

COUNTY OF VICTORIA, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

COUNTY OF VICTORIA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2016

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

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INTRODUCTORY SECTION



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

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June 28, 2017

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, 2016. 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 92,467.

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 18% to 25% of annual expenditures. In the past year, the County incurred a decrease in the General Fund unassigned fund balance mainly as a result of a decrease in sales tax revenue. The County's General Fund reserve target is based on the County's policy of deferring ad valorem property taxes. The resulting unassigned fund balance does not include \$5.8 million in ad valorem taxes collected in October, November, and December of 2016, 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

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

June 28, 2017

courtrooms for the increasing caseload of jury trials and making the County Airport more cost efficient. 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.

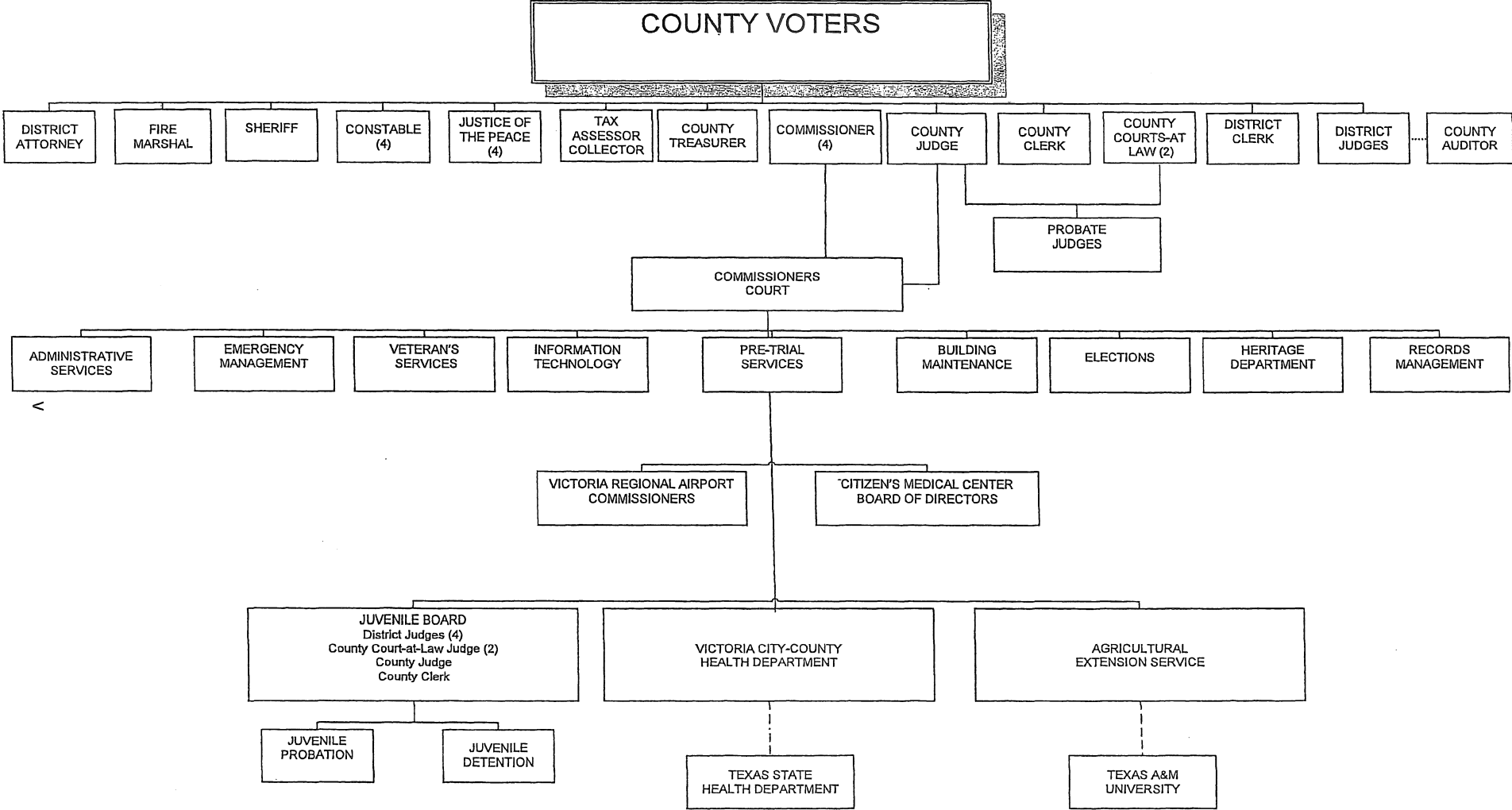
Pension Benefits - The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). Specific plan provisions are adopted by the County within the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

VICTORIA COUNTY ORGANIZATION



COUNTY OF VICTORIA, TEXAS
DIRECTORY OF PRINCIPAL OFFICIALS
December 31, 2016

ELECTED OFFICIALS

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

<u>NAME</u>	<u>POSITION</u>
Judy McAdams, CPA	County Auditor
Richard Castillo	County Fire Marshal

FINANCIAL SECTION



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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Victoria, Texas (the "County") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 77 percent, 85 percent, and 98 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions insofar as it relates to the amounts included for the Citizens Medical Center, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the 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 financial statements are prepared by the County using financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365, which practices differ from generally accepted accounting principles (GAAP) in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with GAAP, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, 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, 2016, and the respective statutory basis changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365 described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, 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, LLP

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

June 28, 2017

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, 2016. 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

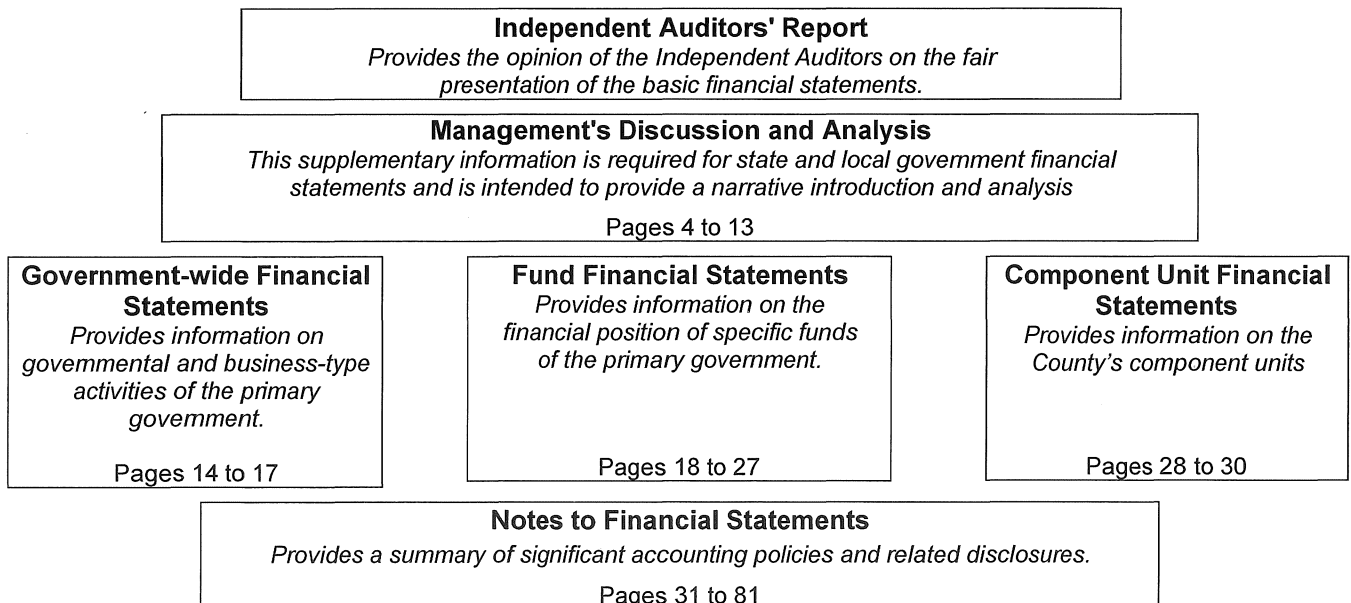
- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2016, by \$43,017,232. Of this amount \$15,982,121 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2016, the County's governmental funds reported combined ending fund balances of \$25,801,402. The amount available for governmental discretion (unassigned fund balance) is \$18,449,982.
- At December 31, 2016, the fund balance for the General Fund was \$20,434,329, a \$161,671 decrease over last year. The unassigned portion of fund balance was \$18,449,982 or 90% of total General Fund balance or 52% of total General Fund expenditures for 2016.
- The County's general obligation debt netted a decrease of \$825,000. The key factor in this decrease was the payment of principal on the outstanding debt during 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Organization and Flow of Financial Section Information



OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

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

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

The *statement of activities* presents information showing how the government's net position changed during 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.

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 113-120 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 122-127 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 31-81 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 82-86 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 87-131 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 \$43,017,232 at the close of the year ended December 31, 2016.

County of Victoria, Texas

NET POSITION (Statutory Basis)

	Governmental Activities		Business-type Activities		Total	
	2016	2015*	2016	2015	2016	2015*
Current and other assets	\$ 58,749,243	\$ 60,409,397	\$ (1,028,169)	\$ (1,039,000)	\$ 57,721,074	\$ 59,370,397
Capital assets (net)	30,200,696	30,323,184	7,942,228	8,172,038	38,142,924	38,495,222
Total assets	88,949,939	90,732,581	6,914,059	7,133,038	95,863,998	97,865,619
Deferred outflow of resources	13,868,400	5,444,029	-	-	13,868,400	5,444,029
Current and other liabilities	4,375,465	4,439,217	611,512	472,299	4,986,977	4,911,516
Noncurrent liabilities	35,638,271	28,614,981	8,031	9,840	35,646,302	28,624,821
Total liabilities	40,013,736	33,054,198	619,543	482,139	40,633,279	33,536,337
Deferred inflow of resources	26,081,887	25,238,771	-	-	26,081,887	25,238,771
Net position						
Net investment in						
capital assets	16,809,816	18,533,816	7,942,228	8,172,038	24,752,044	26,705,854
Restricted	2,283,067	1,561,037	-	-	2,283,067	1,561,037
Unrestricted	17,629,833	17,788,788	(1,647,712)	(1,521,139)	15,982,121	16,267,649
Total net position	\$ 36,722,716	\$ 37,883,641	\$ 6,294,516	\$ 6,650,899	\$ 43,017,232	\$ 44,534,540

* 2015 Net position for the governmental activities has been restated. See Note 17 of this report.

The largest portion of the County's net position (58%) 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 \$2,283,067, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$15,982,121) may be used to meet the government's ongoing obligations to citizens and creditors.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

County of Victoria, Texas

**CHANGES IN NET POSITION
(Statutory Basis)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015*	2016	2015	2016	2015*
REVENUES						
Program revenues:						
Charges for services	\$ 10,292,486	\$ 9,382,815	\$ 5,221,333	\$ 5,017,389	\$ 15,513,819	\$ 14,400,204
Operating grants & contributions	4,104,052	4,440,829	78,842	65,148	4,182,894	4,505,977
Capital grants & contributions	169,264	-	13,000	243,803	182,264	243,803
General revenues:						
Property taxes	26,135,287	25,407,422	-	-	26,135,287	25,407,422
Other taxes	9,393,183	10,957,866	-	-	9,393,183	10,957,866
Other	1,134,449	1,096,201	1,479	1,153	1,135,928	1,097,354
Total revenues	51,228,721	51,285,133	5,314,654	5,327,493	56,543,375	56,612,626
EXPENSES						
General governmental	20,353,896	18,521,250	-	-	20,353,896	18,521,250
Public safety	20,708,786	18,684,796	-	-	20,708,786	18,684,796
Highways and streets	5,866,714	5,444,923	-	-	5,866,714	5,444,923
Culture and recreation	353,798	306,605	-	-	353,798	306,605
Public health	3,941,509	3,527,448	-	-	3,941,509	3,527,448
Interest on long-term debt	493,290	433,173	-	-	493,290	433,173
Airport	-	-	5,680,308	5,323,304	5,680,308	5,323,304
Navarro project	-	-	547,458	612,894	547,458	612,894
Commissary	-	-	114,924	113,824	114,924	113,824
Total expenses	51,717,993	46,918,195	6,342,690	6,050,022	58,060,683	52,968,217
Change in net position before transfers	(489,272)	4,366,938	(1,028,036)	(722,529)	(1,517,308)	3,644,409
Transfers	(671,653)	(296,254)	671,653	296,254	-	-
Change in net position	(1,160,925)	4,070,684	(356,383)	(426,275)	(1,517,308)	3,644,409
Net position - January 1, 2016	37,883,641	33,812,957	6,650,899	7,077,174	44,534,540	40,890,131
Net position - December 31, 2016	\$ 36,722,716	\$ 37,883,641	\$ 6,294,516	\$ 6,650,899	\$ 43,017,232	\$ 44,534,540

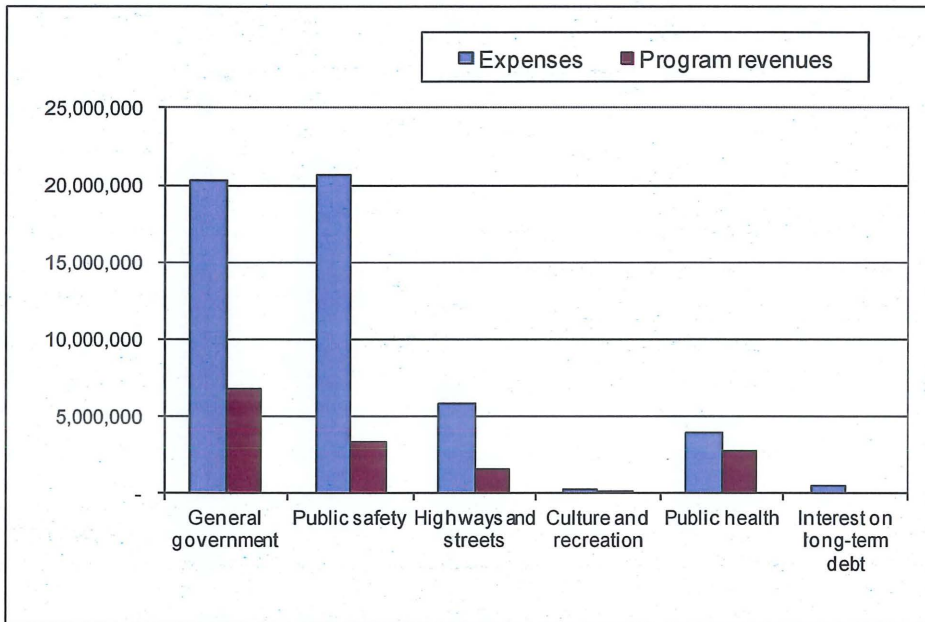
* 2015 Net position for the governmental activities has been restated. See Note 17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

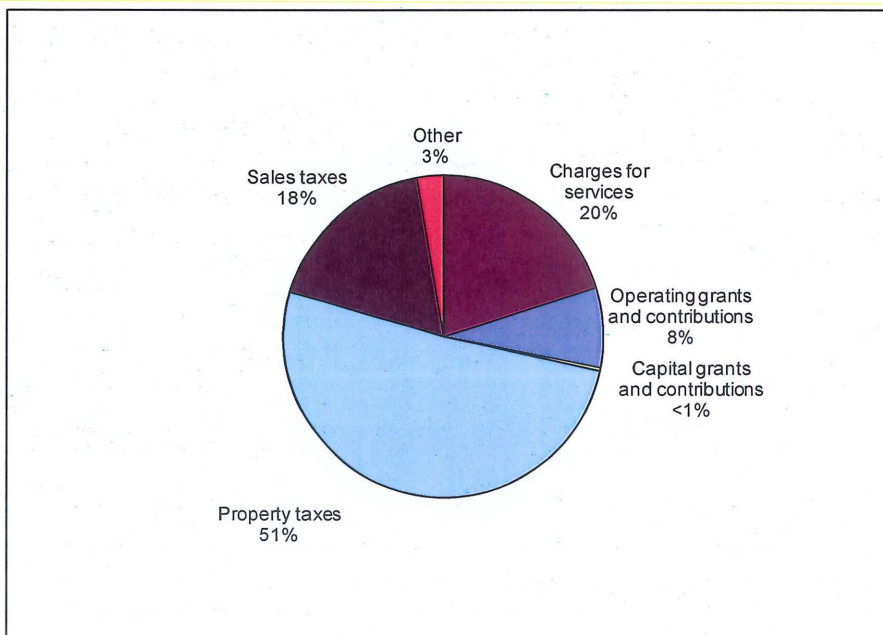
Governmental activities. Governmental activities decreased the County's net position by \$1,160,925, thereby accounting for the majority of the total decrease in the net position of the County. Key elements of this decrease are as follows:

- Property tax revenues increased \$727,865 and sales tax revenue decreased \$1,541,343 from the prior year.
- Total expenses increased \$4,799,798 or 10% from the prior year.

Expenses and Program Revenues - Governmental Activities



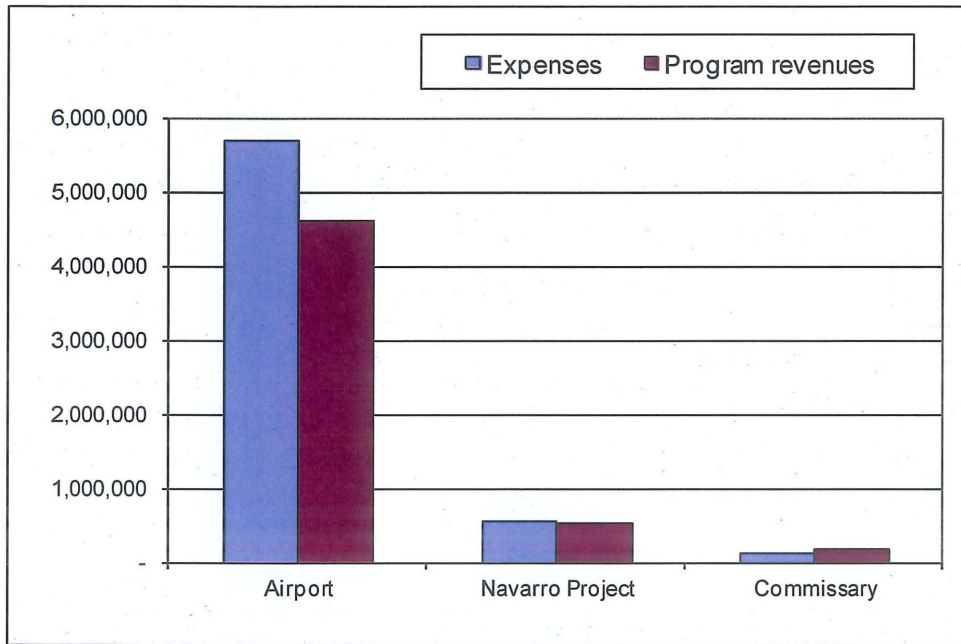
Revenues by Source - Governmental Activities



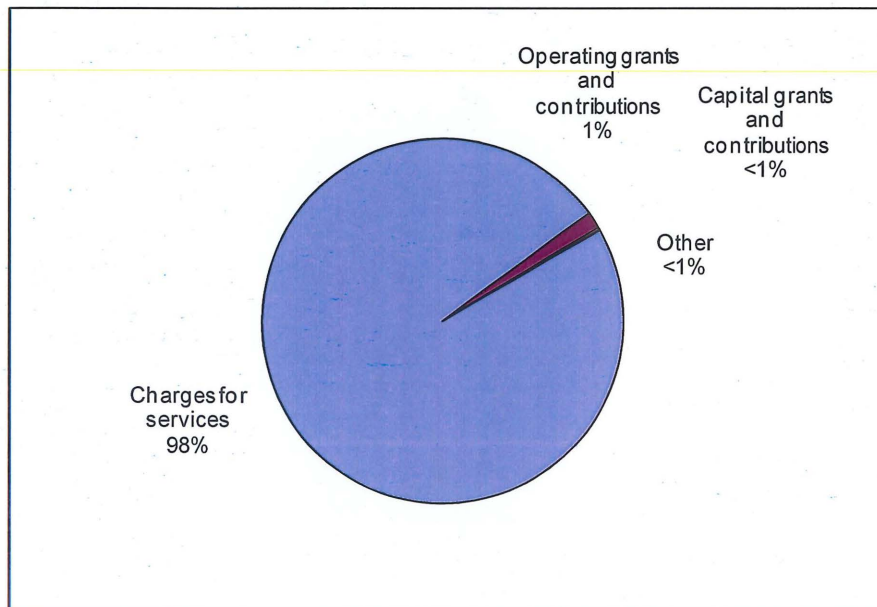
GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type activities. Business-type activities decreased the County's net position by \$356,383. This change was mainly due to a combined increase in expenses of \$292,668 or 5% compared to 2015.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$25,801,402, a decrease of \$1,774,335 in comparison with the prior year. Of the total fund balance, \$18,449,982 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$5,367,073 is *restricted* to specific types of expenditures and \$1,984,347 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 \$18,449,982, while total fund balance was \$20,434,329. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52% of total General Fund expenditures, while total fund balance represents 58% of that same amount.

The fund balance of the County's General Fund decreased by \$161,671 during the current year. This decrease is due mainly to a decrease in sales tax revenues and an increase in overall expenditures.

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

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

Fund	2016	2015
	Unrestricted Net Position	Unrestricted Net Position
Airport	\$ (1,912,094)	\$ (1,511,644)
Navarro Project	24,434	(186,456)
Commissary	239,948	176,961
Total	\$ (1,647,712)	\$ (1,521,139)

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 \$610,018 and can be briefly summarized as follows:

- \$388,617 in miscellaneous decreases in general governmental expenditures, mainly due to an increase in indigent defense, child protective service cases, and building maintenance expenditures.
- \$213,455 in miscellaneous increases in public safety expenditures, due to increased expenditures for the purchase of new vehicles for the Constables.

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

For 2016, the General Fund's actual expenditures came in \$1,193,897 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2016.

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, 2016, amounts to \$38,142,924 (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 0.8% (a 0.4% decrease for governmental activities and a 2% decrease for business-type activities).

County of Victoria, Texas						
CAPITAL ASSETS						
(Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,466,342	\$ 2,466,342	\$ 149,433	\$ 149,433	\$ 2,615,775	\$ 2,615,775
Construction in progress	1,851,553	240,944	1,713,817	1,126,865	3,565,370	1,367,809
Buildings	10,064,191	10,429,492	148,745	221,119	10,212,936	10,650,611
Improvements	6,489,903	7,138,873	5,593,678	6,350,867	12,083,581	13,489,740
Machinery and equipment	6,257,634	6,885,319	336,555	291,054	6,594,189	7,176,373
Infrastructure	3,071,073	3,162,214	-	-	3,071,073	3,162,214
Total	\$ 30,200,696	\$ 30,323,184	\$ 7,942,228	\$ 8,139,338	\$ 38,142,924	\$ 38,462,522

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, 2016, consisted of the following:
 - Equipment had a net decrease of \$627,685 due to the acquisition of new vehicles and equipment for various departments and current year depreciation.
 - Construction in Progress increased by \$1,610,609 due to several capital projects still in progress at year end. These projects include the renovations of the following buildings: Road & Bridge Precinct Number 2, Justice of the Peace Number 2, Fire Station, and the Juvenile Detention Center.

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, 2016, 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 \$13,335,951. This debt is backed by the full faith and credit of the government.

County of Victoria, Texas

Outstanding Debt and Net Bond Premium (Discount)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Certificates of obligation	\$12,985,000	\$13,340,000	\$ -	\$ -	\$12,985,000	\$13,340,000
General obligation bonds	-	470,000	-	-	-	470,000
Issuance discount	(32,689)	(35,163)	-	-	(32,689)	(35,163)
Issuance premiums	383,640	412,212	-	-	383,640	412,212
Total	\$13,335,951	\$14,187,049	\$ -	\$ -	\$ 13,335,951	\$ 14,187,049

The County’s total debt decreased by \$851,098 (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 2017 budget was adopted by Commissioners’ Court on September 19, 2016. The budget did not include a cost of living salary increase, but did include several salary adjustments in the General Fund. The property tax rate was set at \$0.3959 (39.59 cents) per \$100 assessed taxable valuation, which reflects no change from the prior year from the prior year. The taxable valuation increased for the 2017 year by \$21 million which will result in an increase of tax revenue of \$460,785.

