

COUNTY OF VICTORIA, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

COUNTY OF VICTORIA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2012

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

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For the year ended December 31, 2012

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INTRODUCTORY SECTION



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COUNTY AUDITOR
VICTORIA COUNTY, TEXAS

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Victoria, Texas 77901

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June 24, 2013

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, 2012. This report is submitted in compliance with Texas Local Government Code 114.025.

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

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

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

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

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

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

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

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

PROFILE OF VICTORIA COUNTY

The County is located in southeastern Texas on the Coastal plain about midway between the southern and eastern extremities of the Texas Gulf Coast. The County was created in 1836 from a Mexican municipality named for Mexican President Guadalupe Victoria. The County encompasses an area of 892 square miles and serves a population of 87,000.

The County is a public corporation and political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners' Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners' Court sets the tax rates, establishes policies for County operations, approves contracts for the County, and develops and adopts the County budget. The Commissioners' Court is also responsible for development of policies and orders, approving financial commitments, and appointment of various department heads. The management and leadership provided by members of the Commissioners' Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

The County records reflect modest debt levels, rapid principal amortization, and acceptable reserve levels that have benefited from sound fiscal management practices. The County practices conservative budgeting and sets General Fund reserve targets at 15% to 25% of annual expenditures. In the past year, the County incurred an increase in the General Fund unassigned fund balance mainly as a result of increases in property tax revenue and sales tax revenue. The County's General Fund reserve target is based on the County's policy of deferring ad valorem property taxes. The resulting unassigned fund balance does not include \$5.8 million in ad valorem taxes collected in October, November, and December of 2012, and are instead reported as deferred revenues.

Long-Term Financial Planning - The County of Victoria has identified several long-term issues that need to be prioritized and funded by the Commissioners' Court. These priorities include adding additional courtrooms for the increasing caseload of jury trials, resolving inadequate parking around the Courthouse complex and purchasing new property to build Justice of the Peace Offices for those locations that are currently being rented. The County is also considering installing a new water and sewer system at the Airport, 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 \$85,000 per participant per year. Co-insurance through a private insurance carrier assumes all risk for individual participants past that level. Please refer to the notes to the financial statements for a complete discussion of the County's employee health insurance operations.

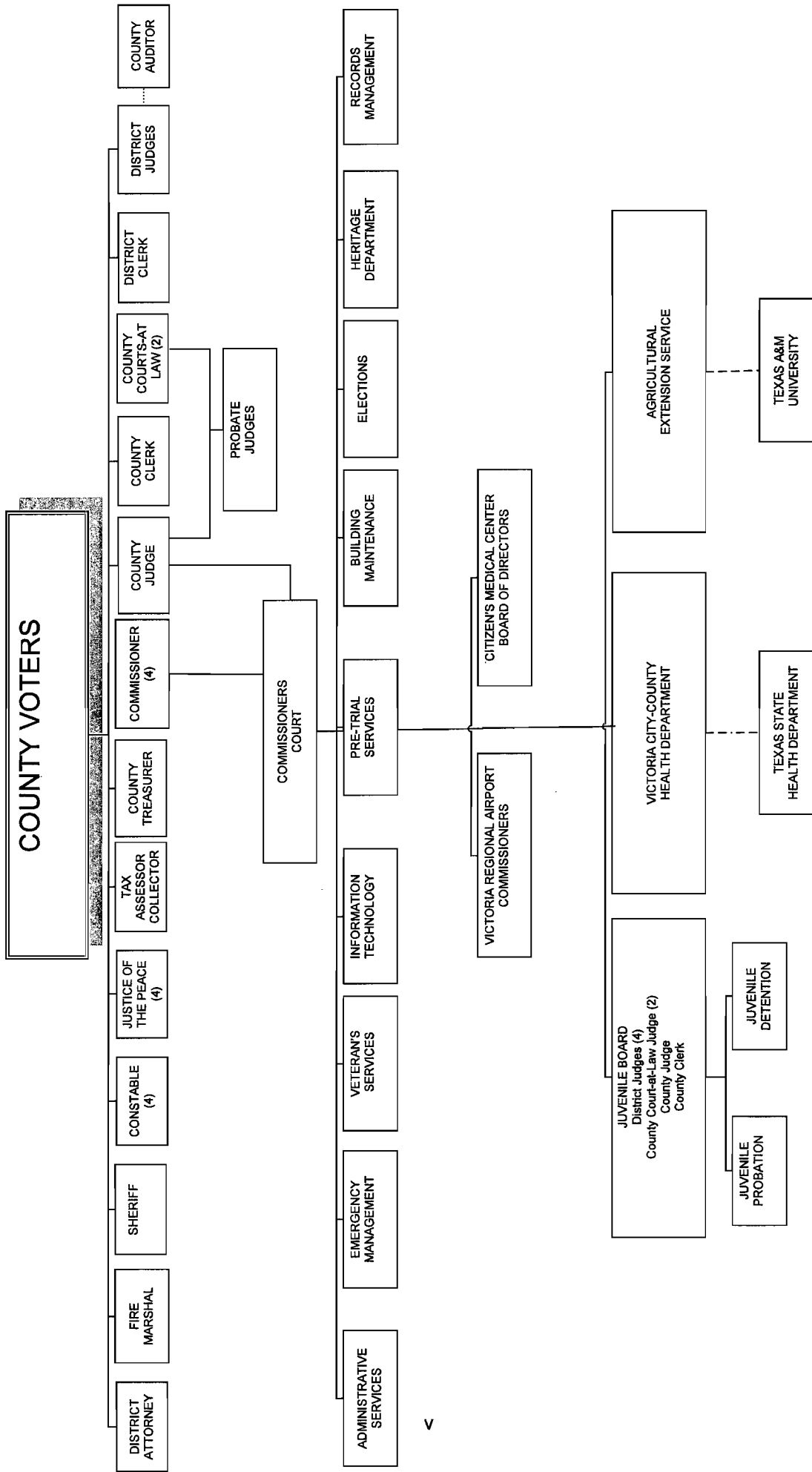
Pension Benefits - The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). Specific plan provisions are adopted by the County within the options available in the state statutes governing the TCDRS. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest and employer-financed monetary credits. The level of these monetary credits is adopted within the constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed.

ACKNOWLEDGEMENTS

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

Respectfully submitted,
Judy McAdams, CPA
Victoria County Auditor

VICTORIA COUNTY ORGANIZATION



ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

FINANCIAL SECTION



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

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DENNIS C. CIHAL, CPA
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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, 2012, 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 and the Victoria County Child Welfare Board, which represent 85 percent, 91 percent, and 97 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 and the Victoria County Child Welfare Board, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 and the Victoria County Child Welfare Board 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.

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

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

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

As described more fully in Note 1, the County has prepared these financial statements 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

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, 2012, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 performed for the purpose of forming opinions on the statutory basis financial statements that collectively comprise the County's basic financial statements. The introductory section, statutory basis combining and individual major and nonmajor fund financial statements and schedules, statistical data, and schedule of expenditures of federal and state awards (as required by the U.S. Office of Management and Budget Circular A-133, *Auditing of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statutory basis combining and individual major and nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards 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 section and statistical data 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 24, 2013, 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 & Uheuck, LLP

June 24, 2013

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, 2012. The discussion and analysis should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the financial statements. The discussion and analysis includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

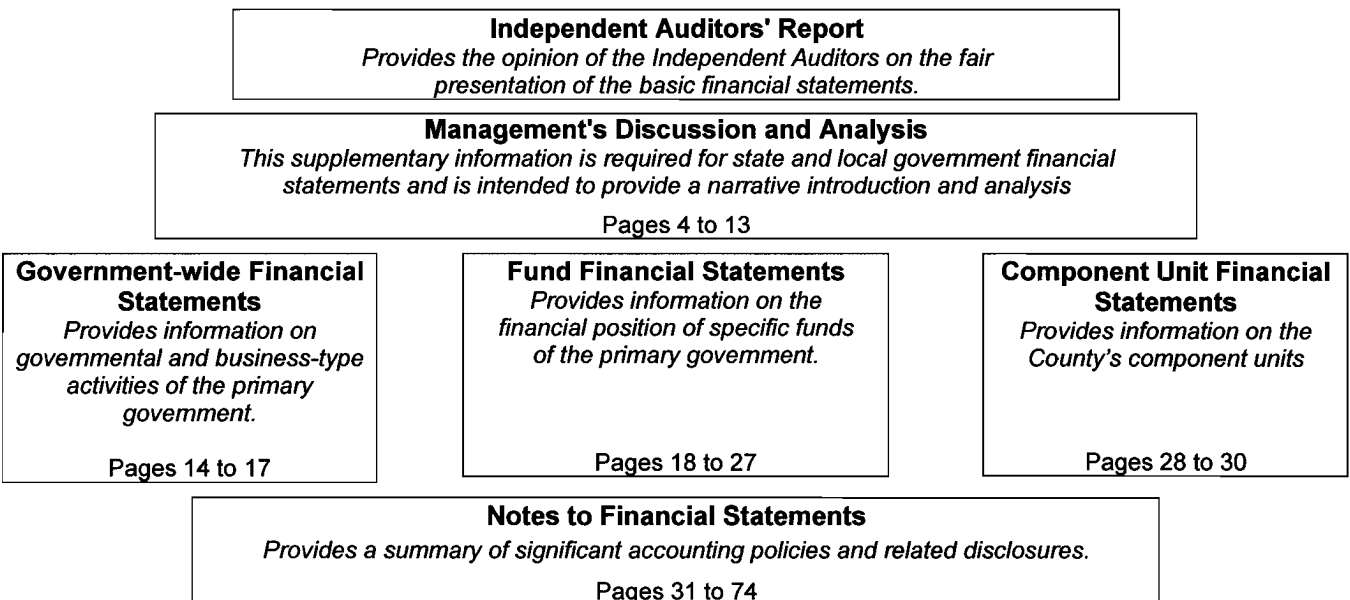
- The assets of the County exceeded its liabilities at the close of the year ended December 31, 2012, by \$41,863,061. Of this amount \$13,651,402 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2012, the County's governmental funds reported combined ending fund balances of \$15,893,391. The amount available for governmental discretion (unassigned fund balance) is \$11,662,648.
- At December 31, 2012, the fund balance for the General Fund was \$12,291,142, a \$3,083,151 increase over last year. The unassigned portion of fund balance was \$11,665,011 or 94.91% of total fund balance or 38.53% of total General Fund expenditures for 2012.
- The County's general obligation debt decreased \$1,284,641. The key factor in this decrease was the bond payments made during 2012.

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 2012. 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, Victoria County Child Welfare Board, and Citizens Medical Center. These component units are not included as part of the primary government.

The government-wide financial statements can be found on pages 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 106-113 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 115-120 of this report.

The basic governmental fund financial statements can be found on pages 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 31-74 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's General Fund's budgetary comparison schedule and historical pension benefits information. Required supplementary information can be found on pages 75-77 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$41,863,061 at the close of the year ended December 31, 2012.

County of Victoria, Texas

NET POSITION (Statutory Basis)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 43,642,600	\$ 37,534,670	\$ (181,246)	\$ 2,967	\$ 43,461,354	\$ 37,537,637
Capital assets (net)	28,164,832	28,286,259	9,465,473	9,973,746	37,630,305	38,260,005
Total Assets	<u>71,807,432</u>	<u>65,820,929</u>	<u>9,284,227</u>	<u>9,976,713</u>	<u>81,091,659</u>	<u>75,797,642</u>
Total Deferred Outflows of Resources	225,562	264,050	-	-	225,562	264,050
Current and other liabilities	4,916,482	4,638,608	394,212	305,916	5,310,694	4,944,524
Noncurrent liabilities	12,503,665	13,843,304	554,178	633,511	13,057,843	14,476,815
Total Liabilities	<u>17,420,147</u>	<u>18,481,912</u>	<u>948,390</u>	<u>939,427</u>	<u>18,368,537</u>	<u>19,421,339</u>
Total Deferred Inflows of Resources	21,085,623	19,528,892	-	-	21,085,623	19,528,892
Net Position:						
Investment in capital assets, net of related debt	17,634,287	16,692,542	8,841,867	9,245,449	26,476,154	25,937,991
Restricted	1,735,505	688,673	-	-	1,735,505	688,673
Unrestricted	14,157,432	10,692,960	(506,030)	(208,163)	13,651,402	10,484,797
Total Net Position	<u>\$ 33,527,224</u>	<u>\$ 28,074,175</u>	<u>\$ 8,335,837</u>	<u>\$ 9,037,286</u>	<u>\$ 41,863,061</u>	<u>\$ 37,111,461</u>

The largest portion of the County's net position (63.24%) 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 \$1,735,505, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$13,651,402) 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)**

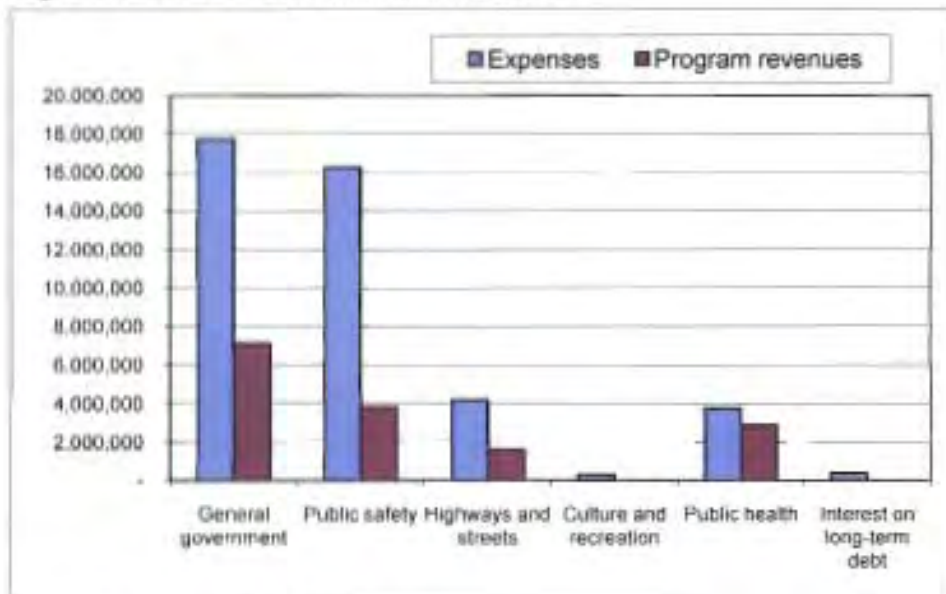
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program revenues:						
Charges for services	\$ 10,286,062	\$ 9,206,345	\$ 3,711,485	\$ 3,629,405	\$ 13,997,547	\$ 12,835,750
Operating grants & contributions	4,461,065	4,894,311	33,694	42,190	4,494,759	4,936,501
Capital grants & contributions	697,792	951,625	142,087	148,968	839,879	1,100,593
General revenues:					-	-
Property taxes	20,738,029	19,323,241	-	-	20,738,029	19,323,241
Other taxes	11,220,738	10,253,545	-	-	11,220,738	10,253,545
Other	643,069	1,108,755	385	417	643,454	1,109,172
Total Revenues	48,046,755	45,737,822	3,887,651	3,820,980	51,934,406	49,558,802
EXPENSES						
General governmental	17,725,415	15,620,851	-	-	17,725,415	15,620,851
Public safety	16,249,363	15,289,156	-	-	16,249,363	15,289,156
Highways and streets	4,196,422	4,435,115	-	-	4,196,422	4,435,115
Culture and recreation	301,527	257,880	-	-	301,527	257,880
Public health	3,747,650	3,650,720	-	-	3,747,650	3,650,720
Interest on long-term debt	373,329	504,255	-	-	373,329	504,255
Airport	-	-	3,822,529	3,737,407	3,822,529	3,737,407
Navarro project	-	-	623,215	579,775	623,215	579,775
Commissary	-	-	143,356	101,378	143,356	101,378
Total Expenses	42,593,706	39,757,977	4,589,100	4,418,560	47,182,806	44,176,537
Change in net position before transfers and special item	5,453,049	5,979,845	(701,449)	(597,580)	4,751,600	5,382,265
Transfers	-	(11,113)	-	11,113	-	-
Special item-interlocal commitment	-	(2,616,446)	-	-	-	(2,616,446)
Change in net position	5,453,049	3,352,286	(701,449)	(586,467)	4,751,600	2,765,819
Net position - January 1, 2012	28,074,175	24,721,889	9,037,286	9,623,753	37,111,461	34,345,642
Net position - December 31, 2012	\$ 33,527,224	\$ 28,074,175	\$ 8,335,837	\$ 9,037,286	\$ 41,863,061	\$ 37,111,461

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

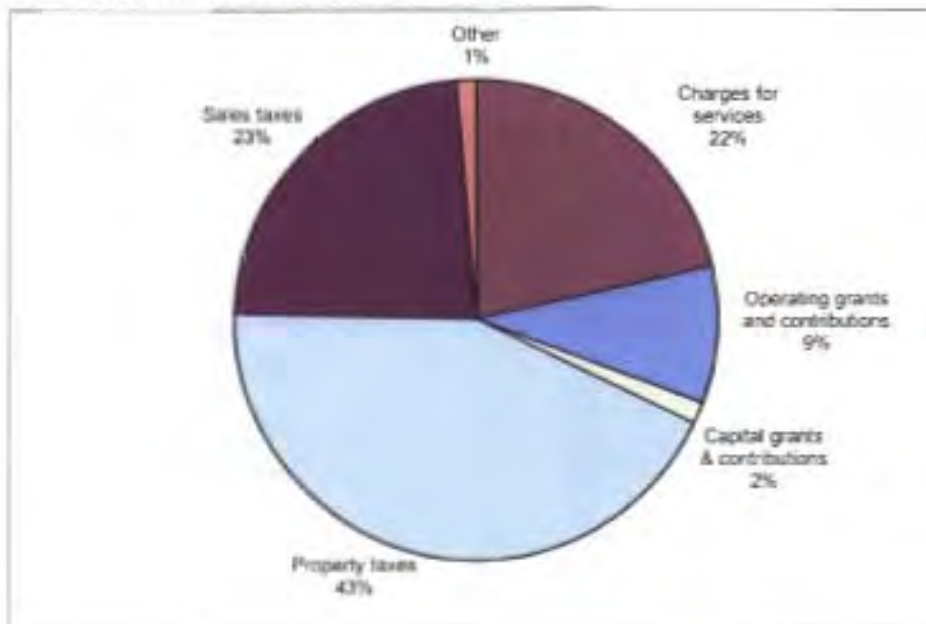
Governmental activities. Governmental activities increased the County's net position by \$5,453,049, thereby accounting for the majority of the total increase in the net position of the County. Key elements of this increase are as follows:

- Property tax revenues increased \$1,414,788, and sales tax revenue increased \$956,220 from the prior year.

Expenses and Program Revenues - Governmental Activities



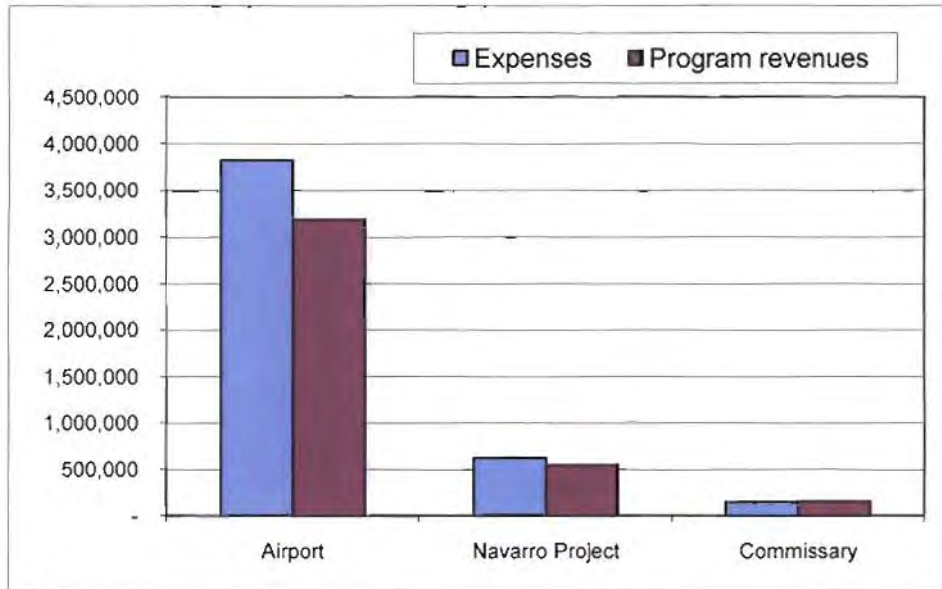
Revenues by Source - Governmental Activities



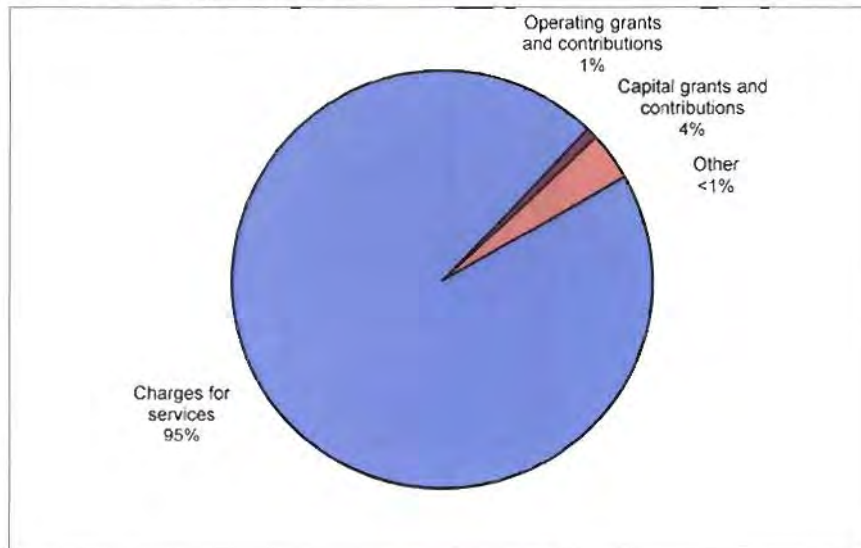
GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type activities. Business-type activities decreased the County's net position by \$701,449. This change was mainly due to a combined increase in expenses of \$170,540 or 3.86% compared to 2011.

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.

In the fiscal year 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), which changed the various classifications of fund balance and clarified governmental fund type definitions. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,893,391, an increase of \$4,305,355 in comparison with the prior year. Of the total fund balance, \$11,662,648 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$3,604,612 is *restricted* to specific types of expenditures and \$626,131 is *nonspendable*.

General Fund. The General Fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the General Fund was \$11,665,011, while total fund balance was \$12,291,142. 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 38.53% of total General Fund expenditures, while total fund balance represents 40.60% of that same amount.

The fund balance of the County's General Fund increased by \$3,083,151 during the current year. This increase is due mainly to an increase in property tax and sales tax revenues.

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	2012	2011
	Unrestricted Net Position	Unrestricted Net Position
Airport	\$ (672,758)	\$ (478,206)
Navarro Project	119,042	198,136
Commissary	47,686	71,907
Total	\$ (506,030)	\$ (208,163)

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 \$729,130 and can be briefly summarized as follows:

- \$325,176 in miscellaneous increases in general governmental expenditures, due to the purchase of a new software program for the Administrative Services Department, repairs to the Bridge Street Annex facade, new fire alarms and sprinklers in the Bridge Street Annex, and increased indigent defense expenditures.
- \$329,954 in miscellaneous increases in public safety expenditures, due to increased expenditures for fuel and oil for the Sheriff's Department, the purchase of a new vehicle for the Fire Marshal, the purchase a compressor for the self contained breathing apparatuses for the Fire Department, and the purchase of new tires for the aircraft rescue and fire fighting vehicle for the Fire Department.

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

For 2012, the General Fund's actual expenditures came in \$1,072,438 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2012.

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, 2012, amounts to \$37,630,305 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The net decrease in the County's investment in capital assets for the current year was 1.64% (a .43% decrease for governmental activities and a 5.09% decrease for business-type activities).

