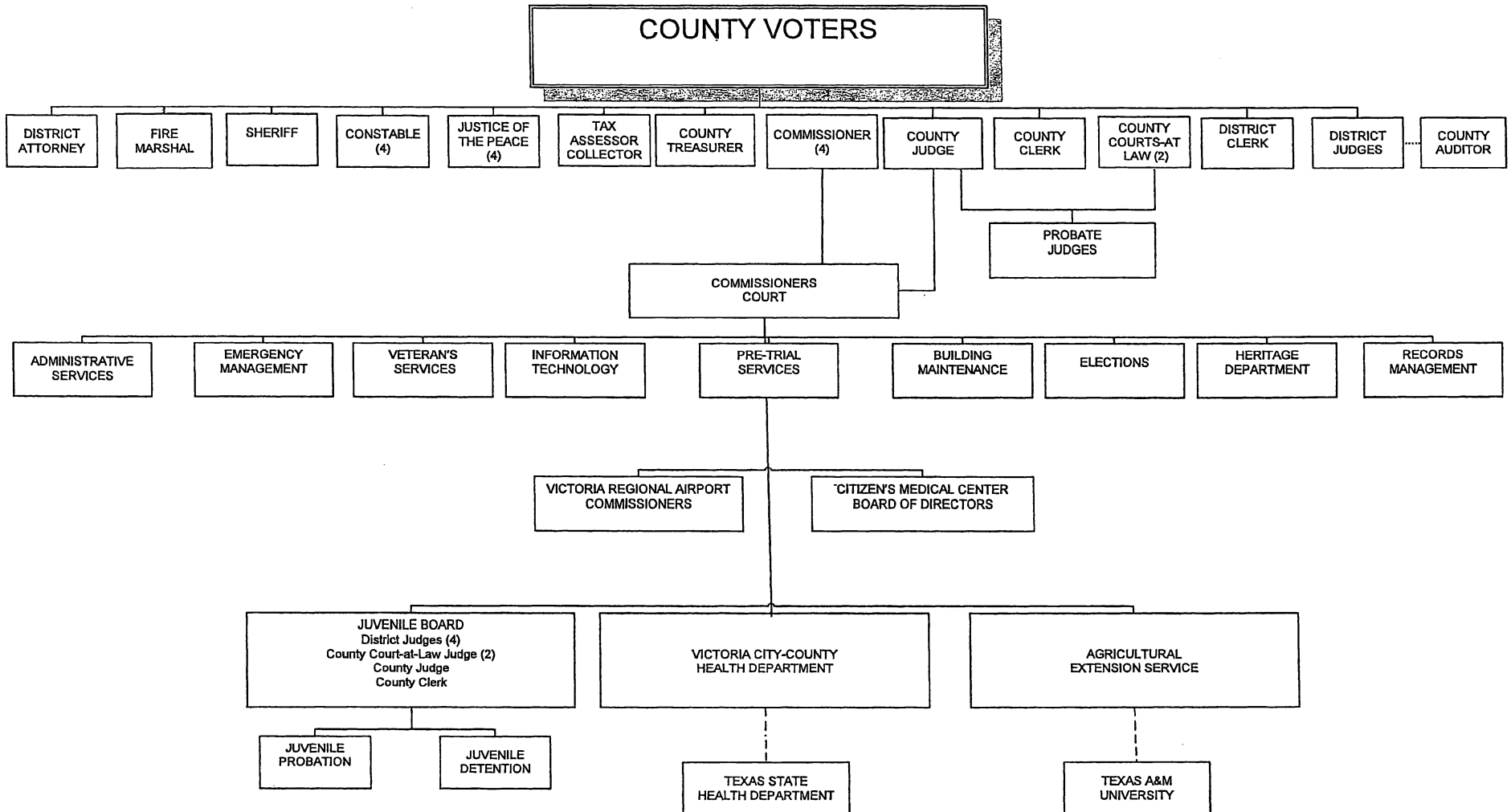
Pension Benefits - The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). Specific plan provisions are adopted by the County within the 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,
Michelle Samford
Victoria County Auditor

VICTORIA COUNTY ORGANIZATION



ELECTED OFFICIALS

| NAME | POSITION |
|--------------------------|--------------------------------|
| Benjamin Zeller | County Judge |
| Danny Garcia | Commissioner, Precinct #1 |
| Kevin Janak | Commissioner, Precinct #2 |
| Gary Burns | Commissioner, Precinct #3 |
| Clint Ives | Commissioner, Precinct #4 |
| Stephen Tyler | Criminal District Attorney |
| Heidi Easley | County Clerk |
| Cathy Stuart | District Clerk |
| Sean Kennedy | County Treasurer |
| Rena Scherer | County Tax Assessor-Collector |
| T. Michael O'Connor | County Sheriff |
| Travis H. Ernst | Judge, County Court-at-Law #1 |
| Daniel Gilliam | Judge, County Court-at-Law #2 |
| Jack Marr | Judge, 24th Judicial District |
| K. Stephen Williams, III | Judge, 135th Judicial District |
| Robert Bell | Judge, 267th Judicial District |
| Eli Garza | Judge, 377th Judicial District |
| Mary Ann Rivera | Justice of the Peace #1 |
| Stuart Posey | Justice of the Peace #2 |
| Robert Whitaker | Justice of the Peace #3 |
| John Miller | Justice of the Peace #4 |
| Jesse Garza | Constable, Precinct #1 |
| James E. Calaway | Constable, Precinct #2 |
| Kenneth Easley, Jr. | Constable, Precinct #3 |
| Kyle Dalton | Constable, Precinct #4 |

APPOINTED OFFICIALS

| NAME | POSITION |
|------------------|---------------------|
| Susan Gabrysch | County Auditor |
| Richard Castillo | County Fire Marshal |

FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS
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VICTORIA, TEXAS 77901-8142

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 the County of Victoria, Texas (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by Government Code Section 2266.051, as adopted by the State of Texas House Bill 2365 as described in Note 1 to the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Citizens Medical Center, which represent 75 percent, 82 percent, and 98 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those 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, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Citizens Medical Center were not audited in accordance with *Government Auditing Standards*.

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the County using financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365, which practices differ from generally accepted accounting principles (GAAP) in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and GAAP, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with GAAP, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective statutory basis changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365 described in Note 1.

Emphasis of Matter

As discussed in Note 20 to the financial statements, in 2018 the County adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 75 related to accounting for other post employment benefit plans. This resulted in a restatement of prior year balances. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of changes in total OPEB liability and related ratios, and schedules of employer contributions as listed in the table of contents, 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.

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

Other Information

Our audit was conducted 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, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular* 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, 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* in considering the County's internal control over financial reporting and compliance.



HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 27, 2019

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, 2018. 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

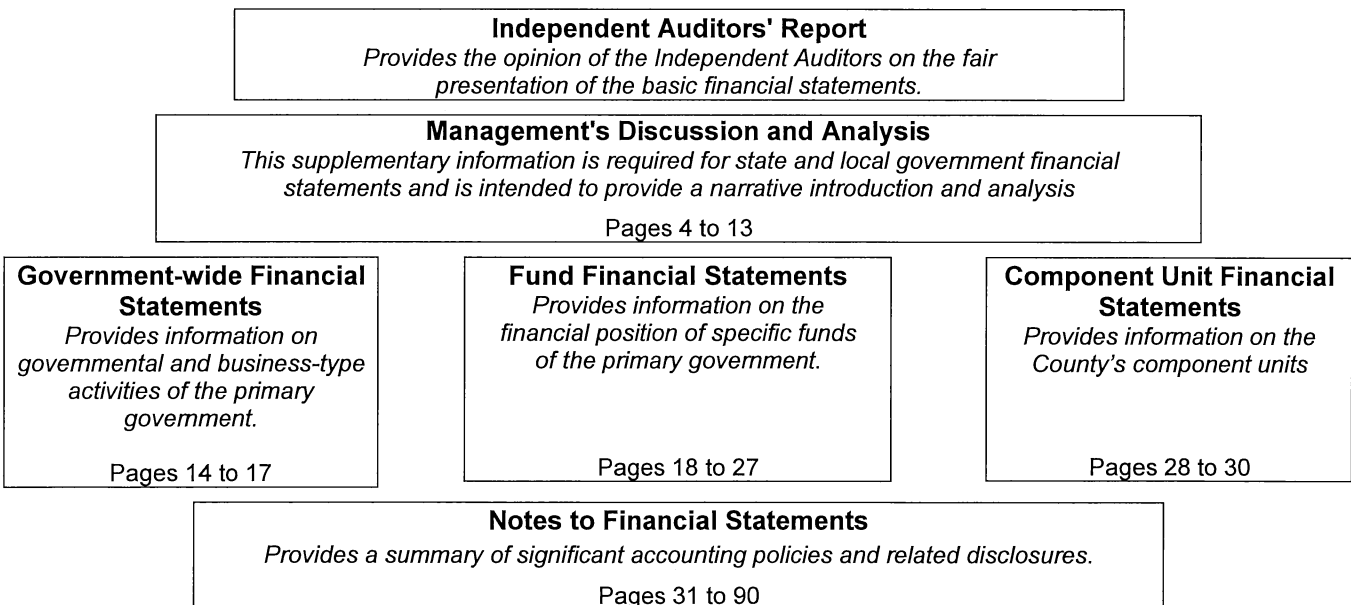
- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2018, by \$41,082,665. Of this amount \$12,717,039 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2018, the County's governmental funds reported combined ending fund balances of \$24,491,889. The amount available for governmental discretion (unassigned fund balance) is \$18,315,184.
- At December 31, 2018, the fund balance for the General Fund was \$18,682,620, a \$1,364,155 increase over last year. The unassigned portion of fund balance was \$18,682,620 or 100% of total General Fund balance or 52% of total General Fund expenditures for 2018.
- The County's general obligation debt netted a decrease of \$745,000. The County also paid off the capital leases in the amount of \$100,769 during 2018.

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



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

The *statement of activities* presents information showing how the government's net position changed during 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that 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 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 14-17 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.

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 128-135 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 137-142 of this report.

The basic governmental fund financial statements can be found on pages 18-21 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 22-25 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 26-27 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 31-90 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's General Fund's budgetary comparison schedule and historical pension and OPEB benefits information. Required supplementary information can be found on pages 91-99 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 100-146 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$41,082,665 at the close of the year ended December 31, 2018.

| County of Victoria, Texas | | | | | | |
|-----------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| NET POSITION (Statutory Basis) | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017* |
| Current and other assets | \$ 58,784,811 | \$ 59,071,929 | \$ 640,217 | \$ 1,100,892 | \$ 59,425,028 | \$ 60,172,821 |
| Capital assets (net) | 31,067,798 | 29,189,226 | 5,975,370 | 7,118,679 | 37,043,168 | 36,307,905 |
| Total assets | <u>89,852,609</u> | <u>88,261,155</u> | <u>6,615,587</u> | <u>8,219,571</u> | <u>96,468,196</u> | <u>96,480,726</u> |
| Deferred outflow of resources | <u>5,578,077</u> | <u>12,128,196</u> | - | - | <u>5,578,077</u> | <u>12,128,196</u> |
| Current and other liabilities | 5,219,271 | 5,651,300 | 218,376 | 542,956 | 5,437,647 | 6,194,256 |
| Noncurrent liabilities | <u>28,135,127</u> | <u>36,150,295</u> | <u>17,094</u> | <u>8,883</u> | <u>28,152,221</u> | <u>36,159,178</u> |
| Total liabilities | <u>33,354,398</u> | <u>41,801,595</u> | <u>235,470</u> | <u>551,839</u> | <u>33,589,868</u> | <u>42,353,434</u> |
| Deferred inflow of resources | <u>27,373,740</u> | <u>26,376,523</u> | - | - | <u>27,373,740</u> | <u>26,376,523</u> |
| Net position | | | | | | |
| Net investment in capital assets | 19,060,322 | 14,723,611 | 5,975,370 | 7,118,679 | 25,035,692 | 21,842,290 |
| Restricted | 3,329,934 | 2,695,608 | - | - | 3,329,934 | 2,695,608 |
| Unrestricted | <u>12,312,292</u> | <u>14,792,014</u> | <u>404,747</u> | <u>549,053</u> | <u>12,717,039</u> | <u>15,341,067</u> |
| Total net position | <u>\$ 34,702,548</u> | <u>\$ 32,211,233</u> | <u>\$ 6,380,117</u> | <u>\$ 7,667,732</u> | <u>\$ 41,082,665</u> | <u>\$ 39,878,965</u> |

*2017 net position has been restated. See Note 20 of this report.

The largest portion of the County's net position (61%) 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 position of \$3,329,934, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$12,717,039) 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 position, 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 POSITION
(Statutory Basis)**

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------------------------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017* |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 10,622,827 | \$ 10,435,794 | \$ 4,902,935 | \$ 5,577,735 | \$ 15,525,762 | \$ 16,013,529 |
| Operating grants & contributions | 5,456,911 | 4,626,724 | 73,151 | 64,804 | 5,530,062 | 4,691,528 |
| Capital grants & contributions | 3,041,129 | 1,214,971 | - | - | 3,041,129 | 1,214,971 |
| General revenues: | | | | | | |
| Property taxes | 26,205,061 | 25,826,188 | - | - | 26,205,061 | 25,826,188 |
| Other taxes | 10,314,720 | 9,557,243 | - | - | 10,314,720 | 9,557,243 |
| Other | 2,935,874 | 3,704,692 | 6,312 | 3,388 | 2,942,186 | 3,708,080 |
| Total revenues | 58,576,522 | 55,365,612 | 4,982,398 | 5,645,927 | 63,558,920 | 61,011,539 |
| EXPENSES | | | | | | |
| General governmental | 24,306,587 | 26,304,990 | - | - | 24,306,587 | 26,304,990 |
| Public safety | 21,767,661 | 21,626,868 | - | - | 21,767,661 | 21,626,868 |
| Highways and streets | 6,400,322 | 6,298,408 | - | - | 6,400,322 | 6,298,408 |
| Culture and recreation | 317,732 | 395,762 | - | - | 317,732 | 395,762 |
| Public health | 4,041,478 | 4,299,622 | - | - | 4,041,478 | 4,299,622 |
| Interest on long-term debt | 301,789 | 615,616 | - | - | 301,789 | 615,616 |
| Airport | - | - | 5,553,508 | 5,640,986 | 5,553,508 | 5,640,986 |
| Navarro project | - | - | - | 550,407 | - | 550,407 |
| Commissary | - | - | 147,365 | 153,074 | 147,365 | 153,074 |
| Total expenses | 57,135,569 | 59,541,266 | 5,700,873 | 6,344,467 | 62,836,442 | 65,885,733 |
| Change in net position before transfers, extraordinary, and special items | 1,440,953 | (4,175,654) | (718,475) | (698,540) | 722,478 | (4,874,194) |
| Transfers | (165,366) | (2,071,756) | 165,366 | 2,071,756 | - | - |
| Extraordinary and special items | 1,215,728 | 3,264,253 | (734,506) | - | 481,222 | 3,264,253 |
| Change in net position | 2,491,315 | (2,983,157) | (1,287,615) | 1,373,216 | 1,203,700 | (1,609,941) |
| Net position - January 1, 2018, as restated | 32,211,233 | 35,194,390 | 7,667,732 | 6,294,516 | 39,878,965 | 41,488,906 |
| Net position - December 31, 2018 | \$ 34,702,548 | \$ 32,211,233 | \$ 6,380,117 | \$ 7,667,732 | \$ 41,082,665 | \$ 39,878,965 |

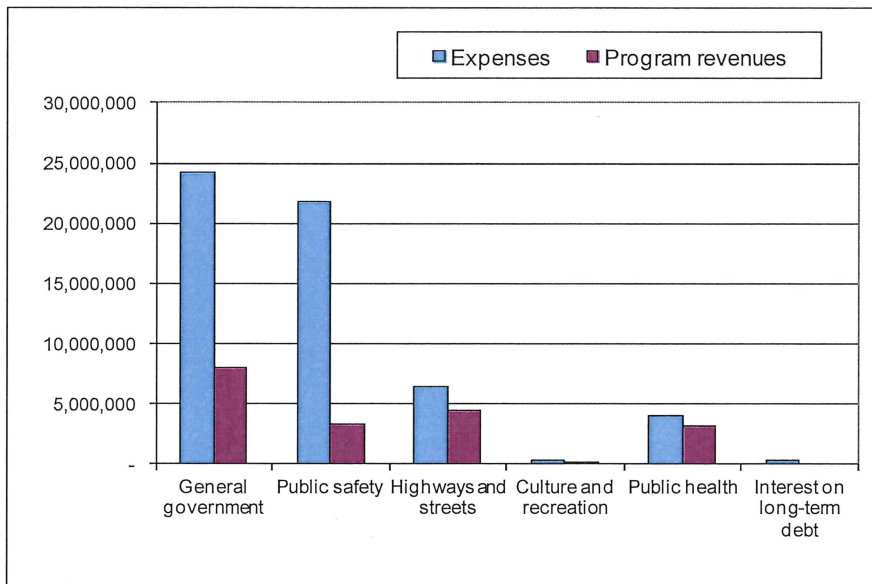
*2017 net position has been restated. See Note 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

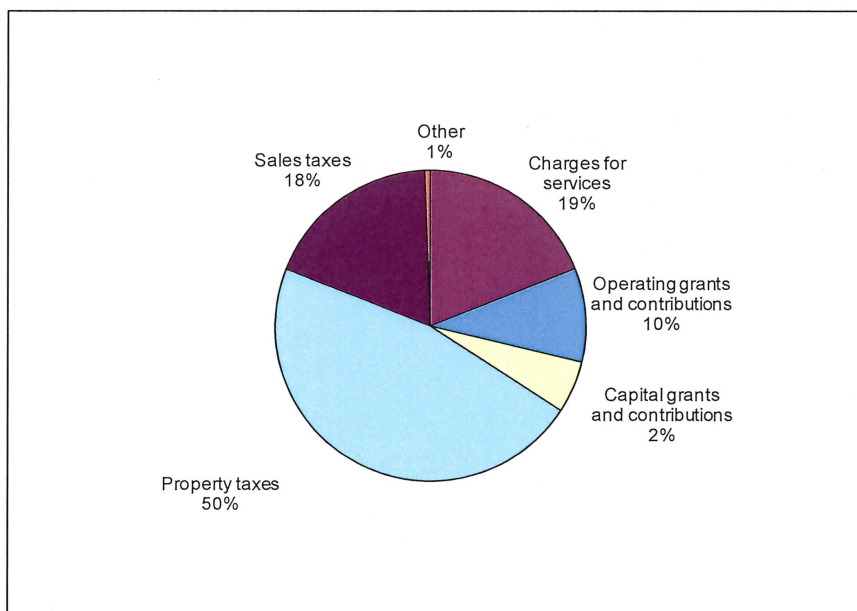
Governmental activities. Governmental activities increased the County's net position by \$2,491,315, thereby accounting for the majority of the total increase in the net position of the County. Key elements of this increase are as follows:

- Property tax revenues increased \$378,873 and sales tax revenue increased \$1,039,566 from the prior year.
- Total expenses decreased \$2,405,697 or 4% from the prior year.
- Transfers to business-type activities decreased \$1,906,390 or 92% from the prior year.

Expenses and Program Revenues - Governmental Activities



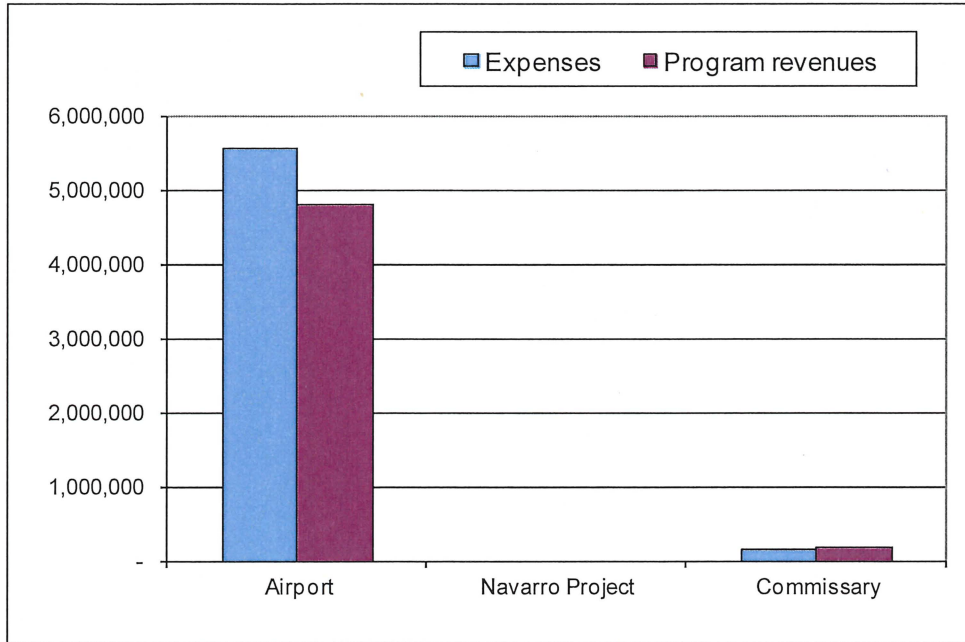
Revenues by Source - Governmental Activities



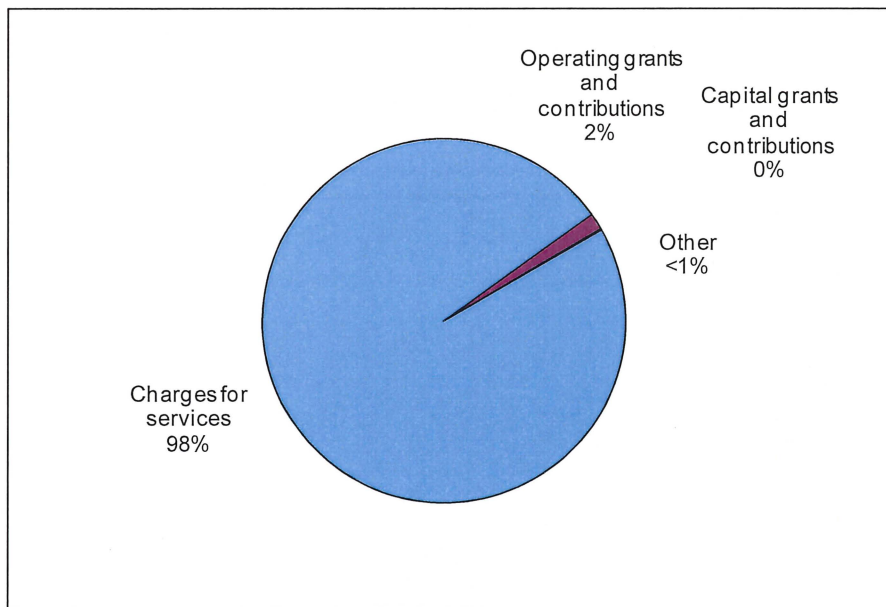
GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type activities. Business-type activities decreased the County's net position by \$1,287,615. This change was mainly due to a decrease in transfers from governmental activities of \$1,906,390 or 92% compared to 2017.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



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.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$24,491,889, an increase of \$3,411,747 in comparison with the prior year. Of the total fund balance, \$18,315,184 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$6,176,705 is *restricted* to specific types of expenditures.

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 \$18,682,620, which constituted the total fund balance. 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 52% of total General Fund expenditures, while total fund balance represents 52% of that same amount.

The fund balance of the County's General Fund increased by \$1,364,155 during the current year. This increase is due mainly to an increase in revenues and a decrease in transfers to other funds compared to 2017.

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 position of proprietary funds at the end of the year amounted to:

| Fund | 2018 | 2017 |
|-----------------|--------------------------------------|--------------------------------------|
| | Unrestricted Net Position | Unrestricted Net Position |
| Airport | \$ 139,932 | \$ 65,264 |
| Navarro Project | - | 255,730 |
| Commissary | 264,815 | 228,059 |
| Total | \$ 404,747 | \$ 549,053 |

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 \$1,448,211 and can be briefly summarized as follows:

- \$1,420,936 in miscellaneous decreases in general governmental expenditures, mainly due to an increase in indigent defense and new HVAC units for the Juvenile Detention Center and Victoria County Jail.

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

For 2018, the General Fund's actual expenditures came in \$1,486,991 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2018.

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, 2018, amounts to \$37,043,168 (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 2% (a 6% increase for governmental activities and a 16% decrease for business-type activities).

| County of Victoria, Texas | | | | | | | |
|---------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|--|
| CAPITAL ASSETS | | | | | | | |
| (Net of Depreciation) | | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | | |
| | 2018 | 2017* | 2018 | 2017 | 2018 | 2017* | |
| Land | \$ 2,615,775 | \$ 2,466,342 | \$ - | \$ 149,433 | \$ 2,615,775 | \$ 2,615,775 | |
| Construction in progress | - | 3,109,385 | - | - | - | 3,109,385 | |
| Buildings | 9,741,075 | 9,395,585 | 3,999 | 76,372 | 9,745,074 | 9,471,957 | |
| Improvements | 7,373,668 | 6,444,137 | 5,662,611 | 6,580,438 | 13,036,279 | 13,024,575 | |
| Machinery and equipment | 5,126,446 | 5,797,283 | 308,760 | 312,436 | 5,435,206 | 6,109,719 | |
| Infrastructure | 6,210,834 | 1,976,494 | - | - | 6,210,834 | 1,976,494 | |
| Total | \$ 31,067,798 | \$ 29,189,226 | \$ 5,975,370 | \$ 7,118,679 | \$ 37,043,168 | \$ 36,307,905 | |

*2017 capital assets have been restated. See Note 20 of this report.

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, 2018, consisted of the following:
 - Equipment had a net increase of \$670,837 due to the acquisition of new vehicles and equipment for various departments and current year depreciation.
 - Infrastructure increased by \$4,234,340 mainly due to the completion of the Rider 48 road project at the Port of Victoria.
 - Improvements increased by \$929,531 due to the completion of renovations on the Road & Bridge Precinct Number 2 building and on the Juvenile Detention building.
 - Increases in land, buildings, improvements, and machinery and equipment also consisted of the transfer of the Navarro Project net capital assets to the governmental activities in 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)

Capital Assets. - (Continued)

- o The decrease to the business-type activities capital assets during the year ended December 31, 2018, consisted mainly of the transfer of the Navarro Project net capital assets to the governmental activities.

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 \$12,128,713. This debt is backed by the full faith and credit of the government.

County of Victoria, Texas

Outstanding Debt and Net Bond Premium (Discount)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|------------------------------------|---------------------|-------------------------------------|-------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Certificates of obligation | \$ 6,585,000 | \$ 7,245,000 | \$ - | \$ - | \$ 6,585,000 | \$ 7,245,000 |
| General obligation bonds | 4,835,000 | 4,920,000 | - | - | 4,835,000 | 4,920,000 |
| Issuance premiums | 708,713 | 763,838 | - | - | 708,713 | 763,838 |
| Total | \$12,128,713 | \$12,928,838 | \$ - | \$ - | \$12,128,713 | \$12,928,838 |

The County's total debt decreased by \$800,125 (6%) during the current year, this was due to the principal payments on the debt, the issuance of the 2017 Limited Tax Refunding Bonds, and the amortization of the related premiums. The County maintains an "AA" rating from Standard & Poor's, and Fitch Ratings for general obligation debt. Additional information on the County's long-term debt can be found in Note 14.

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 2019 budget was adopted by Commissioners' Court on September 17, 2018. The budget included a 3% stipend to all employees. The property tax rate was set at \$0.3959 (39.59 cents) per \$100 assessed taxable valuation, which reflects no change from the prior year from the prior year. The taxable valuation decreased for the 2019 year by \$151.6 million which will result in a decrease of tax revenue of \$566,515.

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 POSITION - STATUTORY BASIS**

December 31, 2018

| | Primary Government | | | Component Units |
|-----------------------------------------------|----------------------------|-----------------------------|-------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 30,215,989 | \$ 572,922 | \$ 30,788,911 | \$ 51,199,636 |
| Investments | 1,960,000 | - | 1,960,000 | - |
| Receivables (net) | 25,015,395 | 28,954 | 25,044,349 | 19,255,598 |
| Internal balances | (7,639) | 7,639 | - | - |
| Due from other governments | 1,558,457 | - | 1,558,457 | 6,325,859 |
| Due from external parties | 42,609 | - | 42,609 | - |
| Inventory | - | 25,710 | 25,710 | 1,985,107 |
| Estimated amounts due from third-party payers | - | - | - | 1,706,747 |
| Prepaid items | - | - | - | 3,873,419 |
| Total current assets | <u>58,784,811</u> | <u>635,225</u> | <u>59,420,036</u> | <u>84,346,366</u> |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Land and other assets not being depreciated | 2,615,775 | - | 2,615,775 | 30,750,521 |
| Buildings, improvements, and equipment (net) | 28,452,023 | 5,975,370 | 34,427,393 | 86,432,774 |
| Other assets | - | 4,992 | 4,992 | 217,547 |
| Net pension asset | - | - | - | 9,753,510 |
| Total noncurrent assets | <u>31,067,798</u> | <u>5,980,362</u> | <u>37,048,160</u> | <u>127,154,352</u> |
| Total assets | <u>89,852,609</u> | <u>6,615,587</u> | <u>96,468,196</u> | <u>211,500,718</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred amount on refunding | 121,237 | - | 121,237 | - |
| Deferred outflow related to pension | 5,369,609 | - | 5,369,609 | 4,033,174 |
| Deferred outflow related to OPEB | 87,231 | - | 87,231 | - |
| Total deferred outflows of resources | <u>5,578,077</u> | <u>-</u> | <u>5,578,077</u> | <u>4,033,174</u> |

The accompanying notes are an integral part of this statement.

| | Primary Government | | | Component Units |
|---------------------------------------------|----------------------------|-----------------------------|----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 1,534,370 | \$ 80,031 | \$ 1,614,401 | \$ 10,718,117 |
| Accrued expenses | 767,598 | 26,450 | 794,048 | 12,761,101 |
| Accrued interest payable | 182,875 | - | 182,875 | 31,406 |
| Due to other governments | 429,961 | - | 429,961 | - |
| Claims payable | 564,217 | - | 564,217 | - |
| Deposits | 1,400 | 40,233 | 41,633 | - |
| Unearned revenue | 26,645 | 52,159 | 78,804 | - |
| Accrued compensated absences | 778,454 | 19,503 | 797,957 | - |
| Current portion of long-term obligations | 933,751 | - | 933,751 | 1,423,516 |
| Total current liabilities | 5,219,271 | 218,376 | 5,437,647 | 24,934,140 |
| Noncurrent liabilities | | | | |
| Noncurrent portion of long-term obligations | 13,579,413 | 17,094 | 13,596,507 | 21,097,720 |
| Net pension liability | 13,232,108 | - | 13,232,108 | - |
| OPEB liability | 1,323,606 | - | 1,323,606 | - |
| Total noncurrent liabilities | 28,135,127 | 17,094 | 28,152,221 | 21,097,720 |
| Total liabilities | 33,354,398 | 235,470 | 33,589,868 | 46,031,860 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 24,666,616 | - | 24,666,616 | 2,095,623 |
| Deferred inflow related to pension | 2,699,595 | - | 2,699,595 | 10,601,920 |
| Deferred inflow related to OPEB | 7,529 | - | 7,529 | - |
| Total deferred inflows of resources | 27,373,740 | - | 27,373,740 | 12,697,543 |
| NET POSITION | | | | |
| Net investment in capital assets | 19,060,322 | 5,975,370 | 25,035,692 | 101,348,601 |
| Restricted for: | | | | |
| Debt service | 567,827 | - | 567,827 | - |
| Other purposes | 2,762,107 | - | 2,762,107 | - |
| Unrestricted | 12,312,292 | 404,747 | 12,717,039 | 55,455,888 |
| Total net position | \$ 34,702,548 | \$ 6,380,117 | \$ 41,082,665 | \$ 156,804,489 |

COUNTY OF VICTORIA, TEXAS

STATEMENT OF ACTIVITIES - STATUTORY BASIS

For the year ended December 31, 2018

| Function/Programs | Expenses | Program Revenues | | |
|--------------------------------|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental activities | | | | |
| General government | \$ 24,306,587 | \$ 6,601,723 | \$ 1,449,273 | \$ - |
| Public safety | 21,767,661 | 2,167,104 | 1,219,068 | - |
| Highways and streets | 6,400,322 | 1,409,429 | - | 3,041,129 |
| Culture and recreation | 317,732 | 2,625 | 3,025 | - |
| Public health | 4,041,478 | 441,946 | 2,785,545 | - |
| Interest on long-term debt | 301,789 | - | - | - |
| Total governmental activities | <u>57,135,569</u> | <u>10,622,827</u> | <u>5,456,911</u> | <u>3,041,129</u> |
| Business-type activities | | | | |
| Airport | 5,553,508 | 4,727,396 | 73,151 | - |
| Navarro Project | - | - | - | - |
| Commissary | 147,365 | 175,539 | - | - |
| Total business-type activities | <u>5,700,873</u> | <u>4,902,935</u> | <u>73,151</u> | <u>-</u> |
| Total primary government | <u>\$ 62,836,442</u> | <u>\$ 15,525,762</u> | <u>\$ 5,530,062</u> | <u>\$ 3,041,129</u> |
| Component Units | <u>\$ 247,636,510</u> | <u>\$ 225,967,924</u> | <u>\$ 60,176</u> | <u>\$ -</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

Extraordinary item

Special item

Transfers

Total general revenues, extraordinary item, special item, and transfers

Change in net position

Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Position | | | |
|------------------------------------------------------|---------------------------------|----------------------|-----------------------|
| Primary Government | | | |
| Governmental Activities | Business- type Activities | Total | Component Units |
| \$ (16,255,591) | \$ - | \$ (16,255,591) | \$ - |
| (18,381,489) | - | (18,381,489) | - |
| (1,949,764) | - | (1,949,764) | - |
| (312,082) | - | (312,082) | - |
| (813,987) | - | (813,987) | - |
| (301,789) | - | (301,789) | - |
| <u>(38,014,702)</u> | <u>-</u> | <u>(38,014,702)</u> | <u>-</u> |
| - | (752,961) | (752,961) | - |
| - | - | - | - |
| - | 28,174 | 28,174 | - |
| - | <u>(724,787)</u> | <u>(724,787)</u> | <u>-</u> |
| <u>(38,014,702)</u> | <u>(724,787)</u> | <u>(38,739,489)</u> | <u>-</u> |
| - | - | - | (21,608,410) |
| 24,773,007 | - | 24,773,007 | 2,013,767 |
| 1,432,054 | - | 1,432,054 | - |
| 10,314,720 | - | 10,314,720 | - |
| 336,764 | - | 336,764 | - |
| 1,354,933 | - | 1,354,933 | - |
| 602,197 | 6,312 | 608,509 | 758,630 |
| 641,980 | - | 641,980 | 5,427,811 |
| 481,222 | - | 481,222 | - |
| 734,506 | (734,506) | - | - |
| (165,366) | 165,366 | - | - |
| <u>40,506,017</u> | <u>(562,828)</u> | <u>39,943,189</u> | <u>8,200,208</u> |
| 2,491,315 | (1,287,615) | 1,203,700 | (13,408,202) |
| <u>32,211,233</u> | <u>7,667,732</u> | <u>39,878,965</u> | <u>170,212,691</u> |
| <u>\$ 34,702,548</u> | <u>\$ 6,380,117</u> | <u>\$ 41,082,665</u> | <u>\$ 156,804,489</u> |