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, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 30,323,830	\$ 437,037	\$ 30,760,867	\$ 67,422,253
Receivables (net)	24,802,865	451,295	25,254,160	22,842,050
Internal balances	8,579	(8,579)	-	-
Due from other governments	1,595,122	4,779	1,599,901	18,498,524
Due from external parties	34,500	-	34,500	-
Inventory	-	71,646	71,646	2,199,015
Estimated amounts due from third-party payers	-	-	-	238,098
Prepaid items	-	-	-	3,251,506
Total current assets	56,764,896	956,178	57,721,074	114,451,446
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	4,317,895	1,863,250	6,181,145	29,794,715
Buildings, improvements, and equipment (net)	25,882,801	6,078,978	31,961,779	87,402,327
Other assets	-	-	-	811,611
Noncurrent internal balances	1,984,347	(1,984,347)	-	-
Total noncurrent assets	32,185,043	5,957,881	38,142,924	118,008,653
Total assets	88,949,939	6,914,059	95,863,998	232,460,099
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	13,868,400	-	13,868,400	13,422,262
Total deferred outflows of resources	13,868,400	-	13,868,400	13,422,262

The accompanying notes are an integral part of this statement.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,135,995	\$ 491,037	\$ 1,627,032	\$ 12,618,862
Accrued expenses	647,055	20,642	667,697	11,907,542
Accrued interest payable	223,664	-	223,664	59,346
Due to other governments	354,026	-	354,026	-
Claims payable	248,502	-	248,502	-
Deposits	1,400	16,980	18,380	-
Unearned revenue	12,513	64,940	77,453	-
Accrued compensated absences	768,965	17,913	786,878	-
Current portion of long-term obligations	983,345	-	983,345	1,265,136
Total current liabilities	4,375,465	611,512	4,986,977	25,850,886
Noncurrent liabilities				
Noncurrent portion of long-term obligations	15,453,476	8,031	15,461,507	29,600,618
Net pension liability	20,184,795	-	20,184,795	-
Total noncurrent liabilities	35,638,271	8,031	35,646,302	29,600,618
Total liabilities	40,013,736	619,543	40,633,279	55,451,504
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	24,853,738	-	24,853,738	1,890,653
Deferred inflow related to pension	1,228,149	-	1,228,149	-
Total deferred inflows of resources	26,081,887	-	26,081,887	1,890,653
NET POSITION				
Net investment in capital assets	16,809,816	7,942,228	24,752,044	101,387,701
Restricted for:				
Debt service	465,788	-	465,788	23,202
Other purposes	1,817,279	-	1,817,279	-
Unrestricted	17,629,833	(1,647,712)	15,982,121	87,129,301
Total net position	\$ 36,722,716	\$ 6,294,516	\$ 43,017,232	\$ 188,540,204

COUNTY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES - STATUTORY BASIS
For the year ended December 31, 2016

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 20,353,896	\$ 5,683,863	\$ 1,120,578	\$ -
Public safety	20,708,786	2,619,758	735,237	-
Highways and streets	5,866,714	1,441,352	-	169,264
Culture and recreation	353,798	2,338	-	-
Public health	3,941,509	545,175	2,248,237	-
Interest on long-term debt	493,290	-	-	-
Total governmental activities	<u>51,717,993</u>	<u>10,292,486</u>	<u>4,104,052</u>	<u>169,264</u>
Business-type activities				
Airport	5,680,308	4,531,502	78,842	-
Navarro Project	547,458	522,983	-	13,000
Commissary	114,924	166,848	-	-
Total business-type activities	<u>6,342,690</u>	<u>5,221,333</u>	<u>78,842</u>	<u>13,000</u>
Total primary government	<u>\$ 58,060,683</u>	<u>\$ 15,513,819</u>	<u>\$ 4,182,894</u>	<u>\$ 182,264</u>
Component Units	<u>\$ 249,502,736</u>	<u>\$ 233,581,754</u>	<u>\$ 4,455</u>	<u>\$ -</u>

General revenues
Taxes:
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Sales taxes
 Other taxes
Grants and contributions not restricted to specific programs
Unrestricted Investment earnings
Miscellaneous
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
\$ (13,549,455)	\$ -	\$ (13,549,455)	\$ -
(17,353,791)	-	(17,353,791)	-
(4,256,098)	-	(4,256,098)	-
(351,460)	-	(351,460)	-
(1,148,097)	-	(1,148,097)	-
(493,290)	-	(493,290)	-
<u>(37,152,191)</u>	<u>-</u>	<u>(37,152,191)</u>	<u>-</u>
-	(1,069,964)	(1,069,964)	-
-	(11,475)	(11,475)	-
-	51,924	51,924	-
<u>-</u>	<u>(1,029,515)</u>	<u>(1,029,515)</u>	<u>-</u>
<u>(37,152,191)</u>	<u>(1,029,515)</u>	<u>(38,181,706)</u>	<u>-</u>
-	-	-	(15,916,527)
24,518,629	-	24,518,629	1,735,688
1,616,658	-	1,616,658	-
9,085,344	-	9,085,344	-
307,839	-	307,839	-
289,639	-	289,639	-
185,145	1,479	186,624	383,364
659,665	-	659,665	1,106,602
(671,653)	671,653	-	-
<u>35,991,266</u>	<u>673,132</u>	<u>36,664,398</u>	<u>3,225,654</u>
(1,160,925)	(356,383)	(1,517,308)	(12,690,873)
<u>37,883,641</u>	<u>6,650,899</u>	<u>44,534,540</u>	<u>201,231,077</u>
<u>\$ 36,722,716</u>	<u>\$ 6,294,516</u>	<u>\$ 43,017,232</u>	<u>\$ 188,540,204</u>

COUNTY OF VICTORIA, TEXAS
BALANCE SHEET - STATUTORY BASIS
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 22,749,523	\$ 7,574,058	\$ 30,323,581
Receivables (net)	20,029,951	4,587,839	24,617,790
Due from other governments	554,287	1,040,835	1,595,122
Due from other funds	1,126,129	3,327	1,129,456
Advance to other funds	1,984,347	-	1,984,347
Total assets	<u>\$ 46,444,237</u>	<u>\$ 13,206,059</u>	<u>\$ 59,650,296</u>
LIABILITIES			
Accounts payable	\$ 542,540	\$ 556,458	\$ 1,098,998
Accrued expenditures	483,489	158,300	641,789
Due to other funds	2,138	1,068,972	1,071,110
Due to other governments	354,026	-	354,026
Deposits	1,400	-	1,400
Unearned revenue	5,889	-	5,889
Total liabilities	<u>1,389,482</u>	<u>1,783,730</u>	<u>3,173,212</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	24,620,426	6,055,256	30,675,682
Total deferred inflows of resources	<u>24,620,426</u>	<u>6,055,256</u>	<u>30,675,682</u>
FUND BALANCES			
Nonspendable	1,984,347	-	1,984,347
Restricted	-	5,367,073	5,367,073
Unassigned	18,449,982	-	18,449,982
Total fund balances	<u>20,434,329</u>	<u>5,367,073</u>	<u>25,801,402</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 46,444,237</u>	<u>\$ 13,206,059</u>	<u>\$ 59,650,296</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION
OF GOVERNMENTAL ACTIVITIES - STATUTORY BASIS**

December 31, 2016

Total governmental fund balances		\$ 25,801,402
<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.		(127,332)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as "unavailable" in the funds.		3,259,012
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.		2,562,932
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	\$ 178,256,906	
Accumulated depreciation of governmental capital assets	<u>(148,056,210)</u>	30,200,696
Deferred outflows of resources are not reported in the governmental funds:		
Pension contributions after measurement date	3,800,589	
Changes in actuarial assumptions used to determine pension liability	1,109,328	
Difference in projected and actual earnings on pension costs	<u>8,958,483</u>	13,868,400
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	(12,985,000)	
Issuance discount	32,689	
Issuance premiums	(383,640)	
Interlocal commitment	(2,105,908)	
Capital leases payable	(197,015)	
Accrued interest payable	(223,664)	
Compensated absences	(1,566,912)	
Net pension liability	<u>(20,184,795)</u>	(37,614,245)
Deferred inflows of resources are not reported in the governmental funds:		
Difference in expected and actual pension experience		<u>(1,228,149)</u>
Net position of governmental activities		<u>\$ 36,722,716</u>

The accompanying notes are an integral part of this statement.

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

For the year ended December 31, 2016

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 29,623,806	\$ 5,884,730	\$ 35,508,536
Fees of office and user fees	1,732,299	1,617,156	3,349,455
Intergovernmental	3,461,053	5,336,579	8,797,632
Fines and forfeitures	998,891	644,889	1,643,780
Investment income	141,233	42,747	183,980
Licenses and permits	39,533	-	39,533
Contributions	-	110,442	110,442
Miscellaneous	691,827	216,640	908,467
Total revenues	<u>36,688,642</u>	<u>13,853,183</u>	<u>50,541,825</u>
EXPENDITURES			
Current			
General government	17,359,814	1,891,582	19,251,396
Public safety	17,764,537	1,726,684	19,491,221
Highways and streets	-	5,659,988	5,659,988
Culture and recreation	315,601	-	315,601
Public health	-	3,883,793	3,883,793
Capital outlay	-	1,440,333	1,440,333
Debt service			
Principal retirement	-	1,054,925	1,054,925
Interest and fiscal charges	-	547,250	547,250
Total expenditures	<u>35,439,952</u>	<u>16,204,555</u>	<u>51,644,507</u>
Excess (deficiency) of revenues over expenditures	<u>1,248,690</u>	<u>(2,351,372)</u>	<u>(1,102,682)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	444,556	1,865,053	2,309,609
Transfers out	<u>(1,854,917)</u>	<u>(1,126,345)</u>	<u>(2,981,262)</u>
Total other financing sources (uses)	<u>(1,410,361)</u>	<u>738,708</u>	<u>(671,653)</u>
Change in fund balances	(161,671)	(1,612,664)	(1,774,335)
Fund balances at beginning of year	<u>20,596,000</u>	<u>6,979,737</u>	<u>27,575,737</u>
Fund balances at end of year	<u>\$ 20,434,329</u>	<u>\$ 5,367,073</u>	<u>\$ 25,801,402</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, 2016*

Total net change in fund balances - governmental funds **\$ (1,774,335)**

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

The Internal Service Fund is used by the County to charge the costs of health insurance to individual funds. The net activity of the Internal Service Fund is reported with governmental activities. (127,913)

The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position. 160,717

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	\$ 2,314,900	
Depreciation expense	<u>(2,598,105)</u>	(283,205)

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	825,000	
Interlocal commitment principal retirement	229,925	
Capital lease principal retirement	<u>91,925</u>	1,146,850

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	365,104	
Other revenues	<u>159,910</u>	525,014

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	(187,064)	
Net pension costs	(674,949)	
Decrease in accrued interest	31,566	
Decrease in loss on bond refunding	(3,703)	
Decrease in bond premium	28,572	
Decrease in bond discount	<u>(2,475)</u>	<u>(808,053)</u>

Change in net position of governmental activities **\$ (1,160,925)**

COUNTY OF VICTORIA, TEXAS

STATEMENT OF NET POSITION - STATUTORY BASIS

PROPRIETARY FUNDS

December 31, 2016

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 147,157	\$ 57,600	\$ 232,280	\$ 437,037	\$ 249
Receivables (net)	438,101	680	12,514	451,295	185,075
Due from other governments	4,779	-	-	4,779	-
Inventory	71,646	-	-	71,646	-
Total current assets	661,683	58,280	244,794	964,757	185,324
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	1,713,817	149,433	-	1,863,250	-
Buildings, improvements, and equipment (net)	5,203,796	842,193	32,989	6,078,978	-
Total noncurrent assets	6,917,613	991,626	32,989	7,942,228	-
Total assets	7,579,296	1,049,906	277,783	8,906,985	185,324
LIABILITIES					
Current liabilities					
Accounts payable	480,534	9,268	1,235	491,037	36,997
Accrued expenses	17,075	2,454	1,113	20,642	5,266
Due to other funds	8,282	211	86	8,579	15,267
Advance from other funds	1,984,347	-	-	1,984,347	-
Deposits	16,980	-	-	16,980	-
Unearned revenue	45,775	19,165	-	64,940	6,624
Claims payable	-	-	-	-	248,502
Accrued compensated absences	14,351	1,897	1,665	17,913	-
Total current liabilities	2,567,344	32,995	4,099	2,604,438	312,656
Noncurrent liabilities					
Accrued compensated absences	6,433	851	747	8,031	-
Total noncurrent liabilities	6,433	851	747	8,031	-
Total liabilities	2,573,777	33,846	4,846	2,612,469	312,656
NET POSITION					
Net investment in capital assets	6,917,613	991,626	32,989	7,942,228	-
Unrestricted	(1,912,094)	24,434	239,948	(1,647,712)	(127,332)
Total net position	\$ 5,005,519	\$ 1,016,060	\$ 272,937	\$ 6,294,516	\$ (127,332)

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, 2016

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
OPERATING REVENUES					
Charges for services	\$ 3,807,037	\$ 522,983	\$ 166,828	\$ 4,496,848	\$ 3,721,578
Rents	672,588	-	-	672,588	-
Miscellaneous	51,877	-	20	51,897	-
Total operating revenues	<u>4,531,502</u>	<u>522,983</u>	<u>166,848</u>	<u>5,221,333</u>	<u>3,721,578</u>
OPERATING EXPENSES					
Airport operations	5,040,653	-	-	5,040,653	-
Commissary operations	-	-	100,479	100,479	-
Lease operations	-	291,260	-	291,260	-
Health services	-	-	-	-	3,850,656
Depreciation	639,655	256,198	14,445	910,298	-
Total operating expenses	<u>5,680,308</u>	<u>547,458</u>	<u>114,924</u>	<u>6,342,690</u>	<u>3,850,656</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	(1,148,806)	(24,475)	51,924	(1,121,357)	(129,078)
NONOPERATING REVENUES (EXPENSES)					
Investment income					
Interest	452	-	1,027	1,479	1,165
Noncapital grants and contributions	78,842	-	-	78,842	-
Total nonoperating revenues (expenses)	<u>79,294</u>	<u>-</u>	<u>1,027</u>	<u>80,321</u>	<u>1,165</u>
Income (loss) before contributions and transfers	(1,069,512)	(24,475)	52,951	(1,041,036)	(127,913)
Contributions and transfers					
Transfers in	671,653	-	-	671,653	-
Capital grants and contributions	-	13,000	-	13,000	-
Total contributions and transfers	<u>671,653</u>	<u>13,000</u>	<u>-</u>	<u>684,653</u>	<u>-</u>
Change in net position	(397,859)	(11,475)	52,951	(356,383)	(127,913)
Total net position at beginning of year	<u>5,403,378</u>	<u>1,027,535</u>	<u>219,986</u>	<u>6,650,899</u>	<u>581</u>
Total net position at end of year	<u>\$ 5,005,519</u>	<u>\$ 1,016,060</u>	<u>\$ 272,937</u>	<u>\$ 6,294,516</u>	<u>\$ (127,332)</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, 2016

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,522,562	\$ 536,975	\$ 166,717	\$ 5,226,254	\$ 3,598,326
Cash paid to suppliers for goods and services	(3,972,627)	(254,400)	(42,489)	(4,269,516)	(3,557,112)
Cash paid to employees for services	(861,608)	(128,421)	(59,484)	(1,049,513)	(274,041)
Net cash provided (used) by operating activities	<u>(311,673)</u>	<u>154,154</u>	<u>64,744</u>	<u>(92,775)</u>	<u>(232,827)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Noncapital grants and contributions	77,789	-	-	77,789	-
Borrowing (repayments) to other funds	180,240	(75,721)	(11)	104,508	15,153
Transfers in from other funds	84,701	-	-	84,701	-
Net cash provided (used) by noncapital financing activities	<u>342,730</u>	<u>(75,721)</u>	<u>(11)</u>	<u>266,998</u>	<u>15,153</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	13,000	-	13,000	-
Transfers in from other funds	586,952	-	-	586,952	-
Acquisition and construction of capital assets	(642,296)	(33,833)	(4,409)	(680,538)	-
Net cash provided (used) by capital and related financing activities	<u>(55,344)</u>	<u>(20,833)</u>	<u>(4,409)</u>	<u>(80,586)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	452	-	1,027	1,479	1,165
Net cash provided (used) by investing activities	<u>452</u>	<u>-</u>	<u>1,027</u>	<u>1,479</u>	<u>1,165</u>
Net increase (decrease) in cash and cash equivalents	(23,835)	57,600	61,351	95,116	(216,509)
Cash and cash equivalents at beginning of year	170,992	-	170,929	341,921	216,758
Cash and cash equivalents at end of year	<u>\$ 147,157</u>	<u>\$ 57,600</u>	<u>\$ 232,280</u>	<u>\$ 437,037</u>	<u>\$ 249</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, 2016

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,148,806)	\$ (24,475)	\$ 51,924	\$ (1,121,357)	\$ (129,078)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	639,655	256,198	14,445	910,298	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(19,286)	1,068	(131)	(18,349)	(129,876)
(Increase) decrease in inventory	(771)	-	-	(771)	-
Increase (decrease) in accounts payable	203,312	(92,424)	(1,712)	109,176	(22,016)
Increase (decrease) in accrued expenses	3,506	550	222	4,278	1,067
Increase (decrease) in deposits	11,480	-	-	11,480	-
Increase (decrease) in unearned revenue	(1,134)	12,924	-	11,790	6,624
Increase (decrease) in compensated absences	371	313	(4)	680	-
Increase (decrease) in claims payable	-	-	-	-	40,452
Total adjustments	<u>837,133</u>	<u>178,629</u>	<u>12,820</u>	<u>1,028,582</u>	<u>(103,749)</u>
Net cash provided (used) by operating activities	<u>\$ (311,673)</u>	<u>\$ 154,154</u>	<u>\$ 64,744</u>	<u>\$ (92,775)</u>	<u>\$ (232,827)</u>

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2016

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 49,614	\$ 8,909,861
Receivables (net)		
Other	-	92,049
Deposits	3,654	-
Seized assets	-	122,341
Total assets	<u>53,268</u>	<u>9,124,251</u>
LIABILITIES		
Liabilities		
Accounts payable	18,593	3,680,208
Due to other funds	34,500	-
Due to other governments	-	5,444,043
Total liabilities	<u>53,093</u>	<u>9,124,251</u>
NET POSITION		
Unrestricted	<u>\$ 175</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, 2016

	Private Purpose Trust
ADDITIONS	
Miscellaneous	
Participants' contributions	\$ 158,483
Investment income	<u>76</u>
Total additions	<u>158,559</u>
DEDUCTIONS	
General government	
Participants' withdrawals	<u>158,483</u>
Total deductions	<u>158,483</u>
Changes in net position	76
Net position - beginning	<u>99</u>
Net position - ending	<u>\$ 175</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
December 31, 2016

	Victoria County Navigation District	Citizens Medical Center	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 12,189,710	\$ 55,232,543	\$ 67,422,253
Receivables (net)	1,624,304	21,217,746	22,842,050
Due from other governments	34,214	18,464,310	18,498,524
Supplies inventory	-	2,199,015	2,199,015
Estimated amounts due from third-party payers	-	238,098	238,098
Prepaid items and other	-	3,251,506	3,251,506
Total current assets	<u>13,848,228</u>	<u>100,603,218</u>	<u>114,451,446</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	17,551,321	12,243,394	29,794,715
Buildings, improvements, and equipment (net)	22,666,815	64,735,512	87,402,327
Other assets	-	811,611	811,611
Total noncurrent assets	<u>40,218,136</u>	<u>77,790,517</u>	<u>118,008,653</u>
Total assets	<u>54,066,364</u>	<u>178,393,735</u>	<u>232,460,099</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pension	-	13,422,262	13,422,262
Total deferred outflows of resources	<u>-</u>	<u>13,422,262</u>	<u>13,422,262</u>
LIABILITIES			
Current liabilities			
Accounts payable	448,640	12,170,222	12,618,862
Accrued expenditures/expenses	-	11,907,542	11,907,542
Accrued interest payable	59,346	-	59,346
Current portion of long-term obligations	1,265,136	-	1,265,136
Total current liabilities	<u>1,773,122</u>	<u>24,077,764</u>	<u>25,850,886</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	22,953,011	6,647,607	29,600,618
Total noncurrent liabilities	<u>22,953,011</u>	<u>6,647,607</u>	<u>29,600,618</u>
Total liabilities	<u>24,726,133</u>	<u>30,725,371</u>	<u>55,451,504</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to property taxes	1,822,991	-	1,822,991
Deferred inflow related to fees	67,662	-	67,662
Total deferred inflows of resources	<u>1,890,653</u>	<u>-</u>	<u>1,890,653</u>
NET POSITION			
Net investment in capital assets	24,408,795	76,978,906	101,387,701
Restricted for:			
Debt service	23,202	-	23,202
Unrestricted	3,017,581	84,111,720	87,129,301
Total net position	<u>\$ 27,449,578</u>	<u>\$ 161,090,626</u>	<u>\$ 188,540,204</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, 2016

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
Victoria County Navigation District	\$ 3,974,176	\$ 2,298,898	\$ 4,455	\$ -
Citizens Medical Center	<u>245,528,560</u>	<u>231,282,856</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 249,502,736</u>	<u>\$ 233,581,754</u>	<u>\$ 4,455</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Unrestricted investment earnings

Miscellaneous

Total general revenues

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

Component Units		
Victoria County Navigation District	Citizens Medical Center	Total
\$ (1,670,823)	\$ -	\$ (1,670,823)
<u>-</u>	<u>(14,245,704)</u>	<u>(14,245,704)</u>
<u>(1,670,823)</u>	<u>(14,245,704)</u>	<u>(15,916,527)</u>
1,735,688	-	1,735,688
57,942	325,422	383,364
<u>20,445</u>	<u>1,086,157</u>	<u>1,106,602</u>
<u>1,814,075</u>	<u>1,411,579</u>	<u>3,225,654</u>
143,252	(12,834,125)	(12,690,873)
<u>27,306,326</u>	<u>173,924,751</u>	<u>201,231,077</u>
<u>\$ 27,449,578</u>	<u>\$ 161,090,626</u>	<u>\$ 188,540,204</u>

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The Statutory Basis of accounting provides an accounting basis for the County to report any legally enforceable OPEB liability it may have incurred based on the County's "Substantive Plan". A Substantive Plan is defined in Chapter 2264 as a plan providing OPEB approved by the governing body of the plan provider according to the laws and Constitution of the State. The Statutory Basis is consistent with the definition and characteristics of a liability defined in GASB Concepts Statement No. 4, *Elements of Financial Statements* as a "present obligation to sacrifice resources that the government has little or no discretion to avoid". No promises of continuing retirement healthcare benefits beyond 2016 have been made to employees by the Commissioners' Court. The County has included communications both in information provided to employees and in the annual financial statements that specifically state that the decision to provide these benefits is made on an annual basis.

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

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

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

A. Reporting Entity

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

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

Component Units

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

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

Citizens Medical Center - A 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, 2016. The Medical Center is reported as a Proprietary Fund Type in the accompanying financial statements.

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

A. Reporting Entity - (Continued)

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

Victoria County Navigation District
1934 FM 1432
Victoria, Texas 77905

Citizens Medical Center
2701 Hospital Drive
Victoria, Texas 77901

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component units.