County of Victoria, Texas							
CAPITAL ASSETS							
(Net of Depreciation)							
	Governmental Activities		Business-type Activities		Total		
	2012	2011	2012	2011	2012	2011	
Land	\$ 2,302,794	\$ 2,302,794	\$ 149,433	\$ 149,433	\$ 2,452,227	\$ 2,452,227	
Construction in progress	-	1,956,482	653,672	335,528	653,672	2,292,010	
Buildings	9,981,712	10,326,966	443,003	517,760	10,424,715	10,844,726	
Improvements	7,599,153	5,918,056	7,964,589	8,776,605	15,563,742	14,694,661	
Machinery and equipment	6,722,125	6,144,815	254,776	194,420	6,976,901	6,339,235	
Infrastructure	1,559,048	1,637,146	-	-	1,559,048	1,637,146	
Total	\$ 28,164,832	\$ 28,286,259	\$ 9,465,473	\$ 9,973,746	\$ 37,630,305	\$ 38,260,005	

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, 2012, consisted of the following:
 - Equipment increased by \$1,915,008 due to the acquisition of a 9 new and 8 used vehicles at the Sheriff's Office, the purchase of a new excavator for the Road & Bridge Precincts, and the acquisition of a new vehicle for the Fire Marshal's office.
 - Improvements increased \$2,087,448 due to the completion of the Emergency Operations Center during 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)

Capital Assets. - (Continued)

- The additions to the business-type activities capital assets during the year ended December 31, 2012, consisted of ongoing improvements to the airport property and the remodel of the fuel based operation at the airport. Also during 2012, the County began renovations to the Health Department building.

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 \$11,088,281. Of this amount, \$10,464,675 comprises debt backed by the full faith and credit of the government and \$623,606 secured solely by specific revenue sources (i.e., revenue bonds).

County of Victoria, Texas

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Certificates of obligation	\$ 7,995,000	\$ 8,315,000	\$ -	\$ -	\$ 7,995,000	\$ 8,315,000
General obligation bonds	2,340,000	3,295,000	-	-	2,340,000	3,295,000
Issuance discount	(42,588)	(45,063)	-	-	(42,588)	(45,063)
Issuance premiums	229,289	259,180	-	-	229,289	259,180
Loss on refunding	(57,026)	(74,801)	-	-	(57,026)	(74,801)
Revenue bonds	-	-	625,000	730,000	625,000	730,000
Bond discount	-	-	(1,394)	(1,703)	(1,394)	(1,703)
Total	\$ 10,464,675	\$ 11,749,316	\$ 623,606	\$ 728,297	\$ 11,088,281	\$ 12,477,613

The County's total debt decreased by \$1,389,332 (11.13%) during the current year, this was due to debt repayment. The County maintains an "AA" rating from Standard & Poor's, and Fitch Ratings for general obligation debt. Additional information on the County's long-term debt can be found in Note 13.

Economic Factors and Next Year's Budgets and Rates

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

The final 2013 budget was adopted by Commissioners' Court on September 17, 2012. The budget included a 3% raise to employees and County Officials, 4 new positions in the General Fund, an increase in required retirement contributions from 5% to 6%, several capital improvements to cover aging infrastructure, and professional services for architectural fees to look at new buildings and improvements. The property tax rate was set at \$0.3986 (39.86 cents) per \$100 assessed taxable valuation, which reflects no change from the 2012 tax rate. However, the 2013 tax rate is \$2.80 (or 7.56%) over the County's effective tax rate. The taxable valuation increased for the 2013 year by \$399 million which will result in an increase of tax revenue of \$290,188.

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, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 23,556,524	\$ 177,990	\$ 23,734,514	\$ 117,472,216
Receivables (net)	18,156,289	100,814	18,257,103	14,718,346
Internal balances	3,315	(3,315)	-	-
Due from other governments	1,300,341	17,216	1,317,557	2,759,540
Inventory	-	130,612	130,612	2,159,510
Deferred expenditures/expenses	-	-	-	1,291,656
Total current assets	43,016,469	423,317	43,439,786	138,401,268
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	2,302,794	803,105	3,105,899	31,875,428
Buildings, improvements, and equipment (net)	25,862,038	8,662,368	34,524,406	85,751,900
Other assets	-	21,568	21,568	2,695,468
Noncurrent internal balances	626,131	(626,131)	-	-
Total noncurrent assets	28,790,963	8,860,910	37,651,873	120,322,796
Total assets	71,807,432	9,284,227	81,091,659	258,724,064
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	57,026	-	57,026	-
Issuance costs (net)	168,536	-	168,536	217,053
Total deferred outflows of resources	225,562	-	225,562	217,053

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,141,855	\$ 168,978	\$ 1,310,833	\$ 3,558,793
Accrued expenses	1,150,568	34,557	1,185,125	6,361,161
Accrued interest payable	206,245	12,500	218,745	147,801
Due to other governments	276,833	-	276,833	-
Claims payable	200,912	-	200,912	-
Deposits	1,000	8,500	9,500	-
Unearned revenue	-	28,497	28,497	914,865
Accrued compensated absences	573,199	14,680	587,879	-
Current portion of long-term obligations	1,365,870	126,500	1,492,370	810,000
Total current liabilities	4,916,482	394,212	5,310,694	11,792,620
Noncurrent liabilities				
Noncurrent portion of long-term obligations	12,503,665	554,178	13,057,843	15,765,000
Total noncurrent liabilities	12,503,665	554,178	13,057,843	15,765,000
Total liabilities	17,420,147	948,390	18,368,537	27,557,620
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	21,085,623	-	21,085,623	1,656,913
Total deferred inflows of resources	21,085,623	-	21,085,623	1,656,913
NET POSITION				
Invested in capital assets, net of related debt	17,634,287	8,841,867	26,476,154	110,986,406
Restricted for:				
Debt service	370,736	-	370,736	113,095
Other purposes	1,364,769	-	1,364,769	-
Unrestricted	14,157,432	(506,030)	13,651,402	118,627,083
Total net position	\$ 33,527,224	\$ 8,335,837	\$ 41,863,061	\$ 229,726,584

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES - STATUTORY BASIS
For the year ended December 31, 2012

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 17,725,415	\$ 5,709,483	\$ 1,415,209	\$ -
Public safety	16,249,363	2,263,926	855,300	697,792
Highways and streets	4,196,422	1,600,498	15,308	-
Culture and recreation	301,527	-	-	-
Public health	3,747,650	712,155	2,175,248	-
Interest on long-term debt	373,329	-	-	-
Total governmental activities	<u>42,593,706</u>	<u>10,286,062</u>	<u>4,461,065</u>	<u>697,792</u>
Business-type activities				
Airport	3,822,529	3,009,756	33,694	142,087
Navarro Project	623,215	545,557	-	-
Commissary	143,356	156,172	-	-
Total business-type activities	<u>4,589,100</u>	<u>3,711,485</u>	<u>33,694</u>	<u>142,087</u>
Total primary government	<u>\$ 47,182,806</u>	<u>\$ 13,997,547</u>	<u>\$ 4,494,759</u>	<u>\$ 839,879</u>
Component Units	<u>\$ 135,854,384</u>	<u>\$ 136,086,861</u>	<u>\$ 5,940</u>	<u>\$ 7,594</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

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

Primary Government

Governmental Activities	Business- type Activities	Total	Component Units
\$ (10,600,723)	\$ -	\$ (10,600,723)	\$ -
(12,432,345)	-	(12,432,345)	-
(2,580,616)	-	(2,580,616)	-
(301,527)	-	(301,527)	-
(860,247)	-	(860,247)	-
(373,329)	-	(373,329)	-
<u>(27,148,787)</u>	<u>-</u>	<u>(27,148,787)</u>	<u>-</u>
-	(636,992)	(636,992)	-
-	(77,658)	(77,658)	-
-	12,816	12,816	-
-	(701,834)	(701,834)	-
<u>(27,148,787)</u>	<u>(701,834)</u>	<u>(27,850,621)</u>	<u>-</u>
-	-	-	246,011
19,191,797	-	19,191,797	1,301,303
1,546,232	-	1,546,232	364,366
10,984,845	-	10,984,845	-
235,893	-	235,893	-
139,310	-	139,310	-
114,897	385	115,282	695,908
388,862	-	388,862	17,702
<u>32,601,836</u>	<u>385</u>	<u>32,602,221</u>	<u>2,379,279</u>
5,453,049	(701,449)	4,751,600	2,625,290
<u>28,074,175</u>	<u>9,037,286</u>	<u>37,111,461</u>	<u>227,101,294</u>
<u>\$ 33,527,224</u>	<u>\$ 8,335,837</u>	<u>\$ 41,863,061</u>	<u>\$ 229,726,584</u>

COUNTY OF VICTORIA, TEXAS
BALANCE SHEET - STATUTORY BASIS
GOVERNMENTAL FUNDS
December 31, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,620,461	\$ 5,725,628	\$ 23,346,089
Receivables (net)	15,160,036	2,884,167	18,044,203
Due from other governments	426,142	874,199	1,300,341
Due from other funds	488,984	797	489,781
Advance to other funds	626,131	-	626,131
Total assets	\$ 34,321,754	\$ 9,484,791	\$ 43,806,545
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 527,172	\$ 395,195	\$ 922,367
Accrued expenditures	870,387	269,543	1,139,930
Due to other funds	-	486,347	486,347
Due to other governments	276,833	-	276,833
Deposits	1,000	-	1,000
Deferred revenue	20,355,220	4,731,457	25,086,677
Total liabilities	22,030,612	5,882,542	27,913,154
Fund balances			
Nonspendable	626,131	-	626,131
Restricted	-	3,604,612	3,604,612
Unassigned	11,665,011	(2,363)	11,662,648
Total fund balances	12,291,142	3,602,249	15,893,391
Total liabilities and fund balances	\$ 34,321,754	\$ 9,484,791	\$ 43,806,545

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, 2012

Total governmental fund balances		\$ 15,893,391
<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.		
		(108,636)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		
		2,019,169
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.		
		1,941,885
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	\$ 169,990,008	
Accumulated depreciation of governmental capital assets	<u>(141,825,176)</u>	28,164,832
Issuance cost related to debt is not a financial resource and, therefore, is not reported in the funds. Issuance cost is amortized over the life of the debt.		
		168,536
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	(10,335,000)	
Issuance discount	42,588	
Issuance premiums	(229,289)	
Deferred loss on refunding	57,026	
Interlocal commitment	(2,616,446)	
Capital leases payable	(65,870)	
Accrued interest payable	(206,245)	
Compensated absences	<u>(1,238,717)</u>	<u>(14,591,953)</u>
Net position of governmental activities		<u>\$ 33,487,224</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, 2012

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 27,452,365	\$ 4,346,398	\$ 31,798,763
Fees of office and user fees	1,605,478	1,314,623	2,920,101
Intergovernmental	3,513,893	6,077,586	9,591,479
Fines and forfeitures	1,201,255	811,754	2,013,009
Investment income	87,382	24,886	112,268
Licenses and permits	43,709	-	43,709
Contributions	-	93,459	93,459
Miscellaneous	1,047,267	90,016	1,137,283
Total revenues	<u>34,951,349</u>	<u>12,758,722</u>	<u>47,710,071</u>
EXPENDITURES			
Current			
General government	14,908,835	2,236,851	17,145,686
Public safety	15,096,632	1,161,645	16,258,277
Highways and streets	-	4,164,237	4,164,237
Culture and recreation	247,849	-	247,849
Public health	19,603	3,670,546	3,690,149
Capital outlay	-	342,427	342,427
Debt service			
Principal retirement	-	1,275,000	1,275,000
Interest and fiscal charges	-	369,700	369,700
Total expenditures	<u>30,272,919</u>	<u>13,220,406</u>	<u>43,493,325</u>
Excess (deficiency) of revenues over expenditures	<u>4,678,430</u>	<u>(461,684)</u>	<u>4,216,746</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	13,663	74,946	88,609
Transfers in	33,979	1,755,132	1,789,111
Transfers out	(1,642,921)	(146,190)	(1,789,111)
Total other financing sources (uses)	<u>(1,595,279)</u>	<u>1,683,888</u>	<u>88,609</u>
Change in fund balances	3,083,151	1,222,204	4,305,355
Fund balances at beginning of year, as restated	<u>9,207,991</u>	<u>2,380,045</u>	<u>11,588,036</u>
Fund balances at end of year	<u>\$ 12,291,142</u>	<u>\$ 3,602,249</u>	<u>\$ 15,893,391</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, 2012**

Total net change in fund balances - governmental funds **\$ 4,305,355**

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

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.

(306,565)

The net effect of various transactions involving capital assets (i.e., transfers, adjustments and dispositions) is to increase (decrease) net position.

(141,454)

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

\$ 2,051,161

Depreciation expense

(2,031,134)

20,027

Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:

Bond principal retirement

\$ 1,275,000

Capital lease principal retirement

63,489

1,338,489

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

153,601

Other revenues

233,300

386,901

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences

(146,075)

Decrease in accrued interest

7,443

Decrease in loss on bond refunding

(17,775)

Net increase in bond premium

29,891

Net increase in bond discount

(2,475)

Decrease in issuance costs

(20,713)

(149,704)

Change in net position of governmental activities

\$ 5,453,049

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION - STATUTORY BASIS
PROPRIETARY FUNDS
December 31, 2012

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 5,916	\$ 140,003	\$ 32,071	\$ 177,990	\$ 210,435
Receivables (net)	79,760	-	21,054	100,814	112,086
Due from other governments	17,216	-	-	17,216	-
Inventory	130,612	-	-	130,612	-
Total current assets	233,504	140,003	53,125	426,632	322,521
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	523,199	279,906	-	803,105	-
Buildings, improvements, and equipment (net)	7,022,145	1,578,651	61,572	8,662,368	-
Other assets	-	21,568	-	21,568	-
Total noncurrent assets	7,545,344	1,880,125	61,572	9,487,041	-
Total assets	7,778,848	2,020,128	114,697	9,913,673	322,521
LIABILITIES					
Current liabilities					
Accounts payable	152,977	15,204	797	168,978	219,488
Accrued expenses	28,660	3,621	2,276	34,557	10,638
Accrued interest payable	-	12,500	-	12,500	-
Due to other funds	1,144	2,028	143	3,315	119
Advance from other funds	626,131	-	-	626,131	-
Deposits	8,500	-	-	8,500	-
Unearned revenue	21,177	7,320	-	28,497	-
Claims payable	-	-	-	-	200,912
Accrued compensated absences	12,333	1,068	1,279	14,680	-
Current portion of capital lease payable	16,500	-	-	16,500	-
Current portion of bonds payable	-	110,000	-	110,000	-
Total current liabilities	867,422	151,741	4,495	1,023,658	431,157
Noncurrent liabilities					
Accrued compensated absences	9,100	788	944	10,832	-
Capital lease payable, net	29,740	-	-	29,740	-
Bonds payable, net	-	513,606	-	513,606	-
Total noncurrent liabilities	38,840	514,394	944	554,178	-
Total liabilities	906,262	666,135	5,439	1,577,836	431,157
NET POSITION					
Invested in capital assets, net of related debt	7,545,344	1,234,951	61,572	8,841,867	-
Unrestricted	(672,758)	119,042	47,686	(506,030)	(108,636)
Total net position	\$ 6,872,586	\$ 1,353,993	\$ 109,258	\$ 8,335,837	\$ (108,636)

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, 2012

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
OPERATING REVENUES					
Charges for services	\$ 2,350,463	\$ -	\$ 156,172	\$ 2,506,635	\$ 2,939,638
Rents	649,087	545,557	-	1,194,644	-
Miscellaneous	10,206	-	-	10,206	-
Total operating revenues	<u>3,009,756</u>	<u>545,557</u>	<u>156,172</u>	<u>3,711,485</u>	<u>2,939,638</u>
OPERATING EXPENSES					
Airport operations	3,103,991	-	-	3,103,991	-
Commissary operations	-	-	134,914	134,914	-
Lease operations	-	344,139	-	344,139	-
Health services	-	-	-	-	3,248,832
Depreciation and amortization	718,538	239,008	8,442	965,988	-
Total operating expenses	<u>3,822,529</u>	<u>583,147</u>	<u>143,356</u>	<u>4,549,032</u>	<u>3,248,832</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions	(812,773)	(37,590)	12,816	(837,547)	(309,194)
NONOPERATING REVENUES (EXPENSES)					
Investment income					
Interest	67	4	314	385	2,629
Noncapital grants and contributions	33,694	-	-	33,694	-
Interest and debt costs	-	(40,068)	-	(40,068)	-
Total nonoperating revenues (expenses)	<u>33,761</u>	<u>(40,064)</u>	<u>314</u>	<u>(5,989)</u>	<u>2,629</u>
Income (loss) before contributions	(779,012)	(77,654)	13,130	(843,536)	(306,565)
Contributions					
Capital grants and contributions	142,087	-	-	142,087	-
Total contributions	<u>142,087</u>	<u>-</u>	<u>-</u>	<u>142,087</u>	<u>-</u>
Change in net position	(636,925)	(77,654)	13,130	(701,449)	(306,565)
Total net position at beginning of year	<u>7,509,511</u>	<u>1,431,647</u>	<u>96,128</u>	<u>9,037,286</u>	<u>197,929</u>
Total net position at end of year	<u>\$ 6,872,586</u>	<u>\$ 1,353,993</u>	<u>\$ 109,258</u>	<u>\$ 8,335,837</u>	<u>\$ (108,636)</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, 2012

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,985,992	\$ 552,877	\$ 156,462	\$ 3,695,331	\$ 2,853,019
Cash paid to suppliers for goods and services	(2,427,480)	(278,786)	(59,365)	(2,765,631)	(2,945,355)
Cash paid to employees for services	(594,846)	(108,450)	(75,830)	(779,126)	(234,851)
Net cash provided (used) by operating activities	<u>(36,334)</u>	<u>165,641</u>	<u>21,267</u>	<u>150,574</u>	<u>(327,187)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Noncapital grants and contributions	35,681	-	-	35,681	-
Borrowing (repayments) to other funds	79,036	1,655	(105)	80,586	(78)
Net cash provided (used) by noncapital financing activities	<u>114,717</u>	<u>1,655</u>	<u>(105)</u>	<u>116,267</u>	<u>(78)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	155,663	-	-	155,663	-
Acquisition and construction of capital assets	(241,750)	(120,278)	(45,792)	(407,820)	-
Principal paid on debt	(8,697)	(105,000)	-	(113,697)	-
Interest paid	-	(43,604)	-	(43,604)	-
Net cash provided (used) by capital and related financing activities	<u>(94,784)</u>	<u>(268,882)</u>	<u>(45,792)</u>	<u>(409,458)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	67	4	314	385	2,629
Net cash provided (used) by investing activities	<u>67</u>	<u>4</u>	<u>314</u>	<u>385</u>	<u>2,629</u>
Net increase (decrease) in cash and cash equivalents	(16,334)	(101,582)	(24,316)	(142,232)	(324,636)
Cash and cash equivalents at beginning of year	22,250	241,585	56,387	320,222	535,071
Cash and cash equivalents at end of year	<u>\$ 5,916</u>	<u>\$ 140,003</u>	<u>\$ 32,071</u>	<u>\$ 177,990</u>	<u>\$ 210,435</u>

COUNTY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS - STATUTORY BASIS
PROPRIETARY FUNDS
For the year ended December 31, 2012

	<u>Business-type Activities</u>			<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (812,773)	\$ (37,590)	\$ 12,816	\$ (837,547)	\$ (309,194)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	718,538	239,008	8,442	965,988	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(28,241)	-	290	(27,951)	(86,619)
(Increase) decrease in inventory	(31,500)	-	-	(31,500)	-
Increase (decrease) in accounts payable	101,727	(39,900)	(138)	61,689	33,045
Increase (decrease) in accrued expenses	7,774	(588)	(561)	6,625	1,167
Increase (decrease) in deposits	(16,700)	-	-	(16,700)	-
Increase (decrease) in unearned revenue	21,177	7,320	-	28,497	-
Increase (decrease) in compensated absences	3,664	(2,609)	418	1,473	-
Increase (decrease) in claims payable	-	-	-	-	34,414
Total adjustments	<u>776,439</u>	<u>203,231</u>	<u>8,451</u>	<u>988,121</u>	<u>(17,993)</u>
Net cash provided (used) by operating activities	<u>\$ (36,334)</u>	<u>\$ 165,641</u>	<u>\$ 21,267</u>	<u>\$ 150,574</u>	<u>\$ (327,187)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2012

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 41,094	\$ 11,494,595
Receivables (net)		
Other	-	88,106
Due from other governments	-	1,956
Seized assets	-	92,500
Total assets	<u>41,094</u>	<u>11,677,157</u>
LIABILITIES		
Liabilities		
Accounts payable	17,983	3,339,017
Due to other governments	-	8,338,140
Total liabilities	<u>17,983</u>	<u>11,677,157</u>
NET POSITION		
Unrestricted	<u>\$ 23,111</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, 2012

	<u>Private Purpose Trust</u>
ADDITIONS	
Investment income	
Interest	\$ 66
Miscellaneous	
Participants' contributions	<u>86,648</u>
Total additions	<u>86,714</u>
DEDUCTIONS	
General government	
Participants' withdrawals	85,917
Miscellaneous	<u>13</u>
Total deductions	<u>85,930</u>
Changes in net position	784
Net position - beginning	<u>22,327</u>
Net position - ending	<u>\$ 23,111</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
December 31, 2012

	Victoria County Navigation District	Victoria County Child Welfare Board	Citizens Medical Center	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 14,265,471	\$ 117,171	\$ 103,089,574	\$ 117,472,216
Receivables (net)	1,648,091	444	13,069,811	14,718,346
Due from other governments	49,018	-	2,710,522	2,759,540
Supplies inventory	-	-	2,159,510	2,159,510
Deferred expenditures/prepaid expenses	-	-	1,291,656	1,291,656
Total current assets	15,962,580	117,615	122,321,073	138,401,268
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	13,943,739	-	17,931,689	31,875,428
Buildings, improvements, and equipment (net)	9,918,040	-	75,833,860	85,751,900
Other assets	-	-	2,695,468	2,695,468
Total noncurrent assets	23,861,779	-	96,461,017	120,322,796
Total assets	39,824,359	117,615	218,782,090	258,724,064
DEFERRED OUTFLOWS OF RESOURCES				
Bond issue costs (net)	217,053	-	-	217,053
Total deferred outflows of resources	217,053	-	-	217,053
LIABILITIES				
Current liabilities				
Accounts payable	514,893	906	3,042,994	3,558,793
Accrued expenditures/expenses	-	-	6,361,161	6,361,161
Accrued interest payable	147,801	-	-	147,801
Unearned revenue	914,865	-	-	914,865
Current portion of long-term obligations	810,000	-	-	810,000
Total current liabilities	2,387,559	906	9,404,155	11,792,620
Noncurrent liabilities				
Noncurrent portion of long-term obligations	15,265,000	-	500,000	15,765,000
Total noncurrent liabilities	15,265,000	-	500,000	15,765,000
Total liabilities	17,652,559	906	9,904,155	27,557,620
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	1,656,913	-	-	1,656,913
Total deferred inflows of resources	1,656,913	-	-	1,656,913
NET POSITION				
Invested in capital assets, net of related debt	17,220,857	-	93,765,549	110,986,406
Restricted for:				
Debt service	113,095	-	-	113,095
Unrestricted	3,397,988	116,709	115,112,386	118,627,083
Total net position	\$ 20,731,940	\$ 116,709	\$ 208,877,935	\$ 229,726,584

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, 2012

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
Victoria County Navigation District	\$ 3,063,470	\$ 2,832,074	\$ 5,940	\$ -
Victoria County Child Welfare Board	25,637	5,659	-	-
Citizens Medical Center	<u>132,765,277</u>	<u>133,249,128</u>	<u>-</u>	<u>7,594</u>
Total component units	<u>\$ 135,854,384</u>	<u>\$ 136,086,861</u>	<u>\$ 5,940</u>	<u>\$ 7,594</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net 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	Victoria County Child Welfare Board	Citizens Medical Center	Total
\$ (225,456)	\$ -	\$ -	\$ (225,456)
-	(19,978)	-	(19,978)
-	-	491,445	491,445
<u>(225,456)</u>	<u>(19,978)</u>	<u>491,445</u>	<u>246,011</u>
1,301,303	-	-	1,301,303
364,366	-	-	364,366
34,863	660	660,385	695,908
17,702	-	-	17,702
<u>1,718,234</u>	<u>660</u>	<u>660,385</u>	<u>2,379,279</u>
1,492,778	(19,318)	1,151,830	2,625,290
<u>19,239,162</u>	<u>136,027</u>	<u>207,726,105</u>	<u>227,101,294</u>
<u>\$ 20,731,940</u>	<u>\$ 116,709</u>	<u>\$ 208,877,935</u>	<u>\$ 229,726,584</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 2012 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

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

Component Units

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

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

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

Citizens Medical Center - A 368-bed acute care hospital owned by the County and established to provide medical services to the residents of the County and surrounding areas. The Medical Center is governed by a board of directors, each member of which is appointed by the Commissioners' Court of the County. This Court also reviews and approves the annual operating budget of the Medical Center. Citizens Medical Center operates on a fiscal year ending June 30 of each year. The amounts reported for the Medical Center in the financial statements are as of June 30, 2012. 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

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

Citizens Medical Center
2701 Hospital Drive
Victoria, Texas 77901

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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 2011 tax levy is dedicated to pay for expenditures of the 2012 budget. The entire 2012 tax levy has been recorded as deferred revenue as of December 31, 2012.

