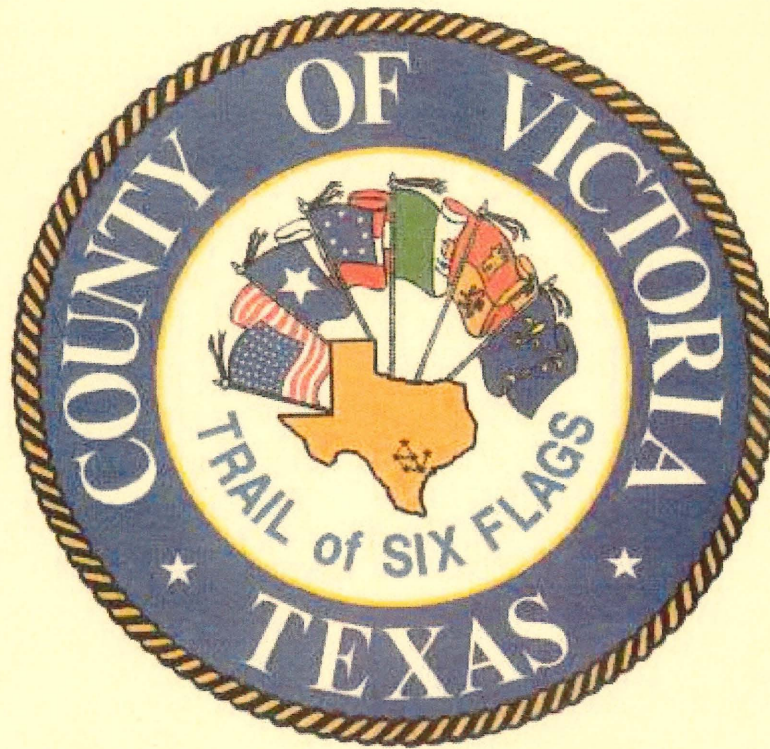


COUNTY OF VICTORIA, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

COUNTY OF VICTORIA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2017

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

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INTRODUCTORY SECTION



SUSAN GABRYSCH
COUNTY AUDITOR
VICTORIA COUNTY, TEXAS

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Victoria, Texas 77901
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Tel: (361)575-8451
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June 28, 2018

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, 2017. 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 92,084.

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

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

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

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

Various potential component units were evaluated to determine whether they should be included in the County's reporting entity because of the significance of their operational and financial relationship with the County. Based upon standards established by the Governmental Accounting Standards Board (see Note 1 to the financial statements), two component units 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 \$6.6 million in ad valorem taxes collected in October, November, and December of 2017, and are instead reported as unavailable revenues.

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

courtrooms for the increasing caseload of jury trials and making the County Airport more cost efficient. The County prepared a master plan for the airport property that identified improvements that need to be made to develop the landside of the property, including demolishing several aging buildings. The County is also rehabilitating and widening several roads in Precinct #1 to improve traffic flow for the Port of Victoria, with some grant assistance.

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

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

The County is also exposed to risk of loss in the area of employee health coverage. In this area, the County bears all risk of loss up to \$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.

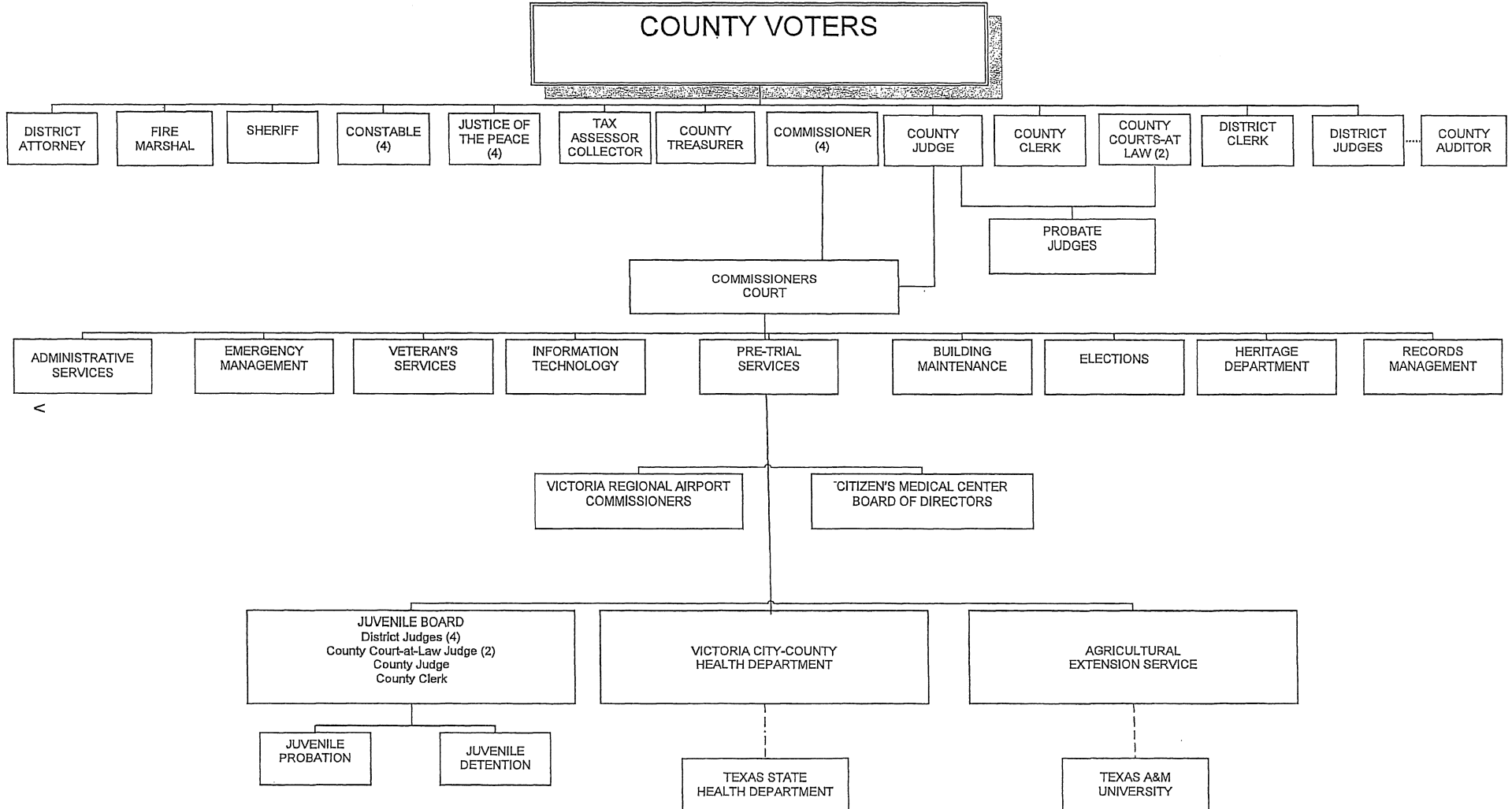
Pension Benefits - The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). Specific plan provisions are adopted by the County within the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

VICTORIA COUNTY ORGANIZATION



COUNTY OF VICTORIA, TEXAS
DIRECTORY OF PRINCIPAL OFFICIALS
 December 31, 2017

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

NAME	POSITION
Susan Gabrysch	County Auditor
Richard Castillo	County Fire Marshal

FINANCIAL SECTION



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

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DENNIS C. CIHAL, CPA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Victoria, Texas (the "County") as of and for the year ended December 31, 2017, 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 76 percent, 84 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, 2017, 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, 2017, 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, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

June 28, 2018

COUNTY OF VICTORIA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 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, 2017. 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

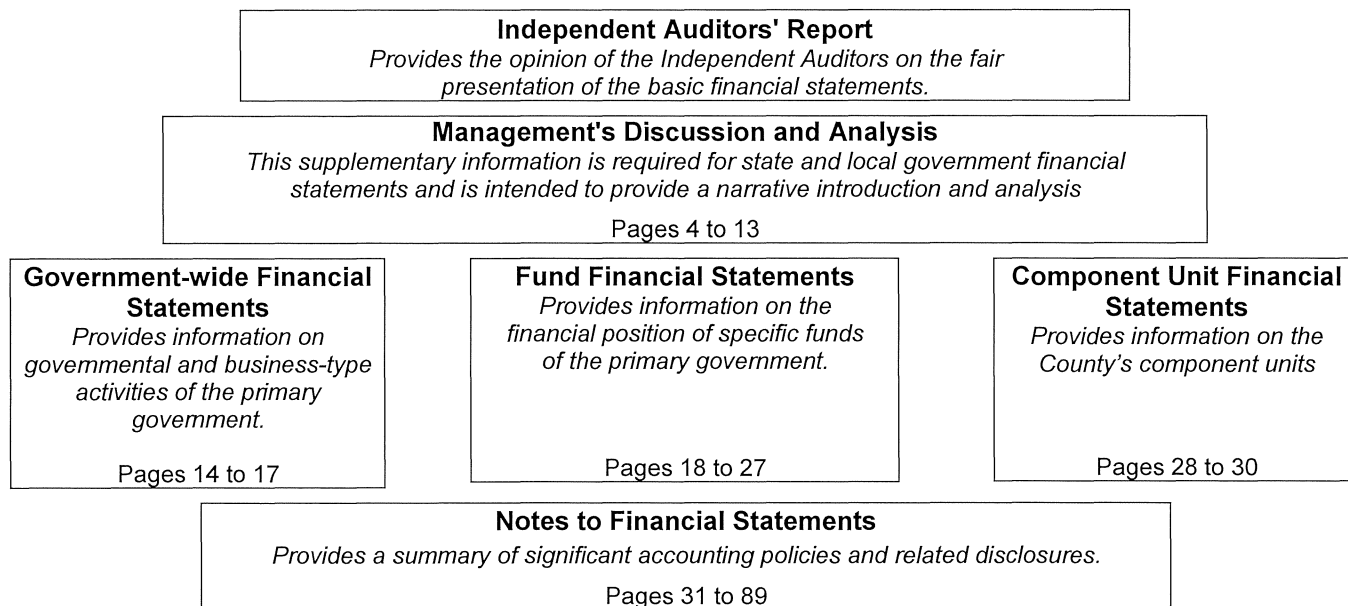
- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2017, by \$41,407,291. Of this amount \$16,517,552 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2017, the County's governmental funds reported combined ending fund balances of \$21,080,142. The amount available for governmental discretion (unassigned fund balance) is \$15,715,570.
- At December 31, 2017, the fund balance for the General Fund was \$17,318,465, a \$3,115,864 decrease over last year. The unassigned portion of fund balance was \$17,318,465 or 100% of total General Fund balance or 48% of total General Fund expenditures for 2017.
- The County's general obligation debt netted a decrease of \$820,000. The County issued \$4,920,000 in Limited Tax Refunding Bonds during 2017 which refunded \$5,095,000 of the 2010 Certificates of Obligation and made principal payments of \$645,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Organization and Flow of Financial Section Information



OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

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

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

The *statement of activities* presents information showing how the government's net position changed during 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Hurricane Harvey Fund, which are considered major funds. 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 123-130 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 132-137 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 31-89 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 90-94 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 95-141 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$41,407,291 at the close of the year ended December 31, 2017.

County of Victoria, Texas

NET POSITION (Statutory Basis)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 59,071,929	\$ 58,749,243	\$ 1,100,892	\$ (1,028,169)	\$ 60,172,821	\$ 57,721,074
Capital assets (net)	29,541,067	30,200,696	7,118,679	7,942,228	36,659,746	38,142,924
Total assets	88,612,996	88,949,939	8,219,571	6,914,059	96,832,567	95,863,998
Deferred outflow of resources	12,101,820	13,868,400	-	-	12,101,820	13,868,400
Current and other liabilities	5,651,300	4,375,465	542,956	611,512	6,194,256	4,986,977
Noncurrent liabilities	34,947,434	35,638,271	8,883	8,031	34,956,317	35,646,302
Total liabilities	40,598,734	40,013,736	551,839	619,543	41,150,573	40,633,279
Deferred inflow of resources	26,376,523	26,081,887	-	-	26,376,523	26,081,887
Net position						
Net investment in						
capital assets	15,075,452	16,809,816	7,118,679	7,942,228	22,194,131	24,752,044
Restricted	2,695,608	2,283,067	-	-	2,695,608	2,283,067
Unrestricted	15,968,499	17,629,833	549,053	(1,647,712)	16,517,552	15,982,121
Total net position	\$ 33,739,559	\$ 36,722,716	\$ 7,667,732	\$ 6,294,516	\$ 41,407,291	\$ 43,017,232

The largest portion of the County's net position (54%) 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 \$2,695,608, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$16,517,552) 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)**

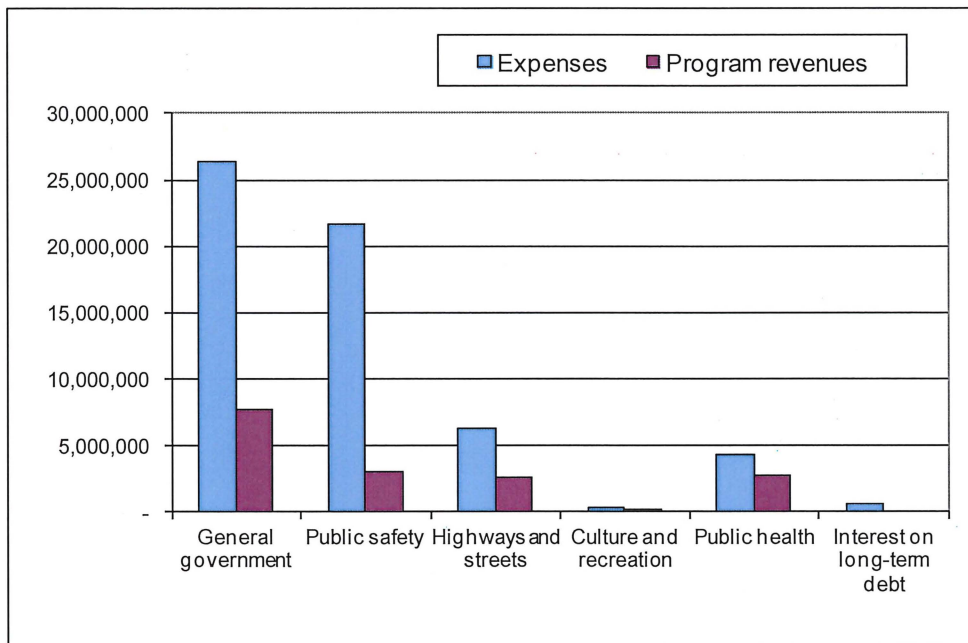
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues:						
Charges for services	\$ 10,435,794	\$ 10,292,486	\$ 5,577,735	\$ 5,221,333	\$ 16,013,529	\$ 15,513,819
Operating grants & contributions	4,626,724	4,104,052	64,804	78,842	4,691,528	4,182,894
Capital grants & contributions	1,214,971	169,264	-	13,000	1,214,971	182,264
General revenues:						
Property taxes	25,826,188	26,135,287	-	-	25,826,188	26,135,287
Other taxes	9,557,243	9,393,183	-	-	9,557,243	9,393,183
Other	3,704,692	1,134,449	3,388	1,479	3,708,080	1,135,928
Total revenues	55,365,612	51,228,721	5,645,927	5,314,654	61,011,539	56,543,375
EXPENSES						
General governmental	26,304,990	20,353,896	-	-	26,304,990	20,353,896
Public safety	21,626,868	20,708,786	-	-	21,626,868	20,708,786
Highways and streets	6,298,408	5,866,714	-	-	6,298,408	5,866,714
Culture and recreation	395,762	353,798	-	-	395,762	353,798
Public health	4,299,622	3,941,509	-	-	4,299,622	3,941,509
Interest on long-term debt	615,616	493,290	-	-	615,616	493,290
Airport	-	-	5,640,986	5,680,308	5,640,986	5,680,308
Navarro project	-	-	550,407	547,458	550,407	547,458
Commissary	-	-	153,074	114,924	153,074	114,924
Total expenses	59,541,266	51,717,993	6,344,467	6,342,690	65,885,733	58,060,683
Change in net position before transfers and extraordinary item	(4,175,654)	(489,272)	(698,540)	(1,028,036)	(4,874,194)	(1,517,308)
Transfers	(2,071,756)	(671,653)	2,071,756	671,653	-	-
Extraordinary item	3,264,253	-	-	-	3,264,253	-
Change in net position	(2,983,157)	(1,160,925)	1,373,216	(356,383)	(1,609,941)	(1,517,308)
Net position - January 1, 2017	36,722,716	37,883,641	6,294,516	6,650,899	43,017,232	44,534,540
Net position - December 31, 2017	\$ 33,739,559	\$ 36,722,716	\$ 7,667,732	\$ 6,294,516	\$ 41,407,291	\$ 43,017,232

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

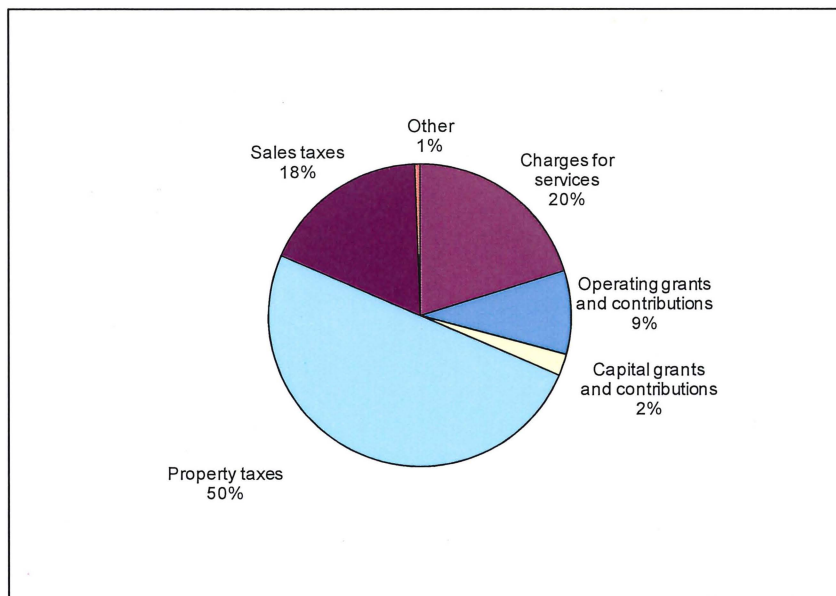
Governmental activities. Governmental activities decreased the County’s net position by \$2,983,157, thereby accounting for the majority of the total decrease in the net position of the County. Key elements of this decrease are as follows:

- Property tax revenues decreased \$309,099 and sales tax revenue increased \$189,810 from the prior year.
- Total expenses increased \$7,823,273 or 15% from the prior year.
- Transfers to business-type activities increased \$1,400,103 or 208% from the prior year.

Expenses and Program Revenues - Governmental Activities



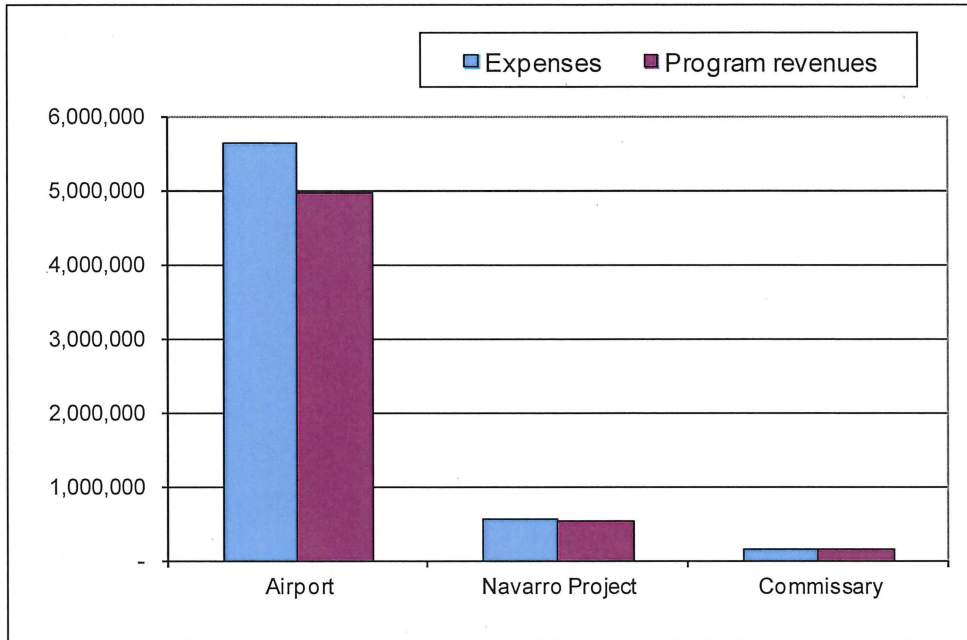
Revenues by Source - Governmental Activities



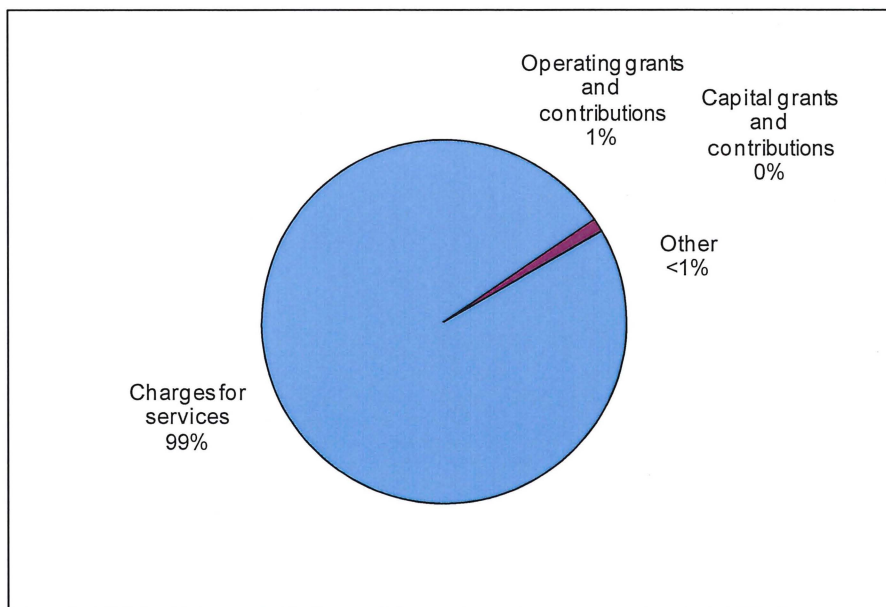
GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type activities. Business-type activities increased the County's net position by \$1,373,216. This change was mainly due to an increase in transfers from governmental activities of \$1,400,103 or 208% compared to 2016.

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 \$21,080,142, a decrease of \$4,721,260 in comparison with the prior year. Of the total fund balance, \$15,715,570 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$5,364,572 is *restricted* to specific types of expenditures.

General Fund. The General Fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the General Fund was \$17,318,465, which constituted the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 48% of total General Fund expenditures, while total fund balance represents 48% of that same amount.

The fund balance of the County's General Fund decreased by \$3,115,864 during the current year. This decrease is due mainly to an increase in transfers to other funds during 2017.

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

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

Fund	2017	2016
	Unrestricted Net Position	Unrestricted Net Position
Airport	\$ 65,264	\$ (1,912,094)
Navarro Project	255,730	24,434
Commissary	228,059	239,948
Total	\$ 549,053	\$ (1,647,712)

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an increase of \$1,496,070 and can be briefly summarized as follows:

- \$1,336,971 in miscellaneous increases in general governmental expenditures, mainly due to an increase in indigent defense, child protective service cases, and new HVAC units for the Juvenile Detention and Bridge Street Annex buildings.
- \$155,213 in miscellaneous increases in public safety expenditures, due to increased expenditures for a new medical services contract for the jail.

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

For 2017, the General Fund's actual expenditures came in \$770,349 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2017.

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, 2017, amounts to \$36,659,746 (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 4% (a 2% decrease for governmental activities and a 10% decrease for business-type activities).

County of Victoria, Texas						
CAPITAL ASSETS						
(Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,466,342	\$ 2,466,342	\$ 149,433	\$ 149,433	\$ 2,615,775	\$ 2,615,775
Construction in progress	2,449,279	1,851,553	-	1,713,817	2,449,279	3,565,370
Buildings	9,395,585	10,064,191	76,372	148,745	9,471,957	10,212,936
Improvements	6,444,137	6,489,903	6,580,438	5,593,678	13,024,575	12,083,581
Machinery and equipment	5,797,283	6,257,634	312,436	336,555	6,109,719	6,594,189
Infrastructure	2,988,441	3,071,073	-	-	2,988,441	3,071,073
Total	\$ 29,541,067	\$ 30,200,696	\$ 7,118,679	\$ 7,942,228	\$ 36,659,746	\$ 38,142,924

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, 2017, consisted of the following:
 - Equipment had a net decrease of \$460,351 due to the acquisition of new vehicles and equipment for various departments and current year depreciation.
 - Construction in Progress increased by \$597,726 due to several capital projects in progress at year end. These projects include the renovations of the Road & Bridge Precinct Number 2 building and the Rider 48 road project at the Port of Victoria.

CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)

Capital Assets. - (Continued)

- The additions to the business-type activities capital assets during the year ended December 31, 2017, 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 \$12,928,838. 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	
	2017	2016	2017	2016	2017	2016
Certificates of obligation	\$ 7,245,000	\$ 12,985,000	\$ -	\$ -	\$ 7,245,000	\$ 12,985,000
General obligation bonds	4,920,000	-	-	-	4,920,000	-
Issuance premiums	763,838	350,951	-	-	763,838	350,951
Total	<u>\$ 12,928,838</u>	<u>\$ 13,335,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,928,838</u>	<u>\$ 13,335,951</u>

The County's total debt decreased by \$407,113 (3%) during the current year, this was due to the principal payments on the debt, the issuance of the 2017 Limited Tax Refunding Bonds, and the amortization of the related premiums. The County maintains an "AA" rating from Standard & Poor's, and Fitch Ratings for general obligation debt. Additional information on the County's long-term debt can be found in Note 14.

Economic Factors and Next Year's Budgets and Rates

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

The final 2018 budget was adopted by Commissioners' Court on September 18, 2017. 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 2018 year by \$50.5 million which will result in an increase of tax revenue of \$289,393.

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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 27,792,587	\$ 595,591	\$ 28,388,178	\$ 65,188,027
Investments	1,960,000	-	1,960,000	-
Receivables (net)	24,574,872	458,909	25,033,781	21,837,328
Internal balances	882	(882)	-	-
Due from other governments	4,700,979	-	4,700,979	3,876,531
Due from external parties	42,609	-	42,609	-
Inventory	-	47,274	47,274	2,028,295
Estimated amounts due from third-party payers	-	-	-	1,802,687
Prepaid items	-	-	-	3,310,688
Total current assets	59,071,929	1,100,892	60,172,821	98,043,556
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	4,915,621	149,433	5,065,054	28,736,347
Buildings, improvements, and equipment (net)	24,625,446	6,969,246	31,594,692	84,253,379
Other assets	-	-	-	639,579
Net pension asset	-	-	-	4,799,709
Total noncurrent assets	29,541,067	7,118,679	36,659,746	118,429,014
Total assets	88,612,996	8,219,571	96,832,567	216,472,570
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	131,410	-	131,410	-
Deferred outflow related to pension	11,970,410	-	11,970,410	3,050,733
Total deferred outflows of resources	12,101,820	-	12,101,820	3,050,733

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	\$ 1,860,963	\$ 448,586	\$ 2,309,549	\$ 9,850,032
Accrued expenses	654,187	18,791	672,978	11,450,187
Accrued interest payable	229,847	-	229,847	33,161
Due to other governments	407,446	-	407,446	-
Claims payable	185,780	-	185,780	-
Deposits	1,400	18,280	19,680	-
Unearned revenue	431,574	40,024	471,598	-
Accrued compensated absences	786,477	17,275	803,752	-
Current portion of long-term obligations	1,093,626	-	1,093,626	1,337,665
Total current liabilities	<u>5,651,300</u>	<u>542,956</u>	<u>6,194,256</u>	<u>22,671,045</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	14,580,729	8,883	14,589,612	22,486,710
Net pension liability	20,366,705	-	20,366,705	-
Total noncurrent liabilities	<u>34,947,434</u>	<u>8,883</u>	<u>34,956,317</u>	<u>22,486,710</u>
Total liabilities	<u>40,598,734</u>	<u>551,839</u>	<u>41,150,573</u>	<u>45,157,755</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	25,191,042	-	25,191,042	2,016,546
Deferred inflow related to pension	1,185,481	-	1,185,481	2,136,311
Total deferred inflows of resources	<u>26,376,523</u>	<u>-</u>	<u>26,376,523</u>	<u>4,152,857</u>
NET POSITION				
Net investment in capital assets	15,075,452	7,118,679	22,194,131	97,300,019
Restricted for:				
Debt service	456,293	-	456,293	-
Other purposes	2,239,315	-	2,239,315	-
Unrestricted	15,968,499	549,053	16,517,552	72,912,672
Total net position	<u>\$ 33,739,559</u>	<u>\$ 7,667,732</u>	<u>\$ 41,407,291</u>	<u>\$ 170,212,691</u>

COUNTY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES - STATUTORY BASIS
For the year ended December 31, 2017

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 26,304,990	\$ 6,475,812	\$ 1,252,502	\$ -
Public safety	21,626,868	2,103,246	981,355	-
Highways and streets	6,298,408	1,395,105	-	1,214,971
Culture and recreation	395,762	1,850	12,175	-
Public health	4,299,622	459,781	2,380,692	-
Interest on long-term debt	615,616	-	-	-
Total governmental activities	<u>59,541,266</u>	<u>10,435,794</u>	<u>4,626,724</u>	<u>1,214,971</u>
Business-type activities				
Airport	5,640,986	4,894,066	64,804	-
Navarro Project	550,407	524,583	-	-
Commissary	153,074	159,086	-	-
Total business-type activities	<u>6,344,467</u>	<u>5,577,735</u>	<u>64,804</u>	<u>-</u>
Total primary government	<u>\$ 65,885,733</u>	<u>\$ 16,013,529</u>	<u>\$ 4,691,528</u>	<u>\$ 1,214,971</u>
Component Units	<u>\$ 245,330,857</u>	<u>\$ 224,423,658</u>	<u>\$ -</u>	<u>\$ -</u>

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

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (18,576,676)	\$ -	\$ (18,576,676)	\$ -
(18,542,267)	-	(18,542,267)	-
(3,688,332)	-	(3,688,332)	-
(381,737)	-	(381,737)	-
(1,459,149)	-	(1,459,149)	-
(615,616)	-	(615,616)	-
<u>(43,263,777)</u>	<u>-</u>	<u>(43,263,777)</u>	<u>-</u>
-	(682,116)	(682,116)	-
-	(25,824)	(25,824)	-
-	6,012	6,012	-
<u>-</u>	<u>(701,928)</u>	<u>(701,928)</u>	<u>-</u>
<u>(43,263,777)</u>	<u>(701,928)</u>	<u>(43,965,705)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,907,199)</u>
24,471,613	-	24,471,613	1,850,913
1,354,575	-	1,354,575	-
9,275,154	-	9,275,154	-
282,089	-	282,089	-
2,739,331	-	2,739,331	-
312,407	3,388	315,795	522,825
652,954	-	652,954	205,948
3,264,253	-	3,264,253	-
<u>(2,071,756)</u>	<u>2,071,756</u>	<u>-</u>	<u>-</u>
<u>40,280,620</u>	<u>2,075,144</u>	<u>42,355,764</u>	<u>2,579,686</u>
<u>(2,983,157)</u>	<u>1,373,216</u>	<u>(1,609,941)</u>	<u>(18,327,513)</u>
<u>36,722,716</u>	<u>6,294,516</u>	<u>43,017,232</u>	<u>188,540,204</u>
<u>\$ 33,739,559</u>	<u>\$ 7,667,732</u>	<u>\$ 41,407,291</u>	<u>\$ 170,212,691</u>

COUNTY OF VICTORIA, TEXAS
BALANCE SHEET - STATUTORY BASIS
GOVERNMENTAL FUNDS
December 31, 2017

	<u>General</u>	<u>Hurricane Harvey</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 19,517,190	\$ -	\$ 8,274,370	\$ 27,791,560
Investments	1,960,000	-	-	1,960,000
Receivables (net)	18,875,022	1,319,838	4,037,703	24,232,563
Due from other governments	432,220	2,570,619	1,698,140	4,700,979
Due from other funds	3,358,666	-	3,750	3,362,416
Total assets	<u>\$ 44,143,098</u>	<u>\$ 3,890,457</u>	<u>\$ 14,013,963</u>	<u>\$ 62,047,518</u>
LIABILITIES				
Accounts payable	\$ 374,330	\$ 517,326	\$ 937,043	\$ 1,828,699
Accrued expenditures	480,644	-	167,274	647,918
Due to other funds	5,412	1,757,623	1,060,188	2,823,223
Due to other governments	407,446	-	-	407,446
Deposits	1,400	-	-	1,400
Unearned revenue	24,341	-	398,953	423,294
Total liabilities	<u>1,293,573</u>	<u>2,274,949</u>	<u>2,563,458</u>	<u>6,131,980</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	25,531,060	3,218,403	6,085,933	34,835,396
Total deferred inflows of resources	<u>25,531,060</u>	<u>3,218,403</u>	<u>6,085,933</u>	<u>34,835,396</u>
FUND BALANCES				
Restricted	-	-	5,364,572	5,364,572
Unassigned	17,318,465	(1,602,895)	-	15,715,570
Total fund balances	<u>17,318,465</u>	<u>(1,602,895)</u>	<u>5,364,572</u>	<u>21,080,142</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 44,143,098</u>	<u>\$ 3,890,457</u>	<u>\$ 14,013,963</u>	<u>\$ 62,047,518</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, 2017

Total governmental fund balances		\$ 21,080,142
<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.		(384,959)
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.		3,417,792
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.		6,226,563
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	\$ 179,697,050	
Accumulated depreciation of governmental capital assets	<u>(150,155,983)</u>	29,541,067
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	131,410	
Deferred amount on pension	<u>11,970,410</u>	12,101,820
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	(12,165,000)	
Issuance premiums	(763,838)	
Interlocal commitment	(1,863,808)	
Capital leases payable	(100,769)	
Accrued interest payable	(229,847)	
Compensated absences	(1,567,418)	
Net pension liability	<u>(20,366,705)</u>	(37,057,385)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred amount on pension		<u>(1,185,481)</u>
Net position of governmental activities		<u>\$ 33,739,559</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, 2017*

	<u>General</u>	<u>Hurricane Harvey</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 29,971,214	\$ -	\$ 5,681,261	\$ 35,652,475
Fees of office and user fees	1,772,629	-	1,406,175	3,178,804
Intergovernmental	3,263,078	-	6,443,831	9,706,909
Fines and forfeitures	994,049	-	942,369	1,936,418
Investment income	241,413	-	69,281	310,694
Licenses and permits	61,234	-	-	61,234
Contributions	-	-	406,175	406,175
Miscellaneous	641,886	-	223,780	865,666
Total revenues	<u>36,945,503</u>	<u>-</u>	<u>15,172,872</u>	<u>52,118,375</u>
EXPENDITURES				
Current				
General government	17,947,838	4,528,859	2,163,728	24,640,425
Public safety	17,501,145	-	1,873,033	19,374,178
Highways and streets	-	-	7,291,882	7,291,882
Culture and recreation	301,924	-	11,665	313,589
Public health	-	-	4,146,837	4,146,837
Capital outlay	-	-	123,150	123,150
Debt service				
Principal retirement	-	-	887,100	887,100
Interest and fiscal charges	-	-	502,957	502,957
Bond issuance costs	-	-	123,790	123,790
Total expenditures	<u>35,750,907</u>	<u>4,528,859</u>	<u>17,124,142</u>	<u>57,403,908</u>
Excess (deficiency) of revenues over expenditures	<u>1,194,596</u>	<u>(4,528,859)</u>	<u>(1,951,270)</u>	<u>(5,285,533)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	4,920,000	4,920,000
Premium on issuance of bonds	-	-	506,507	506,507
Payment to escrow	-	-	(5,302,717)	(5,302,717)
Sale of assets	1,275	-	-	1,275
Transfers in	10,000	-	1,894,672	1,904,672
Transfers out	(4,321,735)	-	(69,693)	(4,391,428)
Total other financing sources (uses)	<u>(4,310,460)</u>	<u>-</u>	<u>1,948,769</u>	<u>(2,361,691)</u>
EXTRAORDINARY ITEMS				
Extraordinary item	-	2,925,964	-	2,925,964
Change in fund balances	(3,115,864)	(1,602,895)	(2,501)	(4,721,260)
Fund balances at beginning of year	<u>20,434,329</u>	<u>-</u>	<u>5,367,073</u>	<u>25,801,402</u>
Fund balances at end of year	<u>\$ 17,318,465</u>	<u>\$ (1,602,895)</u>	<u>\$ 5,364,572</u>	<u>\$ 21,080,142</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, 2017*

Total net change in fund balances - governmental funds **\$ (4,721,260)**

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. (257,627)

The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position. (459,818)

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	\$ 2,282,479	
Depreciation expense	<u>(2,482,289)</u>	(199,810)

Issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Bonds at par value	(4,920,000)	
(Premium) discount	<u>(506,507)</u>	(5,426,507)

Payment to the escrow agent to refund bonds from refunding proceeds reduces long-term liabilities. 5,302,717

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	645,000	
Interlocal commitment principal retirement	242,100	
Capital lease principal retirement	<u>96,246</u>	983,346

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	(172,406)	
Other revenues	<u>3,994,815</u>	3,822,409

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	(506)	
Net pension costs	(2,037,232)	
Increase in accrued interest	(6,183)	
Decrease in loss on bond refunding	(848)	
Decrease in bond premium	<u>18,162</u>	<u>(2,026,607)</u>

Change in net position of governmental activities **\$ (2,983,157)**

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

STATEMENT OF NET POSITION - STATUTORY BASIS

PROPRIETARY FUNDS

December 31, 2017

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 113,864	\$ 255,730	\$ 225,997	\$ 595,591	\$ 1,027
Receivables (net)	447,541	-	11,368	458,909	342,309
Due from other funds	5,412	-	-	5,412	-
Inventory	47,274	-	-	47,274	-
Total current assets	<u>614,091</u>	<u>255,730</u>	<u>237,365</u>	<u>1,107,186</u>	<u>343,336</u>
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	-	149,433	-	149,433	-
Buildings, improvements, and equipment (net)	6,331,018	585,073	53,155	6,969,246	-
Total noncurrent assets	<u>6,331,018</u>	<u>734,506</u>	<u>53,155</u>	<u>7,118,679</u>	<u>-</u>
Total assets	<u>6,945,109</u>	<u>990,236</u>	<u>290,520</u>	<u>8,225,865</u>	<u>343,336</u>
LIABILITIES					
Current liabilities					
Accounts payable	447,802	-	784	448,586	32,264
Accrued expenses	16,564	-	2,227	18,791	6,269
Due to other funds	6,111	-	183	6,294	495,702
Deposits	18,280	-	-	18,280	-
Unearned revenue	40,024	-	-	40,024	8,280
Claims payable	-	-	-	-	185,780
Accrued compensated absences	13,239	-	4,036	17,275	-
Total current liabilities	<u>542,020</u>	<u>-</u>	<u>7,230</u>	<u>549,250</u>	<u>728,295</u>
Noncurrent liabilities					
Accrued compensated absences	6,807	-	2,076	8,883	-
Total noncurrent liabilities	<u>6,807</u>	<u>-</u>	<u>2,076</u>	<u>8,883</u>	<u>-</u>
Total liabilities	<u>548,827</u>	<u>-</u>	<u>9,306</u>	<u>558,133</u>	<u>728,295</u>
NET POSITION					
Net investment in capital assets	6,331,018	734,506	53,155	7,118,679	-
Unrestricted	65,264	255,730	228,059	549,053	(384,959)
Total net position	<u>\$ 6,396,282</u>	<u>\$ 990,236</u>	<u>\$ 281,214</u>	<u>\$ 7,667,732</u>	<u>\$ (384,959)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

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

For the year ended December 31, 2017

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
OPERATING REVENUES					
Charges for services	\$ 4,120,480	\$ 524,583	\$ 159,076	\$ 4,804,139	\$ 3,761,481
Rents	676,045	-	-	676,045	-
Miscellaneous	97,541	-	10	97,551	-
Total operating revenues	<u>4,894,066</u>	<u>524,583</u>	<u>159,086</u>	<u>5,577,735</u>	<u>3,761,481</u>
OPERATING EXPENSES					
Airport operations	5,021,293	-	-	5,021,293	-
Commissary operations	-	-	142,149	142,149	-
Lease operations	-	293,287	-	293,287	-
Health services	-	-	-	-	4,435,821
Depreciation	619,693	257,120	10,925	887,738	-
Total operating expenses	<u>5,640,986</u>	<u>550,407</u>	<u>153,074</u>	<u>6,344,467</u>	<u>4,435,821</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(746,920)	(25,824)	6,012	(766,732)	(674,340)
NONOPERATING REVENUES (EXPENSES)					
Investment income					
Interest	1,123	-	2,265	3,388	1,713
Noncapital grants and contributions	64,804	-	-	64,804	-
Total nonoperating revenues (expenses)	<u>65,927</u>	<u>-</u>	<u>2,265</u>	<u>68,192</u>	<u>1,713</u>
Income (loss) before transfers	(680,993)	(25,824)	8,277	(698,540)	(672,627)
Transfers					
Transfers in	2,071,756	-	-	2,071,756	415,000
Total transfers	<u>2,071,756</u>	<u>-</u>	<u>-</u>	<u>2,071,756</u>	<u>415,000</u>
Change in net position	1,390,763	(25,824)	8,277	1,373,216	(257,627)
Total net position at beginning of year	5,005,519	1,016,060	272,937	6,294,516	(127,332)
Total net position at end of year	<u>\$ 6,396,282</u>	<u>\$ 990,236</u>	<u>\$ 281,214</u>	<u>\$ 7,667,732</u>	<u>\$ (384,959)</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, 2017

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,884,165	\$ 506,098	\$ 160,232	\$ 5,550,495	\$ 3,605,903
Cash paid to suppliers for goods and services	(4,128,059)	(184,090)	(41,989)	(4,354,138)	(4,226,769)
Cash paid to employees for services	(902,843)	(123,667)	(95,797)	(1,122,307)	(275,504)
Net cash provided (used) by operating activities	<u>(146,737)</u>	<u>198,341</u>	<u>22,446</u>	<u>74,050</u>	<u>(896,370)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Noncapital grants and contributions	65,593	-	-	65,593	-
Borrowing (repayments) to other funds	(7,583)	(211)	97	(7,697)	480,435
Transfers in from other funds	55,411	-	-	55,411	415,000
Net cash provided (used) by noncapital financing activities	<u>113,421</u>	<u>(211)</u>	<u>97</u>	<u>113,307</u>	<u>895,435</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers in from other funds	31,998	-	-	31,998	-
Acquisition and construction of capital assets	(33,098)	-	(31,091)	(64,189)	-
Net cash provided (used) by capital and related financing activities	<u>(1,100)</u>	<u>-</u>	<u>(31,091)</u>	<u>(32,191)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	1,123	-	2,265	3,388	1,713
Net cash provided (used) by investing activities	<u>1,123</u>	<u>-</u>	<u>2,265</u>	<u>3,388</u>	<u>1,713</u>
Net increase (decrease) in cash and cash equivalents	(33,293)	198,130	(6,283)	158,554	778
Cash and cash equivalents at beginning of year	147,157	57,600	232,280	437,037	249
Cash and cash equivalents at end of year	<u>\$ 113,864</u>	<u>\$ 255,730</u>	<u>\$ 225,997</u>	<u>\$ 595,591</u>	<u>\$ 1,027</u>

The accompanying notes are an integral part of this statement.

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (746,920)	\$ (25,824)	\$ 6,012	\$ (766,732)	\$ (674,340)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	619,693	257,120	10,925	887,738	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(5,450)	680	1,146	(3,624)	(157,234)
(Increase) decrease in inventory	24,372	-	-	24,372	-
Increase (decrease) in accounts payable	(32,732)	(9,268)	(451)	(42,451)	(4,733)
Increase (decrease) in accrued expenses	(511)	(2,454)	1,114	(1,851)	1,003
Increase (decrease) in deposits	1,300	-	-	1,300	-
Increase (decrease) in unearned revenue	(5,751)	(19,165)	-	(24,916)	1,656
Increase (decrease) in compensated absences	(738)	(2,748)	3,700	214	-
Increase (decrease) in claims payable	-	-	-	-	(62,722)
Total adjustments	<u>600,183</u>	<u>224,165</u>	<u>16,434</u>	<u>840,782</u>	<u>(222,030)</u>
Net cash provided (used) by operating activities	<u>\$ (146,737)</u>	<u>\$ 198,341</u>	<u>\$ 22,446</u>	<u>\$ 74,050</u>	<u>\$ (896,370)</u>

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2017

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 55,198	\$ 10,132,866
Receivables (net)		
Other	-	95,392
Deposits	3,654	-
Seized assets	-	189,556
Total assets	<u>58,852</u>	<u>10,417,814</u>
LIABILITIES		
Liabilities		
Accounts payable	15,774	3,397,679
Due to other funds	42,609	-
Due to other governments	-	7,020,135
Total liabilities	<u>58,383</u>	<u>10,417,814</u>
NET POSITION		
Unrestricted	<u>\$ 469</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, 2017

	<u>Private Purpose Trust</u>
ADDITIONS	
Miscellaneous	
Participants' contributions	\$ 165,383
Investment income	<u>294</u>
Total additions	<u>165,677</u>
DEDUCTIONS	
General government	
Participants' withdrawals	<u>165,383</u>
Total deductions	<u>165,383</u>
Changes in net position	294
Net position - beginning	<u>175</u>
Net position - ending	<u>\$ 469</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

STATEMENT OF NET POSITION

COMPONENT UNITS

December 31, 2017

	Victoria County Navigation District	Citizens Medical Center	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,916,472	\$ 53,271,555	\$ 65,188,027
Receivables (net)	1,655,065	20,182,263	21,837,328
Due from other governments	-	3,876,531	3,876,531
Supplies inventory	-	2,028,295	2,028,295
Estimated amounts due from third-party payers	-	1,802,687	1,802,687
Prepaid items and other	-	3,310,688	3,310,688
Total current assets	<u>13,571,537</u>	<u>84,472,019</u>	<u>98,043,556</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	16,269,637	12,466,710	28,736,347
Buildings, improvements, and equipment (net)	22,522,099	61,731,280	84,253,379
Other assets	-	639,579	639,579
Net pension asset	-	4,799,709	4,799,709
Total noncurrent assets	<u>38,791,736</u>	<u>79,637,278</u>	<u>118,429,014</u>
Total assets	<u>52,363,273</u>	<u>164,109,297</u>	<u>216,472,570</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pension	-	3,050,733	3,050,733
Total deferred outflows of resources	<u>-</u>	<u>3,050,733</u>	<u>3,050,733</u>
LIABILITIES			
Current liabilities			
Accounts payable	59,889	9,790,143	9,850,032
Accrued expenditures/expenses	-	11,450,187	11,450,187
Accrued interest payable	33,161	-	33,161
Current portion of long-term obligations	1,301,975	35,690	1,337,665
Total current liabilities	<u>1,395,025</u>	<u>21,276,020</u>	<u>22,671,045</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	21,651,036	835,674	22,486,710
Total noncurrent liabilities	<u>21,651,036</u>	<u>835,674</u>	<u>22,486,710</u>
Total liabilities	<u>23,046,061</u>	<u>22,111,694</u>	<u>45,157,755</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to property taxes	1,997,475	-	1,997,475
Deferred inflow related to pensions	-	2,136,311	2,136,311
Deferred inflow related to fees	19,071	-	19,071
Total deferred inflows of resources	<u>2,016,546</u>	<u>2,136,311</u>	<u>4,152,857</u>
NET POSITION			
Net investment in capital assets	23,102,029	74,197,990	97,300,019
Unrestricted	4,198,637	68,714,035	72,912,672
Total net position	<u>\$ 27,300,666</u>	<u>\$ 142,912,025</u>	<u>\$ 170,212,691</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, 2017

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
Victoria County Navigation District	\$ 4,555,488	\$ 2,422,190	\$ -	\$ -
Citizens Medical Center	240,775,369	222,001,468	-	-
Total component units	<u>\$ 245,330,857</u>	<u>\$ 224,423,658</u>	<u>\$ -</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

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
\$ (2,133,298)	\$ -	\$ (2,133,298)
-	(18,773,901)	(18,773,901)
<u>(2,133,298)</u>	<u>(18,773,901)</u>	<u>(20,907,199)</u>
1,850,913	-	1,850,913
105,322	417,503	522,825
28,151	177,797	205,948
<u>1,984,386</u>	<u>595,300</u>	<u>2,579,686</u>
(148,912)	(18,178,601)	(18,327,513)
<u>27,449,578</u>	<u>161,090,626</u>	<u>188,540,204</u>
<u>\$ 27,300,666</u>	<u>\$ 142,912,025</u>	<u>\$ 170,212,691</u>

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The Statutory Basis of accounting provides an accounting basis for the County to report any legally enforceable OPEB liability it may have incurred based on the County's "Substantive Plan". A Substantive Plan is defined in Chapter 2264 as a plan providing OPEB approved by the governing body of the plan provider according to the laws and Constitution of the State. The Statutory Basis is consistent with the definition and characteristics of a liability defined in GASB Concepts Statement No. 4, *Elements of Financial Statements* as a "present obligation to sacrifice resources that the government has little or no discretion to avoid". No promises of continuing retirement healthcare benefits beyond 2017 have been made to employees by the Commissioners' Court. The County has included communications both in information provided to employees and in the annual financial statements that specifically state that the decision to provide these benefits is made on an annual basis.

