

# COUNTY OF VICTORIA, TEXAS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2015

**COUNTY OF VICTORIA, TEXAS**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*For the year ended December 31, 2015*

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

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
County Auditor's Letter of Transmittal .....	i
Organizational Chart .....	v
Directory of Principal Officials .....	vi
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	4
<b><u>Basic Financial Statements</u></b>	
Government-wide Financial Statements	
Statement of Net Position - Statutory Basis .....	14
Statement of Activities - Statutory Basis .....	16
Fund Financial Statements	
Balance Sheet - Statutory Basis - Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities - Statutory Basis .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Statutory Basis - Governmental Funds .....	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities - Statutory Basis .....	21
Statement of Net Position - Statutory Basis - Proprietary Funds .....	22
Statement of Revenues, Expenses, and Changes in Fund Net Position - Statutory Basis - Proprietary Funds .....	23
Statement of Cash Flows - Statutory Basis - Proprietary Funds .....	24
Statement of Net Position - Fiduciary Funds .....	26
Statement of Changes in Net Position - Fiduciary Funds .....	27
Statement of Net Position - Component Units .....	28
Statement of Activities - Component Units .....	29
Notes to Financial Statements .....	31
<b><u>Required Supplementary Information</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund - Statutory Basis .....	81
Schedule of Changes in Net Pension Liability and Related Ratios .....	82
Schedule of Employer Contributions .....	83
Notes to Required Supplementary Information .....	85
<b><u>Combining and Individual Fund Statements and Schedules</u></b>	
<i>Governmental Funds</i>	
Combining Statements	
Combining Balance Sheet - Statutory Basis - All Nonmajor Governmental Funds .....	86

**TABLE OF CONTENTS  
(Continued)**

	<u>Page</u>
<b>FINANCIAL SECTION - (Continued)</b>	
<b><u>Combining and Individual Fund Statements and Schedules - (Continued)</u></b>	
<i>Governmental Funds - (Continued)</i>	
Combining Statements - (Continued)	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Statutory Basis - All Nonmajor Governmental Funds .....	87
Nonmajor Special Revenue Funds.....	88
Combining Balance Sheet - Statutory Basis - All Nonmajor Special Revenue Funds .....	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Statutory Basis - All Nonmajor Special Revenue Funds.....	93
Combining Balance Sheet - Statutory Basis - Nonmajor Road and Bridge Special Revenue Funds .....	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Statutory Basis - Nonmajor Road and Bridge Special Revenue Funds .....	95
Combining Balance Sheet - Statutory Basis - Nonmajor Other Special Revenue Funds .....	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Statutory Basis - Nonmajor Other Special Revenue Funds.....	103
Individual Statements and Schedules	
General Fund .....	111
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual.....	112
Nonmajor Special Revenue Funds.....	120
Road and Bridge Precinct No. 1 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Statutory Basis .....	121
Road and Bridge Precinct No. 2 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Statutory Basis .....	122
Road and Bridge Precinct No. 3 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Statutory Basis .....	123
Road and Bridge Precinct No. 4 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Statutory Basis .....	124
Nonmajor Debt Service Fund .....	125
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	126
<i>Fiduciary Funds</i>	
Agency Funds.....	127
Combining Statement of Changes in Assets and Liabilities.....	128

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**TABLE OF CONTENTS  
(Continued)**

	<u>Page</u>
<b>STATISTICAL SECTION</b> .....	131
<b><u>Financial Trends</u></b>	
Net Position by Component .....	132
Changes in Net Position.....	134
Fund Balances, Governmental Funds .....	138
Changes in Fund Balances, Governmental Funds .....	140
Tax Revenues by Source, Governmental Funds .....	142
<b><u>Revenue Capacity</u></b>	
Assessed and Estimated Actual Value of Taxable Property - General and I&S.....	143
Assessed and Estimated Actual Value of Taxable Property - Road and Bridge .....	145
Direct and Overlapping Property Tax Rates .....	147
Principal Property Taxpayers (Unaudited) .....	149
Property Tax Levies and Collections - General and I&S .....	150
Property Tax Levies and Collections - Road and Bridge .....	152
Sales Tax Revenue.....	154
Direct and Overlapping Sales Tax Rates.....	155
<b><u>Debt Capacity</u></b>	
Ratios of Outstanding Debt by Type .....	156
Ratios of Net General Bonded Debt Outstanding .....	158
Direct and Overlapping Governmental Activities Debt (Unaudited).....	159
Legal Debt Margin Information.....	160
<b><u>Demographic and Economic Information</u></b>	
Demographic and Economic Statistics (Unaudited).....	162
Principal Employers (Unaudited).....	163

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**TABLE OF CONTENTS  
(Continued)**

	<u>Page</u>
<b>STATISTICAL SECTION - (Continued)</b>	
<u>Operating Information</u>	
Full-Time-Equivalent County Governmental Employees by Function/Program .....	164
Operating Indicators by Function/Program .....	166
Capital Asset Statistics by Function/Program .....	168
<b>SINGLE AUDIT SECTION</b>	
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 <i>Government Auditing Standards</i> .....	170
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	172
Schedule of Expenditures of Federal and State Awards .....	174
Notes to Schedule of Expenditures of Federal and State Awards .....	182
Schedule of Findings and Questioned Costs .....	183
Schedule of Prior Audit Findings .....	184

## **INTRODUCTORY SECTION**



**Judy McAdams, CPA**  
**COUNTY AUDITOR**  
**VICTORIA COUNTY, TEXAS**

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June 20, 2016

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, 2015. 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 92,382.

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

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

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

The County records reflect modest debt levels, rapid principal amortization, and acceptable reserve levels that have benefited from sound fiscal management practices. The County practices conservative budgeting and sets General Fund reserve targets at 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 \$4.4 million in ad valorem taxes collected in October, November, and December of 2015, and are instead reported as unavailable revenues.

**Long-Term Financial Planning** - The County of Victoria has identified several long-term issues that need to be prioritized and funded by the Commissioners' Court. These priorities include adding additional

courtrooms for the increasing caseload of jury trials and purchasing new property to build Justice of the Peace Offices for those locations that are currently being rented. The County is preparing a master plan for the airport property that will identify improvements that need to be made to develop the landside of the property, including demolishing several aging buildings. The County is also 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



**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

NAME	POSITION
Judy McAdams, CPA	County Auditor
Ronald W. Pray	County Fire Marshal

## **FINANCIAL SECTION**



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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Citizens Medical Center, which represent 78 percent, 86 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, 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 Victoria County Navigation District and the Citizens Medical Center were not audited in accordance with *Government Auditing Standards*.

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

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 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

#### Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statutory basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, and the respective statutory basis changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365 described in Note 1.

#### Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*". Our opinion is not modified with respect to this matter.

#### Other Matters

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

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

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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the statutory basis financial statements that collectively comprise the County's basic financial statements. The introductory section, statutory basis combining and individual major and nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular* and are not a required part of the basic financial statements.

The statutory basis combining and individual major and nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

June 20, 2016

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, 2015. The discussion and analysis should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the financial statements. The discussion and analysis includes comparative data for the prior year.

**FINANCIAL HIGHLIGHTS**

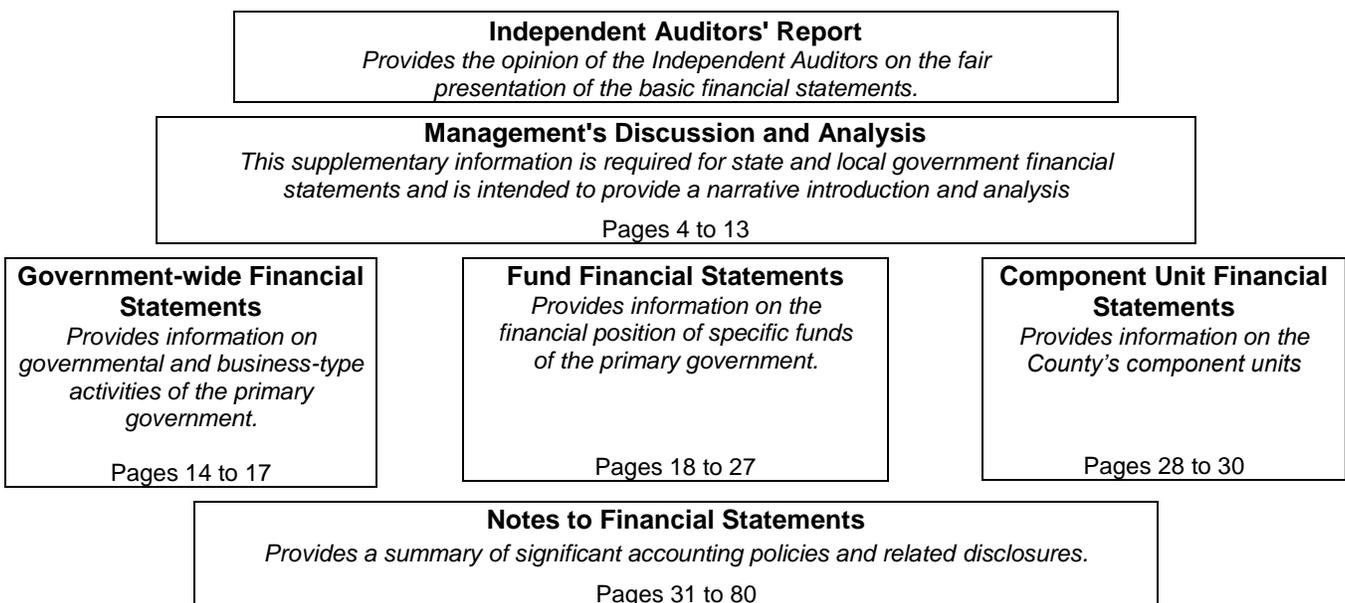
- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2015, by \$40,764,664. Of this amount \$12,497,773 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2015, the County's governmental funds reported combined ending fund balances of \$27,575,737. The amount available for governmental discretion (unassigned fund balance) is \$18,954,639.
- At December 31, 2015, the fund balance for the General Fund was \$20,596,000, a \$2,515,462 increase over last year. The unassigned portion of fund balance was \$18,954,639 or 92% of total General Fund balance or 56% of total General Fund expenditures for 2015.
- The County's general obligation debt netted a decrease of \$795,000. The key factor in this decrease was the payment of principal on the outstanding debt during 2015.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**Organization and Flow of Financial Section Information**



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## OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

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

The *statement of net 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 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, culture and recreation, and public health. The business-type activities of the County include the airport, Navarro project, and other (commissary).

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

The government-wide financial statements can be found on pages 14-17 of this report.

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

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

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

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements and schedules following the required supplementary information.

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## OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

The County adopts an annual appropriated budget for its General Fund, road and bridge special revenue funds, and Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget and is located on pages 112-119 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 121-126 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 31-80 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 81-85 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 86-130 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$40,764,664 at the close of the year ended December 31, 2015.

### County of Victoria, Texas

#### NET POSITION (Statutory Basis)

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014	2015	2014*
Current and other assets	\$ 60,409,397	\$ 58,677,002	\$ (1,039,000)	\$ (939,979)	\$ 59,370,397	\$ 57,737,023
Capital assets (net)	30,323,184	30,268,058	8,172,038	8,436,735	38,495,222	38,704,793
Total assets	90,732,581	88,945,060	7,133,038	7,496,756	97,865,619	96,441,816
Deferred outflow of resources	1,674,153	21,477	-	-	1,674,153	21,477
Current and other liabilities	4,439,217	5,683,681	472,299	410,809	4,911,516	6,094,490
Noncurrent liabilities	28,614,981	28,991,033	9,840	8,773	28,624,821	28,999,806
Total liabilities	33,054,198	34,674,714	482,139	419,582	33,536,337	35,094,296
Deferred inflow of resources	25,238,771	24,248,742	-	-	25,238,771	24,248,742
Net position						
Net investment in						
capital assets	18,533,816	19,248,568	8,172,038	8,436,735	26,705,854	27,685,303
Restricted	1,561,037	1,818,838	-	-	1,561,037	1,818,838
Unrestricted	14,018,912	8,975,675	(1,521,139)	(1,359,561)	12,497,773	7,616,114
Total net position	\$ 34,113,765	\$ 30,043,081	\$ 6,650,899	\$ 7,077,174	\$ 40,764,664	\$ 37,120,255

\* 2014 Net position for the governmental activities has been restated. See Note 18 of this report.

The largest portion of the County's net position (66%) 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 \$1,561,037, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$12,497,773) 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)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014*</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014*</b>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 9,382,815	\$ 10,409,481	\$ 5,017,389	\$ 4,343,052	\$ 14,400,204	\$ 14,752,533
Operating grants & contributions	4,440,829	4,651,866	65,148	91,031	4,505,977	4,742,897
Capital grants & contributions	-	398,800	243,803	440,400	243,803	839,200
General revenues:						
Property taxes	25,407,422	23,817,161	-	-	25,407,422	23,817,161
Other taxes	10,957,866	12,120,467	-	-	10,957,866	12,120,467
Other	1,096,201	1,562,138	1,153	12,560	1,097,354	1,574,698
<b>Total revenues</b>	<b>51,285,133</b>	<b>52,959,913</b>	<b>5,327,493</b>	<b>4,887,043</b>	<b>56,612,626</b>	<b>57,846,956</b>
<b>EXPENSES</b>						
General governmental	18,521,250	19,041,903	-	-	18,521,250	19,041,903
Public safety	18,684,796	19,021,706	-	-	18,684,796	19,021,706
Highways and streets	5,444,923	6,098,697	-	-	5,444,923	6,098,697
Culture and recreation	306,605	332,869	-	-	306,605	332,869
Public health	3,527,448	3,551,753	-	-	3,527,448	3,551,753
Interest on long-term debt	433,173	785,052	-	-	433,173	785,052
Airport	-	-	5,323,304	4,722,858	5,323,304	4,722,858
Navarro project	-	-	612,894	591,031	612,894	591,031
Commissary	-	-	113,824	129,621	113,824	129,621
<b>Total expenses</b>	<b>46,918,195</b>	<b>48,831,980</b>	<b>6,050,022</b>	<b>5,443,510</b>	<b>52,968,217</b>	<b>54,275,490</b>
Change in net position before transfers	4,366,938	4,127,933	(722,529)	(556,467)	3,644,409	3,571,466
Transfers	(296,254)	(255,786)	296,254	255,786	-	-
Change in net position	4,070,684	3,872,147	(426,275)	(300,681)	3,644,409	3,571,466
<b>Net position - January 1, 2015</b>	<b>30,043,081</b>	<b>37,787,070</b>	<b>7,077,174</b>	<b>7,377,855</b>	<b>37,120,255</b>	<b>45,164,925</b>
Impact of change in acctg. principle	-	(11,616,136)	-	-	-	(11,616,136)
<b>Net position - December 31, 2015</b>	<b>\$ 34,113,765</b>	<b>\$ 30,043,081</b>	<b>\$ 6,650,899</b>	<b>\$ 7,077,174</b>	<b>\$ 40,764,664</b>	<b>\$ 37,120,255</b>

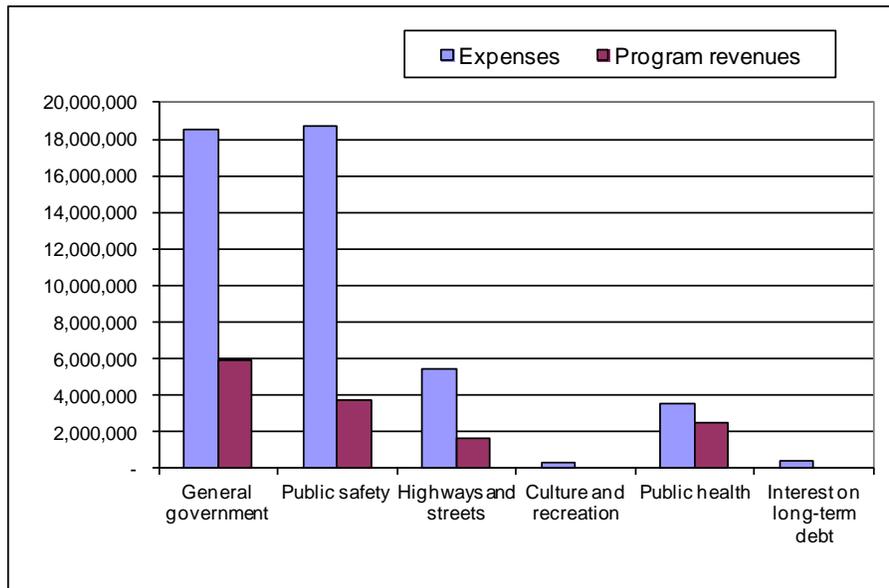
\* 2014 Net position for the governmental activities has been restated. See Note 18 of this report.

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

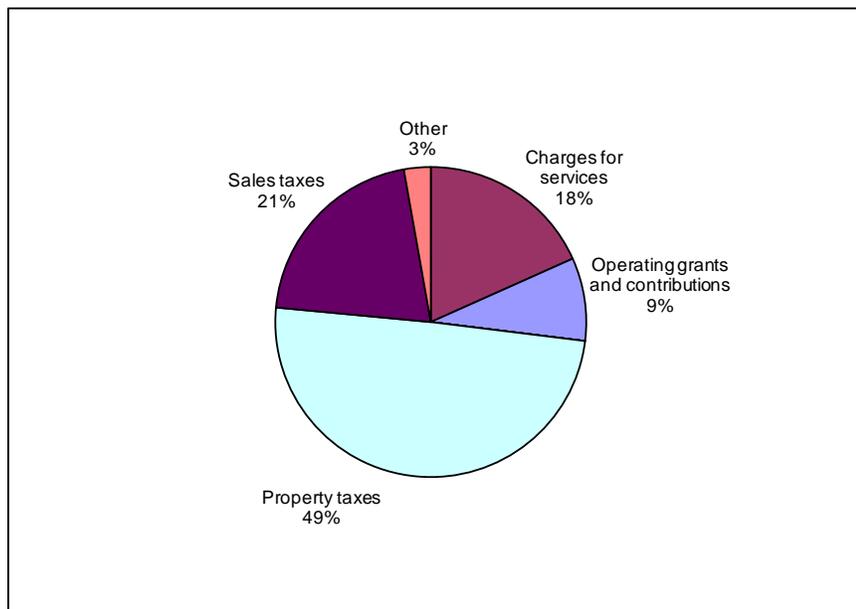
**Governmental activities.** Governmental activities increased the County’s net position by \$4,070,684, thereby accounting for the majority of the total increase in the net position of the County. Key elements of this increase are as follows:

- Property tax revenues increased \$1,590,261 and sales tax revenue decreased \$1,197,797 from the prior year.
- Total expenses decreased \$1,858,665 or 4% from the prior year.

**Expenses and Program Revenues - Governmental Activities**



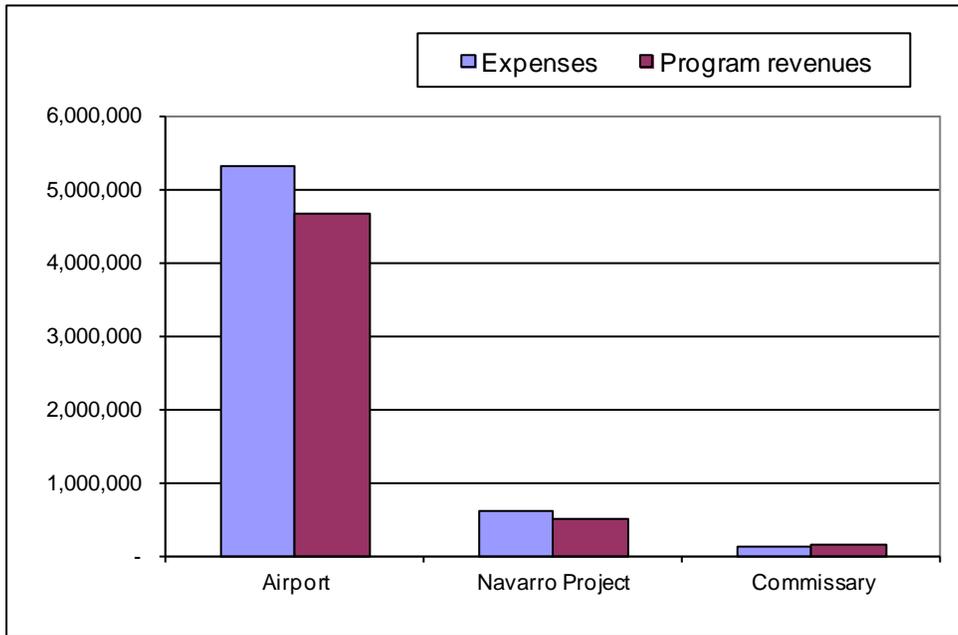
**Revenues by Source - Governmental Activities**



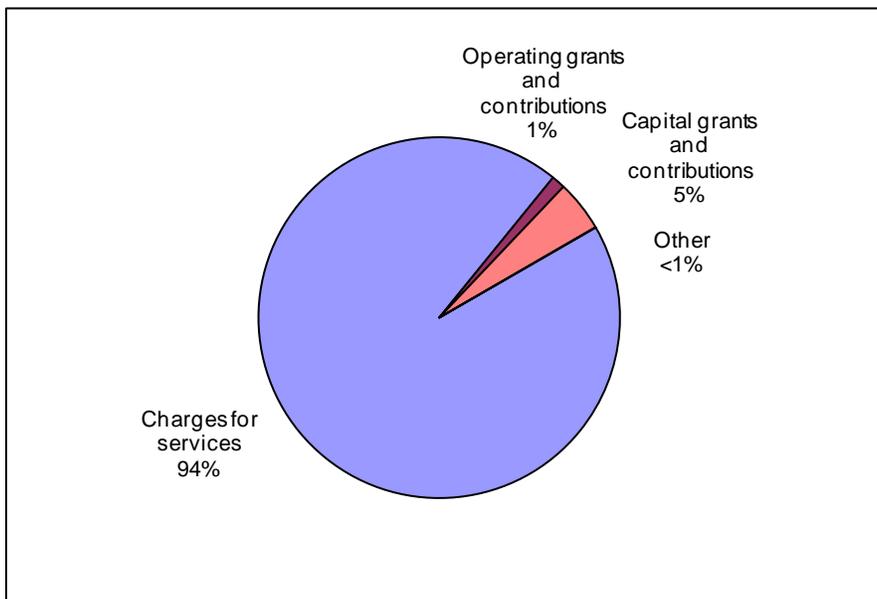
**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**Business-type activities.** Business-type activities decreased the County's net position by \$426,275. This change was mainly due to a combined increase in expenses of \$606,512 or 11% compared to 2014.

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



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



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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. Non-financial assets such as governmental buildings, roads, park land and long-term liabilities that will not be paid with current assets are excluded.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$27,575,737, an increase of \$1,203,659 in comparison with the prior year. Of the total fund balance, \$18,954,639 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$6,979,737 is *restricted* to specific types of expenditures and \$1,641,361 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 \$18,954,639, while total fund balance was \$20,596,000. 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 56% of total General Fund expenditures, while total fund balance represents 61% of that same amount.

The fund balance of the County's General Fund increased by \$2,515,462 during the current year. This increase is due mainly to an increase in property 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:

<b>Fund</b>	<b>2015</b>	<b>2014</b>
	<b>Unrestricted Net Position</b>	<b>Unrestricted Net Position</b>
Airport	\$ (1,511,644)	\$ (1,246,997)
Navarro Project	(186,456)	(239,466)
Commissary	176,961	126,902
<b>Total</b>	<b>\$ (1,521,139)</b>	<b>\$ (1,359,561)</b>

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 \$180,941 and can be briefly summarized as follows:

- \$172,614 in miscellaneous decreases in general governmental expenditures, mainly due to a reduction of contingency expenditures.
- \$352,555 in miscellaneous increases in public safety expenditures, due to increased expenditures for the purchase of new vehicles and repairs and maintenance for the Sheriff’s Office.

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

For 2015, the General Fund’s actual expenditures came in \$1,721,586 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2015.

**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, 2015, amounts to \$38,495,222 (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 0.5% (a 0.2% increase for governmental activities and a 3% decrease for business-type activities).

County of Victoria, Texas							
CAPITAL ASSETS							
(Net of Depreciation)							
	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014	2015	2014	
Land	\$ 2,466,342	\$ 2,466,342	\$ 149,433	\$ 149,433	\$ 2,615,775	\$ 2,615,775	
Construction in progress	240,944	1,559,945	1,126,866	648,968	1,367,810	2,208,913	
Buildings	10,429,492	10,590,852	221,119	293,489	10,650,611	10,884,341	
Improvements	7,138,873	6,913,044	6,383,566	7,073,330	13,522,439	13,986,374	
Machinery and equipment	6,885,319	6,914,475	291,054	271,510	7,176,373	7,185,985	
Infrastructure	3,162,214	1,823,400	-	-	3,162,214	1,823,400	
<b>Total</b>	<b>\$ 30,323,184</b>	<b>\$ 30,268,058</b>	<b>\$ 8,172,038</b>	<b>\$ 8,436,730</b>	<b>\$ 38,495,222</b>	<b>\$ 38,704,788</b>	

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, 2015, consisted of the following:
  - Equipment had a net decrease of \$9,612 due to current year depreciation and the acquisition of new vehicles for the Sheriff’s Office and the Health Department, a new compactor for the Road & Bridge Precinct Number 2, and generators for the jail and EOC.
  - Construction in Progress decreased by \$1,319,001 due to several capital projects that due to the completion of the Goldman Street building project, the Old Bloomington Road project, and the complete installation of the jail generator.
  - Infrastructure increased by \$1,338,814 due to the completion of the Old Bloomington Road project.

**CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)**

**Capital Assets. - (Continued)**

- o The additions to the business-type activities capital assets during the year ended December 31, 2015, consisted mainly of the costs incurred on the water and sewer system improvement project for the airport.

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

**Long-term debt.** At the end of the current year, the County had total bonded debt outstanding of \$14,187,049. This debt is backed by the full faith and credit of the government.

<b>County of Victoria, Texas</b>						
<b>Outstanding Debt and Net Bond Premium (Discount)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>
Certificates of obligation	\$ 13,340,000	\$ 13,680,000	\$ -	\$ -	\$ 13,340,000	\$ 13,680,000
General obligation bonds	470,000	925,000	-	-	470,000	925,000
Issuance discount	(35,163)	(37,638)	-	-	(35,163)	(37,638)
Issuance premiums	412,212	456,904	-	-	412,212	456,904
<b>Total</b>	<b>\$ 14,187,049</b>	<b>\$ 15,024,266</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,187,049</b>	<b>\$ 15,024,266</b>

The County's total debt decreased by \$837,217 (6%) during the current year, this was due to the principal payments on the debt and the amortization of the related discounts and premiums. The County maintains an “AA” rating from Standard & Poor’s, and Fitch Ratings for general obligation debt. Additional information on the County’s long-term debt can be found in Note 14.