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.

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.

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

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

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

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

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

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

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 \$1,184,725. Budget expenditure amendments in these funds netted an increase of \$2,034,126.

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

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

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

H. Capital Assets - (Continued)

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

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

I. Compensated Absences

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

J. Long-term Obligations

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

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

K. Deferred Outflows/Inflows of Resources

The statement of financial position reports a separate section for deferred outflows of resources which follows the asset section. 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 only has two items that qualify for reporting in this category. They are the deferred charge on refunding and the net bond issuance costs reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

In addition to liabilities, the statement of financial position also reports 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. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. 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).

M. 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.

N. 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.

O. 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, 2012, the following funds had deficit equity balances:

<u>Fund</u>	<u>Fund Balance/ Net Assets</u>
Nonmajor Funds	
CDA Processing Fee	\$ 2,363
Internal Service Fund	
Employee Health Insurance	108,636

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

NOTE 3: DEPOSITS AND INVESTMENTS

As of December 31, 2012, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Money Market Funds	\$ 140,002	N/A
Total	<u>\$ 140,002</u>	

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. It is the County's policy to limit its investments to those with ratings of not less than A or its equivalent. At December 31, 2012, the County was not exposed to credit risk.

Concentration of Credit Risk

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

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk - Deposits

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

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that securities be held in the name of the County or held on behalf of the County and that all securities are purchased using the delivery versus payment method. As of December 31, 2012, and for the year then ended, the County was not exposed to any custodial credit risk.

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

NOTE 4: RECEIVABLES

Receivables at December 31, 2012, for the County's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Airport</u>	<u>Commissary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables					
Ad valorem taxes	\$ 11,888,943	\$ -	\$ -	\$ 2,943,548	\$ 14,832,491
Sales taxes	1,774,856	-	-	-	1,774,856
Fines	8,625,228	-	-	-	8,625,228
Other	274,179	129,836	21,054	199,883	624,952
Total gross receivables	22,563,206	129,836	21,054	3,143,431	25,857,527
Less: Allowances	7,403,170	50,076	-	147,178	7,600,424
Total net receivables	\$ 15,160,036	\$ 79,760	\$ 21,054	\$ 2,996,253	\$ 18,257,103

The only receivables not expected to be collected within one year are \$412,365 of fines receivable reported in the General Fund.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 1,318,192	\$ 16,717,585	\$ 18,035,777
Fines receivable	1,941,885	-	1,941,885
Nonmajor Funds			
Ad valorem taxes receivable	363,419	4,368,038	4,731,457
	<u>\$ 3,623,496</u>	<u>\$ 21,085,623</u>	<u>\$ 24,709,119</u>

NOTE 4: RECEIVABLES - (Continued)

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, 2012, was \$0.3986 per \$100, which means the County has a tax margin of \$0.4014 per \$100.

NOTE 5: DUE FROM OTHER GOVERNMENTS

Various funds of the County reported amounts due from other governments as of the end of the current year. These amounts are comprised of the following at December 31, 2012:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Contract reimbursements	\$ 355,117	\$ 141,376	\$ 496,493
Federal and state grants	15,463	732,823	748,286
Alcohol and bingo taxes	55,562	-	55,562
	<u>\$ 426,142</u>	<u>\$ 874,199</u>	<u>\$ 1,300,341</u>

NOTE 6: CAPITAL ASSETS

The County's capital asset activity for the year ended December 31, 2012, 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	\$ 2,302,794	\$ -	\$ -	\$ 2,302,794
Construction in progress	1,956,482	-	1,956,482	-
Total capital assets not being depreciated	<u>4,259,276</u>	<u>-</u>	<u>1,956,482</u>	<u>2,302,794</u>
Capital assets, being depreciated				
Machinery and equipment	15,483,819	1,915,008	644,128	16,754,699
Buildings	18,738,989	5,187	6,106	18,738,070
Improvements	15,022,851	2,087,448	-	17,110,299
Infrastructure	115,084,146	-	-	115,084,146
Total capital assets being depreciated	<u>164,329,805</u>	<u>4,007,643</u>	<u>650,234</u>	<u>167,687,214</u>
Less accumulated depreciation for				
Machinery and equipment	9,339,004	1,196,244	502,674	10,032,574
Buildings	8,412,023	350,441	6,106	8,756,358
Improvements	9,104,795	406,351	-	9,511,146
Infrastructure	113,447,000	78,098	-	113,525,098
Total accumulated depreciation	<u>140,302,822</u>	<u>2,031,134</u>	<u>508,780</u>	<u>141,825,176</u>
Total capital assets being depreciated, net	<u>24,026,983</u>	<u>1,976,509</u>	<u>141,454</u>	<u>25,862,038</u>
Governmental activities capital assets, net	<u>\$ 28,286,259</u>	<u>\$ 1,976,509</u>	<u>\$ 2,097,936</u>	<u>\$ 28,164,832</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 149,433	\$ -	\$ -	\$ 149,433
Construction in progress	335,528	318,144	-	653,672
Total capital assets not being depreciated	<u>484,961</u>	<u>318,144</u>	<u>-</u>	<u>803,105</u>
Capital assets, being depreciated				
Machinery and equipment	681,762	116,417	12,129	786,050
Buildings	2,478,519	-	-	2,478,519
Improvements	17,567,353	17,869	-	17,585,222
Total capital assets being depreciated	<u>20,727,634</u>	<u>134,286</u>	<u>12,129</u>	<u>20,849,791</u>
Less accumulated depreciation for				
Machinery and equipment	487,342	56,061	12,129	531,274
Buildings	1,960,759	74,757	-	2,035,516
Improvements	8,790,748	829,885	-	9,620,633
Total accumulated depreciation	<u>11,238,849</u>	<u>960,703</u>	<u>12,129</u>	<u>12,187,423</u>
Total capital assets being depreciated, net	<u>9,488,785</u>	<u>(826,417)</u>	<u>-</u>	<u>8,662,368</u>
Business-type activities capital assets, net	<u>\$ 9,973,746</u>	<u>\$ (508,273)</u>	<u>\$ -</u>	<u>\$ 9,465,473</u>

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

Governmental activities	
General government	\$ 624,392
Public safety	862,545
Highways and streets	423,431
Culture and recreation	46,468
Public health	74,298
Total depreciation expense - governmental activities	<u>\$ 2,031,134</u>
Business-type activities	
Airport	\$ 718,538
Commissary	8,442
Navarro project	233,723
Total depreciation expense - business-type activities	<u>\$ 960,703</u>

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 \$32,765. The total cost of the improvements to the land and buildings is \$14,405,194 and the carrying value is \$6,800,938. Accumulated depreciation on all assets in the Airport Fund is \$9,139,410. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2012:

<u>Year Ending December 31</u>	
2013	\$ 125,759
2014	125,061
2015	76,643
2016	61,544
2017	<u>61,544</u>
	450,551
Thereafter	<u>508,672</u>
	<u>\$ 959,223</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 the carrying value is \$410,242. The total cost of the improvements to the building leased is \$3,180,029 and the carrying value is \$1,163,647. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$2,998,371. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2012:

<u>Year Ending December 31</u>	
2013	\$ 217,945
2014	117,356
2015	12,960
2016	3,240
2017	<u>-</u>
	351,501
Thereafter	<u>-</u>
	<u>\$ 351,501</u>

NOTE 8: EMPLOYEES' RETIREMENT PLAN

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members can withdraw contributions in a lump sum via partial payments; however, these members are not entitled to any amounts contributed by their employer.

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

A. Funding Policy

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 9.63% for calendar year 2012. The deposit rate payable by the employee members is the rate of 5.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

B. Annual Pension Cost

For the employer's accounting year ending December 31, 2012, the annual pension cost for the TCDRS plan for its employees was \$2,346,105 and the actual contributions were \$2,346,105.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2011, the basis for determining the contribution rate for calendar year 2012. The December 31, 2011, actuarial valuation is the most recent valuation.

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)

C. Actuarial Valuation and Trend Information

	Actuarial Valuation Information		
	<u>12/31/09</u>	<u>12/31/10</u>	<u>12/31/11</u>
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0	20.0	20.0
Asset valuation method	SAF; 10-yr smoothed value ESF; Fund value	SAF; 10-yr smoothed value ESF; Fund value	SAF; 10-yr smoothed value ESF; Fund value
Assumptions:			
Investment return ⁽¹⁾	8.00%	8.00%	8.00%
Projected salary increases ⁽¹⁾	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

⁽¹⁾ includes inflation at the stated rate

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

<u>Fiscal Year Ending December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 1,788,432	100%	\$ -
2011	1,727,550	100%	-
2012	2,346,105	100%	-

Schedule of Funding Progress for the Retirement Plan for the Employees of the County of Victoria, Texas

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll ⁽¹⁾</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2007	\$ 54,352,276	\$ 63,178,459	\$ 8,826,183	86.03%	\$ 20,431,958	43.20%
12/31/2008	55,248,498	66,350,474	11,101,976	83.27%	22,538,550	49.26%
12/31/2009	62,600,325	73,171,534	10,571,209	85.55%	23,807,032	44.40%
12/31/2010	64,270,343	76,879,516	12,609,173	83.60%	23,877,175	52.81%
12/31/2011	65,989,947	79,859,041	13,869,094	82.63%	23,469,448	59.09%

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

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

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

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

B. Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended December 31, 2012, 2011, and 2010, were \$65,768, \$74,219, and \$71,638, respectively, which equaled the contractually required contributions each year.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS

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

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

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

Other post employment benefits are expensed and funded on a pay-as-you-go basis. The County recognizes the cost of providing these benefits as a payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Health Insurance Fund. Payments for health insurance are shown as an expense in the Employee Health Insurance Fund. The cost of providing these benefits for 62 and 62 retirees and active employees for the years 2012 and 2011, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$115,175 in 2012 and \$117,310 in 2011.

NOTE 11: EMPLOYEES' HEALTH INSURANCE FUND

The County maintains a self-insurance internal service fund designed to pay comprehensive health benefits incurred by its participants. The fund assumes all risk up to \$85,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year. 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.

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

As of December 31, 2012, the fund had estimated liabilities for outstanding claims of \$200,912. There was a negative unrestricted net position of \$108,636 as of December 31, 2012, a decrease of \$306,565 from 2011.

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>
2003	\$ 378,791	\$ 1,635,920	\$ 1,742,013	\$ 272,698
2004	272,698	1,663,809	1,315,452	621,055
2005	621,055	1,548,112	1,951,610	217,557
2006	217,557	2,969,408	2,903,915	283,050
2007	283,050	1,995,710	1,807,241	471,519
2008	471,519	2,132,631	2,366,400	237,750
2009	237,750	2,765,719	2,851,515	151,954
2010	151,954	3,197,262	3,160,848	188,368
2011	188,368	1,734,895	1,756,765	166,498
2012	166,498	2,423,413	2,388,999	200,912

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 2012. 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, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds and certificates payable					
Certificates of obligation	\$ 8,315,000	\$ -	\$ 320,000	\$ 7,995,000	\$ 325,000
General obligation bonds	3,295,000	-	955,000	2,340,000	975,000
Less: Deferred amounts					
Issuance discount	(45,063)	-	(2,475)	(42,588)	-
Issuance premiums	259,180	-	29,891	229,289	-
Loss on refunding	(74,801)	-	(17,775)	(57,026)	-
Net bonds and certificates payable	<u>11,749,316</u>	<u>-</u>	<u>1,284,641</u>	<u>10,464,675</u>	<u>1,300,000</u>
Capital leases payable	<u>129,359</u>	<u>-</u>	<u>63,489</u>	<u>65,870</u>	<u>65,870</u>
Interlocal commitment	<u>2,616,446</u>	<u>-</u>	<u>-</u>	<u>2,616,446</u>	<u>-</u>
Compensated absences	<u>1,092,642</u>	<u>2,305,601</u>	<u>2,159,526</u>	<u>1,238,717</u>	<u>573,199</u>
Total governmental activity long-term liabilities	<u>\$ 15,587,763</u>	<u>\$ 2,305,601</u>	<u>\$ 3,507,656</u>	<u>\$ 14,385,708</u>	<u>\$ 1,939,069</u>
Business-type activities					
Bonds					
Revenue bonds	\$ 730,000	\$ -	\$ 105,000	\$ 625,000	\$ 110,000
Less: Deferred amounts					
Issuance discount	(1,703)	-	(309)	(1,394)	-
Net bonds payable	<u>728,297</u>	<u>-</u>	<u>104,691</u>	<u>623,606</u>	<u>110,000</u>
Capital leases payable	<u>5,437</u>	<u>49,500</u>	<u>8,697</u>	<u>46,240</u>	<u>16,500</u>
Compensated absences	<u>24,039</u>	<u>60,085</u>	<u>58,612</u>	<u>25,512</u>	<u>14,680</u>
Total business-type activity long-term liabilities	<u>\$ 757,773</u>	<u>\$ 109,585</u>	<u>\$ 172,000</u>	<u>\$ 695,358</u>	<u>\$ 141,180</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, 2012, 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 \$325,000 to \$605,000 through 2030; interest varying between 2.00% and 4.00%.	\$ 7,995,000
\$3,830,000 2010 General Obligation Refunding Bonds due in annual installments ranging from \$440,000 to \$975,000 through 2016; interest varying between 2.00% and 3.00%.	<u>2,340,000</u>
Total general obligation debt	<u>\$ 10,335,000</u>

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2013	\$ 1,300,000	\$ 342,950	\$ 1,642,950
2014	770,000	320,050	1,090,050
2015	795,000	298,225	1,093,225
2016	825,000	272,150	1,097,150
2017	370,000	250,600	620,600
2018-2022	2,045,000	1,046,576	3,091,576
2023-2027	2,485,000	605,500	3,090,500
2028-2030	<u>1,745,000</u>	<u>106,500</u>	<u>1,851,500</u>
	<u>\$ 10,335,000</u>	<u>\$ 3,242,551</u>	<u>\$ 13,577,551</u>

C. Capital Leases

Capital leases payable at December 31, 2012, are comprised of the following individual leases:

Lease purchase agreement on a motor grader used by Precinct #4. The original amount of the lease, entered into in 2011, was \$197,699. The lease is payable in three annual installments of \$68,340 and bears interest at a rate of 3.75%.	\$ 65,870
The original amount of the lease, entered into in 2012, was \$49,500. The lease is payable over three years and is based on a minimum annual fuel volume of 350,000 gallons at \$0.033 per gallon with the anticipation of reaching a total of 1,500,000 gallons.	<u>46,240</u>
Total capital leases	<u>\$ 112,110</u>

Year Ending December 31	Governmental Activities	Business-type Activities	Total
2013	\$ 68,340	\$ 16,500	\$ 84,840
2014	-	16,500	16,500
2015	-	<u>13,240</u>	<u>13,240</u>
Total minimum lease payments	68,340	46,240	\$ 114,580
Less: Amount representing interest	<u>(2,470)</u>	-	<u>(2,470)</u>
Present value of minimum lease payments	<u>\$ 65,870</u>	<u>\$ 46,240</u>	<u>\$ 112,110</u>

NOTE 14: LONG-TERM DEBT - (Continued)

D. Interlocal Commitment

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

The County has reported the interlocal commitment as a long-term obligation on the government-wide financial statements at and as of December 31, 2012. The County intends to service the commitment by the levy of the debt service property tax rate.

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

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2013	\$ -	\$ -	\$ -
2014	57,385	242,615	300,000
2015	223,228	76,772	300,000
2016	229,925	70,075	300,000
2017	236,823	63,177	300,000
2018-2022	1,295,044	204,956	1,500,000
2023-2024	574,041	25,959	600,000
	<u>\$ 2,616,446</u>	<u>\$ 683,554</u>	<u>\$ 3,300,000</u>

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

Revenue bonds payable is comprised of the following:

\$1,650,000 1997 Victoria County Public Facilities Corporation Lease Revenue Bonds, Series 1997 due in annual installments ranging from \$110,000 to \$140,000 through 2017; interest rate at 6.00%.	<u>\$ 625,000</u>
Total revenue bonds	<u>\$ 625,000</u>

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

Year Ending December 31	Business-type Activities		
	Principal	Interest	Total
2013	\$ 110,000	\$ 34,200	\$ 144,200
2014	115,000	27,450	142,450
2015	125,000	20,250	145,250
2016	135,000	12,450	147,450
2017	140,000	4,200	144,200
	<u>\$ 625,000</u>	<u>\$ 98,550</u>	<u>\$ 723,550</u>

NOTE 15: PRIOR YEAR DEFEASANCE OF DEBT

In 2010 the County defeased certain general obligation bonds and certificates of obligation by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the bonds are not included in the County's financial statements. At December 31, 2012, \$2,360,000 of bonds outstanding is considered defeased.

NOTE 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the County were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. In addition to the short-term amounts, the General Fund began making long-term loans to the Airport Fund, a proprietary enterprise fund type, during 2010. The unpaid loan amount was \$626,131 at December 31, 2012 and is being used to finance the operation of the Airport.

Interfund receivable and payable balances as of December 31, 2012, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 485,550
	Airport	1,144
	Navarro Project	2,028
	Commissary	143
	Internal Service	119
		<u>488,984</u>
Nonmajor Governmental Elections Chapter 19	Nonmajor Governmental Election Admin. Special	<u>797</u>
		<u>797</u>
Total		<u>\$ 489,781</u>
<i>Advances from/to other funds:</i>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport	\$ 626,131
Total		<u>\$ 626,131</u>

B. Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General	\$ -	\$ 1,642,921	\$ 1,642,921
Nonmajor Governmental	<u>33,979</u>	<u>112,211</u>	<u>146,190</u>
	<u>\$ 33,979</u>	<u>\$ 1,755,132</u>	<u>\$ 1,789,111</u>

NOTE 17: COMMITMENTS AND CONTINGENCIES

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

As of December 31, 2012, the County was involved in various matters of litigation. It is the opinion of the County's legal counsel that any exposure faced by the County as a result of these matters was minimal. Furthermore, any losses incurred would in all probability be covered by liability insurance carried by the County.

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

NOTE 18: ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

The financial statements for the County's Capital Projects Fund, a nonmajor governmental fund, for the year ended December 31, 2011 were restated to properly reflect the amount due from other governments at December 31, 2011. The results of the restatement were the following: Decrease current assets by \$80,534 and decrease restricted fund balance by \$80,534.

NOTE 19: FUND BALANCES

The following is a detail of the governmental fund balances as of December 31, 2012:

	Governmental Fund Balances			Total
	Nonspendable	Restricted	Unassigned	
General				
Advance to Airport Fund	\$ 626,131	\$ -	\$ -	\$ 626,131
Unassigned	-	-	11,665,011	11,665,011
Nonmajor Governmental				
Road and bridge	-	1,873,342	-	1,873,342
Juvenile probation services	-	77,290	-	77,290
County/District Clerks	-	96,009	-	96,009
Public safety	-	890,226	-	890,226
Public health	-	131,961	-	131,961
Courthouse security	-	49,861	-	49,861
Retirement of long-term debt	-	364,138	-	364,138
Various government costs	-	121,785	(2,363)	119,422
	<u>\$ 626,131</u>	<u>\$ 3,604,612</u>	<u>\$ 11,662,648</u>	<u>\$ 15,893,391</u>

NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT

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

A. Organization

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

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

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

NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

B. Summary of Significant Accounting Policies

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

C. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

For the year ended December 31, 2012, the District complied with budgetary restrictions at all function levels except the following. The following table details these variances:

<u>Fund/Function</u>	<u>Expenditure Variance</u>
General Fund	
Operating expenditures	\$ 126,586
Other services and charges	5,339
Capital outlay	1,202,440
Payment to escrow	5,329,499

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

D. Deposits and Investments

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

As of December 31, 2012, the District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
Public Funds Investment Pool	\$ 923	42

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

NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

D. Deposits and Investments - (Continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

Custodial Credit Risk - Investments

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

NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

E. Receivables

Receivables at December 31, 2012, consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Gross receivables:			
Accounts	\$ 601,726	\$ -	\$ 601,726
Ad valorem taxes	<u>879,667</u>	<u>216,782</u>	<u>1,096,449</u>
Total gross receivables	1,481,393	216,782	1,698,175
Less: Allowances	<u>40,424</u>	<u>9,660</u>	<u>50,084</u>
Total net receivables	<u>\$ 1,440,969</u>	<u>\$ 207,122</u>	<u>\$ 1,648,091</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 67,162	\$ 1,337,301	\$ 1,404,463
Lease revenue	-	914,865	914,865
Nonmajor Fund			
Ad valorem taxes receivable	<u>22,624</u>	<u>319,612</u>	<u>342,236</u>
	<u>\$ 89,786</u>	<u>\$ 2,571,778</u>	<u>\$ 2,661,564</u>

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

F. Due From Other Governments

At December 31, 2012, the Victoria County Tax Assessor and Collector held tax receipts that had been collected for, but not yet remitted to, the District. These amounts are reported as due from other governments in the government-wide and fund financial statements.

NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

G. Prepaid Lease Relating to Land Purchase

The PFC purchased 1800+ acres of land, inclusive of an appurtenant water rights permit in March 2007 for a total of \$5,604,871. The PFC leased the land to the District for a 20-year period for \$3,267,071 which was paid in advance. The PFC immediately sold the consumptive water rights permit to the District for \$2,337,800, which immediately sold them to the City of Victoria, Texas. The prepaid lease amount as of December 31, 2012, was \$2,327,788. This amount is recorded as an asset in the General Fund balance sheet at year-end. The PFC recorded the advance payment as deferred revenue as of December 31, 2012, in the same amount. The asset and deferred revenue amounts were eliminated in the government-wide financial statements since the cost of the land is included as part of the capital assets of the governmental activities.

H. Capital Assets

The District's capital asset activity for the year ended December 31, 2012, 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	\$ 11,897,356	\$ -	\$ -	\$ 11,897,356
Construction in progress	1,132,867	1,130,284	216,768	2,046,383
Total capital assets, not being depreciated	<u>13,030,223</u>	<u>1,130,284</u>	<u>216,768</u>	<u>13,943,739</u>
Capital assets, being depreciated				
Improvements	15,717,122	1,540,031	-	17,257,153
M.P.R.R. Main Line Bridge	1,493,134	-	-	1,493,134
Equipment	42,108	2,145	-	44,253
Total capital assets, being depreciated	<u>17,252,364</u>	<u>1,542,176</u>	<u>-</u>	<u>18,794,540</u>
Less accumulated depreciation for				
Improvements	6,880,801	675,457	-	7,556,258
M.P.R.R. Main Line Bridge	1,276,572	24,383	-	1,300,955
Equipment	12,043	7,244	-	19,287
Total accumulated depreciation	<u>8,169,416</u>	<u>707,084</u>	<u>-</u>	<u>8,876,500</u>
Total capital assets being depreciated, net	<u>9,082,948</u>	<u>835,092</u>	<u>-</u>	<u>9,918,040</u>
Governmental activities capital assets, net	<u>\$ 22,113,171</u>	<u>\$ 1,965,376</u>	<u>\$ 216,768</u>	<u>\$ 23,861,779</u>

Depreciation expense of \$707,084 was charged to the general government function/program in 2012.

NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

I. Unearned Lease Revenue

The District entered into an agreement with Equalizer, Incorporated ("Equalizer") in January 2010 in which Equalizer agreed to fund a portion of the construction costs for the Rail Expansion Project in cash funds and in contributed materials. The contributed cash funds are treated as deferred/unearned revenue. As Equalizer incurs wharfage, fees, tariffs and/or other charges, one-half of these charges will be credited against the contributed funds. Total contributed funds were \$392,446. During 2012, \$249,930 in fees were credited against the contributed funds, leaving a balance in unearned revenue of \$89,660. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of Equalizer's yearly charges until the full amount has been earned.

The District entered into an agreement with Cru Logistics LLC (Cru) in 2012 in which Cru agreed to fund certain construction costs for the District. The contributed construction improvements are treated as deferred/unearned revenue. As Cru incurs charges, one-half of these charges will be credited against the contributed cost. Total contributed funds were \$825,840. During 2012, \$25,163 in fees were credited against the contributed funds, leaving a balance in unearned revenue of \$800,677. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of Cru's yearly charges until the full amount has been earned.