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

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

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

A. Reporting Entity

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

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

Component Units

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

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

Citizens Medical Center - A 338-bed acute care hospital owned by the County and established to provide medical services to the residents of the County and surrounding areas. The Medical Center is governed by a board of directors, each member of which is appointed by the Commissioners' Court of the County. This Court also reviews and approves the annual operating budget of the Medical Center. Citizens Medical Center operates on a fiscal year ending June 30 of each year. The amounts reported for the Medical Center in the financial statements are as of June 30, 2017. 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 2017 tax levy is dedicated to pay for expenditures of the 2018 budget. The entire 2017 tax levy has either been recorded as unearned revenue or unavailable revenue as of December 31, 2017.

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 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 County has fifty Special Revenue Funds, one of which, the Hurricane Harvey Fund, has been reported as a major fund at December 31, 2017.

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 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 \$806,335. Budget expenditure amendments in these funds netted an increase of \$5,901,896.

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

E. Deposits and Investments

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

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

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

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

F. Receivables and Payables

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

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

G. Inventory and Prepaid Items

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

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

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

J. Long-term Obligations

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

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

K. Deferred Outflows/Inflows of Resources

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, 2017, the following funds had deficit equity balances:

<u>Fund</u>	<u>Fund Balance/ Net Position</u>
Major Special Revenue Fund	
Hurricane Harvey	\$ 1,602,895
Internal Service Fund	
Employee Health Insurance	384,959

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

NOTE 3: DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of December 31, 2017:

<u>Deposits and Investments</u>	
Bank Deposits	\$ 26,217,710
Nonnegotiable Certificates of Deposits	2,450,000
Negotiable Certificates of Deposits	1,960,000
LOGIC Investment Pool	5,015,750
Cash on Hand	<u>4,892,782</u>
 Total	 <u>\$ 40,536,242</u>

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the County that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral held by the Federal Reserve Bank in the County's name under a collateral agreement with Prosperity Bank. The market value of the collateral held at the Federal Reserve Bank in the County's name at year-end was \$85,509,564. At December 31, 2017, the respective bank balances totaled \$47,398,681.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

Investments

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

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

As of December 31, 2017, the County had the following investments:

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

Interest Rate Risk

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

As of December 31, 2017, the County's investments had the following maturities:

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

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

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

At December 31, 2017, the County's investments had the following quality ratings:

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that securities be held in the name of the County or held on behalf of the County and that all securities are purchased using the delivery versus payment method. As of December 31, 2017, 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, 2017, 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:

	General	Hurricane Harvey	Airport	Commissary	Nonmajor and Other Funds	Total
Gross receivables						
Ad valorem taxes	\$ 15,445,729	\$ -	\$ -	\$ -	\$ 3,779,799	\$ 19,225,528
Sales taxes	1,678,328	-	-	-	-	1,678,328
Fines	12,032,638	-	-	-	-	12,032,638
Insurance	-	1,319,838	-	-	-	1,319,838
Other	129,010	-	447,541	11,368	695,605	1,283,524
Total gross receivables	29,285,705	1,319,838	447,541	11,368	4,475,404	35,539,856
Less: Allowances	10,410,683	-	-	-	-	10,410,683
Total net receivables	<u>\$ 18,875,022</u>	<u>\$ 1,319,838</u>	<u>\$ 447,541</u>	<u>\$ 11,368</u>	<u>\$ 4,475,404</u>	<u>\$ 25,129,173</u>

The only receivables not expected to be collected within one year are \$239,481 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:

	Unavailable	Unearned	Total
General Fund			
Ad valorem taxes receivable	\$ 22,522,900	\$ -	\$ 22,522,900
Fines receivable	3,008,160	-	3,008,160
Other	-	24,341	24,341
Major Special Revenue - Hurricane Harvey			
Other	3,218,403	-	3,218,403
Nonmajor Funds			
Ad valorem taxes receivable	6,085,933	-	6,085,933
Other	-	398,953	398,953
	<u>\$ 34,835,396</u>	<u>\$ 423,294</u>	<u>\$ 35,258,690</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, 2017, 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, 2017:

	<u>General</u>	<u>Hurricane Harvey</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Contract reimbursements	\$ 312,422	\$ -	\$ 146,942	\$ 459,364
Federal and state grants	55,748	2,570,619	1,551,198	4,177,565
Alcohol and bingo taxes	<u>64,050</u>	<u>-</u>	<u>-</u>	<u>64,050</u>
	<u>\$ 432,220</u>	<u>\$ 2,570,619</u>	<u>\$ 1,698,140</u>	<u>\$ 4,700,979</u>

NOTE 6: CAPITAL ASSETS

The County's capital asset activity for the year ended December 31, 2017, 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	<u>1,851,553</u>	<u>1,338,120</u>	<u>740,394</u>	<u>2,449,279</u>
Total capital assets not being depreciated	<u>4,317,895</u>	<u>1,338,120</u>	<u>740,394</u>	<u>4,915,621</u>
Capital assets, being depreciated				
Machinery and equipment	18,337,254	1,072,340	435,696	18,973,898
Buildings	20,274,508	-	309,495	19,965,013
Improvements	18,416,434	515,269	-	18,931,703
Infrastructure	<u>116,910,815</u>	<u>-</u>	<u>-</u>	<u>116,910,815</u>
Total capital assets being depreciated	<u>173,939,011</u>	<u>1,587,609</u>	<u>745,191</u>	<u>174,781,429</u>
Less accumulated depreciation for				
Machinery and equipment	12,079,620	1,479,511	382,516	13,176,615
Buildings	10,210,317	359,111	-	10,569,428
Improvements	11,926,531	561,035	-	12,487,566
Infrastructure	<u>113,839,742</u>	<u>82,632</u>	<u>-</u>	<u>113,922,374</u>
Total accumulated depreciation	<u>148,056,210</u>	<u>2,482,289</u>	<u>382,516</u>	<u>150,155,983</u>
Total capital assets being depreciated, net	<u>25,882,801</u>	<u>(894,680)</u>	<u>362,675</u>	<u>24,625,446</u>
Governmental activities capital assets, net	<u>\$ 30,200,696</u>	<u>\$ 443,440</u>	<u>\$ 1,103,069</u>	<u>\$ 29,541,067</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	1,713,817	31,998	1,745,815	-
Total capital assets not being depreciated	<u>1,863,250</u>	<u>31,998</u>	<u>1,745,815</u>	<u>149,433</u>
Capital assets, being depreciated				
Machinery and equipment	1,063,899	32,191	-	1,096,090
Buildings	2,478,519	-	-	2,478,519
Improvements	18,350,523	1,745,815	-	20,096,338
Total capital assets being depreciated	<u>21,892,941</u>	<u>1,778,006</u>	<u>-</u>	<u>23,670,947</u>
Less accumulated depreciation for				
Machinery and equipment	727,344	56,310	-	783,654
Buildings	2,329,774	72,373	-	2,402,147
Improvements	12,756,845	759,055	-	13,515,900
Total accumulated depreciation	<u>15,813,963</u>	<u>887,738</u>	<u>-</u>	<u>16,701,701</u>
Total capital assets being depreciated, net	<u>6,078,978</u>	<u>890,268</u>	<u>-</u>	<u>6,969,246</u>
Business-type activities capital assets, net	<u>\$ 7,942,228</u>	<u>\$ 922,266</u>	<u>\$ 1,745,815</u>	<u>\$ 7,118,679</u>

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

Governmental activities	
General government	\$ 653,812
Public safety	1,230,231
Highways and streets	486,136
Culture and recreation	55,643
Public health	56,467
Total depreciation expense - governmental activities	<u>\$ 2,482,289</u>
Business-type activities	
Airport	\$ 619,693
Commissary	10,925
Navarro project	257,120
Total depreciation expense - business-type activities	<u>\$ 887,738</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 \$8,000. The total cost of the improvements to the land and buildings is \$16,671,929 and the carrying value is \$6,071,912. Accumulated depreciation on all assets in the Airport Fund is \$12,327,547. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2017:

<u>Year Ending December 31</u>	
2018	\$ 223,295
2019	210,925
2020	197,306
2021	125,663
2022	<u>90,851</u>
	848,040
Thereafter	<u>218,569</u>
	<u>\$ 1,066,609</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 \$68,373. The total cost of the improvements to the building leased is \$3,424,409 and the carrying value is \$508,525. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$4,261,789. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2017:

<u>Year Ending December 31</u>	
2018	\$ 202,176
2019	194,856
2020	166,348
2021	11,777
2022	<u>-</u>
	575,157
Thereafter	<u>-</u>
	<u>\$ 575,157</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 738 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 13.36% for the accounting year in 2017. 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 2017 is the rate of 13.36% 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, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry age
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.
Turnover	The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement is 0% for the two years immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available. New employees are assumed to replace any terminated members and have similar entry ages.

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)Net Pension Liability - (Continued)*Actuarial Assumptions* - (Continued)

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.

Changes in Plan Provisions
Reflected in the Schedule of
Employer Contributions No changes in plan provisions for 2015 and 2016.

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	13.50%	4.70%
Private Equity	16.00%	7.70%
Global Equities	1.50%	5.00%
International Equities - Developed	10.00%	4.70%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	0.60%
High-Yield Bonds	3.00%	3.70%
Opportunistic Credit	2.00%	3.83%
Direct Lending	10.00%	8.15%
Distressed Debt	3.00%	6.70%
REIT Equities	2.00%	3.85%
Master Limited Partnerships	3.00%	5.60%
Private Real Estate Partnerships	6.00%	7.20%
Hedge Funds	20.00%	3.85%

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 12/31/2015	\$ 133,084,750	\$ 112,899,955	\$ 20,184,795
Changes for the year:			
Service cost	4,065,893	-	4,065,893
Interest	10,684,513	-	10,684,513
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(330,461)	-	(330,461)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(286,546)	(286,546)	-
Benefit payments	(6,180,451)	(6,180,451)	-
Administrative expense	-	(90,807)	90,807
Member contributions	-	1,988,347	(1,988,347)
Net investment income	-	8,359,703	(8,359,703)
Employer contributions	-	3,800,589	(3,800,589)
Other	-	180,203	(180,203)
Net changes	<u>7,952,948</u>	<u>7,771,038</u>	<u>181,910</u>
Balance at 12/31/2016	<u>\$ 141,037,698</u>	<u>\$ 120,670,993</u>	<u>\$ 20,366,705</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	\$ 159,279,212	\$ 141,037,697	\$ 125,886,671
Fiduciary net position	<u>120,670,992</u>	<u>120,670,992</u>	<u>120,670,992</u>
Net pension liability / (asset)	<u>\$ 38,608,220</u>	<u>\$ 20,366,705</u>	<u>\$ 5,215,679</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, 2017, the County recognized pension expense of \$5,951,733. At December 31, 2017, the County reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 1,185,481	\$ 248,531
Changes of assumptions	-	831,996
Net difference between projected and actual earnings	-	6,975,381
Contributions made subsequent to measurement date	<u>-</u>	<u>3,914,502</u>
Total	<u>\$ 1,185,481</u>	<u>\$ 11,970,410</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,	
2017	\$ 2,400,590
2018	2,400,590
2019	1,982,977
2020	86,271
2021	-
Thereafter	-
	<u>\$ 6,870,428</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, 2017, 2016, and 2015, were \$70,316, \$79,541, and \$77,444, 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 91 and 77 retirees and active employees for the years 2017 and 2016, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$175,697 in 2017 and \$168,632 in 2016.

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, 2017, the fund had estimated liabilities for outstanding claims of \$185,780. There was an unrestricted net position of (\$384,959) as of December 31, 2017, a decrease of \$257,627 from 2016.

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>
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
2017	248,502	3,309,724	3,372,446	185,780

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 2017. 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, 2017, 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	\$ 12,985,000	\$ -	\$ 5,740,000	\$ 7,245,000	\$ 660,000
General obligation bonds	-	4,920,000	-	4,920,000	85,000
Less: Deferred amounts					
Issuance premiums	<u>350,951</u>	<u>506,507</u>	<u>93,620</u>	<u>763,838</u>	<u>-</u>
Net bonds and certificates payable	<u>13,335,951</u>	<u>5,426,507</u>	<u>5,833,620</u>	<u>12,928,838</u>	<u>745,000</u>
Capital leases payable	<u>197,015</u>	<u>-</u>	<u>96,246</u>	<u>100,769</u>	<u>100,769</u>
Interlocal commitment	<u>2,105,908</u>	<u>-</u>	<u>242,100</u>	<u>1,863,808</u>	<u>247,857</u>
Compensated absences	<u>1,566,912</u>	<u>3,145,949</u>	<u>3,145,443</u>	<u>1,567,418</u>	<u>786,477</u>
Net pension liability	<u>20,184,795</u>	<u>181,910</u>	<u>-</u>	<u>20,366,705</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$ 37,390,581</u>	<u>\$ 8,754,366</u>	<u>\$ 9,317,409</u>	<u>\$ 36,827,538</u>	<u>\$ 1,880,103</u>
Business-type activities					
Compensated absences	<u>\$ 25,944</u>	<u>\$ 77,031</u>	<u>\$ 76,817</u>	<u>\$ 26,158</u>	<u>\$ 17,275</u>
Total business-type activity long-term liabilities	<u>\$ 25,944</u>	<u>\$ 77,031</u>	<u>\$ 76,817</u>	<u>\$ 26,158</u>	<u>\$ 17,275</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, 2017, are comprised of the following issues:

\$8,500,000 2010 Certificates of Obligation (Radio System and Sheriff's Office) due in annual installments ranging from \$380,000 to \$405,000 through 2020; interest varying between 3.00% and 4.00%.	\$ 1,180,000
\$6,340,000 2014 Certificates of Obligation due in annual installments ranging from \$280,000 to \$465,000 through 2034; interest varying between 2.00% and 4.00%.	6,065,000
\$4,920,000 2017 Limited Tax Refunding Bonds due in annual installments ranging from \$85,000 to \$570,000 through 2030; interest varying between 2.00% and 4.00%.	<u>4,920,000</u>
Total general obligation debt	<u>\$ 12,165,000</u>

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2018	\$ 745,000	\$ 550,937	\$ 1,295,937
2019	680,000	590,614	1,270,614
2020	695,000	570,139	1,265,139
2021	710,000	345,726	1,055,726
2022	730,000	324,876	1,054,876
2023-2027	4,025,000	1,252,780	5,277,780
2028-2032	3,665,000	454,958	4,119,958
2033-2034	915,000	32,749	947,749
	<u>\$ 12,165,000</u>	<u>\$ 4,122,779</u>	<u>\$ 16,287,779</u>

C. Refunding Bonds

In December 2017, the County issued \$4,920,000 Limited Tax Refunding Bonds with interest varying between 2.00% and of 4.00% to advance refund \$5,095,000 of the County's Certificates of Obligation, Series 2010, which were still outstanding in the amount of \$6,275,000 with an interest rate of 4.00%. The refunding proceeds also provided funding for costs of issuance. As a result, the bonds are considered defeased and the refunded portion of the liability has been removed from the governmental activities column of the statement of net position. The net proceeds available for refunding bonds in the amount of \$5,302,717 was deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded issue. The refunding of the bonds resulted in an economic gain of \$354,143 and an increase in cash flow of \$410,064.

NOTE 14: LONG-TERM DEBT - (Continued)

D. Capital Leases

Capital leases payable at December 31, 2017, 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%.	\$ 49,412
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>51,357</u>
Total capital leases	<u>\$ 100,769</u>

Year Ending December 31	Governmental Activities
2018	<u>\$ 105,505</u>
Total minimum lease payments	105,505
Less: Amount representing interest	<u>(4,736)</u>
Present value of minimum lease payments	<u>\$ 100,769</u>

E. Interlocal Commitment

In February 2010, the County agreed to pay funds (\$3.3 million) to the City of Victoria, Texas (the "City") to assist with the financing of the State Highway Loop 463 Improvement Project ("Project"). According to the agreement, the City is responsible to oversee the construction of the Project with assistance from the Texas Department of Transportation (TxDOT) and to finance the costs of the Project with indebtedness to be issued by the City. In April 2011, the City issued the 2011 Pass-Through Toll Revenue and Limited Tax Bonds in the amount of \$9,740,000 with interest varying between 2.00 and 4.00% for the purpose of paying their obligation arising under the agreement. The payments by the County to the City would be paid over eleven years, \$300,000 per annum, beginning in 2014 and continuing through 2024. The payments are to be made on or before February 1 of each year at an interest rate of approximately 3.00%. The cost of the Project was estimated to be \$22,980,000 and if the costs for the Project come in less than the estimated amount by more than 20.113685814%, the County's total obligation of \$3,300,000 would be reduced by 50% of the savings. The remaining costs of the Project will be contributed by TxDOT. In 2016, the County received an overpass threshold letter from the City reducing the County's remaining payments by \$85,995 in total or \$7,818 per annum. The County's annual payment to the City was adjusted to \$292,182 and will be paid through February 1, 2024.

The County has reported the interlocal commitment as a long-term obligation on the government-wide financial statements at and as of December 31, 2017. The County intends to service the commitment by the levy of the debt service property tax rate.

NOTE 14: LONG-TERM DEBT - (Continued)

E. Interlocal Commitment - (Continued)

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

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
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	272,290	19,892	292,182
2023-2024	564,159	20,204	584,363
	<u>\$ 1,863,808</u>	<u>\$ 181,465</u>	<u>\$ 2,045,273</u>

NOTE 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the County were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund.

Interfund receivable and payable balances as of December 31, 2017, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 2,814,061
	Airport	6,111
	Commissary	183
	Internal Service	495,702
	Private Purpose Trust	42,609
Airport	General	5,412
Nonmajor Governmental	Nonmajor Governmental	<u>3,750</u>
Total		<u>\$ 3,367,828</u>

B. Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Airport</u>	<u>Internal Service</u>	
General	\$ -	\$ 1,866,976	\$ 2,039,759	\$ 415,000	\$ 4,321,735
Nonmajor Governmental	10,000	27,696	31,997	-	69,693
	<u>\$ 10,000</u>	<u>\$ 1,894,672</u>	<u>\$ 2,071,756</u>	<u>\$ 415,000</u>	<u>\$ 4,391,428</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, 2017, the County was involved in various matters of litigation. It is the opinion of the County's legal counsel that any exposure faced by the County as a result of these matters was minimal. Furthermore, any losses incurred would in all probability be covered by liability insurance carried by the County.

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

NOTE 17: EXTRAORDINARY ITEM

On August 26, 2017 the County was affected by Hurricane Harvey which caused extensive damage to various County facilities. The damage was primarily building damage and the most current estimate from the County's insurance carrier estimates the damage at \$5,216,438. The amount recoverable by the County after applying deductibles and recoverable depreciation is \$3,573,748. This amount is recorded in the Hurricane Harvey Fund, a major special revenue fund, as follows: \$2,925,964 as an extraordinary item and \$647,785 as unavailable revenue since it was not available at year-end. Due to the amount not being available, it is recorded as a deferred inflow in the Hurricane Harvey Fund.

In the government-wide statement of activities, the deferred inflow is recognized as an extraordinary item for a total amount of \$3,264,253. This has been calculated by netting the recoverable amount with an estimated impairment loss of \$309,495.

NOTE 18: FUND BALANCES

The following is a detail of the governmental fund balances as of December 31, 2017:

	<u>Restricted</u>	<u>Unassigned</u>	<u>Total</u>
General			
Unassigned	\$ -	\$ 17,318,465	\$ 17,318,465
Hurricane Harvey			
Unassigned	-	(1,602,895)	(1,602,895)
Nonmajor Governmental			
Road and bridge	2,719,326	-	2,719,326
County/District Clerks	364,893	-	364,893
Public safety	1,365,867	-	1,365,867
Public health	27,166	-	27,166
Courthouse security	78,382	-	78,382
Retirement of long-term debt	405,931	-	405,931
Various government costs	403,007	-	403,007
	<u>\$ 5,364,572</u>	<u>\$ 15,715,570</u>	<u>\$ 21,080,142</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, 2017.

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, 2017, the County abated property taxes totaling \$496,087 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 \$436,118.

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

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

NOTE 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, 2017, the District complied with budgetary restrictions at all function levels.

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, 2017 the District had no investments.

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)E. Receivables

Receivables at December 31, 2017, consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Gross receivables:			
Accounts	\$ 340,631	\$ -	\$ 340,631
Ad valorem taxes	<u>1,363,344</u>	<u>20,271</u>	<u>1,383,615</u>
Total gross receivables	1,703,975	20,271	1,724,246
Less: Allowances	<u>68,167</u>	<u>1,014</u>	<u>69,181</u>
Total net receivables	<u>\$ 1,635,808</u>	<u>\$ 19,257</u>	<u>\$ 1,655,065</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 2,133,888	\$ -	\$ 2,133,888
Lease revenue	-	19,071	19,071
Nonmajor Fund			
Ad valorem taxes receivable	<u>19,264</u>	<u>-</u>	<u>19,264</u>
	<u>\$ 2,153,152</u>	<u>\$ 19,071</u>	<u>\$ 2,172,223</u>

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

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)F. Capital Assets

The District's capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 16,269,637	\$ -	\$ -	\$ 16,269,637
Construction in progress	<u>1,281,684</u>	<u>-</u>	<u>1,281,684</u>	<u>-</u>
Total capital assets, not being depreciated	<u>17,551,321</u>	<u>-</u>	<u>1,281,684</u>	<u>16,269,637</u>
Capital assets, being depreciated				
Improvements	34,450,337	1,281,684	-	35,732,021
M.P.R.R. Main Line Bridge	1,493,134	-	-	1,493,134
Equipment	<u>90,312</u>	<u>-</u>	<u>-</u>	<u>90,312</u>
Total capital assets, being depreciated	<u>36,033,783</u>	<u>1,281,684</u>	<u>-</u>	<u>37,315,467</u>
Less accumulated depreciation for				
Improvements	11,776,271	1,330,407	-	13,106,678
M.P.R.R. Main Line Bridge	1,520,786	88,318	-	1,609,104
Equipment	<u>69,911</u>	<u>7,675</u>	<u>-</u>	<u>77,586</u>
Total accumulated depreciation	<u>13,366,968</u>	<u>1,426,400</u>	<u>-</u>	<u>14,793,368</u>
Total capital assets being depreciated, net	<u>22,666,815</u>	<u>(144,716)</u>	<u>-</u>	<u>22,522,099</u>
Governmental activities capital assets, net	<u>\$ 40,218,136</u>	<u>\$ (144,716)</u>	<u>\$ 1,281,684</u>	<u>\$ 38,791,736</u>

Depreciation expense of \$1,426,400 was charged to the general government function/program in 2017.

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

G. 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 2017, \$40,510 in fees were credited against the contributed funds, leaving a zero balance in unearned revenue.

The District also has other tenants that have paid their annual lease in advance and those amounts totaling \$19,071 are also included as unearned revenue.

H. Long-term Debt

General Obligation Bonds

The following is a summary of general obligation bond transactions for the year ended December 31, 2017, for governmental activities:

Bonds payable at January 1, 2017	\$ 22,555,000
Additions	-
Retirements	<u>(1,200,000)</u>
Bonds payable at December 31, 2017	<u>\$ 21,355,000</u>

Bonds payable at December 31, 2017, are comprised of the following issues:

2012 Revenue Refunding Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2028; interest rate of 3.05%.	\$ 3,975,000
2012A Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2032; interest rate of 2.99%.	8,470,000
2015 Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2016 through June 1, 2030; interest rate of 2.98%.	<u>8,910,000</u>
Total	<u>\$ 21,355,000</u>

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)H. 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>
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	1,390,000	463,733	1,853,733
2023-2027	7,625,000	1,656,549	9,281,549
2028-2032	<u>7,160,000</u>	<u>473,830</u>	<u>7,633,830</u>
Total	<u>\$ 21,355,000</u>	<u>\$ 4,849,302</u>	<u>\$ 26,204,302</u>

Notes Payable

The following is a summary of note payable transactions for the year ended December 31, 2017, for governmental activities:

Notes payable at January 1, 2017	\$ 1,663,147
Additions	-
Retirements	<u>(65,136)</u>
Notes payable at December 31, 2017	<u>\$ 1,598,011</u>

Notes payable at December 31, 2017, 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>\$ 1,598,011</u>
Total	<u>\$ 1,598,011</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>
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	74,864	35,813	110,677
2023-2027	407,155	146,231	553,386
2028-2032	467,981	85,408	553,389
2033-2036	<u>368,664</u>	<u>18,704</u>	<u>387,368</u>
Total	<u>\$ 1,598,011</u>	<u>\$ 449,517</u>	<u>\$ 2,047,528</u>

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

I. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchased commercial insurance to cover risks associated with potential claims during fiscal year 2017. 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 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 338-bed acute care hospital that is a component unit of the County. The Medical Center is operated by a Board of Directors that is appointed by the County Commissioners' Court. Its primary mission is to provide health care services to the citizens of the County. The Medical Center primarily earns revenues by providing inpatient, outpatient, skilled nursing, home health, and emergency care services to patients in Victoria County and surrounding areas.