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

Separate financial statements are provided for governmental funds, proprietary funds, discretely presented component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

The 2016 tax levy is dedicated to pay for expenditures of the 2017 budget. The entire 2016 tax levy has either been recorded as unearned revenue or unavailable revenue as of December 31, 2016.

The County reports the following major governmental fund:

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

The County reports the following major proprietary funds:

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

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

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

Additionally, the County reports the following funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

Budget revenue amendments made during the year in the County's governmental funds netted an increase of \$760,896. Budget expenditure amendments in these funds netted an increase of \$1,594,947.

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

E. Deposits and Investments

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

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

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

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

F. Receivables and Payables

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

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

G. Inventory and Prepaid Items

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

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

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

J. Long-term Obligations

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

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

K. Deferred Outflows/Inflows of Resources

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.

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.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

As of December 31, 2014, the following fund had a deficit equity balance:

<u>Fund</u>	<u>Fund Balance/ Net Position</u>
Internal Service Fund	
Employee Health Insurance	\$ 127,332

Steps will be taken to eliminate this deficit in the upcoming fiscal year.

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, 2016, 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, 2016, 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, 2016, 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	\$ 17,230,419	\$ -	\$ -	\$ -	\$ 4,738,936	\$ 21,969,355
Sales taxes	1,478,611	-	-	-	-	1,478,611
Fines	10,803,288	-	-	-	-	10,803,288
Other	33,940	438,101	680	12,514	514,149	999,384
Total gross receivables	29,546,258	438,101	680	12,514	5,253,085	35,250,638
Less: Allowances	9,516,307	-	-	-	388,122	9,904,429
Total net receivables	<u>\$ 20,029,951</u>	<u>\$ 438,101</u>	<u>\$ 680</u>	<u>\$ 12,514</u>	<u>\$ 4,864,963</u>	<u>\$ 25,346,209</u>

The only receivables not expected to be collected within one year are \$274,895 of fines receivable reported in the General Fund.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 22,057,493	\$ -	\$ 22,057,493
Fines receivable	2,562,933	-	2,562,933
Other	-	5,889	5,889
Nonmajor Funds			
Ad valorem taxes receivable	6,055,256	-	6,055,256
	<u>\$ 30,675,682</u>	<u>\$ 5,889</u>	<u>\$ 30,681,571</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, 2016, was \$0.3959 per \$100, which means the County has a tax margin of \$0.4041 per \$100.

NOTE 5: DUE FROM OTHER GOVERNMENTS

Various funds of the County reported amounts due from other governments as of the end of the current year. These amounts are comprised of the following at December 31, 2016:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Contract reimbursements	\$ 448,737	\$ 148,018	\$ 596,755
Federal and state grants	31,999	892,817	924,816
Alcohol and bingo taxes	73,551	-	73,551
	<u>\$ 554,287</u>	<u>\$ 1,040,835</u>	<u>\$ 1,595,122</u>

NOTE 6: CAPITAL ASSETS

The County's capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,466,342	\$ -	\$ -	\$ 2,466,342
Construction in progress	240,944	1,610,609	-	1,851,553
Total capital assets not being depreciated	<u>2,707,286</u>	<u>1,610,609</u>	<u>-</u>	<u>4,317,895</u>
Capital assets, being depreciated				
Machinery and equipment	18,269,968	862,842	795,556	18,337,254
Buildings	20,274,508	-	-	20,274,508
Improvements	18,405,721	10,713	-	18,416,434
Infrastructure	116,910,815	-	-	116,910,815
Total capital assets being depreciated	<u>173,861,012</u>	<u>873,555</u>	<u>795,556</u>	<u>173,939,011</u>
Less accumulated depreciation for				
Machinery and equipment	11,384,649	1,481,980	787,009	12,079,620
Buildings	9,845,016	365,301	-	10,210,317
Improvements	11,266,848	659,683	-	11,926,531
Infrastructure	113,748,601	91,141	-	113,839,742
Total accumulated depreciation	<u>146,245,114</u>	<u>2,598,105</u>	<u>787,009</u>	<u>148,056,210</u>
Total capital assets being depreciated, net	<u>27,615,898</u>	<u>(1,724,550)</u>	<u>8,547</u>	<u>25,882,801</u>
Governmental activities capital assets, net	<u>\$ 30,323,184</u>	<u>\$ (113,941)</u>	<u>\$ 8,547</u>	<u>\$ 30,200,696</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 149,433	\$ -	\$ -	\$ 149,433
Construction in progress	1,126,865	586,952	-	1,713,817
Total capital assets not being depreciated	<u>1,276,298</u>	<u>586,952</u>	<u>-</u>	<u>1,863,250</u>
Capital assets, being depreciated				
Machinery and equipment	1,011,942	100,643	48,686	1,063,899
Buildings	2,478,519	-	-	2,478,519
Improvements	18,324,930	25,593	-	18,350,523
Total capital assets being depreciated	<u>21,815,391</u>	<u>126,236</u>	<u>48,686</u>	<u>21,892,941</u>
Less accumulated depreciation for				
Machinery and equipment	720,888	55,142	48,686	727,344
Buildings	2,257,400	72,374	-	2,329,774
Improvements	11,974,063	782,782	-	12,756,845
Total accumulated depreciation	<u>14,952,351</u>	<u>910,298</u>	<u>48,686</u>	<u>15,813,963</u>
Total capital assets being depreciated, net	<u>6,863,040</u>	<u>(784,062)</u>	<u>-</u>	<u>6,078,978</u>
Business-type activities capital assets, net	<u>\$ 8,139,338</u>	<u>\$ (197,110)</u>	<u>\$ -</u>	<u>\$ 7,942,228</u>

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

Governmental activities	
General government	\$ 729,440
Public safety	1,262,669
Highways and streets	493,966
Culture and recreation	53,529
Public health	58,501
Total depreciation expense - governmental activities	<u>\$ 2,598,105</u>
Business-type activities	
Airport	\$ 639,655
Commissary	14,445
Navarro project	256,198
Total depreciation expense - business-type activities	<u>\$ 910,298</u>

NOTE 7: LESSOR AGREEMENTS

The Airport Fund, a major enterprise fund, leases land and buildings to various unrelated third parties. Approximately 25% of the Airport Fund's capital assets are used to operate the Airport activities. The total cost of the buildings is \$1,111,046 and the carrying value is \$11,999. The total cost of the improvements to the land and buildings is \$14,926,114 and the carrying value is \$4,897,635. Accumulated depreciation on all assets in the Airport Fund is \$11,707,856. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2016:

<u>Year Ending</u> <u>December 31</u>	
2017	\$ 222,830
2018	227,808
2019	212,760
2020	197,071
2021	<u>128,564</u>
	989,033
Thereafter	<u>337,672</u>
	<u>\$ 1,326,705</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 \$136,746. The total cost of the improvements to the building leased is \$3,424,409 and the carrying value is \$696,043. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$4,004,669. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2016:

<u>Year Ending</u> <u>December 31</u>	
2017	\$ 174,501
2018	165,876
2019	158,556
2020	154,248
2021	<u>11,777</u>
	664,958
Thereafter	<u>-</u>
	<u>\$ 664,958</u>

NOTE 8: EMPLOYEES' RETIREMENT PLANPlan Description

The County provides retirement and disability benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 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 13.38% for the accounting year in 2016. The deposit rate payable by the employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The deposit rate payable by the employer for calendar year 2016 is the rate of 13.38% as adopted by the governing body of the employer. The employee members deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2015 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 on a calendar year basis 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
Amortization method	
Recognition of economic/ demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset valuation method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary increases	Varies by age and service. 4.9% average over career including inflation.
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	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)

Net Pension Liability - (Continued)

Actuarial Assumptions - (Continued)

Turnover	The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement is 0% for the two years immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available. New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

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

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50%	5.45%
Private Equity	14.00%	8.45%
Global Equities	1.50%	5.75%
International Equities - Developed	10.00%	5.45%
International Equities - Emerging	8.00%	6.45%
Investment-Grade Bonds	3.00%	1.00%
High-Yield Bonds	3.00%	5.10%
Opportunistic Credit	2.00%	5.09%
Direct Lending	5.00%	6.40%
Distressed Debt	3.00%	8.10%
REIT Equities	3.00%	4.00%
Master Limited Partnerships	3.00%	6.80%
Private Real Estate Partnerships	5.00%	6.90%
Hedge Funds	25.00%	5.25%

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)

Net Pension Liability - (Continued)

Actuarial Assumptions - (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 126,092,063	\$ 113,782,142	\$ 12,309,921
Changes for the year:			
Service cost	3,776,298	-	3,776,298
Interest	10,149,077	-	10,149,077
Effect of plan changes	(701,094)	-	(701,094)
Effect of economic/demographic gains or losses	(1,535,186)	-	(1,535,186)
Effect of assumptions changes or inputs	1,386,660	-	1,386,660
Refund of contributions	(401,765)	(401,765)	-
Benefit payments	(5,681,303)	(5,681,303)	-
Administrative expense	-	(81,559)	81,559
Member contributions	-	1,936,039	(1,936,039)
Net investment income	-	(355,076)	355,076
Employer contributions	-	3,769,876	(3,769,876)
Other	-	(68,399)	68,399
Net changes	<u>6,992,687</u>	<u>(882,187)</u>	<u>7,874,874</u>
Balance at 12/31/2015	<u>\$ 133,084,750</u>	<u>\$ 112,899,955</u>	<u>\$ 20,184,795</u>

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)

Net Pension Liability - (Continued)

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

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

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 150,581,645	\$ 133,084,749	\$ 118,569,624
Fiduciary net position	<u>112,899,954</u>	<u>112,899,954</u>	<u>112,899,954</u>
Net pension liability / (asset)	<u>\$ 37,681,691</u>	<u>\$ 20,184,795</u>	<u>\$ 5,669,670</u>

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2016, the County recognized pension expense of \$4,475,538. At December 31, 2016, the County reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,228,149	\$ 372,797
Changes of assumptions	-	1,109,328
Net difference between projected and actual earnings	-	8,585,686
Contributions made subsequent to measurement date	<u>-</u>	<u>3,800,589</u>
Total	<u>\$ 1,228,149</u>	<u>\$ 13,868,400</u>

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)

Pension Expense and Deferred Outflows of Resources - (Continued)

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

Year ended December 31,	
2016	\$ 2,314,318
2017	2,314,318
2018	2,314,318
2019	1,896,706
2020	-
Thereafter	-
	<u>\$ 8,839,660</u>

NOTE 9: GROUP TERM LIFE FUND

A. Plan Description

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

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

B. Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended December 31, 2016, 2015, and 2014, were \$79,541, \$77,444, and \$75,714, 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 77 and 84 retirees and active employees for the years 2016 and 2015, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$168,632 in 2016 and \$165,469 in 2015.

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.

As of December 31, 2016, the fund had estimated liabilities for outstanding claims of \$248,502. There was an unrestricted net position of (\$127,332) as of December 31, 2016, a decrease of \$127,913 from 2015.

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

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

<u>Year</u>	<u>Payable Jan 1</u>	<u>Incurred</u>	<u>Paid</u>	<u>Payable Dec 31</u>
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
2016	208,050	2,734,593	2,694,141	248,502

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 2016. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 14: LONG-TERM DEBTA. Changes In Long-term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds and certificates payable					
Certificates of obligation	\$ 13,340,000	\$ -	\$ 355,000	\$ 12,985,000	\$ 645,000
General obligation bonds	470,000	-	470,000	-	-
Less: Deferred amounts					
Issuance discount	(35,163)	-	(2,474)	(32,689)	-
Issuance premiums	<u>412,212</u>	<u>-</u>	<u>28,572</u>	<u>383,640</u>	<u>-</u>
Net bonds and certificates payable	<u>14,187,049</u>	<u>-</u>	<u>851,098</u>	<u>13,335,951</u>	<u>645,000</u>
Capital leases payable	<u>288,940</u>	<u>-</u>	<u>91,925</u>	<u>197,015</u>	<u>96,246</u>
Interlocal commitment	<u>2,335,833</u>	<u>-</u>	<u>229,925</u>	<u>2,105,908</u>	<u>242,099</u>
Compensated absences	<u>1,379,848</u>	<u>3,076,912</u>	<u>2,889,848</u>	<u>1,566,912</u>	<u>768,965</u>
Net pension liability	<u>12,309,921</u>	<u>7,874,874</u>	<u>-</u>	<u>20,184,795</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$ 30,501,591</u>	<u>\$ 10,951,786</u>	<u>\$ 4,062,796</u>	<u>\$ 37,390,581</u>	<u>\$ 1,752,310</u>
Business-type activities					
Compensated absences	<u>\$ 25,264</u>	<u>\$ 83,817</u>	<u>\$ 83,137</u>	<u>\$ 25,944</u>	<u>\$ 17,913</u>
Total business-type activity long-term liabilities	<u>\$ 25,264</u>	<u>\$ 83,817</u>	<u>\$ 83,137</u>	<u>\$ 25,944</u>	<u>\$ 17,913</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, 2016, 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 \$370,000 to \$605,000 through 2030; interest varying between 3.00% and 4.00%.	\$ 6,645,000
\$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%.	<u>6,340,000</u>
Total general obligation debt	<u>\$ 12,985,000</u>

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
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	725,000	371,026	1,096,026
2022-2026	4,010,000	1,443,905	5,453,905
2027-2031	4,220,000	617,380	4,837,380
2032-2034	<u>1,350,000</u>	<u>72,953</u>	<u>1,422,953</u>
	<u>\$ 12,985,000</u>	<u>\$ 4,197,819</u>	<u>\$ 17,182,819</u>

C. Capital Leases

Capital leases payable at December 31, 2016, 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%.	\$ 96,606
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>100,409</u>
Total capital leases	<u>\$ 197,015</u>

NOTE 14: LONG-TERM DEBT - (Continued)

C. Capital Leases - (Continued)

Year Ending December 31	Governmental Activities
2017	\$ 105,505
2018	105,505
Total minimum lease payments	211,010
Less: Amount representing interest	<u>(13,995)</u>
Present value of minimum lease payments	<u>\$ 197,015</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, 2016. 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
2017	\$ 242,099	\$ 50,083	\$ 292,182
2018	247,857	44,325	292,182
2019	253,751	38,431	292,182
2020	259,786	32,396	292,182
2021	265,965	26,217	292,182
2022-2024	<u>836,450</u>	<u>40,098</u>	<u>876,548</u>
	<u>\$ 2,105,908</u>	<u>\$ 231,550</u>	<u>\$ 2,337,458</u>

NOTE 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the County were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. 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 \$1,984,347 at December 31, 2016 and are being used to finance the operations of the Airport.

Interfund receivable and payable balances as of December 31, 2016, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 1,067,783
	Airport	8,282
	Navarro Project	211
	Commissary	86
	Internal Service	15,267
	Private Purpose Trust	34,500
Nonmajor Governmental	General	2,138
	Nonmajor Governmental	<u>1,189</u>
Total		<u>\$ 1,129,456</u>
Advances from/to other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport	<u>\$ 1,984,347</u>
Total		<u>\$ 1,984,347</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>	
General	\$ -	\$ 1,854,917	\$ -	\$ 1,854,917
Nonmajor Governmental	<u>444,556</u>	<u>10,136</u>	<u>671,653</u>	<u>1,126,345</u>
	<u>\$ 444,556</u>	<u>\$ 1,865,053</u>	<u>\$ 671,653</u>	<u>\$ 2,981,262</u>

NOTE 16: COMMITMENTS AND CONTINGENCIES

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

As of December 31, 2016, the County was involved in various matters of litigation. It is the opinion of the County's legal counsel that any exposure faced by the County as a result of these matters was minimal. Furthermore, any losses incurred would in all probability be covered by liability insurance carried by the County.

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

NOTE 17: RESTATEMENT OF BEGINNING BALANCES

The County's governmental activities financial statements for the year ended December 31, 2015 have been restated to properly reflect the deferred outflow balance for TCDRS contributions made after the measurement date. The results of the adjustment to the net position are shown below:

	<u>Government-wide Statement of Activities</u>
Net position at December 31, 2015, as previously reported	\$ 34,113,765
Deferral for pension contributions made after the measurement date	<u>3,769,876</u>
Net position at December 31, 2015, as restated	<u>\$ 37,883,641</u>

NOTE 18: FUND BALANCES

The following is a detail of the governmental fund balances as of December 31, 2016:

	Governmental Fund Balances			Total
	Nonspendable	Restricted	Unassigned	
General				
Advance to Airport Fund	\$ 1,984,347	\$ -	\$ -	\$ 1,984,347
Unassigned	-	-	18,449,982	18,449,982
Nonmajor Governmental				
Road and bridge	-	2,996,031	-	2,996,031
County/District Clerks	-	306,810	-	306,810
Public safety	-	978,937	-	978,937
Public health	-	66,691	-	66,691
Courthouse security	-	86,851	-	86,851
Retirement of long-term debt	-	411,677	-	411,677
Various government costs	-	377,990	-	377,990
Various capital projects	-	142,086	-	142,086
	<u>\$ 1,984,347</u>	<u>\$ 5,367,073</u>	<u>\$ 18,449,982</u>	<u>\$ 25,801,402</u>

NOTE 19: 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, 2016.

NOTE 20: TAX ABATEMENTS

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

a. be reasonably expected to increase the appraised value of the property in the amount of not less than five hundred thousand (\$500,000) dollars after construction is completed.

b. for new construction projects expected to create less than ten new jobs, pay employees in new jobs an aggregate base weekly wage equal to ten times the average weekly wage across all sectors for Victoria County for the most recent calendar quarter reported by the Texas Workforce Commission as of the date of the application.

c. companies seeking to qualify for tax phase-in on the basis of job retention shall document that without the creation of a reinvestment zone and/or tax phase-in; the company will either reduce or cease operations. The taxes are abated through a reduction of assessed value. The amount of the tax abatement is determined by applying a specific percentage of taxes owed to each year in the abatement period. Provisions for recapturing abated taxes include discontinuation of products or services for a period of one year during the phase-in period, at which time the agreement shall terminate and the taxes shall be paid within 60 days of termination. The agreement can also be terminated if the company violates any of the terms and conditions of its phase-in agreement, or has delinquent unabated ad valorem taxes owed.

NOTE 20: TAX ABATEMENTS - (Continued)

For the fiscal year ended December 31, 2016, the County abated property taxes totaling \$674,582 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

100 percent tax abatement to a company for locating in the County and constructing a new facility for the purpose of assembling heavy construction equipment. The abatement amounted to \$450,215.

55 percent tax abatement to a company to expand and modernize their existing facility. The facility is a natural gas electric generation facility. The abatement amounted to \$202,491.

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

NOTE 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.

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, 2016, 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	
Special Item	
Write-off prepaid lease	\$ 1,837,727

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

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.

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. As of December 31, 2016 the District had no investments.

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

E. Receivables

Receivables at December 31, 2016, consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Gross receivables:			
Accounts	\$ 226,176	\$ -	\$ 226,176
Ad valorem taxes	<u>1,450,099</u>	<u>21,613</u>	<u>1,471,712</u>
Total gross receivables	1,676,275	21,613	1,697,888
Less: Allowances	<u>72,504</u>	<u>1,080</u>	<u>73,584</u>
Total net receivables	<u>\$ 1,603,771</u>	<u>\$ 20,533</u>	<u>\$ 1,624,304</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	\$ 1,945,539	\$ -	\$ 1,945,539
Lease revenue	-	27,152	27,152
Nonmajor Fund			
Ad valorem taxes receivable	<u>20,539</u>	<u>-</u>	<u>20,539</u>
	<u>\$ 1,966,078</u>	<u>\$ 27,152</u>	<u>\$ 1,993,230</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, 2016, 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. Special Item Write-Off of Prepaid Land Lease

In prior years the District reported a component unit in the annual financial statements. The name of the component unit was the Port Facilities Corporation, (the PFC). 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 was recorded as an asset in the General Fund balance sheet at year-end as a prepaid lease. 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. In 2016 the PFC transferred the land to the District which caused the elimination of the amount recorded as a prepaid at year end. The remaining balance of \$1,837,727 of the prepaid is reflected as a special item in the accompanying financial statements as a reduction to the ending fund balance.

H. Capital Assets

The District's capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 14,070,034	\$ 2,199,603	\$ -	\$ 16,269,637
Construction in progress	372,930	908,754	-	1,281,684
Total capital assets, not being depreciated	<u>14,442,964</u>	<u>3,108,357</u>	<u>-</u>	<u>17,551,321</u>
Capital assets, being depreciated				
Improvements	34,407,041	43,296	-	34,450,337
M.P.R.R. Main Line Bridge	1,493,134	-	-	1,493,134
Equipment	90,312	-	-	90,312
Total capital assets, being depreciated	<u>35,990,487</u>	<u>43,296</u>	<u>-</u>	<u>36,033,783</u>
Less accumulated depreciation for				
Improvements	10,453,206	1,323,065	-	11,776,271
M.P.R.R. Main Line Bridge	1,432,468	88,318	-	1,520,786
Equipment	58,216	11,695	-	69,911
Total accumulated depreciation	<u>11,943,890</u>	<u>1,423,078</u>	<u>-</u>	<u>13,366,968</u>
Total capital assets being depreciated, net	<u>24,046,597</u>	<u>(1,379,782)</u>	<u>-</u>	<u>22,666,815</u>
Governmental activities capital assets, net	<u>\$ 38,489,561</u>	<u>\$ 1,728,575</u>	<u>\$ -</u>	<u>\$ 40,218,136</u>

Depreciation expense of \$1,423,078 was charged to the general government function/program in 2016.

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 2016, \$131,574 in fees were credited against the contributed funds, leaving a balance in unearned revenue of \$40,510. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of Cru's yearly charges until the full amount has been earned.

The District also has other tenants that have paid their annual lease in advance and those amounts totaling \$27,152 are also included as unearned revenue.

J. Long-term Debt

General Obligation Bonds

The following is a summary of general obligation bond transactions for the year ended December 31, 2016, for governmental activities:

Bonds payable at January 1, 2016	\$ 23,715,000
Additions	-
Retirements	<u>(1,160,000)</u>
Bonds payable at December 31, 2016	<u>\$ 22,555,000</u>

Bonds payable at December 31, 2016, 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%.	\$ 4,275,000
2012A Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2032; interest rate of 2.99%.	8,815,000
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>9,465,000</u>
Total	<u>\$ 22,555,000</u>

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

J. Long-term Debt - (Continued)

General Obligation Bonds - (Continued)

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

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,355,000	504,914	1,859,914
2022-2026	7,395,000	1,881,881	9,276,881
2027-2031	7,765,000	697,057	8,462,057
2032	<u>1,015,000</u>	<u>15,174</u>	<u>1,030,174</u>
Total	<u>\$ 22,555,000</u>	<u>\$ 5,507,313</u>	<u>\$ 28,062,313</u>

Notes Payable

The following is a summary of note payable transactions for the year ended December 31, 2016, for governmental activities:

Notes payable at January 1, 2016	\$ -
Additions	1,694,976
Retirements	<u>(31,829)</u>
Notes payable at December 31, 2016	<u>\$ 1,663,147</u>

Notes payable at December 31, 2016, are comprised of the following issues:

Smith property note due in monthly installments of various amounts beginning in 2016 through June 15, 2036; interest rate of 2.75%.	<u>\$ 1,663,147</u>
Total	<u>\$ 1,663,147</u>

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

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 65,136	\$ 45,542	\$ 110,678
2018	66,975	43,702	110,677
2019	68,866	41,811	110,677
2020	70,698	39,979	110,677
2021	72,808	37,869	110,677
2022-2026	395,973	157,413	553,386
2027-2031	455,161	98,226	553,387
2032	<u>467,530</u>	<u>30,516</u>	<u>498,046</u>
Total	<u>\$ 1,663,147</u>	<u>\$ 495,058</u>	<u>\$ 2,158,205</u>

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

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 2016. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

L. Restatement of Beginning Net Position

As a result of the transfer of land, the financial statements of the PFC are no longer included as a component unit due to immateriality. The beginning net position has been restated to reflect this change. The effect on the net position was to reduce the beginning balance by \$110.