COUNTY OF VICTORIA, TEXAS
BALANCE SHEET - STATUTORY BASIS
GOVERNMENTAL FUNDS
December 31, 2018

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------------------------------------------------------|----------------------|-----------------------------------------|-----------------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 21,613,092 | \$ 8,600,746 | \$ 30,213,838 |
| Investments | 1,960,000 | - | 1,960,000 |
| Receivables (net) | 19,967,273 | 4,531,257 | 24,498,530 |
| Due from other governments | 500,284 | 1,058,173 | 1,558,457 |
| Due from other funds | 1,672,813 | - | 1,672,813 |
| Total assets | <u>\$ 45,713,462</u> | <u>\$ 14,190,176</u> | <u>\$ 59,903,638</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 451,504 | \$ 1,050,813 | \$ 1,502,317 |
| Accrued expenditures | 571,569 | 189,690 | 761,259 |
| Due to other funds | 21,833 | 1,125,733 | 1,147,566 |
| Due to other governments | 429,961 | - | 429,961 |
| Deposits | 1,400 | - | 1,400 |
| Unearned revenue | 17,396 | - | 17,396 |
| Total liabilities | <u>1,493,663</u> | <u>2,366,236</u> | <u>3,859,899</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | <u>25,537,179</u> | <u>6,014,671</u> | <u>31,551,850</u> |
| Total deferred inflows of resources | <u>25,537,179</u> | <u>6,014,671</u> | <u>31,551,850</u> |
| FUND BALANCES | | | |
| Restricted | - | 6,176,705 | 6,176,705 |
| Unassigned | <u>18,682,620</u> | <u>(367,436)</u> | <u>18,315,184</u> |
| Total fund balances | <u>18,682,620</u> | <u>5,809,269</u> | <u>24,491,889</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 45,713,462</u> | <u>\$ 14,190,176</u> | <u>\$ 59,903,638</u> |

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

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

December 31, 2018

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------------|
| Total governmental fund balances | | \$ 24,491,889 |
| <i>Amounts reported for governmental activities in the statement of net position 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 position. | | (583,119) |
| 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 reported as "unavailable" in the funds. | | 3,663,117 |
| 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 unavailable revenues in the governmental funds and thus are not included in fund balance. | | 3,222,117 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of: | | |
| Governmental capital assets costs | \$ 188,659,266 | |
| Accumulated depreciation of governmental capital assets | <u>(157,591,468)</u> | 31,067,798 |
| Deferred outflows of resources are not reported in the governmental funds: | | |
| Deferred amount on refunding | 121,237 | |
| Deferred amount on pension | 5,369,609 | |
| Deferred amount on OPEB | <u>87,231</u> | 5,578,077 |
| 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 | (11,420,000) | |
| Issuance premiums | (708,713) | |
| Interlocal commitment | (1,615,952) | |
| Accrued interest payable | (182,875) | |
| Compensated absences | (1,546,953) | |
| Net pension liability | (13,232,108) | |
| OPEB liability | <u>(1,323,606)</u> | (30,030,207) |
| Deferred inflows of resources are not reported in the governmental funds: | | |
| Deferred amount on pension | (2,699,595) | |
| Deferred amount on OPEB | <u>(7,529)</u> | (2,707,124) |
| Net position of governmental activities | | <u>\$ 34,702,548</u> |

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, 2018

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------------------------------------------|----------------------|-----------------------------------------|-----------------------------------------|
| REVENUES | | | |
| Taxes | \$ 31,191,474 | \$ 5,584,618 | \$ 36,776,092 |
| Fees of office and user fees | 1,862,343 | 1,545,802 | 3,408,145 |
| Intergovernmental | 3,652,306 | 11,971,949 | 15,624,255 |
| Fines and forfeitures | 1,056,561 | 676,166 | 1,732,727 |
| Investment income | 466,811 | 125,844 | 592,655 |
| Licenses and permits | 44,989 | - | 44,989 |
| Contributions | - | 925,026 | 925,026 |
| Miscellaneous | 872,778 | 275,140 | 1,147,918 |
| Total revenues | <u>39,147,262</u> | <u>21,104,545</u> | <u>60,251,807</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | 17,773,193 | 5,316,937 | 23,090,130 |
| Public safety | 17,808,181 | 2,278,241 | 20,086,422 |
| Highways and streets | - | 6,071,539 | 6,071,539 |
| Culture and recreation | 246,956 | 1,483 | 248,439 |
| Public health | - | 4,011,118 | 4,011,118 |
| Capital outlay | - | 2,607,738 | 2,607,738 |
| Debt service | | | |
| Principal retirement | - | 992,856 | 992,856 |
| Interest and fiscal charges | - | 393,712 | 393,712 |
| Total expenditures | <u>35,828,330</u> | <u>21,673,624</u> | <u>57,501,954</u> |
| Excess (deficiency) of revenues over expenditures | <u>3,318,932</u> | <u>(569,079)</u> | <u>2,749,853</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of assets | 7,050 | - | 7,050 |
| Transfers in | 272,773 | 2,059,018 | 2,331,791 |
| Transfers out | <u>(2,234,600)</u> | <u>(571,353)</u> | <u>(2,805,953)</u> |
| Total other financing sources (uses) | <u>(1,954,777)</u> | <u>1,487,665</u> | <u>(467,112)</u> |
| EXTRAORDINARY ITEMS | | | |
| Extraordinary item | <u>-</u> | <u>1,129,006</u> | <u>1,129,006</u> |
| Change in fund balances | 1,364,155 | 2,047,592 | 3,411,747 |
| Fund balances at beginning of year | <u>17,318,465</u> | <u>3,761,677</u> | <u>21,080,142</u> |
| Fund balances at end of year | <u>\$ 18,682,620</u> | <u>\$ 5,809,269</u> | <u>\$ 24,491,889</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, 2018*

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------|
| Total net change in fund balances - governmental funds | | \$ 3,411,747 |
| <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 activity of the Internal Service Fund is reported with governmental activities. | | (198,160) |
| The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position. | | 1,153,966 |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Increase in capital assets | \$ 3,630,995 | |
| Depreciation expense | <u>(2,906,387)</u> | 724,608 |
| 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 | 745,000 | |
| Interlocal commitment principal retirement | 247,856 | |
| Capital lease principal retirement | <u>100,769</u> | 1,093,625 |
| 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 | 83,041 | |
| Other revenues | <u>(2,842,161)</u> | (2,759,120) |
| 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: | | |
| Decrease in compensated absences | 20,464 | |
| Net pension costs | (980,318) | |
| OPEB costs | (67,419) | |
| Decrease in accrued interest | 46,971 | |
| Decrease in loss on bond refunding | (10,174) | |
| Decrease in bond premium | <u>55,125</u> | <u>(935,351)</u> |
| Change in net position of governmental activities | | \$ <u>2,491,315</u> |

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION - STATUTORY BASIS
PROPRIETARY FUNDS
December 31, 2018

| | Business-type Activities | | | | Governmental Activities- Internal Service Fund |
|-------------------------------------------------|--------------------------|--------------------|-------------------|---------------------|---------------------------------------------------------|
| | Airport | Navarro Project | Commissary | Total | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 312,674 | \$ - | \$ 260,248 | \$ 572,922 | \$ 2,151 |
| Receivables (net) | 15,814 | - | 13,140 | 28,954 | 516,865 |
| Due from other funds | 21,833 | - | - | 21,833 | - |
| Inventory | 25,710 | - | - | 25,710 | - |
| Total current assets | <u>376,031</u> | <u>-</u> | <u>273,388</u> | <u>649,419</u> | <u>519,016</u> |
| Noncurrent assets | | | | | |
| Capital assets | | | | | |
| Buildings, improvements, and equipment (net) | 5,926,730 | - | 48,640 | 5,975,370 | - |
| Deposits | 4,992 | - | - | 4,992 | - |
| Total noncurrent assets | <u>5,931,722</u> | <u>-</u> | <u>48,640</u> | <u>5,980,362</u> | <u>-</u> |
| Total assets | <u>6,307,753</u> | <u>-</u> | <u>322,028</u> | <u>6,629,781</u> | <u>519,016</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 78,840 | - | 1,191 | 80,031 | 32,053 |
| Accrued expenses | 23,667 | - | 2,783 | 26,450 | 6,339 |
| Due to other funds | 14,069 | - | 125 | 14,194 | 490,277 |
| Deposits | 40,233 | - | - | 40,233 | - |
| Unearned revenue | 52,159 | - | - | 52,159 | 9,249 |
| Claims payable | - | - | - | - | 564,217 |
| Accrued compensated absences | 17,119 | - | 2,384 | 19,503 | - |
| Total current liabilities | <u>226,087</u> | <u>-</u> | <u>6,483</u> | <u>232,570</u> | <u>1,102,135</u> |
| Noncurrent liabilities | | | | | |
| Accrued compensated absences | 15,004 | - | 2,090 | 17,094 | - |
| Total noncurrent liabilities | <u>15,004</u> | <u>-</u> | <u>2,090</u> | <u>17,094</u> | <u>-</u> |
| Total liabilities | <u>241,091</u> | <u>-</u> | <u>8,573</u> | <u>249,664</u> | <u>1,102,135</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 5,926,730 | - | 48,640 | 5,975,370 | - |
| Unrestricted | 139,932 | - | 264,815 | 404,747 | (583,119) |
| Total net position | <u>\$ 6,066,662</u> | <u>\$ -</u> | <u>\$ 313,455</u> | <u>\$ 6,380,117</u> | <u>\$ (583,119)</u> |

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

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

For the year ended December 31, 2018

| | Business-type Activities | | | Total | Governmental Activities- Internal Service Fund |
|----------------------------------------------------------------------------------------------------------------|--------------------------|--------------------|-------------------|---------------------|---------------------------------------------------------|
| | Airport | Navarro Project | Commissary | | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 3,911,578 | \$ - | \$ 175,352 | \$ 4,086,930 | \$ 4,009,020 |
| Rents | 672,047 | - | - | 672,047 | - |
| Miscellaneous | 143,771 | - | 187 | 143,958 | - |
| Total operating revenues | <u>4,727,396</u> | <u>-</u> | <u>175,539</u> | <u>4,902,935</u> | <u>4,009,020</u> |
| OPERATING EXPENSES | | | | | |
| Airport operations | 4,863,617 | - | - | 4,863,617 | - |
| Commissary operations | - | - | 139,040 | 139,040 | - |
| Health services | - | - | - | - | 4,752,722 |
| Depreciation | 684,074 | - | 8,325 | 692,399 | - |
| Total operating expenses | <u>5,547,691</u> | <u>-</u> | <u>147,365</u> | <u>5,695,056</u> | <u>4,752,722</u> |
| Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers | (820,295) | - | 28,174 | (792,121) | (743,702) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income - interest | 2,245 | - | 4,067 | 6,312 | 9,542 |
| Gain (loss) on disposition of assets | (5,817) | - | - | (5,817) | - |
| Noncapital grants and contributions | 73,151 | - | - | 73,151 | - |
| Total nonoperating revenues (expenses) | <u>69,579</u> | <u>-</u> | <u>4,067</u> | <u>73,646</u> | <u>9,542</u> |
| Income (loss) before contributions and transfers | (750,716) | - | 32,241 | (718,475) | (734,160) |
| Contributions and transfers | | | | | |
| Capital contributions | 227,204 | - | - | 227,204 | - |
| Transfers in | 193,892 | - | - | 193,892 | 536,000 |
| Transfers out | - | (255,730) | - | (255,730) | - |
| Total contributions and transfers | <u>421,096</u> | <u>(255,730)</u> | <u>-</u> | <u>165,366</u> | <u>536,000</u> |
| Special item - Loss on disposal of assets in connection with transfer of operations | - | (734,506) | - | (734,506) | - |
| Change in net position | (329,620) | (990,236) | 32,241 | (1,287,615) | (198,160) |
| Total net position at beginning of year | <u>6,396,282</u> | <u>990,236</u> | <u>281,214</u> | <u>7,667,732</u> | <u>(384,959)</u> |
| Total net position at end of year | <u>\$ 6,066,662</u> | <u>\$ -</u> | <u>\$ 313,455</u> | <u>\$ 6,380,117</u> | <u>\$ (583,119)</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, 2018

| | Business-type Activities | | | Total | Governmental Activities- Internal Service Fund |
|-----------------------------------------------------------------------------|--------------------------|--------------------|-------------------|-------------------|---------------------------------------------------------|
| | Airport | Navarro Project | Commissary | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 5,193,969 | \$ - | \$ 173,767 | \$ 5,367,736 | \$ 3,835,433 |
| Cash paid to suppliers for goods and services | (4,395,548) | - | (32,244) | (4,427,792) | (4,104,712) |
| Cash paid to employees for services | (801,279) | - | (107,472) | (908,751) | (269,714) |
| Net cash provided (used) by operating activities | <u>(2,858)</u> | <u>-</u> | <u>34,051</u> | <u>31,193</u> | <u>(538,993)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Noncapital grants and contributions | 72,393 | - | - | 72,393 | - |
| Borrowing (repayments) to other funds | (8,463) | - | (58) | (8,521) | (5,425) |
| Transfers in (out) from other funds | 193,892 | (255,730) | - | (61,838) | 536,000 |
| Net cash provided (used) by noncapital financing activities | <u>257,822</u> | <u>(255,730)</u> | <u>(58)</u> | <u>2,034</u> | <u>530,575</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Capital grants and contributions | 6,701 | - | - | 6,701 | - |
| Acquisition and construction of capital assets | (65,100) | - | (3,809) | (68,909) | - |
| Net cash provided (used) by capital and related financing activities | <u>(58,399)</u> | <u>-</u> | <u>(3,809)</u> | <u>(62,208)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment income | 2,245 | - | 4,067 | 6,312 | 9,542 |
| Net cash provided (used) by investing activities | <u>2,245</u> | <u>-</u> | <u>4,067</u> | <u>6,312</u> | <u>9,542</u> |
| Net increase (decrease) in cash and cash equivalents | 198,810 | (255,730) | 34,251 | (22,669) | 1,124 |
| Cash and cash equivalents at beginning of year | 113,864 | 255,730 | 225,997 | 595,591 | 1,027 |
| Cash and cash equivalents at end of year | <u>\$ 312,674</u> | <u>\$ -</u> | <u>\$ 260,248</u> | <u>\$ 572,922</u> | <u>\$ 2,151</u> |

The accompanying notes are an integral part of this statement.

| | Business-type Activities | | | Total | Governmental Activities- Internal Service Fund |
|------------------------------------------------------------------------------------------------|--------------------------|--------------------|------------------|-------------------|---------------------------------------------------------|
| | Airport | Navarro Project | Commissary | | |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ (820,295) | \$ - | \$ 28,174 | \$ (792,121) | \$ (743,702) |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | | |
| Depreciation | 684,074 | - | 8,325 | 692,399 | 692,399 |
| Changes in assets and liabilities | | | | | |
| (Increase) decrease in accounts receivable | 432,485 | - | (1,772) | 430,713 | (174,556) |
| (Increase) decrease in inventory | 21,564 | - | - | 21,564 | - |
| (Increase) decrease in deposits | (4,992) | - | - | (4,992) | - |
| Increase (decrease) in accounts payable | (368,962) | - | 406 | (368,556) | (211) |
| Increase (decrease) in accrued expenses | 7,103 | - | 556 | 7,659 | 70 |
| Increase (decrease) in deposits | 21,953 | - | - | 21,953 | - |
| Increase (decrease) in unearned revenue | 12,135 | - | - | 12,135 | 969 |
| Increase (decrease) in compensated absences | 12,077 | - | (1,638) | 10,439 | - |
| Increase (decrease) in claims payable | - | - | - | - | 378,437 |
| Total adjustments | 817,437 | - | 5,877 | 823,314 | 897,108 |
| Net cash provided (used) by operating activities | <u>\$ (2,858)</u> | <u>\$ -</u> | <u>\$ 34,051</u> | <u>\$ 31,193</u> | <u>\$ 153,406</u> |
| Noncash capital and related financing activities | | | | | |
| Assets acquired from contributions | <u>\$ 227,204</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 227,204</u> | <u>\$ -</u> |

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2018

| | Private Purpose Trust | Agency Funds |
|---------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 81,532 | \$ 6,900,747 |
| Receivables (net) | | |
| Other | - | 88,736 |
| Deposits | 3,654 | - |
| Seized assets | <u>-</u> | <u>234,785</u> |
| Total assets | <u>85,186</u> | <u>7,224,268</u> |
| LIABILITIES | | |
| Liabilities | | |
| Accounts payable | 41,291 | 2,646,186 |
| Due to other funds | 42,609 | - |
| Due to other governments | <u>-</u> | <u>4,578,082</u> |
| Total liabilities | <u>83,900</u> | <u>7,224,268</u> |
| NET POSITION | | |
| Unrestricted | <u>\$ 1,286</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the year ended December 31, 2018

| | <u>Private Purpose Trust</u> |
|------------------------------|--------------------------------------|
| ADDITIONS | |
| Miscellaneous | |
| Participants' contributions | \$ 226,511 |
| Investment income | <u>817</u> |
| Total additions | <u>227,328</u> |
| DEDUCTIONS | |
| General government | |
| Participants' withdrawals | <u>226,511</u> |
| Total deductions | <u>226,511</u> |
| Changes in net position | 817 |
| Net position - beginning | <u>469</u> |
| Net position - ending | <u>\$ 1,286</u> |

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
December 31, 2018

| | Victoria County Navigation District | Citizens Medical Center | Total |
|-----------------------------------------------|----------------------------------------------|-------------------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 12,482,541 | \$ 38,717,095 | \$ 51,199,636 |
| Receivables (net) | 1,828,990 | 17,426,608 | 19,255,598 |
| Due from other governments | - | 6,325,859 | 6,325,859 |
| Supplies inventory | - | 1,985,107 | 1,985,107 |
| Estimated amounts due from third-party payers | - | 1,706,747 | 1,706,747 |
| Prepaid items and other | - | 3,873,419 | 3,873,419 |
| Total current assets | 14,311,531 | 70,034,835 | 84,346,366 |
| Noncurrent assets | | | |
| Capital assets | | | |
| Land and other assets not being depreciated | 17,176,372 | 13,574,149 | 30,750,521 |
| Buildings, improvements, and equipment (net) | 21,168,577 | 65,264,197 | 86,432,774 |
| Other assets | - | 217,547 | 217,547 |
| Net pension asset | - | 9,753,510 | 9,753,510 |
| Total noncurrent assets | 38,344,949 | 88,809,403 | 127,154,352 |
| Total assets | 52,656,480 | 158,844,238 | 211,500,718 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflow related to pension | - | 4,033,174 | 4,033,174 |
| Total deferred outflows of resources | - | 4,033,174 | 4,033,174 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 398,764 | 10,319,353 | 10,718,117 |
| Accrued expenditures/expenses | - | 12,761,101 | 12,761,101 |
| Accrued interest payable | 31,406 | - | 31,406 |
| Current portion of long-term obligations | 1,343,866 | 79,650 | 1,423,516 |
| Total current liabilities | 1,774,036 | 23,160,104 | 24,934,140 |
| Noncurrent liabilities | | | |
| Noncurrent portion of long-term obligations | 20,307,170 | 790,550 | 21,097,720 |
| Total noncurrent liabilities | 20,307,170 | 790,550 | 21,097,720 |
| Total liabilities | 22,081,206 | 23,950,654 | 46,031,860 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow related to property taxes | 2,079,561 | - | 2,079,561 |
| Deferred inflow related to pensions | - | 10,601,920 | 10,601,920 |
| Deferred inflow related to fees | 16,062 | - | 16,062 |
| Total deferred inflows of resources | 2,095,623 | 10,601,920 | 12,697,543 |
| NET POSITION | | | |
| Net investment in capital assets | 22,760,313 | 78,588,288 | 101,348,601 |
| Unrestricted | 5,719,338 | 49,736,550 | 55,455,888 |
| Total net position | \$ 28,479,651 | \$ 128,324,838 | \$ 156,804,489 |

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, 2018

| Function/Programs | Expenses | Program Revenues | | |
|-------------------------------------|----------------|-------------------------|------------------------------------------|----------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Component Units | | | | |
| Victoria County Navigation District | \$ 4,399,696 | \$ 3,257,748 | \$ 60,176 | \$ - |
| Citizens Medical Center | 243,236,814 | 222,710,176 | - | - |
| Total component units | \$ 247,636,510 | \$ 225,967,924 | \$ 60,176 | \$ - |

General revenues:

Taxes:

Property taxes, levied for general purposes

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue
and Changes
in Net Position

| Component Units | | |
|-------------------------------------------|-------------------------------|-----------------------|
| Victoria County Navigation District | Citizens Medical Center | Total |
| \$ (1,081,772) | \$ - | \$ (1,081,772) |
| <u>-</u> | <u>(20,526,638)</u> | <u>(20,526,638)</u> |
| <u>(1,081,772)</u> | <u>(20,526,638)</u> | <u>(21,608,410)</u> |
| | | |
| 2,013,767 | - | 2,013,767 |
| 218,696 | 539,934 | 758,630 |
| 28,294 | 5,399,517 | 5,427,811 |
| <u>2,260,757</u> | <u>5,939,451</u> | <u>8,200,208</u> |
| 1,178,985 | (14,587,187) | (13,408,202) |
| <u>27,300,666</u> | <u>142,912,025</u> | <u>170,212,691</u> |
| <u>\$ 28,479,651</u> | <u>\$ 128,324,838</u> | <u>\$ 156,804,489</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 2017 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.

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

As required by GAAP, the County's financial statements present the County and its component units, entities for which the County is considered financially accountable. A component unit is included in the County's reporting entity if either of the following are applicable: (1) the County appoints a voting majority of the component unit's governing body and the County is able to impose its will on the component unit or there is potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the County; (2) the component unit is fiscally dependent on the County and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The County is required to consider other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

The component units discussed in this note are included in the County's financial statements because the Commissioners' Court appoints a voting majority of the organization's governing body 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 two component units. They are reported as discretely presented component units 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.

Citizens Medical Center - A 338-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, 2018. The Medical Center is reported as a Proprietary Fund Type in the accompanying financial statements.

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

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 position and the statement of activities) 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.

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 2018 tax levy is dedicated to pay for expenditures of the 2019 budget. The entire 2018 tax levy has either been recorded as unearned revenue or unavailable revenue as of December 31, 2018.

The County reports the following major governmental fund:

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 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. The operations of the fund were transferred to the General Fund in 2018.

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.

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.

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.

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 \$82,911. Budget expenditure amendments in these funds netted an increase of \$4,317,608.

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.

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 position. 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 acquisition 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.

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 |

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

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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs and deferred losses on refunding as expenditures/expenses, 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension/OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Differences between actuarial assumptions used and actual experience for determination of pension or OPEB liability – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

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

K. Deferred Outflows/Inflows of Resources - (Continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This year, the County has the following items that qualify for reporting in this category.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension or OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the County's pension liability is obtained from TCERS through a report prepared for the County by TCERS consulting actuary, Milliman, Inc., in compliance with GASB No. 68.

M. 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).

N. Net Position/Fund Balance Flow Assumption

For the classification of government-wide and proprietary fund financial statements, it is the County's policy to consider restricted net position before unrestricted net position. For 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.

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

O. 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.

P. 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, 2018, the following funds had deficit equity balances:

| <u>Fund</u> | <u>Fund Balance/ Net Position</u> |
|----------------------------|---------------------------------------|
| Nonmajor Governmental Fund | |
| Hurricane Harvey | \$ 367,436 |
| Internal Service Fund | |
| Employee Health Insurance | 583,119 |

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

NOTE 3: DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of December 31, 2018:

| <u>Deposits and Investments</u> | |
|-------------------------------------------|--------------------------|
| Bank Deposits | \$ 29,048,916 |
| Nonnegotiable Certificates of Deposits | 1,960,000 |
| Negotiable Certificates of Deposits | 1,960,000 |
| LOGIC Investment Pool | 5,117,720 |
| Cash on Hand | <u>1,644,554</u> |
| Total | <u>\$ 39,731,190</u> |

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the County that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral held by the Federal Reserve Bank in the County's name under a collateral agreement with Prosperity Bank. The market value of the collateral held at the Federal Reserve Bank in the County's name at year-end was \$72,438,308. At December 31, 2018, the respective bank balances totaled \$39,506,557.

Investments

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. For additional information see the County of Victoria investment policy at www.victoriacountytx.org.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)**Investments - (Continued)**

As of December 31, 2018, the County had the following investments:

| Investment Type | Fair Value | Fair Value Measurements Using | | |
|-------------------------------------|--------------|-------------------------------|--------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Negotiable Certificates of Deposits | \$ 1,960,000 | \$ - | \$ 1,960,000 | \$ - |
| Total | \$ 1,960,000 | \$ - | \$ 1,960,000 | \$ - |

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.

As of December 31, 2018, the County's investments had the following maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-------------------------------------|--------------|----------------------------------|--------------|------|--------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| Negotiable Certificates of Deposits | \$ 1,960,000 | \$ - | \$ 1,960,000 | \$ - | \$ - |
| Total | \$ 1,960,000 | \$ - | \$ 1,960,000 | \$ - | \$ - |

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

Investments - (Continued)

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, 2018, the County's investments had the following quality ratings:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Quality Ratings</u> | | | |
|----------------------------------------|-------------------|------------------------|-----------|----------|----------------|
| | | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>Unrated</u> |
| Negotiable Certificates of Deposits | \$ 1,960,000 | \$ - | \$ - | \$ - | \$ 1,960,000 |
| Total | \$ 1,960,000 | \$ - | \$ - | \$ - | \$ 1,960,000 |

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 - 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, 2018, and for the year then ended, the County was not exposed to any custodial credit risk.

Please see Notes 22 and 23 for discussions relative to the cash deposits of the County's two component units.

NOTE 4: RECEIVABLES

Receivables at December 31, 2018, 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 | \$ 16,344,343 | \$ - | \$ - | \$ 4,378,748 | \$ 20,723,091 |
| Sales taxes | 1,762,487 | - | - | - | 1,762,487 |
| Fines | 12,888,466 | - | - | - | 12,888,466 |
| Insurance | - | - | - | 225,573 | 225,573 |
| Other | 133,967 | 15,814 | 13,140 | 843,723 | 1,006,644 |
| Total gross receivables | 31,129,263 | 15,814 | 13,140 | 5,448,044 | 36,606,261 |
| Less: Allowances | 11,161,990 | - | - | 399,922 | 11,561,912 |
| Total net receivables | <u>\$ 19,967,273</u> | <u>\$ 15,814</u> | <u>\$ 13,140</u> | <u>\$ 5,048,122</u> | <u>\$ 25,044,349</u> |

The only receivables not expected to be collected within one year are \$158,026 of fines receivable reported in the General Fund.

The County's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. 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 unavailable 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 | \$ 22,315,062 | \$ - | \$ 22,315,062 |
| Fines receivable | 3,222,117 | - | 3,222,117 |
| Other | - | 17,396 | 17,396 |
| Nonmajor Funds | | | |
| Ad valorem taxes receivable | 6,014,671 | - | 6,014,671 |
| | <u>\$ 31,551,850</u> | <u>\$ 17,396</u> | <u>\$ 31,569,246</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, 2018, was \$0.3959 per \$100, which means the County has a tax margin of \$0.4041 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, 2018:

| | <u>General</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|--------------------------|-------------------|-------------------------------------|---------------------|
| Contract reimbursements | \$ 404,530 | \$ 205,907 | \$ 610,437 |
| Federal and state grants | 30,268 | 852,266 | 882,534 |
| Alcohol and bingo taxes | 65,486 | - | 65,486 |
| | <u>\$ 500,284</u> | <u>\$ 1,058,173</u> | <u>\$ 1,558,457</u> |

NOTE 6: CAPITAL ASSETS

The County's capital asset activity for the year ended December 31, 2018, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 2,466,342 | \$ 149,433 | \$ - | \$ 2,615,775 |
| Construction in progress | 3,109,385 | 3,243,684 | 6,353,069 | - |
| Total capital assets not being depreciated | <u>5,575,727</u> | <u>3,393,117</u> | <u>6,353,069</u> | <u>2,615,775</u> |
| Capital assets, being depreciated | | | | |
| Machinery and equipment | 18,973,898 | 875,640 | 212,624 | 19,636,914 |
| Buildings | 19,965,013 | 2,083,712 | 28,312 | 22,020,413 |
| Improvements | 18,931,703 | 4,635,917 | - | 23,567,620 |
| Infrastructure | 116,393,223 | 4,425,321 | - | 120,818,544 |
| Total capital assets being depreciated | <u>174,263,837</u> | <u>12,020,590</u> | <u>240,936</u> | <u>186,043,491</u> |
| Less accumulated depreciation for | | | | |
| Machinery and equipment | 13,176,615 | 1,532,855 | 199,002 | 14,510,468 |
| Buildings | 10,569,428 | 1,737,956 | 28,046 | 12,279,338 |
| Improvements | 12,487,566 | 3,706,386 | - | 16,193,952 |
| Infrastructure | 114,416,729 | 190,981 | - | 114,607,710 |
| Total accumulated depreciation | <u>150,650,338</u> | <u>7,168,178</u> | <u>227,048</u> | <u>157,591,468</u> |
| Total capital assets being depreciated, net | <u>23,613,499</u> | <u>4,852,412</u> | <u>13,888</u> | <u>28,452,023</u> |
| Governmental activities capital assets, net | <u>\$ 29,189,226</u> | <u>\$ 8,245,529</u> | <u>\$ 6,366,957</u> | <u>\$ 31,067,798</u> |

NOTE 6: CAPITAL ASSETS - (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|----------------------------------------------|----------------------|---------------------|-------------------|---------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 149,433 | \$ - | \$ 149,433 | \$ - |
| Total capital assets not being depreciated | <u>149,433</u> | <u>-</u> | <u>149,433</u> | <u>-</u> |
| Capital assets, being depreciated | | | | |
| Machinery and equipment | 1,096,090 | 68,909 | 133,024 | 1,031,975 |
| Buildings | 2,478,519 | - | 1,367,473 | 1,111,046 |
| Improvements | 20,096,338 | 227,204 | 3,424,409 | 16,899,133 |
| Total capital assets being depreciated | <u>23,670,947</u> | <u>296,113</u> | <u>4,924,906</u> | <u>19,042,154</u> |
| Less accumulated depreciation for | | | | |
| Machinery and equipment | 783,654 | 57,993 | 118,432 | 723,215 |
| Buildings | 2,402,147 | 4,000 | 1,299,100 | 1,107,047 |
| Improvements | 13,515,900 | 636,506 | 2,915,884 | 11,236,522 |
| Total accumulated depreciation | <u>16,701,701</u> | <u>698,499</u> | <u>4,333,416</u> | <u>13,066,784</u> |
| Total capital assets being depreciated, net | <u>6,969,246</u> | <u>(402,386)</u> | <u>591,490</u> | <u>5,975,370</u> |
| Business-type activities capital assets, net | <u>\$ 7,118,679</u> | <u>\$ (402,386)</u> | <u>\$ 740,923</u> | <u>\$ 5,975,370</u> |

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

| | |
|-------------------------------------------------------|---------------------|
| Governmental activities | |
| General government | \$ 938,978 |
| Public safety | 1,203,664 |
| Highways and streets | 647,746 |
| Culture and recreation | 55,643 |
| Public health | 60,356 |
| Total depreciation expense - governmental activities | <u>\$ 2,906,387</u> |
| Business-type activities | |
| Airport | \$ 684,074 |
| Commissary | 8,325 |
| Total depreciation expense - business-type activities | <u>\$ 692,399</u> |

The depreciation expense recorded in the governmental activities was \$2,906,387 while the increase reflected on the schedule to accumulated depreciation was \$7,168,178. The difference of \$4,261,791 is attributed to the accumulated depreciation associated with the capital assets that were transferred to the governmental activities as a result of the transfer of operations of the Navarro Project Fund. The depreciation expense recorded in the business-type activities was \$692,399 while the increase reflected on the schedule to accumulated depreciation was \$698,499. The difference of \$6,100 is attributed to the accumulated depreciation on the assets transferred from the General Fund to the Airport Fund during 2018.

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 \$4,000. The total cost of the improvements to the land and buildings is \$16,899,133 and the carrying value is \$5,662,610. Accumulated depreciation on all assets in the Airport Fund is \$12,988,713. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2018:

| <u>Year Ending December 31</u> | |
|------------------------------------|---------------------|
| 2019 | \$ 296,733 |
| 2020 | 242,120 |
| 2021 | 173,231 |
| 2022 | 136,419 |
| 2023 | <u>87,648</u> |
| | 936,151 |
| Thereafter | <u>140,547</u> |
| | <u>\$ 1,076,698</u> |

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 is fully depreciated. The total cost of the improvements to the building leased is \$3,424,409 and the carrying value is \$321,013. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$4,470,868. During 2018, these operations were transferred to the General Fund. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2018:

| <u>Year Ending December 31</u> | |
|------------------------------------|-------------------|
| 2019 | \$ 212,788 |
| 2020 | 184,064 |
| 2021 | 22,366 |
| 2022 | - |
| 2023 | <u>-</u> |
| | 419,218 |
| Thereafter | <u>-</u> |
| | <u>\$ 419,218</u> |

NOTE 8: DEFINED BENEFIT PENSION PLANPlan Description

The County provides retirement and disability 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 760 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 10 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 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 14.04% for the accounting year in 2018. The deposit rate payable by the employee members is the rate of 7.00% 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.

The deposit rate payable by the employer for calendar year 2018 is the rate of 14.04% as adopted by the governing body of the employer. The employee members 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.

NOTE 8: DEFINED BENEFIT PENSION PLAN - (Continued)Net Pension Liability

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation timing | Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported. |
| Actuarial cost method | Entry age normal |
| Amortization method | |
| Recognition of economic/ demographic gains or losses | Straight-line amortization over expected working life |
| Recognition of assumptions changes or inputs | Straight-line amortization over expected working life |
| Asset valuation method | |
| Smoothing period | 5 years |
| Recognition method | Non-asymptotic |
| Corridor | None |
| Inflation | 2.75% |
| Salary increases | Varies by age and service. 4.9% average over career including inflation. |
| Investment rate of return | 8.00%, net of administrative and investment expenses, including inflation |
| Cost of living adjustments | Cost of living adjustments for Victoria County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost of living adjustments is included in the GASB calculations. No assumption for future cost of living adjustments is included in the funding valuation. |
| Retirement age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Turnover | The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement is 0% for the two years immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available. New employees are assumed to replace any terminated members and have similar entry ages. |

NOTE 8: DEFINED BENEFIT PENSION PLAN - (Continued)**Net Pension Liability - (Continued)****Actuarial Assumptions - (Continued)**

| | |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Changes in Plan Provisions Reflected in the Schedule of Employer Contributions | No changes in plan provisions for 2015 and 2016. New Annuity Purchase Rates were reflected for benefits earned after 2017. |
| Changes in Assumptions and Methods reflected in the Schedule of Employer Contributions | New inflation, mortality and other assumptions were reflected in 2015. New mortality assumptions were reflected in 2017. |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Geometric Real Rate of Return (Expected minus Inflation) |
|------------------------------------|-------------------|----------------------------------------------------------|
| US Equities | 11.50% | 4.55% |
| Private Equity | 16.00% | 7.55% |
| Global Equities | 1.50% | 4.85% |
| International Equities - Developed | 11.00% | 4.55% |
| International Equities - Emerging | 8.00% | 5.55% |
| Investment-Grade Bonds | 3.00% | 0.75% |
| Strategic Credit | 8.00% | 4.12% |
| Direct Lending | 10.00% | 8.06% |
| Distressed Debt | 2.00% | 6.30% |
| REIT Equities | 2.00% | 4.05% |
| Master Limited Partnerships | 3.00% | 6.00% |
| Private Real Estate Partnerships | 6.00% | 6.25% |
| Hedge Funds | 18.00% | 4.10% |

NOTE 8: DEFINED BENEFIT PENSION PLAN - (Continued)**Net Pension Liability - (Continued)***Actuarial Assumptions - (Continued)**Discount Rate*

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|---------------------------------------------------|------------------------------------|----------------------------------------|----------------------------------|
| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
| | (a) | (b) | (a) - (b) |
| Balance at 12/31/2016 | \$ 141,037,698 | \$ 120,670,993 | \$ 20,366,705 |
| Changes for the year: | | | |
| Service cost | 4,039,378 | - | 4,039,378 |
| Interest | 11,470,437 | - | 11,470,437 |
| Effect of plan changes | - | - | - |
| Effect of economic/demographic gains or losses | (243,371) | - | (243,371) |
| Effect of assumptions changes or inputs | 1,054,081 | - | 1,054,081 |
| Refund of contributions | (448,052) | (448,052) | - |
| Benefit payments | (6,623,101) | (6,623,101) | - |
| Administrative expense | - | (91,146) | 91,146 |
| Member contributions | - | 2,051,460 | (2,051,460) |
| Net investment income | - | 17,595,977 | (17,595,977) |
| Employer contributions | - | 3,914,502 | (3,914,502) |
| Other | - | (15,671) | 15,671 |
| Net changes | <u>9,249,372</u> | <u>16,383,969</u> | <u>(7,134,597)</u> |
| Balance at 12/31/2017 | <u>\$ 150,287,070</u> | <u>\$ 137,054,962</u> | <u>\$ 13,232,108</u> |

NOTE 8: DEFINED BENEFIT PENSION PLAN - (Continued)Net Pension Liability - (Continued)*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

| | 1% Decrease in Discount Rate (7.10%) | Current Discount Rate (8.10%) | 1% Increase in Discount Rate (9.10%) |
|---------------------------------|-------------------------------------------------|------------------------------------------|-------------------------------------------------|
| Total pension liability | \$ 169,940,574 | \$ 150,287,070 | \$ 133,780,547 |
| Fiduciary net position | <u>137,054,962</u> | <u>137,054,962</u> | <u>137,054,962</u> |
| Net pension liability / (asset) | <u>\$ 32,885,612</u> | <u>\$ 13,232,108</u> | <u>\$ (3,274,415)</u> |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS report.