The District also has other tenants that have paid their annual lease in advance and those amounts totaling \$24,588 are also included as unearned revenue.

J. Long-term Debt

The following is a summary of general obligation bond transactions for the year ended December 31, 2012, for governmental activities:

Bonds payable at January 1, 2012	\$ 6,520,000
Additions	15,385,000
Retirements	<u>(5,830,000)</u>
Bonds payable at December 31, 2012	<u>\$ 16,075,000</u>

Bonds payable at December 31, 2012, are comprised of the following issues:

2003 General Obligation Refunding Bonds due in annual installments of various amounts beginning in 2005 through February 15, 2014; interest rate varies based on year of maturity and ranges from 3.0% to 3.75%.	\$ 690,000
2012 Revenue Refunding Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2028; interest rate of 3.05%.	5,385,000
2012A Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2032; interest rate of 2.99%.	<u>10,000,000</u>
Total	<u>\$ 16,075,000</u>

NOTE 20: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**J. Long-term Debt - (Continued)**

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>
2013	\$ 810,000	\$ 579,244	\$ 1,389,244
2014	940,000	446,691	1,386,691
2015	610,000	422,023	1,032,023
2016	625,000	403,387	1,028,387
2017	645,000	384,223	1,029,223
2018-2022	3,545,000	1,611,329	5,156,329
2023-2027	4,115,000	1,034,772	5,149,772
2028-2032	<u>4,785,000</u>	<u>366,326</u>	<u>5,151,326</u>
Total	<u>\$ 16,075,000</u>	<u>\$ 5,247,995</u>	<u>\$ 21,322,995</u>

In 2004, the District issued \$2,860,000 of General Obligation Refunding Bonds with interest rates varying from 3.0% to 3.75% to currently refund the District's General Obligation Bonds, Series 1994 with interest rates varying from 5.0% to 7.0% and to provide funding for costs of issuance. As a result, the Series 1994 bonds are considered defeased and the liabilities have been removed from the governmental activities column on the statement of net position. The 1994 Series that was refunded has \$705,000 of bonds outstanding at December 31, 2012.

In 2012, the District issued \$5,385,000 Refunding Bonds with interest of 3.05% to currently refund \$5,290,000 of the District's 2008 Revenue Bonds, Series 2008, with an interest rate of 4.80% and to provide funding for costs of issuance. The 2008 bonds were callable in July 2012 and were paid off with the proceeds of the 2012 issue. The net proceeds available for refunding bonds in the amount of \$5,329,499 were deposited in with an escrow agent to provide for the retirement of the bonds at the call date. The refunding of the Series 2008 bonds resulted in an economic gain of \$670,117 and an increase in cash flow of \$843,065.

K. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchased commercial insurance to cover risks associated with potential claims during fiscal year 2012. 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 21: VICTORIA COUNTY CHILD WELFARE BOARD

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

A. Organization

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

B. Summary of Significant Accounting Policies

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

C. Deposits and Investments

The Board has deposits that are held by one financial institution within Victoria County, Texas. At December 31, 2012, and 2011, the carrying amount of the Board's deposits was \$117,171 and \$140,137, respectively. The bank balances were \$118,023 and \$140,369, respectively. The deposits are collateralized by FDIC coverage as follows:

	<u>2012</u>	<u>2011</u>
Insured by FDIC	\$ 118,023	\$ 140,369
Amount of Board's deposits uncollateralized by financial institutions	<u>-</u>	<u>-</u>
Total	<u>\$ 118,023</u>	<u>\$ 140,369</u>

Texas Statutes authorize the Board to invest in:

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

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

C. Deposits and Investments - (Continued)

As of December 31, 2012, the Board held \$79,362 invested in FDIC insured certificates of deposit. The Board held no other investments during the current fiscal year.

D. Budgetary Legal Compliance

For the fiscal year ended December 31, 2012, the Board complied with all budgetary restrictions.

NOTE 22: CITIZENS MEDICAL CENTER

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

A. Organization

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

B. Summary of Significant Accounting Policies

The financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions. Investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Medical Center first applies restricted net 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. Pursuant to GASB Statement No. 20, the Medical Center has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Use of Estimates

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

Cash Equivalents

The Medical Center considers all liquid investments, with original maturities of three months or less, to be cash equivalents. At June 30, 2012, cash equivalents consisted primarily of money market mutual funds.

Risk Management

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

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

Supplies

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Capital Assets

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

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

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

The Medical Center capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred in fiscal year 2012 was \$0 and that incurred in fiscal year 2011 was as follows:

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

Net Position

Net position of the Medical Center are classified in two components. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt.

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.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (HER). Payments to PPS hospitals under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs is contingent on the Medical Center continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Electronic Health Records Incentive Program - (Continued)

The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Medical Center recognizes revenue upon completing its attestation for meeting the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

In 2012, the Medical Center completed the first-year requirements under both the Medicare and Medicaid programs and recognized \$2,210,000. In 2011, the Medical Center completed the first year requirement under the Medicaid program and recorded revenue of approximately \$697,000, which is included in other revenue within operating revenues in the statements of revenues, expenses and changes in net position.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. In 2011, the unamortized amount of deferred financing costs were expensed in conjunction with the repayment of the related tax-exempt revenue bonds. Such costs did not exist during 2012.

Charity Care

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

Income Taxes

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

Compensated Absences

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

Patient Accounts Receivable

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. The reclassifications had no effect on the results of operations.

C. Net Patient Service Revenue

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

Medicare

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

Medicaid

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

Approximately 57% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the year ended June 30, 2012. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

The Medical Center participates in the State of Texas' Medicaid Upper Payment Limit (UPL) program. Under the program, the Medical Center receives supplemental payments from the Medicaid program generally based on the difference in the payments made by Medicaid and what would have been paid for a similar patient by Medicare. Amounts received under the UPL program for the year ended June 30, 2012 was approximately \$9,416,000. This amount is included in net patient service revenue in the accompanying statement of revenues, expenses, and changes in net position.

On December 12, 2011, the United States Department of Health and Human Services approved a new Medicaid Section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program." This demonstration will expand existing Medicaid managed care programs and establish two funding pools that will assist providers with uncompensated care costs and promote health system transformation. The impact of this 1115(a) waiver program may have a material impact on the Medical Center's UPL funding in future years.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**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, 2012, consisted of these amounts:

Patients and their insurance carriers	\$ 30,656,131
Medicare	5,176,626
Medicaid	337,054
	<u>36,169,811</u>
Less allowance for uncollectible amounts	<u>23,100,000</u>
Total	<u>\$ 13,069,811</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2012</u>
Land and land improvements	\$ 10,988,743	\$ 14,341	\$ 21,065	\$ -	\$ 11,024,149
Buildings, improvements, and fixed equipment	116,966,012	439,817	319,730	-	117,725,559
Major moveable equipment	73,105,416	5,262,386	711,366	8,888	79,070,280
Construction in progress	6,159,081	1,800,620	(1,052,161)	-	6,907,540
	<u>207,219,252</u>	<u>7,517,164</u>	<u>-</u>	<u>8,888</u>	<u>214,727,528</u>
Less accumulated depreciation:					
Land improvements	2,187,421	221,701	-	-	2,409,122
Buildings, improvements, and fixed equipment	54,155,733	6,575,606	-	-	60,731,339
Major moveable equipment	54,491,639	3,333,337	-	3,458	57,821,518
	<u>110,834,793</u>	<u>10,130,644</u>	<u>-</u>	<u>3,458</u>	<u>120,961,979</u>
Capital assets, net	<u>\$ 96,384,459</u>	<u>\$ (2,613,480)</u>	<u>\$ -</u>	<u>\$ 5,430</u>	<u>\$ 93,765,549</u>

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

F. Deposits and Investment Income

Deposits

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

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

At June 30, 2012, the Medical Center's bank balance of \$103,542,387 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.

Investment Income

Interest and dividends	\$ 660,385
	<u>\$ 660,385</u>

G. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at June 30, 2012 consisted of:

Payable to suppliers and creditors	\$ 3,561,079
Payable to employees (including payroll taxes and benefits)	3,990,195
Deferred revenue	156,926
Payable under self-insured programs	<u>1,695,955</u>
Total	<u>\$ 9,404,155</u>

H. Self-insured Claims

The Medical Center partially self-insures the cost for its general and professional liability, employee health care benefits, and workers' compensation. The Texas Tort Claims Act limits the Medical Center's general and professional liability to \$100,000 per claim and \$300,000 per occurrence, with no annual aggregate. The Medical Center purchases annual stop-loss insurance coverage for all employee health care benefits and workers' compensation claims. Stop-loss coverage began at \$350,000 for workers compensation claims in 2012. Stop-loss coverage for employee health claims began at \$450,000 during 2012. No claims were made against the stop-loss insurance policies in 2012 or 2011.

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**H. Self-insured Claims - (Continued)**

Activity in the Medical Center's self-insured claims liability accounts during 2012 and 2011 are summarized as follows:

	2012		
	<u>Employee Health Care Benefits</u>	<u>Worker's Compensation</u>	<u>General and Professional Liability</u>
Balance, beginning of year	\$ 1,000,000	\$ 564,900	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	7,996,559	201,177	-
Claim and expenses paid, net	<u>(7,850,229)</u>	<u>(216,452)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,146,330</u>	<u>\$ 549,625</u>	<u>\$ 500,000</u>

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

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

I. Charity Care

In support of its mission, the Medical Center voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Medical Center provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts which are less than established charges for the services provided to the recipients and, many times, the payments are less than the cost of rendering the services provided. The Medical Center recorded \$24,083,068 of charity care in 2012.

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

J. Related Party Transactions

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

During 2012, the County required the Medical Center to transfer \$300,000 of cash to the County to fund the County's operations.

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

K. Pension Plan

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

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

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

Funding Policy

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

Plan participants are required to contribute at rates ranging from 4.0% to 5.5% in 2012 of their prior Plan year compensation. The Medical Center makes contributions at an actuarially determined amount, which equaled 7.3% of participant-covered compensation for 2012 and is expected to be 4.9% of participant-covered compensation for 2013. The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**K. Pension Plan - (Continued)****Annual Pension Cost**

For the fiscal year ended June 30, 2012, the Medical Center's Annual Pension Cost (APC) was \$2,684,401, which was substantially equal to the Medical Center's annual contributions.

The required contributions for 2012 were determined based on the results of actuarial valuations as of March 1, 2012, using the entry age actuarial cost method. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 9.0% per year. Both (a) and (b) included an inflation component of 3.5%. The 2012 actuarial valuation assumptions included 2.0% per year postretirement benefit increases for retirees whose benefit commences on or after March 1, 2007. The actuarial valuation of Plan assets was determined using a five-year adjusted market value method for both valuations.

Three-year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2012	\$ 2,684,401	103%	\$ 2,695,776
2011	2,965,528	100%	2,620,177
2010	2,773,310	130%	2,615,705

For the March 1, 2012 valuation, the open amortization period was calculated to be sixteen years, assuming that contributions of 4.9% of payroll would be made each year.

Funding Status and Funding Progress

As of March 1, 2012, the most recent actuarial valuation date, the Plan was 93.4% funded. The actuarial accrued liability for benefits was \$53,382,716 and the actuarial value of assets was \$49,871,016, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,511,700. The covered payroll (annual payroll of active employees covered by the plan) was \$39,396,365 and the ratio of the UAAL to the covered payroll was 8.9%.

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

L. Designated Net Assets

At June 30, 2012 and 2011, unrestricted net assets have been designated by the Medical Center's Board of Directors for the following purposes:

	<u>2012</u>	<u>2011</u>
Capital acquisitions	\$ 10,723,035	\$ 10,669,492
Self-insured professional liability	-	931,791
Self-insured health care	92,998	46,668

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

M. Contingencies

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

N. Significant Estimates and Concentrations

Current Economic Conditions

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

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

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

Health Care Reform

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

Required Supplementary Information

COUNTY OF VICTORIA, TEXAS**MAJOR GOVERNMENTAL FUND - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES					
Taxes	\$ 24,023,554	\$ 24,645,054	\$ 27,636,404	\$ 184,039	\$ 27,452,365
Fees of office and user fees	1,854,150	1,854,150	1,606,049	571	1,605,478
Intergovernmental	3,226,200	3,299,835	3,325,175	(188,718)	3,513,893
Fines and forfeitures	1,665,100	1,665,100	1,234,447	33,192	1,201,255
Investment income					
Interest	35,000	35,000	99,970	12,588	87,382
Licenses and permits	50,300	50,300	44,555	846	43,709
Miscellaneous	1,114,170	1,138,165	1,053,879	6,612	1,047,267
Total revenues	<u>31,968,474</u>	<u>32,687,604</u>	<u>35,000,479</u>	<u>49,130</u>	<u>34,951,349</u>
EXPENDITURES					
Current					
General government	15,014,897	15,340,073	14,795,572	(113,263)	14,908,835
Public safety	15,118,228	15,448,182	15,006,850	(89,782)	15,096,632
Culture and recreation	297,301	298,301	244,133	(3,716)	247,849
Public health	27,695	27,695	19,690	87	19,603
Total expenditures	<u>30,458,121</u>	<u>31,114,251</u>	<u>30,066,245</u>	<u>(206,674)</u>	<u>30,272,919</u>
Excess (deficiency) of revenues over expenditures	<u>1,510,353</u>	<u>1,573,353</u>	<u>4,934,234</u>	<u>255,804</u>	<u>4,678,430</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	20,000	30,000	13,663	-	13,663
Transfers in	64,000	64,000	33,979	-	33,979
Transfers out	(1,594,353)	(1,667,353)	(1,642,921)	-	(1,642,921)
Total other financing sources (uses)	<u>(1,510,353)</u>	<u>(1,573,353)</u>	<u>(1,595,279)</u>	<u>-</u>	<u>(1,595,279)</u>
Change in fund balance	-	-	3,338,955	255,804	3,083,151
Fund balance, January 1	<u>7,654,965</u>	<u>7,654,965</u>	<u>7,654,965</u>	<u>(1,553,026)</u>	<u>9,207,991</u>
Fund balance, December 31	<u>\$ 7,654,965</u>	<u>\$ 7,654,965</u>	<u>\$ 10,993,920</u>	<u>\$ (1,297,222)</u>	<u>\$ 12,291,142</u>

Explanation of differences:

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

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

COUNTY OF VICTORIA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
HISTORICAL PENSION BENEFITS INFORMATION
 December 31, 2012

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll ⁽¹⁾</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2007	\$ 54,352,276	\$ 63,178,459	\$ 8,826,183	86.03%	\$ 20,431,958	43.20%
12/31/2008	55,248,498	66,350,474	11,101,976	83.27%	22,538,550	49.26%
12/31/2009	62,600,325	73,171,534	10,571,209	85.55%	23,807,032	44.40%
12/31/2010	64,270,343	76,879,516	12,609,173	83.60%	23,877,175	52.81%
12/31/2011	65,989,947	79,859,041	13,869,094	82.63%	23,469,448	59.09%

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

COUNTY OF VICTORIA, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2012

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

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

Combining and Individual Fund Statements and Schedules

COUNTY OF VICTORIA, TEXAS
ALL NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - STATUTORY BASIS
 December 31, 2012

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Debt Service Fund</u>	<u>Total Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,681,712	\$ 1,043,916	\$ -	\$ 5,725,628
Receivables (net)	1,900,769	983,398	-	2,884,167
Due from other governments	874,199	-	-	874,199
Due from other funds	<u>797</u>	<u>-</u>	<u>-</u>	<u>797</u>
Total assets	<u>\$ 7,457,477</u>	<u>\$ 2,027,314</u>	<u>\$ -</u>	<u>\$ 9,484,791</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 395,195	\$ -	\$ -	\$ 395,195
Accrued expenditures	269,543	-	-	269,543
Due to other funds	486,347	-	-	486,347
Deferred revenue	<u>3,068,281</u>	<u>1,663,176</u>	<u>-</u>	<u>4,731,457</u>
Total liabilities	<u>4,219,366</u>	<u>1,663,176</u>	<u>-</u>	<u>5,882,542</u>
Fund balances				
Restricted	3,240,474	364,138	-	3,604,612
Unassigned	<u>(2,363)</u>	<u>-</u>	<u>-</u>	<u>(2,363)</u>
Total fund balances	<u>3,238,111</u>	<u>364,138</u>	<u>-</u>	<u>3,602,249</u>
Total liabilities and fund balances	<u>\$ 7,457,477</u>	<u>\$ 2,027,314</u>	<u>\$ -</u>	<u>\$ 9,484,791</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, 2012

	Total Nonmajor Special <u>Revenue Funds</u>	Total Nonmajor Debt <u>Service Fund</u>	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental <u>Funds</u>
REVENUES				
Taxes	\$ 2,800,034	\$ 1,546,364	\$ -	\$ 4,346,398
Fees of office and user fees	1,314,623	-	-	1,314,623
Intergovernmental	6,077,586	-	-	6,077,586
Fines and forfeitures	811,754	-	-	811,754
Investment income	21,724	2,932	230	24,886
Contributions	93,459	-	-	93,459
Miscellaneous	90,016	-	-	90,016
Total revenues	<u>11,209,196</u>	<u>1,549,296</u>	<u>230</u>	<u>12,758,722</u>
EXPENDITURES				
Current				
General government	2,236,851	-	-	2,236,851
Public safety	1,083,685	-	77,960	1,161,645
Highways and streets	4,164,237	-	-	4,164,237
Public health	3,670,546	-	-	3,670,546
Capital outlay	299,837	-	42,590	342,427
Debt service				
Principal retirement	-	1,275,000	-	1,275,000
Interest and fiscal charges	-	369,700	-	369,700
Total expenditures	<u>11,455,156</u>	<u>1,644,700</u>	<u>120,550</u>	<u>13,220,406</u>
Excess (deficiency) of revenues over expenditures	<u>(245,960)</u>	<u>(95,404)</u>	<u>(120,320)</u>	<u>(461,684)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	74,946	-	-	74,946
Transfers in	1,755,132	-	-	1,755,132
Transfers out	(62,086)	-	(84,104)	(146,190)
Total other financing sources (uses)	<u>1,767,992</u>	<u>-</u>	<u>(84,104)</u>	<u>1,683,888</u>
Change in fund balances	1,522,032	(95,404)	(204,424)	1,222,204
Fund balances at beginning of year, as restated	<u>1,716,079</u>	<u>459,542</u>	<u>204,424</u>	<u>2,380,045</u>
Fund balances at end of year	<u>\$ 3,238,111</u>	<u>\$ 364,138</u>	<u>\$ -</u>	<u>\$ 3,602,249</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

ROAD AND BRIDGE FUNDS

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

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

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

OTHER SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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

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

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

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

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

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

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

DSHS PPH Grant Fund - Accounts for funds received from the Texas Department of State Health Services to reduce hospital admissions and/or hospital charges for adult County residents by 15 percent for each adult potentially preventable hospitalization condition such as bacterial pneumonia, congestive heart failure and diabetes.

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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

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

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

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

Operation 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.

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

Click It or Ticket Grant Fund - Accounts for funds received from the Texas Department of Transportation to increase occupant restraint use in all passenger vehicles and trucks by conducting an intense occupant protection enforcement and public information and education effort during the Memorial Day holiday period.

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

Hazardous Materials Grant Fund - Accounts for funds received from the Texas Division of Emergency Management to perform hazardous materials emergency preparedness planning activities.

2010 Homeland Security Grant Program Fund - Accounts for 2010 grant funds received from the Governor's Division of Emergency Management to provide law enforcement and emergency response communities with enhanced capabilities.

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

Community Development Block Grant Fund - Accounts for funds received from the Texas Department of Rural Affairs on behalf of the Victoria County Water Control and Improvement District No. 1 in Bloomington, Texas. Grant funds are to be used for capital improvements to the existing water system.

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

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

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

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

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

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

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

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

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

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

VISD 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.

DSHS ILINET Grant Fund - Accounts for funds received from the Texas Department of State Health Services for providing information to the Influenza-Like Illness Surveillance Network.

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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

Help America Vote Act Grant Fund - Accounts for funds received from the U.S. Elections Assistance Commission passed through the Texas Secretary of State-Elections Division. The purpose of this grant is to purchase and set up "LiveBallot", a voter specific ballot tool to provide online voter specific precinct ballot access to military personnel, residents living overseas, and individuals with visual, literacy, or ESL challenges.

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.

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

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

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

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

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

December 31, 2012

	<u>Road and Bridge</u>	<u>Other Special Revenue</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,280,842	\$ 1,400,870	\$ 4,681,712
Receivables (net)			
Ad valorem	1,812,972	-	1,812,972
Other	14,559	73,238	87,797
Due from other governments	-	874,199	874,199
Due from other funds	-	797	797
Total assets	<u>\$ 5,108,373</u>	<u>\$ 2,349,104</u>	<u>\$ 7,457,477</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 63,873	\$ 331,322	\$ 395,195
Accrued expenditures	93,862	175,681	269,543
Due to other funds	9,015	477,332	486,347
Deferred revenue	3,068,281	-	3,068,281
Total liabilities	<u>3,235,031</u>	<u>984,335</u>	<u>4,219,366</u>
Fund balance			
Restricted	1,873,342	1,367,132	3,240,474
Unassigned	-	(2,363)	(2,363)
Total fund balance	<u>1,873,342</u>	<u>1,364,769</u>	<u>3,238,111</u>
Total liabilities and fund balance	<u>\$ 5,108,373</u>	<u>\$ 2,349,104</u>	<u>\$ 7,457,477</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, 2012

	Road and Bridge	Other Special Revenue	Total
REVENUES			
Taxes	\$ 2,800,034	\$ -	\$ 2,800,034
Fees of office and user fees	-	1,314,623	1,314,623
Intergovernmental	1,600,498	4,477,088	6,077,586
Fines and forfeitures	-	811,754	811,754
Investment income			
Interest	15,909	5,815	21,724
Contributions	-	93,459	93,459
Miscellaneous	85,068	4,948	90,016
Total revenues	<u>4,501,509</u>	<u>6,707,687</u>	<u>11,209,196</u>
EXPENDITURES			
Current			
General government	-	2,236,851	2,236,851
Public safety	-	1,083,685	1,083,685
Highways and streets	4,146,750	17,487	4,164,237
Public health	-	3,670,546	3,670,546
Capital outlay	-	299,837	299,837
Total expenditures	<u>4,146,750</u>	<u>7,308,406</u>	<u>11,455,156</u>
Excess (deficiency) of revenues over expenditures	<u>354,759</u>	<u>(600,719)</u>	<u>(245,960)</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	74,946	-	74,946
Transfers in	5,532	1,749,600	1,755,132
Transfers out	(7,711)	(54,375)	(62,086)
Total other financing sources (uses)	<u>72,767</u>	<u>1,695,225</u>	<u>1,767,992</u>
Change in fund balance	427,526	1,094,506	1,522,032
Fund balance, January 1	<u>1,445,816</u>	<u>270,263</u>	<u>1,716,079</u>
Fund balance, December 31	<u>\$ 1,873,342</u>	<u>\$ 1,364,769</u>	<u>\$ 3,238,111</u>

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

December 31, 2012

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
ASSETS					
Cash and cash equivalents	\$ 599,823	\$ 818,565	\$ 1,127,547	\$ 734,907	\$ 3,280,842
Receivables (net)					
Ad valorem	463,769	434,009	425,424	489,770	1,812,972
Other	3,265	3,265	3,982	4,047	14,559
Total assets	\$ 1,066,857	\$ 1,255,839	\$ 1,556,953	\$ 1,228,724	\$ 5,108,373
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 20,300	\$ 3,931	\$ 23,045	\$ 16,597	\$ 63,873
Accrued expenditures	25,180	19,100	25,340	24,242	93,862
Due to other funds	2,484	1,824	2,383	2,324	9,015
Deferred revenue	783,873	735,284	720,422	828,702	3,068,281
Total liabilities	831,837	760,139	771,190	871,865	3,235,031
Fund balance					
Restricted	235,020	495,700	785,763	356,859	1,873,342
Total liabilities and fund balance	\$ 1,066,857	\$ 1,255,839	\$ 1,556,953	\$ 1,228,724	\$ 5,108,373