**Economic Factors and Next Year’s Budgets and Rates**

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

The final 2016 budget was adopted by Commissioners’ Court on September 21, 2015. The budget included a 3.9% salary increase to employees and County Officials and added 1 1/2 new positions in the General Fund. The property tax rate was set at \$0.3959 (39.59 cents) per \$100 assessed taxable valuation, which reflects a decrease of \$0.0027 per \$100 assessed taxable valuation from the prior year. The taxable valuation increased for the 2016 year by \$197 million which will result in an increase of tax revenue of \$515,660.

**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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 31,543,568	\$ 341,921	\$ 31,885,489	\$ 82,766,964
Receivables (net)	25,601,577	432,946	26,034,523	18,422,680
Internal balances	247,057	(247,057)	-	-
Due from other governments	1,345,261	3,676	1,348,937	12,618,468
Due from external parties	30,573	-	30,573	-
Inventory	-	70,875	70,875	2,248,593
Prepaid items	-	-	-	1,150,578
<b>Total current assets</b>	<b>58,768,036</b>	<b>602,361</b>	<b>59,370,397</b>	<b>117,207,283</b>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	2,707,286	1,276,299	3,983,585	26,180,655
Buildings, improvements, and equipment (net)	27,615,898	6,895,739	34,511,637	94,481,027
Other assets	-	-	-	8,032,641
Noncurrent internal balances	1,641,361	(1,641,361)	-	-
<b>Total noncurrent assets</b>	<b>31,964,545</b>	<b>6,530,677</b>	<b>38,495,222</b>	<b>128,694,323</b>
<b>Total assets</b>	<b>90,732,581</b>	<b>7,133,038</b>	<b>97,865,619</b>	<b>245,901,606</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	3,703	-	3,703	-
Deferred outflow related to pension	1,670,450	-	1,670,450	4,469,587
<b>Total deferred outflows of resources</b>	<b>1,674,153</b>	<b>-</b>	<b>1,674,153</b>	<b>4,469,587</b>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 1,325,701	\$ 381,861	\$ 1,707,562	\$ 8,833,050
Accrued expenses	489,536	16,364	505,900	11,947,465
Accrued interest payable	255,230	-	255,230	58,449
Due to other governments	269,501	-	269,501	-
Claims payable	208,050	-	208,050	-
Deposits	1,400	5,500	6,900	-
Unearned revenue	3,189	53,150	56,339	-
Accrued compensated absences	739,760	15,424	755,184	-
Current portion of long-term obligations	<u>1,146,850</u>	<u>-</u>	<u>1,146,850</u>	<u>1,160,000</u>
Total current liabilities	<u>4,439,217</u>	<u>472,299</u>	<u>4,911,516</u>	<u>21,998,964</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	16,305,060	9,840	16,314,900	23,841,689
Net pension liability	<u>12,309,921</u>	<u>-</u>	<u>12,309,921</u>	<u>-</u>
Total noncurrent liabilities	<u>28,614,981</u>	<u>9,840</u>	<u>28,624,821</u>	<u>23,841,689</u>
<b>Total liabilities</b>	<u>33,054,198</u>	<u>482,139</u>	<u>33,536,337</u>	<u>45,840,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	25,238,771	-	25,238,771	1,931,639
Deferred inflow related to pension	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,714</u>
<b>Total deferred inflows of resources</b>	<u>25,238,771</u>	<u>-</u>	<u>25,238,771</u>	<u>3,299,353</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,533,816	8,172,038	26,705,854	106,783,774
Restricted for:				
Debt service	388,843	-	388,843	37,753
Other purposes	1,172,194	-	1,172,194	-
Unrestricted	<u>14,018,912</u>	<u>(1,521,139)</u>	<u>12,497,773</u>	<u>94,409,660</u>
<b>Total net position</b>	<u>\$ 34,113,765</u>	<u>\$ 6,650,899</u>	<u>\$ 40,764,664</u>	<u>\$ 201,231,187</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES - STATUTORY BASIS**  
For the year ended December 31, 2015

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 18,521,250	\$ 4,795,027	\$ 1,116,661	\$ -
Public safety	18,684,796	2,504,511	1,218,391	-
Highways and streets	5,444,923	1,496,157	205,440	-
Culture and recreation	306,605	-	-	-
Public health	3,527,448	587,120	1,900,337	-
Interest on long-term debt	433,173	-	-	-
Total governmental activities	<u>46,918,195</u>	<u>9,382,815</u>	<u>4,440,829</u>	<u>-</u>
Business-type activities				
Airport	5,323,304	4,351,312	65,148	243,803
Navarro Project	612,894	504,534	-	-
Commissary	113,824	161,543	-	-
Total business-type activities	<u>6,050,022</u>	<u>5,017,389</u>	<u>65,148</u>	<u>243,803</u>
Total primary government	<u>\$ 52,968,217</u>	<u>\$ 14,400,204</u>	<u>\$ 4,505,977</u>	<u>\$ 243,803</u>
<b>Component Units</b>	<u>\$ 270,151,258</u>	<u>\$ 238,139,080</u>	<u>\$ 5,940</u>	<u>\$ 6,502</u>

General revenues  
Taxes:  
    Property taxes, levied for general purposes  
    Property taxes, levied for debt service  
    Sales taxes  
    Other taxes  
Grants and contributions not restricted to specific programs  
Unrestricted Investment earnings  
Miscellaneous  
Transfers  
Total general revenues and transfers  
Change in net position  
Net position - beginning, as restated  
Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (12,609,562)	\$ -	\$ (12,609,562)	\$ -
(14,961,894)	-	(14,961,894)	-
(3,743,326)	-	(3,743,326)	-
(306,605)	-	(306,605)	-
(1,039,991)	-	(1,039,991)	-
(433,173)	-	(433,173)	-
<u>(33,094,551)</u>	<u>-</u>	<u>(33,094,551)</u>	<u>-</u>
-	(663,041)	(663,041)	-
-	(108,360)	(108,360)	-
-	47,719	47,719	-
<u>-</u>	<u>(723,682)</u>	<u>(723,682)</u>	<u>-</u>
<u>(33,094,551)</u>	<u>(723,682)</u>	<u>(33,818,233)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,999,736)</u>
23,801,356	-	23,801,356	1,638,643
1,606,066	-	1,606,066	-
10,626,687	-	10,626,687	-
331,179	-	331,179	-
251,659	-	251,659	-
183,319	1,153	184,472	391,152
661,223	-	661,223	152,997
<u>(296,254)</u>	<u>296,254</u>	<u>-</u>	<u>-</u>
<u>37,165,235</u>	<u>297,407</u>	<u>37,462,642</u>	<u>2,182,792</u>
4,070,684	(426,275)	3,644,409	(29,816,944)
<u>30,043,081</u>	<u>7,077,174</u>	<u>37,120,255</u>	<u>231,048,131</u>
<u>\$ 34,113,765</u>	<u>\$ 6,650,899</u>	<u>\$ 40,764,664</u>	<u>\$ 201,231,187</u>

**COUNTY OF VICTORIA, TEXAS**  
**BALANCE SHEET - STATUTORY BASIS**  
**GOVERNMENTAL FUNDS**  
December 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 22,399,005	\$ 8,927,805	\$ 31,326,810
Receivables (net)	20,669,726	4,876,652	25,546,378
Due from other governments	406,166	939,095	1,345,261
Due from other funds	1,014,295	28,928	1,043,223
Advance to other funds	1,641,361	-	1,641,361
<b>Total assets</b>	<b><u>\$ 46,130,553</u></b>	<b><u>\$ 14,772,480</u></b>	<b><u>\$ 60,903,033</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 602,231	\$ 664,457	\$ 1,266,688
Accrued expenditures	370,746	114,591	485,337
Due to other funds	-	765,479	765,479
Due to other governments	269,501	-	269,501
Deposits	1,400	-	1,400
Unearned revenue	3,189	-	3,189
<b>Total liabilities</b>	<b><u>1,247,067</u></b>	<b><u>1,544,527</u></b>	<b><u>2,791,594</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	24,287,486	6,248,216	30,535,702
<b>Total deferred inflows of resources</b>	<b><u>24,287,486</u></b>	<b><u>6,248,216</u></b>	<b><u>30,535,702</u></b>
<b>FUND BALANCES</b>			
Nonspendable	1,641,361	-	1,641,361
Restricted	-	6,979,737	6,979,737
Unassigned	18,954,639	-	18,954,639
<b>Total fund balances</b>	<b><u>20,596,000</u></b>	<b><u>6,979,737</u></b>	<b><u>27,575,737</u></b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b><u>\$ 46,130,553</u></b>	<b><u>\$ 14,772,480</u></b>	<b><u>\$ 60,903,033</u></b>

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, 2015

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<b>Total governmental fund balances</b>		<b>\$ 27,575,737</b>
<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.		581
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as "unavailable" in the funds.		2,893,909
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.		2,403,022
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	\$ 176,568,298	
Accumulated depreciation of governmental capital assets	<u>(146,245,114)</u>	30,323,184
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charge on refunding	3,703	
Difference in projected and actual earnings on pension costs	<u>1,670,450</u>	1,674,153
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	(13,810,000)	
Issuance discount	35,163	
Issuance premiums	(412,212)	
Interlocal commitment	(2,335,833)	
Capital leases payable	(288,940)	
Accrued interest payable	(255,230)	
Compensated absences	(1,379,848)	
Net pension liability	<u>(12,309,921)</u>	<u>(30,756,821)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>34,113,765</u></b>

The accompanying notes are an integral part of this statement.

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

For the year ended December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 30,874,325	\$ 5,376,359	\$ 36,250,684
Fees of office and user fees	1,697,911	1,566,076	3,263,987
Intergovernmental	3,340,747	5,643,250	8,983,997
Fines and forfeitures	1,099,858	56,519	1,156,377
Investment income	132,843	48,845	181,688
Licenses and permits	58,412	-	58,412
Contributions	-	119,484	119,484
Miscellaneous	738,929	191,155	930,084
<b>Total revenues</b>	<u>37,943,025</u>	<u>13,001,688</u>	<u>50,944,713</u>
<b>EXPENDITURES</b>			
Current			
General government	16,663,493	1,771,467	18,434,960
Public safety	16,669,843	2,049,429	18,719,272
Highways and streets	-	5,296,511	5,296,511
Culture and recreation	263,792	-	263,792
Public health	-	3,615,808	3,615,808
Capital outlay	-	1,302,382	1,302,382
Debt service			
Principal retirement	-	1,018,228	1,018,228
Interest and fiscal charges	-	624,304	624,304
<b>Total expenditures</b>	<u>33,597,128</u>	<u>15,678,129</u>	<u>49,275,257</u>
Excess (deficiency) of revenues over expenditures	<u>4,345,897</u>	<u>(2,676,441)</u>	<u>1,669,456</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	47,656	1,899,539	1,947,195
Transfers out	(1,878,091)	(534,901)	(2,412,992)
<b>Total other financing sources (uses)</b>	<u>(1,830,435)</u>	<u>1,364,638</u>	<u>(465,797)</u>
Change in fund balances	2,515,462	(1,311,803)	1,203,659
Fund balances at beginning of year	<u>18,080,538</u>	<u>8,291,540</u>	<u>26,372,078</u>
<b>Fund balances at end of year</b>	<u>\$ 20,596,000</u>	<u>\$ 6,979,737</u>	<u>\$ 27,575,737</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, 2015*

<b>Total net change in fund balances - governmental funds</b>		<b>\$ 1,203,659</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The Internal Service Fund is used by the County to charge the costs of health insurance to individual funds. The net activity of the Internal Service Fund is reported with governmental activities.		353,133
The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position.		(38,855)
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	\$ 2,488,946	
Depreciation expense	<u>(2,394,965)</u>	93,981
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	795,000	
Interlocal commitment principal retirement	223,228	
Capital lease principal retirement	<u>87,798</u>	1,106,026
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	97,964	
Other revenues	<u>279,682</u>	377,646
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	(192,702)	
Net pension costs	976,665	
Decrease in accrued interest	166,688	
Decrease in loss on bond refunding	(17,774)	
Decrease in bond premium	44,692	
Decrease in bond discount	<u>(2,475)</u>	<u>975,094</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 4,070,684</u></b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**

STATEMENT OF NET POSITION - STATUTORY BASIS

PROPRIETARY FUNDS

December 31, 2015

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 170,992	\$ -	\$ 170,929	\$ 341,921	\$ 216,758
Receivables (net)	418,815	1,748	12,383	432,946	55,199
Due from other governments	3,676	-	-	3,676	-
Due from other funds	19,600	-	-	19,600	-
Inventory	70,875	-	-	70,875	-
<b>Total current assets</b>	<b>683,958</b>	<b>1,748</b>	<b>183,312</b>	<b>869,018</b>	<b>271,957</b>
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	1,126,866	149,433	-	1,276,299	-
Buildings, improvements, and equipment (net)	5,788,156	1,064,558	43,025	6,895,739	-
<b>Total noncurrent assets</b>	<b>6,915,022</b>	<b>1,213,991</b>	<b>43,025</b>	<b>8,172,038</b>	<b>-</b>
<b>Total assets</b>	<b>7,598,980</b>	<b>1,215,739</b>	<b>226,337</b>	<b>9,041,056</b>	<b>271,957</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	277,222	101,692	2,947	381,861	59,013
Accrued expenses	13,569	1,904	891	16,364	4,199
Due to other funds	190,628	75,932	97	266,657	114
Advance from other funds	1,641,361	-	-	1,641,361	-
Deposits	5,500	-	-	5,500	-
Unearned revenue	46,909	6,241	-	53,150	-
Claims payable	-	-	-	-	208,050
Accrued compensated absences	12,462	1,487	1,475	15,424	-
<b>Total current liabilities</b>	<b>2,187,651</b>	<b>187,256</b>	<b>5,410</b>	<b>2,380,317</b>	<b>271,376</b>
Noncurrent liabilities					
Accrued compensated absences	7,951	948	941	9,840	-
<b>Total noncurrent liabilities</b>	<b>7,951</b>	<b>948</b>	<b>941</b>	<b>9,840</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,195,602</b>	<b>188,204</b>	<b>6,351</b>	<b>2,390,157</b>	<b>271,376</b>
<b>NET POSITION</b>					
Net investment in capital assets	6,915,022	1,213,991	43,025	8,172,038	-
Unrestricted	(1,511,644)	(186,456)	176,961	(1,521,139)	581
<b>Total net position</b>	<b>\$ 5,403,378</b>	<b>\$ 1,027,535</b>	<b>\$ 219,986</b>	<b>\$ 6,650,899</b>	<b>\$ 581</b>

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, 2015*

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,711,969	\$ -	\$ 157,930	\$ 3,869,899	\$ 3,422,160
Rents	619,653	504,534	-	1,124,187	-
Miscellaneous	19,690	-	3,613	23,303	-
<b>Total operating revenues</b>	<u>4,351,312</u>	<u>504,534</u>	<u>161,543</u>	<u>5,017,389</u>	<u>3,422,160</u>
<b>OPERATING EXPENSES</b>					
Airport operations	4,681,962	-	-	4,681,962	-
Commissary operations	-	-	97,615	97,615	-
Lease operations	-	367,221	-	367,221	-
Health services	-	-	-	-	3,240,201
Depreciation	641,342	245,673	16,157	903,172	-
<b>Total operating expenses</b>	<u>5,323,304</u>	<u>612,894</u>	<u>113,772</u>	<u>6,049,970</u>	<u>3,240,201</u>
<b>Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers</b>	(971,992)	(108,360)	47,771	(1,032,581)	181,959
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income					
Interest	443	-	710	1,153	1,631
Noncapital grants and contributions	65,148	-	-	65,148	-
Gain (loss) on disposition of assets	-	-	(52)	(52)	-
<b>Total nonoperating revenues (expenses)</b>	<u>65,591</u>	<u>-</u>	<u>658</u>	<u>66,249</u>	<u>1,631</u>
<b>Income (loss) before contributions and transfers</b>	(906,401)	(108,360)	48,429	(966,332)	183,590
<b>Contributions and transfers</b>					
Transfers in	296,254	-	-	296,254	169,543
Capital grants and contributions	243,803	-	-	243,803	-
<b>Total contributions and transfers</b>	<u>540,057</u>	<u>-</u>	<u>-</u>	<u>540,057</u>	<u>169,543</u>
<b>Change in net position</b>	(366,344)	(108,360)	48,429	(426,275)	353,133
<b>Total net position at beginning of year</b>	<u>5,769,722</u>	<u>1,135,895</u>	<u>171,557</u>	<u>7,077,174</u>	<u>(352,552)</u>
<b>Total net position at end of year</b>	<u>\$ 5,403,378</u>	<u>\$ 1,027,535</u>	<u>\$ 219,986</u>	<u>\$ 6,650,899</u>	<u>\$ 581</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, 2015

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 4,354,648	\$ 510,072	\$ 177,326	\$ 5,042,046	\$ 3,512,585
Cash paid to suppliers for goods and services	(3,829,928)	(165,513)	(37,931)	(4,033,372)	(3,019,182)
Cash paid to employees for services	(779,747)	(123,692)	(60,638)	(964,077)	(278,291)
<b>Net cash provided (used) by operating activities</b>	<u>(255,027)</u>	<u>220,867</u>	<u>78,757</u>	<u>44,597</u>	<u>215,112</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Noncapital grants and contributions	68,511	-	-	68,511	-
Borrowing (repayments) to other funds	178,000	(136,564)	5	41,441	(169,540)
Transfers in from other funds	55,991	-	-	55,991	169,543
<b>Net cash provided (used) by noncapital financing activities</b>	<u>302,502</u>	<u>(136,564)</u>	<u>5</u>	<u>165,943</u>	<u>3</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	365,160	-	-	365,160	-
Transfers in from other funds	240,263	-	-	240,263	-
Acquisition and construction of capital assets	(636,696)	(84,303)	(14,579)	(735,578)	-
Principal paid on debt	(16,333)	-	-	(16,333)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(47,606)</u>	<u>(84,303)</u>	<u>(14,579)</u>	<u>(146,488)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	443	-	710	1,153	1,631
<b>Net cash provided (used) by investing activities</b>	<u>443</u>	<u>-</u>	<u>710</u>	<u>1,153</u>	<u>1,631</u>
Net increase (decrease) in cash and cash equivalents	312	-	64,893	65,205	216,746
Cash and cash equivalents at beginning of year	170,680	-	106,036	276,716	12
<b>Cash and cash equivalents at end of year</b>	<u>\$ 170,992</u>	<u>\$ -</u>	<u>\$ 170,929</u>	<u>\$ 341,921</u>	<u>\$ 216,758</u>

**COUNTY OF VICTORIA, TEXAS***STATEMENT OF CASH FLOWS - STATUTORY BASIS**PROPRIETARY FUNDS**For the year ended December 31, 2015*

	<u>Business-type Activities</u>				<u>Governmental Activities- Internal Service Fund</u>
	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>	<u>Total</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (971,992)	\$(108,360)	\$ 47,771	\$(1,032,581)	\$ 181,959
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	641,342	245,673	16,157	903,172	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(6,806)	2,172	15,783	11,149	90,425
(Increase) decrease in inventory	(13,084)	-	-	(13,084)	-
Increase (decrease) in accounts payable	104,388	83,851	871	189,110	(105,622)
Increase (decrease) in accrued expenses	(22,391)	(4,264)	(1,909)	(28,564)	(9,072)
Increase (decrease) in unearned revenue	10,142	3,366	-	13,508	-
Increase (decrease) in compensated absences	3,374	(1,571)	84	1,887	-
Increase (decrease) in claims payable	-	-	-	-	57,422
Total adjustments	<u>716,965</u>	<u>329,227</u>	<u>30,986</u>	<u>1,077,178</u>	<u>33,153</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (255,027)</u>	<u>\$ 220,867</u>	<u>\$ 78,757</u>	<u>\$ 44,597</u>	<u>\$ 215,112</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**

*STATEMENT OF NET POSITION*

*FIDUCIARY FUNDS*

*December 31, 2015*

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	Private Purpose Trust	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 39,991	\$ 13,338,559
Receivables (net)		
Other	-	91,699
Due from other governments	-	588
Deposits	2,944	-
Seized assets	-	88,867
	<u>42,935</u>	<u>13,519,713</u>
<b>Total assets</b>		
	<u>42,935</u>	<u>13,519,713</u>
<b>LIABILITIES</b>		
Liabilities		
Accounts payable	12,263	3,221,603
Due to other funds	30,573	-
Due to other governments	-	10,298,110
	<u>42,836</u>	<u>13,519,713</u>
<b>Total liabilities</b>		
	<u>42,836</u>	<u>13,519,713</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 99</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, 2015*

	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Miscellaneous	
Participants' contributions	\$ 132,957
Investment income	<u>53</u>
<b>Total additions</b>	<u>133,010</u>
<b>DEDUCTIONS</b>	
General government	
Participants' withdrawals	<u>132,957</u>
<b>Total deductions</b>	<u>132,957</u>
Changes in net position	53
Net position - beginning	<u>46</u>
<b>Net position - ending</b>	<u>\$ 99</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS***STATEMENT OF NET POSITION**COMPONENT UNITS**December 31, 2015*

	Victoria County Navigation District	Citizens Medical Center	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 13,340,642	\$ 69,426,322	\$ 82,766,964
Receivables (net)	1,733,598	16,689,082	18,422,680
Due from other governments	41,732	12,576,736	12,618,468
Supplies inventory	-	2,248,593	2,248,593
Prepaid items	-	1,150,578	1,150,578
Total current assets	<u>15,115,972</u>	<u>102,091,311</u>	<u>117,207,283</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	14,442,964	11,737,691	26,180,655
Buildings, improvements, and equipment (net)	24,046,597	70,434,430	94,481,027
Other assets	-	8,032,641	8,032,641
Total noncurrent assets	<u>38,489,561</u>	<u>90,204,762</u>	<u>128,694,323</u>
<b>Total assets</b>	<u>53,605,533</u>	<u>192,296,073</u>	<u>245,901,606</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to pension	-	4,469,587	4,469,587
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>4,469,587</u>	<u>4,469,587</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	594,009	8,239,041	8,833,050
Accrued expenditures/expenses	-	11,947,465	11,947,465
Accrued interest payable	58,449	-	58,449
Current portion of long-term obligations	<u>1,160,000</u>	<u>-</u>	<u>1,160,000</u>
Total current liabilities	<u>1,812,458</u>	<u>20,186,506</u>	<u>21,998,964</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	<u>22,555,000</u>	<u>1,286,689</u>	<u>23,841,689</u>
Total noncurrent liabilities	<u>22,555,000</u>	<u>1,286,689</u>	<u>23,841,689</u>
<b>Total liabilities</b>	<u>24,367,458</u>	<u>21,473,195</u>	<u>45,840,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to property taxes	1,748,224	-	1,748,224
Deferred inflow related to fees	183,415	-	183,415
Deferred inflow related to pension	-	1,367,714	1,367,714
<b>Total deferred inflows of resources</b>	<u>1,931,639</u>	<u>1,367,714</u>	<u>3,299,353</u>
<b>NET POSITION</b>			
Net investment in capital assets	24,611,653	82,172,121	106,783,774
Restricted for:			
Debt service	37,753	-	37,753
Unrestricted	<u>2,657,030</u>	<u>91,752,630</u>	<u>94,409,660</u>
<b>Total net position</b>	<u>\$ 27,306,436</u>	<u>\$ 173,924,751</u>	<u>\$ 201,231,187</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
For the year ended December 31, 2015

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units</b>				
Victoria County Navigation District	\$ 5,147,014	\$ 4,282,873	\$ 5,940	\$ -
Citizens Medical Center	<u>265,004,244</u>	<u>233,856,207</u>	<u>-</u>	<u>6,502</u>
Total component units	<u>\$ 270,151,258</u>	<u>\$ 238,139,080</u>	<u>\$ 5,940</u>	<u>\$ 6,502</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue  
and Changes  
in Net Position

Component Units		
Victoria County Navigation District	Citizens Medical Center	Total
\$ (858,201)	\$ -	\$ (858,201)
<u>-</u>	<u>(31,141,535)</u>	<u>(31,141,535)</u>
<u>(858,201)</u>	<u>(31,141,535)</u>	<u>(31,999,736)</u>
1,638,643	-	1,638,643
35,805	355,347	391,152
152,997	-	152,997
<u>1,827,445</u>	<u>355,347</u>	<u>2,182,792</u>
969,244	(30,786,188)	(29,816,944)
<u>26,337,192</u>	<u>204,710,939</u>	<u>231,048,131</u>
<u>\$ 27,306,436</u>	<u>\$ 173,924,751</u>	<u>\$ 201,231,187</u>

**INDEX**

<u>Note</u>		<u>Page</u>
1	Summary of Significant Accounting Policies .....	32
2	Stewardship, Compliance, and Accountability .....	41
3	Deposits and Investments .....	41
4	Receivables .....	42
5	Due From Other Governments .....	43
6	Capital Assets.....	43
7	Lessor Agreements .....	45
8	Employees' Retirement Plan .....	46
9	Group Term Life Fund .....	51
10	Other Post Employment Benefits .....	51
11	Employees' Health Insurance Fund .....	51
12	Deferred Compensation Plan .....	52
13	Risk Management.....	52
14	Long-term Debt.....	53
15	Prior Year Defeasance of Debt .....	56
16	Interfund Receivables, Payables, and Transfers .....	56
17	Commitments and Contingencies .....	57
18	New Financial Reporting Requirements.....	57
19	Fund Balances.....	58
20	Subsequent Events .....	58
21	Victoria County Navigation District .....	59
22	Citizens Medical Center .....	65

**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 2014 have been made to employees by the Commissioners' Court. The County has included communications both in information provided to employees and in the annual financial statements that specifically state that the decision to provide these benefits is made on an annual basis.

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

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

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

A. Reporting Entity

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

The component units discussed in this note are included in the County's financial statements because the Commissioners' Court appoints a voting majority of the organization's governing body and the County's ability to impose its will on the organizations.

Component Units

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

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

Citizens Medical Center - A 344-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, 2015. The Medical Center is reported as a Proprietary Fund Type in the accompanying financial statements.

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

A. Reporting Entity - (Continued)

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

Victoria County Navigation District  
1934 FM 1432  
Victoria, Texas 77905

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.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property taxes as available if they are collected within 60 days after year-end. A 120 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The 2015 tax levy is dedicated to pay for expenditures of the 2016 budget. The entire 2015 tax levy has either been recorded as unearned revenue or unavailable revenue as of December 31, 2015.

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.

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

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

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

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

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

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

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.

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

Budget revenue amendments made during the year in the County's governmental funds netted an increase of \$601,978. Budget expenditure amendments in these funds netted an increase of \$1,598,835.

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

E. Deposits and Investments

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

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

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

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

G. Inventory and Prepaid Items

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

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net 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.

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

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

I. Compensated Absences

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

J. Long-term Obligations

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

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

K. Deferred Outflows/Inflows of Resources

The statement of net 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 has two items that qualify for reporting in this category. One is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is the deferred amount calculated in the actuarial pension study required by GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" (GASB No. 68) and the current year pension payments reported in the government-wide statement of net position.