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

B. Summary of Significant Accounting Policies

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

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

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, 2017 and 2016 consisted of interest earned on bank deposits and interest earned on a note receivable issued in connection with the sale of a clinical lab in 2016.

Patient Accounts Receivable

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

Supplies

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

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

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

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

Compensated Absences

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

Deferred Outflows of Resources

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

Defined Benefit Pension Plan

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

Deferred Inflows of Resources

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Net Position

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

At June 30, 2017 and 2016, \$315,453 and \$359,866, respectively, of unrestricted net position has been designated by the Medical Center's Board for self-insured health care. Designated assets remain under the control of the Board, which may, at its discretion, later use these assets for other purposes.

Net Patient Service Revenue

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

Charity Care

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

The cost of charity care provided under the Medical Center's charity care policy was approximately \$6,911,000 and \$5,205,000 for 2017 and 2016, 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)

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.

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 54% and 55% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2017 and 2016, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Supplemental Medicaid Funding

On December 12, 2011, the United States Department of Health and Human Services Commission (HHSC) approved a new Medicaid Section 1115(a) demonstration entitled "Texas Health Transformation Quality Improvement Program". 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. The waiver has been extended to December 31, 2017, but there is no guarantee that it will continue thereafter. During the extension period, HHSC and the Center for Medicare and Medicaid Services (CMS) will continue negotiating a longer term extension. For the years ended June 30, 2017 and 2016, the Medical Center recognized revenue from these programs of approximately \$9,287,000 and \$10,582,000, respectively, which is included as net patient service revenue in the accompanying statements of revenues, expenses and changes in net position.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

C. Net Patient Service Revenue - (Continued)

Supplemental Medicaid Funding - (Continued)

The Medical Center participated in a collaboration with Memorial Herman Health System (MHHS) during the year ended June 30, 2016. On October 1, 2016, MHHS assigned the agreement to Fort Bend Clinical Services, Inc. (FBCS). The agreement allows the parties to improve access to healthcare for indigent persons residing in the Victoria community. As part of the collaboration, MHHS and FBCS supported organizations that provide physician services in the Victoria area. The value of services provided to the indigent in the Victoria community was approximately \$2,455,000 and \$2,299,000 during the years ended June 30, 2017 and 2016, respectively. The Medical Center recorded expenses of approximately \$1,538,000 and \$1,392,000 during the years ending June 30, 2017 and 2016, 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 CMS and the programs could be modified or terminated based on new legislation or regulation in future periods.

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 \$5,545,000 and \$17,324,000 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, the Medical Center recorded estimated receivables under this program of approximately \$561,000 and \$17,851,000, respectively. At June 30, 2016, the estimated receivable included \$1,974,000 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. Amounts accrued but unpaid under the program for dates of service on or before August 31, 2016, were paid in full to providers, there will be no additional revenue earned under MPAP for subsequent dates of service. However, HHSC developed a new program to replace MPAP that allows participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. HHSC received CMS approval for this quality based program (Quality Improvement Payment Program "QIPP") that began on September 1, 2017. 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. At June 30, 2017 the Medical Center recorded estimated receivables under this program of approximately \$2,802,000, which represents the prepaid intergovernmental transfers the Medical Center is required to contribute in advance of receiving any gross proceeds.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

D. Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at June 30, 2017, consisted of these amounts:

Hospital		
Patients and their insurance carriers	\$ 23,147,677	
Medicare	3,931,195	
Medicaid	428,333	
	<u>27,507,205</u>	
Nursing Homes		
Patients and their insurance carriers	1,190,100	
Medicare	3,400,466	
Medicaid	811,512	
	<u>5,402,078</u>	
	32,909,283	
Less allowance for uncollectible amounts	<u>12,727,020</u>	
Total	<u>\$ 20,182,263</u>	

E. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Transfers	Disposals	Balance June 30, 2017
Land and land improvements	\$ 11,160,787	\$ 102,617	\$ -	\$ -	\$ 11,263,404
Buildings, improvements, and fixed equipment	122,474,548	1,311,985	1,193,599	2,354,556	122,625,576
Major moveable equipment	89,085,164	3,841,860	289,046	6,647,067	86,569,003
Construction in progress	1,082,607	1,603,344	(1,482,645)	-	1,203,306
	<u>223,803,106</u>	<u>6,859,806</u>	<u>-</u>	<u>9,001,623</u>	<u>221,661,289</u>
Less accumulated depreciation:					
Land improvements	3,188,869	164,465	-	-	3,353,334
Buildings, improvements, and fixed equipment	73,181,649	3,800,868	-	2,343,627	74,638,890
Major moveable equipment	70,453,682	5,650,774	-	6,633,381	69,471,075
	<u>146,824,200</u>	<u>9,616,107</u>	<u>-</u>	<u>8,977,008</u>	<u>147,463,299</u>
Capital assets, net	<u>\$ 76,978,906</u>	<u>\$ (2,756,301)</u>	<u>\$ -</u>	<u>\$ 24,615</u>	<u>\$ 74,197,990</u>

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

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, 2017 and 2016, the Medical Center's had bank balances of \$54,308,071 and \$55,450,420, respectively. At June 30, 2017 and 2016, \$65,453 and \$109,866, 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.

G. Accounts Payable and Accrued Expenses

Accounts payable and accrued payroll and expenses included in current liabilities at June 30, 2017, consisted of:

Payable to suppliers and contractors	\$	7,659,809
Payable to employees (including payroll taxes and benefits)		6,777,803
Payable under management fee arrangement		5,043,228
Revenue received in advance		174,749
Payable under self-insured programs		<u>1,584,741</u>
Total	\$	<u>21,240,330</u>

H. Self-insured Claims

The Medical Center partially self-insures the cost for its general and professional liability, employee health care benefits costs, and workers' compensation claims. *The Texas Tort Claims Act* limits the Medical Center's general and professional liability to \$100,000 per claim and \$300,000 per occurrence. The Medical Center purchases annual stop-loss insurance coverage for all employee health care benefits and workers' compensation claims. Stop-loss coverage began at \$350,000 for workers compensation claims in 2017 and 2016. Stop-loss coverage for employee health claims began at \$250,000 and \$250,000 in 2017 and 2016, 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)H. Self-insured Claims - (Continued)

Activity in the Medical Center's self-insured claims liability accounts during 2017 and 2016 are summarized as follows:

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

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)I. Long-term Obligations

The following is a summary of long-term obligation transactions for the Medical Center for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Current Portion
Capital lease obligation	\$ -	\$ 286,748	\$ (1,000)	\$ 285,748	\$ 35,690
	<u>\$ -</u>	<u>\$ 286,748</u>	<u>\$ (1,000)</u>	<u>\$ 285,748</u>	<u>\$ 35,690</u>

There were no long-term obligations for the year ended June 30, 2016.

Capital Lease Obligation

The Medical Center is obligated under a lease for a software license that is accounted for as a capital lease. Assets under the capital lease at June 30, 2017 and 2016 totaled \$527,946 and \$0, respectively, net of accumulated depreciation of \$26,397 and \$0, respectively. The following is a schedule by year of future minimum lease payments under the capital lease, and the present value of the future minimum lease payments as of June 30, 2017.

<u>Year Ending June 30,</u>	
2018	\$ 35,690
2019	81,100
2020	81,100
2021	81,100
2022	<u>6,758</u>
Total minimum lease payments	285,748
Less amount representing interest	<u>5,117</u>
Present value of future minimum lease payments	<u>\$ 280,631</u>

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 home 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 of rental expense in 2017 and 2016, 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, 2017, were \$6,363,000 and \$3,040,000 for 2018 and 2019, 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. The purchase price for RML's operations was \$6,800,000, plus the fair market value of certain buildings and land, valued at approximately \$735,000.

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 receivable is secured by certain assets of the buyer, including accounts receivable and other tangible assets. The balance of the note receivable at June 30, 2017 and 2016 was \$811,611 and \$975,270, respectively.

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 \$0 and \$73,853 of amortization expense for the years ended June 30, 2017 and 2016, 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, 2017 are:

	<u>2017</u>
Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	368
Active employees	<u>891</u>
	<u>1,368</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, 2017, employees contributed \$2,391,000 and the Medical Center contributed \$2,600,000, or 3.5% of annual pay to the Plan.

Net Pension Liability (Asset)

The Medical Center's net pension liability (asset) was measured as of February 28, 2017 and 2016, for the years ended June 30, 2017 and 2016, respectively, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by the roll forward procedure of the total pension liability (asset) in the actuarial valuation as of March 1, 2016 and March 1, 2015, respectively.

The total pension liability in the March 1, 2016 and 2015, actuarial valuations 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-15.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)L. Pension Plan - (Continued)Net Pension Liability (Asset) - (Continued)

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	<u>25%</u>	1.7%
Total	<u><u>100%</u></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, 2017 and 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 (asset) for the year ended June 30, 2017 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at July 1, 2016	\$ 81,185,496	\$ 75,319,996	\$ 5,865,500
Changes for the year:			
Service cost	4,249,433	-	4,249,433
Interest	6,335,712	-	6,335,712
Differences between expected and actual experience	(645,081)	-	(645,081)
Member contributions	-	2,294,987	(2,294,987)
Employer contributions	-	2,400,000	(2,400,000)
Net investment income	-	15,023,845	(15,023,845)
Benefit payments, including refunds of employee contributions	(1,917,537)	(1,917,537)	-
Administrative expenses	-	(190,958)	190,958
Assumption changes	(1,077,399)	-	(1,077,399)
Net changes	<u>6,945,128</u>	<u>17,610,337</u>	<u>(10,665,209)</u>
Balances at June 30, 2017	<u>\$ 88,130,624</u>	<u>\$ 92,930,333</u>	<u>\$ (4,799,709)</u>

The net pension liability (asset) 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	Current Discount Rate	1% Increase
Medical Center's net pension (asset) liability	<u>\$ 8,853,709</u>	<u>\$ (4,799,709)</u>	<u>\$ (15,819,779)</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, 2017, the Medical Center recognized pension expense of \$4,242,631. At June 30, 2017, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 804,994	\$ 490,088
Changes of assumptions	1,445,739	818,533
Net difference between projected and actual earnings on plan investments	-	827,690
Contributions subsequent to the measurement date	<u>800,000</u>	<u>-</u>
	<u>\$ 3,050,733</u>	<u>\$ 2,136,311</u>

At June 30, 2017, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2017, related to pensions, will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ 1,507,509
2019	329,399
2020	200,130
2021	<u>(1,922,616)</u>
	<u>\$ 114,422</u>

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)**M. Pension Plan Fiduciary Net Position**

As of February 28, 2017 and 2016, the master pension trust fund was comprised of the following:

	2017	2016
Cash and cash equivalents	\$ 297,567	\$ 325,804
Investments at fair value:		
Common stocks	91,764,759	72,352,036
Mutual funds	370,535,177	327,661,718
Common/collective trust funds	292,527,123	235,988,374
103-12 investment fund	36,170,909	30,504,516
Government securities	101,406	102,862
Total investments at fair value	791,099,374	666,609,506
Total plan fiduciary net pension	\$ 791,396,941	\$ 666,935,310

The Plan's interest in the master pension trust fund of the measurement date of February 28, 2017 and 2016, was \$92,930,333 and \$75,319,996, respectively.

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

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

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

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

M. Pension Plan Fiduciary Net Position - (Continued)

Investment Policy - (Continued)

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

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

Active equity managers have the following requirements:

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

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

Active fixed income managers have the following requirements:

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

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

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

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

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

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

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

M. Pension Plan Fiduciary Net Position - (Continued)

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

	2017	2016
State Street TR Pass Bond Market Index Fund	12.8%	14.8%
PIMCO Total Return Fund	12.8%	14.7%
S + P 500 Flagship Fund	37.0%	35.4%
Vanguard Small Cap Index	15.1%	35.4%
5% of total investments	\$ 39,569,847	\$ 33,346,766
Total investments	\$ 791,396,941	\$ 666,935,310

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

The fair value of the master pension trust fund assets at February 28, 2017 and 2016, were as follows:

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

M. Pension Plan Fiduciary Net Position - (Continued)

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
February 28, 2016:				
Investments by fair value level:				
Common stocks	\$ 72,352,036	\$ 72,352,036	\$ -	\$ -
Mutual funds	327,661,718	327,661,718	-	-
Government securities	<u>102,862</u>	<u>-</u>	<u>102,862</u>	<u>-</u>
Total investments by fair value level	<u>400,116,616</u>	<u>\$ 400,013,754</u>	<u>\$ 102,862</u>	<u>\$ -</u>
Investments measured at NAV (A):				
Common/collective trust fund	235,988,374			
103-12 investment fund	<u>30,504,516</u>			
Total investments measure at NAV	<u>266,492,890</u>			
Total investments measured at fair value	<u>\$ 666,609,506</u>			

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

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases were Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at March 1, 2017 or 2016.

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

N. Contingencies

Litigation

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

Voluntary Self-Referral Disclosure Protocol

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

O. Subsequent Event

On August 26, 2017, the Medical Center began emergency preparations for a shelter in place for the landfall of Hurricane Harvey. Over the next two days, 134 patients were transported to other providers in Texas due to damage sustained on the property by the hurricane. The Medical Center lost power and water and was functioning on emergency power from generators for several days. The Medical Center has not yet estimated the total impact to 2018 operating results as of the date of this report.

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, 2017*

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES					
Taxes	\$ 29,844,636	\$ 29,844,636	\$ 29,768,976	\$ (202,238)	\$ 29,971,214
Fees of office and user fees	1,725,500	1,725,500	1,774,058	1,429	1,772,629
Intergovernmental	3,391,468	3,585,986	3,385,146	122,068	3,263,078
Fines and forfeitures	1,195,100	1,195,100	948,221	(45,828)	994,049
Investment income					
Interest	150,080	150,080	241,412	(1)	241,413
Licenses and permits	63,000	63,000	61,101	(133)	61,234
Miscellaneous	648,491	714,060	570,951	(70,935)	641,886
Total revenues	<u>37,018,275</u>	<u>37,278,362</u>	<u>36,749,865</u>	<u>(195,638)</u>	<u>36,945,503</u>
EXPENDITURES					
Current					
General government	17,160,196	18,497,167	18,028,371	80,533	17,947,838
Public safety	17,725,552	17,880,765	17,628,119	126,974	17,501,145
Culture and recreation	304,548	308,434	301,846	(78)	301,924
Total expenditures	<u>35,190,296</u>	<u>36,686,366</u>	<u>35,958,336</u>	<u>207,429</u>	<u>35,750,907</u>
Excess (deficiency) of revenues over expenditures	<u>1,827,979</u>	<u>591,996</u>	<u>791,529</u>	<u>(403,067)</u>	<u>1,194,596</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	5,000	5,000	1,275	-	1,275
Transfers in	45,000	45,000	10,000	-	10,000
Transfers out	(1,884,514)	(4,344,841)	(4,302,522)	19,213	(4,321,735)
Total other financing sources (uses)	<u>(1,834,514)</u>	<u>(4,294,841)</u>	<u>(4,291,247)</u>	<u>19,213</u>	<u>(4,310,460)</u>
Change in fund balance	(6,535)	(3,702,845)	(3,499,718)	(383,854)	(3,115,864)
Fund balance, January 1	19,197,312	19,197,312	19,455,735	(978,594)	20,434,329
Fund balance, December 31	<u>\$ 19,190,777</u>	<u>\$ 15,494,467</u>	<u>\$ 15,956,017</u>	<u>\$ (1,362,448)</u>	<u>\$ 17,318,465</u>

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>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 4,065,893	\$ 3,776,298	\$ 3,577,472
Interest (on the total pension liability)	10,684,513	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	(330,461)	(1,535,186)	621,328
Benefit payments, including refunds of employee contributions	<u>(6,466,997)</u>	<u>(6,083,068)</u>	<u>(5,762,494)</u>
Net Change in Total Pension Liability	7,952,948	6,992,687	7,921,362
Total Pension Liability - Beginning	<u>133,084,750</u>	<u>126,092,063</u>	<u>118,170,701</u>
Total Pension Liability - Ending (a)	<u>\$ 141,037,698</u>	<u>\$ 133,084,750</u>	<u>\$ 126,092,063</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 3,800,589	\$ 3,769,876	\$ 3,702,500
Contributions - Employee	1,988,347	1,936,039	1,893,248
Net investment income	8,359,703	(355,076)	7,248,240
Benefit payments, including refunds of employee contributions	(6,466,997)	(6,083,068)	(5,762,494)
Administrative expense	(90,807)	(81,559)	(84,874)
Other	<u>180,203</u>	<u>(68,399)</u>	<u>230,957</u>
Net Change in Plan Fiduciary Net Position	7,771,038	(882,187)	7,227,577
Plan Fiduciary Net Position - Beginning	<u>112,899,955</u>	<u>113,782,142</u>	<u>106,554,565</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 120,670,993</u>	<u>\$ 112,899,955</u>	<u>\$ 113,782,142</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,366,705</u>	<u>\$ 20,184,795</u>	<u>\$ 12,309,921</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.56%	84.83%	90.24%
Covered Employee Payroll	\$ 28,404,964	\$ 27,657,704	\$ 27,046,396
Net Pension Liability as a Percentage of Covered Employee Payroll	71.70%	72.98%	45.51%

NOTE: Information for the prior seven years was not readily available. The County will compile the respective information over the next seven 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>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 3,800,589	\$ 3,769,876	\$ 3,702,500
Contribution in relation to the actuarially determined contribution	<u>(3,800,589)</u>	<u>(3,769,876)</u>	<u>(3,702,500)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$28,404,964	\$27,657,704	\$27,046,396
Contributions as a percentage of covered employee payroll	13.4%	13.6%	13.7%

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,983,888	\$ 2,346,096	\$ 1,727,348	\$ 1,788,400	\$ 2,692,575	\$ 2,522,064	\$ 2,308,811
<u>(2,983,888)</u>	<u>(2,346,096)</u>	<u>(1,727,348)</u>	<u>(1,788,400)</u>	<u>(2,692,575)</u>	<u>(2,522,064)</u>	<u>(2,308,811)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$25,330,071	\$24,361,762	\$23,469,448	\$23,877,175	\$23,807,032	\$22,538,550	\$20,431,958
11.8%	9.6%	7.4%	7.5%	11.3%	11.2%	11.3%

COUNTY OF VICTORIA, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

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.

The Required Supplementary Information does not include a budgetary comparison schedule for the Major Special Revenue Fund, Hurricane Harvey. The fund includes activity which is funded by the federal government, thereby no local control over appropriating funds is possible. Therefore, there is no requirement of presenting a budgetary comparison schedule.

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	13.5 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, 2017

	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	\$ 7,271,380	\$ 1,002,990	\$ -	\$ 8,274,370
Receivables (net)	3,023,050	1,014,653	-	4,037,703
Due from other governments	1,698,140	-	-	1,698,140
Due from other funds	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>3,750</u>
Total assets	<u>\$ 11,996,320</u>	<u>\$ 2,017,643</u>	<u>\$ -</u>	<u>\$ 14,013,963</u>
LIABILITIES				
Accounts payable	\$ 937,043	\$ -	\$ -	\$ 937,043
Accrued expenditures	167,274	-	-	167,274
Due to other funds	1,060,188	-	-	1,060,188
Unearned revenue	<u>398,953</u>	<u>-</u>	<u>-</u>	<u>398,953</u>
Total liabilities	<u>2,563,458</u>	<u>-</u>	<u>-</u>	<u>2,563,458</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>4,474,221</u>	<u>1,611,712</u>	<u>-</u>	<u>6,085,933</u>
Total deferred inflows of resources	<u>4,474,221</u>	<u>1,611,712</u>	<u>-</u>	<u>6,085,933</u>
FUND BALANCES				
Restricted	<u>4,958,641</u>	<u>405,931</u>	<u>-</u>	<u>5,364,572</u>
Total fund balances	<u>4,958,641</u>	<u>405,931</u>	<u>-</u>	<u>5,364,572</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,996,320</u>	<u>\$ 2,017,643</u>	<u>\$ -</u>	<u>\$ 14,013,963</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, 2017*

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 4,302,688	\$ 1,378,573	\$ -	\$ 5,681,261
Fees of office and user fees	1,406,175	-	-	1,406,175
Intergovernmental	6,443,831	-	-	6,443,831
Fines and forfeitures	942,369	-	-	942,369
Investment income	63,071	5,738	472	69,281
Contributions	406,175	-	-	406,175
Miscellaneous	211,191	-	12,589	223,780
Total revenues	<u>13,775,500</u>	<u>1,384,311</u>	<u>13,061</u>	<u>15,172,872</u>
EXPENDITURES				
Current				
General government	2,163,728	-	-	2,163,728
Public safety	1,873,033	-	-	1,873,033
Highways and streets	7,291,882	-	-	7,291,882
Culture and recreation	11,665	-	-	11,665
Public health	4,146,837	-	-	4,146,837
Capital outlay	-	-	123,150	123,150
Debt service				
Principal retirement	-	887,100	-	887,100
Interest and fiscal charges	-	502,957	-	502,957
Bond issuance costs	-	123,790	-	123,790
Total expenditures	<u>15,487,145</u>	<u>1,513,847</u>	<u>123,150</u>	<u>17,124,142</u>
Excess (deficiency) of revenues over expenditures	<u>(1,711,645)</u>	<u>(129,536)</u>	<u>(110,089)</u>	<u>(1,951,270)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	4,920,000	-	4,920,000
Premium on issuance of bonds	-	506,507	-	506,507
Payment to escrow	-	(5,302,717)	-	(5,302,717)
Transfers in	1,894,672	-	-	1,894,672
Transfers out	(37,696)	-	(31,997)	(69,693)
Total other financing sources (uses)	<u>1,856,976</u>	<u>123,790</u>	<u>(31,997)</u>	<u>1,948,769</u>
Change in fund balances	145,331	(5,746)	(142,086)	(2,501)
Fund balances at beginning of year	<u>4,813,310</u>	<u>411,677</u>	<u>142,086</u>	<u>5,367,073</u>
Fund balances at end of year	<u>\$ 4,958,641</u>	<u>\$ 405,931</u>	<u>\$ -</u>	<u>\$ 5,364,572</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

ROAD AND BRIDGE FUNDS

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

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

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

OTHER SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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.

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

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

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

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

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.

County/District Technology Improvement Grant Fund - Accounts for funds received from the U.S. Department of Justice. The purpose of the program is to reduce crime and improve the criminal justice system.

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.

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.

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

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

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

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

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

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

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

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.