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2018, the County recognized pension expense of \$4,827,732. At December 31, 2018, the County reported the following deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ 124,266 | \$ 1,007,048 |
| Changes of assumptions | 1,397,929 | - |
| Net difference between projected and actual earnings | - | 1,692,547 |
| Contributions made subsequent to measurement date | <u>3,847,414</u> | <u>-</u> |
| Total | <u>\$ 5,369,609</u> | <u>\$ 2,699,595</u> |

NOTE 8: DEFINED BENEFIT PENSION PLAN - (Continued)

Pension Expense and Deferred Outflows of Resources - (Continued)

Amounts reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

| | | |
|-------------------------|----|--------------------|
| Year ended December 31, | | |
| 2018 | \$ | 988,780 |
| 2019 | | 571,168 |
| 2020 | | (1,325,538) |
| 2021 | | (1,411,809) |
| 2022 | | - |
| Thereafter | | - |
| | \$ | <u>(1,177,399)</u> |

NOTE 9: OTHER POSTEMPLOYMENT BENEFIT PLAN - LIFE (OPEB)

Plan Description and Benefits Provided

The County participates in the retiree Group Term Life program for the TCDRS. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree GTL program are included in the OPEB plan. The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The OPEB benefit is a fixed \$5,000 lump-sum benefit and no future increases are assumed in the \$5,000 benefit amount. The benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year.

Membership

At the December 31, 2017 valuation and measurement date, the following is the number of members in the plan:

| | |
|---------------------------------------------------------------|--------------|
| Inactive employees currently receiving benefits | 288 |
| Inactive employees entitled to but not yet receiving benefits | 137 |
| Active employees | <u>575</u> |
| Total | <u>1,000</u> |

Contributions

The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000. For GASB 75 purposes, the OPEB plan is not a cost sharing plan as the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions. The contributions are held in the GTL fund and the fund does not meet the requirements of a trust under Paragraph 4b of GASB 75 as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

NOTE 9: OTHER POSTEMPLOYMENT BENEFIT PLAN - LIFE (OPEB)

Contributions - (Continued)

The County's contribution rates for the program are as follows:

| Plan/Calendar Year | Total GTL Contribution (Rate) | Retiree Portion of GTL Contribution (Rate) |
|--------------------|-------------------------------|--------------------------------------------|
| 2017 | 0.15% | 0.09% |
| 2018 | 0.15% | 0.09% |

Total OPEB Liability

The County's total OPEB liability and the OPEB expense is recognized on the County's financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

| | |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation timing | Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported. |
| Actuarial cost method | Entry age normal |
| Amortization method | |
| Recognition of economic/ demographic gains or losses | Straight-line amortization over expected working life |
| Recognition of assumptions changes or inputs | Straight-line amortization over expected working life |
| Asset valuation method | Does not apply |
| Inflation | Does not apply |
| Salary increases | Does not apply |
| Investment rate of return (Discount rate) as of December 28, 2017 | 3.44%; 20 year bond GO Index published by bondbuyer.com |
| Cost of living adjustment | Does not apply |
| Disability | Based on TCDRS experience |
| Retirement age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |

NOTE 9: OTHER POSTEMPLOYMENT BENEFIT PLAN - LIFE (OPEB)

Total OPEB Liability - (Continued)

Actuarial Assumptions - (Continued)

| | |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality | For service retirees and beneficiaries, 130% and 110% of the RP-2014 Healthy Annuitant Mortality Table for males and females, respectively, both projected with 110% of the MP-2014 Ultimate scale after 2014. For depositing members, 90% of the RP-2014 Active Employee Mortality Table, projected with 110% of the MP-2014 Ultimate scale after 2014. For disabled retirees, 130% and 115% of the RP-2014 Disabled Annuitant Mortality Table for males and females, respectively, both projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Other Termination of Employment | The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group and gender. No termination after eligibility for retirement is assumed. |

Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2017 was 3.44%, a decrease from the rate of 3.78% at December 31, 2016. The OPEB plan has been determined to be an unfunded OPEB plan; therefore, only the municipal bond rate applies.

Implementing GASB Statement No. 75

In the year of implementation (fiscal year ended December 31, 2018), the County made a prior period adjustment for the Total OPEB Liability as of the 12/31/17 measurement date and recorded a deferred outflow of resources for contributions recorded by the County (retiree portion of GTL rate only) from December 31, 2016 to December 31, 2017. TCDRS elected not to calculate other deferrals as of the December 31, 2016 measurement date.

Changes in Total OPEB Liability.

| | <u>Changes in Total OPEB Liability</u> |
|----------------------------------------------|--------------------------------------------|
| Balance at 12/31/2016 | \$ 1,202,861 |
| Changes for the year: | |
| Service cost | 35,991 |
| Interest | 46,335 |
| Changes in benefit terms | - |
| Effect of economic/demographic experience | (9,035) |
| Effect of assumptions changes/inputs | 73,830 |
| Benefit payments | (26,376) |
| Other | - |
| Balance at 12/31/2017 | <u>\$ 1,323,606</u> |

NOTE 9: OTHER POSTEMPLOYMENT BENEFIT PLAN - LIFE (OPEB)

Total OPEB Liability - (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB Liability of the County, calculated using the discount rate of 3.44%, as well as what the County's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44%) or 1-percentage-point higher (4.44%) than the current rate:

| | 1.0% Decrease in Discount Rate (2.44%) | Discount Rate (3.44%) | 1.0% Increase in Discount Rate (4.44%) |
|-----------------------------------|-------------------------------------------|-----------------------|-------------------------------------------|
| County's Total OPEB Liability: | \$1,619,627 | \$1,323,606 | \$1,099,037 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2017, the City recognized OPEB expense of \$93,125.

As of December 31, 2017, the deferred outflows of resources and deferred inflows of resources related to OPEB are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 7,529 |
| Changes in actuarial assumptions | 61,525 | - |
| Contributions subsequent to the measurement date | 25,706 | - |
| Total | \$ 87,231 | \$ - |

Deferred outflows and inflows of resources to be recognized in future OPEB expense (excluding County contributions subsequent to the measurement date) are as follows:

| Year ended December 31: | OPEB Expense Amount |
|-------------------------|---------------------|
| 2018 | \$ 10,799 |
| 2019 | 10,799 |
| 2020 | 10,799 |
| 2021 | 10,799 |
| 2022 | 10,799 |
| Thereafter | - |
| Total | \$ 53,995 |

NOTE 10: RETIREE HEALTH BENEFIT PLAN (OPEB)

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 105 and 91 retirees and active employees for the years 2018 and 2017, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$178,574 in 2018 and \$178,396 in 2017.

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 \$100,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year. 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, 2018, the fund had estimated liabilities for outstanding claims of \$564,217. There was an unrestricted net position of (\$583,119) as of December 31, 2018, a decrease of \$198,160 from 2017.

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> |
|-------------|--------------------------|-----------------|--------------|---------------------------|
| 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 |
| 2012 | 166,498 | 2,423,413 | 2,388,999 | 200,912 |
| 2013 | 200,912 | 2,343,056 | 2,365,617 | 178,351 |
| 2014 | 178,351 | 2,346,944 | 2,374,667 | 150,628 |
| 2015 | 150,628 | 2,180,671 | 2,123,249 | 208,050 |
| 2016 | 208,050 | 2,734,593 | 2,694,141 | 248,502 |
| 2017 | 248,502 | 3,309,724 | 3,372,446 | 185,780 |
| 2018 | 185,780 | 3,681,389 | 3,302,952 | 564,217 |

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 2018. 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, 2018, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------------------------|----------------------|---------------------|----------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| Bonds and certificates payable | | | | | |
| Certificates of obligation | \$ 7,245,000 | \$ - | \$ 660,000 | \$ 6,585,000 | \$ 680,000 |
| General obligation bonds | 4,920,000 | - | 85,000 | 4,835,000 | - |
| Less: Deferred amounts | | | | | |
| Issuance premiums | 763,838 | - | 55,125 | 708,713 | - |
| Net bonds and certificates payable | <u>12,928,838</u> | <u>-</u> | <u>800,125</u> | <u>12,128,713</u> | <u>680,000</u> |
| Capital leases payable | 100,769 | - | 100,769 | - | - |
| Interlocal commitment | 1,863,808 | - | 247,856 | 1,615,952 | 253,751 |
| Compensated absences | 1,567,418 | 3,113,945 | 3,134,410 | 1,546,953 | 778,454 |
| Net pension liability | 20,366,705 | - | 7,134,597 | 13,232,108 | - |
| OPEB liability | 1,202,861 | 120,745 | - | 1,323,606 | - |
| Total governmental activity long-term liabilities | <u>\$ 38,030,399</u> | <u>\$ 3,234,690</u> | <u>\$ 11,417,757</u> | <u>\$ 29,847,332</u> | <u>\$ 1,712,205</u> |
| Business-type activities | | | | | |
| Compensated absences | \$ 26,158 | \$ 78,354 | \$ 67,915 | \$ 36,597 | \$ 19,504 |
| Total business-type activity long-term liabilities | <u>\$ 26,158</u> | <u>\$ 78,354</u> | <u>\$ 67,915</u> | <u>\$ 36,597</u> | <u>\$ 19,504</u> |

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

NOTE 14: LONG-TERM DEBT - (Continued)

B. General Obligation Certificates and Bonds

Long-term liabilities at December 31, 2018, 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 \$380,000 to \$405,000 through 2020; interest varying between 3.00% and 4.00%. | \$ 800,000 |
| \$6,340,000 2014 Certificates of Obligation due in annual installments ranging from \$280,000 to \$465,000 through 2034; interest varying between 2.00% and 4.00%. | 5,785,000 |
| \$4,920,000 2017 Limited Tax Refunding Bonds due in annual installments ranging from \$85,000 to \$570,000 through 2030; interest varying between 2.00% and 4.00%. | <u>4,835,000</u> |
| Total general obligation debt | <u>\$ 11,420,000</u> |

| Year Ending December 31 | Governmental Activities | | |
|----------------------------|-------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2019 | \$ 680,000 | \$ 386,814 | \$ 1,066,814 |
| 2020 | 695,000 | 366,339 | 1,061,339 |
| 2021 | 710,000 | 345,726 | 1,055,726 |
| 2022 | 730,000 | 324,876 | 1,054,876 |
| 2023 | 755,000 | 302,601 | 1,057,601 |
| 2024-2028 | 4,170,000 | 1,107,205 | 5,277,205 |
| 2029-2033 | 3,215,000 | 322,427 | 3,537,427 |
| 2034 | <u>465,000</u> | <u>8,254</u> | <u>473,254</u> |
| | <u>\$ 11,420,000</u> | <u>\$ 3,164,242</u> | <u>\$ 14,584,242</u> |

NOTE 14: LONG-TERM DEBT - (Continued)

E. 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. In 2016, the County received an overpass threshold letter from the City reducing the County's remaining payments by \$85,995 in total or \$7,818 per annum. The County's annual payment to the City was adjusted to \$292,182 and will be paid through February 1, 2024.

The County has reported the interlocal commitment as a long-term obligation on the government-wide financial statements at and as of December 31, 2018. 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:

| <u>Year Ending December 31</u> | <u>Governmental Activities</u> | | |
|------------------------------------|--------------------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2019 | \$ 253,751 | \$ 38,431 | \$ 292,182 |
| 2020 | 259,786 | 32,396 | 292,182 |
| 2021 | 265,965 | 26,217 | 292,182 |
| 2022 | 272,290 | 19,892 | 292,182 |
| 2023 | 278,765 | 13,417 | 292,182 |
| 2024 | 285,395 | 6,787 | 292,182 |
| | <u>\$ 1,615,952</u> | <u>\$ 137,140</u> | <u>\$ 1,753,092</u> |

NOTE 15: 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.

Interfund receivable and payable balances as of December 31, 2018, were as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------------|
| General | Nonmajor Governmental | \$ 1,125,733 |
| | Airport | 14,069 |
| | Commissary | 125 |
| | Internal Service | 490,277 |
| | Private Purpose Trust | 42,609 |
| Airport | General | <u>21,833</u> |
| Total | | <u>\$ 1,694,646</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>Airport</u> | <u>Internal Service</u> | <u>Total</u> |
| General | \$ - | \$ 1,504,708 | \$ 193,892 | \$ 536,000 | \$ 2,234,600 |
| Navarro Project | 255,730 | - | - | - | 255,730 |
| Nonmajor Governmental | <u>17,043</u> | <u>554,310</u> | - | - | <u>571,353</u> |
| | <u>\$ 272,773</u> | <u>\$ 2,059,018</u> | <u>\$ 193,892</u> | <u>\$ 536,000</u> | <u>\$ 3,061,683</u> |

NOTE 16: 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, 2018, 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 17: EXTRAORDINARY ITEM

On August 26, 2017 the County was affected by Hurricane Harvey which caused extensive damage to various County facilities. Insurance recoveries in 2017 were \$3,264,253 net of an estimated loss of \$309,495. In 2018, the County received an additional \$1,129,006 of insurance proceeds and it is recognized as an extraordinary item in the Hurricane Harvey Fund, a nonmajor governmental fund. The government-wide statement of activities reports \$481,222 which are the current year proceeds net of the unavailable revenue amount of \$647,784 from 12/31/17. This amount was reported as revenue in 2017 on the government-wide statements and therefore is not reported as revenue in 2018.

NOTE 18: FUND BALANCES

The following is a detail of the governmental fund balances as of December 31, 2018:

| | <u>Restricted</u> | <u>Unassigned</u> | <u>Total</u> |
|------------------------------|---------------------|----------------------|----------------------|
| General | | | |
| Unassigned | \$ - | \$ 18,682,620 | \$ 18,682,620 |
| Nonmajor Governmental | | | |
| Unassigned | - | (367,436) | (367,436) |
| Road and bridge | 2,943,347 | - | 2,943,347 |
| County/District Clerks | 465,609 | - | 465,609 |
| Public safety | 1,500,219 | - | 1,500,219 |
| Public health | 119,436 | - | 119,436 |
| Courthouse security | 96,823 | - | 96,823 |
| Retirement of long-term debt | 471,251 | - | 471,251 |
| Various government costs | 580,020 | - | 580,020 |
| | <u>\$ 6,176,705</u> | <u>\$ 18,315,184</u> | <u>\$ 24,491,889</u> |

NOTE 19: SPECIAL ITEM

In 2018, the County transferred the Navarro Project operations, previously accounted for in the Navarro Project Fund, to the County's General Fund. The transfer of operations occurred on January 1, 2018 and included in the transfer were capital assets with a net book value of \$734,506 and cash of \$255,730. The transfer of capital assets is recorded as a special item on the accompanying government-wide statement of activities and on the Navarro Project Statement of Revenues, Expenses, and Changes in Net Position - Statutory Basis.

NOTE 20: RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The GASB has issued the following statement which became effective for fiscal year 2018:

GASB Statement No. 75: Accounting and Financial Reporting for Post-employment Benefits Other than Pensions replaces previous authoritative literature. For plans that do not have formal trusts, GASB Statement No. 75 requires state and local government employers to recognize the total OPEB liability and the related OPEB expense on their financial statements along with the related deferred outflows and inflows of resources. In addition to the deferred outflows/inflows associated with plan experience and assumption changes, the standard requires the benefit payments and administrative costs incurred subsequent to the measurement date and before the end of the employer's reporting period to be reported as a deferred outflow of resources.

The implementation of GASB No. 75 resulted in the restatement of beginning net position for the recording of the beginning OPEB liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying the change results in the adjustments below.

In addition, there were restatements to the Governmental activities capital assets at December 31, 2017. The changes are listed below.

| | <u>Government-wide</u> <u>Governmental</u> <u>Activities</u> |
|--------------------------------------------------------------------------|--------------------------------------------------------------------|
| Net position at December 31, 2017, as previously reported | \$ 33,739,559 |
| Restatement of capital asset balances | (351,841) |
| Recording of Total OPEB - SDB liability as of December 31, 2017 | (1,202,861) |
| Deferral for OPEB - SDB contributions made after the measurement date | <u>26,376</u> |
| Net position at December 31, 2017, as restated | <u>\$ 32,211,233</u> |

NOTE 21: TAX ABATEMENTS

The County enters into property tax abatement agreements with local businesses under the State of Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant property tax abatements of up to 100% of a business' tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the County. The Act provides guidelines and criteria that are then adopted for two-year periods. In order to be eligible to receive tax phase-in, over a period of four to ten years, the planned new facility or planned expansion to modernization of an existing facility must meet the following qualifications:

- a. be reasonably expected to increase the appraised value of the property in the amount of not less than five hundred thousand (\$500,000) dollars after construction is completed.
- b. for new construction projects expected to create less than ten new jobs, pay employees in new jobs an aggregate base weekly wage equal to ten times the average weekly wage across all sectors for Victoria County for the most recent calendar quarter reported by the Texas Workforce Commission as of the date of the application.
- c. companies seeking to qualify for tax phase-in on the basis of job retention shall document that without the creation of a reinvestment zone and/or tax phase-in; the company will either reduce or cease operations. The taxes are abated through a reduction of assessed value. The amount of the tax abatement is determined by applying a specific percentage of taxes owed to each year in the abatement period. Provisions for recapturing abated taxes include discontinuation of products or services for a period of one year during the phase-in period, at which time the agreement shall terminate and the taxes shall be paid within 60 days of termination. The agreement can also be terminated if the company violates any of the terms and conditions of its phase-in agreement, or has delinquent unabated ad valorem taxes owed.

For the fiscal year ended December 31, 2018, the County abated property taxes totaling \$433,015 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

100 percent tax abatement to a company for locating in the County and constructing a new facility for the purpose of assembling heavy construction equipment. The abatement amounted to \$409,887.

45 percent tax abatement to a company to expand and modernize their existing facility. The facility is a natural gas electric generation facility. The abatement amounted to \$40,007.

The County has not made any commitments as part of the agreements other than to reduce taxes. The County is not subject to any abatement agreements entered into by other governmental entities. The County has chosen to disclose information about some of its tax abatement agreements individually. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

NOTE 22: 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.

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, 2018, the District's expenditures in the General Fund exceeded the amended budget by \$77,304.

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, Prosperity 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.

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.

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.

NOTE 22: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

D. Deposits and Investments - (Continued)

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. As of December 31, 2018 the District had no investments.

E. Receivables

Receivables at December 31, 2018, consist of the following:

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|-------------------------|-------------------------|----------------------------------|---------------------|
| Gross receivables: | | | |
| Accounts | \$ 365,254 | \$ - | \$ 365,254 |
| Ad valorem taxes | <u>1,521,567</u> | <u>19,207</u> | <u>1,540,774</u> |
| Total gross receivables | 1,886,821 | 19,207 | 1,906,028 |
| Less: Allowances | <u>76,078</u> | <u>960</u> | <u>77,038</u> |
| Total net receivables | <u>\$ 1,810,743</u> | <u>\$ 18,247</u> | <u>\$ 1,828,990</u> |

The District's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. 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 unavailable 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 | \$ 2,229,847 | \$ - | \$ 2,229,847 |
| Lease revenue | - | 16,062 | 16,062 |
| Nonmajor Fund | | | |
| Ad valorem taxes receivable | <u>18,253</u> | <u>-</u> | <u>18,253</u> |
| | <u>\$ 2,248,100</u> | <u>\$ 16,062</u> | <u>\$ 2,264,162</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.

NOTE 22: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**F. Capital Assets**

The District's capital asset activity for the year ended December 31, 2018, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------------|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 16,269,637 | \$ - | \$ - | \$ 16,269,637 |
| Construction in progress | - | 906,735 | - | 906,735 |
| Total capital assets, not being depreciated | <u>16,269,637</u> | <u>906,735</u> | <u>-</u> | <u>17,176,372</u> |
| Capital assets, being depreciated | | | | |
| Improvements | 35,732,021 | - | - | 35,732,021 |
| M.P.R.R. Main Line Bridge | 1,493,134 | - | - | 1,493,134 |
| Equipment | 90,312 | 142,237 | - | 232,549 |
| Total capital assets, being depreciated | <u>37,315,467</u> | <u>142,237</u> | <u>-</u> | <u>37,457,704</u> |
| Less accumulated depreciation for | | | | |
| Improvements | 13,106,678 | 1,393,182 | - | 14,499,860 |
| M.P.R.R. Main Line Bridge | 1,609,104 | 88,318 | - | 1,697,422 |
| Equipment | 77,586 | 14,259 | - | 91,845 |
| Total accumulated depreciation | <u>14,793,368</u> | <u>1,495,759</u> | <u>-</u> | <u>16,289,127</u> |
| Total capital assets being depreciated, net | <u>22,522,099</u> | <u>(1,353,522)</u> | <u>-</u> | <u>21,168,577</u> |
| Governmental activities capital assets, net | <u>\$ 38,791,736</u> | <u>\$ (446,787)</u> | <u>\$ -</u> | <u>\$ 38,344,949</u> |

Depreciation expense of \$1,495,759 was charged to the general government function/program in 2018.

NOTE 22: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

G. Unearned Lease Revenue

The District has tenants that have paid their annual leases in advance and those amounts totaling \$16,062 are included as unearned revenue.

H. Long-term Debt

General Obligation Bonds

The following is a summary of general obligation bond transactions for the year ended December 31, 2018, for governmental activities:

| | |
|------------------------------------|----------------------|
| Bonds payable at January 1, 2018 | \$ 21,355,000 |
| Additions | - |
| Retirements | <u>(1,235,000)</u> |
| Bonds payable at December 31, 2018 | <u>\$ 20,120,000</u> |

Bonds payable at December 31, 2018, are comprised of the following issues:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 2012 Revenue Refunding Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2028; interest rate of 3.05%. | \$ 3,665,000 |
| 2012A Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2032; interest rate of 2.99%. | 8,115,000 |
| 2015 Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2016 through June 1, 2030; interest rate of 2.98%. | <u>8,340,000</u> |
| Total | <u>\$ 20,120,000</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> |
|-------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 1,275,000 | \$ 583,826 | \$ 1,858,826 |
| 2020 | 1,315,000 | 544,969 | 1,859,969 |
| 2021 | 1,355,000 | 504,914 | 1,859,914 |
| 2022 | 1,390,000 | 463,733 | 1,853,733 |
| 2023 | 1,435,000 | 421,353 | 1,856,353 |
| 2024-2028 | 7,860,000 | 1,424,241 | 9,284,241 |
| 2029-2032 | <u>5,490,000</u> | <u>284,785</u> | <u>5,774,785</u> |
| Total | <u>\$ 20,120,000</u> | <u>\$ 4,227,821</u> | <u>\$ 24,347,821</u> |

NOTE 22: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

H. Long-term Debt - (Continued)

Notes Payable

The following is a summary of note payable transactions for the year ended December 31, 2018, for governmental activities:

| | |
|------------------------------------|---------------------|
| Notes payable at January 1, 2018 | \$ 1,598,011 |
| Additions | - |
| Retirements | <u>(66,975)</u> |
| Notes payable at December 31, 2018 | <u>\$ 1,531,036</u> |

Notes payable at December 31, 2018, are comprised of the following issues:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Smith property note due in monthly installments of various amounts beginning in 2016 through June 15, 2036; interest rate of 2.75%. | <u>\$ 1,531,036</u> |
| Total | <u>\$ 1,531,036</u> |

Annual debt service requirements to maturity for the notes payable are as follows:

| <u>Maturities</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 68,866 | \$ 41,811 | \$ 110,677 |
| 2020 | 70,698 | 39,979 | 110,677 |
| 2021 | 72,808 | 37,869 | 110,677 |
| 2022 | 74,864 | 35,813 | 110,677 |
| 2023 | 76,978 | 33,699 | 110,677 |
| 2024-2028 | 418,590 | 134,797 | 553,387 |
| 2029-2033 | 481,261 | 72,127 | 553,388 |
| 2034-2036 | <u>266,971</u> | <u>9,720</u> | <u>276,691</u> |
| Total | <u>\$ 1,531,036</u> | <u>\$ 405,815</u> | <u>\$ 1,936,851</u> |

I. 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 2018. 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 23: 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 338-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.

The Medical Center controls the operations of 10 freestanding nursing homes located in the Medical Center's service area.

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, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, if any, and investment income are included in nonoperating revenues and expenses. The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The Medical Center prepares its financial statements as a business-type activity in conformity with applicable pronouncements of GASB.

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.

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.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies

Investment Income

Investment income for the years ended June 30, 2018 and 2017 consisted of interest earned on bank deposits and interest earned on a note receivable issued in connection with the sale of a clinical lab in 2016.

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.

Supplies

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition 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 |

Compensated Absences

Medical Center policies permit most employees to accumulate vacation and sick leave 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 whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. 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.

Deferred Outflows of Resources

The Medical Center reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Defined Benefit Pension Plan

The Medical Center has an agent multiple-employer defined benefit pension plan through the Texas Hospital Association (the Plan). For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

The Medical Center reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of its statements of net position.

Net Position

Net position of the Medical Center is classified in two components. Net investment in capital assets consists 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. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

At June 30, 2018 and 2017, \$227,070 and \$315,453, respectively, of unrestricted net position has been designated by the Medical Center's Board for self-insured health care. Designated assets remain under the control of the Board, which may, at its discretion, later use these assets for other purposes.

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.

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.

The cost of charity care provided under the Medical Center's charity care policy was approximately \$6,242,000 and \$6,911,000 for 2018 and 2017, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to gross uncompensated charges.

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.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

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 the following:

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 settlements determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor. The Medicare administrative contractor has audited the Medical Center's costs reports through June 30, 2015.

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.

Skilled Nursing

Revenue from Medicare skilled nursing patients are generally paid based on prospectively established per diem rates that are based on patient's acuity. Medicaid and private pay rates are also paid based on per diem rates.

Approximately 51% and 54% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2018 and 2017, respectively. 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.

Supplemental Medicaid Funding

On December 12, 2011, the United States Department of Health and Human Services Commission (HHSC) approved a new Medicaid Section 1115(a) demonstration entitled "Texas Health Transformation Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promotes health system transformation (DSRIP Pool). Payments are based on approved uncompensated costs and DSRIP projects, and payments are generated by intergovernmental transfer payments (IGT) that the Medical Center makes to the State of Texas. The revenue from the two funding pools is recognized as earned throughout the related demonstration year when management has reasonable assurance that the metrics for revenue recognition have been met. The revenue from the two funding pools is recognized as earned throughout the demonstration year. The funding the Medical Center has received is subject to audit and is not representative of funding to be received in future years.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

C. Net Patient Service Revenue - (Continued)

Supplemental Medicaid Funding - (Continued)

The Waiver was originally effective from December 12, 2011 to September 30, 2016 and extended through December 31, 2017 as HHSC and the Centers for Medicare and Medicaid Services (CMS) negotiated a longer term extension. On December 21, 2017, HHSC received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan requires a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five year period. The impact of these changes has not yet been determined but could have an adverse impact on the Medical Center's operating results.

For the years ended June 30, 2018 and 2017, the Medical Center recognized revenue from these programs of approximately \$11,998,000 and \$9,287,000, respectively, which is included as net patient service revenue in the accompanying statements of revenues, expenses and changes in net position.

The Medical Center participated in a collaboration with Memorial Herman Health System (MHHS) during the year ended June 30, 2016. On October 1, 2016, MHHS assigned the agreement to Fort Bend Clinical Services, Inc. (FBCS). The agreement allows the parties to improve access to healthcare for indigent persons residing in the Victoria community. As part of the collaboration, MHHS and FBCS supported organizations that provide physician services in the Victoria area. The value of services provided to the indigent in the Victoria community was approximately \$2,747,000 and \$2,455,000 during the years ended June 30, 2018 and 2017, respectively. The Medical Center recorded expenses of approximately \$1,971,000 and \$1,538,000 during the years ending June 30, 2018 and 2017, respectively. These expenses are reflected as a component of purchased services and professional fees expense in the statements of revenues, expense and changes in net position.

During 2018, the Medical Center began to participate in the Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP, HHSC may direct managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. At June 30, 2018, the Medical Center recorded approximately \$537,000 of prepaid intergovernmental transfers that has been recognized in prepaid expenses and other in the balance sheet.

The Medical Center also participates in Texas Minimum Payment Amounts to Qualified Nursing Facilities Program (MPAP). This program was designed to assist nursing facilities serving indigent patients by providing funding to support increased access to health care within the community and was terminated August 31, 2016. In August 2016, CMS prohibited HHSC from continuing MPAP beyond the Texas fiscal year ended August 31, 2016. Amounts accrued but unpaid under the program for dates of service on or before August 31, 2016, were paid in full to providers, there will be no additional revenue earned under MPAP for subsequent dates of service. However, HHSC developed a new program to replace MPAP that allows participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. HHSC received CMS approval for this quality based program (Quality Improvement Payment Program "QIPP") that began on September 1, 2017.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

C. Net Patient Service Revenue - (Continued)

Supplemental Medicaid Funding - (Continued)

Revenue recognized under this program (net of any intergovernmental transfer payments) was approximately \$8,156,000 and \$5,545,000 for the years ended June 30, 2018 and 2017, respectively, and is included in nursing home net patient service revenue in the statements of revenues, expenses, and changes in net position. At June 30, 2018 and 2017, the Medical Center recorded estimated receivables under this program of approximately \$5,401,000 and \$3,363,000, respectively. At June 30, 2018 and 2017, the estimated receivable included \$3,473,000 and \$2,802,000 of prepaid intergovernmental transfers, which the Medical Center is required to contribute in advance of receiving any gross proceeds.

The programs described above are subject to review and scrutiny by both the Texas Legislature and the CMS and the programs could be modified or terminated based on new legislation or regulation in future periods.

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, 2018, consisted of these amounts:

| | |
|------------------------------------------|----------------------|
| Hospital | |
| Patients and their insurance carriers | \$ 22,305,245 |
| Medicare | 2,625,649 |
| Medicaid | <u>392,550</u> |
| | <u>25,323,444</u> |
| Nursing Homes | |
| Patients and their insurance carriers | 79,837 |
| Medicare | 2,357,750 |
| Medicaid | <u>2,215,118</u> |
| | <u>4,652,705</u> |
| | 29,976,149 |
| Less allowance for uncollectible amounts | <u>12,549,541</u> |
| Total | <u>\$ 17,426,608</u> |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**E. Capital Assets**

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

| | Balance June 30, 2017 | Additions | Transfers | Disposals | Balance June 30, 2018 |
|-------------------------------------------------|--------------------------|---------------------|-------------|---------------------|--------------------------|
| Land and land improvements | \$ 11,263,404 | \$ 39,335 | \$ 102,349 | \$ (19,268) | \$ 11,385,820 |
| Buildings, improvements, and fixed equipment | 122,625,576 | 292,553 | 5,962,813 | (966,154) | 127,914,788 |
| Major moveable equipment | 86,569,003 | 2,197,123 | 3,816,602 | (1,760,950) | 90,821,778 |
| Construction in progress | 1,203,306 | 10,866,787 | (9,881,764) | - | 2,188,329 |
| | <u>221,661,289</u> | <u>13,395,798</u> | <u>-</u> | <u>(2,746,372)</u> | <u>232,310,715</u> |
| Less accumulated depreciation: | | | | | |
| Land improvements | 3,353,334 | 150,637 | - | (18,919) | 3,485,052 |
| Buildings, improvements, and fixed equipment | 74,638,890 | 3,841,839 | - | (784,960) | 77,695,769 |
| Major moveable equipment | 69,471,075 | 4,474,927 | - | (1,654,454) | 72,291,548 |
| | <u>147,463,299</u> | <u>8,467,403</u> | <u>-</u> | <u>(2,458,333)</u> | <u>153,472,369</u> |
| Capital assets, net | <u>\$ 74,197,990</u> | <u>\$ 4,928,395</u> | <u>\$ -</u> | <u>\$ (288,039)</u> | <u>\$ 78,838,346</u> |

F. 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 the *Texas Public Funds Investment Act*.

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, 2018 and 2017, the Medical Center's had bank balances of \$38,150,001 and \$54,308,071, respectively. At June 30, 2018 and 2017, \$0 and \$65,453, respectively, was uninsured and uncollateralized. The remaining cash 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. The County maintains custody of the Medical Center's operating cash accounts and is responsible for obtaining appropriate collateralization of such accounts.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

G. Accounts Payable and Accrued Expenses

Accounts payable and accrued payroll and expenses included in current liabilities at June 30, 2018, consisted of:

| | |
|-------------------------------------------------------------|----------------------|
| Payable to suppliers and contractors | \$ 7,070,347 |
| Payable to employees (including payroll taxes and benefits) | 6,382,172 |
| Payable under management fee arrangement | 6,274,593 |
| Revenue received in advance | 149,966 |
| Payable under self-insured programs | <u>3,203,376</u> |
| Total | <u>\$ 23,080,454</u> |

H. Self-insured Claims

The Medical Center partially self-insures the cost for its general and professional liability, employee health care benefits costs, and workers' compensation claims. *The Texas Tort Claims Act* limits the Medical Center's general and professional liability to \$100,000 per claim and \$300,000 per occurrence. 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 2018 and 2017. Stop-loss coverage for employee health claims began at \$250,000 and \$250,000 in 2018 and 2017, respectively.

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 2018 and 2017 are summarized as follows:

| | 2018 | | |
|------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|------------------------------------------|
| | Employee Health Care Benefits | Worker's Compensation | General and Professional Liability |
| Balance, beginning of year | \$ 1,400,000 | \$ 470,357 | \$ 300,000 |
| Current year claims incurred and changes in estimates for claims incurred in prior years | 12,288,603 | 403,259 | - |
| Claim and expenses paid, net | <u>(10,688,603)</u> | <u>(350,098)</u> | <u>-</u> |
| Balance, end of year | <u>\$ 3,000,000</u> | <u>\$ 523,518</u> | <u>\$ 300,000</u> |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

H. Self-insured Claims - (Continued)

| | 2017 | | |
|------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|------------------------------------------|
| | Employee Health Care Benefits | Worker's Compensation | General and Professional Liability |
| Balance, beginning of year | \$ 1,600,000 | \$ 444,856 | \$ 300,000 |
| Current year claims incurred and changes in estimates for claims incurred in prior years | 12,275,640 | 362,324 | - |
| Claim and expenses paid, net | <u>(12,475,640)</u> | <u>(336,823)</u> | - |
| Balance, end of year | <u>\$ 1,400,000</u> | <u>\$ 470,357</u> | <u>\$ 300,000</u> |

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

I. Long-term Obligations

The following is a summary of long-term obligation transactions for the Medical Center for the year ended June 30, 2018:

| | Balance June 30, 2017 | Additions | Deductions | Balance June 30, 2018 | Current Portion |
|--------------------------|--------------------------|-------------|--------------------|--------------------------|--------------------|
| Capital lease obligation | \$ 285,748 | \$ - | \$ (35,690) | \$ 250,058 | \$ 79,650 |
| | <u>\$ 285,748</u> | <u>\$ -</u> | <u>\$ (35,690)</u> | <u>\$ 250,058</u> | <u>\$ 79,650</u> |

Capital Lease Obligation

The Medical Center is obligated under a lease for a software license that is accounted for as a capital lease. Assets under capital lease at June 30, 2018 and 2017 totaled \$286,748 for both years, net of accumulated depreciation of \$68,638 and \$26,397, respectively. The following is a schedule by year of future minimum lease payments under the capital lease, and the present value of the future minimum lease payments as of June 30, 2018.

| Year Ending June 30, | |
|---------------------------------------------------|-------------------|
| 2019 | \$ 81,100 |
| 2020 | 81,100 |
| 2021 | 81,100 |
| 2022 | 11,228 |
| 2023 | <u>-</u> |
| Total minimum lease payments | 254,528 |
| Less amount representing interest | <u>4,470</u> |
| Present value of future minimum lease payments | <u>\$ 250,058</u> |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

J. Nursing Home Operations

Effective March 1, 2014, the Medical Center entered a series of lease and management agreements with two nursing home operators that resulted in the Medical Center becoming the legal operator of twelve nursing homes. Effective February 28, 2015 and September 1, 2018, the management agreements for two and one, respectively of these freestanding nursing homes was terminated by the Medical Center. The lease agreements generally call for monthly payments ranging from approximately \$27,000 to \$195,000 per facility. Under the terms of these agreements, the Medical Center incurred approximately \$8,166,000 of rental expense in 2018 and 2017, which is included in nursing facility expenses on the statement of revenues, expenses and changes in net position. Future minimum lease payments under these cancelable agreements at June 30, 2018, were \$6,535,000 and \$1,963,000 for 2019 and 2020, respectively.