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.

Prior to 2015, 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.

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.

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, 2016 and 2015 consisted of interest earned on bank deposits and interest earned on a note receivable issued in connection with the sale of a clinical lab.

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.

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.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Net Position

Net position of the Medical Center are classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted for pension represents assets restricted for providing contributions to the agent multiple-employer defined benefit pension plan which provides pensions in accordance with the benefit terms of the plan. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

At June 30, 2016 and 2015, \$359,866 and \$127,212, respectively, of unrestricted net position has been designated by the Medical Center's Board for self-insured health care. Designated assets remain under the control of the Board, which may, at its discretion, later use these assets for other purposes.

Net Patient Service Revenue

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

Charity Care

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

The cost of charity care provided under the Medical Center's charity care policy was approximately \$5,205,000 and \$4,751,000 for 2016 and 2015, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to gross uncompensated charges.

Income Taxes

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

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 \$241,000 and \$863,000 for 2016 and 2015, 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 2015 financial statements to conform to the 2016 presentation. The reclassification had no effect on the changes in financial position.

C. Net Patient Service Revenue

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

Medicare

Inpatient acute care, skilled nursing and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity and other factors. The Medical Center is reimbursed for certain services at tentative rates with final 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, 2014.

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.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

C. Net Patient Service Revenue - (Continued)

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 55% and 61% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2016 and 2015, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Supplemental Medicaid Funding

On December 12, 2011, the United States Department of Health and Human Services 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, 2016 and 2015, the Medical Center recognized revenue from these programs of approximately \$10,582,000 and \$7,622,000, 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, 2016 and 2015. 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 \$2,299,000 and \$1,953,000 during the years ending June 30, 2016 and 2015, respectively. The Medical Center recorded expenses of approximately \$1,392,000 and \$976,000 during the years ending June 30, 2016 and 2015, 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.

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)**C. Net Patient Service Revenue - (Continued)****Supplemental Medicaid Funding - (Continued)**

The Medical Center also participates in Texas Minimum Payment Amounts to Qualified Nursing Facilities Program (MPAP) (previously referred to as the NFUPL program). This program was designed to assist nursing facilities serving 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 \$17,324,000 and \$19,580,000 for the years ended June 30, 2016 and 2015, respectively, and is included in nursing home net patient service revenue in the statements of revenues, expenses, and changes in net position. At June 30, 2016 and 2015, the Medical Center had recorded estimated receivables under this program of \$17,851,000 and \$11,826,000, respectively. At June 30, 2016 and 2015, the estimated receivable included \$1,974,000 and \$4,329,000, respectively, of prepaid intergovernmental transfers, which the Medical Center is required to contribute in advance of receiving any gross proceeds. In March 2015, the Texas Health and Human Services Commission (HHSC) has expanded state Medicaid managed care programs for long-term care beneficiaries, and converted 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.

In August 2016 CMS prohibited HHSC from continuing MPAP beyond the Texas fiscal year ending August 31, 2016. Although amounts accrued but unpaid under the program for dates of service on or before August 31, 2016 will continue to be paid in full to providers, there will be no additional revenue earned under MPAP for subsequent dates of service. However, HHSC is in the process of developing a new program to replace MPAP which will allow participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. HHSC anticipates receiving CMS approval for this quality based program (Quality Improvement Payment Program "QIPP") soon and projects the program will begin on September 1, 2017. While it is unknown the actual reimbursement to be received, funding under the new QIPP is expected to be significantly less than the funding received under the MPAP.

D. Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at June 30, 2016, consisted of these amounts:

Hospital	
Patients and their insurance carriers	\$ 35,416,669
Medicare	5,570,617
Medicaid	1,449,906
	<u>42,437,192</u>
Nursing Homes	
Patients and their insurance carriers	155,733
Medicare	3,590,549
Medicaid	1,291,911
	<u>5,038,193</u>
	47,475,385
Less allowance for uncollectible amounts	<u>26,257,639</u>
Total	<u>\$ 21,217,746</u>

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

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

	Balance June 30, 2015	Additions	Transfers	Disposals	Balance June 30, 2016
Land and land improvements	\$ 11,136,534	\$ 24,253	\$ -	\$ -	\$ 11,160,787
Buildings, improvements, and fixed equipment	122,494,174	-	62,431	82,057	122,474,548
Major moveable equipment	86,482,523	4,200,144	434,237	2,031,740	89,085,164
Construction in progress	601,157	1,136,747	(496,668)	158,629	1,082,607
	<u>220,714,388</u>	<u>5,361,144</u>	<u>-</u>	<u>2,272,426</u>	<u>223,803,106</u>
Less accumulated depreciation:					
Land improvements	3,008,286	180,583	-	-	3,188,869
Buildings, improvements, and fixed equipment	69,438,525	3,804,240	-	61,116	73,181,649
Major moveable equipment	66,095,456	6,089,002	-	1,730,776	70,453,682
	<u>138,542,267</u>	<u>10,073,825</u>	<u>-</u>	<u>1,791,892</u>	<u>146,824,200</u>
Capital assets, net	<u>\$ 82,172,121</u>	<u>\$ (4,712,681)</u>	<u>\$ -</u>	<u>\$ 480,534</u>	<u>\$ 76,978,906</u>

F. Deposits

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

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

At June 30, 2016 and 2015, the Medical Center's had bank balances of \$55,450,420 and \$78,199,725, respectively. At June 30, 2016 and 2015, \$109,866 and \$0, respectively, was uninsured and uncollateralized. The remaining cash was insured or collateralized by assets held in other than the Medical Center's name based on the Medical Center's cash management arrangement with the County Treasurer. The County maintains custody of the Medical Center's operating cash accounts and is responsible for obtaining appropriate collateralization of such accounts.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

G. Accounts Payable and Accrued Expenses

Accounts payable and accrued payroll and expenses included in current liabilities at June 30, 2016, consisted of:

Payable to suppliers and contractors	\$	6,255,455
Payable to employees (including payroll taxes and benefits)		6,819,596
Payable under management fee arrangement		8,983,488
Revenue received in advance		181,135
Payable under self-insured programs		<u>1,838,090</u>
Total	\$	<u>24,077,764</u>

H. Self-insured Claims

The Medical Center partially self-insures the cost for its general and professional liability, employee health care benefits, and workers' compensation. *The Texas Tort Claims Act* limits the Medical Center's general and professional liability to \$100,000 per claim and \$300,000 per occurrence. 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 2016 and 2015. Stop-loss coverage for employee health claims began at \$250,000 and \$150,000 in 2016 and 2015, 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.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

I. Self-insured Claims

Activity in the Medical Center's self-insured claims liability accounts during 2016 and 2015 are summarized as follows:

	2016		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
Balance, beginning of year	\$ 1,200,000	\$ 643,223	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	11,508,233	133,708	(200,000)
Claim and expenses paid, net	<u>(11,108,233)</u>	<u>(332,075)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,600,000</u>	<u>\$ 444,856</u>	<u>\$ 300,000</u>
	2015		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
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>

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

J. Nursing Home Operations

Effective March 1, 2014, the Medical Center entered a series of lease and management agreements with two nursing 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 \$8,166,000 and \$10,526,000 of rental expense in 2016 and 2015, 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, 2016, were \$6,646,000 and \$1,803,000 for 2017 and 2018, respectively.

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

K. Purchase and Sale of Regional Medical Laboratory

In September 2014, the Medical Center purchased the operations and some assets of Regional Medical Laboratory (RML), a clinical diagnostic laboratory. 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 in 2015.

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 72 months, at a rate of 5.0%, through October 2021. The note payable is secured by certain assets of the buyer, including accounts receivable and other tangible assets. The balance of the note receivable at June 30, 2016 is \$975,270.

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 \$73,853 and \$1,133,333 of amortization expense and \$0 and \$4,558,622 from the impairment of goodwill for the years ended June 30, 2016 and 2015, respectively, from the purchase of RML, which is included as an operating expense in the statement of revenues, expenses and changes in net position.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

L. Pension Plan

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

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 at February 28 are:

	<u>2016</u>
Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	231
Active employees	<u>784</u>
	<u>1,092</u>

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**L. 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, 2016, employees contributed \$1,813,000 and the Medical Center contributed \$2,200,000, or 3.1% of annual pay to the Plan.

Net Pension Asset

The Medical Center's net pension asset was measured as of February 28, 2016 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, 2015.

The total pension liability in the March 1, 2015 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 Society of Actuaries RP-2014 Mortality Table, as appropriate with adjustments for mortality improvements based on Projection Scale MP-14.

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	<u>100%</u>	

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

L. Pension Plan - (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5% at February 28, 2016. 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:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at July 1, 2015	\$ 72,870,634	\$ 79,795,230	\$ (6,924,596)
Changes for the year:			
Service cost	3,089,486	-	3,089,486
Interest	5,623,339	-	5,623,339
Differences between expected and actual experience	1,566,578	-	1,566,578
Member contributions	-	2,000,287	(2,000,287)
Employer contributions	-	1,800,000	(1,800,000)
Net investment income	-	(6,085,713)	6,085,713
Benefit payments, including refunds of employee contributions	(1,964,541)	(1,964,541)	-
Administrative expenses	-	(225,267)	225,267
Net changes	<u>8,314,862</u>	<u>(4,475,234)</u>	<u>12,790,096</u>
Balances at June 30, 2016	<u>\$ 81,185,496</u>	<u>\$ 75,319,996</u>	<u>\$ 5,865,500</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.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Medical Center's net pension (asset) liability	<u>\$ 18,945,482</u>	<u>\$ 5,865,500</u>	<u>\$ (4,665,063)</u>

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)L. Pension Plan - (Continued)Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Medical Center recognized pension expense of \$4,669,707. At June 30, 2016, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,185,786	\$ -
Changes of assumptions	2,757,663	-
Net difference between projected and actual earnings on plan investments	8,678,813	-
Contributions subsequent to the measurement date	<u>800,000</u>	<u>-</u>
	<u>\$ 13,422,262</u>	<u>\$ -</u>

At June 30, 2016, the Medical Center reported \$800,000 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2016, related to pensions, will be recognized in pension expense as follows:

Year ending June 30:	
2017	\$ 3,776,937
2018	3,776,938
2019	2,598,828
2020	<u>2,469,559</u>
	<u>\$ 12,622,262</u>

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**M. Contingencies****Litigation**

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

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 \$335,000 at June 30, 2016. Events could occur that would cause the estimate of loss to differ materially in the near term. Management expects to resolve this matter in 2017 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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Budget to Statutory Differences Over (Under)</u>	<u>Actual Amounts Statutory Basis</u>
REVENUES					
Taxes	\$ 30,674,899	\$ 30,674,899	\$ 29,979,791	\$ 355,985	\$ 29,623,806
Fees of office and user fees	1,798,650	1,798,650	1,743,079	10,780	1,732,299
Intergovernmental	3,113,039	3,156,922	3,312,933	(148,120)	3,461,053
Fines and forfeitures	1,265,100	1,265,100	1,035,958	37,067	998,891
Investment income					
Interest	125,100	125,100	141,233	-	141,233
Licenses and permits	45,000	45,000	39,593	60	39,533
Miscellaneous	<u>687,885</u>	<u>770,683</u>	<u>676,199</u>	<u>(15,628)</u>	<u>691,827</u>
Total revenues	<u>37,709,673</u>	<u>37,836,354</u>	<u>36,928,786</u>	<u>240,144</u>	<u>36,688,642</u>
EXPENDITURES					
Current					
General government	17,414,589	17,803,206	17,244,507	(115,307)	17,359,814
Public safety	18,189,717	18,403,172	17,803,851	39,314	17,764,537
Culture and recreation	<u>317,657</u>	<u>325,603</u>	<u>313,708</u>	<u>(1,893)</u>	<u>315,601</u>
Total expenditures	<u>35,921,963</u>	<u>36,531,981</u>	<u>35,362,066</u>	<u>(77,886)</u>	<u>35,439,952</u>
Excess (deficiency) of revenues over expenditures	<u>1,787,710</u>	<u>1,304,373</u>	<u>1,566,720</u>	<u>318,030</u>	<u>1,248,690</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	5,000	5,000	12,029	12,029	-
Transfers in	43,500	479,200	444,265	(291)	444,556
Transfers out	<u>(1,842,310)</u>	<u>(1,794,673)</u>	<u>(1,770,691)</u>	<u>84,226</u>	<u>(1,854,917)</u>
Total other financing sources (uses)	<u>(1,793,810)</u>	<u>(1,310,473)</u>	<u>(1,314,397)</u>	<u>95,964</u>	<u>(1,410,361)</u>
Change in fund balance	(6,100)	(6,100)	252,323	413,994	(161,671)
Fund balance, January 1	<u>19,203,412</u>	<u>19,203,412</u>	<u>19,203,412</u>	<u>(1,392,588)</u>	<u>20,596,000</u>
Fund balance, December 31	<u>\$ 19,197,312</u>	<u>\$ 19,197,312</u>	<u>\$ 19,455,735</u>	<u>\$ (978,594)</u>	<u>\$ 20,434,329</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

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 3,776,298	\$ 3,577,472
Interest (on the total pension liability)	10,149,077	9,485,056
Effect of plan changes	(701,094)	-
Effect of assumption changes or inputs	1,386,660	-
Effect of economic/demographic (gains) or losses	(1,535,186)	621,328
Benefit payments, including refunds of employee contributions	<u>(6,083,068)</u>	<u>(5,762,494)</u>
Net Change in Total Pension Liability	6,992,687	7,921,362
Total Pension Liability - Beginning	<u>126,092,063</u>	<u>118,170,701</u>
Total Pension Liability - Ending (a)	<u>\$ 133,084,750</u>	<u>\$ 126,092,063</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,769,876	\$ 3,702,500
Contributions - Employee	1,936,039	1,893,248
Net investment income	(355,076)	7,248,240
Benefit payments, including refunds of employee contributions	(6,083,068)	(5,762,494)
Administrative expense	(81,559)	(84,874)
Other	<u>(68,399)</u>	<u>230,957</u>
Net Change in Plan Fiduciary Net Position	(882,187)	7,227,577
Plan Fiduciary Net Position - Beginning	<u>113,782,142</u>	<u>106,554,565</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 112,899,955</u>	<u>\$ 113,782,142</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,184,795</u>	<u>\$ 12,309,921</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.83%	90.24%
Covered Employee Payroll	\$ 27,657,704	\$ 27,046,396
Net Pension Liability as a Percentage of Covered Employee Payroll	72.98%	45.51%

NOTE: Information for the prior eight years was not readily available. The County will compile the respective information over the next eight 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>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 3,769,876	\$ 3,702,500	\$ 2,983,888
Contribution in relation to the actuarially determined contribution	<u>(3,769,876)</u>	<u>(3,702,500)</u>	<u>(2,983,888)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$27,657,704	\$27,046,396	\$25,330,071
Contributions as a percentage of covered employee payroll	13.6%	13.7%	11.8%

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 2,346,096	\$ 1,727,348	\$ 1,788,400	\$ 2,692,575	\$ 2,522,064	\$ 2,308,811	\$ 2,049,828
<u>(2,346,096)</u>	<u>(1,727,348)</u>	<u>(1,788,400)</u>	<u>(2,692,575)</u>	<u>(2,522,064)</u>	<u>(2,308,811)</u>	<u>(2,049,828)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$24,361,762	\$23,469,448	\$23,877,175	\$23,807,032	\$22,538,550	\$20,431,958	\$18,962,335
9.6%	7.4%	7.5%	11.3%	11.2%	11.3%	10.8%

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
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14.2 years (based on contribution rate calculated in 12/31/15 valuation)
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Varies by age and service. 4.90% average over career including inflation.
Investment rate of return	8.00%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Other Information

There were no benefit changes during the year.

Combining and Individual Fund Statements and Schedules

COUNTY OF VICTORIA, TEXAS

ALL NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2016

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,471,618	\$ 827,333	\$ 275,107	\$ 7,574,058
Receivables (net)	3,481,682	1,106,157	-	4,587,839
Due from other governments	1,040,835	-	-	1,040,835
Due from other funds	<u>3,327</u>	<u>-</u>	<u>-</u>	<u>3,327</u>
Total assets	<u>\$ 10,997,462</u>	<u>\$ 1,933,490</u>	<u>\$ 275,107</u>	<u>\$ 13,206,059</u>
LIABILITIES				
Accounts payable	\$ 423,437	\$ -	\$ 133,021	\$ 556,458
Accrued expenditures	158,300	-	-	158,300
Due to other funds	<u>1,068,972</u>	<u>-</u>	<u>-</u>	<u>1,068,972</u>
Total liabilities	<u>1,650,709</u>	<u>-</u>	<u>133,021</u>	<u>1,783,730</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>4,533,443</u>	<u>1,521,813</u>	<u>-</u>	<u>6,055,256</u>
Total deferred inflows of resources	<u>4,533,443</u>	<u>1,521,813</u>	<u>-</u>	<u>6,055,256</u>
FUND BALANCES				
Restricted	<u>4,813,310</u>	<u>411,677</u>	<u>142,086</u>	<u>5,367,073</u>
Total fund balances	<u>4,813,310</u>	<u>411,677</u>	<u>142,086</u>	<u>5,367,073</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,997,462</u>	<u>\$ 1,933,490</u>	<u>\$ 275,107</u>	<u>\$ 13,206,059</u>

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

For the year ended December 31, 2016

	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>
REVENUES				
Taxes	\$ 4,258,520	\$ 1,626,210	\$ -	\$ 5,884,730
Fees of office and user fees	1,617,156	-	-	1,617,156
Intergovernmental	5,336,579	-	-	5,336,579
Fines and forfeitures	644,889	-	-	644,889
Investment income	31,044	2,958	8,745	42,747
Contributions	110,442	-	-	110,442
Miscellaneous	193,187	23,453	-	216,640
Total revenues	<u>12,191,817</u>	<u>1,652,621</u>	<u>8,745</u>	<u>13,853,183</u>
EXPENDITURES				
Current				
General government	1,889,756	-	1,826	1,891,582
Public safety	1,726,684	-	-	1,726,684
Highways and streets	5,659,988	-	-	5,659,988
Public health	3,883,793	-	-	3,883,793
Capital outlay	-	-	1,440,333	1,440,333
Debt service				
Principal retirement	-	1,125,000	-	1,125,000
Interest and fiscal charges	-	477,175	-	477,175
Total expenditures	<u>13,160,221</u>	<u>1,602,175</u>	<u>1,442,159</u>	<u>16,204,555</u>
Excess (deficiency) of revenues over expenditures	<u>(968,404)</u>	<u>50,446</u>	<u>(1,433,414)</u>	<u>(2,351,372)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,865,053	-	-	1,865,053
Transfers out	(18,927)	-	(1,107,418)	(1,126,345)
Total other financing sources (uses)	<u>1,846,126</u>	<u>-</u>	<u>(1,107,418)</u>	<u>738,708</u>
Change in fund balances	877,722	50,446	(2,540,832)	(1,612,664)
Fund balances at beginning of year	<u>3,935,588</u>	<u>361,231</u>	<u>2,682,918</u>	<u>6,979,737</u>
Fund balances at end of year	<u>\$ 4,813,310</u>	<u>\$ 411,677</u>	<u>\$ 142,086</u>	<u>\$ 5,367,073</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 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 Hazard Mitigation Fund - Accounts for funds received from the Texas Division of Emergency Management for development of an updated mitigation action plan for Victoria County.

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.

Veterans Mental Health Fund - Accounts for funds received from the Texas Veterans Commission to assist veterans in transitioning from military service to civilian life through peer-to-peer support with a specialized focus on services for women, families, children and victims of military sexual trauma.

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.

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.

Firefighters Grant Fund - Accounts for funds received from the Texas A&M Forest Service to facilitate the purchase of a slip on unit.

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.

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

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

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

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.

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

VISD School Resource Officer Fund - Accounts for funds received from Victoria Independent School District (VISD) to employ school resource officers that are housed and working on VISD campuses.

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

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

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

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

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

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

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

Texas A&M University Health Science Fund - Accounts for funds received from the Texas A&M University Health Science Center to support a community health worker that will primarily work in the community with specific target populations, working closely with medical providers, primary care teams, and other agencies to improve patient care and outcomes.

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

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, 2016

	Road and Bridge	Other Special Revenue	Total
ASSETS			
Cash and cash equivalents	\$ 4,402,223	\$ 2,069,395	\$ 6,471,618
Receivables (net)			
Ad valorem	3,244,689	-	3,244,689
Other	19,525	217,468	236,993
Due from other governments	-	1,040,835	1,040,835
Due from other funds	-	3,327	3,327
Total assets	<u>\$ 7,666,437</u>	<u>\$ 3,331,025</u>	<u>\$ 10,997,462</u>
LIABILITIES			
Accounts payable	\$ 77,949	\$ 345,488	\$ 423,437
Accrued expenditures	50,290	108,010	158,300
Due to other funds	8,724	1,060,248	1,068,972
Total liabilities	<u>136,963</u>	<u>1,513,746</u>	<u>1,650,709</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	4,533,443	-	4,533,443
Total deferred inflows of resources	<u>4,533,443</u>	<u>-</u>	<u>4,533,443</u>
FUND BALANCES			
Restricted	2,996,031	1,817,279	4,813,310
Total fund balances	<u>2,996,031</u>	<u>1,817,279</u>	<u>4,813,310</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,666,437</u>	<u>\$ 3,331,025</u>	<u>\$ 10,997,462</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, 2016

	<u>Road and Bridge</u>	<u>Other Special Revenue</u>	<u>Total</u>
REVENUES			
Taxes	\$ 4,258,520	\$ -	\$ 4,258,520
Fees of office and user fees	-	1,617,156	1,617,156
Intergovernmental	1,441,352	3,895,227	5,336,579
Fines and forfeitures	-	644,889	644,889
Investment income			
Interest	25,907	5,137	31,044
Contributions	-	110,442	110,442
Miscellaneous	166,846	26,341	193,187
Total revenues	<u>5,892,625</u>	<u>6,299,192</u>	<u>12,191,817</u>
EXPENDITURES			
Current			
General government	-	1,889,756	1,889,756
Public safety	-	1,726,684	1,726,684
Highways and streets	5,659,988	-	5,659,988
Public health	-	3,883,793	3,883,793
Total expenditures	<u>5,659,988</u>	<u>7,500,233</u>	<u>13,160,221</u>
Excess (deficiency) of revenues over expenditures	<u>232,637</u>	<u>(1,201,041)</u>	<u>(968,404)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,946	1,859,107	1,865,053
Transfers out	(5,946)	(12,981)	(18,927)
Total other financing sources (uses)	<u>-</u>	<u>1,846,126</u>	<u>1,846,126</u>
Change in fund balance	232,637	645,085	877,722
Fund balance, January 1	<u>2,763,394</u>	<u>1,172,194</u>	<u>3,935,588</u>
Fund balance, December 31	<u>\$ 2,996,031</u>	<u>\$ 1,817,279</u>	<u>\$ 4,813,310</u>

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**ROAD AND BRIDGE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2016*