In addition to liabilities, the statement of net 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 a variety of sources and are further defined in Note 4. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

L. Pensions

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

M. Fund Equity

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

N. Net Position/Fund Balance Flow Assumption

For the classification of government-wide and proprietary fund financial statements, it is the County's policy to consider restricted net position before unrestricted net position. For governmental fund balances, the County considers an expenditure to be made from the most restrictive first when more than one classification is available. However, the County has reserved the right to deviate from this general strategy.

O. Minimum Fund Balance Policy

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

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

P. Use of Estimates

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

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

There were no individual fund deficits to report at December 31, 2015 and no instances where expenditures exceeded the amount appropriated for the year ended December 31, 2015.

**NOTE 3: DEPOSITS AND INVESTMENTS****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, 2015, the County was not exposed to credit risk.

**Concentration of Credit Risk**

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

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the County by the depository in an amount equal to at least 103% 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, 2015, and for the year then ended, the County was not exposed to any custodial credit risk.

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

**NOTE 4: RECEIVABLES**

Receivables at December 31, 2015, 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>Navarro Project</u>	<u>Commissary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables						
Ad valorem taxes	\$ 17,569,566	\$ -	\$ -	\$ -	\$ 5,023,253	\$ 22,592,819
Sales taxes	1,831,998	-	-	-	-	1,831,998
Fines	10,300,981	-	-	-	-	10,300,981
Other	50,017	418,815	1,748	12,383	297,863	780,826
Total gross receivables	29,752,562	418,815	1,748	12,383	5,321,116	35,506,624
Less: Allowances	9,082,836	-	-	-	389,265	9,472,101
Total net receivables	<u>\$ 20,669,726</u>	<u>\$ 418,815</u>	<u>\$ 1,748</u>	<u>\$ 12,383</u>	<u>\$ 4,931,851</u>	<u>\$ 26,034,523</u>

The only receivables not expected to be collected within one year are \$391,127 of fines receivable reported in the General Fund.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 21,884,464	\$ -	\$ 21,884,464
Fines receivable	2,403,022	-	2,403,022
Other	-	3,189	3,189
Nonmajor Funds			
Ad valorem taxes receivable	6,248,216	-	6,248,216
	<u>\$ 30,535,702</u>	<u>\$ 3,189</u>	<u>\$ 30,538,891</u>

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

The County is permitted by State Statute to levy taxes up to \$0.80 per \$100 of assessed valuation. The combined tax rate for the budgetary year ended December 31, 2015, was \$0.3959 per \$100, which means the County has a tax margin of \$0.4041 per \$100.

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**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, 2015:

	General	Nonmajor and Other Funds	Total
Contract reimbursements	\$ 306,585	\$ 89,802	\$ 396,387
Federal and state grants	20,919	849,293	870,212
Alcohol and bingo taxes	<u>78,662</u>	<u>-</u>	<u>78,662</u>
	<u>\$ 406,166</u>	<u>\$ 939,095</u>	<u>\$ 1,345,261</u>

**NOTE 6: CAPITAL ASSETS**

The County's capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,466,342	\$ -	\$ -	\$ 2,466,342
Construction in progress	<u>1,559,945</u>	<u>200,325</u>	<u>1,519,326</u>	<u>240,944</u>
Total capital assets not being depreciated	<u>4,026,287</u>	<u>200,325</u>	<u>1,519,326</u>	<u>2,707,286</u>
Capital assets, being depreciated				
Machinery and equipment	17,150,635	1,376,017	256,684	18,269,968
Buildings	20,074,238	200,270	-	20,274,508
Improvements	17,604,016	801,705	-	18,405,721
Infrastructure	<u>115,480,860</u>	<u>1,429,955</u>	<u>-</u>	<u>116,910,815</u>
Total capital assets being depreciated	<u>170,309,749</u>	<u>3,807,947</u>	<u>256,684</u>	<u>173,861,012</u>
Less accumulated depreciation for				
Machinery and equipment	10,236,160	1,366,318	217,829	11,384,649
Buildings	9,483,386	361,630	-	9,845,016
Improvements	10,690,972	575,876	-	11,266,848
Infrastructure	<u>113,657,460</u>	<u>91,141</u>	<u>-</u>	<u>113,748,601</u>
Total accumulated depreciation	<u>144,067,978</u>	<u>2,394,965</u>	<u>217,829</u>	<u>146,245,114</u>
Total capital assets being depreciated, net	<u>26,241,771</u>	<u>1,412,982</u>	<u>38,855</u>	<u>27,615,898</u>
Governmental activities capital assets, net	<u>\$ 30,268,058</u>	<u>\$ 1,613,307</u>	<u>\$ 1,558,181</u>	<u>\$ 30,323,184</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 149,433	\$ -	\$ -	\$ 149,433
Construction in progress	648,968	477,898	-	1,126,866
Total capital assets not being depreciated	<u>798,401</u>	<u>477,898</u>	<u>-</u>	<u>1,276,299</u>
Capital assets, being depreciated				
Machinery and equipment	925,286	88,752	2,096	1,011,942
Buildings	2,478,519	-	-	2,478,519
Improvements	18,273,326	84,303	-	18,357,629
Total capital assets being depreciated	<u>21,677,131</u>	<u>173,055</u>	<u>2,096</u>	<u>21,848,090</u>
Less accumulated depreciation for				
Machinery and equipment	653,776	69,156	2,044	720,888
Buildings	2,185,030	72,370	-	2,257,400
Improvements	11,199,996	774,067	-	11,974,063
Total accumulated depreciation	<u>14,038,802</u>	<u>915,593</u>	<u>2,044</u>	<u>14,952,351</u>
Total capital assets being depreciated, net	<u>7,638,329</u>	<u>(742,538)</u>	<u>52</u>	<u>6,895,739</u>
Business-type activities capital assets, net	<u>\$ 8,436,730</u>	<u>\$ (264,640)</u>	<u>\$ 52</u>	<u>\$ 8,172,038</u>

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

<b>Governmental activities</b>	
General government	\$ 626,904
Public safety	1,186,351
Highways and streets	487,295
Culture and recreation	52,507
Public health	41,908
Total depreciation expense - governmental activities	<u>\$ 2,394,965</u>
<b>Business-type activities</b>	
Airport	\$ 641,342
Commissary	16,157
Navarro project	245,673
Total depreciation expense - business-type activities	<u>\$ 903,172</u>

The governmental activities transferred a fully depreciated asset to the Airport Fund, a business-type activity. This explains the difference of \$12,421 in depreciation expense on the financial statements to the above activity detail for the business-type activities.

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**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 \$15,999. The total cost of the improvements to the land and buildings is \$14,958,813 and the carrying value is \$5,526,237. Accumulated depreciation on all assets in the Airport Fund is \$11,116,888. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2015:

<u>Year Ending</u> <u>December 31</u>	
2016	\$ 293,952
2017	153,420
2018	148,707
2019	128,880
2020	<u>128,041</u>
	853,000
Thereafter	<u>445,838</u>
	<u>\$ 1,298,838</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 \$205,120. The total cost of the improvements to the building leased is \$3,398,816 and the carrying value is \$857,329. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$3,748,471. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2015:

<u>Year Ending</u> <u>December 31</u>	
2016	\$ 197,489
2017	177,376
2018	165,876
2019	158,556
2020	<u>154,248</u>
	853,545
Thereafter	<u>11,777</u>
	<u>\$ 865,322</u>

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**NOTE 8: EMPLOYEES' RETIREMENT PLAN**Plan Description

The Count provides retirement and disability benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 13.63% for the accounting year in 2015. The deposit rate payable by the employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

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

The deposit rate payable by the employer for calendar year 2015 is the rate of 13.63% as adopted by the governing body of the employer. The employee members deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry age normal
Asset valuation method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary increases	3.50%
Investment rate of return	8.10%
Cost of living adjustments	Cost of living adjustments for Victoria County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost of living adjustments is included in the GASB calculations. No assumption for future cost of living adjustments is included in the funding valuation.
Retirement age	Based on annual rates of service retirement where deferred members are assumed to retire at the later of: a) age 60 or b) earliest retirement eligibility.
Mortality	Mortality rates were based on the RP-2000 tables, depending on status of member, for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

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

Net Pension Liability - (Continued)

*Actuarial Assumptions* - (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	16.50%	5.35%
Private Equity	12.00%	8.35%
Global Equities	1.50%	5.65%
International Equities - Developed	11.00%	5.35%
International Equities - Emerging	9.00%	6.35%
Investment-Grade Bonds	3.00%	0.55%
High-Yield Bonds	3.00%	3.75%
Opportunistic Credit	5.00%	5.54%
Direct Lending	2.00%	5.80%
Distressed Debt	3.00%	6.75%
REIT Equities	2.00%	4.00%
Commodities	2.00%	-0.20%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	3.00%	7.20%
Hedge Funds	25.00%	5.15%

*Discount Rate*

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

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

Net Pension Liability - (Continued)

*Changes in Net Pension Liability*

	<b>Increase (Decrease)</b>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	(a)	(b)	(a) - (b)
<b>Balance at 12/31/2013</b>	\$ 118,170,701	\$ 106,554,565	\$ 11,616,136
Changes for the year:			
Service cost	3,577,472	-	3,577,472
Interest	9,485,056	-	9,485,056
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	621,328	-	621,328
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(385,157)	(385,157)	-
Benefit payments	(5,377,337)	(5,377,337)	-
Administrative expense	-	(84,874)	84,874
Member contributions	-	1,893,248	(1,893,248)
Net investment income	-	7,248,240	(7,248,240)
Employer contributions	-	3,702,500	(3,702,500)
Other	-	230,957	(230,957)
Net changes	<u>7,921,362</u>	<u>7,227,577</u>	<u>693,785</u>
<b>Balance at 12/31/2014</b>	<u>\$ 126,092,063</u>	<u>\$ 113,782,142</u>	<u>\$ 12,309,921</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

	<b>1% Decrease in Discount Rate (7.10%)</b>	<b>Current Discount Rate (8.10%)</b>	<b>1% Increase in Discount Rate (9.10%)</b>
Total pension liability	\$ 142,473,504	\$ 126,092,063	\$ 112,618,464
Fiduciary net position	<u>113,782,142</u>	<u>113,782,142</u>	<u>113,782,142</u>
Net pension liability / (asset)	<u>\$ 28,691,362</u>	<u>\$ 12,309,921</u>	<u>\$ (1,163,678)</u>

*Pension Plan Fiduciary Net Position*

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

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

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2015, the County recognized pension expense of \$2,725,835. At December 31, 2015 the County reported the following deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 497,063
Net difference between projected and actual earnings	1,173,387
Contributions made subsequent to measurement date	<u>-</u>
Total	<u>\$ 1,670,450</u>

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

Year ended December 31,	
2016	\$ 417,612
2017	417,612
2018	<u>417,612</u>
	<u>\$ 1,252,836</u>

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**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](http://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, 2015, 2014, and 2013, were \$77,444, \$75,714, and \$70,929, 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 84 and 70 retirees and active employees for the years 2015 and 2014, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$165,469 in 2015 and \$131,359 in 2014.

**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.

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

As of December 31, 2015, the fund had estimated liabilities for outstanding claims of \$208,050. There was an unrestricted net position of \$581 as of December 31, 2015, an increase of \$353,133 from 2014.

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>
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
2013	200,912	2,343,056	2,365,617	178,351
2014	178,351	2,346,944	2,374,667	150,628
2015	150,628	2,180,671	2,123,249	208,050

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 2015. 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.

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

Long-term liability activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds and certificates payable					
Certificates of obligation	\$ 13,680,000	\$ -	\$ 340,000	\$ 13,340,000	\$ 355,000
General obligation bonds	925,000	-	455,000	470,000	470,000
Less: Deferred amounts					
Issuance discount	(37,638)	-	(2,475)	(35,163)	-
Issuance premiums	<u>456,904</u>	<u>-</u>	<u>44,692</u>	<u>412,212</u>	<u>-</u>
Net bonds and certificates payable	<u>15,024,266</u>	<u>-</u>	<u>837,217</u>	<u>14,187,049</u>	<u>825,000</u>
Capital leases payable	<u>376,738</u>	<u>-</u>	<u>87,798</u>	<u>288,940</u>	<u>91,925</u>
Interlocal commitment	<u>2,559,061</u>	<u>-</u>	<u>223,228</u>	<u>2,335,833</u>	<u>229,925</u>
Compensated absences	<u>1,187,146</u>	<u>2,974,559</u>	<u>2,781,857</u>	<u>1,379,848</u>	<u>739,760</u>
Net pension liability	<u>11,616,136</u>	<u>693,785</u>	<u>-</u>	<u>12,309,921</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$ 30,763,347</u>	<u>\$ 3,668,344</u>	<u>\$ 3,930,100</u>	<u>\$ 30,501,591</u>	<u>\$ 1,886,610</u>
<b>Business-type activities</b>					
Capital leases payable	<u>\$ 16,333</u>	<u>\$ -</u>	<u>\$ 16,333</u>	<u>\$ -</u>	<u>\$ -</u>
Compensated absences	<u>23,377</u>	<u>64,868</u>	<u>62,981</u>	<u>25,264</u>	<u>15,424</u>
Total business-type activity long-term liabilities	<u>\$ 39,710</u>	<u>\$ 64,868</u>	<u>\$ 79,314</u>	<u>\$ 25,264</u>	<u>\$ 15,424</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, 2015, 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 \$355,000 to \$605,000 through 2030; interest varying between 3.00% and 4.00%.	\$ 7,000,000
\$6,340,000 2014 Certificates of Obligation due in annual installments ranging from \$275,000 to \$465,000 through 2034; interest varying between 2.00% and 4.00%.	6,340,000
\$3,830,000 2010 General Obligation Refunding Bonds due in one annual installment ranging of \$470,000 in 2016; interest at 3.00%.	<u>470,000</u>
Total general obligation debt	<u>\$ 13,810,000</u>

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2016	\$ 825,000	\$ 475,676	\$ 1,300,676
2017	645,000	451,376	1,096,376
2018	660,000	432,726	1,092,726
2019	680,000	414,464	1,094,464
2020	695,000	393,989	1,088,989
2021-2025	3,875,000	1,584,830	5,459,830
2026-2030	4,660,000	792,205	5,452,205
2031-2034	<u>1,770,000</u>	<u>128,229</u>	<u>1,898,229</u>
	<u>\$ 13,810,000</u>	<u>\$ 4,673,495</u>	<u>\$ 18,483,495</u>

**C. Capital Leases**

Capital leases payable at December 31, 2015, 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 2013, was \$235,085. The lease is payable in five annual installments of \$51,734 and bears interest at a rate of 4.70%.	\$ 141,681
Lease purchase agreement on a 2011 gradall used by Precinct #1. The original amount of the lease, entered into in 2014, was \$245,425. The lease is payable in five annual installments of \$53,771 and bears interest at a rate of 4.70%.	<u>147,259</u>
Total capital leases	<u>\$ 288,940</u>

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

C. Capital Leases - (Continued)

Year Ending December 31	Governmental Activities
2016	\$ 105,505
2017	105,505
2018	<u>105,505</u>
Total minimum lease payments	316,515
Less: Amount representing interest	<u>(27,575)</u>
Present value of minimum lease payments	<u>\$ 288,940</u>

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, 2015. 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
2016	\$ 229,925	\$ 70,075	\$ 300,000
2017	236,823	63,177	300,000
2018	243,927	56,073	300,000
2019	251,245	48,755	300,000
2020	258,783	41,217	300,000
2021-2024	<u>1,115,130</u>	<u>84,870</u>	<u>1,200,000</u>
	<u>\$ 2,335,833</u>	<u>\$ 364,167</u>	<u>\$ 2,700,000</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, 2015, \$485,000 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. These unpaid loan amounts were \$1,641,361 at December 31, 2015 and are being used to finance the operations of the Airport.

Interfund receivable and payable balances as of December 31, 2015, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 716,951
	Airport	190,628
	Navarro Project	75,932
	Commissary	97
	Internal Service	114
	Private Purpose Trust	30,573
Airport	Nonmajor Governmental	19,600
Nonmajor Governmental	Nonmajor Governmental	<u>28,928</u>
Total		<u>\$ 1,062,823</u>
Advances from/to other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport	<u>\$ 1,641,361</u>
Total		<u>\$ 1,641,361</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>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Airport</u>	<u>Internal Service</u>	
General	\$ -	\$ 1,708,548	\$ -	\$ 169,543	\$ 1,878,091
Nonmajor Governmental	<u>47,656</u>	<u>190,991</u>	<u>296,254</u>	<u>-</u>	<u>534,901</u>
	<u>\$ 47,656</u>	<u>\$ 1,899,539</u>	<u>\$ 296,254</u>	<u>\$ 169,543</u>	<u>\$ 2,412,992</u>

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**NOTE 17: COMMITMENTS AND CONTINGENCIES**

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

As of December 31, 2015, 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: NEW FINANCIAL REPORTING REQUIREMENTS**

The GASB has issued the following statement which became effective for fiscal year 2015:

Statement No. 68, "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.*" - This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of GASB No. 68 resulted restatement of beginning net position for the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying this change results in the adjustment below:

	<u>Government-wide Statement of Activities</u>
Net position at December 31, 2014, as previously reported	\$ 41,659,217
Recording of net pension liability as of December 31, 2014	<u>(11,616,136)</u>
Net position at December 31, 2014, as restated	<u>\$ 30,043,081</u>

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**NOTE 19: FUND BALANCES**

The following is a detail of the governmental fund balances as of December 31, 2015:

	<u>Governmental Fund Balances</u>			<u>Total</u>
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>	
General				
Advance to Airport Fund	\$ 1,641,361	\$ -	\$ -	\$ 1,641,361
Unassigned	-	-	18,954,639	18,954,639
Nonmajor Governmental				
Road and bridge	-	2,763,394	-	2,763,394
County/District Clerks	-	237,461	-	237,461
Public safety	-	586,856	-	586,856
Public health	-	-	-	-
Courthouse security	-	74,793	-	74,793
Retirement of long-term debt	-	361,231	-	361,231
Various government costs	-	273,084	-	273,084
Various capital projects	-	2,682,918	-	2,682,918
	<u>\$ 1,641,361</u>	<u>\$ 6,979,737</u>	<u>\$ 18,954,639</u>	<u>\$ 27,575,737</u>

**NOTE 20: SUBSEQUENT EVENTS**

There were no events, which occurred subsequent to the year-end and prior to the issuance of this report, which would have a material effect on the County's financial position as of December 31, 2015.

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**NOTE 21: 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.

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, 2015, 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	\$ 121,919
Other services and charges	49,913

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

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

D. Deposits and Investments

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

Interest Rate Risk

In accordance with the District's investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. 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 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

E. Receivables

Receivables at December 31, 2015, consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Gross receivables:			
Accounts	\$ 397,363	\$ -	\$ 397,363
Ad valorem taxes	<u>1,383,344</u>	<u>22,051</u>	<u>1,405,395</u>
Total gross receivables	1,780,707	22,051	1,802,758
Less: Allowances	<u>69,167</u>	<u>-</u>	<u>69,167</u>
Total net receivables	<u>\$ 1,711,540</u>	<u>\$ 22,051</u>	<u>\$ 1,733,591</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 1,824,209	\$ -	\$ 1,824,209
Lease revenue	-	11,331	11,331
Nonmajor Fund			
Ad valorem taxes receivable	<u>22,058</u>	<u>-</u>	<u>22,058</u>
	<u>\$ 1,846,267</u>	<u>\$ 11,331</u>	<u>\$ 1,857,598</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, 2015, 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 21: 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, 2015, was \$1,837,727. This amount is recorded as an asset in the General Fund balance sheet at year-end. The PFC recorded the advance payment as unearned revenue as of December 31, 2015, in the same amount. The asset and unearned 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, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 11,897,356	\$ 2,172,678	\$ -	\$ 14,070,034
Construction in progress	<u>2,447,672</u>	<u>372,930</u>	<u>2,447,672</u>	<u>372,930</u>
Total capital assets, not being depreciated	<u>14,345,028</u>	<u>2,545,608</u>	<u>2,447,672</u>	<u>14,442,964</u>
Capital assets, being depreciated				
Improvements	29,611,947	4,795,094	-	34,407,041
M.P.R.R. Main Line Bridge	1,493,134	-	-	1,493,134
Equipment	<u>90,312</u>	<u>-</u>	<u>-</u>	<u>90,312</u>
Total capital assets, being depreciated	<u>31,195,393</u>	<u>4,795,094</u>	<u>-</u>	<u>35,990,487</u>
Less accumulated depreciation for				
Improvements	9,176,932	1,276,274	-	10,453,206
M.P.R.R. Main Line Bridge	1,346,361	86,107	-	1,432,468
Equipment	<u>44,167</u>	<u>14,049</u>	<u>-</u>	<u>58,216</u>
Total accumulated depreciation	<u>10,567,460</u>	<u>1,376,430</u>	<u>-</u>	<u>11,943,890</u>
Total capital assets being depreciated, net	<u>20,627,933</u>	<u>3,418,664</u>	<u>-</u>	<u>24,046,597</u>
Governmental activities capital assets, net	<u>\$ 34,972,961</u>	<u>\$ 5,964,272</u>	<u>\$ 2,447,672</u>	<u>\$ 38,489,561</u>

Depreciation expense of \$1,376,430 was charged to the general government function/program in 2015.

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

I. Unearned Lease Revenue

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 2015, \$172,343 in fees were credited against the contributed funds, leaving a balance in unearned revenue of \$172,084. 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 entered into an agreement with Eagle Ford Field Services, LLC (EFFS) in 2013 in which EFFS agreed to fund certain construction costs for the District. The contributed construction improvements are treated as deferred/unearned revenue. As EFFS incurs charges, one-half of these charges will be credited against the contributed cost. Total contributed funds were \$444,009. During 2015, \$444,009 were credited against the contributed funds. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of EFFS'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 \$11,331 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, 2015, for governmental activities:

Bonds payable at January 1, 2015	\$ 14,325,000
Additions	10,000,000
Retirements	<u>(610,000)</u>
Bonds payable at December 31, 2015	<u>\$ 23,715,000</u>

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**J. Long-term Debt - (Continued)

Bonds payable at December 31, 2015, are comprised of the following issues:

2012 Revenue Refunding Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2028; interest rate of 3.05%.	\$ 4,565,000
2012A Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2032; interest rate of 2.99%.	9,150,000
2015 Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2016 through June 1, 2030; interest rate of 2.98%.	<u>10,000,000</u>
Total	<u>\$ 23,715,000</u>

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

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,160,000	\$ 693,416	\$ 1,853,416
2017	1,200,000	658,011	1,858,011
2018	1,235,000	621,481	1,856,481
2019	1,275,000	583,826	1,858,826
2020	1,315,000	544,969	1,859,969
2021-2025	7,175,000	2,100,461	9,275,461
2026-2030	8,355,000	938,317	9,293,317
2031-2032	<u>2,000,000</u>	<u>60,249</u>	<u>2,060,249</u>
Total	<u>\$ 23,715,000</u>	<u>\$ 6,200,730</u>	<u>\$ 29,915,730</u>

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 2015. 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.

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**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 344-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.

During 2014, the Medical Center acquired the operations of 12 freestanding nursing homes located in the Medical Center’s service area. Effective February 28, 2015, the management agreements for 2 of these freestanding nursing homes was terminated by the Medical Center.

B. Summary of Significant Accounting Policies

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

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

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)****B. Summary of Significant Accounting Policies - (Continued)****Use of Estimates**

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

**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 except for a legal settlement in 2013 that exceeded the Medical Center's errors and omissions policy by \$8,000,000.

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.

**Investment Income**

Investment income for the years ended June 30, 2015 and 2014 consisted of interest earned on bank deposits and interest earned on excess funds being provided to the management companies under the nursing home management agreements.

**Patient Accounts Receivable**

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. The Medical Center provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

**Supplies**

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

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

B. Summary of Significant Accounting Policies - (Continued)

Capital Assets

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

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

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

Compensated Absences

Medical Center policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Defined Benefit Pension Plan

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

Deferred Outflows/Inflows of Resources

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources.

Net Position

Net position of the Medical Center are classified in two components. Net position invested in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

At June 30, 2015 and 2014, \$127,212 and \$152,280, respectively, of unrestricted net position has been designated by the Medical Center's Board for self-insured health care. Designated assets remain under the control of the Board, which may, at its discretion, later use these assets for other purposes.

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

B. Summary of Significant Accounting Policies - (Continued)

Net Patient Service Revenue

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

Charity Care

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

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.

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 one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). 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 are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. 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 using the cliff recognition approach at the point when management is reasonably assured it has met all of the meaningful user objectives and any other specific grant requirements applicable for the reporting period.

The Medical Center has recorded revenue of approximately \$863,000 and \$1,513,000 for 2015 and 2014, respectively, which is included in other revenue within operating revenues in the statements of revenues, expenses and changes in net position.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation. The reclassification had no effect on the changes in financial position.

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

C. Change in Accounting Principle

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. In addition to making changes to how annual pension expense is to be calculated for defined benefit pension plans, the standard also requires the governmental entities record an asset or liability in their financial statements that is equal to the net pension asset or liability. Historically, governmental entities have only been required to record a liability, if any, for the difference between annual pension cost (APC) and the amount of APC contributed to the plan. Restatement of the 2014 financial statements is not practical because prior year information calculated under the provisions of GASB 68 is not available, accordingly, the Medical Center has reported the cumulative effect of applying GASB 68 as a restatement of net position as of July 1, 2014. This restatement increased previously reported net position by \$5,789,065.

D. 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 settlements determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor. The Medicare administrative contractor has audited the Medical Center's costs reports through June 30, 2013.

Medicaid

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

Skilled Nursing

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

Approximately 61% and 45% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2015 and 2014, respectively. Net patient service revenue from participation in these programs increased significantly in 2015 as a result of the Medical Center assuming ownership of twelve nursing homes in the later portion of 2014, for which revenues are substantially derived from these programs. As such, 2015 contains a full year of net patient revenue for these nursing homes. 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.

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

D. Net Patient Service Revenue - (Continued)

Supplemental Medicaid Funding

On December 12, 2011, the United States Department of Health and Human Services approved a Medicaid Section 1115(a) demonstration entitled "Texas Health Transformation Quality Improvement Program". The demonstration expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs and promote health system transformation. The demonstration is effective from December 12, 2011 to September 30, 2016. For the years ended June 30, 2015 and 2014, the Medical Center recognized revenue from these programs of approximately \$7,622,000 and \$5,950,000, respectively, which is included as net patient service revenue in the accompanying statements of revenues, expenses and changes in net position.