Under the management agreement, the managers provide all services necessary to operate the homes, including employees, supplies and other operating costs. The managers also provide all billing and collection services. All patient revenue from the facilities is paid to the Medical Center. From these collections, the Medical Center pays the managers for all facility costs and the management fees pursuant to the agreements. However, Medical Center payments to the manager are generally limited to the amount of net patient revenue received from the facilities. At its option, the Medical Center may pay additional amounts to the manager above the amounts collected for patient revenue.

K. Purchase and Sale of Regional Medical Laboratory

In September 2014, the Medical Center purchased the operations and some assets of Regional Medical Laboratory (RML), a clinical diagnostic laboratory. On November 5, 2015, the Medical Center sold the operations of the clinical diagnostic laboratory for approximately \$1,100,000 and received a down payment from the buyer of approximately \$88,000. The balance of the amount due to the Medical Center from the buyer will be paid in accordance with the terms of a promissory note in monthly principal and interest payments of \$17,392 over a term of 72 months, at a rate of 5.0%, through October 2021. The note receivable is secured by certain assets of the buyer, including accounts receivable and other tangible assets. The balance of the note receivable at June 30, 2018 and 2017 was \$639,579 and \$811,611, respectively.

L. Pension Plan

The Medical Center sponsors a public employee defined benefit pension plan for eligible employees within an agent multiple-employer retirement program sponsored for member hospitals by the Texas Hospital Association (THA). HealthSHARE, a wholly owned subsidiary of THA, is the plan administrator of the Plan. The Plan's assets are invested as a portion of the THA's master pension trust fund. Benefit provisions are contained in the plan document and were established and can be amended only with the authority of the Medical Center's Board. The Plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from the Medical Center or HealthSHARE. That report may be obtained by writing HealthSHARE at 1108 Lavaca, Suite 700, Austin, Texas 78701.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

L. Pension Plan - (Continued)

Benefits Provided

The Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. 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) for participants who entered the plan prior to March 1, 2018, payable in a lifetime annuity during the final five years of employment, ranges from 1.75% to 3.25% times the years of service times average monthly compensation, subject to certain benefit limits. The monthly benefit at normal retirement (65 plus five years of Plan participation) for participants who entered or re-entered the plan on or after March 1, 2018, payable in a lifetime annuity during the final five years of employment, ranges from 1.75% to 3.25% times the years of service times average monthly compensation, subject to certain benefit limits.

The terms of the Plan provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date provided the employee joined the plan prior to March 1, 2018. The annual adjustments are equal to the change in the Consumer Price Index, limited to a maximum increase in retirement allowance of 2%. No cost of living adjustments are available for benefits earned by participants who entered or re-entered the plan on or after March 1, 2018.

The employees covered by the Plan at February 28, 2018 are:

| | <u>2018</u> |
|------------------------------------------------------------------|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 117 |
| Inactive employees entitled to but not yet receiving benefits | 399 |
| Active employees | <u>923</u> |
| | <u>1,439</u> |

Contributions

The Medical Center's governing body has the authority to establish and amend the contribution requirements of the Medical Center and active employees.

The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Plan participants are required to contribute 4.0% to 5.5% of their compensation, depending on the benefits class to which they are assigned.

The Medical Center is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2018 and 2017, employees contributed approximately \$3,106,000 and \$2,391,000, respectively, and the Medical Center contributed \$3,106,000 and \$2,600,000, respectively, or 4.3% and 3.5% respectively, of annual pay to the Plan.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)L. Pension Plan - (Continued)Net Pension Liability (Asset)

The Medical Center's net pension liability (asset) was measured as of February 28, 2018 and 2017, for the years ended June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability (asset) was determined by the roll forward procedure of the total pension liability in the actuarial valuation as of March 1, 2017 and March 1, 2016, respectively, with the results rolled forward to February 28, 2018 and 2017, for the years ended June 30, 2018 and 2017, respectively.

The total pension liability in the March 1, 2017 and 2016, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|--------------------------------------------------------------------|
| Inflation | 2.5% |
| Salary increases | 5.1%, average, including inflation |
| Ad hoc cost of living adjustments | Not included |
| Investment rate of return | 7.25%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Society of Actuaries RP-2014 Mortality Table, as appropriate with adjustments for mortality improvements based on Projection Scale MP-15.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real estate return by the target asset allocation percentage and by adding expected inflation (2.5%). In addition, the final investment rate of return assumption reflected a reduction of 0.25% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|--------------------------|-----------------------------------------------|
| Equities | | |
| U.S. Equities | | |
| Large cap | 50% | 6.0% |
| Small cap | 15% | 6.5% |
| International Equities | 10% | 5.5% |
| Fixed income | <u>25%</u> | 1.7% |
| Total | <u>100%</u> | |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

L. Pension Plan - (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25% and 7.50% at February 28, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Medical Center contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended June 30, 2018 is as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|
| Balances at July 1, 2017 | \$ 88,130,624 | \$ 92,930,333 | \$ (4,799,709) |
| Changes for the year: | | | |
| Service cost | 4,861,289 | - | 4,861,289 |
| Interest | 6,644,516 | - | 6,644,516 |
| Differences between expected and actual experience | 1,564,021 | - | 1,564,021 |
| Member contributions | - | 2,276,583 | (2,276,583) |
| Employer contributions | - | 2,900,000 | (2,900,000) |
| Net investment income | - | 10,528,873 | (10,528,873) |
| Benefit payments, including refunds of employee contributions | (2,686,833) | (2,686,833) | - |
| Return of excess contributions | (77,810) | (77,810) | - |
| Administrative expenses | - | (317,709) | 317,709 |
| Assumption changes | (3,970,182) | - | (3,970,182) |
| Increase due to early retirement program | 1,334,302 | - | 1,334,302 |
| Net changes | <u>7,669,303</u> | <u>12,623,104</u> | <u>(4,953,801)</u> |
| Balances at June 30, 2018 | <u>\$ 95,799,927</u> | <u>\$ 105,553,437</u> | <u>\$ (9,753,510)</u> |

The net pension liability (asset) of the Medical Center has been calculated using a discount rate of 7.25%. The following presents the net pension liability (asset) using a discount rate 1% higher and 1% lower than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|------------------------------------------------|---------------------|----------------------------------|------------------------|
| Medical Center's net pension (asset) liability | <u>\$ 4,159,466</u> | <u>\$ (9,753,510)</u> | <u>\$ (21,218,214)</u> |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)L. Pension Plan - (Continued)Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Medical Center recognized pension expense of \$5,635,477. At June 30, 2018, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2018 | |
|--------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 1,604,320 | \$ 335,095 |
| Changes of assumptions | 1,422,744 | 6,238,078 |
| Net difference between projected and actual earnings on plan investments | - | 4,028,747 |
| Contributions subsequent to the measurement date | <u>1,006,110</u> | <u>-</u> |
| | <u>\$ 4,033,174</u> | <u>\$ 10,601,920</u> |

At June 30, 2018, the Medical Center reported \$1,006,110 as deferred outflows of resources related to pensions resulting from Medical Center contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability at February 28, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2018, related to pensions, will be recognized in pension expense as follows:

| | |
|----------------------|-----------------------|
| Year ending June 30: | |
| 2019 | \$ (1,004,315) |
| 2020 | (1,133,587) |
| 2021 | (3,256,332) |
| 2022 | (2,077,479) |
| 2023 | <u>(103,141)</u> |
| | <u>\$ (7,574,854)</u> |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**M. Pension Plan Fiduciary Net Position**

As of February 28, 2018 and 2017, the master pension trust fund was comprised of the following:

| | 2018 | 2017 |
|----------------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 247,288 | \$ 297,567 |
| Investments at fair value: | | |
| Common stocks | 91,668,457 | 91,764,759 |
| Mutual funds | 355,498,003 | 370,535,177 |
| Common/collective trust funds | 280,295,834 | 292,527,123 |
| 103-12 investment fund | 35,979,989 | 36,170,909 |
| Government securities | - | 101,406 |
| Total investments at fair value | <u>763,442,283</u> | <u>791,099,374</u> |
| Total plan fiduciary net pension | <u>\$ 763,689,571</u> | <u>\$ 791,396,941</u> |

The Plan's interest in the master pension trust fund of the measurement date of February 28, 2018 and 2017, was \$105,553,437 and \$92,930,333, respectively.

Investment Policy – Investment policy decisions are established and maintained by the Trustees of the THA Retirement Plan for Member Hospitals. The Trustees have several asset mix alternatives from which participating employers may choose in order to control risk. The Medical Center has elected to invest in an alternative asset mix consisting of fixed income securities and equity stocks. The Trustees employ and select investment managers with the advice of investment counsel which is completely independent of the investment managers.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the Plan. As a consequence, two important dimensions of a pension plan's investment program are expected return and expected risk.

The Plan trustees diversify plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables the Plan trustees to balance risk and return. The fund's diversification guidelines are set forth below.

| Asset Class/Style | Target Asset Mix |
|----------------------------|-------------------|
| Large cap U.S. equities | 50% |
| Small cap U.S. equities | 15% |
| International equities | <u>10%</u> |
| Total equities | <u><u>75%</u></u> |
| Intermediate fixed income | 25% |
| Long duration fixed income | <u>0%</u> |
| Total equities | <u><u>25%</u></u> |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

M. Pension Plan Fiduciary Net Position - (Continued)

The Trustees maintain a portfolio structure that may combine active and passive management in order to balance the objectives of enhanced return and cost control.

Passive equity and fixed income portfolios invest in a substantially similar manner as that of the underlying benchmark.

Active equity managers have the following requirements:

- The equity portion of the portfolio should not be less than 90 percent of the portfolio, measured at market value.
- Equity holdings in any one economic sector should not exceed the greater of 30 percent of the portfolio or 10 percentage points above the sector weight in the benchmark.

Equity holdings in any single company (including common stock and convertible securities) should not exceed 10 percent of the portfolio.

Active fixed income managers have the following requirements:

- The primary investments should be government, corporate and mortgage securities.
- Holdings in obligations of any single entity (with the exception of the U.S. government and/or its agencies) should not exceed 5 percent of the portfolio.

The common collective trust fund investment objective is to approximate as closely as practicable, before expenses, to the performance of the S&P 500 Index over the long term.

The 103-12 investment fund objective is to approximate as closely as practicable to the performance of the MSCI EAFE Index.

Investment Rate of Return – The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was (7.55 percent) for the 12 months ended March 1, 2016.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Plan's policy to limit its holdings in obligations of any single entity, excluding U.S. government and its agencies, to 5 percent of the portfolio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the Plan's investments are held in trust accounts.

Concentration of Credit Risk – It is the Plan's policy to limit equity holdings in any one economic sector to the greater of 30 percent of the portfolio or 10 percent above the sector weight in the benchmark and limit equity holdings in any single company to 10 percent of the portfolio. Additionally, the Plan's policy limits holdings in fixed income obligations of any single entity, excluding U.S. government and its agencies, to 5 percent of the portfolio.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

M. Pension Plan Fiduciary Net Position - (Continued)

The following table reflects the Plan's investments in single issuers that represent more than 5 percent of total investments:

| | 2018 | 2017 |
|---------------------------------------------|----------------|----------------|
| State Street TR Pass Bond Market Index Fund | 13.0% | 12.8% |
| PIMCO Total Return Fund | 13.0% | 12.8% |
| S + P 500 Flagship Fund | 36.7% | 37.0% |
| Vanguard Small Cap Index | 14.8% | 15.1% |
| 5% of total investments | \$ 38,184,479 | \$ 39,569,847 |
| Total investments | \$ 763,689,571 | \$ 791,396,941 |

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

The fair value of the master pension trust fund assets at February 28, 2018 and 2017, were as follows:

| | Fair Value Measurements Using | | | |
|-----------------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| | Carrying Amount | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| February 28, 2018: | | | | |
| Investments by fair value level: | | | | |
| Common stocks | \$ 91,668,457 | \$ 91,668,457 | \$ - | \$ - |
| Mutual funds | 355,498,003 | 355,498,003 | - | - |
| Total investments by fair value level | <u>447,166,460</u> | <u>\$ 447,166,460</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments measured at the net asset value (NAV) (A): | | | | |
| Common/collective trust fund | 280,295,834 | | | |
| 103-12 investment fund | <u>35,979,989</u> | | | |
| Total investments measure at NAV | <u>316,275,823</u> | | | |
| Total investments measured at fair value | <u>\$ 763,442,283</u> | | | |

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)M. Pension Plan Fiduciary Net Position - (Continued)

| | Carrying Amount | Fair Value Measurements Using | | |
|-----------------------------------------------------------|-----------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| February 28, 2017: | | | | |
| Investments by fair value level: | | | | |
| Common stocks | \$ 91,764,759 | \$ 91,764,759 | \$ - | \$ - |
| Mutual funds | 370,535,177 | 370,535,177 | - | - |
| Government securities | 101,406 | - | 10,406 | - |
| Total investments by fair value level | <u>462,401,342</u> | <u>\$ 462,299,936</u> | <u>\$ 10,406</u> | <u>\$ -</u> |
| Investments measured at the net asset value (NAV) (A): | | | | |
| Common/collective trust fund | 292,527,123 | | | |
| 103-12 investment fund | <u>36,170,909</u> | | | |
| Total investments measure at NAV | <u>328,698,032</u> | | | |
| Total investments measured at fair value | <u>\$ 791,099,374</u> | | | |

(A). Certain investments that are measured at fair using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts disclosed for total plan investments at fair value.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at March 1, 2018 or 2017.

The valuation method of investments measured at the net asset value (NAV) per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

NOTE 23: CITIZENS MEDICAL CENTER - (Continued)

N. Contingencies

Litigation

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.

Voluntary Self-Referral Disclosure Protocol

On March 17, 2015, the Medical Center submitted a voluntary self-disclosure to CMS, pursuant to the Medical Center's voluntary Self-Referral Disclosure Protocol (Disclosure). The Disclosure notified CMS of five financial relationships between the Medical Center and physicians that may not have complied with exceptions under Stark Law. The Stark Law, among other things, makes payments for any claims submitted to Medicare for designated health services, such as inpatient and outpatient services, referred by a physician with whom a hospital had a non-expected financial relationship subject to refund. Based on information that was available, a loss from this self-disclosure was probable and management recorded a liability of \$335,000 at June 30, 2016. On June 6, 2017, the Medical Center and CMS entered into a Settlement Agreement whereby the Medical Center agreed to pay CMS \$45,482 and CMS agreed to release the Medical Center for any and all administrative liabilities and claims subject to refund under the Stark Law. The Medical Center paid the settlement on June 8, 2017; therefore, there was no liability recorded at June 30, 2017.

O. Insurance Recoveries

On August 26, 2017, the Medical Center began emergency preparations for a shelter in place for the landfall of Hurricane Harvey. Over the next two days, 134 patients were transported to other providers in Texas due to damage sustained on the property by the hurricane. The Medical Center lost power and water and was functioning on emergency power from generators for several days. Hurricane Harvey caused additional expenses of approximately \$5,449,000 due to facilities being damaged which resulted in recoveries from insurance proceeds of approximately \$3,838,000 recognized in 2018. Any additional recovery proceeds received will be recorded in the period received.

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, 2018*

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Budget to Statutory Differences Over (Under) | Actual Amounts Statutory Basis |
|---------------------------------------------------|----------------------|----------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 29,387,079 | \$ 29,387,079 | \$ 31,108,918 | \$ (82,556) | \$ 31,191,474 |
| Fees of office and user fees | 1,734,900 | 1,734,900 | 1,864,655 | 2,312 | 1,862,343 |
| Intergovernmental | 3,768,871 | 3,821,343 | 3,484,323 | (167,983) | 3,652,306 |
| Fines and forfeitures | 1,180,100 | 1,180,100 | 1,076,046 | 19,485 | 1,056,561 |
| Investment income | | | | | |
| Interest | 275,080 | 275,080 | 466,769 | (42) | 466,811 |
| Licenses and permits | 42,000 | 44,000 | 45,182 | 193 | 44,989 |
| Miscellaneous | 814,045 | 846,510 | 919,501 | 46,723 | 872,778 |
| Total revenues | <u>37,202,075</u> | <u>37,289,012</u> | <u>38,965,394</u> | <u>(181,868)</u> | <u>39,147,262</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 17,272,817 | 18,693,753 | 17,690,277 | (82,916) | 17,773,193 |
| Public safety | 18,153,208 | 18,175,983 | 17,727,482 | (80,699) | 17,808,181 |
| Culture and recreation | 250,964 | 255,464 | 247,555 | 599 | 246,956 |
| Total expenditures | <u>35,676,989</u> | <u>37,125,200</u> | <u>35,665,314</u> | <u>(163,016)</u> | <u>35,828,330</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,525,086</u> | <u>163,812</u> | <u>3,300,080</u> | <u>(18,852)</u> | <u>3,318,932</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of assets | 5,000 | 5,000 | 7,050 | - | 7,050 |
| Transfers in | 52,000 | 307,731 | 272,731 | (42) | 272,773 |
| Transfers out | (1,584,781) | (2,267,447) | (2,240,342) | (5,742) | (2,234,600) |
| Total other financing sources (uses) | <u>(1,527,781)</u> | <u>(1,954,716)</u> | <u>(1,960,561)</u> | <u>(5,784)</u> | <u>(1,954,777)</u> |
| Change in fund balance | (2,695) | (1,790,904) | 1,339,519 | (24,636) | 1,364,155 |
| Fund balance, January 1 | <u>19,190,777</u> | <u>15,494,467</u> | <u>15,956,017</u> | <u>(1,362,448)</u> | <u>17,318,465</u> |
| Fund balance, December 31 | <u>\$ 19,188,082</u> | <u>\$ 13,703,563</u> | <u>\$ 17,295,536</u> | <u>\$ (1,387,084)</u> | <u>\$ 18,682,620</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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - PENSION

Last ten years

| | Measurement Year | | |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2015 |
| Total Pension Liability | | | |
| Service cost | \$ 4,039,378 | \$ 4,065,893 | \$ 3,776,298 |
| Interest (on the total pension liability) | 11,470,437 | 10,684,513 | 10,149,077 |
| Effect of plan changes | - | - | (701,094) |
| Effect of assumption changes or inputs | 1,054,081 | - | 1,386,660 |
| Effect of economic/demographic (gains) or losses | (243,371) | (330,461) | (1,535,186) |
| Benefit payments, including refunds of employee contributions | <u>(7,071,153)</u> | <u>(6,466,997)</u> | <u>(6,083,068)</u> |
| Net Change in Total Pension Liability | 9,249,372 | 7,952,948 | 6,992,687 |
| Total Pension Liability - Beginning | <u>141,037,698</u> | <u>133,084,750</u> | <u>126,092,063</u> |
| Total Pension Liability - Ending (a) | <u>\$ 150,287,070</u> | <u>\$ 141,037,698</u> | <u>\$ 133,084,750</u> |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 3,914,502 | \$ 3,800,589 | \$ 3,769,876 |
| Contributions - Employee | 2,051,460 | 1,988,347 | 1,936,039 |
| Net investment income | 17,595,977 | 8,359,703 | (355,076) |
| Benefit payments, including refunds of employee contributions | (7,071,153) | (6,466,997) | (6,083,068) |
| Administrative expense | (91,146) | (90,807) | (81,559) |
| Other | <u>(15,671)</u> | <u>180,203</u> | <u>(68,399)</u> |
| Net Change in Plan Fiduciary Net Position | 16,383,969 | 7,771,038 | (882,187) |
| Plan Fiduciary Net Position - Beginning | <u>120,670,993</u> | <u>112,899,955</u> | <u>113,782,142</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 137,054,962</u> | <u>\$ 120,670,993</u> | <u>\$ 112,899,955</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 13,232,108</u> | <u>\$ 20,366,705</u> | <u>\$ 20,184,795</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 91.20% | 85.56% | 84.83% |
| Covered Payroll | \$ 29,306,268 | \$ 28,404,964 | \$ 27,657,704 |
| Net Pension Liability as a Percentage of Covered Payroll | 45.15% | 71.70% | 72.98% |

NOTE: Information for the prior six years was not readily available. The County will compile the respective information over the next six years as provided by TCDRS on a "measurement date" basis.

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

Measurement Year

2014

\$ 3,577,472
9,485,056
-
-
621,328
(5,762,494)
7,921,362
118,170,701
\$ 126,092,063

\$ 3,702,500
1,893,248
7,248,240

(5,762,494)
(84,874)
230,957

7,227,577
106,554,565
\$ 113,782,142

\$ 12,309,921

90.24%

\$ 27,046,396

45.51%

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - PENSION
Last ten fiscal years

| | Fiscal Year | | |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|
| | 2017 | 2016 | 2015 |
| Actuarially Determined Contribution | \$ 3,914,502 | \$ 3,800,589 | \$ 3,769,876 |
| Contribution in relation to the actuarially determined contribution | <u>(3,914,502)</u> | <u>(3,800,589)</u> | <u>(3,769,876)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$29,306,568 | \$27,657,704 | \$27,657,704 |
| Contributions as a percentage of covered payroll | 13.4% | 13.7% | 13.6% |

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

| Fiscal Year | | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ 3,702,500 | \$ 2,983,888 | \$ 2,346,096 | \$ 1,727,348 | \$ 1,788,400 | \$ 2,692,575 | \$ 2,522,064 |
| <u>(3,702,500)</u> | <u>(2,983,888)</u> | <u>(2,346,096)</u> | <u>(1,727,348)</u> | <u>(1,788,400)</u> | <u>(2,692,575)</u> | <u>(2,522,064)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$27,046,396 | \$25,330,071 | \$24,361,762 | \$23,469,448 | \$23,877,175 | \$23,807,032 | \$22,538,550 |
| 13.7% | 11.8% | 9.6% | 7.4% | 7.5% | 11.3% | 11.2% |

COUNTY OF VICTORIA, TEXAS

*SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - LIFE*

Last ten years

| | <u>Measurement Year</u> |
|------------------------------------------------------------------|-------------------------|
| | <u>2017</u> |
| Total OPEB Liability | |
| Service cost | \$ 35,991 |
| Interest (on the total OPEB liability) | 46,335 |
| Effect of plan changes | - |
| Effect of assumption changes or inputs | 73,830 |
| Effect of economic/demographic (gains) or losses | (9,035) |
| Benefit payments | <u>(26,376)</u> |
| Net Change in Total OPEB Liability | 120,745 |
| Total OPEB Liability - Beginning | <u>1,202,881</u> |
| Total OPEB Liability - Ending (a) | <u>\$ 1,323,626</u> |
| | |
| Covered Payroll | \$ 29,306,268 |
| | |
| Net OPEB Liability as a Percentage of Covered Payroll | 4.52% |

NOTE: Information for the prior nine years was not readily available. The County will compile the respective information over the next nine years as provided by TCDRS on a "measurement date" basis.

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

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - LIFE
Last ten fiscal years

| | <u>Fiscal Year</u> |
|---------------------------------------------------------------------|--------------------|
| | <u>2017</u> |
| Actuarially Determined Contribution | \$ 26,376 |
| Contribution in relation to the actuarially determined contribution | <u>(26,376)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll | \$29,306,568 |
| Contributions as a percentage of covered payroll | 0.1% |

NOTE: Information for the prior nine years was not readily available. The County will compile the respective information over the next nine years.

COUNTY OF VICTORIA, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

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.

NOTE 2: TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - PENSION

Valuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

| | |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 12.8 years (based on contribution rate calculated in 12/31/17 valuation) |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.75% |
| Salary increases | Varies by age and service. 4.90% average over career including inflation. |
| Investment rate of return | 8.00%, net of administrative and investment expenses, including inflation |
| Retirement age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions | 2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected |
| Changes in Plan Provisions Reflected In the Schedule of Employer Contributions | 2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. |

COUNTY OF VICTORIA, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

NOTE 3: TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - LIFE

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

There were no changes in plan provisions or assumptions during the year.

Combining and Individual Fund Statements and Schedules

COUNTY OF VICTORIA, TEXAS
ALL NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - STATUTORY BASIS
December 31, 2018

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|--------------------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 7,602,767 | \$ 997,979 | \$ 8,600,746 |
| Receivables (net) | 3,470,256 | 1,061,001 | 4,531,257 |
| Due from other governments | <u>1,058,173</u> | <u>-</u> | <u>1,058,173</u> |
| Total assets | <u>\$ 12,131,196</u> | <u>\$ 2,058,980</u> | <u>\$ 14,190,176</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 1,050,813 | \$ - | \$ 1,050,813 |
| Accrued expenditures | 189,690 | - | 189,690 |
| Due to other funds | <u>1,125,733</u> | <u>-</u> | <u>1,125,733</u> |
| Total liabilities | <u>2,366,236</u> | <u>-</u> | <u>2,366,236</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | <u>4,426,942</u> | <u>1,587,729</u> | <u>6,014,671</u> |
| Total deferred inflows of resources | <u>4,426,942</u> | <u>1,587,729</u> | <u>6,014,671</u> |
| FUND BALANCES | | | |
| Restricted | 5,705,454 | 471,251 | 6,176,705 |
| Unassigned | <u>(367,436)</u> | <u>-</u> | <u>(367,436)</u> |
| Total fund balances | <u>5,338,018</u> | <u>471,251</u> | <u>5,809,269</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 12,131,196</u> | <u>\$ 2,058,980</u> | <u>\$ 14,190,176</u> |

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, 2018

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|------------------------------------------------------|-----------------------------------------------|-------------------------------------------|--------------------------------------------|
| REVENUES | | | |
| Taxes | \$ 4,143,222 | \$ 1,441,396 | \$ 5,584,618 |
| Fees of office and user fees | 1,545,802 | - | 1,545,802 |
| Intergovernmental | 11,971,949 | - | 11,971,949 |
| Fines and forfeitures | 676,166 | - | 676,166 |
| Investment income | 115,352 | 10,492 | 125,844 |
| Contributions | 925,026 | - | 925,026 |
| Miscellaneous | 275,140 | - | 275,140 |
| Total revenues | <u>19,652,657</u> | <u>1,451,888</u> | <u>21,104,545</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | 5,316,937 | - | 5,316,937 |
| Public safety | 2,278,241 | - | 2,278,241 |
| Highways and streets | 6,071,539 | - | 6,071,539 |
| Culture and recreation | 1,483 | - | 1,483 |
| Public health | 4,011,118 | - | 4,011,118 |
| Capital outlay | 2,607,738 | - | 2,607,738 |
| Debt service | | | |
| Principal retirement | - | 992,856 | 992,856 |
| Interest and fiscal charges | - | 393,712 | 393,712 |
| Total expenditures | <u>20,287,056</u> | <u>1,386,568</u> | <u>21,673,624</u> |
| Excess (deficiency) of revenues over expenditures | <u>(634,399)</u> | <u>65,320</u> | <u>(569,079)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,059,018 | - | 2,059,018 |
| Transfers out | (571,353) | - | (571,353) |
| Total other financing sources (uses) | <u>1,487,665</u> | <u>-</u> | <u>1,487,665</u> |
| EXTRAORDINARY ITEMS | | | |
| Extraordinary item | <u>1,129,006</u> | <u>-</u> | <u>1,129,006</u> |
| Change in fund balances | 1,982,272 | 65,320 | 2,047,592 |
| Fund balances at beginning of year | <u>3,355,746</u> | <u>405,931</u> | <u>3,761,677</u> |
| Fund balances at end of year | <u>\$ 5,338,018</u> | <u>\$ 471,251</u> | <u>\$ 5,809,269</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.

LEPC Fund - Accounts for funds received from local businesses and organizations for financial support of the Local Emergency Planning Committees.

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.

Patriot Park Donations Fund - Accounts for funds received from various entities which have been donated for specific purposes for the Patriot Park.

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.

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

Hurricane Harvey Fund - Accounts for funds received from the Federal Emergency Management Agency and insurance reimbursements. Funds are used to repair hurricane-damaged properties and as reimbursement for eligible hurricane expenses.

TxDOT Rider 48 Fund - Accounts for funds received from the Texas Department of Transportation to rehabilitate and widen McCoy Road, Canal Road and Old Bloomington Road in connection with the Port of Victoria.

Capital Credits Fund - Accounts for funds received from the Texas Comptroller of Public Accounts from an allocation of unclaimed capital credits received from electric cooperatives which can be used for community and economic development.

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.

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 Bond Forfeiture Commissions Fund - Accounts for funds received from the Criminal District Attorney retaining a commission on bond forfeiture collection pursuant to Government Code 41.005.

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.

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 - 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.

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

Operation Stonegarden 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.

High Intensity Drug Trafficking Area Grant Fund - Accounts for funds received from the Office of National Drug Control Policy to support initiatives designed to implement the strategy proposed by the Executive Board of the Houston HIDTA and approved by the Office of the National Drug Control Policy.

GCRPC Solid Waste Grant Fund - Accounts for funds received from the Golden Crescent Regional Planning Commission to purchase a recyclable waste compacting container.

Rifle Resist Body Armor Grant Fund – Accounts for funds received from the Office of the Governor to purchase rifle resistant body armor for the protection of the District Attorney Investigators and Sheriff Office S.W.A.T. officers.

TxCDBG WCID #1 Bloomington Fund – Accounts for funds received from the Texas Department of Agriculture for the Bloomington Water Control and Improvement District's water and sewer improvement.

Mental Health Peace Officer Fund - Accounts for funds received from Gulf Bend Center to employ a mental health deputy assigned in the mental health task force.

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

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.

CDA DOJ Equitable Share 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.

Sheriff's Federal Forfeiture Fund - Accounts for funds received from the U.S. Departments of Treasury and 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.

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

VISD School Resource Officer Fund - Accounts for funds received from Victoria Independent School District (VISD) to employ school resource 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.

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.

Child Welfare Board Fund - Accounts for funds that are designated to provide various child protective services to residents of the County.

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.

Medicaid Administrative Claims Fund - Accounts for funds received from the Texas Health and Human Services to reimburse agencies for proper and efficient administration of the Texas Medicaid State Plan. The program is to ensure more effective and timely access of individuals to health care, the most appropriate utilization of Medicaid covered services, and to promote activities and behaviors that reduce the risk of poor health outcomes for the state's most vulnerable populations.

Texas Home Visiting Grant Fund - Accounts for funds received from the Texas Department of Family and Protective Services for providing a maternal, infant and early childhood home visiting program through the STARS Clinic.

Hogg Foundation Grant Fund - Accounts for funds received from Hogg Foundation for Mental Health. The grant award will provide funding for the Be Well Victoria program to support opportunities for resilience, mental health and overall well-being in our community.

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.