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
ASSETS					
Cash and cash equivalents	\$ 695,162	\$ 1,178,661	\$ 1,909,036	\$ 619,364	\$ 4,402,223
Receivables (net)					
Ad valorem	829,767	776,956	761,321	876,645	3,244,689
Other	<u>4,610</u>	<u>4,339</u>	<u>5,694</u>	<u>4,882</u>	<u>19,525</u>
Total assets	<u>\$ 1,529,539</u>	<u>\$ 1,959,956</u>	<u>\$ 2,676,051</u>	<u>\$ 1,500,891</u>	<u>\$ 7,666,437</u>
LIABILITIES					
Accounts payable	\$ 19,136	\$ 31,967	\$ 10,392	\$ 16,454	\$ 77,949
Accrued expenditures	13,563	11,122	13,617	11,988	50,290
Due to other funds	<u>2,335</u>	<u>1,675</u>	<u>2,314</u>	<u>2,400</u>	<u>8,724</u>
Total liabilities	<u>35,034</u>	<u>44,764</u>	<u>26,323</u>	<u>30,842</u>	<u>136,963</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>1,158,399</u>	<u>1,086,257</u>	<u>1,064,179</u>	<u>1,224,608</u>	<u>4,533,443</u>
Total deferred inflows of resources	<u>1,158,399</u>	<u>1,086,257</u>	<u>1,064,179</u>	<u>1,224,608</u>	<u>4,533,443</u>
FUND BALANCE					
Restricted	<u>336,106</u>	<u>828,935</u>	<u>1,585,549</u>	<u>245,441</u>	<u>2,996,031</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,529,539</u>	<u>\$ 1,959,956</u>	<u>\$ 2,676,051</u>	<u>\$ 1,500,891</u>	<u>\$ 7,666,437</u>

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

ROAD AND BRIDGE FUNDS

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

For the year ended December 31, 2016

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
REVENUES					
Taxes	\$ 1,085,922	\$ 1,022,046	\$ 1,000,753	\$ 1,149,799	\$ 4,258,520
Intergovernmental	364,939	351,136	346,536	378,741	1,441,352
Investment income					
Interest	4,238	6,967	10,312	4,390	25,907
Miscellaneous	82,209	9,125	37,201	38,311	166,846
Total revenues	<u>1,537,308</u>	<u>1,389,274</u>	<u>1,394,802</u>	<u>1,571,241</u>	<u>5,892,625</u>
EXPENDITURES					
Current					
Highways and streets	1,464,866	1,356,966	1,258,629	1,579,527	5,659,988
Excess (deficiency) of revenues over expenditures	<u>72,442</u>	<u>32,308</u>	<u>136,173</u>	<u>(8,286)</u>	<u>232,637</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	5,946	-	-	-	5,946
Transfers out	-	(1,982)	(1,982)	(1,982)	(5,946)
Total other financing sources (uses)	<u>5,946</u>	<u>(1,982)</u>	<u>(1,982)</u>	<u>(1,982)</u>	<u>-</u>
Change in fund balance	78,388	30,326	134,191	(10,268)	232,637
Fund balance, January 1	<u>257,718</u>	<u>798,609</u>	<u>1,451,358</u>	<u>255,709</u>	<u>2,763,394</u>
Fund balance, December 31	<u>\$ 336,106</u>	<u>\$ 828,935</u>	<u>\$ 1,585,549</u>	<u>\$ 245,441</u>	<u>\$ 2,996,031</u>

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2016

	<u>Emergency Mgmt.</u>	<u>LEPC Fund</u>	<u>Records Mgmt.</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 6,892	\$ 278,041	\$ 30,480	\$ 56,236
Receivables (net)					
Other	210,911	-	390	123	12
Due from other governments	-	-	-	-	-
Due from other funds	1,189	-	-	-	-
Total assets	<u>\$ 212,100</u>	<u>\$ 6,892</u>	<u>\$ 278,431</u>	<u>\$ 30,603</u>	<u>\$ 56,248</u>
LIABILITIES					
Accounts payable	\$ 1,080	\$ -	\$ 55	\$ -	\$ -
Accrued expenditures	4,270	-	1,826	-	-
Due to other funds	204,421	-	10	-	-
Total liabilities	<u>209,771</u>	<u>-</u>	<u>1,891</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	<u>2,329</u>	<u>6,892</u>	<u>276,540</u>	<u>30,603</u>	<u>56,248</u>
Total fund balances	<u>2,329</u>	<u>6,892</u>	<u>276,540</u>	<u>30,603</u>	<u>56,248</u>
Total liabilities and fund balances	<u>\$ 212,100</u>	<u>\$ 6,892</u>	<u>\$ 278,431</u>	<u>\$ 30,603</u>	<u>\$ 56,248</u>

District Clerk Records Mgmt.	FEMA Hazard Mitigation DR 1791-316	Gulf of Mexico Energy Security Act	FEMA Hazard Mitigation	Capital Credits	Juvenile Probation	Drug Courts Program
\$ 5,232	\$ 217,903	\$ 5,008	\$ -	\$ 196,957	\$ 38,875	\$ 17,662
7	-	-	-	-	-	-
-	-	-	7,435	-	-	-
-	-	-	2,138	-	-	-
<u>\$ 5,239</u>	<u>\$ 217,903</u>	<u>\$ 5,008</u>	<u>\$ 9,573</u>	<u>\$ 196,957</u>	<u>\$ 38,875</u>	<u>\$ 17,662</u>
\$ -	\$ 217,903	\$ -	\$ 4,051	\$ -	\$ 19,057	\$ 1,464
-	-	-	-	-	19,539	-
-	-	-	5,522	-	279	-
-	217,903	-	9,573	-	38,875	1,464
<u>5,239</u>	<u>-</u>	<u>5,008</u>	<u>-</u>	<u>196,957</u>	<u>-</u>	<u>16,198</u>
<u>5,239</u>	<u>-</u>	<u>5,008</u>	<u>-</u>	<u>196,957</u>	<u>-</u>	<u>16,198</u>
<u>\$ 5,239</u>	<u>\$ 217,903</u>	<u>\$ 5,008</u>	<u>\$ 9,573</u>	<u>\$ 196,957</u>	<u>\$ 38,875</u>	<u>\$ 17,662</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2016

	Veterans Mental Health	Justice Technology	Family Protection Fee	County/ District Technology	CDA Processing Fee
ASSETS					
Cash and cash equivalents	\$ -	\$ 15,148	\$ 315	\$ 24,988	\$ 10,840
Receivables (net)					
Other	3,738	48	-	43	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 3,738</u>	<u>\$ 15,196</u>	<u>\$ 315</u>	<u>\$ 25,031</u>	<u>\$ 10,840</u>
LIABILITIES					
Accounts payable	\$ 88	\$ -	\$ -	\$ -	\$ 8,668
Accrued expenditures	1,074	-	-	-	438
Due to other funds	2,576	-	-	-	2
Total liabilities	<u>3,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,108</u>
FUND BALANCES					
Restricted	-	15,196	315	25,031	1,732
Total fund balances	<u>-</u>	<u>15,196</u>	<u>315</u>	<u>25,031</u>	<u>1,732</u>
Total liabilities and fund balances	<u>\$ 3,738</u>	<u>\$ 15,196</u>	<u>\$ 315</u>	<u>\$ 25,031</u>	<u>\$ 10,840</u>

<u>CDA Bond Forfeiture Commissions</u>	<u>CDA Victims Assistance Grant</u>	<u>Sheriff Victims Assistance Grant</u>	<u>Operation Stonegarden Grant</u>	<u>Drug Trafficking Grant</u>	<u>BISD School Resource Officer</u>	<u>Sheriff's Special Purpose</u>
\$ 6,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,380
-	-	-	-	-	-	-
-	11,976	8,642	204,433	16,281	13,952	-
-	-	-	-	-	-	-
<u>\$ 6,274</u>	<u>\$ 11,976</u>	<u>\$ 8,642</u>	<u>\$ 204,433</u>	<u>\$ 16,281</u>	<u>\$ 13,952</u>	<u>\$ 101,380</u>
\$ -	\$ 34	\$ 28	\$ -	\$ -	\$ 35	\$ -
-	1,216	980	10,382	1,757	1,338	-
-	10,726	5,779	194,051	14,524	12,579	-
-	11,976	6,787	204,433	16,281	13,952	-
6,274	-	1,855	-	-	-	101,380
6,274	-	1,855	-	-	-	101,380
<u>\$ 6,274</u>	<u>\$ 11,976</u>	<u>\$ 8,642</u>	<u>\$ 204,433</u>	<u>\$ 16,281</u>	<u>\$ 13,952</u>	<u>\$ 101,380</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2016

	CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's Federal Forfeiture	Goliad Co. Juvenile Probation Services	VISD School Resource Officer
ASSETS					
Cash and cash equivalents	\$ 290,624	\$ 1,046	\$ 522,678	\$ -	\$ -
Receivables (net)					
Other	-	-	-	-	-
Due from other governments	-	-	-	2,571	131,495
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 290,624</u>	<u>\$ 1,046</u>	<u>\$ 522,678</u>	<u>\$ 2,571</u>	<u>\$ 131,495</u>
LIABILITIES					
Accounts payable	\$ 3,691	\$ -	\$ -	\$ 11	\$ 323
Accrued expenditures	3,779	-	-	346	11,564
Due to other funds	<u>108</u>	<u>-</u>	<u>-</u>	<u>2,214</u>	<u>119,608</u>
Total liabilities	<u>7,578</u>	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>131,495</u>
FUND BALANCES					
Restricted	<u>283,046</u>	<u>1,046</u>	<u>522,678</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>283,046</u>	<u>1,046</u>	<u>522,678</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 290,624</u>	<u>\$ 1,046</u>	<u>\$ 522,678</u>	<u>\$ 2,571</u>	<u>\$ 131,495</u>

<u>Election Admin. Special</u>	<u>Elections Chapter 19</u>	<u>Tax Assessor- Collector Special</u>	<u>Historical Commission</u>	<u>Child Welfare Board</u>	<u>Law Library</u>	<u>Health Department</u>
\$ 19,505	\$ -	\$ 18,560	\$ 19,421	\$ 53,776	\$ 50,484	\$ 400
-	-	-	-	-	190	2,006
-	76	-	-	-	-	401,243
-	-	-	-	-	-	-
<u>\$ 19,505</u>	<u>\$ 76</u>	<u>\$ 18,560</u>	<u>\$ 19,421</u>	<u>\$ 53,776</u>	<u>\$ 50,674</u>	<u>\$ 403,649</u>
\$ 31	\$ 76	\$ -	\$ -	\$ 333	\$ 2,710	\$ 80,601
65	-	-	-	-	-	37,490
15	-	-	-	-	-	285,558
<u>111</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>333</u>	<u>2,710</u>	<u>403,649</u>
<u>19,394</u>	<u>-</u>	<u>18,560</u>	<u>19,421</u>	<u>53,443</u>	<u>47,964</u>	<u>-</u>
<u>19,394</u>	<u>-</u>	<u>18,560</u>	<u>19,421</u>	<u>53,443</u>	<u>47,964</u>	<u>-</u>
<u>\$ 19,505</u>	<u>\$ 76</u>	<u>\$ 18,560</u>	<u>\$ 19,421</u>	<u>\$ 53,776</u>	<u>\$ 50,674</u>	<u>\$ 403,649</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2016

	Texas A&M University Health Science	Medicaid Administrative Claims	WIC Program	LEOSE	Total
ASSETS					
Cash and cash equivalents	\$ 43,431	\$ -	\$ -	\$ 37,239	\$ 2,069,395
Receivables (net)					
Other	-	-	-	-	217,468
Due from other governments	-	23,415	219,316	-	1,040,835
Due from other funds	-	-	-	-	3,327
Total assets	<u>\$ 43,431</u>	<u>\$ 23,415</u>	<u>\$ 219,316</u>	<u>\$ 37,239</u>	<u>\$ 3,331,025</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 5,249	\$ -	\$ 345,488
Accrued expenditures	155	-	11,791	-	108,010
Due to other funds	-	-	202,276	-	1,060,248
Total liabilities	<u>155</u>	<u>-</u>	<u>219,316</u>	<u>-</u>	<u>1,513,746</u>
FUND BALANCES					
Restricted	<u>43,276</u>	<u>23,415</u>	<u>-</u>	<u>37,239</u>	<u>1,817,279</u>
Total fund balances	<u>43,276</u>	<u>23,415</u>	<u>-</u>	<u>37,239</u>	<u>1,817,279</u>
Total liabilities and fund balances	<u>\$ 43,431</u>	<u>\$ 23,415</u>	<u>\$ 219,316</u>	<u>\$ 37,239</u>	<u>\$ 3,331,025</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, 2016

	Emergency Mgmt.	LEPC Fund	Records Mgmt.	Courthouse Security	Justice Court Building Security
REVENUES					
Fees of office and user fees	\$ -	\$ -	\$ 159,893	\$ 38,166	\$ 3,722
Intergovernmental	44,118	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	907	-	-
Contributions	106,448	3,994	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>150,566</u>	<u>3,994</u>	<u>160,800</u>	<u>38,166</u>	<u>3,722</u>
EXPENDITURES					
Current					
General government	-	-	114,597	24,146	5,684
Public safety	281,894	102	-	-	-
Public health	-	-	-	-	-
Total expenditures	<u>281,894</u>	<u>102</u>	<u>114,597</u>	<u>24,146</u>	<u>5,684</u>
Excess (deficiency) of revenues over expenditures	<u>(131,328)</u>	<u>3,892</u>	<u>46,203</u>	<u>14,020</u>	<u>(1,962)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	131,328	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>131,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	3,892	46,203	14,020	(1,962)
Fund balance, January 1	<u>2,329</u>	<u>3,000</u>	<u>230,337</u>	<u>16,583</u>	<u>58,210</u>
Fund balance, December 31	<u>\$ 2,329</u>	<u>\$ 6,892</u>	<u>\$ 276,540</u>	<u>\$ 30,603</u>	<u>\$ 56,248</u>

District Clerk Records Mgmt.	Gulf of Mexico Energy Security Act	FEMA Hazard Mitigation	Capital Credits	Juvenile Probation	Drug Courts Program	Veterans Mental Health
\$ 6,564	\$ -	\$ -	\$ -	\$ 889	\$ 10,207	\$ -
-	220	7,893	147,477	872,716	-	25,583
-	-	-	-	-	-	-
-	-	-	-	34	82	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,564</u>	<u>220</u>	<u>7,893</u>	<u>147,477</u>	<u>873,639</u>	<u>10,289</u>	<u>25,583</u>
5,650	-	8,550	42,987	1,341,702	10,748	-
-	-	-	-	-	-	-
-	-	-	-	-	-	25,583
<u>5,650</u>	<u>-</u>	<u>8,550</u>	<u>42,987</u>	<u>1,341,702</u>	<u>10,748</u>	<u>25,583</u>
914	220	(657)	104,490	(468,063)	(459)	-
-	-	2,138	-	468,063	-	-
-	-	(1,481)	(3,000)	-	-	-
-	-	657	(3,000)	468,063	-	-
914	220	-	101,490	-	(459)	-
4,325	4,788	-	95,467	-	16,657	-
<u>\$ 5,239</u>	<u>\$ 5,008</u>	<u>\$ -</u>	<u>\$ 196,957</u>	<u>\$ -</u>	<u>\$ 16,198</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, 2016

	<u>Justice Technology</u>	<u>Family Protection Fee</u>	<u>County/ District Technology</u>	<u>CDA Processing Fee</u>	<u>CDA Bond Forfeiture Commissions</u>
REVENUES					
Fees of office and user fees	\$ 14,995	\$ 5,450	\$ 22,232	\$ 20,717	\$ 5,688
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	-	72	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>14,995</u>	<u>5,450</u>	<u>22,232</u>	<u>20,789</u>	<u>5,688</u>
EXPENDITURES					
Current					
General government	20,000	5,471	-	23,398	-
Public safety	-	-	-	-	-
Public health	-	-	-	-	-
Total expenditures	<u>20,000</u>	<u>5,471</u>	<u>-</u>	<u>23,398</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(5,005)</u>	<u>(21)</u>	<u>22,232</u>	<u>(2,609)</u>	<u>5,688</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(5,005)	(21)	22,232	(2,609)	5,688
Fund balance, January 1	<u>20,201</u>	<u>336</u>	<u>2,799</u>	<u>4,341</u>	<u>586</u>
Fund balance, December 31	<u>\$ 15,196</u>	<u>\$ 315</u>	<u>\$ 25,031</u>	<u>\$ 1,732</u>	<u>\$ 6,274</u>

CDA Victims Assistance Grant	Sheriff Victims Assistance Grant	Texas Vine Grant	Operation Stonegarden Grant	Byrne JAG Program	Drug Trafficking Grant	Firefighters Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43,018	42,807	16,500	332,519	15,185	89,672	17,894
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>43,018</u>	<u>42,807</u>	<u>16,500</u>	<u>332,519</u>	<u>15,185</u>	<u>89,672</u>	<u>17,894</u>
63,983	-	16,500	-	-	-	-
-	51,930	-	332,519	15,185	89,672	19,882
-	-	-	-	-	-	-
<u>63,983</u>	<u>51,930</u>	<u>16,500</u>	<u>332,519</u>	<u>15,185</u>	<u>89,672</u>	<u>19,882</u>
<u>(20,965)</u>	<u>(9,123)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,988)</u>
20,965	9,123	-	-	-	-	1,988
-	-	-	-	-	-	-
<u>20,965</u>	<u>9,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,988</u>
-	-	-	-	-	-	-
-	1,855	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

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

For the year ended December 31, 2016

	BISD School Resource Officer	Sheriff's Special Purpose	CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's Federal Forfeiture
REVENUES					
Fees of office and user fees	\$ 66,026	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	25,870	178,798	-	440,221
Investment income					
Interest	-	439	1,764	5	422
Contributions	-	-	-	-	-
Miscellaneous	-	7,175	-	-	-
Total revenues	<u>66,026</u>	<u>33,484</u>	<u>180,562</u>	<u>5</u>	<u>440,643</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	66,026	14,107	243,256	-	13,713
Public health	-	-	-	-	-
Total expenditures	<u>66,026</u>	<u>14,107</u>	<u>243,256</u>	<u>-</u>	<u>13,713</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>19,377</u>	<u>(62,694)</u>	<u>5</u>	<u>426,930</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	19,377	(62,694)	5	426,930
Fund balance, January 1	-	82,003	345,740	1,041	95,748
Fund balance, December 31	<u>\$ -</u>	<u>\$ 101,380</u>	<u>\$ 283,046</u>	<u>\$ 1,046</u>	<u>\$ 522,678</u>

Goliad Co. Juvenile Probation Services	VISD School Resource Officer	Election Admin. Special	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission	Child Welfare Board
\$ 20,819	\$ 580,769	\$ 130,143	\$ 3,547	\$ -	\$ -	\$ 5,305
-	-	-	-	-	-	-
-	-	25	-	1,286	101	-
-	-	-	-	-	-	-
-	-	-	-	1,203	-	-
<u>20,819</u>	<u>580,769</u>	<u>130,168</u>	<u>3,547</u>	<u>2,489</u>	<u>101</u>	<u>5,305</u>
20,819	-	122,335	3,547	7,345	2,500	14,300
-	580,769	-	-	-	-	-
-	-	-	-	-	-	-
<u>20,819</u>	<u>580,769</u>	<u>122,335</u>	<u>3,547</u>	<u>7,345</u>	<u>2,500</u>	<u>14,300</u>
-	-	7,833	-	(4,856)	(2,399)	(8,995)
-	-	-	-	-	3,000	-
-	-	-	-	-	-	-
-	-	-	-	-	3,000	-
-	-	7,833	-	(4,856)	601	(8,995)
-	-	11,561	-	23,416	18,820	62,438
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,394</u>	<u>\$ -</u>	<u>\$ 18,560</u>	<u>\$ 19,421</u>	<u>\$ 53,443</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, 2016

	Law Library	Health Department	Texas A&M University Health Science	Medicaid Administrative Claims	WIC Program
REVENUES					
Fees of office and user fees	\$ 60,242	\$ 461,782	\$ -	\$ -	\$ -
Intergovernmental	-	1,387,704	50,000	23,415	761,535
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	17,963	-	-	-
Total revenues	<u>60,242</u>	<u>1,867,449</u>	<u>50,000</u>	<u>23,415</u>	<u>761,535</u>
EXPENDITURES					
Current					
General government	35,494	-	-	-	-
Public safety	-	-	-	-	-
Public health	-	3,089,951	6,724	-	761,535
Total expenditures	<u>35,494</u>	<u>3,089,951</u>	<u>6,724</u>	<u>-</u>	<u>761,535</u>
Excess (deficiency) of revenues over expenditures	<u>24,748</u>	<u>(1,222,502)</u>	<u>43,276</u>	<u>23,415</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,222,502	-	-	-
Transfers out	(8,500)	-	-	-	-
Total other financing sources (uses)	<u>(8,500)</u>	<u>1,222,502</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	16,248	-	43,276	23,415	-
Fund balance, January 1	31,716	-	-	-	-
Fund balance, December 31	<u>\$ 47,964</u>	<u>\$ -</u>	<u>\$ 43,276</u>	<u>\$ 23,415</u>	<u>\$ -</u>

<u>LEOSE</u>	<u>Total</u>
\$ -	\$ 1,617,156
16,971	3,895,227
-	644,889
-	5,137
-	110,442
-	26,341
<u>16,971</u>	<u>6,299,192</u>
-	1,889,756
17,629	1,726,684
-	3,883,793
<u>17,629</u>	<u>7,500,233</u>
<u>(658)</u>	<u>(1,201,041)</u>
-	1,859,107
-	(12,981)
-	1,846,126
(658)	645,085
<u>37,897</u>	<u>1,172,194</u>
<u>\$ 37,239</u>	<u>\$ 1,817,279</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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes				
Ad valorem				
Current	\$ 19,719,899	\$ 19,719,899	\$ 19,903,310	\$ 183,411
Delinquent	335,000	335,000	442,572	107,572
Penalty and interest	170,000	170,000	195,178	25,178
Sales and use	10,450,000	10,450,000	9,438,731	(1,011,269)
Total taxes	<u>30,674,899</u>	<u>30,674,899</u>	<u>29,979,791</u>	<u>(695,108)</u>
Fees of office and user fees				
Sheriff's department	340,000	340,000	311,957	(28,043)
Prisoner maintenance	5,000	5,000	1,765	(3,235)
Estray fees	-	-	205	205
County treasurer	5,000	5,000	2,915	(2,085)
Election administrator	1,000	1,000	804	(196)
County clerk	400,350	400,350	365,681	(34,669)
Probate personnel education fees	1,800	1,800	1,700	(100)
Guardianship fee	5,000	5,000	6,902	1,902
County courts at law	4,000	4,000	3,915	(85)
Tax assessor-collector	600,000	600,000	611,333	11,333
Criminal district attorney	20,000	20,000	10,607	(9,393)
District clerk	200,000	200,000	207,197	7,197
Justices of the peace	37,500	37,500	48,907	11,407
Deferred adjudication	30,000	30,000	29,367	(633)
Constables	83,000	83,000	81,417	(1,583)
Pre-trial bonding fees	60,000	60,000	46,002	(13,998)
Interlock device fees	6,000	6,000	12,375	6,375
Pre-trial drug test fees	-	-	30	30
Total fees of office and user fees	<u>1,798,650</u>	<u>1,798,650</u>	<u>1,743,079</u>	<u>(55,571)</u>
Intergovernmental				
Payment in lieu of taxes	1,000	1,000	427	(573)
Alcohol beverage tax	180,000	180,000	238,709	58,709
County courts at law	150,000	150,000	168,000	18,000
Bingo gross receipts tax	80,000	80,000	69,130	(10,870)
Tobacco settlement	36,708	36,708	31,720	(4,988)
Indigent defense grant	80,000	80,000	78,481	(1,519)
Title IV-E legal service	35,000	35,000	14,500	(20,500)
Jury fee reimbursement/SB1704	40,000	40,000	51,510	11,510
DA Longevity Reimb/GC 41	8,131	8,131	7,803	(328)
DA 2015 State Supplement Re	4,200	4,200	4,428	228
Juvenile detention contracts	1,200,000	1,200,000	1,153,490	(46,510)
State juvenile detention funds	153,000	184,828	215,876	31,048
Jail inmate bedspace	1,050,000	1,050,000	1,150,270	100,270
Jail inmate contract other	45,000	45,000	49,222	4,222
Jail inmate extradition	20,000	20,000	18,802	(1,198)
General inmate medical	30,000	30,000	36,160	6,160
Dept. of Justice SCAAP program	-	12,055	12,055	-