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

ROAD AND BRIDGE FUNDS

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

For the year ended December 31, 2011

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
REVENUES					
Taxes	\$ 714,008	\$ 672,126	\$ 657,892	\$ 756,008	\$ 2,800,034
Intergovernmental	403,654	392,311	385,774	418,759	1,600,498
Investment income					
Interest	2,783	3,881	5,482	3,763	15,909
Miscellaneous	9,322	1,175	39,827	34,744	85,068
Total revenues	<u>1,129,767</u>	<u>1,069,493</u>	<u>1,088,975</u>	<u>1,213,274</u>	<u>4,501,509</u>
EXPENDITURES					
Current					
Highways and streets	<u>1,004,902</u>	<u>984,672</u>	<u>1,054,389</u>	<u>1,102,787</u>	<u>4,146,750</u>
Excess (deficiency) of revenues over expenditures	<u>124,865</u>	<u>84,821</u>	<u>34,586</u>	<u>110,487</u>	<u>354,759</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	5,918	441	68,225	362	74,946
Transfers in	5,532	-	-	-	5,532
Transfers out	-	(2,044)	(1,744)	(3,923)	(7,711)
Total other financing sources (uses)	<u>11,450</u>	<u>(1,603)</u>	<u>66,481</u>	<u>(3,561)</u>	<u>72,767</u>
Change in fund balance	136,315	83,218	101,067	106,926	427,526
Fund balance, January 1	<u>98,705</u>	<u>412,482</u>	<u>684,696</u>	<u>249,933</u>	<u>1,445,816</u>
Fund balance, December 31	<u>\$ 235,020</u>	<u>\$ 495,700</u>	<u>\$ 785,763</u>	<u>\$ 356,859</u>	<u>\$ 1,873,342</u>

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2012

	<u>Emergency Mgmt.</u>	<u>Records Mgmt.</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>	<u>District Clerk Records Mgmt.</u>	<u>Disaster Recovery Grant</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 94,467	\$ 5,142	\$ 44,496	\$ 5,040	\$ -
Receivables (net)						
Other	-	474	193	30	1	-
Due from other governments	155,223	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 155,223</u>	<u>\$ 94,941</u>	<u>\$ 5,335</u>	<u>\$ 44,526</u>	<u>\$ 5,041</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 1,101	\$ 512	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	7,539	3,448	-	-	-	-
Due to other funds	144,254	13	-	-	-	-
Total liabilities	<u>152,894</u>	<u>3,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance						
Restricted	2,329	90,968	5,335	44,526	5,041	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>2,329</u>	<u>90,968</u>	<u>5,335</u>	<u>44,526</u>	<u>5,041</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 155,223</u>	<u>\$ 94,941</u>	<u>\$ 5,335</u>	<u>\$ 44,526</u>	<u>\$ 5,041</u>	<u>\$ -</u>

Emergency Operations Center Grant	FEMA Hazard Mitigation DR 1780-046	Juvenile Probation	Drug Courts Program	Juvenile Delinquency Prevention	Justice Technology	Family Protection Fee	County/ District Technology
\$ -	\$ -	\$ 147,287	\$ 21,383	\$ 116	\$ 3,686	\$ 9,767	\$ 23,610
-	-	-	-	-	147	-	16
-	-	1,387	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,674</u>	<u>\$ 21,383</u>	<u>\$ 116</u>	<u>\$ 3,833</u>	<u>\$ 9,767</u>	<u>\$ 23,626</u>
\$ -	\$ -	\$ 30,747	\$ 1,056	\$ -	\$ -	\$ -	\$ -
-	-	40,396	-	-	-	-	-
-	-	241	-	-	-	-	-
-	-	71,384	1,056	-	-	-	-
-	-	77,290	20,327	116	3,833	9,767	23,626
-	-	-	-	-	-	-	-
-	-	77,290	20,327	116	3,833	9,767	23,626
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,674</u>	<u>\$ 21,383</u>	<u>\$ 116</u>	<u>\$ 3,833</u>	<u>\$ 9,767</u>	<u>\$ 23,626</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2012

	DSHS PPH Grant	CDA Processing Fee	CDA Victims Assistance Grant	Sheriff Victims Assistance Grant	Impaired Driving Incentive Grant	Gang Prevention Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 8,860	\$ -	\$ -	\$ -	\$ -
Receivables (net)						
Other	-	-	-	-	-	-
Due from other governments	11,624	3,037	5,691	6,901	4,000	817
Due from other funds	-	-	-	-	-	-
Total assets	\$ 11,624	\$ 11,897	\$ 5,691	\$ 6,901	\$ 4,000	\$ 817
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 11,624	\$ 8,677	\$ 24	\$ 18	\$ -	\$ 543
Accrued expenditures	-	5,570	2,287	1,809	-	-
Due to other funds	-	13	3,380	3,219	4,000	274
Total liabilities	11,624	14,260	5,691	5,046	4,000	817
Fund balance						
Restricted	-	-	-	1,855	-	-
Unassigned	-	(2,363)	-	-	-	-
Total fund balance	-	(2,363)	-	1,855	-	-
Total liabilities and fund balance	\$ 11,624	\$ 11,897	\$ 5,691	\$ 6,901	\$ 4,000	\$ 817

<u>Local Border Security Grant</u>	<u>Operation Stonegarden Grant</u>	<u>Tobacco Compliance Grant</u>	<u>Click It or Ticket</u>	<u>Byrne JAG Program</u>	<u>Hazardous Materials Grant</u>	<u>2010 Homeland Security</u>	<u>2009 Homeland Security</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
78,218	13,954	-	-	-	48,800	-	-
-	-	-	-	-	-	-	-
<u>\$ 78,218</u>	<u>\$ 13,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,800</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91	-	-	-	-	-	-	-
78,127	13,954	-	-	-	48,800	-	-
-	-	-	-	-	-	-	-
<u>78,218</u>	<u>13,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,800</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 78,218</u>	<u>\$ 13,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,800</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

COUNTY OF VICTORIA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - STATUTORY BASIS
December 31, 2012

	FEMA Firefighter Grant	Community Development Block Grant	Emergency Management Volunteer Program	Community Oriented Policing Svcs. Grant	BISD School Resource Officer	Sheriff's Special Purpose
ASSETS						
Cash and cash equivalents	\$ -	\$ 3,450	\$ -	\$ -	\$ -	\$ 14,620
Receivables (net)						
Other	-	-	-	-	-	-
Due from other governments	-	161,578	-	-	6,131	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ -	\$ 165,028	\$ -	\$ -	\$ 6,131	\$ 14,620
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ -	\$ 165,028	\$ -	\$ -	\$ 23	\$ 7,475
Accrued expenditures	-	-	-	-	2,227	-
Due to other funds	-	-	-	-	3,881	-
Total liabilities	-	165,028	-	-	6,131	7,475
Fund balance						
Restricted	-	-	-	-	-	7,145
Unassigned	-	-	-	-	-	-
Total fund balance	-	-	-	-	-	7,145
Total liabilities and fund balance	\$ -	\$ 165,028	\$ -	\$ -	\$ 6,131	\$ 14,620

<u>Sheriff's Donations</u>	<u>Sheriff's DOJ Federal Forfeiture</u>	<u>Constable Forfeiture</u>	<u>CDA Contraband Forfeiture</u>	<u>CDA DOJ Equitable Share</u>	<u>Sheriff's DOT Federal Forfeiture</u>	<u>Goliad Co. Juvenile Probation Services</u>	<u>VISD School Resource Officer</u>
\$ 166	\$ 184	\$ 1,031	\$ 705,326	\$ 85,721	\$ 119,801	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,425	30,391
-	-	-	-	-	-	-	-
<u>\$ 166</u>	<u>\$ 184</u>	<u>\$ 1,031</u>	<u>\$ 705,326</u>	<u>\$ 85,721</u>	<u>\$ 119,801</u>	<u>\$ 2,425</u>	<u>\$ 30,391</u>
\$ -	\$ -	\$ -	\$ 1,884	\$ 45,400	\$ -	\$ 9	\$ -
-	-	-	2,012	-	-	818	12,408
-	-	-	5	-	-	1,598	17,983
-	-	-	3,901	45,400	-	2,425	30,391
166	184	1,031	701,425	40,321	119,801	-	-
-	-	-	-	-	-	-	-
<u>166</u>	<u>184</u>	<u>1,031</u>	<u>701,425</u>	<u>40,321</u>	<u>119,801</u>	<u>-</u>	<u>-</u>
<u>\$ 166</u>	<u>\$ 184</u>	<u>\$ 1,031</u>	<u>\$ 705,326</u>	<u>\$ 85,721</u>	<u>\$ 119,801</u>	<u>\$ 2,425</u>	<u>\$ 30,391</u>

(continued)

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

December 31, 2012

	DSHS ILINET Grant	Election Admin. Special	Help America Vote Act Grant	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission
ASSETS						
Cash and cash equivalents	\$ 8,693	\$ -	\$ -	\$ -	\$ 33,090	\$ 13,277
Receivables (net)						
Other	-	64,584	-	-	-	-
Due from other governments	-	-	-	1,118	-	-
Due from other funds	-	-	-	797	-	-
Total assets	\$ 8,693	\$ 64,584	\$ -	\$ 1,915	\$ 33,090	\$ 13,277
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 1,328	\$ 25	\$ -	\$ 181	\$ -	\$ 722
Accrued expenditures	-	603	-	-	-	-
Due to other funds	-	50,255	-	937	-	-
Total liabilities	1,328	50,883	-	1,118	-	722
Fund balance						
Restricted	7,365	13,701	-	797	33,090	12,555
Unassigned	-	-	-	-	-	-
Total fund balance	7,365	13,701	-	797	33,090	12,555
Total liabilities and fund balance	\$ 8,693	\$ 64,584	\$ -	\$ 1,915	\$ 33,090	\$ 13,277

<u>Law Library</u>	<u>Health Department</u>	<u>WIC Program</u>	<u>LEOSE</u>	<u>Total</u>
\$ 9,422	\$ 26,266	\$ -	\$ 15,969	\$ 1,400,870
35	7,758	-	-	73,238
-	187,981	154,923	-	874,199
-	-	-	-	797
<u>\$ 9,457</u>	<u>\$ 222,005</u>	<u>\$ 154,923</u>	<u>\$ 15,969</u>	<u>\$ 2,349,104</u>

\$ 5,484	\$ 38,728	\$ 10,731	\$ -	\$ 331,320
-	71,301	25,172	-	175,681
-	821	105,579	-	477,334
<u>5,484</u>	<u>110,850</u>	<u>141,482</u>	<u>-</u>	<u>984,335</u>

3,973	111,155	13,441	15,969	1,367,132
-	-	-	-	(2,363)
<u>3,973</u>	<u>111,155</u>	<u>13,441</u>	<u>15,969</u>	<u>1,364,769</u>

<u>\$ 9,457</u>	<u>\$ 222,005</u>	<u>\$ 154,923</u>	<u>\$ 15,969</u>	<u>\$ 2,349,104</u>
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(concluded)

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

For the year ended December 31, 2012

	<u>Emergency Mgmt.</u>	<u>Records Mgmt.</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>	<u>District Clerk Records Mgmt.</u>	<u>Disaster Recovery Grant</u>
REVENUES						
Fees of office and user fees	\$ -	\$ 93,574	\$ 43,972	\$ 4,994	\$ 6,300	\$ -
Intergovernmental	52,794	-	-	-	-	119,455
Fines and forfeitures	-	-	-	-	-	-
Investment income						
Interest	-	-	-	-	-	-
Contributions	83,459	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>136,253</u>	<u>93,574</u>	<u>43,972</u>	<u>4,994</u>	<u>6,300</u>	<u>119,455</u>
EXPENDITURES						
Current						
General government	-	91,261	6,867	2,300	7,241	-
Public safety	224,296	-	-	-	-	119,455
Highways and streets	-	-	-	-	-	-
Public health	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>224,296</u>	<u>91,261</u>	<u>6,867</u>	<u>2,300</u>	<u>7,241</u>	<u>119,455</u>
Excess (deficiency) of revenues over expenditures	<u>(88,043)</u>	<u>2,313</u>	<u>37,105</u>	<u>2,694</u>	<u>(941)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	88,043	-	-	-	-	-
Transfers out	-	-	(20,000)	-	-	-
Total other financing sources (uses)	<u>88,043</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	2,313	17,105	2,694	(941)	-
Fund balance, January 1	<u>2,329</u>	<u>88,655</u>	<u>(11,770)</u>	<u>41,832</u>	<u>5,982</u>	<u>-</u>
Fund balance, December 31	<u>\$ 2,329</u>	<u>\$ 90,968</u>	<u>\$ 5,335</u>	<u>\$ 44,526</u>	<u>\$ 5,041</u>	<u>\$ -</u>

<u>Emergency Operations Center Grant</u>	<u>FEMA Hazard Mitigation DR 1780-046</u>	<u>Juvenile Probation</u>	<u>Drug Courts Program</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Technology</u>	<u>Family Protection Fee</u>	<u>County/ District Technology</u>
\$ -	\$ -	\$ 1,146	\$ 12,117	\$ -	\$ 20,274	\$ 5,753	\$ 19,203
455,275	15,308	963,589	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,057	81	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>455,275</u>	<u>15,308</u>	<u>965,792</u>	<u>12,198</u>	<u>-</u>	<u>20,274</u>	<u>5,753</u>	<u>19,203</u>
-	-	1,268,140	7,939	-	26,766	-	19,906
-	-	-	-	-	-	-	-
-	17,487	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>57,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>57,320</u>	<u>17,487</u>	<u>1,268,140</u>	<u>7,939</u>	<u>-</u>	<u>26,766</u>	<u>-</u>	<u>19,906</u>
<u>397,955</u>	<u>(2,179)</u>	<u>(302,348)</u>	<u>4,259</u>	<u>-</u>	<u>(6,492)</u>	<u>5,753</u>	<u>(703)</u>
84,104	2,179	315,000	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>84,104</u>	<u>2,179</u>	<u>315,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
482,059	-	12,652	4,259	-	(6,492)	5,753	(703)
<u>(482,059)</u>	<u>-</u>	<u>64,638</u>	<u>16,068</u>	<u>116</u>	<u>10,325</u>	<u>4,014</u>	<u>24,329</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,290</u>	<u>\$ 20,327</u>	<u>\$ 116</u>	<u>\$ 3,833</u>	<u>\$ 9,767</u>	<u>\$ 23,626</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, 2012

	<u>DSHS PPH Grant</u>	<u>CDA Processing Fee</u>	<u>CDA Victims Assistance Grant</u>	<u>Sheriff Victims Assistance Grant</u>	<u>Impaired Driving Incentive Grant</u>	<u>Gang Prevention Grant</u>
REVENUES						
Fees of office and user fees	\$ -	\$ 88,874	\$ -	\$ -	\$ -	\$ -
Intergovernmental	93,608	-	41,267	42,916	4,000	19,586
Fines and forfeitures	-	-	-	-	-	-
Investment income						
Interest	-	23	-	-	-	-
Contributions	-	-	-	-	-	-
Miscellaneous	-	462	-	-	-	-
Total revenues	<u>93,608</u>	<u>89,359</u>	<u>41,267</u>	<u>42,916</u>	<u>4,000</u>	<u>19,586</u>
EXPENDITURES						
Current						
General government	-	111,910	53,117	-	-	-
Public safety	-	-	-	42,520	4,000	19,610
Highways and streets	-	-	-	-	-	-
Public health	93,608	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>93,608</u>	<u>111,910</u>	<u>53,117</u>	<u>42,520</u>	<u>4,000</u>	<u>19,610</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(22,551)</u>	<u>(11,850)</u>	<u>396</u>	<u>-</u>	<u>(24)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	20,000	11,850	-	-	-
Transfers out	-	-	-	(396)	-	-
Total other financing sources (uses)	<u>-</u>	<u>20,000</u>	<u>11,850</u>	<u>(396)</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	(2,551)	-	-	-	(24)
Fund balance, January 1	-	188	-	1,855	-	24
Fund balance, December 31	<u>\$ -</u>	<u>\$ (2,363)</u>	<u>\$ -</u>	<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Local Border Security Grant</u>	<u>Operation Stonegarden Grant</u>	<u>Tobacco Compliance Grant</u>	<u>Click It or Ticket</u>	<u>Byrne JAG Program</u>	<u>Hazardous Materials Grant</u>	<u>2010 Homeland Security</u>	<u>2009 Homeland Security</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
103,181	382,826	-	6,238	16,124	48,800	13,728	37,784
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>103,181</u>	<u>382,826</u>	<u>-</u>	<u>6,238</u>	<u>16,124</u>	<u>48,800</u>	<u>13,728</u>	<u>37,784</u>
-	-	-	-	-	48,800	-	-
89,202	140,309	2,524	6,238	16,124	-	13,728	37,784
-	-	-	-	-	-	-	-
-	242,517	-	-	-	-	-	-
<u>89,202</u>	<u>382,826</u>	<u>2,524</u>	<u>6,238</u>	<u>16,124</u>	<u>48,800</u>	<u>13,728</u>	<u>37,784</u>
<u>13,979</u>	<u>-</u>	<u>(2,524)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>(13,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(13,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	(2,524)	-	-	-	-	-
-	-	2,524	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	FEMA Firefighter Grant	Community Development Block Grant	Emergency Management Volunteer Program	Community Oriented Policing Svcs. Grant	BISD School Resource Officer	Sheriff's Special Purpose
REVENUES						
Fees of office and user fees	\$ -	\$ -	\$ -	\$ -	\$ 50,691	\$ -
Intergovernmental	7,549	193,053	9,986	49,881	-	-
Fines and forfeitures	-	-	-	-	-	72,454
Investment income						
Interest	-	-	-	-	-	223
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>7,549</u>	<u>193,053</u>	<u>9,986</u>	<u>49,881</u>	<u>50,691</u>	<u>72,677</u>
EXPENDITURES						
Current						
General government	-	193,053	-	-	-	-
Public safety	8,388	-	9,986	49,881	50,691	92,904
Highways and streets	-	-	-	-	-	-
Public health	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>8,388</u>	<u>193,053</u>	<u>9,986</u>	<u>49,881</u>	<u>50,691</u>	<u>92,904</u>
Excess (deficiency) of revenues over expenditures	<u>(839)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,227)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	839	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	-	-	-	(20,227)
Fund balance, January 1	-	-	-	-	-	27,372
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,145</u>

<u>Sheriff's Donations</u>	<u>Sheriff's DOJ Federal Forfeiture</u>	<u>Constable Forfeiture</u>	<u>CDA Contraband Forfeiture</u>	<u>CDA DOJ Equitable Share</u>	<u>Sheriff's DOT Federal Forfeiture</u>	<u>Goliad Co. Juvenile Probation Services</u>	<u>VISD School Resource Officer</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,423	\$ 126,471
-	-	-	-	-	-	-	-
-	-	-	600,350	138,950	-	-	-
2	-	-	2,496	214	594	-	-
-	-	-	-	-	-	-	-
-	-	-	1,343	-	-	-	-
<u>2</u>	<u>-</u>	<u>-</u>	<u>604,189</u>	<u>139,164</u>	<u>594</u>	<u>21,423</u>	<u>126,471</u>
-	-	-	87,803	98,843	-	21,423	-
323	163	2,976	-	-	23,748	-	126,471
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>323</u>	<u>163</u>	<u>2,976</u>	<u>87,803</u>	<u>98,843</u>	<u>23,748</u>	<u>21,423</u>	<u>126,471</u>
<u>(321)</u>	<u>(163)</u>	<u>(2,976)</u>	<u>516,386</u>	<u>40,321</u>	<u>(23,154)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	(20,000)	-	-	-	-
-	-	-	(20,000)	-	-	-	-
(321)	(163)	(2,976)	496,386	40,321	(23,154)	-	-
<u>487</u>	<u>347</u>	<u>4,007</u>	<u>205,039</u>	<u>-</u>	<u>142,955</u>	<u>-</u>	<u>-</u>
<u>\$ 166</u>	<u>\$ 184</u>	<u>\$ 1,031</u>	<u>\$ 701,425</u>	<u>\$ 40,321</u>	<u>\$ 119,801</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, 2012

	DSHS ILINET Grant	Election Admin. Special	Help America Vote Act Grant	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission
REVENUES						
Fees of office and user fees	\$ -	\$ 107,513	\$ -	\$ 19,479	\$ -	\$ -
Intergovernmental	10,000	-	18,500	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income						
Interest	-	1	-	-	1,051	73
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,098	99
Total revenues	<u>10,000</u>	<u>107,514</u>	<u>18,500</u>	<u>19,479</u>	<u>2,149</u>	<u>172</u>
EXPENDITURES						
Current						
General government	-	95,452	18,500	19,479	3,755	3,118
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public health	2,635	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,635</u>	<u>95,452</u>	<u>18,500</u>	<u>19,479</u>	<u>3,755</u>	<u>3,118</u>
Excess (deficiency) of revenues over expenditures	<u>7,365</u>	<u>12,062</u>	<u>-</u>	<u>-</u>	<u>(1,606)</u>	<u>(2,946)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	1,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Change in fund balance	7,365	12,062	-	-	(1,606)	(1,946)
Fund balance, January 1	-	1,639	-	797	34,696	14,501
Fund balance, December 31	<u>\$ 7,365</u>	<u>\$ 13,701</u>	<u>\$ -</u>	<u>\$ 797</u>	<u>\$ 33,090</u>	<u>\$ 12,555</u>

<u>Law Library</u>	<u>Health Department</u>	<u>WIC Program</u>	<u>LEOSE</u>	<u>Total</u>
\$ 55,977	\$ 636,862	\$ -	\$ -	\$ 1,314,623
-	934,634	837,006	-	4,477,088
-	-	-	-	811,754
-	-	-	-	5,815
-	10,000	-	-	93,459
-	1,946	-	-	4,948
<u>55,977</u>	<u>1,583,442</u>	<u>837,006</u>	<u>-</u>	<u>6,707,687</u>
51,178	-	-	-	2,236,851
-	-	-	2,364	1,083,685
-	-	-	-	17,487
-	2,733,688	840,615	-	3,670,546
-	-	-	-	299,837
<u>51,178</u>	<u>2,733,688</u>	<u>840,615</u>	<u>2,364</u>	<u>7,308,406</u>
<u>4,799</u>	<u>(1,150,246)</u>	<u>(3,609)</u>	<u>(2,364)</u>	<u>(600,719)</u>
-	1,226,585	-	-	1,749,600
-	-	-	-	(54,375)
-	1,226,585	-	-	1,695,225
4,799	76,339	(3,609)	(2,364)	1,094,506
(826)	34,816	17,050	18,333	270,263
<u>\$ 3,973</u>	<u>\$ 111,155</u>	<u>\$ 13,441</u>	<u>\$ 15,969</u>	<u>\$ 1,364,769</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, 2012**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes				
Ad valorem				
Current	\$ 15,666,554	\$ 15,666,554	\$ 15,927,268	\$ 260,714
Delinquent	300,000	300,000	369,080	69,080
Penalty and interest	175,000	175,000	173,705	(1,295)
Sales and use	7,882,000	8,503,500	11,166,351	2,662,851
Total taxes	<u>24,023,554</u>	<u>24,645,054</u>	<u>27,636,404</u>	<u>2,991,350</u>
Fees of office and user fees				
Sheriff's department	500,000	500,000	341,560	(158,440)
Prisoner maintenance	5,000	5,000	4,164	(836)
County treasurer	5,000	5,000	3,690	(1,310)
Election administrator	3,000	3,000	1,056	(1,944)
County clerk	400,350	400,350	407,703	7,353
Probate personnel education fees	1,800	1,800	1,301	(499)
Guardianship fee	5,000	5,000	5,274	274
County courts at law	4,000	4,000	5,417	1,417
Tax assessor-collector	450,000	450,000	514,847	64,847
Criminal district attorney	25,000	25,000	17,747	(7,253)
District clerk	300,000	300,000	176,297	(123,703)
Fire marshal	-	-	15	15
Justices of the peace	35,000	35,000	32,665	(2,335)
Deferred adjudication	50,000	50,000	19,503	(30,497)
Constables	70,000	70,000	74,810	4,810
Total fees of office and user fees	<u>1,854,150</u>	<u>1,854,150</u>	<u>1,606,049</u>	<u>(248,101)</u>
Intergovernmental				
Payment in lieu of taxes	1,000	1,000	289	(711)
Alcohol beverage tax	150,000	150,000	164,442	14,442
County courts at law	150,000	150,000	150,000	-
Bingo gross receipts tax	80,000	80,000	71,451	(8,549)
Tobacco settlement	51,000	51,000	45,851	(5,149)
Indigent defense grant	60,000	60,000	46,872	(13,128)
Title IV-E legal service	40,000	40,000	23,513	(16,487)
Jury fee reimbursement/SB1704	40,000	40,000	46,508	6,508
Southwest border prosecution initiative grant	-	40,000	48,075	8,075
Texas Forestry Services grant	-	10,000	10,000	-
Juvenile detention contracts	1,200,000	1,200,000	1,154,401	(45,599)
State juvenile detention funds	125,200	125,200	238,761	113,561
Jail inmate bedspace	1,200,000	1,200,000	1,155,085	(44,915)
Jail inmate contract other	60,000	60,000	41,414	(18,586)
Jail inmate extradition	20,000	20,000	25,470	5,470
General inmate medical	25,000	25,000	37,811	12,811
Dept. of Justice SCAAP program	-	23,635	23,635	-
Vest reimbursement	-	-	8,777	8,777
TSA security reimbursement	24,000	24,000	24,389	389