The Medical Center participated in a collaboration with Memorial Herman Health System (MHHS) during the years ended June 30, 2015 and 2014. The agreement allows the parties to improve access to healthcare for indigent persons residing in the Victoria community. As part of the collaboration, MHHS supported organizations that provide physician services in the Victoria area. The value of services provided to the indigent in the Victoria community was approximately \$1,953,000 and \$1,931,000 during the years ending June 30, 2015 and 2014, respectively. The Medical Center recorded expenses of approximately \$976,000 and \$1,628,000 during the years ending June 30, 2015 and 2014, respectively. These expenses are reflected as a component of purchased services and professional fees expense in the statements of revenues, expense and changes in net position.

As of March 1, 2014, the Medical Center also participates in the state of Texas nursing home UPL program. The program was renamed effective March 1, 2015, and is now referred to as the Medicaid Nursing Facility Upper Payment Limit (NFUPL) program. This program was designed to assist nursing facilities serving the majority of the indigent patients by providing funding to support increased access to health care within the community. Revenue recognized under this program (net of any intergovernmental transfer payments) was approximately \$19,580,000 and \$7,685,000 for the years ended June 30, 2015 and 2014, respectively, and is included in net patient service revenue in the statements of revenues, expenses, and changes in net position. At June 30, 2015 and 2014, the Medical Center had recorded estimated receivables under this program of \$11,826,303 and \$6,213,829, respectively. At June 30, 2015 and 2014, the estimated receivable included \$4,329,233 and \$0, respectively, of prepaid intergovernmental transfers, which the Medical Center is required to contribute in advance of receiving any gross proceeds. The Texas Health and Human Services Commission has expanded state Medicaid managed care programs for long-term care beneficiaries, and is converting a number of beneficiaries previously covered under traditional Medicaid arrangements into these managed care plans. The Medical Center generally expects payments under the managed care plans to be equivalent to payments under the traditional plan. However, this outcome is contingent on the Medical Center continuing to be able to negotiate appropriate rates with these managed care plan carriers.

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

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

**E. 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, 2015, consisted of these amounts:

Hospital		
Patients and their insurance carriers	\$ 32,531,993	
Medicare	4,891,270	
Medicaid	<u>317,275</u>	
	<u>37,740,538</u>	
Nursing Homes		
Patients and their insurance carriers	155,597	
Medicare	2,875,758	
Medicaid	<u>1,591,825</u>	
	<u>4,623,180</u>	
	42,363,718	
Less allowance for uncollectible amounts	<u>25,674,636</u>	
Total	<u>\$ 16,689,082</u>	

**F. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Transfers	Disposals	Balance June 30, 2015
Land and land improvements	\$ 11,094,412	\$ 71,098	\$ -	\$ 28,976	\$ 11,136,534
Buildings, improvements, and fixed equipment	120,538,699	983,748	2,880,130	1,908,403	122,494,174
Major moveable equipment	91,253,836	2,748,335	2,717,341	10,236,989	86,482,523
Construction in progress	<u>3,138,281</u>	<u>3,060,347</u>	<u>(5,597,471)</u>	-	<u>601,157</u>
	<u>226,025,228</u>	<u>6,863,528</u>	-	<u>12,174,368</u>	<u>220,714,388</u>
Less accumulated depreciation:					
Land improvements	2,847,115	190,163	-	28,992	3,008,286
Buildings, improvements, and fixed equipment	67,505,927	3,866,479	-	1,933,881	69,438,525
Major moveable equipment	<u>69,887,673</u>	<u>6,368,403</u>	-	<u>10,160,620</u>	<u>66,095,456</u>
	<u>140,240,715</u>	<u>10,425,045</u>	-	<u>12,123,493</u>	<u>138,542,267</u>
Capital assets, net	<u>\$ 85,784,513</u>	<u>\$ (3,561,517)</u>	<u>\$ -</u>	<u>\$ 50,875</u>	<u>\$ 82,172,121</u>

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

G. 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 the *Texas Public Funds Investment Act*.

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

At June 30, 2015 and 2014, the Medical Center's bank balances of \$78,199,725 and \$93,427,857, respectively, were 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

Investment income consisted of interest income of \$355,347 and \$632,925 during the years ended June 30, 2015 and 2014, respectively.

H. Accounts Payable and Accrued Expenses

Accounts payable and accrued payroll and expenses included in current liabilities at June 30, 2015, consisted of:

Payable to suppliers and contractors	\$	6,365,147
Payable to employees (including payroll taxes and benefits)		5,634,324
Payable under management fee arrangement		6,033,695
Revenue received in advance		180,089
Payable under self-insured programs		<u>1,843,223</u>
Total	\$	<u>20,056,478</u>

I. 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. 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 2015 and 2014. Stop-loss coverage for employee health claims began at \$150,000 and \$250,000 in 2015 and 2014, respectively.

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

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

Activity in the Medical Center's self-insured claims liability accounts during 2015 and 2014 are summarized as follows:

	2015		
	<u>Employee Health Care Benefits</u>	<u>Worker's Compensation</u>	<u>General and Professional Liability</u>
Balance, beginning of year	\$ 1,200,000	\$ 570,678	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	8,668,357	390,631	-
Claim and expenses paid, net	<u>(8,668,357)</u>	<u>(318,086)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,200,000</u>	<u>\$ 643,223</u>	<u>\$ 500,000</u>

	2014		
	<u>Employee Health Care Benefits</u>	<u>Worker's Compensation</u>	<u>General and Professional Liability</u>
Balance, beginning of year	\$ 819,046	\$ 493,559	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	8,930,685	381,171	-
Claim and expenses paid, net	<u>(8,549,731)</u>	<u>(304,052)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,200,000</u>	<u>\$ 570,678</u>	<u>\$ 500,000</u>

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

J. Charity Care

The cost of charity care provided under the Medical Center's charity care policy was approximately \$4,751,000 and \$5,570,000 for 2015 and 2014, respectively. The cost of charity care is estimated by applying the ratio of cost to gross uncompensated charges.

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

K. 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.

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. For the years ended June 30, 2015 and 2014, the Medical Center paid approximately \$16,000 and \$23,000, respectively, to companies owned or related to members of its Board.

L. Purchase of Nursing Home Operations

Effective March 1, 2014, the Medical Center entered a series of lease and management agreements with two nursing operators that resulted in the Medical Center becoming the legal operator of twelve nursing homes. Effective February 28, 2015, the management agreements for two of these freestanding nursing homes was terminated by the Medical Center. The lease agreements generally call for monthly payments ranging from approximately \$27,000 to \$195,000 per facility. Under the terms of these agreements, the Medical Center incurred approximately \$10,526,000 and \$3,902,000 of rental expense in 2015 and 2014, respectively, which is included in nursing facility expenses on the statement of revenues, expenses and changes in net position. Future minimum lease payments under these cancelable agreements at June 30, 2015, were \$6,363,000 and \$3,040,000 for 2016 and 2017, respectively.

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

During the first six months of each agreement, the Medical Center has agreed to fund up to \$1,000,000 of working capital per facility, which will result in payments to the manager in excess of patient collections. Total payments made to the management companies did not exceed nursing facility patient revenue payments received for the year ended June 30, 2015. Total payments made to the management companies in excess of nursing facility patient revenue payments received was approximately \$11,865,000 for the year ended June 30, 2014. The management companies are required to pay a fee equal to 4% per annum for any excess funds provided. The estimated amount of interest income related to these agreements is insignificant for 2015 and 2014.

M. Purchase of Regional Medical Laboratory

In September 2014, the Medical Center purchased the operations and some assets of Regional Medical Laboratory (RML), a clinical diagnostic laboratory. Prior to being purchased by the Medical Center, RML was a sole proprietorship owned by a local physician in Victoria, Texas. The purchase price for RML's operations was \$6,800,00, plus the fair market value of certain buildings and land, valued at approximately \$735,000. The financial activity and operations are included as a department of the Medical Center in the accompanying financial statements as of the acquisition date forward.

Subsequent to acquiring RML's operations, patient volumes declined significantly and management determined that the value of the associated goodwill recorded with the transaction was impaired and should be valued at approximately \$1,100,000 at June 30, 2015 based on current financial trends and expected future revenues. A loss was recognized related to this determination.

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

M. Purchase of Regional Medical Laboratory - (Continued)

On November 5, 2015, the Medical Center sold the operations of the clinical diagnostic laboratory for approximately \$1,100,000 and received a down payment from the buyer of approximately \$88,000. The balance of the amount due to the Medical Center from the buyer will be paid in accordance with the terms of a promissory note in monthly principal and interest payments of \$16,524 over a term of 60 months, at a rate of 5.0%, commencing immediately unless the buyers net profits are less than twice the amount of the monthly note payment, in which event the buyer can pay interest only for six months. The note payable is secured by certain assets of the buyer, including accounts receivable and other tangible assets.

Prior to the impairment, the Medical Center assigned the goodwill a useful life of five years and amortized it using the straight line method. The Medical Center incurred \$1,133,333 of amortization expense and \$4,558,622 from the impairment of goodwill for the years ended June 30, 2015 from the purchase of RML, which is included as an operating expense in the statement of revenues, expenses and changes in net position.

N. Pension Plan

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

Benefits Provided

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

The terms of the Plan provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are equal to the change in the Consumer Price Index, limited to a maximum increase in retirement allowance of 2%.

The employees covered by the Plan:

	<u>2015</u>
Inactive employees or beneficiaries currently receiving benefits	98
Inactive employees entitled to but not yet receiving benefits	344
Active employees	<u>785</u>
	<u><u>1,227</u></u>

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**N. Pension Plan -(Continued)Contributions

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

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

The Medical Center is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2015, employees contributed \$1,751,821 and the Medical Center contributed \$1,850,000, or 4.70% of annual pay to the Plan.

Net Pension Asset

The Medical Center's net pension asset was measured as of February 28, 2015 and the total pension asset used to calculate the net pension asset was determined by the roll forward procedure of the total pension asset in the actuarial valuation of as March 1, 2014.

The total pension liability in the March 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	5.1%, average, including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the IRS 2014 Annuitant/Non-annuitant Statistic Mortality Tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real estate return by the target asset allocation percentage and by adding expected inflation (3.0%). In addition, the final 7.5% assumption reflected a reduction of 0.3% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities		
U.S. Equities	65%	5.8%
International Equities	10%	6.2%
Fixed income	25%	1.7%
Total	100%	

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**NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**N. Pension Plan -(Continued)Discount Rate

The discount rate used to measure the total pension liability was 7.5% at February 28, 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Medical Center contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at July 1, 2014	\$ 62,428,382	\$ 71,796,455	\$ (9,368,073)
Changes for the year:			
Service cost	2,702,553	-	2,702,553
Interest on total pension liability	4,793,496	-	4,793,496
Refund of contributions	-	-	-
Benefit payments and refunds	(2,435,308)	(2,435,308)	-
Administrative expenses	-	(294,804)	294,804
Member contributions	-	1,751,821	(1,751,821)
Net investment income	-	7,127,066	(7,127,066)
Employer contributions	-	1,850,000	(1,850,000)
Other changes	5,381,511	-	5,381,511
Net changes	10,442,252	7,998,775	2,443,477
Balances at June 30, 2015	<u>\$ 72,870,634</u>	<u>\$ 79,795,230</u>	<u>\$ (6,924,596)</u>

The net pension liability of the Medical Center has been calculated using a discount rate of 7.5%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Medical Center's net pension (asset) liability	<u>\$ 5,162,736</u>	<u>\$ (6,924,596)</u>	<u>\$ (16,676,340)</u>

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

N. Pension Plan -(Continued)

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

For the year ended June 30, 2015, the Medical Center recognized pension expense of \$1,591,604. At June 30, 2015, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 4,069,587	\$ -
Net difference between projected and actual earnings on plan investments	-	1,367,714
Contributions subsequent to the measurement date	<u>400,000</u>	<u>-</u>
	<u>\$ 4,469,587</u>	<u>\$ 1,367,714</u>

At June 30, 2015, the Medical Center reported \$400,000 as deferred outflows of resources related to pensions resulting from Medical Center contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability at February 28, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2015, related to pensions, will be recognized in pension expense as follows:

Year ending June 30:		
2016	\$	969,995
2017		969,995
2018		969,996
2019		<u>(208,113)</u>
		<u>\$ 2,701,873</u>

Funding Status and Funding Progress

Prior to adoption of GASB 68, and as of March 1, 2014, the plan was 106% funded. The actuarial accrued liability for benefits was \$24,251,978 and the actuarial value of assets was \$25,588,369, resulting in an overfunded actuarial accrued liability (OAAL) of \$1,336,391. The covered payroll (annual payroll of active employees covered by the plan) was \$39,403,436 and the ratio of the OAAL to the covered payroll was 8.2% for the year ended March 1, 2014.

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

For the fiscal year ended June 30, 2014, the Medical Center's Annual Pension Cost (APC) was \$1,743,807.

The required contributions for 2014 were determined based on the results of actuarial valuations as of March 1, 2014, using the entry age actuarial cost method. At June 30, 2014, the actuarial assumptions included (a) a 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4% to 8% per year. At June 30, 2014, both (a) and (b) included an inflation component of 3.0%.

The 2014 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 adjusted market value method for both valuations.

Three-year Trend Information

<u>Fiscal Year Ended</u>	<u>APC</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
June 30, 2012	\$ 2,684,401	103%	\$ 2,695,776
June 30, 2013	1,972,961	140%	3,482,815
June 30, 2014	1,743,807	145%	4,269,008

For the March 1, 2014, valuation, the closed amortization period was calculated to be thirty years, assuming that contributions of 3.0% of payroll would be made each year.

O. ContingenciesLitigation

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.

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

O. Contingencies - (Continued)

OIG Investigation

In 2013, the Medical Center received a subpoena from the Department of Health and Human Services, Office of Inspector General (OIG), relative to the operation of several Medical Center lines of business, including the emergency department, cardiology program and medical office building leases. Subsequently, the Medical Center was served with a qui tam federal false claims act lawsuit brought by cardiologists that were previously on staff at the Medical Center. The allegations in the lawsuit track the data requests by the OIG. Effective April 20, 2015, the Medical Center entered into a settlement agreement with the OIG to resolve the false claims act lawsuit. Under the settlement, the Medical Center agreed to pay \$23,550,000 which is included in supplies and other expenses in the statements of revenues, expenses and changes in net position, for the year ended June 30, 2015. The Medical Center did not admit any liability for the claims or allegations in the civil litigation in the settlement agreement or otherwise. On May 7, 2015, an order was signed dismissing the Medical Center from the civil litigation.

On March 17, 2015, the Medical Center submitted a voluntary self-disclosure to CMS, pursuant to the Medical Center's voluntary Self-Referral Disclosure Protocol (Disclosure). The Disclosure notified CMS of five financial relationships between the Medical Center and physicians that may not have complied with exceptions under Stark Law. The Stark Law, among other things, makes payments for any claims submitted to Medicare for designated health services, such as inpatient and outpatient services, referred by a physician with whom a hospital had a non-expected financial relationship subject to refund. Based on information that is currently available, a loss from this self-disclosure is probable and management has recorded a liability of \$670,000 at June 30, 2015. This loss is included in purchased services and professional fees in the statement of revenues, expenses and changes in net position. Events could occur that would cause the estimate of loss to differ materially in the near term. Management expects to resolve this matter in 2015 and the liability has been included in accrued expenses in the balance sheet.

**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, 2015*

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>					
Taxes	\$ 30,443,449	\$ 30,510,172	\$ 31,112,944	\$ 238,619	\$ 30,874,325
Fees of office and user fees	1,721,150	1,721,150	1,686,089	(11,822)	1,697,911
Intergovernmental	3,049,948	3,093,381	3,372,908	32,161	3,340,747
Fines and forfeitures	1,385,100	1,440,000	1,149,337	49,479	1,099,858
Investment income					
Interest	100,100	100,100	132,843	-	132,843
Licenses and permits	44,300	44,300	58,202	(210)	58,412
Miscellaneous	709,540	788,488	742,554	3,625	738,929
<b>Total revenues</b>	<u>37,453,587</u>	<u>37,697,591</u>	<u>38,254,877</u>	<u>311,852</u>	<u>37,943,025</u>
<b>EXPENDITURES</b>					
Current					
General government	17,618,213	17,445,599	16,969,035	305,542	16,663,493
Public safety	17,638,344	17,990,899	16,915,638	245,795	16,669,843
Culture and recreation	304,396	305,396	272,426	8,634	263,792
<b>Total expenditures</b>	<u>35,560,953</u>	<u>35,741,894</u>	<u>34,157,099</u>	<u>559,971</u>	<u>33,597,128</u>
Excess (deficiency) of revenues over expenditures	<u>1,892,634</u>	<u>1,955,697</u>	<u>4,097,778</u>	<u>(248,119)</u>	<u>4,345,897</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	5,000	5,000	-	-	-
Transfers in	40,000	40,000	47,656	-	47,656
Transfers out	(1,943,734)	(2,006,797)	(1,870,006)	8,085	(1,878,091)
<b>Total other financing sources (uses)</b>	<u>(1,898,734)</u>	<u>(1,961,797)</u>	<u>(1,822,350)</u>	<u>8,085</u>	<u>(1,830,435)</u>
Change in fund balance	(6,100)	(6,100)	2,275,428	(240,034)	2,515,462
Fund balance, January 1	<u>13,388,301</u>	<u>13,388,301</u>	<u>16,927,984</u>	<u>(1,152,554)</u>	<u>18,080,538</u>
<b>Fund balance, December 31</b>	<u>\$ 13,382,201</u>	<u>\$ 13,382,201</u>	<u>\$ 19,203,412</u>	<u>\$ (1,392,588)</u>	<u>\$ 20,596,000</u>

**Explanation of differences:**

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

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

**COUNTY OF VICTORIA, TEXAS****SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Last ten years

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	<u>2014</u>
<b>Total Pension Liability</b>	
Service cost	\$ 3,577,472
Interest (on the total pension liability)	9,485,056
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	621,328
Benefit payments, including refunds of employee contributions	<u>(5,762,494)</u>
<b>Net Change in Total Pension Liability</b>	7,921,362
<b>Total Pension Liability - Beginning</b>	<u>118,170,701</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 126,092,063</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 3,702,500
Contributions - Employee	1,893,248
Net investment income	7,248,240
Benefit payments, including refunds of employee contributions	(5,762,494)
Administrative expense	(84,874)
Other	<u>230,957</u>
<b>Net Change in Plan Fiduciary Net Position</b>	7,227,577
<b>Plan Fiduciary Net Position - Beginning</b>	<u>106,554,565</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 113,782,142</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 12,309,921</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	90.24%
<b>Covered Employee Payroll</b>	\$ 27,046,396
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	45.51%

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

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

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
*Last ten fiscal years*

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially Determined Contribution	\$ 3,702,500	\$ 2,983,888	\$ 2,346,096
Contribution in relation to the actuarially determined contribution	<u>(3,702,500)</u>	<u>(2,983,888)</u>	<u>(2,346,096)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$27,046,396	\$25,330,071	\$24,361,762
Contributions as a percentage of covered employee payroll	13.7%	11.8%	9.6%

N/A denotes information not available

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

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<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 1,727,348	\$ 1,788,400	\$ 2,692,575	\$ 2,522,064	\$ 2,308,811	\$ 2,049,828	N/A
<u>(1,727,348)</u>	<u>(1,788,400)</u>	<u>(2,692,575)</u>	<u>(2,522,064)</u>	<u>(2,308,811)</u>	<u>(2,049,828)</u>	<u>N/A</u>
<u>\$ -</u>	<u>\$ -</u>					
\$23,469,448	\$23,877,175	\$23,807,032	\$22,538,550	\$20,431,958	\$18,962,335	N/A
7.4%	7.5%	11.3%	11.2%	11.3%	10.8%	N/A

**COUNTY OF VICTORIA, TEXAS**

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*

*December 31, 2015*

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**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

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

**NOTE 2: TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

Valuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry age normal
Asset valuation method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary increases	3.50%
Investment rate of return	8.10%
Cost of living adjustments	Cost of living adjustments for Victoria County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost of living adjustments is included in the GASB calculations. No assumption for future cost of living adjustments is included in the funding valuation.
Retirement age	Based on annual rates of service retirement where deferred members are assumed to retire at the later of: a) age 60 or b) earliest retirement eligibility.
Mortality	Mortality rates were based on the RP-2000 tables, depending on status of member, for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

**Combining and Individual Fund Statements and Schedules**

**COUNTY OF VICTORIA, TEXAS***ALL NONMAJOR GOVERNMENTAL FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2015*

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	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 5,326,149	\$ 810,773	\$ 2,790,883	\$ 8,927,805
Receivables (net)	3,553,662	1,322,990	-	4,876,652
Due from other governments	939,095	-	-	939,095
Due from other funds	28,928	-	-	28,928
<b>Total assets</b>	<b><u>\$ 9,847,834</u></b>	<b><u>\$ 2,133,763</u></b>	<b><u>\$ 2,790,883</u></b>	<b><u>\$ 14,772,480</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 576,092	\$ -	\$ 88,365	\$ 664,457
Accrued expenditures	114,591	-	-	114,591
Due to other funds	745,879	-	19,600	765,479
<b>Total liabilities</b>	<b><u>1,436,562</u></b>	<b><u>-</u></b>	<b><u>107,965</u></b>	<b><u>1,544,527</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	4,475,684	1,772,532	-	6,248,216
<b>Total deferred inflows of resources</b>	<b><u>4,475,684</u></b>	<b><u>1,772,532</u></b>	<b><u>-</u></b>	<b><u>6,248,216</u></b>
<b>FUND BALANCES</b>				
Restricted	3,935,588	361,231	2,682,918	6,979,737
<b>Total fund balances</b>	<b><u>3,935,588</u></b>	<b><u>361,231</u></b>	<b><u>2,682,918</u></b>	<b><u>6,979,737</u></b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b><u>\$ 9,847,834</u></b>	<b><u>\$ 2,133,763</u></b>	<b><u>\$ 2,790,883</u></b>	<b><u>\$ 14,772,480</u></b>

**COUNTY OF VICTORIA, TEXAS***ALL NONMAJOR GOVERNMENTAL FUNDS**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
STATUTORY BASIS**For the year ended December 31, 2015*

	Total Nonmajor Special <u>Revenue Funds</u>	Total Nonmajor Debt <u>Service Fund</u>	Total Nonmajor Capital <u>Projects Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>REVENUES</b>				
Taxes	\$ 3,762,285	\$ 1,614,074	\$ -	\$ 5,376,359
Fees of office and user fees	1,566,076	-	-	1,566,076
Intergovernmental	5,643,250	-	-	5,643,250
Fines and forfeitures	56,519	-	-	56,519
Investment income	29,240	2,888	16,717	48,845
Contributions	119,484	-	-	119,484
Miscellaneous	<u>178,942</u>	<u>-</u>	<u>12,213</u>	<u>191,155</u>
<b>Total revenues</b>	<u>11,355,796</u>	<u>1,616,962</u>	<u>28,930</u>	<u>13,001,688</u>
<b>EXPENDITURES</b>				
Current				
General government	1,676,501	-	94,966	1,771,467
Public safety	2,049,429	-	-	2,049,429
Highways and streets	5,296,511	-	-	5,296,511
Public health	3,615,808	-	-	3,615,808
Capital outlay	-	-	1,302,382	1,302,382
Debt service				
Principal retirement	-	1,018,228	-	1,018,228
Interest and fiscal charges	<u>-</u>	<u>624,304</u>	<u>-</u>	<u>624,304</u>
<b>Total expenditures</b>	<u>12,638,249</u>	<u>1,642,532</u>	<u>1,397,348</u>	<u>15,678,129</u>
Excess (deficiency) of revenues over expenditures	<u>(1,282,453)</u>	<u>(25,570)</u>	<u>(1,368,418)</u>	<u>(2,676,441)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,899,539	-	-	1,899,539
Transfers out	<u>(226,200)</u>	<u>-</u>	<u>(308,701)</u>	<u>(534,901)</u>
<b>Total other financing sources (uses)</b>	<u>1,673,339</u>	<u>-</u>	<u>(308,701)</u>	<u>1,364,638</u>
Change in fund balances	390,886	(25,570)	(1,677,119)	(1,311,803)
Fund balances at beginning of year	<u>3,544,702</u>	<u>386,801</u>	<u>4,360,037</u>	<u>8,291,540</u>
<b>Fund balances at end of year</b>	<u>\$ 3,935,588</u>	<u>\$ 361,231</u>	<u>\$ 2,682,918</u>	<u>\$ 6,979,737</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

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

### **ROAD AND BRIDGE FUNDS**

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

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

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

### **OTHER SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

**FEMA Hazard Mitigation DR 1999-007 Fund** - Accounts for funds received from the Federal Emergency Management Agency for the purchase and installation of a generator at the Emergency Operations Center.

**FEMA Hazard Mitigation DR 1791-316 Fund** - Accounts for funds received from the Department of Homeland Security to facilitate the construction of a new stand-alone monolithic dome safe room on the Bloomington Independent School District campus.

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

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

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

**FEMA Public Assistance DR 4223 Fund** - Accounts for funds received from the Federal Emergency Management Agency to repair damages and reimburse disaster-related activities for the flooding on May 4, 2015.

**County Energy Transportation Reinvestment Zone Grant Fund** - Accounts for funds received from the Texas Department of Transportation to facilitate several designated transportation infrastructure projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

**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.

**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.

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

**Internet Crimes Against Children Grant Fund** - Accounts for funds received from the Office of the Attorney General to help acquire the necessary knowledge, personnel and equipment to prevent, interdict and investigate internet crimes against children.