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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, 2018*

| | Road and Bridge | Other Special Revenue | Total |
|------------------------------------------------------------------|---------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,575,647 | \$ 3,027,120 | \$ 7,602,767 |
| Receivables (net) | | | |
| Ad valorem | 2,917,825 | - | 2,917,825 |
| Other | 14,457 | 537,974 | 552,431 |
| Due from other governments | - | 1,058,173 | 1,058,173 |
| Total assets | <u>\$ 7,507,929</u> | <u>\$ 4,623,267</u> | <u>\$ 12,131,196</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 69,140 | \$ 981,673 | \$ 1,050,813 |
| Accrued expenditures | 59,690 | 130,000 | 189,690 |
| Due to other funds | 8,810 | 1,116,923 | 1,125,733 |
| Total liabilities | <u>137,640</u> | <u>2,228,596</u> | <u>2,366,236</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 4,426,942 | - | 4,426,942 |
| Total deferred inflows of resources | <u>4,426,942</u> | <u>-</u> | <u>4,426,942</u> |
| FUND BALANCES | | | |
| Restricted | 2,943,347 | 2,762,107 | 5,705,454 |
| Unassigned | - | (367,436) | (367,436) |
| Total fund balances | <u>2,943,347</u> | <u>2,394,671</u> | <u>5,338,018</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 7,507,929</u> | <u>\$ 4,623,267</u> | <u>\$ 12,131,196</u> |

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, 2018

| | Road and Bridge | Other Special Revenue | Total |
|------------------------------------------------------|---------------------|-----------------------------|---------------------|
| REVENUES | | | |
| Taxes | \$ 4,143,222 | \$ - | \$ 4,143,222 |
| Fees of office and user fees | - | 1,545,802 | 1,545,802 |
| Intergovernmental | 1,409,428 | 10,562,521 | 11,971,949 |
| Fines and forfeitures | - | 676,166 | 676,166 |
| Investment income | | | |
| Interest | 75,845 | 39,507 | 115,352 |
| Contributions | - | 925,026 | 925,026 |
| Miscellaneous | 163,703 | 111,437 | 275,140 |
| Total revenues | <u>5,792,198</u> | <u>13,860,459</u> | <u>19,652,657</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | 5,316,937 | 5,316,937 |
| Public safety | - | 2,278,241 | 2,278,241 |
| Highways and streets | 5,961,062 | 110,477 | 6,071,539 |
| Culture and recreation | - | 1,483 | 1,483 |
| Public health | - | 4,011,118 | 4,011,118 |
| Capital outlay | - | 2,607,738 | 2,607,738 |
| Total expenditures | <u>5,961,062</u> | <u>14,325,994</u> | <u>20,287,056</u> |
| Excess (deficiency) of revenues over expenditures | <u>(168,864)</u> | <u>(465,535)</u> | <u>(634,399)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 474,071 | 1,584,947 | 2,059,018 |
| Transfers out | <u>(81,186)</u> | <u>(490,167)</u> | <u>(571,353)</u> |
| Total other financing sources (uses) | <u>392,885</u> | <u>1,094,780</u> | <u>1,487,665</u> |
| EXTRAORDINARY ITEMS | | | |
| Extraordinary item | - | 1,129,006 | 1,129,006 |
| Change in fund balance | 224,021 | 1,758,251 | 1,982,272 |
| Fund balance, January 1 | <u>2,719,326</u> | <u>636,420</u> | <u>3,355,746</u> |
| Fund balance, December 31 | <u>\$ 2,943,347</u> | <u>\$ 2,394,671</u> | <u>\$ 5,338,018</u> |

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**ROAD AND BRIDGE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2018*

| | Road and Bridge Funds | | | | Total |
|-------------------------------------------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | Pct. 1 | Pct. 2 | Pct. 3 | Pct. 4 | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 839,282 | \$ 1,163,608 | \$ 1,817,611 | \$ 755,146 | \$ 4,575,647 |
| Receivables (net) | | | | | |
| Ad valorem | 747,742 | 697,765 | 684,348 | 787,970 | 2,917,825 |
| Other | 3,303 | 3,109 | 3,983 | 4,062 | 14,457 |
| Total assets | <u>\$ 1,590,327</u> | <u>\$ 1,864,482</u> | <u>\$ 2,505,942</u> | <u>\$ 1,547,178</u> | <u>\$ 7,507,929</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 6,974 | \$ 20,293 | \$ 13,653 | \$ 28,220 | \$ 69,140 |
| Accrued expenditures | 16,446 | 12,459 | 17,930 | 12,855 | 59,690 |
| Due to other funds | 2,423 | 1,779 | 2,570 | 2,038 | 8,810 |
| Total liabilities | <u>25,843</u> | <u>34,531</u> | <u>34,153</u> | <u>43,113</u> | <u>137,640</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 1,132,566 | 1,059,954 | 1,038,991 | 1,195,431 | 4,426,942 |
| Total deferred inflows of resources | <u>1,132,566</u> | <u>1,059,954</u> | <u>1,038,991</u> | <u>1,195,431</u> | <u>4,426,942</u> |
| FUND BALANCE | | | | | |
| Restricted | 431,918 | 769,997 | 1,432,798 | 308,634 | 2,943,347 |
| Total liabilities, deferred inflows and fund balance | <u>\$ 1,590,327</u> | <u>\$ 1,864,482</u> | <u>\$ 2,505,942</u> | <u>\$ 1,547,178</u> | <u>\$ 7,507,929</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, 2018*

| | Road and Bridge Funds | | | | Total |
|------------------------------------------------------|-----------------------|-------------------|---------------------|-------------------|---------------------|
| | Pct. 1 | Pct. 2 | Pct. 3 | Pct. 4 | |
| REVENUES | | | | | |
| Taxes | \$ 1,056,521 | \$ 994,374 | \$ 973,659 | \$ 1,118,668 | \$ 4,143,222 |
| Intergovernmental | 356,793 | 343,483 | 339,055 | 370,097 | 1,409,428 |
| Investment income | | | | | |
| Interest | 13,365 | 20,280 | 31,317 | 10,883 | 75,845 |
| Miscellaneous | 30,019 | 11,128 | 46,250 | 76,306 | 163,703 |
| Total revenues | <u>1,456,698</u> | <u>1,369,265</u> | <u>1,390,281</u> | <u>1,575,954</u> | <u>5,792,198</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Highways and streets | <u>1,624,661</u> | <u>1,320,822</u> | <u>1,446,990</u> | <u>1,568,589</u> | <u>5,961,062</u> |
| Excess (deficiency) of revenues over expenditures | <u>(167,963)</u> | <u>48,443</u> | <u>(56,709)</u> | <u>7,365</u> | <u>(168,864)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 246,435 | 45,237 | 68,081 | 114,318 | 474,071 |
| Transfers out | <u>(22,418)</u> | <u>(14,952)</u> | <u>(34,369)</u> | <u>(9,447)</u> | <u>(81,186)</u> |
| Total other financing sources (uses) | <u>224,017</u> | <u>30,285</u> | <u>33,712</u> | <u>104,871</u> | <u>392,885</u> |
| Change in fund balance | 56,054 | 78,728 | (22,997) | 112,236 | 224,021 |
| Fund balance, January 1 | <u>375,864</u> | <u>691,269</u> | <u>1,455,795</u> | <u>196,398</u> | <u>2,719,326</u> |
| Fund balance, December 31 | <u>\$ 431,918</u> | <u>\$ 769,997</u> | <u>\$ 1,432,798</u> | <u>\$ 308,634</u> | <u>\$ 2,943,347</u> |

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2018

| | Emergency Mgmt. | LEPC Fund | Records Mgmt. | Courthouse Security | Justice Court Building Security |
|------------------------------------------------|--------------------|-----------------|-------------------|------------------------|------------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 9,326 | \$ 437,364 | \$ 58,160 | \$ 38,508 |
| Receivables (net) | | | | | |
| Other | 246,145 | - | 250 | 141 | 14 |
| Due from other governments | - | - | - | - | - |
| Total assets | <u>\$ 246,145</u> | <u>\$ 9,326</u> | <u>\$ 437,614</u> | <u>\$ 58,301</u> | <u>\$ 38,522</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,565 | \$ - | \$ 76 | \$ - | \$ - |
| Accrued expenditures | 5,617 | - | 1,243 | - | - |
| Due to other funds | <u>236,634</u> | <u>-</u> | <u>5</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>243,816</u> | <u>-</u> | <u>1,324</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 2,329 | 9,326 | 436,290 | 58,301 | 38,522 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>2,329</u> | <u>9,326</u> | <u>436,290</u> | <u>58,301</u> | <u>38,522</u> |
| Total liabilities and fund balances | <u>\$ 246,145</u> | <u>\$ 9,326</u> | <u>\$ 437,614</u> | <u>\$ 58,301</u> | <u>\$ 38,522</u> |

| District Clerk Records Mgmt. | Patriot Park Donations | Gulf of Mexico Energy Security Act | Hurricane Harvey | TxDOT Rider 48 | Capital Credits | Juvenile Probation | Drug Courts Program |
|------------------------------|------------------------|------------------------------------|-------------------|------------------|-------------------|--------------------|---------------------|
| \$ 5,942 | \$ 2,052 | \$ 167,617 | \$ 253,165 | \$ - | \$ 207,487 | \$ 40,415 | \$ 14,370 |
| 26 | - | - | 225,573 | - | - | - | - |
| - | - | - | - | 22,749 | - | - | - |
| <u>\$ 5,968</u> | <u>\$ 2,052</u> | <u>\$ 167,617</u> | <u>\$ 478,738</u> | <u>\$ 22,749</u> | <u>\$ 207,487</u> | <u>\$ 40,415</u> | <u>\$ 14,370</u> |
| \$ - | \$ - | \$ - | \$ 846,174 | \$ - | \$ - | \$ 15,159 | \$ 732 |
| 100 | - | - | - | - | 1,323 | 25,005 | - |
| - | - | - | - | 22,749 | - | 251 | - |
| <u>100</u> | <u>-</u> | <u>-</u> | <u>846,174</u> | <u>22,749</u> | <u>1,323</u> | <u>40,415</u> | <u>732</u> |
| 5,868 | 2,052 | 167,617 | - | - | 206,164 | - | 13,638 |
| - | - | - | (367,436) | - | - | - | - |
| <u>5,868</u> | <u>2,052</u> | <u>167,617</u> | <u>(367,436)</u> | <u>-</u> | <u>206,164</u> | <u>-</u> | <u>13,638</u> |
| <u>\$ 5,968</u> | <u>\$ 2,052</u> | <u>\$ 167,617</u> | <u>\$ 478,738</u> | <u>\$ 22,749</u> | <u>\$ 207,487</u> | <u>\$ 40,415</u> | <u>\$ 14,370</u> |

(continued)

COUNTY OF VICTORIA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - STATUTORY BASIS
December 31, 2018

| | <u>Justice Technology</u> | <u>Family Protection Fee</u> | <u>County/ District Technology</u> | <u>CDA Processing Fee</u> | <u>CDA Bond Forfeiture Commissions</u> |
|------------------------------------------------|-------------------------------|--------------------------------------|--------------------------------------------|-----------------------------------|----------------------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 17,493 | \$ 380 | \$ 23,381 | \$ 6,813 | \$ 18,451 |
| Receivables (net) | | | | | |
| Other | 56 | 15 | 70 | - | - |
| Due from other governments | - | - | - | - | - |
| Total assets | <u>\$ 17,549</u> | <u>\$ 395</u> | <u>\$ 23,451</u> | <u>\$ 6,813</u> | <u>\$ 18,451</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 512 | \$ - |
| Accrued expenditures | - | - | - | 540 | - |
| Due to other funds | - | - | - | 3 | - |
| Total liabilities | - | - | - | 1,055 | - |
| FUND BALANCES | | | | | |
| Restricted | 17,549 | 395 | 23,451 | 5,758 | 18,451 |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>17,549</u> | <u>395</u> | <u>23,451</u> | <u>5,758</u> | <u>18,451</u> |
| Total liabilities and fund balances | <u>\$ 17,549</u> | <u>\$ 395</u> | <u>\$ 23,451</u> | <u>\$ 6,813</u> | <u>\$ 18,451</u> |

| <u>CDA Victims Assistance Grant</u> | <u>Sheriff Victims Assistance Grant</u> | <u>Operation Stonegarden Grant</u> | <u>Drug Trafficking Grant</u> | <u>Mental Health Peace Officer</u> | <u>BISD School Resource Officer</u> | <u>Sheriff's Special Purpose</u> |
|-------------------------------------------------|-----------------------------------------------------|--------------------------------------------|---------------------------------------|--------------------------------------------|-------------------------------------------------|------------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 430,551 |
| - | - | - | - | - | - | 10,238 |
| <u>17,030</u> | <u>11,577</u> | <u>138,489</u> | <u>13,359</u> | <u>28,022</u> | <u>14,575</u> | <u>-</u> |
| <u>\$ 17,030</u> | <u>\$ 11,577</u> | <u>\$ 138,489</u> | <u>\$ 13,359</u> | <u>\$ 28,022</u> | <u>\$ 14,575</u> | <u>\$ 440,789</u> |
| \$ 16 | \$ 12 | \$ 14,951 | \$ - | \$ 553 | \$ 15 | \$ 3,361 |
| 1,558 | 1,182 | 7,473 | 1,105 | 1,626 | 1,596 | 2,111 |
| <u>15,456</u> | <u>8,528</u> | <u>116,065</u> | <u>12,254</u> | <u>25,843</u> | <u>12,964</u> | <u>5</u> |
| <u>17,030</u> | <u>9,722</u> | <u>138,489</u> | <u>13,359</u> | <u>28,022</u> | <u>14,575</u> | <u>5,477</u> |
| - | 1,855 | - | - | - | - | 435,312 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 1,855 | - | - | - | - | 435,312 |
| <u>\$ 17,030</u> | <u>\$ 11,577</u> | <u>\$ 138,489</u> | <u>\$ 13,359</u> | <u>\$ 28,022</u> | <u>\$ 14,575</u> | <u>\$ 440,789</u> |

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2018

| | Sheriff's Donations | CDA Contraband Forfeiture | CDA DOJ Equitable Share | Sheriff's Federal Forfeiture | VISD School Resource Officer |
|------------------------------------------------|------------------------|---------------------------------|-------------------------------|------------------------------------|---------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 515 | \$ 580,849 | \$ 1,073 | \$ 379,081 | \$ - |
| Receivables (net) | | | | | |
| Other | - | 36,545 | - | - | - |
| Due from other governments | - | - | - | - | 191,332 |
| Total assets | <u>\$ 515</u> | <u>\$ 617,394</u> | <u>\$ 1,073</u> | <u>\$ 379,081</u> | <u>\$ 191,332</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 262 | \$ 5,641 | \$ - | \$ 14 | \$ 9,859 |
| Accrued expenditures | - | 2,641 | - | - | 14,082 |
| Due to other funds | - | 106 | - | - | 167,391 |
| Total liabilities | <u>262</u> | <u>8,388</u> | <u>-</u> | <u>14</u> | <u>191,332</u> |
| FUND BALANCES | | | | | |
| Restricted | 253 | 609,006 | 1,073 | 379,067 | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>253</u> | <u>609,006</u> | <u>1,073</u> | <u>379,067</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 515</u> | <u>\$ 617,394</u> | <u>\$ 1,073</u> | <u>\$ 379,081</u> | <u>\$ 191,332</u> |

| <u>Election Admin. Special</u> | <u>Elections Chapter 19</u> | <u>Tax Assessor- Collector Special</u> | <u>Historical Commission</u> | <u>Child Welfare Board</u> | <u>Law Library</u> | <u>Health Department</u> |
|----------------------------------------|---------------------------------|----------------------------------------------------|----------------------------------|------------------------------------|------------------------|------------------------------|
| \$ 27,705 | \$ - | \$ 21,686 | \$ 22,535 | \$ 31,088 | \$ 62,794 | \$ 10,642 |
| - | - | - | - | 18 | 185 | 135 |
| - | <u>1,114</u> | - | - | - | - | <u>389,109</u> |
| <u>\$ 27,705</u> | <u>\$ 1,114</u> | <u>\$ 21,686</u> | <u>\$ 22,535</u> | <u>\$ 31,106</u> | <u>\$ 62,979</u> | <u>\$ 399,886</u> |
| \$ 11 | \$ 915 | \$ - | \$ - | \$ 306 | \$ 3,444 | \$ 54,986 |
| 203 | - | - | - | - | - | 44,796 |
| <u>13</u> | <u>199</u> | - | - | - | - | <u>300,104</u> |
| <u>227</u> | <u>1,114</u> | - | - | <u>306</u> | <u>3,444</u> | <u>399,886</u> |
| 27,478 | - | 21,686 | 22,535 | 30,800 | 59,535 | - |
| - | - | - | - | - | - | - |
| <u>27,478</u> | - | <u>21,686</u> | <u>22,535</u> | <u>30,800</u> | <u>59,535</u> | - |
| <u>\$ 27,705</u> | <u>\$ 1,114</u> | <u>\$ 21,686</u> | <u>\$ 22,535</u> | <u>\$ 31,106</u> | <u>\$ 62,979</u> | <u>\$ 399,886</u> |

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2018

| | Medicaid Administrative Claims | Texas Home Visiting Grant | Hogg Foundation Grant | WIC Program | LEOSE |
|------------------------------------------------|--------------------------------------|---------------------------------|-----------------------------|-------------------|------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 25,081 | \$ - | \$ 84,236 | \$ - | \$ 48,360 |
| Receivables (net) | | | | | |
| Other | 18,563 | - | - | - | - |
| Due from other governments | - | 83,142 | - | 147,675 | - |
| Total assets | <u>\$ 43,644</u> | <u>\$ 83,142</u> | <u>\$ 84,236</u> | <u>\$ 147,675</u> | <u>\$ 48,360</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 2,975 | \$ 9,555 | \$ 3,220 | \$ 7,359 | \$ - |
| Accrued expenditures | 274 | 2,547 | 1,934 | 13,044 | - |
| Due to other funds | - | 71,040 | 41 | 127,272 | - |
| Total liabilities | <u>3,249</u> | <u>83,142</u> | <u>5,195</u> | <u>147,675</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 40,395 | - | 79,041 | - | 48,360 |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>40,395</u> | <u>-</u> | <u>79,041</u> | <u>-</u> | <u>48,360</u> |
| Total liabilities and fund balances | <u>\$ 43,644</u> | <u>\$ 83,142</u> | <u>\$ 84,236</u> | <u>\$ 147,675</u> | <u>\$ 48,360</u> |

Total

\$ 3,027,120

537,974
1,058,173

\$ 4,623,267

\$ 981,673
130,000
1,116,923

2,228,596

2,762,107
(367,436)

2,394,671

\$ 4,623,267

(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, 2018

| | Emergency Mgmt. | LEPC Fund | Records Mgmt. | Courthouse Security | Justice Court Building Security |
|------------------------------------------------------|--------------------|-----------------|-------------------|------------------------|------------------------------------------|
| REVENUES | | | | | |
| Fees of office and user fees | \$ - | \$ - | \$ 167,207 | \$ 39,370 | \$ 3,595 |
| Intergovernmental | 37,614 | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Investment income | | | | | |
| Interest | - | - | 5,551 | - | - |
| Contributions | 127,238 | - | 5,000 | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>164,852</u> | <u>-</u> | <u>177,758</u> | <u>39,370</u> | <u>3,595</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | - | - | 71,536 | 23,232 | 1,292 |
| Public safety | 280,291 | - | - | - | - |
| Highways and streets | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Public health | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>280,291</u> | <u>-</u> | <u>71,536</u> | <u>23,232</u> | <u>1,292</u> |
| Excess (deficiency) of revenues over expenditures | <u>(115,439)</u> | <u>-</u> | <u>106,222</u> | <u>16,138</u> | <u>2,303</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 115,439 | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>115,439</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXTRAORDINARY ITEMS | | | | | |
| Extraordinary item | - | - | - | - | - |
| Change in fund balance | - | - | 106,222 | 16,138 | 2,303 |
| Fund balance, January 1 | <u>2,329</u> | <u>9,326</u> | <u>330,068</u> | <u>42,163</u> | <u>36,219</u> |
| Fund balance, December 31 | <u>\$ 2,329</u> | <u>\$ 9,326</u> | <u>\$ 436,290</u> | <u>\$ 58,301</u> | <u>\$ 38,522</u> |

| District Clerk Records Mgmt. | Patriot Park Donations | Gulf of Mexico Energy Security Act | Hurricane Harvey | TxDOT Rider 48 | Capital Credits | Juvenile Probation | Drug Courts Program |
|------------------------------|------------------------|------------------------------------|---------------------|------------------|-------------------|--------------------|---------------------|
| \$ 6,781 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 693 | \$ 11,463 |
| - | - | 276,127 | 3,753,303 | 1,955,846 | 108,241 | 912,004 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 13 | 257 |
| - | 3,025 | - | - | 651,934 | - | - | - |
| - | - | - | - | - | - | 200 | - |
| <u>6,781</u> | <u>3,025</u> | <u>276,127</u> | <u>3,753,303</u> | <u>2,607,780</u> | <u>108,241</u> | <u>912,910</u> | <u>11,720</u> |
| 6,432 | - | - | 3,253,965 | - | 109,305 | 1,326,922 | 15,294 |
| - | - | - | - | - | - | - | - |
| - | - | 110,477 | - | - | - | - | - |
| - | 1,483 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 2,607,738 | - | - | - |
| <u>6,432</u> | <u>1,483</u> | <u>110,477</u> | <u>3,253,965</u> | <u>2,607,738</u> | <u>109,305</u> | <u>1,326,922</u> | <u>15,294</u> |
| 349 | 1,542 | 165,650 | 499,338 | 42 | (1,064) | (414,012) | (3,574) |
| - | - | - | 75,240 | - | - | 414,012 | - |
| - | - | - | (468,125) | (42) | - | - | - |
| - | - | - | (392,885) | (42) | - | 414,012 | - |
| - | - | - | 1,129,006 | - | - | - | - |
| 349 | 1,542 | 165,650 | 1,235,459 | - | (1,064) | - | (3,574) |
| 5,519 | 510 | 1,967 | (1,602,895) | - | 207,228 | - | 17,212 |
| <u>\$ 5,868</u> | <u>\$ 2,052</u> | <u>\$ 167,617</u> | <u>\$ (367,436)</u> | <u>\$ -</u> | <u>\$ 206,164</u> | <u>\$ -</u> | <u>\$ 13,638</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, 2018

| | Justice Technology | Family Protection Fee | County/ District Technology | CDA Processing Fee | CDA Bond Forfeiture Commissions |
|------------------------------------------------------|-----------------------|-----------------------------|-----------------------------------|--------------------------|------------------------------------------|
| REVENUES | | | | | |
| Fees of office and user fees | \$ 14,422 | \$ 4,880 | \$ 21,586 | \$ 10,081 | \$ 7,398 |
| Intergovernmental | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Investment income | | | | | |
| Interest | - | - | - | 168 | - |
| Contributions | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>14,422</u> | <u>4,880</u> | <u>21,586</u> | <u>10,249</u> | <u>7,398</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 12,056 | 4,800 | 27,441 | 22,640 | - |
| Public safety | - | - | - | - | - |
| Highways and streets | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Public health | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>12,056</u> | <u>4,800</u> | <u>27,441</u> | <u>22,640</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,366</u> | <u>80</u> | <u>(5,855)</u> | <u>(12,391)</u> | <u>7,398</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 5,000 | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,000</u> | <u>-</u> |
| EXTRAORDINARY ITEMS | | | | | |
| Extraordinary item | - | - | - | - | - |
| Change in fund balance | 2,366 | 80 | (5,855) | (7,391) | 7,398 |
| Fund balance, January 1 | <u>15,183</u> | <u>315</u> | <u>29,306</u> | <u>13,149</u> | <u>11,053</u> |
| Fund balance, December 31 | <u>\$ 17,549</u> | <u>\$ 395</u> | <u>\$ 23,451</u> | <u>\$ 5,758</u> | <u>\$ 18,451</u> |

| <u>CDA Victims Assistance Grant</u> | <u>Sheriff Victims Assistance Grant</u> | <u>Texas Vine Grant</u> | <u>Operation Stonegarden Grant</u> | <u>Drug Trafficking Grant</u> | <u>GCRPC Solid Waste Grant</u> | <u>Rifle Resist Body Armor Grant</u> |
|-------------------------------------------------|-----------------------------------------------------|---------------------------------|--------------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 43,264 | 40,808 | 33,991 | 602,374 | 78,082 | 7,808 | 23,450 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>43,264</u> | <u>40,808</u> | <u>33,991</u> | <u>602,374</u> | <u>78,082</u> | <u>7,808</u> | <u>23,450</u> |
| 68,905 | - | - | - | - | - | - |
| - | 52,397 | 33,991 | 602,374 | 78,082 | - | 23,450 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 7,808 | - |
| - | - | - | - | - | - | - |
| <u>68,905</u> | <u>52,397</u> | <u>33,991</u> | <u>602,374</u> | <u>78,082</u> | <u>7,808</u> | <u>23,450</u> |
| <u>(25,641)</u> | <u>(11,589)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 25,641 | 11,589 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>25,641</u> | <u>11,589</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 1,855 | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 1,855</u> | <u>\$ -</u> | <u>\$ -</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, 2018

| | TxCDBG WCID #1 | Mental Health Peace Officer | BISD School Resource Officer | Sheriff's Special Purpose | Sheriff's Donations |
|------------------------------------------------------|-------------------|-----------------------------------|---------------------------------------|---------------------------------|------------------------|
| REVENUES | | | | | |
| Fees of office and user fees | \$ - | \$ - | \$ 66,747 | \$ - | \$ - |
| Intergovernmental | 33,287 | - | - | - | - |
| Fines and forfeitures | - | - | - | 482,581 | - |
| Investment income | | | | | |
| Interest | - | - | - | 7,251 | 8 |
| Contributions | - | - | - | - | - |
| Miscellaneous | - | 78,494 | - | 15,455 | - |
| Total revenues | <u>33,287</u> | <u>78,494</u> | <u>66,747</u> | <u>505,287</u> | <u>8</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 33,287 | - | - | - | - |
| Public safety | - | 78,494 | 66,747 | 369,663 | 262 |
| Highways and streets | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Public health | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>33,287</u> | <u>78,494</u> | <u>66,747</u> | <u>369,663</u> | <u>262</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>135,624</u> | <u>(254)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXTRAORDINARY ITEMS | | | | | |
| Extraordinary item | - | - | - | - | - |
| Change in fund balance | - | - | - | 135,624 | (254) |
| Fund balance, January 1 | - | - | - | 299,688 | 507 |
| Fund balance, December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 435,312</u> | <u>\$ 253</u> |

| <u>CDA Contraband Forfeiture</u> | <u>CDA DOJ Equitable Share</u> | <u>Sheriff's Federal Forfeiture</u> | <u>VISD School Resource Officer</u> | <u>Election Admin. Special</u> | <u>Elections Chapter 19</u> | <u>Tax Assessor- Collector Special</u> |
|------------------------------------------|----------------------------------------|---------------------------------------------|-------------------------------------------------|----------------------------------------|---------------------------------|----------------------------------------------------|
| \$ - | \$ - | \$ - | \$ 658,920 | \$ 91,694 | \$ 14,873 | \$ - |
| - | - | - | - | - | - | - |
| 192,601 | - | 984 | - | - | - | - |
| 10,491 | 17 | 6,335 | - | 256 | - | 8,573 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,076 |
| <u>203,092</u> | <u>17</u> | <u>7,319</u> | <u>658,920</u> | <u>91,950</u> | <u>14,873</u> | <u>9,649</u> |
| 185,716 | - | - | - | 69,543 | 14,873 | 8,359 |
| - | - | 23,199 | 658,920 | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>185,716</u> | <u>-</u> | <u>23,199</u> | <u>658,920</u> | <u>69,543</u> | <u>14,873</u> | <u>8,359</u> |
| 17,376 | 17 | (15,880) | - | 22,407 | - | 1,290 |
| - | - | - | - | - | - | - |
| (5,000) | - | - | - | - | - | - |
| (5,000) | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 12,376 | 17 | (15,880) | - | 22,407 | - | 1,290 |
| 596,630 | 1,056 | 394,947 | - | 5,071 | - | 20,396 |
| <u>\$ 609,006</u> | <u>\$ 1,073</u> | <u>\$ 379,067</u> | <u>\$ -</u> | <u>\$ 27,478</u> | <u>\$ -</u> | <u>\$ 21,686</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, 2018

| | Historical Commission | Child Welfare Board | Law Library | Health Department | Medicaid Administrative Claims |
|------------------------------------------------------|--------------------------|---------------------------|------------------|----------------------|--------------------------------------|
| REVENUES | | | | | |
| Fees of office and user fees | \$ - | \$ 4,136 | \$ 58,431 | \$ 363,525 | \$ - |
| Intergovernmental | - | - | - | 1,505,608 | 32,573 |
| Fines and forfeitures | - | - | - | - | - |
| Investment income | | | | | |
| Interest | 407 | - | - | 180 | - |
| Contributions | - | - | - | - | - |
| Miscellaneous | 100 | - | - | 16,112 | - |
| Total revenues | <u>507</u> | <u>4,136</u> | <u>58,431</u> | <u>1,885,425</u> | <u>32,573</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 3,426 | 19,957 | 37,956 | - | - |
| Public safety | - | - | - | - | - |
| Highways and streets | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Public health | - | - | - | 2,823,451 | 19,344 |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>3,426</u> | <u>19,957</u> | <u>37,956</u> | <u>2,823,451</u> | <u>19,344</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,919)</u> | <u>(15,821)</u> | <u>20,475</u> | <u>(938,026)</u> | <u>13,229</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 938,026 | - |
| Transfers out | - | - | (17,000) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(17,000)</u> | <u>938,026</u> | <u>-</u> |
| EXTRAORDINARY ITEMS | | | | | |
| Extraordinary item | - | - | - | - | - |
| Change in fund balance | (2,919) | (15,821) | 3,475 | - | 13,229 |
| Fund balance, January 1 | 25,454 | 46,621 | 56,060 | - | 27,166 |
| Fund balance, December 31 | <u>\$ 22,535</u> | <u>\$ 30,800</u> | <u>\$ 59,535</u> | <u>\$ -</u> | <u>\$ 40,395</u> |

| <u>Texas Home Visiting Grant</u> | <u>Hogg Foundation Grant</u> | <u>WIC Program</u> | <u>LEOSE</u> | <u>Total</u> |
|------------------------------------------|--------------------------------------|------------------------|------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 1,545,802 |
| 359,210 | - | 742,517 | 16,414 | 10,562,521 |
| - | - | - | - | 676,166 |
| - | - | - | - | 39,507 |
| - | 137,829 | - | - | 925,026 |
| - | - | - | - | 111,437 |
| <u>359,210</u> | <u>137,829</u> | <u>742,517</u> | <u>16,414</u> | <u>13,860,459</u> |
| - | - | - | - | 5,316,937 |
| - | - | - | 10,371 | 2,278,241 |
| - | - | - | - | 110,477 |
| - | - | - | - | 1,483 |
| 359,210 | 58,788 | 742,517 | - | 4,011,118 |
| - | - | - | - | 2,607,738 |
| <u>359,210</u> | <u>58,788</u> | <u>742,517</u> | <u>10,371</u> | <u>14,325,994</u> |
| - | 79,041 | - | 6,043 | (465,535) |
| - | - | - | - | 1,584,947 |
| - | - | - | - | (490,167) |
| - | - | - | - | 1,094,780 |
| - | - | - | - | 1,129,006 |
| - | 79,041 | - | 6,043 | 1,758,251 |
| - | - | - | 42,317 | 636,420 |
| <u>\$ -</u> | <u>\$ 79,041</u> | <u>\$ -</u> | <u>\$ 48,360</u> | <u>\$ 2,394,671</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, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|----------------------------|-------------------------|-----------------------------------------------|---------------------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Ad valorem | | | | |
| Current | \$ 20,222,129 | \$ 20,222,129 | \$ 20,298,735 | \$ 76,606 |
| Delinquent | 442,500 | 442,500 | 378,916 | (63,584) |
| Penalty and interest | 192,000 | 192,000 | 200,706 | 8,706 |
| Sales and use | <u>8,530,450</u> | <u>8,530,450</u> | <u>10,230,561</u> | <u>1,700,111</u> |
| Total taxes | <u>29,387,079</u> | <u>29,387,079</u> | <u>31,108,918</u> | <u>1,721,839</u> |
| Fees of office and user fees | | | | |
| Sheriff's department | 300,000 | 300,000 | 298,752 | (1,248) |
| Prisoner maintenance | 500 | 500 | 320 | (180) |
| Estray fees | 100 | 100 | 2,162 | 2,062 |
| County treasurer | 3,000 | 3,000 | 2,435 | (565) |
| Election administrator | 1,000 | 1,000 | 22 | (978) |
| County clerk | 360,000 | 360,000 | 381,745 | 21,745 |
| Probate personnel education fees | 1,700 | 1,700 | 1,400 | (300) |
| Guardianship fee | 7,000 | 7,000 | 5,721 | (1,279) |
| County courts at law | 4,000 | 4,000 | 4,858 | 858 |
| Tax assessor-collector | 625,000 | 625,000 | 618,923 | (6,077) |
| Criminal district attorney | 10,000 | 10,000 | 8,977 | (1,023) |
| District clerk | 200,000 | 200,000 | 203,888 | 3,888 |
| Justices of the peace | 48,500 | 48,500 | 74,137 | 25,637 |
| JP Truancy Cost FC 65.107 | - | - | 200 | 200 |
| Deferred adjudication | 30,000 | 30,000 | 26,368 | (3,632) |
| Constables | 82,000 | 82,000 | 95,476 | 13,476 |
| Pre-trial supervisory fees | - | - | 750 | 750 |
| Pre-trial bonding fees | 50,000 | 50,000 | 129,255 | 79,255 |
| Interlock device fees | 12,000 | 12,000 | 8,416 | (3,584) |
| Pre-trial drug test fees | 100 | 100 | 850 | 750 |
| Total fees of office and user fees | <u>1,734,900</u> | <u>1,734,900</u> | <u>1,864,655</u> | <u>129,005</u> |
| Intergovernmental | | | | |
| Payment in lieu of taxes | 1,000 | 1,000 | 1,095 | 95 |
| Alcohol beverage tax | 238,000 | 238,000 | 272,830 | 34,830 |
| County courts at law | 168,000 | 168,000 | 168,000 | - |
| Bingo gross receipts tax | 70,000 | 70,000 | 63,934 | (6,066) |
| Tobacco settlement | 55,000 | 55,000 | 64,008 | 9,008 |
| Indigent defense grant | 80,000 | 80,000 | 123,161 | 43,161 |
| Title IV-E legal service | 22,000 | 22,000 | 4,266 | (17,734) |
| Jury fee reimbursement/SB1704 | 50,000 | 50,000 | 53,176 | 3,176 |
| DA Longevity Reimb/GC 41 | 6,444 | 6,444 | 7,163 | 719 |
| DA 2015 State Supplement Re | 4,427 | 4,427 | 4,428 | 1 |
| Juvenile detention contracts | 1,700,000 | 1,700,000 | 1,768,966 | 68,966 |
| State juvenile detention funds | 174,000 | 226,472 | 217,241 | (9,231) |
| Jail inmate bedspace | 1,100,000 | 1,100,000 | 479,820 | (620,180) |
| Jail inmate contract other | 45,000 | 45,000 | 18,896 | (26,104) |

(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, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------------|----------------------------|-------------------------|-----------------------------------------------|---------------------------------------------|
| REVENUES (continued) | | | | |
| Intergovernmental (continued) | | | | |
| Jail inmate extradition | \$ 20,000 | \$ 20,000 | \$ 12,133 | \$ (7,867) |
| General inmate medical | 35,000 | 35,000 | 35,711 | 711 |
| UTMB refunds | - | - | 189,495 | 189,495 |
| Total intergovernmental | <u>3,768,871</u> | <u>3,821,343</u> | <u>3,484,323</u> | <u>(337,020)</u> |
| Fines and forfeitures | | | | |
| District court fines | 255,000 | 255,000 | 205,610 | (49,390) |
| County court at law fines | 355,000 | 355,000 | 339,203 | (15,797) |
| Justice of the peace fines | 520,000 | 520,000 | 437,448 | (82,552) |
| Forfeitures | 50,100 | 50,100 | 93,785 | 43,685 |
| Total fines and forfeitures | <u>1,180,100</u> | <u>1,180,100</u> | <u>1,076,046</u> | <u>(104,054)</u> |
| Interest | <u>275,080</u> | <u>275,080</u> | <u>466,769</u> | <u>191,689</u> |
| Licenses and permits | | | | |
| Marriage licenses | 20,000 | 22,000 | 20,323 | (1,677) |
| Beer and whiskey licenses | 22,000 | 22,000 | 24,859 | 2,859 |
| Total licenses and permits | <u>42,000</u> | <u>44,000</u> | <u>45,182</u> | <u>1,182</u> |
| Miscellaneous | | | | |
| Records management preservation | 26,000 | 26,000 | 26,160 | 160 |
| Criminal justice planning commission | 100 | 100 | 2 | (98) |
| Crime stopper fee | 50 | 50 | 14 | (36) |
| Victims of crime collection | 100 | 100 | 8 | (92) |
| JCPTF commission | 100 | 100 | - | (100) |
| Juvenile probation diversion collections | 100 | 100 | - | (100) |
| Operators/Chauffeurs License | 100 | 100 | - | (100) |
| Legal service for indigents fees | 1,000 | 1,000 | 1,344 | 344 |
| Defensive driving course fee | 5,000 | 5,000 | 3,608 | (1,392) |
| Visual record by electronic device | - | - | 1,130 | 1,130 |
| Court reporter fees | 27,000 | 27,000 | 29,354 | 2,354 |
| Arrest warrant fees | 43,000 | 43,000 | 37,406 | (5,594) |
| Other fees | 91,800 | 91,800 | 92,171 | 371 |
| Personal recognizant fees | 1,500 | 1,500 | 1,324 | (176) |
| CJAD contract services | 6,600 | 6,600 | 12,742 | 6,142 |
| Rents and royalties | 316,645 | 316,645 | 282,550 | (34,095) |
| Telephone commissions | 146,000 | 146,000 | 189,265 | 43,265 |
| Election machines rental | 19,000 | 19,000 | 49,673 | 30,673 |
| Reimbursements and refunds | 76,100 | 76,100 | 77,088 | 988 |
| Restitutions | 200 | 200 | - | (200) |
| Miscellaneous | 53,650 | 86,115 | 115,662 | 29,547 |
| Total miscellaneous | <u>814,045</u> | <u>846,510</u> | <u>919,501</u> | <u>72,991</u> |
| Total revenues | <u>37,202,075</u> | <u>37,289,012</u> | <u>38,965,394</u> | <u>1,675,632</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, 2018

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance Positive (Negative) |
|---------------------------------|--------------------|------------------|--------------------------------------|------------------------------------|
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| County judge | | | | |
| Salaries | \$ 158,251 | \$ 151,251 | \$ 140,923 | \$ 10,328 |
| Fringe benefits | 39,462 | 39,462 | 35,147 | 4,315 |
| Operating expenditures | 8,200 | 15,200 | 12,578 | 2,622 |
| Total county judge | <u>205,913</u> | <u>205,913</u> | <u>188,648</u> | <u>17,265</u> |
| Commissioners' court | | | | |
| Salaries | 82,385 | 82,385 | 82,355 | 30 |
| Fringe benefits | 27,399 | 27,399 | 26,978 | 421 |
| Operating expenditures | 23,650 | 23,650 | 22,996 | 654 |
| Other services and charges | 3,500 | 7,840 | 6,902 | 938 |
| Total commissioners' court | <u>136,934</u> | <u>141,274</u> | <u>139,231</u> | <u>2,043</u> |
| Records management | | | | |
| Salaries | 76,516 | 76,516 | 76,515 | 1 |
| Fringe benefits | 25,373 | 25,373 | 25,034 | 339 |
| Operating expenditures | 2,000 | 2,000 | 1,423 | 577 |
| Total records management | <u>103,889</u> | <u>103,889</u> | <u>102,972</u> | <u>917</u> |
| County clerk | | | | |
| Salaries | 526,042 | 526,042 | 520,281 | 5,761 |
| Fringe benefits | 164,644 | 164,644 | 153,002 | 11,642 |
| Operating expenditures | 30,748 | 30,748 | 29,280 | 1,468 |
| Total county clerk | <u>721,434</u> | <u>721,434</u> | <u>702,563</u> | <u>18,871</u> |
| Pre-trial services | | | | |
| Salaries | 92,922 | 92,922 | 92,511 | 411 |
| Fringe benefits | 28,941 | 28,941 | 24,292 | 4,649 |
| Operating expenditures | 2,570 | 2,570 | 2,420 | 150 |
| Total pre-trial services | <u>124,433</u> | <u>124,433</u> | <u>119,223</u> | <u>5,210</u> |
| Veterans' service officer | | | | |
| Salaries | 49,932 | 49,932 | 46,738 | 3,194 |
| Fringe benefits | 15,223 | 15,223 | 10,138 | 5,085 |
| Operating expenditures | 3,720 | 3,720 | 3,690 | 30 |
| Total veterans' service officer | <u>68,875</u> | <u>68,875</u> | <u>60,566</u> | <u>8,309</u> |
| Non-departmental | | | | |
| Operating expenditures | 1,186,151 | 1,090,352 | 985,146 | 105,206 |
| Other services and charges | 882,022 | 1,011,276 | 965,461 | 45,815 |
| Capital outlay | - | 852,406 | 775,860 | 76,546 |
| Total non-departmental | <u>2,068,173</u> | <u>2,954,034</u> | <u>2,726,467</u> | <u>227,567</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, 2018