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2017*

	Road and Bridge	Other Special Revenue	Total
ASSETS			
Cash and cash equivalents	\$ 4,529,823	\$ 2,741,557	\$ 7,271,380
Receivables (net)			
Ad valorem	2,765,146	-	2,765,146
Other	14,924	242,980	257,904
Due from other governments	-	1,698,140	1,698,140
Due from other funds	-	3,750	3,750
Total assets	<u>\$ 7,309,893</u>	<u>\$ 4,686,427</u>	<u>\$ 11,996,320</u>
LIABILITIES			
Accounts payable	\$ 58,397	\$ 878,646	\$ 937,043
Accrued expenditures	49,671	117,603	167,274
Due to other funds	8,278	1,051,910	1,060,188
Unearned revenue	-	398,953	398,953
Total liabilities	<u>116,346</u>	<u>2,447,112</u>	<u>2,563,458</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>4,474,221</u>	<u>-</u>	<u>4,474,221</u>
Total deferred inflows of resources	<u>4,474,221</u>	<u>-</u>	<u>4,474,221</u>
FUND BALANCES			
Restricted	<u>2,719,326</u>	<u>2,239,315</u>	<u>4,958,641</u>
Total fund balances	<u>2,719,326</u>	<u>2,239,315</u>	<u>4,958,641</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,309,893</u>	<u>\$ 4,686,427</u>	<u>\$ 11,996,320</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, 2017

	Road and Bridge	Other Special Revenue	Total
REVENUES			
Taxes	\$ 4,302,688	\$ -	\$ 4,302,688
Fees of office and user fees	-	1,406,175	1,406,175
Intergovernmental	1,395,105	5,048,726	6,443,831
Fines and forfeitures	-	942,369	942,369
Investment income			
Interest	45,426	17,645	63,071
Contributions	-	406,175	406,175
Miscellaneous	179,791	31,400	211,191
Total revenues	<u>5,923,010</u>	<u>7,852,490</u>	<u>13,775,500</u>
EXPENDITURES			
Current			
General government	-	2,163,728	2,163,728
Public safety	-	1,873,033	1,873,033
Highways and streets	6,199,715	1,092,167	7,291,882
Culture and recreation	-	11,665	11,665
Public health	-	4,146,837	4,146,837
Total expenditures	<u>6,199,715</u>	<u>9,287,430</u>	<u>15,487,145</u>
Excess (deficiency) of revenues over expenditures	<u>(276,705)</u>	<u>(1,434,940)</u>	<u>(1,711,645)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,946	1,888,726	1,894,672
Transfers out	<u>(5,946)</u>	<u>(31,750)</u>	<u>(37,696)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,856,976</u>	<u>1,856,976</u>
Change in fund balance	(276,705)	422,036	145,331
Fund balance, January 1	<u>2,996,031</u>	<u>1,817,279</u>	<u>4,813,310</u>
Fund balance, December 31	<u>\$ 2,719,326</u>	<u>\$ 2,239,315</u>	<u>\$ 4,958,641</u>

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**ROAD AND BRIDGE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2017*

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
ASSETS					
Cash and cash equivalents	\$ 829,310	\$ 1,121,464	\$ 1,888,059	\$ 690,990	\$ 4,529,823
Receivables (net)					
Ad valorem	708,782	661,123	648,443	746,798	2,765,146
Other	3,480	3,275	3,830	4,339	14,924
Total assets	<u>\$ 1,541,572</u>	<u>\$ 1,785,862</u>	<u>\$ 2,540,332</u>	<u>\$ 1,442,127</u>	<u>\$ 7,309,893</u>
LIABILITIES					
Accounts payable	\$ 4,765	\$ 11,669	\$ 17,228	\$ 24,735	\$ 58,397
Accrued expenditures	13,858	10,011	14,819	10,983	49,671
Due to other funds	2,489	1,612	2,414	1,763	8,278
Total liabilities	<u>21,112</u>	<u>23,292</u>	<u>34,461</u>	<u>37,481</u>	<u>116,346</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,144,596	1,071,301	1,050,076	1,208,248	4,474,221
Total deferred inflows of resources	<u>1,144,596</u>	<u>1,071,301</u>	<u>1,050,076</u>	<u>1,208,248</u>	<u>4,474,221</u>
FUND BALANCE					
Restricted	375,864	691,269	1,455,795	196,398	2,719,326
Total liabilities, deferred inflows and fund balance	<u>\$ 1,541,572</u>	<u>\$ 1,785,862</u>	<u>\$ 2,540,332</u>	<u>\$ 1,442,127</u>	<u>\$ 7,309,893</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, 2017

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
REVENUES					
Taxes	\$ 1,097,184	\$ 1,032,646	\$ 1,011,134	\$ 1,161,724	\$ 4,302,688
Intergovernmental	353,188	339,954	335,535	366,428	1,395,105
Investment income					
Interest	7,603	12,096	19,134	6,593	45,426
Miscellaneous	25,667	448	115,158	38,518	179,791
Total revenues	<u>1,483,642</u>	<u>1,385,144</u>	<u>1,480,961</u>	<u>1,573,263</u>	<u>5,923,010</u>
EXPENDITURES					
Current					
Highways and streets	<u>1,449,830</u>	<u>1,520,828</u>	<u>1,608,733</u>	<u>1,620,324</u>	<u>6,199,715</u>
Excess (deficiency) of revenues over expenditures	<u>33,812</u>	<u>(135,684)</u>	<u>(127,772)</u>	<u>(47,061)</u>	<u>(276,705)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	5,946	-	-	-	5,946
Transfers out	<u>-</u>	<u>(1,982)</u>	<u>(1,982)</u>	<u>(1,982)</u>	<u>(5,946)</u>
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	39,758	(137,666)	(129,754)	(49,043)	(276,705)
Fund balance, January 1	<u>336,106</u>	<u>828,935</u>	<u>1,585,549</u>	<u>245,441</u>	<u>2,996,031</u>
Fund balance, December 31	<u>\$ 375,864</u>	<u>\$ 691,269</u>	<u>\$ 1,455,795</u>	<u>\$ 196,398</u>	<u>\$ 2,719,326</u>

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2017

	Emergency Mgmt.	LEPC Fund	Records Mgmt.	Courthouse Security	Justice Court Building Security
ASSETS					
Cash and cash equivalents	\$ -	\$ 9,326	\$ 330,649	\$ 41,981	\$ 36,205
Receivables (net)					
Other	239,378	-	523	182	14
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 239,378</u>	<u>\$ 9,326</u>	<u>\$ 331,172</u>	<u>\$ 42,163</u>	<u>\$ 36,219</u>
LIABILITIES					
Accounts payable	\$ 901	\$ -	\$ 18	\$ -	\$ -
Accrued expenditures	4,285	-	1,079	-	-
Due to other funds	231,863	-	7	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>237,049</u>	<u>-</u>	<u>1,104</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	<u>2,329</u>	<u>9,326</u>	<u>330,068</u>	<u>42,163</u>	<u>36,219</u>
Total fund balances	<u>2,329</u>	<u>9,326</u>	<u>330,068</u>	<u>42,163</u>	<u>36,219</u>
Total liabilities and fund balances	<u>\$ 239,378</u>	<u>\$ 9,326</u>	<u>\$ 331,172</u>	<u>\$ 42,163</u>	<u>\$ 36,219</u>

District Clerk Records Mgmt.	Patriot Park Donations	Gulf of Mexico Energy Security Act	FEMA Hazard Mitigation	TxDOT Rider 48	Capital Credits	Juvenile Probation
\$ 5,575	\$ 510	\$ 5,717	\$ -	\$ 443,550	\$ 208,329	\$ 37,079
27	-	-	-	-	-	-
-	-	-	3,146	722,222	-	-
-	-	-	3,750	-	-	-
<u>\$ 5,602</u>	<u>\$ 510</u>	<u>\$ 5,717</u>	<u>\$ 6,896</u>	<u>\$ 1,165,772</u>	<u>\$ 208,329</u>	<u>\$ 37,079</u>
\$ -	\$ -	\$ -	\$ 4,500	\$ 766,819	\$ -	\$ 17,055
83	-	-	-	-	1,101	19,782
-	-	3,750	2,396	-	-	242
-	-	-	-	398,953	-	-
<u>83</u>	<u>-</u>	<u>3,750</u>	<u>6,896</u>	<u>1,165,772</u>	<u>1,101</u>	<u>37,079</u>
<u>5,519</u>	<u>510</u>	<u>1,967</u>	<u>-</u>	<u>-</u>	<u>207,228</u>	<u>-</u>
<u>5,519</u>	<u>510</u>	<u>1,967</u>	<u>-</u>	<u>-</u>	<u>207,228</u>	<u>-</u>
<u>\$ 5,602</u>	<u>\$ 510</u>	<u>\$ 5,717</u>	<u>\$ 6,896</u>	<u>\$ 1,165,772</u>	<u>\$ 208,329</u>	<u>\$ 37,079</u>

(continued)

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**OTHER SPECIAL REVENUE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2017*

	Drug Courts Program	Justice Technology	Family Protection Fee	County/ District Technology	CDA Processing Fee
ASSETS					
Cash and cash equivalents	\$ 24,508	\$ 15,125	\$ 300	\$ 29,414	\$ 14,331
Receivables (net)					
Other	-	58	15	104	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 24,508</u>	<u>\$ 15,183</u>	<u>\$ 315</u>	<u>\$ 29,518</u>	<u>\$ 14,331</u>
LIABILITIES					
Accounts payable	\$ 7,296	\$ -	\$ -	\$ 212	\$ 811
Accrued expenditures	-	-	-	-	368
Due to other funds	-	-	-	-	3
Unearned revenue	-	-	-	-	-
Total liabilities	<u>7,296</u>	<u>-</u>	<u>-</u>	<u>212</u>	<u>1,182</u>
FUND BALANCES					
Restricted	<u>17,212</u>	<u>15,183</u>	<u>315</u>	<u>29,306</u>	<u>13,149</u>
Total fund balances	<u>17,212</u>	<u>15,183</u>	<u>315</u>	<u>29,306</u>	<u>13,149</u>
Total liabilities and fund balances	<u>\$ 24,508</u>	<u>\$ 15,183</u>	<u>\$ 315</u>	<u>\$ 29,518</u>	<u>\$ 14,331</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>Mental Health Peace Officer</u>	<u>BISD School Resource Officer</u>
\$ 11,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	11,947	8,957	93,455	10,654	9,674	14,186
-	-	-	-	-	-	-
<u>\$ 11,053</u>	<u>\$ 11,947</u>	<u>\$ 8,957</u>	<u>\$ 93,455</u>	<u>\$ 10,654</u>	<u>\$ 9,674</u>	<u>\$ 14,186</u>
\$ -	\$ 18	\$ 14	\$ 460	\$ -	\$ 649	\$ 18
-	1,217	984	11,779	1,798	1,354	1,369
-	10,712	6,104	81,216	8,856	7,671	12,799
-	-	-	-	-	-	-
-	11,947	7,102	93,455	10,654	9,674	14,186
11,053	-	1,855	-	-	-	-
11,053	-	1,855	-	-	-	-
<u>\$ 11,053</u>	<u>\$ 11,947</u>	<u>\$ 8,957</u>	<u>\$ 93,455</u>	<u>\$ 10,654</u>	<u>\$ 9,674</u>	<u>\$ 14,186</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2017

	Sheriff's Special Purpose	Sheriff's Donations	CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's Federal Forfeiture
ASSETS					
Cash and cash equivalents	\$ 307,688	\$ 507	\$ 608,874	\$ 1,056	\$ 398,723
Receivables (net)					
Other	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 307,688</u>	<u>\$ 507</u>	<u>\$ 608,874</u>	<u>\$ 1,056</u>	<u>\$ 398,723</u>
LIABILITIES					
Accounts payable	\$ 8,000	\$ -	\$ 9,912	\$ -	\$ 3,776
Accrued expenditures	-	-	2,227	-	-
Due to other funds	-	-	105	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>8,000</u>	<u>-</u>	<u>12,244</u>	<u>-</u>	<u>3,776</u>
FUND BALANCES					
Restricted	<u>299,688</u>	<u>507</u>	<u>596,630</u>	<u>1,056</u>	<u>394,947</u>
Total fund balances	<u>299,688</u>	<u>507</u>	<u>596,630</u>	<u>1,056</u>	<u>394,947</u>
Total liabilities and fund balances	<u>\$ 307,688</u>	<u>\$ 507</u>	<u>\$ 608,874</u>	<u>\$ 1,056</u>	<u>\$ 398,723</u>

<u>VISD School Resource Officer</u>	<u>Election Admin. Special</u>	<u>Elections Chapter 19</u>	<u>Tax Assessor- Collector Special</u>	<u>Historical Commission</u>	<u>Child Welfare Board</u>	<u>Law Library</u>
\$ -	\$ 5,427	\$ -	\$ 20,396	\$ 25,454	\$ 47,046	\$ 59,322
-	-	-	-	-	-	310
132,756	-	152	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 132,756</u>	<u>\$ 5,427</u>	<u>\$ 152</u>	<u>\$ 20,396</u>	<u>\$ 25,454</u>	<u>\$ 47,046</u>	<u>\$ 59,632</u>
\$ 180	\$ 5	\$ 76	\$ -	\$ -	\$ 425	\$ 3,572
11,155	337	-	-	-	-	-
121,421	14	76	-	-	-	-
-	-	-	-	-	-	-
<u>132,756</u>	<u>356</u>	<u>152</u>	<u>-</u>	<u>-</u>	<u>425</u>	<u>3,572</u>
-	5,071	-	20,396	25,454	46,621	56,060
-	5,071	-	20,396	25,454	46,621	56,060
<u>\$ 132,756</u>	<u>\$ 5,427</u>	<u>\$ 152</u>	<u>\$ 20,396</u>	<u>\$ 25,454</u>	<u>\$ 47,046</u>	<u>\$ 59,632</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2017

	Health Department	Medicaid Administrative Claims	Texas Home Visiting Grant	WIC Program	LEOSE
ASSETS					
Cash and cash equivalents	\$ 10,462	\$ 633	\$ -	\$ -	\$ 42,317
Receivables (net)					
Other	2,369	-	-	-	-
Due from other governments	378,257	26,879	23,301	262,554	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 391,088</u>	<u>\$ 27,512</u>	<u>\$ 23,301</u>	<u>\$ 262,554</u>	<u>\$ 42,317</u>
LIABILITIES					
Accounts payable	\$ 36,841	\$ 220	\$ 7,243	\$ 9,625	\$ -
Accrued expenditures	36,273	126	10,555	11,731	-
Due to other funds	317,974	-	5,503	241,198	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>391,088</u>	<u>346</u>	<u>23,301</u>	<u>262,554</u>	<u>-</u>
FUND BALANCES					
Restricted	-	27,166	-	-	42,317
Total fund balances	<u>-</u>	<u>27,166</u>	<u>-</u>	<u>-</u>	<u>42,317</u>
Total liabilities and fund balances	<u>\$ 391,088</u>	<u>\$ 27,512</u>	<u>\$ 23,301</u>	<u>\$ 262,554</u>	<u>\$ 42,317</u>

Total

\$ 2,741,557

242,980

1,698,140

3,750

\$ 4,686,427

\$ 878,646

117,603

1,051,910

398,953

2,447,112

2,239,315

2,239,315

\$ 4,686,427

(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, 2017

	Emergency Mgmt.	LEPC Fund	Records Mgmt.	Courthouse Security	Justice Court Building Security
REVENUES					
Fees of office and user fees	\$ -	\$ -	\$ 160,710	\$ 35,285	\$ 2,912
Intergovernmental	40,605	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	2,307	-	-
Contributions	113,984	2,434	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>154,589</u>	<u>2,434</u>	<u>163,017</u>	<u>35,285</u>	<u>2,912</u>
EXPENDITURES					
Current					
General government	-	-	109,489	23,725	22,941
Public safety	272,725	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public health	-	-	-	-	-
Total expenditures	<u>272,725</u>	<u>-</u>	<u>109,489</u>	<u>23,725</u>	<u>22,941</u>
Excess (deficiency) of revenues over expenditures	<u>(118,136)</u>	<u>2,434</u>	<u>53,528</u>	<u>11,560</u>	<u>(20,029)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	118,136	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>118,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	2,434	53,528	11,560	(20,029)
Fund balance, January 1	<u>2,329</u>	<u>6,892</u>	<u>276,540</u>	<u>30,603</u>	<u>56,248</u>
Fund balance, December 31	<u>\$ 2,329</u>	<u>\$ 9,326</u>	<u>\$ 330,068</u>	<u>\$ 42,163</u>	<u>\$ 36,219</u>

District Clerk Records Mgmt.	Patriot Park Donations	Gulf of Mexico Energy Security Act	FEMA Hazard Mitigation	TxDOT Rider 48	Capital Credits	Juvenile Probation
\$ 6,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,198
-	-	709	33,357	819,125	113,018	914,308
-	-	-	-	-	-	-
-	-	-	-	-	-	3
-	12,175	-	-	273,042	-	-
-	-	-	-	-	-	-
<u>6,412</u>	<u>12,175</u>	<u>709</u>	<u>33,357</u>	<u>1,092,167</u>	<u>113,018</u>	<u>915,509</u>
6,132	-	-	37,107	-	99,747	1,295,665
-	-	-	-	-	-	-
-	-	-	-	1,092,167	-	-
-	11,665	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,132</u>	<u>11,665</u>	<u>-</u>	<u>37,107</u>	<u>1,092,167</u>	<u>99,747</u>	<u>1,295,665</u>
<u>280</u>	<u>510</u>	<u>709</u>	<u>(3,750)</u>	<u>-</u>	<u>13,271</u>	<u>(380,156)</u>
-	-	-	3,750	-	-	380,156
-	-	(3,750)	-	-	(3,000)	-
-	-	(3,750)	3,750	-	(3,000)	380,156
280	510	(3,041)	-	-	10,271	-
<u>5,239</u>	<u>-</u>	<u>5,008</u>	<u>-</u>	<u>-</u>	<u>196,957</u>	<u>-</u>
<u>\$ 5,519</u>	<u>\$ 510</u>	<u>\$ 1,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,228</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, 2017

	Drug Courts Program	Veterans Mental Health	Justice Technology	Family Protection Fee	County/ District Technology
REVENUES					
Fees of office and user fees	\$ 11,209	\$ -	\$ 11,692	\$ 5,190	\$ 20,383
Intergovernmental	-	44,721	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	173	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>11,382</u>	<u>44,721</u>	<u>11,692</u>	<u>5,190</u>	<u>20,383</u>
EXPENDITURES					
Current					
General government	10,368	-	11,705	5,190	16,108
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public health	-	44,721	-	-	-
Total expenditures	<u>10,368</u>	<u>44,721</u>	<u>11,705</u>	<u>5,190</u>	<u>16,108</u>
Excess (deficiency) of revenues over expenditures	<u>1,014</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>4,275</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	1,014	-	(13)	-	4,275
Fund balance, January 1	<u>16,198</u>	<u>-</u>	<u>15,196</u>	<u>315</u>	<u>25,031</u>
Fund balance, December 31	<u>\$ 17,212</u>	<u>\$ -</u>	<u>\$ 15,183</u>	<u>\$ 315</u>	<u>\$ 29,306</u>

County/ District Technology Imp. Grant	CDA Processing Fee	CDA Bond Forfeiture Commissions	CDA Victims Assistance Grant	Sheriff Victims Assistance Grant	Operation Stonegarden Grant	Byrne JAG Program
\$ -	\$ 13,962	\$ 4,779	\$ -	\$ -	\$ -	\$ -
82,218	-	-	42,031	42,033	407,692	30,567
-	-	-	-	-	-	-
-	60	-	-	-	-	-
-	-	-	-	-	-	-
-	5,553	-	-	-	-	-
<u>82,218</u>	<u>19,575</u>	<u>4,779</u>	<u>42,031</u>	<u>42,033</u>	<u>407,692</u>	<u>30,567</u>
93,198	23,158	-	63,737	-	-	-
-	-	-	-	51,728	407,692	30,567
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>93,198</u>	<u>23,158</u>	<u>-</u>	<u>63,737</u>	<u>51,728</u>	<u>407,692</u>	<u>30,567</u>
<u>(10,980)</u>	<u>(3,583)</u>	<u>4,779</u>	<u>(21,706)</u>	<u>(9,695)</u>	<u>-</u>	<u>-</u>
10,980	15,000	-	21,706	9,695	-	-
-	-	-	-	-	-	-
<u>10,980</u>	<u>15,000</u>	<u>-</u>	<u>21,706</u>	<u>9,695</u>	<u>-</u>	<u>-</u>
-	11,417	4,779	-	-	-	-
-	1,732	6,274	-	1,855	-	-
<u>\$ -</u>	<u>\$ 13,149</u>	<u>\$ 11,053</u>	<u>\$ -</u>	<u>\$ 1,855</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, 2017

	Drug Trafficking Grant	Mental Health Peace Officer	BISD School Resource Officer	Sheriff's Special Purpose	Sheriff's Donations
REVENUES					
Fees of office and user fees	\$ -	\$ -	\$ 66,192	\$ -	\$ -
Intergovernmental	81,049	44,217	-	-	-
Fines and forfeitures	-	-	-	367,754	-
Investment income					
Interest	-	-	-	2,052	6
Contributions	-	-	-	-	4,540
Miscellaneous	-	-	-	-	-
Total revenues	<u>81,049</u>	<u>44,217</u>	<u>66,192</u>	<u>369,806</u>	<u>4,546</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	81,049	44,217	66,192	171,498	4,039
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public health	-	-	-	-	-
Total expenditures	<u>81,049</u>	<u>44,217</u>	<u>66,192</u>	<u>171,498</u>	<u>4,039</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,308</u>	<u>507</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	-	-	-	198,308	507
Fund balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,380</u>	<u>-</u>
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,688</u>	<u>\$ 507</u>

CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's Federal Forfeiture	Goliad Co. Juvenile Probation Services	VISD School Resource Officer	Election Admin. Special	Elections Chapter 19
\$ -	\$ -	\$ -	\$ 15,758	\$ 599,328	\$ -	\$ 7,595
-	-	-	-	-	-	-
574,615	-	-	-	-	-	-
4,716	10	4,240	-	-	133	-
-	-	-	-	-	-	-
-	-	-	-	-	50	-
<u>579,331</u>	<u>10</u>	<u>4,240</u>	<u>15,758</u>	<u>599,328</u>	<u>183</u>	<u>7,595</u>
250,747	-	-	15,758	-	14,506	7,595
-	-	131,971	-	599,328	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>250,747</u>	<u>-</u>	<u>131,971</u>	<u>15,758</u>	<u>599,328</u>	<u>14,506</u>	<u>7,595</u>
<u>328,584</u>	<u>10</u>	<u>(127,731)</u>	<u>-</u>	<u>-</u>	<u>(14,323)</u>	<u>-</u>
-	-	-	-	-	-	-
<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
313,584	10	(127,731)	-	-	(14,323)	-
<u>283,046</u>	<u>1,046</u>	<u>522,678</u>	<u>-</u>	<u>-</u>	<u>19,394</u>	<u>-</u>
<u>\$ 596,630</u>	<u>\$ 1,056</u>	<u>\$ 394,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,071</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, 2017

	Tax Assessor- Collector Special	Historical Commission	Child Welfare Board	Law Library	Health Department
REVENUES					
Fees of office and user fees	\$ -	\$ -	\$ 8,893	\$ 54,240	\$ 380,437
Intergovernmental	-	-	-	-	1,481,163
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	3,662	221	-	-	62
Contributions	-	-	-	-	-
Miscellaneous	979	5,000	-	-	19,818
Total revenues	<u>4,641</u>	<u>5,221</u>	<u>8,893</u>	<u>54,240</u>	<u>1,881,480</u>
EXPENDITURES					
Current					
General government	2,805	2,188	15,715	36,144	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public health	-	-	-	-	3,207,783
Total expenditures	<u>2,805</u>	<u>2,188</u>	<u>15,715</u>	<u>36,144</u>	<u>3,207,783</u>
Excess (deficiency) of revenues over expenditures	<u>1,836</u>	<u>3,033</u>	<u>(6,822)</u>	<u>18,096</u>	<u>(1,326,303)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,000	-	-	1,326,303
Transfers out	-	-	-	(10,000)	-
Total other financing sources (uses)	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>(10,000)</u>	<u>1,326,303</u>
Change in fund balance	1,836	6,033	(6,822)	8,096	-
Fund balance, January 1	<u>18,560</u>	<u>19,421</u>	<u>53,443</u>	<u>47,964</u>	<u>-</u>
Fund balance, December 31	<u>\$ 20,396</u>	<u>\$ 25,454</u>	<u>\$ 46,621</u>	<u>\$ 56,060</u>	<u>\$ -</u>

<u>Texas A&M University Health Science</u>	<u>Medicaid Administrative Claims</u>	<u>Texas Home Visiting Grant</u>	<u>WIC Program</u>	<u>LEOSE</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,406,175
-	39,067	23,301	792,440	17,105	5,048,726
-	-	-	-	-	942,369
-	-	-	-	-	17,645
-	-	-	-	-	406,175
-	-	-	-	-	31,400
<u>-</u>	<u>39,067</u>	<u>23,301</u>	<u>792,440</u>	<u>17,105</u>	<u>7,852,490</u>
-	-	-	-	-	2,163,728
-	-	-	-	12,027	1,873,033
-	-	-	-	-	1,092,167
-	-	-	-	-	11,665
<u>43,276</u>	<u>35,316</u>	<u>23,301</u>	<u>792,440</u>	<u>-</u>	<u>4,146,837</u>
<u>43,276</u>	<u>35,316</u>	<u>23,301</u>	<u>792,440</u>	<u>12,027</u>	<u>9,287,430</u>
<u>(43,276)</u>	<u>3,751</u>	<u>-</u>	<u>-</u>	<u>5,078</u>	<u>(1,434,940)</u>
-	-	-	-	-	1,888,726
-	-	-	-	-	(31,750)
-	-	-	-	-	1,856,976
<u>(43,276)</u>	<u>3,751</u>	<u>-</u>	<u>-</u>	<u>5,078</u>	<u>422,036</u>
<u>43,276</u>	<u>23,415</u>	<u>-</u>	<u>-</u>	<u>37,239</u>	<u>1,817,279</u>
<u>\$ -</u>	<u>\$ 27,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,317</u>	<u>\$ 2,239,315</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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes				
Ad valorem				
Current	\$ 19,831,636	\$ 19,831,636	\$ 19,901,624	\$ 69,988
Delinquent	408,000	408,000	562,057	154,057
Penalty and interest	180,000	180,000	229,859	49,859
Sales and use	<u>9,425,000</u>	<u>9,425,000</u>	<u>9,075,436</u>	<u>(349,564)</u>
Total taxes	<u>29,844,636</u>	<u>29,844,636</u>	<u>29,768,976</u>	<u>(75,660)</u>
Fees of office and user fees				
Sheriff's department	280,000	280,000	321,023	41,023
Prisoner maintenance	500	500	100	(400)
Estray fees	100	100	644	544
County treasurer	3,500	3,500	2,130	(1,370)
Election administrator	1,000	1,000	35,895	34,895
County clerk	375,000	375,000	357,555	(17,445)
Probate personnel education fees	1,800	1,800	1,370	(430)
Guardianship fee	7,500	7,500	5,541	(1,959)
County courts at law	4,000	4,000	4,129	129
Tax assessor-collector	625,000	625,000	601,537	(23,463)
Criminal district attorney	12,000	12,000	8,943	(3,057)
District clerk	200,000	200,000	190,474	(9,526)
Justices of the peace	43,000	43,000	54,843	11,843
JP Truancy Cost FC 65.107	-	-	150	150
Deferred adjudication	30,000	30,000	15,023	(14,977)
Constables	80,000	80,000	96,754	16,754
Pre-trial bonding fees	50,000	50,000	69,236	19,236
Interlock device fees	12,000	12,000	8,241	(3,759)
Pre-trial drug test fees	<u>100</u>	<u>100</u>	<u>470</u>	<u>370</u>
Total fees of office and user fees	<u>1,725,500</u>	<u>1,725,500</u>	<u>1,774,058</u>	<u>48,558</u>
Intergovernmental				
Payment in lieu of taxes	1,000	1,000	327	(673)
Alcohol beverage tax	250,000	250,000	225,864	(24,136)
County courts at law	150,000	150,000	168,000	18,000
Bingo gross receipts tax	75,000	75,000	56,225	(18,775)
Tobacco settlement	31,700	31,700	55,694	23,994
Indigent defense grant	80,000	80,000	61,885	(18,115)
Title IV-E legal service	22,000	22,000	28,330	6,330
Jury fee reimbursement/SB1704	50,000	50,000	95,064	45,064
DA Longevity Reimb/GC 41	8,991	8,991	7,451	(1,540)
DA 2015 State Supplement Re	4,427	4,427	4,428	1
Juvenile detention contracts	1,300,000	1,440,000	1,530,106	90,106
State juvenile detention funds	159,000	188,000	185,215	(2,785)
Jail inmate bedspace	1,164,350	1,164,350	862,510	(301,840)
Jail inmate contract other	45,000	45,000	34,180	(10,820)
Jail inmate extradition	20,000	20,000	12,047	(7,953)
General inmate medical	30,000	30,000	30,996	996