(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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES (continued)				
Intergovernmental				
Vest reimbursement	\$ -	\$ -	\$ 12,350	\$ 12,350
Total intergovernmental	<u>3,113,039</u>	<u>3,156,922</u>	<u>3,312,933</u>	<u>156,011</u>
Fines and forfeitures				
District court fines	300,000	300,000	255,018	(44,982)
County court at law fines	325,000	325,000	320,807	(4,193)
Justice of the peace fines	590,000	590,000	426,833	(163,167)
Forfeitures	50,100	50,100	33,300	(16,800)
Total fines and forfeitures	<u>1,265,100</u>	<u>1,265,100</u>	<u>1,035,958</u>	<u>(229,142)</u>
Interest	<u>125,100</u>	<u>125,100</u>	<u>141,233</u>	<u>16,133</u>
Licenses and permits				
Marriage licenses	22,000	22,000	18,608	(3,392)
Beer and whiskey licenses	16,000	16,000	11,970	(4,030)
Miscellaneous	7,000	7,000	9,015	2,015
Total licenses and permits	<u>45,000</u>	<u>45,000</u>	<u>39,593</u>	<u>(5,407)</u>
Miscellaneous				
Records management preservation	30,000	30,000	26,196	(3,804)
Criminal justice planning commission	100	100	4	(96)
Crime stopper fee	-	-	2	2
LEOSEF collection	-	-	1	1
Victims of crime collection	100	100	30	(70)
JCPTF commission	100	100	3	(97)
Juvenile probation diversion collections	100	100	20	(80)
Operators/Chauffeurs license	1,000	1,000	-	(1,000)
Legal service for indigents fees	800	800	1,038	238
Defensive driving course fee	6,000	6,000	3,736	(2,264)
Visual record by electronic device	-	-	695	695
Court reporter fees	26,000	26,000	25,998	(2)
Arrest warrant fees	55,000	55,000	43,585	(11,415)
Other fees	122,850	122,850	91,899	(30,951)
Personal recognizant fees	4,000	4,000	1,463	(2,537)
CJAD contract services	6,300	6,300	-	(6,300)
Rents and royalties	99,435	99,435	94,797	(4,638)
Telephone commissions	182,000	182,000	170,197	(11,803)
Election machines rental	3,000	3,000	18,978	15,978
Reimbursements and refunds	76,100	155,000	139,657	(15,343)
Restitutions	200	200	-	(200)
Miscellaneous	74,800	78,698	57,900	(20,798)
Total miscellaneous	<u>687,885</u>	<u>770,683</u>	<u>676,199</u>	<u>(94,484)</u>
Total revenues	<u>37,709,673</u>	<u>37,836,354</u>	<u>36,928,786</u>	<u>(907,568)</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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES				
Current				
General government				
County judge				
Salaries	\$ 110,191	\$ 110,191	\$ 110,191	\$ -
Fringe benefits	28,619	28,619	28,173	446
Operating expenditures	6,700	7,507	7,401	106
Total county judge	<u>145,510</u>	<u>146,317</u>	<u>145,765</u>	<u>552</u>
Commissioners' court				
Salaries	133,595	133,657	133,657	-
Fringe benefits	42,392	42,392	41,314	1,078
Operating expenditures	23,900	23,900	23,880	20
Other services and charges	3,500	4,255	4,254	1
Total commissioners' court	<u>203,387</u>	<u>204,204</u>	<u>203,105</u>	<u>1,099</u>
Records management				
Salaries	74,591	74,633	74,632	1
Fringe benefits	24,681	24,681	24,345	336
Operating expenditures	4,000	4,000	1,742	2,258
Total records management	<u>103,272</u>	<u>103,314</u>	<u>100,719</u>	<u>2,595</u>
County clerk				
Salaries	522,952	522,952	516,118	6,834
Fringe benefits	153,202	153,202	152,814	388
Operating expenditures	33,048	33,048	26,810	6,238
Total county clerk	<u>709,202</u>	<u>709,202</u>	<u>695,742</u>	<u>13,460</u>
Pre-Trial Services				
Salaries	92,620	92,620	92,568	52
Fringe benefits	29,267	29,267	28,123	1,144
Operating expenditures	5,000	5,000	1,386	3,614
Total veterans' service officer	<u>126,887</u>	<u>126,887</u>	<u>122,077</u>	<u>4,810</u>
Veterans' service officer				
Salaries	33,676	44,059	44,058	1
Fringe benefits	7,178	13,666	13,668	(2)
Operating expenditures	3,720	5,468	3,460	2,008
Total veterans' service officer	<u>44,574</u>	<u>63,193</u>	<u>61,186</u>	<u>2,007</u>
Heritage director				
Salaries	42,922	42,937	42,937	-
Fringe benefits	14,284	14,284	13,915	369
Operating expenditures	2,175	2,175	1,800	375
Total heritage director	<u>59,381</u>	<u>59,396</u>	<u>58,652</u>	<u>744</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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Non-departmental				
Operating expenditures	\$ 1,718,309	\$ 1,362,059	\$ 1,346,140	\$ 15,919
Other services and charges	905,248	1,162,421	1,007,345	155,076
Capital outlay	-	27,536	14,660	12,876
Total non-departmental	<u>2,623,557</u>	<u>2,552,016</u>	<u>2,368,145</u>	<u>183,871</u>
County court at law				
Salaries	493,783	495,593	495,591	2
Fringe benefits	128,675	128,675	122,468	6,207
Operating expenditures	9,600	9,600	6,883	2,717
Other services and charges	79,540	133,640	133,098	542
Total county court at law	<u>711,598</u>	<u>767,508</u>	<u>758,040</u>	<u>9,468</u>
County court at law # 2				
Other services and charges	75,000	118,460	118,457	3
Total county court at law # 2	<u>75,000</u>	<u>118,460</u>	<u>118,457</u>	<u>3</u>
District court				
Salaries	325,615	325,455	325,448	7
Fringe benefits	133,582	133,582	131,983	1,599
Operating expenditures	13,500	15,748	14,436	1,312
Other services and charges	681,972	872,418	866,373	6,045
Capital Outlay	-	1,000	1,000	-
Total district court	<u>1,154,669</u>	<u>1,348,203</u>	<u>1,339,240</u>	<u>8,963</u>
District clerk				
Salaries	528,251	528,251	519,884	8,367
Fringe benefits	172,644	172,644	165,959	6,685
Operating expenditures	17,749	17,749	17,532	217
Total district clerk	<u>718,644</u>	<u>718,644</u>	<u>703,375</u>	<u>15,269</u>
Justice of the peace # 1				
Salaries	148,902	148,902	136,549	12,353
Fringe benefits	50,789	50,789	43,427	7,362
Operating expenditures	5,335	5,335	3,913	1,422
Other services and charges	600	-	-	-
Total justice of the peace # 1	<u>205,626</u>	<u>205,026</u>	<u>183,889</u>	<u>21,137</u>
Justice of the peace # 2				
Salaries	123,509	123,655	123,646	9
Fringe benefits	35,105	35,105	34,679	426
Operating expenditures	4,035	3,930	3,069	861
Other services and charges	14,900	66	66	-
Total justice of the peace # 2	<u>177,549</u>	<u>162,756</u>	<u>161,460</u>	<u>1,296</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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Justice of the peace # 3				
Salaries	\$ 205,861	\$ 205,861	\$ 205,373	\$ 488
Fringe benefits	58,535	61,206	61,138	68
Operating expenditures	4,660	4,660	4,377	283
Other services and charges	600	-	-	-
Total justice of the peace # 3	<u>269,656</u>	<u>271,727</u>	<u>270,888</u>	<u>839</u>
Justice of the peace # 4				
Salaries	141,137	141,239	141,238	1
Fringe benefits	44,742	44,742	43,758	984
Operating expenditures	5,340	5,340	4,538	802
Other services and charges	600	-	-	-
Total justice of the peace # 4	<u>191,819</u>	<u>191,321</u>	<u>189,534</u>	<u>1,787</u>
Criminal district attorney				
Salaries	1,422,122	1,422,122	1,360,605	61,517
Fringe benefits	387,319	387,319	358,205	29,114
Operating expenditures	21,500	21,500	21,500	-
Furniture & equipment	-	7,529	7,529	-
Total criminal district attorney	<u>1,830,941</u>	<u>1,838,470</u>	<u>1,747,839</u>	<u>90,631</u>
Election administrator				
Salaries	211,639	206,939	202,187	4,752
Fringe benefits	43,039	45,655	45,352	303
Operating expenditures	73,920	84,445	83,381	1,064
Other services and charges	16,605	17,285	16,526	759
Total election administrator	<u>345,203</u>	<u>354,324</u>	<u>347,446</u>	<u>6,878</u>
County auditor				
Salaries	390,045	390,045	389,312	733
Fringe benefits	116,097	116,097	114,010	2,087
Operating expenditures	12,688	12,688	12,504	184
Total county auditor	<u>518,830</u>	<u>518,830</u>	<u>515,826</u>	<u>3,004</u>
County treasurer				
Salaries	246,419	246,419	246,342	77
Fringe benefits	71,569	71,569	70,069	1,500
Operating expenditures	33,089	33,089	30,117	2,972
Other services & charges	-	5,065	5,065	-
Total county treasurer	<u>351,077</u>	<u>356,142</u>	<u>351,593</u>	<u>4,549</u>
Tax assessor-collector				
Salaries	594,992	594,992	578,313	16,679
Fringe benefits	196,393	196,393	181,633	14,760
Operating expenditures	15,000	15,000	12,450	2,550
Total tax assessor-collector	<u>806,385</u>	<u>806,385</u>	<u>772,396</u>	<u>33,989</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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Administrative services				
Salaries	\$ 227,750	\$ 227,750	\$ 220,412	\$ 7,338
Fringe benefits	67,590	67,590	64,568	3,022
Operating expenditures	13,500	13,500	9,282	4,218
Total administrative services	<u>308,840</u>	<u>308,840</u>	<u>294,262</u>	<u>14,578</u>
Information technology				
Salaries	444,551	444,832	444,436	396
Fringe benefits	132,103	132,103	129,775	2,328
Operating expenditures	395,300	410,328	406,284	4,044
Other services and charges	160,000	162,895	162,455	440
Capital outlay	40,000	40,179	40,178	1
Total information technology	<u>1,171,954</u>	<u>1,190,337</u>	<u>1,183,128</u>	<u>7,209</u>
Building maintenance				
Salaries	302,558	303,015	298,031	4,984
Fringe benefits	101,845	101,845	98,248	3,597
Operating expenditures	1,030,750	1,103,943	1,093,579	10,364
Capital Outlay	-	2,740	2,740	-
Total building maintenance	<u>1,435,153</u>	<u>1,511,543</u>	<u>1,492,598</u>	<u>18,945</u>
Adult probation department				
Operating expenditures	1,000	1,000	264	736
Total adult probation department	<u>1,000</u>	<u>1,000</u>	<u>264</u>	<u>736</u>
Juvenile detention facility				
Salaries	1,975,969	1,947,113	1,916,806	30,307
Fringe benefits	591,247	591,247	543,571	47,676
Operating expenditures	456,400	480,853	456,034	24,819
Other services and charges	9,000	28,403	27,203	1,200
Capital outlay	-	8,036	8,035	1
Total juvenile detention facility	<u>3,032,616</u>	<u>3,055,652</u>	<u>2,951,649</u>	<u>104,003</u>
Juvenile board				
Salaries	33,557	33,557	33,557	-
Fringe benefits	7,152	7,152	6,839	313
Other services and charges	51,550	72,800	66,836	5,964
Total juvenile board	<u>92,259</u>	<u>113,509</u>	<u>107,232</u>	<u>6,277</u>
Total general government	<u>17,414,589</u>	<u>17,803,206</u>	<u>17,244,507</u>	<u>558,699</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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Public safety				
Fire marshal				
Salaries	\$ 458,799	\$ 469,286	\$ 450,396	\$ 18,890
Fringe benefits	135,140	135,140	125,423	9,717
Operating expenditures	103,050	113,064	106,809	6,255
Other services and charges	58,000	56,710	56,705	5
Capital outlay	-	2,582	2,580	2
Total fire marshal	<u>754,989</u>	<u>776,782</u>	<u>741,913</u>	<u>34,869</u>
Sheriff				
Salaries	10,045,138	9,484,753	9,323,843	160,910
Fringe benefits	2,803,575	2,805,154	2,598,420	206,734
Operating expenditures	2,140,760	2,528,356	2,497,743	30,613
Other services and charges	-	85,000	83,861	1,139
Capital outlay	437,500	544,747	390,069	154,678
Total sheriff	<u>15,426,973</u>	<u>15,448,010</u>	<u>14,893,936</u>	<u>554,074</u>
Constable # 1				
Salaries	42,017	42,017	42,017	-
Fringe benefits	13,347	13,552	13,573	(21)
Operating expenditures	4,900	7,944	6,152	1,792
Capital outlay	-	39,713	39,712	1
Total constable # 1	<u>60,264</u>	<u>103,226</u>	<u>101,454</u>	<u>1,772</u>
Constable # 2				
Salaries	42,997	42,997	42,997	-
Fringe benefits	13,556	13,556	13,418	138
Operating expenditures	4,900	4,900	2,081	2,819
Operating expenditures	-	41,340	41,340	-
Total constable # 2	<u>61,453</u>	<u>102,793</u>	<u>99,836</u>	<u>2,957</u>
Constable # 3				
Salaries	42,467	42,467	42,467	-
Fringe benefits	13,443	13,443	13,304	139
Operating expenditures	4,900	6,777	3,926	2,851
Capital outlay	-	39,366	39,365	1
Total constable # 3	<u>60,810</u>	<u>102,053</u>	<u>99,062</u>	<u>2,991</u>
Constable # 4				
Salaries	41,987	41,987	41,987	-
Fringe benefits	13,341	13,341	13,202	139
Operating expenditures	4,900	5,694	3,175	2,519
Capital outlay	-	36,879	36,879	-
Total constable # 4	<u>60,228</u>	<u>97,901</u>	<u>95,243</u>	<u>2,658</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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Public safety (continued)				
Non-departmental				
Other services and charges				
City/County interlocal agreement	\$ 1,765,000	\$ 1,772,407	\$ 1,772,407	\$ -
Total non-departmental	<u>1,765,000</u>	<u>1,772,407</u>	<u>1,772,407</u>	<u>-</u>
Total public safety	<u>18,189,717</u>	<u>18,403,172</u>	<u>17,803,851</u>	<u>599,321</u>
Culture and recreation				
Extension service				
Salaries	175,583	174,383	174,382	1
Fringe benefits	46,947	35,247	34,300	947
Operating expenditures	29,950	27,650	19,087	8,563
Other services and charges	15,100	15,100	12,857	2,243
Capital outlay	-	23,125	23,124	1
Total extension service	<u>267,580</u>	<u>275,505</u>	<u>263,750</u>	<u>11,755</u>
Parks and recreation				
Salaries	37,659	37,680	37,679	1
Fringe benefits	12,418	12,418	12,279	139
Total parks and recreation	<u>50,077</u>	<u>50,098</u>	<u>49,958</u>	<u>140</u>
Total culture and recreation	<u>317,657</u>	<u>325,603</u>	<u>313,708</u>	<u>11,895</u>
Total expenditures	<u>35,921,963</u>	<u>36,531,981</u>	<u>35,362,066</u>	<u>1,169,915</u>
Excess (deficiency) of revenues over expenditures	<u>1,787,710</u>	<u>1,304,373</u>	<u>1,566,720</u>	<u>262,347</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	5,000	5,000	12,029	7,029
Transfers in	43,500	479,200	444,265	(34,935)
Transfers out	(1,842,310)	(1,794,673)	(1,770,691)	23,982
Total other financing sources (uses)	<u>(1,793,810)</u>	<u>(1,310,473)</u>	<u>(1,314,397)</u>	<u>(3,924)</u>
Change in fund balance	(6,100)	(6,100)	252,323	258,423
Fund balance, January 1	<u>19,203,412</u>	<u>19,203,412</u>	<u>19,203,412</u>	<u>-</u>
Fund balance, December 31	<u>\$ 19,197,312</u>	<u>\$ 19,197,312</u>	<u>\$ 19,455,735</u>	<u>\$ 258,423</u>

(concluded)

NONMAJOR SPECIAL REVENUE FUNDS

COUNTY OF VICTORIA, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 1****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2016

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,049,757	\$ 1,054,288	\$ -	\$ 1,054,288
Delinquent taxes	12,000	21,595	62	21,533
Penalty and interest	7,000	10,129	28	10,101
Intergovernmental				
Vehicle license fees	90,000	90,083	-	90,083
Additional license fees	220,000	235,161	518	234,643
Permits	40,044	40,213	-	40,213
Investment income				
Interest	3,000	4,238	-	4,238
Miscellaneous	76,897	82,214	5	82,209
Total revenues	<u>1,498,698</u>	<u>1,537,921</u>	<u>613</u>	<u>1,537,308</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	590,294	572,731	(2,060)	574,791
Fringe benefits	173,665	166,392	(141)	166,533
Operating expenditures	646,782	618,027	(9,193)	627,220
Other services and charges	250	171	-	171
Capital outlay	42,381	42,380	-	42,380
Debt service	53,772	53,771	-	53,771
Total expenditures	<u>1,507,144</u>	<u>1,453,472</u>	<u>(11,394)</u>	<u>1,464,866</u>
Excess (deficiency) of revenues over expenditures	<u>(8,446)</u>	<u>84,449</u>	<u>12,007</u>	<u>72,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,446	8,499	2,553	5,946
Total other financing sources (uses)	<u>8,446</u>	<u>8,499</u>	<u>2,553</u>	<u>5,946</u>
Change in fund balance	-	92,948	14,560	78,388
Fund balance, January 1	<u>312,272</u>	<u>312,272</u>	<u>54,554</u>	<u>257,718</u>
Fund balance, December 31	<u>\$ 312,272</u>	<u>\$ 405,220</u>	<u>\$ 69,114</u>	<u>\$ 336,106</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, 2016

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 988,007	\$ 992,272	\$ -	\$ 992,272
Delinquent taxes	10,000	20,325	58	20,267
Penalty and interest	6,000	9,534	27	9,507
Intergovernmental				
Vehicle license fees	90,000	90,083	-	90,083
Additional license fees	220,000	221,328	488	220,840
Permits	18,500	40,213	-	40,213
Investment income				
Interest	4,000	6,967	-	6,967
Miscellaneous	2,200	9,130	5	9,125
Total revenues	<u>1,338,707</u>	<u>1,389,852</u>	<u>578</u>	<u>1,389,274</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	483,323	429,498	(2,010)	431,508
Fringe benefits	137,162	119,957	(126)	120,083
Operating expenditures	989,415	763,421	(26,153)	789,574
Other services and charges	25,600	4,674	(1,982)	6,656
Capital outlay	31,225	9,145	-	9,145
Total expenditures	<u>1,666,725</u>	<u>1,326,695</u>	<u>(30,271)</u>	<u>1,356,966</u>
Excess (deficiency) of revenues over expenditures	<u>(328,018)</u>	<u>63,157</u>	<u>30,849</u>	<u>32,308</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,624	4,624	-
Transfers out	(1,982)	(1,982)	-	(1,982)
Total other financing sources (uses)	<u>(1,982)</u>	<u>2,642</u>	<u>4,624</u>	<u>(1,982)</u>
Change in fund balance	(330,000)	65,799	35,473	30,326
Fund balance, January 1	<u>962,145</u>	<u>962,145</u>	<u>163,536</u>	<u>798,609</u>
Fund balance, December 31	<u>\$ 632,145</u>	<u>\$ 1,027,944</u>	<u>\$ 199,009</u>	<u>\$ 828,935</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, 2016

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 967,424	\$ 971,599	\$ -	\$ 971,599
Delinquent taxes	10,000	19,902	57	19,845
Penalty and interest	5,400	9,335	26	9,309
Intergovernmental				
Vehicle license fees	90,000	90,083	-	90,083
Additional license fees	220,000	216,717	477	216,240
Permits	40,044	40,213	-	40,213
Investment income				
Interest	6,000	10,312	-	10,312
Miscellaneous	39,200	35,761	(1,440)	37,201
Total revenues	<u>1,378,068</u>	<u>1,393,922</u>	<u>(880)</u>	<u>1,394,802</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	584,330	569,993	(2,027)	572,020
Fringe benefits	183,382	178,502	(346)	178,848
Operating expenditures	500,617	442,520	39,843	402,677
Other services and charges	2,000	171	-	171
Capital outlay	105,757	104,913	-	104,913
Total expenditures	<u>1,376,086</u>	<u>1,296,099</u>	<u>37,470</u>	<u>1,258,629</u>
Excess (deficiency) of revenues over expenditures	<u>1,982</u>	<u>97,823</u>	<u>(38,350)</u>	<u>136,173</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	21,751	21,751	-
Transfers out	(1,982)	(1,982)	-	(1,982)
Total other financing sources (uses)	<u>(1,982)</u>	<u>19,769</u>	<u>21,751</u>	<u>(1,982)</u>
Change in fund balance	-	117,592	(16,599)	134,191
Fund balance, January 1	<u>1,527,327</u>	<u>1,527,327</u>	<u>75,969</u>	<u>1,451,358</u>
Fund balance, December 31	<u>\$ 1,527,327</u>	<u>\$ 1,644,919</u>	<u>\$ 59,370</u>	<u>\$ 1,585,549</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, 2016

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,111,508	\$ 1,116,305	\$ -	\$ 1,116,305
Delinquent taxes	12,000	22,865	65	22,800
Penalty and interest	7,200	10,725	31	10,694
Intergovernmental				
Vehicle license fees	90,000	90,083	-	90,083
Additional license fees	250,000	248,994	549	248,445
Permits	37,044	40,213	-	40,213
Investment income				
Interest	3,000	4,390	-	4,390
Miscellaneous	36,600	38,315	4	38,311
Total revenues	<u>1,547,352</u>	<u>1,571,890</u>	<u>649</u>	<u>1,571,241</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	554,441	553,879	(1,317)	555,196
Fringe benefits	177,984	169,143	(439)	169,582
Operating expenditures	700,360	679,582	(3,079)	682,661
Other services and charges	23,800	17,090	3,075	14,015
Capital outlay	119,951	106,339	-	106,339
Debt service	51,735	51,734	-	51,734
Total expenditures	<u>1,628,271</u>	<u>1,577,767</u>	<u>(1,760)</u>	<u>1,579,527</u>
Excess (deficiency) of revenues over expenditures	<u>(80,919)</u>	<u>(5,877)</u>	<u>2,409</u>	<u>(8,286)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,982)</u>	<u>(1,982)</u>	<u>-</u>	<u>(1,982)</u>
Total other financing sources (uses)	<u>(1,982)</u>	<u>(1,982)</u>	<u>-</u>	<u>(1,982)</u>
Change in fund balance	(82,901)	(7,859)	2,409	(10,268)
Fund balance, January 1	<u>471,590</u>	<u>471,590</u>	<u>215,881</u>	<u>255,709</u>
Fund balance, December 31	<u>\$ 388,689</u>	<u>\$ 463,731</u>	<u>\$ 218,290</u>	<u>\$ 245,441</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, 2016

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,562,927	\$ 1,577,462	\$ -	\$ 1,577,462
Delinquent taxes	30,000	33,897	173	33,724
Penalty and interest	15,000	15,096	72	15,024
Investment income				
Interest	3,000	2,958	-	2,958
Miscellaneous	-	23,453	-	23,453
Total revenues	<u>1,610,927</u>	<u>1,652,866</u>	<u>245</u>	<u>1,652,621</u>
EXPENDITURES				
Debt service				
Principal retirement	1,054,925	1,054,925	-	1,054,925
Interest and fiscal charges	548,000	547,250	-	547,250
Total expenditures	<u>1,602,925</u>	<u>1,602,175</u>	<u>-</u>	<u>1,602,175</u>
Excess (deficiency) of revenues over expenditures	<u>8,002</u>	<u>50,691</u>	<u>245</u>	<u>50,446</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	8,002	50,691	245	50,446
Fund balance, January 1	<u>333,695</u>	<u>333,695</u>	<u>(27,536)</u>	<u>361,231</u>
Fund balance, December 31	<u>\$ 341,697</u>	<u>\$ 384,386</u>	<u>\$ (27,291)</u>	<u>\$ 411,677</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, 2016*