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance Positive (Negative) |
|---------------------------------|--------------------|------------------|--------------------------------------|------------------------------------|
| EXPENDITURES (continued) | | | | |
| Current (continued) | | | | |
| General government (continued) | | | | |
| County court at law | | | | |
| Salaries | \$ 494,869 | \$ 494,869 | \$ 490,986 | \$ 3,883 |
| Fringe benefits | 130,786 | 130,786 | 125,184 | 5,602 |
| Operating expenditures | 9,600 | 9,600 | 6,223 | 3,377 |
| Other services and charges | 103,000 | 168,000 | 157,555 | 10,445 |
| Total county court at law | <u>738,255</u> | <u>803,255</u> | <u>779,948</u> | <u>23,307</u> |
| County court at law # 2 | | | | |
| Other services and charges | 95,000 | 125,000 | 122,348 | 2,652 |
| Total county court at law # 2 | <u>95,000</u> | <u>125,000</u> | <u>122,348</u> | <u>2,652</u> |
| District court | | | | |
| Salaries | 327,495 | 342,695 | 335,825 | 6,870 |
| Fringe benefits | 140,546 | 142,146 | 139,899 | 2,247 |
| Operating expenditures | 13,500 | 16,791 | 14,854 | 1,937 |
| Other services and charges | 733,450 | 898,890 | 870,519 | 28,371 |
| Total district court | <u>1,214,991</u> | <u>1,400,522</u> | <u>1,361,097</u> | <u>39,425</u> |
| District clerk | | | | |
| Salaries | 530,085 | 530,085 | 529,901 | 184 |
| Fringe benefits | 176,537 | 176,537 | 172,135 | 4,402 |
| Operating expenditures | 17,749 | 17,749 | 16,892 | 857 |
| Total district clerk | <u>724,371</u> | <u>724,371</u> | <u>718,928</u> | <u>5,443</u> |
| Justice of the peace # 1 | | | | |
| Salaries | 153,583 | 153,583 | 153,582 | 1 |
| Fringe benefits | 51,626 | 51,626 | 50,271 | 1,355 |
| Operating expenditures | 5,335 | 5,335 | 4,516 | 819 |
| Total justice of the peace # 1 | <u>210,544</u> | <u>210,544</u> | <u>208,369</u> | <u>2,175</u> |
| Justice of the peace # 2 | | | | |
| Salaries | 123,910 | 123,910 | 123,909 | 1 |
| Fringe benefits | 35,662 | 39,322 | 38,670 | 652 |
| Operating expenditures | 4,035 | 4,035 | 2,487 | 1,548 |
| Total justice of the peace # 2 | <u>163,607</u> | <u>167,267</u> | <u>165,066</u> | <u>2,201</u> |
| Justice of the peace # 3 | | | | |
| Salaries | 206,404 | 206,404 | 200,877 | 5,527 |
| Fringe benefits | 63,826 | 63,826 | 61,314 | 2,512 |
| Operating expenditures | 4,660 | 4,660 | 4,496 | 164 |
| Total justice of the peace # 3 | <u>274,890</u> | <u>274,890</u> | <u>266,687</u> | <u>8,203</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, 2018

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance Positive (Negative) |
|----------------------------------|--------------------|------------------|--------------------------------------|------------------------------------|
| EXPENDITURES (continued) | | | | |
| Current (continued) | | | | |
| General government (continued) | | | | |
| Justice of the peace # 4 | | | | |
| Salaries | \$ 141,703 | \$ 141,703 | \$ 137,914 | \$ 3,789 |
| Fringe benefits | 45,402 | 45,402 | 43,433 | 1,969 |
| Operating expenditures | 5,340 | 5,340 | 4,870 | 470 |
| Total justice of the peace # 4 | <u>192,445</u> | <u>192,445</u> | <u>186,217</u> | <u>6,228</u> |
| Criminal district attorney | | | | |
| Salaries | 1,386,908 | 1,386,908 | 1,170,709 | 216,199 |
| Fringe benefits | 382,110 | 382,110 | 304,713 | 77,397 |
| Total criminal district attorney | <u>1,769,018</u> | <u>1,769,018</u> | <u>1,475,422</u> | <u>293,596</u> |
| Election administrator | | | | |
| Salaries | 195,011 | 209,362 | 209,645 | (283) |
| Fringe benefits | 45,648 | 47,528 | 45,816 | 1,712 |
| Operating expenditures | 88,854 | 93,738 | 82,660 | 11,078 |
| Other services and charges | 20,526 | 32,830 | 32,534 | 296 |
| Capital outlay | - | 1,759 | 1,759 | - |
| Total election administrator | <u>350,039</u> | <u>385,217</u> | <u>372,414</u> | <u>12,803</u> |
| County auditor | | | | |
| Salaries | 396,955 | 396,955 | 386,075 | 10,880 |
| Fringe benefits | 124,213 | 124,213 | 117,675 | 6,538 |
| Operating expenditures | 12,688 | 12,688 | 11,727 | 961 |
| Total county auditor | <u>533,856</u> | <u>533,856</u> | <u>515,477</u> | <u>18,379</u> |
| County treasurer | | | | |
| Salaries | 247,082 | 245,582 | 236,253 | 9,329 |
| Fringe benefits | 72,649 | 72,649 | 68,577 | 4,072 |
| Operating expenditures | 33,084 | 34,584 | 30,349 | 4,235 |
| Total county treasurer | <u>352,815</u> | <u>352,815</u> | <u>335,179</u> | <u>17,636</u> |
| Tax assessor-collector | | | | |
| Salaries | 596,871 | 596,871 | 556,783 | 40,088 |
| Fringe benefits | 190,279 | 190,279 | 179,855 | 10,424 |
| Operating expenditures | 15,000 | 15,000 | 13,942 | 1,058 |
| Total tax assessor-collector | <u>802,150</u> | <u>802,150</u> | <u>750,580</u> | <u>51,570</u> |
| Administrative services | | | | |
| Salaries | 232,460 | 230,372 | 205,724 | 24,648 |
| Fringe benefits | 69,478 | 69,478 | 58,005 | 11,473 |
| Operating expenditures | 13,500 | 15,588 | 11,574 | 4,014 |
| Total administrative services | <u>315,438</u> | <u>315,438</u> | <u>275,303</u> | <u>40,135</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, 2018

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance Positive (Negative) |
|-----------------------------------|--------------------|-------------------|--------------------------------------|------------------------------------|
| EXPENDITURES (continued) | | | | |
| Current (continued) | | | | |
| General government (continued) | | | | |
| Information technology | | | | |
| Salaries | \$ 416,112 | \$ 420,432 | \$ 420,231 | \$ 201 |
| Fringe benefits | 123,232 | 124,171 | 122,635 | 1,536 |
| Operating expenditures | 429,300 | 480,821 | 480,713 | 108 |
| Other services and charges | 123,400 | 229,366 | 229,331 | 35 |
| Capital outlay | 38,000 | 40,748 | 40,702 | 46 |
| Total information technology | <u>1,130,044</u> | <u>1,295,538</u> | <u>1,293,612</u> | <u>1,926</u> |
| Facilities management | | | | |
| Salaries | 424,855 | 424,855 | 404,111 | 20,744 |
| Fringe benefits | 142,696 | 142,696 | 133,283 | 9,413 |
| Operating expenditures | 1,178,681 | 1,178,681 | 1,104,740 | 73,941 |
| Total facilities management | <u>1,746,232</u> | <u>1,746,232</u> | <u>1,642,134</u> | <u>104,098</u> |
| Adult probation department | | | | |
| Operating expenditures | 1,000 | 1,000 | 603 | 397 |
| Total adult probation department | <u>1,000</u> | <u>1,000</u> | <u>603</u> | <u>397</u> |
| Juvenile detention facility | | | | |
| Salaries | 1,994,548 | 2,056,548 | 2,011,784 | 44,764 |
| Fringe benefits | 584,634 | 584,634 | 564,715 | 19,919 |
| Operating expenditures | 456,100 | 477,890 | 449,651 | 28,239 |
| Other services and charges | 92,352 | 101,509 | 101,509 | - |
| Capital outlay | - | 12,925 | 12,923 | 2 |
| Total juvenile detention facility | <u>3,127,634</u> | <u>3,233,506</u> | <u>3,140,582</u> | <u>92,924</u> |
| Juvenile board | | | | |
| Salaries | 33,557 | 33,557 | 33,557 | - |
| Fringe benefits | 7,280 | 7,280 | 7,084 | 196 |
| Other services and charges | 60,000 | - | - | - |
| Total juvenile board | <u>100,837</u> | <u>40,837</u> | <u>40,641</u> | <u>196</u> |
| Total general government | <u>17,272,817</u> | <u>18,693,753</u> | <u>17,690,277</u> | <u>1,003,476</u> |
| Public safety | | | | |
| Fire marshal | | | | |
| Salaries | 436,781 | 436,781 | 410,473 | 26,308 |
| Fringe benefits | 132,851 | 132,851 | 120,322 | 12,529 |
| Operating expenditures | 105,143 | 111,503 | 108,000 | 3,503 |
| Other services and charges | 54,000 | 54,095 | 54,045 | 50 |
| Capital outlay | - | 2,510 | 2,510 | - |
| Total fire marshal | <u>728,775</u> | <u>737,740</u> | <u>695,350</u> | <u>42,390</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, 2018

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance Positive (Negative) |
|----------------------------------|--------------------|-------------------|--------------------------------------|------------------------------------|
| EXPENDITURES (continued) | | | | |
| Current (continued) | | | | |
| Public safety (continued) | | | | |
| Sheriff | | | | |
| Salaries | \$ 9,600,561 | \$ 9,069,743 | \$ 8,906,331 | \$ 163,412 |
| Fringe benefits | 2,793,210 | 2,793,210 | 2,556,707 | 236,503 |
| Operating expenditures | 1,439,766 | 1,642,448 | 1,642,414 | 34 |
| Other services and charges | 1,487,789 | 1,526,952 | 1,526,944 | 8 |
| Capital outlay | - | 288,973 | 288,972 | 1 |
| Total sheriff | <u>15,321,326</u> | <u>15,321,326</u> | <u>14,921,368</u> | <u>399,958</u> |
| Constable # 1 | | | | |
| Salaries | 41,867 | 41,867 | 41,867 | - |
| Fringe benefits | 13,474 | 13,474 | 13,295 | 179 |
| Operating expenditures | 3,400 | 3,400 | 2,583 | 817 |
| Total constable # 1 | <u>58,741</u> | <u>58,741</u> | <u>57,745</u> | <u>996</u> |
| Constable # 2 | | | | |
| Salaries | 43,117 | 43,117 | 43,117 | - |
| Fringe benefits | 13,746 | 13,746 | 13,607 | 139 |
| Operating expenditures | 3,400 | 5,800 | 4,837 | 963 |
| Total constable # 2 | <u>60,263</u> | <u>62,663</u> | <u>61,561</u> | <u>1,102</u> |
| Constable # 3 | | | | |
| Salaries | 42,587 | 42,587 | 42,587 | - |
| Fringe benefits | 13,631 | 13,631 | 13,491 | 140 |
| Operating expenditures | 3,400 | 3,400 | 2,628 | 772 |
| Total constable # 3 | <u>59,618</u> | <u>59,618</u> | <u>58,706</u> | <u>912</u> |
| Constable # 4 | | | | |
| Salaries | 41,867 | 41,867 | 41,867 | - |
| Fringe benefits | 14,218 | 14,218 | 13,840 | 378 |
| Operating expenditures | 3,400 | 3,400 | 2,218 | 1,182 |
| Total constable # 4 | <u>59,485</u> | <u>59,485</u> | <u>57,925</u> | <u>1,560</u> |
| Non-departmental | | | | |
| Other services and charges | | | | |
| City/County interlocal agreement | 1,865,000 | 1,876,410 | 1,874,827 | 1,583 |
| Total non-departmental | <u>1,865,000</u> | <u>1,876,410</u> | <u>1,874,827</u> | <u>1,583</u> |
| Total public safety | <u>18,153,208</u> | <u>18,175,983</u> | <u>17,727,482</u> | <u>448,501</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, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------------------------|----------------------------|-------------------------|-----------------------------------------------|---------------------------------------------|
| EXPENDITURES (continued) | | | | |
| Current (continued) | | | | |
| Culture and recreation | | | | |
| Extension service | | | | |
| Salaries | \$ 175,946 | \$ 175,946 | \$ 175,944 | \$ 2 |
| Fringe benefits | 35,543 | 35,543 | 34,781 | 762 |
| Operating expenditures | 26,475 | 26,475 | 19,840 | 6,635 |
| Other services and charges | 13,000 | 17,500 | 16,990 | 510 |
| Total extension service | <u>250,964</u> | <u>255,464</u> | <u>247,555</u> | <u>7,909</u> |
| Total culture and recreation | <u>250,964</u> | <u>255,464</u> | <u>247,555</u> | <u>7,909</u> |
| Total expenditures | <u>35,676,989</u> | <u>37,125,200</u> | <u>35,665,314</u> | <u>1,459,886</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,525,086</u> | <u>163,812</u> | <u>3,300,080</u> | <u>3,136,268</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of assets | 5,000 | 5,000 | 7,050 | 2,050 |
| Transfers in | 52,000 | 307,731 | 272,731 | (35,000) |
| Transfers out | <u>(1,584,781)</u> | <u>(2,267,447)</u> | <u>(2,240,342)</u> | <u>27,105</u> |
| Total other financing sources (uses) | <u>(1,527,781)</u> | <u>(1,954,716)</u> | <u>(1,960,561)</u> | <u>(5,845)</u> |
| Change in fund balance | (2,695) | (1,790,904) | 1,339,519 | 3,130,423 |
| Fund balance, January 1 | <u>15,956,017</u> | <u>15,956,017</u> | <u>15,956,017</u> | <u>-</u> |
| Fund balance, December 31 | <u>\$ 15,953,322</u> | <u>\$ 14,165,113</u> | <u>\$ 17,295,536</u> | <u>\$ 3,130,423</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, 2018

| | Final Budget | Actual Amounts Budgetary Basis | Budget to Statutory Differences Over (Under) | Actual Amounts Statutory Basis |
|------------------------------------------------------|------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Current taxes | \$ 1,019,321 | \$ 1,028,074 | \$ - | \$ 1,028,074 |
| Delinquent taxes | 18,000 | 18,614 | 92 | 18,522 |
| Penalty and interest | 8,400 | 9,939 | 14 | 9,925 |
| Intergovernmental | | | | |
| Vehicle license fees | 90,000 | 90,000 | - | 90,000 |
| Additional license fees | 220,000 | 226,343 | 176 | 226,167 |
| Permits | 40,466 | 40,626 | - | 40,626 |
| Investment income | | | | |
| Interest | 11,754 | 13,365 | - | 13,365 |
| Miscellaneous | 32,100 | 30,019 | - | 30,019 |
| Total revenues | <u>1,440,041</u> | <u>1,456,980</u> | <u>282</u> | <u>1,456,698</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highways and streets | | | | |
| Salaries | 595,210 | 576,413 | (1,968) | 578,381 |
| Fringe benefits | 179,550 | 172,897 | (522) | 173,419 |
| Operating expenditures | 764,883 | 756,484 | (2,242) | 758,726 |
| Other services and charges | 10,535 | 10,384 | - | 10,384 |
| Capital outlay | 50,000 | 49,980 | - | 49,980 |
| Debt service | 53,772 | 53,771 | - | 53,771 |
| Total expenditures | <u>1,653,950</u> | <u>1,619,929</u> | <u>(4,732)</u> | <u>1,624,661</u> |
| Excess (deficiency) of revenues over expenditures | <u>(213,909)</u> | <u>(162,949)</u> | <u>5,014</u> | <u>(167,963)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 39,346 | 246,435 | - | 246,435 |
| Transfers out | (22,418) | (22,418) | - | (22,418) |
| Total other financing sources (uses) | <u>16,928</u> | <u>224,017</u> | <u>-</u> | <u>224,017</u> |
| Change in fund balance | (196,981) | 61,068 | 5,014 | 56,054 |
| Fund balance, January 1 | <u>212,272</u> | <u>432,052</u> | <u>56,188</u> | <u>375,864</u> |
| Fund balance, December 31 | <u>\$ 15,291</u> | <u>\$ 493,120</u> | <u>\$ 61,202</u> | <u>\$ 431,918</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, 2018*

| | Final Budget | Actual Amounts Budgetary Basis | Budget to Statutory Differences Over (Under) | Actual Amounts Statutory Basis |
|------------------------------------------------------|---------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Current taxes | \$ 959,361 | \$ 967,600 | \$ - | \$ 967,600 |
| Delinquent taxes | 17,000 | 17,519 | 86 | 17,433 |
| Penalty and interest | 8,300 | 9,355 | 14 | 9,341 |
| Intergovernmental | | | | |
| Vehicle license fees | 90,000 | 90,000 | 6 | 89,994 |
| Additional license fees | 220,000 | 213,029 | 166 | 212,863 |
| Permits | 28,500 | 40,626 | - | 40,626 |
| Investment income | | | | |
| Interest | 6,000 | 20,280 | - | 20,280 |
| Miscellaneous | 5,276 | 11,122 | (6) | 11,128 |
| Total revenues | <u>1,334,437</u> | <u>1,369,531</u> | <u>266</u> | <u>1,369,265</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highways and streets | | | | |
| Salaries | 486,598 | 433,585 | (1,827) | 435,412 |
| Fringe benefits | 142,036 | 126,222 | (781) | 127,003 |
| Operating expenditures | 931,765 | 644,477 | (9,002) | 653,479 |
| Other services and charges | 46,176 | 2,798 | 370 | 2,428 |
| Capital outlay | 121,225 | 102,500 | - | 102,500 |
| Total expenditures | <u>1,727,800</u> | <u>1,309,582</u> | <u>(11,240)</u> | <u>1,320,822</u> |
| Excess (deficiency) of revenues over expenditures | <u>(393,363)</u> | <u>59,949</u> | <u>11,506</u> | <u>48,443</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 8,315 | 45,237 | - | 45,237 |
| Transfers out | (14,952) | (14,952) | - | (14,952) |
| Total other financing sources (uses) | <u>(6,637)</u> | <u>30,285</u> | <u>-</u> | <u>30,285</u> |
| Change in fund balance | (400,000) | 90,234 | 11,506 | 78,728 |
| Fund balance, January 1 | 172,145 | 869,743 | 178,474 | 691,269 |
| Fund balance, December 31 | <u>\$ (227,855)</u> | <u>\$ 959,977</u> | <u>\$ 189,980</u> | <u>\$ 769,997</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, 2018

| | Final Budget | Actual Amounts Budgetary Basis | Budget to Statutory Differences Over (Under) | Actual Amounts Statutory Basis |
|------------------------------------------------------|---------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Current taxes | \$ 939,374 | \$ 947,442 | \$ - | \$ 947,442 |
| Delinquent taxes | 17,000 | 17,154 | 84 | 17,070 |
| Penalty and interest | 8,200 | 9,160 | 13 | 9,147 |
| Intergovernmental | | | | |
| Vehicle license fees | 90,000 | 90,000 | - | 90,000 |
| Additional license fees | 220,000 | 208,591 | 162 | 208,429 |
| Permits | 28,500 | 40,626 | - | 40,626 |
| Investment income | | | | |
| Interest | 9,000 | 31,317 | - | 31,317 |
| Miscellaneous | 57,950 | 45,936 | (314) | 46,250 |
| Total revenues | <u>1,370,024</u> | <u>1,390,226</u> | <u>(55)</u> | <u>1,390,281</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highways and streets | | | | |
| Salaries | 614,866 | 601,596 | (2,348) | 603,944 |
| Fringe benefits | 199,451 | 193,553 | (900) | 194,453 |
| Operating expenditures | 644,769 | 563,016 | 3,555 | 559,461 |
| Other services and charges | 2,000 | 529 | - | 529 |
| Capital outlay | 88,606 | 88,603 | - | 88,603 |
| Total expenditures | <u>1,549,692</u> | <u>1,447,297</u> | <u>307</u> | <u>1,446,990</u> |
| Excess (deficiency) of revenues over expenditures | <u>(179,668)</u> | <u>(57,071)</u> | <u>(362)</u> | <u>(56,709)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 68,081 | - | 68,081 |
| Transfers out | (19,824) | (34,369) | - | (34,369) |
| Total other financing sources (uses) | <u>(19,824)</u> | <u>33,712</u> | <u>-</u> | <u>33,712</u> |
| Change in fund balance | (199,492) | (23,359) | (362) | (22,997) |
| Fund balance, January 1 | <u>1,334,222</u> | <u>1,525,041</u> | <u>69,246</u> | <u>1,455,795</u> |
| Fund balance, December 31 | <u>\$ 1,134,730</u> | <u>\$ 1,501,682</u> | <u>\$ 68,884</u> | <u>\$ 1,432,798</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, 2018*

| | Final Budget | Actual Amounts Budgetary Basis | Budget to Statutory Differences Over (Under) | Actual Amounts Statutory Basis |
|------------------------------------------------------|-------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Current taxes | \$ 1,079,281 | \$ 1,088,549 | \$ - | \$ 1,088,549 |
| Delinquent taxes | 19,000 | 19,709 | 98 | 19,611 |
| Penalty and interest | 9,300 | 10,524 | 16 | 10,508 |
| Intergovernmental | | | | |
| Vehicle license fees | 90,000 | 90,000 | - | 90,000 |
| Additional license fees | 250,000 | 239,657 | 186 | 239,471 |
| Permits | 30,500 | 40,626 | - | 40,626 |
| Investment income | | | | |
| Interest | 4,000 | 10,883 | - | 10,883 |
| Miscellaneous | 79,208 | 76,397 | 91 | 76,306 |
| Total revenues | <u>1,561,289</u> | <u>1,576,345</u> | <u>391</u> | <u>1,575,954</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highways and streets | | | | |
| Salaries | 508,926 | 502,852 | (1,451) | 504,303 |
| Fringe benefits | 157,560 | 144,164 | (688) | 144,852 |
| Operating expenditures | 806,692 | 718,380 | (6,926) | 725,306 |
| Other services and charges | 3,600 | 3,533 | 3,434 | 99 |
| Capital outlay | 142,334 | 142,295 | - | 142,295 |
| Debt service | 51,735 | 51,734 | - | 51,734 |
| Total expenditures | <u>1,670,847</u> | <u>1,562,958</u> | <u>(5,631)</u> | <u>1,568,589</u> |
| Excess (deficiency) of revenues over expenditures | <u>(109,558)</u> | <u>13,387</u> | <u>6,022</u> | <u>7,365</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 91,829 | 114,318 | - | 114,318 |
| Transfers out | (9,448) | (9,447) | - | (9,447) |
| Total other financing sources (uses) | <u>82,381</u> | <u>104,871</u> | <u>-</u> | <u>104,871</u> |
| Change in fund balance | (27,177) | 118,258 | 6,022 | 112,236 |
| Fund balance, January 1 | <u>356,589</u> | <u>421,728</u> | <u>225,330</u> | <u>196,398</u> |
| Fund balance, December 31 | <u>\$ 329,412</u> | <u>\$ 539,986</u> | <u>\$ 231,352</u> | <u>\$ 308,634</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, 2018

| | Final Budget | Actual Amounts Budgetary Basis | Budget to Statutory Differences Over (Under) | Actual Amounts Statutory Basis |
|------------------------------------------------------|-------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Current taxes | \$ 1,396,197 | \$ 1,401,487 | \$ - | \$ 1,401,487 |
| Delinquent taxes | 33,000 | 26,162 | 117 | 26,045 |
| Penalty and interest | 14,800 | 13,858 | (6) | 13,864 |
| Investment income | | | | |
| Interest | 5,150 | 10,492 | - | 10,492 |
| Total revenues | <u>1,449,147</u> | <u>1,451,999</u> | <u>111</u> | <u>1,451,888</u> |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal retirement | 992,856 | 992,856 | - | 992,856 |
| Interest and fiscal charges | 394,303 | 393,712 | - | 393,712 |
| Total expenditures | <u>1,387,159</u> | <u>1,386,568</u> | <u>-</u> | <u>1,386,568</u> |
| Excess (deficiency) of revenues over expenditures | <u>61,988</u> | <u>65,431</u> | <u>111</u> | <u>65,320</u> |
| OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in fund balance | 61,988 | 65,431 | 111 | 65,320 |
| Fund balance, January 1 | <u>321,765</u> | <u>378,459</u> | <u>(27,472)</u> | <u>405,931</u> |
| Fund balance, December 31 | <u>\$ 383,753</u> | <u>\$ 443,890</u> | <u>\$ (27,361)</u> | <u>\$ 471,251</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, 2018*

| | Balance at Beginning of Year | Additions | Deletions | Balance at End of Year |
|-----------------------------------|------------------------------------|------------|------------|------------------------------|
| COUNTY CLERK-TRUSTS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 487,876 | \$ 231,231 | \$ 302,527 | \$ 416,580 |
| LIABILITIES | | | | |
| Accounts payable | \$ 487,876 | \$ 231,231 | \$ 302,527 | \$ 416,580 |
| CRIMINAL DISTRICT ATTORNEY | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 9,833 | \$ 88,562 | \$ 88,050 | \$ 10,345 |
| LIABILITIES | | | | |
| Accounts payable | \$ 9,833 | \$ 88,562 | \$ 88,050 | \$ 10,345 |
| DISTRICT CLERK-TRUSTS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,462,561 | \$ 681,039 | \$ 913,258 | \$ 1,230,342 |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,462,561 | \$ 681,039 | \$ 913,258 | \$ 1,230,342 |
| CLERK'S SPECIAL | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 310 | \$ 12,279 | \$ 12,574 | \$ 15 |
| LIABILITIES | | | | |
| Accounts payable | \$ 310 | \$ 12,279 | \$ 12,574 | \$ 15 |
| JAIL INMATE TRUST FUND | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 54,667 | \$ 812,116 | \$ 801,562 | \$ 65,221 |
| LIABILITIES | | | | |
| Accounts payable | \$ 54,667 | \$ 812,116 | \$ 801,562 | \$ 65,221 |
| SHERIFF SPECIAL | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 22,041 | \$ 231,176 | \$ 253,217 | \$ - |
| LIABILITIES | | | | |
| Accounts payable | \$ 22,041 | \$ 231,176 | \$ 253,217 | \$ - |

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2018

| | Balance at Beginning of Year | Additions | Deletions | Balance at End of Year |
|-------------------------------------|------------------------------------|-----------------------|-----------------------|------------------------------|
| STATE FEES | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 173,276 | \$ 846,174 | \$ 838,881 | \$ 180,569 |
| Other receivables | 3,611 | 6,972 | 3,611 | 6,972 |
| Total assets | <u>\$ 176,887</u> | <u>\$ 853,146</u> | <u>\$ 842,492</u> | <u>\$ 187,541</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ 176,887</u> | <u>\$ 853,146</u> | <u>\$ 842,492</u> | <u>\$ 187,541</u> |
| JUSTICE OF THE PEACE-SPECIAL | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | <u>\$ 458</u> | <u>\$ 551</u> | <u>\$ 751</u> | <u>\$ 258</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ 458</u> | <u>\$ 551</u> | <u>\$ 751</u> | <u>\$ 258</u> |
| TAX ASSESSOR-COLLECTOR | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,987,044 | \$ 185,005,378 | \$ 187,445,525 | \$ 4,546,897 |
| Other receivables | 91,781 | 81,764 | 91,781 | 81,764 |
| Total assets | <u>\$ 7,078,825</u> | <u>\$ 185,087,142</u> | <u>\$ 187,537,306</u> | <u>\$ 4,628,661</u> |
| LIABILITIES | | | | |
| Accounts payable | 58,690 | \$ 180,509,060 | \$ 180,517,171 | 50,579 |
| Due to other governments | 7,020,135 | 4,578,082 | 7,020,135 | 4,578,082 |
| Total liabilities | <u>\$ 7,078,825</u> | <u>\$ 185,087,142</u> | <u>\$ 187,537,306</u> | <u>\$ 4,628,661</u> |
| JUVENILE RESTITUTION | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | <u>\$ 462</u> | <u>\$ 1,389</u> | <u>\$ 1,758</u> | <u>\$ 93</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ 462</u> | <u>\$ 1,389</u> | <u>\$ 1,758</u> | <u>\$ 93</u> |
| SPECIAL SERVICES | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 932,121 | \$ 276,841 | \$ 762,588 | \$ 446,374 |
| Seized assets | 189,556 | 69,204 | 23,975 | 234,785 |
| Total assets | <u>\$ 1,121,677</u> | <u>\$ 346,045</u> | <u>\$ 786,563</u> | <u>\$ 681,159</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ 1,121,677</u> | <u>\$ 346,045</u> | <u>\$ 786,563</u> | <u>\$ 681,159</u> |

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2018

| | Balance at Beginning of Year | Additions | Deletions | Balance at End of Year |
|-----------------------------------|------------------------------------|-----------------------|-----------------------|------------------------------|
| JUVENILE INMATE TRUST FUND | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 179 | \$ 2,984 | \$ 2,591 | \$ 572 |
| LIABILITIES | | | | |
| Accounts payable | \$ 179 | \$ 2,984 | \$ 2,591 | \$ 572 |
| CDA STATE JUDICIARY FUND | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,037 | \$ 22,500 | \$ 21,057 | \$ 3,480 |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,037 | \$ 22,500 | \$ 21,057 | \$ 3,480 |
| TOTALS - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 10,132,866 | \$ 188,212,220 | \$ 191,444,339 | \$ 6,900,747 |
| Other receivables | 95,392 | 88,736 | 95,392 | 88,736 |
| Seized assets | 189,556 | 69,204 | 23,975 | 234,785 |
| Total assets | \$ 10,417,814 | \$ 188,370,160 | \$ 191,563,706 | \$ 7,224,268 |
| LIABILITIES | | | | |
| Accounts payable | \$ 3,397,679 | \$ 183,792,078 | \$ 184,543,571 | \$ 2,646,186 |
| Due to other governments | 7,020,135 | 4,578,082 | 7,020,135 | 4,578,082 |
| Total liabilities | \$ 10,417,814 | \$ 188,370,160 | \$ 191,563,706 | \$ 7,224,268 |

(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.

| <u>Contents</u> | <u>Page</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time | 148 |
| Revenue Capacity | |
| 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..... | 159 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future | 172 |
| Demographic and Economic Information | |
| 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 | 178 |
| Operating Information | |
| 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..... | 180 |

COUNTY OF VICTORIA, TEXAS
NET POSITION BY COMPONENT (1)
Last ten fiscal years

| | Fiscal Year | | | |
|--------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 18,800,745 | \$ 13,801,455 | \$ 16,692,542 | \$ 17,634,287 |
| Restricted | 479,495 | 478,249 | 688,673 | 1,735,505 |
| Unrestricted | <u>8,952,624</u> | <u>10,419,290</u> | <u>10,692,960</u> | <u>13,988,896</u> |
| Total governmental activities net position | <u>\$ 28,232,864</u> | <u>\$ 24,698,994</u> | <u>\$ 28,074,175</u> | <u>\$ 33,358,688</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 10,069,793 | \$ 9,572,959 | \$ 9,245,449 | \$ 8,841,867 |
| Unrestricted | <u>155,866</u> | <u>48,710</u> | <u>(208,163)</u> | <u>(527,598)</u> |
| Total business-type activities net position | <u>\$ 10,225,659</u> | <u>\$ 9,621,669</u> | <u>\$ 9,037,286</u> | <u>\$ 8,314,269</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 28,870,538 | \$ 23,374,414 | \$ 25,937,991 | \$ 26,476,154 |
| Restricted | 479,495 | 478,249 | 688,673 | 1,735,505 |
| Unrestricted | <u>9,108,490</u> | <u>10,468,000</u> | <u>10,484,797</u> | <u>13,651,402</u> |
| Total primary government activities net position | <u>\$ 38,458,523</u> | <u>\$ 34,320,663</u> | <u>\$ 37,111,461</u> | <u>\$ 41,863,061</u> |

(1) Accrual basis of accounting

NOTES: Amounts presented using a Statutory Basis of Accounting

The County implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

The County implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this new standard.