(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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES (continued)				
Intergovernmental				
Vest reimbursement	\$ -	\$ 12,978	\$ 14,284	\$ 1,306
Abandoned vehicles	-	12,540	12,540	-
Total intergovernmental	<u>3,391,468</u>	<u>3,585,986</u>	<u>3,385,146</u>	<u>(200,840)</u>
Fines and forfeitures				
District court fines	300,000	300,000	235,023	(64,977)
County court at law fines	300,000	300,000	346,411	46,411
Justice of the peace fines	545,000	545,000	332,249	(212,751)
Forfeitures	50,100	50,100	34,538	(15,562)
Total fines and forfeitures	<u>1,195,100</u>	<u>1,195,100</u>	<u>948,221</u>	<u>(246,879)</u>
Interest	<u>150,080</u>	<u>150,080</u>	<u>241,412</u>	<u>91,332</u>
Licenses and permits				
Marriage licenses	22,000	22,000	19,313	(2,687)
Beer and whiskey licenses	16,000	16,000	7,168	(8,832)
Miscellaneous	25,000	25,000	34,620	9,620
Total licenses and permits	<u>63,000</u>	<u>63,000</u>	<u>61,101</u>	<u>(1,899)</u>
Miscellaneous				
Records management preservation	28,000	28,000	24,492	(3,508)
Criminal justice planning commission	100	100	6	(94)
Crime stopper fee	-	-	25	25
LEOSEF collection	-	-	1	1
Victims of crime collection	100	100	246	146
JCPTF commission	100	100	2	(98)
Juvenile probation diversion collections	100	100	109	9
Operators/chauffeurs License	100	100	-	(100)
Legal service for indigents fees	1,000	1,000	975	(25)
Defensive driving course fee	5,000	5,000	3,219	(1,781)
Visual record by electronic device	-	-	1,499	1,499
Court reporter fees	27,000	27,000	26,746	(254)
Arrest warrant fees	55,000	55,000	32,785	(22,215)
Other fees	102,800	102,800	74,326	(28,474)
Personal recognizant fees	2,000	2,000	1,134	(866)
CJAD contract services	6,300	6,300	-	(6,300)
Rents and royalties	105,741	105,741	91,966	(13,775)
Telephone commissions	182,000	182,000	132,034	(49,966)
Election machines rental	3,000	3,000	13,528	10,528
Reimbursements and refunds	76,100	76,100	53,812	(22,288)
Restitutions	200	200	-	(200)
Miscellaneous	53,850	119,419	114,046	(5,373)
Total miscellaneous	<u>648,491</u>	<u>714,060</u>	<u>570,951</u>	<u>(143,109)</u>
Total revenues	<u>37,018,275</u>	<u>37,278,362</u>	<u>36,749,865</u>	<u>(528,497)</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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES				
Current				
General government				
County judge				
Salaries	\$ 158,151	\$ 154,073	\$ 145,629	\$ 8,444
Fringe benefits	43,136	43,136	36,581	6,555
Operating expenditures	7,700	12,750	10,426	2,324
Total county judge	<u>208,987</u>	<u>209,959</u>	<u>192,636</u>	<u>17,323</u>
Commissioners' court				
Salaries	82,235	82,235	82,235	-
Fringe benefits	27,004	27,004	26,381	623
Operating expenditures	22,900	22,900	21,191	1,709
Other services and charges	3,500	2,200	1,974	226
Total commissioners' court	<u>135,639</u>	<u>134,339</u>	<u>131,781</u>	<u>2,558</u>
Records management				
Salaries	76,396	76,396	76,345	51
Fringe benefits	25,020	25,020	24,662	358
Operating expenditures	4,000	4,000	2,785	1,215
Total records management	<u>105,416</u>	<u>105,416</u>	<u>103,792</u>	<u>1,624</u>
County clerk				
Salaries	525,157	525,157	520,608	4,549
Fringe benefits	153,357	157,038	157,192	(154)
Operating expenditures	33,048	30,759	19,641	11,118
Capital outlay	-	2,289	2,289	-
Total county clerk	<u>711,562</u>	<u>715,243</u>	<u>699,730</u>	<u>15,513</u>
Pre-Trial Services				
Salaries	92,802	92,802	91,889	913
Fringe benefits	28,506	28,506	27,532	974
Operating expenditures	3,070	3,070	3,031	39
Total veterans' service officer	<u>124,378</u>	<u>124,378</u>	<u>122,452</u>	<u>1,926</u>
Veterans' service officer				
Salaries	49,972	49,972	44,156	5,816
Fringe benefits	15,756	15,756	10,225	5,531
Operating expenditures	3,720	4,426	3,430	996
Other services and charges	-	1,250	1,098	152
Total veterans' service officer	<u>69,448</u>	<u>71,404</u>	<u>58,909</u>	<u>12,495</u>
Non-departmental				
Operating expenditures	1,576,102	1,069,000	1,021,351	47,649
Other services and charges	890,090	1,046,886	1,022,878	24,008
Capital outlay	-	1,109,316	1,107,398	1,918
Total non-departmental	<u>2,466,192</u>	<u>3,225,202</u>	<u>3,151,627</u>	<u>73,575</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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
County court at law				
Salaries	\$ 494,564	\$ 492,564	\$ 491,499	\$ 1,065
Fringe benefits	128,544	128,544	122,943	5,601
Operating expenditures	9,600	9,600	6,169	3,431
Other services and charges	101,000	128,405	127,856	549
Total county court at law	<u>733,708</u>	<u>759,113</u>	<u>748,467</u>	<u>10,646</u>
County court at law # 2				
Other services and charges	95,000	117,000	115,707	1,293
Total county court at law # 2	<u>95,000</u>	<u>117,000</u>	<u>115,707</u>	<u>1,293</u>
District court				
Salaries	328,004	333,087	331,966	1,121
Fringe benefits	133,674	139,064	137,751	1,313
Operating expenditures	13,500	14,419	10,524	3,895
Other services and charges	687,972	970,149	962,939	7,210
Total district court	<u>1,163,150</u>	<u>1,456,719</u>	<u>1,443,180</u>	<u>13,539</u>
District clerk				
Salaries	529,245	529,245	528,472	773
Fringe benefits	168,891	168,891	168,943	(52)
Operating expenditures	17,749	16,475	14,904	1,571
Capital outlay	-	1,274	1,273	1
Total district clerk	<u>715,885</u>	<u>715,885</u>	<u>713,592</u>	<u>2,293</u>
Justice of the peace # 1				
Salaries	153,058	153,343	153,342	1
Fringe benefits	51,582	51,582	49,506	2,076
Operating expenditures	5,335	5,335	4,149	1,186
Total justice of the peace # 1	<u>209,975</u>	<u>210,260</u>	<u>206,997</u>	<u>3,263</u>
Justice of the peace # 2				
Salaries	123,730	123,730	123,730	-
Fringe benefits	35,078	35,078	34,791	287
Operating expenditures	4,035	4,035	2,930	1,105
Total justice of the peace # 2	<u>162,843</u>	<u>162,843</u>	<u>161,451</u>	<u>1,392</u>
Justice of the peace # 3				
Salaries	206,164	205,264	200,350	4,914
Fringe benefits	62,867	62,867	59,289	3,578
Operating expenditures	4,660	7,927	7,443	484
Total justice of the peace # 3	<u>273,691</u>	<u>276,058</u>	<u>267,082</u>	<u>8,976</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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Justice of the peace # 4				
Salaries	\$ 141,448	\$ 141,448	\$ 136,615	\$ 4,833
Fringe benefits	44,723	44,723	42,649	2,074
Operating expenditures	5,340	5,340	4,785	555
Total justice of the peace # 4	<u>191,511</u>	<u>191,511</u>	<u>184,049</u>	<u>7,462</u>
Criminal district attorney				
Salaries	1,458,609	1,458,609	1,403,318	55,291
Fringe benefits	383,204	383,204	374,381	8,823
Operating expenditures	26,000	26,000	25,991	9
Total criminal district attorney	<u>1,867,813</u>	<u>1,867,813</u>	<u>1,803,690</u>	<u>64,123</u>
Election administrator				
Salaries	176,875	160,345	149,925	10,420
Fringe benefits	46,067	46,067	37,169	8,898
Operating expenditures	76,222	99,227	96,559	2,668
Other services and charges	10,605	19,130	17,602	1,528
Total election administrator	<u>309,769</u>	<u>324,769</u>	<u>301,255</u>	<u>23,514</u>
County auditor				
Salaries	396,475	396,475	394,267	2,208
Fringe benefits	117,229	118,547	118,633	(86)
Operating expenditures	12,721	12,721	11,245	1,476
Total county auditor	<u>526,425</u>	<u>527,743</u>	<u>524,145</u>	<u>3,598</u>
County treasurer				
Salaries	246,782	246,782	246,052	730
Fringe benefits	71,499	71,499	69,829	1,670
Operating expenditures	33,089	34,597	32,889	1,708
Total county treasurer	<u>351,370</u>	<u>352,878</u>	<u>348,770</u>	<u>4,108</u>
Tax assessor-collector				
Salaries	596,066	593,166	567,022	26,144
Fringe benefits	188,226	188,226	180,874	7,352
Operating expenditures	18,550	21,450	17,087	4,363
Total tax assessor-collector	<u>802,842</u>	<u>802,842</u>	<u>764,983</u>	<u>37,859</u>
Administrative services				
Salaries	232,220	229,165	228,972	193
Fringe benefits	68,404	68,404	65,844	2,560
Operating expenditures	13,500	17,255	17,020	235
Total administrative services	<u>314,124</u>	<u>314,824</u>	<u>311,836</u>	<u>2,988</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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Information technology				
Salaries	\$ 447,268	\$ 416,567	\$ 415,552	\$ 1,015
Fringe benefits	132,415	132,415	119,493	12,922
Operating expenditures	405,300	429,182	427,167	2,015
Other services and charges	160,000	152,500	151,756	744
Capital outlay	40,000	70,701	69,422	1,279
Total information technology	<u>1,184,983</u>	<u>1,201,365</u>	<u>1,183,390</u>	<u>17,975</u>
Facilities management				
Salaries	293,963	328,713	317,114	11,599
Fringe benefits	94,701	103,088	103,170	(82)
Operating expenditures	1,030,750	991,776	924,332	67,444
Total facilities management	<u>1,419,414</u>	<u>1,423,577</u>	<u>1,344,616</u>	<u>78,961</u>
Adult probation department				
Operating expenditures	1,000	1,000	650	350
Total adult probation department	<u>1,000</u>	<u>1,000</u>	<u>650</u>	<u>350</u>
Juvenile detention facility				
Salaries	1,881,883	2,022,257	2,007,210	15,047
Fringe benefits	548,242	548,242	551,059	(2,817)
Operating expenditures	456,400	459,146	426,256	32,890
Other services and charges	27,856	40,656	39,182	1,474
Capital outlay	-	34,035	34,035	-
Total juvenile detention facility	<u>2,914,381</u>	<u>3,104,336</u>	<u>3,057,742</u>	<u>46,594</u>
Juvenile board				
Salaries	33,557	33,557	33,557	-
Fringe benefits	7,133	7,133	6,761	372
Other services and charges	60,000	60,000	45,524	14,476
Total juvenile board	<u>100,690</u>	<u>100,690</u>	<u>85,842</u>	<u>14,848</u>
Total general government	<u>17,160,196</u>	<u>18,497,167</u>	<u>18,028,371</u>	<u>468,796</u>
Public safety				
Fire marshal				
Salaries	462,069	431,047	377,346	53,701
Fringe benefits	131,167	131,167	111,200	19,967
Operating expenditures	107,143	96,223	89,826	6,397
Other services and charges	54,000	81,522	81,190	332
Capital outlay	-	15,283	15,062	221
Total fire marshal	<u>754,379</u>	<u>755,242</u>	<u>674,624</u>	<u>80,618</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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Public safety (continued)				
Sheriff				
Salaries	\$ 9,897,059	\$ 9,372,544	\$ 9,296,578	\$ 75,966
Fringe benefits	2,780,386	2,710,997	2,627,852	83,145
Operating expenditures	2,055,944	1,508,514	1,508,104	410
Other services and charges	-	1,224,989	1,224,988	1
Capital outlay	235,000	279,041	279,040	1
Total sheriff	<u>14,968,389</u>	<u>15,096,085</u>	<u>14,936,562</u>	<u>159,523</u>
Constable # 1				
Salaries	41,807	41,807	41,807	-
Fringe benefits	14,022	14,022	12,396	1,626
Operating expenditures	3,578	8,149	6,057	2,092
Total constable # 1	<u>59,407</u>	<u>63,978</u>	<u>60,260</u>	<u>3,718</u>
Constable # 2				
Salaries	43,057	43,057	43,057	-
Fringe benefits	13,543	13,543	13,405	138
Operating expenditures	3,578	4,144	3,832	312
Total constable # 2	<u>60,178</u>	<u>60,744</u>	<u>60,294</u>	<u>450</u>
Constable # 3				
Salaries	42,527	42,527	42,527	-
Fringe benefits	13,431	13,431	13,291	140
Operating expenditures	3,578	5,349	4,404	945
Total constable # 3	<u>59,536</u>	<u>61,307</u>	<u>60,222</u>	<u>1,085</u>
Constable # 4				
Salaries	41,807	41,807	41,807	-
Fringe benefits	13,278	13,278	12,864	414
Operating expenditures	3,578	6,448	5,708	740
Capital outlay	-	3,384	3,384	-
Total constable # 4	<u>58,663</u>	<u>64,917</u>	<u>63,763</u>	<u>1,154</u>
Non-departmental				
Other services and charges				
City/County interlocal agreement	1,765,000	1,778,492	1,772,394	6,098
Total non-departmental	<u>1,765,000</u>	<u>1,778,492</u>	<u>1,772,394</u>	<u>6,098</u>
Total public safety	<u>17,725,552</u>	<u>17,880,765</u>	<u>17,628,119</u>	<u>252,646</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, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Culture and recreation				
Extension service				
Salaries	\$ 175,766	\$ 175,766	\$ 175,763	\$ 3
Fringe benefits	35,113	35,113	34,365	748
Operating expenditures	28,515	29,800	25,673	4,127
Other services and charges	15,000	15,000	13,279	1,721
Total extension service	<u>254,394</u>	<u>255,679</u>	<u>249,080</u>	<u>6,599</u>
Parks and recreation				
Salaries	37,740	39,769	39,767	2
Fringe benefits	12,414	12,986	12,999	(13)
Total parks and recreation	<u>50,154</u>	<u>52,755</u>	<u>52,766</u>	<u>(11)</u>
Total culture and recreation	<u>304,548</u>	<u>308,434</u>	<u>301,846</u>	<u>6,588</u>
Total expenditures	<u>35,190,296</u>	<u>36,686,366</u>	<u>35,958,336</u>	<u>728,030</u>
Excess (deficiency) of revenues over expenditures	<u>1,827,979</u>	<u>591,996</u>	<u>791,529</u>	<u>199,533</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	5,000	5,000	1,275	(3,725)
Transfers in	45,000	45,000	10,000	(35,000)
Transfers out	<u>(1,884,514)</u>	<u>(4,344,841)</u>	<u>(4,302,522)</u>	<u>42,319</u>
Total other financing sources (uses)	<u>(1,834,514)</u>	<u>(4,294,841)</u>	<u>(4,291,247)</u>	<u>3,594</u>
Change in fund balance	(6,535)	(3,702,845)	(3,499,718)	203,127
Fund balance, January 1	<u>19,455,735</u>	<u>19,455,735</u>	<u>19,455,735</u>	<u>-</u>
Fund balance, December 31	<u>\$ 19,449,200</u>	<u>\$ 15,752,890</u>	<u>\$ 15,956,017</u>	<u>\$ 203,127</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, 2017*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,054,958	\$ 1,057,468	\$ -	\$ 1,057,468
Delinquent taxes	18,000	28,065	(100)	28,165
Penalty and interest	8,400	11,516	(35)	11,551
Intergovernmental				
Vehicle license fees	90,000	90,036	-	90,036
Additional license fees	220,000	226,219	1,138	225,081
Permits	37,900	38,071	-	38,071
Investment income				
Interest	3,500	7,603	-	7,603
Miscellaneous	30,100	25,662	(5)	25,667
Total revenues	<u>1,462,858</u>	<u>1,484,640</u>	<u>998</u>	<u>1,483,642</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	606,213	605,301	(126)	605,427
Fringe benefits	175,945	174,585	(169)	174,754
Operating expenditures	681,069	578,365	14,219	564,146
Other services and charges	250	178	-	178
Capital outlay	51,555	51,554	-	51,554
Debt service	53,772	53,771	-	53,771
Total expenditures	<u>1,568,804</u>	<u>1,463,754</u>	<u>13,924</u>	<u>1,449,830</u>
Excess (deficiency) of revenues over expenditures	<u>(105,946)</u>	<u>20,886</u>	<u>(12,926)</u>	<u>33,812</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,946	5,946	-	5,946
Total other financing sources (uses)	<u>5,946</u>	<u>5,946</u>	<u>-</u>	<u>5,946</u>
Change in fund balance	(100,000)	26,832	(12,926)	39,758
Fund balance, January 1	<u>312,272</u>	<u>405,220</u>	<u>69,114</u>	<u>336,106</u>
Fund balance, December 31	<u>\$ 212,272</u>	<u>\$ 432,052</u>	<u>\$ 56,188</u>	<u>\$ 375,864</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, 2017*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 992,902	\$ 995,264	\$ -	\$ 995,264
Delinquent taxes	17,000	26,415	(94)	26,509
Penalty and interest	8,300	10,839	(34)	10,873
Intergovernmental				
Vehicle license fees	90,000	90,036	(6)	90,042
Additional license fees	220,000	212,912	1,071	211,841
Permits	28,500	38,071	-	38,071
Investment income				
Interest	6,000	12,096	-	12,096
Miscellaneous	1,100	448	-	448
Total revenues	<u>1,363,802</u>	<u>1,386,081</u>	<u>937</u>	<u>1,385,144</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	483,964	428,023	1,056	426,967
Fringe benefits	134,288	119,960	238	119,722
Operating expenditures	1,166,180	974,494	18,507	955,987
Other services and charges	50,138	9,026	1,671	7,355
Capital outlay	10,825	10,797	-	10,797
Total expenditures	<u>1,845,395</u>	<u>1,542,300</u>	<u>21,472</u>	<u>1,520,828</u>
Excess (deficiency) of revenues over expenditures	<u>(481,593)</u>	<u>(156,219)</u>	<u>(20,535)</u>	<u>(135,684)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	23,575	-	-	-
Transfers out	(1,982)	(1,982)	-	(1,982)
Total other financing sources (uses)	<u>21,593</u>	<u>(1,982)</u>	<u>-</u>	<u>(1,982)</u>
Change in fund balance	(460,000)	(158,201)	(20,535)	(137,666)
Fund balance, January 1	<u>632,145</u>	<u>1,027,944</u>	<u>199,009</u>	<u>828,935</u>
Fund balance, December 31	<u>\$ 172,145</u>	<u>\$ 869,743</u>	<u>\$ 178,474</u>	<u>\$ 691,269</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, 2017

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 972,216	\$ 974,530	\$ -	\$ 974,530
Delinquent taxes	17,000	25,865	(92)	25,957
Penalty and interest	8,200	10,613	(34)	10,647
Intergovernmental				
Vehicle license fees	101,400	90,036	-	90,036
Additional license fees	220,000	208,476	1,048	207,428
Permits	37,900	38,071	-	38,071
Investment income				
Interest	9,000	19,134	-	19,134
Miscellaneous	70,502	115,976	818	115,158
Total revenues	<u>1,436,218</u>	<u>1,482,701</u>	<u>1,740</u>	<u>1,480,961</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	582,633	580,841	(877)	581,718
Fringe benefits	184,696	181,843	(270)	182,113
Operating expenditures	597,654	577,378	(6,989)	584,367
Other services and charges	2,000	178	-	178
Capital outlay	260,358	260,357	-	260,357
Total expenditures	<u>1,627,341</u>	<u>1,600,597</u>	<u>(8,136)</u>	<u>1,608,733</u>
Excess (deficiency) of revenues over expenditures	<u>(191,123)</u>	<u>(117,896)</u>	<u>9,876</u>	<u>(127,772)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,982)	(1,982)	-	(1,982)
Total other financing sources (uses)	<u>(1,982)</u>	<u>(1,982)</u>	<u>-</u>	<u>(1,982)</u>
Change in fund balance	(193,105)	(119,878)	9,876	(129,754)
Fund balance, January 1	1,527,327	1,644,919	59,370	1,585,549
Fund balance, December 31	<u>\$ 1,334,222</u>	<u>\$ 1,525,041</u>	<u>\$ 69,246</u>	<u>\$ 1,455,795</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, 2017*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,117,015	\$ 1,119,672	\$ -	\$ 1,119,672
Delinquent taxes	19,000	29,716	(106)	29,822
Penalty and interest	9,300	12,193	(37)	12,230
Intergovernmental				
Vehicle license fees	90,000	90,036	-	90,036
Additional license fees	250,000	239,526	1,205	238,321
Permits	37,900	38,071	-	38,071
Investment income				
Interest	4,000	6,593	-	6,593
Miscellaneous	38,500	37,857	(661)	38,518
Total revenues	<u>1,565,715</u>	<u>1,573,664</u>	<u>401</u>	<u>1,573,263</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	477,065	476,209	597	475,612
Fringe benefits	159,240	141,144	1,259	139,885
Operating expenditures	843,090	826,565	(5,061)	831,626
Other services and charges	7,350	6,811	(3,434)	10,245
Capital outlay	111,310	111,222	-	111,222
Debt service	51,735	51,734	-	51,734
Total expenditures	<u>1,649,790</u>	<u>1,613,685</u>	<u>(6,639)</u>	<u>1,620,324</u>
Excess (deficiency) of revenues over expenditures	<u>(84,075)</u>	<u>(40,021)</u>	<u>7,040</u>	<u>(47,061)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	53,957	-	-	-
Transfers out	(1,982)	(1,982)	-	(1,982)
Total other financing sources (uses)	<u>51,975</u>	<u>(1,982)</u>	<u>-</u>	<u>(1,982)</u>
Change in fund balance	(32,100)	(42,003)	7,040	(49,043)
Fund balance, January 1	<u>388,689</u>	<u>463,731</u>	<u>218,290</u>	<u>245,441</u>
Fund balance, December 31	<u>\$ 356,589</u>	<u>\$ 421,728</u>	<u>\$ 225,330</u>	<u>\$ 196,398</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, 2017