**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.

**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.

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

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

**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.

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

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

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

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

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

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

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

**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, 2014*

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	Road and Bridge	Other Special Revenue	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,010,029	\$ 1,316,120	\$ 5,326,149
Receivables (net)			
Ad valorem	3,310,998	-	3,310,998
Other	20,130	222,534	242,664
Due from other governments	-	939,095	939,095
Due from other funds	<u>28,928</u>	<u>-</u>	<u>28,928</u>
<b>Total assets</b>	<u><u>\$ 7,370,085</u></u>	<u><u>\$ 2,477,749</u></u>	<u><u>\$ 9,847,834</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 80,700	\$ 495,392	\$ 576,092
Accrued expenditures	40,749	73,842	114,591
Due to other funds	<u>9,558</u>	<u>736,321</u>	<u>745,879</u>
<b>Total liabilities</b>	<u>131,007</u>	<u>1,305,555</u>	<u>1,436,562</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	<u>4,475,684</u>	<u>-</u>	<u>4,475,684</u>
<b>Total deferred inflows of resources</b>	<u>4,475,684</u>	<u>-</u>	<u>4,475,684</u>
<b>FUND BALANCES</b>			
Restricted	<u>2,763,394</u>	<u>1,172,194</u>	<u>3,935,588</u>
<b>Total fund balances</b>	<u>2,763,394</u>	<u>1,172,194</u>	<u>3,935,588</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u><u>\$ 7,370,085</u></u>	<u><u>\$ 2,477,749</u></u>	<u><u>\$ 9,847,834</u></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, 2015

	Road and Bridge	Other Special Revenue	Total
<b>REVENUES</b>			
Taxes	\$ 3,762,285	\$ -	\$ 3,762,285
Fees of office and user fees	-	1,566,076	1,566,076
Intergovernmental	1,496,157	4,147,093	5,643,250
Fines and forfeitures	-	56,519	56,519
Investment income			
Interest	22,986	6,254	29,240
Contributions	-	119,484	119,484
Miscellaneous	113,418	65,524	178,942
<b>Total revenues</b>	<u>5,394,846</u>	<u>5,960,950</u>	<u>11,355,796</u>
<b>EXPENDITURES</b>			
Current			
General government	-	1,676,501	1,676,501
Public safety	-	2,049,429	2,049,429
Highways and streets	5,206,377	90,134	5,296,511
Public health	-	3,615,808	3,615,808
<b>Total expenditures</b>	<u>5,206,377</u>	<u>7,431,872</u>	<u>12,638,249</u>
Excess (deficiency) of revenues over expenditures	<u>188,469</u>	<u>(1,470,922)</u>	<u>(1,282,453)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	178,544	1,720,995	1,899,539
Transfers out	<u>(30,543)</u>	<u>(195,657)</u>	<u>(226,200)</u>
<b>Total other financing sources (uses)</b>	<u>148,001</u>	<u>1,525,338</u>	<u>1,673,339</u>
Change in fund balance	336,470	54,416	390,886
Fund balance, January 1	<u>2,426,924</u>	<u>1,117,778</u>	<u>3,544,702</u>
<b>Fund balance, December 31</b>	<u>\$ 2,763,394</u>	<u>\$ 1,172,194</u>	<u>\$ 3,935,588</u>

**COUNTY OF VICTORIA, TEXAS**

## NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

## ROAD AND BRIDGE FUNDS

## COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2015

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 570,666	\$ 1,083,171	\$ 1,762,371	\$ 593,821	\$ 4,010,029
Receivables (net)					
Ad valorem	846,677	792,869	776,903	894,549	3,310,998
Other	5,133	4,831	4,731	5,435	20,130
Due from other funds	2,553	4,624	21,751	-	28,928
<b>Total assets</b>	<b>\$ 1,425,029</b>	<b>\$ 1,885,495</b>	<b>\$ 2,565,756</b>	<b>\$ 1,493,805</b>	<b>\$ 7,370,085</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 10,002	\$ 3,927	\$ 50,299	\$ 16,472	\$ 80,700
Accrued expenditures	10,931	8,591	10,962	10,265	40,749
Due to other funds	2,706	1,974	2,532	2,346	9,558
<b>Total liabilities</b>	<b>23,639</b>	<b>14,492</b>	<b>63,793</b>	<b>29,083</b>	<b>131,007</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	1,143,672	1,072,394	1,050,605	1,209,013	4,475,684
<b>Total deferred inflows of resources</b>	<b>1,143,672</b>	<b>1,072,394</b>	<b>1,050,605</b>	<b>1,209,013</b>	<b>4,475,684</b>
<b>FUND BALANCE</b>					
Restricted	257,718	798,609	1,451,358	255,709	2,763,394
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 1,425,029</b>	<b>\$ 1,885,495</b>	<b>\$ 2,565,756</b>	<b>\$ 1,493,805</b>	<b>\$ 7,370,085</b>

**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, 2015*

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
<b>REVENUES</b>					
Taxes	\$ 959,382	\$ 902,950	\$ 884,138	\$ 1,015,815	\$ 3,762,285
Intergovernmental	379,063	364,517	359,808	392,769	1,496,157
Investment income					
Interest	3,799	6,263	8,950	3,974	22,986
Miscellaneous	37,727	998	39,081	35,612	113,418
<b>Total revenues</b>	<u>1,379,971</u>	<u>1,274,728</u>	<u>1,291,977</u>	<u>1,448,170</u>	<u>5,394,846</u>
<b>EXPENDITURES</b>					
Current					
Highways and streets	<u>1,438,298</u>	<u>1,215,428</u>	<u>1,131,142</u>	<u>1,421,509</u>	<u>5,206,377</u>
Excess (deficiency) of revenues over expenditures	<u>(58,327)</u>	<u>59,300</u>	<u>160,835</u>	<u>26,661</u>	<u>188,469</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	11,606	29,880	137,058	-	178,544
Transfers out	<u>-</u>	<u>(1,982)</u>	<u>(1,982)</u>	<u>(26,579)</u>	<u>(30,543)</u>
<b>Total other financing sources (uses)</b>	<u>11,606</u>	<u>27,898</u>	<u>135,076</u>	<u>(26,579)</u>	<u>148,001</u>
Change in fund balance	(46,721)	87,198	295,911	82	336,470
Fund balance, January 1	<u>304,439</u>	<u>711,411</u>	<u>1,155,447</u>	<u>255,627</u>	<u>2,426,924</u>
<b>Fund balance, December 31</b>	<u>\$ 257,718</u>	<u>\$ 798,609</u>	<u>\$ 1,451,358</u>	<u>\$ 255,709</u>	<u>\$ 2,763,394</u>

**COUNTY OF VICTORIA, TEXAS**

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2015

	Emergency Mgmt.	LEPC Fund	Records Mgmt.	Courthouse Security	Justice Court Building Security
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 3,000	\$ 231,349	\$ 16,373	\$ 58,191
Receivables (net)					
Other	169,801	-	322	210	19
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<u>\$ 169,801</u>	<u>\$ 3,000</u>	<u>\$ 231,671</u>	<u>\$ 16,583</u>	<u>\$ 58,210</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 596	\$ -	\$ 62	\$ -	\$ -
Accrued expenditures	3,407	-	1,262	-	-
Due to other funds	163,469	-	10	-	-
<b>Total liabilities</b>	<u>167,472</u>	<u>-</u>	<u>1,334</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	2,329	3,000	230,337	16,583	58,210
<b>Total fund balances</b>	<u>2,329</u>	<u>3,000</u>	<u>230,337</u>	<u>16,583</u>	<u>58,210</u>
<b>Total liabilities and fund balances</b>	<u>\$ 169,801</u>	<u>\$ 3,000</u>	<u>\$ 231,671</u>	<u>\$ 16,583</u>	<u>\$ 58,210</u>

District Clerk Records Mgmt.	FEMA Hazard Mitigation DR 1791-316	Gulf of Mexico Energy Security Act	FEMA Public Assistance DR 4223	Co. Energy Transportation Reinvestment Zone Grant	Capital Credits	Juvenile Probation
\$ 4,280	\$ -	\$ 4,788	\$ 28,929	\$ -	\$ 95,467	\$ 50,772
45	-	-	-	-	-	-
-	311,454	-	-	23,267	-	-
<u>\$ 4,325</u>	<u>\$ 311,454</u>	<u>\$ 4,788</u>	<u>\$ 28,929</u>	<u>\$ 23,267</u>	<u>\$ 95,467</u>	<u>\$ 50,772</u>
\$ -	\$ 311,454	\$ -	\$ -	\$ -	\$ -	\$ 34,878
-	-	-	-	-	-	15,671
-	-	-	28,929	23,267	-	223
-	311,454	-	28,929	23,267	-	50,772
4,325	-	4,788	-	-	95,467	-
4,325	-	4,788	-	-	95,467	-
<u>\$ 4,325</u>	<u>\$ 311,454</u>	<u>\$ 4,788</u>	<u>\$ 28,929</u>	<u>\$ 23,267</u>	<u>\$ 95,467</u>	<u>\$ 50,772</u>

(continued)

**COUNTY OF VICTORIA, TEXAS***NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**OTHER SPECIAL REVENUE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2015*

	Drug Courts Program	Justice Technology	Family Protection Fee	County/ District Technology	CDA Processing Fee
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,121	\$ 20,123	\$ 321	\$ 2,650	\$ 13,370
Receivables (net)					
Other	-	78	15	149	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 18,121</u></b>	<b><u>\$ 20,201</u></b>	<b><u>\$ 336</u></b>	<b><u>\$ 2,799</u></b>	<b><u>\$ 13,370</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,464	\$ -	\$ -	\$ -	\$ 8,673
Accrued expenditures	-	-	-	-	353
Due to other funds	-	-	-	-	3
<b>Total liabilities</b>	<b><u>1,464</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>9,029</u></b>
<b>FUND BALANCES</b>					
Restricted	<u>16,657</u>	<u>20,201</u>	<u>336</u>	<u>2,799</u>	<u>4,341</u>
<b>Total fund balances</b>	<b><u>16,657</u></b>	<b><u>20,201</u></b>	<b><u>336</u></b>	<b><u>2,799</u></b>	<b><u>4,341</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 18,121</u></b>	<b><u>\$ 20,201</u></b>	<b><u>\$ 336</u></b>	<b><u>\$ 2,799</u></b>	<b><u>\$ 13,370</u></b>

<u>CDA Bond Forfeiture Commissions</u>	<u>CDA Victims Assistance Grant</u>	<u>Sheriff Victims Assistance Grant</u>	<u>Operation Stonegarden Grant</u>	<u>Byrne JAG Program</u>	<u>Drug Trafficking Grant</u>	<u>BISD School Resource Officer</u>
\$ 586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	46,649	-	-	-
<u>-</u>	<u>11,435</u>	<u>8,271</u>	<u>-</u>	<u>14,448</u>	<u>6,330</u>	<u>13,203</u>
<u>\$ 586</u>	<u>\$ 11,435</u>	<u>\$ 8,271</u>	<u>\$ 46,649</u>	<u>\$ 14,448</u>	<u>\$ 6,330</u>	<u>\$ 13,203</u>
\$ -	\$ 42	\$ 33	\$ 1,225	\$ 14,448	\$ -	\$ 41
-	973	785	2,866	-	1,400	1,066
<u>-</u>	<u>10,420</u>	<u>5,598</u>	<u>42,558</u>	<u>-</u>	<u>4,930</u>	<u>12,096</u>
<u>-</u>	<u>11,435</u>	<u>6,416</u>	<u>46,649</u>	<u>14,448</u>	<u>6,330</u>	<u>13,203</u>
<u>586</u>	<u>-</u>	<u>1,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>586</u>	<u>-</u>	<u>1,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 586</u>	<u>\$ 11,435</u>	<u>\$ 8,271</u>	<u>\$ 46,649</u>	<u>\$ 14,448</u>	<u>\$ 6,330</u>	<u>\$ 13,203</u>

(continued)

**COUNTY OF VICTORIA, TEXAS***NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**OTHER SPECIAL REVENUE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2015*

	Sheriff's Special Purpose	CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's DOT Federal Forfeiture	Goliad Co. Juvenile Probation Services
<b>ASSETS</b>					
Cash and cash equivalents	\$ 85,080	\$ 394,032	\$ 1,041	\$ 95,748	\$ -
Receivables (net)					
Other	-	-	-	-	-
Due from other governments	-	-	-	-	2,663
<b>Total assets</b>	<u>\$ 85,080</u>	<u>\$ 394,032</u>	<u>\$ 1,041</u>	<u>\$ 95,748</u>	<u>\$ 2,663</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,077	\$ 47,417	\$ -	\$ -	\$ 15
Accrued expenditures	-	870	-	-	304
Due to other funds	-	5	-	-	2,344
<b>Total liabilities</b>	<u>3,077</u>	<u>48,292</u>	<u>-</u>	<u>-</u>	<u>2,663</u>
<b>FUND BALANCES</b>					
Restricted	<u>82,003</u>	<u>345,740</u>	<u>1,041</u>	<u>95,748</u>	<u>-</u>
<b>Total fund balances</b>	<u>82,003</u>	<u>345,740</u>	<u>1,041</u>	<u>95,748</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 85,080</u>	<u>\$ 394,032</u>	<u>\$ 1,041</u>	<u>\$ 95,748</u>	<u>\$ 2,663</u>

<u>VISD School Resource Officer</u>	<u>Election Admin. Special</u>	<u>Elections Chapter 19</u>	<u>Tax Assessor- Collector Special</u>	<u>Historical Commission</u>	<u>Child Welfare Board</u>	<u>Law Library</u>
\$ -	\$ 11,578	\$ -	\$ 23,416	\$ 18,820	\$ 65,454	\$ 34,334
-	-	-	-	-	-	256
<u>73,936</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 73,936</u>	<u>\$ 11,578</u>	<u>\$ 54</u>	<u>\$ 23,416</u>	<u>\$ 18,820</u>	<u>\$ 65,454</u>	<u>\$ 34,590</u>
\$ 393	\$ 7	\$ -	\$ -	\$ -	\$ 3,016	\$ 2,874
9,130	-	-	-	-	-	-
<u>64,413</u>	<u>10</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>73,936</u>	<u>17</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>3,016</u>	<u>2,874</u>
-	<u>11,561</u>	-	<u>23,416</u>	<u>18,820</u>	<u>62,438</u>	<u>31,716</u>
-	<u>11,561</u>	-	<u>23,416</u>	<u>18,820</u>	<u>62,438</u>	<u>31,716</u>
<u>\$ 73,936</u>	<u>\$ 11,578</u>	<u>\$ 54</u>	<u>\$ 23,416</u>	<u>\$ 18,820</u>	<u>\$ 65,454</u>	<u>\$ 34,590</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS*

*OTHER SPECIAL REVENUE FUNDS*

*COMBINING BALANCE SHEET - STATUTORY BASIS*

*December 31, 2015*

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	<u>Health Department</u>	<u>WIC Program</u>	<u>LEOSE</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 400	\$ -	\$ 37,897	\$ 1,316,120
Receivables (net)				
Other	4,990	-	-	222,534
Due from other governments	<u>295,068</u>	<u>178,966</u>	<u>-</u>	<u>939,095</u>
<b>Total assets</b>	<u>\$ 300,458</u>	<u>\$ 178,966</u>	<u>\$ 37,897</u>	<u>\$ 2,477,749</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 60,980	\$ 4,697	\$ -	\$ 495,392
Accrued expenditures	27,526	8,229	-	73,842
Due to other funds	<u>211,952</u>	<u>166,040</u>	<u>-</u>	<u>736,321</u>
<b>Total liabilities</b>	<u>300,458</u>	<u>178,966</u>	<u>-</u>	<u>1,305,555</u>
<b>FUND BALANCES</b>				
Restricted	<u>-</u>	<u>-</u>	<u>37,897</u>	<u>1,172,194</u>
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>37,897</u>	<u>1,172,194</u>
<b>Total liabilities and fund balances</b>	<u>\$ 300,458</u>	<u>\$ 178,966</u>	<u>\$ 37,897</u>	<u>\$ 2,477,749</u>

(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, 2015

	Emergency Mgmt.	LEPC Fund	Records Mgmt.	Courthouse Security	Justice Court Building Security
<b>REVENUES</b>					
Fees of office and user fees	\$ -	\$ -	\$ 165,612	\$ 41,899	\$ 4,696
Intergovernmental	43,969	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	226	-	-
Contributions	116,484	3,000	-	-	-
Miscellaneous	635	-	-	-	-
<b>Total revenues</b>	<u>161,088</u>	<u>3,000</u>	<u>165,838</u>	<u>41,899</u>	<u>4,696</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	111,871	7,992	275
Public safety	235,542	-	-	-	-
Highways and streets	-	-	-	-	-
Public health	-	-	-	-	-
<b>Total expenditures</b>	<u>235,542</u>	<u>-</u>	<u>111,871</u>	<u>7,992</u>	<u>275</u>
Excess (deficiency) of revenues over expenditures	<u>(74,454)</u>	<u>3,000</u>	<u>53,967</u>	<u>33,907</u>	<u>4,421</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	74,454	-	-	-	-
Transfers out	-	-	-	(35,000)	-
<b>Total other financing sources (uses)</b>	<u>74,454</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>
Change in fund balance	-	3,000	53,967	(1,093)	4,421
Fund balance, January 1	<u>2,329</u>	<u>-</u>	<u>176,370</u>	<u>17,676</u>	<u>53,789</u>
<b>Fund balance, December 31</b>	<u>\$ 2,329</u>	<u>\$ 3,000</u>	<u>\$ 230,337</u>	<u>\$ 16,583</u>	<u>\$ 58,210</u>

District Clerk Records Mgmt.	FEMA Hazard Mitigation DR 1999-007	FEMA Hazard Mitigation DR 1791-316	Gulf of Mexico Energy Security Act	FEMA Public Assistance DR 4223	Co. Energy Transportation Reinvestment Zone Grant	Capital Credits
\$ 6,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	311,454	1,707	59,140	205,440	95,467
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,333</u>	<u>-</u>	<u>311,454</u>	<u>1,707</u>	<u>59,140</u>	<u>205,440</u>	<u>95,467</u>
6,350	12,448	-	-	-	-	-
-	-	311,454	-	18,789	-	-
-	-	-	-	-	90,134	-
-	-	-	-	-	-	-
<u>6,350</u>	<u>12,448</u>	<u>311,454</u>	<u>-</u>	<u>18,789</u>	<u>90,134</u>	<u>-</u>
(17)	(12,448)	-	1,707	40,351	115,306	95,467
-	12,448	-	-	-	-	-
-	-	-	-	(40,351)	(115,306)	-
-	12,448	-	-	(40,351)	(115,306)	-
(17)	-	-	1,707	-	-	95,467
<u>4,342</u>	<u>-</u>	<u>-</u>	<u>3,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,467</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, 2015

	Juvenile Probation	Drug Courts Program	Justice Technology	Family Protection Fee	County/ District Technology
<b>REVENUES</b>					
Fees of office and user fees	\$ 1,180	\$ 10,107	\$ 18,957	\$ 5,479	\$ 20,674
Intergovernmental	877,776	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	1,077	78	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>880,033</u>	<u>10,185</u>	<u>18,957</u>	<u>5,479</u>	<u>20,674</u>
<b>EXPENDITURES</b>					
Current					
General government	1,261,991	8,700	22,066	5,600	31,260
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public health	-	-	-	-	-
<b>Total expenditures</b>	<u>1,261,991</u>	<u>8,700</u>	<u>22,066</u>	<u>5,600</u>	<u>31,260</u>
Excess (deficiency) of revenues over expenditures	<u>(381,958)</u>	<u>1,485</u>	<u>(3,109)</u>	<u>(121)</u>	<u>(10,586)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	381,958	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>381,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	1,485	(3,109)	(121)	(10,586)
Fund balance, January 1	-	<u>15,172</u>	<u>23,310</u>	<u>457</u>	<u>13,385</u>
<b>Fund balance, December 31</b>	<u>\$ -</u>	<u>\$ 16,657</u>	<u>\$ 20,201</u>	<u>\$ 336</u>	<u>\$ 2,799</u>

<u>CDA Processing Fee</u>	<u>CDA Bond Forfeiture Commissions</u>	<u>CDA Victims Assistance Grant</u>	<u>Sheriff Victims Assistance Grant</u>	<u>Texas Vine Grant</u>	<u>Local Border Security Grant</u>	<u>Operation Stonegarden Grant</u>
\$ 25,139	\$ 586	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	42,282	43,875	16,500	13	385,298
-	-	-	-	-	-	-
68	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>25,207</u>	<u>586</u>	<u>42,282</u>	<u>43,875</u>	<u>16,500</u>	<u>13</u>	<u>385,298</u>
22,404	-	61,716	-	16,500	-	-
-	-	-	48,564	-	13	385,298
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>22,404</u>	<u>-</u>	<u>61,716</u>	<u>48,564</u>	<u>16,500</u>	<u>13</u>	<u>385,298</u>
<u>2,803</u>	<u>586</u>	<u>(19,434)</u>	<u>(4,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	19,434	4,689	-	-	-
-	-	-	-	-	-	-
-	-	19,434	4,689	-	-	-
2,803	586	-	-	-	-	-
<u>1,538</u>	<u>-</u>	<u>-</u>	<u>1,855</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,341</u>	<u>\$ 586</u>	<u>\$ -</u>	<u>\$ 1,855</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, 2015

	Byrne JAG Program	Drug Trafficking Grant	Internet Crimes Against Children Grant	BISD School Resource Officer	Sheriff's Special Purpose
<b>REVENUES</b>					
Fees of office and user fees	\$ -	\$ -	\$ -	\$ 63,470	\$ -
Intergovernmental	30,655	97,510	18,619	-	-
Fines and forfeitures	-	-	-	-	14,367
Investment income					
Interest	-	-	-	-	594
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>30,655</u>	<u>97,510</u>	<u>18,619</u>	<u>63,470</u>	<u>14,961</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	30,655	97,510	18,619	63,470	78,921
Highways and streets	-	-	-	-	-
Public health	-	-	-	-	-
<b>Total expenditures</b>	<u>30,655</u>	<u>97,510</u>	<u>18,619</u>	<u>63,470</u>	<u>78,921</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,960)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	-	-	(63,960)
Fund balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,963</u>
<b>Fund balance, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,003</u>

Sheriff's Donations	Constable Forfeiture	CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's DOT Federal Forfeiture	Goliad Co. Juvenile Probation Services	VISD School Resource Officer
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,179	\$ 581,039
-	-	-	-	-	-	-
-	-	42,152	-	-	-	-
3	-	2,236	5	490	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3</u>	<u>-</u>	<u>44,388</u>	<u>5</u>	<u>490</u>	<u>21,179</u>	<u>581,039</u>
-	-	-	-	-	21,179	-
723	826	170,840	-	3,941	-	581,039
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>723</u>	<u>826</u>	<u>170,840</u>	<u>-</u>	<u>3,941</u>	<u>21,179</u>	<u>581,039</u>
<u>(720)</u>	<u>(826)</u>	<u>(126,452)</u>	<u>5</u>	<u>(3,451)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(720)	(826)	(126,452)	5	(3,451)	-	-
<u>720</u>	<u>826</u>	<u>472,192</u>	<u>1,036</u>	<u>99,199</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,740</u>	<u>\$ 1,041</u>	<u>\$ 95,748</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, 2015

	DSHS ILINET Grant	Election Admin. Special	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission
<b>REVENUES</b>					
Fees of office and user fees	\$ -	\$ 26,093	\$ 4,793	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	51	-	1,331	95
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	911	-
<b>Total revenues</b>	<u>-</u>	<u>26,144</u>	<u>4,793</u>	<u>2,242</u>	<u>95</u>
<b>EXPENDITURES</b>					
Current					
General government	-	26,931	4,793	-	1,003
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public health	1,840	-	-	-	-
<b>Total expenditures</b>	<u>1,840</u>	<u>26,931</u>	<u>4,793</u>	<u>-</u>	<u>1,003</u>
Excess (deficiency) of revenues over expenditures	<u>(1,840)</u>	<u>(787)</u>	<u>-</u>	<u>2,242</u>	<u>(908)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	3,000
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Change in fund balance	(1,840)	(787)	-	2,242	2,092
Fund balance, January 1	<u>1,840</u>	<u>12,348</u>	<u>-</u>	<u>21,174</u>	<u>16,728</u>
<b>Fund balance, December 31</b>	<u>\$ -</u>	<u>\$ 11,561</u>	<u>\$ -</u>	<u>\$ 23,416</u>	<u>\$ 18,820</u>

Child Welfare Board	Law Library	Health Department	WIC Program	LEOSE	Total
\$ 5,709	\$ 61,989	\$ 501,142	\$ -	\$ -	\$ 1,566,076
-	-	1,182,563	717,774	17,051	4,147,093
-	-	-	-	-	56,519
-	-	-	-	-	6,254
-	-	-	-	-	119,484
<u>53,801</u>	<u>-</u>	<u>10,177</u>	<u>-</u>	<u>-</u>	<u>65,524</u>
<u>59,510</u>	<u>61,989</u>	<u>1,693,882</u>	<u>717,774</u>	<u>17,051</u>	<u>5,960,950</u>
19,772	33,650	-	-	-	1,676,501
-	-	-	-	3,225	2,049,429
-	-	-	-	-	90,134
-	-	2,896,194	717,774	-	3,615,808
<u>19,772</u>	<u>33,650</u>	<u>2,896,194</u>	<u>717,774</u>	<u>3,225</u>	<u>7,431,872</u>
<u>39,738</u>	<u>28,339</u>	<u>(1,202,312)</u>	<u>-</u>	<u>13,826</u>	<u>(1,470,922)</u>
22,700	-	1,202,312	-	-	1,720,995
-	(5,000)	-	-	-	(195,657)
<u>22,700</u>	<u>(5,000)</u>	<u>1,202,312</u>	<u>-</u>	<u>-</u>	<u>1,525,338</u>
62,438	23,339	-	-	13,826	54,416
-	8,377	-	-	24,071	1,117,778
<u>\$ 62,438</u>	<u>\$ 31,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,897</u>	<u>\$ 1,172,194</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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes				
Ad valorem				
Current	\$ 19,576,449	\$ 19,576,449	\$ 19,664,367	\$ 87,918
Delinquent	300,000	300,000	408,496	108,496
Penalty and interest	167,000	167,000	181,497	14,497
Sales and use	<u>10,400,000</u>	<u>10,466,723</u>	<u>10,858,584</u>	<u>391,861</u>
Total taxes	<u>30,443,449</u>	<u>30,510,172</u>	<u>31,112,944</u>	<u>602,772</u>
Fees of office and user fees				
Sheriff's department	360,000	360,000	278,800	(81,200)
Prisoner maintenance	5,000	5,000	425	(4,575)
County treasurer	5,000	5,000	3,210	(1,790)
Election administrator	1,000	1,000	733	(267)
County clerk	400,350	400,350	373,251	(27,099)
Probate personnel education fees	1,800	1,800	1,705	(95)
Guardianship fee	5,000	5,000	7,022	2,022
County courts at law	4,000	4,000	4,421	421
Tax assessor-collector	500,000	500,000	624,951	124,951
Criminal district attorney	25,000	25,000	13,465	(11,535)
District clerk	200,000	200,000	178,665	(21,335)
Justices of the peace	35,000	35,000	38,631	3,631
Deferred adjudication	25,000	25,000	27,167	2,167
Constables	88,000	88,000	79,071	(8,929)
Pre-Trial Bonding Fees	60,000	60,000	43,438	(16,562)
Interlock Device Fees	<u>6,000</u>	<u>6,000</u>	<u>11,134</u>	<u>5,134</u>
Total fees of office and user fees	<u>1,721,150</u>	<u>1,721,150</u>	<u>1,686,089</u>	<u>(35,061)</u>
Intergovernmental				
Payment in lieu of taxes	1,000	1,000	11,816	10,816
Alcohol beverage tax	180,000	180,000	255,501	75,501
County courts at law	150,000	150,000	167,797	17,797
Bingo gross receipts tax	80,000	80,000	75,678	(4,322)
Tobacco settlement	48,000	48,000	36,708	(11,292)
Indigent defense grant	50,000	50,000	79,767	29,767
Title IV-E legal service	35,000	35,000	56,812	21,812
Jury fee reimbursement/SB1704	40,000	40,000	52,802	12,802
DA Longevity Reimb/GC 41	12,948	12,948	9,123	(3,825)
DA 2015 State Supplement Re	-	1,212	1,476	264
Juvenile detention contracts	1,200,000	1,200,000	1,072,618	(127,382)
State juvenile detention funds	148,000	148,000	146,007	(1,993)
Jail inmate bedspace	1,000,000	1,000,000	1,262,800	262,800
Jail inmate contract other	45,000	45,000	42,827	(2,173)
Jail inmate extradition	20,000	20,000	24,749	4,749
General inmate medical	40,000	40,000	34,206	(5,794)
Dept. of Justice SCAAP program	-	14,448	14,448	-