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
COUNTY CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 605,620	\$ 394,585	\$ 435,494	\$ 564,711
LIABILITIES				
Accounts payable	\$ 605,620	\$ 394,585	\$ 435,494	\$ 564,711
CRIMINAL DISTRICT ATTORNEY				
ASSETS				
Cash and cash equivalents	\$ 5,340	\$ 139,924	\$ 140,887	\$ 4,377
LIABILITIES				
Accounts payable	\$ 5,340	\$ 139,924	\$ 140,887	\$ 4,377
DISTRICT CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 1,633,222	\$ 2,291,516	\$ 2,590,573	\$ 1,334,165
LIABILITIES				
Accounts payable	\$ 1,633,222	\$ 2,291,516	\$ 2,590,573	\$ 1,334,165
CLERK'S SPECIAL				
ASSETS				
Cash and cash equivalents	\$ 181	\$ 11,281	\$ 11,447	\$ 15
LIABILITIES				
Accounts payable	\$ 181	\$ 11,281	\$ 11,447	\$ 15
JAIL INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 59,613	\$ 739,204	\$ 744,327	\$ 54,490
LIABILITIES				
Accounts payable	\$ 59,613	\$ 739,204	\$ 744,327	\$ 54,490
SHERIFF SPECIAL				
ASSETS				
Cash and cash equivalents	\$ 18,575	\$ 315,149	\$ 331,579	\$ 2,145
LIABILITIES				
Accounts payable	\$ 18,575	\$ 315,149	\$ 331,579	\$ 2,145

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2016

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
STATE FEES				
ASSETS				
Cash and cash equivalents	\$ 181,819	\$ 808,725	\$ 842,032	\$ 148,512
Other receivables	4,685	5,509	4,685	5,509
Total assets	<u>\$ 186,504</u>	<u>\$ 814,234</u>	<u>\$ 846,717</u>	<u>\$ 154,021</u>
LIABILITIES				
Accounts payable	<u>\$ 186,504</u>	<u>\$ 814,234</u>	<u>\$ 846,717</u>	<u>\$ 154,021</u>
JUSTICE OF THE PEACE-SPECIAL				
ASSETS				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 841</u>	<u>\$ 583</u>	<u>\$ 258</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ 841</u>	<u>\$ 583</u>	<u>\$ 258</u>
TAX ASSESSOR-COLLECTOR				
ASSETS				
Cash and cash equivalents	\$ 10,254,243	\$ 189,133,794	\$ 193,983,574	\$ 5,404,463
Other receivables	87,014	86,540	87,014	86,540
Total assets	<u>\$ 10,341,257</u>	<u>\$ 189,220,334</u>	<u>\$ 194,070,588</u>	<u>\$ 5,491,003</u>
LIABILITIES				
Accounts payable	43,147	\$ 183,776,291	\$ 183,772,478	46,960
Due to other governments	10,298,110	5,444,043	10,298,110	5,444,043
Total liabilities	<u>\$ 10,341,257</u>	<u>\$ 189,220,334</u>	<u>\$ 194,070,588</u>	<u>\$ 5,491,003</u>
JUVENILE RESTITUTION				
ASSETS				
Cash and cash equivalents	<u>\$ 111</u>	<u>\$ 2,193</u>	<u>\$ 2,127</u>	<u>\$ 177</u>
LIABILITIES				
Accounts payable	<u>\$ 111</u>	<u>\$ 2,193</u>	<u>\$ 2,127</u>	<u>\$ 177</u>
SPECIAL SERVICES				
ASSETS				
Cash and cash equivalents	\$ 578,523	\$ 1,294,079	\$ 477,116	\$ 1,395,486
Seized assets	88,867	135,251	101,777	122,341
Total assets	<u>\$ 667,390</u>	<u>\$ 1,429,330</u>	<u>\$ 578,893</u>	<u>\$ 1,517,827</u>
LIABILITIES				
Accounts payable	<u>\$ 667,390</u>	<u>\$ 1,429,330</u>	<u>\$ 578,893</u>	<u>\$ 1,517,827</u>

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2016

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
JUVENILE INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 272	\$ 1,910	\$ 1,864	\$ 318
LIABILITIES				
Accounts payable	\$ 272	\$ 1,910	\$ 1,864	\$ 318
CDA STATE JUDICIARY FUND				
ASSETS				
Cash and cash equivalents	\$ 1,039	\$ 23,370	\$ 23,666	\$ 743
Due from other governments	588	-	588	-
Total assets	<u>\$ 1,627</u>	<u>\$ 23,370</u>	<u>\$ 24,254</u>	<u>\$ 743</u>
LIABILITIES				
Accounts payable	\$ 1,627	\$ 23,370	\$ 24,254	\$ 743
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 13,338,559	\$ 195,156,571	\$ 199,585,269	\$ 8,909,861
Other receivables	91,699	92,049	91,699	92,049
Due from other governments	588	-	588	-
Seized assets	88,867	135,251	101,777	122,341
Total assets	<u>\$ 13,519,713</u>	<u>\$ 195,383,871</u>	<u>\$ 199,779,333</u>	<u>\$ 9,124,251</u>
LIABILITIES				
Accounts payable	\$ 3,221,603	\$ 189,939,828	\$ 189,481,223	\$ 3,680,208
Due to other governments	10,298,110	5,444,043	10,298,110	5,444,043
Total liabilities	<u>\$ 13,519,713</u>	<u>\$ 195,383,871</u>	<u>\$ 199,779,333</u>	<u>\$ 9,124,251</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.

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These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time	133
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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.....	144
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future	157
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments	163
Operating Information	
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.....	165

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 14,451,437	\$ 16,490,648	\$ 18,800,745	\$ 13,801,455
Restricted	354,100	484,274	479,495	478,249
Unrestricted	17,001,719	12,797,072	8,952,624	10,419,290
Total governmental activities net position	\$ 31,807,256	\$ 29,771,994	\$ 28,232,864	\$ 24,698,994
Business-type activities				
Net investment in capital assets	\$ 9,881,812	\$ 9,991,881	\$ 10,069,793	\$ 9,572,959
Unrestricted	56,927	155,922	155,866	48,710
Total business-type activities net position	\$ 9,938,739	\$ 10,147,803	\$ 10,225,659	\$ 9,621,669
Primary Government				
Net investment in capital assets	\$ 24,333,249	\$ 26,482,529	\$ 28,870,538	\$ 23,374,414
Restricted	354,100	484,274	479,495	478,249
Unrestricted	17,058,646	12,952,994	9,108,490	10,468,000
Total primary government activities net position	\$ 41,745,995	\$ 39,919,797	\$ 38,458,523	\$ 34,320,663

(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					
2011	2012	2013	2014	2015	2016
\$ 16,692,542	\$ 17,634,287	\$ 19,331,396	\$ 19,248,568	\$ 18,533,816	\$ 16,809,816
688,673	1,735,505	1,911,393	1,818,838	1,561,037	2,283,067
<u>10,692,960</u>	<u>13,988,896</u>	<u>16,544,281</u>	<u>20,591,811</u>	<u>17,788,788</u>	<u>17,629,833</u>
<u>\$ 28,074,175</u>	<u>\$ 33,358,688</u>	<u>\$ 37,787,070</u>	<u>\$ 41,659,217</u>	<u>\$ 37,883,641</u>	<u>\$ 36,722,716</u>
\$ 9,245,449	\$ 8,841,867	\$ 8,625,363	\$ 8,436,735	\$ 8,172,038	\$ 7,942,228
(208,163)	(527,598)	(1,247,508)	(1,359,561)	(1,521,139)	(1,647,712)
<u>\$ 9,037,286</u>	<u>\$ 8,314,269</u>	<u>\$ 7,377,855</u>	<u>\$ 7,077,174</u>	<u>\$ 6,650,899</u>	<u>\$ 6,294,516</u>
\$ 25,937,991	\$ 26,476,154	\$ 27,956,759	\$ 27,685,303	\$ 26,705,854	\$ 24,752,044
688,673	1,735,505	1,911,393	1,818,838	1,561,037	2,283,067
<u>10,484,797</u>	<u>13,651,402</u>	<u>15,296,773</u>	<u>19,232,250</u>	<u>16,267,649</u>	<u>15,982,121</u>
<u>\$ 37,111,461</u>	<u>\$ 41,863,061</u>	<u>\$ 45,164,925</u>	<u>\$ 48,736,391</u>	<u>\$ 44,534,540</u>	<u>\$ 43,017,232</u>

COUNTY OF VICTORIA, TEXAS

CHANGES IN NET POSITION (1)

Last ten fiscal years

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Expenses				
General government	\$ 15,640,516	\$ 19,234,562	\$ 17,845,546	\$ 16,605,275
Public safety	11,518,191	14,741,608	15,751,805	19,400,560
Streets and highways	3,804,550	4,400,102	4,220,057	4,606,913
Culture and recreation	1,504,003	465,943	462,762	356,884
Public health	4,157,317	4,294,718	4,319,623	4,222,958
Interest on long-term debt	398,919	304,359	239,157	329,593
Total expenses	<u>37,023,496</u>	<u>43,441,292</u>	<u>42,838,950</u>	<u>45,522,183</u>
Program revenues				
Charges for services				
General government	5,123,021	5,145,235	5,280,919	4,986,776
Public safety	2,303,680	2,457,863	2,066,881	1,967,771
Streets and highways	1,771,764	1,739,696	1,586,389	1,454,744
Culture and recreation	-	-	-	-
Public health	648,392	668,449	828,916	806,273
Operating grants and contributions	3,868,765	4,782,081	4,159,006	4,892,681
Capital grants and contributions	61,764	-	769,421	376,900
Total program revenues	<u>13,777,386</u>	<u>14,793,324</u>	<u>14,691,532</u>	<u>14,485,145</u>
Total governmental activities net program (expense) revenue	<u>(23,246,110)</u>	<u>(28,647,968)</u>	<u>(28,147,418)</u>	<u>(31,037,038)</u>
General revenues and other changes in net position				
Taxes				
Property taxes	16,774,618	17,808,933	19,199,929	19,632,861
Sales taxes	7,371,870	7,813,529	6,620,902	7,523,254
Other taxes	228,363	210,783	223,178	215,614
Grants and contributions not restricted to specific programs	328,962	365,459	200,591	53,401
Unrestricted investment earnings	1,215,536	507,091	166,674	101,623
Gain (loss) on disposition of capital assets	-	-	-	-
Miscellaneous	410,217	379,770	606,628	416,368
Transfers	(648,126)	(472,859)	(409,614)	(439,953)
Special item - interlocal commitment	-	-	-	-
Total general revenues and other changes in net position	<u>25,681,440</u>	<u>26,612,706</u>	<u>26,608,288</u>	<u>27,503,168</u>
Total governmental activities change in net position	<u>\$ 2,435,330</u>	<u>\$ (2,035,262)</u>	<u>\$ (1,539,130)</u>	<u>\$ (3,533,870)</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 15,620,851	\$ 17,725,415	\$ 17,741,218	\$ 19,041,903	\$ 18,521,250	\$ 20,353,896
15,289,156	16,249,363	19,116,258	19,021,706	18,684,796	20,708,786
4,435,115	4,196,422	4,368,635	6,098,697	5,444,923	5,866,714
257,880	301,527	295,945	332,869	306,605	353,798
3,650,720	3,747,650	3,377,214	3,551,753	3,527,448	3,941,509
504,255	352,616	446,849	785,052	433,173	493,290
<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>	<u>51,717,993</u>
4,639,764	5,709,483	5,733,156	5,648,982	4,795,027	5,683,863
2,216,737	2,263,926	2,254,543	2,547,897	2,504,511	2,619,758
1,506,282	1,600,498	1,597,198	1,641,604	1,496,157	1,441,352
-	-	-	-	-	2,338
843,562	712,155	533,399	570,998	587,120	545,175
4,894,311	4,461,065	5,183,741	4,651,866	4,440,829	4,104,052
951,625	697,792	228,422	398,800	-	169,264
<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>	<u>14,565,802</u>
(24,705,696)	(27,128,074)	(29,815,660)	(33,371,833)	(33,094,551)	(37,152,191)
19,323,241	20,738,029	21,984,214	23,817,161	25,407,422	26,135,287
10,028,625	10,984,845	10,815,601	11,824,484	10,626,687	9,085,344
224,920	235,893	251,853	295,983	331,179	307,839
352,549	139,310	252,374	730,719	251,659	289,639
119,708	114,897	132,066	174,003	183,319	185,145
-	-	-	-	-	-
636,498	388,862	807,934	657,416	661,223	659,665
(11,113)	-	-	(255,786)	(296,254)	(671,653)
<u>(2,616,446)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>35,991,266</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>	\$ <u>(1,160,925)</u>

(continued)

COUNTY OF VICTORIA, TEXAS

CHANGES IN NET POSITION (1)

Last ten fiscal years

	Fiscal Year			
	2007	2008	2009	2010
Business-type activities				
Expenses				
Airport	\$ 2,874,801	\$ 3,678,423	\$ 2,950,244	\$ 3,503,128
Navarro Project	576,777	583,104	608,712	583,222
Commisary	104,128	117,250	92,737	95,089
Total expenses	<u>3,555,706</u>	<u>4,378,777</u>	<u>3,651,693</u>	<u>4,181,439</u>
Program revenues				
Charges for services				
Airport	1,685,134	2,604,426	1,860,584	2,324,719
Navarro Project	547,157	512,461	528,143	538,088
Commisary	90,917	94,666	98,235	88,605
Operating grants and contributions	7,494	27,152	6,522	-
Capital grants and contributions	1,080,710	865,997	825,097	185,325
Total program revenues	<u>3,411,412</u>	<u>4,104,702</u>	<u>3,318,581</u>	<u>3,136,737</u>
Total business-type activities net program (expense) revenue	(144,294)	(274,075)	(333,112)	(1,044,702)
General revenues and other changes in net position				
Unrestricted investment earnings	17,659	10,280	1,354	759
Miscellaneous	3,916	-	-	-
Transfers	648,126	472,859	409,614	439,953
Total general revenues and other changes in net position	<u>669,701</u>	<u>483,139</u>	<u>410,968</u>	<u>440,712</u>
Total business-type activities change in net position	<u>\$ 525,407</u>	<u>\$ 209,064</u>	<u>\$ 77,856</u>	<u>\$ (603,990)</u>
Total primary government change in net position	<u>\$ 2,960,737</u>	<u>\$ (1,826,198)</u>	<u>\$ (1,461,274)</u>	<u>\$ (4,137,860)</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.

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					
2011	2012	2013	2014	2015	2016
\$ 3,737,407	\$ 3,822,529	\$ 3,806,501	\$ 4,722,858	\$ 5,323,304	\$ 5,680,308
579,775	617,933	694,360	591,031	612,894	547,458
101,378	143,356	120,418	129,621	113,824	114,924
<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>	<u>6,342,690</u>
2,932,268	3,009,756	2,879,260	3,645,290	4,351,312	4,531,502
544,203	545,557	551,150	535,511	504,534	522,983
152,934	156,172	149,222	162,251	161,543	166,848
42,190	33,694	95,859	91,031	65,148	78,842
148,968	142,087	8,950	440,400	243,803	13,000
<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>	<u>5,313,175</u>
(597,997)	(696,552)	(936,838)	(569,027)	(723,682)	(1,029,515)
417	385	424	848	1,153	1,479
-	-	-	11,712	-	-
11,113	-	-	255,786	296,254	671,653
<u>11,530</u>	<u>385</u>	<u>424</u>	<u>268,346</u>	<u>297,407</u>	<u>673,132</u>
<u>\$ (586,467)</u>	<u>\$ (696,167)</u>	<u>\$ (936,414)</u>	<u>\$ (300,681)</u>	<u>\$ (426,275)</u>	<u>\$ (356,383)</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>	<u>\$ (1,517,308)</u>

(concluded)

COUNTY OF VICTORIA, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Nonspendable				
Advance to other funds	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved				
Advances	211,766	120,690	50,848	110,132
Adult Probation	15,767	17,149	8,675	10,959
Prepaid items	8,794	-	-	-
Unreserved	<u>12,267,877</u>	<u>8,230,983</u>	<u>3,965,140</u>	<u>5,375,150</u>
Total general fund	<u>\$ 12,504,204</u>	<u>\$ 8,368,822</u>	<u>\$ 4,024,663</u>	<u>\$ 5,496,241</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	2,992,795	2,671,741	2,686,483	2,320,819
Capital project funds	-	-	-	867,511
Debt service funds	<u>117,545</u>	<u>204,365</u>	<u>272,958</u>	<u>427,767</u>
Total all other governmental funds	<u>\$ 3,110,340</u>	<u>\$ 2,876,106</u>	<u>\$ 2,959,441</u>	<u>\$ 3,616,097</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					
2011	2012	2013	2014	2015	2016
\$ 544,545	\$ 626,131	\$ 1,326,036	\$ 1,572,545	\$ 1,641,361	\$ 1,984,347
8,663,446	11,665,011	13,182,983	16,507,992	18,954,639	18,449,982
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 20,434,329</u>
\$ 284,958	\$ -	\$ -	\$ 4,360,037	\$ 2,682,918	\$ 142,086
1,445,816	1,873,342	2,467,701	2,426,924	2,763,394	2,996,031
64,638	77,290	23,356	-	-	-
94,637	96,009	132,837	194,097	237,461	306,810
405,272	890,226	1,065,973	763,363	586,856	978,937
51,866	131,961	219,820	1,840	-	66,691
41,832	49,861	64,808	71,465	74,793	86,851
459,542	364,138	327,797	386,801	361,231	411,677
106,673	121,785	64,145	87,013	273,084	377,990
(494,655)	(2,363)	(5,054)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 5,367,073</u>

COUNTY OF VICTORIA, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$ 24,218,139	\$ 25,882,890	\$ 26,161,569	\$ 27,320,324
Fees of office and user fees	2,867,161	2,755,103	2,978,655	2,832,777
Intergovernmental	8,985,485	10,490,501	8,954,716	9,307,493
Fines and forfeitures	1,742,243	1,422,624	1,415,132	1,346,014
Investment income	1,213,768	507,091	166,674	101,623
Licenses and permits	33,967	38,501	53,966	45,907
Contributions	11,510	25,565	5,350	1,568
Miscellaneous	882,228	843,912	876,511	812,004
Total revenues	39,954,501	41,966,187	40,612,573	41,767,710
Expenditures				
Current				
General government	15,770,505	19,430,296	17,629,258	16,423,517
Public safety	11,406,589	14,020,458	15,306,966	19,620,535
Highways and streets	4,048,835	4,713,221	4,228,163	4,450,977
Culture and recreation	1,460,636	418,550	389,558	287,088
Public health	4,152,679	4,294,492	4,289,732	4,231,648
Capital outlay	94,590	734,192	175,844	754,460
Debt service				
Principal retirement	1,300,000	1,360,000	1,405,000	840,000
Interest and fiscal charges	337,967	293,390	244,250	149,083
Bond issue costs	-	-	-	226,361
Total expenditures	38,571,801	45,264,599	43,668,771	46,983,669
Excess (deficiency) of revenues over expenditures	1,382,700	(3,298,412)	(3,056,198)	(5,215,959)
Other financing sources (uses)				
Payment to escrow	-	-	-	(3,871,647)
Capital lease proceeds	446,095	105,324	282,872	-
Capital lease refinancing proceeds	-	-	-	-
Capital lease refinancing payments	-	-	-	-
Sales of assets	65,123	46,331	122,116	28,044
Transfers in	2,260,283	1,960,363	2,437,560	4,663,724
Transfers out	(2,908,409)	(3,183,222)	(4,047,174)	(6,069,165)
Debt issued	-	-	-	12,330,000
Bond proceeds	-	-	-	-
Premium on issuance of bonds	-	-	-	312,734
Discount on issuance of bonds	-	-	-	(49,497)
Total other financing sources (uses)	(136,908)	(1,071,204)	(1,204,626)	7,344,193
Change in fund balances	\$ 1,245,792	\$ (4,369,616)	\$ (4,260,824)	\$ 2,128,234
Debt service as a percentage of noncapital expenditures	4.46%	3.81%	3.88%	2.25%

(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					
2011	2012	2013	2014	2015	2016
\$ 29,991,355	\$ 31,798,763	\$ 33,045,330	\$ 35,908,161	\$ 36,250,684	\$ 35,508,536
2,790,150	2,920,101	3,131,284	3,401,611	3,263,987	3,349,455
10,179,382	9,591,479	10,316,613	9,875,293	8,983,997	8,797,632
1,532,844	2,013,009	1,689,188	1,391,031	1,156,377	1,643,780
117,724	112,268	131,320	173,458	181,688	183,980
53,464	43,709	63,155	40,431	58,412	39,533
301,344	93,459	203,984	684,669	119,484	110,442
1,043,917	1,137,283	941,132	951,545	930,084	908,467
<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>	<u>50,541,825</u>
15,685,961	17,145,686	18,394,052	18,669,404	18,434,960	19,251,396
15,657,442	16,258,277	18,357,375	18,310,906	18,719,272	19,491,221
4,764,971	4,164,237	4,590,343	6,168,092	5,296,511	5,659,988
216,113	247,849	295,557	297,340	263,792	315,601
3,597,910	3,690,149	3,349,696	3,494,559	3,615,808	3,883,793
2,296,901	342,427	228,422	2,948,623	1,302,382	1,440,333
1,115,000	1,275,000	1,300,000	827,385	1,018,228	1,054,925
524,982	369,700	343,950	564,164	624,304	547,250
		-	136,030	-	-
<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>	<u>51,644,507</u>
2,150,900	4,216,746	2,662,611	1,009,696	1,669,456	(1,102,682)
-	-	-	-	-	-
197,699	-	235,085	245,425	-	-
-	-	-	-	-	-
-	-	-	-	-	-
207,633	88,609	79,315	26,044	-	-
1,711,506	1,789,111	1,607,146	1,659,234	1,947,195	2,309,609
(1,711,506)	(1,789,111)	(1,607,146)	(2,074,753)	(2,412,992)	(2,981,262)
-	-	-	-	-	-
-	-	-	6,340,000	-	-
-	-	-	296,030	-	-
-	-	-	-	-	-
<u>405,332</u>	<u>88,609</u>	<u>314,400</u>	<u>6,491,980</u>	<u>(465,797)</u>	<u>(671,653)</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>(1,774,335)</u>
<u>4.13%</u>	<u>3.97%</u>	<u>3.74%</u>	<u>2.94%</u>	<u>3.51%</u>	<u>3.25%</u>

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

<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Sales</u>	<u>Total</u>
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
2016	26,174,207	248,985	9,085,344	35,508,536
Change 2007-2016	57.00%	42.51%	23.24%	46.62%

(1) Modified accrual basis of accounting.