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,320,827	\$ 1,325,485	\$ -	\$ 1,325,485
Delinquent taxes	32,000	37,549	(132)	37,681
Penalty and interest	14,300	15,358	(49)	15,407
Investment income				
Interest	3,000	5,738	-	5,738
Total revenues	<u>1,370,127</u>	<u>1,384,130</u>	<u>(181)</u>	<u>1,384,311</u>
EXPENDITURES				
Debt service				
Principal retirement	887,100	887,100	-	887,100
Interest and fiscal charges	502,959	502,957	-	502,957
Bond issuance costs	-	123,790	-	123,790
Total expenditures	<u>1,390,059</u>	<u>1,513,847</u>	<u>-</u>	<u>1,513,847</u>
Excess (deficiency) of revenues over expenditures	<u>(19,932)</u>	<u>(129,717)</u>	<u>(181)</u>	<u>(129,536)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	4,920,000	-	4,920,000
Premium on issuance of bonds	-	506,507	-	506,507
Payment to escrow	-	(5,302,717)	-	(5,302,717)
Total other financing sources (uses)	<u>-</u>	<u>123,790</u>	<u>-</u>	<u>123,790</u>
Change in fund balance	(19,932)	(5,927)	(181)	(5,746)
Fund balance, January 1	<u>341,697</u>	<u>384,386</u>	<u>(27,291)</u>	<u>411,677</u>
Fund balance, December 31	<u>\$ 321,765</u>	<u>\$ 378,459</u>	<u>\$ (27,472)</u>	<u>\$ 405,931</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, 2017

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
COUNTY CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	<u>\$ 564,711</u>	<u>\$ 345,130</u>	<u>\$ 421,965</u>	<u>\$ 487,876</u>
LIABILITIES				
Accounts payable	<u>\$ 564,711</u>	<u>\$ 345,130</u>	<u>\$ 421,965</u>	<u>\$ 487,876</u>
CRIMINAL DISTRICT ATTORNEY				
ASSETS				
Cash and cash equivalents	<u>\$ 4,377</u>	<u>\$ 115,484</u>	<u>\$ 110,028</u>	<u>\$ 9,833</u>
LIABILITIES				
Accounts payable	<u>\$ 4,377</u>	<u>\$ 115,484</u>	<u>\$ 110,028</u>	<u>\$ 9,833</u>
DISTRICT CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	<u>\$ 1,334,165</u>	<u>\$ 628,031</u>	<u>\$ 499,635</u>	<u>\$ 1,462,561</u>
LIABILITIES				
Accounts payable	<u>\$ 1,334,165</u>	<u>\$ 628,031</u>	<u>\$ 499,635</u>	<u>\$ 1,462,561</u>
CLERK'S SPECIAL				
ASSETS				
Cash and cash equivalents	<u>\$ 15</u>	<u>\$ 10,276</u>	<u>\$ 9,981</u>	<u>\$ 310</u>
LIABILITIES				
Accounts payable	<u>\$ 15</u>	<u>\$ 10,276</u>	<u>\$ 9,981</u>	<u>\$ 310</u>
JAIL INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 54,490</u>	<u>\$ 748,685</u>	<u>\$ 748,508</u>	<u>\$ 54,667</u>
LIABILITIES				
Accounts payable	<u>\$ 54,490</u>	<u>\$ 748,685</u>	<u>\$ 748,508</u>	<u>\$ 54,667</u>
SHERIFF SPECIAL				
ASSETS				
Cash and cash equivalents	<u>\$ 2,145</u>	<u>\$ 331,040</u>	<u>\$ 311,144</u>	<u>\$ 22,041</u>
LIABILITIES				
Accounts payable	<u>\$ 2,145</u>	<u>\$ 331,040</u>	<u>\$ 311,144</u>	<u>\$ 22,041</u>

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2017

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
STATE FEES				
ASSETS				
Cash and cash equivalents	\$ 148,512	\$ 734,856	\$ 710,092	\$ 173,276
Other receivables	5,509	3,611	5,509	3,611
Total assets	<u>\$ 154,021</u>	<u>\$ 738,467</u>	<u>\$ 715,601</u>	<u>\$ 176,887</u>
LIABILITIES				
Accounts payable	<u>\$ 154,021</u>	<u>\$ 738,467</u>	<u>\$ 715,601</u>	<u>\$ 176,887</u>
JUSTICE OF THE PEACE-SPECIAL				
ASSETS				
Cash and cash equivalents	<u>\$ 258</u>	<u>\$ 882</u>	<u>\$ 682</u>	<u>\$ 458</u>
LIABILITIES				
Accounts payable	<u>\$ 258</u>	<u>\$ 882</u>	<u>\$ 682</u>	<u>\$ 458</u>
TAX ASSESSOR-COLLECTOR				
ASSETS				
Cash and cash equivalents	\$ 5,404,463	\$ 197,841,921	\$ 196,259,340	\$ 6,987,044
Other receivables	86,540	91,781	86,540	91,781
Total assets	<u>\$ 5,491,003</u>	<u>\$ 197,933,702</u>	<u>\$ 196,345,880</u>	<u>\$ 7,078,825</u>
LIABILITIES				
Accounts payable	46,960	\$ 190,913,567	\$ 190,901,837	58,690
Due to other governments	5,444,043	7,020,135	5,444,043	7,020,135
Total liabilities	<u>\$ 5,491,003</u>	<u>\$ 197,933,702</u>	<u>\$ 196,345,880</u>	<u>\$ 7,078,825</u>
JUVENILE RESTITUTION				
ASSETS				
Cash and cash equivalents	<u>\$ 177</u>	<u>\$ 4,022</u>	<u>\$ 3,737</u>	<u>\$ 462</u>
LIABILITIES				
Accounts payable	<u>\$ 177</u>	<u>\$ 4,022</u>	<u>\$ 3,737</u>	<u>\$ 462</u>
SPECIAL SERVICES				
ASSETS				
Cash and cash equivalents	\$ 1,395,486	\$ 975,262	\$ 1,438,627	\$ 932,121
Seized assets	122,341	251,126	183,911	189,556
Total assets	<u>\$ 1,517,827</u>	<u>\$ 1,226,388</u>	<u>\$ 1,622,538</u>	<u>\$ 1,121,677</u>
LIABILITIES				
Accounts payable	<u>\$ 1,517,827</u>	<u>\$ 1,226,388</u>	<u>\$ 1,622,538</u>	<u>\$ 1,121,677</u>

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2017

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
JUVENILE INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 318	\$ 1,879	\$ 2,018	\$ 179
LIABILITIES				
Accounts payable	\$ 318	\$ 1,879	\$ 2,018	\$ 179
CDA STATE JUDICIARY FUND				
ASSETS				
Cash and cash equivalents	\$ 743	\$ 22,500	\$ 21,206	\$ 2,037
LIABILITIES				
Accounts payable	\$ 743	\$ 22,500	\$ 21,206	\$ 2,037
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 8,909,861	\$ 201,759,968	\$ 200,536,963	\$ 10,132,866
Other receivables	92,049	95,392	92,049	95,392
Seized assets	122,341	251,126	183,911	189,556
Total assets	\$ 9,124,251	\$ 202,106,486	\$ 200,812,923	\$ 10,417,814
LIABILITIES				
Accounts payable	\$ 3,680,208	\$ 195,086,351	\$ 195,368,880	\$ 3,397,679
Due to other governments	5,444,043	7,020,135	5,444,043	7,020,135
Total liabilities	\$ 9,124,251	\$ 202,106,486	\$ 200,812,923	\$ 10,417,814

(concluded)

STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time	143
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property tax and sales tax revenues.....	154
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	167
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	173
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.....	175

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 16,490,648	\$ 18,800,745	\$ 13,801,455	\$ 16,692,542
Restricted	484,274	479,495	478,249	688,673
Unrestricted	12,797,072	8,952,624	10,419,290	10,692,960
Total governmental activities net position	<u>\$ 29,771,994</u>	<u>\$ 28,232,864</u>	<u>\$ 24,698,994</u>	<u>\$ 28,074,175</u>
Business-type activities				
Net investment in capital assets	\$ 9,991,881	\$ 10,069,793	\$ 9,572,959	\$ 9,245,449
Unrestricted	155,922	155,866	48,710	(208,163)
Total business-type activities net position	<u>\$ 10,147,803</u>	<u>\$ 10,225,659</u>	<u>\$ 9,621,669</u>	<u>\$ 9,037,286</u>
Primary Government				
Net investment in capital assets	\$ 26,482,529	\$ 28,870,538	\$ 23,374,414	\$ 25,937,991
Restricted	484,274	479,495	478,249	688,673
Unrestricted	12,952,994	9,108,490	10,468,000	10,484,797
Total primary government activities net position	<u>\$ 39,919,797</u>	<u>\$ 38,458,523</u>	<u>\$ 34,320,663</u>	<u>\$ 37,111,461</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

2012	2013	2014	2015	2016	2017
\$ 17,634,287	\$ 19,331,396	\$ 19,248,568	\$ 18,533,816	\$ 16,809,816	\$ 15,075,452
1,735,505	1,911,393	1,818,838	1,561,037	2,283,067	2,695,608
<u>13,988,896</u>	<u>16,544,281</u>	<u>20,591,811</u>	<u>14,018,912</u>	<u>17,629,833</u>	<u>15,968,499</u>
<u>\$ 33,358,688</u>	<u>\$ 37,787,070</u>	<u>\$ 41,659,217</u>	<u>\$ 34,113,765</u>	<u>\$ 36,722,716</u>	<u>\$ 33,739,559</u>
\$ 8,841,867	\$ 8,625,363	\$ 8,436,735	\$ 8,172,038	\$ 7,942,228	\$ 7,118,679
<u>(527,598)</u>	<u>(1,247,508)</u>	<u>(1,359,561)</u>	<u>(1,521,139)</u>	<u>(1,647,712)</u>	<u>549,053</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>	<u>\$ 7,667,732</u>
\$ 26,476,154	\$ 27,956,759	\$ 27,685,303	\$ 27,753,134	\$ 24,752,044	\$ 22,194,131
1,735,505	1,911,393	1,818,838	1,561,037	2,283,067	2,695,608
<u>13,651,402</u>	<u>15,296,773</u>	<u>19,232,250</u>	<u>12,497,773</u>	<u>15,982,121</u>	<u>16,517,552</u>
<u>\$ 41,863,061</u>	<u>\$ 45,164,925</u>	<u>\$ 48,736,391</u>	<u>\$ 41,811,944</u>	<u>\$ 43,017,232</u>	<u>\$ 41,407,291</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Expenses				
General government	\$ 19,234,562	\$ 17,845,546	\$ 16,605,275	\$ 15,620,851
Public safety	14,741,608	15,751,805	19,400,560	15,289,156
Streets and highways	4,400,102	4,220,057	4,606,913	4,435,115
Culture and recreation	465,943	462,762	356,884	257,880
Public health	4,294,718	4,319,623	4,222,958	3,650,720
Interest on long-term debt	304,359	239,157	329,593	504,255
Total expenses	<u>43,441,292</u>	<u>42,838,950</u>	<u>45,522,183</u>	<u>39,757,977</u>
Program revenues				
Charges for services				
General government	5,145,235	5,280,919	4,986,776	4,639,764
Public safety	2,457,863	2,066,881	1,967,771	2,216,737
Streets and highways	1,739,696	1,586,389	1,454,744	1,506,282
Culture and recreation	-	-	-	-
Public health	668,449	828,916	806,273	843,562
Operating grants and contributions	4,782,081	4,159,006	4,892,681	4,894,311
Capital grants and contributions	-	769,421	376,900	951,625
Total program revenues	<u>14,793,324</u>	<u>14,691,532</u>	<u>14,485,145</u>	<u>15,052,281</u>
Total governmental activities net program (expense) revenue	(28,647,968)	(28,147,418)	(31,037,038)	(24,705,696)
General revenues and other changes in net position				
Taxes				
Property taxes	17,808,933	19,199,929	19,632,861	19,323,241
Sales taxes	7,813,529	6,620,902	7,523,254	10,028,625
Other taxes	210,783	223,178	215,614	224,920
Grants and contributions not restricted to specific programs	365,459	200,591	53,401	352,549
Unrestricted investment earnings	507,091	166,674	101,623	119,708
Miscellaneous	379,770	606,628	416,368	636,498
Extraordinary Item	-	-	-	-
Transfers	(472,859)	(409,614)	(439,953)	(11,113)
Special item - interlocal commitment	-	-	-	(2,616,446)
Total general revenues and other changes in net position	<u>26,612,706</u>	<u>26,608,288</u>	<u>27,503,168</u>	<u>28,057,982</u>
Total governmental activities change in net position	<u>\$ (2,035,262)</u>	<u>\$ (1,539,130)</u>	<u>\$ (3,533,870)</u>	<u>\$ 3,352,286</u>

Fiscal Year

	2012	2013	2014	2015	2016	2017
\$	17,725,415	\$ 17,741,218	\$ 19,041,903	\$ 18,521,250	\$ 20,353,896	\$ 26,304,990
	16,249,363	19,116,258	19,021,706	18,684,796	20,708,786	21,626,868
	4,196,422	4,368,635	6,098,697	5,444,923	5,866,714	6,298,408
	301,527	295,945	332,869	306,605	353,798	395,762
	3,747,650	3,377,214	3,551,753	3,527,448	3,941,509	4,299,622
	352,616	446,849	785,052	433,173	493,290	615,616
	<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>	<u>59,541,266</u>
	5,709,483	5,733,156	5,648,982	4,795,027	5,683,863	6,475,812
	2,263,926	2,254,543	2,547,897	2,504,511	2,619,758	2,103,246
	1,600,498	1,597,198	1,641,604	1,496,157	1,441,352	1,395,105
	-	-	-	-	2,338	1,850
	712,155	533,399	570,998	587,120	545,175	459,781
	4,461,065	5,183,741	4,651,866	4,440,829	4,104,052	4,626,724
	697,792	228,422	398,800	-	169,264	1,214,971
	<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>	<u>16,277,489</u>
	(27,128,074)	(29,815,660)	(33,371,833)	(33,094,551)	(37,152,191)	(43,263,777)
	20,738,029	21,984,214	23,817,161	25,407,422	26,135,287	25,826,188
	10,984,845	10,815,601	11,824,484	10,626,687	9,085,344	9,275,154
	235,893	251,853	295,983	331,179	307,839	282,089
	139,310	252,374	730,719	251,659	289,639	2,739,331
	114,897	132,066	174,003	183,319	185,145	312,407
	388,862	807,934	657,416	661,223	659,665	652,954
	-	-	-	-	-	3,264,253
	-	-	(255,786)	(296,254)	(671,653)	(2,071,756)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>40,280,620</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>	<u>(2,983,157)</u>

(continued)

COUNTY OF VICTORIA, TEXAS

CHANGES IN NET POSITION (1)

Last ten fiscal years

	Fiscal Year			
	2008	2009	2010	2011
Business-type activities				
Expenses				
Airport	\$ 3,678,423	\$ 2,950,244	\$ 3,503,128	\$ 3,737,407
Navarro Project	583,104	608,712	583,222	579,775
Commisary	117,250	92,737	95,089	101,378
Total expenses	<u>4,378,777</u>	<u>3,651,693</u>	<u>4,181,439</u>	<u>4,418,560</u>
Program revenues				
Charges for services				
Airport	2,604,426	1,860,584	2,324,719	2,932,268
Navarro Project	512,461	528,143	538,088	544,203
Commisary	94,666	98,235	88,605	152,934
Operating grants and contributions	27,152	6,522	-	42,190
Capital grants and contributions	865,997	825,097	185,325	148,968
Total program revenues	<u>4,104,702</u>	<u>3,318,581</u>	<u>3,136,737</u>	<u>3,820,563</u>
Total business-type activities net program (expense) revenue	(274,075)	(333,112)	(1,044,702)	(597,997)
General revenues and other changes in net position				
Unrestricted investment earnings	10,280	1,354	759	417
Miscellaneous	-	-	-	-
Transfers	472,859	409,614	439,953	11,113
Total general revenues and other changes in net position	<u>483,139</u>	<u>410,968</u>	<u>440,712</u>	<u>11,530</u>
Total business-type activities change in net position	<u>\$ 209,064</u>	<u>\$ 77,856</u>	<u>\$ (603,990)</u>	<u>\$ (586,467)</u>
Total primary government change in net position	<u>\$ (1,826,198)</u>	<u>\$ (1,461,274)</u>	<u>\$ (4,137,860)</u>	<u>\$ 2,765,819</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					
2012	2013	2014	2015	2016	2017
\$ 3,822,529	\$ 3,806,501	\$ 4,722,858	\$ 5,323,304	\$ 5,680,308	\$ 5,640,986
617,933	694,360	591,031	612,894	547,458	550,407
143,356	120,418	129,621	113,824	114,924	153,074
<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>	<u>6,344,467</u>
3,009,756	2,879,260	3,645,290	4,351,312	4,531,502	4,894,066
545,557	551,150	535,511	504,534	522,983	524,583
156,172	149,222	162,251	161,543	166,848	159,086
33,694	95,859	91,031	65,148	78,842	64,804
142,087	8,950	440,400	243,803	13,000	-
<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>	<u>5,642,539</u>
(696,552)	(936,838)	(569,027)	(723,682)	(1,029,515)	(701,928)
385	424	848	1,153	1,479	3,388
-	-	11,712	-	-	-
-	-	255,786	296,254	671,653	2,071,756
<u>385</u>	<u>424</u>	<u>268,346</u>	<u>297,407</u>	<u>673,132</u>	<u>2,075,144</u>
\$ <u>(696,167)</u>	\$ <u>(936,414)</u>	\$ <u>(300,681)</u>	\$ <u>(426,275)</u>	\$ <u>(356,383)</u>	\$ <u>1,373,216</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>	\$ <u>(1,609,941)</u>

(concluded)

COUNTY OF VICTORIA, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Nonspendable				
Advance to other funds	\$ -	\$ -	\$ -	\$ 544,545
Unassigned	-	-	-	8,663,446
Reserved				
Advances	120,690	50,848	110,132	-
Adult Probation	17,149	8,675	10,959	-
Prepaid items	-	-	-	-
Unreserved	<u>8,230,983</u>	<u>3,965,140</u>	<u>5,375,150</u>	-
Total general fund	<u>\$ 8,368,822</u>	<u>\$ 4,024,663</u>	<u>\$ 5,496,241</u>	<u>\$ 9,207,991</u>
All Other Governmental Funds				
Restricted				
Various capital projects	\$ -	\$ -	\$ -	\$ 284,958
Road & bridge	-	-	-	1,445,816
Juvenile probation services	-	-	-	64,638
County/District Clerks	-	-	-	94,637
Public safety	-	-	-	405,272
Public health	-	-	-	51,866
Courthouse security	-	-	-	41,832
Retirement of long-term debt	-	-	-	459,542
Various government costs	-	-	-	106,673
Unassigned	-	-	-	(494,655)
Unreserved, reported in				
Special revenue funds	2,671,741	2,686,483	2,320,819	-
Capital project funds	-	-	867,511	-
Debt service funds	<u>204,365</u>	<u>272,958</u>	<u>427,767</u>	-
Total all other governmental funds	<u>\$ 2,876,106</u>	<u>\$ 2,959,441</u>	<u>\$ 3,616,097</u>	<u>\$ 2,460,579</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					
2012	2013	2014	2015	2016	2017
\$ 626,131	\$ 1,326,036	\$ 1,572,545	\$ 1,641,361	\$ 1,984,347	\$ -
11,665,011	13,182,983	16,507,992	18,954,639	18,449,982	17,318,465
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 17,318,465</u>
\$ -	\$ -	\$ 4,360,037	\$ 2,682,918	\$ 142,086	\$ -
1,873,342	2,467,701	2,426,924	2,763,394	2,996,031	2,719,326
77,290	23,356	-	-	-	-
96,009	132,837	194,097	237,461	306,810	364,893
890,226	1,065,973	763,363	586,856	978,937	1,365,867
131,961	219,820	1,840	-	66,691	27,166
49,861	64,808	71,465	74,793	86,851	78,382
364,138	327,797	386,801	361,231	411,677	405,931
121,785	64,145	87,013	273,084	377,990	403,007
(2,363)	(5,054)	-	-	-	(1,602,895)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 3,761,677</u>

COUNTY OF VICTORIA, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 25,882,890	\$ 26,161,569	\$ 27,320,324	\$ 29,991,355
Fees of office and user fees	2,755,103	2,978,655	2,832,777	2,790,150
Intergovernmental	10,490,501	8,954,716	9,307,493	10,179,382
Fines and forfeitures	1,422,624	1,415,132	1,346,014	1,532,844
Investment income	507,091	166,674	101,623	117,724
Licenses and permits	38,501	53,966	45,907	53,464
Contributions	25,565	5,350	1,568	301,344
Miscellaneous	843,912	876,511	812,004	1,043,917
Total revenues	41,966,187	40,612,573	41,767,710	46,010,180
Expenditures				
Current				
General government	19,430,296	17,629,258	16,423,517	15,685,961
Public safety	14,020,458	15,306,966	19,620,535	15,657,442
Highways and streets	4,713,221	4,228,163	4,450,977	4,764,971
Culture and recreation	418,550	389,558	287,088	216,113
Public health	4,294,492	4,289,732	4,231,648	3,597,910
Capital outlay	734,192	175,844	754,460	2,296,901
Debt service				
Principal retirement	1,360,000	1,405,000	840,000	1,115,000
Interest and fiscal charges	293,390	244,250	149,083	524,982
Bond issue costs	-	-	226,361	-
Total expenditures	45,264,599	43,668,771	46,983,669	43,859,280
Excess (deficiency) of revenues over expenditures	(3,298,412)	(3,056,198)	(5,215,959)	2,150,900
Other financing sources (uses)				
Bonds issued	-	-	-	-
Payment to escrow	-	-	(3,871,647)	-
Capital lease proceeds	105,324	282,872	-	197,699
Capital lease refinancing proceeds	-	-	-	-
Capital lease refinancing payments	-	-	-	-
Sales of assets	46,331	122,116	28,044	207,633
Transfers in	1,960,363	2,437,560	4,663,724	1,711,506
Transfers out	(3,183,222)	(4,047,174)	(6,069,165)	(1,711,506)
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)	(1,071,204)	(1,204,626)	7,344,193	405,332
Extraordinary items				
Extraordinary item	-	-	-	-
Change in fund balances	\$ (4,369,616)	\$ (4,260,824)	\$ 2,128,234	\$ 2,556,232
Debt service as a percentage of noncapital expenditures	<u>3.81%</u>	<u>3.88%</u>	<u>2.25%</u>	<u>4.13%</u>

(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					
2012	2013	2014	2015	2016	2017
\$ 31,798,763	\$ 33,045,330	\$ 35,908,161	\$ 36,250,684	\$ 35,508,536	\$ 35,652,475
2,920,101	3,131,284	3,401,611	3,263,987	3,349,455	3,178,804
9,591,479	10,316,613	9,875,293	8,983,997	8,797,632	9,706,909
2,013,009	1,689,188	1,391,031	1,156,377	1,643,780	1,936,418
112,268	131,320	173,458	181,688	183,980	310,694
43,709	63,155	40,431	58,412	39,533	61,234
93,459	203,984	684,669	119,484	110,442	406,175
1,137,283	941,132	951,545	930,084	908,467	865,666
<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>	<u>52,118,375</u>
17,145,686	18,394,052	18,669,404	18,434,960	19,251,396	24,640,425
16,258,277	18,357,375	18,310,906	18,719,272	19,491,221	19,374,178
4,164,237	4,590,343	6,168,092	5,296,511	5,659,988	7,291,882
247,849	295,557	297,340	263,792	315,601	313,589
3,690,149	3,349,696	3,494,559	3,615,808	3,883,793	4,146,837
342,427	228,422	2,948,623	1,302,382	1,440,333	123,150
1,275,000	1,300,000	827,385	1,018,228	1,054,925	887,100
369,700	343,950	564,164	624,304	547,250	502,957
	-	136,030	-	-	123,790
<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>	<u>57,403,908</u>
4,216,746	2,662,611	1,009,696	1,669,456	(1,102,682)	(5,285,533)
-	-	-	-	-	4,920,000
-	-	-	-	-	(5,302,717)
-	235,085	245,425	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
88,609	79,315	26,044	-	-	1,275
1,789,111	1,607,146	1,659,234	1,947,195	2,309,609	1,904,672
(1,789,111)	(1,607,146)	(2,074,753)	(2,412,992)	(2,981,262)	(4,391,428)
-	-	-	-	-	-
-	-	6,340,000	-	-	-
-	-	296,030	-	-	506,507
-	-	-	-	-	-
<u>88,609</u>	<u>314,400</u>	<u>6,491,980</u>	<u>(465,797)</u>	<u>(671,653)</u>	<u>(2,361,691)</u>
-	-	-	-	-	2,925,964
<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>\$ (4,721,260)</u>
<u>3.97%</u>	<u>3.74%</u>	<u>2.94%</u>	<u>3.51%</u>	<u>3.25%</u>	<u>2.75%</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>
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
2017	26,086,063	291,258	9,275,154	35,652,475
Change 2008-2017	46.04%	40.75%	18.71%	37.75%

(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
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
2017	2016	3,695,285,075	1,817,385,566	1,280,347,158	2,101,048,269	50,990,150