(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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>REVENUES (continued)</b>				
Intergovernmental (continued)				
Vest reimbursement	\$ -	\$ 6,978	\$ 6,978	\$ -
Abandoned vehicles	-	20,795	20,795	-
Total intergovernmental	<u>3,049,948</u>	<u>3,093,381</u>	<u>3,372,908</u>	<u>279,527</u>
Fines and forfeitures				
District court fines	300,000	300,000	246,751	(53,249)
County court at law fines	400,000	400,000	278,867	(121,133)
Justice of the peace fines	650,000	650,000	513,096	(136,904)
Forfeitures	35,100	90,000	110,623	20,623
Total fines and forfeitures	<u>1,385,100</u>	<u>1,440,000</u>	<u>1,149,337</u>	<u>(290,663)</u>
Interest	<u>100,100</u>	<u>100,100</u>	<u>132,843</u>	<u>32,743</u>
Licenses and permits				
Marriage licenses	22,000	22,000	21,523	(477)
Beer and whiskey licenses	22,000	22,000	36,679	14,679
Miscellaneous	300	300	-	(300)
Total licenses and permits	<u>44,300</u>	<u>44,300</u>	<u>58,202</u>	<u>13,902</u>
Miscellaneous				
Records management preservation	35,000	35,000	26,557	(8,443)
Criminal justice planning commission	100	100	4	(96)
Crime stopper fee	-	-	1	1
Victims of crime collection	100	100	38	(62)
JCPTF commission	100	100	3	(97)
Juvenile probation diversion collections	100	100	-	(100)
Legal service for indigents fees	800	800	944	144
Defensive driving course fee	6,000	6,000	5,187	(813)
Court reporter fees	26,000	26,000	26,537	537
Arrest warrant fees	50,000	50,000	48,766	(1,234)
Other fees	124,650	124,650	110,280	(14,370)
Personal recognizant fees	4,000	4,000	2,079	(1,921)
CJAD contract services	6,300	6,300	6,657	357
Rents and royalties	98,290	98,290	97,698	(592)
Telephone commissions	182,000	182,000	161,088	(20,912)
Election machines rental	20,000	20,000	9,950	(10,050)
Reimbursements and refunds	71,100	138,766	155,822	17,056
Restitutions	200	200	-	(200)
Miscellaneous	84,800	96,082	90,943	(5,139)
Total miscellaneous	<u>709,540</u>	<u>788,488</u>	<u>742,554</u>	<u>(45,934)</u>
<b>Total revenues</b>	<u>37,453,587</u>	<u>37,697,591</u>	<u>38,254,877</u>	<u>557,286</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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Current				
General government				
County judge				
Salaries	\$ 110,131	\$ 110,131	\$ 110,131	\$ -
Fringe benefits	32,530	29,030	27,546	1,484
Operating expenditures	6,878	14,439	14,381	58
Total county judge	<u>149,539</u>	<u>153,600</u>	<u>152,058</u>	<u>1,542</u>
Commissioners' court				
Salaries	133,415	133,400	131,963	1,437
Fringe benefits	37,550	42,686	41,358	1,328
Operating expenditures	21,400	22,615	22,515	100
Other services and charges	3,500	3,439	2,764	675
Total commissioners' court	<u>195,865</u>	<u>202,140</u>	<u>198,600</u>	<u>3,540</u>
Records management				
Salaries	74,474	74,474	74,473	1
Fringe benefits	24,842	24,842	24,520	322
Operating expenditures	2,500	4,000	2,623	1,377
Total records management	<u>101,816</u>	<u>103,316</u>	<u>101,616</u>	<u>1,700</u>
County clerk				
Salaries	574,226	523,011	504,339	18,672
Fringe benefits	172,117	156,683	150,241	6,442
Operating expenditures	36,912	34,912	32,681	2,231
Total county clerk	<u>783,255</u>	<u>714,606</u>	<u>687,261</u>	<u>27,345</u>
Pre-Trial Services				
Salaries	92,500	92,500	91,752	748
Fringe benefits	29,472	29,472	28,690	782
Operating expenditures	5,000	5,000	524	4,476
Total veterans' service officer	<u>126,972</u>	<u>126,972</u>	<u>120,966</u>	<u>6,006</u>
Veterans' service officer				
Salaries	56,477	55,927	46,669	9,258
Fringe benefits	12,178	12,178	10,454	1,724
Operating expenditures	3,420	9,788	8,210	1,578
Total veterans' service officer	<u>72,075</u>	<u>77,893</u>	<u>65,333</u>	<u>12,560</u>
Heritage director				
Salaries	42,886	42,886	42,885	1
Fringe benefits	14,384	14,384	14,000	384
Operating expenditures	2,175	2,175	1,172	1,003
Total heritage director	<u>59,445</u>	<u>59,445</u>	<u>58,057</u>	<u>1,388</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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Non-departmental				
Operating expenditures	\$ 1,696,903	\$ 1,277,076	\$ 1,258,437	\$ 18,639
Other services and charges	947,447	952,930	943,097	9,833
Capital outlay	200,000	-	-	-
Total non-departmental	<u>2,844,350</u>	<u>2,230,006</u>	<u>2,201,534</u>	<u>28,472</u>
County court at law # 1				
Salaries	227,453	505,691	500,958	4,733
Fringe benefits	58,895	131,644	127,127	4,517
Operating expenditures	3,878	11,031	5,970	5,061
Other services and charges	76,270	116,620	115,525	1,095
Total county court at law # 1	<u>366,496</u>	<u>764,986</u>	<u>749,580</u>	<u>15,406</u>
County court at law # 2				
Salaries	227,023	-	-	-
Fringe benefits	57,315	-	-	-
Operating expenditures	3,878	-	-	-
Other services and charges	78,270	112,862	111,837	1,025
Total county court at law # 2	<u>366,486</u>	<u>112,862</u>	<u>111,837</u>	<u>1,025</u>
District court				
Salaries	338,508	340,908	334,253	6,655
Fringe benefits	140,286	140,286	138,366	1,920
Operating expenditures	13,000	14,700	12,430	2,270
Other services and charges	652,472	789,334	779,345	9,989
Total district court	<u>1,144,266</u>	<u>1,285,228</u>	<u>1,264,394</u>	<u>20,834</u>
District clerk				
Salaries	530,505	530,505	521,451	9,054
Fringe benefits	171,546	171,546	168,018	3,528
Operating expenditures	18,619	18,619	16,360	2,259
Total district clerk	<u>720,670</u>	<u>720,670</u>	<u>705,829</u>	<u>14,841</u>
Justice of the peace # 1				
Salaries	148,648	148,951	148,950	1
Fringe benefits	45,226	50,250	48,913	1,337
Operating expenditures	5,513	12,887	11,799	1,088
Other services and charges	200	5,697	5,645	52
Total justice of the peace # 1	<u>199,587</u>	<u>217,785</u>	<u>215,307</u>	<u>2,478</u>
Justice of the peace # 2				
Salaries	123,325	123,325	123,325	-
Fringe benefits	30,983	35,375	35,034	341
Operating expenditures	4,213	4,613	4,223	390
Other services and charges	14,900	14,900	14,592	308
Total justice of the peace # 2	<u>173,421</u>	<u>178,213</u>	<u>177,174</u>	<u>1,039</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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Justice of the peace # 3				
Salaries	\$ 206,761	\$ 205,365	\$ 203,515	\$ 1,850
Fringe benefits	63,635	63,635	60,767	2,868
Operating expenditures	4,838	6,234	6,060	174
Other services and charges	600	600	414	186
Total justice of the peace # 3	<u>275,834</u>	<u>275,834</u>	<u>270,756</u>	<u>5,078</u>
Justice of the peace # 4				
Salaries	140,977	140,977	139,207	1,770
Fringe benefits	39,924	44,204	42,941	1,263
Operating expenditures	5,118	5,346	5,189	157
Other services and charges	600	372	372	-
Total justice of the peace # 4	<u>186,619</u>	<u>190,899</u>	<u>187,709</u>	<u>3,190</u>
Criminal district attorney				
Salaries	1,413,287	1,421,122	1,362,710	58,412
Fringe benefits	388,971	388,971	365,041	23,930
Operating expenditures	21,500	23,846	23,846	-
Total criminal district attorney	<u>1,823,758</u>	<u>1,833,939</u>	<u>1,751,597</u>	<u>82,342</u>
Election administrator				
Salaries	169,467	182,819	183,970	(1,151)
Fringe benefits	50,459	50,459	43,792	6,667
Operating expenditures	82,970	97,517	88,976	8,541
Other services and charges	11,855	11,724	10,430	1,294
Total election administrator	<u>314,751</u>	<u>342,519</u>	<u>327,168</u>	<u>15,351</u>
County auditor				
Salaries	391,214	390,614	378,384	12,230
Fringe benefits	116,579	116,579	112,512	4,067
Operating expenditures	12,721	13,321	13,224	97
Total county auditor	<u>520,514</u>	<u>520,514</u>	<u>504,120</u>	<u>16,394</u>
County treasurer				
Salaries	246,657	243,283	240,701	2,582
Fringe benefits	75,885	75,885	68,389	7,496
Operating expenditures	35,752	39,126	33,455	5,671
Total county treasurer	<u>358,294</u>	<u>358,294</u>	<u>342,545</u>	<u>15,749</u>
Tax assessor-collector				
Salaries	594,953	594,953	555,781	39,172
Fringe benefits	207,401	207,401	178,137	29,264
Operating expenditures	15,000	15,000	12,018	2,982
Total tax assessor-collector	<u>817,354</u>	<u>817,354</u>	<u>745,936</u>	<u>71,418</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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Administrative services				
Salaries	\$ 229,491	\$ 227,353	\$ 215,002	\$ 12,351
Fringe benefits	67,792	67,792	61,943	5,849
Operating expenditures	13,500	17,375	16,438	937
Total administrative services	<u>310,783</u>	<u>312,520</u>	<u>293,383</u>	<u>19,137</u>
Information technology				
Salaries	442,582	442,582	442,579	3
Fringe benefits	132,790	132,790	130,689	2,101
Operating expenditures	371,750	381,578	376,547	5,031
Other services and charges	158,000	158,430	154,183	4,247
Capital outlay	40,000	88,425	88,164	261
Total information technology	<u>1,145,122</u>	<u>1,203,805</u>	<u>1,192,162</u>	<u>11,643</u>
Building maintenance				
Salaries	332,189	316,189	300,849	15,340
Fringe benefits	109,734	109,734	99,163	10,571
Operating expenditures	1,010,250	1,062,936	1,056,208	6,728
Capital Outlay	10,000	13,130	13,130	-
Total building maintenance	<u>1,462,173</u>	<u>1,501,989</u>	<u>1,469,350</u>	<u>32,639</u>
Adult probation department				
Operating expenditures	1,000	1,000	943	57
Total adult probation department	<u>1,000</u>	<u>1,000</u>	<u>943</u>	<u>57</u>
Juvenile detention facility				
Salaries	1,971,643	1,996,643	1,986,270	10,373
Fringe benefits	568,982	562,189	554,905	7,284
Operating expenditures	455,800	442,250	399,689	42,561
Other services and charges	9,000	4,300	1,894	2,406
Capital outlay	-	33,125	33,022	103
Total juvenile detention facility	<u>3,005,425</u>	<u>3,038,507</u>	<u>2,975,780</u>	<u>62,727</u>
Juvenile board				
Salaries	33,557	33,557	33,557	-
Fringe benefits	7,236	7,236	6,143	1,093
Other services and charges	51,550	59,910	58,340	1,570
Total juvenile board	<u>92,343</u>	<u>100,703</u>	<u>98,040</u>	<u>2,663</u>
Total general government	<u>17,618,213</u>	<u>17,445,599</u>	<u>16,969,035</u>	<u>476,564</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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
Public safety				
Fire marshal				
Salaries	\$ 458,468	\$ 458,468	\$ 420,288	\$ 38,180
Fringe benefits	141,351	141,351	121,637	19,714
Operating expenditures	96,143	106,616	102,824	3,792
Other services and charges	60,000	50,000	46,170	3,830
Capital outlay	-	14,744	14,743	1
Total fire marshal	<u>755,962</u>	<u>771,179</u>	<u>705,662</u>	<u>65,517</u>
Sheriff				
Salaries	9,969,476	9,326,615	8,869,258	457,357
Fringe benefits	2,827,258	2,827,258	2,493,685	333,573
Operating expenditures	2,095,760	2,551,862	2,360,284	191,578
Other services and charges	-	20,000	13,275	6,725
Capital outlay	25,000	527,347	526,595	752
Total sheriff	<u>14,917,494</u>	<u>15,253,082</u>	<u>14,263,097</u>	<u>989,985</u>
Constable # 1				
Salaries	41,957	41,957	41,957	-
Fringe benefits	13,439	13,439	13,443	(4)
Operating expenditures	15,400	15,520	15,509	11
Total constable # 1	<u>70,796</u>	<u>70,916</u>	<u>70,909</u>	<u>7</u>
Constable # 2				
Salaries	42,937	42,937	42,937	-
Fringe benefits	13,651	13,651	13,512	139
Operating expenditures	15,400	15,700	9,650	6,050
Total constable # 2	<u>71,988</u>	<u>72,288</u>	<u>66,099</u>	<u>6,189</u>
Constable # 3				
Salaries	42,407	42,407	42,407	-
Fringe benefits	13,537	13,537	13,397	140
Operating expenditures	15,400	16,730	11,288	5,442
Total constable # 3	<u>71,344</u>	<u>72,674</u>	<u>67,092</u>	<u>5,582</u>
Constable # 4				
Salaries	41,927	41,927	41,927	-
Fringe benefits	13,433	13,433	13,294	139
Operating expenditures	15,400	15,400	11,031	4,369
Total constable # 4	<u>70,760</u>	<u>70,760</u>	<u>66,252</u>	<u>4,508</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, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
Public safety (continued)				
Non-departmental				
Other services and charges				
City/County interlocal agreement	\$ 1,680,000	\$ 1,680,000	\$ 1,676,527	\$ 3,473
Total non-departmental	<u>1,680,000</u>	<u>1,680,000</u>	<u>1,676,527</u>	<u>3,473</u>
Total public safety	<u>17,638,344</u>	<u>17,990,899</u>	<u>16,915,638</u>	<u>1,075,261</u>
Culture and recreation				
Extension service				
Salaries	175,515	175,515	151,663	23,852
Fringe benefits	35,340	35,340	32,722	2,618
Operating expenditures	29,950	29,950	23,556	6,394
Other services and charges	13,500	14,500	14,539	(39)
Total extension service	<u>254,305</u>	<u>255,305</u>	<u>222,480</u>	<u>32,825</u>
Parks and recreation				
Salaries	37,593	37,593	37,593	-
Fringe benefits	12,498	12,498	12,353	145
Total parks and recreation	<u>50,091</u>	<u>50,091</u>	<u>49,946</u>	<u>145</u>
Total culture and recreation	<u>304,396</u>	<u>305,396</u>	<u>272,426</u>	<u>32,970</u>
<b>Total expenditures</b>	<u>35,560,953</u>	<u>35,741,894</u>	<u>34,157,099</u>	<u>1,584,795</u>
Excess (deficiency) of revenues over expenditures	<u>1,892,634</u>	<u>1,955,697</u>	<u>4,097,778</u>	<u>2,142,081</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	5,000	5,000	-	(5,000)
Transfers in	40,000	40,000	47,656	7,656
Transfers out	(1,943,734)	(2,006,797)	(1,870,006)	136,791
<b>Total other financing sources (uses)</b>	<u>(1,898,734)</u>	<u>(1,961,797)</u>	<u>(1,822,350)</u>	<u>139,447</u>
Change in fund balance	(6,100)	(6,100)	2,275,428	2,281,528
Fund balance, January 1	<u>16,927,983</u>	<u>16,927,983</u>	<u>16,927,983</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 16,921,883</u>	<u>\$ 16,921,883</u>	<u>\$ 19,203,411</u>	<u>\$ 2,281,528</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, 2015*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 928,407	\$ 933,039	\$ -	\$ 933,039
Delinquent taxes	12,000	18,431	367	18,064
Penalty and interest	7,000	8,260	(20)	8,280
Intergovernmental				
Vehicle license fees	90,000	90,000	-	90,000
Additional license fees	220,000	239,001	(1,143)	240,144
Permits	48,751	48,919	-	48,919
Investment income				
Interest	3,000	3,799	-	3,799
Miscellaneous	37,660	37,721	(5)	37,726
<b>Total revenues</b>	<u>1,346,818</u>	<u>1,379,170</u>	<u>(801)</u>	<u>1,379,971</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	625,036	593,270	17,668	575,602
Fringe benefits	176,649	170,687	5,052	165,635
Operating expenditures	646,353	576,081	53	576,028
Other services and charges	1,250	1,076	-	1,076
Capital outlay	66,187	66,186	-	66,186
Debt service	53,772	53,771	-	53,771
<b>Total expenditures</b>	<u>1,569,247</u>	<u>1,461,071</u>	<u>22,773</u>	<u>1,438,298</u>
Excess (deficiency) of revenues over expenditures	<u>(222,429)</u>	<u>(81,901)</u>	<u>(23,574)</u>	<u>(58,327)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,946	9,053	(2,553)	11,606
<b>Total other financing sources (uses)</b>	<u>5,946</u>	<u>9,053</u>	<u>(2,553)</u>	<u>11,606</u>
Change in fund balance	(216,483)	(72,848)	(26,127)	(46,721)
Fund balance, January 1	385,120	385,120	80,681	304,439
<b>Fund balance, December 31</b>	<u>\$ 168,637</u>	<u>\$ 312,272</u>	<u>\$ 54,554</u>	<u>\$ 257,718</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, 2015*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 873,795	\$ 878,155	\$ -	\$ 878,155
Delinquent taxes	10,000	17,348	347	17,001
Penalty and interest	6,000	7,775	(19)	7,794
Intergovernmental				
Vehicle license fees	90,000	90,000	-	90,000
Additional license fees	220,000	224,942	(1,076)	226,018
Permits	28,000	48,499	-	48,499
Investment income				
Interest	4,000	6,263	-	6,263
Miscellaneous	200	993	(5)	998
<b>Total revenues</b>	<u>1,231,995</u>	<u>1,273,975</u>	<u>(753)</u>	<u>1,274,728</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	486,481	428,405	14,566	413,839
Fringe benefits	140,661	121,676	4,302	117,374
Operating expenditures	732,071	590,013	2,716	587,297
Other services and charges	30,800	6,927	126	6,801
Capital outlay	104,597	90,117	-	90,117
<b>Total expenditures</b>	<u>1,494,610</u>	<u>1,237,138</u>	<u>21,710</u>	<u>1,215,428</u>
Excess (deficiency) of revenues over expenditures	<u>(262,615)</u>	<u>36,837</u>	<u>(22,463)</u>	<u>59,300</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	24,597	25,256	(4,624)	29,880
Transfers out	(1,982)	(1,982)	-	(1,982)
<b>Total other financing sources (uses)</b>	<u>22,615</u>	<u>23,274</u>	<u>(4,624)</u>	<u>27,898</u>
Change in fund balance	(240,000)	60,111	(27,087)	87,198
Fund balance, January 1	<u>902,034</u>	<u>902,034</u>	<u>190,623</u>	<u>711,411</u>
<b>Fund balance, December 31</b>	<u>\$ 662,034</u>	<u>\$ 962,145</u>	<u>\$ 163,536</u>	<u>\$ 798,609</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, 2015*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 855,591	\$ 859,860	\$ -	\$ 859,860
Delinquent taxes	10,000	16,986	339	16,647
Penalty and interest	5,400	7,613	(18)	7,631
Intergovernmental				
Vehicle license fees	90,000	90,000	-	90,000
Additional license fees	220,000	220,256	(1,053)	221,309
Permits	18,500	48,499	-	48,499
Investment income				
Interest	6,000	8,950	-	8,950
Miscellaneous	39,200	40,154	1,073	39,081
<b>Total revenues</b>	<u>1,244,691</u>	<u>1,292,318</u>	<u>341</u>	<u>1,291,977</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	567,216	528,376	15,226	513,150
Fringe benefits	184,102	170,663	4,658	166,005
Operating expenditures	539,859	395,630	(42,752)	438,382
Other services and charges	6,775	5,355	-	5,355
Capital outlay	79,757	8,250	-	8,250
<b>Total expenditures</b>	<u>1,377,709</u>	<u>1,108,274</u>	<u>(22,868)</u>	<u>1,131,142</u>
Excess (deficiency) of revenues over expenditures	<u>(133,018)</u>	<u>184,044</u>	<u>23,209</u>	<u>160,835</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	115,000	115,306	(21,752)	137,058
Transfers out	(1,982)	(1,982)	-	(1,982)
<b>Total other financing sources (uses)</b>	<u>113,018</u>	<u>113,324</u>	<u>(21,752)</u>	<u>135,076</u>
Change in fund balance	(20,000)	297,368	1,457	295,911
Fund balance, January 1	<u>1,229,959</u>	<u>1,229,959</u>	<u>74,512</u>	<u>1,155,447</u>
<b>Fund balance, December 31</b>	<u>\$ 1,209,959</u>	<u>\$ 1,527,327</u>	<u>\$ 75,969</u>	<u>\$ 1,451,358</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, 2015*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 983,019	\$ 987,923	\$ -	\$ 987,923
Delinquent taxes	12,000	19,515	389	19,126
Penalty and interest	7,200	8,745	(21)	8,766
Intergovernmental				
Vehicle license fees	90,000	90,000	-	90,000
Additional license fees	250,000	253,060	(1,210)	254,270
Permits	48,012	48,499	-	48,499
Investment income				
Interest	3,000	3,974	-	3,974
Miscellaneous	37,100	36,401	789	35,612
<b>Total revenues</b>	<u>1,430,331</u>	<u>1,448,117</u>	<u>(53)</u>	<u>1,448,170</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	530,023	504,625	14,607	490,018
Fringe benefits	156,914	150,947	3,699	147,248
Operating expenditures	724,550	706,858	14,682	692,176
Other services and charges	16,500	12,957	(3,075)	16,032
Capital outlay	24,301	24,301	-	24,301
Debt service	51,735	51,734	-	51,734
<b>Total expenditures</b>	<u>1,504,023</u>	<u>1,451,422</u>	<u>29,913</u>	<u>1,421,509</u>
Excess (deficiency) of revenues over expenditures	<u>(73,692)</u>	<u>(3,305)</u>	<u>(29,966)</u>	<u>26,661</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(26,579)</u>	<u>(26,579)</u>	<u>-</u>	<u>(26,579)</u>
<b>Total other financing sources (uses)</b>	<u>(26,579)</u>	<u>(26,579)</u>	<u>-</u>	<u>(26,579)</u>
Change in fund balance	(100,271)	(29,884)	(29,966)	82
Fund balance, January 1	<u>501,474</u>	<u>501,474</u>	<u>245,847</u>	<u>255,627</u>
<b>Fund balance, December 31</b>	<u>\$ 401,203</u>	<u>\$ 471,590</u>	<u>\$ 215,881</u>	<u>\$ 255,709</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, 2015*

	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Budget to Statutory Differences Over (Under)</u>	<u>Actual Amounts Statutory Basis</u>
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 1,560,623	\$ 1,567,622	\$ -	\$ 1,567,622
Delinquent taxes	35,000	32,531	584	31,947
Penalty and interest	15,000	14,460	(45)	14,505
Investment income				
Interest	<u>3,000</u>	<u>2,888</u>	<u>-</u>	<u>2,888</u>
<b>Total revenues</b>	<u>1,613,623</u>	<u>1,617,501</u>	<u>539</u>	<u>1,616,962</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	1,018,228	1,018,228	-	1,018,228
Interest and fiscal charges	<u>624,304</u>	<u>624,304</u>	<u>-</u>	<u>624,304</u>
<b>Total expenditures</b>	<u>1,642,532</u>	<u>1,642,532</u>	<u>-</u>	<u>1,642,532</u>
Excess (deficiency) of revenues over expenditures	<u>(28,909)</u>	<u>(25,031)</u>	<u>539</u>	<u>(25,570)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(28,909)	(25,031)	539	(25,570)
Fund balance, January 1	<u>358,726</u>	<u>358,726</u>	<u>(28,075)</u>	<u>386,801</u>
<b>Fund balance, December 31</b>	<u>\$ 329,817</u>	<u>\$ 333,695</u>	<u>\$ (27,536)</u>	<u>\$ 361,231</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, 2015

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>COUNTY CLERK-TRUSTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 565,277	\$ 508,960	\$ 468,617	\$ 605,620
<b>LIABILITIES</b>				
Accounts payable	\$ 565,277	\$ 508,960	\$ 468,617	\$ 605,620
<b>CRIMINAL DISTRICT ATTORNEY</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,394	\$ 235,493	\$ 253,547	\$ 5,340
<b>LIABILITIES</b>				
Accounts payable	\$ 23,394	\$ 235,493	\$ 253,547	\$ 5,340
<b>DISTRICT CLERK-TRUSTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,332,908	\$ 712,896	\$ 1,412,582	\$ 1,633,222
<b>LIABILITIES</b>				
Accounts payable	\$ 2,332,908	\$ 712,896	\$ 1,412,582	\$ 1,633,222
<b>CLERK'S SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 145	\$ 10,203	\$ 10,167	\$ 181
<b>LIABILITIES</b>				
Accounts payable	\$ 145	\$ 10,203	\$ 10,167	\$ 181
<b>JAIL INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 105,099	\$ 755,931	\$ 801,417	\$ 59,613
<b>LIABILITIES</b>				
Accounts payable	\$ 105,099	\$ 755,931	\$ 801,417	\$ 59,613
<b>SHERIFF SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,000	\$ 202,106	\$ 184,531	\$ 18,575
<b>LIABILITIES</b>				
Accounts payable	\$ 1,000	\$ 202,106	\$ 184,531	\$ 18,575

(continued)