(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, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES (continued)				
Intergovernmental				
Abandoned vehicles	\$ -	\$ -	\$ 8,431	\$ 8,431
Total intergovernmental	<u>3,226,200</u>	<u>3,299,835</u>	<u>3,325,175</u>	<u>25,340</u>
Fines and forfeitures				
District court fines	300,000	300,000	219,308	(80,692)
County court at law fines	600,000	600,000	461,692	(138,308)
Justice of the peace fines	725,000	725,000	515,798	(209,202)
Forfeitures	40,100	40,100	37,649	(2,451)
Total fines and forfeitures	<u>1,665,100</u>	<u>1,665,100</u>	<u>1,234,447</u>	<u>(430,653)</u>
Interest	<u>35,000</u>	<u>35,000</u>	<u>99,970</u>	<u>64,970</u>
Licenses and permits				
Marriage licenses	18,000	18,000	22,947	4,947
Beer and whiskey licenses	32,000	32,000	21,558	(10,442)
Miscellaneous	300	300	50	(250)
Total licenses and permits	<u>50,300</u>	<u>50,300</u>	<u>44,555</u>	<u>(5,745)</u>
Miscellaneous				
Records management preservation	40,000	40,000	35,003	(4,997)
Grant administration fee	-	-	11,156	11,156
Criminal justice planning commission	300	300	27	(273)
Crime stopper fee	5	5	1	(4)
LEOSEF collection	10	10	3	(7)
Victims of crime collection	1,500	1,500	115	(1,385)
JCPTF commission	100	100	10	(90)
Juvenile probation diversion collections	200	200	-	(200)
Legal service for indigents fees	600	600	803	203
Defensive driving course fee	20,000	20,000	6,106	(13,894)
Visual record by electronic device	500	500	-	(500)
Court reporter fees	30,000	30,000	24,210	(5,790)
Arrest warrant fees	50,000	50,000	40,840	(9,160)
Other fees	204,300	204,300	120,289	(84,011)
Personal recognizant fees	7,000	7,000	3,751	(3,249)
CJAD contract services	6,300	6,300	6,425	125
Rents and royalties	67,280	67,280	73,108	5,828
Telephone commissions	255,000	255,000	224,915	(30,085)
Election machines rental	10,000	10,000	19,303	9,303
Indigent medical reimbursement	300,000	300,000	300,000	-
Reimbursements and refunds	26,600	49,209	95,879	46,670
Restitutions	1,000	1,000	215	(785)
Miscellaneous	93,475	94,861	91,720	(3,141)
Total miscellaneous	<u>1,114,170</u>	<u>1,138,165</u>	<u>1,053,879</u>	<u>(84,286)</u>
Total revenues	<u>31,968,474</u>	<u>32,687,604</u>	<u>35,000,479</u>	<u>2,312,875</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, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES				
Current				
General government				
County judge				
Salaries	\$ 174,498	\$ 174,498	\$ 174,497	\$ 1
Fringe benefits	44,547	44,547	43,448	1,099
Operating expenditures	5,500	5,700	5,414	286
Total county judge	<u>224,545</u>	<u>224,745</u>	<u>223,359</u>	<u>1,386</u>
Commissioners' court				
Salaries	46,078	46,078	46,077	1
Fringe benefits	12,480	12,480	12,318	162
Operating expenditures	13,300	14,210	13,974	236
Other services and charges	2,000	6,302	6,199	103
Total commissioners' court	<u>73,858</u>	<u>79,070</u>	<u>78,568</u>	<u>502</u>
Records management				
Salaries	39,407	64,310	63,910	400
Fringe benefits	11,309	19,708	19,240	468
Operating expenditures	1,000	1,500	1,230	270
Total records management	<u>51,716</u>	<u>85,518</u>	<u>84,380</u>	<u>1,138</u>
County clerk				
Salaries	472,208	472,208	462,242	9,966
Fringe benefits	128,281	128,281	124,462	3,819
Operating expenditures	39,445	39,445	37,385	2,060
Total county clerk	<u>639,934</u>	<u>639,934</u>	<u>624,089</u>	<u>15,845</u>
Veterans' service officer				
Salaries	23,626	28,626	28,355	271
Fringe benefits	4,148	4,988	4,976	12
Operating expenditures	2,500	3,020	2,977	43
Total veterans' service officer	<u>30,274</u>	<u>36,634</u>	<u>36,308</u>	<u>326</u>
Heritage director				
Salaries	33,459	33,459	33,485	(26)
Fringe benefits	10,266	10,266	9,842	424
Operating expenditures	1,200	1,200	828	372
Total heritage director	<u>44,925</u>	<u>44,925</u>	<u>44,155</u>	<u>770</u>
Non-departmental				
Operating expenditures	1,601,070	1,226,138	1,141,691	84,447
Other services and charges	779,922	859,307	842,380	16,927
Capital outlay	365,024	202,090	183,201	18,889
Total non-departmental	<u>2,746,016</u>	<u>2,287,535</u>	<u>2,167,272</u>	<u>120,263</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, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
County court at law # 1				
Salaries	\$ 194,685	\$ 194,685	\$ 194,685	\$ -
Fringe benefits	43,697	43,697	41,426	2,271
Operating expenditures	3,465	3,465	2,983	482
Other services and charges	37,000	76,300	74,332	1,968
Total county court at law # 1	<u>278,847</u>	<u>318,147</u>	<u>313,426</u>	<u>4,721</u>
County court at law # 2				
Salaries	193,530	193,530	193,530	-
Fringe benefits	42,750	42,750	40,864	1,886
Operating expenditures	3,450	4,950	4,793	157
Other services and charges	37,000	86,000	83,470	2,530
Total county court at law # 2	<u>276,730</u>	<u>327,230</u>	<u>322,657</u>	<u>4,573</u>
District court				
Salaries	306,612	307,190	294,423	12,767
Fringe benefits	107,492	107,492	106,231	1,261
Operating expenditures	9,700	11,700	10,746	954
Other services and charges	539,472	688,197	671,768	16,429
Total district court	<u>963,276</u>	<u>1,114,579</u>	<u>1,083,168</u>	<u>31,411</u>
District clerk				
Salaries	478,895	478,895	467,078	11,817
Fringe benefits	129,456	129,456	128,560	896
Operating expenditures	17,719	16,689	14,275	2,414
Capital outlay	-	1,030	1,030	-
Total district clerk	<u>626,070</u>	<u>626,070</u>	<u>610,943</u>	<u>15,127</u>
Justice of the peace # 1				
Salaries	102,367	103,417	102,387	1,030
Fringe benefits	31,143	31,373	23,449	7,924
Operating expenditures	4,835	13,560	13,091	469
Other services and charges	12,500	13,427	13,287	140
Total justice of the peace # 1	<u>150,845</u>	<u>161,777</u>	<u>152,214</u>	<u>9,563</u>
Justice of the peace # 2				
Salaries	109,076	109,076	109,075	1
Fringe benefits	27,929	27,929	27,619	310
Operating expenditures	4,035	4,035	3,260	775
Other services and charges	13,800	14,070	13,884	186
Total justice of the peace # 2	<u>154,840</u>	<u>155,110</u>	<u>153,838</u>	<u>1,272</u>
Justice of the peace # 3				
Salaries	186,087	186,087	186,004	83
Fringe benefits	46,580	46,580	45,595	985
Operating expenditures	3,560	3,376	3,261	115
Other services and charges	600	784	774	10
Total justice of the peace # 3	<u>236,827</u>	<u>236,827</u>	<u>235,634</u>	<u>1,193</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, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Justice of the peace # 4				
Salaries	\$ 125,837	\$ 125,837	\$ 123,049	\$ 2,788
Fringe benefits	27,222	27,222	26,745	477
Operating expenditures	4,940	5,153	4,678	475
Other services and charges	37,900	37,822	37,498	324
Total justice of the peace # 4	<u>195,899</u>	<u>196,034</u>	<u>191,970</u>	<u>4,064</u>
Criminal district attorney				
Salaries	1,132,057	1,132,057	1,109,262	22,795
Fringe benefits	268,278	268,278	261,601	6,677
Operating expenditures	9,000	9,000	8,946	54
Total criminal district attorney	<u>1,409,335</u>	<u>1,409,335</u>	<u>1,379,809</u>	<u>29,526</u>
Election administrator				
Salaries	159,327	175,526	175,543	(17)
Fringe benefits	37,492	37,722	37,403	319
Operating expenditures	62,170	74,356	73,946	410
Other services and charges	10,350	26,350	24,353	1,997
Total election administrator	<u>269,339</u>	<u>313,954</u>	<u>311,245</u>	<u>2,709</u>
County auditor				
Salaries	338,497	338,497	334,553	3,944
Fringe benefits	91,640	95,601	92,774	2,827
Operating expenditures	12,314	12,314	11,794	520
Total county auditor	<u>442,451</u>	<u>446,412</u>	<u>439,121</u>	<u>7,291</u>
County treasurer				
Salaries	222,456	222,456	222,454	2
Fringe benefits	61,746	61,746	60,627	1,119
Operating expenditures	28,425	28,425	26,281	2,144
Capital outlay	-	8,403	8,403	-
Total county treasurer	<u>312,627</u>	<u>321,030</u>	<u>317,765</u>	<u>3,265</u>
Tax assessor-collector				
Salaries	507,056	507,056	493,942	13,114
Fringe benefits	152,710	152,710	141,698	11,012
Operating expenditures	13,500	13,500	12,727	773
Total tax assessor-collector	<u>673,266</u>	<u>673,266</u>	<u>648,367</u>	<u>24,899</u>
Administrative services				
Salaries	200,299	200,299	200,298	1
Fringe benefits	54,209	54,209	52,926	1,283
Operating expenditures	11,000	15,650	15,000	650
Total administrative services	<u>265,508</u>	<u>270,158</u>	<u>268,224</u>	<u>1,934</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, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Information technology				
Salaries	\$ 325,573	\$ 325,573	\$ 325,572	\$ 1
Fringe benefits	84,980	84,980	83,452	1,528
Operating expenditures	290,750	266,850	262,017	4,833
Other services and charges	130,000	233,880	225,437	8,443
Capital outlay	40,000	41,000	38,985	2,015
Total information technology	<u>871,303</u>	<u>952,283</u>	<u>935,463</u>	<u>16,820</u>
Building maintenance				
Salaries	324,588	299,019	285,927	13,092
Fringe benefits	84,062	80,038	76,311	3,727
Operating expenditures	909,800	1,245,293	1,144,694	100,599
Capital outlay	-	25,334	25,334	-
Total building maintenance	<u>1,318,450</u>	<u>1,649,684</u>	<u>1,532,266</u>	<u>117,418</u>
Adult probation department				
Operating expenditures	<u>7,000</u>	<u>7,000</u>	<u>4,543</u>	<u>2,457</u>
Total adult probation department	<u>7,000</u>	<u>7,000</u>	<u>4,543</u>	<u>2,457</u>
Juvenile detention facility				
Salaries	1,780,462	1,784,262	1,723,673	60,589
Fringe benefits	437,495	437,495	420,478	17,017
Operating expenditures	402,880	402,420	364,536	37,884
Other services and charges	40,500	34,493	31,375	3,118
Capital outlay	-	6,467	6,466	1
Total juvenile detention facility	<u>2,661,337</u>	<u>2,665,137</u>	<u>2,546,528</u>	<u>118,609</u>
Juvenile board				
Salaries	32,435	32,435	32,435	-
Fringe benefits	5,694	5,694	5,522	172
Other services and charges	51,550	59,550	52,303	7,247
Total juvenile board	<u>89,679</u>	<u>97,679</u>	<u>90,260</u>	<u>7,419</u>
Total general government	<u>15,014,897</u>	<u>15,340,073</u>	<u>14,795,572</u>	<u>544,501</u>
Public safety				
Fire marshal				
Salaries	325,357	323,997	304,518	19,479
Fringe benefits	85,685	85,685	78,641	7,044
Operating expenditures	71,160	97,351	94,740	2,611
Other services and charges	61,000	105,716	104,699	1,017
Capital outlay	-	102,146	101,695	451
Total fire marshal	<u>543,202</u>	<u>714,895</u>	<u>684,293</u>	<u>30,602</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, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Public safety (continued)				
Sheriff				
Salaries	\$ 8,328,738	\$ 8,311,672	\$ 8,054,009	\$ 257,663
Fringe benefits	2,065,503	2,065,503	1,942,060	123,443
Operating expenditures	1,834,900	1,981,962	1,967,503	14,459
Capital outlay	<u>375,000</u>	<u>392,250</u>	<u>387,784</u>	<u>4,466</u>
Total sheriff	<u>12,604,141</u>	<u>12,751,387</u>	<u>12,351,356</u>	<u>400,031</u>
Constable # 1				
Salaries	34,250	29,100	24,942	4,158
Fringe benefits	6,013	6,013	5,433	580
Operating expenditures	<u>10,400</u>	<u>15,550</u>	<u>15,442</u>	<u>108</u>
Total constable # 1	<u>50,663</u>	<u>50,663</u>	<u>45,817</u>	<u>4,846</u>
Constable # 2				
Salaries	34,712	34,712	34,712	-
Fringe benefits	11,229	11,229	10,900	329
Operating expenditures	<u>10,400</u>	<u>10,400</u>	<u>8,374</u>	<u>2,026</u>
Total constable # 2	<u>56,341</u>	<u>56,341</u>	<u>53,986</u>	<u>2,355</u>
Constable # 3				
Salaries	34,394	34,394	34,394	-
Fringe benefits	10,430	10,430	10,290	140
Operating expenditures	<u>10,400</u>	<u>10,400</u>	<u>10,000</u>	<u>400</u>
Total constable # 3	<u>55,224</u>	<u>55,224</u>	<u>54,684</u>	<u>540</u>
Constable # 4				
Salaries	34,394	34,394	34,393	1
Fringe benefits	11,174	11,174	10,798	376
Operating expenditures	<u>10,400</u>	<u>10,400</u>	<u>7,819</u>	<u>2,581</u>
Total constable # 4	<u>55,968</u>	<u>55,968</u>	<u>53,010</u>	<u>2,958</u>
Non-departmental				
Other services and charges				
City/County interlocal agreement	<u>1,752,689</u>	<u>1,763,704</u>	<u>1,763,704</u>	<u>-</u>
Total non-departmental	<u>1,752,689</u>	<u>1,763,704</u>	<u>1,763,704</u>	<u>-</u>
Total public safety	<u>15,118,228</u>	<u>15,448,182</u>	<u>15,006,850</u>	<u>441,332</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, 2012

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Culture and recreation (continued)				
Extension service				
Salaries	\$ 182,172	\$ 182,172	\$ 138,199	\$ 43,973
Fringe benefits	35,894	35,894	27,500	8,394
Operating expenditures	21,840	22,840	21,463	1,377
Other services and charges	13,500	13,500	13,301	199
Total extension service	<u>253,406</u>	<u>254,406</u>	<u>200,463</u>	<u>53,943</u>
Parks and recreation				
Salaries	33,604	33,604	33,604	-
Fringe benefits	10,291	10,291	10,066	225
Total parks and recreation	<u>43,895</u>	<u>43,895</u>	<u>43,670</u>	<u>225</u>
Total culture and recreation	<u>297,301</u>	<u>298,301</u>	<u>244,133</u>	<u>54,168</u>
Public health				
Emergency mgmt. / Flood plain				
Salaries	19,407	19,407	13,825	5,582
Fringe benefits	5,603	5,603	3,653	1,950
Operating expenditures	2,685	2,685	2,212	473
Total flood plain management	<u>27,695</u>	<u>27,695</u>	<u>19,690</u>	<u>8,005</u>
Total public health	<u>27,695</u>	<u>27,695</u>	<u>19,690</u>	<u>8,005</u>
Total expenditures	<u>30,458,121</u>	<u>31,114,251</u>	<u>30,066,245</u>	<u>1,048,006</u>
Excess (deficiency) of revenues over expenditures	<u>1,510,353</u>	<u>1,573,353</u>	<u>4,934,234</u>	<u>3,360,881</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	20,000	30,000	13,663	(16,337)
Transfers in	64,000	64,000	33,979	(30,021)
Transfers out	<u>(1,594,353)</u>	<u>(1,667,353)</u>	<u>(1,642,921)</u>	<u>24,432</u>
Total other financing sources (uses)	<u>(1,510,353)</u>	<u>(1,573,353)</u>	<u>(1,595,279)</u>	<u>(21,926)</u>
Change in fund balance	-	-	3,338,955	3,338,955
Fund balance, January 1	<u>7,654,965</u>	<u>7,654,965</u>	<u>7,654,965</u>	-
Fund balance, December 31	<u>\$ 7,654,965</u>	<u>\$ 7,654,965</u>	<u>\$ 10,993,920</u>	<u>\$ 3,338,955</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, 2012

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 679,625	\$ 691,531	\$ -	\$ 691,531
Delinquent taxes	12,000	15,366	134	15,232
Penalty and interest	7,000	7,284	39	7,245
Intergovernmental				
Vehicle license fees	143,000	147,220	-	147,220
Additional license fees	204,000	224,703	-	224,703
Permits	18,500	31,731	-	31,731
Investment income				
Interest	3,000	2,783	-	2,783
Miscellaneous	9,000	9,322	-	9,322
Total revenues	<u>1,076,125</u>	<u>1,129,940</u>	<u>173</u>	<u>1,129,767</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	466,202	446,619	(926)	447,545
Fringe benefits	146,309	130,045	788	129,257
Operating expenditures	391,382	365,355	14,784	350,571
Other services and charges	250	216	-	216
Capital outlay	77,314	77,313	-	77,313
Total expenditures	<u>1,081,457</u>	<u>1,019,548</u>	<u>14,646</u>	<u>1,004,902</u>
Excess (deficiency) of revenues over expenditures	<u>(5,332)</u>	<u>110,392</u>	<u>(14,473)</u>	<u>124,865</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	100	5,918	-	5,918
Transfers in	5,532	5,532	-	5,532
Total other financing sources (uses)	<u>5,632</u>	<u>11,450</u>	<u>-</u>	<u>11,450</u>
Change in fund balance	300	121,842	(14,473)	136,315
Fund balance, January 1	<u>196,555</u>	<u>196,555</u>	<u>97,850</u>	<u>98,705</u>
Fund balance, December 31	<u>\$ 196,855</u>	<u>\$ 318,397</u>	<u>\$ 83,377</u>	<u>\$ 235,020</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, 2012

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 639,647	\$ 650,853	\$ -	\$ 650,853
Delinquent taxes	10,000	14,579	126	14,453
Penalty and interest	6,000	6,857	37	6,820
Intergovernmental				
Vehicle license fees	131,000	143,955	-	143,955
Additional license fees	189,652	214,750	-	214,750
Permits	18,500	33,606	-	33,606
Investment income				
Interest	4,000	3,881	-	3,881
Miscellaneous	100	1,175	-	1,175
Total revenues	<u>998,899</u>	<u>1,069,656</u>	<u>163</u>	<u>1,069,493</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	380,099	361,268	(152)	361,420
Fringe benefits	124,351	101,633	1,477	100,156
Operating expenditures	540,616	454,564	4,335	450,229
Other services and charges	21,889	10,438	-	10,438
Capital outlay	70,000	62,429	-	62,429
Total expenditures	<u>1,136,955</u>	<u>990,332</u>	<u>5,660</u>	<u>984,672</u>
Excess (deficiency) of revenues over expenditures	<u>(138,056)</u>	<u>79,324</u>	<u>(5,497)</u>	<u>84,821</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	100	441	-	441
Transfers out	(2,044)	(2,044)	-	(2,044)
Total other financing sources (uses)	<u>(1,944)</u>	<u>(1,603)</u>	<u>-</u>	<u>(1,603)</u>
Change in fund balance	(140,000)	77,721	(5,497)	83,218
Fund balance, January 1	<u>591,769</u>	<u>591,769</u>	<u>179,287</u>	<u>412,482</u>
Fund balance, December 31	<u>\$ 451,769</u>	<u>\$ 669,490</u>	<u>\$ 173,790</u>	<u>\$ 495,700</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, 2012

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 626,321	\$ 637,293	\$ -	\$ 637,293
Delinquent taxes	10,000	14,044	123	13,921
Penalty and interest	5,400	6,714	36	6,678
Intergovernmental				
Vehicle license fees	131,000	143,955	-	143,955
Additional license fees	185,689	210,088	-	210,088
Permits	18,500	31,731	-	31,731
Investment income				
Interest	5,500	5,482	-	5,482
Miscellaneous	25,100	39,827	-	39,827
Total revenues	<u>1,007,510</u>	<u>1,089,134</u>	<u>159</u>	<u>1,088,975</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	491,091	452,013	(1,147)	453,160
Fringe benefits	152,172	138,271	1,543	136,728
Operating expenditures	331,703	273,872	(10,923)	284,795
Other services and charges	2,100	442	-	442
Capital outlay	186,800	179,264	-	179,264
Total expenditures	<u>1,163,866</u>	<u>1,043,862</u>	<u>(10,527)</u>	<u>1,054,389</u>
Excess (deficiency) of revenues over expenditures	<u>(156,356)</u>	<u>45,272</u>	<u>10,686</u>	<u>34,586</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	100	68,225	-	68,225
Transfers out	(1,744)	(1,744)	-	(1,744)
Total other financing sources (uses)	<u>(1,644)</u>	<u>66,481</u>	<u>-</u>	<u>66,481</u>
Change in fund balance	(158,000)	111,753	10,686	101,067
Fund balance, January 1	<u>759,522</u>	<u>759,522</u>	<u>74,826</u>	<u>684,696</u>
Fund balance, December 31	<u>\$ 601,522</u>	<u>\$ 871,275</u>	<u>\$ 85,512</u>	<u>\$ 785,763</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, 2012

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 719,603	\$ 732,209	\$ -	\$ 732,209
Delinquent taxes	12,000	16,269	141	16,128
Penalty and interest	7,200	7,713	42	7,671
Intergovernmental				
Vehicle license fees	131,000	143,955	-	143,955
Additional license fees	213,428	241,378	-	241,378
Permits	18,500	33,426	-	33,426
Investment income				
Interest	3,000	3,763	-	3,763
Miscellaneous	23,100	34,744	-	34,744
Total revenues	<u>1,127,831</u>	<u>1,213,457</u>	<u>183</u>	<u>1,213,274</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	485,959	437,157	(2,730)	439,887
Fringe benefits	138,230	126,237	400	125,837
Operating expenditures	505,455	446,555	(6,796)	453,351
Other services and charges	6,034	332	-	332
Capital outlay	22,169	15,040	-	15,040
Debt service	68,340	68,340	-	68,340
Total expenditures	<u>1,226,187</u>	<u>1,093,661</u>	<u>(9,126)</u>	<u>1,102,787</u>
Excess (deficiency) of revenues over expenditures	<u>(98,356)</u>	<u>119,796</u>	<u>9,309</u>	<u>110,487</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	100	362	-	362
Transfers out	(6,940)	(6,940)	(3,017)	(3,923)
Total other financing sources (uses)	<u>(6,840)</u>	<u>(6,578)</u>	<u>(3,017)</u>	<u>(3,561)</u>
Change in fund balance	(105,196)	113,218	6,292	106,926
Fund balance, January 1	<u>475,072</u>	<u>475,072</u>	<u>225,139</u>	<u>249,933</u>
Fund balance, December 31	<u>\$ 369,876</u>	<u>\$ 588,290</u>	<u>\$ 231,431</u>	<u>\$ 356,859</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, 2012