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

COUNTY OF VICTORIA, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten fiscal years

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
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
2016	2015	3,600,729,580	1,927,390,407	1,272,680,618	2,245,895,665	100,076,960

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

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

SOURCE: Victoria County Tax Assessor/Collector

<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 1,261,388,725	\$ 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%
2,136,201,137	7,010,572,093	0.3299	7,010,572,093	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
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
2016	2015	3,600,729,580	1,927,390,407	1,272,680,618	2,245,895,665	100,076,960

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

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

SOURCE: Victoria County Tax Assessor/Collector

<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 1,379,896,539	\$ 4,131,764,905	\$ 0.0500	\$ 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%
2,190,939,913	6,955,833,317	0.0600	6,955,833,317	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.
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
2016	0.0206	0.3093	0.0660	0.3959	0.5711	0.0240	0.1925	1.2663	1.4002

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
\$ 1.3600	\$ 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
1.2833	1.1000	1.2900	0.6462	1.1400	0.1116	0.0290	0.00878	0.1822	9.2452

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

2016		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista S A R L	\$ 158,410,440	2.59%
South Texas Electric Coop Inc	88,687,710	1.45%
Pioneer Natural Resources	66,957,790	1.10%
AEP Texas Central Co	58,292,550	0.95%
E I Dupont De Nemours	45,062,250	0.74%
Union Pacific Railroad Co	43,021,540	0.70%
Invista S A R L	42,597,730	0.70%
Victoria WLE LP	40,604,260	0.66%
Equistar Chemicals LP	30,693,370	0.50%
KM Crude & Condensate LLC	26,408,410	0.43%
	<u>\$ 600,736,050</u>	<u>9.82%</u>

2007		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista	\$ 335,325,620	7.89%
Invista S A R L	83,970,400	1.98%
Equistar Chemicals LP	46,527,780	1.09%
AEP Texas Central Co	40,556,890	0.95%
E I Dupont De Nemours	39,219,120	0.92%
Southwestern Bell Telephone Company	28,446,850	0.67%
Union Gas Operating Co.	26,321,770	0.62%
Air Liquide America Corp.	24,404,270	0.57%
South Texas Electric Coop Inc	23,658,780	0.56%
Schlumberger Well Services Inc	21,601,620	0.51%
	<u>\$ 670,033,100</u>	<u>15.76%</u>

SOURCE: Victoria County Tax Assessor/Collector

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>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
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%
2016	22,206,174	(10,010)	22,196,164	21,658,022	97.58%

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

SOURCE: Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 266,546	\$ 14,466,437	99.77%
283,682	15,496,753	99.73%
359,572	16,799,698	99.76%
355,190	16,929,924	99.71%
264,647	16,935,389	99.72%
221,120	17,785,193	99.70%
241,381	19,022,550	98.93%
227,099	20,272,052	98.90%
175,108	21,559,928	98.61%
113,414	21,771,436	98.09%

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>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
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%
2016	4,262,192	(3,378)	4,258,814	4,157,006	97.61%

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

SOURCE: Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 39,489	\$ 2,232,482	99.78%
42,673	2,391,560	99.73%
51,340	2,601,136	99.77%
53,765	2,625,015	99.72%
39,820	2,628,290	99.73%
33,259	2,766,264	99.72%
36,875	2,967,058	98.93%
37,978	3,481,673	98.91%
29,473	3,713,234	98.63%
21,402	4,178,408	98.11%

COUNTY OF VICTORIA, TEXAS

SALES TAX REVENUE

Last ten fiscal years

<u>Fiscal Year</u>	<u>Collections</u>
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
2016	8,515,577

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

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

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

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		<u>Total</u>
	<u>County</u>	<u>City of Victoria</u>	<u>State of Texas</u>	
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%
2016	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
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
2016	12,985,000	-	(32,689)	383,640	197,015	2,105,908

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

N/A denotes information not available

<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>
	\$ 1,085,000	\$ (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	0.39%	181.98
	-	-	-	15,638,874	N/A	169.13

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2016	12,985,000	411,677	12,573,323	0.14%	135.98

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

December 31, 2016

	Net Debt Outstanding		Percentage Applicable To County	Amount Applicable To County
	Date	Amount		
Direct Debt:				
County of Victoria	12/31/2016	\$ 15,227,197	100.00%	\$ 15,227,197
Overlapping Debt:				
City of Victoria	9/30/2016	93,287,204	100.00%	93,287,204
Victoria County Navigation District	12/31/2016	24,215,490	100.00%	24,215,490
Victoria Junior College District	8/31/2016	31,457,306	100.00%	31,457,306
Victoria Independent School District	8/31/2016	142,713,553	100.00%	142,713,553
Industrial Independent School District	8/31/2016	-	25.46%	-
Victoria County Water Control and Improvement District #1	6/30/2016	2,650,000	100.00%	2,650,000
Victoria County Water Control and Improvement District #2	9/30/2016	<u>404,415</u>	100.00%	<u>404,415</u>
Total Overlapping Debt		<u>294,727,968</u>		<u>294,727,968</u>
Total		<u>\$ 309,955,165</u>		<u>\$ 309,955,165</u>

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

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

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 1,377,915,361	\$ 1,475,880,398	\$ 1,577,620,248	\$ 1,598,603,642
Total net debt applicable to limit	<u>7,647,455</u>	<u>6,200,635</u>	<u>4,727,042</u>	<u>12,297,233</u>
Legal debt margin	<u>\$ 1,370,267,906</u>	<u>\$ 1,469,679,763</u>	<u>\$ 1,572,893,206</u>	<u>\$ 1,586,306,409</u>
Total net debt applicable to the limit as a percentage of debt limit	0.56%	0.42%	0.30%	0.77%

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,656,361,755	\$ 1,688,519,006	\$ 1,835,144,041	\$ 2,021,818,632	\$ 2,167,543,505	\$ 2,286,693,308
<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>12,573,323</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>	<u>\$ 2,274,119,985</u>
0.67%	0.59%	0.47%	0.70%	0.62%	0.55%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 9,146,773,230
Debt limit	2,286,693,308
Debt applicable to limit	
General obligation bonds	12,985,000
Less: Debt Service Fund Balance	<u>411,677</u>
Total amount of debt applicable to debt limit	<u>12,573,323</u>
Legal debt margin	<u>\$ 2,274,119,985</u>

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

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (000's)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) Unemployment Rate</u>
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	4,351,303	47,101	4.2%
2016	92,467	N/A	N/A	5.0%

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 2016 is not yet available.
- (3) Texas Workforce Commission & Economic Research

COUNTY OF VICTORIA, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016	
	Employees	Percentage of Total Area Employment
Formosa Plastics	2,935	6.56%
The Inteplast Group	2,343	5.24%
Victoria Independent School District	2,209	4.94%
DOW-Seadrift Operations	1,200	2.68%
Citizens Medical Center	1,067	2.38%
DeTar Healthcare System	871	1.95%
Regency Post Acute Healthcare System	650	1.45%
City of Victoria	621	1.39%
Invista	600	1.34%
Caterpillar- NAHEX Victoria	575	1.29%
	<u>13,071</u>	<u>29.22%</u>

Employer	2007	
	Employees	Percentage of Total Area Employment
Victoria Independent School District	2,114	4.85%
The Inteplast Group	1,700	3.90%
Formosa Plastics	1,500	3.44%
Citizens Medical Center	1,400	3.21%
DeTar Healthcare System	1,000	2.29%
Dow-Seadrift Operations	660	1.51%
Alcoa	630	1.44%
Victoria County	616	1.41%
Calhoun Independent School District	613	1.41%
Invista	610	1.40%
	<u>10,843</u>	<u>24.86%</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			
	2007	2008	2009	2010
General government				
County Judge	3	3	3	3
Comissioners' court	1	2	1	1
Records management	1	1	2	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	11	11	11
District clerk	15	14	16	16
Justice of the peace #1	2	2	3	3
Justice of the peace #2	2	2	3	3
Justice of the peace #3	5	5	5	5
Justice of the peace #4	3	3	3	3
Criminal district attorney	22	22	23	23
Election administrator	3	3	3	3
County auditor	8	8	8	8
County treasurer	5	5	5	5
Tax assessor-collector	15	15	16	16
Administrative services	4	4	4	4
Information technology	7	7	7	7
Building maintenance	8	8	11	11
Juvenile detention facility	68	68	68	68
Public safety				
Fire marshal	2	2	6	6
Sheriff	182	184	194	198
Constable #1	1	1	1	1
Constable #2	1	1	1	1
Constable #3	1	1	1	1
Constable #4	1	1	1	1
Culture and recreation				
Parks and recreation	2	2	2	1
Extension service	7	7	7	7
Public health(includes flood/emg mgmt & health dept)	69	68	69	69
Highways and streets	42	42	43	43
Airport	19	19	15	15
Commissary	2	2	2	2
Navarro Project	3	3	3	3
Total	<u>536</u>	<u>538</u>	<u>559</u>	<u>562</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
3	3	3	3	1	1
1	1	1	1	3	3
1	2	2	2	2	2
16	16	15	15	15	14
-	-	1	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	4
2	2	2	2	2	0
11	11	11	11	11	11
14	14	14	14	14	14
3	3	3	4	4	4
3	3	3	3	3	3
4	4	4	4	4	4
3	3	3	3	3	3
24	25	28	28	28	28
3	3	3	3	3	3
8	8	8	8	8	8
5	5	5	4	5	5
16	16	16	15	16	16
4	4	4	4	4	4
7	7	7	8	9	9
11	10	10	10	10	9
68	66	67	62	57	57
6	7	7	7	9	9
198	198	193	200	202	202
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
7	6	5	5	5	5
60	57	55	60	51	49
43	43	43	43	44	44
14	14	15	15	17	17
2	2	1	1	1	1
3	3	3	3	3	3
<u>549</u>	<u>545</u>	<u>541</u>	<u>549</u>	<u>545</u>	<u>541</u>

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General government				
County Court				
Criminal cases filed	2,556	2,092	2,089	2,017
Criminal case dispositions	3,301	2,338	2,214	2,333
Civil cases filed	578	521	520	455
Civil case dispositions	656	507	688	581
Juvenile cases filed	146	126	144	102
Juvenile case dispositions	176	105	113	101
District Court				
Criminal cases filed	848	838	788	822
Criminal case dispositions	916	859	1,001	899
Civil cases filed	3,053	3,022	2,558	2,600
Civil case dispositions	3,006	3,186	2,321	1,726
Justice of the Peace				
Civil cases filed	788	1,217	941	1,080
Criminal cases filed	15,043	11,547	13,169	10,510
Elections Administrator				
New registrations	2,221	4,253	1,542	2,273
Elections held	2	5	2	4
County Auditor				
Accounts payable invoices processed	19,746	18,749	18,607	18,291
County Treasurer				
Payroll checks processed	17,003	18,069	17,630	18,030
Tax Assessor-collector				
Automobile registrations	88,853	86,190	85,729	86,812
Public Safety				
Sheriff				
Emergency 911 calls received	4,667	4,780	4,917	N/A
Fire marshal				
Fires	143	391	247	72
Culture and recreation				
Parks and recreation				
Cabana rentals	25	22	31	19
Public health				
Health Department				
Immunizations administered	13,661	13,967	13,499	12,625
Adult/child health screening visits	2,571	1,203	1,135	891
Dental clinic visits	2,484	2,811	2,597	3,151
Enviromental inspections/permits	2,796	2,895	3,318	2,378
Mosquito control trips	293	62	76	271
Animal control calls	11,824	9,292	9,675	8,085
Water laboratory tests	-	-	-	-
Highways and streets				
Road and bridge precincts				
Miles of roads overlayed	15	20	21	15

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						
2011	2012	2013	2014	2015	2016	
1,972	2,162	2,267	1,984	1,472	1,730	
1,974	2,038	2,220	1,970	1,970	1,721	
491	412	449	393	469	419	
498	416	382	403	468	587	
109	86	67	72	66	112	
120	107	79	96	90	112	
954	1,075	859	1,046	933	972	
896	1,059	896	1,020	969	892	
3,836	2,851	3,103	3,411	2,770	3,012	
3,583	3,211	3,035	2,969	2,918	2,849	
1,131	1,256	1,293	1,223	1,322	1,577	
8,704	8,384	8,074	11,350	8,247	6,788	
1,784	8,340	2,554	3,486	2,026	5,774	
2	4	3	5	2	6	
17,707	17,932	17,444	18,835	22,529	24,700	
16,777	17,584	16,737	17,392	17,478	17,665	
89,937	94,698	97,353	100,034	97,932	92,717	
6,531	6,153	3,019	4,286	5,268	5,105	
38	13	12	215	179	180	
27	19	27	31	12	24	
8,424	7,853	7,461	5,841	3,296	4,352	
875	1,214	1,089	1,554	1,582	1,076	
2,041	1,179	-	-	-	-	
3,530	4,908	3,342	3,299	3,683	4,011	
3	5	24	39	73	55	
8,030	8,263	7,952	7,554	7,976	7,000	
-	-	4,780	7,478	9,682	4,236	
19	20	15	36	35	39	

COUNTY OF VICTORIA, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General government				
Buildings	9	9	8	8
Parking lots	3	3	3	3
Public safety				
Sheriff				
Jail	1	1	1	1
Patrol units	58	61	68	74
Fire Marshal				
Stations	1	1	1	1
Fire trucks	5	4	4	7
Highways and streets				
Roads (miles)	595.49	595.49	599.18	600.26
Bridges	90	90	90	90
Landfills	2	2	3	3
Culture and recreation				
Lake (acreage)	95	95	95	95
Boat ramps	2	2	2	2
Extension Office	1	1	1	1
4 H Activity Center	1	1	1	1
Public Health				
Animal Shelter	1	1	1	1
Airport				
T-Hanger	6	6	6	6
Terminal	1	1	1	1
Navarro Lease Project				
Building	1	1	1	1

SOURCES: Various County Departments

Texas Department of Transportation

Fiscal Year					
2011	2012	2013	2014	2015	2016
8 3	8 3	9 3	9 3	10 3	11 3
1 76	1 89	1 95	1 96	1 98	1 110
1 7	1 7	1 7	1 7	1 7	1 7
600.26 90 3	600.26 90 3	604.62 90 3	604.62 90 3	592.96 90 3	590.21 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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Victoria, Texas (the "County") as of and for the year ended December 31, 2016, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 28, 2017. 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 28, 2017



**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, 2016. 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, 2016.

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 28, 2017

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

For the year ended December 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Other Award Number</u>
FEDERAL EXPENDITURES		
U. S. Department of Transportation		
Payments for Essential Air Services	20.901	2014-9-8
Payments for Essential Air Services	20.901	2016-9-8
Total U.S. Department of Transportation		
U. S. Department of Homeland Security		
<i>Passed Through the Transportation Security Administration</i>		
Airport Law Enforcement Personnel Program	97.090	HSTS0213HSLR723
Airport Law Enforcement Personnel Program	97.090	HSTS0216HSLR930
Total Transportation Security Administration		
<i>Passed Through the Governor's Division of Emergency Management</i>		
Homeland Security Grant Program	97.067	EMW-2014-SS-00029
Homeland Security Grant Program	97.067	EMW-2015-SS-00080
Hazard Mitigation Grant	97.039	FEMA-4223-DR-TX
Emergency Management Performance Grant	97.042	16TX-EMPG-0605
Total Governor's Division of Emergency Management		
Total U.S. Department of Homeland Security		
U. S. Department of Justice		
State Criminal Alien Assistance Program (SCAAP)	16.606	2016-AP-BX-0234
Bulletproof Vest Partnership Program	16.607	N/A
<i>Passed Through the Office of Governor of Texas, Criminal Justice Division</i>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015DJBX0425
Crime Victim Assistance	16.575	1662212
Crime Victim Assistance	16.575	1772581
Crime Victim Assistance	16.575	1662246
Crime Victim Assistance	16.575	1772599
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			
\$ -	\$ 1,994,802	\$ 1,994,802	\$ -		
-	427,600	427,600	-		
-	2,422,402	2,422,402	-		
5,810	-	5,810	-		
19,075	-	19,075	-		
24,885	-	24,885	-		
128,086	-	128,086	22,996		
204,433	-	204,433	-		
332,519	-	332,519	22,996		
7,893	-	7,893	-		
44,118	-	44,118	-		
384,530	-	384,530	22,996		
409,415	-	409,415	22,996		
-	12,055	12,055	-		
-	12,350	12,350	-		
-	24,405	24,405	-		
15,185	-	15,185	-		
19,288	-	19,288	-		
23,730	-	23,730	-		
21,593	-	21,593	-		
21,214	-	21,214	-		
85,825	-	85,825	-		
101,010	-	101,010	-		
101,010	24,405	125,415	-		

(continued)

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

For the year ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES - (Continued)		
U. S. Department of Agriculture		
<i>Passed Through Texas Department of State Health Services</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2016-048790
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2017-049804-001
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 Child Nutrition Cluster		
Child Nutrition Discretionary Grants Limited Availability	10.579	6TX300355
Total Texas Department of Agriculture		
Total U.S. Department of Agriculture		
U. S. Department of Health and Human Services		
<i>Passed Through Texas Department of State Health Services</i>		
Public Health Emergency Preparedness	93.069	2016-001086-01
Public Health Emergency Preparedness	93.069	2016-001086
Public Health Emergency Preparedness	93.069	2015-003634-00
Public Health Emergency Preparedness	93.069	2016-004055-00
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2016-004092-00
Immunization Cooperative Agreements	93.268	2016-001048-00
Immunization Cooperative Agreements	93.268	2016-001048-01
Preventive Health and Health Services Block Grant	93.991	2016-03860-00
Preventive Health and Health Services Block Grant	93.991	2016-03860-01
Total Texas Department of State Health Services		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 579,460	\$ -	\$ 579,460	\$ -		
<u>182,075</u>	-	<u>182,075</u>	-		
<u>761,535</u>	-	<u>761,535</u>	-		
13,198	-	13,198	-	Child Nutrition Cluster	
17,711	-	17,711	-	Child Nutrition Cluster	
<u>30,909</u>	-	<u>30,909</u>	-		
26,112	-	26,112	-	Child Nutrition Cluster	
35,061	-	35,061	-	Child Nutrition Cluster	
500	-	500	-	Child Nutrition Cluster	4
<u>2,602</u>	-	<u>2,602</u>	-	Child Nutrition Cluster	4
<u>64,275</u>	-	<u>64,275</u>	-		
<u>95,184</u>	-	<u>95,184</u>	-		
<u>6,828</u>	-	<u>6,828</u>	-		
<u>102,012</u>	-	<u>102,012</u>	-		
<u>863,547</u>	-	<u>863,547</u>	-		
61,676	-	61,676	-		
47,107	-	47,107	-		
2,157	-	2,157	-		
<u>30,210</u>	-	<u>30,210</u>	-		
<u>141,150</u>	-	<u>141,150</u>	-		
<u>21,100</u>	-	<u>21,100</u>	-		
112,851	-	112,851	-		
<u>60,167</u>	-	<u>60,167</u>	-		
<u>173,018</u>	-	<u>173,018</u>	-		
26,548	-	26,548	26,548		
13,371	-	13,371	13,371		
<u>39,919</u>	-	<u>39,919</u>	<u>39,919</u>		
<u>375,187</u>	-	<u>375,187</u>	<u>39,919</u>		

(continued)

COUNTY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES - (Continued)		
U. S. Department of Health and Human Services - (Continued)		
<i>Passed Through Brazos Valley Council of Governments</i>		
HIV Care Formula Grants	93.917	5602-565-01
HIV Care Formula Grants	93.917	5605-565-01
HIV Care Formula Grants	93.917	5605-565-01-S
HIV Care Formula Grants	93.917	5605-565-01-S2
Total Brazos Valley Council of Governments		
 <i>Passed Through Texas Department of Family and Protective Services</i>		
Foster Care_Title IV-E	93.658	23940843
Foster Care_Title IV-E	93.658	23940843
Total Texas Department of Family and Protective Services		
Total U.S. Department of Health and Human Services		
 U. S. Department of Housing and Urban Development		
<i>Passed Through Brazos Valley Council of Governments</i>		
Housing Opportunities for Persons with Aids	14.241	5601-565-01
Housing Opportunities for Persons with Aids	14.241	5604-565-01
Total Brazos Valley Council of Governments		
Total U.S. Department of Housing and Urban Development		
 Executive Office of the President		
<i>Passed Through Office of National Drug Control Policy</i>		
High Intensity Drug Trafficking Areas Program	95.001	G15HN0020A
High Intensity Drug Trafficking Areas Program	95.001	G16HN0020A
Total Executive Office of the President		
 TOTAL FEDERAL EXPENDITURES		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 44,693	\$ -	\$ 44,693	\$ -		
199,576	-	199,576	-		
22,237	-	22,237	-		
11,343	-	11,343	-		
<u>277,849</u>	<u>-</u>	<u>277,849</u>	<u>-</u>		
15,183	-	15,183	-		
6,995	-	6,995	-		
<u>22,178</u>	<u>-</u>	<u>22,178</u>	<u>-</u>		
<u>675,214</u>	<u>-</u>	<u>675,214</u>	<u>39,919</u>		
6,594	-	6,594	-		
86,407	-	86,407	-		
93,001	-	93,001	-		
93,001	-	93,001	-		
67,621	-	67,621	-		
22,050	-	22,050	-		
89,671	-	89,671	-		
<u>2,231,858</u>	<u>2,446,807</u>	<u>4,678,665</u>	<u>62,915</u>		

(continued)

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

For the year ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
STATE EXPENDITURES		
Texas Department of State Health Services		
HP/PPH Potentially Preventable Hospitalizations	N/A	2016-003788-00
IDCU/SUREB	N/A	2016-003825-00
RLSS/LPHS	N/A	2016-001083-00
TB/PC-STATE Tuberculosis Prevention and Control	N/A	2016-003791-00
TB/PC-STATE Tuberculosis Prevention and Control	N/A	2016-003791-02
ZOONOSIS Control	N/A	2016-003850-00
ZOONOSIS Control	N/A	2016-003850-01
Influenza Virologic Surveillance Right Size	N/A	2017-049588-001
 <i>Passed Through Brazos Valley Council of Governments</i>		
HIV Health and Social Services (State Services)	N/A	5603-SS-565-01
HIV Health and Social Services (State Services)	N/A	5606-565-01-R
HIV Health and Social Services (State Services)	N/A	5606-565-01
Total Brazos Valley Council of Governments		
Total Texas Department of State Health Services		
 Texas Juvenile Justice Department		
State Aid	N/A	TJPC-A-2016-235
State Aid	N/A	TJPC-A-2017-235
Total Texas Juvenile Justice Department		
 Office of the Attorney General of Texas		
Texas Vine Grant	N/A	1772151
 Texas Department of Transportation		
Routine Airport Maintenance Program	N/A	M1613VICT
Routine Airport Maintenance Program	N/A	M1713VICT
Total Texas Department of Transportation		
 Texas Veterans Commission		
Veterans Mental Health Grant	N/A	VMH_16_0379
 Texas Task Force on Indigent Defense		
Indigent Defense	N/A	N/A
 Texas A&M Forest Service		
Rural Volunteer Fire Department Assistance Program	N/A	N/A

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

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

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
-	86,158	86,158	86,158		3
-	85,200	85,200	-		
-	138,563	138,563	-		
-	17,276	17,276	-		
-	7,803	7,803	-		
-	7,485	7,485	-		
-	4,070	4,070	-		
-	124	124	-		
-	<u>346,679</u>	<u>346,679</u>	<u>86,158</u>		
48,389	-	48,389	-		
13,105	-	13,105	-		
11,099	-	11,099	-		
<u>72,593</u>	-	<u>72,593</u>	-		
<u>72,593</u>	<u>346,679</u>	<u>419,272</u>	<u>86,158</u>		
-	514,391	514,391	-		
-	358,325	358,325	-		
-	<u>872,716</u>	<u>872,716</u>	-		
-	<u>16,500</u>	<u>16,500</u>	-		
-	46,324	46,324	-		
-	7,633	7,633	-		
-	<u>53,957</u>	<u>53,957</u>	-		
-	<u>25,583</u>	<u>25,583</u>	-		
-	<u>78,481</u>	<u>78,481</u>	-		
-	<u>17,894</u>	<u>17,894</u>	-		
<u>72,593</u>	<u>1,411,810</u>	<u>1,484,403</u>	<u>86,158</u>		
<u>\$ 2,304,451</u>	<u>\$ 3,858,617</u>	<u>\$ 6,163,068</u>	<u>\$ 149,073</u>		

(concluded)

COUNTY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2016

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 \$5,337 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, 2016

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	Payments for Essential Air Services
N/A	Texas Juvenile Justice Department-2016-235 and 2017-235

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, 2016

None were reported.