**COUNTY OF VICTORIA, TEXAS**

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2015

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>STATE FEES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 186,757	\$ 885,054	\$ 889,992	\$ 181,819
Other receivables	8,749	4,685	8,749	4,685
<b>Total assets</b>	<u>\$ 195,506</u>	<u>\$ 889,739</u>	<u>\$ 898,741</u>	<u>\$ 186,504</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 195,506</u>	<u>\$ 889,739</u>	<u>\$ 898,741</u>	<u>\$ 186,504</u>
<b>JUSTICE OF THE PEACE-SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 1,228</u>	<u>\$ 1,228</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ 1,228</u>	<u>\$ 1,228</u>	<u>\$ -</u>
<b>TAX ASSESSOR-COLLECTOR</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,890,052	\$ 171,779,175	\$ 168,414,984	\$ 10,254,243
Other receivables	95,283	87,014	95,283	87,014
<b>Total assets</b>	<u>\$ 6,985,335</u>	<u>\$ 171,866,189</u>	<u>\$ 168,510,267</u>	<u>\$ 10,341,257</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 64,899	\$ 161,568,079	\$ 161,589,831	43,147
Due to other governments	6,920,436	10,298,110	6,920,436	10,298,110
<b>Total liabilities</b>	<u>\$ 6,985,335</u>	<u>\$ 171,866,189</u>	<u>\$ 168,510,267</u>	<u>\$ 10,341,257</u>
<b>JUVENILE RESTITUTION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 185</u>	<u>\$ 2,935</u>	<u>\$ 3,009</u>	<u>\$ 111</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 185</u>	<u>\$ 2,935</u>	<u>\$ 3,009</u>	<u>\$ 111</u>
<b>SPECIAL SERVICES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 153,548	\$ 541,150	\$ 116,175	\$ 578,523
Seized assets	77,955	60,887	49,975	88,867
<b>Total assets</b>	<u>\$ 231,503</u>	<u>\$ 602,037</u>	<u>\$ 166,150</u>	<u>\$ 667,390</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 231,503</u>	<u>\$ 602,037</u>	<u>\$ 166,150</u>	<u>\$ 667,390</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

*AGENCY FUNDS*

*COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES*

*For the year ended December 31, 2015*

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>JUVENILE INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 402	\$ 3,652	\$ 3,782	\$ 272
<b>LIABILITIES</b>				
Accounts payable	\$ 402	\$ 3,652	\$ 3,782	\$ 272
<b>CDA STATE JUDICIARY FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 22,500	\$ 21,461	\$ 1,039
Due from other governments	3,636	588	3,636	588
<b>Total assets</b>	<u>\$ 3,636</u>	<u>\$ 23,088</u>	<u>\$ 25,097</u>	<u>\$ 1,627</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,636	\$ 23,088	\$ 25,097	\$ 1,627
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,258,768	\$ 175,661,283	\$ 172,581,492	\$ 13,338,559
Other receivables	104,032	91,699	104,032	91,699
Due from other governments	3,636	588	3,636	588
Seized assets	77,955	60,887	49,975	88,867
<b>Total assets</b>	<u>\$ 10,444,391</u>	<u>\$ 175,814,457</u>	<u>\$ 172,739,135</u>	<u>\$ 13,519,713</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,523,955	\$ 165,516,347	\$ 165,818,699	\$ 3,221,603
Due to other governments	6,920,436	10,298,110	6,920,436	10,298,110
<b>Total liabilities</b>	<u>\$ 10,444,391</u>	<u>\$ 175,814,457</u>	<u>\$ 172,739,135</u>	<u>\$ 13,519,713</u>

(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>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time .....	132
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property tax and sales tax revenues .....	143
<b>Debt Capacity</b>	
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.....	156
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments .....	162
<b>Operating Information</b>	
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.....	164

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Governmental activities</b>				
Net investment in capital assets	\$ 13,930,982	\$ 14,451,437	\$ 16,490,648	\$ 18,800,745
Restricted	713,370	354,100	484,274	479,495
Unrestricted	<u>13,929,933</u>	<u>17,001,719</u>	<u>12,797,072</u>	<u>8,952,624</u>
<b>Total governmental activities net position</b>	<b><u>\$ 28,574,285</u></b>	<b><u>\$ 31,807,256</u></b>	<b><u>\$ 29,771,994</u></b>	<b><u>\$ 28,232,864</u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 9,540,853	\$ 9,881,812	\$ 9,991,881	\$ 10,069,793
Unrestricted	<u>(127,521)</u>	<u>56,927</u>	<u>155,922</u>	<u>155,866</u>
<b>Total business-type activities net position</b>	<b><u>\$ 9,413,332</u></b>	<b><u>\$ 9,938,739</u></b>	<b><u>\$ 10,147,803</u></b>	<b><u>\$ 10,225,659</u></b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 23,471,835	\$ 24,333,249	\$ 26,482,529	\$ 28,870,538
Restricted	713,370	354,100	484,274	479,495
Unrestricted	<u>13,802,412</u>	<u>17,058,646</u>	<u>12,952,994</u>	<u>9,108,490</u>
<b>Total primary government activities net position</b>	<b><u>\$ 37,987,617</u></b>	<b><u>\$ 41,745,995</u></b>	<b><u>\$ 39,919,797</u></b>	<b><u>\$ 38,458,523</u></b>

(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.

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 13,801,455	\$ 16,692,542	\$ 17,634,287	\$ 19,331,396	\$ 19,248,568	\$ 18,533,816
478,249	688,673	1,735,505	1,911,393	1,818,838	1,561,037
10,419,290	10,692,960	13,988,896	16,544,281	20,591,811	14,018,912
\$ 24,698,994	\$ 28,074,175	\$ 33,358,688	\$ 37,787,070	\$ 41,659,217	\$ 34,113,765
\$ 9,572,959	\$ 9,245,449	\$ 8,841,867	\$ 8,625,363	\$ 8,436,735	\$ 8,172,038
48,710	(208,163)	(527,598)	(1,247,508)	(1,359,561)	(1,521,139)
\$ 9,621,669	\$ 9,037,286	\$ 8,314,269	\$ 7,377,855	\$ 7,077,174	\$ 6,650,899
\$ 9,621,669	\$ 9,037,286	\$ 8,314,269	\$ 7,377,855	\$ 7,077,174	\$ 6,650,899
\$ 23,374,414	\$ 25,937,991	\$ 26,476,154	\$ 27,956,759	\$ 27,685,303	\$ 27,753,134
478,249	688,673	1,735,505	1,911,393	1,818,838	1,561,037
10,468,000	10,484,797	13,651,402	15,296,773	19,232,250	12,497,773
\$ 34,320,663	\$ 37,111,461	\$ 41,863,061	\$ 45,164,925	\$ 48,736,391	\$ 41,811,944

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

Last ten fiscal years

	Fiscal Year			
	2006	2007	2008	2009
<b>Governmental activities</b>				
Expenses				
General government	\$ 14,575,456	\$ 15,640,516	\$ 19,234,562	\$ 17,845,546
Public safety	10,942,218	11,518,191	14,741,608	15,751,805
Streets and highways	4,244,523	3,804,550	4,400,102	4,220,057
Culture and recreation	1,340,356	1,504,003	465,943	462,762
Public health	3,860,870	4,157,317	4,294,718	4,319,623
Interest on long-term debt	390,875	398,919	304,359	239,157
Total expenses	<u>35,354,298</u>	<u>37,023,496</u>	<u>43,441,292</u>	<u>42,838,950</u>
Program revenues				
Charges for services				
General government	5,295,474	5,123,021	5,145,235	5,280,919
Public safety	3,493,283	2,303,680	2,457,863	2,066,881
Streets and highways	1,744,465	1,771,764	1,739,696	1,586,389
Public health	444,626	648,392	668,449	828,916
Operating grants and contributions	3,410,606	3,868,765	4,782,081	4,159,006
Capital grants and contributions	7,584	61,764	-	769,421
Total program revenues	<u>14,396,038</u>	<u>13,777,386</u>	<u>14,793,324</u>	<u>14,691,532</u>
Total governmental activities net program (expense) revenue	(20,958,260)	(23,246,110)	(28,647,968)	(28,147,418)
General revenues and other changes in net position				
Taxes				
Property taxes	15,637,488	16,774,618	17,808,933	19,199,929
Sales taxes	7,153,556	7,371,870	7,813,529	6,620,902
Other taxes	216,996	228,363	210,783	223,178
Grants and contributions not restricted to specific programs	232,154	328,962	365,459	200,591
Unrestricted investment earnings	1,029,000	1,215,536	507,091	166,674
Gain (loss) on disposition of capital assets	84,566	-	-	-
Miscellaneous	365,664	410,217	379,770	606,628
Transfers	(130,000)	(648,126)	(472,859)	(409,614)
Special item - interlocal commitment	-	-	-	-
Total general revenues and other changes in net position	<u>24,589,424</u>	<u>25,681,440</u>	<u>26,612,706</u>	<u>26,608,288</u>
<b>Total governmental activities change in net position</b>	<u>\$ 3,631,164</u>	<u>\$ 2,435,330</u>	<u>\$ (2,035,262)</u>	<u>\$ (1,539,130)</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 16,605,275	\$ 15,620,851	\$ 17,725,415	\$ 17,741,218	\$ 19,041,903	\$ 18,521,250
19,400,560	15,289,156	16,249,363	19,116,258	19,021,706	18,684,796
4,606,913	4,435,115	4,196,422	4,368,635	6,098,697	5,444,923
356,884	257,880	301,527	295,945	332,869	306,605
4,222,958	3,650,720	3,747,650	3,377,214	3,551,753	3,527,448
329,593	504,255	352,616	446,849	785,052	433,173
<u>45,522,183</u>	<u>39,757,977</u>	<u>42,572,993</u>	<u>45,346,119</u>	<u>48,831,980</u>	<u>46,918,195</u>
4,986,776	4,639,764	5,709,483	5,733,156	5,648,982	4,795,027
1,967,771	2,216,737	2,263,926	2,254,543	2,547,897	2,504,511
1,454,744	1,506,282	1,600,498	1,597,198	1,641,604	1,496,157
806,273	843,562	712,155	533,399	570,998	587,120
4,892,681	4,894,311	4,461,065	5,183,741	4,651,866	4,440,829
376,900	951,625	697,792	228,422	398,800	-
<u>14,485,145</u>	<u>15,052,281</u>	<u>15,444,919</u>	<u>15,530,459</u>	<u>15,460,147</u>	<u>13,823,644</u>
(31,037,038)	(24,705,696)	(27,128,074)	(29,815,660)	(33,371,833)	(33,094,551)
19,632,861	19,323,241	20,738,029	21,984,214	23,817,161	25,407,422
7,523,254	10,028,625	10,984,845	10,815,601	11,824,484	10,626,687
215,614	224,920	235,893	251,853	295,983	331,179
53,401	352,549	139,310	252,374	730,719	251,659
101,623	119,708	114,897	132,066	174,003	183,319
-	-	-	-	-	-
416,368	636,498	388,862	807,934	657,416	661,223
(439,953)	(11,113)	-	-	(255,786)	(296,254)
<u>-</u>	<u>(2,616,446)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>27,503,168</u>	<u>28,057,982</u>	<u>32,601,836</u>	<u>34,244,042</u>	<u>37,243,980</u>	<u>37,165,235</u>
<u>\$ (3,533,870)</u>	<u>\$ 3,352,286</u>	<u>\$ 5,473,762</u>	<u>\$ 4,428,382</u>	<u>\$ 3,872,147</u>	<u>\$ 4,070,684</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

*CHANGES IN NET POSITION (1)*

*Last ten fiscal years*

	Fiscal Year			
	2006	2007	2008	2009
<b>Business-type activities</b>				
Expenses				
Airport	\$ 2,603,568	\$ 2,874,801	\$ 3,678,423	\$ 2,950,244
Navarro Project	512,537	576,777	583,104	608,712
Commisary	103,240	104,128	117,250	92,737
Total expenses	<u>3,219,345</u>	<u>3,555,706</u>	<u>4,378,777</u>	<u>3,651,693</u>
Program revenues				
Charges for services				
Airport	1,634,860	1,685,134	2,604,426	1,860,584
Navarro Project	543,917	547,157	512,461	528,143
Commisary	88,106	90,917	94,666	98,235
Operating grants and contributions	80,000	7,494	27,152	6,522
Capital grants and contributions	1,483,028	1,080,710	865,997	825,097
Total program revenues	<u>3,829,911</u>	<u>3,411,412</u>	<u>4,104,702</u>	<u>3,318,581</u>
Total business-type activities net program (expense) revenue	610,566	(144,294)	(274,075)	(333,112)
General revenues and other changes in net position				
Unrestricted investment earnings	28,702	17,659	10,280	1,354
Gain (loss) on disposition of capital assets	(2,239)	-	-	-
Miscellaneous	-	3,916	-	-
Transfers	130,000	648,126	472,859	409,614
Total general revenues and other changes in net position	<u>156,463</u>	<u>669,701</u>	<u>483,139</u>	<u>410,968</u>
<b>Total business-type activities change in net position</b>	<u>\$ 767,029</u>	<u>\$ 525,407</u>	<u>\$ 209,064</u>	<u>\$ 77,856</u>
<b>Total primary government change in net position</b>	<u>\$ 4,398,193</u>	<u>\$ 2,960,737</u>	<u>\$ (1,826,198)</u>	<u>\$ (1,461,274)</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.

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Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 3,503,128	\$ 3,737,407	\$ 3,822,529	\$ 3,806,501	\$ 4,722,858	\$ 5,323,304
583,222	579,775	617,933	694,360	591,031	612,894
95,089	101,378	143,356	120,418	129,621	113,824
<u>4,181,439</u>	<u>4,418,560</u>	<u>4,583,818</u>	<u>4,621,279</u>	<u>5,443,510</u>	<u>6,050,022</u>
2,324,719	2,932,268	3,009,756	2,879,260	3,645,290	4,351,312
538,088	544,203	545,557	551,150	535,511	504,534
88,605	152,934	156,172	149,222	162,251	161,543
-	42,190	33,694	95,859	91,031	65,148
185,325	148,968	142,087	8,950	440,400	243,803
<u>3,136,737</u>	<u>3,820,563</u>	<u>3,887,266</u>	<u>3,684,441</u>	<u>4,874,483</u>	<u>5,326,340</u>
(1,044,702)	(597,997)	(696,552)	(936,838)	(569,027)	(723,682)
759	417	385	424	848	1,153
-	-	-	-	-	-
-	-	-	-	11,712	-
439,953	11,113	-	-	255,786	296,254
<u>440,712</u>	<u>11,530</u>	<u>385</u>	<u>424</u>	<u>268,346</u>	<u>297,407</u>
\$ <u>(603,990)</u>	\$ <u>(586,467)</u>	\$ <u>(696,167)</u>	\$ <u>(936,414)</u>	\$ <u>(300,681)</u>	\$ <u>(426,275)</u>
\$ <u>(4,137,860)</u>	\$ <u>2,765,819</u>	\$ <u>4,777,595</u>	\$ <u>3,491,968</u>	\$ <u>3,571,466</u>	\$ <u>3,644,409</u>

**COUNTY OF VICTORIA, TEXAS**

*FUND BALANCES, GOVERNMENTAL FUNDS (1)*

*Last ten fiscal years*

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable				
Advance to other funds	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved				
Advances	362,219	211,766	120,690	50,848
Adult Probation	26,882	15,767	17,149	8,675
Prepaid items	275,913	8,794	-	-
Unreserved	<u>11,273,877</u>	<u>12,267,877</u>	<u>8,230,983</u>	<u>3,965,140</u>
Total general fund	<u>\$ 11,938,891</u>	<u>\$ 12,504,204</u>	<u>\$ 8,368,822</u>	<u>\$ 4,024,663</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	2,303,054	2,992,795	2,671,741	2,686,483
Capital project funds	-	-	-	-
Debt service funds	<u>126,807</u>	<u>117,545</u>	<u>204,365</u>	<u>272,958</u>
Total all other governmental funds	<u>\$ 2,429,861</u>	<u>\$ 3,110,340</u>	<u>\$ 2,876,106</u>	<u>\$ 2,959,441</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					
2010	2011	2012	2013	2014	2015
\$ -	\$ 544,545	\$ 626,131	\$ 1,326,036	\$ 1,572,545	\$ 1,641,361
-	8,663,446	11,665,011	13,182,983	16,507,992	18,954,639
110,132	-	-	-	-	-
10,959	-	-	-	-	-
-	-	-	-	-	-
<u>5,375,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,496,241</u>	<u>\$ 9,207,991</u>	<u>\$ 12,291,142</u>	<u>\$ 14,509,019</u>	<u>\$ 18,080,537</u>	<u>\$ 20,596,000</u>
\$ -	\$ 284,958	\$ -	\$ -	\$ 4,360,037	\$ 2,682,918
-	1,445,816	1,873,342	2,467,701	2,426,924	2,763,394
-	64,638	77,290	23,356	-	-
-	94,637	96,009	132,837	194,097	237,461
-	405,272	890,226	1,065,973	763,363	586,856
-	51,866	131,961	219,820	1,840	-
-	41,832	49,861	64,808	71,465	74,793
-	459,542	364,138	327,797	386,801	361,231
-	106,673	121,785	64,145	87,013	273,084
-	(494,655)	(2,363)	(5,054)	-	-
2,320,819	-	-	-	-	-
867,511	-	-	-	-	-
<u>427,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,616,097</u>	<u>\$ 2,460,579</u>	<u>\$ 3,602,249</u>	<u>\$ 4,361,383</u>	<u>\$ 8,291,540</u>	<u>\$ 6,979,737</u>

**COUNTY OF VICTORIA, TEXAS**

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

*Last ten fiscal years*

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues</b>				
Taxes	\$ 23,030,801	\$ 24,218,139	\$ 25,882,890	\$ 26,161,569
Fees of office and user fees	2,820,340	2,867,161	2,755,103	2,978,655
Intergovernmental	9,432,658	8,985,485	10,490,501	8,954,716
Fines and forfeitures	1,589,568	1,742,243	1,422,624	1,415,132
Investment income	1,028,984	1,213,768	507,091	166,674
Licenses and permits	37,074	33,967	38,501	53,966
Contributions	13,389	11,510	25,565	5,350
Miscellaneous	811,325	882,228	843,912	876,511
<b>Total revenues</b>	<b>38,764,139</b>	<b>39,954,501</b>	<b>41,966,187</b>	<b>40,612,573</b>
<b>Expenditures</b>				
Current				
General government	14,921,068	15,770,505	19,430,296	17,629,258
Public safety	10,682,752	11,406,589	14,020,458	15,306,966
Highways and streets	4,327,674	4,048,835	4,713,221	4,228,163
Culture and recreation	1,298,407	1,460,636	418,550	389,558
Public health	3,903,367	4,152,679	4,294,492	4,289,732
Capital outlay	155,250	94,590	734,192	175,844
Debt service				
Principal retirement	1,265,000	1,300,000	1,360,000	1,405,000
Interest and fiscal charges	377,923	337,967	293,390	244,250
Bond issue costs	-	-	-	-
<b>Total expenditures</b>	<b>36,931,441</b>	<b>38,571,801</b>	<b>45,264,599</b>	<b>43,668,771</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,832,698</b>	<b>1,382,700</b>	<b>(3,298,412)</b>	<b>(3,056,198)</b>
<b>Other financing sources (uses)</b>				
Payment to escrow	-	-	-	-
Capital lease proceeds	1,493,422	446,095	105,324	282,872
Capital lease refinancing proceeds	-	-	-	-
Capital lease refinancing payments	-	-	-	-
Sales of assets	103,309	65,123	46,331	122,116
Transfers in	1,976,294	2,260,283	1,960,363	2,437,560
Transfers out	(2,581,294)	(2,908,409)	(3,183,222)	(4,047,174)
Debt Issued	-	-	-	-
Bond Proceeds	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Discount on issuance of bonds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>991,731</b>	<b>(136,908)</b>	<b>(1,071,204)</b>	<b>(1,204,626)</b>
<b>Change in fund balances</b>	<b>\$ 2,824,429</b>	<b>\$ 1,245,792</b>	<b>\$ (4,369,616)</b>	<b>\$ (4,260,824)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b><u>4.67%</u></b>	<b><u>4.46%</u></b>	<b><u>3.81%</u></b>	<b><u>3.88%</u></b>

(1) Modified accrual basis of accounting

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 27,320,324	\$ 29,991,355	\$ 31,798,763	\$ 33,045,330	\$ 35,908,161	\$ 36,250,684
2,832,777	2,790,150	2,920,101	3,131,284	3,401,611	3,263,987
9,307,493	10,179,382	9,591,479	10,316,613	9,875,293	8,983,997
1,346,014	1,532,844	2,013,009	1,689,188	1,391,031	1,156,377
101,623	117,724	112,268	131,320	173,458	181,688
45,907	53,464	43,709	63,155	40,431	58,412
1,568	301,344	93,459	203,984	684,669	119,484
812,004	1,043,917	1,137,283	941,132	951,545	930,084
<u>41,767,710</u>	<u>46,010,180</u>	<u>47,710,071</u>	<u>49,522,006</u>	<u>52,426,199</u>	<u>50,944,713</u>
16,423,517	15,685,961	17,145,686	18,394,052	18,669,404	18,434,960
19,620,535	15,657,442	16,258,277	18,357,375	18,310,906	18,719,272
4,450,977	4,764,971	4,164,237	4,590,343	6,168,092	5,296,511
287,088	216,113	247,849	295,557	297,340	263,792
4,231,648	3,597,910	3,690,149	3,349,696	3,494,559	3,615,808
754,460	2,296,901	342,427	228,422	2,948,623	1,302,382
840,000	1,115,000	1,275,000	1,300,000	827,385	1,018,228
149,083	524,982	369,700	343,950	564,164	624,304
226,361			-	136,030	-
<u>46,983,669</u>	<u>43,859,280</u>	<u>43,493,325</u>	<u>46,859,395</u>	<u>51,416,503</u>	<u>49,275,257</u>
(5,215,959)	2,150,900	4,216,746	2,662,611	1,009,696	1,669,456
(3,871,647)	-	-	-	-	-
-	197,699	-	235,085	245,425	-
-	-	-	-	-	-
-	-	-	-	-	-
28,044	207,633	88,609	79,315	26,044	-
4,663,724	1,711,506	1,789,111	1,607,146	1,659,234	1,947,195
(6,069,165)	(1,711,506)	(1,789,111)	(1,607,146)	(2,074,753)	(2,412,992)
12,330,000	-	-	-	-	-
-	-	-	-	6,340,000	-
312,734	-	-	-	296,030	-
(49,497)	-	-	-	-	-
<u>7,344,193</u>	<u>405,332</u>	<u>88,609</u>	<u>314,400</u>	<u>6,491,980</u>	<u>(465,797)</u>
<u>\$ 2,128,234</u>	<u>\$ 2,556,232</u>	<u>\$ 4,305,355</u>	<u>\$ 2,977,011</u>	<u>\$ 7,501,676</u>	<u>\$ 1,203,659</u>
<u>2.25%</u>	<u>4.13%</u>	<u>3.97%</u>	<u>3.74%</u>	<u>2.94%</u>	<u>3.51%</u>

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

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<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Sales</u>	<u>Total</u>
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
2013	22,010,672	219,058	10,815,601	33,045,331
2014	23,857,090	226,586	11,824,484	35,908,160
2015	25,394,946	229,051	10,626,687	36,250,684
Change 2006-2015	62.00%	13.97%	48.55%	57.40%

(1) Fiscal year 2006 through 2015 revenues are reported on the modified accrual basis of accounting.