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 19,331,396 | \$ 19,248,568 | \$ 18,533,816 | \$ 16,809,816 | \$ 15,075,452 | \$ 19,060,322 |
| 1,911,393 | 1,818,838 | 1,561,037 | 2,283,067 | 2,695,608 | 3,329,934 |
| <u>16,544,281</u> | <u>20,591,811</u> | <u>14,018,912</u> | <u>17,629,833</u> | <u>15,968,499</u> | <u>12,312,292</u> |
| <u>\$ 37,787,070</u> | <u>\$ 41,659,217</u> | <u>\$ 34,113,765</u> | <u>\$ 36,722,716</u> | <u>\$ 33,739,559</u> | <u>\$ 34,702,548</u> |
| | | | | | |
| \$ 8,625,363 | \$ 8,436,735 | \$ 8,172,038 | \$ 7,942,228 | \$ 7,118,679 | \$ 5,975,370 |
| (1,247,508) | (1,359,561) | (1,521,139) | (1,647,712) | 549,053 | 404,747 |
| <u>\$ 7,377,855</u> | <u>\$ 7,077,174</u> | <u>\$ 6,650,899</u> | <u>\$ 6,294,516</u> | <u>\$ 7,667,732</u> | <u>\$ 6,380,117</u> |
| | | | | | |
| \$ 27,956,759 | \$ 27,685,303 | \$ 27,753,134 | \$ 24,752,044 | \$ 22,194,131 | \$ 25,035,692 |
| 1,911,393 | 1,818,838 | 1,561,037 | 2,283,067 | 2,695,608 | 3,329,934 |
| <u>15,296,773</u> | <u>19,232,250</u> | <u>12,497,773</u> | <u>15,982,121</u> | <u>16,517,552</u> | <u>12,717,039</u> |
| <u>\$ 45,164,925</u> | <u>\$ 48,736,391</u> | <u>\$ 41,811,944</u> | <u>\$ 43,017,232</u> | <u>\$ 41,407,291</u> | <u>\$ 41,082,665</u> |

COUNTY OF VICTORIA, TEXAS

CHANGES IN NET POSITION (1)

Last ten fiscal years

| | Fiscal Year | | | |
|--------------------------------------------------------------------|-----------------------|-----------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Governmental activities | | | | |
| Expenses | | | | |
| General government | \$ 17,845,546 | \$ 16,605,275 | \$ 15,620,851 | \$ 17,725,415 |
| Public safety | 15,751,805 | 19,400,560 | 15,289,156 | 16,249,363 |
| Streets and highways | 4,220,057 | 4,606,913 | 4,435,115 | 4,196,422 |
| Culture and recreation | 462,762 | 356,884 | 257,880 | 301,527 |
| Public health | 4,319,623 | 4,222,958 | 3,650,720 | 3,747,650 |
| Interest on long-term debt | 239,157 | 329,593 | 504,255 | 352,616 |
| Total expenses | <u>42,838,950</u> | <u>45,522,183</u> | <u>39,757,977</u> | <u>42,572,993</u> |
| Program revenues | | | | |
| Charges for services | | | | |
| General government | 5,280,919 | 4,986,776 | 4,639,764 | 5,709,483 |
| Public safety | 2,066,881 | 1,967,771 | 2,216,737 | 2,263,926 |
| Streets and highways | 1,586,389 | 1,454,744 | 1,506,282 | 1,600,498 |
| Culture and recreation | - | - | - | - |
| Public health | 828,916 | 806,273 | 843,562 | 712,155 |
| Operating grants and contributions | 4,159,006 | 4,892,681 | 4,894,311 | 4,461,065 |
| Capital grants and contributions | 769,421 | 376,900 | 951,625 | 697,792 |
| Total program revenues | <u>14,691,532</u> | <u>14,485,145</u> | <u>15,052,281</u> | <u>15,444,919</u> |
| Total governmental activities net program (expense) revenue | (28,147,418) | (31,037,038) | (24,705,696) | (27,128,074) |
| General revenues and other changes in net position | | | | |
| Taxes | | | | |
| Property taxes | 19,199,929 | 19,632,861 | 19,323,241 | 20,738,029 |
| Sales taxes | 6,620,902 | 7,523,254 | 10,028,625 | 10,984,845 |
| Other taxes | 223,178 | 215,614 | 224,920 | 235,893 |
| Grants and contributions not restricted to specific programs | 200,591 | 53,401 | 352,549 | 139,310 |
| Unrestricted investment earnings | 166,674 | 101,623 | 119,708 | 114,897 |
| Miscellaneous | 606,628 | 416,368 | 636,498 | 388,862 |
| Extraordinary item | - | - | - | - |
| Transfers | (409,614) | (439,953) | (11,113) | - |
| Special items | - | - | (2,616,446) | - |
| Total general revenues and other changes in net position | <u>26,608,288</u> | <u>27,503,168</u> | <u>28,057,982</u> | <u>32,601,836</u> |
| Total governmental activities change in net position | <u>\$ (1,539,130)</u> | <u>\$ (3,533,870)</u> | <u>\$ 3,352,286</u> | <u>\$ 5,473,762</u> |

Fiscal Year

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| \$ 17,741,218 | \$ 19,041,903 | \$ 18,521,250 | \$ 20,353,896 | \$ 26,304,990 | \$ 24,306,587 |
| 19,116,258 | 19,021,706 | 18,684,796 | 20,708,786 | 21,626,868 | 21,767,661 |
| 4,368,635 | 6,098,697 | 5,444,923 | 5,866,714 | 6,298,408 | 6,400,322 |
| 295,945 | 332,869 | 306,605 | 353,798 | 395,762 | 317,732 |
| 3,377,214 | 3,551,753 | 3,527,448 | 3,941,509 | 4,299,622 | 4,041,478 |
| 446,849 | 785,052 | 433,173 | 493,290 | 615,616 | 301,789 |
| <u>45,346,119</u> | <u>48,831,980</u> | <u>46,918,195</u> | <u>51,717,993</u> | <u>59,541,266</u> | <u>57,135,569</u> |
| 5,733,156 | 5,648,982 | 4,795,027 | 5,683,863 | 6,475,812 | 6,601,723 |
| 2,254,543 | 2,547,897 | 2,504,511 | 2,619,758 | 2,103,246 | 2,167,104 |
| 1,597,198 | 1,641,604 | 1,496,157 | 1,441,352 | 1,395,105 | 1,409,429 |
| - | - | - | 2,338 | 1,850 | 2,625 |
| 533,399 | 570,998 | 587,120 | 545,175 | 459,781 | 441,946 |
| 5,183,741 | 4,651,866 | 4,440,829 | 4,104,052 | 4,626,724 | 5,456,911 |
| 228,422 | 398,800 | - | 169,264 | 1,214,971 | 3,041,129 |
| <u>15,530,459</u> | <u>15,460,147</u> | <u>13,823,644</u> | <u>14,565,802</u> | <u>16,277,489</u> | <u>19,120,867</u> |
| (29,815,660) | (33,371,833) | (33,094,551) | (37,152,191) | (43,263,777) | (38,014,702) |
| 21,984,214 | 23,817,161 | 25,407,422 | 26,135,287 | 25,826,188 | 26,205,061 |
| 10,815,601 | 11,824,484 | 10,626,687 | 9,085,344 | 9,275,154 | 10,314,720 |
| 251,853 | 295,983 | 331,179 | 307,839 | 282,089 | 336,764 |
| 252,374 | 730,719 | 251,659 | 289,639 | 2,739,331 | 1,354,933 |
| 132,066 | 174,003 | 183,319 | 185,145 | 312,407 | 602,197 |
| 807,934 | 657,416 | 661,223 | 659,665 | 652,954 | 641,980 |
| - | - | - | - | 3,264,253 | 481,222 |
| - | (255,786) | (296,254) | (671,653) | (2,071,756) | (165,366) |
| - | - | - | - | - | 734,506 |
| <u>34,244,042</u> | <u>37,243,980</u> | <u>37,165,235</u> | <u>35,991,266</u> | <u>40,280,620</u> | <u>40,506,017</u> |
| \$ <u>4,428,382</u> | \$ <u>3,872,147</u> | \$ <u>4,070,684</u> | \$ <u>(1,160,925)</u> | \$ <u>(2,983,157)</u> | \$ <u>2,491,315</u> |

(continued)

COUNTY OF VICTORIA, TEXAS**CHANGES IN NET POSITION (1)**

Last ten fiscal years

| | Fiscal Year | | | |
|------------------------------------------------------------------|-----------------------|-----------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Business-type activities | | | | |
| Expenses | | | | |
| Airport | \$ 2,950,244 | \$ 3,503,128 | \$ 3,737,407 | \$ 3,822,529 |
| Navarro Project | 608,712 | 583,222 | 579,775 | 617,933 |
| Commisary | 92,737 | 95,089 | 101,378 | 143,356 |
| Total expenses | <u>3,651,693</u> | <u>4,181,439</u> | <u>4,418,560</u> | <u>4,583,818</u> |
| Program revenues | | | | |
| Charges for services | | | | |
| Airport | 1,860,584 | 2,324,719 | 2,932,268 | 3,009,756 |
| Navarro Project | 528,143 | 538,088 | 544,203 | 545,557 |
| Commisary | 98,235 | 88,605 | 152,934 | 156,172 |
| Operating grants and contributions | 6,522 | - | 42,190 | 33,694 |
| Capital grants and contributions | 825,097 | 185,325 | 148,968 | 142,087 |
| Total program revenues | <u>3,318,581</u> | <u>3,136,737</u> | <u>3,820,563</u> | <u>3,887,266</u> |
| Total business-type activities net program (expense) revenue | (333,112) | (1,044,702) | (597,997) | (696,552) |
| General revenues and other changes in net position | | | | |
| Unrestricted investment earnings | 1,354 | 759 | 417 | 385 |
| Miscellaneous | - | - | - | - |
| Transfers | 409,614 | 439,953 | 11,113 | - |
| Special item - transfer of operations | - | - | - | - |
| Total general revenues and other changes in net position | <u>410,968</u> | <u>440,712</u> | <u>11,530</u> | <u>385</u> |
| Total business-type activities change in net position | <u>\$ 77,856</u> | <u>\$ (603,990)</u> | <u>\$ (586,467)</u> | <u>\$ (696,167)</u> |
| Total primary government change in net position | <u>\$ (1,461,274)</u> | <u>\$ (4,137,860)</u> | <u>\$ 2,765,819</u> | <u>\$ 4,777,595</u> |

(1) Accrual basis of accounting

NOTES: Amounts presented using a Statutory Basis of Accounting

The County implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

The County implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this new standard.

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 3,806,501 | \$ 4,722,858 | \$ 5,323,304 | \$ 5,680,308 | \$ 5,640,986 | \$ 5,553,508 |
| 694,360 | 591,031 | 612,894 | 547,458 | 550,407 | - |
| 120,418 | 129,621 | 113,824 | 114,924 | 153,074 | 147,365 |
| <u>4,621,279</u> | <u>5,443,510</u> | <u>6,050,022</u> | <u>6,342,690</u> | <u>6,344,467</u> | <u>5,700,873</u> |
| 2,879,260 | 3,645,290 | 4,351,312 | 4,531,502 | 4,894,066 | 4,727,396 |
| 551,150 | 535,511 | 504,534 | 522,983 | 524,583 | - |
| 149,222 | 162,251 | 161,543 | 166,848 | 159,086 | 175,539 |
| 95,859 | 91,031 | 65,148 | 78,842 | 64,804 | 73,151 |
| 8,950 | 440,400 | 243,803 | 13,000 | - | - |
| <u>3,684,441</u> | <u>4,874,483</u> | <u>5,326,340</u> | <u>5,313,175</u> | <u>5,642,539</u> | <u>4,976,086</u> |
| (936,838) | (569,027) | (723,682) | (1,029,515) | (701,928) | (724,787) |
| 424 | 848 | 1,153 | 1,479 | 3,388 | 6,312 |
| - | 11,712 | - | - | - | - |
| - | 255,786 | 296,254 | 671,653 | 2,071,756 | 165,366 |
| - | - | - | - | - | (734,506) |
| <u>424</u> | <u>268,346</u> | <u>297,407</u> | <u>673,132</u> | <u>2,075,144</u> | <u>(562,828)</u> |
| \$ (936,414) | \$ (300,681) | \$ (426,275) | \$ (356,383) | \$ 1,373,216 | \$ (1,287,615) |
| <u>\$ 3,491,968</u> | <u>\$ 3,571,466</u> | <u>\$ 3,644,409</u> | <u>\$ (1,517,308)</u> | <u>\$ (1,609,941)</u> | <u>\$ 1,203,700</u> |

COUNTY OF VICTORIA, TEXAS*FUND BALANCES, GOVERNMENTAL FUNDS (1)**Last ten fiscal years*

| | Fiscal Year | | | |
|------------------------------------|---------------------|---------------------|---------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 |
| General Fund | | | | |
| Nonspendable | | | | |
| Advance to other funds | \$ - | \$ - | \$ 544,545 | \$ 626,131 |
| Unassigned | - | - | 8,663,446 | 11,665,011 |
| Reserved | | | | |
| Advances | 50,848 | 110,132 | - | - |
| Adult Probation | 8,675 | 10,959 | - | - |
| Prepaid items | - | - | - | - |
| Unreserved | <u>3,965,140</u> | <u>5,375,150</u> | - | - |
| Total general fund | <u>\$ 4,024,663</u> | <u>\$ 5,496,241</u> | <u>\$ 9,207,991</u> | <u>\$ 12,291,142</u> |
| All Other Governmental Funds | | | | |
| Restricted | | | | |
| Various capital projects | \$ - | \$ - | \$ 284,958 | \$ - |
| Road & bridge | - | - | 1,445,816 | 1,873,342 |
| Juvenile probation services | - | - | 64,638 | 77,290 |
| County/District Clerks | - | - | 94,637 | 96,009 |
| Public safety | - | - | 405,272 | 890,226 |
| Public health | - | - | 51,866 | 131,961 |
| Courthouse security | - | - | 41,832 | 49,861 |
| Retirement of long-term debt | - | - | 459,542 | 364,138 |
| Various government costs | - | - | 106,673 | 121,785 |
| Unassigned | | | (494,655) | (2,363) |
| Unreserved, reported in | | | | |
| Special revenue funds | 2,686,483 | 2,320,819 | - | - |
| Capital project funds | - | 867,511 | - | - |
| Debt service funds | <u>272,958</u> | <u>427,767</u> | - | - |
| Total all other governmental funds | <u>\$ 2,959,441</u> | <u>\$ 3,616,097</u> | <u>\$ 2,460,579</u> | <u>\$ 3,602,249</u> |

(1) Modified accrual basis of accounting

NOTES: Amounts presented using a Statutory Basis of Accounting

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

Fiscal Year

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,326,036 | \$ 1,572,545 | \$ 1,641,361 | \$ 1,984,347 | \$ - | \$ - |
| 13,182,983 | 16,507,992 | 18,954,639 | 18,449,982 | 17,318,465 | 18,682,620 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 14,509,019</u> | <u>\$ 18,080,537</u> | <u>\$ 20,596,000</u> | <u>\$ 20,434,329</u> | <u>\$ 17,318,465</u> | <u>\$ 18,682,620</u> |
| \$ - | \$ 4,360,037 | \$ 2,682,918 | \$ 142,086 | \$ - | \$ - |
| 2,467,701 | 2,426,924 | 2,763,394 | 2,996,031 | 2,719,326 | 2,943,347 |
| 23,356 | - | - | - | - | - |
| 132,837 | 194,097 | 237,461 | 306,810 | 364,893 | 465,609 |
| 1,065,973 | 763,363 | 586,856 | 978,937 | 1,365,867 | 1,500,219 |
| 219,820 | 1,840 | - | 66,691 | 27,166 | 119,436 |
| 64,808 | 71,465 | 74,793 | 86,851 | 78,382 | 96,823 |
| 327,797 | 386,801 | 361,231 | 411,677 | 405,931 | 471,251 |
| 64,145 | 87,013 | 273,084 | 377,990 | 403,007 | 580,020 |
| (5,054) | - | - | - | (1,602,895) | (367,436) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 4,361,383</u> | <u>\$ 8,291,540</u> | <u>\$ 6,979,737</u> | <u>\$ 5,367,073</u> | <u>\$ 3,761,677</u> | <u>\$ 5,809,269</u> |

COUNTY OF VICTORIA, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

| | Fiscal Year | | | |
|---------------------------------------------------------|-----------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Revenues | | | | |
| Taxes | \$ 26,161,569 | \$ 27,320,324 | \$ 29,991,355 | \$ 31,798,763 |
| Fees of office and user fees | 2,978,655 | 2,832,777 | 2,790,150 | 2,920,101 |
| Intergovernmental | 8,954,716 | 9,307,493 | 10,179,382 | 9,591,479 |
| Fines and forfeitures | 1,415,132 | 1,346,014 | 1,532,844 | 2,013,009 |
| Investment income | 166,674 | 101,623 | 117,724 | 112,268 |
| Licenses and permits | 53,966 | 45,907 | 53,464 | 43,709 |
| Contributions | 5,350 | 1,568 | 301,344 | 93,459 |
| Miscellaneous | 876,511 | 812,004 | 1,043,917 | 1,137,283 |
| Total revenues | 40,612,573 | 41,767,710 | 46,010,180 | 47,710,071 |
| Expenditures | | | | |
| Current | | | | |
| General government | 17,629,258 | 16,423,517 | 15,685,961 | 17,145,686 |
| Public safety | 15,306,966 | 19,620,535 | 15,657,442 | 16,258,277 |
| Highways and streets | 4,228,163 | 4,450,977 | 4,764,971 | 4,164,237 |
| Culture and recreation | 389,558 | 287,088 | 216,113 | 247,849 |
| Public health | 4,289,732 | 4,231,648 | 3,597,910 | 3,690,149 |
| Capital outlay | 175,844 | 754,460 | 2,296,901 | 342,427 |
| Debt service | | | | |
| Principal retirement | 1,405,000 | 840,000 | 1,115,000 | 1,275,000 |
| Interest and fiscal charges | 244,250 | 149,083 | 524,982 | 369,700 |
| Bond issue costs | - | 226,361 | - | - |
| Total expenditures | 43,668,771 | 46,983,669 | 43,859,280 | 43,493,325 |
| Excess (deficiency) of revenues over expenditures | (3,056,198) | (5,215,959) | 2,150,900 | 4,216,746 |
| Other financing sources (uses) | | | | |
| Bonds issued | - | 12,330,000 | - | - |
| Payment to escrow | - | (3,871,647) | - | - |
| Capital lease proceeds | 282,872 | - | 197,699 | - |
| Sales of assets | 122,116 | 28,044 | 207,633 | 88,609 |
| Transfers in | 2,437,560 | 4,663,724 | 1,711,506 | 1,789,111 |
| Transfers out | (4,047,174) | (6,069,165) | (1,711,506) | (1,789,111) |
| Premium on issuance of bonds | - | 312,734 | - | - |
| Discount on issuance of bonds | - | (49,497) | - | - |
| Total other financing sources (uses) | (1,204,626) | 7,344,193 | 405,332 | 88,609 |
| Extraordinary Items | | | | |
| Extraordinary Item | - | - | - | - |
| Change in fund balances | \$ (4,260,824) | \$ 2,128,234 | \$ 2,556,232 | \$ 4,305,355 |
| Debt service as a percentage of noncapital expenditures | <u>3.88%</u> | <u>2.25%</u> | <u>4.13%</u> | <u>3.97%</u> |

(1) Modified accrual basis of accounting

NOTE: Amounts presented using a Statutory Basis of Accounting

Fiscal Year

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| \$ 33,045,330 | \$ 35,908,161 | \$ 36,250,684 | \$ 35,508,536 | \$ 35,652,475 | \$ 36,776,092 |
| 3,131,284 | 3,401,611 | 3,263,987 | 3,349,455 | 3,178,804 | 3,408,145 |
| 10,316,613 | 9,875,293 | 8,983,997 | 8,797,632 | 9,706,909 | 15,624,255 |
| 1,689,188 | 1,391,031 | 1,156,377 | 1,643,780 | 1,936,418 | 1,732,727 |
| 131,320 | 173,458 | 181,688 | 183,980 | 310,694 | 592,655 |
| 63,155 | 40,431 | 58,412 | 39,533 | 61,234 | 44,989 |
| 203,984 | 684,669 | 119,484 | 110,442 | 406,175 | 925,026 |
| 941,132 | 951,545 | 930,084 | 908,467 | 865,666 | 1,147,918 |
| <u>49,522,006</u> | <u>52,426,199</u> | <u>50,944,713</u> | <u>50,541,825</u> | <u>52,118,375</u> | <u>60,251,807</u> |
| 18,394,052 | 18,669,404 | 18,434,960 | 19,251,396 | 24,640,425 | 23,090,130 |
| 18,357,375 | 18,310,906 | 18,719,272 | 19,491,221 | 19,374,178 | 20,086,422 |
| 4,590,343 | 6,168,092 | 5,296,511 | 5,659,988 | 7,291,882 | 6,071,539 |
| 295,557 | 297,340 | 263,792 | 315,601 | 313,589 | 248,439 |
| 3,349,696 | 3,494,559 | 3,615,808 | 3,883,793 | 4,146,837 | 4,011,118 |
| 228,422 | 2,948,623 | 1,302,382 | 1,440,333 | 123,150 | 2,607,738 |
| 1,300,000 | 827,385 | 1,018,228 | 1,054,925 | 887,100 | 992,856 |
| 343,950 | 564,164 | 624,304 | 547,250 | 502,957 | 393,712 |
| - | 136,030 | - | - | 123,790 | - |
| <u>46,859,395</u> | <u>51,416,503</u> | <u>49,275,257</u> | <u>51,644,507</u> | <u>57,403,908</u> | <u>57,501,954</u> |
| 2,662,611 | 1,009,696 | 1,669,456 | (1,102,682) | (5,285,533) | 2,749,853 |
| - | 6,340,000 | - | - | 4,920,000 | - |
| - | - | - | - | (5,302,717) | - |
| 235,085 | 245,425 | - | - | - | - |
| 79,315 | 26,044 | - | - | 1,275 | 7,050 |
| 1,607,146 | 1,659,234 | 1,947,195 | 2,309,609 | 1,904,672 | 2,331,791 |
| (1,607,146) | (2,074,753) | (2,412,992) | (2,981,262) | (4,391,428) | (2,805,953) |
| - | 296,030 | - | - | 506,507 | - |
| - | - | - | - | - | - |
| <u>314,400</u> | <u>6,491,980</u> | <u>(465,797)</u> | <u>(671,653)</u> | <u>(2,361,691)</u> | <u>(467,112)</u> |
| - | - | - | - | 2,925,964 | 1,129,006 |
| <u>\$ 2,977,011</u> | <u>\$ 7,501,676</u> | <u>\$ 1,203,659</u> | <u>\$ (1,774,335)</u> | <u>\$ (4,721,260)</u> | <u>\$ 3,411,747</u> |
| <u>3.74%</u> | <u>2.94%</u> | <u>3.51%</u> | <u>3.25%</u> | <u>2.75%</u> | <u>2.57%</u> |

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

| <u>Fiscal Year</u> | <u>Ad Valorem</u> | <u>Penalty and Interest</u> | <u>Sales</u> | <u>Total</u> |
|------------------------|-------------------|---------------------------------|--------------|---------------|
| 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 | 19,724,908 | 237,820 | 10,028,625 | 29,991,353 |
| 2012 | 20,596,342 | 217,575 | 10,984,845 | 31,798,762 |
| 2013 | 22,010,672 | 219,058 | 10,815,601 | 33,045,331 |
| 2014 | 23,857,090 | 226,586 | 11,824,484 | 35,908,160 |
| 2015 | 25,394,946 | 229,051 | 10,626,687 | 36,250,684 |
| 2016 | 26,174,207 | 248,985 | 9,085,344 | 35,508,536 |
| 2017 | 26,086,063 | 291,258 | 9,275,154 | 35,652,475 |
| 2018 | 26,207,788.69 | 253,583.47 | 10,314,720 | 36,776,092 |
| Change 2009-2018 | 35.85% | 1.59% | 55.79% | 40.57% |

(1) Modified accrual basis of accounting

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

COUNTY OF VICTORIA, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - GENERAL AND I&S

Last ten fiscal years

| Fiscal Year | Tax Roll | Real Property | | | Personal Property | |
|-------------|----------|----------------------|------------------------------------|-------------------------------|-------------------|----------------|
| | | Residential Property | Commercial and Industrial Property | Rural-Underdeveloped Property | Business | Other |
| 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 |
| 2012 | 2011 | 2,752,838,752 | 1,438,589,864 | 969,349,009 | 1,495,456,938 | 97,841,460 |
| 2013 | 2012 | 2,846,628,023 | 1,590,038,450 | 997,344,339 | 1,786,396,314 | 120,169,040 |
| 2014 | 2013 | 3,170,347,590 | 1,728,672,403 | 1,024,696,569 | 2,027,623,445 | 135,934,520 |
| 2015 | 2014 | 3,334,260,997 | 1,854,149,141 | 1,192,795,666 | 2,151,078,215 | 137,890,000 |
| 2016 | 2015 | 3,600,729,580 | 1,927,390,407 | 1,272,680,618 | 2,245,895,665 | 100,076,960 |
| 2017 | 2016 | 3,695,285,075 | 1,817,385,566 | 1,280,347,158 | 2,101,048,269 | 50,990,150 |
| 2018 | 2017 | 3,800,900,747 | 1,867,539,086 | 1,263,321,519 | 2,022,310,652 | 45,179,240 |

(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

| <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> |
|-----------------------------------------------|---------------------------------------------|------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------|
| \$ 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% |
| 1,493,386,391 | 5,260,689,632 | 0.3436 | 5,260,689,632 | 100.00% |
| 1,648,335,879 | 5,692,240,287 | 0.3436 | 5,692,240,287 | 100.00% |
| 1,901,616,018 | 6,185,658,509 | 0.3386 | 6,185,658,509 | 100.00% |
| 2,136,944,123 | 6,533,229,896 | 0.3386 | 6,533,229,896 | 100.00% |
| 2,136,201,137 | 7,010,572,093 | 0.3299 | 7,010,572,093 | 100.00% |
| 2,024,244,176 | 6,920,812,042 | 0.3959 | 6,920,812,042 | 100.00% |
| 2,021,928,370 | 6,977,322,874 | 0.3959 | 6,977,322,874 | 100.00% |

COUNTY OF VICTORIA, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - ROAD AND BRIDGE

Last ten fiscal years

| Fiscal Year | Tax Roll | Real Property | | | Personal Property | |
|-------------|----------|----------------------|------------------------------------|-------------------------------|-------------------|----------------|
| | | Residential Property | Commercial and Industrial Property | Rural-Underdeveloped Property | Business | Other |
| 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 |
| 2012 | 2011 | 2,752,838,752 | 1,438,589,864 | 969,349,009 | 1,495,456,938 | 97,841,460 |
| 2013 | 2012 | 2,846,628,023 | 1,590,038,450 | 997,344,339 | 1,786,396,314 | 120,169,040 |
| 2014 | 2013 | 3,170,347,590 | 1,728,672,403 | 1,024,696,569 | 2,027,623,445 | 135,934,520 |
| 2015 | 2014 | 3,334,260,997 | 1,854,149,141 | 1,192,795,666 | 2,151,078,215 | 137,890,000 |
| 2016 | 2015 | 3,600,729,580 | 1,927,390,407 | 1,272,680,618 | 2,245,895,665 | 100,076,960 |
| 2017 | 2016 | 3,695,285,075 | 1,817,385,566 | 1,280,347,158 | 2,101,048,269 | 50,990,150 |
| 2018 | 2017 | 3,800,900,747 | 1,867,539,086 | 1,263,321,519 | 2,022,310,652 | 45,179,240 |

(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

| <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> |
|-----------------------------------------------|---------------------------------------------|------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------|
| \$ 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% |
| 1,615,648,723 | 5,138,427,300 | 0.0550 | 5,138,427,300 | 100.00% |
| 1,768,247,625 | 5,572,328,541 | 0.0550 | 5,572,328,541 | 100.00% |
| 2,018,035,538 | 6,069,238,989 | 0.0600 | 6,069,238,989 | 100.00% |
| 2,249,412,211 | 6,420,761,808 | 0.0600 | 6,420,761,808 | 100.00% |
| 2,190,939,913 | 6,955,833,317 | 0.0660 | 6,955,833,317 | 100.00% |
| 2,079,036,609 | 6,866,019,609 | 0.0660 | 6,866,019,609 | 100.00% |
| 1,597,922,008 | 6,922,595,633 | 0.0630 | 6,922,595,633 | 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. |
| 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 |
| 2012 | 0.0295 | 0.3141 | 0.0550 | 0.3986 | 0.6450 | 0.0296 | 0.1606 | 1.3226 | 1.5150 |
| 2013 | 0.0287 | 0.3149 | 0.0550 | 0.3986 | 0.6056 | 0.0285 | 0.1606 | 1.3090 | 1.5150 |
| 2014 | 0.0235 | 0.3151 | 0.0600 | 0.3986 | 0.5996 | 0.0277 | 0.1823 | 1.2896 | 1.5150 |
| 2015 | 0.0250 | 0.3136 | 0.0600 | 0.3986 | 0.5840 | 0.0240 | 0.1875 | 1.2744 | 1.5150 |
| 2016 | 0.0206 | 0.3093 | 0.0660 | 0.3959 | 0.5711 | 0.0240 | 0.1925 | 1.2663 | 1.4002 |
| 2017 | 0.0206 | 0.3093 | 0.0660 | 0.3959 | 0.5892 | 0.0266 | 0.2065 | 1.2663 | 1.4002 |
| 2018 | 0.0215 | 0.3114 | 0.0630 | 0.3959 | 0.5952 | 0.0286 | 0.2170 | 1.2663 | 1.4002 |

SOURCE: Victoria County Appraisal District

Overlapping Rates

| <u>Industrial I.S.D.</u> | <u>Nursery I.S.D.</u> | <u>McFaddin I.S.D.</u> | <u>W.C.I.D #1</u> | <u>W.C.I.D #2</u> | <u>V.C.D.D. #2</u> | <u>V.C.D.D. #3</u> | <u>Ground Water District</u> | <u>Quail Creek M.U.D.</u> | <u>Total</u> |
|------------------------------|---------------------------|----------------------------|-----------------------|-----------------------|------------------------|------------------------|--------------------------------------|-----------------------------------|--------------|
| \$ 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 | 0.0100 | 0.1768 | 9.4848 |
| 1.3433 | 1.1000 | 1.1575 | 0.7246 | 1.1051 | 0.1180 | 0.0381 | 0.0095 | 0.1844 | 9.4515 |
| 1.3119 | 1.1000 | 1.1750 | 0.7394 | 1.0621 | 0.1226 | 0.0360 | 0.0092 | 0.1800 | 9.4090 |
| 1.2610 | 1.1000 | 1.1470 | 0.7394 | 1.0700 | 0.1174 | 0.0337 | 0.0092 | 0.1800 | 9.2764 |
| 1.2400 | 1.1000 | 1.1550 | 0.7217 | 1.0700 | 0.1162 | 0.0307 | 0.0088 | 0.3494 | 9.4060 |
| 1.2520 | 1.1000 | 1.1500 | 0.6569 | 1.0700 | 0.1089 | 0.0294 | 0.0088 | 0.1729 | 9.1338 |
| 1.2833 | 1.1000 | 1.2900 | 0.6462 | 1.1400 | 0.1116 | 0.0290 | 0.0088 | 0.1822 | 9.2452 |
| 1.3630 | 1.1000 | 1.3350 | 0.5033 | 0.8607 | 0.1179 | 0.0297 | 0.0088 | 0.1822 | 8.9894 |
| 1.3135 | 1.1000 | 1.3600 | 0.3849 | 0.5702 | 0.1134 | 0.0295 | 0.0084 | 0.1822 | 8.5694 |

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

| 2018 | | |
|-------------------------------|----------------------------|-------------------------------------------------------|
| Taxpayer | Taxable Assessed Valuation | Percentage of Total County Taxable Assessed Valuation |
| Invista S A R L | \$ 270,540,460 | 4.52% |
| South Texas Electric Coop Inc | 84,362,500 | 1.41% |
| AEP Texas Central Co | 76,248,080 | 1.27% |
| Union Pacific Railroad CO | 49,088,240 | 0.82% |
| E I Dupont De Nemours | 50,572,300 | 0.85% |
| Invista S A R L | 89,477,660 | 1.50% |
| Equistar Chemicals LP | 37,549,040 | 0.63% |
| Patterson UTI Drilling Co LP | 26,626,000 | 0.45% |
| Air Liquide America Corp | 23,512,570 | 0.39% |
| Tennessee Gas Pipeline CO | <u>22,047,950</u> | <u>0.37%</u> |
| | <u>\$ 730,024,800</u> | <u>12.21%</u> |

| 2009 | | |
|---------------------------------|----------------------------|-------------------------------------------------------|
| Taxpayer | Taxable Assessed Valuation | Percentage of Total County Taxable Assessed Valuation |
| Invista | \$ 236,713,620 | 5.20% |
| Invista S A R L | 96,832,080 | 2.13% |
| South Texas Electric Coop Inc | 87,699,540 | 1.93% |
| AEP Texas Central Co | 42,579,280 | 0.94% |
| E I Dupont De Nemours | 37,648,310 | 0.83% |
| Equistar Chemicals LP | 26,381,520 | 0.58% |
| Union Gas Operating Co. | 26,035,650 | 0.57% |
| Southwestern Bell Telephone Co. | 23,630,650 | 0.52% |
| Victoria Hospital LLC | 23,496,570 | 0.52% |
| Valerus Compression Services | <u>22,048,990</u> | <u>0.48%</u> |
| | <u>\$ 623,066,210</u> | <u>13.70%</u> |

SOURCE: Victoria County Tax Assessor/Collector

COUNTY OF VICTORIA, TEXAS**PROPERTY TAX LEVIES AND COLLECTIONS(1) - GENERAL AND I&S***Last ten 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> |
| 2009 | \$ 16,908,347 | \$ (68,191) | \$ 16,840,156 | \$ 16,440,126 | 97.62% |
| 2010 | 17,002,193 | (23,580) | 16,978,612 | 16,574,735 | 97.62% |
| 2011 | 16,992,274 | (8,598) | 16,983,676 | 16,670,742 | 98.16% |
| 2012 | 17,727,309 | 110,888 | 17,838,197 | 17,564,074 | 98.46% |
| 2013 | 19,201,207 | 27,357 | 19,228,564 | 18,781,169 | 97.67% |
| 2014 | 20,449,268 | 47,280 | 20,496,547 | 20,044,953 | 97.80% |
| 2015 | 21,401,700 | 461,458 | 21,863,158 | 21,384,820 | 97.81% |
| 2016 | 22,206,174 | (10,010) | 22,196,164 | 21,658,022 | 97.58% |
| 2017 | 21,799,367 | 144,737 | 21,944,104 | 21,425,479 | 97.64% |
| 2018 | 22,111,531 | (167,427) | 21,944,104 | 21,425,479 | 97.64% |

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

SOURCE: Victoria County Tax Assessor/Collector

| Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------------|---------------------------|-----------------------|
| | Amount | Percentage of Levy |
| \$ 364,740 | \$ 16,804,866 | 99.79% |
| 361,955 | 16,936,689 | 99.75% |
| 273,441 | 16,944,183 | 99.77% |
| 231,589 | 17,795,663 | 99.76% |
| 256,340 | 19,037,509 | 99.01% |
| 256,141 | 20,301,094 | 99.05% |
| 255,713 | 21,640,533 | 98.98% |
| 339,622 | 21,997,644 | 99.11% |
| 244,550 | 21,670,029 | 98.75% |
| 123,394 | 21,548,873 | 98.20% |

COUNTY OF VICTORIA, TEXAS**PROPERTY TAX LEVIES AND COLLECTIONS (1) - ROAD AND BRIDGE***Last ten 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> |
| 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% |
| 2012 | 2,756,259 | 17,860 | 2,774,119 | 2,733,005 | 98.52% |
| 2013 | 2,994,575 | 4,709 | 2,999,284 | 2,930,182 | 97.70% |
| 2014 | 3,512,229 | 7,734 | 3,519,963 | 3,443,695 | 97.83% |
| 2015 | 3,686,201 | 78,551 | 3,764,752 | 3,683,761 | 97.85% |
| 2016 | 4,262,192 | (3,378) | 4,258,814 | 4,157,006 | 97.61% |
| 2017 | 4,255,603 | 28,255 | 4,283,858 | 4,183,834 | 97.67% |
| 2018 | 4,105,567 | 39,876 | 4,145,443 | 4,061,624 | 97.98% |

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

SOURCE: Victoria County Tax Assessor/Collector

| Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------------|---------------------------|-----------------------|
| | Amount | Percentage of Levy |
| \$ 52,076 | \$ 2,601,871 | 99.79% |
| 54,722 | 2,625,973 | 99.76% |
| 41,061 | 2,629,531 | 99.77% |
| 34,752 | 2,767,757 | 99.77% |
| 39,045 | 2,969,227 | 99.00% |
| 42,638 | 3,486,333 | 99.04% |
| 42,767 | 3,726,528 | 98.98% |
| 64,568 | 4,221,574 | 99.13% |
| 47,437 | 4,231,271 | 98.77% |
| 11,355 | 4,072,979 | 98.25% |

COUNTY OF VICTORIA, TEXAS

SALES TAX REVENUE

Last ten fiscal years

| <u>Fiscal Year</u> | <u>Collections</u> |
|--------------------|--------------------|
| 2009 | \$ 6,664,519 |
| 2010 | 6,975,893 |
| 2011 | 9,179,189 |
| 2012 | 10,662,768 |
| 2013 | 10,127,088 |
| 2014 | 10,721,246 |
| 2015 | 9,891,860 |
| 2016 | 8,515,577 |
| 2017 | 8,244,984 |
| 2018 | 9,420,631 |

NOTES: Collections reported on the budgetary (cash) basis of accounting and include only sales and use tax revenue.