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,471,389	\$ 1,495,882	\$ -	\$ 1,495,882
Delinquent taxes	25,000	34,476	178	34,298
Penalty and interest	13,300	16,255	71	16,184
Investment income				
Interest	3,000	2,932	-	2,932
Total revenues	<u>1,512,689</u>	<u>1,549,545</u>	<u>249</u>	<u>1,549,296</u>
EXPENDITURES				
Debt service				
Principal retirement	1,275,000	1,275,000	-	1,275,000
Interest and fiscal charges	370,200	369,700	-	369,700
Total expenditures	<u>1,645,200</u>	<u>1,644,700</u>	<u>-</u>	<u>1,644,700</u>
Excess (deficiency) of revenues over expenditures	<u>(132,511)</u>	<u>(95,155)</u>	<u>249</u>	<u>(95,404)</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(132,511)	(95,155)	249	(95,404)
Fund balance, January 1	<u>431,835</u>	<u>431,835</u>	<u>(27,707)</u>	<u>459,542</u>
Fund balance, December 31	<u>\$ 299,324</u>	<u>\$ 336,680</u>	<u>\$ (27,458)</u>	<u>\$ 364,138</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, 2012

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
COUNTY CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 810,450	\$ 239,537	\$ 329,141	\$ 720,846
LIABILITIES				
Accounts payable	\$ 810,450	\$ 239,537	\$ 329,141	\$ 720,846
CRIMINAL DISTRICT ATTORNEY				
ASSETS				
Cash and cash equivalents	\$ 49,290	\$ 582,759	\$ 588,653	\$ 43,396
LIABILITIES				
Accounts payable	\$ 49,290	\$ 582,759	\$ 588,653	\$ 43,396
DISTRICT CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 1,423,067	\$ 1,924,142	\$ 1,309,299	\$ 2,037,910
LIABILITIES				
Accounts payable	\$ 1,423,067	\$ 1,924,142	\$ 1,309,299	\$ 2,037,910
CLERK'S SPECIAL				
ASSETS				
Cash and cash equivalents	\$ 259	\$ 13,744	\$ 14,003	\$ -
LIABILITIES				
Accounts payable	\$ 259	\$ 13,744	\$ 14,003	\$ -
JAIL INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 72,901	\$ 922,370	\$ 906,670	\$ 88,601
LIABILITIES				
Accounts payable	\$ 72,901	\$ 922,370	\$ 906,670	\$ 88,601
SHERIFF SPECIAL				
ASSETS				
Cash and cash equivalents	\$ 11,024	\$ 130,925	\$ 137,049	\$ 4,900
LIABILITIES				
Accounts payable	\$ 11,024	\$ 130,925	\$ 137,049	\$ 4,900

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2012

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
STATE FEES				
ASSETS				
Cash and cash equivalents	\$ 167,055	\$ 817,439	\$ 821,007	\$ 163,487
Other receivables	-	3,234	-	3,234
Total assets	\$ 167,055	\$ 820,673	\$ 821,007	\$ 166,721
LIABILITIES				
Accounts payable	\$ 167,055	\$ 820,673	\$ 821,007	\$ 166,721
JUSTICE OF THE PEACE-SPECIAL				
ASSETS				
Cash and cash equivalents	\$ 923	\$ 2,278	\$ 2,305	\$ 896
LIABILITIES				
Accounts payable	\$ 923	\$ 2,278	\$ 2,305	\$ 896
TAX ASSESSOR-COLLECTOR				
ASSETS				
Cash and cash equivalents	\$ 4,105,527	\$ 154,494,380	\$ 150,336,730	\$ 8,263,177
Other receivables	63,794	84,872	63,794	84,872
Total assets	\$ 4,169,321	\$ 154,579,252	\$ 150,400,524	\$ 8,348,049
LIABILITIES				
Accounts payable	\$ 15,295	\$ 146,241,112	\$ 146,246,498	9,909
Due to other governments	4,154,026	8,338,140	4,154,026	8,338,140
Total liabilities	\$ 4,169,321	\$ 154,579,252	\$ 150,400,524	\$ 8,348,049
JUVENILE RESTITUTION				
ASSETS				
Cash and cash equivalents	\$ 252	\$ 4,691	\$ 4,860	\$ 83
LIABILITIES				
Accounts payable	\$ 252	\$ 4,691	\$ 4,860	\$ 83
SPECIAL SERVICES				
ASSETS				
Cash and cash equivalents	\$ 410,405	\$ 2,775,830	\$ 3,015,441	\$ 170,794
Seized assets	104,600	125,900	138,000	92,500
Total assets	\$ 515,005	\$ 2,901,730	\$ 3,153,441	\$ 263,294
LIABILITIES				
Accounts payable	\$ 515,005	\$ 2,901,730	\$ 3,153,441	\$ 263,294

(continued)

COUNTY OF VICTORIA, TEXAS**AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the year ended December 31, 2012

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
JUVENILE INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 383	\$ 13,193	\$ 13,072	\$ 504
LIABILITIES				
Accounts payable	\$ 383	\$ 13,193	\$ 13,072	\$ 504
CDA STATE JUDICIARY FUND				
ASSETS				
Due from other governments	\$ 3,363	\$ 1,956	\$ 3,363	\$ 1,956
LIABILITIES				
Accounts payable	\$ 3,363	\$ 1,956	\$ 3,363	\$ 1,956
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 7,051,537	\$ 161,921,288	\$ 157,478,230	\$ 11,494,595
Other receivables	63,794	88,106	63,794	88,106
Due from other governments	3,363	1,956	3,363	1,956
Seized assets	104,600	125,900	138,000	92,500
Total assets	\$ 7,223,294	\$ 162,137,250	\$ 157,683,387	\$ 11,677,157
LIABILITIES				
Accounts payable	\$ 3,069,268	\$ 153,799,110	\$ 153,529,361	\$ 3,339,017
Due to other governments	4,154,026	8,338,140	4,154,026	8,338,140
Total liabilities	\$ 7,223,294	\$ 162,137,250	\$ 157,683,387	\$ 11,677,157

(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	126
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.....	137
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	150
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	155
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	157

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

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

(1) Accrual basis of accounting

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 14,451,437	\$ 16,490,648	\$ 18,800,745	\$ 13,801,455	\$ 16,692,542	\$ 17,634,287
354,100	484,274	479,495	478,249	688,673	1,735,505
<u>17,001,719</u>	<u>12,797,072</u>	<u>8,952,624</u>	<u>10,419,290</u>	<u>10,692,960</u>	<u>14,157,432</u>
<u>\$ 31,807,256</u>	<u>\$ 29,771,994</u>	<u>\$ 28,232,864</u>	<u>\$ 24,698,994</u>	<u>\$ 28,074,175</u>	<u>\$ 33,527,224</u>
\$ 9,881,812	\$ 9,991,881	\$ 10,069,793	\$ 9,572,959	\$ 9,245,449	\$ 8,841,867
56,927	155,922	155,866	48,710	(208,163)	(506,030)
<u>\$ 9,938,739</u>	<u>\$ 10,147,803</u>	<u>\$ 10,225,659</u>	<u>\$ 9,621,669</u>	<u>\$ 9,037,286</u>	<u>\$ 8,335,837</u>
\$ 24,333,249	\$ 26,482,529	\$ 28,870,538	\$ 23,374,414	\$ 25,937,991	\$ 26,476,154
354,100	484,274	479,495	478,249	688,673	1,735,505
<u>17,058,646</u>	<u>12,952,994</u>	<u>9,108,490</u>	<u>10,468,000</u>	<u>10,484,797</u>	<u>13,651,402</u>
<u>\$ 41,745,995</u>	<u>\$ 39,919,797</u>	<u>\$ 38,458,523</u>	<u>\$ 34,320,663</u>	<u>\$ 37,111,461</u>	<u>\$ 41,863,061</u>

COUNTY OF VICTORIA, TEXAS
CHANGES IN NET POSITION (1)
Last ten fiscal years

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 15,640,516	\$ 19,234,562	\$ 17,845,546	\$ 16,605,275	\$ 15,620,851	\$ 17,725,415
11,518,191	14,741,608	15,751,805	19,400,560	15,289,156	16,249,363
3,804,550	4,400,102	4,220,057	4,606,913	4,435,115	4,196,422
1,504,003	465,943	462,762	356,884	257,880	301,527
4,157,317	4,294,718	4,319,623	4,222,958	3,650,720	3,747,650
398,919	304,359	239,157	329,593	504,255	373,329
<u>37,023,496</u>	<u>43,441,292</u>	<u>42,838,950</u>	<u>45,522,183</u>	<u>39,757,977</u>	<u>42,593,706</u>
5,123,021	5,145,235	5,280,919	4,986,776	4,639,764	5,709,483
2,303,680	2,457,863	2,066,881	1,967,771	2,216,737	2,263,926
1,771,764	1,739,696	1,586,389	1,454,744	1,506,282	1,600,498
-	-	-	-	-	-
648,392	668,449	828,916	806,273	843,562	712,155
3,868,765	4,782,081	4,159,006	4,892,681	4,894,311	4,461,065
61,764	-	769,421	376,900	951,625	697,792
<u>13,777,386</u>	<u>14,793,324</u>	<u>14,691,532</u>	<u>14,485,145</u>	<u>15,052,281</u>	<u>15,444,919</u>
(23,246,110)	(28,647,968)	(28,147,418)	(31,037,038)	(24,705,696)	(27,148,787)
16,774,618	17,808,933	19,199,929	19,632,861	19,323,241	20,738,029
7,371,870	7,813,529	6,620,902	7,523,254	10,028,625	10,984,845
228,363	210,783	223,178	215,614	224,920	235,893
328,962	365,459	200,591	53,401	352,549	139,310
1,215,536	507,091	166,674	101,623	119,708	114,897
-	-	-	-	-	-
410,217	379,770	606,628	416,368	636,498	388,862
-	-	-	-	-	-
-	-	-	-	-	-
(648,126)	(472,859)	(409,614)	(439,953)	(11,113)	-
-	-	-	-	(2,616,446)	-
<u>25,681,440</u>	<u>26,612,706</u>	<u>26,608,288</u>	<u>27,503,168</u>	<u>28,057,982</u>	<u>32,601,836</u>
\$ <u>2,435,330</u>	\$ <u>(2,035,262)</u>	\$ <u>(1,539,130)</u>	\$ <u>(3,533,870)</u>	\$ <u>3,352,286</u>	\$ <u>5,453,049</u>

(continued)

COUNTY OF VICTORIA, TEXAS
CHANGES IN NET POSITION (1)
Last ten fiscal years

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

(1) Accrual basis of accounting

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 2,874,801	\$ 3,678,423	\$ 2,950,244	\$ 3,503,128	\$ 3,737,407	\$ 3,822,529
576,777	583,104	608,712	583,222	579,775	623,215
104,128	117,250	92,737	95,089	101,378	143,356
<u>3,555,706</u>	<u>4,378,777</u>	<u>3,651,693</u>	<u>4,181,439</u>	<u>4,418,560</u>	<u>4,589,100</u>
1,685,134	2,604,426	1,860,584	2,324,719	2,932,268	3,009,756
547,157	512,461	528,143	538,088	544,203	545,557
90,917	94,666	98,235	88,605	152,934	156,172
7,494	27,152	6,522	-	42,190	33,694
1,080,710	865,997	825,097	185,325	148,968	142,087
<u>3,411,412</u>	<u>4,104,702</u>	<u>3,318,581</u>	<u>3,136,737</u>	<u>3,820,563</u>	<u>3,887,266</u>
(144,294)	(274,075)	(333,112)	(1,044,702)	(597,997)	(701,834)
17,659	10,280	1,354	759	417	385
-	-	-	-	-	-
3,916	-	-	-	-	-
648,126	472,859	409,614	439,953	11,113	-
<u>669,701</u>	<u>483,139</u>	<u>410,968</u>	<u>440,712</u>	<u>11,530</u>	<u>385</u>
\$ <u>525,407</u>	\$ <u>209,064</u>	\$ <u>77,856</u>	\$ <u>(603,990)</u>	\$ <u>(586,467)</u>	\$ <u>(701,449)</u>
\$ <u>2,960,737</u>	\$ <u>(1,826,198)</u>	\$ <u>(1,461,274)</u>	\$ <u>(4,137,860)</u>	\$ <u>2,765,819</u>	\$ <u>4,751,600</u>

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Nonspendable				
Advance to Airport Fund	\$ -	\$ -	\$ -	\$ -
Unassigned				
Reserved				
Advances	494,610.00	297,670.00	362,219.00	362,219.00
Adult Probation	31,108	33,999	24,513	26,882
Deferred expenditures	-	-	-	275,913
Unreserved	<u>2,895,612</u>	<u>5,641,834</u>	<u>8,139,621</u>	<u>11,273,877</u>
Total general fund	<u>\$ 3,421,330</u>	<u>\$ 5,973,503</u>	<u>\$ 8,526,353</u>	<u>\$ 11,938,891</u>
All Other Governmental Funds				
Restricted				
Various capital projects	\$ -	\$ -	\$ -	\$ -
Road & bridge	-	-	-	-
Juvenile probation services	-	-	-	-
County/District Clerks	-	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Courthouse security	-	-	-	-
Retirement of long-term debt	-	-	-	-
Various government costs	-	-	-	-
Unassigned				
Unreserved, reported in				
Special revenue funds	3,449,442	3,246,520	2,460,438	2,303,054
Capital project funds	626,255	678,986	304,760	-
Debt service funds	<u>151,540</u>	<u>212,187</u>	<u>252,772</u>	<u>126,807</u>
Total all other governmental funds	<u>\$ 4,227,237</u>	<u>\$ 4,137,693</u>	<u>\$ 3,017,970</u>	<u>\$ 2,429,861</u>

(1) Modified accrual basis of accounting

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

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ -	\$ 544,545 8,663,446	\$ 626,131 11,665,011
211,766.00	120,690.00	50,848.00	110,132.00	-	-
15,767	17,149	8,675	10,959	-	-
8,794	-	-	-	-	-
<u>12,267,877</u>	<u>8,230,983</u>	<u>3,965,140</u>	<u>5,375,150</u>	-	-
<u>\$ 12,504,204</u>	<u>\$ 8,368,822</u>	<u>\$ 4,024,663</u>	<u>\$ 5,496,241</u>	<u>\$ 9,207,991</u>	<u>\$ 12,291,142</u>
\$ -	\$ -	\$ -	\$ -	\$ 284,958	\$ -
-	-	-	-	1,445,816	1,873,342
-	-	-	-	64,638	77,290
-	-	-	-	94,637	96,009
-	-	-	-	405,272	890,226
-	-	-	-	51,866	131,961
-	-	-	-	41,832	49,861
-	-	-	-	459,542	364,138
-	-	-	-	106,673	121,785
-	-	-	-	(494,655)	(2,363)
2,992,795	2,671,741	2,686,483	2,320,819	-	-
-	-	-	867,511	-	-
<u>117,545</u>	<u>204,365</u>	<u>272,958</u>	<u>427,767</u>	-	-
<u>\$ 3,110,340</u>	<u>\$ 2,876,106</u>	<u>\$ 2,959,441</u>	<u>\$ 3,616,097</u>	<u>\$ 2,460,579</u>	<u>\$ 3,602,249</u>

COUNTY OF VICTORIA, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 17,902,538	\$ 19,855,785	\$ 21,232,178	\$ 23,030,801
Fees of office and user fees	2,207,983	2,595,533	2,472,287	2,820,340
Intergovernmental	10,546,682	10,035,336	9,830,274	9,432,658
Fines and forfeitures	1,619,602	1,403,048	1,463,626	1,589,568
Investment income	223,670	272,257	585,742	1,028,984
Licenses and permits	40,053	36,451	33,524	37,074
Contributions	10,847	36,466	16,085	13,389
Miscellaneous	1,470,100	1,167,551	867,932	811,325
Total revenues	34,021,475	35,402,427	36,501,648	38,764,139
Expenditures				
Current				
General government	13,068,813	13,277,443	14,278,131	14,921,068
Public safety	8,614,925	8,963,262	9,283,373	10,682,752
Highways and streets	3,331,107	3,808,439	4,337,766	4,327,674
Culture and recreation	1,109,649	1,157,450	1,241,058	1,298,407
Public health	3,554,074	3,489,244	3,712,723	3,903,367
Capital outlay	2,971,375	542,487	643,352	155,250
Debt service				
Principal retirement	975,000	1,160,000	1,225,000	1,265,000
Interest and fiscal charges	592,782	440,642	417,093	377,923
Bond issue costs	84,130	-	-	-
Total expenditures	34,301,855	32,838,967	35,138,496	36,931,441
Excess (deficiency) of revenues over expenditures	(361,380)	2,563,460	1,363,152	1,832,698
Other financing sources (uses)				
Proceeds from refunding issue	3,379,969	-	-	-
Payment to escrow	(3,292,343)	-	-	-
Capital lease proceeds	182,393	139,923	-	1,493,422
Capital lease refinancing proceeds	-	2,351,458	-	-
Capital lease refinancing payments	-	(2,272,716)	-	-
Sales of assets	108,245	392,955	303,975	103,309
Transfers in	1,630,468	1,967,450	2,091,364	1,976,294
Transfers out	(1,970,485)	(2,205,907)	(2,325,364)	(2,581,294)
Debt Issued	8,400	-	-	-
Premium on issuance of bonds	-	-	-	-
Discount on issuance of bonds	-	-	-	-
Payment from component unit	-	-	-	-
Payment to component unit	(65,000)	-	-	-
Total other financing sources (uses)	(18,353)	373,163	69,975	991,731
Change in fund balances	\$ (379,733)	\$ 2,936,623	\$ 1,433,127	\$ 2,824,429
Debt service as a percentage of noncapital expenditures	<u>5.30%</u>	<u>5.14%</u>	<u>4.88%</u>	<u>4.67%</u>

(1) Modified accrual basis of accounting

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 24,218,139	\$ 25,882,890	\$ 26,161,569	\$ 27,320,324	\$ 29,991,355	\$ 31,798,763
2,867,161	2,755,103	2,978,655	2,832,777	2,790,150	2,920,101
8,985,485	10,490,501	8,954,716	9,307,493	10,179,382	9,591,479
1,742,243	1,422,624	1,415,132	1,346,014	1,532,844	2,013,009
1,213,768	507,091	166,674	101,623	117,724	112,268
33,967	38,501	53,966	45,907	53,464	43,709
11,510	25,565	5,350	1,568	301,344	93,459
882,228	843,912	876,511	812,004	1,043,917	1,137,283
<u>39,954,501</u>	<u>41,966,187</u>	<u>40,612,573</u>	<u>41,767,710</u>	<u>46,010,180</u>	<u>47,710,071</u>
15,770,505	19,430,296	17,629,258	16,423,517	15,685,961	17,145,686
11,406,589	14,020,458	15,306,966	19,620,535	15,657,442	16,258,277
4,048,835	4,713,221	4,228,163	4,450,977	4,764,971	4,164,237
1,460,636	418,550	389,558	287,088	216,113	247,849
4,152,679	4,294,492	4,289,732	4,231,648	3,597,910	3,690,149
94,590	734,192	175,844	754,460	2,296,901	342,427
1,300,000	1,360,000	1,405,000	840,000	1,115,000	1,275,000
337,967	293,390	244,250	149,083	524,982	369,700
-	-	-	226,361	-	-
<u>38,571,801</u>	<u>45,264,599</u>	<u>43,668,771</u>	<u>46,983,669</u>	<u>43,859,280</u>	<u>43,493,325</u>
1,382,700	(3,298,412)	(3,056,198)	(5,215,959)	2,150,900	4,216,746
-	-	-	-	-	-
-	-	-	(3,871,647)	-	-
446,095	105,324	282,872	-	197,699	-
-	-	-	-	-	-
-	-	-	-	-	-
65,123	46,331	122,116	28,044	207,633	88,609
2,260,283	1,960,363	2,437,560	4,663,724	1,711,506	1,789,111
(2,908,409)	(3,183,222)	(4,047,174)	(6,069,165)	(1,711,506)	(1,789,111)
-	-	-	12,330,000	-	-
-	-	-	312,734	-	-
-	-	-	(49,497)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(136,908)</u>	<u>(1,071,204)</u>	<u>(1,204,626)</u>	<u>7,344,193</u>	<u>405,332</u>	<u>88,609</u>
\$ <u>1,245,792</u>	\$ <u>(4,369,616)</u>	\$ <u>(4,260,824)</u>	\$ <u>2,128,234</u>	\$ <u>2,556,232</u>	\$ <u>4,305,355</u>
<u>4.46%</u>	<u>3.81%</u>	<u>3.88%</u>	<u>2.25%</u>	<u>4.13%</u>	<u>3.97%</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>
2003	\$ 12,700,002	\$ 133,220	\$ 4,921,323	\$ 17,754,545
2004	14,103,669	143,147	5,546,861	19,793,677
2005	15,099,157	199,308	6,005,659	21,304,124
2006	15,676,262	200,983	7,153,556	23,030,801
2007	16,671,552	174,717	7,371,870	24,218,139
2008	17,862,422	206,939	7,813,529	25,882,890
2009	19,291,055	249,612	6,620,902	26,161,569
2010	19,557,729	239,340	7,523,254	27,320,323
2011	19,724,908	237,820	10,028,625	29,991,353
2012	20,596,342	217,575	10,984,845	31,798,762
Change 2003-2012	62.18%	63.32%	123.21%	79.10%

- (1) Fiscal year 2005 through 2012 revenues are reported on the modified accrual basis of accounting. Fiscal years 2004 and prior are reported on the budgetary (cash) 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

Last ten fiscal years

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2003	2002	\$ 1,625,755,010	\$ 1,307,594,240	\$ 319,775,450	\$ 910,136,402	\$ 101,305,210
2004	2003	1,670,101,235	1,285,202,470	320,599,730	938,958,351	92,863,880
2005	2004	1,782,811,934	1,237,970,296	335,934,884	1,035,824,147	132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690
2012	2011	2,752,838,752	1,438,589,864	969,349,009	1,495,456,938	97,841,460

(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>
\$ 707,407,494	\$ 3,557,158,818	\$ 0.3201	\$ 3,557,158,818	100.00%
754,830,546	3,552,895,120	0.3536	3,552,895,120	100.00%
812,709,653	3,711,965,388	0.3536	3,711,965,388	100.00%
806,522,045	3,960,206,494	0.3486	3,960,206,494	100.00%
1,261,388,725	4,250,272,719	0.3436	4,250,272,719	100.00%
1,313,651,006	4,589,870,585	0.3436	4,589,870,585	100.00%
1,301,579,120	5,008,901,871	0.3436	5,008,901,871	100.00%
1,338,712,521	5,055,702,048	0.3436	5,055,702,048	100.00%
1,561,725,565	5,063,721,455	0.3436	5,063,721,455	100.00%
1,493,386,391	5,260,689,632	0.3436	5,260,689,632	100.00%

COUNTY OF VICTORIA, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten fiscal years

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2003	2002	\$ 1,625,755,010	\$ 1,307,594,240	\$ 319,775,450	\$ 910,136,402	\$101,305,210
2004	2003	1,670,101,235	1,285,202,470	320,599,730	938,958,351	92,863,880
2005	2004	1,782,811,934	1,237,970,296	335,934,884	1,035,824,147	132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690
2012	2011	2,752,838,752	1,438,589,864	969,349,009	1,495,456,938	97,841,460

(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>
\$ 817,364,812	\$ 3,447,201,500	\$ 0.0400	\$ 3,447,201,500	100.00%
868,888,776	3,438,836,890	0.0450	3,438,836,890	100.00%
926,295,902	3,598,379,139	0.0450	3,598,379,139	100.00%
924,708,177	3,842,020,362	0.0500	3,842,020,362	100.00%
1,379,896,539	4,131,764,905	0.0550	4,131,764,905	100.00%
1,437,997,578	4,465,524,013	0.0550	4,465,524,013	100.00%
1,431,114,690	4,879,366,301	0.0550	4,879,366,301	100.00%
1,469,496,100	4,924,918,469	0.0550	4,924,918,469	100.00%
1,685,999,800	4,939,447,220	0.0550	4,939,447,220	100.00%
1,615,648,723	5,138,427,300	0.0550	5,138,427,300	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.
2003	\$ 0.0437	\$ 0.2764	\$ 0.0400	\$ 0.3601	\$ 0.7000	\$ 0.0404	\$ 0.1394	\$ 1.5535	\$ 1.6630
2004	0.0461	0.3075	0.0450	0.3986	0.7000	0.0402	0.1491	1.5535	1.6672
2005	0.0435	0.3101	0.0450	0.3986	0.6900	0.0386	0.1461	1.5535	1.6433
2006	0.0368	0.3118	0.0500	0.3986	0.6900	0.0369	0.1416	1.5535	1.6433
2007	0.0379	0.3057	0.0550	0.3986	0.6900	0.0335	0.1416	1.4285	1.4913
2008	0.0380	0.3056	0.0550	0.3986	0.6750	0.0317	0.1445	1.2337	1.2101
2009	0.0349	0.3087	0.0550	0.3986	0.6500	0.0314	0.1445	1.3094	1.2101
2010	0.0228	0.3208	0.0550	0.3986	0.6450	0.0306	0.1534	1.3227	1.5150
2011	0.0328	0.3108	0.0550	0.3986	0.6500	0.0304	0.1531	1.3226	1.5150
2012	0.0295	0.3141	0.0550	0.3986	0.6450	0.0296	0.1606	1.3226	1.5150