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

**COUNTY OF VICTORIA, TEXAS**

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*

*Last ten fiscal years*

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
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
2013	2012	2,846,628,023	1,590,038,450	997,344,339	1,786,396,314	120,169,040
2014	2013	3,170,347,590	1,728,672,403	1,024,696,569	2,027,623,445	135,934,520
2015	2014	3,334,260,997	1,854,149,141	1,192,795,666	2,151,078,215	137,890,000

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

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

SOURCE: Victoria County Tax Assessor/Collector

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<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 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%
1,648,335,879	5,692,240,287	0.3436	5,692,240,287	100.00%
1,901,616,018	6,185,658,509	0.3386	6,185,658,509	100.00%
2,136,944,123	6,533,229,896	0.3386	6,533,229,896	100.00%

**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
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
2013	2012	2,846,628,023	1,590,038,450	997,344,339	1,786,396,314	120,169,040
2014	2013	3,170,347,590	1,728,672,403	1,024,696,569	2,027,623,445	135,934,520
2015	2014	3,334,260,997	1,854,149,141	1,192,795,666	2,151,078,215	137,890,000

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

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

SOURCE: Victoria County Tax Assessor/Collector

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<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 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%
1,768,247,625	5,572,328,541	0.0550	5,572,328,541	100.00%
2,018,035,538	6,069,238,989	0.0600	6,069,238,989	100.00%
2,249,412,211	6,420,761,808	0.0600	6,420,761,808	100.00%

**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.
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
2013	0.0287	0.3149	0.0550	0.3986	0.6056	0.0285	0.1606	1.3090	1.5150
2014	0.0235	0.3151	0.0600	0.3986	0.5996	0.0277	0.1823	1.2896	1.5150
2015	0.0250	0.3136	0.0600	0.3986	0.5840	0.0240	0.1875	1.2744	1.5150

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
\$ 1.5893	\$ 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
1.2610	1.1000	1.1470	0.7394	1.0700	0.1174	0.0337	0.00915	0.1800	9.2764
1.2400	1.1000	1.1550	0.7217	1.0700	0.1162	0.0307	0.00878	0.3494	9.4060
1.2520	1.1000	1.1500	0.6569	1.0700	0.1089	0.0294	0.00878	0.1729	9.1338

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

2015		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista S A R L	\$ 194,766,340	3.37%
South Texas Electric Coop Inc .	79,446,960	1.37%
Pioneer Natural Resources	66,580,000	1.15%
AEP Texas Central Co.	58,966,190	1.02%
Invista S A R L	48,772,120	0.84%
E I Dupont De Nemours	46,222,380	0.80%
Victoria WLE, LP	42,451,848	0.73%
Union Pacific Railroad Co.	40,162,560	0.69%
Great White Pressure Control	30,545,710	0.53%
Integrated Production Serv.	30,510,340	<u>0.53%</u>
	<u>\$ 638,424,448</u>	<u>11.03%</u>

2006		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista	\$ 461,647,705	11.66%
AEP Texas Central Co.	55,278,810	1.40%
Equistar Chemicals, LP	52,201,250	1.32%
Dupont E I De Nemours	40,473,080	1.02%
Air Liquide America Corp.	30,140,910	0.76%
Southwestern Bell Telephone Company	28,900,340	0.73%
Union Gas Operating Co.	27,453,520	0.69%
Tyco Plastics, LP	22,957,100	0.58%
H S Victoria, LP	20,746,590	0.52%
Victoria Hospital, LLC	19,975,140	<u>0.50%</u>
	<u>\$ 759,774,445</u>	<u>19.18%</u>

SOURCE: Victoria County Tax Assessor/Collector

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collections within the Fiscal Year of the Levy	
				Amount	Percentage of Levy
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	(23,580)	16,978,612	16,574,735	97.62%
2011	16,992,274	(8,598)	16,983,676	16,670,742	98.16%
2012	17,727,309	110,888	17,838,197	17,564,074	98.46%
2013	19,201,207	27,357	19,228,564	18,781,169	97.67%
2014	20,449,268	47,280	20,496,547	20,044,953	97.80%
2015	21,401,700	461,458	21,863,158	21,384,820	97.81%

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

SOURCE: Victoria County Tax Assessor/Collector

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 235,130	\$ 13,706,416	99.78%
265,092	14,464,983	99.76%
282,101	15,495,172	99.72%
357,358	16,797,484	99.75%
347,821	16,922,555	99.67%
256,712	16,927,454	99.67%
211,750	17,775,823	99.65%
222,537	19,003,706	98.83%
188,110	20,233,063	98.71%
66,583	21,451,403	98.12%

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>			<u>Collections within the Fiscal Year of the Levy</u>	
		<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>
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%
2013	2,994,575	4,709	2,999,284	2,930,182	97.70%
2014	3,512,229	7,734	3,519,963	3,443,695	97.83%
2015	3,686,201	78,551	3,764,752	3,683,761	97.85%

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

SOURCE: Victoria County Tax Assessor/Collector

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 31,069	\$ 1,906,171	99.78%
39,279	2,232,272	99.77%
42,440	2,391,327	99.72%
51,012	2,600,808	99.75%
52,668	2,623,918	99.68%
38,626	2,627,096	99.68%
31,868	2,764,873	99.67%
34,056	2,964,239	98.83%
31,596	3,475,291	98.73%
11,281	3,695,042	98.15%

**COUNTY OF VICTORIA, TEXAS**

**SALES TAX REVENUE**

*Last ten fiscal years*

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<u>Fiscal Year</u>		<u>Collections</u>
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
2013		10,127,088
2014		10,721,246
2015		9,891,860

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

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

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

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

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

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

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

Fiscal Year	Governmental Activities					
	Certificates of Obligation	General Obligation Bonds	Less: Issuance Discount	Plus: Issuance Premiums	Capital Leases	Interlocal Commitment
2006	\$ 4,060,000	\$ 5,005,000	\$ -	\$ -	\$ 2,623,678	\$ -
2007	3,720,000	4,045,000	-	-	2,406,274	-
2008	3,370,000	3,035,000	-	-	1,574,094	-
2009	3,005,000	1,995,000	-	-	856,447	-
2010	8,895,000	3,830,000	(47,538)	289,071	356,763	-
2011	8,315,000	3,295,000	(45,063)	259,180	129,359	2,616,446
2012	7,995,000	2,340,000	(42,588)	229,289	65,870	2,616,446
2013	7,670,000	1,365,000	(40,113)	199,398	235,085	2,616,446
2014	13,680,000	925,000	(37,638)	456,904	376,738	2,559,061
2015	13,340,000	470,000	(35,163)	412,212	288,940	2,335,833

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

N/A denotes information not available

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<u>Business-type Activities</u>					
<u>Revenue Bonds</u>	<u>Less: Issuance Discount</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 1,160,000	\$ (3,252)	\$ -	\$ 12,845,426	0.45%	\$ 149.03
1,085,000	(2,942)	-	11,253,332	0.37%	130.56
1,005,000	(2,632)	-	8,981,462	0.27%	103.33
920,000	(2,322)	-	6,774,125	0.21%	78.55
830,000	(2,013)	33,250	14,184,533	0.42%	164.49
730,000	(1,703)	5,437	15,303,656	0.41%	174.81
625,000	(1,394)	46,240	13,873,863	0.35%	155.42
-	-	30,216	12,076,032	0.29%	134.14
-	-	16,333	17,976,398	0.42%	197.37
-	-	-	16,811,822	N/A	181.98

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

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<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2013	9,035,000	327,797	8,707,203	0.12%	96.72
2014	14,605,000	386,801	14,218,199	0.18%	156.10
2015	13,810,000	361,231	13,448,769	0.16%	145.58

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

December 31, 2015

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	<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	12/31/2015	<u>\$ 16,450,591</u>	100.00%	<u>\$ 16,450,591</u>
Overlapping Debt:				
City of Victoria	9/30/2015	98,059,204	100.00%	98,059,204
Victoria County Navigation District	12/31/2015	23,699,305	100.00%	23,699,305
Victoria Junior College District	8/31/2015	33,098,851	100.00%	33,098,851
Victoria Independent School District	8/31/2015	149,122,342	100.00%	149,122,342
Industrial Independent School District	8/31/2015	1,060,000	25.46%	269,876
Victoria County Water Control and Improvement District #1	6/30/2015	2,960,000	100.00%	2,960,000
Victoria County Water Control and Improvement District #2	9/30/2015	<u>395,000</u>	100.00%	<u>395,000</u>
Total Overlapping Debt		<u>308,394,702</u>		<u>307,604,578</u>
Total		<u>\$ 324,845,293</u>		<u>\$ 324,055,169</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			
	2006	2007	2008	2009
Debt limit	\$ 1,191,682,135	\$ 1,377,915,361	\$ 1,475,880,398	\$ 1,577,620,248
Total net debt applicable to limit	<u>8,938,193</u>	<u>7,647,455</u>	<u>6,200,635</u>	<u>4,727,042</u>
Legal debt margin	<u>\$ 1,182,743,942</u>	<u>\$ 1,370,267,906</u>	<u>\$ 1,469,679,763</u>	<u>\$ 1,572,893,206</u>
Total net debt applicable to the limit as a percentage of debt limit	0.75%	0.56%	0.42%	0.30%

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,598,603,642	\$ 1,656,361,755	\$ 1,688,519,006	\$ 1,835,144,041	\$ 2,021,818,632	\$ 2,167,543,505
<u>12,297,233</u>	<u>11,150,458</u>	<u>9,970,862</u>	<u>8,707,203</u>	<u>14,218,199</u>	<u>13,448,769</u>
<u>\$ 1,586,306,409</u>	<u>\$ 1,645,211,297</u>	<u>\$ 1,678,548,144</u>	<u>\$ 1,826,436,838</u>	<u>\$ 2,007,600,433</u>	<u>\$ 2,154,094,736</u>
0.77%	0.67%	0.59%	0.47%	0.70%	0.62%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 8,670,174,019
Debt limit	2,167,543,505
Debt applicable to limit	
General obligation bonds	13,810,000
Less: Debt Service Fund Balance	<u>361,231</u>
Total amount of debt applicable to debt limit	<u>13,448,769</u>
Legal debt margin	<u>\$ 2,154,094,736</u>

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

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<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (000's)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) Unemployment Rate</u>
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	3,984,098	44,630	5.5%
2013	90,028	4,234,963	47,041	5.1%
2014	91,081	4,318,998	47,419	4.2%
2015	92,382	N/A	N/A	4.2%

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 2015 is not yet available.  
(3) Texas Workforce Commission & Economic Research

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

<u>Employer</u>	<u>2015</u>	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,300	5.08%
The Inteplast Group	2,250	4.96%
Formosa Plastics	1,896	4.18%
Citizens Medical Center	1,074	2.37%
DeTar Healthcare System	857	1.89%
Invista	700	1.54%
City of Victoria	618	1.36%
DOW-Seadrift Operations	573	1.26%
Calhoun Independent School District	571	1.26%
Caterpillar- NAHEX Victoria	550	1.21%
	<u>11,389</u>	<u>25.11%</u>

<u>Employer</u>	<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,215	5.08%
The Inteplast Group	1,700	3.90%
Formosa Plastics	1,500	3.44%
Citizens Medical Center	1,250	2.87%
DeTar Healthcare System	1,004	2.30%
Dow-Seadrift Operations	660	1.51%
Alcoa	630	1.45%
City of Victoria	605	1.39%
Calhoun Independent School District	600	1.38%
Koch-Invista	500	1.15%
	<u>10,664</u>	<u>24.47%</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			
	2006	2007	2008	2009
General government				
County Judge	3	3	3	3
Comissioners' court	1	1	2	1
Records management	-	1	1	2
County clerk	16	16	16	16
Pre-Trial Services	-	-	-	-
Veterans' service officer	1	1	1	1
Heritage director	1	1	1	1
County court at law #1	2	2	2	2
County court at law #2	2	2	2	2
District court	10	10	11	11
District clerk	14	15	14	16
Justice of the peace #1	2	2	2	3
Justice of the peace #2	2	2	2	3
Justice of the peace #3	5	5	5	5
Justice of the peace #4	3	3	3	3
Criminal district attorney	20	22	22	23
Election administrator	3	3	3	3
County auditor	8	8	8	8
County treasurer	6	5	5	5
Tax assessor-collector	15	15	15	16
Administrative services	4	4	4	4
Information technology	7	7	7	7
Building maintenance	8	8	8	11
Juvenile detention facility	68	68	68	68
Public safety				
Fire marshal	2	2	2	6
Sheriff	176	182	184	194
Constable #1	1	1	1	1
Constable #2	1	1	1	1
Constable #3	1	1	1	1
Constable #4	1	1	1	1
Culture and recreation				
Parks and recreation	2	2	2	2
Extension service	7	7	7	7
Public health(includes flood/emg mgmt & health dept)	56	69	68	69
Highways and streets	40	42	42	43
Airport	19	19	19	15
Commissary	2	2	2	2
Navarro Project	2	3	3	3
<b>Total</b>	<u>511</u>	<u>536</u>	<u>538</u>	<u>559</u>

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

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
3	3	3	3	3	1
1	1	1	1	1	3
2	1	2	2	2	2
16	16	16	15	15	15
-	-	-	1	2	2
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
11	11	11	11	11	11
16	14	14	14	14	14
3	3	3	3	4	4
3	3	3	3	3	3
5	4	4	4	4	4
3	3	3	3	3	3
23	24	25	28	28	28
3	3	3	3	3	3
8	8	8	8	8	8
5	5	5	5	4	5
16	16	16	16	15	16
4	4	4	4	4	4
7	7	7	7	8	9
11	11	10	10	10	10
68	68	66	67	62	57
6	6	7	7	7	9
198	198	198	193	200	202
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
7	7	6	5	5	5
69	60	57	55	60	51
43	43	43	43	43	44
15	14	14	15	15	17
2	2	2	1	1	1
3	3	3	3	3	3
<u>562</u>	<u>549</u>	<u>545</u>	<u>541</u>	<u>549</u>	<u>545</u>

**COUNTY OF VICTORIA, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last ten 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 Assessor-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
Water laboratory tests	-	-	-	-
Highways and streets				
Road and bridge precincts				
Miles of roads overlaid	30	15	20	21

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

N/A denotes information not available

Fiscal Year

2010	2011	2012	2013	2014	2015
2,017	1,972	2,162	2,267	1,984	1,472
2,333	1,974	2,038	2,220	1,970	1,970
455	491	412	449	393	469
581	498	416	382	403	468
102	109	86	67	72	66
101	120	107	79	96	90
822	954	1,075	859	1,046	933
899	896	1,059	896	1,020	969
2,600	3,836	2,851	3,103	3,411	2,770
1,726	3,583	3,211	3,035	2,969	2,918
1,080	1,131	1,256	1,293	1,223	1,322
10,510	8,704	8,384	8,074	11,350	8,247
2,273	1,784	8,340	2,554	3,486	2,026
4	2	4	3	5	2
18,291	17,707	17,932	17,444	18,835	22,529
18,030	16,777	17,584	16,737	17,392	17,478
86,812	89,937	94,698	97,353	100,034	N/A
N/A	6,531	6,153	3,019	2,784	3,762
72	38	13	12	215	179
19	27	19	27	31	12
12,625	8,424	7,853	7,461	5,841	3,296
891	875	1,214	1,089	1,554	1,582
3,151	2,041	1,179	-	-	-
2,378	3,530	4,908	3,342	3,299	3,683
271	3	5	24	39	73
8,085	8,030	8,263	7,952	7,554	7,976
-	-	-	4,780	7,478	9,682
15	19	20	15	36	35

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
General government				
Buildings	9	9	9	8
Parking lots	3	3	3	3
Public safety				
Sheriff				
Jail	1	1	1	1
Patrol units	53	58	61	68
Fire Marshal				
Stations	1	1	1	1
Fire trucks	4	5	4	4
Highways and streets				
Roads (miles)	596.13	595.49	595.49	599.18
Bridges	90	90	90	90
Landfills	2	2	2	3
Culture and recreation				
Lake (acreage)	95	95	95	95
Boat ramps	2	2	2	2
Extension Office	1	1	1	1
4 H Activity Center	1	1	1	1
Public Health				
Animal Shelter	1	1	1	1
Airport				
T-Hanger	6	6	6	6
Terminal	1	1	1	1
Navarro Lease Project				
Building	1	1	1	1

SOURCES: Various County Departments

Texas Department of Transportation

Fiscal Year					
2010	2011	2012	2013	2014	2015
8 3	8 3	8 3	9 3	9 3	10 3
1 74	1 76	1 89	1 95	1 96	1 98
1 7	1 7	1 7	1 7	1 7	1 7
600.26 90 3	600.26 90 3	600.26 90 3	604.62 90 3	604.62 90 3	592.96 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**



**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, 2015, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 20 2016. The financial statements of the Victoria County Navigation District were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of or reportable noncompliance associated with the Victoria County Navigation District. Also, our report includes a reference to other auditors who audited the financial statements of the Citizens Medical Center, as described in our report on the County's financial statements. These financial statements were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

June 20, 2016



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

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

Report on Compliance for Each Major Federal and State Program

We have audited the County of Victoria, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2015. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2015.

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

### Report on Internal Control Over Compliance

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

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

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

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



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

June 20, 2016

**COUNTY OF VICTORIA, TEXAS***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2015*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
<b>FEDERAL EXPENDITURES</b>		
<b>U. S. Department of Transportation</b>		
Alternate Essential Air Service Program	20.901	2014-9-8
Total U.S. Department of Transportation		
<b>U. S. Department of Homeland Security</b>		
<i>Passed Through the Transportation Security Administration</i>		
Airport Law Enforcement Personnel Program	97.090	HSTS0213HSLR723
Total Transportation Security Administration		
<i>Passed Through the Governor's Division of Emergency Management</i>		
Operation Stone Garden	97.067	EMW-2013-SS-00045
Operation Stone Garden	97.067	EMW-2014-SS-00029
Hazard Mitigation Grant	97.039	FEMA-1791-316-DR
Public Assistance Grant	97.036	FEMA-4223-DR-TX
Public Assistance Grant	97.036	FEMA-4223-DR-TX
Emergency Management Performance Grant	97.042	15TX-EMPG-0605
Total Governor's Division of Emergency Management		
Total U.S. Department of Homeland Security		
<b>U. S. Department of Justice</b>		
State Criminal Alien Assistance Program (SCAAP)	16.606	2015-AP-BX-0319
<i>Passed Through the Office of Governor of Texas, Criminal Justice Division</i>		
Edward Byrne Memorial Justice Assistance Grant	16.738	2013DJBX0873
Edward Byrne Memorial Justice Assistance Grant	16.738	2014DJBX1051
Edward Byrne Memorial Justice Assistance Grant	16.738	2015DJBX0425
Victims Coordinator Liason Grant	16.575	1554120
Victims Coordinator Liason Grant	16.575	1662212
Victims Coordinator Liason Grant	16.575	1554138
Victims Coordinator Liason Grant	16.575	1662246
Internet Crimes Against Children	16.543	1557313
Total Office of Governor of Texas, Criminal Justice Division		
Total U.S. Department of Justice		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ -	\$ 2,099,699	\$ 2,099,699	\$ -		
-	2,099,699	2,099,699	-		
18,510	-	18,510	-		
18,510	-	18,510	-		
268,244	-	268,244	120,231		
117,054	-	117,054	-		
385,298	-	385,298	120,231		
311,454	-	311,454	311,454		
28,262	-	28,262	-		
30,878	-	30,878	-		
59,140	-	59,140	-		
43,969	-	43,969	-		
799,861	-	799,861	431,685		
818,371	-	818,371	431,685		
-	14,448	14,448	-		
-	14,448	14,448	-		
152	-	152	152		
16,055	-	16,055	16,055		
14,448	-	14,448	14,448		
30,655	-	30,655	30,655		
19,570	-	19,570	-		
22,712	-	22,712	-		
23,468	-	23,468	-		
20,407	-	20,407	-		
86,157	-	86,157	-		
18,619	-	18,619	-		
135,431	-	135,431	30,655		
135,431	14,448	149,879	30,655		

(continued)

**COUNTY OF VICTORIA, TEXAS***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2015*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
<b>FEDERAL EXPENDITURES - (Continued)</b>		
<b>U. S. Department of Agriculture</b>		
<i>Passed Through Texas Department of State Health Services</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2015-047291
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2016-048790
Total Texas Department of State Health Services		
<i>Passed Through Texas Department of Agriculture</i>		
School Breakfast Program	10.553	01248
School Breakfast Program	10.553	01248
National School Lunch Program	10.555	01248
National School Lunch Program	10.555	01248
Non-Cash Assistance (Commodities)	10.555	01248
Non-Cash Assistance (Commodities)	10.555	01248
Total Texas Department of Agriculture		
Total U.S. Department of Agriculture		
<b>U. S. Department of Health and Human Services</b>		
<i>Passed Through Texas Department of State Health Services</i>		
CPS/Hazards PHEP	93.069	2015-001086-02
CPS/Hazards PHEP	93.069	2016-001086-01
CPS/EBOLA Public Health Preparedness	93.069	2015-003634-00
Public Health Emergency Preparedness PPCPS/Bioterrorism	93.069	2015-047210-001
Immunization Grant	93.268	2015-001048-00
Immunization Grant	93.268	2016-001048-00
Promotions & Chronic Disease Prevention	93.991	2015-047242
HPCDP/TXHC Texas Healthy Communities	93.991	2016-03860-00
Total Texas Department of State Health Services		
<i>Passed Through Alamo Area Development Corporation</i>		
Ryan White Part B - State Services 2014-2015	93.917	2015-001464-00
Ryan White Part B- Service Delivery 2014-2015	93.917	2015-001464-00
FY 14-15 Part B SD Supplemental	93.917	2015-001464-00
FY 14-15 Part B SD Supplemental	93.917	2015-001464-00
Total Alamo Area Development Corporation		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 538,808	\$ -	\$ 538,808	\$ -		
<u>178,966</u>	<u>-</u>	<u>178,966</u>	<u>-</u>		
<u>717,774</u>	<u>-</u>	<u>717,774</u>	<u>-</u>		
13,528	-	13,528	-	Child Nutrition Cluster	
14,662	-	14,662	-	Child Nutrition Cluster	
<u>28,190</u>	<u>-</u>	<u>28,190</u>	<u>-</u>		
26,875	-	26,875	-	Child Nutrition Cluster	
29,163	-	29,163	-	Child Nutrition Cluster	
1,310	-	1,310	-	Child Nutrition Cluster	4
2,600	-	2,600	-	Child Nutrition Cluster	4
<u>59,948</u>	<u>-</u>	<u>59,948</u>	<u>-</u>		
<u>88,138</u>	<u>-</u>	<u>88,138</u>	<u>-</u>		
<u>805,912</u>	<u>-</u>	<u>805,912</u>	<u>-</u>		
52,916	-	52,916	-		
29,960	-	29,960	-		
13,198	-	13,198	-		
42,226	-	42,226	-		
<u>138,300</u>	<u>-</u>	<u>138,300</u>	<u>-</u>		
123,975	-	123,975	-		
61,745	-	61,745	-		
<u>185,720</u>	<u>-</u>	<u>185,720</u>	<u>-</u>		
44,092	-	44,092	44,092		3
10,566	-	10,566	10,566		
54,658	-	54,658	54,658		
<u>378,678</u>	<u>-</u>	<u>378,678</u>	<u>54,658</u>		
44,021	-	44,021	-		
128,345	-	128,345	-		
35,044	-	35,044	-		
4,356	-	4,356	-		
<u>211,766</u>	<u>-</u>	<u>211,766</u>	<u>-</u>		

(continued)

**COUNTY OF VICTORIA, TEXAS***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2015*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
<b>FEDERAL EXPENDITURES - (Continued)</b>		
<b>U. S. Department of Health and Human Services - (Continued)</b>		
<i>Passed Through Brazos Valley Council of Governments</i>		
Ryan White - Service Delivery 2015-2016	93.918	5602-565-01
Total Brazos Valley Council of Governments		
<i>Passed Through Texas Department of Family and Protective Services</i>		
Title IV-E Legal Services	93.658	23940843
Title IV-E Legal Services	93.658	23940843
Total Texas Department of Family and Protective Services		
Total U.S. Department of Health and Human Services		
<b>U. S. Department of Housing and Urban Development</b>		
<i>Passed Through Texas Department of Health in Bexar County</i>		
HOPWA 2014-2015	14.241	2014/2015 VCCHD-01
Total Texas Department of Health in Bexar County		
<i>Passed Through Brazos Valley Council of Governments</i>		
HOPWA 2015-2016	14.241	2015/2014 VCCHD-01
Total Brazos Valley Council of Governments		
Total U.S. Department of Housing and Urban Development		
<b>U. S. Department of the Interior</b>		
<i>Passed Through Fish and Wildlife Service</i>		
Coastal Impact Assistance Program (CIAP)	15.668	F12AF00630
Total U.S. Department of the Interior		
<b>Executive Office of the President</b>		
<i>Passed Through Office of National Drug Control Policy</i>		
High Intensity Drug Trafficking Area Grant	95.001	G14HN0020A
High Intensity Drug Trafficking Area Grant	95.001	G15HN0020A
Total Executive Office of the President		
<b>TOTAL FEDERAL EXPENDITURES</b>		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 65,954	\$ -	\$ 65,954	\$ -		
<u>65,954</u>	<u>-</u>	<u>65,954</u>	<u>-</u>		
28,015	-	28,015	-		
<u>5,806</u>	<u>-</u>	<u>5,806</u>	<u>-</u>		
<u>33,821</u>	<u>-</u>	<u>33,821</u>	<u>-</u>		
<u>690,219</u>	<u>-</u>	<u>690,219</u>	<u>54,658</u>		
<u>4,590</u>	<u>-</u>	<u>4,590</u>	<u>-</u>		
<u>4,590</u>	<u>-</u>	<u>4,590</u>	<u>-</u>		
<u>49,030</u>	<u>-</u>	<u>49,030</u>	<u>-</u>		
<u>49,030</u>	<u>-</u>	<u>49,030</u>	<u>-</u>		
<u>53,620</u>	<u>-</u>	<u>53,620</u>	<u>-</u>		
<u>243,803</u>	<u>-</u>	<u>243,803</u>	<u>-</u>		
<u>243,803</u>	<u>-</u>	<u>243,803</u>	<u>-</u>		
96,110	-	96,110	-		
<u>1,400</u>	<u>-</u>	<u>1,400</u>	<u>-</u>		
<u>97,510</u>	<u>-</u>	<u>97,510</u>	<u>-</u>		
<u>2,844,866</u>	<u>2,114,147</u>	<u>4,959,013</u>	<u>516,998</u>		

(continued)

**COUNTY OF VICTORIA, TEXAS***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2015*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
<b>STATE EXPENDITURES</b>		
<b>Texas Department of State Health Services</b>		
EXEC/PPH Potentially Preventable Hospitalizations Initiative	N/A	2014-001249-00
HP/PPH Potentially Preventable Hospitalizations	N/A	2016-003788-00
IDCU/SUREB	N/A	2016-003825-00
RLSS/LPHS	N/A	2015-001083-00
RLSS/LPHS	N/A	2016-001083-00
TB/PC-STATE Tuberculosis Prevention and Control	N/A	2016-003791-00
ZOONOSIS Control	N/A	2016-003850-00
 <i>Passed Through Brazos Valley Council of Governments</i>		
HIV Health and Social Services (State Services)	N/A	5603-SS-565-01
Total Brazos Valley Council of Governments		
Total Texas Department of State Health Services		
 <b>Texas Juvenile Justice Department</b>		
State Aid	N/A	TJPC-A-2015-235
State Aid	N/A	TJPC-A-2016-235
Commitment Reduction Program	N/A	TJPC-C-2015-235
Mental Health	N/A	TJPC-N-2015-235
Total Texas Juvenile Justice Department		
 <b>Office of the Attorney General of Texas</b>		
Texas Vine Grant	N/A	1660620
 <b>Texas Department of Public Safety</b>		
<i>Passed Through Governor's Division of Emergency Management</i>		
Local Border Security Program	N/A	LBSP-13-0063
 <b>Texas Department of Transportation</b>		
County Transportation Infrastructure Fund Grant	N/A	CTIF-01-235
Routine Airport Maintenance Program	N/A	M1513VICT
Routine Airport Maintenance Program	N/A	M1613VICT
Total Texas Department of Transportation		
 <b>Texas Task Force on Indigent Defense</b>		
Indigent Defense	N/A	N/A

**TOTAL STATE EXPENDITURES****TOTAL FEDERAL AND STATE EXPENDITURES**

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

Expenditures		Total	Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards				
\$ -	\$ 68,265	\$ 68,265	\$ 68,265		3
-	14,053	14,053	14,053		3
-	26,838	26,838	-		
-	82,081	82,081	-		
-	37,598	37,598	-		
-	3,008	3,008	-		
-	6,270	6,270	-		
-	<u>238,113</u>	<u>238,113</u>	<u>82,318</u>		
<u>21,486</u>	-	<u>21,486</u>	-		
<u>21,486</u>	-	<u>21,486</u>	-		
<u>21,486</u>	<u>238,113</u>	<u>259,599</u>	<u>82,318</u>		
-	380,292	380,292	-		
-	365,639	365,639	-		
-	89,649	89,649	-		
-	<u>42,195</u>	<u>42,195</u>	-		
-	<u>877,775</u>	<u>877,775</u>	-		
-	<u>16,500</u>	<u>16,500</u>	-		
<u>13</u>	-	<u>13</u>	-		
-	205,440	205,440	-		
-	42,961	42,961	-		
-	<u>3,677</u>	<u>3,677</u>	-		
-	<u>252,078</u>	<u>252,078</u>	-		
-	<u>79,767</u>	<u>79,767</u>	-		
<u>21,499</u>	<u>1,464,233</u>	<u>1,485,732</u>	<u>82,318</u>		
<u>\$ 2,866,365</u>	<u>\$ 3,578,380</u>	<u>\$ 6,444,745</u>	<u>\$ 599,316</u>		

**COUNTY OF VICTORIA, TEXAS**

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

*For the year ended December 31, 2015*

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**NOTE 1: BASIS OF ACCOUNTING**

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

**NOTE 2: PROGRAM COSTS**

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

**NOTE 3: INDIRECT COST RATE**

The amount expended for these grants includes a total of \$12,180 claimed as indirect cost recoveries using an approved indirect cost rate of 10 percent of total expenses.

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

**NOTE 4: NONCASH AWARDS**

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

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the year ended December 31, 2015*

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

*Financial Statements*

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes  no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
20.901	Alternate Essential Air Service Program
97.067	Operation Stone Garden
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
N/A	Texas Juvenile Justice Department-2015-235

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

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None noted.

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

None noted.

**COUNTY OF VICTORIA, TEXAS**  
*SCHEDULE OF PRIOR AUDIT FINDINGS*  
*For the year ended December 31, 2015*

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None were reported.