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*

| <u>Fiscal Year</u> | <u>Direct Rate</u> | <u>Overlapping Rates</u> | | <u>Total</u> |
|------------------------|--------------------|--------------------------|-----------------------|--------------|
| | <u>County</u> | <u>City of Victoria</u> | <u>State of Texas</u> | |
| 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% |
| 2012 | 0.50% | 1.50% | 6.25% | 8.25% |
| 2013 | 0.50% | 1.50% | 6.25% | 8.25% |
| 2014 | 0.50% | 1.50% | 6.25% | 8.25% |
| 2015 | 0.50% | 1.50% | 6.25% | 8.25% |
| 2016 | 0.50% | 1.50% | 6.25% | 8.25% |
| 2017 | 0.50% | 1.50% | 6.25% | 8.25% |
| 2018 | 0.50% | 1.50% | 6.25% | 8.25% |

NOTES: 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 | | | | | |
|-------------|----------------------------|--------------------------|-------------------------|-------------------------|----------------|-----------------------|
| | Certificates of Obligation | General Obligation Bonds | Less: Issuance Discount | Plus: Issuance Premiums | Capital Leases | Interlocal Commitment |
| 2009 | \$ 3,005,000 | \$ 1,995,000 | \$ - | \$ - | \$ 856,447 | \$ - |
| 2010 | 8,895,000 | 3,830,000 | (47,538) | 289,071 | 356,763 | - |
| 2011 | 8,315,000 | 3,295,000 | (45,063) | 259,180 | 129,359 | 2,616,446 |
| 2012 | 7,995,000 | 2,340,000 | (42,588) | 229,289 | 65,870 | 2,616,446 |
| 2013 | 7,670,000 | 1,365,000 | (40,113) | 199,398 | 235,085 | 2,616,446 |
| 2014 | 13,680,000 | 925,000 | (37,638) | 456,904 | 376,738 | 2,559,061 |
| 2015 | 13,340,000 | 470,000 | (35,163) | 412,212 | 288,940 | 2,335,833 |
| 2016 | 12,985,000 | - | (32,689) | 383,640 | 197,015 | 2,105,908 |
| 2017 | 7,245,000 | 4,920,000 | - | 763,838 | 100,769 | 1,863,808 |
| 2018 | 6,585,000 | 4,835,000 | - | 708,713 | - | 1,615,952 |

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

N/A denotes information not available

| Business-type Activities | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|--------------------------|-------------------------|----------------|--------------------------|-------------------------------|------------|
| Revenue Bonds | Less: Issuance Discount | Capital Leases | | | |
| \$ 920,000 | \$ (2,322) | \$ - | \$ 6,774,125 | 0.21% | \$ 78.55 |
| 830,000 | (2,013) | 33,250 | 14,184,533 | 0.42% | 164.49 |
| 730,000 | (1,703) | 5,437 | 15,303,656 | 0.41% | 174.81 |
| 625,000 | (1,394) | 46,240 | 13,873,863 | 0.35% | 155.42 |
| - | - | 30,216 | 12,076,032 | 0.29% | 134.14 |
| - | - | 16,333 | 17,976,398 | 0.42% | 197.37 |
| - | - | - | 16,811,822 | 0.39% | 181.98 |
| - | - | - | 15,638,874 | 0.38% | 169.13 |
| - | - | - | 14,893,415 | 0.38% | 161.74 |
| - | - | - | 13,744,665 | N/A | 149.34 |

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

| <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> |
|--------------------|---------------------------------|-------------------------------------|------------------------|---------------------------------------------------|-----------------------------------|
| 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 |
| 2012 | 10,335,000 | 364,138 | 9,970,862 | 0.15% | 111.69 |
| 2013 | 9,035,000 | 327,797 | 8,707,203 | 0.12% | 96.72 |
| 2014 | 14,605,000 | 386,801 | 14,218,199 | 0.18% | 156.10 |
| 2015 | 13,810,000 | 361,231 | 13,448,769 | 0.16% | 145.58 |
| 2016 | 12,985,000 | 411,677 | 12,573,323 | 0.14% | 135.98 |
| 2017 | 12,165,000 | 405,931 | 11,759,069 | 0.13% | 127.70 |
| 2018 | 11,420,000 | 471,251 | 10,948,749 | 0.12% | 118.96 |

COUNTY OF VICTORIA, TEXAS*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**December 31, 2018*

| | <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 | 12/31/2018 | <u>\$ 13,273,414</u> | 100.00% | <u>\$ 13,273,414</u> |
| Overlapping Debt: | | | | |
| City of Victoria | 9/30/2018 | 79,138,134 | 100.00% | 79,138,134 |
| Victoria County Navigation District | 12/31/2018 | 21,648,907 | 100.00% | 21,648,907 |
| Victoria Junior College District | 8/31/2018 | 26,058,893 | 100.00% | 26,058,893 |
| Victoria Independent School District | 8/31/2018 | 126,974,448 | 100.00% | 126,974,448 |
| Industrial Independent School District | 8/31/2018 | 15,580,000 | 25.46% | 3,966,668 |
| Victoria County Water Control and Improvement District #1 | 6/30/2018 | 2,385,000 | 100.00% | 2,385,000 |
| Victoria County Water Control and Improvement District #2 | 9/30/2018 | <u>191,195</u> | 100.00% | <u>191,195</u> |
| Total Overlapping Debt | | <u>271,976,577</u> | | <u>260,363,245</u> |
| Total | | <u>\$ 285,249,991</u> | | <u>\$ 273,636,659</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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Debt limit | \$ 1,577,620,248 | \$ 1,598,603,642 | \$ 1,656,361,755 | \$ 1,688,519,006 |
| Total net debt applicable to limit | <u>4,727,042</u> | <u>12,297,233</u> | <u>11,150,458</u> | <u>9,970,862</u> |
| Legal debt margin | <u>\$ 1,572,893,206</u> | <u>\$ 1,586,306,409</u> | <u>\$ 1,645,211,297</u> | <u>\$ 1,678,548,144</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.30% | 0.77% | 0.67% | 0.59% |

| Fiscal Year | | | | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 1,835,144,041 | \$ 2,021,818,632 | \$ 2,167,543,505 | \$ 2,286,693,308 | \$ 2,236,264,055 | \$ 2,249,812,811 |
| <u>8,707,203</u> | <u>14,218,199</u> | <u>13,448,769</u> | <u>12,573,323</u> | <u>11,759,069</u> | <u>10,948,749</u> |
| <u>\$ 1,826,436,838</u> | <u>\$ 2,007,600,433</u> | <u>\$ 2,154,094,736</u> | <u>\$ 2,274,119,985</u> | <u>\$ 2,224,504,986</u> | <u>\$ 2,238,864,062</u> |
| 0.47% | 0.70% | 0.62% | 0.55% | 0.53% | 0.49% |

Legal Debt Margin Calculation for Fiscal Year 2018

| | |
|-----------------------------------------------|-------------------------|
| Assessed value | \$ 8,999,251,244 |
| Debt limit | 2,249,812,811 |
| Debt applicable to limit | |
| General obligation bonds | 11,420,000 |
| Less: Debt Service Fund Balance | <u>471,251</u> |
| Total amount of debt applicable to debt limit | <u>10,948,749</u> |
| Legal debt margin | <u>\$ 2,238,864,062</u> |

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

| <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> |
|--------------------|---------------------------|--------------------------------------------|-----------------------------------------------|--------------------------------------|
| 2009 | 86,236 | \$ 3,278,989 | \$ 37,788 | 7.1% |
| 2010 | 86,793 | 3,349,267 | 38,151 | 7.3% |
| 2011 | 87,545 | 3,716,460 | 42,452 | 6.4% |
| 2012 | 89,269 | 3,984,098 | 44,630 | 5.5% |
| 2013 | 90,028 | 4,234,963 | 47,041 | 5.1% |
| 2014 | 91,081 | 4,318,998 | 47,419 | 4.2% |
| 2015 | 92,382 | 4,351,303 | 47,101 | 4.2% |
| 2016 | 92,467 | 4,109,015 | 44,438 | 5.0% |
| 2017 | 92,084 | 3,912,142 | 42,484 | 4.9% |
| 2018 | 92,035 | N/A | N/A | 3.8% |

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. Data for 2018 is not yet available.

(3) Texas Workforce Commission & Economic Research

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

| <u>Employer</u> | <u>2017*</u> | |
|--------------------------------------|------------------|--------------------------------------------|
| | <u>Employees</u> | <u>Percentage of Total Area Employment</u> |
| Formosa Plastics | 3,048 | 7.28% |
| The Inteplast Group | 2,288 | 5.46% |
| Victoria Independent School District | 2,005 | 4.79% |
| Citizens Medical Center | 1,059 | 2.53% |
| DeTar Healthcare System | 837 | 2.00% |
| City of Victoria | 621 | 1.48% |
| Regency Post Acute Healthcare System | 609 | 1.45% |
| Invista | 600 | 1.43% |
| DOW-Seadrift Operations | 599 | 1.43% |
| Caterpillar- NAHEX Victoria | 575 | 1.37% |
| | <u>12,241</u> | <u>29.22%</u> |

| <u>Employer</u> | <u>2009</u> | |
|--------------------------------------|------------------|--------------------------------------------|
| | <u>Employees</u> | <u>Percentage of Total Area Employment</u> |
| Victoria Independent School District | 2,128 | 5.00% |
| Formosa Plastics | 1,530 | 3.60% |
| Citizens Medical Center | 1,334 | 3.14% |
| The Inteplast Group | 1,300 | 3.06% |
| DeTar Healthcare System | 986 | 2.32% |
| Calhoun Independent School District | 650 | 1.53% |
| H.E.B. | 636 | 1.50% |
| Victoria County | 620 | 1.46% |
| Dow-Seadrift Operations | 607 | 1.43% |
| City of Victoria | 605 | 1.42% |
| | <u>10,396</u> | <u>24.46%</u> |

SOURCE: Victoria Economic Development Corporation

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

*2018 Data not available

COUNTY OF VICTORIA, TEXAS

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

Last ten fiscal years

| Function/Program | Fiscal Year | | | |
|------------------------------------------------------|-------------|------------|------------|------------|
| | 2009 | 2010 | 2011 | 2012 |
| General government | | | | |
| County Judge | 3 | 3 | 3 | 3 |
| Comissioners' court | 1 | 1 | 1 | 1 |
| Records management | 2 | 2 | 1 | 2 |
| County clerk | 16 | 16 | 16 | 16 |
| Pre-Trial Services | - | - | - | - |
| Veterans' service officer | 1 | 1 | 1 | 1 |
| Heritage director | 1 | 1 | 1 | 1 |
| County court at law #1 | 2 | 2 | 2 | 2 |
| County court at law #2 | 2 | 2 | 2 | 2 |
| District court | 11 | 11 | 11 | 11 |
| District clerk | 16 | 16 | 14 | 14 |
| Justice of the peace #1 | 3 | 3 | 3 | 3 |
| Justice of the peace #2 | 3 | 3 | 3 | 3 |
| Justice of the peace #3 | 5 | 5 | 4 | 4 |
| Justice of the peace #4 | 3 | 3 | 3 | 3 |
| Criminal district attorney | 23 | 23 | 24 | 25 |
| Election administrator | 3 | 3 | 3 | 3 |
| County auditor | 8 | 8 | 8 | 8 |
| County treasurer | 5 | 5 | 5 | 5 |
| Tax assessor-collector | 16 | 16 | 16 | 16 |
| Administrative services | 4 | 4 | 4 | 4 |
| Information technology | 7 | 7 | 7 | 7 |
| Building maintenance | 11 | 11 | 11 | 10 |
| Juvenile detention facility | 68 | 68 | 68 | 66 |
| Public safety | | | | |
| Fire marshal | 6 | 6 | 6 | 7 |
| Sheriff | 194 | 198 | 198 | 198 |
| 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 | 2 | 1 | 1 | 1 |
| Extension service | 7 | 7 | 7 | 6 |
| Public health(includes flood/emg mgmt & health dept) | 69 | 69 | 60 | 57 |
| Highways and streets | 43 | 43 | 43 | 43 |
| Airport | 15 | 15 | 14 | 14 |
| Commissary | 2 | 2 | 2 | 2 |
| Navarro Project | 3 | 3 | 3 | 3 |
| Total | <u>559</u> | <u>562</u> | <u>549</u> | <u>545</u> |

NOTES: A full-time employee is scheduled to work 2,080 hours per year (including paid time off).

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.

| Fiscal Year | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| 3 | 3 | 1 | 1 | 2 | 2 |
| 1 | 1 | 3 | 3 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 15 | 15 | 15 | 14 | 15 | 15 |
| 1 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 4 | 5 | 5 |
| 2 | 2 | 2 | 0 | 0 | 0 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 14 | 14 | 14 | 14 | 14 | 14 |
| 3 | 4 | 4 | 4 | 4 | 4 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 28 | 28 | 28 | 28 | 28 | 28 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 8 | 8 | 8 | 8 | 8 | 8 |
| 5 | 4 | 5 | 5 | 5 | 5 |
| 16 | 15 | 16 | 16 | 16 | 16 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 7 | 8 | 9 | 9 | 8 | 7 |
| 10 | 10 | 10 | 9 | 9 | 12 |
| 67 | 62 | 57 | 57 | 55 | 56 |
| 7 | 7 | 9 | 9 | 9 | 9 |
| 193 | 200 | 202 | 202 | 202 | 202 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 55 | 60 | 51 | 49 | 51 | 51 |
| 43 | 43 | 44 | 44 | 43 | 43 |
| 15 | 15 | 17 | 17 | 17 | 17 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| <u>3</u> | <u>3</u> | <u>3</u> | <u>3</u> | <u>3</u> | <u>-</u> |
| <u>541</u> | <u>549</u> | <u>545</u> | <u>541</u> | <u>541</u> | <u>541</u> |

COUNTY OF VICTORIA, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last ten fiscal years

| Function/Program | Fiscal Year | | | |
|-------------------------------------|-------------|--------|--------|--------|
| | 2009 | 2010 | 2011 | 2012 |
| General government | | | | |
| County Court | | | | |
| Criminal cases filed | 2,089 | 2,017 | 1,972 | 2,162 |
| Criminal case dispositions | 2,214 | 2,333 | 1,974 | 2,038 |
| Civil cases filed | 520 | 455 | 491 | 412 |
| Civil case dispositions | 688 | 581 | 498 | 416 |
| Juvenile cases filed | 144 | 102 | 109 | 86 |
| Juvenile case dispositions | 113 | 101 | 120 | 107 |
| District Court | | | | |
| Criminal cases filed | 788 | 822 | 954 | 1,075 |
| Criminal case dispositions | 1,001 | 899 | 896 | 1,059 |
| Civil cases filed | 2,558 | 2,600 | 3,836 | 2,851 |
| Civil case dispositions | 2,321 | 1,726 | 3,583 | 3,211 |
| Justice of the Peace | | | | |
| Civil cases filed | 941 | 1,080 | 1,131 | 1,256 |
| Criminal cases filed | 13,169 | 10,510 | 8,704 | 8,384 |
| Elections Administrator | | | | |
| New registrations | 1,542 | 2,273 | 1,784 | 8,340 |
| Elections held | 2 | 4 | 2 | 4 |
| County Auditor | | | | |
| Accounts payable invoices processed | 18,607 | 18,291 | 17,707 | 17,932 |
| County Treasurer | | | | |
| Payroll checks processed | 17,630 | 18,030 | 16,777 | 17,584 |
| Tax Assessor-collector | | | | |
| Automobile registrations | 85,729 | 86,812 | 89,937 | 94,698 |
| Public Safety | | | | |
| Sheriff | | | | |
| Emergency 911 calls received | 4,917 | N/A | 6,531 | 6,153 |
| Fire marshal | | | | |
| Fires | 247 | 72 | 38 | 13 |
| Culture and recreation | | | | |
| Parks and recreation | | | | |
| Cabana rentals | 31 | 19 | 27 | 19 |
| Public health | | | | |
| Health Department | | | | |
| Immunizations administered | 13,499 | 12,625 | 8,424 | 7,853 |
| Adult/child health screening visits | 1,135 | 891 | 875 | 1,214 |
| Dental clinic visits | 2,597 | 3,151 | 2,041 | 1,179 |
| Enviromental inspections/permits | 3,318 | 2,378 | 3,530 | 4,908 |
| Mosquito control trips | 76 | 271 | 3 | 5 |
| Animal control calls | 9,675 | 8,085 | 8,030 | 8,263 |
| Water laboratory tests | - | - | - | - |
| Highways and streets | | | | |
| Road and bridge precincts | | | | |
| Miles of roads overlaid | 21 | 15 | 19 | 20 |

NOTES: Information for Water Laboratory Tests replaced Dental Clinic Visits FYE2013
 County did not own Dental Clinic as of 1/1/2013
 N/A denotes information not available

| Fiscal Year | | | | | |
|-------------|---------|--------|--------|--------|--------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 2,267 | 1,984 | 1,472 | 1,730 | 1,472 | 1,686 |
| 2,220 | 1,970 | 1,970 | 1,721 | 1,843 | 1,726 |
| 449 | 393 | 469 | 419 | 535 | 654 |
| 382 | 403 | 468 | 587 | 444 | 554 |
| 67 | 72 | 66 | 112 | 28 | 70 |
| 79 | 96 | 90 | 112 | 40 | 86 |
| 859 | 1,046 | 933 | 972 | 863 | 1,081 |
| 896 | 1,020 | 969 | 892 | 811 | 803 |
| 3,103 | 3,411 | 2,770 | 3,012 | 3,378 | 2,949 |
| 3,035 | 2,969 | 2,918 | 2,849 | 3,452 | 2,884 |
| 1,293 | 1,223 | 1,322 | 1,577 | 1,811 | 2,485 |
| 8,074 | 11,350 | 8,247 | 6,788 | 6,487 | 8,183 |
| 2,554 | 3,486 | 2,026 | 5,774 | 5,963 | 9,808 |
| 3 | 5 | 2 | 6 | 1 | 5 |
| 17,444 | 18,835 | 22,529 | 24,700 | 24,259 | 25,504 |
| 16,737 | 17,392 | 17,478 | 17,665 | 17,058 | 16,954 |
| 97,353 | 100,034 | 97,932 | 92,717 | 91,587 | 91,016 |
| 3,019 | 4,286 | 5,268 | 5,105 | 5,755 | 5,405 |
| 12 | 215 | 179 | 180 | 314 | 415 |
| 27 | 31 | 12 | 24 | 20 | 26 |
| 7,461 | 5,841 | 3,296 | 4,352 | 4,840 | 3,674 |
| 1,089 | 1,554 | 1,582 | 1,076 | 840 | 651 |
| - | - | - | - | - | - |
| 3,342 | 3,299 | 3,683 | 4,011 | 2,303 | 2,416 |
| 24 | 39 | 73 | 55 | 61 | 88 |
| 7,952 | 7,554 | 7,976 | 7,000 | 6,748 | 5,498 |
| 4,780 | 7,478 | 9,682 | 4,236 | 2,305 | 1,760 |
| 15 | 36 | 35 | 39 | 40 | 37 |

COUNTY OF VICTORIA, TEXAS*CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**Last ten fiscal years*

| Function/Program | Fiscal Year | | | |
|------------------------|-------------|--------|--------|--------|
| | 2009 | 2010 | 2011 | 2012 |
| General government | | | | |
| Buildings | 8 | 8 | 8 | 8 |
| Parking lots | 3 | 3 | 3 | 3 |
| Public safety | | | | |
| Sheriff | | | | |
| Jail | 1 | 1 | 1 | 1 |
| Patrol units | 68 | 74 | 76 | 89 |
| Fire Marshal | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Fire trucks | 4 | 7 | 7 | 7 |
| Highways and streets | | | | |
| Roads (miles) | 599.18 | 600.26 | 600.26 | 600.26 |
| Bridges | 90 | 90 | 90 | 90 |
| Landfills | 3 | 3 | 3 | 3 |
| 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 Lease Project | | | | |
| Building | 1 | 1 | 1 | 1 |

SOURCES: Various County Departments

Texas Department of Transportation

| Fiscal Year | | | | | | |
|-------------|--------|--------|--------|--------|--------|--|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | |
| 9 | 9 | 10 | 11 | 11 | 11 | |
| 3 | 3 | 3 | 3 | 3 | 3 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 95 | 96 | 98 | 110 | 110 | 114 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 7 | 7 | 7 | 7 | 7 | 7 | |
| 604.62 | 604.62 | 592.96 | 590.21 | 604.67 | 592.25 | |
| 90 | 90 | 90 | 90 | 90 | 90 | |
| 3 | 3 | 3 | 3 | 3 | 3 | |
| 95 | 95 | 95 | 95 | 95 | 95 | |
| 2 | 2 | 2 | 2 | 2 | 2 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 6 | 6 | 6 | 6 | 6 | 6 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2018, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 27, 2019. Our report includes a reference to other auditors who audited the financial statements of the Citizens Medical Center, as described in our report on the County's financial statements. These financial statements were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

The 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 27, 2019



CERTIFIED PUBLIC ACCOUNTANTS
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal and State Program

We have audited the County of Victoria, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB 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, 2018. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance, 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 for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2018.

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

Report on Internal Control Over Compliance

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

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

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

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



HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 27, 2019

COUNTY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Other Award Number |
|-------------------------------------------------------------------------|---------------------------|-----------------------|
| FEDERAL EXPENDITURES | | |
| U. S. Department of Transportation | | |
| Payments for Essential Air Services | 20.901 | 2016-9-8 |
| Total U.S. Department of Transportation | | |
| U. S. Department of Homeland Security | | |
| <i>Passed Through the Transportation Security Administration</i> | | |
| Law Enforcement Officer Reimbursement Agreement Program | 97.090 | HSTS0216HSLR930 |
| <i>Passed Through the Governor's Division of Emergency Management</i> | | |
| Homeland Security Grant Program | 97.067 | EMW-2016-SS-00056 |
| Homeland Security Grant Program | 97.067 | EMW-2017-SS-00005 |
| Emergency Management Performance Grant | 97.042 | 18TX-EMPG-0605 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | DR-4332 |
| Total Governor's Division of Emergency Management | | |
| Total U.S. Department of Homeland Security | | |
| U. S. Department of the Treasury | | |
| Equitable Sharing Program | 21.016 | N/A |
| Total U.S. Department of the Treasury | | |
| U. S. Department of Justice | | |
| Equitable Sharing Program | 16.922 | N/A |
| <i>Passed Through the Governor of Texas, Criminal Justice Division</i> | | |
| Crime Victim Assistance | 16.575 | 1881531 |
| Crime Victim Assistance | 16.575 | 1987254 |
| Crime Victim Assistance | 16.575 | 1881549 |
| Crime Victim Assistance | 16.575 | 1987262 |
| Total Office of Governor of Texas, Criminal Justice Division | | |
| Total U.S. Department of Justice | | |
| U. S. Department of Agriculture | | |
| <i>Passed Through Texas Department of State Health Services</i> | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 2017-049804-001A |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 2017-049804-001-2 |
| Total Texas Department of State Health Services | | |

| Expenditures | | | Passed through to Subrecipients | Name of Cluster (if applicable) | Note |
|--------------------------------|--------------------------|--------------|---------------------------------------|------------------------------------|------|
| From Pass-Through Awards | From Direct Awards | Total | | | |
| \$ - | \$ 2,195,210 | \$ 2,195,210 | \$ - | | |
| - | 2,195,210 | 2,195,210 | - | | |
| 15,063 | - | 15,063 | - | | |
| 573,830 | - | 573,830 | - | | |
| 28,544 | - | 28,544 | - | | |
| 602,374 | - | 602,374 | - | | |
| 37,614 | - | 37,614 | - | | |
| 3,753,303 | - | 3,753,303 | - | | |
| 4,393,291 | - | 4,393,291 | - | | |
| 4,408,354 | - | 4,408,354 | - | | |
| - | 17,195 | 17,195 | - | | |
| - | 17,195 | 17,195 | - | | |
| - | 1,877 | 1,877 | - | | |
| 18,239 | - | 18,239 | - | | |
| 25,025 | - | 25,025 | - | | |
| 20,692 | - | 20,692 | - | | |
| 20,116 | - | 20,116 | - | | |
| 84,072 | - | 84,072 | - | | |
| 84,072 | 1,877 | 85,949 | - | | |
| 728,234 | - | 728,234 | - | | |
| 14,283 | - | 14,283 | - | | |
| 742,517 | - | 742,517 | - | | |

(continued)

COUNTY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Other Award Number |
|------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------|
| FEDERAL EXPENDITURES - (Continued) | | |
| U. S. Department of Agriculture - (Continued) | | |
| <i>Passed Through Texas Department of Agriculture</i> | | |
| School Breakfast Program | 10.553 | 01248 |
| School Breakfast Program | 10.553 | 01248 |
| | | |
| National School Lunch Program | 10.555 | 01248 |
| National School Lunch Program | 10.555 | 01248 |
| Non-Cash Assistance (Commodities) | 10.555 | 01248 |
| Non-Cash Assistance (Commodities) | 10.555 | 01248 |
| | | |
| <i>Total Child Nutrition Cluster</i> | | |
| | | |
| <i>Total Texas Department of Agriculture</i> | | |
| <i>Total U.S. Department of Agriculture</i> | | |
| | | |
| U. S. Department of Health and Human Services | | |
| <i>Passed Through Texas Department of State Health Services</i> | | |
| Public Health Emergency Preparedness | 93.069 | 537-18-0181-00001 |
| Public Health Emergency Preparedness | 93.069 | 537-18-0181-0001 |
| | | |
| Preventive Health and Services Block Grant Funded solely with Prevention and Public Health Funds (PPHF) | 93.758 | 537-18-0252-00001 |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | HHS000036000017 |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | 2016-004092-00 |
| | | |
| Immunization Cooperative Agreements | 93.268 | HHS000119700011 |
| Immunization Cooperative Agreements | 93.268 | H23IP000773 |
| | | |
| Maternal, Infant and Early Childhood Home Visiting Grant | 93.870 | X10MC30550 |
| Preventive Health and Health Services Block Grant | 93.991 | 2016-03860-03 |
| Preventive Health and Health Services Block Grant | 93.991 | 2016-003860B |
| | | |
| <i>Total Texas Department of State Health Services</i> | | |
| | | |
| <i>Passed Through Texas Department of Health and Human Services</i> | | |
| Medicaid Administrative Claiming | 93.778 | 529-16-0106-00001A |

| Expenditures | | | Passed through to Subrecipients | Name of Cluster (if applicable) | Note |
|--------------------------------|--------------------------|----------------|---------------------------------------|------------------------------------|------|
| From Pass-Through Awards | From Direct Awards | Total | | | |
| \$ 16,405 | \$ - | \$ 16,405 | \$ - | Child Nutrition Cluster | |
| 17,242 | - | 17,242 | - | Child Nutrition Cluster | |
| <u>33,647</u> | <u>-</u> | <u>33,647</u> | <u>-</u> | | |
| 32,639 | - | 32,639 | - | Child Nutrition Cluster | |
| 34,171 | - | 34,171 | - | Child Nutrition Cluster | |
| 2,257 | - | 2,257 | - | Child Nutrition Cluster | 4 |
| 4,229 | - | 4,229 | - | Child Nutrition Cluster | 4 |
| <u>73,296</u> | <u>-</u> | <u>73,296</u> | <u>-</u> | | |
| <u>106,943</u> | <u>-</u> | <u>106,943</u> | <u>-</u> | | |
| <u>106,943</u> | <u>-</u> | <u>106,943</u> | <u>-</u> | | |
| <u>849,460</u> | <u>-</u> | <u>849,460</u> | <u>-</u> | | |
| 56,051 | - | 56,051 | - | | |
| 46,962 | - | 46,962 | - | | |
| <u>103,013</u> | <u>-</u> | <u>103,013</u> | <u>-</u> | | |
| <u>159,747</u> | <u>-</u> | <u>159,747</u> | <u>-</u> | | |
| 13,543 | - | 13,543 | - | | |
| 9,347 | - | 9,347 | - | | |
| 22,890 | - | 22,890 | - | | |
| 62,208 | - | 62,208 | - | | |
| 117,105 | - | 117,105 | - | | |
| 179,313 | - | 179,313 | - | | |
| 359,210 | - | 359,210 | 258,626 | | |
| 13,132 | - | 13,132 | - | | |
| 35,755 | - | 35,755 | - | | |
| 48,887 | - | 48,887 | - | | |
| <u>873,060</u> | <u>-</u> | <u>873,060</u> | <u>258,626</u> | | |
| 19,344 | - | 19,344 | - | | |

(continued)

COUNTY OF VICTORIA, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2018*

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Other Award Number |
|--------------------------------------------------------------------|---------------------------|-----------------------|
| FEDERAL EXPENDITURES - (Continued) | | |
| U. S. Department of Health and Human Services - (Continued) | | |
| <i>Passed Through Brazos Valley Council of Governments</i> | | |
| HIV Care Formula Grants | 93.917 | 5608/2-565-01 |
| HIV Care Formula Grants | 93.917 | 5608/2-565-S2-01 |
| HIV Care Formula Grants | 93.917 | 5608/2-565-S3-01 |
| HIV Care Formula Grants | 93.917 | 5608-565-02-S |
| HIV Care Formula Grants | 93.917 | 5608-565-01 |
| Total Brazos Valley Council of Governments | | |
| Total U.S. Department of Health and Human Services | | |
| U. S. Department of Housing and Urban Development | | |
| <i>Passed Through Texas Department of Agriculture</i> | | |
| Texas Community Development Block Grant Program | 14.228 | 7217479 |
| <i>Passed Through Brazos Valley Council of Governments</i> | | |
| Housing Opportunities for Persons with Aids | 14.241 | 5607/2-565-01 |
| Housing Opportunities for Persons with Aids | 14.241 | 5607-565-01 |
| Total Brazos Valley Council of Governments | | |
| Total U.S. Department of Housing and Urban Development | | |
| U. S. Department of the Interior | | |
| GoMESA | 15.435 | N/A |
| Total U.S. Department of the Interior | | |
| U. S. General Services Administration | | |
| Donation of Federal Surplus Personal Property | 39.003 | 15490 |
| Total U.S. General Services Administration | | |
| Executive Office of the President | | |
| <i>Passed Through Office of National Drug Control Policy</i> | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | G17HN0020A |
| High Intensity Drug Trafficking Areas Program | 95.001 | G18HN0020A |
| Total Executive Office of the President | | |
| TOTAL FEDERAL EXPENDITURES | | |

| Expenditures | | | Passed through to Subrecipients | Name of Cluster (if applicable) | Note |
|--------------------------------|--------------------------|------------------|---------------------------------------|------------------------------------|------|
| From Pass-Through Awards | From Direct Awards | Total | | | |
| \$ 149,194 | \$ - | \$ 149,194 | \$ - | | |
| 30,273 | - | 30,273 | - | | |
| 24,361 | - | 24,361 | - | | |
| 10,943 | - | 10,943 | - | | |
| 38,810 | - | 38,810 | - | | |
| <u>253,581</u> | <u>-</u> | <u>253,581</u> | <u>-</u> | | |
| <u>1,145,985</u> | <u>-</u> | <u>1,145,985</u> | <u>258,626</u> | | |
| <u>-</u> | <u>33,287</u> | <u>33,287</u> | <u>33,287</u> | | |
| 85,911 | - | 85,911 | - | | |
| 5,752 | - | 5,752 | - | | |
| <u>91,663</u> | <u>-</u> | <u>91,663</u> | <u>-</u> | | |
| <u>91,663</u> | <u>33,287</u> | <u>124,950</u> | <u>33,287</u> | | |
| <u>-</u> | <u>110,477</u> | <u>110,477</u> | <u>-</u> | | |
| <u>-</u> | <u>110,477</u> | <u>110,477</u> | <u>-</u> | | |
| <u>-</u> | <u>7,783</u> | <u>7,783</u> | <u>-</u> | | |
| <u>-</u> | <u>7,783</u> | <u>7,783</u> | <u>-</u> | | |
| 61,202 | - | 61,202 | - | | |
| 16,880 | - | 16,880 | - | | |
| <u>78,082</u> | <u>-</u> | <u>78,082</u> | <u>-</u> | | |
| <u>6,657,616</u> | <u>2,365,829</u> | <u>9,023,445</u> | <u>291,913</u> | | |

(continued)

COUNTY OF VICTORIA, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended December 31, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Other Award Number |
|----------------------------------------------------------------|---------------------------|-----------------------|
| STATE EXPENDITURES | | |
| Texas Department of State Health Services | | |
| IDCU/SUREB | N/A | 537-18-0293-00001 |
| TB/PC-STATE Tuberculosis Prevention and Control | N/A | 537-18-0044-00001-1 |
| TB/PC-STATE Tuberculosis Prevention and Control | N/A | 537-18-0044-00001 |
| Influenza Virologic Surveillance Right Size | N/A | 2017-049588-001 |
| <i>Passed Through Brazos Valley Council of Governments</i> | | |
| HIV Health and Social Services (State Services) | N/A | 5606-565-01-R |
| HIV Health and Social Services (State Services) | N/A | 5609/2-565-01 |
| HIV Health and Social Services (State Services) | N/A | 5609-565-01 |
| HIV Health and Social Services (State Services) | N/A | 5609-565-01-R |
| Total Brazos Valley Council of Governments | | |
| Total Texas Department of State Health Services | | |
| Texas Juvenile Justice Department | | |
| State Aid | N/A | TJPC-A-2018-235 |
| State Aid | N/A | TJPC-A-2019-235 |
| Grant R | N/A | TJPC-R-2018-235 |
| Grant R | N/A | TJPC-R-2019-235 |
| Total Texas Juvenile Justice Department | | |
| Office of the Attorney General of Texas | | |
| Texas Vine Grant | N/A | 1877885 |
| Texas Vine Grant | N/A | 1990928 |
| Total Office of the Attorney General of Texas | | |
| Texas Department of Transportation | | |
| Routine Airport Maintenance Program | N/A | M1813VICT |
| Routine Airport Maintenance Program | N/A | M1913VICT |
| Texas Mobility Fund Project Off System | | |
| Total Texas Department of Transportation | | |
| Texas Department of Criminal Justice | | |
| Rifle Resistant Body Armor Grant Program | N/A | 3476101 |
| Law Enforcement Officers Standards and Education | | |
| Training Grant | N/A | N/A |

| Expenditures | | | Passed through to Subrecipients | Name of Cluster (if applicable) | Note |
|--------------------------------|--------------------------|------------------|---------------------------------------|------------------------------------|------|
| From Pass-Through Awards | From Direct Awards | Total | | | |
| \$ - | \$ 75,627 | \$ 75,627 | \$ - | | |
| - | 7,013 | 7,013 | - | | |
| - | 14,403 | 14,403 | - | | |
| - | 3,050 | 3,050 | - | | |
| - | <u>100,093</u> | <u>100,093</u> | - | | |
| 66,994 | - | 66,994 | - | | |
| 33,404 | - | 33,404 | - | | |
| 55,186 | - | 55,186 | - | | |
| <u>115,294</u> | - | <u>115,294</u> | - | | |
| <u>270,878</u> | - | <u>270,878</u> | - | | |
| <u>270,878</u> | <u>100,093</u> | <u>370,971</u> | - | | |
| - | 439,301 | 439,301 | - | | |
| - | 358,675 | 358,675 | - | | |
| - | 62,351 | 62,351 | - | | |
| - | <u>51,677</u> | <u>51,677</u> | - | | |
| - | <u>912,004</u> | <u>912,004</u> | - | | |
| - | 16,995 | 16,995 | - | | |
| - | <u>16,996</u> | <u>16,996</u> | - | | |
| - | <u>33,991</u> | <u>33,991</u> | - | | |
| - | 44,588 | 44,588 | - | | |
| - | <u>13,500</u> | <u>13,500</u> | - | | |
| - | <u>58,088</u> | <u>58,088</u> | - | | |
| - | <u>1,955,846</u> | <u>1,955,846</u> | <u>1,955,846</u> | | |
| - | <u>2,013,934</u> | <u>2,013,934</u> | <u>1,955,846</u> | | |
| - | <u>23,450</u> | <u>23,450</u> | - | | |
| <u>10,371</u> | - | <u>10,371</u> | - | | |

(continued)

COUNTY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2018

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Other Award Number</u> |
|-----------------------------------------------------------|------------------------------------|-------------------------------|
| STATE EXPENDITURES - (Continued) | | |
| Texas Task Force on Indigent Defense | | |
| Indigent Defense | N/A | N/A |
| TOTAL STATE EXPENDITURES | | |
| TOTAL FEDERAL AND STATE EXPENDITURES | | |

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

| Expenditures | | | Passed through to Subrecipients | Name of Cluster (if applicable) | Note |
|--------------------------------|--------------------------|---------------------|---------------------------------------|------------------------------------|------|
| From Pass-Through Awards | From Direct Awards | Total | | | |
| \$ - | \$ 79,611 | \$ 79,611 | \$ - | | |
| 281,249 | 3,163,083 | 3,444,332 | 1,955,846 | | |
| <u>\$ 6,938,865</u> | <u>\$ 5,528,912</u> | <u>\$12,467,777</u> | <u>\$ 2,247,759</u> | | |

(concluded)

COUNTY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2018

NOTE 1: BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the statutory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2: PROGRAM COSTS

The accompanying schedule of expenditures of federal and state awards includes only the federal and state grant portion of the program costs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 3: INDIRECT COST RATE

The amount expended for these grants includes a total of \$16,491 claimed as indirect cost recoveries using an approved indirect cost rate of 14.98 percent of total expenses.

The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: NONCASH AWARDS

The amount of commodities reported on the schedule is the value of the commodities received by the County during the fiscal year and priced as prescribed by the Department of Agriculture, Food and Nutrition Service.

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Adverse (GAAP Basis); Unmodified (Statutory Basis)

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i> |
|-----------------------|-------------------------------------------------------------------------|
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) |
| N/A | Texas Mobility Fund Project Off System |

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

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, 2018

None were reported.