SOURCE: Victoria County Appraisal District

Overlapping Rates

Industrial I.S.D.	Nursery I.S.D.	McFaddin I.S.D.	W.C.I.D #1	W.C.I.D #2	V.C.D.D. #2	V.C.D.D. #3	Ground Water District	Quail Creek M.U.D.	Total
\$ 1.9387	\$ 1.3700	\$ 1.5000	\$ 0.6262	\$ 1.0332	\$ 0.1103	\$ 0.0500	\$ -	\$ 0.1900	\$ 10.9147
1.8485	0.8998	1.5000	0.6146	1.0187	0.1241	0.0500	-	0.1937	10.3594
1.7361	1.0250	1.4500	0.6162	0.9911	0.1247	0.0477	-	0.1896	10.2519
1.5893	1.3700	1.4600	0.4947	0.9016	0.1240	0.0460	-	0.1840	10.2349
1.3600	1.2540	1.4395	0.4687	0.9391	0.1120	0.0461	0.0100	0.1777	9.5920
1.3234	1.1565	1.1875	0.6772	0.8757	0.1131	0.0427	0.0100	0.1749	8.8560
1.3770	1.1055	1.1650	0.7246	1.0529	0.1116	0.0398	0.0100	0.1768	9.1086
1.3725	1.1055	1.1725	0.7246	1.1000	0.1180	0.0382	0.00995	0.1768	9.4848
1.3433	1.1000	1.1575	0.7246	1.1051	0.1180	0.0381	0.00946	0.1844	9.4515
1.3119	1.1000	1.1750	0.7394	1.0621	0.1226	0.0360	0.00915	0.1800	9.4090

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

2012		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista S A R L	\$ 208,395,750	4.44%
South Texas Electric Coop Inc	87,836,330	1.87%
Invista S A R L	85,798,610	1.83%
Pioneer Natural Resources	53,056,350	1.13%
AEP Texas Central Co	36,764,900	0.78%
E.I. DuPont De Nemours and Company	35,810,620	0.76%
Stewart & Stevenson MFG Tech	33,508,050	0.71%
EES Leasing LLC	31,751,720	0.68%
Union Pacific Railroad Co	29,380,720	0.63%
Equistar Chemicals LP Property Tax Dept	24,652,290	0.53%
	<u>\$ 626,955,340</u>	<u>13.36%</u>

2003		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
E.I. DuPont De Nemours and Company	\$ 549,542,790	12.89%
Equistar Chemicals LP	51,451,550	1.21%
AEP Central Power and Light	49,355,650	1.16%
Air Liquide America Corp.	43,356,250	1.02%
Southwestern Bell Telephone Company	35,796,510	0.84%
Victoria Retail Properties, LP	26,848,150	0.63%
Carlisle Plastics, Inc	24,865,210	0.58%
Victoria Hospital, LLC	20,023,220	0.47%
Union Gas Operating Co.	18,924,480	0.44%
Central Power and Light	17,079,520	0.40%
	<u>\$ 837,243,330</u>	<u>19.64%</u>

SOURCE: Victoria County Tax Assessor/Collector

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 12,565,142	\$ 13,930	\$ 12,579,072	\$ 12,297,626	97.76%
2005	13,128,311	293,542	13,421,853	13,134,288	97.86%
2006	13,807,127	(69,838)	13,737,289	13,471,286	98.06%
2007	14,548,615	(49,062)	14,499,553	14,199,891	97.93%
2008	15,579,099	(40,217)	15,538,882	15,213,071	97.90%
2009	16,908,347	(68,191)	16,840,156	16,440,126	97.62%
2010	17,002,193	(23,581)	16,978,612	16,574,735	97.62%
2011	16,992,274	(8,598)	16,983,676	16,670,742	98.16%
2012	17,727,309	110,888	17,838,197	17,564,074	98.46%

(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
\$ 245,826	\$ 12,543,452	99.72%
250,588	13,384,876	99.72%
227,947	13,699,233	99.72%
255,726	14,455,617	99.70%
268,154	15,481,225	99.63%
333,348	16,773,474	99.60%
303,540	16,878,275	99.41%
182,570	16,853,312	99.23%
56,982	17,621,056	98.78%

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 1,547,823	\$ 1,324	\$ 1,549,147	\$ 1,515,798	97.85%
2005	1,619,739	34,839	1,654,578	1,620,549	97.94%
2006	1,921,399	(10,937)	1,910,462	1,875,102	98.15%
2007	2,245,643	(8,130)	2,237,513	2,192,993	98.01%
2008	2,407,502	(9,521)	2,397,981	2,348,887	97.95%
2009	2,619,091	(11,872)	2,607,219	2,549,796	97.80%
2010	2,634,083	(1,743)	2,632,340	2,571,251	97.68%
2011	2,636,862	(1,398)	2,635,464	2,588,470	98.22%
2012	2,756,259	17,860	2,774,119	2,733,005	98.52%

(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
\$ 28,915	\$ 1,544,713	99.71%
29,458	1,650,007	99.72%
30,091	1,905,193	99.72%
37,890	2,230,883	99.70%
40,355	2,389,242	99.64%
47,417	2,597,213	99.62%
45,994	2,617,245	99.43%
27,427	2,615,897	99.26%
8,610	2,741,615	98.83%

COUNTY OF VICTORIA, TEXAS

SALES TAX REVENUE

Last ten fiscal years

<u>Fiscal Year</u>		<u>Collections</u>
2003	\$	4,921,323
2004		5,546,861
2005		5,883,458
2006		6,918,443
2007		7,179,370
2008		7,584,672
2009		6,664,519
2010		6,975,893
2011		9,179,189
2012		10,662,768

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

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

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

<u>Fiscal Year</u>	<u>Direct Rate County</u>	<u>Overlapping Rates</u>		<u>Total</u>
		<u>City of Victoria</u>	<u>State of Texas</u>	
2003	0.50%	1.50%	6.25%	8.25%
2004	0.50%	1.50%	6.25%	8.25%
2005	0.50%	1.50%	6.25%	8.25%
2006	0.50%	1.50%	6.25%	8.25%
2007	0.50%	1.50%	6.25%	8.25%
2008	0.50%	1.50%	6.25%	8.25%
2009	0.50%	1.50%	6.25%	8.25%
2010	0.50%	1.50%	6.25%	8.25%
2011	0.50%	1.50%	6.25%	8.25%
2012	0.50%	1.50%	6.25%	8.25%

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

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

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

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Obligation	General Obligation Bonds	Revenue Bonds			
2003	\$ 5,000,000	\$ 7,715,000	\$ 1,370,000	\$ 14,085,000	0.82%	\$ 164.94
2004	4,700,000	6,855,000	1,305,000	12,860,000	0.71%	149.79
2005	4,385,000	5,945,000	1,235,000	11,565,000	0.44%	135.03
2006	4,060,000	5,005,000	1,160,000	10,225,000	0.36%	118.63
2007	3,720,000	4,045,000	1,085,000	8,850,000	0.29%	102.68
2008	3,370,000	3,035,000	1,005,000	7,410,000	0.23%	85.25
2009	3,005,000	1,995,000	920,000	5,920,000	0.18%	68.65
2010	8,895,000	3,830,000	830,000	13,555,000	0.40%	157.18
2011	8,315,000	3,295,000	730,000	12,340,000	0.33%	140.96
2012	7,995,000	2,340,000	625,000	10,960,000	N/A	122.77

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

N/A denotes information not available

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

<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>
2003	\$ 12,715,000	\$ 151,540	\$ 12,563,460	0.29%	\$ 147.12
2004	11,555,000	212,187	11,342,813	0.26%	132.12
2005	10,330,000	252,772	10,077,228	0.22%	117.66
2006	9,065,000	126,807	8,938,193	0.19%	103.70
2007	7,765,000	117,545	7,647,455	0.14%	88.73
2008	6,405,000	204,365	6,200,635	0.11%	71.34
2009	5,000,000	272,958	4,727,042	0.07%	54.82
2010	12,725,000	427,767	12,297,233	0.19%	142.60
2011	11,610,000	459,542	11,150,458	0.17%	127.37
2012	10,335,000	364,138	9,970,862	0.15%	111.69

SOURCE: County of Victoria

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

December 31, 2012

	<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	12/31/2012	<u>\$ 9,970,862</u>	100.00%	<u>\$ 9,970,862</u>
Overlapping Debt:				
City of Victoria	9/30/2012	96,832,548	100.00%	96,832,548
Victoria County Navigation District	12/31/2012	15,961,905	100.00%	15,961,905
Victoria Junior College District	8/31/2012	16,821,576	100.00%	16,821,576
Victoria Independent School District	8/31/2012	164,052,382	100.00%	164,052,382
Industrial Independent School District	8/31/2012	3,585,000	25.46%	912,741
Victoria County Water Control and Improvement District #1	6/30/2012	3,340,000	100.00%	3,340,000
Victoria County Water Control and Improvement District #2	9/30/2012	<u>542,258</u>	100.00%	<u>542,258</u>
Total Overlapping Debt		<u>301,135,669</u>		<u>298,463,410</u>
Total		<u>\$ 311,106,531</u>		<u>\$ 308,434,272</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			
	2003	2004	2005	2006
Debt limit	\$ 1,066,141,578	\$ 1,076,931,417	\$ 1,131,168,760	\$ 1,191,682,135
Total net debt applicable to limit	<u>12,563,460</u>	<u>11,342,813</u>	<u>10,077,228</u>	<u>8,938,193</u>
Legal debt margin	<u>\$ 1,053,578,118</u>	<u>\$ 1,065,588,604</u>	<u>\$ 1,121,091,532</u>	<u>\$ 1,182,743,942</u>
Total net debt applicable to the limit as a percentage of debt limit	1.18%	1.05%	0.89%	0.75%

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 1,377,915,361	\$ 1,475,880,398	1,577,620,248	1,598,603,642	1,656,361,755	1,688,519,006
<u>7,647,455</u>	<u>6,200,635</u>	<u>4,727,042</u>	<u>12,297,233</u>	<u>11,150,458</u>	<u>9,970,862</u>
<u>\$ 1,370,267,906</u>	<u>\$ 1,469,679,763</u>	<u>\$ 1,572,893,206</u>	<u>\$ 1,586,306,409</u>	<u>\$ 1,645,211,297</u>	<u>\$ 1,678,548,144</u>
0.56%	0.42%	0.30%	0.77%	0.67%	0.59%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 6,754,076,023
Debt limit	1,688,519,006
Debt applicable to limit	
General obligation bonds	10,335,000
Less: Debt Service Fund Balance	<u>364,138</u>
Total amount of debt applicable to debt limit	<u>9,970,862</u>
Legal debt margin	<u>\$ 1,678,548,144</u>

COUNTY OF VICTORIA, TEXAS
DEMOGRAPHIC 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>
2003	85,395	\$ 1,721,244	\$ 27,952	5.2%
2004	85,853	1,810,364	29,399	5.2%
2005	85,648	2,656,877	31,261	5.4%
2006	86,191	2,838,256	33,331	4.1%
2007	86,291	3,026,271	35,121	3.5%
2008	86,916	3,278,989	37,788	3.9%
2009	86,236	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	N/A	N/A	5.5%

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 2012 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>	2012	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,148	4.86%
The Inteplast Group	2,000	4.53%
Formosa Plastics	1,750	3.96%
Citizens Medical Center	1,050	2.38%
DeTar Healthcare System	1,030	2.33%
Alcoa	643	1.46%
City of Victoria	611	1.38%
Invista	600	1.36%
Calhoun Independent School District	581	1.32%
DOW-Seadrift Operations	580	1.31%
	<u>10,993</u>	<u>24.89%</u>

<u>Employer</u>	2003	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,229	5.20%
The Inteplast Group	1,500	3.50%
Formosa Plastics	1,500	3.50%
Citizens Medical Center	1,235	2.88%
DeTar Healthcare System	940	2.19%
Koch-Invista	814	1.90%
Dow-Seadrift Operations	670	1.56%
Calhoun Independent School District	609	1.42%
Alcoa	604	1.41%
City of Victoria	591	1.38%
	<u>10,692</u>	<u>24.96%</u>

SOURCE: Victoria Economic Development Corporation

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

COUNTY OF VICTORIA, TEXAS

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

Last ten fiscal years

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

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

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

Fiscal Year						
2007	2008	2009	2010	2011	2012	
3	3	3	3	3	3	3
1	2	1	1	1	1	1
1	1	2	2	2	1	2
16	16	16	16	16	16	16
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	2	2	2
2	2	2	2	2	2	2
10	11	11	11	11	11	11
15	14	16	16	16	14	14
2	2	3	3	3	3	3
2	2	3	3	3	3	3
5	5	5	5	5	4	4
3	3	3	3	3	4	4
22	22	23	23	23	24	25
3	3	3	3	3	3	3
8	8	8	8	8	8	8
5	5	5	5	5	5	5
15	15	16	16	16	16	16
4	4	4	4	4	4	4
7	7	7	7	7	7	7
8	8	11	11	11	11	10
68	68	68	68	68	68	66
2	2	6	6	6	6	7
182	184	194	198	198	198	198
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
2	2	2	2	1	1	1
7	7	7	7	7	7	6
69	68	69	69	69	60	57
42	42	43	43	43	43	43
19	19	15	15	15	14	14
2	2	2	2	2	2	2
3	3	3	3	3	3	3
<u>536</u>	<u>538</u>	<u>559</u>	<u>562</u>	<u>550</u>	<u>546</u>	

COUNTY OF VICTORIA, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last seven fiscal years

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

NOTE: Information for fiscal years 2003 through 2005 was not readily available.

Fiscal Year		
2010	2011	2012
2,017	1,972	2,162
2,333	1,974	2,038
455	491	412
581	498	416
102	109	86
101	120	107
822	954	1,075
899	896	1,059
2,600	3,836	2,851
1,726	3,583	3,211
1,080	1,131	1,256
10,510	8,704	8,384
2,273	1,784	8,340
4	2	4
18,291	17,707	17,932
18,030	16,777	17,584
86,812	89,937	94,698
N/A	6,531	6,153
72	38	13
19	27	19
12,625	8,424	7,853
891	875	1,214
3,151	2,041	1,179
2,378	3,530	4,908
271	3	5
8,085	8,030	8,263
15	19	20

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

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

SOURCES: Various County Departments

Texas Department of Transportation

Fiscal Year					
2007	2008	2009	2010	2011	2012
9 3	9 3	8 3	8 3	8 3	8 3
1 58	1 61	1 68	1 74	1 76	1 89
1 5	1 4	1 4	1 7	1 7	1 7
595.49 90 2	595.49 90 2	599.18 90 3	600.26 90 3	600.26 90 3	600.26 90 3
95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1
1	1	1	1	1	1
6 1	6 1	6 1	6 1	6 1	6 1
1	1	1	1	1	1

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
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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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 24, 2013. Our report includes a reference to other auditors who audited the financial statements of the Citizens Medical Center and the Victoria County Child Welfare Board, as described in our report on the County's financial statements. The financial statements were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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 & Uheuk, LLP

June 24, 2013



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Victoria, Texas' (the "County") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2012. 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 the requirements of laws, regulations, contracts and grants applicable to its major 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Single Audit Circular*. Those standards, the OMB Circular A-133, and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2012.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harrison, Waldrop & Ullrich, LLP

June 24, 2013

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

For the year ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL EXPENDITURES			
U. S. Department of Transportation			
<i>Passed Through the Texas Department of Transportation</i>			
Occupant Protection-STEP-Click It or Ticket	20.602	2012-VictoriaCoSo-CIOT-00013	\$ 6,238
<i>Passed Through the Texas Department of Public Safety</i>			
Hazardous Materials Emergency Preparedness Planning	20.703	405-TDEM-12-23328	48,800
Total U.S. Department of Transportation			<u>55,038</u>
U. S. Department of Homeland Security			
<i>Passed Through the Transportation Security Administration</i>			
Airport Law Enforcement Personnel Program	97.090	HSTS0213HSLR723	12,060
Airport Law Enforcement Personnel Program	97.090	HSTS0208HSLR354	15,695
Total Transportation Security Administration			<u>27,755</u>
<i>Passed Through Federal Emergency Management Agency</i>			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-07896	7,549
<i>Passed Through the Governor's Division of Emergency Management</i>			
Public Assistance Grant	97.036	FEMA-3294 EM	22,477
State Homeland Security Grant	97.073	2010-SS-TO-0008	13,728
State Homeland Security Grant	97.073	2009-SS-T9-0064	37,784
Operation Stonegarden	97.067	2010-SS-TO-0008	123,950
Operation Stonegarden	97.067	2011-SS-0019	258,876
Hazard Mitigation Grant	97.039	FEMA-1780-046-DR	15,308
Emergency Management Performance Grant	97.042	11TX-EMPG-0605	52,794
Total Governor's Division of Emergency Management			<u>524,917</u>
Total U.S. Department of Homeland Security			<u>560,221</u>
U. S. Department of Justice			
Community Oriented Policing Services	16.710	2010CKWX0276	49,881
Bulletproof Vest Partnership Program	16.607	N/A	9,723
Southwest Border Prosecution Initiative Program	16.755	441235235	48,075
State Criminal Alien Assistance Program (SCAAP)	16.606	2011-AP-BX-0465	23,635
			<u>131,314</u>

(continued)

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

For the year ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL EXPENDITURES - (Continued)			
U. S. Department of Justice - (Continued)			
<i>Passed Through the Office of Governor of Texas, Criminal Justice Division</i>			
Victoria County Gang Prevention and Intervention Program	16.544	CG-10-J20-26025-01	\$ 19,586
Edward Byrne Memorial Justice Assistance Grant	16.738	2011DJBX3181	16,124
Victims Coordinator Liason Grant	16.575	1227099	25,242
Victims Coordinator Liason Grant	16.575	1333293	16,025
Victims Coordinator Liason Grant	16.575	1227107	26,260
Victims Coordinator Liason Grant	16.575	1333301	<u>16,656</u>
Total Office of Governor of Texas, Criminal Justice Division			<u>119,893</u>
Total U.S. Department of Justice			<u>251,207</u>
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	2013-042720	214,032
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2012-03989	<u>622,974</u>
Total Texas Department of State Health Services			<u>837,006</u>
<i>Passed Through Texas Department of Health and Human Services Commission</i>			
School Breakfast Program	10.553	75-8802	26,531
National School Lunch Program	10.555	75-8802	48,768
Non-Cash Assistance (Commodities)	10.555	N/A	<u>1,932</u>
Total Texas Department of Health and Human Services Commission			<u>77,231</u>
Total U.S. Department of Agriculture			<u>914,237</u>
U. S. Department of Health and Human Services			
<i>Passed Through Texas Department of State Health Services</i>			
Bioterrorism Preparedness	93.283	2013-041444	23,759
Bioterrorism Preparedness	93.283	2011-038798	28,427
Immunization Grant	93.268	2013-041444	57,356
Immunization Grant	93.268	2012-039680	121,601
RLSS/LPHS	93.991	2013-041444	41,271
RLSS/LPHS	93.991	2012-039442	<u>133,000</u>
Total Texas Department of State Health Services			<u>405,414</u>

(continued)

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

For the year ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL EXPENDITURES - (Continued)			
U. S. Department of Health and Human Services - (Continued)			
<i>Passed Through Alamo Area Development Corporation</i>			
Ryan White Part B - State Services 2011-2012	93.917	N/A	\$ 57,186
Ryan White Part B - State Services 2012-2013	93.917	N/A	17,709
Ryan White Part B - Service Delivery 2011-2012	93.917	N/A	61,389
Ryan White Part B - Service Delivery 2012	93.917	N/A	88,663
Ryan White Part B - Service Delivery 2012-2013	93.917	N/A	<u>64,735</u>
Total Alamo Area Development Corporation			<u>289,682</u>
<i>Passed Through Texas Department of Family and Protective Services</i>			
Title IV-E Legal Services	93.658	23940843	<u>32,080</u>
Total U.S. Department of Health and Human Services			<u>727,176</u>
U. S. Department of Housing and Urban Development			
<i>Passed Through Texas Department of Rural Affairs</i>			
Texas Community Development Block Grant Program	14.228	DRS010195	119,455
Texas Community Development Block Grant Program	14.228	711499	<u>181,803</u>
Total Texas Department of Rural Affairs			<u>301,258</u>
<i>Passed Through Texas Department of Health in Bexar County</i>			
HOPWA 2011-2012	14.241	2011/2012 VCCHD	4,586
HOPWA 2012	14.241	2012 VCCHD	21,207
HOPWA 2012-2013	14.241	2012/2013 VCCHD	<u>36,107</u>
Total Texas Department of Health in Bexar County			<u>61,900</u>
Total U.S. Department of Housing and Urban Development			<u>363,158</u>
U. S. General Services Administration			
<i>Passed Through Texas Facilities Commission</i>			
Donation of Federal Surplus Personal Property	39.003	15490	<u>8,077</u>
Total U.S. General Services Administration			<u>8,077</u>
U. S. Department of the Interior			
Coastal Impact Assistance Program (CIAP)	15.426	F12AF00832	<u>455,275</u>
Total U.S. Department of the Interior			<u>455,275</u>

(continued)

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL EXPENDITURES - (Continued)			
U. S. Election Assistance Commission			
<i>Passed Through Texas Secretary of State-Elections Division</i>			
General HAVA Compliance	90.401	78339	<u>\$ 18,500</u>
Total U.S. Election Assistance Commission			<u>18,500</u>
TOTAL FEDERAL EXPENDITURES			<u>3,352,889</u>
STATE EXPENDITURES			
Texas Department of State Health Services			
Influenza-Like Illness Surveillance Network	N/A	2012-40421-001	2,635
RLS/Potentially Preventable Hospitalizations	N/A	2012-040277	<u>93,608</u>
			<u>96,243</u>
<i>Passed Through Southwest Texas Regional Advisory Council</i>			
Public Health Preparedness	N/A	N/A	<u>9,986</u>
Total Texas Department of State Health Services			<u>106,229</u>
Texas Juvenile Probation Commission			
State Aid	N/A	TJPC-A-2012-235	485,913
State Aid	N/A	TJPC-A-2013-235	290,545
Commitment Reduction Program	N/A	TJPC-C-2012-235	92,111
Commitment Reduction Program	N/A	TJPC-C-2013-235	<u>65,795</u>
Total Texas Juvenile Probation Commission			<u>934,364</u>
Texas Forest Service			
State of Texas Emergency Grant	N/A	N/A	<u>10,000</u>
Texas Department of Public Safety			
<i>Passed Through the Governor's Division of Emergency Management</i>			
Local Border Security Program	N/A	LBSP-12-0025	<u>103,181</u>

(continued)

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

For the year ended December 31, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
STATE EXPENDITURES - (Continued)			
Texas Department of Transportation			
Airport Project Participation	N/A	1113VICTO	\$ 170,278
Routine Airport Maintenance Program	N/A	M213VICTO	10,000
Alcohol Impaired Driving Countermeasures Incentive Grant	N/A	N/A	<u>4,000</u>
Total Texas Department of Transportation			<u>184,278</u>
Texas Task Force on Indigent Defense			
Indigent Defense	N/A	N/A	<u>46,872</u>
TOTAL STATE EXPENDITURES			<u>1,204,646</u>
TOTAL FEDERAL AND STATE EXPENDITURES			<u>\$ 4,557,535</u>

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

COUNTY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2012

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUBRECIPIENTS

Of the federal and state expenditures presented in the Schedule of Expenditures of Federal and State Awards, the County provided federal and state awards to subrecipients as follows:

<u>Program Title</u>	<u>Pass Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Federal Awards			
Texas Community Development Block Grant	711499	14.228	\$ <u>181,803</u>
Total Federal Awards			<u>181,803</u>
State Awards			
RLS/Potentially Preventable Hospitalizations	2012-040277		<u>93,608</u>
Total State Awards			<u>93,608</u>
Total Federal And State Awards Provided to Subrecipients			\$ <u>275,411</u>

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2012

Section I - Summary of Auditors' Results

Financial Statements

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

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

yes no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
97.067	Operation Stonegarden Grant
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
N/A	Texas Juvenile Justice Department-2012-235/2013-235

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2012

None were reported.