(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>
\$ 1,313,651,006	\$ 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%
2,024,244,176	6,920,812,042	0.3959	6,920,812,042	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
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
2017	2016	3,695,285,075	1,817,385,566	1,280,347,158	2,101,048,269	50,990,150

(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>
\$ 1,437,997,578	\$ 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	0.0660	6,955,833,317	100.00%
2,079,036,609	6,866,019,609	0.0660	6,866,019,609	100.00%

COUNTY OF VICTORIA, TEXAS*DIRECT AND OVERLAPPING PROPERTY TAX RATES**PER \$100 OF ASSESSED VALUE**Last ten fiscal years*

<u>Fiscal Year</u>	<u>County Direct Rates</u>				<u>Overlapping Rates</u>				
	<u>Debt Service</u>	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Total</u>	<u>City of Victoria</u>	<u>Navigation District</u>	<u>Victoria Junior College</u>	<u>Victoria I.S.D.</u>	<u>Bloomington I.S.D.</u>
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
2017	0.0206	0.3093	0.0660	0.3959	0.5892	0.0266	0.2065	1.2663	1.4002

SOURCE: Victoria County Appraisal District

Overlapping Rates

<u>Industrial I.S.D.</u>	<u>Nursery I.S.D.</u>	<u>McFaddin I.S.D.</u>	<u>W.C.I.D #1</u>	<u>W.C.I.D #2</u>	<u>V.C.D.D. #2</u>	<u>V.C.D.D. #3</u>	<u>Ground Water District</u>	<u>Quail Creek M.U.D.</u>	<u>Total</u>
\$ 1.3234	\$ 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	0.0100	0.1768	9.4848
1.3433	1.1000	1.1575	0.7246	1.1051	0.1180	0.0381	0.0095	0.1844	9.4515
1.3119	1.1000	1.1750	0.7394	1.0621	0.1226	0.0360	0.0092	0.1800	9.4090
1.2610	1.1000	1.1470	0.7394	1.0700	0.1174	0.0337	0.0092	0.1800	9.2764
1.2400	1.1000	1.1550	0.7217	1.0700	0.1162	0.0307	0.0088	0.3494	9.4060
1.2520	1.1000	1.1500	0.6569	1.0700	0.1089	0.0294	0.0088	0.1729	9.1338
1.2833	1.1000	1.2900	0.6462	1.1400	0.1116	0.0290	0.0088	0.1822	9.2452
1.3630	1.1000	1.3350	0.5033	0.8607	0.1179	0.0297	0.0088	0.1822	8.9894

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

2017		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista S A R L	\$ 174,496,810	2.92%
South Texas Electric Coop Inc	82,512,480	1.38%
AEP Texas Central Co	72,108,850	1.21%
Union Pacific Railroad CO	45,764,810	0.77%
E I Dupont De Nemours	45,057,220	0.75%
Patterson UTI Drilling Co LP	44,900,000	0.75%
Invista S A R L	37,662,180	0.63%
Equistar Chemicals LP	32,139,450	0.54%
Helmerich & Payne Int'l Drill	23,816,410	0.40%
Air Liquide America Corp	<u>23,377,750</u>	<u>0.39%</u>
	<u>\$ 581,835,960</u>	<u>9.74%</u>

2008		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista	\$ 343,268,170	7.48%
Invista S A R L	83,260,420	1.81%
Victoria WLE LP	50,091,030	1.09%
AEP Texas Central Co	45,192,620	0.98%
E I Dupont De Nemours	43,452,480	0.95%
Equistar Chemicals LP	37,316,590	0.81%
South Texas Electric Coop Inc	32,047,550	0.70%
Union Gas Operating Co.	27,474,600	0.60%
Air Liquide America Corp	25,167,210	0.55%
Southwestern Bell Telephone Co.	<u>24,694,220</u>	<u>0.54%</u>
	<u>\$ 711,964,890</u>	<u>15.51%</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>	Taxes Levied for the Fiscal Year (Original Levy)	<u>Adjustments</u>	Total Adjusted Levy	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
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%
2017	21,799,367	144,737	21,944,104	21,425,479	97.64%

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

SOURCE: Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 285,400	\$ 15,498,471	99.74%
362,818	16,802,944	99.78%
359,525	16,934,260	99.74%
270,308	16,941,050	99.75%
227,440	17,791,514	99.74%
251,016	19,032,185	98.98%
246,973	20,291,926	99.00%
234,087	21,618,907	98.88%
285,995	21,944,017	98.86%
92,244	21,517,723	98.06%

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

<u>Fiscal Year</u>	Taxes Levied for the Fiscal Year (Original Levy)	<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>
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%
2017	4,255,603	28,255	4,283,858	4,183,834	97.67%

(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
\$ 42,907	\$ 2,391,794	99.74%
51,788	2,601,584	99.78%
54,366	2,625,616	99.74%
40,613	2,629,083	99.76%
34,155	2,767,160	99.75%
38,271	2,968,454	98.97%
41,160	3,484,856	99.00%
39,277	3,723,038	98.89%
54,473	4,211,479	98.89%
17,824	4,201,658	98.08%

COUNTY OF VICTORIA, TEXAS

SALES TAX REVENUE

Last ten fiscal years

<u>Fiscal Year</u>	<u>Collections</u>
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
2017	8,244,984

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 County</u>	<u>Overlapping Rates</u>		<u>Total</u>
		<u>City of Victoria</u>	<u>State of Texas</u>	
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%
2017	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
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
2017	7,245,000	4,920,000	-	763,838	100,769	1,863,808

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>	
\$ 1,005,000	\$ (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	0.38%	169.13	
-	-	-	14,893,415	N/A	161.74	

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>
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
2017	12,165,000	405,931	11,759,069	0.13%	127.70

COUNTY OF VICTORIA, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2017

	Net Debt Outstanding		Percentage Applicable To County	Amount Applicable To County
	Date	Amount		
Direct Debt:				
County of Victoria	12/31/2017	\$ 14,487,484	100.00%	\$ 14,487,484
Overlapping Debt:				
City of Victoria	9/30/2017	85,605,161	100.00%	85,605,161
Victoria County Navigation District	12/31/2017	22,952,331	100.00%	22,952,331
Victoria Junior College District	8/31/2017	28,420,862	100.00%	28,420,862
Victoria Independent School District	8/31/2017	136,992,562	100.00%	136,992,562
Industrial Independent School District	8/31/2017	8,900,000	25.46%	2,265,940
Victoria County Water Control and Improvement District #1	6/30/2017	2,460,000	100.00%	2,460,000
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>285,735,331</u>		<u>279,101,271</u>
Total		<u>\$ 300,222,815</u>		<u>\$ 293,588,755</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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 1,475,880,398	\$ 1,577,620,248	\$ 1,598,603,642	\$ 1,656,361,755
Total net debt applicable to limit	<u>6,200,635</u>	<u>4,727,042</u>	<u>12,297,233</u>	<u>11,150,458</u>
Legal debt margin	<u>\$ 1,469,679,763</u>	<u>\$ 1,572,893,206</u>	<u>\$ 1,586,306,409</u>	<u>\$ 1,645,211,297</u>
Total net debt applicable to the limit as a percentage of debt limit	0.42%	0.30%	0.77%	0.67%

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,688,519,006	\$ 1,835,144,041	\$ 2,021,818,632	\$ 2,167,543,505	\$ 2,286,693,308	\$ 2,236,264,055
9,970,862	8,707,203	14,218,199	13,448,769	12,573,323	11,759,069
\$ 1,678,548,144	\$ 1,826,436,838	\$ 2,007,600,433	\$ 2,154,094,736	\$ 2,274,119,985	\$ 2,224,504,986
0.59%	0.47%	0.70%	0.62%	0.55%	0.53%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 8,945,056,218
Debt limit	2,236,264,055
Debt applicable to limit	
General obligation bonds	12,165,000
Less: Debt Service Fund Balance	405,931
Total amount of debt applicable to debt limit	11,759,069
Legal debt margin	\$ 2,224,504,986

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

<u>Fiscal Year</u>	(1) <u>Population</u>	(2) <u>Personal Income (000's)</u>	(2) <u>Per Capita Personal Income</u>	(3) <u>Unemployment Rate</u>
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	4,109,015	44,438	5.0%
2017	92,084	N/A	N/A	4.9%

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 2017 is not yet available.
(3) Texas Workforce Commission & Economic Research

COUNTY OF VICTORIA, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

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

<u>Employer</u>	2008	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,100	4.84%
Formosa Plastics	1,500	3.46%
Citizens Medical Center	1,382	3.18%
The Inteplast Group	1,200	2.76%
DeTar Healthcare System	1,014	2.34%
Dow-Seadrift Operations	700	1.61%
Calhoun Independent School District	654	1.51%
Victoria County	620	1.43%
City of Victoria	609	1.40%
Invista	600	1.38%
	<u>10,379</u>	<u>23.91%</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			
	2008	2009	2010	2011
General government				
County Judge	3	3	3	3
Comissioners' court	2	1	1	1
Records management	1	2	2	1
County clerk	16	16	16	16
Pre-Trial Services	-	-	-	-
Veterans' service officer	1	1	1	1
Heritage director	1	1	1	1
County court at law #1	2	2	2	2
County court at law #2	2	2	2	2
District court	11	11	11	11
District clerk	14	16	16	14
Justice of the peace #1	2	3	3	3
Justice of the peace #2	2	3	3	3
Justice of the peace #3	5	5	5	4
Justice of the peace #4	3	3	3	3
Criminal district attorney	22	23	23	24
Election administrator	3	3	3	3
County auditor	8	8	8	8
County treasurer	5	5	5	5
Tax assessor-collector	15	16	16	16
Administrative services	4	4	4	4
Information technology	7	7	7	7
Building maintenance	8	11	11	11
Juvenile detention facility	68	68	68	68
Public safety				
Fire marshal	2	6	6	6
Sheriff	184	194	198	198
Constable #1	1	1	1	1
Constable #2	1	1	1	1
Constable #3	1	1	1	1
Constable #4	1	1	1	1
Culture and recreation				
Parks and recreation	2	2	1	1
Extension service	7	7	7	7
Public health(includes flood/emg mgmt & health dept)	68	69	69	60
Highways and streets	42	43	43	43
Airport	19	15	15	14
Commissary	2	2	2	2
Navarro Project	3	3	3	3
Total	538	559	562	549

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
3	3	3	1	1	2
1	1	1	3	3	2
2	2	2	2	2	2
16	15	15	15	14	15
-	1	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	4	5
2	2	2	2	0	0
11	11	11	11	11	11
14	14	14	14	14	14
3	3	4	4	4	4
3	3	3	3	3	3
4	4	4	4	4	4
3	3	3	3	3	3
25	28	28	28	28	28
3	3	3	3	3	3
8	8	8	8	8	8
5	5	4	5	5	5
16	16	15	16	16	16
4	4	4	4	4	4
7	7	8	9	9	8
10	10	10	10	9	9
66	67	62	57	57	55
7	7	7	9	9	9
198	193	200	202	202	202
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
6	5	5	5	5	5
57	55	60	51	49	51
43	43	43	44	44	43
14	15	15	17	17	17
2	1	1	1	1	1
<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>545</u>	<u>541</u>	<u>549</u>	<u>545</u>	<u>541</u>	<u>541</u>

COUNTY OF VICTORIA, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2008	2009	2010	2011
General government				
County Court				
Criminal cases filed	2,092	2,089	2,017	1,972
Criminal case dispositions	2,338	2,214	2,333	1,974
Civil cases filed	521	520	455	491
Civil case dispositions	507	688	581	498
Juvenile cases filed	126	144	102	109
Juvenile case dispositions	105	113	101	120
District Court				
Criminal cases filed	838	788	822	954
Criminal case dispositions	859	1,001	899	896
Civil cases filed	3,022	2,558	2,600	3,836
Civil case dispositions	3,186	2,321	1,726	3,583
Justice of the Peace				
Civil cases filed	1,217	941	1,080	1,131
Criminal cases filed	11,547	13,169	10,510	8,704
Elections Administrator				
New registrations	4,253	1,542	2,273	1,784
Elections held	5	2	4	2
County Auditor				
Accounts payable invoices processed	18,749	18,607	18,291	17,707
County Treasurer				
Payroll checks processed	18,069	17,630	18,030	16,777
Tax Assessor-collector				
Automobile registrations	86,190	85,729	86,812	89,937
Public Safety				
Sheriff				
Emergency 911 calls received	4,780	4,917	N/A	6,531
Fire marshal				
Fires	391	247	72	38
Culture and recreation				
Parks and recreation				
Cabana rentals	22	31	19	27
Public health				
Health Department				
Immunizations administered	13,967	13,499	12,625	8,424
Adult/child health screening visits	1,203	1,135	891	875
Dental clinic visits	2,811	2,597	3,151	2,041
Enviromental inspections/permits	2,895	3,318	2,378	3,530
Mosquito control trips	62	76	271	3
Animal control calls	9,292	9,675	8,085	8,030
Water laboratory tests	-	-	-	-
Highways and streets				
Road and bridge precincts				
Miles of roads overlaid	20	21	15	19

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						
2012	2013	2014	2015	2016	2017	
2,162	2,267	1,984	1,472	1,730	1,472	
2,038	2,220	1,970	1,970	1,721	1,843	
412	449	393	469	419	535	
416	382	403	468	587	444	
86	67	72	66	112	28	
107	79	96	90	112	40	
1,075	859	1,046	933	972	863	
1,059	896	1,020	969	892	811	
2,851	3,103	3,411	2,770	3,012	3,378	
3,211	3,035	2,969	2,918	2,849	3,452	
1,256	1,293	1,223	1,322	1,577	1,811	
8,384	8,074	11,350	8,247	6,788	6,487	
8,340	2,554	3,486	2,026	5,774	5,963	
4	3	5	2	6	1	
17,932	17,444	18,835	22,529	24,700	24,259	
17,584	16,737	17,392	17,478	17,665	17,058	
94,698	97,353	100,034	97,932	92,717	91,587	
6,153	3,019	4,286	5,268	5,105	5,755	
13	12	215	179	180	314	
19	27	31	12	24	20	
7,853	7,461	5,841	3,296	4,352	4,840	
1,214	1,089	1,554	1,582	1,076	840	
1,179	-	-	-	-	-	
4,908	3,342	3,299	3,683	4,011	2,303	
5	24	39	73	55	61	
8,263	7,952	7,554	7,976	7,000	6,748	
-	4,780	7,478	9,682	4,236	2,305	
20	15	36	35	39	40	

COUNTY OF VICTORIA, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last ten fiscal years

	Fiscal Year			
	2008	2009	2010	2011
Function/Program				
General government				
Buildings	9	8	8	8
Parking lots	3	3	3	3
Public safety				
Sheriff				
Jail	1	1	1	1
Patrol units	61	68	74	76
Fire Marshal				
Stations	1	1	1	1
Fire trucks	4	4	7	7
Highways and streets				
Roads (miles)	595.49	599.18	600.26	600.26
Bridges	90	90	90	90
Landfills	2	3	3	3
Culture and recreation				
Lake (acreage)	95	95	95	95
Boat ramps	2	2	2	2
Extension Office	1	1	1	1
4 H Activity Center	1	1	1	1
Public Health				
Animal Shelter	1	1	1	1
Airport				
T-Hanger	6	6	6	6
Terminal	1	1	1	1
Navarro Lease Project				
Building	1	1	1	1

SOURCES: Various County Departments

Texas Department of Transportation

Fiscal Year					
2012	2013	2014	2015	2016	2017
8 3	9 3	9 3	10 3	11 3	11 3
1 89	1 95	1 96	1 98	1 110	1 110
1 7	1 7	1 7	1 7	1 7	1 7
600.26 90 3	604.62 90 3	604.62 90 3	592.96 90 3	590.21 90 3	604.67 90 3
95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1
1	1	1	1	1	1
6 1	6 1	6 1	6 1	6 1	6 1
1	1	1	1	1	1

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Victoria, Texas (the "County") as of and for the year ended December 31, 2017, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 28, 2018. 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, 2018



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

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

Report on Compliance for Each Major Federal and State Program

We have audited the County of Victoria, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2017. 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, 2017.

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, 2018

COUNTY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES		
U. S. Department of Transportation		
Payments for Essential Air Services	20.901	2016-9-8
Total U.S. Department of Transportation		
U. S. Department of Homeland Security		
<i>Passed Through the Transportation Security Administration</i>		
Airport Law Enforcement Personnel Program	97.090	HSTS0216HSLR930
<i>Passed Through the Governor's Division of Emergency Management</i>		
Homeland Security Grant Program	97.067	EMW-2015-SS-00080
Homeland Security Grant Program	97.067	EMW-2016-SS-00056
Hazard Mitigation Grant	97.039	FEMA-4223-DR-TX
Emergency Management Performance Grant	97.042	17TX-EMPG-0605
Total Governor's Division of Emergency Management		
Total U.S. Department of Homeland Security		
U. S. Department of Justice		
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	2014DJBX0857
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016DJBX0467
Crime Victim Assistance	16.575	1772581
Crime Victim Assistance	16.575	1881531
Crime Victim Assistance	16.575	1772599
Crime Victim Assistance	16.575	1881549
Total Office of Governor of Texas, Criminal Justice Division		
Total U.S. Department of Justice		
U. S. Department of Agriculture		
<i>Passed Through Texas Department of State Health Services</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2017-049804-001
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2017-049804-001A
Total Texas Department of State Health Services		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ -	\$ 2,595,128	\$ 2,595,128	\$ -		
-	2,595,128	2,595,128	-		
17,025	-	17,025	-		
262,433	-	262,433	-		
145,259	-	145,259	-		
407,692	-	407,692	-		
33,357	-	33,357	-		
40,605	-	40,605	-		
481,654	-	481,654	-		
498,679	-	498,679	-		
-	14,284	14,284	-		
82,218	-	82,218	-		
30,567	-	30,567	15,284		
112,785	-	112,785	15,284		
18,270	-	18,270	-		
23,761	-	23,761	-		
20,786	-	20,786	-		
21,247	-	21,247	-		
84,064	-	84,064	-		
196,849	-	196,849	15,284		
196,849	14,284	211,133	15,284		
611,459	-	611,459	-		
180,981	-	180,981	-		
792,440	-	792,440	-		

(continued)

COUNTY OF VICTORIA, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2017*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES - (Continued)		
U. S. Department of Agriculture - (Continued)		
<i>Passed Through Texas Department of Agriculture</i>		
School Breakfast Program	10.553	01248
School Breakfast Program	10.553	01248
National School Lunch Program	10.555	01248
National School Lunch Program	10.555	01248
Non-Cash Assistance (Commodities)	10.555	01248
Non-Cash Assistance (Commodities)	10.555	01248
Total Child Nutrition Cluster		
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
Public Health Emergency Preparedness	93.069	2015-003634-00
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	537-18-0181-00001
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	93.758	537-18-0252-00001
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2016-004092-00
Immunization Cooperative Agreements	93.268	2016-001048-01
Immunization Cooperative Agreements	93.268	H23IP000773
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	X10MC30550
Preventive Health and Health Services Block Grant	93.991	2016-03860-01
Preventive Health and Health Services Block Grant	93.991	2016-003860B
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			
\$ 16,285	\$ -	\$ 16,285	\$ -	Child Nutrition Cluster	
<u>14,837</u>	-	<u>14,837</u>	-	Child Nutrition Cluster	
<u>31,122</u>	-	<u>31,122</u>	-		
32,152	-	32,152	-	Child Nutrition Cluster	
29,415	-	29,415	-	Child Nutrition Cluster	
805	-	805	-	Child Nutrition Cluster	4
<u>3,997</u>	-	<u>3,997</u>	-	Child Nutrition Cluster	4
<u>66,369</u>	-	<u>66,369</u>	-		
<u>97,491</u>	-	<u>97,491</u>	-		
<u>97,491</u>	-	<u>97,491</u>	-		
<u>889,931</u>	-	<u>889,931</u>	-		
52,567	-	52,567	-		
<u>1,358</u>	-	<u>1,358</u>	-		
<u>53,925</u>	-	<u>53,925</u>	-		
<u>37,094</u>	-	<u>37,094</u>	-		
<u>55,144</u>	-	<u>55,144</u>	-		
<u>14,810</u>	-	<u>14,810</u>	-		
124,951	-	124,951	-		
<u>61,307</u>	-	<u>61,307</u>	-		
<u>186,258</u>	-	<u>186,258</u>	-		
<u>23,301</u>	-	<u>23,301</u>	17,396		
37,245	-	37,245	23,681		
<u>14,245</u>	-	<u>14,245</u>	-		
<u>51,490</u>	-	<u>51,490</u>	23,681		
<u>422,022</u>	-	<u>422,022</u>	41,077		

(continued)

COUNTY OF VICTORIA, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2017*

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	5605-565-01
HIV Care Formula Grants	93.917	5605-565-01-S
HIV Care Formula Grants	93.917	5605-565-01-S2
HIV Care Formula Grants	93.917	5608-565-02-S
HIV Care Formula Grants	93.917	5608-565-01
Total Brazos Valley Council of Governments		
<i>Passed Through Texas Department of Family and Protective Services</i>		
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	5607-565-01
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	G16HN0020A
High Intensity Drug Trafficking Areas Program	95.001	G17HN0020A
Total Executive Office of the President		
TOTAL FEDERAL EXPENDITURES		
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
IDCU/SUREB	N/A	537-18-0293-00001
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
TB/PC-STATE Tuberculosis Prevention and Control	N/A	537-18-0044-00001
ZOONOSIS Control	N/A	2016-003850-01
Influenza Virologic Surveillance Right Size	N/A	2017-049588-001

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 31,266	\$ -	\$ 31,266	\$ -		
3,925	-	3,925	-		
3,895	-	3,895	-		
38,827	-	38,827	-		
187,446	-	187,446	-		
<u>265,359</u>	<u>-</u>	<u>265,359</u>	<u>-</u>		
19,112	-	19,112	-		
19,112	-	19,112	-		
<u>706,493</u>	<u>-</u>	<u>706,493</u>	<u>41,077</u>		
89,786	-	89,786	-		
89,786	-	89,786	-		
89,786	-	89,786	-		
57,383	-	57,383	-		
23,666	-	23,666	-		
81,049	-	81,049	-		
<u>2,462,787</u>	<u>2,609,412</u>	<u>5,072,199</u>	<u>56,361</u>		
-	43,357	43,357	43,357		3
-	52,962	52,962	-		
-	27,048	27,048	-		
-	136,158	136,158	-		
-	35	35	-		
-	15,462	15,462	-		
-	7,028	7,028	-		
-	6,005	6,005	-		
-	376	376	-		
<u>-</u>	<u>288,431</u>	<u>288,431</u>	<u>43,357</u>		

(continued)

COUNTY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Other Award Number</u>
STATE EXPENDITURES - (Continued)		
Texas Department of State Health Services - (Continued)		
<i>Passed Through Brazos Valley Council of Governments</i>		
HIV Health and Social Services (State Services)	N/A	5606-565-01-R
HIV Health and Social Services (State Services)	N/A	5606-565-01
HIV Health and Social Services (State Services)	N/A	5609-565-01
HIV Health and Social Services (State Services)	N/A	5609-565-01-R
Total Brazos Valley Council of Governments		
Total Texas Department of State Health Services		
Texas Juvenile Justice Department		
State Aid	N/A	TJPC-A-2017-235
State Aid	N/A	TJPC-A-2018-235
Grant R	N/A	TJPC-R-2017-235
Grant R	N/A	TJPC-R-2018-235
Total Texas Juvenile Justice Department		
Texas Department of Transportation		
Routine Airport Maintenance Program	N/A	M1713VICT
Routine Airport Maintenance Program	N/A	M1813VICT
Texas Mobility Fund Grant	N/A	0913-27-073
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
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			
\$ 115,821	\$ -	\$ 115,821	\$ -		
64,310	-	64,310	-		
18,251	-	18,251	-		
23,377	-	23,377	-		
<u>221,759</u>	<u>-</u>	<u>221,759</u>	<u>-</u>		
<u>221,759</u>	<u>288,431</u>	<u>510,190</u>	<u>43,357</u>		
-	508,800	508,800	-		
-	347,356	347,356	-		
-	42,855	42,855	-		
-	15,297	15,297	-		
<u>-</u>	<u>914,308</u>	<u>914,308</u>	<u>-</u>		
-	42,367	42,367	-		
-	5,412	5,412	-		
-	47,779	47,779	-		
-	819,125	819,125	-		
-	866,904	866,904	-		
<u>-</u>	<u>44,721</u>	<u>44,721</u>	<u>-</u>		
<u>-</u>	<u>105,435</u>	<u>105,435</u>	<u>-</u>		
<u>221,759</u>	<u>2,219,799</u>	<u>2,441,558</u>	<u>43,357</u>		
<u>\$ 2,684,546</u>	<u>\$ 4,829,211</u>	<u>\$ 7,513,757</u>	<u>\$ 99,718</u>		

(concluded)

COUNTY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2017

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 \$839 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, 2017

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
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
N/A	Texas Mobility Fund Grant

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, 2017

None were reported.

